

REALTECH
Investor Relations
presents:

A man dressed as a cowboy, wearing a brown hat, sunglasses, and a patterned poncho, stands in the center. He is holding a calculator in his right hand and a stack of money in his left. To his left is a large brown bear, and to his right is a smaller brown bull. The background is a light-colored, textured wall.

**FOR A
FISTFUL
OF EURO**

The REALTECH share price increased by 34 percent over the course of 2007 – a growth rate that was substantially higher than the market.



RTC : 23.02.07

● Shares

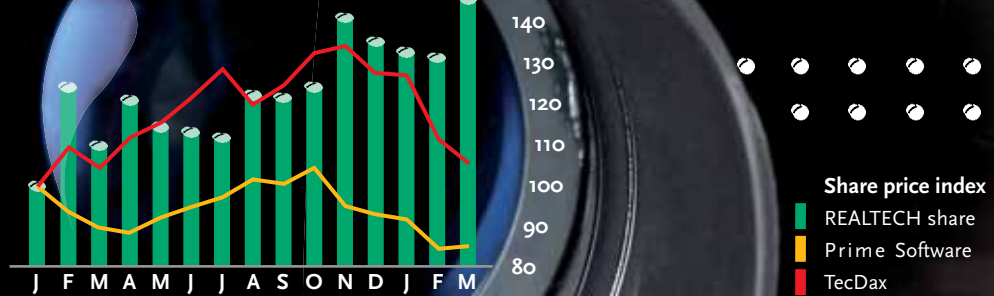


The REALTECH share price increased by 34 percent over the course of 2007 – a growth rate that was substantially higher than those of all relevant indices.

The share price had already increased by 30 percent in both 2005 and 2006.

Market capitalization on 31 December 2007 had increased to EUR 63 million compared to EUR 46 million at the end of the previous year.

Shares



The stock market in 2007:
Dax up 22 percent, REALTECH share price up 34 percent

Compared with other shares on an international scale, the prices of German blue-chip shares recorded above-average growth in 2007. Of all the significant share indices worldwide, the German Dax share index clearly came out top in the year under review, climbing above the 8,000-point mark for the first time since March 2000. Six weeks later, the index beat its seven-year-old record of 8,136 points and temporarily rose to 8,151 points. After that, the crisis on the US real estate market sent stock markets plunging around the globe. Thanks to a strong European economy and booming German exports, the Dax recovered relatively quickly and exceeded the 8,000-point mark again at the end of the year. The index therefore increased by 22 percent over the year as a whole. The Euro-



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Stoxx-50 index, at 7 percent, and the American S&P 500 market index, at 4 percent, were clearly way behind. This Dax price growth is on a par with the figures for 2005 and 2006, when the index recorded growth rates of 27 percent and 22 percent respectively.

A particularly impressive upturn was recorded last year by the German stock market's technology share index, TecDax, with a growth rate of 30 percent. However, the increase in this market barometer can be primarily attributed to the huge role played by solar power shares, which temporarily reached unforeseen price levels over the course of the year. The market barometer for German second-line shares, the MDax, recorded an increase of 5 percent over the course of the year, which put it a lot closer to the international trend than the Dax.

● Cautious optimism for stock market year 2008

As a result of the financial crisis that has been smoldering for months, combined with worsening economic prospects (particularly in the US), there has been a sharp decline in international share prices on a large scale at the beginning of 2008. Although decisive action taken by the US Federal Reserve in the form of reducing the base rate by 0.75 percent has stopped the price decline on global stock markets for the time being, stock markets continue to be dominated by nervousness and uncertainty. For this reason, the market forecasts of share analysts for 2008 are also only cautiously optimistic, and are particularly restrained for the first half of the year.

Banking strategists point out that several economies currently face an increasing risk of economic decline. Numerous early indicators suggest that growth rates in industrialized countries could decrease significantly in 2008. In addition, stock markets are being further weakened by the prolonged credit squeeze. Overall, expectations for the euro region are more optimistic than those for German blue-chip shares.

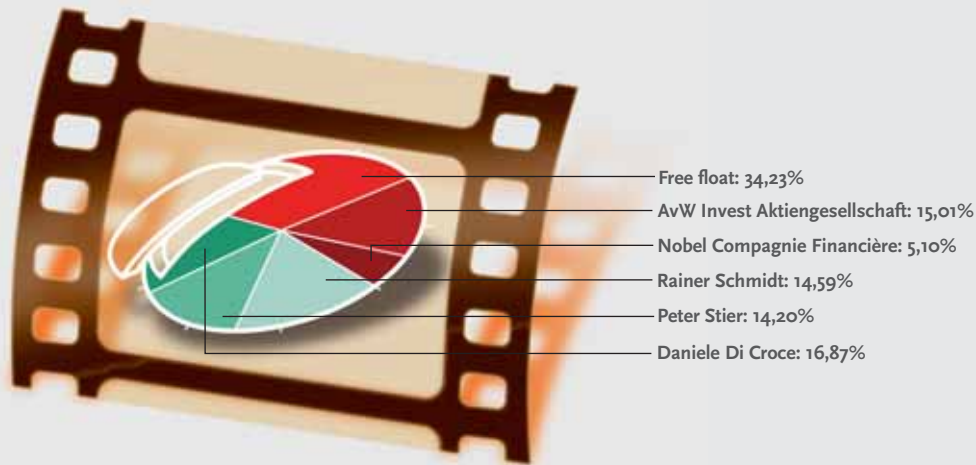
● Share performance and market capitalization

The REALTECH share price increased by 34 percent over the course of 2007 – a growth rate that was substantially higher than those of all relevant indices. The share price had already increased by 30 percent in both 2005 and 2006. Market capitalization on 31 December 2007 had increased to EUR 63 million compared to EUR 46 million at the end of the previous year and corresponded to 134 percent of book equity. This figure was 101 percent at the end of 2006 and 80 percent at the end of 2005.

The share began 2007 at a price of EUR 8.95, which was the lowest value for the whole year. REALTECH shares began the second quarter at a price of EUR 10.90, and closed the third quarter at a price of EUR 10.99. Thus, the REALTECH share price was 45 percent higher than at the end of the same quarter in the previous year (EUR 7.59).

At the beginning of the fourth quarter, the REALTECH share price rose to EUR 11.60 and reached its annual high of EUR 12.87 on November 1, 2007 – shortly after the publication of the provisional nine-month figures. The last time the share price reached this level was in May 2001. The share price then lost some ground, until the company announced on November 29 that a special dividend of EUR 4.00 per share from the company's capital reserve would be proposed at the next General Meeting. The share price immediately leaped to EUR 12.00, the figure that was also recorded on the last trading date of the year.

Shareholder structure as of 31.12.07



The average number of the Group's shares being bought and sold each day decreased by 17 percent from 10,617 shares in 2006 to 8,854 shares in the year under review. Once again, the majority of trading in REALTECH shares was carried out on Xetra (73 percent compared to 61 percent in 2006), while other stock markets accounted for 27 percent (compared to 39 percent in 2006).

Shareholder meeting

REALTECH AG's eighth regular shareholder meeting was held in Wiesloch on May 22, 2007. Around 200 shareholders and other guests attended the event, representing 50.67 percent of the company's share capital. Shareholders passed resolutions concerning the items on the agenda with a large majority in each case. Amongst other things, this was the case for the presentation of the annual accounts, the report of the Supervisory Board, the proposal to use the net profit to distribute a dividend of EUR 0.50 per participating share and the reduction of share capital.

Open communication

REALTECH AG attaches great importance to communicating in an exemplary manner with both existing and new shareholders. This is particularly reflected by the Group's active membership in the German investor relations association (DIRK), which sets the standards for professional communication between listed companies and the capital market. In addition, REALTECH participated actively once again in 2007 in the German Equity Forum in Frankfurt, the largest investor fair in Europe.

Over the past three years, with price increases of at least 30 percent per year, REALTECH shares have proven to be a worthwhile investment. The company has a sound balance sheet structure with an equity ratio of 73 percent. A positive cash flow and the company's profitable consulting and software segments are guarantees of a high level of investment security. What's more, the company's successful business model and clear focus on specific topics lay sound foundations for further growth. REALTECH shares will therefore remain an attractive investment in the future for private and institutional investors alike.

Shareholder structure and trading volume

The shareholder structure of REALTECH AG essentially changed in fiscal year 2007 with regard to two positions. In January, the proportion of voting rights held by Luxembourg-based Axxion S.A. fell below the three-percent limit for compulsory disclosure in accordance with Section 21, Paragraph 1 of the German Securities Trading Law (WpHG). In contrast, the Austrian AvW Invest Aktiengesellschaft disclosed in January, March and December that its share of voting rights in REALTECH AG had exceeded the 5-percent, 10-percent and 15-percent limits for compulsory disclosure in accordance with Section 21, Paragraph 1 of the German Securities Trading Law. REALTECH AG's free float on December 31, 2007 amounted to 34.23 percent.



RTC : 12.03.07

	2007 EUR	2006 EUR
Key figures		
Earnings per share	0,87	0,37
Cash flow per share	0,84	0,50
Shareholders' equity per share	8,99	8,85
Highest share price	12,87	9,94
Lowest share price	8,95	6,89
Share price at year end	12,00	8,95
Market capitalization at year end	63 Mio.	46 Mio.
Number of shares at year end	5.248.452	5.173.452
Basics		
Market segment	Prime Standard	
Date of issue	26. April 1999	
ISIN	DE000 700 890 6	
Exchange ID	RTC	
Issue price	54,00 EUR	
Shares and stock options of the issuer and members of executive bodies as of 31.12.2007		
Issuer		
REALTECH AG	- Shares	
Executive Board		
Dr. Rudolf Caspary	49.000 stock options, 29.000 shares	
Nicola Glowinski	88.000 stock options, 37.000 shares	
Supervisory Board		
Daniele Di Croce	885.500 shares	
Rainer Schmidt	765.500 shares	
Peter Stier	745.500 shares	





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• Corporate Governance



The aim of the German Corporate Governance Code, initially published in 2002 and repeatedly updated since then, is to increase people's trust in the management of German companies.



Corporate Governance

German Corporate Governance Code

The term “corporate governance” stands for responsible company management and control aimed at creating value in the long term. Essential aspects of effective corporate governance include efficient cooperation between the Executive and Supervisory Boards, consideration of shareholder interests, and open and transparent corporate communication.

The aim of the German Corporate Governance Code, initially published in 2002 and repeatedly updated since then, is to increase people's trust in the management of German companies. The Code is a code of best practice and not a law. It acquires legal standing in the form of a declaration of voluntary commitment, and is based on the law currently applicable in Germany. In the descriptions of individual points, the focus is on easy comprehensibility. At the same time, the Code makes no claim to portray the applicable laws comprehensively or to include all relevant aspects. Due to this, the Code should be treated as a supplement to the existing rules.

For those involved in capital markets, the Code is a yardstick defined by business and industry representatives on the Corporate Governance Commission as a standard for good, responsible corporate management.



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In practice

Not just the company alone is responsible for implementing the Code. Co-determination by shareholders is also necessary, and they are involved in fundamental decisions of REALTECH AG at the General Meeting. This includes the election of the Supervisory Board, the task of which is to advise the Executive Board on the management of the company and to monitor its activities.

In the context of the company's financial statements, the Supervisory Board reports to shareholders. This body is free to organize committees to focus on specific issues. Based on a resolution passed by the General Meeting on May 24, 2005, the Supervisory Board was reduced from six to three members. No further committees were formed after this because the Supervisory Board has the minimum number of three members stipulated by the German Stock Corporation Act.

Since fiscal year 2005, the REALTECH Group has based its accounting on the International Financial Reporting Standards (IFRS). The accounts were previously based on the United States Generally Accepted Accounting Principles (US GAAP). As for its annual financial statements, REALTECH AG follows the rules of the German Commercial Code (HGB).

An independent auditing company verifies both financial statements. The auditor is selected at the General Meeting in accordance with the German Stock Corporation Act. The Supervisory Board issues the audit assignment, defines the points on which the audit is to focus and determines the audit fee.

More detailed information concerning essential accounting standards can be found in the Management Report and the Consolidated Financial Statements in this Annual Report.

Transparency

In view of the fact that clear communication is a key factor in complying with the Code, REALTECH provides shareholders, financial analysts, the financial press, shareholder associations and any interested members of the public with regular reports on the latest events concerning the company. When distributing information, REALTECH applies the principle of equality, informing everyone of any news at the same time – be they financial analysts, institutional investors, or shareholders. Thus, publication dates for the company's annual report and quarterly reports, as well as details on the General Meeting can be found

at www.realtech.com/investors, and are available to everyone. Whenever there is any news that could have a substantial effect on the REALTECH share price, this is published in an ad-hoc report.

Risk management

The risk management system is part of the company's overall planning, control and reporting process. It defines principles, guidelines, processes and responsibilities, with a view to identifying risks at an early stage. Risk management revolves around reliable information on the company's financial situation, for internal and external use. Only in this way can we ensure that the company management recognizes potential risks at an early stage and is able to implement appropriate countermeasures.

To this end, the Chairman of the Supervisory Board maintains regular contact and exchange with the Executive Board in order to discuss not only strategy and business development, but also questions relating to risk management.

The REALTECH Group has a risk management system that accommodates the company's global orientation. Details of this are provided in the Risk report section of the Management Report.



Basic structure of executive board and supervisory board remuneration (Remuneration report)

● Remuneration of the Executive Board

The structure of Executive Board remuneration is determined by REALTECH AG's Supervisory Board. The amount of remuneration received by the REALTECH Executive Board is based on the company's size and global orientation, as well as its economic and financial situation.

The total remuneration of the Executive Board is performance-oriented. It consists of three components: remuneration not linked to targets (fixed salary), success-based remuneration (bonuses) and a component intended to provide a long-term incentive (share-based remuneration).

The various components of Executive Board remuneration are subject to the following criteria: The remuneration not linked to targets is paid out as a monthly salary. The amount of success-based remuneration for fiscal year 2007 is dependent on the extent to which the overall company goal for Group EBIT is met (prior to acquisition costs). This was determined at the Supervisory Board meeting on March 10, 2008 following verification of target achievement.

Share-based remuneration was provided by granting convertible bonds, with the agreement of the Supervisory Board, in

line with the provisions of the convertible bond decision reached by the REALTECH General Meeting on May 16, 2002. This decision was effective up to May 15, 2007. Convertible bonds were granted to the Executive Board for the last time in fiscal year 2006. The holders of the convertible bonds are entitled to convert each bond against payment into REALTECH AG shares (conversion right). The par value of a convertible bond is EUR 1. The validity period is 5 years. Bond holders are entitled within this validity period to convert each convertible bond against payment into 100 no-par value REALTECH AG shares, in accordance with the following conditions:

Following issue of convertible bonds, the conversion right can only be exercised after a vesting period. The vesting period ends after a period of 2 years following issue of the convertible bonds for 40 percent of the rights simultaneously granted to holder, after a period of 3 years following issue of the convertible bonds for a further 30 percent, and after a period of 4 years following issue of the convertible bonds for the remaining 30 percent. Convertible bonds may only be exercised within certain, previously defined exercise windows.

Remuneration received by the Executive Board in fiscal year 2007 totaled EUR 1,502 thousand (compared to EUR 1,852 thousand in the previous year). The part not linked to targets (including non-monetary benefits from company cars and social security allowances) was EUR 462 thousand (previous year: EUR 525 thousand), while the success-based part totaled EUR 933 thousand (previous year: EUR 1,069 thousand) and share-based remuneration was EUR 107 thousand (previous year: EUR 258 thousand). No convertible bonds were granted in fiscal year 2007 (previous year: 150,000 at an exercise price of EUR 8.80). In accordance with the decision of the General Meeting on May 16, 2006, this remuneration is not specified separately for the various individuals (Section 286, paragraph 5 of the German Commercial Code).

● Remuneration of the Supervisory Board

Until this rule is revoked by a future General Meeting decision, each Supervisory Board member receives fixed annual remuneration of EUR 10,000, which is to be paid at the end of a fiscal year, proportionately for the number of months on the Board. The Chairman receives twice this amount, while the Deputy Chairman receives one and a half times the amount.

The fixed amounts calculated in this way are supplemented by a variable component, which is paid if the company's share price over the past fiscal year outperforms the reference index. The reference index is Deutsche Börse AG's "Technology All Share Index". Outperformance is established based on the starting and end prices of company shares and the reference



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index. The starting price is the average company share price at the close of trading on XETRA (or a similar successor system) on the Frankfurt Stock Exchange or the average closing value of the reference index over the first five trading days in the previous fiscal year. The end price is the average company share price at the close of trading on XETRA (or a similar successor system) on the Frankfurt Stock Exchange or the average closing value of the reference index over the last five trading days in the previous fiscal year.

If the company's share price outperforms the reference index by up to 10 percentage points based on this calculation, the amount paid as fixed remuneration is paid again as variable remuneration. If the company's share price outperforms the reference index by more than 10 percentage points, variable remuneration of one and a half times the fixed remuneration is additionally paid. The variable remuneration is to be paid on the day following the General Meeting, at which the annual accounts for the previous fiscal year are presented.

In addition, alongside reimbursement for any proven expenses, each Supervisory Board member receives EUR 1,500 for each Supervisory Board meeting. These amounts do not include any statutory VAT.

Remuneration received by the Supervisory Board in fiscal year 2007 totaled EUR 124 thousand (previous year: EUR 138 thousand). The fixed portion was EUR 45 thousand (previous year: EUR 70 thousand), while variable remuneration (including attendance fees and travel expenses) amounted to EUR 79 thousand (previous year: EUR 68 thousand).

Compulsory disclosure of directors' dealings

Following the enactment of the Fourth Financial Markets Promotion Act (Finanzmarktförderungsgesetz) on July 1, 2002, supplemented by the German Investor Protection Improvement Act (Anlegerschutzverbesserungsgesetz) dated October 30, 2004, individuals who perform management tasks within the company have been obligated, in accordance with Section 15a of the German Securities Trading Law (Wertpapierhandelsgesetz, WpHG), to report their own dealings in REALTECH AG shares to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) within five working days. In addition, appropriate securities transactions by others, particularly spouses, registered civil partners and children entitled to maintenance, must also be disclosed.

Table 1

	Position	Date/Place of transaction	Type of transaction	ISIN	Price EUR	Number	Total volume EUR	Explanation
Dr. Rudolf Caspary	Executive Board	06.05.2007 off-market	Share purchase through conversion	DE0007008906	7,00	3.000	21.000	Subscription to convertible bonds as part of the CB-Program 2004
Nicola Glowinski	Executive Board	05.11.2007 off-market	Share purchase through conversion	DE0007008906	7,00	9.000	63.000	Subscription to convertible bonds as part of the CB-Program 2004
Nicola Glowinski	Executive Board	05.11.2007 off-market	Share purchase through conversion	DE0007008906	6,97	6.000	41.820	Subscription to convertible bonds as part of the CB-Program 2005
Dr. Rudolf Caspary	Executive Board	12.11.2007 off-market	Share purchase through conversion	DE0007008906	7,00	9.000	63.000	Subscription to convertible bonds as part of the CB-Program 2004
Dr. Rudolf Caspary	Executive Board	15.11.2007 Xetra	Share	DE0007008906	12,05	2.000	24.100	Purchase of shares



Section 6.6 of the German Corporate Governance Code requires the immediate notification and publication of dealings in the company's shares by members of the Executive and Supervisory Boards. In the year under review, transactions at REALTECH AG that required reporting were as listed in Table 1.

In addition, the possession of company shares by members of the Executive and Supervisory Boards must be specified in the Corporate Governance Report if, either directly or indirectly, more than 1 percent of the shares issued by the company are held. If the total holding of all members of the Executive and Supervisory Boards

exceeds 1 percent of the shares issued by the company, the total holding must be specified separately for the Executive Board and Supervisory Board.

Compliance declaration for the German Corporate Governance Code

The German Corporate Governance Code includes rules with various degrees of obligation. In addition to describing the valid stock corporation law, it also contains recommendations that companies are not compelled to follow. However, they are then obligated to disclose this each year. This is defined by Section 161 of the German Stock Corporation Act, which compels the Executive and Supervisory Boards of a corporation listed on the stock market to declare each year where they have deviated from the recommendations. Moreover, the Code contains conditions that companies can refrain from following without having to disclose this.

As in previous years, REALTECH does not intend to create a corporate governance code of its own, as there are no industry-specific or company-related requirements that make this necessary. The Executive and Supervisory Boards submitted the sixth, and so far last, compliance declaration on December 11, 2007, based on the recommendations of the Government Commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act with the following wording:

Table 2

Executive Board	Number of shares as of 31.12.2007	In % of all issued shares
Dr. Rudolf Caspary	29.000	0,55
Nicola Glowinski	37.000	0,71
Total	66.000	1,26

Supervisory Board	Number of shares as of 31.12.2007	In % of all issued shares
Daniele Di Croce	885.500	16,87
Rainer Schmidt	765.500	14,59
Peter Stier	745.500	14,20
Total	2.396.500	45,66

"REALTECH AG complies with the recommendations of the Government Commission on the German Corporate Governance Code (dated June 14, 2007), with the following exceptions:

- No suitable deductible is in place at this point in time for the D&O insurance taken out on behalf of the Executive Board and Supervisory Board (Section 3.8, Paragraph 2 of the Code).

Reason: No deductible has yet been agreed for the existing D&O insurance for the Executive and Supervisory Boards. We believe that agreeing upon a deductible would not improve the motivation and sense of responsibility with which the members of the Executive and Supervisory Boards of REALTECH AG perform the tasks and functions assigned to them. In addition, the primary aim of this insurance is to cover the company's essential own risks, not to provide financial protection for board members. Moreover, it is a group insurance policy that also extends to leading REALTECH employees. We do not consider it appropriate to distinguish between board members and company employees.



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- The Supervisory Board currently includes more than two former members of the Executive Board (Section 5.4.2, Paragraph 3 of the Code).

Reason: We believe that a rule of this kind would inappropriately restrict the rights of shareholders to vote for members of the Supervisory Board.

- At present, remuneration of members of the Supervisory Board is not disclosed individually in the Corporate Governance Report, broken down into components (Section 5.4.7, Paragraph 3 of the Code).

Reason: In our opinion, specifying the individual remuneration of each individual member of the Supervisory Board does not provide a suitable foundation for judging the appropriateness of the remuneration for the Supervisory Board's task, as an overall body, to monitor the Executive Board's management."

● Insider regulations

Trading in REALTECH shares is subject to the rules of the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). One of BaFin's key tasks is the supervision of securities trading. This aims to ensure that the German markets for securities and derivatives function in line with the German Securities Trading Act (Wertpapierhandelsgesetz). This forbids the use of insider knowledge or unauthorized dissemination of insider information, as doing so would undermine the trust of market participants in securities trade with equal chances for everyone.

REALTECH employees are subject to the prohibition on insider trading. An appropriate memorandum is included in every employment contract worldwide.

In addition, in accordance with Section 15b of the German Securities Trading Act, REALTECH AG keeps lists of individuals who work for the company and who have access to insider information in accordance with the regulations. REALTECH promptly updates these lists and submits them to BaFin upon request. The individuals named in the lists have been notified by REALTECH AG of the legal obligations resulting from access to insider information, as well as of the legal consequences of infringement.