ANNUAL REPORT
2008

fair value
REIT

OVERVIEW

Business model	Direct and indirect investments in commercial real estate First REIT in Germany to acquire interests in closed-end real estate funds against the issue of shares or payment of a purchase price (so-called UPREIT)
Sectors	Offices, Retail, Logistics / Light industrial
Region	Germany, focusing on regional locations
Portfolio	Direct investments and participations in closed-end real estate funds
Properties	32 properties (directly held) 48 properties (held indirectly via 13 closed-end real estate funds)
Market value	€ 244.5 million *)
Potential rent	€ 20.8 million *)

*) Fair Value's share

FINANCIAL KEY DATA

		Fiscal year
T€	2008	2007*
Revenues and earnings		
Rental revenues	12,392	4,326
EBIT	(1,754)	(1,810)
Consolidated net profit	(13,301)	1,744
Earnings per share (€)	(1.41)	0,74
Funds from operations (FFO)	3,501	(4,209)
FFO / share (in €)	0.37	(0.45)

		December 31
	2008	2007
Assets and capital		
Non-current assets	181,526	214,583
Current assets	16,717	15,776
Equity	76,787	94,663
Total assets	198,243	230,359
Equity ratio (in %)	38.7	41.1
Net asset value	76,787	94,663
Number of outstanding shares	9,406,882	9,406,882
Net asset value / share (in €)	8.16	10.06
Number of employees (including Managing Board)	5	5

*) Not comparable due to start of operating business as of Sept. 30, 2007

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To our shareholders

To our shareholders

Dear shareholders, ladies and gentlemen,

Manfred Heiler and Frank Schaich

Our first full year as a listed company was characterized by the heightening of what is now a global financial and economic crisis - and we were not able to escape this crisis unscathed.

Consolidated earnings

Our stable existing business meant that we were well equipped to face this challenge, and we even exceeded our business targets from our ongoing business. However the combination of the market valuation of the properties and other extraordinary factors led to a negative balance of € 18.5 million, which resulted in Fair Value reporting consolidated net losses of € 13.3 million.

We had forecast consolidated earnings of € 3.5 to € 3.7 million, not impacted by market valuations. We were able to record adjusted consolidated earnings of € 5.2 million – mostly due to cost savings and year-to-year cost-shifts.

These mentioned extraordinary factors related to gains from the disposal of properties and the restructuring of financial liabilities, a compensation payment received for the premature cancellation of a general rental agreement and losses from the valuation of properties and interest rate hedges.

Including the reserve for changes in value from the measurement of interest rate hedges of € 4.6 million, the Group's equity thus fell to € 76.8 million. This corresponds to € 8.16 per share in circulation, compared to € 10.06 in the previous year.

Market valuations of real estate and interest rate derivatives

The market valuation of our real estate portfolio containing 80 properties as of December 31, 2008, resulted in a downturn to € 244.5 million in the market values due to Fair Value, a non-cash reduction of € 29.3 million compared to the previous year. This was partly offset by a compensation payment received for the premature cancellation of a general rental agreement with the subsidiary IC 07, with the result that the proportionate valuation losses due to Fair Value totaled € 17.5 million (or 6.4 % of the previous year's figure). These write-downs were primarily due to market-related increases in the discount and capitalization interest rates for the real estate valuation performed on a property-by-property basis.

The market valuation of interest rate hedges resulted in charges which were taken directly to consolidated equity or the ongoing earnings with a proportionate amount of € 6 million. At the latest when the hedged loan agreements expire, however, this effect will have a positive impact on equity. In other words: Although they are currently having a negative effect, they will have a positive effect in future.

Gains from the sale of investment properties

The gains from the sale of investment properties made a positive contribution. Our subsidiary BBV 06 sold a plot at a profit, and the associated company IC 15 sold an office property on the banks of the river Rhine in Duesseldorf at a price which was around 4 % higher than the last market value identified. However, the sale of an office property owned directly by Fair Value, "Airport Office II", located in the direct proximity of Duesseldorf Airport, made the largest contribution.

This property was acquired during the shell phase last year. We took over the rental risk ourselves, as we were convinced by the location and the demand from tenants. This view proved to be correct. Just three months after on-schedule completion, the property was already fully let in September 2008. We were able to exceed our original forecast for the contractual rent by 9 %. We wanted to verify this success by realizing a profit – in particular given the difficult market environment. That is why we sold the office property at the end of the year for a purchase price of around € 15.3 million to an institutional investor, generating profits recognized in income of € 1 million – or a return of more than 20 % on the capital employed.

Group enjoys solid equity and liquidity

The changes in the REIT-G which are anchored in the Jahressteuergesetz 2009 (German Annual Tax Act 2009) mean that minority interests can be included when identifying the REIT equity ratio from fiscal year 2008. This change to the law, which had not been anticipated until the start of December 2008, had a positive impact for Fair Value REIT-AG, in that the Group's equity was significantly higher than the prescribed 45 %, totaling 52 % of immoveable assets within the meaning of Section 15 of the REIT-G.

In total, the net cash provided by operating activities amounted to € 21.5 million. This was coupled with net cash provided by operating activities of € 3.6 million. Of this total amount, € 16.4 million were used to repay liabilities, and increased the Fair Value Group's cash and cash equivalents by € 8.7 million to € 14 million year-on-year. As a result, the Fair Value Group has very solid equity and liquidity – despite the consolidated losses resulting from valuations.

No dividend for 2008 and 2009

We had intended to pay a dividend for 2008 of € 0.30 to € 0.35 per share in circulation, based on the recognition of profits from sales. Despite the profits from sales actually recorded, we did not achieve this target last fiscal year, as Fair Value REIT-AG's single-entity financial statements (HGB) – decisive for the divident payment – were both directly and indirectly depressed by the market valuation of property as of December 31, 2008.

Extraordinary write-downs to lower market values were needed for individual properties, as the reduction was deemed to be permanent. This led to losses under commercial law at a subsidiary level, and also led to individual carrying amounts for our participations being written down. We had expected a discrepancy in 2008 between the cash flow from participations and its impact on income as a result of the fact that we only commenced our activities at midnight on September 30, 2007. However, we were only able to recognize in income € 3.3 million of the fund distributions received with a total amount of € 5.9 million.

In total, we recorded net income for the year (HGB) of € 0.38 million, which was used in an identical amount via the formation of a reinvestment reserve within the meaning of Section 13 of the REIT-G. That means that we cannot consider paying a dividend for fiscal year 2008.

Expecting that there will be no profits from portfolio dispositions for the current fiscal year as a result of the current situation on the market, we believe that we will also unlikely be able to pay a dividend for 2009.

Earnings forecast for 2009 and 2010

The portfolio of real estate held by the Group and our associated companies is characterized by very low vacancy rates and highly predictable rental income. At present, the income-based occupancy totals 95 % of the potential rent attributable to Fair Value, and the average remaining term of the rental agreements is 6.9 years. Just 7 % of the rental volume is due for follow-on leases in 2009 and 2010.

As the portfolio currently comprises 80 commercial properties located throughout Germany, we are relatively independent of regional developments. In addition, as a result of the diversified and solid tenant structure, we also anticipate a high degree of security against defaults in future.

Based on our equity ratio according to the REIT-G of 52 % of immoveable assets as well as cash and cash equivalents in the Group of € 14 million we believe to be well equipped for facing the demands imposed by the current market environment.

Our borrowing is also very solid: Financial liabilities at the AG and the subsidiaries total € 94 million, and of this total 83 % is non-current. Just € 13.5 million or 14 % are scheduled to be extended this year, and this figure will total € 2.7 million in 2010.

Financial liabilities at the associated companies total € 261 million (Fair Value's theoretical share totals € 95 million). Of this total 95 % are non-current and 5 % are current. Of the current liabilities of € 13.4 million, two thirds are scheduled repayments and one third or € 5.9 million relate to expiring loans. There are only scheduled repayments in 2010.

If business in fiscal year 2009 is in line with forecast, we expect consolidated earnings (IFRS) in a bandwidth of € 2.7 million to € 3.0 million, and earnings in 2010 in a bandwidth from € 3.2 million to € 3.4 million. This already includes anticipated valuation losses due to "over-rents". It does not include any changes in the market value in excess of this amount for real estate and interest rate derivatives.

Further growth is our primary goal

A key factor for the company's future ability to pay dividends is the ongoing broadening of its equity base, which provides the foundations for increasing the portfolio of real estate and participations. In addition to cost-conscious management, there may be economies of scale for the unavoidable fixed costs, which have a positive impact on the amount of the dividends.

The significant reduction in interest rates on the capital markets and the increased yields for real estate, there are now attractive opportunities to buy properties. Given a solid equity basis, it would also be possible to obtain borrowing to finance these purchases.

However, it is still very difficult to obtain equity on the capital markets, as investors are very insecure regarding the duration and extent of the current economic crisis.

We are convinced that, over the medium term, the real estate sector will be regarded as a safe haven for long-term investments. Many national and international insurance companies and pension funds are already increasing their investments in real estate. Even if the current focus tends to be on deflation risks, the future risks of inflation are expected to have an even more serious impact, which is clearly a vote in favor of investments in real estate or shares in real estate companies.

We, Fair Value REIT-AG, aim to benefit from these developments, and grasp opportunities for growth by using our own shares as currency. We already used this strategy in 2007 for certain fund participations. However this is also conceivable for the contribution of real estate or in connection with mergers.

On the whole, we believe that once the capital markets have calmed down, there are good opportunities for our share price to sustainably reach our net asset value (NAV) of € 8.16 per share.

We would like to thank you for the trust you have placed in our company to date and would be happy to welcome you in person to our General Meeting on May 29, 2009 in Munich.

Munich, March 27, 2009

The Managing Board

Frank Schaich | Manfred Heiler

Report of the Supervisory Board

Dear shareholders,

The global crisis in the financial system and the resulting crisis in the real economy have also had a major and sustained impact on the real estate markets. Carried by the general collapse in share prices, most real estate shares, including Fair Value REIT-AG, are listed far below their NAV, which expresses the fair markt value of their real estate assets.

Given this difficult environment, the company and its management and supervisory bodies had to pay particular attention to retaining and securing stability, liquidity and equity, in order to secure solid foundations for the company's further growth, to uphold the REIT criteria and to create an excellent starting point for potential activities when the economic environment improves.

The negative consolidated earnings disclosed primarily results from the adjusted market valuation of the portfolio properties and the valuation of the financial instruments used to hedge interest rates. It hides Fair Value REIT-AG's solid operating foundations and earnings strength, which is documented, for example, by the sale of the office property in Duesseldorf at a respectable profit.

Supervision of management and cooperation with the Managing Board

The Supervisory Board's activities focused on the supervision and support of the company's economic development and strategic orientation, in particular taking the global financial and economic crisis into account.

The Supervisory Board was included in all decisions of fundamental importance. In observance of Section 90 (2) of the Aktiengesetz (AktG – German Public Limited Companies Act), the Managing Board informed the Supervisory Board in good time of the company's general development, the status of the company and the Group. All transactions subject to the Supervisory Board's approval as a result of statutory provisions or the articles of incorporation were dealt with in the Supervisory Board meetings.

Seven Supervisory Board meetings were held in fiscal year 2008, one of these was a telephone conference. The Supervisory Board meetings regularly discussed the Group's revenue and earnings growth, as well as its financial position and assets, paying particular attention to its risks. The key indicators for Fair Value's status as a REIT were regularly considered.

The Supervisory Board discussed in detail and agreed the company's budgets and forecasts, and also agreed to the marketing and subsequent sale of the office property Airport Office II in Duesseldorf.

Corporate governance

Upholding the principles of corporate governance is of key importance for the Supervisory and Managing Boards. As a result, the Corporate Governance Report has its own chapter in the annual report.

The recommendation by the German Corporate Governance Code Government Commission, which was updated in June 2008, was discussed in detail with the Managing Board. The current declaration of conformity within the meaning of Section 161 of the Aktiengesetz (AktG – German Public Limited Companies Act) was issued at the Supervisory Board meeting on February 26, 2009 together with the Managing Board, and has been published on the company's website.

Audit and adoption of the annual and consolidated financial statements

The consolidated financial statements (IFRS) and the single entity financial statements (HGB) of Fair Value REIT-AG were both audited by the auditor appointed by the General Meeting on June 9, 2008, BDO Deutsche Warentreuhand Aktiengesellschaft, Duesseldorf Branch. The auditor issued both the single-entity financial statements and the consolidated financial statements including the respective management reports with an unqualified auditor's opinion.

In its own review, the Supervisory Board dealt with the presented financial statements for fiscal year 2008 including the respective management reports and the auditors reports, which were presented in good time, in its meeting dated March 27, 2009. The auditors who audited the annual financial statements reported on the results of their audit and were available for questions from the Supervisory Board.

There were no reasons for any objections, with the result that the Supervisory Board adopted the single-entity financial statements 2008 of Fair Value REIT-AG and approved the 2008 consolidated financial statements.

Audit under the REIT-G

The auditor confirmed the Managing Board's declarations on the upholding of the statutory requirements for the share spread, the minimum distribution and the upholding of the asset and income ratios as well as the exclusion of dealings in real estate and the compliance of minimum equity.

Munich, March 27, 2009

On behalf of the Supervisory Board

Prof. Dr. Heinz Rehkugler

Corporate Governance Report

The Managing and Supervisory Boards of Fair Value REIT-AG welcome the German Corporate Governance Code presented by the Government Commission. The Code creates a transparent legal framework for corporate governance and control in Germany. In addition, it also documents generally recognized standards for excellent, responsible corporate management.

MANAGEMENT AND CONTROL STRUCTURE

Fair Value REIT-AG's Managing Board currently comprises two members. It manages the company and acts exclusively in Fair Value REIT AG's interests. The Managing Board undertakes to sustainably increase the enterprise value. It reports to the Supervisory Board on a regular basis, providing up-to-date and comprehensive information on the company's forecasts and strategic growth as well as on the current business situation including risk management.

Fair Value REIT-AG's Supervisory Board currently comprises three members. It advises and controls the Managing Board's management of the company. The members of the Supervisory Board clears the company's strategy and its implementation with the Managing Board. In addition, the Supervisory Board discusses interim reports and reviews, ascertains and approves Fair Value REIT-AG's annual financial statements in HGB as well as the Groups financial statement in IFRS. Major management decisions require the Supervisory Board's approval.

REMUNERATION FOR MEMBERS OF THE MANAGING BOARD

The Managing Board's remuneration comprises basic and variable remuneration. Total remuneration corresponds to 1.25 % of Fair Value REIT-AG's annual dividend in each case, however, at least the respective basic remuneration. Minimum commitments have been made for 2007 and 2008 with regard to the variable remuneration. No remuneration components were agreed as long-term incentives with a risk character. Further information and individualized details of the Managing Board's remuneration can be found in the management report and the notes to the consolidated financial statements.

REMUNERATION OF THE SUPERVISORY BOARD

Remuneration for Supervisory Board members comprises fixed pro rata remuneration of € 5,000 p.a. and a performance-related component of € 1 for each € 1,000 of dividends disbursed. The variable remuneration is limited to a maximum amount of € 25,000. The Chairman receives twice the fixed and variable remuneration of a Supervisory Board member, the Deputy Chairman receives one and a half times this total. Further details can be found in the notes to the consolidated financial statements.

SHAREHOLDINGS

The shares of Fair Value REIT-AG held directly and indirectly by the Managing and Supervisory Boards together account for less than 1 % of Fair Value REIT-AG's share capital. Shareholdings that cannot directly influence the company were not taken into account when identifying the indirect shareholdings.

DIRECTORS' DEALINGS

The following securities transactions by members of the Managing and Supervisory Boards and specific related parties were reported to Fair Value REIT-AG in fiscal year 2008 within the meaning of Section 15 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act):

Reporting party	Date of transaction	Transaction	Number of shares	Price per share (€)	Volume (€)
Frank Schaich	March 28, 2008	Share purchase	500	5.59	2,795.0
Frank Schaich	March 28, 2008	Share purchase	500	5.69	2,845.0
Dr. Oscar Kienzle	June 18, 2008	Share purchase	500	6.50	3,250.0
Dr. Oscar Kienzle	June 23, 2008	Share purchase	500	6.80	3,400.0
Dr. Oscar Kienzle	June 23, 2008	Share purchase	450	6.45	2,902.5
Dr. Oscar Kienzle	June 23, 2008	Share purchase	500	6.44	3,220.0
Dr. Oscar Kienzle	June 27, 2008	Share purchase	900	6.20	5,580.0
Dr. Oscar Kienzle	June 30, 2008	Share purchase	2,350	6.42	15,087.0

TRANSPARENCY AND INFORMATION

Fair Value REIT-AG's shareholders exercise their rights in the General Meeting, where they also exercise their voting rights. Each shareholder is invited to the General Meeting and can address the agenda and ask questions. Resolutions are passed at the General Meeting on topics including the following:

Discharge of the Managing and Supervisory Boards, election of the auditor, appropriation of net retained profits, changes to the articles of incorporation and capitalization activities.

The company reports on its business growth and its financial position four times per year. It informs the public of the company's activities in the media. Information that could have a material impact on the share price is published as ad hoc disclosures according to legal requirements.

Fair Value REIT-AG provides its shareholders, investors and the general public with information on its website www.fvreit.de.

ACCOUNTING AND AUDITING

Fair Value REIT-AG publishes its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), single-entity financial statements are prepared in accordance with HGB accounting. The financial statements are prepared by the Managing Board and reviewed by the Supervisory Board. The Supervisory Board proposes the auditor, who is then elected by the General Meeting. This thus fulfills the increased requirements for the auditor's independence.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Managing and Supervisory Boards of Fair Value REIT-AG issued the following declaration of conformity with the German Corporate Governance Code (Version dated June 6, 2008) within the meaning of Section 161 of the AktG on February 26, 2009:

Fair Value REIT-AG's Managing and Supervisory Boards welcome and support the German Corporate Governance Code and the objectives it pursues. Fair Value REIT-AG follows the recommendations of the German Corporate Governance Code in the version dated June 6, 2008 and will continue to do so in future with the following exceptions:

- D&O insurance: The D&O insurance concluded for the Managing and Supervisory Boards does not include a deductible (Item 3.8).

- Total remuneration for the Managing Board members: The Managing Board's total remuneration comprises fixed and variable components, but does not include a component as a long-term incentive containing risk elements, in particular it does not include any stock options or comparable structures (Item 4.2.3).

- Compensation cap: The Managing Board's contracts currently do not contain compensation caps in case of premature termination of the membership (Item 4.2.3).

- Age limit for members of the Managing and Supervisory Boards: There is no age limit for members of the Managing and Supervisory Boards (Items 5.1.2 and 5.4.1).

- Committees: In view of its low number of members, the Supervisory Board has not formed any committees (Item 5.3).


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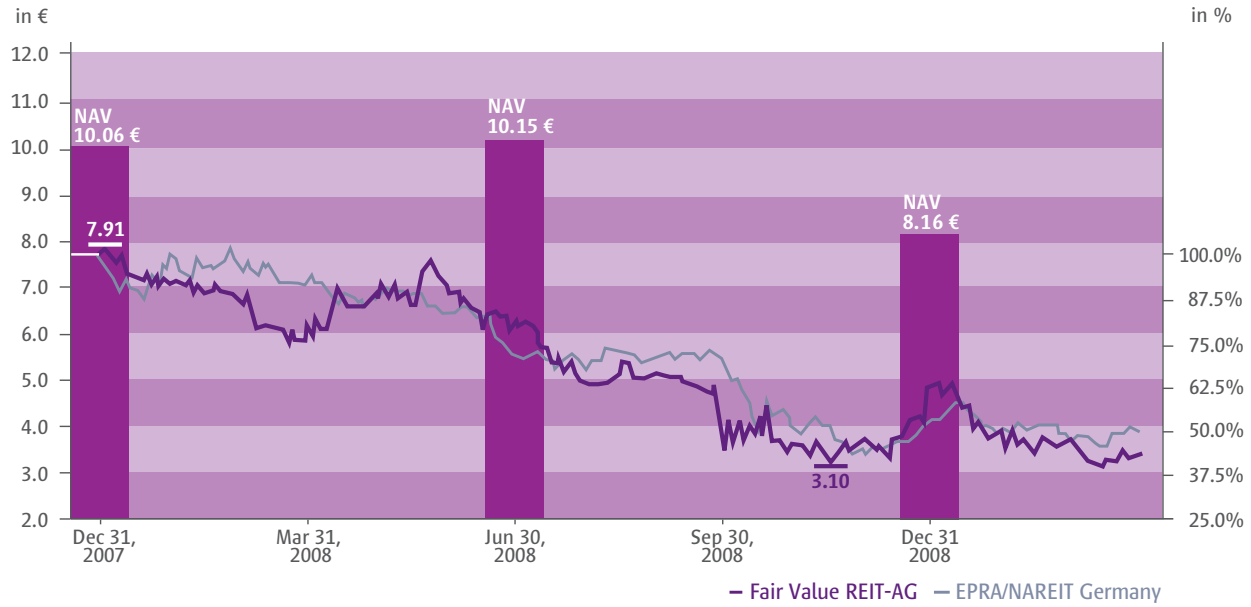
Fair Value's shares

I. KEY DATA

Sector	Real estate (REIT)
WKN (German Securities Code) / ISIN	A0MW97 / DE000A0MW975
Stock exchange symbol	FVI
Share capital	47,034,410.00 €
Number of shares (non-par value shares)	9,406,882
Proportion per share in the share capital	5,– €
Initial listing	November 16, 2007
High / low 2008	€ 7.91 / € 3.10 (XETRA)
Market capitalization on December 31, 2008	€ 37.6 million (XETRA)
Market segment	Prime Standard
Stock exchanges	Prime Standard: Frankfurt, XETRA
	OTC: Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated Sponsors	WestLB, DZ-Bank
Indices	RX REIT All Shares-Index
	RX REIT-Index

II. SHARE CHART

Share chart Fair Value REIT-AG incl. NAV vs. EPRA / NAREIT Germany-Index
(January 1, 2008 – March 27, 2009)



The EPRA / NAREIT Germany-Index is published by the EPRA European Public Real Estate Association and currently consists of the following listed real estate companies: Alstria Office, Colonia Real Estate, DIC Asset, Deutsche Wohnen, Deutsche Euroshop, Gagfah, Patrizia Immobilien, Vivacon.

Fair Value REIT-AG's shareholder structure

Free Float	42.28 %
IC Immobilien Holding AG	9.39 %
H.F.S. Zweitmarkt Invest 2 GmbH & Co. KG	8.13 %
H.F.S. Zweitmarkt Invest 5 GmbH & Co. KG	7.44 %
H.F.S. Zweitmarkt Invest 4 GmbH & Co. KG	7.44 %
H.F.S. Zweitmarkt Invest 3 GmbH & Co. KG	7.44 %
IC Immobilien Service GmbH	6.34 %
IFB Beteiligungen AG	5.44 %
Bayerische Beamten Lebensversicherung a.G.	3.76 %
IC Fonds GmbH	2.34 %

III. PERFORMANCE OF THE STOCK MARKETS AND FAIR VALUE'S SHARES

During the past fiscal year 2008, the international stock markets took the full brunt of the global financial and economic crisis. The situation on the capital markets clouded increasingly in 2007, however the mood on the stock markets deteriorated substantially during the course of 2008.

This trend also impacted real estate shares, including shares of Fair Value REIT-AG. On the last day of trading in 2007, our shares closed at € 7.66 (XETRA). As a result of the growing insecurity among market players, the share initially came under pressure in the first quarter of 2008, as was also the case for the entire capital market. The share price increased again in the second quarter of 2008 once the 2007 annual report had been published, climbing to € 7.50 per share.

As a result of the deteriorating situation on the capital markets, the share price was not able to continue this growth. In particular during the course of the third quarter and at the start of the fourth quarter of 2008, the stock market prices slumped yet again when the international financial crisis really broke out. This was due to the insolvency of the US investment bank Lehman brothers. Concerns about systematic risks within the financial sector and fears about the banking systems fundamental ability to function caused volatility to increase dramatically. The nervous mood on the markets was also enhanced by the fact that an increased economic downturn at a global level was expected. The global stock market indices lost value dramatically as a result.

This also affected Fair Value's share price, causing the shares to fall below € 4.00. When the Act on the stabilization of the financial markets was passed, the share price recovered again at above € 4.00, however it fell again to € 3.10 as a result of the global recession which is now emerging. This was the lowest share price in the period under review.

The share price stabilized after Fair Value published its preliminary results for the first nine months of the fiscal year on November 7, 2008, and then continued to climb again. On the last day of trading in 2008 the shares were listed at € 4.00.

During 2008, 842,641 shares of Fair Value REIT-AG were traded on all of Germany's stock markets with a volume of € 4,558 thousand. The average daily turnover was 3,317 shares or € 17.9 thousand.

IV. INVESTOR RELATIONS

Open, transparent communication is particularly important – especially in periods with an insecure economic environment and a high degree of nervousness on the stock markets. That is why Fair Value REIT-AG actively aims to exchange information with the interested public. The Managing Board believes that it is crucial to maintain in-depth dialogue with analysts, investors and the specialist press. Detailed reporting and the publication of relevant company disclosures allow the company to provide a broad audience with end-to-end, up-to-the-minute information on current business developments. In addition, Fair Value regularly participates in national and international investors' conferences, and is thus in constant contact with the financial community.

In addition, analyst coverage was also increased last year. This will make it even easier to obtain a differentiated view of the company and its growth potential. Communications also focused on an increased international presence, in order to further increase the spread of Fair Value's international investors. In this regard, the company participated in various events, e.g., in North America, Great Britain or Switzerland. In addition, the share's international visibility was reinforced with roadshow dates, for example at the NAREIT Annual Convention in San Diego and in San Fransico (USA) in November.

These activities shall be maintained in future. Finally, the Managing Board constantly seeks dialog with the financial media in order to provide the general public, and also of course the company's many private investors, with the most comprehensive possible picture of Fair Value's growth. Comprehenisve information on the shares can also be found at www.fvreit.de in the Investor Relations section.

V. FINANCIAL CALENDAR

March 31, 2009	Annual Report 2008
April 7, 2009	Presentation, 4th DVFA Real Estate Conference (Frankfurt, Germany)
May 15, 2009	Interim Report First Quarter 2009
May 29, 2009	Annual General Meeting (Munich, Germany)
June 3 - 5, 2009	Presentation, NAREIT REIT - Week, New York City
August 17, 2009	Semi-annual Report 2009
October 20, 2009	Presentation, 9th Conference of the Real Estate Share Initiative (Frankfurt, Germany)
November 9 - 11, 2009	Presentation at "German Equity Forum" (Deutsches Eigenkapitalforum, Frankfurt, Germany)
November 16, 2009	Interim Report First to Third Quarter 2009

Portrait of Fair Value REIT-AG

OVERVIEW OF THE REAL ESTATE PORTFOLIO

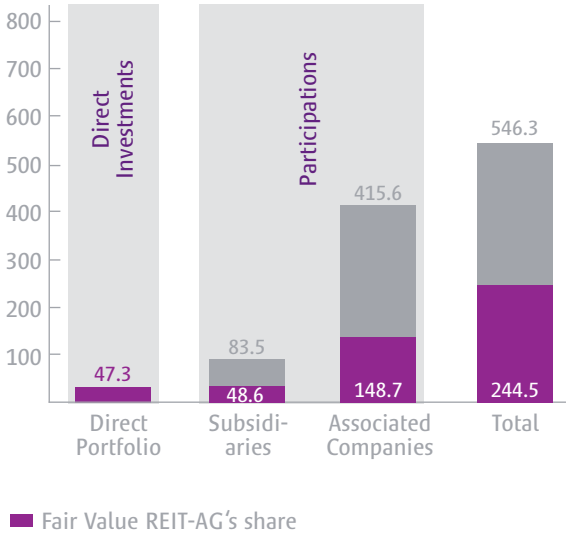
Fair Value REIT-AG is a high-quality real estate company and acquires and manages commercial properties in Germany. To date Fair Value is the only listed real estate company in Germany pursuing a unique business model: In addition to directly acquiring real estate, the company acquires participations in closed-end real estate funds. Fair Value REIT-AG's real estate portfolio thus comprises two segments: Direct Investments and Participations.

In the Participations segment, at present, the company holds majority and significant minority interests. As a result, Fair Value REIT-AG can actively influence the management of closed-end real estate funds and increase value. At present, the company holds a majority interest in five closed-end real estate funds (subsidiaries), and holds a participation of between 20 and 50 percent in a further eight real estate funds (associated companies).

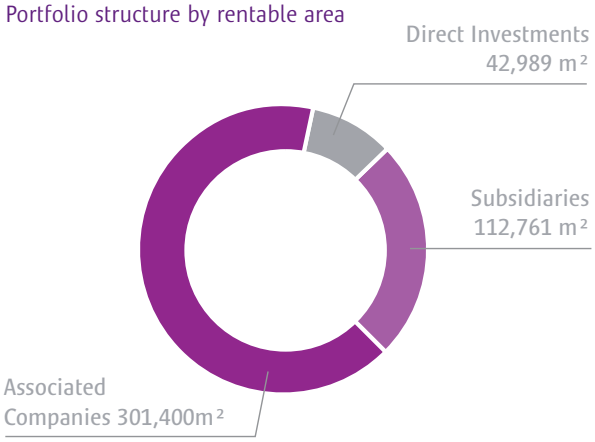
At present, the portfolio comprises eighty directly and indirectly held properties with a total rental area of 457,150 m², which are either fully or partially owned. Of this total, 53 properties with a total rental area of 155,750 m² and a market value of € 130.7 million either held directly or are held by subsidiaries. A further 27 properties with a total rental area of 301,400 m² and a market value of € 415.6 million are held by associated companies.

In total, the properties, which are located throughout Germany, have a market value of € 546.3 million. Of this total, € 244.5 million was due to Fair Value according to the participations. Based on the potential rent of € 20.8 million, the proportionate total portfolio thus recorded an annual rental return of 8.5 %. The income-based rental level of 95 % and the average remaining term of the rental agreements of 6.9 years mean that rental income has been secured over the long term. Fair Value's portfolio of real estate is thus characterized by strong income, sustainability and diversified risks.

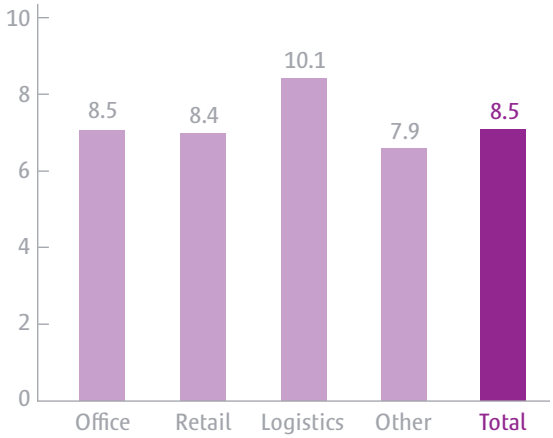
Market values as of December 31, 2008 (€ million)



Portfolio structure by rentable area

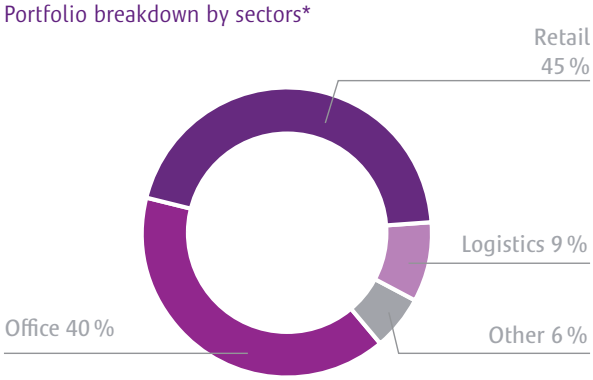


Potential rental return in % based on proportionate market values



In addition to being spread over a large number of locations, Fair Value's portfolio also has a high level of diversification in terms of the property types of uses. Around 45 % of the potential rent is from the retail sector, a further 40 % is generated by leasing office space. 9 % stems from the logistics sector, with other space accounting for 6 % of the potential rent. As a result, from a sectoral perspective Fair Value REIT-AG is comparatively independent of developments in individual industries.

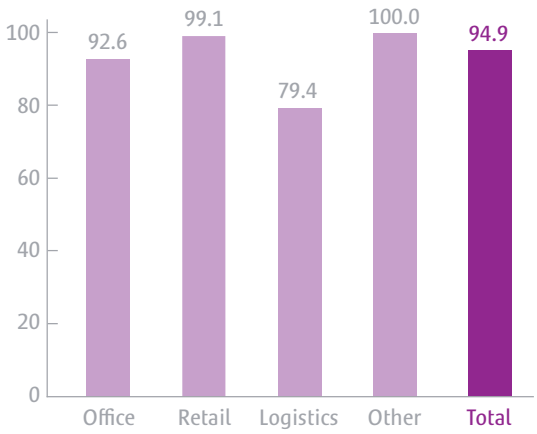
Portfolio breakdown by sectors*



* according to potential rent

A more detailed look at Fair Value's real estate portfolio shows: The company records excellent figures in all segments in terms of both the return on the potential rent as well as occupancy levels. In addition, the long, income-weighted remaining periods of the rental agreements mean that rental income is highly predictable. The diversified tenant structure and the contractual partners' excellent credit ratings also provide additional security for the income. This means that Fair Value combines attractive potential income with very secure rental income.

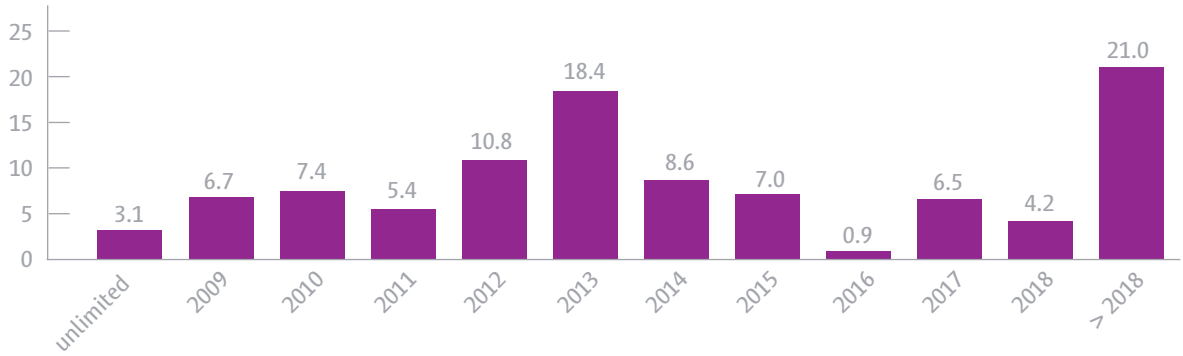
Occupancy rate in % of proportionate potential rents



Ten largest tenants in % of proportionate potential rent

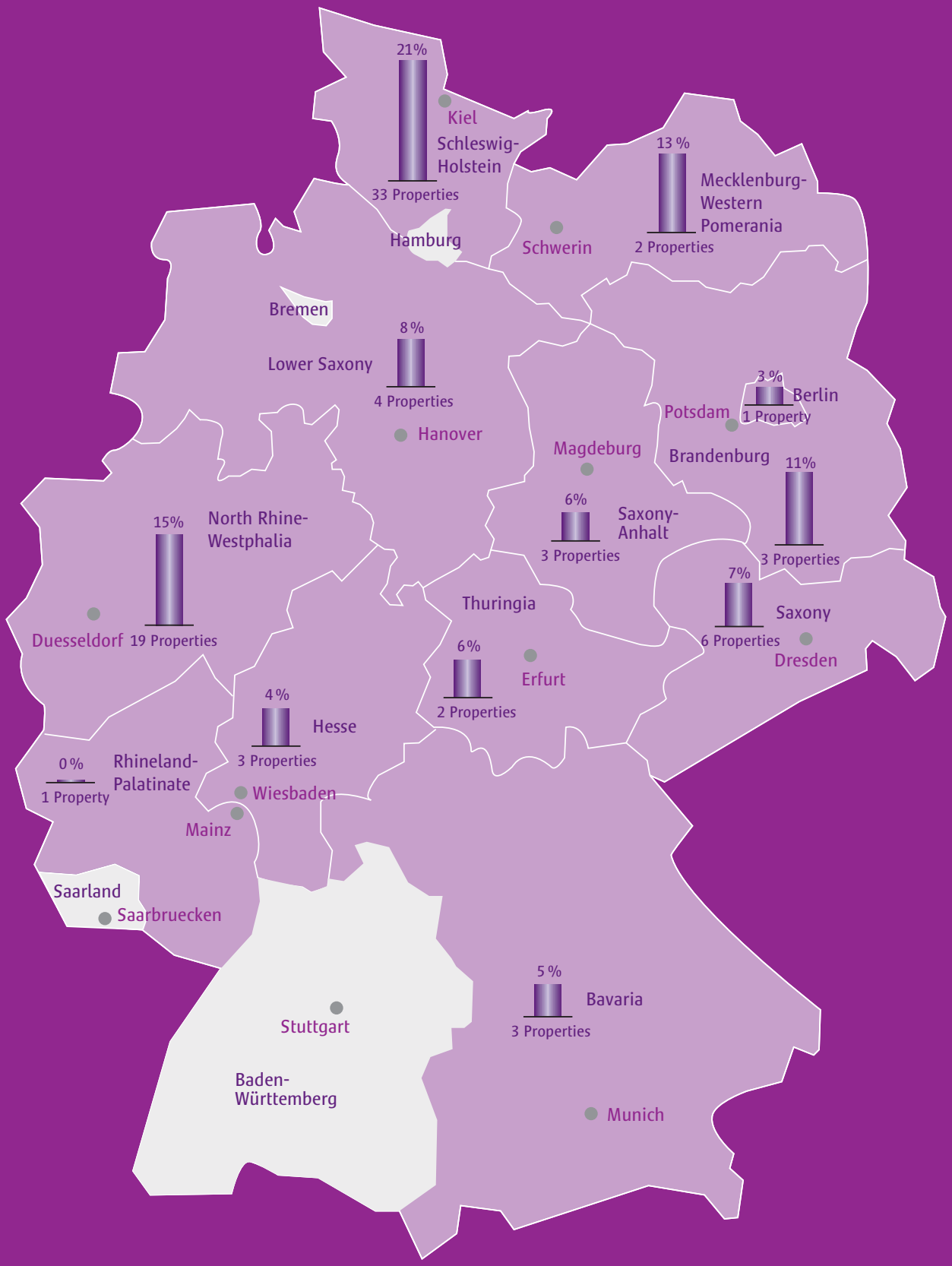
	December 31, 2008
Sparkasse Südholstein	14.23 %
Edeka Konzern	9.73 %
Metro Group	9.68 %
Kaufland Gruppe	5.87 %
BBV Holding AG	5.54 %
Schweizerhof Hotel	4.55 %
HPI Germany	2.96 %
ABB Grundbesitz GmbH	2.95 %
comdirect bank AG	2.54 %
REWE Group	2.46 %
Other	39.50 %
Sum	**100.00 %**

Lease expiry schedule in % of proportionate contractual rent



Portfolio Split by Region

(Market value of € 244,5 million of Fair Value's proportionate portfolio by federal state as of December 31, 2008)

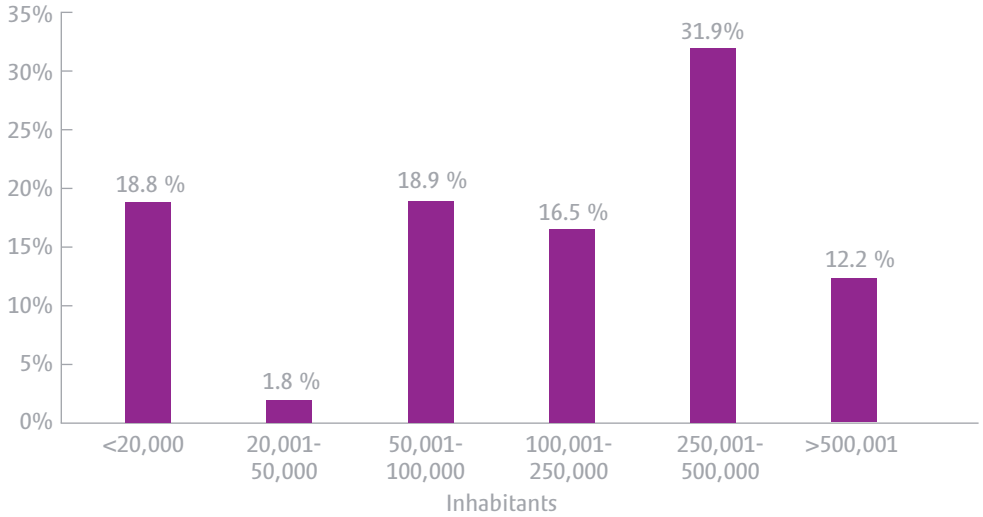


From a geographic perspective, Fair Value's portfolio is spread across Germany. The company is present in almost all of Germany's states. The properties' market values are spread comparatively evenly throughout Germany. This significantly reduces dependence on regional developments, both in terms of rental activities as well as growth in the portfolio's value.

The breakdown of the proportionate market values in the portfolio by city size shows the company's investment strategy. Fair Value focuses on medium-sized cities and regional centers. In terms of contractual rent, the bulk of income is recorded in cities with less than 250,000 inhabitants. This focus on so-called "secondary locations" allows the company to generate attractive returns with a simultaneous low risk profile. This is due to the fact that the volatility of the real estate markets is lower in medium-sized locations as the economy is has a strong focus on small and medium-sized enterprises. In contrast, large cities are more typically affected by the overall course of the economy, which is why they are subject to stronger fluctuations in changes in the rent and growth in the value of the properties.

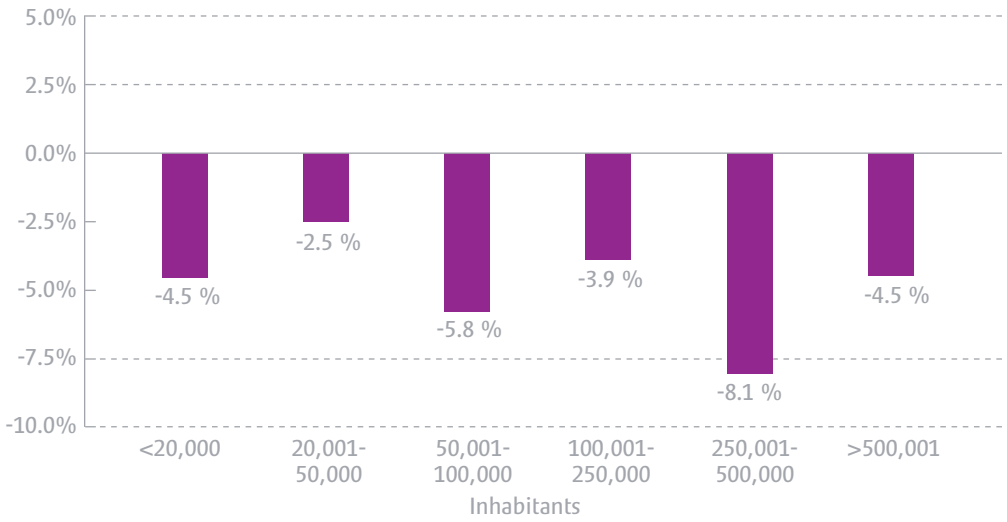
Number of properties and marktet values of overall portfolio to town size*

Percentage of contractual rent of overall portfolio according to town size*



* After taking Fair Values share into consideration

Change in market values according to town size*



* After taking Fair Values share into consideration

Compared to the previous year, the valuation of the properties as of December 31, 2008, taking into account Fair Value REIT-AG's participations, resulted in a reduction of € 29.3 million in the market values of the properties in the portfolio to a current total of € 244.5 million. After adjustment for a compensation payment for the cancellation of a general rental agreement at a subsidiary, the average reduction in value for the overall portfolio totaled 6.4 %. This adjustment was due to an increase in the discount and capitalization interest rates in calculations for the values of the properties. This is thus primarily a reaction to the current situation on the capital markets, and less to the course of Fair Value's operating business.

The market values of the portfolio in secondary locations are comparatively stable. Adjustments to the identified market values were lower than average, in particular in small and medium-sized towns with up to 250,000 inhabitants, whereas cities with more than 250,000 inhabitants tended to record higher losses in value. This is due to the fact that the companies in these locations are often more strongly geared to the regional economy. This results in stable growth in the real estate markets in these regions compared to large cities.

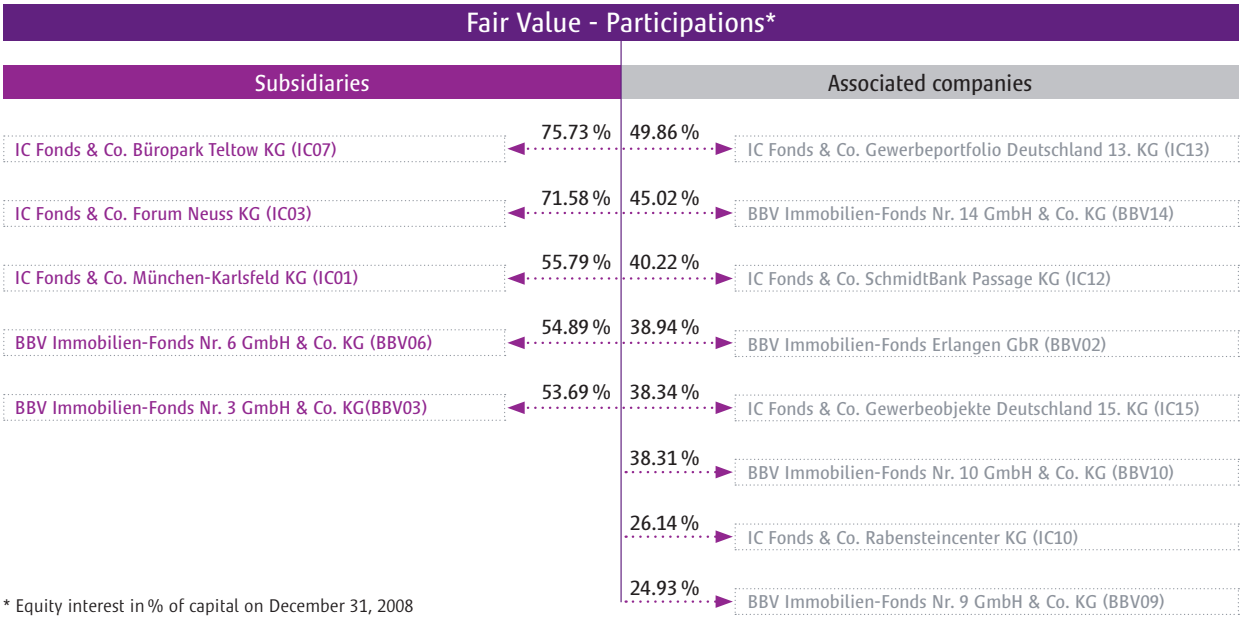
PORTFOLIO OF PARTICIPATIONS

Fair Value REIT-AG's business model is unique to date in Germany: The combination of investing directly in real estate and also acquiring participations in closed-end real estate funds.

As a rule, these participations can be acquired as non-cash acquisitions, i.e., by swapping participations for shares of Fair Value (so-called "UPREIT"), or participations can be bought against payment of a purchase price. The company made this offer to investors in specific funds in the summer of 2007, and more than 2,000 investors availed of this opportunity. The process of swapping fund units for shares meant that Fair Value REIT-AG had initial access to the enormous market segment of closed-end real estate funds. This segment represents an original investment volume of around € 140 billion in Germany, just with commercial properties.

As of December 31, 2008, Fair Value's Participations segment participated in a portfolio of 48 properties with a total rental space of 414,161 m². These commercial properties had a market value of around € 499 million, and Fair Value's share of this amount totaled around € 197.3 million after taking the respective participation levels into account. Of this total, a proportionate amount of € 48.6 million are due to the five majority participations (subsidiaries), whereas a further € 148.7 million are due to minority participations (associated companies).

The potential rent is currently an annual € 8 million for the subsidiaries, with an occupancy level of 87.5 % The average remaining term of the rental agreements is an income-weighted 4.6 years.
The potential rent for the associated companies' properties totals € 36.1 million. € 12.9 million of this total is due to Fair Value REIT-AG. On December 31, 2008 the proportionate rental level due to Fair Value was 97.2 % of the potential rent, with an average remaining term for the rental agreements of 6.1 years.



* Equity interest in % of capital on December 31, 2008

DIRECT INVESTMENTS

In the Direct Investments segment, since December 2007 the company has owned a portfolio of 32 commercial properties, mostly used as bank branches by Sparkasse Südholstein. As a result of their direct proximity to the Hamburg region, these properties have a favorable location in one of Germany's high-growth regions. The total market value of the "Sparkasse portfolio" amounted to around € 47.3 million as of December 31, 2008, based on individual surveys. The properties record an annual potential rent of around € 3.3 million, and thus generate a return of around 6.9 % based on the market value. The main tenant's good credit rating, the high rental level of 97.1 % and the above-average remaining term of the rental agreements of 13.4 years mean that the portfolio also offers highly forecastable future rental income.

CHANGES IN THE REAL ESTATE PORTFOLIO

There were changes in the composition of the real estate portfolio in both the Participations segment and also in the Direct Investments segment during fiscal year 2008.

As part of the expansion of its portfolio of directly held properties, Fair Value REIT-AG acquired the office building "Airport Office II"; located in direct proximity to Duesseldorf Airport in 2007. This property was still under construction when it was acquired. The company assumed the risk of letting the property itself as a result of its prime location and the expected demand for the rental space. Just three months after scheduled completion, Fair Value was able to achieve an operational success when the property was fully let in September 2008. The contractual rent exceeded the original expectations by 9 %.

In particular given the current market environment the company wanted to verify this success by realizing profits. Fair Value sold the property to an institutional investor for a purchase price of € 15.3 million, thus recording profits recognized in income of € 1 million. The attractive price at which the property was sold allowed Fair Value to further increase its equity ratio, increase liquidity and thus create additional financial latitude. The total return of around 20 % on the capital employed means that, despite the more difficult conditions on the market, the company was able to prove its ability to generate added value with its active asset and portfolio management.

It further optimized its portfolio structure in the Participations segment. The subsidiary BBV 06 sold a plot of land that was no longer required at a profit. In addition, an associated company (IC 15) sold an office property on the banks of the river Rhine in Duesseldorf at a price of € 6.7 million by way of a notarized purchase agreement dated August 27, 2008. This thus exceeded the market value of around € 6.4 million identified on June 30, 2008 by around 4 %.

INVESTMENT CRITERIA AND STRATEGY

Based on its dual pillar strategy, Fair Value REIT-AG aims to unite a broad diversification and simultaneous high earnings strength. As a result, over the medium term Fair Value will drive the expansion of its business activities both via additional participating interests in specific closed-end real estate funds as well as via targeted direct investments.

Its investment activities will continue to focus on medium-sized cities and regions, as these allow attractive returns to be generated, and are comparatively less volatile. In addition, Fair Value will also make selective investments in urban conurbations – as was the case with Airport Office II in Duesseldorf, which has now been sold. In order to further optimize its portfolio structure, in future the company will increase the proportion of logistics and office properties in its portfolio.

Despite the fact that the economy is currently murky, the German market for commercial properties offers opportunities – as the real estate market in Germany is comparatively stable compared to other countries. Fair Value REIT-AG believes that this situation offers good conditions for further growth. As a result, it plans to consistently and resolutely continue the course it has taken.

Group management report

Business report

I. BUSINESS ACTIVITIES AND UNDERLYING CONDITIONS

i. Overview of business activities and company structure

Fair Value REIT-AG (hereinafter also referred to as Fair Value or the Fair Value Group) focuses on acquiring and managing commercial properties in Germany. Its investment activities currently focus on office, retail and logistics premises in urban regional centers. Fair Value REIT-AG acts as the parent company for the Fair Value group. At present, the Group participates in 13 closed-end real estate funds. These include five majority participations and eight minority participations. In the case of minority interests, the shareholding totals 20 % to 50 %.

Fair Value's USP is that – in addition to investing directly in real estate – it also acquires interests in closed-end real estate funds. Participations can be acquired as non-cash acquisitions, i.e., by swapping interests for shares of Fair Value, or interests can be bought against payment of a purchase price.

This method of acquiring real estate is unique to date in Germany, and together with the traditional, direct acquisition of real estate, the company's business model has two pillars: the segments "Participations" and "Direct Investments".

In its "Participations" segment, as of December 31, 2008, Fair Value owned interests in 13 closed-end real estate funds with a highly diversified portfolio of 48 properties. The rental area of this portfolio totals 414,161 m² and had a market value of around € 499 million (Fair Value's share in this portfolio totaled around € 197.2 million).

In the "Direct Investments" segment, since December 2007 the company has owned a portfolio of 32 commercial properties, mostly used as bank branches by Sparkasse Südholstein. The properties, located in Schleswig-Holstein, have a total rental space of 42,989 m². These properties had a total market value of around € 47.3 million as of December 31, 2008, based on individual surveys.

As of December 31, 2008, the total portfolio had a proportionate market value for Fair Value of around € 244.5 million, and was around 95 % let (income based) based on the potential rent of € 20.8 million. This is spread over properties used for offices, retail, logistics and other uses.

Fair Value REIT-AG is independently managed by its Managing Board, which has many years' experience in acquiring and managing commercial properties and participations in closed-end real estate funds. The five employees (including the Managing Board) focus on the strategic management of the company and its participations as well as risk management.

The Managing Board cooperates closely with the Supervisory Board, which is included in all major decisions. The Supervisory Board comprises three members.

Operating support for the company for accounting, property management and asset management has been outsourced to IC Immobilien Group companies based in Unterschleißheim near Munich. This group has around 200 employees and has an investment volume of around € 5.3 billion under management for retail and institutional investors.

ii. General economic conditions

Macroeconomic environment
During the past fiscal year, the economic environment was characterized by the international financial crisis heightening. Economic growth in the first half of 2008 was still very strong with, a price-adjusted 3.4 % increase, however Germany was particularly affected by the substantial economic

cooldown in the second half of the year as one of the leading export countries. The downward slide in the German economy accelerated in the fourth quarter of 2008 in particular. Companies still had well-filled order books in the first few months of the year. However there were strong downturns in order intake at the end of the year. This resulted in real economic growth of 1.3 % for the year as a whole (previous year: 2.5 %). Experts are forecasting a strong downturn in gross domestic product for the current fiscal year, however it does not currently seem possible to make a reliable forecast given the current turbulences.

Inflation in Germany in 2008 was mostly characterized by the economic developments and the strong fluctuations in the price of energy. After strong increases in the middle of the year, when inflation for consumer prices totaled 3.3 % - its highest level in the last 15 years – the second half of 2008 saw a substantial reduction in the consumer price index. This trend is initially expected to continue in 2009. The "basis effect" from the high energy prices last year will make its full impact in the middle of the year. In addition, the current economic slump will dampen price growth. Leading economic research institutions are thus forecasting a moderate inflation rate of around 1 % on average over the year. However, over the medium term market watchers believe that inflation will tend to increase again as a result of the expansive monetary and fiscal policy by governments and central banks around the world.

In 2008 the German labor market was still able to benefit from the excellent economy, which caused employment figures to rise and unemployment rates to fall substantially. However, the number of unemployed increased in December 2008 due to seasonal factors, thus already reflecting the cloudier economy. As a result, it was not possible to continue the previous months' fundamental trend, which was weaker, but still positive. At the end of 2008, the unemployment rate was 7.4 %, on average over 2008 it totaled 7.8 % (previous year: 9.0 %). A strong increase in unemployment is expected for 2009 as a result of the economic downturn.

Sources:
Monthly Report for December from the German Labor Agency; Destatis – German Federal Statistics Office; DIW – Deutsches Institut für Wirtschaftsforschung; ifo – Institut für Wirtschaftsforschung at Munich University; HWWI – Hamburgisches WeltWirtschaftsInstitut; DB Research

Real estate market in Germany

The rental market

Office space

The German markets for office space rentals were still robust in 2008. According to information from Jones Lang LaSalle, during the past year, a total of around 2.9 million m² of office space was let or sold to owner-occupiers in the six major office centers of Berlin, Duesseldorf, Frankfurt/Main, Hamburg, Munich and Stuttgart. Even though the fourth quarter, which is generally strong, only accounted for 21 % of total revenues last year, the total result was higher than the multi-year average.

A downward tendency for rental revenues is expected in 2009. Based on current economic forecasts, a double-digit percentage downturn certainly seems probable.

The vacancy rate fell further in 2008 in all locations, totaling around 7 million square meters at the end of the year (or 8.9 % of total space), down by around 0.4 percentage points compared to the start of the year. But by the end of the third quarter, this figure thus increased by ten basis points, which is due in particular to the large number of new properties

completed in the last quarter. New construction was up almost 50 % compared to the previous year's level with around 890,000 m² of new office space completed. Based on the current projects under construction, a further increase in properties completed is expected during the current fiscal year.

However, it is not expected that the excess of space offered will be at a similar level to that at the start of this decade, which is now coming to a close. The banks' reserved behavior with regard to project financing will have a dampening effect, as will the reduction in demand for rental space. That is why projects will also be postponed, as could already be seen at the end of 2008.

The most recent upwards trend in rental prices peaked at the end of 2008. As a result of the falling demand and the increasing new properties completed, a 5 - 10 % reduction in top rents is expected in 2009. However, it must be assumed that the market average will be less affected than will be the case for the rents that can be achieved in 1a locations. In addition, the German rental market only recorded moderate price increases in the past few years compared to other European countries, with the results that experts in Germany are not expecting any strong downturns in rental prices.

Retail space
The retail space on offer increased still further in 2008, and thus now totals around 1.5 m² per capita in Germany (previous year 1.4 m²). This is the third highest amount in Europe, following The Netherlands and Austria.

Rents for specialist stores are between € 5 and 15 per square meter depending on their orientation and position. DIY stores account for the lower end of the scale, with rents per square meter of between € 6.00 and 7.50. Top rents for supermarkets and hypermarkets stores are between € 9.00 and 11.00 per square meter.

Logistics space
During the course of 2008 the segment for logistics space still enjoyed very positive growth. Rentals totaled approx. 1.4 million m² in the Berlin, Duesseldorf, Hamburg, Frankfurt/Main, Munich and Wiesbaden/Mainz regions, allowing results to be recorded that were up 10 % on the previous year and up 18 % on the five-year average. However, the last quarter of the year was also weak in this segment compared to Q4 2007.

At the start of 2009, the pace of the economic downturn in the German logistics center quickened. This was due to the downturn in demand for third-party services in industry and retail which occurred over the short term.

Germany as an investment market
The volume of transactions registered throughout Germany for commercial properties totaled around € 19.7 billion in 2008, down by around 65 % compared to the peak figure in 2007. In spite of this, the volume was still higher than the levels recorded in 2004 and 2005. However, the downturn on the rental markets as a result of the economic downturn in the last few months of 2008 resulted in increased reservedness on the part of investors. In addition, borrowing-driven investors are significantly less active than was the case in previous years as a result of the current high bank margins in a historical comparison, and thus the more difficult re-financing conditions.

Top yields for retail properties in 1a locations remained practically constant, however, returns in the logistics sector increased by around 25 basis

points. In the office sector the large office centers enjoyed increases of between 20 and 60 basis points for top yields, and the growth for specialist stores was around 50 basis points. The growth in returns was stronger for properties outside this top segment, and could exceed the 100 basis points mark in some cases.

Sources:
Jones Lang LaSalle, Office market overview Q4 2008, Investment market overview Q4 2008 and Overview of the market for warehouse space Q4 2008; CB Richard Ellis MarketView Germany 2008; gif Office market survey 2008, BVL/DIW Logistics indicator 1-2009; DIP Deutsche Immobilien Partner

iii. Company targets and strategy

Over the coming years, Fair Value REIT-AG will successively increase its equity base and greatly expand its portfolio of properties via investments and, as the case may be, company mergers, thus constantly increasing the value and earnings power of the invested assets, and also achieving high risk diversification. However, this requires an improved environment on the capital markets for listed real estate companies, as the company requires cash or non-cash capital increases in future in order to achieve its growth targets.

Growth from direct investments and additional participations in closed-end real-estate funds
In future, Fair Value REIT-AG will strengthen its portfolio of directly-held properties in line with the opportunities provided by the German REIT Act, and at the same time it will increase its portfolio of participations in closed-end real estate funds.

Access to secondary market for closed-end real-estate funds
Fair Value REIT-AG was the first and is to date the only listed German public limited real estate company to offer investors in certain closed-end real-estate funds the opportunity to sell their interests in the funds to Fair Value REIT-AG as part of a structured offer, or to swap these for shares of Fair Value REIT-AG. As a result, investors in these closed end real estate funds were able to increase their risk diversification and participate in a much more diversified real estate portfolio. In addition, shares are much more fungible than fund units, which means that investors' financial flexibility increases in the event of a swap.

Closed-end real estate funds in Germany now account for an investment volume substantially in excess of € 140 billion. The equity is primarily from retail investors, some of whom would like to liquidize their investments for various reasons during the properties' holding periods.

REIT status offers purchasing advantages
Thanks to its status as a REIT, Fair Value REIT-AG currently generally has a strong competitive position on the market for commercial real estate thanks to its so-called exit-tax privilege. The profits from the sale of real estate to a G-REIT are thus 50 % tax free for companies under certain conditions. As a result of the equity ratio prescribed for German REIT-AGs of 45 % of immoveable assets, given corresponding evidence of equity, the procurement of borrowing is also easy to show, even in this difficult market.

Future investment focus – offices and logistics
In future, Fair Value REIT-AG will focus its investments more strongly on office and logistics properties. Individual investments shall have a future investment volume of at least € 5 million and at most € 50 million per property. The strategy of focusing on medium-sized cities and regional centers will be continued.

In total, the medium-term aim is to use specific investments and disinvestments to generate a portfolio structure with potential rent comprising around 50 % office, 25 % logistics properties and 25 % retail properties.

Fundamentals of finance and capital management
The Fair Value Group's finance and capital management is geared to the aim of maintaining quality, ensuring that debts can be serviced, and generating most attractive returns possible for Fair Value REIT-AG's shareholders.

If it is possible to have a direct influence, finance and capital are managed centrally. As the case arises it is decided, if derivative financing, e.g., interest rate hedges are used. In the case of associated companies, finance and capital are coordinated with the respective management teams or as part of the contractually regulated opportunities for co-determination.

II. INFORMATION ON THE TOTAL PORTFOLIO AND THE STRUCTURE OF THE LIABILITIES IN THE GROUP AND THE ASSOCIATED COMPANIES

The Fair Value Group's real estate portfolio is either directly owned by the parent company or is held by subsidiaries (participation of more than 50 %). In addition, the total portfolio includes properties held by associated companies (participation of less than 50 %). This portfolio structure impacts the accounting treatment in the consolidated balance sheet and the consolidated income statement. The full consolidation of the subsidiaries results in the interests in net assets due to minority shareholders (IFRS) which are carried under the Fair Value Group's liabilities.

The participations in associated companies are carried at equity. Therefore only the proportionate net assets due to Fair Value REIT-AG are carried on the assets side of the balance sheet. The consolidated income statement includes the proportionate current results from the associated companies in the result from participations.

The following table provides information on the real estate attributable to the group and the associated companies. The right-hand side shows the rents and market values based on the respective participation levels of Fair Value REIT-AG on December 31, 2008.

The proportionate share of Fair Value's portfolio was 94.9 % let, being at almost the same level compared to the previous year. Through follow-on rentals and extensions of rental agreements the weighted remaining term of the leases also remained stable at 6.9 years compared to previous year's level.

Short name	Direct investments and participations	Plot size [0]	Total rental area [0]	Current rent 2008 [0]	Market value December 31, 2008 [0], [1]	Fair Value REIT-AG's share: Percentage of participation	Fair Value REIT-AG's share: Current rent 2008 [2]	Fair Value REIT-AG's share: Proportionate market value [1], [2]	Fair Value REIT-AG's share: Occupancy level [3], [5]	Fair Value REIT-AG's share: Average remaining term of rental agreements [4], [5]
		[m²]	[m²]	[€ thousand]	[€ thousand]	[%]	[€ thousand]	[€ thousand]	[%]	[years]
	Direct investments									
	Sparkasse Portfolio	58,624	42,989	3,182	47,270	100.00	3,182	47,270	97.1	13.4
	Total direct investments	**58,624**	**42,989**	**3,182**	**47,270**	**100.00**	**3,182**	**47,270**	**97.1**	**13.4**
	Subsidiaries									
IC 07	IC Fonds & Co. Büropark Teltow KG [6]	5,324	9,714	2,217	7,500	75.73	1,679	5,680	61.4	3.0
IC 03	IC Fonds & Co. Forum Neuss KG	19,428	12,064	543	7,720	71.58	389	5,526	85.0	1.5
IC 01	IC Fonds & Co. München-Karlsfeld KG	7,019	3,375	319	4,340	55.79	178	2,421	100.0	7.0
BBV 06	BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG	97,232	72,457	4,994	54,770	54.89	2,741	30,065	89.4	5.2
BBV 03	BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG	26,210	15,151	910	9,140	53.69	489	4,907	93.3	2.8
	Total subsidiaries	**155,213**	**112,761**	**8,983**	**83,470**		**5,476**	**48,600**	**86.6**	**4.5**
	Total group	**213,837**	**155,750**	**12,165**	**130,740**					
	Associated companies									
IC 13	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG	22,357	22,084	2,733	23,600	49.86	1,363	11,767	94.3	5.7
BBV 14	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG	16,196	38,170	6,127	84,660	45.03	2,759	38,119	97.0	5.2
IC 12	IC Fonds & Co. SchmidtBank-Passage KG	4,226	8,380	604	7,760	40.22	243	3,121	89.2	4.9
BBV 02	BBV Immobilien-Fonds Erlangen GbR	6,350	2,770	140	1,770	38.94	55	689	100.0	3.5
IC 15	IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG	21,335	33,088	3,376	34,550	38.34	1,294	12,800	96.8	4.4
BBV 10	BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG	177,231	96,199	10,308	122,780	38.31	3,949	47,042	97.2	5.4
IC 10	IC Fonds & Co. Rabensteincenter KG	11,203	9,981	701	9,180	26.14	183	2,400	92.3	3.4
BBV 09	BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG	114,912	90,728	11,777	131,250	24.93	2,936	32,720	100.0	9.0
	Total associated companies	**373,810**	**301,400**	**35,766**	**415,550**		**12,783**	**148,658**	**97.2**	**6.1**
	Total proportionate portfolio						**21,441**	**244,528**	**94.9**	**6.9**

Explanations

[0]) Does not consider the respective participating interest

[1]) According to valuation by CB Richard Ellis GmbH, Berlin, December 31, 2008

[2]) Proportionate market values attributable to Fair Value based on percentage of participations; in the case of IC15 the two-tier fund structure is taken into account

[3]) contractual rent/potential rent (= contractual rent + vacancy rates at standard market rent)

[4]) Income-weighted

[5]) (Sub) totals for rental level and average remaining term taking the respective percentage of participations into account

[6]) The rental income for 2008 is marked by a general rental agreement that was prematurely cancelled in the fourth quarter against an additional compensation payment of € 15.4 million.

Structure of the group's liabilities
Of the financial liabilities totaling € 94 million, 83 % or € 78 million are non-current. € 15.9 million are due for repayment in 2009. This amount includes a loan of € 13.5 million which we aim to have extended. Loans of € 2.7 million are to be repaid in 2010.

There are fixed interest agreements for 10 % of the financial liabilities or € 10 million. A further 45 % are hedged using derivative interest rate hedges with fixed interest rates. € 11.9 million run through to July 2, 2012, and € 33.7 million of the interest hedges run through to June 29, 2018. The fixed interest period for 36 % of financial liabilities is more than five years. The weighted interest rate for the fixed-interest loans (including the hedged variable-interest loans) is 5.7 % per year.

Regular evidence is to be documented fo 50 % of the financial liabilities that the agreed loan to market value (LTV) ratio and the debt service coverage (DSCR) ratio are being upheld. These were all upheld as of the balance sheet date.

Structure of liabilities in associated companies
The financial liabilities from associated companies of € 265 million included in the valuation of interests at equity in the consolidated financial statements are based on the market valuation dated September 30, 2007, the date of first-time consolidation. In the associated companies' separate financial statements the amortized cost totals € 261 million. Of this total € 13.4 million is due within one year. Of the total financial liabilities a purely theoretical amount of € 95 million is due to Fair Value according to the participation rates.

Of the financial liabilities, € 135 million bear variable interest and € 126 million bear fixed income. There are hedges in connection with the variable interest loans with subscription amounts totaling € 126 million. Part of this amount totaling € 37.5 million is treated as a cash flow hedge for accounting purposes. The weighted interest rate for the fixed-interest agreements is approximately 6.2 % per year from an economic point of view, taking all of the interest rate hedges into account.

III. OVERALL STATEMENT ON THE GROUP'S ECONOMIC POSITION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

i. Overall statement on the group's economic position

Fiscal year 2008 was characterized by the above-forecast earnings and positive contributions to earnings from the sale of the office property Airport Office II in Duesseldorf and a plot in Cologne (BBV 06). On the other hand, unplanned high non-cash effects from the market valuation of real estate and interest rate derivatives depressed consolidated earnings.

It was possible to extend the financial liabilities due in 2008 as planned. In this connection, the proportion of non-current liabilities increased from 51 % to 83 % of financial liabilities.

Cash and cash equivalents increased significantly in fiscal year 2008 by € 8.7 million to € 14 million. At the same time, financial liabilities fell by € 17.9 million to € 94.3 million. This positive development in cash and cash equivalents and borrowing is mostly due to a compensation payment for the premature cancellation of a long-term general rental agreement at a subsidiary (IC 07) and from income from sales.

The market valuation of the properties directly held and held by associated companies on a property-by-property basis mirrored the general developments on the market and was characterized by an increase in

discount interest rates by a weighted 0.42 percentage points to 6.78 %. This corresponded to a 6.6 % increase compared to the figure used in the previous year. The capitalization interest was also increased by a weighted 0.28 percentage points to 6.21 % (increase of 4.7 % compared to the previous year's figure). This was coupled with individual property-based changes and reductions in the present values of so-called "over-rents".

As a result of the increased discount factors, the market valuation of real estate (taking into account the compensation payment detailed above at the subsidiary IC07) led to a year-on-year reduction, recognized in income, in the market value of the investment properties of € 9.7 million (or 6.9 %) to € 130.7 million. The valuation of swap transactions resulted in a proportionate downturn of € 4.0 million in the corresponding item due to the much lower market interest rates. Of this total, € 0.1 million was recognized in income and € 3.9 million was taken directly to equity.

In the case of the associated companies (equity-accounted participations), a property in Duesseldorf (IC 15) was sold at a profit. The market valuation of the remaining 48 existing properties led to a reduction in market values from € 446.1 million to € 415.5 million, down 6.9 %. The valuation of the swaps resulted in a downturn of € 7.8 million in the corresponding item. Of this total a proportionate € 5.5 million was recognized in income and € 2.3 million was taken directly to equity for the respective companies. The carrying amount of the equity accounted participations fell by € 10.5 million year-on-year to € 48.4 million. Of this change, 63 % is due to the result from participations and 24 % is due to disbursements booked as capital repayments. 8 % of this reduction is due to losses from interest rate derivatives (cash flow hedges) taken directly to equity. 5 % affect the rise in the absorption of value.

In total, the consolidated losses totaled around € 13.3 million. At the same time, the group's equity fell year-on-year from € 94.7 million or € 10.06 per share to around € 76.8 million on December 31, 2008. In terms of the shares in circulation, this corresponds to NAV of € 8.16 per share.

The difference between this unsatisfactory result and the consolidated profits originally forecast of 3.5 million to € 3.7 million (prior to scheduled valuation losses as a result of the reduction in the remaining period of the so-called "over-rents") is mostly due to extraordinary factors as can be seen in the following reconciliation table to the adjusted consolidated result.

The extraordinary factors relate to the compensation payment received from the premature cancellation of a general rental agreement, the profits from the sale of properties, the non-cash result from the valuation of real estate, and the non-cash market valuation of interest rate derivatives and redemption profits from the restructuring of financial liabilities. The adjusted and thus comparable consolidated net income of around € 5.2 million is thus € 1.5 million higher than forecast (before "over-rents"). There is no comparison after "over-rents" for reasons of simplification.

The positive difference between the adjusted consolidated results and the original forecast is partially due to a reduction in interest expense not included in the forecast as a result of the reduction in differences between the market valuation of financial liabilities on the date of first-time consolidation. In addition, individual expenses were econimized or postponed as a result of rentals.

Adjusted consolidated earnings	According to Consolidated Income Statement	Adjustment for extrordinary factors				Adjusted Consolidated Income Statement
		Compensation Payment IC07	Real Estate Valuation	Profits on Disposal	Redemption Gains/ Interest rate swaps	
Net rental result	10.783	661				11.444
General administrative expenses	(3.797)	851				(2.946)
Other operating income and expenses	(351)					(351)
Earnings from the sale of investment properties	1.345			(1.345)		0
Valuation result	(9.734)	(15.438)	25.172			0
Operating income	(1.754)	(13.926)	25.172	(1.345)	0	8.147
Co-operation results	**(7.075)**		**10.744**	**(149)**	**1.426**	**4.946**
Minority interests	435	3.380	(6.213)	166	623	(1.609)
Net interest expense	(4.907)				(1.381)	(6.288)
Financial result	**(4.472)**	**3.380**	**(6.213)**	**166**	**(758)**	**(7.897)**
Consolidated net income (loss)	**(13.301)**	**(10.546)**	**29.703**	**(1.328)**	**668**	**5.196**

ii. Earnings

In fiscal year 2008 the Fair Value Group recorded revenues (rental income including income from operating and incidental costs) totaling € 13.9 million. Of this total 72 % stemmed from the "Participations" segment and 28 % stemmed from "Direct Investments". A comparison with the previous year's figures has not been made in this regard, as the company only commenced its operating activities in the fourth quarter of 2007.

Net rental income totaled € 10.8 million. General administrative expenses totaled € 3.8 million. Of this amount, € 0.9 million related to service fees for the compensation payment received. The remaining € 2.9 million related to overheads for Fair Value REIT-AG (66 % or € 1.9 million), and € 0.3 million (11 %) were due to the market valuation of real estate. The remaining € 0.7 million related to fund-specific costs in the subsidiaries.

The balance of other operating income and expenses of € -0.4 million included non-deductible VAT from the formation and conception phase totaling € 0.5 million, of which 40 % was compensated for by a proportionate redemption of the conception fee of € 0.2 million. In addition, it includes write-off regarding the variable part of the purchase price from the sale of the subsidiary BBV08 in the amount of € 0.3 million in the previous year, which could not be realized due to the market conditions.

The sale of investment property (office property Airport Office II in Duesseldorf and the sale of part of a plot in Cologne by the subsidiary BBV06) resulted in profits totaling € 1.3 million. Taking the received compensation payment for the premature cancellation of a general rental agreement at a subsidiary (IC07), the market valuation of property resulted in a valuation loss of € 9.7 million for the group. The result from operating activities thus totaled € -1.8 million.

The earnings from associated companies of € -7.1 million were carried under the result from participations. This was also substantially impacted by the market valuation of real estate already discussed and swap transactions in the companies. The financial result of € -4.5 million includes positive earnings from minority interests (€ 0.4 million) and net interest expense of € 4.9 million.

As a result, the Fair Value Group recorded a consolidated net loss for the year of € 13.3 million. This corresponds to earnings per share in circulation of € -1.41.

iii. Financial position

The cash flow from operating activities (funds from operations) before extraordinary factors and changes in current assets and equity and liabilities totaled € 3.5 million or € 0.37 per share in circulation. As a result of the compensation payment of € 15.4 million for the premature cancellation of a long-term general rental agreement with the subsidiary IC07, less € 1.9 million for disbursements to minority shareholders in this regard (€ 1 million) and administrative expenses (€ 0.9 million), and taking into account other changes in assets and liabilities, the net cash provided by operating activities totaled € 21.5 million.

The cash flow from investing activities totaled € 3.6 million. This comprises purchase price payments received for a participation in a subsidiary (BBV08) which was already sold in 2007 as well as purchase price payments received from the sale of the "Airport Office II" property in Duesseldorf (minus the correlative investments) and the sale of a plot in Cologne. In addition, the contractual collateral of € 2.3 million in favor of the seller of the Sparkasse portfolio was formed from cash and cash equivalents for the possible loss of the exit tax privilege.

During the period under review, the net cash provided by operating and investing activities was used to repay debts with a total amount of € 16.4 million. On the balance sheet date, the Fair Value Group's cash and cash equivalents thus increased by € 8.7 million year on year to a current total of € 14.0 million.

iv. Net assets

Assets
As of December 31, 2008, there were assets totaling € 198.2 million. Of this total, 92 % were non-current. In turn, € 130.7 million of this amount is due to investment properties. The remaining € 48.4 million are carried on the balance sheet as equity-accounted participations in associated companies. In addition, non-current assets include a fixed-term deposit of € 2.3 million which is pledged as security.

Current assets of € 16.7 million comprise cash and cash equivalents of € 14.0 million and a further € 2.7 million of receivables and other assets.

Shareholders' equity and liabilities
61 % of assets were financed with liabilities (€ 121.4 million) and 39 % were equity financed (€ 76.8 million). It must be noted that minority interests in subsidiaries (€ 16.5 million) are carried under liabilities according to IFRS. Taking the minority interests into account as equity, as allowed in the German REIT Act, the equity ratio would increase to 47 % of total assets.

Financial liabilities
The group's financial liabilities totaled € 94.3 million or 48 % of total assets (€ 198.2 million). Of this figure, 17 % or € 15.9 million were due within one year.

Other liabilities
Of the other liabilities totaling € 4.8 million, 94 % are due within one year (€ 4.5 million). Of this total, € 3.3 million are due to VAT liabilities. The remaining € 1.2 million mostly relate to commitments to make payments to exiting co-shareholders at subsidiaries, interest deferrals and rent deposits received.

Equity/net asset value (NAV)
Totaling the market values of the real estate and the participations, the net asset value (NAV) on December 31, 2008, including other balance sheet items, amounted to € 76.8 million compared to € 94.7 million in the previous year. In terms of the 9,406,882 shares in circulation on the balance sheet date, the net asset value per share was thus € 8.16.

	December 31	
in € thousand	2008	2007
Fair market values – real estate	130,740	156,336
Equity-accounted investments	48,443	58,909
Other assets less other liabilities	13,150	12,242
Minority interests	(16,505)	(18,487)
Financial liabilities	(94,257)	(112,134)
Other liabilities	(4,784)	(2,203)
Net asset value	**76,787**	**94,663**
Net asset value per share* (in €)	**8.16**	**10.06**

** based on 9,406,882 shares in circulation*

IV. REMUNERATION REPORT

The Managing Board's compensation comprises basic and variable remuneration. Total remuneration corresponds to 1.25 % of the dividend in each case, however, at least the respective basic remuneration. Minimum commitments have been made for 2007 and 2008 with regard to the variable remuneration. No remuneration components were agreed as long-term incentives with a risk character. In addition, the members of the Managing Board also receive payments in the amount of the standard employers contributions to the statutory pension scheme for alternativ pension plans. In this connection, a pension commitment was taken over from the previous employer for one member of the Managing Board. This is offset by a re-insurance policy. In addition, the members of the Managing Board all have a company car with a maximum acquisition value of € 45,000 plus VAT, which they also can use privately. Further information and individualized details of the Managing Board's remuneration can be found in the notes.

Remuneration for Supervisory Board members comprises fixed remuneration of € 5,000 p.a. and a performance-related component of € 1 for each € 1,000 of dividends disbursed. The variable remuneration is limited to a maximum amount of € 25,000. The Chairman receives twice the fixed and variable remuneration of a Supervisory Board member, the Deputy Chairman receives one and a half times this total. Further information and details of the Supervisory Board's total remuneration can be found in the Notes.

V. OTHER INFORMATION ACCORDING TO SECTION 315 (4) OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE)

The company's share capital comprises 9,406,882 no-par value shares with voting rights, each of the same type. The shares can be freely transferred according to the legal provisions for bearer shares.

No shareholder may directly hold 10 % or more of shares or voting rights (maximum participation threshold) according to Section 11 (4) of the REITG. In the event that the maximum participation threshold is exceeded, upon request by the Managing Board, the affected shareholder must verify that they have reduced their direct participating interest in a suitable manner within two months. According to the articles of incorporation, continued violation of the maximum participation threshold can result in a transfer of the shares in excess of the maximum

participation threshold without compensation or compulsory withdrawal of these shares without compensation.

No shareholder directly holds 10 % or more of voting rights. The following companies have indirect interests of 30.46 % of voting rights: UniCredito Italiano S.p.A. in Milan, Bayerischen Hypo- und Vereinsbank AG in Munich, Wealth Management Capital Holding GmbH in Munich, H.F.S. Hypo-Fondsbeteiligungen für Sachwerte GmbH in Munich, WealthCap Real Estate Management GmbH in Munich and H.F.S. Zweitmarktfonds Deutschland 2 GmbH & Co. KG in Ebersberg. In addition, IC Immobilien Holding AG in Unterschleißheim directly and indirectly holds a total of 18.09 % of voting rights. It is permissible for the maximum participation threshold to be surpassed indirectly.

No shares with special rights that grant controlling powers have been issued.

If employees hold shares of the company, these exercise their controlling rights directly.

Changes to the articles of incorporation require the majority prescribed by the Aktiengesetz (German Public Limited Companies Act) of 75 % of the votes cast in the resolution by the General Meeting.

The Supervisory Board determines the number of and appoints ordinary members of the Managing Board and deputy members of the Managing Board, concludes employment agreements and dismisses appointed members.

The Managing Board is authorized, with the approval of the Supervisory Board, to increase the share capital on one or several occasions before September 12, 2012, by issuing new, no-par value bearer shares against cash and/or non-cash contributions by up to € 21.25 million.

There are no agreements which are subject to a change of control as a result of a takeover offer.

There are no compensation agreements in favor of the Managing Board or employees as a result of a takeover offer.

VI. UPHOLDING THE REQUIREMENTS OF THE GERMAN REIT ACT (REIT-G)

A REIT-AG's exemption from corporation and trade tax is conditional upon fulfillment of the conditions of Sections 8 - 15 of the REIT-G.

Verification that the requirements have been upheld must be provided on each balance sheet date and confirmed by the auditor. Confirmation by the auditor relates to the declarations by the Managing Board that the requirements of Sections 11 and 13 have been upheld (spread of shares and minimum distribution) and Sections 12, 14 and 15 (requirements for assets and income, exclusion of real estate trading and verification of minimum equity).

The Managing Board issued corresponding declarations to the auditor, which show that the requirements of the REIT-G have been upheld.

Report on key events after the balance sheet date

There were no events of particular significance subsequent to the balance sheet date.

RISK MANAGEMENT OBJECTIVES, PRINCIPLES AND METHODS

Fair Value REIT-AG's risk management system is part of the management and control of the Fair Value Group in order to allow all of the risks relevant to Fair Value's business operations to be identified, analyzed, evaluated and controlled at an early stage.

The risk management system is integrated in the regular reporting to the Managing and Supervisory Boards in order to ensure that they are able to act and that risks are dealt with efficiently. The company's risk strategy also includes the external service provider, the IC Immobilien Group. The service provider works together with Fair Value's management to identify, report, evaluate and control any potential risks and other risks that occur. Risk control and reporting are performed centrally by Fair Value REIT-AG's management. This ensures that the Managing Board is informed of all key risks and information in good time and that it can put suitable activities in place.

RISK IDENTIFICATION

In order to be able to recognize developing risks at the earliest possible stage, Fair Value constantly monitors the overall economic developments and developments typical in the real estate and finance sectors and workflows within the Fair Value Group. In order to structure the risks, these have been defined in a risk overview:

Risks from operating activities	Risks from investing activities	Risks from financing activities	Other risks
Leasing	Property selection	Equity	Legal conditions
Property management	Due diligence	Liquidity	Tax conditions
Valuation	Sales	Liabilities	Overall economy
Processes/infrastructure		REIT-AG risks	Industry-specific
Insurance		Risks from REIT status	
Team			
Liability			
Litigation			

RISK ANALYSIS

The risks identified using the risk overview are analysed. The possible damages are identified and weighted with a probability of occurrence. Scenario analyses are used to identify the potential impact on the Fair Value Group's earnings.

RISK RECTIFICATION

The respective risk-owners decide – together with the Managing Board if necessary – on activities to manage the risks.

RISK CONTROL

Fair Value's risk control monitors successes in controlling risks in order to constantly review how well the risk management system works and to adjust and further develop this if necessary.

RISKS FROM OPERATING ACTIVITIES

Leasing

There are risks of reductions in rent, loss of rent and vacancies. In addition, it may not be possible to fully implement index-related rent increase, to implement these immediately, or to implement these at all. In extreme cases, rents can also fall as a result of the index.

Property management

There are risks that unanticipated costs for repair and maintenance activities may result, or for modifying the property to current demands.

Valuation

The further development of the real estate held directly and indirectly has a direct impact on Fair Value REIT-AG's enterprise value, both directly and indirectly. The current weak economy means that over the medium term there are increased risks that the value of the real estate portfolio will fall further. This would impact the net assets, the balance sheet structure and the financing conditions (see borrowing).

Processes/Infrastructure

Internal organization and risk monitoring structures and also management systems have been put in place at Fair Value REIT-AG. In order to safeguard against IT risks, Fair Value REIT-AG has its own network, which is protected from external attacks. Data is backed-up several times each week. In addition, a back-up copy of all the data is deposited in a bank safe each week.

Insurance

There is the risk that Fair Value is not sufficiently insured in the event of damage.

Team

Fair Value could lose members of its Managing Board, executives or managers, or not be able to acquire such employees to a sufficient extent.

Risks could result for Fair Value REIT-AG as a result of its dependency on service agreements with the IC Immobilien Group.

Liability

There is a warranty risks as a result of material and legal defects when renting and selling properties and real estate companies. As a limited partner in real estate funds, Fair Value REIT-AG is liable up to the amount of its contribution. As a shareholder of a unlimited liability company it also participates in possible losses over and above the amount of its contribution.

Litigation

There is the risk that Fair Value will become involved in litigation with tenants, real estate buyers and sellers or shareholders as well as co-shareholders in real estate funds. One of the subsidiaries (IC01) has a suit in progress to implement rent receivables totaling € 50 thousand. No other litigation is currently pending.

RISKS FROM INVESTMENT ACTIVITIES

Property selection

Fair Value's business activities depend on the acquisition and marketing of suitable commercial properties and real estate companies at reasonable prices and conditions.

Due diligence

Misestimates, unforeseen problems or unrecognized risks could result in investments in real estate performing negatively. Investments in interests in real estate funds could perform unfavorably as a result of misestimates or negative developments on the real estate market or the market for interests in real estate funds.

Sale

In general, and in particular in view of the current financial and economic crisis, the sale of Fair Value's real estate assets is subject to the risk of falling prices, misestimates in the property's market value and purchasers' warranty claims.

RISKS FROM FINANCING ACTIVITIES

The future procurement of equity and borrowing and thus also the general level of interest rates affects Fair Value REIT-AG's business activities and continued growth.

Equity

A further reinforcement of the equity basis is required for Fair Value REIT-AG to achieve its intended growth. This can result from, for example, a combination of cash and non-cash capital increases. Future capitalization activities could be delayed in view of the current difficult environment on the capital market. Non-scheduled depreciation of real estate in the company's participations could lead to disbursements having to be treated as a return of capital and not as income, thus reducing the dividend potential.

Liquidity

Fair Value REIT-AG depends on the ongoing income from its direct investments and inflows from its subsidiaries and associated companies. However, including the freely available liquidity in 2009 these will not be sufficient to fully repay a loan of € 13.5 million which is due short term in addition to additional payment commitments. Fair Value REIT-AG believes that the ongoing negotiations to achieve an extension of this loan with the lender will have a positive outcome.

The Managing Board is certain that these conditions will occur, and as a result the cash and cash equivalents and the cash flow from operating activities are secure for its current requirements, and from the current perspective they are sufficient to fulfill all liabilities when becoming due during the next twelve months.

Borrowing

There is the risk that follow-on financing or credit extensions cannot be agreed in the planned amount, only at unfavorable conditions, or not at all. This also applies to all new financing to be taken out in connection with the acquisition of additional real estate assets or the acquisition of fund units.

In addition, despite the current strong downturn in interest, there is a general risk of interest rate changes, which could impact current lending for follow-on financing or the extension of pending borrowing and also financial liabilities for which follow-on financing is only scheduled in coming years. In addition to the interest rate risk, there is also the risk that re-financing costs (funding costs) for banks and thus bank margins could increase.

There is the risk that income and the properties' market values could fall as a result of the current financial and economic crisis. This could cause a deterioration of the loan to value ratio (LTV), the debt service coverage ratio (DSCR) or the ability to repay

principal. As a result, Fair Value REIT-AG could be confronted with the provision of additional collateral, additional redemption payments or deposits in pledged credit accounts as additional credit collateral.

The strong reduction in interest rates could, on the other hand, for example in connection with the sale of properties, result in high compensation payments to the lender if the loans are redeemed ahead of time. This would have a corresponding impact on liquidity.

REIT-AG RISKS

A REIT-AG's exemption from corporation and trade tax is conditional upon fulfillment of the conditions of Sections 8 - 15 of the REIT-G.

Risks from REIT status

Violations of these provisions lead, in part, to the immediate loss of tax exemption. A violation could result in fines having to be paid, it could also have no direct consequences. However, in the case of repeat violations, this would result in the loss of tax exemption.

Under certain circumstances, this would lead to subsequent tax payments and substantial outflows of funds. If Fair Value REIT-AG does not succeed in maintaining its status as a G-REIT, this could have a negative impact on its competitive position. In addition, if it loses its REIT status, shareholders could claim compensation from Fair Value REIT-AG.

OTHER RISKS

Underlying legal and tax conditions

It is possible that Fair Value is not able to exercise sufficient influence on its associated companies, and for example that it fails to win shareholders' resolutions. Underlying legal and tax conditions could change to Fair Value's disadvantage.

General economic risks

The current weak economy constitutes a short to medium-term risk for growth in rental income, which could have an indirect impact on the valuation of Fair Value REIT-AG's portfolio.

Industry-specific risks

Fair Value is subject to strong competition for commercial real estate. It is possible that the company is not able to assert itself sufficiently in this competition. The crisis on the financial markets has had a major impact on the market for transactions, which means that any property sales could be more difficult.

TOTAL RISK

Despite the current weak economy, the Managing Board does not believe that risks will occur in fiscal year 2009 that could endanger the continued existence of Fair Value REIT-AG.

COMMERCIAL PROPERTIES IN GERMANY COMPARATIVELY STABLE

The general underlying economic conditions in Germany and the situation on the German real estate market are tense. This is already showing its impact in lower demand for space and thus a downturn in market rents. In spite of this however, on the whole the German commercial real estate market is expected to remain at a stable level in an international comparison. In view of the significant increase in equity requirements and risk premiums by banks, the yields for commercial properties have already reached an attractive level again. In addition, when the financial markets calm down, attractive interest rate conditions are to be expected, which will further improve yields on real estate. Fair Value REIT-AG may benefit from this in future investments.

FAIR VALUE'S PORTFOLIO OF EXISTING PROPERTIES IS WELL LET

Our highly diverse portfolio of existing properties with an income-related occupancy level of 95 % means that the Fair Value Group has stable foundations. At the same time, just 7 % of the rental volume is due for extensions or renewal in both 2009 and 2010. Fair Value participates in a portfolio with a total of 80 properties. This is wide spread both geographically and also in terms of sectors. As a result, Fair Value REIT-AG is comparatively independent of developments in individual types of use.

REASONABLE EQUITY BASE AND BORROWING SECURED LONG-TERM

As a result of its reasonable equity ratio and the borrowing that Fair Value has available, which is mostly long-term at fixed interest rates, the group has solid financial stability.

REIT STATUS REINFORCES FAIR VALUE REIT-AG'S POSITION

The statutory minimum equity levels can prove advantageous when procuring loans and for loan conditions, if it is possible to simultaneously procure equity (to uphold this minimum equity ratio). As part of the Fair Value Group's further growth, the company plans to continue to invest in closed-end real estate funds via non-cash contributions. However, it also believes that there are opportunities to use its own shares as currency when making direct investments in real estate.

NO DIVIDEND PAYMENT FOR 2008 AND 2009

According to the REIT-G, in each case at least 90 % of the net income is to be disbursed to shareholders as a dividend – however this is not based on the consolidated earnings (IFRS) in this report, but Fair Value REIT-AG's net income according to the principles of the Handelsgesetzbuch (HGB – German Commercial Code). If a reinvestment reserve is formed from the profits on sale, as permitted, this reduces the basis for the dividend disbursement.

The annual earnings (HGB) are reduced by the scheduled depreciation of the original acquisition costs of the properties. In principle changes in market values are only reflected in earnings when these are realized, i.e., when the property is sold. However, in case of sustainable decreases in values extraordinary depreciations on the lower market value of properties become possible. Withdrawals from subsidiaries and associated companies only increase the net income in the amount of any corresponding profits under HGB accounting.

Fair Value REIT-AG's annual financial statements for 2008 (HGB) includes net income of € 0.378 million, which was used, in its full amount, to form a reinvestment reserve within the meaning of Section 13 of the REIT-G in connection with the profits from the sale of Airport Office II. As a result, it is not possible to pay a dividend for fiscal year 2008.

It is also likely that it will only be possible to record net income (HGB) for 2009 by recognizing profits from divestitures. In view of the current market environment, the Managing Board is not forecasting any notable sales of real estate, with the result that

it will also not be possible to pay a dividend for fiscal year 2009 despite highly efficient, cost-conscious management of the company.

EARNINGS FORECAST FOR 2009 AND 2010

The balance of valuation gains and losses compared to the respective last fair market valuation of the properties has a material impact on the consolidated financial statements (IFRS). After a positive balance for the proportionate portfolio due to Fair Value of 2.4 % in 2007, the market values fell by 6.4 % in 2008. It is not currently possible to predict the valuation result for 2009 and 2010 in each case on balance. A 1 % reduction in the market values of proportionate portfolio due to Fair Value would depress earnings by around € 2.5 million, a corresponding increase in the market value would result in a positive contribution to earnings of approx. € 2.5 million.

Due to the reduction in the present values of the rental agreements at higher than market prices ("over-rents"), in 2009 a proportionate reduction in the market value of the properties for Fair Value to the amount of € 1.5 million is expected given constant market price and without taking other market or property-related changes into account. This figure will increase to € 1.6 million in 2010.

If the course of business should develop as planned, we forecast a result for the Group in a bandwidth of € 2.7 million to € 3.0 million for fiscal year 2009, while for fiscal year 2010 we expect a result in a bandwidth of € 3.2 million to € 3.4 million. Valuation losses due to "over-rents" are already anticipated and thus included in this guidance. Not included are additional changes in the market values of properties and interest derivatives.

GROWTH IS PRIMARY TARGET AFTER CAPITAL MARKETS RECOVER

The current climate on the capital markets is still characterized by a strong degree of insecurity, which is also reflected by the very high share price discount on the net asset value per share of € 8.16.

Once the mood on the capital market lightens again, the share prices of German real estate companies and thus also Fair Value REIT-AG should move back towards their NAV. Based on this Fair Value REIT-AG plans to drive the company's intended growth. Until then, the Managing Board will focus on strong equity, liquidity and limitation of ongoing costs.

As the management costs for the portfolio are mostly performance related, and the general administrative costs will only increase by a minor amount, even given a certain amount of growth, the net income from this portfolio growth will have a direct impact on the company's ability to pay dividends. Given the company's stable starting point in addition to possible future disbursements the Fair Value share price has the chance to appreciate.

Munich, March 23, 2009

Fair Value REIT-AG

Frank Schaich Manfred Heiler

Frank Schaich Manfred Heiler

Consolidated financial statements
of Fair Value REIT-AG

Consolidated Balance Sheet

€ thousand	Note No.	December 31 2008	2007
Assets			
Non-current assets			
Intangible assets	5	2	2
Property, plant and equipment	5	22	31
Investment property	6	130,740	150,070
Properties under construction	7	0	566
Equity-accounted investments	8	48,443	58,909
Other receivables and assets	9	2,319	5,005
Total non-current assets		**181,526**	**214,583**
Current assets			
Non-current assets available for sale	6	0	5,700
Trade receivables	10	1,502	869
Other receivables and assets	11	1,176	3,826
Cash and cash equivalents	12	14,039	5,381
Total current assets		**16,717**	**15,776**
Total assets		**198,243**	**230,359**

€ thousand	Note No.	December 31 2008	2007
Equity and liabilities			
Equity	13		
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Reserve for changes in value		(4,575)	0
Retained earnings		(11,839)	1,462
Total equity		**76,787**	**94,663**
Non-current liabilities			
Minority interests	14	16,505	18,487
Financial liabilities	15	78,352	57,116
Derivative financial instruments	16	4,217	225
Other liabilities	17	279	319
Total non-current liabilities		**99,353**	**76,147**
Current liabilities			
Provisions	18	334	255
Financial liabilities	15	15,905	55,018
Trade payables		1,359	2,617
Other liabilities	17	4,505	1,659
Total current liabilities		**22,103**	**59,549**
Total shareholders' equity and liabilities		**198,243**	**230,359**

Consolidated income statement

€ thousand	Note No.	Fiscal year 2008	2007
Rental income		12,392	4,326
Income from operating and incidental costs		1,534	321
Leasehold payments		(231)	(57)
Real-estate related operating expenses		(2,912)	(2,038)
Net rental result	21	**10,783**	**2,552**
General administrative expenses	22	**(3,797)**	**(3,502)**
Other operating income		566	143
Other operating expenses		(917)	(278)
Other operating income and expenses	23	**(351)**	**(135)**
Net income from the sale of investment properties		15,661	0
Expenses in connection with the sale of investment properties		(14,316)	0
Result from sale of investment properties	24	**1,345**	**0**
Valuation gains		381	4,300
Valuation losses		(10,115)	(5,025)
Valuation result	25	**(9,734)**	**(725)**
Operating result		**(1,754)**	**(1,810)**
Income from equity-accounted investments	8	(7,075)	7,225
Other result from participations	26	0	413
Income from participations		**(7,075)**	**7,638**
Minority interest in the result	14	435	(768)
Expenses for going public		0	(1,825)
Interest income		332	469
Interest expense	27	(5,239)	(1,960)
Financial result		**(4,472)**	**(4,084)**
Consolidated net income (loss)		**(13,301)**	**1,744**
Earnings per share in € (basic/diluted)	**29**	**(1.41)**	**0.74**

Statement of changes in consolidated equity

€ thousand	Shares in circulation	Subscri-bed capital	Share premium	Reserve for changes in value	Retained earnings	Net assets of share-holders	Total
Balance at January 1, 2007	0	0	0	0	0	(93)	(93)
Deposits	0	0	0	0	0	821	821
Reclassification due to change of legal form	100,000	500	510	0	0	(1,010)	0
Cash capital increase on October 31, 2007	1,097,434	5,487	5,487	0	0	0	10,974
Non-cash capital increase on October 31, 2007	7,729,448	38,647	38,647	0	0	0	77,294
Cash capital increase on November 9, 2007	480,000	2,400	2,640	0	0	0	5,040
Capital procurement costs	0	0	(1,117)	0	0	0	(1,117)
Consolidated net income	0	0	0	0	1,462	282	1,744
Balance at December 31, 2007	**9,406,882**	**47,034**	**46,167**	**0**	**1,462**	**0**	**94,663**
Change from cash flow hedge	0	0	0	(3,904)	0	0	(3,904)
of which attributable to minority interests	0	0	0	210	0	0	210
Change from cash flow hedges for associated companies	0	0	0	(881)	0	0	(881)
Consolidated net loss	0	0	0	0	(13,301)	0	(13,301)
Total net loss	0	0	0	(4,575)	(13,301)	0	(17,876)
Balance at December 31, 2008	**9,406,882**	**47,034**	**46,167**	**(4,575)**	**(11,839)**	**0**	**76,787**

Consolidated cash flow statement

€ thousand	Fiscal year 2008	2007
Consolidated net loss/income for the period	(13,301)	1,744
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Amortization of intangible assets and depreciation of property, plant and equipment	11	3
Profits from the disposal of investment properties	(1,345)	0
Income from the disposal of participating interests	0	(180)
Valuation result	9,734	725
Income from equity-accounted investments	7,075	(7,225)
Withdrawals from equity-accounted investments	2,519	1,418
Income from beneficial acquisition of participation	0	(3,155)
Losses from the sale of subsidiaries	0	3,080
Income from restructuring a financial liability	(1,469)	0
Loss/profit for minority interests	(435)	768
Disbursement to minority interests	(1,256)	(1,371)
Result from the valuation of derivative financial instruments	88	(16)
Expenses connected to compensation payment received	1,880	0
FFO (funds from operations) subtotal	**3,501**	**(4,209)**
Compensation payment received	15,438	0
Expenses connected to compensation payment received	(1,880)	0
Change in assets, equity and liabilities		
(Increase)/decrease in trade receivables	(633)	(612)
(Increase)/decrease in other liabilities	3,524	(1,944)
(Decrease)/increase in provisions	79	188
(Decrease)/increase in trade payables	(1,258)	2,504
(Decrease)/increase in other liabilities	2,725	(51)
Cash flows from operating activities	**21,496**	**(4,124)**

€ thousand	Fiscal year 2008	2007
Cash flows from operating activities	**21,496**	**(4,124)**
Cash and cash equivalents from acquired subsidiaries	0	12,614
Payments for the purchase of interests in associated companies	(9)	(10,948)
Proceeds from the sale of subsidiaries	4,705	0
Cash and cash equivalent reduction from sold subsidiaries	0	(1,037)
Cash and cash equivalent reduction from participating interests no longer fully consolidated but equity-accounted	0	(4,318)
Investments in investment property/property under construction	(13,892)	(52,331)
Income from the disposal of investment properties	15,068	0
Payment for the acquisition of non-current assets	(2,300)	0
Investments in property, plant and equipment and intangible assets	(2)	(36)
Income from the sale of property ownership certificates	0	190
Cash flow from investment activities	**3,570**	**(55,866)**
Capital contribution	0	16,835
Payment for capital procurement	0	(1,117)
Receipts from financial liabilities	46,959	51,398
Repayment of financial liabilities	(63,367)	(1,758)
Cash flow from financing activities	**(16,408)**	**65,358**
Net change in cash and cash equivalents	8,658	5,368
Cash and cash equivalents – start of period	5,381	13
Cash and cash equivalents – end of period	**14,039**	**5,381**
Additional disclosures:		
Interest received	357	419
Interest paid	6,917	2,827

Information under Note No. 32

Notes

(1) GENERAL INFORMATION ON THE COMPANY

After being entered as an Aktiengesellschaft on July 12, 2007, Fair Value REIT-AG has been listed on the stock exchange since November 16, 2007. It became a REIT on December 6, 2007.

As a result of its participation in a total of thirteen closed-end real estate funds, the company must prepare consolidated financial statements. They were released for publication by way of a resolution by the Managing Board on March 23, 2009.

These financial statements include, for the entire period, the segment "Direct Investments" with the Sparkasse portfolio and the office building Airport Office II in Duesseldorf from its completion in July 2008 until sale in December 2008.

The consolidated financial statements are submitted to the electronic federal gazette.

(2) KEY ACCOUNTING, VALUATION AND CONSOLIDATION METHODS

Principles of preparation – The consolidated financial statements prepared by Fair Value REIT-AG as the parent company have been prepared according to uniform accounting and valuation methods. The International Financial Reporting Standards (IFRS) from the International Accounting Standards Board (IASB) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that applied on the balance sheet date and adopted by the European Union were observed in line with Section 315a of the Handelsgesetzbuch (HGB – German Commercial Code). The standards and interpretations for which application was mandatory were used – with one exception. The exception relates to IFRS 8 "Operating segments" which was applied ahead of time.

Investment property and financial derivatives are measured at their fair values, interests in associated companies are equity-accounted. All other measurements are based on cost.

The consolidated financial statements have been prepared in euros. If not otherwise stated, all amounts are shown in thousands of euros (€ thousand). Rounding differences are possible. Assets and liabilities are broken down into current and non-current items. Items are regarded as being current if they are due within one year.

The consolidated income statement is prepared using the cost of sales (function of expense) method.

Comparable figures – The figures from the fiscal year from January 1 to December 31, 2007 have been used as comparable figures. With regard to the income statement for 2007, it should be noted that the Group only commenced rental activities on October 1, 2007.

First time application of accounting standards – In fiscal year 2008, application of the following standards or interpretations was mandatory for the first time: IFRIC 11 "IFRS 2: Group and Treasury Share Transactions". IFRIC 12 – Service Concession Arrangements. This new regulation has not impacted the consolidated financial statements.

Accounting standards applied ahead of time – IFRS 8 "Business Segments" has been applied with effect from January 1, 2007. According to IFRS 8, business segments must be distinguished based on the internal control of the Group's segments (so-called management approach). Reportable segments are segments whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. In contrast, according to IAS 14 "Segment reporting" two segment levels (business and geographic segments) were to be identified using the risks and rewards approach.

Accounting standards not yet applied

a) Disclosures endorsed by the EU

IAS 1 (revised) – Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009)

IAS 23 (revised) – Borrowing Costs (effective for fiscal years beginning on or after January 1, 2009)

Amendments to IAS 32 and IAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for fiscal years beginning on or after January 1, 2009)

Amendments to IFRS 1 and IAS 27 – Investments in subsidiaries, jointly-controlled entities and associates (effective for fiscal years beginning on or after January 1, 2009)

Amendments to IFRS 2 – Share-based Payment (effective for fiscal years starting on or after January 1, 2009)

Collection of amendments to various standards (effective for fiscal years beginning on or after January 1, 2009)

IFRIC 13 "Customer Loyalty Programmes" (effective for fiscal years beginning on or after January 1, 2008)
IAS 14 - IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for fiscal years beginning on or after July 1, 2008)

b) disclosures not yet endorsed by the EU

IAS 27 (revised) – Consolidated and Separate Financial Statements (effective for fiscal years beginning on or after July 1, 2009)

IFRS 3 (revised) – Business Combinations (effective for transactions in fiscal years beginning on or after July 1, 2009)

Amendments to IAS 39 – Financial instruments: Recognition and Measurement "permitted underlying transactions in hedges" (effective for fiscal years beginning on or after July 1, 2009)

IFRIC 12 "Service Concession Agreements" (effective for fiscal years beginning on or after July 1, 2008)

IFRIC 15 – Agreements for the Construction of Real Estate (effective for fiscal years beginning on or after July 1, 2009)

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective for fiscal years beginning on or after October 1, 2008)

IFRIC 17 – Distributions of Non-cash Assets to Owners (effective for fiscal years beginning on or after July 1, 2009)

IFRIC 18 – Transfers of Assets from Customers (effective for fiscal years beginning on or after July 1, 2009).

The Group is currently reviewing the impact of the above disclosures on the consolidated financial statements. It does not believe that this will have a major impact on earnings or net assets. It does not intend to use them ahead of time.

Group of consolidated companies and consolidation methods – All subsidiaries are included in the consolidated financial statements. Subsidiaries are companies for which the Group can determine their financial and business policy; in general this is linked to a majority of voting rights. Subsidiaries are included from the day on which the Group obtains control to the end of the control. If a company is acquired, all of the identifiable assets, liabilities and contingent liabilities for the acquired company are measured at their fair values on the date of the acquisition. Interests held by other shareholders are carried according to their interests at the fair value of the identifiable assets, liabilities and contingent liabilities.

Any difference remaining after the Group's acquisition costs are netted with the Group's interest in the newly measured net assets is carried as goodwill if this is a positive figure or recognized in income if this is negative (after the purchase price allocation has been reviewed again).

The consolidated financial statements include Fair Value REIT-AG together with five subsidiaries as part of full consolidation.

	Voting rights/ Fixed capital interest in % December 31	
	2008	2007
IC Fonds & Co. Büropark Teltow KG, Regensburg ("IC 07")	75.73	75.65
IC Fonds & Co. Forum Neuss KG, Regensburg ("IC 03")	71.58	71.58
IC Fonds & Co. München Karlsfeld KG, Regensburg ("IC 01")	55.79	55.81
BBV Immobilien-Fonds Nr. 6 GmbH & Co KG, Munich ("BBV 06")	54.89	54.64
BBV Immobilien-Fonds Nr. 3 GmbH & Co KG, Munich ("BBV 03")	53.69	53.64

The slight changes in individual participation levels are based on other shareholders exiting after termination and on roundings.

Intra-group receivables and liabilities and intra-group income and expenses are netted. Unrealized gains from business transactions between group companies are eliminated in full. The subsidiaries' financial statements included in the consolidated financial statements were adjusted to the Group's accounting principles and methods.

Investment property – Investment property comprises land and buildings that are used to generate rental income or for appreciation. Investment property is initially carried on the date of its acquisition at cost including transaction costs. Acquisition costs also include later costs for expansion or maintenance work which increases value. Subsequent valuations are at fair value. According to IAS 40, this is preferably to be identified based on ascertained market prices or by comparison with sufficiently identical measurement properties. However, the Group's properties differ in terms of age, location, fittings and size. As a result, these are valued based on the discounted cash flow method (DCF method), taking into account the existing rental contracts and current market rents. The resulting fair value is identical to the fair market value as defined by the Royal Institution of Chartered Surveyors (RICS) in its Red Book:

> "The fair market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The fair market values of all properties are to be identified once a year by an independent experts. Changes in the value are recognized in income in the income statement.

Interests in associated companies – Interests in associated companies are accounted for at equity. Associated companies are companies for which the Group has a significant influence on their business and financial policy, however that it does not control them; as a rule this is linked to an interest and voting rights of between 20 % and 50 %. Interests are carried at cost. If the acquisition costs are lower than the fair value of the proportionate net assets of the associated company, the resulting negative difference is reversed and recognized in income. The interest is thus carried above cost. As a result, the carrying amount of the interests increases or decreases in line with the shareholder's interest in the earnings for the period. Distributions received from an investee reduce the carrying amount of the participation. The financial statements for the participating interests measured at equity are adjusted to the Group's accounting principles and methods.

In the consolidated financial statements, the participating interests in eight associated companies as followed were equity-accounted.

	Voting rights/ Fixed capital interest in % December 31	
	2008	2007
IC Fonds & Co. Gewerbe-portfolio Deutschland 13. KG, Regensburg ("IC 13")	49.86	49.68
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV 14")	45.02	45.02
IC Fonds & Co. Schmidt-Bank-Passage KG, Regensburg ("IC 12")	40.22	39.98
BBV Immobilien-Fonds Erlangen GbR, Munich ("BBV 02")	38.94	38.28
IC Fonds & Co. Gewerbeob-jekte Deutschland 15. KG, Regensburg ("IC 15")	38.34	38.31
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich ("BBV 10")	38.31	38.30
IC Fonds & Co. Rabenstein-center KG, Regensburg ("IC 10")	26.14	26.14
BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG, Munich ("BBV 09")	24.93	24.93

Slight increases in the participations on the balance sheet date are based on units being purchased (IC 12, see Note 4) and, in the other cases, from other shareholders exiting after termination.

Impairment – On each balance sheet date, the Group reviews the carrying amounts of the equity-accounted investments, the property under construction and, if necessary the intangible assets and property, plant and equipment to ascertain if there are any indicators that these could be impaired. In this case, the recoverable amount of the respective asset is identified in order to determine the scope of any adjustment to its value that may have to be performed. The recoverable amount corresponds to the fair value less selling costs or the value in

use; the higher value applies. The value in use corresponds to the present value of the anticipated cash flows. An interest rate that corresponds to market conditions is used for discounting. If the recoverable amount of an asset is lower than its book value, the value of the asset is adjusted immediately.

If there is doubt surrounding the collection of receivables and other assets, these are carried at the lower amount which can be realized.

If, after impairment has been performed, a higher recoverable amount results at a later date, the asset is written up. The write-up is restricted to the amortized carrying amount which would have resulted if the asset had not been impaired in the past. The write-up is reflected in income.

Minority interests – Minority interests in the real estate partnerships included in the consolidated financial statements have the right to terminate their participating interests. As a result, these shareholders' interests in the subsidiary's capital are regarded as potential compensation claims within the meaning of IAS 32 and are carried as liabilities on the consolidated balance sheet. When they are first carried, they are measured at their fair value which corresponds to the minority interest' interest in the net asset value of the respective company. Thereafter the liability is carried at amortized cost. Profits increase the liability, losses and distributions reduce the liability. The liability carried thus corresponds to the minority interest's computed interest in the net assets of the respective subsidiary carried on the consolidated balance sheet at book values.

Liabilities to banks – Liabilities to banks are measured at their fair value (= cost). In the case of liabilities newly drawn down, cost is the repayment amount less any directly allocable transaction costs. In the case of subsidiaries' liabilities, which result for the Group as part of initial consolidation, cost corresponds to the market value of these liabilities on the date of initial consolidation. Any difference between cost and the repayment amount is distributed over the fixed-interest period by adjusting the carrying amount and reflecting this in income with each installment.

Derivative financial instruments – These are interest rate hedges for loans with variable interest rates. They are measured at their fair value. The fair value is the present value of the anticipated future payments, based on publicly available interest rates. If the conditions of IAS 39.88 for hedge accounting apply (designation and documentation as well as regular evidence of the effectiveness of the hedge), changes in the fair value are taken directly to equity under a separate item. If these conditions do not apply, the changes in the fair value are recognized in income.

Provisions – Provisions are formed if there is a legal or constructive obligation from past events, and if this obligation is likely to lead to an outflow of funds for which the amount can be reliably estimated.

Recognition of income and expense – Rental income is recognized for a specific period in line with the term of the rental agreements and taking incentive agreements into account. If a property is sold, the earnings are recognized when the opportunities and risks associated with ownership (ownership, risks and rewards) are transferred to the purchaser. Operating expenses are recorded when the service is used. Interest is accrued and carried as expenses taking the effective interest rate method into account. Borrowing costs for qualified assets are capitalized.

Changes in disclosures, reclassification of prior-year figures – In contrast to the previous year, liabilities from derivative financial instruments are carried under a separate balance sheet item under non-current liabilities, as the amounts have increased significantly. The figures from the previous year have been adjusted accordingly.

In the previous year's consolidated cash flow statement, disbursements to minority shareholders

of the fully consolidated real estate partnerships were carried under financing. As this relates to remuneration for borrowing, these payments are carried under operating activities from 2008 (as is the case for interest payments). The figures from the previous year have been adjusted accordingly. This thus results in an increase in the net cash used in operating activities and an increase in the net cash provided by financing activities of € 1,371 thousand in each case.

(3) ESTIMATES AND THE USE OF DISCRETION AS PART OF ACCOUNTING

If no ascertained market prices are available, the management or an expert it engages must make estimates and assumptions to identify fair values. All estimates and assumptions are made to the best of their knowledge and belief, in order to ensure a true and fair view of the Group's financial position and results of operations.

Fair values must be identified in particular for:

a) *Accounting for corporate acquisitions* – Upon first time consolidation all identifiable assets, liabilities and contingent liabilities are carried at their fair values on the acquisition date. One of the most important estimates is determining the respective fair values of these assets and liabilities on the balance sheet date. Real estate valuations are based on opinions by independent experts on a specific date which is no more than three months before or after the acquisition. Liabilities are measured based on the market interest rates which apply on the acquisition date taking a reasonable creditworthiness surcharge into account.

b) *Measurement of investment properties* – When the expert engaged estimates the fair values, estimate bandwidths are used in the discounted cash flow (DCF) method with regard to the anticipated rental income and maintenance as well as the applicable discount and capitalization rates. In view of the large number of items affected, individual valuation insecurities are subject to a statistical compensatory effect. The carrying amounts of the investment properties totaled € 130,740 thousand as of December 31, 2008.

c) *Impairment of equity-accounted participations* – Each balance sheet date, the management must estimate whether there is any reason that the carrying amount could possibly be impaired. In this event the recoverable amount of the affected asset has to be estimated. The recoverable amount corresponds to the fair value less selling costs or the value in use if this is higher. The carrying amounts of the participating interests measured at equity totaled € 48,443 thousand on December 31, 2008.

Although the management believes that all of assumptions made for all of the estimates are realistic and reasonable, it cannot be ruled out the fact that the carrying amounts may have to be changed as a result of changes to the underlying conditions and market developments in future.

(4) CORPORATE ACQUISITIONS AND DIVESTITURES

a) Acquisition of participating interests

Fair Value REIT-AG increased its participation in IC Fonds & Co. SchmidtBank-Passage KG by a nominal amount of € 51 thousand. The purchase price for the totaled € 8 thousand and was using cash and cash equivalents.

b) Sale of participations

None of Fair Value REIT-AG's participations were sold in the period under review.

(5) INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

€ thousand	Intangible assets (Software)	Property, plant and equipment (office and operating equipment)
Acquisition costs		
Balance at January 1, 2007	0	0
Additions	2	34
Disposals	0	(1)
As of December 31, 2007	2	33
Additions	0	1
Disposals	0	0
Balance at December 31, 2008	**2**	**34**
Accumulated depreciation, amortization and write-downs		
Balance at January 1, 2007	0	0
Additions	0	(3)
Disposals	0	1
As of December 31, 2007	0	(2)
Additions	0	(10)
Disposals	0	0
Balance at December 31, 2008	**0**	**(12)**
Carrying amounts		
Balance at January 1, 2007	0	0
As of December 31, 2007	2	31
Balance at December 31, 2008	**2**	**22**

(6) INVESTMENT PROPERTY

Changes:

€ thousand	Direct investments	Participations	**Total**
Acquisition costs			
Balance as of January 1, 2007	**0**	**0**	**0**
Changes to consolidated Group	0	165,730	165,730
Additions (new acquisitions)	51,615	0	51,615
Additions (subsequent acquisition costs)	0	150	150
Reclassification to available-for-sale	0	(2,900)	(2,900)
Disposal – sale of BBV 08 –	0	(38,600)	(38,600)
Disposal – change of status IC 13 –	0	(25,500)	(25,500)
As of December 31, 2007	**51,615**	**98,880**	**150,495**
Additions (subsequent acquisition costs)	217	200	417
Reclassification from available-for-sale	0	5,800	5,800
Reclassification from properties under construction	14,041	0	14,041
Disposals	(14,041)	(275)	(14,316)
Balance as of December 31, 2008	**51,832**	**104,605**	**156,437**
Changes in value			
Balance as of January 1, 2007	**0**	**0**	**0**
Write-ups	550	3,750	4,300
Write-downs	(2,205)	(2,820)	(5,025)
Reclassification to available-for-sale	0	100	100
Disposal – change of status IC 13 –	0	200	200
As of December 31, 2007	**(1,655)**	**1,230**	**(425)**
Reclassification from available-for-sale	0	(100)	(100)
Write-ups	0	381	381
Write-downs	(2,907)	(22,646)	(25,553)
Balance as of December 31, 2008	**(4,562)**	**(21,135)**	**(25,697)**
Fair values			
Balance as of January 1, 2007	0	0	0
As of December 31, 2007	49,960	100,110	150,070
Balance as of December 31, 2008	**47,270**	**83,470**	**130,740**

There were a total of 53 properties on December 31, 2008, with 49 properties fully owned, 1 property partially owned and 3 properties held with leasehold rights. As it is no longer expected that two retail properties, carried in the previous year under current assets, will be sold within one year, these were reclassified again to investment properties.

Properties with a carrying amount of € 121,600 thousand (2007: € 140,170 thousand) are encumbered with leasehold rights as collateral for liabilities to banks. There are pre-emptive rights for the user or leaseholder for a hotel in Hanover and a supermarket in Frechen. There are no other material restrictions on the sale of properties or contractual agreements to improve properties. The order commitment for maintenance work commissioned totals € 324 thousand (2007: € 222 thousand).

There are obligations from three long-term leasehold agreements (residual periods of 29 to 71 years) which lead to future annual leasehold payments of € 231 thousand. The agreements include index clauses.

CB Richard Ellis GmbH, Berlin ascertains the properties' fair value using the DCF method on a property-by-property basis. The cash flows for a ten-year period are forecast in detail; sustained rental income is assumed for the period thereafter. The value of this capital is identified based on property-related capitalization rates of between 5.4 % and 7.6 % and taking into account estimated selling costs incurred after ten years. The surplus income for the ten-year period and the capital value resulting after this period has expired are discounted using discount rates of between 6.2 % and 8.2 % depending on the specific property as of the valuation date, less the estimated incidental acquisition costs for a potential purchaser.

The resulting write-downs (valuation losses) for the properties were due in particular to the above adjustment to the capitalization and discount rates and the reversal of the advantage from some of the existing rental agreements that were concluded with rent which is above the current market level ("over-rents").

Economic ownership of Airport Office II in Duesseldorf was transferred to the Group in January 2008. This property was completed and transferred on July 15, 2008. The property was reclassified from properties under construction to investment properties. The property was sold on December 4, 2008, (risks and rewards transferred on December 30, 2008) for a purchase price of € 15,188 thousand. Profits of € 976 thousand were recorded.

The minimum rental income that can be generated from investment properties in future until the earliest possible date that the rental agreements can be terminated is as follows:

	December 31	
€ thousand	2008	2007
within one year	9,887	11,782
between one to five years	30,438	38,249
after more than five years	32,228	43,718
	72,553	**93,749**

This does not include rent increases from index adjustments agreed in the rental agreements.

There were contingent rental payments in fiscal year 2008 totaling € 276 thousand (2007: € 78 thousand) from the rental of a hotel property. This relates to the sales-related portion of the rent, which exceeds the minimum rent. There were no major index-related rent adjustments.

(7) PROPERTIES UNDER CONSTRUCTION

Airport Office II, Duesseldorf, was completed in July 2008 and was reclassified to investment properties at cost totaling € 14,041 thousand. This amount includes capitalized interest of € 174 thousand from interim financing with variable interest. The property was sold in December 2008.

(8) EQUITY-ACCOUNTED INVESTMENTS

€ thousand	IC 10	IC 12	IC 13	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Proportionate equity									
As of January 1, 2007	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions (=acquisition costs)	68	2,627	0	6,662	153	11,930	17,356	12,283	51,079
Reversal of differences	202	48	0	(10)	52	4,272	6,062	4,196	14,822
Proportionate equity at acquisition	270	2,675	0	6,652	205	16,202	23,418	16,479	65,901
Withdrawals	0	0	0	0	0	0	(908)	(510)	(1,418)
Proportion of earnings	(138)	(13)	0	201	5	308	(262)	(145)	(44)
Reclassification (status change)	0	0	2,023	0	0	0	0	0	2,023
As of December 31, 2007	**132**	**2,662**	**2,023**	**6,853**	**210**	**16,510**	**22,248**	**15,824**	**66,462**
Additions (=acquisition costs)	0	9	0	0	0	0	0	0	9
Withdrawals	0	(84)	(147)	(146)	(1)	(1,773)	(365)	(3)	(2,519)
Proportion of earnings	(132)	(75)	(318)	(820)	(26)	(2,509)	(2,308)	(397)	(6,585)
Loss from cash flow hedge	0	0	0	0	0	0	(881)	0	(881)
As of December 31, 2008	**0**	**2,512**	**1,558**	**5,887**	**183**	**12,228**	**18,694**	**15,424**	**56,486**
Value adjustment									
As of January 1, 2007	0	0	0	0	0	0	0	0	**0**
Change	(107)	(209)	(602)	(802)	(111)	(1,340)	(2,137)	(2,245)	(7,553)
As of December 31, 2007	(107)	(209)	(602)	(802)	(111)	(1,340)	(2,137)	(2,245)	**(7,553)**
Change	107	(6)	(103)	21	33	0	(187)	(355)	(490)
As of December 31, 2008	**0**	**(215)**	**(705)**	**(781)**	**(78)**	**(1,340)**	**(2,324)**	**(2,600)**	**(8,043)**
Carrying amounts									
As of January 1, 2007	0	0	0	0	0	0	0	0	**0**
As of December 31, 2007	25	2,453	1,421	6,051	99	15,170	20,111	13,579	58,909
As of December 31, 2008	**0**	**2,297**	**853**	**5,106**	**105**	**10,888**	**16,370**	**12,824**	**48,443**

The fact that the company's market capitalization on December 31, 2008 was lower than its net asset value gave rise to impairment testing for the carrying amounts of the interests in associated companies. This showed that the value in use of the participating interests was lower than the proportionate equity of the associated companies. This difference in value is due to the fact that non-property related costs are incurred in the funds (fund management, trustee fees, audit and consulting costs, management and liability payments, annual report, etc), which are not taken into account in the properties' valuation, however which have to be covered from income from the properties and which reduce the funds' results.

In the calculations, it is assumed that the holding period for the properties is not longer than ten years (from the balance sheet date) and that the non-property related costs will not be incurred for longer than ten years. The discount rates were identified fund-by-fund, based on the interest rates used in the property survey dated December 31, 2008. These totaled between 6.38 % and 7.20 %.

The earnings from associated companies carried in the income statement are broken down as follows:

	Fiscal year	
€ thousand	2008	2007
Ongoing earnings		
Proportionate valuation result	(10,744)	(1,560)
Other ongoing earnings	4,159	1,516
Proportion of earnings	**(6,585)**	**(44)**
Reversal of negative differences from first-time consolidation	0	14,822
Addition to value adjustment	(490)	(7,553)
Income from equity-accounted investments	**(7,075)**	**7,225**

All interests in equity-account investments are pledged as collateral for a bank loan valued at € 13,453 thousand as of December 31, 2008.

The following tables provide financial information for equity-accounted investments in associates. The figures are based on 100 % and not on the Group's interest in the associated companies. These companies' assets and liabilities were as follows as of December 31, 2008 and 2007:

€ thousand	IC 10*		IC 12		IC 13		IC 15 (consolidated)		BBV 02	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Property, plant and equipment	0	0	0	0	0	0	85	0	0	0
Investment property	9,180	9,800	7,760	8,300	23,600	25,300	34,550	44,100	1,770	1,800
Trade receivables	78	35	228	267	40	35	52	210	19	85
Other receivables and assets	5	7	4	22	35	8	108	4	3	13
Cash and cash equivalents	274	359	737	610	1,281	4,318	5,119	2,554	217	198
Provisions	(13)	(9)	(15)	(10)	(16)	(12)	(30)	(26)	0	0
Financial liabilities	(7,666)	(7,766)	(2,386)	(2,443)	(21,730)	(25,291)	(23,970)	(28,289)	(1,395)	(1,443)
Derivative financial instruments	0	0	0	0	0	0	0	0	0	0
Trade payables	(46)	(70)	(47)	(39)	(57)	(55)	(30)	(116)	(117)	(52)
Other liabilities	(1,904)	(1,850)	(36)	(48)	(28)	(230)	(528)	(549)	(56)	(82)
Net assets on December 31	**(92)**	**506**	**6,245**	**6,659**	**3,125**	**4,073**	**15,356**	**17,888**	**441**	**519**

€ thousand	BBV 09		BBV 10		BBV 14		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Property, plant and equipment	0	0	0	0	0	0	85	0
Investment property	131,250	142,900	122,780	133,230	84,660	87,000	415,550	452,430
Trade receivables	120	67	290	371	148	490	975	1,560
Other receivables and assets	345	32	6	14	841	1,018	1,347	1,118
Cash and cash equivalents	7,016	10,723	6,283	5,174	2,309	1,808	23,236	25,744
Provisions	(23)	(22)	(26)	(27)	(32)	(32)	(155)	(138)
Financial liabilities	(78,633)	(81,417)	(76,432)	(79,218)	(53,067)	(54,616)	(265,279)	(280,483)
Derivative financial instruments	(9,810)	(4,689)	(3,794)	(1,104)	0	0	(13,604)	(5,793)
Trade payables	(349)	(234)	(107)	(139)	(368)	(425)	(1,121)	(1,130)
Other liabilities	(868)	(1,133)	(203)	(211)	(239)	(94)	(3,862)	(4,197)
Net assets on December 31	**49,048**	**66,227**	**48,797**	**58,090**	**34,252**	**35,149**	**157,172**	**189,111**

**A preferred special contribution from individual shareholders included in IC 10's net assets last year was carried under other liabilities in 2008. The figure from the previous year has been adjusted accordingly.*

The income situation for the equity-accounted investments for the period under review was as follows: It should be noted that 2007 only includes the period from October to December 2007 and that the results of IC 13 are balanced at equity starting January 1, 2008.

	IC 10		IC 12		IC 13		IC 15 (consolidated)		BBV 02	
€ thousand	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Rental income	701	166	604	151	2,733	0	3,376	1,003	140	56
Income from operating and incidental costs	269	68	349	174	304	0	308	96	30	13
Real-estate related operating expenses	(453)	(134)	(418)	(130)	(639)	0	(524)	(181)	(121)	(63)
Net rental income	**517**	**100**	**535**	**195**	**2,398**	**0**	**3,160**	**918**	**49**	**6**
General administrative expenses	(26)	(6)	(46)	(13)	(142)	0	(157)	(62)	(24)	(9)
Other operating expenses and income (balance)	1	0	(57)	29	9	0	20	579	(1)	(15)
Gains from sale of investment properties							241			
Valuation result	(620)	(500)	(540)	(200)	(1,700)	0	(4,011)	(666)	(30)	0
Operating result	**(128)**	**(406)**	**(108)**	**11**	**565**	**0**	**(747)**	**769**	**(6)**	**(18)**
Net interest expense	(470)	(120)	(96)	(26)	(1,217)	0	(1,383)	(251)	(64)	(15)
Economic result	**(598)**	**(526)**	**(204)**	**(15)**	**(652)**	**0**	**(2,130)**	**518**	**(70)**	**(33)**

	BBV 09		BBV 10		BBV 14		Total	
€ thousand	2008	2007	2008	2007	2008	2007	2008	2007
Rental income	11,777	2,904	10,308	2,604	6,127	1,739	35,766	8,623
Income from operating and incidental costs	200	299	850	287	1,697	1,049	4,007	1,986
Real-estate related operating expenses	(885)	(520)	(1,762)	(536)	(2,730)	(1,697)	(7,532)	(3,261)
Net rental income	**11,092**	**2,683**	**9,396**	**2,355**	**5,094**	**1,091**	**32,241**	**7,348**
General administrative expenses	(457)	(274)	(458)	(78)	(508)	(146)	(1,818)	(588)
Other operating expenses and income (balance)	1	0	(13)	(23)	(499)	(102)	(539)	468
Gains from sale of investment properties							241	0
Valuation result	(11,650)	(320)	(10,465)	(2,060)	(2,340)	(500)	(31,356)	(4,246)
Operating result	**(1,014)**	**2,089**	**(1,540)**	**194**	**1,747**	**343**	**(1,231)**	**2,982**
Net interest expense	(9,051)	(852)	(4,486)	(876)	(2,639)	(664)	(19,406)	(2,804)
Economic result	**(10,065)**	**1,237**	**(6,026)**	**(682)**	**(892)**	**(321)**	**(20,637)**	**178**

(9) OTHER ASSETS (NON-CURRENT)

€ thousand	December 31 2008	2007
Financial assets		
IC Immobilien Holding AG, purchase price receivable BBV 08	0	5,005
Deposited collateral	2,300	0
Non-financial assets		
Over coverage pension plan	19	0
	2,319	**5,005**

The purchase price receivable from the sale of the participation in BBV Immobilien Fonds Nr. 8 GmbH & Co. KG totaling € 5,005 thousand was paid during the period under review in the amount of € 4,705 thousand. The remaining € 300 thousand were due to the variable component, which depends on the growth in the value of the net fund assets through to December 31, 2008. As the performance assumed at that time has not resulted, the receivable has been reversed and recognized in expenses as of December 31, 2008.

A bank balance of € 2,300 thousand has been pledged to indemnify against claims if the sale of the Sparkasse portfolio does not receive benefits under the German REIT Act within four years of the contract being concluded (October 6, 2007). Interest on the balance sheet date was 3.3 % p.a.

Fair Value took over an existing pension commitment by IC Fonds GmbH in favor of Mr. Frank Schaich by way of an agreement dated July 10, 2008. Details are included in Note No. 33. This results in a defined benefit commitment within the meaning of IAS 19 for the company. A re-insurance policy has been concluded for this commitment. This has been pledged to the beneficiary and is thus to be netted with the present value of the obligation (DBO) as plan assets.

The pension commitment and the plan assets have developed as follows:

€ thousand	Fiscal year 2008	2007
Present value of the obligation		
Balance – start of year	0	0
Transfer	45	0
Past service cost	3	0
Interest expense	2	0
Actuarial losses	(3)	0
Balance – end of year	47	0
Fair value of plan assets		
Balance – start of year	0	0
Transfer	59	0
Payments by employer	6	0
Actual income from plan assets	1	0
Balance – end of year	66	0
Over coverage pension plan	**19**	**0**

Employer payments into the benefit plan in the amount of € 5.2 thousand are expected in 2009. The pension expenses (income) carried in the income statement are broken down as follows:

€ thousand	Fiscal year 2008	2007
Past service cost		
Carried under adminstrative expenses	3	0
Actuarial losses		
carried under adminstrative expenses	(3)	0
Interest expense	2	0
Anticipated income for plan assets	(1)	0
Carried under financial result	1	0
	1	**0**

The following actuarial assumptions have been made.

€ thousand	Fiscal year 2008	2007
Discount rate	6.0 %	0.0 %
Anticipated income for plan assets	2.5 %	0.0 %

The Group paid contributions totaling € 18 thousand (2007: € 4 thousand) to the statutory pension fund during the year under review. There are no other defined contribution pension plans in the Group.

(10) TRADE RECEIVABLES

€ thousand	December 31 2008	2007
Rent receivables including settlement of incidental costs		
due short-term	1,335	725
overdue	224	180
	1,559	905
Value adjustments	(57)	(36)
	1,502	**869**

The individual write-downs exclusively relate to overdue items. These changed as follows:

€ thousand	Fiscal year 2008	2007
Balance – start of year	36	0
First-time consolidation	0	865
Additions	45	1
Reversal	(24)	(145)
De-consolidations	0	(685)
Balance – end of year	**57**	**36**

Write-downs are formed for disputed settlements for incidental costs and outstanding rent if these exceed the collateral provided.

Rent receivables totaling € 1,186 thousand (2007: € 722 thousand) have been pledged as collateral for bank loans.

(11) OTHER RECEIVABLES AND ASSETS

€ thousand	December 31 2008	200
Financial assets		
Remaining purchase price receivables	593	0
Accrued interest	217	9
Reversal of real estate acquisition	15	2,278
Various companies in the IC Group	11	396
Other	322	467
	1,158	3,150
Non-financial assets		
Value added tax	0	616
Other	18	60
	1,176	**3,826**

Other receivables and assets are due short-term and can be collected at any time. No write-downs were needed.

As a result of a pre-emptive right exercised, the purchase of a property in the Sparkasse portfolio had to be reversed. The seller repaid the purchase price paid in 2008.

(12) CASH AND CASH EQUIVALENTS

The cash and cash equivalents exclusively comprise bank balances and fixed-term deposits that are not invested for periods of more than three months. The funds are freely available.

(13) EQUITY

Subscribed capital – Subscribed capital comprises 9,406,882 no-par value bearer shares, unchanged year-on-year. All shares have been issued and fully paid in. On balance sheet date and on December 31, 2007, all of the issued shares were in circulation. Each share has a theoretical interest of € 5.00 in the subscribed capital. Shareholders are entitled to any dividends resolved, and have one vote per share in the General Meeting.

Share premium – The share premium includes premiums from the capital increases in 2007, less capital procurement costs.

Reserve for changes in value – The reserve for changes in value takes changes in the value of interest rate hedges directly to equity if these fulfill the conditions for hedge accounting. Minority interests are deducted. In addition, this reserve includes the effect from changes in equity-accounted participations to the extent that these result from cash flow hedges from associated companies.

Authorized capital – According to Article 5 (5) of the Articles of Incorporation, the Managing Board is authorized, with the permission of the Supervisory Board, to increase the share capital by € 21,250 thousand against cash or non-cash contributions by September 9, 2012 (authorized capital).

(14) MINORITY INTERESTS

€ thousand	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	BBV 08	**Total**
As of January 1, 2007	0	0	0	0	0	0	0	**0**
Changes to consolidated Group	1,337	1,362	2,998	1,984	6,489	7,449	12,765	**34,384**
Additions	0	0	0	61	0	0	0	**61**
Proportion of earnings – expense (income) –	9	(12)	88	8	(86)	565	196	**768**
Disbursements	0	0	0	0	(1,371)	0	0	**(1,371)**
Reclassifications (compensation)	0	0	(49)	(3)	(7)	(285)	(106)	**(450)**
Disposals (deconsolidation)	0	0	0	(2,050)	0	0	(12,855)	**(14,905)**
As of December 31, 2007	1,346	1,350	3,037	0	5,025	7,729	0	**18,487**
Loss from cash flow hedges	0	0	0	0	0	(210)	0	**(210)**
Additions	0	0	0	0	0	0	0	**0**
Proportion of earnings – expense (income) –	(177)	(198)	(395)	0	(40)	375	0	**(435)**
Disbursements	(43)	0	(1,029)	0	(182)	(2)	0	**(1,256)**
Reclassifications (compensation/ deposits)	0	0	(8)	0	2	(75)	0	**(81)**
Disposals (deconsolidation)	0	0	0	0	0	0	0	**0**
As of December 31, 2008	**1,126**	**1,152**	**1,605**	**0**	**4,805**	**7,817**	**0**	**16,505**

(15) FINANCIAL LIABILITIES

	December 31	
€ thousand	2008	2007
Non-current liabilities		
Variable-interest bank borrowing	69,591	9,372
Fixed-interest bank borrowing	8,761	47,744
	78,352	57,116
Current liabilities		
Variable-interest bank borrowing	14,898	51,890
Fixed-interest bank borrowing	892	2,982
	15,790	54,872
Other liabilities	115	146
	15,905	55,018
	94,257	**112,134**

The bank loans bearing variable interest bear interest based on EURIBOR plus a margin. These are hedged in the amount of € 42,835 thousand (2007: € 0 thousand) using interest rate swaps, in which variable interest rates are swapped for fixed interest rates, with the result that all of the loans have fixed interest rates in economic terms. The interest rates for the non-hedged variable-interest bank loans were 4.6 % on average as of December 31, 2008 (2007: 5.7 %) p.a. The weighted average interest rate for the fixed-interest bank loans (including the hedged variable-interest loans) totaled 5.7 % as of December 31, 2008 (2007: 5.10 – 5.25 %) p.a. The loans run through to 2018 at the latest. They are all fully collateralized with mortgages, partially from the transfer of receivables from rental agreements, and in the amount of € 13,453 thousand by way of a pledge of the interests Fair Value REIT-AG holds in IC/BBV real estate funds.

Current liabilities to banks also include the amounts from non-current loans that are due within one year. Non-current liabilities to banks have the following remaining periods:

€ thousand	December 31 2008	2007
Between 1 and 2 years	2,699	3,572
Between 2 and 5 years	45,923	11,427
More than 5 years	29,730	42,117
	78,352	**57,116**

The liabilities to banks have the following fixed-interest periods. After these periods have expired the interest must be re-negotiated if the loan has not been repaid:

€ thousand	December 31, 2008			December 31, 2007		
	Loans	Effects of interest rate swaps	Including interest rate swaps	Loans	Effects of interest rate swaps	Including interest rate swaps
6 months or less	84,483	(42,835)	41,648	61,262	0	61,262
6 to 12 months	0	0	0	13,176	0	13,176
1 to 5 years	9,659	9,145	18,804	29,566	0	29,566
More than 5 years	0	33,690	33,690	7,984	0	7,984
	94,142	**0**	**94,142**	**111,988**	**0**	**111,988**

(16) DERIVATIVE FINANCIAL INSTRUMENTS

This relates to interest rate transactions (interest rate swaps). The market values of these swaps changed as follows:

€ thousand	with hedge accioun-ting	without hedge acci-ounting	**Total**
Balance as of January 1, 2007	0	0	**0**
Additions from first-time consolidation	0	241	**241**
Reversal recognized in income	0	(16)	**(16)**
Balance at December 31, 2007	0	225	**225**
Creation of hedge accounting	132	(132)	**0**
Additions affecting income	0	88	**88**
Additions not affec-ting income	3,904	0	**3,904**
Balance as of De-cember 31, 2008	**4,036**	**181**	**4,217**

An interest rate hedge was concluded in connection with a variable-interest loan agreed during the fiscal year with the same bank in the amount of € 33,690 thousand. The transaction runs until June 29, 2018, as does the loan. The Group pays fixed interest of 4.94 % of the respective amount at the start of the quarter, and receives a variable interest rate equivalent to the three-month EURIBOR set at the start of the quarter from the bank for the same amount. This totaled € 33,690 thousand as of December 31, 2008. The interest rate swap fulfills the conditions for hedge accounting. The changes in value are taken directly to equity and are booked under the reserve for changes in value.

There are also two other interest rate hedges with a term through to July 2, 2012. The Group pays fixed interest of 5.03 % or 4.81 % p.a. of the respective amount at the start of the quarter, and receives a variable interest rate equivalent to the three-month EURIBOR set at the start of the quarter from the bank for the same amount. The two underlying amounts together totaled € 11,885 thousand as of December 31, 2008 (2007: € 12,168 thousand). The conditions for hedge accounting had not been met as of September 30, 2008. The change in value is thus booked directly as an expense.

On October 1, 2008 the company created a hedge between two partial amounts of the two interest rate swaps for € 9,145 thousand and two variable-interest loans (retroactive dedication). At the same time, the effectiveness of the hedge was measured and documented. It was thus possible to book directly under equity the change in the value of the interest rate hedge from the date the hedge was created with regard to these two partial amounts under the separate reserve for changes in value.

(17) OTHER LIABILITIES

€ thousand	December 31 2008	2007
Non-current		
Financial liabilities		
Exited minority interests	279	319
Current		
Financial liabilities		
Retention of collateral	0	355
Exited minority interests	284	316
Accrued interest	223	146
Supervisory Board remuneration	37	15
Deposits received	309	29
Other	326	56
Non-financial liabilities		
Tax liabilities (VAT and property transfer tax)	3,266	634
Deferred income	60	108
	4,505	1,659
	4,784	**1,978**

The liabilities to subsidiaries' exiting minority shareholders are mostly compensation commitments as a result of the participating interest being terminated. In some cases, the Group is authorized to pay the balance from the dispute in three annual installments, with the respective outstanding amount bearing 4 % annual interest.

Of the tax liabilities, € 2,933 thousand relates to VAT from the compensation payment received in December 2008 from the former general tenant of the office premises in Teltow.

(18) PROVISIONS

€ thousand	Personnel	Audit / consulting costs	**Total**
As of Jan. 1, 2008	30	225	**255**
Additions	70	243	**313**
Availment	21	(201)	**(222)**
Reversal	(9)	(3)	**(12)**
As of Dec. 31, 2008	**70**	**264**	**334**

(19) CONTINGENT LIABILITIES AND PENDING LITIGATION

The sale of the Sparkasse portfolio to Fair Value REIT-AG enjoys tax relief under the conditions of Section 3 No. 70 of the Einkommensteuergesetz (EStG – German Income Tax Act), as only half of the tax rate applies. Under certain conditions, the tax relief can lapse retroactively, for example if Fair Value REIT-AG loses its status as a G-REIT. According to Section 3 No. 70 of the Income Tax Act (EStG), the acquirer of the property is liable for any taxes resulting from retroactive reversal of the tax relief.

As part of the sale of the office property Airport Office II, Duesseldorf, a rent guarantee for a total of € 191 thousand was issued for five rental agreements. This guarantee has a limited term of three months. There is a guarantee with a limited term of five years for one rental agreement. This is limited to € 42 thousand.

In addition, as part of the sale the company has assumed warranty obligations with regard to the ability to oncharge incidental costs. The guarantee lapses five years after the contract is concluded. The cost volume is put at € 10 thousand.

The Group is liable from the revival of liability as a limited partner within the meaning of Section 172 (4) of the HGB in the amount of € 2,646 thousand (2007: € 3,336 thousand).

There is no pending litigation.

(20) LEASES

There are no finance leases. All rental agreements that the Group has concluded with tenants are classified as operating leases under IAS 17. The future minimum lease payments are shown in Note No. 6.

The offices in Munich are leased. € 54 thousand was recorded as an expense in fiscal year 2008. The minimum lease payments to the earliest possible date the agreement can be terminated (March 31, 2009) total € 13 thousand.

(21) NET RENTAL RESULT

€ thousand	Investment properties 2008	Investment properties 2007	Available-for-sale non-current assets 2008	Available-for-sale non-current assets 2007	**Total 2008**	**Total 2007**
Rental income	12,392	4,035	0	291	**12,392**	**4,326**
Income from operating and incidental costs	1,534	307	0	14	**1,534**	**321**
Leasehold payments	(231)	(57)	0	0	**(231)**	**(57)**
Real-estate related operating expenses						
Real estate that generated income	(2,912)	(1,967)	0	(67)	**(2,912)**	**(2,034)**
Real estate that not generated income	0	(4)	0	0	**0**	**(4)**
Net rental result	**10,783**	**2,314**	**0**	**238**	**10,783**	**2,552**

(22) GENERAL ADMINISTRATIVE EXPENSES

€ thousand	Fiscal year 2008	2007
Fund management fees	1,076	115
Personnel expenses	740	154
Legal and consulting costs	346	169
Valuations	324	317
Stock market listing, general meeting and events	261	0
Audit expenses	228	179
Trustee fees	108	30
Travel and vehicle expenses	90	35
Office costs	74	13
Amortization and depreciation	10	3
Conception and change of legal form	0	1,383
Asset management and corporate services	0	850
Non-deductible VAT	189	219
Other	351	35
	3,797	**3,502**

(23) OTHER OPERATING INCOME AND EXPENSE (BALANCE)

€ thousand	Fiscal year 2008	2007
Income		
Refund of REIT conception fee	200	0
Other	366	143
	566	**143**
Expenses		
Non-deductible VAT prior years	(511)	0
Write-off of purchase price receivable BBV 08	(300)	0
Additions to/reversal of individual write-downs for receivables	(22)	144
Write-off other receivables	(21)	0
Expenses due to exiting shareholders	(32)	0
Differences booked out from first time consolidation	0	(278)
Costs of marketing real estate	0	(124)
Other	(31)	(20)
	(917)	(278)
	(351)	**(135)**

(24) EARNINGS FROM THE SALE OF INVESTMENT PROPERTIES

€ thousand	Airport Office II Duesseldorf	Not built-up land Cologne	**Total**
Income			
Sale price	15,288	644	**15,932**
Disposal costs	(271)	0	**(271)**
	15,017	644	**15,661**
Expenses			
Carrying amount of sold properties	(14,041)	(275)	**(14,316)**
	976	**369**	**1,345**

Of the net proceeds for Airport Office II, € 593 thousand were still outstanding on the balance sheet date, with the result that income from the disposal of investment property totaling € 15,068 thousand was shown in the cash flow statement.

(25) VALUATION RESULTS

€ thousand	Fiscal year 2008	2007
Valuation gains	381	4,300
Valuation losses	(25,553)	(5,025)
Compensation payment IDLG	15,438	0
Valuation losses after netting	(10,115)	(5,025)
	(9,734)	**(725)**

On December 11, 2008 the Group concluded an agreement with IDLG Immobiliendienstleistungs GmbH, Berlin, the general tenant for the office property in Teltow, to terminate the lease agreement as of September 30, 2008. According to this agreement, IDLG paid compensation for lost rent for the cancelation of the general rental agreement totaling € 15,438 thousand plus 19 % VAT. The rental agreement with IDLG originally ran through to June 30, 2015 and included rent which was significantly in excess of the current market rent ("over-rent").

The impairment for the property in Teltow for 2008 totaling € 17,700 thousand is directly connected to the removal of the "over-rent" as a result of the end of the general lease agreement with IDLG. The compensation payment received was thus netted with the valuation losses in the income statement.

(26) OTHER INVESTMENT RESULT

€ thousand	Fiscal year 2008	2007
BBV 8		
Reversal of difference from first-time consolidation	0	3,433
Loss from sale	0	(3,080)
Disposal costs	0	(118)
	0	235
IC 13		
Disposal proceeds	0	0
Disposal costs	0	(2)
	0	(2)
Various fund units	0	180
	0	**413**

(27) INTEREST EXPENSE

Interest expense includes expenses from the change in the fair value of derivative financial instruments (interest rate hedges) totaling € 88 thousand (2007: Income of € 16 thousand). Income from restructuring the financing for the subsidiary BBV06 in the amount of € 1,469 thousand was netted with the interest expenses. Compared to the consolidated amortized costs of the liabilities as a result of the market valuation as of September 30, 2007, a lower amount was repayable during restructuring. The total interest expense (IFRS 7.20 b) which results without these effects totals € 6,620 thousand (2007: € 1,976 thousand).

(28) ADDITIONAL INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Personnel expenses

€ thousand	Fiscal year 2008	2007
Salaries	708	147
Social security contributions	32	7
	740	**154**

On average during the year, there were five employees including the Managing Board (2007: 1). As of December 31, 2008, the company had a total of five employees.

Auditor's fees and services
Fees were recorded as expenses for the following services by the auditor for the consolidated financial statements BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft:

€ thousand	Fiscal year 2008	2007
Audits of the financial statements	171	116
Other confirmation and valuation services	0	220
Other services	72	28
	243	**364**

The audit fees include fees for the consolidated financial statements as well as the single-entity financial statements of Fair Value REIT-AG and the subsidiaries included in the consolidated financial statements, to the extent that these are not audited by a different auditor. Other services are consulting services.

(29) EARNINGS PER SHARE

Basic earnings per share are calculated as follows:

€ thousand	Fiscal year 2008	2007
Consolidated earnings in € thousand	(13,301)	1,744
divided by: Weighted average ordinary shares (basic)	9,406,882	2,360,146
Earnings per share in € (basic/ diluted)	(1.41)	0.74

Earnings per share are given by dividing the consolidated earnings by the average number of shares in circulation. There are no dilutive effects.

(30) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments – According to IAS 39, all financial assets and financial liabilities are to be classified in categories. The accounting is determined based on this classification. The following categories are used in the Fair Value Group:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market and result from the Group directly providing money on a contractual basis or services directly to a debtor.

Available-for-sale financial assets are non-derivative financial assets that are not allocated to any other category.

Liabilities at amortized cost are all financial liabilities that are carried at their fair value less transaction costs when they are first recognized. As a rule they are measured at amortized cost in the following periods; differences between the payment amount

and the repayment amount are distributed over the duration of the fixed-interest period using the effective interest method.

Financial liabilities at fair value through profit and loss are exclusively derivatives with a negative market value that are not mapped in hedge accounting.

Fair values – The fair value of all financial instruments compared to their carrying amounts is as follows:

	December 31, 2008		December 31, 2007	
€ thousand	Carrying amounts	Fair values	Carrying amounts	Fair values
Assets				
Loans and receivables				
Non-current receivables	2,300	2,300	5,005	5,005
Trade accounts receivable	1,502	1,502	869	869
Other receivables	1,158	1,158	3,150	3,150
Cash and cash equivalents	14,039	14,039	5,381	5,381
Available-for-sale financial assets				
Fund units	0	0	0	0
	18,999	**18,999**	**14,405**	**14,405**
Equity and liabilities				
Liabilities measured at amortized cost				
Minority interests	16,505	16,438	18,487	18,503
Financial liabilities	94,257	94,378	112,134	112,096
Trade payables	1,359	1,359	2,972	2,972
Other liabilities	1,458	1,458	1,236	1,236
Liabilities recognized at fair value through profit and loss				
Derivatives without hedge accounting	181	181	225	225
Liabilities that do not belong to the valuation categories of IAS 39				
Interest rate swaps with hedge accounting	4,036	4,036	0	0
	117,796	**117,850**	**135,054**	**135,032**

Cash and cash equivalents, trade receivables and other receivables and liabilities mostly have short terms, with the result that the carrying amounts equal the fair values. The fair values of the financial liabilities are identified as the present values of the cash flows associated with the liabilities based on the interest yield curve on the balance sheet date.

Net gains or losses from financial instruments – These are as follows:

€ thousand	Fiscal year 2008	2007
Loans and receivables		
Other operating income	78	103
Other operating expenses	(343)	144
	(265)	**247**
Available for sale financial assets		
Other result from participating interests	0	180
Financial liabilities measured at amortized cost		
Repayment profits (interest expenses)	1,469	0
Liabilities recognized at fair value through profit and loss		
Interest rate swaps without hedge accounting (interest expenses)	(88)	16
Net gains (losses)	**1,116**	**443**

The net result includes all other income and expense incurred in connection with the financial instruments in the respective valuation category. This relates, in particular to results from subsequent valuation as well as gains/losses from disposal.

Financial risk factors – The Group is subject to the following financial risks as a result of its activities: Market risks (interest rate risks), credit risks and liquidity risks. There are no currency risks. The Group's risk management focuses on the risks resulting from the financial markets and aims to keep their negative impact on its financial position and results of operations as low as possible.

The Group's risk management is performed centrally at a group level based on the guidelines issued by the Managing Board in close cooperation with the IC Immobilien Group's central financial department. This department mostly works for the Group's subsidiaries as a service provider identifying, measuring and hedging financial risks.

a) Interest rate risks
The Group has demand and fixed-term deposits. The interest rates for these deposits are based on the respective interest rates on the market.

The Group's interest rate risk primarily results from financial liabilities. In the case of variable-interest liabilities and resetting the conditions for fixed-interest loans after the fixed-interest period has expired, the Group is exposed to the risk of higher interest payments (cash flow risks). In some cases, interest rate hedges (interest rate swaps) have been concluded to hedge these risks.

There are interest rate risks from the valuation of the interest hedges concluded. These either impact equity or income depending on whether or not the conditions hedge accounting have been met.

If the interest rates in the period under review had been one percentage point higher or lower, the consolidated earnings and equity would have been approx. € 205 thousand (2007: € 31 thousand) lower or higher. This effect is based on the changed interest expense for variable-interest loans, less the impact of interest rate hedges and interest on bank balances. As the Group mostly only started its business activities on September 30, 2007 and as the financial liabilities were only taken out on this date and during the fourth quarter, the figure from the previous year is not representative for the full fiscal year.

Fixed-interest liabilities bear the risk of an increase in fair value. This risk neither impacts the balance sheet nor the income statement, as the financial liabilities are not measured at fair value through profit and loss but at amortized cost. However, in the event of a premature repayment of the liability (e.g., if the financed property is sold), this risk becomes more important. The Group does not hedge this risk.

The Group regularly reviews the extent to which it is subject to interest rate risks. Various scenarios are worked through, in which the possibility of re-financing, extending existing financing and interest hedging are taken into account.

b) Credit risks

Credit risks result from receivables from tenants, deferred purchase price receivables, and investing cash and cash equivalents. The Group has guidelines that rental agreements are only concluded with parties who have a 1a credit rating. Creditworthiness is monitored on an ongoing basis. The tenant structure is broad. During fiscal year 2008, rental defaults were minimal.

As a rule, the deferral of purchase price receivables is collateralized; legal ownership is only transferred upon full payment.

Derivative financial transactions and cash investments are only conducted with banks with impeccable credit ratings.

The maximum credit risk for each category of financial instrument is restricted to the carrying amounts of the financial assets carried on the balance sheet.

c) Liquidity risks

The company manages its liquidity responsibly. This also includes maintaining sufficient levels of cash and cash equivalents and being able to avail of lines of credit in a sufficient amount. The company intends to be as flexible as possible when procuring liquidity. The Managing Board constantly monitors liquidity and discusses this regularly with the Supervisory Board.

The following table, used by the Managing Board for liquidity management, shows the maturities of the liabilities which existed on the balance sheet date:

	due							
	within one year		between 1 and 2 years		between 2 and 5 years		after 5 years	
	December 31		December 31		December 31		December 31	
€ thousand	2008	2007	2008	2007	2008	2007	2008	2007
Minority interests	0	0	0	0	0	0	16,505	18,487
Liabilities to banks	20,916	60,118	7,639	6,536	56,253	19,261	38,887	44,660
Derivative financial instruments	68	52	68	54	102	140	0	0
Provisions	334	255	0	0	0	0	0	0
Trade payables	1,359	2,617	0	0	0	0	0	0
Other liabilities	4,505	920	279	238	0	103	0	0

As a rule, the amounts shown are the payments to be made including interest. Liabilities to banks also include fixed interest from interest rate hedges, to the extent that these are subject to hedge accounting. In turn, the anticipated payments for derivative financial instruments only include payments for which there are no hedges for loans.

Capital management – The Group's capital management pursues several objectives: The primary objective is to maintain its financial quality, to ensure that liabilities including repayments can be serviced and to generate profits that allow dividends to be distributed.

There were no changes in the Group's capital management approach during the period under review.

The financial position is judged by the amount of cash and cash equivalents and the equity ratio. The equity ratio shows the ratio of equity to total assets according to the consolidated balance sheet.

	December 31	
€ thousand	2008	2007
Equity	76,787	94,663
Total assets	198,243	230,359
Equity ratio	38.7 %	41.1 %

The Group can only control its capitalization to a very limited extent by retaining profits, as 90 % of Fair Value REIT-AG's net income (HGB) has to be distributed. As a result, capital increases from the issue of new shares and the sale of assets to reduce liabilities are used to improve capitalization.

A key element of capital management is also to fulfill the REIT-G equity requirements, as this is one of the factors required for corporation and trade tax to be permanently waived for the company. According to Section 15 of the REIT-G, equity must total at least 45 % of immovable assets.

€ thousand	December 31 2008	2007
Equity (consolidated balance sheet)	76,787	94,663
Minority interests	16,505	0
Equity within the meaning of Section 15 of the REITG	**93,292**	**94,663**
Immovable assets Investment property	130,740	150,070
Properties under construction	0	566
Equity-accounted investments	48,443	58,909
Non-current assets available for sale	0	5,700
Total of immovable assets	**179,183**	**215,295**
Equity ratio within the meaning of Section 15 of the REITG	52.1 %	44.0 %

As a result of the change in the German REIT Act included in the Jahressteuergesetz 2009 (2009 Annual Tax Act), minority interests can be included for the first time in 2008 when identifying the equity ratio within the meaning of Section 15 of the German REIT Act.

(31) SEGMENT REPORTING

The company holds real estate directly in Fair Value REIT-AG and indirectly via participations. The Group's organizational and management structure is in line with these two forms of real estate holdings. As a result, there are two operating segments – "Direct Investments" and "Participations". The Group operates exclusively in the geographic region of "Germany". The accounting and valuation methods in the reporting segments are identical to the Group's methods described in Note No. 2.

Segment revenues (rental income including income from operating and incidental costs) and segment results are as follows:

€ thousand	Segment revenues Fiscal year 2008	2007	Segment results Fiscal year 2008	2007
Direct investments	3,927	96	1,048	(1,575)
Participations	9,999	4,551	(355)	3,195
	13,926	**4,647**	693	1,620
Earnings from equity-accounted participations			(7,075)	7,225
Other result from participations			0	413
Central administrative costs and other			(2,447)	(2,047)
Change of legal form and conception of a REIT			0	(1,383)
Minority interest in the result			435	(768)
Stock market admission costs			0	(1,825)
Net interest expense			(4,907)	(1,491)
Consolidated earnings			**(13,301)**	**1,744**

Revenues stem exclusively from third-party tenants. There were no intra-segment revenues.

Rental revenue of more than 10 % of total revenues was generated with each of the following tenants:

€ thousand	Fiscal year 2008	2007
Main tenant 1 (Direct Investments segment)	3,123	84
Main tenant 2 (Participations segment)	2,157	739
Main tenant 3 (Participations segment)	2,123	723
other each under 10 %	6,524	3,101
	13,926	**4,647**

The segments' revenues are broken down as follows according to type of use:

	Direct investments		Participations	
	Fiscal year		Fiscal year	
€ thousand	2008	2007	2008	2007
Offices	3,927	96	2,327	1,200
Retail	0	0	3,800	1,391
Logistics	0	0	1,749	965
Other	0	0	2,123	995
	3,927	**96**	**9,999**	**4,551**

Segment earnings in both segments are identified using central administrative costs, income from equity-accounted investments and the remaining components of the financial result. This figure is reported to the Group's key decision maker with regard to decisions on the allocation of resources to this segment and the measurement of its earnings strength.

Segment results include the following results from the valuation of investment properties and from their sale:

	Direct investments		Participations	
	Fiscal year		Fiscal year	
€ thousand	2008	2007	2008	2007
Valuation gains	0	550	381	3,750
Valuation losses	(2,907)	(2,205)	(7,208)	(2,820)
Capital gains	976	0	369	0
	(1,931)	**(1,655)**	**(6,458)**	**930**

The segments' assets and liabilities were as follows:

€ thousand	Assets December 31 2008	Assets December 31 2007	Liabilities December 31 2008	Liabilities December 31 2007
Direct investments	56,400	55,671	1,880	3,181
Participations	93,603	110,774	4,600	1,669
Total segment assets/segment liabilities/ consolidation	150,003	166,445	6,480	4,850
Non-allocated assets/liabilities	48,240	63,914	114,976	130,846
Group – total	**198,243**	**230,359**	**121,456**	**135,696**

The segments' assets primarily comprise investment properties, receivables and cash and cash equivalents. The unallocated assets comprise the carrying amounts of the equity-accounted companies. Segment liabilities comprise operating liabilities. Financial liabilities, derivative financial instruments and minority interests are carried under non-allocated liabilities.

The following table shows investments and amortization/depreciation:

€ thousand	Capital expenditure Fiscal year 2008	Capital expenditure Fiscal year 2007	Amortization and depreciation Fiscal year 2008	Amortization and depreciation Fiscal year 2007
Direct investments				
Investment property	217	51,615	0	0
Properties under construction	13,475	566	0	0
Intangible assets and property, plant and equipment	1	36	10	3
	13,693	**52,217**	**10**	**3**
Participations	0	0	0	0
Investment property				
First-time consolidation	0	165,730	0	0
Subsequent acquisition costs	0	150	0	0
	0	**165,880**	**0**	**0**
Group – total	**13,693**	**218,097**	**10**	**3**

(32) ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

The cash and cash equivalents in the cash flow statement correspond to the item "cash and cash equivalents" on the balance sheet.

The subtotal FFO (funds from operations) included in the cash flow statement does not include the compensation payment of € 15,438 thousand from IDLG. As a result, payments that were directly linked to the compensation payment received were added to income from operating activities when calculating the FFO subtotal, and only deducted below the FFO subtotal. These are:

€ thousand	
Fund and property management fees	851
Disbursements to minority shareholders of IC 07	1,029
	1,880

(33) RELATED PARTIES

Related companies – The Group's related companies are H.F.S. Zweitmarktfonds Deutschland 2 GmbH & Co. KG, which holds 30.46 percent of voting rights in the company via four subsidiaries, as well as UniCredito Italiano S.p.A., Milan, with its subsidiaries Bayerische Hypo- und Vereinsbank AG ("HVB"), Wealth Management Capital Holding GmbH, H.F.S. HYPO-Fondsbeteiligungen für Sachwerte GmbH and WealthCap Real Estate Management GmbH, to which these voting rights are allocated within the meaning of Section 22 (1) sentence 1 number 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

The Group's related companies also include IC Immobilien Holding AG, which belongs to the IC Immobilien Group, and its subsidiaries (IC Immobilien Service GmbH, IC Fonds GmbH and IC Beteiligungs Treuhand GmbH and others), in particular as a result of the in-depth business relationship. Other related parties are MIM Münchener Immobilien Management GmbH and Kienzle Vermögensverwaltung GmbH. Dr. Oscar Kienzle, a member of the company's Supervisory Board and a member of IC Immobilien Holding AG's Managing Board, holds a major proportion of voting rights for each of these companies.

Financing transactions with HVB – Bayerische Hypo- und Vereinsbank AG lends funds to the Group. In addition, there are two interest rate swaps with this bank (see Note No. 16). Interest expense totaled € 2,415 thousand (2007: € 450 thousand). As of December 2008 there were liabilities from loans in the amount of € 37,340 thousand (2007: € 34,764 thousand) and liabilities from interests rate swaps in the amount of € 775 thousand (2007: € 225 thousand). As of December 31, 2008, there were bank balances with HVB totaling € 2,439 thousand (2007: € 1,217 thousand); there was interest income totaling € 59 thousand from fixed-term deposits and other balances (2007: € 82 thousand).

The following **service agreements** were concluded between Fair Value REIT-AG and its subsidiaries and companies in the IC Immobilien Group:

Asset management and corporate services agreement – The company concluded a service agreement with IC Fonds GmbH on July 25, 2007. In this agreement, IC Fonds GmbH undertakes to perform asset management and accounting for each of the properties and companies owned by Fair Value.

IC Fonds GmbH undertakes to control the contractor's property management services and Fair Value's other service providers, ensure leasing and maintenance and monitor all of the current transactions in Fair Value's real estate operations. This includes, in particular, ensuring the annual budget for rental income, leasing, maintenance and the necessary fittings and conversions including the monthly, quarterly and annual reporting on these activities.

In addition IC Fonds GmbH's tasks also include identifying and reviewing suitable investment properties including commercial and technical due diligence for properties for which a positive decision has been taken based on the annual agreed investment plan.

As part of the accounting services, IC Fonds GmbH is responsible for fulfilling the duty to keep accounting records, bookkeeping and preparing the inventory within the meaning of Sections 238 – 240 of the HGB and performing payments. In addition, simplified quarterly consolidated financial statements (IFRS) must be prepared.

For these services, IC Fonds GmbH will receive annual remuneration from January 1, 2008 of 20 % of the dividend resulting for the respective fiscal year for Fair Value (Section 13 of the REITG). The remuneration is net of statutory VAT.

If IC Fonds GmbH assists in identifying, reviewing and acquiring suitable real estate or participating interests in real estate, it will receive a fee of 0.5 % of the market value of the acquired property if the transaction is successful. This fee does not include external service providers, such as specialist engineers, legal consultants, auditors and translators. If participating interests are acquired, fees are calculated according to Fair Value's percentage participating interest. In the event of an acquisition of interests in closed-end real estate funds, this also applies to subsequent acquisitions within a period of 18 months after the original transaction. If affiliated companies of IC Fonds GmbH are involved in the transaction as a broker or consultant, this fee is waived in full unless a different written agreement is met in the particular case in hand. This regulation applies correspondingly to assistance in the sale of real estate or interests in real estate, in particular for the preparation of the requisite documents and supporting the data room.

If IC Fonds GmbH or its affiliated companies already provide comparable services to Fair Value's subsidiaries or associated companies, the remuneration paid at the level of these subsidiaries or associated companies for the same period is offset against the fee detailed above proportionately in line with the Fair Value's percentage interest in the subsidiary or associate.

Fees for third-party services (lawyers, tax advisers, specialist engineers, auditors, communication consultants, etc.) are to be borne directly by Fair Value. These orders are always issued directly by Fair Value, unless this is expressly otherwise regulated in writing in individual cases.

The asset management and corporate services agreement has initially been concluded with a term to June 30, 2011; it extends automatically by three years in each case if it is not terminated by one of the contracting parties with notice of twelve months to the end of the term of the agreement.

Property management agreement (trustee administrator agreement) – The company concluded a service agreement with IC Immobilien Service GmbH, Unterschleißheim, on July 25, 2007. In this agreement, IC Immobilien Service GmbH undertakes to provide direct commercial and technical management for the real estate held directly by Fair Value, i.e., without any subsidiaries involved.

IC Immobilien Service GmbH will receive an annual fee of 3.0 % of the actual annual rent without incidental costs from Fair Value for these management activities unless otherwise agreed in writing for a specific property.

The repair and maintenance work that goes beyond commercial management (for larger, extraordinarily technical activities and construction, such as conversions of, extensions to and fittings for the property/properties and rental areas and other refurbishment work) are remunerated at 5 % for invoices totaling more than € 1,000,000, 10 % from € 100,000 and 15 % for amounts lower than this.

In addition to the refund of costs for advertisements, etc., IC Immobilien Service GmbH receives a fee of 5 % of the rent over the fixed rental period agreed with the tenant for new rentals of commercial space, to the extent that Fair Value does not incur estate agent's costs and if IC Immobilien Service GmbH does not receive any remuneration from tenants. This rate falls to 2 % for subsequent rentals. Three months' rent have been agreed as the maximum amount. This remuneration is net of the respective applicable VAT.

A contractual period initially of four years has been agreed. The agreement can be terminated for the first time at the end of the fixed contractual period, with a notice period of twelve months. It extends by periods of two years in each case if it is not terminated with notice of twelve months to the end of the respective term of the contract by one of the contracting parties.

Additional service agreements – There are additional service agreements between the Group and companies in the IC Immobilien Group at a subsidiary level. These include construction support, commercial and technical property management, through to the sale of properties as well as fund management and accounting management.

The following two tables show the **scope of the relationships** between the Group and companies in the IC Immobilien Group:

€ thousand	Fiscal year 2008	2007
Service fees		
REIT conception fee	(200)	1,145
Asset management and corporate services	0	970
Estate agency provision Sparkasse portfolio	0	244
Agency commission Airport Office II, Duesseldorf	0	63
Property management fee	297	21
Business procurement	303	98
Construction support	43	43
Fund management fees	863	48
Trustee fees	109	23
Other	15	7
	1,430	**2,662**
Expenses from write off regarding the variable purchase price receivable for BBV 08	300	0
Income from waiver of receivables	0	(102)
Other income	(4)	0
Interest expense	40	3
Interest income	(71)	(43)
	1,695	**2,520**

There were the following receivables from and liabilities to companies in the IC Immobilien Group:

€ thousand	December 31 2008	2007
Receivables		
Purchase price receivable BBV 08	0	5,005
Other	74	208
Liabilities from loans	(115)	(145)
Liabilities from services	(237)	(1,021)
Other liabilities	(15)	0
	(293)	**4,047**

Remuneration for members of the Managing Board – The members of the Managing Board received current payments totaling € 449 thousand (2007: € 78 thousand). Expenses for performance after the end of the employment relationship totaled € 3 thousand (2007: € 0 thousand). Other payments due over the short term are made up as follows:

	F. Schaich 2008	M. Heiler 2008	Total 2008
Non-performance related remuneration			
Fixed salary	204,000	175,200	379,200
Minimum bonus	21,000	25,000	46,000
Non-cash remuneration and other	12,548	10,796	23,344
Performance-related remuneration	0	0	0
Total	**237,548**	**210,996**	**448,544**

Employment contract Frank Schaich, term to September 30, 2012 – Mr. Schaich receives a fixed annual salary of € 204,000 (gross) for his activities. A bonus of 1.25 % of the dividend less his fixed annual salary is paid as performance-related remuneration. For fiscal years 2007 and 2008, Mr. Schaich will receive a minimum bonus of € 21,000 p.a. on a pro rata basis. No remuneration components were agreed as long-term incentives with a risk character. Mr. Schaich is entitled to a car in the price category up to max. € 45,000 for business and private use. In addition, Mr. Schaich receives a contribution to retirement insurance in the amount of the respective maximum mandatory employer's contribution to statutory pension insurance. In addition, for the duration of his employment contract, Mr. Schaich is insured for death in the amount of € 380,000 and full invalidity in the amount of € 760,000 as part of a group accident insurance policy.

The company took over a pension commitment issued by a former employer dated January 1, 1987 with effect from October 1, 2007 by way of an agreement dated July 10, 2008. In return, the former employer transferred to the company the reinsurance policy concluded in connection with the pension commitment. Mr. Schaich receives benefits of DM 383,298.00 when he leaves the company after reaching the age of 65. If he dies before receiving the benefits, his legally married wife will receive benefits of DM 455,653.00 with an annual reduction of DM 2,605 thousand p.a. from the second year in which the pension commitment is issued. Continuation of the pension commitment replaces the retirement benefits contractually promised to Mr. Schaich in the amount of the respective highest mandatory amount to be paid by the employer to the statutory pension scheme.

Employment contract Manfred Heiler, term to November 30, 2012 – Mr. Heiler receives a fixed annual salary of € 175,200 (gross) for his activities. A variable bonus of 1.25 % of the dividend less his fixed annual salary is paid as performance-related remuneration. For fiscal years 2007 and 2008, Mr. Heiler will receive a minimum bonus of € 25,000 p.a. on a pro rata basis. No remuneration components were agreed as long-term incentives with a risk character. Mr. Heiler is entitled to a car in the price category up to max. € 45,000 for business and private use. In addition, Mr. Heiler receives a contribution to retirement insurance in the amount of the respective maximum mandatory employer's contribution to statutory pension insurance. In addition, for the

duration of his employment contract, Mr. Heiler is insured for death in the amount of € 250,000 and full invalidity in the amount of € 500,000 as part of a group accident insurance policy. In addition, the company pays two thirds of the contributions to the pension trust of the Bankenversicherungsverein in Berlin for Mr. Heiler.

Loans and advances – The members of the Managing Board were not granted any loans or advances. In addition, no contingent liabilities were entered into in favor of members of the Managing Board. There are also no pension commitments, subscription rights or other share-based payments.

Supervisory Board remuneration – The members of the Supervisory Board were granted current payments totaling € 29 thousand in fiscal year 2008 (2007: € 15 thousand). No loans and advances were granted to members of the Supervisory Board; in addition, no contingent liabilities were entered into in favor of Supervisory Board members.

(34) EVENTS AFTER THE BALANCE SHEET DATE

The company is not aware of any events after the balance sheet date that have to be reported.

(35) GERMAN CORPORATE GOVERNANCE CODE / DECLARATION ACCORDING TO SECTION 161 OF THE AKTIENGESETZ (AKTG – GERMAN PUBLIC LIMITED COMPANIES ACT)

The Managing and Supervisory Boards issued the declaration of conformity within the meaning of Section 161 of the AktG on February 26, 2009. This declaration was made permanently accessible to shareholders on the company's website.

(36) UTILIZATION OF THE OPTION PROVIDED BY SECTION 264B OF THE HGB

The following German subsidiaries with the legal form of a partnership within the meaning of Section 264a of the HGB have partially used the option provided in Section 264b of the HGB:

BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG, Munich

BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG, Munich

Munich, March 23, 2009

Fair Value REIT-AG

Frank Schaich

Manfred Heiler

Declaration by legal representatives

To the best of our knowledge, we declare that, according to the principles of proper consolidated reporting applied, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations, that the Group management interim report presents the Group's business including the results and the Group's position such as to provide a true and fair view and that the major opportunities and risks of the Group's anticipated growth for the remaining fiscal year are described.

Munich, March 23, 2009

Fair Value REIT-AG

Frank Schaich Manfred Heiler

Auditor's opinion

We have audited the consolidated financial statements of Fair Value REIT-AG, Munich, comprising the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes to the financial statements as well as the Group management report for the fiscal year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the consolidated management report in accordance with IFRSs, as they are to be applied in the EU, and the supplementary provisions of Section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) are the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual consolidated financial statements and the consolidated management report.

We conducted our audit in accordance with Section 317 of the HGB and in compliance with the principles of proper auditing adopted by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. The process of defining the audit procedures takes account of knowledge about the business activities and the economic and legal environment of the company, as well as expectations of possible errors. An audit includes examining, largely on a test basis, the effectiveness of the internal control system and evidence supporting the amounts and disclosures in the annual consolidated financial statements and the Group management report. An audit also includes assessing the annual financial statements of the companies included in the consolidation, the definition of the scope of consolidation, the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual consolidated financial statements and the Group management report. We are confident that our audit provides a sufficiently sound basis on which to make an assessment.

Our audit led to no objections.

In our opinion, based on the results of our audit, the consolidated financial statements comply with IFRSs as these are to be applied in the EU and the supplementary provisions of the HGB as stipulated by Section 315a (1) of the HGB, and convey a true and fair view of the Group's financial position and results of operations. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Duesseldorf, March 25, 2009

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Real Estate portfolio in detail

PROCEEDINGS AND ASSUMPTIONS

Fair Value engaged Frankfurt-based CB Richard Ellis GmbH (CBRE) to value its directly and indirectly held properties as of December 31, 2008. CBRE had already valued the properties as of June 30, 2007 and December 31, 2007 and June 30, 2008.

CBRE is not a company regulated by a supervisory body, however it does employ publicly appointed, sworn experts, members of the Royal Institution of Chartered Surveyors (RICS) and real estate experts certified by HypZert GmbH in its Valuation division. According to the Practical Statement (PS) 3.2 of the RICS Valuation Standards (6th edition) from the Royal Institution of Chartered Surveyors (RICS), London, CBRE identified the properties' market values as defined below:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

In terms of concept and content, "market value" according to the definition by the Royal Institution of Chartered Surveyors (RICS) and "fair value" according to IFRS and IAS 40 are comparable.

The market value was identified in each case taking into account incidental acquisition costs (land transfer tax, estate agents' fees and notary's and attorneys' fees) and was presented as the net capital value.

The market values of the individual properties was determined using the internationally recognized discounted cash flow method. The discounted cash flow method forms the basis for dynamic calculations and is used to calculate the value of cash flows anticipated in future on various dates and in differing amounts.

In so doing, after identifying all of the factors relevant for the valuation, the future cash flows, some of which are linked to forecasts, are aggregated on an accrual basis. The balance of the receipts and payments recorded is then discounted to a fixed point in time (valuation date) using the discount rate. In contrast to the German Ertragswertverfahren (income-based approach) according to the Wertermittlungsverordnung (WertV – German Value Calculation Directive), the cash flows are explicitly quantified during the observed period and are not shown as annuity payments.

As the impact of future cash flows falls as a result of the discounting, and as the forecasting insecurity increases over the observed period, as a rule in the case of real estate investments the stabilized net investment income is capitalized over a ten-year period (detailed observation period) using a growth-implicit minimum interest rate (capitalization rate) and discounted to the valuation date.

The assumptions used in the valuation model reflect the average assumptions of the dominant investors on the market on the respective valuation date. These valuation parameters reflect the standard market expectations and the extrapolation of the analyzed past figures for the property to be valued or for one or several comparable properties. CBRE

estimated the valuation parameters as best possible using its best judgment, and these can be broken down into two groups.

The property-specific valuation parameters include, for example, rent for initial term and renewals, the probability of existing rental agreements being extended, vacancy periods and vacancy costs, no-allocable incidental costs and capital expenditure expected by the owner, fitting and rental costs for initial and renewals as well as property and lease-specific overall interest on the capital tied up in the investment.

The general economic factors include, in particular, changes to market prices and rent during the detailed observation period and the inflation assumed in the calculation model.

VOLATILE MARKETS

According to Guidance Note 5 of the RICS Valuation Standards CBRE points out explicitly, that the current crisis in the global financial system, including the failure or bail out of important banks and financial institutions, has caused considerable uncertainty in commercial real estate markets. Furthermore, CBRE refers to temporarily increased price volatility regarding prices and values under these circumstances, while the market absorbs different changes and settles down at a stable level. The lack of liquidity on capital markets could lead to potentially severe difficulties in achieving a successful sale of the evaluated investment properties in the short run.

Individual property information on total portfolio

Street	Town	Fund	Primary use	Year of construction	Last renovation / modernization	Plot size [m²]	Market value December 31, 2007 [€ thousand]	Market value December 31, 2008 [€ thousand]	Change
Direct holdings									
Hauptstraße 56e / 56d	Appen		Office	1975	1995	4,320	250	230	-8.0 %
Bleeck 1	Bad Bramstedt		Office	1973	2006	3,873	1,300	1,200	-7.7 %
Oldesloer Straße 24	Bad Segeberg		Office	1982	2007	5,152	9,700	9,240	-4.7 %
Königstr. 19-21	Barmstedt		Office	1911	ongoing	2,842	1,520	1,460	-3.9 %
Bahnhofstraße 9	Bönnigstedt		Office	1992	2003	1,131	260	240	-7.7 %
Bahnhofstraße 14	Boostedt		Office	1989	2005	1,006	140	130	-7.1 %
Am alten Markt 9a	Bornhöved		Office	1991	2005	873	710	680	-4.2 %
Berliner Damm 6	Ellerau		Office	1990	2000	1,177	430	410	-4.7 %
Pinneberger Straße 155	Ellerbek		Office	1985	2001	1,708	390	360	-7.7 %
Dorfstraße 29	Geschendorf		Office	1985	2006	1,154	260	230	-11.5 %
Hauptstraße 33	Halstenbek		Office	1969	2001	1,195	910	860	-5.5 %
Seestraße 232	Halstenbek		Office	1976	2002	549	100	90	-10.0 %
Friesenstraße 59	Helgoland		Office	1986	2000	194	620	610	-1.6 %
Hamburger Straße 83	Henstedt-Ulzburg		Office	1989	2004	1,219	1,160	1,100	-5.2 %
Holstenstraße 32	Kaltenkirchen		Office	1978	2005	1,893	2,050	1,970	-3.9 %
Köllner Chaussee 27	Kölln-Reisiek		Office	1990	2001	1,004	200	180	-10.0 %
Hamburger Straße 40	Leezen		Office	1989	2005	886	200	190	-5.0 %
Segeberger Straße 21	Nahe		Office	1971	2004	1,698	750	700	-6.7 %
Ehndorfer Straße 153	Neumünster		Office	1971	2003	1,685	270	250	-7.4 %
Kuhberg 11-13	Neumünster		Office	1956	2005	5,286	16,300	15,300	-6.1 %
Röntgenstraße	Neumünster		Office	1972	1998	2,481	310	280	-9.7 %
Ulzburger Str. 363d / e	Norderstedt		Office	1994	2004	2,762	1,570	1,480	-5.7 %
Ulzburger Str. 545 / 547	Norderstedt		Office	1960		1,313	520	510	-1.9 %
Damm 49	Pinneberg		Office	1996	2007	1,383	2,500	2,370	-5.2 %
Oeltingsallee 30	Pinneberg-Quellental		Office	1970	2002	2,047	680	660	-2.9 %
Kieler Straße 100	Quickborn		Office	1980	2002	1,625	1,560	1,490	-4.5 %
Hauptstraße 49	Rellingen		Office	1983	2001	828	600	560	-6.7 %
Rosenstraße 15	Sparrieshoop		Office	1961	1999	984	210	200	-4.8 %
Willy-Meyer-Straße 3-5	Tornesch		Office	1977	2003	970	620	590	-4.8 %
Am Markt 1	Trappenkamp		Office	1985	2005	1,190	690	660	-4.3 %
Wassermühlenstraße 5	Uetersen		Office	2001		2,348	2,000	1,890	-5.5 %
Markt 1	Wahlstedt		Office	1975	2005	1,848	1,180	1,150	-2.5 %
Sub-total direct holdings						**58,624**	**49,960**	**47,270**	**-5.4 %**
Subsidiaries									
Rheinstr. 8	Teltow	IC07 [1) 2)]	Office	1995		5,324	25,200	7,500	-70.2 %
Im Taubental 9-17	Neuss	IC03	Logistics	1990		19,428	8,600	7,720	-10.2 %
Heidhauser Straße 94	Essen-Heidhausen	IC01	Retail	1990		4,776	2,900	2,600	-10.3 %
Hospitalstraße 17-19 / Judengasse 21	Alzey	IC01	Retail	1990	2007	2,243	1,800	1,740	-3.3 %
Andreasstr. 1	Ahaus-Wüllen	BBV06	Retail	1990		5,513	1,300	1,110	-14.6 %
Andreasstr. 3-7	Ahaus-Wüllen	BBV06	Retail	1973		13,036	4,800	4,380	-8.8 %
Marktplatz 3	Altenberge	BBV06	Retail	1986		1,756	1,200	1,270	5.8 %
Heerenbergerstr. 51	Emmerich	BBV06	Retail	1987		4,314	1,200	870	-27.5 %
Hubert-Prott-Str. 117	Frechen	BBV06	Retail	1988		4,282	1,300	1,190	-8.5 %
Schwarzer Weg 21-24	Hamm	BBV06	Retail	1990		2,665	1,400	1,350	-3.6 %
Hinüberstr. 6	Hanover	BBV06	Other	1970, 1987, 1991	2006	3,204	20,200	20,000	-1.0 %

[1)] The general rental agreement was cancelled against payment of a compensation payment in the fourth quarter of 2008. As a result, the rental space was adjusted from gross to net. The net space is subject to being measured.

[2)] Taking the received compensation payment into account in the amount of € 15.4 million, the reduction in value for this property falls to € 2.2 million or 9 %. In terms of the overall portfolio, the reduction in value falls to 6.7 %.

Discount interest rate December 31, 2008 [%]	Capitalization interest rate December 31, 2008 [%]	Total space [m²]	Vacancies [m²]	Ø Remaining terms of rental contracts [years]	Share of secured rental revenues (10 years) %	Secured rental revenues (10 years) [€ thousand]	Occupancy by rental revenues	Annualized contractual rent [€ thousand]	Annualized potential rent [€ thousand]	Ongoing yield on contractual rent [%]	Ongoing yield on potential rent [%]
7.00	6.50	212	0	9.0	95.0	189	100.0	19	19	8.4	8.4
6.60	5.60	997	0	16.1	97.0	822	100.0	78	78	6.5	6.5
6.60	6.10	9,184	418	14.6	91.9	6,174	95.6	608	636	6.6	6.9
6.50	6.00	1,264	0	15.5	92.8	947	99.1	93	94	6.4	6.4
7.10	6.80	211	0	9.0	94.3	188	100.0	19	19	8.0	8.0
6.50	5.90	114	0	9.0	95.4	101	100.0	10	10	8.0	8.0
6.70	6.00	664	0	8.6	88.4	477	100,0	51	51	7.6	7.6
6.90	6.70	369	0	9.0	92.1	304	100.0	31	31	7.6	7.6
6.70	5.70	356	0	6.4	69.1	193	100.0	28	28	7.7	7.7
7.00	5.90	316	83	9.0	70.5	148	74.9	15	20	6.6	8.8
7.40	7.00	791	1	9.0	91.8	632	100.0	65	65	7.5	7.5
7.30	6.80	188	1	9.0	92.4	80	100.0	8	8	9.2	9.2
6.30	5.40	488	0	13.6	88.2	355	100.0	38	38	6.2	6.2
6.50	6.00	1,005	0	17.0	100.0	785	100.0	72	72	6.5	6.5
6.50	6.10	1,581	0	16.9	99.6	1,333	100.0	122	122	6.2	6.2
7.10	6.40	168	0	9.0	95.0	149	100.0	15	15	8.5	8.5
7.00	6.60	174	0	9.0	94.8	155	100.0	16	16	8.4	8.4
7.00	6.50	734	0	9.0	95.1	582	100.0	60	60	8.5	8.5
7.60	7.00	346	0	8.0	81.7	197	99.2	23	23	9.2	9.3
6.50	6.10	11,808	102	16.4	96.6	10,097	99.1	952	960	6.2	6.3
7.30	6.70	534	0	8.0	85.5	245	100.0	28	28	10.2	10.2
6.60	5.90	1,340	0	14.4	90.1	1,006	100.0	106	106	7.2	7.2
8.20	7.60	1,005	835	5.4	13.6	91	22.8	16	69	3.1	13.6
7.00	6.50	1,930	0	4.0	38.8	726	100.0	176	176	7.4	7.4
6.80	6.10	624	0	6.4	67.4	352	100.0	52	52	7.8	7.8
6.60	6.00	1,309	0	17.0	100.0	1,092	100.0	100	100	6.7	6.7
7.50	6.90	524	0	9.0	91.7	411	100.0	42	42	7.5	7.5
7.40	6.90	237	0	7.6	76.6	140	100.0	17	17	8.7	8.7
6.90	6.30	657	0	7.2	80.2	426	100.0	55	55	9.4	9.4
6.90	6.00	787	0	8.2	84.3	468	100.0	53	53	8.1	8.1
6.40	5.50	1,726	0	14.6	91.0	1,218	100.0	124	124	6.6	6.6
6.70	6.20	1,346	0	8.7	89.7	865	100.0	92	92	8.0	8.0
		42,989	**1,439**	**13.4**	**89.5**	**30,947**	**97.1**	**3,188**	**3,284**	**6.7**	**6.9**
7.60	6.60	9,714	3,396	3.0	19.1	1,320	61.4	430	701	5.7	9.3
7.60	6.90	12,064	1,014	1.5	12.8	869	85.0	544	640	7.0	8.3
6.80	6.40	1,386	0	6.8	73.3	1,526	100.0	216	216	8.3	8.3
6.90	6.40	1,989	18	7.3	75.3	1,012	100.0	132	132	7.6	7.6
7.60	6.90	1,496	0	2.0	20.8	224	100.0	108	108	9.7	9.7
7.60	6.80	3,915	0	6.0	58.6	2,145	100.0	473	473	10.8	10.8
6.80	6.20	1,285	0	3.0	33.2	319	100.0	106	106	8.4	8.4
7.60	6.80	1,415	92	4.8	48.2	413	96.8	84	87	9.7	10.0
7.30	6.70	1,225	0	4.8	51.0	665	100.0	135	135	11.4	11.4
7.50	6.70	1,349	0	2.0	25.2	301	100.0	144	144	10.7	10.7
6.60	6.00	19,460	0	6.0	63.6	9,972	100.0	1,636	1,636	8.2	8.2

Street	Town	Fund	Primary use	Year of construction	Last renovation / modernization	Plot size [m²]	Market value December 31, 2007 [€ thousand]	Market value December 31, 2008 [€ thousand]	Change
Köhlstr. 8	Köln	BBV06	Logistics	1972, 1988, 1989		40,591	9,300	9,360	0.6 %
Gutenbergstr. 152/ St. Töniser Str. 12	Krefeld	BBV06	Retail	1990		8,417	4,800	4,100	-14.6 %
Lippestr. 2	Lippetal-Herzfeld	BBV06	Retail	1990		3,155	1,700	1,550	-8.8 %
Zeughausstr. 13	Meschede	BBV06	Retail	1989		1,673	610	500	-18.0 %
Äußere Spitalhofstr. 15-17	Passau	BBV06	Retail	1982	2007	2,884	4,900	4,440	-9.4 %
Steinheimer Str. 64	Seligenstadt	BBV06	Retail	1983		4,000	1,900	1,780	-6.3 %
Bahnhofstraße 20a-e	Waltrop	BBV06	Retail	1989		1,742	2,900	2,870	-1.0 %
Adalbertsteinweg 32-36	Aachen	BBV03	Office	1990		1,038	2,300	2,030	-11.7 %
Marconistr. 4-8	Köln	BBV03	Logistics	1990		13,924	3,700	3,330	-10.0 %
Hauptstr. 51-55	Weyhe-Leeste	BBV03	Retail	1989	2005	11,248	3,900	3,780	-3.1 %
Sub-total subsidiaries						**155,213**	**105,910**	**83,470**	**-21.2 %**
Total Group						**213,837**	**155,870**	**130,740**	**-16.1 %**
Associated companies									
Max-Planck-Ring 26/28	Langenfeld	IC13	Logistics	1996		14,727	11,100	10,200	-8.1 %
Friedrich-Engels-Ring 52	Neubrandenburg	IC13	Office	1995-1997		4,705	10,900	9,550	-12.4 %
Großbeerenstr. 231	Potsdam	IC13	Office	1995		2,925	3,300	3,850	16.7 %
Carnotstr. 5 - 7	Berlin	BBV14	Office	1995		4,583	15,900	15,600	-1.9 %
Nossener Brücke 8 - 12	Dresden	BBV14	Office	1997		4,134	8,300	7,660	-7.7 %
Kröpeliner Str. 26-28	Rostock	BBV14	Retail	1995		7,479	62,800	61,400	-2.2 %
Hartmannstr. 3a-7	Chemnitz	IC12	Office	1997		4,226	8,300	7,760	-6.5 %
Heinrich-Lorenz-Str. 35	Chemnitz	IC15	Office	1998		4,718	4,400	3,890	-11.6 %
Am alten Bad 1-7, Theaterstr. 34a	Chemnitz	IC15	Office	1997		3,246	6,000	5,560	-7.3 %
Königsbrücker Str. 121a	Dresden	IC15	Other	1997		4,242	12,300	11,900	-3.3 %
Pascalkehre 15 / 15a	Quickborn	IC15	Office	1997		9,129	15,100	13,200	-12.6 %
Zum Rotering 5-7	Ahaus	BBV10	Retail	1989		3,884	2,600	2,320	-10.8 %
Vor den Fuhren 2	Celle	BBV10	Retail	1992		21,076	13,700	12,500	-8.8 %
Nordpassage 1	Eisenhüttenstadt	BBV10	Retail	1993		20,482	57,800	53,500	-7.4 %
Altmärker Str. 5	Genthin	BBV10	Retail	1998		3,153	730	730	0.0 %
Robert-Bosch-Str. 11	Langen	BBV10	Office	1994		6,003	18,500	17,700	-4.3 %
Hammer Str. 455-459	Münster	BBV10	Retail	1991		15,854	9,600	8,570	-10.7 %
Hannoversche Str. 39	Osnabrück	BBV10	Retail	1989		7,502	3,300	3,050	-7.6 %
Klingelbrink 10	Rheda-Wiedenbrück	BBV10	Retail	1991		2,455	2,200	2,110	-4.1 %
Lerchenbergstr. 112 / 113, Annendorfer Str. 15 / 16	Wittenberg	BBV10	Retail	1994		96,822	24,800	22,300	-10.1 %
Henkestr. 5	Erlangen	BBV02	Retail	1984		6,350	1,800	1,770	-1.7 %
Oberfrohnaer Str. 62-74	Chemnitz	IC10	Retail	1997		11,203	9,800	9,180	-6.3 %
Leimbacher Straße	Bad Salzungen	BBV09	Retail	1992		22,979	15,000	13,500	-10.0 %
Mühlhäuser Str. 100	Eisenach	BBV09	Retail	1994		44,175	52,400	48,500	-7.4 %
Putzbrunner Str. 71 / 73, Fritz-Erler-Str. 3	München-Neuperlach	BBV09	Office	1986		10,030	43,100	38,500	-10.7 %
Weißenfelser Str. 70	Naumburg	BBV09	Retail	1993		20,517	21,600	21,000	-2.8 %
An der Backstania 1	Weilburg	BBV09	Retail	1994		17,211	10,800	9,750	-9.7 %
Total associated companies						**373,810**	**446,130**	**415,550**	**-6.9 %**
Grand Total						**587,647**	**602,000**	**546,290**	**-9.3 %**

Discount interest rate December 31, 2008	Capitalization interest rate December 31, 2008	Total space	Vacancies	Ø Remaining terms of rental contracts	Share of secured rental revenues (10 years)	Secured rental revenues (10 years)	Occupancy by rental revenues	Annualized contractual rent	Annualized potential rent	Ongoing yield on contractual rent	Ongoing yield on potential rent
[%]	[%]	[m²]	[m²]	[years]	%	[€ thousand]		[€ thousand]	[€ thousand]	[%]	[%]
8.00	7.20	23,076	12,880	5.0	26.5	2,452	46.7	473	1,014	5.1	10.8
7.50	6.60	4,683	0	1.7	21.4	789	100.0	451	451	11.0	11.0
7.40	6.70	1,452	0	1.9	21.3	289	100.0	144	144	9.3	9.3
7.30	6.60	1,095	0	4.5	39.2	193	100.0	42	42	8.4	8.4
7.00	6.80	8,492	0	8.3	84.2	5,167	100.0	600	600	13.5	13.5
7.10	6.60	1,390	0	4.8	49.8	741	100.0	153	153	8.6	8.6
7.30	6.60	2,124	250	5.1	50.0	1,190	91.4	226	247	7.9	8.6
7.30	6.40	2,370	1,022	2.7	26.2	508	74.4	185	249	9.1	12.3
7.00	6.40	9,640	0	3.3	39.3	1,128	100.0	330	330	9.9	9.9
7.00	6.50	3,141	45	2.4	29.0	937	99.8	381	382	10.1	10.1
		112,761	**18,717**	**4.6**	**55.14**	**32,160**	**87.5**	**6,994**	**7,991**	**8.4**	**9.6**
		155,750	**20,156**	**7.3**	**71.99**	**63,107**	**90.3**	**10,183**	**11,275**	**7.8**	**8.6**
7.30	6.70	10,453	0	6.8	79.5	7,994	100.0	1,170	1,170	11.5	11.5
7.00	6.20	7,557	1,314	5.1	62.5	5,708	91.4	1,110	1,214	11.6	12.7
6.90	6.30	4,074	533	3.3	29.7	951	84.5	275	325	7.1	8.4
6.60	5.80	10,036	805	2.5	20.7	2,451	90.3	1,115	1,235	7.1	7.9
7.10	6.60	8,828	20	1.2	12.8	913	97.6	760	779	9.9	10.2
6.20	5.80	19,306	515	6.6	60.3	26,448	98.8	4,265	4,316	6.9	7.0
6.50	5.90	8,380	802	4.9	46.3	2,933	89.2	595	666	7.7	8.6
7.20	6.20	5,845	0	0.5	8.9	322	100.0	533	533	13.7	13.7
6.40	6.00	5,119	1,195	2.6	21.3	922	77.3	343	443	6.2	8.0
6.60	6.00	11,554	0	8.9	99.7	8,102	100.0	869	869	7.3	7.3
7.00	6.20	10,570	0	3.4	41.2	4,430	100.0	1,265	1,265	9.6	9.6
7.60	6.90	2,054	163	2.1	23.3	486	96.6	227	235	9.8	10.1
7.10	6.40	10,611	0	4.0	45.6	4,591	100.0	1,129	1,129	9.0	9.0
6.70	6.20	40,101	0	4.8	54.8	23,091	100.0	4,697	4,697	8.8	8.8
7.60	6.70	1,275	256	4.3	36.9	281	80.1	65	81	8.8	11.0
6.90	6.40	13,665	2,428	1.6	14.5	2,089	85.9	1,265	1,474	7.1	8.3
6.90	6.40	7,353	0	10.1	100.0	6,979	100.0	674	674	7.9	7.9
7.00	6.50	4,207	0	3.5	41.3	1,056	100.0	293	293	9.6	9.6
7.10	6.30	2,235	238	2.0	19.8	354	90.8	168	186	8.0	8.8
6.50	6.00	14,698	774	9.5	71.6	12,007	97.4	1,836	1,885	8.2	8.5
7.20	6.50	2,770	0	3.5	47.1	834	100.0	231	231	13.1	13.1
6.90	6.10	9,981	469	3.4	33.2	2,429	92.3	701	759	7.6	8.3
7.30	6.60	10,985	0	3.5	40.8	4,549	100.0	1,260	1,260	9.3	9.3
6.50	6.10	37,400	0	15.6	99.5	36,035	100.0	3,483	3,483	7.2	7.2
6.60	6.00	19,018	0	5.0	67.7	22,499	100.0	4,391	4,391	11.4	11.4
7.00	6.50	15,180	0	9.7	98.4	17,690	100.0	1,743	1,743	8.3	8.3
7.30	6.70	8,145	0	9.3	100.0	7,630	100.0	785	785	8.0	8.0
		301,400	**9,511**	**6.4**	**73.01**	**203,774**	**97.6**	**35,245**	**36,118**	**8.5**	**8.7**
		457,150	**29,667**	**6.6**	**72.77**	**266,880**	**95.9**	**45,428**	**47,393**	**8.3**	**8.7**

Portfolio share according to proportionate interest

Street	Town	Fund	Proportionate participating interest	Market value December 31, 2007	Marktet value December 31, 2008	Change
			[%]	[€ thousand]	[€ thousand]	
Direct holdings						
Hauptstraße 56e / 56d	Appen		100.00	250	230	-8.0 %
Bleeck 1	Bad Bramstedt		100.00	1,300	1,200	-7.7 %
Oldesloer Straße 24	Bad Segeberg		100.00	9,700	9,240	-4.7 %
Königstr. 19-21	Barmstedt		100.00	1,520	1,460	-3.9 %
Bahnhofstraße 9	Bönnigstedt		100.00	260	240	-7.7 %
Bahnhofstraße 14	Boostedt		100.00	140	130	-7.1 %
Am alten Markt 9a	Bornhöved		100.00	710	680	-4.2 %
Berliner Damm 6	Ellerau		100.00	430	410	-4.7 %
Pinneberger Straße 155	Ellerbek		100.00	390	360	-7.7 %
Dorfstraße 29	Geschendorf		100.00	260	230	-11.5 %
Hauptstraße 33	Halstenbek		100.00	910	860	-5.5 %
Seestraße 232	Halstenbek		100.00	100	90	-10.0 %
Friesenstraße 59	Helgoland		100.00	620	610	-1.6 %
Hamburger Straße 83	Henstedt-Ulzburg		100.00	1,160	1,100	-5.2 %
Holstenstraße 32	Kaltenkirchen		100.00	2,050	1,970	-3.9 %
Köllner Chaussee 27	Kölln-Reisiek		100.00	200	180	-10.0 %
Hamburger Straße 40	Leezen		100.00	200	190	-5.0 %
Segeberger Straße 21	Nahe		100.00	750	700	-6.7 %
Ehndorfer Straße 153	Neumünster		100.00	270	250	-7.4 %
Kuhberg 11-13	Neumünster		100.00	16,300	15,300	-6.1 %
Röntgenstraße	Neumünster		100.00	310	280	-9.7 %
Ulzburger Str. 363d / e	Norderstedt		100.00	1,570	1,480	-5.7 %
Ulzburger Str. 545 / 547	Norderstedt		100.00	520	510	-1,9 %
Damm 49	Pinneberg		100.00	2,500	2,370	-5.2 %
Oeltingsallee 30	Pinneberg-Quellental		100.00	680	660	-2.9 %
Kieler Straße 100	Quickborn		100.00	1,560	1,490	-4.5 %
Hauptstraße 49	Rellingen		100.00	600	560	-6.7 %
Rosenstraße 15	Sparrieshoop		100.00	210	200	-4.8 %
Willy-Meyer-Straße 3-5	Tornesch		100.00	620	590	-4.8 %
Am Markt 1	Trappenkamp		100.00	690	660	-4.3 %
Wassermühlenstraße 5	Uetersen		100.00	2,000	1,890	-5.5 %
Markt 1	Wahlstedt		100.00	1,180	1,150	-2.5 %
Sub-total direct holdings				**49,960**	**47,270**	**-5.4 %**
Subsidiaries						
Rheinstr. 8	Teltow	IC07 [1) 2)]	75.73	19,085	5,680	-70.2 %
Im Taubental 9-17	Neuss	IC03	71.58	6,156	5,526	-10.2 %
Heidhauser Straße 94	Essen-Heidhausen	IC01	55.79	1,618	1,451	-10.3 %
Hospitalstraße 17-19 / Judengasse 21	Alzey	IC01	55.79	1,004	971	-3.3 %
Andreasstr. 1	Ahaus-Wüllen	BBV06	54.89	714	609	-14.6 %
Andreasstr. 3-7	Ahaus-Wüllen	BBV06	54.89	2,635	2,404	-8.7 %
Marktplatz 3	Altenberge	BBV06	54.89	659	697	5.8 %
Heerenbergerstr. 51	Emmerich	BBV06	54.89	659	478	-27.5 %
Hubert-Prott-Str. 117	Frechen	BBV06	54.89	714	653	-8.5 %
Schwarzer Weg 21-24	Hamm	BBV06	54.89	769	741	-3.6 %
Hinüberstr. 6	Hanover	BBV06	54.89	11,089	10,979	-1.0 %

[1)] The general rental agreement was cancelled against payment of a compensation payment in the fourth quarter of 2008. As a result, the rental space was adjusted from gross to net. The net space is subject to being measured.

[2)] Taking the received compensation payment into account in the amount of € 15.4 million, the reduction in value for this property falls to € 2.2 million or 9 %. In terms of the the shares of Fair Value REIT-AG, the reduction in value falls to 6.4 %.

Ø Remaining term of rental agreements	Share of secured rental revenues (10 years)	Secured rental revenues (10 years)	Rental level by rental revenues	Annualized contractual rent	Annualized potential rent	Ongoing yield on contractual rent	Ongoing yield on potential rent
[years]	%	[€ thousand]	[%]	[€ thousand]	[€ thousand]	[%]	[%]
9.0	95.0	189	100.0	19	19	8.4	8.4
16.1	97.0	822	100.0	78	78	6.5	6.5
14.6	91.9	6,174	95.6	608	636	6.6	6.9
15.5	92.8	947	99.1	93	94	6.4	6.4
9.0	94.3	188	100.0	19	19	8.0	8.0
9.0	95.4	101	100.0	10	10	8.0	8.0
8.6	88.4	477	100.0	51	51	7.6	7.6
9.0	92.1	304	100.0	31	31	7.6	7.6
6.4	69.1	193	100.0	28	28	7.7	7.7
9.0	70.5	148	74.9	15	20	6.6	8.8
9.0	91.8	632	100.0	65	65	7.5	7.5
9.0	92.4	80	100.0	8	8	9.2	9.2
13.6	88.2	355	100.0	38	38	6.2	6.2
17.0	100.0	785	100.0	72	72	6.5	6.5
16.9	99.6	1,333	100.0	122	122	6.2	6.2
9.0	95.0	149	100.0	15	15	8.5	8.5
9.0	94.8	155	100.0	16	16	8.4	8.4
9.0	95.1	582	100.0	60	60	8.5	8.5
8.0	81.7	197	99.2	23	23	9.2	9.3
16.4	96.6	10,097	99.1	952	960	6.2	6.3
8.0	85.5	245	100.0	28	28	10.2	10.2
14.4	90.1	1,006	100.0	106	106	7.2	7.2
5.4	13.6	91	22.8	16	69	3.1	13.6
4.0	38.8	726	100.0	176	176	7.4	7.4
6.4	67.4	352	100.0	52	52	7.8	7.8
17.0	100.0	1,092	100.0	100	100	6.7	6.7
9.0	91.7	411	100.0	42	42	7.5	7.5
7.6	76.6	140	100.0	17	17	8.7	8.7
7.2	80.2	426	100.0	55	55	9.4	9.4
8.2	84.3	468	100.0	53	53	8.1	8.1
14.6	91.0	1,218	100.0	124	124	6.6	6.6
8.7	89.7	865	100.0	92	92	8.0	8.0
13.4	**89.5**	**30,947**	**97.1**	**3,188**	**3,284**	**6.7**	**6.9**
3.0	19.1	1,000	61.4	326	531	5.7	9.3
1.5	12.8	622	85.0	389	458	7.0	8.3
6.8	73.3	852	100.0	121	121	8.3	8.3
7.3	75.3	565	100.0	74	74	7.6	7.6
2.0	20.8	123	100.0	59	59	9.7	9.7
6.0	58.6	1,177	100.0	260	260	10.8	10.8
3.0	33.2	175	100.0	58	58	8.4	8.4
4.8	48.2	227	96.8	46	48	9.7	10.0
4.8	51.0	365	100.0	74	74	11.4	11.4
2.0	25.2	165	100.0	79	79	10.7	10.7
6.0	63.6	5,474	100.0	898	898	8.2	8.2

Street	Town	Fund	Proportionate participating interest	Market value December 31, 2007	Marktet value December 31, 2008	Change
			[%]	[€ thousand]	[€ thousand]	
Köhlstr. 8	Köln	BBV06	54.89	5,105	5,138	0.6 %
Gutenbergstr. 152/ St. Töniser Str. 12	Krefeld	BBV06	54.89	2,635	2,251	-14.6 %
Lippestr. 2	Lippetal-Herzfeld	BBV06	54.89	933	851	-8.8 %
Zeughausstr. 13	Meschede	BBV06	54.89	335	274	-18.0 %
Äußere Spitalhofstr. 15-17	Passau	BBV06	54.89	2,690	2,437	-9.4 %
Steinheimer Str. 64	Seligenstadt	BBV06	54.89	1,043	977	-6.3 %
Bahnhofstraße 20a-e	Waltrop	BBV06	54.89	1,592	1,575	-1.0 %
Adalbertsteinweg 32-36	Aachen	BBV03	53.69	1,235	1,090	-11.7 %
Marconistr. 4-8	Köln	BBV03	53.69	1,986	1,788	-10.0 %
Hauptstr. 51-55	Weyhe-Leeste	BBV03	53.69	2,094	2,029	-3.1 %
Sub-total subsidiaries				**64,748**	**48,600**	**-24.9 %**
Associated companies						
Max-Planck-Ring 26/28	Langenfeld	IC13	49.86	5,534	5,086	-8.1 %
Friedrich-Engels-Ring 52	Neubrandenburg	IC13	49.86	5,435	4,762	-12.4 %
Großbeerenstr. 231	Potsdam	IC13	49.86	1,645	1,920	16.7 %
Carnotstr. 5-7	Berlin	BBV14	45.03	7,159	7,024	-1.9 %
Nossener Brücke 8-12	Dresden	BBV14	45.03	3,737	3,449	-7.7 %
Kröpeliner Str. 26-28	Rostock	BBV14	45.03	28,276	27,646	-2.2 %
Hartmannstr. 3a - 7	Chemnitz	IC12	40.22	3,338	3,121	-6.5 %
Heinrich-Lorenz-Str. 35	Chemnitz	IC15	38.34	1,687	1,492	-11.6 %
Am alten Bad 1-7, Theaterstr. 34a	Chemnitz	IC15	36.10	2,166	2,007	-7.3 %
Königsbrücker Str. 121a	Dresden	IC15	35.63	4,382	4,240	-3.3 %
Pascalkehre 15 / 15a	Quickborn	IC15	38.34	5,790	5,061	-12.6 %
Zum Rotering 5-7	Ahaus	BBV10	38.31	996	889	-10.8 %
Vor den Fuhren 2	Celle	BBV10	38.31	5,249	4,789	-8.8 %
Nordpassage 1	Eisenhüttenstadt	BBV10	38.31	22,145	20,498	-7.4 %
Altmärker Str. 5	Genthin	BBV10	38.31	280	280	0.0 %
Robert-Bosch-Str. 11	Langen	BBV10	38.31	7,088	6,782	-4.3 %
Hammer Str. 455-459	Münster	BBV10	38.31	3,678	3,283	-10.7 %
Hannoversche Str. 39	Osnabrück	BBV10	38.31	1,264	1,169	-7.6 %
Klingelbrink 10	Rheda-Wiedenbrück	BBV10	38.31	843	808	-4.1 %
Lerchenbergstr.112/113, Annendorfer Str. 15/16	Wittenberg	BBV10	38.31	9,502	8,544	-10.1 %
Henkestr. 5	Erlangen	BBV02	38.94	701	689	-1.7 %
Oberfrohnaer Str. 62-74	Chemnitz	IC10	26.14	2,562	2,400	-6.3 %
Leimbacher Straße	Bad Salzungen	BBV09	24.93	3,739	3,366	-10.0 %
Mühlhäuser Str. 100	Eisenach	BBV09	24.93	13,063	12,091	-7.4 %
Putzbrunner Str. 71 / 73, Fritz-Erler-Str. 3	München-Neuperlach	BBV09	24.93	10,745	9,598	-10.7 %
Weißenfelser Str. 70	Naumburg	BBV09	24.93	5,385	5,235	-2.8 %
An der Backstania 1	Weilburg	BBV09	24.93	2,692	2,431	-9.7 %
Sub-total associated companies				**159,084**	**148,658**	**-6.6 %**
Grand Total				**273,791**	**244,528**	**-10.7 %**

Ø Remaining term of rental agreements	Share of secured rental revenues (10 years)	Secured rental revenues (10 years)	Rental level by rental revenues	Annualized contractual rent	Annualized potential rent	Ongoing yield on contractual rent	Ongoing yield on potential rent
[years]	%	[€ thousand]	[%]	[€ thousand]	[€ thousand]	[%]	[%]
5.0	26.5	1,346	46.7	260	557	5.1	10.8
1.7	21.4	433	100.0	248	248	11.0	11.0
1.9	21.3	158	100.0	79	79	9.3	9.3
4.5	39.2	106	100.0	23	23	8.4	8.4
8.3	84.2	2,836	100.0	329	329	13.5	13.5
4.8	49.8	407	100.0	84	84	8.6	8.6
5.1	50.0	653	91.4	124	136	7.9	8.6
2.7	26.2	273	74.4	100	134	9.1	12.3
3.3	39.3	605	100.0	177	177	9.9	9.9
2.4	29.0	503	99.8	205	205	10.1	10.1
4.5	**54.31**	**18,066**	**86.6**	**4,012**	**4,631**	**8.3**	**9.5**
6.8	79.5	3,986	100.0	583	583	11.5	11.5
5.1	62.5	2,846	91.4	553	605	11.6	12.7
3.3	29.7	474	84.5	137	162	7.1	8.4
2.5	20.7	1,104	90.3	502	556	7.1	7.9
1.2	12.8	411	97.6	342	351	9.9	10.2
6.6	60.3	11,908	98.8	1,921	1,943	6.9	7.0
4.9	46.3	1,180	89.2	239	268	7.7	8.6
0.5	8.9	123	100.0	204	204	13.7	13.7
2.6	21.3	333	77.3	124	160	6.2	8.0
8.9	99.7	2,887	100.0	310	310	7.3	7.3
3.4	41.2	1,699	100.0	485	485	9.6	9.6
2.1	23.3	186	96.6	87	90	9.8	10.1
4.0	45.6	1,759	100.0	432	432	9.0	9.0
4.8	54.8	8,847	100.0	1,799	1,799	8.8	8.8
4.3	36.9	108	80.1	25	31	8.8	11.0
1.6	14.5	800	85.9	485	565	7.1	8.3
10.1	100.0	2,674	100.0	258	258	7.9	7.9
3.5	41.3	405	100.0	112	112	9.6	9.6
2.0	19.8	136	90.8	65	71	8.0	8.8
9.5	71.6	4,600	97.4	703	722	8.2	8.5
3.5	47.1	325	100.0	90	90	13.1	13.1
3.4	33.2	635	92.3	183	199	7.6	8.3
3.5	40.8	1,134	100.0	314	314	9.3	9.3
15.6	99.5	8,983	100.0	868	868	7.2	7.2
5.0	67.7	5,609	100.0	1,095	1,095	11.4	11.4
9.7	98.4	4,410	100.0	435	435	8.3	8.3
9.3	100.0	1,902	100.0	196	196	8.0	8.0
6.1	**69.92**	**69,463**	**97.2**	**12,547**	**12,903**	**8.4**	**8.7**
6.9	**72.65**	**118,475**	**94.9**	**19,748**	**20,819**	**8.1**	**8.5**

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PICTURES
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