

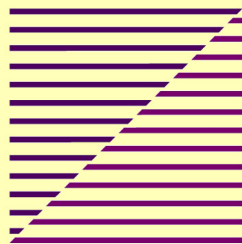


Independent Research

Unabhängige Finanzmarktanalyse GmbH

Research Note

Fair Value REIT-AG



fair value
REIT

Results Q3 2009

11/12/2009

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Q3 results exceed our expectations – Fair Value REIT-AG 4)**Fair Value raises guidance****Results Q3 2009****Recommendation: Buy****before:**

as of

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- ⇒ Fair Value's Q3 2009 results, which were published on November 9, contained some positive surprises, especially on net income level. With a reported EUR2.57m (3.23), rental income met our forecast (EUR2.57m) exactly.
- ⇒ At first glance, the operating income of EUR1.24m (2.01) failed to meet our expectations (EUR1.41m). However, the operating income was dragged down by one-off charges (EUR0.29m) in connection with premature termination of the employment contract of board member Mr Heiler.
- ⇒ Net income reached EUR0.72m (0.58), exceeding our forecast (EUR0.45m) significantly. In particular, investment income was surprisingly high with a reported EUR0.86m (our forecast: 0.50). The accumulated net income for 9M was EUR2.39m (1.37).
- ⇒ For 2009, Fair Value now predicts a net income of between EUR4.5m and 4.8m (before: between 4.2 and 4.5) after adjusting for changes in market value and one-off items. Our increased forecast of adjusted net income is EUR4.5m (before: 3.6). However, our forecast of net income (EUR+3.03m (before: -1.35)), based on Fair Value's guidance, includes a valuation loss of EUR1.60m (before: 5.00) resulting from overrents. For 2010, we now predict a net income of EUR3.77m (before: 1.76).
- ⇒ With a fair value (peer group, NAV and DDM valuation) of EUR6.13 (before: 4.74) per share, we raise our price target of EUR6.10 (before: 4.70). Since our last report (August 18), the Fair Value share has put on 37%. This was due to the positive stock market environment and the preceding decline in share price, which we feel was exaggerated. We assume that the continuous improvement in earnings quality and the company's successes in new lease agreements will stimulate the share further. We maintain our Buy recommendation.

Price target (in EUR) (6 months)**6.10**

Share price (Xetra) (in EUR)

4.80

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Share price potential

27.08%

Company data

Country	GE
Sector	Financial 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)	45.2
Ø Trading volume	2,160
52W High 10/16/09	EUR5.40
52W Low 05/19/09	EUR2.84
Beta	1.15
Volatility (60 days)	66.38

Multiples

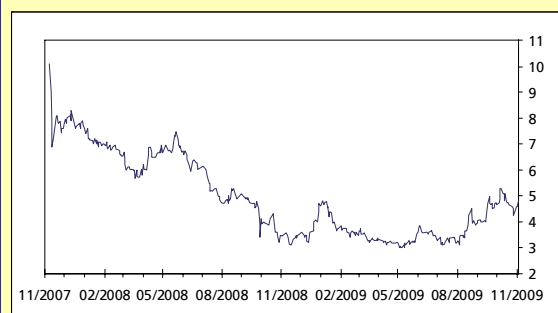
	EV/Sales	EV/EBIT	P/E ratio	Dividend yield
2006	-	-	-	-
2007	24.7	neg.	10.7	0.0%
2008E	7.5	neg.	neg.	0.0%
2009E	9.1	21.8	14.9	0.0%
2010E	8.7	17.8	12.0	2.1%

Performance (in %)

	1m	3m	6m	12m
Absolut	3.2	47.7	55.3	37.9
Relative to:				
DAX	4.0	37.7	33.4	15.9
Pr. Fin. Services	3.2	35.8	45.3	28.8

Index weighting

Prime Fin. Services	0.103%
RX REIT Index	7.830%



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	12,392	-1,754	-13,301	-13,301	-1.41
IFRS	2009E	10,324	4,295	3,027	3,027	0.32
IFRS	2010E	10,789	5,246	3,768	3,768	0.40
CAGR 2006 - 2010E		35.6%	-	29.3%	29.3%	

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

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



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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.

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As of: - 11/12/2009 -

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