Interim Report

1st to 3rd Quarter 2014

fair value
REIT

Key figures Fair Value Group

Revenues and earnings		1/1–9/30/2014	1/1–9/30/2013 [1]
Rental revenues	in € thousand	17,961	22,137
Net rental result	in € thousand	13,810	16,968
Operating result (EBIT)	in € thousand	11,772	14,781
Result from equity-accounted investments	in € thousand	–	2,087
Consolidated net income	in € thousand	3,445	5,293
Earnings per share	in €	0.37	0.57
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	3,653	3,968
EPRA-Earnings/FFO per share	in €	0.39	0.43

Assets and capital		9/30/2014	12/31/2013
Non-current assets	in € thousand	289,394	292,510
Current assets	in € thousand	31,746	33,771
Non-current assets available for sale	in € thousand	–	19,585
Total assets	in € thousand	321,140	345,866
Equity/Net asset value (NAV)	in € thousand	81,786	80,673
Equity ratio	in %	25.5	23.3
Immovable assets [2]	in € thousand	289,298	311,974
Equity within the meaning of Section 15 of the REIT act	in € thousand	148,128	146,315
Equity ratio within the meaning of Section 15 of the REIT act (minimum 45 %)	in %	51.2	46.9

Real estate investments		9/30/2014	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	23.6	26.5
Potential rent p.a.	in € million	26.1	28.4
Occupancy	in %	90.1	93.3
Remaining term of rental agreements	years	4.9	5.0
Contractual rental yield before costs	in %	8.2	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 Note 4).
[3] Based on the market valuation dated December 31, 2013.

Further key figures

		9/30/2014	12/31/2013 [2]
Number of shares in circulation	in pieces	9,325,572	9,325,572
Net asset value (NAV) per share	in €	8.77	8.65
EPRA-NAV per share	in €	8.87	8.86
Number of employees (including Management Board)		3	3

Letter to Shareholders

Dear Shareholders, Business Partners, Ladies and Gentlemen,

Despite weaker economic development coupled with a decline in companies' willingness to invest, Fair Value REIT-AG has recorded positive business development in the first nine months of the current financial year 2014. We have succeeded in once again increasing the occupancy rate of our portfolio as of September 30, 2014, as well as after the balance sheet date, compared to the end of the first half of 2014.

Among other reasons, this rise in occupancy back to 90.1 % as of September 30, 2014 is partially attributable to the full rental of the logistics property in Cologne's Köhlstraße. As of June 30, 2014, the occupancy rate of our portfolio was at 89.3 % after the insolvency-related termination of the Praktiker rental agreement in Celle, following a mark of 93.3 % at the end of 2013. The weighted remaining terms of the contracted lease agreements within the Group remained almost unchanged at 4.9 years as of September 30, 2014, compared to 5.0 years on December 31, 2013.

After the reporting date, we were able to conclude a re-letting agreement in Celle with a franchisee of "hagebaumarkt" effective from December 1, 2014. This agreement is valid for over 10 years plus options and therefore stabilises this property in the long term. This will result in the occupancy rate of our portfolio once again rising to almost 93 %.

Net rental income came in at € 13.8 million in the first nine months of 2014, slightly up on the proportionate forecast for the full year 2014. The fall compared to the previous year level of € 17.0 million was expected on the back of our strategic portfolio reduction since the start of 2013. Around 90 % of the fall in income was offset by interest rate and repayment-related reductions in net interest expenses.

In the first nine months of 2014, we achieved an adjusted operating business result (EPRA earnings or FFO) of € 3.7 million or € 0.39 per share, after € 4.0 million or € 0.43 per share in the previous year.

Unadjusted IFRS consolidated net income from January to September 2014 came in at € 3.4 million or € 0.37 per share, after € 5.3 million or € 0.57 per share in the previous year.

The development of Group equity is also pleasing, with this figure being recorded at € 81.8 million as of September 30, 2014 or € 8.77 per share in circulation. This is slightly up on the figure posted on December 31, 2013 of € 80.7 million or € 8.65 per share. The REIT equity ratio increased substantially from 46.9 % to 51.2% of immovable assets.

We view the development in the first nine months of 2014 as confirmation of our forecast. However, we are anticipating an increase in maintenance and rental costs in the fourth quarter 2014 as well as slightly lower than expected rental income due to property sales. We are, however, reinforcing our dividend target for the financial year 2014 of € 0.25 per share. We are therefore continuing to pursue a sustainable dividend policy, altough we will likely only just reach our forecast for the full year 2014 of adjusted consolidated net income (FFO) of € 5.1 million or € 0.55 per share.

Munich, November 4, 2014
The Management Board

Frank Schaich

The Share

Development of the stock market and the Fair Value REIT-AG share

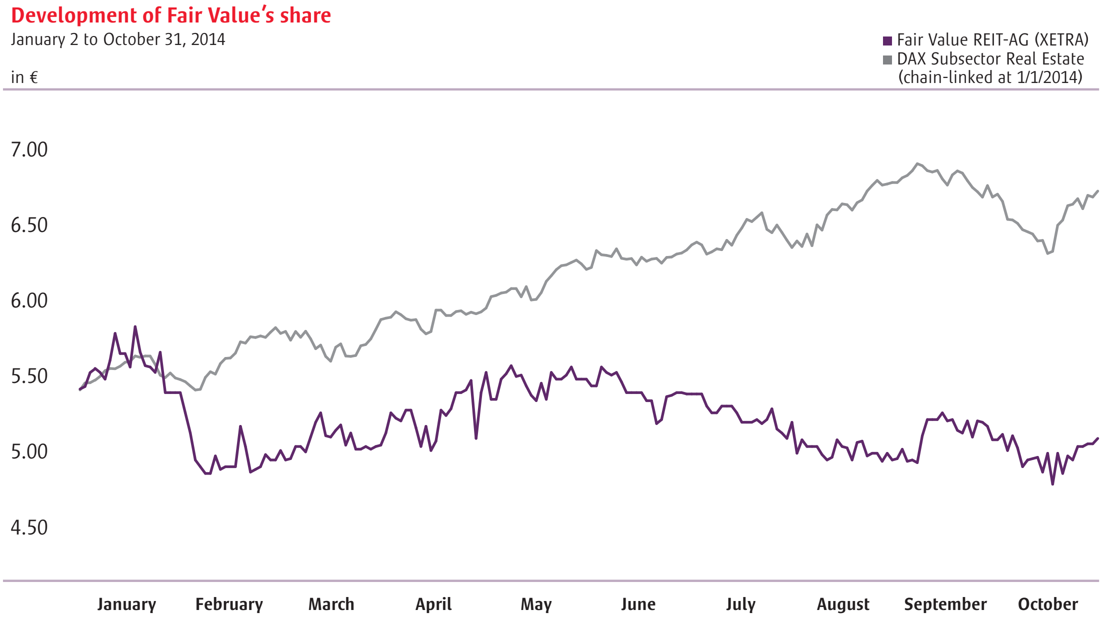
Continued economic concerns coupled with the conflicts in the Ukraine and Middle East impacted sentiment on the markets. After the DAX topped the 10,000 point mark for the first time in June 2014, the leading German share index once again endured turbulence during the third quarter. The DAX closed the third quarter 2014 on 9,474.30 points, falling around 0.8 percent since the end of 2013.

The Fair Value share price also came under pressure from July to September 2014 and recorded its lowest mark in the third quarter at € 4.88 on September 8, 2014. In the rest of September, the share price recovered somewhat and reached € 5.05 on September 30, 2014, on a par with the level at the end of 2013. As a result, the price was 6.5 percent down on the closing price at the end of the previous quarter. The Fair Value share recorded its lowest price since the start of the year on February 6, 2014 at € 4.80. The high for the year so far was recorded on January 17, 2014 at € 5.89.

Up until the end of September 2014, the Fair Value REIT-AG share posted market capitalisation of around € 47.50 million. On average across the first nine months of 2014, 15,835 Fair Value shares were traded per day of trading on all German stock markets. This is more than four times the previous year figure of 3,736 shares per day of trading.

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

in €



Key data Fair Value REIT-AG's share

at September 30, 2014	
Sector	Immobilien (REIT)
WKN (German Securities Code)/ISIN	A0MW97/DE000A0MW975
Stock symbol	FVI
Share capital	€ 18,813,764.00
Number of shares (non-par value shares)	9,406,882 pcs.
Proportion per share in the share capital	€ 2.00
Initial listing	November 16, 2007
High/low 1st – 3rd quarter 2014 (XETRA)	€ 5.89/€ 4.80
Market capitalization at September 30, 2014 (XETRA)	€ 47.50 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

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	
November 26, 2014	Presentation, German Equity Forum (Frankfurt/Main, Germany)
March 26, 2015	Annual Report 2014, Annual Press Conference (Frankfurt/Main, Germany)
May 7, 2015	Interim Report 1st Quarter 2015
May 19, 2015	Annual General Meeting (Munich, Germany)
August 6, 2015	Semi Annual Report 2015
November 5, 2015	Interim Report 1st – 3rd Quarter 2015

Group Interim Management Report at September 30, 2014

Operating Result (FFO)
€ 3.65 million
(2013[1]: € 3.97 million)

Net income € 3.45 million
(2013[1]: € 5.29 million)

REIT-Equity Ratio 51.2 %
(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 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 September 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 fell from 93.3 % as of December 31, 2013 to 90.1 %, 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 September 30, 2014 totalled 4.9 years (December 31, 2013: 5.0 years).

The following table provides an overview of the real estate assets attributable to the Group as of September 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 September 30, 2014

	Total plot size [m²]	Lettable space [m²]	Annualized contractrual rent [T€]	Market value 12/31/2013[1] [T€]	Occupancy level [2] [%]	Ø-remaining term of rental agree-ments [2] [years]	Contractual rental yield before costs [%]	Participating interest [%]
Segment direct investments	40,038	33,165	2,651	37,102	98.2	9.1	7.1	100
Segment subsidiaries	327,682	233,604	20,906	251,658	89.2	4.4	8.3	46
Total Portfolio	**367,720**	**266,769**	**23,557**	**288,760**	**90.1**	**4.9**	**8.2**	**53**

Explanations
[1] According to market valuation by CBRE GmbH, Frankfurt/Main as of December 31, 2013, without the purchase price advance payment for a plot area in Chemnitz in the amount of € 500 thousand (see Note 4)
[2] Income-weighted

Business Report

Macroeconomic and sector-specific conditions

Macroeconomic situation After a strong first half of the year 2014, the German economy lost momentum in the third quarter 2014. The gross domestic product will likely only rise by 1.3 % in the current financial year according to Economic Forecast Project Group Autumn 2014, published by Deutsche Institut für Wirtschaftsforschung (DIW Berlin) and not by 1.8 %, as was previously anticipated. Economic development has primarily been slowed by the weaker world economy and cautious investment sentiment. The economic slowdown is already making its first impacts on the employment market. The rate of employment increase has slowed on the back of this.[1)] At the end of September 2014, 2.80 million people were registered as unemployed. That is 41,000 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 September 2014, consumer prices were 0.8% up on the same month in the previous year.[3)] In January, inflation was still at 1.3 %. For the full year 2014, the DIW is anticipating a 1.0 % rise in consumer prices, and growth of 1.4 % for 2015.

Real Estate Market in Germany **The rental Market** **Office space** The caution among companies, which was already tangible in spring 2014, in relation to the rental of office space in the seven largest office markets in Germany once again increased in the third quarter 2014.[4)] Leasing turnover in the first nine months of the current financial year totalled around 2.1 million m² and was therefore 7 % down on the previous year period. As part of this, the regional differences were pronounced: while both of the largest cities Berlin and Hamburg recorded an increase in turnover of 11 % respectively, Cologne and Düsseldorf posted falls of 28 % and 25 % respectively. The decrease in Frankfurt was 17 %, while Munich and Stuttgart recorded relatively stable development with declines of 6 % and 2 % respectively. Year-on-year, vacancies at top locations fell by 6 % to 7.0 million m² in the first nine months of the current financial year 2014. This represents a vacancy rate of 7.9 % across all cities.[5)]

Retail Space The pleasing development on the retail space market in the first half of 2014 continued in the third quarter. Space turnover was roughly 10 % up on the previous year at around 420,000 m². Unchanged from the previous quarter, the textile sector made up the highest proportion of this figure with 37 %. 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 %. At 7 % and 5 % respectively, the sport/outdoor sector and the home-living product sector recorded relatively constant figures.[6)]

The Investment Market Seemingly unperturbed by economic development over the last few months, the German investment market has the momentum to record its strongest year since 2007. With a transaction volume from commercially used properties of around € 26 billion, the first nine months of the current financial year saw turnover rise by a third compared to the previous year period. Almost half of the transaction volume focused on locations outside of the seven "real estate strongholds". Investors primarily looked to office buildings, which made up 46 % of investment, followed by properties used for retail with a share of 25 %.[7)]

[1)] Economic Forecast Project Group Autumn 2014 – DIW Weekly Report 42.
[2)] Federal Employment Agency: Der Arbeitsmarkt im September 2014 (The employment market in September 2014).
[3)] Destatis: Verbraucherpreise September 2014 (Consumer prices September 2014).
[4)] Berlin, Düsseldorf, Frankfurt/Main, Hamburg, Cologne, Munich, Stuttgart.
[5)] JLL: Office market overview Q3 2014.
[6)] JLL: Retail market overview Q3 2014.
[7)] JLL: Investment market overview Q3 2014.

Overall statement on the development of business by the management

On the back of the portfolio adjustment carried out since the start of 2013, net rental income was recorded at € 13.8 million, some 19 % down on the € 17.0 million reported in the previous year. This was compensated for by adjusted net interest expenses, which fell by more than 40 % to € 3.9 million (previous year: € 6.8 million).

In the first nine months of 2014, the Fair Value Group's operating business result adjusted for extraordinary effects (EPRA earnings or FFO) therefore came in at € 3.7 million or € 0.37 per share, around 8 % down on the adjusted previous year figure of € 4.0 million or € 0.43 per share.

Adjusted consolidated net income in the first nine months of the current financial year was slightly down by around € 0.2 million or 4 % on the proportionate forecast of € 3.9 million. This was due to lower income on the back of the vacancy and sale of further properties (Weyhe-Leeste, Sparrieshoop) as well as slightly higher than anticipated net interest expenses.

Adjusted consolidated income (EPRA-Earnings or FFO)

	1/1–9/30/2014				1/1–9/30/2013 [1]			
		Adjustment for extraordinary factors				Adjustment for extraordinary factors		
in € thousand	According to consolidated income statement	Purchase-sales-, valuation results	Valuation costs interest rate swaps/ interest rate caps	Adjusted consolidated income statement	According to consolidated income statement	Purchase-sales-, valuation results	Valuation costs interest rate swaps/ interest rate caps	Adjusted consolidated income statement
Net rental income	**13,810**	**–**	**–**	**13,810**	**16,968**	**–**	**–**	**16,968**
General administrative expenses	(2,105)	–	–	(2,105)	(2,588)	–	–	(2,588)
Total other operating income and expenses	371	–	–	371	263	–	–	263
Earnings from sale of investment properties	(304)	304	–	–	327	(327)	–	–
Valuation profit/loss	–	–	–	–	(189)	189	–	–
Operating result (EBIT)	**11,772**	**304**	**–**	**12,076**	**14,781**	**(138)**	**–**	**14,643**
Income from participations	–	–	–	–	2,087	–	(1,045)	1,042
Result from beneficial acquisition of participations	–	–	–	–	166	(166)	–	–
Net interest expense	(3,941)	–	(13)	(3,954)	(6,686)	–	(143)	(6,829)
Ertragsteuern	–	–	–	–	(22)	–	–	(22)
Income before minority interests	**7,831**	**304**	**(13)**	**8,122**	**10,326**	**(304)**	**(1,188)**	**8,834**
Minority interests	(4,386)	(116)	33	(4,303)	(5,033)	30	137	(4,866)
Consolidated net income	**3,445**	**188**	**20**	**3,653**	**5,293**	**(274)**	**(1,051)**	**3,968**
Consolidated net income per share	0.37	–	–	0.39	0.57	–	–	0.43

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

Income, financial and net asset position

Income position

in € thousand	1/1 – 9/30/2014	1/1 – 9/30/2013 [1]	Change in € thousand	Change in %
Rental income	**17,961**	**22,137**	**(4,176)**	**(19)**
Income from operating and incidental costs	4,001	4,817	(816)	(17)
Operating and incidental costs, leasehold payments	(6,258)	(7,408)	(1,150)	(16)
Maintenance and rental costs	(1,894)	(2,578)	(684)	(27)
Net rental income	**13,810**	**16,968**	**(3,158)**	**(19)**
General adminstrative expenses	(2,105)	(2,588)	(483)	(19)
Other income and expenses, sale and valuation result	67	401	(334)	(83)
Operating result (EBIT)	**11,772**	**14,781**	**(3,009)**	**(20)**
Income from participations	–	2,087	(2,087)	(100)
Net interest expense	(3,941)	(6,686)	(2,745)	(41)
Minority interest in the result	(4,386)	(5,033)	(647)	(13)
Consolidated net income	**3,445**	**5,293**	**(1,848)**	**(35)**

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

Rental income in the first nine months of the current financial year 2014 totalled around € 18.0 million, some € 4.2 million or 19 % down on the corresponding period in the previous year. Using the contracted rents for the year at the start of the respective reporting period as a basis, the fall in rental income was around two thirds attributable to property sales completed in the meantime and around one third to the temporary rise in vacancies.

The rise in vacancies resulted in a slight fall in the apportioned amount of operating and incidental costs. In the first nine months of the current financial year, rental and maintenance costs came in at € 1.9 million, around 27 % down on the previous year figure of € 2.6 million. This can however be attributed to deferrals during the year.

Net rental income was recorded at € 13.8 million, around € 3.2 million or 19 % down on the € 17.0 million reported in the previous year.

After savings in general administration expenses of € 0.5 million and a € 0.3 million fall in the balance of other income, expenses as well as the sale and valuation results, the operating result came in at € 11.8 million, around € 3.0 million or 20 % down on the adjusted previous year figure of € 14.8 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 nine months of 2014 (previous year: € 2.1 million).

The Group's net interest expenses were reduced by € 2.7 million or 41 % from € 6.7 million to € 3.9 million on the back of repayment and interest rate-related savings.

After deducting earnings shares of minority shareholders of € 4.4 million (previous year: € 5.0 million), the Fair Value Group concluded the first nine months of the current financial year 2014 with consolidated net income of € 3.4 million, or € 0.37 per share (previous year: € 5.3 million or € 0.57 per share).

Financial position

Cash Flow from operating activities The cash inflow from operating activities came in at € 6.4 million in the period under review, some € 0.9 million up on the previous year level of € 5.5 million.

Cash and cash equivalents

in € thousand	1/1–9/30/2014	1/1–9/30/2013 [1]
Cash flow from operating activities	**6,426**	**5,528**
Cash flow from investment activities	**21,872**	**4,933**
Cash flow from financing activities	**(28,748)**	**(10,795)**
Change of cash and cash equivalents	(1,450)	(334)
Cash and cash equivalents – start of period	17,361	14,182
Cash and cash equivalents – end of period	**15,911**	**13,848**

[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 € 21.9 million (previous year: € 4.9 million). This mainly resulted 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). This was partially offset by an interest-bearing and collateralised purchase price advance payment totalling around € 0.5 million in return for a limited exclusive purchase right on an inner city land plot in Chemnitz (directly held).

Cash Flow from financing activities Cash outflow from financing activities totalled € 28.7 million (previous year: € 10.8 million). The largest item was the repayment of financial liabilities totalling € 24.2 million (previous year: € 10.1 million). This item consisted € 19.0 million or 67 % sales-related one-off repayments, while a total of € 5.2 million or 33 % of this item were scheduled repayments. The second largest item was the dividend pay-out for 2013 totalling € 2.3 million (previous year: € 0.9 million). Moreover, this figure also contains pay-outs to minority shareholders totalling € 2.2 million; these relate 98 % to pay-outs to minority 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 item also includes € 0.9 million for the € 5.0 million reduction in an interest hedging transaction.

Liquidity In the first nine months of the current financial year 2014, cash and cash equivalents in the Group fell by € 1.5 million to € 15.9 million (previous year period: fall of € 0.3 million to € 13.8 million). The fall is largely attributable to the dividend pay-out.

Net asset position

Assets Total assets as of September 30, 2014 amounted to around € 321.1 million and were down by 7 % compared with December 31, 2013 (€ 345.9 million). The fall resulted from property sales and the repayments of financial liabilities.

Non-current assets totalling around € 289.3 million accounted for 90 % of total assets (December 31, 2013: € 292.5 million or 85 %). Current assets totalled € 31.7 million or 10 % of total assets (December 31, 2013: € 33.8 million). Of this amount, cash and cash equivalents made up € 15.9 million or 50 %. Receivables and other assets accounted for another € 15.8 million (also 50 %). 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 September 30, 2014, 25 % or € 81.8 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 € 66.3 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 included in the consolidated financial statements not owned by the parent company and classified as debt are handled as equity. The corresponding Group equity totalled € 148.1 million or 46 % of total assets (December 31, 2013: € 146.3 million or 42 %).

In relation to immovable assets as of September 30, 2014 totalling € 289.3 million, the REIT equity ratio came in at 51.2 % (December 31, 2013: 46.9 %).

Financial liabilities The financial liabilities of the Group totalled € 166.9 million or 52 % 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 € 24.3 million or 15 % compared to December 31, 2013 was largely attributable to unscheduled repayments in connection with the sale of properties.

Financial liabilities Fair Value REIT-AG and subsidiaries as of 9/30/2014

Fund	Bank	Value date 9/30/2014	Condition	Bankmargin	Duration	LTV	DSCR
FVAG	Capital Bank GRAWE Group, Graz	(7,000)	variable	5.00 %	6/30/2015	–	–
FVAG	WIB Westdeutsche ImmobilienBank AG	(9,700)	2.55%	–	6/30/2019	70 %	120 %
FVAG	WIB Westdeutsche ImmobilienBank AG	(12,215)	variable	1.27 %	6/30/2019	70 %	120 %
IC 07	HSH Nordbank AG	(1,103)	variable	3.50 %	12/31/2014	–	–
IC 13	HSH Nordbank AG	(10,770)	variable	3.20 %	12/31/2014	–	–
IC 13	HSH Nordbank AG	(2,067)	3.10%	–	12/31/2014	–	–
IC 13	Corealcredit Bank AG	(2,812)	variable	2.50 %	2/28/2015	–	–
BBV 06	Unicredit Bank AG	(8,152)	variable	2.20 %	12/31/2014	–	–
IC 12	WIB Westdeutsche ImmobilienBank AG	(1,998)	5.20 %	–	8/31/2016	50 %	120 %
IC 15	HSH Nordbank AG	(6,494)	variable	3.10 %	2/27/2015	–	–
IC 15	Sparkasse Südholstein	(7,773)	2.71 %	–	1/30/2018	–	–
IC 15	pbb Deutsche Pfandbriefbank	(2,925)	4.55 %	–	12/31/2014	–	–
BBV 02	Bayerische Beamten Lebensvers. a.G.	(139)	5.80 %	–	12/31/2014	–	–
BBV 02	Bayerische Beamten Lebensvers. a.G.	(942)	6.15 %	–	9/30/2016	–	–
BBV 10	Bayerische Beamten Lebensvers. a.G.	(22,705)	4.50 %	–	12/31/2014	–	–
BBV 10	Unicredit Bank AG	(25,951)	variable	1.99 %	12/31/2014	–	–
BBV 10	Unicredit Bank AG	(10,051)	variable	2.10 %	12/31/2014	–	–
BBV 14	DG Hypothekenbank AG	(34,150)	variable	1.25 %	3/31/2016	63 %	110 %
Total	**Separate financial statements**	**(166,947)**					
Total	**Reversal of market valuation difference and accrued loan processing fees**	**4**					
Total	**Consolidated financial statement**	**(166,943)**					

On the back of a partially terminated interest hedging transaction, the proportion of financial liabilities hedged using interest rate swaps fell to € 5.0 million or 3 % of the Group's financial liabilities (December 31, 2013: € 10.0 million or 5.2 %).

Interest rate hedges 9/30/2014

		Amount T€	Cap/Swap	Interest	Duration
FV AG	WIB Westdeutsche ImmobilienBank AG	(5,000)	Swap	4,94 %	6/30/2018
BBV 06	Unicredit Bank AG	(21,000)	Cap	3,50 %	12/31/2014
BBV 14	DZ Bank AG	(34,863)	Cap	4,25 %	12/31/2016
Total		**(65.863)**			

Total fixed interest loans fell to € 47.3 million or 28.3 % of the Group's financial liabilities (previous year: € 55.5 million or 29.1 %).

As the interest rate caps do not currently have any effect due to the agreed upper limit of the 3-month EURIBOR interest rate of 3.5 % p.a. and 4.25 % p.a., as of the balance sheet date € 119.7 million or around 71.7 % of financial liabilities are subject to variable interest rates (December 31, 2014: € 125.7 million or 65.7 %).

Assuming a constant 3-month EURIBOR interest rate of 0.1 % p.a., the weighted interest rate of financial liabilities of the Group came in at 2.8 % p.a. as of September 30, 2014. This is on a par with the weighted interest rate as of December 31, 2013.

Equity / Net asset value (NAV) The net asset value (NAV), amounted to € 81.8 million as of September 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 € 8.77, compared to € 8.65 on December 31, 2013.

Balance sheet NAV

in € thousand	9/30/2014	12/31/2013
Market value of properties (including properties held for sale)	289,298	311,974
Miscellaneous assets minus miscellaneous liabilities	29,338	29,224
Minority interests	(66,342)	(65,642)
Financial liabilities	(166,943)	(191,181)
Other liabilities	(3,565)	(3,702)
Net Asset Value	**81,786**	**80,673**
Net Asset Value per share	8.77	8.65

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 property- and company related key performance indicators including 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	9/30/2014	12/31/2013
NAV pursuant to consolidated balance sheet	81,786	80,673
Market value of derivative financial instruments	1,066	2,089
Thereof due to minority interests	(92)	(161)
EPRA-NAV	**82,760**	**82,601**
EPRA-NAV per share	8.87	8.86

Supplementary Report

Subsidiary BBV 10 At the end of October 2014 the DIY store in Celle rented to Praktiker up to the end of January 2014 (total rental space incl. ancillary and outdoor areas of around 10,200 sqm.) has been leased to a franchisee for operating a DIY and garden store under the "hagebaumarkt" brand for a period of 10 years and 1 month until December 31, 2024 plus a 2 x 5-year option.

A turnover rent of 6 % of annual turnover of the DIY store was agreed with a minimum rent of € 396 thousand p.a.; if turnover is € 8 million p.a. or over, a rent of 6.5 % of total turnover applies. Incidental costs are due from December 1, 2014, and the hand-over of the rental space will likely take place at the end of January 2015 following wide-ranging renovation and maintenance work by the owner as well as parallel work by the tenant on the lighting system; rent is due from four months after the hand-over.

The renovation and maintenance work totals € 0.5 million. In addition to that rental-related costs for additional building measures, for a construction cost subsidy for the lighting system and for fees result in total expenses of roughly € 0.6 million. As the other main tenant at the property, Hammer speciality stores, announced the advance extension of its rental agreement on the back of the new contract with "hagebaumarkt", this property will now once again be stabilised in the long term.

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 the coming twelve months that could pose a threat to the continued existence of Fair Value REIT-AG.

Opportunities and forecast

As of the balance sheet date, the occupancy rate of the portfolio was below the long-term average at around 90 %. However, taking into account the re-letting of the DIY store space in Celle effective as of December 1, 2014, the occupancy rate would once again be close to 93 %.

The Management Board views the progress in the first nine months of the current financial year as confirmation of the anticipated development. In the fourth quarter 2014 however rising maintenance and rental costs are to be expected. The Management Board reiterates its forecast for a dividend of € 0.25 per share for the financial year 2014 although consolidated net income (EPRA Earnings or FFO) for the full year 2014 will likely just reach the anticipated number of € 5.1 million or € 0.55 per share.

Munich, November 3, 2014

Fair Value REIT-AG

Frank Schaich, CEO

Consolidated Interim Financial Statements

Balance Sheet

Consolidated balance sheet			
in € thousand	Note no.	9/30/2014	12/31/2013
Assets			
Non-current assets			
Intangible assets	3	79	106
Property, plant and equipment		3	97
Investment property	4	289,298	292,297
Other receivables and assets		14	10
Total non-current assets		**289,394**	**292,510**
Current assets			
Trade receivables		2,136	2,491
Income tax receivables		28	27
Other receivables and assets	5	13,671	13,892
Cash and cash equivalents		15,911	17,361
Total current assets		**31,746**	**33,771**
Non-current assets available for sale	6	–	19,585
Total assets		**321,140**	**345,866**
Equity and liabilities			
Equity			
Subscribed capital		18,814	47,034
Share premium		74,387	46,167
Loss carryforward		(11,017)	(12,130)
Treasury shares		(398)	(398)
Total equity	7	**81,786**	**80,673**
Non-current liabilities			
Minority interests		66,342	65,642
Financial liabilities	8	120,581	126,583
Derivative financial instruments		1,066	2,089
Total non-current liabilities		**187,989**	**194,314**
Current liabilities			
Provisions		439	429
Financial liabilities	8	46,362	64,598
Trade payables		999	2,150
Other liabilities		3,565	3,702
Total current liabilities		**51,365**	**70,879**
Total equity and liabilities		**321,140**	**345,866**

Income Statement

Consolidated income statement

in € thousand	Note no.	1/1 – 9/30/ 2014	1/1 – 9/30/ 2013 [1)]
Rental income		17,961	22,137
Income from operating and incidental costs		4,001	4,817
Leasehold payments		–	(4)
Operating and incidental costs		(6,258)	(7,404)
Maintenance and rental costs		(1,894)	(2,578)
Net rental result		**13,810**	**16,968**
General administrative expenses	9	**(2,105)**	**(2,588)**
Other operating income		397	273
Other operating expenses		(26)	(10)
Total other operating income and expenses		**371**	**263**
Net income from the sale of investment properties		22,626	5,182
Expenses in connection with the sale of investment properties		(22,930)	(4,855)
Result from sale of investment properties	6	**(304)**	**327**
Valuation losses		–	(189)
Valuation result		**–**	**(189)**
Operating result		**11,772**	**14,781**
Result from equity-accounted investments		–	2,087
Other income from participations		–	166
Interest income		54	64
Interest expenses	10	(3,995)	(6,750)
Result before tax		**7,831**	**10,348**
Income tax		–	(22)
Income before minority interests		**7,831**	**10,326**
Minority interest in the result		(4,386)	(5,033)
Net income		**3,445**	**5,293**
Earnings per share in € (basic/diluted)		0.37	0.57

[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 – 9/30/2014	1/1 – 9/30/2013 [1)]
Net income	**3,445**	**5,293**
Other results		
Change in cash flow hedges	–	(2,794)
Thereof due to minority interests	–	801
Total other results	**–**	**(1,993)**
Comprehensive income	**3,445**	**3,300**

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)]	–	–	–	–	1,993	5,293	7,286
Balance at September 30, 2013	**9,325,572**	**47,034**	**46,167**	**(398)**	**(4,418)**	**(1,610)**	**86,775**
Balance at January 1, 2014	**9,325,572**	**47,034**	**46,167**	**(398)**	**–**	**(12,130)**	**80,673**
Capital decrease	–	(28,220)	–	–	–	–	(28,220)
Adjustment in the capital reserve	–	–	28,220	–	–	–	28,220
Dividend	–	–	–	–	–	(2,332)	(2,332)
Total net income	–	–	–	–	–	3,445	3,445
Balance at September 30, 2014	**9,325,572**	**18,814**	**74,387**	**(398)**	**–**	**(11,017)**	**81,786**

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 – 9/30/2014	1/1 – 9/30/2013 [1]
Net income	**3,445**	**5,293**
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Income tax expenses/(income)	(1)	27
Interest expenses	3,995	6,750
Interest income	(54)	(64)
Amortization of intangible assets and depreciation of property, plant and equipment	29	28
(Profits)/losses from the disposal of investment properties	304	(327)
Income from equity-accounted investments	–	(2,087)
Withdrawals from equity-accounted investments	–	511
Income from beneficial acquisition of participations	–	(166)
Loss/(profit) of minority shareholders in subsidiaries	4,386	5,033
Disbursement to minority shareholders in subsidiaries	(1,427)	(1,577)
Result from the valuation of derivative financial instruments	(104)	(263)
Interest paid	(4,612)	(7,704)
Interest received	54	64
Change in assets, equity and liabilities		
(Increase)/decrease in trade receivables	339	309
(Increase)/decrease in other receivables	717	(214)
(Decrease)/increase in provisions	10	(3)
(Decrease)/increase in trade payables	(1,151)	29
(Decrease)/increase in other liabilities	480	(117)
Noncash relevant additions and disposals	16	6
Cash flow from operating activities	**6,426**	**5,528**
Payments for purchase of interests in associated companies	–	303
Investments in investment property	–	(409)
Investments in investment property/properties under construction	(450)	–
Disposal of investment properties/properties under construction	22,322	5,044
Investments in intangible assets and depreciation of property, plant and equipment	–	(5)
Cash flow from investment activities	**21,872**	**4,933**
Distribution of dividends	(2,332)	(932)
Receipts from financial liabilities	–	700
Repayment of financial liabilities	(24,238)	(10,121)
Decline swap	(919)	–
Payments to minority interests	(2,259)	(442)
Cash flow from financing liabilities	**(29,748)**	**(10,795)**
Cash effective change of liquid funds	**(1,450)**	**(334)**
Cash and cash equivalent (start of period)	17,361	14,182
Cash and cash equivalent (end of period)	**15,911**	**13,848**

[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 statements were prepered by Fair Value REIT-AG 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 figured 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 September 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 September 30, 2014 constitutes the following:

Voting rights/fixed capital interest in %	Share per **9/30/2014**	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")	77.85	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")	51.07	50.54
IC Fonds & Co. SchmidtBank-Passage KG, Munich ("IC 12")	50.11	48.86
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV 14")	45.56	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")	39.63	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, notes 2a (p. 59 f.).

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

in € thousand	1/1 – 9/30/2013 [1]	Adjustment	1/1 – 9/30/2013
Rental income	22,137	14,398	7,739
Income from operating and incidental costs	4,817	3,155	1,662
Leasehold payments	(4)	–	(4)
Operating and incidental costs	(7,404)	(4,959)	(2,445)
Maintenance and rental costs	(2,578)	(877)	(1,701)
Net rental result	**16,968**	**11,717**	**5,251**
General administrative expenses	**(2,588)**	**(868)**	**(1,720)**
Other operating income	273	138	135
Other operating expenses	(10)	(9)	(1)
Total other operating income and expenses	**263**	**129**	**134**
Net income from the sale of investment properties	5,182	2,900	2,282
Expenses in connection with the sale of investment properties	(4,855)	(2,735)	(2,120)
Result from sale of investment properties	**327**	**165**	**162**
Valuation gains	–	–	–
Valuation losses	(189)	(186)	(3)
Valuation result	**(189)**	**(186)**	**(3)**
Operating result	**14,781**	**10,957**	**3,824**
Income from equity-accounted investments	**2,087**	**(2,905)**	**4,992**
Other income from participations	166	3	163
Interest income	64	59	5
income expenses	(6,750)	(3,963)	(2,787)
Result before tax	**10,348**	**4,151**	**6,197**
Income tax	(22)	–	(22)
Result before minority interest	**10,326**	**4,151**	**6,175**
Minority interest in the result	(5,033)	(4,156)	(877)
Financial result	**5,293**	**(5)**	**5,298**
Earnings per share in € (basic/diluted)	0.57		0.57

[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	1/1 – 9/30/2013 [1]	Adjustment	1/1 – 9/30/2013
Net income	**5,293**	**(5)**	**5,298**
Adjustments to consolidated earnings for reconcolidation to cash flow from operating activities			
Income tax expenses/(income)	27	7	20
Interest expenses	6,750	3,963	2,787
Interest income	(64)	(59)	(5)
Amortization of intangible assets and depreciation of property, plant and equipment	28	2	26
(Profits)/losses from the disposal of investment properties	(327)	(165)	(162)
Income from equity-accounted investments	(2,087)	2,905	(4,992)
Withdrawels from equity-accounted investments	511	(1,238)	1,749
Income from beneficial acquisition of participations	(166)	(3)	(163)
Loss/(profit) for minority interests	5,033	4,156	877
Disbursements to minority interests	(1,577)	(1,577)	–
Result from the valuation of derivative financial instruments	(263)	(273)	10
Interest paid	(7,704)	(4,459)	(3,245)
Interest received	64	59	5
Changes in assets, equity and liabilities			
(Increase)/Decrease in trade receivables	309	(162)	471
(Increase)/Decrease in other receivables	(214)	(405)	191
(Decrease)/Increase in provisions	(3)	–	(3)
(Decrease)/Increase in trade payables	29	(9)	38
(Decrease)/Increase in other liabilities	(117)	2	(119)
noncash relevant additions and disposals	6	6	–
Cash flow from operating activities	**5,528**	**2,745**	**2,783**
Receipt of cash and cash equivalents of aquired subsidiaries minus payments for purchase of equity-accounted participations	303	325	(22)
Investments in investment property	(409)	–	(409)
Disposal of investment properties/properties under construction	5,044	2,855	2,189
Investments in intangible assets and depreciation of property, plant and equipment	(5)	(5)	–
Cash flow from investment activities	**4,933**	**3,175**	**1,758**
Distribution of dividends	(932)	–	(932)
Receipts from financial liabilities	700	–	700
Repayment of financial liabilties	(10,121)	(6,294)	(3,827)
Disbursements of minority intersts	(442)	(345)	(97)
Cash flow from financing activities	**(10,795)**	**(6,639)**	**(4,156)**
Cash effective change of liquid funds	**(334)**	**(719)**	**385**
Cash and cash equivalents – start of period	14,182	8,321	5,861
Cash and cash equivalents – end of period	**13,848**	**7,602**	**6,246**

[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 € 27 thousand to € 79 thousand were carried out in the quarter under review.

(4) Investment Property

Development of investment property

in € thousand	Direct investments	Subsidiaries	**Total**
Acquisiton costs			
Balance at January 1, 2014	**42,338**	**342,034**	**384,372**
Additions (purchase price advance payment plot area Chemnitz)	450	–	450
Additions (subsequent acquisition costs)	88	–	88
Disposals – sale	(204)	(3,900)	(4,104)
Reclassification (purchase price advance payment plot area Chemnitz)	–	(500)	(500)
Balance at September 30, 2014	**42,672**	**337,634**	**380,306**
Changes in value			
Balance at January 1, 2014	**(5,059)**	**(87,016)**	**(92,075)**
Disposals – sale	27	1,040	1,067
Balance at September 30, 2014	**(5,032)**	**(85,976)**	**(91,008)**
Fair values			
Balance at January 1, 2014	37,279	255,018	292,297
Balance at September 30, 2014	**37,640**	**251,658**	**289,298**

The fair values used for the investment properties are those determined on December 31, 2013 by CBRE GmbH, Frankfurt.

As of September 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 co-ownership and one was a leasehold property. Compared to December 31, 2013, the number of 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.

In addition to retrospective acquisition costs, the additions in the reporting period also relate to an interest-bearing and collateralised purchase price advance payment by Fair Value totalling € 450 thousand for a possible property acquisition in Chemnitz. In return, Fair Value has the exclusive right up to December 31, 2014 to examine and carry out the transaction with an investment volume of € 1,100 thousand plus incidental acquisition costs. Previously, the subsidiary IC 12 abstained from acquiring the same property for tax reasons. In return, the purchase price advance payment paid to IC Grundbesitz GmbH & Co. Bankgebäude Chemnitz KG, Unterschleißheim on December 27, 2011 by IC 12 totalling € 500 thousand was reclassified from investment properties to other receivables and assets.

(5) Other Receivables and Assets

Other Receivables and Assets comprise the following:

in € thousand	9/30/2014	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)	1,355	–
Advance payment of property in Chemnitz (IC 12)	500	–
Tax receivables (income tax + vat)	52	83
Accrual insurances	48	–
Other accrual	33	53
Other	23	46
Accrued interest	17	24
Vendor with a debit balance	15	98
	13,671	**13,892**

The pay-out of the proportion of the sale price held in the notary account for the commercial property in Erlangen (BBV 02) is linked to the entry of the new owner into the land register. This entry is probably to be completed during the next financial year. The purchase price advance payment paid to IC Grundbesitz GmbH & Co. Bankgebäude Chemnitz KG, Unterschleißheim totalling € 500 thousand is due to be repaid to IC 12 by December 30, 2014 at the latest. The due amount is subject to 5 % interest p.a.

(6) Non-current Assets available for sales

in € thousand	9/30/2014	12/31/2013
Hotel property Hannover, Hinueberstr. 6 (BBV 06)	–	17,000
Office building Henstedt-Ulzburg, Hamburger Str. 83 (Fair Value)	–	1,100
Retail property Erlangen, Henkestr. 5 (BBV 02)	–	1,485
	–	**19,585**

The receivables relating to the payment of the purchase prices for the property in 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 € 304 thousand on the back of incidental costs of sale.

(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 in the amount of € 18,814 thousand, as part of which the freed up portion of the shareholders' assets tied to the previous amount of the share capital in the amount of € 28,220 thousand 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 € 166,943 thousand decreased by € 24,238 thousand compared to December 31, 2013. This was because of scheduled repayments of € 5,230 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 to the directly held properties in Kaltenkirchen, Henstedt-Ulzburg and Sparrieshoop.

(9) General Administrative Expenses

in € thousand	1/1 – 9/30/2014	1/1 – 9/30/2013 [1]
Fund management	446	713
Personnel expenses	410	411
Trustee-fees	193	197
Stock market listing, general meeting and events	192	273
Non-deductible VAT	152	195
Audit expenses	152	158
Legal and consulting costs	128	201
Other	97	119
Accounting	97	100
Valuations	73	30
Remuneration (Supervisory and Advisory Boards, General Partner)	71	100
Office costs	43	39
Depreciation	29	29
Travel and vehicle expenses	22	23
Total general administrative expenses	**2,105**	**2,588**

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

Of the general administrative expenses, € 1,123 thousand (53 %) are attributable to Fair Value (€ 982 thousand or 47 % in the previous year). To the subsidiaries € 1,222 thousand (47 %) are attributable (€ 1,366 thousand or 53 % in the previous year).

(10) Interest Expenses

in € thousand	1/1 – 9/30/2014	1/1 – 9/30/2013 [1]
Valuation of derivative financial instruments	104	263
Other interest expenses	(4,099)	(7,013)
Total interest expenses	**(3,995)**	**(6,750)**

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

Of the other interest expenses, € 3,799 thousand were spent on loans and swaps. The remaining € 300 thousand relate 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 – 9/30/2014		1/1 – 9/30/2013 [1]
in € thousand	Segment revenues	Segment results	Segment revenues	Segment results
Direct investments	2,344	1,644	2,712	1,984
Subsidiaries	19,618	11,112	24,242	13,840
Total segment revenues and results	**21,962**	**12,756**	**26,954**	**15,824**
Central administrative expenses and other	–	(984)	–	(1,043)
Earnings from equity-accounted participations	–	–	–	2,087
Other income from participations	–	–	–	166
Net interest expenses	–	(3,941)	–	(6,686)
Income tax	–	–	–	(22)
Minority interest in the result	–	(4,386)	–	(5,033)
Net income	**–**	**3,445**	**–**	**5,293**

[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 September 30, 2014

	Direct investments				
in € thousand	**FV AG**	IC 03	IC 07	IC 12	IC 13
Rental income	1,946	–	463	379	1,419
Income from operating and incidental costs	398	–	247	241	388
Segment revenue	**2,344**	**–**	**710**	**620**	**1,807**
Operating and incidental costs	(559)	(10)	(311)	(258)	(460)
Other real estate-related expenses	(18)	–	(174)	(146)	(181)
Administrative expenses related to segment	(117)	(4)	(46)	(53)	(95)
Other operating expenses and income (balance)	29	–	31	8	2
Income from sale of investment properties	(35)	–	–	–	–
Segment result	**(1,644)**	**(14)**	**210**	**171**	**1,073**
General administrative costs	(1,006)	–	–	–	–
Income from participations	4,474	–	–	–	–
Net interest expenses	(885)	–	(28)	(59)	370
Minority interests in the result	–	–	–	–	–
Consolidated net income	**4,227**	**(14)**	**182**	**112**	**703**

						Subsidiaries		
IC 15	BBV 02	BBV 03	BBV 06	BBV 10	BBV 14	**Total**	Reconciliation	**Group**
2,176	2	362	1,676	5,559	3,979	16,015	–	17,961
204	–	54	283	1,260	926	3,603	–	4,001
2,380	**2**	**416**	**1,959**	**6,819**	**4,905**	**19,618**	**–**	**21,962**
(298)	(48)	(96)	(548)	(2,375)	(1,295)	(5,699)	–	(6,258)
(132)	–	(47)	(283)	(567)	(346)	(1,876)	–	(1,894)
(90)	(14)	(72)	(147)	(255)	(222)	(998)	–	(1,115)
(27)	44	–	35	91	152	336	6	371
–	(16)	(96)	(157)	–	–	(269)	–	(304)
1,833	**(32)**	**105**	**859**	**3,713**	**3,194**	**11,112**	**6**	**12,762**
–	–	–	–	–	–	–	16	(990)
–	–	–	–	–	–	–	(4,474)	–
(429)	(42)	–	(336)	(1,401)	(392)	(3,057)	1	(3,941)
–	–	–	–	–	–	–	(4,386)	(4,386)
1,404	**(74)**	**105**	**523**	**2,312**	**2,802**	**8,055**	**(8,837)**	**3,445**

Income statement by segments at September 30, 2013

	Direct investments					
in € thousand	**FV AG**	IC 03	IC 07	IC 12	IC 13	IC 15
Rental income	2,252	441	421	343	1,369	2,180
Income from operating and incidental costs	460	155	146	176	393	204
Segment revenue	**2,712**	**596**	**567**	**519**	**1,762**	**2,384**
Leasehold payments	–	–	–	–	–	–
Operating and incidental costs	(673)	(173)	(297)	(294)	(460)	(382)
Other real estate-related expenses	(50)	(93)	(539)	(156)	(170)	(37)
Administrative expenses related to segment	(136)	(31)	(31)	(31)	(79)	(119)
Other operating expenses and income (balance)	23	3	2	5	10	16
Profit from purchase of investment properties	108	–	–	–	–	–
Valuation losses	–	–	(3)	–	–	(10)
Segment result	**1,984**	**302**	**(301)**	**43**	**1,063**	**1,852**
General administrative costs	(1,086)	–	–	–	–	–
Income from equity-accounted participations	511	–	–	–	–	–
Other income from participations	(120)	–	–	–	–	–
Net interest expenses	(1,615)	(43)	(56)	(57)	(360)	(444)
Affecting valuation of derivative financial instruments	(110)	–	–	–	–	–
Minority interests in the result	–	–	–	–	–	–
Income tax	(22)	–	–	–	–	–
Consolidated net income [1)]	**(458)**	**259**	**(357)**	**(14)**	**703**	**1,408**

[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**
	163	440	2,816	6,897	4,815	19,885	–	22,137
	14	78	430	1,574	1,187	4,357	–	4,817
	177	**518**	**3,246**	**8,471**	**6,002**	**24,242**	**–**	**26,954**
	–	–	(4)	–	–	(4)	–	(4)
	(63)	(106)	(736)	(2,432)	(1,788)	(6,731)	–	(7,404)
	(3)	(394)	(455)	(205)	(476)	(2,528)	–	(2,578)
	(23)	(115)	(223)	(305)	(390)	(1,347)	–	(1,483)
	2	10	24	14	92	178	62	263
	–	–	54	165	–	219	–	327
	–	–	–	–	(176)	(189)	–	(189)
	90	**(87)**	**1,906**	**5,708**	**3,264**	**13,840**	**62**	**15,886**
	–	–	–	–	–	–	(19)	(1,105)
	–	–	–	–	–	–	1,576	2,087
	–	–	–	–	–	–	286	166
	(45)	1	(700)	(2,972)	(659)	(5,335)	1	(6,949)
	–	–	100	153	120	373	–	263
	–	–	–	–	–	–	(5,033)	(5,033)
	–	–	–	–	–	–	–	(22)
	45	**(86)**	**1,306**	**2,889**	**2,725**	**8,878**	**(3,127)**	**5,293**

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 September 30, 2014

	Direct investments				
in € thousand	**FV AG**	IC 03	IC 07	IC 12	IC 13
Intangible assets and property, plant and equipment	3	–	–	–	–
Investment property	37,640	–	7,860	7,480	18,580
Trade receivables	327	49	310	115	69
Income tax receivables	19	–	–	–	–
Other receivables and assets	11,695	12	5	507	7
Cash and cash equivalents	1,386	259	203	370	760
Subtotal segment assets	**51,070**	**320**	**8,378**	**8,472**	**19,416**
Participation in subsidiaries	64,393	–	–	–	–
Total assets	**115,463**	**320**	**8,378**	**8,472**	**19,416**
Provisions	(279)	(16)	(9)	(11)	(14)
Trade payables	(50)	(103)	(25)	(52)	(70)
Other liabilities	(271)	(89)	(21)	(61)	(207)
Subtotal segment liabilities	**(600)**	**(208)**	**(55)**	**(124)**	**(291)**
Minority interests	–	–	–	–	–
Financial liabilities	(29,091)	–	(1,103)	(2,007)	(15,649)
Derivative financial instruments	(898)	–	–	–	–
Total liabilities	**(30,589)**	**(208)**	**(1,158)**	**(2,131)**	**(15,940)**
Net assets at September 30, 2014	**84,874**	**112**	**7,220**	**6,341**	**3,476**

Overview of maturities of financial liabilities at September 30, 2014

Long term	(27,539)	–	–	(1,931)	(14,919)
Short term	(1,552)	–	(1,103)	(76)	(730)
Financial liabilities	**(29,091)**	**–**	**(1,103)**	**(2,007)**	**(15,649)**

						Subsidiaries		
IC 15	BBV 02	BBV 03	BBV 06	BBV 10	BBV 14	**Total**	Reconciliation	**Group**
–	–	–	–	–	–	–	79	82
34,030	–	3,670	21,796	88,362	69,880	251,658	–	289,298
257	–	10	136	399	443	1,788	21	2,136
–	–	–	–	1	–	1	8	28
25	1,380	–	15	20	16	1,987	3	13,685
1,669	60	968	3,424	3,520	3,140	14,373	152	15,911
35,981	**1,440**	**4,648**	**25,371**	**92,302**	**73,479**	**269,807**	**263**	**321,140**
–	–	–	–	–	–	–	(64,393)	–
35,981	**1,440**	**4,648**	**25,371**	**92,302**	**73,479**	**269,807**	**(64,130)**	**321,140**
(16)	(7)	(8)	(23)	(12)	(34)	(150)	(10)	(439)
(24)	(19)	(3)	(129)	(340)	(184)	(949)	–	(999)
(290)	(55)	(35)	(890)	(1,426)	(189)	(3,263)	(31)	(3,565)
(330)	**(81)**	**(46)**	**(1,042)**	**(1,778)**	**(407)**	**(4,362)**	**(41)**	**(5,003)**
–	–	–	–	–	–	–	(66,342)	(66,342)
(17,175)	(1,105)	–	(8,152)	(58,707)	(34,150)	(138,048)	196	(166,943)
–	–	–	–	–	(168)	(168)	–	(1,066)
(17,505)	**(1,186)**	**(46)**	**(9,194)**	**(60,485)**	**(34,725)**	**(142,578)**	**(66,187)**	**(239,354)**
18,476	**254**	**4,602**	**16,177**	**31,817**	**38,754**	**127,229**	**(130,317)**	**81,786**
(7,549)	(1,027)	–	–	(34,416)	(33,200)	(93,042)	–	(120,581)
(9,626)	(78)	–	(8,152)	(24,291)	(950)	(45,006)	196	(46,362)
(17,175)	**(1,105)**	**–**	**(8,152)**	**(58,707)**	**(34,150)**	**(138,048)**	**196**	**(166,943)**

Segment assets and liabilities at December 31, 2013

in € thousand	Direct investments FV AG	IC 03	IC 07	IC 12	IC 13
Intangible assets and property, plant and equipment	97	–	–	–	–
Investment property	37,279	–	7,860	7,980	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)	(48)	(77)	(145)
Other liabilities	(288)	(61)	(114)	(113)	(214)
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)**

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)	(392)	(520)	(215)	(1,840)	–	(2,150)
(332)	(12)	(28)	(863)	(1,310)	(340)	(3,387)	(27)	(3,702)
(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	1/1–9/30/2014	1/1–9/30/2013 [1)]
Receivables	16	230
Liabilities	(14)	(91)
Total	**2**	**139**

[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, November 3, 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, November 3, 2014
Fair Value REIT-AG

Frank Schaich

Imprint

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