ANNUAL REPORT
2007

fair value
REIT

Headword REIT

On June 1, 2007 legislators opened the path for a new legal form of indirect real estate participations – the REIT. The so-called real estate investment trusts were introduced retroactively in Germany as of January 1, 2007, after having become a tried-and-trusted legal form in many other countries. REITs are involved in activities in the real estate segment. In Germany, this relates, in particular, to the acquisition, management and sale of commercially used property. These include industrial, office, retail and logistics premises. In order to obtain REIT status and to maintain this over the long term, companies must fulfill the following criteria (non-exhaustive list):

- Listing of the REIT on the regulated market
- At least 90% of net income must be distributed to investors each year
- Real estate assets are at least 45% equity-backed
- At least 75% of a REIT AG's assets have to be real estate assets, such as properties, plots, fund units, property companies
- At least 75% of revenues must stem from real estate assets
- At least 25% of the shares must be held in free float when going public, thereafter at least 15%
- The REIT's portfolio may include German and foreign properties with the exception of residential properties built before January 1, 2007. Foreign real estate not compliant in the country of location can also not be included.

The introduction of REITs opens up a new form of investment. As a rule, income from the REIT companies is not taxed at a company level. It is much rather the case that shareholders have to pay tax on the dividends at their personal tax rate. From 2009 the so-called definitive withholding tax then applies for all private investors, according to which the received dividends bear tax at 25% plus the solidarity surcharge. At the same time, REITS can benefit from tax privileges when purchasing commercial real estate (exit tax) until December 31, 2009. This allows REIT AGs to position themselves as partners for potential real estate sellers.

At present, except from Fair Value REIT-AG only one company possesses the REIT status, while eight corporations are registered as "pre-REIT companies".

Table of contents


DEUTSCHE BÖRSE
Mit uns bewegen Sie Immobilien
Deutsche Börse
L-DAX
BÖRSE FRANKFURT

To our shareholders

Letter to shareholders

Dear shareholders,

Frank Schaich and Manfred Heiler

Fiscal year 2007 was very positive indeed. We achieved a large number of milestones since launching our operating business in the second half of the year. Being the second listed REIT in Germany we are now looking to the future with optimism.

Balanced business model based on two segments

To date we are the only listed real estate company in Germany, based on two business segments with access to the German closed-end real estate fund market. As a result, we were able to gain more than 2,000 investors in the third quarter of 2007, who exchanged their partcipations in closed-end real estate funds at the fair value of their fund units for shares of Fair Value. Both sides benefited equally from this transaction: This gives fund investors the opportunity to participate in a significantly more diversified portfolio in the future, while at the same time they also benefit from the fact that shares can be traded daily on the stock market.

In turn, Fair Value REIT-AG holds a significant participation in the closed-end funds, allowing it to influence their strategic orientation and thus realize potential for future earnings and increases in value.

In addition to our participations, our direct real estate investments generate constant and attractive cash flows. Our first direct investment was a portfolio of 32 primarily commercial premises in Schleswig-Holstein. The properties have a total rental area of 43,108 m² and are primarily used by Sparkasse Südholstein as bank branches. They have long-term rental agreements. Another direct investment is an office building with a rental area of 4,671 m² in direct proximity to the Duesseldorf Airport; it will complement our portfolio on completion in the summer of 2008.

Diversified portfolio of existing properties

We have been able to establish a highly diversified portfolio of properties with a proportionate fair market value of € 276 million as of December 31, 2007 in just a few months. A total of 81 properties with a rental area of around 465,000 m² and a fair market value of € 608 million in direct and indirect ownership are split in office, retail, logistics and other types of use. Long-term rental agreements have been concluded and the economic occupancy rate is in excess of 96% – this underscores the sustained value and good locations of our properties. By diversification in terms of use and location in various regions in Germany, Fair Value offers shareholders long-term stability and a high degree of forecasting certainty of rental income. On balance, the properties' fair market values increased year-on-year compared to their initial carrying amounts by 2.4 % from a proportionate amount of € 269 million to € 276 million (see pages 100-103).

Successful listing and transformation to Fair Value REIT-AG

Under the lead of WestLB AG we achieved a further milestone as basis for our continued growth on November 16, 2007 – the listing on Frankfurt Stock Exchange's regulated market (Prime Standard). This listing gives us the opportunity to obtain additional capital via the stock market so that we can further increase Fair Value's assets and income in future by making further investments. In addition, our listing was the key for transformation of our company into a real estate investment trust (REIT). As a result, our company has been known as Fair Value REIT-AG since December 6, 2007.

REIT status offers unique opportunities

REITs had been established in other countries for many years, and this legal form was introduced in Germany retroactively as of January 1, 2007, which offers us a wide range of opportunities. The implementation of REITs means that Germany as the world's third largest economy has now created access to the domestic real estate market via the stock exchange market in line with the needs of international capital markets.

The primary characteristic of a REIT is its tax transparency, i.e., Fair Value REIT-AG itself is not subject to corporation or trade tax. Only dividends, which must total at least 90 % of the net income (HGB) for a fiscal year, have to be taxed by the shareholders.

In addition, REITs benefit from the so-called exit tax privilege. Until the end of 2009, companies that sell a property they have owned for more than five years to a pre-REIT or a REIT only have to tax 50 % of their book profits under certain additional conditions.

As a result, the exit tax regulation offers G-REITs a significant purchasing advantage, which will become increasingly notable the closer this regulation is to expiring. As one of the first REITs on the German capital market we want to specifically use this competitive advantage to further expand our portfolio.

Positive underlying economic conditions despite financial crisis

The German real estate market is enjoying an upswing, hand in hand with its positive economic growth. Demand for space, in particular for office and logistics premises, is continuing to increase with the result that vacancies are falling, rents in individual locations are remarkably increasing and new real estate developments are being driven ahead. However, this positive trend is accompanied by a global financial crisis which is causing banks to be increasingly restrictive in their lending practices for high-volume transactions in particular. As a result, many speculative investors have exited the German investment market. As a result, the partly overheated yield compression eased up again in the second half of 2007. In turn, this means more favorable purchasing prices for Fair Value REIT-AG and thus more attractive initial returns. In parallel, we can enjoy comparatively good financing conditions when borrowing in view of the high equity ratio of at least 45 % of immovable assets prescribed by law.

Consolidated net income (IFRS)

In the first year of our business activities we were already able to record consolidated net income (IFRS) of € 1.7 million. However these earnings are not representative for the year as a whole, as Fair Value has only participated in its participations since October 1, 2007 and the portfolio in Schleswig-Holstein has only recorded rental income since December 21, 2007. In addition, start-up costs for establishing the REIT (approx. € 1.4 million) and one-off listing costs of around € 1.8 million had to be carried.

Annual net loss (HGB)

According to German accounting standards (HGB) Fair Value REIT-AG's non-consolidated financial statements include a net loss of € 1.9 million for the year as a result of extraordinary expenses in connection with setting up the REIT and the listing as well as capital procurement costs. In view of this, no dividend for the first fiscal year 2007 may be paid. However, the net loss will be balanced out by a withdrawal from the share premium, with the result that future net income will not be burdened by loss carry forwards from previous years.

We hope that the transparency of this annual report will convince you of our overall portfolio's sustained value. This sustained value is expressed in our net asset value (NAV), which totaled € 10.06 per share as of December 31, 2007.

We would like to thank you for the trust you have already shown in our company!

Munich, April 15, 2008

Managing Board

Frank Schaich Manfred Heiler

Report of the Supervisory Board

Dear shareholders,

In 2007, Fair Value REIT-AG set its course to achieve key targets. The resolution passed in May 2007 to transform the company from a Limited Partnership to a German Public Company was followed by several meetings of the Supervisory Board and General Meetings in which cash and non-cash capital increases were prepared and resolved. The corresponding transactions were successfully implemented in September and October 2007. At this juncture I would like to highlight in particular the „swap action", which is unique to date in Germany. During this swap, shareholders of a total of 15 closed-end real estate funds were able to decide whether to swap their fund units for shares of Fair Value on an individual basis as part of a public offer. About 2,100 investors availed of this opportunity or acquired shares of the company as part of the cash capital increases. These capital increases formed the foundations for the company's further steps through to going public in November 2007 and attaining REIT status in December 2007.

Supervision of management and cooperation with the Managing Board

The Supervisory Board's activities focused on the company's economic growth and its strategic orientation. The Supervisory Board was included in all decisions of fundamental importance. In observance of Section 90 (2) of the Aktiengesetz (AktG – German Public Limited Companies Act), the Managing Board informed the Supervisory Board in good time and extensively of the company's general development, the situation of the company and the group and the risk situation. All transactions subject to the Supervisory Board's approval as a result of statutory provisions or the articles of incorporation were dealt with in the Supervisory Board meetings. The company has developed a risk management system in agreement with the Supervisory Board.

Seven Supervisory Board meetings were held in fiscal year 2007. During the Supervisory Board meetings, the Group's revenues, earnings and HR developments were discussed as well as the financial position and occupancy rates.

In addition to the acquisition of participations in a total of 14 closed-end real estate funds via non-cash contributions or via purchase for money, the company directly acquired a total of 33 properties in agreement with the Supervisory Board's approval. The Supervisory Board also approved the sale of one participation. The Supervisory Board discussed the company's budgets and forecasts in detail and passed these.

By-laws and allocation of duties for the Managing Board

As part of its supervision of the business activities, the Supervisory Board dealt with by-laws for the Managing Board and the allocation of duties, and put these in place.

Corporate governance

The Supervisory and Managing Boards discussed the corporate governance structure in depth. The declaration of conformity with the relevant version of the German Corporate Governance Code (in the version dated June 14, 2007) was passed in the Supervisory Board meeting in February 2008, and changed on March 25, 2008. The current version is published on the Web site www.fvreit.de.

Adoption of the non-consolidated and the consolidated financial statements, REITG review

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The non-consolidated financial statements were also prepared according to HGB. The Supervisory Board dealt with the financial statements for fiscal year 2007 including the respective management reports and auditor's reports by BDO Deutsche Warentreuhand Aktiengesellschaft, Duesseldorf Branch, in its meeting on April 7, 2008. The auditors reported on the results of their audit and were available for questions. The Supervisory Board reviewed the non-consolidated and consolidated financial statements of Fair Value REIT-AG and the respective management reports. There were no reasons for any objections, with the result that the

Supervisory Board adopted the non-consolidated financial statements and approved the 2007 consolidated financial statements.

The auditor issued both the non-consolidated financial statements and the consolidated financial statements including the respective management reports with an unqualified auditor's opinion. With regard to the newly developed risk management system, the auditor ascertained that the Managing Board had taken the measures required within the meaning of Section 91 (2) of the AktG to set up a monitoring system, and that this monitoring system is suitable for monitoring developments that could endanger the company's continued existence at an early stage.

The auditor confirmed that Sections 12 and 14 of the REITG had been upheld on the balance sheet date of December 31, 2007. The requirements of Section 15 of the REITG were not upheld, as the equity disclosed on the balance sheet date was one percentage point lower than the 45 % ratio of equity immovable assets in the consolidated financial statements within the meaning of Section 12 (1) of the REITG as required under the REITG. However this does not result in any direct sanctions. The tax waiver only ends at the end of the third fiscal year if the requirements of Section 15 of the REITG are not fulfilled in three successive fiscal years.

Changes to the Supervisory and Managing Boards
At the Shareholders' Meeting on May 23, 2007, as part of the resolution on the change of legal form, Christian Hopfer, Frank Manzke and Dr. Oscar Kienzle were elected to the Supervisory Board. They were appointed as members of the Supervisory Board for the period through to the end of the ordinary General Meeting which resolves on their ratification for the fourth fiscal year after the start of their period of office. The year in which their period of office commences is not included. On June 6, 2007, the Supervisory Board elected Mr. Hopfer as its Chairman and Mr. Manzke as its Deputy Chairman.

The undersigned was elected to the Supervisory Board at the extraordinary General Meeting on October 8, 2007. Mr. Manzke resigned from his office as a member of the Supervisory Board as of midnight on October 7, 2007. On October 22, 2007, the Supervisory Board elected the undersigned as its Chairman and Mr. Hopfer as its Deputy Chairman.

Mr. Janpeter Lassen was appointed to the Managing Board on June 6, 2007. On September 17, 2007 the Supervisory Board appointed Frank Schaich as CEO with immediate effect, and Mr. Manfred Heiler as a member of the Managing Board with effect from December 1, 2007. Mr. Janpeter Lassen resigned from his office as a member of the Managing Board on September 21, 2007.

The Supervisory Board would like to thank the Fair Value's Managing Board and employees and the exiting member of the Supervisory Board for the contribution they have made to establishing the company.

Munich, April 7, 2008

On behalf of the Supervisory Board

Prof. Heinz Rehkugler
(Chairman of the Supervisory Board)

Corporate governance report

Fair Value REIT-AG welcomes the Government Commission's German Corporate Governance Code. The code creates a transparent legal framework for corporate management and control in Germany. In addition, it also documents generally recognized standards for good and responsible corporate management.

MANAGEMENT AND CONTROL STRUCTURE

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

Fair Value REIT-AG's Supervisory Board currently comprises three members. It advises and controls the Managing Board's management of the company. The members of the Supervisory Board agree to the company's strategy and its implementation with the Managing Board. In addition, the Supervisory Board discusses interim reports and reviews and approves Fair Value REIT-AG's annual financial statements. Major management decisions require the Supervisory Board's approval. The Supervisory Board has reported on its activities in fiscal year 2007 on page 10–11.

COMPENSATION FOR MEMBERS OF THE MANAGING BOARD

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

COMPENSATION OF THE SUPERVISORY BOARD

Compensation for Supervisory Board members comprises fixed pro rata compensation of € 5,000 p.a. and a performance-related component of € 1 for each € 1,000 of dividends disbursed. The variable compensation is limited to a maximum amount of € 25,000. The Chairman receives twice the fixed and variable compensation of a Supervisory Board member, the Deputy Chairman receives one and a half times this total. Further information and details of the Supervisory Board's total compensation can be found in the notes to the consolidated financial statements. No individualized listing of the Supervisory Board's compensation has been prepared (see also the declaration of conformity).

SHAREHOLDINGS

As of December 31, 2007, the Managing Board directly and indirectly held a total of 79,310 shares of Fair Value REIT-AG, and thus less than 1 % of the company's share capital.

As of December 31, 2007 the Supervisory Board and its related parties directly and indirectly held a total of 367,867 shares of the company and thus more than 1 % of Fair Value REIT-AG's share capital.

For further information please refer to the „Related Parties" section in the notes to the consolidated financial statements.

DIRECTORS' DEALINGS

The following securities transactions by members of the Managing and Supervisory Boards and specific related parties were reported to Fair Value REIT-AG in fiscal year 2007 within the meaning of Section 15 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act):

Reporting party	Date of transaction	Transaction	Amount	Price per share (€)
Dr. Oscar Kienzle	16.11.2007	Share purchase	3,000	10.00
Dr. Oscar Kienzle	21.11.2007	Share purchase	1,500	7.00
Dr. Oscar Kienzle	13.12.2007	Share purchase	1,000	8.03
Dr. Oscar Kienzle	13.12.2007	Share purchase	250	8.06

For further information please refer to the „Related Parties" section in the notes to the consolidated financial statements.

TRANSPARENCY AND INFORMATION

Fair Value REIT-AG's shareholders exercise their rights in the General Meeting, where they also exercise their voting rights. Each shareholder is invited to the General Meeting and can address the agenda and ask questions. Resolutions are passed at the General Meeting on topics including the following: Discharge of the Managing and Supervisory Boards, election of the auditor, appropriation of net profits, changes to the articles of incorporation and corporate actions.

The company reports on its business growth and its financial position four times per year. It informs the public of the company's activities in the media. Information that could have a material impact on the share price is published as ad hoc disclosures according to legal requirements. Fair Value REIT-AG provides its shareholders, investors and the general public with information on its Website www.fvreit.de.

ACCOUNTING AND AUDITING

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

DECLARATION OF CONFORMITY

The Managing and Supervisory Boards of Fair Value REIT-AG issued the following declaration of conformity with the German Corporate Governance Code (Version dated June 14, 2007) within the meaning of Section 161 of the AktG on March 25, 2008:

Fair Value REIT-AG's Managing and Supervisory Boards welcome and support the German Corporate Governance Code and the objectives it pursues. Fair Value REIT-AG follows the recommendations of the German Corporate Governance Code in the version dated June 14, 2007 and will continue to do so in future with the following exceptions:

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

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

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

- Committees: In view of its low number of members, the Supervisory Board has not formed any committees with sufficient expertise (Item 5.3.1) or an audit committee (Item 5.3.2).

- Supervisory Board compensation: The compensation for members of the Supervisory Board comprises a fixed component as well as a performance-related variable component, however it does not take membership of Supervisory Board committees into account. Fair Value REIT-AG discloses the Supervisory Board's entire compensation in the notes to the consolidated financial statements (Item 5.4.7).

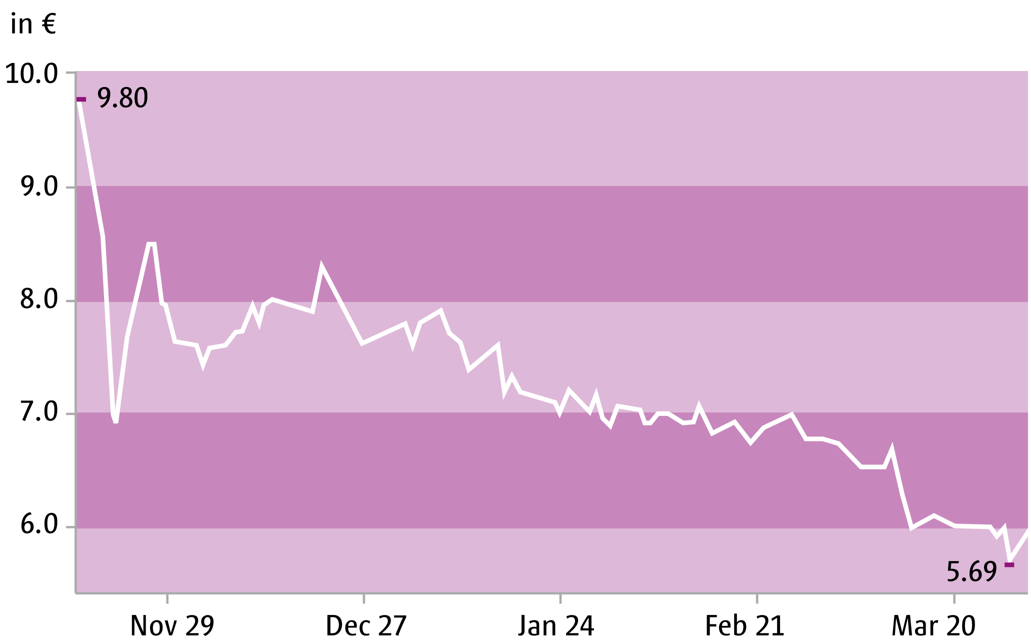
- In 2008, the consolidated financial statements as of December 31, 2007 will not be made publicly accessible within 90 days of the end of the fiscal year, but within the four-month period which applies according to Frankfurt Stock Exchange's rules for companies listed in the Prime Standard.

Fair Value's share

I. 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 shares)	9,406,882
Proportion per share of registered capital	5,– €
Initial listing	November 16, 2007
High/low 2007	11,00 € / 6,90 €
Market capitalization on December 31, 2007	72,1 Mio. €
Market segment	Prime Standard
Stock exchanges	Prime Standard: Frankfurt, XETRA OTC: Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated Sponsor	WestLB
Indices	RX REIT All Shares-Index RX REIT-Index

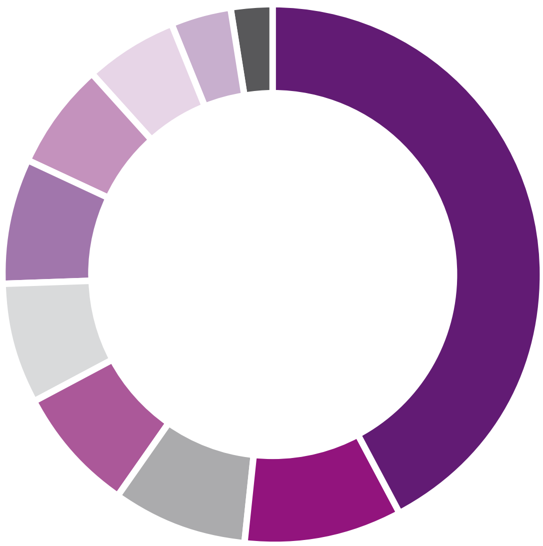
II. SHARE PRICE CHART (NOVEMBER, 16 2007 – MARCH 31, 2008)



III. STOCK MARKET DEBUT ON NOVEMBER 16, 2007

Fair Value celebrated its debut on the Frankfurt Stock Exchange on November 16, 2007. All of the 9,406,882 no-par value bearer shares in circulation were put to trading on this date. These shares were created prior to the listing via cash and non-cash capital increases, with the result that the share capital increased from € 500,000 to € 47,034,410 during the course of the year. The proportion per share of the registered capital is € 5.00. After the company was entered in the register as Fair Value REIT-AG, the shares were included in Deutsche Börse AG's newly created indices – RX REIT-Index and RX REIT All Shares Index.

Fair Value REIT-AG's shareholder structure



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

IV. SHAREHOLDER STRUCTURE

Fair Value already enjoyed a broad shareholder structure with a free float of more than 42 % when it was initially listed. The successful swap offer prior to the listing allowed more than 2,000 shareholders to be acquired. These shareholders swapped interests in closed-end real estate funds for shares of Fair Value. At the same time, additional institutional and retail investors subscribed for shares of Fair Value. Prior to the listing individual shareholders agreed a market protection agreement, with the result that these shareholders are subject to certain lock-ups for 6–12 months after trading commences (for detailed information see the group management report page 37).

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

After a very positive climate on the capital market in the first half of 2007, which was characterized by new record-breaking levels for many indices, the mood on the stock markets clouded substantially during the second half of the year. This was due to concerns raised in the middle of the year regarding the US mortgage market. As many loans for residential properties in the US were in danger of default, many banks had to make high write-downs for the corresponding investment vehicles. This resulted in a general deterioration in financing conditions. Even though the German share index DAX was able to close 2007 at an almost record-breaking level of 8,000 points, many smaller stocks were already priced at much lower levels than earlier in the year. Real estate shares in particular were not able to escape this trend. Although particularly in Germany, they were not directly affected by the financial crisis. There were broad-scale concerns among investors that property prices would fall. The EPRA real estate share index fell by 41 % for Germany, and 34 % for Europe.

This market environment is characterized by great volatility, and Fair Value's shares were also not able to defend their price on initial listing of € 11.00. During the last six weeks of the stock market year, the share price fell to a low of € 6.90 (Xetra). The shares closed at € 7.66 on the last day of trading in December 2007. This corresponds to a discount of around 24 % compared to the net asset value (NAV) of € 10.06 as of December 31, 2007.

VI. INVESTOR RELATIONS

Fair Value REIT-AG aims to generate the greatest possible transparency and in-depth dialog with analysts, investors and with the financial press. The Managing Board's top priority is to explain the business model, the figures and Fair Value's further strategy. As a result, the company is planning detailed financial reporting, the publication of disclosures of relevance for the company and to regularly participate in investors' conferences – for example. In addition, the company's Web site and the investor relations information it contains have been redesigned. In order to acquire additional investors, Fair Value is planning to implement its coverage with analysts to ensure that there is a comprehensive, third-party opinion of the company and its future opportunities for growth. These activities are flanked by ongoing interviews with the financial press in order to provide interested parties with end-to-end information on developments in Fair Value's operating business.

VII. FINANCIAL CALENDAR

March 14, 2008	Preliminary Figures FY 2007
April 15, 2008	Annual Report 2007
May 15, 2008	Interim Report First Quarter 2008
June 9, 2008	Annual General Meeting
August 15, 2008	Interim Report Second Quarter 2008
November 2008	Interim Report Third Quarter 2008 Participation in „Equity-Forum" (Frankfurt, Germany)

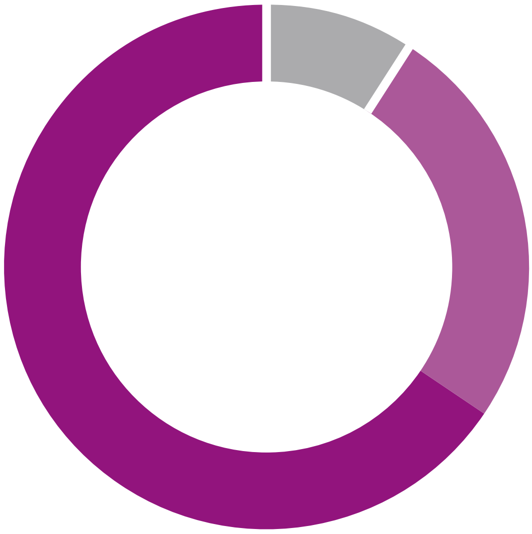
Portrait of Fair Value REIT-AG

1. Overview of real estate portfolio

As the second REIT on the German capital market, Fair Value REIT-AG unites top quality with high yields. This is based on the company's broadly diversified real estate portfolio which promises stable rental income over a long term. In total, Fair Value currently participates in a real estate portfolio comprising 81 properties held directly and indirectly. In total they have a rental area of 465,665 m^2 and a market value of around € 608 million. Based on Fair Value's share in the closed-end real estate funds, Fair Value could establish real estate assets with a current market value of around € 276 million in less than one year. Of this total, around € 50 million is due to the „Direct Investments" segment and around € 226 million is due to „Participations". The high income-based rental level of 96 % underscores the portfolio's sustained value.

The structure of Fair Value's real estate assets is a unique feature: The company invests both directly in attractive commercial properties and also participates in closed-end real estate funds – as yet the only listed company in Germany to do so. In so doing, Fair Value acquires both majority and minority interests in suitable closed-end real estate funds.

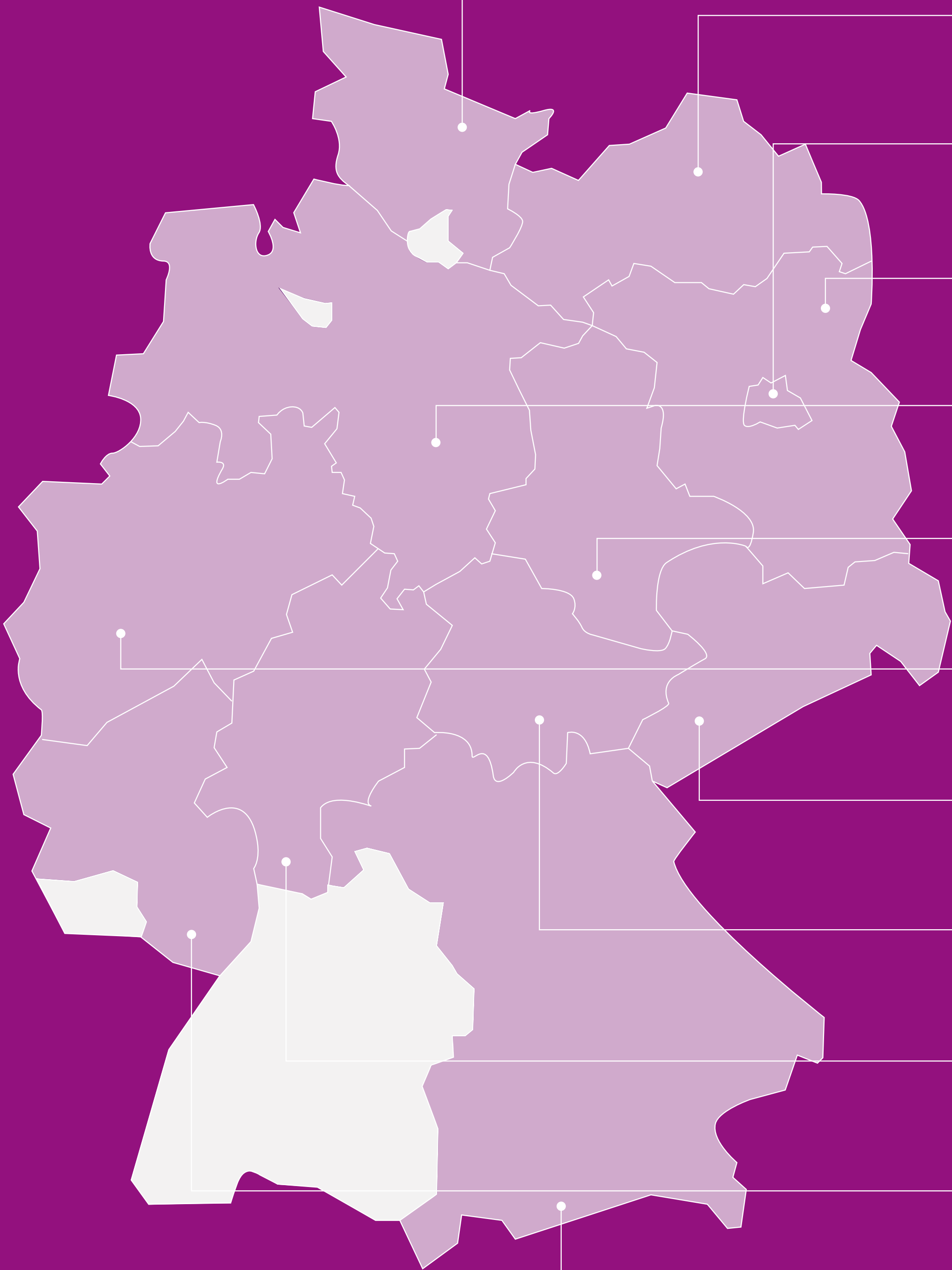
Portfolio according to segments



Associated companies 304,318 m^2
Subsidiaries 118,239 m^2
Direct investments 43,108 m^2

Tenants of Fair Value's portfolio	in % of rents p.a. per December 31, 2007
Sparkasse Südholstein	12.39 %
IDLG Immobiliendienstleistungen	9.71 %
Metro AG	8.18 %
BBV Holding AG	4.98 %
Kaufland Stiftung & Co. KG	4.55 %
Schweizerhof Hotel GmbH & Co. KG	4.07 %
Marktkauf Handelsgesellschaft mbH & Co. KG	3.95 %
Toys'R'Us Deutschland GmbH	3.52 %
HPI Hotelbesitz GmbH	2.66 %
ABB Grundbesitz GmbH	2.64 %
Other	43.35 %
Total	**100 %**

Portfolio according to location in federal states*



Schleswig-Holstein
33 Properties
Rental area 53,678 m²
Market value € 65.1 million

Mecklenburg-Vorpommern
2 Properties
Rental area 26,863 m²
Market value € 73.7 million

Berlin
1 Property
Rental area 10,049 m²
Market value € 15.9 million

Brandenburg
3 Properties
Rental area 57,506 m²
Market value € 86.3 million

Niedersachsen
4 Properties
Rental area 37,420 m²
Market value € 41.1 million

Sachsen-Anhalt
3 Properties
Rental area 31,165 m²
Market value € 47.1 million

Nordrhein-Westfalen
20 Properties
Rental area 94,805 m²
Market value € 79.8 million

Sachsen
6 Properties
Rental area 49,968 m²
Market value € 49.1 million

Thüringen
2 Properties
Rental area 48,385 m²
Market value € 67.4 million

Hessen
3 Properties
Rental area 23,556 m²
Market value € 31.2 million

Rheinland-Pfalz
1 Property
Rental area 1,989 m²
Market value € 1.8 million

Bayern
3 Properties
Rental area 30,280 m²
Market value € 49.8 million

** Market values non-stake as per December 31, 2007*

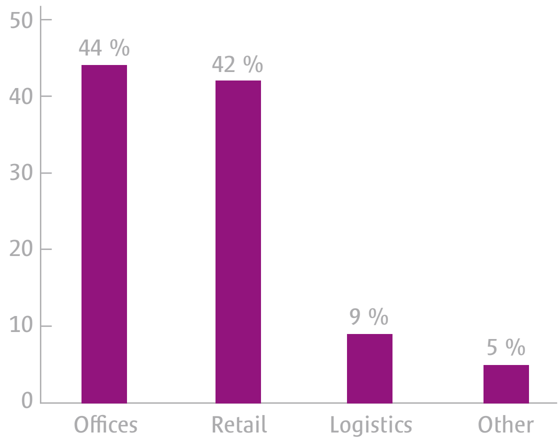
A primary characteristic of Fair Value's real estate portfolio is the fact that its properties are broadly spread in terms of industries, types of use and regions. Cluster risks that could result from strong concentrations are thus avoided. This results in Fair Value REIT-AG's rental income being highly independent of the economic situation in individual sectors of the commercial real estate market.

In addition to the fact that the properties are located nationwide, Fair Value's real estate portfolio is highly diversified with regard to the properties' primary uses. Around 44% of Fair Value's rental income totalling 22 Mio. € per year are generated with office properties, around 42% stem from the retail segment. Fair Value records around 9% of its rental income in the logistics segment, with around 5% being due to „other" uses. In future, Fair Value intends to further optimize its portfolio structure by restructuring via targeted sales and acquisitions (in particular in the offices and logistics sectors). It aims to lift the proportion of office premises to around 50%, with 25% stemming from both logistics and retail respectively.

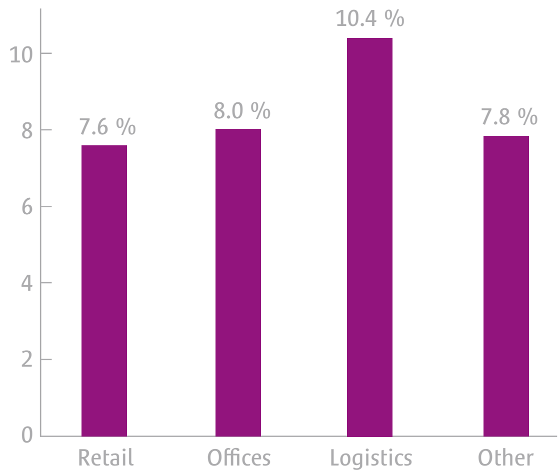
The Fair Value real estate portfolio is also characterized by high yield. In total, the company records a rental yield (based on the entire portfolio) of 8.0%.

Fair Value's real estate portfolio offers stability and the ability to accurately forecast future rental income based on long remaining lease terms. The overall portfolio has a remaining term of around seven years, with this figure rising to more than 13 years for the directly held properties.

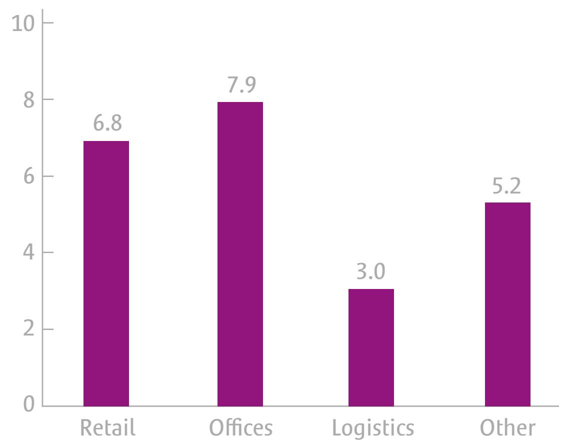
Type of use in % of total rent



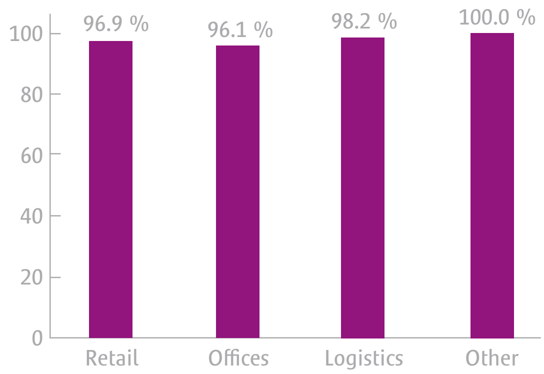
Yield in % according to market values



Remaining lease terms in years



Occupancy rates in % of potential rents



The portfolio's sustained value and top quality become clearly apparent if we look at the income-related occupancy rates.

2. Portfolio of Participations

Fair Value REIT-AG's portfolio of Participations (interests in closed-end real estate funds) has a total rental area of 422,557 m² with a fair market value of € 558 million. Fair Value's share in this portfolio corresponds to € 226 million. The „Participations" segment comprises both majority and minority interests. At present, the company holds majority interests in five closed-end real estate funds (subsidiaries). It holds participations of between 20 % and 50 % in an additional eight funds. 118,239 m² of the rental area is due to the fully consolidated subsidiaries, whereas 304,318 m² are included in the funds held as minority participations (associated companies). Thanks to the high amounts of holding, the company can actively influence the closed-end real estate funds' asset management, thus increasing value.

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 %	39.98 %	IC Fonds & Co. SchmidtBank Passage KG (IC12)
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG (BBV06)	54.64 %	38.31 %	IC Fonds & Co. Gewerbeportfolio 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)

3. Direct investments

In order to further diversify its portfolio Fair Value has directly acquired a portfolio of 32 commercial properties. Risks and rewards were transferred on December 21, 2007. The properties have a total rental area of 43,108 m² and are primarily used by the main tenant and seller, Sparkasse Südholstein, as bank branches.

The direct portfolio is characterized by sustainability and high returns: The rental level is in excess of 96 %, the average remaining period for the leases is 13.5 years and an annual return of 6.4 % of the market value results in long-term, secure rental income.

In addition, Fair Value already purchased an office property under construction („Airport Office Center") at Duesseldorf International Airport in October 2007. Ownership, risks and rewards were transferred to Fair Value on January 15, 2008. This property is located in direct proximity to the terminal building and will have a rental area of 4,671 m² once it is completed in mid-July 2008. The property is currently 42 % let and the company is in advanced negotiations with several parties interested in renting the remaining space.

4. Investment criteria and strategy

Also in future, Fair Value plans to buy attractive commercial properties to develop additional potential income, thus dynamically driving the company's growth. Its investments will focus on medium-sized towns and urban regional centers. At the same time, Fair Value will make selective investments in major cities to the extent that the respective properties offer correspondingly good potential earnings. In future, the company will increasingly focus on office and logistics premises with individual volumes of between € 5 million and € 50 million in order to thus further optimize its portfolio structure.

5. Further expansion of the investment portfolio

In addition to increasing its direct investments, Fair Value REIT-AG will also continue to acquire participations in certain closed-end real estate funds under management by various syndicators. An investment depends on the growth perspectives and the returns that can be recorded by the respective funds. With regard to the acquisition of additional participations in funds, Fair Value is as yet the only listed company in Germany with experience in rolling up units in closed-end real estate funds into shares that can be traded daily.

In Germany, closed-end real estate funds are traditionally a wide-spread category of investments. To date more than € 140 billion have been invested in German closed-end real estate funds. However, for most retail investors, an investment in closed-end real estate funds is not only associated with advantages. When it comes to typical events during the life cycle of real estate, such as new rentals or revitalization activities, the high amount of investors in a fund may not support unanimous decisions, which could hinder efficient and future-oriented asset management. In these phases in particular, readiness to sell the participation increases, and then at the latest it becomes clearly apparent that it is not possible to trade the units, or that this is only possible to a very limited extent.

In future, Fair Value REIT-AG aims to achieve participating interest in such fund companies of between at least 20 % and at most 90 % of the company's capital for future transactions, and can thus have a material impact on the funds' management's actions and decisions taken at the shareholders' meetings. It will use this influence to optimize earnings strength and the sustained value of these investments.

Group management report

I. BUSINESS ACTIVITIES AND UNDERLYING CONDITIONS

i. Overview of business activities

Fair Value REIT-AG (hereinafter also referred to as Fair Value or the Fair Value Group) focuses on acquiring and managing commercial properties in Germany. Its investment activities currently focus on office and retail premises in urban regional centers. In future, Fair Value will make increased investments in office and logistics premises, thus further optimizing its portfolio structure.

The business model's special feature is the combination of direct investments in real estate and the acquisition of participations in closed-end real estate funds.

Participations can be acquired as non-cash acquisitions, i.e., by exchanging participations for shares of Fair Value, or participations can be bought against payment of a purchase price.

The company's business model is thus based on two pillars: The segments „Direct Investments" and „Participations".

In September 2007, the company acquired participations in a total of 14 closed-end real estate funds. It acquired majority participations in seven of the companies, and Fair Value was able to secure a participation of between 20 % and 50 % for a further seven companies.

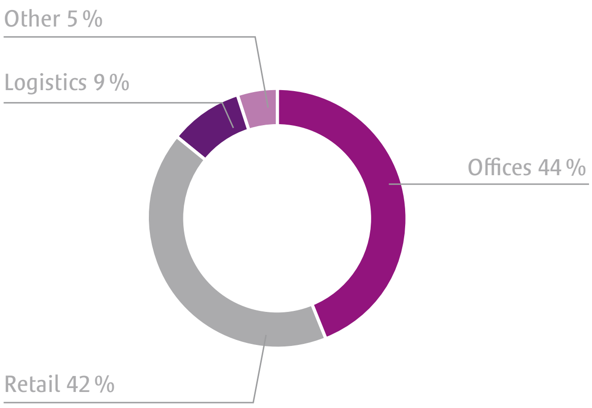
After the sale of a majority-held participation in BBV Immobilienfonds No. 8 GmbH & Co. KG (BBV 08) with effect from December 1, 2007, the company currently holds participations in 13 closed-end real estate funds. Moreover, the participation in IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG (IC 13) was reduced to less than 50 %.

In the „Participations" business segment, as of December 31, 2007 Fair Value REIT-AG participated in a broadly diversified portfolio of 49 properties with a total rental area of 422,557 m² and a market value of around € 558 million (Fair Value's share totaled around € 226 million).

In its „Direct Investments" segment, ownership of a portfolio of 32 commercial properties were transferred in December 2007. These are mostly premises used by Sparkasse Südholstein as bank branches and have a rental area of 43,108 m². Based on individual valuations, the market value of the this portfolio was identified as totaling around € 50 million.

Fair Value's total portfolio has a proportionate market value of around € 276 million and was more than 96 % let (in terms of income) as of December 31, 2007. The contractual rent of around € 22 million per annum is broken down by property type as follows:

Rental income according to sectors



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

The Managing Board cooperates closely with the Supervisory Board, which is involved in all major decisions. The Supervisory Board comprises three members. In a total of seven meetings since the change of legal form in July, the Supervisory Board discussed major transactions and decisions with the Managing Board in detail.

Accounting, property management and asset management have been outsourced to companies of IC Immobilien Group based in Unterschleißheim near Munich. With around 200 employees the group manages an investment volume of around € 4.5 billion for private and institutional investors.

ii. General economic conditions

During the course of 2007, the German economy displayed a stable upwards trend. In a year-on-year comparison, GDP grew by 2.5 %. The unemployment rate fell to around 8.7 %, which led to a remarkable increase in demand for office space.

Sub-prime payment defaults on the US mortgage market caused fundamental insecurity on the global financial and capital markets in the second half of 2007. This resulted in across-the-board price slumps and a general deterioration in financing conditions. This affected obtaining borrowing as well as procuring equity, for example on the stock market.

Irrespective of this, however, Germany's economy is remarkably robust. The federal government is continuing to forecast economic growth of 1.7 %. As a result, an overall economic environment which is at least stable can be assumed for the real estate market.

Rental market in Germany

Offices
The situation on the market for office space has improved further thanks to the positive economy. Given the fact that speculative new construction was still low, this has led to office vacancy rates falling and top rents rising. 3.42 million m^2 of space was turned over in the cities of Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart, thus up 12.8 % year-on-year. Vacancy rates in these cities totaled 7.4 million m^2 at the end of 2007 or 9.1 %, and were thus down 1 percentage point year-on-year. As a result, an increased number of speculative new construction projects can now be found.

The office markets in secondary and urban regional centers are also benefiting from this development, however to date no notable increases in rent levels have been observed. As a result, increased new construction activity on these markets is not to be expected in the near future.

Retail space
Retail sales were not able to keep pace with the economy as a whole in the year under review. The primary reasons for the consumers' restraint are the VAT increase, the strong increase in the costs of energy and food, as well as building higher reserves for private retirement benefits. Employment is continuing to rise, as are real wages, and as a result there are positive signs that retail sales will increase over the coming years.

In spite of this, however, the constant high demand for retail space in prime locations continued in fiscal year 2007. The intense competition for top quality space in German city center locations is reflected in a substantial increase in top rents. Rent increases could also be observed in secondary cities in high revenue, high traffic retail locations.

The continued polarization in consumers' purchasing behavior is making it more difficult to rent B locations – as they are caught between top-priced prestige locations and low-price discount store concepts. The resulting reserved demand for B-location retail space will lead, at best, to a stable level of rent.

Logistics
The logistics market is a high-growth market worldwide, and also in Germany: It now includes the traditional sectors of warehousing, the transfer and transport of merchandise as well as additional services which result in increased demand for state-of-the-art logistics facilities. Preferred logistics locations are detached from traditional office and retail centers; it is much rather the case that the local infrastructure development and connections to national and international transport corridors and (goods) transport nodes determine the attractiveness for a logistics pemises.

Germany became a European transit country at the latest as a result of the eastern expansion of the EU. It benefits from both its geographic location at the heart of the continent as well as from its excellent infrastructure. It has thus become established as a hub for international logistics. The increase in international goods transport and Germany's favorable position as a transit mean that the positive growth on the German market for logistics premises is expected to continue.

Germany as an investment market
According to a study by Jones Lang LaSalle 2007 was a new record-breaking year with a transaction volume of around € 55 billion. However the volume of transactions in the second half of the year fell as a result of the sub-prime crisis.

Increasing interest rates for financing and banks' restrictive financing behavior have led to the activities of leverage driven financial investors tailing off significantly. The associated downturn in purchase price multiples offers solidly financed companies with an excellent capitalization the opportunity to generate high net initial yields. As a result, even in the second half of last fiscal year, investors with a strong equity orientation such as Fair Value were able to expand their market position.

Office properties
Office properties accounted for a share of 57 % of the total volume of transactions, or € 31 billion. The positive developments on rental markets are driving the investment markets. However, returns in major city-center locations increased by around 20 basis points on average. In B locations and on secondary markets, the crisis on the financial markets resulted in a downturn in demand and, as a result, an increase in returns by 50 basis points.

Retail properties
The retail segment accounted for a total of 21 % of the total transaction volume or € 11 billion in 2007. Yields in the shopping center segment and for inner-city department stores in the five key real estate locations of Berlin, Duesseldorf, Frankfurt, Hamburg and Munich all continued to be slightly under 5 %. In contrast, top rents for specialist store centers increased slightly over the course of the year for the first time since 2003 by around 25 basis points.

Logistics properties
Logistics properties accounted for just 5% of the transaction volume or € 2.6 billion. After totaling € 2.4 billion in 2006 and € 1.8 billion in 2005, this was the third successive record-breaking year. As traditional logistics premises have become more scarce, production-oriented properties are now enjoying interest from investors, indicating the increasing acceptance of this asset class among investors.

iii. Company targets and strategy

In the coming years, based on a positive environment on the capital market, Fair Value REIT-AG plans to drive its growth strongly via increased investments, increasing the value and earnings power of the invested assets, and at the same time greatly diversifying risk.

Fundamentals of finance and capital management
The Fair Value Group's finance and capital management is geared to maintaining quality, securing debt service, and generating an attractive dividend for Fair Value REIT-AG's shareholders.

If direct influence is possible, finance and capital management are centralized. In the case of associated companies, finance and capital management is coordinated with the respective management or as part of the decisions in general meetings according to the fund-by-laws.

Growth from direct investments and further participations in closed-end real estate funds
In future, Fair Value REIT-AG will strengthen its portfolio of directly held real estate, and at the same time increase its portfolio of interests in closed-end real estate funds.

Access to secondary market for closed-end real estate funds
Fair Value REIT-AG is the first, and as yet only listed G-REIT to establish a roll-up platform for the acquisition of participations in closed-end real estate funds in Germany. It offers investors in specific closed-end real estate funds the opportunity to sell their fund units to Fair Value REIT-AG or to swap these for shares of Fair Value REIT-AG, thus participating in a much more diversified real estate portfolio.

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

As a fund investor on the secondary market, given a sufficiently high participating interest, Fair Value REIT-AG can actively influence the management of closed-end real estate funds and increase value via active asset management.

REIT status offers purchasing advantages
Thanks to its status as a G-REIT, Fair Value REIT-AG has a strong competitive position on the market for commercial real estate thanks to its so-called exit-tax privilege. The profits from the sale of real estate to a G-REIT are thus 50 % tax free for companies under certain conditions.

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

In total, the aim is to use specific investments and disinvestments to generate a portfolio structure that comprises about 50 % office properties, and approximately 25 % logistics and retail properties each.

II. DISCUSSION OF BUSINESS AND INFORMATION ON THE OVERALL PORTFOLIO

Fair Value REIT-AG started its operating activities in the second half of 2007 and since then it has enjoyed very dynamic growth. The company has created total assets of € 230 million practically from scratch in this period. The company enjoyed a successful listing in November 2007 in spite of the difficult market environment. On December 6, 2007, Fair Value was the second German company ever to become a G-REIT.

Direct investments in October 2007

The company purchased a total of 32 office properties in Schleswig-Holstein from Sparkasse Südholstein in October 2007, ownership was transferred on December 21, 2007. The exit tax privilege played a key role in this transaction, which had a market value of around € 50 million as of December 31, 2007 and an initial return of 6.4 % p.a.

The advantages of this investment are due to a great extent to the secure earnings for 13.5 years on average with a creditworthy primary tenant. At the same time, the rental agreements concluded with Sparkasse Südholstein are based on market rents and provide annual compensation for inflation.

In addition, an office property under construction directly facing the new Maritim Hotel at Duesseldorf Airport was acquired in October 2007. The purchase price of € 12.6 million to be paid according to construction progress will generate a scheduled initial yield of around 7 % p.a. of the purchase price after completion in July 2008 and once the property is fully let. This investment has allowed Fair Value to exploit the positive developments in the rental market at this location at an early stage of construction, and will allow the company to benefit from possible increases in value.

Both of these investments have significantly increased the proportion of office premises in Fair Value REIT-AG's portfolio, with the property in Duesseldorf only being included in portfolio statistics once it is completed.

Sale of participating interests

Fair Value has safeguarded itself against a loss of its REIT-status due to a potential damaging qualification of a nursing care home by selling its participation interest in BBV 08. At the same time, it is pursuing its strategy of focusing on office and logistics properties in future by restructuring its portfolio and making new acquisitions.

Information on the overall portfolio

The following table provides information on the breakdown of total rental space for the direct investments and the participations or the respective investment companies. In addition, the market values of the properties as of December 31, 2007 are summarized according to the respective companies or direct holdings, sorted in order of the participations interests. In total, the Fair Value's proportionate fair market values total € 276 million.

As mentioned above, Fair Value's proportionate overall portfolio was 96 % let on the balance sheet date. The following table shows the respective rental rate and the remaining terms of the rental agreements.

IC 01's rental ratio increased to 100 % after the balance sheet date. The occupancy rate for the subsidiary BBV 06 fell to 72 % of the scheduled rent due of the fund for 2008 after a long-term rental agreement for logistics space in Cologne expired.

In addition, in 2008 follow-on leases are scheduled for seven properties with larger rental agreements. This affects a total of 20,000 m² or 4 % of the portfolio's rental area.

Abbreviation	Investment	Fair Value's share in % [%]	Total rental area [1] [m²]	Market value [1] [€ thousand]	Occupancy [2] [%]	Average remaining term of rental agreements [2] [years]
Direct holdings						
	Sparkasse portfolio	100,00	43.108	49.960	96,2	13,5
Total direct holdings		**100,00**	**43.108**	**49.960**	**96,2**	**13,5**
Subsidiaries [3]						
IC07	IC Fonds & Co. Büropark Teltow KG	75.65	13,382	25,200	100.0	7.5
IC03	IC Fonds & Co. Forum Neuss KG	71.58	12,064	8,600	86.4	1.4
IC01	IC Fonds & Co. München-Karlsfeld KG	55.81	3,375	4,700	81.1	7.2
BBV03	BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG	53.64	14,802	9,900	100.0	3.0
BBV06	BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG	54.64	74,616	57,510	95.8	3.1
Total subsidiaries [4]		**60.99**	**118,239**	**105,910**	**96.4**	**4.6**
Associated companies [3]						
IC13	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG	49.68	22,034	25,300	90.9	6.6
BBV14	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG	45.02	38,522	87,000	95.8	5.0
IC12	IC Fonds & Co. SchmidtBank-Passage KG	39.98	8,315	8,300	92.2	3.2
IC15	IC Fonds & Co. Gewerbeportfolio Deutschland 15. KG	38.31	35,412	44,100	96.1	3.3
BBV10	BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG	38.30	96,567	133,230	96.1	6.2
BBV02	BBV Immobilien-Fonds Erlangen GbR	38.28	2,770	1,800	100.0	3.5
IC10	IC Fonds & Co. Rabensteincenter KG	26.14	9,969	9,800	90.1	2.7
BBV09	BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG	24.93	90,728	142,900	100.0	9.7
Total associated companies [4]		**37.39**	**304,317**	**452,430**	**96.2**	**6.3**
Fair Value's proportion of market values of associated companies				**161,420**		

Explanations
[1]) According to valuation by CB Richard Ellis GmbH, Berlin, December 31, 2007
[2]) contractual rent/(contractual rent + vacancy rates at standard market rent)
[3]) rental space and market values without considering participation
[4]) average participations interests weighted by the companies' nominal capital

III. FINANCIAL POSITION AND RESULTS OF OPERATIONS

i. Earnings

In fiscal year 2007 the Fair Value Group recorded rental income totaling € 4.6 million. Of this total 98 % stemmed from the participations segment and 2 % stemmed from Direct Investments. It must be noted that rental activities only started on October 1, 2007 with the acquisition of the subsidiaries. In the case of the Sparkasse portfolio, rental income was only generated from December 21, 2007. The rental levels presented for the fiscal year and the corresponding net rental result of € 2.6 million are thus not representative for a full fiscal year.

Almost 40 % of the general administrative costs totaling € 3.5 million were connected with the change of legal form and the conception of a REIT.

The fair market valuation of the properties resulted in a valuation result of € -0.7 million. Key impact factor of this result was that the incidental acquisition costs for the Sparkasse portfolio could not be reflected in the appraisal.

Earnings from associated companies totaling € 7.2 million include significant extraordinary factors: On the date of acquisition, there was a income relevant negative difference of € 14.8 million between the acquisition costs and the fair value of the proportionate net assets. This was offset with impairment totaling € 7.6 million as a result of fund-specific costs which were not reflected in the individual valuations of the associated companies' real estate. Ongoing earnings from associated companies for the period from October to December 2007 was positive at € 1.5 million, however this was reduced to zero by a proportionate valuation loss of around the same amount. The other financial result includes, in particular, expenses for minority interests, net interest expenses and one-off costs of € 1.8 million for the listing on the stock exchange. This resulted in a positive financial result of € 3.5 million.

The Fair Value Group thus recorded consolidated net earnings of € 1.74 million. This corresponds to earnings per share of € 0.74. There were an average number of 2.4 million shares in circulation in 2007.

ii. Financial position

Net cash was used in operating activities in the amount of € 2.8 million, which is primarily based on the payment of the one-off expenses detailed above.

Of the net cash used in investing activities totaling € 55.9 million, € 52.3 million are due to the acquisition of real estate by the parent company (Sparkasse portfolio and incidental acquisition costs for the office property under construction in Duesseldorf). The acquisition of participations in the 14 IC/BBV real estate funds resulted in net cash provided totaling € 1.6 million, as the cash and cash equivalents taken over for the subsidiaries included in the consolidated financial statements for the first time were higher than the purchase price payments for the participations that were not acquired in non-cash transactions.

The net funds used in operating and investing activities were financed by capital contributions totaling € 16.8 million and by drawing down bank borrowing totaling € 51.4 million. Net cash used in financing activities included repayments of bank liabilities and payments to minority shareholders totaling € 3.1 million as well as capital procurement costs totaling € 1.1 million in connection with cash and non-cash capital increases.

iii. Net assets

Assets

93 % of assets or € 215 million were non-current. Of this total, 70 % or € 150 million related to investment property; 27 % or € 59 million related to equity-accounted participations in associated companies. Non-current assets also included a purchase price receivable totaling € 5 million.

Current assets totaled € 16 million. Of this total, € 6 million related to two properties held for sale by subsidiaries. Other current receivables comprise receivables, other assets and cash and cash equivalents.

Shareholders' equity and liabilities

59 % of assets were financed with liabilities (€ 135.7 million) and 41 % were equity financed (€ 94.7 million). It must be noted that minority interests in subsidiaries (€ 18.5 million) are carried under liabilities. If the minority interests were considered to be equity, the equity ratio would increase to 49 %.

Financial liabilities

The Group's financial liabilities totaled 49 % of total assets or € 112 million. Of this figure, 49 % or € 55 million were due within one year. The corresponding master credit lines for € 51 million expire at the end of July 2008. Until then, refinancing is based on EURIBOR plus a margin of 80 basis points (real estate) or 165 basis points (credit for the acquisition of fund units).

On the balance sheet date, € 24 million of the master credit line for the acquisition of real estate totaling € 60 million had not been called.

Fair Value already has an indicative offer by the financing bank for an annuity loan with a 10-year fixed interest period for the mortgage-backed financing of the Sparkasse portfolio which currently totals € 33.7 million.

At present, Fair Value is also negotiating an extension and modification to the repayment and collateralization modalities to finance fund units totaling € 16.1 million (collateralization by pledging the fund units).

Other liabilities

78 % or € 1.7 million of the other liabilities which comprise 1 % of total assets or € 2.2 million are due within one year. Of this total, € 0.6 million is due in each case to transaction tax liabilities and payments to exiting co-shareholders in subsidiaries and a further € 0.2 million is due to derivative financial instruments.

Investment commitments

On the balance sheet date there were commitments totaling € 12.6 million from the purchase agreement for the office property under construction at Duesseldorf Airport.

Equity

Fair Value REIT-AG's equity underwent a strong increase from 100,000 shares to a total of 9,406,882 shares in circulation after its change of legal form in July 2007 via cash capital increases on October 31, 2007 and November 9, 2007 with the issue of a total of 1,577,434 shares at a placement price of € 10 and € 10.50 per share and via a non-cash capital increase on October 31, 2007 with the issue of 7,729,448 shares at a placement price of € 10. The shares were issued with a proportionate interest in the share capital of € 5 per share.

The subscribed capital thus increased in the second half of the year from € 0.5 million to € 47 million, the share premium totaled € 46.2 million on the balance sheet date.

Net asset value (NAV)
Adding the market values of the real estate and the participations in associated companies on December 31, 2007, while taking other balance sheet items into account including the minority interests in subsidiaries and liabilities resulted in net asset value of € 94,663 thousand.

	€ thousand
Fair market values – real estate	156.336
Equity-accounted participations	58.909
Other assets less other liabilities	12.242
Minority interests	-18.487
Financial liabilities	-112.134
Other liabilities	-2.203
Net asset value	**94.663**
Net asset value per share*	**10,06**

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

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

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

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

The company's share capital comprises of 9,406,882 no-par value bearer shares with voting rights, each of the same type.

The shares can be freely transferred according to the legal provisions which apply for no-par value bearer shares with the exception of the following market protection agreements for the following shareholders. These apply from November 16, 2007 in each case – the date trading started:

Shareholder	Market protection agreement*
IC Immobilien Holding AG	12 months soft lock-up
H.F.S. Zweitmarkt Invest 2 GmbH & Co. KG	6 months hard lock-up +12 months maximum sales volume € 500,000/day
H.F.S. Zweitmarkt Invest 3 GmbH & Co. KG	6 months hard lock-up +12 months maximum sales volume € 500,000/day
H.F.S. Zweitmarkt Invest 4 GmbH & Co. KG	6 months hard lock-up +12 months maximum sales volume € 500,000/day
H.F.S. Zweitmarkt Invest 5 GmbH & Co. KG	6 months hard lock-up +12 months maximum sales volume € 500,000/day
IC Immobilien Service GmbH	12 months soft lock-up
IC Fonds GmbH	12 months soft lock-up
EuroVal (Deutschland) GmbH	12 months soft lock-up
Dr. Oscar Kienzle	12 months soft lock-up

**** Explanation***
Hard lock-up: Undertaking to WestLB not to sell or market the shares within the specified period.
Soft lock-up: Undertaking to WestLB only to sell or market the shares within the specified period with the bank's permission.

No shareholder may directly hold 10 % or more of shares or voting rights (maximum participation threshold) according to Section 11 (4) of the REITG. In the event that the maximum participation threshold is exceeded, upon request by the Managing Board, the affected shareholder must verify that they have reduced their direct participation in a suitable manner within two months. According to the articles of incorporation, continued violation of the maximum participation threshold can result in a transfer of the shares in excess of the maximum participation threshold without compensation or compulsory withdrawal of these shares without compensation.

No shareholder directly holds 10 % or more of voting rights. H.F.S. Zweitmarktfonds Deutschland 2 GmbH & Co. KG, Ebersberg, indirectly holds a total of 30.46 % of voting rights. In addition, IC Immobilien Holding AG directly and indirectly holds a total of 18.09 % of voting rights. It is permissible for the maximum participation threshold to be surpassed indirectly.

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

If employees hold participations in the company, these exercise their controlling rights directly.

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

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

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

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

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

VI. FAIR VALUE REIT-AG'S QUALIFICATION AS A G-REIT

A G-REIT's exemption from corporation and trade tax is subject to it fulfilling the conditions of Sections 8 – 15 of the REITG.

Violations against the provisions may, in part, result in the immediate loss of tax exemption, in other cases penalties may be incurred, in other cases there may be no direct consequences however given repeat occurrences these would result in the loss of the tax exemption.

Verification that the requirements have been upheld must be provided on each balance sheet date and confirmed by the auditor.

The following sections show the qualification of Fair Value REIT-AG upholding the provisions of Sections 8 – 15 of the REITG as of December 31, 2007:

Section 8 – Registration in the commercial register
Fair Value REIT-AG was registered in Munich commercial register on November 23, 2007 and entered on December 6, 2007.

Section 9 – Registered office in Germany
Fair Value REIT-AG has its registered office and management in Germany in line with requirements. Its registered office is in Munich, the management performs its activities in the company's offices in Leopoldstraße 244, 80807 Munich.

Section 10 – Stock market admission (regulated market)
Shares of Fair Value REIT-AG were admitted to trading on the regulated market in the segment with particular admission criteria (Prime Standard) of Frankfurt Stock Exchange under the old name of Fair Value Immobilien-Aktiengesellschaft on November 15, 2007.

Section 11 – Free float
(min. 25 % upon admission, thereafter min. 15 %)
The free float on December 31, 2007 was confirmed on January 22, 2008 to BaFin (German Financial Services Supervisory Authority) at 42.28 % of shares and voting rights. This level also prevailed on the date of the company's listing on November 15, 2007.

Section 12 – Asset and income requirements
- 93 % of assets are immovable (target: 75 %)
- the company does not participate in REIT service companies (max. 20 % of assets)
- 100 % of revenues and other income (target: Min. 75 %) of immovable assets are from rentals and leasing including property-related activities or the sale of immovable assets and 0 % of revenues and other income stemmed from REIT service companies (max. 20 %).

Section 13 – Distribution to investors
(min. 90% of net income)
G-REITs must distribute at least 90 % of their net income under HGB accounting to the shareholders as a dividend by the end of the following fiscal year.

The annual net loss of Fair Value REIT-AG (HGB) totaled € 1.9 million; this is offset out by reducing the capital reserve in a corresponding amount. In view of the net loss a dividend payment is not being considered for 2007.

Section 14 – Exclusion of real estate trading
(max. 50% in five years)
Income from the sale of the G-REIT's immovable assets may not exceed 50 % of the average amount of immovable assets within a five-year period.

On December 31, 2007, Fair Value recorded income from the sale of immovable assets totaling 4 % of its immovable assets.

Section 15 – Minimum equity
(min. 45 % of immovable assets)
Including the available-for-sale non-current assets, immovable assets total € 215 million. Equity totaled € 94.7 million or 44 % of immovable assets.

If the real estate carried under current assets already were sold, and given no changes to the other figures, the equity ratio would total 45.2 % of the immovable assets, then totalling € 210 million.

With the exception of this shortfall of the required equity ratio, which initially does not result in any sanctions, Fair Value REIT-AG has fulfilled all of the requirements of the REIT-Law.

Report on key events after the balance sheet date

SPARKASSE PORTFOLIO SCHLESWIG-HOLSTEIN:
The transaction with Sparkasse Südholstein comprised a total of 33 properties. However, the owner of a neighboring property in Bad Segeberg used his pre-emptive right. As a result, there were receivables totaling around € 2,370 thousand on the balance sheet date for the refund of the purchase price (around € 2,278 thousand) and the refund of the land transfer tax paid (€ 79 thousand) and other expenses in vain (€ 13 thousand). The refunds had mostly been received by December 31, 2007; a partial amount of € 1.8 million was used to reduce the bank loan from € 35.5 million to € 33.7 million.

DUESSELDORF OFFICE BUILDING:
This office building is being built in the direct proximity of the terminal at Duesseldorf Airport. Completion of this property, which has a total rental area of 4,671 m², has been contractually guaranteed for July 31, 2007; construction is on schedule. The scheduled rent of approx. € 884 thousand relates to a purchase price of € 12.6 million to be paid according to construction progress.

Ownership, risks and rewards were transferred on January 15, 2008. The contractually agreed installment for the plot and construction of the shell totaling € 8.25 million was due on this date. A further installment of € 1.4 million was paid on March 20, 2008. As of March 31, 2008, almost 23 % of the purchase price or € 3 million still have to be paid.

The current rental level on March 31, 2008 was 42 % of the total rental area; tenants to date are „Arbeitgeberverband der deutschen Immobilienwirtschaft e.V." and „ProLogis Germany GmbH", a subsidiary of a US listed company. According to this company's information it is the world's leading developer, owner and manager of logistics centers.

The office building in Duesseldorf is 36% equity financed, with 64 % financed via a master credit agreement with a term of 20 years of up to € 8.1 million with Deutsche Genossenschafts-Hypothekenbank AG (DG-Hyp). Interest is charged at EURIBOR plus a bank margin of 120 basis points on the amount paid out. Around € 6.14 million had been paid out on the date of this report – the remaining payments will be made when they are due according to construction progress. A partial amount of € 6.9 million is to be replaced with long-term bullet financing with a repayment agreement once the property is completed, at the latest on December 31, 2009. In so doing, the rental income less imputed management costs of 8 % of the rent must correspond to the total of interest and repayments (debt service coverage rate DSCR = 1.0). A partial amount of € 1.2 million is to be repaid upon completion, at the latest by December 31, 2009. This regulation was included in view of the equity requirements set out in Section 15 of the REITG.

SUBSIDIARY BBV 06:
The 22,000 m² of logistics space in Cologne have been vacant since January 1, 2008 after a long-term rental agreement contractually expired. Negotiations are being conducted to rent sub-sections of this space. Full accupancy is expected by the end of 2008. BBV 06's forecast includes rental and refitting costs of € 1 million.

Risk report

RISK MANAGEMENT OBJECTIVES, PRINCIPLES AND METHODS

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

The risk management system is integrated in the regular reporting to the Managing and Supervisory Boards in order to ensure that they are able to act and that risks are dealt with efficiently. The company's risk strategy also includes the external service provider, the IC Real Estate Group.

This ensures that the Managing Board is informed of all key risks and information in good time and that it can put suitable activities in place.

The service provider works together with Fair Value's management to identify, report, evaluate and control any potential risks and other risks that occur. Risk control and reporting are performed centrally by Fair Value's management.

RISK IDENTIFICATION

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

RISK ANALYSIS

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

RISK RECTIFICATION

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

RISK CONTROL

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

RISKS FROM OPERATING ACTIVITIES

Rental

There are risks of reductions in rent, rental defaults and vacancies. In addition, it may not be possible to fully implement index-related rent increases, to implement these immediately, or to implement these at all.

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

Property management

There are risks of unanticipated costs for repair and maintenance activities or for adjusting the properties to current demands. It is possible that Fair Value is not able to exercise sufficient influence on its associated companies, and for example that it fails to win shareholders' resolutions.

Valuation

The further development of the real estate held directly and indirectly has a direct impact on Fair Value REIT-AG's enterprise value. In addition, there is a risk of incorrect estimates in valuation methods when properties are acquired.

Workflows/infrastructure

It is important for Fair Value REIT-AG to establish and develop its business activities and suitable internal organizational and risk-monitoring structures and management systems as scheduled.

Insurance

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

Team

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

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

Liability

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

RISKS FROM INVESTING ACTIVITIES

Property selection

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

Due diligence

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

Sale

The sale of Fair Value's real estate assets is subject to the risk of falling prices, misestimates in the property's market value and purchasers' warranty claims. As a result of the crisis on the global financial markets, the sales of individual properties planned by the real estate funds may be delayed or it may not be possible to realize the intended selling prices.

RISKS FROM FINANCING ACTIVITIES

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

Equity

A further reinforcement of the equity basis is required for Fair Value REIT-AG to achieve its intended growth. This can result from, for example, a combination of cash and non-cash capital increases. Future capitalization activities could be delayed in view of the current difficult environment on the capital markets.

Liquidity
Fair Value REIT-AG depends on the ongoing income from its direct investments and inflows from its subsidiaries and associated companies. However, in 2008 income will not be sufficient to fully repay the current master credit lines. As a result, the company intends to obtain an extension on the credit due in the short term from the lender. Fair Value REIT-AG believes that the negotiations which are underway in this regard will lead to a positive outcome.

Delays in the follow-on rental in Cologne and the sale of another property could lead to a temporary liquidity bottleneck for the subsidiary BBV 06. Together with the fund management, Fair Value is confident that it will be able to achieve a temporary deferral of repayments with the financing banks in this case.

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

If the current credit lines are not extended, or if there is a liquidity bottleneck at the subsidiary BBV 06 and if its inability to pay cannot be resolved with other activities, the Fair Value Group could experience liquidity issues.

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

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

Fair Value intends to use the current low interest rates at least in part for longer-term fixed interest rates and follow-on financing. The risks of a short-term increase in interest rates is currently regarded as being low, however this cannot be ruled out. As a result, Fair Value will limit these risks in part by concluding interest-rate hedges.

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

Violations against the provisions may, in part, result in the immediate loss of tax exemption, in other cases penalties may be incurred, in other cases there may be no direct consequences however given repeat occurrences these would result in the loss of tax exemption.

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

Equity ratio within the meaning of Section 15 of the REITG
Including the subsidiaries' available-for-sale properties with a market value of € 5.7 million, Fair Value REIT-AG has equity within the meaning of Section 15 of the REITG of 44.0 % of its immovable assets. After these properties have been sold, and with all other figures remaining unchanged, the equity ratio within the meaning of Section 15 of the REITG would total 45.2 % of immovable assets.

Tax exemption ends if the prescribed equity ratio of 45 % of immovable assets is not upheld on three consecutive balance sheet dates. This could have substantial disadvantages in competition with other real estate companies who have obtained REIT status, and would thus have a disadvantageous impact on Fair Value's financial position and results of operations.

OTHER RISKS

General economic risks

The general economic environment and the market for commercial properties on which Fair Value's business activities depends, could develop negatively.

Industry-specific risks

Fair Value is subject to strong competition for commercial real estate. It is possible that the company is not able to assert itself sufficiently in this competition.

Underlying legal and tax conditions

Underlying legal and tax conditions could change to Fair Value's detriment.

Litigation

There is the risk that Fair Value will become involved in litigation with tenants, real estate buyers and sellers or shareholders as well as co-shareholders in real estate funds. No litigation is currently pending.

TOTAL RISK

The Managing Board does not expect that risks will occur in fiscal year 2008 which could endanger the continued existence of Fair Value REIT-AG.

Opportunities and Forecast

POSITIVE OPINION OF COMMERCIAL REAL ESTATE MARKET IN GERMANY

The general underlying economic conditions in Germany and the situation on the German real estate market are positive. This is reflected in the increasing demands for space, correspondingly good rental revenues and increasing rent.

As a result, rental space revenues and rental income are positive drivers for the properties' values. At the same time, the higher equity requirements and risk premiums imposed by the banks since the summer of 2007 have slowed the investment market, as opportunistic investors with high gearing ratios have mostly left the market. However, as a result, the ingoing yields for commercial properties have again reached an attractive level.

EXCELLENT ENVIRONMENT FOR FAIR VALUE'S EXISTING PORTFOLIO

A wide-spread existing portfolio with an income-based rental level of 96 % means that Fair Value has stable foundations. At the same time, the company can use the positive economic environment in order to timely reduce vacancies or deal with pending follow-on rentals.

The company is making excellent progress, for example, in renting the office property at Duesseldorf airport which is currently under construction: In view of the fact that the property is already 42 % let four months prior to completion and the negotiations currently being held for additional space, the company believes that this property will be fully let by the time it is completed in the summer of 2008.

REIT STATUS REINFORCES FAIR VALUE REIT-AG'S POSITION

The company is a G-REIT and is thus an investor with a strong equity base for property financing. This gives Fair Value an advantage in procuring borrowing and for borrowing conditions.

As part of the Fair Value Group's further growth, the company will continue to invest in closed-end real estate funds via non-cash contributions. However, it also believes that there are opportunities to use its own shares as currency when making direct investments in real estate.

In addition, Fair Value REIT-AG can currently market its exit-tax privilege as a purchasing advantage, and this can also bring additional benefits for the contribution of real estate. We believe that the exit tax privilege will play an increasingly important role for successful acquisitions.

OBJECTIVES FOR 2008 AND 2009

On the whole, Fair Value aims to successively increase its proportion of direct investments from the previous level of around 25 % of its immovable assets to around 50 %. In line with the investment strategy, equity and borrowing accruing to the company are mostly to be used for the acquisition of office and logistics premises. On the whole, the Managing Board is optimistic, that with positive capital markets it will achieve its target of doubling the immovable assets by the end of 2009.

EARNINGS FORECAST FOR 2008 AND 2009

The balance of valuation gains and losses compared to the respective last fair market valuation of the properties has a material impact on the consolidated financial statements (IFRS). In 2007, the real estate in the portfolio increased in value by a total of 2.4 % or € 6.4 million compared to the market value of December 31, 2006 being the key for the swap for shares (participations) and compared to the acquisition costs (bank portfolio).

It is not possible to predict the valuation result for 2008 and 2009 on balance. In view of the underlying economic conditions, further growth should be possible. A 1 % reduction in the fair market values would depress earnings by around € 3 million, a corresponding increase in the market value would result in a positive contribution to earnings of approx. € 3 million.

The earnings forecast is based on the assumption that there will be no market-related changes in the market valuation of the properties. However, contracted rents above the current market rent will impact future valuations given a constant rental level. This impact is already visible. This effect was identified for the entire portfolio based on the available expert opinions on market values at its present value, reducing the market values due proportionately to Fair Value and impacting earnings in the amount of € 2.2 million for 2008 and € 2.4 million for 2009.

After deducting this anticipated valuation expenses and without including Fair Value REIT-AG's further growth, we are forecasting consolidated net income in a bandwidth of between € 1.3 million to € 1.5 million for 2008.

For the year 2009 we believe that consolidated net income in a bandwidth of € 3.5 million to € 4.2 million is realistic – given the above anticipated valuation expenses and prior to growth-related costs and income. The increase compared to 2008 is expected from an improvement to the occupancy level (including for the office premises in Duesseldorf) and lower vacancy costs.

DIVIDEND GROWTH

According to the REITG, in each case at least 90 % of the net income is to be disbursed to shareholders as a dividend – however this is not based on the consolidated net income (IFRS), but Fair Value REIT-AG's net income according to the principles of the Handelsgesetzbuch (HGB – German Commercial Code). According to HGB, changes in valuation are only reflected in earnings when these are realized, i.e., when the property is sold. In addition, according to the HGB, amortized cost is applied and not the properties' market values. Earnings are reduced by straight line depreciation of the properties of 2 % p.a. Withdrawals from subsidiaries and associated companies only increase the net income on which dividends can be paid in the amount of any corresponding profits under HGB accounting. According to the HGB, the costs associated with the procurement of capital and other costs in connection with the listing are current expenses.

The 2007 non-consolidated financial statements of Fair Value REIT-AG (HGB) include a net loss for the year of € 1.9 million. According to Section 150 (4) of the AktG, this is offset out by appropriation of the share premium in a corresponding amount. With regard to the net loss, no dividend can be paid in 2008 for 2007.

As the company can only receive disbursements from the funds as income from investments to a limited extent, it is expected that it will only be possible to realize net income in 2008 through gains from sales. In our non-consolidated financial statements (HGB), our participations are generally measured below their present values, which is a good basis in this regard. As a result, Fair Value aims to generate net income (HGB) by restructuring its portfolio to generate earnings. This shall allow a dividend to be paid in 2009 for 2008 in the amount of € 0.30 to € 0.35 per share currently outstanding.

POSITIVE TURNAROUND CAPITAL MARKET SENTIMENT EXPECTED

The current climate on the capital markets is still characterized by a strong degree of insecurity, which is reflected by factors including the very high discount on the net asset value per share of € 10.06. If the sentiment on the capital market swings back to positive mode over the remainder of the year, the share prices of German real estate companies and thus also of Fair Value REIT-AG should move back towards their NAV. As a result, in addition to attractive dividends in future, at present there are also good opportunities for increasing share prices.

Munich, March 31, 2008

Fair Value REIT-AG

Frank Schaich   Manfred Heiler

Consolidated financial statements
of Fair Value REIT-AG*

** until registration of form-change of the commercial register on July 12, 2007: IC Grundbesitz GmbH & Co. KG*

Consolidated Balance Sheet

€ thousand	Note no.	December, 31 2007	2006
Assets			
Non-current assets			
Intangible assets	5	2	0
Property, plant and equipment	5	31	0
Investment properties	6	150,070	0
Properties under construction	7	566	0
Equity-accounted investments	8	58,909	0
Financial assets (non-current)	9	5,005	10
Total non-current assets		**214,583**	**10**
Current assets			
Non-current assets available for sale	10	5,700	0
Trade receivables	11	869	0
Other receivables and assets	12	3,826	0
Cash and cash equivalents	13	5,381	13
Total current assets		**15,776**	**13**
Total assets		**230,359**	**23**
Equity and liabilities			
Equity	14		
Subscribed capital		47,034	0
Share premium		46,167	0
Profit reserve		1,462	0
Net assets of shareholders		0	(93)
Total equity		**94,663**	**(93)**
Non-current liabilities			
Minority interests	15	18,487	0
Financial liabilities	16	57,116	0
Other liabilities	17	494	0
Total non-current liabilities		**76,097**	**0**
Current liabilities			
Provisions	18	255	5
Financial liabilities	16	55,018	0
Trade payables		2,617	111
Other current liabilities	17	1,709	0
Total current liabilities		**59,599**	**116**
Total equity and liabilities		**230,359**	**23**

Consolidated income statement

€ thousand	Note no.	Fiscal year 2007	2006
Rental income		4,326	0
Income from operating and incidental costs		321	0
Ground rent		(57)	0
Expenses for investment properties		(2,038)	0
Net rental result	21	**2,552**	**0**
General administrative expenses	22	**(3,502)**	**(21)**
Other operating income		143	0
Other operating expenses		(278)	0
Other operating income and expense (balance)	23	**(135)**	**0**
Valuation gains		4,300	0
Valuation losses		(5,025)	0
Valuation result		**(725)**	**0**
Operating income		**(1,810)**	**(21)**
Income from equity-accounted participations	8	7,225	0
Other investment result	24	413	0
Minority interests	14	(768)	0
Expenses for going public	25	(1,825)	0
Net income expenses	26	(1,491)	1
Financial result		**3,554**	**1**
Profit before taxes		**1,744**	**(20)**
Income taxes		0	(36)
Consolidatet profit (deficit)		**1,744**	**(56)**
Earnings per share in € (undiluted / diluted)	**28**	**0.74**	**0**

Statement of changes in consolidated equity

€ thousand	Shares in circulation	Subscribed capital	Share premium	Profit reserve	Net asset of sharehol-ders	**Total**
January 1, 2006	0	0	0	0	(37)	**(37)**
Deficit		0	0	0	(56)	**(56)**
December 31, 2006	0	0	0	0	(93)	**(93)**
Contributions		0	0	0	821	**821**
Reclassification due to change in form	100,000	500	510	0	(1,010)	**0**
Cash capital increase (October 31,2007)	1,097,434	5,487	5,487	0	0	**10,974**
Non-cash capital increase (October 31, 2007)	7,729,448	38,647	38,647	0	0	**77,294**
Cash capital increase (October 31, 2007)	480,000	2,400	2,640	0	0	**5,040**
Payments for capital procurement		0	(1,117)	0	0	**(1,117)**
Consolidated profit		0	0	1,462	282	**1,744**
December 31, 2007	**9,406,882**	**47,034**	**46,167**	**1,462**	**0**	**94,663**

Consolidated cash flow statement

€ thousand	Fiscal year 2007	Fiscal year 2006
Consolidated profit (deficit)	1,744	(56)
Income tax expense	0	36
Amortization/depreciation on intangible assets and property, plant and equipment	3	0
Valuation result	725	0
Income from equity-accounted participations	(7,225)	0
Withdrawal from equity-accounted participations	1,418	0
Losses from sale of subsidiaries	3,080	0
Income from sale of property ownership certificates	(180)	0
Income from beneficial corporate acquisition	(3,155)	0
Minority interests	768	0
Changes in assets and liabilities, adjusted for effects from changes in basis of consolidation		
(Increase) / decrease trade account receivables	(612)	0
(Increase) / decrease other receivables	(1,944)	0
(Decrease) / increase derivative financial instruments	(16)	0
(Decrease) / increase provisions	188	0
(Decrease) / increase trade payables	2,504	9
(Decrease) / increase other liabilities	(51)	(1)
Cash flow from operating activities	**(2,753)**	**(12)**
Cash and cash equivalent transfer from aquired subsidiaries less purchase prices payments	12,614	0
Payments for purchase of participations	(10,948)	0
Cash and cash equivalent reduction from sold subsidiaries less received purchase price payments	(1,037)	0
Cash and cash equivalent reduction from participations no longer fully but equity-accounted	(4,318)	0
Investments in investment properties / properties under construction	(52,331)	0
Investments in property, plant and equipment	(36)	0
Income from sale of property ownership certificates	190	0
Cash reduction from investment activities	**(55,866)**	**0**
Capital contribution	16,835	0
Payments for capital procurement	(1,117)	0
Payments for minority interests	(1,371)	0
Receipts from financial debt	51,398	0
Amortization of financial debt	(1,758)	0
Cash flow from financing activities	**63,987**	**0**
Change in cash and cash equivalents	5,368	(12)
Cash and cash equivalents - start of period	13	25
Cash and cash equivalents - end of period	**5,381**	**13**

See Consolidated Notes Nr. 4 and Nr. 31

Consolidated Notes

(1) GENERAL INFORMATION ON THE COMPANY

Fair Value REIT-AG was formed on October 21, 2003 as a Kommanditgesellschaft (Limited Partnership) and conceived as a closed-end real estate fund. Its original purpose was to acquire, manage and exploit participations, in particular in real estate companies.

Limited partners contributions totaled € 550 thousand as of December 31, 2006, of which € 200 thousand had been paid in. A limited partner's share of € 50 thousand was subscribed for during fiscal year 2007, the general partners took over contributions totaling € 400 thousand and all of the outstanding contributions were paid in.

A resolution was passed on May 23, 2007 to change the company's legal form to an Aktiengesellschaft (AG – German Public Limited Company) and the articles of incorporation were adopted. The previous fixed capital accounts were converted in the ratio of 2:1 to the share capital, which thus totaled € 500 thousand. The legal entity in its new form was entered in the commercial register at Munich Local Court on July 12, 2007 with the number HRB 168882.

The General Meeting on July 12, 2007 reworded the articles of incorporation in view of the intended transition to become a G-REIT. The company's purpose was amended such that it is restricted to the activities detailed in Section 1 (1) No. 1–5 of the REITG (German REIT Act). In addition, the company's registered office was relocated from Unterschleißheim to Munich. Its business address is Leopoldstr. 244 in 80807 Munich.

In September 2007, the Company acquired participations in a total of 14 of the real estate funds managed by the IC Immobilien Group. Seven of these were majority participations and the other seven were participations of between 20 % and 50%. The acquisitions were both non-cash and cash. Details are included in Note No. 4.

In addition, two cash capital increases were performed in the amount of € 5,487 thousand and € 2,400 thousand. These were entered in the commercial register on October 31, 2007 and November 9, 2007.

Shares of the company have been listed in the regulated market of Frankfurt Stock Exchange in the segment with particular admission criteria (Prime Standard) since November 16, 2007.

The company name „Fair Value REIT-AG" was entered in the commercial register on December 6, 2007. This means that the company is exempt from corporation and trade tax from the start of fiscal year 2007.

As a result of the acquired participations detailed above, the company must prepare consolidated financial statements. These financial statements are the company's first set of consolidated financial statements. They were released for publication by way of a resolution by the Managing Board on March 31, 2008.

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

(2) KEY ACCOUNTING, VALUATION AND CONSOLIDATION METHODS

Principles of preparation – The consolidated financial statements prepared by Fair Value REIT-AG as the parent company have been prepared according to uniform accounting and valuation methods. The International Financial Reporting Standards (IFRS) from the International Accounting Standards Board (IASB) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that applied on the balance sheet date and adopted by the European Union were observed in line with Section 315a of the Handelsgesetzbuch

(HGB – German Commercial Code). The standards and interpretations for which application was mandatory were used – with one exception. The exception relates to IFRS 8 „Operating segments“ which was applied ahead of time.

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

The consolidated financial statements have been prepared in euros. If not otherwise stated, all amounts are shown in thousands of euros (€ thousand). Rounding differences are possible.

Assets and liabilities are broken down into current and non-current items. Items are regarded as being current if they are due within one year.

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

Comparative figures – As the company did not have any subsidiaries in 2006 and thus did not have to prepare consolidated financial statements, the comparative figures used are from the single-entity financial statements for the fiscal year from January 1 to December 31, 2006. With regard to the income statement for 2007, it should be noted that the group only commenced rental activities on October 1, 2007.

First time application of accounting standards – In fiscal year 2007, application of the following standards or interpretations was mandatory for the first time: Change to IAS 1 "Presentation of Financial Statements": Disclosure of capital“ and IFRS 7 „Financial Instruments: Disclosures“. This resulted in additional disclosures.

In addition the following interpretations were also binding for the first time: IFRIC 7 „Application of the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies“, IFRIC 8 „Scope of IFRS 2“, IFRIC 9 „Reassessment of Embedded Derivatives“ and IFRIC 10 „Interim Financial Reporting and Impairment“. This did not affect the consolidated annual financial statements.

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

Newly issued accounting standards not applied ahead of time – Application of the following interpretation is binding from fiscal year 2008: IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions". This new regulation will not impact the consolidated financial statements.

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

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

The consolidated financial statements include Fair Value REIT-AG together with seven subsidiaries acquired during the fiscal year (see Note No. 4a) as part of full consolidation. Two subsidiaries exited the group of consolidated companies prior to the balance sheet date due to participations being sold (see Note No. 4b and 4c).

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

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

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

The market values of all properties are to be identified at least annually by an independent expert. Changes in the value are recognized in income in the income statement.

Participations in associated companies – Participations in associated companies are accounted for at equity. Associated companies are companies for which the Group has a significant influence on their business and financial policy, however that it does not control; as a rule this is linked to participation and voting rights of between 20 % and 50 %. Participations are carried at cost. If the acquisition costs are lower than the fair value of the proportionate net assets of the associated company, the resulting negative difference is reversed and recognized in income. The participation is thus carried above cost.

As a result, the carrying amount of the participation increases or decreases in line with the shareholder's participations in the earnings for the period. Distributions received from an investee reduce the carrying amount of the participation. In the consolidated financial statements, the participations in seven associated companies acquired during the fiscal year were equity-accounted (see Note No. 4).

A further participation was reclassified to the item „equity-accounted participations" on the balance sheet date as the participation fell to less than 50 % after part of the participation was sold, and thus the conditions for full consolidation no longer applied. The financial statements for the participations measured at equity were adjusted to the Group's accounting principles and methods.

Impairment – On each balance sheet date, the Group reviews the carrying amounts of the equity-accounted participations, the property under construction and, if necessary the intangible assets and property, plant and equipment to ascertain if there are any indicators that these could be impaired. In this case, the recoverable amount of the respective asset is identified in order to determine the scope of any adjustment to its value that may have to be performed. The recoverable amount corresponds to the fair value less selling costs or the value in use; the higher value applies. The value in use corresponds to the present value of the anticipated cash flows. An interest rate that corresponds to market conditions is used for discounting. If the recoverable amount of an asset is lower than its book value, the value of the asset is adjusted immediately.

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

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

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

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

Derivative financial instruments – These are interest rate hedges for loans with variable interest rates. They are measured at their fair value. If the conditions of IAS 39.88 for hedge accounting apply, changes in the fair value are taken directly to equity under a separate item. If these conditions do not apply, the changes in the fair value are recognized in income.

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

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

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

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

Fair values must be identified in particular for:

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

b) *Measurement of investment properties* – When the expert estimates the fair values, estimate bandwidths are used in the discounted cash flow (DCF) method with regard to the anticipated rental income and maintenance as well as the applicable discount and capitalization rates. In view of the large number of properties affected, individual valuation insecurities are subject to a statistical compensatory effect. The carrying amounts of the investment properties totaled € 150,070 thousand as of December 31, 2007. In addition, real estate with a carrying amount of € 5,700 thousand is disclosed under the item „Non-current assets held for sales".

c) *Impairment of equity-accounted participations* – Each balance sheet date, the management must estimate whether there is any reason that the carrying amount could possibly be impaired. In this event the recoverable amount of the affected asset has to be estimated. The recoverable amount corresponds to the fair value less selling costs or the value in use if this is higher. The carrying amounts of the participations measured at equity totaled € 58,909 thousand on December 31, 2007.

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

(4) CORPORATE ACQUISITIONS AND DIVESTITURES

a) Acquisition of participations

Fair Value REIT-AG took over participations in 14 IC/BBV real estate funds via a non-cash contribution (resolution by the General Meeting on September 7, 2007 to increase the share capital by up to € 38,692 thousand by issuing shares) and via purchases.

	Voting rights/fixed capital in % on the date of acquisition			
	Contributed	Bought	Total	On 31st December 2007
Subsidiaries				
IC Fonds & Co. München Karlsfeld KG, Regensburg („IC 01“)	55.40	0.41	55.81	55.81
IC Fonds & Co. Forum Neuss KG, Regensburg („IC 03“)	67.69	3.89	71.58	71.58
IC Fonds & Co. Büropark Teltow KG, Regensburg („IC 07“)	74.50	0.74	75.24	75.65
IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG, Regensburg („IC 13“)	46.87	4.31	51.18	49.68
BBV Immobilien-Fonds Nr. 3 GmbH & Co KG, Munich („BBV 03“)	40.90	12.70	53.60	53.64
BBV Immobilien-Fonds Nr. 6 GmbH & Co KG, Munich („BBV 06“)	42.58	11.18	53.76	54.64
BBV Immobilien-Fonds Nr. 8 GmbH & Co KG, Munich („BBV 08“)	39.50	11.23	50.73	0.00
Associated companies				
IC Fonds & Co. Rabensteincenter KG, Regensburg („IC 10“)	0.00	26.14	26.14	26.14
IC Fonds & Co. SchmidtBank-Passage KG, Regensburg („IC 12“)	31.39	8.44	39.83	39.98
IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, Regensburg („IC 15“)	31.98	6,30	38.28	38.31
BBV Immobilien-Fonds Erlangen GbR, München („BBV 02“)	15.73	21.36	37.09	38.28
BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG, Munich („BBV 09“)	18.61	6.32	24.93	24.93
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich („BBV 10“)	26.76	11.54	38.30	38.30
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich („BBV 14“)	36.55	8.47	45.02	45.02

In the case of BBV 08 and IC 13, the changed amount of holding on the balance sheet date are due to the sale of interests by the company detailed under b) and c) and also other shareholders exiting these funds by terminating their holdings.

The participations were acquired at midnight on September 30, 2007. This was the case for both the non-cash contributions and the purchased participations.

The acquisition costs of the non-cash contributions are measured according to the value of the shares issued on the date of the transaction. The company's shares were not yet listed on the stock exchange as of September 30, 2007, with the result that a stock market price could not be used in the valuation. However, the issuing amount of € 10.00 per no-par value share can be regarded as a sufficiently reliable indicator for the shares' value. A total of 1,097,434 no-par value shares were subscribed for at this price in August and September 2007 by the recipients of the public offer dated August 3, 2007 as part of a cash capital increase. These shares had been almost entirely paid in full by September 30, 2007. Statutory subscription rights were excluded. In order to ascertain the acquisition costs of the participations contributed, the shares issued in compensation were correspondingly valued at € 10.00 per no-par value share. The costs of the participations contributed that were thus identified totaled € 77,294 thousand; of this total € 37,163 thousand was due to participations in subsidiaries and € 40,131 thousand was due to participations in associated companies.

The costs of the purchased participations totaled € 16,237 thousand. Of this total, € 5,289 thousand relates to participations in subsidiaries and € 10,948 thousand relates to participations in associated companies.

Assets and liabilities for the acquired **subsidiaries** were carried at their fair values on the date of initial consolidation (September 30, 2007):

€ thousand	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	BBV 08	**Total**
Investment property	1,600	8,700	25,300	25,500	10,200	55,830	38,600	**165,730**
Available-for-sale non-current assets	2,900	0	0	0	0	0	14,200	**17,100**
Trade receivables	25	101	(9)	16	42	193	126	**494**
Other receivables and assets	31	6	0	11	33	23	30	**134**
Cash and cash equivalents	620	44	2,604	4,256	3,779	2,106	4,494	**17,903**
Provisions	(12)	(10)	(10)	(11)	(14)	(20)	(16)	**(93)**
Financial liabilities	(2,050)	(3,958)	(15,124)	(24,890)	0	(38,584)	(29,724)	**(114,330)**
Derivative financial instruments	0	0	0	0	0	(241)	0	**(241)**
Trade payables	(51)	(17)	(3)	(74)	(3)	(15)	(42)	**(205)**
Other liabilities	(6)	(61)	(401)	(247)	(53)	(1,024)	(528)	**(2,320)**
Total carrying amounts	**3,057**	**4,805**	**12,357**	**4,561**	**13,984**	**18,268**	**27,140**	**84,172**
Adjustment of financial liabilities to the market value as of September 30, 2007	(32)	(13)	(248)	(498)	0	(2,158)	(1,232)	**(4,181)**
Fair value of net assets	**3,025**	**4,792**	**12,109**	**4,063**	**13,984**	**16,110**	**25,908**	**79,991**
Minority interests	(1,337)	(1,362)	(2,998)	(1,984)	(6,489)	(7,449)	(12,765)	**(34,384)**
Positive differences	0	206	584	695	0	0	0	**1,485**
Negative differences	(159)	0	0	0	(633)	(415)	(3,433)	**(4,640)**
Acquisition costs for acquired participations	**1,529**	**3,636**	**9,695**	**2,774**	**6,862**	**8,246**	**9,710**	**42,452**
Thereof due to purchased participations (paid in cash)	9	170	81	201	1,433	1,505	1,890	**5,289**
Thereof due to participations contributed	1,520	3,466	9,614	2,573	5,429	6,741	7,820	**37,163**
Number of shares issued in this regard (qty)	151,955	346,618	961,374	257,311	542,880	674,136	782,010	**3,716,306**
Subsidiary's earnings included in consolidated financial statements	21	(46)	363	(9)	(182)	1,094	433	**1,674**

On balance there was a negative difference of € 3,155 thousand between the acquisition costs and the proportion of the net asset value of the acquired subsidiaries due to the company (of this total € 1,485 thousand was a positive difference and € 4,640 thousand was a negative difference). As real estate companies that hold real estate cannot carry goodwill, the positive differences were written off immediately, whereas the negative differences were recognized in income. These amounts were carried in the following items of the income statement:

€ thousand	
Other operating expenses	
Positive differences	1,485
Negative differences IC 01, BBV 03, BBV 06	(1,207)
	278
Other operating result	
Negative difference BBV 08 due to sale in fiscal year 2007 – see b) –	(3,433)
Negative difference (balance)	(3,155)

Had the subsidiaries already been acquired as of January 1, 2007, the Group would have recorded revenues totaling € 18,764 thousand for fiscal year 2007. Corresponding consolidated results cannot be stated, as the subsidiaries do not have IFRS financial statements for the whole of 2007.

The proportionate net asset values of the **associated companies** as of September 30, 2007 and their coordination with the acquisition costs are as follows:

€ thousand	IC 10	IC 12	IC 15*	BBV 02	BBV 09	BBV 10	BBV 14	Total
Investment property	10,300	8,500	44,600	1,800	143,200	135,290	87,500	**431,190**
Trade receivables	10	134	23	6	104	115	943	**1,335**
Other receivables and assets	4	25	55	71	71	64	946	**1,236**
Cash and cash equivalents	420	583	2,098	193	11,478	8,102	3,828	**26,702**
Provisions	(10)	(14)	(20)	0	(17)	(20)	(25)	**(106)**
Financial liabilities	(7,968)	(2,430)	(27,252)	(1,374)	(82,175)	(80,037)	(52,330)	**(253,566)**
Derivative financial instruments	0	0	0	0	(4,782)	(1,177)	0	**(5,959)**
Trade payables	(38)	(26)	(88)	(5)	(27)	(44)	(360)	**(588)**
Other liabilities	(52)	(30)	(617)	(57)	(2,346)	(884)	(961)	**(4,947)**
Total carrying amounts	**2,666**	**6,742**	**18,799**	**634**	**65,506**	**61,409**	**39,541**	**195,297**
Adjustment of financial liabilities to the market value as of September 30, 2007	168	(25)	(1,422)	(82)	(516)	(265)	(2,937)	**(5,079)**
Fair value of net assets	**2,834****	**6,717**	**17,377**	**552**	**64,990**	**61,144**	**36,604**	**190,218**
Amount of holding in %	26.14	39.83	38.28	37.09	24.93	38.30	45.02	
Participation held by Fair Value REIT-AG	270	2,675	6,652	205	16,202	23,418	16,479	**65,901**
Difference	(202)	(48)	10	(52)	(4,272)	(6,062)	(4,196)	**(14,822)**
Acquisition costs for participation	**68**	**2,627**	**6,662**	**153**	**11,930**	**17,356**	**12,283**	**51,079**
Thereof due to participations bought (paid in cash)	68	489	956	82	2,673	4,657	2,023	**10,948**
Thereof due to participations contributed	0	2,138	5,706	71	9,257	12,699	10,260	**40,131**
Number of shares issued in this regard (qty)	0	213,783	570,622	7,102	925,655	1,269,940	1,026,040	**4,013,142**

* consolidated

** of this total, € 1,800 thousand is due to an extraordinary contribution by other shareholders

There was a positive difference of € 10 thousand and negative differences of € 14,832 thousand between the acquisition costs of the participations and the proportion of the net asset values for the associated companies due to the company. The balance of € 14,822 thousand was recognized in income as a component of income from equity-accounted participations.

b) Sale of participation in BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG

The company sold and transferred its 51 % participation in the limited capital of BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG with a nominal amount of € 24,482 thousand to IC Immobilien Holding AG by way of an agreement dated December 13/14, 2007. The purchase price totaled € 10,000 thousand plus a variable component, which depends on the performance of the net fund assets to December 31, 2008 (settlement date) or any liquidation income incurred by that date. The seller can demand that the settlement date is put back by up to one year if all of the fund properties have not yet been sold by December 31, 2008.

The sold fund exited the group of consolidated companies at midnight on November 30, 2007. The fixed portion of the purchase price totaling € 10,000 thousand and an anticipated variable purchase price component of € 300 thousand were booked as proceeds from the sale. The sale impacted the consolidated financial statements as follows:

€ thousand	
Investment property	38,600
Non-current assets available for sale	14,200
Trade receivables	202
Other receivables and assets	100
Cash and cash equivalents	4,537
Financial liabilities	(30,726)
Provisions	(19)
Trade payables	(148)
Other liabilities	(511)
Minority interests	(12,855)
Net assets divested	**13,380**
Loss from sale	(3,080)
Proceeds from disposal	**10,300**

In line with the agreement, the purchase price was paid on December 19, 2007 with a partial amount of € 3,500 thousand. A further € 1,795 thousand were settled by netting. The remaining payments are to be agreed between the purchaser and the seller, taking their mutual requirements for liquidity into account. Unpaid fixed and variable purchase price components bear 6 % annual interest for the buyer. The variable purchase price component, outstanding fixed purchase price components and any interest payments still outstanding are due at the latest 3 months after the settlement date.

c) Sale of participations in IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG

The company sold participations in the limited capital of IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG with a nominal value of € 435 thousand to Euroval (Deutschland) GmbH, Unterschleißheim by way of an agreement dated December 27/28, 2007. The purchase price totaled € 61 thousand and there were earnings from the sale of € 0 thousand before divestiture costs. The company's participations in IC 13 fell to 49.68 % as a result of the sale of this participations. IC 13 is thus no longer a subsidiary, but only an associated company, which is no longer fully consolidated but equity-accounted. Deconsolidation was as follows based on figures as of December 31, 2007:

€ thousand	
Investment property	25,300
Trade receivables	35
Other receivables and assets	8
Cash and cash equivalents	4,318
Provisions	(12)
Financial liabilities	(25,291)
Trade payables	(55)
Other liabilities	(230)
Minority interests prior to sale of participations	(1,989)
Increase in minority interests from sale of interests	(61)
Reclassification to equity-accounted investments	**2,023**

(5) INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

€ thousand	Intangible assets (Software)	Property, plant and equipment (Operating and office equipment
Acquisition costs		
Balance at January 1, 2006	0	0
Change	0	0
Balance at December 31, 2006	0	0
Additions	2	34
Disposals	0	(1)
Balance at December 31, 2007	**2**	**33**
Accumulated amortization and depreciation		
Balance at January 1, 2006	0	0
Change	0	0
Balance at December 31, 2006	0	0
Additions	0	(3)
Disposals	0	1
Balance at December 31, 2007	**0**	**(2)**
Carrying amounts		
Balance at January 1/December 31, 2006	0	0
Balance at December 31, 2007	**2**	**31**

(6) INVESTMENT PROPERTY

Changes:

€ thousand	Direct investments	Participations	Total
Acquisition costs			
Balance at January 1, 2006	0	0	**0**
Changes	0	0	**0**
Balance at December 31, 2006	0	0	**0**
Changes to consolidated group	0	165,730	**165,730**
Addtions (new acquisitions)	51,615	0	**51,615**
Additions (subsequent acquisition costs)	0	150	**150**
Reclassification to available-for-sale	0	(2,900)	**(2,900)**
Disposal – sale of BBV 08 –	0	(38,600)	**(38,600)**
Disposal – change of status IC 13 –	0	(25,500)	**(25,500)**
Balance at December 31, 2007	**51,615**	**98,880**	**150,495**
Changes in value			
Balance at January 1, 2006	0	0	**0**
Changes	0	0	**0**
Balance at December 31, 2006	0	0	**0**
Write-ups	550	3,750	**4,300**
Write-downs	(2,205)	(2,820)	**(5,025)**
Reclassification to available-for-sale	0	100	**100**
Disposal – change of status IC 13 –	0	200	**200**
Balance at December 31, 2007	**(1,655)**	**1,230**	**(425)**
Fair values			
Balance at January 1 / December 31, 2006	0	0	**0**
Balance at December 31, 2007	**49,960**	**100,110**	**150,070**

There were a total of 52 properties on December 31, 2007, with 48 properties fully owned, 1 property partially owned and 3 properties held with leasehold rights. Two additional properties were held as „available for sale".

The additions from new acquisitions (€ 51,615 thousand) relate to the acquisition of 32 properties from Sparkasse Südholstein (almost exclusively offices and business premises). The Sparkasse has rented the properties it uses for an average period of 15.5 years. It has two options to extent the tenancies for a period of five years in each case. The rent totals € 7.50/m² and is adjusted from the second year of the tenancy in line with the German consumer price index (basis 2000 = 100).

Properties with a carrying amount of € 140,170 thousand (2006: € 0 thousand) are encumbered with mortgages to secure liabilities to banks. There are pre-emptive rights for the user or leaseholder for a hotel in Hanover and a supermarket in

Frechen. There are no other material restrictions on the sale of properties or contractual agreements to improve properties. The order commitment for maintenance work commissioned totals € 222 thousand.

There are obligations from three long-term leasehold agreements (residual periods of 30 to 72 years) which lead to future annual leasehold payments of € 231 thousand. The agreements include index clauses.

CB Richard Ellis GmbH, Berlin ascertains each property's fair value using the DCF method. The cash flows for a ten-year period were forecast in detail; sustained rental income was assumed for the period thereafter. The value of this capital was identified based on property-related capitalization rates of between 5.6 % and 6.5 % and taking into account estimated selling costs incurred after ten years. The surplus income for the ten-year period and the capital value resulting after this period has expired are discounted using discount rates of between 5.9 % and 7.4 % depending on the specific property as of the valuation date, less the estimated incidental acquisition costs for a potential purchaser. The mathematical assumptions (capitalization and discount rates) were unchanged during the period under review. The market values include benefits from over-rents.

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

	December 31	
€ thousand	2007	2006
within one year	11,782	0
between one to five years	38,249	0
after more than five years	43,718	0
	93,749	**0**

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

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

(7) PROPERTIES UNDER CONSTRUCTION

This relates to incidental acquisition costs for an office property in Duesseldorf under construction. The ownership, risks and rewards from this property were only transferred together with the payment of the first purchase price installment in January 2008. There was a purchase order commitment totaling € 12,590 thousand for this property on December 31, 2007. The property is to be reclassified as an investment property after completion.

(8) EQUITY-ACCOUNTED PARTICIPATIONS

€ thousand	IC 10	IC 12	IC 13	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	Total
As of Jan. 1, 2007	0	0	0	0	0	0	0	0	**0**
Additions (acquisition costs)	68	2,627	0	6,662	153	11,930	17,356	12,283	**51,079**
Reversal of differences	202	48	0	(10)	52	4,272	6,062	4,196	**14,822**
Proportionate equity at acquisition	270	2,675	0	6,652	205	16,202	23,418	16,479	**65,901**
Withdrawals	0	0	0	0	0	0	(908)	(510)	**(1,418)**
Proportion of earnings	(138)	(13)	0	201	5	308	(262)	(145)	**(44)**
Reclassification (status change)	0	0	2,023	0	0	0	0	0	**2,023**
Proportionate equity on Dec. 31, 2007	132	2,662	2,023	6.853	210	16,510	22,248	15,824	**66,462**
Value adjustment	(107)	(209)	(602)	(802)	(111)	(1,340)	(2,137)	(2,245)	**(7,553)**
As of Dec. 31, 2007	25	2,453	1,421	6,051	99	15,170	20,111	13,579	**58,909**

The fact that the company's market capitalization on December 31, 2007 was lower than its net asset value gave rise to impairment testing for the carrying amounts of the participations in associated companies. This showed that the value in use of the participations was lower than the proportionate equity of the associated companies. This difference in value is due to the fact that non-property related costs are incurred in the funds (fund management, trustee fees, audit and consulting costs, management and liability payments, annual report, etc)., which are not taken into account in the properties' valuation, however which have to be covered from income from the properties and which reduce the funds' results. The discount rates were identified fund-by-fund, based on the interest rates used in the property survey dated December 31, 2007. These totaled between 6.15 % and 6.50 %.

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

	December 31	
€ thousand	2007	2006
Ongoing earnings		
Proportionate valuation result	(1,560)	0
Other ongoing earnings	1,516	0
Earnings	**(44)**	**0**
Reversal of negative differences from first-time consolidation	14,822	0
Addition to value adjustment	(7,553)	0
Income from equity-accounted participations	**7,225**	**0**

All shares in equity-accounted participations are pledged as collateral for a bank loan valued at € 16,133 thousand as of December 31, 2007.

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

€ thousand	IC 10*	IC 12	IC 13	IC 15**	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Investment property	9,800	8,300	25,300	44,100	1,800	142,900	133,230	87,000	**452,430**
Trade receivables	35	267	35	210	85	67	371	490	**1,560**
Other receivables and assets	7	22	8	4	13	32	14	1,018	**1,118**
Cash and cash equivalents	359	610	4,318	2,554	198	10,723	5,174	1,808	**25,744**
Provisions	(9)	(10)	(12)	(26)	0	(22)	(27)	(32)	**(138)**
Financial liabilities	(7,766)	(2,443)	(25,291)	(28,289)	(1,443)	(81,417)	(79,218)	(54,616)	**(280,483)**
Derivative financial instruments	0	0	0	0	0	(4,689)	(1,104)	0	**(5,793)**
Trade Payables	(70)	(39)	(55)	(116)	(52)	(234)	(139)	(425)	**(1,130)**
Other liabilities	(50)	(48)	(230)	(549)	(82)	(1,133)	(211)	(94)	**(2,397)**
Net assets	**2,306**	**6,659**	**4,073**	**17,888**	**519**	**66,227**	**58,090**	**35,149**	**190,911**

* Of the net assets, € 1,800 thousands are due to an extraordinary contribution by several shareholders.

** consolidated

Income for equity-accounted participations for the period from October 1 to December 31, 2007 (without IC 13, which was still fully consolidated in the 2007 income statement) were as follows:

€ thousand	IC 10	IC 12	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	Total
Rental income	166	151	1,003	56	2,904	2,604	1,739	**8,623**
Income from operating and incidental costs	68	174	96	13	299	287	1,049	**1,986**
Real-estate related operating Expenses	(134)	(130)	(181)	(63)	(520)	(536)	(1,697)	**(3,261)**
Net rental income	**100**	**195**	**918**	**6**	**2,683**	**2,355**	**1,091**	**7,348**
General administrative expenses	(6)	(13)	(62)	(9)	(274)	(78)	(146)	**(588)**
Other operating expenses and income (balance)	0	29	579	(15)	0	(23)	(102)	**468**
Valuation result	(500)	(200)	(666)	0	(320)	(2,060)	(500)	**(4,246)**
Operating result	**(406)**	**11**	**769**	**(18)**	**2,089**	**194**	**343**	**2,982**
Net interest expense	(120)	(26)	(251)	(15)	(852)	(876)	(664)	**(2,804)**
Financial result	**(526)**	**(15)**	**518**	**(33)**	**1,237**	**(682)**	**(321)**	**178**

(9) FINANCIAL ASSETS (NON-CURRENT)

	December 31	
€ thousand	2007	2006
IC Immobilien Holding AG Purchase price receivable BBV 08 (see Note No. 4b)	5,005	0
Various participations in real estate funds	0	10
	5,005	**10**

(10) NON-CURRENT ASSETS AVAILABLE FOR SALE

This relates to two retail properties that the shareholders' meetings of IC 01 and BBV 06 have resolved to sell. In view of the fact that these sales are highly likely to take place within 12 months, these properties are no longer carried under „investment properties".

They are measured at their fair values of € 5,700 thousand as of December 31, 2007. There were no value adjustments reflected in income.

There are mortgages for these properties. Loans must be repaid to delete or release the mortgages. These total € 925 thousand for one of the properties (fair value: € 2,900 thousand) and any repayments for the other property (fair value: € 2,800 thousand) have to be negotiated with the bank as financing for this property was fund-based.

(11) TRADE RECEIVABLES

€ thousand	December 31 2007	2006
Rent receivables including settlement of incidental costs		
due short term	725	0
overdue	180	0
	905	0
Value adjustments	(36)	0
	869	**0**

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

€ thousand	Fiscal year 2007	2006
Balance – start of year	0	0
First-time consolidation	865	0
Additions	1	0
Reversal	(145)	0
De-consolidations	(685)	0
Balance – end of year	**36**	**0**

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

Rent receivables totaling € 95 thousand have been pledged as collateral for a bank loan.

(12) OTHER RECEIVABLES AND ASSETS

€ thousand	December 31 2007	2006
Financial assets		
Reversal of real estate acquisition	2,278	0
Various companies in the IC Group	396	0
Notary's escrow account	355	0
Other	121	0
	3,150	0
Non-financial assets		
Value added tax	616	0
Other	60	0
	3,826	**0**

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

As a result of a pre-emptive right exercised, the purchase of a property in the Sparkasse portfolio had to be reversed. As a result the seller must refund the purchase price.

(13) CASH AND CASH EQUIVALENTS

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

(14) EQUITY

Subscribed capital – On December 31, 2007 subscribed capital totaled € 47,034,410. It comprises 9,406,882 no-par value bearer shares. All shares have been issued and fully paid in. On the balance sheet date, all of the issued shares were in circulation. Each share represents a registered capital of € 5.00 per non-par bearer share. The shareholders participate in any dividends that may be resolved and each have one vote per share in the General Meeting.

Capital procurement costs – the transaction costs resulting directly from the cash and non-cash capital increases performed in fiscal year 2007 totaling € 1,117 thousand were booked against the share premium. These were primarily consulting costs

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

(15) MINORITY INTERESTS

€ thousand	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	BBV 08	**Total**
As of Jan. 1, 2007	0	0	0	0	0	0	0	**0**
Changes to consolidated group	1,337	1,362	2,998	1,984	6,489	7,449	12,765	**34,384**
Additions	0	0	0	61	0	0	0	**61**
Proportion of earnings – Expenses (income) –	9	(12)	88	8	(86)	565	196	**768**
Disbursements	0	0	0	0	(1,371)	0	0	**(1,371)**
Reclassifications (compensation)	0	0	(49)	(3)	(7)	(285)	(106)	**(450)**
Disposals (deconsolidation)	0	0	0	(2,050)	0	0	(12,855)	**(14,905)**
As of Dec. 31, 2007	**1,346**	**1,350**	**3,037**	**0**	**5,025**	**7,729**	**0**	**18,487**

(16) FINANCIAL LIABILITIES

€ thousand	December 31 2007	2006
Non-current liabilities		
Variable-interest bank borrowing	9,372	0
Fixed-interest bank borrowing	47,744	0
	57,116	0
Current liabilities		
Variable-interest bank borrowing	51,890	0
Fixed-interest bank borrowing	2,982	0
	54,872	0
Other liabilities	146	0
	55,018	0
	112,134	**0**

The bank loans bearing variable interest bear interest based on EURIBOR plus a margin. As of December 31, 2007 the average interest rates were 5.7 % p.a. The effective interest rates for the fixed-interest bank loans total 5.10 % to 5.25 % p.a. These loans run until 2014 at the latest. They are all fully collateralized with mortgages (and a loan of € 35,540 thousand from the transfer of receivables from rental agreements) and in the amount of € 16,133 thousand by way of a pledge of the interests Fair Value REIT-AG holds in IC/BVV real estate funds.

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

€ thousand	December 31 2007	2006
Between 1 and 2 years	3,572	0
Between 2 and 5 years	11,427	0
More than 5 years	42,117	0
	57,116	**0**

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

€ thousand	December 31 2007	2006
6 months or less	61,262	0
6 to 12 months	13,176	0
1 to 5 years	29,566	0
More than five years	7,984	0
	111,988	**0**

(17) OTHER LIABILITIES

€ thousand	December 31 2007	2006
Non-current		
Financial liabilities		
Exited minority interests	319	0
Derivative financial instruments (interest rate swaps)	175	0
	494	0
Current		
Financial liabilities		
Retention of collateral	355	0
Exited minority interests	316	0
Accrued interest	146	0
Derivative financial instruments (interest rate swaps)	50	0
Supervisory Board remuneration	15	0
Sonstige	85	0
Other		
Non-financial liabilities Tax liabilities (VAT and property transfer tax)	634	0
Deferred income	108	0
	1,709	0
	2,203	**0**

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

There are two interest rate hedges with a bank to hedge the interest for two loans with variable interest rates. These two hedges run until July 2, 2012. The group pays fixed interest of 5.03 % or 4.81 % p.a. of the respective amount at the start of the quarter, and receives a variable interest rate equivalent to the three-month EURIBOR set at the start of the quarter from the bank for the same amount. The two underlying amounts together totaled € 12,168 thousand as of December 31, 2007 (2006: € 0 thousand). Extraordinary repayments mean that the credit level for the hedged loans sometimes differs from the underlying amounts. The interest-rate hedges are measured at their fair values. The strict requirements for hedge accounting set out in IAS 39.88 with regard to documentation and measuring the effectiveness of the hedge are not met, the change in the fair value is not taken directly to equity in a separate item, but is recognized in income and carried under net interest expenses.

(18) PROVISIONS

€ thousand	Personnel	Audit/ consulting costs	**Total**
January 1, 2007	0	5	**5**
Change in scope of consolidation	0	94	**94**
Appropriation	30	186	**216**
Utilization	0	(29)	**(29)**
De-consolidation BBV 08 and IC 13	0	(31)	**(31)**
December 31, 2007	30	225	**255**

(19) CONTINGENT LIABILITIES AND PENDING LITIGATION

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

The company has undertaken to grant Sparkasse Südholstein collateral of up to € 2,400 thousand to indemnify it for any claims that may be asserted against it if the Sparkasse's sale of the property is not subject to tax relief as a result of the REITG (German REIT Act).

There is no pending litigation.

(20) LEASES

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

The offices in Munich are leased. € 9 thousand was recorded as an expense in fiscal year 2007. The minimum lease payments to the earliest possible date the agreement can be terminated (March 31, 2008) total € 12 thousand.

(21) NET RENTAL RESULT

€ thousand	Investment properties	Available-for-sale non-current assets	Total
Rental income	4,035	291	**4,326**
Income from operating and incidental costs	307	14	**321**
Leasehold payments	(57)	0	**(57)**
Real-estate related operating expenses			
Real estate used to generate income	(1,967)	(67)	**(2,034)**
Real estate not used to generate income	(4)	0	**(4)**
Net rental result	**2,314**	**238**	**2,552**

The net rental result was recorded in the period from October to December 2007.

(22) GENERAL ADMINISTRATIVE EXPENSES

€ thousand	Fiscal year 2007	2006
Conception and change of legal form	1,383	0
Asset management and corporate services	850	0
Consulting and auditing costs	348	0
Non-deductible VAT	219	0
Fund administration and trustee fees	185	0
Personnel expenses	154	0
Office and travel expenses	13	0
Vehicle costs	35	0
Amortization/depreciation	3	0
Other	312	21
	3,502	**21**

(23) OTHER OPERATING INCOME AND EXPENSE (BALANCE)

€ thousand	Fiscal year 2007	2006
Income	143	0
Expenses		
Differences booked out from first time consolidation	(278)	0
Costs of marketing real estate	(124)	0
Additions to/reversal of individual write-downs for receivables	144	0
Other	(20)	0
	(278)	0
	(135)	**0**

(24) OTHER INVESTMENT RESULT

€ thousand	Fiscal year 2007	2006
BBV 8		
Reversal of difference from first-time consolidation	3,433	0
Loss from sale	(3,080)	0
Disposal costs	(118)	0
	235	0
IC 13		
Disposal proceeds	0	0
Disposal costs	(2)	0
	(2)	0
Various fund units	180	0
	413	**0**

(25) GOING PUBLIC COSTS

These primarily comprise commission for the bank acting as the lead manager for the going public, legal and tax advice, the preparation of an opinion on the market value of the properties held by the participations, due diligence, other costs for the offering prospectus, etc.

(26) NET INTEREST EXPENSE

€ thousand	Fiscal year 2007	2006
Interest income	469	1
Interest expenses	(1,960)	0
	(1,491)	**1**

The interest expense for fiscal year 2007 includes registration costs for mortgages totaling € 107 thousand that were not netted using the effective interest method. In addition, the interest expenses also include € 16 thousand netted from interest rate swaps.

(27) ADDITION INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Personnel expenses

€ thousand	Fiscal year 2007	2006
Salaries	147	0
Social security contributions	7	0
	154	**0**

The company had one employee on average during the year (2006: 0). As of December 31, 2007, the company had a total of 3 employees.

Auditor's fees and services

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

€ thousand	Fiscal year 2007	2006
Audits of the financial statements	116	4
Other confirmation and valuation services	220	0
Other services	28	0
	364	**4**

The audit fees include fees for the consolidated financial statements as well as the single-entity financial statements of Fair Value REIT-AG and the subsidiaries included in the consolidated financial statements, to the extent that these are not audited by a different auditor. The other consulting and valuation services primarily relate to the audit of pro forma single-entity financial information and the issue of a letter of comfort in connection with the company's going public. Other services relate to the translation of financial information and consulting services.

(28) EARNINGS PER SHARE

Basic earnings per share are calculated as follows:

	Fiscal year	
€ thousand	2007	2006
Consolidated earnings in € thousand	1,744	(56)
divided by: Weighted average ordinary shares (basic)	2,360,146	0
Earnings per share in € (basic/diluted)	0.74	n.a.

Earnings per share are given by dividing the consolidated earnings by the average number of shares in circulation. There were no dilutive effects. No earnings per share were calculated for fiscal year 2006, as the company was not yet an Aktiengesellschaft (German Public Limited Company).

(29) FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

Liabilities at amortized cost are all financial liabilities that are carried at their fair value less transaction costs when they are first recognized. As a rule they are measured at amortized cost in the following periods; differences between the payment amount and the repayment amount are distributed over the duration of the fixed-interest period using the effective interest method.

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

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

€ thousand	December 31, 2007 Carrying amounts	December 31, 2007 Fair values	December 31, 2006 Carrying amounts	December 31, 2006 Fair values
Assets				
Loans and receivables				
Non-current receivables	5,005	5,005	0	0
Trade receivables	869	869	0	0
Other receivables	3,150	3,150	0	0
Cash and cash equivalents	5,381	5,381	13	13
Available-for-sale financial assets				
Fund units	0	0	10	190
	14,405	**14,405**	**23**	**203**
Liabilities and shareholders' equity				
Liabilities recognized in profit and loss at fair values				
Derivative financial instruments	225	225	0	0
Liabilities measured at amortized cost				
Minority interests	18,487	18,503	0	0
Financial liabilities	112,134	112,096	0	0
Trade payables	2,972	2,972	108	108
Other liabilities	1,461	1,461	0	0
	135,279	**135,257**	**108**	**108**

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

The fair value of derivative financial instruments is calculated using recognized financial mathematical models. This relates to the present value of the anticipated net payments.

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

€ thousand	Fiscal year 2007	2006
Loans and receivables		
Other operating income	103	0
Other operating expenses	144	0
Net interest expense	469	1
	716	**1**
Available-for-sale financial assets		
Other operating result	180	0
Financial liabilities measured at amortized cost		
Net interest expense	(1,976)	0
Financial liabilities recognized in profit and loss at fair values		
Net interest expense	16	0
Net gains (losses)	**(1,064)**	**1**

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

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

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

a) Interest rate risks

The Group has demand and fixed-term deposits. The interest rates for these deposits are based on the respective interest rates on the market. In contrast, the receivable from IC Immobilien Holding AG totaling € 5,005 thousand is not subject to any interest rate risk, as it bears fixed interest until it becomes due.

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

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

If the interest rates in the period from September 30 (the date the loans were initially taken out from the Group's perspective) to December 31, 2007 had been one percentage point higher or lower, the consolidated net income and equity would have been approx. € 31 thousand (2006: € 0 thousand) lower or higher. This effect is based on the changed interest expense for variable-interest loans, less the impact of interest rate hedges. As the group mostly started its business activities on September 30, 2007 and as the financial liabilities were only taken out on this date and during the fourth quarter, this is not a representative analysis for the full fiscal year.

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

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

b) Credit risks

Credit risks result from receivables from tenants, postponing purchase price receivables, and investing cash and cash equivalents. The group has guidelines that rental agreements are only concluded with parties who have a 1a credit rating. Creditworthiness is monitored on an ongoing basis. The tenant structure is broad. Rent defaults were minimal in fiscal year 2007 (October 1, 2007 to December 31, 2007).

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

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

With the exception of one purchase price receivable in the amount of € 5,005 thousand from IC Immobilien Holding AG, there is no notable concentration of credit risks in the group. This receivable has to be paid by March 31, 2009 at the latest. € 2,343 thousand was still open when these annual financial statements were prepared.

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

c) Liquidity risks

The company manages its liquidity responsibly. This also includes maintaining sufficient levels of cash and cash equivalents and being able to avail of lines of credit in a sufficient amount. There were lines of credit not drawn down totaling € 24,460 thousand as of December 31, 2007. The company intends to be as flexible as possible when procuring liquidity. The Managing Board constantly monitors liquidity and discusses this regularly with the Supervisory Board.

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

€ thousand	due within one year	between 1 and 2 years	between 2 and 5 years	after 5 years
December 31, 2007				
Minority interests	0	0	0	18,487
Liabilities to banks	60,118	6,536	19,261	44,660
Derivative financial instruments	52	54	140	0
Provisions	255	0	0	0
Trade payables	2,617	0	0	0
Other liabilities	920	238	103	0
December 31, 2006				
Provisions	5	0	0	0
Trade payables	111	0	0	0

The amounts shown are the payments to be made including interest. The liabilities to banks due in more than five years do not include any interest.

As the Group cannot fulfill its financial commitments from its cash flow from operating activities and the income from selling investment properties, it intends to have lenders extend the loans that are due in the short term. It is assumed that the negotiations being conducted in this regard will come to a positive conclusion.

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

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

€ thousand	December 31, 2007
Equity	94,663
Total assets	230,359
Equity ratio	41.1 %

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

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

€ thousand	December 31, 2007
Equity	94,663
Immovable assets	
Investment property	150,070
Properties under construction	566
Equity-accounted participations	58,909
Non-current assets available for sale	5,700
	215,245
Equity ratio within the meaning of Section 15 of the REITG	44.0 %

The equity ratio on December 31, 2007 totaled 44.0 %, with the result that the ratio required by Section 15 of the REITG was not reached. However, this does not have any direct consequences for the company's status as a tax-free company. The tax waiver only ends at the end of the third fiscal year if the requirements of the REITG are not fulfilled in three successive fiscal years. The Group will endeavor to ensure that the equity ratio within the meaning of Section 15 of the REITG totals at least 45 % at the end of fiscal year 2008. As soon as the available-for-sale non-current assets are sold, with all other figures remaining constant, the REIT equity ratio would total 45.2 %.

(30) SEGMENT REPORTING

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

Segment revenues and segment results were as follows:

	Segment revenues Fiscal year		Segment results Fiscal year	
€ thousand	2007	2006	2007	2006
Direct investments	96	0	(1,575)	(21)
Participations	4,551	0	3,195	0
	4,647	**0**	1,620	(21)
Income from equity-accounted participations			7,225	0
Central administrative expenses and other			(2,047)	0
Change of legal form and conception of a REIT			(1,383)	0
Other operating result			413	1
Minority interest in the result			(768)	0
Stock market admission costs			(1,825)	0
Net interest expense			(1,491)	0
Income taxes			0	(36)
Net profit			**1,744**	**(56)**

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

Of the rent revenues in the „Direct Investments" segment totaling € 96 thousand (2006: € 0 thousand), € 84 thousand (2006: € 0 thousand) are due to key tenants in this segment. In the „Participations" segment, the Group recorded rent revenues of € 739 thousand with one tenant, and € 723 thousand with another tenant. This corresponds to 16.2 % and 15.9 % respectively of this segment's revenues totaling € 4,551 thousand.

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

	Direct investments Fiscal year		Participations Fiscal year	
€ thousand	2007	2006	2007	2006
Offices	96	0	1,200	0
Retail	0	0	1,391	0
Logistics	0	0	965	0
Other	0	0	995	0
	96	**0**	**4,551**	**0**

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

Segment results include the following results from the valuation of investment properties:

	Direct investments Fiscal year		Participations Fiscal year	
€ thousand	2007	2006	2007	2006
Valuation gains	550	0	3,750	0
Valuation losses	(2,205)	0	(2,820)	
	(1,655)	**0**	**930**	**0**

The segments' assets and liabilities were as follows:

€ thousand	Assets December 31 2007	Assets December 31 2006	Liabilities December 31 2007	Liabilities December 31 2006
Direct investments	55,671	13	3,181	116
Participations	110,774	10	1,669	0
Total segment assets/segment liabilities	166,445	23	4,850	116
Non-allocated assets/liabilities	63,914	0	130,846	0
Group – total	**230,359**	**23**	**135,696**	**116**

The segments' assets primarily comprise investment properties, properties under construction, available-for-sale non-current assets, receivables and cash and cash equivalents. The non-allocated assets comprise the carrying amounts of the equity-accounted participations and the purchase price receivable from the sale of BBV 08. Segment liabilities comprise operating liabilities. Financial liabilities, derivative financial instruments and minority interests are carried under non-allocated liabilities.

The following table shows investments and amortization/depreciation:

€ thousand	Investments Fiscal year 2007	2006	Amortization/depreciat Fiscal year 2007	2006
Direct investments				
Investment property	51,615	0	0	0
Properties under construction	566	0	0	0
Intangible assets and property, plant and equipment	36	0	3	0
	52,217	**0**	**3**	**0**
Participations	**0**	**0**	**0**	**0**
Investment property				
First-time consolidation	165,730	0	0	0
Subsequent acquisition costs	150	0	0	0
	165,880	**0**	**0**	**0**
Group – total	**218,097**	**0**	**3**	**0**

(31) ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

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

Interest and tax payments – The net cash used in operating activities includes the following taxes:

€ thousand	Fiscal year 2007	2006
Interest received	419	0
Interest paid	2,827	0

No income taxes were paid in fiscal year 2007 or in the previous year.

Net cash provided by/used in corporate acquisitions – The acquisition of subsidiaries resulted on the following increase in funds from investing activities on balance:

€ thousand	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	BBV 08	Total
Acquisition costs for acquired participations	(1,529)	(3,636)	(9,695)	(2,774)	(6,862)	(8,246)	(9,710)	**(42,452)**
Compensated by issuing own shares	1,520	3,466	9,614	2,573	5,429	6,741	7,820	**37,163**
Compensation by payment	(9)	(170)	(81)	(201)	(1,433)	(1,505)	(1,890)	**(5,289)**
Cash and cash equivalents acquired with the acquisition	620	44	2,604	4,256	3,779	2,106	4,494	**17,903**
Net inflow (-outflow) of liquid funds	611	(126)	2,523	4,055	2,346	601	2,604	**12,614**

Net funds used in corporate acquisitions – The sale of the participations in BBV 08 resulted in an outflow of funds from investing activities, calculated as follows:

€ thousand	
Proceeds from the sale	10,300
thereof balanced by offsetting	(1,795)
thereof still open	(5,005)
paid by acquirer	3,500
Disposal of liquid funds from BBV 08	(4,537)
Net disposal of liquid funds	**(1,037)**

Non-cash investing activities – There were proceeds from investment properties and participations in associated companies totaling € 216,809 thousand in fiscal year 2007 from the acquisition and initial consolidation of companies.

Non-cash financing activities – There was an addition of gross financing liabilities totaling € 118,511 thousand in fiscal year 2007 as a result of the acquisition and initial consolidation of companies.

(32) RELATED PARTIES

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

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

Acquisition of shares – In fiscal year 2007, related parties acquired participations in the company as follows as part of cash and non-cash capital increases by acquiring shares:

	Number of shares	Price €	Value €
H.F.S. Zweitmarktfonds Deutschland 2 GmbH & Co. KG			
by four subsidiaries			
Non-cash contributions	2,864,992	10.00	28,649,920
Companies of the IC Immobilien Group			
Cash contributions	1,000,000	10.00	10,000,000
Non-cash contributions	221,476	10.00	2,214,760
Cash contributions	480,000	10.50	5,040,000
	1,701,476		**17,254,760**
Kienzle Vermögensverwaltung GmbH			
Cash contributions	20,000	10.00	200,000
MIM Münchener Immobilien Management GmbH			
Cash contributions	10,000	10.00	100,000

Financing transactions with HVB – Bayerische Hypo- und Vereinsbank AG lends funds to the Group. In addition, there are two interest rate swaps with this bank (see Note No. 17). Interest expense totaled € 450 thousand. As of December 31, 2007 liabilities from loans totaled € 34,764 thousand and liabilities from interests rate swaps totaled € 226 thousand. As of December 31, 2007, there were bank balances with HVB and HVB Group companies totaling € 1,217 thousand; there was interest income totaling € 82 thousand from fixed-term deposits and other balances.

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

Conception agreement – The company concluded an agreement on the development and conception of a REIT in June 2007 with IC Fonds GmbH („ICF"). According to this agreement, ICF had to perform the requisite feasibility calculations, prepare the agreement and perform all of the other tasks required to develop a REIT. The mandate also included commercial support for the company until asset management and corporate service providers had been appointed. A fee totaling a percentage of the real estate assets held directly or indirectly on December 31, 2007 less all of the costs and fees incurred in connection with the conception and the going public and paid by the company for service providers, experts, agencies, consultants, etc., irrespective of whether these are a member of the IC Immobilien Group. The percentage is 1.25% for the first € 250 million, 1% for the next € 250 million, 0.75% for the next 250 million and 0.25% for all amounts in excess of this amount. The agreement had a fixed term to December 31, 2007.

Asset management and corporate services agreement – The company concluded a service agreement with ICF on July 25, 2007. In this agreement, ICF undertakes to perform asset management and accounting for each of the properties and companies owned by Fair Value. Any past agreements between the company (prior to its change of legal form) and IC Fonds GmbH were cancelled by mutual agreement as of January 1, 2007.

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

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

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

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

The remuneration totaled € 850 thousand for fiscal year 2007, plus statutory VAT. This fee is also compensation for all of the preparatory work and setting up the accounting for the first time. When the amount was set, it was assumed that the activities would be performed free of charge for the first six months, and that services would only be invoiced from July 1, 2007. At least € 425 thousand of this fee had to be paid by December 15, 2007, the remaining amount is deffered until May 30, 2008, bearing interest of 5% p.a.

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

If IC Fonds GmbH or its affiliated companies already provide comparable services to Fair Value's subsidiaries or associated companies, the remuneration paid at the level of these subsidiaries or associated companies for the same period is offset against the fee detailed above proportionately in line with the Fair Value's share in the companies, either subsidiaries or associated companies. This regulation does not apply in 2007 in view of the lump-sum fee.

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

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

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

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

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

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

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

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

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

€ thousand	Fiscal year 2007	Fiscal year 2006
Service fees		
REIT conception fee	1,145	0
Asset management and corporate services	970	0
Estate agency provision Sparkasse portfolio	244	0
Estate agency commission Airport Office Center Duesseldorf	63	0
Other	240	9
	2,662	**9**
Income from waiver of receivables	(102)	0
Interest paid	3	0
Interest income	(43)	0
	2,520	**9**

Proceeds of € 10,300 thousand were generated from the sale of the participations in BBV 08 to IC Immobilien Holding AG (see Note No. 4b).

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

€ thousand	December 31 2007	December 31 2006
Receivables		
Purchase price receivable BBV 08	5,005	0
Other	208	0
Liabilities from loans	(145)	0
Liabilities from services	(1,021)	(110)
	4,047	**(110)**

Related persons – Related persons are the members of the Managing and Supervisory Boards of Fair Value REIT-AG as well as their family members.

Contributions – In fiscal year 2007, related persons acquired participations in the company as follows as part of cash and non-cash capital increases by acquiring shares and via contributions prior to the change in legal form:

	Number of shares	Price €	Value €
Frank Schaich (CEO)			
Cash contributions	1,200	10.00	12,000
Non-cash contributions	828	10.00	8,280
Dr. Oscar Kienzle (member of the Supervisory Board) and close family members			
Cash contributions prior to change of legal form			50,000
Cash contributions	1,000	10.00	10,000
Non-cash contributions	41,583	10.00	415,830

Remuneration for members of the Managing Board – The members of the Managing Board received current payments totaling € 78 thousand (2006: € 0 thousand). These are broken down as follows:

	F. Schaich since Oct. 1, 2007	M. Heiler since Dec. 1, 2007	**Total**
Non-performance related remuneration			
Fixed salary	51,000	14,600	**65,600**
Minimum bonus	5,250	2,083	**7,333**
Non-cash remuneration and other	4,932	522	**5,454**
Performance-related remuneration	0	0	**0**
Total	**61,182**	**17,205**	**78,387**

Employment contract Frank Schaich, term to September 30, 2012 – Mr. Schaich receives a fixed annual salary of € 204,000 (gross) for his activities. A bonus of 1.25 % of the dividend less his fixed annual salary is paid as performance-related remuneration. For fiscal years 2007 and 2008, Mr. Schaich will receive a minimum bonus of € 21,000 p.a. on a pro rata basis. No remuneration components were agreed as long-term incentives with a risk character. Mr. Schaich is entitled to a car in the price category up to max. € 45,000.00 for business and private use. In addition, Mr. Schaich receives a contribution to retirement insurance in the amount of the respective maximum mandatory employer's contribution to statutory pension insurance. In addition, for the duration of his employment contract, Mr. Schaich is insured for death in the amount of € 380,000.00 and full invalidity in the amount of € 760,000.00 as part of a group accident insurance policy.

Employment contract Manfred Heiler, term to November 30, 2012 – Mr. Heiler receives a fixed annual salary of € 175,200.00 (gross) for his activities. A variable bonus of 1.25% of the dividend less his fixed annual salary is paid as performance-related remuneration. For fiscal years 2007 and 2008, Mr. Heiler will receive a minimum bonus of € 25,000.00 p.a. on a pro rata basis. No remuneration components were agreed as long-term incentives with a risk character. Mr. Heiler is entitled to a car in the price category up to max. € 45,000.00 for business and private use. In addition, Mr. Heiler receives a contribution to retirement insurance in the amount of the respective maximum mandatory employer's contribution to statutory pension insurance. In addition, for the duration of his employment contract, Mr. Heiler is insured for death in the amount of € 250,000.00 and full invalidity in the amount of € 500,000.00 as part of a group accident insurance policy. In addition, the company pays two thirds of the contributions to the pension trust of the Bankenversicherungsverein in Berlin for Mr. Heiler.

Mr. Janpeter Lassen – Mr. Janpeter Lassen was a member of the company's Managing Board from its formation through to September 21, 2007. He was an employee of IC Immobilien Holding AG during this period. Mr. Lassen did not receive any remuneration from the company and no special remuneration from IC Immobilien Holding AG for his function as a member of the company's Managing Board.

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

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

(33) EVENTS AFTER THE BALANCE SHEET DATE

Ownership, risks and rewards for Airport Office Center, Duesseldorf, which is currently under construction, were transferred on January 15, 2008. The payment of the contractually agreed installment for the property and construction of the shell totaling € 8.25 million were transferred on this date. A further installment totaling € 1.4 million was paid on March 20, 2008. On the date this report was prepared, € 3 million of the purchase price still had to be paid. 42 % of this property's total rental area has already been let.

The logistics property with 22,000 m² in Cologne has been vacant since January 1, 2008. This property is expected to be fully let by the end of 2008 in a follow-on rental agreement. Rental and refitting costs of € 1 million are expected to be incurred.

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

The Managing and Supervisory Boards issued the declaration of conformity within the meaning of Section 161 of the AktG on March 25, 2008. This declaration was made permanently accessible to shareholders on the company's Web site.

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

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

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

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

(36) DECLARATION BY LEGAL REPRESENTATIVES

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

Munich, March 31, 2008

Fair Value REIT-AG

Frank Schaich Manfred Heiler

Auditor's opinion

We have audited the consolidated financial statements of Fair Value REIT-AG, Munich, comprising the balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes to the financial statements as well as the group management report for the fiscal year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the consolidated management report in accordance with IFRSs, as they are to be applied in the EU, and the supplementary provisions of Section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) are the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual consolidated financial statements and the consolidated management report.

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

Our audit led to no objections.

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

Dusseldorf, April 4, 2008

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. G. Kaulen	U. Volger
Wirtschaftsprüfer	Wirtschaftsprüfer

Individual property information on portfolio of Fair Value REIT-AG

Street	City	Fund	Primary use	Equivalent participating interest [%]	Year of construc-tion	Last refurbishment/ modernization	Market value Dec. 31, 2006 or acquisition cost [€ thousand]
Direct holdings							
Hauptstraße 56e/56 d	Appen	n/a	Offices	100.00	1975	1995	262
Bleeck 1	Bad Bramstedt	n/a	Offices	100.00	1973	2006	1,391
Oldesloer Straße 24	Bad Segeberg	n/a	Offices	100.00	1982	2007	9,995
Königstr. 19–21	Barmstedt	n/a	Offices	100.00	1911	ongoing	1,444
Bahnhofstraße 9	Bönnigstedt	n/a	Offices	100.00	1992	2003	251
Bahnhofstraße 14	Boostedt	n/a	Offices	100.00	1989	2005	134
Am alten Markt 9a	Bornhöved	n/a	Offices	100.00	1991	2005	670
Berliner Damm 6	Ellerau	n/a	Offices	100.00	1990	2000	406
Pinneberger Straße 155	Ellerbek	n/a	Offices	100.00	1985	2001	364
Dorfstraße 29	Geschendorf	n/a	Offices	100.00	1985	2006	264
Hauptstraße 33	Halstenbek	n/a	Offices	100.00	1969	2001	842
Seestraße 232	Halstenbek	n/a	Offices	100.00	1976	2002	109
Friesenstraße 59	Helgoland	n/a	Offices	100.00	1986	2000	640
Hamburger Straße 83	Henstedt-Ulzburg	n/a	Offices	100.00	1989	2004	1,293
Holstenstraße 32	Kaltenkirchen	n/a	Offices	100.00	1978	2005	2,181
Köllner Chaussee 27	Kölln-Reisiek	n/a	Offices	100.00	1990	2001	198
Hamburger Straße 40	Leezen	n/a	Offices	100.00	1989	2005	205
Segeberger Straße 21	Nahe	n/a	Offices	100.00	1971	2004	778
Ehndorfer Straße 153	Neumünster	n/a	Offices	100.00	1971	2003	285
Kuhberg 11–13	Neumünster	n/a	Offices	100.00	1956	2005	17,103
Röntgenstraße	Neumünster	n/a	Offices	100.00	1972	1998	378
Ulzburger Str. 363 d/e	Norderstedt	n/a	Offices	100.00	1994	2004	1,576
Ulzburger Str. 545/547	Norderstedt	n/a	Offices	100.00	1960		517
Damm 49	Pinneberg	n/a	Offices	100.00	1996	2007	2,290
Oeltingsallee 30	Pinneberg-Quellental	n/a	Offices	100.00	1970	2002	645
Kieler Straße 100	Quickborn	n/a	Offices	100.00	1980	2002	1,804
Hauptstraße 49	Rellingen	n/a	Offices	100.00	1983	2001	571
Rosenstraße 15	Sparrieshoop	n/a	Offices	100.00	1961	1999	203
Willy-Meyer-Straße 3–5	Tornesch	n/a	Offices	100.00	1977	2003	717
Am Markt 1	Trappenkamp	n/a	Offices	100.00	1985	2005	675
Wassermühlenstraße 5	Uetersen	n/a	Offices	100.00	2001		2,222
Markt 1	Wahlstedt	n/a	Offices	100.00	1975	2005	1,202
Sub-total direct holdings							**51,615**
Subsidiaries							
Rheinstr. 8	Teltow	IC07	Offices	75.65	1995		27,418
Im Taubental 9–17	Neuss	IC03	Logistics	71.58	1990		9,135
Heidhauser Straße 94	Essen-Heidhausen	IC01	Retail	55.81	1990		2,635
Hospitalstraße 17–19/Judengasse 21	Alzey	IC01	Retail	55.81	1990	2007	1,387
Andreasstr. 1	Ahaus-Wüllen	BBV06	Retail	54.64	1990		1,245
Andreasstr. 3–7	Ahaus-Wüllen	BBV06	Retail	54.64	1990		5,150
Marktplatz 3	Altenberge	BBV06	Retail	54.64	1986		1,195
Heerenbergerstr. 51	Emmerich	BBV06	Retail	54.64	1987		1,245
Hubert-Prott-Str. 117	Frechen	BBV06	Retail	54.64	1988		1,532
Schwarzer Weg 21–24	Hamm	BBV06	Retail	54.64	1990		1,593
Hinüberstr. 6	Hanover	BBV06	Other	54.64	1970, 1987, 1991	2006	20,500
Köhlstr. 8	Köln	BBV06	Logistics	54.64	1972, 1988, 1989		10,132

Market value Dec. 31, 2007 [€ thousand]	Discount rate [%]	Total space [m²]	Vacancies [m²]	Average remaining term of rental agreement [years]	Occupancy by space [%]	Occupancy by rental income [%]	Annualized contractual rent [€ thousand]	Annualized potential rent [€ thousand]	Current yield on potential rent [%]
250	6.80	212	0	10.0	100.00	100.00	19	19	7.6
1,300	6.30	997	0	16.6	100.00	100.00	77	77	5.9
9,700	6.20	9,233	468	14.6	94.93	94.79	567	598	6.2
1,520	6.30	1,264	0	15.7	100.00	100.00	92	92	6.0
260	6.90	211	0	10.0	100.00	100.00	19	19	7.3
140	6.50	114	0	10.0	100.00	100.00	10	10	7.3
710	6.60	664	0	9.0	100.00	100.00	51	51	7.2
430	6.90	369	0	10.0	100.00	100.00	31	31	7.2
390	6.60	356	0	6.8	100.00	100.00	28	28	7.1
260	6.90	316	0	7.5	100.00	100.00	20	20	7.7
910	7.30	791	0	10.0	100,00	100.00	64	64	7.0
100	7.20	152	0	10.0	100.00	100.00	8	8	8.1
620	6.20	490	0	13.0	100.00	100.00	38	38	6.1
1,160	6.30	1,005	0	18.0	100.00	100.00	71	71	6.1
2,050	6.30	1,581	0	17.8	100.00	100.00	121	121	5.9
200	7.00	168	0	10.0	100.00	100.00	15	15	7.6
200	7.00	174	0	10.0	100.00	100.00	16	16	7.8
750	7.00	734	0	10.0	100.00	100.00	59	59	7.8
270	7.30	346	0	7.5	100.00	100.00	23	23	8.4
16,300	6.20	11,808	102	17.2	99.14	99.05	940	949	5.8
310	7.10	534	0	9.0	100.00	100.00	28	28	9.1
1,570	6.20	1,340	43	14.7	96.78	98.75	102	104	6.6
520	8.00	1,076	906	1.3	15.84	22.17	16	71	13.6
2,500	6.90	1,930	0	5.0	100.00	100.00	174	174	6.9
680	6.70	624	0	5.7	100.00	100.00	50	50	7.4
1,560	6.20	1,309	0	18.0	100.00	100.00	98	98	6.3
600	7.30	524	0	10.0	100.00	100.00	42	42	6.9
210	7.20	237	0	6.4	100.00	100.00	17	17	8.2
620	6.80	657	0	5.8	100.00	100.00	55	55	8.9
690	6.80	787	106	6.8	86.59	89.49	51	57	8.3
2,000	6.10	1,759	0	14.5	100.00	100.00	121	121	6.1
1,180	6.50	1,346	198	6.9	85.31	76.68	70	92	7.8
49,960		**43,108**	**1,822**	**13.5**	**95.77**	**96.14**	**3,091**	**3,215**	**6.4**
25,200	6.30	13,382	0	7.5	100.00	100.00	2,823	2,823	11.2
8,600	6.70	12,064	747	1.4	93.81	92.00	577	627	7.3
2,900	6.20	1,386	0	7.8	100.00	100.00	216	216	7.5
1,800	6.50	1,989	1,027	5.0	48.38	47.25	66	140	7.8
1,300	6.90	1,496	0	3.0	100.00	100.00	108	108	8.3
4,800	7.10	3,915	0	1.3	100.00	100.00	473	473	9.9
1,200	6.60	1,285	0	3.6	100.00	100.00	100	100	8.3
1,200	7.00	1,415	92	0.8	93.49	97.76	120	123	10.3
1,300	6.90	1,225	0	0.8	100.00	100.00	144	144	11.1
1,400	7.00	1,349	0	1.0	100.00	100.00	144	144	10.3
20,200	6.40	19,460	0	7.0	100.00	100.00	1,636	1,636	8.1
9,300	7.10	25,235	0	0.0	100.00	100.00	1,417	1,417	15.2

Street	City	Fund	Primary use	Equivalent participating interest [%]	Year of construc-tion	Last refurbishment/ modernization	Market value Dec. 31, 2006 [€ thousand]
Gutenbergstr. 152/St. Töniser Str. 12	Krefeld	BBV06	Retail	54.64	1990		5,045
Lippestr. 2	Lippetal-Herzfeld	BBV06	Retail	54.64	1990		1,608
Zeughausstr. 13	Meschede	BBV06	Retail	54.64	1989		711
Äußere Spitalhofstr. 15–17	Passau	BBV06	Retail	54.64	1982	2007	514
Steinheimer Str. 64	Seligenstadt	BBV06	Retail	54.64	1983		1,934
Bahnhofstraße 20 a–e	Waltrop	BBV06	Retail	54.64	1989		2,620
Adalbertsteinweg 32–36	Aachen	BBV03	Offices	53.64	1990		2,921
Marconistr. 4–8	Cologne	BBV03	Logistics	53.64	1990		3,498
Hauptstr. 51–55	Weyhe-Leeste	BBV03	Retail	53.64	1989	2005	3,959
Sub-total subsidiaries							**105,974**
Associated companies							
Max-Planck-Ring 26/28	Langenfeld	IC13	Logistics	49.68	1996		10,500
Großbeerenstr. 231	Potsdam	IC13	Offices	49.68	1995		12,912
Friedrich-Engels-Ring 52	Neubrandenburg	IC13	Offices	49.68	1995–1997		3,661
Carnotstr. 5–7	Berlin	BBV14	Offices	45.02	1995		15,235
Nossener Brücke 8–12	Dresden	BBV14	Offices	45.02	1997		7,880
Kröpeliner Str. 26–28	Rostock	BBV14	Retail	45.02	1995		56,013
Hartmannstr. 3 a–7	Chemnitz	IC12	Offices	39.98	1997		8,829
Heinrich-Lorenz-Str. 35	Chemnitz	IC15	Offices	38.31	1998		6,684
Am alten Bad 1–7, Theaterstr. 34a	Chemnitz	IC15	Offices	36.07	1997		5,872
Königsbrücker Str. 121 a	Dresden	IC15	Other	35.59	1997		11,368
Pascalkehre 15/15a	Quickborn	IC15	Offices	38.31	1997		5,965
Rheinallee 9	Dusseldorf	IC15	Offices	38.31	1967	2002	15,515
Zum Rotering 5–7	Ahaus	BBV10	Retail	38.30	1989		2,395
Vor den Fuhren 2	Celle	BBV10	Retail	38.30	1992		12,637
Nordpassage 1	Eisenhüttenstadt	BBV10	Retail	38.30	1993		51,690
Altmärker Str. 5	Genthin	BBV10	Retail	38.30	1998		799
Robert-Bosch-Str. 11	Langen	BBV10	Offices	38.30	1994		19,644
Hammer Str. 455–459	Münster	BBV10	Retail	38.30	1991		8,250
Hannoversche Str. 39	Osnabrück	BBV10	Retail	38.30	1989		3,194
Klingelbrink 10	Rheda-Wiedenbrück	BBV10	Retail	38.30	1991		2,551
Lerchenbergstr.112/113, Annendorfer Str. 15/16	Wittenberg	BBV10	Retail	38.30	1994		22,746
Henkestr. 5	Erlangen	BBV02	Retail	38.28	1984		1,700
Oberfrohnaer Str. 62–74	Chemnitz	IC10	Retail	26.14	1997		10,407
Leimbacher Straße	Bad Salzungen	BBV09	Retail	24.93	1992		13,567
Mühlhäuser Str. 100	Eisenach	BBV09	Retail	24.93	1994		46,474
Putzbrunner Str. 71 / 73, Fritz-Erler-Str. 3	Munich-Neuperlach	BBV09	Offices	24.93	1986		44,356
Weißenfelser Str. 70	Naumburg	BBV09	Retail	24.93	1993		18,210
An der Backstania 1	Weilburg	BBV09	Retail	24.93	1994		8,962
Sub-total associated companies							**428,013**
Grand Total							**585,601**

Properties under construction							
Peter-Müller-Straße 16/16a	Dusseldorf	n/a	Offices	100	2008		13,031***

* Fair Value REIT-AG's share of market value of the subsidiaries' properties: € 65.157 million (2006) and € 64.578 million (2007)

** Fair Value REIT-AG's share of market value of the associated companies: € 153.189 million (2006) and € 161.390 million (2007)

*** Purchase price incl. land transfer tax

Market value Dec. 31, 2007 [€ thousand]	Discount rate [%]	Total space [m²]	Vacancies [m²]	Average remaining term of rental agreement [years]	Occupancy by space [%]	Occupancy by rental income [%]	Annualized contractual rent [€ thousand]	Annualized potential rent [€ thousand]	Current yield on potential rent [%]
4,800	6.60	4,683	0	2.7	100.00	100.00	451	451	9.4
1,700	6.70	1,452	0	2.7	100.00	100.00	144	144	8.4
610	7.20	1,095	1,095		0.00	0.00		72	11.8
4,900	6.90	8,492	0	5.0	100.00	61.36	386	629	12.8
1,900	6.50	1,390	0	0.8	100.00	100.00	166	166	8.7
2,900	6.90	2,124	0	1.8	100.00	100.00	255	255	8.8
2,300	6.60	2,021	296	2.0	85.33	90.57	222	245	10.7
3,700	6.80	9,640	0	4.3	100.00	100.00	330	330	8.9
3,900	6.90	3,141	165	2.3	94.75	99.94	377	377	9.7
105,910		**118,239**	**3,422**	**4.6**	**97.11**	**95.62**	**10,156**	**10,621**	**10.0**
11,100	6.70	10,453	0	7.8	100.00	100.00	1,170	1,170	10.5
10,900	6.50	7,557	508	5.9	93.27	100.00	1,233	1,233	11.3
3,300	6.70	4,024	1,927	3.1	52.10	64.84	191	294	8.9
15,900	6.30	10,049	1,209	0.9	87.97	87.86	1,066	1,213	7.6
8,300	6.80	9,167	359	1.2	96.08	97.10	760	783	9.4
62,800	6.00	19,306	822	6.7	95.74	97.70	4,236	4,336	6.9
8,300	6.40	8,315	640	3.2	92.31	100.00	643	643	7.8
4,400	7.00	5,845	0	1.5	100.00	100.00	533	533	12.1
6,000	6.10	5,118	989	1.4	80.68	78.73	317	402	6.7
12,300	6.60	11,554	0	0.1	100.00	100.00	869	869	7.1
6,300	5.90	2,325	0	10.5	100.00	100.00	391	391	6.2
15,100	6.30	10,570	0	4.4	100.00	100.00	1,255	1,255	8.3
2,600	6.90	2,054	112	1.9	94.55	97.71	229	235	9.0
13,700	6.50	10,611	0	5.0	100.00	100.00	1,134	1,134	8.3
57,800	6.30	40,101	0	5.8	100.00	100.00	4,697	4,697	8.1
730	7.40	1,275	107	0.9	91.61	90.74	69	76	10.4
18,500	6.50	14,021	4,124	3.1	70.59	84.08	1,293	1,538	8.3
9,600	6.40	7,353	0	11.2	100.00	100.00	674	674	7.0
3,300	6.60	4,207	0	1.8	100.00	100.00	305	305	9.2
2,200	6.80	2,235	238	2.6	89.37	90.69	167	184	8.4
24,800	6.00	14,710	527	9.9	96.42	98.96	1,862	1,881	7.6
1,800	6.50	2,770	0	3.5	100.00	100.00	231	231	12.8
9,800	6.50	9,969	720	2.7	92.78	93.04	690	742	7.6
15,000	6.50	10,985	0	4.5	100.00	100.00	1,184	1,184	7.9
52,400	6.00	37,400	0	16.6	100.00	100.00	3,483	3,483	6.6
43,100	6.20	19,018	0	6.0	100.00	100.00	4,391	4,391	10.2
21,600	6.50	15,180	0	10.7	100.00	100.00	1,621	1,621	7.5
10,800	6.60	8,145	0	5.3	100.00	100.00	785	785	7.3
452,430		**304,318**	**12,282**	**6.34**	**95.96**	**97.78**	**35,477**	**36,281**	**8.0**
608,300		**465,665**	**17,526**	**6.87**	**96.24**	**97.22**	**48,723**	**50,117**	**8.2**
		4,671						885	6.8

For your notes

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Imprint

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Dr. Oscar Kienzle

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Date: April 15, 2008

IMAGE SOURCES
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