Independent Research

Unabhängige Finanzmarktanalyse GmbH

Investment Research

Fair Value REIT-AG

Financial figures 2009

04/08/2009

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2009 will be a year of consolidation

Figures for 2008

- The company's results for 2008 were determined by several one-off items. Market valuation of the real estate portfolio led to a liquidity-neutral valuation loss of EUR25.55m (5.03). However, this contrasted with positive income to the amount of EUR15.44m in the form of a compensation payment for the premature cancellation of a general rental agreement. Fair Value recorded a profit of EUR1.35m from the sale of investment properties.
- After adjusting for one-off items, the company's operating figures were encouraging. In total, depreciation of the company's real estate portfolio exceeded our expectations. In our opinion, the company has a solid balance sheet structure. Fair Value will have to refinance only a small portion of external capital in 2009. The difficult credit market environment puts the company in an advantageous position. From today's point of view, refinancing-related distress sales can be ruled out.
- Due to a a reinvestment reserve within the meaning the Fair Value REIT-AG's single-entity financial statements (HGB) - decisive for the dividend payment - achieved a break-even result. Therefore Fair Value will pay no dividend for 2008. The company will probably pay no dividend for 2009, either.
- Fair Value predicts a net income (IFRS) of between EUR2.7m and 3.0m excluding valuation effects for 2009. For 2010, the company predicts a net income (IFRS) of between EUR3.2m and 3.4m. We leave our forecasts unchanged. In 2009, the company will find attractive opportunities in the commercial real estate market, above all. The company could seize these opportunities, if to a small extent.
- Our updated valuation models produced a fair value of EUR4.55 (before: 4.41) per share. In spite of the increase in depreciation, NAV per share was EUR8.16 (10.06) as at December 31, 2008, which exceeds the current share price significantly. With a new price target of EUR4.50 (before: 4.40), we reaffirm our Buy recommendation.

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	10,264	694	-1,353	-1,353	-0.14
IFRS	2010E	10,469	3,310	1,764	1,764	0.19
CAGR 2006 - 2010E		34.3%	-	0.4%	0.4%	

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

Fair Value REIT-AG 4)

Recommandation: **Buy**
before: -
as of -

Price target (in EUR) (6 months)	**4.50**
Share price (Xetra) (in EUR) 04/06/09 5:23 PM	3.30
Share price potential	36.36%

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)	31.1
∅ Trading volume	1,905
52W High 05/29/08	EUR7.50
52W Low 11/25/08	EUR3.03
Beta	0.60
Volatility (60 days)	67.99

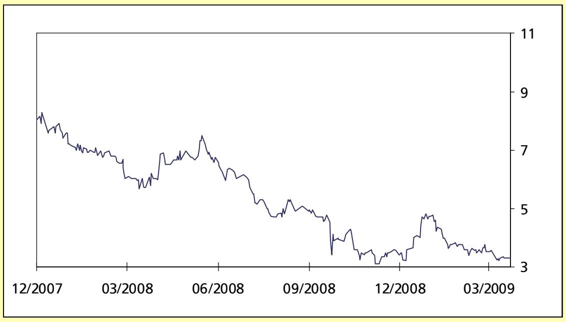
Multiples

	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	134.7	neg.	0.0%
2010E	8.9	28.3	17.6	2.1%

Performance (in %)

	1m	3m	6m	12m
Absolut	-8.1	-29.0	-3.2	-42.9
Relative to:				
DAX	-22.6	-20.5	11.3	-11.3
Pr. Fin. Services	-50.0	-14.5	20.1	9.8

Index weighting	
Prime Fin. Services	0.103%
RX REIT Index	7.830%



Author: Zafer Rüzgar (analyst)

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

STRENGTHS

- Sale of airport property despite difficult market situation
- Solid balance sheet structure, high liquidity
- Fair Value is faced with a relatively low level of competition thanks to its investment strategy
- Efficient corporate structure, short ways of decision-making
- Management has extensive expertise in real estate and significant track record

OPPORTUNITIES

- Roll-up platform for acquisition of interests in closed-end real estate funds is unique selling point
- Competitive edge thanks to REIT status; only two German REITs currently listed
- Stable cash flows through long-term rental contracts, particularly in the case of Sparkasse properties
- NAV remains markedly below share price even after depreciation

WEAKNESSES

- Relatively short corporate history
- Dependence on IC Real Estate Group

THREATS

- Economic slowdown leads to noticeable decline in investment activity in the real estate market
- Further write-downs would have massive impact on results
- Loss of REIT status without company's fault
- The high payout ratio provided by law prevents setting up of reserves und thus makes financing of future growth more difficult

Company profile

Fair Value REIT-AG at a glance

Two-pronged strategy

Munich-based Fair Value REIT-AG is a real estate investment trust (REIT) specialising in the acquisition, property management and sale of commercial properties. The company's investment activity focuses on office, logistics and retail properties in certain regional locations in Germany. Fair Value is following a two-pronged strategy. It acquires interests in selected closed-end real estate funds on the one hand and makes direct investments in the German real estate market on the other. Fair Value currently holds interests in 13 closed-end real estate funds, whose properties had an occupancy rate of 97.2% of the potential rent as at December 31, 2008.

Fair Value REIT-AG emerged in 2007 from "IC Grundbesitz Gesellschaft mbH & Co. Beteiligungs-KG", which changed its corporate form to "Fair Value Immobilien-Aktiengesellschaft". Since November 16, 2007, the company is listed in the Prime Standard of the Frankfurt Stock Exchange.

Fair Value REIT-AG: Shareholder structure

	in %
IC Immobilien Holding AG	9.39
H.F.S. Zweitmarkt Invest 2 GmbH & Co. KG	8.13
H.F.S. Zweitmarkt Invest 3 GmbH & Co. KG	7.44
H.F.S. Zweitmarkt Invest 4 GmbH & Co. KG	7.44
H.F.S. Zweitmarkt Invest 5 GmbH & Co. KG	7.44
IC Immobilien Service GmbH	6.34
IFB Beteiligungs-AG	5.44
Bayerische Beamten Lebensversicherung a.G.	3.76
IC Fonds GmbH	2.34
Free float	**42.28**

* 30.46% of the of voting rights of H.F.S. Zweitmarkt is controlled by UniCredito

Source: Fair Value REIT-AG as of 04/03/09

Fair Value as a real estate investment trust

REITs do not have to pay corporate and business taxes

Put simply, a REIT is a trust that owns and manages real estate properties. In order to be classified as a REIT, a real estate company is required to distribute at least 90% of its distributable profit (German Commercial Code) to its shareholders through dividends. Up to 50 per cent of capital gains may be allocated to a reserve for the purposes of acquiring immovable assets for a period of up to 2 years. In return, it does not have to pay corporate and business taxes. The company's profit is first taxable with the shareholders, who will have to pay individual income tax. Furthermore, a REIT must have a capital ratio of at least 45% measured by its real estate assets. The high minimum capital ratio creates stability, while the high payout ratio is an attractive regular source of income for the REIT investors.

Swap of closed-end fund shares for Fair Value shares

The roll-up process of Fair Value is a unique selling point. In the course of a roll-up, investors are offered to swap their shares in closed-end real estate funds for shares in Fair Value REIT-AG on specified dates and at specified prices. As a rule, it is relatively difficult for investors to

Investors can exchange shares in closed-end funds for Fair Value shares

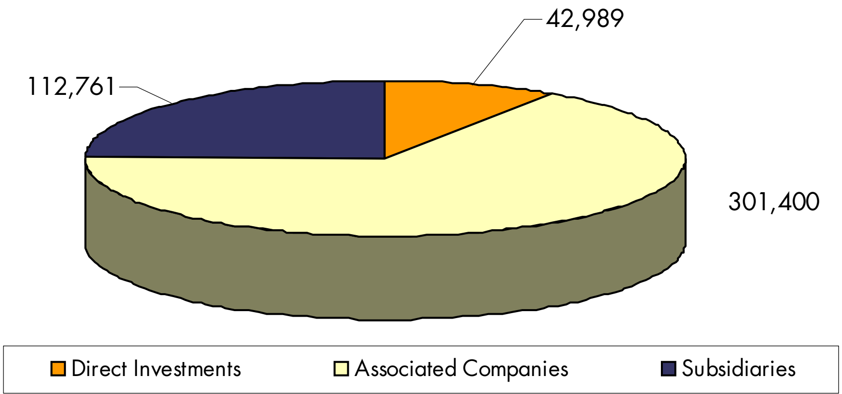
exit a closed-end real estate fund, as a sale on the secondary market mostly entails high discounts on the fair value of the shares. Therefore, swapping these fund shares for shares in Fair Value AG gives investors the opportunity to exchange illiquid assets for relatively liquid assets. Through its roll-up process, Fair Value AG gains access to the large market for closed-end fund participations with an estimated volume of roughly EUR140bn in Germany alone. Also, Fair Value AG does not depend on liquid funds alone in order to finance investments, as the shares are transferred to the company's assets by means of a contribution in kind.
This way, Fair Value in 2007 acquired participations in 49 properties with a total rental area of 422,557 sqm and a then market value of roughly EUR558m (Fair Value's share: roughly EUR226m). Approximately 2,100 investors took part in this exchange.

Real estate portfolio has rental area of 457,150 sqm

An overview of the company's real estate portfolio

The real estate portfolio of Fair Value REIT-AG is organised in two segments, Direct Investments and Participations. The company's broadly diversified participation portfolio includes 80 directly and indirectly held properties with a total rental area of 457,150 sqm. The properties are worth a total of EUR546.3m, while Fair Value's share is EUR244.5m. The portfolio of the Direct Investments segment consists of 32 properties, most of which are bank branches in Greater Hamburg. These properties, which were acquired within the framework of the exit tax regulation, have a market value of roughly EUR47.3m. With a current potential rent of EUR3.3m, the yield is approximately 6.9%. The properties have an occupancy rate of 97.1% and an average residual contract period of 13.4 years. The company plans to increase the share of directly held properties in the long term.

Portfolio structure by rentable area (in sqm)

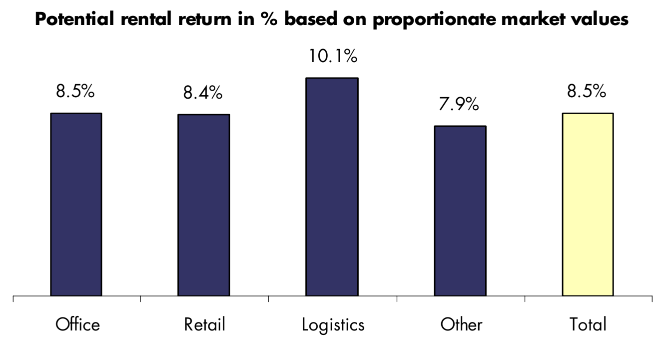


Source: Fair Value REIT-AG

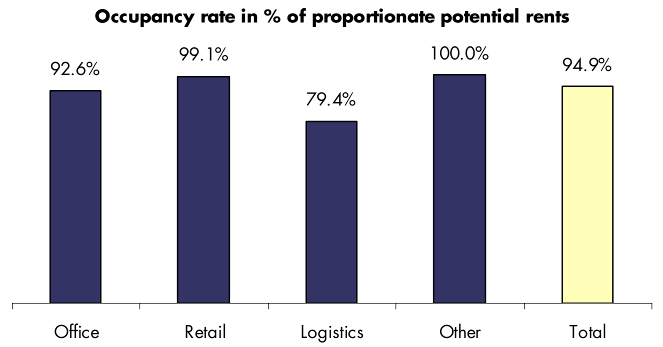
Market value of portfolio: roughly EUR546m

Fair Value's Participations segment included a portfolio of 48 properties with a total rental area of 414,161 sqm as at December 31, 2008. The market value of these commercial properties is roughly EUR499m. Taking into account the company's respective stakes, Fair Value's share of the market value is roughly EUR197.3m, of which EUR48.6m fall to the company's five majority interests (subsidiaries) and EUR148.7m on its minority interests (associated companies).
The subsidiaries have a potential annual rent of EUR8m, an occupancy rate of 87.5%, and an average residual contract period of 4.6 years. According to Fair Value, the associated companies have a potential annual rent of EUR36.1m with the company's share being EUR12.9m. As at December 31, 2008, Fair Value's share of the portfolio had an occupancy rate of 97.2% of the potential rent and an average residual contract period of 6.1 years.

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



Source: Fair Value REIT-AG



Source: Fair Value REIT-AG

Sale of Düsseldorf airport property

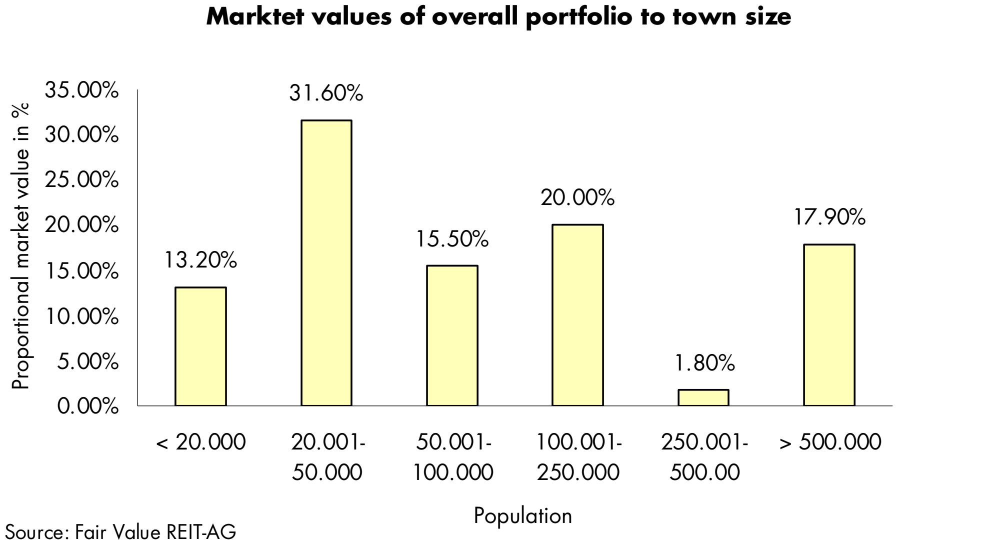
Sales proceeds of EUR15.3m

In December 2008, Fair Value announced that it had sold the Airport Office II property to a Spanish investor. The property was sold for EUR15.3m, which led to a profit of roughly EUR1m treated as income. Fair Value says that the total return on the capital employed was approximately 20%. This sale shows that Fair Value has the expertise to carry out large-volume transactions and create value even in a difficult economic environment. With the help of the sale the company increased its capital ratio and create additional financial leeway for further investments.

Regional focus

Concentration on regional locations

Fair Value focuses on regional locations and avoids investments in expensive top locations in major conurbations. Thus, approximately 60% of the company's rental area is located in cities with less than 100,000 inhabitants. By focusing on so-called secondary locations, the company is looking to achieve higher profitability and lower earnings volatility. Fair Value cites a relatively stable market development in these locations in 2008. In absolute top locations, where the overall economic development has a greater impact, according to Fair Value, the company operates rather opportunistically.



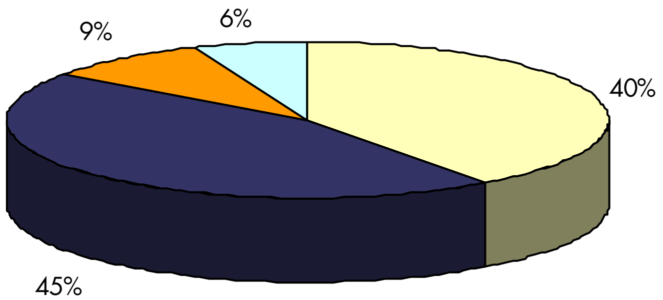
Source: Fair Value REIT-AG

Optimisation of portfolio by means of further acquisitions and specific restructuring measures

Sectoral diversification

Next to its broad regional diversification, the company's real estate portfolio also has a broad sectoral diversification. The office real estate sector accounts for 40%, the retail real estate sector for 45%, and the logistics real estate sector for 9% of the potential rent. Other properties, which are used as hotels, account for 6% of the potential rent. The company plans to further optimise its portfolio by means of further acquisitions and specific restructuring measures. In the long term, office properties are intended to generate 50% of the rental income, while logistics and retail properties are to account for 25% each.

Portfolio breakdown by sectors*



* according to potential rent

Source: Fair Value REIT-AG

Well-known tenants

We also welcome the fact that Fair Value's properties have some well-known tenants. The largest tenants include Sparkasse Südholstein, EDEKA Group, and Metro Group.

Tenants of Fair Value's portfolio

	December 31, 2008
Sparkasse Südholstein	14.2%
Edeka Konzern	9.7%
Metro Group	9.7%
Kaufland Gruppe	5.9%
BBV Holding AG	5.5%
Schweizerhof Hotel	4.6%
HPI Germany	3.0%
ABB Grundbesitz Gmbh	3.0%
comdirect bank AG	2.5%
REWE Group	2.5%
Other	39.5%

Source: Fair Value REIT-AG

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

Historie der Fair Value REIT AG

January 2004	• Foundation of IC Grundbesitzgesellschaft mbH with the objective of setting up a secondary market fund
September 2004	• Change of name to IC Grundbesitz GmbH & Co. Renditeportfolio KG
March 2005	• Change of name to IC Grundbesitz GmbH & Co. Fair Value KG (short: Fair Value KG). Purpose was the purchase of stakes in closed-end real estate funds on the secondary market
July 2007	• Change of corporate form to Fair Value Immobilien AG
Aug./Sep. 2007	• Exchange offer to shareholders of IC Fonds and BBV Immobilienfonds: Fair Value acquires stakes in 14 closed-end funds
October 2007	• First direct investments. Acquisition of 34 office properties from Sparkasse Südholstein (savings bank). Cash capital increase and capital increase through contribution in kind to a total of EUR96.75m
November 2007	• Further cash capital increase of EUR5m
November 2007	• November 16: Listing of Fair Value Immobilien AG in the Prime Standard segmentt
December 2007	• December 6: Fair Value Immobilien AG gets REIT status and is now operating under the name Fair Value REIT-AG
December 2007	• December 19: Becomes second company to be admitted to Deutsche Börse's REIT segment
December 2008	• December 18: Selling of Düsseldorf´s office real estate "Airport Office II" to a spanish investor group. Sales revenue of real estate is EUR15.3 (rental income EUR974,000 p.a)Euro.

Source: Faier Value REIT-AG

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

Management

Fair Value's Board of Management currently consists of two members

CEO and CFO of Fair Value REIT-AG

Mr. **Frank Schaich** (49) has been active in key management positions since the foundation of IC GmbH in 1988. Between 1993 and 2002 he was a managing director for several IC Real Estate Group companies and the funds under management by IC. He was then appointed to the Board of Management at IC Immobilien Holding AG, where he was responsible for fund business. Mr. Schaich has more than 25 years of experience on international real estate markets. In this period he gained extensive experience in syndicating, financing, and placing closed-end real estate funds as well as in asset and portfolio management. Since September 17, 2007, Mr. Schaich is CEO/CFO of Fair Value. He is responsible for Strategy, Finance, Controlling, and Investor Relations.

Responsible for Asset and Portfolio Management

Mr. **Manfred Heiler** (64) was head of Thurn und Taxis Liegenschaftsverwaltung (real estate division) from 1974 to 1986 and managing director of Thurn und Taxis Gesamtverwaltung from 1987 to 1991. He was then managing director of Dr. Höcherl GmbH & Co. Gewerbebau KG. From 1994 to 2007 he was managing director of Commerz Immobilien GmbH in Düsseldorf. Over the course of his 30 years of activity on international real estate markets he was responsible for acquiring of real estate in Europe and North America, (re-)development, asset and portfolio management and the subsequent sale of real estate. Mr. Heiler therefore has comprehensive knowledge in all areas of the real estate business. He is a law-graduate and since December 1, 2007 he is CIO (Chief Investment Officer) of Fair Value. He is responsible for Strategic Asset and Portfolio Management as well as Investments and Disinvestments.

The Supervisory Board consists of **Prof. Dr. Heinz Rehkugler** (Chairman of the Supervisory Board), **Christian Hopfer** (Deputy Chairman of the Supervisory Board), and **Dr. Oscar Kienzle**.

Prof. Dr. Heinz Rehkugler, born in 1943, is a Professor of Financial Economics and Banking at the University of Freiburg since 1994. His work focuses on real estate economics, analysing companies and financial products using quantity-based methods, and private asset management. Professor Rehkugler is in charge of research at the German Real Estate Academy at the University of Freiburg (DIA) and head of the "Real Estate" panel of experts for the DVFA analysts' association.

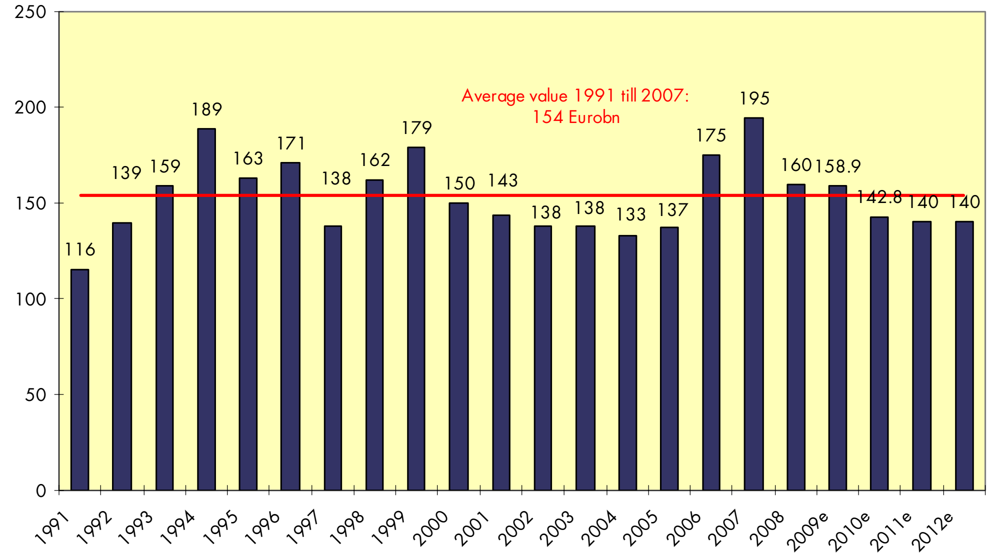
The German real estate market in 2008

2008 sees decline in real estate sales

German real estate market declines in 2008

Global economic activity declined significantly, particularly in Q4 2008. In Germany, economic performance went down 2.1%. This had a negative impact on the German real estate market. After the record year 2007, which had seen sales of EUR194.45bn, the market cooled off in 2008, reaching a sales volume of EUR160bn. Although this was a 17.45% decline in year-on-year comparison, 2008 sales still exceeded the long-term average of 1991 through 2007 (roughly EUR154bn). Of the total sales volume, EUR144.43bn were generated in Western Germany and EUR16.08bn in Eastern Germany. The sharpest declines were recorded in the federal states of Hesse (-33.3%) and Hamurg (-31.8%), whereas real estate sales remained more or less stable in Rhineland-Palatinate (-1.26%). Sales were highest in North Rhine-Westphalia (EUR34.38bn), Bavaria (EUR29.04bn), and Baden-Württemberg (EUR22.7bn). In Eastern Germany, the highest sales volume was recorded in the federal state of Saxony (EUR5.74bn).

Development of real estate turnover in Germany since 1991 (in EURbn)

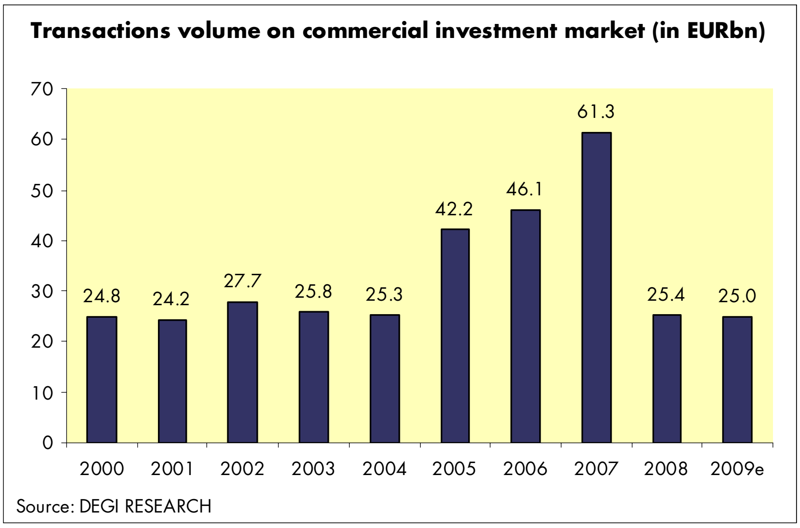


Source: DEGI RESEARCH

Transaction volume declines in commercial investment market

Commercial investment market cooling off

The uptrend of the preceding years did not continue in the commercial investment market. While the transaction volume had been a record EUR61.3bn in 2007, sales rached a mere EUR25.4bn in 2008. This was a drop of almost 60% about to the level of 2004. DEGI RESEARCH assumes that the market will not recover in 2009, either. Likewise, we predict a sustained weakness for this market segment, referring specifically to the difficult situation of the banking sector and real estate investors' financing problems resulting from it.



Recession causes price drop in commercial real estate market

Economic downturn causes decline in prices in commercial real estate market

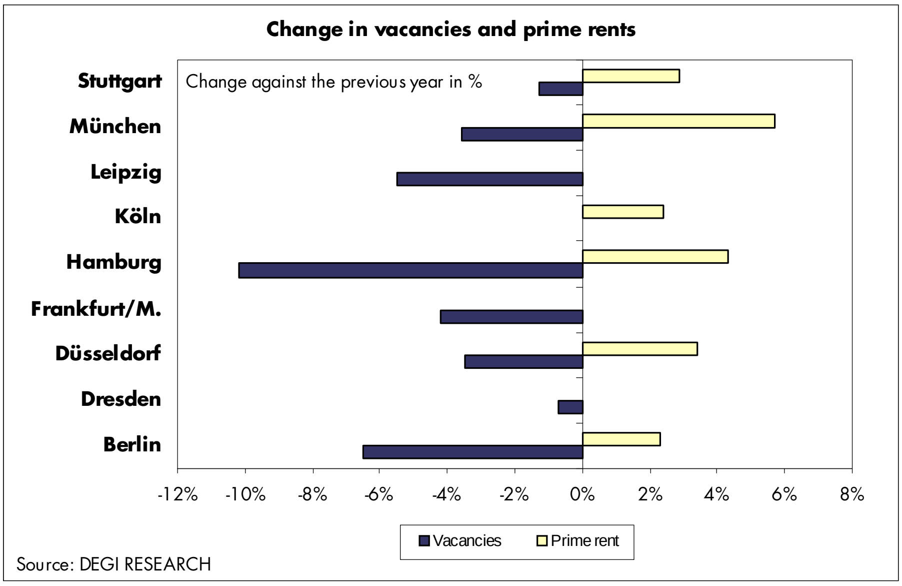
Due to its high dependency on exports, the German economy will probably perform much more poorly than other industrial economies in 2009. Current estimates call for a decline in GDP of between -2.5% and -5.0%. This will also have a negative impact on performance of the commercial real estate market, which we expect to be determined by falling prices in the coming two to three years. The main reason for this is the global economic downturn and the confidence and equity crisis of the banking sector. Financing has become much more difficult in the commercial real estate sector, in particular, following the collapse of US investment bank Lehman Brothers and the near-bankruptcy of Hypo Real Estate, and is going to remain problematic, in our opinion. Owing to distress sales by real estate investors, prices will likely remain under pressure in this market segment. On the other hand, it is positive that consumer debt is low in Germany and that unlike in the US, Spain, the UK or Ireland, there is no threat of an abrupt correction of economic imbalances (e.g. high current account deficit, real estate bubble) in Germany. Consequently, the risk that the German economy is faced with comes from a weakness of the export sector. We proceed from the assumption that the German export industry has to be stimulated by a recovery of important sales markets before Germany can overcome the recession.

Office real estate market

Mixed development in 2008

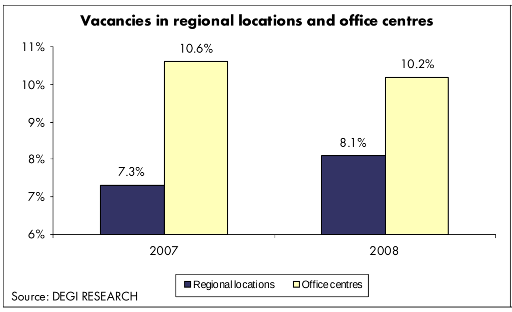
Vacancy rates down and prime rents up in German office market

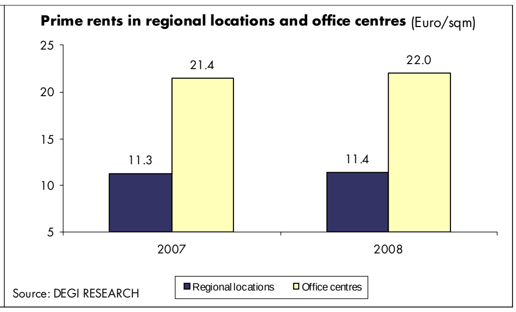
The German office real estate market was mixed in 2008. Germany's office centres (major cities and conurbations) recorded a decline in vacancies and a rise in prime rents. Munich was the leader here with a 5.7% increase in prime rent over year-ago levels to EUR31.70/sqm. Frankfurt was Germany's most expensive office market with EUR37.00/sqm. According to DEGI RESEARCH, vacancy rates declined slightly in Germany's offices centres as a whole (from 10.6% in 2007 to 10.2% in 2008), while the average prime rent increased from EUR21.4/sqm to EUR22.0/sqm.

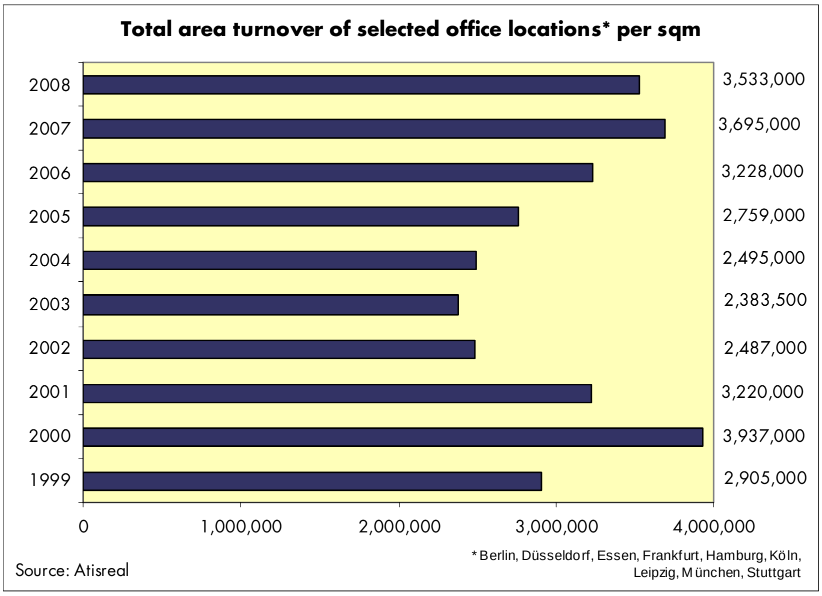


Office real estate market to slow down in 2009

However, the vacancy rate increased from 7.3% to 8.1% in the regional locations, ranging between 1.8% in Freiburg and 31.3% in Schwerin. The average prime rent recorded in the regional locations rose slightly from EUR11.3/sqm to EUR11.4/sqm. While the German office real estate market performed well in the full year 2008, we expect a slowdown in 2009. We also assume that the sharp economic downturn will entail an increase in vacancy and a decline in prime rents and transaction volumes.







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

Retail real estate market

Retail market expected to outperform office market

High demand for rental space in prime locations

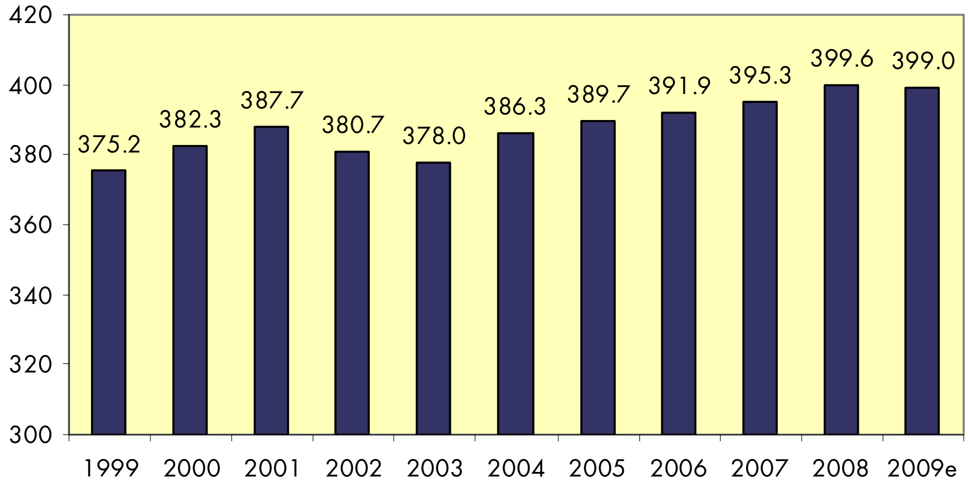
In spite of the poor economic development, demand for rental area in German top retail locations was high in 2008. This was particularly true of the highly limited prime locations in Germany's major cities. On the other hand, demand already dropped in the outskirts. According to Artisreal's market report for 2008, it was especially monobrand and flagship stores, textile suppliers and service providers (primarily mobile communications providers), as well as the electronics industry that expanded into the top locations of German major cities. Therefore, rents increased somewhat in the top locations in 2008.

In our opinion, supply of rental space is still too low in the prime locations. Therefore, we are optimistic for 2009 with regard to this sector and expect rental rates to remain at least stable, like in 2008. However, the significant deterioration of the economic situation will probably have an impact on rental rates in non-prime locations. Here, we expect to see a decline in rental rates in the course of the year.

Retail real estate market is robust in 2009

We assume that the German retail real estate market will slightly outperform the office real estate market in 2009. In 2008, German retail sales reached a record level of EUR399.6bn (2007: EUR395.3bn).

Development of retail turnover in Germany (in EURbn)



Source: API, HDE, DEGI RESEARCH

Unemployment to increase and consumption to decline in 2009

We expect unemployment to increase in Germany in mid-2009, proceeding from the assumption that many companies with short-time workers will dismiss part of their workforce. We anticipate that mass layoffs in the summer will lead to a decline in propensity to consume and a drop in retail sales. Therefore, retail sales should fall short of the record level of 2008.

Logistics real estate market

Logistics sector - market of the future

Logistics sector is growth market

The logistics market is an absolute growth market in the long term, both in Germany and worldwide. Apart from the traditional core business of transportation, handling, and storage, it now includes other services connected with rising demand for modern logistics space. Logistics service providers increasingly take on logistics-relevant side activities and value added services that their customers provided themselves before.

Germany becoming a more attractive location

Thanks to its geographical position at the centre of Europe, Germany serves as a link between Western Europe and the new EU member states in Eastern Europe. Therefore, it is an ideal location for logistics companies. Other factors that make Germany an important logistics location are its access to the North Sea and its well-developed seaports. Due to its good infrastructure (motorway and railway networks), Germany is an important transit country for trade in the merging Europe. Being an important export nation, Germany depends on an efficient logistics industry, too.

Hamburg and Frankfurt are attractive locations

The attractiveness of logistics properties depends on their locations. Important locations include Hamburg and, thanks to the airport, Frankfurt am Main. Other suitable locations in Eastern Germany are increasingly recognised by investors as well. Eastern German locations are suitable for the completion of logistics tasks in connection with business in Eastern Europe.

Even though we believe that international trade will suffer a setback in 2009, we consider the logistics sector a growth market and market of the future. Therefore, we welcome Fair Value's intention to increase the sales portion generated by the logistics real estate business from today's 8% to 25% in the long term.

Business development 2008

Rental income: EUR12.39m

Bulk of rental income generated in Participations segment

Fair Value's final results for the fiscal year 2008 confirmed the preliminary figures as announced at the beginning of March 2009. The company made a net rental result of EUR10.78m (2.55; our forecast: 9.88) in 2008. Rental income amounted to EUR12.39m (4.33; our forecast: 12.40). Approximately 70% of rental income was generated in the Participations division. Real estate-related expenses of EUR2.91m (2.04; our forecast: 3.47) were boosted by a service fee (EUR0.9m) in connection with a received compensation payment. Due to the company's short history (start of operations in Q4 2007), there are no year-earlier reference figures.

Operating income dragged down by two one-off items

One-off items determine operating income...

The operating income of EUR-1.75m (-1.81; our forecast: +4.38) was determined by two significant one-off items. Firstly, the company made net sales proceeds of EUR1.35m from the sale of investment properties. Secondly, the valuation result fell markedly to EUR-10.12m (-5.03) in 2008. Market valuation of the real estate portfolio led to a liquidity-neutral valuation loss of EUR25.55m (5.03). However, this contrasted with positive income to the amount of EUR15.44m in the form of a compensation payment for the premature cancellation of a general rental agreement. After adjusting for all one-off items, the operating income was EUR8.15m.

Net income dragged down by decline in investment income and financial result.

...and net income

The company's net income amounted to EUR-13.30m (+1.74; our forecast: +1.52). Apart from the decline in operating income, this was due to a drop in investment income and financial result. Investment income was down at EUR-7.08m (+7.64) owing to a pro-rata valuation result of EUR-10.74m (-1.56) at the companies consolidated by the equity method. The financial result of EUR-4.47m (+4.08) includes a gain of EUR1.47m from restructuring of an existing financing facility. The year-ago reference figure had been dragged down by costs of the IPO (EUR1.83m). Due to a reinvestment reserve within the meaning the Fair Value REIT-AG's single-entity financial statements - decisive for the dividend payment - achieved a break-even result. Therefore Fair Value will pay no dividend for 2008.

Fair Value REIT-AG

Selected key data of the consolidated income statement

Unit : EUR'000 **Fiscal year :** Dec 31 **Accounting standards :** IFRS	Q4 2008	Q4 2008 (our forecast)	2008	2008 (our forecast)
Rental income	**3.63**	**3.05**	**13.93**	**13.35**
Net rental result	**2.78**	**1.88**	**10.78**	**9.88**
as percentage of rental income	26.9%	17.7%	24.0%	19.2%
Valuation result	**3.76**	**9.89**	**-1.75**	**4.38**
as percentage of rental income	-68.1%	-27.4%	40.1%	62.4%
Financial result	**-2.37**	**-0.76**	**-4.47**	**-2.86**
as percentage of rental income	-12.6%	33.9%	23.9%	48.2%
Net income	**-14.70**	**0.12**	**-13.30**	**1.52**
as percentage of rental income	13.9%	26.5%	12.9%	19.3%

Source: Independent Research; Fair Value REIT-AG

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

Equity ratio according to REIT Act: 52.1%

Fair Value meets minimum condition for equity ratio

As for the balance sheet, the net loss dragged down the company's equity to EUR76.79m (94.66). The equity ratio fell to 38.7% (41.1%). However, the equity ratio is 52.1% (44.0%) if minority interests are taken into account as allowed in the German REIT Act, and thus meets the 45% minimum condition. Therefore, Fair Value's REIT status is still not at risk. As at December 31, 2008, the company's financial liabilities amounted to EUR94.26m (112.13), of which EUR15.9m have to be repaid in 2009. Thus, 83% of the company's financial liabilities are long-term liabilities. At the same time, Fair Value raised its liquid funds markedly to EUR14.04m (5.38) in 2008. The increase in liquid funds was primarily due to a compensation payment and sales proceeds from the sale of the airport property. In spite of the increase in depreciation, NAV per share was EUR8.16 (10.06) as at December 31, 2008, which exceeds the current share price significantly.

Solid balance sheet structure

Sale of airport property with a realised profit of 20%

The company's results for the fiscal year 2008 were determined by numerous one-off items. After adjusting for one-off items, the figures were encouraging on the operating side. In our opinion, what came to the fore in 2008 was the successful sale of the airport property. Fair Value managed to sell the property with a yield of 20% despite the difficult market environment. In total, depreciation of the company's real estate portfolio exceeded our expectations. It is at least positive that the depreciation did not result from a decline in market rent level but primarily from an increase in discount and capitalisation rates.
In our opinion, the company has a solid balance sheet structure. Fair Value will have to refinance only a small portion of external capital in 2009. The difficult credit market environment puts the company in an advantageous position. From today's point of view, refinancing-related distress sales can be ruled out.

Guidance and forecasts

No sale of properties expected in 2009

Fair Value's profit guidance for 2009 and 2010

Presupposing that business is running according to plan, Fair Value predicts a net income (IFRS) of between EUR2.7m and 3.0m for 2009. For 2010, the company predicts a net income (IFRS) of between EUR3.2m and 3.4m. Here, the company did not presume any valuation gains or losses. According to Fair Value, a decline in market value of 1% can drag down net income by EUR2.5m. Accordingly, an increase in market value of 1% would have a corresponding positive impact on net income. However, the company predicts write-downs of EUR1.5m for 2009 and EUR1.6m for 2010 from the reduced residual period of overrents. Fair Value does not expect to sell any properties in 2009. As the Commercial Code net income, which is the key figure for dividend payments, depends to a great extent on capital gains, the company also expects to pay no dividend for the fiscal year 2009.

We reaffirm our forecasts

Leaving our reduced forecasts unchanged

We leave our forecasts, which we had reduced in the course of our commentary on the company's preliminary figures as announced at the beginning of March, unchanged. Our profit forecast for 2009 incorporates a decline in valuation of roughly EUR3.5m in connection with the expected overrent-related write-downs. We do not expect discount and capitalisation rates to increase further in 2009. Therefore, possible depreciation will be caused by changes in market rent level only. From 2009 beginning Fair Value carries out a revaluation of its real estate portfolio annually. In our opinion, the revaluation of the portfolio will not lead to a decline in income in H1 2009 as market rents are still more or less stable. We predict a net income (IFRS) of EUR-1.35m for 2009 (due to write-downs) and of EUR1.76m for 2010.

Rents should remain stable in 2009

2009 will be year of consolidation

We share the company's opinion about possible property sales. We assume that 2009 will be a year of consolidation for Fair Value. Taking into account the loss in rent entailed in the premature cancellation of a long-term general rental agreement, we predict a stable development of rental income in 2009. In our view, Fair Value is well-capitalised. In 2009, the company will find attractive opportunities in the commercial real estate market, above all. The company could seize these opportunities, if to a small extent. We proceed from the assumption that Fair Value will increase its stakes in certain participations. In our opinion, the company could only make major direct investments if it sold properties in spite of its sufficient liquidity.

Valuation

In order to value Fair Value REIT-AG, we used the NAV calculation, which is the common method for real estate companies, but also the dividend discount model (DDM) and a peer group analysis. As Fair Value classifies as a REIT, it will distribute most of its profit in the future. Even though the company will pay no dividend for 2008 and 2009 contrary to expectations, we feel that it makes sense to include the DDM with regard to long-term valuation of the share. In view of the dividend omission, we weight the DDM at 25% (33%) for the time being. For the peer group analysis we used real estate companies with a similar business model due to the lack of REITs in Germany. These include companies which manage office and commercial properties. The fair value per share results from the weighted average of the three valuation methods.

NAV calculation 2007-2010E

	2007	2008E	2009E	2010E
Fair market value of investment properties	150,070	130,740	125,740	123,240
Equity-accounted participations	58,909	48,443	50,867	53,001
Other assets less other liabilities	10,924	-5,673	-3,054	-3,579
Financial liabilities	112,134	94,257	91,895	87,753
Cash and cash equivalents	5,381	14,039	11,680	10,916
Minority interests	18,487	16,505	17,905	19,285
NAV	**94,663**	**76,787**	**75,434**	**76,540**
Number of shares (in m)	9,407	9,407	9,407	9,407
NAV per share	10.06	8.16	**8.02**	**8.14**
			8.08	

Figures in EURm except for NAV per share (in EUR)
Source: Independent Research; Fair Value REIT-AG

NAV per share: EUR8.08; fair value (DDM): EUR1.33

We based our valuation of the Fair Value share on the averaged NAV for fiscal years 2009 and 2010. As the balance sheet ratios have been adjusted, we calculated a new averaged NAV of EUR8.08 (before: 8.63) per share.
The DDM yields a new fair value of EUR1.33 (before: 1.29) per share.

Dividend discount model (DDM)

in EUR	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E
DPS	**0.00**	**0.07**	**0.08**	**0.09**	**0.10**	**0.11**	**0.12**	**0.14**	**0.15**	**0.17**
Present values	**0.00**	**0.06**	**0.07**	**0.07**	**0.07**	**0.07**	**0.08**	**0.08**	**0.08**	**0.09**
Sum of present vlaues	0.67									
Terminal value	0.65		in % of total value :		49%					
Fair value per share	**1.33**									

Model parameter DDM:

Risk-free rate of return :	4.00%	Beta :	0.7	Risk premium equity :	4.0%
		Cost of equity:	6.8%	Date :	04/07/09

Source: Independent Research

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

Peer group comparison

Company	P/E 2009E	P/E 2010E	EV/Sales 2009E	EV/Sales 2010E
ALSTRIA OFFICE REIT-AG	7.3	7.2	12.4	12.4
DIC Asset AG	9.5	10.9	12.4	12.6
Deutsche Euroshop	14.6	14.6	15.0	13.6
IFM Immobilien AG	12.8	7.8	6.2	5.2
POLIS IMMOBILIEN AG	-	10.9	14.7	13.0
Average	11.0	10.3	12.1	11.4

Source: Independent Research; Bloomberg Share prices as of 06/04/2009

in EUR'000, EPS in EUR	EPS 2009E	EPS 2010E	Sales 2009E	Sales 2010E
Fair Value REIT-AG	-0.14	0.19	10,264	10,469
Enterprise Value			124,350	119,078
Cash and cash equivalents			14,039	
Debt			-94,257	
Fair market capitalisation			44,132	38,860
Number of shares (in '000)			9,407	
Fair value	-1.59	1.92	4.69	4.13
Average	1.92		4.41	
Weighting	1/2		1/2	
Fair value per share	3.17			

Source: Independent Research

Peer group analysis produces fair value of EUR3.17 per share

The peer group analysis produced a fair value of EUR3.17 (before: 3.39) per share. The decline with unchanged forecasts is due to the lower peer group valuation. As EPS is negative, the P/E ratio for 2009 is not incorporated in the valuation.
The combination of the different valuation models leads to a new fair value of EUR4.55 (before: 4.41) per share. The increase is accounted for exclusively by the change in weighting of the models. With an unchanged weighting (one-third each), the fair value would have been EUR4.19.

Valuation summary

	NAV	DDM	Peer group
Fair value per share (EUR)	8.08	1.33	3.17
Weighting	1/3	1/3	1/3
Final fair value per share (EUR)		4.55	

Source: Independent Research

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

Conclusion

In 2008, Fair Value achieved a net rental result of EUR10.78m (2.55; our forecast: 9.88). Rental income amounted to EUR12.39m (4.33; our forecast: 12.40). Approximately 70% of rental income was generated in the Participations division.

The operating income of EUR-1.75m (-1.81; our forecast: +4.38) was determined by two significant one-off items. Firstly, the company made net sales proceeds of EUR1.35m from the sale of investment properties. Secondly, the valuation result fell markedly to EUR-10.12m (-5.03) in 2008.

Market valuation of the real estate portfolio led to a liquidity-neutral valuation loss of EUR25.55m (5.03). However, this contrasted with positive income to the amount of EUR15.44m in the form of a compensation payment for the premature cancellation of a general rental agreement.

The company's net income dropped to EUR-13.30m (+1.74; our forecast: +1.52). Apart from the decline in operating income, this was due to a drop in investment income and financial result. Due to a reinvestment reserve within the meaning the Fair Value REIT-AG's single-entity financial statements (HGB) - decisive for the dividend payment - achieved a break-even result. Therefore Fair Value will pay no dividend for 2008.

If minority interests are taken into account as allowed in the German REIT Act, the equity ratio is 52.1% (44.0%). As at December 31, 2008, the company's financial liabilities amounted to EUR94.26m (112.13), of which EUR15.9m have to be repaid in 2009. In 2008, liquid funds increased markedly to EUR14.04m (5.38). In spite of the increase in depreciation, NAV per share was EUR8.16 (10.06) as at December 31, 2008, which exceeds the current share price significantly.

Presupposing that business is running according to plan, Fair Value predicts a net income (IFRS) of between EUR2.7m and 3.0m for 2009. For 2010, the company predicts a net income (IFRS) of between EUR3.2m and 3.4m. Here, the company did not presume any valuation gains or losses.

We leave our forecasts, which we had reduced in the course of our commentary on the company's preliminary figures as announced at the beginning of March, unchanged. We assume that 2009 will be a year of consolidation for Fair Value. In our view, Fair Value is well-capitalised. In 2009, the company will find attractive opportunities in the commercial real estate market, above all. The company could seize these opportunities, if to a small extent.

The combination of the different valuation models leads to a fair value of EUR4.55 (before: 4.41) per share following a change in weighting of the models and a new sector valuation. Raising our price target slightly to EUR4.50 (before: 4.40), we reaffirm our Buy recommendation.

Fair Value REIT-AG

Selected key data

Unit : EUR'000 / Fiscal year : Dec 31 / Accounting standards : IFRS	2006	2007	2008E	2009E	2010E
Key data income statement					
Sales (EUR'000)	-	4,326	12,392	10,264	10,469
EBITDA margin	-	-25.0%	64.5%	55.6%	55.6%
EBIT margin	-	neg.	neg.	6.8%	31.6%
Net yield	-	40.3%	-107.3%	-13.2%	16.8%
Value adjustment rate	-	16.8%	78.6%	48.7%	23.9%
Interest coverage ratio	-	1.2	0.4	-0.2	-0.8
Profitability ratios					
ROE	-	1.8%	-17.3%	-1.8%	2.3%
ROI	-	0.8%	-6.7%	-0.7%	0.9%
Accounting ratios					
Equity ratio	-	41.1%	38.7%	39.0%	39.8%
Ratio of equity to non-current assets	-	44.1%	42.3%	42.2%	42.9%
Ratio of non-current assets to total assets	-	93.2%	91.6%	92.5%	92.8%
Trade accounts receivables / sales	-	20.1%	12.1%	15.4%	15.8%
Key data per share (EUR)					
EPS	-	0.74	-1.41	-0.14	0.19
Free cash flow per share	-	-4.64	0.00	0.00	0.00
Dividend per share	-	0.00	0.00	0.00	0.07
Cash and cash equivalents per share	-	2.28	1.49	1.24	1.16
Book value per share	-	40.11	8.16	8.02	8.14
Valuation ratios					
EV / Sales	-	24.7	7.5	9.1	8.9
EV / EBITDA	-	neg.	neg.	133.0	28.2
EV / EBIT	-	neg.	neg.	134.7	28.3
PER	-	10.7	-4.0	-22.9	17.6
Price to book value ratio	-	0.2	0.7	0.4	0.4
Price to cash flow ratio	-	-1.7	neg.	neg.	neg.
Price to sales ratio	-	0.0	1.1	3.0	3.0
Dividend yield	-	0.0%	0.0%	0.0%	2.1%

Source: Independent Research; Fair Value REIT-AG

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

Fair Value REIT-AG

Consolidated income statement

Unit : EUR'000 / Fiscal year : Dec 31 / Accounting standards : IFRS	2006	2007	2008E	2009E	2010E
Rental income	**0**	**4,326**	**12,392**	**10,264**	**10,469**
year-on-year growth	-	-	186.5%	-17.2%	2.0%
Income from operating and incidental costs	0	264	1,303	821	838
Expenses for investment properties	0	2,038	2,912	2,574	2,631
Net rental result	**0**	**2,552**	**10,783**	**8,511**	**8,675**
year-on-year growth	-	-	322.5%	-21.1%	1.9%
General administrative expenses	21	3,502	3,797	2,517	2,566
as percentage of rental income	-	81.0%	30.6%	24.5%	24.5%
Other operating income and expense (balance)	0	-135	-351	-300	-300
as percentage of rental income	-	-3.1%	-26.9%	-36.5%	-35.8%
Valuation result	0	-725	-9,734	-5,000	-2,500
as percentage of rental income	-	-16.8%	-78.6%	-48.7%	-23.9%
Operating income	**-21**	**-1,810**	**-1,754**	**694**	**3,310**
as percentage of rental income	-	-	-	6.8%	31.6%
Income from equity-accounted participations	0	7,225	-7,075	3,808	3,884
Other invesment result	0	413	0	0	0
Income from participations	**0**	**7,638**	**-7,075**	**3,808**	**3,884**
as percentage of rental income	-	176.6%	-57.1%	37.1%	37.1%
Minority interests	0	-768	435	-1,400	-1,380
Expenses for going public	0	1,825	0	0	0
Net interest expenses	1	-1,491	-4,907	-4,455	-4,050
as percentage of rental income	-	-34.5%	-39.6%	-43.4%	-38.7%
Financial result	**1**	**-4,084**	**-4,472**	**-5,855**	**-5,430**
as percentage of rental income	-	-94.4%	-36.1%	-57.0%	-51.9%
Profit before taxes	**-20**	**1,744**	**-13,301**	**-1,353**	**1,764**
as percentage of rental income	-	40.3%	-107.3%	-13.2%	16.8%
Income taxes	-36	0	0	0	0
Consolidated profit (deficit)	**-56**	**1,744**	**-13,301**	**-1,353**	**1,764**
as percentage of rental income	-	40.3%	-107.3%	-13.2%	16.8%
Number of shares ('000)	0	2,360	9,407	9,407	9,407
EPS (EUR)	**-**	**0.74**	**-1.41**	**-0.14**	**0.19**
DPS (EUR)	0.00	0.00	0.00	0.00	0.07

Source: Independent Research; Fair Value REIT-AG

Fair Value REIT-AG

Consolidated balance sheet

Unit : EUR'000 Fiscal year : Dec 31 Accounting standards : IFRS	2006	2007	2008E	2009E	2010E
Assets					
Intangible assets	0	2	2	1	1
Property, plant, and equipment	0	31	22	16	9
Investment properties	0	150,070	130,740	125,740	123,240
Properties under construction	0	566	0	0	0
Equity-accounted investments	0	58,909	48,443	50,867	53,001
Fiancial assets (non-current)	10	5,005	2,319	2,319	2,319
Total non-current assets	**10**	**214,583**	**181,526**	**178,943**	**178,570**
Non-current assets available for sale	0	5,700	0	0	0
Trade receivables	0	869	1,502	1,577	1,656
Other receivables and assets	0	3,826	1,176	1,235	1,297
Cash and cash equivalents	13	5,381	14,039	11,680	10,916
Total current assets	**13**	**15,776**	**16,717**	**14,492**	**13,868**
Total assets	**23**	**230,359**	**198,243**	**193,435**	**192,438**
Equity and liabilities					
Subscribed capital	0	47,034	47,034	47,034	47,034
Share premium	0	46,167	46,167	46,167	46,167
Profit reserve	0	1,462	-11,839	-13,192	-12,086
Net assets of shareholders	-93	0	-4,575	-4,575	-4,575
Total equity	**-93**	**94,663**	**76,787**	**75,434**	**76,540**
Minority interests	0	18,487	16,505	17,905	19,285
Financial liabilities	0	57,116	78,352	76,785	72,946
Other liabilities	0	494	4,496	1,563	1,594
Total non-current liabilities	**0**	**76,097**	**99,353**	**96,253**	**93,825**
Provisions	5	255	334	277	282
Financial liabilities	0	55,018	15,905	15,110	14,808
Trade payables	111	2,617	1,359	1,767	2,297
Other current liabilities	0	1,709	4,505	4,595	4,687
Total current liabilities	**116**	**59,599**	**22,103**	**21,748**	**22,073**
Total equity and liabilities	**23**	**230,359**	**198,243**	**193,435**	**192,438**

Source: Independent Research; Fair Value REIT-AG

Fair Value REIT-AG

Consolidated cash flow statement

Unit : EUR'000 / **Fiscal year :** Dec 31 / **Accounting standards :** IFRS	**2006**	**2007**	**2008E**	**2009E**	**2010E**
Consolidated profit (deficit)	**-56**	**1,744**	**-13,301**	**-1,353**	**1,764**
Income tax expense	38	0	0	0	0
Amortisation/depreciation on intangible assets and property, plant, and equipment	0	3	11	9	9
Profits from the disposal of investment properties	0	0	-1,345	0	0
Valuation result	0	725	9,734	5,000	2,500
Income from equity-accounted investments	0	-7,225	7,075	-3,808	-3,884
Withdrawls from equity-accounted investments	0	1,418	2,519	1,384	1,750
Losses from the sale of subsidiaries	0	3,080	0	0	0
Income from disposal of participants	0	-180	0	0	0
Income from beneficial acquisition of participation	0	-3,155	0	0	0
Income from restructuring a financial liability	0	0	-1,469	0	0
Loss/profit for minority interests	0	768	-435	1,400	1,380
Disbursement to minority interests	0	-1,371	-1,256	0	0
Result from the valuation of derivative financial instruments	0	-16	88	0	0
Expenses connected to compensation payment received	0	0	1,880	0	0
FFO (funds from operations) subtotal	**-18**	**-4,209**	**3,501**	**2,632**	**3,519**
Compensation payment received	0	0	15,438	0	0
Expenses connected to compensation payment received	0	0	-1,880	0	0
Increase)/ decrease in trade receivables	0	-612	-633	-75	-79
Increase)/ decrease in other liabilities	0	-1,944	3,524	-59	-62
(Decrease)/ increase in provisions	0	188	79	-57	6
(Decrease)/ increase in trade payables	9	2,504	-1,258	408	530
(Decrease)/ increase in other liabilities	-2	-51	2,725	-2,843	123
Cash flow from operating activities	**-11**	**-4,124**	**21,496**	**6**	**4,037**
Cash and cash equivalents from acquired subsidiaries	0	12,614	0	0	0
Payments for the purchase of interestsin associated companies	0	-10,948	-9	0	0
Proceeds from the sale of subsidiaries	0	0	4,705	0	0
Cash and cash equivalent reduction from sold subsidiaries	0	-1,037	0	0	0
Cash and cash equivalent reduction from patricipating interests mo longer fully considated but equity-accounted	0	-4,318	0	0	0
Income from the disposal of investment properties	0	0	15,068	0	0
Investments in investment properties / properties under	0	-52,331	-13,892	0	0
Payment for the acquisituion of non-current assets	0	0	-2,300	0	0
Investments in property, plant and equipment an intangible asse	0	-36	-2	-2	-2
Income from the sale of property ownership certificates	0	190	0	0	0
Cash flow from investing activities	**0**	**-55,866**	**3,570**	**-2**	**-2**
Dividend distribution	0	0	0	0	-658
Capital contribution	0	16,835	0	0	0
Payments for capital procurement	0	-1,117	0	0	0
Receipts from financial liabilities	0	51,398	46,959	-2,362	-4,141
Repayment from financial liabilities	0	-1,758	-63,367	0	0
Cash flow from financing activities	0	65,358	-16,408	-2,362	-4,800
Change in cash and cash equivalents	**-11**	**5,368**	**8,658**	**-2,359**	**-765**
Cash and cash equivalents - start of period	25	13	5,381	14,039	11,680
Cash and cash equivalents - end of period	**14**	**5,381**	**14,039**	**11,680**	**10,916**

Source: Independent Research; Fair Value REIT-AG

[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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Compulsory information required under § 34b of the German Securities Trading Law (WpHG) and the Financial Analysis Regulation

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Key sources of information used in the preparation of this document are publications in foreign and domestic media such as information services (e.g. Reuters, VWD, Bloomberg, DPA-AFX etc.), the financial press (e.g. Börsen-Zeitung, Handelsblatt, FAZ, FTD, Wall Street Journal, Financial Times etc.), specialised journals, published statistics, rating agencies, and publications of covered companies (company sources: annual and quarterly reports, current company presentations as well as discussions with the management).

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: - 04/08/2009 -

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