

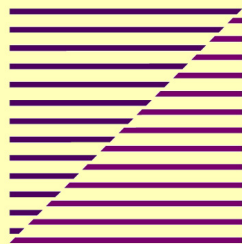


Independent Research

Unabhängige Finanzmarktanalyse GmbH

Investment Research

Fair Value REIT-AG



fair value
REIT

Annual results 2011

05/11/2012

Please take note of the information concerning the preparation of this document, the information concerning potential conflicts of interest, the compulsory information required by Section 34b WpHG (Wertpapierhandelsgesetz - German Securities Trading Act), and the liability statement at the end of this document. This financial analysis in the meaning of Section 34b WpHG shall only be distributed to professional clients or eligible counterparties according to Section 31a WpHG.

Table of Contents

Summary	3
SWOT analysis	4
Company profile	5
The German real estate market	12
Business performance 2011	17
Business performance Q1 2012	19
Guidance and forecasts	20
Valuation	22
APPENDIX	24

Higher earnings visibility through 5 year guidance Results 2011 and Q1 2012

Fair Value REIT-AG 6)

Recommendation: Buy

before:
as of

-
-

- ⇒ Adjusted results for Q1 2012 confirm the company's guidance for the full year (with EUR1.4m (1.3; our forecast: 1.3) already 29% of the FFO guidance was reached). The decline in (unadjusted) net income (EUR1.4 (1.8; our forecast: 1.6)) resulted from a decline in income from the valuation of interest rate hedges.
- ⇒ Featuring an equity ratio according to German REIT Act of 51.5% and a LTV ratio (consolidation using the equity method) of 57%, the balance sheet structure of Fair Value REIT is very solid.
- ⇒ The existing portfolio of Fair Value REIT is characterised by a solid tenant structure (e.g. savings bank portfolio), a high occupancy rate (94.2%), and long-term rental contracts (average residual term: 5.8 years).
- ⇒ We see risks in the existing portfolio inherent in the 2013 expiry of the company's general rental agreement with Metro Group for the Eisenhüttenstadt shopping centre (23% of total contract rents) and the successive expiry of over-rent contracts (e.g. Munich-Perlach).
- ⇒ In our opinion, the very high valuation discount of 48% on balance sheet NAV and 53% on EPRA NAV is exaggerated. We believe that the discount on NAV will gradually decline if Fair Value REIT will achieve stronger revenue growth (rental income) again and successful (opportunistic) real estate sales indicate the recoverability of the existing portfolio.
- ⇒ Compared to the level of 2011, the increase in earnings (2012E: EURO.53 (before: 0.67) per share; 2013E: EURO.56 per share) particularly results from a decline in interest charges (conservative assumptions for revenue development, among other things), according to our forecasts.
- ⇒ We hold on to our Buy recommendation for the Fair Value REIT share with a price target (NAV analysis) of EUR7.50.

Price target (in EUR) (6 months)	7.50
Share price (Xetra) (in EUR) 05/10/12 5:36 PM	4.24
Share price potential	77%

Company data

Country	GE
Sector	Financial Services / REIT
Market segment	Prime Standard
ISIN	DE000A0MW975
Reuters	FVIG.DE
Bloomberg	FVI
Internet	www.fvreit.de

Share data

Shares (m)	9.407
Free float	38.4%
Market cap. (EURm)	39.9
∅ Trading volume	2,307
52W High 06/30/11	EUR5.15
52W Low 08/09/11	EUR3.86
Beta	0.70
Volatility (60 days)	25.24

Multiples

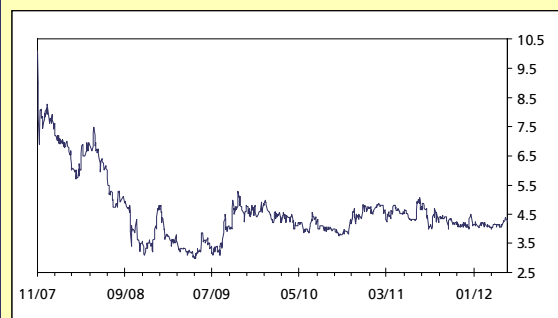
	EV/Sales	EV/EBIT	P/E	Dividend yield
2009	13.4	neg.	neg.	0.0%
2010	10.7	44.9	18.6	2.2%
2011	11.4	18.2	8.6	1.9%
2012E	11.3	19.3	8.0	2.4%
2013E	11.2	19.2	7.6	2.8%

Performance (in %)

	1M	3M	6M	12M
Absolute	2.1	3.1	0.9	-6.2
Relative to:				
DAX	3.4	5.8	-9.3	7.8
Pr. Fin. Services	5.6	3.3	-10.3	6.0

Index weighting

Prime Fin. Services	0.103%
RX REIT Index	7.830%



AP	FY	Rental inc.	EBIT	EBT	EAT	EPS
IFRS	2009	10,460	-727	-3,851	-2,906	-0.31
IFRS	2010	12,081	2,867	1,975	2,232	0.24
IFRS	2011	10,807	6,748	5,484	4,594	0.49
IFRS	2012E	10,900	6,350	5,900	4,942	0.53
IFRS	2013E	10,950	6,400	6,200	5,194	0.56
CAGR 2009 - 2013E		1.2%	-	-	-	-

Figures in EUR'000 except EPS (in EUR), hist. PERs based on average share prices

Authors: M. Engelmayer / Z. Rüzgar (analysts)

1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



STRENGTHS

- **Management has wide expertise in real estate and a significant track record**
- **Fair Value is facing a relatively low level of competition thanks to its investment strategy**
- **Existing portfolio characterised by solid tenant structure, high occupancy rate, and long-term rental contracts**
- **Very solid balance sheet structure (equity ratio; LTV ratio)**

OPPORTUNITIES

- **Acquisition of minority interests in subsidiaries and associated companies (significantly) below NAV**
- **Meeting or exceeding the 5-year targets (e.g. positive cost effects due to simplification of corporate structure)**
- **Greater interest from investors following increase in dividend**
- **Reduction of the very high NAV discount through resumption of growth strategy and "visibility" of the recoverability of the existing portfolio**

WEAKNESSES

- **Relatively short corporate history**
- **High dependence on key personnel**
- **Relatively small influence on associated companies**
- **Over-rent contracts (existing contracts concluded more than 20 years ago)**

THREATS

- **Further valuation losses, especially at associated companies**
- **Loss of REIT status without company's fault**

Company profile

Direct investments in the real estate market and participations in real estate funds

Fair Value REIT-AG at a glance

Munich-based Fair Value REIT-AG is a real estate investment trust (REIT) specialising in the acquisition, letting, management and sale of commercial properties. The company's investment activity focuses on office and retail properties in certain regional locations in Germany. Fair Value REIT is following a two-pronged strategy. It acquires interests in select closed-end real estate funds on the one hand, and it makes direct investments in the German real estate market on the other. As of December 31, 2011, the market value of all properties held (including associated companies: 73 properties with a lettable area of 432,000 sqm) totalled EUR488m. Fair Value REIT's share in the market value of the entire portfolio (directly held real estate plus properties held through participations (pro rata)) was EUR222m. The occupancy rate was 93.8% (93.6%), and the potential rent was EUR18.4m per year at full lease-up.

Fair Value REIT-AG came into being in 2007 when "IC Grundbesitzgesellschaft mbH & Co. Beteiligungs-KG" changed its corporate form to Fair Value Immobilien-Aktiengesellschaft. Since November 16, 2007, the company is listed in the Prime Standard segment of the Frankfurt Stock Exchange.

Fair Value REIT-AG: Shareholder structure

	in %
IC Immobilien Holding AG	9.4
H.F.S. Zweitmarkt Invest 2 GmbH & Co. KG *	8.1
H.F.S. Zweitmarkt Invest 3 GmbH & Co. KG *	7.4
H.F.S. Zweitmarkt Invest 4 GmbH & Co. KG *	7.4
H.F.S. Zweitmarkt Invest 5 GmbH & Co. KG *	7.4
IC Immobilien Service GmbH	6.3
IFB Beteiligungen AG i.L.	5.4
Bayerische Beamten Versicherung AG	3.8
MKVV GmbH	3.1
IC Fonds GmbH	2.3
Own shares	0.9
Free float	38.4

* 30.45% of the of the voting rights of H.F.S. Zweitmarkt KG are controlled by UniCredit

Source: Fair Value REIT-AG

as of 12/31/2011

At least 90% of net income for the year distributed

Real Estate Investment Trust - REIT

Put simply, a REIT is a trust that owns and manages real estate properties. In order to be classified as a REIT, a real estate company is required to distribute at least 90% of its distributable profit (according to German Commercial Code) to the shareholders through dividends. Up to 50% of capital gains may be allocated to a reserve for the purposes of acquiring immovable assets for a period of up to two years. REITs do not have to pay corporate and business taxes. The profit distributed by the company (dividend) is only taxable with the shareholders through their withholding tax. Furthermore, a REIT must have an equity ratio of at least 45% measured by its real estate assets. The high minimum equity

Fair Value REIT-AG				
Key figures REIT criteria				
Section REIT-G	Criterion	Reference value	Requirement	Fair Value REIT 12/31/2011
§ 11	Free float	Voting rights	Min. 15%	36.4%
§ 12, para. 2a	Asset requirement	Immovable assets	Min. 75%	94.9%
§ 12, para. 3a	Revenue requirement	Revenues from immovable assets	Min. 75%	100.0%
§ 13	Minimum distribution to shareholders	Balance sheet profit according to German Commercial Code	Min. 90%	97.6%
§ 14	Exclusion of real estate trading	Proceeds from sale of properties within 5 years	Max. 50%	19.1%
§ 15	Minimum equity requirement	Equity on the balance sheet incl. minority interests in % of immovable assets	Min. 45%	51.0%

p Tax transparency: No taxation of income on REIT-level (corporate tax), but taxation on the shareholder's level
 p REIT portfolio can contain domestic and foreign real estate (exception: residential real estate built before January 1, 2007)

Source: Fair Value REIT-AG

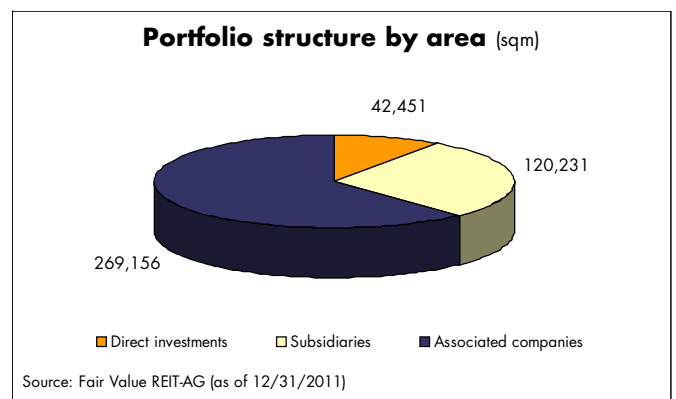
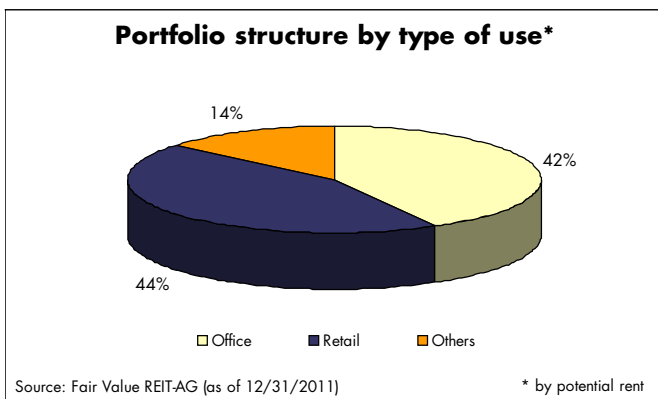
ratio creates stability, while the high payout ratio is an attractive regular source of income for the REIT investors.

An overview of the investment portfolio of Fair Value REIT-AG

The investment portfolio of Fair Value REIT-AG includes both own real estate properties (direct investments) and participations in real estate partnerships (subsidiaries and associated companies). As of December 31, 2011, Fair Value REIT's portfolio includes 73 directly and indirectly held properties with a lettable area of 432,000 sqm. According to market valuation by the renowned CBRE the entire real estate portfolio had a market value of EUR488m (496) as of December 31, 2011. Fair Value REIT's share in the market value was EUR222m and thus matched prior year level (-0.2% YoY).

The portfolio is mainly made up of retail properties (which represent a portion of 44% in terms of the potential rent) and office properties (42%; remaining portfolio consists of four logistics properties and two hotels). In geographical terms, the portfolio is dominated by Schleswig-Holstein (primarily due to the 2007 takeover of the savings bank portfolio

Proportionate market value: EUR222m (December 31, 2011)



1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Portfolio by region



Tenant structure (in % of contractual rent)

12/31/2011	
Sparkasse Südholstein	15.5%
Metro Group	10.4%
EDEKA group	10.0%
BBV Holding AG	6.0%
Kaufland group	5.2%
Schweizerhof Hotel	5.0%
Commerzbank group	3.7%
HPI Germany	3.4%
Bundesagentur / ARGE SGB II	2.4%
Energiebau	2.3%
Others	36.1%

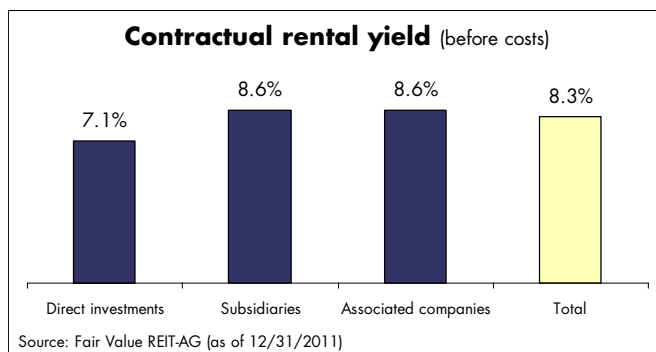
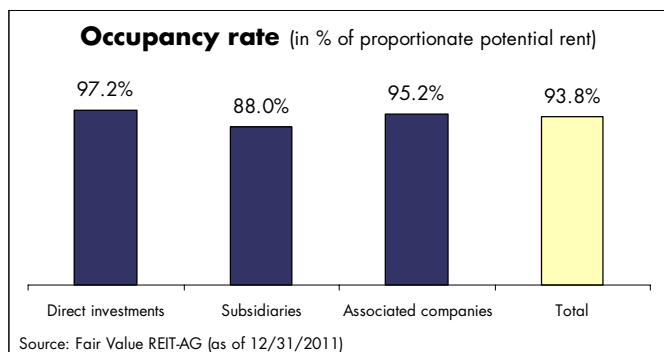
Source: Fair Value REIT-AG

Schleswig-Holstein and North Rhine-Westphalia dominate in regional terms

Very solid tenant structure

with a focus on Schleswig-Holstein) and North Rhine-Westphalia, especially Greater Düsseldorf. Slightly more than 20% of the properties are located in Eastern Germany, albeit with no regional focus here.

Fair Value's ten biggest tenants (which have rented 51 properties) account for roughly two-thirds of the total contractual rent (i.e. EUR11.8m of a total of EUR18.4m). Sparkasse Südholstein is the biggest single tenant in the portfolio, accounting for 15.5% or EUR2.9m of the contractual rent. Retail groups Metro, Edeka and Kaufland represent a combined 26% of the contractual rent. That Fair Value REIT's real estate portfolio has a conservative structure is indicated by the average (secured) remaining term of rental agreement of 6.0 (6.2) years. Based on the contractual rent, rental yield (before costs) is an attractive 8.3% (8.2%) or, respectively, 7.1% in the conservative savings bank portfolio (direct investments), whose rental contracts have an average remaining term of 10.4 years.



1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Fair Value REIT-AG				
Individual property information and Fair Value REIT-AG's share according to proportionate interest				
Criterion	Direct investments	Subsidiaries	Associated companies	Asset portfolio Fair Value REIT
Plot size (sqm)	57,796	162,207	340,250	560,253
Market value as of 12/31/2010	44,859	83,233	365,335	493,427
Market value as of 12/31/2011	46,037	84,190	357,750	487,977
Change in market value (%)	2.6	1.1	-2.1	-1.1
Lettable space (sqm)	42,451	120,231	269,156	431,838
Vacancies (sqm)	1,233	14,042	14,944	30,219
Annualised contractual rent (EURk)	3,284	7,385	31,412	42,081
Annualised potential rent (EURk)	3,377	8,271	32,794	44,442
Proportionate market value as of 12/31/2010 (EURk)	44,859	47,694	130,038	222,590
Proportionate market value as of 12/31/2011 (EURk)	46,037	48,491	127,671	222,199
Change in proportionate market value (%)	2.6	1.7	-1.8	-0.2
Ø secured remaining term of rental agreements (years)	10.4	4.1	5.5	6.0
Income based occupancy rate (%)	97.2	88.0	95.2	93.8
Annualised contractual rent (EURk)	3,284	4,194	10,971	18,449
Annualised potential rent (EURk)	3,377	4,767	11,523	19,667
Contractual rental yield before costs (%)	7.1	8.6	8.6	8.3
Potential rental yield before costs (%)	7.3	9.8	9.0	8.9

Source: Fair Value REIT-AG

Market value of savings bank portfolio: EUR46m

Through six subsidiaries and direct investments, Fair Value participates in 50 commercial real estate properties with a total rental area of 162,682 sqm (thereof 42,451 sqm or 31 properties owned directly and 120,231 sqm or 19 properties held through subsidiaries) and a market value of EUR130m (share of Fair Value REIT: EUR95m) as of December 31, 2011. The properties of the direct investments (savings bank portfolio) have a market value of EUR46.0m, while the portfolio of the subsidiaries has a market value of EUR84.2m (share of Fair Value REIT: EUR48.5m). Through the associated companies, Fair Value REIT also has investments in six closed-end real estate funds, which hold 23 commercial properties with a total rental area of 269,156 sqm. At the reporting date, this portfolio had a market value of around EUR358m (share of Fair Value REIT: EUR128m).

History of Fair Value REIT-AG

**January
2004**

- Foundation of IC Grundbesitzgesellschaft mbH with the objective of setting up a secondary market fund

**September
2004**

- Change of name to IC Grundbesitz GmbH & Co. Renditeportfolio KG

**March
2005**

- Change of name to IC Grundbesitz GmbH & Co. Fair Value KG (short: Fair Value KG). Purpose was the purchase of interests in closed-end real estate funds on the secondary market

**July
2007**

- Change of corporate form to Fair Value Immobilien AG

**Aug./Sep.
2007**

- Exchange offer to shareholders of IC Fonds and BBV Immobilienfonds: Fair Value acquires interests in 14 closed-end funds

**October
2007**

- First direct investments. Acquisition of 32 office properties from Sparkasse Südholstein (savings bank). Capital increase for cash and capital increase through contribution in kind to a total of EUR96.75m

**November
2007**

- Further capital increase of EUR5m in cash

**November
2007**

- Listing of Fair Value Immobilien AG in the Prime Standard segment

**December
2007**

- Fair Value Immobilien AG gets REIT status and is now operating under the name Fair Value REIT-AG

**December
2007**

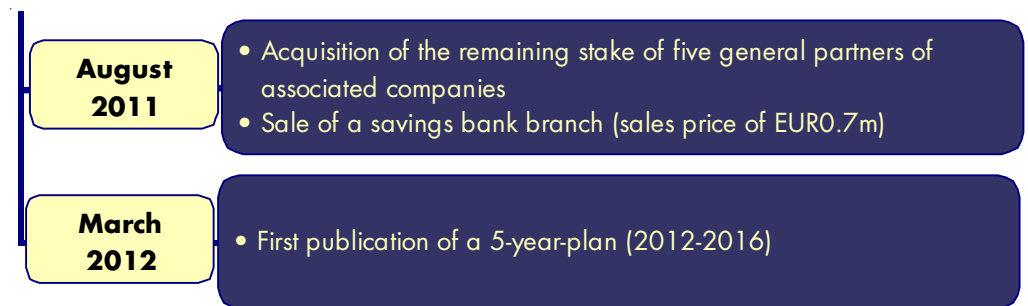
- Becomes second company to be admitted to Deutsche Börse's REIT segment

**December
2008**

- Sale of Düsseldorf's office real estate "Airport Office II" to a Spanish investor group. Sales revenue amounts to EUR15.3m (rental income of EUR974,000 p.a)

**March
2010**

- Reorganisation of asset management
- Sale of three retail properties and one office property for a total of EUR8.2m



Source: Fair Value REIT-AG

Management

Fair Value REIT's Board of Management has currently one member:

CEO of Fair Value REIT-AG

Mr. **Frank Schaich** (born in 1959) has been active in various key management positions since the foundation of IC GmbH in 1988. Between 1993 and 2002 he was a managing director for several companies belonging to IC Immobilien Gruppe and the funds under management of IC. He was then appointed to the Board of Management of IC Immobilien Holding AG, where he was responsible for the fund business. Mr. Schaich has almost 30 years of experience in international real estate markets. In this period he gained extensive experience in syndicating, financing, and placement of closed-end real estate funds. He also has expertise in asset and portfolio management. Mr. Schaich was appointed CEO of Fair Value on September 17, 2007.

The Supervisory Board consists of **Prof. Dr. Heinz Rehkugler** (Chairman), **Christian Hopfer** (Deputy Chairman), and **Dr. Oscar Kienzle**.

Prof. Dr. Heinz Rehkugler (born in 1943) was a professor at the Department of Banking and Finance of the University of Freiburg between 1994 and 2009. Before that, he studied business administration and obtained his doctorate from the University of Munich, and went on to become managing director of a management consulting firm. Prof. Rehkugler is Scientific Director of the Center for Real Estate Studies at DIA Freiburg as well as of the Steinbeis University.

Mr. **Christian Hopfer** (born in 1940) has held various positions at IBM Germany, Real-kredit- und Finanzierungsgesellschaft Berlin AG, coop AG, and SEB AG. At the beginning of 2002, he was appointed interim manager of SchmidtBank, being responsible for, among other things, the revision and termination of all of the bank's participations through disposal or discontinuation. In addition, he supervised the real estate portfolio owned or rented by SchmidtBank.

Dr. Oscar Kienzle (born in 1947) is the Chairman of the supervisory board of IC Immobilien Holding AG and the founder of IC GmbH. Until August 2011, he was CEO of IC Immobilien Holding AG. Prior to the foundation of IC in 1988, Dr. Kienzle held various positions in the real estate division of WestLB Group including general manager of the fund initiator RWI, member of the executive board of the European open-end real estate fund EUPIC (today Rodamco), and managing director of WestLB Real Estate Group.

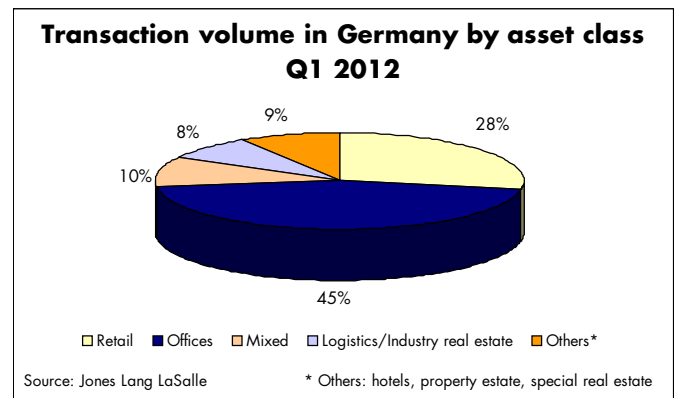
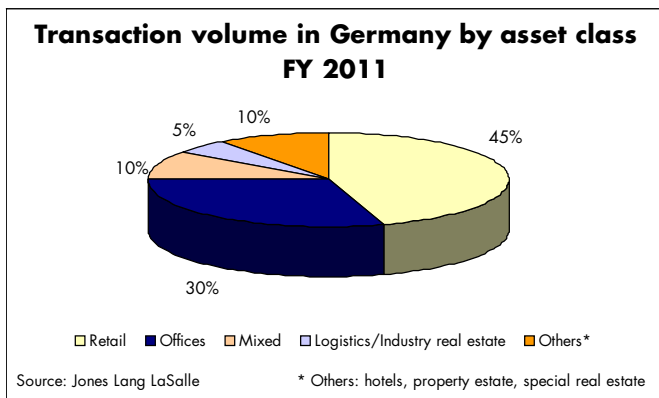
The German real estate market

Highest investment turnover since 2007

In 2011, the German real estate investment market was not affected by the European sovereign debt crisis. According to Ernst & Young Research, investment turnover in Germany increased by 22% to EUR28.0bn (22.9), of which EUR23.0bn (19.1) were accounted for by commercial properties (thereof around EUR7bn or 30% of the investment turnover of commercial real estate by portfolio transactions). These were the largest transaction volume since record years 2006 (commercial properties: EUR43.7bn) and 2007 (commercial properties: EUR53.3bn).

Office properties dominate the market in Q1 2012

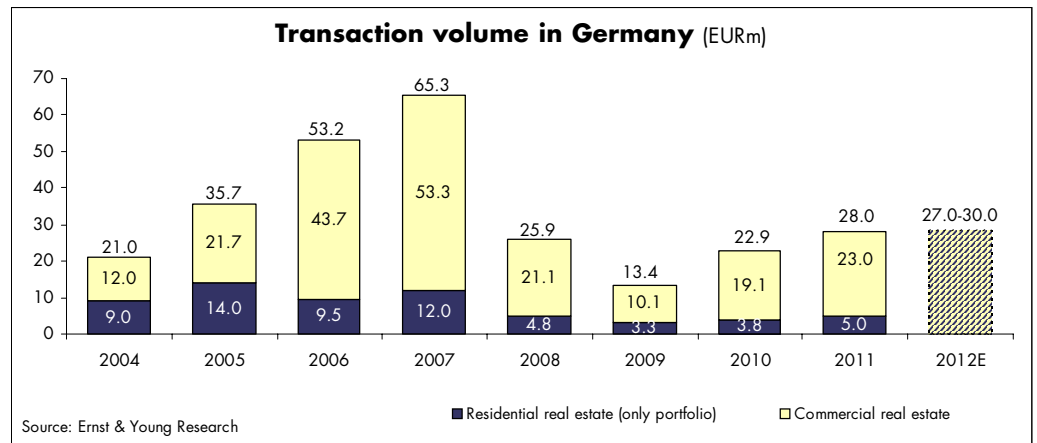
Like in the previous year, retail properties represented the type of use that attracted the greatest interest among investors (retail properties: 45% (39%); followed by office properties: 30% (37%); and logistics properties: 5% (6%) of investment turnover for commercial real estate). As for investment turnover within the retail real estate sector, roughly one-half was accounted for by shopping centres and roughly one-fourth by commercial buildings. However, investor interest in Q1 2012 focused on office properties (45% office properties compared to 28% retail properties; both in relation to transaction volume of EUR5.2bn).



Investment turnover of EUR27bn-30bn (2012E)

In the past year, demand for core properties remained very strong. Ultimately, this is also an explanation for the decline in portfolio transactions (-14% YoY; exceedingly heterogeneous portfolio structures in terms of location and quality in most cases did not meet the requirements of the mainly core-oriented investors). Ernst & Young expects the transaction volume in 2012 to correspond to prior year level, forecasting total investment turnover of between EUR27bn and 30bn. The consulting firm assumes that open-end real estate funds and banks will again rank among the most active groups of sellers in the current year, whereas (core-oriented) family offices and insurance companies will be the most active buyers of real estate properties again.

¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Office real estate market

2011 sees double-digit increase in leasing turnover

According to Jones Lang LaSalle, the German office rental market saw a significant rise in leasing turnover last year, especially thanks to the continuing good performance of the labour market. In Germany's seven most important office centres („Big 7“: Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart), leasing turnover totalled 3.4m sqm (+18% YoY), which almost reached leasing turnover recorded in 2007 shortly before the bursting of the real estate bubble.

Moderate decline in leasing turnover in Q1 2012

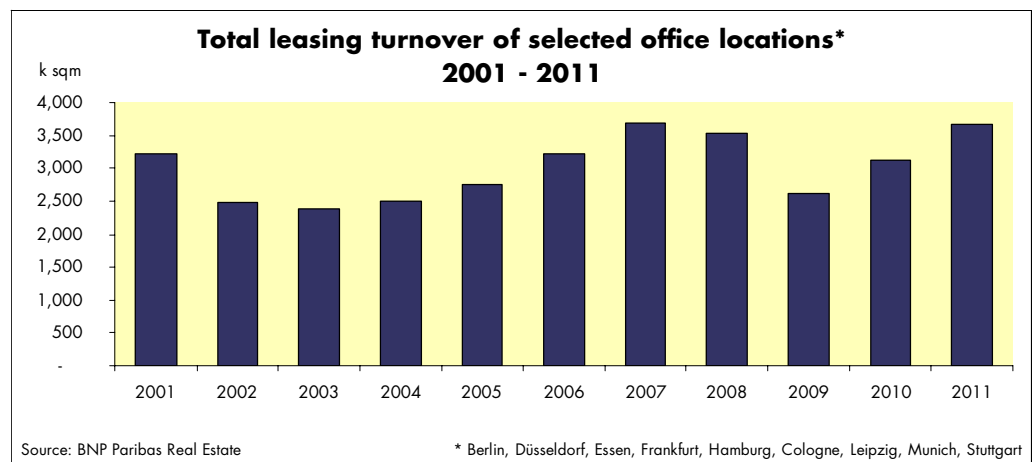
Taking into account the expected slowdown in GDP growth in Germany and the fact that the reaction of the market players in the real estate market to economic effects is mostly delayed, Jones Lang LaSalle is forecasting a decline in leasing turnover in the German office rental market. Estimates are that the leasing turnover will be less than 3m sqm in 2012, which would roughly correspond to the five-year average (2007-2011). According to latest figures for the German office rental market (source: Jones Lang LaSalle), leasing turnover in the „Big 7“ office centres in Q1 2012 reached around 682,000 sqm. The year-on-year decline of 9% is roughly in line with the (previous) forecast, which calls for a decline of at least 12% in the full year.

Decline in vacancies thanks to high net absorption

As net absorption was high (over 1m sqm; corresponding to six times 2010 level) and the volume of new buildings decreased (-880,000 sqm or -25% YoY), vacancies declined markedly last year („Big 7“: vacancy rate of 9.5% after 10.4% in the previous year). According to estimates from Jones Lang LaSalle, the volume of new buildings this year will correspond to prior year level and the vacancy rate will therefore decline further.

Vacancy rate expected to decrease further

The volume of new buildings increased in the course of the year (+20% YoY in Q1 2012) but it started out from a low level. Taking into account the trend in new building development (high percentage (mostly 80%) pre-leased) and the forecast for the completion of new buildings in the further course of the year, it can even be expected that the volume of new buildings will decline in year-on-year terms (-7% YoY). In combination with the positive net absorption (260,000 sqm in Q1 2012), the vacancy rate therefore declined further to 9.3% (aggregate vacancy rate in „Big 7“ centres expected to reach approximately 9% at the end of the year).



Top yields in prime locations													
Aggregated net initial rate of return in the "Big 7"													
Criteria	2009				2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Offices	5.41	5.41	5.46	5.43	5.24	5.19	5.16	5.07	5.04	5.03	5.01	4.95	4.91
Retail: shopping centres	5.75	5.75	5.75	5.75	5.50	5.50	5.25	5.25	5.20	5.10	5.00	5.00	5.00
Retail: specialised stores	6.75	6.75	6.75	6.50	6.25	6.25	6.00	6.00	6.00	5.90	5.90	5.90	5.90
Retail: single specialised store	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.75	6.75	6.50	6.50	6.50
Retail: office buildings	4.25	4.25	4.25	4.25	4.22	4.20	4.20	4.19	4.19	4.16	4.16	4.16	4.16
Logistics*	7.27	7.45	7.45	7.45	7.20	7.20	7.20	7.10	7.10	7.01	7.01	6.98	6.98

Source: Jones Lang LaSalle

*without Cologne

Prime yields continue to decline

According to Jones Lang LaSalle, top rents increased by an average 3% in 2011 (2010: +1%) in the „Big 7“. The increase in top rents was above-average in Berlin (+4.9%), Hamburg (+4.4%), and Düsseldorf (+4.3%). For 2012, Jones Lang LaSalle predicts another but slightly slower rise in top rents of +2% (Q1 2012: +3.2%) and thus a continuing decline in prime yields.

These trends serve merely as a proxy of the real estate portfolio of Fair Value REIT as the existing portfolio rather focuses on medium-sized cities and regional centres.

Retail real estate market

Leasing turnover reaches new record

With the positive sentiment among consumers despite weaker growth prospects, leasing turnover in the retail property market in Germany reached a new record last year (+88% to 686,000 sqm; source: Jones Lang LaSalle). With a below average increase in leasing turnover (+37% to 981 agreed leases), the average space rented rose to 700 (510) sqm (strong demand from retailers for large salesrooms).

The very good trend observed in the previous year continued in Q1 2012. Demand for retail space in prime locations remained strong. With 245 (262) agreed rents (thereof approximately 50% by national retailers) and a total rental space of 141,500 (146,600) sqm, numbers fell only moderately short of the previous year's records. The trend towards larger salesrooms continued in Q1 2012 (strong demand for size ranges of 500-1,000 sqm and 1,000-2,000 sqm).

1% increase in rents expected (2012E)

According to estimates from Jones Lang LaSalle, rents for retail space will increase by 1% in H1 2012 (previous year: 1.6%) in Germany's 185 most important shopping cities. In Eastern Germany (25 cities analysed), rents are expected to increase by 1.4%. Prime locations will continue to offer above average growth potential; demand for these locations will be especially strong among international clients (chains). The increase in domestic consumption (decline in unemployment rate; increasing wages) is a particularly strong support for the retail sector as a whole and thus for demand for retail space.

Retail rents in prime locations

Range	City	2009	2010	2011	H1 2012E	12 year comparison (2000 - H1 2012E)	6 year comparison (2006 - H1 2012E)
1	Munich	310	310	320	330	54%	32%
2	Frankfurt a.M.	270	270	280	290	62%	32%
3	Düsseldorf	235	240	250	255	51%	38%
4	Hamburg	230	230	250	250	40%	32%
5	Berlin	220	220	240	240	17%	33%
6	Cologne	215	215	230	240	34%	23%
7	Stuttgart	230	230	235	235	39%	15%
8	Dortmund	210	215	220	220	38%	22%
9	Hannover	180	180	185	185	29%	23%
10	Nuremberg	135	140	150	160	49%	45%

Source: Jones Lang LaSalle

1|2|3|4|6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



Business performance in FY 2011

Compensation payment offsets part of the decline in rental revenues

The company's final results for 2011 (revenues: EUR13.4m (14.4; our forecast: 13.0); EBIT: EUR6.7m (2.9; our forecast: 6.8)) corresponded to the preliminary figures released at the end of February (cf. Research Note March 1, 2012). As for rental revenues (EUR10.8m (12.1)), it has to be taken into account that a large part of the decline was compensated by payments received because of premature termination of rental contracts (EURO.8m). EURO.4m or 30% of the decline was accounted for by the disposal of portfolio properties (e.g. sale of properties in Essen and Rellingen). Only a small part of the decline in rental revenues (EURO.1m) was due to adjustment of contractual rents to the current (lower) market level.

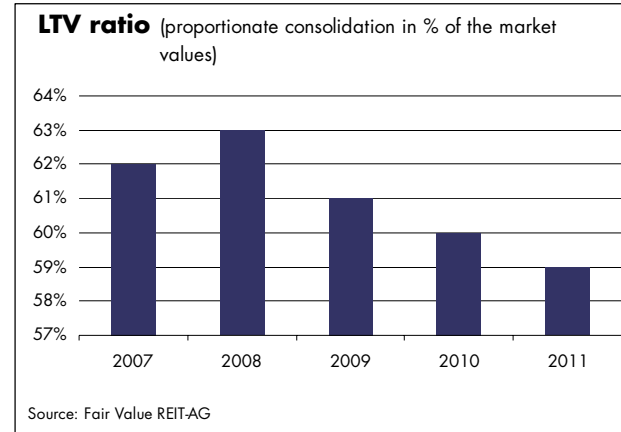
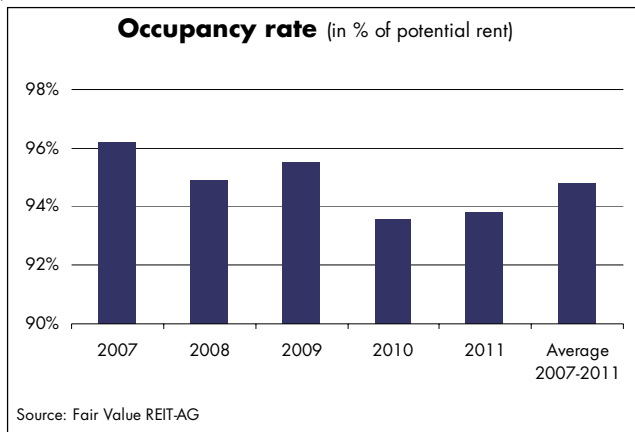
Valuation gains at direct investments and subsidiaries

Group EBIT (EUR6.7m (2.9; our forecast: 6.8)) was boosted by a positive valuation result of EURO.8m (-4.2). The market value of direct investments increased by 2.6% (2010: -0.2%), while the subsidiaries recorded an increase of 1.1% (2010: -6.9%). Mention should be made of the modification of a previously untenanted DIY store in Krefeld into a specialised store (long-term rental contract with remaining term of over 10 years; 90% rented), which led to an increase in value of EUR1.4m (+50%) and thus more than compensated the decline in market value of EURO.6m recorded in the previous year. Unlike the direct investments and the subsidiaries, the associated companies suffered a decline in market value (-2.1% (2010: -1.3%)), which was largely accounted for by the company's properties in Eisenhüttenstadt (negative effect on value: EUR4.2m; remaining term of rental agreements: 1.8 years) and Munich-Perlach (negative effect on value: EUR2.4m; remaining term of rental agreements: 2.0 years) as changes in local market conditions led to adjustments in the DCF model (successive expiry of „over-rent“ contracts after 20 years).

Fair Value REIT-AG							
Adjusted consolidated income (EPRA/FFO earnings) FY 2011							
Figures in EURm	According to consolidated income statement	Compensation payments	Profits/loss on disposals	Real estate valuation	Valuation of associated companies	Valuation of interest rate swaps/caps	Adjusted consolidated income statement
Net rental income	8.8	-	-	-	-	-	8.8
General administrative expenses	-2.3	-	-	-	-	-	-2.3
Other operating income and expenses	0.0	-	-	-	-	-	0.0
Earnings from sale of investment properties	0.0	-	0.0	-	-	-	0.0
Valuation result	0.3	-	-	-0.3	-	-	0.0
Operating result	6.7	-	0.0	-0.3	-	-	6.4
Income from participations	3.3	-	-	2.5	-0.5	-0.4	4.9
Interest income	0.1	-	-	-	-	-	0.1
Interest expenses	-4.6	-	-	-	-	-0.1	-4.8
Income from minority interests	5.5	-	0.0	2.2	-0.5	-0.5	6.7
Minority interest in the result	-0.9	-	0.0	-0.3	-	0.1	-1.2
Consolidated net income	4.6	-	-0.1	1.9	-0.5	-0.4	5.5
Consolidated net income per share	0.49	-	-	-	-	-	0.59

Source: Fair Value REIT-AG

¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



FFO result: EUR5.5m

Accordingly, the negative valuation result of the associated companies led to a decline in result from equity-accounted investments (EUR3.3m (3.9)). Due to the improved valuation result (direct investments, subsidiaries), net income reached EUR4.6m (2.2). The company met its forecast (revised upward in November 2011) for net income after adjusting for valuation effects and other one-off items (in accordance with EPRA; corresponding to FFO result), which had called for EUR5.5m (5.8) or, respectively, EURO.59 (0.62) per share. In the past few years, adjusted net income or the FFO result, respectively, has been relatively stable within a range of EUR5.5m-5.7m (except 2009: EUR6.1m). The gradual slight decline in FFO result was due to renewals at lower market rents. We assume that there will be no further (slight) decline in FFO result in the next few years. Apart from the portfolio properties in Eisenhüttenstadt and Munich-Perlach, there are no existing „over-rent“ agreements (most of which were concluded 20 years ago) that may require a significant adjustment in rents in connection with renewals.

Dividend proposal for 2011: EURO.08 per share

Fair Value REIT announced its dividend proposal of EURO0.08 (0.10) per share (corresponding to a dividend yield of 1.8% based on the current share price) already upon publication of the preliminary figures. It falls short of both our forecast and the company's target (both EURO.10 per share).

Very solid balance sheet structure

In our view, the company's balance sheet structure is still very solid. This is reflected in the equity ratio of 40.5% (38.0%) and the equity ratio according to the German REIT Act of 51.0% (49.6%; minimum equity ratio: >45%) as of December 31, 2011, corresponding to excess capital of around EUR11m. The improved quality of the balance sheet is also indicated by the fact that the LTV ratio (consolidation using the equity method) has been declining since 2008. Regarding the proportionate Fair Value REIT share on market value of EUR222m (225) and net financial liabilities of EUR131m (135), the LTV ratio decreased further to 59% as of December 31, 2011 (end of 2010: 60%; end of 2008: 63%). As of December 31, 2011, the company had a cash position of EUR7.7m, thereof EURO.6m belonging to Fair Value REIT-AG and EUR7.1m to subsidiaries (closed-end funds).

Stable occupancy rate of 93.8% (93.6%)

The final results for 2011 were in line with the preliminary figures released at the end of February. Therefore, there were no surprises. All in all, the company showed a solid operational performance (occupancy rate of 93.8% (93.6%) and remaining term of rental agreements of 6.0 (before: 6.2) years still being high).

Business performance Q1 2012

Top line above and bottom line below prior year levels

In Q1 2012, net income declined year-on-year (EUR1.4m (1.8; our forecast: 1.6)) due to a drop in income from participations (EUR1.4m (1.9)). By contrast, both revenues (+3% YoY to EUR3.3m; thereof rental income: +12%; slight increase in occupancy rate: 94.2% as of March 31, 2012 (December 31, 2011: 93.8%)) and net rental result (+9% YoY; lower real estate-related operating expenses) exceeded prior year levels, in part significantly. Consequently, operating profit increased above average (+21% to EUR1.5m), while general administrative expenses rose below average (+3% YoY). The drop in income from participations was accounted for by a lower profit contribution from the valuation of interest rate swaps at the associated companies (EURO.1m in Q1 2012 after EURO.6m one year earlier). In spite of the low interest rates, net interest expenses rose to EUR1.3m (1.1). The valuation of interest rate caps (EURO.14) had a negative impact on financial result.

Moderate increase in FFO result

After adjusting for these special items, net income or, respectively, FFO result reached EUR1.4m (1.3), a 7% increase over prior year level. The Q1 FFO profit corresponds to 29% of the company's full-year target of EUR4.8m or, respectively, EURO.52 per share (for details of the company's targets for 2012-2016 see section „Guidance and forecasts“), meaning that the company is slightly above plan. The balance sheet ratios continued to improve compared to the end of 2011. This is indicated by an equity ratio according to German REIT Act of 51.5% (end of 2011: 51.0%; minimum equity ratio: >45%) and a LTV ratio (consolidation using the equity method) of 57% (end of 2011: 59%) as of March 31, 2012.

Fair Value REIT-AG							
Adjusted consolidated income (EPRA/FFO earnings) Q1 2012							
in EURm	According to consolidated income statement	Compen- sation payments	Profits/ loss on disposals	Real estate valuation	Valuation of associated companies	Valuation of interest rate swaps/ caps	Adjusted consolidated income statement
Net rental income	2.113	-	-	-	-	-	2.113
General administrative expenses	-0.529	-	-	-	-	-	-0.529
Other operating income and expenses	0.044	-	-	-	-	-	0.044
Earnings from sale of investment properties	-0.014	-	0.014	-	-	-	0.000
Valuation result	-0.152	-	-	0.152	-	-	0.000
Operating result	1.462	-	0.014	0.152	-	-	1.628
Income from participations	1.418	-	-	-	-	-0.152	1.266
Net interest expenses	-1.265	-	-	-	-	0.142	-1.123
Income from minority interests	1.615	-	0.014	0.152	0.000	-0.010	1.771
Minority interest in the result	-0.257	-	-	-0.011	-	-0.062	-0.330
Consolidated net income	1.358	-	0.014	1.883	0.000	-0.072	1.441
Consolidated net income per share							0.15

Source: Fair Value REIT-AG

¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Guidance and forecasts

5-year forecast increases predictability

Upon publication of the final results for 2011, Fair Value REIT for the first time presented a very detailed 5-year forecast (2012-2016). The company's targets call for an average increase in EPRA and FFO result of 6% per year, from EUR5.5m in the past year to EUR7.5m by 2016. The expected revenues trend (CAGR revenues 2011-2016E: 1%) is based on the company's existing real estate portfolio, meaning that no acquisitions like an increase in interests in subsidiaries or associated companies are presumed. The trend in real estate-related operating expenses, which seems to be inconsistent at first glance, results from the remaining term of rental agreements and the expenses connected with renewals. Owing to the expected expiry of rental agreements in 2013 (23% of total contractual rents; primarily due to expiry of the general lease agreement with Metro Group for the Eisenhüttenstadt shopping centre), real estate-related operating expenses should increase in 2013 and already in the current year (EUR4.9m and EUR4.8m, respectively).

Interest expenses expected to decrease significantly

Presumably, decreasing interest expenses will have the greatest impact (earnings increase by EUR1m (of a total of EUR2m) between 2011 and 2016). 53% (EUR48m) of the total financial liabilities of Fair Value REIT Group (i.e. direct investments and subsidiaries) of EUR91.0m become due this year. At the associated companies (financial liabilities: EUR210m; share of Fair Value REIT AG: EUR75m), approximately 21% and 54% of financial liabilities will become due in 2012 and 2013, respectively. In our opinion, the forecast for net interest expenses is valid as it presumes a cut in interest expenses of around 200 basis points. Given numerous existing agreements with interest rate terms of more than 6%, this is attainable in the current market environment. There is no significant risk of higher interest rates until maturity of the respective financial liabilities in the current year and the next. The expected increase in income from participations from EUR4.9m last year to EUR5.6m in 2016 is also based on a positive interest rate impact in the upcoming loan refinancing.

Fair Value REIT-AG							
Company forecast EPRA/FFO result (IFRS)							
Figures in EURm	Actual						CAGR
	2011	2012E	2013E	2014E	2015E	2016E	2011-2016E
Net sales	13.3	13.5	13.7	13.7	13.7	13.7	1%
Real estate-related operating expenses	-4.6	-4.9	-4.8	-4.9	-5.2	-4.6	0%
Net rental income	8.8	8.6	8.9	8.8	8.5	9.1	1%
General administrative expenses/Others	-2.3	-2.0	-2.1	-2.1	-2.1	-2.1	-2%
Operating result	6.4	6.6	6.8	6.8	6.4	7.1	2%
Income from participations	4.9	3.9	4.5	4.9	5.5	5.6	3%
Net interest expenses	-4.7	-4.3	-4.1	-4.0	-4.0	-3.8	-4%
Minority interests	-1.1	-1.3	-1.4	-1.4	-1.1	-1.4	5%
EPRA/FFO result	5.5	4.8	5.8	6.3	6.8	7.5	6%
EPRA earnings per share (EUR)	0.59	0.52	0.62	0.67	0.72	0.79	6%

Source: Fair Value REIT-AG

1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Fair Value REIT-AG							
Company forecast on the result according to the individual financial statement (HGB/German GAAP)							
Figures in EURm	Status quo						CAGR
	2011	2012E	2013E	2014E	2015E	2016E	2011-2016E
Net sales	4.0	3.9	4.0	4.0	4.1	4.2	1%
Real estate-related operating expenses	-1.7	-1.9	-1.8	-1.8	-1.8	-1.8	1%
Net rental income	2.3	2.0	2.2	2.2	2.3	2.4	1%
General administrative expenses	-1.4	-1.5	-1.5	-1.6	-1.6	-1.6	3%
Operating result	1.0	0.5	0.7	0.6	0.7	0.8	-4%
Income from participations	2.5	1.8	2.6	2.5	2.5	2.9	3%
Net interest expenses	-2.8	-2.2	-2.1	-2.1	-2.0	-1.9	-7%
Net income	0.7	0.1	1.2	1.0	1.2	1.8	20%
Assumption: Dividend per share (EUR)*	0.08	0.10	0.12	0.10	0.12	0.17	
Corresponding dividend payments	0.7	0.9	1.1	0.9	1.1	1.6	

Source: Fair Value REIT-AG

*Payout ratio of 90% assumed (minimum payout ratio according to German REIT Act)

Higher dividend payments in the future possible

In order to assess the company's future ability to pay dividends and dividend strength, a forecast for the individual financial statement under German GAAP has been made as well. Based on the dividend proposal of a mere EURO.08 per share for fiscal year 2011 (resulting from lower income from participations), the company expects to pay a dividend of at least EURO.10 per share by 2016. The expected net income by 2016 would allow an even higher dividend payment than that; at best, the dividend might double by 2016. The 2012 dividend target of EURO.10 per share (corresponding to a dividend payment of EURO.9m) is not yet backed by the company's guidance (income from participations expected to be lower than in 2011). Among other things, a successful disposal and/or further cost cuts are required in the further course of the year in order to plug the current gap of around EURO.8m.

EPS 2013E: EURO.56

We have lowered our profit forecast for 2012 to EURO.53 (before: 0.67) per share. Our new estimate is based on the conservative assumption that rental income will roughly match prior year level (EUR10.9m (before: 12.2; 2011: 10.8)). Our profit forecast does not incorporate any positive impact from real estate disposals and the valuation result (2011: EURO.3m). The anticipated 8% increase in profit over prior year level is mainly based on the expected decline in net interest expenses (2012E: EUR4.35m (2011: 4.52)). Our forecasts for 2013 (EPS 2013E: EURO.56) are also based on our conservative assumptions regarding the trend in rental income, among other things. The expected rise in profit is exclusively based on a decline in net interest expenses (2013E: EUR4.15m) here, too. As our assumptions are conservative, we may see positive surprises on both the revenues and the cost side (general administrative expenses).

Valuation

Valuation model: NAV analysis

Fair value of EUR7.64 per share (including NAV discount)

Our valuation of Fair Value REIT-AG is based on a NAV analysis, which is the common valuation method for real estate companies. As the dividend yield of the company's stock is relatively low, we feel that the DDM, which we used as an additional valuation method in the past, is less suitable. We have calculated the value of the Fair Value REIT stock with the help of the averaged NAV for fiscal years 2012E and 2013E. On that basis, the averaged NAV per share is EUR8.99 (before: 8.88; estimates for 2013 included for the first time). The NAV (balance sheet) calculated by Fair Value REIT was EUR8.31 per share as of December 31, 2011 (EPRA NAV: EUR9.27 per share) and EUR8.44 per share as of March 31, 2012 (EPRA NAV: EUR9.41).

Imposing an NAV discount of 15%, which can be derived from the peer group analysis, we have calculated a fair value of EUR7.64 (before: 7.51) per share. Accordingly, we reaffirm our previous price target of EUR7.50 for the Fair Value REIT stock.

NAV analysis				
	2010	2011	2012E	2013E
Market value of investment properties	128,650	129,127	129,127	129,127
Equity-accounted participations	48,551	50,748	53,148	55,598
Other assets less other liabilities	-1,021	-4,365	-5,792	-6,183
Financial liabilities	99,103	91,027	87,622	84,365
Cash and cash equivalents	11,975	7,725	8,502	8,452
Minority interests	14,494	14,736	15,694	16,700
NAV	74,558	77,472	81,668	85,930
Number of shares (m)	9,326	9,326	9,326	9,326
NAV per share	8.00	8.31	8.76	9.21
Average NAV per share			8.99	
Underlying NAV discount			15%	
Fair value per share			7.64	

Figures in EUR'000 except for NAV per share (in EUR)
Source: Independent Research; Fair Value REIT-AG

Peer group analysis				
Criteria	alstria office REIT	Prime Office REIT	Hamborner REIT	Fair Value REIT
Number of properties (December 31, 2010)	70	14	61	75
Number of properties (December 31, 2011)	80	14	69	73
Employees (person)	50	9	28	4
Proportionate market value December 31, 2010 (EURm)	1,348	970	376	223
Proportionate market value December 31, 2011 (EURm)	1,529	972	504	221*
Change of proportionate market value (%)	13.4	0.2	34.1	-0.6*
Ø secured remaining term of rental agreements (years)	7.7	6.8	n/a	6.0
Income based occupancy rate (%)	91.4	96.1	98.0	93.8
Rental revenues 2011 (EURm)	99.8	75.3	32.2	10.8
EBIT 2011 (EURm)	53.0	58.7	17.1	6.7
Net income 2011 (EURm)	27.5	17.6	7.9	4.6
Funds from operations/FFO 2011 (EURm)	34.7	21.8	16.0	5.5
FFO per share 2011 (EUR)	0.48	0.62	0.47	0.59
FFO yield 2011	5.9%	17.0%	6.2%	13.9%
Earnings per share 2011 (EUR)	0.40	0.50	0.23	0.49
EPRA NAV as of December 31, 2011 (EURm)	892.9	471.6	299.3	86.5
EPRA NAV per share as of December 31, 2011 (EUR)	11.32	9.08	8.77	9.27
EPRA NAV Discount (%)	28%	60%	14%	54%
NAV as of December 31, 2011 (EURm)	768.2	418.0	227.9	77.5
NAV per share as of December 31, 2011 (EUR)	10.71	8.05	6.68	8.31
NAV discount (%)	24%	55%	-13%	49%
Current market cap (05/10/2012)	640.5	189.6	256.6	39.9
EV /EBIT 2012E	17.0	25.6	78.0	19.3
EV /EBIT 2013E	15.8	37.0	72.2	19.2
P / E 2012E	13.3	25.8	33.8	8.0
P / E 2013E	11.0	neg.	30.4	7.6
Dividend yield 2012E	5.8%	2.7%	5.2%	2.4%
Dividend yield 2013E	6.2%	2.3%	5.6%	2.8%

Source: Company information

* Including construction costs in the specialised store in Krefeld

1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Fair Value REIT-AG								
Selected key ratios								
	Unit : EUR'000							
	Fiscal year : Dec 31	2007	2008	2009	2010	2011E	2012E	2013E
	Accounting standards : IFRS							
P&L key figures								
Rental income (EUR'000)		4,326	12,392	10,460	12,081	10,807	10,900	10,950
EBITDA margin		neg.	64.5%	54.2%	58.9%	59.8%	58.5%	58.7%
EBIT margin		neg.	neg.	neg.	23.7%	62.4%	58.3%	58.4%
Net margin		124.7%	neg.	neg.	18.5%	42.5%	45.3%	47.4%
Value adjustment ratio		16.8%	78.6%	60.9%	35.1%	-2.9%	0.0%	0.0%
Interest coverage ratio		1.2	0.4	0.2	-0.6	-1.5	-1.5	-1.5
Profitability ratios								
ROE		5.7%	neg.	neg.	3.0%	5.9%	6.1%	6.0%
ROI		2.3%	neg.	neg.	1.1%	2.4%	2.6%	2.6%
Balance sheet ratios								
Equity ratio		41.1%	38.7%	35.7%	38.0%	40.5%	42.2%	43.8%
Equity / LT assets ratio		44.1%	42.3%	39.2%	42.0%	43.0%	44.8%	46.5%
Asset intensity		93.2%	91.6%	91.0%	90.6%	94.1%	94.3%	94.3%
Trade accounts receivables/Sales		20.1%	12.1%	12.5%	10.7%	11.9%	12.1%	12.3%
Key figures per share (EUR)								
EPS		2.29	-1.41	-0.31	0.24	0.49	0.53	0.56
Free cash flow per share		-24.05	2.66	0.11	1.40	0.51	0.53	0.44
Dividend per share		0.00	0.00	0.00	0.10	0.08	0.10	0.12
Cash and cash equivalents per share		2.28	1.49	0.88	1.28	0.83	0.91	0.91
Book value per share		40.11	8.16	7.73	8.00	8.31	8.76	9.21
Valuation ratios								
EV/Sales		29.0	9.4	13.4	10.7	11.4	11.3	11.2
EV/EBITDA		neg.	neg.	neg.	43.1	18.1	19.3	19.1
EV/EBIT		neg.	neg.	neg.	44.9	18.2	19.3	19.2
P/E		3.5	neg.	neg.	18.6	8.6	8.0	7.6
P/B		0.2	0.5	0.5	0.6	0.5	0.5	0.5
P/Sales		4.3	3.0	3.8	3.4	3.7	3.6	3.6
Dividend yield		0.0%	0.0%	0.0%	2.2%	1.9%	2.4%	2.8%

Source: Independent Research; Fair Value REIT-AG

Fair Value REIT-AG								
Consolidated income statement								
	Unit :	EUR'000						
	Fiscal year :	Dec 31	2007	2008	2009	2010	2011E	
	Accounting standards :	IFRS					2012E	
							2013E	
Rental income			4,326	12,392	10,460	12,081	10,807	10,900
year-on-year growth			-	186.5%	-15.6%	15.5%	-10.5%	0.9%
Operating income and incidental costs			264	1,303	1,505	2,363	2,552	2,550
Expenses for investment properties			2,038	2,912	3,437	4,909	4,605	4,900
Net rental result			2,552	10,783	8,528	9,535	8,754	8,500
year-on-year growth			-	322.5%	-20.9%	11.8%	-8.2%	-2.9%
General administrative expenses			3,502	3,797	2,611	2,252	2,310	2,050
as percentage of rental income			81.0%	30.6%	25.0%	18.6%	21.4%	18.8%
Other operating income and expenses (total)			-135	-351	-84	-69	-31	-100
as percentage of rental income			neg.	neg.	neg.	neg.	neg.	neg.
Result from sale of investment properties			0	1,345	-190	-109	25	0
as percentage of rental income			0.0%	10.9%	neg.	neg.	0.2%	0.0%
Valuation result			-725	-9,734	-6,370	-4,238	310	0
as percentage of rental income			neg.	neg.	neg.	neg.	2.9%	0.0%
Operating income			-1,810	-1,754	-727	2,867	6,748	6,350
as percentage of rental income			neg.	neg.	neg.	23.7%	62.4%	58.3%
Income from participations			7,638	-7,075	1,401	3,873	3,258	3,900
as percentage of rental income			176.6%	neg.	13.4%	32.1%	30.1%	35.8%
Expenses for going public			1,825	0	0	0	0	0
Net interest expenses			-1,491	-4,907	-4,525	-4,765	-4,522	-4,350
as percentage of rental income			neg.	neg.	neg.	neg.	neg.	neg.
Financial result			334	-4,907	-4,525	-4,765	-4,522	-4,350
as percentage of rental income			7.7%	neg.	neg.	neg.	neg.	neg.
Profit (loss) before taxes			6,162	-13,736	-3,851	1,975	5,484	5,900
as percentage of rental income			142.4%	neg.	neg.	16.3%	50.7%	54.1%
Income taxes			0	0	0	2	0	0
Profit (loss) before minority interests			6,162	-13,736	-3,851	1,977	5,484	5,900
Minority interests			-768	435	945	255	-890	-958
Net profit (loss)			5,394	-13,301	-2,906	2,232	4,594	4,942
as percentage of rental income			124.7%	neg.	neg.	18.5%	42.5%	45.3%
Number of shares ('000)			2,360	9,407	9,407	9,326	9,326	9,326
EPS (EUR)			2.29	-1.41	-0.31	0.24	0.49	0.53
DPS (EUR)			0.00	0.00	0.00	0.10	0.08	0.10

Source: Independent Research; Fair Value REIT-AG

Fair Value REIT-AG								
Consolidated balance sheet								
	Unit : EUR'000							
	Fiscal year : Dec 31	2007	2008	2009	2010	2011E	2012E	2013E
	Accounting standards : IFRS							
Assets								
Intangible assets		2	2	4	3	180	180	180
Property, plant and equipment		31	22	12	7	6	6	6
Investment properties		150,070	130,740	137,587	128,650	129,127	129,127	129,127
Properties under construction		566	0	0	0	0	0	0
Equity-accounted investments		58,909	48,443	47,442	48,551	50,748	53,148	55,598
Financial assets (non-current)		5,005	2,319	348	269	17	17	17
Total non-current assets		214,583	181,526	185,393	177,480	180,078	182,478	184,928
Non-current assets available for sale		5,700	0	8,237	2,500	1,100	0	0
Trade receivables		869	1,502	1,307	1,291	1,284	1,316	1,349
Other receivables and assets		3,826	1,176	591	2,717	1,195	1,255	1,317
Cash and cash equivalents		5,381	14,039	8,281	11,975	7,725	8,502	8,452
Total current assets		15,776	16,717	18,416	18,483	11,304	11,072	11,119
Total assets		230,359	198,243	203,809	195,963	191,382	193,550	196,047
Equity and liabilities								
Subscribed capital		47,034	47,034	47,034	47,034	47,034	47,034	47,034
Share premium		46,167	46,167	46,167	46,167	46,167	46,167	46,167
Retained earnings (loss carried forward)		1,462	-11,839	-14,745	-12,513	-8,850	-4,654	-392
Reserve for changes in value		0	-4,575	-5,446	-5,732	-6,481	-6,481	-6,481
Treasury shares		0	0	-290	-398	-398	-398	-398
Total equity		94,663	76,787	72,720	74,558	77,472	81,668	85,930
Minority interests		18,487	16,505	15,296	14,494	14,736	15,694	16,700
Financial liabilities		57,116	78,352	104,004	87,556	52,810	50,170	47,661
Other liabilities		494	4,496	5,313	5,227	5,959	6,108	6,261
Total non-current liabilities		76,097	99,353	124,613	107,277	73,505	71,971	70,621
Provisions		255	334	261	241	250	250	250
Financial liabilities		55,018	15,905	4,312	11,547	38,217	37,453	36,704
Trade payables		2,617	1,359	809	1,083	1,007	1,259	1,573
Other current liabilities		1,709	4,505	1,094	1,257	931	950	969
Total current liabilities		59,599	22,103	6,476	14,128	40,405	39,911	39,496
Total equity and liabilities		230,359	198,243	203,809	195,963	191,382	193,550	196,047

Source: Independent Research; Fair Value REIT-AG

Fair Value REIT-AG							
Consolidated cash flow statement							
Unit : EUR'000	2007	2008	2009	2010	2011E	2012E	2013E
Fiscal year : Dec 31							
Accounting standards : IFRS							
Net profit (deficit)	5,394	-13,301	-2,906	2,232	4,594	4,942	5,194
Income tax expense	0	0	0	-8	-4	0	0
Amortisation/depreciation of intangible assets and property, plant and equipment	3	11	26	10	23	23	23
Profits from the disposal of investment properties	0	-1,345	190	109	25	0	0
Valuation result	725	9,734	6,370	4,238	-310	0	0
Income from equity-accounted investments	-7,638	7,075	-1,401	-3,873	-3,258	-3,900	-3,950
Withdrawals from equity-accounted investments	1,418	2,519	1,902	2,758	1,328	1,500	1,500
Losses from the sale of subsidiaries	3,080	0	0	0	0	0	0
Income from the disposal of participating interests	-180	0	0	0	0	0	0
Income from beneficial acquisition of participations	-3,155	0	0	0	0	0	0
Income from restructuring of a financial liability	0	-1,469	0	0	0	0	0
Loss/profit for minority interests	768	-435	-945	-255	890	958	1,006
Disbursement to minority interests	-1,371	-1,256	-397	-469	-652	0	0
Result from the valuation of derivative financial instruments	-16	88	108	-113	-140	0	0
Expenses connected to compensation payment received	0	1,880	0	169	0	0	0
FFO (funds from operations) subtotal	-972	3,501	2,947	4,798	2,496	3,523	3,773
Compensation payment received	0	15,438	0	500	2,000	0	0
Expenses connected to compensation payment received	0	-1,880	0	-169	0	0	0
(Increase)/decrease in trade receivables	-612	-633	249	16	7	-32	-33
(Increase)/decrease in other liabilities	-1,944	3,524	-53	-39	-222	-60	-63
(Decrease)/increase in provisions	188	79	-85	-20	9	0	0
(Decrease)/increase in trade payables	2,504	-1,258	-639	274	-76	252	315
(Decrease)/increase in other liabilities	-51	2,725	-3,679	-231	-434	168	172
Cash flow from operating activities	-887	21,496	-1,260	5,129	3,780	3,851	4,164
Cash and cash equivalents from acquired subsidiaries	12,614	0	0	0	0	0	0
Payments for the purchase of interests in associated companies	-10,948	-9	-67	-13	-20	-13	-13
Proceeds from the sale of subsidiaries	0	4,705	0	76	0	0	0
Cash and cash equivalent reduction from sold subsidiaries	-1,037	0	0	0	0	0	0
Cash and cash equivalent reduction from participating interests no longer fully consolidated but equity-accounted	-4,318	0	0	0	0	0	0
Income from the disposal of investment properties	0	15,068	403	8,128	3,033	0	0
Investments in investment propert./ propert. under construction	-52,331	-13,892	-74	-301	-1,825	1,100	0
Income (payment) related to non-current assets	0	-2,300	2,050	0	0	0	0
Investm. in property, plant and equipm. and intangible assets	-36	-2	-18	-4	-199	-10	-10
Income from the sale of property ownership certificates	190	0	0	0	0	0	0
Cash flow from investment activities	-55,866	3,570	2,294	7,886	989	1,077	-23
Dividend distribution	0	0	0	0	-932	-746	-933
Capital contribution	16,835	0	-290	-108	-11	0	0
Payments for capital procurement	-1,117	0	0	0	0	0	0
Receipts from financial liabilities	51,398	46,959	80	0	-8,076	-3,405	-3,258
Repayment from financial liabilities	-1,758	-63,367	-8,421	-9,213	0	0	0
Cash flow from financing activities	65,358	-16,408	-8,631	-9,321	-9,019	-4,151	-4,190
Change in cash and cash equivalents	8,605	8,658	-5,758	3,694	-4,250	777	-49
Cash and cash equivalents - start of period	13	8,618	14,039	8,281	11,975	7,725	8,502
Cash and cash equivalents - end of period	8,618	17,276	8,281	11,975	7,725	8,502	8,452

Source: Independent Research; Fair Value REIT-AG

1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Fair Value REIT-AG										
Individual property information										
Address	Fund	Primary use	Year of construction	Last renovation/modernisation	Plot size (sqm)	Market value 12/31/2010 (EURk)	Market value 12/31/2011 (EURk)	Change (%)	Discount rate 12/31/2011 (%)	Capitalisation rate 12/31/2011 (%)
Direct investments										
Hauptstraße 56e / 56 d, Appen	n/a	Office	1975	1995	4,320	228	245	7.5	6.80	6.30
Bleek 1, Bad Bramstedt	n/a	Office	1973	2006	3,873	1,130	1,150	1.8	6.90	6.40
Oldesloer Straße 24, Bad Segeberg	n/a	Office	1982	2007	5,152	8,960	9,000	0.4	7.00	6.50
Königstr. 19-21, Barmstedt	n/a	Office	1911	on-going	2,842	1,370	1,390	1.5	7.00	6.50
Bahnhofstraße 9, Bönnigstedt	n/a	Office	1992	2003	1,131	241	251	4.1	7.00	6.50
Bahnhofstraße 14, Boostedt	n/a	Office	1989	2005	1,006	126	127	0.8	6.50	6.00
Am alten Markt 9a, Bornhöved	n/a	Office	1991	2005	873	665	669	0.6	6.70	6.20
Berliner Damm 6, Ellerau	n/a	Office	1990	2000	1,177	405	427	5.4	6.70	6.20
Pinneberger Straße 155, Ellerbeck	n/a	Office	1985	2001	1,708	348	357	2.6	6.60	6.10
Dorfstraße 29, Geschendorf	n/a	Office	1985	2006	1,154	233	238	2.1	6.80	6.30
Hauptstraße 33, Halstenbek	n/a	Office	1969	2001	1,195	834	886	6.2	7.10	6.60
Seestraße 232, Halstenbek	n/a	Office	1976	2002	549	90	95	5.2	6.90	6.40
Friesenstraße 59, Helgoland	n/a	Office	1986	2000	194	552	559	1.3	6.50	6.00
Hamburger Straße 83, Henstedt-Ulzburg	n/a	Office	1989	2004	1,219	1,070	1,090	1.9	6.90	6.40
Holstenstraße 32, Kaltenkirchen	n/a	Office	1978	2005	1,893	1,830	1,850	1.1	7.25	6.75
Köllner Chaussee 27, Köln-Reisiek	n/a	Office	1990	2001	1,004	182	184	1.1	7.10	6.60
Hamburger Straße 40, Leezen	n/a	Office	1989	2005	886	194	196	1.0	7.10	6.60
Segeberger Straße 21, Nahe	n/a	Office	1971	2004	1,698	697	705	1.1	7.10	6.60
Ehndorfer Straße 153, Neumünster	n/a	Office	1971	2003	1,685	249	254	2.0	7.50	7.00
Kuhberg 11-13, Neumünster	n/a	Office	1989	2005	5,286	14,700	14,900	1.4	7.25	6.75
Röntgenstraße 118, 120, Neumünster	n/a	Office	1972	1998	2,481	271	278	2.6	7.50	7.00
Ulzburger Str. 363 d / e, Norderstedt	n/a	Office	1994	2004	2,762	1,410	1,570	11.3	6.90	6.40
Ulzburger Str. 545 / 547, Norderstedt	n/a	Office	1960		1,313	611	784	28.3	7.80	7.30
Damm 49, Pinneberg	n/a	Office	1996	2007	1,383	2,240	2,320	3.6	7.00	6.50
Oeltingsallee 30, Pinneberg	n/a	Office	1970	2002	2,047	591	651	10.2	6.90	6.40
Kieler Straße 100, Quickborn	n/a	Office	1980	2002	1,625	1,440	1,560	8.3	6.60	6.10
Rosenstraße 15, Sparrieshoop	n/a	Office	1961	1999	984	196	200	2.0	7.30	6.80
Willy-Meyer-Straße 3-5, Tornesch	n/a	Office	1977	2003	970	572	628	9.8	6.80	6.30
Am Markt 1, Trappenkamp	n/a	Office	1985	2005	1,190	656	663	1.1	6.60	6.10
Wassermühlenstraße 5, Uetersen	n/a	Office	2001		2,348	1,780	1,800	1.1	6.90	6.40
Markt 1, Wahlstedt	n/a	Office	1975	2005	1,848	988	1,010	2.2	7.20	6.70
Subtotal direct investments					57,796	44,859	46,037	2.6		

¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Fair Value REIT-AG										
Individual property information										
Address	Vacancies	Annualised	Partici-	Prop. mar-	Prop. mar-	Change	Remaining	Occupancy	Annualised	Contractual
	(sqm)	contractual	pating	ket value	ket value	(%)*	term of ren-	rate	contractual	rental yield
		rent (EURk)	interest	12/31/2010	12/31/2011		tal contracts	(%)*	rent	before costs
			(%)*	(EURk)*	(EURk)*		(years)*		(EURk)*	(%)*
Direct investments										
Hauptstraße 56e / 56 d, Appen	0	20	100.00	228	245	7.5	6.0	100.0	20	8.3
Bleek 1, Bad Bramstedt	0	81	100.00	1,130	1,150	1.8	13.0	100.0	81	7.1
Oldesloer Straße 24, Bad Segeberg	736	648	100.00	8,960	9,000	0.4	12.1	91.6	594	6.6
Königstr. 19-21, Barmstedt	0	97	100.00	1,370	1,390	1.5	12.3	100.0	97	6.9
Bahnhofstraße 9, Bönnigstedt	0	20	100.00	241	251	4.1	6.0	100.0	20	8.0
Bahnhofstraße 14, Boostedt	0	11	100.00	126	127	0.8	6.0	100.0	11	8.5
Am alten Markt 9a, Bornhöved	0	53	100.00	665	669	0.6	5.5	100.0	53	8.0
Berliner Damm 6, Ellerau	0	33	100.00	405	427	5.4	6.0	100.0	33	7.6
Pinneberger Straße 155, Ellerbeck	0	26	100.00	348	357	2.6	5.2	100.0	26	7.4
Dorfstraße 29, Geschendorf	0	21	100.00	233	238	2.1	4.6	100.0	21	8.7
Hauptstraße 33, Halstenbek	0	68	100.00	834	886	6.2	6.0	100.0	68	7.6
Seestraße 232, Halstenbek	0	9	100.00	90	95	5.2	6.0	100.0	9	9.1
Friesenstraße 59, Helgoland	14	36	100.00	552	559	1.3	11.4	98.3	36	6.4
Hamburger Straße 83, Henstedt-Ulzburg	0	75	100.00	1,070	1,090	1.9	14.0	100.0	75	6.9
Holstenstraße 32, Kaltenkirchen	0	128	100.00	1,830	1,850	1.1	13.8	100.0	128	6.9
Köllner Chaussee 27, Kölln-Reisiek	0	16	100.00	182	184	1.1	6.0	100.0	16	8.7
Hamburger Straße 40, Leezen	0	17	100.00	194	196	1.0	6.0	100.0	17	8.5
Segeberger Straße 21, Nahe	0	62	100.00	697	705	1.1	6.0	100.0	62	8.8
Ehndorfer Straße 153, Neumünster	0	24	100.00	249	254	2.0	4.6	100.0	24	9.5
Kuhberg 11-13, Neumünster	0	1,000	100.00	14,700	14,900	1.4	13.4	100.0	1,000	6.7
Röntgenstraße 118, 120, Neumünster	0	30	100.00	271	278	2.6	5.2	100.0	30	10.7
Ulzburger Str. 363 d / e, Norderstedt	89	110	100.00	1,410	1,570	11.3	11.6	97.6	107	6.8
Ulzburger Str. 545 / 547, Norderstedt	196	81	100.00	611	784	28.3	1.5	80.6	65	8.3
Damm 49, Pinneberg	0	203	100.00	2,240	2,320	3.6	1.8	100.0	203	8.7
Oeltingsallee 30, Pinneberg	0	52	100.00	591	651	10.2	5.2	100.0	52	7.9
Kieler Straße 100, Quickborn	0	104	100.00	1,440	1,560	8.3	14.0	100.0	104	6.7
Rosenstraße 15, Sparrieshoop	0	18	100.00	196	200	2.0	4.0	100.0	18	8.9
Willy-Meyer-Straße 3-5, Tornesch	0	57	100.00	572	628	9.8	4.3	100.0	57	9.0
Am Markt 1, Trappenkamp	0	56	100.00	656	663	1.1	4.8	100.0	56	8.4
Wassermühlenstraße 5, Uetersen	0	128	100.00	1,780	1,800	1.1	11.4	100.0	128	7.1
Markt 1, Wahlstedt	198	94	100.00	988	1,010	2.2	5.4	78.7	74	7.4
Subtotal direct investments	1,233	3,377		44,859	46,037	2.6	10.4	97.2	3,284	7.1

1)2)3)4)6) **Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document**

Fair Value REIT-AG										
Individual property information										
Address	Fund	Primary use	Year of construction	Last renovation/modernisation	Plot size (sqm)	Market value 12/31/2010 (EURk)	Market value 12/31/2011 (EURk)	Change (%)	Discount rate 12/31/2011 (%)	Capitalisation rate 12/31/2011 (%)
Subsidiaries										
Rheinstr. 8, Teltow	IC07	Office	1995		5,324	7,340	7,360	0.3	7.10	6.50
Im Taubental 9-17, Neuss	IC03	Others	1990		19,428	5,790	5,960	2.9	8.80	8.40
Hospitalstraße 17 - 19 , Alzey	IC01	Retail	1990	2007	2,243	1,500	1,510	0.7	8.00	7.50
Andreasstr. 1, Ahaus-Wüllen	BBV06	Retail	1990		5,513	1,030	1,090	5.8	7.90	7.20
Andreasstr. 3 - 7, Ahaus-Wüllen	BBV06	Retail	1973		13,036	3,800	3,730	-1.8	7.80	7.40
Marktplatz 3, Altenberge	BBV06	Retail	1986		1,756	973	850	-12.6	7.20	6.40
Heerenbergerstr. 51, Emmerich	BBV06	Retail	1987		4,314	834	820	-1.7	8.10	7.20
Hubert-Prott-Str. 117, Frechen	BBV06	Retail	1988		4,282	1,180	1,100	-6.8	0.00	0.00
Hinüberstr. 6, Hannover	BBV06	Others	1981	2006	3,204	19,000	19,300	1.6	6.90	6.30
Köhlstr. 8, Cologne	BBV06	Others	1982		40,591	9,450	9,280	-1.8	8.70	8.20
Gutenbergstr. 152, Krefeld	BBV06	Retail	1990		8,417	2,820	4,240	50.4	7.50	7.00
Lippest. 2, Lippetal-Herzfeld	BBV06	Retail	1990		3,155	1,560	1,610	3.2	7.70	7.20
Zeughausstr. 13, Meschede	BBV06	Retail	1989		1,673	446	450	0.9	7.20	6.80
Bahnhofstraße 20 a-e, Waltrop	BBV06	Retail	1989		1,742	2,780	2,750	-1.1	7.70	7.10
Marconistr. 4-8, Cologne	BBV03	Others	1990		13,924	3,230	3,170	-1.9	7.00	6.50
Hauptstr. 51 - 55, Weyhe-Leeste	BBV03	Retail	1989	2005	11,248	3,530	2,930	-17.0	7.80	7.30
Max-Planck-Ring 26/28, Langenfeld	IC13	Others	1996		14,727	6,240	6,360	1.9	8.60	8.00
Friedrich-Engels-Ring 52, Neubrandenburg	IC13	Office	1996		4,705	8,050	8,050	0.0	8.00	7.60
Großbeerenstr. 231, Potsdam	IC13	Office	1995		2,925	3,680	3,630	-1.4	7.20	6.60
Subtotal subsidiaries					162,207	83,233	84,190	1.1		
Total group					220,003	128,092	130,227	1.7		

¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Fair Value REIT-AG										
Individual property information										
Address	Vacancies (sqm)	Annualised contractual rent (EURk)	Partici- pating interest (%)*	Prop. mar- ket value 12/31/2010 (EURk)*	Prop. mar- ket value 12/31/2011 (EURk)*	Change (%)*	Remaining term of ren- tal contracts (years)*	Occupancy rate (%)*	Annualised contractual rent (EURk)*	Contractual rental yield before costs (%)*
Subsidiaries										
Rheinstr. 8, Teltow	3,360	688	76.74	5,633	5,648	0.3	2.4	64.6	341	6.0
Im Taubental 9-17, Neuss	4,521	731	71.58	4,145	4,266	2.9	1.8	62.8	328	7.7
Hospitalstraße 17 - 19 , Alzey	318	142	56.29	844	850	0.7	4.5	77.8	62	7.3
Andreasstr. 1, Ahaus-Wüllen	0	116	56.18	574	612	6.7	2.0	100.0	65	10.6
Andreasstr. 3 - 7, Ahaus-Wüllen	0	329	56.18	2,117	2,096	-1.0	3.0	100.0	185	8.8
Marktplatz 3, Altenberge	0	80	56.18	542	478	-11.9	1.7	100.0	45	9.4
Heerenbergerstr. 51, Emmerich	92	90	56.18	465	461	-0.8	1.8	93.8	47	10.2
Hubert-Prott-Str. 117, Frechen	0	135	56.18	657	618	-6.0	1.8	100.0	76	12.3
Hinüberstr. 6, Hannover	0	1,636	56.18	10,585	10,843	2.4	8.0	100.0	919	8.5
Köhlstr. 8, Cologne	0	919	56.18	5,265	5,214	-1.0	1.5	100.0	516	9.9
Gutenbergstr. 152, Krefeld	458	346	56.18	1,571	2,382	51.6	10.2	91.6	178	7.5
Lippest. 2, Lippetal-Herzfeld	0	154	56.18	869	905	4.1	3.8	100.0	86	9.6
Zeughausstr. 13, Meschede	0	42	56.18	248	253	1.8	1.5	100.0	24	9.3
Bahnhofstraße 20 a-e, Waltrop	250	249	56.18	1,549	1,545	-0.2	5.5	92.2	129	8.4
Marconistr. 4-8, Cologne	0	330	54.02	1,739	1,712	-1.5	3.3	100.0	178	10.4
Hauptstr. 51 - 55, Weyhe-Leeste	45	336	54.02	1,900	1,583	-16.7	3.0	99.5	181	11.4
Max-Planck-Ring 26/28, Langenfeld	4,074	639	50.04	3,122	3,182	1.9	2.7	67.9	217	6.8
Friedrich-Engels-Ring 52, Neubrandenburg	702	997	50.04	4,028	4,028	0.0	3.4	95.2	475	11.8
Großbeerenstr. 231, Potsdam	223	314	50.04	1,841	1,816	-1.4	1.8	90.6	142	7.8
Subtotal subsidiaries	14,042	8,271		47,694	48,491	1.7	4.1	88.0	4,194	8.6
Total group	15,276	11,648								

¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Fair Value REIT-AG										
Individual property information										
Address	Fund	Primary use	Year of construction	Last renovation/modernisation	Plot size (sqm)	Market value 12/31/2010 (EURk)	Market value 12/31/2011 (EURk)	Change (%)	Discount rate 12/31/2011 (%)	Capitalisation rate 12/31/2011 (%)
Associated companies										
Carnotstr. 5 - 7, Berlin	BBV14	Office	1995		4,583	15,300	15,500	1.3	6.70	6.30
Nossener Brücke 8 - 12, Dresden	BBV14	Office	1997		4,134	7,580	7,600	0.3	8.10	7.70
Kröpeliner Str. 26-28, Rostock	BBV14	Retail	1995		7,479	61,900	62,200	0.5	6.45	6.05
Henkestr. 5, Erlangen	BBV02	Retail	1984		6,350	1,640	1,380	-15.9	7.50	7.00
Hartmannstr. 3 a - 7, Chemnitz	IC12	Office	1997		4,226	7,280	6,810	-6.5	7.30	6.40
Heinrich-Lorenz-Str. 35, Chemnitz	IC15	Office	1998		4,718	4,220	4,160	-1.4	9.00	8.50
Am alten Bad 1 - 7, Chemnitz	IC15	Office	1997		3,246	6,100	6,130	0.5	6.40	6.00
Königsbrücker Str. 121 a, Dresden	IC15	Others	1997		4,242	12,400	12,400	0.0	7.10	6.60
Pascalkehr 15 / 15a, Quickborn	IC15	Office	1997		9,129	13,900	13,900	0.0	7.20	6.70
Zum Rotering 5-7, Ahaus	BBV10	Retail	1989		3,884	1,650	1,620	-1.8	8.30	7.80
Vor den Fuhren 2, Celle	BBV10	Retail	1992		21,076	11,600	11,700	0.9	7.90	7.40
Nordpassage 1, Eisenhüttenstadt	BBV10	Retail	1993		20,482	48,300	44,100	-8.7	8.20	7.60
Altmärker Str. 5, Genthin	BBV10	Retail	1998		3,153	725	660	-9.0	7.90	7.40
Robert-Bosch-Str. 11, Langen	BBV10	Office	1994		6,003	15,700	15,400	-1.9	7.60	7.10
Hammer Str. 455-459, Münster	BBV10	Retail	1991		15,854	7,790	8,050	3.3	7.50	7.00
Hannoversche Str. 39, Osnabrück	BBV10	Retail	1989		7,502	3,420	3,390	-0.9	8.00	7.50
Klingelbrink 10, Rheda-Wiednbrück	BBV10	Retail	1991		2,455	2,570	2,750	7.0	7.10	6.70
Lerchenbergstr. 112/113, Wittenberg	BBV10	Retail	1994		96,822	20,500	20,300	-1.0	7.10	6.60
Leimbacher Straße 97/99, Bad Salzunger	BBV09	Retail	1992		22,979	13,800	13,400	-2.9	7.10	6.60
Mühlhäuser Str. 100, Eisenach	BBV09	Retail	1994		44,175	45,600	45,300	-0.7	7.50	6.80
Putzbrunner Str. 71 / 73, Munich	BBV09	Office	1986		10,030	34,000	31,600	-7.1	8.30	7.80
Weißenfelser Str. 70, Naumburg	BBV09	Retail	1993		20,517	19,500	19,600	0.5	7.30	6.90
An der Backstania 1, Weilburg	BBV09	Retail	1994		17,211	9,860	9,800	-0.6	7.50	6.80
Subtotal associated companies					340,250	365,335	357,750	-2.1		
Total portfolio					560,253	493,427	487,977	-1.1		

Source: Fair Value REIT-AG

Fair Value REIT-AG										
Individual property information										
Address	Vacancies (sqm)	Annualised contractual rent (EURk)	Partici- pating interest (%)*	Prop. mar- ket value 12/31/2010 (EURk)*	Prop. mar- ket value 12/31/2011 (EURk)*	Change (%)*	Remaining term of ren- tal contracts (years)*	Occupancy rate (%)*	Annualised contractual rent (EURk)*	Contractual rental yield before costs (%)*
Associated companies										
Carnotstr. 5 - 7, Berlin	97	1,268	45.12	6,902	6,993	1.3	3.8	97.5	558	8.0
Nossener Brücke 8 - 12, Dresden	703	804	45.12	3,419	3,429	0.3	1.1	86.6	314	9.2
Kröpeliner Str. 26-28, Rostock	805	4,534	45.12	27,923	28,063	0.5	5.6	97.1	1,987	7.1
Henkestr. 5, Erlangen	0	218	41.05	663	566	-14.6	5.1	100.0	90	15.8
Hartmannstr. 3 a - 7, Chemnitz	2,617	566	40.34	2,932	2,747	-6.3	2.4	74.7	170	6.2
Heinrich-Lorenz-Str. 35, Chemnitz	0	533	38.94	1,641	1,620	-1.3	0.6	100.0	207	12.8
Am alten Bad 1 - 7, Chemnitz	827	459	38.94	2,372	2,387	0.6	1.8	82.6	148	6.2
Königsbrücker Str. 121 a, Dresden	0	900	38.94	4,822	4,828	0.1	17.7	98.9	347	7.2
Pascalkehe 15 / 15a, Quickborn	0	1,146	38.94	5,405	5,413	0.1	5.2	99.8	445	8.2
Zum Rotering 5-7, Ahaus	0	142	38.43	633	623	-1.6	2.8	100.0	55	8.8
Vor den Fuhren 2, Celle	0	1,102	38.43	4,451	4,497	1.0	9.2	100.0	423	9.4
Nordpassage 1, Eisenhüttenstadt	0	4,988	38.43	18,531	16,950	-8.5	1.8	100.0	1,917	11.3
Altmärker Str. 5, Genthin	249	83	38.43	278	254	-8.8	1.8	81.3	26	10.2
Robert-Bosch-Str. 11, Langen	7,907	1,362	38.43	6,024	5,919	-1.7	1.8	48.3	253	4.3
Hammer Str. 455-459, Münster	0	716	38.43	2,989	3,094	3.5	7.1	100.0	275	8.9
Hannoversche Str. 39, Osnabrück	0	302	38.43	1,312	1,303	-0.7	2.7	100.0	116	8.9
Klingelbrink 10, Rheda-Wiednbrück	0	226	38.43	986	1,057	7.2	5.2	100.0	87	8.2
Lerchenbergstr. 112/113, Wittenberg	1,739	1,728	38.43	7,865	7,802	-0.8	8.6	91.0	604	7.7
Leimbacher Straße 97/99, Bad Salzunger	0	1,257	25.17	3,473	3,373	-2.9	10.2	100.0	316	9.4
Mühlhäuser Str. 100, Eisenach	0	3,485	25.17	11,475	11,401	-0.6	12.6	100.0	877	7.7
Putzbrunner Str. 71 / 73, Munich	0	4,391	25.17	8,556	7,953	-7.0	2.0	100.0	1,105	13.9
Weißenfels Str. 70, Naumburg	0	1,743	25.17	4,907	4,933	0.5	6.6	100.0	439	8.9
An der Backstania 1, Weilburg	0	839	25.17	2,481	2,467	-0.6	6.3	100.0	211	8.6
Subtotal associated companies	14,944	32,794		130,038	127,671	-1.8	5.5	95.2	10,971	8.6
Total portfolio	30,219	44,442		222,590	222,199	-0.2	6.0	93.8	18,449	8.3

Source: Fair Value REIT-AG

*share of Fair Value REIT-AG

1)2)3)4)6) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Disclaimer

Recommendations concerning particular shares (starting December 18, 2009)

- Buy: According to our assessment, the stock will rise by at least 15% in absolute terms within a 6-month period.
- Hold: According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
- Sell: According to our assessment, the stock will decline in absolute terms within a 6-month period.

Recommendations concerning particular shares (until December 17, 2009)

- Buy: According to our assessment, the stock will rise by at least 15% in absolute terms within a 6-month period.
- Accumulate: According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
- Reduce: According to our assessment, the stock will decline by between 0% and 15% in absolute terms within a 6-month period.
- Sell: According to our assessment, the stock will decline by least 15% in absolute terms within a 6-month period.

Compulsory information required under Section 34b of the German Securities Trading Act (WpHG) and the Financial Analysis Regulation

Key sources of information

Key sources of information used in the preparation of this document are publications in foreign and domestic media such as information services (e.g. Reuters, VWD, Bloomberg, DPA-AFX etc.), the financial press (e.g. Börsenzeitung, Handelsblatt, FAZ, FTD, Wall Street Journal, Financial Times etc.), specialised journals, published statistics, rating agencies and publications of the issuers under coverage.

Summary of the valuation principles used:

Analyses of shares:

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 net value of the issuer is calculated, which represents the sum of the discounted company results, i.e. the net present value of the issuer's future net cash flows. The net value is therefore determined with reference to the company's anticipated future results and the discount rate applied. Under the Peer-Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of valuation multiples (e.g. price/earnings ratio, price/book value, enterprise value/sales, enterprise value/EBITDA, enterprise value/EBIT). Comparability of the valuation multiples is primarily determined by business activity and economic prospects.

Sensitivity of the valuation parameters:

The figures taken from the income statement, the cash flow statement and the balance sheet, upon which the valuation of companies is based, are numerical estimates and therefore subject to risks. These may change at any time without prior notice.

Quite apart from the valuation method applied, there is a very real risk that the share price target may not be reached in the anticipated period of time. Risks include unforeseen changes in competitive pressure or in demand for the issuer's products. Such fluctuations in demand may arise as a result of changes of a technological nature, the overall level of economic activity or in some cases as a result of changes in moral concepts. Changes in tax law, in exchange rates and, in certain business segments, in regulations are other factors which can influence valuations. The above discussion of valuation methods and risk factors makes no claim to be exhaustive.

¹⁾²⁾³⁾⁴⁾⁶⁾ **Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document**

Timing conditions of planned updates:**Analyses of shares:**

Independent Research GmbH maintains a list of issuers for whom company-based financial analyses („Coverage list of share analyses“) are published. The criterion for the inclusion or removal of an issuer from this list is governed primarily by the company's inclusion in an index (DAX®, EuroStoxx 50SM, and Stoxx 50SM). In addition, selected issuers from the mid and small cap segment or from the US markets are included. In such cases the inclusion or removal of these issuers from the coverage list is at the sole discretion of Independent Research GmbH. If deemed appropriate by the analysts, Independent Research GmbH will release a short expert commentary or studies concerning the companies on the coverage list. As a rule, such research products will be published following the release of financial figures of a company under coverage. Moreover, every day company-specific events such as ad hoc announcements or important news relating to individual companies on the coverage list are evaluated. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH. Moreover, fundamental analyses are prepared for the issuers included on the coverage list. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH.

It may occur at any time that, in fulfilment of the provisions of the German Securities Trading Act, the publication of financial analyses of individual issuers included in the coverage list is restricted without any prior warning.

Internal organisational measures to deal with the prevention or handling of conflicts of interest:

Employees of Independent Research GmbH who are involved in the preparation and/or the offering of financial analyses are subject to the company's internal compliance regulations which classify them as employees in an environment requiring confidentiality. The company's internal compliance regulations are in accordance with Sections 33 and 33b of the German Securities Trading Act (WpHG).

Possible conflicts of interest – as at: 05/11/2012 –

Further possible conflicts of interest are indicated as follows:

Independent Research GmbH and/or its affiliated companies:

- 1) own at least 1% of the issuer's share capital.
- 2) have been involved in the management of a consortium issuing financial instruments of the issuer by way of a public offer within the last twelve months.
- 3) look after financial instruments of the issuer in a market through the placement of buying or selling orders.
- 4) have concluded an agreement with issuers within the last twelve months, which are either themselves or through their financial instruments the object of a financial analysis, covering services related to investment banking transactions or have received a service or a promise of services in such an agreement.
- 6) have concluded an agreement with the issuers which are either themselves or through their financial instruments the object of the financial analysis regarding the preparation of the financial analysis.

As at: 05/11/2012

Independent Research GmbH
Senckenberganlage 10-12
60325 Frankfurt am Main
Germany

Responsible supervisory authority:
 Federal Financial Supervisory Authority
 (Bundesanstalt für Finanzdienstleistungsaufsicht)
 Graurheindorfer Str. 108, 53117 Bonn
 and
 Marie-Curie-Straße 24-28, 60439 Frankfurt

¹⁾²⁾³⁾⁴⁾⁶⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Liability statement

This document is for information purposes only. It has been prepared by Independent Research GmbH and shall be distributed in Germany only. This document is not directed to persons or companies domiciled and/or maintaining branch-offices outside Germany, particularly in the United States of America, Canada, United Kingdom, and Japan. This document shall only be distributed according to the applicable laws of the respective country. Any persons receiving this document, i.e. this information and material, shall be obliged to inform themselves about the applicable laws of the respective country and to act accordingly.

This document constitutes neither an offer nor an invitation to subscribe to or to purchase a security. Especially with preparation of this document Independent Research GmbH shall not act as an investment consultant or neither acts on the basis of some asset management duty or obligation. Any investment decision regarding any security or other financial instruments must be based on individual, professional advice and/or on the prospectus or information memorandum.

This document constitutes an independent assessment of the respective issuer and/or the negotiable securities by Independent Research GmbH. All and any herein contained assessments, opinions and statements are those of the author of this document and do not necessarily reflect the opinion of the issuer or third parties.

All and any information this document is based on has been taken from resources considered as reliable but has not necessarily been verified by Independent Research. Therefore, Independent Research GmbH does not warrant the accuracy, completeness and correctness of the information and opinions contained herein.

Independent Research GmbH assumes no responsibility or liability for direct or indirect damage arising from the use or distribution of this document or of the information contained therein or which otherwise may arise from it.

The information, opinions and statements represent the status quo of the day of the preparation of the document. Future developments may render them out of date without any changes made to this document. Price movements experienced in the past, simulations or forecasts are no reliable indicators for future price movements of securities. The tax treatment of financial instruments depends on the individual circumstances of the respective investor and may be subject to future changes, which may be retroactive.

Although Independent Research GmbH may provide hyperlinks to websites of companies mentioned in this study, the inclusion of a given hyperlink shall not mean that Independent Research GmbH confirms, recommends or authorises all and any data on the respective website or data that can be accessed from the website. Independent Research GmbH assumes no liability for such data nor for any consequences arising from the use of same.



Independent Research

Friedrich-Ebert-Anlage 36
60325 Frankfurt am Main
Germany

Phone: +49 (69) 971490-0

Fax: +49 (69) 971490-90

E-mail: info@irffm.de

Internet: www.irffm.de