

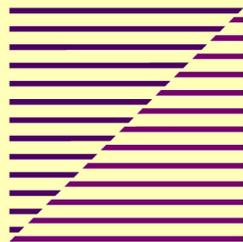


**Independent Research**

Unabhängige Finanzmarktanalyse GmbH

# Investment Research

## Fair Value REIT-AG



fair value  
REIT

**Update Q1 2008**

**06/03/2008**

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## Fair Value presents solid quarterly figures

### Operating development Q1 2008

- ⇒ In Q1 2008, Fair Value recorded rental income totalling EUR2.95m (our forecast: 2.87). Because of the company's short history, there are no year-ago reference figures. For the first time, the Sparkasse real estate portfolio made a significant contribution to rental income.
- ⇒ With an operating income of EUR1.86m (our forecast: 1.17), net income for the quarter amounted to EURO.35m (our forecast: 0.39). The net income was dragged down by a decline in the current market value of interest rate swaps to the amount of EURO.87m.
- ⇒ Regardless of the negative valuation effect, the company's Q1 results were solid, in our opinion. We welcome that the company reaffirmed its outlook (group net income of between EUR1.3m and 1.5m), even more so as the negative valuation effect could not be foreseen at the time the guidance was announced. If the derivative financial instruments were marked-to-market right now, there would be a positive effect.
- ⇒ We leave our forecasts for 2008E unchanged (rental income: EUR12.4m; group net income: EUR2.27m). We expect the Düsseldorf building to make noteworthy contributions in the further course of the year. In addition, we assume that Fair Value will use the market recovery for further optimisation of its real estate portfolio.
- ⇒ Our updated valuation leads to a new fair value of EUR8.74 (before: 8.96) per share. The change is due to a decline in the peer group valuation. Our NAV of EUR10.30 per share remains unchanged. According to Fair Value, the NAV is EUR10.10 per share as at March 31. The recent share price increase (about +7% since our last report published on April 23) is a positive sign, in our opinion. The share benefits from the fact that it is noticed more by investors now. Furthermore, the prospects of the REIT company are intact. With a new price target of EUR8.70 (before: 8.90), we still recommend to Buy.

## Fair Value REIT-AG 4)

**Recommendation: Buy**

**before:**

as of

<b>Price target</b> (in EUR) (6 months)	<b>8.70</b>
Share price(Xetra) (in EUR)	7.20
06/02/08 1:17 PM	
Share price potential	20.83%

### 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)	67.7
∅ Trading Volume	1,843
52W High 11/16/07	EUR10.35
52W Low 03/28/08	EUR5.53
Beta	0.60
Volatility (60 days)	46.10

### Multiples

	EV/Sales	EV/EBIT	P/E ratio	Dividend yield
2006	-	-	-	-
2007	24.7	-59.0	10.7	0.0%
2008E	12.9	29.6	29.9	4.9%
2009E	15.5	26.7	11.6	5.4%
2010E	12.9	21.9	9.6	6.1%

### Performance (in %)

	1 month	3 months	6 months	12 months
Absolut	8.3	5.9	-	-
Relative to:				
DAX	8.8	1.9	-	-
Prime Fin. Serv	8.8	1.9	-	-

### Index Weighting

Prime Fin. Services	0.103%
RX REIT Index	7.830%



Author: Zafer Rüzgar (analyst)

AP	FY	Sales	EBIT	EBT	EAT	EPS
IFRS	2006	0	-21	-20	-56	-
IFRS	2007	4,326	-1,810	1,744	1,744	0.74
IFRS	2008E	12,400	5,378	2,268	2,268	0.24
IFRS	2009E	15,840	9,192	5,828	5,828	0.62
IFRS	2010E	18,400	10,856	7,082	7,082	0.75
CAGR 2006 - 2010E		62.0%	neg.	59.5%	59.5%	

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

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

## Company profile

*Focus on German real estate market*

### A generalist among real estate companies

Fair Value REIT-AG is a real estate investment trust (REIT) specialising in the acquisition, rental, property management and sale of commercial properties. The company operates exclusively in the German real estate market and focuses on certain regions, investing primarily in office, logistics and retail properties. Fair Value regards itself as a generalist. Apart from direct acquisitions of real estate, the company's investment strategy also includes a special kind of indirect investment (acquisition of interests in closed-end real estate funds).

#### 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
<b>Free float</b>	<b>42.28</b>

\* H.F.S. Zweitmarkt are controlled by UniCredito  
UniCredito's share of voting rights in Fair Value is 30.46%

Source: Fair Value REIT-AG

*Important unique selling point*

### Investing in closed-end funds

Investing in the secondary market of closed-end funds is an important unique selling point of Fair Value. At present, there is no competitor with a similar investment strategy. By offering its shares, Fair Value gives investors access to a liquid market with a higher level of transparency. On the other hand, Fair Value gains an important access to a broad market volume (estimated market volume in Germany: EUR140bn). Within a very short time, Fair Value generated approximately 80% of its total portfolio. One of the main advantages for Fair Value is that the company does not necessarily depend on liquid funds in order to finance investments. As a rule, the transactions are exercised by means of a contribution in kind.

### Fair Value's share of the total portfolio: EUR286m

The company's total portfolio (properties of the Participations and Direct Investments divisions) includes 81 properties with a total rental area of 466,000 sqm. Fair Value's share in rental income amounts to about EUR22m per year, which corresponds to an average rental yield of 8.0% per year. As at March 31, 2008, the portfolio had a total market value of about EUR619m, while Fair Value's share amounted to about EUR286m.

## Operating development in Q1 2008

### Solid results for the quarter

Fair Value released its Q1 2008 results yesterday, which are solid from a substantial point of view. The only thing that surprised us was a negative effect to the amount of EURO.87m from the changes in the fair value of derivative financial instruments. As this loss from the mark-to-market valuation of interest rate swaps is not a form of hedge accounting, the change in current market value influences the profit and loss account.

The main disadvantage is that the change in current market value of the financial instruments cannot be planned. Depending on the development of the yield curve, a profit is possible as well, however. Based on the recently rising expectations of an increase in interest rates, the company would register a positive effect on its profit and loss account if the financial instruments were marked-to-market right now.

*Effects of revaluation cannot be planned*

<b>Fair Value REIT-AG</b>				
<b>Selected key data of the consolidated income statement</b>				
	<b>Unit :</b> EURm	<b>Q1 2008</b>	<b>Q1 2008</b>	
	<b>Fiscal year :</b> Dec 31		<b>(our forecast)</b>	
	<b>Accounting standards :</b> IFRS		<b>Deviation</b>	
			<b>(in %)</b>	
<b>Rental income</b>		<b>2.95</b>	<b>2.87</b>	2.8%
<b>General administrative expenses</b>		<b>0.61</b>	<b>0.55</b>	10.9%
as percentage of rental income		20.7%	19.2%	
<b>Valuation result</b>		<b>-0.30</b>	<b>-0.55</b>	-46.4%
as percentage of rental income		-10.0%	-19.2%	
<b>Operating income</b>		<b>1.86</b>	<b>1.17</b>	59.2%
as percentage of rental income		63.2%	40.8%	
<b>Financial result</b>		<b>-1.52</b>	<b>-0.78</b>	94.2%
as percentage of rental income		-51.4%	-27.2%	
<b>Consolidated profit</b>		<b>0.35</b>	<b>0.39</b>	-10.8%
as percentage of rental income		11.8%	13.6%	

Source: Independent Research; Fair Value REIT-AG

### Contribution of Sparkasse portfolio covers full reporting period for the first time

In the past Q1 2008, Fair Value recorded rental income totalling EUR2.95m (our forecast: 2.87). Because of the company's short history (start of operations in Q4 2007), there are no year-ago reference figures. For the first time, the Sparkasse real estate portfolio contributed rental income for the full reporting period. We estimate that the rental income generated by the Sparkasse portfolio amounted to about EURO.70m in Q1 2008.

At EUR1.86m, operating income exceeded our forecast (EUR1.17) significantly. We had expected to see higher real estate-related expenses and a higher valuation loss due to overrents. As the real estate portfolio was not revalued in Q1, there were no overrents for the time being. However, we assume that this expenditure will be incurred upon a follow-up valuation for H1.

*No overrents for the time being*

**Net income for Q1: EURO.35m**

The company's financial result of EUR-1.52m was influenced to a great extent by the mark-to-market valuation of the financial instruments, most of which accrued at the associated companies. Had it not been for this effect (EURO.87), the financial result for Q1 had exceeded our forecast of EUR-0.78m. Net income amounted to EURO.35m (our forecast: 0.39) or EURO.04 (our forecast: 0.04) per share.

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*Net income target: between EUR1.3m and 1.5m*

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*Equity ratio: 40.6%*

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**Fair Value reaffirms outlook for 2008**

Regardless of the burden resulting from the financial instruments, the company reaffirmed its outlook for 2008. Fair Value is still looking to realise a group net income of between EUR1.3m and 1.5m. We proceed from the assumption that Fair Value will attain this goal. Excluding this burden but including overrent, net income for Q1 would have reached about EURO.67m.

As at March 31, 2008, net debt amounted to EUR110.48m (December 31, 2007: 106.75). By the end of March, the balance sheet total increased to EUR234.27m (December 31, 2007: 230.36), which is primarily due to the first-time capitalisation of the Düsseldorf office building. We have already accounted for this effect in our forecasts for 2008. The equity ratio excluding minority interests decreased slightly to 40.6% (December 31, 2007: 41.1%).

**Forecasts unchanged**

We leave our forecasts for 2008E unchanged (rental income: EUR12.4m; group profit: EUR2.27m). As for the further course of the year, we expect the existing portfolio to make a noteworthy contribution following completion of the Düsseldorf office building in H2. According to Fair Value, the building, which is scheduled for completion by mid-July, already has a rental level of more than 50%. Given the attractive location of the property, we anticipate that it will be fully let rather soon.

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*Fair Value is going to use market recovery for further portfolio optimisation*

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At the moment one can see first signs of a market recovery. Therefore, we expect Fair Value to seize the opportunity for further optimisation of its real estate portfolio also in order to release funds for new investments. The company's strategy is focusing more and more on office and logistics properties. In our opinion, these two segments will benefit much sooner from a market recovery.

## Valuation

For the valuation of Fair Value REIT-AG we have used not only a NAV calculation, which is typical for real estate companies, but also a dividend discount model (DDM) and a peer-group comparison. Due to the company's REIT status, Fair Value will distribute a large portion of its profits in the future. We therefore feel that a valuation with a DDM makes sense. For the peer group comparison we have used German 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 equally-weighted average of the three valuation methods.

NAV calculation 2007-2009E				
	2007	2008E	2009E	2010E
Fair market value of investment properties	150,070	201,070	238,670	236,070
Equity-accounted participations	58,909	62,756	65,648	68,424
Other assets less other liabilities	10,924	-5,254	-6,726	-8,406
Financial liabilities	112,134	145,134	180,486	180,866
Cash and cash equivalents	5,381	2,780	3,247	10,326
Minority interests	18,487	19,287	20,887	22,667
<b>NAV</b>	<b>94,663</b>	<b>96,931</b>	<b>99,467</b>	<b>102,880</b>
Number of shares (in m)	9,407	9,407	9,407	9,407
<b>NAV per share</b>	10.06	<b>10.30</b>	10.57	10.94

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

### NAV per share unchanged

Since we have not changed our assumptions and forecasts for 2008, the calculated NAV is the same as in our April 23, 2008 report. Fair Value itself calculated an NAV of EUR10.10 per share as at March 31, 2008.

The slight change in the DDM (EUR9.03 (before: 8.93) per share) is merely the result of a temporal adjustment of the model.

Dividend discount model (DDM)										
in EUR	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
<b>DPS</b>	<b>0.35</b>	<b>0.39</b>	<b>0.44</b>	<b>0.51</b>	<b>0.58</b>	<b>0.67</b>	<b>0.77</b>	<b>0.88</b>	<b>1.02</b>	<b>1.17</b>
<b>Present values</b>	<b>0.34</b>	<b>0.35</b>	<b>0.37</b>	<b>0.40</b>	<b>0.42</b>	<b>0.46</b>	<b>0.49</b>	<b>0.52</b>	<b>0.56</b>	<b>0.60</b>
Sum of present values	4.51									
Terminal value	4.52									
										in % of total value : 50%
<b>Fair value per share</b>	<b>9.03</b>									

**Model parameter DDM:**

Risk-free rate of return : 4.50%      Beta : 0.6      Risk premium equity : 4.0%

Cost of equity: 6.9%      Date : 06/03/08

Source: Independent Research

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

**Peer group comparison**

For the peer group comparison we have used the EV/sales and P/E ratios, each equally weighted. This leads to a fair value of EUR6.89 per share (before: 7.64).

<b>Peer group comparison</b>				
<b>Company</b>	<b>P/E</b>		<b>EV/Sales</b>	
	<b>2008E</b>	<b>2009E</b>	<b>2008E</b>	<b>2009E</b>
<b>ALSTRIA OFFICE REIT-AG</b>	15.1	11.8	13.3	16.2
<b>DIC Asset AG</b>	16.4	12.8	13.3	12.5
<b>Deutsche Euroshop</b>	14.4	14.1	15.8	14.4
<b>IFM Immobilien AG</b>	9.8	8.1	20.3	11.7
<b>POLIS IMMOBILIEN AG</b>	9.3	7.6	11.2	9.6
<b>Average</b>	13.0	10.9	14.8	12.9

Source: Independent Research; Bloomberg

Share prices as of 06/02/2008

	<b>EPS</b>		<b>Sales</b>	
	<b>2008E</b>	<b>2009E</b>	<b>2008E</b>	<b>2009E</b>
in EUR'000, EPS in EUR				
<b>Fair Value REIT-AG</b>	0.24	0.62	12,400	15,840
<b>Enterprise Value</b>			183,190	204,016
<b>Cash and cash equivalents</b>			5,167	
<b>Debt</b>			-115,650	
<b>Fair market capitalisation</b>			72,707	93,533
<b>Number of shares (in '000)</b>			9,407	
<b>Fair value</b>	3.14	6.74	7.73	9.94
<b>Average</b>	4.94		8.84	
<b>Weighting</b>	1/2		1/2	
<b>Fair value per share</b>	<b>6.89</b>			

Source: Independent Research

Valuation summary			
	NAV	DDM	Peer group
Fair value per share (EUR)	10.30	9.03	6.89
Weighting	1/3	1/3	1/3
Final fair value per share (EUR)	<b>8.74</b>		

Source: Independent Research

New fair value per share:  
EUR8.74 (before: 8.96)

Our updated valuation (NAV, DDM, and peer group comparison, being weighted equally) leads to a new fair value of EUR8.74 (before: 8.96) per share. The changed valuation is due to a decline in the peer group valuation. Therefore, we lower our price target slightly to EUR8.70 (before: 8.90). However, the share is in an upward trend, in our opinion. Since our last report, which was published on April 23, the share price increased by about 7%. We believe that this is due to the positive operating prospects. Also, the share benefits from the fact that it is noticed more by investors now. We still recommend to Buy.

<b>Fair Value REIT-AG</b>							
<b>Selected key data</b>							
	<b>Unit :</b>	EUR'000					
	<b>Fiscal year :</b>	Dec 31	<b>2006</b>	<b>2007</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>
	<b>Accounting standards :</b>	IFRS					
<b>Key data income statement</b>							
Sales (EUR'000)			-	4,326	12,400	15,840	18,400
EBITDA margin			-	-25.0%	61.2%	73.2%	73.2%
EBIT margin			-	-41.8%	43.4%	58.0%	59.0%
Net yield			-	40.3%	18.3%	36.8%	38.5%
Value adjustment rate			-	16.8%	17.7%	15.2%	14.1%
Interest coverage ratio			-	-1.2	0.8	1.2	1.2
<b>Profitability ratios</b>							
ROE			-	1.8%	2.3%	5.9%	6.9%
ROI			-	0.8%	0.8%	1.9%	2.2%
<b>Accounting ratios</b>							
Equity ratio			-	41.1%	36.1%	32.2%	32.5%
Ratio of equity to non-current assets			-	44.1%	36.7%	32.7%	33.8%
Ratio of non-current assets to total assets			-	93.2%	98.4%	98.4%	96.2%
Trade accounts receivables / sales			-	20.1%	7.1%	5.8%	5.3%
<b>Key data per share (EUR)</b>							
EPS			-	0.74	0.24	0.62	0.75
Free cash flow per share			-	3.44	-0.95	-0.85	-0.35
Dividend per share			-	0.00	0.35	0.39	0.44
Cash and cash equivalents per share			-	2.28	0.30	0.35	1.10
Book value per share			-	40.11	10.30	10.57	10.94
<b>Valuation ratios</b>							
EV / Sales			-	24.7	12.9	15.5	12.9
EV / EBITDA			-	-98.7	21.0	21.1	17.7
EV / EBIT			-	-59.0	29.6	26.7	21.9
PER			-	10.7	29.9	11.6	9.6
Price to book value ratio			-	0.2	0.7	0.7	0.7
Price to cash flow ratio			-	2.3	-7.6	-8.5	-20.3
Price to sales ratio			-	0.0	1.4	4.3	3.7
Dividend yield			-	0.0%	4.9%	5.4%	6.1%

Source: Independent Research; Fair Value REIT-AG

<b>Fair Value REIT-AG</b>						
<b>Consolidated income statement</b>						
	<b>Unit :</b> EUR'000	<b>2006</b>	<b>2007</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>
	<b>Fiscal year :</b> Dec 31					
	<b>Accounting standards :</b> IFRS					
<b>Rental income</b>		<b>0</b>	<b>4,326</b>	<b>12,400</b>	<b>15,840</b>	<b>18,400</b>
year-on-year growth		-	-	186.6%	27.7%	16.2%
Income from operating and incidental costs		0	264	850	1,120	1,290
Expenses for investment properties		0	2,038	3,472	2,851	3,312
<b>Net rental result</b>		<b>0</b>	<b>2,552</b>	<b>9,778</b>	<b>14,109</b>	<b>16,378</b>
year-on-year growth		-	-	283.2%	44.3%	16.1%
General administrative expenses		21	3,502	2,200	2,517	2,922
as percentage of rental income		-	81.0%	17.7%	15.9%	15.9%
Other operating income and expense (balance)		0	-135	0	0	0
as percentage of rental income		-	-3.1%	0.0%	0.0%	0.0%
Valuation gains		0	4,300	0	0	0
Valuation losses		0	5,025	2,200	2,400	2,600
<b>Valuation result</b>		<b>0</b>	<b>-725</b>	<b>-2,200</b>	<b>-2,400</b>	<b>-2,600</b>
as percentage of rental income		-	-16.8%	-17.7%	-15.2%	-14.1%
<b>Operating income</b>		<b>-21</b>	<b>-1,810</b>	<b>5,378</b>	<b>9,192</b>	<b>10,856</b>
as percentage of rental income		-	-41.8%	43.4%	58.0%	59.0%
Income from equity-accounted participations		0	7,225	4,600	5,876	6,826
Other investment result		0	413	0	0	0
Minority interests		0	-768	-800	-1,600	-1,780
Expenses for going public		0	1,825	0	0	0
<b>Net interest expenses</b>		<b>1</b>	<b>1,491</b>	<b>6,910</b>	<b>7,640</b>	<b>8,820</b>
as percentage of rental income		-	34.5%	55.7%	48.2%	47.9%
<b>Financial result</b>		<b>1</b>	<b>3,554</b>	<b>-3,110</b>	<b>-3,364</b>	<b>-3,774</b>
as percentage of rental income		-	82.2%	-25.1%	-21.2%	-20.5%
<b>Profit before taxes</b>		<b>-20</b>	<b>1,744</b>	<b>2,268</b>	<b>5,828</b>	<b>7,082</b>
as percentage of rental income		-	40.3%	18.3%	36.8%	38.5%
Income taxes		-36	0	0	0	0
<b>Consolidated profit (deficit)</b>		<b>-56</b>	<b>1,744</b>	<b>2,268</b>	<b>5,828</b>	<b>7,082</b>
as percentage of rental income		-	40.3%	18.3%	36.8%	38.5%
Number of shares ('000)		0	2,360	9,407	9,407	9,407
<b>EPS (EUR)</b>		<b>-</b>	<b>0.74</b>	<b>0.24</b>	<b>0.62</b>	<b>0.75</b>
DPS (EUR)		0.00	0.00	0.35	0.39	0.44

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

<b>Fair Value REIT-AG</b>						
<b>Consolidated balance sheet</b>						
	<b>Unit :</b> EUR'000	<b>2006</b>	<b>2007</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>
	<b>Fiscal year :</b> Dec 31					
	<b>Accounting standards :</b> IFRS					
<b>Assets</b>						
Intangible assets		0	2	4	6	7
Property, plant, and equipment		0	31	58	85	113
Investment properties		0	150,070	201,070	238,670	236,070
Properties under construction		0	566	0	0	0
Equity-accounted investments		0	58,909	62,756	65,648	68,424
Financial assets (non-current)		10	5,005	0	0	0
<b>Total non-current assets</b>		<b>10</b>	<b>214,583</b>	<b>263,888</b>	<b>304,409</b>	<b>304,614</b>
Non-current assets available for sale		0	5,700	0	0	0
Trade receivables		0	869	880	924	970
Other receivables and assets		0	3,826	676	710	745
Cash and cash equivalents		13	5,381	2,780	3,247	10,326
<b>Total current assets</b>		<b>13</b>	<b>15,776</b>	<b>4,336</b>	<b>4,881</b>	<b>12,041</b>
<b>Total assets</b>		<b>23</b>	<b>230,359</b>	<b>268,224</b>	<b>309,290</b>	<b>316,655</b>
<b>Equity and liabilities</b>						
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	3,730	6,266	9,679
Net assets of shareholders		-93	0	0	0	0
<b>Total equity</b>		<b>-93</b>	<b>94,663</b>	<b>96,931</b>	<b>99,467</b>	<b>102,880</b>
Minority interests		0	18,487	19,287	20,887	22,667
Financial liabilities		0	57,116	140,733	175,733	175,733
Other liabilities		0	494	1,190	1,520	1,766
<b>Total non-current liabilities</b>		<b>0</b>	<b>76,097</b>	<b>161,210</b>	<b>198,140</b>	<b>200,165</b>
Provisions		5	255	355	453	527
Financial liabilities		0	55,018	4,401	4,754	5,134
Trade payables		111	2,617	3,533	4,593	5,971
Other current liabilities		0	1,709	1,794	1,884	1,978
<b>Total current liabilities</b>		<b>116</b>	<b>59,599</b>	<b>10,084</b>	<b>11,684</b>	<b>13,610</b>
<b>Total equity and liabilities</b>		<b>23</b>	<b>230,359</b>	<b>268,224</b>	<b>309,290</b>	<b>316,655</b>

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

<b>Fair Value REIT-AG</b>						
<b>Consolidated cash flow statement</b>						
	<b>Unit :</b> EUR'000	<b>2006</b>	<b>2007</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>
	<b>Fiscal year :</b> Dec 31					
	<b>Accounting standards :</b> IFRS					
<b>Consolidated profit (deficit)</b>		<b>-56</b>	<b>1,744</b>	<b>2,268</b>	<b>5,828</b>	<b>7,082</b>
Income tax expense		38	0	0	0	0
Amortisation/depreciation on intangible assets and property, plant, and equipment		0	3	9	11	13
Valuation result		0	725	2,200	2,400	2,600
Income from equity-accounted participations		0	-7,225	-4,600	-5,876	-6,826
Withdrawal from equity-accounted participations		0	1,418	753	2,984	4,050
Losses from sale of subsidiaries		0	3,080	0	0	0
Income from sale of property ownership certificates		0	-180	0	0	0
Income from beneficial corporate acquisition		0	-3,155	0	0	0
Minority interests		0	768	800	1,600	1,780
Changes in assets and liabilities, adjusted for effects from changes in basis of consolidation						
(Increase) / decrease trade account receivables		0	-612	-11	-44	-46
(Increase) / decrease other receivables		0	-1,944	3,150	-34	-35
(Decrease) / increase derivative financial instruments		0	-16	0	0	0
(Decrease) / increase provisions		0	188	100	98	73
(Decrease) / increase trade payables		9	2,504	916	1,060	1,378
(Decrease) / increase other liabilities		-2	-51	781	420	340
<b>Cash flow from operating activities</b>		<b>-11</b>	<b>-2,753</b>	<b>6,366</b>	<b>8,447</b>	<b>10,408</b>
Cash and cash equivalent transfer from acquired subsidiaries less purchase price payments		0	12,614	0	0	0
Payments for purchase of participations		0	-10,948	0	0	0
Cash and cash equivalent reduction from sold subsidiaries less received purchase price payments		0	-1,037	0	0	0
Cash and cash equivalent reduction from participations no longer fully but equity-accounted		0	-4,318	0	0	0
Investments in investment properties / properties under construction		0	-52,331	-41,929	-40,000	0
Investments in property, plant, and equipment		0	-36	-38	-40	-42
Income from sale of property ownership certificates		0	190	0	0	0
<b>Cash flow from investment activities</b>		<b>0</b>	<b>-55,866</b>	<b>-41,967</b>	<b>-40,040</b>	<b>-42</b>
Dividend distribution		0	0	0	-3,292	-3,669
Capital contribution		0	16,835	0	0	0
Payments for capital procurement		0	-1,117	0	0	0
Payments for minority interests		0	-1,371	0	0	0
Receipts from financial debt		0	51,398	33,000	35,352	380
Amortisation of financial debt		0	-1,758	0	0	0
<b>Cash flow from financing activities</b>		<b>0</b>	<b>63,987</b>	<b>33,000</b>	<b>32,060</b>	<b>-3,288</b>
<b>Change in cash and cash equivalents</b>		<b>-11</b>	<b>5,368</b>	<b>-2,601</b>	<b>467</b>	<b>7,078</b>
Cash and cash equivalents - start of period		25	13	5,381	2,780	3,247
<b>Cash and cash equivalents - end of period</b>		<b>14</b>	<b>5,381</b>	<b>2,780</b>	<b>3,247</b>	<b>10,326</b>

Source: Independent Research; Fair Value REIT-AG

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### Recommendation shares - Single Issuer -:

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

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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 the issuers analysed.

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## Summary of the evaluation principles used:

### Analyses of shares:

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

### Technical analyses:

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

### Sensitivity of the evaluation parameters:

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

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

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