Hypoport AG

Close Brothers Seydler Research AG

Recommendation:	Risk:	Price Target:
BUY (Initiating Coverage)	HIGH (-)	EUR 15.00 (-)

17 November 2010

Scalability, innovation, growth, high potential

Getting ready to rumble!

- The Hypoport Group is an internet-based financial service provider whose business model consists of two mutually supportive pillars: Dr. Klein & Co. AG, which distributes retail financial products via the internet and an online B2B financial marketplace EUROPACE for brokering financial products.

- The EUROPACE business model is highly scalable - Once a certain critical mass has been achieved, there is potential for massively rising earnings. The marketplace effect leads to EUROPACE being ever more attractive the more partners are connected to it. We believe that EUROPACE is close to reaching the critical mass necessary to ignite the marketplace effect.

- The B2B financial marketplace is expanding into all directions, both regionally and into new sectors. Dr. Klein is to grow via a distinct expansion of the branch and independent advisor network to increase regional presence.

- Hypoport recently released 9M 2010 results. Revenue for the first nine months of 2010 climbed by 20% to EUR 44.9m (PY: EUR 37.5m) and was spread across all business segments. EBIT rose to EUR 3.53m from EUR 1.39m in 9M 2009, an increase of 66%.

- In light of the positive 9M results, we estimate full year 2010E revenues to come in at EUR 60m whilst EBIT should rise to around EUR 4.4m. Our estimated revenues for 2011E and 2012E are EUR 69.0m and 80.0m respectively, with EBIT rising disproportionally to EUR 6.0m and EUR 9.1m respectively.

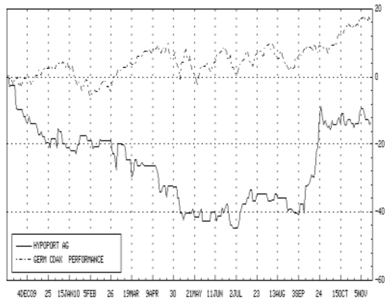
- On the basis of a DCF model and peer group valuation we arrive at a fair value of EUR 14.98 per share. EUROPACE will continue to expand its reach with many key strategic initiatives, which have been developed in the last quarters and years. In our opinion, the market has not yet "woken up" to the full potential of Hypoport. As we believe that the shares are currently undervalued, we think it is a good investment opportunity and hence recommend to BUY Hypoport shares with a EUR 15.00 price target.

Key data

FY 12/31, EUR m	2007	2008	2009	2010E	2011E	2012E
Sales	40.7	52.7	50.5	60.0	69.0	80.0
EBIT	6.2	5.0	1.2	4.4	6.0	9.1
Net result	4.3	-0.3	-0.3	2.4	3.7	5.7
EPS	1.05	-0.05	-0.05	0.39	0.60	0.92
DPS	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin	21.5%	15.3%	9.7%	14.8%	15.7%	17.6%
EBIT margin	15.1%	9.4%	2.4%	7.3%	8.7%	11.4%
Net margin	10.5%	-0.5%	-0.7%	4.0%	5.4%	7.1%
ROE	18.6%	-1.2%	-1.4%	9.1%	13.1%	18.4%
EV/EBITDA	8.0	8.7	14.3	7.9	6.5	5.0
EV/EBIT	11.3	14.1	57.3	15.9	11.7	7.7
P/E	13.5	-204.9	-166.7	24.2	15.7	10.3

Source: CBS Research AG, Hypoport AG

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, Hypoport AG

Change	2010E new	2010E old	2011E new	2011E old	2012E new	2012E old
Revenue	60.0	-	69.0	-	80.0	-
EBIT	4.4	-	6.0	-	9.1	-
EPS	0.39	-	0.60	-	0.92	-

www.hypoport.com	Sector: Financial Services
WKN: 549336	ISIN: DE0005493365
Reuters: HYQGn.DE	Bloomberg: HYQ GY

Short company profile:

The Hypoport Group is an internet-based financial services provider that consists of two mutually supportive pillars, namely Dr. Klein and EUROPACE

Share data:

Share price (EUR, latest closing price):	**9.43**
Shares outstanding (m):	6.181
Market capitalisation (EUR m):	58.3
Enterprise value (EUR m):	70.0
Ø daily trading volume (3 m., no. of shares):	1,376

Performance data:

High 52 weeks (EUR)	10.60
Low 52 weeks (EUR):	5.85
Absolute performance (12 months):	-11.4%
Relative performance vs. CDAX:	
1 month	-2.7%
3 months	23.7%
6 months	30.0%
12 months	-23.9%

Shareholders:

Revenia GmbH	34.8%
Kretschmar Familienstiftung	18.8%
Deutsche Postbank AG	9.7%
Free float	36.7%

Financial calendar:

Annual report 2010	01 April 2011

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Table of Content:

Investment thesis

Internet-based financial service provider with two pillars

- The Hypoport Group is an internet-based financial service provider whose business model consists of two mutually supportive pillars: Dr. Klein & Co. AG, which distributes retail financial products via the internet and an online B2B financial marketplace EUROPACE for brokering financial products.

Transaction volume on EUROPACE grew enormously

- In the year 2002 real estate financing was introduced on EUROPACE and in 2009 the generated volume was EUR 11.4bn which translates into every 10th mortgage financing transaction taking place in Germany via EUROPACE. In 2004, EUROPACE started offering personal loans on the platform and is gradually diversifying into other financial products.

Highly scalable business model

- The EUROPACE business model is highly scalable - Once a certain critical mass has been achieved, there is potential for massively rising earnings. The marketplace effect leads to EUROPACE being ever more attractive the more partners are connected to it. We believe that EUROPACE is close to reaching the critical mass necessary to ignite the marketplace effect.

EUROPACE Expansion…

- The B2B financial marketplace is expanding into all directions.

  …regionally

  Regional Expansion- As a German company, attention is primarily focused on its home market of Germany where there is still great potential for growth. However, the plan is to expand gradually into other countries (as the name implies, Europace has a European reach) starting with the Netherlands where Hypoport is currently launching EUROPACE with a Dutch joint venture partner that controls around a large portion of the Dutch mortgage market. Besides the Benelux countries the company has identified the UK, Spain and Italy as attractive target markets.

  …and into other sectors

  Expansion into other banking sectors- Hypoport has started entering the German savings and loan banks (Sparkassen) and cooperative banks (Genossenschaftsbanken) sectors in the form of the joint venture projects FINMAS and GENOPACE respectively. The savings and loan banks and coop banks jointly control 50% of the German mortgage market. If the entry into the two sectors is successful, HYPOPORT has the chance to become the market standard when it comes to the distribution of financial products.

Dr. Klein is to expand via increasing regional presence…

- Dr. Klein is to grow via a distinct expansion of the branch and independent advisor network to increase regional presence.

…however EUROPACE is expected to grow even faster

- At present the distribution of revenues is around 2/3rds Dr. Klein and 1/3rds B2B Financial Marketplace. We expect growth to take place in both segments, but it is likely that the growth in revenues of the latter segment could overtake that of Dr. Klein, leading to an equal revenue share within the next 3-5 years.

9M 2010 results very positive

- Hypoport recently released 9M 2010 results. Revenue for the first nine months of 2010 climbed by 20% to EUR 44.9m (PY: EUR 37.5m) and was spread across all business segments. EBIT rose to EUR 3.53m from EUR 1.39m in 9M 2009, an increase of 66%.

Own work capitalised

- A peculiarity of the business model is the item “own work capitalised” which is included as a reduction in operating expenses in the P&L. Subsequently it is written off annually over a certain period of time. Furthermore, it is included in the figure of immaterial assets and had a value of EUR 12.3m as at 30 September 2010.

Software development costs have already had their peak

- The costs for software development in all new projects have already peaked and from now on most of the new investments will be made into the development of EUROPACE II and maintenance of the other platforms.

EBIT expected to rise disproportionally

- In light of the positive 9M results, we estimate full year 2010E revenues to come in at EUR 60m whilst EBIT should rise to around EUR 4.4m. Our estimated revenues for 2011E and 2012E are EUR 69.0m and 80.0m respectively, with EBIT rising over-proportionally to EUR 6.0m and EUR 9.1m respectively. Our estimates for EPS for 2010E-2012E come out at EUR 0.39, EUR 0.60 and EUR 0.92 respectively.

Market has not yet “woken up” to Hypoport

Fair Value per share at EUR 14.98

- On the basis of a DCF model and peer group valuation we arrive at a fair value of EUR 14.98 per share. EUROPACE will continue to expand its reach with many key strategic initiatives, which have been developed in the last quarters and years. In our opinion, the market has not yet “woken up” to the full potential of Hypoport. As we believe that the shares are currently undervalued, we think it is a good investment opportunity and hence recommend to BUY Hypoport shares.

SWOT Analysis

Strengths & Opportunities

- Economies of scale which are an inherent part of the business model- costs (a major proportion of which are fixed costs) do not rise proportionally with revenues

- Highly scalable business model in the sense that the B2B platform can be offered in a variety of forms to cater to different client groups (EUROPACE, GENOPACE, FINMAS, BOXL, Stater)

- The two company divisions Dr. Klein and EUROPACE interact and benefit from each other, hence leading to synergies

- Unique technology of EUROPACE for processing financial services making it the market leader in transaction platforms for financial products in Germany. This entailed millions of EUR in investment into a skilled IT team and thus represents a high barrier to entry for competitors

- The market for financial intermediaries is not yet fully developed in Germany compared with other advanced nations. As the share of financial intermediaries in mortgage financing is likely to increase in the years to come, Hypoport would stand to gain

- Entering markets in new countries reduces dependence on domestic market as main source of revenue

- Potential loss of independence of prime competitor Interhyp after ING takeover can present itself as an opportunity for Hypoport. Interhyp already generated around 40% of revenues in 2009 with ING Diba.

- Better conditions from lenders leading to higher margins as awareness about Hypoport increases.

Weaknesses & Threats

- Attractive conditions for real estate purchases: low mortgage rates
- Real estate is becoming increasingly popular as an asset class due to growing fear of inflation and low interest rates.
- Dependence on product partners offering attractive conditions- beyond control of Hypoport
- Dependence on real estate market (around 50% of total Group revenues and 70-75% of EUROPACE revenues are generated from mortgage financing)
- Segment Financial Service Providers (EUROPACE) was not profitable on an EBIT basis in the last quarters
- Balance Sheet structure- intangible assets accounted for a massive 44.4% of total assets as of 30 September 2010 and stood at EUR 27.06m, which is higher than the value of total equity. Of this, EUR 14.8m represented goodwill whilst own work capitalised amounted to EUR 11.4m.
- Dependent on capital market conditions as well as regulatory issues (especially in the case of insurance products)
- Steepening of yield curve. As the transaction fee generated on EUROPACE is dependent on both loan amount and loan duration, the slope of the yield curve has important implications for the revenue inflow generated. A steepening of the curve would lead to customers choosing shorter-term financial products, which can have severe implications for revenues, as the company results of FY 2009 show

Valuation

Valuation summary

We estimate the fair value of Hypoport on the basis of two different valuation methods. The DCF model gives us the basis for a fundamental assessment of the company whilst the peer group model gives us a valuation that is derived from a comparison with similar companies and is therefore close to the market.

Valuation on the basis of DCF and peer group model

We weighted the DCF and peer group model with 75% and 25% respectively. This is because peers of Hypoport that facilitate a reasonable comparison are either not listed or estimates for these company are not available. Hence, the value derived from the peer group model is not applicable to the same extent as the DCF due to weaker comparability with the peers that we eventually had to choose. The market oriented peer group model represents the lower part of the valuation range with EUR 13.19 per share while the fundamentals based DCF model calculates a fair value of EUR 15.48 per share. The combination of the two models results in a fair value of EUR 14.91 per share for Hypoport.

Consolidation of valuation methods results in fair value of EUR 14.91 per share

Consolidation of valuation methods

	Weighting factor	Fair value per share (EUR)
Peer group valuation	25.0%	13.19
DCF valuation	75.0%	15.48
Fair value per share (EUR)		**14.91**

Source: CBS Research AG

DCF valuation

Our Discounted Cash Flow (DCF) model is based on the following assumptions:

Assumptions:

Weighted average cost of capital (WACC): On basis of the long-term yields of German federal bonds, we set the risk-free rate at 3.5%. We assumed an equity risk premium of 6.0%, and a long-term debt risk premium of 2.75%. For the calculation of Hypoport´s WACC, we adopted a beta 1.3 and assumed a long-term target equity ratio at market values of 55%. These premises lead to a WACC of 8.10%.

WACC of 8.48%

Phase 1 (2010E-12E): We estimated the free cash flows (FCF) of phase 1 according to our detailed financial forecasts for these years.

Phase 1: Detailed financial forecasts

Phase 2 (2013-19E): For Phase 2, we made more general assumptions. We allowed annual sales growth to decrease successively to 2.0% in 2019E. At the same time we assumed an EBIT margin of 13.5% in 2013E-2019E (due to the scalability of the business model).

Phase 2: Decreasing growth rates and constant EBIT margin

Phase 3: For the calculation of the terminal value, we applied a long-term FCF growth rate of 2.0% which approximates the estimated long-term inflation rate. This assumption theoretically corresponds to a real-term zero growth, since we use a nominal discount rate (WACC).

Phase 3: 2.0% growth for terminal value

Based on these assumptions, we calculated a fair value of the operating business of EUR 107.3m. We deducted Hypoport´s net financial debt and arrive at a resulting fair value of equity of EUR 95.7m. The fair value per share amounts to EUR 15.48.

DCF model results in a fair value per share of EUR 15.48

Discounted Cash Flow Model

	PHASE 1			PHASE 2							PHASE 3
EURm	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	∞
Sales	60.0	69.0	80.0	86.4	90.7	95.3	100.0	104.0	107.1	109.3	
YoY growth	4.8%	15.0%	15.9%	8.0%	5.0%	5.0%	5.0%	4.0%	3.0%	2.0%	
EBIT	4.4	6.0	9.1	11.7	12.2	12.9	13.5	14.0	14.5	14.8	
EBIT margin	7.3%	8.7%	11.4%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	
Income tax on EBIT (cash tax rate)	-1.5	-2.0	-3.0	-3.8	-4.0	-4.2	-4.5	-4.6	-4.8	-4.9	
Depreciation and amortisation	4.5	4.8	5.0	4.5	4.5	4.5	4.5	4.5	4.5	4.0	
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in net working capital	-0.9	-2.5	-2.3	-2.2	-2.1	-2.2	-2.3	-1.9	-1.5	-0.8	
Net capital expenditure	-6.0	-5.0	-6.0	-5.0	-4.5	-4.0	-4.0	-4.0	-4.0	-4.0	
Free cash flow	**0.5**	**1.3**	**2.8**	**5.1**	**6.1**	**6.9**	**7.3**	**8.0**	**8.7**	**9.1**	
Present values	**0.5**	**1.2**	**2.3**	**4.0**	**4.4**	**4.6**	**4.4**	**4.5**	**4.5**	**4.3**	**72.6**

Present value Phase 1	4.1
Present value Phase 2	30.7
Present value Phase 3	72.6
Total present value	107.3
+ Excess cash/Non-operating assets	9.0
+ Investment properties	
- Financial debt	-20.7
Fair value of equity	95.7
Number of shares (m)	6.18
Fair value per share (EUR)	15.48

Risk free rate	3.50%	Target equity ratio	55.0%
Equity risk premium	6.00%	Beta (fundamental)	1.30
Debt risk premium	2.75%	**WACC**	**8.10%**
Tax shield	33.0%	**Terminal growth**	**2.0%**

Sensitivity analysis

		Terminal growth (Phase 3)				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
WACC	**7.1%**	16.80	18.01	19.45	21.21	23.39
	7.6%	15.14	16.13	17.28	18.67	20.36
	8.1%	13.73	14.54	**15.48**	16.59	17.92
	8.6%	12.50	13.17	13.95	14.85	15.92
	9.1%	11.42	11.99	12.64	13.39	14.25

Source: CBS Research AG

Peer group analysis

Our peer group consists of:

The Hypoport Group is an internet-based financial service provider whose business model consists of two mutually supportive pillars: Dr. Klein & Co. AG, which distributes retail financial products via the internet and an online B2B financial marketplace EUROPACE for brokering financial products.

Due to Hypoport´s unique business model the peers need to be looked at for each segment. The first company below represents a UK company that facilitates comparison with EUROPACE whilst the next three are peers of Dr.Klein. The selection that we have put together excludes competitors that are not listed as well as Interhyp, the main competitor in the B2B platform, due to the non-availability of consensus estimates following takeover. In the case of Planethome, no estimates were available. Nonetheless, for the sake of completeness, the two companies have been briefly described in the Peer Group- Overview section.

Peer group: Company data in EURm

Company name	Market cap.	EV	Sales 2010E	Sales 2011E	Sales 2012E	EBITDA 2010E	EBITDA 2011E	EBITDA 2012E	EBIT 2010E	EBIT 2011E	EBIT 2012E	EPS (EUR) 2010E	EPS (EUR) 2011E	EPS (EUR) 2012E
MONEYSUPERMARKET.COM	432	433	145	156	167	39	44	49	24	29	35	0.05	0.06	0.06
OVB HOLDING AG	309	n.a.	192	212	232	8	13	17	5	10	19	0.39	0.72	0.99
MLP AG	795	767	544	573	606	75	87	98	56	67	84	0.34	0.42	0.51
ARAGON AG	90	98	119	146	154	8	12	15	7	12	13	0.65	0.98	1.06
Average	**406**	**433**	**250**	**272**	**290**	**33**	**39**	**45**	**23**	**30**	**38**	**0.36**	**0.54**	**0.66**
Median	**370**	**433**	**169**	**184**	**200**	**24**	**28**	**33**	**15**	**21**	**27**	**0.37**	**0.57**	**0.75**

Note: Moneysupermarket.com in GBPm

Source: CBS Research AG; Bloomberg

Peer group – short overview

Interhyp

Interhyp was founded in 1999 and currently is Germany's largest residential mortgage broker. With a thorough multi-channel approach it offers its customers- through a website and in 21 locations throughout Germany – individual advice by its mortgage specialists who have access to the offers of more than more 250 lenders. Interhyp provides its services directly to customers and also through third party financial advisors. In 2009, Interhyp distributed mortgages with a volume of EUR 5.236bn which accounted for revenues of EUR 68.9m and earnings before interest and taxes (EBIT) of EUR 2.3m. In May 2008 the Dutch ING-Group took over 91.21% of shares in Interhyp.

PlanetHome

PlanetHome, a 99% subsidiary of Hypovereinsbank, has two main areas of operation, namely real estate brokerage and the corresponding building finance. PlanetHome is represented in Germany and Austria with 75 offices and brokers around 4,800 objects per year. The services it offers range from value estimation to preparation of the purchasing contract to help with the notary.
Out of revenues totalling EUR 34.1m in 2008, approx. 73% were generated by the segment real estate brokerage whilst 27% came from building finance. The company has access to the offers of more than 70 lenders.

Moneysupermarket.com Group Plc

Moneysupermarket.com Group Plc provides online price comparison services in the United Kingdom. The company, through its websites moneysupermarket.com and travelsupermarket.com, provides online services to compare various products in the financial, insurance, travel, and home services markets. The Group operates as the UK's leading finance price comparison website and a leading UK travel price comparison website and its principal business division is its internet business which accounted for approximately GBP 136m, or 99%, of revenues in the financial year ended 31 December 2009. The Group's internet business was established in 1999 and currently operates across four verticals, Money, Insurance, Travel and Home Services, covering 47 price comparison channels. The company was founded in 1993 as an offline business specialising in the provision of mortgage sourcing and information systems and related services to financial intermediaries. The company is based in Chester, the United Kingdom.

MLP AG

According to own information, MLP is Germany's leading independent consulting company. The Company offers securities brokerage, life and non-life insurance, asset management and Internet banking services, and mortgage loans. MLP operates in Germany, Austria, Switzerland, Spain, the Netherlands, and the United Kingdom. The MLP Group manages total assets of more than EUR 18.7bn and supports more than 765,000 private and 4,000 corporate clients. The financial services and wealth management consulting company was founded in 1971 and holds a full banking licence.

OVB Holding AG

OVB Holding AG is one of the leading European financial service providers.
The company is active in 14 countries in Europe and around 4,600 full-time financial advisors provide consultation and support for 2.8m customers in all matters of financial security, risk protection and asset growth. The focus is on private households with a middle to upper income as well as on companies with sales of up to EUR 10m. OVB cooperates with more than 100 banks and insurance and investment companies throughout Europe and selects customer-specific solutions on the basis of their offers. OVB has a 40-year history and adopted the legal form of a corporation as of 2000. OVB has been trading on the stock exchange since 2006.

Aragon AG

Aragon AG is an independent financial services provider with currently six subsidiaries, each of which having its own profile, its own strategy and its own brand in Germany, Austria and Eastern Europe and is engaged in providing advice and brokering financial products by around 18,000 independent financial advisors to around 800,000 end customers. The subsidiary DMS & Cie. AG is comparable with MLP AG and OVB Holding AG. In terms of the number of tied agents, Jung, DMS & Cie. AG operates the biggest broker pool in the German financial services sector, comprising over 12,500 agents who generated sales in excess of EUR 1bn in 2007. A particular focus is on the development of the liability umbrella. As an alternative to independent financial services, this increasingly successful service for brokers and advisers involves Aragon assuming liability vis-à-vis end customers. The liability umbrella also facilitates access for contractually bound agents, known as tied agents, to structured bank products, especially certificates.

Peer Group: Multiples

Company name	EV / EBITDA			EV / EBIT			P / E		
	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E
MONEYSUPERMARKET.COM	11.1	9.8	8.8	18.1	14.9	12.4	17.4	15.5	13.5
OVB HOLDING AG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MLP AG	10.3	8.8	7.8	13.7	11.4	9.1	21.5	17.7	14.6
ARAGON AG	11.8	8.1	6.6	14.1	8.1	7.7	19.1	12.7	11.7
Average	**11.0**	**8.9**	**7.8**	**15.3**	**11.5**	**9.8**	**19.3**	**15.3**	**13.3**
Median	**11.1**	**8.8**	**7.8**	**14.1**	**11.4**	**9.1**	**19.1**	**15.5**	**13.5**

EURm, except EPS (EUR)			EBITDA			EBIT			EPS	
		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E
Hypoport AG: Financial estimates CBS Research		8.9	10.8	14.1	4.4	6.0	9.1	0.39	0.60	0.92
Applied multiples: Peer group average		11.1	8.8	7.8	14.1	11.4	9.1	19.1	15.5	13.5
Enterprise value (derived)		**98.4**	**94.9**	**110.5**	**62.0**	**68.7**	**83.1**	**-**	**-**	**-**
+ Excess cash and marketable securities	9.0									
- Financial debt and minority interest	-20.7									
Market capitalization (derived)		**86.7**	**83.3**	**98.8**	**50.3**	**57.0**	**71.5**	**46.0**	**57.6**	**76.8**
Median (only 2011 and 2012 multiples, not sales)	**74.1**									
Premium (discount) vs. Peer Group	10%									
Fair market capitalization (after discount)	**81.5**									
Number of shares (m)	6.2									
Fair value per share (EUR)	**13.19**									

Source: CBS Research AG; Bloomberg

Strong increase in profitability forecasted

One can see that both the EBITDA as well as EBIT of Hypoport increase strongly from 2010E to 2012E. A similar pattern is observed in the development of EPS. Details on the profitability forecasts can be found in the Forecast- P&L section of this report.

10% Premium added for synergy effects

The peer group model applied above results in a market capitalisation of EUR 74.1m for Hypoport. Additionally a 10% premium has been applied to account for the fact that Hypoport has the ability to generate large synergy effects through the two mutually supporting pillars Financial Product Sales and B2B-Financial Marketplaces, which cannot be found in the case of the peers that we have considered in the valuation above.

Peer Group Valuation results in fair value of EUR 13.19 per share

We have chosen the median of the derived market capitalisations instead of the average to facilitate more meaningful comparisons. Finally, the peer group valuation results in a fair value of EUR 13.19 per share.

The company

Short profile

The Hypoport Group is an internet-based financial service provider whose business model consists of two mutually supportive pillars: Dr. Klein & Co. AG, which distributes retail financial products via the internet and an online B2B financial marketplace EUROPACE for brokering financial products.

Internet-based financial service provider with two pillars

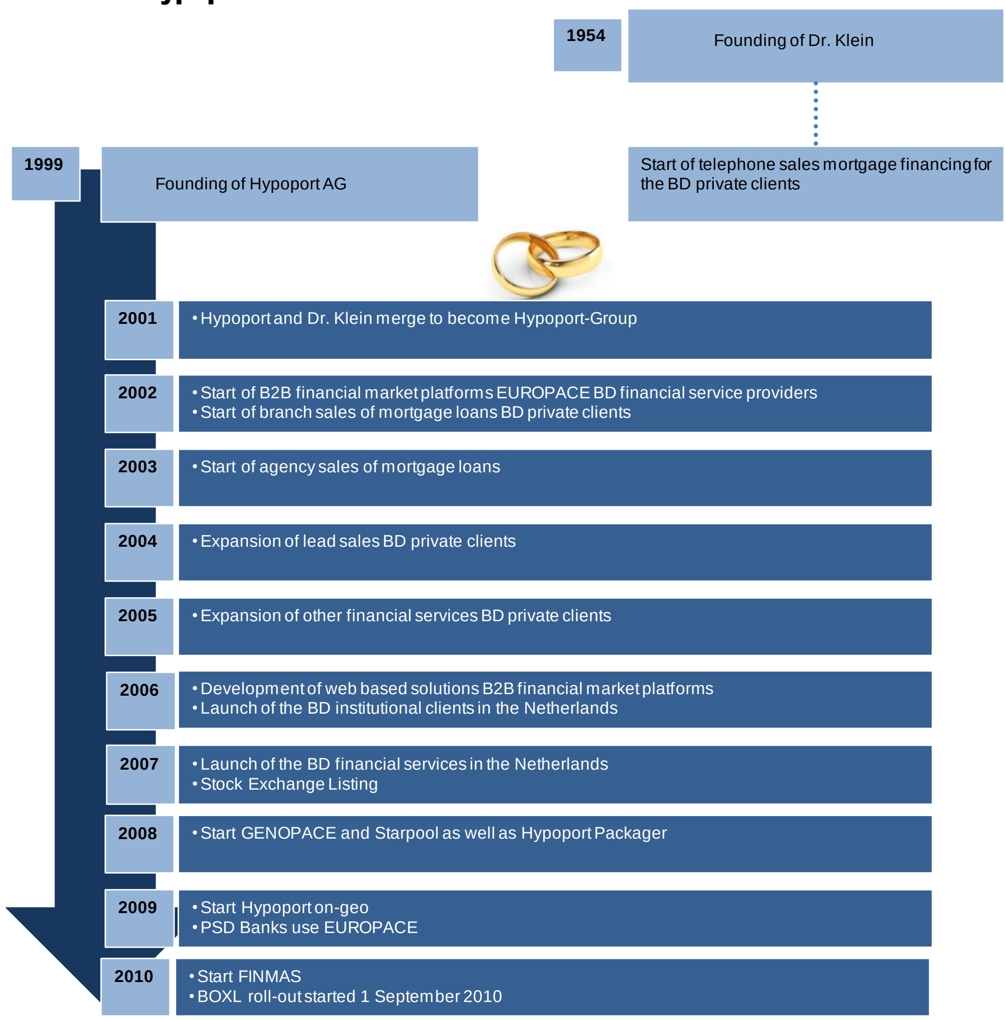
Company milestones

Hypoport AG, whose main offices are in Berlin and Lübeck, combines cutting-edge, internet-based technology with in-depth knowledge of the way the financial markets function and interact. The Group acquired its current form in 2001 when Dr. Klein & Co. AG, which had been in existence since 1954, merged with Hypoport AG, founded in 1999. Furthermore, the company has offices in Amsterdam, Eindhoven and Barcelona.

Since 2001, the Group has gone from strength to strength and it now employs some 450 people. The EUROPACE platform is now successfully established in the market and it celebrates its 10th anniversary in September 2009.

Hypoport AG founded in 1999, merger with Dr.Klein in 2001

Milestones Hypoport



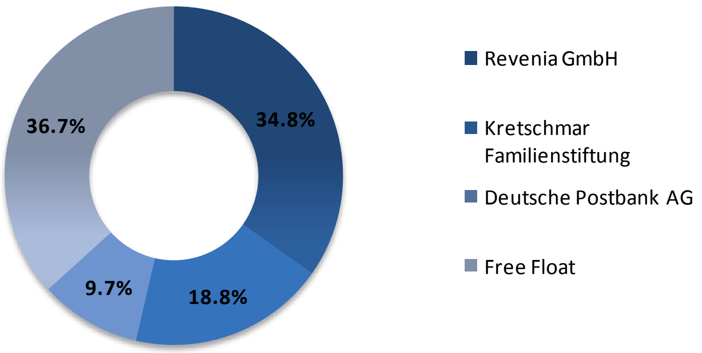
Source: Hypoport AG, CBS Research AG

Shareholder Structure

Revenia GmbH is the largest shareholder with 34.8% (Ronald Slabke, Chairman of the Management Board of Hypoport is Managing Director of Revenia GmbH). Kretschmar Familienstiftung and Deutsche Postbank AG own 18.8% and 9.7% of the company shares respectively. The remaining 36.7% of the shares is free float.

36.7% free float and Revenia GmbH is the largest shareholder with 34.8%

Shareholder Structure as at 30 September 2010



Source: Hypoport AG, CBS Research

Management Board

The Management Board is responsible for the operational management of the whole group within the scope of the corporate strategy.

Ronald Slabke (CEO)

Ronald Slabke

Ronald Slabke was born in 1973. Following studies in business administration, he worked at Westdeutsche ImmobilienBank as a client relationship manager in its domestic investment banking business from 1995 to 1996. In mid-1996, he moved to Dr. Klein & Co. GmbH & Co. KG as assistant to the managing director and was given the full commercial power of representation (Prokura) in 1998. In this role, he developed the new Private Clients business unit from the end of 1998. In January 2000, he was appointed to the Management Board of Dr. Klein & Co. AG (formerly Dr. Klein & Co. GmbH & Co. KG), where he held responsibility for private clients, information technology and finance. With the integration of Dr. Klein & Co. AG into the Hypoport Group, Ronald Slabke joined the Management Board of Hypoport AG from 1 January 2002 and from 2007 to May 2010 has been Co-CEO. In June 2010 he became Chairman of the Management Board.

Thilo Wiegand (Board Member)

Thilo Wiegand

Thilo Wiegand was born in 1959. He gained his business training in banking and finance at both commercial bank and savings bank level, and occupied various executive posts at Deutsche Bank between 1991 and 2003, before finally becoming Product Manager for Mortgage Finance at Deutsche Bank's subsidiary moneyshelf.com AG and assuming responsibility, not just for all sales of Deutsche Bank mortgages through other banks via the internet, but also for partner management and the back office. Thilo Wiegand was Managing Director of Qualitypool GmbH, a subsidiary of Hypoport AG, between 2003 and 2008, where he was responsible for designing and successfully implementing quality services for providers of financial services. He has been appointed to the Management Board with effect from 1 June 2008.

Stephan Gawarecki (Board Member)

Stephen Gawarecki

Stephan Gawarecki was born in 1969. From 1994 to 1998, he studied business administration, specialising in insurance, before taking up a management position with Deutscher Ring, where he worked in building finance on product management until 2000. In 2000, he joined FinanceScout24, an internet portal, developed the insurance business unit and as Director Products & Sales was responsible for the insurance, lending and investments product areas. Since September 2004, Stephan Gawarecki has been a member of the Management Board of Dr. Klein & Co. AG. As such, he is responsible for private clients insurance and investments. His remit includes the private clients business for these business areas and commercial insurance business across all distribution channels. He also became a member of the Management Board of Hypoport AG in June 2010.

Hans Peter Trampe (Board Member)

Hans Peter Trampe

Hans Peter Trampe was born in 1963. After obtaining a diploma in banking with Deutsche Bank (1985-1987 in Hannover), he studied business administration (1997-2003 in Göttingen) and at the same time worked in an administrative capacity in the family business in the accounting, finance and marketing functions. At Weberbank, Berlin, (1993-1996) he qualified as a corporate client relationship manager; at Deutsche Kreditbank, Berlin, (1996-2001) he then developed the entire property business covering the territory of the former West Germany. He joined Dr. Klein & Co. AG in July 2001, specialising in corporate real estate clients, and took over as head of this unit in March 2002. In August 2004, Hans-Peter Trampe was appointed as a member of the Management Board of Dr. Klein & Co. AG. He also became a member of the Management Board of Hypoport AG in June 2010.

Supervisory Board

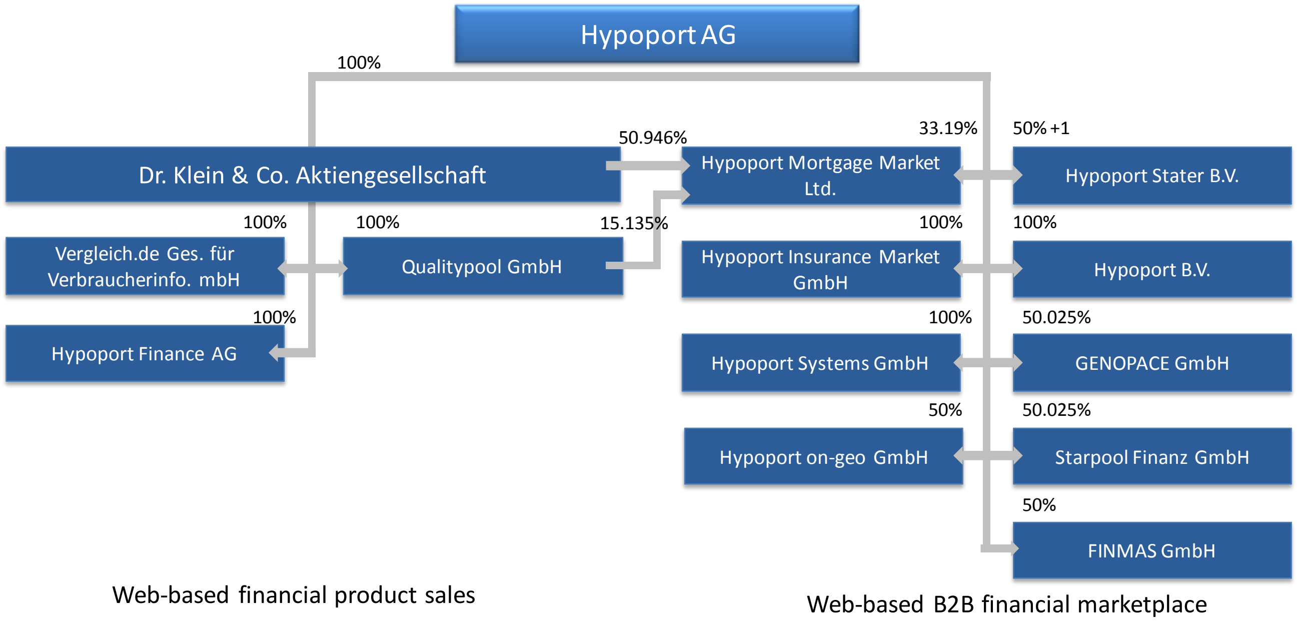
The Supervisory Board comprises three members, Dr. Ottoheinz Jung-Senssfelder (Chairman), Prof. Dr. Thomas Kretschmar (Vice Chairman, founder and former Management Board member of Hypoport) and Christian Schröder (Member).

Corporate Structure

The Hypoport Group is an internet-based financial service provider that offers a full range of financial products. Its parent company is Hypoport AG, which has its headquarters in Berlin, Germany. In addition, Hypoport AG is also represented in Lübeck, Germany. Its business model is based on two mutually supporting pillars: the Financial Product Sales and B2B Financial Marketplaces divisions.

Internet-based distributor of financial products

Hypoport Group Corporate Structure



Source: Hypoport AG, CBS Research AG

Operating through its wholly owned subsidiary Dr.Klein & Co. AG and the latter´s subsidiaries Vergleich.de Gesellschaft für Verbraucherinformation mbH, Freie Hypo GmbH and Qualitypool GmbH (herein also referred to jointly as „Dr. Klein“), the Hypoport Group offers private clients internet-based banking and financial products (providing advice, if requested, either by telephone or face to face) ranging from current accounts and insurance to mortgage finance.

The web-based B2B financial marketplaces are represented, amongst others, by joint venture companies representing the respective growth projects described later in the strategy section.

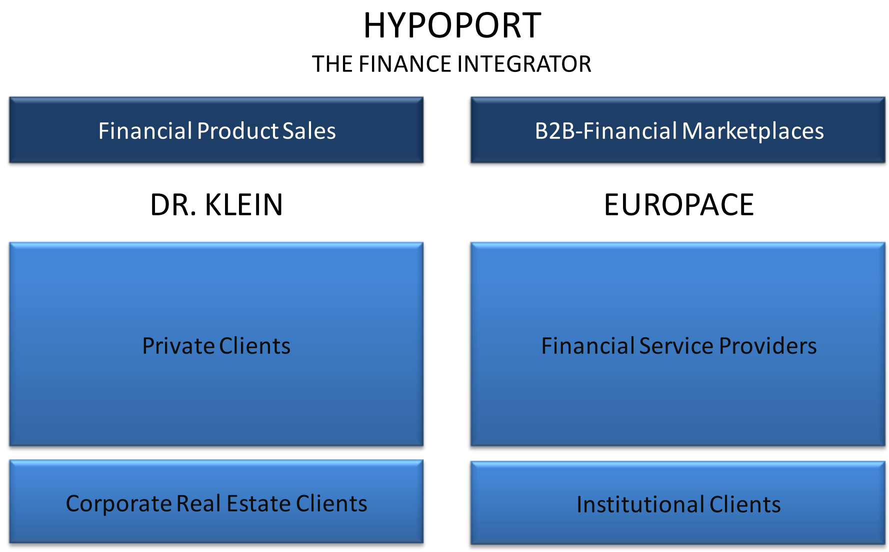
Business Model and Strategy

Business Units

2 corporate divisions
4 business units

Hypoport is an Internet-based Financial Service Provider. There are two corporate divisions (namely, Financial Product Sales and B2B-Financial Marketplaces) and four business units (Private Clients, Corporate Real Estate Clients, Financial Service Providers as well as Insitutional Clients).

Business Units



Source: Hypoport AG, CBS Research AG

Internet-based financial product distribution

Financial Product Sales

Private Clients

Dr. Klein

Hypoport's wholly owned subsidiary Dr. Klein acts as an intermediary for selling banking and financial products to private clients. Products ranging from current accounts and insurance to mortgage finance are sold online or, if they prefer, clients can obtain advice by telephone or face to face. As an independent distributor, Dr. Klein selects the best products for its clients from a broad selection offered by more than 100 leading banks and insurance companies. The web-based processes on the EUROPACE platform and its purchasing volume generate cost advantages that are passed on to private clients so Dr. Klein frequently offers its customers better terms and lower prices than local banks and insurance agencies.

Financial Product Sales- Private Clients

www.drklein.de

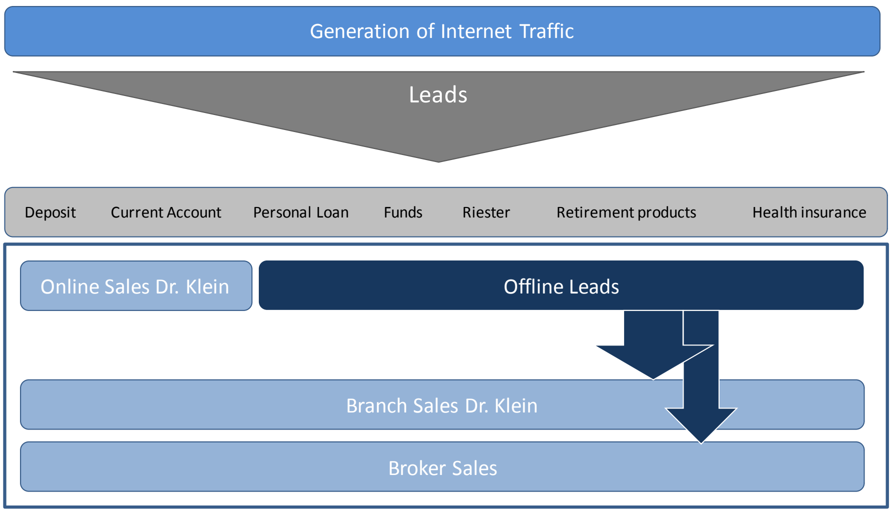
Source: Hypoport AG, CBS Research AG

How it works:

Leads are converted into deals using various channels

Hypoport specialises in generating large numbers of online customer enquiries via its subsidiary Dr. Klein & Co. AG. These customer contacts then become leads. Unlike many other financial product distributors, Hypoport concentrates on private clients who already require a financial service. Leads are converted into deals using various online distribution channels, telephone advice or advice provided in-branch, depending on the product and the customer's preference. The fast-growing branch network of Hypoport is therefore not reliant on "passing trade"; it has access to leads generated on the internet. The company also sell surplus leads to smaller, independent financial product distributors, who can, at the same time, obtain their products from Hypoport.

Leads and Cross-channeling Private Clients



Source: Hypoport AG, CBS Research AG

How that translates into revenues:

No. of leads key performance indicator

The number of leads acquired is the key performance indicator for this business. As the chart below shows, a company record of around 5.7m leads was generated in 2009. Since the start of the year 2010 the number of leads has been falling, which most likely reflects consumers´reluctance to invest their money into simple financial products such as instant-access and fixed-term deposits due to the currently very low interest rates.

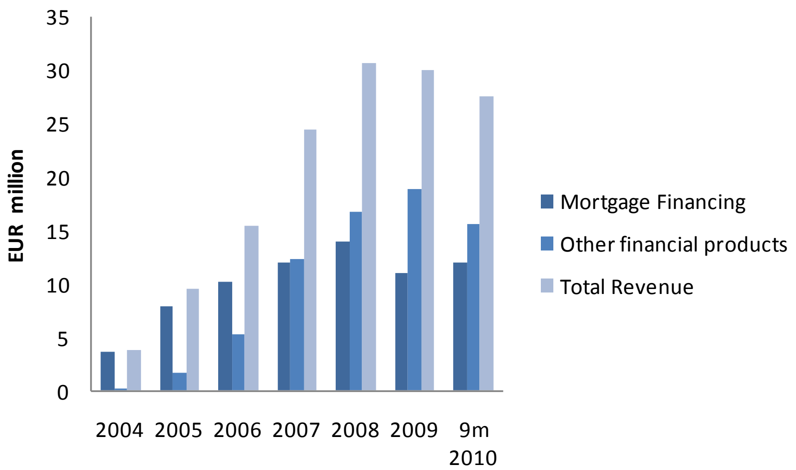
Number of leads, 1Q 2007-3Q 2010

Source: Hypoport AG, CBS Research AG

Growth in mortgage financing revenues compensated for fall in leads

Nonetheless, the business unit Private Clients, was able to show a good performance in the first nine months of 2010 stemming mainly from a growth in mortgage financing revenues. As the chart below shows, the revenues of the business unit Private Clients comprises of Mortgage Financing as well as Other Financial Products. It can further be seen that the revenues generated from other financial products (which includes revenues from lead sales) stagnated.

Private Clients Unit- Revenue Breakdown



Source: Hypoport AG, CBS Research AG

Corporate Real Estate Clients

Dr. Klein's corporate clients division, which was established in 1954, also acts as a financial service provider for property investors and is the leading distributor of finance for municipal and cooperative housing associations. Customer relationship management is based on regional distribution that focuses on the client. During the years that the company has been active in the corporate client sector it has established relationships with more than 500 customers who regularly source their financial services via Dr. Klein.

Dr. Klein is also active in corporate clients sector

B2B financial marketplace

Financial Service Providers

EUROPACE connects Distributors and Product Suppliers

Source: Hypoport AG, CBS Research AG

The EUROPACE B2B financial marketplace operated by Hypoport is Germany's biggest online transactions platform for selling financial products. The fully integrated EUROPACE system puts several thousand financial advisors in touch with more than 40 product suppliers, such as banks, building societies and insurance companies thereby enabling products to be sold swiftly and efficiently. The highly automated processes used on this platform generate significant cost advantages. EUROPACE is now used to process several hundred financing transactions every day. Over 100 IT staff continuously adjust and refine EUROPACE. Key-account managers regularly recruit financial product distributors and product suppliers as new platform users, and they also focus on intensifying our business relationships with existing clients. As well as managing individual customer relationships we also hold two EUROPACE conferences a year to consolidate our network. The system encompasses all the processes used by financial product distributors and product suppliers in connection with new business origination. Some product suppliers already use EUROPACE for all their origination processes because of its comprehensive functionality.

EUROPACE is Germany´s largest online transactions platform

EUROPACE is also used for data management and portfolio transaction analysis in Europe. The Institutional Clients business unit supports European banks in the financial reporting of securitisations and portfolio sales.

How revenues are generated:

EUROPACE generates transaction-volume based fees. Furthermore, it generates revenues through "cooperations and partner projects". The volume of transactions executed on EUROPACE has more than doubled between 2005 and 2009. It is noticeable that the growth rates in fee income differ from the growth rates in revenue. This is due to the project fees as well as the margins which are also distorted. Nonetheless, except for the year 2009 (due to the steep yield curve which leads to borrowers preferring shorter term loans) an increase in the margin is noticeable.

EUROPACE charges transaction-volume based fees

For mortage financing transactions Hypoport receives a fee upon closing of the contract which is dependent on the amount as well as the duration of the loan. Generally, for each year of the duration one basis point is calculated based on the loan amount. The basis point is discounted with the loan interest rate over the entire period of the loan. An important factor in calculating mortgage transaction fees is the loan interest rate. Due to the discounting of the rates, rising loan interest rates would lead to otherwise identical parameters of a receding commission.

For mortage financing, fee is dependent upon amount and duration of loan

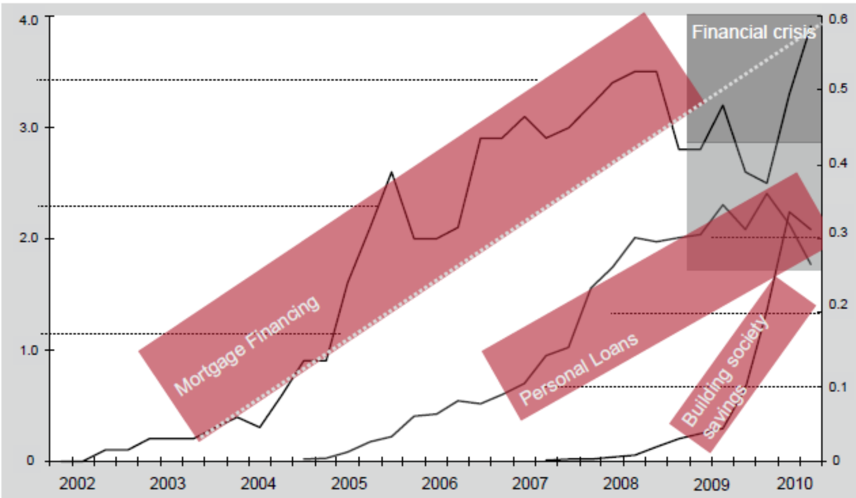
The calculation of fees in the case of personal loans is more simply structured. Per month of the duration Hypoport receives 0.004% of the complete loan volume. In this way, it is possible that the margins for personal loans can quickly overtake that of mortgage financing.

Other fees are more simply structures

The next chart shows the transaction volumes on EUROPACE, which shows stellar growth rates over the period 2002- 3Q 2010. The bulk of transaction volume is accounted for by mortgage financing and personal loans and building society loans have been introduced on the platform in 2004 and 2007 respectively.

Stellar growth rates of transaction volume

Transactions on EUROPACE (EUR bn)

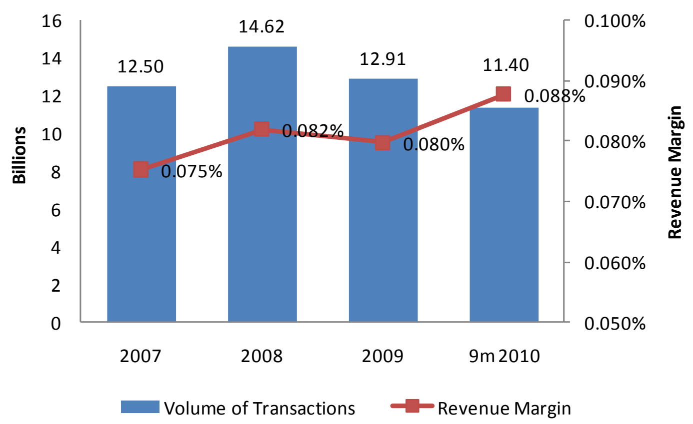


Source: Hypoport AG, CBS Research AG

The increase in transaction volumes (which reached EUR 4.5bn in 3Q 2010, accumulating into EUR 11.4bn on a 9m 2010 basis) is accompanied by an increase in revenue margins in from 2007-9m 2010 except in 2009, when margins suffered slightly due to the financial crisis.

Record transaction volume of EUR 4.5bn in 3Q 2010

Interaction between volume and margins



Institutional Clients

In the pillar B2B financial marketplaces Hypoport has worked on expanding the value chain besides the pure transaction handling via EUROPACE to business with institutional customers. Through “EUROPACE for issuers”, issuers as well as investors of securitised debt tranches are to be targeted. The business sector was hit relatively hard by the financial crisis. Measured by size, the segment plays a periphery role for the company as a whole.

EUROPACE for issuers

Stable customer relationships enabled continuously positive development of revenues and earnings in the last quarters. The possibilities of internationalisation are being examined in selected projects.

Synergy of business models

The Financial Product Sales corporate division (Dr. Klein) benefits from the EUROPACE B2B financial marketplace because it uses the latest technology and also because it provides access to a broad range of products offered by a large number of suppliers. In return, the practical experience of a strong financial product distributor within the group is beneficial for the enhancement of EUROPACE.

Synergies created between Dr. Klein and EUROPACE

Strategy

Growth strategy

The aim is to grow!

By 2014, Hypoport plans to be among the top five non-captive financial service providers in Germany. In that context, it would also like to gain sufficient critical mass in all its business units to be able to exploit economies of scale.

Widening product range

Diversifying product range

The merger with Dr. Klein has already moved Hypoport closer to becoming a distributor of a full range of financial services. In 2003, Hypoport was still a specialist home loans supplier but today it offers a broad range of products already generates more revenue from other financial services than its former core business.

The EUROPACE B2B financial marketplace is also moving in this direction. In addition to home loans, the platform can now also handle personal loans, building finance products, current accounts and property-related insurance. EUROPACE is becoming the workplace standard for the non-captive financial product distribution sector.

Expansion of distribution capacity

Expanding distribution network

Dr. Klein is currently expanding its branch network on a massive scale to increase its financial product distribution. Demand, particularly from non-captive distribution partners, is increasing as a result of the new franchise system which involves Hypoport supplying partners with leads.

Furthermore, additional key account management staff has been recruited for EUROPACE, so that the company can further improve its response to customer requirements.

Growth in the intermediary market

Growing more than the market

Independent studies predict that the intermediary market in Germany will virtually double in size in the next few years, and Hypoport intends to grow at least in line with the market. However, given that the selection process favours larger financial product distributors, the company believes that it has good chances of growing even more strongly than the market. The EUROPACE B2B financial marketplace will benefit both from its financial product distributors growing with the market and also from a greater proportion of their business being processed using EUROPACE.

Recruiting branch-based retail banks

Moving into other banking sectors

Because branch-based retail banks increasingly refer financial services to other product suppliers – frequently in their own network - Hypoport has entered a new market segment to tap into their potential. EUROPACE technology enables retail banks to process business on their own books as well as agency business using the same system. Hypoport is focusing on cooperative banks and savings banks in this area. This refers to the projects Finmas and GENOPACE that are described in more detail below.

International expansion

Expanding geographically

As a German company, attention is primarily focused on its home market of Germany where there is still great potential for growth. However, the plan is to expand gradually into other countries, starting with the Netherlands where Hypoport currently launching EUROPACE (refer to Europace Stater below for details). The Institutional Clients business unit already operates across Europe – paving the way for the Group. Besides the Benelux countries the company has identified the UK, Spain and Italy as attractive target markets. The prerequisite for an expansion into these countries is the partnership with a strong local partner. The above-mentioned countries all have an attractive market size in terms of absolute figures as well as a high share of financial intermediaries.

Expansion Projects

There are five concrete expansion projects in the pipeline, some of which have already been started. These are based on the expansion, relaunch and diversification of the EUROPACE platform.

EUROPACE II

“New and improved” EUROPACE

EUROPACE II represents the new development of EUROPACE on a new technological basis.

Hypoport has been developing its Europace platform since 1999. In 2002 the platform started operating in the segment Real Estate Financing for Private Clients. Since 2008 Hypoport is working on a complete relaunch of the EUROPACE platform, which is mainly occupying the IT team consisting of approx. 100 employees. The company´s aim is to build up the “most modern distribution platform in the European financial market”. The original EUROPACE version was built in 1999 based on the parameters that the first product partners entailed (offered). The requirements of all subsequent partners were then “pressed” into the fundamental system. Over time, EUROPACE integrated the (often) very individual product criteria and wishes of more than 50 product partners in a further standardised “product engine” at the cost of flexibility. The new EUROPACE platform or EUROPACE II will be based on an individual “product engine” for each product partner instead of the previous, standardised “product engine” for all partners. Furthermore, the individual “product engines” will be integrated via a “market engine”.

The lion´s share of Hypoport´s investment in the upcoming quarters will take place in EUROPACE II.

GENOPACE

EUROPACE for cooperative banks

Hypoport AG introduced its platform technology for the cooperative financial services network in April 2008. GENOPACE was created in conjunction with its initiators, Volksbank Düsseldorf Neuss eG and Volksbank Münster eG, and their product partners. This B2B financial marketplace is only available to the cooperative financial services network. There are 1,200 cooperative banks in Germany, all united under the Volksbanken & Raiffeisenbanken brand.

GENOPACE is a customized version of EUROPACE, to be used within the coop bank network and (crucially) linked to the much larger EUROPACE platform through an interface. GENOPACE is also the prime example of how Hypoport can offer a custom-made transaction platform for large banking groups, and one that is then linked to the rest of the outside world through the EUROPACE platform. During the first quarter of 2008, just EUR 22.9m in transactions were generated on GENOPACE / EUROPACE. During the second quarter of 2010, the figure had risen to EUR 110m. Clearly, the platform aimed at the cooperative banks is gaining traction. As of late, Hypoport reports of 24 Volksbanks that are connected to GENOPACE. In total, in over the last two years, over 4200 transactions took place over GENOPACE, which can be seen as a first “ Proof of Concept”.

FINMAS

EUROPACE for savings banks

The goal of Finmas GmbH is to transfer the GENOPACE-concept to the savings and loan banks sector (Sparkassen). As a joint venture partner Hypoport teamed up with the Association of East German savings and loan banks *(Ostdeutscher Sparkassenverband, OSV*), the market leader for mortgages in the East German area in October 2009. Finmas offers the savings banks the ability to reach the so far not entered intermediary market. At the same time, the savings banks have the opportunity to complement their offers with those of other product providers.

The market entry into the savings bank sector offers a lot of potential for Hypoport. According to statistics from the German Sparkassen und Giroverband the sector has a residential real estate credit stock of around EUR 305bn (excluding Landesbanken and Landesbausparkassen, which account for another EUR 55.1bn). The market share of savings banks and landesbanken of residential building credits was around 36.5% at the end of 2008. (Source: Finanzgruppe Deutscher Sparkassen-und Giroverband).

BOXL

EUROPACE as interface between BHW and Postbank Finanzberatung

BOXL (Baufi-Online XL) is a joint project with BHW Bausparkasse, which involves the implementation of a completely new customized frontend for BHW. Via BOXL the field staff can complete its business fully on an electronic basis. BHW is responsible for the standardised real estate financing business within the Deutsche Postbank Group. If Deutsche Bank, which is successively taking over Postbank is to bundle the entire real estate financing business in the current Postbank in order to supply standardised real estate financing solutions for the whole Group, there is the possibility that Hypoport may well benefit from that. Two factors strongly speaking in favour of that are: a.) Deutsche Bank is already connected to EUROPACE b.) Postbank owns almost 10% of Hypoport. The development work on BOXL has just been completed and the first transactions are being executed via the platform. The roll-out of BOXL started on 1 September 2010.

HYPOPORT STATER

EUROPACE in the Netherlands

Hypoport AG and Netherlands-based Hypothekenservicer Stater B.V established a joint venture in January 2007 with the aim to connect Dutch financial institutions to EUROPACE. Stater (since 2001 a 100% subsidiary of ABN AMBRO Bank) is a mortgage specialist controlling some 50% of the Dutch mortgage market which has a total volume of around EUR 170bn. Hypoport holds a little over 50% of the shares in the joint venture whilst the Dutch partner holds the remainder. The EUROPACE platform was adjusted in line with the special characteristics of partners and products in the Dutch market. The Dutch magazine "Banking Review" then presented Hypoport Stater with its 2008 Innovation Award, naming EUROPACE Netherlands the most innovative concept in the Dutch financial services sector. Although the real estate financing volume is clearly smaller in the Netherlands than in Germany, the market is in a more advanced distribution stage than that of Germany. Independent distributors have a share of around 50-60% of the real estate financing market, making the intermediary market larger than that of Germany (approx. 30%).

Market Environment

Being an internet-based financial product intermediary, Hypoport generates its revenues from various products ranging from current accounts and insurance to mortgage finance. Particularly mortgage finance business accounts for the lion´s share of company's revenues. Therefore in our market section we focused mainly on the property loan segment.

Furthermore, it also should be noted that in terms of geographical breakdown the company primarily focuses on the German market. However, despite a still significant potential in Germany, Hypoport's strategy also implies gradual expansion of its activity to further international markets e.g. UK, Spain, the Netherlands and Benelux. The company is presently launching EUROPACE in the Netherlands.

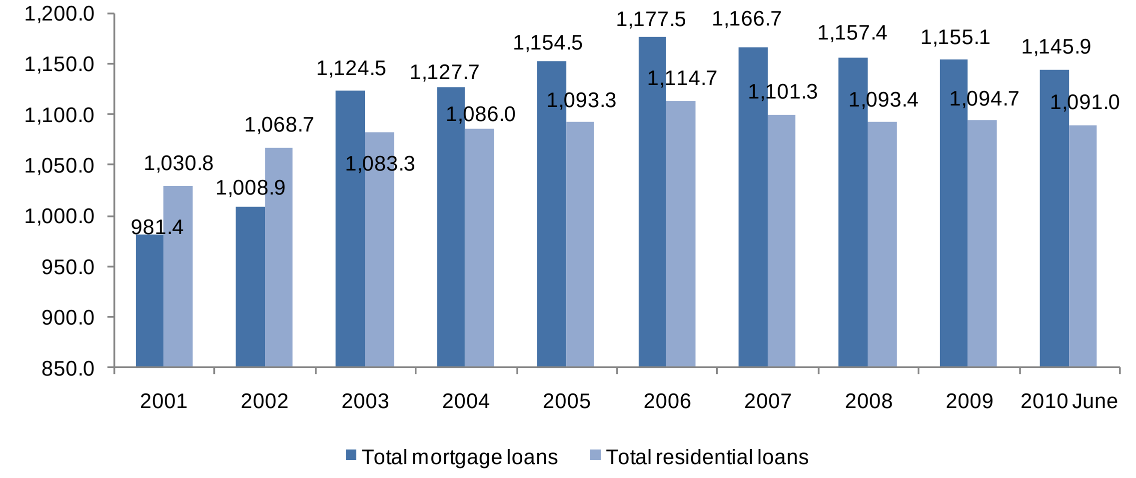
Besides Germany, Hypoport intends to expand to other European countries

Mortgage loan market

The total outstanding mortgage loans have been increasing until 2006, but this trend turned negative in the period between 2007 and 2009 (See graph below). The decline is partly explained by consistently decreasing amount of new constructions over the last years. Total outstanding residential property loan, which accounts for the bulk of mortgage loans had similar trend.

Outstanding mortgage loans have decreased over the last several years

Total outstanding mortgage loans in Germany in EUR bn



Source: Deutsche Bundesbank, CBS Research

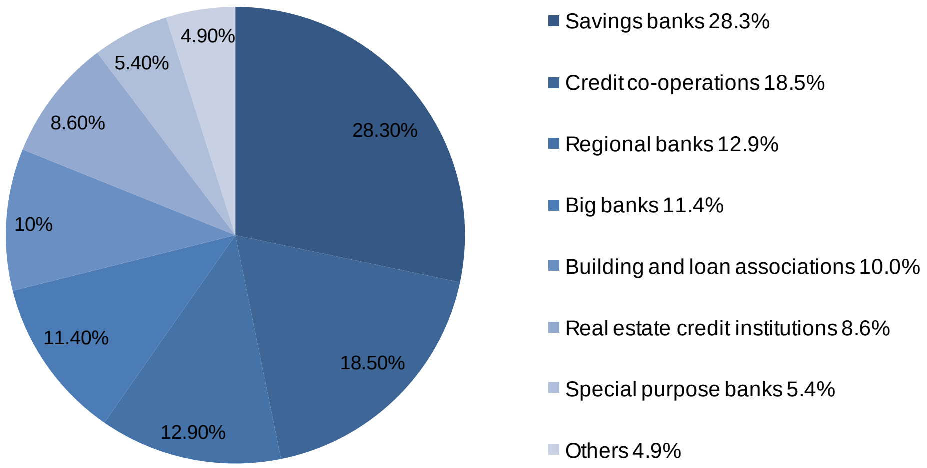
Furthermore, the residential property segment suffered from the effects of the financial crisis. Partly the decrease is attributable to repayments of existing loans which exceeded new lending business, lowering the volume of outstanding residential loans.

According to Deutsche Bundesbank statistics, residential property loans to domestic individuals and companies amounted to EUR 1,095bn as at end 2009. Savings banks and credit cooperatives were the main providers of residential property loans in 2009, with market shares of 28.3% and 18.5% respectively. Regional banks, big banks, real estate credit institutions and building and loan

Total residential property loans amounted to EUR 1,095bn in 2009

associations accounted for approximately 9-13% of total lending. (Source: vdp Verband Deutsche Pfandbriefbanken).

Residential property loans: Market structure

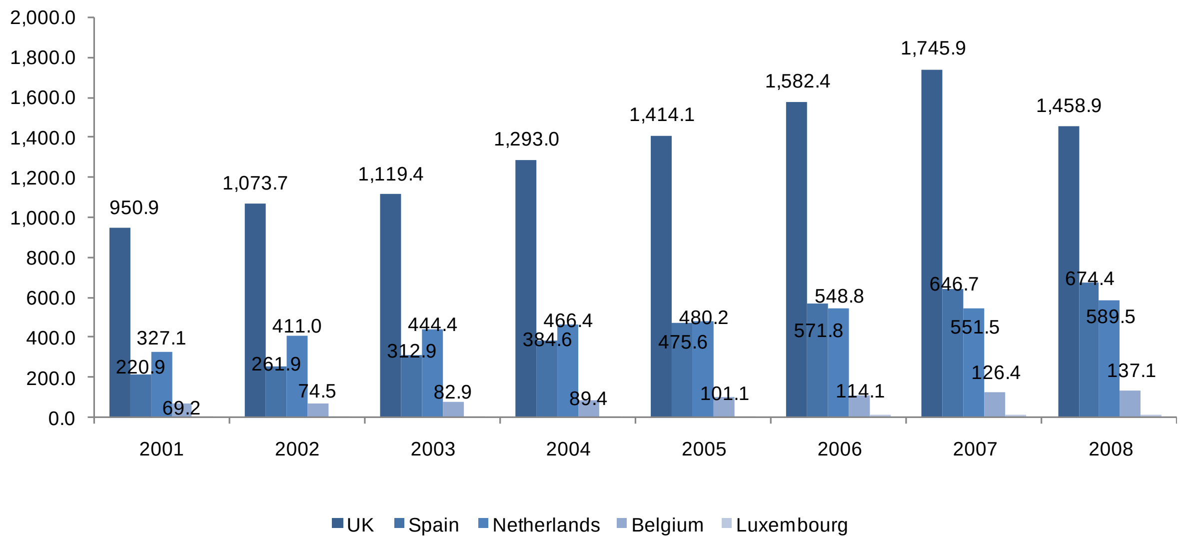


Source: vdp statistics; CBS Research

Residential loan market in UK has similar trend as in Germany

As we have already mentioned, Hypoport plans to expand its activity into further European countries such as UK, Spain, the Netherlands and Benelux. In the graph below we have outlined the development of total residential loans in these countries. In UK the total volume of loans is similar to the one in Germany. Furthermore, like in Germany the UK residential loan market has been declining over the last years after a peak in 2007. In other countries the total residential volume is rather low but has a steady growth and was almost unaffected to mortgage crisis.

Total outstanding residential loans in selected European countries in EUR bn



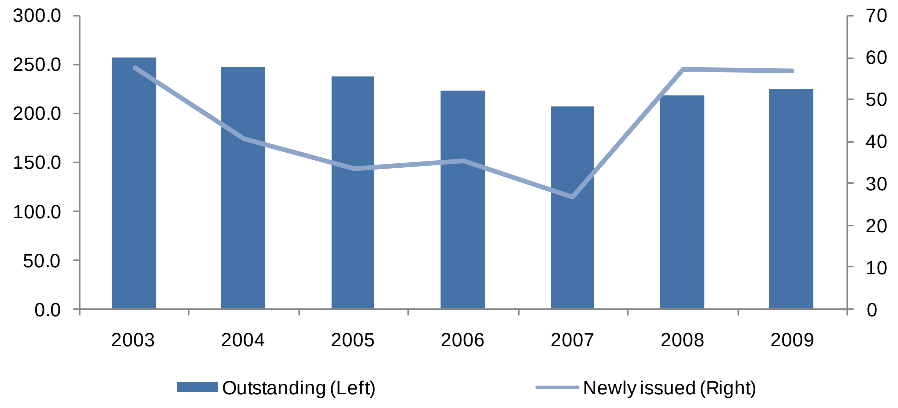
Source: Hypostat 2008; European Mortgage Federation National Experts, European Central Bank, National Central Banks, National Statistics Offices, Federal Reserve; CBS Research

Mortgage-backed covered bonds

Mortgage-backed covered loans gaining more popularity

Whereas total outstanding residential loans in Germany have been declining over the last years, so-called pfandbriefe (mortgage-backed covered bonds) has been gaining popularity. This trend is mostly attributable to the recent financial crisis, as a result of which, investors started to increasingly differentiate between unsecured and secured mortgage loans which led to the growing amount of mortgage-backed covered bonds. As expected, the pfandbriefe has proven to be an instrument that is quite resistant to crises.

Mortgage backed covered bonds (Pfandbriefe) in EUR bn



Source: vdp statistics; CBS Research

As seen from the graph above both outstanding and newly mortgage-backed covered bonds have been steadily increasing from 2007 up to now. The development of the current market was also driven by standardization and quality of the Pfandbriefe, both in terms of credit risk and prepayment risk.

Credit intermediaries in Germany

A credit intermediary facilitates an individual or firm obtaining access to credit from a third-party credit provider.

A credit intermediary is an individual or firm that does not provide credit itself but rather facilitates an individual or firm obtaining access to credit from a third-party credit provider. The end borrower may be a consumer or a business. This includes intermediaries tied to one or more particular credit providers and those that are fully independent. Acting as matching mechanism between consumers with specific needs and suppliers that offer particular products, intermediaries enhance market performance and increase the overall transaction volume by coordinating market transactions. (Source: Europe Economics: Study on Credit Intermediaries in the Internal Market/ January 2009).

In Germany 35% of mortgage loans are distributed indirectly

In the table below one can see the distribution channels of credit intermediated (mortgage and consumer credit). In Germany 35% of mortgage credit is distributed indirectly, while in UK 70% of mortgage credit is attributable to indirect channels. In other European countries the distribution channels have a similar breakdown as in Germany, i.e. less than a half of the entire mortgage credit is distributed indirectly.

Regarding consumer credit, Germany accounts for the biggest share of POS distribution of consumer credit (~40%). All in all consumer credit is mainly distributed directly.

Value of credit intermediated in 2007

Distribution of mortgages credit

Country	Mortgages in EUR m	Indirect distribution as proportion of mortgage credit	Direct distributiionas proportion of mortgage credit
Germany	**38,870.0**	35.0%	65.0%
UK	**363,589.0**	70.0%	30.0%
Spain	**27,176.0**	20.0%	80.0%
Netherlands	**39,816.0**	45.0%	55.0%
Luxembourg	**656.0**	15.0%	85.0%
Belgium	**3,424.0**	15.0%	85.0%

Distribution of consumer credit

Country	Consumer credit in EUR m	POS distribution as proportion of consumer credit	Other indirect distribution as proportion of consumer credit	Direct distribution as proportion of consumer credit
Germany	**104,190.0**	37.9%	4.3%	57.8%
UK	**258,148.1**	10.8%	5.8%	83.4%
Spain	**77,272.1**	28.3%	8.4%	63.3%
Netherlands	**23,643.3**	17.1%	16.8%	66.1%
Luxembourg	**865.2**	8.9%	5.0%	86.1%
Belgium	**11,772.3**	20.2%	7.8%	72.0%

Source: Europe Economics Chancery House; EMF (Hypostat 2008), ECRI Statistical package; eurofinas, ECB, leaseurope; EE calculations; CBS Research

Technology implications for financial services intermediaries

Many intermediaries operate on a multi-channel basis, which include using the telephone and internet.

According to a Europe Economics study, being driven by increased competition in tight mortgage market, intermediaries are increasingly using sophisticated technology to handle the complexity of lenders and product offers, and to compete for the limited demand. Many intermediaries operate on a multi-channel basis, which include using the telephone and internet. Utilising technology innovation such as access to internet-based platforms which aggregate products and prices from various lenders intermediaries effectively reduces their costs and enables lenders to enhance direct offerings to borrowers, which may reduce the value of the search function of intermediaries for many consumers (by increasing price transparency).

An intermediary offers a number of further significant advantages for both borrowers and consumers such as:

- simplified market search which reduces transaction costs,
- accumulating leads for credit providers
- Providing consultancy assistance to consumers in the purchasing process

A broad range of the product offering from many different players increases choice but decreases market transparency. Also product complexity has a serious impact on market transparency. These factors increase the need for independent advice, moving consumers towards indirect distribution channels.

Another competition-based driver for intermediary is the existence of small or new credit suppliers without a national footprint (either new entrants or local providers) for whom using intermediaries is one of the few alternatives to increase their reach.

Competition

Competition: Numerous small private companies…

The competition environment in residential loan intermediary market is quite intensive and is mostly dominated by private companies such e.g. HypothekenBörse, Hypopool, easyhyp, PlanetHome, Financesout24 and others.

…Interhyp is the only listed market player

Interhyp AG, which is the most comparable competitor of Hypoport, is the only listed and the largest residential mortgage broker in Germany, with EUR 5.2bn in new residential mortgage volume as of 2009 (market share in 2Q/2010: ~3.9%).

Financials

Historic operating and financial development

9M 2010 Profit and Loss

3Q Revenues went up 37.2% y-o-y

The Hypoport Group increased its revenue by a massive 37.2% from EUR 12.3m in 3Q 2009 to EUR 16.9m in 3Q 2010. A comparison of the first nine months of the year show that revenues rose by 19.9% y-o-y to EUR 44.9m (PY: EUR 37.5m). Selling expenses rose by more than revenue owing to a shift between higher-margin and low-margin revenue models in some cases; consequently the gross profit earned in the first nine months of 2010 increased by only 13.4% from EUR 23.9m to EUR 27.1m. The gross profit generated in 3Q 2010 grew roughly the same extent as revenue, jumping by 37.0% y-o-y from EUR 7.4m to EUR 10.1m.

Hypoport AG

Profit and loss y/y comparison

IFRS EURm	9M 10	9M 09	Δ	% change	3Q 10	3Q 09	Δ	% change
Revenue	**44.9**	**37.5**	**7.5**	**19.9%**	**16.9**	**12.3**	**4.6**	**37.2%**
Selling expenses (Commision and lead costs)	-17.8	-13.5	-4.3	31.6%	-6.8	-4.9	-1.8	37.6%
% of total revenue	-39.6%	-36.1%			-40.0%	-39.9%		
Gross Profit	**27.1**	**23.9**	**3.2**	**13.4%**	**10.1**	**7.4**	**2.7**	**37.0%**
% of total revenue	60.4%	63.9%			60.0%	60.1%		
Own work capitalised	4.3	3.5	0.8	22.7%	1.4	1.3	0.1	**10.6%**
% of total revenue	9.6%	9.4%			8.4%	10.4%		
Other operating income	0.9	0.7	0.3	39.4%	0.3	0.2	0.0	**10.9%**
% of total revenue	2.1%	1.8%			1.6%	1.9%		
Other operating expenses	-7.7	-7.6	-0.1	0.7%	-2.3	-2.6	0.3	-10.9%
% of total revenue	-17.1%	-20.4%			-13.8%	-21.2%		
Personnel expenses	-17.8	-16.3	-1.5	**9%**	-5.9	-5.1	-0.8	**14.9%**
% of total revenue	-39.6%	-43.5%			-34.8%	-41.6%		
EBITDA	**6.9**	**4.2**	**2.7**	**65.5%**	**3.6**	**1.2**	**2.4**	**203.6%**
% of total revenue	15.4%	11.1%			21.4%	9.7%		
Depreciation, amortisation expense & impairment loss	-3.4	-2.8	-0.6	21.5%	-1.2	-0.9	-0.3	28.3%
% of total revenue	-7.5%	-7.4%			-7.2%	-7.7%		
EBIT	**3.5**	**1.4**	**2.1**	**153.8%**	**2.4**	**0.2**	**2.2**	**n.m.**
as % of total revenue	7.9%	3.7%			14.2%	2.0%		
Financial result	-0.8	-0.7	-0.1	8.6%	-0.3	-0.2	-0.1	26.8%
% of total revenue	-1.7%	-1.9%			-1.8%	-1.9%		
EBT	**2.7**	**0.7**	**2.1**	**309.5%**	**2.1**	**0.01**	**2.1**	**n.m.**
as % of total revenue	6.1%	1.8%			12.4%	0.1%		
Taxes on income & def.	-1.1	-0.5	-0.7	135.5%	-0.6	-0.2	-0.5	252.8%
% of EBT	-41.3%	-71.8%			n.m.	n.m.		
Profit/loss from continuing operations	1.6	0.2	1.4	n.m.	**1.5**	**-0.17**	1.6	n.m.
Profit/loss from discontinued operations	0.0	-0.1	0.1	-100.0%	**0.0**	**0.0**	0.0	
Net profit/loss for the year	**1.61**	**0.13**	**1.5**	**n.m.**	**1.47**	**-0.17**	**1.6**	**n.m.**
Attributable to non-controlling/minority interest	-0.01	**0.00**	0.0	n.m.	**0.02**	**0.00**	0.0	n.m.
Attributable to Hypoport AG shareholders	**1.63**	**0.13**	**1.5**	**n.m.**	**1.5**	**-0.17**	**1.6**	**n.m.**
No of shares basic	6.13	6.11	0.0		6.14	6.12	0.0	
No of shares diluted	6.17	6.17	0.0		6.17	6.17	0.0	
EPS Basic	**0.27**	**0.02**	**0.2**	**n.m.**	**0.24**	**-0.03**	**0.3**	**n.m.**
EPS from continued operations	0.00	0.03	0.0		0.24	-0.03	0.3	
EPS from discontinued operations	0.00	-0.01	**0.0**		0.00	0.00	**0.0**	
EPS Diluted	0.26	0.02	**0.2**		0.23	-0.03	**0.3**	
EPS Diluted continued	0.26	0.03	0.2		0.23	-0.03	0.3	
EPS Diluted discontinued	0.00	0.00	0.0		0.00	0.00	0.0	

Source: CBS Research AG; Hypoport AG

3Q 2010: most successful in company´s history

The significant improvement in the Hypoport Group‘s earnings that had been evident since the second quarter of 2010 continued strongly in the third quarter. The third quarter of 2010 was the best quarter of the last three years.

EBITDA and EBIT rose to EUR 3.6m and EUR 2.4m respectively

Against the backdrop of the operating performance described above, EBITDA and EBIT from continuing operations in the third quarter of 2010 rose to EUR 3.6m (PY: EUR 1.2m) and EUR 2.4m (PY: EUR 0.2m) respectively. In the first nine months of 2010 the company generated EBITDA of EUR 6.9m (PY: EUR 4.2m) and EBIT of EUR 3.5m (PY: EUR 1.4m). The EBIT margin for the first nine months of 2010 rose accordingly from 3.7% to 7.9%. The EBIT margin for the third quarter of 2010 jumped to 14.2% (Q3 2009: 2.0%).

Personnel expenses increased, operating expenses remained flat

Personnel expenses for the first nine months of 2010 rose because the average number of employees during the period increased from 442 to 451.
The operating expenses, which consist mainly of building rentals and vehicle-related costs and amongst others, administrative expenses remained more or less flat. Hypoport‘s net finance costs increased slightly by 8.6% to EUR 0.8m in 9M 2010.

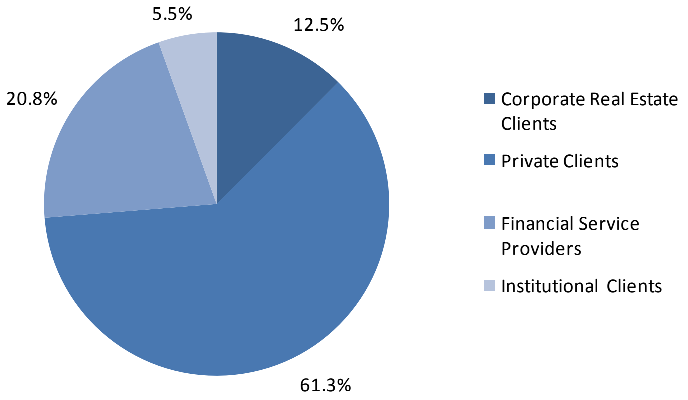
Own work capitalised

Own work capitalised in 9m 2010: EUR 4.3m

Despite the general economic crisis, the Hypoport Group continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces in the third quarter of 2010. This capital expenditure underpins the ongoing growth of its Financial Service Providers, Corporate Real Estate Clients and Institutional Clients business units. Apart from maintaining its competitive strength in existing product segments in the third quarter, the company developed furtherkey measures to extend its EUROPACE marketplace to the Netherlands and introduce EUROPACE II in Germany. In the third quarter of 2010 the Company invested a total of EUR 1.6m (Q3 2009: EUR 1.7m) in the development of its marketplaces; in the first nine months of 2010 it spent EUR 5.1m (PY: EUR 5.2m). EUR 1.4m of this total was capitalised in the third quarter of 2010 (Q3 2009: EUR 1.3m), while EUR 4.3m was capitalised in the first nine months of 2010 (Q1-Q3 2009: EUR 3.5m). The increase in own work capitalised resulted from the Company‘s much stronger focus on the development of the new EUROPACE 2 technology since the beginning of the year. The amount capitalised represents the pro rata personnel expenses and operating costs attributed to software development.

Business Units

Group Revenues 9m 2010



Source: Hypoport AG, CBS Research AG

Private Clients made up 61.3% while Financial Service Providers contributed with 20.8%

Private Clients

The Private Clients business unit once again managed to raise its revenue significantly in 3Q 2010. Its revenue for the third quarter of 2010 surged by 42.8% to EUR 11.0m (Q3 2009: EUR 7.7m), while its revenue for the first nine months of the year grew by 21.7% to EUR 27.6m (Q1-Q3 2009: EUR 22.7m). The other financial products‘ segment again managed to raise its revenue by 11.3% to EUR 15.6m in the first nine months of 2010 (Q1-Q3 2009: EUR 14.0m) by selling other types of banking and insurance products in what was generally a stagnant market. This product segment boosted its revenue by as much as 38.3% in the third quarter of 2010. As expected, the ongoing expansion of branch-based sales incurred higher selling expenses, which narrowed the gross profit margin.

Financial Service Providers

Financial Service Providers, which is the second-largest business unit, significantly expanded its volume of transactions and its revenue on both a quarterly and nine-month comparison. As mentioned earlier, the volume of transactions generated by the EUROPACE financial marketplace hit a new record of EUR 4.5bn in the third quarter of 2010. All product lines – from mortgage finance and personal loans to building finance – contributed to the 24.9% increase on the corresponding quarter of 2009. Year-on-year growth in the first nine months of 2010 came to 15.9%.

Corporate Real Estate Clients business unit

The loan brokerage business in the Corporate Real Estate Clients business unit continued to benefit from the fact that its client base had been broadened to include commercial real-estate investors and local authorities. Although the volume of new lending business brokered was virtually unchanged year on year on both a quarterly and nine-month comparison, it was increasingly supplemented by attractive additional products and services.

Institutional Clients business unit

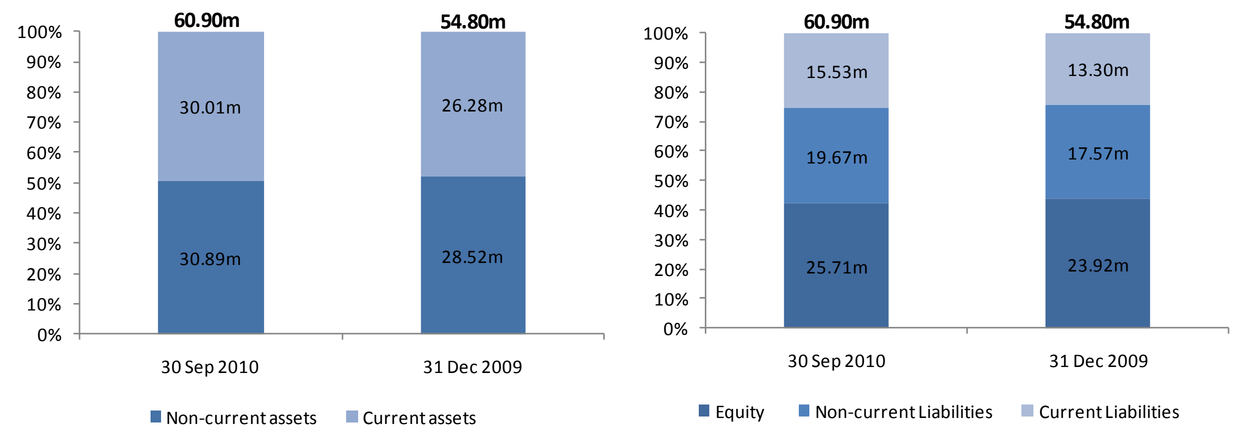
The revenue generated by Institutional Clients – the smallest of the four business units – from its EUROPACE for issuers product fell slightly year on year in both the third quarter and the first nine months of 2010.

Balance sheet

Total assets up by 11% to EUR 60.9m

The Hypoport Group´s consolidated total assets as at 30 September 2010 amounted to EUR 60.9m, which was an increase of 11% on the total as at 31 December 2009 (EUR 54.8m).

Balance Sheet 30 Sep 2010 VS. 31 Dec 2009



Source: Hypoport AG, CBS Research AG

Non-current assets comprise mainly of goodwill and own work capitalised

Non-current assets totalled EUR 30.9m (31 December 2009: EUR 28.5m). This amount included goodwill which, at an unchanged EUR 14.8m, remained the largest single item. Furthermore, included in the figure of immaterial assets is the item own work capitalised which had a value of EUR 12.3m as at 30 September 2010, hence being larger than the value of total equity.

Increase in current assets

Current assets increased by EUR 3.7m to EUR 30.0m largely owing to the EUR 1m increase in trade receivables and EUR 1.9m growth in cash and cash equivalents.

Equity up, equity ratio down

The equity attributable to Hypoport shareholders as at 30 September 2010 grew by EUR 1.8m, or 7.6%, to EUR 25.7m whilst the equity ratio fell slightly from 43.3% to 41.9% owing to the expansion in total assets.

Non current liabilities increased slightly…

The EUR 2.1m increase in non-current liabilities to EUR 19.7m was attributable to growth of EUR 0.9m in financial liabilities and a rise of EUR 1.2m in deferred tax liabilities.

…and so did current liabilities

Current liabilities rose by EUR 2.2m to EUR 15.5m, mainly owing to the EUR 0.7m increase in trade payables and the EUR 1.0m growth in financial liabilities. Financial liabilities rose from EUR 18.9m to EUR 20.7m owing to new borrowing.

Financial forecast

Segments Hypoport

EUR m												
Financial Product Sales												
Private Clients	2007	% yoy	2008	% yoy	2009	% yoy	2010E	% yoy	2011E	% yoy	2012E	% yoy
Revenues	24.50	58.5%	30.70	25.3%	30.01	-2.2%	35.00	16.6%	40.25	15.0%	46.29	15.0%
EBIT	4.38	70%	1.94		2.04		3.50		4.40		5.10	
EBIT-Margin	17.9%		6.3%		6.8%		10.0%		10.9%		11.0%	
Corporate Real Estate Clients	2007	% yoy	2008	% yoy	2009	% yoy	2010E	% yoy	2011E	% yoy	2012E	in %
Revenues	4.81	-4%	6.81	42%	6.40	-6%	7.60	19%	8.36	10%	9.20	10%
EBIT	0.83	-19%	2.88		2.68		3.19		3.51		3.86	
EBIT-Margin	17.3%		42.2%		41.9%		42.0%		42.0%		42.0%	
B2B-Financial Marketplaces												
Financial Service Providers	2007	% yoy	2008	% yoy	2009	% yoy	2010E	% yoy	2011E	% yoy	2012E	% yoy
Transaction volume	12,500	35%	14,622		12,906		15,056		18,889		23,333	
Margin	0.075%		0.082%		0.080%		0.089%		0.090%		0.090%	
Revenues	9.41	54%	11.99	27%	10.30	-14%	13.40	30%	17.00	27%	21.00	24%
EBIT	5.52	105%	1.88		-1.41		0.00		1.00		3.30	
EBIT-Margin	58.7%		15.6%		-13.7%		0.0%		5.9%		15.7%	
Institutional Clients	2007	% yoy	2008	% yoy	2009	% yoy	2010E	% yoy	2011E	% yoy	2012E	% yoy
Revenues	2.70	470%	2.88	7%	3.23	12%	3.50	8%	3.80	9%	4.00	5%
EBIT	-1.41	313%	-3.01		0.67		0.70		0.76		0.80	
EBIT-Margin	-52.3%		-104.6%		20.7%		20.0%		20.0%		20.0%	
Group	2007	% yoy	2008	% yoy	2009	% yoy	2010E	% yoy	2011E	% yoy	2012E	% yoy
Sum Segment Revenues	41.42	53%	52.38	26%	49.94	-5%	59.50	19%	69.41	17%	80.48	16%
Reconciliation	0.29		0.30		0.53		0.50		-0.41		-0.48	
Others	0.00											
Group Revenues	41.71	59%	52.68	26%	50.47	-4%	60.00	19%	69.00	15%	80.00	16%
Total EBIT	9.32	56%	3.68		3.98		7.39		9.67		13.06	
Reconciliation	-5.36	297%	-2.28		-2.81		-2.99		-3.67		-4.06	
EBIT Group	3.96	-14%	1.40	-65%	1.17	-16%	4.40	276%	6.00	36%	9.00	50%
EBIT-Margin	9.5%		2.7%		2.3%		7.3%		8.7%		11.3%	

Source: CBSR AG, Hypoport AG

In line with the company´s reporting structure, we split our Revenue and EBIT forecasts into the four units: Private Clients, Corporate Real Estate Clients, Financial Service Providers and Institutional Clients.

Private Clients

Growing Revenues

Following a strong first nine months of the current fiscal year, we project this unit to generate revenues of EUR 35.00m in 2010E. Due to an expansion of the distribution network, expansion of product range and other efforts aimed at widening its reach, we believe that revenues can increase annually by 15% to EUR 40.25m and EUR 46.29 in 2011E and 2012E respectively.
At the same time, the EBIT margin is projected to rise from 10% in 2010E to around 11% in 2012E. This translates into EBIT figures of EUR 3.50m, EUR 4.40m and EUR 5.10m respectively.

Corporate Real Estate Clients

“Cash cow”

The loan brokerage business in the Corporate Real Estate Clients business unit is expected to continue to benefit from the fact that its client base has been broadened to include commercial real-estate investors and local authorities. Furthermore, it has been increasingly supplemented by attractive additional products and services. A moderate increase in the volume of new lending business brokered is expected to take place in the next years. This sector has limited growth chances but its importance in terms of profitability should not be underestimated. With expected EBIT margins of 42.0%, this business unit serves as a brilliant profitability (cash) cow.

Financial Service Providers

Growth expected to really kick off in the segment

Considering all the growth drivers in form of the projects described in the Section Growth Strategy of this report, the unit Financial Service Providers has the potential to almost double transaction volume between 2009 and 2012E.

Following a 3Q 2010 that was characterised by the record transaction volume figure of EUR 4.5bn, we forecast total transaction volume in 2010E to come out at around EUR 15.0bn. Assuming that the margin would be around 0.089%, this equates to revenues of EUR 13.40m. We expect the unit as a whole to manage to break-even in terms of EBIT in 2010E.

We believe the total transaction volume in 2011E could increase by 30% to around 18.9bn with FINMAS and BOXL having been launched this year. If the market entry and establishment of GENOPACE and FINMAS is also successful, a transaction volume of EUR 23.3bn in 2012E could well be a "conservative" forecast.

As for profitability, we believe the transaction margin will stabilise at around 0.090% in 2011E and 2012E.

EBIT to jump in the next years

Due to the scalability of the EUROPACE business, EBIT should rise over-proportionally to EUR 1.00m in 2011E and EUR 3.30m in 2012E.

Institutional Clients

Stable segment

In the pillar B2B financial marketplaces Hypoport has worked on expanding the value chain besides the pure transaction handling via EUROPACE to business with institutional customers. Through "EUROPACE for issuers", issuers as well as investors of securitised debt tranches are to be targeted. The business sector was hit relatively hard by the financial crisis. Stable customer relationships enabled continuously positive development of revenues and earnings in the last quarters. The possibilities of internationalisation are being examined in selected projects.

Measured by size, the segment plays a periphery role for the company as a whole but is expected to provide relatively stable revenues.

Hence, we have forecasted revenues of EUR 3.50m, EUR 3.80m and EUR 4.00m for the years 2010E, 2011E and 2012E respectively. The EBIT margin is to remain constant at 20.0%.

Group

Rising revenues with over-proportional increase in profitability

On a group level, the above estimates (after adjusting for consolidation effects) add up to total revenues of EUR 60.0 in 2010E, EUR 69.0m in 2011E and EUR 80.0m in 2012E. Due to the scalability of the business model, costs would not increase in the same way as revenues. This would lead to an over-proportional increase in profitability. We therefore forecasted EBIT to come in at EUR 4.4m, EUR 6.0m and EUR 9.1m respectively. This translates into EPS of EUR 0.39, EUR 0.60 and EUR 0.92 respectively.

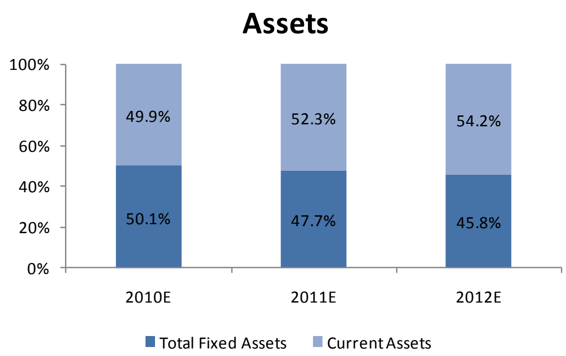
Balance Sheet

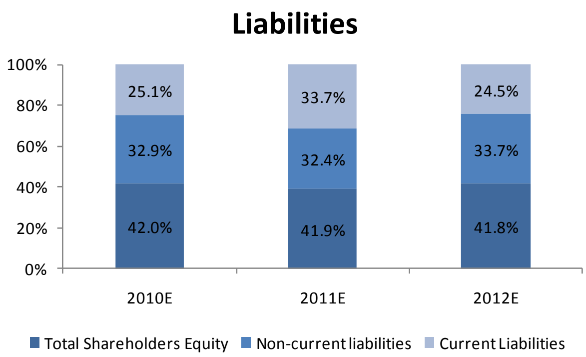
Assets

As a highly-specialised software developer the non-current assets dominate the asset side of the balance sheet and hence make up around half of total assets (goodwill and own work capitalised). Although the figure in absolute terms is projected to increase in the next years, the share of total assets would fall as we forecast an ever greater increase in total assets as a whole. Trade receivables are expected to grow hand-in-hand with revenues and make up a significant position in current assets. The rest is mainly accounted for by cash, which we project will increase till 2012E.

Liabilities

As for the liabilities, long-term loans make up the largest item. We expect this to increase in 2011E and 2012E as new smaller loans for expansion might be taken out once the current ones expire or for additional funding. The equity ratio amounted to 41.9 % as at 31 October 2010 and we expect this figure to remain between 42% and 41.8% in the next three years.





Appendix

Hypoport AG

Profit and loss account

IFRS EURm	2007	2008	2009	2010E	2011E	2012E
Revenue	**40.7**	**52.7**	**50.5**	**60.0**	**69.0**	**80.0**
YoY growth	-	29.3%	-4.2%	18.9%	15.0%	15.9%
Selling expenses (Commision and lead costs)	-8.81	-18.46	-18.45	-23.70	-27.00	-31.30
% of total revenue	-21.6%	-35.0%	-36.6%	-39.5%	-39.1%	-39.1%
Gross Profit	**31.91**	**34.22**	**32.02**	**36.30**	**42.00**	**48.70**
% of total revenue	78.4%	65.0%	63.4%	60.5%	60.9%	60.9%
Own work capitalised	2.64	3.78	4.60	5.70	4.00	4.00
% of total revenue	6.5%	7.2%	9.1%	9.5%	5.8%	5.0%
Other operating income	0.50	0.75	1.02	1.40	1.60	1.80
% of total revenue	1.2%	1.4%	2.0%	2.3%	2.3%	2.3%
Other operating expenses	-9.85	-10.45	-11.02	-10.50	-12.30	-14.40
% of total revenue	-24.2%	-19.8%	-21.8%	-17.5%	-17.8%	-18.0%
Personnel expenses	-16.45	-20.22	-21.72	-24.00	-24.50	-26.00
% of total revenue	-40.4%	-38.4%	-43.0%	-40.0%	-35.5%	-32.5%
EBITDA	**8.74**	**8.06**	**4.90**	**8.90**	**10.80**	**14.10**
% of total revenue	21.5%	15.3%	9.7%	14.8%	15.7%	17.6%
Depreciation, amortisation expense & impairment los	-2.58	-3.09	-3.68	-4.50	-4.80	-5.00
EBIT	**6.164**	**4.969**	**1.220**	**4.400**	**6.000**	**9.100**
as % of total revenue	15.1%	9.4%	2.4%	7.3%	8.7%	11.4%
Financial result	-0.7	-0.9	-1.0	-1.0	-1.0	-1.0
EBT	**5.4**	**4.1**	**0.3**	**3.4**	**5.0**	**8.1**
as % of total revenue	13.3%	7.8%	0.5%	5.7%	7.2%	10.1%
Taxes on income & def.	1.0	-1.0	-0.5	-1.0	-1.3	-2.4
% of EBT	18.7%	-24.9%	-208.0%	-29.2%	-25.6%	-29.8%
Profit/loss from continuing operations	**6.4**	**3.1**	**-0.3**	**2.4**	**3.7**	**5.7**
as % of total revenue	15.8%	5.9%	-0.6%	4.0%	5.4%	7.1%
Profit/loss from discontinued operations	-2.2	-3.4	-0.1	0.0	0.0	0.0
Net profit/loss for the year	**4.3**	**-0.3**	**-0.3**	**2.4**	**3.7**	**5.7**
as % of total revenue	10.5%	-0.5%	-0.7%	4.0%	5.4%	7.1%
No of shares basic	**6.11**	**6.11**	**6.12**	**6.18**	**6.18**	**6.18**
No of shares diluted	6.17	6.17	6.17	6.18	6.18	6.18
EPS Basic	**0.70**	**-0.05**	**-0.06**	**0.39**	**0.60**	**0.92**
EPS from continued operations	1.05	-0.05	-0.05	0.39	0.60	0.92
EPS from discontinued operations	-0.36	0.51	-0.01	0.00	0.60	0.92
EPS Diluted	0.00	-0.55	0.00	0.39	0.00	0.00
EPS Diluted continued	0.69	0.00	-0.05	0.39	0.60	0.92

Source: CBS Research AG, Hypoport AG

Hypoport AG

Balance Sheet

IFRS EURm	2008	2009	2010E	2011E	2012E
Assets					
Total Fixed assets	**29.2**	**28.5**	**31.4**	**32.4**	**33.9**
as % of total assets	51.3%	52.0%	50.1%	47.7%	45.8%
Intangible assets	23.9	25.6	27.5	28.0	29.0
Tangible Assets; PPE	2.0	1.8	2.2	2.4	2.6
Financial assets	1.4	0.4	0.5	0.5	0.6
Deferred tax assets	1.9	0.7	1.2	1.4	1.7
Current assets	**27.7**	**26.3**	**31.3**	**35.4**	**40.0**
as % of total assets	48.7%	48.0%	49.9%	52.3%	54.2%
Trade receivables	18.3	16.8	18.5	22.1	24.8
Other assets	1.7	2.2	3.0	3.0	3.0
Current income tax assets	0.3	0.1	0.2	0.2	0.2
Cash & cash equivalents	7.5	7.2	9.6	10.2	12.0
Total assets	**57.0**	**54.8**	**62.7**	**67.8**	**73.9**
Shareholders´ equity and liabilities					
Total shareholders equity	**22.9**	**23.9**	**26.4**	**28.4**	**30.9**
as % of total equity and liabilities	40.2%	43.7%	42.0%	41.9%	41.8%
Subscribed capital	6.1	6.1	6.2	6.2	6.2
Reserves	16.6	17.6	20.0	22.0	24.5
Minority interests	0.2	0.2	0.2	0.2	0.2
Non-current liabilities	**23.0**	**17.6**	**20.6**	**22.0**	**24.9**
as % of total equity and liabilities	40.3%	32.1%	32.9%	32.4%	33.7%
Financial liabilities	19.9	17.2	19.0	19.5	22.4
Provisions	0.04	0.04	0.03	0.00	0.00
Other liabilities	0.00	0.01	0.01	0.80	0.75
Deferred tax liabilities	2.97	0.36	1.60	1.68	1.76
Current liabilities	**11.1**	**13.3**	**15.7**	**17.4**	**18.1**
as % of total equity and liabilities	19.5%	24.3%	25.1%	25.7%	24.5%
Provisions	0.0	0.1	0.1	0.1	0.1
Financial liabilities	1.3	1.7	2.7	3.0	3.0
Trade payables	4.9	5.7	6.5	7.6	8.0
Current income tax liabilties	0.2	0.2	0.5	0.5	0.5
Other liabilties	4.7	5.6	5.9	6.2	6.5
Total equity and liabilities	**57.0**	**54.8**	**62.7**	**67.8**	**73.9**

Source: CBS Research AG, Hypoport AG

Close Brothers Seydler Research AG

Hypoport AG

Cash flow statement

IFRS EURm	2008	2009	2010E	2011E	2012E
Net income	-0.3	-0.3	2.4	3.7	5.7
Depreciation & amortisation	3.1	3.7	4.5	4.8	5.0
Gains/losses on disposal of non-current assets	0.0	0.0	0.0	0.0	0.0
Others	1.3	0.7	1.0	1.0	1.0
Operating Cash flow pre working capital	**4.4**	**4.0**	**7.9**	**9.5**	**11.7**
Change in current provisions	0.0	0.1	0.0	0.0	0.0
Change intrade receivables	-2.4	1.5	-1.7	-3.6	-2.7
Change in trade payables & other liabilities	1.5	0.9	0.8	1.1	0.4
(Increase)/Decrease in working capital	-0.9	2.4	-0.9	-2.5	-2.3
Operating Cash flow	**3.5**	**6.5**	**7.0**	**7.0**	**9.4**
Proceeds from disposal of PPE/intangible assets	0.0	0.1	0.0	0.0	0.0
Payments to acquire PPE/intangible assets	-5.7	-5.0	-6.0	-5.0	-5.0
Payments to acquire consolidated enterprises	0.0	0.0	0.0	0.0	0.0
Proceeds from disposal of financial assets	0.1	0.1	0.0	0.0	0.0
Purchase of financial assets	-0.8	-0.7	0.0	0.0	-1.0
Net cash used in investing activities	**-6.4**	**-5.6**	**-6.0**	**-5.0**	**-6.0**
Free cash flow [Cash flow before financing]	**-2.9**	**0.9**	**1.0**	**2.0**	**3.4**
Proceeds from additions to equity	0.1	0.1	0.0	0.0	0.0
Cash receipts from minority interest	0.2	0.0	0.0	0.0	0.0
Proceeds from the issue of bonds & others	12.9	0.0	3.0	2.0	2.0
Redemption of bonds and loans	-5.9	-1.2	-1.5	-3.5	-3.5
Net cash used in financing activities	7.3	-1.2	1.5	-1.5	-1.5
Others	0.0	0.0	0.0	0.0	0.0
Net increase (decrease) in cash& cash equivalents	4.4	-0.3	2.5	0.5	1.9
Cash & cash equivalents at beginning of period	3.1	7.5	7.2	9.6	10.2
Cash & cash equivalents at end of period	**7.5**	**7.2**	**9.6**	**10.2**	**12.0**

Source: CBS Research AG, Hypoport AG

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