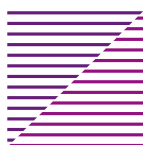




INTERIM REPORT

1st – 3rd Quarter 2009



fair value
REIT

OVERVIEW

Business model	Direct and indirect investments in commercial real estate First REIT in Germany to acquire interests in closed-end real estate funds against the issue of shares or payment of a purchase price (so-called UPREIT)
Sectors	Offices, Retail, Logistics / Light industrial
Region	Germany, focusing on regional locations
Portfolio	Direct investments and participations in closed-end real estate funds
Properties	32 properties (directly held) 48 properties (held indirectly via 13 closed-end real estate funds)
Market value	€ 245.1 million *)
Potential rent	€ 21.0 million **)

*) Fair Value's share as of September 30, 2009, based on market valuations as of December 31, 2008

**) Fair Value's share as of September 30, 2009; around € 0.2 million above corresponding figure as of December 31, 2008

FINANCIAL KEY DATA

T€	January 1 to September 30,		July 1 to September 30,	
	2009	2008	2009	2008
Revenues and earnings				
Rental revenues	7,707	9,351	2,573	3,225
EBIT	3,876	3,469	1,241	2,005
Consolidated net profit	2,394	1,371	715	582
Earnings per share (€)	0.25	0.15	0.08	0.06
Funds from operations (FFO)	2,191	2,610	119	1,313
FFO per share (€)	0.23	0.28	0.01	0.14
			September 30,	December 31,
			2009	2008
Assets and capital				
Non-current assets			179,874	181,526
Current assets			9,357	16,717
Total assets			189,231	198,243
Equity / Net asset value			78,064	76,787
Equity ratio (in %)			41.3	38.7
Number of outstanding shares			9,406,882	9,406,882
Net asset value / share (€)			8.30	8.16
EPRA NAV / share (€)			8.84	8.61
Number of employees (including Managing Board)			5*	5

*) as of November 1, 2009: 3 employees

Table of contents

TO OUR SHAREHOLDERS

Letter to shareholders	6
Fair Value's share	8
Portrait of Fair Value REIT-AG	12

GROUP INTERIM MANAGEMENT REPORT

Business report	20
I. Presentation of business activities and general conditions	20
i. Overview of business activities and company structure	20
ii. General economic conditions and the development of the German commercial property market	21
II. Information on the overall portfolio	22
III. Overall statement on the economic situation of the group and analysis of the income, financial and net asset position	24
i. Overall statement on the economic situation of the Group	24
ii. Income position	25
iii. Financial position	27
iv. Net asset position	27
IV. Report on transactions with affiliated individuals	28
Supplementary report	28
Risk report	28
Opportunities and forecast	29

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheet	32
Consolidated Income Statement	34
Consolidated statement of comprehensive income	35
Statement of Changes in consolidated equity	36
Consolidated Cash Flow Statement	37
Notes	39
Declaration by legal representatives	52

REAL ESTATE PORTFOLIO DETAILS

Valuation Method	54
Individual property information and Fair Value REIT-AG's share according to proportionate interest	56

GLOSSARY	60
Imprint	62



To our shareholders



Frank Schaich

Letter to shareholders

Dear Shareholders,

For the third time in a row within this year we are able to provide you with news of a positive course of business. The Fair Value group has developed in accordance with or even exceeded our forecasts for every quarter of this fiscal year so far.

For this reason we are pleased to report that consolidated net income for Fair Value REIT-AG as at September 30, 2009, are at € 2.4 million, significantly higher than last year's figure of € 1.4 million despite burdensome one-off effects. Compared to December 31, 2008, our Net Asset Value (NAV) depicted on the balance sheet has increased from € 8.16 to € 8.30 per share. This development underlines the excellent substance of our real estate portfolio.

The pleasant result is not least due to the high occupancy rate of 95.1 %, which is even slightly better than last year. The satisfactory and solvent tenant and use structure of our portfolio was also a contributing factor. In addition, receivables from current or former tenants account for less than half of a month's rent for the proportionate overall portfolio as at the balance sheet date.

On the rental side, it can be noted that the portion of rental contracts which expire during 2009 was reduced from 6.8 % of contractual rents at the beginning of the year to a level of 2.0 % by the balance sheet date. As a result, we were able to extend or renew over 70 % of rental contracts during 2009. For the years 2010 and 2011, this requirement will only apply to 10 % and 6 % of contracted rents.

With a view to the only slowly recovering German economy, we are very pleased that over 80 % of Fair Value's rental volume has been contracted for more than two years. Even if market rents should fall, such a development would only slightly affect the Fair Value REIT-AG's portfolio. This will ensure a high level of stable earnings even in the foreseeable future.

Continuity is also assured on the borrowing side. 85 % of financial liabilities which are proportionately attributed to Fair Value REIT-AG as part of a pro forma quota consolidation feature a fixed interest, with a remaining fixed term of more than five years. In this vein, only 2 % of fixed loans will require follow-up financing in the next two years and even variable interest loans still have a remaining term of more than two years, on average.

The operating strength of the portfolio is also evident with regard to the consolidated net income, which has been adjusted for extraordinary factors. At € 4.3 million, the figure for the current year is approx. 96 % of that for last year, even though net rental income only reached 75 % of the previous year. The main cause for this development can be found in the premature termination of a general lease contract in the fourth quarter of 2008, which resulted in a decline in rental income of approx. € 1.8 million. However, we also received a compensation payment of € 15.5 million, which only affected net income in the fourth quarter of 2008. Due

to the noticeable reduction in financial liabilities as compared to the previous year, as well as cost reduction measures in the general administration area, we were able to almost fully offset this effect.

Because of the better than expected growth during the first nine months of 2009, the Management Board has increased its forecast for the IFRS consolidated net income (prior to a consideration of market value changes for the investment properties and interest derivatives, and adjusted for one-off effects) for 2009 from the current range of € 4.2 to 4.5 million to one of € 4.5 to 4.8 million.

Furthermore, from 2010 the Management Board is also expecting to see significantly lower general administrative expenses in respect of ongoing business of the Group, these having been reduced by almost 40 % in comparison to 2008. Contributing factors especially are labour costs, but also materials, marketing and advisory costs, which have been adjusted to current market conditions.

On the basis of current planning for the existing portfolio, this will result in positive non-consolidated financial statements for Fair Value REIT-AG for the fiscal years from 2010 onwards as per HGB (German GAAP) requirements. The Management Board aims to present an initial dividend of 10 cents per outstanding share, even without profits from sales.

In addition to focussing on the optimisation of the income and expensive side of the existing portfolio, the Management Board intends to take advantage of the recovery already evident in the property transaction market, as well as the more positive sentiment on capital markets, in order to achieve further growth for Fair Value REIT-AG.

At this point we would like to thank Manfred Heiler, who left the Management board of Fair Value on October 1, 2009 and went into retirement.

Munich, November 6, 2009

The Management Board



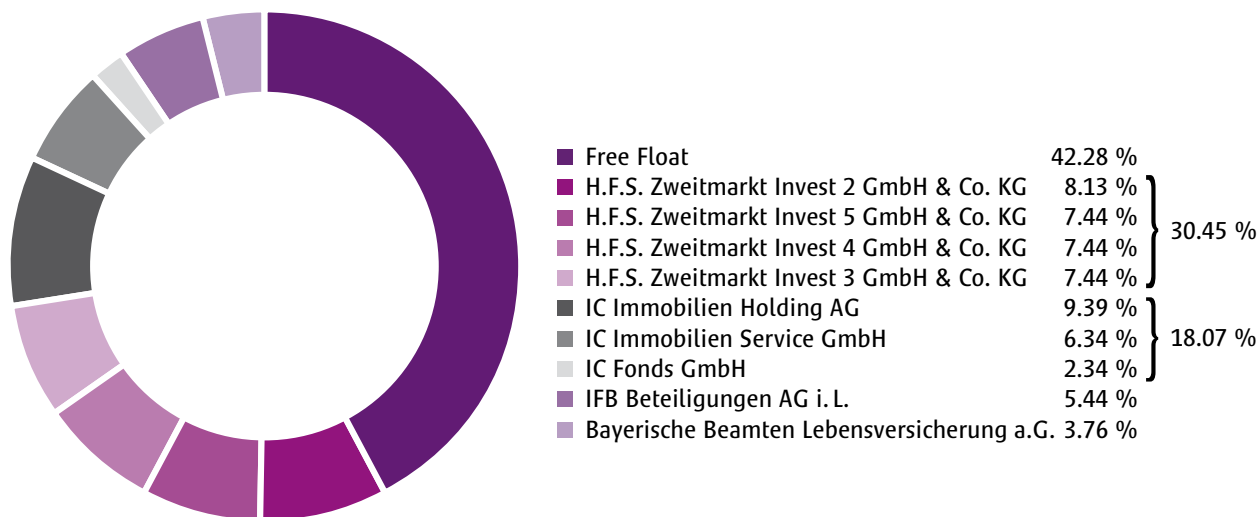
Frank Schaich

Fair Value's shares

I. KEY DATA

Sector	Real Estate (REIT)
WKN (German Securities Code) / ISIN	A0MW97 / DE000A0MW975
Bloomberg	FVI:GR
Reuters	FVIG.DE
Share capital	€ 47,034,410.00 €
Number of shares (non-par value shares)	9,406,882
Proportion per share in the share capital	€ 5
Initial listing	November 16, 2007
High / low 2009	€ 5.30 / 3.00 (XETRA)
Market capitalization on September 30, 2009	€ 43.7 million (XETRA)
Market segment	Prime Standard
Stock exchanges	Prime Standard: Frankfurt, XETRA OTC: Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated Sponsor	DZ-Bank
Indices	DAXsubsector Real Estate-Index DAXsubsector All Real Estate-Index RX REIT-Index

Fair Value REIT-AG's shareholder structure*



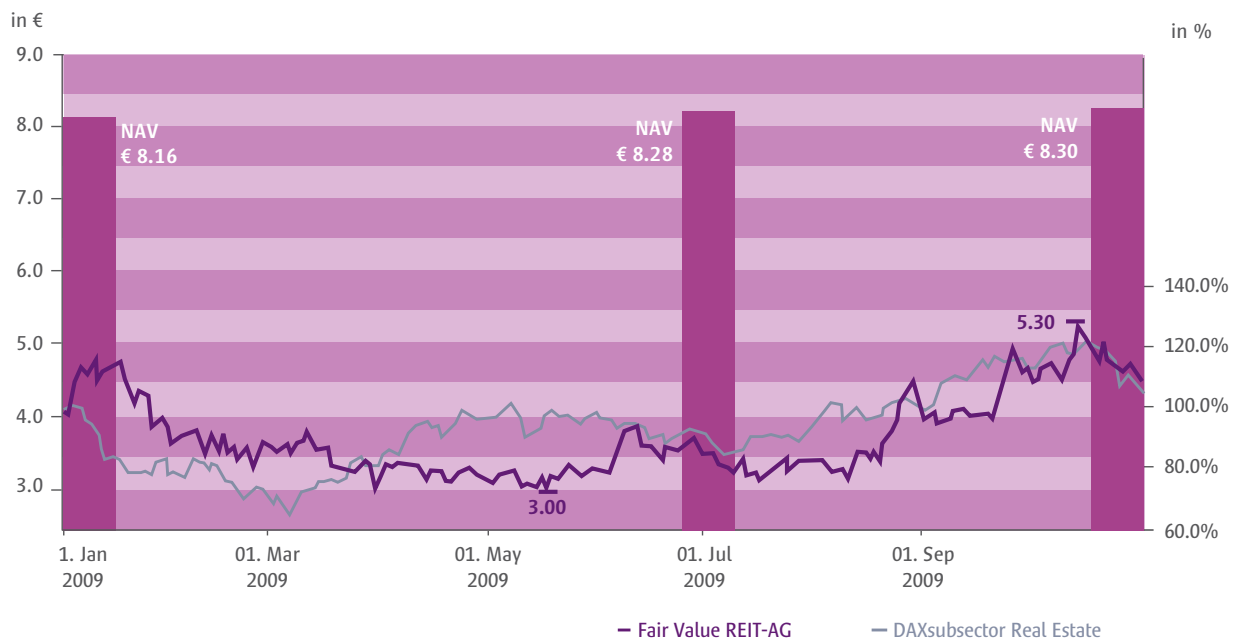
*) In accordance with § 26 WpHG Article 1 the voting rights of the H.F.S. Zweitmarkt Invest 2 GmbH & Co. KG, the H.F.S. Zweitmarkt Invest 3 GmbH & Co. KG, the H.F.S. Zweitmarkt Invest 4 GmbH & Co. KG as well as the H.F.S. Zweitmarkt Invest 5 GmbH & Co. KG totalling 30.45 % are attributed to the UniCredito Italiano S.p.A., Milan, Italy. Furthermore under § 26 WpHG Article 1 the voting rights of the IC Immobilien Holding AG, the IC Immobilien Service GmbH as well as the IC Fonds GmbH with a total of 18.07 % are attributed to the IC Immobilien Holding AG, Unterschleißheim, Germany. The regulations of the REIT-law are untouched by these attributions.

II. DEVELOPMENT OF SECURITIES MARKETS AND THE FAIR VALUE SHARE

Fair Value REIT-AG's share has developed better than the benchmark index DAXsubsector Real Estate at the beginning of the year. In March 2009 the index began to rise again. The Fair Value share mirrored the movement only with delay and through several steps after the publication of the financial figures of Q1 and the semi annual report. Especially since the publication of the semi-annual report in August 2009, the share of Fair Value has developed considerably better. Since the peak of the Fair Value share halfway through October developed the share price declined again, following the index.

In the first nine months of this fiscal year, a total of 458,486 Fair Value REIT-AG shares were traded at all trading facilities. This resulted in a trading volume of € 1,648,299 which translates into an average market price per share of € 3.60, and an average daily turnover of 2,400 shares, or € 8,630.

NAV share chart for Fair Value REIT-AG vs. DAXsubsector Real Estate-Index (January 1, 2009 - November 4, 2009)



Comparison of Fair Value REIT-AG with the DAXsubsector Real Estate-Index (ISIN DE0007203820, German Securities Code (WKN) 720382, I2VB), which currently comprises 19 companies including Fair Value REIT-AG (Source: Deutsche Börse AG).

SHARE BUY-BACK PROGRAMME

On September 24, 2009, Fair Value REIT-AG's Managing Board resolved the start of a share buy-back programme, thereby exercising the authorisation to purchase own shares provided by the Annual General Meeting on May 29, 2009. The programme began on September 25, 2009 and will end on January 29, 2010. The intention of the buy-back programme is to purchase a total of up to 100,000 shares or approx. 1 % of the Company's share capital.

The objective of this programme is to gradually build up an acquisition currency for financing additional growth for Fair Value REIT-AG. In particular, own shares are purchased with the aim of using them as a consideration in the context of business mergers or for the purchase of holdings in real estate partnerships, as well as in exchange for the acquisition of real estate.

The shares will only be purchased through the stock exchange. In accordance with the Annual General Meeting's resolution, the purchase price will not be more than 10 % below or above the average closing price per share in the Xetra trade of the Frankfurt Securities Exchange during the preceding ten trading days.

Fair Value REIT-AG continuously publishes information regarding daily purchase events on its home page under www.fvreit.de, in the area „Investor Relations“.

INVESTOR RELATIONS

Fair Value REIT-AG aims to provide all stakeholders with comprehensive and traceable information. One of the Company's particular objectives is the attainment of the best possible transparency and credibility of its corporate communication. For this reason, as part of its financial reporting process, Fair Value provides regular extensive insights into the business developments of its holdings, as well as detailed additional information regarding the real estate portfolio. This is intended to provide the existing and potential new shareholders of the Company with the opportunity to form a sophisticated assessment regarding the Company's business developments and equity story.

Moreover, Fair Value REIT-AG maintains a constant dialogue with the capital markets, and the Managing Board has established frequent contacts with analysts, investors and capital markets media. The Company regularly participates in capital market conferences and presents its business results to domestic and international investors during roadshows. In the course of 2009, the Company has presented its current financial figures at the 4. DVFA Real Estate Conference (Frankfurt) in April, at the NAREIT- Week (New York) in early June as well as the 9th Conference of the Real Estate Share Initiative (Frankfurt) in October. Furthermore, the Managing Board has introduced the Company to institutional investors at roadshows in Frankfurt, Zürich, Amsterdam, Paris and New York.

Currently the Company is covered by two research companies. The Company intends to successively increase its research coverage.

Additional information on the share can also be obtained from its website www.fvreit.de in the Investor Relations section.

IV. FINANCIAL CALENDAR

November 9, 2009	Interim report for the 1st to 3rd quarter of 2009
November 9, 2009	Presentation, German Equity Forum (Deutsches Eigenkapitalforum), Frankfurt am Main

Portrait of Fair Value REIT-AG

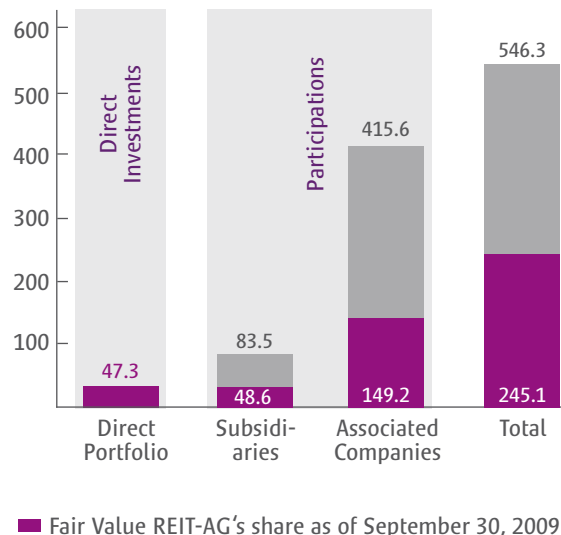
REAL ESTATE PORTFOLIO AT A GLANCE

Fair Value REIT-AG's core competences are the acquisition and management of German commercial real estate. The Company's business model is unique among listed German real estate partnerships: The Company purchases real estate directly but also through participations in real estate partnerships, in particular closed-end real estate funds. In general, the purchase of these participations may be made by way of a contribution in kind, hence the exchange of corporate rights for shares in Fair Value (so-called UPREIT), but also through the purchase of interests against the payment of a purchase price. Against the background of this two-pillar strategy, Fair Value REIT-AG's real estate inventories are in principle classified by the two segments Direct Investments and Participations.

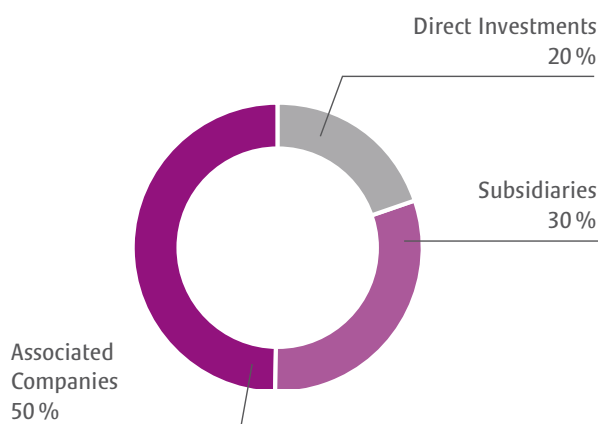
At this time the overall portfolio consists of 80 properties with a rentable space of 456,636 m², which is distributed over the whole of Germany. On December 31, 2008, the market value of the properties was established at € 546.3 million on the basis of individual appraisals. In consideration of the participating interests in the individual funds, Fair Value's portion as of September 30, 2009, is € 245.1 million. Compared with its proportionate market value at the middle of the year, this figure represents an increase of approx. € 0.5 million, which is the result of an increase in participating interests due to additional purchases. At a proportionate annual contractual rent of € 20.0 million, the portfolio generates an attractive current rental yield before cost of 8.2 % of the proportionate market values. Fully rented an attractive yield of 8.6 % (before costs) can be achieved. At the same time, the income-based occupancy rate of 95.1 % of the potential rent and an average remaining term of lease agreements of 6.6 years allow considerable planning reliability and sustainable rental incomes.

In addition, Fair Value REIT-AG's real estate portfolio is also characterised by a wide spread of risk, which is based on the high number of properties, the diversification among types of use as well as the

Market values of properties (€ million)



Portfolio structure by proportionate rentable area



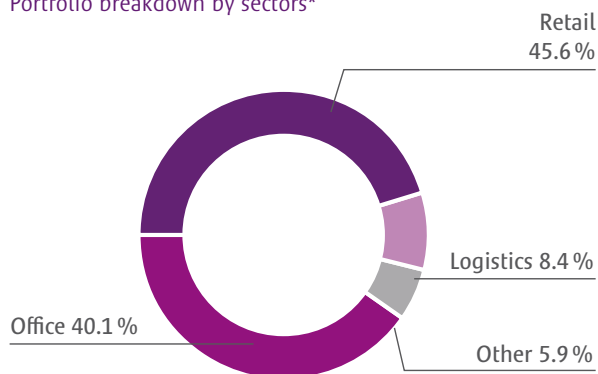
Contractual rent (before costs) in % on proportionate market value



generalist approach taken by the Company. As a result, the portfolio is relatively independent of developments in single locations or sectors. Accordingly, approximately 46 % of potential rents are currently generated in the retail sector, with another 40 % in office properties. Rentals of logistics properties make up around 8 %, and other properties approx. 6 % of the potential rent.

Fair Value REIT-AG also features a tenant structure which is characterised by high creditworthiness. The largest single tenant is the Sparkasse Südholstein, which holds approx. 14.0 % of the entire contractual rent. Stable retail companies such as the Edeka group at approx. 9.7 %, Metro group at 9.6 % or the Kaufland group with 5.8 % are other important tenants. Approximately 40.0 % of the contractual rent is spread over a large number of smaller business partners. The wide spread tenant structure further strengthens risk diversification which is part of Fair Value REIT-AG's investment strategy.

Portfolio breakdown by sectors*



* according to potential rent, rounded

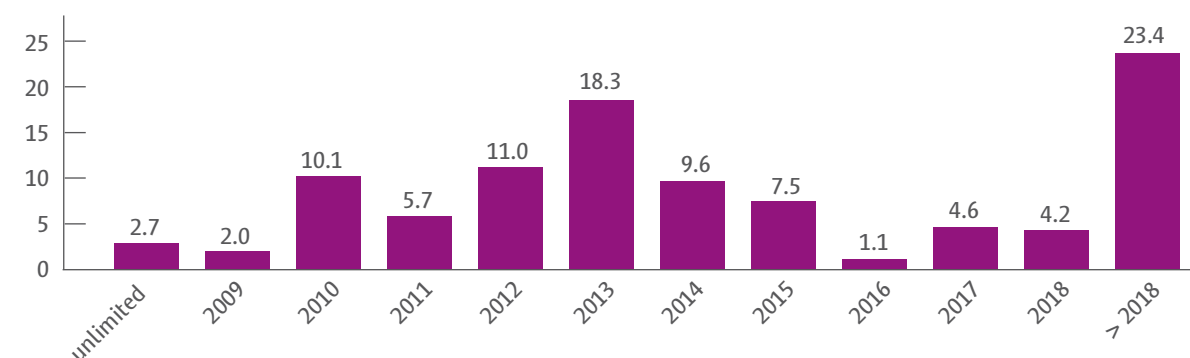
Occupancy rate in % of proportionate potential rents



Ten largest tenants in % of proportionate contractual rent

	September 30, 2009
Sparkasse Südholstein	14.0 %
Edeka Konzern	9.7 %
Metro Group	9.6 %
Kaufland Gruppe	5.8 %
BBV Holding AG	5.5 %
Schweizerhof Hotel	4.5 %
HPI Germany	2.9 %
ABB Grundbesitz GmbH	2.9 %
REWE Group	2.6 %
comdirect bank AG	2.5 %
Other	40.0 %
Total	100.0 %

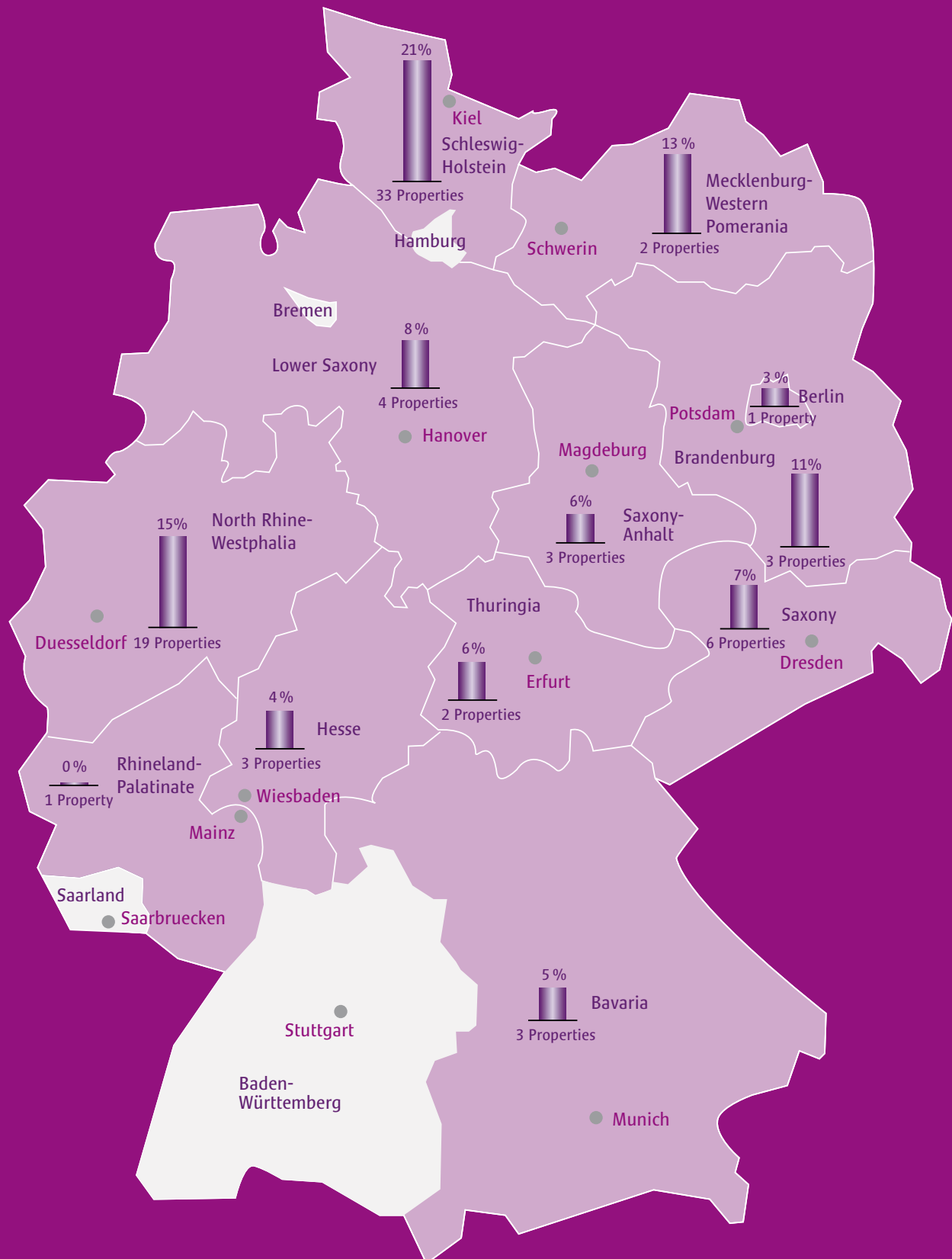
Lease expiry schedule in % of proportionate contractual rent as of September 30, 2009



* rounded

Portfolio Split by Region

(Market value of € 245,1 million of Fair Value's proportionate portfolio
by federal state per September 30, 2009)



Participations segment

In the Participations segment, Fair Value REIT-AG acquires both controlling and non-controlling interests between 20 % and 94 %. The level of participation ratios ensures that the Company has a significant influence on management of the property holding companies, making it possible to realise existing value increase potential by implementing active asset management in the respective companies. At the current time, Fair Value maintains majority participations in five closed-end real estate funds (subsidiaries). Rentable space held by these funds is 112,673 m². In addition, the Company maintains participations of between 20 and 50 percent at another eight closed-end real estate funds (associated companies), for which the rentable space totals 301,015 m². Overall, Fair Value therefore participates in a total rentable space of 413,688 m² as part of its participations portfolio.

Direct Investments segment

At present Fair Value REIT-AG maintains a portfolio of 32 properties with a total rentable space of 42,948 m² as direct investments. These properties are primarily used as bank branches („Sparkasse portfolio“). The main tenant of the properties located in Schleswig-Holstein is the Sparkasse Südholstein. The Company acquired these properties in December 2007 by exercising the so-called „exit tax“ privilege, thereby using its REIT status with great effect. On December 31, 2008 the market value of the „Sparkasse Portfolio“ was established at € 47.3 million. In the long term, the Company plans to increase the share of directly held properties in the portfolio, in order to further increase monthly rental income flows.

INVESTMENT CRITERIA AND STRATEGY

The structure of the real estate portfolio also highlights Fair Value REIT-AG's investment strategy: by making direct and indirect investments in commercial properties with strong returns, the Company is expanding its portfolio at medium-sized locations. Thus in the medium term, using this two-pillar strategy Fair Value intends to expand its portfolio by means of additional participations in selected real estate partnerships as well as targeted direct investments.

Medium-sized cities and regional centres will continue to make up the regional focus of investment activities, allowing the Company to combine the attractive returns offered by these locations with the high stability of market values and rent development. Fair Value will also undertake selected commitments in large urban centres, as evidenced by the „Airport Office II“ building in Duesseldorf which was sold in year 2008. In the future, the Company will strengthen its portfolio focus on logistics and office properties and hence continue to optimise its portfolio structure.

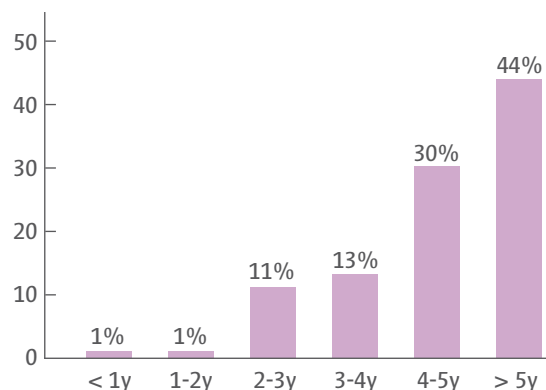
FINANCING THE REAL ESTATE PORTFOLIO

Because of its special business model and the resulting company structure, financial reporting for Fair Value REIT-AG is subject to special requirements. Direct investments and subsidiaries are fully consolidated in the financial statements, and non-controlling interests are shown accordingly in the consolidated balance sheet and consolidated income statement. On the other hand, participations in associated companies are equity-accounted. This means that only those net assets which can be proportionately attributed to Fair Value REIT-AG flow into the consolidated financial statements. There is no detailed representation showing the composition of assets and liabilities. The same is true for the income and expenses side of the associated companies. The proportionate net income is shown in income from participations in the consolidated income statement.

For the purpose of achieving the best possible transparency, subsequently we supply the structure of Fair Value-proportionate financial obligations in an economic view.

Taking into account the participating interests of Fair Value REIT-AG in the subsidiaries and associated companies with 85 % the majority of financial liabilities are based on fixed interest rates. The average fixed interest period for these loans is 5.3 years and the average interest rate aggregates to 6.1 %. Of these, approximately 44 % feature a fixed interest period of more than five years, while another 30 % of contracts have fixed interest rates for more than four years. In the next two years, only 2 % of fixed interest loans will see the end of the fixed interest period. On the other hand, variable interest has been negotiated for 15 % of the financial liabilities. In conjunction with its comfortable liquidity situation and the statutorily prescribed extensive equity base, Fair Value REIT-AG thus enjoys a high level of financial solidity in respect of its investments.

Maturity of the fixed interest rate agreement per September 30, 2009 (Fair Value-proportionate)







Group interim management report

Business report

I. PRESENTATION OF BUSINESS ACTIVITIES AND GENERAL CONDITIONS

i. Overview of business activities and company structure

Fair Value REIT-AG (hereafter also Fair Value or Fair Value Group) focuses on the acquisition and management of commercial real estate property in Germany. The current investment focus is on office and retail property in regional centres, with Fair Value REIT-AG functioning as the parent company of the Fair Value Group. Currently the Company has participations in a total of 13 closed-end real estate funds, consisting of five controlling and eight non-controlling interests. With regard to non-controlling interests, participations range from 20 % to 50 %.

The uniqueness of the Fair Value REIT-AG business model lies within the combination of direct investments in real estate and the purchase of interests in real estate partnerships. Participation may be made by way of a contribution in kind, hence the exchange of interests against shares in Fair Value, but also through the purchase of interests against the payment of a purchase price. In Germany, this method of real estate acquisition is unique among listed real estate companies. Thus, the business model of the Company rests on two pillars – the „Participation“ segment and the „Direct Investment“ segment.

Overall, as of September 30, 2009, with regard to the Participation segment Fair Value REIT-AG participated in a broadly diversified fund portfolio of 48 properties with a total lettable space of 413,688 square metres. As of December 31, 2008, the market value of these properties was approximately € 499.0 million (of which Fair Value's interest represented approx. € 197.8 million as per September 30, 2009).

In the Direct Investment segment, since December 2007 the Company has been owner of a portfolio of 32 commercial properties, which are mainly used as bank branches of the Sparkasse Südholstein. The lettable space of these properties located in Schleswig-Holstein totals 42,948 square metres. The market value of the „Sparkasse Portfolio“ as of December 31,

2008, was assessed at approx. € 47.3 million on the basis of individual appraisals.

On September 30, 2009, taking into account the participating interests in the individual real estate funds, the entire portfolio featured a proportionate market value for Fair Value of approximately € 245.1 million. At the balance sheet date of September 30, 2009, the occupancy rate was 95.1 %, with a proportionate potential rent of € 21 million. The latter is distributed over property mainly used for offices, retail, logistics and other purposes.

Fair Value REIT-AG is managed by a Managing Board having sole responsibility, which has more than 20 years of experience in the acquisition and asset management of commercial properties, as well as participations in closed-end real estate funds. The main focus areas of internal management are the strategic management of the Company and its participations, as well as risk management and investor relations. On September 30, 2009, member of the Managing Board Manfred Heiler left the Managing Board of Fair Value REIT-AG of his own volition upon reaching retirement age. Since then the Company has been managed by sole Managing Director Frank Schaich. The Company does not have any plans to appoint anyone new to the vacated position in the near future.

The Managing and Supervisory Boards work together very closely. The Supervisory Board, which consists of three members, is included in all important decisions.

With regard to accounting, property management and asset management, the operating aspects of the business have been outsourced to companies of the IC real estate group, which is headquartered in Unterschleißheim near Munich. With a current staff of approximately 160 employees, the group manages an investment volume of approximately € 5.1 billion for private and institutional investors.

ii. General economic conditions and the development of the German commercial property market

Macroeconomic environment

In the view of leading economic research institutes, we passed the worst part of the recession during the fall of 2009, even if the economic recovery is still not very stable and only minimal growth rates are expected in the coming months. First indications of an economic recovery appeared during the second quarter, as Germany's GDP rose by 0.3 % as compared to the previous quarter. Support for this development was provided by the positive trends evidenced in the Asian region as well as robust domestic consumer demand. Against the background of disappearing private investment incentives, such as the „Abwrackprämie“ („lemon premium“ or „cash for clunkers“), it remains to be seen how economic performance will continue to develop.

The inflation rate continues to remain at a very low level. In September the inflation rate fell by 0.3 % compared to the previous year thus resulting in a negative figure for the second time this year. Formative for this development are continuing price fluctuations for energy costs, which reached their highest levels during the third quarter of last year. During the period under review, the European Central Bank (ECB) therefore set the base rate to a historic low of 1.0 %. This means that the monetary environment continues to remain very stable.

Until now, the decline in production has left few traces in employment figures. In October 2009, a total of 232,000 people or 7.7 % were unemployed as compared to the same period of the previous year. Even if some of the relief in the third quarter was the result of a realignment of employment market related instruments, the effects of the economic crisis on the employment market have been relatively moderate. At the same time, the gradual cutbacks in reduced working hours which result in a

corresponding number of layoffs in order to adjust to a decline in production is likely to produce further increases in unemployment figures.

Sources:

Bundesagentur für Arbeit, Destatis - Statistisches Bundesamt Deutschland, DIW, Projektgruppe Gemeinschaftsdiagnose

Real estate markets

As expected, the first signs of economic recovery have not yet been noticed in the office rental market. With an overall result of approximately 1.58 million square metres in the six large office centres* in the first nine months of the fiscal year, turnover continues to stay at approximately 30 % below last year's results.

During the third quarter, the vacancy rate for offices increased by another approx. 200,000 square metres, and is currently at 7.6 million square metres, or 9.6 % of the entire inventory. Compared to the vacancy rate at the end of the last year, this represents an increase of approximately 0.7 percentage points. Because only approx. two thirds of the lettable space expected to be delivered in new constructions during the last quarter of this year has been preleased, the average vacancy rate will continue to increase and is expected to reach 10 %.

As a result, there has been a decline in both top and average rents during the first nine months of the year. In addition, there is an increasing gap between nominal and effective rents based on the granting of lease incentives.

The retail market continues to be stable particularly in the top locations. Similarly, no significant changes in rent have been registered for retail warehouses despite current declines in retail sales. A positive factor in this segment is the fact that food retailers are less severely affected by declining sales than other retail segments. On the other hand, the crisis experienced by department stores has intensified

* Berlin, Duesseldorf, Frankfurt/Main, Hamburg, Munich, Stuttgart

which will lead to a consolidation of this segment. At the same time, food retailers increasingly are interested in opening convenience stores in urban locations.

The logistics industry halted its decline at the beginning of the second half of the year. This is mainly based on vastly improved expectations for the future, while assessments of the current situation have only minimally improved. For this reason, logistics service providers continue to assess their capacity utilisation as low. Accordingly, it can be expected that the coming months will be associated with a decrease in capacity rather than expansionary behaviour, which is confirmed by the low rental activity in the area of logistics real estate.

Optimism is slowly returning to the investment market. The third quarter of 2009 registered a significant increase of 70 % in traded properties as compared to the previous quarter, resulting in sales volumes of approximately € 3.3 billion. To date, sales volumes of approx. € 7.0 billion (prior year: € 16.4 billion) were achieved. The dominance of the six main centres plus Cologne has further strengthened as a result of the continued risk aversion of many investors: the seven locations generated approx. 55 % of investment turnover. In addition, over 60 % of transactions were made in low-risk „Core“ category properties. Top returns remained unchanged during the third quarter across all types of use. Apart from the top segment, there remains a definite reluctance of many investors, which offers attractive opportunities for investors with a strong equity capital base.

Source:
Jones Lang LaSalle, Kempers, CB Richard Ellis, BVL/DIW

II. INFORMATION ON THE OVERALL PORTFOLIO

The real estate portfolio of the Fair Value Group is either directly owned by the parent company, or is held through subsidiaries (participating interest of over 50 %). Moreover, the Fair Value overall portfolio also includes properties owned by associated companies (participating interest below 50 %). Because of the full consolidation of subsidiaries, minority interests are carried on the equity and liability side of the balance sheet in accordance with IFRS reporting provisions. In Fair Value's case, they are shown as liabilities.

Participations in associated companies are valued at equity. This means that only those net assets which can be proportionately attributed to Fair Value REIT-AG are shown on the asset side of the balance sheet. As part of the consolidated income statement, the proportionate current income of associated companies is shown under income from participations.

The following table summarizes information on the real estate properties which are attributable to the Group and associated companies. The left portion shows the annualised contract rents as at September 30, 2009, and market values as at December 31, 2008. Also, the overview on the right shows rent-related information taking into account the respective Fair Value REIT-AG participating interest as at September 30, 2009.

The occupancy rate of the Fair Value-proportionate overall portfolio was increased through active letting management increased to 95.1 % as compared to the previous year's rate of 95.0 % of the respective proportionate potential rent. At the balance sheet date, the weighted remaining term of lease contracts was 6.6 years as compared to 6.9 years in the previous year.

* Berlin, Duesseldorf, Frankfurt/Main, Hamburg, Munich, Stuttgart

Short name	Direct investments and participations	Plot size ⁰⁾	Lettable space ^{0) 6)}	Annualised contractual rent September 30, 2009	Market value December 31, 2008 ^{0), 1)}	Fair Value REIT-AG's share				
						Participating interest September 30, 2009	Annualised contractual rent September 30, 2009	Market value December 31, 2008 ^{1), 2)}	Occupancy level ^{3), 5)}	Average remaining term of rental agreements ^{4), 5)}
		[m ²]	[m ²]	[€ K]	[€ K]	[%]	[€ K]	[€ K]	[%]	[years]
	Direct investments									
	Sparkasse Portfolio	58,624	42,948	3,233	47,270	100.00	3,233	47,270	98.5	12.5
	Total direct investments	58,624	42,948	3,233	47,270	100.00	3,233	47,270	98.5	12.5
	Subsidiaries									
IC07	IC Fonds & Co. Büropark Teltow KG	5,324	9,731	440	7,500	75.73	333	5,680	62.8	2.6
IC03	IC Fonds & Co. Forum Neuss KG	19,428	12,064	599	7,720	71.58	429	5,526	93.7	1.4
IC01	IC Fonds & Co. München-Karlsfeld KG	7,019	3,375	326	4,340	55.79	182	2,421	93.5	11.1
BBV06	BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG	97,232	72,457	4,944	54,770	54.92	2,715	30,078	92.6	4.5
BBV03	BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG	26,210	15,046	882	9,140	53.69	474	4,907	91.8	2.5
	Total subsidiaries	155,213	112,673	7,192	83,470		4,133	48,613	89.2	4.1
	Total group	213,837	155,620	10,424	130,740					
	Associated companies									
IC13	IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG	22,357	21,834	2,553	23,600	49.95	1,275	11,788	94.3	5.0
BBV14	BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG	16,196	38,022	6,107	84,660	45.03	2,750	38,119	96.5	4.8
IC12	IC Fonds & Co. SchmidtBank-Passage KG	4,226	8,380	479	7,760	40.22	193	3,121	71.9	3.1
BBV02	BBV Immobilien-Fonds Erlangen GbR	6,350	2,770	220	1,770	38.94	86	689	100.0	2.8
IC15	IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG	21,335	33,088	3,079	34,550	38.34	1,173	13,123	96.3	7.3
BBV10	BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG	177,231	96,213	10,542	122,780	38.31	4,039	47,042	96.1	5.1
IC10	IC Fonds & Co. Rabensteincenter KG	11,203	9,981	702	9,180	26.14	183	2,400	92.4	2.9
BBV09	BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG	114,912	90,728	11,716	131,250	25.10	2,941	32,947	100.0	8.3
	Total associated companies	373,810	301,015	35,398	415,550		12,640	149,228	96.4	5.9
	Total proportionate portfolio						20,006	245,111	95.1	6.6

Explanations

⁰⁾ Does not consider the respective participating interest

¹⁾ According to valuation by CB Richard Ellis GmbH, Berlin, December 31, 2008

²⁾ Proportionate market values attributable to Fair Value based on percentage of participations; in the case of IC15 the two-tier fund structure of the property „Chemnitzpassage“ is taken into account.

³⁾ contractual rent/(contractual rent + vacant space at standard market rent)

⁴⁾ Income-weighted

⁵⁾ (Sub) totals for rental level and average remaining term taking the respective percentage of participations into account

⁶⁾ The reduction of lettable areas compared to the list of the previous report is due to space reductions at some properties due to market situations with subsequent letting effectively not rentable surfaces such as general surfaces etc. as well as changes of renting surfaces in the course of new measurements

III. OVERALL STATEMENT ON THE ECONOMIC SITUATION OF THE GROUP AND ANALYSIS OF THE INCOME, FINANCIAL AND NET ASSET POSITION

i. Overall statement on the economic situation of the Group

During the first nine months of this year, the operations of the Company as well as the Group and associated companies enjoyed positive growth. Adjusted by extraordinary factors, the Group results totaled € 4.3 million thus almost reaching the results of the previous year as further explained in the income position. Despite the burden of one-off factors, consolidated profits of € 2.4 million were not only above our forecast that indicated a bandwidth from € 2.7 million to € 3.0 million, but also significantly above the previous year's result of € 1.4 million.

In this vein, based on an occupancy level of 95.1 % for the Fair Value-proportionate potential rent, we can report a continued stable and even slightly better rental basis as compared to last year. Not least due to the solid and solvent tenant structure receivables by the balance sheet date accrued to a total amount which is clearly below half a monthly rent for the entire portfolio.

Moreover, as at the balance sheet date, the amount of expiring lease agreements during 2009 could be reduced from 6.8 % to 2.0 % of the contractual rent and 70 % of this volume could overall be prolonged or concluded at slightly better conditions than before. However, as part of our ongoing asset management activities, we also focus on further enhancing the occupancy rate of our portfolio and on the asset value protection of properties that are equipped with long-term rental contracts.

For example, during the third quarter of 2009, the rental contract for a retail property in Essen-Heidhausen (subsidiary IC 01) was extended by another seven years now ending October 2022, with no change to the rent amount, six years prior to the expiry of the rental term. The tenant, who has been in

the property since 1990, will invest € 1 million in the rental space, with an owner's contribution of € 50,000.

A smooth changeover of tenant took place at the Park Plaza Hotel in Dresden (associated company IC 15) at the beginning of September 2009. The current rental contract, which still had a remaining term of approximately 8 years, was terminated against a compensation payment to the landlord of € 350,000. The aim was to achieve a betterment of the property through the conclusion of a new lease with a new tenant. This was achieved by signing a new rental contract with a term of 20 years. Also, the new tenant has committed a turnover rent of 25 % of overall sales which is at the upper range of the market spectrum. Simultaneously, he documents his positive view of the hotel compared to the previous tenant by an increase of the minimum rent by 3 % to € 890,000 per annum. Since September 2009 the hotel is in operation as Quality Hotel Plaza Dresden. The total costs for the change in tenant of € 520,000 (subsidy to pre-opening costs of the hotel of € 150,000 and brokerage commissions of approx. € 370,000) are accrued over the term of the 20-year rental contract. Based on the compensation payment provided by the previous tenant, the cash burden on the real estate company is limited to € 170,000 or approximately two months of minimum rent payments.

In addition, at the level of the property holding partnership, the associated company IC 15 has also assumed the remaining shares of approximately 7 % from the co-investor of Wayss & Freitag group for the hotel in Dresden retroactive to January 1, 2009. This means that this company is dissolved and IC 15 will save future costs associated with a separately managed real estate company. In this context Wayss & Freytag AG has waived all of its rights and claims from a participating loan to the holding company at a nominal value of € 6.5 million. IC 15 will pay a severance of € 625,000 to the exiting partner, whereby the amount was determined as the severance amount for the participating loan with regard to a partial amount of approx. € 460,000, and which in other respects represents compensation for the waiver of shareholder rights.

The group's liquidity is € 7.9 million, hence approx. 70 % above last year's value of € 4.7 million. Since the end of 2008, 8 % of financial liabilities have been repaid, bringing the figure down to € 86.7 million. At the same time, the portion of long-term debt has increased from 83 % to 97 %. This means that Fair Value REIT-AG has further improved its financing structure.

There are no changes to the property portfolio to report during the current year so far. At the same time, participating interests in associated company BBV 09 were acquired in the so-called secondary market for a total price of approx. € 70,000, at the expense of the reinvestment provision formed in the previous year, hence increasing the participating interest to little over 25 %. The difference between the purchase price and the market value of the participation resulted in income from beneficial corporate acquisition.

ii. Income position

During the first nine months of 2009, Fair Value Group achieved revenues (rental income plus income from operating and ancillary costs) of € 8.6 million (previous year: € 10.3 million). Of these, 68 % were generated in the Participation segment, and 32 % in the Direct Investment segment. Following the deduction of real-estate related operating expenses including leasehold interest totalling € 2.5 million, net rental income amounted to approx. € 6.1 million (previous year: € 8.0 million).

The reduction resulted by 84 % from lower rental income. Therefore it is a balance from higher rental income through directly owned properties and four subsidiaries in the amount of € 0.1 million that were offset by lower rental income for subsidiary IC 07 of € 1.8 million. This is due to the premature termination of a general lease contract against payment of a compensation during the fourth quarter of 2008 to allow for long-term leasing of the property at market conditions and reduce vacancies by renting to solvent

tenants. In addition, 16 % of the decline in net rental income can be attributed to higher operating expenses for investment properties, amounting to € 0.3 million. The increase was mainly the result of a weather related increase in energy costs.

General administrative expenses for the first nine months of the year were € 2.1 million, hence approx. 7 % below last year's figure of € 2.3 million. Of these, 78 % were attributed to overhead costs for the parent company, while the remaining 22 % were the result of general administrative expenses incurred by the subsidiaries. Deducting the included one-off factor of severance payment for the early termination of the employment contract with a departing Managing Board member in the amount of € 0.29 million, ongoing general administrative expenses were € 1.8 million and hence approx. 20 % below the expenses for the previous year.

At € 2.5 million, annual income from equity-accounted participations were around 14 % above previous the previous year's figure of € 2.2 million. It contains proportionate expenses from the valuation of interest hedging transactions (swaps) in the amount of € 0.3 million, as well as proportionate valuation losses from the actuarially determined reduction of the present values of rental contracts which are above market value (overrents), in the amount of € 1.2 million.

Taking into account the minority interest in the amount of € 0.8 million, little income from favourable participation acquisitions and net interest expenses totalling € 3.2 million, group profits for the first nine months of 2009 amount remarkably increased to € 2.4 million (previous year: € 1.4 million). This corresponds with undiluted earnings per share of € 0.25 (previous year: € 0.15). This improvement resulted mainly from the reduction of the valuation losses.

Adjusted consolidated earnings	According to Consolidated Income Statement		Adjustment for extraordinary factors						Adjusted Consolidated Income Statement		
			Overrent reduction / Market valuation		Interest rate swaps / Redemption gains		Other *				
	January 1 to September 30, 2009	2008	January 1 to September 30, 2009	2008	January 1 to September 30, 2009	2008	January 1 to September 30, 2009	2008	January 1 to September 30, 2009	2008	
Net rental income	6,052	8,037								6,052	8,037
General administrative expenses	(2,115)	(2,270)						289		(1,826)	(2,270)
Other operating income and expenses	53	79								53	79
Earnings from sale of investment properties	–	–								0	0
Valuation result	(114)	(2,377)	114	2,377						0	0
Operating income	3,876	3,469	114	2,377				289		4,279	5,846
Income from participations	2,517	2,206	1,247	2,079	295	(78)	(15)			4,044	4,207
Income from beneficial corporate acquisition	44	–								44	0
Minority interests	(791)	(1,296)	(51)	(436)	(10)	691				(852)	(1,041)
Net interest expense	(3,252)	(3,008)			23	(1,522)				(3,229)	(4,530)
Financial result	(3,999)	(4,304)	(51)	(436)	13	(831)	0			(4,037)	(5,571)
Consolidated net income (loss)	2,394	1,371	1,310	4,020	308	(909)	274	0		4,286	4,482

* Severance payment and correction of initial consolidation

The preceding table shows consolidated net income adjusted for extraordinary factors, and illustrates the operative earning strength of the Fair Value Group as compared to the previous year. The adjusted consolidated profit for the first nine months of 2009 is € 4.3 million, after the elimination of extraordinary factors. The extraordinary factors are the result of the deterioration of the present value of rental contracts which are over market (overrents), the market valuation of investment properties and interest derivatives as well as one-off factors associated with the premature termination of the hotel rental contract (2009) respectively the earnings from refinancing (2008). In addition, it also includes the effects of the termination of the employment contract with

the departing Managing Board member, as well as the correction of an error which occurred during the initial consolidation. Subsequent to a consideration of these events, the adjusted net income is therefore clearly above the forecast published in the spring of 2009, which provided for an IFRS consolidated net income of € 4.2 to 4.5 million for the entire 2009 fiscal year, prior to one-off factors and prior to changes in the market value of investment properties and interest rate derivatives.

Compared to the previous year, three essential aspects are noted: primarily due the premature termination of a general lease contract against payment of compensation of € 15.5 million to the landlord as well as higher real estate-related operative expenses due

to bad weather net rental income was approx. € 1.9 million or 25 % below last year's figure. The decline in general administrative expenses by € 0.4 million or 20 % had the contrary effect. Finally, net interest expense declined by € 1.3 million or 29 %. As a result, adjusted consolidated net income was only € 0.2 million below the previous year's figure.

iii. Financial position

During the period under review, Fair Value REIT-AG achieved an operating cash flow (so-called funds from operations, FFO) of € 2.2 million (previous year: € 2.6 million) or € 0.23 per share (previous year: € 0.28). In order to determine this key figure, expenses and income not affecting liquidity were added or subtracted to Group profits (see consolidated cash flow statement). In comparison to the previous year, the reduction since 2009 resulted mainly from net rental income at the subsidiary IC 07 after receiving a compensation payment for premature termination of a general lease contract in December 2008.

Fund outflows from operating activities in the amount of € 0.8 million (previous year: fund inflows of € 5.3 million) are mainly the result of a VAT payment in the amount of € 3.6 million. This payment was based on the compensation payment provided by the general tenant at subsidiary IC 07 in December 2008.

Investment activities resulted in total inflows of € 2.2 million, which were mainly based on the clearing of a pledged deposit against provision of a bank guarantee. In the previous year's period fund outflows of € 8.8 million were to report. At the same time, financing activities also resulted in fund outflows of approx. € 7.5 million due to the repayment of financial liabilities. As a result, during the first nine months of 2009 liquid funds declined by € 6.2 million to € 7.9 million, taking into account the repayment of bank loans, which was significantly above previous year's level of € 4.7 million.

iv. Net asset position

On balance sheet date total assets of Fair Value decreased to € 189.2 million (31 December 2008: € 198.2 million) due to redemption of liabilities.

At 95 % or € 180 million, long-term assets formed the largest item of the balance sheet total. Approximately € 131 million can be attributed to direct real estate of Fair Value REIT-AG as well as real estate of its subsidiaries. Another € 49.1 million are derived from the net assets of associated companies (equity-accounted participations).

During the first nine months of 2009, short-term assets declined by € 7.4 million to € 9.4 million. The reduction is the result of the repayment of bank loans amounting to approx. € 3.7 million, as well as payments made in respect of VAT liabilities.

On balance sheet date, assets were financed at 59 % through liabilities (€ 111.2 million) and 41 % through equity (€ 78.1 million). In this vein, it must be noted that minority interests in subsidiaries (approx. € 17 million) are shown in liabilities as per IFRS provisions. Taking into account these minority interests, the equity ratio was 50 % of the balance sheet total, or 52.9 % of the immovable assets pursuant to Section 15 REITG (German REIT Act).

On the balance sheet date, financial liabilities for the Group totalled € 85.7 million or 46 % of the balance sheet total. Of these, only 4 % or € 3.3 million is due within one year.

Equity or net asset value (NAV) for the Fair Value Group as at the balance sheet date is determined in consideration of the value change reserve (hedge accounting of interest hedging transactions) of € -5.1 million at € 78.1 million (31 December 2008: € 76.8 million). Accordingly the NAV per share on 30 September 2009 was € 8.30, following € 8.16 at the end of the 2008 fiscal year.

Balance Sheet NAV	September	December
€ thousand	30, 2009	31, 2008
Fair market values – real estate	130,700	130,740
Equity-accounted participations	49,133	48,443
Other assets less other liabilities	8,564	17,367
Minority interests	(17,007)	(16,505)
Financial liabilities	(86,738)	(94,257)
Derivative financial instruments	(5,118)	(4,217)
Other liabilities	(1,470)	(4,784)
Balance Sheet Net Asset Value	78,064	76,787
Net asset value per share* (in €)	8.30	8.16

* based on 9,406,882 shares in circulation

EPRA-NAV	September	December
€ thousand	30, 2009	31, 2008
NAV according to balance sheet	78,064	76,787
Derivative financial instruments	5,118	4,217
Deferred taxes	-	-
EPRA NAV	83,182	81,004
EPRA NAV per share*	8.81	8.61

* based on 9,406,882 shares in circulation

IV. REPORT ON TRANSACTIONS WITH AFFILIATED INDIVIDUALS

Companies of the IC real estate group, holding 18.09 % shares of Fair Value REIT-AG, provide asset management services, corporate services as well as property management services for the Group and its associated companies. Additional service agreements exist at the level of the subsidiaries and associated companies. Details regarding these companies and relations with other closely connected companies and individuals can be obtained from the 2008 Annual Report for Fair Value REIT-AG, pages 90 to 94. Information on the status of receivables and liabilities on the closing date can be obtained from Consolidated Notes No. 15.

No transactions took place between the company and the Supervisory Board, the Managing Board and close relatives of the Supervisory and Managing Boards during the first nine months of 2009.

Supplementary report

No events which could have a significant effect on the income, net asset or financial position of the company took place after the end of the period under review.

Risk report

Due to its business activities, Fair Value is subject to a number of risks. Besides economic risks there are also leasing risks, risk of default, interest and liquidity risks. Risk management and general risks for the Company are described in detail in the 2008 Annual Report for Fair Value REIT-AG, pages 42 to 45.

Since forecasts for global economic growth continued to be negative during the first nine months of 2009, it cannot be ruled out that the real estate valuation for December 31, 2009 will result in further valuation losses (not affecting liquidity). This would have a negative effect on Fair Value REIT-AG's consolidated net income.

In addition, persistently declining interest rates also increase the risk associated with losses from financial derivatives, which however do not affect liquidity.

Because the inflation rate declined significantly during the first nine months of 2009, there is a risk that index-based rents will only increase at a later point in time or to a lesser extent or even decrease, respectively.

Liquid funds and cash flow from ongoing operations are sufficient to cover all liabilities when due during the coming twelve months. Overall, no risks which may threaten the viability of Fair Value REIT-AG are identifiable.

Opportunities and forecast

By the combination of investments in directly held properties and participations in real estate partnerships, Fair Value REIT-AG is pursuing a consistent corporate strategy. Supported by a broadly diversified portfolio with an occupancy rate of 95.1 % of potential rent, it is possible to utilise opportunities for further direct investments and participations in private real estate partnerships. In particular, the market of closed-end real estate funds offers great potential, which Fair Value REIT-AG intends to increasingly develop in the future. As Germany's first upstream REIT, Fair Value REIT-AG is well positioned for this purpose.

Additional equity is an absolute requirement for continuing the expansion strategy though. Based on the special business model of Fair Value REIT-AG, this can be done via cash capital increases or capital increases in kind. However, these measures depend on a positive capital market environment. The recent recovery of capital markets may be viewed as an indication that stock markets will continue to stabilise in the coming months. The Company is determined to make use of the opportunities for further growth which are now becoming evident.

Based on the above-schedule results in the first nine months of 2009, the Managing Board has increased its forecast for the IFRS consolidated net income in the entire year of 2009 to € 4.5 to 4.8 million before market value changes for investment properties and interest derivatives, and adjusted for one-off factors. Previously, the Managing Board had assumed a net income within the range of € 4.2 to 4.5 million.

What has remained unchanged however is that the non-consolidated financial statements pursuant to HGB (German GAAP) will at best be balanced for 2009. Since, under German GAAP, this income is the decisive factor in determining the amount of distributable profits, it is unlikely that dividends will be paid in 2010 for the fiscal year of 2009.

However, the Managing Board can also report that starting in 2010, general administrative expenses for the Group will be approx. 40 % below the costs of € 2.8 million incurred in 2008. This decline is due to lower personnel costs associated with the departure of a Managing Board member and another employee. Savings have also been realised in the area of materials, marketing and advisory costs, which have been adjusted to the current market conditions. The full effect of these measures on the results of Fair Value REIT-AG will be felt as of the next fiscal year.

Against this background, and on the basis of current planning for the existing portfolio, the financial statement of the single entity (AG) according to German GAAP, which is decisive for dividend payments, will show a profit for fiscal year 2010 and hence an initial dividend of 10 ct per share currently in circulation shall be paid. Particularly for the time after 2011, the Managing Board is expecting a sustained ability to pay dividends from ongoing operations, even without additional income from divestitures.



Consolidated interim financial statements

January 1 to September 30, 2009

Consolidated Balance Sheet

€ thousand	Note No.	September 30, 2009	December 31, 2008
Assets			
Non-current assets			
Intangible assets		4	2
Property, plant and equipment		15	22
Investment property	5	130,700	130,740
Equity-accounted participations	6	49,133	48,443
Financial assets	7	22	2,319
Total non-current assets		179,874	181,526
Current assets			
Trade receivables		781	1,502
Other receivables and assets		714	1,176
Cash and cash equivalents		7,862	14,039
Total current assets		9,357	16,717
Total assets		189,231	198,243

€ thousand	Note No.	September 30, 2009	December 31, 2008
Equity & liabilities			
Equity			
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Reserve for changes in value	8	(5,688)	(4,575)
Own shares	9	(4)	0
Retained earnings		(9,445)	(11,839)
Total equity	3	78,064	76,787
Non-current liabilities			
Minority interests		17,007	16,505
Financial liabilities	10	83,397	78,352
Derivative financial instruments		5,118	4,217
Other liabilities		279	279
Total non-current liabilities		105,801	99,353
Current liabilities			
Provisions		197	334
Financial liabilities	10	3,341	15,905
Trade payables		637	1,359
Other liabilities	11	1,191	4,505
Total current liabilities		5,366	22,103
Total shareholders' equity and liabilities		189,231	198,243

Consolidated income statement

€ thousand	Note No.	January 1 to September 30,		July 1 to September 30,	
		2009	2008	2009	2008
Rental income		7,707	9,351	2,573	3,225
Income from operating and incidental costs		892	939	347	343
Leasehold payments		(175)	(174)	(57)	(57)
Real estate-related operating expenses		(2,372)	(2,079)	(771)	(797)
Net rental income		6,052	8,037	2,092	2,714
General administrative expenses	12	(2,115)	(2,270)	(832)	(800)
Other operating income and expenses		53	79	1	9
Valuation gains		0	850	0	60
Valuation losses		(114)	(3,227)	(20)	22
Valuation result	5	(114)	(2,377)	(20)	82
Operating result		3,876	3,469	1,241	2,005
Income from equity-accounted investments		2,517	2,206	858	659
Other result from participations		0	0	0	0
Income from participations	6	2,517	2,206	858	659
Income from beneficial acquisition of participation		44	0	31	0
Minority interest in the result		(791)	(1,296)	(266)	(347)
Interest result	13	(3,252)	(3,008)	(1,149)	(1,735)
Financial result		(3,999)	(4,304)	(1,384)	(2,082)
Consolidated net income	4	2,394	1,371	715	582
Earnings per share in €		0.25	0.15	0.08	0.06

Consolidated statement of comprehensive income

T€	January 1 to September 30,	
	2009	2008
Consolidated net income	2,394	1,371
Cash flow hedge:		
Fair value changes recorded in equity	(878)	(1,293)
Thereof attributable to minority interest	63	38
Considered in consolidated income statement	0	0
Expenses of at equity-accounted companies directly recorded in equity	(298)	6
Expenses directly recorded in equity	(1,113)	(1,249)
Comprehensive income	1,281	122

Statement of changes in consolidated equity

€ thousand	Shares in circulation	Subscri- bed capital	Share premium	Own shares	Reserve for changes in value	Retained earnings	Total
Balance at January 1, 2008	9,406,882	47,034	46,167	0	0	1,462	94,663
Change from cash flow hedge	0	0	0	0	(1,293)	0	(1,293)
of which attributable to minority interests	0	0	0	0	38	0	38
Change from cash flow hedges for associated companies	0	0	0	0	6	0	6
Consolidated net income	0	0	0	0	0	1,371	1,371
Balance at September 30, 2008	9,406,882	47,034	46,167	0	(1,249)	2,833	94,785
Balance at January 1, 2009	9,406,882	47,034	46,167	0	(4,575)	(11,839)	76,787
Change from cash flow hedge	0	0	0	0	(878)	0	(878)
of which attributable to minority interests	0	0	0	0	63	0	63
Change from cash flow hedges for associated companies	0	0	0	0	(298)	0	(298)
Buyback of own shares	(770)	0	0	(4)	0	0	(4)
Consolidated net income	0	0	0	0	0	2,394	2,394
Balance at September 30, 2009	9,406,112	47,034	46,167	(4)	(5,688)	(9,445)	78,064

Consolidated cash flow statement

€ thousand	January 1 to September 30,	
	2009	2008
Consolidated net income	2,394	1,371
Amortization of intangible assets and depreciation of property, plant and equipment	8	7
Valuation result	114	2,377
Income from equity-accounted investments	(2,517)	(2,206)
Withdrawals from equity-accounted investments	1,640	1,629
Income from beneficial acquisition of participation	(44)	0
Minority interest in the result	791	1,296
Disbursement to minority interests	(218)	(343)
Income from restructuring a financial liability	0	(1,472)
Result from the valuation of derivative financial instruments	23	(49)
Funds from operations	2,191	2,610
Change in assets, equity and liabilities		
(Increase)/decrease in trade receivables	721	254
(Increase)/decrease in other liabilities	459	3,056
(Decrease)/increase in provisions	(137)	12
(Decrease)/increase in trade payables	(722)	(504)
(Decrease)/increase in other liabilities	(3,322)	(111)
Cash Flow from operating activities	(810)	5,317
Takeover of cash and cash equivalents from acquired subsidiaries minus payments for purchase of participations in associated companies	(67)	(10)
Income from the sale of subsidiaries (BBV 08)	0	4,705
Payment received for divestiture of non-current assets	2,300	0
Investments in investment property/property under construction	(74)	(13,473)
Investments in property, plant and equipment and intangible assets	(3)	0
Cash Flow from investment activities	2,156	(8,778)
Receipts from financial liabilities	80	45,439
Repayment of financial liabilities	(7,599)	(42,703)
Buyback of own shares	(4)	0
Cash Flow from financing activities	(7,523)	2,736
Net change in cash and cash equivalents	(6,177)	(725)
Cash and cash equivalents – start of period	14,039	5,381
Cash and cash equivalents – end of period	7,862	4,656



Notes

(1) GENERAL INFORMATION ABOUT THE COMPANY

Following its registration as an incorporated company on 12 July 2007, Fair Value REIT AG (hereafter also „Fair Value“ or „Company“) has been listed since November 16, 2007. It obtained REIT status on December 6, 2007.

Because it maintains participations in 13 closed end real estate funds, the Company is obligated to prepare consolidated financial statements.

The revised IAS 23 (Borrowing Costs) excludes the option of entering borrowing costs so as to reduce profits, and requires that borrowing costs directly related to the acquisition or production of so-called qualifying assets be capitalised, under certain circumstances, as part of the acquisition or production costs of these assets. The revised IAS 23 came into force with binding effect on January 1, 2009. This provision had no effects since there were no qualifying assets for the period under review.

(2) ACCOUNTING AND VALUATION METHODS

Basis for preparation – The consolidated interim financial statements were prepared on the basis of the International Financial Reporting Standards (IFRS), in compliance with IAS 34 „Interim Reporting“.

Comparative figures – The comparison columns of the income statement and cash flow statement refer to the time period January 1 to September 30, 2008.

Investment properties and financial derivatives are valued at the attributable fair value, whereas shares in affiliated companies are valued at equity. For the remainder, valuations are to be valued on the basis of historical acquisition and production costs.

Consolidation – The consolidated financial statements include all subsidiaries. The basis of consolidation has not changed as compared to December 31, 2008.

Accounting and valuation methods – Fair Value has implemented all reporting standards which it was obligated to apply as at the 2009 fiscal year. They essentially consist of IAS 1 for the presentation of financial statements, IAS 23 for the capitalisation of borrowing costs, and IFRS 8 for segment reporting.

IAS 1 (Presentation of Financial Statements: a Revised Presentation) contains new provisions for the presentation of financial statements. The new standards must be applied to fiscal years which begin on or after January 1, 2009. Upon adoption, a „Schedule of Income and Costs included in Group Equity“ was added to the representation of profits for the period. (Consolidated statement of comprehensive income, see page 35).

(3) CONSOLIDATED ASSETS AND LIABILITIES

€ thousand	Fair Value REIT-AG		IC 01		IC 03		IC 07	
	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08
Intangible assets	4	2	0	0	0	0	0	0
Property, plant and equipment	15	22	0	0	0	0	0	0
Investment property	47.270	47.270	4.340	4.340	7.720	7.720	7.500	7.500
Participation in subsidiaries	27.909	27.909	0	0	0	0	0	0
Equity-accounted investments	50.095	50.177	0	0	0	0	0	0
Other assets	22	2.319	0	0	0	0	0	0
Trade receivables	193	272	137	139	91	71	28	170
Other receivables and assets	540	1.104	52	1	9	8	12	3
Cash and cash equivalents	1.915	5.411	123	174	95	67	2.762	5.996
Minority interests	0	0	0	0	0	0	0	0
Provisions	(145)	(253)	(5)	(14)	(7)	(13)	(10)	(13)
Financial liabilities	(40.850)	(47.143)	(1.929)	(1.962)	(3.633)	(3.700)	(3.578)	(4.086)
Derivative financial instruments	(4.180)	(3.442)	0	0	0	0	0	0
Trade payables	(354)	(830)	(12)	(30)	(21)	(39)	(79)	(10)
Other liabilities	(592)	(797)	(61)	(75)	(58)	(61)	(16)	(2.948)
Net assets	81.842	82.021	2.645	2.573	4.196	4.053	6.619	6.612

€ thousand	BBV 03		BBV 06		Consolidation		Total	
	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08
Intangible assets							4	2
Property, plant and equipment	0	0	0	0	0	0	15	22
Investment property	9.140	9.140	54.730	54.770	0	0	130.700	130.740
Participation in subsidiaries	0	0	0	0	(27.909)	(27.909)	0	0
Equity-accounted investments	0	0	0	0	(962)	(1.734)	49.133	48.443
Other assets	0	0	0	0	0	0	22	2.319
Trade receivables	45	106	287	744	0	0	781	1.502
Other receivables and assets	10	6	243	257	(152)	(203)	714	1.176
Cash and cash equivalents	1.256	1.319	1.711	1.072	0	0	7.862	14.039
Minority interests	0	0	0	0	(17.007)	(16.505)	(17.007)	(16.505)
Provisions	(11)	(15)	(19)	(26)	0	0	(197)	(334)
Financial liabilities	0	0	(36.898)	(37.540)	150	174	(86.738)	(94.257)
Derivative financial instruments	0	0	(938)	(775)	0	0	(5.118)	(4.217)
Trade payables	(18)	(10)	(153)	(440)	0	0	(637)	(1.359)
Other liabilities	(54)	(171)	(691)	(735)	2	3	(1.470)	(4.784)
Net assets	10.368	10.375	18.272	17.327	(45.878)	(46.174)	78.064	76.787

(4) INCOME OF THE GROUP

Details regarding the consolidated income during the period under review are shown as follows (as compared to the previous year):

€ thousand	Fair Value REIT-AG		IC 01		IC 03		IC 07	
	2009	2008	2009	2008	2009	2008	2009	2008
Rental income	2,416	2,404	249	248	445	407	335	2,117
Income from operating and incidental costs	341	300	53	49	140	129	103	51
Leasehold payments	0	0	0	0	0	0	0	0
Real estate-related operating expenses	(538)	(526)	(106)	(85)	(268)	(187)	(306)	(64)
Net rental income	2,219	2,178	196	212	317	349	132	2,104
General administrative expenses	(1,640)	(1,600)	(23)	(23)	(26)	(25)	(27)	(125)
Other operating expenses and income (balance)	10	89	1	0	5	0	15	0
Valuation gains	0	0	0	0	0	0	0	0
Valuation losses	0	(1,155)	0	(162)	0	(220)	0	(400)
Valuation result (balance)	0	(1,155)	0	(162)	0	(220)	0	(400)
Operating result	589	(488)	174	27	296	104	120	1,579
Income from equity-accounted investments	1,491	334	0	0	0	0	0	0
Other result from participations	250	140	0	0	0	0	0	0
Income from participations	1,741	474	0	0	0	0	0	0
Income from beneficial acquisition of participation	0	0	0	0	0	0	0	0
Minority interest in the result	0	0	0	0	0	0	0	0
Net interest expense	(1,772)	(2,387)	(76)	(64)	(153)	(144)	(106)	(485)
Valuation of derivatives recognized through profit and loss	0	0	0	0	0	0	0	0
Financial result	(1,772)	(2,387)	(76)	(64)	(153)	(144)	(106)	(485)
Consolidated net income/loss	558	(2,401)	98	(37)	143	(40)	14	1,094
Fair Value REIT-AG's share	558	(2,401)	55	(22)	102	(28)	11	825

The reduction in rental income at the subsidiary IC 07 is due to the premature termination of the general lease agreement against inflow of a compensation payment of € 15.5 million in the fourth quarter of fiscal year 2008.

€ thousand	BBV 03		BBV 06		Consolidation		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Rental income	662	687	3,600	3,488	0	0	7,707	9,351
Income from operating and incidental costs	96	95	159	315	0	0	892	939
Leasehold payments	0		(175)	(174)	0	0	(175)	(174)
Real estate-related operating expenses	(183)	(140)	(971)	(1,077)	0	0	(2,372)	(2,079)
Net rental income	575	642	2,613	2,552	0	0	6,052	8,037
General administrative expenses	(130)	(161)	(276)	(336)	7	0	(2,115)	(2,270)
Other operating expenses and income (balance)	4	(15)	25	5	(7)	0	53	79
Valuation gains	0	20	0	830	0	0	0	850
Valuation losses	0	(410)	(114)	(880)	0	0	(114)	(3,227)
Valuation result (balance)	0	(390)	(114)	(50)	0	0	(114)	(2,377)
Operating result	449	76	2,248	2,171	0	0	3,876	3,469
Income from equity-accounted investments	0	0	0	0	1,026	1,872	2,517	2,206
Other result from participations	0	0	0	0	(250)	(140)	0	0
Income from participations	0	0	0	0	776	1,732	2,517	2,206
Income from beneficial acquisition of participation	0	0	0	0	44	0	44	0
Minority interest in the result	0	0	0	0	(791)	(1,296)	(791)	(1,296)
Net interest expense	10	40	(1,132)	(18)	0	0	(3,229)	(3,058)
Valuation of derivatives recognized through profit and loss	0	0	(23)	50	0	0	(23)	50
Financial result	10	40	(1,155)	32	(747)	(1,296)	(3,999)	(4,304)
Consolidated net income/loss	459	116	1,093	2,203	29	436	2,394	1,371
Fair Value REIT-AG's share	247	62	601	1,203	820	1,732	2,394	1,371

(5) INVESTMENT PROPERTIES

€ thousand	Direct investments	Participations	Total
Acquisition costs			
Balance at January 1, 2009	51,832	104,605	156,437
Additions (subsequent acquisition costs)	0	74	74
Balance at September 30, 2009	51,832	104,679	156,511
Changes in value			
Balance at January 1, 2009	(4,562)	(21,135)	(25,697)
Lowering of valuations	0	(114)	(114)
Balance at September 30, 2009	(4,562)	(21,249)	(25,811)
Fair values			
Balance at January 1, 2009	47,270	83,470	130,740
Balance at September 30, 2009	47,270	83,430	130,700

The values established by CB Richard Ellis GmbH, Berlin, for December 31, 2008, reduced by any applicable „overrent“, were accepted as the attributable fair values of the investment properties. With regard to the assumptions on which the DFC method was based, we hereby refer to the explanations on page 66 of the 2008 Annual Report.

The lower valuation (valuation loss) of € 114,000 in total includes a € 40,000 asset deterioration, based on our own estimates, resulting from a lease contract which was concluded at a rent level above today's market (so-called overrent). Moreover, renovation costs incurred for the Hannover property (IF06) in the amount of € 74,000 were immediately written off.

(6) EQUITY-ACCOUNTED PARTICIPATIONS

€ thousand	IC 10	IC 12	IC 13	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	Total
Balance at January 1, 2009	0	2,297	853	5,106	105	10,888	16,370	12,824	48,443
Additions (subsequent acquisition costs)	0	0	0	0	0	85	26	0	111
Withdrawals	0	0	0	(149)	0	(510)	(726)	(255)	(1,640)
Reserve for changes in value	0	0	0	0	0	0	(298)	0	(298)
Proportion of net income	0	84	108	261	10	475	1,051	528	2,517
Balance at September 30, 2009	0	2,381	961	5,218	115	10,938	16,423	13,097	49,133

This relates to participations with a voting right share of between 20 % and 50 %. The increase of this item as compared to December 31, 2008, by a total of € 690,000 relates to the purchase of shares in the amount of € 111,000 as well as the shares of income attributable to Fair Value for these companies for the period under review in the amount of € 2.517 million less the proportionate change not affecting income in the value change reserve in the amount of € 298,000, and distributions received in the first half of the year including retained capital gains tax and the solidarity surcharge in the amount of € 1.640 million.

Assets and liabilities of these companies are broken down as follows:

€ thousand	IC 10 *		IC 12		IC 13		IC 15 (consolidated)		BBV 02	
	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08
Property, plant and equipment	0	0	0	0	0	0	0	85	0	0
Investment property	9.180	9.180	7.760	7.760	23.070	23.600	34.380	34.550	1.720	1.770
Trade receivables	128	78	147	228	42	40	594	52	27	19
Other receivables and assets	8	5	7	4	47	35	495	108	6	3
Cash and cash equivalents	140	274	941	737	1.656	1.281	4.244	5.119	136	217
Provisions	(11)	(13)	(12)	(15)	(14)	(16)	(28)	(30)	(1)	0
Financial liabilities	(7.575)	(7.666)	(2.342)	(2.386)	(21.374)	(21.730)	(23.098)	(23.970)	(1.356)	(1.395)
Derivative financial instruments	0	0	0	0	0	0	0	0	0	0
Trade payables	(9)	(46)	(16)	(47)	(39)	(57)	(121)	(30)	(19)	(117)
Other liabilities	(1.989)	(1.904)	(31)	(36)	(52)	(28)	(818)	(528)	(48)	(56)
Net assets	(128)	(92)	6.454	6.245	3.336	3.125	15.648	15.356	465	441
Fair Value REIT-AG's share	0	0	2.381	2.297	961	853	5.218	5.106	115	105

* Other liabilities contain special contribution from individual limited partners of € 1.800 thousand.

€ thousand	BBV 09		BBV 10		BBV 14		Total	
	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08	Sep 30, 09	Dec 31, 08
Property, plant and equipment	0	0	0	0	0	0	0	85
Investment property	129.640	131.250	122.160	122.780	84.380	84.660	412.290	415.550
Trade receivables	217	120	346	290	426	148	1.927	975
Other receivables and assets	393	345	40	6	529	841	1.525	1.347
Cash and cash equivalents	6.698	7.016	5.929	6.283	2.040	2.309	21.784	23.236
Provisions	(33)	(23)	(20)	(26)	(24)	(32)	(143)	(155)
Financial liabilities	(76.270)	(78.633)	(74.454)	(76.432)	(51.853)	(53.067)		
Derivative financial instruments	(10.833)	(9.810)	(4.672)	(3.794)	0	0	(15.505)	(13.604)
Trade payables	(38)	(349)	(241)	(107)	(347)	(368)	(830)	(1.121)
Other liabilities	(857)	(868)	(229)	(203)	(292)	(239)	(4.316)	(3.862)
Net assets	48.917	49.048	48.859	48.797	34.859	34.252	158.410	157.172
Fair Value REIT-AG's share	10.938	10.888	16.423	16.370	13.097	12.824	49.133	48.443

The net income of equity-accounted companies for the period under review can be broken down as follows (compared to the previous year):

€ thousand	IC 10		IC 12		IC 13		IC 15		BBV 02	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Rental income	523	527	398	448	1,911	2,109	2,320	2,578	176	94
Income from operating and incidental costs	208	237	213	244	257	217	279	241	23	18
Real estate-related operating expenses	(334)	(317)	(289)	(311)	(439)	(379)	(400)	(426)	(70)	(68)
Net rental income	397	447	322	381	1,729	1,947	2,199	2,393	129	44
General administrative expenses	(17)	(24)	(32)	(33)	(100)	(93)	(127)	(114)	(21)	(15)
Other operating expenses and income (balance)	1	0	3	0	11	0	(28)	3	22	1
Valuation gains	0	0	0	0	0	110	0	80	0	78
Valuation losses	0	(110)	0	(181)	(530)	(1,060)	(509)	(1,929)	(50)	0
Valuation result (balance)	0	(110)	0	(181)	(530)	(950)	(509)	(1,849)	(50)	78
Operating result	381	313	293	167	1,110	904	1,535	433	80	108
Net interest expense	(345)	(353)	(84)	(72)	(899)	(916)	(856)	(1,041)	(52)	(50)
Valuation of derivative financial instruments recognized in income	0	0	0	0	0	0	0	0	0	0
Financial result	(345)	(353)	(84)	(72)	(899)	(916)	(856)	(1,041)	(52)	(50)
Net income/loss	36	(40)	209	95	211	(12)	679	(608)	28	58
Fair Value REIT-AG's share	0	(10)	84	44	108	0	261	(232)	10	23

Out of the total valuation loss of € 3.599 million, based on our own estimates, € 3.260 million stand for the reduction of the net present value of a number of existing lease contracts having been concluded at rents above today's market levels (so-called overrents). Moreover, renovation costs incurred for the Quickborn (IC15; € 106,000), Dresden (IC15; € 232,000) and Chemnitz (IC15; € 1,000) properties were immediately written off. In the previous year, the valuation loss of € 6.480

million was mainly based on an external market appraisal of the properties on June 30, 2008.

The release of the difference to the market valuation of financial liabilities as at September 30, 2007, will be shown in net interest expense as of the 2009 fiscal year; the prior year was adjusted. The released amount for the current year is € 641,000 (prior year: € 1.005 million).

€ thousand	BBV 09		BBV 10		BBV 14		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Rental income	8,926	8,793	8,103	7,751	4,594	4,577	26,951	26,877
Income from operating and incidental costs	174	150	571	496	1,093	1,032	2,818	2,635
Real estate-related operating expenses	(513)	(562)	(1,552)	(1,272)	(1,855)	(2,240)	(5,452)	(5,575)
Net rental income	8,587	8,381	7,122	6,975	3,832	3,369	24,317	23,937
General administrative expenses	(294)	(329)	(327)	(344)	(414)	(368)	(1,332)	(1,320)
Other operating expenses and income (balance)	0	1	8	(3)	22	(6)	39	(4)
Valuation gains	0	800	0	243	0	0	0	1,311
Valuation losses	(1,610)	(1,100)	(620)	(1,510)	(280)	(590)	(3,599)	(6,480)
Valuation result (balance)	(1,610)	(300)	(620)	(1,267)	(280)	(590)	(3,599)	(5,169)
Operating result	6,683	7,753	6,183	5,361	3,160	2,405	19,425	17,444
Net interest expense	(3,759)	(2,758)	(3,348)	(3,105)	(1,987)	(1,986)	(11,330)	(10,281)
Valuation of derivative financial instruments recognized in income	(1,023)	24	(99)	189	0	0	(1,122)	213
Financial result	(4,782)	(2,734)	(3,447)	(2,916)	(1,987)	(1,986)	(12,452)	(10,068)
Net income/loss	1,901	5,019	2,736	2,445	1,173	419	6,973	7,376
Fair Value REIT-AG's share	475	1,252	1,051	937	528	192	2,517	2,206

Net interest expense increase as compared to the previous year is mainly due to lower interest income on the investment of liquid funds. Only 30 % of the relatively high deviation of € 1 million for BBV09 is justified on that reasoning. Another 40 % (approximately) are the result of the release of the market value for two loans at the time of initial consolidation, following the expiry of fixed interest periods on September 30, 2008. The remaining 30 % for BBV09 result from higher interest expenses for follow-up financing hedged by interest swap deals.

With retroactive effect to January 1, 2009, IC15 assumed the partnership shares of the sole copartner Alfred Angermann GmbH (Wayss & Freytag AG group) in the real estate company Lindengarten Dresden GmbH & Co. KG. In this context, Wayss & Freytag AG has waived all its rights and claims in respect of the real estate company from the participating loan at the nominal value of € 6.500 million. IC15 will pay the departing partner a compensation payment of € 625,000, which was determined as the compensation amount for the

participating loan with regard to the portion of € 459,000. As at December 31, 2008, the loan had a contractual repayment value of € 482,000. The lower current repayment amount was entered as interest income in the amount of the difference – € 23,000. Based on a continued error from the initial consolidation, the repayment value as at December 31, 2008, was only set at € 259,000. The difference to the contractual repayment value of € 223,000 is now shown under other operating expenses. The remaining portion of the compensation payment – € 166,000 – is also included in other operating expenses as a premium for the waiver of shareholder rights. The real estate company is dissolved as part of the transaction. Accordingly, land purchase taxes and other ancillary acquisition costs of approx. € 30,000 are expected to be incurred, which have been deferred accordingly through IC15.

As part of the premature termination of a long-term lease contract in place since 1997 for the hotel in Dresden, the property holding partnership has generated a compensation payment in the amount of € 350,000, as other operating income. For the time following September 3, 2009, a new 20-year rental contract was concluded with another tenant, who has committed to a rent in the amount of 25 % of the turnover with a minimum rent of € 890,000 p.a. Total costs of € 520,000 associated with the replacement of the tenant are accrued over the term of the 20-year lease contract, and are contained in real estate related operating expenses at an amount of € 2,000 for the period from September 3 to 30.

(7) FINANCIAL ASSETS

A bank balance of € 2.300 million was pledged for the purpose of releasing claims, in the event that the sale of the „Sparkasse portfolio“ fails to benefit from the REIT law within four years of the conclusion of the contract (October 6, 2007). On the basis of a bank guarantee provided in the third quarter of 2009, this bank balance was released and used to repay loans.

(8) RESERVE FOR CHANGES IN VALUE

The current reserve for value changes, which has an equity reducing effect, includes value changes in interest hedging transactions in a manner not affecting net income, insofar as they meet the criteria for hedge accounting. During the period under review, the value changes totalled € 878,000, in which is included the sale of non-controlling interests over € 63,000. Moreover, this reserve also contains a change of € 298,000 of equity-accounted participations, insofar as these resulted from cash flow hedges of the participation companies.

(9) OWN SHARES

On September 24, 2009, the Managing Board resolved the start of a share buy-back program, and thereby utilises the authorisation to purchase own shares, as per Section 71 Subsection 1 (8) AktG, provided by the Annual General Meeting of May 29, 2009. The buy-back program started on September 25, 2009, and will end on January 29, 2010. The intention of the program is to purchase a total of up to 100,000 shares or approx. 1 % of the Company's share capital. 770 shares were purchased by the end of the period under review.

(10) FINANCIAL OBLIGATIONS

Long- and short-term financial liabilities in the amount of € 86.738 million have been reduced by € 7.519 million as compared to December 31, 2008. This amount consists of regular repayments in the amount of € 1.566 million as well as unscheduled repayment at the level of Fair Value REIT-AG of € 5.953 million.

(11) OTHER LIABILITIES

The decrease is mainly the result of a payment of to VAT liabilities from a compensation payment which was received on the occasion of a premature termination of a general lease contract at subsidiary IC07.

(12) GENERAL ADMINISTRATIVE EXPENSES

€ thousand	January 1 to September 30,	
	2009	2008
Fund management and trustee fees	302	460
Remunerations for Supervisory Board, Advisory Council, General Partner	65	54
Legal and consulting costs	163	231
Audit expenses	136	182
Valuations	180	264
Stock market listing, general meeting and events	158	208
Personnel expenses	772	574
Office costs	54	73
Travel and vehicle expenses	54	65
Non-deductible VAT	137	80
Other	94	79
	2,115	2,270

Of general administration costs, € 482,000 (22.8 %) relate to subsidiaries, and € 1.633 million (77.2 %) to Fair Value.

As of September 30, 2009, Mr. Heiler left the Managing Board of Fair Value; the employment contract ends on December 31, 2009. Personnel costs include the severance payment of € 265,000 as set out in the exit agreement, as well as the pension subsidy entitlement for Mr. Heiler of € 11,000 which applies to the period of December 2007 to September 2009. In addition, Mr. Heiler will be provided with a company car until November 2010. The expected costs for the 2010 fiscal year are already included in the travel and vehicle expenses at an amount of € 13,000.

(13) NET INTEREST EXPENSES

€ thousand	January 1 to September 30,	
	2009	2008
Interest income	135	936
Interest income due to refinancing BBV06	0	1,472
Valuation of derivative financial instruments	(23)	50
Other interest expense	(3,364)	(5,466)
	(3,252)	(3,008)

The net interest expenses include expenses from a change in the fair value of derivative financial instruments (interest hedge transactions), in the amount of € 23,000. Of these, € 10,000 refer to minority shareholders in the subsidiaries.

(14) BUSINESS SEGMENT REVENUES AND RESULTS

€ thousand	January 1 to September 30,	
	2009	2008
Segment revenues		
Direct investments	2,757	2,704
Participations	5,842	7,586
	8,599	10,290
Segment results		
Direct investments	1,952	842
Participations	3,287	3,957
	5,239	4,799
Income from equity-accounted participations	2,517	2,206
Income from beneficial acquisition of participation	44	0
Central administrative expenses	(1,363)	(1,330)
Other investment result	0	0
Minority interest in the result	(791)	(1,296)
Net interest expense	(3,252)	(3,008)
Consolidated earnings	2,394	1,371

(15) SCOPE OF RELATIONSHIPS WITH AFFILIATED PERSONS

€ thousand	September 30, 2009	December 31, 2008
Receivables		
Other	17	74
Liabilities		
Liabilities from loans	0	(115)
Liabilities from services	(14)	(237)
Other	0	(15)
	3	(293)

NO AUDITOR'S REVIEW

This report was not audited within the meaning of Section 317 of the Handelsgesetzbuch (German GAAP) or subject to an audit review by an auditor and thus does not include an auditor's opinion.

DECLARATION CONCERNING THE GERMAN CORPORATE GOVERNANCE CODE

The current declarations by Fair Value REIT-AG's Managing and Supervisory Boards according to Section 161 of the AktG on the German Corporate Governance Code have been made permanently accessible on the company's Website.

DECLARATION BY THE LEGAL REPRESENTATIVES

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

Munich, November 2009

Fair Value REIT-AG



Frank Schaich

Real estate portfolio details

Real estate portfolio details

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Valuation Method

PROCEEDINGS AND ASSUMPTIONS

Fair Value engaged Frankfurt-based CB Richard Ellis GmbH (CBRE) to value its directly and indirectly held properties as of December 31, 2008. CBRE had already valued the properties as of June 30, 2007, and December 31, 2007, and June 30, 2008.

CBRE is not a company regulated by a supervisory body, however it does employ publicly appointed, sworn experts, members of the Royal Institution of Chartered Surveyors (RICS) and real estate experts certified by HypZert GmbH in its Valuation division. According to the Practical Statement (PS) 3.2 of the RICS Valuation Standards (6th edition) from the Royal Institution of Chartered Surveyors (RICS), London, CBRE identified the properties' market values as defined below:

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

In terms of concept and content, "market value" according to the definition by the Royal Institution of Chartered Surveyors (RICS) and "fair value" according to IFRS and IAS 40 are comparable.

The market value was identified in each case taking into account incidental acquisition costs (land transfer tax, estate agents' fees and notary's and attorneys' fees) and was presented as the net capital value.

The market values of the individual properties was determined using the internationally recognized discounted cash flow method. The discounted cash flow method forms the basis for dynamic calculations and is used to calculate the value of cash flows anticipated in future on various dates and in differing amounts.

In so doing, after identifying all of the factors relevant for the valuation, the future cash flows, some of which are linked to forecasts, are aggregated on an accrual basis. The balance of the receipts and payments recorded is then discounted to a fixed point in time (valuation date) using the discount rate. In contrast to the German Ertragswertverfahren (income-based approach) according to the Wertermittlungsverordnung (WertV – German Value Calculation Directive), the cash flows are explicitly quantified during the observed period and are not shown as annuity payments.

As the impact of future cash flows falls as a result of the discounting, and as the forecasting insecurity increases over the observed period, as a rule in the case of real estate investments the stabilized net investment income is capitalized over a ten-year period (detailed observation period) using a growth-implicit minimum interest rate (capitalization rate) and discounted to the valuation date.

The assumptions used in the valuation model reflect the average assumptions of the dominant investors on the market on the respective valuation date. These valuation parameters reflect the standard market expectations and the extrapolation of the analyzed past figures for the property to be valued or for one or several comparable properties. CBRE

estimated the valuation parameters as best possible using its best judgment, and these can be broken down into two groups.

The property-specific valuation parameters include, for example, rent for initial term and renewals, the probability of existing rental agreements being extended, vacancy periods and vacancy costs, non-allocable incidental costs and capital expenditure expected by the owner, fitting and rental costs for initial and renewals as well as property and lease-specific overall interest on the capital tied up in the investment.

The general economic factors include, in particular, changes to market prices and rent during the detailed observation period and the inflation assumed in the calculation model.

VOLATILE MARKETS

According to Guidance Note 5 of the RICS Valuation Standards CBRE points out explicitly in its valuation report as of February 12, 2009, that the current crisis in the global financial system, including the failure or bail out of important banks and financial institutions, has caused considerable uncertainty in commercial real estate markets. Furthermore, CBRE refers to temporarily increased price volatility regarding prices and values under these circumstances, while the market absorbs different changes and settles down at a stable level. The lack of liquidity on capital markets could lead to potentially severe difficulties in achieving a successful sale of the evaluated investment properties in the short run.

Individual property information and Fair Value REIT-AG's share according to proportionate interest

Address	Town	Fund	Primary use	Year of construction	Last renovation / modernization	Plot size	Market value December 31, 2007 ¹⁾	Market value December 31, 2008 ¹⁾	Change	Discount rate December 31, 2008
						[m ²]	[€ K]	[€ K]	[%]	[%]
Direct holdings										
Hauptstraße 56e / 56 d	Appen		Office	1975	1995	4,320	250	230	-8.0	7.00
Bleek 1	Bad Bramstedt		Office	1973	2006	3,873	1,300	1,200	-7.7	6.60
Oldesloer Straße 24	Bad Segeberg		Office	1982	2007	5,152	9,700	9,240	-4.7	6.60
Königstr. 19-21	Barmstedt		Office	1911	laufend	2,842	1,520	1,460	-3.9	6.50
Bahnhofstraße 9	Bönnigstedt		Office	1992	2003	1,131	260	240	-7.7	7.10
Bahnhofstraße 14	Boostedt		Office	1989	2005	1,006	140	130	-7.1	6.50
Am alten Markt 9a	Bornhöved		Office	1991	2005	873	710	680	-4.2	6.70
Berliner Damm 6	Ellerau		Office	1990	2000	1,177	430	410	-4.7	6.90
Pinneberger Straße 155	Ellerbek		Office	1985	2001	1,708	390	360	-7.7	6.70
Dorfstraße 29	Geschendorf		Office	1985	2006	1,154	260	230	-11.5	7.00
Hauptstraße 33	Halstenbek		Office	1969	2001	1,195	910	860	-5.5	7.40
Seestraße 232	Halstenbek		Office	1976	2002	549	100	90	-10.0	7.30
Friesenstraße 59	Helgoland		Office	1986	2000	194	620	610	-1.6	6.30
Hamburger Straße 83	Henstedt-Ulzburg		Office	1989	2004	1,219	1,160	1,100	-5.2	6.50
Holstenstraße 32	Kaltenkirchen		Office	1978	2005	1,893	2,050	1,970	-3.9	6.50
Köllner Chaussee 27	Kölln-Reisiek		Office	1990	2001	1,004	200	180	-10.0	7.10
Hamburger Straße 40	Leezen		Office	1989	2005	886	200	190	-5.0	7.00
Segeberger Straße 21	Nahe		Office	1971	2004	1,698	750	700	-6.7	7.00
Ehndorfer Straße 153	Neumünster		Office	1971	2003	1,685	270	250	-7.4	7.60
Kuhberg 11 - 13	Neumünster		Office	1989	2005	5,286	16,300	15,300	-6.1	6.50
Röntgenstraße	Neumünster		Office	1972	1998	2,481	310	280	-9.7	7.30
Ulzburger Str. 363 d / e	Norderstedt		Office	1994	2004	2,762	1,570	1,480	-5.7	6.60
Ulzburger Str. 545 / 547	Norderstedt		Office	1960		1,313	520	510	-1.9	8.20
Damm 49	Pinneberg		Office	1996	2007	1,383	2,500	2,370	-5.2	7.00
Oeltingsallee 30	Pinneberg-Quellental		Office	1970	2002	2,047	680	660	-2.9	6.80
Kieler Straße 100	Quickborn		Office	1980	2002	1,625	1,560	1,490	-4.5	6.60
Hauptstraße 49	Rellingen		Office	1983	2001	828	600	560	-6.7	7.50
Rosenstraße 15	Sparrieshoop		Office	1961	1999	984	210	200	-4.8	7.40
Willy-Meyer-Straße 3 - 5	Tornesch		Office	1977	2003	970	620	590	-4.8	6.90
Am Markt 1	Trappenkamp		Office	1985	2005	1,190	690	660	-4.3	6.90
Wassermühlenstraße 5	Uetersen		Office	2001		2,348	2,000	1,890	-5.5	6.40
Markt 1	Wahlstedt		Office	1975	2005	1,848	1,180	1,150	-2.5	6.70
Sub-total direct holdings						58,624	49,960	47,270	-5.4	
Subsidiaries										
Rheinstr. 8	Teltow	IC07	Office	1995		5,324	25,200	7,500	-70.2	7.60
Im Taubental 9 - 17	Neuss	IC03	Logistics	1990		19,428	8,600	7,720	-10.2	7.60
Heidhauser Straße 94	Essen-Heidhausen	IC01	Retail	1990		4,776	2,900	2,600	-10.3	6.80
Hospitalstraße 17 - 19 / Judengasse 21	Alzey	IC01	Retail	1990	2007	2,243	1,800	1,740	-3.3	6.90
Andreasstr. 1	Ahaus-Wüllen	BBV06	Retail	1990		5,513	1,300	1,110	-14.6	7.60
Andreasstr. 3 - 7	Ahaus-Wüllen	BBV06	Retail	1973		13,036	4,800	4,380	-8.8	7.60
Marktplatz 3	Altenberge	BBV06	Retail	1986		1,756	1,200	1,190	-0.8	6.80
Heerenbergerstr. 51	Emmerich	BBV06	Retail	1987		4,314	1,200	870	-27.5	7.60
Hubert-Protz-Str. 117	Frechen	BBV06	Retail	1988		4,282	1,300	1,270	-2.3	7.30
Schwarzer Weg 21 - 24	Hamm	BBV06	Retail	1990		2,665	1,400	1,350	-3.6	7.50
Hinüberstr. 6	Hannover	BBV06	Other	1981	2006	3,204	20,200	20,000	-1.0	6.60

					Fair Value REIT-AG's share									
Capitalization rate December 31, 2008	Lettable space ¹⁾	Va- can- cies	Annu- alized con- tractual rent	Annu- alized potential rent	Participating interest September 30, 2009	Market value December 31, 2008 ¹⁾	Ø Remaining term of rental agreements	Income based occupancy rate	Annu- alized contractual rent	Annualized potential rent	Contractu- al rental yield before costs	Potential rental yield before costs		
[%]	[m²]	[m²]	[€ K]	[€ K]	[%]	[€ K]	[years]	[%]	[€ K]	[€ K]	[%]	[%]		
6.50	212	0	19	19	100.00	230	8.3	100.0	19	19	8.4	8.4		
5.60	997	0	78	78	100.00	1,200	15.3	100.0	78	78	6.5	6.5		
6.10	9,144	378	608	636	100.00	9,240	13.9	95.6	608	636	6.6	6.9		
6.00	1,264	0	93	93	100.00	1,460	14.7	100.0	93	93	6.4	6.4		
6.80	211	0	19	19	100.00	240	8.3	100.0	19	19	8.0	8.0		
5.90	114	0	10	10	100.00	130	8.3	100.0	10	10	8.0	8.0		
6.00	664	0	51	51	100.00	680	7.8	100.0	51	51	7.6	7.6		
6.70	369	0	31	31	100.00	410	8.3	100.0	31	31	7.6	7.6		
5.70	356	0	28	28	100.00	360	5.7	100.0	28	28	7.7	7.7		
5.90	316	0	20	20	100.00	230	8.3	100.0	20	20	8.8	8.8		
7.00	791	0	65	65	100.00	860	8.3	100.0	65	65	7.5	7.5		
6.80	188	0	8	8	100.00	90	8.3	100.0	8	8	9.2	9.2		
5.40	488	0	38	38	100.00	610	12.9	100.0	38	38	6.2	6.2		
6.00	1,005	0	72	72	100.00	1,100	16.3	100.0	72	72	6.5	6.5		
6.10	1,581	0	123	123	100.00	1,970	16.1	100.0	123	123	6.2	6.2		
6.40	168	0	15	15	100.00	180	8.3	100.0	15	15	8.5	8.5		
6.60	174	0	16	16	100.00	190	8.3	100.0	16	16	8.4	8.4		
6.50	734	0	60	60	100.00	700	8.3	100.0	60	60	8.5	8.5		
7.00	346	0	23	23	100.00	250	7.3	100.0	23	23	9.3	9.3		
6.10	11,808	0	958	958	100.00	15,300	15.6	100.0	958	958	6.3	6.3		
6.70	534	0	28	28	100.00	280	7.2	100.0	28	28	10.2	10.2		
5.90	1,340	0	106	106	100.00	1,480	13.7	100.0	106	106	7.2	7.2		
7.60	1,005	408	49	69	100.00	510	4.2	70.3	49	69	9.5	13.6		
6.50	1,930	0	176	176	100.00	2,370	3.3	100.0	176	176	7.4	7.4		
6.10	624	0	52	52	100.00	660	5.6	100.0	52	52	7.9	7.9		
6.00	1,309	0	100	100	100.00	1,490	16.3	100.0	100	100	6.7	6.7		
6.90	524	0	42	42	100.00	560	8.3	100.0	42	42	7.5	7.5		
6.90	237	0	17	17	100.00	200	6.8	100.0	17	17	8.7	8.7		
6.30	657	0	55	55	100.00	590	6.5	100.0	55	55	9.4	9.4		
6.00	787	0	53	53	100.00	660	7.4	100.0	53	53	8.1	8.1		
5.50	1,726	0	124	124	100.00	1,890	13.8	100.0	124	124	6.6	6.6		
6.20	1,346	0	92	92	100.00	1,150	7.9	100.0	92	92	8.0	8.0		
	42,948	786	3,233	3,281		47,270	12.5	98.5	3,233	3,281	6.8	6.9		
6.60	9,731	3,205	440	701	75.73	5,680	2.6	62.8	333	531	5.9	9.3		
6.90	12,064	261	599	640	71.58	5,526	1.4	93.7	429	458	7.8	8.3		
6.40	1,386	0	216	216	55.79	1,451	13.1	100.0	121	121	8.3	8.3		
6.40	1,989	318	109	132	55.79	971	7.8	82.7	61	74	6.3	7.6		
6.90	1,496	0	108	108	54.92	610	1.3	100.0	59	59	9.7	9.7		
6.80	3,915	0	473	473	54.92	2,405	5.3	100.0	260	260	10.8	10.8		
6.20	1,285	0	106	106	54.92	654	2.4	100.0	58	58	8.9	8.9		
6.80	1,415	92	84	87	54.92	478	4.1	96.8	46	48	9.7	10.0		
6.70	1,225	0	135	135	54.92	697	4.1	100.0	74	74	10.6	10.6		
6.70	1,349	0	144	144	54.92	741	1.3	100.0	79	79	10.7	10.7		
6.00	19,460	0	1,636	1,636	54.92	10,983	5.3	100.0	899	899	8.2	8.2		

Address	Town	Fund	Primary use	Year of construction	Last renovation / modernization	Plot size [m ²]	Market value December 31, 2007 ¹⁾ [€ K]	Market value December 31, 2008 ¹⁾ [€ K]	Change [%]	Discount rate December 31, 2008 [%]
Köhlstr. 8	Köln	BBV06	Logistics	1982		40,591	9,300	9,360	0.6	8.00
Gutenbergstr. 152 / St. Töniser Str. 12	Krefeld	BBV06	Retail	1990		8,417	4,800	4,100	-14.6	7.50
Lippestr. 2	Lippetal-Herzfeld	BBV06	Retail	1990		3,155	1,700	1,550	-8.8	7.40
Zeughausstr. 13	Meschede	BBV06	Retail	1989		1,673	610	500	-18.0	7.30
Äußere Spitalhofstr. 15 - 17	Passau	BBV06	Retail	2007	2007	2,884	4,900	4,440	-9.4	7.00
Steinheimer Str. 64	Seligenstadt	BBV06	Retail	1983		4,000	1,900	1,780	-6.3	7.10
Bahnhofstraße 20 a - e	Waltrop	BBV06	Retail	1989		1,742	2,900	2,870	-1.0	7.30
Adalbertsteinweg 32 - 36	Aachen	BBV03	Office	1990		1,038	2,300	2,030	-11.7	7.30
Marconistr. 4 - 8	Köln	BBV03	Logistics	1990		13,924	3,700	3,330	-10.0	7.00
Hauptstr. 51 - 55	Weyhe-Leeste	BBV03	Retail	1989	2005	11,248	3,900	3,780	-3.1	7.00
Sub-total subsidiaries						155,213	105,910	83,470	-21.2	
Total Group						213,837	155,870	130,740	-16.1	
Associated companies										
Max-Planck-Ring 26 / 28	Langenfeld	IC13	Logistics	1996		14,727	11,100	10,200	-8.1	7.30
Friedrich-Engels-Ring 52	Neubrandenburg	IC13	Office	1996		4,705	10,900	9,550	-12.4	7.00
Großbeerenstr. 231	Potsdam	IC13	Office	1995		2,925	3,300	3,850	16.7	6.90
Carnotstr. 5 - 7	Berlin	BBV14	Office	1995		4,583	15,900	15,600	-1.9	6.60
Nossener Brücke 8 - 12	Dresden	BBV14	Office	1997		4,134	8,300	7,660	-7.7	7.10
Kröpeliner Str. 26-28	Rostock	BBV14	Retail	1995		7,479	62,800	61,400	-2.2	6.20
Hartmannstr. 3 a - 7	Chemnitz	IC12	Office	1997		4,226	8,300	7,760	-6.5	6.50
Heinrich-Lorenz-Str. 35	Chemnitz	IC15	Office	1998		4,718	4,400	3,890	-11.6	7.20
Am alten Bad 1 - 7, Theaterstr. 34a	Chemnitz	IC15	Office	1997		3,246	6,000	5,560	-7.3	6.40
Königsbrücker Str. 121 a	Dresden	IC15	Other	1997		4,242	12,300	11,900	-3.3	6.60
Pascalkehe 15 / 15a	Quickborn	IC15	Office	1997		9,129	15,100	13,200	-12.6	7.00
Zum Rotering 5-7	Ahaus	BBV10	Retail	1989		3,884	2,600	2,320	-10.8	7.60
Vor den Führen 2	Celle	BBV10	Retail	1992		21,076	13,700	12,500	-8.8	7.10
Nordpassage 1	Eisenhüttenstadt	BBV10	Retail	1993		20,482	57,800	53,500	-7.4	6.70
Altmärker Str. 5	Genthin	BBV10	Retail	1998		3,153	730	730	0.0	7.60
Robert-Bosch-Str. 11	Langen	BBV10	Office	1994		6,003	18,500	17,700	-4.3	6.90
Hammer Str. 455-459	Münster	BBV10	Retail	1991		15,854	9,600	8,570	-10.7	6.90
Hannoversche Str. 39	Osnabrück	BBV10	Retail	1989		7,502	3,300	3,050	-7.6	7.00
Klingelbrink 10	Rheda-Wiedenbrück	BBV10	Retail	1991		2,455	2,200	2,110	-4.1	7.10
Lerchenbergstr. 112 / 113, Annendorfer Str. 15 / 16	Wittenberg	BBV10	Retail	1994		96,822	24,800	22,300	-10.1	6.50
Henkestr. 5	Erlangen	BBV02	Retail	1984		6,350	1,800	1,770	-1.7	7.20
Oberfrohaer Str. 62 - 74	Chemnitz	IC10	Retail	1997		11,203	9,800	9,180	-6.3	6.90
Leimbacher Straße	Bad Salzungen	BBV09	Retail	1992		22,979	15,000	13,500	-10.0	7.30
Mühlhäuser Str. 100	Eisenach	BBV09	Retail	1994		44,175	52,400	48,500	-7.4	6.50
Putzbrunner Str. 71 / 73, Fritz-Erler-Str. 3	München-Neuperlach	BBV09	Office	1986		10,030	43,100	38,500	-10.7	6.60
Weißenfeller Str. 70	Naumburg	BBV09	Retail	1993		20,517	21,600	21,000	-2.8	7.00
An der Backstania 1	Weilburg	BBV09	Retail	1994		17,211	10,800	9,750	-9.7	7.30
Total associated companies						373,810	446,130	415,550	-6.9	
Grand Total						587,647	602,000	546,290	-9.3	

1) Calculated with the participating interest as of current balance sheet date

2) Differences in rentable area compared to the previous report are due to changes in space at single properties caused by adjustments for sustainably, for market reasons not lettable areas such as general areas etc. in the case of subsequent lettings and new measurements of rental areas.

3) Participating interest increased through acquisition of participations of the fund company in the property company (see page 24 an 49/50).

Fair Value REIT-AG's share												
Capitalization rate December 31, 2008	Lettable space ¹⁾	Vacan- cies	Annua- lized con- tractual rent	Annua- lized potential rent	Participating interest September 30, 2009	Market value December 31, 2008 ¹⁾	Ø Remaining term of rental agreements	Income based occupancy rate	Annua- lized contractu- al rent	Annualized potential rent	Contractu- al rental yield before costs	Potential rental yield before costs
[%]	[m ²]	[m ²]	[€ K]	[€ K]	[%]	[€ K]	[years]	[%]	[€ K]	[€ K]	[%]	[%]
7.20	23,076	8,220	641	1,014	54.92	5,140	4.4	63.2	352	557	6.8	10.8
6.60	4,683	0	451	451	54.92	2,252	0.9	100.0	248	248	11.0	11.0
6.70	1,452	0	144	144	54.92	851	1.2	100.0	79	79	9.3	9.3
6.60	1,095	0	42	42	54.92	275	3.8	100.0	23	23	8.4	8.4
6.80	8,492	0	600	600	54.92	2,438	7.6	100.0	329	329	13.5	13.5
6.60	1,390	0	153	153	54.92	978	4.0	100.0	84	84	8.6	8.6
6.60	2,124	250	226	247	54.92	1,576	4.6	91.6	124	136	7.9	8.6
6.40	2,264	1,183	171	249	53.69	1,090	2.1	68.8	92	134	8.4	12.3
6.40	9,640	0	330	330	53.69	1,788	2.6	100.0	177	177	9.9	9.9
6.50	3,141	45	381	382	53.69	2,029	2.7	99.8	205	205	10.1	10.1
112,673	13,573	7,192	7,991			48,613	4.1	89.2	4,133	4,632	8.5	9.5
155,620	14,360	10,424	11,272									
6.70	10,453	0	1,170	1,170	49.95	5,095	6.1	100.0	584	584	11.5	11.5
6.20	7,557	1,327	1,107	1,214	49.95	4,770	4.6	91.2	553	606	11.6	12.7
6.30	3,824	234	276	325	49.95	1,923	2.2	85.0	138	162	7.2	8.4
5.80	9,863	606	1,176	1,235	45.03	7,024	1.7	95.3	530	556	7.5	7.9
6.60	8,852	20	725	779	45.03	3,449	0.8	93.1	326	351	9.5	10.2
5.80	19,307	398	4,206	4,316	45.03	27,646	6.3	97.5	1,894	1,943	6.9	7.0
5.90	8,380	1,620	479	666	40.22	3,121	3.1	71.9	193	268	6.2	8.6
6.20	5,845	0	533	533	38.34	1,492	1.1	100.0	204	204	13.7	13.7
6.00	5,119	1,245	324	443	36.10	2,007	2.4	73.0	117	160	5.8	8.0
6.00	11,554	0	899	899	38.34 ³⁾	4,563	19.8	100.0	345	345	7.6	7.6
6.20	10,570	0	1,323	1,323	38.34	5,061	2.6	100.0	507	507	10.0	10.0
6.90	2,054	164	227	235	38.31	889	0.2	96.6	87	90	9.8	10.1
6.40	10,611	0	1,131	1,131	38.31	4,789	3.2	100.0	433	433	9.0	9.0
6.20	40,101	0	4,988	4,988	38.31	20,498	4.1	100.0	1,911	1,911	9.3	9.3
6.70	1,275	249	65	81	38.31	280	4.0	80.7	25	31	8.9	11.0
6.40	13,657	3,024	1,206	1,474	38.31	6,782	3.0	81.9	462	565	6.8	8.3
6.40	7,353	0	674	674	38.31	3,283	9.4	100.0	258	258	7.9	7.9
6.50	4,207	0	313	313	38.31	1,169	9.1	100.0	120	120	10.3	10.3
6.30	2,235	338	141	186	38.31	808	1.5	76.0	54	71	6.7	8.8
6.00	14,720	471	1,796	1,885	38.31	8,544	9.2	95.3	688	722	8.1	8.5
6.50	2,770	0	220	220	38.94	689	2.8	100.0	86	86	12.4	12.4
6.10	9,981	362	702	759	26.14	2,400	2.9	92.4	183	199	7.6	8.3
6.60	10,985	0	1,260	1,260	25.10	3,389	2.8	100.0	316	316	9.3	9.3
6.10	37,400	0	3,483	3,483	25.10	12,175	14.9	100.0	874	874	7.2	7.2
6.00	19,018	0	4,391	4,391	25.10	9,664	4.3	100.0	1,102	1,102	11.4	11.4
6.50	15,180	0	1,743	1,743	25.10	5,271	8.9	100.0	438	438	8.3	8.3
6.70	8,145	0	839	839	25.10	2,447	8.6	100.0	211	211	8.6	8.6
301,015	10,058	35,398	36,564			149,228	5.9	96.4	12,640	13,114	8.5	8.8
456,636	24,418	45,823	47,836			245,111	6.6	95.1	20,006	21,027	8.2	8.6

Glossary

AKTG	Abbreviation for “Aktiengesetz” (German public limited Companies Act). This act regulates the rights and obligations of corporations limited by shares (German “Aktiengesellschaften” or “AGs”), limited partnerships by shares (“Kommanditgesellschaften auf Aktien” or “KGaAs”) and their shareholders.
AT EQUITY	Used in consolidation. “At equity” refers to a method of valuing equity interests in companies over which the group can exercise a significant influence (associated companies). When these companies are valued at equity, the associated company’s equity is only carried proportionately.
ASSET MANAGEMENT	Investment-oriented real estate asset management is the strategic, result-oriented investment management / value creation management of a real estate portfolio on individual property level in the interest of the property owner. This includes activities such as rentals, maintenance and also the disposition of properties.
ASSOCIATED COMPANY	According to the provisions of the “Handelsgesetzbuch” (“HGB” – German Commercial Code), an associated company is significantly controlled by a group company which holds an interest in the associate. Associated companies are consolidated at equity within the meaning of Section 312 of HGB.
CAPITALIZATION RATE	As is the case for the discount rate, the capitalization rate is also used to calculate the present value of future cash flows. In contrast to discounting, capitalization refers to the compounding of a future recurrent payment.
CASH FLOW	Cash flow is a key performance indicator (KPI) used to describe profits when analyzing a company. It provides information on the company’s financial strength. To derive the cash flow, the net profit is adjusted for non-cash relevant earnings positions.
CLOSED-END REAL ESTATE FUNDS	A form of investing indirectly in real estate, which is defined by a fixed principal sum. After equity is completely placed, the fund is closed. Trading of participations in these real estate partnerships is possible via a secondary market to a limited extent.
DERIVATE	This term stems from the Latin word “derivare” (to derive). A derivative refers to a financial instrument which is based on an underlying (e.g., equities, bonds, interest, commodities). The derivative comprises the right to buy or sell the underlying at a fixed price at a specific time in the future. The price of the derivative depends on the performance of the price of the underlying.
DESIGNATED SPONSOR	This term is used on the capital markets to refer to a financial services provider (mostly a bank or a securities trading bank). The function of a designated sponsor is to improve trading and pricing of security papers (such as shares) by providing additional liquidity. For this purpose, a designated sponsor offers bid and ask prices (both on the supply and the demand side) in electronic trading.
DISCOUNT RATE	Discounting is a method in compound interest rate calculation. By discounting future cash flows through application of the discount rate and subsequent aggregation of the results their present value is determined.
EBIT	Earnings before interest and taxes. EBIT shows a company’s operating results and is generally used to assess its earnings.
EXIT TAX	This relates to a tax benefit for profits from the sale of land and buildings to a REIT. The arrangement has a limited term through to December 31, 2009. If a company sells an applicable property to a REIT within this period, tax is only due on 50 % of any difference between the carrying amount of the property and the selling price.
FAIR VALUE	This accounting term refers to the value of an asset (such as a property) at its current present value, which is based on the future discounted cash flows.
FFO	Short for “funds from operations”. FFO indicates a real estate company’s earnings strength. The figure is calculated by adjusting the net income for the period by not liquidity-related positions, e.g. the valuation result (see consolidated cash flow statement).

HEDGE	Hedges are used to shelter certain items (e.g. interest or currencies) against fluctuations in their market value. These transactions aim to fix an economic price (e.g. an interest rate) at a fixed date in the future.
HGB	Abbreviation for “Handelsgesetzbuch” (German Commercial Code). This act sets out core principles of German commercial law in a total of five books.
IFRS	Abbreviation for “International Financial Reporting Standards”. This term refers to international accounting standards which comprise the standards issued by the International Accounting Standards Board (IASB), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). These regulations aim to ensure an internationally comparable, adequate presentation of a company’s actual financial position and results of operations.
INTEREST RATE SWAP	Swaps are derivatives which agree the swap of definite and fixed cash flows at a certain date in the future. In the case of an interest rate swap, the contracting parties undertake to pay a fixed or a variable interest rate for a specific underlying to the respective other contracting party. This mostly aims to hedge against the risk of changes in interest rates or to generate speculative profits.
INVESTOR RELATIONS	Also known as IR. Describes the relationship, in particular the communication, with potential and current investors in a listed company. These activities aim to provide investors with up-to-date, comprehensive information.
NAV	Short for “net asset value”. This KPI describes the actual enterprise value. Under IFRS regulations, the net asset value mostly corresponds to the balance sheet equity.
POTENTIAL RENT	Potential rent describes the annual rent for an existing property which could currently be received. This is the total of all of the contractual annual rent and any vacancies at market rents adequate for the respective location and property.
PRIME STANDARD	Listing segment of Deutsche Börse AG, organized under civil law and subject to statutory regulation. Companies listed in this segment have to fulfill particularly high transparency requirements.
REIT	Short for a “real estate investment trust”. The business purpose of a REIT is conducting activities relating to real estate. Under German law this includes, in particular, acquiring, managing and selling commercially used properties. In return for fulfilling the statutory requirements, no corporation or trade tax is paid at the REIT-company level. Instead, the shareholders are taxed to the extent that net income under the commercial code is disbursed as a dividend. In Germany, the corresponding tax rate has totaled 25 % since the definitive withholding tax (“Abgeltungssteuer”) was introduced. In addition, REITs benefit from tax privileges when purchasing commercial properties (exit tax) through to December 31, 2009.
UPREIT	Short for upstream-REIT. Refers to the exchange of participations in closed-end real estate funds for shares of a listed REIT. Although comparable concepts are wide-spread in the USA, Fair Value REIT-AG is the only company to date in Germany to use this business model.
WPHG	Abbreviation for “Wertpapierhandelsgesetz” (German Securities Trading Act). The WpHG regulates trading in securities such as shares or bonds in Germany. The “Bundesanstalt für Finanzdienstleistungsaufsicht” (BaFin – German Financial Services Supervisory Authority) controls the upholding of this act.
XETRA	Stands for exchange electronic trading. This refers to Deutsche Börse AG’s computer-assisted trading system for the spot market.

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PICTURES

Fair Value REIT-AG

Cover and pages 4 and 17: Subsidy of Sparkasse Südholstein, Quickborn, Kieler Straße 100
Pages 18 and 38: Subsidy of Sparkasse Südholstein, Barmstedt, Königstraße 19 - 21
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