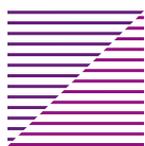




SEMI ANNUAL REPORT
2010



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	€ 20.2 million **)

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

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

FINANCIAL KEY DATA

T€	January 1 to June 30,	
	2010	2009
Revenues and earnings		
Rental revenues	6,046	5,134
EBIT	3,373	2,635
Consolidated net profit	2,313	1,679
Earnings per share (€)	0.25	0.18
Adjusted consolidated net profit (EPRA-Earnings)	2,629	2,789
EPRA-Earnings per share	0.28	0.30
Funds from operations (FFO)	2,350	2,072
FFO per share (€)	0.25	0.22

	June 30, 2010	December 31, 2009
Assets and capital		
Non-current assets	185,330	185,393
Current assets	13,027	18,416
Total assets	198,357	203,809
Equity / Net asset value	73,083	72,720
Immovable assets	184,940	193,266
Equity ratio including minority interests	88,518	88,016
Equity ratio according to § 15 REITG (min. 45 %)	47.9 %	45.5 %
Shares in circulation (amount)	9,325,572	9,347,790
Net asset value / share (€)	7.84	7.78
EPRA NAV / share (€)	9.01	8.72
Staff (including Management Board)	3	3

Table of contents

TO OUR SHAREHOLDERS	
Letter to shareholders	6
Fair Value's share	8
Portrait of Fair Value REIT-AG	11
GROUP INTERIM MANAGEMENT REPORT	
Business report	18
I. Business activities and general conditions	18
i. Overview of business activity and corporate structure	18
ii. Economic environment	18
II. Information about the real estate portfolio	20
III. Overall statement on the Group's economic situation and analysis of income, assets and the financial status	22
i. Overall statement on the economic situation of the Group	22
ii. Income position	23
iii. Financial position	24
iv. Net asset position	25
IV. Report regarding business with related persons	26
Supplementary report	26
Risk report	26
Opportunities and Forecast	26
CONSOLIDATED INTERIM FINANCIAL STATEMENTS	
Consolidated balance sheet	28
Consolidated income statement	30
Consolidated statement of comprehensive income	31
Consolidated cash flow statement	32
Statement of changes in consolidated equity	34
Notes	35
Declaration by legal representative	49
LIABILITIES AND PORTFOLIO	
Financial liabilities in detail	53
Method of real estate valuation	54
Individual property information and Fair Value REIT-AG's share according to proportionate interest	56
GLOSSARY	60
Imprint	62



OLYMPUS

OLYMPUS



Fahrer mit  in
Sonderparkzone
Fläche 200

Mo - Fr
8-18

To our shareholders



Frank Schaich

Dear Shareholders and Business Partners,
Ladies and Gentlemen,

Not many people expected the dynamic of economic recovery in Germany which became apparent in the last weeks of July. However, this success – as so often – has many causes. Above all: products from Germany are competitive throughout the world, which is the result of the improvements in productivity in German industry over many years. Consequently, the German economy had to face major losses in the course of the worldwide recession last year because of its high export sensitivity.

With the revival of the world economy in the middle of 2009, however, the German economy started doing well again, initially only hesitantly but since spring 2010 with unexpected force. Thanks to the politically supported short-time working- and the consumption-promoting „cash for clunkers“-programs last year, companies were able to refrain from major lay-offs and to now gradually step up their production again and are now even increasingly taking on new employees. As of now, it is mainly the temporary employment agencies which are benefiting from this, whereas companies are understandably still being cautious.

The positive trend over the last few months has been accelerated by the weak Euro. It is still uncertain whether this is a long-term trend. Sustainability would, in any case, be promoted if the general mood were to match the good business climate in order to promote domestic consumption.

In terms of the German real estate market, it can be said that in the last two years it has remained very robust. The widespread expectation that the recession in 2009 would gradually have an impact on the property market with a drop in demand for premises has not yet materialised. However, it will still be some time before the current recovery is reflected in an increased demand for premises and rising rents. The investment market has already experienced a clear revival and is a sign of this trend. For example, the transaction volume in the first half of 2010 as against the previous year has more than doubled and, on the basis of the increase in demand, property prices are already rising again in some cases.

Against this background, we can give you a report on the first half of 2010 which has developed well and in line with our expectations. As part of this, the occupancy rate of our proportionate portfolio on the balance sheet date was 94.1%, admittedly below the previous year's figure of 95.0%. However, in view of the lease agreements which have already been concluded but have not yet entered into effect, at 95.3%, the previous year's figure will again be slightly exceeded. Our revenue base thus is still very solid with a weighted remaining term on the lease agreements of more than six years.

The revenues of € 7.0 million were about 23% above the comparative value for the same period last year. However, it should be borne in mind that it is only since the start of 2010 that the subsidiary IC 13 has been fully consolidated for revenue purposes. From a „like-for-like“ point of view, i.e. not including the subsidiary IC 13, the revenues are approximately at the same level as the previous year.

The operating result of € 4.0 million was also around 17% above the previous year's figure. On a „like-for-like“ basis, without the subsidiary IC 13, there is a shortfall of 15% on the previous year's figure. This difference results

from letting-related reconstruction costs, which have once again been partially offset by an active reduction in general administrative costs at the holding level.

As a result, in the first half of 2010, the Fair Value group posted a consolidated profit of € 2.3 million against € 1.7 million in the previous year. The increase resulted primarily from a reduced valuation loss of the properties in the existing portfolio. The consolidated net income (EPRA earnings) adjusted for changes in market value and determined according to the recommendations of EPRA was, at € 2.6 million or € 0.28 per share, slightly below the previous year's figure of € 2.8 million or € 0.30 per share. The change is primarily attributable to the letting-related reconstruction costs which have already been mentioned.

Consequently, in the first half of 2010, we have already achieved around 60% of the total revenue planned for 2010 as a whole. This is in line with the expected distribution of payment flows throughout the year. We are, therefore, maintaining our forecast for 2010 as a whole without change. This envisages an adjusted IFRS consolidated net income (EPRA earnings) for 2010 of € 4.2 million, corresponding to € 0.45 per share.

Due to the closing, in the first half of 2010, of property sales already concluded in the past year, in addition to a reduction of the financial liabilities, liquidity in the group was increased by just under € 3 million to around € 11 million. At the same time, the REIT equity ratio rose to around 48% of the immovable assets.

In the next few months, we plan to actively exploit the increased demand in the investment market for further property sales by our subsidiaries and associated companies. As a result, the equity base and the earning strength of the existing Fair Value portfolio should be expanded further. In addition, profits under commercial law should be achieved as a basis for the target dividend payments of € 0.10 for fiscal year 2010.

At the same time, we will continue to endeavour to significantly expand the portfolio and the market capitalisation of Fair Value REIT-AG primarily by means of capital increases in kind. We are convinced that this is achievable in the course of a sustained stabilisation of the economic environment because German listed property companies and in particular REITs, due to their transparency and liquidity, should increasingly come to be included in the portfolios of globally active investors.

We thank our shareholders and partners for their trust in us.

Yours faithfully



Frank Schaich
Management Board

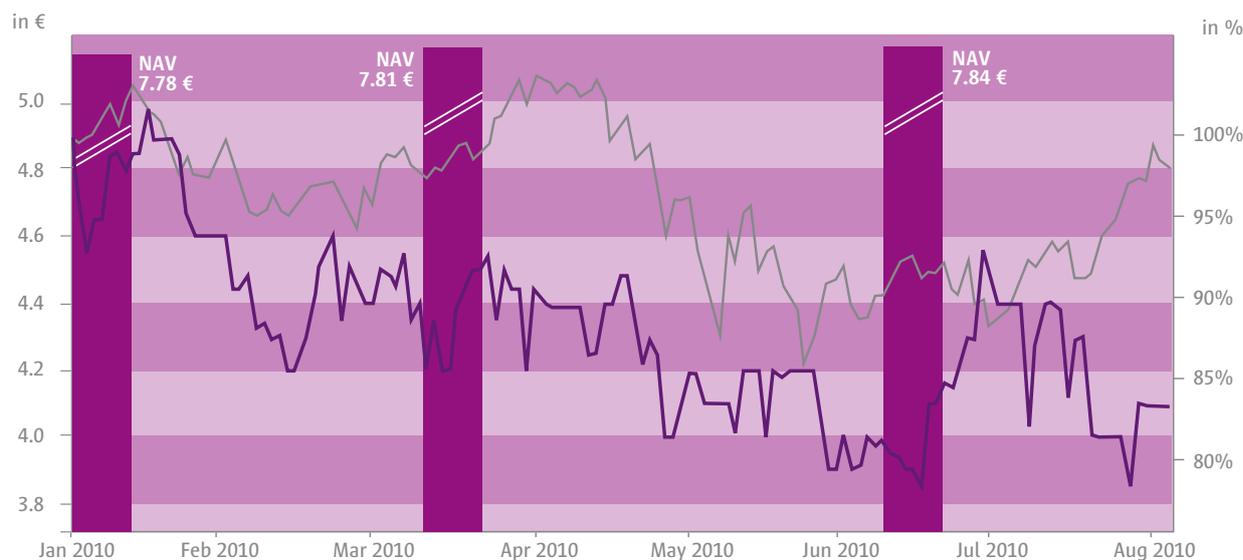
Fair Value's share

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 June 30, 2010	9,325,572
Proportion per share in the share capital	€ 5
Initial listing	November 16, 2007
High / low 2010	€ 4.98 / 3.85 (XETRA)
Market capitalization on June 30, 2010	€ 42.9 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

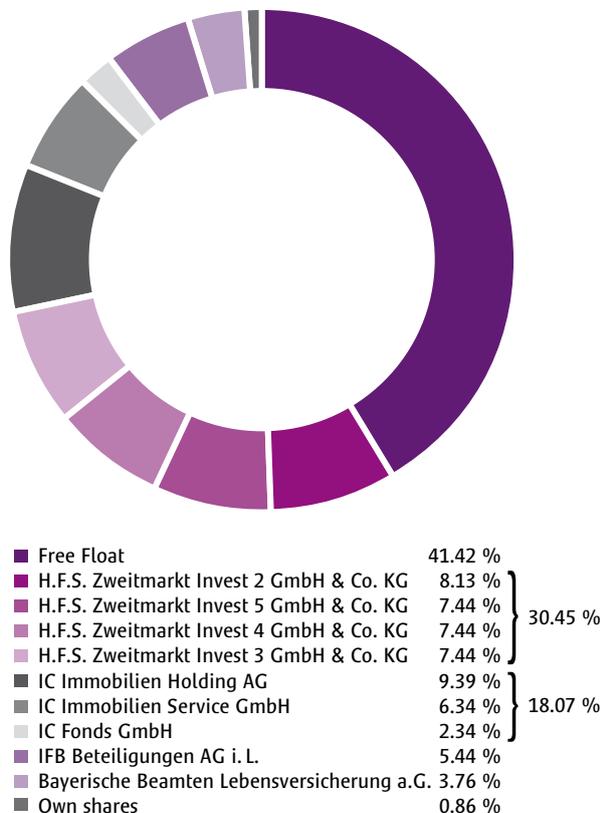
II. SHARE CHART

Share chart Fair Value REIT-AG incl. NAV vs. DAX Subsector Real Estate
(January 1, 2010 – August 6, 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 shares including Fair Value REIT-AG (Source: Deutsche Börse AG).

Fair Value REIT-AG's shareholder structure*



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

The international stock markets were still subject to strong fluctuations in the first half of 2010. After the DAX annual low of 5,434 points, there was initially a recovery in the stock markets in the middle of the first quarter in spite of discussions about national debt and stronger banking regulation. The continued expansionary monetary policy of the central banks, robust company figures and a recovery in the economic data took the German stock index DAX to the highest level of the last 18 months at 6,332 points in the middle of April. In the second quarter of this year, however, stock markets have come under renewed pressure worldwide. At the same time, the drastic austerity packages in several euro countries, following a € 750 billion comprehensive European rescue package, weaker U.S. economic data and the

increasingly restrictive monetary policy in China led to speculation that global growth might slow. This resulted in profit-taking in the second quarter causing stock indices to fluctuate significantly since the end of April. However, the DAX remained relatively stable in the second quarter with a loss of only 1.3%. Other indices have come under much greater pressure in the same period (Euro Stoxx 50: -11.9%, S & P 500: -11.9%, Nasdaq 100: -11.2%). After this consolidation phase, however, increasing numbers of investors again returned to the market resulting in the German stock index (DAX) reaching a level of around 6,200 points in July 2010.

The Fair Value share price was not involved in the ensuing market recovery from March 2010 and initially moved sideways in the second quarter and then slightly down. After an initial peak in January at € 4.98 the Fair Value share price initially settled at € 4.20 in February and then in the rest of the first quarter levelled off at around € 4.40. From the end of April, the price then fluctuated downwards, levelling off between May and June at around € 4.10. After a further drop to the annual low of € 3.85 in mid June, the price rose again by 30 June to € 4.56. This meant that the market capitalisation of the company on the balance sheet date of June 30 amounted to € 42.9 million on the basis of about 9.33 million shares in circulation. Overall, the stock did not develop in the first half of 2010 in line with but under the benchmark, DAX subsector Real Estate. After the balance sheet date, the share price lost its momentum and settled at the end of July at a value of just over € 4.00.

In the first half of the current financial year a total of 521,920 Fair Value REIT-AG shares (previous year 259,832 shares) were traded on all stock exchanges. This produced a trading volume of € 2,194 thousand (previous year: € 893 thousand), corresponding to an average price of € 4.20 per share (previous year € 3.44). Consequently, the average daily turnover was 4,142 units or € 17.4 thousand (previous year € 7.2 thousand).

*) In accordance with § 26 WpHG Article 1 the voting rights of the H.F.S. Zweitmarkt Invest 2 GmbH & Co. KG, the H.F.S. Zweitmarkt Invest 3 GmbH & Co. KG, the H.F.S. Zweitmarkt Invest 4 GmbH & Co. KG as well as the H.F.S. Zweitmarkt 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 CALENDER

October 19, 2010	Presentation, 10th Conference of the Real Estate Share Initiative (Frankfurt, Germany)
November 15, 2010	Interim Report First to Third Quarter 2010
November 22, 2010	Presentation at „German Equity Forum“ (Deutsches Eigenkapitalforum, Frankfurt, Germany)

Portrait of Fair Value REIT-AG

REAL ESTATE PORTFOLIO OF A GLANCE

The core skills 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.

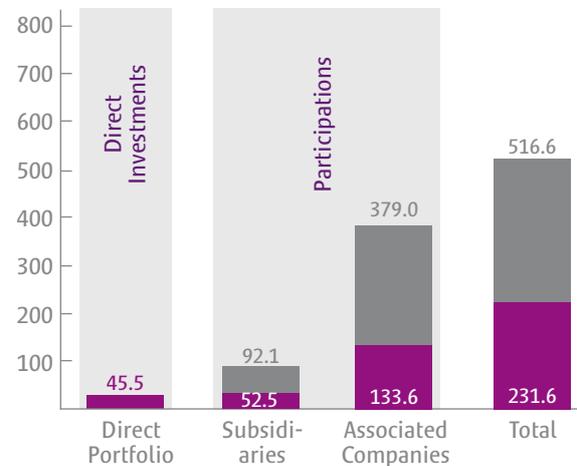
The complete portfolio currently consists of 76 properties with a total lettable space of approximately 444,000 m², of which the 32 directly held properties have approximately 43,000 m². Via six subsidiaries, the company also holds majority participations in a further 20 properties with a total lettable 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 June 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 June 30, 2010.

With a current annual proportionate contractual rent of approximately € 19.0 million, the portfolio thereby generates an attractive rental yield before costs of 8.2 % 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 value of the real estate portfolio on June 30, 2010 (based on market values determined on December 31, 2009, in millions of Euros)

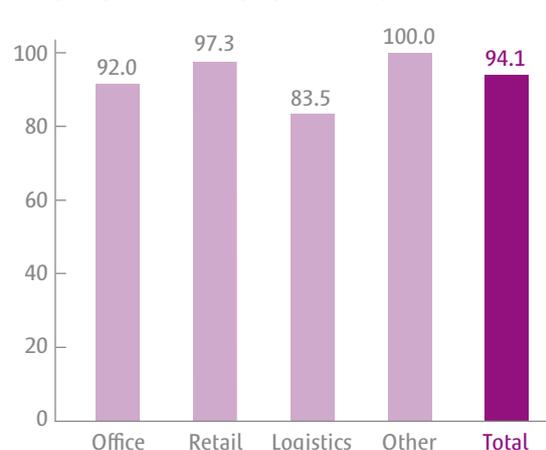


■ Fair Value REIT-AG's share

Contracted rental return in % based on proportionate market values



Occupancy rate in % of proportionate potential rents



* Aachen (BBV03) and Seligenstadt (BBV06)

** Hamm and Passau (both BBV06)

market values before costs. At the same time, an income based occupancy rate of 94.1% (previous year 95.0%) of the proportionate potential rent and an average remaining term of lease of 6.2 years (previous year 6.5 years) enables a high level of predictability and also ensures sustainable rental incomes.

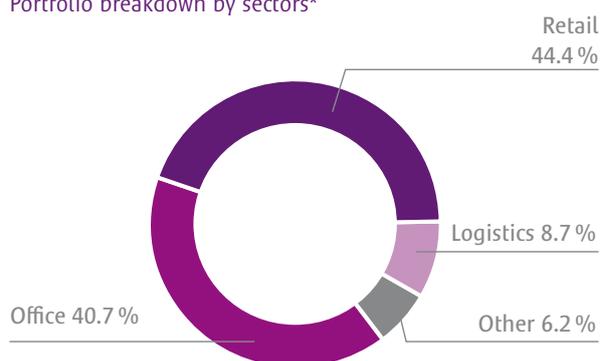
During the first half of the 2010 fiscal year, a number of lease agreements expired where Fair Value's proportion of the contractual rent amounted to approximately € 0.6 million. During the same period, approximately 70% of this rental income could be secured beyond the expiry date by means of rental agreement extensions or the acquisition of new tenants. In addition, the occupancy rate has increased to approximately 95.3% of the proportionate potential rent as a result of rental agreements that were signed on the reporting date but are only coming into effect after this date.

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%.

Ten largest tenants in % of proportionate contracted rent

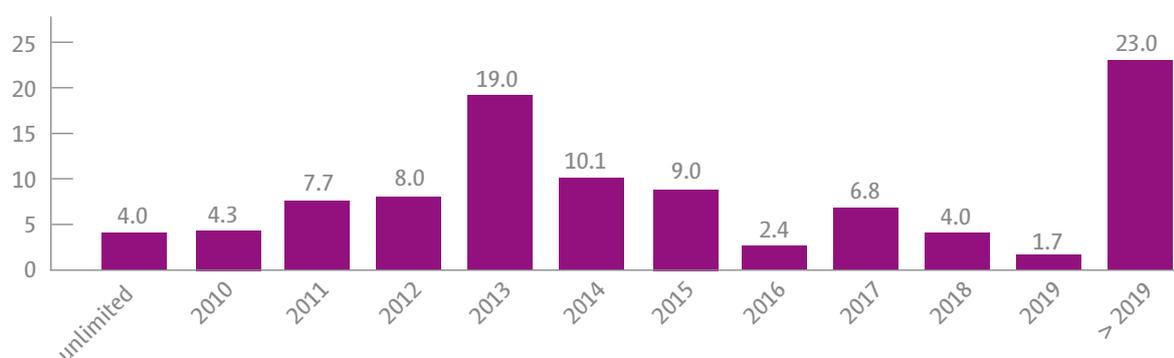
	June 30, 2010
Sparkasse Südholstein	14.8 %
Metro Group	10.1 %
Edeka Konzern	9.6 %
BBV Holding AG	5.8 %
Kaufland Gruppe	5.0 %
Schweizerhof Hotel	4.8 %
HPI Germany	3.1 %
ABB Grundbesitz GmbH	3.1 %
comdirect bank AG	2.3 %
REWE Group	1.9 %
Other	39.5 %
Total	100.0 %

Portfolio breakdown by sectors*



* according to potential rent

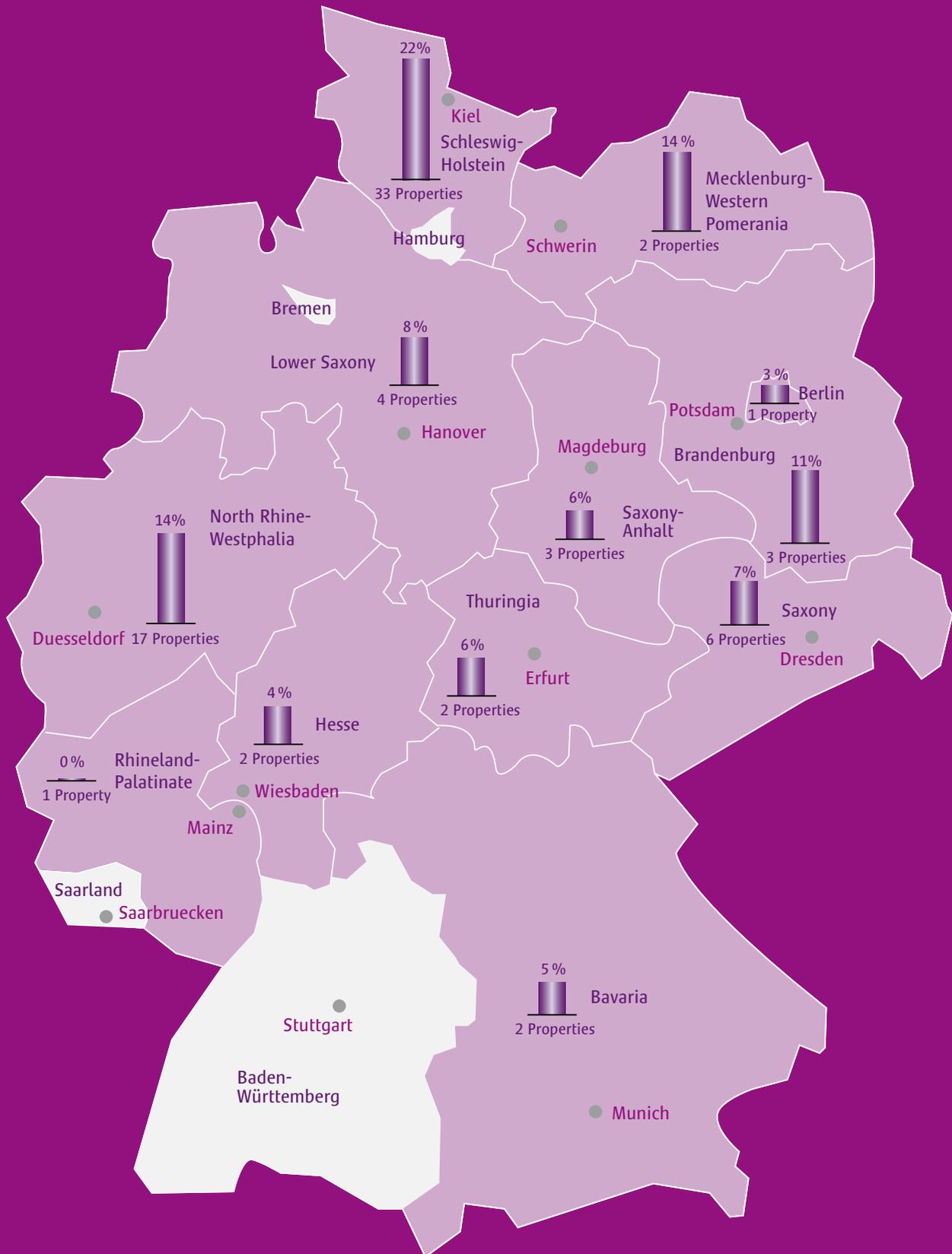
Lease expiry schedule in % of proportionate contractual rent as of June 30, 2010*



* rounded

Portfolio Split by Region

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



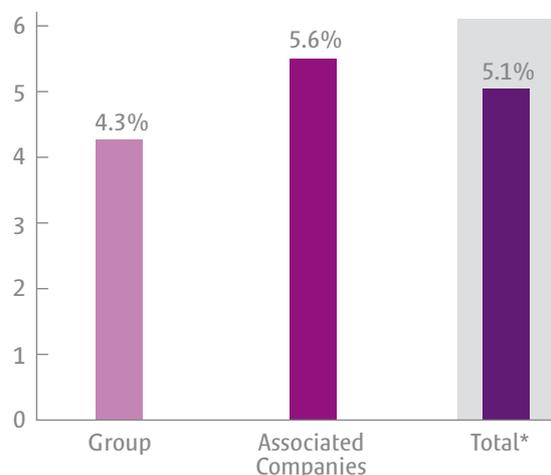
Fair Value REIT-AG also has a tenant structure with a high level of creditworthiness. The ten largest tenants contribute approximately 60 % of the proportionate contractual rent. With a share of approximately 15 %, the largest individual tenant is the Sparkasse Südholstein bank. A number of financially stable retail companies occupy the list of top ten tenants, such 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.

In addition, the Fair Value REIT-AG real estate property portfolio is characterised by its large number of properties and good regional diversification, with properties located in virtually all the German federal states. This also increases the stability of the company and means that it is less likely to be affected by any regional fluctuations in economic performance.

LIABILITIES

The Group's financial liabilities (parent company and subsidiaries), which amount to approximately € 101 million, are underpinned by fixed-term loans and interest rate swaps (77 %). A total of 23 % 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 June 30, 2010. The average remaining term of the current agreements totalled 3.9 years, and the distribution of the remaining term can be seen in the graph on the next page.

Weighted Ø interest rate



The financial liabilities of the associated companies totalled € 231 million on June 30, 2010, (of which approximately € 81 million can be proportionately attributed to Fair Value). The current terms of credit have an average remaining term of 3.6 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 4.1 years.

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

companies) on June 30, 2010, as well as information about compliance with any mortgage lending level requirements for and 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, Fair Value REIT-AG achieves a high degree of financial solidity with regard to its investments.

Remaining term until reconditioning



* After taking Fair Value's share into consideration



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 located in Schleswig-Holstein 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 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 June 30, 2010 the proportionate overall portfolio of direct ownership and participations in revenue terms was let for 94.1% (previous year 95.0%) of the potential rent of € 20.2 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 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 140 employees the Group manages an investment volume of around € 5 billion for private and institutional investors.

ii. Economic environment

Macroeconomic environment

After a weak start to the year, the German economy experienced a stronger recovery than originally anticipated in the second quarter. This is mainly accounted for by exports, whose growth can be attributed to a strong recovery in the world economy. For example, the International Monetary Fund (IMF) is forecasting global growth of gross domestic product (GDP) in July 2010 at 4.6%, 0.3% points higher than its forecast in April 2010. Germany will achieve, for 2010 and 2011, 1.3% and 1.6% higher GDP growth rates than the average growth rates in the euro area (1.0% in 2010 and 1.6% in 2011). However, the fact that the main target markets for the German export economy in Europe are

recovering relatively slowly from the crisis could curb the strong export business in Germany. Thus, in the further course of the economic recovery stronger domestic demand will play a central role. Similarly, according to the IMF, greater regulation of the banks could have unpredictable consequences for global lending and thus also for demand.

Inflation was somewhat subdued in the second quarter of the current financial year. As determined by the Federal Statistical Office (Destatis), the consumer price index for Germany increased by 0.9 % in June 2010 compared with June 2009. The key factor remained the trend in prices for energy products. The European Central Bank base rate remained unchanged during the reporting period at 1.0 %.

The positive economic trend is reflected accordingly in developments in the job market. At the end of the first half around 3.15 million people (previous year 3.41 million) or 7.5 % (previous year: 8.1 %) of the total civilian workforce were unemployed. According to the Federal Labour Agency, underemployment is lower than last year. Compared with the period before the economic crisis, unemployment and underemployment have increased, but the increase has been significantly lower than expected given the general economic conditions.

Sources:
Federal Employment Agency, Destatis - Federal Statistical Office for Germany, DIW, Ifo Institute, International Monetary Fund (IMF)

Real estate market in Germany

The rental market

Office space

Even if the economic environment has improved, demand in the office sector has not significantly increased yet. Rental decisions are still being delayed and the positive developments in the job market are still slow to be reflected in the rental market. In the six business centres* in the first half of 2010, leasing turnover of around 1.2 million m² was recorded. This is an increase of around 6 % on the previous year. The

regional results are still very varied and are partly influenced by large individual lettings.

Although the vacancy rate has increased only slightly in the reporting period, in the year-on-year comparison there has been a significant increase in vacant office space despite subdued building activity. In the six office centres at the end of June, around 8.1 million m² or 10.2 % of all office space was standing empty, whereas in the previous year this figure stood at around 7.4 million m² or 9.4 %.

Retail space

The retail market made a strong start in the new financial year. This positive trend is continuing with a further improvement in consumer confidence in the summer. In particular, well-positioned retail concepts and major retail locations will benefit from this trend.

Logistics space

The logistics sector in the first half is looking to the future with great optimism. Unlike in the past few quarters, at present the assessment of the situation has responded to the positive indicators with regard to business prospects. Similarly, lettings in the warehouse space segment have also developed positively. Overall, in the first half of 2010 around 2,0 million m² had been let. This represents an increase of around 11 % over the same period last year. After only relatively restrained activities were recorded at the beginning of the year outside the five major conurbations**, these locations proved to gain the most from this trend with a doubling of leasing turnover in the second quarter.

The investment market

A lack of profitable investment alternatives, low interest on financial liabilities and strong confidence in the German economy were drivers of the continued positive development in the investment market for commercial real estate in the second quarter of 2010. This led to a transaction volume of around € 9.4 billion in the first half of the current financial year, equivalent to around 248 % of the

comparable previous year's volume of € 3.8 billion. The investment focus is still on low-risk properties with long-term letting to creditworthy tenants.

A relatively limited supply of such properties has led, in the first half of 2010, to prime yields falling slightly over all types of use. Depending on other pricing factors, we see this as an indicator of real estate prices rising again, at least in the top segment.

*Source: Jones Lang LaSalle, BVL/ifw, BNP Paribas Real Estate
* Berlin, Düsseldorf, Frankfurt/Main, Hamburg, Munich, Stuttgart
** Berlin, Düsseldorf, Frankfurt/Main (incl. 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 part, the rents

and market values are shown taking into account the participating interest of Fair Value REIT-AG on June 30, 2010.

The occupancy rate of the real estate held by the Group and the associated companies has reduced slightly to 94.1% on a pro rata basis related to the parent company Fair Value REIT-AG, as against the previous year's figure of 95.0%. The weighted remaining lease term on the balance sheet date amounted in total to 6.2 years against 6.5 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 for around 6%.

Short name	Direct investments and participations	Plot size ⁰⁾	Lettable space ⁰⁾	Annualised contractual rent June 30, 2010	Market value December 31, 2009 ^{0), 1)}	Fair Value REIT-AG's share				
						Participating interest June 30, 2010	Annualised contractual rent June 30, 2010	Market value December 31, 2009 ^{1), 2)}	Occupancy level June 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	3,239	45,527	100.00	3,239	45,527	98.5	11.6
	Total direct investments	58,624	42,948	3,239	45,527	100.00	3,239	45,527	98.5	11.6
	Subsidiaries									
IC07	IC Fonds & Co. Büropark Teltow KG	5,324	9,731	455	7,110	75.73	345	5,385	65.6	2.0
IC03	IC Fonds & Co. Forum Neuss KG	19,428	12,064	488	7,320	71.58	349	5,240	77.3	1.2
IC01	IC Fonds & Co. München-Karlsfeld KG	7,019	3,375	319	4,340	55.79	178	2,421	94.2	10.2
BBV 06	BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG	87,683	61,776	3,896	45,090	55.55	2,164	25,047	91.2	3.4
BBV 03	BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG	25,172	12,781	683	6,820	53.79	368	3,669	96.0	2.1
IC13	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG	22,357	21,835	2,346	21,380	50.04	1,174	10,698	87.5	4.4
	Total subsidiaries	166,983	121,562	8,186	92,060		4,577	52,459	87.0	3.6
	Total Group	225,607	164,510	11,425	137,587		7,816	97,986	91.4	6.9
	Associated companies									
BBV 14	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG	16,196	38,022	6,034	83,920	45.11	2,722	37,856	95.2	5.0
IC12	IC Fonds & Co. SchmidtBank-Passage KG	4,226	8,380	498	7,340	40.22	200	2,952	81.1	2.8
BBV 02	BBV Immobilien-Fonds Erlangen GbR	6,350	2,770	220	1,650	39.68	87	655	100.0	2.1
IC15	IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG	21,335	33,080	2,986	35,110	38.37	1,146	13,472	99.0	8.6
BBV 10	BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG	177,231	96,203	10,192	117,240	38.37	3,910	44,981	94.1	4.6
IC10	IC Fonds & Co. Rabensteincenter KG	11,203	9,981	695	8,940	26.14	182	2,337	93.9	1.9
BBV 09	BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG	114,912	90,728	11,716	124,800	25.11	2,942	31,343	100.0	7.4
	Total associated companies	351,453	279,163	32,341	379,000		11,190	133,595	96.1	5.8
	Total proportionate portfolio						19,006	231,581	94.1	6.2

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; IC15 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 IC15 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 ON THE GROUP'S ECONOMIC SITUATION AND ANALYSIS OF INCOME, ASSETS AND THE FINANCIAL STATUS

i. Overall statement on the economic situation of the Group

In the first half of 2010, the operational business developed as expected. The increase in revenues year on year by € 1.3 million to the current € 7,0 million was the result of the initial consolidation of the subsidiary IC 13. Last year, due to the lower shareholding at the time, this company was included with its proportionate net income in income from participations.

During the reporting period, Fair Value REIT-AG at a group level achieved operational cash flow („Funds from Operations“, FFO) of € 2.3 million or € 0.25 per share (previous year € 2.1 million or € 0.22 per share).

The Group's cash and cash equivalents amounted on the balance sheet date to € 11.0 million (December 31, 2009: € 8.3 million).

The valuation of interest rate hedges, because of the further reduction in market rates by a total of € 2.1 million, has had a restraining effect, of which € 0.3 million is posted in the income statement and € 1.8 million through the value change reserve at the expense of the consolidated equity.

The Fair Value Group's result in the first half of 2010 was a consolidated net income of € 2.3 million (previous year € 1.7 million). This represents a profit of € 0.25 per share (previous year € 0.18).

The adjusted consolidated net income (EPRA earnings) determined according to EPRA recommendations, allowing for changes in market value, stood at € 2.6 million or € 0.28 per share, slightly below the previous year's figure of € 2.8 million or € 0.30 per share. The variation is essentially explained by letting-related reconstruction costs.

Adjusted consolidated income (EPRA-Earnings)	According to Consolidated Income Statement		Adjustment for extraordinary factors				Adjusted Consolidated Income Statement	
	January 1 to June 30,		Profits / losses on sale or valuation		Interest rate swaps		January 1 to June 30,	
	2010	2009	2010	2009	2010	2009	2010	2009
Net rental income	4,519	3,960					4,519	3,960
General administrative expenses	-1,071	-1,283					-1,071	-1,283
Other operating income and expenses	-19	52					-19	52
Earnings from sale of investment properties	-56	0	56				0	0
Valuation result	0	-94		94			0	0
Operating income	3,373	2,635	56	94			3,429	2,729
Income from participations	2,007	1,672	3	863	282	183	2,292	2,718
Interest income	34	111					34	111
Interest expense	-2,494	-2,214			1	21	-2,495	-2,193
Income before minority interests	2,920	2,204	59	957	283	204	3,262	3,365
Minority interests in the result	-607	-525	-26	-42	0	-9	-633	-576
Consolidated net income (loss)	2,313	1,679	33	915	283	195	2,629	2,789

With total assets of € 198.4 million (December 31, 2009: € 203.8 million) the consolidated equity on the balance sheet date was € 73.1 million (December 31, 2009: € 72.7 million).

In accordance with Section 15 REIT-G, the consolidated equity is accumulated to € 88.5 million by integrating the minority interests of € 15.4 million. This corresponded to a rate of 47.9% (December 31, 2009: 45.5%) of the immovable assets of € 184.9 million (December 31, 2009: € 193.2 million). This figure also complied with the requirements of the REIT legislation.

ii. Income position

In the first half of 2010, the Fair Value Group generated revenues (rental income including income

from operating and incidental costs) of EUR € 7,0 million (previous year € 5.7 million). Of this 72% was in the subsidiaries segment and 28% in the direct investment segment.

The net rental result in the Group amounted to € 4.5 million against € 4,0 million last year. The operating profit at € 3.4 million was around € 0.7 million higher than in the previous year.

The positive changes in these key figures as against the previous year resulted primarily from the first time inclusion of revenues from the subsidiary IC 13. In the previous year these were still part of the result from equity-accounted companies. A positive contribution was, however, also made by the further significant reduction of 26% in the parent company's general administrative expenses.

On a like-for-like basis, i.e. adjusted for the subsidiary IC 13, there would be an operating profit of € 2.3 million as against € 2.6 million in the previous year. The difference from the previous year's value arises in this context mainly from reconstruction costs associated with new or continuation lettings.

The results from the minority interests in the first half of 2010 stood at € 2,0 million, above the previous year's figure of € 1.7 million (or € 1.6 million without the former associated company IC 13). The positive overall change is based essentially on a lower valuation loss on the properties of the associated companies.

Interest expenses rose due to the full consolidation of the company IC 13 by € 0.3 million to € 2.5 million. Without the change in status, interest expenses would have been at last year's level.

After deducting the profit shares of minority shareholders in subsidiaries, Fair Value reported a consolidated net income of € 2.3 million (previous year: € 1.7 million). This is equivalent to basic earnings of € 0.25 per share.

iii. Financial position

In the reporting period Fair Value generated an operating cash flow („Funds from Operations“, FFO) of € 2.3 million or € 0.25 per share after € 2.1 million or € 0.22 per share last year.

Taking into account the changes in assets and liabilities there was a cash inflow from operating activities of € 1.6 million. Last year there was a cash outflow from operating activities of € 1.5 million. The difference from the previous year mainly resulted from the previous year's settlement of tax liabilities on a compensation payment received in 2008 for the early termination of a general lease agreement.

Investment activities produced a cash inflow of € 8.4 million from the sale of four properties. Because of repayments of debt amounting to € 7.2 million and the purchase of own shares for € 0.1 million there was an outflow from financing activities amounting to € 7.3 million.

Overall, the Group's liquidity during the reporting period increased by € 2.8 million to € 11.0 million.

iv. Net asset position

Assets

93 % of the assets of € 184.9 million consist of immovable assets. Of this total, € 137.6 million comes from properties held as financial investments (unchanged on December 31, 2009). The participations valued „at equity“ in associated companies totalled € 47.4 million (unchanged on December 31, 2009).

The current assets of € 13 million (December 31, 2009: € 18.4 million) consist of 85 % cash (€ 11 million), and of 15 % receivables and other assets. The decrease in current assets resulted primarily from the disposal of the properties sold for a purchase price of € 8.2 million net of repayments of debt totalling € 5 million.

Liabilities

63 % of the assets or € 125.3 million were financed by liabilities (December 31, 2009: € 131.1 million) and 37 % or € 73.1 million by equity (December 31, 2009: € 72.7 million). It should be borne in mind that minority interests in subsidiaries (€ 15.4 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 € 88.5 million in relation to immovable assets of € 184.9 million. The equity ratio according to Section 15 REITG amounted on June 30, 2010 to 47.9 % of the immovable assets.

Financial liabilities

The Group's financial liabilities amounted to € 101 million (December 31, 2009: € 108.3 million) or 51 % of total assets. Of these, on the balance sheet date approximately € 7.2 million or 7 % were due in the short term, namely on 30 June 2011. The Management Board will conclude negotiations on follow-on funding for this loan in good time before the due date. The weighted remaining term of the Group's financial liabilities amounted on June 30, 2010 to around 4 years.

Other liabilities

79 % of 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 June 30, 2010, after deduction of financial liabilities, and taking into account other balance sheet items, to a net asset value (NAV) of € 73.1 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 € 7.84 per share against € 7.78 on December 31, 2009.

Balance sheet NAV in € thousand	June 30, 2010	December 31, 2009
Market value of properties	137,587	137,587
Equity-accounted participations	47,353	47,442
Other assets minus derivative financial instruments, provisions and payables	5,590	12,683
Minority interests	-15,435	-15,296
Financial liabilities	-101,088	-108,316
Other liabilities	-924	-1,380
Net asset value	73,083	72,720
Net asset value per share *	7.84	7.78

The „Best Practice Recommendations“ issued by the European Public Real Estate Association (EPRA) provide an accepted guideline to supplement the IFRS reporting of a real estate company with a transparent NAV calculation. The following calculated key figure (EPRA NAV) is based on this guideline. Since, because of 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	June 30, 2010	December 31, 2009
NAV pursuant to consolidated balance sheet	73,083	72,720
Market value of derivative financial instruments	6,614	5,027
Minority interests	-423	-421
Market value of derivative financial instruments of equity-accounted participations (proportionate)	4,737	4,196
EPRA-NAV	84,011	81,522
EPRA-NAV per share*	9.01	8.72

* on June 30, 2010 in relation to 9,325,527 shares in circulation and on December 31, 2009 in relation to 9,347,790 shares in circulation

IV. REPORT REGARDING BUSINESS WITH RELATED PERSONS

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 on 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. At the level of the subsidiaries and associated companies, there are further service contracts with companies in the IC Real Estate Group.

No transactions were carried out in the first half of 2010 with the Supervisory Board, the Management Board or close relatives of the Supervisory Board or Management Board.

Supplementary Report

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

Risk Report

Through its business activity, Fair Value is exposed to various risks. In addition to economic risks, these are essentially renting risks, loss of tenancy 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 41-46.

In an overall view for the 2010 financial year, the Management Board does not expect any new risks which could affect the survival of Fair Value REIT-AG.

Opportunities and Forecast

With an income-based occupancy rate of 91.4 % with a weighted remaining lease term of 6.9 years, the Fair Value Group (consisting of Fair Value REIT-AG and its subsidiaries) has a stable revenue base from its real estate. This also applies to a great extent to the associated companies with a proportionate occupancy rate of 96.1 % and a weighted remaining term of 5.8 years. The overall occupancy rate of the

Fair Value proportionate portfolio of 94.1 % of the proportionate potential rent is also increased by including the rentals already contracted, but only effective after the balance sheet date at a value of 95.3 %.

CONFIRMATION OF THE FORECAST FOR 2010

In the first half of 2010, around 60 % of the total revenues forecast for the whole of 2010 have been generated. This represents the expected distribution of cash flows in the course of the year. The Management Board therefore reaffirms its forecast for the full year 2010. This forecasts envisages adjusted IFRS consolidated net income (EPRA earnings) for 2010 of € 4.2 million, corresponding to € 0.45 per share. The FFO („Funds from Operations“) are forecast to be unchanged for 2010 at € 2.7 million, corresponding to € 0.29 per share.

With the inclusion of still unsecured income from participations, especially from property sales in the context of further portfolio adjustments, in 2010 the Management Board is aiming at a net income under commercial law which will permit a dividend of € 0.10 per share to be paid in 2011 in accordance with the provisions of REIT legislation.

Munich, August 5, 2010

Fair Value REIT-AG



Frank Schaich

Consolidated interim financial statements

January 1 to June 30, 2010

Consolidated Balance Sheet

€ thousand	Note No.	June 30, 2010	December 31, 2009
Assets			
Non-current assets			
Intangible assets		3	4
Property, plant and equipment		11	12
Investment property	3	137,587	137,587
Equity-accounted investments	4	47,353	47,442
Other receivables and assets		376	348
Total non-current assets		185,330	185,393
Current assets			
Non-current assets available for sale	5	0	8,237
Trade receivables		1,219	1,307
Income tax receivables		70	63
Other receivables and assets		703	528
Cash and cash equivalents		11,035	8,281
Total current assets		13,027	18,416
Total assets		198,357	203,809

€ thousand	Note No.	June 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	(7,288)	(5,446)
Retained earnings		(12,432)	(14,745)
Treasury shares	7	(398)	(290)
Total equity		73,083	72,720
Non-current liabilities			
Minority interests		15,435	15,296
Financial liabilities	8	90,038	104,004
Derivative financial instruments		6,614	5,027
Other liabilities		191	286
Total non-current liabilities		112,278	124,613
Current liabilities			
Provisions		447	261
Financial liabilities	8	11,050	4,312
Trade payables		766	809
Other liabilities		733	1,094
Total current liabilities		12,996	6,476
Total shareholders' equity and liabilities		198,357	203,809

Consolidated income statement

€ thousand	Note No.	January 1 to June 30,		April 1 to June 30,		Januarz 1 to March 31,	
		2010	2009	2010	2009	2010	2009
Rental income		6,046	5,134	2,901	2,569	3,145	2,565
Income from operating and incidental costs		914	545	458	273	456	272
Leasehold payments		(90)	(118)	(33)	(61)	(57)	(57)
Real estate-related operating expenses		(2,351)	(1,601)	(1,440)	(675)	(911)	(926)
Net rental result		4,519	3,960	1,886	2,106	2,633	1,854
General administrative expenses	9	(1,071)	(1,283)	(543)	(712)	(528)	(571)
Other operating income and expenses (total)		(19)	52	(2)	53	(17)	(1)
Net income from the sale of investment properties		8,508	0	5,523	0	2,985	0
Expenses in connection with the sale of investment properties		(8,564)	0	(5,526)	0	(3,038)	0
Result from sale of investment properties	5	(56)	0	(3)	0	(53)	0
Valuation result		0	(94)	0	(84)	0	(10)
Operating result		3,373	2,635	1,338	1,363	2,035	1,272
Result from equity-accounted investments	4	2,007	1,672	1,155	1,172	852	500
Interest income		36	111	26	49	10	62
Interest expense	10	(2,494)	(2,214)	(1,244)	(1,010)	(1,250)	(1,204)
Income before minority interests		2,922	2,204	1,275	1,574	1,647	630
Minority interest in the result		(607)	(525)	(169)	(321)	(438)	(204)
Income before taxes		2,315	1,679	1,106	1,253	1,209	426
Income taxes		(2)	0	(2)	0	0	0
Net income		2,313	1,679	1,104	1,253	1,209	426
Earnings per share in € (basic / diluted)		0.25	0.18	0.12	0.13	0.13	0.05

Consolidated statement of comprehensive income

€ thousand	Note No.	January 1 to June 30,	
		2010	2009
Net income		2,313	1,679
Change in cash flow hedges		(1,586)	(427)
Thereof due to minority interests		2	57
Change in cash flow hedges of associated companies		(258)	(201)
Other results		(1,842)	(571)
Comprehensive income / loss		471	1,108

Consolidated cash flow statement

€ thousand	January 1 to June 30,	
	2010	2009
Net income	2,313	1,679
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	6	5
(Profits) Losses from the disposal of investment properties	56	0
Valuation result	0	94
Income from equity-accounted investments	(2,007)	(1,659)
Withdrawals from equity-accounted investments	1,838	1,637
Income from beneficial acquisition of participations	0	(13)
Minority interest in the result	607	525
Disbursement to minority interests	(466)	(217)
Result from the valuation of derivative financial instruments	1	21
FFO (funds from operations) subtotal	2,350	2,072
Change in assets, equity and liabilities		
(Increase) / decrease in trade receivables	88	517
(Increase) / decrease in other liabilities	(212)	582
(Decrease) / increase in provisions	(85)	(167)
(Decrease) / increase in trade payables	(43)	(726)
(Decrease) / increase in other liabilities	(456)	(3,745)
Cash flow from operating activities	1,642	(1,467)

€ thousand	January 1 to June 30,	
	2010	2009
Cash flow from operating activities	1,642	(1,467)
Payments for the acquisition of interests in associated companies	0	(56)
Investments in investment property / property under construction	0	(74)
Income from the disposal of investment properties	8,452	0
Investments in property, plant and equipment and intangible assets	(4)	(3)
Cash flow from investment activities	8,448	(133)
Purchase of treasury shares	(108)	0
Repayment of financial liabilities	(7,228)	(4,739)
Cash flow from financing activities	(7,336)	(4,739)
Cash effective change of liquid funds	2,754	(6,339)
Cash and cash equivalents – start of period	8,281	14,039
Cash and cash equivalents – end of period	11,035	7,700
Additional disclosures:		
Interest received	38	123
Interest paid	2,477	2,176

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	(571)	1,679	0	1,108
Balance at June 30, 2009	9,406,882	47,034	46,167	(5,146)	(10,160)	0	77,895
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	(1,842)	2,313	0	471
Balance at June 30, 2010	9,325,572	47,034	46,167	(7,288)	(12,432)	(398)	73,083

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 June 30, 2010. 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 / June 30, 2010	51,832	117,971	169,803
Changes in value			
Balance at January 1, 2010 / June 30, 2010	(6,305)	(25,911)	(32,216)
Fair values			
Balance at January 1, 2010 / June 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	(288)	0	(638)	(912)	0	(1,838)
Proportion of earnings	13	48	260	16	472	692	519	2,020
Loss from cash flow hedge	0	0	0	0	0	(258)	0	(258)
As of June 30, 2010	(56)	2,493	6,301	202	11,404	16,805	16,273	53,422
Changes in value								
As of January 1, 2010	69	(196)	(704)	(77)	(1,180)	(1,844)	(2,124)	(6,056)
Change	(13)	0	0	0	0	0	0	(13)
As of June 30, 2010	56	(196)	(704)	(77)	(1,180)	(1,844)	(2,124)	(6,069)
Carrying amounts								
As of December 31, 2009	0	2,249	5,625	109	10,390	15,439	13,630	47,442
As of June 30, 2010	0	2,297	5,597	125	10,224	14,961	14,149	47,353

This refers to participations with holdings of between 20% and 50%. The € 89,000 reduction 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 € 2,020,000, minus the proportional change in the value change reserve recorded without affecting net income, amounting to a total of € 258,000, and the dividends received during the first six months of the year, including withholding tax on interest income and the solidarity surcharges amounting to € 1,838,000, and with the deduction of a € 13,000 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 (100 %). 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	
	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009	Jun 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	38	33	60	71	111	63	13	12
Other receivables and assets	5	0	5	1	294	249	13	13
Cash and cash equivalents	47	46	430	392	1,227	1,566	60	55
Provisions	(4)	(3)	(6)	(4)	(12)	(9)	(1)	(1)
Financial liabilities	(1,963)	(1,977)	(923)	(936)	(8,648)	(8,816)	(522)	(533)
Derivative financial instruments	0	0	0	0	0	0	0	0
Trade payables	(4)	(3)	(8)	(15)	(45)	(41)	(6)	(7)
Other liabilities	(512)	(502)	(17)	(16)	(98)	(158)	(10)	(8)
Net assets	(56)	(69)	2,493	2,445	6,301	6,329	202	186

€ thousand	BBV 09		BBV 10		BBV 14		Total	
	Jun 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	73	43	93	89	184	216	572	527
Other receivables and assets	101	85	34	10	502	478	954	836
Cash and cash equivalents	1,594	1,883	1,768	2,468	804	767	5,930	7,177
Provisions	(5)	(10)	(5)	(9)	(6)	(12)	(39)	(48)
Financial liabilities	(18,662)	(18,981)	(27,856)	(28,324)	(22,822)	(23,193)	(81,396)	(82,760)
Derivative financial instruments	(2,794)	(2,538)	(1,943)	(1,658)	0	0	(4,737)	(4,196)
Trade payables	(25)	(30)	(168)	(196)	(157)	(226)	(413)	(518)
Other liabilities	(215)	(207)	(103)	(82)	(88)	(116)	(1,043)	(1,089)
Net assets	11,404	11,570	16,805	17,283	16,273	15,754	53,422	53,498

The 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 June 30,		January 1 to June 30,		January 1 to June 30,		January 1 to June 30,		January 1 to June 30,	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Fair Value REIT-AG's share	26.14 %	26.14 %	40.22 %	40.22 %	49.86 %	38.37 %	38.34 %	39.68 %	38.94 %	
Rental income	94	92	97	107	0	635	572	594	42	45
Income from operating and incidental costs	36	36	60	49	0	85	54	53	6	6
Real estate-related operating expenses	(49)	(64)	(82)	(78)	0	(152)	(135)	(117)	(14)	(19)
Net rental income	81	64	75	78	0	568	491	530	34	32
General administrative expenses	(3)	(3)	(7)	(8)	0	(30)	(28)	(33)	(3)	(6)
Other operating expenses and income (balance)	1	0	2	(1)	0	3	0	4	(2)	6
Gains from sale of investment properties							0	0		
Valuation result	0	0	0	0	0	(175)	(3)	(161)	0	(12)
Operating result	79	61	70	69	0	366	460	340	29	20
Net interest expense	(66)	(58)	(22)	(22)	0	(299)	(200)	(230)	(13)	(14)
Valuation of derivative financial instruments	0	0	0	0	0	0	0	0	0	0
Financial result	(66)	(58)	(22)	(22)	0	(299)	(200)	(230)	(13)	(14)
Economic result	13	3	48	47	0	67	260	110	16	6

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 € 863,000 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.

T€	BBV 09		BBV 10		BBV 14		Total	
	January 1 to June 30,		January 1 to June 30,		January 1 to June 30,		January 1 to June 30,	
	2010	2009	2010	2009	2010	2009	2010	2009
Fair Value REIT-AG's share	25.11 %	25.00 %	38.37 %	38.31 %	45.11 %	45.03 %		
Rental income	1,490	1,490	1,953	2,083	1,362	1,384	5,610	6,430
Income from operating and incidental costs	30	34	162	136	308	330	656	729
Real estate-related operating expenses	(120)	(90)	(492)	(380)	(472)	(521)	(1,364)	(1,421)
Net rental income	1,400	1,434	1,623	1,839	1,198	1,193	4,902	5,738
General administrative expenses	(42)	(59)	(79)	(84)	(106)	(121)	(268)	(344)
Other operating expenses and income (balance)	(9)	0	(11)	1	(8)	7	(27)	20
Gains from sale of investment properties							0	0
Valuation result	0	(268)	0	(161)	0	(86)	(3)	(863)
Operating result	1,349	1,107	1,533	1,595	1,084	993	4,604	4,551
Net interest expense	(622)	(626)	(814)	(860)	(565)	(597)	(2,302)	(2,706)
Valuation of derivative financial instruments	(255)	(155)	(27)	(28)	0	0	(282)	(183)
Financial result	(877)	(781)	(841)	(888)	(565)	(597)	(2,584)	(2,889)
Economic result	472	326	692	707	519	396	2,020	1,662

(5) NON-CURRENT ASSETS AVAILABLE FOR SALE

€ thousand	June 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 June 30, 2010. Sales costs amounting to € 56,000 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 € 1,842,000 during the reporting period, of which € 1,586,000 apply to the Group, minus minority interests of € 2,000. Furthermore, this reserve contains the change amounting to € 258,000 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 June 30, 2010.

(8) FINANCIAL LIABILITIES

The long and short term liabilities amounting to a total of € 101,088,000 have fallen in comparison to December 31, 2009 as a result of scheduled repayments amounting to € 2,228,000 and an unscheduled repayment of € 5,000,000 enabled by the sale of BBV 06 properties.

(9) GENERAL ADMINISTRATIVE EXPENSES

€ thousand	January 1 to June 30,	
	2010	2009
Personnel expenses	190	340
Office costs	25	37
Travel and vehicle expenses	27	33
Accounting	73	0
Stock market listing, general meeting and events	104	136
Valuations	54	124
Legal and consulting costs	63	90
Audit expenses	90	102
Remuneration (Supervisory and Advisory Boards, General Partner)	42	46
Fund management	190	145
Trustee fees	55	55
Amortization and depreciation	6	5
Other	65	69
Non-deductible VAT	87	101
	1,071	1,283

Of the general administration expenses, € 711,000 (66.4%) are attributable to Fair Value and € 360,000 (33.6%) 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. 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 EXPENSES

€ thousand	January 1 to June 30,	
	2010	2009
Valuation of derivative financial instruments	(1)	(21)
Other interest expenses	(2,493)	(2,193)
	(2,494)	(2,214)

Interest expenses include costs relating to the change in the fair value of derivative financial instruments (interest rate hedges) amounting to € 1,000. Of this sum, € 500 are attributable to the minority interests.

(11) SEGMENT REVENUES AND RESULTS

€ thousand	Segment revenues		Segment results	
	January 1 to June 30,		January 1 to June 30,	
	2010	2009	2010	2009
Direct investments	1,934	1,809	1,442	1,259
Subsidiaries	5,026	3,870	2,545	2,151
	6,960	5,679	3,987	3,410
Earnings from equity-accounted participations			2,007	1,672
Central administrative expenses and other			(614)	(775)
Net interest expense			(2,458)	(2,103)
Minority interest in the result			(607)	(525)
Income taxes			(2)	0
Consolidated Net Income			2,313	1,679

The following shows the results calculation of the segments in a less aggregated form. The "subsidiaries" segment is broken down into the individual companies. 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 June 30,		IC 01		IC 03		IC 07		IC 13	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Rental income	1,621	1,609	159	167	238	295	225	226	1,220	0
Income from operating and incidental costs	313	200	36	36	84	93	91	54	183	0
Segment revenue	1,934	1,809	195	203	322	388	316	280	1,403	0
Leasehold payments	0	0	0	0	0	0	0	0	0	0
Real estate-related operating expenses	(394)	(381)	(60)	(72)	(119)	(188)	(174)	(155)	(266)	0
Net rental result	1,540	1,428	135	131	203	200	142	125	1,137	0
Administrative expenses related to segment	(97)	(182)	(17)	(15)	(17)	(17)	(18)	(16)	(60)	0
Other operating expenses and income (balance)	(1)	13	(14)	0	(2)	2	(3)	9	1	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	1,442	1,259	104	116	184	185	121	118	1,078	0
Central administrative costs	(614)	(775)	0	0	0	0	0	0	0	0
Income from equity-accounted participations	1,642	1,490	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	(1,228)	(1,166)	(48)	(50)	(95)	(102)	(73)	(72)	(279)	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	1,257	1,058	56	66	89	83	48	46	799	0

* including Fair Value REIT-AG

€ thousand	Segment Subsidiaries									
	BBV 03		BBV 06		Total		Consolidation		Group	
	January 1 to June 30,		January 1 to June 30,		January 1 to June 30,		January 1 to June 30,		January 1 to June 30,	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Rental income	380	441	2,203	2,396	4,425	3,525	0	0	6,046	5,134
Income from operating and incidental costs	62	64	145	98	601	345	0	0	914	545
Segment revenue	442	505	2,348	2,494	5,026	3,870	0	0	6,960	5,679
Leasehold payments	0	0	(90)	(118)	(90)	(118)	0	0	(90)	(118)
Real estate-related operating expenses	(96)	(127)	(1,242)	(678)	(1,957)	(1,220)	0	0	(2,351)	(1,601)
Net rental result	346	378	1,016	1,698	2,979	2,532	0	0	4,519	3,960
Administrative expenses related to segment	(83)	(87)	(165)	(191)	(360)	(326)	0	0	(457)	(508)
Other operating expenses and income (balance)	0	4	0	24	(18)	39	0	0	(19)	52
Income from sale of investment properties	(47)	0	(9)	0	(56)	0	0	0	(56)	0
Valuation result	0	0	0	(94)	0	(94)	0	0	0	(94)
Segment profit	216	295	842	1,437	2,545	2,151	0	0	3,987	3,410
Central administrative costs	0	0	0	0	0	0	0	0	(614)	(775)
Income from equity-accounted participations	0	0	0	0	0	0	365	182	2,007	1,672
Other income from participations	0	0	0	0	0	0	(17)	(250)	0	0
Net interest expenses	1	8	(735)	(700)	(1,229)	(916)	0	0	(2,457)	(2,082)
Valuation result of derivative financial instruments with effect to net income	0	0	(1)	(21)	(1)	(21)	0	0	(1)	(21)
Minority interests	0	0	0	0	0	0	(607)	(525)	(607)	(525)
Income taxes	0	0	0	0	0	0	0	0	(2)	0
Annual result	217	303	106	716	1,315	1,214	(259)	(593)	2,313	1,679

The following 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 companies.

€ thousand	Segment Direct investments*		Segment Subsidiaries							
	Jun 30, 2010	Dec 31, 2009	IC 01		IC 03		IC 07		IC 13	
			Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009
Intangible assets and property, plant and equipment	14	16	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
Trade receivables	388	319	148	139	119	109	16	13	64	54
Income tax receivables	70	63	0	0	0	0	0	0	0	0
Other receivables and assets	357	446	103	77	11	7	17	0	54	34
Cash and cash equivalents	2,115	1,468	47	73	98	92	2,281	2,565	2,039	1,839
Subtotal segment assets	48,471	47,839	4,638	4,629	7,548	7,528	9,424	9,688	23,537	23,307
Participation in subsidiaries	29,879	30,404	0	0	0	0	0	0	0	0
Equity-accounted participations	47,344	47,540	0	0	0	0	0	0	0	0
Assets total	125,694	125,783	4,638	4,629	7,548	7,528	9,424	9,688	23,537	23,307
Provisions	(93)	(179)	(16)	(11)	(15)	(10)	(15)	(10)	(18)	(12)
Trade payables	(144)	(304)	(5)	(9)	(29)	(21)	(40)	(9)	(66)	(89)
Other liabilities	(78)	(375)	(53)	(58)	(53)	(64)	(60)	(51)	(72)	(69)
Subtotal segment assets	(315)	(858)	(74)	(78)	(97)	(95)	(115)	(70)	(156)	(170)
Minority interests	0	0	0	0	0	0	0	0	0	0
Financial liabilities	(39,810)	(40,510)	(1,864)	(1,907)	(3,498)	(3,569)	(3,051)	(3,405)	(21,846)	(22,400)
Derivative financial instruments	(5,662)	(4,080)	0	0	0	0	0	0	0	0
Liabilities total	(45,787)	(45,448)	(1,938)	(1,985)	(3,595)	(3,664)	(3,166)	(3,475)	(22,002)	(22,570)
Net assets	79,907	80,335	2,700	2,644	3,953	3,864	6,258	6,213	1,535	737

* including Fair Value REIT-AG

€ thousand	Segment Subsidiaries						Consolidation		Group	
	BBV 03		BBV 06		Total		Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009
	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009				
Intangible assets and property, plant and equipment	0	0	0	0	0	0	0	0	14	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	40	34	444	639	831	988	0	0	1,219	1,307
Income tax receivables	0	0	0	0	0	0	0	0	70	63
Other receivables and assets	251	256	407	178	843	552	(121)	(122)	1,079	876
Cash and cash equivalents	1,366	691	3,089	1,553	8,920	6,813	0	0	11,035	8,281
Subtotal segment assets	8,477	9,321	49,030	54,177	102,654	108,650	(121)	(122)	151,004	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	9	(98)	47,353	47,442
Assets total	8,477	9,321	49,030	54,177	102,654	108,650	(29,991)	(30,624)	198,357	203,809
Provisions	(7)	(13)	(283)	(26)	(354)	(82)	0	0	(447)	(261)
Trade payables	(19)	(75)	(463)	(302)	(622)	(505)	0	0	(766)	(809)
Other liabilities	(54)	(45)	(555)	(720)	(847)	(1,007)	1	2	(924)	(1,380)
Subtotal segment assets	(80)	(133)	(1,301)	(1,048)	(1,823)	(1,594)	1	2	(2,137)	(2,450)
Minority interests	0	0	0	0	0	0	(15,435)	(15,296)	(15,435)	(15,296)
Financial liabilities	0	0	(31,139)	(36,645)	(61,398)	(67,926)	120	120	(101,088)	(108,316)
Derivative financial instruments	0	0	(952)	(947)	(952)	(947)	0	0	(6,614)	(5,027)
Liabilities total	(80)	(133)	(33,392)	(38,640)	(64,173)	(70,467)	(15,314)	(15,174)	(125,274)	(131,089)
Net assets	8,397	9,188	15,638	15,537	38,481	38,183	(45,305)	(45,798)	73,083	72,720

(12) EXTENT OF RELATIONSHIPS WITH RELATED PARTIES

€ thousand	January 1 to June 30,	
	2010	2009
Receivables		
Other	10	41
Liabilities		
Liabilities from services	(38)	(18)
	(28)	23

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, August 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, August 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	Fixed until						
Group										
FVAG	Participation purchase	WIB Westdt. Immobilienbank	-7,170,000	30.06.2011	5.18 %		20 %	13 %	18 %	25 %
FVAG	Portfolio	WIB Westdt. Immobilienbank	-21,424,200	29.06.2018	6.04 %	SWAP	75 %	73 %	110 %	109 %
FVAG	Portfolio	WIB Westdt. Immobilienbank	-11,215,800	29.06.2018	6.04 %	SWAP	75 %	73 %	110 %	109 %
Total Direct investments			-39,810,000							
IC 07	Teltow	HRE Hypo Real Estate	-3,051,264	31.12.2013	5.15 %		n/a		n/a	
Total IC 07			-3,051,264							
IC 03	Neuss	HRE Hypo Real Estate	-3,377,455	31.10.2011	5.55 %		n/a		n/a	
Total IC 03			-3,377,455							
IC 01	Alzey	HRE Hypo Real Estate	-1,016,956	30.09.2013	5.15 %		n/a		n/a	
IC 01	Essen	HRE Hypo Real Estate	-847,468	30.09.2013	5.15 %		n/a		n/a	
Total IC 01			-1,864,424							
BBV 06	Portfolio	HVB HypoVereinsbank	-21,425,612	29.06.2012	2.60 %	CAP	n/a		n/a	
BBV 06	Hannover	HVB HypoVereinsbank	-5,005,826	02.07.2012	4.94 %	SWAP	n/a		n/a	
BBV 06	Köln, Seligenstadt	HVB HypoVereinsbank	-4,707,866	02.07.2012	4.70 %	SWAP	n/a		n/a	
Total BBV 06			-31,139,104							
IC 13	Potsdam	HRE Hypo Real Estate	-2,578,946	31.10.2011	2.48 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-2,551,123	31.07.2011	2.48 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-8,286,292	31.10.2011	2.48 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-2,046,806	31.12.2013	3.32 %		n/a		n/a	
IC 13	Neubrandenb.	HRE Hypo Real Estate	-623,048	31.12.2013	3.32 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-4,336,770	31.10.2011	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-66,743	31.10.2011	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-469,388	31.10.2011	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-146,351	28.02.2012	2.48 %		n/a		n/a	
IC 13	Langenfeld	Corealcredit	-740,608	28.02.2012	2.48 %		n/a		n/a	
Total IC 13			-21,846,075							
Total Group			-101,088,322							
Associated companies										
BBV 14	Portfolio	HSH Nordbank	-50,590,764	31.12.2014	5.18 %		n/a		n/a	
Total BBV 14			-50,590,764							
IC 12	Bankgeb.Chem	WIB Westdt. Immobilienbank	-2,296,741	15.09.2016	5.23 %		50 %	32 %	120 %	216 %
Total IC 12			-2,296,741							
BBV 02	Erlangen	BBV Lebensversicherung	-186,338	31.12.2011	5.06 %		n/a		n/a	
BBV 02	Erlangen	BBV Lebensversicherung	-986,945	31.12.2016	5.23 %		n/a		n/a	
BBV 02	Erlangen	BBV Lebensversicherung	-141,383	31.12.2016	5.23 %		n/a		n/a	
Total BBV 02			-1,314,666							
IC 15	Chemnitz (Employment office)	HSH Nordbank	-3,275,312	30.11.2012	5.10 %		n/a		n/a	
IC 15	Chemnitz (Employment office)	HSH Nordbank	-1,457,895	30.11.2012	5.10 %		n/a		n/a	
IC 15	Chemnitz (Employment office)	HSH Nordbank	-344,631	30.11.2012	5.10 %		n/a		n/a	
IC 15	Quickborn	Eurohypo	-8,672,812	31.12.2012	5.10 %		n/a		n/a	
IC 15	Dresden	HSH Nordbank	-3,153,982	30.09.2012	5.10 %		n/a		n/a	
IC 15	Dresden	HSH Nordbank	-651,954	30.09.2012	5.10 %		n/a		n/a	
IC 15	Chemnitz-Passage	HVB HypoVereinsbank	-3,242,524	31.12.2014	4.67 %		n/a		n/a	
IC 15	Chemnitz-Passage	Archon Capital	-1,738,953	30.12.2012	5.10 %		n/a		n/a	
Total IC 15			-22,538,063							
BBV 10	Portfolio	BBV Lebensversicherung	-23,818,595	31.12.2012	5.10 %	SWAP	n/a		n/a	
BBV 10	Portfolio	BBV Lebensversicherung	-2,845,810	31.12.2012	5.10 %	SWAP	n/a		n/a	
BBV 10	Bookvalue interest rate swaps	HVB HypoVereinsbank	-1,329,943	31.12.2012	5.10 %		n/a		n/a	
BBV 10	Portfolio	HVB HypoVereinsbank	-32,917,710	31.12.2013	6.21 %	SWAP	n/a		n/a	
BBV 10	Portfolio	HVB HypoVereinsbank	-2,725,593	31.12.2013	6.21 %	SWAP	n/a		n/a	
BBV 10	Portfolio	HVB HypoVereinsbank	-8,905,763	31.12.2013	6.21 %	SWAP	n/a		n/a	
Total BBV 10			-72,543,414							
IC 10	Rabenstein	HRE Hypo Real Estate	-7,506,911	31.12.2016	5.23 %		n/a		n/a	
Total IC 10			-7,506,911							
BBV 09	Portfolio	NordLB	-45,219,751	31.12.2013	6.48 %	SWAP	n/a		n/a	
BBV 09	Portfolio	NordLB	-29,100,201	31.12.2013	6.48 %	SWAP	n/a		n/a	
Total BBV 09			-74,319,952							
Total Associated companies			-231,164,377 (Fair Value's share € 81.4 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	ongoing	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-Prött-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
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

Fair Value REIT-AG's share													
Vacancies	Annualized contractual rent	Annualized potential rent	Participating interest June 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	7.5	100.0	19	19	8.6	8.6	
0	79	79	100.00	1,200	1,150	-4.2	14.4	100.0	79	79	6.8	6.8	
378	610	637	100.00	9,240	8,900	-3.7	12.6	95.7	610	637	6.9	7.2	
0	93	93	100.00	1,460	1,380	-5.5	13.6	100.0	93	93	6.8	6.8	
0	19	19	100.00	240	230	-4.2	7.5	100.0	19	19	8.4	8.4	
0	10	10	100.00	130	120	-7.7	7.5	100.0	10	10	8.7	8.7	
0	52	52	100.00	680	660	-2.9	6.8	100.0	52	52	7.8	7.8	
0	31	31	100.00	410	400	-2.4	7.5	100.0	31	31	7.8	7.8	
0	28	28	100.00	360	350	-2.8	5.3	100.0	28	28	8.0	8.0	
0	20	20	100.00	230	235	2.2	5.7	100.0	20	20	8.6	8.6	
0	65	65	100.00	860	820	-4.7	7.5	100.0	65	65	7.9	7.9	
0	8	8	100.00	90	87	-3.3	7.5	100.0	8	8	9.5	9.5	
0	35	35	100.00	610	570	-6.6	12.3	100.0	35	35	6.2	6.2	
0	72	72	100.00	1,100	1,060	-3.6	15.5	100.0	72	72	6.8	6.8	
0	123	123	100.00	1,970	1,830	-7.1	15.4	100.0	123	123	6.7	6.7	
0	15	15	100.00	180	180	0.0	7.5	100.0	15	15	8.6	8.6	
0	16	16	100.00	190	190	0.0	7.5	100.0	16	16	8.4	8.4	
0	60	60	100.00	700	690	-1.4	7.5	100.0	60	60	8.7	8.7	
0	23	23	100.00	250	240	-4.0	5.6	100.0	23	23	9.8	9.8	
0	961	961	100.00	15,300	14,700	-3.9	14.9	100.0	961	961	6.5	6.5	
0	29	29	100.00	280	275	-1.8	6.5	100.0	29	29	10.4	10.4	
43	105	106	100.00	1,480	1,420	-4.1	12.7	98.8	105	106	7.4	7.5	
408	49	70	100.00	510	620	21.6	3.1	69.9	49	70	7.9	11.2	
0	177	177	100.00	2,370	2,280	-3.8	2.5	100.0	177	177	7.8	7.8	
0	52	52	100.00	660	640	-3.0	4.3	100.0	52	52	8.1	8.1	
0	100	100	100.00	1,490	1,430	-4.0	15.5	100.0	100	100	7.0	7.0	
0	42	42	100.00	560	550	-1.8	7.5	100.0	42	42	7.7	7.7	
0	17	17	100.00	200	195	-2.5	4.9	100.0	17	17	8.9	8.9	
0	55	55	100.00	590	560	-5.1	5.7	100.0	55	55	9.9	9.9	
0	54	54	100.00	660	640	-3.0	6.0	100.0	54	54	8.4	8.4	
0	125	125	100.00	1,890	1,790	-5.3	12.7	100.0	125	125	7.0	7.0	
0	93	93	100.00	1,150	1,110	-3.5	5.3	100.0	93	93	8.4	8.4	
829	3,239	3,289		47,270	45,527	-3.7	11.6	98.5	3,239	3,289	7.1	7.2	
3,193	455	694	75.73	5,680	5,385	-5.2	2.0	65.6	345	526	6.4	9.8	
2,708	488	631	71.58	5,526	5,240	-5.2	1.2	77.3	349	451	6.7	8.6	
0	210	210	55.79	1,451	1,506	3.8	12.3	100.0	117	117	7.8	7.8	
318	109	129	55.79	971	915	-5.7	6.1	84.7	61	72	6.6	7.8	
0	108	108	55.55	609	589	-3.4	1.5	100.0	60	60	10.2	10.2	
0	329	329	55.55	2,404	2,344	-2.5	4.5	100.0	183	183	7.8	7.8	
0	106	106	55.55	653	622	-4.8	1.3	100.0	59	59	9.5	9.5	
92	84	87	55.55	478	472	-1.1	3.3	96.8	47	48	9.9	10.2	
0	135	135	55.55	697	672	-3.6	3.3	100.0	75	75	11.2	11.2	
0	1,636	1,636	55.55	10,979	10,443	-4.9	4.5	100.0	909	909	8.7	8.7	
8,120	648	986	55.55	5,138	5,305	3.2	2.6	65.7	360	548	6.8	10.3	
0	451	451	55.55	2,251	1,911	-15.1	0.2	100.0	251	251	13.1	13.1	

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]
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
Großbeerstr. 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
Kröpelin 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 Fuhren 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	Büro	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
Leichenbergstr.112/113, Annendorfer Str. 15/16	Wittenberg	BBV10	Retail	1994		96,822	22,300	21,100	-5.4	6.90	6.40	14,710
Oberfrohaer Str. 62 - 74	Chemnitz	IC10	Retail	1997		11,203	9,180	8,940	-2.6	6.90	6.10	9,981
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-Erlar-Str. 3	München-Neuperlach	BBV09	Office	1986		10,030	38,500	36,000	-6.5	6.70	6.10	19,018
Weißenfesler 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			279,163
Grand Total						577,060	536,690	516,587	-3.7			443,673

Fair Value REIT-AG's share												
Vacancies	Annualized contractual rent	Annualized potential rent	Participating interest June 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	144	144	55.55	851	883	3.8	5.2	100.0	80	80	9.0	9.0
0	42	42	55.55	274	261	-4.9	1.0	100.0	23	23	8.9	8.9
404	213	246	55.55	1,575	1,544	-2.0	4.4	86.5	118	137	7.7	8.8
0	330	330	53.79	1,788	1,748	-2.2	1.8	100.0	178	178	10.2	10.2
45	353	382	53.79	2,029	1,920	-5.4	2.4	92.5	190	205	9.9	10.7
0	1,170	1,170	50.04	5,086	4,678	-8.0	5.3	100.0	585	585	12.5	12.5
1,268	898	1,206	50.04	4,762	4,168	-12.5	3.9	74.5	450	604	10.8	14.5
234	277	306	50.04	1,920	1,851	-3.6	2.0	90.7	139	153	7.5	8.3
16,382	8,186	9,327		55,122	52,459	-4.8	3.6	87.0	4,577	5,263	8.7	10.0
17,211	11,425	12,615										
387	1,196	1,276	45.11	7,024	6,811	-3.0	4.6	93.7	539	576	7.9	8.5
1,040	658	755	45.11	3,449	3,392	-1.6	0.9	87.2	297	340	8.7	10.0
391	4,180	4,309	45.11	27,646	27,652	0.0	5.8	97.0	1,886	1,944	6.8	7.0
1,135	498	615	40.22	3,121	2,952	-5.4	2.8	81.1	200	247	6.8	8.4
0	220	220	39.68	689	655	-5.0	2.1	100.0	87	87	13.4	13.4
0	533	533	38.37	1,492	1,473	-1.2	0.7	100.0	204	204	13.9	13.9
246	409	438	38.37	2,007	2,252	12.2	1.6	93.3	157	168	7.0	7.5
0	899	899	38.37	4,240	4,758	12.2	19.0	100.0	345	345	7.3	7.3
0	1,145	1,145	38.37	5,061	4,988	-1.4	6.6	100.0	439	439	8.8	8.8
112	137	234	38.37	889	833	-6.3	4.3	58.6	52	90	6.3	10.8
0	1,103	1,103	38.37	4,789	4,642	-3.1	2.2	100.0	423	423	9.1	9.1
0	4,988	4,988	38.37	20,498	19,107	-6.8	3.3	100.0	1,914	1,914	10.0	10.0
249	65	81	38.37	280	280	0.1	3.3	80.7	25	31	8.9	11.0
3,105	1,164	1,482	38.37	6,782	6,522	-3.8	1.6	78.6	447	568	6.8	8.7
0	674	674	38.37	3,283	3,054	-7.0	8.7	100.0	259	259	8.5	8.5
0	302	313	38.37	1,169	1,485	27.1	9.0	96.5	116	120	7.8	8.1
638	175	225	38.37	808	963	19.1	6.0	77.4	67	87	7.0	9.0
1,832	1,583	1,733	38.37	8,544	8,095	-5.3	9.8	91.3	607	665	7.5	8.2
359	695	740	26.14	2,400	2,337	-2.6	1.9	93.9	182	193	7.8	8.3
0	1,260	1,260	25.11	3,366	3,215	-4.5	1.5	100.0	316	316	9.8	9.8
0	3,483	3,483	25.11	12,091	11,578	-4.2	14.1	100.0	875	875	7.6	7.6
0	4,391	4,391	25.11	9,598	9,041	-5.8	3.5	100.0	1,103	1,103	12.2	12.2
0	1,743	1,743	25.11	5,235	5,048	-3.6	8.1	100.0	438	438	8.7	8.7
0	839	839	25.11	2,431	2,461	1.3	7.8	100.0	211	211	8.6	8.6
9,495	32,341	33,479		136,891	133,595	-2.4	5.8	96.1	11,190	11,643	8.4	8.7
26,706	43,766	46,094		239,283	231,581	-3.2	6.2	94.1	19,006	20,195	8.2	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.

Imprint

Fair Value REIT-AG
Leopoldstraße 244
80807 Munich
Germany

Tel. +49 (0) 89/92 92 8 15 - 01
Fax +49 (0) 89/92 92 8 15 - 15

info@fvreit.de
www.fvreit.de

MANAGEMENT BOARD

Frank Schaich

SUPERVISORY BOARD

Prof. Dr. Heinz Rehkugler, Chairman
Christian Hopfer, Vice Chairman
Dr. Oscar Kienzle

Registered office: Munich
Commercial register at Munich Local Court
No. HRB 168 882

Date of publication August 12, 2010

REALIZATION

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Germany
www.cometis.de

PICTURES

Fair Value REIT-AG
Cover and content pages: Office building Rheinstr. 8, Teltow, Germany (Subsidiary IC 07)

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.



Fair Value REIT-AG
Leopoldstraße 244
80807 Munich
Germany

Tel. +49 (0) 89/92 92 8 15 - 01
Fax +49 (0) 89/92 92 8 15 - 15

info@fvreit.de
www.fvreit.de



fair value
REIT