

**Company Flash**
**Real Estate**
**Germany**
**November 11, 2008**

## Deutsche EuroShop

### Higher guidance for 2008

- DES reported solid Q3/9M results. Rental income increased by 22% to EUR 84.1 mn (9M), mainly driven by the rental contribution of the three new centers in Gdansk, Hameln and Passau. On a like-for-like basis, rental growth was 2.1% y-o-y. EBIT increased by 25%. Net income was EUR 31.3 mn (UniCredit (E): EUR 30.6 mn), down by 30%. Excluding the write-down of deferred taxes due to the German tax reform in Q3 of last year, the comparable increase was 51%. If we exclude the revaluations of currency effects, a full comparable growth rate for net income was +23% y-o-y.
- The company increased the 2008 guidance for revenues (new: EUR 113-115 mn), EBIT (EUR 93-95 mn) and EBT (EUR 45-47) by EUR 2 mn for each figure. We already had estimates at the upper end of the previous guidance. Therefore, we have only marginally adjusted our estimates for FY 2008. The company has not provided new guidance for FY 2009, in our view, due to uncertainties with regard to turnover rents, which are less predictable in the current consumer environment.
- In terms of new acquisitions, the company stepped back from former plans to invest EUR 150-200 mn in 2008. Besides the already announced enlargement of the successful center in Dresden (EUR 75 mn investment) and some smaller investments in Kassel and Hamm, the company refrained from making the previously indicated EUR 120 mn investment in Germany. In our view, this is actually positive news, underpinning that the company is very cautious about investing and prefers to keep cash for more attractive opportunities (yields of 6.25-6.5%), perhaps next year.
- Following our recent upgrade from Hold to Buy at prices below EUR 19 (see Company Update, Oct. 30), there is a further potential to our TP of EUR 25.

|                              | 2005  | 2006  | 2007  | 2008e | 2009e |
|------------------------------|-------|-------|-------|-------|-------|
| Gross rental income (EUR mn) | 72.1  | 92.9  | 95.8  | 114.3 | 122.4 |
| EBITDA (EUR mn)              | 57.5  | 86.3  | 77.2  | 93.8  | 100.7 |
| Net income (EUR mn)          | 48.7  | 100.3 | 94.2  | 53.7  | 58.6  |
| EPS reported (EUR)           | 1.54  | 2.92  | 2.74  | 1.56  | 1.71  |
| EPS diluted (EPRA) (EUR)     | 0.62  | 0.76  | 0.91  | 1.12  | 1.24  |
| NAVPS (EUR)                  | 23.11 | 25.52 | 26.91 | 27.74 | 28.75 |
| DPS (EUR)                    | 1.00  | 1.05  | 1.05  | 1.05  | 1.15  |
| ROE (%)                      | 6.9   | 13.2  | 11.4  | 6.2   | 6.6   |
| P/E reported (x)             | 14.2  | 9.2   | 10.0  | 13.3  | 12.2  |
| P/Cash earnings (x)          | 40.0  | 20.7  | 25.1  | 15.4  | 13.9  |
| P/FFO diluted (x)            | 32.6  | 28.1  | 24.6  | 15.8  | 14.0  |
| P/NAV (x)                    | 0.94  | 1.06  | 1.01  | 0.75  | 0.72  |
| EV/EBITDA (x)                | 21.2  | 19.8  | 23.8  | 18.0  | 16.6  |
| Div. yield (%)               | 4.6   | 3.9   | 3.9   | 5.0   | 5.5   |

Source: Company data, UniCredit Global Research

## Buy (prev. Buy)

|                                |                  |
|--------------------------------|------------------|
| Price on 11/10/08              | <b>EUR 20.80</b> |
| Target price (prev. EUR 25.00) | <b>EUR 25.00</b> |
| Upside to TP                   | 20.2%            |
| Cost of equity                 | 7.5%             |
| High/Low (12M)                 | 28.34/18.55      |

### INVESTMENT HIGHLIGHTS

Pure focus on attractive shopping centers  
 Stable generation of cash flows and dividends  
 Solid financing and capital structure

### STOCK TRIGGERS

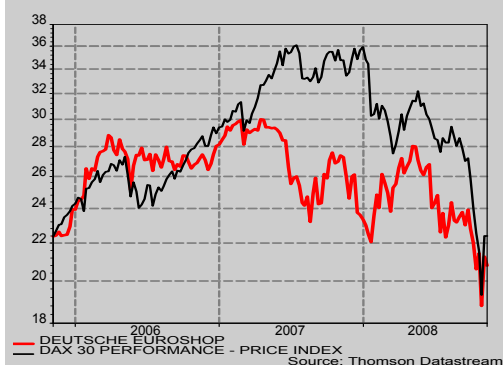
Low risk profile supports share price  
 Waiting for attractive yield investments is positive

### STOCK DATA

| Reuters/Bloomberg              | DEQn.F/DEQ GR   |
|--------------------------------|---|
| Average daily volume (tds.)    | 123.2   |
| Free float (%)                 | 80.5  |
| Market capitalization (EUR bn) | 0.7   |
| No. of shares issued (mn)      | 34.4  |
| Shareholders                   | Otto family 19.5%,<br>Attfund Ltd 5.3%,<br>free float 75.2% |

### UPCOMING EVENTS

|                        |           |
|------------------------|-----------|
| Annual general meeting | 30-Jun-09 |
| BPC, AC                | 24-Apr-09 |
| Q1                     | 14-May-09 |



### RELATIVE PERFORMANCE (% CHG.)

|               | 1M  | 3M   | 6M   |
|---------------|-----|------|------|
| DAX           | 1.2 | 10.7 | 6.0  |
| Euro STOXX 50 | 3.4 | 10.2 | 8.7  |
| ES Financ. S. | 3.3 | 10.5 | 16.6 |

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

**9M/Q3 FIGURES**

| EUR mn                     | 9M/08 | 9M/07 | y-o-y % | UniCredit (E) | Dev. % | Q3/08 | Q3/07 | y-o-y % | UniCredit (E) | Dev. % |
|----------------------------|-------|-------|---------|---------------|--------|-------|-------|---------|---------------|--------|
| Revenues                   | 84.1  | 68.9  | 22      | 83.7          | 1      | 28.9  | 23.2  | 25      | 28.5          | 2      |
| EBITDA                     | 69.5  | 55.6  | 25      | 69.1          | 1      | 23.5  | 17.8  | 32      | 23.1          | 2      |
| Margin (%)                 | 83    | 81    | 2 pp    | 83            | 0 pp   | 81    | 75    | 6 pp    | 81            | 0 pp   |
| EBIT                       | 73.9  | 55.4  | 33      | 73.5          | 1      | 23.5  | 17.4  | 35      | 23.1          | 2      |
| EBT excl. valuation result | 33.5  | 25.9  | 30      | 32.8          | 2      | 11.6  | 7.8   | 49      | 10.9          | 6      |
| Margin (%)                 | 40    | 38    | 2 pp    | 39            | 1 pp   | 40    | 34    | 6 pp    | 38            | 2 pp   |
| Valuation result           | 4.4   | -0.3  |         | 4.4           |        | 0.0   | -0.4  |         | 0.0           |        |
| EBT                        | 37.9  | 25.6  | 48      | 37.2          | 2      | 11.6  | 7.4   | 57      | 10.9          | 6      |
| Net income                 | 31.3  | 44.5  | -30     | 30.6          | 2      | 9.7   | 31.0  | -69     | 9.1           | 7      |
| Adj. net income            | 31.3  | 20.7  | 51      | 30.6          | 2      | 9.7   | 7.2   | 34      | 9.1           | 7      |
| EPS reported (EUR)         | 0.91  | 1.29  | -30     | 0.89          | 2      | 0.28  | 0.90  | -69     | 0.26          | 7      |

Source: Company data, UniCredit Global Research

**GUIDANCE**

| EUR mn                             | 2007     |          | 2008             |               |                 | 2009     |               |
|------------------------------------|----------|----------|------------------|---------------|-----------------|----------|---------------|
|                                    | reported | Guidance | Guidance (prev.) | UniCredit (E) | Prev. estimates | Guidance | UniCredit (E) |
| Revenues                           | 95.8     | 113-115  | 110-113          | 114.3         | 113.3           | 119-121  | 122.4         |
| EBIT (excl. revaluation/disposals) | 77.2     | 93-95    | 90-92            | 93.8          | 92.4            | 100-102  | 101.2         |
| EBT (excl. revaluation/disposals)  | 37.7     | 45-47    | 43-45            | 46.5          | 45.1            | 49-51    | 51.4          |
| EBT reported                       | 77.8     |          |                  | 64.7          | 63.3            |          | 70.6          |

Source: Company data, UniCredit Global Research

**CHANGES IN ESTIMATES (UNICREDIT (E))**

| EUR mn                      | 2006  | 2007  | new   | 2008e | Dev. % | new   | 2009e | Dev. % |
|-----------------------------|-------|-------|-------|-------|--------|-------|-------|--------|
|                             | rep.  | rep.  |       | prev. |        |       | prev. |        |
| Revenues                    | 92.9  | 95.8  | 114.3 | 113.3 | 1      | 122.4 | 122.7 | 0      |
| y-o-y %                     | 29    | 3     | 19    | 18    |        | 7     | 8     |        |
| EBIT reported               | 86.3  | 77.2  | 93.8  | 92.4  | 1      | 100.7 | 101.1 | 0      |
| y-o-y %                     | 50    | -11   | 22    | 20    |        | 7     | 9     |        |
| EBIT incl. valuation result | 158.6 | 127.9 | 112.0 | 110.6 | 1      | 120.0 | 120.3 | 0      |
| y-o-y %                     | 48    | -19   | -12   | -14   |        | 7     | 9     |        |
| EBT incl. valuation result  | 117.7 | 77.8  | 64.7  | 63.3  | 2      | 70.6  | 71.0  | 0      |
| y-o-y %                     | 73    | -34   | -17   | -19   |        | 9     | 12    |        |
| Net income                  | 100.3 | 94.2  | 53.7  | 52.6  | 2      | 58.6  | 58.9  | 0      |
| y-o-y %                     | 106   | -6    | -43   | -44   |        | 9     | 12    |        |
| EPS reported (EUR)          | 2.92  | 2.74  | 1.56  | 1.53  | 2      | 1.71  | 1.71  | 0      |
| EPS adjusted (EUR)          | 0.76  | 0.91  | 1.12  | 1.09  | 3      | 1.24  | 1.25  | -1     |
| NAV per share (EUR)         | 25.52 | 26.91 | 27.74 | 27.70 | 0      | 28.75 | 28.62 | 0      |
| y-o-y %                     | 10    | 5     | 3     | 3     |        | 4     | 3     |        |
| DPS (EUR)                   | 1.05  | 1.05  | 1.05  | 1.15  | -9     | 1.15  | 1.20  | -4     |

Source: Company data, UniCredit Global Research

**CONSOLIDATED INCOME STATEMENT**

|  |               | 2005         | 2006         | 2007         | 2008e        | 2009e        |
|--|---------------|--------------|--------------|--------------|--------------|--------------|
| Total revenues                                     | EUR mn        | 133.4        | 184.6        | 147.6        | 133.6        | 142.8        |
| Total expenses                                     | EUR mn        | -26.0        | -25.9        | -19.6        | -21.7        | -22.8        |
| EBIT   | EUR mn        | 107.4        | 158.6        | 127.9        | 112.0        | 120.0        |
| <b>Gross rental income</b>                         | <b>EUR mn</b> | <b>72.1</b>  | <b>92.9</b>  | <b>95.8</b>  | <b>114.3</b> | <b>122.4</b> |
| Property op./managment costs                       | EUR mn        | -12.3        | -16.2        | -15.4        | -17.3        | -18.4        |
| as a percentage of rental income                   | %             | 17.1         | 17.4         | 16.1         | 15.1         | 15.0         |
| <b>Net rental income (NOI)</b>                     | <b>EUR mn</b> | <b>59.8</b>  | <b>76.7</b>  | <b>80.3</b>  | <b>97.1</b>  | <b>104.0</b> |
| as a percentage of rental income                   | %             | 82.9         | 82.6         | 83.9         | 84.9         | 85.0         |
| <b>Profit on disposal of investment properties</b> | <b>EUR mn</b> | <b>0</b>     | <b>14.8</b>  | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Other operating income                             | EUR mn        | 2.3          | 1.2          | 1.1          | 1.1          | 1.1          |
| Other operating expenses                           | EUR mn        | -4.6         | -6.3         | -4.2         | -4.4         | -4.4         |
| <b>EBITDA (DES defin.: EBIT)</b>                   | <b>EUR mn</b> | <b>57.5</b>  | <b>86.3</b>  | <b>77.2</b>  | <b>93.8</b>  | <b>100.7</b> |
| as a percentage of total revenues                  | %             | 43.1         | 46.8         | 52.3         | 70.2         | 70.6         |
| <b>Valuation result</b>                            | <b>EUR mn</b> | <b>49.9</b>  | <b>72.3</b>  | <b>50.8</b>  | <b>18.2</b>  | <b>19.3</b>  |
| <b>EBIT</b>  | <b>EUR mn</b> | <b>107.4</b> | <b>158.6</b> | <b>127.9</b> | <b>112.0</b> | <b>120.0</b> |
| as a percentage of total revenues                  | %             | 80.5         | 86.0         | 86.7         | 83.8         | 84.1         |
| Income from investments                            | EUR mn        | 5.0          | 1.9          | 1.5          | 1.6          | 1.7          |
| Net financial result                               | EUR mn        | -44.3        | -42.9        | -51.6        | -48.9        | -51.0        |
| <b>EBT</b>   | <b>EUR mn</b> | <b>68.1</b>  | <b>117.6</b> | <b>77.8</b>  | <b>64.7</b>  | <b>70.6</b>  |
| as a percentage of total revenues                  | %             | 51.1         | 63.7         | 52.7         | 48.4         | 49.5         |
| <b>EBT excl. revaluation</b>                       | <b>EUR mn</b> | <b>18.2</b>  | <b>45.3</b>  | <b>27.1</b>  | <b>46.5</b>  | <b>51.4</b>  |
| Taxes  | EUR mn        | -19.4        | -17.4        | 16.3         | -11.0        | -12.0        |
| Income tax rate                                    | %             | 28.5         | 14.8         | -21.0        | 17.0         | 17.0         |
| <b>Profit for the period</b>                       | <b>EUR mn</b> | <b>48.7</b>  | <b>100.3</b> | <b>94.2</b>  | <b>53.7</b>  | <b>58.6</b>  |
| as a percentage of total revenues                  | %             | 36.5         | 54.3         | 63.8         | 40.2         | 41.1         |
| Minority interests                                 | EUR mn        | 0            | 0            | 0            | 0            | 0            |
| <b>Earnings after minority interests</b>           | <b>EUR mn</b> | <b>48.7</b>  | <b>100.3</b> | <b>94.2</b>  | <b>53.7</b>  | <b>58.6</b>  |
| <b>Adj. net income (direct investment result)</b>  | <b>EUR mn</b> | <b>19.5</b>  | <b>26.1</b>  | <b>31.2</b>  | <b>38.6</b>  | <b>42.6</b>  |
| <b>Indirect investment result</b>                  | <b>EUR mn</b> | <b>29.2</b>  | <b>74.2</b>  | <b>63.0</b>  | <b>15.1</b>  | <b>16.0</b>  |
| Funds from operation (FFO)                         | EUR mn        | 21.1         | 33.0         | 38.2         | 45.3         | 51.0         |
| <b>EPS reported</b>                                | <b>EUR</b>    | <b>1.54</b>  | <b>2.92</b>  | <b>2.74</b>  | <b>1.56</b>  | <b>1.71</b>  |
| EPS reported/diluted                               | EUR           | 1.54         | 2.92         | 2.74         | 1.56         | 1.71         |
| <b>EPS diluted (EPRA)</b>                          | <b>EUR</b>    | <b>0.62</b>  | <b>0.76</b>  | <b>0.91</b>  | <b>1.12</b>  | <b>1.24</b>  |
| FFOPS basic  | EUR           | 0.67         | 0.96         | 1.11         | 1.32         | 1.48         |
| <b>FFOPS diluted</b>                               | <b>EUR</b>    | <b>0.67</b>  | <b>0.96</b>  | <b>1.11</b>  | <b>1.32</b>  | <b>1.48</b>  |
| <b>DPS</b>   | <b>EUR</b>    | <b>1.00</b>  | <b>1.05</b>  | <b>1.05</b>  | <b>1.05</b>  | <b>1.15</b>  |

Source: Company data, 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, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, UniCredit CAIB Securities UK Ltd. and UniCredit Aton, 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 content 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.

The UniCredit CAIB Group, consisting of

c) UniCredit CAIB AG, Julius-Tandler-Platz 3, 1090 Vienna, Austria

Regulatory authority: Finanzmarktaufsichtsbehörde (FMA), Praterstrasse 23, 1020 Vienna, Austria

d) UniCredit CAIB Securities UK Ltd., Moor House, 120 London Wall, London EC2Y 5ET, United Kingdom

Regulatory authority: Financial Services Authority (FSA), 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom

e) UniCredit Aton, Boulevard Ring Office Building, 17/1 Chistoprudni Boulevard, Moscow 101000, Russia

Regulatory authority: Federal Service on Financial Markets, 9 Leninsky prospekt, Moscow 119991, Russia

### POTENTIAL CONFLICTS OF INTERESTS

| Company | Key |
|---------|-----|
| -       | -   |

Key 1a: Bayerische Hypo- und Vereinsbank AG, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, UniCredit CAIB Securities UK Ltd., UniCredit Aton 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, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, UniCredit CAIB Securities UK Ltd., UniCredit Aton and/or a company affiliated with it (pursuant to relevant domestic law).

Key 2: Bayerische Hypo- und Vereinsbank AG, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and UniCredit CAIB Securities UK Ltd., UniCredit Aton 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, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and UniCredit CAIB Securities UK Ltd., UniCredit Aton 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, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and UniCredit CAIB Securities UK Ltd., UniCredit Aton 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, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch and UniCredit CAIB Securities UK Ltd., UniCredit Aton 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 |
|-------------------|------------|--------|----------|--------------|
| Deutsche EuroShop | 10/30/2008 | Buy    | EUR      | 25.00        |
| Deutsche EuroShop | 08/14/2008 | Hold   | EUR      | 25.00        |
| Deutsche EuroShop | 07/10/2008 | Hold   | EUR      | 26.50        |
| Deutsche EuroShop | 05/14/2008 | Hold   | EUR      | 30.00        |
| Deutsche EuroShop | 04/30/2008 | Buy    | EUR      | 30.00        |
| Deutsche EuroShop | 02/19/2008 | Buy    | EUR      | 29.00        |
| Deutsche EuroShop | 11/09/2007 | Buy    | EUR      | 30.00        |

### Overview of our ratings

You will find the history of rating regarding recommendation changes as well as an overview of the breakdown in absolute and relative terms of our investment ratings on our websites [hvbmkt.com](http://hvbmkt.com) and <http://www.mib-unicredit.com/research-disclaimer> under the heading "Disclaimer." The history of recommendations is not provided for HVB Milan and UniCredit CAIB AG.

**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.

Until August 27, 2007, the investment ratings used by UniCredit Aton were as follows: Buy – appreciation potential of more than 15% over the next 12 months, Hold – appreciation potential of 0%-15% over the next 12 months, Sell – appreciation potential of less than 0% over the next 12 months.

UniCredit CAIB AG and UniCredit CAIB Securities UK Ltd. have been using the current three-tier recommendation system for 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 having 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 having 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 having 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 holding the respective instrument for investors who already have exposure.

**Sell:** We recommend selling the respective instrument for investors who already have exposure.

**Buy:** We recommend buying 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.

The MSCI sourced information is the exclusive property of Morgan Stanley Capital International Inc. (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, disseminated or used to create any financial products, including any indexes. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are services marks of MSCI and its affiliates.

The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of Morgan Stanley Capital International Inc. and Standard & Poor's. GICS is a service mark of MSCI and S&P and has been licensed for use by UniCredit CAIB Group

**Coverage Policy**

A list of the companies covered by Bayerische Hypo- und Vereinsbank AG, UniCredit CAIB AG, UniCredit CAIB Securities UK Ltd., Bayerische Hypo- und Vereinsbank AG Milan Branch and UniCredit Aton 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, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, UniCredit CAIB Securities UK Ltd., UniCredit Aton and/or a company affiliated (pursuant to relevant national German, Italian, Austrian, UK and Russian law) with them regularly trade shares of the analyzed company. Bayerische Hypo- und Vereinsbank AG, UniCredit CAIB AG, Bayerische Hypo- und Vereinsbank AG Milan Branch, UniCredit CAIB Securities UK Ltd. and UniCredit Aton 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, UniCredit CAIB AG, UniCredit CAIB Securities UK Ltd., Bayerische Hypo- und Vereinsbank AG Milan Branch and UniCredit Aton 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, UniCredit CAIB AG, UniCredit CAIB Securities UK Ltd., Bayerische Hypo- und Vereinsbank AG Milan Branch and UniCredit Aton 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 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.

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, UniCredit CAIB AG, UniCredit CAIB Securities UK Ltd. 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 not for distribution to retail clients as defined in article 26, paragraph 1(e) of Regulation n. 16190 approved by CONSOB on October 29, 2007.

In the case of a short note, we invite the investors to read the related company report that can be found on UniCredit Global Research website [www.globalresearch.unicreditmb.eu](http://www.globalresearch.unicreditmb.eu).

**Notice to Russian investors**

As far as we are aware, not all 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, UniCredit CAIB AG, UniCredit CAIB Securities UK Ltd. 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 UniCredit Capital Markets, Inc. ("UCI Capital Markets").

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 UCI Capital Markets.

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 UCI Capital Markets 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 UCI Capital Markets 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.

UCI Capital Markets 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.

UCI Capital Markets 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@unicreditgroup.de

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

**Global Equity Research**

Mark Robinson, Head  
 +44 20 7826-7960, mark.robinson@caib.unicreditgroup.eu

Tomasz Bardzilowski, CFA, Deputy Head  
 +48 22 520-2979, tomasz.bardzilowski@caib.unicreditgroup.eu

**Equity Research Germany**

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

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

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

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

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

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

**Automobiles & Parts**

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

Christian Aust  
 +49 89 378-11394, christian.aust@unicreditgroup.de

**Chemicals/Pharmaceuticals & Biotech**

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

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

Dr. Silke Stegemann  
 +49 89 378-17101, silke.stegemann@unicreditgroup.de

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

**Financials**

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

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

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

**Media/Specialities**

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

Michael Tappeiner  
 +49 89 378-14163, michael.tappeiner@unicreditgroup.de

**Real Estate**

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

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

**Semiconductors/Software/Telecom/Technology**

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

Thomas Friedrich, CFA  
 +49 89 378-12798, thomas.friedrich1@unicreditgroup.de

Guenther Hofffelder, CFA  
 +49 89 378-18776, guenther.hofffelder@unicreditgroup.de

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

**Utilities/Construction & Materials/Renewables**

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

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

**Global Equity Strategy**

Gerhard Schwarz, Head  
 +49 89 378-12421, gerhard.schwarz1@unicreditgroup.de

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

Nigel Croft  
 +44 207 826-6680, nigel.croft@unicreditgroup.co.uk

Dr. Tammo Greeffeld  
 +49 89 378-18361, tammo.greeffeld@unicreditgroup.de

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

**Equity Sales**

**Equity Sales Munich**  
 +49 89 378 14129

**Equity Sales London**  
 +44 207 826 6949

**Equity Sales Milan**  
 +39 02 8862 0643

**Equity Sales New York**  
 +1 212 672 6140

**Equity Sales Vienna**  
 +43 5 0505 82976

**Equity Sales Zurich**  
 +41 44 288 7700

**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 UniCredit CAIB Group (CAIB).