



INTERIM REPORT
1st – 3rd Quarter 2010



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) 44 properties (held indirectly via 13 closed-end real estate funds)
Market value	€ 231.6 million *)
Potential rent	€ 20.1 million **)

*) Fair Value's share as of September 30, 2010, based on market valuations as of December 31, 2009

***) Fair Value's share as of September 30, 2010

FINANCIAL KEY DATA

T€	January 1 to September 30,	
	2010	2009
Revenues and earnings		
Rental revenues	8,930	7,707
EBIT	5,324	3,876
Consolidated net profit	4,080	2,394
Earnings per share (€)	0.44	0.25
Adjusted consolidated net profit (EPRA-Earnings)	4,108	4,286
EPRA-Earnings per share	0.44	0.46
Funds from operations (FFO)	3,112	2,191
FFO per share (€)	0.33	0.23

	September 30, 2010	December 31, 2009
Assets and capital		
Non-current assets	186,846	185,393
Current assets	12,153	18,416
Total assets	198,999	203,809
Equity / Net asset value	74,632	72,720
Immovable assets	186,458	193,266
Equity ratio including minority interests	90,548	88,016
Equity ratio according to § 15 REITG (min. 45 %)	48.6 %	45.5 %
Shares in circulation (amount)	9,325,572	9,347,790
Net asset value / share (€)	8.00	7.78
EPRA NAV / share (€)	9.17	8.72
Staff (including Management Board)	3	3

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To our shareholders



Frank Schaich

Dear Shareholders and Business Partners,
Ladies and Gentlemen,

The positive economic development in Germany continued in the third quarter of the current business year. The labour market is benefiting in turn from this and the good mood among consumers is creating increasing domestic demand. In other words, Germany is currently driving the European recovery, which creates good conditions for the German real estate market.

Leasing turnover in the field of retail space remained stable at a high level during the first nine months of the year, whereas turnover in the areas of office space and logistics increased by approximately 16 % compared to the same period in the previous year. The German real estate market is considered by domestic and international investors to be a preferred and safe investment location, which is reflected by an 80 % increase in transaction volume compared to the same period during the previous year.

Successful leasing is, however, not something that just takes care of itself. It is therefore pleasing that approximately 80 % (in terms of the Fair Value proportionate volume of rental income) of the leases that were set to expire this year have been renewed or replaced with new contracts during the first nine months of 2010. Furthermore, on the balance sheet date, the proportionate overall occupancy rate was 93.6 % and the remaining term of the lease agreements was 6.3 years – figures which are approaching those of the previous year.

The financial figures for the Fair Value Group are very good and well above our expectations, which is mainly the result of cost savings achieved during the year. Thus, the consolidated net income adjusted for market value changes (EPRA earnings) was € 4.1 million on 30th September. This is already close to the expected earnings for the entire 2010 financial year.

We have also been able to reduce the Group's financial liabilities by approximately € 8 million (€ 5 million as a result of unscheduled repayments following the sale of properties) to € 99 million, and increase liquidity by € 2 million to € 10 million. We have also been able to improve the REIT equity ratio to approximately 49% of the immovable assets.

Considering the earnings already achieved, we have increased the forecast for the adjusted IFRS consolidated net income before market value changes (EPRA earnings) from € 4.2 million to € 5.1 million or € 0.55 per share. We have also increased the forecast for the "Funds from operations" (FFO) in the same period from € 2.7 million to € 3.3 million or € 0.35 per share.

The business performance in the non-consolidated financial statements in accordance with the German Commercial Code (HGB) is also going according to plan, so we are expecting to be able to pay out a dividend of € 0.10 per share for the 2010 business year. This expectation assumes that according to the market development extraordinary current-value depreciations on real estate and participations will not occur.

We thank our shareholders and business partners for their confidence and support.

A handwritten signature in blue ink, appearing to read 'Schaich', written in a cursive style.

Frank Schaich
Managing Director

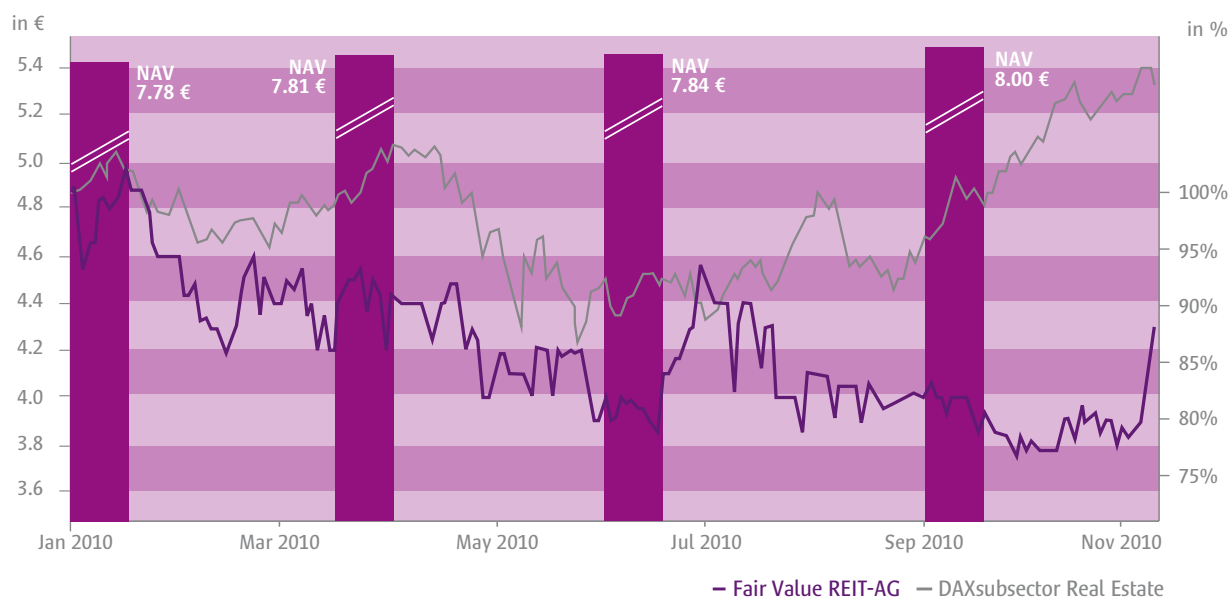
Fair Value's share

I. KEY DATA

Sector	Real Estate (REIT)
WKN (German Securities Code) / ISIN	A0MW97 / DE000A0MW975
Bloomberg	FVI:GR
Reuters	FVIG.DE
Share capital	€ 47,034,410.00
Number of shares (non-par value shares)	9,406,882
thereof circulating on September 30, 2010	9,325,572
Proportion per share in the share capital	€ 5
Initial listing	November 16, 2007
High / low 2010	€ 4.98 / 3.83 (XETRA)
Market capitalization on September 30, 2010	€ 35.7 million (XETRA)
Market segment	Prime Standard
Stock exchanges	Prime Standard: Frankfurt, XETR A OTC: Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated Sponsor	DZ-Bank
Indices	DAXsubsector Real Estate-Index DAXsubsector All Real Estate-Index RX REIT-Index

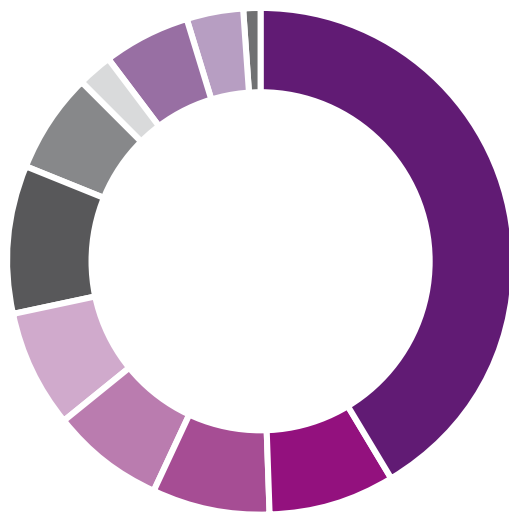
II. SHARE CHART

Share chart of Fair Value REIT-AG incl. NAV vs. DAX Subsector Real Estate
(January 1, 2010 – November 9, 2010)



Comparison of Fair Value REIT-AG with the DAXsubsector Real Estate-Index (ISIN DE0007203820, German Securities Code (WKN) 720382, I2VB), which currently comprises 18 listings including Fair Value REIT-AG (Source: Deutsche Börse AG).

Fair Value REIT-AG's shareholder structure*



Free Float	41,42 %	
H.F.S. Zweitmärkte Invest 2 GmbH & Co. KG	8,13 %	} 30,45 %
H.F.S. Zweitmärkte Invest 5 GmbH & Co. KG	7,44 %	
H.F.S. Zweitmärkte Invest 4 GmbH & Co. KG	7,44 %	
H.F.S. Zweitmärkte Invest 3 GmbH & Co. KG	7,44 %	
IC Immobilien Holding AG	9,39 %	} 18,07 %
IC Immobilien Service GmbH	6,34 %	
IC Fonds GmbH	2,34 %	
IFB Beteiligungen AG i. L.	5,44 %	
Bayerische Beamten Lebensversicherung a.G.	3,76 %	
Eigene Aktien	0,86 %	

III. PERFORMANCE OF THE STOCK MARKETS AND THE FAIR VALUE SHARE PRICE

International stock markets staged a significant recovery in the first nine months of 2010. After the German leading stock index DAX reached a low for the year of 5,434 points in the middle of the first quarter, the situation on the stock markets was initially seen to improve despite discussions about national debt and stronger banking regulation. The continued expansionary monetary policy of the central banks, robust corporate results and a recovery in the economic data took the German DAX stock index to 6,332 points in the middle of April, its highest level in eighteen months. In the second quarter, the impending national bankruptcies in Greece and Ireland, drastic

austerity packages in several eurozone countries and weaker US economic data gave rise to concern on the capital markets that global growth could shrink. In the second and third quarters, this resulted in profit taking causing the German stock index to be highly volatile from the end of April to the beginning of September. However, after this consolidation phase, investor confidence returned with the result that, towards the end of October 2010, the DAX reached its highest point for the year at 6,639 points. This means the DAX has returned to a level similar to that before the financial crisis.

Overall, in the first nine months of 2010, the Fair Value REIT-AG share price did not develop in line with the DAX subsector Real Estate benchmark, and was in fact significantly below it. The share price did not follow the market recovery that started in March 2010. After a high for the year on January 18 of € 4.98, the share price became volatile and exhibited a downward trend until it reached a value of € 3.85 in mid June. By June 30, the share price had risen sharply to € 4.56 but it lost momentum again and, from mid July to mid September, settled at a value around € 4.00. On the balance sheet date of September 30, 2010, the share price was listed at € 3.83, meaning the company had a market capitalisation of € 35.7 million.

In the first nine months of this financial year, a total of 652,142 shares in Fair Value REIT-AG were traded on all stock exchanges on 192 trading days. This trading turnover corresponds to an increase of 42 % compared with the previous year's turnover of 458,486 shares. This produced a trading volume of € 2.7 million (previous year: € 1.6 million) which corresponds to an average share price of €4.16 per share (previous year: € 3.60). Therefore, the average daily turnover was 3,397 shares or € 14,100 (previous year: 2,400 shares or € 8,630).

*) In accordance with § 26 WpHG Article 1 the voting rights of the H.F.S. Zweitmärkte Invest 2 GmbH & Co. KG, the H.F.S. Zweitmärkte Invest 3 GmbH & Co. KG, the H.F.S. Zweitmärkte Invest 4 GmbH & Co. KG as well as the H.F.S. Zweitmärkte Invest 5 GmbH & Co. KG totalling 30.45% are attributed to the UniCredito Italiano S.p.A., Milan, Italy. Furthermore under § 26 WpHG Article 1 the voting rights of the IC Immobilien Holding AG, the IC Immobilien Service GmbH as well as the IC Fonds GmbH with a total of 18.07% are attributed to the IC Immobilien Holding AG, Unterschleißheim, Germany. The regulations of the REIT-law are untouched by these attributions.

IV. INVESTOR RELATIONS

Fair Value REIT-AG aims to provide all stakeholders with comprehensive and traceable information. One of the company's particular objectives is the attainment of the best possible transparency and credibility of its corporate communication. For this reason, as part of its financial reporting process, Fair Value regularly provides extensive insights into the business developments of its holdings as well as detailed additional information regarding the real estate portfolio as well as financial liabilities in the Group and in the associated companies.

This is intended to provide the existing and potential shareholders of the company with the opportunity to form a sophisticated assessment regarding the company's business developments and equity story of the Fair Value Group.

Moreover, Fair Value REIT-AG maintains a constant dialogue with the capital markets, and the Management Board has established frequent contacts with analysts, investors and capital markets media.

The company regularly participates in capital market conferences and presents its equity story and business results to domestic and international investors during roadshows.

Currently the company is covered by two research companies (DZ-Bank and Independent Research). The Company intends to successively increase its research coverage.

Additional information on the share can also be obtained from its website www.fvreit.de in the investor relations section.

V. FINANCIAL CALENDAR

November 22, 2010	Presentation at German Equity Forum (Frankfurt/Main, Germany)
February 22, 2011	Presentation, 6th DVFA Real Estate Conference (Frankfurt/Main, Germany)
March 31, 2011	Annual Report 2010
March 31, 2011	Annual Report press conference (Frankfurt/Main, Germany)
May 12, 2011	Interim Report 1st Quarter 2011
May 31, 2011	Annual General Meeting 2011 (Munich, Germany)
August 11, 2011	Semi Annual Report 2011
October 2011	Presentation, 11th Conference of the Real Estate Share Initiative (Frankfurt/Main, Germany)
November 15, 2011	Interim Report 1st – 3rd Quarter 2011

Portrait of Fair Value REIT-AG

REAL ESTATE PORTFOLIO AT A GLANCE

The core competencies of Fair Value REIT-AG are the acquisition and management of German commercial properties. The company acquires properties directly as well as via participations in real estate partnerships, in particular closed-end real estate funds.

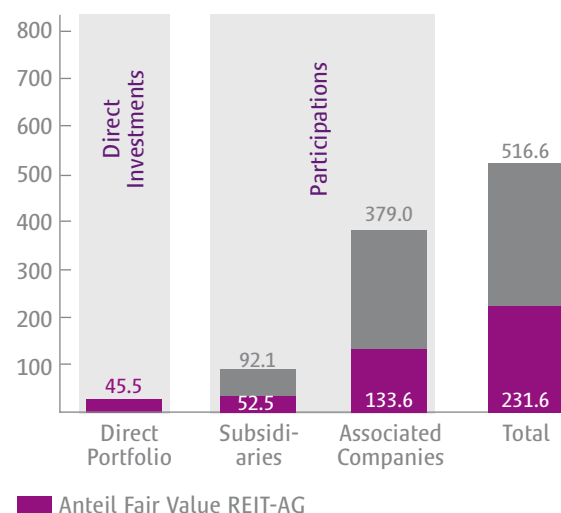
The complete portfolio currently consists of 76 properties with a total lettable space of approximately 444,000 m², of which the 32 directly held properties have approximately 43,000 m². Via six subsidiaries, the company also holds majority participations in a further 20 properties with a total lettable space of approximately 122,000 m². A further 279,000 m² is available in 24 properties held by seven associated companies in which Fair Value REIT-AG holds participations of between 25% and 45% as at September 30, 2010.

Four properties were sold via subsidiaries in 2009, with the closing for two of the properties* taking place in the first quarter of the current fiscal year. The closing took place for the other two properties** during the second quarter. This resulted in the number of properties held falling by a total of four in comparison to the portfolio held on December 31, 2009.

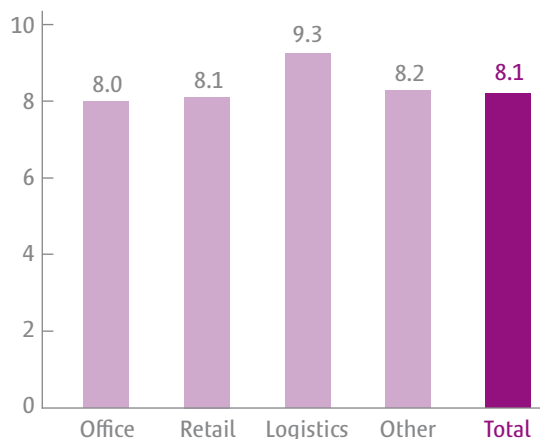
On December 31, 2009, the market value of the actual entire portfolio at that time was determined to be € 516.6 million, based on the individual market values. The proportionate value of Fair Value REIT-AG's share of this portfolio amounted to € 231.6 million on September 30, 2010.

With a current annual proportionate contractual rent of approximately € 18.9 million, the portfolio thereby generates an attractive rental yield before costs of

Market value of the real estate portfolio on September 30, 2010 (based on market values determined on December 31, 2009, in millions of Euros)



Contracted rental return in % based on proportionate market values



Occupancy rate in % of proportionate potential rents



* Aachen (BBV 03) and Seligenstadt (BBV 06)

** Hamm and Passau (both BBV 06)

8.1 % of the total of the respective market values. In the event of full occupation and no vacancies, the potential rental yield is 8.7 % of the proportionate market values before costs. At the same time, an income based occupancy rate of 93.6 % (previous year 95.1 %) of the proportionate potential rent and an average remaining term of lease of 6.3 years (previous year 6.6 years) enables a high level of predictability and also ensures sustainable rental incomes.

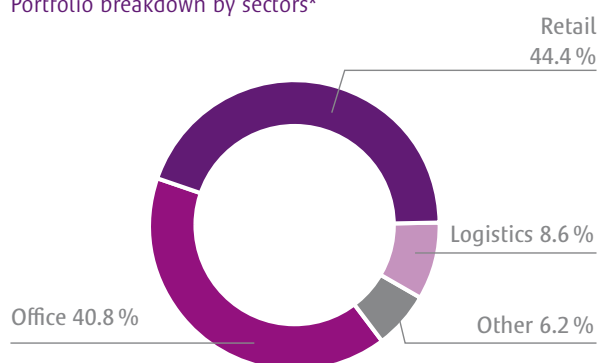
With its generalist approach, the company is relatively unaffected by developments in individual areas of the economy. For example, approximately 44 % of the current potential rent relates to the retail segment and a further 41 % relates to office space. Logistics properties contribute about 9 % of potential rent and other properties approximately 6 %.

Fair Value REIT-AG also has a tenant structure with a high level of creditworthiness. The ten largest tenants contribute approximately 61 % of the proportionate contractual rent. With a share of approximately 15 %, the largest individual tenant is the Sparkasse Südholstein bank. A number of financially stable retail companies occupy the list of top ten tenants, such

Ten largest tenants in % of proportionate contracted rent

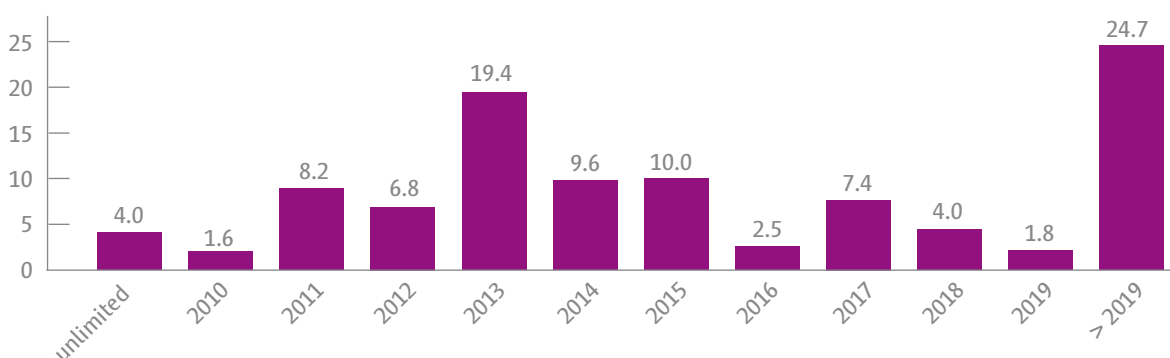
	September 30, 2010
Sparkasse Südholstein	14.9 %
Metro Group	10.1 %
Edeka Konzern	9.8 %
BBV Holding AG	5.8 %
Kaufland Gruppe	5.1 %
Schweizerhof Hotel	4.8 %
HPI Germany	3.1 %
ABB Grundbesitz GmbH	3.1 %
comdirect bank AG	2.3 %
REWE Group	2.0 %
Sonstige	39.0 %
Total	100.0 %

Portfolio breakdown by sectors*



* according to potential rent

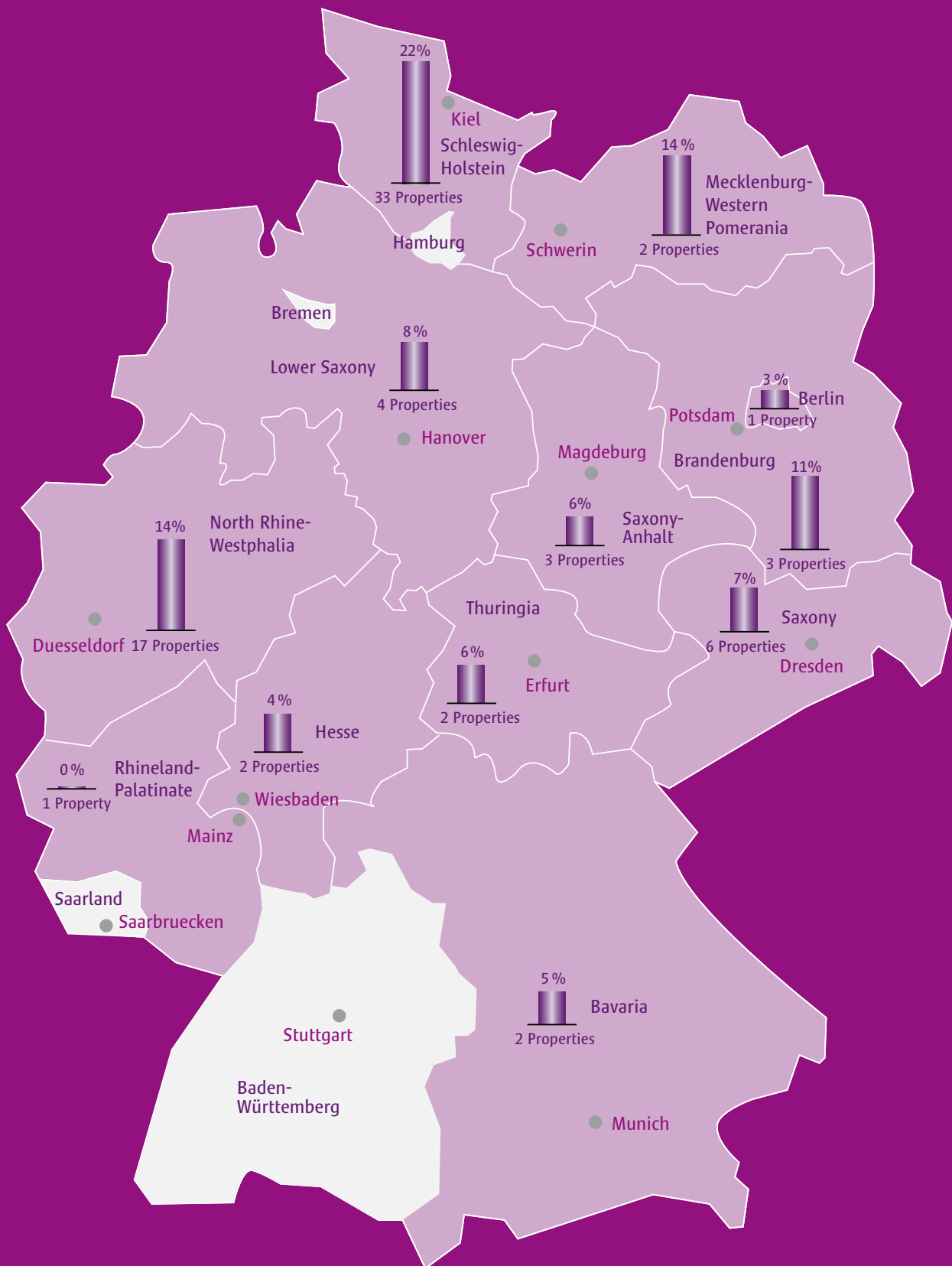
Lease expiry schedule in % of proportionate contractual rent as of September 30, 2010*



* rounded

Portfolio Split by Region

(in % of Fair Value's proportionate market value as of September 30, 2010)

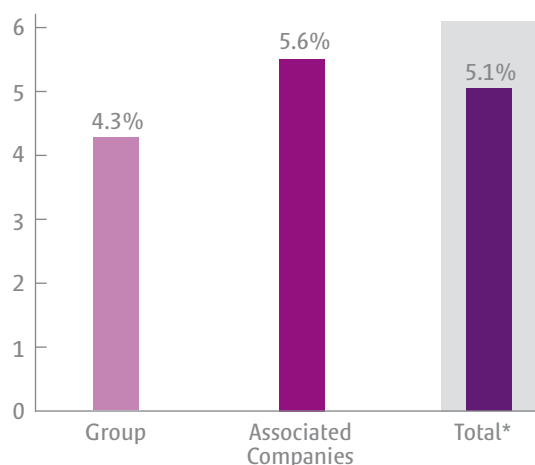


as the Metro Group, the Edeka Group, the Kaufland Group and the REWE Group; these contribute approximately 27 % of the proportionate contractual rent. The diversity of the tenant structure strengthens the already established Fair Value REIT-AG investment strategy of ensuring risk diversification.

LIABILITIES

The Group's financial liabilities (parent company and subsidiaries), which amount to approximately € 99.9 million, are underpinned by fixed-term loans and interest rate swaps (72 %). A total of 28 % of the financial liabilities in the Group consisted of variable rate loans. Overall, the weighted average interest rate for the Group was 4.3 % p.a. as of September 30, 2010. The average remaining term of the current agreements totalled 3.6 years, and the distribution of the remaining term can be seen in the graph on the next page.

Weighted \emptyset interest rate



The financial liabilities of the associated companies totalled € 229 million on September 30, 2010, (of which approximately € 80.7 million can be proportionately attributed to Fair Value). The current terms of credit have an average remaining term of 3.4 years. Approximately 50 % of the liabilities held by the associated companies consist of fixed-term loans, with the rest being variable rate loans. As the latter are equipped with interest rate hedges, they are viewed as also being fixed-term loans. The average weighted interest rate for the associated companies on the balance sheet date was 5.6 %.

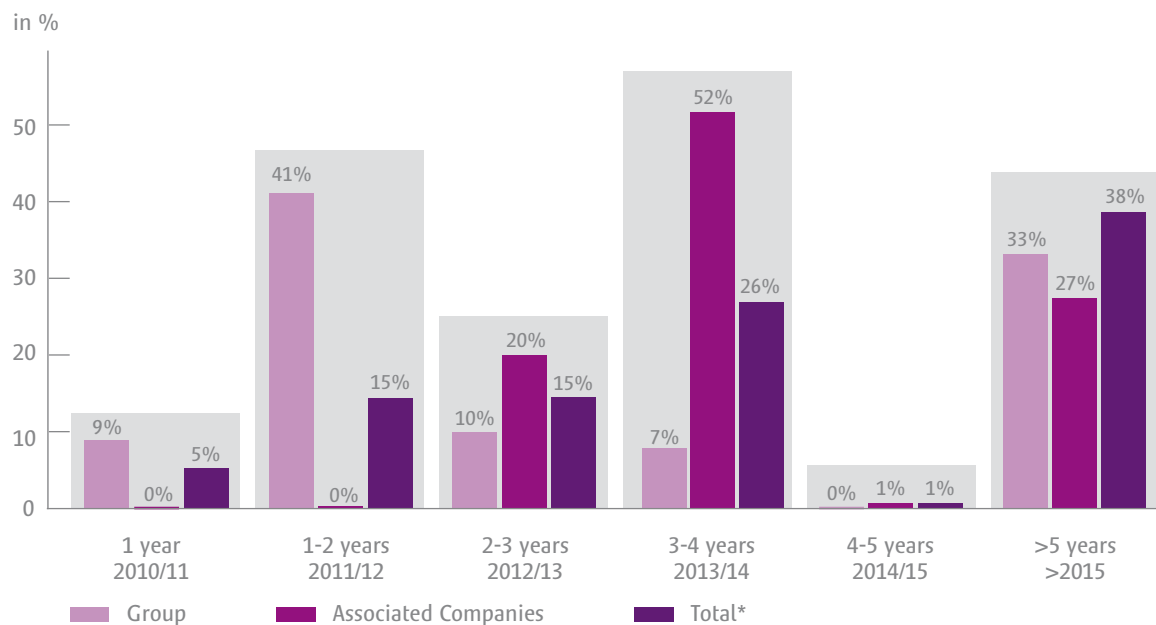
Taking into account the proportionate participations of Fair Value REIT-AG in the subsidiaries and associated companies, the pro-forma, proportionately consolidated weighted average interest rate was 5.1% and the remaining term was 3.8 years.

A detailed breakdown of the carrying amounts of individual financial liabilities in accordance with IFRS (including allocation to the respective companies)

on September 30, 2010, as well as information about compliance with any mortgage lending level requirements and with the debt service coverage, is available in the "Liabilities and Portfolio" chapter.

In conjunction with its comfortable liquidity situation and its mandatory high equity ratio, the Fair Value Group achieves a high degree of financial solidity with regard to its investments.

Remaining term until reconditioning



* After taking Fair Value's share into consideration



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Group interim management report

Business report

I. BUSINESS ACTIVITIES AND GENERAL CONDITIONS

i. Overview of business activity and corporate structure

Fair Value REIT-AG (hereinafter „Fair Value“) focuses on the acquisition and management of commercial real estate in Germany. The property management and investment activities are currently concentrated on office and retail properties in regional centres.

The uniqueness of Fair Value REIT AG's business model lies within the combination of direct investment in real estate and the acquisition of participations in real estate partnerships. Participation may be made by way of a contribution in kind, hence the exchange of interests against shares in Fair Value, but also through the purchase of interests against the payment of a purchase price.

The company is in direct ownership of a portfolio of 32 commercial properties. The majority of these are used as bank branches by Sparkasse Südholstein. The total lettable space of these properties is around 43,000 m². On the basis of individual valuations, the market value of the „Sparkasse Portfolio“ on December 31, 2009 was estimated at a total of approximately € 45.5 million (previous year € 47.3 million).

In addition, the company holds participations in a total of 13 closed-end real estate funds. This involves six subsidiaries and seven associated companies. In the associated companies the level of participation is below 50%.

After the sale of four properties completed in the first half of 2010 the subsidiaries hold a total of 20 properties with a total lettable space of around 122,000 m² and a market value of around € 92.1 million (previous year „like for like“ € 97.5 million).

The associated companies hold a total of 24 properties with a total lettable space of around 279,000 m² and a market value of € 379,0 million (previous year € 392,0 million).

On September 30, 2010 the proportionate overall portfolio of direct ownership and participations in revenue terms was let for 93.6% (previous year 95.1%) of the potential rent of € 20.1 million (previous year „like for like“ € 20.4 million). The potential rent consists of the total contractual rents and market rents for vacant premises.

Fair Value REIT-AG is managed independently by the Management Board, which has many years of capital market experience and experience in the acquisition and management of commercial real estate and participations in closed-end real estate funds. The focus of the three employees (including the Management Board) is on the strategic management of the Group, risk management and investor relations.

The Management Board works closely with the Supervisory Board, which is involved in all important decisions. The Supervisory Board has three members.

Major parts of the accounting and property management are outsourced under service contracts to IC Immobilien Service GmbH, a subsidiary of the IC Real Estate Group, based in Unterschleissheim near Munich. With approximately 190 employees the Group manages an investment volume of around € 7.8 billion for private and institutional investors.

ii. Economic environment

Macroeconomic environment

The economic recovery is continuing in Germany even if, as expected, this is at a more moderate rate than in the first half of the year. However, the recovery has spread and is no longer only based on an increase in exports and stock replenishment. In fact, domestic demand has also risen, not least because of the improved situation in the labour market and the good employment prospects. Consequently, for the current financial year, the leading German economic research institutes are forecasting an increase of 3.7% in the real gross domestic product. Even the IMF has again increased its forecast for economic growth in Germany in 2010, most recently from 1.9% to the current 3.3%. However, at a European level, the debt crisis of some

EU members is still having a negative impact on Europe's economic performance in the third quarter of 2010 according to estimates from economic experts.

Inflation increased again in September 2010. According to the Federal Statistical Office (Destatis), the consumer price index for Germany rose by 1.3 % in September 2010 compared with the same month last year. This was again influenced by the trend in prices for food and energy products. The European Central Bank base rate remained unchanged during the reporting period at 1.0 %.

The positive economic trend has made its mark on the labour market. In comparison to the previous year, there has been a significant drop in unemployment and underemployment. At the end of the third quarter, around 3 million (previous year: 3.4 million) people or 7.2 % (previous year: 8.0 %) of the total civilian workforce were unemployed. Admittedly, reduced working hour programmes continue to ease the pressure on the labour market but such measures are now 80 % lower than the peak reached in May 2009.

Sources:
Federal Employment Agency, Destatis – Federal Statistical Office for Germany, DIW, ifo Institute, German Institute for Economic Research, IMF International Monetary Fund

Real estate market in Germany

The rental market

Office space

There is also a gradual increase in activity in the rental markets. Although there is still a hesitancy to make rental decisions, there is a greater willingness to make cost-intensive moves due to the improved economic climate. In the six office centres* leasing turnover of around 1.9 million m² was recorded from January to September 2010. This is an increase of around 17 % on the previous year. However, the regional results are still very varied and are partly also influenced by large individual lettings.

In the six office centres, around 8.3 million m² or 10.3 % of all office space was standing empty at the end of September, whereas in the previous year, this figure was still at around 7.6 million m² or 9.5 %. In addition to the new lettings, which tend to be relocations rather than expansion, it is the completed new buildings that have had an influence on this trend.

Retail space

The retail market was stable at the start of the financial year. This positive trend continued with a further improvement in consumer confidence over the course of the year. In particular, well-positioned retail concepts and major retail locations are benefiting from this trend.

Logistics space

The upward economic trend in the logistics sector continues. The assessment of the situation continues to be in line with the previous optimistic expectations. This positive trend is also reflected in the market for warehouse and logistics space. In total, around 3.2 million m² was let or sold to owner-occupiers in the first nine months. This represents an increase of around 16 % in comparison to the same period last year. At the same time, there was a particularly high demand for space generally exceeding 5,000 m². In the five major conurbations**, space in this category accounted for 62 % of total turnover.

The investment market

Germany is driving the economic recovery in Europe, has a positive trend in the labour market and is generating a rise in domestic demand. Against this background, the German real estate market is considered by domestic and international investors to be a relatively safe investment location. With a simultaneous increase in portfolio transactions, this resulted in a considerable rise in the transaction volume to around € 13.1 billion in the first nine months of this financial year. In comparison to the same period last year, when the corresponding figure was € 7.1 billion, this represents a rise of over 80 %.

As investors are mainly focussing on low-risk core properties, rising purchase prices are already being observed again in some cases, particularly with regard to large retail real estate.

Source: Jones Lang LaSalle, BVL/ifw, CB Richards Ellis

** Berlin, Düsseldorf, Frankfurt/Main, Hamburg, Munich, Stuttgart*

*** Berlin, Düsseldorf, Frankfurt/Main (including Wiesbaden and Mainz), Hamburg, Munich*

II. INFORMATION ABOUT THE REAL ESTATE PORTFOLIO

The Fair Value Group's real estate portfolio is partly owned directly by the parent company and partly held by subsidiaries (participating interest over 50%). The full consolidation of the subsidiaries produces minority interests in the net assets, which are reported under the IFRS accounting rules in the Fair Value Group's financial liabilities.

In addition, the real estate portfolio also includes the real estate owned by the associated companies (participating interest under 50%). The participations in associated companies are valued „at equity“. This means that only the proportionate net assets attributable to Fair Value REIT-AG are shown in the assets on the balance sheet. In the consolidated income statement, the proportionate current earnings of the associated companies are posted in income from participations.

The following table provides information about real estate attributable to the Group and the associated companies. In the right columns, the rents and market values are shown taking into account the participating interest of Fair Value REIT-AG on September 30, 2010.

The occupancy rate of the real estate held by the Group and the associated companies has reduced slightly to 93.6% on a pro rata basis related to

the parent company Fair Value REIT-AG, as against the previous year's figure of 95.1%. The weighted remaining lease term on the balance sheet date amounted in total to 6.3 years against 6.6 years in the previous year.

The proportionate Fair Value portfolio, with an approximate nationwide distribution of real estate, achieved around 44% of the potential rents (i.e. the rents achievable with full occupancy) in retail properties. A further 41% relates to office properties, whereas logistics properties accounted for 9% and other properties accounted for around 6%.

Short name	Direct investments and participations	Plot size ⁰⁾	Lettable space ⁰⁾	Annualised contractual rent September 30, 2010	Market value December 31, 2009 ^{0), 1)}	Fair Value REIT-AG's share				
						Participating interest September 30, 2010	Annualised contractual rent September 30, 2010	Market value December 31, 2009 ^{1), 2)}	Occupancy level September 30, 2010 ^{3), 5)}	Average remaining term of rental agreements ^{4), 5)}
		[m ²]	[m ²]	[€ K]	[€ K]	[%]	[€ K]	[€ K]	[%]	[years]
Direct investments										
	"Sparkassen-Portfolio"	58.624	42.948	3.232	45.527	100,00	3.232	45.527	98,2	11,4
	Total direct investments	58.624	42.948	3.232	45.527	100,00	3.232	45.527	98,2	11,4
Subsidiaries										
IC 07	IC Fonds & Co. Büropark Teltow KG	5.324	9.731	450	7.110	75,73	341	5.385	64,8	1,8
IC 03	IC Fonds & Co. Forum Neuss KG	19.428	12.064	436	7.320	71,58	312	5.240	69,1	1,8
IC 01	IC Fonds & Co. München-Karlsfeld KG	7.019	3.375	295	4.340	55,79	165	2.421	87,2	10,2
BBV 06	BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG	87.683	61.776	3.729	45.090	55,55	2.071	25.047	88,8	3,7
BBV 03	BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG	25.172	12.781	696	6.820	53,79	374	3.669	97,8	1,9
IC 13	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG	22.357	21.835	2.349	21.380	50,04	1.175	10.698	87,6	4,1
	Total subsidiaries	166.983	121.562	7.954	92.060		4.438	52.459	85,0	3,6
	Total Group	225.607	164.510	11.186	137.587		7.670	97.986	90,1	6,9
Associated companies										
BBV 14	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG	16.196	38.022	6.047	83.920	45,11	2.728	37.856	95,4	4,8
IC 12	IC Fonds & Co. SchmidtBank-Passage KG	4.226	8.380	500	7.340	40,22	201	2.952	81,3	2,9
BBV 02	BBV Immobilien-Fonds Erlangen GbR	6.350	2.770	220	1.650	39,68	87	655	100,0	1,8
IC 15	IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG	21.335	33.080	2.977	35.110	38,37	1.142	13.472	98,8	8,5
BBV 10	BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG	177.231	96.203	10.199	117.240	38,37	3.913	44.981	94,2	4,4
IC 10	IC Fonds & Co. Rabensteincenter KG	11.203	9.986	699	8.940	26,14	183	2.337	94,5	1,9
BBV 09	BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG	114.912	90.728	11.718	124.800	25,11	2.943	31.343	100,0	8,3
	Total associated companies	351.453	279.168	32.361	379.000		11.197	133.595	96,2	5,8
	Total proportionate portfolio						18.868	231.581	93,6	6,3

Explanations

⁰⁾ Does not consider the respective participating interest

¹⁾ According to valuation by CB Richard Ellis GmbH, Frankfurt / Main, December 31, 2009

²⁾ Proportionate market values attributable to Fair Value based on percentage of participations; IC 15 holds only 94.2% in Chemnitz-Passage KG; however, due to negative equity of the minority shareholder on property company level the property is to be attributable to IC 15 with 100%

³⁾ Contractual rent / (contractual rent + vacant space 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

III. OVERALL STATEMENT REGARDING THE GROUP'S ECONOMIC SITUATION AND ANALYSIS OF THE INCOME, FINANCIAL AND NET ASSET POSITIONS

i. Overall statement on the economic situation of the Group

In the first nine months of this year, the operational business developed very positively. By September 30, around 80 % of the Fair Value proportionate rental volume due to expire in 2010 had been extended by means of new lettings or renewals. With regard to the remaining 20 %, the appropriate negotiations will be conducted during the fourth quarter. The Fair Value proportionate occupancy rate of 93.6 % is slightly under last year's level of 95.1 %, however, the remaining term of the leases was maintained at a high level of 6.3 years in comparison to 6.6 years last year due to successful letting activities.

Consequently, revenues were also stable, with the rise from € 8.4 million last year to the current € 10.3 million resulting from the full consolidation of the IC 13 subsidiary for the first time. In the previous year, this company was still included with its proportionate net income in income from participations because of the lower shareholding at the time. On a like-for-like basis, i.e. without the IC 13 subsidiary and without the revenues from the four properties sold at the start of this year, the consolidated revenues for the first nine months of this year were about 2 % higher than last year's figure.

As a result, in the first nine months of this year, the Fair Value Group recorded a consolidated net income of € 4.1 million (previous year: € 2.4 million) and consequently almost met the targets previously set for the whole of 2010. This represents a profit of € 0.44 per share (previous year: € 0.25). The increase

mainly results from lower valuation losses with regard to real estate and also from cost savings.

The adjusted consolidated net income (EPRA earnings) determined according to EPRA recommendations, excluding changes in market value, was, at € 4.1 million or € 0.44 per share, slightly below the previous year's figure of € 4.3 million or € 0.46 per share. The deviation is essentially explained by letting-related reconstruction costs.

At a group level, Fair Value REIT-AG achieved an operational cash flow ("Funds from Operations", FFO) of € 3.1 million or € 0.33 per share during the same period (previous year: € 2.2 million or € 0.23 per share).

Adjusted consolidated income (EPRA-Earnings)

	According to Consolidated Income Statement		Adjustment for extraordinary factors						Adjusted Consolidated Income Statement	
			Profits / losses on sale or valuation		Interest rate swaps		Other			
	January 1 to September 30, 2010	2009	January 1 to September 30, 2010	2009	January 1 to September 30, 2010	2009	January 1 to September 30, 2010	2009	January 1 to September 30, 2010	2009
Net rental income	7.072	6.052							7.072	6.052
General administrative expenses	-1.567	-2.115						289	-1.567	-1.826
Other operating income and expenses	-86	53							-86	53
Earnings from sale of invest- ment properties	-95	0	95						0	0
Valuation result	0	-114		114					0	0
Operating income	5.324	3.876	95	114				289	5.419	4.279
Income from participations	3.413	2.517	3	1.247	23	295		-15	3.439	4.044
Income from beneficial acquisition of participations	0	44							0	44
Interest income	68	135							68	135
Interest expense	-3.677	-3.387			-88	23			-3.765	-3.364
Income before minority interests	5.128	3.185	98	1.361	-65	318			5.161	5.138
Minority interests in the result	-1.050	-791	-44	-51	39	-10			-1.055	-852
Income taxes	2	0							2	0
Consolidated net income (loss)	4.080	2.394	54	1.310	-26	308	0	274	4.108	4.286

ii. Income position

During the first nine months of 2010, the Fair Value Group generated revenues of € 10.3 million (previous year: € 8.4 million). Of this, 72 % was in the subsidiaries segment and 28 % in the direct investment segment.

The net rental result for the group amounted to € 7.1 million against € 6.1 million last year.

The positive changes in these key figures as against the previous year resulted primarily from the first time inclusion of revenues from the IC 13 subsidiary. In the previous year, these were still part of the income from equity accounted companies. Furthermore, during the first quarter of 2010, four properties held by subsidiaries were sold which, in the same period last year, had still produced constant revenues. Therefore, on a like-for like basis, i.e. adjusted for the IC 13 subsidiary with a share of € 1.7

million and for the income from the sold properties, the net rental result would be € 5.4 million against € 5.5 million in the previous year. The difference from the previous year's figure arises from reconstruction costs associated with new lettings.

The operating profit, at € 5.3 million, was around € 1.4 million higher than in the previous year. On a like-for-like basis, i.e. adjusted for the IC 13 subsidiary with a share of € 1.6 million in this year's operating profit and for the proportionate income from the properties sold of € 0.5 million in the previous year and € 0.2 million this year, the operating profit would be 6 % higher at € 3.6 million compared with € 3.4 million in the previous year. A positive contribution was made in this respect by a significant reduction of 26 % in the parent company's general administrative expenses.

The income from participations in the first nine months of 2010 stood at € 3.4 million and thus significantly above the previous year's figure of € 2.5 million (or € 2.3 million without the IC 13 company, which was still an associated company in the previous year). The positive overall change is based on a lower valuation loss in the properties of the associated companies.

Interest expenses rose due to the full consolidation of the IC 13 company by € 0.3 million to € 3.7 million. Without this change in status, interest expenses would have been around € 0.1 million less than last year's level.

After deducting the profit shares of minority shareholders in subsidiaries, the Fair Value Group reported a consolidated net income of € 4.1 million (previous year: € 2.4 million). This is equivalent to basic earnings of € 0.44 per share compared with € 0.25 in the previous year.

iii. Financial position

In the reporting period, Fair Value generated an operating cash flow („Funds from Operations“, FFO) of € 3.1 million or € 0.33 per share against € 2.2 million or € 0.23 per share last year.

Taking into account the changes in assets and liabilities, there was a cash inflow from operating activities of € 2.3 million. Last year, there was a cash outflow from operating activities of € 0.8 million. The difference from the previous year mainly resulted from the settlement of sales tax liabilities in 2009 relating to a compensation payment received in 2008 for the early termination of a general lease agreement.

Investment activities produced a cash inflow of € 8.2 million from the sale of four properties after an inflow of € 2.2 million in the previous year. Because of repayments of debt amounting to € 8.4 million and the purchase of own shares for € 0.1 million there was a cash outflow from financing activities amounting to € 8.5 million (previous year: € 7.5 million).

Overall, the group's liquid assets during the reporting period increased by € 2 million to € 10.3 million.

iv. Net asset position

Assets

The total assets have decreased in comparison to December 31, 2009 by 2 % to € 199.0 million. 94 % of the assets of € 186.5 million consist of immovable assets. Of this total, € 137.6 million relate to investment properties (unchanged from December 31, 2009). The equity accounted participations in associated companies totalled € 48.9 million (December 31, 2009: € 47.4 million). The

rise compared to the amount stated on December 31, 2009 results from the economic result totalling € 3.4 million, reduced by the losses from interest derivatives and withdrawals totalling around € 2 million.

The current assets have decreased to € 12.1 million compared to € 18.4 million on December 31, 2009 because the sales prices for the four sold properties were still included at the end of last year and have since been paid and the funds received have mainly been used to repay debt.

Liabilities

The assets were financed at a rate of 62 % or € 124.4 million by liabilities (December 31, 2009: € 131.1 million) and at a rate of 38 % or € 74.6 million by equity (December 31, 2009: € 72.7 million). It should be borne in mind that minority interests in subsidiaries (€ 15.9 million) according to IFRS are classified as liabilities.

The key ratio for REIT status is the balance sheet equity plus minority interests in subsidiaries totalling € 90.5 million in relation to immovable assets of € 186.5 million. Therefore, the equity ratio according to Section 15 REITG amounted on September 30, 2010 to 48.6 % of the immovable assets.

Financial liabilities

The Group's financial liabilities amounted to € 99.9 million (December 31, 2009: € 108.3 million) or 50 % of the total assets. Of these, on the balance sheet date, approximately € 10.7 million or 11 % were due within one year. 60 % of the reduction in financial liabilities result from unscheduled repayments following property sales and 40 % result from contractual ongoing repayments.

Other liabilities

79 % of the other liabilities amounting to € 0.9 million are due within one year.

Equity/Net Asset Value (NAV)

The addition of the market values of properties and participations resulted on September 30, 2010, after the deduction of financial liabilities and taking into account other balance sheet items, in a net asset value (NAV) of € 74.6 million (December 31, 2009: € 72.7 million).

The net asset value is a key indicator for the evaluation of real estate investment companies. Based on the shares in circulation on the accounting date, this produces a NAV of € 8.00 per share against € 7.78 on December 31, 2009.

Balance sheet NAV in € thousand	September 30, 2010	December 31, 2009
Market value of properties	137,587	137,587
Equity-accounted participations	48,871	47,442
Other assets minus derivative financial instruments, provisions and payables	4,938	12,683
Minority interests	-15,916	-15,296
Financial liabilities	-99,919	-108,316
Other liabilities	-929	-1,380
Net asset value	74,632	72,720
Net asset value per share *	8.00	7.78

The „Best Practice Recommendations“ issued by the European Public Real Estate Association (EPRA) provide an accepted guideline that supplements the IFRS reporting for a real estate company with the addition of a transparent NAV calculation. The following calculated key figure (EPRA NAV) is based on this guideline. Since, because of the REIT status,

deferred taxes are irrelevant to Fair Value REIT AG, the EPRA NAV indicated below also corresponds to the NNAV indicator used by some experts.

EPRA-NAV in € thousand	September 30, 2010	December 31, 2009
NAV pursuant to consolidated balance sheet	74,632	72,720
Market value of derivative financial instruments	6,822	5,027
Minority interests	-345	-421
Market value of derivative financial instruments of equity-accounted participations (proportionate)	4,360	4,196
EPRA-NAV	85,469	81,522
EPRA-NAV per share*	9.17	8.72

* on September 30, 2010 in relation to 9,325,572 shares in circulation and on December 31, 2009 in relation to 9,347,790 shares in circulation

IV. REPORT ON TRANSACTIONS WITH RELATED PARTIES

A company in the IC Real Estate Group, which has a participation of around 18% in Fair Value REIT-AG, provides accounting and property management services for the group. Details about this and on the relationships with other related companies and persons are given in the 2009 Annual Report of Fair Value REIT-AG in Group Note No. 33 on pages 97 to 100. The status of receivables and payables on the reporting date is shown in Group Note No. 12 of this interim report. At the level of the subsidiaries and associated companies, there are further service contracts in place with companies in the IC Real Estate Group.

No transactions were carried out in the first nine months of 2010 with the Supervisory Board, the Management Board or close relatives of the Supervisory Board or Management Board. With effect from July 1, 2010, a supplement to the contract of employment revising the fixed remuneration and variable components of the remuneration was agreed with the Management Board. Further information on this is provided in Note No. 12.

Supplementary Report

After the balance sheet date and with effect from October 1, 2010, in the course of an adjustment of the portfolio of associated companies, the participation in IC Fonds & Co. Rabensteincenter KG (IC 10) was sold at a purchase price of € 75,000. As the participation is showing a negative asset value and therefore had already been fully written off, the proceeds can be included as income both on group level in accordance with IFRS and on single entity level in accordance with German GAAP. As a result of the sale, the number of associated companies will be reduced by one company from October 1, 2010. The participation was purchased by two partners in the associated company. Around 92% of the total participation sold was acquired by the founding partner of the associated company, IC Fonds GmbH, which is also a shareholder in Fair Value REIT-AG.

No other events which have a significant impact on the income, net asset or financial positions have occurred after the end of the reporting period.

Risk Report

As a result of its business activity, Fair Value is exposed to various risks. In addition to economic risks, these are essentially letting risks, collection loss risks, interest rate and liquidity risks. Risk management and the general risks of the company are described in detail in the 2009 Annual Report for Fair Value REIT-AG, on pages 41 to 46.

The Management Board expects to arrange follow-up financing for short-term financial liabilities expiring at the end of June 2011 and consequently does not expect any risks to arise which could threaten the existence of Fair Value REIT-AG in the next 12 months.

Opportunities and Forecast

Increase in the profit forecast for 2010 and conditional confirmation of dividend payment

In the first nine months of 2010, the Fair Value Group has, with € 4.1 million, already generated 98% of the total EPRA earnings expected for 2010 as a whole. This mainly results from definitive cost savings and from letting-related cost shiftings. In view of this, the Management Board is increasing the forecast for 2010 as a whole: the previous forecast was an adjusted IFRS consolidated net income before market value changes in real estate and interest derivatives (EPRA earnings) for 2010 of € 4.2 million, corresponding to € 0.45 per share. The new forecast for the EPRA earnings is € 5.1 million, corresponding to € 0.55 per share.

The FFO ("Funds from Operations") were previously forecast at € 2.7 million for 2010, corresponding to € 0.29 per share. The new FFO forecast for 2010 is € 3.3 million, corresponding to € 0.35 per share.

With regard to the non-consolidated financial statements in accordance with the German Code of Commercial Law, if income from participations, some of which has already been secured and some of which is still outstanding, is included, the Management Board assumes the net income in 2010 will permit a dividend of EUR 0.10 per share to be paid in 2011 in accordance with the provisions of REIT legislation. This expectation assumes that according to the market development extraordinary current-value depreciations on real estate and participations will not occur.

Outlook

With an income-based occupancy rate of 93.6% of the Fair Value proportionate overall portfolio and a weighted remaining lease term of 6.3 years, Fair Value REIT-AG can build on a stable revenue base. Furthermore, additional income potential can be generated through continued successful letting management.

Moreover, the very favourable interest rate level at present can be used in conjunction with the follow-up financing of short to mid-term loans in order to reduce future interest expenses. New invitations to tender and negotiations with regard to service mandates are also providing the basis for further reductions of general administrative expenses on the level of subsidiaries and participations.

Furthermore, renewed growth in the transaction market should be harnessed to make a strategic adjustment to the existing portfolio in order to generate further improvements in income from invested capital and in order to reveal hidden reserves.

Munich, Germany, November 11, 2010

Fair Value REIT-AG



Frank Schaid



NKD

NKD



Consolidated interim financial statements

January 1 to September 30, 2010

Consolidated Balance Sheet

€ thousand	Note No.	September 30, 2010	December 31, 2009
Assets			
Non-current assets			
Intangible assets		3	4
Property, plant and equipment		8	12
Investment property	3	137,587	137,587
Equity-accounted investments	4	48,871	47,442
Other receivables and assets		377	348
Total non-current assets		186,846	185,393
Current assets			
Non-current assets available for sale	5	0	8,237
Trade receivables		1,238	1,307
Income tax receivables		61	63
Other receivables and assets		569	528
Cash and cash equivalents		10,285	8,281
Total current assets		12,153	18,416
Total assets		198,999	203,809

€ thousand	Note No.	September 30, 2010	December 31, 2009
Equity and liabilities			
Equity			
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Reserve for changes in value	6	(7,506)	(5,446)
Retained earnings		(10,665)	(14,745)
Treasury shares	7	(398)	(290)
Total equity		74,632	72,720
Non-current liabilities			
Minority interests		15,916	15,296
Financial liabilities	8	89,226	104,004
Derivative financial instruments		6,822	5,027
Other liabilities		191	286
Total non-current liabilities		112,155	124,613
Current liabilities			
Provisions		261	261
Financial liabilities	8	10,693	4,312
Trade payables		520	809
Other liabilities		738	1,094
Total current liabilities		12,212	6,476
Total shareholders' equity and liabilities		198,999	203,809

Consolidated income statement

€ thousand	Note No.	January 1 to September 30,		July 1 to September 30,		April 1 to June 30,		January 1 to March 31,	
		2010	2009	2010	2009	2010	2009	2010	2009
Rental income		8,930	7,707	2,884	2,573	2,901	2,569	3,145	2,565
Income from operating and incidental costs		1,445	892	531	347	458	273	456	272
Leasehold payments		(106)	(175)	(16)	(57)	(33)	(61)	(57)	(57)
Real estate-related operating expenses		(3,197)	(2,372)	(846)	(771)	(1,440)	(675)	(911)	(926)
Net rental result		7,072	6,052	2,553	2,092	1,886	2,106	2,633	1,854
General administrative expenses	9	(1,567)	(2,115)	(496)	(832)	(543)	(712)	(528)	(571)
Other operating income and expenses (total)		(86)	53	(67)	1	(2)	53	(17)	(1)
Net income from the sale of investment properties		8,508	0	0	0	5,523	0	2,985	0
Expenses in connection with the sale of investment properties		(8,603)	0	(39)	0	(5,526)	0	(3,038)	0
Result from sale of investment properties	5	(95)	0	(39)	0	(3)	0	(53)	0
Interest income		0	0	0	0	0	0	0	0
Interest expense	10	0	(114)	0	(20)	0	(84)	0	(10)
Valuation result		0	(114)	0	(20)	0	(84)	0	(10)
Operating result		5,324	3,876	1,951	1,241	1,338	1,363	2,035	1,272
Result from equity-accounted investments	4	3,413	2,561	1,406	889	1,155	1,172	852	500
Interest income		68	135	32	24	26	49	10	62
Interest expense	10	(3,677)	(3,387)	(1,183)	(1,173)	(1,244)	(1,010)	(1,250)	(1,204)
Income before minority interests		5,128	3,185	2,206	981	1,275	1,574	1,647	630
Minority interest in the result		(1,050)	(791)	(443)	(266)	(169)	(321)	(438)	(204)
Income before taxes		4,078	2,394	1,763	715	1,106	1,253	1,209	426
Income taxes		2	0	4	0	(2)	0	0	0
Net income		4,080	2,394	1,767	715	1,104	1,253	1,209	426
Earnings per share in € (basic / diluted)		0.44	0.25	0.19	0.08	0.12	0.13	0.13	0.05

Consolidated statement of comprehensive income

€ thousand	Note No.	January 1 to September 30,	
		2010	2009
Net income		4,080	2,394
Change in cash flow hedges		(1,883)	(878)
Thereof due to minority interests		(37)	63
Change in cash flow hedges of associated companies		(140)	(298)
Other results		(2,060)	(1,113)
Comprehensive income / loss		2,020	1,281

Consolidated cash flow statement

€ thousand	January 1 to September 30,	
	2010	2009
Net income	4,080	2,394
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Income tax expenses	2	0
Amortization of intangible assets and depreciation of property, plant and equipment	9	8
(Profits) Losses from the disposal of investment properties	95	0
Valuation result	0	114
Income from equity-accounted investments	(3,413)	(2,561)
Withdrawals from equity-accounted investments	1,844	1,640
Minority interest in the result	1,050	791
Disbursement to minority interests	(467)	(218)
Result from the valuation of derivative financial instruments	(88)	23
FFO (funds from operations) subtotal	3,112	2,191
Change in assets, equity and liabilities		
(Increase) / decrease in trade receivables	69	721
(Increase) / decrease in other liabilities	(70)	459
(Decrease) / increase in provisions	(63)	(137)
(Decrease) / increase in trade payables	(289)	(722)
(Decrease) / increase in other liabilities	(451)	(3,322)
Cash flow from operating activities	2,308	(810)

€ thousand	January 1 to September 30,	
	2010	2009
Cash flow from operating activities	2,308	(810)
Payments for the acquisition of interests in associated companies	0	(67)
Investments in investment property / property under construction	0	(74)
Income from the disposal of investment properties	8,205	2,300
Investments in property, plant and equipment and intangible assets	(4)	(3)
Cash flow from investment activities	8,201	2,156
Purchase of treasury shares	(108)	(4)
Receipts from financial liabilities	0	80
Repayment of financial liabilities	(8,397)	(7,599)
Cash flow from financing activities	(8,505)	(7,523)
Cash effective change of liquid funds	2,004	(6,177)
Cash and cash equivalents – start of period	8,281	14,039
Cash and cash equivalents – end of period	10,285	7,862
Additional disclosures:		
Interest received	73	140
Interest paid	3,730	3,193

Statement of changes in consolidated equity

€ thousand (except for circulating shares)	Shares in circulation	Subscri- bed capital	Share premium	Reserve for changes in value	Retained earnings	Own shares	Total
Balance at January 1, 2009	9,406,882	47,034	46,167	(4,575)	(11,839)	0	76,787
Net income	0	0	0	(1,113)	2,394	(4)	1,277
Balance at September 30, 2009	9,406,882	47,034	46,167	(5,688)	(9,445)	(4)	78,064
Balance at January 1, 2010	9,347,790	47,034	46,167	(5,446)	(14,745)	(290)	72,720
Purchase of own shares	(22,218)	0	0	0	0	(108)	(108)
Net income	0	0	0	(2,060)	4,080	0	2,020
Balance at September 30, 2010	9,325,572	47,034	46,167	(7,506)	(10,665)	(398)	74,632

Notes

(1) GENERAL INFORMATION ABOUT THE COMPANY

Fair Value REIT-AG (hereinafter referred to as “Fair Value” or “Company”) has been listed on the stock market since 16 November 2007 and obtained REIT status on 6 December 2007. Since the 2007 fiscal year, it has therefore been exempt from business and corporation tax.

As a result of its participation in a total of thirteen closed-end real estate funds, the company must prepare consolidated financial statements.

(2) ACCOUNTING AND VALUATION METHODS

Basis of the preparation – The Interim Consolidated Financial Statement has been prepared on the basis of the International Financial Reporting Standards (“IFRSs”) in compliance with IAS 34 “Interim Financial Reporting”.

Investment properties and financial derivatives are valued at fair value; interests held in associated companies are equity-accounted. All other valuations are based on cost.

Consolidation – All subsidiaries are included in the consolidated financial statement. The scope of consolidation has not changed since December 31, 2009.

Accounting and valuation methods – The same accounting and valuation methods are used for the quarterly report as for the consolidated financial statement on December 31, 2009.

Comparative figures – The comparison columns in the income and cash flow statements relate to the period from January 1 to September 30, 2009.

Due to other partners terminating their holdings, the participation of Fair Value in IC13 increased to 50.04% on December 31, 2009. Following this status change, the fund is now fully consolidated.

(3) INVESTMENT PROPERTIES

€ thousand	Direct investments	Participations	Total
Acquisition costs			
Balance at January 1, 2010 / September 30, 2010	51,832	117,971	169,803
Changes in value			
Balance at January 1, 2010 / September 30, 2010	(6,305)	(25,911)	(32,216)
Fair values			
Balance at January 1, 2010 / September 30, 2010	45,527	92,060	137,587

The fair values used for the investment properties are those determined on December 31, 2009 by CB Richard Ellis GmbH, Frankfurt.

(4) EQUITY-ACCOUNTED PARTICIPATIONS

€ thousand	IC 10	IC 12	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	Total
Proportionale equity								
As of January 1, 2010	(69)	2,445	6,329	186	11,570	17,283	15,754	53,498
Withdrawals	0	0	(289)	0	(641)	(913)	(1)	(1,844)
Proportion of earnings	27	81	426	25	1,065	1,112	704	3,440
Loss from cash flow hedge	0	0	0	0	0	(140)	0	(140)
As of September 30, 2010	(42)	2,526	6,466	211	11,994	17,342	16,457	54,954
Changes in value								
As of January 1, 2010	69	(196)	(704)	(77)	(1,180)	(1,844)	(2,124)	(6,056)
Change	(27)	0	0	0	0	0	0	(27)
As of September 30, 2010	42	(196)	(704)	(77)	(1,180)	(1,844)	(2,124)	(6,083)
Carrying amounts								
As of December 31, 2009	0	2,249	5,625	109	10,390	15,439	13,630	47,442
As of September 30, 2010	0	2,330	5,762	134	10,814	15,498	14,333	48,871

This refers to participations with holdings of between 20 % and 50 %. The € 1,429,000 increase in the carrying amounts in comparison to December 31, 2009 consists of the proportionate allocation to Fair Value of the results of these companies for the reporting period, amounting to € 3,440,000, minus the proportional change in the value change reserve recorded without affecting net income, amounting to a total of € 140,000, and the withdrawals received during the first six months of the year, including withholding tax on interest income and the solidarity surcharges amounting to € 1,844,000, and with the deduction of a € 27,000 adjustment to the changes in value.

The value adjustment arises from the net present value of company expenses not taken into account in the market valuations of the properties. For further information regarding the difference in value, please refer to the explanations on page 69 of the 2009 Annual Report.

Additional financial information pertaining to the equity-accounted associated companies is provided in the following tables, with the figures based on the group's participation in each of the associated companies rather than the respective companies in their entirety. The proportionately distributed assets and debts of these companies are as follows prior to provision for changes in value:

€ thousand	IC 10		IC 12		IC 15 (consolidated)		BBV 02	
	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009
Fair Value REIT-AG's share	26.14 %	26.14 %	40.22 %	40.22 %	38.37 %	38.37 %	39.68 %	39.68 %
Property, plant and equipment	0	0	0	0	0	3	0	0
Investment property	2,337	2,337	2,952	2,952	13,472	13,472	655	655
Trade receivables	31	33	38	71	86	63	15	12
Other receivables and assets	4	0	3	1	287	249	13	13
Cash and cash equivalents	69	46	480	392	1,322	1,566	62	55
Provisions	(3)	(3)	(5)	(4)	(10)	(9)	(1)	(1)
Financial liabilities	(1,955)	(1,977)	(918)	(936)	(8,571)	(8,816)	(517)	(533)
Derivative financial instruments	0	0	0	0	0	0	0	0
Trade payables	(5)	(3)	(11)	(15)	(33)	(41)	(6)	(7)
Other liabilities	(520)	(502)	(13)	(16)	(87)	(158)	(10)	(8)
Net assets	(42)	(69)	2,526	2,445	6,466	6,329	211	186

€ thousand	BBV 09		BBV 10		BBV 14		Total	
	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009
Fair Value REIT-AG's share	25.11 %	25.10 %	38.37 %	38.37 %	45.11 %	45.09 %		
Property, plant and equipment	0	0	0	0	0	0	0	3
Investment property	31,337	31,325	44,985	44,985	37,856	37,840	133,594	133,566
Trade receivables	83	43	74	89	168	216	495	527
Other receivables and assets	141	85	23	10	496	478	967	836
Cash and cash equivalents	1,865	1,883	1,898	2,468	886	767	6,582	7,177
Provisions	(8)	(10)	(7)	(9)	(9)	(12)	(43)	(48)
Financial liabilities	(18,499)	(18,981)	(27,587)	(28,324)	(22,627)	(23,193)	(80,674)	(82,760)
Derivative financial instruments	(2,572)	(2,538)	(1,788)	(1,658)	0	0	(4,360)	(4,196)
Trade payables	(35)	(30)	(155)	(196)	(214)	(226)	(459)	(518)
Other liabilities	(318)	(207)	(101)	(82)	(99)	(116)	(1,148)	(1,089)
Net assets	11,994	11,570	17,342	17,283	16,457	15,754	54,954	53,498

The proportionate income position of the equity-accounted companies for the reporting period compared to the same period of the previous year was as follows:

€ thousand	IC 10		IC 12		IC 13		IC 15 (consolidated)		BBV 02	
	January 1 to September 30, 2010 2009		January 1 to September 30, 2010 2009		January 1 to September 30, 2010 2009		January 1 to September 30, 2010 2009		January 1 to September 30, 2010 2009	
Fair Value REIT-AG's share	26.14 %	26.14 %	40.22 %	40.22 %	49.95 %	38.37 %	38.34 %	39.68 %	38.94 %	
Rental income	138	137	151	160	0	955	857	889	64	69
Income from operating and incidental costs	58	54	84	86	0	128	93	107	9	9
Real estate-related operating expenses	(67)	(87)	(110)	(116)	0	(219)	(181)	(153)	(22)	(27)
Net rental income	129	104	125	130	0	864	769	843	51	51
General administrative expenses	(5)	(4)	(12)	(13)	0	(50)	(43)	(49)	(5)	(8)
Other operating expenses and income (balance)	0	0	2	1	0	8	1	(9)	(1)	7
Gains from sale of investment properties	0	0	0	0	0	0	0	0	0	0
Valuation result	0	0	0	0	0	(265)	(3)	(195)	0	(19)
Operating result	124	100	115	118	0	557	724	590	45	31
Net interest expense	(97)	(90)	(34)	(34)	0	(449)	(298)	(328)	(20)	(21)
Valuation of derivative financial instruments	0	0	0	0	0	0	0	(1)	0	0
Financial result	(97)	(90)	(34)	(34)	0	(449)	(298)	(329)	(20)	(21)
Economic result	27	10	81	84	0	108	426	261	25	10

It should be noted that the reporting period in 2009 includes the results of IC13. Due to other partners terminating their holdings on December 31, 2009, the Fair Value REIT-AG participation in IC13 increased to 50.04 %, at which point the company became fully consolidated.

The valuation loss of a total of € 3,000 results from the depreciation of capital expenditures incurred at the Quickborn property (IC15). In the previous year,

the valuation loss of € 1,247,000 was based on the company's own estimated depletion of the benefits arising from a number of existing rental agreements concluded on the basis of rents which, at the time, were above market level (so called over-rents) as well as the immediate writing off of the renovation costs arising at the Quickborn (IC15) and Dresden (IC15) properties.

€ thousand	BBV 09		BBV 10		BBV 14		Total	
	January 1 to September 30, 2010 2009		January 1 to September 30, 2010 2009		January 1 to September 30, 2010 2009		January 1 to September 30, 2010 2009	
Fair Value REIT-AG's share	25.11 %	25.10 %	38.37 %	38.37 %	45.11 %	45.03 %		
Rental income	2,235	2,240	2,932	3,109	2,039	2,069	8,416	9,628
Income from operating and incidental costs	46	44	203	219	464	492	957	1,139
Real estate-related operating expenses	(180)	(129)	(681)	(596)	(756)	(835)	(1,997)	(2,162)
Net rental income	2,101	2,155	2,454	2,732	1,747	1,726	7,376	8,605
General administrative expenses	(64)	(74)	(120)	(125)	(176)	(186)	(425)	(509)
Other operating expenses and income (balance)	(8)	(1)	(14)	4	(9)	9	(29)	19
Gains from sale of investment properties	0	0	0	0	0	0	0	0
Valuation result	0	(404)	0	(238)	0	(126)	(3)	(1,247)
Operating result	2,029	1,676	2,320	2,373	1,562	1,423	6,919	6,868
Net interest expense	(931)	(944)	(1,218)	(1,284)	(858)	(895)	(3,456)	(4,045)
Valuation of derivative financial instruments	(33)	(257)	10	(38)	0	0	(23)	(296)
Financial result	(964)	(1,201)	(1,208)	(1,322)	(858)	(895)	(3,479)	(4,341)
Economic result	1,065	475	1,112	1,051	704	528	3,440	2,527

(5) NON-CURRENT ASSETS AVAILABLE FOR SALE

€ thousand	September 30, 2010	December 31, 2009
Office property Aachen („BBV 03“)	0	1,520
Retail property Hamm („BBV 06“)	0	1,352
Retail property Seligenstadt („BBV 06“)	0	1,465
Retail property Passau („BBV 06“)	0	3,900
	0	8,237

The valuation of such assets equates to the notarized purchase prices. An exception is the Hamm property, for which the agreed cost of renovation work, amounting to € 270,000, has been treated as a reduction of the purchase price.

The transfer of ownership, risk and reward had been closed for all properties by the reporting date of September 30, 2010. Sales costs amounting to € 95,000 have been accrued.

The three properties of BBV 06 were partially financed by debt. In exchange for the release of encumbrances the lender received unscheduled repayments totalling € 5,000,000.

(6) RESERVE FOR CHANGES IN VALUE

Included in the reserve for changes in value currently reducing the equity capital are changes in value (with no effect on net income) relating to interest rate hedges, to the extent that these fulfil the requirements for "Hedge Accounting". Changes in value amounted to € 2,060,000 during the reporting period, of which € 1,883,000 apply to the Group, plus minority interests of € 37,000. Furthermore, this reserve contains the change amounting to € 140,000 in equity-accounted participations, to the extent that these have resulted from the cash flow hedges of the associated companies.

(7) OWN SHARES

Based on a resolution passed by the Annual General Meeting on May 29, 2009, the Management Board is authorised to acquire own shares up until May 28, 2014 up to the total of 10% of the capital stock. With regard to this authorization, the Management Board decided on September 24, 2009 to acquire up to 100,000 shares in the company (equating to approx. 1% of the capital stock).

By the end of the share repurchase programme on January 29, 2010, 81,310 shares had been acquired. The acquisition costs amounted to a total sum of € 398,000 or € 4.89 per share. Taking these shares into account, Fair Value REIT-AG holds approximately 0.86% of the company's capital stock on September 30, 2010.

(8) FINANCIAL LIABILITIES

The long and short term liabilities amounting to a total of € 99,919,000 have fallen in comparison to December 31, 2009 as a result of scheduled repayments amounting to € 3,397,000 and an unscheduled repayment of € 5,000,000 enabled by the sale of BBV 06 properties.

(9) GENERAL ADMINISTRATIVE EXPENSES

€ thousand	January 1	
	to September 30, 2010	2009
Personnel expenses	292	772
Office costs	36	54
Travel and vehicle expenses	40	54
Accounting	108	0
Stock market listing, general meeting and events	131	158
Valuations	74	180
Legal and consulting costs	94	163
Audit expenses	137	136
Remuneration (Supervisory and Advisory Boards, General Partner)	67	65
Fund management	278	219
Trustee fees	83	83
Amortization and depreciation	9	8
Other	95	86
Non-deductible VAT	123	137
	1,567	2,115

Of the general administration expenses, € 1,015,000 (64.8%) are attributable to Fair Value and € 552,000 (35.2%) to the subsidiaries.

The reduction in personnel costs results from the departure of a member of the Management Board and a further member of staff as the previous year's personnel costs also include a severance payment of € 265,000 to the former member of the Management Board. The accounting costs arise from the service contract with IC Immobilien Service GmbH that has been in force since the fourth quarter of 2009. For further information, please refer to pages 98 and 99 of the 2009 Annual Report. The increased costs for fund management are the result of the full consolidation of the subsidiary IC13.

(10) INTEREST EXPENSE

€ thousand	January 1 to September 30,	
	2010	2009
Valuation of derivative financial instruments	(88)	23
Other interest expenses	3,765	3,364
	3,677	3,387

Interest expenses include earnings relating to the change in the fair value of derivative financial instruments (interest rate hedges) amounting to € 88,000. Of this sum, € 39,000 are attributable to the minority interests.

(11) SEGMENT REVENUES AND RESULTS

€ thousand	Segment revenues January 1 to September 30,		Segment results January 1 to September 30,	
	2010	2009	2010	2009
Direct investments	2,870	2,757	2,177	1,952
Subsidiaries	7,505	5,842	4,019	3,287
	10,375	8,599	6,196	5,239
Earnings from equity-accounted participations			3,413	2,561
Central administrative expenses and other			(872)	(1,363)
Net interest expense			(3,609)	(3,252)
Minority interest in the result			(1,050)	(791)
Income taxes			2	0
Consolidated Net Income			4,080	2,394

The following table shows the results calculation of the segments in a less aggregated form. The "subsidiaries" segment is broken down into the individual subsidiaries. The current income of the IC13 subsidiary was included in the equity-accounted participations in the previous year.

€ thousand	Segment Direct investments*		Segment Subsidiaries							
	January 1 to September 30,		IC 01		IC 03		IC 07		IC 13	
	2010	2009	January 1 to September 30, 2010	January 1 to September 30, 2009	January 1 to September 30, 2010	January 1 to September 30, 2009	January 1 to September 30, 2010	January 1 to September 30, 2009	January 1 to September 30, 2010	January 1 to September 30, 2009
Rental income	2,430	2,416	236	249	363	445	340	335	1,808	0
Income from operating and incidental costs	440	341	57	53	127	140	136	103	280	0
Segment revenue	2,870	2,757	293	302	490	585	476	438	2,088	0
Leasehold payments	0	0	0	0	0	0	0	0	0	0
Real estate-related operating expenses	(549)	(538)	(85)	(106)	(180)	(268)	(262)	(306)	(377)	0
Net rental result	2,321	2,219	208	196	310	317	214	132	1,711	0
Administrative expenses related to segment	(143)	(277)	(26)	(23)	(26)	(26)	(28)	(27)	(93)	0
Other operating expenses and income (balance)	(1)	10	(16)	1	(69)	5	(2)	15	2	0
Income from sale of investment properties	0	0	0	0	0	0	0	0	0	0
Valuation result	0	0	0	0	0	0	0	0	0	0
Segment profit	2,177	1,952	166	174	215	296	184	120	1,620	0
Central administrative costs	(872)	(1,363)	0	0	0	0	0	0	0	0
Income from equity-accounted participations	1,642	1,491	0	0	0	0	0	0	0	0
Other income from participations	17	250	0	0	0	0	0	0	0	0
Net interest expenses	(1,853)	(1,772)	(70)	(76)	(144)	(153)	(111)	(106)	(414)	0
Valuation result of derivative financial instruments with effect to net income	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0
Income taxes	2	0	0	0	0	0	0	0	0	0
Annual result	1,113	558	96	98	71	143	73	14	1,206	0

* including Fair Value REIT-AG

€ thousand	Segment Subsidiaries				Total Segment Subsidiaries		Consolidation		Group	
	BBV 03		BBV 06		January 1 to September 30,		January 1 to September 30,		January 1 to September 30,	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Rental income	554	662	3,199	3,600	6,500	5,291	0	0	8,930	7,707
Income from operating and incidental costs	96	96	309	159	1,005	551	0	0	1,445	892
Segment revenue	650	758	3,508	3,759	7,505	5,842	0	0	10,375	8,599
Leasehold payments	0	0	(106)	(175)	(106)	(175)	0	0	(106)	(175)
Real estate-related operating expenses	(139)	(183)	(1,605)	(971)	(2,648)	(1,834)	0	0	(3,197)	(2,372)
Net rental result	511	575	1,797	2,613	4,751	3,833	0	0	7,072	6,052
Administrative expenses related to segment	(116)	(130)	(263)	(276)	(552)	(482)	0	7	(695)	(752)
Other operating expenses and income (balance)	0	4	0	25	(85)	50	0	(7)	(86)	53
Income from sale of investment properties	(89)	0	(6)	0	(95)	0	0	0	(95)	0
Valuation result	0	0	0	(114)	0	(114)	0	0	0	(114)
Segment profit	306	449	1,528	2,248	4,019	3,287	0	0	6,196	5,239
Central administrative costs	0	0	0	0	0	0	0	0	(872)	(1,363)
Income from equity-accounted participations	0	0	0	0	0	0	1,771	1,070	3,413	2,561
Other income from participations	0	0	0	0	0	0	(17)	(250)	0	0
Net interest expenses	2	10	(1,107)	(1,132)	(1,844)	(1,457)	0	0	(3,697)	(3,229)
Valuation result of derivative financial instruments with effect to net income	0	0	88	(23)	88	(23)	0	0	88	(23)
Minority interests	0	0	0	0	0	0	(1,050)	(791)	(1,050)	(791)
Income taxes	0	0	0	0	0	0	0	0	2	0
Annual result	308	459	509	1,093	2,263	1,807	704	29	4,080	2,394

The following table shows, in a less aggregated form, all the allocated and non-allocated assets and debts for the segments, with the “subsidiary” segment being broken down into individual subsidiaries.

€ thousand	Segment Direct investments*		Segment Subsidiaries								
	Sep 30, 2010	Dec 31, 2009	IC 01		IC 03		IC 07		IC 13		
			Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	
Intangible assets and property, plant and equipment	11	16	0	0	0	0	0	0	0	0	0
Investment property	45,527	45,527	4,340	4,340	7,320	7,320	7,110	7,110	21,380	21,380	
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Trade receivables	390	319	164	139	27	109	23	13	81	54	
Income tax receivables	61	63	0	0	0	0	0	0	0	0	0
Other receivables and assets	282	446	103	77	26	7	7	0	41	34	
Cash and cash equivalents	1,635	1,468	54	73	29	92	2,115	2,565	2,154	1,839	
Subtotal segment assets	47,906	47,839	4,661	4,629	7,402	7,528	9,255	9,688	23,656	23,307	
Participation in subsidiaries	29,879	30,404	0	0	0	0	0	0	0	0	0
Equity-accounted participations	47,338	47,540	0	0	0	0	0	0	0	0	0
Assets total	125,123	125,783	4,661	4,629	7,402	7,528	9,255	9,688	23,656	23,307	
Provisions	(124)	(179)	(13)	(11)	(11)	(10)	(7)	(10)	(14)	(12)	
Trade payables	(123)	(304)	(7)	(9)	(21)	(21)	(43)	(9)	(63)	(89)	
Other liabilities	(75)	(375)	(58)	(58)	(33)	(64)	(51)	(51)	(72)	(69)	
Subtotal segment assets	(322)	(858)	(78)	(78)	(65)	(95)	(101)	(70)	(149)	(170)	
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Financial liabilities	(39,375)	(40,510)	(1,843)	(1,907)	(3,402)	(3,569)	(2,871)	(3,405)	(21,566)	(22,400)	
Derivative financial instruments	(6,047)	(4,080)	0	0	0	0	0	0	0	0	0
Liabilities total	(45,744)	(45,448)	(1,921)	(1,985)	(3,467)	(3,664)	(2,972)	(3,475)	(21,715)	(22,570)	
Net assets	79,379	80,335	2,740	2,644	3,935	3,864	6,283	6,213	1,941	737	

* including Fair Value REIT-AG

€ thousand	Segment Subsidiaries				Total Segment Subsidiaries		Consolidation		Group	
	BBV 03		BBV 06		Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009
	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009						
Intangible assets and property, plant and equipment	0	0	0	0	0	0	0	0	11	16
Investment property	6,820	6,820	45,090	45,090	92,060	92,060	0	0	137,587	137,587
Non-current assets held for sale	0	1,520	0	6,717	0	8,237	0	0	0	8,237
Trade receivables	41	34	512	639	848	988	0	0	1,238	1,307
Income tax receivables	0	0	0	0	0	0	0	0	61	63
Other receivables and assets	252	256	296	178	725	552	(61)	(122)	946	876
Cash and cash equivalents	1,449	691	2,849	1,553	8,650	6,813	0	0	10,285	8,281
Subtotal segment assets	8,562	9,321	48,747	54,177	102,283	108,650	(61)	(122)	150,128	156,367
Participation in subsidiaries	0	0	0	0	0	0	(29,879)	(30,404)	0	0
Equity-accounted participations	0	0	0	0	0	0	1,533	(98)	48,871	47,442
Assets total	8,562	9,321	48,747	54,177	102,283	108,650	(28,407)	(30,624)	198,999	203,809
Provisions	(10)	(13)	(82)	(26)	(137)	(82)	0	0	(261)	(261)
Trade payables	(15)	(75)	(248)	(302)	(397)	(505)	0	0	(520)	(809)
Other liabilities	(49)	(45)	(592)	(720)	(855)	(1,007)	1	2	(929)	(1,380)
Subtotal segment assets	(74)	(133)	(922)	(1,048)	(1,389)	(1,594)	1	2	(1,710)	(2,450)
Minority interests	0	0	0	0	0	0	(15,916)	(15,296)	(15,916)	(15,296)
Financial liabilities	0	0	(30,922)	(36,645)	(60,604)	(67,926)	60	120	(99,919)	(108,316)
Derivative financial instruments	0	0	(775)	(947)	(775)	(947)	0	0	(6,822)	(5,027)
Liabilities total	(74)	(133)	(32,619)	(38,640)	(62,768)	(70,467)	(15,855)	(15,174)	(124,367)	(131,089)
Net assets	8,488	9,188	16,128	15,537	39,515	38,183	(44,262)	(45,798)	74,632	72,720

(12) EXTENT OF RELATIONSHIPS WITH RELATED PARTIES

€ thousand	January 1 to September 30,	
	2010	2009
Receivables		
Other	5	17
Liabilities		
Liabilities from services	(7)	(14)
	(2)	3

Employment Contract Frank Schaich, Term of Contract until September 30, 2012

With effect from July 1, 2010, Mr. Schaich's fixed salary was increased by 2.5% to €209,000 p.a. by means of a supplement to his employment contract. Furthermore, from this date, the pension contribution was adjusted to twice the highest actual compulsory contribution payable by employers of employees subject to social security contributions to the statutory pension scheme.

In addition to his fixed salary, Mr. Schaich shall receive a variable remuneration amounting to 2% of the dividend distributed by the company, whereby the entitlement to a dividend for the 2010 financial year is determined pro rata temporis from July 1, 2010. The maximum variable remuneration shall amount to 50% of the fixed salary including additional benefits.

The variable remuneration shall be paid in either cash or virtual shares of Fair Value REIT-AG subject to the discount of the share price in Xetra trading on the Frankfurt Stock Exchange in relation to the balance sheet NAV. The calculation is based on the simple average discount at the end of each quarter for the financial year concerned. The percentage discount calculated in this way is used for the variable payment in virtual shares, i.e. the payment

shall not be made in cash. The remaining percentage of the variable remuneration shall be paid in cash. The amount of virtual shares granted is determined on the basis of the price on the day following the general meeting to pass resolutions on the financial year for which there is an entitlement to a variable remuneration.

The virtual shares shall not provide an entitlement to a cash payment at the actual price in XETRA trading until at least four years after they have been granted. The virtual shares are not transferable. An assignment by way of security or pledge shall not be permitted.

If Mr. Schaich leaves the company before the end of the relevant four-year terms, a cash payment for the virtual shares granted to that date can be made at the time of his departure if he so requests.

If Mr. Schaich leaves the company during a financial year, he is entitled to the pro-rata variable remuneration. In the event of the company's immediate termination of his employment contract for good cause, there is no entitlement to a variable remuneration for the financial year in progress.

Otherwise, the employment contract of September 11, 2007, continues without change.

NO AUDITOR'S REVIEW

This report was not audited within the meaning of Section 317 of the Handelsgesetzbuch (German GAAP) or subject to an audit review by an auditor and thus does not include an auditor's opinion.

DECLARATION CONCERNING THE GERMAN CORPORATE GOVERNANCE CODE

The current declarations by Fair Value REIT-AG's Managing and Supervisory Boards according to Section 161 of the AktG on the German Corporate Governance Code have been made permanently accessible on the company's Website.

Munich, November 2010

Fair Value REIT-AG



Frank Schaich

Declaration by the legal representative

To the best of my knowledge, I declare that, according to the principles of proper consolidated reporting applied, the unaudited consolidated interim financial statements provide a true and fair view of the Group's net assets, financial position and results of operations, that the group interim management 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 development are described.

Munich, November 2010

Fair Value REIT-AG



Frank Schaich

Liabilities and Portfolio

Financial liabilities in detail

Fund	Object	Bank	Bookvalue according to IFRS		Effective interest rate	Derivative	LTV max.	Actual LTV	DSCR Min.	Actual DSCR
			Total	September 30, 2010						
Group										
FVAG	Participation purchase	WIB Westdt. Immobilienbank	-6,920,000	30.06.2011	5.18 %		20 %	10 %	18 %	25 %
FVAG	Portfolio	WIB Westdt. Immobilienbank	-21,302,840	29.06.2018	6.04 %	SWAP	75 %	71 %	110 %	109 %
FVAG	Portfolio	WIB Westdt. Immobilienbank	-11,152,160	29.06.2018	6.04 %	SWAP	75 %	71 %	110 %	109 %
Total Direct investments			-39,375,000							
IC 07	Teltow	HRE Hypo Real Estate	-2,871,129	31.12.2013	5.15 %		n/a		n/a	
Total IC 07			-2,871,129							
IC 03	Neuss	HRE Hypo Real Estate	-3,341,588	31.10.2011	5.55 %		n/a		n/a	
Total IC 03			-3,341,588							
IC 01	Alzey	HRE Hypo Real Estate	-1,005,261	30.09.2013	5.15 %		n/a		n/a	
IC 01	Essen	HRE Hypo Real Estate	-837,722	30.09.2013	5.15 %		n/a		n/a	
Total IC 01			-1,842,983							
BBV 06	Portfolio	HVB HypoVereinsbank	-21,272,912	29.06.2012	2.60 %	CAP	n/a		n/a	
BBV 06	Hannover	HVB HypoVereinsbank	-4,972,244	02.07.2012	4.94 %	SWAP	n/a		n/a	
BBV 06	Köln, Seligenstadt	HVB HypoVereinsbank	-4,676,470	02.07.2012	4.70 %	SWAP	n/a		n/a	
Total BBV 06			-30,921,626							
IC 13	Potsdam	HRE Hypo Real Estate	-2,555,636	31.10.2011	2.48 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-2,512,342	31.07.2011	2.48 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-8,167,392	31.10.2011	2.48 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-2,020,958	31.12.2013	3.32 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-615,183	31.12.2013	3.32 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-4,313,218	31.10.2011	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-66,380	31.10.2011	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-438,395	31.10.2011	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-142,694	28.02.2012	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-734,047	28.02.2012	2.48 %		n/a		n/a	
Total IC 13			-21,566,515							
Summe Konzern			-99,918,841							
Associated companies										
BBV 14	Portfolio	SHS Nordbank	-50,159,589	31.12.2014	5.18 %		n/a		n/a	
Total BBV 14			-50,159,587							
IC 12	Bankgeb.Chem	WIB Westdt. Immobilienbank	-2,281,199	15.09.2016	5.23 %		50 %	31 %	120 %	216 %
Total IC 12			-2,281,199							
BBV 02	Erlangen	BBV Lebensversicherung	-183,028	31.12.2011	5.06 %		n/a		n/a	
BBV 02	Erlangen	BBV Lebensversicherung	-977,599	31.12.2016	5.23 %		n/a		n/a	
BBV 02	Erlangen	BBV Lebensversicherung	-140,141	31.12.2016	5.23 %		n/a		n/a	
Total BBV 02			-1,300,768							
IC 15	Chemnitz (Employment office)	SHS Nordbank	-3,273,028	30.11.2012	5.10 %		n/a		n/a	
IC 15	Chemnitz (Employment office)	SHS Nordbank	-1,456,879	30.11.2012	5.10 %		n/a		n/a	
IC 15	Chemnitz (Employment office)	SHS Nordbank	-315,986	30.11.2012	5.10 %		n/a		n/a	
IC 15	Quickborn	Eurohypo	-8,614,942	31.12.2012	5.10 %		n/a		n/a	
IC 15	Dresden	SHS Nordbank	-3,076,409	30.09.2012	5.10 %		n/a		n/a	
IC 15	Dresden	SHS Nordbank	-644,154	30.09.2012	5.10 %		n/a		n/a	
IC 15	Chemnitz-Passage	HVB HypoVereinsbank	-3,225,554	31.12.2014	4.67 %		n/a		n/a	
IC 15	Chemnitz-Passage	Archon Capital	-1,730,038	30.12.2012	5.10 %		n/a		n/a	
Total IC 15			-22,336,990							
BBV 10	Portfolio	BBV Lebensversicherung	-23,608,477	31.12.2012	5.10 %	SWAP	n/a		n/a	
BBV 10	Portfolio	BBV Lebensversicherung	-2,820,705	31.12.2012	5.10 %	SWAP	n/a		n/a	
BBV 10	Bookvalue interest rate swaps	HVB HypoVereinsbank	1,195,374	31.12.2012	5.10 %		n/a		n/a	
BBV 10	Portfolio	HVB HypoVereinsbank	-32,713,268	31.12.2013	6.21 %	SWAP	n/a		n/a	
BBV 10	Portfolio	HVB HypoVereinsbank	-2,708,665	31.12.2013	6.21 %	SWAP	n/a		n/a	
BBV 10	Portfolio	HVB HypoVereinsbank	-8,850,452	31.12.2013	6.21 %	SWAP	n/a		n/a	
Total BBV 10			-71,869,138							
IC 10	Rabenstein	HRE Hypo Real Estate	-7,479,138	31.12.2016	5.23 %		n/a		n/a	
Total IC 10			-7,479,138							
BBV 09	Portfolio	NordLB	-45,219,751	31.12.2013	6.48 %	SWAP	n/a		n/a	
BBV 09	Portfolio	NordLB	-28,450,201	31.12.2013	6.48 %	SWAP	n/a		n/a	
Total BBV 09			-73,669,952							
Total Associated companies			-229,124,585 (Fair Value's share € 80.7 million)							

Method of real estate valuation

PROCEEDINGS AND ASSUMPTIONS

As in the previous years, Frankfurt-based CB Richard Ellis GmbH (CBRE) was engaged by Fair Value to value its directly and indirectly held properties as of December 31, 2009. 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 IFR 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 leasespecific 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 in its valuation report as of February 12, 2010, that against the background of the currently rapidly changing environment on global financial and national real estate markets the market value is a "snapshot" as of the balance sheet date, which reflects the market conditions valid on the reporting day. CBRE furthermore states that the market value should not be understood as a figure valid for a longer period of time but is subject to market related fluctuations.

Individual property information and Fair Value REIT-AG's share according to proportionate interest

Address	Town	Fund	Primary use	Year of construction	Last renovation/modernization	Plot size	Market value	Market value	Change	Discount rate	Capitalization rate	Lettable space
							December 31, 2008	December 31, 2009		December 31, 2009	December 31, 2009	
						[m ²]	[€ K]	[€ K]	[%]	[%]	[%]	[m ²]
Direct holdings												
Hauptstraße 56e / 56 d	Appen	n/a	Office	1975	1995	4,320	230	225	-2.2	7.10	6.60	212
BleECK 1	Bad Bramstedt	n/a	Office	1973	2006	3,873	1,200	1,150	-4.2	6.80	5.90	997
Oldesloer Straße 24	Bad Segeberg	n/a	Office	1982	2007	5,152	9,240	8,900	-3.7	6.80	6.30	9,144
Königstr. 19-21	Barmstedt	n/a	Office	1911	laufend	2,842	1,460	1,380	-5.5	6.75	6.25	1,264
Bahnhofstraße 9	Bönnigstedt	n/a	Office	1992	2003	1,131	240	230	-4.2	7.10	6.80	211
Bahnhofstraße 14	Boostedt	n/a	Office	1989	2005	1,006	130	120	-7.7	6.50	5.90	114
Am alten Markt 9a	Bornhöved	n/a	Office	1991	2005	873	680	660	-2.9	6.80	6.10	664
Berliner Damm 6	Ellerau	n/a	Office	1990	2000	1,177	410	400	-2.4	6.90	6.70	369
Pinneberger Straße 155	Ellerbek	n/a	Office	1985	2001	1,708	360	350	-2.8	6.80	5.80	356
Dorfstraße 29	Geschendorf	n/a	Office	1985	2006	1,154	230	235	2.2	7.00	5.90	316
Hauptstraße 33	Halstenbek	n/a	Office	1969	2001	1,195	860	820	-4.7	7.40	7.00	791
Seestraße 232	Halstenbek	n/a	Office	1976	2002	549	90	87	-3.3	7.30	6.80	188
Friesenstraße 59	Helgoland	n/a	Office	1986	2000	194	610	570	-6.6	6.60	5.70	488
Hamburger Straße 83	Henstedt-Ulzburg	n/a	Office	1989	2004	1,219	1,100	1,060	-3.6	6.70	6.20	1,005
Holstenstraße 32	Kaltenkirchen	n/a	Office	1978	2005	1,893	1,970	1,830	-7.1	6.90	6.50	1,581
Köllner Chaussee 27	Kölln-Reisiek	n/a	Office	1990	2001	1,004	180	180	0.0	7.10	6.40	168
Hamburger Straße 40	Leezen	n/a	Office	1989	2005	886	190	190	0.0	7.00	6.60	174
Segeberger Straße 21	Nahe	n/a	Office	1971	2004	1,698	700	690	-1.4	7.00	6.50	734
Ehndorfer Straße 153	Neumünster	n/a	Office	1971	2003	1,685	250	240	-4.0	7.60	7.00	346
Kuhberg 11-13	Neumünster	n/a	Office	1989	2005	5,286	15,300	14,700	-3.9	6.75	6.25	11,808
Röntgenstraße	Neumünster	n/a	Office	1972	1998	2,481	280	275	-1.8	7.30	6.70	534
Ulzburger Str. 363 d / e	Norderstedt	n/a	Office	1994	2004	2,762	1,480	1,420	-4.1	6.70	6.00	1,340
Ulzburger Str. 545 / 547	Norderstedt	n/a	Office	1960		1,313	510	620	21.6	8.00	7.50	1,005
Damm 49	Pinneberg	n/a	Office	1996	2007	1,383	2,370	2,280	-3.8	7.00	6.50	1,930
Oeltingsallee 30	Pinneberg-Quellental	n/a	Office	1970	2002	2,047	660	640	-3.0	6.80	6.10	624
Kieler Straße 100	Quickborn	n/a	Office	1980	2002	1,625	1,490	1,430	-4.0	6.80	6.20	1,309
Hauptstraße 49	Rellingen	n/a	Office	1983	2001	828	560	550	-1.8	7.50	6.90	524
Rosenstraße 15	Sparrieshoop	n/a	Office	1961	1999	984	200	195	-2.5	7.40	6.90	237
Willy-Meyer-Straße 3-5	Tornesch	n/a	Office	1977	2003	970	590	560	-5.1	6.90	6.30	657
Am Markt 1	Trappenkamp	n/a	Office	1985	2005	1,190	660	640	-3.0	6.90	6.00	787
Wassermühlenstraße 5	Uetersen	n/a	Office	2001		2,348	1,890	1,790	-5.3	6.70	5.80	1,726
Markt 1	Wahlstedt	n/a	Office	1975	2005	1,848	1,150	1,110	-3.5	6.70	6.20	1,346
Sub-total direct holdings						58,624	47,270	45,527	-3.7			42,948
Subsidiaries												
Rheinstr. 8	Teltow	IC07	Office	1995		5,324	7,500	7,110	-5.2	7.70	6.70	9,731
Im Taubental 9-17	Neuss	IC03	Logistics	1990		19,428	7,720	7,320	-5.2	7.70	7.10	12,064
Heidhauser Straße 94	Essen-Heidhausen	IC01	Retail	1990		4,776	2,600	2,700	3.8	7.00	6.60	1,386
Hospitalstraße 17 - 19 / Judengasse 21	Alzey	IC01	Retail	1990	2007	2,243	1,740	1,640	-5.7	7.00	6.50	1,989
Andreasstr. 1	Ahaus-Wülten	BBV06	Retail	1990		5,513	1,110	1,060	-4.5	7.90	7.20	1,496
Andreasstr. 3 - 7	Ahaus-Wülten	BBV06	Retail	1973		13,036	4,380	4,220	-3.7	7.60	6.80	3,915
Marktplatz 3	Altenberge	BBV06	Retail	1986		1,756	1,190	1,120	-5.9	7.00	6.40	1,285
Heerenbergerstr. 51	Emmerich	BBV06	Retail	1987		4,314	870	850	-2.3	7.60	6.80	1,415
Hubert-Pratt-Str. 117	Frechen	BBV06	Retail	1988		4,282	1,270	1,210	-4.7	7.30	6.70	1,225
Hinüberstr. 6	Hannover	BBV06	Other	1981	2006	3,204	20,000	18,800	-6.0	7.00	6.40	19,460

Fair Value REIT-AG's share												
Vacancies	Annualized contractual rent	Annualized potential rent	Participating interest September 30, 2010	Market value December 31, 2008	Market value December 31, 2009	Change	Secured remaining term of rental agreements	Income based occupancy rate	Annualized contractual rent	Annualized potential rent	Contractual rental yield before costs	Potential rental yield before costs
[m ²]	[€ K]	[€ K]	[%]	[€ K]	[€ K]	[%]	[years]	[%]	[€ K]	[€ K]	[%]	[%]
0	19	19	100.00	230	225	-2.2	7.3	100.0	19	19	8.6	8.6
0	79	79	100.00	1,200	1,150	-4.2	14.1	100.0	79	79	6.8	6.8
378	610	637	100.00	9,240	8,900	-3.7	12.4	95.7	610	637	6.9	7.2
0	93	93	100.00	1,460	1,380	-5.5	13.3	100.0	93	93	6.8	6.8
0	19	19	100.00	240	230	-4.2	7.3	100.0	19	19	8.4	8.4
0	10	10	100.00	130	120	-7.7	7.3	100.0	10	10	8.7	8.7
0	52	52	100.00	680	660	-2.9	6.6	100.0	52	52	7.8	7.8
0	31	31	100.00	410	400	-2.4	7.3	100.0	31	31	7.8	7.8
0	28	28	100.00	360	350	-2.8	5.0	100.0	28	28	8.0	8.0
0	20	20	100.00	230	235	2.2	5.5	100.0	20	20	8.6	8.6
0	65	65	100.00	860	820	-4.7	7.3	100.0	65	65	7.9	7.9
0	8	8	100.00	90	87	-3.3	7.3	100.0	8	8	9.5	9.5
0	35	35	100.00	610	570	-6.6	12.1	100.0	35	35	6.2	6.2
0	72	72	100.00	1,100	1,060	-3.6	15.3	100.0	72	72	6.8	6.8
0	123	123	100.00	1,970	1,830	-7.1	15.1	100.0	123	123	6.7	6.7
0	15	15	100.00	180	180	0.0	7.3	100.0	15	15	8.6	8.6
0	16	16	100.00	190	190	0.0	7.3	100.0	16	16	8.4	8.4
0	60	60	100.00	700	690	-1.4	7.3	100.0	60	60	8.7	8.7
0	23	23	100.00	250	240	-4.0	5.5	100.0	23	23	9.8	9.8
0	963	963	100.00	15,300	14,700	-3.9	14.6	100.0	963	963	6.6	6.6
0	29	29	100.00	280	275	-1.8	6.2	100.0	29	29	10.4	10.4
89	104	106	100.00	1,480	1,420	-4.1	12.7	97.7	104	106	7.3	7.5
408	49	70	100.00	510	620	21.6	2.9	69.9	49	70	7.9	11.2
0	177	177	100.00	2,370	2,280	-3.8	2.3	100.0	177	177	7.8	7.8
0	52	52	100.00	660	640	-3.0	4.1	100.0	52	52	8.1	8.1
0	100	100	100.00	1,490	1,430	-4.0	15.3	100.0	100	100	7.0	7.0
0	42	42	100.00	560	550	-1.8	7.3	100.0	42	42	7.7	7.7
0	17	17	100.00	200	195	-2.5	4.8	100.0	17	17	8.9	8.9
0	55	55	100.00	590	560	-5.1	5.5	100.0	55	55	9.9	9.9
0	54	54	100.00	660	640	-3.0	5.8	100.0	54	54	8.4	8.4
0	125	125	100.00	1,890	1,790	-5.3	12.5	100.0	125	125	7.0	7.0
134	85	93	100.00	1,150	1,110	-3.5	5.6	91.8	85	93	7.7	8.4
1,010	3,232	3,290		47,270	45,527	-3.7	11.4	98.2	3,232	3,290	7.1	7.2
3,261	450	694	75.73	5,680	5,385	-5.2	1.8	64.8	341	526	6.3	9.8
5,200	436	631	71.58	5,526	5,240	-5.2	1.8	69.1	312	451	5.9	8.6
0	210	210	55.79	1,451	1,506	3.8	12.1	100.0	117	117	7.8	7.8
721	85	129	55.79	971	915	-5.7	5.5	66.3	48	72	5.2	7.8
0	108	108	55.55	610	589	-3.4	1.3	100.0	60	60	10.2	10.2
0	329	329	55.55	2,405	2,344	-2.5	4.3	100.0	183	183	7.8	7.8
0	106	106	55.55	654	622	-4.8	1.1	100.0	59	59	9.5	9.5
92	84	87	55.55	478	472	-1.2	3.1	96.8	47	48	9.9	10.2
0	135	135	55.55	697	672	-3.6	3.1	100.0	75	75	11.2	11.2
0	1,636	1,636	55.55	10,983	10,443	-4.9	4.3	100.0	909	909	8.7	8.7

Address	Town	Fund	Primary use	Year of construction	Last renovation/modernization	Plot size [m ²]	Market value December 31, 2008 [€ K]	Market value December 31, 2009 [€ K]	Change [%]	Discount rate December 31, 2009 [%]	Capitalization rate December 31, 2009 [%]	Lettable space [m ²]
Köhlstr. 8	Köln	BBV06	Logistics	1982		40,591	9,360	9,550	2.0	8.10	7.30	23,626
Gutenbergstr. 152/ St. Töniser Str. 12	Krefeld	BBV06	Retail	1990		8,417	4,100	3,440	-16.1	7.80	6.80	4,683
Lippestr. 2	Lippetal-Herzfeld	BBV06	Retail	1990		3,155	1,550	1,590	2.6	7.70	7.00	1,452
Zeughausstr. 13	Meschede	BBV06	Retail	1989		1,673	500	470	-6.0	7.50	6.80	1,095
Bahnhofstraße 20 a-e	Waltrop	BBV06	Retail	1989		1,742	2,870	2,780	-3.1	7.40	6.70	2,124
Marconistr. 4-8	Köln	BBV03	Logistics	1990		13,924	3,330	3,250	-2.4	7.10	6.50	9,640
Hauptstr. 51 - 55	Weyhe-Leeste	BBV03	Retail	1989	2005	11,248	3,780	3,570	-5.6	7.10	6.60	3,141
Max-Planck-Ring 26/28	Langenfeld	IC13	Logistics	1996		14,727	10,200	9,350	-8.3	7.30	6.70	10,453
Friedrich-Engels-Ring 52	Neubrandenburg	IC13	Office	1996		4,705	9,550	8,330	-12.8	7.10	6.30	7,558
Großbeerenstr. 231	Potsdam	IC13	Office	1995		2,925	3,850	3,700	-3.9	6.90	6.30	3,824
Sub-total subsidiaries						166,983	97,470	92,060	-5.6			121,562
Total Group						225,607	144,740	137,587	-4.9			164,510
Associated companies												
Carnotstr. 5 - 7	Berlin	BBV14	Office	1995		4,583	15,600	15,100	-3.2	6.60	5.90	9,863
Nossener Brücke 8 - 12	Dresden	BBV14	Office	1997		4,134	7,660	7,520	-1.8	7.40	6.80	8,852
Kröpeliner Str. 26-28	Rostock	BBV14	Retail	1995		7,479	61,400	61,300	-0.2	6.30	5.90	19,307
Hartmannstr. 3 a - 7	Chemnitz	IC12	Office	1997		4,226	7,760	7,340	-5.4	6.60	6.00	8,380
Henkestr. 5	Erlangen	BBV02	Retail	1984		6,350	1,770	1,650	-6.8	7.20	6.50	2,770
Heinrich-Lorenz-Str. 35	Chemnitz	IC15	Office	1998		4,718	3,890	3,840	-1.3	7.60	7.00	5,845
Am alten Bad 1 - 7, Theaterstr. 34a	Chemnitz	IC15	Office	1997		3,246	5,560	5,870	5.6	6.50	6.10	5,110
Königsbrücker Str. 121 a	Dresden	IC15	Other	1997		4,242	11,900	12,400	4.2	6.90	6.30	11,554
Pascalkehre 15 / 15a	Quickborn	IC15	Office	1997		9,129	13,200	13,000	-1.5	7.10	6.30	10,570
Zum Rotering 5-7	Ahaus	BBV10	Retail	1989		3,884	2,320	2,170	-6.5	7.40	6.70	2,054
Vor den Führen 2	Celle	BBV10	Retail	1992		21,076	12,500	12,100	-3.2	7.25	6.50	10,611
Nordpassage 1	Eisenhüttenstadt	BBV10	Retail	1993		20,482	53,500	49,800	-6.9	7.00	6.50	40,101
Altmärker Str. 5	Genthin	BBV10	Retail	1998		3,153	730	730	0.0	7.80	6.90	1,275
Robert-Bosch-Str. 11	Langen	BBV10	Office	1994		6,003	17,700	17,000	-4.0	7.10	6.60	13,657
Hammer Str. 455-459	Münster	BBV10	Retail	1991		15,854	8,570	7,960	-7.1	7.20	6.70	7,353
Hannoversche Str. 39	Osnabrück	BBV10	Retail	1989		7,502	3,050	3,870	26.9	7.30	6.80	4,207
Klingelbrink 10	Rheda-Wiedenbrück	BBV10	Retail	1991		2,455	2,110	2,510	19.0	7.20	6.40	2,235
Lerchenbergstr.112/113, Annendorfer Str. 15/16	Wittenberg	BBV10	Retail	1994		96,822	22,300	21,100	-5.4	6.90	6.40	14,710
Oberfrohnauer Str. 62 - 74	Chemnitz	IC10	Retail	1997		11,203	9,180	8,940	-2.6	6.90	6.10	9,986
Leimbacher Straße	Bad Salzungen	BBV09	Retail	1992		22,979	13,500	12,800	-5.2	7.50	6.80	10,985
Mühlhäuser Str. 100	Eisenach	BBV09	Retail	1994		44,175	48,500	46,100	-4.9	6.80	6.40	37,400
Putzbrunner Str. 71 / 73, Fritz-Erler-Str. 3	München-Neuperlach	BBV09	Office	1986		10,030	38,500	36,000	-6.5	6.70	6.10	19,018
Weißfelser Str. 70	Naumburg	BBV09	Retail	1993		20,517	21,000	20,100	-4.3	7.25	6.75	15,180
An der Backstania 1	Weilburg	BBV09	Retail	1994		17,211	9,750	9,800	0.5	7.30	6.70	8,145
Total associated companies						351,453	391,950	379,000	-3.3			279,168
Grand Total						577,060	536,690	516,587	-3.7			443,678

Fair Value REIT-AG's share													
Vacancies	Annualized contractual rent	Annualized potential rent	Participating interest September 30, 2010	Market value December 31, 2008	Market value December 31, 2009	Change	Secured remaining term of rental agreements	Income based occupancy rate	Annualized contractual rent	Annualized potential rent	Contractual rental yield before costs	Potential rental yield before costs	
[m ²]	[€ K]	[€ K]	[%]	[€ K]	[€ K]	[%]	[years]	[%]	[€ K]	[€ K]	[%]	[%]	
0	915	915	55.55	5,140	5,305	3.2	2.6	100.0	508	508	9.6	9.6	
4,683	0	451	55.55	2,252	1,911	-15.1	0.0	0.0	0	251	0.0	13.1	
0	144	144	55.55	851	883	3.8	4.9	100.0	80	80	9.0	9.0	
0	42	42	55.55	275	261	-4.9	0.8	100.0	23	23	8.9	8.9	
250	230	246	55.55	1,576	1,544	-2.0	6.7	93.5	128	137	8.3	8.8	
0	330	330	53.79	1,788	1,748	-2.2	1.6	100.0	178	178	10.2	10.2	
45	366	382	53.79	2,029	1,920	-5.4	2.2	95.8	197	205	10.3	10.7	
0	1,170	1,170	50.04	5,095	4,678	-8.2	5.1	100.0	585	585	12.5	12.5	
1,238	901	1,206	50.04	4,770	4,168	-12.6	3.6	74.7	451	604	10.8	14.5	
234	277	306	50.04	1,923	1,851	-3.7	1.7	90.7	139	153	7.5	8.3	
15,723	7,954	9,256		55,153	52,459	-4.9	3.6	85.0	4,438	5,223	8.5	10.0	
16,733	11,186	12,546											
427	1,190	1,276	45.11	7,024	6,811	-3.0	4.4	93.2	537	576	7.9	8.5	
1,040	657	755	45.11	3,449	3,392	-1.6	0.8	87.1	296	340	8.7	10.0	
306	4,200	4,309	45.11	27,646	27,652	0.0	5.6	97.5	1,895	1,944	6.9	7.0	
1,390	500	615	40.22	3,121	2,952	-5.4	2.9	81.3	201	247	6.8	8.4	
0	220	220	39.68	689	655	-5.0	1.8	100.0	87	87	13.4	13.4	
0	533	533	38.37	1,492	1,473	-1.2	0.8	100.0	204	204	13.9	13.9	
606	401	438	38.37	2,007	2,252	12.2	1.6	91.5	154	168	6.8	7.5	
0	899	899	38.37	4,563	4,758	4.3	18.7	100.0	345	345	7.3	7.3	
0	1,144	1,144	38.37	5,061	4,988	-1.4	6.4	100.0	439	439	8.8	8.8	
112	137	234	38.37	889	833	-6.3	4.0	58.6	52	90	6.3	10.8	
0	1,103	1,103	38.37	4,789	4,642	-3.1	2.0	100.0	423	423	9.1	9.1	
0	4,988	4,988	38.37	20,498	19,107	-6.8	3.1	100.0	1,914	1,914	10.0	10.0	
249	65	81	38.37	280	280	0.1	3.0	80.7	25	31	8.9	11.0	
3,105	1,164	1,482	38.37	6,782	6,522	-3.8	1.4	78.6	447	568	6.8	8.7	
0	674	674	38.37	3,283	3,054	-7.0	8.4	100.0	259	259	8.5	8.5	
0	302	302	38.37	1,169	1,485	27.1	8.8	100.0	116	116	7.8	7.8	
638	175	225	38.37	808	963	19.1	5.7	77.4	67	87	7.0	9.0	
1,703	1,590	1,733	38.37	8,544	8,095	-5.3	9.6	91.8	610	665	7.5	8.2	
550	699	740	26.14	2,400	2,337	-2.6	1.9	94.5	183	193	7.8	8.3	
0	1,260	1,260	25.11	3,389	3,215	-5.1	11.5	100.0	316	316	9.8	9.8	
0	3,485	3,485	25.11	12,175	11,578	-4.9	13.9	100.0	875	875	7.6	7.6	
0	4,391	4,391	25.11	9,664	9,041	-6.4	3.3	100.0	1,103	1,103	12.2	12.2	
0	1,743	1,743	25.11	5,271	5,048	-4.2	7.9	100.0	438	438	8.7	8.7	
0	839	839	25.11	2,447	2,461	0.6	7.6	100.0	211	211	8.6	8.6	
10,127	32,361	33,469		137,440	133,595	-2.8	5.8	96.2	11,197	11,639	8.4	8.7	
26,860	43,547	46,015		239,864	231,581	-3.5	6.3	93.6	18,868	20,153	8.1	8.7	

Glossary

AKTG	Abbreviation for "Aktiengesetz" (German public limited Companies Act). This act regulates the rights and obligations of corporations limited by shares (German "Aktiengesellschaften" or "AGs"), limited partnerships by shares ("Kommanditgesellschaften auf Aktien" or "KGaAs") and their shareholders.
AT EQUITY	Used in consolidation. "At equity" refers to a method of valuing equity interests in companies over which the group can exercise a significant influence (associated companies). When these companies are valued at equity, the associated company's equity is only carried proportionately.
ASSET MANAGEMENT	Investment-oriented real estate asset management is the strategic, result-oriented investment management/ value creation management of a real estate portfolio on individual property level in the interest of the property owner. This includes activities such as rentals, maintenance and also the disposition of properties.
ASSOCIATED COMPANY	According to the provisions of the "Handelsgesetzbuch" ("HGB" – German Commercial Code), an associated company is significantly controlled by a group company which holds an interest in the associate. Associated companies are consolidated at equity within the meaning of Section 312 of HGB.
CAPITALIZATION RATE	As is the case for the discount rate, the capitalization rate is also used to calculate the present value of future cash flows. In contrast to discounting, capitalization refers to the compounding of a future recurrent payment.
CASH FLOW	Cash flow is a key performance indicator (KPI) used to describe profits when analyzing a company. It provides information on the company's financial strength. To derive the cash flow, the net profit is adjusted for non-cash relevant earnings positions.
CLOSED-END REAL ESTATE FUNDS	A form of investing indirectly in real estate, which is defined by a fixed principal sum. After equity is completely placed, the fund is closed. Trading of participations in these real estate partnerships is possible via a secondary market to a limited extent.
DERIVATE	This term stems from the Latin word "derivare" (to derive). A derivative refers to a financial instrument which is based on an underlying (e.g., equities, bonds, interest, commodities). The derivative comprises the right to buy or sell the underlying at a fixed price at a specific time in the future. The price of the derivative depends on the performance of the price of the underlying.
DESIGNATED SPONSOR	This term is used on the capital markets to refer to a financial services provider (mostly a bank or a securities trading bank). The function of a designated sponsor is to improve trading and pricing of security papers (such as shares) by providing additional liquidity. For this purpose, a designated sponsor offers bid and ask prices (both on the supply and the demand side) in electronic trading.
DISCOUNT RATE	Discounting is a method in compound interest rate calculation. By discounting future cash flows through application of the discount rate and subsequent aggregation of the results their present value is determined.
EBIT	Earnings before interest and taxes. EBIT shows a company's operating results and is generally used to assess its earnings.
EPRA	European Public Real Estate Association; aims at promoting transparency among publicly listed real estate companies by establishment of consistent standards
EPRA RESULT	Consolidated income determined according to recommendations of EPRA; adjusts the consolidated income according to IFRS for one-off effects (such as sales) as well as valuation changes of properties and financial derivatives; indicator for operative result of portfolio holders
EPRA-NAV	Net asset value determined according to recommendations of EPRA; adjusts the NAV shown on the balance sheet for valuation changes of financial derivatives as well as deferred taxes; indicator for the real estate related enterprise value of portfolio holders
EXIT TAX	This relates to a tax benefit for profits from the sale of land and buildings to a REIT. The arrangement has a limited term through to December 31, 2009. If a company sells an applicable property to a REIT within this period, tax is only due on 50% of any difference between the carrying amount of the property and the selling price.

FAIR VALUE	This accounting term refers to the value of an asset (such as a property) at its current present value, which is based on the future discounted cash flows.
FFO	Short for “funds from operations”. FFO indicates a real estate company’s earnings strength. The figure is calculated by adjusting the net income for the period by not liquidity-related positions, e.g. the valuation result (see consolidated cash flow statement).
HEDGE	Hedges are used to shelter certain items (e.g. interest or currencies) against fluctuations in their market value. These transactions aim to fix an economic price (e.g. an interest rate) at a fixed date in the future.
HGB	Abbreviation for “Handelsgesetzbuch” (German Commercial Code). This act sets out core principles of German commercial law in a total of five books.
IFRS	Abbreviation for “International Financial Reporting Standards”. This term refers to international accounting standards which comprise the standards issued by the International Accounting Standards Board (IASB), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). These regulations aim to ensure an internationally comparable, adequate presentation of a company’s actual financial position and results of operations.
INTEREST RATE SWAP	Swaps are derivatives which agree the swap of definite and fixed cash flows at a certain date in the future. In the case of an interest rate swap, the contracting parties undertake to pay a fixed or a variable interest rate for a specific underlying to the respective other contracting party. This mostly aims to hedge against the risk of changes in interest rates or to generate speculative profits.
INVESTOR RELATIONS	Also known as IR. Describes the relationship, in particular the communication, with potential and current investors in a listed company. These activities aim to provide investors with up-to-date, comprehensive information.
NAV	Short for “net asset value”. This KPI describes the actual enterprise value. Under IFRS regulations, the net asset value mostly corresponds to the balance sheet equity.
POTENTIAL RENT	Potential rent describes the annual rent for an existing property which could currently be received. This is the total of all of the contractual annual rent and any vacancies at market rents adequate for the respective location and property.
PRIME STANDARD	Listing segment of Deutsche Börse AG, organized under civil law and subject to statutory regulation. Companies listed in this segment have to fulfill particularly high transparency requirements.
REIT	Short for a “real estate investment trust”. The business purpose of a REIT is conducting activities relating to real estate. Under German law this includes, in particular, acquiring, managing and selling commercially used properties. In return for fulfilling the statutory requirements, no corporation or trade tax is paid at the REIT-company level. Instead, the shareholders are taxed to the extent that net income under the commercial code is disbursed as a dividend. In Germany, the corresponding tax rate has totaled 25 % since the definitive withholding tax (“Abgeltungssteuer”) was introduced.
UPREIT	Short for upstream-REIT. Refers to the exchange of participations in closed-end real estate funds for shares of a listed REIT. Although comparable concepts are wide-spread in the USA, Fair Value REIT-AG is the only company to date in Germany to use this business model.
WPHG	Abbreviation for “Wertpapierhandelsgesetz” (German Securities Trading Act). The WpHG regulates trading in securities such as shares or bonds in Germany. The “Bundesanstalt für Finanzdienstleistungsaufsicht” (BaFin – German Financial Services Supervisory Authority) controls the upholding of this act.
XETRA	Stands for exchange electronic trading. This refers to Deutsche Börse AG’s computer-assisted trading system for the spot market.

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PICTURES

Fair Value REIT-AG
Assorted pictures of the retail and office building Klingelbrink 10, Rheda-Wiedenbrück, Germany
(Associated Company BBV10)

DISCLAIMER

This interim report contains future-oriented statements, which are subject to risks and uncertainties. They are estimations of the management board of Fair Value REIT-AG and reflect its current views with regard to future events. Such expressions concerning forecasts can be recognised by terms such as "expect", "estimate", "intend", "can", "will" and similar expressions with reference to the company. Factors, that can cause deviations or effects can be (without claim on completeness): the development of the property market, competition influences, alterations of prices, the situation on the financial markets or developments related to general economic conditions. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of Fair Value REIT-AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such forecasts.



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