

Company Flash
Real Estate
Germany
November 15, 2007

Colonia Real Estate

Attractive business model – Time to prove it

- CRE increased its net income (before minorities) guidance for 2007 by EUR 5 mn to EUR 67-70 mn. In our view, this is more an update than a sign of strong operational improvement, since the former guidance was given in May. However, CRE started 2007 with a projection of EUR 50-54 mn, which means that the company has increased the outlook twice this year. Overall, net income will increase by ca. 120% y-o-y.
- Following Q3 and the guidance update, we slightly increase our estimate for net income before minorities from EUR 66.9 mn to 68.5 mn for 2007.
- Mainly due to the current situation in the transaction market, we scaled back our estimates for potential new investments in the residential portfolio. In the coming months, CRE has to prove its ability to operate in a far more difficult environment than before in terms of acquisitions, profitable disposals and in obtaining new asset management contracts. Overall, we think that CRE will be able to position itself with the integrated business model with a special focus on the highly attractive Asset Management segment.
- Overall, we stick to our Buy rating but lower our 12M target price from EUR 35 to EUR 26.50. On the one hand, with this cut, we want to reflect the current concerns about the upcoming business performance. On the other hand, we believe that the business model works and that the current market situation also provides some opportunities. Additionally, CRE has already laid the foundation to increase its share of recurring earnings for 2008 and 2009. With this, arguments about a purely re-valuation-based result will ease going forward.

	2004	2005	2006	2007e	2008e
Total revenues (EUR mn)	0.8	43.6	128.5	137.5	241.4
Rental income (EUR mn)	0.7	7.6	16.3	49.8	72.9
EBITDA (EUR mn)	-1.3	12.9	51.7	89.2	114.0
Net income (EUR mn)	-1.5	6.8	30.3	65.5	63.2
EPS reported (EUR)	-0.07	0.59	1.96	3.30	2.82
NAVPS (EUR)	1.00	8.99	7.41	18.94	24.08
DPS (EUR)	0	0	0	0.50	0.75
ROE (%)	-45.0	38.3	47.0	31.4	18.5
P/E (x)	-7.7	8.5	15.6	5.3	6.2
P/CF (x)	-7.8	-34.5	-37.9	-134.1	16.3
P/BV (x)	4.29	1.79	4.78	1.07	1.05
P/NAV (x)	0	0.56	4.13	0.92	0.72
EV/EBITDA (x)	-28.9	9.2	10.8	10.6	11.9
Div. yield (%)	0	0	0	2.9	4.3

Source: Company data, UniCredit Global Research

Buy (prev. Buy)

Price on 11/14/07	EUR 17.40
Target price (prev. EUR 35.00)	EUR 26.50
Upside to TP	52.3%
Cost of equity	9.4%
High/Low (12M)	42.29/16.95

INVESTMENT HIGHLIGHTS

Residential portfolio with high rental yield and CF
 Increasing share of Asset/Funds Management
 Still attractive financing conditions

STOCK TRIGGERS

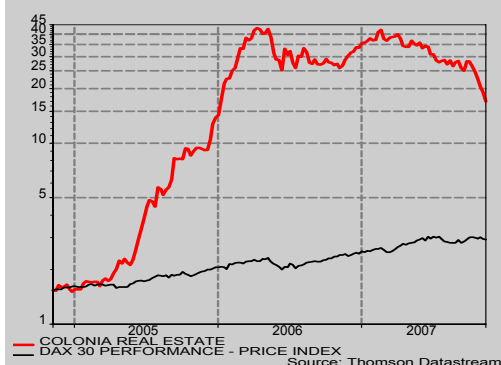
Awaiting transactions and portfolio expansion
 Guidance is realistic and clearly achievable
 Clear undervaluation reached

STOCK DATA

Reuters/Bloomberg	KBUG.F/KBU GF
Average daily volume (tds.)	106.1
Free float (%)	73.9
Market capitalization (EUR bn)	0.4
No. of shares issued (mn)	22.4
Shareholders	Swiss Real Estate 25.5%, Fortman Cline 0.6%

UPCOMING EVENTS

Annual general meeting	Jul-08
Preliminary figures	Mar-08
Bal. sheet press conf.	Apr-08



RELATIVE PERFORMANCE (% CHG.)

	1M	3M	6M
DAX	-27.7	-43.9	-54.6
Euro STOXX 50	-27.9	-42.4	-48.6
ES Financ. S.	-25.1	-40.2	-37.4

Andre Remke, CFA (HVB)
 +49 89 378-18202
 andre.remke@hvb.de

Increased guidance for 2007

New guidance for 2007

CRE increased net income (before minorities) by 185% y-o-y to EUR 54.3 mn for 9M. Without the included, unrealized loss of EUR 8 mn (net ca. 6 mn) from the financial position in Deutsche Wohnen, the net income came in slightly ahead of our estimates. For FY 2007, CRE increased its guidance from EUR 62-65 mn to EUR 67-70 mn. At the beginning of 2007, the first guidance for 2007 was EUR 50-54. We already anticipated the need to increase the guidance following the H1 figures but cut our former estimate of EUR 74.3 mn to EUR 66.9 mn three weeks ago due to uncertainties for the remainder of 2007. Without the net effect of ca. 6 mn from the write-down on the DW stake, our former clean estimate of EUR 74 mn would have been achievable.

KEY FIGURES Q3/9M

EUR mn	9M/2007	9M/2006	y-o-y %	UniCredit (E)	Dev. %	Q3/2007	Q3/2006	y-o-y %	UniCredit (E)	Dev. %
Total revenues	107.1	91.0	18	112.6	-5	11.8	71.4	-84	17.2	-32
Net rental income	23.3	7.3	221	25.4	-8	7.8	2.6	194	9.9	-22
Profit from Asset/Funds Management	4.7	-0.1	n/a	6.9	-31	-1.1	-0.3	269	1.1	-197
Profit on disposal of investment properties	-0.5	9.5	n/a	-0.5	n/a	0	9.5	n/a	0	n/a
Valuation result	61.5	18.6	231	61.5	0	0	5.6	n/a	0	n/a
EBIT	69.2	29.9	131	74.0	-7	-3.8	15.4	n/a	1.0	n/a
Net income before minorities	54.3	19.1	185	56.2	-3	7.0	10.1	-31	8.9	-22
Net income after minorities	52.8	19.0	178	53.4	-1	7.3	10.1	-28	7.9	-8
EPS – basic (EUR)	2.78	1.24	125	2.81	-1	0.38				
EPS – diluted (EUR)	2.13	0.96	122	2.19	-3	0.18				

Source: Colonia Real Estate, UniCredit Global Research

Change of estimates

We are making some minor adjustments for Q4 and now estimate a net income of EUR 68.5 mn, up from EUR 66.9 mn so far. For the next two years, we scaled back our assumptions, and our estimates therefore reflect the current market situation, especially for the real estate transactions market. We cut our EBIT and net income estimates by ca. 10% in 2008 and ca. 20% in 2009. Overall, we think that our estimates are conservative; however, we cannot judge at what point in time the company will increase its own portfolio. For example, much depends on whether this comes at the beginning of 2008 or later in the year.

CHANGES IN ESTIMATES

EUR mn	2006		2007e		2008e		2009e			
	rep.	new	prev.	dev. %	new	prev.	dev. %	new	prev.	dev. %
EBIT	51.7	89.2	99.8	-11	114.0	128.1	-11	130.0	163.5	-21
Net income before minorities	31.1	68.5	66.9	2	67.0	75.4	-11	70.0	88.9	-21
Net income after minorities	30.3	65.6	63.5	3	63.2	71.0	-11	65.8	83.9	-22
EPS basic (EUR)	1.96	3.30	3.21	3	2.82	3.23	-13	2.94	3.82	-23
EPS diluted (EUR)	1.52	2.59	2.55	2	2.35	2.68	-12	2.44	3.17	-23

Source: Colonia Real Estate, UniCredit Global Research

Business model is in place and works

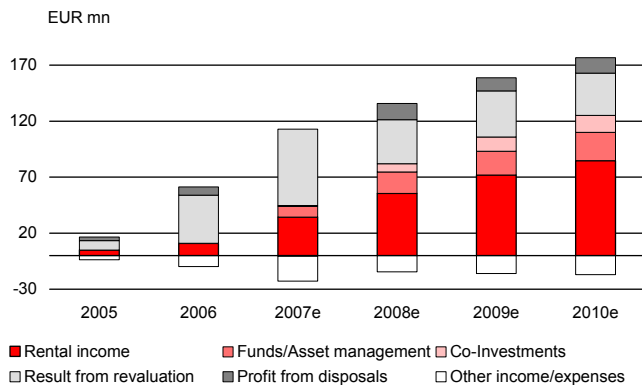
Size of the portfolio and asset management expertise are the pillars

We are sure that the company's business model works. With ca. 20,000 units, the residential portfolio reached a size where a stronger focus on asset management as well as increasing value and cash flow can have a meaningful effect on the P&L of the group. On this basis, the platform or possibility for disposals increased. In general, CRE targets disposing of ca. 10-15% of the portfolio p.a. With respect to this, the company can convince the market that the revaluations in 2006 and 2007 were not aggressive and still leave the room for further profit generation. The second pillar of the group is the Asset and Funds Management. CRE stepped into the attractive business segment at the right time, in our view. The demand for these services is increasing steadily – especially at a time when value increases of properties will no longer be based on higher transaction prices, as was the case until mid 2007. In the 9M report, the

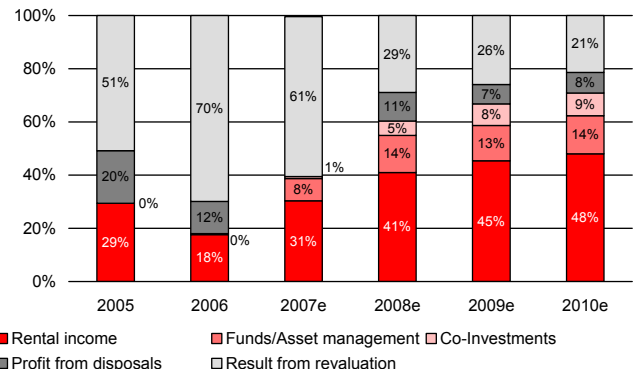
management indicated that it will provide this as a service also for external clients for residential properties. This is a new business and will be launched in 2008. Based on the current residential portfolio, the expertise is already in place. Also here, the company just has to deliver results.

EBIT TREND HEADED IN THE RIGHT DIRECTION

Increase in EBIT is visible ...



... but the breakdown is more important



Source: UniCredit Global Research

Valuation – Buy rating still valid

Investors' concerns will ease

Since investors are currently not willing to factor the company's future growth potential into the valuation (above all asset management and value generation in the portfolio), CRE must prove that it can deliver in the coming quarters. If the company is successful with its disposals, CRE will convince the market that the revaluations in 2006 and 2007 were not aggressive. With respect to this, we are sure that the earnings split will change for the better in the perspective of investors, i.e. a shrinking share of revaluations and a higher share of recurring earnings (rental income, Asset/Fund management, income from participations and disposal gains). The remaining share of the estimated contribution from revaluations is based on rent increases and a reduced vacancy rate. For the next three years, we estimate only an increase of 2-3% p.a. on the overall portfolio, which is not very aggressive, in our view. To reflect investors' concerns, which will take time to ease, and to reflect uncertainties with respect to a more difficult market environment, we cut our 12M target price from EUR 35 to EUR 26.50. For the first time, we also integrate an NAV approach, because the portfolio has reached a size that justifies such an approach.

VALUATION OVERVIEW

Based on diluted number of shares (26.9 mn)	Basis	EUR	Potential %	
NAV approach	2008	21.02	21	
SOP valuation	2008	27.25	57	
DCF model	long-term	29.21	68	
Cost of capital model	2008-2010	29.34	69	
Fair value		26.70		
Target price		26.50	52	
	Target price	Current	Sector Germany	Sector Europe
Share price (EUR)	26.50	17.40		
P/E 2008e @ basic	9.4	6.2	11.3	18.0
P/E 2008e @ diluted	11.3	7.4		
EV/EBIT 2008e	13.7	11.9	12.3	17.8
P/NAV 2008e @ basic	1.10	0.72	0.82	0.86
P/NAV 2008e @ diluted	1.29	0.85		
Dividend yield %	1.9	2.9	4.6	4.7

Source: UniCredit Global Research

Disclaimer

Our recommendations are based on information obtained from, or are based upon public information sources that we consider to be reliable but for the completeness and accuracy of which we assume no liability. All estimates and opinions included in the report represent the independent judgment of the analysts as of the date of the issue. We reserve the right to modify the views expressed herein at any time without notice. Moreover, we reserve the right not to update this information or to discontinue it altogether without notice.

This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested. Changes in rates of exchange may have an adverse effect on the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.

This information is given without any warranty on an "as is" basis and should not be regarded as a substitute for obtaining individual advice. Investors must make their own determination of the appropriateness of an investment in any instruments referred to herein based on the merits and risks involved, their own investment strategy and their legal, fiscal and financial position. As this document does not qualify as an investment recommendation or as a direct investment recommendation, neither this document nor any part of it shall form the basis of, or be relied on in connection with or act as an inducement to enter into, any contract or commitment whatsoever. Investors are urged to contact their bank's investment advisor for individual explanations and advice.

Neither Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, and CA IB International Markets Limited nor any of their respective directors, officers or employees nor any other person accepts any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

This analysis is being distributed by electronic and ordinary mail to professional investors, who are expected to make their own investment decisions without undue reliance on this publication, and may not be redistributed, reproduced or published in whole or in part for any purpose.

Responsibility for the preparation of this publication lies with:

a) Bayerische Hypo- und Vereinsbank AG, Am Tucherpark 16, 80538 Munich, Germany, (also responsible for the distribution pursuant to §34b WpHG). The company belongs to UCI Group.

Regulatory authority: "BaFin" – Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany.

b) Bayerische Hypo- und Vereinsbank AG Milan Branch, Via Tommaso Grossi, 10, 20121 Milan, Italy, duly authorized by the Bank of Italy to provide investment services. Regulatory authority: "Bank of Italy," Via Nazionale 91, 00184 Roma, Italy and Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany.

c) CA IB International Markets AG, Julius-Tandler-Platz 3, A-1090 Vienna, Austria
 Regulatory authority: Finanzmarktaufsichtsbehörde (FMA), Praterstrasse 23, 1020 Vienna, Austria

d) CA IB International Markets Limited, 80 Cheapside, London EC2V 6EE, United Kingdom
 Regulatory authority: Financial Services Authority (FSA), 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom

POTENTIAL CONFLICTS OF INTERESTS

Company	Key
Colonia Real Estate	2

Key 1a: Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, CA IB International Markets Limited and/or a company affiliated with it (pursuant to relevant domestic law) owns at least 2% of the capital stock of the company.

Key 1b: The analyzed company owns at least 2% of the capital stock of Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, CA IB International Markets Limited and/or a company affiliated with it (pursuant to relevant domestic law).

Key 2: Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and CA IB International Markets Limited and/or a company affiliated with it (pursuant to relevant domestic law) belonged to a syndicate that has acquired securities or any related derivatives of the analyzed company within the twelve months preceding publication, in connection with any publicly disclosed offer of securities of the analyzed company, or in any related derivatives.

Key 3: Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and CA IB International Markets Limited and/or a company affiliated (pursuant to relevant domestic law) administers the securities issued by the analyzed company on the stock exchange or on the market by quoting bid and ask prices (i.e. acts as a market maker or liquidity provider in the securities of the analyzed company or in any related derivatives)

Key 4: The analyzed company and Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and CA IB International Markets Limited and/or a company affiliated (pursuant to relevant domestic law) concluded an agreement on services in connection with investment banking transactions in the last 12 months, in return for which the Bank received a consideration or promise of consideration.

Key 5: The analyzed company and Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and CA IB International Markets Limited and/or a company affiliated (pursuant to relevant domestic law) have concluded an agreement on the preparation of analyses.

Key 6a: Employees of Bayerische Hypo- und Vereinsbank AG Milan Branch and/or members of the Board of Directors of UniCredit (pursuant to relevant domestic law) are members of the Board of Directors of the Issuer. Members of the Board of Directors of the Issuer hold office in the Board of Directors of UniCredit (pursuant to relevant domestic law).

Key 6b: The analyst is on the supervisory/management board of the company they cover

Key 7: Bayerische Hypo- und Vereinsbank AG Milan Branch and/or other Italian banks belonging to the UniCredit Group (pursuant to relevant domestic law) extended significant amounts of credit facilities to the Issuer.

RECOMMENDATIONS, RATINGS AND EVALUATION METHODOLOGY

Company	Date	Rating	Currency	Target price
Colonia Real Estate	10/23/2007	Buy	EUR	35.00
Colonia Real Estate	07/25/2007	Buy	EUR	41.00
Colonia Real Estate	06/26/2007	Buy	EUR	45.00
Colonia Real Estate	04/26/2007	–	EUR	
Colonia Real Estate	03/12/2007	Buy	EUR	45.00
Colonia Real Estate	12/06/2006	Buy	EUR	39.00
Colonia Real Estate	11/16/2006	Outperform	EUR	39.00
Colonia Real Estate	10/16/2006	Outperform	EUR	37.00

Overview of our ratings

You will find the history of rating resp. recommendation changes as well as an overview of the breakdown in absolute and relative terms of our investment ratings on our websites hvbmarkets.de and <http://www.mib-unicredit.com/research-disclaimer> under the heading "Disclaimer."

Note on what the evaluation of equities is based:

We currently use a three-tier recommendation system for the stocks in our formal coverage: Buy, Hold, or Sell (see definitions below):

A **Buy** is applied when the expected total return over the next twelve months is higher than the stock's cost of equity.

A **Hold** is applied when the expected total return over the next twelve months is lower than its cost of equity but higher than zero.

A **Sell** is applied when the stock's expected total return over the next twelve months is negative.

We employ three further categorizations for stocks in our coverage:

Restricted: A rating and/or financial forecasts and/or target price is not disclosed owing to compliance or other regulatory considerations such as blackout period or conflict of interest.

Coverage in transition: Due to changes in the research team, the disclosure of a stock's rating and/or target price and/or financial information are temporarily suspended. The stock remains in the research universe and disclosures of relevant information will be resumed in due course.

Not rated: Suspension of coverage.

Until December 4, 2006, the investment ratings used by Bayerische Hypo- und Vereinsbank AG were in principle judgments relative to an index as a benchmark. The ratings used by Bayerische Hypo- und Vereinsbank AG until that date were as follows: Buy, Outperform, Neutral, Underperform and Sell. Outperform/Underperform ratings meant that we expected a stock to outperform or underperform the benchmark by more than 5%. Similarly, a Buy or Sell rating was based on the assumption of outperformance or underperformance of more than 10%, including an absolute component (i.e. projected absolute gains or losses). The benchmark for the stocks covered in publications earlier to the date hereof was the Euro STOXX 50.

Until April 1, 2007, the investment ratings used HVB Milan Branch (formerly UniCredit Banca Mobiliare S.p.A.) were judgments based on the expected total return (price performance plus dividend) relative to the total return of the stock's local market over the next 12 months. The ratings used by HVB Milan Branch (formerly UniCredit Banca Mobiliare S.p.A.) until that date were as follows: Buy – expected to outperform the market by 10 or more percentage points; Accumulate: expected to outperform the market by 5-10 percentage points; Hold: expected to perform in line with the market, plus or minus five percentage points; Reduce: expected to underperform the market by 5-10 percentage points; Sell: expected to underperform the market by 10 or more percentage points.

CA IB International Markets Limited and CA IB International Markets has used the current three-tier recommendation system already in the past twelve months.

Company valuations are based on the following valuation methods: Multiple-based models (P/E, P/cash flow, EV/sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DVMA, DDM), break-up value approaches or asset-based evaluation methods. Furthermore, recommendations are also based on the Economic profit approach. Valuation models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Our recommendations and target prices derived from the models might therefore change accordingly. The investment ratings generally relate to a 12-month horizon. They are, however, also subject to market conditions and can only represent a snapshot. The ratings may in fact be achieved more quickly or slowly than expected, or need to be revised upward or downward.

Note on the bases of evaluation for interest-bearing securities:

Our investment ratings are in principle judgments relative to an index as a benchmark.

Issuer level:

Marketweight: We recommend to have the same portfolio exposure in the name as the respective reference index (the iBoxx index universe for high-grade names and the ML EUR HY index for sub-investment grade names)

Overweight: We recommend to have a higher portfolio exposure in the name as the respective reference index (the iBoxx index universe for high-grade names and the ML EUR HY index for sub-investment grade names)

Underweight: We recommend to have a lower portfolio exposure in the name as the respective reference index (the iBoxx index universe for high-grade names and the ML EUR HY index for sub-investment grade names)

Instrument level:

Core hold: We recommend to hold the respective instrument for investors who already have exposure.

Sell: We recommend to sell the respective instrument for investors who already have exposure.

Buy: We recommend to buy the respective instrument for investors who already have exposure.

Trading recommendations for fixed-interest securities mostly focus on the credit spread (yield difference between the fixed-interest security and the relevant government bond or swap rate) and on the rating views and methodologies of recognized agencies (S&P, Moody's, Fitch). Depending on the type of investor, investment ratings may refer to a short period or to a 6 to 9-month horizon. Please note that the provision of securities services may be subject to restrictions in certain jurisdictions. You are required to acquaint yourself with local laws and restrictions on the usage and the availability of any services described herein. The information is not intended for distribution to or use by any person or entity in any jurisdiction where such distribution would be contrary to the applicable law or provisions.

The prices used in the analysis are the closing prices of the appropriate local trading system or the closing prices on the relevant local stock exchanges. In the case of unlisted stocks, the average market prices based on various major broker sources (OTC market) are used.

Coverage Policy

A list of the companies covered by Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, CA IB International Markets Limited and Bayerische Hypo- und Vereinsbank AG Milan Branch is available upon request.

Frequency of reports and updates

It is intended that each of these companies be covered at least once a year, in the event of key operations and/or changes in the recommendation. Companies for which Bayerische Hypo- und Vereinsbank AG Milan Branch acts as Sponsor or Specialist must be covered in accordance with the regulations of the competent market authority.

SIGNIFICANT FINANCIAL INTEREST:

Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and CA IB International Markets Limited and/or a company affiliated pursuant to relevant national German, Italian, Austrian and UK law) with them regularly trade shares of the analyzed company. Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and CA IB International Markets Limited may hold significant open derivative positions on the stocks of the company which are not delta-neutral.

Analyses may refer to one or several companies and to the securities issued by them. In some cases, the analyzed issuers have actively supplied information for this analysis.

ANALYST DECLARATION

The author's remuneration has not been, and will not be, geared to the recommendations or views expressed in this study, neither directly nor indirectly.

ORGANIZATIONAL AND ADMINISTRATIVE ARRANGEMENTS TO AVOID AND PREVENT CONFLICTS OF INTEREST

To prevent or remedy conflicts of interest, Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, CA IB International Markets Limited and Bayerische Hypo- und Vereinsbank AG Milan Branch have established the organizational arrangements required from a legal and supervisory aspect, adherence to which is monitored by its Compliance department. Conflicts of interest arising are managed by legal and physical and non-physical barriers (collectively referred to as "Chinese Walls") designed to restrict the flow of information between one area/department of Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, CA IB International Markets Limited and Bayerische Hypo- und Vereinsbank AG Milan Branch and another. In particular, Investment Banking units, including corporate finance, capital market activities, financial advisory and other capital raising activities, are segregated by physical and non-physical boundaries from Markets Units, as well as the research department. In the case of equities execution by Bayerische Hypo- und Vereinsbank AG Milan Branch, other than as a matter of client facilitation or delta hedging of OTC and listed derivative positions, there is no proprietary trading. Disclosure of publicly available conflicts of interest and other material interests, is made in the research. Analysts are supervised and managed on a day-to-day basis by line managers who do not have responsibility for Investment Banking activities, including corporate finance activities, or other activities other than the sale of securities to clients.

ADDITIONAL REQUIRED DISCLOSURES UNDER THE LAWS AND REGULATIONS OF JURISDICTIONS INDICATED

Notice to Austrian investors

This document does not constitute or form part of any offer for sale or subscription of any offer to buy or subscribe for any securities and neither this document nor any part of it shall form the basis of, or be relied on in connection with or act as an inducement to enter into, any contract or commitment whatsoever.

This document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or part, for any purpose.

Notice to Czech investors

This report is intended for clients of Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, CA IB International Markets Limited or Bayerische Hypo- und Vereinsbank AG Milan Branch in the Czech Republic and may not be used or relied upon by any other person for any purpose.

Notice to Italian investors

This document is for distribution only to authorized intermediaries and professional investors as defined respectively in article 25, paragraph 1(d), in article 31, paragraph 2, of Regulation n. 11522 approved by Consob on July 1, 1998 (as amended) and include: (i) authorized intermediaries, (ii) asset management companies, (iii) SICAVs, (iv) pension funds, (v) insurance companies, (vi) foreign entities which on the basis of the domestic legislation applicable to them, carry out the activities carried out by the same entities mentioned above, (vii) companies and entities that issue financial instruments traded on a regulated market, (viii) companies entered in the lists referred to in articles 106, 107 and 113 of the Legislative Decree n. 385/1993, (ix) financial salesmen, (x) persons attesting to the fact that they have the professional requirements set out in the consolidated law on financial intermediation for directors of securities intermediaries, (xi) banking foundations, and (xii) any company or entity with a specific competence and experience in transactions concerning financial instruments certified in writing by its legal representative.

Notice to Russian investors

As far as we are aware, neither of the financial instruments referred to in this analysis have been registered under the Federal law of the Russian Federation "On the Securities Market" dated April 22, 1996, as amended, and are not being offered, sold, delivered or advertised in the Russian Federation.

Notice to Turkish investors

Investment information, comments and recommendations stated herein, are not within the scope of investment advisory activities. Investment advisory services are provided in accordance with a contract of engagement on investment advisory services concluded with brokerage houses, portfolio management companies, non-deposit banks and the clients. Comments and recommendations stated herein rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not suit your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely on the information stated here may not result in consequences that meet your expectations.

Notice to Investors in Japan

This document does not constitute or form part of any offer for sale or subscription for or solicitation of any offer to buy or subscribe for any securities and neither this document nor any part of it shall form the basis of, or be relied on in connection with or act as an inducement to enter into, any contract or commitment whatsoever.

Notice to UK investors

This communication is directed only at clients of Bayerische Hypo- und Vereinsbank AG, CA IB International Markets AG, CA IB International Markets Limited or Bayerische Hypo- und Vereinsbank AG Milan Branch who (i) have professional experience in matters relating to investments or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice to U.S. investors

This report is being furnished to U.S. recipients in reliance on Rule 15a-6 ("Rule 15a-6") under the U.S. Securities Exchange Act of 1934, as amended. Each U.S. recipient of this report represents and agrees, by virtue of its acceptance thereof, that it is such a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in such securities. Any U.S. recipient of this report that wishes to discuss or receive additional information regarding any security or issuer mentioned herein, or engage in any transaction to purchase or sell or solicit or offer the purchase or sale of such securities, should contact a registered representative of HVB Capital Markets, Inc. ("HVB Capital").

Any transaction by U.S. persons (other than a registered U.S. broker-dealer or bank acting in a broker-dealer capacity) must be effected with or through HVB Capital.

The securities referred to in this report may not be registered under the U.S. Securities Act of 1933, as amended, and the issuer of such securities may not be subject to U.S. reporting and/or other requirements. Available information regarding the issuers of such securities may be limited, and such issuers may not be subject to the same auditing and reporting standards as U.S. issuers.

The information contained in this report is intended solely for certain "major U.S. institutional investors" and may not be used or relied upon by any other person for any purpose. Such information is provided for informational purposes only and does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other U.S. federal or state securities laws, rules or regulations. The investment opportunities discussed in this report may be unsuitable for certain investors depending on their specific investment objectives, risk tolerance and financial position. In jurisdictions where HVB Capital is not registered or licensed to trade in securities, commodities or other financial products, transactions may be executed only in accordance with applicable law and legislation, which may vary from jurisdiction to jurisdiction and which may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

The information in this publication is based on carefully selected sources believed to be reliable, but HVB Capital does not make any representation with respect to its completeness or accuracy. All opinions expressed herein reflect the author's judgment at the original time of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

HVB Capital may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. These publications reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is provided in relation to future performance.

HVB Capital and any company affiliated with it may, with respect to any securities discussed herein: (a) take a long or short position and buy or sell such securities; (b) act as investment and/or commercial bankers for issuers of such securities; (c) act as market makers for such securities; (d) serve on the board of any issuer of such securities; and (e) act as paid consultant or advisor to any issuer.

The information contained herein may include forward-looking statements within the meaning of U.S. federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from expectations include, without limitation: political uncertainty, changes in general economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets and in the competitive environment, and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

This document may not be distributed in Canada or Australia.

UniCredit Global Research*

Thorsten Weinelt, CFA
Global Head of Research & Chief Strategist
+49 89 378-15110
thorsten.weinelt@hvb.de

Dr. Ingo Heimig
Head of Research Operations
+49 89 378-13952
ingo.heimig@hvb.de

Global Equity Research

Mark Robinson, Head
+44 20 7309 7873, robinsonm@ca-ib.com

Tomasz Bardzilowski, CFA, Deputy Head
+48 22 520 9979, bardzilowskit@ca-ib.com

Equity Research Germany

Andreas Heine, Co-Head, +49 89 378-16921, andreas.heine@hvb.de
Georg Stürzer, Co-Head, +49 89 378-18252, georg.stuerzer@hvb.de

Real Estate

Andre Remke, CFA
+49 89 378-18202, andre.remke@hvb.de

Mathias Becker
+49 89 378-17844, mathias.becker@hvb.de

Daniela Heyduck
+49 89 378-15183, daniela.heyduck@hvb.de

**Aerospace & Defence/Airlines/Industrials/Retail/
Tourism, Leisure & Services/Steel**

Christian Obst
+49 89 378-15117, christian.obst@hvb.de

Volker Bosse
+49 89 378-11398, volker.bosse@hvb.de

Stefan Halter
+49 89 378-15119, stefan.halter@hvb.de

Peter Rothenaicher
+49 89 378-18718, peter.rothenaicher@hvb.de

Uwe Weinreich
+49 89 378-12640, uwe.weinreich@hvb.de

Semiconductors/Software/Telecom/Technology

Knut Woller
+49 89 378-11381, knut.woller@hvb.de

Thomas Friedrich, CFA
+49 89 378-12798, thomas.friedrich01@hvb.de

Guenther Hollfelder, CFA
+49 89 378-18776, guenther.hollfelder@hvb.de

Roland D.-W. Pitz
+49 89 378-11385, roland.pitz@hvb.de

Automobiles & Parts

Georg Stürzer
+49 89 378-18252, georg.stuerzer@hvb.de

Nathan Kohlhoff, CFA
+49 89 378-11394, nathan.kohlhoff@hvb.de

Utilities/Construction & Materials/Renewables

Karin Brinkmann
+49 89 378-13946, karin.brinkmann@hvb.de

Alexander Stiehler
+49 89 378-18634, alexander.stiehler@hvb.de

Banks

Dr. Andreas Weese
+49 89 378-12561, andreas.weese@hvb.de

Kerstin Vitvar
+49 89 378-11392, kerstin.vitvar@hvb.de

Global Equity Strategy

Gerhard Schwarz, Head
+49 89 378-12421, gerhard.schwarz01@hvb.de

Volker Bien
+49 89 378-18148, volker.bien@hvb.de

Nigel Croft
+44 207 826-6680, nigel.croft@hvbEurope.com

Dr. Tammo Greetfeld
+49 89 378-18361, tammo.greetfeld@hvb.de

Christian Stocker
+49 89 378-18603, christian.stocker@hvb.de

Chemicals/Pharmaceuticals & Biotech

Andreas Heine
+49 89 378-16921, andreas.heine@hvb.de

Christian Cohrs
+49 89 378-17101, christian.cohrs@hvb.de

Markus Mayer
+49 89 378-18670, markus.mayer@hvb.de

Christian Weiz
+49 89 378-15229, christian.weiz@hvb.de

Insurance/Financial Services

Lucio Di Geronimo
+49 89 378-11610, lucio.digeronimo@hvb.de

Bernd Müller-Gerberding, CFA
+49 89 378-18706, bernd.mueller-gerberding@hvb.de

Equity Sales

Equity Sales Munich
+49 89 378-14129

Equity Sales London
+44 207 826 6949

Equity Sales Milan
+39 02 7202 3905

Equity Sales New York
+1 212 672 6140

Equity Sales Vienna
+43 5 0505 82976

Equity Sales Zurich
+41 44 288 7700

Media/Specialities

Friedrich Schellmoser
+49 89 378-11396, friedrich.schellmoser@hvb.de

Publication Address

UniCredit Markets & Investment Banking

Bayerische Hypo- und Vereinsbank AG
Global Research
Arabellastrasse 12
D-81925 Munich
Tel. +49 89 378-18778
Fax +49 89 378-18352

Bloomberg
UCGR

Internet
www.globalresearch.unicreditmb.eu

* UniCredit Global Research is the joint research department of Bayerische Hypo- und Vereinsbank AG (HVB) and CA IB International Markets AG (CA IB).