Semi-Annual Report 2014

fair value REIT

Key figures Fair Value Group

Revenues and earnings		1/1–6/30/2014	1/1–6/30/2013 [1]
Rental revenues	in € thousand	12,076	14,765
Net rental result	in € thousand	9,351	11,459
Operating result (EBIT)	in € thousand	7,646	10,158
Result from equity-accounted investments	in € thousand	–	1,296
Consolidated net income	in € thousand	2,111	3,354
Earnings per share	in €	0.23	0.36
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	2,453	2,765
EPRA-Earnings/FFO per share	in €	0.26	0.30

Assets and capital		6/30/2014	12/31/2013
Non-current assets	in € thousand	289,371	292,510
Current assets	in € thousand	30,586	33,771
Non-current assets available for sale	in € thousand	–	19,585
Total assets	in € thousand	319,957	345,866
Equity/Net asset value (NAV)	in € thousand	80,452	80,673
Equity ratio	in %	25.1	23.3
Immovable assets [2]	in € thousand	289,267	311,974
Equity within the meaning of Section 15 of the REIT act	in € thousand	145,591	146,315
Equity ratio within the meaning of Section 15 of the REIT act (minimum 45 %)	in %	50.3	46.9

Real estate investments		6/30/2014	12/31/2013
Number of properties	amount	44	49
Market value of properties [3]	in € million	288.8	311.4
Contractual rent p.a.	in € million	23.3	26.5
Potential rent p.a.	in € million	26.1	28.4
Occupancy	in %	89.4	93.3
Remaining term of rental agreements	years	5.1	5.0
Contractual rental yield before costs	in %	8.1	8.5

[1] Year adjusted as part of the first-time adoption of IFRS 10.
[2] Including post-capitalisations and a purchase price advance payment (see Notes 4).
[3] Based on the market valuation dated December 31, 2013

Further key figures

		6/30/2014	12/31/2013 [2]
Number of shares in circulation	in pieces	9,325,572	9,325,572
Net asset value (NAV) per share	in €	8.63	8.65
EPRA-NAV per share	in €	8.73	8.86
Number of employees (including Management Board)		3	3

Letter to Shareholders

Dear Shareholders, Business Partners, Ladies and Gentlemen,

Fair Value REIT-AG has successfully concluded the first half of 2014. This came on the back of upbeat economic conditions for managing real estate, as well as increasing willingness to investment among companies, rising consumption among consumers as well as a historically low interest rate.

Our efforts to strategically align our portfolio since the start of 2013 have led to a 35 % reduction in the real estate portfolio measured by market values. This has resulted in a decline of 18 % in net rental income to around € 9.4 million in the first half of 2014. This decrease, adjusted for sales and valuation results as well as other one-off effects, was almost entirely offset by lower interest expenses.

As a result, in the first six months of the current financial year the Fair Value Group's adjusted operating business result (EPRA earnings or FFO) came in at € 2.5 million or € 0.26 per share, after € 2.8 million or € 0.30 per share in the previous year.

We generated unadjusted IFRS consolidated net income of € 2.1 million, which was down on the adjusted previous year level of € 3.4 million due to the property sales made and the resultant lower rental income.

After dividends of € 0.25 per share paid out, the net asset value was almost unchanged compared to the end of the previous year. As a result, Group equity came in at € 80.5 million or € 8.63 per share in circulation, after € 80.7 million or € 8.65 per share as of December 31, 2013. The REIT equity ratio increased substantially from 46.9 % to 50.3 % of immovable assets.

The occupancy rate of our portfolio stood at 89.4 % as of June 30, 2014, after 93.3 % at the end of 2013. However, we were able to raise the occupancy rate back up to 90.6 % after the end of the reporting period. This resulted from the full rental of the logistics property in Cologne, Köhlstraße (BBV 06), effective as of July 1, 2014. The weighted remaining terms of the contracted lease agreements within the Group increased compared to December 31, 2013 from 5.0 years to 5.1 years.

Based on the results of the first half of 2014, we are optimistic about the business developments ahead. We are therefore reinforcing our forecast for the full year 2014 and continue to anticipate adjusted consolidated net income (FFO) of € 5.1 million or € 0.55 per share. We also aim to continue our sustainable dividend policy and have therefore planned for a dividend of € 0.25 per share for the financial year 2014.

Munich, August 1, 2014

Frank Schaich, CEO

The Share

The Fair Value Share and Stock Market Developments

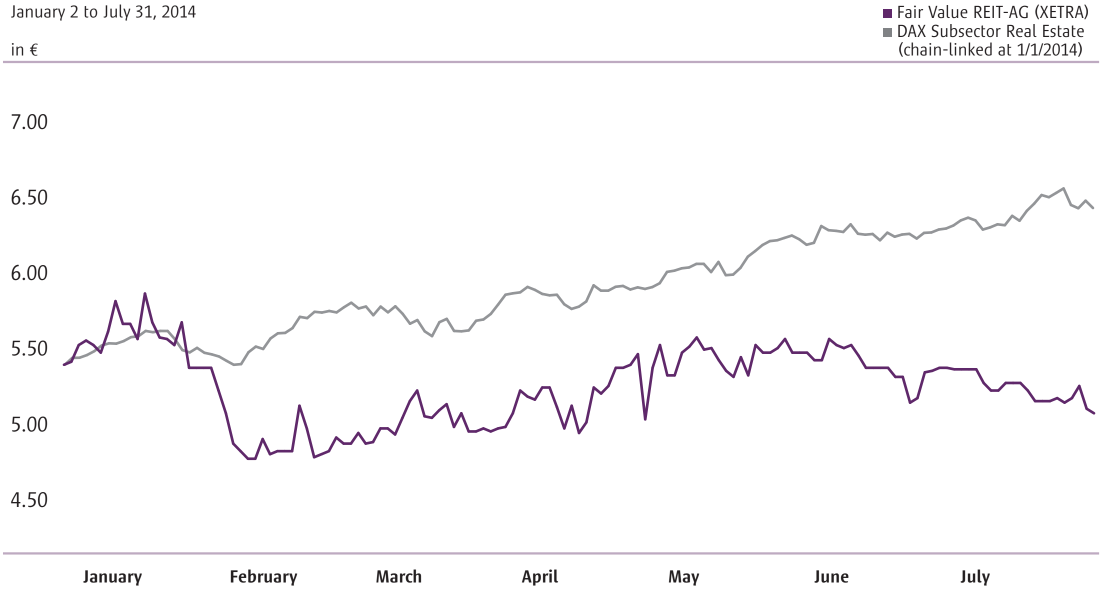
The prices on the German stock markets were subject to strong fluctuations in the first quarter 2014. In contrast, the second quarter yielded substantially more positive developments. The DAX, which comprises the 30 largest German blue chips, came in at 9,833 points at the end of June 2014. This represents a rise of almost 3 percent compared to the end-of-year total in 2013.

The Fair Value REIT-AG share price also made significant gains in the first half of 2014. This positive performance was supported by the upbeat business developments, as well as the pay-out of a dividend of € 0.25 per share for the financial year 2013, following a pay-out of € 0.10 per share in the year before.

The share price of Fair Value REIT-AG also recorded high volatility, however, particularly at the start of 2014. The high for the year to date was recorded on January 17, 2014 at € 5.89. The share subsequently fell to € 4.80 on February 6, 2014 – its lowest point during the first half of 2014. The Fair Value share was able to recover after that, however. Alongside with significantly higher trading turnover it closed June 2014 at € 5.40 despite a dividend being paid out in the meantime. This mark was around 7 percent up on the level recorded at the close of 2013.

Development of Fair Value's share
January 2 to July 31, 2014

in €



Key data Fair Value REIT-AG's share

at June 30, 2014

Sector	Immobilien (REIT)
WKN (German Securities Code)/ISIN	A0MW97/DE000A0MW975
Stock symbol	FVI
Share capital [1]	€ 47,034,410.00
Number of shares (non-par value shares)	9,406,882 pcs.
Proportion per share in the share capital [2]	€ 5.00
Initial listing	November 16, 2007
High/low first half year 2014 (XETRA)	€ 5.89/€ 4.80
Market capitalization at June 30, 2014 (XETRA)	€ 50.8 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated sponsor	Close Brothers Seydler Bank
Indices	RX REIT All Shares-Index, RX REIT-Index

[1] Following resolution by the Annual General Meeting on May 27, 2014 reduced to € 18,813,764.00; notification in the commercial register on July 8, 2014.
[2] Reduced to € 2.00 with the notification of the capital decrease into the commercial register on July 8, 2014.

Detailed information about the company and its share can be downloaded from the company's website at www.fvreit.de. Details about business trends are published in the context of business reports, ad hoc announcements and press releases.

Financial calendar

Fair Value REIT-AG

October 16, 2014	Presentation, Conference German Real Estate Shares (Frankfurt/Main, Germany)
November 6, 2014	Interim Report 1st–3rd Quarter 2014
November 26, 2014	Presentation, German Equity Forum (Frankfurt/Main, Germany)

Group Interim Management Report at June 30, 2014

Operating Result (FFO) € 2.46 million (2013[1]: € 2.77 million)

Net income € 2.11 million (2013[1]: € 3.35 million)

Balance Sheet Equity Ratio 25.1 % (12/31/2013[1]: 23.3 %)

REIT-Equity Ratio 50.3 % (12/31/2013[1]: 46.9 %)

[1] adjusted as part of the first-time adoption of IFRS 10

Group Interim Management Report

Basic Group Information

Group Structure and Business Model

Fair Value REIT-AG (hereinafter also referred to as Fair Value) is headquartered in Munich, Germany, and does not have any branch offices. As a listed property investor, the company fulfils the provisions of the REIT Act and is therefore exempt from corporation and trade tax.

Business model
The Fair Value Group focuses on the acquisition and management of commercial properties in Germany. The investment focus is on retail and office properties in secondary and regional locations. Fair Value invests directly in real estate as well as indirectly in real estate partnerships via participations, and actively manages its portfolio.

The non-strategic operating functions such as commercial and technical property management, as well as accounting are outsourced to external service providers, which receive partly fixed and partly performance-related variable remuneration. The Group's fixed costs are kept to the required minimum level thanks to the streamlined organisational structure.

Taking into account the trade limitations of the REIT Act, the strategy also encompasses the targeted sales of individual portfolio properties. Here, smaller properties and non-strategic real estate form the focus. The successive liquidation of subsidiaries is intended to lead to savings of participation-related administration expenses, as well as to further reduce the complexity of the business model.

Change to accounting following the first-time adoption of IFRS 10 The consolidated interim financial statements encompass the financial statements of Fair Value REIT-AG and its subsidiaries. This forms the basis for the two business areas or segments of "Direct investments" and "Subsidiaries".

Due to the first-time adoption of IFRS 10 as of December 31, 2013, the former associated companies BBV 02, BBV 10, BBV 14, IC 12 and IC 15 were fully consolidated (see Note 2b). The change to the accounting of the affected participations applies retroactively pursuant to IAS 8. As a result, the interim previous year figures have also been adjusted.

Portfolio

As of June 30, 2014, the directly and indirectly-held portfolio consisted of 44 properties (December 31, 2013: 49 properties) with market values, which represent the fair values pursuant to IAS 40, totalling around € 289 million (December 31, 2013: € 312 million).

The occupancy rate of the portfolio was down from 93.3 % as of December 31, 2013 to 89.4 %, largely due to the insolvency-related cancellation of a rental agreement as of January 31, 2014 for the DIY store space in Celle rented by Praktiker AG. The weighted remaining terms of the lease agreements as of June 30, 2014 totalled 5.1 years (December 31, 2013: 5.0 years).

The following table provides an overview of the real estate assets attributable to the Group as of June 30, 2014. The market values of the properties are based on property-by-property evaluations by the external experts CBRE GmbH as of December 31, 2013.

Real estate assets of Fair Value Group
as of June 30, 2014

	Total plot size [m²]	Lettable space [m²]	Annualized contractrual rent [T€]	Market value 12/31/2013[1] [T€]	Occupancy level [2] [3] [%]	Ø-remaining term of rental agree-ments [2] [3] [years]	Contractual rental yield before costs [%]	Participating interest [%]
Segment direct investments	40,038	33,165	2,655	37,102	98.4	9.3	7.2	100
Segment subsidiaries	327,682	233,609	20,630	251,658	88.3	4.6	8.2	46
Total Portfolio	**367,720**	**266,774**	**23,285**	**288,760**	**89.4**	**5.1**	**8.1**	**53**

Explanations
[1] According to market valuation by CBRE GmbH, Frankfurt/Main as of December 31, 2013
[2] (Sub-) totals occupancy level + average of remaining term
[3] Income-weighted

Business Report

Business activities and general conditions

Macroeconomic situation The German economy recorded strong domestic development in the first half of 2014. This is less driven by exports, but instead by growing imports thanks to the increasing propensity for consumption and investment. The gross domestic product will likely rise by 1.8 % in the current financial year according to estimates by DIW Berlin.[1] This environment has had a positive impact on the employment market. At the end of June 2014, 2.83 million people were registered as unemployed. That is 32,000 less than on the same date in the previous year. The unemployment rate totalled 6.5 %.[2] Meanwhile, the inflation rate weakened further. At the end of June 2014, consumer prices were 1.0 % up on the same month in the previous year.[3] For the full year 2014, the DIW is anticipating a 1.1 % rise in consumer prices as well as growth of 1.5 % for 2015.

Real Estate Market in Germany **The Leasing Market** **Office space** Despite the upbeat basic economic data, the office market in the seven German office centres [4] recorded a cautious second quarter 2014 after a good start to the year. Leasing turnover in the first half of 2014 totalled around 1.4 million m^2 and was therefore 3 % down on the previous year period. The regional differences are large, as relative change ranged between a fall of 24 % in Cologne and a rise of 31 % in Stuttgart. Düsseldorf (–10 %), Hamburg (–3 %) and Munich (–4 %) registered declining demand. In contrast, a rise of 19 % was recorded in Berlin.

Vacancies at top locations dropped by 6 % to 7.2 million m^2 in the first six months of the current financial year 2014. This represents a vacancy rate of 8.1 % across all cities.[5]

Retail Space The retail rental market continued the success of the last three years during the first six months of 2014. Space turnover was 10 % up on the previous year at around 288,000 m^2. Unchanged from the previous quarter, the textile sector made up the highest proportion of this figure with 38 %. This was followed by the food and gastronomy sector with 20 %, which continues to penetrate inner city areas. The third strongest industry remains the health and beauty sector with 11 %. With 7 % respectively, the sport/outdoor sector and the home-living product sector recorded relatively constant figures.[6]

The Investment Market With a transaction volume from commercially used properties of around € 17 billion, the first six months of the current financial year saw turnover rise by 29 % compared to the previous year period. Around 50 % of the transaction volume focused on locations outside of the seven "real estate strongholds".[4] Investors primarily focused on office buildings, which made up 40 % of investment, followed by properties used for retail with a share of 29 %.[7]

[1] DIW Weekly Report No. 25 2014.
[2] Federal Employment Agency: The employment market in June 2014.
[3] Destatis: Consumer prices June 2014.
[4] Berlin, Dusseldorf, Frankfurt/Main, Hamburg, Cologne, Munich, Stuttgart
[5] JLL: Office market overview Q2 2014.
[6] JLL: Rental market overview Q2 2014.
[7] JLL: The German Investment market Q2 2014.

Overall Statement of the Management on Business Performance

The Fair Value Group has successfully concluded the first half of 2014 with business development in line with expectations.

The strategic portfolio reduction of around 35 % of the market value which has taken place since the start of 2013 led to a decrease in net rental income by € 2.1 million or 18 % compared to the previous year. This decline, adjusted for sales and valuation results, was almost completely offset by substantially lower interest expenses.

In the first six months of the current financial year 2014, the Fair Value Group's operating business result adjusted for extraordinary effects (EPRA earnings or FFO) therefore came in at € 2.5 million or € 0.26 per share, only € 0.3 million or 11 % down on the adjusted previous year figure of € 2.8 million or € 0.30 per share.

Adjusted consolidated income (EPRA-Earnings or FFO)

	1/1 – 6/30/2014					1/1 – 6/30/2013 [1]				
		Adjustment for extraordinary factors					Adjustment for extraordinary factors			
in € thousand	**According to consolidated income statement**	Profit/losses on sale	Real estate valuation	Valuation costs interest rate swaps/ interest rate caps	**Adjusted consolidated income statement**	**According to consolidated income statement**	Profit/losses on sale	Real estate valuation	Valuation costs interest rate swaps/ interest rate caps	**Adjusted consolidated income statement**
Net rental income	**9,351**	**–**	**–**	**–**	**9,351**	**11,459**	**–**	**–**	**–**	**11,459**
General administrative expenses	(1,419)	_	–	–	(1,419)	(1,748)	–	–	–	(1,748)
Total other operating income and expenses	150	–	–	–	150	300	–	–	–	300
Earnings from sale of investment properties	(352)	352	–	–	–	310	(310)	–	–	–
Valuation profit/loss	(84)	–	84	–	–	(163)	–	163	–	–
Operating result	**7,631**	**352**	**84**	**–**	**8,082**	**10,158**	**(310)**	**163**	**–**	**10,011**
Income from participations	–	–	–	–	–	1,296	–	–	(526)	770
Net interest expense	(2,738)	–	–	37	(2,701)	(4,425)	–	–	(196)	(4,621)
Income before minority interests	**4,893**	**352**	**84**	**37**	**5,381**	**7,029**	**(310)**	**163**	**(722)**	**6,160**
Minority interests	(2,797)	(149)	–	18	(2,928)	(3,616)	157	(40)	163	(3,336)
Income tax [2]	–	–	–	–	–	(59)	–	–	–	(59)
Consolidated net income	**2,111**	**203**	**84**	**55**	**2,453**	**3,354**	**(153)**	**123**	**(559)**	**2,765**
Consolidated net income per share	0.23	–	–	–	0.26	0.36	–	–	–	0.30

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10
[2] Before reimbursement

Income, financial and net asset position

Income position

in € thousand	1/1–6/30/2014	1/1–6/30/2013 [1]	Change in € thousand	Change in %
Rental income	12,076	14,765	(2,689)	(18)
Net rental income	9,351	11,459	(2,108)	(18)
General adminstrative expenses	(1,419)	(1,748)	329	19
Other income and expenses, sale and valuation result	(286)	447	(733)	(164)
Operating result	7,646	10,158	(2,512)	(25)
Income from participations	–	1,296	(1,296)	(100)
Net interest expense	(2,738)	(4,425)	1,687	38
Minority interest in the result	(2,797)	(3,616)	819	23
Income tax	–	(59)	59	100
Consolidated net income	**2,111**	**3,354**	**(1,243)**	**(37)**

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10

Rental income totalled € 12.1 million, some € 2.7 million or 18 % down on the corresponding period in the previous year. This decline mainly resulted from property sales made in the interim. Net rental income came in at € 9.4 million, around € 2.1 million or 18 % down on the € 11.5 million reported in the previous year.

After savings in general administration expenses of € 0.3 million and a negative balance of other income, expenses as well as the sale and valuation results of € 0.7 million, the operating result therefore came in at € 7.6 million, around € 2.5 million or 25 % down on the adjusted previous year figure of € 10.2 million.

Due to the disposal of the only equity-accounted associated company as of December 31, 2013, no income from participations had to be taken into account in the first six months of 2014 (previous year: € 1.3 million).

On the back of repayment and interest rate-related savings, net interest expenses in the Group came in at € 2.7 million and were therefore € 1.7 million or 38 % down on the € 4.4 million reported in the previous year.

After deducting earnings shares of minority shareholders of € 2.8 million (previous year: € 3.6 million), the Fair Value Group concluded the first six months of the current financial year 2014 with consolidated net income of € 2.1 million, or € 0.23 per share (previous year: € 3.4 million or € 0.36 per share).

Financial position

Cash Flow from operating activities Cash inflow from operating activities came in at € 3.0 million in the period under review, some € 1.8 million down on the previous year level of € 4.8 million. The fall was around € 1.1 million or 60 % attributable to reduced ongoing income and € 0.7 million or around 40 % to changes in assets and liabilities.

Cash and cash equivalents

in € thousand	1/1–6/30/2014	1/1–6/30/2013 [1]
Cash flow from operating activities	**2,998**	**4,817**
Cash flow from investment activities	**22,271**	**4,184**
Cash flow from financing activities	**(28,075)**	**(8,000)**
Change of cash and cash equivalents	(2,806)	1,001
Cash and cash equivalents – start of period	17,361	14,182
Cash and cash equivalents – end of period	**14,555**	**15,183**

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10

Cash Flow from investment activities Investment activities resulted in a cash inflow totalling € 22.3 million (previous year: € 4.2 million). This mainly stemmed from the disposal of the carrying amounts of five sold properties. These relate to the properties in Henstedt-Ulzburg and Sparrieshoop (directly held), the partially-owned property in Erlangen (BBV 02), the property in Weyhe-Leeste (BBV 03) and the hotel in Hannover (BBV 06).

Cash Flow from financing activities Cash outflow from financing activities totalled € 28.1 million (previous year: € 8.0 million). The largest item was the repayment of financial liabilities totalling € 22.8 million (previous year: € 7.1 million); of this € 19.0 million or 83 % resulted from sales-related unscheduled repayments, otherwise from scheduled repayments. The second largest item was the dividend pay-out for 2013 totalling € 2.3 million (previous year: € 0.9 million). Moreover, the figure also contains pay-outs to minority shareholders totalling € 2.0 million; these relate 98 % to pay-outs to shareholders at subsidiary IC 03 and BBV 03, and 2 % to purchase price payments for the acquisition of minority shareholdings in several subsidiaries in the so-called secondary market. This also includes € 0.9 million for the € 5.0 million reduction in an interest hedging transaction.

Liquidity In the first six months of the current financial year 2014, cash and cash equivalents in the Group decreased by € 2.8 million to € 14.6 million (previous year period: rise of € 1.0 million to € 15.2 million). The decline is largely attributable to the dividend pay-out.

Net asset position

Assets Total assets as of June 30, 2014 amounted to around € 320.0 million and were down by 7 % compared with December 31, 2013 (€ 345.9 million). The fall resulted from property sales and repayments of financial liabilities.

Non-current assets totalling around € 289.4 million accounted for 90 % of total assets (December 31, 2013: € 292.5 million or 85 %). Current assets totalled € 30.6 million or 10 % of total assets (December 31, 2013: € 33.8 million). Of this amount, cash and cash equivalents made up € 14.6 million or 48 %. Receivables and other assets accounted for another € 16.0 million (52 %). In this category, the largest item was the receivable for the pay-out of a settlement credit for the participation cancelled at the former associated company BBV 9 as of December 31, 2013, totalling € 11.6 million.

Equity and liabilities As of June 30, 2014, 25 % or € 80.5 million of assets were financed by equity attributable to the shareholders of Fair Value REIT-AG, and 75 % or € 239.5 million by debt.

It should be noted that minority interests in subsidiaries in the amount of € 65.1 million are reported as liabilities in accordance with IFRS. For calculating the minimum equity ratio for purposes laid out by the REIT Act, interests in subsidiaries classified as debt are handled as equity. The corresponding Group equity totalled € 145.6 million or 46 % of total assets (December 31, 2013: € 146.3 million or 42 %).

In relation to immovable assets as of June 30, 2014 totalling € 289.3 million [1)], the REIT equity ratio came in at 50.3 % (December 31, 2013: 46.9 %).

Financial liabilities The financial liabilities of the Group totalled € 168.4 million or 53 % of total assets (December 31, 2013: € 191.2 million or 55 %). Of these, € 46.6 million or 28 % (December 31, 2013: € 64.6 million or 34 %) were current. The decrease in financial liabilities by € 22.8 million or 12 % compared to December 31, 2013 was largely attributable to unscheduled repayments in connection with the sale of properties.

Equity / Net Asset Value (NAV) The net asset value (NAV) amounted to € 80.5 million as of June 30, 2014, compared with € 80.7 million on December 31, 2013.

Based on 9,325,572 shares in circulation as of the balance sheet date, the NAV per share was € 8.63, compared to € 8.65 on December 31, 2013.

[1)] Including post-capitalisations and a purchase price advance payment (see note 4)

Balance sheet NAV in € thousand	6/30/2014	12/31/2013
Market value of properties (including properties held for sale)	289,267	311,974
Miscellaneous assets minus miscellaneous liabilities	28,057	29,224
Minority interests	(65,139)	(65,642)
Financial liabilities	(168,398)	(191,181)
Other liabilities	(3,335)	(3,702)
Net Asset Value	**80,452**	**80,673**
Net Asset Value per share	8.63	8.65

[1] Including post-capitalisations and a purchase price advance payment (see note 4)

The "Best Practices Recommendations" of the European Public Real Estate Association (EPRA) are accepted recommendations which complement the IFRS reporting of real estate companies by providing guidance on a transparent net asset value calculation. The EPRA-NAV indicator shown below was calculated on the basis of these recommendations; it eliminates the market values of derivative financial instruments and therefore represents the real-estate-related net asset value. As deferred taxes are not relevant to Fair Value REIT-AG as a result of its REIT status, the EPRA-NAV figures shown below also correspond to the NNAV indicator used by some experts.

EPRA-NAV in € thousand	6/30/2014	12/31/2013
NAV pursuant to consolidated balance sheet	80,452	80,673
Market value of derivative financial instruments	1,116	2,089
Thereof due to minority interests	(108)	(161)
EPRA-NAV	**81,460**	**82,601**
EPRA-NAV per share	8.73	8.86

Supplementary Report

No events with a material impact on the earnings, financial and asset position have occurred since the end of the reporting period.

Risk Report

The Fair Value Group's business activities expose it to a wide range of risks. In addition to general economic risks, these are essentially occupancy risks, rental default risks, interest rate risks and liquidity risks. The risk management activities and the general risks faced by the company are described on pages 40 to 46 of the Fair Value REIT-AG Annual Report 2013.

The Management Board does not expect any risks to materialise in 2014 that could pose a threat to the continued existence of Fair Value REIT-AG.

Opportunities and forecast

The first six months of the current financial year 2014 developed in line with expectations. The occupancy rate of the portfolio dropped temporarily to 89.4 %. Thanks to the full rental of the logistics property in Cologne, Köhlstraße (BBV 06), the occupancy rate rises back to 90.6 % from July 1, 2014. The weighted remaining terms of the contracted lease agreements within the Group increased slightly compared to December 31, 2013 from 5.0 years to 5.1 years.

The Management Board views the positive development in the first half of 2014 as confirmation of the anticipated development. As a result, it is reiterating its forecast for the full year 2014. This provides for adjusted IFRS consolidated net income (EPRA earnings or FFO) of € 5.1 million (€ 0.55 per share) for 2014 and a dividend of € 0.25 per share.

Munich, August 1, 2014

Fair Value REIT-AG

Frank Schaich, CEO

Consolidated Interim Financial Statements

Balance Sheet

Consolidated balance sheet

in € thousand	Note no.	6/30/2014	12/31/2013
Assets			
Non-current assets			
Intangible assets	3	88	106
Property, plant and equipment		4	97
Investment property	4	289,267	292,297
Other receivables and assets		12	10
Total non-current assets		**289,371**	**292,510**
Current assets			
Trade receivables		2,000	2,491
Income tax receivables		26	27
Other receivables and assets	5	14,005	13,892
Cash and cash equivalents		14,555	17,361
Total current assets		**30,586**	**33,771**
Non-current assets available for sale	6	–	19,585
Total assets		**319,957**	**345,866**
Equity and liabilities			
Equity			
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Loss carryforward		(12,351)	(12,130)
Treasury shares		(398)	(398)
Total equity	7	**80,452**	**80,673**
Non-current liabilities			
Minority interests		65,139	65,642
Financial liabilities	8	121,800	126,583
Derivative financial instruments		1,116	2,089
Total non-current liabilities		**188,055**	**194,314**
Current liabilities			
Provisions		349	429
Financial liabilities	8	46,598	64,598
Trade payables		1,168	2,150
Other liabilities		3,335	3,702
Total current liabilities		**51,450**	**70,879**
Total equity and liabilities		**319,957**	**345,866**

Income Statement

Consolidated income statement

in € thousand	Note no.	1/1–6/30/ 2014	1/1–6/30/ 2013 [1)]
Rental income		12,076	14,765
Income from operating and incidental costs		2,659	3,169
Leasehold payments		–	(4)
Real estate-related operating expenses		(5,384)	(6,471)
Net rental result		**9,351**	**11,459**
General administrative expenses	9	**(1,419)**	**(1,748)**
Other operating income		150	306
Other operating expenses		–	(6)
Total other operating income and expenses		**150**	**300**
Net income from the sale of investment properties		22,626	4,402
Expenses in connection with the sale of investment properties		(22,978)	(4,092)
Result from sale of investment properties	10	**(352)**	**310**
Valuation losses		(84)	(163)
Valuation result		**(84)**	**(163)**
Operating result		**7,646**	**10,158**
Result from equity-accounted investments		–	1,296
Interest income		42	49
Interest expense	11	(2,780)	(4,474)
Result before tax		**4,908**	**7,029**
Income tax		–	(59)
Income before minority interests		**4,908**	**6,970**
Minority interest in the result		(2,797)	(3,616)
Net income		**2,111**	**3,354**
Earnings per share in € (basic/diluted)		0.23	0.36

[1)] Previous year period adjusted as part of the first-time adoption of IFRS 10

Statement of Comprehensive Income

Consolidated statement of comprehensive income

in € thousand	1/1–6/30/2014	1/1–6/30/2013 [1]
Net income	**2,111**	**3,354**
Other results		
Change in cash flow hedges	–	(2,151)
Thereof due to minority interests	–	(535)
Total other results	**–**	**(2,686)**
Comprehensive income	**2,111**	**668**

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10

Statement of Changes in Equity

Consolidated statement of changes in equity

in € thousand	Shares in circulation [in pcs.]	Subscribed capital	Share premium	Own shares	Reserve for changes in value	Retained earnings	Total
Balance at January 1, 2013	**9,325,572**	**47,034**	**46,167**	**(398)**	**(6,411)**	**(5,971)**	**80,421**
Dividend	–	–	–	–	–	(932)	(932)
Total net income [1]	–	–	–	–	1,616	3,354	4,970
Balance at June 30, 2013	**9,325,572**	**47,034**	**46,167**	**(398)**	**(4,795)**	**(2,617)**	**84,459**
Balance at January 1, 2014	**9,325,572**	**47,034**	**46,167**	**(398)**	**–**	**(12,130)**	**80,673**
Dividend	–	–	–	–	–	(2,332)	(2,332)
Total net income	–	–	–	–	–	2,111	2,111
Balance at June 30, 2014	**9,325,572**	**47,034**	**46,167**	**(398)**	**–**	**(12,351)**	**80,452**

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10

Cash Flow Statement

Consolidated cash flow statement

in € thousand	1/1–6/30/2014	1/1–6/30/2013 [1)]
Net income	**2,111**	**3,354**
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Income tax expenses/(income)	1	63
Interest expenses	2,780	4,474
Interest income	(42)	(49)
Amortization of intangible assets and depreciation of property, plant and equipment	19	16
(Profits)/losses from the disposal of investment properties	352	(310)
Valuation result	84	163
Income from equity-accounted investments	–	(1,296)
Withdrawals from equity-accounted investments	–	511
Loss/(profit) of minority shareholders in subsidiaries	2,797	3,616
Disbursement to minority shareholders in subsidiaries	(1,259)	(1,630)
Result from the valuation of derivative financial instruments	(54)	(195)
Interest paid	(3,369)	(4,167)
Interest received	42	49
Change in assets, equity and liabilities		
(Increase)/decrease in trade receivables	483	442
(Increase)/decrease in other receivables	(115)	509
(Decrease)/increase in provisions	(80)	(76)
(Decrease)/increase in trade payables	(982)	95
(Decrease)/increase in other liabilities	222	(758)
Noncash relevant additions and disposals	8	6
Cash flow from operating activities	**2,998**	**4,817**
Investments in investment property	1	(163)
Disposal of investment properties/properties under construction	22,770	4,380
Cash flow from investment activities	**22,771**	**4,184**
Distribution of dividends	(2,332)	(932)
Repayment of financial liabilities	(22,783)	(7,055)
Decline swap	(919)	–
Payments to minority interests	(2,041)	(13)
Cash flow from financing liabilities	**(28,075)**	**(8,000)**
Cash effective change of liquid funds	**(2,806)**	**1,001**
Cash and cash equivalent (start of period)	17,361	14,182
Cash and cash equivalent (end of period)	**14,555**	**15,183**

1) Previous year period adjusted as part of the first-time adoption of IFRS 10

Notes

(1) General Information about the Company

Fair Value REIT-AG is a stock company ("Aktiengesellschaft") founded and headquartered in Germany. The company does not have any branch offices. Following its registration as an "Aktiengesellschaft" on July 12, 2007, Fair Value REIT-AG ("the company") has been listed on the stock exchange since November 16, 2007. It became a REIT on December 6, 2007. The shares of Fair Value REIT-AG are publicly traded. The registered headquarters of the company are located at Leopoldstr. 244 in 80807 Munich, Germany.

As a real estate investment firm, the company focuses on the acquisition and management of commercial properties in Germany. Investment activities focus in particular on office and retail properties in regional centres. Fair Value REIT-AG invests directly in real estate as well as indirectly in real estate partnerships via the acquisition of participations. Information on the Group structure is presented in Note 2a.

As a result of its participations in a total of 10 (previous year: 11) closed-end real estate funds and six additional companies, the Company must prepare consolidated financial statements.

(2) Key Accounting, Valuation and Consolidation Methods as well as Presentation of Amendments from Previous Years

(2a) Key Accounting, Valuation and Consolidation

Basis of preparation of the financial statements The consolidated interim financial statement from Fair Value REIT-AG were prepared in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board (IASB) while taking into account the interpretations of the IAS 34 "Zwischenberichterstattung".

The consolidated interim financial statements are generally prepared by applying the cost principle. The exceptions to this are investment properties as well as derivative financial instruments, which were measured at fair value.

The consolidated interim financial statements have been prepared in euros. Unless otherwise stated, all amounts are provided in thousands of euros (€ thousand).

Comparative Figures The figures used for comparison in the balance sheet and the statement of change in the equity capital are from the reporting date December 31, 2013. The comparative figures used for the profit and loss account, the statement of income and accumulated earnings and the cash flow statement in general relate to the period from January 1 to June 30, 2013.

Principles and scope of consolidation All subsidiaries are included in the consolidated interim financial report. The scope of consolidation has not changed since December 31, 2013.

The scope of consolidation as of June 30, 2014 constitutes the following:

Voting rights/fixed capital interest in %	Share per **6/30/2014**	Share per **12/31/2013**
GP Value Management GmbH, Munich ("GPVM")	100.00	100.00
BBV 3 Geschäftsführungs-GmbH & Co. KG, Munich ("FV03")	100.00	100.00
BBV 6 Geschäftsführungs-GmbH & Co. KG, Munich ("FV06")	100.00	100.00
BBV 9 Geschäftsführungs-GmbH & Co. KG, Munich ("FV09")	100.00	100.00
BBV 10 Geschäftsführungs-GmbH & Co. KG, Munich ("FV10")	100.00	100.00
BBV 14 Geschäftsführungs-GmbH & Co. KG, Munich ("FV14")	100.00	100.00
IC Fonds & Co. Büropark Teltow KG, Munich ("IC 07")	77.74	77.74
IC Fonds & Co. Forum Neuss KG, Munich ("IC 03")	71.58	71.58
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG, Munich ("BBV 06")	59.74	59.72
BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG, Munich ("BBV 03")	54.10	54.10
IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG, Munich ("IC 13")	50.71	50.54
IC Fonds & Co. SchmidtBank-Passage KG, Munich ("IC 12")	49.74	48.86
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV 14")	45.22	45.22
BBV Immobilien-Fonds Erlangen GbR, Munich ("BBV 02")	41.53	41.53
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich ("BBV 10")	40.85	40.77
IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, Munich ("IC 15")	39.56	39.49

The slight changes in individual participation levels are based on other shareholders exiting, on the additional acquisition of participations in the so-called secondary market and on roundings.

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, 2013. The first-time adoption of IFRS 13 – Measuring Fair Value – had impacts on mandatory explanatory notes on specific assets and liabilities as well as on a disclosure of fair value hierarchies. For the period under review there were no material impacts on the measurement of fair value.

Measuring fair value The Group measures financial instruments and real estate at fair value at every reporting date.

The fair value is the price which would be paid in an orderly business transaction between market participants on the valuation date for the sale of an asset or the transfer of a liability. When measuring fair value, the assumption is made that the business transaction which takes place during the sale of an asset or the transfer of a liability, either takes place on the:
– Main market for the asset or liability or
– The most advantageous market for the asset or liability, if no main market is available.

The Group needs to have access to the main market or the most advantageous market.

(2b) Changes of Accounting Methods

As of December 31, 2013, the Group adopted the standard IFRS 10 Consolidated Financial Statements for the first time, which resulted in an expansion of the scope of consolidation and therefore required an adjustment to the comparative figures from the previous year. Due to the first-time adoption of IFRS 10, the former equity-accounted companies BBV 02, BBV 10, BBV 14, IC 12 and IC 15 became subsidiaries which are fully consolidated as part of their inclusion into the Group. For more detailed explanations of this, please refer to the annual report 2013, note 2a (p. 59 f.).

Effect on the income statement (increase/decrease) in earnings

in € thousand	6/30/2013 [1]	Adjustment	6/30/2013
Rental income	14,765	9,545	5,220
Income from operating and incidental costs	3,169	2,177	992
Leasehold payments	(4)	–	(4)
Real estate-related operating expenses	(6,471)	(3,650)	(2,821)
Net rental result	**11,459**	**8,072**	**3,387**
General administrative expenses	**(1,748)**	**(580)**	**(1,168)**
Other operating income	306	102	204
Other operating expenses	(6)	(5)	(1)
Total other operating income and expenses	**300**	**97**	**203**
Net income from the sale of investment properties	4,402	2,900	1,502
Expenses in connection with the sale of investment properties	(4,092)	(2,697)	(1,395)
Result from sale of investment properties	**310**	**203**	**107**
Valuation gains	–	–	–
Valuation losses	(163)	(72)	(91)
Valuation result	**(163)**	**(72)**	**(91)**
Operating result	**10,158**	**7,720**	**2,438**
Result from equity-accounted investments	**1,296**	**(2,112)**	**3,408**
Interest income	49	46	3
income expenses	(4,474)	(2,640)	(1,834)
Result before tax	**7,029**	**3,014**	**4,015**
Income tax	(59)	(37)	(22)
Result before minority interest	**6,970**	**2,977**	**3,993**
Minority interest in the result	(3,616)	(2,982)	(634)
Financial result	**3,354**	**(5)**	**3,359**
Earnings per share in € (basic/diluted)	0.36		0.36

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10

Effect on the statement of cash flows (increase/decrease) in cash flow

in € thousand	6/30/2013 [1)]	Adjustment	6/30/2013
Net income	**3,354**	**(5)**	**3,359**
Adjustments to consolidated earnings for reconcolidation to cash flow from operating activities			
Income tax expenses/(income)	63	43	20
Interest expenses	4,474	2,640	1,834
Interest income	(49)	(46)	(3)
Amortization of intangible assets and depreciation of property, plant and equipment	16	–	16
(Profits)/losses from the disposal of investment properties	(310)	(203)	(107)
Valuation result	163	72	91
Income from equity-accounted investments	(1,296)	2,112	(3,408)
Withdrawels from equity-accounted investments	511	(1,238)	1,749
Loss/(profit) for minority interests	3,616	2,982	634
Disbursements to minority interests	(1,630)	(1,574)	(56)
Result from the valuation of derivative financial instruments	(195)	(205)	10
Interest paid	(4,167)	(2,468)	(1,699)
Interest received	49	46	3
Changes in assets, equity and liabilities			
(Increase)/Decrease in trade receivables	442	26	416
(Increase)/Decrease in other receivables	509	(397)	906
(Decrease)/Increase in provisions	(76)	(15)	(61)
(Decrease)/Increase in trade payables	95	144	(49)
(Decrease)/Increase in other liabilities	(758)	(358)	(400)
noncash relevant additions and disposals	6	5	1
Cash flow from operating activities	**4,817**	**1,561**	**3,256**
Receipt of cash and cash equivalents of aquired subsidiaries minus payments for purchase of equity-accounted participations	–	7	(7)
Investments in investment property	(163)	(72)	(91)
Disposal of investment properties/properties under construction	4,347	2,893	1,454
Cash flow from investment activities	**4,184**	**2,928**	**1,356**
Distribution of dividends	(932)	–	(932)
Receipts from financial liabilities	700	–	700
Repayment of financial liabilties	(7,755)	(4,778)	(2,977)
Disbursements of minority intersts	(13)	(7)	(6)
Cash flow from financing activities	**(8,000)**	**(4,785)**	**(3,215)**
Cash effective change of liquid funds	**1,001**	**(396)**	**1,397**
Cash and cash equivalents – start of period	14,182	8,321	5,861
Cash and cash equivalents – end of period	**15,183**	**7,925**	**7,258**

1) Previous year period adjusted as part of the first-time adoption of IFRS 10

(3) Intangible Assets

The intangible assets include a contractual right that was valued individually within the framework of a company acquisition and will be amortized over a useful life of five years. Amortization totalling € 18 thousand of € 88 thousand were carried out in the quarter under review.

(4) Investment Property

Development of investment property

in € thousand	Direct investments	Subsidiaries	Total
Acquisition costs			
Balance at January 1, 2014	**42,338**	**341,858**	**384,196**
Additions (subsequent acquisition costs)	7	–	7
Disposals – sale	(204)	(3,900)	(4,104)
Balance at June 30, 2014	**42,141**	**337,958**	**380,099**
Changes in value			
Balance at January 1, 2014	**(5,059)**	**(86,840)**	**(91,899)**
Reclassifications	27	1,040	1,067
Balance at June 30, 2014	**(5,032)**	**(85,800)**	**(90,832)**
Fair values			
Balance at January 1, 2014	37,279	255,018	292,297
Balance at June 30, 2014	**37,109**	**252,158**	**289,267**

The fair values used for the investment properties are those determined on December 31, 2013 by CBRE GmbH, Frankfurt. This also included additions during the year, as well as a purchase price advance payment of € 500 thousand made in 2011 to secure an exclusive purchase option on a neighbouring property (IC 12).

As of June 30, 2014, a total of 44 properties were held by the group. A total of 38 of these were freehold properties, while five properties were in partial-ownership and one was a leasehold property. Compared to December 31, 2013, the number of investment properties in the portfolio decreased by two. These were the properties in Sparrieshoop (directly held) and in Weyhe (BBV 03) with fair values of € 177 thousand and € 2,860 thousand respectively.

(5) Other Receivables and Assets

Other receivables and assets comprise the following:

in € thousand	6/30/2014	12/31/2013
Settlement credit BBV 09	11,628	11,628
Purchase price receivable property Kaltenkirchen (Fair Value)	–	1,960
Purchase price receivable commercial property Erlangen (BBV 02)	1,361	–
Distribution BBV 14	767	–
Accrual insurances	90	–
Tax receivables (income tax + vat)	78	83
Vendor with a debit balance	29	98
Accrued interest	25	24
Other accrual	17	53
Other	10	46
Total	**14,005**	**13,892**

The prerequisite for the pay-out of the proportion of the sale price held in the notary account for the commercial property in Erlangen (BBV 02) is the entry of the new owner into the land register. This entry had not yet been made until the reporting date. The profit distribution from BBV 14 was received by Fair Value REIT-AG on July 2, 2014.

(6) Non-current Assets available for sales

in € thousand	6/30/2014	12/31/2013
Hotel property Hannover, Hinueberstr. 6 ("BBV 06")	–	17,000
Office building Henstedt-Ulzburg, Hamburger Str. 83 ("FVAG")	–	1,100
Retail property Erlangen, Henkestr. 5 ("BBV 02")	–	1,485
Total non-current assets available for sale	**–**	**19,585**

The receivables relating to the payment of the purchase prices for the administration property Henstedt-Ulzburg and the hotel property in Hannover were settled in February of this year. In the quarter under view, the sales resulted in sales losses totalling € 356 thousand on the back of incidental costs of sale. The risks and benefits at the commercial property in Erlangen were already transferred to the purchaser on January 1, 2014.

(7) Equity

The Annual General Meeting on May 27, 2014 agreed on the creation of authorised capital. Moreover, the Management Board was authorised to issue convertible and/or warrant bonds or participation rights with or without conversion rights or subscription rights. The creation of conditional capital was also adopted, as was a capital decrease, which results in part of the shareholders' assets tied to the previous amount of the share capital being released and transferred to the capital reserve. The capital decrease was entered into the commercial register on July 8, 2014.

(8) Financial Liabilities

The short-term and long-term financial liabilities of € 168,398 thousand decreased by € 22,783 thousand compared to December 31, 2013. This was because of scheduled repayments of € 3,542 thousand and unscheduled repayments of € 19.008 thousand. Of this amount, € 16,982 thousand was attributable to property sales of the hotel property in Hannover (BBV 06) and € 2,026 thousand from the directly held properties in Kaltenkirchen, Henstedt-Ulzburg and Sparrieshoop.

(9) General Administrative Expenses

in € thousand	1/1 – 6/30/2014	1/1 – 6/30/2013 [1]
Fund management	308	470
Personnel expenses	251	253
Stock market listing, general meeting and events	151	221
Trustee-fees	129	137
Other	104	64
Non-deductible VAT	92	143
Audit expenses	91	123
Legal and consulting costs	72	107
Accounting	64	67
Remuneration (Supervisory and Advisory Boards, General Partner)	49	52
Valuations	46	53
Office costs	27	23
Depreciation	19	19
Travel and vehicle expenses	16	16
Total general administrative expenses	**1,419**	**1,748**

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10

Of the general administrative expenses, € 738 thousand (52 %) are attributable to Fair Value (€ 820 thousand or 47 % in the previous year). To the subsidiaries € 681 thousand (48 %) are attributable (€ 928 thousand or 53 % in the previous year).

(10) Interest Expenses

in € thousand	1/1–6/30/2014	1/1–6/30/2013 [1)]
Valuation of derivative financial instruments	54	156
Other interest expenses	(2,834)	(4,630)
Total interest expenses	**(2,780)**	**(4,474)**

1) Previous year period adjusted as part of the first-time adoption of IFRS 10

In the period under review, the interest rate swap at Fair Value was reduced by € 5 million to € 5 million. Costs for the partial termination of € 859 thousand were incurred, which were offset against the positive change to the market value of the interest rate swap to € 919 thousand. Of the remaining interest expenses, € 2,564 thousand was spent on loans and swaps. The remaining € 156 thousand relates to processing fees as part of unscheduled repayments, the release of accruals for processing fees as well as the payment of a cap premium.

(11) Segment Revenues and Results

		1/1–6/30/2014		1/1–6/30/2013 [1)]
in € thousand	Segment revenues	Segment results	Segment revenues	Segment results
Direct investments	1,599	999	1,810	1,222
Subsidiaries	13,136	7,266	16,124	9,654
Total segment revenues and results	**14,735**	**8,265**	**17,934**	**10,876**
Central administrative expenses and other	–	(634)	–	(718)
Earnings from equity-accounted participations	–	–	–	1,296
Net interest expenses	–	(2,738)	–	(4,425)
Income tax	–	–	–	(59)
Minority interest in the result	–	(2,782)	–	(3,616)
Net income	**–**	**2,111**	**–**	**3,354**

1) Previous year period adjusted as part of the first-time adoption of IFRS 10

The following table shows the income statement of the segments, with the "subsidiaries" segment being broken down according to the individual fund companies.

Income statement by segments at June 30, 2014

	Direct investments				
in € thousand	**FV AG**	IC 03	IC 07	IC 12	IC 13
Rental income	1,331	–	307	249	939
Income from operating and incidental costs	268	–	165	164	266
Segment revenue	**1,599**	**–**	**472**	**413**	**1,205**
Real estate-related operating expenses	(404)	(10)	(248)	(305)	(417)
Administrative expenses related to segment	(80)	(4)	(26)	(20)	(99)
Other operating expenses and income (balance)	–	–	(3)	–	2
Income from sale of investment properties	(32)	–	–	–	–
Valuation gains	(84)	–	–	–	–
Segment result	**999**	**(14)**	**195**	**88**	**691**
General administrative costs	(658)	–	–	–	–
Income from participations	4,216	–	–	–	–
Net interest expenses	(636)	–	(18)	(37)	(239)
Minority interests in the result	–	–	–	–	–
Consolidated net income	**3,921**	**(14)**	**177**	**51**	**452**

									Subsidiaries
	IC 15	BBV 02	BBV 03	BBV 06	BBV 10	BBV 14	**Total**	Reconciliation	**Group**
	1,454	2	273	1,139	3,711	2,671	10,745	–	12,076
	138	–	43	172	832	611	2,391	–	2,659
	1,592	**2**	**316**	**1,311**	**4,543**	**3,282**	**13,136**	**–**	**14,735**
	(304)	(40)	(130)	(623)	(1,897)	(1,006)	(4,980)	–	(5,384)
	(61)	(12)	(43)	(93)	(177)	(150)	(685)	4	(761)
	(25)	44	–	12	91	9	130	20	150
	–	(12)	(96)	(128)	–	(84)	(320)	–	(352)
	–	–	–	–	–	–	–	–	(84)
	1,202	**(18)**	**47**	**479**	**2,560**	**2,051**	**7,218**	**24**	**8,304**
	–	–	–	–	–	–	–	–	(658)
	–	–	–	–	–	–	–	(4,216)	–
	(285)	(28)	–	(276)	(940)	(280)	(2,103)	1	(2,738)
	–	–	–	–	–	–	–	(2,797)	(2,797)
	917	**(46)**	**47**	**203**	**1,620**	**1,771**	**5,178**	**(6,988)**	**2,111**

Income statement by segments at June 30, 2013

	Direct investments					
in € thousand	**FV AG**	IC 03	IC 07	IC 12	IC 13	IC 15
Rental income	1,498	271	270	227	903	1,459
Income from operating and incidental costs	312	106	92	122	265	131
Segment revenue	**1,810**	**377**	**362**	**349**	**1,168**	**1,590**
Leasehold payments	–	–	–	–	–	–
Real estate-related operating expenses	(518)	(158)	(764)	(248)	(383)	(261)
Administrative expenses related to segment	(90)	(17)	(15)	(22)	(54)	(73)
Other operating expenses and income (balance)	13	1	126	6	6	4
Profit from purchase of investment properties	65	–	–	–	–	–
Valuation losses	(58)	–	–	–	–	(10)
Segment result	**1,222**	**203**	**(291)**	**85**	**737**	**1,250**
General administrative costs	(730)	–	–	–	–	–
Income from equity-accounted participations	511	–	–	–	–	–
Other income from participations	1,310	–	–	–	–	–
Net interest expenses	(1,185)	(29)	(38)	(37)	(244)	(305)
Minority interests in the result	–	–	–	–	–	–
Income tax	(22)	–	–	–	–	–
Consolidated net income [1)]	**1,106**	**174**	**(329)**	**48**	**493**	**945**

[1)] Previous year period adjusted as part of the first-time adoption of IFRS 10

					Subsidiaries		
BBV 02	BBV 03	BBV 06	BBV 10	BBV 14	**Total**	Reconciliation	**Group**
109	275	1,907	4,649	3,197	13,267	–	14,765
9	52	261	1,035	784	2,857	–	3,169
118	**327**	**2,168**	**5,684**	**3,981**	**16,124**	**–**	**17,934**
–	–	(4)	–	–	(4)	–	(4)
(44)	(452)	(612)	(1,622)	(1,475)	(6,019)	–	(6,537)
(14)	(83)	(168)	(215)	(269)	(930)	2	(1,018)
–	10	24	9	91	277	10	300
–	–	75	203	–	278	–	343
–	–	–	–	(62)	(72)	–	(130)
60	**(198)**	**1,483**	**4,059**	**2,266**	**9,654**	**12**	**10,888**
–	–	–	–	–	–	–	(730)
–	–	–	–	–	–	785	1,296
–	–	–	–	–	–	(1,310)	–
(30)	–	(336)	(1,875)	(347)	(3,241)	1	(4,425)
–	–	–	–	–	–	(3,616)	(3,616)
–	–	–	–	–	–	(37)	(59)
30	**(198)**	**1,147**	**2,184**	**1,919**	**6,413**	**(4,165)**	**3,354**

The following table shows all the allocated and non-allocated assets and liabilities, with the "subsidiaries" segment being broken down according to the individual companies.

Segment assets and liabilities at June 30, 2014

	Direct investments				
in € thousand	**FV AG**	IC 03	IC 07	IC 12	IC 13
Intangible assets and property, plant and equipment	4	–	–	–	–
Investment property	37,109	–	7,860	7,980 [1]	18,580
Non-current assets held for sale	–	–	–	–	–
Trade receivables	394	49	241	104	76
Income tax receivables	18	–	–	–	–
Other receivables and assets	12,446	12	9	18	15
Cash and cash equivalents	1,191	259	349	321	680
Subtotal segment assets	**51,162**	**320**	**8,459**	**8,423**	**19,351**
Participation in subsidiaries	64,175	–	–	–	–
Total assets	**115,337**	**320**	**8,459**	**8,423**	**19,351**
Provisions	(207)	(16)	(7)	(9)	(11)
Trade payables	(111)	(103)	(30)	(53)	(67)
Other liabilities	(214)	(89)	(34)	(55)	(217)
Subtotal segment liabilities	**(532)**	**(208)**	**(71)**	**(117)**	**(295)**
Minority interests	–	–	–	–	–
Financial liabilities	(29,318)	–	(1,173)	(2,026)	(15,831)
Derivative financial instruments	(919)	–	–	–	–
Total liabilities	**(30,769)**	**(208)**	**(1,244)**	**(2,143)**	**(16,126)**
Net assets at June 30, 2014	**84,568**	**112**	**7,215**	**6,280**	**3,225**

Overview of maturities of financial liabilities at June 30, 2014

Long term	(27,856)	–	–	(1,947)	(15,101)
Short term	(1,462)	–	(1,173)	(79)	(730)
Financial liabilities	**(29,318)**	**–**	**(1,173)**	**(2,026)**	**(15,831)**

[1] Including a purchase price advance payment of € 500 thousand (see note 4)

Subsidiaries								
IC 15	BBV 02	BBV 03	BBV 06	BBV 10	BBV 14	**Total**	Reconciliation	**Group**
–	–	–	–	–	–	–	88	92
34,030	–	3,670	21,796	88,362	69,880	252,158	–	289,267
–	–	–	–	–	–	–	–	–
301	–	10	122	391	298	1,592	14	2,000
–	–	–	–	–	–	–	8	26
37	1,386	10	17	33	31	1,568	3	14,017
1,375	73	900	3,725	3,100	2,428	13,210	154	14,555
35,743	**1,459**	**4,590**	**25,660**	**91,886**	**72,637**	**268,528**	**267**	**319,957**
–	–	–	–	–	–	–	(64,175)	–
35,743	**1,459**	**4,590**	**25,660**	**91,886**	**72,637**	**268,528**	**(63,908)**	**319,957**
(12)	(6)	(5)	(18)	(22)	(27)	(133)	(9)	(349)
(63)	(17)	(8)	(231)	(330)	(153)	(1,055)	(2)	(1,168)
(268)	(46)	(33)	(908)	(1,307)	(132)	(3,089)	(32)	(3,335)
(343)	**(69)**	**(46)**	**(1,157)**	**(1,659)**	**(312)**	**(4,277)**	**(43)**	**(4,852)**
–	–	–	–	–	–	–	(65,139)	(65,139)
(17,411)	(1,108)	–	(8,220)	(59,103)	(34,404)	(139,276)	196	(168,398)
–	–	–	–	–	(197)	(197)	–	(1,116)
(17,754)	**(1,177)**	**(46)**	**(9,377)**	**(60,762)**	**(34,913)**	**(143,750)**	**(64,986)**	**(239,505)**
17,989	**282**	**4,544**	**16,283**	**31,124**	**37,724**	**124,778**	**(128,894)**	**80,452**
(7,600)	(1,030)	–	–	(34,812)	(33,454)	(93,944)	–	(121,800)
(9,811)	(78)	–	(8,220)	(24,291)	(950)	(45,332)	196	(46,598)
(17,411)	**(1,108)**	**–**	**(8,220)**	**(59,103)**	**(34,404)**	**(139,276)**	**196**	**(168,398)**

Segment assets and liabilities at December 31, 2013

	Direct investments				
in € thousand	**FV AG**	IC03	IC07	IC12	IC13
Intangible assets and property, plant and equipment	97	–	–	–	–
Investment property	37,279	–	7,860	7,980[1]	18,580
Non-current assets held for sale	1,100	–	–	–	–
Trade receivables	364	121	200	86	85
Income tax receivables	24	–	–	–	–
Other receivables and assets	13,685	22	–	7	1
Cash and cash equivalents	717	2,662	461	435	775
Subtotal segment assets	**53,266**	**2,805**	**8,521**	**8,508**	**19,441**
Participation in subsidiaries	64,128	–	–	–	–
Total assets	**117,394**	**2,805**	**8,521**	**8,508**	**19,441**
Provisions	(243)	(16)	(5)	(13)	(13)
Trade payables	(310)	(240)	(47)	(77)	(142)
Other liabilities	(288)	(61)	(115)	(113)	(217)
Subtotal segment liabilities	**(841)**	**(317)**	**(167)**	**(203)**	**(372)**
Minority interests	–	–	–	–	–
Financial liabilities	(31,601)	–	(1,316)	(2,061)	(16,296)
Derivative financial instruments	(1,778)	–	–	–	–
Total liabilities	**(34,220)**	**(317)**	**(1,483)**	**(2,264)**	**(16,668)**
Net assets at December 31, 2013	**83,174**	**2,488**	**7,038**	**6,244**	**2,773**

Overview of maturities of financial liabilities at December 31, 2013

Long term	(30,641)	–	–	(1,985)	(15,703)
Short term	(960)	–	(1,316)	(76)	(593)
Financial liabilities	**(31,601)**	**–**	**(1,316)**	**(2,061)**	**(16,296)**

[1] Including a purchase price advance payment of € 500 thousand (see note 4)

						Subsidiaries		
IC 15	BBV 02	BBV 03	BBV 06	BBV 10	BBV 14	**Total**	Reconciliation	**Group**
–	–	–	–	–	–	–	106	203
34,030	–	6,530	21,796	88,362	69,880	255,018	–	292,297
–	1,485	–	17,000	–	–	18,485	–	19,585
224	5	34	588	498	286	2,127	–	2,491
–	–	–	–	–	–	–	3	27
24	30	29	79	8	14	214	3	13,902
1,692	4	810	3,369	2,898	3,416	16,522	122	17,361
35,970	**1,524**	**7,403**	**42,832**	**91,766**	**73,596**	**292,366**	**234**	**345,866**
–	–	–	–	–	–	–	(64,128)	–
35,970	**1,524**	**7,403**	**42,832**	**91,766**	**73,596**	**292,366**	**(63,894)**	**345,866**
(15)	(5)	(12)	(22)	(34)	(41)	(176)	(10)	(429)
(122)	(67)	(14)	(391)	(520)	(215)	(1,835)	–	(2,145)
(332)	(12)	(28)	(864)	(1,310)	(340)	(3,392)	(27)	(3,707)
(469)	**(84)**	**(54)**	**(1,277)**	**(1,864)**	**(596)**	**(5,403)**	**(37)**	**(6,281)**
–	–	–	–	–	–	–	(65,642)	(65,642)
(17,883)	(1,112)	–	(25,415)	(60,397)	(35,100)	(159,580)	–	(191,181)
–	–	–	(60)	–	(251)	(311)	–	(2,089)
(18,352)	**(1,196)**	**(54)**	**(26,752)**	**(62,261)**	**(35,947)**	**(165,294)**	**(65,679)**	**(265,193)**
17,618	**328**	**7,349**	**16,080**	**29,505**	**37,649**	**127,072**	**(129,573)**	**80,673**
(7,704)	(1,045)	–	–	(35,605)	(33,900)	(95,942)	–	(126,583)
(10,179)	(67)	–	(25,415)	(24,792)	(1,200)	(63,638)	–	(64,598)
(17,883)	**(1,112)**	**–**	**(25,415)**	**(60,397)**	**(35,100)**	**(159,580)**	**–**	**(191,181)**

(12) Scope of relationships with related parties

in € thousand	1/1 – 6/30/2014	1/1 – 6/30/2013 [1]
Receivables	37	442
Liabilities	(95)	(81)
Total	**(58)**	**361**

[1] Previous year period adjusted as part of the first-time adoption of IFRS 10

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 1, 2014
Fair Value REIT-AG

Frank Schaich

Declaration by 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 statement 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 1, 2014
Fair Value REIT-AG

Frank Schaich

Imprint

Fair Value REIT-AG
Leopoldstraße 244
80807 München
Deutschland
Tel. 089/929 28 15-01
Fax 089/929 28 15-15
info@fvreit.de
www.fvreit.de

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

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Management Board
Frank Schaich

Supervisory Board
Prof. Dr. Heinz Rehkugler, Chairman
Dr. Oscar Kienzle, Vice Chairman
Wolfgang Sauerborn