Independent Research

Unabhängige Finanzmarktanalyse GmbH

Investment Research

KTG Agrar AG

Initial Coverage

06/30/2008

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Profiting from rising prices

Initial Coverage

➪ Thanks to its 19,800 hectares of land in Germany and Lithuania, KTG Agrar is among the leading agricultural companies in the EU. Its focus is on ecological and conventional market fruit cultivation and the operation of biogas plants.

➪ The company is currently profiting from the conditions on international food markets. Thanks to population growth, changing nutrient habits and increasing use of biofuels, the company should be able to keep selling its products at attractive prices. As one of the largest ecological farming groups the company is also benefiting from the trend toward organic foodstuffs.

➪ We see competitive advantages in the integrated business model. Thanks to its company size and geographical location of the cultivated land, KTG Agrar is also able to realise economies of scale and operating synergies.

➪ Risks are associated with the discussion about EU agricultural allowances and increasing raw material costs (pressure on margins).

➪ Thanks to increasing sales prices and the successive ramp-up of biogas plants, in 2007 KTG Agrar increased its total operating performance by 76.5% to EUR31.62m (17.92). EBIT totalled EUR4.01m (2.49).

➪ Growth potential lies in the further expansion of the land area (2008e: +28%; 2009e: +20%). Since biogas plants are running at full capacity and 70% of the harvest has already been sold at higher prices, in 2008e we expect EPS of EUR0.89 (-0.55) (2009e: EUR1.29).

➪ In a six-months comparison KTG's stock clearly outperformed the DAX. Our DCF model yields a fair value of EUR23.07 per share, which corresponds to a 2009e P/E ratio of 17.8. As one of the few publicly listed agricultural firms, KTG shares are in the focus of investors. Our initial recommendation for the stock is therefore a Buy with a price target of EUR23.

AP	FY	Total perf.	EBIT	EBT	EAT	EPS
G.GAAP	2005	13.2	1.5	0.9	0.7	0.15
G.GAAP	2006	17.9	2.5	1.6	1.0	0.23
G.GAAP	2007	31.6	4.0	2.1	-2.4	-0.55
G.GAAP	2008e	36.0	8.2	6.1	3.8	0.89
G.GAAP	2009e	45.3	11.1	8.8	5.6	1.29
CAGR 2005 - 2009e		36.2%	63.6%	77.0%	71.1%	

Figures in EURm except EpS, hist. PERs based on averaged share prices

KTG Agrar 4) 5)

Recommandation: **Buy**
before: -
as of -

Price target (in EUR) (6 months)	**23.00**
Share price(Xetra) (in EUR)	18.50
06/27/08 5:36 PM	
Share price potential	24.32%

Company date	
Country	GE
Sector	Agriculture
Market segment	Entry Standard
ISIN	DE000A0DN1J4
Reuters	7KTG.DE
Bloomberg	7KT
Internet	www.ktg-agrar.de

Data shares	
Shares (m)	4.300
Freefloat	36.50%
Market cap. (EURm)	79.6
∅ Trading Volume	6,034
52W High 06/12/08	EUR20.50
52W Low 01/31/08	EUR9.30
Beta	1.28
Volatility (60 days)	45.78

Multiples

	EV/Sales	EV/EBIT	P/E ratio	Dividend yield
2005	-	-	-	-
2006	-	-	-	-
2007	5.1	19.3	neg.	0.0%
2008e	3.8	12.7	20.9	0.0%
2009e	3.2	9.4	14.3	0.0%

Performance (in %)

	1 month	3 months	6 months	12 months
absolut	10.8	33.9	51.6	-
related to:				
DAX	22.4	36.2	90.5	-

Index Weighting

no index membership

Author: Stefan Röhle (analyst)

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STRENGTHS AND OPPORTUNITIES

- **Focus on cultivation of market fruits**
- **Increase in profits due to rising prices for agricultural products**
- **Integrated business model: ecological and conventional cultivation segments complemented by biogas activities**
- **Company says it is Europe's largest agricultural company in the high-margin business of ecological market fruit cultivation**
- **Agricultural government aid as a predictable sources of income**
- **Predictable revenue and stable income from biogas plants**
- **Catch crops make land utilisation more efficient**
- **High economies of scale compared to competitors - scalability of business model**
- **Growth through expansion of land area**
- **Hidden reserves due to rising prices for arable land**

WEAKNESSES AND THREATS

- **Overstated total operating performance in income statement due to business with related parties**
- **High financial debt and inventories due to construction of biogas plants**
- **Volatile income in farm management business**
- **Potential conflict of interest due to family ties at the board of management and supervisory board; high dependency on individuals**
- **Increasing competition for arable land**
- **Strong price increases for important raw materials like fertilisers, pesticides, energy, and diesel**
- **Food companies as customers with price setting power**
- **Dependent on EU agricultural policy; subsidies may be cut after 2013e**
- **Expansion of biogas segment depends on amendment of EEG**
- **In the long run, revitalisation of arable land and modern cultivation methods (e.g. in Asia) might increase supply of agricultural products**

Equity Story

A leading European agricultural company

With a land area of approximately 19,800 hectares, KTG Agrar ranks among Europe's leading suppliers of agricultural products. Roughly 85% of the total area is leased land. Step by step, the company wants to increase the share of owned land from currently 15% to about 20%.

Core competencies: ecological and conventional market fruit cultivation and energy/biogas production

The company's core competence is ecological and conventional cultivation of market fruits. KTG Agrar is Germany's market leader for the cultivation of organic cereals and maize with a cultivated area of 8,910 hectares. Since 2005, the company has been farming approximately 3,700 hectares of land in the EU member state of Lithuania on an ecological basis. On approximately 10,890 hectares of land, the company cultivates market fruits in a conventional way. The largest part of the farmland is located in the German federal states of Brandenburg and Mecklenburg-Western Pomerania. Running ten biogas plants (current total capacity: 6.5 megawatts) for electricity and heat production, KTG Agrar has become a company with an integrated value-added chain. It produces almost all renewable raw materials required for the energy production itself on an area of approximately 2,970 hectares. The residual matter is used as fertiliser in the cultivation of market fruits. Furthermore, KTG Agrar offers complementary agricultural services such as farm management, agricultural trading and specialised cultures.

Prices of agricultural products to remain at a high level

Arguments in favour of shares of agricultural companies like KTG Agrar include population growth, increasing wealth and thus also changing nutrient patterns in emerging and developing countries, and increasing production of biofuels. All of these topics are points of broad public discussion at the moment. Probably, these trends will be sustainable, even more so as arable land is a rare commodity, soil is destroyed by erosion and drought, and crop failures have been increasing over the past years. Although some of the crop prices may be exaggerated as a result of speculation and profit taking, we expect that prices of agricultural products will remain high and keep rising in the medium term.

70% of crops for 2008e sold at markedly higher prices than in 2007

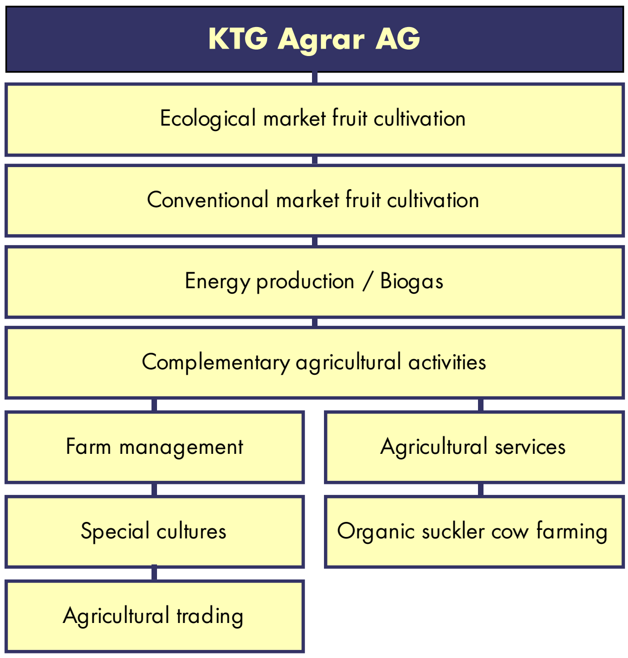
In our opinion, these attractive long-term market conditions are not yet reflected in the price of the KTG Agrar share. In the last six months, the share price increased by 51.6%. However, here the noticeable price decline recognised before has to be taken into account. Other shares from the same industry such as K+S (+119.6%), Monsanto (+14.9%) and Syngenta (+7.5%) also registered a solid performance. In 2007, KTG Agrar raised the total operating performance by 76.5% to EUR31.62m (17.92). Cumulated total operating performance of the ecological and conventional market fruits segments grew to EUR15.9m (year-ago excluding other own work capitalised: 11.6). The figure was based on conventional wheat, maize and rapeseed prices of EUR200 (120), EUR200 (140) and EUR260 (140) per ton. The company has already sold 70% of its 2008e crop harvest using futures contracts at fixed prices of EUR210 per ton of wheat, EUR220 per ton of maize, and EUR480 per ton of rapeseed. Furthermore, demand for organic foodstuffs is high and the company is going to generate stable income from its ten biogas plants (running at full capacity), so that we expect total EBIT to climb to EUR8.25m (4.01) in 2008e.

Another advantage is the scalability of the company's business model, in our view. In the future, KTG Agrar will therefore benefit from the expansion of the land area (estimate: +28% in 2008e and +20% in 2009e). Thanks to the purchase of farmland in the past, *Growth through expansion of land area*

the company ought to have considerable hidden reserves and profit from the expected continuing increase in arable land prices in the future. The company size also allows to continuously enhancing efficiency in administration, the use of large agricultural machinery, personnel and cultivation planning. The gross proceeds of roughly EUR23m from the IPO (November 15, 2007) provide a solid foundation for further growth.

Economies of scale

KTG Agrar is one of a few companies from the agricultural sector that is listed on the Frankfurt Stock Exchange. It is therefore in the focus of investors. However, we feel that the small free float of merely 36.5% is a disadvantage. From the investors' point of view, we think that the appointment of Wolfgang Bläsi as new CFO and the changeover of Beatrice Ams, partner of CEO Siegfried Hofreiter and founding shareholder in KTG Agrar, from the board of management to the supervisory board are positive. This supports the company's transformation from an owner-managed business into a publicly listed company close to the capital market.



Source: KTG Agrar

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Management team

Many years of experience in agriculture

Siegfried Hofreiter (46), CEO of KTG Agrar, is responsible for Strategy, Expansion as well as the Renewable Energy/Biogas segment. The trained farmer started his professional career as a manager of an agricultural market fruit producer and later worked as a self-employed farmer and management consultant. Mr. Siegfried Hofreiter benefits from his experience in the management of large agricultural enterprises, which he gained during his stays in the US. Siegfried Hofreiter is Beatrice Ams's partner and Werner Hofreiter's brother.

Laid foundation for KTG Agrar together with Beatrice Ams

Werner Hofreiter (37), brother of CEO Siegfried Hofreiter, is a member of the board of management of KTG Agrar and responsible for Logistics & Distribution, Agricultural Production, and Marketing Agriculture. He began his professional career as head of production in a company focused on special cultures before starting his own business in the agricultural sector. Together with Ms Ams he laid the foundation for the present company when farming the first agricultural area for the cultivation of ecological market fruits in Saxony-Anhalt. Until 1998, he also worked as a proxy for Gebrüder Hofreiter GmbH.

New CFO since April

Wolfgang Bläsi (40) was appointed new CFO of KTG Agrar on April 7, 2008. He has many years of experience in this field. Among other things, he was the CFO of CIBER Novasoft AG, a subsidiary of US software maker CIBER Inc, where he worked for eight years.

Majority shareholder in KTG Agrar

Beatrice Ams (37), majority shareholder of KTG Agrar, is a member of the company's board of management and responsible for Human Resources, Administration, and Contractual Practice, as well as the Special Cultures activities. Ms Ams started her professional career by building up various agricultural companies before becoming the managing director of Gollwitzer Agrar GmbH in 1998. Since 2000, she has acted as managing director and board member of several companies, which belong to KTG group now. Beatrice Ams is going to resign from the board of management of KTG Agrar in June 2008 after 14 years in office. At the upcoming annual general meeting (July 25, 2008), KTG Agrar is going to propose to appoint her to the supervisory board. Beatrice Ams is CEO Siegfried Hofreiter's partner.

The supervisory board of KTG Agrar consists of banker Siegfried Koch (chairman), businesswoman Barbara Podas (deputy chairwoman), and businessman Bert Wigger.

History & Milestones

1994	• Starting of business activities in Eastern federal countries
1996/ 1997	• Start of ecological market fruit business
1999/ 2000	• Entry into conventional market fruit production by acquiring companies of the PAE group
2000	• Foundation of KTG Agrar GmbH
2004	• Change of legal form - KTG Agrar AG is created
2005	• Market entry in Lithuania (foundation of subsidiary) • Start of renewable raw materal (biomass) production
2006	• Construction of biogas plants
2007	• Step-by-step ramp-up of biogas plants for electricity production • successful IPO at Frankfurt Stock Exchange (inclusion in Entry Standard)
2008	• Continuous expansion of surface area to currently 19,800 hectares • Foundation of a third branch in Lithuania • Construction of 11th biogas plant - ramp-up at the end of 2008e

Source: KTG Agrar

Business Segments

Four core segments

The core segments of KTG Agrar have always been ecological and conventional market fruit cultivation. Since 2006, the company has been developing a third segment, energy and heat production with currently ten biogas plants. In addition, KTG Agrar offers services as part of its complementary agricultural activities.

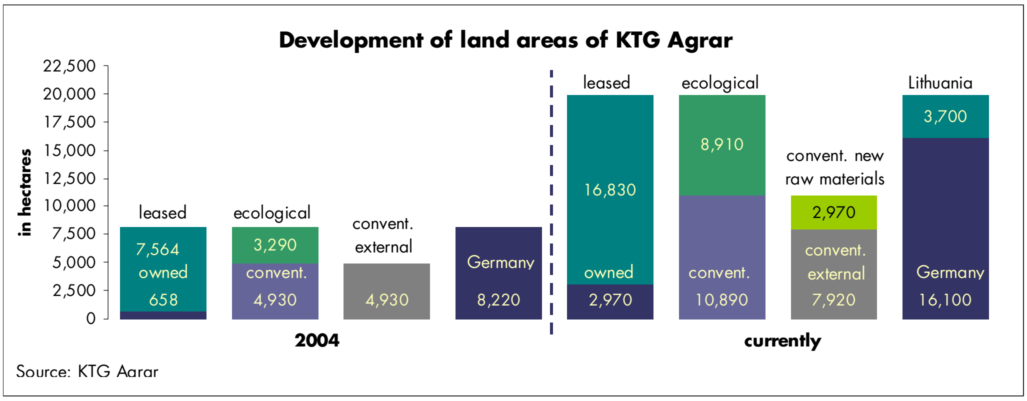
	KTG group			
Segment	Ecological market fruit cultivation	Conventional market fruit cultivation	Energy production / biogas	Complementary agricultural activities
Market trends	Increasing demand and prices for agricultural products Sustainable growth for organic foodstuffs	Increasing demand and prices for agricultural products Renewable raw material for energy production	Scarcity and increasing prices of fossil fuels Government aid for renewable energies (EEG) All-rounder biogas	Expansion of surface area in order to realise growth of other segments and to seize market trends
Business activities	Production of ecological cereals in compliance with the EU Regulation on Organic Farming (soil cultivation, treatment of crops, harvest and distribution)	Production of cereals (soil cultivation, treatment of crops, harvest and distribution)	Construction and operation of biogas plants - use of internal produced renewable raw materials in order to produce electricity, heat and ecological fertiliser	Predominantely acquisition and restructuring of agricultural firms as well as production and distribution of special cultures
Core products and services	Rye Lupines Grain maize Wheat	Energy maize Rapeseed Wheat Grain maize	Electricity Heat Ecological fertiliser	Farm management Special cultures Org. suckler cow farming Agricultural services Agricultural trading
Size	approx. 8,910 ha land	approx. 10,890 ha land, of which approx. 2,970 ha renewable raw material production	10 biogas plants construction of 1 additional plant in progress	
Share of total performance (2007)	15.8%	34.5%	14.2%	35.4%

Sites in Germany and Lithuania

The farmland of KTG Agrar is located in Germany and Lithuania. In Germany, the company cultivates areas in the federal states of Saxony, Saxony-Anhalt and primarily Mecklenburg-Western Pomerania and Brandenburg. Important locations include Anklam (Mecklenburg-Western Pomerania), Putlitz (Brandenburg), Quesitz (Saxony), as well as Raseniai, Mazeikiai and Pauliai in Lithuania.

Current land area of 19,800 hectares

In the past years, the company successively increased its land area. Since 2004, the surface area has been increased by 140%. Since its IPO in November 2007, the company purchased or leased a total of 5,650 hectares of arable land in Germany and Lithuania so that it currently farms a total land area of approximately 19,800 hectares. Of this area, the company owns 15% and leases 85%.



Ecological market fruit cultivation

One of Europe's largest organic farmers

KTG Agrar is one of Europe's leading suppliers in the market for ecologically produced market fruits. In this segment, KTG Agrar cultivates roughly 8,910 hectares of land (approximately 45% of total land area). In 2007, the segment generated 15.8% of the company's total operating performance (EUR31.62m (17.92)). The company says it is one of Germany's market leaders with respect to the ecologically famed area. However, the area only accounts for a mere 1.0% of the entire ecologically cultivated area in Germany. In compliance with the EU Regulation on Organic Farming, the company cultivates this land without using pesticides and under exclusive usage of untreated seeds. The company concentrates on the production of organic grain maize but also cultivates organic rye, organic triticale, organic lupines, organic spelt, organic oats, and organic wheat.

Lithuania is important production site

In Germany, ecological cultivation is concentrated at the locations Putlitz and Frehne (Prignitz) and Schönfließ (near Berlin). The company also has farmland in Lithuania, which is used exclusively for the production of ecological market fruits. Lithuania, whose constitution grants a special status to ecological cultivation, is a good location for the production of organic products thanks to the favourable climate and the average annual rainfall, above all. Further advantages include access to the ice-free port of Klaipeda (approximately 100 kilometres from the production sites) and the land register standards, which correspond to the German ones.

Product homogeneity and own marketing

Since the company concentrates on a small number of locations, its organic market fruits have a high level of homogeneity. According to KTG Agrar, this offers a strategic advantage due to the increasing use of organic market fruits by important food makers with high order volumes. The products are marketed under the registered word mark/ figurative mark BVZ Biovermarktungszentrale, an association of ten ecological farmers in Germany that was founded by KTG Agrar. Main customers include major processors such as feed producers based in Germany, Denmark, the Netherlands, and the UK.

Conventional market fruit cultivation

Cultivation area also used for production of input raw materials for biogas plants

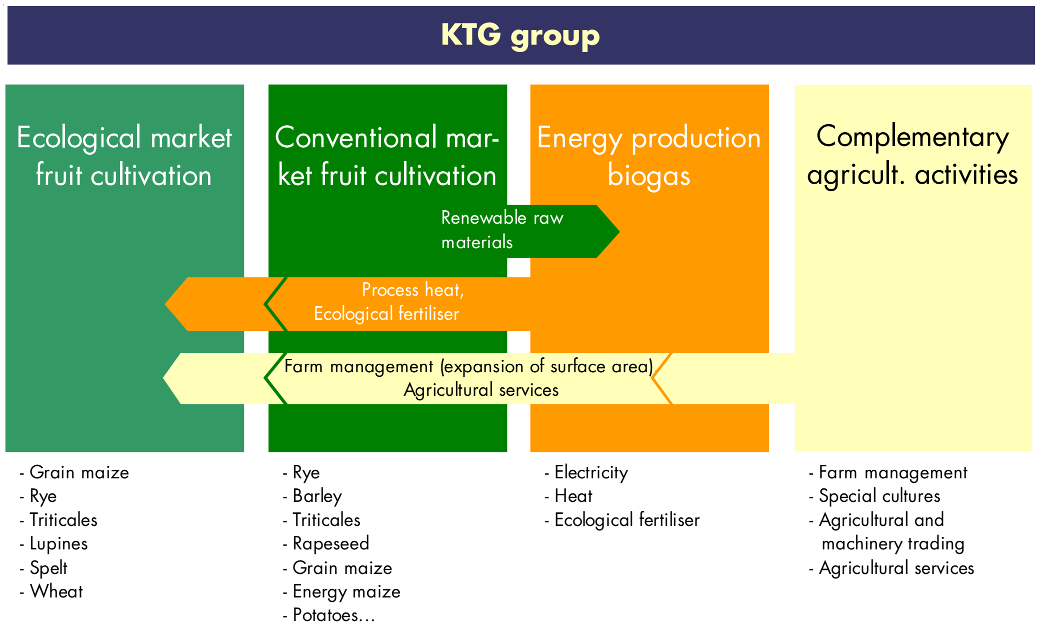
With farmland of 10,890 hectares (approximately 55% of the total area), KTG Agrar is one of Europe's largest producers (in terms of surface area) in conventional market fruit cultivation (intensive farming). In 2007, the business segment accounted for 34.5% of the company's total operating performance. Apart from wheat cultivation, production focuses on rapeseed, grain maize, energy maize as well as - to a lesser extent - potatoes and sugar beets. KTG Agrar does not only sell its products but also uses them as input material for bioenergy production (2006: approx. 15% of land area; 2007: approx. 13% of land area).

Like in its ecological cultivation segment, KTG Agrar is able to offer high-quality and homogeneous cereals in its conventional market fruit cultivation segment. The products are marketed by KTG Getreidelager und Handels AG.

Energy production/biogas

Soon operating eleven biogas plants

By implementing its third business segment, energy production, KTG Agrar has created a closed ecological operating and material cycle. In Putlitz and Dersewitz, two biogas plants started operations at the end of 2006 and another eight in 2007. At the moment, biogas plant number eleven is under construction in Putlitz. Being co-generation units (special government bonus for combined heat and power system and dry fermentation), the ten plants produce both electricity (total capacity: 6.5 megawatts, to be increased to 7.1 megawatts at the end of 2008e) and heat. Not yet having reached full capacity at the biogas plants, the segment reached a total operating performance of EUR4.5m (0.02) in 2007. This corresponds to a share of 14.2%.



Quelle: KTG Agrar

Closed value-added chain within the group

In its biogas division, KTG Agrar benefits from an extensive value-added chain. The company's biogas plants are fed with self-produced renewable raw materials. In 2007, KTG Agrar used approximately 2,00 hectares of its conventional farmland to produce renewable raw materials (approximately 13% (2006:15%) of the total land area). Residual matter (digestate) is used as ecological fertiliser.

Catch crops cultivation reduces competition for land

In order to enhance efficiency in its land utilisation, the company started to expand the cultivation of catch crops for the production of input raw materials for biogas production in 2008. Raw materials for energy production are cultivated after the main cereal harvest.

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This reduces competition for land between food production and production of renewable raw materials for biogas production.

Complementary agricultural activities

High reputation in acquisition and sale of agricultural companies

KTG Agrar also offers complementary agricultural services, which mainly include farm management, i.e. the acquisition, development and in some cases sale of agricultural companies. Most of the acquired companies or parts of them require reorganisation. Individual activities are integrated into KTG group if they fit in with the company's growth strategy. KTG Agrar says that it had assumed market leadership and had gained a high reputation in the farm management business over the past years.

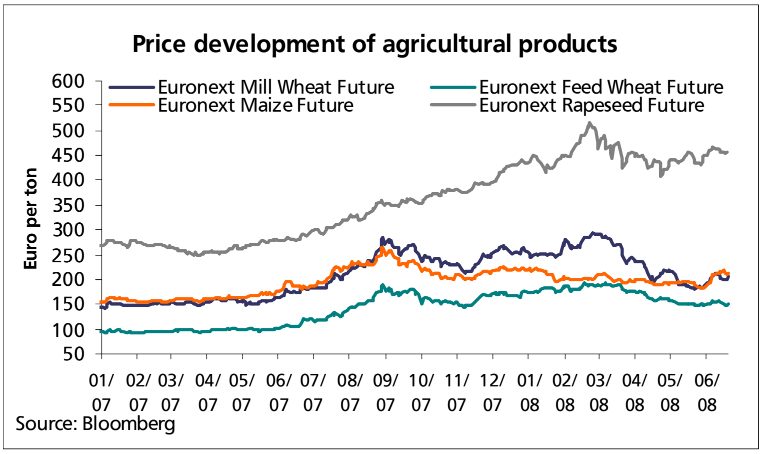
Furthermore, the company offers agricultural services and consultancy. In order to realise an efficient use of the land area, the company is also engaged in special cultures and organic suckler cow farming. In 2007, agricultural trading gained importance (EUR3.5m to EUR4.0m of total operating performance). Therefore, total operating performance of the segment increased to EUR11.2m (year-ago excluding other own work capitalised: 5.7), which corresponds to a share of 35.4%.

Market and Competition

Market for conventional market fruits

Improved general conditions

The general conditions for agriculture have improved significantly. This is reflected in increasing prices. Since January 1, 2007, the wheat price has increased by 42% to EUR207 per ton (source: Bloomberg). However, it is currently trading far below its record high in March (about EUR290 per ton). Prices of maize (+39%) and rapeseed (+69%) have also risen.



Source: Bloomberg

In the medium run, we feel that further price increases for agricultural products cannot be ruled out even if there are indications of a bubble in the short term. We think this is underlined by three fundamental developments:

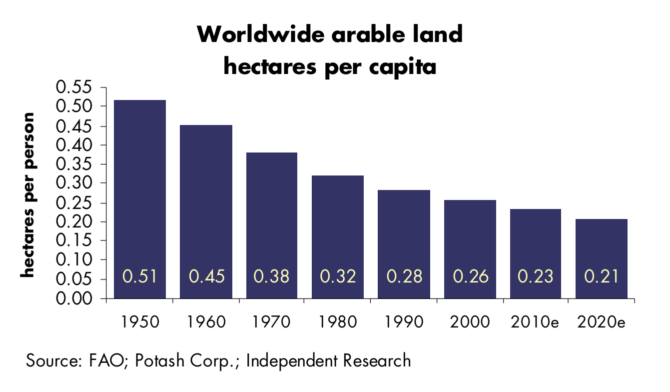
1.) Global population growth and limited land resources

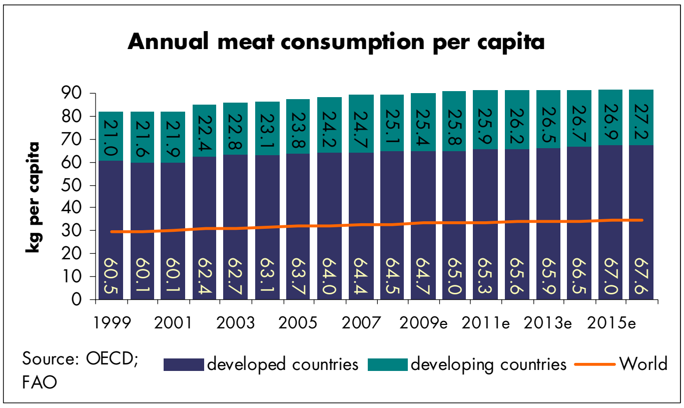
Arable land - hectare per capita continues to fall

According to the OECD and the Food and Agriculture Organization (FAO), the world population is forecasted to grow from 6.60bn people to 7.27bn by 2016e. The greatest population growth is expected in developing and emerging countries. This leads to an increasing need for food. However, the example of cereals (wheat, coarse grain, rice) demonstrates the scarcity of arable land. Between 1978/79 and 2006/07, the land area used for cereals production fell by 6.2% to 669m (713) hectares, even though production increased by 37.8% (source: US Department of Agriculture (USDA)). The FAO forecasts a further drop in arable land (in hectare) per capita of 19% by 2020e compared to 2000. This development is fuelled by urbanisation, land erosion and water shortages. According to the FAO, these factors lead to an annual loss of 0.5% of arable land. The constellation is an argument for continuous scarce and expensive agricultural products.

Increase in area farmed only possible in the long run

However, the International Fertilizer Industry Association (ifa) points out that there are options to ease the problem of land scarcity. There exists the opportunity to develop land areas in Eastern Europe, Latin America and parts of Southeast Asia in the medium term and to increase yields (use of more fertiliser) in the short term. However, the land area concerned in Eastern Europe (low rainfall) or Southeast Asia (tropical rainforest) has soils with inferior quality. Despite this soil quality, the FAO points out that the currently unused land area is large, in particular in the Ukraine, Kazakhstan and Russia. Since the dismantling of the Iron Curtain, 23m hectares (12% of arable land) in this region lie idle. In the long term, genetically modified crops might increase productivity and put pressure on prices for agricultural products.





2.) Economic growth in developing and emerging countries

Increasing consumption of meat, fruits and vegetables

The strong economic growth in emerging countries (average growth of real GDP 2008e-2016e: China: +7.5%; India: +6.2%; Brazil: +3.6%; EU15: +2.0%; USA; +2.7%; source: FAO, OECD) and growing income lead to changing nutrient habits. The trend is moving away from cereals and pulses toward meat, fish, fruits, and vegetables. For KTG Agrar, the expected 10% increase in meat consumption per capita in developing and emerging countries between 2007 and 2010e is of particular importance (developed countries: +4.8%). Increased consumption requires much more animal feed, which is then unavailable for food production.

3.) Environmental awareness and increasing use of biofuels

Effects of discussion about E10 uncertain

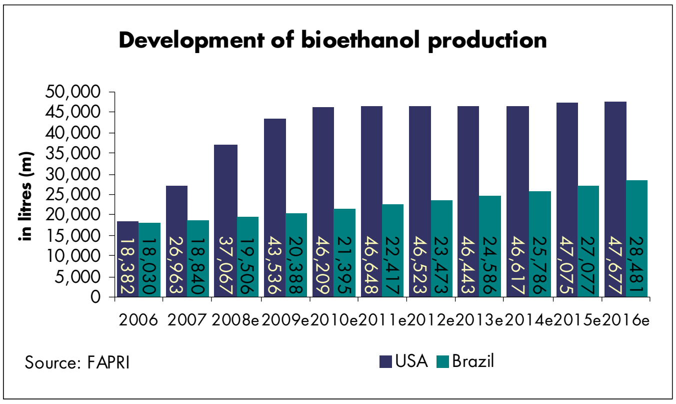
Due to increased production of biofuels, especially maize is used more and more for industrial usage. In the US, the Food and Agriculture Policy Institute (FAPRI) expects an increase in bioethanol production from 18,381m litres in 2006 to 47,676m litres in 2016e (Brazil: to 28,481m (18,030) litres). ifa estimates that this leads to an increase in the amount of maize produced for industrial usage in the US from 17% in 2005/06 to roughly one third in 2007/08e. We expect the usage of cereals for biofuel production to grow in the EU as well since the EU biofuel directive aims at increasing the market share of biofuels used in Otto or Diesel engines to 5.75% (2005: 1.0%) by 2010e. However, the withdrawal of the E10 biofuel regulation in Germany demonstrates the practical limitation of a quick increase in ethanol admixture. The signalling effect of this development is uncertain.

Since several years supply deficits for cereals

With the exception of the 2004/05 harvest, over the past seven years this constellation has led to deficits in cereals production. In 2006/07, global production fell by 1.3% to 1,991m (2,016) tons due to poor weather conditions. Because demand for cereals increased by 0.6% to 2,044m tons, stocks fell by 13.7% to 335m tons - the lowest level since the early eighties. In 2007/2008e, the USDA forecasts a further drop in stocks. Both ifa and the USDA expect the tense supply/demand situation to continue, and expect the situation to improve only by 2009/2010e at the earliest. This means prices should remain high.

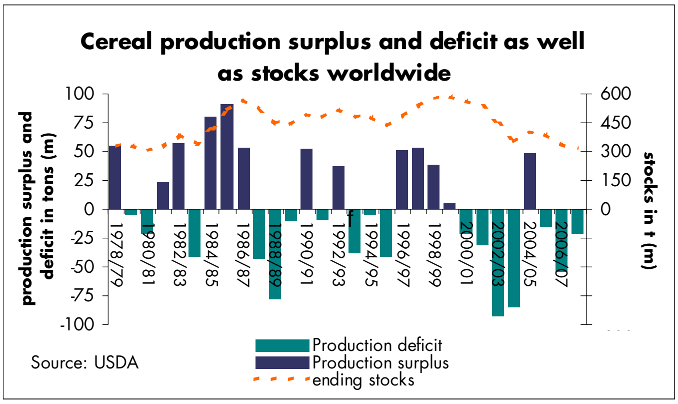
Market for ecological market fruits

In Germany, the organic foodstuffs sales posted double-digit growth figures in recent years. In 2007, sales increased by 15.2% to EUR5.30bn (4.60). According to Ernst & Young the significant increase is due to the fact that attributes such as "organic", "fair trade" and "sustainable development" have been exerting more and more influence over many consumers' decisions. Despite this growth, the Federation of the Organic Food Industry



Development of bioethanol production

Source: FAPRI



Cereal production surplus and deficit as well as stocks worldwide

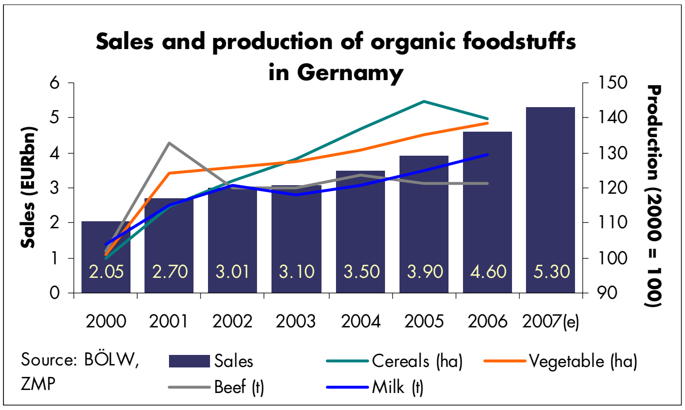
Source: USDA

Supply cannot keep up with demand

(Bund ökologische Lebensmittelwirtschaft BÖLW) feels the trend is only just beginning. In 2007, the land area used for ecological agricultural production increased by 5.8% to 873k (825) hectares, which is clearly below the sales increases. This means that production is lagging behind demand. In the EU27, ecological agriculture is still of minor importance. Ecological farmland only covers 6.803m hectares in 2006 or 4.0% of total land ((Top 3 2006: Austria: 13.0%, Italy: 9.0%; Estonia: 8.8%; Germany in 13th place with 4.8%; 2007 wit 5.2%).

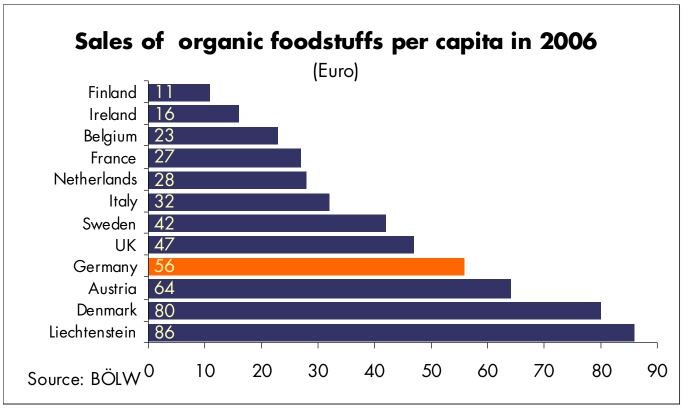
Per capital spending has upward potential

In its Lifestyle of Health and Sustainability study, Ernst & Young come to the conclusion that in Germany organic foodstuffs could have a market share of up to 30% by 2020e (currently: roughly 10%). The comparison of several countries shows that Germany has per capita sales of organic foodstuffs of EUR56 (Denmark: 80; Austria: 64), meaning Germany still has a lot of potential. The BÖLW expects a noticeable increase in the market share of organic foodstuffs, especially for everyday products. In 2006, the market share for pasta was 4.9% (2005: 2.9%), 2.8% for fruit juices (2005: 1.4%) and 2.5% for sweets.



Sales and production of organic foodstuffs in Gernamy

Source: BÖLW, ZMP



Sales of organic foodstuffs per capita in 2006

Source: BÖLW

European agricultural policy

In the EU, agricultural companies are subject to strict regulations. In 2007, KTG Agrar received investment grants and subsidies of EUR4.73m (4.62). With respect to conventional market fruit cultivation, the company gets subsidies of about EUR300 per hectare. An additional premium of EUR180 to EUR210 per hectare is paid for organic farming. The reform of the EU common agricultural policy, which became effective in 2005, is of particular importance for KTG Agrar. The new agricultural policy is based on the principal of compensation payments. Agricultural companies can compile their premiums by committing

Subsidies not to be changed before 2013e

themselves to reciprocate (e.g. ecological farming, landscape conservation, trimming program). The EU subsidies compensate farmers for lower yields (e.g. organic farming), guarantee farmers a certain level of income and consumers an acceptable price level for groceries. According to the reform schedule covering the period from 2005 to 2013e, the current premium model, which includes different direct payments (e.g. land area and animal premiums), will be replaced by a regional model. The latter stipulates an uniform area premium related to the location of the land. Currently, the agricultural reform is in the transition phase. The premiums for each region valid from 2013e onwards will be decided on only in 2009e. First at that time, the consequences for KTG Agrar will be known for certain.

Agricultural aid in Germany

Direct payments and allowances

Federal country	**2005/06 Euro/ha**	**2013e Euro/ha**
Baden-Wuerttemberg	441	310
Bavaria	492	354
Brandenburg and Berlin	**337**	**301**
Hesse	361	299
Mecklenburg-West. Pomerania	**340**	**330**
Lower Saxony and Bremen	348	353
North Rhine-Westphalia	373	359
Rhineland-Palatinate	322	295
Saarland	341	258
Saxony	**413**	**359**
Saxony-Anhalt	**346**	**355**
Schleswig-Holstein and Hamburg	366	359
Thuringia	**410**	**347**

Source: BMELV as of April, 2007

Market for biogas

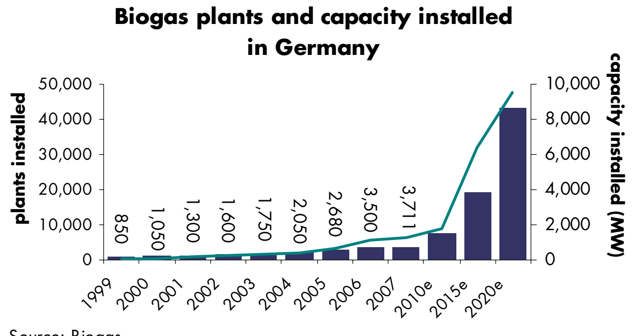
Share of renewable energy in electricity consumption should increase noticeably

In Germany sources of renewable energy are gaining in importance. In 2007, the percentage of renewable energy in electricity consumption increased to 14.2% (11.7%), while the percentage share in total energy consumption (power, heat, fuel) increased to 8.5% (7.5%). The Federal government's goal is to increase the percentage of renewable energy sources in electricity consumption to between 25% and 30% and in total energy consumption to 18% by 2020e.

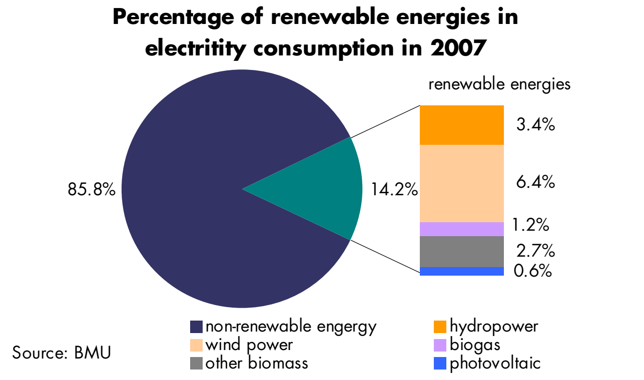
Biogas has high base load capability

Biogas only accounts for 1.2% of total electricity consumption and for 8.5% of power generated by renewable energy sources, meaning it only plays a minor role. According to the German Biogas Association, the number of biogas plants in Germany has nearly tripled from 1,050 in 2000 to 3,711 in 2007. During the same period, installed capacity increased to 1,270 (50) megawatts. The association feels that an increase in installed capacity to 9,500 megawatts is possible by 2020e. This would represent 17% of power generation. The reason for this optimism is not only the by-product heat, but especially the base load capability of biogas plants. This is a significant difference compared to solar technology and wind power.

The basis for sales and profits of biogas plants operated by KGT Agrar is the Renewable Energy Act (EEG) from 2004. From this we calculate an average defined feed-in remuneration of 18.5 cents per kWh for the next 20 years. The amendment of the EEG (valid from 2009e onwards)



Source: Biogas Association



Source: BMU

Amendment of EEG important for future expansion of activities

was enacted by the German parliament on June 6, 2008. It is important for the future expansion of the biogas activities of KTG Agrar. In general, the subsidies for biomass/biogas plants will improve. However, dry fermentation, which is used by all plants of KTG Agrar, will no longer qualify for the technology bonus (2 cents per kWh). However, the new regulations only apply to new plants with production start in 2009e. Therefore, the changes outlined here will not have an effect on the soon eleven biogas plants of KTG Agrar. From our point of view, the reduction of the annual degression rate for basic allowances from 1.5% to 1.0% is a positive aspect. However, the inclusion of the bonuses in the degression is a disadvantage.

Renewable Energy Act (EEG)

Allowance for biomass and biogas plants

in Euro cents per kwh	until 150kW	150kW - 500kW	500kW - 5MW	5MW - 20MW
Basic allowance beginning in 2009				
EEG 2004	10.67	9.18	8.25	7.79
EEG Experience report 11/07/2007	11.67 also old plants	9.18	8.25	7.79 only with CHP
As adopted by the Parliament 06/06/2008	11.67 also old plants	9.18	8.25	7.79 only with CHP
Renewable raw materials bonus				
EEG 2004	6.00	6.00	4.00	0.00
EEG Experience report 11/07/2007	7.00	7.00	4.00	0.00
As adopted by the Parliament 06/06/2008	6.00	6.00	4.00	0.00
Technology bonus				
EEG 2004	2.00	2.00	2.00	0.00
EEG Experience report 11/07/2007	2.00	2.00	2.00	0.00
As adopted by the Parliament 06/06/2008	2.00	2.00	2.00	0.00
Combined heat and power (CHP) bonus				
EEG 2004	2.00	2.00	2.00	2.00
EEG Experience report 11/07/2007	3.00	3.00	3.00	3.00
As adopted by the Parliament 06/06/2008	3.00	3.00	3.00	3.00
Minimum allowance				
EEG 2004	10.67	9.18	8.25	7.79
EEG Experience report 11/07/2007	11.67	9.18	8.25	7.79
As adopted by the Parliament 06/06/2008	11.67	9.18	8.25	7.79
Maximum allowance				
EEG 2004	20.67	19.18	16.25	9.79
EEG Experience report 11/07/2007	23.67	21.18	17.25	10.79
As adopted by the Parliament 06/06/2008	22.67	20.18	17.25	10.79
Other changes to allowance scheme	- dry fermentation no longer qualifies for the technology bonus - reduction of annual degression rate for basic allowance from 1.5% to 1.0% - introduction of annual degression (1.0%) for bonuses from 2010 onwards			

Source: Federal Ministery for the Environment, Nature Conservation and Nuclear Safety

[1)2)3)4)5)] **Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document**

Strategic Prospects

KTG Agrar has many years of experience in its core segments of conventional and ecological market fruit cultivation. Since 2006, the complementary segment of biogas plants has extended the business model. From our point of view, this concentration has several advantages.

KTG Agrar with economies of scale

Managing a land area of currently 19,800 hectares, the company, by its own account, ranks among the largest agricultural companies in Germany and Europe. This is also indicated by a comparison of the average area farmed by an agricultural company in Germany. KTG Agrar's 16 subsidiaries operating in the cultivation of market fruits have an average land area of approximately 1,000 hectares. Here, KTG Agrar benefits from the takeover of numerous LPGs (agricultural collectives) in Eastern Germany in the past.

Agricultural industry in Germany

Key Figures of German Agriculture industry in 2007

	No. of companies in 1,000	Land area in 1,000 ha	Land per company in ha
Size in 1,000 ha	Average company size in 2007		
0 - 100	338.9	8,085.1	24
100-200	21.9	2,931.2	134
200-500	6.6	1,935.8	293
500-1,000	1.9	1,346.5	709
>1,000	1.5	2,636.8	1,758
Germany	*370.8*	*16,935.4*	*46*
Eastern Germany*	29.9	5,565.7	186
Western Germany*	340.9	11,369.7	33
*Germany**	*370.8*	*16,935.4*	*46*
	Companies with ecological agriculture in 2007		
2007	18.0	873.0	48
in % of conv. agricult.	4.9%	5.2%	

Source: BMELV; Central Statistics Office; BÖLW * preliminary figures

High cost efficiency with respect to personnel, machinery, cultivation planning, and administration

We assume that KTG Agrar will be able to raise its income level thanks to its large areas and concentration on the cultivation of market fruits. This assumption is based on the company's better chances of generating top-line growth and realising economies of scale due to more efficient use of personnel and machinery. Owing to the high production volume of its market fruits, KTG Agrar is able to offer homogeneous product quality. This is an advantage in the sector of ecological cultivation, in particular, as this sector is characterised by a high level of area fragmentation. The fact that the company distributes its organic market fruits through its own sales network BVZ Biovermarktungszentrale ought to have a positive impact on sales. The Federation of the Organic Food Industry (BÖLW) predicts above-average growth rates for this distribution model, as safety, quality and traceability of the products become more and more important for the customers. Only major sales organisations are able to meet these requirements. Central management of administration tasks (cultivation planning, stock keeping, procurement, payroll accounting, subsidy application, distribution, contractual practice) allows the company to cut costs, particularly

Cost reduction by 10% per 1,000 hectares

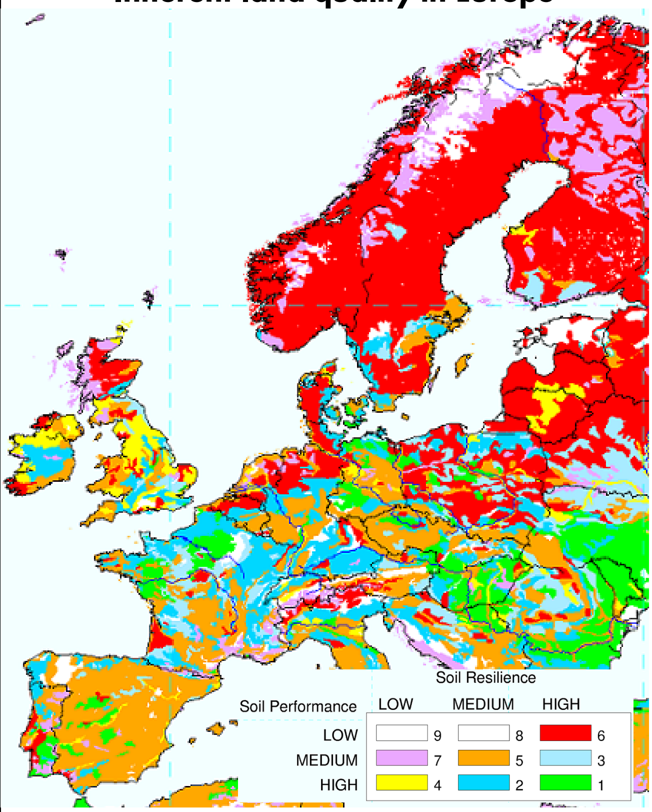
in the personnel department. Thanks to the size of its land area, the company is able to employ large machines, which yields cost advantages per hectare. Moreover, KTG Agrar can use its harvesting machinery at different times in different regions thanks to the strategic distribution of areas among 10 sites in Germany and three sites in Lithuania. When the harvest has been completed in Germany (starting in Saxony and ending in Mecklenburg-Western Pomerania), a large part of the motor pool is shipped to Lithuania. KTG Agrar assumes that it will be able to reduce costs of machinery, wages, energy and administration by 10% per hectare for each additional 1,000 hectares.

Area expansion mainly in the Baltic states, which have a favourable climate

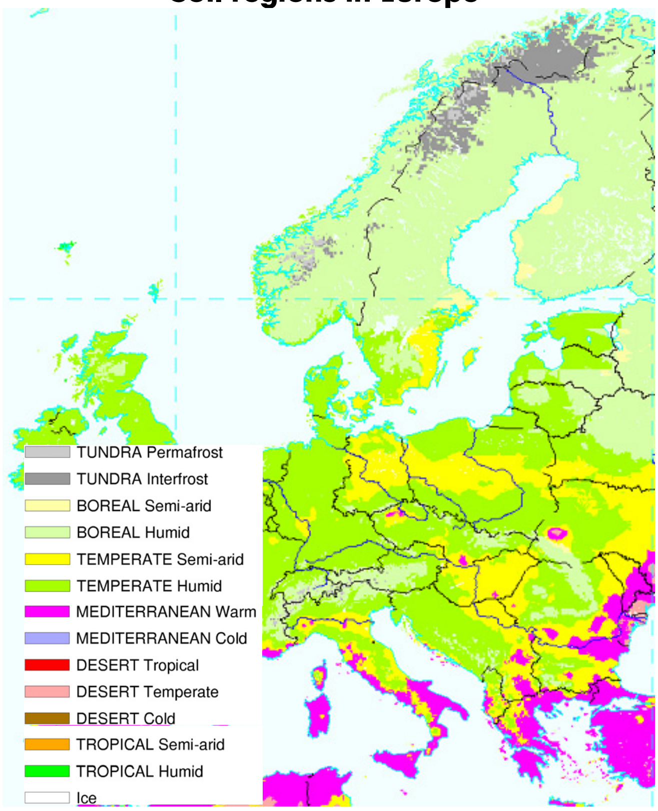
The IPO proceeds will give KTG Agrar the opportunity to realise its planned area expansion by purchasing or leasing land as well as acquiring agricultural enterprises. The company is looking to increase its land area to about 22,500 hectares by the end of 2008e. We predict an area expansion of approximately 28% in 2008e and 20% in 2009e. In our opinion, the planned further regional diversification of the company's arable land with a focus on Lithuania and the other Baltic states makes sense with regard to the reasons mentioned above. In addition, Lithuania is characterised by very resilient soil and a high level of rainfall. These favourable geographical conditions are also reflected in the crop yield. From our point of view, the land in the Baltic states can also serve as a compensation for the lower-yield soil in Brandenburg, which is affected by the climate change (drought).

The fact that KTG Agrar currently owns a mere 15% of its surface area is a more critical issue to us. Since arable land is a rare resource, agriculture is becoming more attractive and competition is therefore increasing. There is a risk that lease contracts cannot be

Inherent land quality in Europe



Soil regions in Europe



Source: Natural Resources Conservation Service (NRCS)

Comparison of European countries

Key data: Geography and climate

	Climate	Average temperature	Rainfall	Wheat yield in 2006/07
Lithuania	Moderate with increasing continental climate in central and eastern regions	July: 17°C; January: -5°C	700 mm in coastal region and 550 mm in eastern region	3.60 t/ha (2004) (2003: 3.57 t/ha)
Romania	Continental climate with some moderate climate influences	July: 23.5°C; January: -2.5°C	500 mm in the low land; 800-1,500 mm in the mountains	2.64 t/ha (year-ago: 2.81 t/ha)
Ukraine	Continental climate	July: 17 to 25°C; January: -8 to 2°C	700 mm in the north-west and 300 mm in the south	2.55 t/ha (year-ago: 2.85 t/ha)
Germany	Moderate with increasing continental climate in Eastern Germany	July: 18°C; January: -1°C	770 mm with increasing continental climate in eastern regions	7.20 t/ha (year-ago: 7.46 t/ha)

Source: Meyers Lexikon Online; MSN Encarta; USDA (FAS Foreign Agricultural Service)

Higher share of owned land makes sense in order to secure areas

renewed or only at higher leases. Because of that we feel that the planned increase in the share of owned land to about 20% is reasonable. Prices appreciation for arable land offers additional potential. According to KTG Agrar, prices have more than tripled to EUR2,300 to EUR2,500 per hectare in Lithuania since 2004 so that the company likely has hidden reserves already today. However, the price level is still significantly lower than in Eastern Germany (EUR8,000 per hectare).

Subsidies are predictable income…

…but they might be cut in the future

Government subsidies granted to agricultural businesses and renewable energy companies are often viewed very critically. Taking into account received subsidies to the total of EUR4.73m and EBITDA of EUR6.09m in 2007, it is right to say that KTG Agrar would be significantly less profitable when excluding these grants. However, the price reduction of nutrients is a clearly stated goal of the government. All market participants benefit from this policy. The payments also compensate for lower yields accepted by the farmers (e.g. due to landscape conservation). With respect to biogas, the government systematically promotes the growth of renewable energy sources as a mean for environment protection. For KTG Agrar subsidies are an important predictable source of income - in the case of the existing biogas plants for twenty years. On the other hand, one should not forget that there have always been attempts within the EU to cut agricultural subsidies significantly. The current discussions are another example of these attempts. In the sugar beet industry, the farmers already had to cope with considerable cuts. Such a scenario could weaken KTG Agrar's earnings power. Food makers might increase their prices as a reaction. Given the market power of corporations like Nestlé, Unilever and Kraft Foods, it is uncertain whether suppliers like KTG Agrar would profit from that as well. However, a reduction of subsidies on the European level does not have to result in a general cut of government aids. In accordance with the strengthening of the subsidiarity principle, member states might have the competencies to grant individual allowances to the agricultural sector in the future.

Strong increase in raw material prices is burdening factor

In our opinion, the increasing cost base is another risk. Apart from intensified competition for (expensive) arable land, the steady rise in seed, fertiliser, pesticide and energy prices is a primary burdening factor. According to data delivered by K+S, since January 2007 potash prices (Northwest Europe; standard product) have increased from USD180 to currently USD623 per ton. With respect to potash shipped overseas (including freight), which is usually USD80 to USD90 per ton more expensive, speculations about prices of up to USD1,000 per ton have come up. One reason for this development is the steadily increasing consumption. We feel it is a disadvantage that KTG Agrar has not protected itself through long-term supply agreements. On the other hand, the company's integrated business model is an advantage here, as KTG Agrar uses the residual matter of the biogas plants mostly as fertiliser in its ecological market fruit cultivation segment.

Prices of agricultural products and boom in organic foodstuffs crucial factors for KTG Agrar

However, we presume that the price development of agricultural products and the boom in organic foodstuffs will be crucial factors for KTG Agrar's future income growth. We expect the price level to increase in the medium term as the arguments for this scenario prevail. However, it has to be pointed out that the FAO recognises potential for an expansion of the farmed area in particular in Eastern Europe, even if the soil is inferior. Furthermore, the use of biofuels is not without controversy, as is shown by the fact that biofuel regulation E10 has been suspended in Germany. In the past, prices of agricultural products have been very volatile. In view of the current signs of speculation in the market we do not rule out a short-term correction of cereal prices. In particular, the above-average share of ecologically cultivated area (approximately 45%) is a favourable argument for KTG Agrar. This segment is an important income driver. A report from the Federation of the Organic Food Industry (BÖLW) has shown that German ecological farming businesses earned on average 21% more than traditional farming businesses in the crop year 2005/06. A lower cost structure (less fertilisers and pesticides but higher distribution and regulatory expenses) and a higher level of subsidies compensating for lower yields (about 50% lower yield per hectare compared to conventional cultivation) might offer explanations for these findings.

Catch crop cultivation enhances earnings potential

However, rising prices could be a disadvantage with regard to the operation and expansion of the company's biogas plants. In order to produce input materials, KTG Agrar has to make use of conventionally used farmland, which cannot serve for the cultivation of market fruits for external sale. If agricultural prices keep increasing, lost revenue/profit (opportunity cost) might exceed revenue/profit from the biogas plants. Therefore, we consider catch crop cultivation an important strategic move, which will reduce the cultivation area required for the biogas plants from today's 240 hectares to an expected 160 hectares per plant. The transition will require some time. KTG Agrar aims at using no conventional land area for the production of biomass any more within two or three years.

Operating Development in FY 2007

Sales: +83%

Growth of total operating performance driven by biogas plants

In FY 2007, KTG Agrar recorded strong growth again, which was driven by an expansion of the farmed area (from 12,646 to 17,982 hectares as of December 31, 2007), increasing sales prices and the successive ramp-up of all so far ten installed biogas plants. Sales increased by 82.7% to EUR15.31m (8.38). The increase is due to the new segment Energy Production/Biogas (EUR3.32m (0.02)). Furthermore, KTG Agrar extended its agricultural (cereals) trading activities. This led to a sales increase in complementary agricultural services to EUR6.05m (1.87), of which estimated EUR3.5m to EUR4.0m is attributable to the trading activities. Cumulated sales in ecological and conventional market fruit cultivation totalled EUR5.95m (6.50). Due to a favourable price development, KTG Agrar decided to put parts of the market fruit production in storage and sell the products in 2008. This contributed to 50% of the registered increase in finished goods, inventories and work in progress (EUR5.91m (1.47)). The remaining 50% are attributable to the first-time building up of inventories for the internal feeding of the biogas plants.

Total operating performance keeps pace with sales growth

Other operating income increased below average by 30.4% to EUR9.65m (7.40). This reflects the fact that subsidies for biogas plants (guaranteed and defined feed-in remuneration according to EEG) are recorded directly in sales, while agricultural subsidies (EUR4.73m (4.62)) are recorded as other income. Income from trading in investments increased to EUR1.57m (0.87). All in all, KTG Agrar improved its total operating performance by 76.5% to EUR31.62m (17.92).

Net income burdened by IPO costs

Operating margin somewhat below previous year levels

EBIT totalled EUR4.01m (2.49). So, the company managed to keep the EBIT margin relatively stable (12.7% (13.9%)). It is necessary to take into consideration that the planned IPO increased costs in 2007. Staff costs to total operating performance ratio (11.0% (14.6%)) was a positive aspect, which illustrates economies of scale inherent in the business model.

KTG Agrar

Key figures of the income statement

Unit : EURm **Fiscal year :** Dec. 31 **Accounting Standard :** G. GAAP	**H1 2007** reported	**H2 2007** reported	**2006** reported	**2007** reported
Sales	**5.27**	**10.04**	**8.38**	**15.31**
Growth y-o-y	-	-	39.5%	82.7%
Ecological market fruit cultivation	0.47	0.73	1.41	1.20
Conventional market fruit cultivation	1.56	3.19	5.09	4.75
Energy production/biogas	1.00	2.32	0.02	3.32
Complementary agricultural services	2.24	3.80	1.87	6.05
Other operating income	4.08	5.57	7.40	9.65
Total operating performance	**12.58**	**19.03**	**17.92**	**31.62**
Growth y-o-y	-	-	36.1%	76.5%
EBITDA	**2.31**	**3.78**	**3.65**	**6.09**
EBITDA margin	18.3%	19.9%	20.4%	19.3%
EBIT	**1.31**	**2.70**	**2.49**	**4.01**
EBIT margin	10.4%	14.2%	13.9%	12.7%
Net consolidated income for the period	**0.20**	**-2.56**	**0.99**	**-2.36**
Net margin	1.6%	-13.5%	5.5%	-7.5%

Source: KTG Agrar

On the net income level, a loss of EUR2.36m (+0.99) was recognised. This is due to the costs of the IPO (recorded as costs under German GAAP (HGB); no direct charge against equity like under IFRS). This led to an extraordinary result of EUR-3.63m (0.00).

Improved balance sheet relationships after IPO

Significant increase in total assets

The influx of funds from the IPO has increased equity to EUR29.06m (10.60). The equity ratio (including item for investment grants) improved to 34.9% (22.6%), but it should be noted that goodwill totals EUR4.09m (2.78). Nevertheless, the equity ratio in 2007 is slightly below that of 2005 (36.9%). This reflects the increase in total assets to EUR84.48m (48.44; 2005: 25.66). Owing to the construction of the ten biogas plants and the building up of biomass inventories, total non-current assets (property, plant & equipment: EUR33.85m (25.06; 2005: 8.58)) and current assets (inventories: EUR13.29m (6.02; 2005: 3.62)) increased by roughly the same rate. The ratio of non-current assets (including animals) to total assets remained at about 47% from a three-year perspective. Substantial capital expenditure for the biogas plants (roughly EUR2m per plant) led to an increase in liabilities to banks to EUR40.89m (28.76; 2005: 10.33). All in all, the balance sheet shows improved ratios with a quick ratio of 59.9% (32.2%), a current ratio of 130.1% (101.8%) as well as an equity and non-current liabilities (including item for investment grants) to non-current assets ratio (including animals) of 126.0% (101.2%). However, we feel the structure of bank liabilities (50% short-term) should be optimised because they serve to finance the owned farmland and biogas plants. So, bank liabilities should be of a long-term nature.

Improved liquidity ratios

Overstated total operating performance due to one-off items

KTG Agrar's 2007 total operating performance is overstated due to several one-off items. The company serves as a service provider for numerous agricultural companies run by its executive Werner Hofreiter. The companies are not part of the group. For the companies concerned, KTG Agrar buys machines (among other things). This is recognised in other operating income as well as other operating costs. The transactions have nearly no effect on the earnings of KTG Agrar. In 2007, the company bought biomass for its biogas plants totalling EUR2.4m. The biomass had not been used as of December 31, 2007. The purchased biomass was recorded as an increase in finished goods, inventories and work in progress. An offsetting record was made to cost of materials. All these transactions lead to an almost unchanged EBIT while the total operating performance increases. So the EBIT margin is lower. We welcome the appointment of Wolfgang Bläsi as the new CFO. Until now this position had not been a separate one within the company.

New orientation towards capital markets with new CFO

Forecasts

We expect sales and profits of KTG Agrar to be driven by two factors in the FY 2008:

Sales prices secured for 70% of the 2008e harvest

Expansion of land area and increasing prices for agricultural products
Following recent acquisitions of additional farmland, KTG Agrar has a total land area of 19,800 hectares. This represents an increase of 10.1% compared to December 31, 2007 (17,982 hectares). We expect KTG Agrar to use roughly 18,000 (15,363) hectares for the market fruit cultivation in 2008e. The table for 2008e shows the prices that KTG Agrar has already negotiated for 70% of its harvest. The data demonstrate that the company was able to secure higher prices for most of its products.

OECD forecasts appear to be conservative

We feel that the OECD's published forecasts for prices of several agricultural products ("Agricultural Outlook 2007-2016") should not materialise in 2008e. Because demand for food is high, many countries already have imposed export restrictions on maize and rice (e.g. China, India, Indonesia, and Vietnam). The floodings in the American Midwest are also causing further uncertainty. We think that current prices for wheat (EUR207/ton), maize (EUR216/ton) and rapeseed (EUR458/ton) indicate that the OECD forecasts are too conservative.

Capacity for biogas plants at 100%
Furthermore, the ten biogas plants installed will run at 100% capacity in 2008e. Therefore, we expect segment sales to triple to EUR10.06m (3.32).

KTG Agrar

Yields and prices

	Yield (t/ha)			Prices (Euro/t)			
	2006	2007	2008e	2006	2007	2008e	
	KTG	KTG	KTG	KTG	KTG	KTG	OECD*
				Conventional market fruit cultivation			
Wheat	5.0	6.0	6.5	120	200	210	125.0
Rye	5.0	6.0	6.5	-	160	200	-
Grain maize	7.0	7.2	8.0	140	200	220	99.8**
Energy maize	38.0	40.0	45.0	-	24	24	-
Rapeseed	2.8	2.5	3.2	140	260	480	197.3***
				Ecological market fruit cultivation			
Ecol. wheat	2.3	2.2	2.4	-	390	450	-
Ecol. rye	2.0	1.8	2.0	-	380	470	-
Ecol. maize	5.0	5.0	5.5	-	320	400	-
Ecol. lupines	1.7	1.5	1.8	-	275	450	-
Ecol. triticales	1.8	2.0	2.2	-	350	380	-

* crop year 2008/09; exchange rate USD/EUR: 1.5796; as of 06/27/2008
** coarse grains: maize, barley, oats, sorghum and other coarse grains (i.e. limited comparability)
*** oilseeds: rapeseed, soyabeans, sunflower seed (i.e. limited comparability)

Source; KTG Agrar; OECD-FAO (Agricultural Outlook 2007-2016)

Sales and earnings jump in 2008e

Total operating performance: +14%

Thanks to this constellation we expect a sales surge of 78.1% to EUR27.27m (15.31) in 2008e. We expect total operating performance to increase by 13.9% to EUR36.00m (31.62). The reason for this difference in growth is due to our assumption that KTG Agrar should sell all its products in 2008e in contrast to putting the products in storage like in 2007 (expected decline in finished goods, inventories and work in progress). We also expect a decline in business with third parties.

EPS 2008e: EUR0.89 (-0.55)

We expect EBITDA to total EUR10.67m (6.09) and EBIT to reach EUR8.25m (4.01). The decline in cost of materials to EUR11.69m (12.46) is due to the fact that no purchase costs for biomass should be recorded like in 2007. Based on a net income of EUR3.81m (-2.36; IPO expenses) we expect EPS of EUR0.89 (-0.55).

Eleventh biogas plant and increased capacity in 2009e

Expansion of land area in 2009e 20%

By the end of 2008e and 2009e, we expect KTG Agrar to have farmland of 23,000 hectares (+28%) and 27,600 hectares (+20%), respectively. In 2009e, the company should continue to profit from this strong growth in land area. The eleventh biogas plant should be completed by the end of 2008e and start operations in early 2009e. Furthermore, each biogas plant is scheduled to increase its capacity to 710 kWh (before: 650). In 2009e, we forecast a total operating performance of EUR45.33m, EBIT of EUR11.09m and net income of EUR5.57m.

Investment in growth instead of dividend payment

We expect no dividend payments for both 2008e and 2009e. Further expanding its land area, KTG Agrar invests in continued growth. For 2009e, potential risks lie in the uncertainty of the future price development for agricultural products.

KTG Agrar

Forecast of key figures of the income statement

Unit :	EURm		
Fiscal year :	Dec. 31	**2008e**	**2009e**
Accounting Standard :	G. GAAP		
Sales		**27.27**	**32.86**
Growth y-o-y		78.1%	20.5%
Other operating income		9.94	11.47
Total operating performance		**36.00**	**45.33**
Growth y-o-y		13.9%	25.9%
EBITDA		**10.67**	**13.80**
EBITDA margin		29.6%	30.4%
EBIT		**8.25**	**11.09**
EBIT margin		22.9%	24.5%
Net consolidated income for the year		**3.81**	**5.57**
Net margin		10.6%	12.3%
Number of shares (m)		4.300	4.300
EPS (Euro)		**0.89**	**1.29**

Source: Independent Research

Valuation

Peer group valuation makes little sense

No directly comparable companies

We feel that a peer group valuation makes little sense. First, there are hardly any comparable companies. Second, KTG Agrar has two segments - market fruit cultivation and the operation of biogas plants - that have to be treated differently from a valuation perspective. The company releases segment figures for sales and total operating performance but does not publish segment earnings separately. The high interdependency and significant internal sales between the segments makes a valuation even more difficult. As a guideline, the following table provides an overview of the valuation ratios of companies that are comparable to KTG Agrar to a limited extent.

Peer group

Company	EV/EBITDA		EV/EBIT		P/E ratio	
	2008e	2009e	2008e	2009e	2008e	2009e
Peer Group Agriculture						
Bunge Ltd.	6.8	6.3	8.9	7.8	14.5	12.7
Südzucker AG *	7.8	6.6	14.1	11.0	20.0	12.6
Tate & Lyle plc. *	6.2	5.8	8.7	8.0	9.8	9.0
KWS Saat AG*	10.1	9.4	12.4	11.4	20.7	19.3
Syngenta AG	14.8	13.3	18.5	16.4	21.9	19.3
Monsanto Co.*	16.9	14.7	20.0	18.5	30.5	25.1
K+S AG	11.9	9.5	13.6	10.6	18.7	14.4
Potash Corp.	13.1	8.3	13.7	8.2	20.2	12.1
Agrium Inc.	7.8	6.2	8.3	6.2	13.5	10.5
Average Peer Group Agriculture	10.6	8.9	13.1	10.9	18.9	15.0
Median Peer Group Agriculture	10.1	8.3	13.6	10.6	20.0	12.7
Peer Group Biogas						
Envitec Biogas AG	7.9	3.1	11.0	4.8	25.8	13.7
Schmack Biogas AG	16.6	3.2	neg.	4.4	neg.	5.0
BKN biostrom AG *	2.6	2.1	2.7	2.2	11.8	5.4
Average Peer Group Biogas	9.0	2.8	6.9	3.8	18.8	8.0
Median Peer Group Biogas	7.9	3.1	6.9	4.4	18.8	5.4
KTG Agrar**	**11.6**	**9.0**	**15.0**	**11.2**	**26.0**	**17.8**

Source: Independent Research, Bloomberg (as of 06/27/2008)

* uneven business year
** based on the fair value of EUR23.07 per share

DCF model

Three stage DCF model

In our DCF model, we have conducted a three stage valuation. Stage I takes our detailed forecasts of the income statement through 2009e into consideration. For stage II, we expect falling sales ant total operating performances increases. Beginning in 2013e we assume a constant EBIT margin of 25.0%. In the third stage, we assume a 1.5% growth in free cash flow. In order to calculate the WACC we have also made further assumptions. The risk-free interest rate is 4.5%. The equity risk premium is 8.0%. The debt risk premium is 2.0%. This low value reflects KTG Agrar's low refinancing costs of only 5.5%. Further-

[1)2)3)4)5)] **Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document**

WACC: 8.72%

more, we calculate a fundamental beta of 1.3. With respect to the long-term target capital structure we assume an equity ratio of 40% and a debt ratio of 60%. These premises result in a weighted average cost of capital (WACC) of 8.72%.

Fair value per share: EUR23.07

We calculate a fair market value of equity of EUR99.18m. This represents a fair value of EUR23.07 per share. Based on this fair value, we calculate an EV/EBITDA for 2009e of 9.0 (peer group agriculture: 8.9) an EV/EBIT for 2009e of 11.2 (peer group agriculture: 10.9) and a P/E ratio for 2009e of 17.8 (peer group agriculture: 15.0). Based on these ratios, we feel the share is fairly valued because in 2009e KTG Agrar should record EPS growth of 46.0% and a PEG ratio of 0.39. In 2009e, the agriculture peer group has an average EPS growth of 27.9% and a PEG ratio of 0.94.

In order to estimate the model's sensitivity, we have varied the input factors of discount interest rate and the growth of free cash flow in the infinite stage III.

DCF model KTG Agrar

EURm	2008e	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e
Sales	27.27	32.86	38.53	43.93	48.65	52.30	56.22	60.44	64.97	69.84
Growth y-o-y	78.1%	20.5%	17.3%	14.0%	10.8%	7.5%	7.5%	7.5%	7.5%	7.5%
Total operating performance	36.00	45.33	52.53	59.18	64.75	68.76	73.01	77.51	82.27	87.31
Growth y-o-y	13.9%	25.9%	15.9%	12.6%	9.4%	6.2%	6.2%	6.2%	6.1%	6.1%
EBIT margin (in % of total operating performance)	22.9%	24.5%	24.6%	24.7%	24.9%	25.0%	25.0%	25.0%	25.0%	25.0%
EBIT	**8.25**	**11.09**	**12.92**	**14.63**	**16.10**	**17.19**	**18.25**	**19.38**	**20.57**	**21.83**
- Income taxes	-2.31	-3.10	-3.62	-4.10	-4.51	-4.81	-5.11	-5.43	-5.76	-6.11
+ Amortisation and depreciation	2.42	2.71	3.14	3.54	3.87	4.11	4.36	4.63	4.92	5.22
+/- Change in long-term provisions	0.73	0.27	0.31	0.35	0.38	0.41	0.43	0.46	0.49	0.52
+/- Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross operating cash flow	**9.09**	**10.96**	**12.75**	**14.42**	**15.84**	**16.89**	**17.94**	**19.04**	**20.21**	**21.45**
+/- Change in net working capital	-1.00	-2.93	-2.44	-2.08	-1.53	-0.82	-1.90	-2.05	-2.20	-2.36
+/- Investments in fixed assets	-9.34	-7.20	-7.29	-7.01	-6.31	-5.23	-5.34	-5.45	-5.57	-5.69
Free cash flow	**-1.24**	**0.83**	**3.01**	**5.34**	**8.00**	**10.84**	**10.69**	**11.54**	**12.44**	**13.40**
Present values	**-1.19**	**0.73**	**2.42**	**3.93**	**5.40**	**6.71**	**6.07**	**6.00**	**5.93**	**5.85**
Total present values	41.84									
Terminal value	82.27		in % of total value :		66%					
Value of operating business	124.11									
+ Cash and cash equivalents	17.23									
- Financial debt and minority interest	-42.16									
Fair market value of equity	**99.18**									
Number of shares outstanding (m)	4.300									
Fair value per share (Euro)	**23.07**									

Model parameters / Entity DCF model :

Target capital structure ->		Equity :	40%	Financial debt :	60%
Risk-free rate :	4.50%	Beta :	1.3	Risk premium debt:	2.0%
		Risk premium :	8.0%	Tax shield :	28.0%
		Cost of equity :	14.8%	Cost of debt :	4.7%
Growth rate FCF :	**1.5%**	**WACC :**	**8.72%**	**Date :**	**06/30/08**

Source: Independent Research

Sensitivity analysis (Euro)

Growth	Discount rate 8.2%	8.7%	9.2%	9.7%
0.5%	22.83	20.57	18.58	16.81
1.0%	24.22	21.74	19.57	17.66
1.5%	26.12	**23.07**	20.69	18.60
2.0%	27.66	24.59	21.96	19.67

Source: Independent Research

1)2)3)4)5) **Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document**

Conclusion

Competitive advantages: integrated business model and economies of scale

KTG is characterised by its integrated business model. With 19,800 hectares farmed used for conventional and ecological market fruit cultivation, the company considers itself to be among one of Europe's leading producers of agricultural products. Complementary to this, since 2006 KTG Agrar has been building up its biogas plants segment, which should include eleven plants by the end of 2008e. The company can avoid buying expensive biomass externally, because input materials are produced on about 15% of the conventional area. The remaining digestate is used as fertiliser. We see the business model's scalability as advantageous. The hectare size of the individual KTG companies is well above the national average. In combination with the locations in Lithuania KTG Agrar can realise economies of scale.

Profits from increasing prices for agricultural products

The Hamburg-based company is currently profiting from high prices for agricultural products. We expect prices to remain at a high level, even if prices might fall due to a reduction in speculative tension in the short-term. This development is underlined by the currently widely discussed topics population growth, changes in nutrient habits, and biofuels. As one of the largest agricultural producers of ecological market fruits (45% of area farmed), KTG Agrar also profits from the growing demand for organic foodstuffs. Its ten biogas plants should also contribute to more consistent sales and earnings.

We are not terribly concerned by the discussion about EU agricultural subsidies because it is about compensation payments for lower yields accepted by farmers, and deliberately reduced prices for groceries desired politically. Nevertheless, a reduction of subsidies (as currently discussed) could be a reality after 2013e. Such a scenario would be disadvantageous to KTG Agrar.

Growth in 2007…

2007 was characterised by noticeable growth. Increasing prices and the successive ramp-up of ten biogas plants increased total operating performance by 76.5% to EUR31.62m (17.92). EBIT increased to EUR4.01m (2.49). The net loss of EUR2.36m (+0.99) reflects IPO costs of EUR3.63m. However, we criticise the overstated total operating performance, which distorts true margins.

…should continue through 2008e and 2009e

Growth potential can be found in the expansion of area farmed, which we expect to total 28% in 2008e and 20% in 2009e. Given the fact that in 2008e biogas plants will run at 100% capacity and 70% of the harvest has been sold at higher prices, we expect total operating performance to total EUR36.00m (31.62), and EPS to reach EUR0.89 (-0.55). In 2009e, we forecast EPS of EUR1.29.

Price target: EUR23; recommendation: Buy

Since the IPO in November 2007 (issuing price: EUR17.50) the movement of the share price has been quite volatile. It has now rallied significantly from its low at the end of January and has gained 52% from a six-months perspective. We feel this also reflects the intensified investor relations activities. Our DCF model results in a fair value of EUR23.07 per share. This basis yields a P/E ratio for 2009e of 17.8. Due to strong EPS growth (2009e: +46.0%), we feel this is justified. Because KTG is one of the few publicly listed agricultural firms, the share should profit from high investor attention. Our initial recommendation for the KTG-share is therefore Buy with a price target of EUR23.

KTG Agrar

Key Financial Data

Fiscal year : Dec. 31 / Accounting Standard : Germ. GAAP	2005	2006	2007	2008e	2009e
Key figures of the income statement					
Sales (EURm)	6.01	8.38	15.31	27.27	32.86
Total operating performance (EURm)	13.16	17.92	31.62	36.00	45.33
EBITDA margin	19.1%	20.4%	19.3%	29.6%	30.4%
EBIT margin	11.8%	13.9%	12.7%	22.9%	24.5%
Net margin	4.9%	5.5%	-7.5%	10.6%	12.3%
Amortisation and depreciation / total operating performance	7.3%	6.4%	6.6%	6.7%	6.0%
Operating costs / total operating performance	80.9%	79.6%	80.7%	70.4%	69.6%
Interest coverage ratio	2.39	2.75	2.12	3.76	4.93
Profitability ratios					
Return on equity incl. item for investment grants before taxes	9.5%	14.5%	7.2%	17.9%	22.0%
Return on equity incl. item for investment grants after taxes	6.9%	9.0%	neg.	11.2%	13.9%
ROIC	11.2%	6.7%	9.7%	10.2%	12.1%
Return on total assets	5.6%	4.5%	neg.	7.2%	8.4%
Key figures of the balance sheet					
Equity ratio incl. item for investment grants	36.9%	22.6%	34.9%	37.5%	40.7%
Ratio of non-current assets (incl. animals) to total assets	47.3%	60.8%	47.0%	51.7%	51.9%
Equity to non-current assets ratio	77.9%	37.2%	74.2%	72.7%	78.5%
Equity and non-current liabilities to non-current assets ratio	117.1%	101.2%	126.0%	117.9%	118.8%
Cash ratio	33.7%	20.2%	50.1%	43.1%	35.0%
Quick ratio	45.0%	32.2%	59.9%	60.0%	54.0%
Current ratio	118.1%	101.8%	130.1%	123.6%	125.5%
Inventories processing period (days)	289	340	389	350	350
Receivables collection period (days)	79	98	80	80	80
Payables payment period (days)	281	322	243	257	254
Cash conversion cycle (days)	86	116	226	173	177
Working capital (EURm)	3.48	6.40	14.56	15.56	18.49
Working capital to sales ratio	58.0%	76.3%	95.1%	57.1%	56.3%
Operating to investing cash flow ratio	-	-	-	0.70	0.86
Capex / amortisation and depreciation	425.0%	1233.4%	649.9%	419.2%	295.2%
Capex / sales	68.1%	169.9%	88.4%	37.2%	24.3%
Key figures of the share (Euro)					
Earnings per share	0.15	0.23	-0.55	0.89	1.29
Operating cash flow per share	-0.10	-0.70	-1.84	1.52	1.45
Free cash flow per share	-0.74	-3.96	-4.56	-0.65	-0.23
Dividend per share	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents per share	0.90	0.88	4.01	3.54	3.07
Book value per share incl. item for investment grants	2.20	2.55	6.86	7.88	9.34
Valuation key figures					
EV / sales	-	-	5.1	3.8	3.2
EV / EBITDA	-	-	12.7	9.8	7.6
EV / EBIT	-	-	19.3	12.7	9.4
P / E ratio	-	-	neg.	20.9	14.3
P / B ratio incl. item for investment grants	-	-	1.8	2.3	2.0
P / CF ratio	-	-	neg.	12.2	12.8
P / S ratio	-	-	3.4	2.9	2.4
Dividend yield	-	-	0.0%	0.0%	0.0%

Source: Independent Research; KTG Agrar

KTG Agrar

Income Statement

Unit : EURm Fiscal year : Dec. 31 Accounting Standard : Germ. GAAP	2005	2006	2007	2008e	2009e
Sales	**6.01**	**8.38**	**15.31**	**27.27**	**32.86**
Growth y-o-y	-	39.5%	82.7%	78.1%	20.5%
Change in finished goods, inventories and work in progress	-0.30	1.47	5.91	-1.20	1.00
Other own work capitalised	0.25	0.66	0.75	0.00	0.00
Other operating income	7.21	7.40	9.65	9.94	11.47
In % of sales	120.1%	88.3%	63.0%	36.4%	34.9%
Total operating performance	**13.16**	**17.92**	**31.62**	**36.00**	**45.33**
Cost of materials	-4.58	-6.46	-12.46	-11.69	-15.33
In % of total operating performance	-34.8%	-36.1%	-39.4%	-32.5%	-33.8%
Staff cost	-2.04	-2.61	-3.48	-4.25	-4.86
In % of total operating performance	-15.5%	-14.6%	-11.0%	-11.8%	-10.7%
Other operating costs	-4.03	-5.20	-9.58	-9.39	-11.35
In % of total operating performance	-30.6%	-29.0%	-30.3%	-26.1%	-25.0%
EBITDA	**2.51**	**3.65**	**6.09**	**10.67**	**13.80**
EBITDA margin	19.1%	20.4%	19.3%	29.6%	30.4%
Amortisation and depreciation	-0.96	-1.15	-2.08	-2.42	-2.71
In % of total operating performance	-7.3%	-6.4%	-6.6%	-6.7%	-6.0%
EBIT	**1.55**	**2.49**	**4.01**	**8.25**	**11.09**
EBIT margin	11.8%	13.9%	12.7%	22.9%	24.5%
Financial result	-0.65	-0.91	-1.89	-2.20	-2.25
In % of total operating performance	-4.9%	-5.1%	-6.0%	-6.1%	-5.0%
EBT	**0.90**	**1.59**	**2.12**	**6.05**	**8.84**
EBT margin	6.8%	8.9%	6.7%	16.8%	19.5%
Extraordinary result	0.00	0.00	-3.63	0.00	0.00
In % of total operating performance	0.0%	0.0%	-11.5%	0.0%	0.0%
Income taxes	-0.04	-0.17	-0.32	-1.69	-2.47
Tax rate	-4.3%	-10.9%	21.2%	-28.0%	-28.0%
Other taxes	-0.11	-0.14	-0.14	-0.12	-0.18
Net consolidated income for the year before minority interests	0.75	1.27	-1.97	4.24	6.19
In % of total operating performance	5.7%	7.1%	-6.2%	11.8%	13.6%
Minority interests	-0.10	-0.28	-0.40	-0.42	-0.62
Net consolidated income for the year	**0.65**	**0.99**	**-2.36**	**3.81**	**5.57**
Net margin	4.9%	5.5%	-7.5%	10.6%	12.3%
Number of shares (m) *	4.300	4.300	4.300	4.300	4.300
EPS (Euro) *	**0.15**	**0.23**	**-0.55**	**0.89**	**1.29**
DpS (in Euro)	0.00	0.00	0.00	0.00	0.00

Source: Independent Research; KTG Agrar

* EPS for 2005, 2006 and 2007 based on the number of shares outstanding at the end of 2007 (4.300m)

1)2)3)4)5) **Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document**

KTG Agrar

Balance Sheet

Unit : EURm Fiscal year : Dec. 31 Accounting Standard : Germ. GAAP	2005	2006	2007	2008e	2009e
ASSETS					
Non-current assets					
Intangible assets	2.25	2.88	4.89	4.55	4.24
Property, plant and equipment	8.58	25.06	33.85	41.05	45.80
Financial assets	1.15	1.38	0.93	0.98	1.03
Total non-current assets	**11.98**	**29.32**	**39.67**	**46.59**	**51.08**
Animals	**0.17**	**0.12**	**0.07**	**0.07**	**0.07**
Current assets					
Inventories	3.62	6.02	13.29	11.20	14.71
Trade receivables	1.30	2.25	3.36	5.98	7.20
Other receivables and other assets	4.57	6.70	10.49	10.84	11.83
Cash in hand, bank balances	3.86	3.77	17.23	15.22	13.21
Total current assets	**13.35**	**18.74**	**44.37**	**43.23**	**46.95**
Prepaid expenses	0.16	0.27	0.37	0.41	0.44
Total assets	**25.66**	**48.44**	**84.48**	**90.30**	**98.55**
EQUITY AND LIABILITIES					
Equity					
Subscribed capital	0.05	0.05	4.30	4.30	4.30
Capital reserves	0.00	0.00	21.45	21.45	21.45
Revenue reserves	0.01	0.01	0.01	0.01	0.01
Negative goodwill arising from consolidation	7.77	7.69	4.32	4.32	4.32
Net income/loss	0.88	1.87	-2.29	1.52	7.09
Minority interest	0.72	0.99	1.27	1.70	2.32
Total equity	**9.42**	**10.60**	**29.06**	**33.29**	**39.48**
Separate item for investment grants	**0.03**	**0.35**	**0.44**	**0.61**	**0.67**
Provisions					
Provisions for pensions and similar obligations	0.25	0.28	0.30	0.41	0.46
Provisions for taxes	0.14	0.25	0.48	0.66	0.73
Other provisions	0.33	0.55	1.10	1.53	1.69
Total provisions	**0.72**	**1.07**	**1.88**	**2.61**	**2.88**
Liabilities					
Liabilities to banks	10.33	28.76	40.89	41.67	40.63
Prepayments	0.40	0.00	0.00	0.00	0.00
Trade payables	3.53	5.70	8.31	8.23	10.65
Other liabilities	1.08	1.74	3.80	3.70	4.04
Total liabilities	**15.34**	**36.21**	**53.00**	**53.60**	**55.32**
Prepaid expenses	0.15	0.21	0.11	0.18	0.20
Total equity and liabilities	**25.66**	**48.44**	**84.48**	**90.30**	**98.55**

Source: Independent Research; KTG Agrar

KTG Agrar

Cash Flow Statement

Unit : EURm / Fiscal year : Dec. 31 / Accounting Standard : Germ. GAAP	2005	2006	2007	2008e	2009e
Cash flow from operating activities					
Net consolidated income for the year	0.75	1.27	1.67	3.81	5.57
Amortisation and depreciation	0.98	1.15	2.08	2.42	2.71
Other non-cash income and expenses	-0.34	-0.02	-0.88	0.42	0.62
Gains on disposal of fixed assets	-0.27	-0.39	-0.26	0.00	0.00
Change in provisions	-0.04	0.33	0.80	0.73	0.27
Change in other assets	-1.70	-4.68	-15.20	-0.91	-5.77
Change in other liabilities	0.17	-0.68	3.90	0.06	2.83
Cash flow from operating activities	**-0.45**	**-3.01**	**-7.89**	**6.54**	**6.23**
Cash flow from investing activities					
Proceeds from disposal of tangible fixed assets	1.45	0.69	4.42	0.75	0.75
Proceeds from disposal of long-term financial assets	0.02	0.00	0.75	0.05	0.05
Purchase of intangible fixed assets	0.00	-0.10	-0.05	-0.08	-0.08
Purchase of tangible fixed assets	-4.03	-13.80	-13.40	-9.96	-7.82
Purchase of long-term financial assets	-0.06	-0.34	-0.09	-0.10	-0.10
Purchase of consolidated subsidiaries	-0.12	-0.47	-3.33	0.00	0.00
Cash flow from investing activities	**-2.74**	**-14.02**	**-11.70**	**-9.34**	**-7.20**
Cash flow from financing activities					
Cash receipt from issue of capital	0.00	0.00	23.90	0.00	0.00
Payments for extraordinary items	0.00	0.00	-3.63	0.00	0.00
Cash proceeds from/retirement of bank debt	4.30	16.85	12.99	0.78	-1.04
Payment for longstanding debt	0.00	0.00	-0.31	0.00	0.00
Dividend payment	0.00	0.00	0.00	0.00	0.00
Cash flow from financing activities	**4.30**	**16.85**	**32.95**	**0.78**	**-1.04**
Net change in cash funds	**1.11**	**-0.18**	**13.36**	**-2.02**	**-2.01**
Change in cash funds due to consolidation structure	0.00	0.10	0.11	0.00	0.00
Cash and cash equivalents at beginning of period	2.75	3.86	3.77	17.23	15.22
Cash and cash equivalents at end of period	**3.86**	**3.77**	**17.23**	**15.22**	**13.21**

Source: Independent Research; KTG Agrar

Peer group

Company	Price	Market Cap (m)	EV (m)	Sales (m) 2008e	Sales (m) 2009e	EBITDA (m) 2008e	EBITDA (m) 2009e	EBIT (m) 2008e	EBIT (m) 2009e	EPS 2008e	EPS 2009e
Bunge Ltd. (USD)	105.52	12,824.9	16,138.9	53,849.00	59,447.33	2,359.67	2,570.00	1,814.67	2,076.67	7.26	8.32
				-	10.4%	4.4%	4.3%	3.4%	3.5%	-	-
Südzucker AG (Euro)*	11.68	2,211.7	4,596.3	5,621.73	5,692.22	592.00	691.22	326.20	417.43	0.58	0.93
				-	1.3%	10.5%	12.1%	5.8%	7.3%	-	-
Tate & Lyle plc. (GBP)*	3.96	1,813.9	2,698.9	3,445.20	3,565.42	434.36	463.17	311.10	335.33	0.40	0.44
				-	3.5%	12.6%	13.0%	9.0%	9.4%	-	-
KWS Saat AG (Euro)*	149.40	986.0	946.8	630.00	662.75	93.78	101.18	76.36	82.75	7.22	7.74
				-	5.2%	14.9%	15.3%	12.1%	12.5%	-	-
Syngenta AG (USD)	319.28	32,171.6	33,722.6	10,684.00	11,319.78	2,283.13	2,529.94	1,824.13	2,061.00	14.55	16.50
				-	6.0%	21.4%	22.3%	17.1%	18.2%	-	-
Monsanto Co. (USD)*	128.34	70,429.0	69,559.0	13,199.67	14,115.60	4,113.40	4,747.50	3,482.00	3,750.00	4.21	5.11
				-	6.9%	31.2%	33.6%	26.4%	26.6%	-	-
K+S AG (Euro)	363.07	14,976.6	15,612.6	4,722.35	5,169.49	1,309.07	1,651.10	1,143.78	1,475.34	19.43	25.22
				-	9.5%	27.7%	31.9%	24.2%	28.5%	-	-
Potash Corp. (CAD)	230.26	72,203.1	73,283.0	10,236.23	13,843.24	5,604.36	8,803.12	5,362.20	8,979.43	11.39	19.04
				-	35.2%	54.8%	63.6%	52.4%	64.9%	-	-
Agrium Inc. (CAD)	108.10	17,063.2	16,150.1	7,871.20	10,596.64	2,083.83	2,595.04	1,941.62	2,591.20	7.99	10.34
				-	34.6%	26.5%	24.5%	24.7%	24.5%	-	-
Envitec Biogas AG (Euro)	16.80	252.0	145.1	134.33	217.00	18.32	46.73	13.21	30.40	0.65	1.23
				-	61.5%	13.6%	21.5%	9.8%	14.0%	-	-
Schmack Biogas AG (Euro)	9.62	57.5	66.4	166.50	234.00	4.00	20.48	-2.03	15.02	-0.20	1.91
				-	40.5%	2.4%	8.8%	-1.2%	6.4%	-	-
BKN biostrom AG (Euro)*	4.55	31.2	28.5	112.00	129.00	11.10	13.45	10.45	12.80	0.39	0.85
				-	15.2%	9.9%	10.4%	9.3%	9.9%	-	-
KTG Agrar AG (Euro)	**18.50**	**79.6**	**104.5**	**27.27**	**32.86**	**10.67**	**13.80**	**8.25**	**11.09**	**0.89**	**1.29**
				-	**20.5%**	**39.1%**	**42.0%**	**30.3%**	**33.7%**	**-**	**-**

Source: Independent Research, Bloomberg (as of 06/27/2008)

* uneven business year

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Buy:	According to our assessment, the stock should register an absolute profit of at least 15% within a 6-month period.
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Summary of the evaluation principles used:

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In valuing companies standard and accepted valuation methods (amongst others the Discounted Cash Flow Method (DCF Method), Peer Group Analysis) are applied. Under the DCF Method the capitalised value of the issuers is calculated which shows the sum of the discounted company results, i.e. the current value of the issuer's future net distributions. The capitalised value is therefore determined with reference to the anticipated future company results and the capitalisation yield applied. Under the Peer Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of ratio indices (e.g. price earnings ratio, price to book ratio, enterprise value / sales, enterprise value / EBITDA, enterprise value / EBIT). The comparability of the ratio indices is determined above all by business activity and commercial prospects.

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