

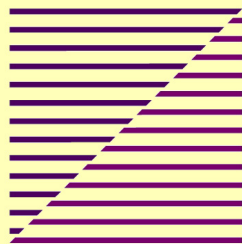


**Independent Research**

Unabhängige Finanzmarktanalyse GmbH

# **Investment Research**

## **Fair Value REIT-AG**



**fair value**  
REIT

**Q1 results 2010**

**05/14/2010**

Please take note of the information concerning the preparation of this document, the information concerning potential conflicts of interest, the compulsory information required by Section 34b WpHG (Wertpapierhandelsgesetz - German Securities Trading Act), and the liability statement at the end of this document. This financial analysis in the meaning of Section 34b WpHG shall only be distributed to professional clients or eligible counterparties according to Section 31a WpHG.

## Fair Value reaffirms guidance in the wake of strong Q1 results

### Q1 results 2010

- ⇒ In Q1 2010, Fair Value recorded an increase in rental income to EUR3.2m (2.6; our forecast: 3.1) due to consolidation effects. On an adjusted basis, rental income fell short of the prior year level. The increase was accounted for by full consolidation of the subsidiary IC 13.
- ⇒ The consolidation effect was also reflected in the operating profit, which rose markedly to EUR2.0m (1.3; our forecast: 1.7). Fair Value also benefited from a decline in valuation losses from properties and derivative financial instruments of equity accounted investments.
- ⇒ At next week's AGM, Fair Value will propose a reduction of the capital stock. The company is looking to gain more scope for possible corporate action by lowering the theoretical interest of each share in the share capital to EUR2 (before: 5).
- ⇒ Despite its Q1 2010 results, which we feel were strong, Fair Value maintains its guidance for the full year. The company still predicts an adjusted net profit (EPRA profit) of EUR4.2m or, respectively, EURO.45 per share for 2010.
- ⇒ We share the company's cautious assessment and leave our forecasts unchanged. However, the Q1 figures cannot be extrapolated to the full year due to sustained uncertainty in the market. We assume that the operating business will be strongly stimulated by corporate action.
- ⇒ We reaffirm our price target of EUR7.35 for the stock. At present, the Fair Value share trades significantly below balance sheet NAV (EUR7.81) and EPRA NAV (EUR8.89). The stock's recent downtrend has stopped. Due to the noticeable upside potential, we reaffirm our Buy recommendation for the Fair Value share.

## Fair Value REIT-AG 6)

### Recommendation: Buy

before:

-

as of

-

<b>Price target</b> (in EUR) (6 months)	<b>7.35</b>
Share price (Xetra) (in EUR)	4.20
05/11/10 5:17 PM	
Share price potential	75.00%

### 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)	9.326
Free float	41.42%
Market cap. (EURm)	39.2
Ø Trading volume	3,034
52W High 10/16/09	EUR5.40
52W Low 05/19/09	EUR2.84
Beta	1.15
Volatility (60 days)	61.73

### Multiples

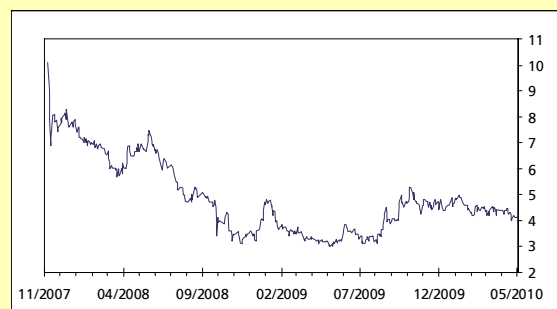
	EV/Sales	EV/EBIT	P/E ratio	Dividend yield
2007	29.0	neg.	10.7	0.0%
2008	10.7	neg.	neg.	0.0%
2009	13.1	neg.	neg.	0.0%
2010E	9.5	20.1	9.3	2.4%
2011E	9.7	16.4	7.4	2.4%

### Performance (in %)

	1m	3m	6m	12m
Absolute	-4.3	0.0	-12.5	39.5
Relative to:				
DAX	-0.9	-8.9	-17.9	12.2
Pr. Fin. Services	-0.8	-11.1	-9.6	35.3

### Index weighting

Prime Fin. Services	0.103%
RX REIT Index	7.830%



Author: Zafer Rüzgar (analyst)

AP	FY	Rental inc.	EBIT	EBT	EAT	EPS
IFRS	2007	4,326	-1,810	1,744	1,744	0.74
IFRS	2008	12,392	-1,754	-13,301	-13,301	-1.41
IFRS	2009	10,460	-727	-2,906	-2,906	-0.31
IFRS	2010E	13,291	6,298	4,236	4,236	0.45
IFRS	2011E	12,780	7,536	5,363	5,363	0.57
CAGR 2007 - 2011E		31.1%	-	32.4%	32.4%	

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

1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



## Company profile

### *Two-pronged strategy*

### Fair Value REIT-AG at a glance

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. At present, Fair Value holds interests in 13 closed-end real estate funds, whose properties have an occupancy rate of 88.3% at the subsidiaries and 95.4% at the associated companies.

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 Beteiligungen AG i.L.	5.44
Bayerische Beamten Lebensversicherung a.G.	3.76
IC Fonds GmbH	2.34
Own shares	0.86
<b>Free float</b>	<b>41.42</b>

\* 30.45% of the of voting rights of H.F.S. Zweitmarkt are controlled by UniCredit

Source: Fair Value REIT-AG

as of 03/24/10

### *REITs do not have to pay corporate and business taxes*

### Fair Value as a real estate investment trust

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 (according to German Commercial Code) to its shareholders through dividends. Up to 50% 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 profit distributed by the company (dividend) is only taxable with the shareholders through their withholding tax. Furthermore, a REIT must have an equity ratio of at least 45% measured by its real estate assets. The high minimum equity ratio creates stability, while the high payout ratio is an attractive regular source of income for the REIT investors.

## Business development Q1 2010

*Rental income unchanged  
on a like-for-like basis*

### Sales driven by consolidation effects

In Q1 2010, Fair Value generated rental income of EUR3.2m (2.6; our forecast: 3.1). Net rental income increased significantly by 42% to EUR2.6m (1.9; our forecast: 2.2). However, it has to be taken into account that the increase in these figures is largely due to the first-time full consolidation of the subsidiary IC 13. As Fair Value's stake in IC 13 was lower in the previous year, the subsidiary was included in the company's income from participations back then. After adjusting for the consolidation effect, net rental income was up by approximately 10%, Fair Value said. Without full consolidation of the subsidiary IC 13, rental income would have matched the prior year level. To our surprise, real estate-related expenses remained almost at year-ago level (EUR0.97m (0.98)) in spite of the rise in sales. According to Fair Value, this is due to the fact that maintenance costs vary in the course of the year.

<b>Fair Value REIT-AG</b>			
<b>Selected key data of the consolidated income statement</b>			
<b>Unit :</b> EUR'000			
<b>Fiscal year :</b> Dec 31	<b>Q1 2009</b>	<b>Q1 2010</b>	<b>Q1 2010</b>
<b>Accounting standards :</b> IFRS			(our forecast)
<b>Sales</b>	<b>2.8</b>	<b>3.6</b>	<b>3.3</b>
<b>Net rental result</b> as percentage of sales	<b>1.9</b> 65.4%	<b>2.6</b> 73.1%	<b>2.2</b> 66.7%
<b>Operating income</b> as percentage of sales	<b>1.3</b> 44.8%	<b>2.0</b> 56.5%	<b>1.7</b> 51.5%
<b>Net income</b> as percentage of sales	<b>0.4</b> 15.0%	<b>1.2</b> 33.6%	<b>0.9</b> 27.0%
Source: Independent Research; Fair Value REIT-AG			

### Fair Value posts noticeable increase in earnings

As a result of the consolidation-induced increase in rental income, the operating profit climbed by 60% to EUR2.0m (1.3; our forecast: 1.7). This more than proportional rise was also accounted for by the cost cutting measures realised on holding company level in 2009. At EUR0.53m (0.57), general administration costs were below prior year level. The reduced cost structure will presumably be retained in the subsequent quarters.

In Q1 2010, Fair Value posted a net profit of EUR1.2m (0.4; our forecast: 0.9). In spite of a drop in the corresponding rental income entailed in the full consolidation of IC 13, the profit from equity accounted investments climbed to EUR0.85m (0.50). According to Fair Value, this was partially accounted for by a decline in valuation losses from properties and derivative financial instruments. The increase in net interest expenses to EUR1.24m (1.14) was also due to the full consolidation of IC 13. After adjusting for this effect, net interest expenses were 4% below prior year level.

*Valuation losses narrow in  
Q1 2010*

*Balance sheet NAV per share remains unchanged*

### **Net debt down 3% as at March 31, 2010**

As at March 31, 2010, Fair Value's share in the occupancy rate in relation the potential rent was 93.9% (95.2%). In our opinion, the decline is merely a snap-shot, however. As the company has already successfully leased 50% of the objects slated for re-letting in 2010, the occupancy rate will presumably increase in the further course of the year. Fair Value said that it had almost reached the prior year ratio taking into account the most recent new rental contracts.

From a balance sheet perspective, the decline in net debt to EUR96.88m (December 31, 2009: 100.04) is a positive sign. Balance sheet NAV per share remained almost unchanged at EUR7.81 (December 31, 2009: 7.78).

### **Change in nominal capital per share**

Fair Value will propose at the AGM taking place on May 17 that the theoretical interest of each share in the share capital be lowered to EUR2 (before: 5). We welcome the planned change in the par value, which does not affect equity and the number of shares. Thus, Fair Value realises measures for enhancing the stock's attractiveness. This gives the company additional scope for possible corporate action in order to finance future growth. Regardless of the announcement, we proceed from the assumption that no capital increase will be made in the near future.

## **Guidance and forecasts**

### **Fair Value reaffirms guidance**

In spite of its Q1 results, which we feel were strong, the company has reaffirmed its guidance for the full year 2010. Fair Value still predicts an adjusted net profit (EPRA profit) of EUR4.2m or, respectively, EUR0.45 per share for 2010, citing the expected disposal-related decline in rents and planned maintenance expenses.

### **We leave our forecasts unchanged**

With regard to the expected maintenance measures and expenses in connection with re-letting, we share the company's cautiousness and leave our forecasts unchanged. In our opinion, Fair Value made a good start to the year 2010 in Q1. However, the Q1 results cannot be extrapolated to the full year owing to the sustained uncertainty in the market. We assume that the operating business will be stimulated by corporate action. For the time being, we do not expect any significant effects on earnings from possible real estate disposals. In Q1 2010, the impact on earnings was a marginal EUR-53,000. We feel that opportunistic portfolio adjustments are rather related to balance sheet optimisation.

*Q1 results cannot be extrapolated to full year*

## 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 a dividend discount model (DDM) and a peer group analysis. As Fair Value classifies as a REIT, it will distribute a large portion of its profit in the future. As the company has not paid any dividends yet for lack of net profits, we weight the DDM at 25% 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 2008-2011E				
	2008	2009	2010E	2011E
Fair market value of investment properties	130,740	137,587	137,587	137,587
Equity-accounted participations	48,443	47,442	49,576	51,885
Other assets less other liabilities	-5,673	3,022	-6,901	-6,869
Financial liabilities	94,257	108,316	97,829	93,065
Cash and cash equivalents	14,039	8,281	10,764	9,210
Minority interests	16,505	15,296	16,241	17,371
<b>NAV</b>	<b>76,787</b>	<b>72,720</b>	<b>76,956</b>	<b>81,377</b>
Number of shares (in m)	9,407	9,407	9,407	9,407
<b>NAV per share</b>	8.16	7.73	<b>8.18</b>	<b>8.65</b>
<b>Average NAV per share</b>				<b>8.42</b>

Figures in EUR'000 except for NAV per share (in EUR)

Source: Independent Research; Fair Value REIT-AG

NAV per share unchanged at EUR8.42; fair value according to DDM: EUR2.40 (before: 2.37)

We based our valuation of the Fair Value share on the average NAV for the fiscal years 2010 and 2011. As the balance sheet items are unchanged, the NAV per share still amounts to EUR8.42.

The DDM results in a new fair value of EUR2.40 (before: 2.37) per share based on our update.

Dividend discount model (DDM)										
in EUR	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E
DPS	0.10	0.10	0.12	0.13	0.15	0.17	0.20	0.23	0.27	0.31
Present values	0.10	0.09	0.10	0.10	0.11	0.12	0.13	0.14	0.15	0.16
Sum of present values	1.19									
Terminal value	1.21	in % of total value : 51%								
Fair value per share	2.40	<div>Model parameters DDM:</div> <div>Risk-free rate of return : 4.00%    Beta : 0.7    Risk premium equity : 4.0%</div> <div>Cost of equity: 6.8%    Date : 05/12/10</div>								

Source: Independent Research

Peer group comparison				
Company	P/E		EV/Sales	
	2010E	2011E	2010E	2011E
<b>ALSTRIA OFFICE REIT-AG</b>	16.3	15.2	14.1	13.7
<b>DIC Asset AG</b>	17.7	16.1	13.6	13.2
<b>Deutsche Euroshop</b>	16.9	15.4	14.8	13.8
<b>IFM Immobilien AG</b>	12.5	-	15.9	15.5
<b>Average</b>	15.8	15.6	14.6	14.1

Source: Independent Research; Bloomberg

Share prices as of 03/31/2010

Source: Management Research, Bloomberg

Share price as of 02/07/2010

in EUR'000, EPS in EUR	EPS		Sales	
	2010E	2011E	2010E	2011E
Fair Value REIT-AG	0.45	0.57	14,296	13,875
Enterprise Value			208,722	194,944
Cash and cash equivalents			10,243	
Debt			-107,119	
Fair market capitalisation			111,846	98,068
Number of shares (in '000)			9,407	
Fair value	7.13	8.88	11.89	10.43
	<div><div></div><div></div><div></div></div>		<div><div></div><div></div><div></div></div>	
Average	8.01		11.16	
Weighting	1/2		1/2	
Fair value per share	9.58			

Source: Independent Research

We leave our price target of EUR7.35 unchanged

Our peer group analysis produced a fair value per share of EUR9.58 (before: 9.59). The combination of the different valuation models still results in a fair value of EUR7.35 per share. Accordingly, we leave our price target unchanged at EUR7.35.

Valuation summary			
	NAV	DDM	Peer group
Fair value per share (EUR)	8.42	2.40	9.58
Weighting	37.5%	25.0%	37.5%
Final fair value per share (EUR)	<b>7.35</b>		

Source: Independent Research

**Fair Value REIT-AG****Selected key data**

<b>Unit :</b> EUR'000 <b>Fiscal year :</b> Dec 31 <b>Accounting standards :</b> IFRS	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>
<b>Key data income statement</b>					
Rental income (EUR'000)	4,326	12,392	10,460	13,291	12,780
EBITDA margin	neg.	64.5%	54.2%	47.6%	59.2%
EBIT margin	neg.	neg.	neg.	47.4%	59.0%
Net yield	40.3%	neg.	neg.	31.9%	42.0%
Value adjustment rate	16.8%	78.6%	60.9%	0.0%	0.0%
Interest coverage ratio	1.2	0.4	0.2	-1.3	-1.5
<b>Profitability ratios</b>					
ROE	1.8%	neg.	neg.	5.5%	6.6%
ROI	0.8%	neg.	neg.	2.1%	2.7%
<b>Accounting ratios</b>					
Equity ratio	41.1%	38.7%	35.7%	38.4%	40.5%
Ratio of equity to non-current assets	44.1%	42.3%	39.2%	41.0%	42.9%
Ratio of non-current assets to total assets	93.2%	91.6%	91.0%	93.6%	94.4%
Trade accounts receivables / sales	20.1%	12.1%	12.5%	10.3%	11.3%
<b>Key data per share (EUR)</b>					
EPS	0.74	-1.41	-0.31	0.45	0.57
Free cash flow per share	-25.42	2.66	0.11	1.38	0.44
Dividend per share	0.00	0.00	0.00	0.10	0.10
Cash and cash equivalents per share	2.28	1.49	0.88	1.14	0.98
Book value per share	40.11	8.16	7.73	8.18	8.65
<b>Valuation ratios</b>					
EV / Sales	29.0	10.7	13.1	9.5	9.7
EV / EBITDA	neg.	neg.	neg.	20.0	16.3
EV / EBIT	neg.	neg.	neg.	20.1	16.4
PER	10.7	neg.	neg.	9.3	7.4
Price to book value ratio	0.2	0.7	0.5	0.5	0.5
Price to cash flow ratio	-0.3	neg.	neg.	neg.	neg.
Price to sales ratio	4.3	4.3	3.5	3.0	3.1
Dividend yield	0.0%	0.0%	0.0%	2.4%	2.4%

Source: Independent Research; Fair Value REIT-AG



<b>Fair Value REIT-AG</b>					
<b>Consolidated income statement</b>					
<b>Unit :</b> EUR'000	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>
<b>Fiscal year :</b> Dec 31					
<b>Accounting standards :</b> IFRS					
<b>Rental income</b>	<b>4,326</b>	<b>12,392</b>	<b>10,460</b>	<b>13,291</b>	<b>12,780</b>
year-on-year growth	-	186.5%	-15.6%	27.1%	-3.8%
Operating income and incidental costs	264	1,303	1,505	1,005	1,095
Expenses for investment properties	2,038	2,912	3,437	6,001	4,342
<b>Net rental result</b>	<b>2,552</b>	<b>10,783</b>	<b>8,528</b>	<b>8,295</b>	<b>9,533</b>
year-on-year growth	-	322.5%	-20.9%	-2.7%	14.9%
General administrative expenses	3,502	3,797	2,611	1,897	1,897
as percentage of rental income	81.0%	30.6%	25.0%	14.3%	14.8%
Other operating income and expense (balance)	-135	-351	-84	-100	-100
as percentage of rental income	neg.	neg.	neg.	neg.	neg.
Valuation result	-725	-9,734	-6,370	0	0
as percentage of rental income	neg.	neg.	neg.	0.0%	0.0%
<b>Operating income</b>	<b>-1,810</b>	<b>-1,754</b>	<b>-727</b>	<b>6,298</b>	<b>7,536</b>
as percentage of rental income	neg.	neg.	neg.	47.4%	59.0%
Income from equity-accounted participations	7,225	-7,075	1,401	3,884	4,059
Other investment result	413	0	0	0	0
<b>Income from participations</b>	<b>7,638</b>	<b>-7,075</b>	<b>1,401</b>	<b>3,884</b>	<b>4,059</b>
as percentage of rental income	176.6%	neg.	13.4%	29.2%	31.8%
Minority interests	-768	435	945	-945	-1,130
Expenses for going public	1,825	0	0	0	0
Net interest expenses	-1,491	-4,907	-4,525	-5,002	-5,102
as percentage of rental income	neg.	neg.	neg.	neg.	neg.
<b>Financial result</b>	<b>-4,084</b>	<b>-4,472</b>	<b>-3,580</b>	<b>-5,946</b>	<b>-6,232</b>
as percentage of rental income	neg.	neg.	neg.	neg.	neg.
<b>Profit (loss) before taxes</b>	<b>1,744</b>	<b>-13,301</b>	<b>-2,906</b>	<b>4,236</b>	<b>5,363</b>
as percentage of rental income	40.3%	neg.	neg.	31.9%	42.0%
Income taxes	0	0	0	0	0
<b>Net profit (loss)</b>	<b>1,744</b>	<b>-13,301</b>	<b>-2,906</b>	<b>4,236</b>	<b>5,363</b>
as percentage of rental income	40.3%	neg.	neg.	31.9%	42.0%
Number of shares ('000)	2,360	9,407	9,407	9,407	9,407
<b>EPS (EUR)</b>	<b>0.74</b>	<b>-1.41</b>	<b>-0.31</b>	<b>0.45</b>	<b>0.57</b>
DPS (EUR)	0.00	0.00	0.00	0.10	0.10

Source: Independent Research; Fair Value REIT-AG



Fair Value REIT-AG						
Consolidated balance sheet						
Unit : Fiscal year : Accounting standards :	EUR'000 Dec 31 IFRS	2007	2008	2009	2010E	2011E
Assets						
Intangible assets		2	2	4	0	0
Property, plant, and equipment		31	22	12	7	6
Investment properties		150,070	130,740	137,587	137,587	137,587
Properties under construction		566	0	0	0	0
Equity-accounted investments		58,909	48,443	47,442	49,576	51,885
Fiancial assets (non-current)		5,005	2,319	348	348	348
Total non-current assets		214,583	181,526	185,393	187,519	189,826
Non-current assets available for sale		5,700	0	8,237	0	0
Trade receivables		869	1,502	1,307	1,372	1,441
Other receivables and assets		3,826	1,176	591	621	652
Cash and cash equivalents		5,381	14,039	8,281	10,764	9,210
Total current assets		15,776	16,717	18,416	12,757	11,303
Total assets		230,359	198,243	203,809	200,276	201,129
Equity and liabilities						
Subscribed capital		47,034	47,034	47,034	47,034	47,034
Share premium		46,167	46,167	46,167	46,167	46,167
Profit reserve		1,462	-11,839	-14,745	-10,509	-6,088
Net assets of shareholders		0	-4,575	-5,446	-5,446	-5,446
Treasury shares		0	0	-290	-290	-290
Total equity		94,663	76,787	72,720	76,956	81,377
Minority interests		18,487	16,505	15,296	16,241	17,371
Financial liabilities		57,116	78,352	104,004	93,604	88,923
Other liabilities		494	4,496	5,313	6,751	6,491
Total non-current liabilities		76,097	99,353	124,613	116,595	112,786
Provisions		255	334	261	332	319
Financial liabilities		55,018	15,905	4,312	4,226	4,141
Trade payables		2,617	1,359	809	1,052	1,367
Other current liabilities		1,709	4,505	1,094	1,116	1,138
Total current liabilities		59,599	22,103	6,476	6,725	6,966
Total equity and liabilities		230,359	198,243	203,809	200,276	201,129

Source: Independent Research: Fair Value REIT-AG

Source: Independent Research; Fair Value REIT-AG

Fair Value REIT-AG						
Consolidated cash flow statement						
Unit : Fiscal year : Accounting standards :	EUR'000 Dec 31 IFRS	2007	2008	2009	2010E	2011E
Net profit (deficit)		1,744	-13,301	-2,906	4,236	5,363
Income tax expense		0	0	0	0	0
Amortisation/depreciation of intangible assets and property, plant, and equipment		3	11	26	33	32
Profits from the disposal of investment properties		0	-1,345	190	0	0
Valuation result		725	9,734	6,370	0	0
Income from equity-accounted investments		-7,225	7,075	-1,401	-3,884	-4,059
Withdrawals from equity-accounted investments		1,418	2,519	1,902	1,750	1,750
Losses from the sale of subsidiaries		3,080	0	0	0	0
Income from the disposal of participating interests		-180	0	0	0	0
Income from beneficial acquisition of participations		-3,155	0	0	0	0
Income from restructuring a financial liability		0	-1,469	0	0	0
Loss/profit for minority interests		768	-435	-945	945	1,130
Disbursement to minority interests		-1,371	-1,256	-397	0	0
Result from the valuation of derivative financial instruments		-16	88	108	0	0
Expenses connected to compensation payment received		0	1,880	0	0	0
FFO (funds from operations) subtotal		-4,209	3,501	2,947	3,079	4,216
Compensation payment received		0	15,438	0	0	0
Expenses connected to compensation payment received		0	-1,880	0	0	0
(Increase)/ decrease in trade receivables		-612	-633	249	-65	-69
(Increase)/ decrease in other liabilities		-1,944	3,524	-53	-30	-31
(Decrease)/ increase in provisions		188	79	-85	71	-13
(Decrease)/ increase in trade payables		2,504	-1,258	-639	243	316
(Decrease)/ increase in other liabilities		-51	2,725	-3,679	1,460	-237
Cash flow from operating activities		-4,124	21,496	-1,260	4,758	4,182
Cash and cash equivalents from acquired subsidiaries		12,614	0	0	0	0
Payments for the purchase of interests in associated companies		-10,948	-9	-67	0	0
Proceeds from the sale of subsidiaries		0	4,705	0	0	0
Cash and cash equivalent reduction from sold subsidiaries		-1,037	0	0	0	0
Cash and cash equivalent reduction from participating interests no longer fully consolidated but equity-accounted		-4,318	0	0	0	0
Income from the disposal of investment properties		0	15,068	403	0	0
Investments in investment propert./ propert. under construction		-52,331	-13,892	-74	8,237	0
Income (payment) related to non-current assets		0	-2,300	2,050	0	0
Investm. in property, plant and equipm. and intangible assets		-36	-2	-18	-25	-30
Income from the sale of property ownership certificates		190	0	0	0	0
Cash flow from investment activities		-55,866	3,570	2,294	8,212	-30
Dividend distribution		0	0	0	0	-941
Capital contribution		16,835	0	-290	0	0
Payments for capital procurement		-1,117	0	0	0	0
Receipts from financial liabilities		51,398	46,959	80	-10,487	-4,765
Repayment from financial liabilities		-1,758	-63,367	-8,421	0	0
Cash flow from financing activities		65,358	-16,408	-8,631	-10,487	-5,705
Change in cash and cash equivalents		5,368	8,658	-7,597	2,483	-1,554
Cash and cash equivalents - start of period		13	5,381	15,878	8,281	10,764
Cash and cash equivalents - end of period		5,381	14,039	8,281	10,764	9,210

Source: Independent Research; Fair Value REIT-AG

1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



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### Recommendations concerning particular shares (starting December 18, 2009)

- Buy: According to our assessment, the stock will rise by at least 15% in absolute terms within a 6-month period.
- Hold: According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
- Sell: According to our assessment, the stock will decline in absolute terms within a 6-month period.

### Recommendations concerning particular shares (until December 17, 2009)

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- Accumulate: According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
- Reduce: According to our assessment, the stock will decline by between 0% and 15% in absolute terms within a 6-month period.
- Sell: According to our assessment, the stock will decline by least 15% in absolute terms within a 6-month period.

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**As at: 05/14/2010**

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