

## Progress on increasing occupancy levels

Colonia has published rather mixed results for H1.

€m	Q2 2009	Q1 2010	Q2 2010E	Q2 2010A
Gross rental income	22.54	20.96	21.20	19.42
Property operating expenses	-11.52	-10.55	-12.20	-13.38
Net rental income	11.02	10.42	9.00	6.04
Net income from asset and funds management	-0.76	0.12	0.80	-0.17
Valuation movements	1.45	0.00	6.50	4.02
EBIT (incl valuation results)	9.00	8.21	13.30	7.62
Net financial result	-9.99	-7.90	-8.10	-8.00
EBT (incl valuation result)	-1.00	0.31	5.20	-0.38
Net profit before minorities (incl valuation result)	-1.42	0.12	4.90	-0.28

- We welcome that fact that vacancy rates have reduced to 12.4%, reflecting the success of the refurbishment work made earlier in the year. We would regard the decrease in rental income as only temporary, as new tenants are typically offered a rent-free period of about two-to-three months, and Colonia is ridding itself of the ancillary costs to the suppliers. The higher-than-expected property expenses are partly also because of the adverse weather conditions during Q1 that resulted in some refurbishment work being delayed into Q2.
- We are disappointed that the asset management division has again recorded a negative result. Although there were some one-offs in Q2 and the total earnings contribution is only small, we are wondering how the company is planning to bring this segment back into profitability on a sustainable basis.
- The portfolio recorded a valuation gain of €4.0m net, below our estimate. Unfortunately, the company did not publish any details of the external appraisal; however, the confirmation of the portfolio's valuation should be seen as a positive, in our view.
- All-in-all, we see Colonia as on track, but the results will not be a trigger for the share price, in our view. A continuous reduction in vacancy rates would be key, and we expect this to happen in H2. Given the high discount to NAV – €10.10 as of June 2010 – we keep our Buy rating unchanged.

Y/E 31.12., EUR m	2007	2008	2009	2010e	2011e	2012e
Total revenues	54	36	46	58	63	66
Net rents	33	31	42	53	56	57
EBIT (reported)	83	-58	35	53	55	63
EBIT (adjusted)	23	-1	33	43	47	50
Net profit (reported)	66	-83	9	15	15	22
Net profit (adjusted)	3	-25	6	6	8	9
EPS (reported)	2.63	-3.63	0.34	0.54	0.53	0.78
FFO per share	-0.43	-0.61	-0.10	0.20	0.27	0.30
DPS	0.25	0.00	0.00	0.00	0.08	0.10
NAV per share	14.28	9.82	8.64	9.92	11.18	12.6
NNAV per share	16.7	11.6	10.1	11.5	12.8	14.2
PER (EPS reported)	6.4	-0.8	13.1	8.4	8.5	5.8
P / FFO	-39.3	-4.7	-46.3	22.4	16.9	15.0
Dividend yield	1.5%	0.0%	0.0%	0.0%	1.8%	2.2%
P/NAV	19%	-71%	-50%	-55%	-60%	-64%
P/NNAV	2%	-75%	-57%	-61%	-65%	-68%
Gearing	185%	276%	229%	208%	189%	172%
LTV	60%	70%	66%	64%	62%	60%
Implied yield	3.8%	5.1%	6.9%	8.2%	8.5%	8.5%

Source: Company data, Berenberg Bank

Price: EUR 4.10

11.08.2010 XETRA Close

Buy

Price target: EUR 7.50

Reuters KBUG - Bloomberg KBU GR

Share data

Shares outstanding (mill.)	28.5
Market capitalisation (mill. EUR)	119
Enterprise value (mill. EUR)	706
Free float	74.0%
Ø daily trading volume (pcs.)	180,000
Authorised capital (mill. pcs.)	3
Company agenda	Q2 12.08.10

Performance data

High 52 weeks (EUR)	5.0
Low 52 weeks (EUR)	3.1

Key data

CAGR sales 2007 - 2012	-
CAGR EPS 2007 - 2012	-21.6%



Change	2010e		2011e		2012e	
	old	Δ	old	Δ	old	Δ
Rents	93	--	96	--	0	n.a.
EBIT	37	--	40	--	0	n.a.
FFO	0	--	0	--	-	-

Business activities:

Owner of residential properties and co-investor / asset manager for commercial properties

Major shareholders:

Milfolium Mgt (State of Liechtenstein) 18%  
Minefa Holding 5%  
Allianz 3%

12 August 2010

Kai Klose, CIIA

Analyst

+ 44 20 3207 7888

kai.klose@berenberg.de

## Financial statement

Profit and loss account (mill. EUR)	2007	2008	2009	2010e	2011e	2012e
<b>Net rental income</b>	66	89	88	99	106	108
Direct property expenses	33	58	46	46	50	51
<b>Net operating income</b>	33	31	42	53	56	57
Earnings from property disposals	0	0	0	1	1	1
Earnings from project developments	0	0	0	0	0	0
Earnings from other property activities	2	-1	-1	2	3	5
Other operating income	20	6	4	3	3	3
<b>Total revenues</b>	54	36	46	58	63	66
Revaluation result from investment properties (net)	61	-57	3	10	7	14
<b>Total income</b>	115	-21	49	68	70	79
Administrative expenses	22	15	8	9	9	10
Personnel expenses	9	6	4	4	4	4
Other operating expenses	0	2	1	2	2	2
<b>Total operating expenses</b>	31	24	13	15	16	16
<b>EBITDA</b>	83	-45	35	53	55	63
<b>EBITDA excl revaluation result (net)</b>	23	13	33	43	47	50
Depreciation	0	0	0	0	0	0
<b>EBITA</b>	83	-45	35	53	55	63
<b>EBITA excl revaluation result (net)</b>	23	13	33	43	47	50
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0
Impairment charges	0	14	0	0	0	0
<b>EBIT (incl revaluation result net)</b>	83	-58	35	53	55	63
<b>EBIT excl revaluation result</b>	23	-1	33	43	47	50
Interest income	10	5	1	2	3	3
Interest expenses	27	37	36	38	40	41
Depreciation of financial investment	13	4	-9	0	0	0
Investment income	0	0	0	0	0	0
<b>Financial result</b>	-30	-36	-27	-35	-38	-38
<b>Recurring pretax income from continuing operations (incl revaluation result net)</b>	54	-94	9	17	17	25
<b>Recurring pretax income from continuing operations (excl revaluation result net)</b>	6	-37	6	8	9	11
Extraordinary income/loss	0	0	0	0	0	0
<b>Earnings before taxes (incl revaluation result)</b>	54	-94	9	17	17	25
<b>Earnings before taxes (excl revaluation result)</b>	6	-37	6	8	9	11
Income tax expense	1	1	0	2	2	2
Deferred taxes	15	-12	0	0	0	0
<b>Net income from continuing operations (incl reval. result net)</b>	67	-83	9	16	15	23
<b>Net income from continuing operations (excl reval. result net)</b>	4	-26	6	6	8	9
Income from discontinued operations (net of tax)	0	0	0	0	0	0
Extraordinary items (net of tax)	0	0	0	0	0	0
Cumulative effect of accounting changes (net of tax)	0	0	0	0	0	0
<b>Net income (incl revaluation result net)</b>	67	-83	9	16	15	23
<b>Net income (excl revaluation result net)</b>	4	-26	6	6	8	9
Minority interest	1	0	0	0	0	0
<b>Net income (net of minority interest, incl reval. result)</b>	66	-83	9	15	15	22
<b>Net income (net of minority interest, excl reval. result)</b>	3	-25	6	6	8	9
<b>Funds From Operations (FFO)</b>	-10	-14	-3	6	8	9

Source: Company data, Berenberg estimates

## Morning comment

### Colonia Real Estate AG Mid cap: real estate (full coverage)



Balance sheet mill. EUR	2007	2008	2009	2010e	2011e	2012e
Intangible assets	3	3	3	4	4	4
Investment properties	919	835	814	880	924	970
Development assets	0	0	0	0	0	0
Property, plant and equipment	1	1	1	1	1	1
Financial assets	25	13	15	15	17	18
Other non-current assets	8	40	13	16	20	25
Deferred tax assets	0	0	0	0	0	0
<b>FIXED ASSETS</b>	<b>956</b>	<b>893</b>	<b>845</b>	<b>915</b>	<b>965</b>	<b>1,018</b>
Properties held for sale	24	4	6	0	0	0
Inventories	0	0	0	0	0	0
Accounts receivable	18	16	16	17	20	23
Accounts receivable and other assets	10	0	0	0	0	0
Liquid assets	26	15	13	11	9	8
<b>CURRENT ASSETS</b>	<b>78</b>	<b>35</b>	<b>35</b>	<b>28</b>	<b>29</b>	<b>31</b>
<b>TOTAL ASSETS</b>	<b>1,034</b>	<b>928</b>	<b>881</b>	<b>944</b>	<b>994</b>	<b>1,048</b>
Subscribed capital	22	23	28	28	28	28
Surplus capital	217	222	234	305	305	305
Additional paid-in capital	0	0	0	0	0	0
Net profit/loss	0	0	0	0	0	0
<b>SHAREHOLDERS' EQUITY</b>	<b>321</b>	<b>224</b>	<b>246</b>	<b>282</b>	<b>318</b>	<b>357</b>
<b>MINORITY INTEREST</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>PROVISIONS AND ACCRUED LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Short-term liabilities to banks	67	43	27	25	26	27
Bonds (long-term)	54	56	57	57	57	57
Long-term liabilities to banks	498	526	478	503	513	524
Other interest-bearing liabilities	0	10	13	13	13	13
<b>Interest-bearing liabilities</b>	<b>620</b>	<b>634</b>	<b>575</b>	<b>599</b>	<b>610</b>	<b>621</b>
Accounts payable	38	28	16	18	20	22
<b>Other current liabilities</b>	<b>38</b>	<b>28</b>	<b>16</b>	<b>18</b>	<b>20</b>	<b>22</b>
Deferred income	0	0	0	0	0	0
Deferred taxes	54	41	43	44	46	48
<b>LIABILITIES</b>	<b>711</b>	<b>703</b>	<b>634</b>	<b>661</b>	<b>676</b>	<b>691</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,034</b>	<b>928</b>	<b>881</b>	<b>944</b>	<b>994</b>	<b>1,048</b>

Source: Company data, Berenberg estimates

## Morning comment

### Colonia Real Estate AG Mid cap: real estate (full coverage)



Cash flow statement mill. EUR	2007	2008	2009	2010e	2011e	2012e
<b>Funds From Operations</b>	<b>-10</b>	<b>-14</b>	<b>-3</b>	<b>6</b>	<b>8</b>	<b>9</b>
<b>Other recurrent/non-recurrent items</b>	<b>0</b>	<b>4</b>	<b>-9</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increase/decrease in working capital	-1	-12	-2	4	4	5
<b>Cash flow from operating activities</b>	<b>-10</b>	<b>-22</b>	<b>-14</b>	<b>10</b>	<b>12</b>	<b>13</b>
Capex	0	24	7	11	13	13
Payments for acquisitions	55	3	7	1	1	1
Financial investments	0	0	0	0	0	0
Income from asset disposals	105	3	7	2	3	3
<b>Cash flow from investing activities</b>	<b>50</b>	<b>-25</b>	<b>-7</b>	<b>-9</b>	<b>-11</b>	<b>-11</b>
Increase/decrease in debt position	150	36	-5	-17	-4	-4
Dividends paid	0	6	0	0	0	0
Purchase of own shares	0	0	0	0	0	0
Capital measures	168	5	16	0	0	0
Others	0	0	0	0	0	0
<b>Cash flow from financing activities</b>	<b>318</b>	<b>35</b>	<b>12</b>	<b>-17</b>	<b>-4</b>	<b>-4</b>
<b>Cash flow from operating activities</b>	<b>-10</b>	<b>-22</b>	<b>-14</b>	<b>10</b>	<b>12</b>	<b>13</b>
<b>Free cash flow</b>	<b>-10</b>	<b>-46</b>	<b>-21</b>	<b>0</b>	<b>-1</b>	<b>1</b>
<b>Cash flow after maintenance capex</b>	<b>-10</b>	<b>-14</b>	<b>-3</b>	<b>6</b>	<b>8</b>	<b>9</b>
<b>Cash flow before financing</b>	<b>40</b>	<b>-52</b>	<b>-20</b>	<b>1</b>	<b>1</b>	<b>3</b>
<b>Increase/decrease in liquid assets</b>	<b>358</b>	<b>-11</b>	<b>-9</b>	<b>-16</b>	<b>-2</b>	<b>-1</b>

Source: Company data, Berenberg estimates

## Morning comment

### Colonia Real Estate AG Mid cap: real estate (full coverage)



Ratios	2007	2008	2009	2010e	2011e	2012e
<b>Return on capital</b>						
EBIT / Y/E capital employed	8.8 %	-6.8 %	4.3 %	6.0 %	5.9 %	6.5 %
EBIT / avg. capital employed	8.8 %	-6.8 %	4.3 %	6.0 %	5.9 %	6.5 %
EBITDA / Y/E capital employed	8.8 %	-5.2 %	4.3 %	6.0 %	5.9 %	6.5 %
EBITDA / avg. capital employed	8.8 %	-5.2 %	4.3 %	6.0 %	5.9 %	6.5 %
<b>Return on equity</b>						
Net profit / Y/E equity	20.6 %	-36.8 %	3.6 %	5.4 %	4.7 %	6.2 %
Recurring net profit / Y/E equity	-3.0 %	-6.2 %	-1.1 %	2.0 %	2.4 %	2.4 %
Net profit / avg. equity	20.6 %	-36.8 %	3.6 %	5.4 %	4.7 %	6.2 %
Recurring net profit / avg. equity	-3.0 %	-6.2 %	-1.1 %	2.0 %	2.4 %	2.4 %
<b>Security</b>						
Y/E net debt or (net cash) (mill. EUR)	594	618	562	588	601	613
Debt / equity	193.2 %	282.6 %	234.0 %	212.1 %	191.8 %	173.9 %
Net debt / equity	185.0 %	275.7 %	228.7 %	208.2 %	188.8 %	171.7 %
EBITDA / interest paid	3.1	0.0	1.0	1.4	1.4	1.5
Altman's Z-score	0.6	0.1	0.5	0.6	0.6	0.6
Dividend payout ratio	8 %	0 %	0 %	0 %	15 %	13 %
Loan to value (LTV)	60%	70%	66%	64%	62%	60%
Return on net asset value (NAV)	0.0	-0.1	0.0	0.0	0.0	0.0
<b>Liquidity</b>						
Current ratio	0.5	0.3	0.4	0.3	0.3	0.3
Acid test ratio	0.5	0.3	0.4	0.3	0.3	0.3
<b>Funds management</b>						
Trade debtors in days of sales	120	156	129	109	116	128
Trade creditors in days of COGS	636	692	708	751	765	822
Cash conversion cycle	-	-	-	-	-	-
Trade creditors / trade debtors	212.8 %	182.7 %	101.5 %	104.6 %	99.6 %	94.8 %
<b>Other</b>						
Interest received / avg. cash	38.2 %	31.4 %	8.4 %	19.8 %	26.5 %	31.1 %
Interest paid / avg. debt	4.4 %	5.8 %	6.3 %	6.3 %	6.6 %	6.6 %
Cost per employee (EUR k)	107	58	40	42	45	45
Cash flow (mill. EUR)	82	-58	35	52	54	63
Cash ROCE	8.7 %	-6.8 %	4.3 %	6.0 %	5.8 %	6.4 %

Source: Company data, Berenberg estimates

## Contacts: Investment Banking

### Equity Research

AUTOMOTIVE	
David Cramer	+44 (0) 20 3207 7887
Mark Mackenzie	+44 (0) 20 3207 7861

BASIC MATERIALS	
Gunnar Cohrs	+44 (0) 20 3207 7894
John Klein	+44 (0) 20 3207 7895
Mirco Relling	+44 (0) 20 3207 7896
Alexandra Roche	+44 (0) 20 3207 7879

CAPITAL GOODS	
Bezen Erkmen-Hong	+44 (0) 20 3207 7883
Simon Goetschmann	+44 (0) 20 3207 7856
Stephan Klepp	+44 (0) 20 3207 7884

CHEMICALS	
Jaideep Pandya	+44 (0) 20 3207 7890

CONSUMER & RETAIL	
Jafar Alam	+44 (0) 20 3207 7827
Erik Bloomquist	+44 (0) 20 3207 7870
Tobias Fahrenheit	+41 (0) 44 283 2027
Melania Grippo	+44 (0) 20 3207 7881
Marco Haeckermann	+44 (0) 20 3207 7882
Stephanie Margaritis	+44 (0) 20 3207 7871
Philip Morrissey	+44 (0) 20 3207 7892
Anna Patrice	+44 (0) 20 3207 7863

### Sales

#### Specialist Sales

CONSUMER & RETAIL	
Alix Turner	+44 (0) 20 3207 7817

HEALTHCARE	
Andrew Holder	+44 (0) 20 3207 7815

### Sales

LONDON	
Chris Armstrong	+44 (0) 20 3207 7809
John von Berenberg-Consbruch	+44 (0) 20 3207 7805
Simon Chisholm	+44 (0) 20 3207 7801
Oliver Collin	+44 (0) 20 3207 7812
Ben Hutton	+44 (0) 20 3207 7804
Andrew McNally	+44 (0) 20 3207 7802
Peter Nichols	+44 (0) 20 3207 7810
Kieran O'Sullivan (US)	+44 (0) 20 3207 7803
Luca Vicentini	+44 (0) 20 3207 7819

ZURICH	
Carsten Kinder	+41 (0) 44 283 2024
Markus Wolf	+41 (0) 44 283 2033

HEALTHCARE	
Scott Bardo	+44 (0) 20 3207 7869
Alistair Campbell	+44 (0) 20 3207 7876
Ian Douglas-Pennant	+44 (0) 20 3207 7878
Frazer Hall	+44 (0) 20 3207 7875
James Harvey	+44 (0) 20 3207 7885
Adrian Howd	+44 (0) 20 3207 7874
Tom Jones	+44 (0) 20 3207 7877

INSURANCE	
Michael Broom	+44 (0) 20 3207 7872
Peter Eliot	+44 (0) 20 3207 7880
Trevor Moss	+44 (0) 20 3207 7893

MEDIA	
Jonathan Helliwell	+44 (0) 20 3207 7865

REAL ESTATE	
Kai Klose	+44 (0) 20 3207 7888

SUSTAINABLES	
Lars Dannenberg	+44 (0) 20 3207 7855

TECHNOLOGY	
Adnaan Ahmad	+44 (0) 20 3207 7851
Ali Khwaja	+44 (0) 20 3207 7852
Zhancheng Li	+44 (0) 20 3207 7853

TELECOMMUNICATIONS	
Wassil El Hebil	+33 158 449 509
Stuart Gordon	+44 (0) 20 3207 7858
Paul Marsch	+44 (0) 20 3207 7857
Daniel Wuelbern	+44 (0) 20 3207 7860
Barry Zeitoune	+44 (0) 20 3207 7859

UTILITIES	
Benita Barretto	+44 (0) 20 3207 7829

TECHNOLOGY	
Daegal Tsang	+44 (0) 20 3207 7822

TELECOMMUNICATIONS	
Mandeep Singh	+44 (0) 20 3207 7816

### Sales Trading

HAMBURG / FRANKFURT	
Vincent Bischoff	+49 (0) 40 350 60 574
André Grosskurth	+49 (0) 40 350 60 584
Susette Mantzel	+49 (0) 40 350 60 694
Marco Weiss	+49 (0) 40 350 60 719

PARIS	
Vincent Bischoff	+33 (0) 1 5844 9508
Arnaud Doré	+33 (0) 1 5844 9511
Dalila Farigoule	+33 (0) 1 5844 9510
Edouard Landau	+33 (0) 1 5844 9513
Olivier Thibert	+33 (0) 1 5844 9512

HAMBURG	
Mirko Brueggemann	+49 (0) 40 350 60 359
Nils Carstens	+49 (0) 40 350 60 563
Oliver Garbe	+49 (0) 40 350 60 358
Fin Schaffer	+49 (0) 40 350 60 596
Hanns-Christian von Schuler	+49 (0) 40 350 60 761
Lars Schwartau	+49 (0) 40 350 60 450
Tim Storm	+49 (0) 40 350 60 415
Philipp Wiechmann	+49 (0) 40 350 60 346

CRM	
<b>LONDON</b>	
Greg Swallow	+44 (0) 20 3207 7876
Sophy Mills	+44 (0) 20 3207 7834

E-mail: [firstname.lastname@berenberg.de](mailto:firstname.lastname@berenberg.de) \*\*\* Internet: [www.berenberg.de](http://www.berenberg.de)

## Morning comment

### Colonia Real Estate AG Mid cap: real estate (full coverage)



## Disclosures in respect of section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

Company	Disclosures
Colonia Real Estate AG	no disclosures
(1)	Berenberg Bank or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of this company.
(2)	Berenberg Bank acts as Designated Sponsor for this company.
(3)	Over the previous 12 months, Berenberg Bank and/or its affiliate(s) has effected an agreement with this company for investment banking services or received compensation or a promise to pay from this company for investment banking services.
(4)	Berenberg Bank and/or its affiliate(s) holds 5 % or more of the share capital of this company.
(5)	Berenberg Bank holds a trading position in shares of this company.
(6)	Berenberg Bank and/or its affiliate(s) a holds a net short position of 1 % or more of the share capital of this company, calculated by methods required by German law as of the last trading day of the past month.
(7)	Within the last five years Berenberg Bank was a member of the issuing syndicate of this company.

### Historical target price and rating changes for Colonia Real Estate AG in the last 12 months

Date	Target price - EUR	Rating	Initiation coverage
<u>16-November-09</u>	<u>8.90</u>	<u>Buy</u>	<u>16-November-09</u>
<u>22-June-10</u>	<u>7.50</u>	<u>Buy</u>	

### Berenberg distribution of ratings and in proportion to investment banking services

Buy	<u>57.59</u>	%	<u>84.62</u>	%
Sell	<u>9.95</u>	%	-	%
Hold	<u>32.46</u>	%	<u>15.38</u>	%

### Valuation basis/rating key

**Buy:** Sustainable upside potential of more than 10% within 12 months.

**Sell:** Sustainable downside potential of more than 10% within 12 months.

**Hold:** Upside/downside potential limited. No immediate catalyst visible.

NB Berenberg Bank does not make recommendations on the basis of performance expected "relative" to the market.

### Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht –BaFin- (Federal Financial Supervisory Authority),  
Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

## Morning comment

### Colonia Real Estate AG Mid cap: real estate (full coverage)



#### Remarks

Berenberg has made any effort to carefully research all information contained in this financial analysis. The information on which the financial analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant specialised press as well as the company which is the subject of this financial analysis.

Only that part of the research note is made available to the issuer, who is the subject of this analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

Opinions expressed in this financial analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals an update is made. The companies analysed by Berenberg Bank are divided into two groups: "full coverage" - continued update - and "screening coverage" - update as and when required in irregular intervals.

The document and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the document.

**The following internet link provides further remarks on our financial analyses:**  
<http://www.berenberg.de/research.html?&L=1>

**Please note that our research is only for the personal use of Berenberg clients. Do not pass on to third parties or make available to third parties.**

#### Disclaimer

This document has been prepared by Berenberg Bank or one of its affiliates (collectively "Berenberg"). This document does not claim completeness regarding all the information on the stocks, stock markets or developments referred to in it.

On no account should the document be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements.

The document has been produced for information purposes for institutional clients or market professionals.

Private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a solicitation or an offer to buy or sell the mentioned stock.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. Berenberg and/or its employees accept no liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content.

Berenberg may act as market-maker or underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or perform or seek to perform capital market or underwriting services.

Berenberg reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without Berenberg's prior written consent.

#### Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

#### United Kingdom

This document is meant exclusively for institutional investors and market professionals but not for private customers. It is not for distribution to or the use of private investors or private customers.

© November 2007 Berenberg