Nine-Month Report 2006

Q1 Q2 Q3

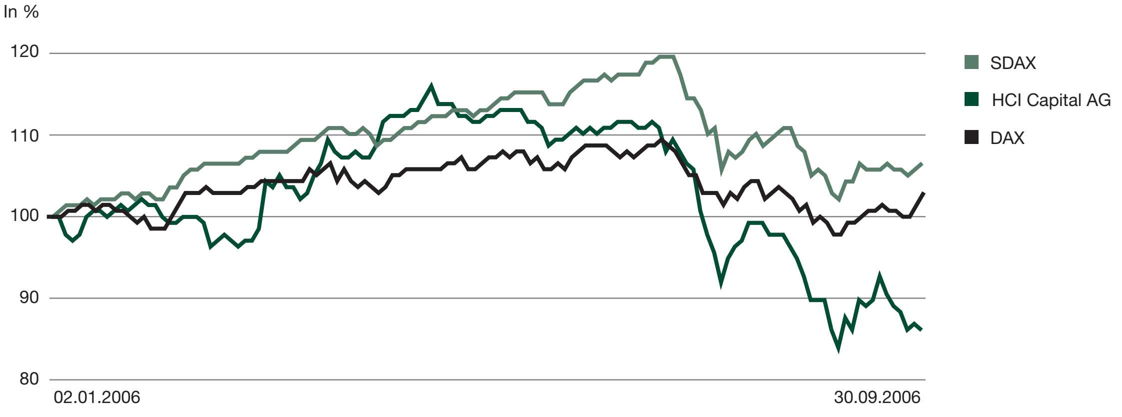
Capital hci

Performance Ratios

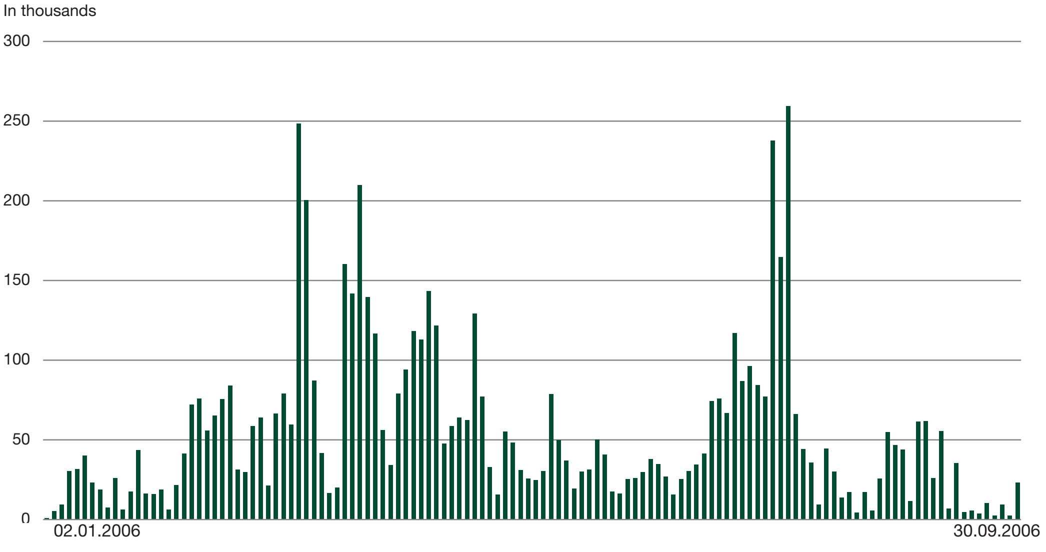
Earnings	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Revenues in EUR thousands	84,434	107,507
EBIT in EUR thousands	34,072	34,225
EBT in EUR thousands	38,171	39,863
Group net earnings in EUR thousands	27,314	26,926
Net margin in %	32.35	25.05
EBIT margin in %	40.35	31.84
Earnings per share in EUR	1.14*	1.35
Placed equity in EUR million	375.7	484.9
Balance Sheet	**September 30, 2006**	**Dec. 31, 2005**
Total assets in EUR thousands	161,448	199,238
Equity in EUR thousands	111,225	117,654
Equity ratio in %	68.89	59.05
Staff	**September 30, 2006**	**September 30, 2005**
Average employees	231	200
Personnel costs in EUR thousands	16,082	15,053
Personnel costs in % of revenues	19.05	14.00

* 24 million shares outstanding after IPO.

HCI Capital AG Share



Trading Volume HCI Capital AG



Dear shareholders and business friends of HCI Capital AG,

During the first nine months of 2006, HCI Capital AG undertook a number of steps to press ahead with the implementation of the diversification strategy, thereby stabilizing the foundation for the future success of the HCI Group. At present, the development of the overall market for closed-end investment funds confirms the appropriateness of our strategy. Following a number of record-breaking years the market is currently in a phase of consolidation and reorientation.

The overall market development during 2006 also left its mark on certain areas of business affecting HCI as well. As HCI results continue to be influenced by a special item – the exclusive placement of a ship investment fund (Ocean Shipping I) during the first quarter of 2005 – total placement volume remains 22,52 percent lower than last year's nine-month figures. Revenue earnings for the first nine months ended September 30, 2006 totaled EUR 84.43 million (first nine months 2005: EUR 107.51 million). As a result of the earnings generated in the intermediary ship trade, HCI was able to maintain a steady level of profitability as well as match the results for the same period in the previous year. Earnings before interest and taxes (EBIT) varied marginally against the previous year amounting to EUR 34.07 million (2005: EUR 34.23 million) whereas earnings before taxes (EBT) dropped by 4.24 percent to EUR 38.17 million from the previous year's EUR 39.86 million. The consolidated net earnings for the period rose by 1.41 percent to EUR 27.31 million (first nine months 2005: EUR 26.93 million).

With placement figures rising noticeably once again, HCI expects to attain the goals set for the year 2006. Based on the overall annual forecast equity capital placement would thus total approximately EUR 600 million with revenue sales ranging between EUR 134 and 139 million and the consolidated net income after taxes ranging between EUR 36 and 38 million for the financial year 2006. HCI Group's profitable business model will allow the Management Board to propose a dividend distribution on the same level as that for the financial year 2005.

Development of HCI Capital AG's overall placement volume for the year under review has been negatively influenced primarily by a special item resulting from the exclusive placement of a ship investment fund during the first quarter of 2005 as well as by the temporary slowdown of distribution power in the ship fund division. All other HCI product categories have continued to develop positively.

In the ship investment fund product category placement volume dropped by 51.57 percent against the previous year's figure, totaling EUR 186.94 million for the period ended September 30, 2006 (2005: EUR 385.98 million). Company management is convinced that the ship investment fund market continues to offer sufficient opportunity for generating attractive returns in the future. HCI is equipped with a well-stocked product pipeline with several interesting investment offers in the segment for ship investment funds presently in the market. There is no doubt that the forthcoming creation of the independent executive division Sales and Marketing will increase HCI's impact in this product division. Placement volume in the real estate segment rose significantly to EUR 62.20 million, a 77.01 percent increase against the previous year's EUR 35.14 million. Aside from classic investment offers in the real estate and fund of funds segments, HCI Capital AG, as a result of a recent cooperation agreement with a U.S. real estate investor, now has the opportunity to demonstrate its ability in reaching institutional investors and generate additional sources of revenue. The secondary life insurance fund market has continued its successful trajectory during the period ended September 30, 2006 and saw the introduction of the ninth investment fund in this segment, the HSC Optivita IX Deutschland. Placement volume in this segment totaled EUR 93.75 million for the period under review, a 82.78 percent increase against the previous year (2005: EUR 51.29 million) and a figure indicating the significance of this product division for the HCI Group. The private equity fund of funds division has continued to develop positively, reflecting the encouraging trend in recent months and increasing placement volume to EUR 32.79 million since the beginning of the year, an increase of 162.74 percent against the nine-month figure for 2005 (EUR 12.48 million).

At present, some 246 employees work for the HCI Group. Their exceptional commitment and performance was recently honored at the premium fair funds & finance in Cologne where HCI received the Audience Award for the issuing house with the friendliest sales team and strongest service division. At this point, HCI wishes to take the opportunity to thank the entire staff of HCI and express its pride in the company's employees.

The year 2006 is a special year in the development of the HCI Group. We thank you, the valued shareholder, for your trust and invite you to continue participating in the development of HCI Capital AG.

Sincerely,

Harald Christ (Chairman of the Board)
Hamburg, November 2006

The HCI Share

No noteworthy changes occurred in the shareholder structure during the reporting period. By the latter half of September 2006, HCI Capital AG numbered over 9,700 private individual investors accounting for approximately 19 percent of the equity stake issued. While the majority of institutional investors is predominantly based in Anglo-Saxon countries, the percentage of German institutional investors has grown during the reporting period since the IPO in the autumn of 2005.

An average of approximately 64,000 shares was traded daily during the first nine months of the financial year. This trading liquidity compares favorably with that of other companies traded in the German Stock Exchange Prime Standard, an index containing 50 so-called small caps, with HCI Capital AG ranking among the leading companies in this group. The price of the HCI share dropped below the SDAX performance ratio during the present reporting period. The HCI share traded highest at EUR 14.37 on September 26, 2006, and lowest at EUR 13.39 on July 8, 2006.

Coverage of the HCI share was taken up by further analysts during the reporting period, with 12 independent research analysts initiating current research studies on HCI Capital AG. In seven cases, analysts recommended purchasing shares in HCI; in four cases, analysts recommended holding onto HCI shares; and in one case, sale of the HCI stock was recommended. Analysts expect the stock to rise to an average EUR 17.25, a potential increase of well over 22 percent based on the closing quotation of EUR 13.49 at the end of the present reporting period.

Deutsche Bank AG in Frankfurt am Main is another analyst which carried out an in-depth initial analysis of HCI Capital AG during the period under review. The Deutsche Bank AG analysts started their coverage by recommending purchase of HCI stock and target trading at EUR 18.20 per share, which has since been modified to "keep" at EUR 16.00 per share.

A number of road shows and capital market conferences were held in Germany, Switzerland, Great Britain, France and the U.S.A. during the current reporting period by the HCI Group management as a means of presenting HCI's business development and corporate strategy to institutional investors. In addition, numerous personal meetings were held with investors at the company's head offices in Hamburg.

A considerable number of road shows and capital market conferences focusing on the future perspectives of HCI Capital AG and targeted towards institutional investors in Europe are planned for the upcoming months.

HCI Capital AG does not hold shares in the company.

The Economic Environment

The global economic situation continued its upward development during the second half of 2006, albeit at a somewhat slower pace. The growth rate of 3.6 percent once again exceeded the long-term average, yet dropped against the 4.1-percent growth rate for the first half of 2006. In the United States and Japan we see a downturn in the economic development as opposed to an accelerated expansion throughout the Euro zone and Great Britain. Industrial production in China continues to grow at a steady rate.

Global economic development appears to remain strong on a long-term basis. The consortium of German Economic Research Institutes (Arbeitsgemeinschaft deutscher wirtschaftswissenschaftlicher Forschungsinstitute e.V.) forecasts an increase of the real global gross dosmestic product by 3.7 percent for 2006 and 3.1 percent for 2007 accompanied by an estimated growth in global trade of 8.5 percent in 2006 and seven percent in 2007.

The economy has continued to develop positively in the Euro zone. Market experts are largely proceeding on the assumption that the positive growth trend will continue for the current year (2.6 percent) as well as for 2007 (2.1 percent). The inflation rate is estimated to total 2.2 percent in 2006 and 2.1 percent in 2007.

The German economy has stabilized noticeably. Not only is there a continued rise in export trade, but domestic demand has also started up again. While private consumer spending may be recovering slowly, the real gross domestic product is likely to rise by approximately 2.3 percent during the present year, thus accounting for one of the highest growth rates in the last 10 years.

Since December 2005, the European Central Bank has meanwhile raised the prime rate to 3.25 percent. Given the increased risks as to price-level stability and the sustained upward swing in the Euro zone, further increases in the prime rate are highly conceivable.

Whereas there was a significant rise in the Euro against the dollar early in the year with the exchange rate rising from an initial USD 1.18 to USD 1.29, this trend has leveled off, moving laterally between USD 1.26 and USD 1.28.

Oil prices hit an all-time high in early August 2006 due to geopolitical unrest in the Middle East. As a result, the price of Brent oil rose sharply to approximately USD 78 per barrel. The oil market has since eased up with prices settling at less than USD 60 per barrel.

During the last several months a number of stock indexes recorded all-time highs not seen in several years. Dow Jones, in fact, reached a new record high at the beginning of October. With a performance of well over 10 percent since the beginning of the year the DAX now figures among the leading global players. Inasmuch as early trade cycle indicators and industry surveys indicate a continued growth in returns, conditions for the development of international stock markets continue to appear opportune.

Industry Trends

At the time of publication, HCI Capital AG was not aware of any quantifiable evidence or reliable statements with reference to the development of the overall market for closed-end funds as per September 2006. Therefore, at this point in time, we are only able to outline general development trends.

Evidently, real estate funds will not generate the same good results as recorded in 2006, much less exceed them. Following record-breaking results in 2005, the general market performance of ship funds slackened off in 2006 as well. The same trend is visible in the secondary life insurance market which, however, recorded enormous growth during 2005. The private equity investment fund segment also booked major growth rates in the past few years. A satisfactory overall annual result appears to be attainable for 2006.

Due to the lower overall placement volume the business climate index survey conducted by the Scope Group was slightly troubled, indicating a sober and realistic perception of the current market situation. During the third quarter the index dropped to 150 points. This represents a three-point decline against the previous quarter, and a seven-point decline against the same quarter for the previous financial year.

We do not expect to reach last year's all-time highs again during the 2006 financial year. Business journalist and fund analyst Stefan Loipfinger estimates the year to close with an overall investment volume ranging between EUR nine and 10 billion.

Business Development

Revenue Growth

The HCI Group generated revenue earnings totaling EUR 84.43 million during the reporting period, a decline of 21.47 percent against EUR 107.51 million for the previous financial year.

Revenues from the HCI Group's design and sales activities totaled EUR 67.17 million against the previous year as a result of the reduced placement volume compared to last year. The factors essentially influencing the drop in revenue in the area of design and sales were the exclusive agreement with Deutsche Bank AG for the placement of the ship portfolio HCI Ocean Shipping I with placed equity capital totaling USD 138 million and a temporary weakness in placement volume in the ship fund division.

Given a continued rise in the volume of equity capital in trust management, earnings from the trust management division increased by EUR 17.26 million.

Explanation of profit development

Thus far, the primary expenditure items for the HCI Group were the costs of purchased services and personnel expenses.

The cost of purchased services, consisting essentially of commissions paid to sales partners, fell by 16.44 percent to EUR 38.64 million due to the lower volume of placed equity capital as compared to the same reporting period in the previous financial year. The reason for this disproportionate decline compared to the equity capital placed during the reporting period, was the separate settlement of a major ship fund (HCI Ocean Shipping I) during the same reporting period of the previous year, in which only the net margin was recorded as sales revenue, and which, in turn, was not offset by the cost of purchased services.

Personnel expenses increased by 6.84 percent during the first nine months of the financial year against the previous year, due in essence to a considerable increase in average number of employees from 200 to 231 and accounting for a 15.50 percent rise against the previous year. The significantly disproportionate development between personnel expenses and number of average employees results directly from the lower bonus payments made to sales personnel due, in turn, to the lower equity capital placement volume against the previous year.

Particular mention should be given here to the significant increase in other operating income by EUR 14.73 million to EUR 20.96 million. Other operating income primarily involves profits from ship sales, specifically the sale of two ships to third parties and the placement of five others in HCI funds. The market for selling ships was very good at the time and posed no risk of reducing long-term availability for the HCI Group's ship funds.

Other operating expenses decreased moderately, by 6.93 percent to EUR 15.32 million. It is important to point out here that other operating expenses in the previous financial year also included company's IPO costs.

Earnings before interest and taxes (EBIT) dropped slightly for the period ended September 30, 2006 from 34.22 to EUR 34.07 million as a result of the business development described above and the special items taken into account. This amount includes the investment results of joint venture companies and is computed on the basis of the equity method. The EBIT for these companies rose by EUR 0.55 million to EUR 1.57 million for the period under review.

The financial result dropped by 51.40 percent against the same period for the previous financial year, totaling EUR 2.61 million. Here, the preliminary dividends from secondary life insurance market funds, which are included in this item, constituted the determining growth factor.

During the same period, earnings before taxes (EBT) dropped slightly by 4.24 percent against the previous financial year to EUR 38.17 million (2005: EUR 39.86 million).

For the period ended September 30, 2006, the Group's tax ratio dropped to 28.45 percent, thus being slightly lower than the predicted annual tax ratio of 32 percent. This resulted on the one hand from the rather moderate placement of ship funds, which due to trade tax effects, led to a reduction in tax ratio, and on the other hand from the fact that other operating income in the ship broking segment was not subject to excise tax at corporate level. However, the management expects the tax ratio to remain at 32 percent based on the fulfilment of placement volume estimates in the ship fund segment.

The consolidated net income for the first nine months rose slightly against the reference value from EUR 26.93 million to EUR 27.31 million, an increase of 1.41 percent.

Placement volume

Influenced by the extraordinarily positive placement development during the same reporting period for the financial year 2005 and a declining placement volume in the ship fund segment, HCI Capital AG placed equity capital totaling EUR 375.68 million, but was not unable to equal the placement result for the same period of the previous year (EUR 484.89 million). This results in a 22.52 percent decrease against the same period in the previous year.

Placement volume developed as follows in the individual product categories:

There was a marked decline in the ship fund segment against the same period of the previous year, due to the placement of the ship fund HCI Ocean Shipping I and a recent slack-off in equity placement. Nevertheless, with placements totaling close to EUR 186.94 million during the first three quarters of 2006 (EUR 385.98 million for the same period in 2005), ship funds remain the strongest product category in terms of equity capital placement.

Chinese exports are proving to be an engine for growth, with other regions such as India, Brazil and Vietnam also contributing to a positive trend in the development of shipping markets. With largely stable charter rates during 2006, shipping industry experts estimate that charter rates for container shipping will drop slightly whereas the charter rates for tankers have developed well and the demand in the bulker shipping segment was more than sufficient. In addition to being stocked with a comfortable portfolio made up of tonnage committed since 2004 and 2005, the HCI Group has a range of fund of funds products ideally suited for spreading the volatility risk among various markets and activities.

In the segment of closed-end real estate funds, the upward trend for HCI Capital AG continued during the reporting period. The company continued to capitalize on its experience in the Netherlands and the United States for product-related target groups. In addition, the first U.S. real estate growth fund was developed as an opportunity fund of funds concept with an equity capital volume totaling USD 100 million and launched during the second quarter. The volume of placed equity in the real estate segment rose considerably, to EUR 62.20 million (EUR 35.14 million in the previous year), an increase of 77.01 percent over the same period for the previous year. Following its recent announcement of a joint venture with U.S. real estate investor Behringer Harvard, new fields of opportunity have opened up for HCI in the area of institutional funds. HCI is responsible for purchase and improvement of properties as well as property management. Over the course of the next three years the total investment volume will account for up to EUR 1 billion.

The secondary market life insurance fund segment focused on British and German secondary market life insurance policies for the current financial period ended September 30, 2006. Placement volume during the past nine months totaled EUR 93.75 million as compared to EUR 51.29 million for the previous year, an increase of 82.78 percent.

The private equity fund of funds product category once again gained investor appeal during the reporting period, as illustrated by the placement figures for the first nine months of the current financial year as opposed to the previous financial year. Since early 2006, equity capital placement volume has risen to EUR 32.79 million as compared to EUR 12.48 million for the same period in 2005, an increase of 162.74 percent against the previous financial year.

Employees and Sales Organization

HCI Capital AG's continued dynamic growth during the first nine months of the current financial year is also reflected in the growing number of employees, with the total average number rising from 200 at the beginning of 2006 to a present 231.

Effective as of January 1, 2007, the HCI Group has established an independent executive division for Sales and Marketing. The new division will be under the management of Mr. Wolfgang Essing with the objective of developing and expanding the HCI Group's sales impact.

During the reporting period, HCI Capital AG focused on presenting its products and their development to sales partners at road shows nationwide, using these occasions to exchange and discuss knowledge and ideas in depth. At the large number of individual partner events which took place up through September 30, 2006, the HCI Group sales team provided facts and figures on the current range of attractive capital investments.

HCI Capital AG was recently honored by financial service providers and sales partners with the Audience Award at the premium fair funds & finance in Cologne as the issuing house with the friendliest sales team and strongest service division. The funds & finance Audience Award is the only award conferred by real salespeople, the finance intermediaries.

The Lord Mayor of Hamburg, Ole von Beust, presented the BQM "Diversity in Training 2006" Sponsor's Award (BQM = Advisory and Coordination Center for the Professional Qualification of Young Migrants), which HCI Capital AG and two other companies received for the training of young adults from migrant families.

HCI Capital AG was recently awarded a Deutscher Kulturförderpreis 2006 (German Cultural Patronage Prize for 2006) by the Kulturkreis der deutschen Wirtschaft im BDI e.V. (Cultural Circle of German Commerce in the Federation of German Industries) in Berlin for its Hamburg "Children to the Museum" project. The jury acclaimed the project as a successful example of partnering cultural institutions, cultural management and industry, with the latter contributing new impulses to the city's cultural life.

Outlook

In the interest of securing further growth and as part of the company's growth through diversification strategy, various measures were introduced in 2005 and during the first nine months of 2006. For example, HCI commissioned the building of eight modern container ships and six tankers with a Chinese shipyard through its shipping subsidiaries HAMMONIA Reederei GmbH & Co. KG and HELLESPONT HAMMONIA GmbH & Co. KG and is financing these newbuildings proportionately through the Chinese Export-Import Bank of China (CEXIM), a novel step for a German issuing house. By opting for this innovative financing model the HCI Group is securing a very favorable long-term interest rate and smooth handling of the transaction. In a joint venture partnership with the Dallas-based U.S. real estate investor Behringer Harvard up to EUR 1 billion are slated for investment in real estate, the central focus of this property acquisition being Western Europe. This joint venture provides HCI the opportunity to expand its HCI Institutional Funds division and develop new investment projects.

Given this corporate objective, the Management Board expects the placement of approximatly EUR 600 million equity capital during the financial year 2006, and revenues are estimated to range between EUR 134 and 139 million, with consolidated net income after taxes amounting to EUR 36 to 38 million and increase earnings per share of EUR 1.50 to 1.58.

The Management Board plans to propose a dividend distribution on the level of previous financial year.

The growth and diversification strategy will focus in 2006 on securing a leading market position in the ship segment as well as expanding considerably in the other HCI product markets, i.e. real estate funds, secondary market life insurance funds and private equity fund of funds. With this goal in mind, HCI launched a new fund of funds concept in the real estate market based on an opportunity investment approach and a strategic joint venture with a U.S. institutional investor. HCI is presently the only German issuing house represented in the three top markets for secondary market life insurance funds, i. e. the United States, Great Britain and Germany. The HCI Group recently introduced the ninth secondary market life insurance fund and recorded considerable growth in this area. With wealth accumulation plans, the HCI subsidiary HSC appeals to young, well-to-do investors, an approach which will be further developed in the future. New market development is another declared objective and with its market entrance in Hungary and Switzerland HCI has widened its circle of potential clients. The planned introduction of a new product category (certificates) will diversify HCI's range of products to new investor groups, thus decreasing its dependence on the market for closed-end funds. HCI plans to respond more decidedly to the varying needs and requirements of investors, to increase the value chain in all segments by boosting after-sales activities (trust and management) and to steadily increase income from services activities, such as the chartering of ships. The HCI Group's business development will certainly also be influenced greatly by acquisitions, provided such acquisitions are beneficial and supplementary to HCI's corporate strategy.

The HCI Group will continue to develop and expand its business concept in the future, thus strengthening and consolidating its position as a strong dividend company.

Hamburg, November 2006
HCI Capital AG
The Management Board

Harald Christ | Dr. Ralf Friedrichs | Dr. Rolando Gennari

Consolidated income statement

interim financial statements for nine month ended September 30, 2006

EUR '000	Note	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Revenues	(3)	**84,434**	**107,507**
Other operating income	(4)	20,956	6,233
Change in inventories		96	278
Cost of purchased services		- 38,636	- 46,237
Personnel expenses		- 16,082	- 15,053
Depreciation on property, plant and equipment and amortization of intangible assets		- 2,946	- 3,059
Other operating expenses		- 15,317	- 16,464
Results of associated companies and joint ventures accounted for using the equity method	(5)	1,567	1,020
Earnings before interest and taxes (EBIT)		**34,072**	**34,225**
Interest income		1,904	1,787
Interest and similar expenses		- 419	- 1,517
Other financial results	(6)	2,614	5,368
Earnings before taxes (EBT)		**38,171**	**39,863**
Income taxes		- 10,857	- 12,937
Consolidated net income for the period		**27,314**	**26,926**
Consolidated net income for the period attributable to the group		27,311	26,922
Consolidated net income for the period attributable to minority shareholders		3	4
Earnings per share (basic) in EUR	(7)	1.14	1.35
Earnings per share (diluted) in EUR	(7)	1.14	1.35

Consolidated income statement

interim financial statements for the third quarter ended September 30, 2006

EUR '000	07.01,– 09.30.2006	07.01,– 09.30.2005
Revenues	**23,925**	**26,381**
Other operating income	729	1,721
Change in inventories	584	303
Cost of purchased services	- 12,680	- 12,811
Personnel expenses	- 5,322	- 3,006
Depreciation on property, plant and equipment and amortization of intangible assets	- 967	- 1,114
Other operating expenses	- 4,781	- 7,637
Results of associated companies and joint ventures accounted for using the equity method	555	478
Earnings before interest and taxes (EBIT)	**2,043**	**4,315**
Interest income	595	355
Interest and similar expenses	- 86	- 233
Other financial results	1,286	1,174
Earnings before taxes (EBT)	**3,838**	**5,611**
Income taxes	- 349	- 1,817
Consolidated net income for the period	**3,489**	**3,794**
Consolidated net income for the period attributable to the group	3,488	3,793
Consolidated net income for the period attributable to minority shareholders	1	1
Earnings per share (basic) in EUR	0.15	0.19
Earnings per share (diluted) in EUR	0.15	0.19

Consolidated balance sheet
as at September 30, 2006

EUR '000	Note	September 30, 2006	December 31, 2005
ASSETS			
Noncurrent assets		**31,943**	**27,484**
Intangible assets and property, plant and equipment		12,390	14,909
Investments in joint ventures accounted for using the equity method		6,497	2,224
Other investments		12,385	10,342
Other financial assets		671	9
Current assets		**128,267**	**170,531**
Work in progress and finished services		2,139	2,043
Trade receivables		29,534	25,456
Receivables from related parties	(10)	1,627	4,174
Income tax receivables		7	35
Other current assets		32,363	44,260
Other financial assets		28,258	42,382
Other miscellaneous assets		4,105	1,878
Liquid funds		55,097	94,563
Assets held for sale	(2)	7,500	0
Deferred taxes		**1,238**	**1,223**
Total assets		**161,448**	**199,238**
EQUITY AND LIABILITIES			
Equity		**111,225**	**117,654**
Subscribed capital		24,000	24,000
Capital reserve		76,016	76,016
Consolidated retained earnings		25,847	32,133
Currency translation		- 145	0
Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions		- 14,596	- 14,596
Minority interests		103	101
Noncurrent provisions and liabilities		**614**	**649**
Pension provisions		15	14
Liabilities to banks		599	635
Current provisions and liabilities		**47,314**	**78,402**
Other provisions		2,760	1,250
Liabilities to banks		3,443	10,298
Trade payables		7,446	18,078
Payables to related parties	(10)	9,296	7,610
Income tax payables		19,422	32,118
Other current liabilities		4,947	9,048
Other financial liabilities		3,366	8,019
Other miscellaneous liabilities		1,581	1,029
Deferred taxes		**2,295**	**2,533**
Total equity and liabilities		**161,448**	**199,238**

Consolidated cash flow statement
for the period from January 1 to September 30, 2006

EUR '000	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Consolidated net income for the period	27,314	26,926
Depreciation, amortization and impairment/write-ups of noncurrent assets	2,946	3,058
Gains (–)/losses (+) from joint ventures	- 1,425	- 1,020
Gains (–)/losses (+) from the disposal of noncurrent assets	- 178	- 2
Increase/decrease in pension provisions and other long-term obligations	2	1
Changes in deferred taxes	- 253	1,545
Other non-cash income and expenses	- 687	847
Increase/decrease in working capital	- 19,513	729
Decrease in inventories	- 96	- 278
Increase/decrease in trade receivables	- 3,403	3,657
Decrease in prefinancing of limited liability partner contributions	1,597	422
Increase/decrease in other assets	9,743	- 5,619
Increase/decrease in current provisions	1,513	- 3,518
Increase/decrease in trade payables	- 10,630	5,018
Increase/decrease in receivables from and payables to related parties	- 1,330	- 2,848
Increase/decrease in other liabilities	- 16,764	3,787
Other movements in operating activities	- 143	108
Cash flow from operating activities	**8,206**	**32,084**
Proceeds from disposals of intangible assets and property, plant and equipment	293	2
Proceeds from disposal of investments	290	1,990
Payments for investments in intangible assets and in property, plant and equipment	- 506	- 2,576
Net cash inflow (+)/ outflow (-) for the acquisition of shares in companies under common control	0	- 1,737
Payments for subscribed shares in joint ventures	- 3,019	0
Payments for other investments	- 2,925	- 2,120
Cash flow from investing activities	**- 5,867**	**- 4,441**
Distributions to shareholders	- 33,600	- 11,500
Proceeds from additions to other financing liabilities	353	0
Repayments of other financing liabilities	- 6,558	- 4,861
Repayments of acquisition price deferrals in business combinations	- 2,000	- 5,780
Cash flow from financing activities	**- 41,805**	**- 22,141**
Changes in cash and cash equivalents	**- 39,466**	**5,502**
Cash and cash equivalents at the beginning of the period	94,563	24,948
Cash and cash equivalents at the end of the period	**55,097**	**30,450**

Consolidated statement of changes in equity

for the period from January 1 to September 30, 2006

EUR '000	Subscribed capital	Capital reserve	Consolidated retained earnings	Foreign currency translation adjustment	Net cost in excess of net assets acquired on the acquisition of companies under common control and successive share acquisitions	Total	Minority interests	Consolidated equity
Balance at 1.1.2005	**20,000**		**17,326**		**- 11,573**	**25,753**	**87**	**25,840**
Consolidated net income for the period (consolidated comprehensive income)			26,922			**26,922**	4	**26,926**
Distributions to shareholders			- 23,000			**- 23,000**		**- 23,000**
Acquisition of shares in companies under common control					- 2,688	**- 2,688**		**- 2,688**
Balance at 30.09.2005	**20,000**		**21,248**		**- 14,261**	**26,987**	**91**	**27,078**
Balance at 1.1.2006	**24,000**	**76,016**	**32,133**		**- 14,596**	**117,553**	**101**	**117,654**
Consolidated net income for the period			27,311			**27,311**	3	**27,314**
Change of currency translation differences				- 145		**- 145**		**- 145**
consolidated comprehensive income			27,311	- 145		**27,166**	3	**27,169**
Distributions to shareholders			- 33,600			**- 33,600**		**- 33,600**
Other changes			3			**3**	- 1	**2**
Balance at 30.09.2006	**24,000**	**76,016**	**25,847**	**- 145**	**- 14,596**	**111,122**	**103**	**111,225**

Notes
to the consolidated interim financial statements of HCI Capital AG as at September 30, 2006 in accordance with IFRS

GENERAL

HCI Capital AG was created from HCI Holding GmbH by converting that company's legal form pursuant to a conversion resolution dated January 25, 2005 and amended March 8, 2005. The conversion was registered in the commercial register of the local court of Hamburg on March 30, 2005.

(1) Accounting policies

The consolidated interim financial statements of HCI Capital AG and its subsidiaries (referred to below as: "HCI Group") as at September 30, 2006 have been prepared in accordance with IAS 34.

The accounting policies followed in the consolidated interim financial statements of the HCI Group are those applied in preparing the IFRS consolidated financial statements of HCI Capital AG as at December 31, 2005. The consolidated interim financial statements as at September 30, 2006 should therefore be read in conjunction with the consolidated financial statements as at December 31, 2005.

(2) Consolidation

During the first nine months of 2006, the newly founded companies HCI Institutional Funds GmbH, HCI Hanseatische Immobilienbeteiligungsgesellschaft mbH, and HLC Hanseatische Life Capital GmbH were consolidated for the first time. During the first nine months of 2005, three newly founded companies were consolidated for the first time.

In addition, the HCI Group and Behringer Harvard Holland B.V. co-founded B.H & HCI Real Estate Holding B.V. under articles of incorporation dated October 24, 2006. The HCI Group holds 45 % of the share capital of B.H. & HCI Real Estate Holding B.V. The purpose of this joint venture is the acquisition of real estate, as well as the management and the subsequent sale of these properties.

The HCI Group made a contribution of EUR 3,000,000 to HAMMONIA Reederei GmbH & Co. KG in connection with the acquisition of a ship by a subsidiary of that joint venture during the first half of 2006.

As a consequence of launching the operation of this company whose functional currency is the USD, HCI Group recognizes in the consolidated interim financial statements as of September 30, 2006 for the first time a foreign currency translation adjustment within equity. Assets and liabilities of this company are translated at the closing rate in the consolidated interim financial statements of the joint venture, income statement items with the rate prevailing at the transaction date.

During the second quarter of 2006, the HCI Group subscribed for a 31.28 % interest in Hanseatische Immobilienfonds Holland XXVI GmbH & Co. KG, a fund initiated by the HCI Group. The HCI Group's total interest amounts to EUR 7,501,000. The HCI Group intends to dispose of EUR 7,500,000 of this interest. It is considered to be highly probable that the disposal will take place within twelve months. As a result, the EUR 7,500,000 interest has been classified as assets held for sale in accordance with IFRS 5 and presented within current assets. At September 30, 2006, there were no indications that the carrying value will not be realised in the intended disposal process. In accordance with IFRS 5, the investment is not accounted for under the equity method.

The HCI Group sold its interests in HCI Weser Trader Schiffstreuhand GmbH & Co. KG and HCI Jade Trader Schiffstreuhand GmbH & Co. KG under an agreement dated February 14, 2006. HCI Weser Trader Schiffstreuhand GmbH & Co. KG and HCI Jade Trader Schiffstreuhand GmbH & Co. KG were included in the ship segment. The disposal resulted in a gain of EUR 15,000. The proceeds of EUR 117,000 were offset against certain of the HCI Group's liabilities due to the sold companies. The effect of the disposal of the assets and liabilities of the sold companies on the financial position of the HCI Group was insignificant.

Notes to the consolidated income statement

(3) Revenue

Revenue consists of the following:

EUR,000	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Distribution and design revenue		
Ship	40,420	73,867
Real estate	6,828	6,915
Private equity	3,585	1,500
Secondary life insurance market	16,340	9,864
Distribution and design revenue	**67,173**	**92,146**
Trust and service fees		
Ship	12,759	11,882
Real estate	2,144	1,567
Private equity	338	244
Secondary life insurance market	1,191	950
Trust and service fees	**16,432**	**14,643**
Management fees	**824**	**712**
Other revenue	**5**	**6**
Total revenue	**84,434**	**107,507**

Revenue for the first nine months of 2005 was significantly affected by the placement of the "Ocean Shipping I" fund with a placement volume of USD 138,400,000 in the ship segment. This placement generated distribution revenue of EUR 10,711,000 for the HCI Group. As a result of the contractual arrangements with the distribution partner, the distribution commissions payable on this placement had to be offset against the related gross commissions received, and, consequently, the HCI Group recognised only its margin on this placement as revenue.

During the first nine months of 2006, distribution revenue of EUR 614,000 was recognised in the ship and real estate segments from the placement of funds for which distribution commissions payable were offset against the related gross commissions received.

(4) Other operating income

Other operating income for the first nine months of 2006 includes commission income of EUR 18,152,000 (first nine months 2005: EUR 5,733,000) from sourcing two ships for third parties and five ships for ship funds established by the HCI Group.

(5) Results from associates and joint ventures accounted for under the equity method

The result consists of income of EUR 1,680,000 (first nine months 2005: EUR 1,020,000) from HAMMONIA Reederei GmbH & Co. KG and a loss of EUR 113,000 from HELLESPONT HAMMONIA GmbH & Co. KG (first nine months 2005: -).

(6) Other financial results

Other financial result for the first nine months of 2006 includes exchange losses of EUR 811,000 (first nine months 2005: exchange gains of EUR 2,562,000).

Other financial result also includes fees of EUR 2,950,000 (first nine months 2005: EUR 2,293,000) received in the form of preliminary dividends from the secondary market life insurance funds.

(7) Earnings per share

Basic and diluted earnings per share are determined as follows:

	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Consolidated net income for the period attributable to the HCI Group EUR ,000	27,311	26,922
Weighted average number of shares outstanding ,000s of shares	24,000	20,000
Earnings per share for the period EUR	**1.14**	**1.35**

As there were no dilutive instruments outstanding during the periods, diluted earnings per share equal basic earnings per share.

As a result of the capital increase on October 4, 2005, the number of shares outstanding has increased from 20,000,000 to 24,000,000.

Other

(8) Consolidated cash flow statement disclosures

The following income taxes, interest and investment income paid and received are included in cash flows from operating activities:

EUR ,000	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Interest paid	316	637
Interest received	1,182	810
Income taxes paid	21,081	2,863
Income taxes received	102	7
Investment income received	683	73

There were no significant non-cash transactions during the first nine months of 2006. During the same period in 2005, intangible assets of EUR 1,700,000 were acquired in return for loan waivers and cash consideration with deferred payment terms, except for dividend payments of EUR 11.500.000 that have already been resolved but not yet paid out.

(9) Segment reporting

Segment information is determined using the accounting policies applied in the preparation of the consolidated financial statements.

Revenue from external customers represents revenue from designing, initiating and distributing investments and from providing trust, management and other services to parties external to the group. The HCI Group uses EBIT, a metric commonly used around the world representing net earnings before interest and income taxes, to measure its segment results.

The results for the periods presented are as follows:

EUR ,000	Nine months ended September 30, 2006		Nine months ended September 30, 2005	
	Revenue from external customers	EBIT	Revenue from external customers	EBIT
Ship	53,184	36,763	85,755	39,989
Real estate	9,796	443	9,194	2,039
Private equity	3,923	441	1,744	- 548
Secondary life insurance market	17,531	4,192	10,814	3,620
Total segments	**84,434**	**41,839**	**107,507**	**45,100**
Other/holding	0	- 7,767	0	- 10,875
Group	**84,434**	**34,072**	**107,507**	**34,225**

Changes in the contractual arrangements between real estate funds, distribution partners and HCI Group required an adjustment to distribution and design revenues of EUR 675.000 in the real estate segment during the third quarter of 2006. The forementioned revenues had already been recognized in the first half of 2006.

(10) Related parties

Receivables from and payables to related parties consist of the following:

EUR ,000	September 30, 2006	December 31, 2005
Receivables from HCI SICAR A.G., HCI Trust AG, their shareholders and from companies they control	0	1,305
Receivables from Christ Capital GmbH	0	337
Receivables from joint ventures and associates	1,623	2,515
Receivables from nonconsolidated subsidiaries	4	17
Receivables from related parties	**1,627**	**4,174**
Payables to HCI SICAR A.G., HCI Trust AG, their shareholders and to companies they control	836	2,813
Payables to joint ventures and associates	7,580	770
Payables to nonconsolidated subsidiaries	880	751
Payables to HCI Group management	0	3,276
Payables to related parties	**9,296**	**7,610**
Provisions for bonuses due to HCI Group management	1,337	0
Other provisions	**1,337**	**0**

Income from and expenses paid and payable to related parties are summarised as follows:

EUR ,000	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Income from transactions with HCI SICAR A.G., HCI Trust AG, their shareholders and companies they control	0	46
Income from joint ventures and associates	1,680	1,020
Income from related parties	**1,680**	**1,066**
Expenses from transactions with HCI SICAR A.G., HCI Trust AG, their shareholders and companies they control	60	2,250
Expenses paid and payable to HCI Group management	2,862	3,577
Loss from joint ventures and associates	113	0
Expenses paid or payable to and loss from related parties	**3,035**	**5,827**

EUR 2,000,000 of payables to companies controlled by HCI SICAR A.G. were repaid during the first nine months of 2006 (first nine months 2005: TEUR 3,780,000). Interest expense on loans payable to HCI SICAR A.G. or to companies controlled by HCI SICAR A.G. amounted to EUR 23,000 for the first nine months of 2006 (first nine months 2005: EUR 149,000).

Payables to joint ventures and associates include the obligation of the HCI Group to pay EUR 7,500,000 related to the subscription for the interest in Hanseatische Immobilienfonds Holland XXVI GmbH & Co. KG.

During the first eight months of 2005, expenses from transactions with HCI SICAR A.G., HCI Trust AG, their shareholders and companies they control include cost of purchased services of EUR 2,907,000 representing distribution commissions paid to HCI Trust AG & Co. KG, now legally named HCI Swiss AG, for the distribution of funds launched by the HCI Group. As the HCI Group acquired HCI Swiss AG in September 2005, transactions during the first nine months of 2006 between HCI Swiss AG and the HCI Group have been eliminated as intercompany transactions.

Expenses paid and payable to HCI Group management consist of the fixed remuneration components for the respective periods and the proportional bonus entitlements of the Management Board members as well as the remuneration of the Supervisory Board members.

(11) Contingent liabilities and other financial commitments

The following contingent liabilities and other financial commitments exist at September 30, 2006:

EUR ,000	September 30, 2006	December 31, 2005
Guarantees	365,630	486,989
Placement guarantees	340,358	354,639
Other commitments	3,169	5,738
Future payments under operating leases	4,359	4,883

Guarantees and placement guarantees as at September 30, 2006 include contingent liabilities of USD 359,798,000 (December 31, 2005: USD 439,583,000) and USD 65,363,000 (December 31, 2005: USD 88,630,000), respectively.

(12) Dividend

The annual general meeting held on May 18, 2006 approved the proposal put before it by the Management and Supervisory Boards to pay a dividend of EUR 33,600,000 out of the retained earnings of HCI Capital AG as at December 31, 2005 as determined in accordance with the provisions of the German Commercial Code [Handelsgesetzbuch]. This represents a dividend of EUR 1.40 per share. The dividend was paid on May 19, 2006.

(13) Subsequent events

No significant reportable events occurred subsequent to the balance sheet date.

Disclaimer

Forward-looking statements

These documents contain certain forward-looking statements and information regarding future developments that are based on the opinions of the Management Board of HCI Capital AG, as well as on assumptions and information currently available to HCI Capital AG. Words such as "expect," "estimate," "assume," "intend," "plan," "should," "could" and "project" as well as similar terms related to the company are intended to indicate such forward-looking statements, which are therefore subject to a level of uncertainty.

A number of factors could cause the actual results of the HCI Group to differ materially from the projections for the future as made in such forward-looking statements.

HCI Capital AG assumes no obligation to the public to update or correct forward-looking statements. All forward-looking statements are subject to various risks and uncertainties that could cause the actual results to vary from expectations. The forward-looking statements reflect the perspective as of the date on which they were made.

Financial Calendar

March 8, 2006
Presentation of 2006 full-year results

May 10, 2006
Publication of first-quarter figures

May 18, 2006
Annual Shareholders' Meeting, Hamburg

June 6, 2006
Road show HSBC Trinkaus & Burkhardt, Zürich

June 12, 2006
Road show institutional investors, Frankfurt/Main

June 13, 2006
Road show institutional investors, Munich

June 19, 2006
Road show institutional investors, Hamburg

June 22, 2006
Investor conference Citigroup, London

August 11, 2006
Publication of semi-annual figures

August 14, 2006
Road show Kepler Equities, Frankfurt/Main

September 5, 2006
Road show Metzler Equities, Frankfurt/Main

September 6, 2006
SRC Stock Day Financial Services, Frankfurt/Main

September 28, 2006
HVB Unicredit capital market conference, Munich

October 4 and 6, 2006
Roadshow WestLB, New York & Boston

October 5, 2006
Dresdner Kleinwort Small & Midcap Conference, New York

November 13, 2006
Publication of nine-month figures

November 27, 2006
Deutsche Börse, KfW Mittelstandsbank – German equity capital forum, Frankfurt/Main

December 1, 2006
Kepler equities Capital markets conference, London

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