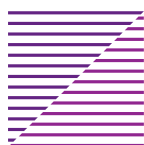




## INTERIM REPORT

1st Quarter 2008



fair value  
REIT

# Overview

Business model	Direct and indirect investments in commercial real estate. First REIT to acquire interests in closed-end real estate funds against the issue of shares or payment of a purchase price
Sectors	Offices, retail, logistics
Region	Germany, focusing on regional locations
Portfolio	Direct investments and participations in closed-end real estate funds
Properties	33 properties (directly held)  48 properties (held indirectly) via 13 closed-end real estate funds
Market values	€ 286.4 million *)
Rental income	€ 21.5 million *)
NAV	€ 95.0 million

\*) Fair Value's interest; market values incl. office building in Duesseldorf at acquisition costs incurred

## 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
Theoretical interest per share in share capital	€ 5.00
Initial listing	November 16, 2007
High/low 2008	€ 7.82 / € 5.53 (Xetra)
Market capitalization on March 31, 2008	€ 56.5 million (Xetra)
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

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DEUTSCHE BÖRSE

Mit uns bewegen Sie Immobilien



# TO OUR SHAREHOLDERS



# Letter to shareholders

Dear shareholders,



Manfred Heiler und Frank Schaich

After our change of legal form to become Fair Value REIT AG and our initial listing last year we have been able to successfully continue our strategy in the first quarter of 2008. Our two operating segments, Direct Investments and Fund Portfolio have both enjoyed pleasant growth.

The broadly diversified portfolio of 81 existing properties, held both directly and indirectly, was 95 % let on March 31, 2008. Both the regional diversification in Germany as well as the breakdown into three property types – offices, retail and logistics – supported the sustained growth.

By capitalizing accumulated acquisition costs for the office property in Duesseldorf the proportionate real estate assets due to Fair Value increased from € 276.0 million to € 286.4 million. The market values for the real estate portfolio were carried on unmodified according to an expert opinion dated December 31, 2007.

The rental income from the Sparkasse portfolio were taken into account for the full period under review for the first time. Construction of the office property at Duesseldorf Airport is on schedule; the occupancy level of currently 50% is very positive.

In the portfolio of existing properties (without the office building in Duesseldorf), the average remaining terms of rental agreements have increased from 6.3 to 7.4 years. In addition, we have already been able to extend or re-conclude some of the rental agreements expiring in 2008 – in particular for retail properties.

The Group's net income, which totaled € 348 thousand as of March 31, 2007, was in line with our expectations. Excluding the proportionate one-off amortization for interest rate hedges due to Fair Value to the amount of € 870 thousand, the group's net income added up to around € 1.2 million, thus indicating the sustained earnings strength of our operating business.

Given the surprisingly robust economy in Germany, we believe that conditions are still favorable for the successful expansion of our business model and the realization of our growth strategy. Fortunately, this is already reflected by Fair Value's share price, which has increased by more than 20% since the balance sheet date, thus moving towards the net asset value totaling € 10.10 as of March 31, 2008.

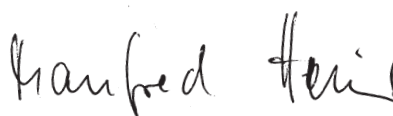
We would like to thank you for the trust you have shown in our company.

Munich, June 2, 2008

The Managing Board



Frank Schaich



Manfred Heiler

# Overall economic development and real estate markets

## MACROECONOMIC ENVIRONMENT

- Overall economic growth was unexpectedly strong in the first quarter of 2008 despite all the turbulence on the financial markets.
- Gross domestic product in the first quarter was up 1.5 % compared to the fourth quarter of 2007 after adjustment for prices, seasonal and calendar effects (First quarter of 2007: price-adjusted growth 1.8 %).
- Inflation was 2.4 % in April 2008, which is even down by 0.2 % compared to March.
- The labor market is also strong according to the Federal Labor Agency; employment is continuing to increase. As a result, the unemployment rate fell by 0.3 percentage points in April 2008 to 8.1 %. Compared to the previous year, unemployment fell by 1.4 percentage points.
- The increasing employment in offices is having a sustained impact on demand for office space, whereas the continuing high proportion of exports in Germany's economic output is leading to an increase in logistics activities and jobs in Germany being secured.
- As a result of the ongoing high costs of energy and food, German citizens' consumption only increased slightly in the first quarter.

## REAL ESTATE MARKETS

- The German office market got off to a blazing start in the new year. Rental revenues in the first quarter are on a par with the previous year according to information from Jones Lang LaSalle.
- The positive demand meant that vacancy rates fell still further – both in a year-on-year comparison as well as during the past three months – in all of Germany's six major office centers.
- Top rents remained stable in key office locations. However, rent is now also increasing outside of top locations.
- There is a low level of new construction. However, around 50 % of this space is already pre-let or owner-occupied.
- In the logistics sector, results in the first quarter varied greatly by region; Duesseldorf, Hamburg and Munich were among the regions with the highest turnover.
- Demand for space of more than 5,000 m<sup>2</sup> continues to exceed the space available.
- Despite an encouraging start to the new year, it will not be possible to repeat the record-breaking investments in 2006 or 2007 in the current fiscal year.
- However, results also show that the market is still liquid and that investors with strong equity can benefit from the current market situation.



## Fair Value's shares

Fair Value has enjoyed a broad shareholder structure with a free float of more than 42 % since its initial listing on November 16, 2007. It was possible to acquire more than 2,000 shareholders prior to the IPO by swapping participations in closed-end real estate funds for shares of Fair Value. At the same time, additional institutional and retail investors subscribed for shares. Some of these investors have entered into market protection agreements (for further details please see page 37 of the 2007 annual report). Fair Value does not currently hold any shares on its own account.

The average daily turnover in shares of Fair Value on all stock exchanges on which Fair Value shares are traded totaled 3,762 shares or € 25.8 thousand in the first quarter of 2008.

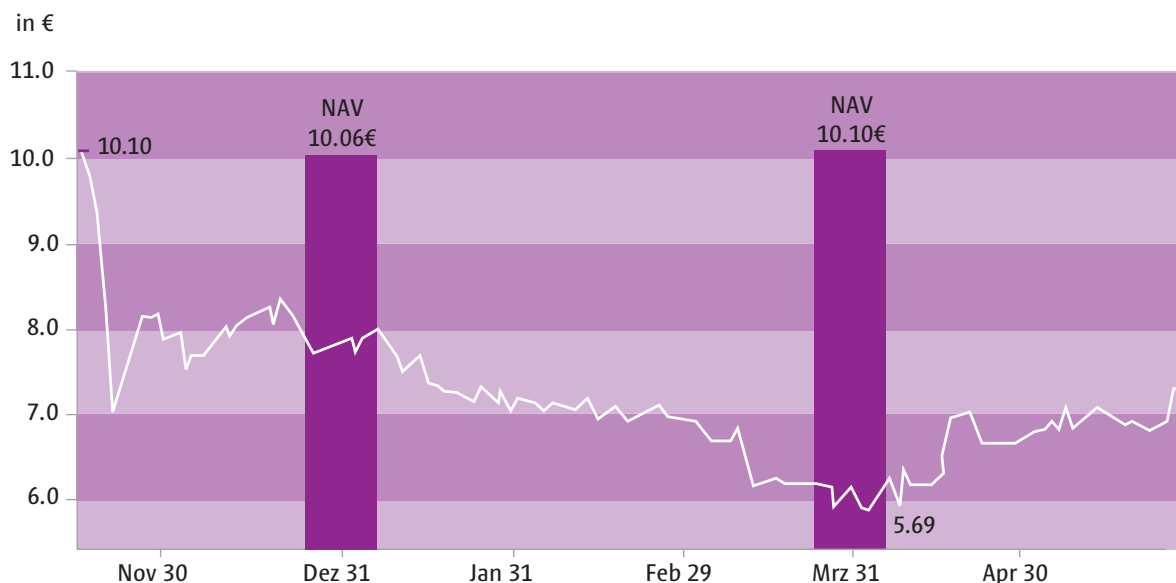
Fair Value's share price recovered after the 2007 annual report was published. The shares closed at € 6.01 on March 31, 2008. The price was thus 40 % lower than the NAV of € 10.10 on March 31, 2008. In the meantime the share price has further recovered to € 7.30 (May 29, 2008).

### 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 %

### SHARE CHART (NOVEMBER 16, 2007 – MAY 29, 2008)



# Overview of real estate portfolio

Fair Value has set up a highly diversified real estate portfolio, which promises stable, long-term rental income. The 81 properties (held directly and indirectly) have a total rental area of 470,335 m<sup>2</sup>. In this

context, it is worth noting that the office building in Duesseldorf will be completed in July 2008. The portfolio has a total value of € 618,7 million (Fair Value's proportionate share amounts to € 286.4 million).

Abbreviation	Investment	Fair Value's share [%]	Total rental area <sup>1)</sup> [m <sup>2</sup> ]	Market value <sup>1)</sup> [€ thousand]	Occupancy <sup>2)</sup> [%]	Average remaining term of rental agreements <sup>2)</sup> [years]
<b>Direct investments</b>						
Matrix	Sparkasse portfolio	100.00	43,108	49,960	95.3	13.9
<b>Total direct holdings</b>		<b>100.00</b>	<b>43,108</b>	<b>49,960</b>	<b>95.3</b>	<b>13.9</b>
<b>Subsidiaries <sup>3)</sup></b>						
IC 07	IC Fonds & Co. Büropark Teltow KG	75.65	13,382	25,200	100.0	7.3
IC 03	IC Fonds & Co. Forum Neuss KG	71.58	12,064	8,600	85.7	1.3
IC 01	IC Fonds & Co. München-Karlsfeld KG	55.81	3,375	4,700	98.4	7.5
BBV 03	BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG	54.64	74,616	57,510	83.6	5.0
BBV 06	BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG	53.64	14,802	9,900	95.8	2.8
<b>Total subsidiaries</b>		<b>60.99</b>	<b>118,239</b>	<b>105,910</b>	<b>90.7</b>	<b>5.5</b>
<b>Associated companies <sup>3)</sup></b>						
IC 13	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG	49.68	22,034	25,300	91.2	6.6
BBV 14	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG	45.02	38,522	87,000	96.3	5.2
IC 12	IC Fonds & Co. SchmidtBank-Passage KG	40.22	8,315	8,300	96.4	3.1
IC 15	IC Fonds & Co. Gewerbeportfolio Deutschland 15. KG	38.31	35,412	44,100	98.0	5.2
BBV 10	BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG	38.30	96,567	133,230	96.0	6.1
BBV 02	BBV Immobilien-Fonds Erlangen GbR	38.28	2,770	1,800	100.0	4.3
IC 10	IC Fonds & Co. Rabensteincenter KG	26.14	9,969	9,800	93.5	2.5
BBV 09	BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG	24.93	90,728	142,900	100.0	9.8
<b>Total associated companies</b>		<b>37.39</b>	<b>304,317</b>	<b>452,430</b>	<b>96.7</b>	<b>6.6</b>
<b>Properties under construction</b>						
	Airport Office II, Duesseldorf	100.00	4,671	10,442	41.7	n/a
<b>Grand total</b>			<b>470,335</b>	<b>618,742</b>		

## Explanations

<sup>1)</sup> According to valuation by CB Richard Ellis GmbH, Berlin, December 31, 2007; state of completion or carried forward acquisition costs respectively at properties under construction

<sup>2)</sup> contractual rent/(contractual rent + vacancy rates at standard market rent)

<sup>3)</sup> rental space and market values without considering participation

<sup>4)</sup> average participations interests weighted by the companies' nominal capital

After taking the participations in the closed-end real estate funds into account, Fair Value's portfolio has a proportionate value of around € 286.4 million. Of this total, around € 60.4 million is due to the "Direct Investments" segment and around € 226 million is due to "Participations". The high income-based rental level of 95 % underscores the portfolio's sustained value. The one percentage point downturn in the rental level is mostly due to the expiration of the main rental agreement for a property in Cologne (BBV 06) already mentioned in the 2007 annual report.

### DIRECT INVESTMENTS

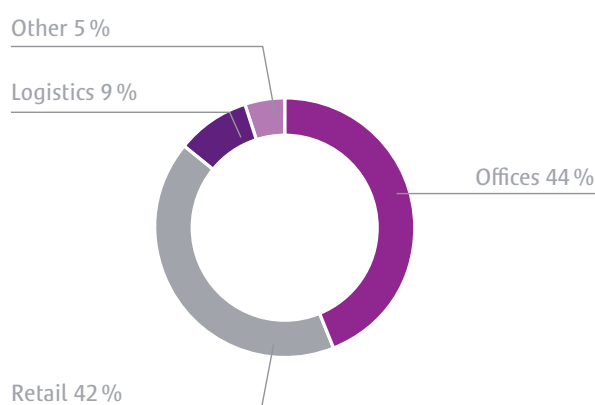
Construction of the office building at Duesseldorf airport is proceeding on schedule. This property is scheduled to be handed over on July 15, 2008. Fair Value succeeded in concluding a rental agreement for around 1,600 m<sup>2</sup> (34 %) in the first quarter. Further space has been let during the past few weeks, so that the rental level has exceeded 50% after the balance sheet date. Promising negotiations are being held with several interested parties for the rental of the remaining space.

### PORTFOLIO OF PARTICIPATIONS

At present, Fair Value holds five majority interests of more than 50 % in five companies. It holds interests of between 20 % and 50 % in an additional eight funds. As a result of the high participations, Fair Value can actively influence the closed-end real-estate funds' asset management, thus increasing value.

After the end of the period under review, BBV 06 has already been able to re-let around one third of the logistics space in the property in Cologne. It has been possible to conclude a follow-on rental agreement and to extend a rental agreement for the retail properties in Meschede and Emmerich (both BBV 06).

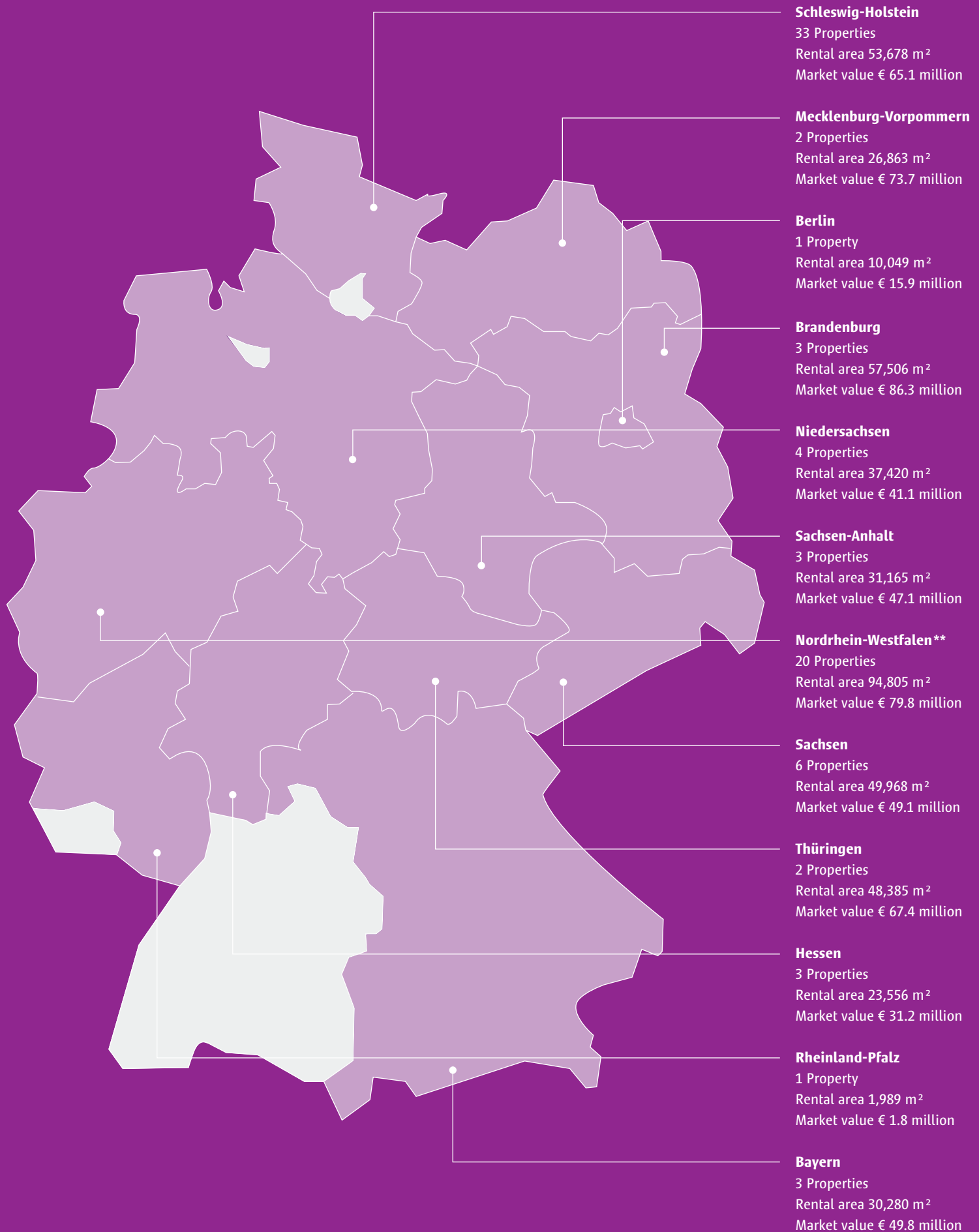
Potential rental income according to sectors



Fair Value - Participations			
Subsidiaries		Associated companies	
IC Fonds & Co. Büropark Teltow KG (IC07)	75.65 %	49.68 %	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG (IC13)
IC Fonds & Co. Forum Neuss KG (IC03)	71.58 %	45.02 %	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG (BBV14)
IC Fonds & Co. München-Karlsfeld KG (IC01)	55.81 %	40.22 %	IC Fonds & Co. SchmidtBank Passage KG (IC12)
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG (BBV06)	54.64 %	38.31 %	IC Fonds & Co. 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)



# Portfolio according to location in federal states\*



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

\*\* Plus office property in Duesseldorf, rental area 4,671 m², carried forward acquisition costs of € 10.44 million

# **Group interim management report**

# Group Management Report

## EARNINGS

The net rental earnings totaled € 2,760 thousand and were up on earnings in the fourth quarter as rental income from the Sparkasse portfolio is now included for the entire period for the first time. EBIT totaled € 1,863 thousand and is in line with expectations. The group's net income for the first quarter added up to € 348 thousand. This profit resulted after taking into account one-off losses from proportionate interest rate hedges to the amount of € 870 thousand. The "operational" group net income without consideration of market valuations of properties or financial liabilities thus totaled around € 1.2 million.

## FINANCIAL POSITION

From operations, the group obtained cash-flows € 3.6 million, thereof € 3.2 million from the reduction of receivables.

Net cash used in financing activities to the amount of € 7.3 million resulted from investments in the property under construction in Duesseldorf and were partly financed by a cash inflow of € 2.8 million stemming from the sale of BBV 08.

Within financing activities, bank loans amounting to € 6.1 million were raised and € 2.6 million were redeemed.

As a result, the group possessed € 5.2 million in cash and cash equivalents to the balance sheet date.

## NET ASSETS

The Fair Value Group's total assets increased from € 230,359 thousand on December 31, 2007 to € 234,272 thousand.

Equity increased from € 94,663 thousand to € 95,011 thousand; liabilities increased by € 3,516 thousand from € 112.134 thousand to € 115.650 thousand as borrowing for the office property in Duesseldorf was higher than the scheduled repayments in the group.

## REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

In May 2008, IC Immobilien Holding AG settled the remaining purchase price receivable for the fixed purchase price component for the sale of BBV 08 and refunded out-of-pocket expenses in a total amount of € 1,988 thousand. This amount was used to repay the part of the loan for Fair Value's fund portfolio with Westdeutsche Immobilienbank in the amount of € 1,890 thousand, taking this figure to € 14,243 thousand (previous year: € 16,133 thousand).

For rentals after the balance sheet date please refer to page 11. After the balance sheet date no incidents with an effect on earnings, the financial position or net assets occurred.

## RISK REPORT

Fair Value is exposed to various business and economic risks as a result of its business activities. These are mostly rental risks, risks of rental default, interest rate risks and liquidity risks. For information on the general risks and the company's risk management, please refer to the detailed information in Fair Value's 2007 annual report on pages 41 to 44.

No other risks emerged during the first quarter of 2008.

Fair Value is in the final stage of negotiations to extend the loans due over the short term and the granting of a credit line of around € 2 million.

The subsidiary BBV 06 is conducting final negotiations with its primary lender to refinance and change the loan conditions; a decision is expected to be taken by the end of June. Taking the deferral of service fees and Fair Value's shareholder loans into account, this will allow a temporary liquidity bottleneck of BBV 06 KG connected with the follow-on rental of the fund property in Cologne to be compensated for.



The Managing Board is firmly counting on these conditions to occur, and as a result the cash and cash equivalents and the cash flow from operating activities are secure for its current requirements, and from the current perspective they are sufficient to fulfill all liabilities when these become due during the next twelve months.

### RISK REPORT AND FORECAST

We have been pursuing a double-pronged strategy since Fair Value was formed: Investments in directly-held real estate and indirect investments in real estate via closed-end real estate funds. Our highly diverse portfolio of existing properties with an income-related rental level of 95 % means that the Fair Value Group has stable foundations.

As a result of the continued excellent economic situation in Germany, the Managing Board is forecasting pleasing business growth for Fair Value in 2008 and is upholding its forecast earnings ranging from € 1.3 million to 1.5 million without taking future growth into account, as already published in the 2007 annual report.

### RELATED PARTIES

The IC Real Estate Group, which holds more than 18 % in Fair Value, provides the following services for the Group: Asset management and corporate services as well as property management for Fair Value. The subsidiaries and associated companies also have addi-

tional service agreements. For further details on this and other related parties, please refer to Fair Value's 2007 annual report on pages 91 to 97.

No transactions were concluded with the Supervisory Board, Managing Board and their close relatives in the first quarter of 2008.

Receivables from the IC Real Estate Group fell from € 4,047 thousand (December 31, 2007) to € 1,153 thousand on March 31, 2008:

€ thousand	March 31, 2008	December 31, 2007
Receivables		
Purchase price receivable BBV 08	2,149	5,145
Other	180	680
Liabilities from loans	(110)	(145)
Liabilities from performance	(1,066)	(1,021)
<b>Total receivables</b>	<b>1,153</b>	<b>4,047</b>

### DIRECTOR'S 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 the first quarter of 2008 within the meaning of Section 15 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act):

Reporting party:	Date of transaction	Transaction	Number	Price per share (€)
Frank Schaich	March 28, 2008	Share purchase	500	5.59
Frank Schaich	March 28, 2008	Share purchase	500	5.69



# **CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**as of March 31, 2008**



## Consolidated balance sheet

€ thousand	Note no.	March, 31 2008	December, 31 2007
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		2	2
Property, plant and equipment		29	31
Investment properties	3	150,070	150,070
Properties under construction	4	10,442	566
Equity-accounted participations	5	59,338	58,909
Financial assets (non-current)	6	2,149	5,005
<b>Total non-current assets</b>		<b>222,030</b>	<b>214,583</b>
<b>Current assets</b>			
Non-current assets available for sale	7	5,700	5,700
Trade receivables		437	869
Other receivables and assets	8	938	3,826
Cash and cash equivalents		5,167	5,381
<b>Total current assets</b>		<b>12,242</b>	<b>15,776</b>
<b>Total assets</b>		<b>234,272</b>	<b>230,359</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Profit reserve		1,810	1,462
<b>Total equity</b>		<b>95,011</b>	<b>94,663</b>
<b>Con-current liabilities</b>			
Minority interests		18,737	18,487
Financial liabilities	9	56,371	57,116
Other liabilities		616	494
<b>Total non-current liabilities</b>		<b>75,724</b>	<b>76,097</b>
<b>Current liabilities</b>			
Provisions		280	255
Financial liabilities	9	59,279	55,018
Trade payables		2,385	2,617
Other current liabilities		1,593	1,709
<b>Total current liabilities</b>		<b>63,537</b>	<b>59,599</b>
<b>Total equity and liabilities</b>		<b>234,272</b>	<b>230,359</b>

## Consolidated income statement

€ thousand	Note no.	January, 1 to March, 31	
		2008	2007
Rental income		2,947	0
Income from operating and incidental costs		380	0
Ground rent		(57)	0
Expenses for investment properties		(510)	0
<b>Net rental result</b>	<b>10</b>	<b>2,760</b>	<b>0</b>
<b>General administrative expenses</b>		<b>(614)</b>	<b>0</b>
Other operating income		14	0
Other operating expenses		(2)	0
<b>Other operating income and expense (balance)</b>		<b>12</b>	<b>0</b>
Valuation gains		0	0
Valuation losses		(295)	0
<b>Valuation result</b>	<b>3</b>	<b>(295)</b>	<b>0</b>
<b>Operating income</b>		<b>1,863</b>	<b>0</b>
Income from equity-accounted participations	5	419	0
Minority interests		(250)	0
Net interest expenses	11	(1,684)	0
<b>Financial result</b>		<b>(1,515)</b>	<b>0</b>
<b>Consolidated profit</b>		<b>348</b>	<b>0</b>
<b>Earnings per share in €</b>		<b>0.04</b>	<b>0.00</b>

## Statement of changes in consolidated equity

€ thousand	Shares in circulation (units)	Subscribed capital	Share premium	Profit reserve	Net asset of share-holders	Total
January 1, 2007	0	0	0	0	(37)	(37)
Profit / loss	0	0	0	0	0	0
<b>March 31, 2007</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(37)</b>	<b>(37)</b>
January 1, 2008	9,406,882	47,034	46,167	1,462	0	94,663
Consolidated profit	0	0	0	348		348
<b>March 31, 2008</b>	<b>9,406,882</b>	<b>47,034</b>	<b>46,167</b>	<b>1,810</b>	<b>0</b>	<b>95,011</b>

## Consolidated cash flow statement

€ thousand	January 1 to March 31	
	2008	2007
Consolidated profit	348	0
Amortization/depreciation on intangible assets and property, plant and equipment	2	0
Valuation result	295	0
Income from equity-accounted participations	(419)	0
Minority interests	250	0
Changes in assets and liabilities, adjusted for effects from changes in basis of consolidation		
(Increase) / decrease trade account receivables	432	0
(Increase) / decrease other receivables	2,888	0
(Decrease) / increase provisions	25	0
(Decrease) / increase trade payables	(182)	9
(Decrease) / increase other liabilities	(44)	(2)
<b>Cash flow from operating activities</b>	<b>3,595</b>	<b>7</b>
Payments for purchase of participations	(10)	0
Income from sale of subsidiary (BBV 08)	2,856	0
Investments in investment properties / properties under construction	(10,171)	0
<b>Cash reduction from investment activities</b>	<b>(7,325)</b>	<b>0</b>
Receipts from financial debt	6,138	0
Amortization of financial debt	(2,622)	0
<b>Cash flow from financing activities</b>	<b>3,516</b>	<b>0</b>
Change in cash and cash equivalents	(214)	7
Cash and cash equivalents – start of period	5,381	25
<b>Cash and cash equivalents – end of period</b>	<b>5,167</b>	<b>32</b>





## Notes to the consolidated financial statements

### (1) GENERAL INFORMATION ON THE COMPANY

After registration as an Aktiengesellschaft on July 12, 2007, Fair Value REIT-AG has been listed on the stock exchange since November 16, 2007. It became a REIT on December 6, 2007.

As a result of its participation in thirteen closed-end real estate funds, the company must prepare consolidated financial statements. These financial statements are the first consolidated interim financial statements to include the Sparkasse portfolio for the entire period in the "Direct Investments" segment.

### (2) ACCOUNTING AND VALUATION POLICIES

*Principles of preparation* – The consolidated interim financial statements have been prepared based on International Financial Reporting Standards (IFRSs), taking IAS 34 "Interim Financial Reporting" into account.

*Consolidation* – The consolidated financial statements include all subsidiaries. The group of consolidated companies has not changed compared to December 31, 2007.

*Accounting and valuation methods* – the same accounting and valuation methods were applied as in the consolidated financial statements for fiscal year 2007.

*Comparable figures* – the comparable figures in the income statement and the cash flow statement are for the period from January 1 to March 31, 2007. The company was still a partnership during this period, did not have any subsidiaries and was inactive. As a result, no figures had to be stated.

### (3) INVESTMENT PROPERTY

Subsequent incidental costs of the Sparkasse portfolio and conversion costs as part of the follow-on rental of the property in Alzey (IC 01) totaling € 295 thousand were capitalized. Since these positions are not covered by market values as of December 31, 2007, they were written off immediately causing a valuation result of € - 295 thousand.

### (4) PROPERTIES UNDER CONSTRUCTION

The increase relates to the property "Airport Center Duesseldorf". Economic ownership of this property was transferred to the Group in January 2008. It is measured at carried forward cost. The carrying amount includes construction period interest of € 65 thousand.

### (5) EQUITY-ACCOUNTED INVESTMENTS

This relates to participations in eight real estate funds, where a participation of between 20 % and 50 % is held in each case. The € 429 thousand increase in this item comprises the purchase of participations in the amount of € 10 thousand and these companies' earnings that are due to the Group, carried separately in the income statement, for the period under review in the amount of € 419 thousand. The ongoing earnings from equity-accounted investments were reduced by the changes in the fair value of derivative financial instruments (interest rate hedges) with an amount of € 778 thousand.

## (6) FINANCIAL ASSETS

This relates to a purchase price receivable from IC Immobilien Holding AG as a result of the sale of the participation in BBV 08. During the period under review, € 2,856 thousand was paid by the purchaser.

## (7) NON-CURRENT ASSETS AVAILABLE FOR SALE

The non-current assets available for sale relate to two properties held by IC 01 and BBV 06. Contracts for these properties are scheduled to be concluded in 2008 or at the start of 2009.

## (8) OTHER RECEIVABLES AND ASSETS

The reduction is based on the settlement of a receivable from the seller of the Sparkasse portfolio for the repayment of the purchase price paid, as it was not possible to transfer one property bought by the Group due to preemptive rights being exercised.

## (9) FINANCIAL LIABILITIES

Non-current and current financial liabilities with a total amount of € 115,650 thousand increased by € 3,516 thousand compared to December 31, 2007. This amount comprises scheduled redemption as well as drawing down the loan granted so far to finance the Airport Center in Duesseldorf totaling € 6,138 thousand.

## (10) NET RENTAL RESULT

Rental income is mostly on schedule. The only exception is the follow-on rental of the logistics property in Cologne (BBV 06) (difference to budget of proportionately around € -54 thousand). All properties are on schedule for income from on-charging incidental costs.

## (11) NET INTEREST EXPENSE

Net interest includes expenses from the change in the fair value of derivative financial instruments (interest rate hedges) totaling € 169 thousand. Hereof € 76 thousand are attributable to minority shareholders in subsidiaries.

## (12) SEGMENT REVENUES AND RESULTS

€ thousand	Segment revenues Januar 1 to March 31		Segment results Januar 1 to March 31	
	2008	2007	2008	2007
Direct investments	874	0	540	0
Participations	2,453	0	1,725	0
	<b>3,327</b>	<b>0</b>	2,265	0
Income from equity-accounted participations			419	0
Central administration expenses			(402)	0
Minority interests			(250)	0
Net interest expense			(1,684)	0
<b>Net profit</b>			<b>348</b>	<b>0</b>

## DECLARATION BY LEGAL REPRESENTATIVES

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

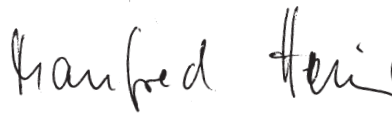
Munich, May 2008

Fair Value REIT-AG

The Managing Board



Frank Schaich



Manfred Heiler

## FINANCIAL CALENDAR

June 2, 2008	Q1 Report 2008
June 4, 2008	Presentation at the REIT Week in New York
June 9, 2008	Annual General Meeting
August 29, 2008	Six-Month Report
November 10 – 12, 2008	Presentation, German Equity Forum, Frankfurt
November 28, 2008	Q3 Report 2008

## Individual property information on portfolio of Fair Value REIT-AG

Street	City	Fund	Primary use	Equivalent participating interest [%]	Year of construction	Last refurbishment / modernization	Market value Dec. 31, 2006 or acquisition cost [€ thousand]
<b>Direct holdings</b>							
Hauptstraße 56e / 56 d	Appen	n/a	Offices	100.00	1975	1995	262
Bleack 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
<b>Sub-total direct holdings</b>							<b>51,615</b>
<b>Subsidiaries</b>							
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, 3 - 7 ****	Ahaus-Wüllen	BBV06	Retail	54.64	1990		6,395
Marktplatz 3	Altenberge	BBV06	Retail	54.64	1986		1,195
Heerenbergerstr. 51	Emmerich	BBV06	Retail	54.64	1987		1,245
Hubert-Protz-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	Discount rate	Total space	Vacancies	Average remaining term of rental agreement	Occupancy by space	Occupancy by rental income	Annualized contractual rent	Annualized potential rent	Current yield on potential rent
[€ thousand]	[%]	[m <sup>2</sup> ]	[m <sup>2</sup> ]	[years]	[%]	[%]	[€ thousand]	[€ thousand]	[%]
250	6.80	212	0	9.8	100.00	100.00	19	19	7.6
1,300	6.30	997	0	16.5	100.00	100.00	77	77	5.9
9,700	6.20	9,233	874	14.9	90.53	98.38	588	598	6.2
1,520	6.30	1,264	0	15.6	100.00	100.00	92	92	6.0
260	6.90	211	0	9.8	100.00	100.00	19	19	7.3
140	6.50	114	0	9.8	100.00	100.00	10	10	7.3
710	6.60	664	0	8.8	100.00	100.00	51	51	7.2
430	6.90	369	0	9.8	100.00	100.00	31	31	7.2
390	6.60	356	0	6.5	100.00	100.00	28	28	7.1
260	6.90	316	0	7.4	100.00	100.00	20	20	7.7
910	7.30	791	0	9.8	100.00	100.00	64	64	7.0
100	7.20	152	0	9.8	100.00	100.00	8	8	8.1
620	6.20	490	0	13.1	100.00	100.00	38	38	6.1
1,160	6.30	1,005	0	17.9	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	9.8	100.00	100.00	15	15	7.6
200	7.00	174	0	9.8	100.00	100.00	16	16	7.8
750	7.00	734	0	9.8	100.00	100.00	59	59	7.8
270	7.30	346	0	7.7	100.00	97.62	22	23	8.4
16,300	6.20	11,808	102	17.3	99.14	98.95	939	949	5.8
310	7.10	534	0	8.8	100.00	100.01	28	28	9.1
1,570	6.20	1,340	43	14.8	96.78	98.75	102	104	6.6
520	8.00	1,076	617	4.1	42.64	22.17	16	71	13.6
2,500	6.90	1,930	0	4.8	100.00	100.00	174	174	6.9
680	6.70	624	0	5.7	100.00	99.69	50	50	7.4
1,560	6.20	1,309	0	17.9	100.00	100.00	98	98	6.3
600	7.30	524	0	9.8	100.00	100.00	42	42	6.9
210	7.20	237	0	6.3	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	8.9	86.59	81.34	47	57	8.3
2,000	6.10	1,759	0	14.8	100.00	100.82	122	121	6.1
1,180	6.50	1,346	198	8.8	85.31	76.68	70	92	7.8
<b>49,960</b>		<b>43,108</b>	<b>1,940</b>	<b>13.9</b>	<b>95.50</b>	<b>96.65</b>	<b>3,107</b>	<b>3,215</b>	<b>6.4</b>
25,200	6.30	13,382	0	7.3	100.00	100.00	2,823	2,823	11.2
8,600	6.70	12,064	1,014	1.3	91.59	86.70	544	627	7.3
2,900	6.20	1,386	0	7.7	100.00	100.00	216	216	7.5
1,800	6.50	1,989	107	7.3	94.61	90.18	126	140	7.8
6,100	6.90; 7.1	5,411	0	1.9	100.00	100.00	581	581	9.5
1,200	6.60	1,285	0	3.3	100.00	108.57	109	100	8.3
1,200	7.00	1,415	92	0.6	93.49	97.76	120	123	10.3
1,300	6.90	1,225	0	0.6	100.00	100.00	144	144	11.1
1,400	7.00	1,349	0	1.8	100.00	100.00	144	144	10.3
20,200	6.40	19,460	0	6.8	100.00	100.00	1,636	1,636	8.1
9,300	7.10	25,235	23,435	5.8	7.13	29.25	290	991	10.7



Street	City	Fund	Primary use	Equivalent participating interest [%]	Year of construction	Last refurbishment / modernization	Market value Dec. 31, 2006 or acquisition cost [€ 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
<b>Sub-total subsidiaries*</b>							<b>105,974</b>
<b>Associated companies</b>							
Max-Planck-Ring 26/28	Langenfeld	IC13	Logistics	49.68	1996		10,500
Friedrich-Engels-Ring 52	Neubrandenburg	IC13	Offices	49.68	1995-1997		12,912
Großbeerenstr. 231	Potsdam	IC13	Offices	49.68	1995		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	40.22	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
Rheinallee 9	Duesseldorf	IC15	Offices	38.31	1967	2002	5,965
Pascalkehe 15 / 15a	Quickborn	IC15	Offices	38.31	1997		15,515
Zum Rotering 5-7	Ahaus	BBV10	Retail	38.30	1989		2,395
Vor den Führen 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
Oberfrohaer 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
Weißenfeler Str. 70	Naumburg	BBV09	Retail	24.93	1993		18,210
An der Backstania 1	Weilburg	BBV09	Retail	24.93	1994		8,962
<b>Sub-total associated companies**</b>							<b>428,013</b>
<b>Grand Total</b>							<b>585,601</b>
<b>Properties under construction</b>							
Peter-Müller-Straße 16/16a	Duesseldorf	n/a	Offices	100	2008		

\* 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)

\*\*\* State of completion or carried forward acquisition costs respectively as of March 31, 2008

\*\*\*\* Compared to the 2007 annual report Andreasstr. 1 and Andreasstr. 3-7 is reported as one property.

Market value Dec. 31, 2007	Discount rate	Total space	Vacancies	Average remaining term of rental agreement	Occupancy by space	Occupancy by rental income	Annualized contractual rent	Annualized potential rent	Current yield on potential rent
[€ thousand]	[%]	[m²]	[m²]	[years]	[%]	[%]	[€ thousand]	[€ thousand]	[%]
4,800	6.60	4,683	0	2.4	100.00	100.00	451	451	9.4
1,700	6.70	1,452	0	2.6	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	9.2	100.00	95.45	600	629	12.8
1,900	6.50	1,390	0	5.6	100.00	100.00	166	166	8.7
2,900	6.90	2,124	0	2.1	100.00	100.00	255	255	8.8
2,300	6.60	2,021	879	2.1	56.47	78.22	192	245	10.7
3,700	6.80	9,640	0	4.1	100.00	100.00	330	330	8.9
3,900	6.90	3,141	45	2.1	98.57	100.03	377	377	9.7
<b>105,910</b>		<b>118,239</b>	<b>26,668</b>	<b>5.5</b>	<b>77.45</b>	<b>90.71</b>	<b>9,248</b>	<b>10,195</b>	<b>9.6</b>
11,100	6.70	10,453	0	8.0	100.00	100.00	1,170	1,170	10.5
10,900	6.50	7,557	1,231	5.7	83.72	100.00	1,111	1,111	10.2
3,300	6.70	4,024	1,977	2.5	50.87	53.02	156	294	8.9
15,900	6.30	10,049	1,303	0.9	87.04	88.57	1,074	1,213	7.6
8,300	6.80	9,167	20	0.9	99.78	97.07	760	783	9.4
62,800	6.00	19,306	777	7.0	95.98	98.70	4,279	4,336	6.9
8,300	6.40	8,315	709	3.1	91.47	100.00	602	602	7.3
4,400	7.00	5,845	0	1.2	100.00	100.00	533	533	12.1
6,000	6.10	5,118	997	1.6	80.52	87.73	353	402	6.7
12,300	6.60	11,554	0	7.9	100.00	123.03	1,069	869	7.1
6,300	5.90	2,325	0	10.3	100.00	102.83	402	391	6.2
15,100	6.30	10,570	0	4.1	100.00	100.00	1,264	1,264	8.4
2,600	6.90	2,054	112	1.7	94.55	97.71	229	235	9.0
13,700	6.50	10,611	0	4.7	100.00	100.00	1,129	1,129	8.2
57,800	6.30	40,101	0	5.7	100.00	100.00	4,697	4,697	8.1
730	7.40	1,275	256	1.0	79.92	84.61	65	76	10.4
18,500	6.50	14,021	3,516	3.0	74.93	75.00	1,154	1,538	8.3
9,600	6.40	7,353	0	11.0	100.00	100.00	674	674	7.0
3,300	6.60	4,207	0	1.6	100.00	100.00	305	305	9.2
2,200	6.80	2,235	238	2.3	89.37	91.68	168	184	8.4
24,800	6.00	14,710	875	9.8	94.05	98.41	1,851	1,881	7.6
1,800	6.50	2,770	0	4.3	100.00	100.00	231	231	12.8
9,800	6.50	9,969	522	2.5	94.76	91.89	682	742	7.6
15,000	6.50	10,985	0	4.3	100.00	106.62	1,262	1,184	7.9
52,400	6.00	37,400	0	16.5	100.00	100.00	3,483	3,483	6.6
43,100	6.20	19,018	0	5.8	100.00	100.00	4,391	4,391	10.2
21,600	6.50	15,180	0	10.5	100.00	107.57	1,743	1,621	7.5
10,800	6.60	8,145	0	10.2	100.00	100.00	785	785	7.3
<b>452,430</b>		<b>304,318</b>	<b>12,531</b>	<b>6.6</b>	<b>95.88</b>	<b>98.61</b>	<b>35,621</b>	<b>36,122</b>	<b>8.0</b>
<b>608,300</b>		<b>465,665</b>	<b>41,139</b>	<b>7.4</b>	<b>91.17</b>	<b>96.86</b>	<b>47,977</b>	<b>49,532</b>	<b>8.1</b>
10.442***)		4,671	885						

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Manfred Heiler

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Christian Hopfer, Deputy Chairman of the Supervisory Board  
Dr. Oscar Kienzle

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

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### PICTURES

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