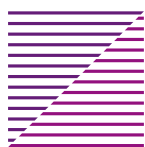




## SEMI ANNUAL REPORT 2010



fair value  
REIT

## OVERVIEW

|                       |  |
|-----------------------|--|
| <b>Business model</b> | Direct and indirect investments in commercial real estate.<br>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) |
| <b>Sectors</b>        | Offices, Retail, Logistics / Light industrial  |
| <b>Region</b>         | Germany, focusing on regional locations  |
| <b>Portfolio</b>      | Direct investments and participations in closed-end real estate funds  |
| <b>Properties</b>     | 32 properties (directly held)<br>44 properties (held indirectly via 13 closed-end real estate funds)   |
| <b>Market value</b>   | € 231.6 million *)   |
| <b>Potential rent</b> | € 20.2 million **)   |

\*) Fair Value's share as of June 30, 2010, based on market valuations as of December 31, 2009

\*\*\*) Fair Value's share as of June 30, 2010

## FINANCIAL KEY DATA

| T€   | January 1 to June 30, |           |
|--|-----------------------|-----------|
|  | 2010                  | 2009      |
| <b>Revenues and earnings</b>                     |                       |           |
| Rental revenues                                  | 6,046                 | 5,134     |
| EBIT   | 3,373                 | 2,635     |
| Consolidated net profit                          | 2,313                 | 1,679     |
| Earnings per share (€ )                          | 0.25                  | 0.18      |
| Adjusted consolidated net profit (EPRA-Earnings) | 2,629                 | 2,789     |
| EPRA-Earnings per share                          | 0.28                  | 0.30      |
| Funds from operations (FFO)                      | 2,350                 | 2,072     |
| FFO per share (€ )                               | 0.25                  | 0.22      |
| <b>Assets and capital</b>                        |                       |           |
| Non-current assets                               | 185,330               | 185,393   |
| Current assets                                   | 13,027                | 18,416    |
| Total assets                                     | 198,357               | 203,809   |
| Equity / Net asset value                         | 73,083                | 72,720    |
| Immovable assets                                 | 184,940               | 193,266   |
| Equity ratio including minority interests        | 88,518                | 88,016    |
| Equity ratio according to § 15 REITG (min. 45 %) | 47.9 %                | 45.5 %    |
| Shares in circulation (amount)                   | 9,325,572             | 9,347,790 |
| Net asset value / share (€ )                     | 7.84                  | 7.78      |
| EPRA NAV / share (€ )                            | 9.01                  | 8.72      |
| Staff (including Management Board)               | 3                     | 3         |

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**To our shareholders**



Frank Schaich

Dear Shareholders and Business Partners,  
Ladies and Gentlemen,

Not many people expected the dynamic of economic recovery in Germany which became apparent in the last weeks of July. However, this success – as so often – has many causes. Above all: products from Germany are competitive throughout the world, which is the result of the improvements in productivity in German industry over many years. Consequently, the German economy had to face major losses in the course of the worldwide recession last year because of its high export sensitivity.

With the revival of the world economy in the middle of 2009, however, the German economy started doing well again, initially only hesitantly but since spring 2010 with unexpected force. Thanks to the politically supported short-time working- and the consumption-promoting „cash for clunkers“-programs last year, companies were able to refrain from major lay-offs and to now gradually step up their production again and are now even increasingly taking on new employees. As of now, it is mainly the temporary employment agencies which are benefiting from this, whereas companies are understandably still being cautious.

The positive trend over the last few months has been accelerated by the weak Euro. It is still uncertain whether this is a long-term trend. Sustainability would, in any case, be promoted if the general mood were to match the good business climate in order to promote domestic consumption.

In terms of the German real estate market, it can be said that in the last two years it has remained very robust. The widespread expectation that the recession in 2009 would gradually have an impact on the property market with a drop in demand for premises has not yet materialised. However, it will still be some time before the current recovery is reflected in an increased demand for premises and rising rents. The investment market has already experienced a clear revival and is a sign of this trend. For example, the transaction volume in the first half of 2010 as against the previous year has more than doubled and, on the basis of the increase in demand, property prices are already rising again in some cases.

Against this background, we can give you a report on the first half of 2010 which has developed well and in line with our expectations. As part of this, the occupancy rate of our proportionate portfolio on the balance sheet date was 94.1%, admittedly below the previous year's figure of 95.0%. However, in view of the lease agreements which have already been concluded but have not yet entered into effect, at 95.3%, the previous year's figure will again be slightly exceeded. Our revenue base thus is still very solid with a weighted remaining term on the lease agreements of more than six years.

The revenues of € 7.0 million were about 23 % above the comparative value for the same period last year. However, it should be borne in mind that it is only since the start of 2010 that the subsidiary IC 13 has been fully consolidated for revenue purposes. From a „like-for-like“ point of view, i.e. not including the subsidiary IC 13, the revenues are approximately at the same level as the previous year.

The operating result of € 4.0 million was also around 17 % above the previous year's figure. On a „like-for-like“ basis, without the subsidiary IC 13, there is a shortfall of 15 % on the previous year's figure. This difference results

from letting-related reconstruction costs, which have once again been partially offset by an active reduction in general administrative costs at the holding level.

As a result, in the first half of 2010, the Fair Value group posted a consolidated profit of € 2.3 million against € 1.7 million in the previous year. The increase resulted primarily from a reduced valuation loss of the properties in the existing portfolio. The consolidated net income (EPRA earnings) adjusted for changes in market value and determined according to the recommendations of EPRA was, at € 2.6 million or € 0.28 per share, slightly below the previous year's figure of € 2.8 million or € 0.30 per share. The change is primarily attributable to the letting-related reconstruction costs which have already been mentioned.

Consequently, in the first half of 2010, we have already achieved around 60 % of the total revenue planned for 2010 as a whole. This is in line with the expected distribution of payment flows throughout the year. We are, therefore, maintaining our forecast for 2010 as a whole without change. This envisages an adjusted IFRS consolidated net income (EPRA earnings) for 2010 of € 4.2 million, corresponding to € 0.45 per share.

Due to the closing, in the first half of 2010, of property sales already concluded in the past year, in addition to a reduction of the financial liabilities, liquidity in the group was increased by just under € 3 million to around € 11 million. At the same time, the REIT equity ratio rose to around 48 % of the immovable assets.

In the next few months, we plan to actively exploit the increased demand in the investment market for further property sales by our subsidiaries and associated companies. As a result, the equity base and the earning strength of the existing Fair Value portfolio should be expanded further. In addition, profits under commercial law should be achieved as a basis for the target dividend payments of € 0.10 for fiscal year 2010.

At the same time, we will continue to endeavour to significantly expand the portfolio and the market capitalisation of Fair Value REIT-AG primarily by means of capital increases in kind. We are convinced that this is achievable in the course of a sustained stabilisation of the economic environment because German listed property companies and in particular REITs, due to their transparency and liquidity, should increasingly come to be included in the portfolios of globally active investors.

We thank our shareholders and partners for their trust in us.

Yours faithfully



Frank Schaich  
Management Board

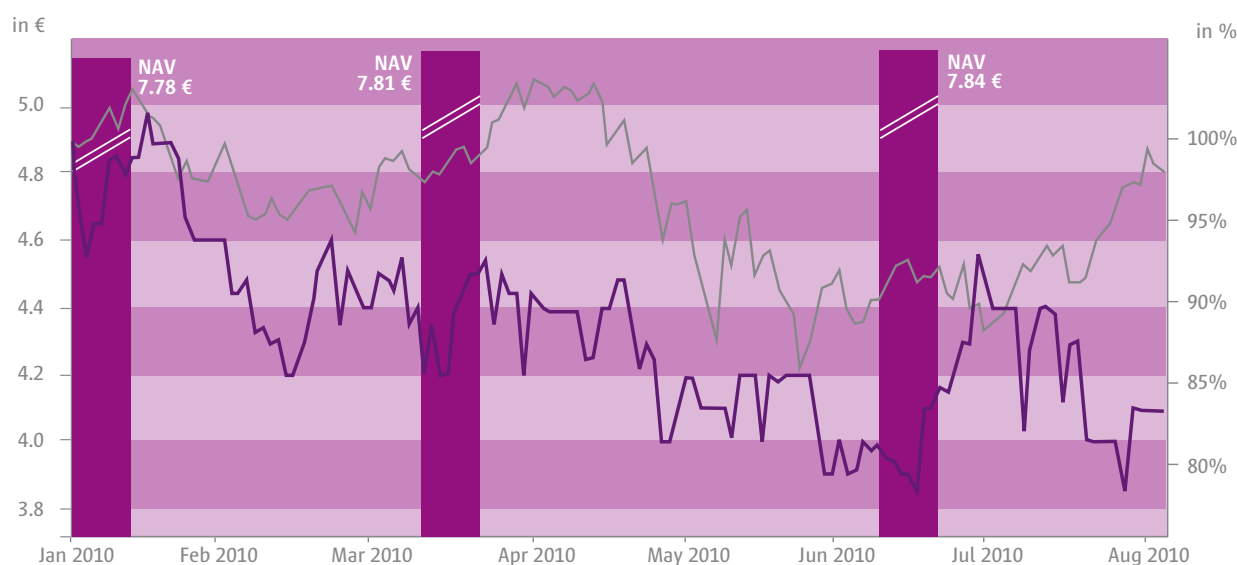
# Fair Value's share

## 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   |
| thereof circulating on June 30, 2010      | 9,325,572   |
| Proportion per share in the share capital | € 5   |
| Initial listing                           | November 16, 2007   |
| High / low 2010                           | € 4.98 / 3.85 (XETRA)   |
| Market capitalization on June 30, 2010    | € 42.9 million (XETRA)  |
| Market segment                            | Prime Standard  |
| Stock exchanges                           | Prime Standard: Frankfurt, XETR A<br>OTC: Stuttgart, Berlin-Bremen, Duesseldorf, Munich |
| Designated Sponsor                        | DZ-Bank   |
| Indices                                   | DAXsubsector Real Estate-Index<br>DAXsubsector All Real Estate-Index<br>RX REIT-Index   |

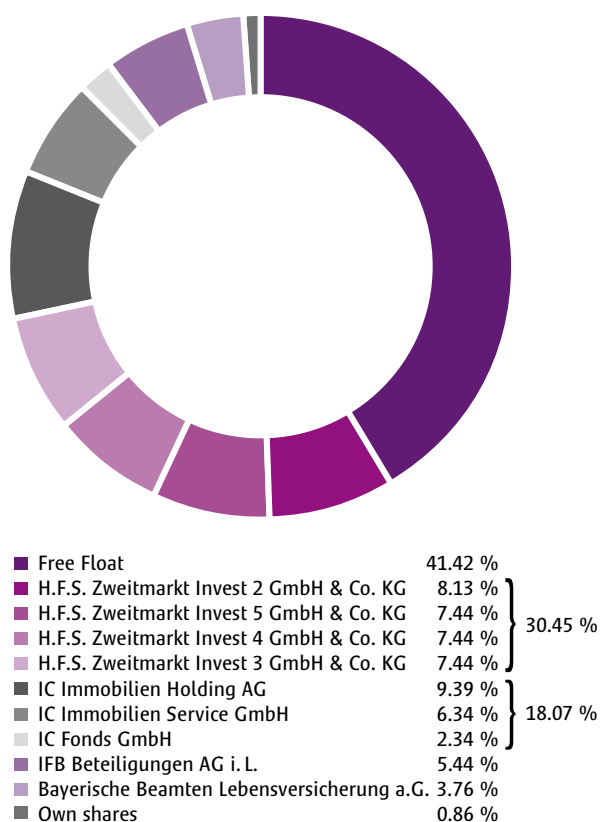
## II. SHARE CHART

Share chart Fair Value REIT-AG incl. NAV vs. DAX Subsector Real Estate  
(January 1, 2010 – August 6, 2010)



Comparison of Fair Value REIT-AG with the DAXsubsector Real Estate-Index (ISIN DE0007203820, German Securities Code (WKN) 720382, I2VB), which currently comprises 18 shares including Fair Value REIT-AG (Source: Deutsche Börse AG).

Fair Value REIT-AG's shareholder structure\*



### III. PERFORMANCE OF THE STOCK MARKETS AND THE FAIR VALUE SHARE

The international stock markets were still subject to strong fluctuations in the first half of 2010. After the DAX annual low of 5,434 points, there was initially a recovery in the stock markets in the middle of the first quarter in spite of discussions about national debt and stronger banking regulation. The continued expansionary monetary policy of the central banks, robust company figures and a recovery in the economic data took the German stock index DAX to the highest level of the last 18 months at 6,332 points in the middle of April. In the second quarter of this year, however, stock markets have come under renewed pressure worldwide. At the same time, the drastic austerity packages in several euro countries, following a € 750 billion comprehensive European rescue package, weaker U.S. economic data and the

increasingly restrictive monetary policy in China led to speculation that global growth might slow. This resulted in profit-taking in the second quarter causing stock indices to fluctuate significantly since the end of April. However, the DAX remained relatively stable in the second quarter with a loss of only 1.3 %. Other indices have come under much greater pressure in the same period (Euro Stoxx 50: -11.9 %, S & P 500: -11.9 %, Nasdaq 100: -11.2 %). After this consolidation phase, however, increasing numbers of investors again returned to the market resulting in the German stock index (DAX) reaching a level of around 6,200 points in July 2010.

The Fair Value share price was not involved in the ensuing market recovery from March 2010 and initially moved sideways in the second quarter and then slightly down. After an initial peak in January at € 4.98 the Fair Value share price initially settled at € 4.20 in February and then in the rest of the first quarter levelled off at around € 4.40. From the end of April, the price then fluctuated downwards, levelling off between May and June at around € 4.10. After a further drop to the annual low of € 3.85 in mid June, the price rose again by 30 June to € 4.56. This meant that the market capitalisation of the company on the balance sheet date of June 30 amounted to € 42.9 million on the basis of about 9.33 million shares in circulation. Overall, the stock did not develop in the first half of 2010 in line with but under the benchmark, DAX subsector Real Estate. After the balance sheet date, the share price lost its momentum and settled at the end of July at a value of just over € 4.00.

In the first half of the current financial year a total of 521,920 Fair Value REIT-AG shares (previous year 259,832 shares) were traded on all stock exchanges. This produced a trading volume of € 2,194 thousand (previous year: € 893 thousand), corresponding to an average price of € 4.20 per share (previous year € 3.44). Consequently, the average daily turnover was 4,142 units or € 17.4 thousand (previous year € 7.2 thousand).

\*) 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.

#### IV. 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 regularly provides extensive insights into the business developments of its holdings as well as detailed additional information regarding the real estate portfolio as well as financial liabilities in the Group and in the associated companies.

This is intended to provide the existing and potential shareholders of the company with the opportunity to form a sophisticated assessment regarding the company's business developments and equity story of the Fair Value Group.

Moreover, Fair Value REIT-AG maintains a constant dialogue with the capital markets, and the Management Board has established frequent contacts with analysts, investors and capital markets media.

The company regularly participates in capital market conferences and presents its equity story and business results to domestic and international investors during roadshows.

Currently the company is covered by two research companies (DZ-Bank and Independent Research). The Company intends to successively increase its research coverage.

Additional information on the share can also be obtained from its website [www.fvreit.de](http://www.fvreit.de) in the investor relations section.

#### V. FINANCIAL CALENDER

| October 19, 2010  | Presentation, 10th Conference of the Real Estate Share Initiative (Frankfurt, Germany)  |
|-------------------|---|
| November 15, 2010 | Interim Report First to Third Quarter 2010  |
| November 22, 2010 | Presentation at „German Equity Forum“ (Deutsches Eigenkapitalforum, Frankfurt, Germany) |

# Portrait of Fair Value REIT-AG

## REAL ESTATE PORTFOLIO OF A GLANCE

The core skills of Fair Value REIT-AG are the acquisition and management of German commercial properties. The company acquires properties directly as well as via participations in real estate partnerships, in particular closed-end real estate funds.

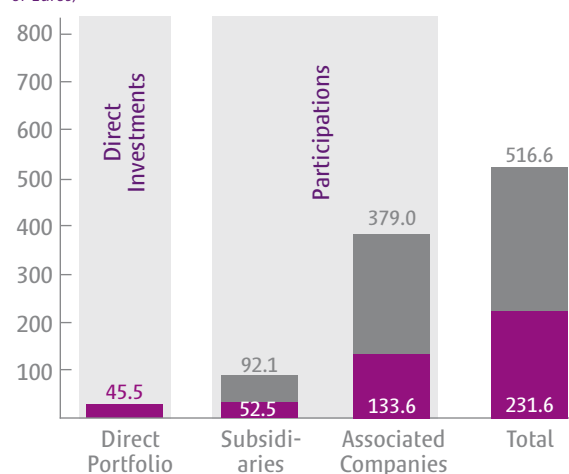
The complete portfolio currently consists of 76 properties with a total lettable space of approximately 444,000 m<sup>2</sup>, of which the 32 directly held properties have approximately 43,000 m<sup>2</sup>. Via six subsidiaries, the company also holds majority participations in a further 20 properties with a total lettable space of approximately 122,000 m<sup>2</sup>. A further 279,000 m<sup>2</sup> is available in 24 properties held by seven associated companies in which Fair Value REIT-AG holds participations of between 25 % and 45 % as at June 30, 2010.

Four properties were sold via subsidiaries in 2009, with the closing for two of the properties\* taking place in the first quarter of the current fiscal year. The closing took place for the other two properties\*\* during the second quarter. This resulted in the number of properties held falling by a total of four in comparison to the portfolio held on December 31, 2009.

On December 31, 2009, the market value of the actual entire portfolio at that time was determined to be € 516.6 million, based on the individual market values. The proportionate value of Fair Value REIT-AG's share of this portfolio amounted to € 231.6 million on June 30, 2010.

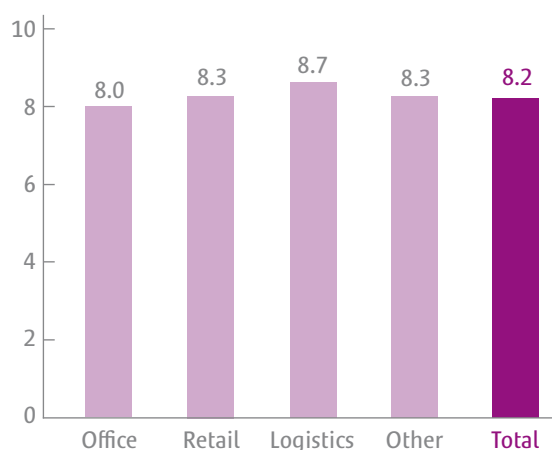
With a current annual proportionate contractual rent of approximately € 19.0 million, the portfolio thereby generates an attractive rental yield before costs of 8.2 % of the total of the respective market values. In the event of full occupation and no vacancies, the potential rental yield is 8.7 % of the proportionate

Market value of the real estate portfolio on June 30, 2010  
(based on market values determined on December 31, 2009, in millions of Euros)

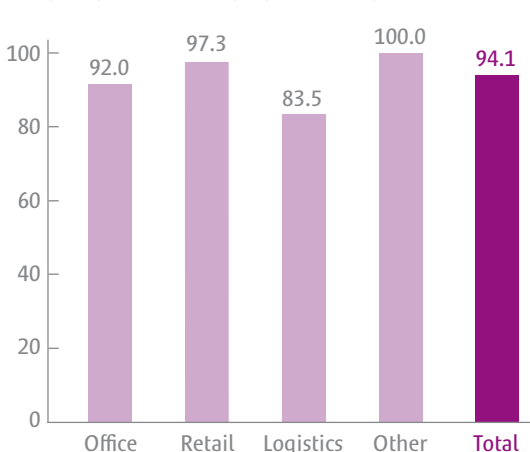


■ Fair Value REIT-AG's share

Contracted rental return in % based on proportionate market values



Occupancy rate in % of proportionate potential rents



\* Aachen (BBV03) and Seligenstadt (BBV06)

\*\* Hamm and Passau (both BBV06)

market values before costs. At the same time, an income based occupancy rate of 94.1 % (previous year 95.0 %) of the proportionate potential rent and an average remaining term of lease of 6.2 years (previous year 6.5 years) enables a high level of predictability and also ensures sustainable rental incomes.

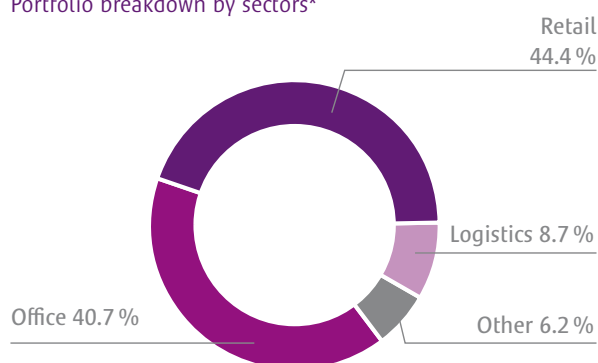
During the first half of the 2010 fiscal year, a number of lease agreements expired where Fair Value's proportion of the contractual rent amounted to approximately € 0.6 million. During the same period, approximately 70 % of this rental income could be secured beyond the expiry date by means of rental agreement extensions or the acquisition of new tenants. In addition, the occupancy rate has increased to approximately 95.3 % of the proportionate potential rent as a result of rental agreements that were signed on the reporting date but are only coming into effect after this date.

With its generalist approach, the company is relatively unaffected by developments in individual areas of the economy. For example, approximately 44 % of the current potential rent relates to the retail segment and a further 41 % relates to office space. Logistics properties contribute about 9 % of potential rent and other properties approximately 6 %.

#### Ten largest tenants in % of proportionate contracted rent

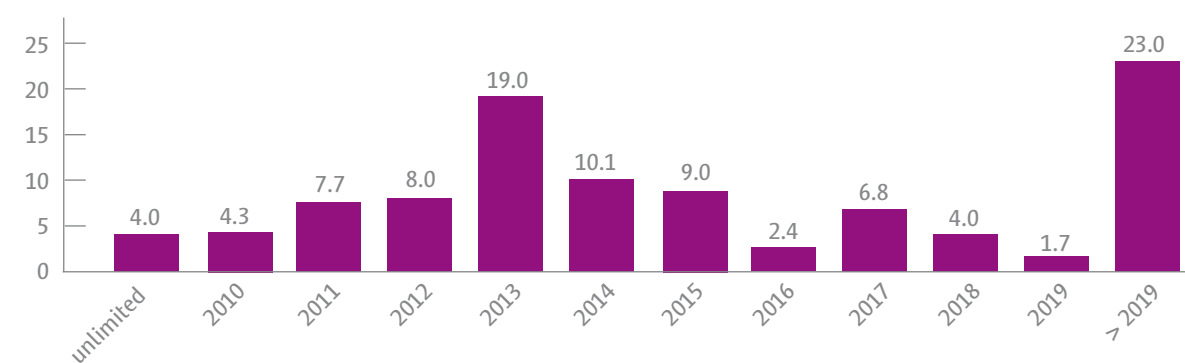
|                       | June 30, 2010  |
|-----------------------|----------------|
| Sparkasse Südholstein | 14.8 %         |
| Metro Group           | 10.1 %         |
| Edeka Konzern         | 9.6 %          |
| BBV Holding AG        | 5.8 %          |
| Kaufland Gruppe       | 5.0 %          |
| Schweizerhof Hotel    | 4.8 %          |
| HPI Germany           | 3.1 %          |
| ABB Grundbesitz GmbH  | 3.1 %          |
| comdirect bank AG     | 2.3 %          |
| REWE Group            | 1.9 %          |
| Other                 | 39.5 %         |
| <b>Total</b>          | <b>100.0 %</b> |

#### Portfolio breakdown by sectors\*



\* according to potential rent

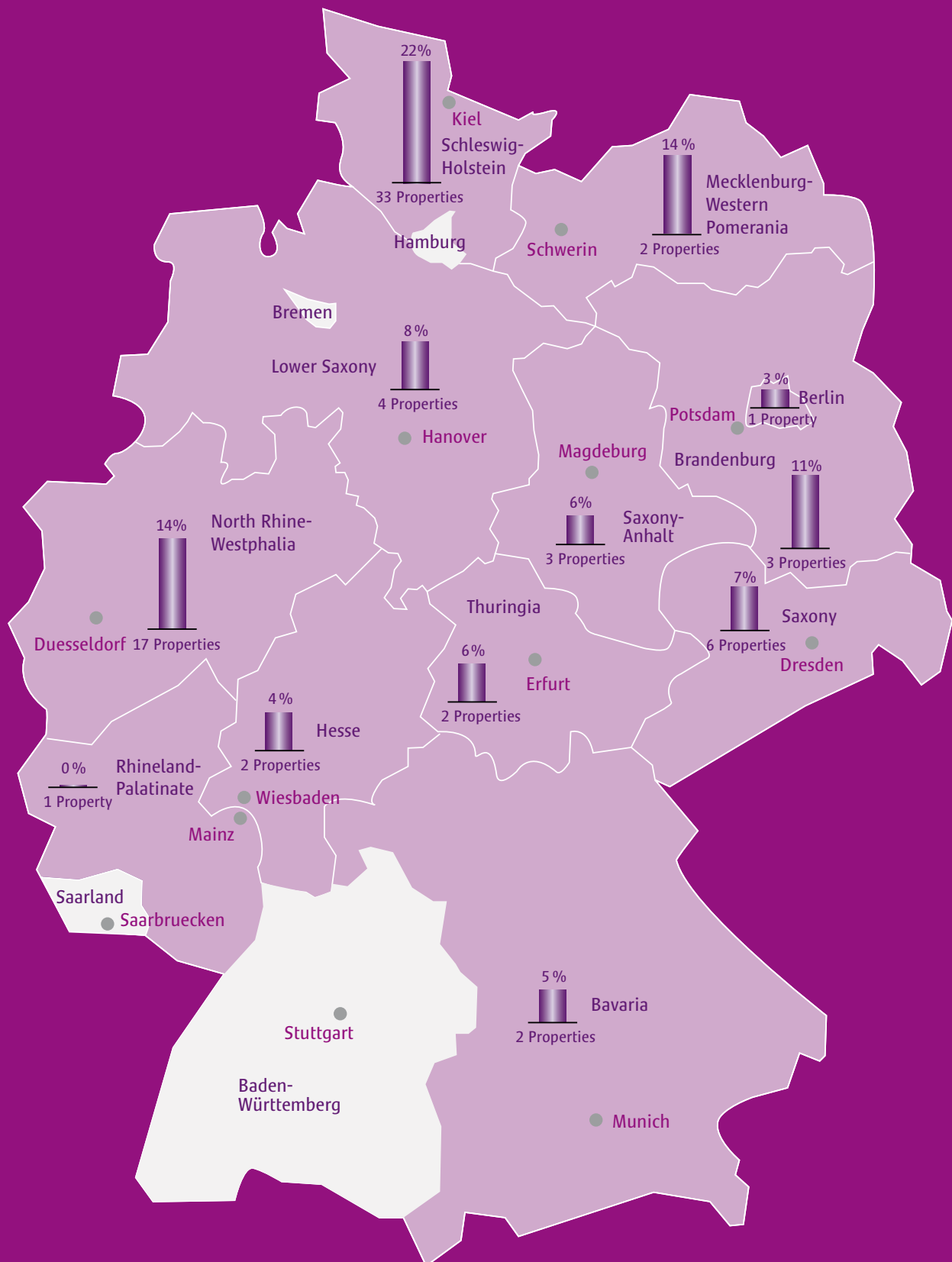
#### Lease expiry schedule in % of proportionate contractual rent as of June 30, 2010\*



\* rounded

# Portfolio Split by Region

(in % of Fair Value's proportionate market value as of June 30, 2010)



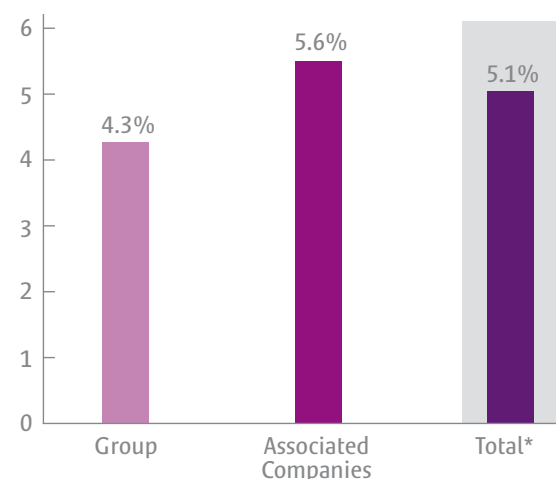
Fair Value REIT-AG also has a tenant structure with a high level of creditworthiness. The ten largest tenants contribute approximately 60 % of the proportionate contractual rent. With a share of approximately 15 %, the largest individual tenant is the Sparkasse Südholstein bank. A number of financially stable retail companies occupy the list of top ten tenants, such as the Metro Group, the Edeka Group, the Kaufland Group and the REWE Group; these contribute approximately 27 % of the proportionate contractual rent. The diversity of the tenant structure strengthens the already established Fair Value REIT-AG investment strategy of ensuring risk diversification.

In addition, the Fair Value REIT-AG real estate property portfolio is characterised by its large number of properties and good regional diversification, with properties located in virtually all the German federal states. This also increases the stability of the company and means that it is less likely to be affected by any regional fluctuations in economic performance.

## LIABILITIES

The Group's financial liabilities (parent company and subsidiaries), which amount to approximately € 101 million, are underpinned by fixed-term loans and interest rate swaps (77 %). A total of 23 % of the financial liabilities in the Group consisted of variable rate loans. Overall, the weighted average interest rate for the Group was 4.3 % p.a. as of June 30, 2010. The average remaining term of the current agreements totalled 3.9 years, and the distribution of the remaining term can be seen in the graph on the next page.

Weighted Ø interest rate



The financial liabilities of the associated companies totalled € 231 million on June 30, 2010, (of which approximately € 81 million can be proportionately attributed to Fair Value). The current terms of credit have an average remaining term of 3.6 years. Approximately 50 % of the liabilities held by the associated companies consist of fixed-term loans, with the rest being variable rate loans. As the latter are equipped with interest rate hedges, they are viewed as also being fixed-term loans. The average weighted interest rate for the associated companies on the balance sheet date was 5.6 %.

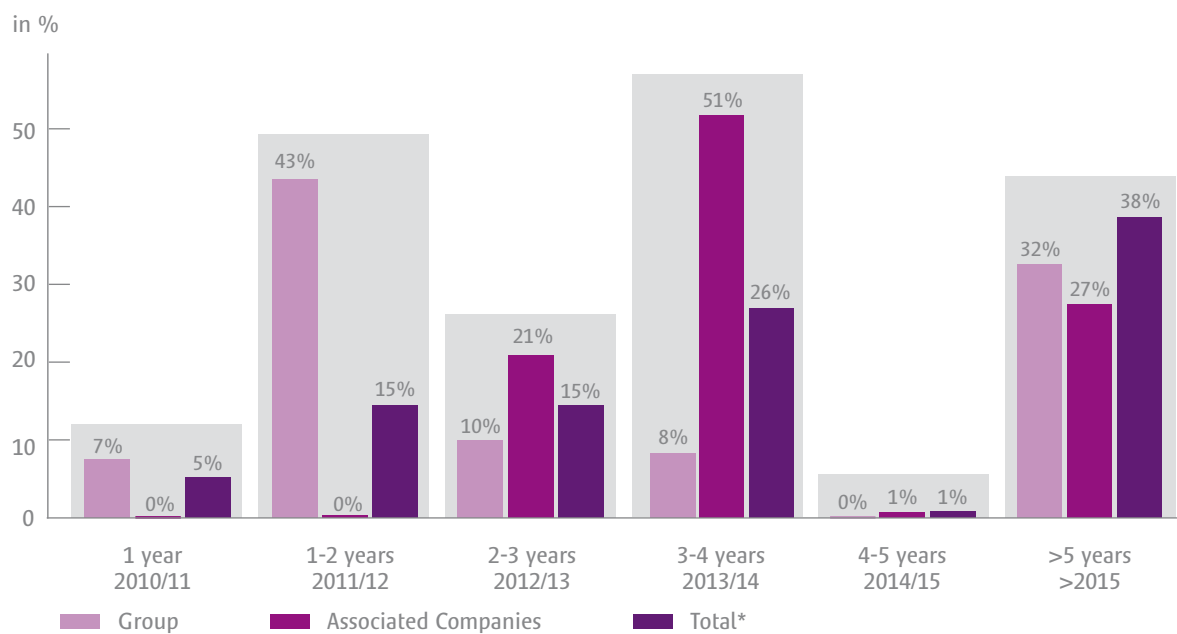
Taking into account the proportionate participations of Fair Value REIT-AG in the subsidiaries and associated companies, the pro-forma, proportionately consolidated weighted average interest rate was 5.1 % and the remaining term was 4.1 years.

A detailed breakdown of the carrying amounts of individual financial liabilities in accordance with IFRS (including allocation to the respective

companies) on June 30, 2010, as well as information about compliance with any mortgage lending level requirements for and the debt service coverage, is available in the "Liabilities and portfolio" chapter.

In conjunction with its comfortable liquidity situation and its mandatory high equity ratio, Fair Value REIT-AG achieves a high degree of financial solidity with regard to its investments.

#### Remaining term until reconditioning



\* After taking Fair Value's share into consideration



# **Group interim management report**

## Business report

### I. BUSINESS ACTIVITIES AND GENERAL CONDITIONS

#### *i. Overview of business activity and corporate structure*

Fair Value REIT-AG (hereinafter „Fair Value“) focuses on the acquisition and management of commercial real estate in Germany. The property management and investment activities are currently concentrated on office and retail properties in regional centres.

The uniqueness of Fair Value REIT AG's business model lies within the combination of direct investment in real estate and the acquisition of participations 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.

The company is in direct ownership of a portfolio of 32 commercial properties. The majority of these are used as bank branches by Sparkasse Südholstein. The total lettable space of these properties located in Schleswig-Holstein is around 43,000 m<sup>2</sup>. On the basis of individual valuations, the market value of the „Sparkasse Portfolio“ on December 31, 2009 was estimated at a total of approximately € 45.5 million (previous year € 47.3 million).

In addition, the company holds participations in a total of 13 closed-end real estate funds. This involves six subsidiaries and seven associated companies. In the associated companies the level of participation is below 50 %.

After the sale of four properties completed in the first half of 2010 the subsidiaries hold a total of 20 properties with a total lettable space of around 122,000 m<sup>2</sup> and a market value of around 92 million (previous year „like for like“ € 97.5 million).

The associated companies hold a total of 24 properties with a total lettable space of around 279,000 m<sup>2</sup> and a market value of € 379,0 million (previous year € 392,0 million).

On June 30, 2010 the proportionate overall portfolio of direct ownership and participations in revenue terms was let for 94.1 % (previous year 95.0 %) of the potential rent of € 20.2 million (previous year „like for like“ € 20.4 million). The potential rent consists of the total contractual rents and market rents for vacant premises.

Fair Value REIT-AG is managed independently by the Management Board, which has years of capital market experience and experience in the acquisition and management of commercial real estate and participations in closed-end real estate funds. The focus of the three employees (including the Management Board) is on the strategic management of the Group, risk management and investor relations.

The Management Board works closely with the Supervisory Board, which is involved in all important decisions. The Supervisory Board has three members.

Major parts of the accounting and property management are outsourced under service contracts to IC Immobilien Service GmbH, a subsidiary of the IC Real Estate Group, based in Unterschleißheim near Munich. With approximately 140 employees the Group manages an investment volume of around € 5 billion for private and institutional investors.

#### *ii. Economic environment*

##### *Macroeconomic environment*

After a weak start to the year, the German economy experienced a stronger recovery than originally anticipated in the second quarter. This is mainly accounted for by exports, whose growth can be attributed to a strong recovery in the world economy. For example, the International Monetary Fund (IMF) is forecasting global growth of gross domestic product (GDP) in July 2010 at 4.6 %, 0.3 % points higher than its forecast in April 2010. Germany will achieve, for 2010 and 2011, 1.3 % and 1.6 % higher GDP growth rates than the average growth rates in the euro area (1.0 % in 2010 and 1.6 % in 2011). However, the fact that the main target markets for the German export economy in Europe are

recovering relatively slowly from the crisis could curb the strong export business in Germany. Thus, in the further course of the economic recovery stronger domestic demand will play a central role. Similarly, according to the IMF, greater regulation of the banks could have unpredictable consequences for global lending and thus also for demand.

Inflation was somewhat subdued in the second quarter of the current financial year. As determined by the Federal Statistical Office (Destatis), the consumer price index for Germany increased by 0.9 % in June 2010 compared with June 2009. The key factor remained the trend in prices for energy products. The European Central Bank base rate remained unchanged during the reporting period at 1.0 %.

The positive economic trend is reflected accordingly in developments in the job market. At the end of the first half around 3.15 million people (previous year 3.41 million) or 7.5 % (previous year: 8.1 %) of the total civilian workforce were unemployed. According to the Federal Labour Agency, underemployment is lower than last year. Compared with the period before the economic crisis, unemployment and underemployment have increased, but the increase has been significantly lower than expected given the general economic conditions.

*Sources:*

Federal Employment Agency, Destatis - Federal Statistical Office for Germany, DIW, Ifo Institute, International Monetary Fund (IMF)

### *Real estate market in Germany*

#### **The rental market**

##### *Office space*

Even if the economic environment has improved, demand in the office sector has not significantly increased yet. Rental decisions are still being delayed and the positive developments in the job market are still slow to be reflected in the rental market. In the six business centres\* in the first half of 2010, leasing turnover of around 1.2 million m<sup>2</sup> was recorded. This is an increase of around 6 % on the previous year. The

regional results are still very varied and are partly influenced by large individual lettings.

Although the vacancy rate has increased only slightly in the reporting period, in the year-on-year comparison there has been a significant increase in vacant office space despite subdued building activity. In the six office centres at the end of June, around 8.1 million m<sup>2</sup> or 10.2 % of all office space was standing empty, whereas in the previous year this figure stood at around 7.4 million m<sup>2</sup> or 9.4 %.

##### *Retail space*

The retail market made a strong start in the new financial year. This positive trend is continuing with a further improvement in consumer confidence in the summer. In particular, well-positioned retail concepts and major retail locations will benefit from this trend.

##### *Logistics space*

The logistics sector in the first half is looking to the future with great optimism. Unlike in the past few quarters, at present the assessment of the situation has responded to the positive indicators with regard to business prospects. Similarly, lettings in the warehouse space segment have also developed positively. Overall, in the first half of 2010 around 2,0 million m<sup>2</sup> had been let. This represents an increase of around 11 % over the same period last year. After only relatively restrained activities were recorded at the beginning of the year outside the five major conurbations\*\*, these locations proved to gain the most from this trend with a doubling of leasing turnover in the second quarter.

#### **The investment market**

A lack of profitable investment alternatives, low interest on financial liabilities and strong confidence in the German economy were drivers of the continued positive development in the investment market for commercial real estate in the second quarter of 2010. This led to a transaction volume of around € 9.4 billion in the first half of the current financial year, equivalent to around 248 % of the

comparable previous year's volume of € 3.8 billion. The investment focus is still on low-risk properties with long-term letting to creditworthy tenants.

A relatively limited supply of such properties has led, in the first half of 2010, to prime yields falling slightly over all types of use. Depending on other pricing factors, we see this as an indicator of real estate prices rising again, at least in the top segment.

*Source: Jones Lang LaSalle, BVL/ifw, BNP Paribas Real Estate  
\* Berlin, Düsseldorf, Frankfurt/Main, Hamburg, Munich, Stuttgart  
\*\* Berlin, Düsseldorf, Frankfurt/Main (incl. Wiesbaden and Mainz),  
Hamburg, Munich*

## II. INFORMATION ABOUT THE REAL ESTATE PORTFOLIO

The Fair Value Group's real estate portfolio is partly owned directly by the parent company and partly held by subsidiaries (participating interest over 50 %). The full consolidation of the subsidiaries produces minority interests in the net assets, which are reported under the IFRS accounting rules in the Fair Value Group's financial liabilities.

In addition, the real estate portfolio also includes the real estate owned by the associated companies (participating interest under 50 %). The participations in associated companies are valued „at equity“. This means that only the proportionate net assets attributable to Fair Value REIT-AG are shown in the assets on the balance sheet. In the consolidated income statement, the proportionate current earnings of the associated companies are posted in income from participations.

The following table provides information about real estate attributable to the Group and the associated companies. In the right part, the rents

and market values are shown taking into account the participating interest of Fair Value REIT-AG on June 30, 2010.

The occupancy rate of the real estate held by the Group and the associated companies has reduced slightly to 94.1 % on a pro rata basis related to the parent company Fair Value REIT-AG, as against the previous year's figure of 95.0 %. The weighted remaining lease term on the balance sheet date amounted in total to 6.2 years against 6.5 years in the previous year.

The proportionate Fair Value portfolio, with an approximate nationwide distribution of real estate, achieved around 44 % of the potential rents (i.e. the rents achievable with full occupancy) in retail properties. A further 41 % relates to office properties, whereas logistics properties accounted for 9 % and other properties for around 6 %.

| Short name | Direct investments and participations              | Plot size <sup>0)</sup> | Lettable space <sup>0)</sup> | Annualised contractual rent June 30, 2010 | Market value December 31, 2009 <sup>0), 1)</sup> | Fair Value REIT-AG's share           |   |  |   |   |
|------------|--|-------------------------|------------------------------|---|--|--------------------------------------|---|--|---|---|
|            |  |                         |                              |   |  | Participating interest June 30, 2010 | Annualised contractual rent June 30, 2010 | Market value December 31, 2009 <sup>1), 2)</sup> | Occupancy level June 30, 2010 <sup>3), 5)</sup> | Average remaining term of rental agreements <sup>4), 5)</sup> |
|            |  | [m <sup>2</sup> ]       | [m <sup>2</sup> ]            | [€ K]                                     | [€ K]  | [ %]                                 | [€ K]                                     | [€ K]  | [ %]  | [years]   |
|            | <b>Direct investments</b>                          |                         |                              |   |  |                                      |   |  |   |   |
|            | "Sparkassen-Portfolio"                             | 58,624                  | 42,948                       | 3,239                                     | 45,527   | 100.00                               | 3,239                                     | 45,527   | 98.5  | 11.6  |
|            | <b>Total direct investments</b>                    | <b>58,624</b>           | <b>42,948</b>                | <b>3,239</b>                              | <b>45,527</b>                                    | <b>100.00</b>                        | <b>3,239</b>                              | <b>45,527</b>                                    | <b>98.5</b>                                     | <b>11.6</b>   |
|            | <b>Subsidiaries</b>                                |                         |                              |   |  |                                      |   |  |   |   |
| IC07       | IC Fonds & Co. Büropark Teltow KG                  | 5,324                   | 9,731                        | 455                                       | 7,110  | 75.73                                | 345                                       | 5,385  | 65.6  | 2.0   |
| IC03       | IC Fonds & Co. Forum Neuss KG                      | 19,428                  | 12,064                       | 488                                       | 7,320  | 71.58                                | 349                                       | 5,240  | 77.3  | 1.2   |
| IC01       | IC Fonds & Co. München-Karlsfeld KG                | 7,019                   | 3,375                        | 319                                       | 4,340  | 55.79                                | 178                                       | 2,421  | 94.2  | 10.2  |
| BBV 06     | BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG           | 87,683                  | 61,776                       | 3,896                                     | 45,090   | 55.55                                | 2,164                                     | 25,047   | 91.2  | 3.4   |
| BBV 03     | BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG           | 25,172                  | 12,781                       | 683                                       | 6,820  | 53.79                                | 368                                       | 3,669  | 96.0  | 2.1   |
| IC13       | IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG | 22,357                  | 21,835                       | 2,346                                     | 21,380   | 50.04                                | 1,174                                     | 10,698   | 87.5  | 4.4   |
|            | <b>Total subsidiaries</b>                          | <b>166,983</b>          | <b>121,562</b>               | <b>8,186</b>                              | <b>92,060</b>                                    |                                      | <b>4,577</b>                              | <b>52,459</b>                                    | <b>87.0</b>                                     | <b>3.6</b>  |
|            | <b>Total Group</b>                                 | <b>225,607</b>          | <b>164,510</b>               | <b>11,425</b>                             | <b>137,587</b>                                   |                                      | <b>7,816</b>                              | <b>97,986</b>                                    | <b>91.4</b>                                     | <b>6.9</b>  |
|            | <b>Associated companies</b>                        |                         |                              |   |  |                                      |   |  |   |   |
| BBV 14     | BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG          | 16,196                  | 38,022                       | 6,034                                     | 83,920   | 45.11                                | 2,722                                     | 37,856   | 95.2  | 5.0   |
| IC12       | IC Fonds & Co. SchmidtBank-Passage KG              | 4,226                   | 8,380                        | 498                                       | 7,340  | 40.22                                | 200                                       | 2,952  | 81.1  | 2.8   |
| BBV 02     | BBV Immobilien-Fonds Erlangen GbR                  | 6,350                   | 2,770                        | 220                                       | 1,650  | 39.68                                | 87  | 655  | 100.0   | 2.1   |
| IC15       | IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG   | 21,335                  | 33,080                       | 2,986                                     | 35,110   | 38.37                                | 1,146                                     | 13,472   | 99.0  | 8.6   |
| BBV 10     | BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG          | 177,231                 | 96,203                       | 10,192                                    | 117,240  | 38.37                                | 3,910                                     | 44,981   | 94.1  | 4.6   |
| IC10       | IC Fonds & Co. Rabensteincenter KG                 | 11,203                  | 9,981                        | 695                                       | 8,940  | 26.14                                | 182                                       | 2,337  | 93.9  | 1.9   |
| BBV 09     | BBV Immobilien-Fonds Nr. 9 GmbH & Co. KG           | 114,912                 | 90,728                       | 11,716                                    | 124,800  | 25.11                                | 2,942                                     | 31,343   | 100.0   | 7.4   |
|            | <b>Total associated companies</b>                  | <b>351,453</b>          | <b>279,163</b>               | <b>32,341</b>                             | <b>379,000</b>                                   |                                      | <b>11,190</b>                             | <b>133,595</b>                                   | <b>96.1</b>                                     | <b>5.8</b>  |
|            | <b>Total proportionate portfolio</b>               |                         |                              |   |  |                                      | <b>19,006</b>                             | <b>231,581</b>                                   | <b>94.1</b>                                     | <b>6.2</b>  |

**Explanations**<sup>0)</sup> Does not consider the respective participating interest<sup>1)</sup> According to valuation by CB Richard Ellis GmbH, Frankfurt / Main, December 31, 2009<sup>2)</sup> Proportionate market values attributable to Fair Value based on percentage of participations; IC15 holds only 94.2 % in Chemnitz-Passage KG; however, due to negative equity of the minority shareholder on property company level the property is to be attributable to IC15 with 100 %<sup>3)</sup> Contractual rent / (contractual rent + vacant space at standard market rent)<sup>4)</sup> Income-weighted<sup>5)</sup> (Sub) totals for rental level and average remaining term taking the respective percentage of participations into account

### **III. OVERALL STATEMENT ON THE GROUP'S ECONOMIC SITUATION AND ANALYSIS OF INCOME, ASSETS AND THE FINANCIAL STATUS**

#### *i. Overall statement on the economic situation of the Group*

In the first half of 2010, the operational business developed as expected. The increase in revenues year on year by € 1.3 million to the current € 7,0 million was the result of the initial consolidation of the subsidiary IC 13. Last year, due to the lower shareholding at the time, this company was included with its proportionate net income in income from participations.

During the reporting period, Fair Value REIT-AG at a group level achieved operational cash flow („Funds from Operations“, FFO) of € 2.3 million or € 0.25 per share (previous year € 2.1 million or € 0.22 per share).

The Group's cash and cash equivalents amounted on the balance sheet date to € 11.0 million (December 31, 2009: € 8.3 million).

The valuation of interest rate hedges, because of the further reduction in market rates by a total of € 2.1 million, has had a restraining effect, of which € 0.3 million is posted in the income statement and € 1.8 million through the value change reserve at the expense of the consolidated equity.

The Fair Value Group's result in the first half of 2010 was a consolidated net income of € 2.3 million (previous year € 1.7 million). This represents a profit of € 0.25 per share (previous year € 0.18).

The adjusted consolidated net income (EPRA earnings) determined according to EPRA recommendations, allowing for changes in market value, stood at € 2.6 million or € 0.28 per share, slightly below the previous year's figure of € 2.8 million or € 0.30 per share. The variation is essentially explained by letting-related reconstruction costs.

|  | According to Consolidated Income Statement |        | Adjustment for extraordinary factors  |      |                     |      | Adjusted Consolidated Income Statement |        |
|--|--|--------|---------------------------------------|------|---------------------|------|--|--------|
|  | January 1 to June 30,                      |        | Profits / losses on sale or valuation |      | Interest rate swaps |      | January 1 to June 30,                  |        |
| Adjusted consolidated income (EPRA-Earnings) | 2010                                       | 2009   | 2010                                  | 2009 | 2010                | 2009 | 2010                                   | 2009   |
| Net rental income                            | 4,519                                      | 3,960  |                                       |      |                     |      | 4,519                                  | 3,960  |
| General administrative expenses              | -1,071                                     | -1,283 |                                       |      |                     |      | -1,071                                 | -1,283 |
| Other operating income and expenses          | -19  | 52     |                                       |      |                     |      | -19                                    | 52     |
| Earnings from sale of investment properties  | -56  | 0      | 56                                    |      |                     |      | 0                                      | 0      |
| Valuation result                             | 0  | -94    |                                       | 94   |                     |      | 0                                      | 0      |
| Operating income                             | 3,373                                      | 2,635  | 56                                    | 94   |                     |      | 3,429                                  | 2,729  |
| Income from participations                   | 2,007                                      | 1,672  | 3                                     | 863  | 282                 | 183  | 2,292                                  | 2,718  |
| Interest income                              | 34   | 111    |                                       |      |                     |      | 34                                     | 111    |
| Interest expense                             | -2,494                                     | -2,214 |                                       |      | 1                   | 21   | -2,495                                 | -2,193 |
| Income before minority interests             | 2,920                                      | 2,204  | 59                                    | 957  | 283                 | 204  | 3,262                                  | 3,365  |
| Minority interests in the result             | -607                                       | -525   | -26                                   | -42  | 0                   | -9   | -633                                   | -576   |
| Consolidated net income (loss)               | 2,313                                      | 1,679  | 33                                    | 915  | 283                 | 195  | 2,629                                  | 2,789  |

With total assets of € 198.4 million (December 31, 2009: € 203.8 million) the consolidated equity on the balance sheet date was € 73.1 million (December 31, 2009: € 72.7 million).

In accordance with Section 15 REIT-G, the consolidated equity is accumulated to € 88.5 million by integrating the minority interests of € 15.4 million. This corresponded to a rate of 47.9 % (December 31, 2009: 45.5 %) of the immovable assets of € 184.9 million (December 31, 2009: € 193.2 million). This figure also complied with the requirements of the REIT legislation.

## ii. Income position

In the first half of 2010, the Fair Value Group generated revenues (rental income including income

from operating and incidental costs) of EUR € 7,0 million (previous year € 5.7 million). Of this 72 % was in the subsidiaries segment and 28 % in the direct investment segment.

The net rental result in the Group amounted to € 4.5 million against € 4,0 million last year. The operating profit at € 3.4 million was around € 0.7 million higher than in the previous year.

The positive changes in these key figures as against the previous year resulted primarily from the first time inclusion of revenues from the subsidiary IC 13. In the previous year these were still part of the result from equity-accounted companies. A positive contribution was, however, also made by the further significant reduction of 26 % in the parent company's general administrative expenses.

On a like-for-like basis, i.e. adjusted for the subsidiary IC 13, there would be an operating profit of € 2.3 million as against € 2.6 million in the previous year. The difference from the previous year's value arises in this context mainly from reconstruction costs associated with new or continuation lettings.

The results from the minority interests in the first half of 2010 stood at € 2.0 million, above the previous year's figure of € 1.7 million (or € 1.6 million without the former associated company IC 13). The positive overall change is based essentially on a lower valuation loss on the properties of the associated companies.

Interest expenses rose due to the full consolidation of the company IC 13 by € 0.3 million to € 2.5 million. Without the change in status, interest expenses would have been at last year's level.

After deducting the profit shares of minority shareholders in subsidiaries, Fair Value reported a consolidated net income of € 2.3 million (previous year: € 1.7 million). This is equivalent to basic earnings of € 0.25 per share.

### *iii. Financial position*

In the reporting period Fair Value generated an operating cash flow („Funds from Operations“, FFO) of € 2.3 million or € 0.25 per share after € 2.1 million or € 0.22 per share last year.

Taking into account the changes in assets and liabilities there was a cash inflow from operating activities of € 1.6 million. Last year there was a cash outflow from operating activities of € 1.5 million. The difference from the previous year mainly resulted from the previous year's settlement of tax liabilities on a compensation payment received in 2008 for the early termination of a general lease agreement.

Investment activities produced a cash inflow of € 8.4 million from the sale of four properties. Because of repayments of debt amounting to € 7.2 million and the purchase of own shares for € 0.1 million there was an outflow from financing activities amounting to € 7.3 million.

Overall, the Group's liquidity during the reporting period increased by € 2.8 million to € 11.0 million.

### *iv. Net asset position*

#### *Assets*

93 % of the assets of € 184.9 million consist of immovable assets. Of this total, € 137.6 million comes from properties held as financial investments (unchanged on December 31, 2009). The participations valued „at equity“ in associated companies totalled € 47.4 million (unchanged on December 31, 2009).

The current assets of € 13 million (December 31, 2009: € 18.4 million) consist of 85 % cash (€ 11 million), and of 15 % receivables and other assets. The decrease in current assets resulted primarily from the disposal of the properties sold for a purchase price of € 8.2 million net of repayments of debt totalling € 5 million.

#### *Liabilities*

63 % of the assets or € 125.3 million were financed by liabilities (December 31, 2009: € 131.1 million) and 37 % or € 73.1 million by equity (December 31, 2009: € 72.7 million). It should be borne in mind that minority interests in subsidiaries (€ 15.4 million) according to IFRS are classified as liabilities.

The key ratio for REIT status is the balance sheet equity plus minority interests in subsidiaries totalling € 88.5 million in relation to immovable assets of € 184.9 million. The equity ratio according to Section 15 REITG amounted on June 30, 2010 to 47.9 % of the immovable assets.

### Financial liabilities

The Group's financial liabilities amounted to € 101 million (December 31, 2009: € 108.3 million) or 51 % of total assets. Of these, on the balance sheet date approximately € 7.2 million or 7 % were due in the short term, namely on 30 June 2011. The Management Board will conclude negotiations on follow-on funding for this loan in good time before the due date. The weighted remaining term of the Group's financial liabilities amounted on June 30, 2010 to around 4 years.

### Other liabilities

79 % of other liabilities amounting to € 0.9 million are due within one year.

### Equity/Net Asset Value (NAV)

The addition of the market values of properties and participations resulted on June 30, 2010, after deduction of financial liabilities, and taking into account other balance sheet items, to a net asset value (NAV) of € 73.1 million (December 31, 2009: € 72.7 million).

The net asset value is a key indicator for the evaluation of real estate investment companies. Based on the shares in circulation on the accounting date, this produces a NAV of € 7.84 per share against € 7.78 on December 31, 2009.

| Balance sheet NAV<br>in € thousand   | June<br>30,<br>2010 | December<br>31,<br>2009 |
|--|---------------------|-------------------------|
| Market value of properties   | 137,587             | 137,587                 |
| Equity-accounted participations  | 47,353              | 47,442                  |
| Other assets minus derivative<br>financial instruments, provisions<br>and payables | 5,590               | 12,683                  |
| Minority interests   | -15,435             | -15,296                 |
| Financial liabilities  | -101,088            | -108,316                |
| Other liabilities  | -924                | -1,380                  |
| <b>Net asset value</b>   | <b>73,083</b>       | <b>72,720</b>           |
| <b>Net asset value per share *</b>   | <b>7.84</b>         | <b>7.78</b>             |

The „Best Practice Recommendations“ issued by the European Public Real Estate Association (EPRA) provide an accepted guideline to supplement the IFRS reporting of a real estate company with a transparent NAV calculation. The following calculated key figure (EPRA NAV) is based on this guideline. Since, because of REIT status, deferred taxes are irrelevant to Fair Value REIT AG, the EPRA NAV indicated below also corresponds to the NNAV indicator used by some experts.

| EPRA-NAV<br>in € thousand   | June<br>30,<br>2010 | December<br>31,<br>2009 |
|---|---------------------|-------------------------|
| NAV pursuant to consolidated<br>balance sheet   | 73,083              | 72,720                  |
| Market value of derivative<br>financial instruments   | 6,614               | 5,027                   |
| Minority interests  | -423                | -421                    |
| Market value of derivative financial<br>instruments of equity-accounted<br>participations (proportionate) | 4,737               | 4,196                   |
| <b>EPRA-NAV</b>   | <b>84,011</b>       | <b>81,522</b>           |
| <b>EPRA-NAV per share*</b>  | <b>9.01</b>         | <b>8.72</b>             |

\* on June 30, 2010 in relation to 9,325,527 shares in circulation and on December 31, 2009 in relation to 9,347,790 shares in circulation

## IV. REPORT REGARDING BUSINESS WITH RELATED PERSONS

A company in the IC Real Estate Group, which has a participation of around 18 % in Fair Value REIT-AG, provides accounting and property management services for the Group. Details on this and on the relationships with other related companies and persons are given in the 2009 Annual Report of Fair Value REIT-AG in Group Note No. 33 on pages 97 to 100. The status of receivables and payables on the reporting date is shown in Group Note No. 12. At the level of the subsidiaries and associated companies, there are further service contracts with companies in the IC Real Estate Group.

No transactions were carried out in the first half of 2010 with the Supervisory Board, the Management Board or close relatives of the Supervisory Board or Management Board.

## Supplementary Report

No events that have a significant impact on the income, net asset or financial position have occurred after the end of the reporting period.

## Risk Report

Through its business activity, Fair Value is exposed to various risks. In addition to economic risks, these are essentially renting risks, loss of tenancy risks, interest rate and liquidity risks. Risk management and the general risks of the company are described in detail in the 2009 Annual Report for Fair Value REIT-AG on pages 41-46.

In an overall view for the 2010 financial year, the Management Board does not expect any new risks which could affect the survival of Fair Value REIT-AG.

## Opportunities and Forecast

With an income-based occupancy rate of 91.4 % with a weighted remaining lease term of 6.9 years, the Fair Value Group (consisting of Fair Value REIT-AG and its subsidiaries) has a stable revenue base from its real estate. This also applies to a great extent to the associated companies with a proportionate occupancy rate of 96.1 % and a weighted remaining term of 5.8 years. The overall occupancy rate of the

Fair Value proportionate portfolio of 94.1 % of the proportionate potential rent is also increased by including the rentals already contracted, but only effective after the balance sheet date at a value of 95.3 %.

## CONFIRMATION OF THE FORECAST FOR 2010

In the first half of 2010, around 60 % of the total revenues forecast for the whole of 2010 have been generated. This represents the expected distribution of cash flows in the course of the year. The Management Board therefore reaffirms its forecast for the full year 2010. This forecasts envisages adjusted IFRS consolidated net income (EPRA earnings) for 2010 of € 4.2 million, corresponding to € 0.45 per share. The FFO („Funds from Operations“) are forecast to be unchanged for 2010 at € 2.7 million, corresponding to € 0.29 per share.

With the inclusion of still unsecured income from participations, especially from property sales in the context of further portfolio adjustments, in 2010 the Management Board is aiming at a net income under commercial law which will permit a dividend of € 0.10 per share to be paid in 2011 in accordance with the provisions of REIT legislation.

Munich, August 5, 2010

Fair Value REIT-AG



Frank Schaich

# **Consolidated interim financial statements**

**January 1 to June 30, 2010**

## Consolidated Balance Sheet

| € thousand                            | Note No. | June 30, 2010  | December 31, 2009 |
|---------------------------------------|----------|----------------|-------------------|
| <b>Assets</b>                         |          |                |                   |
| <b>Non-current assets</b>             |          |                |                   |
| Intangible assets                     |          | 3              | 4                 |
| Property, plant and equipment         |          | 11             | 12                |
| Investment property                   | 3        | 137,587        | 137,587           |
| Equity-accounted investments          | 4        | 47,353         | 47,442            |
| Other receivables and assets          |          | 376            | 348               |
| <b>Total non-current assets</b>       |          | <b>185,330</b> | <b>185,393</b>    |
| <b>Current assets</b>                 |          |                |                   |
| Non-current assets available for sale | 5        | 0              | 8,237             |
| Trade receivables                     |          | 1,219          | 1,307             |
| Income tax receivables                |          | 70             | 63                |
| Other receivables and assets          |          | 703            | 528               |
| Cash and cash equivalents             |          | 11,035         | 8,281             |
| <b>Total current assets</b>           |          | <b>13,027</b>  | <b>18,416</b>     |
| <b>Total assets</b>                   |          | <b>198,357</b> | <b>203,809</b>    |

| € thousand  | Note<br>No. | June 30,<br>2010 | December 31,<br>2009 |
|---|-------------|------------------|----------------------|
| <b>Equity and liabilities</b>                     |             |                  |                      |
| <b>Equity</b>                                     |             |                  |                      |
| Subscribed capital                                |             | 47,034           | 47,034               |
| Share premium                                     |             | 46,167           | 46,167               |
| Reserve for changes in value                      | 6           | (7,288)          | (5,446)              |
| Retained earnings                                 |             | (12,432)         | (14,745)             |
| Treasury shares                                   | 7           | (398)            | (290)                |
| <b>Total equity</b>                               |             | <b>73,083</b>    | <b>72,720</b>        |
| <b>Non-current liabilities</b>                    |             |                  |                      |
| Minority interests                                |             | 15,435           | 15,296               |
| Financial liabilities                             | 8           | 90,038           | 104,004              |
| Derivative financial instruments                  |             | 6,614            | 5,027                |
| Other liabilities                                 |             | 191              | 286                  |
| <b>Total non-current liabilities</b>              |             | <b>112,278</b>   | <b>124,613</b>       |
| <b>Current liabilities</b>                        |             |                  |                      |
| Provisions  |             | 447              | 261                  |
| Financial liabilities                             | 8           | 11,050           | 4,312                |
| Trade payables                                    |             | 766              | 809                  |
| Other liabilities                                 |             | 733              | 1,094                |
| <b>Total current liabilities</b>                  |             | <b>12,996</b>    | <b>6,476</b>         |
| <b>Total shareholders' equity and liabilities</b> |             | <b>198,357</b>   | <b>203,809</b>       |

## Consolidated income statement

| € thousand  | Note No. | January 1 to June 30, |                | April 1 to June 30, |              | Januarz 1 to March 31, |              |
|---|----------|-----------------------|----------------|---------------------|--------------|------------------------|--------------|
|   |          | 2010                  | 2009           | 2010                | 2009         | 2010                   | 2009         |
| Rental income   |          | 6,046                 | 5,134          | 2,901               | 2,569        | 3,145                  | 2,565        |
| Income from operating and incidental costs                    |          | 914                   | 545            | 458                 | 273          | 456                    | 272          |
| Leasehold payments  |          | (90)                  | (118)          | (33)                | (61)         | (57)                   | (57)         |
| Real estate-related operating expenses                        |          | (2,351)               | (1,601)        | (1,440)             | (675)        | (911)                  | (926)        |
| <b>Net rental result</b>                                      |          | <b>4,519</b>          | <b>3,960</b>   | <b>1,886</b>        | <b>2,106</b> | <b>2,633</b>           | <b>1,854</b> |
| <b>General administrative expenses</b>                        | 9        | <b>(1,071)</b>        | <b>(1,283)</b> | <b>(543)</b>        | <b>(712)</b> | <b>(528)</b>           | <b>(571)</b> |
| <b>Other operating income and expenses (total)</b>            |          | <b>(19)</b>           | <b>52</b>      | <b>(2)</b>          | <b>53</b>    | <b>(17)</b>            | <b>(1)</b>   |
| Net income from the sale of investment properties             |          | 8,508                 | 0              | 5,523               | 0            | 2,985                  | 0            |
| Expenses in connection with the sale of investment properties |          | (8,564)               | 0              | (5,526)             | 0            | (3,038)                | 0            |
| <b>Result from sale of investment properties</b>              | 5        | <b>(56)</b>           | <b>0</b>       | <b>(3)</b>          | <b>0</b>     | <b>(53)</b>            | <b>0</b>     |
| <b>Valuation result</b>                                       |          | <b>0</b>              | <b>(94)</b>    | <b>0</b>            | <b>(84)</b>  | <b>0</b>               | <b>(10)</b>  |
| <b>Operating result</b>                                       |          | <b>3,373</b>          | <b>2,635</b>   | <b>1,338</b>        | <b>1,363</b> | <b>2,035</b>           | <b>1,272</b> |
| <b>Result from equity-accounted investments</b>               | 4        | <b>2,007</b>          | <b>1,672</b>   | <b>1,155</b>        | <b>1,172</b> | <b>852</b>             | <b>500</b>   |
| Interest income   |          | 36                    | 111            | 26                  | 49           | 10                     | 62           |
| Interest expense  | 10       | (2,494)               | (2,214)        | (1,244)             | (1,010)      | (1,250)                | (1,204)      |
| <b>Income before minority interests</b>                       |          | <b>2,922</b>          | <b>2,204</b>   | <b>1,275</b>        | <b>1,574</b> | <b>1,647</b>           | <b>630</b>   |
| Minority interest in the result                               |          | (607)                 | (525)          | (169)               | (321)        | (438)                  | (204)        |
| <b>Income before taxes</b>                                    |          | <b>2,315</b>          | <b>1,679</b>   | <b>1,106</b>        | <b>1,253</b> | <b>1,209</b>           | <b>426</b>   |
| Income taxes  |          | (2)                   | 0              | (2)                 | 0            | 0                      | 0            |
| <b>Net income</b>   |          | <b>2,313</b>          | <b>1,679</b>   | <b>1,104</b>        | <b>1,253</b> | <b>1,209</b>           | <b>426</b>   |
| <b>Earnings per share in € (basic / diluted)</b>              |          | <b>0.25</b>           | <b>0.18</b>    | <b>0.12</b>         | <b>0.13</b>  | <b>0.13</b>            | <b>0.05</b>  |

## Consolidated statement of comprehensive income

| € thousand   | Note<br>No. | January 1 to June 30, |              |
|--|-------------|-----------------------|--------------|
|  |             | 2010                  | 2009         |
| <b>Net income</b>                                  |             | <b>2,313</b>          | <b>1,679</b> |
| Change in cash flow hedges                         |             | (1,586)               | (427)        |
| Thereof due to minority interests                  |             | 2                     | 57           |
| Change in cash flow hedges of associated companies |             | (258)                 | (201)        |
| <b>Other results</b>                               |             | <b>(1,842)</b>        | <b>(571)</b> |
| <b>Comprehensive income / loss</b>                 |             | <b>471</b>            | <b>1,108</b> |

## Consolidated cash flow statement

| € thousand   | January 1 to June 30, |                |
|--|-----------------------|----------------|
|  | 2010                  | 2009           |
| <b>Net income</b>  | <b>2,313</b>          | <b>1,679</b>   |
| Adjustments to consolidated earnings for reconciliation to cash flow from operating activities |                       |                |
| Income tax expenses  | 2                     | 0              |
| Amortization of intangible assets and depreciation of property, plant and equipment            | 6                     | 5              |
| (Profits) Losses from the disposal of investment properties                                    | 56                    | 0              |
| Valuation result   | 0                     | 94             |
| Income from equity-accounted investments   | (2,007)               | (1,659)        |
| Withdrawals from equity-accounted investments  | 1,838                 | 1,637          |
| Income from beneficial acquisition of participations   | 0                     | (13)           |
| Minority interest in the result  | 607                   | 525            |
| Disbursement to minority interests   | (466)                 | (217)          |
| Result from the valuation of derivative financial instruments                                  | 1                     | 21             |
| <b>FFO (funds from operations) subtotal</b>  | <b>2,350</b>          | <b>2,072</b>   |
| Change in assets, equity and liabilities   |                       |                |
| (Increase) / decrease in trade receivables   | 88                    | 517            |
| (Increase) / decrease in other liabilities   | (212)                 | 582            |
| (Decrease) / increase in provisions  | (85)                  | (167)          |
| (Decrease) / increase in trade payables  | (43)                  | (726)          |
| (Decrease) / increase in other liabilities   | (456)                 | (3,745)        |
| <b>Cash flow from operating activities</b>   | <b>1,642</b>          | <b>(1,467)</b> |

| € thousand   | January 1 to June 30, |                |
|--|-----------------------|----------------|
|  | 2010                  | 2009           |
| <b>Cash flow from operating activities</b>                         | <b>1,642</b>          | <b>(1,467)</b> |
| Payments for the acquisition of interests in associated companies  | 0                     | (56)           |
| Investments in investment property / property under construction   | 0                     | (74)           |
| Income from the disposal of investment properties                  | 8,452                 | 0              |
| Investments in property, plant and equipment and intangible assets | (4)                   | (3)            |
| <b>Cash flow from investment activities</b>                        | <b>8,448</b>          | <b>(133)</b>   |
| Purchase of treasury shares  | (108)                 | 0              |
| Repayment of financial liabilities                                 | (7,228)               | (4,739)        |
| <b>Cash flow from financing activities</b>                         | <b>(7,336)</b>        | <b>(4,739)</b> |
| <b>Cash effective change of liquid funds</b>                       | <b>2,754</b>          | <b>(6,339)</b> |
| Cash and cash equivalents – start of period                        | 8,281                 | 14,039         |
| <b>Cash and cash equivalents – end of period</b>                   | <b>11,035</b>         | <b>7,700</b>   |
| Additional disclosures:  |                       |                |
| Interest received  | 38                    | 123            |
| Interest paid  | 2,477                 | 2,176          |

## Statement of changes in consolidated equity

| € thousand<br>(except for circulating shares) | Shares in<br>circulation | Subscri-<br>bed<br>capital | Share<br>premium | Reserve for<br>changes in<br>value | Retained<br>earnings | Own<br>shares | Total         |
|---|--------------------------|----------------------------|------------------|------------------------------------|----------------------|---------------|---------------|
| <b>Balance at January 1, 2009</b>             | <b>9,406,882</b>         | <b>47,034</b>              | <b>46,167</b>    | <b>(4,575)</b>                     | <b>(11,839)</b>      | <b>0</b>      | <b>76,787</b> |
| Net income                                    | 0                        | 0                          | 0                | (571)                              | 1,679                | 0             | 1,108         |
| <b>Balance at June 30, 2009</b>               | <b>9,406,882</b>         | <b>47,034</b>              | <b>46,167</b>    | <b>(5,146)</b>                     | <b>(10,160)</b>      | <b>0</b>      | <b>77,895</b> |
| <b>Balance at January 1, 2010</b>             | <b>9,347,790</b>         | <b>47,034</b>              | <b>46,167</b>    | <b>(5,446)</b>                     | <b>(14,745)</b>      | <b>(290)</b>  | <b>72,720</b> |
| Purchase of own shares                        | (22,218)                 | 0                          | 0                | 0                                  | 0                    | (108)         | (108)         |
| Net income                                    | 0                        | 0                          | 0                | (1,842)                            | 2,313                | 0             | 471           |
| <b>Balance at June 30, 2010</b>               | <b>9,325,572</b>         | <b>47,034</b>              | <b>46,167</b>    | <b>(7,288)</b>                     | <b>(12,432)</b>      | <b>(398)</b>  | <b>73,083</b> |

## Notes

### (1) GENERAL INFORMATION ABOUT THE COMPANY

Fair Value REIT-AG (hereinafter referred to as “Fair Value” or “Company”) has been listed on the stock market since 16 November 2007 and obtained REIT status on 6 December 2007. Since the 2007 fiscal year, it has therefore been exempt from business and corporation tax.

As a result of its participation in a total of thirteen closed-end real estate funds, the company must prepare consolidated financial statements.

*Comparative figures* – The comparison columns in the income and cash flow statements relate to the period from January 1 to June 30, 2010. Due to other partners terminating their holdings, the participation of Fair Value in IC13 increased to 50.04 % on December 31, 2009. Following this status change, the fund is now fully consolidated.

### (2) ACCOUNTING AND VALUATION METHODS

*Basis of the preparation* – The Interim Consolidated Financial Statement has been prepared on the basis of the International Financial Reporting Standards (“IFRSs”) in compliance with IAS 34 “Interim Financial Reporting”.

Investment properties and financial derivatives are valued at fair value; interests held in associated companies are equity-accounted. All other valuations are based on cost.

*Consolidation* – All subsidiaries are included in the consolidated financial statement. The scope of consolidation has not changed since December 31, 2009.

*Accounting and valuation methods* – The same accounting and valuation methods are used for the quarterly report as for the consolidated financial statement on December 31, 2009.

### (3) INVESTMENT PROPERTIES

| € thousand                                 | Direct investments | Participations | Total    |
|--|--------------------|----------------|----------|
| <b>Acquisition costs</b>                   |                    |                |          |
| Balance at January 1, 2010 / June 30, 2010 | 51,832             | 117,971        | 169,803  |
| <b>Changes in value</b>                    |                    |                |          |
| Balance at January 1, 2010 / June 30, 2010 | (6,305)            | (25,911)       | (32,216) |
| <b>Fair values</b>                         |                    |                |          |
| Balance at January 1, 2010 / June 30, 2010 | 45,527             | 92,060         | 137,587  |

The fair values used for the investment properties are those determined on December 31, 2009 by CB Richard Ellis GmbH, Frankfurt.

### (4) EQUITY-ACCOUNTED PARTICIPATIONS

| € thousand                  | IC 10       | IC 12        | IC 15        | BBV 02      | BBV 09         | BBV 10         | BBV 14         | Total          |
|-----------------------------|-------------|--------------|--------------|-------------|----------------|----------------|----------------|----------------|
| <b>Proportionale equity</b> |             |              |              |             |                |                |                |                |
| As of January 1, 2010       | (69)        | 2,445        | 6,329        | 186         | 11,570         | 17,283         | 15,754         | 53,498         |
| Withdrawals                 | 0           | 0            | (288)        | 0           | (638)          | (912)          | 0              | (1,838)        |
| Proportion of earnings      | 13          | 48           | 260          | 16          | 472            | 692            | 519            | 2,020          |
| Loss from cash flow hedge   | 0           | 0            | 0            | 0           | 0              | (258)          | 0              | (258)          |
| <b>As of June 30, 2010</b>  | <b>(56)</b> | <b>2,493</b> | <b>6,301</b> | <b>202</b>  | <b>11,404</b>  | <b>16,805</b>  | <b>16,273</b>  | <b>53,422</b>  |
| <b>Changes in value</b>     |             |              |              |             |                |                |                |                |
| As of January 1, 2010       | 69          | (196)        | (704)        | (77)        | (1,180)        | (1,844)        | (2,124)        | (6,056)        |
| Change                      | (13)        | 0            | 0            | 0           | 0              | 0              | 0              | (13)           |
| <b>As of June 30, 2010</b>  | <b>56</b>   | <b>(196)</b> | <b>(704)</b> | <b>(77)</b> | <b>(1,180)</b> | <b>(1,844)</b> | <b>(2,124)</b> | <b>(6,069)</b> |
| <b>Carrying amounts</b>     |             |              |              |             |                |                |                |                |
| As of December 31, 2009     | 0           | 2,249        | 5,625        | 109         | 10,390         | 15,439         | 13,630         | 47,442         |
| <b>As of June 30, 2010</b>  | <b>0</b>    | <b>2,297</b> | <b>5,597</b> | <b>125</b>  | <b>10,224</b>  | <b>14,961</b>  | <b>14,149</b>  | <b>47,353</b>  |

This refers to participations with holdings of between 20 % and 50 %. The € 89,000 reduction in the carrying amounts in comparison to December 31, 2009 consists of the proportionate allocation to Fair Value of the results of these companies for the

reporting period, amounting to € 2,020,000, minus the proportional change in the value change reserve recorded without affecting net income, amounting to a total of € 258,000, and the dividends received during the first six months of the year, including withholding tax on interest income and the solidarity surcharges amounting to € 1,838,000, and with the deduction of a € 13,000 adjustment to the changes in value.

The value adjustment arises from the net present value of company expenses not taken into account in the market valuations of the properties. For further information regarding the difference in value, please refer to the explanations on page 69 of the 2009 Annual Report.

Additional financial information pertaining to the equity-accounted associated companies is provided in the following tables, with the figures based on the group's participation in each of the associated companies rather than the respective companies in their entirety (100 %). The proportionately distributed assets and debts of these companies are as follows prior to provision for changes in value:

| € thousand | IC 10           |                 | IC 12           |                 | IC 15<br>(consolidated) |                 | BBV 02          |                 |
|------------|-----------------|-----------------|-----------------|-----------------|-------------------------|-----------------|-----------------|-----------------|
|            | Jun 30,<br>2010 | Dec 31,<br>2009 | Jun 30,<br>2010 | Dec 31,<br>2009 | Jun 30,<br>2010         | Dec 31,<br>2009 | Jun 30,<br>2010 | Dec 31,<br>2009 |

Fair Value REIT-AG's share 26.14 % 26.14 % 40.22 % 40.22 % 38.37 % 38.37 % 39.68 % 39.68 %

|                                  |                |                |              |              |                |                |              |              |
|----------------------------------|----------------|----------------|--------------|--------------|----------------|----------------|--------------|--------------|
| Property, plant and equipment    | 0              | 0              | 0            | 0            | 0              | 3              | 0            | 0            |
| <b>Investment property</b>       | <b>2,337</b>   | <b>2,337</b>   | <b>2,952</b> | <b>2,952</b> | <b>13,472</b>  | <b>13,472</b>  | <b>655</b>   | <b>655</b>   |
| Trade receivables                | 38             | 33             | 60           | 71           | 111            | 63             | 13           | 12           |
| Other receivables and assets     | 5              | 0              | 5            | 1            | 294            | 249            | 13           | 13           |
| <b>Cash and cash equivalents</b> | <b>47</b>      | <b>46</b>      | <b>430</b>   | <b>392</b>   | <b>1,227</b>   | <b>1,566</b>   | <b>60</b>    | <b>55</b>    |
| Provisions                       | (4)            | (3)            | (6)          | (4)          | (12)           | (9)            | (1)          | (1)          |
| <b>Financial liabilities</b>     | <b>(1,963)</b> | <b>(1,977)</b> | <b>(923)</b> | <b>(936)</b> | <b>(8,648)</b> | <b>(8,816)</b> | <b>(522)</b> | <b>(533)</b> |
| Derivative financial instruments | 0              | 0              | 0            | 0            | 0              | 0              | 0            | 0            |
| Trade payables                   | (4)            | (3)            | (8)          | (15)         | (45)           | (41)           | (6)          | (7)          |
| Other liabilities                | (512)          | (502)          | (17)         | (16)         | (98)           | (158)          | (10)         | (8)          |
| <b>Net assets</b>                | <b>(56)</b>    | <b>(69)</b>    | <b>2,493</b> | <b>2,445</b> | <b>6,301</b>   | <b>6,329</b>   | <b>202</b>   | <b>186</b>   |

| € thousand | BBV 09          |                 | BBV 10          |                 | BBV 14          |                 | Total           |                 |
|------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|            | Jun 30,<br>2010 | Dec 31,<br>2009 | Jun 30,<br>2010 | Dec 31,<br>2009 | Jun 30,<br>2010 | Dec 31,<br>2009 | Jun 30,<br>2010 | Dec 31,<br>2009 |

Fair Value REIT-AG's share 25.11 % 25.10 % 38.37 % 38.37 % 45.11 % 45.09 %

|                                  |                 |                 |                 |                 |                 |                 |                 |                 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Property, plant and equipment    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 3               |
| <b>Investment property</b>       | <b>31,337</b>   | <b>31,325</b>   | <b>44,985</b>   | <b>44,985</b>   | <b>37,856</b>   | <b>37,840</b>   | <b>133,594</b>  | <b>133,566</b>  |
| Trade receivables                | 73              | 43              | 93              | 89              | 184             | 216             | 572             | 527             |
| Other receivables and assets     | 101             | 85              | 34              | 10              | 502             | 478             | 954             | 836             |
| <b>Cash and cash equivalents</b> | <b>1,594</b>    | <b>1,883</b>    | <b>1,768</b>    | <b>2,468</b>    | <b>804</b>      | <b>767</b>      | <b>5,930</b>    | <b>7,177</b>    |
| Provisions                       | (5)             | (10)            | (5)             | (9)             | (6)             | (12)            | (39)            | (48)            |
| <b>Financial liabilities</b>     | <b>(18,662)</b> | <b>(18,981)</b> | <b>(27,856)</b> | <b>(28,324)</b> | <b>(22,822)</b> | <b>(23,193)</b> | <b>(81,396)</b> | <b>(82,760)</b> |
| Derivative financial instruments | (2,794)         | (2,538)         | (1,943)         | (1,658)         | 0               | 0               | (4,737)         | (4,196)         |
| Trade payables                   | (25)            | (30)            | (168)           | (196)           | (157)           | (226)           | (413)           | (518)           |
| Other liabilities                | (215)           | (207)           | (103)           | (82)            | (88)            | (116)           | (1,043)         | (1,089)         |
| <b>Net assets</b>                | <b>11,404</b>   | <b>11,570</b>   | <b>16,805</b>   | <b>17,283</b>   | <b>16,273</b>   | <b>15,754</b>   | <b>53,422</b>   | <b>53,498</b>   |

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

| € thousand                                    | IC 10                                   |             | IC 12                                   |             | IC 13                                   |              | IC 15<br>(consolidated)                 |              | BBV 02                                  |             |
|---|---|-------------|---|-------------|---|--------------|---|--------------|---|-------------|
|   | January 1 to<br>June 30,<br>2010   2009 |             | January 1 to<br>June 30,<br>2010   2009 |             | January 1 to<br>June 30,<br>2010   2009 |              | January 1 to<br>June 30,<br>2010   2009 |              | January 1 to<br>June 30,<br>2010   2009 |             |
| Fair Value REIT-AG's share                    | 26.14 %                                 | 26.14 %     | 40.22 %                                 | 40.22 %     | 49.86 %                                 | 38.37 %      | 38.34 %                                 | 39.68 %      | 38.94 %                                 |             |
| Rental income                                 | 94                                      | 92          | 97                                      | 107         | 0                                       | 635          | 572                                     | 594          | 42                                      | 45          |
| Income from operating and incidental costs    | 36                                      | 36          | 60                                      | 49          | 0                                       | 85           | 54                                      | 53           | 6                                       | 6           |
| Real estate-related operating expenses        | (49)                                    | (64)        | (82)                                    | (78)        | 0                                       | (152)        | (135)                                   | (117)        | (14)                                    | (19)        |
| <b>Net rental income</b>                      | <b>81</b>                               | <b>64</b>   | <b>75</b>                               | <b>78</b>   | <b>0</b>                                | <b>568</b>   | <b>491</b>                              | <b>530</b>   | <b>34</b>                               | <b>32</b>   |
| General administrative expenses               | (3)                                     | (3)         | (7)                                     | (8)         | 0                                       | (30)         | (28)                                    | (33)         | (3)                                     | (6)         |
| Other operating expenses and income (balance) | 1                                       | 0           | 2                                       | (1)         | 0                                       | 3            | 0                                       | 4            | (2)                                     | 6           |
| Gains from sale of investment properties      |   |             |   |             |   |              | 0                                       | 0            |   |             |
| Valuation result                              | 0                                       | 0           | 0                                       | 0           | 0                                       | (175)        | (3)                                     | (161)        | 0                                       | (12)        |
| <b>Operating result</b>                       | <b>79</b>                               | <b>61</b>   | <b>70</b>                               | <b>69</b>   | <b>0</b>                                | <b>366</b>   | <b>460</b>                              | <b>340</b>   | <b>29</b>                               | <b>20</b>   |
| Net interest expense                          | (66)                                    | (58)        | (22)                                    | (22)        | 0                                       | (299)        | (200)                                   | (230)        | (13)                                    | (14)        |
| Valuation of derivative financial instruments | 0                                       | 0           | 0                                       | 0           | 0                                       | 0            | 0                                       | 0            | 0                                       | 0           |
| <b>Financial result</b>                       | <b>(66)</b>                             | <b>(58)</b> | <b>(22)</b>                             | <b>(22)</b> | <b>0</b>                                | <b>(299)</b> | <b>(200)</b>                            | <b>(230)</b> | <b>(13)</b>                             | <b>(14)</b> |
| <b>Economic result</b>                        | <b>13</b>                               | <b>3</b>    | <b>48</b>                               | <b>47</b>   | <b>0</b>                                | <b>67</b>    | <b>260</b>                              | <b>110</b>   | <b>16</b>                               | <b>6</b>    |

It should be noted that the reporting period in 2009 includes the results of IC13. Due to other partners terminating their holdings on December 31, 2009, the Fair Value REIT-AG participation in IC13 increased to 50.04 %, at which point the company became fully consolidated.

The valuation loss of a total of € 3,000 results from the depreciation of capital expenditures incurred at the Quickborn property (IC15). In the previous year,

the valuation loss of € 863,000 was based on the company's own estimated depletion of the benefits arising from a number of existing rental agreements concluded on the basis of rents which, at the time, were above market level (so called over-rents) as well as the immediate writing off of the renovation costs arising at the Quickborn (IC15) and Dresden (IC15) properties.

| T€  | BBV 09<br>January 1 to<br>June 30, |              | BBV 10<br>January 1 to<br>June 30, |              | BBV 14<br>January 1 to<br>June 30, |              | Total<br>January 1 to<br>June 30, |                |
|---|------------------------------------|--------------|------------------------------------|--------------|------------------------------------|--------------|-----------------------------------|----------------|
|   | 2010                               | 2009         | 2010                               | 2009         | 2010                               | 2009         | 2010                              | 2009           |
| Fair Value REIT-AG's share                    | 25.11 %                            | 25.00 %      | 38.37 %                            | 38.31 %      | 45.11 %                            | 45.03 %      |                                   |                |
| Rental income                                 | 1,490                              | 1,490        | 1,953                              | 2,083        | 1,362                              | 1,384        | 5,610                             | 6,430          |
| Income from operating and incidental costs    | 30                                 | 34           | 162                                | 136          | 308                                | 330          | 656                               | 729            |
| Real estate-related operating expenses        | (120)                              | (90)         | (492)                              | (380)        | (472)                              | (521)        | (1,364)                           | (1,421)        |
| <b>Net rental income</b>                      | <b>1,400</b>                       | <b>1,434</b> | <b>1,623</b>                       | <b>1,839</b> | <b>1,198</b>                       | <b>1,193</b> | <b>4,902</b>                      | <b>5,738</b>   |
| General administrative expenses               | (42)                               | (59)         | (79)                               | (84)         | (106)                              | (121)        | (268)                             | (344)          |
| Other operating expenses and income (balance) | (9)                                | 0            | (11)                               | 1            | (8)                                | 7            | (27)                              | 20             |
| Gains from sale of investment properties      |                                    |              |                                    |              |                                    |              | 0                                 | 0              |
| Valuation result                              | 0                                  | (268)        | 0                                  | (161)        | 0                                  | (86)         | (3)                               | (863)          |
| <b>Operating result</b>                       | <b>1,349</b>                       | <b>1,107</b> | <b>1,533</b>                       | <b>1,595</b> | <b>1,084</b>                       | <b>993</b>   | <b>4,604</b>                      | <b>4,551</b>   |
| Net interest expense                          | (622)                              | (626)        | (814)                              | (860)        | (565)                              | (597)        | (2,302)                           | (2,706)        |
| Valuation of derivative financial instruments | (255)                              | (155)        | (27)                               | (28)         | 0                                  | 0            | (282)                             | (183)          |
| <b>Financial result</b>                       | <b>(877)</b>                       | <b>(781)</b> | <b>(841)</b>                       | <b>(888)</b> | <b>(565)</b>                       | <b>(597)</b> | <b>(2,584)</b>                    | <b>(2,889)</b> |
| <b>Economic result</b>                        | <b>472</b>                         | <b>326</b>   | <b>692</b>                         | <b>707</b>   | <b>519</b>                         | <b>396</b>   | <b>2,020</b>                      | <b>1,662</b>   |

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

| € thousand                              | June<br>30,<br>2010 | December<br>31,<br>2009 |
|---|---------------------|-------------------------|
| Office property Aachen („BBV 03“)       | 0                   | 1,520                   |
| Retail property Hamm („BBV 06“)         | 0                   | 1,352                   |
| Retail property Seligenstadt („BBV 06“) | 0                   | 1,465                   |
| Retail property Passau („BBV 06“)       | 0                   | 3,900                   |
|   | <b>0</b>            | <b>8,237</b>            |

The valuation of such assets equates to the notarized purchase prices. An exception is the Hamm property, for which the agreed cost of renovation work, amounting to € 270,000, has been treated as a reduction of the purchase price.

The transfer of ownership, risk and reward had been closed for all properties by the reporting date of June 30, 2010. Sales costs amounting to € 56,000 have been accrued.

The three properties of BBV 06 were partially financed by debt. In exchange for the release of encumbrances the lender received unscheduled repayments totalling € 5,000,000.

**(6) RESERVE FOR CHANGES IN VALUE**

Included in the reserve for changes in value currently reducing the equity capital are changes in value (with no effect on net income) relating to interest rate hedges, to the extent that these fulfil the requirements for "Hedge Accounting". Changes in value amounted to € 1,842,000 during the reporting period, of which € 1,586,000 apply to the Group, minus minority interests of € 2,000. Furthermore, this reserve contains the change amounting to € 258,000 in equity-accounted participations, to the extent that these have resulted from the cash flow hedges of the associated companies.

**(7) OWN SHARES**

Based on a resolution passed by the Annual General Meeting on May 29, 2009, the Management Board is authorised to acquire own shares up until May 28, 2014 up to the total of 10 % of the capital stock. With regard to this authorization, the Management Board decided on September 24, 2009 to acquire up to 100,000 shares in the company (equating to approx. 1 % of the capital stock).

By the end of the share repurchase programme on January 29, 2010, 81,310 shares had been acquired. The acquisition costs amounted to a total sum of € 398,000 or € 4.89 per share. Taking these shares into account, Fair Value REIT-AG holds approximately 0.86 % of the company's capital stock on June 30, 2010.

**(8) FINANCIAL LIABILITIES**

The long and short term liabilities amounting to a total of € 101,088,000 have fallen in comparison to December 31, 2009 as a result of scheduled repayments amounting to € 2,228,000 and an unscheduled repayment of € 5,000,000 enabled by the sale of BBV 06 properties.

## (9) GENERAL ADMINISTRATIVE EXPENSES

| € thousand  | January 1 to June 30, |              |
|---|-----------------------|--------------|
|   | 2010                  | 2009         |
| Personnel expenses  | 190                   | 340          |
| Office costs  | 25                    | 37           |
| Travel and vehicle expenses                                     | 27                    | 33           |
| Accounting  | 73                    | 0            |
| Stock market listing, general meeting and events                | 104                   | 136          |
| Valuations  | 54                    | 124          |
| Legal and consulting costs                                      | 63                    | 90           |
| Audit expenses  | 90                    | 102          |
| Remuneration (Supervisory and Advisory Boards, General Partner) | 42                    | 46           |
| Fund management   | 190                   | 145          |
| Trustee fees  | 55                    | 55           |
| Amortization and depreciation                                   | 6                     | 5            |
| Other   | 65                    | 69           |
| Non-deductible VAT  | 87                    | 101          |
|   | <b>1,071</b>          | <b>1,283</b> |

Of the general administration expenses, € 711,000 (66.4 %) are attributable to Fair Value and € 360,000 (33.6 %) to the subsidiaries.

The reduction in personnel costs results from the departure of a member of the Management Board and a further member of staff. The accounting costs arise from the service contract with IC Immobilien Service GmbH that has been in force since the fourth quarter of 2009. For further information, please refer to pages 98 and 99 of the 2009 Annual Report. The increased costs for fund management are the result of the full consolidation of the subsidiary IC13.

## (10) INTEREST EXPENSES

| € thousand                                    | January 1 to June 30, |                |
|---|-----------------------|----------------|
|   | 2010                  | 2009           |
| Valuation of derivative financial instruments | (1)                   | (21)           |
| Other interest expenses                       | (2,493)               | (2,193)        |
|   | <b>(2,494)</b>        | <b>(2,214)</b> |

Interest expenses include costs relating to the change in the fair value of derivative financial instruments (interest rate hedges) amounting to € 1,000. Of this sum, € 500 are attributable to the minority interests.

**(11) SEGMENT REVENUES AND RESULTS**

| € thousand                                    | Segment revenues      |              | Segment results       |              |
|---|-----------------------|--------------|-----------------------|--------------|
|   | January 1 to June 30, |              | January 1 to June 30, |              |
|   | 2010                  | 2009         | 2010                  | 2009         |
| Direct investments                            | 1,934                 | 1,809        | 1,442                 | 1,259        |
| Subsidiaries                                  | 5,026                 | 3,870        | 2,545                 | 2,151        |
|   | <b>6,960</b>          | <b>5,679</b> | <b>3,987</b>          | <b>3,410</b> |
| Earnings from equity-accounted participations |                       |              | 2,007                 | 1,672        |
| Central administrative expenses and other     |                       |              | (614)                 | (775)        |
| Net interest expense                          |                       |              | (2,458)               | (2,103)      |
| Minority interest in the result               |                       |              | (607)                 | (525)        |
| Income taxes                                  |                       |              | (2)                   | 0            |
| <b>Consolidated Net Income</b>                |                       |              | <b>2,313</b>          | <b>1,679</b> |

The following shows the results calculation of the segments in a less aggregated form. The "subsidiaries" segment is broken down into the individual companies. The current income of the IC13 subsidiary was included in the equity-accounted participations in the previous year.

| € thousand   | Segment Direct investments* |              | Segment Subsidiaries |            |            |            |            |            |              |          |
|--|-----------------------------|--------------|----------------------|------------|------------|------------|------------|------------|--------------|----------|
|  | January 1 to June 30,       |              | IC 01                |            | IC 03      |            | IC 07      |            | IC 13        |          |
|  | 2010                        | 2009         | 2010                 | 2009       | 2010       | 2009       | 2010       | 2009       | 2010         | 2009     |
| Rental income  | 1,621                       | 1,609        | 159                  | 167        | 238        | 295        | 225        | 226        | 1,220        | 0        |
| Income from operating and incidental costs                                     | 313                         | 200          | 36                   | 36         | 84         | 93         | 91         | 54         | 183          | 0        |
| <b>Segment revenue</b>   | <b>1,934</b>                | <b>1,809</b> | <b>195</b>           | <b>203</b> | <b>322</b> | <b>388</b> | <b>316</b> | <b>280</b> | <b>1,403</b> | <b>0</b> |
| Leasehold payments   | 0                           | 0            | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| Real estate-related operating expenses   | (394)                       | (381)        | (60)                 | (72)       | (119)      | (188)      | (174)      | (155)      | (266)        | 0        |
| <b>Net rental result</b>   | <b>1,540</b>                | <b>1,428</b> | <b>135</b>           | <b>131</b> | <b>203</b> | <b>200</b> | <b>142</b> | <b>125</b> | <b>1,137</b> | <b>0</b> |
| Administrative expenses related to segment                                     | (97)                        | (182)        | (17)                 | (15)       | (17)       | (17)       | (18)       | (16)       | (60)         | 0        |
| Other operating expenses and income (balance)                                  | (1)                         | 13           | (14)                 | 0          | (2)        | 2          | (3)        | 9          | 1            | 0        |
| Income from sale of investment properties                                      | 0                           | 0            | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| Valuation result   | 0                           | 0            | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| <b>Segment profit</b>  | <b>1,442</b>                | <b>1,259</b> | <b>104</b>           | <b>116</b> | <b>184</b> | <b>185</b> | <b>121</b> | <b>118</b> | <b>1,078</b> | <b>0</b> |
| Central administrative costs   | (614)                       | (775)        | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| Income from equity-accounted participations                                    | 1,642                       | 1,490        | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| Other income from participations   | 17                          | 250          | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| Net interest expenses  | (1,228)                     | (1,166)      | (48)                 | (50)       | (95)       | (102)      | (73)       | (72)       | (279)        | 0        |
| Valuation result of derivative financial instruments with effect to net income | 0                           | 0            | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| Minority interests   | 0                           | 0            | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| Income taxes   | (2)                         | 0            | 0                    | 0          | 0          | 0          | 0          | 0          | 0            | 0        |
| <b>Annual result</b>   | <b>1,257</b>                | <b>1,058</b> | <b>56</b>            | <b>66</b>  | <b>89</b>  | <b>83</b>  | <b>48</b>  | <b>46</b>  | <b>799</b>   | <b>0</b> |

\* including Fair Value REIT-AG

| € thousand   | Segment<br>Subsidiaries |            |              |              |              |              | Consolidation |              | Group        |              |
|--|-------------------------|------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
|  | BBV 03                  |            | BBV 06       |              | Total        |              | January 1 to  |              | January 1 to |              |
|  | January 1 to            | June 30,   | January 1 to | June 30,     | January 1 to | June 30,     | January 1 to  | June 30,     | January 1 to | June 30,     |
|  | 2010                    | 2009       | 2010         | 2009         | 2010         | 2009         | 2010          | 2009         | 2010         | 2009         |
| Rental income  | 380                     | 441        | 2,203        | 2,396        | 4,425        | 3,525        | 0             | 0            | 6,046        | 5,134        |
| Income from operating and incidental costs                                     | 62                      | 64         | 145          | 98           | 601          | 345          | 0             | 0            | 914          | 545          |
| <b>Segment revenue</b>   | <b>442</b>              | <b>505</b> | <b>2,348</b> | <b>2,494</b> | <b>5,026</b> | <b>3,870</b> | <b>0</b>      | <b>0</b>     | <b>6,960</b> | <b>5,679</b> |
| Leasehold payments   | 0                       | 0          | (90)         | (118)        | (90)         | (118)        | 0             | 0            | (90)         | (118)        |
| Real estate-related operating expenses   | (96)                    | (127)      | (1,242)      | (678)        | (1,957)      | (1,220)      | 0             | 0            | (2,351)      | (1,601)      |
| <b>Net rental result</b>   | <b>346</b>              | <b>378</b> | <b>1,016</b> | <b>1,698</b> | <b>2,979</b> | <b>2,532</b> | <b>0</b>      | <b>0</b>     | <b>4,519</b> | <b>3,960</b> |
| Administrative expenses related to segment                                     | (83)                    | (87)       | (165)        | (191)        | (360)        | (326)        | 0             | 0            | (457)        | (508)        |
| Other operating expenses and income (balance)                                  | 0                       | 4          | 0            | 24           | (18)         | 39           | 0             | 0            | (19)         | 52           |
| Income from sale of investment properties                                      | (47)                    | 0          | (9)          | 0            | (56)         | 0            | 0             | 0            | (56)         | 0            |
| Valuation result   | 0                       | 0          | 0            | (94)         | 0            | (94)         | 0             | 0            | 0            | (94)         |
| <b>Segment profit</b>  | <b>216</b>              | <b>295</b> | <b>842</b>   | <b>1,437</b> | <b>2,545</b> | <b>2,151</b> | <b>0</b>      | <b>0</b>     | <b>3,987</b> | <b>3,410</b> |
| Central administrative costs   | 0                       | 0          | 0            | 0            | 0            | 0            | 0             | 0            | (614)        | (775)        |
| Income from equity-accounted participations                                    | 0                       | 0          | 0            | 0            | 0            | 0            | 365           | 182          | 2,007        | 1,672        |
| Other income from participations   | 0                       | 0          | 0            | 0            | 0            | 0            | (17)          | (250)        | 0            | 0            |
| Net interest expenses  | 1                       | 8          | (735)        | (700)        | (1,229)      | (916)        | 0             | 0            | (2,457)      | (2,082)      |
| Valuation result of derivative financial instruments with effect to net income | 0                       | 0          | (1)          | (21)         | (1)          | (21)         | 0             | 0            | (1)          | (21)         |
| Minority interests   | 0                       | 0          | 0            | 0            | 0            | 0            | (607)         | (525)        | (607)        | (525)        |
| Income taxes   | 0                       | 0          | 0            | 0            | 0            | 0            | 0             | 0            | (2)          | 0            |
| <b>Annual result</b>   | <b>217</b>              | <b>303</b> | <b>106</b>   | <b>716</b>   | <b>1,315</b> | <b>1,214</b> | <b>(259)</b>  | <b>(593)</b> | <b>2,313</b> | <b>1,679</b> |

The following shows, in a less aggregated form, all the allocated and non-allocated assets and debts for the segments, with the “subsidiary” segment being broken down into individual companies.

| € thousand  | Segment Direct investments* |                 | Segment Subsidiaries |                |                |                |                |                |                 |                 |
|---|-----------------------------|-----------------|----------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|   |                             |                 | IC 01                |                | IC 03          |                | IC 07          |                | IC 13           |                 |
|   | Jun 30, 2010                | Dec 31, 2009    | Jun 30, 2010         | Dec 31, 2009   | Jun 30, 2010   | Dec 31, 2009   | Jun 30, 2010   | Dec 31, 2009   | Jun 30, 2010    | Dec 31, 2009    |
| Intangible assets and property, plant and equipment | 14                          | 16              | 0                    | 0              | 0              | 0              | 0              | 0              | 0               | 0               |
| Investment property                                 | 45,527                      | 45,527          | 4,340                | 4,340          | 7,320          | 7,320          | 7,110          | 7,110          | 21,380          | 21,380          |
| Non-current assets held for sale                    | 0                           | 0               | 0                    | 0              | 0              | 0              | 0              | 0              | 0               | 0               |
| Trade receivables                                   | 388                         | 319             | 148                  | 139            | 119            | 109            | 16             | 13             | 64              | 54              |
| Income tax receivables                              | 70                          | 63              | 0                    | 0              | 0              | 0              | 0              | 0              | 0               | 0               |
| Other receivables and assets                        | 357                         | 446             | 103                  | 77             | 11             | 7              | 17             | 0              | 54              | 34              |
| Cash and cash equivalents                           | 2,115                       | 1,468           | 47                   | 73             | 98             | 92             | 2,281          | 2,565          | 2,039           | 1,839           |
| <b>Subtotal segment assets</b>                      | <b>48,471</b>               | <b>47,839</b>   | <b>4,638</b>         | <b>4,629</b>   | <b>7,548</b>   | <b>7,528</b>   | <b>9,424</b>   | <b>9,688</b>   | <b>23,537</b>   | <b>23,307</b>   |
| Participation in subsidiaries                       | 29,879                      | 30,404          | 0                    | 0              | 0              | 0              | 0              | 0              | 0               | 0               |
| Equity-accounted participations                     | 47,344                      | 47,540          | 0                    | 0              | 0              | 0              | 0              | 0              | 0               | 0               |
| <b>Assets total</b>                                 | <b>125,694</b>              | <b>125,783</b>  | <b>4,638</b>         | <b>4,629</b>   | <b>7,548</b>   | <b>7,528</b>   | <b>9,424</b>   | <b>9,688</b>   | <b>23,537</b>   | <b>23,307</b>   |
| Provisions  | (93)                        | (179)           | (16)                 | (11)           | (15)           | (10)           | (15)           | (10)           | (18)            | (12)            |
| Trade payables                                      | (144)                       | (304)           | (5)                  | (9)            | (29)           | (21)           | (40)           | (9)            | (66)            | (89)            |
| Other liabilities                                   | (78)                        | (375)           | (53)                 | (58)           | (53)           | (64)           | (60)           | (51)           | (72)            | (69)            |
| <b>Subtotal segment assets</b>                      | <b>(315)</b>                | <b>(858)</b>    | <b>(74)</b>          | <b>(78)</b>    | <b>(97)</b>    | <b>(95)</b>    | <b>(115)</b>   | <b>(70)</b>    | <b>(156)</b>    | <b>(170)</b>    |
| Minority interests                                  | 0                           | 0               | 0                    | 0              | 0              | 0              | 0              | 0              | 0               | 0               |
| Financial liabilities                               | (39,810)                    | (40,510)        | (1,864)              | (1,907)        | (3,498)        | (3,569)        | (3,051)        | (3,405)        | (21,846)        | (22,400)        |
| Derivative financial instruments                    | (5,662)                     | (4,080)         | 0                    | 0              | 0              | 0              | 0              | 0              | 0               | 0               |
| <b>Liabilities total</b>                            | <b>(45,787)</b>             | <b>(45,448)</b> | <b>(1,938)</b>       | <b>(1,985)</b> | <b>(3,595)</b> | <b>(3,664)</b> | <b>(3,166)</b> | <b>(3,475)</b> | <b>(22,002)</b> | <b>(22,570)</b> |
| <b>Net assets</b>                                   | <b>79,907</b>               | <b>80,335</b>   | <b>2,700</b>         | <b>2,644</b>   | <b>3,953</b>   | <b>3,864</b>   | <b>6,258</b>   | <b>6,213</b>   | <b>1,535</b>    | <b>737</b>      |

\* including Fair Value REIT-AG

| € thousand  | Segment Subsidiaries |              |                 |                 |                 |                 | Consolidation   |                 | Group            |                  |
|---|----------------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
|   | BBV 03               |              | BBV 06          |                 | Total           |                 |                 |                 |                  |                  |
|   | Jun 30, 2010         | Dec 31, 2009 | Jun 30, 2010    | Dec 31, 2009    | Jun 30, 2010    | Dec 31, 2009    | Jun 30, 2010    | Dec 31, 2009    | Jun 30, 2010     | Dec 31, 2009     |
| Intangible assets and property, plant and equipment | 0                    | 0            | 0               | 0               | 0               | 0               | 0               | 0               | 14               | 16               |
| Investment property                                 | 6,820                | 6,820        | 45,090          | 45,090          | 92,060          | 92,060          | 0               | 0               | 137,587          | 137,587          |
| Non-current assets held for sale                    | 0                    | 1,520        | 0               | 6,717           | 0               | 8,237           | 0               | 0               | 0                | 8,237            |
| Trade receivables                                   | 40                   | 34           | 444             | 639             | 831             | 988             | 0               | 0               | 1,219            | 1,307            |
| Income tax receivables                              | 0                    | 0            | 0               | 0               | 0               | 0               | 0               | 0               | 70               | 63               |
| Other receivables and assets                        | 251                  | 256          | 407             | 178             | 843             | 552             | (121)           | (122)           | 1,079            | 876              |
| Cash and cash equivalents                           | 1,366                | 691          | 3,089           | 1,553           | 8,920           | 6,813           | 0               | 0               | 11,035           | 8,281            |
| <b>Subtotal segment assets</b>                      | <b>8,477</b>         | <b>9,321</b> | <b>49,030</b>   | <b>54,177</b>   | <b>102,654</b>  | <b>108,650</b>  | <b>(121)</b>    | <b>(122)</b>    | <b>151,004</b>   | <b>156,367</b>   |
| Participation in subsidiaries                       | 0                    | 0            | 0               | 0               | 0               | 0               | (29,879)        | (30,404)        | 0                | 0                |
| Equity-accounted participations                     | 0                    | 0            | 0               | 0               | 0               | 0               | 9               | (98)            | 47,353           | 47,442           |
| <b>Assets total</b>                                 | <b>8,477</b>         | <b>9,321</b> | <b>49,030</b>   | <b>54,177</b>   | <b>102,654</b>  | <b>108,650</b>  | <b>(29,991)</b> | <b>(30,624)</b> | <b>198,357</b>   | <b>203,809</b>   |
| Provisions  | (7)                  | (13)         | (283)           | (26)            | (354)           | (82)            | 0               | 0               | (447)            | (261)            |
| Trade payables                                      | (19)                 | (75)         | (463)           | (302)           | (622)           | (505)           | 0               | 0               | (766)            | (809)            |
| Other liabilities                                   | (54)                 | (45)         | (555)           | (720)           | (847)           | (1,007)         | 1               | 2               | (924)            | (1,380)          |
| <b>Subtotal segment assets</b>                      | <b>(80)</b>          | <b>(133)</b> | <b>(1,301)</b>  | <b>(1,048)</b>  | <b>(1,823)</b>  | <b>(1,594)</b>  | <b>1</b>        | <b>2</b>        | <b>(2,137)</b>   | <b>(2,450)</b>   |
| Minority interests                                  | 0                    | 0            | 0               | 0               | 0               | 0               | (15,435)        | (15,296)        | (15,435)         | (15,296)         |
| Financial liabilities                               | 0                    | 0            | (31,139)        | (36,645)        | (61,398)        | (67,926)        | 120             | 120             | (101,088)        | (108,316)        |
| Derivative financial instruments                    | 0                    | 0            | (952)           | (947)           | (952)           | (947)           | 0               | 0               | (6,614)          | (5,027)          |
| <b>Liabilities total</b>                            | <b>(80)</b>          | <b>(133)</b> | <b>(33,392)</b> | <b>(38,640)</b> | <b>(64,173)</b> | <b>(70,467)</b> | <b>(15,314)</b> | <b>(15,174)</b> | <b>(125,274)</b> | <b>(131,089)</b> |
| <b>Net assets</b>                                   | <b>8,397</b>         | <b>9,188</b> | <b>15,638</b>   | <b>15,537</b>   | <b>38,481</b>   | <b>38,183</b>   | <b>(45,305)</b> | <b>(45,798)</b> | <b>73,083</b>    | <b>72,720</b>    |

## (12) EXTENT OF RELATIONSHIPS WITH RELATED PARTIES

| € thousand                | January 1 to June 30, |      |
|---------------------------|-----------------------|------|
|                           | 2010                  | 2009 |
| Receivables               |                       |      |
| Other                     | 10                    | 41   |
| Liabilities               |                       |      |
| Liabilities from services | (38)                  | (18) |
|                           | (28)                  | 23   |

## NO AUDITOR'S REVIEW

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

## DECLARATION CONCERNING THE GERMAN CORPORATE GOVERNANCE CODE

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

Munich, August 2010

Fair Value REIT-AG



Frank Schaich

## Declaration by the legal representative

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

Munich, August 2010

Fair Value REIT-AG



Frank Schaich



## Liabilities and Portfolio



## Financial liabilities in detail

|                            |                               |                            | Bookvalue according to IFRS                      |             |                         |            |          |            |           |             |
|----------------------------|-------------------------------|----------------------------|--|-------------|-------------------------|------------|----------|------------|-----------|-------------|
| Fund                       | Object                        | Bank                       | Total June 30, 2010                              | Fixed until | Effective interest rate | Derivative | LTV max. | Actual LTV | DSCR Min. | Actual DSCR |
| Group                      |                               |                            |  |             |                         |            |          |            |           |             |
| FVAG                       | Participation purchase        | WIB Westdt. Immobilienbank | -7,170,000                                       | 30.06.2011  | 5.18 %                  |            | 20 %     | 13 %       | 18 %      | 25 %        |
| FVAG                       | Portfolio                     | WIB Westdt. Immobilienbank | -21,424,200                                      | 29.06.2018  | 6.04 %                  | SWAP       | 75 %     | 73 %       | 110 %     | 109 %       |
| FVAG                       | Portfolio                     | WIB Westdt. Immobilienbank | -11,215,800                                      | 29.06.2018  | 6.04 %                  | SWAP       | 75 %     | 73 %       | 110 %     | 109 %       |
| Total Direct investments   |                               |                            | -39,810,000                                      |             |                         |            |          |            |           |             |
| IC 07                      | Teltow                        | HRE Hypo Real Estate       | -3,051,264                                       | 31.12.2013  | 5.15 %                  |            | n/a      |            | n/a       |             |
| Total IC 07                |                               |                            | -3,051,264                                       |             |                         |            |          |            |           |             |
| IC 03                      | Neuss                         | HRE Hypo Real Estate       | -3,377,455                                       | 31.10.2011  | 5.55 %                  |            | n/a      |            | n/a       |             |
| Total IC 03                |                               |                            | -3,377,455                                       |             |                         |            |          |            |           |             |
| IC 01                      | Alzey                         | HRE Hypo Real Estate       | -1,016,956                                       | 30.09.2013  | 5.15 %                  |            | n/a      |            | n/a       |             |
| IC 01                      | Essen                         | HRE Hypo Real Estate       | -847,468   | 30.09.2013  | 5.15 %                  |            | n/a      |            | n/a       |             |
| Total IC 01                |                               |                            | -1,864,424                                       |             |                         |            |          |            |           |             |
| BBV 06                     | Portfolio                     | HVB HypoVereinsbank        | -21,425,612                                      | 29.06.2012  | 2.60 %                  | CAP        | n/a      |            | n/a       |             |
| BBV 06                     | Hannover                      | HVB HypoVereinsbank        | -5,005,826                                       | 02.07.2012  | 4.94 %                  | SWAP       | n/a      |            | n/a       |             |
| BBV 06                     | Köln, Seligenstadt            | HVB HypoVereinsbank        | -4,707,866                                       | 02.07.2012  | 4.70 %                  | SWAP       | n/a      |            | n/a       |             |
| Total BBV 06               |                               |                            | -31,139,104                                      |             |                         |            |          |            |           |             |
| IC 13                      | Potsdam                       | HRE Hypo Real Estate       | -2,578,946                                       | 31.10.2011  | 2.48 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Neubrandenb.                  | HRE Hypo Real Estate       | -2,551,123                                       | 31.07.2011  | 2.48 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Neubrandenb.                  | HRE Hypo Real Estate       | -8,286,292                                       | 31.10.2011  | 2.48 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Neubrandenb.                  | HRE Hypo Real Estate       | -2,046,806                                       | 31.12.2013  | 3.32 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Neubrandenb.                  | HRE Hypo Real Estate       | -623,048   | 31.12.2013  | 3.32 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Langenfeld                    | Corealcredit               | -4,336,770                                       | 31.10.2011  | 2.48 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Langenfeld                    | Corealcredit               | -66,743  | 31.10.2011  | 2.48 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Langenfeld                    | Corealcredit               | -469,388   | 31.10.2011  | 2.48 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Langenfeld                    | Corealcredit               | -146,351   | 28.02.2012  | 2.48 %                  |            | n/a      |            | n/a       |             |
| IC 13                      | Langenfeld                    | Corealcredit               | -740,608   | 28.02.2012  | 2.48 %                  |            | n/a      |            | n/a       |             |
| Total IC 13                |                               |                            | -21,846,075                                      |             |                         |            |          |            |           |             |
| Total Group                |                               |                            | -101,088,322                                     |             |                         |            |          |            |           |             |
| Associated companies       |                               |                            |  |             |                         |            |          |            |           |             |
| BBV 14                     | Portfolio                     | HSH Nordbank               | -50,590,764                                      | 31.12.2014  | 5.18 %                  |            | n/a      |            | n/a       |             |
| Total BBV 14               |                               |                            | -50,590,764                                      |             |                         |            |          |            |           |             |
| IC 12                      | Bankgeb.Chem                  | WIB Westdt. Immobilienbank | -2,296,741                                       | 15.09.2016  | 5.23 %                  |            | 50 %     | 32 %       | 120 %     | 216 %       |
| Total IC 12                |                               |                            | -2,296,741                                       |             |                         |            |          |            |           |             |
| BBV 02                     | Erlangen                      | BBV Lebensversicherung     | -186,338   | 31.12.2011  | 5.06 %                  |            | n/a      |            | n/a       |             |
| BBV 02                     | Erlangen                      | BBV Lebensversicherung     | -986,945   | 31.12.2016  | 5.23 %                  |            | n/a      |            | n/a       |             |
| BBV 02                     | Erlangen                      | BBV Lebensversicherung     | -141,383   | 31.12.2016  | 5.23 %                  |            | n/a      |            | n/a       |             |
| Total BBV 02               |                               |                            | -1,314,666                                       |             |                         |            |          |            |           |             |
| IC 15                      | Chemnitz (Employment office)  | HSH Nordbank               | -3,275,312                                       | 30.11.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| IC 15                      | Chemnitz (Employment office)  | HSH Nordbank               | -1,457,895                                       | 30.11.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| IC 15                      | Chemnitz (Employment office)  | HSH Nordbank               | -344,631   | 30.11.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| IC 15                      | Quickborn                     | Eurohypo                   | -8,672,812                                       | 31.12.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| IC 15                      | Dresden                       | HSH Nordbank               | -3,153,982                                       | 30.09.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| IC 15                      | Dresden                       | HSH Nordbank               | -651,954   | 30.09.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| IC 15                      | Chemnitz-Passage              | HVB HypoVereinsbank        | -3,242,524                                       | 31.12.2014  | 4.67 %                  |            | n/a      |            | n/a       |             |
| IC 15                      | Chemnitz-Passage              | Archon Capital             | -1,738,953                                       | 30.12.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| Total IC 15                |                               |                            | -22,538,063                                      |             |                         |            |          |            |           |             |
| BBV 10                     | Portfolio                     | BBV Lebensversicherung     | -23,818,595                                      | 31.12.2012  | 5.10 %                  | SWAP       | n/a      |            | n/a       |             |
| BBV 10                     | Portfolio                     | BBV Lebensversicherung     | -2,845,810                                       | 31.12.2012  | 5.10 %                  | SWAP       | n/a      |            | n/a       |             |
| BBV 10                     | Bookvalue interest rate swaps | HVB HypoVereinsbank        | -1,329,943                                       | 31.12.2012  | 5.10 %                  |            | n/a      |            | n/a       |             |
| BBV 10                     | Portfolio                     | HVB HypoVereinsbank        | -32,917,710                                      | 31.12.2013  | 6.21 %                  | SWAP       | n/a      |            | n/a       |             |
| BBV 10                     | Portfolio                     | HVB HypoVereinsbank        | -2,725,593                                       | 31.12.2013  | 6.21 %                  | SWAP       | n/a      |            | n/a       |             |
| BBV 10                     | Portfolio                     | HVB HypoVereinsbank        | -8,905,763                                       | 31.12.2013  | 6.21 %                  | SWAP       | n/a      |            | n/a       |             |
| Total BBV 10               |                               |                            | -72,543,414                                      |             |                         |            |          |            |           |             |
| IC 10                      | Rabenstein                    | HRE Hypo Real Estate       | -7,506,911                                       | 31.12.2016  | 5.23 %                  |            | n/a      |            | n/a       |             |
| Total IC 10                |                               |                            | -7,506,911                                       |             |                         |            |          |            |           |             |
| BBV 09                     | Portfolio                     | NordLB                     | -45,219,751                                      | 31.12.2013  | 6.48 %                  | SWAP       | n/a      |            | n/a       |             |
| BBV 09                     | Portfolio                     | NordLB                     | -29,100,201                                      | 31.12.2013  | 6.48 %                  | SWAP       | n/a      |            | n/a       |             |
| Total BBV 09               |                               |                            | -74,319,952                                      |             |                         |            |          |            |           |             |
| Total Associated companies |                               |                            | -231,164,377 (Fair Value's share € 81.4 million) |             |                         |            |          |            |           |             |

## Method of real estate valuation

### PROCEEDINGS AND ASSUMPTIONS

As in the previous years, Frankfurt-based CB Richard Ellis GmbH (CBRE) was engaged by Fair Value to value its directly and indirectly held properties as of December 31, 2009. 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 IFR 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 growthimplicit 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, no 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, 2010, that against the background of the currently rapidly changing environment on global financial and national real estate markets the market value is a "snapshot" as of the balance sheet date, which reflects the market conditions valid on the reporting day. CBRE furthermore states that the market value should not be understood as a figure valid for a longer period of time but is subject to market related fluctuations.

## 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<br>[m²] | Market value<br>December 31, 2008<br>[€ K] | Market value<br>December 31, 2009<br>[€ K] | Change<br>[%] | Discount rate<br>December 31, 2009<br>[%] | Capitalization rate<br>December 31, 2009<br>[%] | Lettable space<br>[m²] |
|--|----------------------|-------|-------------|----------------------|-------------------------------|-------------------|--|--|---------------|---|---|------------------------|
| <b>Direct holdings</b>                 |                      |       |             |                      |                               |                   |  |  |               |   |   |                        |
| Hauptstraße 56e / 56 d                 | Appen                | n/a   | Office      | 1975                 | 1995                          | 4,320             | 230  | 225  | -2.2          | 7.10                                      | 6.60  | 212                    |
| Bleack 1                               | Bad Bramstedt        | n/a   | Office      | 1973                 | 2006                          | 3,873             | 1,200                                      | 1,150                                      | -4.2          | 6.80                                      | 5.90  | 997                    |
| Oldesloer Straße 24                    | Bad Segeberg         | n/a   | Office      | 1982                 | 2007                          | 5,152             | 9,240                                      | 8,900                                      | -3.7          | 6.80                                      | 6.30  | 9,144                  |
| Königstr. 19-21                        | Barmstedt            | n/a   | Office      | 1911                 | ongoing                       | 2,842             | 1,460                                      | 1,380                                      | -5.5          | 6.75                                      | 6.25  | 1,264                  |
| Bahnhofstraße 9                        | Bönnigstedt          | n/a   | Office      | 1992                 | 2003                          | 1,131             | 240  | 230  | -4.2          | 7.10                                      | 6.80  | 211                    |
| Bahnhofstraße 14                       | Boostedt             | n/a   | Office      | 1989                 | 2005                          | 1,006             | 130  | 120  | -7.7          | 6.50                                      | 5.90  | 114                    |
| Am alten Markt 9a                      | Bornhöved            | n/a   | Office      | 1991                 | 2005                          | 873               | 680  | 660  | -2.9          | 6.80                                      | 6.10  | 664                    |
| Berliner Damm 6                        | Ellerau              | n/a   | Office      | 1990                 | 2000                          | 1,177             | 410  | 400  | -2.4          | 6.90                                      | 6.70  | 369                    |
| Pinneberger Straße 155                 | Ellerbek             | n/a   | Office      | 1985                 | 2001                          | 1,708             | 360  | 350  | -2.8          | 6.80                                      | 5.80  | 356                    |
| Dorfstraße 29                          | Geschendorf          | n/a   | Office      | 1985                 | 2006                          | 1,154             | 230  | 235  | 2.2           | 7.00                                      | 5.90  | 316                    |
| Hauptstraße 33                         | Halstenbek           | n/a   | Office      | 1969                 | 2001                          | 1,195             | 860  | 820  | -4.7          | 7.40                                      | 7.00  | 791                    |
| Seestraße 232                          | Halstenbek           | n/a   | Office      | 1976                 | 2002                          | 549               | 90   | 87   | -3.3          | 7.30                                      | 6.80  | 188                    |
| Friesenstraße 59                       | Helgoland            | n/a   | Office      | 1986                 | 2000                          | 194               | 610  | 570  | -6.6          | 6.60                                      | 5.70  | 488                    |
| Hamburger Straße 83                    | Henstedt-Ulzburg     | n/a   | Office      | 1989                 | 2004                          | 1,219             | 1,100                                      | 1,060                                      | -3.6          | 6.70                                      | 6.20  | 1,005                  |
| Holstenstraße 32                       | Kaltenkirchen        | n/a   | Office      | 1978                 | 2005                          | 1,893             | 1,970                                      | 1,830                                      | -7.1          | 6.90                                      | 6.50  | 1,581                  |
| Köllner Chaussee 27                    | Kölln-Reisiek        | n/a   | Office      | 1990                 | 2001                          | 1,004             | 180  | 180  | 0.0           | 7.10                                      | 6.40  | 168                    |
| Hamburger Straße 40                    | Leezen               | n/a   | Office      | 1989                 | 2005                          | 886               | 190  | 190  | 0.0           | 7.00                                      | 6.60  | 174                    |
| Segeberger Straße 21                   | Nahe                 | n/a   | Office      | 1971                 | 2004                          | 1,698             | 700  | 690  | -1.4          | 7.00                                      | 6.50  | 734                    |
| Ehndorfer Straße 153                   | Neumünster           | n/a   | Office      | 1971                 | 2003                          | 1,685             | 250  | 240  | -4.0          | 7.60                                      | 7.00  | 346                    |
| Kuhberg 11-13                          | Neumünster           | n/a   | Office      | 1989                 | 2005                          | 5,286             | 15,300                                     | 14,700                                     | -3.9          | 6.75                                      | 6.25  | 11,808                 |
| Röntgenstraße                          | Neumünster           | n/a   | Office      | 1972                 | 1998                          | 2,481             | 280  | 275  | -1.8          | 7.30                                      | 6.70  | 534                    |
| Ulzburger Str. 363 d / e               | Norderstedt          | n/a   | Office      | 1994                 | 2004                          | 2,762             | 1,480                                      | 1,420                                      | -4.1          | 6.70                                      | 6.00  | 1,340                  |
| Ulzburger Str. 545 / 547               | Norderstedt          | n/a   | Office      | 1960                 |                               | 1,313             | 510  | 620  | 21.6          | 8.00                                      | 7.50  | 1,005                  |
| Damm 49                                | Pinneberg            | n/a   | Office      | 1996                 | 2007                          | 1,383             | 2,370                                      | 2,280                                      | -3.8          | 7.00                                      | 6.50  | 1,930                  |
| Oeltingsallee 30                       | Pinneberg-Quellental | n/a   | Office      | 1970                 | 2002                          | 2,047             | 660  | 640  | -3.0          | 6.80                                      | 6.10  | 624                    |
| Kieler Straße 100                      | Quickborn            | n/a   | Office      | 1980                 | 2002                          | 1,625             | 1,490                                      | 1,430                                      | -4.0          | 6.80                                      | 6.20  | 1,309                  |
| Hauptstraße 49                         | Rellingen            | n/a   | Office      | 1983                 | 2001                          | 828               | 560  | 550  | -1.8          | 7.50                                      | 6.90  | 524                    |
| Rosenstraße 15                         | Sparrieshoop         | n/a   | Office      | 1961                 | 1999                          | 984               | 200  | 195  | -2.5          | 7.40                                      | 6.90  | 237                    |
| Willy-Meyer-Straße 3-5                 | Tornesch             | n/a   | Office      | 1977                 | 2003                          | 970               | 590  | 560  | -5.1          | 6.90                                      | 6.30  | 657                    |
| Am Markt 1                             | Trappenkamp          | n/a   | Office      | 1985                 | 2005                          | 1,190             | 660  | 640  | -3.0          | 6.90                                      | 6.00  | 787                    |
| Wassermühlenstraße 5                   | Uetersen             | n/a   | Office      | 2001                 |                               | 2,348             | 1,890                                      | 1,790                                      | -5.3          | 6.70                                      | 5.80  | 1,726                  |
| Markt 1                                | Wahlstedt            | n/a   | Office      | 1975                 | 2005                          | 1,848             | 1,150                                      | 1,110                                      | -3.5          | 6.70                                      | 6.20  | 1,346                  |
| <b>Sub-total direct holdings</b>       |                      |       |             |                      |                               | <b>58,624</b>     | <b>47,270</b>                              | <b>45,527</b>                              | <b>-3.7</b>   |   |   | <b>42,948</b>          |
| <b>Subsidiaries</b>                    |                      |       |             |                      |                               |                   |  |  |               |   |   |                        |
| Rheinstr. 8                            | Teltow               | IC07  | Office      | 1995                 |                               | 5,324             | 7,500                                      | 7,110                                      | -5.2          | 7.70                                      | 6.70  | 9,731                  |
| Im Taubental 9-17                      | Neuss                | IC03  | Logistics   | 1990                 |                               | 19,428            | 7,720                                      | 7,320                                      | -5.2          | 7.70                                      | 7.10  | 12,064                 |
| Heidhauser Straße 94                   | Essen-Heidhausen     | IC01  | Retail      | 1990                 |                               | 4,776             | 2,600                                      | 2,700                                      | 3.8           | 7.00                                      | 6.60  | 1,386                  |
| Hospitalstraße 17 - 19 / Judengasse 21 | Alzey                | IC01  | Retail      | 1990                 | 2007                          | 2,243             | 1,740                                      | 1,640                                      | -5.7          | 7.00                                      | 6.50  | 1,989                  |
| Andreasstr. 1                          | Ahaus-Wüllen         | BBV06 | Retail      | 1990                 |                               | 5,513             | 1,110                                      | 1,060                                      | -4.5          | 7.90                                      | 7.20  | 1,496                  |
| Andreasstr. 3 - 7                      | Ahaus-Wüllen         | BBV06 | Retail      | 1973                 |                               | 13,036            | 4,380                                      | 4,220                                      | -3.7          | 7.60                                      | 6.80  | 3,915                  |
| Marktplatz 3                           | Altenberge           | BBV06 | Retail      | 1986                 |                               | 1,756             | 1,190                                      | 1,120                                      | -5.9          | 7.00                                      | 6.40  | 1,285                  |
| Heerenbergerstr. 51                    | Emmerich             | BBV06 | Retail      | 1987                 |                               | 4,314             | 870  | 850  | -2.3          | 7.60                                      | 6.80  | 1,415                  |
| Hubert-Prott-Str. 117                  | Frechen              | BBV06 | Retail      | 1988                 |                               | 4,282             | 1,270                                      | 1,210                                      | -4.7          | 7.30                                      | 6.70  | 1,225                  |
| Hinüberstr. 6                          | Hannover             | BBV06 | Other       | 1981                 | 2006                          | 3,204             | 20,000                                     | 18,800                                     | -6.0          | 7.00                                      | 6.40  | 19,460                 |
| Köhlstr. 8                             | Köln                 | BBV06 | Logistics   | 1982                 |                               | 40,591            | 9,360                                      | 9,550                                      | 2.0           | 8.10                                      | 7.30  | 23,626                 |
| Gutenbergstr. 152/St. Töniser Str. 12  | Krefeld              | BBV06 | Retail      | 1990                 |                               | 8,417             | 4,100                                      | 3,440                                      | -16.1         | 7.80                                      | 6.80  | 4,683                  |

|     |           |                             | Fair Value REIT-AG's share |                                      |                                |                                |        |   |                             |                             |                           |                                       |                                     |
|-----|-----------|-----------------------------|----------------------------|--------------------------------------|--------------------------------|--------------------------------|--------|---|-----------------------------|-----------------------------|---------------------------|---------------------------------------|-------------------------------------|
|     | Vacancies | Annualized contractual rent | Annualized potential rent  | Participating interest June 30, 2010 | Market value December 31, 2008 | Market value December 31, 2009 | Change | Secured remaining term of rental agreements | Income based occupancy rate | Annualized contractual rent | Annualized potential rent | Contractual rental yield before costs | Potential rental yield before costs |
|     | [m²]      | [€ K]                       | [€ K]                      | [%]                                  | [€ K]                          | [€ K]                          | [%]    | [years]                                     | [%]                         | [€ K]                       | [€ K]                     | [%]                                   | [%]                                 |
|     |           |                             |                            |                                      |                                |                                |        |   |                             |                             |                           |                                       |                                     |
|     | 0         | 19                          | 19                         | 100.00                               | 230                            | 225                            | -2.2   | 7.5   | 100.0                       | 19                          | 19                        | 8.6                                   | 8.6                                 |
|     | 0         | 79                          | 79                         | 100.00                               | 1,200                          | 1,150                          | -4.2   | 14.4  | 100.0                       | 79                          | 79                        | 6.8                                   | 6.8                                 |
| 378 | 610       | 637                         | 100.00                     | 9,240                                | 8,900                          | -3.7                           | 12.6   | 95.7  | 610                         | 637                         | 6.9                       | 7.2                                   |                                     |
| 0   | 93        | 93                          | 100.00                     | 1,460                                | 1,380                          | -5.5                           | 13.6   | 100.0                                       | 93                          | 93                          | 6.8                       | 6.8                                   |                                     |
| 0   | 19        | 19                          | 100.00                     | 240                                  | 230                            | -4.2                           | 7.5    | 100.0                                       | 19                          | 19                          | 8.4                       | 8.4                                   |                                     |
| 0   | 10        | 10                          | 100.00                     | 130                                  | 120                            | -7.7                           | 7.5    | 100.0                                       | 10                          | 10                          | 8.7                       | 8.7                                   |                                     |
| 0   | 52        | 52                          | 100.00                     | 680                                  | 660                            | -2.9                           | 6.8    | 100.0                                       | 52                          | 52                          | 7.8                       | 7.8                                   |                                     |
| 0   | 31        | 31                          | 100.00                     | 410                                  | 400                            | -2.4                           | 7.5    | 100.0                                       | 31                          | 31                          | 7.8                       | 7.8                                   |                                     |
| 0   | 28        | 28                          | 100.00                     | 360                                  | 350                            | -2.8                           | 5.3    | 100.0                                       | 28                          | 28                          | 8.0                       | 8.0                                   |                                     |
| 0   | 20        | 20                          | 100.00                     | 230                                  | 235                            | 2.2                            | 5.7    | 100.0                                       | 20                          | 20                          | 8.6                       | 8.6                                   |                                     |
| 0   | 65        | 65                          | 100.00                     | 860                                  | 820                            | -4.7                           | 7.5    | 100.0                                       | 65                          | 65                          | 7.9                       | 7.9                                   |                                     |
| 0   | 8         | 8                           | 100.00                     | 90                                   | 87                             | -3.3                           | 7.5    | 100.0                                       | 8                           | 8                           | 9.5                       | 9.5                                   |                                     |
| 0   | 35        | 35                          | 100.00                     | 610                                  | 570                            | -6.6                           | 12.3   | 100.0                                       | 35                          | 35                          | 6.2                       | 6.2                                   |                                     |
| 0   | 72        | 72                          | 100.00                     | 1,100                                | 1,060                          | -3.6                           | 15.5   | 100.0                                       | 72                          | 72                          | 6.8                       | 6.8                                   |                                     |
| 0   | 123       | 123                         | 100.00                     | 1,970                                | 1,830                          | -7.1                           | 15.4   | 100.0                                       | 123                         | 123                         | 6.7                       | 6.7                                   |                                     |
| 0   | 15        | 15                          | 100.00                     | 180                                  | 180                            | 0.0                            | 7.5    | 100.0                                       | 15                          | 15                          | 8.6                       | 8.6                                   |                                     |
| 0   | 16        | 16                          | 100.00                     | 190                                  | 190                            | 0.0                            | 7.5    | 100.0                                       | 16                          | 16                          | 8.4                       | 8.4                                   |                                     |
| 0   | 60        | 60                          | 100.00                     | 700                                  | 690                            | -1.4                           | 7.5    | 100.0                                       | 60                          | 60                          | 8.7                       | 8.7                                   |                                     |
| 0   | 23        | 23                          | 100.00                     | 250                                  | 240                            | -4.0                           | 5.6    | 100.0                                       | 23                          | 23                          | 9.8                       | 9.8                                   |                                     |
| 0   | 961       | 961                         | 100.00                     | 15,300                               | 14,700                         | -3.9                           | 14.9   | 100.0                                       | 961                         | 961                         | 6.5                       | 6.5                                   |                                     |
| 0   | 29        | 29                          | 100.00                     | 280                                  | 275                            | -1.8                           | 6.5    | 100.0                                       | 29                          | 29                          | 10.4                      | 10.4                                  |                                     |
| 43  | 105       | 106                         | 100.00                     | 1,480                                | 1,420                          | -4.1                           | 12.7   | 98.8  | 105                         | 106                         | 7.4                       | 7.5                                   |                                     |
| 408 | 49        | 70                          | 100.00                     | 510                                  | 620                            | 21.6                           | 3.1    | 69.9  | 49                          | 70                          | 7.9                       | 11.2                                  |                                     |
| 0   | 177       | 177                         | 100.00                     | 2,370                                | 2,280                          | -3.8                           | 2.5    | 100.0                                       | 177                         | 177                         | 7.8                       | 7.8                                   |                                     |
|     |           |                             |                            |                                      |                                |                                |        |   |                             |                             |                           |                                       |                                     |
|     | 0         | 52                          | 52                         | 100.00                               | 660                            | 640                            | -3.0   | 4.3   | 100.0                       | 52                          | 52                        | 8.1                                   | 8.1                                 |
|     | 0         | 100                         | 100                        | 100.00                               | 1,490                          | 1,430                          | -4.0   | 15.5  | 100.0                       | 100                         | 100                       | 7.0                                   | 7.0                                 |
|     | 0         | 42                          | 42                         | 100.00                               | 560                            | 550                            | -1.8   | 7.5   | 100.0                       | 42                          | 42                        | 7.7                                   | 7.7                                 |
|     | 0         | 17                          | 17                         | 100.00                               | 200                            | 195                            | -2.5   | 4.9   | 100.0                       | 17                          | 17                        | 8.9                                   | 8.9                                 |
|     | 0         | 55                          | 55                         | 100.00                               | 590                            | 560                            | -5.1   | 5.7   | 100.0                       | 55                          | 55                        | 9.9                                   | 9.9                                 |
|     | 0         | 54                          | 54                         | 100.00                               | 660                            | 640                            | -3.0   | 6.0   | 100.0                       | 54                          | 54                        | 8.4                                   | 8.4                                 |
|     | 0         | 125                         | 125                        | 100.00                               | 1,890                          | 1,790                          | -5.3   | 12.7  | 100.0                       | 125                         | 125                       | 7.0                                   | 7.0                                 |
|     | 0         | 93                          | 93                         | 100.00                               | 1,150                          | 1,110                          | -3.5   | 5.3   | 100.0                       | 93                          | 93                        | 8.4                                   | 8.4                                 |
|     | 829       | 3,239                       | 3,289                      |                                      | 47,270                         | 45,527                         | -3.7   | 11.6  | 98.5                        | 3,239                       | 3,289                     | 7.1                                   | 7.2                                 |
|     |           |                             |                            |                                      |                                |                                |        |   |                             |                             |                           |                                       |                                     |
|     | 3,193     | 455                         | 694                        | 75.73                                | 5,680                          | 5,385                          | -5.2   | 2.0   | 65.6                        | 345                         | 526                       | 6.4                                   | 9.8                                 |
|     | 2,708     | 488                         | 631                        | 71.58                                | 5,526                          | 5,240                          | -5.2   | 1.2   | 77.3                        | 349                         | 451                       | 6.7                                   | 8.6                                 |
|     |           |                             |                            |                                      |                                |                                |        |   |                             |                             |                           |                                       |                                     |
|     | 0         | 210                         | 210                        | 55.79                                | 1,451                          | 1,506                          | 3.8    | 12.3  | 100.0                       | 117                         | 117                       | 7.8                                   | 7.8                                 |
|     | 318       | 109                         | 129                        | 55.79                                | 971                            | 915                            | -5.7   | 6.1   | 84.7                        | 61                          | 72                        | 6.6                                   | 7.8                                 |
|     | 0         | 108                         | 108                        | 55.55                                | 609                            | 589                            | -3.4   | 1.5   | 100.0                       | 60                          | 60                        | 10.2                                  | 10.2                                |
|     | 0         | 329                         | 329                        | 55.55                                | 2,404                          | 2,344                          | -2.5   | 4.5   | 100.0                       | 183                         | 183                       | 7.8                                   | 7.8                                 |
|     | 0         | 106                         | 106                        | 55.55                                | 653                            | 622                            | -4.8   | 1.3   | 100.0                       | 59                          | 59                        | 9.5                                   | 9.5                                 |
|     | 92        | 84                          | 87                         | 55.55                                | 478                            | 472                            | -1.1   | 3.3   | 96.8                        | 47                          | 48                        | 9.9                                   | 10.2                                |
|     | 0         | 135                         | 135                        | 55.55                                | 697                            | 672                            | -3.6   | 3.3   | 100.0                       | 75                          | 75                        | 11.2                                  | 11.2                                |
|     | 0         | 1,636                       | 1,636                      | 55.55                                | 10,979                         | 10,443                         | -4.9   | 4.5   | 100.0                       | 909                         | 909                       | 8.7                                   | 8.7                                 |
|     | 8,120     | 648                         | 986                        | 55.55                                | 5,138                          | 5,305                          | 3.2    | 2.6   | 65.7                        | 360                         | 548                       | 6.8                                   | 10.3                                |
|     |           |                             |                            |                                      |                                |                                |        |   |                             |                             |                           |                                       |                                     |
|     | 0         | 451                         | 451                        | 55.55                                | 2,251                          | 1,911                          | -15.1  | 0.2   | 100.0                       | 251                         | 251                       | 13.1                                  | 13.1                                |

| Address  | Town               | Fund  | Primary use | Year of construction | Last renovation/modernization | Plot size<br>[m <sup>2</sup> ] | Market value<br>December 31, 2008<br>[€ K] | Market value<br>December 31, 2009<br>[€ K] | Change<br>[%] | Discount rate<br>December 31, 2009<br>[%] | Capitalization rate<br>December 31, 2009<br>[%] | Lettable space<br>[m <sup>2</sup> ] |
|--|--------------------|-------|-------------|----------------------|-------------------------------|--------------------------------|--|--|---------------|---|---|-------------------------------------|
| Lippestr. 2                                    | Lippetal-Herzfeld  | BBV06 | Retail      | 1990                 |                               | 3,155                          | 1,550                                      | 1,590                                      | 2.6           | 7.70                                      | 7.00  | 1,452                               |
| Zeughausstr. 13                                | Meschede           | BBV06 | Retail      | 1989                 |                               | 1,673                          | 500  | 470  | -6.0          | 7.50                                      | 6.80  | 1,095                               |
| Bahnhofstraße 20 a-e                           | Waltrop            | BBV06 | Retail      | 1989                 |                               | 1,742                          | 2,870                                      | 2,780                                      | -3.1          | 7.40                                      | 6.70  | 2,124                               |
| Marconistr. 4-8                                | Köln               | BBV03 | Logistics   | 1990                 |                               | 13,924                         | 3,330                                      | 3,250                                      | -2.4          | 7.10                                      | 6.50  | 9,640                               |
| Hauptstr. 51 - 55                              | Weyhe-Leeste       | BBV03 | Retail      | 1989                 | 2005                          | 11,248                         | 3,780                                      | 3,570                                      | -5.6          | 7.10                                      | 6.60  | 3,141                               |
| Max-Planck-Ring 26/28                          | Langenfeld         | IC13  | Logistics   | 1996                 |                               | 14,727                         | 10,200                                     | 9,350                                      | -8.3          | 7.30                                      | 6.70  | 10,453                              |
| Friedrich-Engels-Ring 52                       | Neubrandenburg     | IC13  | Office      | 1996                 |                               | 4,705                          | 9,550                                      | 8,330                                      | -12.8         | 7.10                                      | 6.30  | 7,558                               |
| Großbeerenstr. 231                             | Potsdam            | IC13  | Office      | 1995                 |                               | 2,925                          | 3,850                                      | 3,700                                      | -3.9          | 6.90                                      | 6.30  | 3,824                               |
| <b>Sub-total subsidiaries</b>                  |                    |       |             |                      |                               | <b>166,983</b>                 | <b>97,470</b>                              | <b>92,060</b>                              | <b>-5.6</b>   |   |   | <b>121,562</b>                      |
| <b>Total Group</b>                             |                    |       |             |                      |                               | <b>225,607</b>                 | <b>144,740</b>                             | <b>137,587</b>                             | <b>-4.9</b>   |   |   | <b>164,510</b>                      |
| <b>Associated companies</b>                    |                    |       |             |                      |                               |                                |  |  |               |   |   |                                     |
| Carnotstr. 5 - 7                               | Berlin             | BBV14 | Office      | 1995                 |                               | 4,583                          | 15,600                                     | 15,100                                     | -3.2          | 6.60                                      | 5.90  | 9,863                               |
| Nossener Brücke 8 - 12                         | Dresden            | BBV14 | Office      | 1997                 |                               | 4,134                          | 7,660                                      | 7,520                                      | -1.8          | 7.40                                      | 6.80  | 8,852                               |
| Kröpeliner Str. 26-28                          | Rostock            | BBV14 | Retail      | 1995                 |                               | 7,479                          | 61,400                                     | 61,300                                     | -0.2          | 6.30                                      | 5.90  | 19,307                              |
| Hartmannstr. 3 a - 7                           | Chemnitz           | IC12  | Office      | 1997                 |                               | 4,226                          | 7,760                                      | 7,340                                      | -5.4          | 6.60                                      | 6.00  | 8,380                               |
| Henkestr. 5                                    | Erlangen           | BBV02 | Retail      | 1984                 |                               | 6,350                          | 1,770                                      | 1,650                                      | -6.8          | 7.20                                      | 6.50  | 2,770                               |
| Heinrich-Lorenz-Str. 35                        | Chemnitz           | IC15  | Office      | 1998                 |                               | 4,718                          | 3,890                                      | 3,840                                      | -1.3          | 7.60                                      | 7.00  | 5,845                               |
| Am alten Bad 1 - 7, Theaterstr. 34a            | Chemnitz           | IC15  | Office      | 1997                 |                               | 3,246                          | 5,560                                      | 5,870                                      | 5.6           | 6.50                                      | 6.10  | 5,110                               |
| Königsbrücker Str. 121 a                       | Dresden            | IC15  | Other       | 1997                 |                               | 4,242                          | 11,900                                     | 12,400                                     | 4.2           | 6.90                                      | 6.30  | 11,554                              |
| Pascalkehe 15 / 15a                            | Quickborn          | IC15  | Office      | 1997                 |                               | 9,129                          | 13,200                                     | 13,000                                     | -1.5          | 7.10                                      | 6.30  | 10,570                              |
| Zum Roterling 5-7                              | Ahaus              | BBV10 | Retail      | 1989                 |                               | 3,884                          | 2,320                                      | 2,170                                      | -6.5          | 7.40                                      | 6.70  | 2,054                               |
| Vor den Fuhren 2                               | Celle              | BBV10 | Retail      | 1992                 |                               | 21,076                         | 12,500                                     | 12,100                                     | -3.2          | 7.25                                      | 6.50  | 10,611                              |
| Nordpassage 1                                  | Eisenhüttenstadt   | BBV10 | Retail      | 1993                 |                               | 20,482                         | 53,500                                     | 49,800                                     | -6.9          | 7.00                                      | 6.50  | 40,101                              |
| Altmärker Str. 5                               | Genthin            | BBV10 | Retail      | 1998                 |                               | 3,153                          | 730  | 730  | 0.0           | 7.80                                      | 6.90  | 1,275                               |
| Robert-Bosch-Str. 11                           | Langen             | BBV10 | Büro        | 1994                 |                               | 6,003                          | 17,700                                     | 17,000                                     | -4.0          | 7.10                                      | 6.60  | 13,657                              |
| Hammer Str. 455-459                            | Münster            | BBV10 | Retail      | 1991                 |                               | 15,854                         | 8,570                                      | 7,960                                      | -7.1          | 7.20                                      | 6.70  | 7,353                               |
| Hannoversche Str. 39                           | Osnabrück          | BBV10 | Retail      | 1989                 |                               | 7,502                          | 3,050                                      | 3,870                                      | 26.9          | 7.30                                      | 6.80  | 4,207                               |
| Klingelbrink 10                                | Rheda-Wiedenbrück  | BBV10 | Retail      | 1991                 |                               | 2,455                          | 2,110                                      | 2,510                                      | 19.0          | 7.20                                      | 6.40  | 2,235                               |
| Lerchenbergstr.112/113, Annendorfer Str. 15/16 | Wittenberg         | BBV10 | Retail      | 1994                 |                               | 96,822                         | 22,300                                     | 21,100                                     | -5.4          | 6.90                                      | 6.40  | 14,710                              |
| Oberfrohaer Str. 62 - 74                       | Chemnitz           | IC10  | Retail      | 1997                 |                               | 11,203                         | 9,180                                      | 8,940                                      | -2.6          | 6.90                                      | 6.10  | 9,981                               |
| Leimbacher Straße                              | Bad Salzungen      | BBV09 | Retail      | 1992                 |                               | 22,979                         | 13,500                                     | 12,800                                     | -5.2          | 7.50                                      | 6.80  | 10,985                              |
| Mühlhäuser Str. 100                            | Eisenach           | BBV09 | Retail      | 1994                 |                               | 44,175                         | 48,500                                     | 46,100                                     | -4.9          | 6.80                                      | 6.40  | 37,400                              |
| Putzbrunner Str. 71 / 73, Fritz-Erler-Str. 3   | München-Neuperlach | BBV09 | Office      | 1986                 |                               | 10,030                         | 38,500                                     | 36,000                                     | -6.5          | 6.70                                      | 6.10  | 19,018                              |
| Weißenfesler Str. 70                           | Naumburg           | BBV09 | Retail      | 1993                 |                               | 20,517                         | 21,000                                     | 20,100                                     | -4.3          | 7.25                                      | 6.75  | 15,180                              |
| An der Backstania 1                            | Weilburg           | BBV09 | Retail      | 1994                 |                               | 17,211                         | 9,750                                      | 9,800                                      | 0.5           | 7.30                                      | 6.70  | 8,145                               |
| <b>Total associated companies</b>              |                    |       |             |                      |                               | <b>351,453</b>                 | <b>391,950</b>                             | <b>379,000</b>                             | <b>-3.3</b>   |   |   | <b>279,163</b>                      |
| <b>Grand Total</b>                             |                    |       |             |                      |                               | <b>577,060</b>                 | <b>536,690</b>                             | <b>516,587</b>                             | <b>-3.7</b>   |   |   | <b>443,673</b>                      |

| Fair Value REIT-AG's share |                             |                           |                                      |                                |                                |             |   |                             |                             |                           |                                       |                                     |
|----------------------------|-----------------------------|---------------------------|--------------------------------------|--------------------------------|--------------------------------|-------------|---|-----------------------------|-----------------------------|---------------------------|---------------------------------------|-------------------------------------|
| Vacancies                  | Annualized contractual rent | Annualized potential rent | Participating interest June 30, 2010 | Market value December 31, 2008 | Market value December 31, 2009 | Change      | Secured remaining term of rental agreements | Income based occupancy rate | Annualized contractual rent | Annualized potential rent | Contractual rental yield before costs | Potential rental yield before costs |
| [m²]                       | [€ K]                       | [€ K]                     | [%]                                  | [€ K]                          | [€ K]                          | [%]         | [years]                                     | [%]                         | [€ K]                       | [€ K]                     | [%]                                   | [%]                                 |
| 0                          | 144                         | 144                       | 55.55                                | 851                            | 883                            | 3.8         | 5.2   | 100.0                       | 80                          | 80                        | 9.0                                   | 9.0                                 |
| 0                          | 42                          | 42                        | 55.55                                | 274                            | 261                            | -4.9        | 1.0   | 100.0                       | 23                          | 23                        | 8.9                                   | 8.9                                 |
| 404                        | 213                         | 246                       | 55.55                                | 1,575                          | 1,544                          | -2.0        | 4.4   | 86.5                        | 118                         | 137                       | 7.7                                   | 8.8                                 |
| 0                          | 330                         | 330                       | 53.79                                | 1,788                          | 1,748                          | -2.2        | 1.8   | 100.0                       | 178                         | 178                       | 10.2                                  | 10.2                                |
| 45                         | 353                         | 382                       | 53.79                                | 2,029                          | 1,920                          | -5.4        | 2.4   | 92.5                        | 190                         | 205                       | 9.9                                   | 10.7                                |
| 0                          | 1,170                       | 1,170                     | 50.04                                | 5,086                          | 4,678                          | -8.0        | 5.3   | 100.0                       | 585                         | 585                       | 12.5                                  | 12.5                                |
| 1,268                      | 898                         | 1,206                     | 50.04                                | 4,762                          | 4,168                          | -12.5       | 3.9   | 74.5                        | 450                         | 604                       | 10.8                                  | 14.5                                |
| 234                        | 277                         | 306                       | 50.04                                | 1,920                          | 1,851                          | -3.6        | 2.0   | 90.7                        | 139                         | 153                       | 7.5                                   | 8.3                                 |
| <b>16,382</b>              | <b>8,186</b>                | <b>9,327</b>              |                                      | <b>55,122</b>                  | <b>52,459</b>                  | <b>-4.8</b> | <b>3.6</b>                                  | <b>87.0</b>                 | <b>4,577</b>                | <b>5,263</b>              | <b>8.7</b>                            | <b>10.0</b>                         |
| <b>17,211</b>              | <b>11,425</b>               | <b>12,615</b>             |                                      |                                |                                |             |   |                             |                             |                           |                                       |                                     |
| 387                        | 1,196                       | 1,276                     | 45.11                                | 7,024                          | 6,811                          | -3.0        | 4.6   | 93.7                        | 539                         | 576                       | 7.9                                   | 8.5                                 |
| 1,040                      | 658                         | 755                       | 45.11                                | 3,449                          | 3,392                          | -1.6        | 0.9   | 87.2                        | 297                         | 340                       | 8.7                                   | 10.0                                |
| 391                        | 4,180                       | 4,309                     | 45.11                                | 27,646                         | 27,652                         | 0.0         | 5.8   | 97.0                        | 1,886                       | 1,944                     | 6.8                                   | 7.0                                 |
| 1,135                      | 498                         | 615                       | 40.22                                | 3,121                          | 2,952                          | -5.4        | 2.8   | 81.1                        | 200                         | 247                       | 6.8                                   | 8.4                                 |
| 0                          | 220                         | 220                       | 39.68                                | 689                            | 655                            | -5.0        | 2.1   | 100.0                       | 87                          | 87                        | 13.4                                  | 13.4                                |
| 0                          | 533                         | 533                       | 38.37                                | 1,492                          | 1,473                          | -1.2        | 0.7   | 100.0                       | 204                         | 204                       | 13.9                                  | 13.9                                |
| 246                        | 409                         | 438                       | 38.37                                | 2,007                          | 2,252                          | 12.2        | 1.6   | 93.3                        | 157                         | 168                       | 7.0                                   | 7.5                                 |
| 0                          | 899                         | 899                       | 38.37                                | 4,240                          | 4,758                          | 12.2        | 19.0  | 100.0                       | 345                         | 345                       | 7.3                                   | 7.3                                 |
| 0                          | 1,145                       | 1,145                     | 38.37                                | 5,061                          | 4,988                          | -1.4        | 6.6   | 100.0                       | 439                         | 439                       | 8.8                                   | 8.8                                 |
| 112                        | 137                         | 234                       | 38.37                                | 889                            | 833                            | -6.3        | 4.3   | 58.6                        | 52                          | 90                        | 6.3                                   | 10.8                                |
| 0                          | 1,103                       | 1,103                     | 38.37                                | 4,789                          | 4,642                          | -3.1        | 2.2   | 100.0                       | 423                         | 423                       | 9.1                                   | 9.1                                 |
| 0                          | 4,988                       | 4,988                     | 38.37                                | 20,498                         | 19,107                         | -6.8        | 3.3   | 100.0                       | 1,914                       | 1,914                     | 10.0                                  | 10.0                                |
| 249                        | 65                          | 81                        | 38.37                                | 280                            | 280                            | 0.1         | 3.3   | 80.7                        | 25                          | 31                        | 8.9                                   | 11.0                                |
| 3,105                      | 1,164                       | 1,482                     | 38.37                                | 6,782                          | 6,522                          | -3.8        | 1.6   | 78.6                        | 447                         | 568                       | 6.8                                   | 8.7                                 |
| 0                          | 674                         | 674                       | 38.37                                | 3,283                          | 3,054                          | -7.0        | 8.7   | 100.0                       | 259                         | 259                       | 8.5                                   | 8.5                                 |
| 0                          | 302                         | 313                       | 38.37                                | 1,169                          | 1,485                          | 27.1        | 9.0   | 96.5                        | 116                         | 120                       | 7.8                                   | 8.1                                 |
| 638                        | 175                         | 225                       | 38.37                                | 808                            | 963                            | 19.1        | 6.0   | 77.4                        | 67                          | 87                        | 7.0                                   | 9.0                                 |
| 1,832                      | 1,583                       | 1,733                     | 38.37                                | 8,544                          | 8,095                          | -5.3        | 9.8   | 91.3                        | 607                         | 665                       | 7.5                                   | 8.2                                 |
| 359                        | 695                         | 740                       | 26.14                                | 2,400                          | 2,337                          | -2.6        | 1.9   | 93.9                        | 182                         | 193                       | 7.8                                   | 8.3                                 |
| 0                          | 1,260                       | 1,260                     | 25.11                                | 3,366                          | 3,215                          | -4.5        | 1.5   | 100.0                       | 316                         | 316                       | 9.8                                   | 9.8                                 |
| 0                          | 3,483                       | 3,483                     | 25.11                                | 12,091                         | 11,578                         | -4.2        | 14.1  | 100.0                       | 875                         | 875                       | 7.6                                   | 7.6                                 |
| 0                          | 4,391                       | 4,391                     | 25.11                                | 9,598                          | 9,041                          | -5.8        | 3.5   | 100.0                       | 1,103                       | 1,103                     | 12.2                                  | 12.2                                |
| 0                          | 1,743                       | 1,743                     | 25.11                                | 5,235                          | 5,048                          | -3.6        | 8.1   | 100.0                       | 438                         | 438                       | 8.7                                   | 8.7                                 |
| 0                          | 839                         | 839                       | 25.11                                | 2,431                          | 2,461                          | 1.3         | 7.8   | 100.0                       | 211                         | 211                       | 8.6                                   | 8.6                                 |
| <b>9,495</b>               | <b>32,341</b>               | <b>33,479</b>             |                                      | <b>136,891</b>                 | <b>133,595</b>                 | <b>-2.4</b> | <b>5.8</b>                                  | <b>96.1</b>                 | <b>11,190</b>               | <b>11,643</b>             | <b>8.4</b>                            | <b>8.7</b>                          |
| <b>26,706</b>              | <b>43,766</b>               | <b>46,094</b>             |                                      | <b>239,283</b>                 | <b>231,581</b>                 | <b>-3.2</b> | <b>6.2</b>                                  | <b>94.1</b>                 | <b>19,006</b>               | <b>20,195</b>             | <b>8.2</b>                            | <b>8.7</b>                          |

## Glossary

|                                     |   |
|-------------------------------------|---|
| <b>AKTG</b>                         | 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.   |
| <b>AT EQUITY</b>                    | 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.  |
| <b>ASSET MANAGEMENT</b>             | 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.  |
| <b>ASSOCIATED COMPANY</b>           | 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.   |
| <b>CAPITALIZATION RATE</b>          | 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.   |
| <b>CASH FLOW</b>                    | 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.  |
| <b>CLOSED-END REAL ESTATE FUNDS</b> | 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.  |
| <b>DERIVATE</b>                     | 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.            |
| <b>DESIGNATED SPONSOR</b>           | 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. |
| <b>DISCOUNT RATE</b>                | 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.   |
| <b>EBIT</b>                         | Earnings before interest and taxes. EBIT shows a company's operating results and is generally used to assess its earnings.  |
| <b>EPRA</b>                         | European Public Real Estate Association; aims at promoting transparency among publicly listed real estate companies by establishment of consistent standards  |
| <b>EPRA RESULT</b>                  | Consolidated income determined according to recommendations of EPRA; adjusts the consolidated income according to IFRS for one-off effects (such as sales) as well as valuation changes of properties and financial derivatives; indicator for operative result of portfolio holders  |
| <b>EPRA-NAV</b>                     | Net asset value determined according to recommendations of EPRA; adjusts the NAV shown on the balance sheet for valuation changes of financial derivatives as well as deferred taxes; indicator for the real estate related enterprise value of portfolio holders   |
| <b>EXIT TAX</b>                     | 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.  |

|                           |   |
|---------------------------|---|
| <b>FAIR VALUE</b>         | 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.   |
| <b>FFO</b>                | 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).   |
| <b>HEDGE</b>              | 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.   |
| <b>HGB</b>                | Abbreviation for “Handelsgesetzbuch” (German Commercial Code). This act sets out core principles of German commercial law in a total of five books.   |
| <b>IFRS</b>               | 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.  |
| <b>INTEREST RATE SWAP</b> | 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.  |
| <b>INVESTOR RELATIONS</b> | 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.  |
| <b>NAV</b>                | 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.  |
| <b>POTENTIAL RENT</b>     | 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.   |
| <b>PRIME STANDARD</b>     | 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.  |
| <b>REIT</b>               | 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. |
| <b>UPREIT</b>             | 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.   |
| <b>WPHG</b>               | 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.  |
| <b>XETRA</b>              | Stands for exchange electronic trading. This refers to Deutsche Börse AG’s computer-assisted trading system for the spot market.  |

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