

Semi-Annual Report 2017

fair value
REIT

Key figures Fair Value Group			
		1/1 – 30/6/2017	1/1 – 30/6/2016
Revenues and earnings			
Rental income	in € thousand	11,430	11,369
Net rental income	in € thousand	8,829	7,982
Operating result (EBIT)	in € thousand	9,774	6,615
Group net profit	in € thousand	4,744	2,666
Earnings per share	in €	0.34	0.19
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	3,731	3,083
EPRA-Earnings/FFO per share	in €	0.27	0.22
Assets and capital		30/6/2017	31/12/2016
Non-current assets	in € thousand	303,377	296,907
Current assets	in € thousand	15,492	21,327
Non-current assets held for sale	in € thousand	–	3,600
Total assets	in € thousand	318,869	321,744
Equity/Net asset value (NAV)	in € thousand	119,722	120,590
Equity ratio	in %	37.5	37.5
Immovable assets	in € thousand	293,310	290,542
Equity within the meaning of Sec. 15 REITG	in € thousand	181,646	182,298
Equity ratio within the meaning of Sec. 15 REITG (minimum 45 %)	in %	61,9	62,7
Real estate portfolio		30/6/2017	31/12/2016
Number of properties	amount	31	33
Market value of properties ¹⁾	in € million	293	291
Contractual rent p.a.	in € million	22.2	21.8
Potential rent p.a.	in € million	24.3	24.0
Occupancy	in %	91.4	90.6
Remaining term of rental agreements	years	5.2	5.2
Contractual rental yield before costs	in %	7.7	7.5

¹⁾ According to market valuations as of 30/6/2017

Further key figures			
		30/6/2017	31/12/2016
Number of outstanding shares	in pieces	14,029,013	14,029,013
Net asset value (NAV) per share	in €	8.53	8.60
EPRA-NAV per share	in €	8.53	8.60
Number of employees (excluding Management Board)		3	3

Letter to Shareholders

Dear shareholders and business partners,
ladies and gentlemen,

The Fair Value Group can report on a very positive first half of 2017 and expects business to continue to develop well through to the end of 2017.

All our relevant earnings indicators were up considerably in the first six months of the current year compared to the previous-year period. The operating result (EBIT) increased to €9.8 million compared to €6.6 million in the previous year; at around €4.8 million, group net profit was up significantly on the previous-year figure of €2.7 million and funds from operations (FFO) after non-controlling interests increased from €3.1 million in the previous year to €3.7 million.

In the second quarter of 2017, the Fair Value Group once again succeeded in further optimising its real estate portfolio, which now comprises 31 properties with a market value of around €293 million. Despite selling properties within the last 12 months, at €11.4 million we matched the rental income of the previous-year period (€11.4 million), increasing our net rental income from €8.0 million in the previous-year period to €8.8 million. As of 30 June 2017 the weighted average lease term (WALT) remained unchanged at 5.2 years compared to 31 December 2016. We again increased the occupancy rate slightly to 91.4 % as of the reporting date or to 92.6 % if the lease agreements already entered into for vacant space that is shortly to be handed over to tenants are taken into account.

Equity in the Fair Value Group of €120.6 million as of 31 December 2016 decreased slightly to €119.7 million as of 30 June 2017 due to the dividend paid out in June. This results in a net asset value (NAV) per share of €8.53 compared to €8.60 as of 31 December 2016 and a slight decrease in the REIT equity ratio of 61.9% of immovable assets compared to 62.7% as of 31 December 2016.

For the fiscal year 2017 as a whole, we continue to confirm our forecast and, based on the existing portfolio and with an unchanged share of directly owned properties, anticipate FFO before non-controlling interests of between €9.6 million and €10.2 million and after non-controlling interests of between €6.1 million and €6.4 million. This corresponds to between €0.43 and €0.46 per share. We are targeting a dividend of €0.25 per share for the current year.

Graefelfing, 8 August 2017



Patrick Kaiser, CEO

Group Interim Management Report

Basic Group Information

Group structure and business model

Fair Value REIT-AG (hereinafter also referred to as Fair Value) is headquartered in Graefelfing in the Munich district and does not have any branch offices. As a listed property investor, it satisfies the provisions of the REITG [“Gesetz über deutsche Immobilienaktiengesellschaften mit börsennotierten Anteilen”: German REIT Act] and is exempt from corporation and trade tax.

For the Company to be exempt from these taxes it must comply with certain legal and capital-related provisions. These are primarily aimed at the sustainable management of a mainly commercial real estate portfolio and are intended to enable distributions to be continuously made to the shareholders.

These distributions must amount to at least 90 % of the Company’s net profit according to German GAAP for the year. They are taxed at the shareholder level, with a flat tax rate that is currently at a maximum of 25 % plus solidarity surcharge being applied.

Business model

The Fair Value Group concentrates on the acquisition and management of commercial property in Germany. Its investing activities focus on retail and office property in secondary and regional locations. Fair Value invests directly in real estate as well as indirectly via investments in real estate partnerships and actively manages its portfolio.

Non-strategic operating functions such as accounting as well as commercial and technical property management are outsourced to external service providers, which receive partly fixed and partly performance-based variable remuneration for their services.

Taking into account the trade limitations of the REITG, the strategy also encompasses the targeted sales of individual portfolio properties, with particular focus on smaller properties and non-strategic real estate. The successive liquidation of subsidiaries is intended to save investment-related administrative expenses and further expand the share of directly owned properties in the overall portfolio.

Portfolio

As of 30 June 2017 the total portfolio of directly and indirectly held properties of the Fair Value Group consisted of 31 properties (31 December 2016: 33 properties). The market values of the properties totalling around €293 million (31 December 2016: €291 million; €289 million like-for-like) are equivalent to the fair values pursuant to IFRS 13.

At 91.4 %, the profit-weighted occupancy rate of the portfolio as of 30 June 2017 was up slightly on the rate as of 31 December 2016 (90.6 %), thus confirming the positive trend from the first quarter of 2017. As of 30 June 2017, the weighted average remaining lease term stood at 5.2 years and was thus unchanged compared to 31 December 2016.

If those lease agreements already entered into as of the reporting date on 30 June 2017 for which the space has yet to be handed over to the tenants were included on a pro forma basis, the profit-weighted occupancy rate of the portfolio as of 30 June 2017 would amount to €22.5 million or 92.6 % of potential rents.

The table below provides an overview of the real estate assets allocated to the Group as of 30 June 2017.

Real estate assets of Fair Value Group
as of 30 June 2017

	Property area [m ²]	Total lettable area [m ²]	Annualized contractual rent [€ thousand]	Market value 30/6/2017 ¹⁾ [€ thousand]	Occupancy rate ^{2) 3)} [%]	Ø secured remaining term of lease agree- ments ^{2) 3)} [Years]	Contractual rent returns before costs [%]	Investment [%]
Direct investments segment	76,301	72,278	5,120	64,410	96.2	6.2	7.9	100
Subsidiaries segment	314,134	177,084	17,107	228,900	90.0	4.9	7.6	51
Total portfolio	390,435	249,362	22,227	293,310	91.4	5.2	7.7	62

Notes

¹⁾ Pursuant to fair value appraisals by CBRE GmbH, Frankfurt am Main, as of 30 June 2017

²⁾ Profit weighted

³⁾ (Sub)totals for occupancy rate and average remaining term taking into account the respective investment

Economic Report

Macroeconomic and sector-specific environment

Macroeconomic environment The German economy continued to gain strength and display robust growth. According to the forecast issued by the ifo economic research institute for 2017/2018, GDP is expected to grow 1.8 % in the fiscal year 2017 and 2.0 % in the coming year.¹⁾ The labour market continued to develop positively, with employment still trending clearly upwards. As of the end of June 2017, 2.47 million people were registered as unemployed. This was 142,000 fewer than the corresponding figure for the previous year, and represents an unemployment rate of 5.5 %.²⁾ The inflation rate remains low although, as expected, it has increased slightly over the course of the year compared to the previous year as energy sources are no longer pushing down inflation. As of the end of June 2017, consumer prices were up by 1.6 % on the same month of the previous year.³⁾ For the full year, the ifo institute is forecasting an inflation rate of 1.7 % for 2017 as a whole and 1.6 % for the coming year.¹⁾

Real Estate Market in Germany **The Rental Market** **Office Space** The pleasing employment trend led to a further revival of the top seven German office centres.⁴⁾ Space turnover reached an accumulated volume of 1.84 million m² in the first half of 2017, and was thus on the level of the comparable previous-year period or 17 % up on the five-year average for 2012-2016. Growth markets are Duesseldorf, Frankfurt, Hamburg, Munich and Stuttgart, where the increase in space turnover ranged between 7 % and 19 % in comparison to the previous year. On the other hand, Berlin (down 10 %) and Cologne (down 29 %) both saw a decrease in space turnover after recording strong turnover in the comparable period of the previous year. In the first half of 2017, total vacancies at the top 7 locations were the lowest level they have been in the last 10 years. The vacant space of 4.7 million m² corresponds to an aggregate vacancy rate of 5.1 %.⁵⁾

Retail Space The macroeconomic environment had a positive effect on retail revenue. In the first half of 2017, the German retail sector turned over more than 1.7 % (adjusted for price effects) and 3.5 % (in nominal terms) than in the comparative previous-year period. Space turnover on the retail rental market totalled 246,900 m² in the first half of 2017, 4 % up on the space turnover in the corresponding period of the previous year. At 53 %, international concepts dominate the deals closed on the rental market as in the previous year. In terms of space turnover by industry, the textile sector continues to lead the field with 29 %. The health/beauty sector is next with 19 %. The gastronomy/food (18 %) and department store (8 %) sectors remain just in front of the home/house/living sector (6 %). At the same time, the share of the ten most important retail centres in the total lease volume decreased significantly from 35 % in the previous-year period to 23 %, while expansion managers are increasingly turning their attention to medium-sized cities.⁶⁾

¹⁾ ifo economic forecast for 2017/2018 issued on 20 June 2017

²⁾ German Federal Employment Agency: The labour market in June 2017

³⁾ Destatis: Consumer prices June 2017

⁴⁾ Berlin, Duesseldorf, Frankfurt/Main, Hamburg, Cologne, Munich, Stuttgart

⁵⁾ JLL: Office market overview Q2 2017

⁶⁾ JLL: Retail market overview Q2 2017

The Investment Market A highly positive sentiment on the investment market overall resulted in a transaction volume of commercial property of €25.8 billion in the first half of 2017; revenue was thus up 47 % on the level of the comparable previous-year period and is an indicator of the current high level of demand. The top 7 locations accounted for around 48 % of the transaction volume. Investors primarily focused on office use (40 %), followed by logistics (22 %) and retail use (19 %).⁷⁾

Overall statement from the company management on business development

In the first half of the current fiscal year 2017, the Fair Value Group fully achieved the pro rata net income forecast for the first half of the year. Net rental income was also achieved as budgeted and at 91.4 % the profit-weighted occupancy rate of the portfolio as of 30 June 2017 was up on that as of 31 December 2016 (90.6 %). At €8.8 million, net rental income was also up on the previous-year figure of €8.0 million.

The operating result is supported by ongoing low general administrative expenses of €1.4 million which, taking into account one-off special effects of €0.1 million, are only slightly up on the previous-year level of €1.2 million.

At first glance, the operating result was burdened in particular by the high other operating expenses of €1 million. However, these in turn almost exclusively comprise one-off special effects in connection with marketing activities for properties of individual subsidiaries.

In 2015, Fair Value had already initiated decisions to sell a number of properties as part of its strategic, active portfolio management. The resolutions to this effect were passed at the shareholders' meetings of the subsidiaries concerned. Subsequently, a structured sales process was commenced with the support of PricewaterhouseCoopers (PwC). After the subsidiaries' shareholder meetings had passed resolutions on the outcome of this sales process in the first half of 2017, the fees agreed with PwC were recognised through profit or loss. Around half of these costs are borne by non-controlling interests in the subsidiaries and therefore do not affect the FFO result.

At €3.7 million, the operating business result of the Fair Value Group adjusted for measurement effects and extraordinary items (EPRA earnings/FFO) was up €0.6 million in the first six months of the current fiscal year 2017 compared to the figure of €3.1 million for the relevant period of the previous year. The increase was primarily attributable to the increase in net rental income as well as lower net interest expenses.

⁷⁾ JLL: The German investment market Q2 2017

In relation to the (weighted) average number of shares outstanding, FFO in the first six months of 2017 came to €0.27 per share compared to €0.22 in the previous year.

Adjusted profit/loss of the Group (EPRA earnings or FFO)		1/1 – 30/6/2017				1/1 – 30/6/2016			
		Consoli- dated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income	Consoli- dated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income
Acquisition, selling and measurement gains/losses	Other		Acquisition, selling and measurement gains/losses	Measurement Interest rate swaps/ interest caps					
in € thousand									
Rental income	11,430	–	–	11,430	11,369	–	–	11,369	
Non-recoverable service charge expenses	(1,093)	–	–	(1,093)	(2,068)	–	–	(2,068)	
Other property-related expenses	(1,508)	–	–	(1,508)	(1,319)	–	–	(1,319)	
Net rental income	8,829	–	–	8,829	7,982	–	–	7,982	
General administrative expenses	(1,407)	–	105	(1,302)	(1,206)	–	–	(1,206)	
Other operating income and expenses	(920)	–	968	48	(135)	236	–	101	
Profit/loss from disposal of investment property	(18)	–	–	(18)	–	–	–	–	
Measurement result	3,290	(3,290)	–	–	(26)	26	–	–	
Operating result	9,774	(3,290)	1,073	7,557	6,615	262	–	6,877	
Net interest expense	(1,382)	–	–	(1,382)	(2,130)	–	254	(1,876)	
Profit/loss before non-controlling interests	8,392	(3,290)	1,073	6,175	(4,485)	262	254	5,001	
Share of profit/loss attributable to non-controlling interests	(3,635)	1,660	(456)	(2,431)	(1,816)	(99)	–	(1,915)	
Income taxes	(13)	–	–	(13)	(3)	–	–	(3)	
Group net profit	4,744	(1,630)	617	3,731	2,666	163	254	3,083	
Profit/loss of the Group per share ¹⁾	0.34	–	–	0.27	0.19	–	–	0.22	

¹⁾ Weighted average number of shares outstanding: basic/diluted 14,029,013

Financial position and performance

Financial performance

in € thousand	1/1–30/6/2017	1/1–30/6/2016	Change	
			in € thousand	in %
Rental income	11,430	11,369	61	1
Service charge income	2,350	2,308	42	2
Service charge expenses, ground rent	(3,443)	(4,376)	(933)	(21)
Other property-related expenses	(1,508)	(1,319)	189	14
Net rental income	8,829	7,982	847	11
General administrative expenses	(1,407)	(1,206)	201	17
Other operating income and expenses	(920)	(135)	785	581
Disposal and revaluation gains/losses	3,272	(26)	3,298	12,685
Operating result	9,774	6,615	3,159	48
Net interest expenses	(1,382)	(2,130)	(748)	(35)
Share of profit/loss attributable to non-controlling interests	(3,635)	(1,816)	1,819	100
Income taxes	(13)	(3)	10	317
Group net profit	4,744	2,666	2,078	78

Rental income in the first six months of the current fiscal year 2017 was at the same level as the previous year at €11.4 million. Net rental income of €8.8 million was up €0.8 million, or 11 %, on the previous-year figure of €8.0 million on account of the reduction in vacancies, higher service charge income and a decrease in property-related expenses.

General administrative expenses increased to €1.4 million, that is €0.2 million or 17 % up on the previous-year figure of €1.2 million due to increased costs for audit services and personnel (severance payment) at the level of Fair Value REIT-AG as well as at the level of the subsidiaries. With a gain of €2.4 million, the balance of other income and expenses as well as of disposal and measurement gains and losses was up by €2.5 million on the previous-year loss of €0.2 million.

This produced an operating result of €9.8 million, which was up €3.2 million, or 48 %, on the comparative figure for the previous year (€6.6 million).

At €1.4 million, net interest expenses within the Group were down €0.7 million or 35 % on the previous-year figure of €2.1 million.

After deducting the share of profit/loss attributable to non-controlling interests of €3.6 million (previous year: €1.8 million), the Fair Value Group closed the first half of the current fiscal year 2017 with a group net profit of €4.7 million (previous year: €2.7 million).

At €6.2 million, the operating business result of the Fair Value Group adjusted for the costs of measurement/disposal and other special effects (EPRA earnings/FFO) was up €1.2 million or 24 % in the first six months of the current fiscal year compared to the figure of €5.0 million for the relevant period of the previous year.

After deducting the profit/loss attributable to non-controlling interests, adjusted profit/loss of the Group (FFO) came to €3.7 million and was thus up €0.6 million or 19 % on the previous-year figure of €3.1 million.

In terms of the number of shares outstanding of around 14.03 million in the first six months of 2017, FFO came to €0.27 compared to €0.22 in the previous year and was thus up significantly (23 %) on the previous-year figure.

Cash position

Cash and cash equivalents		
in € thousand	1/1 – 30/6/2017	1/1 – 30/6/2016
Net cash flow from operating activities	361	(141)
Net cash flow from investing activities	420	9,397
Net cash flow from financing activities	(6,141)	(13,559)
Change in cash and cash equivalents	(5,360)	(4,303)
Cash and cash equivalents at the beginning of the period	16,776	16,028
Cash and cash equivalents at the end of the period	11,416	11,725

Cash flow from operating activities The net cash flow from operating activities generated in the reporting period came to €0.4 million, which is €0.5 million above the previous-year outflow of €0.1 million. The increase resulted from the changes in assets and equity and liabilities of €1.5 million compared to the previous year of €3.8 million and the distribution to non-controlling interests of €3.3 million compared to the previous year of €0.6 million. Adjusted for the changes in assets and equity and liabilities and the distribution to non-controlling interests, the cash flow from operating activities (€5.1 million) increased by €0.8 million compared to the previous year (€4.3 million).

Cash flow from investing activities Investing activities resulted in a cash inflow of €0.4 million. This resulted primarily from the sale of properties with total cash receipts of €3.8 million (previous year: €11.8 million) and recognised investments in investment properties of €3.3 million.

Cash flow from financing activities The cash outflow from financing activities of €6.1 million was largely a result of the resolution taken by the Annual General Meeting on 2 June 2017 to pay out a dividend of €5.6 million as well as the scheduled repayment of liabilities to banks totalling €2.9 million and the €2.3 million borrowed in connection with additional investments in Eisenhüttenstadt (BBV 10).

Liquidity Cash and cash equivalents at the Group decreased by €0.3 million on the comparative period from €11.7 million to €11.4 million as of 30 June 2017.

Financial position

Assets Total assets amounted to €318.9 million as of 30 June 2017 and were thus down €2.9 million on the level from 31 December 2016 (€321.7 million).

Non-current assets of around €303.4 million accounted for 95.1 % of total assets (31 December 2016: €296.9 million or 92.3 %). The current assets of €15.5 million or 4.9 % of total assets (31 December 2016: €21.2 million or 7.7 % of total assets) consisted to 73.5 % of cash and cash equivalents (€11.4 million). At €4.1 million, receivables and other assets accounted for the other 26.5 %.

Equity and liabilities On 30 June 2017, assets of €119.7 million (37.5 %) were financed by equity attributable to the shareholders of Fair Value REIT-AG and €199.1 million (62.5 %) by liabilities.

Here it must be taken into account that the non-controlling interests in subsidiaries of €61.9 million were recognised under liabilities pursuant to IFRSs. For the calculation of the minimum equity ratio for the purpose of 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 €181.6 million or 56.9 % of the total equity and liabilities (31 December 2016: €182.3 million or 56.5 %).

With immovable assets totalling €293.3 million as of 30 June 2017, the REIT equity ratio amounted to 61.9 % (31 December 2016: 62.7 %).

Financial liabilities

Financial liabilities of the Group

Short name Debtor	Lender	Amount 30/6/2017 € thousand	Amount 31/12/2016 € thousand	Interest rate	Bankmargin	Term
FV AG	Capital Bank GRAWE Group, Graz	(7,000)	(7,000)	floating-rate	4.00 %	15/2/2019E
FV AG	WIB Westdeutsche Immobilienbank AG ¹⁾	(8,600)	(8,800)	2.55 %	–	30/6/2019E
FV AG	WIB Westdeutsche Immobilienbank AG ¹⁾	(5,586)	(5,909)	floating-rate	1.27 %	30/6/2019E
FV AG	Stadt-Sparkasse Langenfeld	(2,595)	(2,636)	1.55 %	–	30/3/2020
FV AG	Stadt-Sparkasse Langenfeld	(1,912)	(1,943)	1.69 %	–	30/3/2020
FV AG	Volksbank Mittweida eG ⁴⁾	(3,799)	(3,913)	2.25 %	–	1/8/2026
IC 12	WIB Westdeutsche Immobilienbank AG ²⁾	(1,798)	(1,831)	2.50 %	–	30/9/2017
IC 15	Sparkasse Südholstein	(7,156)	(7,269)	2.71 %	–	30/1/2018
BBV 02	Bayer. Beamten Lebensvers. a.G. ³⁾	(139)	(139)	0 %	–	–
BBV 02	Bayer. Beamten Lebensvers. a.G. ³⁾	(942)	(942)	0 %	–	–
BBV 08	Unicredit Bank AG	(8,152)	(8,556)	floating-rate	2.60 %	30/9/2025E
BBV 10	Bayer. Beamten Lebensvers. a.G.	(22,714)	(20,409)	3.90 %	–	30/11/2019
BBV 10	Unicredit Bank AG	(22,624)	(23,257)	floating-rate	2.37 %	29/3/2018
BBV 10	Unicredit Bank AG	(7,193)	(7,434)	floating-rate	2.44 %	29/3/2018
BBV 14	DG Hypothekenbank AG	(30,942)	(31,642)	1.38 %	–	31/3/2020E
Total	Separate financial statements	(131,152)	(131,680)	–	–	–

¹⁾ LTV 75 % // DSCR 120 %

²⁾ LTV 50 % // DSCR 120 %

³⁾ Interest-free and redemption-free on account of assigning the purchase price deposited to an escrow account for the property sold in Erlangen

⁴⁾ LTV 52 % // minimum annual net rent of €588,000.00

Other than those loans marked with an “E” indicating the date of final maturity, the dates relate to the interest terms agreed as of 30 June 2017. After the terms have expired, the lenders have to offer new conditions.

The required debt service coverage ratio for the loans secured by mortgages issued by WIB Westdeutsche Immobilienbank comes to 120% of the sum of interest and repayment. The loan-to-value (LTV) ratio of the properties amounts to a maximum of 50 % and 75 %, respectively. Both conditions were complied with as of the most recent review date.

The LTV ratio for the loan on the collateral property in Neubrandenburg from Volksbank Mittweida eG secured by mortgages comes to 52 % of the lending value calculated by the bank. In the event that the LTV ratio is exceeded, among other things additional collateral must be provided and special repayments made within six months until the ratio is achieved again. The condition was complied with as of the most recent review date. Moreover, a minimum annual net rent of €588,000 must be achieved. Both conditions were complied with as of the most recent review date.

As of the reporting date, there were no financial liabilities at the Group secured using interest rate swaps or interest rate caps. The fixed interest loans amounted to €80.6 million (previous year: €79.5 million).

At €50.6 million, around 38.5 % of financial liabilities with no interest hedges were thus subject to floating-rate interest as of the reporting date (previous year: €50.6 million, or 38.4 %).

Assuming a stable 3-month EURIBOR interest rate of 0.0 % p.a., the weighted interest rate for the financial liabilities at the Group amounted to around 2.6 % p.a. as of the reporting date.

The weighted remaining term of the fixed-interest and bank margin agreements amounted to 20.6 months as of the reporting date.

The financial liabilities of the Group amounted to €131.2 million on 30 June 2017 or 41 % of total assets (31 December 2016: €131.7 million or 41%). Of this amount, €9.3 million or 7 % was current (31 December 2016: €9.3 million or 7 %).

Equity/net asset value (NAV) Adding the market values of the properties and the Group, taking into account the other items in the statement of financial position, resulted in a net asset value (NAV) of €119.7 million as of 30 June 2017, compared to €120.6 million as of 31 December 2016.

The 14,029,013 shares outstanding as of the reporting date produced a NAV of €8.53 per share following €8.60 as of 31 December 2016. This NAV is also equivalent to the EPRA-NAV as there are no derivative financial instruments.

NAV/EPRA-NAV in the consolidated statement of financial position		
in € thousand	30/6/2017	31/12/2016
Market value of properties (including held for sale)	293,310	290,542
Other assets less other liabilities	22,657	27,322
Non-controlling interests	(61,924)	(61,708)
Financial liabilities	(131,152)	(131,678)
Other liabilities	(3,169)	(3,888)
Net asset value	119,722	120,590
Net asset value per share	8.53	8.60

³⁾ Number of shares in circulation: 14,029,013

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 2016 Annual Report.

For the fiscal year 2017, the Management Board does not expect any risks to occur that could jeopardise the ability of Fair Value REIT-AG to continue as a going concern.

Forecast Report

The Management Board reaffirms its forecast in the 2016 Annual Report and, based on the existing portfolio without any changes in the share of directly owned properties, expects funds from operations (FFO) to amount to between €9.6 million and €10.2 million at group level in 2017 before non-controlling interests. After non-controlling interest, the Management Board expects FFO of around €6.1 million to €6.4 million. This corresponds to FFO of between €0.43 and €0.46 per share currently outstanding. The target dividend for 2017 is €0.25 per share for all shares currently outstanding. This corresponds to a distribution rate of 55 % to 57 % of FFO.

Graefelfing, 8 August 2017

Fair Value REIT-AG

A handwritten signature in blue ink, appearing to read 'Patrick', is written over a horizontal dashed line.

Patrick Kaiser, CEO

Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

Consolidated balance sheet				
in € thousand	Note no.	30/6/2017	31/12/2016	
Assets				
Non-current assets				
Intangible assets	3	74	75	
Property, plant and equipment	4	62	62	
Investment property	5	293,310	286,942	
Other receivables and assets	6	9,931	9,828	
Total non-current assets		303,377	296,907	
Current assets				
Trade receivables		1,826	2,578	
Income tax receivables		3	5	
Other receivables and assets	6	2,247	1,878	
Cash and cash equivalents	8	11,416	16,776	
Total current assets		15,492	21,237	
Non-current assets held for sale	7	–	3,600	
Total assets		318,869	321,744	
Equity and liabilities				
Equity				
Issued capital		28,221	28,221	
Capital reserves		99,645	99,645	
Revaluation reserve		(22)	(22)	
Loss carryforward		(7,724)	(6,856)	
Treasury shares		(398)	(398)	
Total equity	9	119,722	120,590	
Non-current liabilities				
Non-controlling interests		61,924	61,708	
Financial liabilities	10	121,907	122,405	
Other liabilities		408	884	
Total non-current assets		184,239	184,997	
Current liabilities				
Provisions		316	645	
Financial liabilities	10	9,245	9,275	
Trade payables		2,586	3,233	
Other liabilities		2,761	3,004	
Total current assets		14,908	16,157	
Total equity and liabilities		318,869	321,744	

Consolidated Statement of Income

Consolidated statement of income			
in € thousand	Note no.	1/1 – 30/6/2017	1/1 – 30/6/2016
Rental income		11,430	11,369
Service charge income		2,350	2,308
Ground rent		(2)	(2)
Service charge expenses	11	(3,441)	(4,374)
Other property-related expenses	11	(1,508)	(1,319)
Net rental income		8,829	7,982
General administrative expenses	12	(1,407)	(1,206)
Other operating income		113	175
Other operating expenses		(1,033)	(310)
Other operating income less other operating expenses		(920)	(135)
Net income from the disposal of investment property		3,800	12,275
Expenses in connection with investment property liabilities		(3,818)	(12,275)
Gain on the the disposal of investment property		(18)	–
Measurement gains		3,658	20
Measurement losses		(368)	(46)
Measurement result	5	3,290	(26)
Operating result		9,774	6,615
Share of profit/loss attributable to non-controlling interests		(3,635)	(1,816)
Net interest expense	13	(1,382)	(2,130)
Financial result		(5,017)	(3,946)
Group profit before taxes		4,757	2,669
Income taxes		(13)	(3)
Group profit after taxes		4,744	2,666

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income		
in € thousand	1/1 – 30/6/2017	1/1 – 30/6/2016
Group net profit	4,744	2,666
Other comprehensive income	–	–
Gains (+) / losses (–) from cash flow hedges	–	–
minus non-controlling interests – gains (–) / losses (+)	–	–
Other comprehensive income, total	–	–
Total comprehensive income	4,744	2,666

Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity							
in € thousand except for outstanding shares	Number of outstanding shares (in pieces)	Issued capital	Capital reserves	Treasury shares	Revaluation reserve	Retained earnings	Total
As of 1 January 2016	14,029,013	28,221	99,729	(398)	(16)	(10,258)	117,278
Equity instrument	–	–	(84)	–	–	–	(84)
Dividends	–	–	–	–	–	(3,507)	(3,507)
Group net profit	–	–	–	–	–	6,909	6,909
Other comprehensive income	–	–	–	–	(6)	–	(6)
As of 31 December 2016	14,029,013	28,221	99,645	(398)	(22)	(6,856)	120,590
As of 1 January 2017	14,029,013	28,221	99,645	(398)	(22)	(6,856)	120,590
Group net profit	–	–	–	–	–	4,744	4,744
Dividends	–	–	–	–	–	(5,612)	(5,612)
As of 30 June 2017	14,029,013	28,221	99,645	(398)	(22)	(7,724)	119,722

Consolidated Cash Flow Statement

Consolidated statement of cash flows		
in € thousand	1/1 – 30/6/2017	1/1 – 30/6/2016
Group net profit	4,744	2,666
Interest expenses	1,582	2,165
Interest income	(200)	(35)
Depreciation of property, plant and equipment and amortisation of intangible assets	3	1
Measurement result	(3,290)	26
Financing costs	–	20
Non-cash income from the acquisition of non-controlling interests	1	(10)
Shares of gains attributable to non-controlling interests	3,635	1,816
Distributions to non-controlling interests	(3,318)	(627)
Interest paid	(1,549)	(2,489)
Interest received	200	116
Changes in assets and equity and liabilities		
(Increase) / Decrease in trade receivables	752	706
(Increase) / Decrease in other assets	(471)	(1,528)
(Decrease) / Increase in provisions	(329)	(192)
(Decrease) / Increase in trade payables	(647)	(1,363)
(Decrease) / Increase in other liabilities	(752)	(1,413)
Net cash flow from operating activities	361	(141)
Expense/cash paid for interests in subsidiaries	(101)	–
Investments in investment property	(3,277)	(2,878)
Proceeds from disposal of investment property / assets under construction	3,800	12,275
Purchase of property, plant and equipment and intangible assets	(2)	–
Net cash flow from investing activities	420	9,397
Severance payments to former non-controlling interests	–	20
Proceeds from borrowings	2,329	9,000
Repayment of liabilities to banks	(2,858)	(22,489)
Release of equity portion for convertible bond	–	(90)
Dividend payments	(5,612)	–
Net cash flow from financing activities	(6,141)	(13,559)
Change in cash and cash equivalents	(5,360)	(4,303)
Cash and cash equivalents at the beginning of the period	16,776	16,028
Cash and cash equivalents at the end of the period	11,416	11,725

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 Wuermstr. 13a in 82166 Graefelfing.

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 eight (31 December 2016: eight) 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 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".

Accordingly, certain information and disclosures that would usually be included in the financial statements have either been shortened or omitted. As a result, these interim financial statements do not contain all the information and disclosures required of year-end consolidated financial statements in accordance with IFRSs. 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 contained in the notes to the consolidated financial statements in our annual report for 2016.

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 and the statement of changes in equity use the figures as of the reporting date 31 December 2016 as comparative figures. The comparative figures in the statement of income, the statement of comprehensive income and the statement of cash flows as well as the other overviews relate to the period from 1 January to 30 June 2016.

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

As of 30 June 2017, the basis of consolidation was as follows:

Share of voting rights in %	Share as of 30/6/2017	Share as of 31/12/2016
GP Value Management GmbH, Munich ("GPVM")	100.00	100.00
BBV 3 Geschäftsführungs-GmbH & Co. KG, Munich ("FV03")	100.00	100.00
BBV 6 Geschäftsführungs-GmbH & Co. KG, Munich ("FV06")	100.00	100.00
BBV 9 Geschäftsführungs-GmbH & Co. KG, Munich ("FV09")	100.00	100.00
BBV 10 Geschäftsführungs-GmbH & Co. KG, Munich ("FV10")	100.00	100.00
BBV 14 Geschäftsführungs-GmbH & Co. KG, Munich ("FV14")	100.00	100.00
IC Fonds & Co. Büropark Teltow KG, Munich ("IC07")	78.16	78.16
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG, Munich ("BBV06")	62.23	62.23
BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG, Munich („BBV08")	58.22	58.22
IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG, Munich ("IC13")	57.37	57.37
IC Fonds & Co. SchmidtBank-Passage KG, Munich ("IC12")	53.95	53.95
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV14")	51.01	51.01
IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, Munich ("IC15")	48.17	48.17
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich ("BBV10")	45.92	45.16
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 2016.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the business transaction in the course of which the asset is sold or the liability is transferred takes place either on the:

- Principal market for the asset or the liability or
- Most advantageous market for the asset or liability if there is no principal market.

The Group must have access to the principal market or the most advantageous market.

(3) Intangible assets

Intangible assets contain a contractual right that was individually measured during the business combination. This right is amortised over a useful life of five years. In the reporting period, €1 thousand of the €74 thousand was amortised.

(4) Property, plant and equipment

Property, plant and equipment comprise furniture and fixtures at Fair Value REIT-AG as well as building fittings in individual subsidiaries. Useful lives range from three to 10 years. Depreciation in the reporting period of €2 thousand is counterbalanced by additions of €2 thousand.

(5) Investment property

Development of investment property

in € thousand	Direct investments	Subsidiaries	Total
Acquisition cost			
As of 1 January 2017	65,608	269,458	335,066
Additions	–	–	–
Additions (subsequent acquisition cost)	–	3,288	3,288
Disposals	–	–	–
Reclassification to non-current assets held for sale	(265)	–	(265)
As of 30 June 2017	65,343	272,746	338,089

Changes in value

As of 1 January 2017	(958)	(47,166)	(48,124)
Reclassification to non-current assets held for sale	55	–	55
Write-ups	120	3,538	3,658
Write-downs	(150)	(218)	(368)
Disposals	–	–	–
As of 30 June 2017	(933)	(43,846)	(44,779)

Fair values

As of 1 January 2017	64,650	222,292	286,942
As of 30 June 2017	64,410	228,900	293,310

The values determined by CBRE GmbH, Frankfurt, as of 30 June 2017 were generally used to determine the fair value of the investment property.

As a result of refurbishment activities at the Zittau (BBV08; €314 thousand) and Eisenhüttenstadt (BBV10; €2,974 thousand) properties, an amount of €3,288 thousand was added as subsequent cost to the carrying amount of these assets.

Taking into account the write-ups following the refurbishment activities, appraisals resulted in further write-ups of €3,658 thousand as well as depreciation of €368 thousand.

As of 30 June 2017 there are 31 properties, of which 28 are freehold and three are partially owned.

The Geschendorf property (directly held) was sold by purchase agreement dated 23 February 2017 and reclassified as non-current assets held for sale. Risks and rewards were transferred following full payment of the purchase price on 20 May 2017.

(6) Other receivables and assets (non-current and current)

Other assets (non-current)		
in € thousand	30/6/2017	31/12/2016
Non-financial assets		
Receivable settlement balance BBV09	9,922	9,822
Other	9	6
Total other assets (non-current)	9,931	9,828

Other assets (current)		
in € thousand	30/6/2017	31/12/2016
Financial assets		
Purchase price receivable for commercial property Erlangen, Henkestr. 5 (BBV02)	1,361	1,361
Receivable settlement balance BBV09	430	332
Other	297	136
Collateral provided	–	–
Trust accounts	158	7
Total financial assets	2,247	1,836
Non-financial assets		
Other	–	42
Total non-financial assets	–	42
Total other assets (current)	2,247	1,878

With regard to other assets (current), financial assets increased by €369 thousand compared to 31 December 2016. This is primarily due to the current interest receivables from settlement balances as well as the recognition of a receivable from distributions already performed. The increase is compensated for by the reclassification of a partial receivable from the settlement balance due from BBV09 to non-current assets. A partial amount of €1,002 thousand was originally set to be paid in 2017. In consultation with Bayerische Landesbank financing BBV09, it was stipulated in a first addendum to the subordination agreement that payments on the settlement balance be made by 31 October 2018 at the earliest.

(7) Non-current assets held for sale

in € thousand	30/6/2017	31/12/2016
Krefeld property ("BBV06")	–	3,600
	–	3,600

The Krefeld property (BBV06) was sold by purchase agreement from 22 December 2016. Risks and rewards were transferred as of 7 February 2017 following full payment of the purchase price on 6 February 2017.

(8) Cash and cash equivalents

Cash and cash equivalents comprise current account balances in the business accounts of the companies included in the basis of consolidation. The development of cash and cash equivalents is based on the statement of cash flows below. The main outflow in the reporting period relates to the dividends for the fiscal year 2016 of €5,612 thousand paid out on 8 June 2017. In the previous year, the dividend for the fiscal year 2015 was not paid out until the third quarter on 5 July 2016.

At subsidiary BBV 10, current account balances of €1,000 thousand (previous year: €1,000 thousand) are pledged to the financing bank.

(9) Equity

On 2 June 2017, based on a proposal of the Management Board, the Annual General Meeting resolved to distribute a dividend of €0.40 (2015: €0.25) per share currently outstanding and to carry forward the remaining accumulated profit of €556,619.32 as of 31 December 2016 to new account.

The amount to be distributed of €5,611,605.20 is around 91 % of the net profit for the year of Fair Value REIT-AG according to German GAAP and therefore complies with Sec. 13 (1) REITG [“Gesetz über deutsche Immobilienaktiengesellschaften mit börsennotierten Anteilen”: German REIT Act], which stipulates that at least 90 % of the net profit for the year measured under German GAAP be distributed to shareholders.

(10) Financial liabilities

Non-current and current financial liabilities totalling €131,152 thousand decreased by €528 thousand compared to 31 December 2016 (€131,680 thousand). The changes were as follows:

Non-current financial liabilities

in € thousand

As of 31 December 2016	122,405
Special repayment FV AG	(152)
Increase BBV 10	2,329
Maturity shift	(2,676)
As of 30 June 2017	121,907

Current financial liabilities

in € thousand

As of 31 December 2016	9,275
Scheduled repayment FV AG	(557)
Scheduled repayment subsidiaries	(2,148)
Maturity shift	2,676
As of 30 June 2017	9,245

The scheduled repayments totalling €2,705 thousand are counterbalanced by the payment of further partial amounts of the loan borrowed from Bayerische Beamten Lebensversicherung a.G. (BBV 10). The special repayment was made in connection with the sale of the Geschendorf property (Fair Value AG).

(11) Property-related expenses

in € thousand	1/1 – 30/6/2017	1/1 – 30/6/2016
Energy costs and water consumption	1,083	1,254
Property tax	424	493
Property management fees	371	261
Garden maintenance/cleaning	314	302
Servicing and operating technical installations	222	300
Insurance	214	234
Caretaker costs	200	157
Security	158	156
Other property costs	127	274
Building cleaning	109	175
Street cleaning/rubbish removal	75	–
Non-deductible input tax	74	251
Advertising and promotional expenses	38	45
Other operating expenses	30	61
Other	2	23
Management contract costs	–	348
Aufwendungen aus Nebenkostenabrechnungen	–	35
Service charge expenses	3,441	4,369
Repairs and maintenance costs	1,143	579
Letting costs	212	498
Technical building maintenance	153	242
Other property-related expenses	1,508	1,319
Total property-related operating expenses	4,949	5,693

(12) General administrative expenses

in € thousand	1/1 – 30/6/2017	1/1 – 30/6/2016
Personnel expenses	342	159
Fund management	253	72
Non-deductible VAT	152	127
Trustee fees	132	135
Audit fees	108	121
Accounting	98	81
Legal and consulting fees	80	254
Appraisals	59	41
Stock market listing, Annual General Meeting and events	51	112
Office expenses	48	38
Other	38	29
Remuneration (Supervisory Board, Advisory Board and general partner remuneration)	34	24
Travel and vehicle expenses	12	13
Total general administrative expenses	1,407	1,206

Of the general administrative expenses, €755 thousand (54 %) was attributable to Fair Value, compared to €759 thousand (63 %) in the previous year. An amount of €652 thousand (46 %) was attributable to the subsidiaries, compared to €447 thousand (37 %) in the previous year.

(13) Interest expenses

The interest expenses of €1,382 thousand (2016: €2,130 thousand) relate to interest payments in connection with the financial liabilities.

(14) Segment revenue and profit/loss

in € thousand	1/1 – 30/6/2017		1/1 – 30/6/2016	
	Segment revenue	Segment profit/loss	Segment revenue	Segment profit/loss
Direct investments	3,052	1,836	3,015	1,950
Subsidiaries	10,728	8,658	10,660	5,270
Total segment revenue and profit/loss	13,780	10,494	13,675	7,220
Central administrative expenses and other	–	(734)	–	(608)
Net interest expense	–	(1,382)	–	(2,130)
Share of profit/loss attributable to non-controlling interests	–	(3,635)	–	(1,816)
Group net profit	–	4,744	–	2,666

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 30 June 2017

		Direct investments			
in € thousand	FV AG	IC07	IC12	IC13	IC15
Rental income	2,616	385	307	–	1,032
Service charge income	436	167	219	–	168
Segment revenue	3,052	552	526	–	1,200
Service charge expenses	(702)	(183)	(186)	4	(174)
Other property-related expenses	(485)	(61)	(46)	(12)	(84)
Segment-related administrative expenses	(38)	(28)	(25)	–	(117)
Other operating expenses and income (net)	57	(34)	(22)	4	(33)
Gain from disposal of investment property	(18)	–	–	–	–
Measurement gains	120	100	–	–	–
Measurement losses	(150)	–	(130)	–	(10)
Segment profit/loss	1,836	346	117	(4)	782
Central administrative expenses	(717)	–	–	–	–
Other income from investments	1,462	–	–	–	–
Net interest expenses	(113)	–	(23)	–	(98)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
Income taxes	–	–	–	–	–
Group net profit	2,468	346	94	(4)	684

Subsidiaries								
	BBV 02	BBV 06	BBV 08	BBV 10	BBV 14	Total	Reconciliation	Group
	–	34	1,143	3,501	2,414	8,816	(2)	11,430
	–	40	81	648	589	1,912	–	2,348
	–	74	1,224	4,149	3,003	10,728	(2)	13,778
	–	(53)	(255)	(1,210)	(683)	(2,740)	1	(3,441)
	–	(8)	(26)	(559)	(239)	(1,035)	12	(1,508)
	(13)	(97)	(82)	(174)	(178)	(714)	(3)	(755)
	–	(181)	(186)	(464)	16	(900)	(12)	(855)
	–	–	–	–	–	–	–	(18)
	–	–	–	1,158	2,280	3,538	–	3,658
	–	–	(15)	(63)	–	(218)	–	(368)
	(13)	(265)	660	2,837	4,199	8,658	(4)	10,490
	–	–	–	–	–	–	–	(717)
	–	–	–	–	–	–	(1,462)	–
	–	–	(110)	(820)	(218)	(1,269)	–	(1,382)
	–	–	–	–	–	–	(3,635)	(3,635)
	–	–	–	–	–	–	(13)	(13)
	(13)	(265)	550	2,017	3,981	7,389	(5,114)	4,744

Profit and loss statement by segment as of 30 June 2016

		Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15	
Rental income	2,493	368	296	(2)	983	
Service charge income	522	132	178	(15)	135	
Segment revenue	3,015	500	474	(17)	1,118	
Service charge expenses	(695)	(215)	(248)	35	(364)	
Other property-related expenses	(144)	(49)	(20)	7	(478)	
Segment-related administrative expenses	(151)	(33)	(23)	(21)	(51)	
Other operating expenses and income (net)	(49)	8	(2)	75	104	
Gain from disposal of investment property	–	–	–	–	–	
Measurement gains	20	–	–	–	–	
Measurement losses	(46)	–	–	–	–	
Segment profit/loss	1,950	211	181	79	329	
Central administrative expenses	(608)	–	–	–	–	
Other income from investments	655	–	–	–	–	
Net interest expenses	(620)	(6)	(46)	–	(101)	
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–	
Income taxes	–	–	–	–	–	
Group net profit	1,377	205	135	79	228	

Subsidiaries								
	BBV 02	BBV 06	BBV 08	BBV 10	BBV 14	Total	Reconciliation	Group
	—	571	1,191	3,058	2,411	8,876	—	11,369
	—	46	51	643	614	1,784	—	2,306
	—	617	1,242	3,701	3,025	10,660	—	13,675
	(4)	(191)	(314)	(1,464)	(913)	(3,678)	(1)	(4,374)
	—	(64)	(189)	(141)	(241)	(1,175)	—	(1,319)
	(10)	(56)	(103)	(91)	(79)	(467)	20	(598)
	—	1	(229)	(11)	12	(42)	(44)	(135)
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	20
	—	—	—	—	—	—	—	(46)
	(14)	307	407	1,994	1,804	5,298	(25)	7,223
	—	—	—	—	—	—	—	(608)
	—	—	—	—	—	—	(655)	—
	—	—	(202)	(912)	(245)	(1,512)	2	(2,130)
	—	—	—	—	—	—	(1,816)	(1,816)
	—	—	—	—	—	—	(3)	(3)
	(14)	307	205	1,082	1,559	3,786	(2,497)	2,666

The table below 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 30 June 2017

		Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15	
Property, plant and equipment and intangible assets	42	–	24	–	–	
Investment property	64,410	9,240	7,350	–	25,590	
Trade receivables	341	41	135	67	30	
Income tax receivables	3	–	–	–	–	
Other receivables and assets	13,598	–	33	88	84	
Cash and cash equivalents	2,623	329	1,071	37	838	
Segment assets subtotal	81,017	9,610	8,613	192	26,542	
Participation in subsidiaries	65,711	–	–	–	–	
Total assets	146,728	9,610	8,613	192	26,542	
Provisions	(156)	(7)	(11)	(7)	(22)	
Trade payables	(363)	(40)	(26)	–	(109)	
Other liabilities	(1,350)	(109)	(28)	(84)	(48)	
Segment liabilities subtotal	(1,869)	(156)	(65)	(91)	(179)	
Non-controlling interests	–	–	–	–	–	
Financial liabilities	(29,493)	–	(1,797)	–	(7,156)	
Total liabilities	(31,362)	(156)	(1,862)	(91)	(7,335)	
Net assets as of 30 June 2017	115,366	9,454	6,751	101	19,207	
Overview of maturities of financial liabilities						
Non-current	(28,374)	–	–	–	(6,929)	
Current	(1,119)	–	(1,797)	–	(227)	
Financial liabilities	(29,493)	–	(1,797)	–	(7,156)	

Subsidiaries							
BBV 02	BBV 06	BBV 08	BBV 10	BBV 14	Total	Reconciliation	Group
–	–	–	–	–	24	70	136
–	–	30,300	82,870	73,550	228,900	–	293,310
–	59	6	868	279	1,485	–	1,826
–	–	–	–	–	–	–	3
1,361	55	34	29	88	1,772	(3,192)	12,178
10	1,580	1,557	1,362	1,927	8,711	82	11,416
1,371	1,694	31,897	85,129	75,844	240,892	(3,040)	318,869
–	–	–	–	–	–	(65,711)	–
1,371	1,694	31,897	85,129	75,844	240,892	(68,751)	318,869
(8)	(33)	(10)	(12)	(27)	(137)	(23)	(316)
(8)	(59)	(640)	(1,261)	(70)	(2,213)	(10)	(2,586)
(26)	(168)	(384)	(1,035)	(360)	(2,242)	423	(3,169)
(42)	(260)	(1,034)	(2,308)	(457)	(4,592)	390	(6,071)
–	–	–	–	–	–	(61,924)	(61,924)
(1,081)	–	(8,152)	(55,531)	(30,942)	(104,659)	3,000	(131,152)
(1,123)	(260)	(9,186)	(57,839)	(31,399)	(109,251)	(58,534)	(199,147)
248	1,434	22,711	27,290	44,445	131,641	(127,285)	119,722
–	–	(7,344)	(52,518)	(29,742)	(96,533)	3,000	(121,907)
(1,081)	–	(808)	(3,013)	(1,200)	(8,126)	–	(9,245)
(1,081)	–	(8,152)	(55,531)	(30,942)	(104,659)	3,000	(131,152)

Assets and liabilities by segment 31 December 2016

	Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15
Property, plant and equipment and intangible assets	43	–	24	–	–
Investment property	64,650	9,140	7,480	–	25,600
Non-current assets held for sale	–	–	–	–	–
Trade receivables	481	190	108	69	62
Income tax receivables	5	–	–	–	–
Other receivables and assets	12,464	–	13	87	69
Cash and cash equivalents	3,922	26	938	44	1,290
Segment assets subtotal	81,565	9,356	8,563	200	27,021
Participation in subsidiaries	68,766	–	–	–	–
Total assets	150,331	9,356	8,563	200	27,021
Provisions	(447)	(11)	(9)	(9)	(20)
Trade payables	(179)	(69)	(43)	(3)	(85)
Other liabilities	(994)	(4)	(23)	(83)	(38)
Segment liabilities subtotal	(1,620)	(84)	(75)	(95)	(143)
Non-controlling interests	–	–	–	–	–
Financial liabilities	(30,201)	(50)	(1,831)	–	(7,269)
Derivative financial instruments	–	–	–	–	–
Total liabilities	(31,821)	(134)	(1,906)	(95)	(7,412)
Net assets as of 31 December 2016	118,510	9,222	6,657	105	19,609

Overview of maturities of financial liabilities

Non-current	(29,086)	–	–	–	(7,042)
Current	(1,115)	(50)	(1,831)	–	(227)
Financial liabilities	(30,201)	(50)	(1,831)	–	(7,269)

Subsidiaries								
	BBV 02	BBV 06	BBV 08	BBV 10	BBV 14	Total	Reconciliation	Group
	–	–	–	–	–	24	70	137
	–	–	30,000	78,802	71,270	222,292	–	286,942
	–	3,600	–	–	–	3,600	–	3,600
	–	123	29	1,198	318	2,097	–	2,578
	–	–	–	–	–	–	–	5
	1,361	47	16	30	66	1,689	(2,447)	11,706
	27	3,483	2,531	1,193	3,231	12,763	91	16,776
	1,388	7,253	32,576	81,223	74,885	242,465	(2,286)	321,744
	–	–	–	–	–	–	(68,766)	–
	1,388	7,253	32,576	81,223	74,885	242,465	(71,052)	321,744
	(8)	(33)	(33)	(24)	(28)	(175)	(23)	(645)
	(8)	(179)	(1,344)	(1,224)	(92)	(3,047)	(7)	(3,233)
	(30)	(275)	(482)	(1,402)	(993)	(3,330)	436	(3,888)
	(46)	(487)	(1,859)	(2,650)	(1,113)	(6,552)	406	(7,766)
	–	–	–	–	–	–	(61,708)	(61,708)
	(1,081)	–	(8,556)	(53,300)	(31,642)	(103,729)	2,250	(131,680)
	–	–	–	–	–	–	–	–
	(1,127)	(487)	(10,415)	(55,950)	(32,755)	(110,281)	(59,052)	(201,154)
	(1,135)	(520)	(10,448)	(55,974)	(32,783)	(65,267)	(130,104)	120,590
	–	–	(7,748)	(50,287)	(30,442)	(95,519)	2,200	(122,405)
	(1,081)	–	(808)	(3,013)	(1,200)	(8,210)	50	(9,275)
	(1,081)	–	(8,556)	(53,300)	(31,642)	(103,729)	2,250	(131,680)

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.

Graefelfing, 8 August 2017

Fair Value REIT-AG



Patrick Kaiser

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.

Graefelfing, 8 August 2017

Fair Value REIT-AG



Patrick Kaiser

The Share

Fair Value REIT-AG on the capital market

In the first half of 2017, prices on the German stock markets were sound. Among other factors, robust economic data had brightened the mood on the stock exchanges. The DAX, Germany's leading share index comprising the 30 largest German companies, increased by around 7.4 % in the first six months of 2017. The smaller stocks index MDAX and the small-cap index SDAX also increased considerably, recording growth of 10.2 % and 13.9 %, respectively, in the first half of the year.

The Fair Value REIT-AG share recorded far greater price increases in the reporting period. Over the first six months of the year, the share price increased by almost 27 % and closed at €8.00 on 30 June 2017. The price was buoyed by the positive market environment and the Company's pleasing business development. After recording the lowest closing price in the electronic trading system XETRA right at the beginning of the year of €6.50 on 2 January 2017, prices increased significantly over the next six months. On 30 May 2017, the share hit the highest XETRA closing price in the first half of 2017 at €8.20.

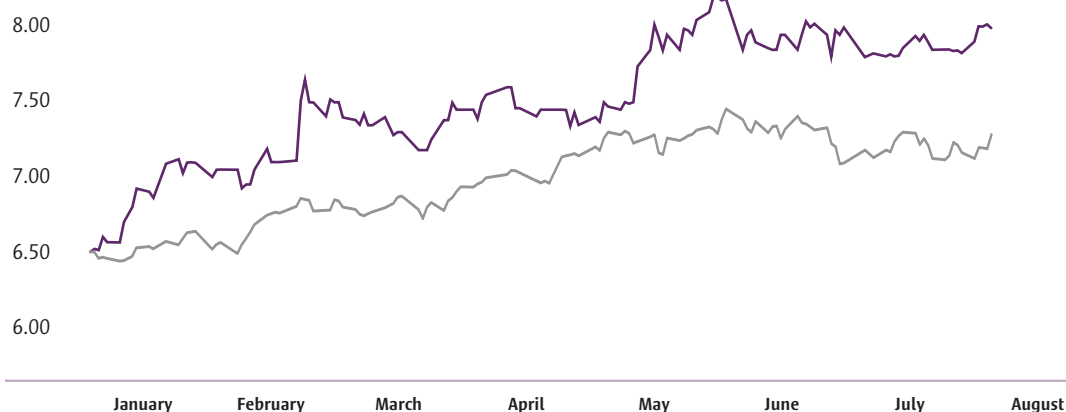
The Annual General Meeting of Fair Value REIT-AG was held in Munich on 2 June 2017. All points on the agenda were approved by the shareholders present with a majority of at least 99.75 %. Among the resolutions was a decision to pay out a dividend of €0.40 per participating share for fiscal year 2016. This is considerably higher than the €0.25 per share that had been distributed for the fiscal year 2015.

Development of Fair Value's share

1 January to 4 August 2017

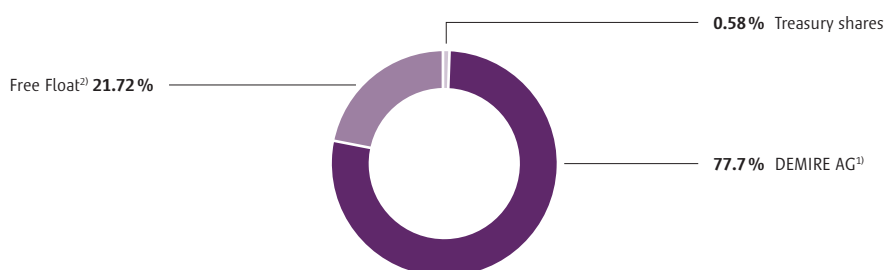
in €

■ Fair Value REIT-AG (XETRA)
■ DAX Subsector Real Estate
(chain-linked at 1/1/2015)



Fair Value REIT-AG's shareholder structure

as of 30 June 2017



¹⁾ 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 %

²⁾ According to Free-Float definition of Deutsche Börse AG (shareholding <5 %)

Key data Fair Value REIT-AG's share

as of 30 June 2017

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 pcs.
Proportion per share in the share capital	€2.00
Initial listing	16 November 2007
High/low 1st half 2017 (XETRA)	€8.20/€6.50
Market capitalization on 30 June 2017 (XETRA)	€113 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Berlin, Düsseldorf, Hamburg, Munich, Stuttgart, Tradegate
Designated sponsor	ODDO SEYDLER Bank
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.

Financial calendar

Fair Value REIT-AG	
9 November 2017	Quarterly Statement 1st to 3rd Quarter 2017
November 2017	Presentation, German Equity Forum 2017, Frankfurt am Main

Imprint

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Date of publication: 10 August 2017

Management Board

Patrick Kaiser

Supervisory Board

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

Disclaimer This interim report 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.