The 2005 financial year was the year of product innovation for MPC Capital AG. With the Real Estate Opportunity America Fund, the Fortrust Note and the British life insurance fund, not one but three new products were brought to market maturity. In their first year alone they accounted for a 20% share of syndicated equity. With placed capital of EUR 974 million (previous year: EUR 1,093 million), the Hamburg-based company achieved sales of EUR 191.3 million (previous year: EUR 240.2 million), earnings per share of EUR 4.10 (previous year: EUR 4.93) and a dividend of EUR 4.00 (previous year: EUR 4.00) and with them the second-best result in the company's eleven-year history. The balance sheet total of EUR 187.2 million and the equity ratio of 73% again provided an excellent financial foundation. MPC Capital maintained for the third year in a row its overall market leadership for closed-end investment models.

Group management report 2005

GENERAL ECONOMIC ENVIRONMENT

General economic development

The German economy benefited in 2005 also from a positive international environment. Due to exports, overall economic production was on the 2004 level over the year as a whole after adjustment for working-day variation. Due to some distortion caused by the different number of working days, the actual rise in the gross domestic product was, at 0.9%, less than last year (1.6%).

The gross domestic product (GDP) is a benchmark for the economic performance of the economy as a whole during a certain period of time.

Prices in Germany increased by 2.0%. This is the highest annual rate of inflation since 2001. In addition to the increases in duty on tobacco and vehicle license tax, the energy prices were principally responsible for the increase in prices.

Private consumption stagnated at the level of the previous year. Principally due to the increase in energy prices and the continued poor development on the employment market, private consumption continued to be the weak link in terms of economic development. Dynamic foreign trade was almost solely responsible for the growth in the economy. As part of the expansion of world trade, export levels increased in real terms by 6.2%.

Expansion of the global economy and equity markets

The IMF is a special United Nations organisation and a sister organisation of the World Bank Group. Its headquarters is in Washington D.C., USA, and its aim is to promote international cooperation in monetary policy, to expand world trade, to stabilise exchange rates, etc.

The global economy continues to expand despite the oil price developments and, according to estimates from the International Monetary Fund (IMF), will grow by 4.3% in 2005. Growth drivers for the global economy are the continued dynamism of China (IMF estimate: +9%) and the robust development in the USA (IMF estimate: +3.5%).

In the reporting year, the US Federal Reserve Bank continued its policy of small interest rate steps due to the continued expansive monetary and financial policies in the USA. The Federal Funds rate increased in eight steps, each by 0.25%, from 2.25% to 4.25%. The European Central Bank on the other hand only raised the main refinancing rate for the Eurozone once during the course of the year, from 2% to 2.25% on December 6, 2005.

The equity markets developed positively in 2005. This was reflected in an increase in the leading global indices. Especially the company's good earnings situation and overall economic growth led to rises in stock exchange prices. The German stock market index DAX finished 2005 with an increase of 27% at 5,408 points (XETRA closing rate). The DAX recorded its lowest value on April 28, 2005 with 4,178.10 points and a minus of almost 0.6% compared with the beginning of the year. It reached its highest point on December 29, 2005 with 5,458.58 points and a plus of around 30%.

In 2005, the euro recorded a decline of 1.6% against the most important currencies. Particularly worthy of note is the decline against the dollar. At the start of 2006, the euro was 2.8% below the average level of 2005.

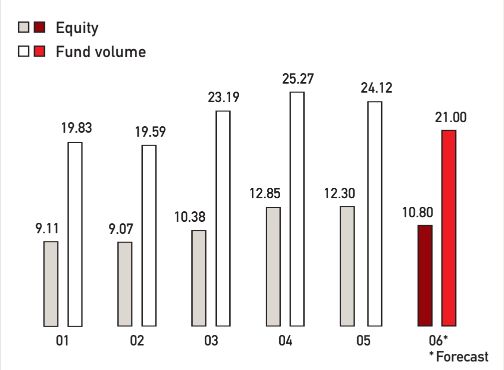
Development of the industry

Market for closed-end investment models just short of last year's result The market for closed-end funds in Germany, with EUR 12.30 billion, fell just short of its record achieved in 2004. Experts regard the reasons for the decline, which was a good 4%, as the abolition of the remaining tax advantages and the introduction of prospectus vetting by the Federal Financial Supervisory Authority (BaFin), which slowed down ongoing sales in July 2005.

Global assets of the target group grows Global economic growth and the increasing capitalisation of the markets are the most important factors for the growth of the global assets of the high net worth individuals (HNWIs) by 8.2% to USD 30.8 trillion in 2004. This is the conclusion of the authors of the World Wealth Report 2005, published in June 2005. The growth clearly increased once again in comparison to the 7.7% of the previous period. With an increase of almost 10%, the number of HNWIs went up particularly in North America where there were 2.7 million dollar millionaires last year against the 2.6 million HNWIs in Europe. For the coming years, the experts expect an average annual growth rate of global assets of 6.5%. By 2009, this is expected to reach USD 42.2 trillion.

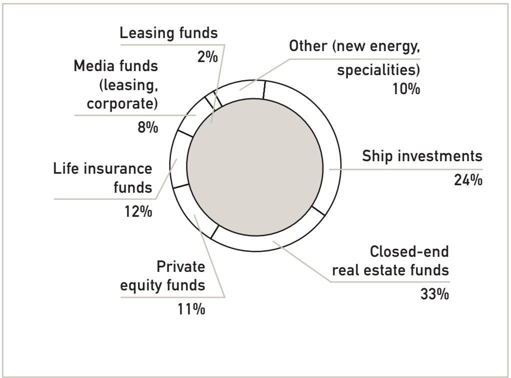
After a consolidation phase of the asset structure of prosperous private customers, both growing equity markets and low interest rates ensured renewed interest in equities and a further increase in the demand for yield-oriented alternative investments. The momentum of the market for closed-end funds in 2005 documented the confidence of investors in asset-backed and yield-oriented investments. The share of alternative non-correlated investments increased from 13% to 14% of the total portfolio in 2004. After equities (34%) and fixed-interest investments, they already represent the third-largest form of investment in the asset allocation of wealthy private customers.

Placement in closed-end investment models
In EUR billion



Source: Loipfinger, Market Analysis of the Investment Models 2006

Market for investment models 2005



The number of German investors investing in closed-end funds reached a new record high in 2005. With 409,000 investors, the number of subscribers to closed-end investment products grew by 10% compared with last year.

The sale of closed-end funds via banks and savings banks increased from a 57% share in placed equity in the previous year to 59%. Due to the declining market overall, this increase was achieved with a constant placement volume in absolute terms.

Within the industry, the trend towards greater concentration continued to gain pace in 2005. In 2004, 10% of initiators achieved 67% of the placed volume. In the reporting year, this group represented 80% of the market volume.

Record year for ship investments and private equity With syndicated equity of EUR 4.0 billion in 2005, closed-end real estate funds once again represented the most strongly placed product group. However, the share of real estate funds in placed equity declined from 41% in 2004 to 33%. Offerings based on non-German properties represented a fifth of the equity volume.

The placed equity includes the total of investments concluded by investors in investment concepts and is an indicator of the concept and sales strength of an issuing house.

The market share of ship investments increased slightly from 23% last year to 24% in 2005. In total, EUR 3 billion were invested in this investment model.

The revival of the private equity market was also seen in the placement figures for 2005. With EUR 1.4 billion, the private equity funds almost doubled their volume and their market share increased from 6% to 11%.

The life insurance funds further increased their market share from 9% in 2004 to 12% and represent a solid pillar in the range of closed-end investment products. EUR 1.5 billion of equity were invested in products based on redeemed life insurance policies.

Stock market flotations push issuing houses into the limelight Up to the fourth quarter of 2005, MPC Capital was the only listed issuing house in Germany. The stock market flotations of other market participants increased the public perception of the industry both in terms of players in the investment industry and the public at large. As the market leader, MPC Capital benefitted from this development: on the one hand, MPC Capital has five years of experience of communicating with the capital market, while on the other hand, the transparency for listed companies associated with a stock market flotation gives MPC Capital the opportunity for clear differentiation and positioning.

Business of the MPC Capital Group

The Hamburg-based company develops, initiates and sells yield-oriented and tax-optimised investments. The products on offer include closed-end real estate funds, ship investments, life insurance funds and private equity and investment funds. In the reporting period, the introduction of new products such as the Real Estate Opportunity America Fund and Fortrust Note further diversified the range of products. With all investments offered by MPC Capital, the investment strategies are based on the economic and tax requirements of the markets as well as on the requirements of the investors.

MPC Capital overall market leader in 2005, too The MPC Capital Group also positioned itself in the past financial year as market leader in Germany in the field of closed-end funds. This is documented in the study entitled “Market Analysis of the Investment Models 2006” by analyst Stefan Loipfinger.

Closed-end funds are companies which combine the capital of several investors to finance larger and more established investment objects. The fund volume is already fixed when the fund is issued.

Admittedly, the market share of the MPC Capital Group, measured in terms of placed equity, fell from 8.5% to 6.7%, but the placed equity of EUR 974 million underpinned the Group’s undisputed market leadership in Germany. To be taken into account in this respect is that the statistics only look at the German market, and certain products from MPC Capital, such as the Fortrust Note, are not included. Compared with the record year of 2004 (EUR 1,093 million), the placed equity of the MPC Capital Group fell by 11%. The deliberate caution in the initiation of core product lines of real estate funds and ship investments was not completely compensated for by the introduction of new and innovative products. Within the individual business divisions, MPC Capital is one of the leading issuing houses. In the area of real estate funds and life insurance funds with German policies, MPC Capital remains the undisputed market leader. The statistics for ship investments and private equity funds put MPC Capital amongst the strongest placed issuing houses.

Placement volume MPC Capital Group in 2005	Placed equity (without agio) in EUR million	Share of sector sales in Germany in %	Ranking among initiators[2]
All investment models	974[1]	6.7	1
Total real estate funds	409	9.1	1
Of which: Real estate funds in Holland	*156*	*43.8*	*1*
Real estate funds in Canada	*121*	*64.1*	*1*
Real estate funds in England	*9*	*2.4*	*5*
Real Estate Opportunity	*117*	*–*	*–*
Ship investments	310	10.1	2
Life insurance funds	118	8.1	1
Structured products	62	–	–
Private equity funds	38	2.5	9

[1] Placed Group total volume incl. open investment funds and other corporate investments. There may be deviations due to rounding.

[2] Source: MPC Capital/Loipfinger, Market Analysis of Investment Models 2006

MPC Münchmeyer Petersen Capital Austria AG continued its history of growth and in 2005 increased placed equity by 16% from EUR 137.7 million to EUR 157.5 million. The wide range of alternative investments as well as the intensive and service-oriented cooperation with institutional and independent sales partners are the reasons for the leading position of MPC Capital in the Austrian market and are popular with Austrian investors.

The Dutch company MPC Münchmeyer Petersen Capital N.V. focussed its activities on ship investments, real estate funds and private equity funds. With a placement volume of EUR 72.4 million compared with EUR 79.2 million in 2004, the syndicated equity admittedly fell by 9%. However, MPC Capital continues to occupy a leading position in the Dutch market.

Business in Switzerland was unchanged in the past financial year. Hanseatische i-Bank AG enjoyed a slightly positive result in the reporting period.

In its first rump financial year, MPC Münchmeyer Petersen Financial Services AG, Hamburg, which was founded as a 100% subsidiary in February 2005, posted a positive contribution to results.

BUSINESS DEVELOPMENT 2005

Development of the placement volume

The development, design, initiation and sale of high-yield and tax-optimised funds represent the core business of MPC Capital. In 2005, three new investment concepts were launched onto the market in addition to the existing product lines. With the Fortrust Note, the Real Estate Opportunity America Fund and the life insurance fund based on British policies, MPC Capital added innovative concepts to its range of products for investors and sales partners. In the first year of initiation, the new products were already contributing 20% to the Group's placement volume. The MPC Capital Group strengthened its position as an independent, innovative and powerful product partner for the bank and savings bank sector.

Placement volume again around EUR 1 billion In the past financial year, the MPC Capital Group placed equity of almost EUR 1 billion. With syndicated equity of EUR 974 million, the second best result in the company's history was achieved. Due to the placement development, the successes in product sourcing and the many new developments which were closely followed in the market, MPC Capital revised its expectations upwards on numerous occasions in the course of the year. Compared with the previous year's figure of EUR 1.093 billion, the placement volume declined by 11% as expected and was within the range of between EUR 950 million and EUR 1 billion forecast by the Management Board.

Product sourcing describes the process of identifying and securing attractive investment objects for the design of closed-end funds.

Placed equity in EUR million	2001	2002	2003	2004	2005	Change over 2004 in %
Real estate funds	200.3	215.1	429.7	493.7	409.0	–17
Of which: Real Estate Opportunity Fund					*117.5*	*n. a.*
Corporate investments	120.5	111.2	196.4	409.8	327.2	–20
Of which: ship investments	*117.2*	*96.4*	*190.6*	*396.7*	*310.1*	*–22*
Life insurance funds	0	28.2	107.1	142.0	118.2	–17
Structured products				0	61.9	n. a.
Private equity funds	41.0	16.5	16.5	19.8	38.0	+90
Investment funds	5.0	12.7	–1.75	28.0	19.8	–29
	366.8	383.7	747.8	1,093.3	974.1	–11

Total investments* in EUR million	2001	2002	2003	2004	2005	Change over 2004 in %
Real estate funds	580.6	615.5	1,008.4	1,102.5	829.1	–33
Ship investments	856.9	161.8	1,069.2	838.3	618.0	–26
Life insurance funds	0	87.0	377.9	439.6	409.7	–7
Structured products					61.9	n. a.
Private equity funds	41.0	16.5	16.5	19.8	38.0	+92
Investment funds	5.0	12.7	–1.75	28.0	19.8	–41
	1,483.5	893.5	2,470.3	2,423.7	1,972.4	–23

* To be noted in the development of the total investment volume is the fact that the total investment volume is attributed in full to the year of initiation.

Around 120,000 customers invest in the products With an increase of 23%, MPC Capital crossed the 100,000 customer line in the 2005 financial year. The number of investors increased from at least 97,000 to around 120,000. The share of investors investing in more than one product increased in the reporting period from 22% to 23%. Since 1994, investors have invested a total of EUR 4.8 billion of equity in MPC Capital products and thus realised a total investment volume of over EUR 12 billion.

Banks and savings banks represent the largest sales channel MPC Capital has access to a first-class network of independent and institutional distribution partners for the marketing of its investments. High-quality products are – connected with dependability in terms of initiation, training and management – the key to successful partnerships. In 2005, the customers of banks and savings banks in Germany subscribed to 63% of the placed equity. The desire of the customers to be given independent advice ("best advice") and the independence of MPC Capital continued to determine the demand of the banks for the issuing house's alternative investments.

During the reporting year, the independent sales partners were again an important and extremely loyal distribution mainstay and increased their share in placed equity to 31%.

In Austria, 78% of the placed equity is sold through institutional investors. The exclusive cooperation with banks on individual fund products is the reason that there has been another increase compared with last year. Independent sales partners reached a share of 22% in 2005.

In the Netherlands, the majority of the placed equity continues to be mediated directly to the customers.

Little influence from statutory changes As part of the implementation of the Investor Protection Improvement Act, since July 1, 2005, it has been necessary for the Federal Financial Supervisory Authority (BaFin) to approve the sale of closed-end fund products. MPC Capital has fully implemented the statutory regulations and has implemented the corresponding processes with the BaFin. All statements made in the prospectuses by MPC Capital were received positively.

In December 2005, the Bundestag and Bundesrat (lower and upper houses of the German Parliament) gave consent to the Act for limiting loss offsetting in connection with tax deferral models and thus got eliminated all possibilities for loss offsetting with closed-end funds backdated to November 10, 2005. As the product range offered by MPC Capital owes it attractiveness exclusively to yield expectation and not to tax-induced effects, this statutory regulation has no effect on the sales opportunities of the investments on offer.

The door was opened for MPC Capital to trade with Dutch real estate funds as long as ten years ago. In 1995, the first closed-end fund was designed and sold with a Dutch office property comprising 2,200 square metres. Today, the real estate of all funds available from MPC Capital covers around 2,100,000 square metres. By the end of 2005, the issuing house was involved with a total of 90 funds in 277 properties, the majority being office properties. The properties are located in the Netherlands, Portugal, Germany, the USA, Canada, Austria and England. When designing each fund, strictly defined quality criteria are the most important factors for MPC Capital AG. The investors benefit from this in the long term. This also applies to genuine innovation, which in 2005, MPC Capital designed for the area of real estate investments: with the Real Estate Opportunity America Fund, MPC Capital opened up a new class of assets to private investors, which hitherto had been the exclusive preserve of institutional investors and very wealthy private customers. The investment, which was designed as an umbrella fund, invests in three North American Real Estate Opportunity Funds specialising in real estate opportunity investments.

Performance overview real estate funds*	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005
Number	68	79	90
Equity volume in EUR million	1,173	1,667	2,076
Investment volume in EUR million	2,945	4,047	4,876

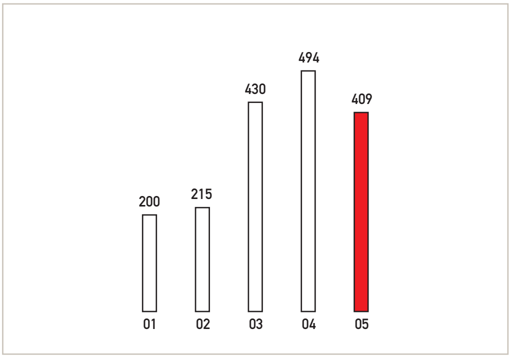
* cumulated

Development of the business divisions

Real estate funds

Portfolio classic closed-end real estate funds
Investors who invest in classic closed-end real estate funds have the opportunity to participate worldwide in lucrative real estate. A professional fund and real estate management team takes on the tasks for investors of selecting, assessing, financing and ongoing management of the investment. The focus of these investments is generally office properties in first-rate locations with tenants with excellent financial standing – so-called core investments. Long-term tenancy agreements with weighted time remaining until expiry of between eight and ten years ensure a high degree of reliability for the development of the distribution of the fund calculated for between ten and twelve years. This constant and continual distribution flow and the independence from developments on the stock markets and money markets are the features which have made real estate investments a permanent component in the personal asset structure of investors. By subscribing as little as EUR 10,000, good return prospects of this sort can be integrated into the personal portfolio.

Development of the placement volume of real estate funds in EUR million



Based on treaties on avoidance of double taxation, investors have the benefit of an extremely stable tax framework. Income that is raised abroad is often subject to lower rates of taxation abroad, as double taxation avoidance treaties tend to regulate taxation using the "situs" principle. This places the tax right in the country of the location of the real estate and not in the investors' country of residence. Income from foreign real estate investments is not, for the most part, subject to taxation in Germany. The income is simply added on in the calculation of the tax rate of income to be taxed domestically ("saving clause as to progression").

MPC Capital's experience and competence can be found in 90 real estate funds, which are invested in 277 properties in attractive locations in the Netherlands, Germany, Portugal, the USA, Austria, England and Canada. MPC Capital has been developing, initiating and selling traditional closed-end real estate funds since 1995. The total investment volume of the real estate funds is almost EUR 5 billion. In 2005, eleven investments with an equity volume of EUR 409 million and an investment volume of more than EUR 800 million were initiated.

In 2005, MPC Capital kept its market share of closed-end real estate funds almost constant at 9.1% and consolidated its market leadership in Germany. In terms of the Holland and Canada funds, the company asserted its excellent position with market shares of 43.8% and 64.1% respectively.

Holland, Canada and England funds in 2005 In 2005, the MPC Capital Group issued two Dutch real estate funds for Dutch investors and seven other Holland funds in Germany and Austria. The global situation in terms of the real estate markets has considerably limited the availability of attractive real estate.

The range of Canada funds was continued at the start of 2005 with the seventh and eighth Canada funds. These were sold in the first six months of the financial year.

At the end of the 2005 reporting year, MPC Capital initiated another attractive investment for investors in the heart of London, the second largest real estate market in Europe. The fund property "256 Strand" is located directly adjacent to the Royal Courts of Justice. The "class A" office building with over 7,000 square metres is leased in its entirety to a famous American legal chambers. The weighted time remaining until expiry is around 16 years. The annual dividend is calculated with 6.5%.

"Class A" is the highest rating that a valuator can give to a property object.

New development of Real Estate Opportunity America MPC Capital was the first German supplier in the reporting year to expand the successful traditional real estate funds with investments in long-term leased properties by introducing a new funds concept. The Real Estate Opportunity America Fund combined the security components of real estate investments and the attractive income possibilities of active management.

The investment, which was conceived as an umbrella fund, invested in three North American real estate opportunity funds, which have specialised in real estate investments offering excellent prospects. They are real estate properties with the potential for development and an increase in value. Possible investment objectives are standard properties, which are newly positioned, renovated, re-leased or which should be allocated to another use, as well as project developments. Well-known real estate experts with impressive track records manage these three target funds in a professional manner.

Due to the high minimum investment of around USD 10 million, this asset class has hitherto generally speaking been the preserve of institutional investors or very wealthy private customers. MPC Capital is offering German private investors the exclusive opportunity to invest in such funds with investments starting at USD 10,000 and to participate in this real estate potential which is rich in opportunities. The term of the fund, with a forecast average capital lock-up of around 4.5 years, is expected to be eight years.

The fund volume is USD 168 million, of which at the reporting date of December 31, 2005 USD 156.5 million (EUR 117.4 million) has already been syndicated.

MPC Capital now has over eleven years of experience in the overall design of ship investments. Today, 134 ships belong to the fleet of the Hamburg-based issuing house. The investors are mostly involved in container ships with over 99 closed-end funds. MPC Capital's success story also began with a container ship in 1994. Since starting with the MS Santa Ana, MPC Capital has brought together famous partners such as reliable shipyards, first-class shipping companies and recognised charterers. This is the basis for the success of these investment products – a long-term first employment of the ship protects the income side of the investment. It guarantees the payment of distributions to investors and ensures the quickest possible repayment of loans. A flat rate tax on earnings based on the system of tonnage tax means that distributions are virtually tax-free and ensures an attractive return in the long-term.

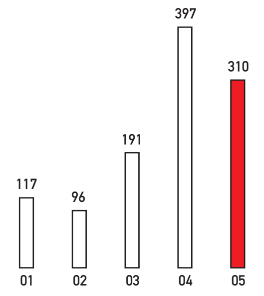
Performance overview ship investments*	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005
Number	101 ships in 81 funds	122 ships in 88 funds	134 ships in 99 funds
Equity volume in EUR million	1,044	1,441	1,751
Investment volume in EUR million	3,879	4,717	5,358

* cumulated

Ship investments

Ship investments as attractive yield investments A ship investment is a corporate investment in a shipping company and at the same time an investment in one of the most flexible assets with global deployment possibilities. The investor becomes a joint owner of one or several ships with starting investment of USD 10,000 or EUR 10,000.

Placement volume of ship investments in EUR million



The shipping companies in which the investor is involved can determine their return as a flat rate in accordance with Article 5a of the Income Tax Act depending on the size of the ship (net storage space). Although this is not an independent type of tax, rather a standard way to determine the return, this regulation is generally called tonnage tax. With the application of the regulations of tonnage tax, the return of the shipping company is determined independently from actual economic developments and is subject to trade tax. This system, which is recognised in many European countries, ensures that the annual distributions are taken virtually tax-free. The funds initiated today generally use the system of tonnage tax right from the beginning. A return resulting from the subsequent disposal of the ships is, with this type of fund, also settled by tonnage tax.

In the past, ship investments were often used as tax-saving models as a result of other tax conditions. By abolishing the corresponding tax regulations, they now offer a high annual net distribution with carefully selected partners and in full knowledge of the risks. This is generally 8% p.a. at the start.

Strong partners for a successful concept As an experienced issuing house, MPC Capital develops the overall concept of each ship fund and performs the calculation on which the investment offer is based. Conservative assumptions in respect of the development of charter rates, operating costs, interest rates, exchange rates and disposal proceeds are key factors for a sound investment. MPC Capital selects important partners with the aim of achieving mutual long-term success and brings the partners together. These include first of all a shipyard with design and shipbuilding skills, which will be responsible for the high-quality workmanship and technical reliability of the ships. Another partner is an experienced shipping company which assumes responsibility for the commercial, operating and financial management. It is of central importance for the ship's first employment to be with a first-class, creditworthy charterer of international standing. A valuable charter agreement lasting several years guarantees that the fund will consistently and promptly pay back loans and generate attractive annual net distributions. MPC Capital therefore works together in the area of ship investments with the best-known international shipping companies, the largest shipyards and leading global charterers.

Restraint with new orders Container shipping continued its boom in the reporting year. Its long-term growth trend, with an annual increase of between 7% and 8%, is the result of the international integration of trade flows and value-added chains. Nevertheless, the development of new building prices, in association with long delivery times and, initially, a further increase in charter rates, required for the subscribers a responsible selection and long-term partner loyalty in the reporting period. As the sustained economic success of the investors is the first priority for MPC Capital, the company acted extremely selectively with new ship projects.

MPC Capital acted for the benefit of its investors when it gave investors the option of investing in different ship investments, to use the high ship prices to dispose of ships. Six reefer ships were thus disposed of after a period of around seven years at a price which almost equalled the acquisition price. The returns, calculated in accordance with the IRR method, were between 12% and 15% per year.

The return disclosure, calculated in accordance with the internal rate of return (IRR), reflects the calculated return on the investor's equity locked up in the investment over the investment period. The timely reference to expected inflows and outflows is taken into account.

In the 2005 financial year, placed equity in ship investments issued by MPC Capital fell to EUR 310 million (2004: EUR 397 million). MPC Capital thus achieved a market share of 10.1%. The realised investment volume was more than EUR 615 million.

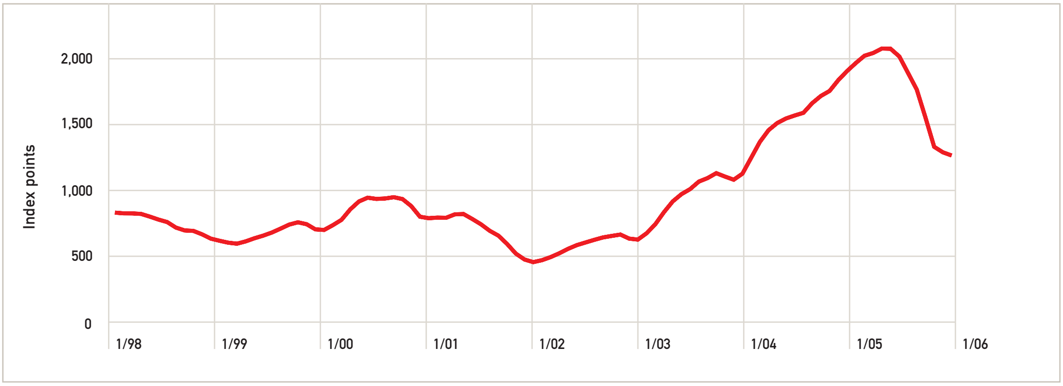
For the first time in the eleven-year history of MPC Capital, a tanker project was secured in 2005 which is to be placed in 2006. Amended liability regulations in the USA ensure minimum risk for investors and allow MPC Capital to become involved in this ship segment for the first time. The double-hulled tanker capable of containing 160,000 tonnes of crude oil is being built in Japan, delivered in 2007 and has a long-term employment with a famous oil group.

Charter rates fall The Howe Robinson Container Ship Hire Index initially increased in the first quarter of the reporting year by 8%. From the second quarter onwards there has been a clear reversal of this trend. Although the index conceded just 1% in the second quarter, it lost 40% between June and November. However, it should be taken into account that the index is still at the high level of February 2004 and thus 7% above the last all-time high of 1995.

The charter level in 2005 was unchanged and represented good opportunities for ships already in operation. As a result of charter agreements coming to an end, these ships can now sign new and, generally speaking, longer agreements and generally at a higher level.

For the first time in the 2005 financial year, shares in ship investments were traded via an Internet-supported platform provided by MPC Münchmeyer Petersen FundXchange GmbH (www.mpc-fundxchange.de). Shares in 20 shipping companies were traded in the course of the year. As interest in buying was substantially higher than the interest in selling, it was possible to fulfil all sales requests at fair prices. A total of 18 transactions were carried out.

Howe Robinson Containership Charter Hire Index 1998 to 2005



Source: Howe Robinson Research

With the life insurance funds, which were initiated in Germany for the first time in 2002, MPC Capital offered investors an attractive investment alternative. The life insurance funds invest in existing endowment and annuity policies of renowned German insurance companies, pay the contributions until the end of the policy and then collect the amount due on the expiration of the policy term. The fund design is based on two basic factors: on the one hand, the amount which the insurance companies receive from these contributions if the endowment insurance agreement is cancelled prematurely is mostly considerably lower than the actual value of the agreement, so that a fund receives policies under value. On the other hand, the funds use the safety concept implemented in the endowment insurance policy. A fund based on British policies was initiated in 2005 for the first time and thus the successful concept was expanded with an extraordinary risk/reward profile.

Performance overview life insurance funds*	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005
Number	4	6	9
Equity volume in EUR million	135	277	395
Investment volume in EUR million	465	904	1,314

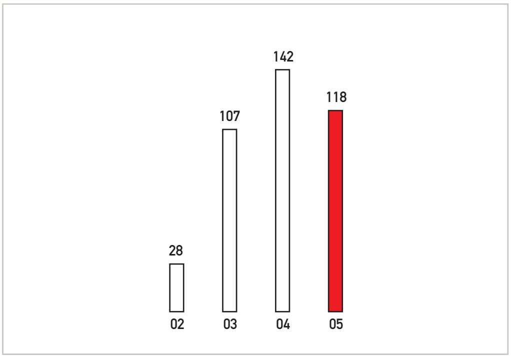
* cumulated

Life insurance funds

Product offer expanded with British policies

In 2002, MPC Capital initiated the first life insurance fund and thus established the segment for closed-end life insurance funds in Germany. The objective of the fund design, based on German redeemed life insurance policies, is to invest in existing endowment and annuity policies and in well-known German insurance companies with a time to maturity of between two and fifteen years. The fund pays the necessary contributions until the end of the policy and then collects the amount due on the expiration of the policy term.

Development of placement volume of life insurance funds in EUR million



The fifth public fund in the German life insurance fund range was initiated in the reporting year. The equity volume was EUR 100 million and was syndicated in the first six months of 2005. With a total investment volume of EUR 313.3 million, the purchase of around 3,200 policies from various insurance companies achieved a wide diversification of risks. Under the IRR method, the return expectation in the mid-case scenario is 6% p.a. after tax.

In order to predict the future return of a fund, three scenario models are developed on the basis of returns generated in the past – a best, mid and worst case scenario.

The purchase and the management of the insurance policies are carried out by the Munich-based company cash.life AG. As one of the leading companies in the secondary market for endowment and annuity insurance policies, cash.life has contact with a vast number of insurance agents, insurance brokers and banks. At the end of 2005, cash.life managed a portfolio of around EUR 1,126 million.

The end of the financial year saw for the first time the design and initiation of a fund based on British endowment policies (so-called traded endowment policies). The trade with endowment policies has a long tradition in England and today posts an annual volume of GBP 500 million. A large part of the trade is handled via so-called market makers, which come under the scrutiny of the British Financial Services Authority, the FSA. As with the funds based on German policies, the investors benefit from the British life insurance fund in that the life insurance policies are purchased at a price which, although above the redemption value of the insurance company, is well below the value of the assets already amassed.

The market makers represent British endowment insurance policies on the secondary market as brokers and are controlled by the Financial Services Authority (FSA), the supervisory authority for the insurance industry in Great Britain.

The subscription volume of the British life insurance fund is GBP 20 million, of which around GBP 8.2 million was syndicated as of the balance sheet date. MPC Capital expects full placement of the fund in the course of the first quarter of 2006.

Timely purchase of policies The purchase of policies organised jointly with partners developed according to plan. For example, portfolios were acquired with funds which have German insurance companies as their object of investment and with which the average minimum rate of return in some cases exceeded the value notified in the prospectus. Investments in the German life insurance funds I to III as well as the special funds I and II were already completed at the end of the reporting period. The German life insurance IV, as of the reporting date, is already invested in by over 70%. In parallel to this, policies for the German life insurance fund V placed in the reporting year were purchased.

The purchase of the fund based on British policies, which was only launched on the market in October, was quicker than expected. Over 50% of the planned purchase volume of GPB 41.3 million had already been acquired by the fund in the last three months of the financial year. The structure chosen for the policy purchase thus paid off. Cooperation with independent brokers opened up the possibility of using a large range of purchasing sources.

Share of life insurance funds in the total volume remains constant With EUR 118 million, the area of life insurance funds achieved a share of 12% of equity placed by MPC Capital in the last financial year. With the success of products based on German insurance policies and the expansion of the business model into the British market, this area further consolidated its position in the product mix offered by MPC Capital. A growth in this area is to be expected for the future due to the widening of the range of products and the pleasing developments in terms of the purchase of policies.

Thanks to the design of the life insurance funds from MPC Capital as commercially active funds, the funds are not affected by the tax discussion regarding recognition as an asset management company.

It is to be expected that in Germany, awareness surrounding the alternative of selling a life insurance policy instead of returning it to the insurance company at a lower redemption value will continue to grow. The recovering secondary market for life insurance policies will, in the medium to long-term, further improve the options for buying. In terms of policy purchasing, the success of the first product demonstrates that the structure is suitable for acquiring appropriate policies in the future, too.

In 2005, MPC Capital expanded its product portfolio into the area of structured products. The innovative certificate solution was designed in cooperation with well-known banking partners. The Fortrust Note offers investors the chance of participating in the further development of the hedge funds asset class without having to forego 100% capital guarantee. The activities of this area were bundled together in MPC Münchmeyer Petersen Financial Services AG which was first launched in 2005 – the company operates as a structuring and marketing partner for banks.

Structured products

2005 saw the first initiation of the Fortrust Note by MPC Capital in cooperation with well-known banking partners. MPC Capital operates as a structuring and marketing partner for these financial instruments. This is an innovative certificate solution for investors who want to participate in the value development of the hedge funds asset class without having to forego 100% capital guarantee. In addition to the security of repayment of capital at the end of the term, the note also offers an annual coupon payment of up to 8%, dependent on the positive annual value development of the index components contained.

General alternative asset classes are designated as hedge funds. In contrast to standard shares and annuity funds, they offer far greater freedom in terms of choosing from the financial instruments available.

The first product of the Fortrust range was structured in cooperation with the issuer, the JPMorgan Chase Bank, and marketed at the beginning of the 2005 financial year. The Fortrust II Note was issued by MPC Capital in the fourth quarter together with the Dutch Rabobank. In each case, well-known banking partners with excellent credit standing provide the 100% capital guarantee. Investors have invested a total of EUR 61.9 million in the two Fortrust Notes.

From a strategic perspective, the new product line provides two benefits: product availability in this area is not dependent on the acquisition of assets and the recurring management fees offer an attractive source of income.

In order to bundle together all the activities of the area of structured products, MPC Münchmeyer Petersen Financial Services AG, Hamburg, was founded as a wholly owned subsidiary of the listed MPC Münchmeyer Petersen Capital AG in February 2005. The activities of the company consist of placing transactions using the acquisition and disposal of financial instruments and providing proof of them (investment placing) as well as the acquisition and disposal of financial instruments for and on behalf of third parties (acquisition). The company received the necessary approval to do this from the Federal Financial Supervisory Authority (BaFin) in its notification of August 3, 2005. In addition, the company carries out services as a structuring and marketing partner of new financial instruments.

Since 1999, the MPC Global Equity funds concept has given private investors access to the attractive private equity asset class. With a private equity investment, investors participate in the equity of high-growth companies in order, as a countermove, to participate in their economic success. Compared with other forms of assets, a private equity investment offers above-average yield possibilities, optimises the personal asset portfolio and leads to an improvement in the risk/yield structure. An investment of EUR 10,000 allows investors to participate in potential increases in value in more than 100 companies. With the set up in 2005 of the seventh fund in the Global Equity range, the umbrella fund concept was rigorously enhanced. The Global Equity fund relies on a previous selecting of the target fund. In this way the fund can be invested in quickly. This leads to earlier capital recovery for investors. MPC Capital works together with partners which have many years of experience in the private equity market and thus have achieved excellent success for their investors with previous investments.

Performance overview private equity funds*	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005
Number incl. step by step	7	9	10
Equity volume in EUR million	266	287	324
Investment volume in EUR million	266	287	324

* cumulated

Private equity funds

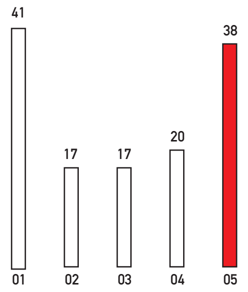
The private equity industry has completed its phase of consolidation. The market returned to its growth path in 2005. With MPC Capital, the area of private equity almost doubled in the reporting year with syndicated equity of EUR 38 million compared with EUR 20 million in the previous year.

In Germany, private equity is frequently only equated with financing start-ups. In actual fact, the term refers to very different phases of company financing. For example, the largest volume of private equity investment is the so-called "buy-out" phase, during which the management takes over a company with the help of private equity.

Target companies of one or more financial investors with buy-out transactions are established companies with a successful business model and stable operating cash flows – in contrast to venture capital investment in young companies.

An investment in private equity is as independent as it is possible to be from traditional forms of assets and, at a share of between 5% and 15%, optimises the personal asset portfolio by improving the risk/yield structure. Compared with other forms of assets, investors benefit from above-average yield possibilities, although they should always look to invest in the medium to long term.

Development of placement volume for private equity in EUR million



MPC Capital continued the Global Equity range with a seventh fund. When designing the fund, the requirement for investors to be able to clearly see the investment goals was especially taken into account. The objective of the investment strategy is to invest the equity capital in three already selected private equity companies. These three target funds plan to invest in up to 100 companies. The spread of the investor's capital over three investment programmes leads to the optimisation of the security profile.

The quality of the management has a decisive influence on the economic success of a private equity investment. This applies to both the choice of partners and the selection of the target funds. The competent team at MPC Münchmeyer Petersen Asset Consulting GmbH is thus responsible for selecting the funds. This selection is carried out by experienced private equity teams with a long history of success. Investors can avail themselves of this competence with an investment of at least EUR 10,000.

Other investments

Open-ended investment funds with good performance The MPC Europa Methodik fund invests in undervalued European shares. As at the reporting date, it posted a volume of almost EUR 36 million and with an increase of 27.9%, was again able to exceed the MSCI Europe benchmark (+27.0%). The fund, which is regularly assessed as first class, is managed by Frank Lingohr and follows his strictly methodical concept of investing in undervalued European shares. The MPC Europa Methodik fund has for years belonged to the top group of European funds.

The approach pursues the objective of continual development and a positive return in absolute terms, regardless of orientation to a comparison index. MPC absolute return umbrella funds invest according to the market situation in the most promising asset classes (shares, bonds, gold, precious metals, commodities, real estate).

Using the absolute return approach, the MPC Capital umbrella funds invest globally in the most promising asset classes. The investment profiles of the three umbrella funds range from security to risk-oriented. The fund volume comes to more than EUR 40 million in total. All three umbrella funds achieved a positive performance of between 4.2% and 16.3% in the reporting period. The FERI Trust, Europe's leading independent funds analysis house and the largest private financial research institute, is responsible for structuring MPC Capital umbrella funds.

The other corporate investments are funds from third-party suppliers. These were placed by the 50% subsidiary, Hannseatische i-Bank, and as part of private placements by the major and special customers team at MPC Capital. Total placed equity was around EUR 17 million (previous year: EUR 13 million).

Earnings position, net worth and financial position

Earnings position

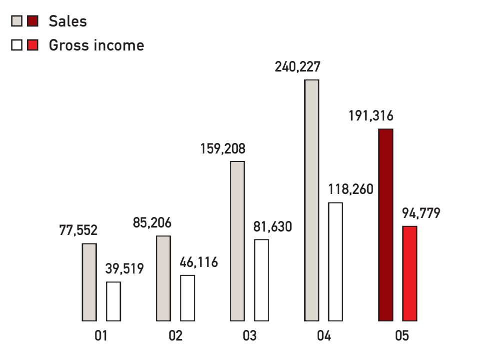
Key data overview	2004	2005
Sales in TEUR	240,227	191,316
EBIT in TEUR	72,008	57,756
Net income for the year in TEUR	52,293	43,477
Earnings per share in EUR	4.93	4.10
Return on sales in %	21.8	22.7
EBIT margin in %	30.0	30.2

With the initiation, sale and management of investment products for wealthy private customers, the MPC Capital Group generated sales of TEUR 191,316. This equates to a decline of 20% compared with last year's figure of TEUR 240,227. A detailed breakdown of the sales and profit contribution can be found in the development of gross income. The share of sales achieved outside Germany increased from 9.6% to 11.3% and was principally generated in Austria and the Netherlands.

Also pleasing is the further increase in the share of recurring sales (sales from fund management), which in the 2005 financial year increased from 5.6% to 8.7%.

The cost of purchased services principally relates to commission payments for placing equity by institutional and independent sales partners. The decrease of 21% to TEUR 96,536 resulted almost entirely from the lower placement volume. Gross income fell accordingly from TEUR 118,260 by 20% to TEUR 94,779.

Development of sales and gross income in TEUR



Personnel costs fell in the reporting period by 3% from TEUR 25,074 to TEUR 24,397. Due to the smaller placement volume and net income for the year, the costs of the increase in personnel from an average of 182 to 215 employees was overcompensated by the decrease in variable remuneration components. The personnel expenses/sales ratio increased from 10% to 13%.

Other operating expenses also take into account the expenditure for the development and marketing of new and existing products and product lines. In 2005, expenses amounted to TEUR 22,998, 7% lower than the previous year's total of TEUR 24,692.

At TEUR 57,756, the operating result (EBIT) at the balance sheet date was 20% lower than the previous year's figure of TEUR 72,008 at the 2004 balance sheet date. The margin expressed as a percentage of consolidated sales was unchanged at 30%.

The tax rate as at December 31, 2005 was 28% and thus slightly less than the previous year's figure of 30%. This is especially due to refunds of overpaid tax and the lowering of the corporate tax rate in Austria.

At TEUR 43,477, consolidated net income for the year was 17% less than last year's figure of TEUR 52,293. However, the return expressed as a percentage of consolidated sales increased from 22% to 23%.

Financial position

In the successful 2005 financial year, MPC Capital once again generated a positive cash flow from the ongoing operating activities. At the end of the period, this was TEUR 47,208 and thus down by 41% on the TEUR 81,246 of the previous year.

The cash flow indicates the cash operating surplus generated in the period in question. This can be used to assess the profitability of a company.

Owing to the company's operating activities in the MPC Capital Group, some investments in fixed assets were made in the financial year. Investments of this kind are usually limited to office furniture and equipment. Only small investments in fixed assets are planned for the future.

Cash flows from investment activity in the reporting period amounted to TEUR 3,210 (after TEUR 277 in 2004) and were primarily the result of investments in financial and tangible assets.

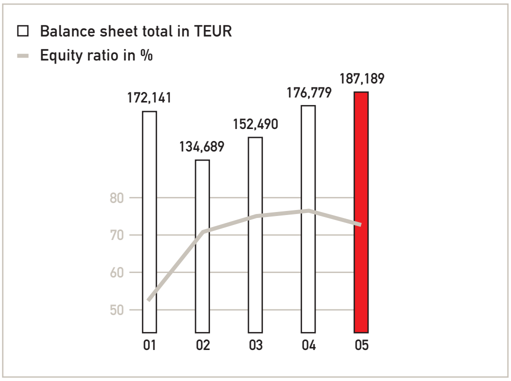
In 2005, the shareholder-friendly dividend policy, which resulted in the dividend for the 2004 financial year being increased to EUR 4.00 per share, led to a cash outflow from financing activities of TEUR 42,400. In 2004, the dividend was EUR 3.00 and the cash outflow from financing activities was TEUR 31,800. In the reporting year, the issue proceeds from the stock market flotation in 2000 were mainly used for short-term pre-financing of fund investments or were invested in the short term on the money market.

At the balance sheet date, the company posted an increase in liquid funds of TEUR 1,598 and had financial resources of TEUR 105,714.

Net worth position

The MPC Capital Group continues to have a very good financial situation. At TEUR 187,189, the Group's balance sheet total as at December 31, 2005 was 6% higher than in the previous year (TEUR 176,779). The increase on the assets side is primarily due to the increase in liquid assets as at the balance sheet date, trade receivables and financial investments. These are balanced on the liabilities side by equity and by lower provisions and higher current liabilities.

Development of the balance sheet total and equity ratio



At the end of 2005, the MPC Capital Group had equity of TEUR 136,328. This represents an increase of 1% compared to the previous year's value of TEUR 135,251. This is primarily attributable to the increase in retained earnings for the year. The equity ratio in the MPC Capital Group fell from 77% to 73%. The return on equity amounted to 32% due to the reduced net income for the year compared with 39% in the comparative period of 2004.

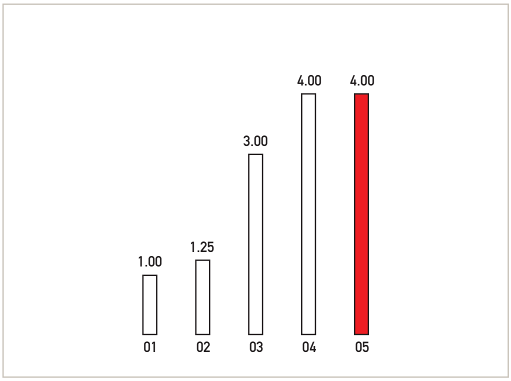
Provisions fell from TEUR 27,195 to TEUR 22,295 and correspond to 12% of total assets. They generally fall due within a year and contain provisions for taxes, income and earnings, for personnel as well as legal and consulting provisions.

Dividend

Distribution of EUR 4.00 per share MPC Capital continued its shareholder-friendly dividend policy throughout 2005. With a distribution rate of 98%, MPC Capital directly involves the shareholders in the success of the company. The Supervisory Board and Management Board will propose a dividend distribution of EUR 4.00 per share to the Annual General Meeting on May 4, 2006. Subject to the approval of the Annual General Meeting, the dividend will be paid on May 5, 2006.

On the basis of the year-end price (XETRA) of EUR 65.80, a dividend yield of 6.1% is calculated for the 2005 financial year.

Development of the dividend in EUR



Employees

The commercial success of MPC Capital is based on the quality, talent, creativity and commitment of its employees. The priority for human resources activities is to acquire and further develop first-class individuals for the team and retain them at MPC Capital in the long term. The corporate culture is characterised by partnership, a high degree of reliability, entrepreneurial trading and professional dealings together with great enthusiasm. The highest quality standards and professionalism were guaranteed in the reporting year, too. This ensured once again the ability of the company to innovate and develop its products further.

Regular personnel development meetings took place in which MPC Capital guaranteed the individual development of every single employee and created the foundation for continuous development. Specific measures promote the performance potential of the employees and prepare them for new responsibilities.

The number of employees in the reporting period was 215. This is an increase of 20% compared with last year (182 employees). 225 people were employed by the MPC Capital Group as of December 31, 2005. The share of employees outside Germany is 17%.

Employees	2001	2002	2003	2004	2005
Number of employees (average)	116	137	147	182	215
Personnel expenditure in TEUR	9,571	11,882	14,839	25,074	24,397
Personnel expenditure ratio in %	12.3	13.9	9.3	10.4	12.8

Management Board members and other managers of MPC Capital AG and its subsidiaries receive performance-related remuneration in addition to a fixed salary.

Due to the dynamic development of the Group, the activities in the area of business organisation development are very important with regard to the ongoing structural and organisational changes. At the same time, the strengths of MPC Capital AG, such as flexibility, creativity, promptness and performance in a process of permanent corporate change, must be retained and further enhanced.

The Management Board of MPC Capital AG extends its thanks to all its employees for their exceptional performance in the 2005 financial year.

SUPPLEMENTARY REPORT

Projects were secured or new investments conceived in all the individual business divisions as part of normal business activity. In the area of ship investments in particular, additional projects with an equity volume of around EUR 320 million were secured in the current financial year.

Based on the information available now, MPC Capital expects to be able to place equity of between EUR 950 million and EUR 1 billion in the 2006 financial year. The forecast of the consolidated net income for the year is between EUR 36 million and EUR 39 million.

When the management report was prepared, there were no other significant events which concerned, or would have a material influence on, the earnings position, financial position or net worth position of the MPC Capital Group.

RISK REPORT

Risk culture

The Management Board of MPC Capital AG is committed to the principles of a management system aligned to value orientation and therefore attaches great importance to systematic risk management. In addition to exposing existing risk items, it is principally about recognising opportunities.

Within the Group, responsibility for risk management with all investments lies with management. The operating units as well as the holding itself identifies, assesses, controls and continually monitors its risk situation. As potential risks must be included in corporate trading, MPC Capital implements comprehensive risk inventory measures in all areas and has worked out an efficient reporting system.

The risk policy in place at MPC Capital AG consists of exhausting available opportunities as best as possible and only taking risks associated with business activity when there is the opportunity to create a corresponding surplus value. Risk management is therefore a vital component of the business processes and of the value-oriented management of MPC Capital AG.

Dealing with risks responsibly is a task for every single employee. It is the responsibility of the operating management to create risk awareness and to deal with early recognition, assessment, control and communication of risks.

Central risk management is under the control of the CFO, who is responsible for the further development of the risk management system as well as in particular for risk aggregation throughout the entire MPC Capital Group. On the other hand, the tasks of identifying and controlling new risks, as well as the ongoing monitoring of already identified risks, are organised decentrally. Regular reporting, which is embedded in the integrated controlling concept, communicates the status of and material changes to significant risks. The controlling and reporting systems are designed in such a way that the Management Board receives all the relevant information in order to detect early on any development which could have a detrimental effect on the financial, net worth and earnings position of the Group. The risk management system in place at MPC Capital AG was looked at as part of the annual audit of the financial statements and fulfils the legal requirements of the Control and Transparency in Enterprises Act (KonTraG).

MPC Capital AG also sees its risk management as a dynamic and constantly evolving task. The findings of the daily risk management programme serve to protect the objectives of the company and to continually increase the value of the company.

Operating risks MPC Capital AG's business model is based on the design, initiation and distribution of principally closed-end funds. In order to guarantee a high-quality range of products for investors and sales partners, this model requires, both now and in the future, the continuous acquisition of high-quality assets such as ships, real estate and life insurance policies. Market, price and competition considerations all have an influence on the availability of attractive investment objects which meet MPC Capital's stringent quality criteria.

The development of products such as the Real Estate Opportunity Fund and the expansion of the structured products business division reduces the relative importance of asset-oriented asset classes such as ships, real estate and life insurance funds and also further diversifies the range of products.

MPC Capital is in a competitive situation, both in the acquisition of attractive assets and in the initiation and distribution of investments. The strength of the MPC Capital brand, the company's reliability as a business partner, the product quality and the company's leading market position in all relevant product markets and sales areas mean that MPC Capital can react flexibly to changes in market conditions and remain on course for success.

The partnership with institutional and independent sales partners provides the basis for the distribution policy. Due to the existence of a number of different relationships, individual sales partners do not dominate.

As part of the design and initiation process, MPC Capital generally provides to the fund companies a placement guarantee for the equity portion of the fund. The Group is thus exposed to a placement risk until all the fund equity is syndicated. Since the foundation of the company, it has always been possible to place the entire designated equity portion of the funds, or the funds are currently being placed. A detailed explanation of the placement guarantees and guarantee conditions of existing contingent liabilities can be found in the notes.

In connection with the implementation of an investment plan and the financing of a fund, companies of the MPC Capital Group provide the funds companies with a placement guarantee for the equity to be syndicated.

Once a fund has been placed in its entirety, the existing financial risks relating to the placement guarantee are eliminated. Further guarantees such as rental guarantees for real estate funds are not secured by the MPC Capital Group for basic reasons. This means that the financial development of the fund does not directly influence the net worth, financial and earnings position of the MPC Capital Group. MPC Capital AG and its subsidiaries generally only participate as limited partners in the individual fund companies.

The publisher of a sales or funds prospectus is responsible for the content and accuracy of the information.

In addition to the liability risk for statements made in the prospectus, there is also an image and reputation risk with existing or potential customers in the event of negative developments in one or several funds. MPC Capital counters this risk with active fund management and a consistent quality strategy in the selection of assets and in fund design.

Financing and currency risks With an equity ratio of 72.8% and liquid assets of TEUR 105,714, MPC Capital's financing risk remains low and provides the medium to long-term stability and flexibility to further develop the company. In particular, the interim financing requirements for the equity of the fund company are safeguarded in this way. Such interim financing is then scaled back as quickly as possible in the process of placing the equity.

While a further rise in interest rates in the global financial markets can increase the attractiveness of investment products competing with MPC Capital products, this also means a change in the financing conditions of the fund. In the target group of wealthy private customers, alternative investments, as they see the MPC Capital products, are now a fixed component of the asset structure (asset allocation). The refinancing costs of the fund company are one of many factors in the overall design. Possible effects on profitability of an increase in interest rates have so far been compensated primarily by changes in other components.

Asset allocation means that "assets" are correctly selected, weighted and combined to achieve the highest possible income with low risk.

MPC Capital's expenditure and income is mainly incurred in the reporting currency of the euro. However, the initiation of funds in foreign currencies such as US dollars, Canadian dollars and British sterling can have exchange rate effects.

Organisational risks The dynamic development of the MPC Capital Group requires adequate provision of personnel. By using modern personnel marketing measures, MPC Capital has increased the number of employees in the reporting period from an average of 182 people to 215 people and thus was successful in attaining the necessary personnel resources.

MPC Capital counters the risk of dependency on key persons by rigorous personnel and quality development of the management level below the Management Board.

Legal risks Legal proceedings or damages claims are – in so far as they are known – of secondary importance and are taken into consideration in the annual financial statements. Moreover, claims which have a considerable influence on the economic situation are neither pending nor threatened.

Overall risk The evaluation of the risks in the context of central risk management of MPC Capital did not reveal any risks in the past year which had a material effect on the net worth, financial and earnings position of the Group or which jeopardise the existence or future of the company.

FORECAST REPORT

Global economy grows at a smooth pace

According to the estimates of the International Monetary Fund (IMF), the global economy will this year (2006) once again grow by 4.3% and thus will not develop any additional momentum. The researchers expect a slowing down of the tempo, especially with the driving forces such as China (IMF estimate: +8.2%) and the USA (IMF estimate: +3.3%).

It is generally expected that the policy of small interest rate steps implemented by the US Federal Reserve Bank will initially be discontinued with the change in leadership at the bank. For the European Central bank, market observers see a limited potential for streamlining of the main refinancing rate.

Speeding up of economic recovery in Germany

The experts at the Hamburg WeltWirtschaftsInstitut (HWWI) expect there will be a further recovery of the economy in Germany in 2006. According to estimates from the institute, the growth of the real gross domestic product will be 1.4% (German Institute for Economic Research DIW: 1.7%). The researchers estimate the advance effects resulting from the VAT increase announced for 2007 to be a quarter of a percentage point (DIW: 0.3%). These effects will ensure that domestic demand will be livelier and so will overcompensate for the export economy which is not expanding at the same pace.

For 2007, the experts at the HWWI expect that the economy will again lose considerable momentum. The restrictive financial policy and the counter-reaction of the advance effects are likely to be reflected in a gross domestic product increasing by only 0.75% (DIW: 1.2%). A slowing down of the expansion of the global economy, which cannot be ruled out, is likely to be a further burden for this forecast.

The market for closed-end funds

For 2006, experts are expecting a fall in the market volume of the closed-end investment model to EUR 10.8 billion. The demand for high-yield investments remains high from the point of view of both sales and investors. On the one hand, the changes in the legal framework conditions ensured clarity in design in the past year, but on the other hand mean the end of the tax-driven investment model with a corresponding effect on the total market volume.

Development of new growth opportunities

In the current 2006 financial year, MPC Capital expects to place equity to the value of between EUR 950 million and EUR 1 billion. The forecast net income for the year is between EUR 36 million and EUR 39 million and represents earnings per share of between EUR 3.40 and EUR 3.68. The Management Board intends to keep to its shareholder-friendly distribution policy in the current financial year.

The diversification of the product portfolio over the last few years shows, on the one hand, a high degree of readiness and ability of MPC Capital to innovate and on the other hand, leads to the company being less dependent on developments in individual business divisions. This diversification strategy is accompanied by two fundamental product concepts. The first is asset-oriented investments such as traditional real estate funds, ship investments and life insurance funds, a vital factor in whose potential is the ability of MPC Capital to identify and secure attractive projects. The other is the development of investments whose product availability can be continually developed based on, for example, fund of fund structures. The private equity funds and structured products and the umbrella funds and real estate opportunity funds are products of this sort. MPC Capital will, in the current financial year, create the organisational and marketing prerequisites needed to give the different products a clearer external profile and especially to increase the market penetration for continuously available products.

The start-up costs associated with the investment in the further development of the company influence the expected net income for the current year. Nevertheless, MPC Capital is convinced that the development will open up attractive potential for the future, which amongst other things will lead to a considerable increase in the share of returning sales.

The organic development of the MPC Capital Group will be rigorously continued. This will include examining further possibilities of strategic partnerships with product providers in the future, too.

Examination of the business divisions

Real estate funds The development of the international real estate markets and strict adherence to high quality criteria is currently making it more difficult to initiate high-yield investments in the area of traditional foreign real estate funds. MPC Capital is planning to continue the product lines in Holland, Canada and England real estate funds and is selecting the possibilities of further real estate markets. The contribution of this area to the placement volume in 2006 depends on the opportunities offered in the course of the year. MPC Capital is currently assuming there will be a decrease in placed equity.

In contrast, the area of Real Estate Opportunity Funds is expected to grow. The beginning of 2006 will see the placing of the first product to include a volume option. The successor to this product, which has already been designed, will be distributed in the course of the second quarter.

The equity currently expected to be syndicated in the area of real estate funds is between EUR 250 million and EUR 300 million, while the share syndicated to the area of Real Estate Opportunity Funds is likely to be between 45% and 50%.

Ship investments Two attractive ship portfolios were secured with equity of around EUR 320 million at the start of the financial year. One was a fleet of 14 container ships of class 1,800 TEU (nine ships) and 2,800 TEU (five ships), which will be gradually delivered from the autumn of 2006 until April 2008. The other was the acquisition of 14 modern second-hand reefer ships. These ships will be taken over from February 2006. Both investments plan initial distributions of 8% and will probably be offered to investors from the second quarter onwards.

Together with the ships which had already been contracted in 2003 and 2004 as well as the first tanker project, MPC Capital expects the year to see substantial placements in the area of ship investments, especially as the demand for attractive high-yield ship investments remains high. MPC Capital is currently assuming a placement volume of between EUR 350 million and EUR 400 million for 2006.

For 2006, the experts from Howe Robinson expect a 16% growth in the container fleet. This compares with an expected growth in demand of between 11% and 12%. Based on these assumptions, a further fall in the charter rates as well as a decline in new construction and second-hand prices are possible. In order to use the positive long-term prospects for the customers, a security-oriented design approach is therefore essential.

Life insurance funds In 2006, MPC Capital will continue the range of life insurance fund products based on German and British policies. The current intention is to launch a new fund in each of the two product variations.

Suitable good quality insurance policies remain the limiting factor for product availability. For the German secondary market in particular, the product partner cash.life AG expects accelerated growth which would push the launch time even closer to the placing of equity and thus create new opportunities in the long term. The positive experience with the launch process associated with the British life insurance fund will probably result in an increased equity volume in the current year. The current forecast for the equity volume for the 2006 financial year is around EUR 160 million.

Structured products Following the product-specific and organisational construction phase for the area, MPC Capital expects for the coming year an expansion of product and sales activities. In addition to the positioning as an independent product provider for institutional sales partners, MPC Capital sees considerable sales potential for structured products, especially with asset consultants and investment managers. The first product for this area was structured with the MPC Auventas Note. This Note, which follows the Fortrust Note in terms of design, will be placed from January 16 to April 10, 2006. Further products from the Fortrust range of products are in preparation. In addition, other product concepts are constantly being developed and brought to market maturity. In the area of structured products, MPC Capital expects for 2006 a total placement volume of around EUR 100 million.

Private equity The revised funds design of the Global Equity range of products and the continuous revival in the area of private equity should enable this more opportunistic asset class to grow in 2006. With the MPC Global Equity 7 currently being placed, a 2006 placement volume of between EUR 30 million and EUR 50 million is expected for the successor product Global Equity 8, which is following on seamlessly, and from the Step by Step savings plan.

Distribution The intensive and service-oriented cooperation with institutional distribution partners ensures both the high quality of products and the placement success of the investments. MPC Capital is committed to a dual distribution structure with institutional and independent distribution partners. MPC Capital is, as a product partner independent of the banks and a market-leading initiator, well positioned to fulfil the demand for attractive investments from the banks and savings banks as well as from the independent distribution partners. In addition, the planned organisational and structural changes within the MPC Capital Group will further intensify both the cooperation with the partners and the distribution penetration.

Fundamentally, it should always be assumed that there will be changes in the framework of tax legislation. However, achieving tax benefits is not the main motivating factor behind MPC Capital's return-oriented investments. Therefore, the Group currently cannot identify any potential tax changes that could have material effects on the development and sale of products.

MPC Capital is convinced of the business model's suitability for the future and its sustainability. The Management Board does not believe the above developments contain any risks requiring disclosure.

Hamburg, February 23, 2006
The Management Board

Axel Schroeder Ulrich Oldehaver Ulf Holländer

Dr. Axel Schroeder Chairman	Ulrich Oldehaver	Ulf Holländer