Interim Report

1st to 3rd Quarter 2011

fair value REIT

Key figures of Fair Value Group

Revenues and earnings		1/1–9/30/2011	1/1–9/30/2010
Rental revenues	in € thousand	7,845	8,930
EBIT	in € thousand	4,212	5,324
Consolidated net income	in € thousand	4,518	4,080
Earnings per share	in €	0.48	0.44
Adjusted consolidated net income (EPRA-Earnings)	in € thousand	4,183	4,108
EPRA-Earnings per share	in €	0.45	0.44
Funds from Operations (FFO)	in € thousand	1,263	3,112
FFO per share	in €	0.14	0.33
Assets and capital		**9/30/2011**	**12/31/2010**
Non-current assets	in € thousand	181,983	177,480
Current assets	in € thousand	12,079	18,483
Total assets	in € thousand	194,062	195,963
Equity/Net asset value (NAV)	in € thousand	77,571	74,558
Equity ratio	in %	40.1	38.0
Immovable assets	in € thousand	182,303	179,701
Equity within the meaning of Section 15 of the REIT act	in € thousand	92,341	89,052
Equity ratio within the meaning of Section 15 of the REIT act (minimum 45 %)	in %	50.7	49.6
Real estate investments [1]		**9/30/2011**	**12/31/2010**
Number of properties	amount	74	75
Market value of properties [2]	in € million	224	225
Contractual rent	in € million	18.5	18.4
Potential rent	in € million	19.6	19.7
Occupancy	in %	94.4	93.6
Remaining term of rental agreements	years	5.6	6.2
Contractual rental yield before costs	in %	8.3	8.2

[1] Relating to Fair Value's proportionate portfolio. For further information see Annual Report 2010, pages 8–18.
[2] Based on the market valuation dated December 31, 2010, for the property Krefeld increased by capitalized reconstruction costs

Further key figures

		9/30/2011	12/31/2010
Number of shares in circulation	in pieces	9,325,572	9,325,572
Net asset value (NAV) per share	in € thousand	8.32	8.00
EPRA-NAV per share	in € thousand	9.24	8.93
Number of employees (including Management Board)		4	3

Letter to Shareholders

Dear shareholders, ladies and gentlemen,

Economic growth in Germany is set to report a robust rate of 3.0 % this year. This was mirrored by a 5.8 % unemployment rate in September 2011 that was significantly below previous years' levels. In parallel with this positive economic trend in Germany, however, concerns about ballooning state debts in Europe have put pressure on equity markets around the world since early August 2011. This assessment is also meanwhile expected to have an impact on the real economy. For example, the economic growth forecast for Germany for 2012 has suffered a significant downgrade to 0.9 %.

It remains to be seen what effect this forecast cooling of economic growth will exert on the German commercial real estate market. The broad diversification in terms of types of use and location of the 74 properties contained in Fair Value's portfolio allows a high degree of income stability in this environment. Following a decline in the occupancy rate to around 93 % in mid-2011, which was related to reporting date effects, this figure has recovered to 94.4 % as of September 30, 2011. Fair Value's share of the occupancy rate has even returned to the average of around 95 % for the years 2007 to 2010 when including rental agreements that had already been concluded as of the balance sheet date, but which had not yet come into force.

Correspondingly, the Fair Value Group concluded the first nine months of the current financial year with € 4.5 million of consolidated net income, which is around 10% ahead of the previous year's € 4.1 million. The year-on-year growth was mainly due to the increase in the market value of cash flow hedges in the associated companies.

Consolidated operative net income adjusted for market value changes (EPRA earnings) amounted to € 4.2 million, which was slightly above the previous year's € 4.1 million. As a consequence, this result already corresponds to around 84 % of our expectation for the full 2011 year, and arises from savings made in terms of renovation and rental costs, and in terms of interest expenses. We are increasing the forecast for EPRA earnings for the full 2011 year on this basis. Instead of the previously forecast € 5.0 million, or € 0.54 per share, we are now expecting EPRA earnings of € 5.6 million, corresponding to € 0.60 per share.

We are also still aiming to distribute a dividend of at least € 0.10 per share for 2011, although the requisite German commercial law results and liquidity inflows for this have not yet been secured.

We are continuing to focus on enhancing profitability, whereby we will be concentrating mainly on further optimising the cost side given the already very high occupancy rate of more than 94 % on the existing portfolio. In this context, we are benefiting from the partially historically low interest rate level, which we have utilised this year for rollover financing and refinancing within the Group and the associated companies with a proportional total volume for Fair Value of around € 38 million. According to our current status of knowledge, these loans allow us to achieve savings of around 30 % on an annual basis compared with the budgeted interest expenses, which was the main factor that prompted us to implement a further increase to our earnings forecast for 2011.

Also with regard to the forthcoming resetting of the terms for mortgage loans within the Group and in the associated companies in the 2012 and 2013 financial years (with a Fair Value proportional total volume of around € 69 million) we are assuming more favourable interest rate agreements than the 5 % per annum that have been budgeted to date.

Given these circumstances, we are confident that we can continue to deliver further sustainable increases in the profits from our portfolio. In addition, as soon as the price of the Fair Value share approaches its net asset value of € 8.32 per share, and the capital markets offer stability, we identify good preconditions for successfully implementing the company's targeted growth strategy.

Kind regards

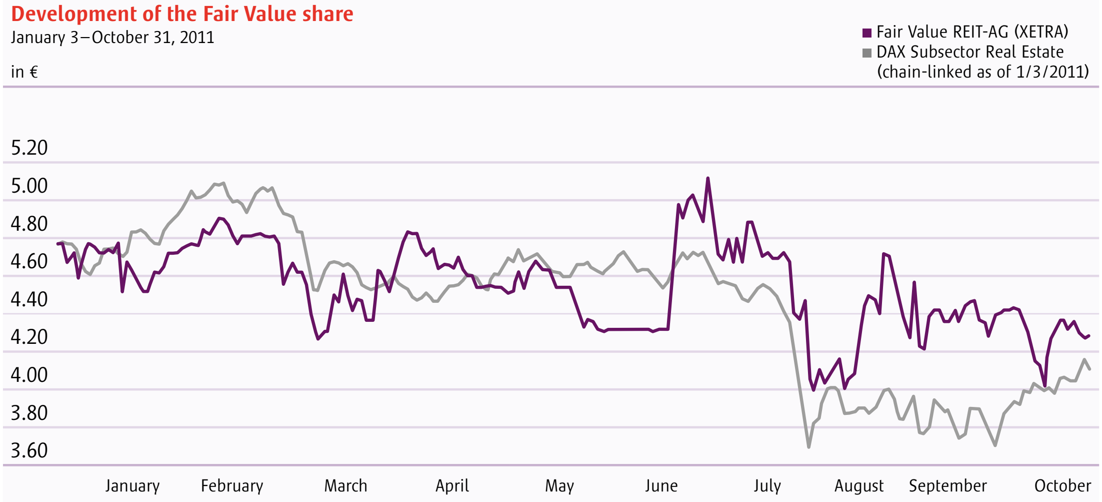
Frank Schaich, CEO

The Share

Development of the Stock Market and the Fair Value Share

In the first nine months of 2011, the German stock markets were subject to high volatility. Nevertheless, the Fair Value share still succeeded in establishing itself above the benchmark index throughout the third quarter.

Development of the Fair Value share
January 3–October 31, 2011



Master data Fair Value share at September 30, 2011	
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 1st–3rd quarter 2011 (XETRA)	€ 5.09/€ 3.99
Market capitalization at September 30, 2011 (XETRA)	€ 40.8 million
Market segment	Prime standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated sponsor	Close Brothers Seydler Bank
Indices	RX REIT All Shares-Index, RX REIT-Index

After starting the reporting period at € 4.75 per share on January 3, 2011, the Fair Value REIT-AG share price developed with a volatile sideways trend in the first half of 2011, generally in line with the benchmark index of the DAX Subsector Real Estate. However, by the end of June 2011, the share was able to escape the overall industry trend and rose to its high for the reporting period of € 5.09 on July 8, 2011 on the back of high turnover. As the debt crisis intensified in several European countries, most notably Greece, the stock markets were hit with a substantial downturn from the start of August. The Fair Value share was also unable to avoid this development, recording its low for the year of € 3.99 on August 9, 2011. Following the publication of the half-year results in mid August, the share rallied and rose to € 4.69 on August 31, over and above the benchmark index. Following highly volatile trading, the share closed at € 4.34 on the balance sheet date September 30, 2011. This equates to a market capitalization of € 40.8 million. Over the entire course of this turbulent phase of trading, the Fair Value share demonstrated a substantially better performance than its benchmark index – the DAX Subsector Real Estate.

During the first nine months of this fiscal year, a total of approximately 1.2 million Fair Value REIT-AG shares were traded on all exchanges. This represents an increase of 83 % compared to turnover during the same period in the previous year and reflects the heightened interest of investors in the company. The trading volume was therefore up 97 % to € 5.3 million for the reporting period, compared to approximately € 2.7 million during 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	
November 21, 2011	Presentation, German Equity Forum (Frankfurt/Main, Germany)
March 29, 2012	Annual Report 2011
March 29, 2012	Annual Report Press Conference (Frankfurt/Main, Germany)
May 10, 2012	Interim Report 1st quarter 2012
May 14, 2012	Annual General Meeting (Munich, Germany)
August 9, 2012	Semi-annual Report 2012
September 5, 2012	Presentation, 12th Conference of the Real Estate Share Initiative (Berlin, Germany)
November 8, 2012	Interim Report 1st–3rd quarter 2012

Group Interim Management Report

Economic Report

Business Activities and General Conditions

Real Estate Portfolio and Group Structure

The occupancy rate of the properties held by the group and by its associated companies increased slightly year-on-year from 93.6 % to 94.4 % as of September 30, 2011. The weighted remaining lease term amounted to 5.6 years, compared to 6.3 years in the previous year.

The following table provides a summary of the properties held directly by the group or by its subsidiaries, as well as the properties held by associated companies. The market value of the real estate is based on the valuations dated December 31, 2010 carried out on the individual properties by external surveyor CB Richard Ellis GmbH. These are listed in detail on pages 134 to 139 of the 2010 Annual Report. The right hand side of the following table shows rents, market values and contractual remaining lease terms, taking into account the proportionate participating interest of Fair Value REIT-AG in each property.

Direct investments and participations Fair Value REIT-AG					Fair Value REIT-AG's share					
	Plot size[1] [m²]	Lettable space [m²]	Annualized contractual rent 9/30/2011[1] [T€]	Market value 12/31/2010[1)2)] [T€]	Participating interest 9/30/2011 [%]	Annualized contractual rent 9/30/2011 [T€]	Market value 12/31/2010[2] [T€]	Occupancy level 9/30/2011[3] [%]	Ø-remaining term of rental agree-ments[4] [years]	Contractual rental yield before costs [T€]
Segment direct investments	58,624	42,935	3,220	45,417	100.0	3,220	45,417	96.7	10.6	7.1
Segment subsidiaries	162,207	119,855	7,563	84,380	57.3	4,300	48,367	90.6	2.7	8.9
Total Group	**220,831**	**162,790**	**10,783**	**129,797**	**72.3**	**7,520**	**93,784**	**93.1**	**6.0**	**8.0**
Total associated companies	340,250	269,157	31,439	365,335	35.6	10,976	130,127	95.3	5.2	8.4
Total Portfolio	**561,081**	**431,947**	**42,222**	**495,132**	**45.2**	**18,496**	**223,911**	**94.4**	**5.6**	**8.3**

[1] Does not consider the respective participating interest
[2] According to valuation by CB Richard Ellis GmbH, Frankfurt/Main, December 31, 2010, plus capitalized reconstruction costs in the subsidiary BBV 06
[3] Contractual rent/(contractual rent + vacant space at standard market rent) on the reporting date September 30, 2011
[4] Income-weighted

Macroeconomic and Sector Specific Conditions

Macroeconomic Situation The escalation of the European national debt crisis and resultant looming banking crisis have had an increasing impact on the German economy in the second half of 2011 in particular. In Q3 2011, companies were still able to benefit from upbeat order backlogs. In this context, the situation on the employment market continued to improve in the third quarter. Compared to the previous year, in September 2011 around 2.44 million people (previous year: 2.96 million) were unemployed, down approximately 524,000 year-on-year, which now represents an unemployment rate of 5.8 % (previous year: 6.8 %). However, on the back of the Euro crisis, many are expecting consumers and companies to postpone long-term investment decisions, which will in turn slow down economic development over the winter months.

In September 2011, the consumer price index in Germany was up 2.6 % in comparison with the previous year. This represents the highest inflation rate since September 2008. This development caused the European Central Bank to raise the base rate of interest in the first quarter of 2011 and then increase it by a further 0.25 points to 1.5 % in mid July 2011. Given the substantial rise in uncertainty regarding future economic development, an ECB meeting on November 3, 2011 decided to reduce the base rate by 0.25 points, back to 1.25 %.

Sources: German Federal Employment Agency, Destatis – The German Federal Office of Statistics, DIW, ifo Institute, ECB

Real Estate Market in Germany **The Rental Market** **Office space** For the six German office centres[1)], a leasing turnover of around 2.5 million m² was recorded in the first nine months of 2011 (previous year: 2.1 million m²), which represents an increase of around 21 % compared to the previous year period. In the third quarter in particular, strong net absorption led to falling levels of vacancies. On the reporting date, vacancy in the six office centres[1)] totalled around 8.6 million m² (previous year: 8.9 million m²), which equates to a vacancy rate of 9.8 % (previous year: 10.2 %). The trend towards slightly increasing rent levels, which was visible at the start of the year, has not been sustained.

Retail space The ongoing discussion about saving the Greek economy and the debt situation in other countries in the euro zone, as well as the increased consumer prices have only had a minor influence on the propensity to buy and the consumption of consumers. Both of these indicators are supported by the solid economic development and rising employment levels in Germany. Retail turnover in September 2011 was up 2.2 % on the same month from the previous year, which equates to a price-adjusted rise of 0.3 %. The high demand for space continues and is mainly driven by international chain stores. This demand stands in contrast to the limited space on offer in prime inner city locations of German metropolitan areas, which results in a tendency towards rising rent prices.

The Investment Market The German investment market sustained the upbeat results of the first half of 2011 in the third quarter with a transaction volume of around € 6.2 billion. In the first nine months of the year, transactions worth a total of around € 17.6 billion (previous year: € 13.5 billion) were executed, representing an increase of 30 % on the previous year period. The demand from investors focused primarily on low-risk properties with long-term, financially secure tenants ("core properties"). When it comes to the type of use, around 48 % of the transaction volume related to retail properties. Office properties represented the second highest transaction volume with around 25 %. The continued fall in unemployment figures and the recent slight rise in real wages are cementing Germany's position as one of the most important investment markets for real estate worldwide.

Source: Jones Lang LaSalle, gfk
[1] Berlin, Duesseldorf, Frankfurt/Main, Hamburg, Munich, Stuttgart

Overall Statement of the Management on Business Performance

In the first nine months of the current financial year 2011, Fair Value REIT-AG was able to generate a consolidated net income of € 4.5 million or € 0.48 per share. This figure was around 10 % up on the previous year mark of € 4.1 million or € 0.44 per share. The increase year-on-year was mainly due to the rise in the market value of cash flow hedges in the equity accounted participations in associated companies.

The high stability of the operating business of the Fair Value Group becomes apparent in the consolidated net income adjusted for any market value changes (EPRA earnings):

Adjusted consolidated income (EPRA-Earnings)	**1/1–9/30/2011**				**1/1–9/30/2010**			
		Adjustments for extraordinary factors				Adjustments for extraordinary factors		
in € thousand	According to consolidated income statement	Profits/losses on sale and valuation	Interest rate swaps	**Adjusted consolidated income statement**	According to consolidated income statement	Profits/losses on sale and valuation	Interest rate swaps	**Adjusted consolidated income statement**
Net rental result	**6,265**	**–**	**–**	**6,265**	**7,072**	**–**	**–**	**7,072**
General administrative expenses	(1,692)	–	–	(1,692)	(1,567)	–	–	(1,567)
Other operating income and expenses	83	–	–	83	(86)	–	–	(86)
Earnings from sales of investment properties	(74)	74	–	–	(95)	95	–	–
Valuation result	(370)	370	–	–	–	–	–	–
Operating result	**4,212**	**444**	**–**	**4,656**	**5,324**	**95**	**–**	**5,419**
Result from equity-accounted investments	**4,528**	**–**	**(600)**	**3,928**	**3,413**	**3**	**23**	**3,439**
Interest income	68	–	–	68	68	–	–	68
Interest expenses including income tax	(3,476)	–	(124)	(3,600)	(3,675)	–	(88)	(3,763)
Income before minority interests	**5,332**	**444**	**(724)**	**5,052**	**5,130**	**98**	**(65)**	**5,163**
Minority interests	(814)	(110)	55	(869)	(1,050)	(44)	39	(1,055)
Consolidated net income (loss)	**4,518**	**334**	**(669)**	**4,183**	**4,080**	**54**	**(26)**	**4,108**

The net rental result came in at € 6.3 million, down around 11 % on the € 7.1 million mark recorded in the previous year period. The difference is due to lower rental income in the subsidiaries, which were however offset to around 50 % by a compensation payment received for the premature termination of a lease in the IC 13 subsidiary. The lower rental income was mainly due to the temporary vacancy in individual properties as well as the disposal of the property sold in Essen on January 31, 2011.

On the back of this, the adjusted operating result was down from € 5.4 million in the previous year period to € 4.7 million in the first nine months of 2011.

The result from adjusted equity accounted investments rose to around € 3.9 million in the first nine months of 2011. This increase of 14 % over the previous year figure of € 3.4 million was solely due to the fall in interest expenses. Around 60 % of this decrease was attributable to the refinancing of associated company BBV 14 in April 2011, while 20 % came from the reduction in interest expenses from the sale of the participation in the company IC 10 at the end of September 2010 and 20 % from the reduction in interest-bearing liabilities.

Taking into account net interest expenses and the minority interests in the result, adjusted consolidated net income (EPRA earnings) of € 4.2 million, or € 0.45 per share, was achieved in the first nine months of 2011, which was slightly up on the previous year levels of € 4.1 million or € 0.44 per share.

Income, Financial and Net Asset Position

Income Position

in € thousand	1/1–9/30/2011	1/1–9/30/2010	Change in € thousand	Change in %
Net sales	9,562	10,375	(813)	(8)
Net rental income	6,265	7,072	(807)	(11)
General administrative expenses	(1,692)	(1,567)	125	8
Result from sale and valuation result	(361)	(181)	(180)	99
Operating result	4,212	5,324	(1,112)	(21)
Income from participations	4,528	3,413	1,115	33
Net interest expense	(3,408)	(3,609)	(201)	(6)
Minority interests	(814)	(1,050)	(236)	22
Consolidated net income	**4,518**	**4,080**	**438**	**11**

Net sales include the rental income from direct investments and the real estate held in subsidiaries as well as the respective incidental cost prepayments from tenants. Overall, net sales for the first nine months of the year 2011 were reported at around € 9.6 million, 8 % or € 0.8 million down on the previous year’s figure of € 10.4 million.

About 20 % of this difference resulted from lower sales after the divestiture of sold properties, with the other 80 % coming from lower net sales in existing properties. One third of the latter stemmed from the temporary vacancy in the former DIY store in Krefeld (subsidiary BBV 06). Around two thirds were connected with the Langenfeld property (subsidiary IC 13), where the existing general lease agreement was prematurely terminated against a compensation payment. Since its renovation into a retail park, the former DIY store in Krefeld was 90 % leased again on the balance sheet date, with the Langenfeld property also recording an occupancy rate of 70 %.

Expenses for investment properties totalled € 3.3 million during the reporting period, up slightly on the previous year figure of € 3.2 million. As part of this, the portion stemming from the third quarter 2011 (€ 1.3 million) exceeded the same figure in the previous year period considerably due to costs for rental-related alterations.

The net rental result was therefore reported at around € 6.3 million, similar to net sales down around € 0.8 million on the previous year figure of € 7.1 million. General administrative expenses rose year-on-year by 8 % or € 0.1 million to around € 1.7 million.

Other income as well as sale and valuation costs totalled expenses of € 0.4 million (previous year: € 0.2 million). This is largely attributable to capitalised expenses in connection with rental-related alterations at various properties, which were in turn written off immediately.

The operating result for the first nine months of 2011 was therefore around € 4.2 million, down 21 % on the previous year's figure of € 5.3 million.

In contrast, the income from participations rose by € 1.1 million or 33 % to € 4.5 million (previous year: € 3.4 million). Around 40 % of this rise was attributable to the fall in interest expenses, particularly at the associated company BBV 14, following the successful refinancing in Q2 2011. Around 60 % of this change was due to the improved valuation of derivative financial instruments.

Net interest expenses decreased by 6%, from € 3.6 million to € 3.4 million. Taking into account the income attributable to minority interests in the subsidiaries, the Fair Value Group posted an IFRS consolidated net income of € 4.5 million in the period under review (previous year: € 4.1 million). This equates to an 11 % improvement in income per share, at € 0.48 compared to € 0.44 in the previous year period.

Financial Position

Funds from Operations (FFO) During the reporting period, FFO amounted to around € 1.3 million, a fall of € 1.8 million from the previous year's figure of € 3.1 million. The difference is 40 % due to reduced operating surpluses within the group and around 60% to lower cash inflows from equity accounted participations. It should be noted that some of the respective inflows from participations are due to be made in Q4 2011.

Cash Flow from Operating Activities On the basis of the FFO key indicator, net cash from operating activities during the reporting period amounted to around € 2.8 million as a result of changes in assets and liabilities. This includes the compensation payment portion of € 2.0 million received at the beginning of 2011 for the premature termination of a lease in the IC 13 subsidiary (Langenfeld). During the same period in the previous year, net cash from operating activities amounted to € 2.3 million.

Cash and cash equivalents

in € thousand	1/1–9/30/2011	1/1–9/30/2010
Cash flow from operating activities	2,726	2,308
Cash flow from investment activities	685	8,201
Cash flow from financing activities	(5,716)	(8,505)
Change of cash and cash equivalents	**(2,305)**	**2,004**
Cash and cash equivalents – start of period	11,975	8,281
Cash and cash equivalents – end of period	**9,670**	**10,285**

Cash Flow from Investment Activities Fair Value recorded a cash inflow from investment activities of € 0.7 million, down from € 8.2 million in the first nine months of the previous year. The cash inflow in the first three quarters of 2011 resulted from the divestiture of sold real estate in Essen totalling € 2.5 million. This amount was partially offset by investments in existing real estate for rental-related alterations and investments in companies and participations. In 2010, the cash inflow resulted from the sale of real estate in Aachen, Hamm, Seligenstadt and Passau.

Cash Flow from Financing Activities During the reporting period, the cash flow from financing activities led to an outflow of funds of € 5.7 million, following on from € 8.7 million in the previous year period. In both years, the focus was strongly on the repayment of bank liabilities. In addition, the first half of 2011 saw a dividend payment worth € 0.9 million made for the financial year 2010. The previous year figure also includes the purchase of own shares, with a total purchase price of € 0.1 million, while a compensation settlement for a comparable amount was also paid out to former minority shareholders in subsidiaries.

Cash and Cash Equivalents During the reporting period, the group's liquid assets fell by € 2.3 million to approximately € 9.7 million (previous year: € 10.3 million).

Net Asset Position

Assets Compared to December 31, 2010, total assets decreased by around 1 % as of September 30, 2011, from € 196 million to € 194 million, as a result of the divestiture of a sold property and the amortisation of bank liabilities.

Non-current assets of approximately € 182.0 million equated to 94 % of total assets, compared to 91 % at the end of the previous year. Of this amount, 71% or € 129.2 million was attributable to investment property (December 31, 2010: € 128.7 million or 72 %). The equity accounted participations in associated companies are included in non-current assets, and comprise 29 % or € 52.5 million of these (December 31, 2010: 27 % or € 48.5 million).

Current assets on the reporting date totalled € 12.1 million (December 31, 2010: € 18.5 million) and included 80 % liquid assets (December 31, 2010: 65 %).

Equity and Liabilities On September 30, 2011, 60 % of assets were financed by liabilities and 40 % by equity. It should be noted in this context that minority interests in subsidiaries, amounting to € 14.8 million, are classified as liabilities in accordance with IFRS. If such minority interests are classified as equity, as specified in the REIT act, equity increases to € 92.3 million, which equates to 48 % of the total balance sheet assets (December 31, 2010: 45 %).

The REIT equity ratio according to § 15 of the REIT act totalled 50.7 % of immovable assets on the balance sheet date (December 31, 2010: 49.6 %).

Financial Liabilities The group's financial liabilities amounted to € 94.2 million (December 31, 2010: € 99.1 million) or 49 % of total assets, compared to a figure of 51 % on December 31, 2010. Of these, 35 % or € 33.3 million (December 31, 2010: 12 % or € 11.5 million) were due to mature within a year. Of the current liabilities, € 30.1 million or 90 % are attributable to the real estate financing requiring extension or follow-up financing at the subsidiary BBV 06 within the next 12 months. This total represents a 67 % loan to market value ratio of the real estate in this subsidiary last calculated on December 31, 2010.

Three quarters of the reduction in financial liabilities of € 4.9 million or 5 % compared to the end of the previous year are attributable to scheduled repayments and one quarter to unscheduled repayments.

Equity/Net Asset Value (NAV) By adding the market value of the properties and the participations, the net asset value (NAV) on September 30, 2011, taking into account miscellaneous balance sheet items, amounted to € 77.6 million, compared to a figure of € 74.6 million at the end of the previous year.

Based on the number of shares in circulation (9,325,572) on the reporting date, the group's NAV per share was € 8.32, compared to € 8.00 on December 31, 2010.

Balance sheet NAV

in € thousand		9/30/2011	12/31/2010
Market value of properties (including properties held for sale)		129,797	131,150
Equity-accounted participations		52,506	48,551
Miscellaneous assets minus miscellaneous liabilities		5,062	9,757
Minority interests		(14,770)	(14,494)
Financial liabilities		(94,249)	(99,103)
Other liabilities		(775)	(1,303)
Net Asset Value		**77,571**	**74,558**
Net Asset Value per share	in €	8.32	8.00

The key indicator EPRA-NAV shown below is based on the best practice recommendations issued by the European Public Real Estate Association (EPRA). As the company's REIT status means that deferred taxes are not an issue for Fair Value REIT-AG, the EPRA-NAV corresponds to the NNAV indicator cited by a number of industry experts.

EPRA-NAV

in € thousand		9/30/2011	12/31/2010
NAV pursuant to consolidated balance sheet		77,571	74,558
Market value of derivative financial instruments		5,702	5,181
Thereof due to minority interests		(129)	(294)
Market value of derivative financial instruments of equity-accounted participations (proportionate)		3,019	3,802
EPRA-NAV		**86,163**	**83,247**
EPRA-NAV per share	in €	9.24	8.93

Supplementary Report

Successful Lettings

After the balance sheet date, several rental agreements were successfully completed:

Direct Investments In Pinneberg, Oeltingsallee, the available vacancy of 108 m² was completely filled for 10 years with a new rental agreement. As a result, the property is fully occupied again as from November 1, 2011.

In Norderstedt, Ulzburger Str. 545, the flats created from the conversion of the former bank space have been completely occupied since October 1, 2011. As a result, the occupancy rate in the property is up from 80.5 % to 95.4 % of the property's potential.

Subsidiary IC 13 At the property in Langenfeld, the company was able to conclude a new 10-year rental agreement with a metalworking company for a 2,565 m² hall space. The rental agreement starts on January 1, 2012 and will mean the occupancy rate at this property rises from 70 % to 90 % of potential capacity.

Successful Loan Extensions at Subsidiaries

After the balance sheet date, new bank margins were agreed for all non-current financial liabilities with fixed interest rates totalling € 18.1 million at the subsidiaries IC 03 and IC 13, whereby no fixed interest rates were agreed upon for the majority of this amount. Given the current potential for a continued fall in interest rates, so far no interest rate hedging transactions were carried out for these loans.

Despite the fact that the margins are mostly set short-term, the loans in question are non-current. There are no criteria governing the debt service coverage ratio (DSCR) or the loan to market value ratio (LTV).

At the Langenfeld property (IC 13), an unplanned repayment of € 2.0 million was made which corresponds with the compensation payment received from the premature termination of a general lease agreement. The short-term margins set for this property were agreed to correspond to the maturity of another loan worth € 0.8 million at the end of Feburary 2012. The bank margin will then be renegotiated, taking into consideration the substantially improved occupancy rate.

Before the end of 2011, another unplanned payment likely to be € 1.0 million is planned for the Neubrandenburg property. This financing should be realigned up until the expiry of the set margins in October 2012, particularly with a view to optimising the bank margin.

Compared to the previous assumptions regarding these group financial liabilities, over a year, the group is currently saving around 20 % or € 180,000 on interest p.a.

Loan Extensions

Short name	Property	Bank	Amount approx.	Bank margin/interest rate	Margin terms
IC 03	Neuss	pbb (HRE)	€ 3.2 million	160 basis points	10/2014
IC 13	Langenfeld	Corealcredit	€ 2.5 million	3.4 % p.a.	2/2012
IC 13	Potsdam	HSH Nordbank	€ 2.4 million	225 basis points	10/2012
IC 13	Neubrandenburg	HSH Nordbank	€ 10.0 million	225 basis points	10/2012

Risk Report

The Fair Value Group is exposed to various risks as a result of its business activities. In addition to general economic risks, the prime risks are leasing risks, rent default risks, interest rate risks and liquidity risks.

The risk management system and a description of the general risks faced by the business are available in the Fair Value REIT-AG 2010 Annual Report, on pages 60 to 67. In the first nine months of 2011, there was no basic change to the existing risk statement provided in detail in the 2010 Annual Report.

The follow-up financing and refinancing concluded in the current financial year resulted in reduced interest expenses compared to planning. Given the solid LTV ratio of 67 % at the subsidiary BBV 06, the Management Board is anticipating successful follow-up financing after the existing loan expires in mid 2012.

The Management Board is not expecting an increase in risk over the next twelve months that could threaten the existence of Fair Value REIT-AG.

Opportunities and Forecast

Income Forecast for 2011 Increased

In the first nine months of 2011, Fair Value Group generated an adjusted consolidated net income (EPRA earnings) pursuant to IFRS of € 4.2 million, or 84 % of the total anticipated income for the full year 2011. This is largely the result of savings in expenses for investment properties and reduced net interest expenses. Taking into account the anticipated results for the fourth quarter, the Management Board is therefore raising the forecast for the full year 2011.

The previous forecast, which was last increased in the Q1 report on March 31, 2011, anticipated adjusted EPRA earnings of € 5.0 million for 2011, which corresponds to € 0.54 per share. The new forecast for EPRA earnings is for € 5.6 million, or € 0.60 per share.

The Management Board continues to pursue the target of distributing a dividend of at least € 0.10 per share for the year 2011, although the results and cash flows required for this are not yet assured.

Outlook

As expected, the current market environment supports Fair Value Group's aim of sustainably improving its financial results. The occupancy rate of the Fair Value portfolio, which is up to 94.4 %, is set to increase again to the average level of 95 % from the period 2007 to 2010 after taking into account recently signed but not yet effective lease agreements.

The reductions made in costs, especially the renegotiation of financial liabilities, made an even stronger contribution to improved results than the lease-related improvement on the income side. In the current financial year, the Group and associated companies negotiated loans with a total volume of around € 72 million (the calculated portion attributable to Fair Value is around € 38 million). Given the low interest rates at present, the company was able to reduce interest expenses (around one third lower than anticipated) despite the sometimes increased bank margins. This leads to an improvement of around € 0.5 million p.a. in Fair Value income.

As part of the renegotiation of conditions and follow-up financing of mortgage loans within the group totalling around € 36.2 million due for the next two financial years (€ 20.5 million attributable to Fair Value) as well as the total of € 205.9 million at associated companies (portion attributable to Fair Value around € 48.2 million), it should also be possible to make savings compared to the cautious forecast for follow-up interest of 5 % p.a. Given average interest expenses including bank margin of 4 % p.a., Fair Value would be able to save around € 0.7 million p.a. compared to the so far anticipated interest expenses. This would further boost Fair Value REIT-AG's profitability and therefore its ability to distribute dividends.

These cost savings are still subject to ongoing interest development. However, due to the current climate of potential further falls or at least stable development in interest rates, the debtors at this time are not agreeing any fixed interest rates for the majority of its loans. Nevertheless, interest rate hedging is being carried out to a certain extent in the form of interest rate caps.

Furthermore, the Management Board sees potential savings in general administrative costs at participation level, which is why tendering processes for management service contracts will be carried out on the expiry of current agreements. Additional savings are also possible by liquidating real estate participations after selling the properties. The increased demand among investors for German commercial real estate should be used by Fair Value Group to make corresponding portfolio optimisations.

As soon as these measures and a more stable stock market environment contribute to the Fair Value REIT-AG share price nearing its net asset value of € 8.32 per share, the Management Board believes that there will be a good basis for successfully realising the company's desired growth strategy.

Munich, November 14, 2011

Fair Value REIT-AG

Frank Schaich, CEO

Consolidated Interim Financial Statements

Balance Sheet

Consolidated balance sheet

in € thousand	Note no.	9/30/2011	12/31/2010
Assets			
Non-current assets			
Intangible assets	3	201	3
Property, plant and equipment		6	7
Investment property	4	129,239	128,650
Equity-accounted investments	5	52,506	48,551
Other receivables and assets		31	269
Total non-current assets		**181,983**	**177,480**
Current assets			
Non-current assets held for sale	6	558	2,500
Trade receivables		1,011	1,291
Income tax receivables		65	71
Other receivables and assets		775	2,646
Cash and cash equivalents		9,670	11,975
Total current assets		**12,079**	**18,483**
Total assets		**194,062**	**195,963**
Equity and liabilities			
Equity			
Subscribed capital		47,034	47,034
Share premium		46,167	46,167
Reserve for changes in value	7	(6,300)	(5,732)
Loss carryforward		(8,932)	(12,513)
Treasury shares		(398)	(398)
Total equity		**77,571**	**74,558**
Non-current liabilities			
Minority interests		14,770	14,494
Financial liabilities	8	60,937	87,556
Derivative financial instruments		5,702	5,181
Other liabilities		119	46
Total non-current liabilities		**81,528**	**107,277**
Current liabilities			
Provisions		218	241
Financial liabilities	8	33,312	11,547
Derivative financial liabilities		—	—
Trade payables		777	1,083
Other liabilities		656	1,257
Total current liabilities		**34,963**	**14,128**
Total equity and liabilities		**194,062**	**195,963**

Income Statement

Consolidated income statement

in T€	Note no.	1/1–9/30/2011	1/1–9/30/2010	7/1–9/30/2011	7/1–9/30/2010
Rental income		7,845	8,930	2,669	2,884
Income from operating and incidental costs		1,717	1,445	539	531
Leasehold payments		(23)	(106)	(13)	(16)
Real estate-related operating expenses		(3,274)	(3,197)	(1,322)	(846)
Net rental result		**6,265**	**7,072**	**1,873**	**2,553**
General administrative expenses	9	**(1,692)**	**(1,567)**	**(536)**	**(496)**
Other operating income and expenses		78	(1)	50	2
Other operating expenses		5	(1)	(4)	(21)
Total other operating income and expenses		**83**	**(86)**	**46**	**(67)**
Net income from the sale of investment properties		2,500	8,508	–	–
Expenses in connection with the sale of investment properties		(2,574)	(8,603)	–	(39)
Result from sale of investment properties	6	**(74)**	**(95)**	**–**	**(39)**
Valuation gains		–	–	–	–
Valuation losses		(370)	–	(116)	–
Valuation result	4	**(370)**	**–**	**(116)**	**–**
Operating result		**4,212**	**5,324**	**1,267**	**1,951**
Result from equity-accounted investments	5	**4,528**	**3,413**	**1,462**	**1,406**
Interest income		68	68	31	32
Interest expenses	10	(3,476)	(3,677)	(1,162)	(1,183)
Income before tax		**5,332**	**5,128**	**1,598**	**2,206**
Income tax		–	2	–	4
Income before minority interests		**5,332**	**5,130**	**1,598**	**2,210**
Minority interest in the result		(814)	(1,050)	(676)	(443)
Net income		**4,518**	**4,080**	**922**	**1,767**
Earnings per share in € (basic/diluted)		0.48	0.44	0.10	0.19

Statement of Comprehensive Income

Consolidated statement of comprehensive income in € thousand	1/1–9/30/2011	1/1–9/30/2010
Net income	**4,518**	**4,080**
Other results		
Change in cash flow hedges	(645)	(1,883)
Thereof due to minority interests	(110)	(37)
Change in cash flow hedges of associated companies	187	(140)
Total other results	**(568)**	**(2,060)**
Comprehensive income	**3,950**	**2,020**

Statement of Changes in Equity

Consolidated statement of changes in equity in € thousand	Shares in circulation [in pcs.]	Subscribed capital	Share premium	Reserve for changes in value	Retained earnings	Own shares	**Total**
Balance at January 1, 2010	**9,347,790**	**47,034**	**46,167**	**(5,446)**	**(14,745)**	**(290)**	**72,720**
Purchase of treasury shares	(22,218)	–	–	–	–	(108)	(108)
Total net income	–	–	–	(2,060)	4,080	–	2,020
Balance at September 30, 2010	**9,325,572**	**47,034**	**46,167**	**(7,506)**	**(10,665)**	**(398)**	**74,632**
Balance at January 1, 2011	**9,325,572**	**47,034**	**46,167**	**(5,732)**	**(12,513)**	**(398)**	**74,558**
Distribution of dividends	–	–	–	–	(932)	–	(932)
Effect resulting out of the change of consolidation scope	–	–	–	–	(5)	–	(5)
Total net income	–	–	–	(568)	4,518	–	3,950
Balance at September 30, 2011	**9,325,572**	**47,034**	**46,167**	**(6,300)**	**(8,932)**	**(398)**	**77,571**

Cash Flow Statement

Consolidated cash flow statement in € thousand	1/1–9/30/2011	1/1–9/30/2010
Net income	**4,518**	**4,080**
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Income tax expenses/(income)	5	2
Amortization of intangible assets and depreciation of property, plant and equipment	2	9
(Profits)/losses from the disposal of investment properties	74	95
Valuation result	370	–
Income from equity-accounted investments	(4,528)	(3,413)
Withdrawals from equity-accounted investments	780	1,844
Loss/(profit) of minority shareholders in subsidiaries	814	1,050
Disbursement to minority shareholders in subsidiaries	(648)	(467)
Result from the valuation of derivative financial instruments	(124)	(88)
Subtotal FFO (funds from operations)	**1,263**	**3,112**
Compensation payment received	2,000	–
Changes in assets, equity and liabilities		
(Increase)/decrease in trade receivables	280	69
(Increase)/decrease in other receivables	110	(70)
(Decrease)/increase in provisions	(23)	(63)
(Decrease)/increase in trade payables	(306)	(289)
(Decrease) /increase in other liabilities	(598)	(451)
Cash flow from operating activities	**2,726**	**2,308**
Disbursement for the purchase of participations of equity-accounted participations	(12)	–
Disbursement for the purchase of non-current assets	(13)	–
Investments in investment properties	(959)	–
Income from the disposal of investment properties	1,868	8,205
Investments in property, plant and equipment and intangible assets	(199)	(4)
Cash flow from investment activities	**685**	**8,201**
Purchase of treasury shares	–	(108)
Distribution of dividends	(932)	–
Repayment of financial liabilities	(4,854)	(8,397)
Disbursement for minority interests	70	–
Cash flow from financing activities	**(5,716)**	**(8,505)**
Changes of cash and cash equivalents	**(2,305)**	**2,004**
Cash and cash equivalent – start of period	11,975	8,281
Cash and cash equivalent – end of period	**9,670**	**10,285**

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 and 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. A summary of the participations, including a short name and the full company name, is available on page 31 of the 2010 Annual Report.

(2) Accounting and Valuation Methods

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

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

Consolidation All subsidiaries are included in the consolidated financial statement. The composition of the consolidated group of companies has changed since December 31. Several companies were acquired on July 31, 2011 that were then included in the consolidated financial statement for the first time on September 30, 2011 (see Note 3 “Corporate acquisitions”).

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, 2010.

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, 2010. 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 September 30, 2010 or other comparable periods from previous years.

(3) Corporate acquisitions

The following companies were acquired on July 31, 2011:

Acquired companies in € thousand	Total subscribed equity	Interest per 9/30/2011 [in %]
GP Value Management GmbH, Munich ("GPVM") 1)	25	100
BBV 03 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim ("FV 03")	25	100
BBV 06 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim ("FV 06")	25	100
BBV 09 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim ("FV 09")	25	100
BBV 10 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim ("FV 10")	25	100
BBV 14 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim ("FV 14")	25	100
Total	**150**	

1) paid in thereof € 13,000

The companies FV 03 to FV 14 represent general partners within the BBV real estate funds no. 3, 6, 9, 10 and 14. GPVM assumes the position as general partner in the acquired Geschäftsführungs-GmbH & Co. KG companies, with Fair Value REIT-AG assuming the role of managing limited partner.

With regard to the subordinated investment volume, the details for the Geschäftsführungs-GmbH & Co. KG companies and GPVM, collectively referred to hereinafter as the sub-group "GP", are summarised below. The acquisition costs of these corporate acquisitions and the constituent parts of these acquisition costs are as follows:

Summary of acquisition costs GP in € thousand	
Acquisition costs	
Acquired assets	
Intangible assets	198
Participations	13
Receivables	6
Loans	149
Cash and cash equivalents	36
Acquired liabilities	
Provisions	9
Liabilities	11
Total acquired assets and liabilities	**382**

There were no directly attributable costs for the group relating to the corporate acquisitions.

A difference of € 198,000 arose from the valuation of the acquired companies at fair price as part of the purchase price allocation. This was booked in its entirety as intangible assets in the group balance sheet. The difference was allocated among the individual companies as follows on September 30, 2011:

Classification of intangible assets

in € thousand	Total intangible assets
GP Value Management GmbH, Munich (“GPVM”)	–
BBV 03 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim (“FV 03”)	16
BBV 06 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim (“FV 06”)	67
BBV 09 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim (“FV 09”)	50
BBV 10 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim (“FV 10”)	51
BBV 14 Geschäftsführungs-GmbH & Co. KG, Unterschleissheim (“FV 14”)	14
Total	**198**

Regarding other assets and liabilities, the fair value at the time of acquisition corresponds to the net book values of the assets and liabilities prior to the acquisition. Of the quarterly net income of the group, a surplus of € 3,000 is attributable to the acquired companies.

(4) Investment Property

Development of investment property

in € thousand	Direct investments	In subsidiaries	**Total**
Acquisition costs			
Balance at January 1, 2011	**51,832**	**115,372**	**167,204**
Additions (subsequent acquisition costs)	214	1,303	1,517
Re-allocation to assets held for sale	(574)	–	(574)
Balance at September 30, 2011	**51,472**	**116,675**	**168,147**
Changes in value			
Balance at January 1, 2011	**(6,415)**	**(32,139)**	**(38,554)**
Re-allocations	16	–	16
Write-ups	–	–	–
Write-downs	(214)	(156)	(370)
Balance at September 30, 2011	**(6,613)**	**(32,295)**	**(38,908)**
Fair values			
Balance at January 1, 2011	45,417	83,233	128,650
Balance at September 30, 2011	**44,859**	**84,380**	**129,239**

Due to the change in the designated use of the "Krefeld" property (BBV 06), from a DIY-store to a specialty shopping centre, renovation and conversion costs of € 1,147,000 were incurred up until the handing over of the rented space on June 30, 2011. These expenses were considered value-enhancing, taking into account the upcoming full occupancy of the property, which resulted in the value of this property differing by this amount from the value as assessed on December 31, 2010.

The fair values used for the remaining investment properties otherwise are those determined on December 31, 2010 by CB Richard Ellis GmbH, Frankfurt.

The depreciation of T€ 370 is the result of write-downs on conversion costs arising for the Norderstedt, Ulzburger Str. 545 + 547, Pinneberg, Oeltingsallee 30 and Damm 49 (direct investments) and Neubrandenburg (IC 13) properties.

(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, 2011	**2,513**	**7,201**	**217**	**12,158**	**15,188**	**17,146**	**54,423**
Additions (acquisition costs)	–	–	–	3	15	2	20
Withdrawals	(42)	(218)	–	(515)	(3)	(2)	(780)
Scope of consolidation change	–	–	–	–	–	–	–
Proportionate earnings	45	440	24	1,912	1,336	771	4,528
Profit from cash flow hedge	–	–	–	–	187	–	187
Balance at September 30, 2011	**2,516**	**7,423**	**241**	**13,558**	**16,723**	**17,917**	**58,378**
Value adjustment							
Balance at January 1, 2011/September 30, 2011	**(178)**	**(650)**	**(96)**	**(1,069)**	**(1,785)**	**(2,094)**	**(5,872)**
Carrying amounts							
Balance at January 1, 2011	2,335	6,551	121	11,089	13,403	15,052	48,551
Balance at September 30, 2011	**2,338**	**6,773**	**145**	**12,489**	**14,938**	**15,823**	**52,506**

This refers to participations with holdings of between 20 % and 50 %. The € 3,955,000 increase in the carrying amounts in comparison to December 31, 2010 consists of the proportionate earnings allocation to Fair Value in the reporting period, amounting to € 4,528,000 plus the proportional profit from cash flow hedge recorded without affecting net income, amounting to a total of € 187,000 minus withdrawals including withholding tax on interest income and the solidarity surcharges amounting to € 780,000. There were also € 20,000 acquisition costs of the general partner equity investments in the associated companies BBV 09, 10 and 14 and an additional secondary market purchase interest in BBV 10.
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 91 of the 2010 Annual Report.

For BBV 14, the liabilities towards HSH Nordbank, Kiel which were fixed until December 31, 2014, could be prematurely redeemed. The loan had an IFRS effective rate of interest of 5.2 % p.a. The prepayment penalty of € 1.3 million is over-compensated by the receipt affecting net income of approximately € 1.6 million as the remaining difference between the IFRS carrying value and the nominal redemption amount. This is reflected in the proportionate earnings with approximately € 118,000.

For financing the early loan repayment, a variable loan of € 48.0 million was taken out by BBV 14 with DG HYP Deutsche Hypothekenbank AG on an EURIBOR basis with a term of five years until March 31, 2016. A bank margin of 125 basis points was agreed for this. To hedge against increasing interest rates, an interest rate hedge transaction was concluded, which limits the EURIBOR interest charge to 4.25 % p.a. plus margin.

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 as of September 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 %	25.17 %	38.43 %	45.11 %	
Investment property	2,932	14,242	663	30,899	43,140	38,244	130,120
Trade receivables	25	57	14	16	194	236	542
Other receivables and assets	2	340	1	141	22	9	515
Cash and cash equivalents	478	1,316	73	2,075	1,431	1,243	6,616
Provisions	(6)	(8)	(3)	(4)	(8)	(25)	(54)
Financial liabilities	(892)	(8,364)	(502)	(17,888)	(26,596)	(21,346)	(75,588)
Derivative financial instruments	—	—	—	(1,506)	(1,302)	(211)	(3,019)
Trade payables	(11)	(12)	(6)	(34)	(97)	(91)	(251)
Other liabilities	(12)	(148)	1	(144)	(76)	(144)	(523)
Net assets	**2,516**	**7,423**	**241**	**13,555**	**16,708**	**17,915**	**58,358**

Proportionate share of assets and liabilities of equity-accounted associated companies as of December 31, 2010

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 %	
Investment property	2,932	14,242	663	30,886	43,072	38,244	130,039
Trade receivables	28	26	16	16	130	227	443
Other receivables and assets	1	339	12	180	10	504	1,046
Cash and cash equivalents	509	1,477	66	1,904	1,156	917	6,029
Provisions	(6)	(11)	(3)	(5)	(10)	(18)	(53)
Financial liabilities	(912)	(8,618)	(521)	(18,372)	(27,335)	(22,430)	(78,188)
Derivative financial instruments	—	—	—	(2,261)	(1,541)	—	(3,802)
Trade payables	—	(47)	(6)	(49)	(195)	(182)	(479)
Other liabilities	—	(207)	(10)	(141)	(99)	(116)	(573)
Net assets	**2,552**	**7,201**	**217**	**12,158**	**15,188**	**17,146**	**54,462**

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 as of September 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 %	25.17 %	38.43 %	45.11 %	
Rental income	130	872	66	2,212	2,858	2,123	8,261
Income from operating and incidental costs	79	88	7	53	225	512	964
Real estate-related operating expenses	(120)	(194)	(25)	(173)	(560)	(770)	(1,842)
Net rental income	**89**	**766**	**48**	**2,092**	**2,523**	**1,865**	**7,383**
General administrative expenses	(12)	(39)	(6)	(65)	(122)	(162)	(406)
Other operating income and expenses (balance)	—	1	2	32	49	(160)	(76)
Operating result	**77**	**728**	**44**	**2,059**	**2,450**	**1,543**	**6,901**
Net interest expense	(32)	(288)	(20)	(903)	(1,169)	(561)	(2,973)
Valuation result of derivative financial instruments with effect to net income	—	—	—	756	55	(211)	600
Financial result	**(32)**	**(288)**	**(20)**	**(147)**	**(1,114)**	**(772)**	**(2,373)**
Economic result	**45**	**440**	**24**	**1,912**	**1,336**	**771**	**4,528**

Proportionate income situation for the equity-accounted associated companies as of September 30, 2010

in € thousand	IC 10 [1]	IC 12	IC 15 (consolidated)	BBV 02	BBV 09	BBV 10	BBV 14	**Total**
Fair Value REIT-AG's share	26.14 %	40.22 %	38.37 %	39.68 %	25.11 %	38.37 %	45.11 %	
Rental income	138	151	857	64	2,235	2,932	2,039	8,416
Income from operating and incidental costs	58	84	93	9	46	203	464	957
Real estate-related operating expenses	(67)	(110)	(181)	(22)	(180)	(681)	(756)	(1,997)
Net rental income	**129**	**125**	**769**	**51**	**2,101**	**2,454**	**1,747**	**7,376**
General administrative expenses	(5)	(12)	(43)	(5)	(64)	(120)	(176)	(425)
Other operating income and expenses (balance)	—	2	1	(1)	(8)	(14)	(9)	(29)
Valuation result	—	—	(3)	—	—	—	—	(3)
Operating result	**124**	**115**	**724**	**45**	**2,029**	**2,320**	**1,562**	**6,919**
Net interest expense	(97)	(34)	(298)	(20)	(931)	(1,218)	(858)	(3,456)
Valuation result of derivative financial instruments with effect to net income	—	—	—	—	(33)	10	—	(23)
Financial result	**(97)**	**(34)**	**(298)**	**(20)**	**(964)**	**(1,208)**	**(858)**	**(3,479)**
Economic result	**27**	**81**	**426**	**25**	**1,065**	**1,112**	**704**	**3,440**

[1] The participation was sold with effect October 1, 2010.

(6) Non-current Assets Available for Sale

in € thousand	9/30/2011	12/31/2010
Retail-property Essen-Heidhausen (“IC 01”)	–	2,500
Office building Rellingen (direct investment)	558	–
Total non-current assets available for sale	**558**	**2,500**

The valuation of the Essen-Heidhausen property was carried out in the previous year and equated to the agreed purchase price. Closing took place on the reporting date, January 31, 2011. Subsequent sales costs of € 74,000 were incurred.

The sale of the property in Rellingen for € 675,000 was certified by a notary on August 4, 2011. Closing took place on September 30, 2011. The valuation equated to the book value as of December 31, 2010.

(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 revaluation reserve increased on balance by € 568,000. After deduction of the units held by minority shareholders, the share held by the group increased by € 755,000. In contrast, there was a reduction in reserves of € 187,000 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 € 94,249,000 decreased by € 4,854,000 compared to December 31, 2010. This was because of scheduled repayments of € 3,660,000 and unscheduled repayments of € 1,056,000 relating to the sales of the Essen-Heidhausen property and a special repayment of € 138,000 made by Fair Value.

A loan booked as a short-term financial liability totalling € 6,875,000 on December 31, 2010 was valued on September 30, 2011 with a book value of € 6,045,000. Due to the extension of the loan until December 31, 2012, a part of this loan amounting to € 5,279,000 was booked as a long-term financial liability.

The short-term financial liabilities of € 33,312,000 relate with a partial amount of € 30,052,000 to the property loans in the subsidiary BBV 06 with an extension or follow-financing due within 12 months.

(9) General Administrative Expenses

in € thousand	1/1–9/30/2011	1/1–9/30/2010
Personnel expenses	315	292
Office costs	37	36
Travel and vehicle expenses	29	40
Accounting	107	108
Stock market listing, general meeting and events	180	131
Valuations	76	74
Legal and consulting costs	122	94
Audit expenses	69	137
Remuneration (Supervisory and Advisory Boards, General Partner)	67	67
Fund management fees	313	278
Trustee fees	85	83
Amortization and depreciation	2	9
Other	129	95
Non-deductible VAT	161	123
Total general administrative expenses	**1,692**	**1,567**

Of the general administrative expenses, € 1,251,000 (73.9 %) are attributable to Fair Value (€ 1,007,000 or 64.3 % in the previous year) and € 442,000 (26.1 %) to the subsidiaries (€ 560,000 or 35.7 % in the previous year).

(10) Interest Expenses

in € thousand	1/1–9/30/2011	1/1–9/30/2010
Valuation of derivative financial instruments	124	(88)
Other interest expenses	(3,600)	3,765
Total interest expenses	**(3,476)**	**3,677**

Interest expenses include earnings relating to the change in the fair value of derivative financial instruments (interest rate hedges) amounting to € 124,000. Of this sum, € 55,000 are attributable to the minority interests.

(11) Segment Revenues and Results

	1/1–9/30/2011		1/1–9/30/2010	
in € thousand	Segment revenues	Segment results	Segment revenues	Segment results
Direct investments	2,854	2,141	2,870	2,177
Subsidiaries	6,708	4,124	7,505	4,019
Total segment revenues and results	**9,562**	**6,265**	**10,375**	**6,196**
Central administrative expenses and other		(2,053)		3,413
Earnings from equity-accounted participations		4,528		(872)
Income from favorable purchase of participation		–		–
Other income from participations		–		–
Net interest expenses		(3,408)		(3,609)
Income tax		–		(1,050)
Minority interest in the result		(814)		2
Net income		**4,518**		**4,080**

The following table shows the income statement of the segments in a less aggregated form. The "subsidiaries" segment is broken down in accordance with the individual fund companies apart from the general partner companies (subgroup GP).

Income statement by segments as of September 30, 2011

	Direct investments	Subsidiaries									
in € thousand	**FV AG**	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	GP	**Total**	Consolidation	**Group**
Rental income	2,423	99	412	335	1,273	493	2,804	–	5,416	–	7,839
Income from operating and incidental costs	431	34	119	190	370	90	489	–	1,292	–	1,723
Segment revenues	**2,854**	**133**	**531**	**525**	**1,643**	**583**	**3,293**	**–**	**6,708**	**–**	**9,562**
Leasehold payments	–	–	–	–	–	–	(15)	–	(15)	–	(15)
Real estate-related operating expenses	(714)	(53)	(184)	(287)	(622)	(141)	(1,282)	–	(2,569)	–	(3,283)
Net rental result	**2,140**	**80**	**347**	**238**	**1,021**	**442**	**1,996**	**–**	**4,124**	**–**	**6,264**
Administrative expenses related to segment	(142)	(22)	(24)	(26)	(58)	(104)	(214)	–	(448)	7	(583)
Other operating expenses and income (balance)	–	–	–	–	(5)	1	91	3	90	(7)	83
Loss from sale of investment properties	–	(74)	–	–	–	–	–	–	(74)	–	(74)
Valuation result	(214)	–	–	–	(156)	–	–	–	(156)	–	(370)
Segment result	**1,784**	**(16)**	**323**	**212**	**802**	**339**	**1,873**	**3**	**3,536**	**–**	**5,320**
Central administrative costs	(1,108)	–	–	–	–	–	–	–	–	–	(1,108)
Income from equity-accounted participations	569	–	–	–	–	–	–	–	–	3,959	4,528
Other income from participations	730	–	–	–	–	–	–	–	–	(730)	–
Net interest expenses	(1,802)	(50)	(138)	(86)	(370)	2	(1,088)	–	(1,730)	–	(3,532)
Valuation result of derivative financial instruments with effect on net income	–	–	–	–	–	–	124	–	124	–	124
Minority interests	–	–	–	–	–	–	–	–	–	(814)	(814)
Consolidated net income	**173**	**(66)**	**185**	**126**	**432**	**341**	**909**	**3**	**1,930**	**2,415**	**4,518**

Income statement by segments as of September 30, 2010

	Direct invest-ments	Subsidiaries									
in € thousand	**FV AG**	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	GP	**Total**	Conso-lidation	**Group**
Rental income	2,430	236	363	340	1,808	554	3,199	–	6,500	–	8,930
Income from operating and incidental costs	440	57	127	136	280	96	309	–	1,005	–	1,445
Segment revenues	**2,870**	**293**	**490**	**476**	**2,088**	**650**	**3,508**	**–**	**7,505**	**–**	**10,375**
Leasehold payments	–	–	–	–	–	–	(106)	–	(106)	–	(106)
Real estate-related operating expenses	(549)	(85)	(180)	(262)	(377)	(139)	(1,605)	–	(2,648)	–	(3,197)
Net rental result	**2,321**	**208**	**310**	**214**	**1,711**	**511**	**1,797**	**–**	**4,751**	**–**	**7,072**
Administrative expenses related to segment	(143)	(26)	(26)	(28)	(93)	(116)	(263)	–	(552)	–	(695)
Other operating expenses and income (balance)	(1)	(16)	(69)	(2)	2	–	–	–	(85)	–	(86)
Loss from sale of investment properties	–	–	–	–	–	(89)	(6)	–	(95)	–	(95)
Segment result	**2,177**	**166**	**215**	**184**	**1,620**	**306**	**1,528**	**–**	**4,019**	**–**	**6,196**
Central administrative costs	(872)	–	–	–	–	–	–	–	–	–	(872)
Income from equity-accounted participations	1,642	–	–	–	–	–	–	–	–	1,771	3,413
Other income from participations	17	–	–	–	–	–	–	–	–	(17)	–
Net interest expenses	(1,853)	(70)	(144)	(111)	(414)	2	(1,107)	–	(1,844)	–	(3,697)
Valuation result of derivative financial instruments with effect on net income	–	–	–	–	–	–	88	–	88	–	88
Income tax	2	–	–	–	–	–	–	–	–	–	2
Minority interests	–	–	–	–	–	–	–	–	–	(1,050)	(1,050)
Consolidated net income	**1,113**	**96**	**71**	**73**	**1,206**	**308**	**509**	**–**	**2,263**	**704**	**4,080**

The following table shows, in a less aggregated form, all the allocated and non-allocated assets and liabilities for the segments, with the "subsidiaries" segment being broken down according to the individual fund companies apart from the general partner companies (subgroup GP).

Segment assets and liabilities as of September 30, 2011

	Direct invest-ments	Subsidiaries									
in € thousand	**FV AG**	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	GP	**Total**	Conso-lidation	**Group**
Intangible assets and property, plant and equipment	9	–	–	–	–	–	–	198	198	–	207
Investment property	44,859	1,500	5,790	7,340	17,970	6,760	45,020	–	84,380	–	129,239
Non-current assets held for sale	558	–	–	–	–	–	–	–	–	–	558
Trade receivables	207	136	32	165	105	27	339	–	804	–	1,011
Income tax receivables	56	–	–	–	3	–	–	7	10	–	66
Other receivables and assets	229	11	33	5	90	250	248	149	786	(210)	805
Cash and cash equivalents	307	240	138	1,410	3,966	1,595	1,970	44	9,363	–	9,670
Segment assets	**46,225**	**1,887**	**5,993**	**8,920**	**22,134**	**8,632**	**47,577**	**398**	**95,541**	**(210)**	**141,556**
Participation in subsidiaries	30,380	–	–	–	–	–	–	5	5	(30,385)	–
Equity-accounted participations	46,853	–	–	–	–	–	–	8	8	5,645	52,506
Total assets	**123,458**	**1,887**	**5,993**	**8,920**	**22,134**	**8,632**	**47,577**	**411**	**95,554**	**(24,950)**	**194,062**
Provisions	(125)	(11)	(13)	(9)	(14)	(16)	(15)	(15)	(93)	–	(218)
Trade payables	(209)	(143)	(8)	(19)	(97)	(28)	(270)	(3)	(568)	209	(568)
Other liabilities	(105)	(59)	(46)	(101)	(61)	(39)	(357)	(8)	(671)	1	(775)
Subtotal segment liabilities	**(439)**	**(213)**	**(67)**	**(129)**	**(172)**	**(83)**	**(642)**	**(26)**	**(1,332)**	**210**	**(1,561)**
Minority interests	–	–	–	–	–	–	–	–	–	(14,770)	(14,770)
Financial liabilities	(37,864)	(734)	(3,252)	(2,128)	(20,428)	–	(30,052)	–	(56,594)	–	(94,458)
Derivative financial liabilities	(5,410)	–	–	–	–	–	(292)	–	(292)	–	(5,702)
Total liabilities	**(43,713)**	**(947)**	**(3,319)**	**(2,257)**	**(20,600)**	**(83)**	**(30,986)**	**(26)**	**(58,218)**	**(14,560)**	**(116,491)**
Net assets	**79,745**	**940**	**2,674**	**6,663**	**1,534**	**8,549**	**16,591**	**385**	**37,336**	**(39,510)**	**77,571**

Segment assets and liabilities as of December 31, 2010

	Direct invest-ments	Subsidiaries									
in € thousand	**FV AG**	IC 01	IC 03	IC 07	IC 13	BBV 03	BBV 06	GP	**Total**	Conso-lidation	**Group**
Intangible assets and property, plant and equipment	10	–	–	–	–	–	–	–	–	–	10
Investment property	**45,417**	**1,500**	**5,790**	**7,340**	**17,970**	**6,760**	**43,873**	**–**	**83,233**	**–**	**128,650**
Non-current assets held for sale	–	2,500	–	–	–	–	–	–	2,500	–	2,500
Trade receivables	153	113	78	116	87	27	717	–	1,138	–	1,291
Income tax receivables	71	–	–	–	–	–	–	–	–	–	71
Other receivables and assets	380	35	42	–	2,036	251	235	–	2,599	(64)	2,915
Cash and cash equivalents	2,426	56	42	2,005	2,767	1,541	3,138	–	9,549	–	11,975
Segment assets	**48,457**	**4,204**	**5,952**	**9,461**	**22,860**	**8,579**	**47,963**	**–**	**99,019**	**(64)**	**147,412**
Participation in subsidiaries	30,082	–	–	–	–	–	–	–	–	(30,082)	–
Equity-accounted participations	47,052	–	–	–	–	–	–	–	–	1,499	48,551
Total assets	**125,591**	**4,204**	**5,952**	**9,461**	**22,860**	**8,579**	**47,963**	**–**	**99,019**	**(28,647)**	**195,963**
Provisions	(160)	(11)	(10)	(8)	(13)	(14)	(25)	–	(81)	–	(241)
Trade payables	(263)	(146)	(43)	(86)	(255)	(18)	(272)	–	(820)	–	(1,083)
Other liabilities	(116)	(71)	(44)	(139)	(200)	(28)	(709)	–	(1,191)	4	(1,303)
Subtotal segment liabilities	**(539)**	**(228)**	**(97)**	**(233)**	**(468)**	**(60)**	**(1,006)**	**–**	**(2,092)**	**4**	**(2,627)**
Minority interests	–	–	–	–	–	–	–	–	–	(14,494)	(14,494)
Financial liabilities	(39,145)	(1,821)	(3,366)	(2,689)	(21,285)	–	(30,857)	–	(60,018)	60	(99,103)
Derivative financial liabilities	(4,517)	–	–	–	–	–	(664)	–	(664)	–	(5,181)
Total liabilities	**(44,201)**	**(2,049)**	**(3,463)**	**(2,922)**	**(21,753)**	**(60)**	**(32,527)**	**–**	**(62,774)**	**(14,430)**	**(121,405)**
Net assets	**81,390**	**2,155**	**2,489**	**6,539**	**1,107**	**8,519**	**15,436**	**–**	**36,245**	**(43,077)**	**74,558**

(12) Extent of Relationships with Related Parties

Receivables and liabilities with IC Group

in € thousand	1/1–9/30/2011	1/1–9/30/2010
Receivables	–	10
Liabilities from services	(10)	(38)
Total receivables and liabilities	**(10)**	**(28)**

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 10, 2011

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

Munich, November 10, 2011
Fair Value REIT-AG

Frank Schaich

Imprint

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