

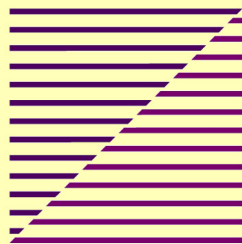


**Independent Research**

Unabhängige Finanzmarktanalyse GmbH

# **Research Note**

## **Fair Value REIT-AG**



**fair value**  
REIT

**Preliminary figures for 2008**

**03/09/2009**

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## Satisfactory operating figures

### Preliminary figures for 2008

- ⇒ According to the preliminary figures for 2008 published on March 6, Fair Value harvested consolidated operating results of EUR5.9m. Adjusted for a book profit resulting from real estate sales (roughly EUR1.5m) and taking into account already assumed reductions in the market value (EUR2.2m) due to overrents, Fair Value achieved its own targets and met our expectations.
- ⇒ Taking into account the valuation loss from the real estate market valuation (proportionate balance: EUR17.5m) and interest derivatives (EUR6.2m, 1.5m of this recognized in income), this results in a consolidated net loss of EUR13.1m. As a result of the group's short history no comparison can be drawn to the previous year's figures.
- ⇒ In view of a loss for the year in the company's single entity statements (HGB), Fair Value will not pay a dividend for 2008 despite a sufficiently high liquidity (December 31, 2008: EUR14.0m). Due to the set-up of a reinvestment reserve Fair Value has increased its financial scope.
- ⇒ In our opinion, the operating key figures are satisfactory. The negative impact on income in connection with the interest derivative is temporary and will be balanced again at the end of the duration. Regarding the long-term financing structure (91% of the loan volume with a remaining duration of 5 years) in our view, the group's risk profile is comparably low.
- ⇒ The group has not yet presented an outlook for 2009. However, we lower our EPS forecasts (rental loss of roughly EUR2.2m) for 2009e to EUR-0.14 (before: +0.39) and for 2010e to EURO.19 (before: 0.45).
- ⇒ As a result of the reduced forecasts and the changed sector valuation, the new price target is EUR4.40 (before: 7.50). According to Fair Value, NAV (December 31, 2008) amounted to EUR8.16. We remain committed to our Buy recommendation.

## Fair Value REIT-AG 4)

### Recommendation: Buy

before:

-

as of

-

Price target (in EUR) (6 months)

4.40

Share price (Xetra) (in EUR)

3.60

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Share price potential

22.22%

#### Company data

Country	GE
Sector	Finacial Services / REIT
Market segment	Prime Standard
ISIN	DE000A0MW975
Reuters	FVIG.DE
Bloomberg	FVI
Internet	www.fvreit.de

#### Share data

Shares (m)	9.407
Free float	42.28%
Market cap. (EURm)	33.9
Ø Trading volume	1,891
52W High 05/29/08	EUR7.50
52W Low 11/25/08	EUR3.09
Beta	0.60
Volatility (60 days)	98.45

#### Multiples

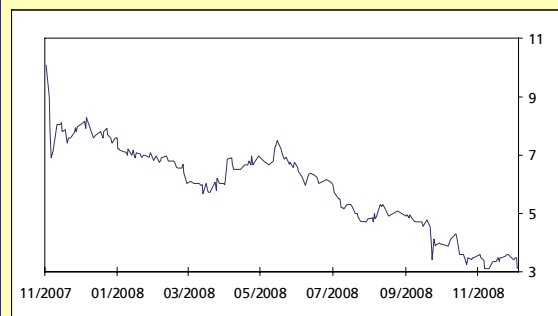
	EV/Sales	EV/EBIT	P/E ratio	Dividend yield
2006	-	-	-	-
2007	24.7	neg.	10.7	0.0%
2008E	10.4	-	neg.	0.0%
2009E	12.5	185.0	neg.	0.0%
2010E	12.3	38.8	19.2	1.9%

#### Performance (in %)

	1m	3m	6m	12m
Absolut	-5.0	2.3	-29.4	-45.0
Relative to:				
DAX	20.9	33.3	20.0	-2.4
Pr. Fin. Services	19.1	41.4	23.4	22.7

#### Index weighting

Prime Fin. Services	0.103%
RX REIT Index	7.830%



Author: Zafer Rüzgar (analyst)

AP	FY	Sales	EBIT	EBT	EAT	EPS
IFRS	2006	0	-21	-20	-56	-
IFRS	2007	4,326	-1,810	1,744	1,744	0.74
IFRS	2008E	12,400	-	-	-13,000	-1.38
IFRS	2009E	10,264	694	-1,353	-1,353	-0.14
IFRS	2010E	10,469	3,308	1,762	1,762	0.19

CAGR 2006 - 2010E

34.3%

-

0.3%

0.3%

Figures in EUR'000 except EpS (in EUR), hist. PERs based on average share prices

1)2)3)4) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



## Disclaimer

### Recommendation shares - Single Issuer -:

Buy:	According to our assessment, the stock should register an absolute profit of at least 15% within a 6-month period.
Accumulate:	According to our assessment, the stock should register an absolute profit between 0% and 15% within a 6-month period.
Reduce:	According to our assessment, the stock should register an absolute loss between 0% and 15% within a 6-month period.
Sell:	According to our assessment, the stock should register an absolute loss of at least 15% within a 6-month period.

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## Summary of the evaluation principles used:

### Analyses of shares:

In valuing companies standard and accepted valuation methods (amongst others the Discounted Cash Flow Method (DCF Method), Peer Group Analysis) are applied. Under the DCF Method the capitalised value of the issuers is calculated which shows the sum of the discounted company results, i.e. the current value of the issuer's future net distributions. The capitalised value is therefore determined with reference to the anticipated future company results and the capitalisation yield applied. Under the Peer Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of ratio indices (e.g. price earnings ratio, price to book ratio, enterprise value / sales, enterprise value / EBITDA, enterprise value / EBIT). The comparability of the ratio indices is determined above all by business activity and commercial prospects.

### Technical analyses:

Technical analyses are based on historic share price and sales developments which are analysed by mathematical-statistical tools (chart techniques, indicator technology, the Elliott wave theory, sentiment observations as well as relative strength approaches) and on forecasts of future developments.

### Sensitivity of the evaluation parameters:

The figures taken from the statement of income, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks. These may change at any time without prior notice.

Regardless of the evaluation method applied, there exists a very real risk that the price target may not be reached in the anticipated period of time. These risks include unforeseen changes in competitive pressure or in the demand for the issuer's products. Such fluctuations in demand may arise as a result of changes of a technological nature, the overall level of economic activity or in some cases as a result of changes in moral standards. Changes in tax law, in currency exchange rates and, in certain industries, in regulations are further factors which can influence evaluations. This discussion of evaluation methods and risk factors makes no claim to be exhaustive.

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**As of: - 03/09/2009 -**

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