

fair value
REIT

Rolling Up German Real Estate

Deutsches Eigenkapitalforum / German Equity Forum
Frankfurt / Main

Frank Schaich, CEO
Fair Value REIT-AG
November 12, 2008

Fair Value REIT-AG

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1. Snapshot

BUSINESS MODEL

- > **Focuses** on the acquisition, management, leasing and sale of commercial properties in Germany
- > **Direct and indirect investments** primarily in office, light industrial / logistics and retail properties in German secondary cities and regional centers (“hidden champions”)
- > **First German UPREIT**: Participation in closed-end funds provides unique market access (volume: € 140 bn)
- > **REIT status** (since December 6, 2007) offers numerous competitive advantages: eased acquisitions (exit tax privilege), exemption from income and trade tax, high dividend payouts, mandatory solid financing
- > **Broadly diversified real estate portfolio** in regional and sectoral perspectives
- > **Lean, cost-effective structures** through outsourcing of property management, accounting and asset management



Teltow



Neuss



Pinneberg

2. Strategy

DIRECT INVESTMENTS

- > **Direct acquisition** of commercial properties to generate additional rental income and cash flows
- > **Investment focus:** Office and logistics premises in secondary cities and regional centers
- > **Volumes:** € 5 – € 50 million
- > **Vehicle:** REIT structure offers competitive advantages

PARTICIPATIONS (CLOSED-END FUNDS)

- > **Continued acquisition of participations** in certain closed-end real estate funds
- > **Motivation:** Widespread market (€ 140 billion) and large potential for yield improvement
- > **Investment criteria:** Attractive growth and return perspectives
- > **Instrument:** tested roll up process



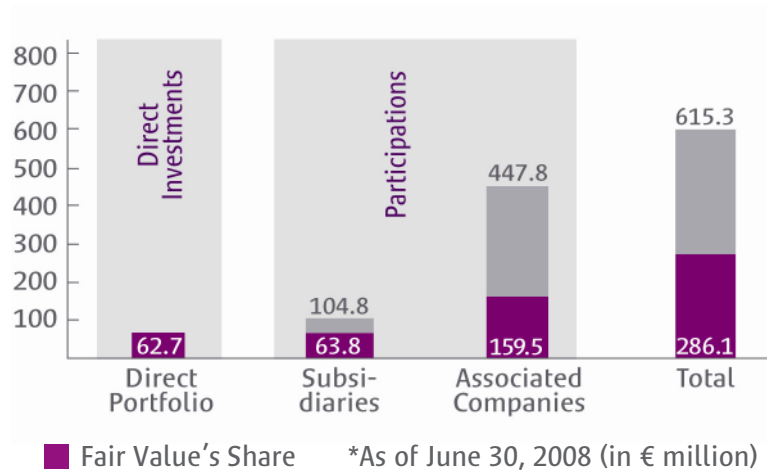
Realizing both value potential and attractive returns



Target portfolio: Office around 50% of rental income, around 25% logistics and retail each

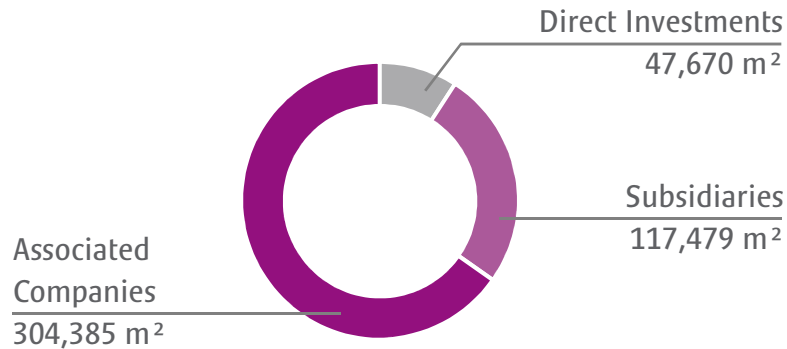
3. Real estate portfolio – an overview

PORTFOLIO STRUCTURE – MARKET VALUES*



- > Direct Investments and Participations
- > € 615.3 million market value of overall portfolio
- > € 286,1 million Fair Value's share of market value
- > Total of 82 properties with a total rental area of 469,534m² (overall)
- > Fund Portfolio: Interests in 13 closed-end real estate funds comprising diversified asset base
- > Direct Investments: Portfolio of bank branches in the Hamburg metropolitan area plus one office building at Dusseldorf Airport (completed in July 2008)

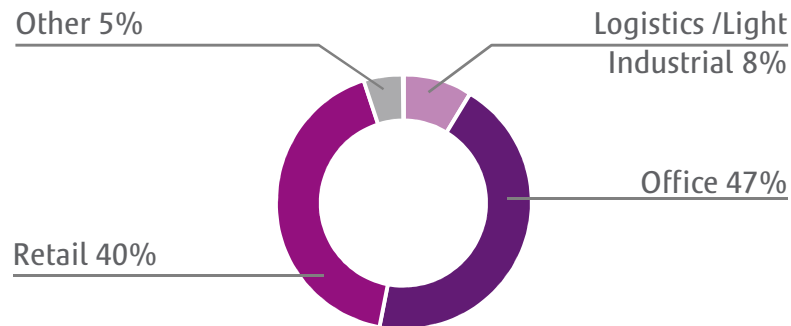
PORTFOLIO STRUCTURE – RENTABLE AREA



► Broad diversification of real estate portfolio

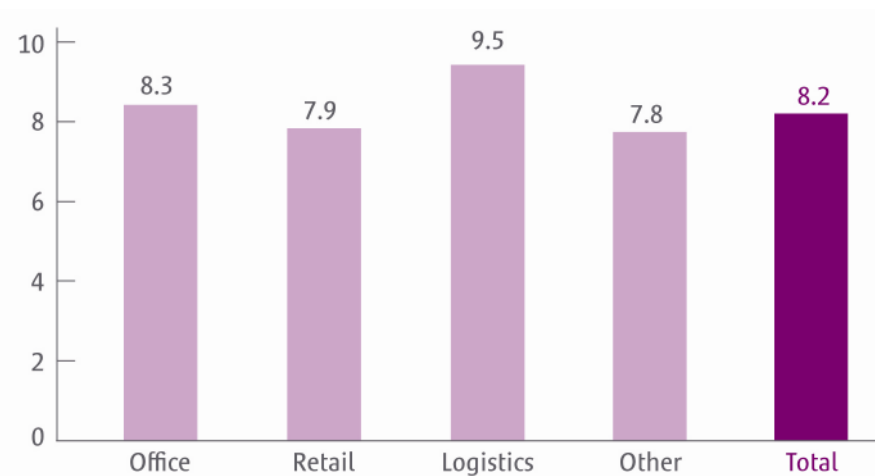
3. Real estate portfolio – an overview

PORTFOLIO SPLIT BY SECTORS*



*According to potential rent

POTENTIAL RENTAL RETURN IN %*



*Based on proportionate market values

- > € 23.5 million Fair Value's share of potential rent
- > Rental income originates from four different sectors
- > 6.7 years average residual term of leases underscore stability of rental income
- > 95.0% occupancy (on potential rent) provides for sustained earnings strength
- > 8.2% return on Fair Value's share of market value

▶ Growing and predictable rental income

4. Direct investments

SPARKASSE PORTFOLIO

- > Purchase of 32 commercial properties, mostly used as bank branches in 12/2007
- > Main tenant: Sparkasse Südholstein
- > 42,940 m² total rental area
- > € 49.0 million total market value
- > Sustainability through occupancy rate of 96.9% and remaining lease term of 13.3 years
- > 6.6% return on market value
- > Portfolio offers attractive, long-term and secure rental income



Neumuenster



Direct acquisition to establish strong cash flow position

4. Direct investments

AIRPORT OFFICE II, DUSSELDORF

- > Highly attractive location at Dusseldorf International Airport in direct proximity of the terminal building
- > Completion in July 2008
- > 4.454 m² office space
- > 276 m² storage, 103 parking lots
- > € 12.6 million purchase price
- > Lease contracts: 100% office and parking
 80% storage
- > Occupancy as of September 30, 2008: 65% of potential rent



7% p.a. return on total acquisition cost further strengthens cash flow

5. Participations

PORTFOLIO STRUCTURE

Fair Value - Participations			
Subsidiaries		Associated companies	
IC Fonds & Co. Büropark Teltow KG (IC07)	75.65 %	49.68 %	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG (IC13)
IC Fonds & Co. Forum Neuss KG (IC03)	71.58 %	45.02 %	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG (BBV14)
IC Fonds & Co. München-Karlsfeld KG (IC01)	55.81 %	40.22 %	IC Fonds & Co. SchmidtBank Passage KG (IC12)
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG (BBV06)	54.64 %	38.31 %	IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG (IC15)
BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG (BBV03)	53.64 %	38.30 %	BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG (BBV10)
		38.28 %	BBV Immobilien-Fonds Erlangen GbR (BBV02)
		26.14 %	IC Fonds & Co. Rabensteincenter KG (IC10)
		24.93 %	BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG (BBV09)

- > 5 majority participations (subsidiaries)
- > 8 minority participations (associated companies)
- > 49 properties in 13 closed-end funds
- > 421,864 m² total rental area of the portfolio
- > € 552.6 million total market value
- > € 223.3 million Fair Value's share
- > Highly diversified portfolio



Active influence on management of the funds to generate additional value

6. Financials

FIRST THREE QUARTERS OF 2008 – CONSOLIDATED INCOME STATEMENT (PRELIMINARY)

€ thousand	January 1 to September 30	
	2008	2007
Rental income	9,351	0
Income from operating and incidental costs	939	0
Ground rent	(174)	0
Expenses for investment properties	(2,079)	0
Net rental result	8,037	0
General administrative expenses	(2,270)	(602)
Other operating income and expense (balanced)	79	103
Net valuation result	(2,377)	0
Operating income	3,469	(499)
Income from equity-accounted investments	2,206	4,840
Other investment result	0	180
Revenue from profitable equity interest acquisition	0	1,614
Minority interests	(1,296)	0
Net interest expenses	(3,008)	13
Financial result	(2,098)	6,647
Consolidated profit	1,371	6,148
Earnings per share (€)	0.15	n.a.

- > Last year's financial statements practically serves as the company's opening accounts
- > First three quarters 2008 saw revenues of **€ 10.3 million** due to the fully consolidated majority interests in five closed-end real estate funds and Fair Value's portfolio of directly held properties
- > Net rental result of € 8.0 million
- > Net valuation loss of € 2.4 million recorded on half year
- > Additional income of € 2.2 million from equity-accounted participations
- > Financial result at € -2.1 million also accounting for minority interest and net interest expenses
- > Consolidated net income of **€ 1.4 million** in the first three quarters of 2008 (corresponds to earnings per share of € 0.15)

6. Financials

FIRST THREE QUARTERS OF 2008 – EQUITY-ACCOUNTED INVESTMENTS (PRELIMINARY)

€ thousand	Q3 2008
Rental revenues	26,877
Income from operating and incidental costs	2,635
Real-estate related operating expenses	(5,575)
Net rental result	23,937
General administrative expenses	(1,320)
Other operating income and expenses	(4)
Valuation result (net)	(5,169)
Operating income	17,444
Financial result	(11,073)
Net income	6,371
Fair Value's share of net income	2,206

- > Total revenues of **€ 29.5 million** recorded by associated companies
- > Net rental result of € 23.9 million achieved
- > Valuation net loss of € 5.2 million recorded on half year
- > Operating result totaled € 17.4 million
- > Financial result amounted to € -11.1 million
- > Net income added up to € 6.3 million
- > After considering Fair Value's share in funds, profits of **€ 2.2 million** were consolidated in group's financial result

6. Financials

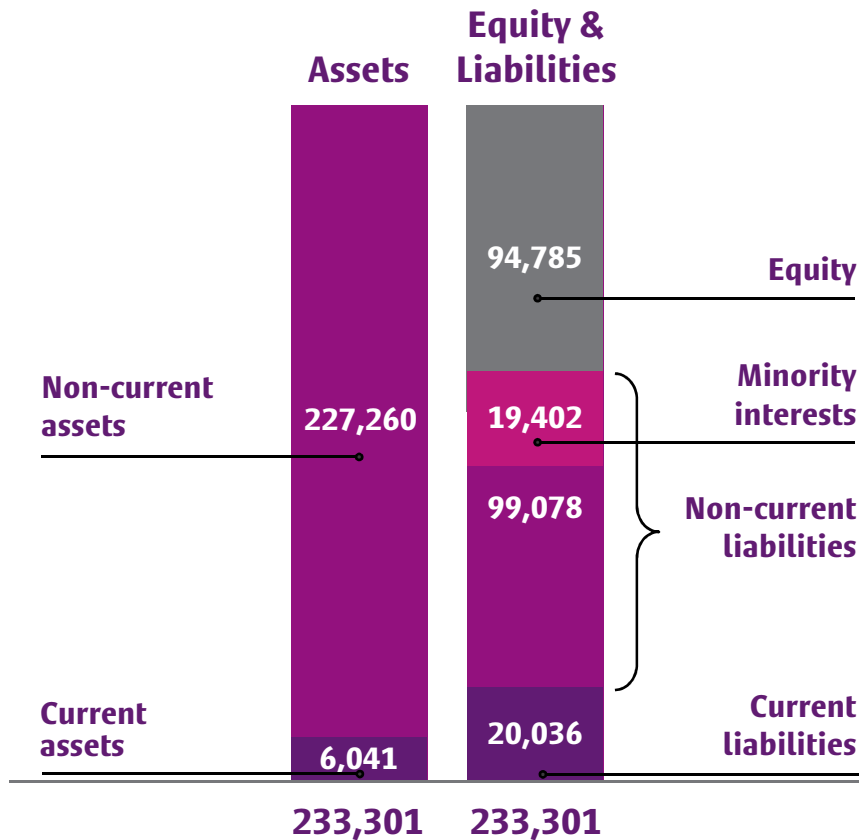
FIRST THREE QUARTERS OF 2008 – FUNDS FROM OPERATIONS (PRELIMINARY)

€ thousand	Q1-Q3 2008
Consolidated net income (economic result)	1,371
Amortization of intangible assets and depreciation of property, plant and equipment	7
Net valuation result	2,377
Income from equity-accounted investments	(2,206)
Withdrawals from equity-accounted investments	1,629
Minority interests	1,296
Distributions to minority interests	(343)
Income from restructuring financial derivatives	(1,472)
Change in derivative financial instruments	(49)
Cash flow from operating activities (funds from operations)	2,610
FFO per share in €	0.28

- > Consolidated net income (economic result) of € 1.4 million adjusted for valuation result
- > Income from equity-accounted investments (€ 2.2 million) not considered as cash position
- > Withdrawals from equity-accounted investments of € 1.6 million
- > Minority interests totaled € 1.3 million
- > As a result, Fair Value achieved cash flow from operating activities (funds from operations) of € 2.6 million in first nine months of 2008
- > **FFO per share of € 0.28** reflects Fair Value's earnings strength

6. Financials

FIRST THREE QUARTERS OF 2008 – CONSOLIDATED BALANCE SHEET (PRELIMINARY)

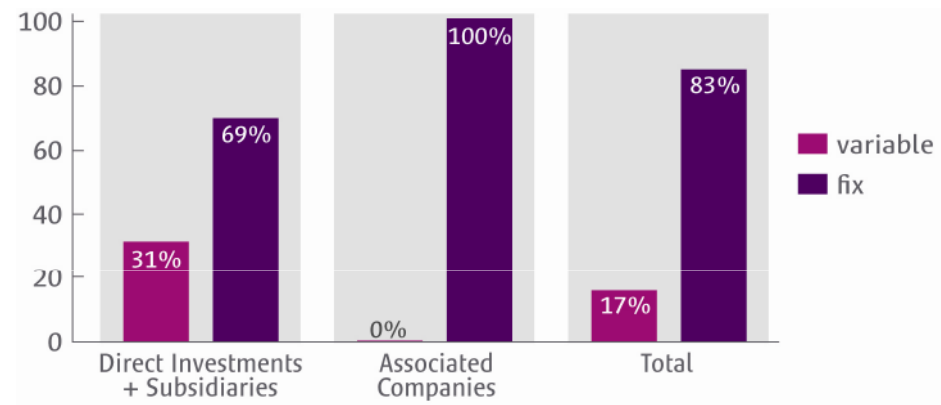


- > Total assets rose to € 233.3 million (December 31, 2007: € 230.4 million)
- > **97%** of total assets are non-current; thereof 74% related to investments property and 26% related to equity-accounted investments in associated companies
- > **51%** economic equity ratio including minority interests of € 19.4 million (usually considered as equity)
- > Shareholder's equity (Net Asset Value) relatively stable at € 94.8 million (December 31, 2007: € 94,7 million)
- > Net Asset Value (NAV) per share on September 30, 2008 of **€ 10.08** remained almost unchanged (December 31, 2007: € 10.06)
- > Liquid funds of € 4.7 million as of Sept. 30, 2008
- > Current liabilities reduced to 14%

6. Financials

DEBT STRUCTURE FAIR VALUE PORTFOLIO (ALL STAKE) – SEPTEMBER 30, 2008

VARIABLE VS. FIXED INTEREST RATES

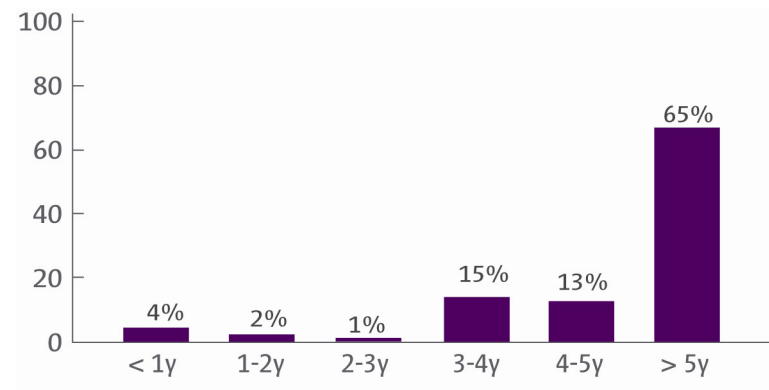


> **83%** of bank loans with fixed interest rate

> More than **75%** of loans with remaining period of interest fixation longer than four years

> Average remaining period of interest fixation totals **5.7 years**

FIXED RATE TERMS



> Interest rates for fixed rate loans **6.03%** on average

▶ Low rates fixed for long remaining periods ensure financial stability

7. Outlook 2008 / 2009

PERSPECTIVE AND OPPORTUNITIES

- > Fair Value aims to successively increase its proportion of direct investments from around 25% to around 50%
- > Focus on acquisition of office and logistics premises using its REIT status
- > Target: doubling the non-current assets by the end of 2009 compared to 12/2007
- > € 1.3 – 1.5 million expected consolidated net income for 2008 according to IFRS (subject to valuation result)



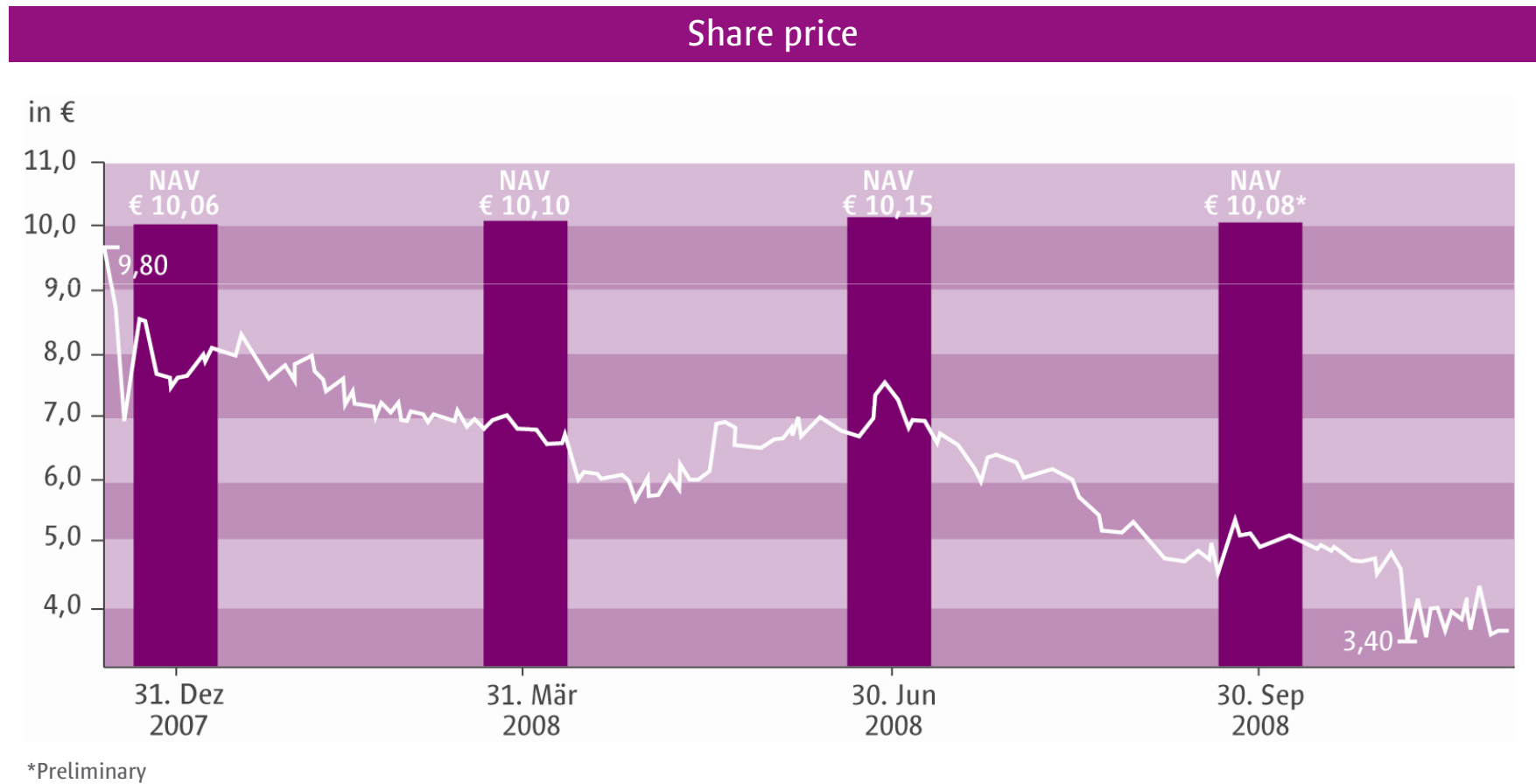
Neubrandenburg



Munich

8. Fair Value's share

NAV vs. SHARE PRICE – ATTRACTIVE INVESTMENT OPPORTUNITY



9. Highlights

- > Highly diversified portfolio of German commercial real estate properties focused on secondary cities and regional centers
- > Growth through acquisition of additional participations in closed end-funds and direct investments
- > New asset class: Fair Value is the first (and only) UPREIT in Germany
- > Established and tested roll-up process for closed end-real estate funds – USP in an enormous market (size: € 140 billion)
- > Unique market access allows for realization of potential value gains
- > REIT status offers competitive advantage concerning direct acquisitions from institutional owners (exit tax privilege)
- > Experienced management and cost efficient organizational structures



Langen



Rostock

Annex

MANAGEMENT BOARD



Frank Schaich
CEO/CFO

Manfred Heiler
CIO



Tried-and-tested experience and expertise of all areas of the real estate business

Frank Schaich

- > Over 25 years of experience in international real estate (Germany, Canada, USA, Poland, The Netherlands)
- > Employed by IC Real Estate Group for over 19 years, mostly in executive positions
- > Member of the Managing Board of IC Immobilien Holding AG since 2002 (IPO 2006)
- > Chief Executive Officer of Fair Value since September 17, 2007

Manfred Heiler

- > Over 30 years of experience in international real estate (Germany, France, Luxemburg, Poland, Austria, Canada, USA)
- > Executive positions in several real estate companies (Commerz Real Immobilien, Dr. Höcherl Gewerbebau, Thurn und Taxis)
- > Member of Fair Value's Managing Board since December 1, 2007

Annex

Overview of key data

Sector	Real estate (REIT)
WKN (German Securities Code) / ISIN:	A0MW97 / DE000A0MW975
Stock exchange symbol	FVI
Share capital	€ 47,034,410.00
Number of shares (no-par value bearer shares)	9,406,882
Proportion per share in the share capital	€ 5,-
Initial listing	November 16, 2007
High / low 2008	€ 8.00 / € 3.40
Market capitalization on October 31, 2008	€ 33.9 million
Market segment	Prime Standard
Stock exchanges	Prime Standard: Frankfurt, XETRA OTC: Stuttgart, Berlin-Bremen, Dusseldorf, Munich
Designated Sponsor	WestLB
Indices	RX REIT All Shares-Index RX REIT-Index

Annex

Shareholder structure

