

# FRANCONOFURT– GROUP PRESENTATION

---

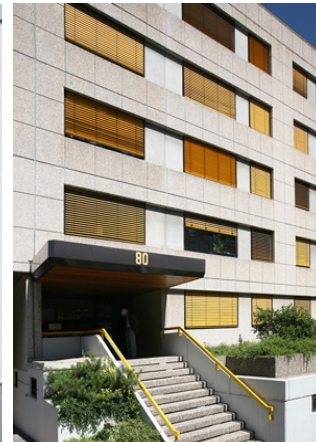


## THE GERMAN MULTI-TENANT PORTFOLIO AGGREGATOR

1st Symposium of Experts on financial issues of the VdW südwest

3rd May 2007

## WHAT WE DON'T BUY AND WHAT WE BUY



## OUR EQUITY STORY

- Franconofurt is a investor in multi-tenant houses
- We only buy from private individuals, avoiding auctions
- We only buy in good locations, commuter belts
- Our minimum yield requirement is 8%, vacancy curr. 4%
- We are a portfolio aggregator, we sell only 10-15% of our portfolio p.a. thus ramping up quickly a large volume
- We expect to have c. EUR 1bn of assets in 3 years time
- 12 months ago our volume was c. EUR 20m only and is now c. EUR 130 million, to increase further quickly
- We are rolling-out our business model across Germany
- We are profitable and have a 5% dividend yield



## SUPPLY & DEMAND DYNAMICS – FRM BENEFITS ON BOTH SIDES

### Supply side

#### Private sellers

- Demographic shift
- Inheritance Trend

#### Broker's best partner

- Quick time to signing
- Strong equity base
- No fee discussion
- First call to FRM

### Franconofurt Group

Portfolio  
production  
engine

### Demand side

#### Institutional investors

- Pension Funds
- Insurance Companies

#### Private investors

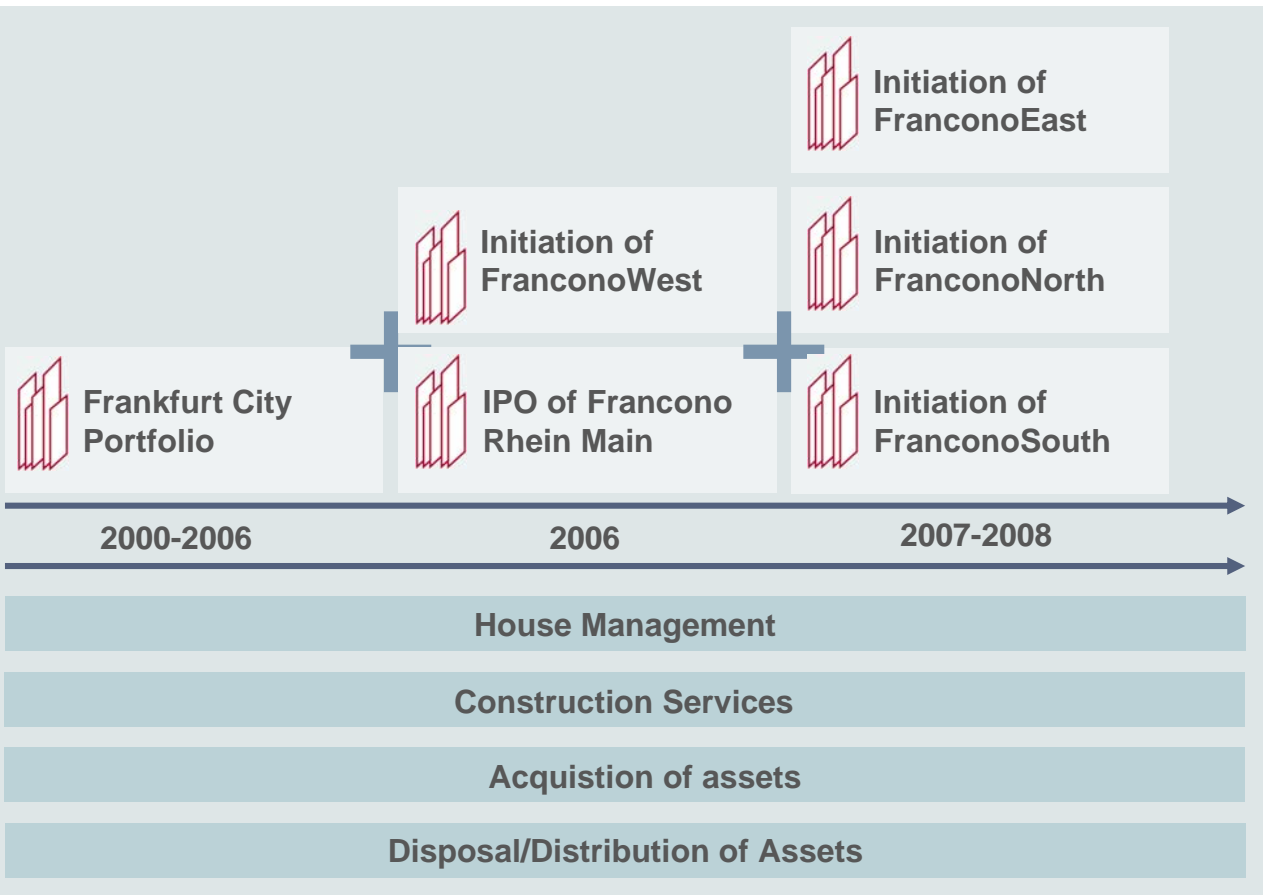
- Tenant privatization
- Wealthy individuals

## WORKING WITH BEST PARTNER APPROACH

- Appraiser Real Estate: Jones Lang LaSalle
- Auditor: Ernst & Young 2006, KPMG 2007 (proposed)
- SAP infrastructure live since April 2007 by Aareon/Aareal
- Portfolio Mgt Software from Deloitte Touche/Innova
- 2006 EPRA standards implemented
- Quarterly IFRS reporting, EPRA standards, full notes



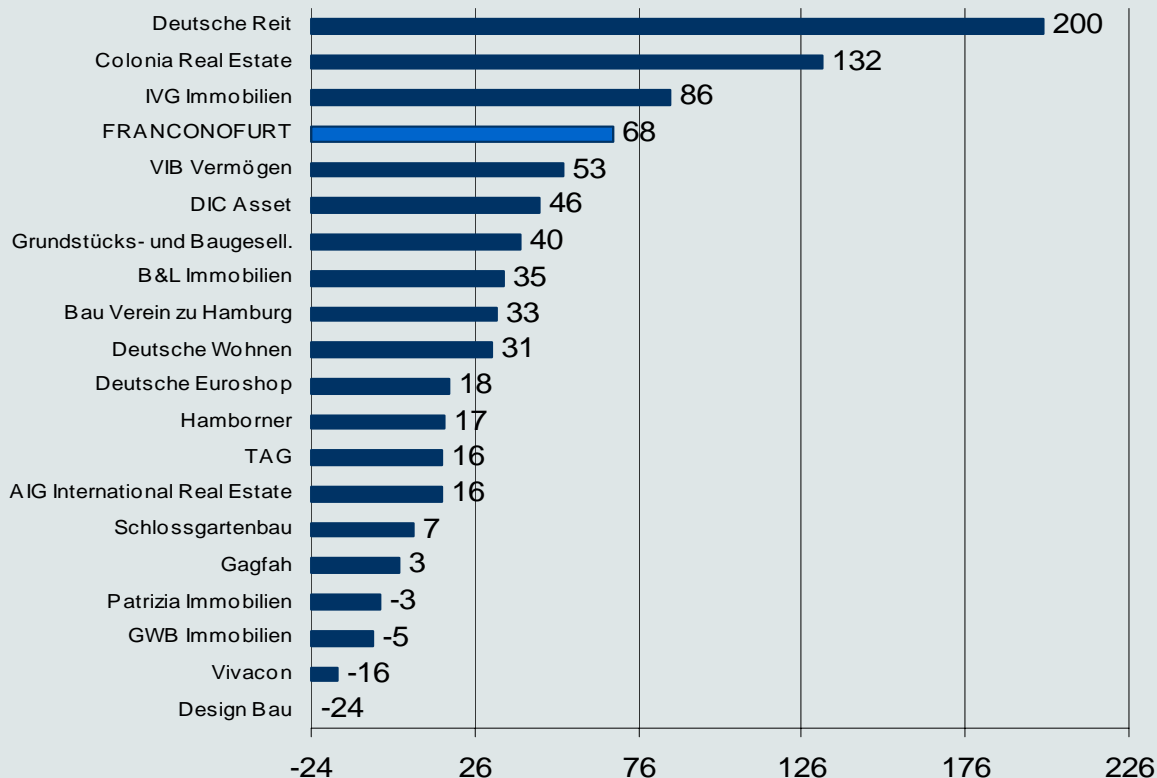
## THE EVOLUTION OF THE FRANCONOFURT BUSINESS MODELL



- Phase1: Frankfurt City portfolio
- Phase2: Initiation and IPO of FRM as of 9/'06  
>>>Proof of Concept
- Phase3: Gradual roll-out of portfolio production business in Germany
- Phase4: Scaling up the volumes in each Francono-Portfolio
- 2009: EUR 1.0bn total gross invested volume\*

\*target volume

## FRANCONOFURT SHARE VS. PEER GROUP PERFORMANCE 2006



- International investor base
- 57% free float to increase
- IR recently started
- Strong business momentum to continue into '07 & '08
- EUR 100 million MCAP achieved thus visibility is increasing
- Q1 2007: +6.7% 2006:+68%

## FRANCONOFURT P+L - STRONG UNDERLYING EARNINGS BASE

in '000 Euro (IFRS, EPRA standard)*	2005	2006	% chg
<b>Gross rental income</b>	737	1571	2.1x
<b>Net proceeds from assets AfS</b>	2522	4031	+60%
<b>Admin &amp; distr. expenses</b>	986	3066	3.1x
<b>Other income/expenses</b>	119	3408	
<b>Mark-ups</b>	-	2631	
<b>Portfolio sale</b>	-	1569	
<b>EBIT</b>	1863	10143	5.4x
<b>Net interest expense</b>	287	785	2.7x
<b>EBT</b>	1575	9358	5.9x
<b>Tax</b>	659	1868	2.8x
<b>Net income bef. minorities</b>	916	7490	8.2x
<b>Minorities</b>	60	1060	
<b>Net profits after minorities</b>	856	6429	7.5x

\* pre-liminary, subject to change

- 2006 in terms of P+L growth was outstanding
- Profitability shows proof of concept
- No major one-off items
- Mark-ups and portfolio sale become predictable
- Cost growth due to infrastructure set up
- Scale effects to kick in 2007
- Net ROE c. 21% on average equity
- All divisions profitable

## FRANCONOFURT BALANCE SHEET – VERY STRONG EQUITY BASE

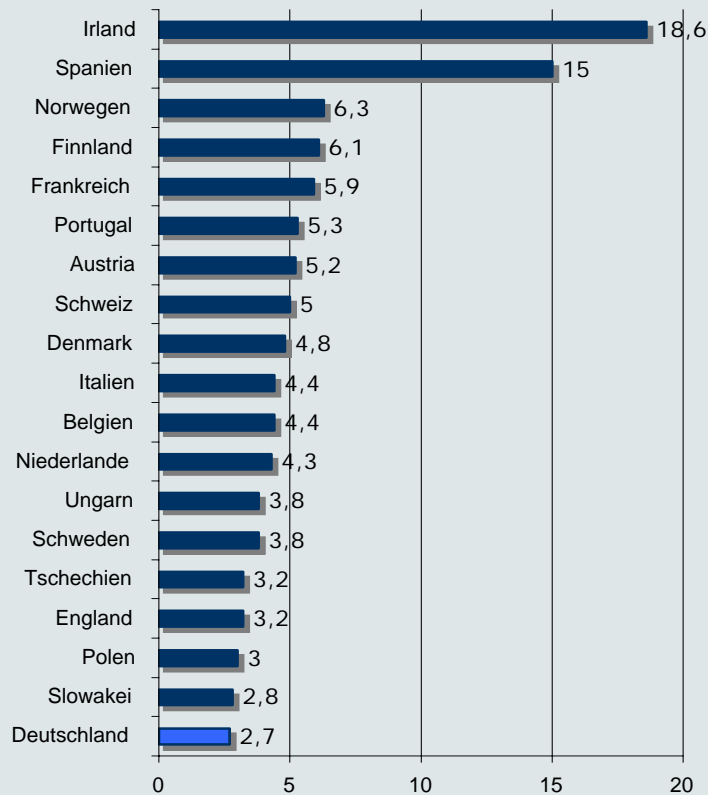
in million Euro (IFRS, EPRA standard)*	2005	2006	% chg
<b>Total Assets</b>	<b>22.2</b>	<b>104.2</b>	<b>4.7x</b>
Real estate held as fin.assets	-	44.1	
Real estate AfS	17.8	26.8	1.5x
Receivables	2.3	13.0	5.6x
Cash	1.7	15.7	9.2x
<b>Total Liabilities</b>	<b>22.2</b>	<b>104.2</b>	<b>4.7x</b>
Equity	10.4	50.9	4.9x
Long term loans taken	6.2	2.6	- 58%
Short term loans taken	4.9	28.3	5.8

\* preliminary, subject to change

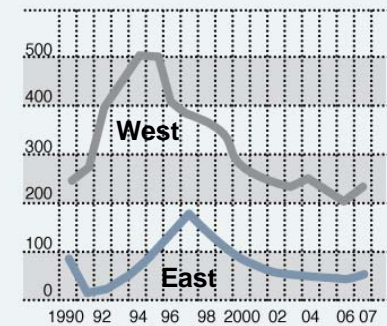
- Equity represents c. 50% of balance sheet total
- FRM portfolio mark-to-market (c. 4-5% mark-up)
- FFM City portfolio AfS
- Receivables due to portfolio sale of € 7.2m
- Cash allows for further growth
- Short term loans swapped into 10y fix contracts
- Riskiness of assets rather low given diversification

# THE GERMAN RESIDENTIAL REAL ESTATE MARKET – TURN AROUND EXPECTED

Comparing completed housing per 1000 capita in 2005



Completed housing in Germany

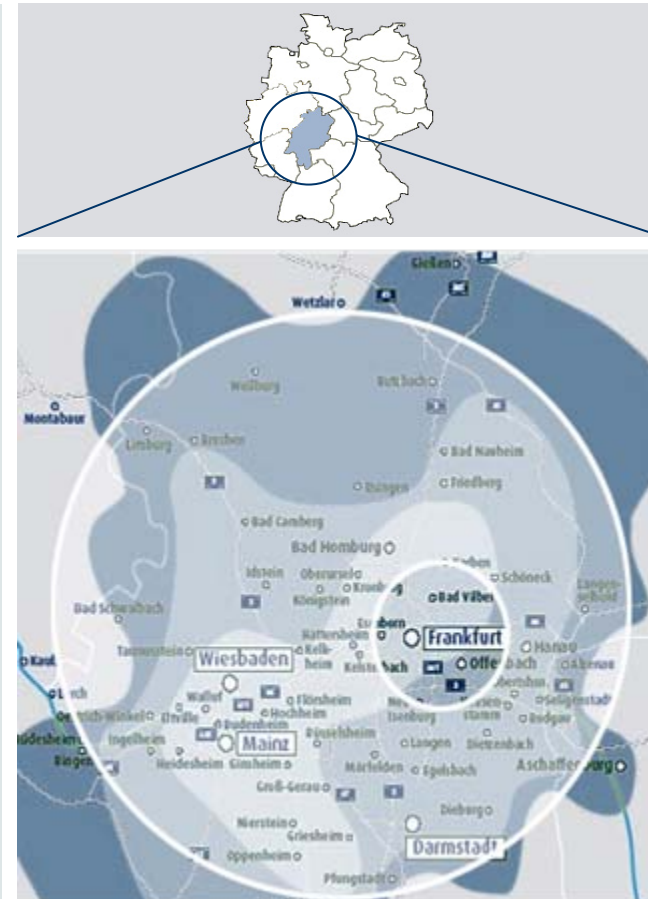


Germany: Construction permits & completions



## RHEIN-MAIN REGION – IN THE HEARTLAND OF GERMAN ECONOMIC GROWTH

- Rhein-Main Region (RM) encompasses 5.2m pop (c. 6.4% of German pop, produces 8.6% of GDP)
- RM purchasing power 12.5% higher than German avg, 167% above EU average
- 72% of the 2m working pop are employed in services sector i.e. low industrial exposure
- 65/top 500 companies in terms of turn-over are located in RM, 16/top 50 US-companies as well
- Unemployment rate 3%-points below German avg



# FRANCONO RHEIN-MAIN – PORTFOLIO PRODUCTION

- FFM provides scalable platforms
- Provides initial equity
- Appoints Management
- No management fees

- Scale Transformation
- Off-market transactions
- Scanning and structuring
- Pre-defined market

- Portfolio ownership main aim
- Opportunistic divestments possible
- Max: 15-20% of portfolio divested

## EQUITY

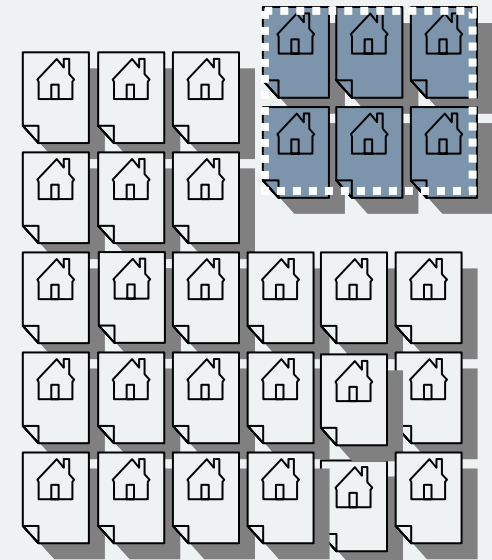
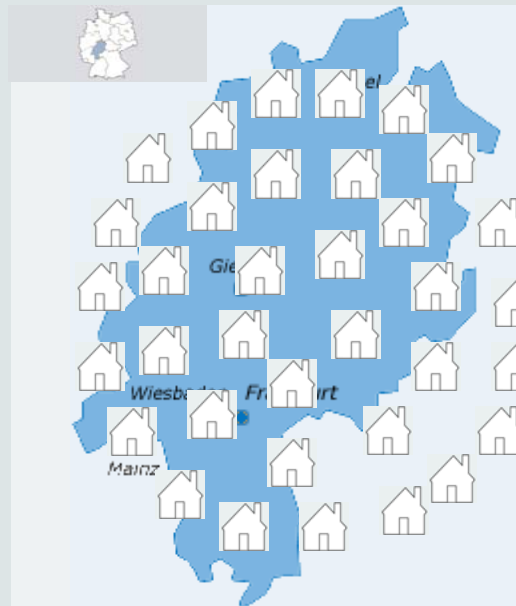
## MANAGEMENT



I. Rose CEO

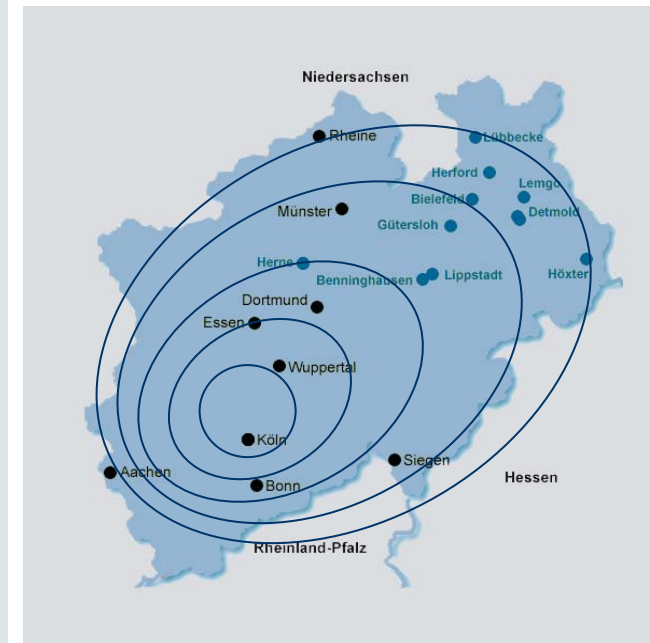
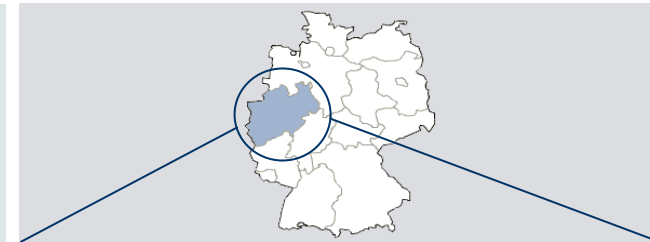


C. Heinrichs CEO



## OUR THIRD PORTFOLIO – FRANCONOWEST AG

- FranconoWest is our third portfolio
- First two portfolios are: FranconoResidence & FRM
- FRW in terms of market is 2x larger than FRM
- FRW 12 million population vs. 5.2m in FRM area
- Much more commuter belts in FRW than in FRM
- German GDP recovery helps accelerate NRW market
- FRW will benefit strongly from FRM experience



# FRANCONOWEST AG – PORTFOLIO PRODUCTION

- FranconoWest first „outside“ market
- Transferring FRM/FFM know-how
- Only local expertise
- Learn from experience of FRM

- Major know-how transfer:
- Experienced & big acquisition team
- Infrastructure set-up
- It's about qualified, local people

- FRW provides much larger market
- Stronger scale effects expected
- Volumes expected to be larger
- IPO in 2007 planned

## EQUITY

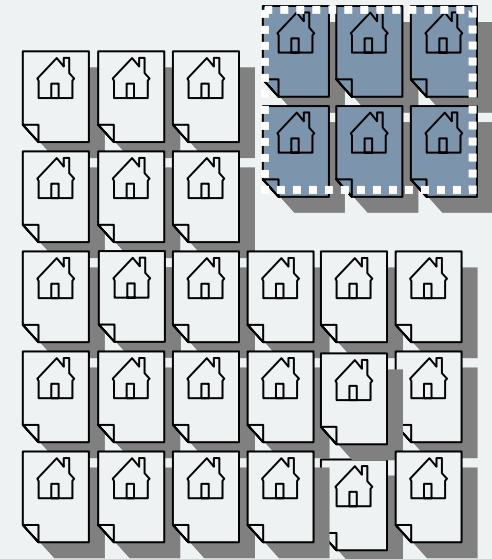
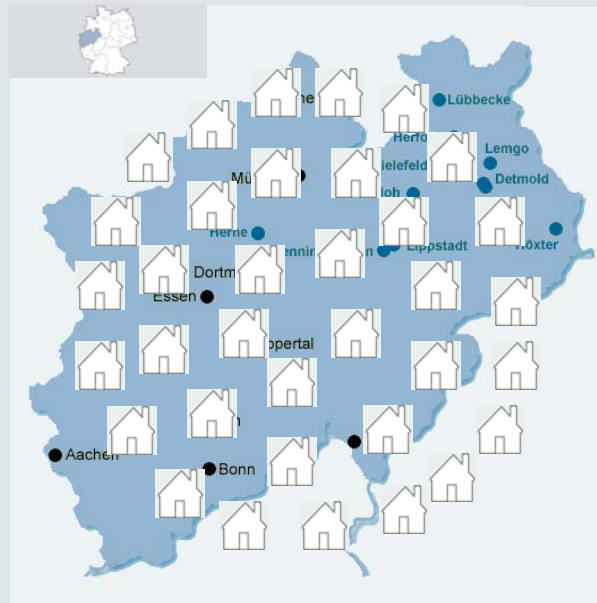
## MANAGEMENT



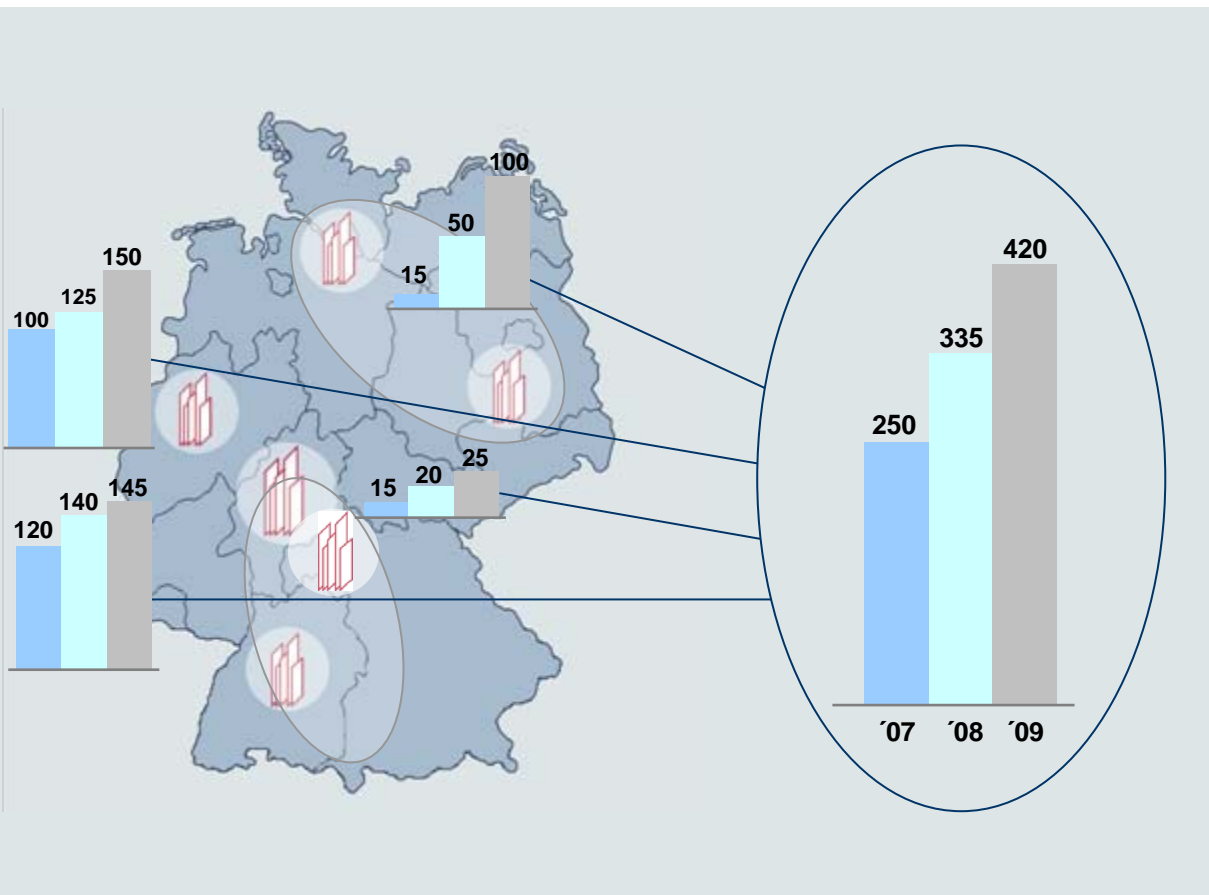
G. Dollhausen CEO



Ch. Möller CEO



## NEW GROSS VOLUME POTENTIAL FOR FRM, FRR, FRW & FRNO (in EUR million)



### Francono Rhein-Main 2007

\_Area: Frankfurt/RheinMain  
\_Volume\*: EUR 200m end-07

### FranconoWest 2007

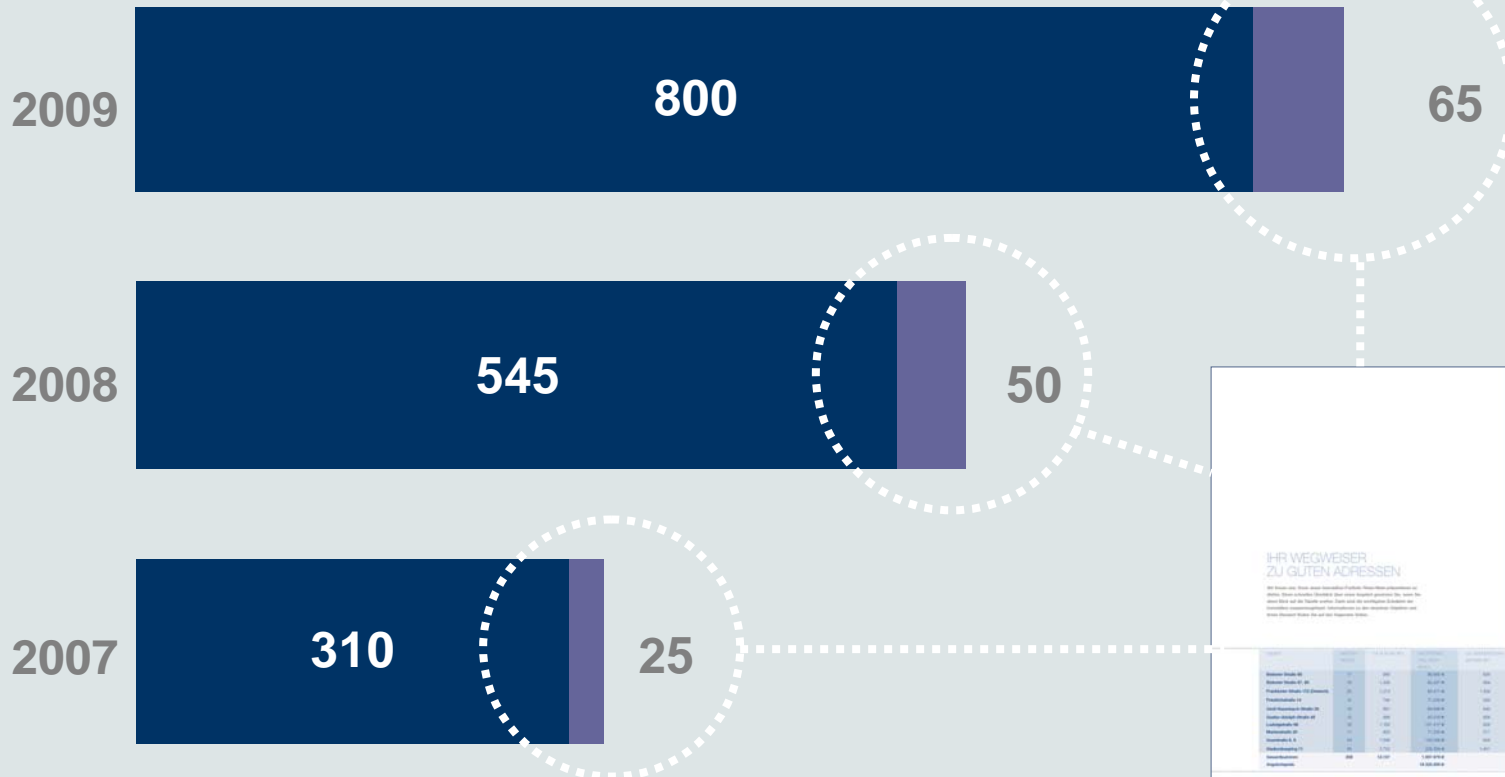
\_Area: Cologne/Ruhr  
\_Volume\*: up to EUR150m '07

### FranconoNorthEast 2008

\_Area: Hamburg/Kiel/East  
\_Volume\*: up to 165m 2009

*\*Gross invested volume*

GROSS INVESTED VOLUMES IN € million – FRM + FRW + FRR



**IHR WEGWEISER ZU GUTEN ADRESSEN**

Wir freuen uns, Ihnen einen inspirativen Überblick über alle Immobilienprojekte zu geben, die wir aktuell realisieren. Von der Planung bis zur Realisierung begleiten wir Sie durch den gesamten Prozess und stehen Ihnen jederzeit für alle Fragen zur Verfügung.

Projekt	Standort	Fläche (m²)	Wohnfläche (m²)	Wohnungszahl	Realisierung
Wohnpark Frankfurt	Frankfurt	100.000	80.000	1.000	2010
Wohnpark Leipzig	Leipzig	150.000	120.000	1.500	2011
Wohnpark Berlin	Berlin	200.000	160.000	2.000	2012
Wohnpark München	München	180.000	144.000	1.800	2013
Wohnpark Köln	Köln	120.000	96.000	1.200	2014
Wohnpark Stuttgart	Stuttgart	160.000	128.000	1.600	2015
Wohnpark Hamburg	Hamburg	140.000	112.000	1.400	2016
Wohnpark Düsseldorf	Düsseldorf	110.000	88.000	1.100	2017
Wohnpark Nürnberg	Nürnberg	90.000	72.000	900	2018
Wohnpark Regensburg	Regensburg	70.000	56.000	700	2019
<b>Wohnpark</b>	<b>Frankfurt</b>	<b>100.000</b>	<b>80.000</b>	<b>1.000</b>	<b>2010</b>
<b>Wohnpark</b>	<b>Leipzig</b>	<b>150.000</b>	<b>120.000</b>	<b>1.500</b>	<b>2011</b>
<b>Wohnpark</b>	<b>Berlin</b>	<b>200.000</b>	<b>160.000</b>	<b>2.000</b>	<b>2012</b>
<b>Wohnpark</b>	<b>München</b>	<b>180.000</b>	<b>144.000</b>	<b>1.800</b>	<b>2013</b>
<b>Wohnpark</b>	<b>Köln</b>	<b>120.000</b>	<b>96.000</b>	<b>1.200</b>	<b>2014</b>
<b>Wohnpark</b>	<b>Stuttgart</b>	<b>160.000</b>	<b>128.000</b>	<b>1.600</b>	<b>2015</b>
<b>Wohnpark</b>	<b>Hamburg</b>	<b>140.000</b>	<b>112.000</b>	<b>1.400</b>	<b>2016</b>
<b>Wohnpark</b>	<b>Düsseldorf</b>	<b>110.000</b>	<b>88.000</b>	<b>1.100</b>	<b>2017</b>
<b>Wohnpark</b>	<b>Nürnberg</b>	<b>90.000</b>	<b>72.000</b>	<b>900</b>	<b>2018</b>
<b>Wohnpark</b>	<b>Regensburg</b>	<b>70.000</b>	<b>56.000</b>	<b>700</b>	<b>2019</b>



**YOUR PERSONAL CONTACT. IHR ANSPRECH-PARTNER.**

Prof. Dr. Schöler

Managing Director  
Residential & Commercial Real Estate  
Phone: +49 (0) 91 31 123 456 | Fax: +49 (0) 91 31 123 457  
www.franconofurt.de | info@franconofurt.de