Semi-Annual Report 2012

fair value REIT

Key figures Fair Value Group

Revenues and earnings		1/1–6/30/2012	1/1–6/30/2011
Rental revenues	in € thousand	5,555	5,176
Net rental result	in € thousand	4,325	4,392
EBIT	in € thousand	2,147	2,945
Result from equity-accounted investments	in € thousand	2,584	3,066
Consolidated net income	in € thousand	2,058	3,198
Earnings per share	in €	0.22	0.34
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	2,882	2,864
EPRA-Earnings/FFO per share	in €	0.31	0.31
Assets and capital		**6/30/2012**	**12/31/2011**
Non-current assets	in € thousand	179,144	180,078
Current assets	in € thousand	10,710	11,304
Total assets	in € thousand	189,854	191,382
Equity/Net asset value (NAV)	in € thousand	79,314	77,472
Equity ratio	in %	41.8	40.5
Immovable assets	in € thousand	179,818	180,975
Equity within the meaning of Section 15 of the REIT act	in € thousand	93,862	92,208
Equity ratio within the meaning of Section 15 of the REIT act (minimum 45 %)	in %	52.2	51.0
Real estate investments[1]		**6/30/2012**	**12/31/2011**
Number of properties	amount	71	73
Market value of properties[2]	in € million	221	222
Contractual rent	in € million	18.5	18.4
Potential rent	in € million	19.5	19.7
Occupancy	in %	95.0	93.8
Remaining term of rental agreements	years	5.7	6.0
Contractual rental yield before costs	in %	8.4	8.3

[1] Relating to Fair Value's proportionate portfolio. For further information see Annual Report 2011, pages 122–127.
[2] Based on the market valuation dated December 31, 2011 and on the purchase price regarding Alzey (IC 01).

Further key figures

		6/30/2012	12/31/2011
Number of shares in circulation	in pieces	9,325,572	9,325,572
Net asset value (NAV) per share	in €	8.51	8.31
EPRA-NAV per share	in €	9.53	9.27
Number of employees (including Management Board)		3	3

Letter to Shareholders

Dear Shareholders and Business Partners, Ladies and Gentlemen,

Germany impressively maintained its position as the driving force in Europe in the first half of 2012 as it remained almost unscathed by the stuttering economy in many parts of Europe. However, various early indicators such as the ifo Business Climate Index or the development of VAT payments are now pointing towards a looming slowdown. The wage agreements in various key industries are however helping consumers enjoy more purchasing power thanks to tangible wage increases, which will initially have a positive effect on domestic consumption and should therefore temporarily support economic growth in Germany. Gross domestic product growth of 1.0 % is still expected for the full year 2012.

As the companies in Germany have only very cautiously used the positive development of the last two years for expansion, the overall positive market estimation seems to form a solid base for demand development in the real estate industry, particularly at SMEs.

In this environment, we were able to increase the occupancy rate of our real estate portfolio from 93.8 % at the end of 2011 back up to the long-term average of 95.0 % in the first half of the year, with the average time to maturity of the lease agreements totalling 5.7 years as of June 30, 2012. Already concluded but not yet effective lease agreements will also have a positive impact in the second half of 2012.

Consolidated net income for the first half of 2012 came in at € 2.1 million, down on the previous year figure of € 3.2 million. The fall compared to the previous year was two thirds attributable to the higher earnings contribution from the market valuation of interest rate hedges in the previous year, and one third to the capitalised and amortised renovation costs in the first half of 2012 as well as the valuation loss on a property sold during the year.

In contrast, consolidated net income adjusted for changes in market values, or FFO earnings, came in at € 2.9 million in the first half of 2012, on a par with the previous year and therefore above expectations.

In the first half of 2012, Group equity rose by 2 % from € 77.5 million to € 79.3 million. As a result, the balance sheet net asset value (NAV) increased from € 8.31 to € 8.51 per share in circulation. The REIT equity ratio also increased from 51.0 % to approximately 52.2 % of immovable assets.

The sales of three directly owned bank outlets, which are largely not included in the figures as of June 30, 2012, resulted in gross proceeds on average 7 % higher than the last defined market value. These proceeds show the increased demand for real estate on a wider scale. However, this development has not yet been reflected in the market capitalisation of Fair Value REIT-AG, which has been over 50 % below the NAV for several months.

In line with our strategic aims, we will use the increased demand for real estate, in no small part driven by low interest rates, to make further sales of properties owned directly or by associated companies.

The higher operating result than planned in the first half of 2012 forms the basis for increasing our forecast for the current financial year. For the full year 2012, we are now anticipating adjusted consolidated net income or FFO of € 5.2 million, or € 0.56 per share (previous forecast: € 4.8 million or € 0.52 per share).

Munich, August 9, 2012

Kind regards

Frank Schaich, CEO

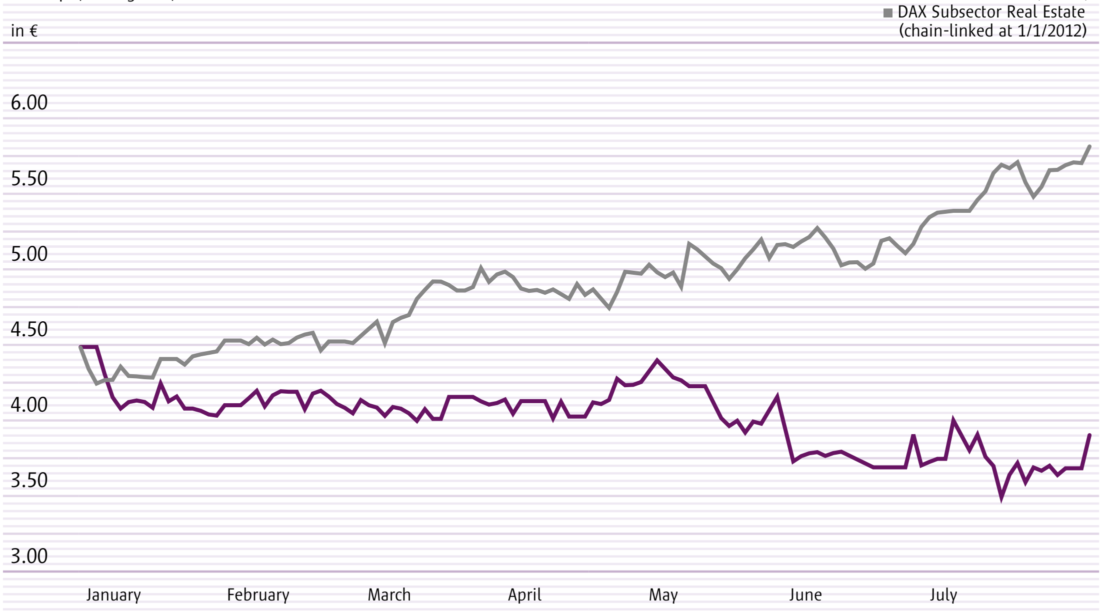
The Share

Development of the Stock Market and die Fair Value Share

After the gains in the first quarter, the German stock markets endured a long period with substantially falling prices during the second quarter which continued into June.

A slight recovery was then recorded shortly before the close of the first half of the year. Over the first few months of the year, the Fair Value share largely tended towards sideways movement; during the second quarter a short rise up to € 4.39 at the start of May was followed by several weeks of weaker prices. From an opening price of € 4.40 on January 2, 2012, the share rose to € 4.50 on January 4, 2012, its highest price in the year thus far. The lowest price during the first half of the year was recorded at € 3.70 on June 18, 2012. On the final day of trading in the first half of the year (June 29, 2012), the Fair Value share closed at € 3.71. This constituted a market capitalisation of around € 34.9 million.

Development of Fair Value's share
January 3, to August 6, 2012



Key data Fair Value REIT-AG's share

at June 30, 2012

Sector	Real Estate (REIT)
WKN (German Securities Code)/ISIN	A0MW97/DE000A0MW975
Stock symbol	FVI
Share capital	€ 47,034,410.00
Number of shares (non-par value shares)	9,406,882 pcs.
Proportion per share in the share capital	€ 5.00
Initial listing	November 16, 2007
High/low first half year 2012 (XETRA)	€ 4.50/€ 3.70
Market capitalization at June 30, 2012 (XETRA)	€ 34.9 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated sponsors	Close Brothers Seydler Bank
Indices	RX REIT All Shares-Index, RX REIT-Index

In the first half of the current financial year, approximately 0.3 million Fair Value REIT-AG shares were traded on all stock markets. This resulted in a trading volume of around € 1.1 million in the reporting period, compared with some € 3.4 million in the same period in the previous year.

Further information about the share, the shareholder structure as well as other investor relations content is available on www.fvreit.de in the "Investor Relations" section.

Financial calendar

Fair Value REIT-AG

September 5, 2012	Presentation, 12th Conference Real Estate Share Initiative (Berlin, Germany)
November 8, 2012	Interim Report 1st to 3rd Quarter, 2012
November 12, 2012	Presentation, German Equity Forum (Frankfurt/Main, Germany)

Group Interim Management Report

Economic Report

Business Activities and General Conditions

Real Estate Portfolio and Group Structure

The occupancy rate of the real estate managed by the Group and its associated companies calculated on a proportional basis in relation to Fair Value increased to 95.0 %, compared with 93.8 % on December 31, 2011. The weighted remaining terms of the lease agreements as of June 30, 2012 totalled 5.7 years, compared with 6.0 years as of December 31, 2011.

The following table provides an overview of the real estate assets attributable to the Group (€ 128 million) and its associated companies (€ 358 million) as of June 30, 2012. The market values of the properties are generally based on property-by-property evaluations by the external experts CBRE as of December 31, 2011, to which reference is made individually on pages 122 to 127 of the Annual Report. Only in the case of the sold property in Alzey, the agreed sale price was applied.

Real estate assets of Fair Value REIT-AG

					Fair Value REIT-AG's share					
	Total plot size[1] [m²]	Lettable space[1] [m²]	Annualized contractual rent p. a. 6/30/2012[1] [T€]	Market value 12/31/2011[1)2)] [T€]	Participating interest 6/30/2012 [%]	Annualized contractual rent 6/30/2012[3] [T€]	Market value 12/31/2011[2)3)] [T€]	Occupancy level[4)6)] [%]	Ø-remaining term of rental agreements[5)6)] [years]	Contractual rental yield before costs[6)7)] [%]
Segment direct investments	57,247	42,241	3,293	45,942	100.0	3,293	45,942	97.6	10.1	7.2
Segment subsidiaries	157,925	118,826	7,536	82,440	57.6	4,296	47,507	91.5	3.8	9.0
Total Group	**215,172**	**161,068**	**10,829**	**128,382**	**72.7**	**7,589**	**93,449**	**94.1**	**6.5**	**8.1**
Total associated companies	340,250	269,156	31,362	357,750	35.7	10,952	127,671	95.7	5.1	8.6
Total Portfolio	**555,422**	**430,224**	**42,191**	**486,132**	**45.5**	**18,541**	**221,121**	**95.0**	**5.7**	**8.4**

1) Does not take into account the respective participating interest
2) According to market valuation by CBRE GmbH, Berlin as of December 31, 2011 or according to the purchase agreement (Alzey, IC 01)
3) Proportionate values attributable to Fair Value based on percentage of participations
4) Contractual rent/(contractual rent + vacant space at standard market rent)
5) Income-weighted
6) (Sub) totals taking the respective participating interest into account
7) Contractual rents as of June 30, 2012 as % of the market value as of December 31, 2011 or of the sale price (Alzey, IC 01).

Macroeconomic and Sector-Specific Conditions

Macroeconomic Situation Germany's economy recorded comparably upbeat development in the first half of 2012. After the German economic performance increased substantially in the first quarter, the gross domestic product (GDP) rose by only 0.2 % compared to the previous quarter in Q2 2012 according to estimates from the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung – DIW). This figure is adjusted for price-related, seasonal and calendar effects. In the rest of the year, the German economy will likely be slowed more strongly by the crisis in the Eurozone. On average for the year 2012, the German economy is expected to grow by 1 % overall, although this growth will mainly be driven by the domestic economy. The employment market recorded comparably robust development in the first half of 2012. In June of this year, the unemployment rate was recorded at 6.6 % (previous year: 6.9 %). It remains unclear how the foreseeable deterioration of economic figures will impact the German employment market.

In June 2012, consumer prices in Germany were 1.7 % higher than in the previous year. The upward trend in prices therefore slowed further. In May of the current financial year, the inflation rate – measured by the consumer price index – had been 1.9 %. Shortly after the end of the reporting period the European Central Bank on July 5, 2012 reduced the base rate of interest from 1.0 % to an historical low of 0.75 %.

Sources: Destatis - German Federal Statistics Agency, DIW, German Federal Employment Agency

The Real Estate Market in Germany **The Leasing Market** **Office Space** Germany's economy recorded comparably upbeat development in the first half of 2012. In the seven German centres for office space[1)], Jones Lang LaSalle (JLL) recorded a sales volume of 1.42 million m² in the reporting period, which represents a fall of almost 14 % compared to the first half of the previous year. The number of vacancies in German real estate strongholds has fallen during the current financial year. This was reflected in a vacancy rate of 9.2 %, which was around 100 basis points down on that of the first half of 2011. Demand is expected to remain robust until the end of the year due to the upbeat employment situation at companies.

Retail Space With the lower increase in consumer prices compared to the previous year and the robust employment market up to now, the conditions for retailing remain favourable, meaning that the environment on the rental market for retail properties is also generally positive.

The Investment Market The transaction volumes on the German real estate investment market fell by around 16 % in the first half of 2012 year-on-year to around € 9.4 billion. In the office sector, the volume of traded properties in the first six months of the year totalled € 4.2 billion. Compared to the first half of 2011, this represents an increase of around 45 %. The volume of traded retail properties increased slightly in spring after a cautious start to the year. Its proportion of the total volume was recorded at 30 % in the first half of 2012 (€ 2.9 billion). Of this amount, almost half was attributable to the sale of shopping centres. This was followed by retail parks, which made up a 16 % share in the first half of the financial year. Due to the continued stable demand from investors, buoyant investment activity is expected for the second half of the year. According to estimates from JLL, in the second half of the year foreign-based investors are likely to be increasingly active on the German investment market.

Source: Jones Lang LaSalle
[1)] Berlin, Düsseldorf, Frankfurt/ Main, Hamburg, Munich, Stuttgart, Cologne

Overall Statement of the Management on Business Performance

Fair Value REIT-AG concluded the first six months of the current financial year 2012 with consolidated net income of € 2.1 million, or € 0.22 per share (previous year: € 3.2 million or € 0.34 per share).

Two thirds of the decline compared with the previous year go back to the result of the market valuation of the interest rate hedges through profit and loss both in the Group and at the equity-accounted participations. From a year-on-year perspective, this resulted in lower income from equity-accounted companies and to higher interest expenses in the Group. The other third of the decline in consolidated net income resulted from the valuation loss on the sold property in Alzey (subsidiary IC 01; see Note 4).

On the other hand, the Fair Value Group's consolidated net income adjusted for changes in market values and valuation losses (EPRA earnings or FFO) was on par with the previous year:

Adjusted consolidated net income (EPRA earnings or FFO)

in € thousand	1/1–6/30/2012 According to consolidated income statement	1/1–6/30/2012 Adjustment for extraordinary factors: Profits/losses on sale and valuation	1/1–6/30/2012 Adjustment for extraordinary factors: Interest rate swaps	1/1–6/30/2012 **Adjusted consolidated income statement**	1/1–6/30/2011 According to consolidated income statement	1/1–6/30/2011 Adjustment for extraordinary factors: Profits/losses on sale and valuation	1/1–6/30/2011 Adjustment for extraordinary factors: Interest rate swaps	1/1–6/30/2011 **Adjusted consolidated income statement**
Net rental income	**4,325**	–	–	**4,325**	**4,392**	**–**	**–**	**4,392**
General administrative expenses	(1,194)	–	–	(1,194)	(1,156)	–	–	(1,156)
Total other operating income and expenses	26	–	–	26	37	–	–	37
Earnings from sale of investment properties	1	(1)	–	–	(74)	74	–	–
Valuation profit/loss	(1,011)	1,011	–	–	(254)	254	–	–
Operating result	**2,147**	**1,010**	–	**3,157**	**2,945**	**328**	–	**3,273**
Income from participations	**2,584**	**40**	**(70)**	**2,554**	**3,066**	–	**(527)**	**2,539**
Net interest expense	(2,324)	–	158	(2,166)	(2,277)	–	(54)	(2,223)
Income before minority interests	**2,407**	**1,050**	**88**	**3,545**	**3,734**	**328**	**(581)**	**3,481**
Minority interests	(349)	(296)	(18)	(663)	(536)	(105)	24	(617)
Consolidated net income	**2,058**	**754**	**70**	**2,882**	**3,198**	**223**	**(557)**	**2,864**
Adjusted consolidated net income (FFO) per share in €	–	–	–	0.31	–	–	–	0.31

Net rental income of € 4.3 million was almost on par with the previous year figure of € 4.4 million. Income from participations came in at € 2.6 million, around € 0.5 million down on the previous year figure of € 3.1 million. However, this includes income from the market valuation of interest hedging transactions worth € 0.5 million. Income from participations adjusted for this effect was recorded at the same level as the previous year.

Taking account of net interest expenses adjusted for market value changes to interest hedging transactions affecting profit or loss and the minority interests, adjusted consolidated net income (EPRA earnings or FFO) in the first half of 2012 amounted to € 2.9 million or € 0.31 per share, which was on par with the previous year level.

Income, Financial and Net Asset Position

Income Position

in € thousand	1/1–6/30/2012	1/1–6/30/2011	Change	in %
Total revenues	6,594	6,354	240	4
Net rental income	4,325	4,392	(67)	(2)
General adminstrative expenses	(1,194)	(1,156)	38	3
Sale and valuation result	(984)	(291)	(693)	(238)
Operating result	2,147	2,945	(798)	(27)
Income from participations	2,584	3,066	(482)	(16)
Net interest expense	(2,324)	(2,277)	47	2
Minority interest in the result	(349)	(536)	187	35
Consolidated net income	**2,058**	**3,198**	**(1,140)**	**(36)**

With net sales totalling € 6.6 million, the previous year figure was exceeded by € 0.2 million or 4 %. This change resulted from the balance of higher rental income (+ € 0.3 million) and lower income from incidental expense allocations (– € 0.1 million).

The net rental income of € 4.3 million was around € 0.1 million or 2 % down on the previous year figure. The reason for this was the € 0.3 million rise in real estate-related expenses, which resulted equally from rental-related reconstruction costs and on-going maintenance costs.

The sale and valuation expenses of € 1.0 million (previous year: € 0.3 million) are one third attributable to capitalised expenses for leasing-related reconstruction which were amortised immediately and two thirds to the valuation loss in connection with the sold property in Alzey (see Note 4).

The operating result of € 2.1 million was therefore € 0.8 million or 27 % down on the € 2.9 million reported in the previous year.

The results from the equity-accounted associated companies, on the other hand, decreased by € 0.5 million or 16 % to € 2.6 million which was caused solely by changes in the valuation of interest rate hedges reported in the income statement. The positive, liquidity-neutral contribution to operating income amounted to € 0.1 million, compared with € 0.6 million in the previous year.

Net interest expenses came in on par with the previous year at € 2.3 million. This item contains a liquidity-neutral expense from the market valuation of an interest rate hedge worth € 0.2 million.

After taking the minority interests at subsidiaries into account, the Fair Value Group recorded IFRS consolidated net income of € 2.1 million (previous year: € 3.2 million). This represents earnings per share of € 0.22 compared with € 0.34 in the previous year.

Financial Position

Cash Flow from Operating Activities The cash inflow from operating activities in the period under review totalled € 2.4 million and was therefore 12 % up on the previous year mark of € 2.1 million.

Cash and cash equivalents

in € thousand	1/1–6/30/2012	1/1–6/30/2011
Cash flow from operating activities	2,351	2,093
Cash flow from investment activities	1,196	804
Cash flow from financing activities	(3,430)	(4,601)
Change of cash and cash equivalents	**117**	**(1,704)**
Cash and cash equivalents – start of period	7,725	11,975
Cash and cash equivalents – end of period	**7,842**	**10,271**

Cash Flow from Investment Activities A net cash inflow of € 1.2 million resulted from investment activities following the disposal of two sold properties, compared with € 0.8 million in the previous year. The figure from the previous year resulted from the balance of proceeds totalling € 2.4 million and investments totalling € 1.6 million.

Cash Flow from Financing Activities Due to the repayment of bank borrowings, financing activities generated a net cash outflow of € 3.4 million compared to € 4.6 million in the corresponding period in the previous year. The previous year figure contained the dividend distribution of € 0.9 million for the financial year 2010. The dividend distribution for the financial year 2011 totalling € 0.7 million was only paid out after the reporting date.

Liquidity In the reporting period, cash and cash equivalents in the Group increased by € 0.1 million to € 7.8 million before the dividend distribution for the financial year 2011.

Net Asset Position

Assets Total assets as of June 30, 2012 amounted to € 189.9 million, which was down by 1 % on the level from December 31, 2011 (€ 191.4 million).

Non-current assets totalling € 179.1 million accounted for 94 % of total assets (December 31, 2011: also 94 %). Investment properties accounted for 71 % or € 127.5 million (December 31, 2011: € 129,1 million or 72 %) of this figure. € 51.4 million from the equity-accounted participations in the associated companies (December 31, 2011: € 50.7 million) is also included in non-current assets.

A total of 73 %, or € 7.8 million, of the current assets of € 10.7 million (December 31, 2011: € 11.3 million) comprise cash and cash equivalents, while 19 % are receivables and other assets, and 8 % is real estate held for sale in Alzey.

Equity and Liabilities As of June 30, 2012, 42 % of the assets were financed by equity and 58 % by debt (unchanged from December 31, 2011). It should be noted that the minority interests in subsidiaries amounting to € 14.5 million are shown under liabilities in accordance with IFRS. If minority interests in subsidiaries were considered equity, as proposed in the REIT Act, equity would increase to € 93.9 million. This represents around 49 % of total assets (December 31, 2011: 48 %) or 52 % of immovable assets.

Financial Liabilities The Group's financial liabilities of € 87.6 million as of June 30, 2012 account for 46 % of total assets, compared with 48 % or € 91.0 million as of December 31, 2011. Of these, 22 % or € 19.6 million (December 31, 2011: 42 % or € 38.2 million) were due within one year.

The background for the increase in the proportion of non-current liabilities is the extension of all financial liabilities at the BBV 06 subsidiary. Of these, € 21 million was extended until December 31, 2014. A portion of € 7.5 million is to be repaid by June 30, 2013 and therefore remains due within one year.

Equity/Net Asset Value (NAV) The net asset value (NAV), calculated as the sum of the market values of the real estate and the participations, after taking the other balance sheet items into account, amounted to € 79.3 million as of June 30, 2012, compared with € 77.5 million at the end of the previous year.

Based on 9,325,572 shares in circulation as of the balance sheet date, the NAV per share was € 8.51, compared to € 8.31 on December 31, 2011.

Balance sheet NAV

in € thousand		6/30/2012	12/31/2011
Market value of properties (including properties held for sale)		128,382	130,227
Equity-accounted participations		51,436	50,748
Miscellaneous assets minus miscellaneous liabilities		2,768	3,257
Minority interests		(14,548)	(14,736)
Financial liabilities		(87,597)	(91,027)
Other liabilities		(1,127)	(997)
Net Asset Value		**79,314**	**77,472**
Net Asset Value per share	in €	8.51	8.31

The "Best Practice 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		6/30/2012	12/31/2011
NAV pursuant to consolidated balance sheet		79,314	77,472
Market value of derivative financial instruments		6,674	5,893
Thereof due to minority interests		(74)	(88)
Market value of derivative financial instruments of equity-accounted participations (proportionate)		2,995	3,201
EPRA-NAV		**88,909**	**86,478**
EPRA-NAV per share	in €	9.53	9.27

Supplementary Report

Sale of Real Estate in Halstenbek and Nahe

After the balance sheet date, the directly held properties in Halstenbek, Hauptstraße 33 and in Nahe, Segeberger Str. 21, which are leased to Sparkasse Südholstein, were sold for € 920 thousand and € 766 thousand respectively. The sale prices for the properties represent cap rates of 7.4 % and 8.1 % respectively, and were 4 % and 9 % respectively up on the market values as of December 31, 2011. The transitions of ownership, benefits and obligations are due to take place on September 1, 2012.

Employment Contract Frank Schaich, Term from October 1, 2012 to September 30, 2016

Based on the Supervisory Board decision to extend the Management Board mandate of Mr. Frank Schaich by another four years, on July 11, 2012 a new employment contract for the period from October 1, 2012 to September 30, 2016 was concluded which contains the following core compensation provisions:

1. Fixed annual salary of € 220,000 gross.
2. A bonus of 4 % of the distributed dividend. Part of his bonus will be paid in the form of virtual shares (rights) according to the percentage by which the company's average share price on the four quarterly reporting dates lies below the Group's NAV per share as stated on the balance sheet. The rest will be paid out at the same time as the dividends in cash. The virtual shares entitle him to a pay-out in cash no earlier than two years after they have been granted or, if appropriate, on the date of an earlier exit from the company, at the share price then applicable.
3. Another cash bonus totalling 10 % of the annual savings on company administration costs achieved is also paid. The basis for this calculation is the administration costs for the financial year 2011 for the first contractual year. For the following year, the reference amount is always corrected by the percentage change of the NAV.
4. The maximum total amount of the bonuses according to 2. and 3. is 100 % of the fixed annual salary including specific fringe benefits (use of a company car and pension contributions). For the year 2012,

the bonus according to 2. are pro rata temporis, calculated from October 1, 2012. The bonus according to 3. relate to the full year 2012.

5. Additional bonus totalling 0.2 % of the positive change in the market capitalisation of the company. The calculation of the compensation entitlement from these long-term components is made after four years by comparing the market capitalisation of the company on October 1, 2012, and September 30, 2016. In the case of an earlier leave, the calculation and pay-out is made at the termination of the contract. The amount of this bonus component is limited to the annual fixed compensation pursuant to 1. plus the annual average of the variable compensation according to 2. and 3. when it is calculated.
6. Main fringe benefits: Company pension contribution of 10 % of the basic salary pursuant to 1. and the provision of a car in the price class up to € 50,000 net for business and private use, or alternatively the payment of a travel allowance of around € 14,000 gross p. a.

Risk Report

The Fair Value Group's business activities expose it to a diversity 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 48 to 54 of the Fair Value REIT-AG Annual Report 2011. Overall, the Management Board continues to expect that no risks will occur which endanger the continued existence of Fair Value REIT-AG in the financial year 2012.

Opportunities and Forecast

Operating business has developed very well overall over the last six months of the currently financial year. The occupancy rate of the Fair Value portfolio was increased to 95.0 % by the reporting date (December 31, 2011: 93.8 %) and is therefore equivalent with the long-term average once more. Further, already concluded lease agreements for rental space not yet handed over will have a positive effect on the occupancy rate in the second half of the year as well as on the contractual rent.

Net rental income and the adjusted operating result were in line with expectations. Increased income from associated companies allowed an adjusted consolidated net income (EPRA earnings or FFO) of € 2.9 million, which was higher than planned.

FFO Forecast for 2012 increased

Due to the positive development in the first six months of the year and the anticipated development in the second half of 2012, the Management Board is increasing the forecast for the full year 2012 and is now expecting an adjusted consolidated net income (EPRA earnings or FFO) for 2012 of € 5.2 million (previous forecast: € 4.8 million), which represents € 0.56 per share (previous forecast € 0.52).

Munich, August 6, 2012

Fair Value REIT-AG

Frank Schaich, CEO

Consolidated Interim Financial Statements

Balance Sheet

Consolidated balance sheet

in € thousand	Note no.	6/30/2012	12/31/2011
Assets			
Non-current assets			
Intangible assets	3	161	180
Property, plant and equipment		5	6
Investment property	4	127,522	129,127
Equity-accounted investments	5	51,436	50,748
Other receivables and assets		20	17
Total non-current assets		**179,144**	**180,078**
Current assets			
Non-current assets available for sale	6	860	1,100
Trade receivables		1,268	1,284
Income tax receivables		71	75
Other receivables and assets		669	1,120
Cash and cash equivalents		7,842	7,725
Total current assets		**10,710**	**11,304**
Total assets		**189,854**	**191,382**
Equity and liabilities			
Equity			
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Reserve for changes in value	7	(6,674)	(6,481)
Loss carryforward		(6,815)	(8,850)
Treasury shares		(398)	(398)
Total equity		**79,314**	**77,472**
Non-current liabilities			
Minority interests		14,548	14,736
Financial liabilities	8	67,952	52,810
Derivative financial instruments		6,349	5,893
Other liabilities		57	66
Total non-current liabilities		**88,906**	**73,505**
Current liabilities			
Provisions		220	250
Financial liabilities	8	19,645	38,217
Trade payables		699	1,007
Other liabilities		1,070	931
Total current liabilities		**21,634**	**40,405**
Total equity and liabilities		**189,854**	**191,382**

Income Statement

Consolidated income statement

in € thousand	Note no.	1/1–6/30/ 2012	1/1–6/30/ 2011	4/1–6/30/ 2012	4/1–6/30/ 2011	1/1–3/30/ 2012	1/1–3/30/ 2011
Rental income		5,555	5,176	2,676	2,600	2,879	2,576
Income from operating and incidental costs		1,039	1,178	624	565	415	613
Leasehold payments		(3)	(10)	–	(5)	(3)	(5)
Real estate-related operating expenses		(2,266)	(1,952)	(1,088)	(715)	(1,178)	(1,237)
Net rental result		**4,325**	**4,392**	**2,212**	**2,445**	**2,113**	**1,947**
General administrative expenses	9	**(1,194)**	**(1,156)**	**(665)**	**(641)**	**(529)**	**(515)**
Total other operating income and expenses		**26**	**37**	**(18)**	**(2)**	**44**	**39**
Net income from the sale of investment properties		1,214	2,500	114	–	1,100	2,500
Expenses in connection with the sale of investment properties		(1,213)	(2,574)	(99)	–	(1,114)	(2,574)
Result from sale of investment properties	6	**1**	**(74)**	**15**	**–**	**(14)**	**(74)**
Valuation gains		–	–	–	–	–	–
Valuation losses		(1,011)	(254)	(859)	(70)	(152)	(184)
Valuation result	4	**(1,011)**	**(254)**	**(859)**	**(70)**	**(152)**	**(184)**
Operating result		**2,147**	**2,945**	**685**	**1,732**	**1,462**	**1,213**
Result from equity-accounted investments	5	**2,584**	**3,066**	**1,166**	**1,170**	**1,418**	**1,896**
Interest income		18	37	15	27	3	10
Interest expense	10	(2,342)	(2,314)	(1,074)	(1,161)	(1,268)	(1,153)
Income before taxes		**2,407**	**3,734**	**792**	**1,768**	**1,615**	**1,966**
Income tax		–	–	–	–	–	–
Income before minority interests		**2,407**	**3,734**	**792**	**1,768**	**1,615**	**1,966**
Minority interest in the result		(349)	(536)	(92)	(398)	(257)	(138)
Net income		**2,058**	**3,198**	**700**	**1,370**	**1,358**	**1,828**
Earnings per share in € (basic/diluted)		0.22	0.34	0.08	0.15	0.15	0.20

Statement of Comprehensive Income

Consolidated statement of comprehensive income		
in € thousand	1/1–6/30/2012	1/1–6/30/2011
Net income	**2,058**	**3,198**
Other results		
Change in cash flow hedges	(298)	772
Thereof due to minority interests	32	(93)
Change in cash flow hedges of associated companies	104	349
Total other results	**(162)**	**1,028**
Comprehensive income	**1,896**	**4,226**

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	Distribution of dividends	Retained earnings	Total
Balance at January 1, 2011	**9,325,572**	**47,034**	**46,167**	**(398)**	**(5,732)**	**(932)**	**(12,513)**	**73,626**
Purchase of treasury shares	—	—	—	—	—	—	—	—
Total net income	—	—	—	—	1,028	—	3,198	4,226
Balance at June 30, 2011	**9,325,572**	**47,034**	**46,167**	**(398)**	**(4,704)**	**(932)**	**(9,315)**	**77,852**
Balance at January 1, 2012	**9,325,572**	**47,034**	**46,167**	**(398)**	**(6,480)**	**(932)**	**(7,919)**	**77,472**
Effect resulting out of the change of consolidation scope	—	—	—	—	—	—	—	—
Hedge Accounting	—	—	—	—	—	—	—	—
Distribution of dividends	—	—	—	—	—	(2)	—	(2)
Adjustment without effect on income IFRS	—	—	—	—	—	—	(20)	—
Total net income	—	—	—	—	(194)	—	2,058	1,864
Balance at June 30, 2012	**9,325,572**	**47,034**	**46,167**	**(398)**	**(6,674)**	**(934)**	**(5,881)**	**79,314**

Cash Flow Statement

Consolidated cash flow statement		
in € thousand	1/1–6/30/2012	1/1–6/30/2011
Net income	**2,058**	**3,198**
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Income tax expenses/(income)	4	23
Amortization of intangible assets and depreciation of property, plant and equipment	20	2
(Profits)/losses from the disposal of investment properties	(1)	74
Valuation result	650	254
Income from equity-accounted investments	(2,584)	(3,066)
Withdrawals from equity-accounted investments	2,010	265
Loss/(profit) of minority shareholders in subsidiaries	349	536
Disbursement to minority shareholders in subsidiaries	(569)	(647)
Result from the valuation of derivative financial instruments	158	(54)
Compensation payment received	–	2,000
Change in assets, equity and liabilities		
(Increase)/decrease in trade receivables	16	209
(Increase)/decrease in other liabilities	448	78
(Decrease)/increase in provisions	(30)	(79)
(Decrease)/increase in trade payables	(308)	(195)
(Decrease)/increase in other liabilities	130	(505)
Cash flow from operating activities	**2,351**	**2,093**
Payments for the purchase of non-current assets	–	(220)
Investments in investment properties	–	(1,401)
Income from the disposal of investment properties	1,196	2,426
Investments in property, plant and equipment and intangible assets	–	(1)
Cash flow from investment activities	**1,196**	**804**
Distribution of dividends	–	(932)
Repayment of financial liabilities	(3,430)	(3,669)
Cash flow from financing liabilities	**(3,430)**	**(4,601)**
Cash effective change of liquid funds	**117**	**(1,704)**
Cash and cash equivalent (start of period)	7,725	11,975
Cash and cash equivalent (end of period)	**7,842**	**10,271**

Notes

(1) General Information about the Company

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

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

(2) Accounting and Valuation Methods

Basis of the Preparation The Interim Consolidated Financial Statement has been prepared on the basis of the International Financial Reporting Standards ("IFRSs") in compliance with IAS 34 "Interim Financial Reporting".

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

Consolidation All subsidiaries are included in the consolidated financial statement. The composition of the consolidated group of companies has not changed since December 31, 2011.

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, 2011.

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, 2011. 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, 2011.

(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. Amortizations totalling € 18,000 of a carrying amount of € 160,000 were carried out in the reporting period under review.

(4) Investment Property

Development of investment property

in € thousand	Direct investments	Subsidiaries	**Total**
Acquisition costs			
Balance at January 1, 2012	**51,550**	**115,505**	**167,055**
Additions (subsequent acquisition costs)	349	12	361
Disposals (Sale)	(95)	—	(95)
Reclassification to held-for-sale	—	(860)	(860)
Balance at June 30, 2012	**51,804**	**114,657**	**166,461**
Changes in value			
Balance at January 1, 2012	**(5,513)**	**(32,415)**	**(37,928)**
Write-downs	(349)	(662)	(1,011)
Balance at June 30, 2012	**(5,862)**	**(33,077)**	**(38,939)**
Fair values			
Balance at January 1, 2012	46,037	83,090	129,127
Balance at June 30, 2012	**45,942**	**81,580**	**127,522**

Renovation costs of € 349,000 were incurred in connection with a property owned directly by Fair Value in the period under review, and of € 12,000 at the subsidiary IC 13. The expenses are not regarded as value-enhancing, and therefore the value of the property does not diverge from the expert assessment as per December 31, 2011. Acquisition costs decreased by the assessed value of € 95,000 due to the sale of a property in Halstenbek, Seestraße 232 for the sale price of € 115,000.

In the course of the additionally required efforts to relet the commercial space in the mixed-use property in Alzey (subsidiary IC 01), the property was successfully sold to a local investor for owner occupation. The notarial sale agreement dated February 29, 2012 became effective on April 16, 2012 after approval by the shareholders' meeting. For the transition of ownership, benefits and obligations, the clearing of the restaurant space in the ground floor has been agreed in addition to the usual terms and conditions of the handover. However, this had not taken place by June 30, 2012. The property has therefore been reclassified into non-current assets held for sale.

The difference between the carrying amount of € 1,510,000 and the sale price of € 860,000 was recorded as a valuation loss of € 650,000 in the reporting period. However, insurance compensation for fire damage totalling € 116,000 was received, as the repair work for the fire damage is to be carried out after the transition of ownership, benefits and obligations at the cost of the buyer. The transaction therefore resulted in an economic result of € 976,000. In addition, the subsidiary saves on renovation work and rental costs totalling at least € 500,000. Following the transition of the property to the new owner, the subsidiary can be dissolved. A corresponding liquidation resolution has already been passed.

The fair values used for the remaining investment properties are those determined on December 31, 2011 by CB Richard Ellis GmbH, Frankfurt.

(5) Equity-accounted Participations

Development of equity-accounted participations

in € thousand	IC 12	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Proportionate equity							
Balance at January 1, 2012	**2,356**	**7,540**	**72**	**12,864**	**14,812**	**18,526**	**56,170**
Additions (acquisition costs)	–	–	–	–	–	–	–
Withdrawals	–	(217)	–	(511)	(366)	(920)	(2,014)
Change of consolidation scope	–	–	–	–	–	–	–
Proportionate earnings	(82)	318	4	818	760	766	2,584
Profit from cash flow hedge	–	–	–	–	136	–	136
Valuation of loan	–	(15)	(3)	–	–	–	(18)
Balance at June 30, 2012	**2,274**	**7,626**	**73**	**13,171**	**15,342**	**18,372**	**56,858**
Value adjustment							
Balance at January 1, 2012/June 30, 2012	**(175)**	**(543)**	**(64)**	**(1,059)**	**(1,786)**	**(1,795)**	**(5,422)**
Carrying amounts							
Balance at January 1, 2012	2,181	6,997	8	11,805	13,026	16,731	50,748
Balance at June 30, 2012	**2,099**	**7,083**	**9**	**12,112**	**13,556**	**16,577**	**51,436**

This refers to participations with holdings of between 20 % and 50 %. The € 688,000 increase in the carrying amounts in comparison to December 31, 2011 consists of the proportionate earnings allocation to Fair Value in the reporting period, amounting to a total of € 2,584,000 plus the proportional profit from cash flow hedges recorded without affecting net income, amounting to a total of € 136,000 minus withdrawals including withholding tax on interest income and the solidarity surcharges amounting to € 2,014,000 as well as the market valuation not affecting net income of a loan BBV 02 and IC 15, totalling € 18,000. The value adjustment arises from the net present value of company expenses not taken into account in the market valuations of the properties. For further information regarding the difference in value, please refer to the explanations on page 79 of the 2011 Annual Report.

Additional financial information pertaining to the equity-accounted associated companies is provided in the following tables, in which the information relates to the Fair Value REIT-AG share in the associated companies on the respective reporting dates and not to 100 % of the capital in the respective companies. The proportionate assets and liabilities of these companies are as follows prior to provision for changes in value:

Proportionate share of assets and liabilities of equity-accounted associated companies at June 30, 2012

in € thousand	IC 12	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	40.34 %	38.94 %	41.05 %	25.17 %	38.43 %	45.12 %	
Investment property	**2,949**	**14,248**	**566**	**30,128**	**41,493**	**38,488**	**127,872**
Trade receivables	31	95	5	7	85	185	408
Other receivables and assets	20	323	12	144	45	282	826
Cash and cash equivalents	184	1,292	29	2,657	727	1,326	6,215
Provisions	(6)	(7)	(4)	(17)	(13)	(17)	(64)
Financial liabilities	**(874)**	**(8,121)**	**(496)**	**(17,561)**	**(25,756)**	**(21,116)**	**(73,924)**
Derivative financial instruments	—	—	—	(1,725)	(1,036)	(234)	(2,995)
Trade payables	(20)	(15)	(30)	(9)	(100)	(78)	(252)
Other liabilities	(9)	(188)	(9)	(454)	(103)	(465)	(1,228)
Net assets at June 30, 2012	**2,275**	**7,627**	**73**	**13,170**	**15,342**	**18,371**	**56,858**

Overview of maturities of financial liabilities at June 30, 2012

	IC 12	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	Total
Long term	(847)	(1,211)	(474)	(16,743)	(24,845)	(20,609)	(64,729)
Short term	(27)	(6,910)	(22)	(818)	(911)	(507)	(9,195)
Total financial liabilities	**(874)**	**(8,121)**	**(496)**	**(17,561)**	**(25,756)**	**(21,116)**	**(73,924)**

Proportionate share of assets and liabilities of equity-accounted associated companies at December 31, 2011

in € thousand	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	40.34 %	38.94 %	41.05 %	25.17 %	38.43 %	45.12 %	
Investment property	**2,948**	**14,252**	**567**	**30,127**	**41,492**	**38,488**	**127,874**
Trade receivables	52	90	16	20	129	248	555
Other receivables and assets	4	279	12	124	27	8	454
Cash and cash equivalents	279	1,463	71	2,228	978	1,750	6,769
Provisions	(4)	(7)	(3)	(9)	(12)	(14)	(49)
Financial liabilities	**(887)**	**(8,302)**	**(505)**	**(17,724)**	**(26,329)**	**(21,363)**	**(75,110)**
Derivative financial instruments	—	—	—	(1,751)	(1,231)	(219)	(3,201)
Trade payables	(23)	(18)	(76)	(31)	(154)	(116)	(418)
Other liabilities	(13)	(217)	(10)	(120)	(88)	(256)	(704)
Net assets at December 31, 2011	**2,356**	**7,540**	**72**	**12,864**	**14,812**	**18,526**	**56,170**

Overview of maturities of financial liabilities at December 31, 2011

	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	Total
Long term	(860)	(1,187)	(484)	(17,070)	(25,271)	(20,863)	(65,735)
Short term	(27)	(7,115)	(21)	(654)	(1,058)	(500)	(9,375)
Total financial liabilities	**(887)**	**(8,302)**	**(505)**	**(17,724)**	**(26,329)**	**(21,363)**	**(75,110)**

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

Proportionate income situation for the equity-accounted associated companies at June 30, 2012

in € thousand	IC 12	IC 15	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	40.34 %	38.94 %	41.05 %	25.17 %	38.43 %	45.12 %	
Rental income	75	561	44	1,484	1,876	1,457	5,497
Income from operating and incidental costs	45	47	(4)	15	134	318	555
Real estate-related operating expenses	(163)	(112)	(18)	(72)	(436)	(543)	(1,344)
Net rental income	**(43)**	**496**	**22**	**1,427**	**1,574**	**1,232**	**4,708**
General administrative expenses	(7)	(24)	(4)	(58)	(80)	(111)	(284)
Other operating income and expenses (balance)	(14)	(4)	—	19	—	4	5
Valuation result	—	—	—	—	—	(40)	(40)
Operating result	**(64)**	**468**	**18**	**1,388**	**1,494**	**1,085**	**4,389**
Net interest expense	(18)	(150)	(14)	(596)	(793)	(319)	(1,890)
Valuation result of derivative financial instruments with effect to net income	—	—	—	26	59	—	85
Financial result	**(18)**	**(150)**	**(14)**	**(570)**	**(734)**	**(319)**	**(1,805)**
Economic result at first half year 2012	**(82)**	**318**	**4**	**818**	**760**	**766**	**2,584**

Proportionate income situation for the equity-accounted associated companies at June 30, 2011

in € thousand	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	40.27 %	38.89 %	40.45 %	25.16 %	38.37 %	45.11 %	
Rental income	89	585	44	1,493	1,913	1,410	5,534
Income from operating and incidental costs	47	60	4	35	148	352	646
Real estate-related operating expenses	(82)	(140)	(16)	(116)	(360)	(530)	(1,244)
Net rental income	**54**	**505**	**32**	**1,412**	**1,701**	**1,232**	**4,936**
General administrative expenses	(8)	(27)	(4)	(42)	(78)	(113)	(272)
Other operating income and expenses (balance)	1	1	—	4	45	(181)	(130)
Operating result	**47**	**479**	**28**	**1,374**	**1,668**	**938**	**4,534**
Net interest expense	(22)	(195)	(13)	(603)	(798)	(364)	(1,995)
Valuation result of derivative financial instruments with effect to net income	—	—	—	573	81	(127)	527
Financial result	**(22)**	**(195)**	**(13)**	**(30)**	**(717)**	**(491)**	**(1,468)**
Economic result at first half year 2011	**25**	**284**	**15**	**1,344**	**951**	**447**	**3,066**

(6) Non-current Assets available for Sale

in € thousand	6/30/2012	12/31/2011
Retail-property Frechen (BBV 06)	–	1,100
Mixed-use-property Alzey (IC 01)	860	–
	860	**1,100**

The valuation of the leasehold rental property in Frechen was carried out in the previous year at the agreed purchase price. The ownership, benefits and obligations changed hands for the property as of the cut-off date February 20, 2012. Selling expenses amounting to € 14,000 were incurred in the period under review. The addition related to the agreed purchase price for the mixed-use property in Alzey (see Note 4.)

(7) Reserve for Changes in Value

Included in the reserve for changes in value currently reducing the equity capital are changes in value (with no effect on net income) relating to interest rate hedges, to the extent that these fulfil the requirements for "Hedge Accounting". During the reporting period, the valuation reserve increased on balance by € 194,000. After deduction of the units held by minority shareholders, the share held by the group increased by € 330,000. In contrast, there was a reduction in reserved of € 136,000 related to the equity accounted participations, to the extent that these resulted from cash flow hedges made by the participating companies.

(8) Financial Liabilities

The long-term and short-term financial liabilities of € 87,597,000 decreased by € 3,430,000 compared to December 31, 2011. This was because of scheduled repayments of € 2,042,000. Extraordinary repayments totalling € 1,000,000 and € 275,000 were made following the sale of a retail property in Frechen (BBV 06) and following a special distribution of funds from BBV 03 subsidiary respectively. Net proceeds from the sale of the property in Halstenbek totalling € 113,000 were also completely used to repay financial liabilities.

Current financial liabilities fell by € 18,572,000 to € 19,645,000 compared with December 31, 2011. On the back of the agreement of terms and conditions on June 26, 2012, a large proportion of the loan at subsidiary BBV 06 was extended until December 31, 2014. Overall, a loan amount totalling € 20,029,000 was regrouped into non-current liabilities.

(9) General Administrative Expenses

in € thousand	1/1–6/30/2012	1/1–6/30/2011
Personnel expenses	199	207
Office costs	23	23
Travel and vehicle expenses	22	21
Accounting	58	73
Stock market listing	50	42
General meeting	48	48
Financial Reports	44	88
General meeting	37	34
Valuations	66	67
Legal and consulting costs	128	122
Audit expenses	100	67
Remuneration (Supervisory and Advisory Boards, General Partner)	29	42
Fund management fees	157	132
Trustee fees	58	57
Amortization and depreciation	18	2
Other	45	19
Non-deductible VAT	112	112
Total general administrative expenses	**1,194**	**1,156**

Of the general administrative expenses, € 878,000 (73.5 %) are attributable to Fair Value (€ 875,000 or 75,7 % in the previous year). To the subsidiaries € 316,000 (26.5 %) are attributable (€ 281,000 or 24.3 % in the previous year).

The audit expenses were impacted by the reversal of provisions affecting net income (€ 10,000) in the previous year and additional expenses (€ 25,000) in the current financial year. The additional expenses were reduced by € 5,000 after the reporting date following negotiations. As the corresponding documentation has not yet been received, the adjustment will be made in Q3-2012. The costs of fund management were reduced by € 18,000 in the previous year by an aperiodic credit note at a subsidiary.

(10) Interest Expenses

in € thousand	1/1–6/30/2012	1/1–6/30/2011
Valuation of derivative financial instruments	(158)	54
Other interest expenses	(2,160)	(2,368)
Total interest expenses	**(2,318)**	**(2,314)**

Interest expenses include costs relating to the change in the fair value of derivative financial instruments (interest rate hedges) amounting to € 158,000. Of this sum, € 17,500 are attributable to the minority interests.

(11) Segment Revenues and Results

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

		1/1–6/30/2012		1/1–6/30/2011
in € thousand	Segment revenues	Segment results	Segment revenues	Segment results
Direct investments	1,826	1,403	1,902	1,375
Subsidiaries	4,768	2,922	4,452	2,350
Total segment revenues and results	**6,594**	**4,325**	**6,354**	**3,725**
Central administrative expenses and other		(2,178)		(780)
Earnings from equity-accounted participations		2,584		3,066
Income from beneficial acquisition of participation		–		–
Other income from participations		–		–
Net interest expenses		(2,324)		(2,277)
Income tax		–		–
Minority interest in the result		(349)		(536)
Net income		**2,058**		**3,198**

Income statement by segments at June 30, 2012

	Direct investments						Subsidiaries			
in € thousand	FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	**Total**	Reconciliation	**Group**
Rental income	1,635	55	425	225	843	344	2,035	3,927	—	5,562
Income from operating and incidental costs	191	24	80	134	261	56	286	841	—	1,032
Segment revenue	**1,826**	**79**	**505**	**359**	**1,104**	**400**	**2,321**	**4,768**	**—**	**6,594**
Leasehold payments	—	—	—	—	—	—	(3)	(3)	—	(3)
Real estate-related operating expenses	(423)	30	(277)	(196)	(591)	(117)	(692)	(1,843)	—	(2,266)
Net rental result	**1,403**	**109**	**228**	**163**	**513**	**283**	**1,626**	**2,922**	**—**	**4,325**
Administrative expenses related to segment	(42)	(18)	(16)	(15)	(44)	(72)	(148)	(313)	—	(355)
Other operating expenses and income (balance)	—	1	(12)	(3)	—	1	31	18	8	26
Profit from purchase of investment properties	15	—	—	—	—	—	(14)	(14)	—	1
Valuation result	(349)	(650)	—	—	(12)	—	—	(662)	(662)	(1,011)
Segment result	**1,027**	**(558)**	**200**	**145**	**457**	**212**	**1,495**	**1,951**	**8**	**2,986**
Central administrative costs	(836)	—	—	—	—	—	—	—	(3)	(839)
Income from equity-accounted participations	1,924	—	—	—	—	—	—	—	660	2,584
Net interest expenses	(1,242)	(19)	(45)	(43)	(296)	1	(680)	(1,082)	—	(2,324)
Minority interests	—	—	—	—	—	—	—	—	(349)	(349)
Consolidated net income	**873**	**(577)**	**155**	**102**	**161**	**213**	**815**	**869**	**316**	**2,058**

Income statement by segments at June 30, 2011

	Direct investments	Subsidiaries								
in € thousand	FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	**Total**	Recon- ciliation	**Group**
Rental income	1,613	71	260	224	856	329	1,823	3,563	—	5,176
Income from operating and incidental costs	289	22	79	128	265	62	333	889	—	1,178
Segment revenue	**1,902**	**93**	**339**	**352**	**1,121**	**391**	**2,156**	**4,452**	**—**	**6,354**
Leasehold payments	—	—	—	—	—	—	(10)	(10)	—	(10)
Real estate-related operating expenses	(324)	(41)	(119)	(194)	(444)	(98)	(732)	(1,628)	—	(1,952)
Net rental result	**1,578**	**52**	**220**	**158**	**677**	**293**	**1,414**	**2,814**	**—**	**4,392**
Administrative expenses related to segment	(95)	(16)	(15)	(15)	(39)	(70)	(134)	(289)	8	(376)
Other operating expenses and income (balance)	—	—	—	—	(6)	1	50	45	(8)	37
Profit from purchase of investment properties	—	(74)	—	—	—	—	—	(74)	—	(74)
Valuation result	(108)	—	—	—	(146)	—	—	(146)	—	(254)
Segment result	**1,375**	**(38)**	**205**	**143**	**486**	**224**	**1,330**	**2,350**	**—**	**3,725**
Central administrative costs	(780)	—	—	—	—	—	—	—	—	(780)
Income from equity-accounted participations	58	—	—	—	—	—	—	—	3,008	3,066
Other income from participations	730	—	—	—	—	—	—	—	(730)	—
Net interest expenses	(1,200)	(43)	(91)	(61)	(260)	—	(622)	(1,077)	—	(2,277)
Minority interests	—	—	—	—	—	—	—	—	(536)	(536)
Consolidated net income	**183**	**(81)**	**114**	**82**	**226**	**224**	**708**	**1,273**	**1,742**	**3,198**

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

Segment assets and liabilities at June 30, 2012

	Direct investments	Subsidiaries								
in € thousand	FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	**Total**	Reconciliation	**Group**
Intangible assets and property, plant and equipment	6	–	–	–	–	–	–	–	160	166
Investment property	**45,942**	**–**	**5,960**	**7,360**	**18,040**	**6,100**	**44,120**	**81,580**	**–**	**127,522**
Non-current assets held for sale	–	860	–	–	–	–	–	860	–	860
Trade receivables	310	176	143	188	176	29	246	958	–	1,268
Income tax receivables	66	–	–	–	–	–	–	–	5	71
Other receivables and assets	196	–	25	11	340	–	178	554	(61)	689
Cash and cash equivalents	1,407	230	101	1,242	1,078	905	2,795	6,351	84	7,842
Subtotal segment assets	**47,927**	**1,266**	**6,229**	**8,801**	**19,634**	**7,034**	**47,339**	**90,303**	**188**	**138,418**
Participation in subsidiaries	29,897	–	–	–	–	–	–	–	(29,897)	–
Equity-accounted participations	46,619	–	–	–	–	–	–	–	4,817	51,436
Total assets	**124,443**	**1,266**	**6,229**	**8,801**	**19,634**	**7,034**	**47,339**	**90,303**	**(24,892)**	**189,854**
Provisions	(115)	(9)	(10)	(10)	(16)	(14)	(34)	(93)	(12)	(220)
Trade payables	(220)	(126)	(14)	(28)	(145)	(32)	(134)	(479)	–	(699)
Other liabilities	(120)	(53)	(25)	(123)	(167)	(50)	(575)	(993)	(14)	(1,127)
Subtotal segment liabilities	**(455)**	**(188)**	**(49)**	**(161)**	**(328)**	**(96)**	**(743)**	**(1,565)**	**(26)**	**(2,046)**
Minority interests	–	–	–	–	–	–	–	–	(14,548)	(14,548)
Financial liabilities	(36,067)	(706)	(3,287)	(1,742)	(17,425)	–	(28,552)	(51,712)	182	(87,597)
Derivative financial instruments	(6,181)	–	–	–	–	–	(168)	(168)	–	(6,349)
Total liabilities	**(42,703)**	**(894)**	**(3,336)**	**(1,903)**	**(17,753)**	**(96)**	**(29,463)**	**(53,445)**	**(14,392)**	**(110,540)**
Net assets at June 30, 2012	**81,740**	**372**	**2,893**	**6,898**	**1,881**	**6,938**	**17,876**	**36,858**	**(39,284)**	**79,314**

Overview of maturities of financial liabilities at June 30, 2012

	FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	Total	Reconciliation	Group
Long term	(29,550)	(669)	(3,065)	(734)	(13,792)	–	(20,029)	(38,289)	–	(67,839)
Short term	(6,517)	(37)	(222)	(1,008)	(3,633)	–	(8,523)	(13,423)	182	(19,758)
Financial liabilities	**(36,067)**	**(706)**	**(3,287)**	**(1,742)**	**(17,425)**	**–**	**(28,552)**	**(51,712)**	**182**	**(87,597)**

Segment assets and liabilities at December 31, 2011

	Direct investments	Subsidiaries								
in € thousand	FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	**Total**	Recon-ciliation	**Group**
Intangible assets and property, plant and equipment	8	—	—	—	—	—	—	—	178	186
Investment property	**46,037**	**1,510**	**5,960**	**7,360**	**18,040**	**6,100**	**44,120**	**83,090**	**—**	**129,127**
Non-current assets held for sale	—	—	—	—	—	—	1,100	1,100	—	1,100
Trade receivables	423	127	69	215	168	21	261	861	—	1,284
Income tax receivables	70	—	—	—	—	—	—	—	5	75
Other receivables and assets	223	1	27	5	196	252	494	975	(61)	1,137
Cash and cash equivalents	578	225	94	1,283	2,020	1,713	1,753	7,088	59	7,725
Subtotal segment assets	**47,339**	**1,863**	**6,150**	**8,863**	**20,424**	**8,086**	**47,728**	**93,114**	**181**	**140,634**
Participation in subsidiaries	30,433	—	—	—	—	—	—	—	(30,433)	—
Equity-accounted participations	46,835	—	—	—	—	—	—	—	3,913	50,748
Total assets	**124,607**	**1,863**	**6,150**	**8,863**	**20,424**	**8,086**	**47,728**	**93,114**	**(26,339)**	**191,382**
Provisions	(157)	(9)	(10)	(8)	(12)	(12)	(27)	(78)	(15)	(250)
Trade payables	(165)	(128)	(114)	(32)	(277)	(49)	(237)	(837)	(5)	(1,007)
Other liabilities	(98)	(55)	(49)	(90)	(192)	(64)	(440)	(890)	(9)	(997)
Subtotal segment liabilities	**(420)**	**(192)**	**(173)**	**(130)**	**(481)**	**(125)**	**(704)**	**(1,805)**	**(29)**	**(2,254)**
Minority interests	—	—	—	—	—	—	—	—	(14,736)	(14,736)
Financial liabilities	(37,259)	(722)	(3,239)	(1,936)	(18,219)	—	(29,834)	(53,950)	182	(91,027)
Derivative financial instruments	(5,693)	—	—	—	—	—	(200)	(200)	—	(5,893)
Total liabilities	**(43,372)**	**(914)**	**(3,412)**	**(2,066)**	**(18,700)**	**(125)**	**(30,738)**	**(55,955)**	**(14,583)**	**(113,910)**
Net assets at December 31, 2011	**81,235**	**949**	**2,738**	**6,797**	**1,724**	**7,961**	**16,990**	**37,159**	**(40,922)**	**77,472**

Overview of maturities of financial liabilities at December 31, 2011

	FV AG	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	Total	Reconciliation	Group
Long term	(30,243)	(684)	(3,019)	(1,144)	(17,720)	—	—	(22,567)	—	(52,810)
Short term	(7,016)	(38)	(220)	(792)	(499)	—	(29,834)	(31,383)	182	(38,217)
Financial liabilities	**(37,259)**	**(722)**	**(3,239)**	**(1,936)**	**(18,219)**	**—**	**(29,834)**	**(53,950)**	**182**	**(91,027)**

(12) Extent of Relationships with Related Parties

Receivables and liabilities

in € thousand	**1/1–6/30/2012**	**1/1–6/30/2011**
Receivables	—	70
Liabilities	(17)	(31)
Total receivables and liabilities	**(17)**	**39**

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 2, 2012

Fair Value REIT-AG

Frank Schaich, CEO

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 financial statements provide a true and fair view of the Group's net assets, financial position and results of operations, that the group interim management report presents the Group's business including the results and the Group's position such as to provide a true and fair view and that the major opportunities and risks of the Group's antici-pated development are described.

Munich, August 3, 2012
Fair Value REIT-AG

Frank Schaich, CEO

Imprint

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