

# Quarterly Statements

## 1st Quarter 2016

fair value  
REIT

Key figures Fair Value Group			
		1/1 – 31/3/2016	1/1 – 31/3/2015
<b>Revenues and earnings</b>			
Rental income	in € thousand	5,571	5,590
Net rental income	in € thousand	3,650	3,917
Operating result (EBIT)	in € thousand	2,817	5,016
Group net profit	in € thousand	887	2,863
Earnings per share <sup>1)</sup>	in €	0.06	0.31
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	1,570	1,024
EPRA-Earnings/FFO per share <sup>1)</sup>	in €	0.11	0.11
<b>Assets and capital</b>		31/3/2016	31/12/2015
Non-current assets	in € thousand	296,355	296,914
Current assets	in € thousand	20,689	21,702
Non-current assets held for sale	in € thousand	525	11,750
Total assets	in € thousand	317,569	330,366
Equity/Net asset value (NAV)	in € thousand	118,075	117,278
Equity ratio	in %	37.2	35.5
Immovable assets	in € thousand	287,759	299,544
Equity within the meaning of Sec. 15 REITG	in € thousand	179,901	178,438
Equity ratio within the meaning of Sec. 15 REITG (minimum 45 %)	in %	62.5	59.6
<b>Real estate investments</b>		31/3/2016	31/12/2015
Number of properties	amount	38	40
Market value of properties <sup>2)</sup>	in € million	288	300
Contractual rent p.a.	in € million	22.2	23.1
Potential rent p.a.	in € million	25.1	26.0
Occupancy	in %	88.5	89.2
Remaining term of rental agreements	years	5.0	4.9
Contractual rental yield before costs	in %	7.7	7.7

<sup>1)</sup> Number of shares outstanding 14,029,013 (31/3/2016) respective 9,325,572 (31/3/2015)

<sup>2)</sup> According to market valuations as of 31/12/2015.

Further key figures			
		31/3/2016	31/12/2015
Number of shares in circulation	in pieces	14,029,013	14,029,013
Net asset value (NAV) per share	in €	8.42	8.36
EPRA-NAV per share	in €	8.42	8.36
Number of employees (including Management Board)		4	4

# Letter to Shareholders

Dear shareholders and business partners,  
ladies and gentlemen,

The Fair Value Group has had a successful start to fiscal year 2016, increasing its operating business result (FFO (funds from operations)) significantly in the first quarter of 2016.

Group net profit (FFO) adjusted for measurement, disposal and other special effects amounted to €2.5 million before non-controlling interests. This was €0.4 million or 19 % above the previous-year figure of €2.1 million.

After deducting the profit/loss attributable to non-controlling interests, the FFO for the shareholders of Fair Value REIT-AG amounted to €1.6 million, an increase of more than 50 % compared to the previous-year figure of €1.0 million.

The higher percentage rise in FFO after non-controlling interests compared to the increase in FFO before non-controlling interests is due to the acquisition of non-controlling interests in 2015 driven by net cash inflows from capital measures as well as to the direct ownership of properties previously held indirectly.

The results for the first quarter of 2016 confirm our planning and thus provide a sound foundation for our continued positive business development in 2016.

The Company's equity also developed well, amounting to €118.1 million as of the end of March 2016 compared to €117.3 million as of year-end 2015. The net asset value for each share outstanding increased to €8.42 from €8.36. The REIT equity ratio increased from 59.6 % of immovable assets to 62.5 %.

The fact that the Group's equity backing increased once again gives us the headroom to make attractive purchases. It also allows us to reduce non-controlling interests in order to further expand the group net profit attributable to Fair Value's shareholders in a way that makes strategic sense and adds value.

We would be delighted if you continued to share this journey with us and would like to thank you for the trust you have placed in us to date.

Munich, 10 May 2016  
CEO



Frank Schaich

# Group Interim Management Report

## Condensed interim group management report as of 31 March 2016

### Portfolio

As of 31 March 2016, the Fair Value Group's directly and indirectly owned portfolio comprises 38 properties (31 December 2015: 40 properties) with market values (equivalent to the fair values pursuant to IFRS 13), totalling around €288 million (31 December 2015: €300 million).

At 88.5 %, the profit-weighted occupancy rate of the portfolio as of 31 March 2016 was down slightly on the rate as of 31 December 2015 (89.2 %) after two fully let buildings were sold. As of 31 March 2016, the profit-weighted average remaining term of the lease agreements stood at 5.0 years compared to 4.9 years as of 31 December 2015.

The table below provides an overview of the real estate assets allocated to the Group as of 31 March 2016. The market values are based on measurements by the external expert CBRE GmbH of the individual properties as of 31 December 2015.

#### Direct investments and investments as of 31 March 2016

	Property area [m <sup>2</sup> ]	Total lettable area [m <sup>2</sup> ]	Annualized contractual rent [€ thousand]	Market value 31 Dec 2015 <sup>1)</sup> [€ thousand]	Occupancy rate <sup>2)</sup> [%]	Ø secured remaining term of lease agree- ments <sup>2)</sup> [Years]	Contractual rent returns before costs [%]	Investment [%]
Direct investments segment	77,394	70,594	4,932	62,790	96.4	7.2	7.9	100
Subsidiaries segment	347,670	192,599	17,299	225,004	86.5	4.3	7.7	51
<b>Total portfolio</b>	<b>425,064</b>	<b>263,192</b>	<b>22,231</b>	<b>287,794</b>	<b>88.5</b>	<b>5.0</b>	<b>7.7</b>	<b>62</b>

#### Notes

<sup>1)</sup> Pursuant to market value report by CB Richard Ellis GmbH, Frankfurt am Main as of 31 December 2015

<sup>2)</sup> Income weighted

## Financial position and performance

### Financial performance

in € thousand	1/1 – 31/3/2016	1/1 – 31/3/2015	Change	
			in € thousand	in %
<b>Rental income</b>	<b>5,571</b>	<b>5,590</b>	<b>(19)</b>	<b>(0)</b>
Service charge income	1,115	1,034	81	8
Service charge expenses	(2,094)	(2,094)	–	–
Other property-related expenses	(982)	(613)	(369)	60
<b>Net rental income</b>	<b>3,650</b>	<b>3,917</b>	<b>(267)</b>	<b>(7)</b>
General administrative expenses	(600)	(792)	(192)	(24)
Other operating income and expenses, disposal and measurement gains/losses	(233)	1,891	(2,124)	(112)
<b>Operating result</b>	<b>2,817</b>	<b>5,016</b>	<b>(2,199)</b>	<b>(44)</b>
Net interest expenses	(1,284)	(1,114)	170	15
Share of profit/loss attributable to non-controlling interests	(646)	(1,039)	(393)	(38)
<b>Group net profit</b>	<b>887</b>	<b>2,863</b>	<b>1,976</b>	<b>(69)</b>

At €5.6 million, rental income in the first quarter was at the previous-year level. On account of the increase in property-related expenses, net rental income of €3.7 million was down by 7%, on the previous-year figure of €3.9 million.

General administrative expenses decreased to €0.6 million and were down by 24% on the previous-year figure of €0.8 million, mainly due to reduced costs at the level of the subsidiaries. At €0.2 million, the balance of other income and expenses as well as of disposal and measurement gains and losses was down by €2.1 million on the previous-year income of €1.9 million. The high level of previous-year income was due to non-cash special effects following favourable acquisitions of investments and land.

As a result, at €2.8 million, the operating result was €2.1 million or 44% below the previous-year figure of €5.0 million.

At €1.3 million, the Group's net interest expense was up by €0.2 million or 15% on the previous-year level of €1.1 million. Of this expense, around €0.25 million is attributable to the redemption premium of 3% of the nominal amount of the convertible bond (€8.46 million). This had been repaid prematurely on 19 February 2016 at the request of the creditors as a result of the change of control at Fair Value REIT-AG.

After deducting the share of profit/loss attributable to non-controlling interests of €0.6 million (previous year: €1.1 million), the Fair Value Group closed the first three months of the current fiscal year 2016 with a group net profit of €0.9 million (previous year: €2.9 million).

At €2.5 million, the operating business result of the Fair Value Group (EPRA earnings/FFO (funds from operations)) before non-controlling interests adjusted for the costs of measurement/disposal (€0.2 million) and other special effects totalling around €0.8 million (capitalisable property-related expenses and redemption premium for the convertible bond) was up by €0.4 million or 19 % in the first three months of the current fiscal year compared to the previous-year figure of €2.1 million.

After deducting the profit/loss attributable to non-controlling interests, the FFO came to €1.6 million and was up by €0.6 million or 53 % on the previous-year figure of €1.0 million. This is in line with the figure planned for the first quarter of 2016.

In terms of the number of shares outstanding (around 14.03 million shares as of 31 March 2016 compared to 9.33 million shares as of 31 March 2015), the FFO remained unchanged at €0.11.

**Adjusted profit/loss of the Group**  
**(EPRA earnings or FFO)**

	1/1 – 31/3/2016				1/1 – 31/3/2015			
	Consolidated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income	Consolidated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income
in € thousand		Acquisition, selling and measurement gains/losses	Other			Acquisition, selling and measurement gains/losses	Measurement Interest rate swaps/ interest caps	
Rental income	5,571	–	–	5,571	5,590	–	–	5,590
Non-apportionable service charge expenses	(939)	–	–	(939)	(1,060)	–	–	(1,060)
Other property-related expenses	(982)	–	489	(450)	(613)	–	–	(613)
<b>Net rental income</b>	<b>3,650</b>	<b>–</b>	<b>–</b>	<b>4,182</b>	<b>3,917</b>	<b>–</b>	<b>–</b>	<b>3,917</b>
General administrative expenses	(600)	–	–	(600)	(792)	–	–	(792)
Other operating income and expenses	(187)	179	–	(8)	1,319	(1,300)	–	19
Profit/loss from disposal of investment properties	–	–	–	–	(18)	18	–	–
Measurement result	(46)	46	–	–	590	(590)	–	–
<b>Operating result</b>	<b>2,817</b>	<b>225</b>	<b>489</b>	<b>3,531</b>	<b>5,016</b>	<b>(1,872)</b>	<b>–</b>	<b>3,144</b>
Net interest expenses	(1,284)	–	254	(1,030)	(1,114)	–	57	(1,057)
<b>Profit/loss before non-controlling interests</b>	<b>1,533</b>	<b>225</b>	<b>743</b>	<b>2,501</b>	<b>3,902</b>	<b>(1,872)</b>	<b>57</b>	<b>2,087</b>
Share of profit/loss attributable to non-controlling interests	(646)	(75)	(210)	(931)	(1,039)	(9)	(15)	(1,063)
<b>Group net profit</b>	<b>887</b>	<b>150</b>	<b>533</b>	<b>1,570</b>	<b>2,863</b>	<b>(1,881)</b>	<b>42</b>	<b>1,024</b>
Profit/loss of the Group per share	0.06	–	–	0.11	0.31	–	–	0.11

## Cash position

**Cash flow from operating activities** The net cash flow from operating activities generated in the reporting period came to €0.4 million, which is €1.3 million below the previous-year level. Around 75 % of the decrease was due to changes in assets and liabilities and around 25 % to the premium for the premature repayment of the convertible bond contained in interest expenses.

<b>Cash and cash equivalents</b>		
in € thousand	1/1 – 31/3/2016	1/1 – 31/3/2015
Net cash flow from operating activities	356	1,729
Net cash flow from investing activities	11,750	9,607
Net cash flow from financing activities	(12,035)	(6,822)
Change in cash and cash equivalents	71	4,514
Cash and cash equivalents at the beginning of the period	16,028	14,588
<b>Cash and cash equivalents at the end of the period</b>	<b>16,099</b>	<b>19,102</b>

**Cash flow from investing activities** Net cash flow from investing activities totalled €11.8 million (previous year: €9.6 million) as a result of selling the properties in Radevormwald and Tornesch.

**Cash flow from financing activities** The cash outflow from financing activities of €12.0 million (previous year: €6.8 million) was due to unscheduled repayments totalling €10.6 million, scheduled repayments of €2.0 million as well as the premature repayment of the convertible bond, which was counterbalanced by proceeds from borrowings of €9.0 million.

**Liquidity** Cash and cash equivalents at the Group increased by €0.1 million in the first three months of the current fiscal year to €16.0 million (previous-year period: increase of €4.5 million to €19.1 million).

## Financial position

**Assets** Total assets amounted to €317.6 million as of 31 March 2016, down 4 % on the level as of 31 December 2015 (€330.4 million).

Non-current assets of around €296.4 million accounted for 93 % of total assets (31 December 2015: €296.9 million or 90 %). Cash and cash equivalents of €16.1 million accounted for 78 % of current assets of €20.7 million and 7 % of total assets (31 December 2015: €21.7 million). At €4.6 million, receivables and other assets accounted for 22 %.

**Equity and liabilities** On 31 March 2016, assets of €118.1 million (37 %) were financed by equity attributable to the shareholders of Fair Value REIT-AG and €199.5 million (63 %) by liabilities.

Here it must be taken into account that the non-controlling interests in subsidiaries of €61.8 million are recognised under liabilities pursuant to IFRSs. For the calculation of the minimum equity ratio for the purpose of the REIT law, interests in subsidiaries included in the consolidated financial statements not belonging to the parent company and recognised as debt capital are treated as equity. Group equity adjusted accordingly totalled of €179.9 million or 57 % of total assets (31 December 2015: €178.4 million or 54 %).

With immovable assets totalling €287.8 million as of 31 March 2016, the REIT equity ratio amounted to 62.5 % (31 December 2015: 59.6 %).

**Financial liabilities** The financial liabilities of the Group amounted to €132.2 million on 31 March 2016 or 42 % of total assets (31 December 2015: €144.1 million or 44 %). Of this amount, €9.6 million or 7 % was current (31 December 2015: €18.1 million or 13 %).

Assuming a 3-month EURIBOR interest rate of 0.0 % as a base interest rate for financial liabilities with a variable interest rate, the weighted interest rate for all financial liabilities at the Group amounted to 2.4 % p.a. as of 31 March 2016 (2.5 % as of 31 December 2015).

**Equity/net asset value (NAV)** Adding the market values of the properties and investments, taking into account the other items in the statement of financial position, resulted in a net asset value (NAV) of €118.1 million as of 31 March 2016, compared to €117.3 million as of 31 December 2015.

The 14,029,013 shares outstanding as of the reporting date produce a NAV of €8.42 per share following €8.36 as of 31 December 2015. This NAV is also equivalent to the EPRA-NAV as there are no derivative financial instruments.

<b>NAV in the consolidated statement of financial position</b>		
in € thousand	<b>31/3/2016</b>	<b>31/12/2015</b>
Market value of properties (including held for sale)	287,759	299,544
Other assets less other liabilities	27,577	27,400
Non-controlling interests	(61,826)	(61,160)
Financial liabilities	(132,178)	(144,113)
Other liabilities	(3,257)	(4,393)
<b>Net asset value</b>	<b>118,075</b>	<b>117,278</b>
Net asset value per share	8.42	8.36

## Subsequent Events

By purchase agreement dated 14 April 2016, the property in Bornhöved, Am alten Markt 9a, was sold to a private investor. The purchase price of €525 thousand corresponds to the carrying amount as of 31 March 2016. The effect on earnings from the purchase price that was €35 thousand lower than the actuarial market value as of 31 December 2015 as well as the costs of marketing had already been recognised in the first quarter of 2016. The transfer of title, risks and rewards for the property is planned for 1 June 2016.

## Risk Report

The Fair Value Group is exposed to a variety of risks on account of its business activities. In addition to economic risks, these primarily relate to rental risks, rental loss risks as well as interest and liquidity risks. The risk management system as well as the Company's general risks are described in detail in Fair Value REIT-AG's 2015 Annual Report.

For fiscal year 2016, the Management Board once again does not expect any risks to occur that could jeopardise the ability of Fair Value-AG to continue as a going concern.

## Opportunities and Forecast Report

The Management Board reaffirms its forecast in the 2015 Annual Report and, based on the existing portfolio, expects FFO in 2016 of between €10.5 million and €10.8 million before non-controlling interests.

With an unchanged share of directly held properties and thus of the share of non-controlling interests in group earnings, the Management Board expects FFO after non-controlling interests of between €6.2 million and €6.5 million in 2016. This corresponds to FFO of between €0.44 and €0.46 per share currently outstanding.

The target dividend for 2016 remains unchanged at €0.25 per share currently outstanding. This corresponds to a distribution rate of 54 % to 57 % of FFO.

Munich, 10 May 2016

Fair Value REIT-AG



Frank Schaich, Vorstand

# Consolidated Interim Financial Statements

## Consolidated Statement of Financial Position

<b>Consolidated statement of financial position</b>		
in € thousand	31/3/2016	31/12/2015
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	77	78
Property, plant and equipment	26	26
Investment property	287,234	287,794
Other receivables and assets	9,018	9,016
<b>Total non-current assets</b>	<b>296,355</b>	<b>296,914</b>
<b>Current assets</b>		
Trade receivables	1,699	2,757
Income tax receivables	5	22
Other receivables and assets	2,886	2,895
Cash and cash equivalents	16,099	16,028
<b>Total current assets</b>	<b>20,689</b>	<b>21,702</b>
Non-current assets held for sale	525	11,750
<b>Total assets</b>	<b>317,569</b>	<b>330,366</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital	28,221	28,221
Capital reserves	99,639	99,729
Revaluation reserve	(16)	(16)
Loss carryforward	(9,371)	(10,258)
Treasury shares	(398)	(398)
<b>Total equity</b>	<b>118,075</b>	<b>117,278</b>
<b>Non-current liabilities</b>		
Non-controlling interests	61,826	61,160
Financial liabilities	122,618	125,995
Derivative financial instruments	—	—
Other liabilities	3	1,076
<b>Total non-current assets</b>	<b>184,447</b>	<b>188,231</b>
<b>Current liabilities</b>		
Provisions	761	743
Financial liabilities	9,560	18,118
Trade payables	1,472	2,679
Other liabilities	3,254	3,317
<b>Total current liabilities</b>	<b>15,047</b>	<b>24,857</b>
<b>Total equity and liabilities</b>	<b>317,569</b>	<b>330,366</b>

## Consolidated Statement of Income

<b>Consolidated statement of income</b>		
in € thousand	1/1 – 31/3/ 2016	1/1 – 31/3/ 2015
Rental income	5,571	5,590
Service charge income	1,155	1,034
Service charge expenses	(2,094)	(2,094)
Other property-related expenses	(982)	(613)
<b>Net rental income</b>	<b>3,650</b>	<b>3,917</b>
<b>General administrative expenses</b>	<b>(600)</b>	<b>(792)</b>
Other operating income	4	1,368
Other operating expenses	(191)	(49)
<b>Total other operating income and expenses</b>	<b>(187)</b>	<b>1,319</b>
Income from the disposal of investment properties and non-current assets held for sale	11,750	16,540
Expenses in connection with the disposal of investment properties and non-current assets held for sale	(11,750)	(16,558)
<b>Profit/loss from the disposal of investment properties and non-current assets held for sale</b>	<b>–</b>	<b>(18)</b>
Measurement gains	–	590
Measurement losses	(46)	–
<b>Measurement result</b>	<b>(46)</b>	<b>590</b>
<b>Operating result</b>	<b>2,817</b>	<b>5,016</b>
Interest income	11	5
Interest expenses	(1,293)	(1,119)
Profit/loss before taxes	1,535	3,902
Income taxes	(2)	–
<b>Profit/loss before non-controlling interests</b>	<b>1,533</b>	<b>3,902</b>
Share of profit/loss attributable to non-controlling interests	(646)	(1,039)
<b>Group net profit</b>	<b>887</b>	<b>2,863</b>
Earnings per share in €	0.06	0.31

## Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income		
in € thousand	1/1 – 31/3/2016	1/1 – 31/3/2015
<b>Group net profit</b>	<b>887</b>	<b>2,863</b>
Other comprehensive income		
Gains (+) / losses (–) from cash flow hedges	–	–
minus non-controlling interests – gains (–) / losses (+)	–	–
Gains (+) / losses (–) from cash flow hedges of associated companies	–	–
<b>Total other comprehensive income</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>887</b>	<b>2.863</b>

## Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity							
in € thousand except for outstanding shares	Number of outstanding shares	Issued capital	Capital reserves	Treasury shares	Revaluation reserve	Retained earnings	Total
<b>As of 1 January 2015</b>	<b>9,325,572</b>	<b>18,814</b>	<b>74,387</b>	<b>(398)</b>	<b>(18)</b>	<b>(14,512)</b>	<b>78,273</b>
Equity instrument	–	–	90	–	–	–	90
Group net profit	–	–	–	–	–	2,863	2,863
<b>As of 31 March 2015</b>	<b>9,325,572</b>	<b>18,814</b>	<b>74,477</b>	<b>(398)</b>	<b>(18)</b>	<b>(11,649)</b>	<b>81,226</b>
<b>As of 1 January 2016</b>	<b>14,029,013</b>	<b>28,221</b>	<b>99,729</b>	<b>(398)</b>	<b>(16)</b>	<b>(10,258)</b>	<b>117,278</b>
Dividends	–	–	–	–	–	–	–
Group net profit	–	–	–	–	–	887	887
Equity instrument	–	–	(90)	–	–	–	(90)
Conversion right	–	–	–	–	–	–	–
<b>As of 31 March 2016</b>	<b>14,029,013</b>	<b>28,221</b>	<b>99,639</b>	<b>(398)</b>	<b>(16)</b>	<b>(9,371)</b>	<b>118,075</b>

## Consolidated Statement of Cash Flows

<b>Consolidated statement of cash flows</b>		
in € thousand	1/1 – 31/3/2016	1/1 – 31/3/2015
<b>Group net profit</b>	<b>887</b>	<b>2,863</b>
Interest expenses	1,293	1,119
Interest income	(11)	(5)
Depreciation of property, plant and equipment and amortisation of intangible assets	1	10
(Gains) Losses on the disposal of investment property	–	18
Measurement result	35	(590)
Financing costs	10	–
Other non-cash expenses and income	–	(1,237)
Shares of gains attributable to non-controlling interests	666	1,039
Interest paid	(1,592)	(1,410)
Interest received	11	5
Changes in assets and equity and liabilities		
(Increase) / Decrease in trade receivables	1,058	163
(Increase) / Decrease in other assets	24	22
(Decrease) / Increase in provisions	18	33
(Decrease) / Increase in trade payables	(1,207)	(499)
(Decrease) / Increase in other liabilities	(837)	198
<b>Net cash flow from operating activities</b>	<b>356</b>	<b>1,729</b>
Cash paid for the purchase of interests in subsidiaries	–	(2,937)
Purchase of investment properties	–	(650)
Proceeds from disposal of investment properties / assets under construction	11,750	13,222
Purchase of property, plant and equipment and intangible assets	–	(28)
<b>Net cash flow from investing activities</b>	<b>11,750</b>	<b>9,607</b>
Proceeds from borrowings	9,000	8,365
Repayment of liabilities to banks	(20,945)	(13,474)
Reversal of interest rate hedge	–	(1,713)
Release of equity portion for convertible bond	(90)	–
<b>Net cash flow from financing activities</b>	<b>(12,035)</b>	<b>(6,822)</b>
<b>Change in cash and cash equivalents</b>	<b>71</b>	<b>4,514</b>
Cash and cash equivalents at the beginning of the period	16,028	14,588
<b>Cash and cash equivalents at the end of the period</b>	<b>16,099</b>	<b>19,102</b>

## Notes

### (1) General corporate information

Fair Value REIT-AG is a stock corporation founded and based in Germany. The Company does not have any branch offices. Following its registration as a stock corporation on 12 July 2007, Fair Value REIT-AG (the "Company") has been listed on the stock exchange since 16 November 2007. It qualified as a real estate investment trust (REIT) on 6 December 2007. The shares of Fair Value REIT-AG are publicly traded. The registered offices of the Company are located at Leopoldstr. 244 in 80807 Munich.

As a real estate investment firm, the Company concentrates on the acquisition and management of commercial property in Germany. Its investing activities focus on retail and office property at secondary locations. Fair Value REIT-AG invests directly in real estate as well as indirectly via the acquisition of investments in real estate partnerships. Information on the group structure is presented in note 2.

Due to its investment in a total of 10 (31 December 2015: 10) closed-end real estate funds as well as six additional entities, the Company is required to prepare consolidated financial statements.

### (2) Significant accounting, measurement and consolidation methods

**Basis of presentation of the financial statements** The interim consolidated financial statements of Fair Value REIT-AG were prepared in accordance with the International Financial Reporting Standards ("IFRSs") of the International Accounting Standards Board (IASB), taking into account IAS 34 "Interim Financial Reporting".

The accounting policies applied for the interim consolidated financial statements are the same as those for the last consolidated financial statements at the end of the fiscal year. A detailed description of the accounting principles is published in the notes to the consolidated financial statements in our annual report for 2015.

The interim consolidated financial statements are generally prepared in accordance with the historical cost convention, except for investment property which was measured at fair value. The interim consolidated financial statements are presented in euros. Unless otherwise specified, all amounts are stated in thousands of euro (€ thousand).

**Comparative figures** The statement of financial position as of the reporting date 31 December 2015 is used as a comparison. The comparative figures in the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as well as the other overviews relate to the period from 1 January to 31 March 2015.

**Consolidation principles and basis of consolidation** All subsidiaries are included in the consolidated financial statements.

As of 31 March 2016, the basis of consolidation was as follows:

Share of voting rights in %	Share as of 31/3/2016	Share as of 31/12/2015
GP Value Management GmbH, Munich ("GPVM")	100.00	100.00
BBV 3 Geschäftsführungs-GmbH & Co. KG, Munich ("FV03")	100.00	100.00
BBV 6 Geschäftsführungs-GmbH & Co. KG, Munich ("FV06")	100.00	100.00
BBV 9 Geschäftsführungs-GmbH & Co. KG, Munich ("FV09")	100.00	100.00
BBV 10 Geschäftsführungs-GmbH & Co. KG, Munich ("FV10")	100.00	100.00
BBV 14 Geschäftsführungs-GmbH & Co. KG, Munich ("FV14")	100.00	100.00
BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG, Munich ("BBV03")	80.05	80.05
IC Fonds & Co. Büropark Teltow KG, Munich ("IC07")	78.16	78.16
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG, Munich ("BBV06")	62.22	62.22
BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG, Munich ("BBV08")	58.02	58.02
IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG, Munich ("IC13")	57.37	57.37
IC Fonds & Co. SchmidtBank-Passage KG, Munich ("IC12")	53.59	53.95
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV14")	50.78	50.78
IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, Munich ("IC15")	48.17	48.17
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich ("BBV10")	44.96	44.96
BBV Immobilien-Fonds Erlangen GbR, Munich ("BBV02")	42.02	42.02

**Accounting policies** The accounting policies used in the quarterly financial statements are the same as those used in the consolidated financial statements as of 31 December 2015.

**Fair value measurement** The Group measures financial instruments and real estate on each reporting date at fair value.

### (3) Segment revenue and profit/loss

in € thousand	1/1 – 31/3/2016		1/1 – 31/3/2015	
	Segment revenue	Segment profit/loss	Segment revenue	Segment profit/loss
Direct investments	1,517	1,035	732	550
Subsidiaries	5,209	2,032	5,892	3,159
<b>Total segment revenue and profit/loss</b>	<b>6,726</b>	<b>3,067</b>	<b>6,624</b>	<b>3,709</b>
Central administrative expenses and other	–	(252)	–	1,307
Net interest expenses	–	(1,282)	–	(1,114)
Share of profit/loss attributable to non-controlling interests	–	(646)	–	(1,039)
<b>Group net profit</b>	<b>–</b>	<b>887</b>	<b>–</b>	<b>2,863</b>

The table below shows the profit and loss statements of the segments; the “Subsidiaries” segment has been broken down by fund company.

**Profit and loss statement by segment as of 31 March 2016**

		Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15	
Rental income	1,257	186	149	(2)	491	
Service charge income	260	62	74	(4)	57	
<b>Segment revenue</b>	<b>1,517</b>	<b>248</b>	<b>223</b>	<b>(6)</b>	<b>548</b>	
Service charge expenses	(321)	(104)	(130)	(5)	(107)	
Other property-related expenses	(43)	(26)	(15)	(28)	(98)	
Segment-related administrative expenses	(76)	(24)	(12)	(11)	(27)	
Other operating expenses and income (net)	4	–	(1)	–	–	
Gain from disposal of investment property	–	–	–	–	–	
Measurement gains	–	–	–	–	–	
Measurement losses	(46)	–	–	–	–	
<b>Segment profit/loss</b>	<b>1,035</b>	<b>94</b>	<b>65</b>	<b>(50)</b>	<b>316</b>	
Central administrative expenses	(250)	–	–	–	–	
Other expenses	–	–	–	–	–	
Other income from investments	–	–	–	–	–	
Net interest expenses	(566)	(3)	(46)	–	(52)	
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–	
Income taxes	–	–	–	–	–	
<b>Group net profit</b>	<b>219</b>	<b>91</b>	<b>19</b>	<b>(50)</b>	<b>264</b>	

Subsidiaries									
	BBV 02	BBV 03	BBV 06	BBV 08	BBV 10	BBV 14	Total	Reconciliation	Group
	–	–	286	579	1,427	1,198	4,314	–	5,571
	–	–	23	76	305	302	895	–	1,155
	–	–	309	655	1,732	1,500	5,209	–	6,726
	(2)	–	(86)	(180)	(713)	(446)	(1,773)	–	(2,094)
	–	–	(35)	(282)	(323)	(132)	(939)	–	(982)
	–	–	(34)	(80)	(47)	(47)	(282)	–	(358)
	–	–	1	(172)	(11)	–	(183)	(8)	(187)
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	(46)
	(2)	–	155	(59)	638	875	2,032	(8)	3,059
	–	–	–	–	–	–	–	8	(242)
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	(130)	(362)	(124)	(717)	1	(1,282)
	–	–	–	–	–	–	–	(646)	(646)
	–	–	–	–	–	–	–	(2)	(2)
	(2)	–	155	(189)	276	751	1,315	(647)	887

Profit and loss statement by segment as of 31 March 2015

	Direct investments				
in € thousand	FV AG	IC07	IC12	H1CH	IC13
Rental income	609	179	145	4	427
Service charge income	123	76	85	–	126
<b>Segment revenue</b>	<b>732</b>	<b>255</b>	<b>230</b>	<b>4</b>	<b>553</b>
Service charge expenses	(131)	(85)	(116)	–	(172)
Other property-related expenses	(6)	(50)	(15)	–	(103)
Segment-related administrative expenses	(37)	(11)	(11)	(7)	(22)
Other operating expenses and income (net)	(8)	10	5	–	2
Gain from disposal of investment property	–	–	–	–	–
Measurement gains	–	–	–	590	–
Measurement losses	–	–	–	–	–
<b>Segment profit/loss</b>	<b>550</b>	<b>119</b>	<b>93</b>	<b>587</b>	<b>258</b>
Central administrative expenses	(391)	–	–	–	–
Other expenses	–	–	–	–	–
Net interest expenses	(223)	(7)	(18)	–	(123)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
Income taxes	–	–	–	–	–
<b>Group net profit</b>	<b>(64)</b>	<b>112</b>	<b>75</b>	<b>587</b>	<b>135</b>

Subsidiaries									
	IC15	BBV02	BBV03	BBV06	BBV10	BBV14	Total	Reconciliation	Group
	679	(1)	90	438	1,747	1,273	4,981	–	5,590
	70	–	11	70	430	43	911	–	1,034
	749	(1)	101	508	2,177	1,316	5,892	–	6,624
	(110)	–	(14)	(219)	(836)	(411)	(1,963)	–	(2,094)
	(18)	–	(54)	(38)	(258)	(71)	(607)	–	(613)
	(32)	(2)	(67)	(48)	(74)	(95)	(369)	–	(406)
	6	–	(31)	2	1	9	4	–	(4)
	–	(7)	(370)	(5)	(6)	–	(388)	370	(18)
	–	–	–	–	–	–	590	–	590
	–	–	–	–	–	–	–	–	–
	595	(10)	(435)	200	1,004	748	3,159	370	4,079
	–	–	–	–	–	–	–	5	(386)
	–	–	–	–	–	–	–	1,323	1,323
	(126)	–	–	(37)	(439)	(141)	(891)	–	(1,114)
	–	–	–	–	–	–	–	(1,039)	(1,039)
	–	–	–	–	–	–	–	–	–
	469	(10)	(435)	163	565	607	2,268	659	2,863

The following table shows all assets and liabilities allocated and not allocated to the segments; the "Subsidiaries" segment has been broken down by fund company.

#### Assets and liabilities by segment 31 March 2016

	Direct investments					
in € thousand	FV AG	IC07	IC12	IC13	IC15	BBV 02
Property, plant and equipment and intangible assets	9	–	24	–	–	–
Investment property	62,230	9,100	7,880	–	23,350	–
Non-current assets held for sale	525	–	–	–	–	–
Trade receivables	311	159	50	80	62	–
Income tax receivables	5	–	–	–	–	–
Other receivables and assets	10,411	–	13	23	101	1,362
Cash and cash equivalents	943	89	800	82	2,064	38
<b>Segment assets subtotal</b>	<b>74,434</b>	<b>9,348</b>	<b>8,767</b>	<b>185</b>	<b>25,577</b>	<b>1,400</b>
Shares in subsidiaries	68,754	–	–	–	–	–
<b>Total assets</b>	<b>143,188</b>	<b>9,348</b>	<b>8,767</b>	<b>185</b>	<b>25,577</b>	<b>1,400</b>
Provisions	(510)	(11)	(9)	(13)	(18)	(5)
Trade payables	(200)	(19)	(51)	(64)	(131)	(8)
Other liabilities	(584)	(23)	(52)	(93)	(52)	(34)
<b>Segment liabilities subtotal</b>	<b>(1,294)</b>	<b>(53)</b>	<b>(112)</b>	<b>(170)</b>	<b>(201)</b>	<b>(47)</b>
Non-controlling interests	–	–	–	–	–	–
Financial liabilities	(27,551)	(350)	(1,888)	–	(7,436)	(1,081)
Derivative financial instruments	–	–	–	–	–	–
<b>Total liabilities</b>	<b>(28,845)</b>	<b>(403)</b>	<b>(2,000)</b>	<b>(170)</b>	<b>(7,637)</b>	<b>(1,128)</b>
<b>Net assets as of 31 March 2016</b>	<b>114,343</b>	<b>8,945</b>	<b>6,767</b>	<b>15</b>	<b>17,940</b>	<b>272</b>

#### Overview of maturities of financial liabilities

Non-current	(26,578)	(350)	–	–	(7,213)	–
Current	(973)	–	(1,888)	–	(223)	(1,081)
<b>Financial liabilities</b>	<b>(27,551)</b>	<b>(350)</b>	<b>(1,888)</b>	<b>–</b>	<b>(7,436)</b>	<b>(1,081)</b>

Subsidiaries								
	BBV03	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
	–	–	–	–	–	24	70	103
	–	13,151	25,900	74,523	71,100	225,004	–	287,234
	–	–	–	–	–	–	–	525
	–	124	143	537	233	1,388	–	1,699
	–	–	–	–	–	–	–	5
	–	85	288	4	–	1,876	(383)	11,904
	192	1,192	5,401	1,915	3,343	15,116	40	16,099
	192	14,552	31,732	76,979	74,676	243,408	(273)	317,569
	–	–	–	–	–	–	(68,754)	–
	192	14,552	31,732	76,979	74,676	243,408	(69,027)	317,569
	(66)	(57)	(14)	(24)	(28)	(245)	(6)	(761)
	(13)	(56)	(217)	(543)	(170)	(1,272)	–	(1,472)
	(41)	(107)	(702)	(1,023)	(797)	(2,924)	251	(3,257)
	(120)	(220)	(933)	(1,590)	(995)	(4,441)	245	(5,490)
	–	–	–	–	–	–	(61,826)	(61,826)
	–	–	(9,132)	(52,657)	(32,433)	(104,977)	350	(132,178)
	–	–	–	–	–	–	–	–
	(120)	(220)	(10,065)	(54,247)	(33,428)	(109,418)	(61,231)	(199,494)
	72	14,332	21,667	22,732	41,248	133,990	(130,258)	118,075
	–	–	(7,763)	(49,831)	(31,233)	(96,390)	350	(122,618)
	–	–	(1,369)	(2,826)	(1,200)	(8,587)	–	(9,560)
	–	–	(9,132)	(52,657)	(32,433)	(104,977)	350	(132,178)

### Assets and liabilities by segment 31 December 2015

		Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15	BBV 02
Property, plant and equipment and intangible assets	10	–	24	–	–	–
Investment property	62,790	9,100	7,880	–	23,350	–
Non-current assets held for sale	650	–	–	–	–	–
Trade receivables	331	229	52	112	80	–
Income tax receivables	22	–	–	–	–	–
Other receivables and assets	10,541	–	13	49	114	1,361
Cash and cash equivalents	1,751	107	806	109	1,850	43
<b>Segment assets subtotal</b>	<b>76,095</b>	<b>9,436</b>	<b>8,775</b>	<b>270</b>	<b>25,394</b>	<b>1,404</b>
Shares in subsidiaries	68,754	–	–	–	–	–
<b>Total assets</b>	<b>144,849</b>	<b>9,436</b>	<b>8,775</b>	<b>270</b>	<b>25,394</b>	<b>1,404</b>
Provisions	(516)	(9)	(6)	(13)	(15)	(5)
Trade payables	(1,128)	(66)	(71)	(66)	(123)	(8)
Other liabilities	(1,256)	(77)	(43)	(126)	(90)	(36)
<b>Segment liabilities subtotal</b>	<b>(2,900)</b>	<b>(152)</b>	<b>(120)</b>	<b>(205)</b>	<b>(228)</b>	<b>(49)</b>
Non-controlling interests	–	–	–	–	–	–
Financial liabilities	(27,735)	(450)	(1,907)	–	(7,490)	(1,081)
Derivative financial instruments	–	–	–	–	–	–
<b>Total liabilities</b>	<b>(30,635)</b>	<b>(602)</b>	<b>(2,027)</b>	<b>(205)</b>	<b>(7,718)</b>	<b>(1,130)</b>
<b>Net assets as of 31 December 2015</b>	<b>114,214</b>	<b>8,834</b>	<b>6,748</b>	<b>65</b>	<b>17,676</b>	<b>274</b>

### Overview of maturities of financial liabilities

Non-current	(18,529)	(450)	–	–	(7,269)	–
Current	(9,206)	–	(1,907)	–	(221)	(1,081)
<b>Financial liabilities</b>	<b>(27,735)</b>	<b>(450)</b>	<b>(1,907)</b>	<b>–</b>	<b>(7,490)</b>	<b>(1,081)</b>

Subsidiaries							
BBV03	BBV06	BBV08	BBV10	BBV14	Gesamt	Reconciliation	Group
–	–	–	–	–	24	70	104
–	13,151	25,900	74,523	71,100	225,004	–	287,794
–	–	11,100	–	–	11,100	–	11,750
–	136	134	1,459	210	2,412	14	2,757
–	–	–	–	–	–	–	22
–	84	287	10	3	1,921	(551)	11,911
192	1,041	3,619	3,262	3,170	14,199	78	16,028
192	14,412	41,040	79,254	74,483	254,660	(389)	330,366
–	–	–	–	–	–	(68,754)	–
192	14,412	41,040	79,254	74,483	254,660	(69,143)	330,366
(66)	(44)	(14)	(21)	(28)	(221)	(6)	(743)
(14)	(74)	(114)	(829)	(222)	(1,587)	36	(2,679)
(40)	(117)	(480)	(1,448)	(912)	(3,369)	232	(4,393)
(120)	(235)	(608)	(2,298)	(1,162)	(5,177)	262	(7,815)
–	–	–	–	–	–	(61,160)	(61,160)
–	–	(18,576)	(54,500)	(32,824)	(116,828)	450	(144,113)
–	–	–	–	–	–	–	–
(120)	(235)	(19,184)	(56,798)	(33,986)	(122,005)	(60,448)	(213,088)
72	14,177	21,856	22,456	40,497	132,655	(129,591)	117,278
–	–	(16,999)	(51,674)	(31,524)	(107,916)	450	(125,995)
–	–	(1,577)	(2,826)	(1,300)	(8,912)	–	(18,118)
–	–	(18,576)	(54,500)	(32,824)	(116,828)	450	(144,113)

### **Waiver of review**

This report was not subject to an audit pursuant to Sec. 317 HGB [“Handelsgesetzbuch”: German Commercial Code] or a review by the auditor and therefore does not contain an audit opinion.

### **Declaration of compliance with the German Corporate Governance Code**

The current declarations pursuant to Sec. 161 AktG [“Aktiengesetz”: German Stock Corporation Act] on the German Corporate Governance Code of the Management Board and Supervisory Board of Fair Value REIT-AG have been made permanently available on the Company’s website.

Munich, 9 May 2016

Fair Value REIT-AG



Frank Schaich

### **Responsibility statement**

To the best of my knowledge, and in accordance with the applicable reporting principles, the unaudited interim consolidated financial statements give a true and fair view of the financial position and performance of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 9 May 2016

Fair Value REIT-AG



Frank Schaich

# The Share

## Fair Value REIT-AG on the capital market

During the opening quarter of the 2016 trading period, investor sentiment was dampened by economic concerns and the continued appreciation of the euro against the US dollar, thus making exports more difficult for companies. The DAX, Germany's leading share index comprising the 30 largest companies in Germany, fell by 7.2 % in the first quarter of 2016. From time to time it again slipped below the 9,000-point mark, the first time since October 2014. Between January and March 2016, the smaller stocks index MDAX and the small-cap index SDAX fell by 1.8 % and 3.2 %, respectively.

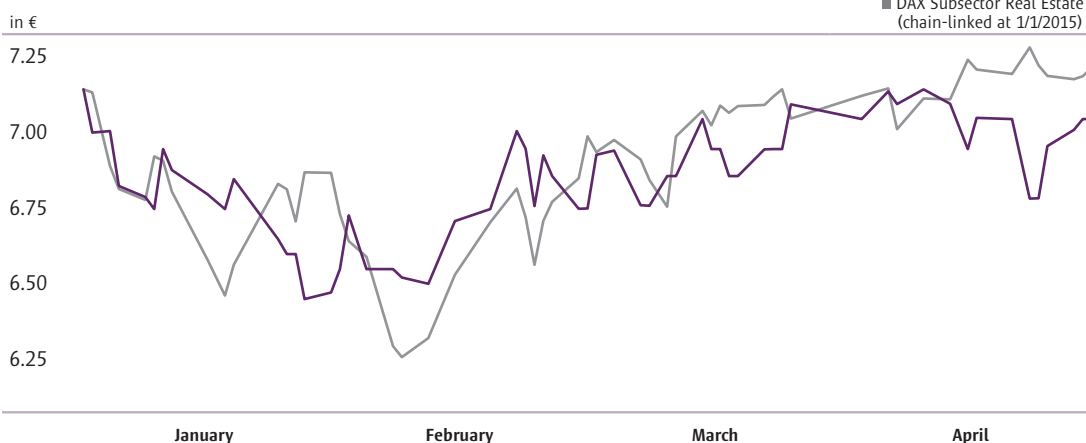
The Fair Value REIT-AG share, by contrast, closed the first quarter of 2016 at a Xetra closing price of €7.15, up around 1.3 %. After the difficult market environment also put the share under pressure at the end of January 2016, falling to an annual low of €6.50 on 29 January 2016, it had rallied by the end of the quarter. The share price recorded a quarterly high of €7.20 on 4 January 2016.

In the first quarter of 2016, 3,465 Fair Value shares were traded on average per day on all German stock exchanges, of which 96 % (3,324 shares) related to the electronic trading system Xetra.

Since 21 December 2015, DEMIRE Deutsche Mittelstand Real Estate AG has been the majority shareholder of Fair Value REIT-AG with a 77.70 % shareholding. Since then, 21.72 % of the Fair Value shares have been in free float. Fair Value REIT-AG's treasury shares account for 0.58 %.

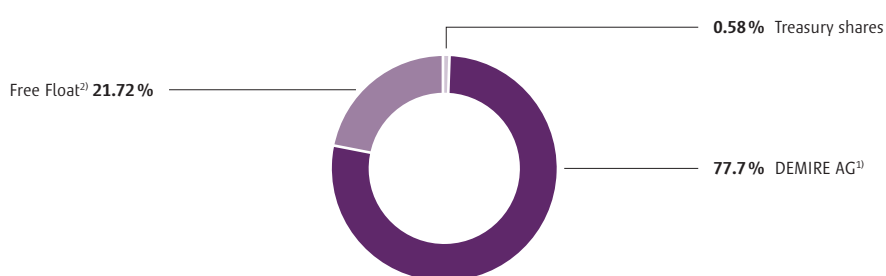
### Development of Fair Value's share

1 January to 30 April 2016



## Fair Value REIT-AG's shareholder structure

as of 23 March 2016



<sup>1)</sup> FVR Beteiligungsgesellschaft Erste mbH <10 %, FVR Beteiligungsgesellschaft Zweite mbH <10 %, FVR Beteiligungsgesellschaft Dritte mbH <10 %, FVR Beteiligungsgesellschaft Vierte mbH <10 %, FVR Beteiligungsgesellschaft Fünfte mbH <10 %, FVR Beteiligungsgesellschaft Sechste mbH <10 %, FVR Beteiligungsgesellschaft Siebente mbH <10 %, FVR Beteiligungsgesellschaft Achte mbH <10 %  
<sup>2)</sup> According to Free-Float definition of Deutsche Börse AG (shareholding <5%)

## Key data Fair Value REIT-AG's share

as of 31 March 2016

Sector	Real Estate (REIT)
WKN (German Securities Code)/ISIN	A0MW97/DE000A0MW975
Stock symbol	FVI
Share capital	€28,220,646.00
Number of shares (non-par value shares)	14,110,323
Proportion per share in the share capital	€2.00
Initial listing	16 November 2007
High/low 1st quarter 2016 (XETRA)	€7.20/€6.50
Market capitalization on 31 March 2016 (XETRA)	€100.9 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated sponsor	ODDO SEYDLER BANK AG
Indices	RX REIT All Shares-Index, RX REIT-Index

Details on the Company and the share are also available on its website at [www.fvreit.de](http://www.fvreit.de).

## Financial calendar

Fair Value REIT-AG	
4 July 2016	Annual General Meeting in Munich
31 August 2016	Semi-Annual Report 2016
10 November 2016	Interim Report 1st to 3rd Quarter 2016
21. – 23. November 2016	Presentation, German Equity Forum, Frankfurt am Main



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# Imprint

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Commercial register at Munich Local Court  
No. HRB 168 882

Date of publication: 10 May 2016

## Management Board

Frank Schaich

## Supervisory Board

Rolf Elgeti, Chairman  
Markus Drews, Deputy Chairman  
Hon.-Prof. Andreas Steyer

**Disclaimer** This Quarterly statement contains future-oriented statements, which are subject to risks and uncertainties. They are estimations of the management board of Fair Value REIT-AG and reflect its current views with regard to future events. Such expressions concerning forecasts can be recognised by terms such as "expect", "estimate", "intend", "can", "will" and similar expressions with reference to the enterprise. Factors, that can cause deviations or effects can be (without claim on completeness): the development of the property market, competition influences, alterations of prices, the situation on the financial markets or developments related to general economic conditions. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of Fair Value REIT-AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.