

Fair Value REIT AG	
Neutral	€3.52
(Previously Buy)	
Target Price:	n/a (€6.00)
Reuters Code:	FVIG.DE
Bloomberg Ticker:	FVI GR
EPS adj.	
Dec 2007A	€0.38
Dec 2008E	€-1.39 (-0.45)
Dec 2009E	€-1.68 (-1.68)
Dec 2010E	€0.52 (0.52)
WestLB Research estimates	
Market Cap:	€ 33m

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Fair Value REIT AG

Downgrade to Neutral

- Fair Value REIT AG delivered worse than expected preliminary figures. Thus we are downgrading the stock to Neutral. The company announced that it intends not to pay a dividend, while we had expected €0.20. At €13.5m the net loss was significantly higher than our estimate (€4.2m) on higher than expected valuation losses on property and hedging instruments. The NAV (€8.16) missed our forecast by 15%. However, the company was able to increase its liquid funds to €14m and operating results at first glance look O.K.

Fair Value REIT AG forecasts and multiples

Year End	Sales	EBITDA	EPS adj.	P/E	EV/EBITDA	Yield
Dec	(€m)	(€m)	(€)	(x)	(x)	(%)
2007A	4	-1	0.38	20.2	nm	0.0
2008E	13	9	-1.39	nm	14.1	0.0
2009E	14	9	-1.68	nm	12.7	9.9
2010E	14	9	0.52	6.8	12.4	9.9
Net cash/Share ¹	-€7.4					
NAV/Share	€8.2					

¹ Cash/debt at end of current year

Source Fair Value REIT AG, WestLB Research estimates

- The reduced NAV triggers lower NAV estimates for the future in our model. It is possible that the high valuation losses for 2008 could lead to more moderate reductions for 2009. It is worth mentioning in this context that valuation losses on interest hedging had a negative impact of €6.2m (of which €1.5m via P&L). The company will present its complete set of figures on 31 March.

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Neutral	87	43	Neutral	17	40
Sell/Reduce	33	16	Sell/Reduce	4	9

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