Semi-annual Report 2011

fair value REIT

Key figures of Fair Value Group

Revenues and earnings		1/1–6/30/2011	1/1–6/30/2010
Rental revenues	in T€	5,176	6,046
EBIT	in T€	2,945	3,376
Consolidated net income	in T€	3,198	2,313
Earnings per share	in €	0.34	0.25
Adjusted consolidated net income (EPRA-Earnings)	in € thousand	2,864	2,629
EPRA-Earnings per share	in €	0.31	0.28
Funds from Operations (FFO)	in € thousand	585	2,350
FFO per share	in €	0.06	0.25
Assets and capital		**6/30/2011**	**12/31/2010**
Non-current assets	in € thousand	181,749	177,480
Current assets	in € thousand	12,216	18,483
Total assets	in € thousand	193,965	195,963
Equity/Net asset value (NAV)	in € thousand	77,852	74,558
Equity ratio	in %	40.1	38.0
Immovable assets	in € thousand	181,498	179,701
Equity within the meaning of Section 15 of the REIT act	in € thousand	92,328	89,052
Equity ratio within the meaning of Section 15 of the REIT act (minimum 45%)	in %	50.9	49.6
Real estate investments[1]		**6/30/2011**	**12/31/2010**
Number of properties	amount	74	75
Market value of properties[2]	in € million	224	225
Contractual rent	in € million	18.2	18.4
Potential rent	in € million	19.5	19.7
Occupancy	in %	93.1	93.6
Remaining term of rental agreements	years	5.8	6.2
Contractual rental yield before costs	in %	8.1	8.2

[1] Relating to Fair Value's proportionate portfolio. For further information see Annual Report 2010, pages 8–18
[2] Based on the market valuation dated December 31, 2010, for the property Krefeld increased by capitalized reconstruction costs

Further key figures

		6/30/2011	12/31/2010
Number of shares in circulation	in pieces	9,325,572	9,325,572
Net asset value (NAV) per share	in €	8.35	8.00
EPRA-NAV per share	in €	9.11	8.93
Number of employees (including Management Board)		3	3

Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen,
The strong growth in the German economy continued in the second quarter of 2011 and the employment market maintained its positive development. Many German companies are intensively searching for specialist personnel, both at home and abroad, in an effort to deliver on the high demand for their products. Previously, exports had primarily driven growth in Germany, but now domestic demand is gaining strength.

On the back of this improved overall economic environment, we were able to conclude the first half of 2011 with a consolidated net profit of € 3.2 million, 38% up on the previous year mark of € 2.3 million. The year-on-year growth was mainly due to the increase in the market value of cash flow hedges in the associated companies. Consolidated earnings adjusted for these market value changes (EPRA-Earnings) amounted to € 2.9 million which was 9 % higher than the previous year figure of € 2.6 million.

On the balance sheet date of June 30, 2011, the group's equity capital amounted to € 77.9 million. The balance sheet net asset value (NAV) per share in circulation therefore increased by 4% to € 8.35, compared to December 31, 2010 despite the dividend payment of € 0.9 million made at the start of June. The REIT equity ratio rose from 49.6 % to 50.9 % of immovable assets. The occupancy rate in our proportionate real estate portfolio of 93.1 % and the average remaining lease term of 5.8 years continue to provide us with a good level of planning security. The upbeat market environment also currently facilitates lease renewals and new leasing agreements. In some cases, moderate rent increases can even be carried out again.

Whether this momentum can continue in the second half of 2011 and beyond is largely dependent on the implementation and effects of the austerity measures announced for the badly hit EU countries as well as the recent reclassification of the USA to AA+ by Standard & Poors. The strong volatility on the global capital markets seen at the start of August 2011 reflect the fears many players have for the global economy. The resulting shift toward liquidity and gold meant at times drastic drops in the share prices on the markets across all industries. Listed real estate corporations were also hit hard by this trend.

Due to the uncertainty on the capital markets, continued demand for the conventional "safe havens" such as gold and real estate can be expected. This development has already been reflected in the Fair Value REIT-AG portfolio: The sale of our Sparkasse property in Rellingen in August 2011 was made at a 21 % premium to the market value determined on December 31, 2010.

We are confident that the trend towards real estate as a tangible asset will also gradually transfer over and boost real estate's standing on the stock market. The long-term nature of our lease agreements allows us to confidently plan future income, meaning that short-term fluctuations will have next to no impact on our operating business development.

In the remaining months until the end of 2011, we will remain focused on enhancing the profitability of our existing portfolio. To this end, we will selectively promote property sales in the real estate partnerships and primarily use reinvestment potential for investments in retail and office real estate. If increasing the share capital will aid us in achieving our goals, this would also represent an option we may implement given the chance.

Frank Schaich, CEO

The Share

Development of the Stock Market and the Fair Value Share

In the first half of 2011, the German stock market continued its development in line with the general economic upturn. The Fair Value share established itself above the benchmark index during several phases of this period.

Development of the Fair Value share
January 3–August 1, 2011

in €

■ Fair Value REIT-AG (XETRA)
■ DAX Subsector Real Estate (chain-linked as of 1/1/2011)

Master data Fair Value share at June 30, 2011	
Sector	Real Estate (REIT)
WKN (German Securities Code)/ISIN	A0MW97/DE000A0MW975
Stock symbol	FVI
Share capital	€ 47,034,410.00
Number of shares (non-par value shares)	9,406,882 pcs.
Proportion per share in the share capital	€ 5.00
Initial listing	November 16, 2007
High/low first half year 2011 (XETRA)	€ 4.95/4.25
Market capitalization at June 30, 2011 (XETRA)	€ 46.6 Mio.
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated sponsor	Close Brothers Seydler Bank
Indices	RX REIT All Shares-Index, RX REIT-Index

After starting the reporting period at € 4.75 per share on January 3, 2011, the Fair Value REIT-AG share price generally rose in line with the benchmark index of the DAXsubsector Real Estate, reaching a high of € 4.88 on February 16, 2011. However, the Fair Value share price was unable to escape the overall industry trend and followed a downward path to its low in the reporting period of € 4.25 by mid March 2011. Following the publication of the financial results for 2010, the share rallied and rose to around the € 4.80 mark by mid April. Despite brief recoveries, the share price has fallen back down to € 4.30 by the end of June. A clear upturn, which countered the overall industry trend and was accompanied by high turnover, helped the share climb to its high for the reporting period of € 4.95 on June 30, 2011. This equates to a market capitalization of € 46.6 million. The share was also able to establish a footing substantially above the benchmark index of the DAXsubsector Real Estate after the reporting date.

During the first half of this fiscal year, a total of approximately 0.8 million Fair Value REIT-AG shares were traded on all exchanges. This represents an increase of 47 % compared to turnover during the same period in the previous year and reflects the heightened interest of investors in the company. The trading volume was therefore € 3.4 million for the reporting first six months of 2011, compared to approximately € 2.2 million during the same period in the previous year.

Further information about the share, the shareholder structure as well as other investor relations content is available on www.fvreit.de in the "Investor Relations" section.

Financial calendar Fair Value REIT-AG	
October 19, 2011	Presentation, 11th Conference of the Real Estate Share Initiative (Frankfurt/Main, Germany)
November 15, 2011	Interim Report 1st to 3rd Quarter, 2011
November 21, 2011	Presentation, German Equity Forum (Frankfurt/Main, Germany)

Group Interim Management Report

Economic Report

Business Activities and General Conditions

Real Estate Portfolio and Group Structure

Taking into account the proportionate participating interest of Fair Value in each property, the occupancy rate of the properties held directly by the group and by its associated companies dropped slightly year-on-year from 94.1 % to 93.1 %. The weighted remaining lease term amounted to 5.8 years on June 30, 2011, compared to 6.2 years in the previous year.

The following table provides a summary of the properties held directly by the group or by its subsidiaries, as well as the properties held by associated companies. The market value of the real estate is based on the valuations dated December 31, 2010 carried out on the individual properties by external surveyor CB Richard Ellis GmbH. These are listed in detail on pages 134 to 139 of the 2010 Annual Report. In the case of the Krefeld property (subsidiary BBV 06), the reconstruction costs of around € 1.1 million incurred were capitalised and classified as sustainable. The right hand side of the following table shows rents, market values and contractual remaining lease terms, taking into account the proportionate participating interest of Fair Value in each property.

Direct investments and participations Fair Value REIT-AG					Fair Value REIT-AG's share					
	Plot size[1] [m²]	Lettable space[1] [m²]	Annualized contractual rent p. a. 6/30/2011[1] [T€]	Market value 12/31/2010[1)2)] [T€]	Participating interest 6/30/2011 [%]	Annualized contractual rent 6/30/2011[3] [T€]	Market value 12/31/2010[2)3)] [T€]	Occupancy level 6/30/2011[4)6)] [%]	Ø-remaining term of rental agreements[5)6)] [years]	Contractual rental yield before costs [%]
Segment direct investments	58,624	42,948	3,213	45,417	100.0	3,213	45,417	96.5	10.8	7.1
Segment subsidiaries	162,207	119,888	7,242	84,380	57.3	4,121	48,360	86.9	2.9	8.5
Total Group	**220,831**	**162,836**	**10,455**	**129,797**	**72.3**	**7,334**	**93,777**	**90.9**	**6.4**	**7.8**
Total associated companies	340,250	269,173	31,193	365,335	35.6	10,858	130,041	94.6	5.4	8.3
Total Portfolio	**561,081**	**432,009**	**41,648**	**495,132**	**45.2**	**18,192**	**223,818**	**93.1**	**5.8**	**8.1**

1) Does not consider the respective participating interest
2) According to valuation by CB Richard Ellis GmbH, Frankfurt/Main, December 31, 2010, plus capitalized reconstruction costs in the subsidiary BBV 6
3) Fair Value's proportionate shares in the participations
4) Contractual rent / (contractual rent + vacant space at standard market rent) on the reporting date June 30, 2011
5) Income-weighted
6) (Sub) totals for occupancy level and average remaining lease term taking into account the respective percentage of participations

Macroeconomic and Sector Specific Conditions

Macroeconomic Situation Following the surprisingly strong first quarter, the German economy lost a certain amount of momentum in the second quarter of 2011, while it was able to maintain its overall positive trend. Domestic demand firmed up and leading economic research institutions forecast that it would replace exports as the driving force behind growth in the coming year. The employment market continued to benefit from the robust economic development. Compared to the previous year, in June 2011 around 2.9 million people (previous year: 3.1 million) were unemployed, down approx. 255,000 year-on-year, which now represents an unemployment rate of 6.9% (previous year: 7.5%).

In June 2011, the consumer price index in Germany was up 2.3% on the level of the previous year. The inflation rate therefore remained above the 2% mark for the fifth month in succession. After the European Central Bank raised the base rate of interest in the first quarter of 2011, it increased it by a further 0.25 points to the current level of 1.5% on July 13, 2011.

Source: German Federal Employment Agency, Destatis – The German Federal Office of Statistics, DIW, ifo Institute

Real Estate Market in Germany **The Rental Market** **Office space** For the six German office centres[1], a leasing turnover of around 1.42 million m² was recorded in the first half of 2011 (previous year: 1.20 million m²), which represents an increase of around 18 % compared to the first half of the previous year. This figure was also almost 15 % higher than the five-year average, confirming the upbeat demand in the German office market. This demand has led to positive net absorption for 2011, which has allowed the number of vacancies to be reduced slightly. On the reporting date, vacancy in the six office centres totalled around 8.3 million m² (previous year: 8.1 million m² and 8.5 Mio. m² per December 31,2010), which equates to a vacancy rate of 10.3 % and 8.5 million m² as of December 31, 2010. At the same time, the trend towards slightly increasing rent levels was bolstered.

Retail space Boosted by the solid economic development and the growing employment levels, the increased consumer prices in the second quarter of 2011 had no material impact on the propensity to buy and the consumption of consumers according to estimates from Jones Lang LaSalle. On the back of these developments, retail turnover in May 2011 was up 4.8 % year-on-year, which equates to a price adjusted rise of 3.1 %. The continuing high demand for space in the major centres of population is still yet to be completely satisfied. Due to the lack of space on offer in prime inner city locations of German metropolitan areas, rent prices are on the rise.

The Investment Market The German investment market confirmed its upbeat start to the year in the second quarter with a transaction volume of around € 5.5 billion. In the first half of 2011, transactions worth a total of around € 11.3 billion (previous year: € 9.5 billion) were executed, representing an increase of 19 % on the previous year period. So far in 2011, real estate investments benefit from the sustained uncertainty on the capital markets. Although demand among investors is still mainly focusing on low-risk properties, there has now been a slight rise in the demand for properties with higher risk and opportunity potential. As a result, it seems that investors are continuing to view the German real estate market positively.

Source: Jones Lang LaSalle
[1] Berlin, Duesseldorf, Frankfurt/Main, Hamburg, Munich, Stuttgart

Overall statement of the Management on Business Performance

In the first six months of the current financial year 2011, Fair Value REIT-AG was able to generate a consolidated net income of € 3.2 million or € 0.34 per share. This figure was 38% up on the previous year mark of € 2.3 million or € 0.25 per share. The increase year-on-year was mainly due to the rise in the market value of cash flow hedges in the associated companies.

The operating business result of the Fair Value Group becomes apparent in the consolidated net income adjusted for any market value changes EPRA-Earnings) :

Adjusted consolidated income (EPRA-Earning)	1/1–6/30/2011				1/1–6/30/2010			
		Adjustments for extraordinary factors				Adjustments for extraordinary factors		
in T€	According to consolidated income statement	Profits/ losses on sale and valuation	Interest rate swaps	**Adjusted consolidated income statement**	According to consolidated income statement	Profits/ losses on sale and valuation	Interest rate swaps	**Adjusted consolidated income statement**
Net rental result	**4,392**	**–**	**–**	**4,392**	**4,519**	**–**	**–**	**4,519**
General administrative expenses	(1,156)	–	–	(1,156)	(1,071)	–	–	(1,071)
Other operating income and expenses	37	–	–	37	(19)	–	–	(19)
Earnings from sales of investment properties	(74)	74	–	–	(56)	56	–	–
Valuation result	(254)	254	–	–	–	–	–	–
Operating result (EBIT)	**2,945**	**328**	**–**	**3,273**	**3,373**	**56**	**–**	**3,429**
Result from equity-accounted investments	3,066	–	(527)	2,539	2,007	3	282	2,292
Interest income	37	–	–	37	34	–	–	34
Interest expenses	(2,314)	–	(54)	(2,368)	(2,494)	–	1	(2,495)
Income before minority interests	**3,734**	**328**	**(581)**	**3,481**	**2,313**	**59**	**283**	**3,262**
Minority interests	(536)	(105)	24	(617)	(607)	(26)	–	(633)
Consolidated net income (loss)	**3,198**	**223**	**(557)**	**2,864**	**2,313**	**33**	**283**	**2,629**

The net rental result came in at € 4.4 million, roughly on a par with the € 4.5 million mark recorded in the previous year period. The slight difference is due to lower rental income in the subsidiaries. The operating result adjusted for results of valuations also remained stable at € 3.3 million (previous year: € 3.4 million). The result from equity-accounted investments adjusted for changes to market value rose by approximately 11 % from € 2.3 million to € 2.5 million. This was due to the fall in interest expenses on the back of the refinancing of associated company BBV 14 at the end of April 2011.

Taking into account net interest expenses and the minority interest in the result, an adjusted consolidated net income (EPRA earnings) of € 2.9 million, or € 0.31 per share, was achieved in the first half of 2011 showing am increase of 9% year-on-year (same period in previous year: € 2.6 million or € 0.28 per share).

Income, Financial and Net Asset Position

Income Position

in € million	1/1–6/30/2011	1/1–6/30/2010	Change in € million	Change in %[1]
Net sales	6.4	7.0	(0.6)	(9)
Net rental income	4.4	4.5	(0.1)	(3)
General administrative expenses	(1.2)	(1.1)	0.1	8
Result from sale and valuation result	(0.3)	(0.1)	(0.2)	(486)
Operating result (EBIT)	2.9	3.4	(0.5)	(13)
Income from participations	3.1	2.0	1.1	53
Net interest expense	(2.3)	(2.5)	0.2	(7)
Minority interests	(0.5)	(0.6)	0.1	(12)
Consolidated net income (loss)	**3.2**	**2.3**	**0.9**	**38**

[1] compared to Change in € thousand

Net sales include the rental income from direct investments and the real estate held in subsidiaries as well as the respective incidental cost prepayments from tenants. Overall, net sales were reported at € 6.4 million, 9 % or € 0.6 million down on the previous year's figure of € 7.0 million.

About 20 % of this difference resulted from lower rental income after the divestiture of sold properties. The other 80 % was due to lower rent in existing properties. Among other things, the latter was due to the temporary vacancy in Krefeld, which was remedied by the successful renewal agreement concluded after reconstructing the previous DIY store into a retail centre. The letting quota is now back up to 90%. Moreover, following the premature termination of the general lease agreement against a compensation income, the contracted rents in Langenfeld were below the previous level of rent of the general lessee.

However, the net rental result was reported at € 4.4 million, only 3 % or € 0.1 million down on the previous year figure of € 4.5 million, primarily as a result of a higher share of incidental costs and lower expenses for investment properties. General administrative expenses rose year-on-year by 9 % or € 0.1 million to € 1.2 million. The sale and valuation costs of € 0.3 million include capitalised expenses attributable to rental-related alterations totalling € 0.2 million, which were in turn written off immediately.

The operating result of € 2.9 million was therefore down by around 13 % on the previous year's figure of € 3.4 million.

In contrast, the results of the equity accounted associated companies rose by € 1.1 million or 53 % to € 3.1 million (previous year: € 2.0 million). Around 20 % of this rise was attributable to the fall in interest expenses, particularly at the associated company BBV 14, following the successful refinancing. 80 % of this change was due to the improved valuation of derivative financial instruments.

At the end of April 2011, the associated company BBV 14 (Fair Value has an around 45 % interest) repaid its financing which had been fixed until December 31, 2014 ahead of time. To finance the premature loan repayment, a variable rate loan with a term of five years until March 31, 2016 was taken up, with a margin of 125 basis points agreed. With a view to hedging against increasing interest rates, an interest rate hedging transaction was undertaken, which limits the EURIBOR interest charge at 4.25 % p.a. plus margin.

Net interest expenses decreased by 7 %, from € 2.5 million to € 2.3 million. Taking into account the income attributable to minority interests in the subsidiaries, the Fair Value Group posted an IFRS consolidated net income of € 3.2 million (previous year: € 2.3 million). This equates to a 38% improvement in income per share, at € 0.34 compared to € 0.25 in the previous year.

Financial Position

Funds from Operations (FFO) During the reporting period, FFO amounted to € 0.6 million, a fall of € 1.8 million from the previous year's figure of € 2.4 million. The difference is due to the payment of dividends to minority shareholders in subsidiaries and fewer withdrawals from equity-accounted participations, as these are primarily made in the second half of the financial year.

Cash Flow from Operating Activities On the basis of the FFO key indicator, net cash from operating activities during the reporting period amounted to € 2.1 million as a result of changes in assets and liabilities. This includes the partial compensation payment of € 2.0 million received at the beginning of 2011 for the premature termination of a lease in the IC 13 subsidiary (Langenfeld). During the same period in the previous year, net cash from operating activities amounted to € 1.6 million.

Cash and cash equivalents in € thousand	1/1–6/30/2011	1/1–6/30/2010
Cash flow from operating activities	2,093	1,642
Cash flow from investment activities	804	8,448
Cash flow from financing activities	(4,601)	(7,336)
Change of cash and cash equivalents	**(1,704)**	**2,754**
Cash and cash equivalents - start of period	11,975	8,281
Cash and cash equivalents - end of period	**10,271**	**11,035**

Cash Flow from Investment Activities Fair Value recorded a cash inflow from investment activities of € 0.8 million, down from € 8.4 million in the previous year. The cash inflow resulted from the divestiture of sold real estate in Essen (2011) as well as in Aachen, Hamm, Seligenstadt and Passau (2010). In 2011, investments totalling € 1.6 million were made, € 1.4 million of which flowed into rental-related alterations, while € 0.2 million went into interest-bearing prepayments for the purchase price of the participations in five general partner companies (see Supplementary Report).

Cash Flow from Financing Acitivities The cash flow from financing activities led to an outflow of funds of € 4.6 million, following on from € 7.3 million in the previous year. In both years, the focus was strongly on the repayment of bank liabilities. In addition, the first half of 2011 saw a dividend payment worth € 0.9 million made for the financial year 2010. The previous year figure includes the purchase of own shares, with a total purchase price of € 0.1 million.

Cash and Cash Equivalents During the reporting period, the group's liquid assets thus fell by € 1.7 million to approximately € 10.3 million (previous year: € 11.0 million).

Net Asset Position

Assets Compared to December 31, 2010, total assets decreased by around 1 % by June 30, 2011, from € 196 million to € 194 million, as a result of the divestiture of a sold property and the amortisation of bank liabilities.

Non-current assets of approximately € 181.7 million equated to 94 % of total assets, compared to 92 % at the end of the previous year. Of this amount, 71 % or € 129.8 million was attributable to investment property (December 31, 2010: € 128.7 million or 72 %). The equity accounted participations in associated companies are included in non-current assets, and comprise 28 % or € 51.7 million of these (December 31, 2010: 27 % or € 48.5 million).

Current assets on the reporting date totalled € 12.2 million (December 31, 2010: € 18.5 million) and included 84 % liquid assets (December 31, 2010: 65 %).

Equity and Liabilities On June 30, 2011, 60 % of assets were financed by liabilities and 40 % by equity. It should be noted in this context that minority interests in subsidiaries, amounting to € 14.5 million, are classified as liabilities in accordance with IFRS. If such minority interests are classified as equity, as specified in the REIT act, equity increases to € 92.3 million, which equates to 48 % of the total balance sheet assets (December 31, 2010: 45 %).

The REIT equity ratio according to § 15 of the REIT act totalled 50.9 % of immovable assets on the balance sheet date (December 31, 2010: 49.6 %).

Financial Liabilities The group's financial liabilities amounted to € 95.4 million (December 31, 2010: € 99.1 million) or 49 % of total assets, compared to a figure of 51 % on December 31, 2010. Of these, 26 % or € 24.5 million (December 31, 2010: 12 % or € 11.5 million) were due within a year. Of the current liabilities, € 20.5 million or 85 % are attributable to an upcoming real estate financing at the subsidiary BBV 06 on June 29, 2012.

About two thirds of the reduction in financial liabilities of € 3.7 million or 4 % compared to the end of the previous year are attributable to scheduled repayments and one third from unscheduled repayments.

Equity/Net Asset Value (NAV) By adding the market value of the properties and the participations, the net asset value (NAV) on June 30, 2011, taking into account miscellaneous balance sheet items, amounted to € 77.9 million, compared to a figure of € 74.6 million at the end of the previous year. This increase resulted primarily from the positive consolidated net income figure as well as the reduced financial liabilities.

Based on the number of shares in circulation (9,325,572) on the reporting date, the group's NAV per share was € 8.35, compared to € 8.00 on December 31, 2010.

Balance sheet NAV

in € thousand		6/30/2011	12/31/2010
Market value of properties (inluding properties held for sale)		129,797	131,150
Equity-accounted participations		51,701	48,551
Miscellaneous assets minus miscellaneous liabilities		7,062	9,757
Minority interests		(14,476)	(14,494)
Financial liabilities		(95,434)	(99,103)
Other liabilities		(798)	(1.303)
Net Asset Value		**77,852**	**74,558**
Net Asset Value per share	in €	**8.35**	**8.00**

The key indicator EPRA-NAV shown below is based on the best practice recommendations issued by the European Public Real Estate Association (EPRA). As the company's REIT status means that deferred taxes are not an issue for Fair Value REIT-AG, the EPRA-NAV corresponds to the NNAV indicator cited by a number of industry experts.

EPRA-NAV

in € thousand		6/30/2011	12/31/2010
NAV pursuant to consolidated balance sheet		77,852	74,558
Market value of derivative financial instruments		4,293	5,181
Thereof due to minority interests		(93)	(294)
Market value of derivative financial instruments of equity-accounted participations (proportionate)		2,926	3,802
EPRA-NAV		**84,978**	**83,247**
EPRA-NAV per share	in €	**9.11**	**8.93**

Supplementary Report

Takeover of the shares in the general partners of five real estate partnerships

After the balance sheet date, Fair Value REIT-AG took over 100% of the shares in the general partners of five real estate partnerships. Two of these relate to the subsidiaries BBV 03 and BBV 06 and three to associated companies BBV 09, BBV 10 and BBV 14. Aside from its already existing voting rights, this allows Fair Value to further expand its influence on the management of the companies in question.

Taking into account the real estate owned directly and the voting right majorities held in its subsidiaries, this investment increases Fair Value's direct influence to over 90 % of its market-value weighted portfolio of real estate and participations. The investment of around € 0.2 million will likely be amortised within four years.

Retail centre in Krefeld already let up to 90 %

The reconstruction of a former DIY store was completed on time for mid-2011. After the balance sheet date, the rental space was handed over to four new tenants. As a result, 90 % of the property-related rental space is already let, and the lease agreements run for at least ten years plus options to extend.

Sale of property in Rellingen

The directly owned property in Rellingen leased to Sparkasse Südholstein was sold for € 675 thousand. The sale price for the property held in part ownership is 15.7 annual rents (gross yield 6.37%) and is 21% above the recently assessed market value of around 13 annual rents (gross yield 7.69%). The buyer also purchased the residential part of the property not owned by Fair Value, making it the sole owner of the property in the future. The transfer of benefits and encumbrances is due to be made on September 30, 2011. After deducting all expenses connected to the sale, the transaction will likely amount to a capital gain of around 15 % of the carrying amount of € 558 thousand.

Risk Report

The Fair Value Group is exposed to various risks as a result of its business activities. In addition to general economic risks, the prime risks are leasing risks, rent default risks, interest rate risks and liquidity risks.

The risk management system and a description of the general risks faced by the business are available in the Fair Value REIT-AG 2010 Annual Report, on pages 60 to 67. There was no basic change in the first half of 2011 to the existing risk assessment provided in detail in the 2010 Annual Report.

One positive development was the successfully negotiated extension for an instalment of around € 6.3 million of the Fair Value REIT-AG financial liabilities which were due at the end of June 2011 until the end of 2012. The bank margin of 4.75 points above EURIBOR remains unchanged, while the annual minimum repayment increased from the previous € 500 thousand to € 800 thousand.

The Management Board is not expecting an increase in risk over the next twelve months that could threaten the existence of Fair Value REIT-AG.

Opportunities and Forecast

Operating business developed slightly better than anticipated in the first half of the year.

As a result, the Management Board has confirmed the previous forecast (which was already raised in conjunction with the Q1-report 2011) for adjusted consolidated net income for the full year 2011 of € 5.0 million (€ 0.54 per share) and for the full year 2012 of € 5.7 million (€ 0.61 per share).

The current proportional occupancy rate of 93.1 % of potential rent is again up to 94.0 % after taking into account the rental space handed over in Krefeld in July. The Management Board also believes that further new lease agreements and exercising of extension options should have a positive effect on the occupancy rate and the remaining duration of the lease agreements in the rest of the year.

Given the increasingly revitalised investment market, the Management Board is also anticipating further transactions in real estate partnerships to add to the reported successful sale in Rellingen before the end of the year.

The resultant reinvestment potential is to be primarily used for investments in retail and office real estate.

The Management Board continues to believe that there is a good base for high-income real estate investments, which would lead to a sustained improvement in the dividend potential on the back of a resultant increase in the equity base. The Management Board is committed to making the most of the opportunities offered in this respect.

Munich, August 8, 2011

Fair Value REIT-AG

Frank Schaich

Consolidated Interim Financial Statements

Balance Sheet

Consolidated balance sheet

in € thousand	Note no.	6/30/2011	12/31/2010
Assets			
Non-current assets			
Intangible assets		3	3
Property, plant and equipment		6	7
Investment property	3	129,797	128,650
Equity-accounted investments	4	51,701	48,551
Other receivables and assets	5	242	269
Total non-current assets		**181,749**	**177,480**
Current assets			
Non-current assets available for sale	6	–	2,500
Trade receivables		1,082	1,291
Income tax receivables		48	71
Other receivables and assets		815	2,646
Cash and cash equivalents		10,271	11,975
Total current assets		**12,216**	**18,483**
Total assets		**193,965**	**195,963**
Equity and liabilities			
Equity			
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Reserve for changes in value	7	(4,704)	(5,732)
Loss carryforward		(10,247)	(12,513)
Treasury shares		(398)	(398)
Total equity		**77,852**	**74,558**
Non-current liabilities			
Minority interests		14,476	14,494
Financial liabilities	8	70,943	87,556
Derivative financial instruments		4,293	5,181
Other liabilities		46	46
Total non-current liabilities		**89,758**	**107,277**
Current liabilities			
Provisions		162	241
Financial liabilities	8	24,491	11,547
Derivative financial liabilities		62	0
Trade payables		888	1,083
Other liabilities		752	1,257
Total current liabilities		**26,355**	**14,128**
Total shareholder's equity and liabilities		**193,965**	**195,963**

Income Statement

Consolidated income statement in € thousand	Note no.	1/1–6/30/ 2011	1/1–6/30/ 2010	1/4–6/30/ 2011	1/4–6/30/ 2010	1/1–3/31/ 2011	1/1–3/31/ 2010
Rental income		5,176	6,046	2,600	2,901	2,576	3,145
Income from operating and incidental costs		1,178	914	565	458	613	456
Leasehold payments		(10)	(90)	(5)	(33)	(5)	(57)
Real estate-related operating expenses		(1,952)	(2,351)	(715)	(1,440)	(1,237)	(911)
Net rental result		**4,392**	**4,519**	**2,445**	**1,886**	**1,947**	**2,633**
General administrative expenses	9	**(1,156)**	**(1,071)**	**(641)**	**(543)**	**(515)**	**(528)**
Total other operating income and expenses		**37**	**(19)**	**(2)**	**(2)**	**39**	**(17)**
Net income from the sale of investment properties		2,500	8,508	–	5,523	2,500	2,985
Expenses in connection with the sale of investment properties		(2,574)	(8,564)	–	(5,526)	(2,574)	(3,038)
Result from sale of investment properties	6	**(74)**	**(56)**	**–**	**(3)**	**(74)**	**(53)**
Valuation gains		–	–	–	–	–	–
Valuation losses		(254)	–	(70)	–	(184)	–
Valuation result	3	**(254)**	**–**	**(70)**	**–**	**(184)**	**–**
Operating result		**2,945**	**3,373**	**1,732**	**1,338**	**1,213**	**2,035**
Result from equity-accounted investments	4	**3,066**	**2,007**	**1,170**	**1,155**	**1,896**	**852**
Interest income		37	36	27	26	10	10
Interest expense	10	(2,314)	(2,494)	(1,161)	(1,244)	(1,153)	(1,250)
Income before tax		**3,734**	**2,922**	**1,370**	**1,275**	**1,966**	**1,647**
Income tax		–	(2)	–	(2)	–	–
Income before minority interests		**3,734**	**2,920**	**1,768**	**1,273**	**1,966**	**1,647**
Minority interest in the result		(536)	(607)	(398)	(169)	(138)	(438)
Net income		**3,198**	**2,313**	**1,370**	**1,104**	**1,828**	**1,209**
Earnings per share in € (basic/diluted)		0.34	0.25	0.15	0.12	0.20	0.13

Statement of Comprehensive Income

Consolidated statement of comprehensive income

in € thousand	1/1–6/30/2011	1/1–6/30/2010
Net income	**3,198**	**2,313**
Other results		
Change in cash flow hedges	772	(1,586)
Thereof due to minority interests	(93)	2
Change in cash flow hedges of associated companies	349	(258)
Total other results	**1,028**	**(1,842)**
Comprehensive income	**4,226**	**471**

Statement of Changes in Equity

Consolidated statement of changes in equity

in € thousand	Shares in circulation [in pcs.]	Subscribed capital	Share premium	Reserve for changes in value	Retained earnings	Own shares	**Total**
Balance at January 1, 2010	**9,347,790**	**47,034**	**46,167**	**(5,446)**	**(14,745)**	**(290)**	**72,720**
Purchase of treasury shares	(22,218)	—	—	—	—	(108)	(108)
Total net income	—	—	—	(1,842)	2,313	—	471
Balance at June 30, 2010	**9,325,572**	**47,034**	**46,167**	**(7,288)**	**(12,432)**	**(398)**	**73,083**
Balance at January 1, 2011	**9,325,572**	**47,034**	**46,167**	**(5,732)**	**(12,513)**	**(398)**	**74,558**
Distribution of dividends	—	—	—	—	(932)	—	(932)
Total net income	—	—	—	1,028	3,198	—	4,226
Balance at June 30, 2011	**9,325,572**	**47,034**	**46,167**	**(4,704)**	**(10,247)**	**(398)**	**77,852**

Cash Flow Statement

Consolidated cash flow statement in € thousand	1/1–6/30/2011	1/1–6/30/2010
Net income	**3,198**	**2,313**
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Income tax expenses/(income)	23	2
Amortization of intangible assets and depreciation of property, plant and equipment	2	6
(Profits)/losses from the disposal of investment properties	74	56
Valuation result	254	0
Income from equity-accounted investments	(3,066)	(2,007)
Withdrawals from equity-accounted investments	265	1,838
Loss/(profit) of minority shareholders in subsidiaries	536	607
Disbursement to minority shareholders in subsidiaries	(647)	(466)
Result from the valuation of derivative financial instruments	(54)	1
Subtotal FFO (funds from operations)	**(585)**	**2,350**
Compensation payment received	2,000	–
Change in assets, equity and liabilities		
(Increase)/decrease in trade receivables	209	88
(Increase)/decrease in other liabilities	78	(212)
(Decrease)/increase in provisions	(79)	(85)
(Decrease)/increase in trade payables	(195)	(43)
(Decrease)/increase in other liabilities	(505)	(456)
Cash flow from operating activities	**2,093**	**1,642**
Disbursement for the purchase of non-current assets	(220)	–
Investments in investment properties	(1,401)	–
Income from the disposal of investment properties	2,426	8,452
Investments in property, plant and equipment and intangible assets	(1)	(4)
Cash flow from investment activities	**804**	**8,448**
Purchase of treasury shares	–	(108)
Distribution of dividends	(932)	–
Repayment of financial liabilities	(3,669)	(7,228)
Cash flow from financing liabilities	**(4,601)**	**(7,336)**
Cash effective change of liquid funds	**(1,704)**	**2,754**
Cash and cash equivalent – start of period	11,975	8,281
Cash and cash equivalent – end of period	**10,271**	**11,035**

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 November 16, 2007 and obtained REIT status on December 6, 2007. Since the 2007 fiscal year, it has therefore been exempt from business and corporation tax.

As a result of its participations in a total of twelve closed-end real estate funds, the company must prepare consolidated financial statements. A summary of the participations, including a short name and the full company name, is available on page 31 of the 2010 Annual Report.

(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, 2010.

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, 2010.

Comparative Figures The comparison columns in the income and cash flow statements relate to the period from January 1 to June 30, 2010.

(3) Investment Property

Development of investment property

in € thousand	Direct investments	In subsidiaries	Total
Acquisition costs			
Balance at January 1, 2011	51,832	115,372	167,204
Additions (subsequent acquisition costs)	108	1,293	1,401
Balance at June 30, 2011	**51,940**	**116,665**	**168,605**
Changes in value			
Balance at January 1, 2011	(6,415)	(32,139)	(38,554)
Write-downs	(108)	(146)	(254)
Balance at June 30, 2011	**(6,523)**	**(32,285)**	**(38,808)**
Fair values			
Balance at January 1, 2011	45,417	83,233	128,650
Balance at June 30, 2011	**45,417**	**84,380**	**129,797**

Reconstruction costs in the amount of € 1,147,000 accrued during the reporting period due to the change of use of the "Krefeld" (BBV 06) real estate from a home improvement store to a shopping centre. These expenses are considered value-enhancing considering the nearly full occupancy of the property, whereby the value of this property deviates from the assessor's value as of December 31, 2010.

The fair values used for the remaining investment properties otherwise are those determined on December 31, 2010 by CB Richard Ellis GmbH, Frankfurt.

The depreciation of € 254,000 is the result of write-downs on conversion costs arising for the Norderstedt, Ulzburger Str. 545 + 547 (Direct Investment) and Neubrandenburg (IC 13) properties.

(4) Equity-accounted Participations

Development of equity-accounted participations

in € thousand	IC 12	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Proportionate equity							
Balance at January 1, 2011	2,513	7,201	217	12,158	15,188	17,146	54,423
Withdrawals	(42)	(217)	–	(3)	(2)	(1)	(265)
Proportionate earnings	25	284	15	1,344	951	447	3,066
Profit from cash flow hedge	–	–	–	–	349	–	349
Balance at June 30, 2011	**2,496**	**7,268**	**232**	**13,499**	**16,486**	**17,592**	**57,573**
Value adjustment							
Balance at January 1, 2011/June 30, 2011	**(178)**	**(650)**	**(96)**	**(1,069)**	**(1,785)**	**(2,094)**	**(5,872)**
Carrying amounts							
Balance at January 1, 2011	2,335	6,551	121	11,089	13,403	15,052	48,551
Balance at June 30, 2011	**2,318**	**6,618**	**136**	**12,430**	**14,701**	**15,498**	**51,701**

This refers to participations with holdings of between 20% and 50%. The € 3,150,000 increase in the carrying amounts in comparison to December 31, 2010 consists of the proportionate earnings allocation to Fair Value in the reporting period, amounting to € 3,066,000, plus the proportional profit from cash flow hedge recorded without affecting net income, amounting to a total of € 349,000 including withholding tax on interest income and the solidarity surcharges amounting to € 265,000. 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 91 of the 2010 Annual Report.

For BBV 14, the liabilities towards HSH Nordbank, Kiel which were fixed until December 31, 2014, could be prematurely redeemed. The loan had an IFRS effective rate of interest of 5.2% p.a. The prepayment penalty of € 1.3 million is over-compensated by the receipt affecting net income of approximately € 1.6 million as the remaining difference between the IFRS carrying value and the nominal redemption amount. This is reflected in the proportionale earnings with approximately € 118,000.

For financing the early loan repayment, a variable loan of € 48.0 million was taken out with DG HYP Deutsche Hypothekenbank AG on a EURIBOR basis with a term of five years until March 31, 2016. A bank margin of 125 basis points was agreed for this. To hedge against increasing interest rates, an interest rate hedge transaction was concluded, which limits the EURIBOR interest charge to 4.25% per annum plus margin.

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

Proportionate share of assets and liabilities of equity-accounted associated companies as of June 30, 2011

in € thousand	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	40,27 %	38,89 %	40,45 %	25,16 %	38,37 %	45,11 %	
Investment property	2,932	14,242	663	30,886	43,072	38,244	130,039
Trade receivables	31	58	13	11	170	180	463
Other receivables and assets	4	344	13	159	29	21	570
Cash and cash equivalents	467	1,287	72	2,417	1,343	1,097	6,683
Provisions	(4)	(8)	(3)	(4)	(8)	(21)	(48)
Financial liabilities	(899)	(8,446)	(509)	(18,045)	(26,820)	(21,477)	(76,196)
Derivative financial instruments	—	—	—	(1,688)	(1,111)	(127)	(2,926)
Trade payables	(25)	(50)	(6)	(46)	(108)	(244)	(479)
Other liabilities	(10)	(159)	(11)	(191)	(81)	(81)	(533)
Net assets	**2,496**	**7,268**	**232**	**13,499**	**16,486**	**17,592**	**57,573**

Proportionate share of assets and liabilities of equity-accounted associated companies as of December 31, 2010

in € thousand	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	40,27 %	38,89 %	40,45 %	25,16 %	38,37 %	45,11 %	
Investment property	2,932	14,242	663	30,886	43,072	38,244	130,039
Trade receivables	28	26	16	16	130	227	443
Other receivables and assets	1	339	12	180	10	504	1,046
Cash and cash equivalent	509	1,477	66	1,904	1,156	917	6,029
Provisions	(6)	(11)	(3)	(5)	(10)	(18)	(53)
Financial liabilities	(912)	(8,618)	(521)	(18,372)	(27,335)	(22,430)	(78,188)
Derivative financial instruments	—	—	—	(2,261)	(1,541)	—	(3,802)
Trade payables	(25)	(47)	(6)	(49)	(195)	(182)	(504)
Other liabilities	(14)	(207)	(10)	(141)	(99)	(116)	(587)
Net assets	**2,513**	**7,201**	**217**	**12,158**	**15,188**	**17,146**	**54,423**

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

Proportionate income situation for the equity-accounted associated companies as of June 30, 2011

in € thousand	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	40.27 %	38.89 %	40.45 %	25.16 %	38.37 %	45.11 %	
Rental income	89	585	44	1,493	1,913	1,410	5,534
Income from operating and incidental costs	47	60	4	35	148	352	646
Real estate-related operating expenses	(82)	(140)	(16)	(116)	(360)	(530)	(1,244)
Net rental income	**54**	**505**	**32**	**1,412**	**1,701**	**1,232**	**4,936**
General administrative expenses	(8)	(27)	(4)	(42)	(78)	(113)	(272)
Other operating income and expenses (balance)	1	1	—	4	45	(181)	(130)
Operating result	**47**	**479**	**28**	**1,374**	**1,668**	**938**	**4,534**
Net interest expense	(22)	(195)	(13)	(603)	(798)	(364)	(1,995)
Valuation result of derivative financial instruments with effect to net income	—	—	—	573	81	127	527
Financial result	**(22)**	**(195)**	**(13)**	**(30)**	**(717)**	**(491)**	**(1,468)**
Economic result	**25**	**284**	**15**	**1,344**	**951**	**447**	**3,066**

Proportionate income situation for the equity-accounted associated companies as of June 30, 2010

in € thousand	IC 10[1]	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	26.14 %	40.22 %	38.37 %	39.68 %	25.11 %	38.37 %	45.11 %	
Rental income	94	97	572	42	1,490	1,953	1,362	5,610
Income from operating and incidental costs	36	60	54	6	30	162	308	656
Real estate-related operating expenses	(49)	(82)	(135)	(14)	(120)	(492)	(472)	(1,364)
Net rental income	**81**	**75**	**491**	**34**	**1,400**	**1,623**	**1,198**	**4,902**
General administrative expenses	(3)	(7)	(28)	(3)	(42)	(79)	(106)	(268)
Other operating income and expenses (balance)	1	2	0	(2)	(9)	(11)	(8)	(27)
Valuation result	—	—	(3)	—	—	—	—	(3)
Operating result	**79**	**70**	**460**	**29**	**1,349**	**1,533**	**1,084**	**4,604**
Net interest expense	(66)	(22)	(200)	(13)	(622)	(814)	(565)	(2,302)
Valuation result of derivative financial instruments with effect to net income	—	—	—	—	(255)	(27)	—	(282)
Financial result	**(66)**	**(22)**	**(200)**	**(13)**	**(877)**	**(841)**	**(565)**	**(2,584)**
Economic result	**13**	**48**	**260**	**16**	**472**	**692**	**519**	**2,020**

[1] The participation was sold with effect October 1, 2010

(5) Other Assets (long-term)

This item contains € 220,000 in advance payments on the purchase prices of participations in various real estate companies. Up until the maturity of the purchase prices, the advance payments will have interest paid on them of 5 % per annum and p. r. t. for the benefit of Fair Value.

(6) Non-current Assets Available for Sale

in € thousand	6/30/2011	12/31/2010
Retail-property Essen-Heidhausen („IC 01“)	–	2,500
Total non-current assets available for sale	**–**	**2,500**

The valuation was carried out in the previous year and equates to the agreed purchase price. The closing for the property took place on January 31, 2011. Sales costs of € 74,000 were incurred.

The property was originally partially financed by a loan. This loan was repaid in full in conjunction with payment of the purchase price, taking into account an early repayment fee of € 13,000. An unscheduled repayment of € 235,000 was also made in connection with the loan remaining on the property in Alzey. An early repayment fee of € 14,000 was applicable in this case.

(7) 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, increasing the Group's total equity, amounted to € 1,028,000 during the reporting period, of which € 772,000 apply to the Group, minus minority interests of € 93,000. Furthermore, this reserve contains the change amounting to € 349,000 in equity-accounted participations, to the extent that these have resulted from the cash flow hedges of the associated companies.

(8) Financial Liabilities

The long-term and short-term financial liabilities, which amount to a total of € 95,434,000, have decreased in comparison to December 31, 2010 through scheduled repayments amounting to € 2,475,000, unscheduled repayments amounting to € 1,056,000 due to the property sale of the subsidiary IC 01, as well as through a special repayment by Fair Value amounting to € 138,000.

A current liability amounting to € 6,875,000 as of December 31, 2010 has been reduced to € 6,287,000 as of June 30, 2011 and was extended until December 31, 2012. Of this amount € 5,487,000 were carried under long term liabilities as of June 30, 2011.

With a partial amount of € 20,815,000, the current financial liabilities of € 24,491,000 relate to a real estate loan from the subsidiary BBV 06. The loan is up for an extension on June 29, 2012.

(9) General Administrative Expenses

in € thousand	1/1–6/30/2011	1/1–6/30/2010
Personnel expenses	207	190
Office costs	23	25
Travel and vehicle expenses	21	27
Accounting	73	73
Stock market listing, general meeting and events	124	104
Valuations	67	54
Legal and consulting costs	122	63
Audit expenses	67	90
Remuneration (Supervisory and Advisory Boards, General Partner)	42	42
Fund management fees	132	190
Trustee fees	57	55
Amortization and depreciation	2	6
Other	107	65
Non-deductible VAT	112	87
Total general administrative expenses	**1,156**	**1,071**

Of the general administrative expenses, € 875,000 (75.7%) are attributable to Fair Value (€ 711,000 or 66.4% in the previous year) and € 281,000 (24.3%) to the subsidiaries (€ 360,000 or 33.6% in the previous year).

(10) Interest Expense

in € thousand	1/1–6/30/2011	1/1–6/30/2010
Valuation of derivative financial instruments	54	(1)
Other interest expenses	(2,368)	(2,493)
Total interest expenses	**(2,314)**	**(2,494)**

Interest expenses include earnings relating to the change in the fair value of derivative financial instruments (interest rate hedges) amounting to € 54,000. Of this sum, € 24,000 are attributable to the minority interests.

(11) Segment Revenues and Results

		1/1–6/30/2011		1/1–6/30/2010
in € thousand	Segment revenues	Segment results	Segment revenues	Segment results
Direct investments	1,902	1,375	1,934	1,442
Subsidiaries	4,452	2,350	5,026	2,545
Total segment revenues and results	**6,354**	**3,725**	**6,960**	**3,987**
Central administrative expenses and other		(780)		(614)
Earnings from equity-accounted participations		3,066		2,007
Net interest expenses		(2,277)		(2,458)
Income tax		–		(2)
Minority interest in the result		(536)		(607)
Net income		**3,198**		**2,313**

The following table shows the income statement of the segments in a less aggregated form. The “subsidiaries” segment is subdivided into individual companies (funds).

Income statement by segments as of June 30, 2011

in € thousand	Direct investments FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	Subsidiaries Total	Conso-lidation	Group
Rental income	1,613	71	260	224	856	329	1,823	3,563	–	5,176
Income from operating and incidental costs	289	22	79	128	265	62	333	889	–	1,178
Segment revenue	**1,902**	**93**	**339**	**352**	**1,121**	**391**	**2,156**	**4,452**	**–**	**6,354**
Leasehold payments	–	–	–	–	–	–	(10)	(10)	–	(10)
Real estate-related operating expenses	(324)	(41)	(119)	(194)	(444)	(98)	(732)	(1,628)	–	(1,952)
Net rental result	**1,578**	**52**	**220**	**158**	**677**	**293**	**1,414**	**2,814**	**–**	**4,392**
Administrative expenses related to segment	(95)	(16)	(15)	(15)	(39)	(70)	(134)	(289)	8	(376)
Other operating expenses and income (balance)	–	–	–	–	(6)	1	50	45	(8)	37
Income from sale of investment properties	–	(74)	–	–	–	–	–	(74)	–	(74)
Valuation result	(108)	–	–	–	(146)	–	–	(146)	–	(254)
Segment result	**1,375**	**(38)**	**205**	**143**	**486**	**224**	**1,330**	**2,350**	**–**	**3,725**
Central administrative costs	(780)	–	–	–	–	–	–	–	–	(780)
Income from equity-accounted participations	58	–	–	–	–	–	–	–	3,008	3,066
Other income from participations	730	–	–	–	–	–	–	–	(730)	–
Net interest expenses	(1,200)	(43)	(91)	(61)	(260)	–	(622)	(1,077)	–	(2,277)
Minority interests	–	–	–	–	–	–	–	–	(536)	(536)
Consolidated net income	**183**	**(81)**	**114**	**82**	**226**	**224**	**708**	**1,273**	**1,742**	**3,198**

Income statement by segments as of June 30, 2010

in € thousand	Direct investments FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	Subsidiaries **Total**	Conso-lidation	**Group**
Rental income	1,621	159	238	225	1,220	380	2,203	4,425	–	6,046
Income from operating and incidental costs	313	36	84	91	183	62	145	601	–	914
Segment revenue	**1,934**	**195**	**322**	**316**	**1,403**	**442**	**2,348**	**5,026**	**–**	**6,960**
Leasehold payments	–	–	–	–	–	–	(90)	(90)	–	(90)
Real estate-related operating expenses	(394)	(60)	(119)	(174)	(266)	(96)	(1,242)	(1,957)	–	(2,351)
Net rental results	**1,540**	**135**	**203**	**142**	**1,137**	**346**	**1,016**	**2,979**	**–**	**4,519**
Adminstrative expenses related to segment	(97)	(17)	(17)	(18)	(60)	(83)	(165)	(360)	–	(457)
Other operating expenses and income (balance)	(1)	(14)	(2)	(3)	1	–	–	(18)	–	(19)
Losses from sale of investment properties	–	–	–	–	–	(47)	(9)	(56)	–	(56)
Segment result	**1,442**	**104**	**184**	**121**	**1,078**	**216**	**842**	**2,545**	**–**	**3,987**
Central administrative costs	(614)	–	–	–	–	–	–	–	–	(614)
Income from equity-accounted participations	1,642	–	–	–	–	–	–	–	365	2,007
Other income from participations	17	–	–	–	–	–	–	–	(17)	–
Net interest expenses	(1,228)	(48)	(95)	(73)	(279)	1	(736)	(1,230)	–	(2,458)
Income tax	(2)	–	–	–	–	–	–	–	–	(2)
Minority interests	–	–	–	–	–	–	–	–	(607)	(607)
Consolidated net income	**1,257**	**56**	**89**	**48**	**799**	**217**	**106**	**1,315**	**(259)**	**2,313**

The following table shows, in a less aggregated form, all the allocated and non-allocated assets and liabilities for the segments, with the "subsidiaries" segment being subdivided into individual companies (funds).

Segment assets and liabilities as of June 30, 2011

in € thousand	Direct investments FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	Subsidiaries Total	Conso-lidation	Group
Intangible assets and property, plant and equipment	9	—	—	—	—	—	—	—	—	9
Investment property	**45,417**	**1,500**	**5,790**	**7,340**	**17,970**	**6,760**	**45,020**	**84,380**	**—**	**129,797**
Trade receivables	176	106	46	146	128	26	454	906	—	1,082
Income tax receivables	48	—	—	—	—	—	—	—	—	48
Other receivables and assets	532	6	37	14	64	250	222	593	(68)	1,057
Cash and cash equivalents	710	270	87	1,581	4,100	1,491	2,032	9,561	—	10,271
Segment assets	**46,892**	**1,882**	**5,960**	**9,081**	**22,262**	**8,527**	**47,728**	**95,440**	**(68)**	**142,264**
Participation in subsidiaries	29,998	—	—	—	—	—	—	—	(29,998)	—
Equity-accounted participations	46,845	—	—	—	—	—	—	—	4,856	51,701
Total assets	**123,735**	**1,882**	**5,960**	**9,081**	**22,262**	**8,527**	**47,728**	**95,440**	**(25,210)**	**193,965**
Provisions	(82)	(11)	(10)	(8)	(12)	(18)	(21)	(80)	—	(162)
Trade payables	(254)	(141)	(13)	(37)	(160)	(37)	(246)	(634)	—	(888)
Other liabilities	(80)	(61)	(44)	(99)	(42)	(40)	(440)	(443)	8	(798)
Subtotal segment liabilities	**(416)**	**(213)**	**(67)**	**(144)**	**(214)**	**(95)**	**(707)**	**(1,157)**	**8**	**(1,848)**
Minority interests	—	—	—	—	—	—	—	—	(14,476)	(14,476)
Financial liabilities	(38,157)	(744)	(3,290)	(2,317)	(20,717)	—	(30,269)	(57,337)	60	(95,434)
Derivative financial liabilities	(3,956)	—	—	—	—	—	(399)	(399)	—	(4,355)
Total liabilities	**(42,529)**	**(957)**	**(3,357)**	**(2,461)**	**(20,931)**	**(95)**	**(31,375)**	**(58,893)**	**(14,408)**	**(116,113)**
Net assets	**81,206**	**925**	**2,603**	**6,620**	**1,331**	**8,432**	**16,353**	**36,547**	**(39,618)**	**77,852**

Segment assets and liabilities as of December 31, 2010										
	Direct investments						Subsidiaries			
in € thousand	FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	**Total**	Conso-lidation	**Group**
Intangible assets and property, plant and equipment	10	—	—	—	—	—	—	—	—	10
Investment property	**45,417**	**1,500**	**5,790**	**7,340**	**17,970**	**6,760**	**43,873**	**83,233**	**—**	**128,650**
Non-current assets held for sale	—	2,500	—	—	—	—	—	2,500	—	2,500
Trade receivables	153	113	78	116	87	27	717	1,138	—	1,291
Income tax receivables	71	—	—	—	—	—	—	—	—	71
Other receivables and assets	380	35	42	—	2,036	251	235	2,599	(64)	2,915
Cash and cash equivalents	2,426	56	42	2,005	2,767	1,541	3,138	9,549	—	11,975
Segment assets	**48,457**	**4,204**	**5,952**	**9,461**	**22,860**	**8,579**	**47,963**	**99,019**	**(64)**	**147,412**
Participation in subsidiaries	30,082	—	—	—	—	—	—	—	(30,082)	—
Equity-accounted participations	47,052	—	—	—	—	—	—	—	1,499	48,551
Total assets	**125,591**	**4,204**	**5,952**	**9,461**	**22,860**	**8,579**	**47,963**	**99,019**	**(28,647)**	**195,963**
Provisions	(160)	(11)	(10)	(8)	(13)	(14)	(25)	(81)	—	(241)
Trade payables	(263)	(146)	(43)	(86)	(255)	(18)	(272)	(820)	—	(1,083)
Other liabilities	(116)	(71)	(44)	(139)	(200)	(28)	(709)	(1,191)	4	(1,303)
Subtotal segment liabilities	**(539)**	**(228)**	**(97)**	**(233)**	**(468)**	**(60)**	**(1,006)**	**(2,092)**	**4**	**(2,627)**
Minority interests	—	—	—	—	—	—	—	—	(14,494)	(14,494)
Financial liabilities	(39,145)	(1,821)	(3,366)	(2,689)	(21,285)	—	(30,857)	(60,018)	60	(99,103)
Derivative financial instruments	(4,517)	—	—	—	—	—	(664)	(664)	—	(5,181)
Total liabilities	**(44,201)**	**(2,049)**	**(3,463)**	**(2,922)**	**(21,753)**	**(60)**	**(32,527)**	**(62,774)**	**(14,430)**	**(121,405)**
Net assets	**81,390**	**2,155**	**2,489**	**6,539**	**1,107**	**8,519**	**15,436**	**36,245**	**(43,077)**	**74,558**

(12) Extent of Relationships with Related Parties

Receivables and liabilities with IC Group		
in € thousand	**1/1–6/30/2011**	**1/1–6/30/2010**
Receivables	70	10
Liabilities from services	(31)	(38)
Total receivables and liabilities	**39**	**(28)**

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 11, 2011

Fair Value REIT-AG

Frank Schaich

Declaration by Legal Representative To the best of my knowledge, I declare that, according to the principles of proper consolidated reporting applied, the unaudited consolidated 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 11, 2011
Fair Value REIT-AG

Frank Schaich

Imprint

Fair Value REIT-AG
Leopoldstraße 244
80807 Munich
Germany
Tel. 089/929 28 15-01
Fax 089/929 28 15-15
info@fvreit.de
www.fvreit.de

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

Date of publication: August 11, 2011

Management Board
Frank Schaich

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

Concept and Design
KMS TEAM GmbH
www.kms-team.com

Tölzer Straße 2c
81379 Munich, Germany
muenchen@kms-team.com

1201 Broadway, Suite 912
New York NY 10001, USA
newyork@kms-team.com