

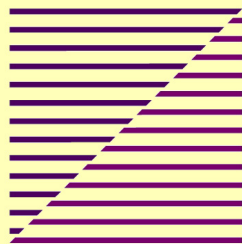


Independent Research

Unabhängige Finanzmarktanalyse GmbH

Investment Research

Fair Value REIT-AG



fair value
REIT

Q3 results 2011

11/18/2011

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 raised its earnings guidance for 2011

Q3 results 2011

- ⇒ In Q3 2011, Fair Value suffered a decline in rental income to EUR2.7m (2.9; our forecast: 2.7) due to consolidation effects. Net rental income dropped to EUR1.9m (2.6; our forecast: 1.6), which was still better than we had expected thanks to lower than predicted real estate-related expenses.
- ⇒ With EBIT of EUR1.3m (2.0; our forecast: 1.1), net income for the quarter reached EURO.9m (1.8; our forecast: 0.6). The at equity income improved to EUR1.5m (1.4).
- ⇒ The company's Q3 figures were largely determined by cost cuts and a decline in interest charges. These two effects were also responsible for the new upward revision of the guidance.
- ⇒ Fair Value is now forecasting adjusted net income of EUR5.6m (before: 5.0) and adjusted EPS of EURO.60 (before: 0.54) for 2011. We have raised our estimates as well (e.g. reported EPS 2011E: EURO.90 (before: 0.73); EPS 2012E: EURO.96 (before: 0.85)).
- ⇒ In the past few weeks, the Fair Value stock has shown a good performance (1M, absolute: +2.7%; relative to DAX: +4.3 percentage points). Given the company's very solid portfolio and financing structure, the discount of approximately 54% to the EPRA-NAV (EUR9.11) is not justified. Arguments in favour of the stock include the expected improvement in earnings and the defensive nature of the company's business model. A negative factor is the lack of non-organic growth prospects, however. Still, we may see some surprises in this respect (cf. Börsen-Zeitung interview with CEO Schaich on possible mergers) after all. Therefore, we are maintaining our Buy recommendation with a new price target of EUR8.70 (before: 8.00).

Fair Value REIT-AG 6)

Recommendation: Buy

before:

-

as of

-

Price target (in EUR) (6 months)

8.70

Share price (Xetra) (in EUR)

4.25

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Share price potential

104.71%

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	41.42%
Market cap. (EURm)	40.0
Ø Trading volume	4,836
52W High 06/30/11	EUR5.15
52W Low 08/09/11	EUR3.86
Beta	0.70
Volatility (60 days)	30.90

Multiples

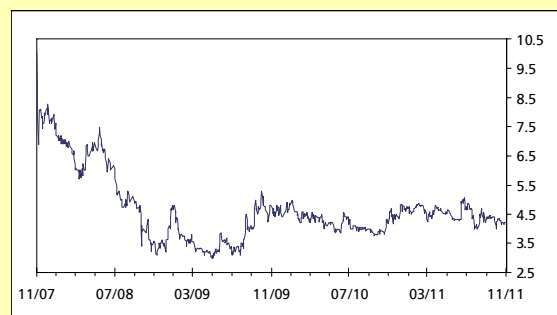
	EV/Sales	EV/EBIT	P/E	Dividend yield
2008	10.7	neg.	neg.	0.0%
2009	13.1	neg.	neg.	0.0%
2010	10.5	44.3	17.9	2.4%
2011E	11.0	17.9	4.7	2.4%
2012E	10.0	18.2	4.4	3.5%

Performance (in %)

	1M	3M	6M	12M
Absolute	2.7	3.7	-5.8	-2.7
Relative to:				
DAX	3.2	4.7	17.3	9.2
Pr. Fin. Services	5.0	8.0	16.8	6.0

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	2008	12,392	-1,754	-13,736	-13,301	-1.41
IFRS	2009	10,460	-727	-3,851	-2,906	-0.31
IFRS	2010	12,081	2,867	1,975	2,232	0.24
IFRS	2011E	11,080	6,775	7,275	8,458	0.90
IFRS	2012E	12,159	6,661	7,661	9,038	0.96

CAGR 2008 - 2012E -0.5% - - -

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

Direct investments in the real estate market and participations in real estate funds

Fair Value REIT-AG at a glance

Munich-based Fair Value REIT-AG is a real estate investment trust (REIT) specialising in the acquisition, letting, management and sale of commercial properties. The company's investment activity focuses on office and retail properties in certain regional locations in Germany. Fair Value is following a two-pronged strategy. It acquires interests in closed-end real estate funds on the one hand, and it makes direct investments in the German real estate market on the other. As at September 30, 2011, the market value of all properties held (including associated companies) totalled EUR495m. Fair Value's share in the market value of the entire portfolio (directly held real estate plus properties held through participations (pro rata)) was around EUR224m. The occupancy rate was 94.4% (93.6%), and the potential rent was EUR19.6m per year at full lease-up.

Fair Value REIT-AG came into being in 2007 when "IC Grundbesitz Gesellschaft mbH & Co. Beteiligungs-KG" changed its corporate form to Fair Value Immobilien-Aktiengesellschaft. Since November 16, 2007, the company is listed in the Prime Standard segment 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
Free float	41.42

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

Source: Fair Value REIT-AG

as of 09/30/11

REITs do not have to pay corporate and business taxes

Real Estate Investment Trust - REIT

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 the 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 two years. REITs do 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 REIT investors.

Business performance in Q3 2011

Occupancy rate as at September 30: 94.4% (93.6%)

Reduction in vacancy with much lower expenses

Q3 sales figures contained no surprises. Due to consolidation effects, rental income for the quarter fell to EUR2.7m (2.9; our forecast: 2.7). By contrast, operating income and incidental costs remained unchanged at EUR0.5m (0.5; our forecast: 0.5). Net rental income beat expectations despite a decline. As real estate-related expenses were lower than anticipated (EUR1.3m (0.9; our forecast: 1.6)), net rental income reached EUR1.9m (2.9; our forecast: 1.6). The cost item suggests that Fair Value is making better progress on the reduction in vacancy than had been expected at the beginning of the year. As at September 30, 2011, the occupancy rate was 94.4% (93.6%; H1: 93.1%). In 9M 2011, rental income amounted to EUR7.8m (8.9).

Fair Value REIT-AG			
Selected key data of the consolidated income statement			
Unit : EUR'000	Q3 2010	Q3 2011	Q3 2011
Fiscal year : Dec 31			
Accounting standards : IFRS			(our forecast)
Sales	3.4	3.2	3.2
Net rental result as percentage of sales	2.6 74.8%	1.9 58.4%	1.6 50.0%
Operating income as percentage of sales	2.0 57.2%	1.3 39.5%	1.1 34.4%
At equity income as percentage of sales	1.4 41.2%	1.5 45.6%	1.4 43.8%
Net income as percentage of sales	1.8 51.8%	0.9 28.7%	0.6 18.8%

Source: Independent Research; Fair Value REIT-AG

At equity income determined by decline in interest charges and increase in market value

Slight increase in net interest income at group level

As net rental income was below prior year level and administration costs remained roughly the same, EBIT declined to EUR1.3m (2.0; our forecast: 1.1). The at equity income increased again, reaching EUR1.5m (1.4; our forecast: 1.4). It was driven by a decline in interest charges and an increase in the market value of interest rate swaps (effect in Q3: EUR+0.1m (-0.2)). At group level, interest charges declined slightly to EUR1.1m (1.2) as well. Net income for the quarter was EUR0.9m (1.8; our forecast: 0.6). In 9M 2011, net income reached EUR4.5m (4.1), while adjusted net income was EUR4.2m (4.1).

Net debt reduced

Fair Value reduced its net financial debt to EUR84.6m as at September 30, 2011 (December 31, 2010: 87.1). In the current year, the company made repayments to a total of EUR4.9m and paid a dividend of EUR0.9m. In 9M, the operating cash flow reached EUR2.7m (2.3), a year-on-year increase due to the rise in earnings, among other things. The equity ratio pursuant to the German REIT Act was 50.7% (December 31, 2010: 49.6%). At the end of 9M 2011, the balance sheet equity ratio was 40.1% (December 31, 2010: 38.0%).

Fair Value REIT-AG			
Selected key data of the consolidated income statement			
Unit : EUR'000	9M 2010	9M 2011	9M 2011
Fiscal year : Dec 31			(our forecast)
Accounting standards : IFRS			
Sales	10.4	9.6	9.6
Net rental result as percentage of sales	7.1 68.2%	6.3 65.5%	6.0 62.7%
Operating income as percentage of sales	5.3 51.3%	4.2 44.0%	4.0 42.3%
At equity income as percentage of sales	3.4 32.9%	4.5 47.4%	4.5 46.7%
Net income as percentage of sales	4.1 39.3%	4.5 47.2%	4.2 43.9%

Source: Independent Research; Fair Value REIT-AG

Upcoming follow-up financing round creates further savings potential

Earnings target raised

For the second time this year, the company has revised upward its earnings target for 2011. Fair Value now predicts adjusted net income of EUR5.6m (before: 5.0) and adjusted EPS of EURO.60 (before: 0.54). The reason for this 12% increase in earnings targets was that real estate-related expenses were lower than expected and that interest charges were reduced. Against the background of the good earnings figures and the company's optimisation measures on the debt side, the new upward revision of the guidance does not come as a surprise. In our opinion, further optimisation measures concerning the upcoming follow-up financing round (e.g. roughly EUR30m by mid-2012) will be the main driver of future earnings growth. Thanks to the favourable interest rate level and the company's sufficient capitalisation, Fair Value has additional savings potential in interest charges. We have raised our estimates as well, now predicting reported EPS 2011E of EURO.90 (before: 0.73). For 2012E, we are forecasting reported EPS of EURO.96 (before: 0.85).

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 is classified as a REIT, it will distribute a large percentage of profit in the future. We still weight the DDM at 33.3%. 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 real estate investment companies which primarily manage office and commercial properties. The fair value per share results from the weighted average of the three valuation methods.

NAV calculation 2009-2012E				
	2009	2010E	2011E	2012E
Fair market value of investment properties	137,587	128,650	128,650	128,650
Equity-accounted participations	47,442	48,551	52,051	55,551
Other assets less other liabilities	3,022	-1,021	-3,746	-4,068
Financial liabilities	108,316	99,103	90,116	85,950
Cash and cash equivalents	8,281	11,975	8,548	7,924
Minority interests	15,296	14,494	13,311	11,934
NAV	72,720	74,558	82,075	90,173
Number of shares (in m)	9,407	9,407	9,407	9,407
NAV per share	7.73	7.93	8.73	9.59
Average NAV per share			9.16	
Figures in EUR'000 except for NAV per share (in EUR)				
Source: Independent Research; Fair Value REIT-AG				

NAV per share: EUR9.16
(before: 8.93); fair value
acc. to DDM: EUR3.75

We have based our valuation of the Fair Value stock on the average NAV for the fiscal years 2011 and 2012. Due to our increased earnings estimates the average NAV per share amounts to EUR9.16 (before: 8.93). The EPRA NAV per share calculated by Fair Value was EUR9.11 as at September 30, 2011 (December 31, 2010: EUR8.93).

The DDM implies a new fair value per share of EUR3.75 (before: 3.65) due to the temporal adjustment of the model.

Dividend discount model (DDM)										
in EUR	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
DPS	0.10	0.15	0.17	0.20	0.23	0.26	0.30	0.35	0.40	0.46
Present values	0.10	0.14	0.15	0.16	0.17	0.19	0.20	0.21	0.23	0.25
Sum of present values	1.79									
Terminal value	1.95									
										in % of total value : 52%
Fair value per share	3.75									
Model parameters DDM: Risk-free rate of return : 4.00% Beta : 0.7 Risk premium equity : 4.0% Cost of equity : 6.8% As of : 11/16/11										
Source: Independent Research										

Peer group comparison				
Company	P/E		EV/Sales	
	2011 E	2012 E	2011 E	2012 E
ALSTRIA OFFICE REIT	14.5	14.3	15.3	13.8
DIC Asset	20.1	15.6	10.9	9.5
Deutsche Euroshop	18.8	15.8	15.4	14.2
Hamborner REIT	31.0	25.2	11.6	9.5
Average	21.1	17.7	13.3	11.8

Source: Independent Research; Bloomberg

Share prices as of 11/15/2011

in EUR'000, EPS in EUR	EPS		Sales	
	2011 E	2012 E	2011 E	2012 E
Fair Value REIT-AG	0.90	0.96	13,175	13,761
Enterprise value			175,228	161,692
Cash and cash equivalents			9,670	
Debt			-94,249	
Fair market capitalisation			90,649	77,113
Number of shares (in '000)			9,407	
Fair value	18.96	17.02	9.64	8.20
Average		17.99		8.92
Weighting		1/2		1/2
Fair value per share				13.45

Source: Independent Research

New price target: EUR8.70
(before: 8.00)

Due to our increased estimates and higher valuation multiples our peer group analysis produced a fair value per share of EUR13.45 (before: 11.53). The combination of the different valuation models leads to a new total fair value of EUR8.78 (before: 8.03) per share. Accordingly, we raise our price target to EUR8.70 (before: 8.00) for the Fair Value share.

Valuation summary			
	NAV	DDM	Peer group
Fair value per share (EUR)	9.16	3.75	13.45
Weighting	33.3%	33.3%	33.3%
Total fair value per share (EUR)		8.78	

Source: Independent Research

Fair Value REIT-AG								
Selected key data								
	Unit : Fiscal year : Accounting standards :	EUR'000 Dec 31 IFRS	2007	2008	2009	2010	2011E	2012E
Key data income statement								
Rental income (EUR'000)			4,326	12,392	10,460	12,081	11,080	12,159
EBITDA margin			neg.	64.5%	54.2%	58.9%	61.2%	54.9%
EBIT margin			neg.	neg.	neg.	23.7%	61.1%	54.8%
Net yield			124.7%	neg.	neg.	18.5%	76.3%	74.3%
Value adjustment ratio			16.8%	78.6%	60.9%	35.1%	0.0%	0.0%
Interest coverage ratio			1.2	0.4	0.2	-0.6	-1.5	-1.8
Profitability ratios								
ROE			5.7%	neg.	neg.	3.0%	10.3%	10.0%
ROI			2.3%	neg.	neg.	1.1%	4.4%	4.6%
Accounting ratios								
Equity ratio			41.1%	38.7%	35.7%	38.0%	42.4%	45.8%
Ratio of equity to non-current assets			44.1%	42.3%	39.2%	42.0%	45.4%	48.9%
Ratio of non-current assets to total assets			93.2%	91.6%	91.0%	90.6%	93.4%	93.7%
Trade accounts receivables/Sales			20.1%	12.1%	12.5%	10.7%	12.2%	11.4%
Key data per share (EUR)								
EPS			2.29	-1.41	-0.31	0.24	0.90	0.96
Free cash flow per share			-24.05	2.66	0.11	1.38	0.69	0.48
Dividend per share			0.00	0.00	0.00	0.10	0.10	0.15
Cash and cash equivalents per share			2.28	1.49	0.88	1.27	0.91	0.84
Book value per share			40.11	8.16	7.73	7.93	8.73	9.59
Valuation ratios								
EV/Sales			29.0	10.7	13.1	10.5	11.0	10.0
EV/EBITDA			neg.	neg.	neg.	42.6	17.9	18.2
EV/EBIT			neg.	neg.	neg.	44.3	17.9	18.2
P/E			3.5	neg.	neg.	17.9	4.7	4.4
Price-to-book ratio			0.2	0.7	0.5	0.5	0.5	0.4
Price-to-cash flow ratio			-0.3	neg.	neg.	neg.	neg.	neg.
Price-to-sales ratio			4.3	4.3	3.5	3.3	3.6	3.3
Dividend yield			0.0%	0.0%	0.0%	2.4%	2.4%	3.5%

Source: Independent Research; Fair Value REIT-AG

Source: Independent Research; Fair Value REIT-AG

Fair Value REIT-AG						
Consolidated income statement						
Unit : Fiscal year : Accounting standards :	EUR'000 Dec 31 IFRS	2007	2008	2009	2010	2011E 2012E
Rental income		4,326	12,392	10,460	12,081	11,080 12,159
year-on-year growth		-	186.5%	-15.6%	15.5%	-8.3% 9.7%
Operating income and incidental costs		264	1,303	1,505	2,363	2,095
Expenses for investment properties		2,038	2,912	3,437	4,909	4,200
Net rental result		2,552	10,783	8,528	9,535	8,975 8,761
year-on-year growth		-	322.5%	-20.9%	11.8%	-5.9% -2.4%
General administrative expenses		3,502	3,797	2,611	2,252	2,300
as percentage of rental income		81.0%	30.6%	25.0%	18.6%	20.8% 16.4%
Other operating income and expenses (total)		-135	-351	-84	-69	100
as percentage of rental income		neg.	neg.	neg.	neg.	0.9% neg.
Result from sale of investment properties		0	1,345	-190	-109	0
as percentage of rental income		0.0%	10.9%	neg.	neg.	0.0% 0.0%
Valuation result		-725	-9,734	-6,370	-4,238	0
as percentage of rental income		neg.	neg.	neg.	neg.	0.0% 0.0%
Operating income		-1,810	-1,754	-727	2,867	6,775 6,661
as percentage of rental income		neg.	neg.	neg.	23.7%	61.1% 54.8%
Income from participations		7,638	-7,075	1,401	3,873	5,000 5,000
as percentage of rental income		176.6%	neg.	13.4%	32.1%	45.1% 41.1%
Expenses for going public		1,825	0	0	0	0
Net interest expenses		-1,491	-4,907	-4,525	-4,765	-4,500
as percentage of rental income		neg.	neg.	neg.	neg.	neg. neg.
Financial result		334	-4,907	-4,525	-4,765	-4,500 -4,000
as percentage of rental income		7.7%	neg.	neg.	neg.	neg. neg.
Profit (loss) before taxes		6,162	-13,736	-3,851	1,975	7,275 7,661
as percentage of rental income		142.4%	neg.	neg.	16.3%	65.7% 63.0%
Income taxes		0	0	0	2	0
Profit (loss) before minority interests		6,162	-13,736	-3,851	1,977	7,275 7,661
Minority interests		-768	435	945	255	1,183
Net profit (loss)		5,394	-13,301	-2,906	2,232	8,458 9,038
as percentage of rental income		124.7%	neg.	neg.	18.5%	76.3% 74.3%
Number of shares ('000)		2,360	9,407	9,407	9,407	9,407
EPS (EUR)		2.29	-1.41	-0.31	0.24	0.90 0.96
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 : EUR'000		2007	2008	2009	2010	2011E	2012E
Fiscal year : Dec 31							
Accounting standards : IFRS							
Assets							
Intangible assets		2	2	4	3	3	3
Property, plant and equipment		31	22	12	7	8	8
Investment properties		150,070	130,740	137,587	128,650	128,650	128,650
Properties under construction		566	0	0	0	0	0
Equity-accounted investments		58,909	48,443	47,442	48,551	52,051	55,551
Financial assets (non-current)		5,005	2,319	348	269	269	269
Total non-current assets		214,583	181,526	185,393	177,480	180,981	184,481
Non-current assets available for sale		5,700	0	8,237	2,500	0	0
Trade receivables		869	1,502	1,307	1,291	1,356	1,389
Other receivables and assets		3,826	1,176	591	2,717	2,853	2,995
Cash and cash equivalents		5,381	14,039	8,281	11,975	8,548	7,924
Total current assets		15,776	16,717	18,416	18,483	12,757	12,309
Total assets		230,359	198,243	203,809	195,963	193,737	196,789
Equity and liabilities							
Subscribed capital		47,034	47,034	47,034	47,034	47,034	47,034
Share premium		46,167	46,167	46,167	46,167	46,167	46,167
Retained earnings (loss carried forward)		1,462	-11,839	-14,745	-12,513	-4,996	3,102
Reserve for changes in value		0	-4,575	-5,446	-5,732	-5,732	-5,732
Treasury shares		0	0	-290	-398	-398	-398
Total equity		94,663	76,787	72,720	74,558	82,075	90,173
Minority interests		18,487	16,505	15,296	14,494	13,311	11,934
Financial liabilities		57,116	78,352	104,004	87,556	78,800	74,860
Other liabilities		494	4,496	5,313	5,227	5,358	5,492
Total non-current liabilities		76,097	99,353	124,613	107,277	97,469	92,286
Provisions		255	334	261	241	241	241
Financial liabilities		55,018	15,905	4,312	11,547	11,316	11,090
Trade payables		2,617	1,359	809	1,083	1,354	1,692
Other current liabilities		1,709	4,505	1,094	1,257	1,282	1,308
Total current liabilities		59,599	22,103	6,476	14,128	14,193	14,331
Total equity and liabilities		230,359	198,243	203,809	195,963	193,737	196,789

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	2010	2011E 2012E
Net profit (deficit)		5,394	-13,301	-2,906	2,232	8,458 9,038
Income tax expense		0	0	0	-8	0
Amortisation/depreciation of intangible assets and property, plant and equipment		3	11	26	10	9
Profits from the disposal of investment properties		0	-1,345	190	109	0
Valuation result		725	9,734	6,370	4,238	0
Income from equity-accounted investments		-7,638	7,075	-1,401	-3,873	-5,000
Withdrawals from equity-accounted investments		1,418	2,519	1,902	2,758	1,500
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 of a financial liability		0	-1,469	0	0	0
Loss/profit for minority interests		768	-435	-945	-255	-1,183
Disbursement to minority interests		-1,371	-1,256	-397	-469	0
Result from the valuation of derivative financial instruments		-16	88	108	-113	0
Expenses connected to compensation payment received		0	1,880	0	169	0
FFO (funds from operations) subtotal		-972	3,501	2,947	4,798	3,784 4,171
Compensation payment received		0	15,438	0	500	0
Expenses connected to compensation payment received		0	-1,880	0	-169	0
(Increase)/decrease in trade receivables		-612	-633	249	16	-65
(Increase)/decrease in other liabilities		-1,944	3,524	-53	-39	-136
(Decrease)/increase in provisions		188	79	-85	-20	0
(Decrease)/increase in trade payables		2,504	-1,258	-639	274	271
(Decrease)/increase in other liabilities		-51	2,725	-3,679	-231	156
Cash flow from operating activities		-887	21,496	-1,260	5,129	4,010 4,493
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	-13	0
Proceeds from the sale of subsidiaries		0	4,705	0	76	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	8,128	0
Investments in investment propert./ property. under construction		-52,331	-13,892	-74	-301	2,500
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	-4	-10
Income from the sale of property ownership certificates		190	0	0	0	0
Cash flow from investment activities		-55,866	3,570	2,294	7,886	2,490 -10
Dividend distribution		0	0	0	0	-941
Capital contribution		16,835	0	-290	-108	0
Payments for capital procurement		-1,117	0	0	0	0
Receipts from financial liabilities		51,398	46,959	80	0	-8,987
Repayment from financial liabilities		-1,758	-63,367	-8,421	-9,213	0
Cash flow from financing activities		65,358	-16,408	-8,631	-9,321	-9,927 -5,107
Change in cash and cash equivalents		8,605	8,658	-5,758	3,694	-3,427
Cash and cash equivalents - start of period		13	8,618	14,039	8,281	11,975
Cash and cash equivalents - end of period		8,618	17,276	8,281	11,975	8,548 7,924

Source: Independent Research; Fair Value REIT-AG



Disclaimer

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)

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

Compulsory information required under Section 34b of the German Securities Trading Act (WpHG) and the Financial Analysis Regulation

Key sources of information

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. Börsenzeitung, Handelsblatt, FAZ, FTD, Wall Street Journal, Financial Times etc.), specialised journals, published statistics, rating agencies and publications of the issuers under coverage.

Summary of the valuation 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 net value of the issuer is calculated, which represents the sum of the discounted company results, i.e. the net present value of the issuer's future net cash flows. The net value is therefore determined with reference to the company's anticipated future results and the discount rate applied. Under the Peer-Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of valuation multiples (e.g. price/earnings ratio, price/book value, enterprise value/sales, enterprise value/EBITDA, enterprise value/EBIT). Comparability of the valuation multiples is primarily determined by business activity and economic prospects.

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

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As at: 11/18/2011

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