

Quarterly Statements 1st to 3rd Quarter 2017

fair value
REIT

Key figures Fair Value Group			
		1/1 – 30/9/2017	1/1 – 30/9/2016
Revenues and earnings			
Rental income	in € thousand	17,037	17,145
Net rental income	in € thousand	12,643	11,606
Operating result (EBIT)	in € thousand	14,965	10,586
Group net profit	in € thousand	7,392	4,524
Earnings per share	in €	0.53	0.32
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	5,306	4,440
EPRA-Earnings/FFO per share	in €	0.38	0.31
Assets and capital		30/9/2017	31/12/2016
Non-current assets	in € thousand	296,459	296,907
Current assets	in € thousand	15,313	21,237
Non-current assets held for sale	in € thousand	9,240	3,600
Total assets	in € thousand	321,012	321,744
Equity/Net asset value (NAV)	in € thousand	122,370	120,590
Equity ratio	in %	38.1	37.5
Immovable assets	in € thousand	295,634	290,542
Equity within the meaning of Sec. 15 REITG	in € thousand	186,157	182,298
Equity ratio within the meaning of Sec. 15 REITG (minimum 45 %)	in %	63.0	62.7
Real estate investments		30/9/2017	31/12/2016
Number of properties	amount	31	33
Market value of properties ¹⁾	in € million	296	291
Contractual rent p.a.	in € million	22.2	21.8
Potential rent p.a.	in € million	24.5	24.0
Occupancy	in %	90.6	90.6
Remaining term of rental agreements	years	5.2	5.2
Contractual rental yield before costs	in %	7.5	7.5

¹⁾ According to market valuations as of 30/9/2017

Further key figures			
		30/9/2017	31/12/2016
Number of shares in circulation	in pieces	14,029,013	14,029,013
Net asset value (NAV) per share	in €	8.72	8.60
EPRA-NAV per share	in €	8.72	8.60
Number of employees (excluding Management Board)		3	3

Letter to Shareholders

Dear shareholders and business partners,
ladies and gentlemen,

The third quarter of 2017 again saw the Fair Value Group increase its operating strength further. We are convinced that the positive trend will continue unabated in the year as a whole.

All key earnings indicators were improved considerably in the first nine months of 2017 compared to the previous-year period: The operating result (EBIT) increased to €15 million compared to €10.6 million in the previous year; at around €7.4 million, group net profit increased significantly compared to the previous-year figure of €4.5 million and funds from operations (FFO) after non-controlling interests increased by 21 % from €4.4 million in the previous year to €5.3 million.

Thanks to its active asset management, the third quarter saw the Fair Value Group further optimise its real estate portfolio, which currently comprises 31 properties with a market value of around €296 million. Despite sales of properties in the past, at €17.0 million we more or less matched the rental income of the previous-year period (€17.1 million), increasing our net rental income from €11.6 million in the previous-year period to €12.6 million. At 5.2 years, the weighted average lease term (WALT) remained unchanged as of 30 September 2017, as did the occupancy rate (90.6 %) compared to 31 December 2016. The occupancy rate stands at 91.8 % 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 increased from €120.6 million as of 31 December 2016 to €122.4 million as of 30 September 2017. This results in an increase in the net asset value (NAV) to €8.72 per share compared to €8.60 as of 31 December 2016. As of the reporting date, the REIT equity ratio increased slightly from 62.7 % of immovable assets as of 31 December 2016 to 63.0 % as of the reporting date.

Hon. Prof. Andreas Steyer resigned from the Supervisory Board with due regard to the Company's resignation deadline in accordance with its articles of incorporation and bylaws effective 4 September 2017. Mr. Steyer had been a member of the board since March 2016. We would like to thank him for the invaluable working relationship based on mutual trust. Mr. Frank Hölzle was appointed as his successor. Since 14 February 2017, he has already been serving as the deputy chairman of the Supervisory Board of DEMIRE Deutsche Mittelstand Real Estate AG.

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, 7 November 2017



Patrick Kaiser, CEO

Group Interim Management Report

Condensed interim group management report as of 30 September 2017

Portfolio

As of 30 September 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 €296 million (31 December 2016: €291 million) are equivalent to the fair values pursuant to IFRS 13.

At 90.6 %, the profit-weighted occupancy rate of the portfolio as of 30 September 2017 matched that of 31 December 2016 (90.6 %). As of 30 September 2017, the weighted average remaining lease term stood at 5.2 years, also identical to the level as of 31 December 2016.

If those lease agreements already entered into as of the reporting date on 30 September 2017 or vacancies that are 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 September 2017 would amount to €22.5 million or 91.8 % of potential rents.

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

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

	Property area [m ²]	Total lettable area [m ²]	Annualized contractual rent [€ thousand]	Market value 30 Sep 2017 ¹⁾ [€ thousand]	Occupancy rate ^{2) 3)} [%]	Ø secured remaining lease term ^{2) 3)} [Years]	Contractual rent returns before costs [%]	Participating interest [%]
Direct investments segment	76,301	72,399	5,145	64,460	95.7	6.2	8.0	100
Subsidiaries segment	314,134	177,084	17,050	231,174	89.1	4.9	7.4	51
Total portfolio	390,435	249,483	22,195	295,634	90.6	5.2	7.5	62

Notes

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

²⁾ Profit weighted

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

Financial position and performance

Financial performance

in € thousand	1/1–30/9/2017	1/1–30/9/2016	Change	
			in € thousand	in %
Rental income	17,037	17,145	(108)	(1)
Service charge income	3,544	3,474	70	2
Service charge expenses	(5,813)	(6,429)	(616)	10
Other property-related expenses	(2,125)	(2,584)	(459)	18
Net rental income	12,643	11,606	1,037	9
General administrative expenses	(2,139)	(1,697)	442	26
Other operating income and expenses	(808)	(102)	706	692
Disposal and measurement gains/losses	5,269	779	4,490	576
Operating result	14,965	10,586	4,379	41
Net interest expenses	(2,054)	(2,948)	(894)	(30)
Share of profit/loss attributable to non-controlling interests	(5,503)	(3,110)	(2,393)	77
Income taxes	(16)	(4)	12	300
Group net profit	7,392	4,524	2,868	63

Rental income in the first nine months of the current fiscal year 2017 was down around 1 % (€17.2 million) at €17.03 million due to sales of properties in the interim. Net rental income of €12.6 million was up €1.0 million, or 9 %, on the previous-year figure of €11.6 million on account of the reduction in vacancies, higher service charge income and a decrease in property-related expenses.

General administrative expenses increased to €2.1 million, that is €0.4 million or 26 % up on the previous-year figure of €1.7 million due to increased costs for audit services and personnel at the level of Fair Value REIT-AG as well as at the level of the subsidiaries. With a gain of €4.5 million, the balance of other income and expenses as well as of disposal and measurement gains and losses was up by €3.8 million on the previous-year profit of €0.7 million.

This produced an operating result of €15.0 million, which was up €4.4 million, or 41 %, on the comparative figure for the previous year (€10.6 million).

At €2.1 million, net interest expenses within the Group were down €0.9 million or 30 % on the previous-year figure of €3.0 million.

After deducting the share of profit/loss attributable to non-controlling interests of €5.5 million (previous year: €3.1 million), the Fair Value Group closed the first nine months of the current fiscal year 2017 with a group net profit of €7.4 million (previous year: €4.5 million).

At €8.6 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 €1.3 million or 18 % in the first nine months of the current fiscal year compared to the figure of €7.3 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 €5.3 million (rounded) and was thus up €0.9 million or 21 % on the previous-year figure of €4.4 million.

In terms of the number of shares outstanding of around 14.03 million in the first nine months of 2017, the FFO came to €0.38 compared to €0.31 in the previous year and was thus up significantly (23 %) on the previous-year figure.

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

	1/1–30/9/2017				1/1–30/9/2016			
	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	17,037	–	–	17,037	17,145	–	–	17,145
Non-recoverable service charge expenses	(2,271)	–	–	(2,271)	(2,961)	–	–	(2,961)
Other property-related expenses	(2,123)	–	–	(2,123)	(2,578)	–	–	(2,578)
Net rental income	12,643	–	–	12,643	11,606	–	–	11,606
General administrative expenses	(2,139)	–	118	(2,021)	(1,697)	–	–	(1,697)
Other operating income and expenses	(808)	–	968	160	(102)	236	–	134
Profit/loss from disposal of investment property	(109)	–	–	(109)	–	–	–	–
Measurement result	5,378	(5,378)	–	–	779	(779)	–	–
Operating result	14,965	(5,378)	1,086	10,673	10,586	(543)	–	10,043
Net interest expense	(2,054)	–	–	(2,054)	(2,948)	–	254	(2,694)
Profit/loss before non-controlling interests	12,911	(5,378)	1,086	8,619	7,638	(543)	254	7,349
Share of profit/loss attributable to non-controlling interests	(5,503)	2,662	(456)	(3,297)	(3,110)	205	–	(2,905)
Income taxes	(16)	–	–	(16)	(4)	–	–	(4)
Group net profit	7,392	(2,716)	630	5,306	4,524	(338)	254	4,440
Profit/loss of the Group per share ¹⁾	0.53	–	–	0.38	0.32	–	–	0.31

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

Cash position

Cash and cash equivalents		
in € thousand	1/1 – 30/9/2017	1/1 – 30/9/2016
Net cash flow from operating activities	2,310	2,165
Net cash flow from investing activities	178	9,024
Net cash flow from financing activities	(7,612)	(14,786)
Change in the basis of consolidation	–	–
Change in cash and cash equivalents	5,124	(3,597)
Cash and cash equivalents at the beginning of the period	16,776	16,028
Cash and cash equivalents at the end of the period	11,652	12,431

Cash flow from operating activities The net cash flow from operating activities generated in the reporting period came to €2.3 million, which is €0.1 million above the previous-year figure of €2.2 million. The increase resulted from the changes in assets and equity and liabilities of €-1.9 million compared to the previous year of €-3.0 million and the distributions to non-controlling interests of €-3.3 million compared to the previous year of €-1.4 million. Adjusted for the changes in assets and equity and liabilities and the distributions to non-controlling interests, the cash flow from operating activities (€7.5 million) increased by €0.9 million compared to the previous year (€6.7 million).

Cash flow from investing activities Investing activities resulted in a cash inflow of €0.2 million. This resulted primarily from the sale of properties with total cash receipts of €3.8 million (previous year: €12.3 million) and recognised investments in real estate funds of €3.5 million.

Cash flow from financing activities The cash outflow from financing activities of €7.6 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 €4.3 million and the €2.3 million borrowed in connection with additional investments in Eisenhüttenstadt (BBV10).

Liquidity Cash and cash equivalents at the Group decreased only slightly by €0.8 million in the nine months of the current fiscal year to €11.7 million (previous-year period: €12.4 million), in particular due to the high dividend payment.

Financial position

Assets Total assets amounted to €321.0 million as of 30 September 2017 and thus remained on a par with the level from 31 December 2016 (€321.7 million).

Non-current assets of around €296.5 million accounted for 92 % of total assets (31 December 2016: €296.9 million or 92 %). The current assets of €15.3 million or 5 % of total assets (31 December 2016: €21.2 million or 7 % of total assets) consisted to 76 % of cash and cash equivalents (€11.7 million).

At €3.6 million, receivables and other assets accounted for 14.9 %. Non-current assets held for sale accounted for €9.2 million or 2.9 % of total assets (31 December 2016: €3.6 million or 1.1 %). This relates to the sale of an office property of the subsidiary IC Fonds & Co. Büropark Teltow KG (IC07) in Teltow, Brandenburg.

Equity and liabilities On 30 September 2017, assets of €122.4 million (38 %) were financed by equity attributable to the shareholders of Fair Value REIT-AG and €199.5 million (62 %) by liabilities.

Here it must be taken into account that the non-controlling interests in subsidiaries of €63.8 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 €186.2 million or 58 % of the total assets (31 December 2016: €182.3 million or 56.5 %).

With immovable assets totalling €295.6 million as of 30 September 2017, the REIT equity ratio amounted to 63.0 % (31 December 2016: 62.7 %).

Financial liabilities The financial liabilities of the Group amounted to €129.7 million on 30 September 2017 or 40 % of total assets (31 December 2016: €131.7 million or 41 %). Of this amount, €9.5 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 €122.4 million as of 30 September 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 €8.72 per share following €8.60 on 31 December 2016. This NAV is also equivalent to the EPRA-NAV as there are no derivative financial instruments.

NAV in the consolidated statement of financial position		
in € thousand	30/9/2017	31/12/2016
Market value of properties (including those held for sale)	295,634	290,542
Other assets less other liabilities	22,811	27,322
Non-controlling interests	(63,787)	(61,708)
Financial liabilities	(129,682)	(131,678)
Other liabilities	(2,606)	(3,888)
Net asset value	122,370	120,590
Net asset value per share	8.72	8.60

Subsequent Events

Following Hon. Prof. Andreas Steyer's resignation from Fair Value REIT-AG's Supervisory Board with due regard to the Company's resignation deadline in accordance with its articles of incorporation and bylaws effective 4 September 2017 and Mr. Frank Hölzle's subsequent appointment as new member of the Supervisory Board by the Munich local court (register court), Mr. Rolf Elgeti (chairman of the Supervisory Board) and Mr. Markus Drews (deputy chairman of the Supervisory Board) also resigned from the board with due regard to the Company's resignation deadline in accordance with its articles of incorporation and bylaws effective 30 November 2017. The successors for the members that have left are to be appointed by court order shortly.

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 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 range between €9.6 million and €10.2 million at group level in 2017 before non-controlling interests. After non-controlling interests, 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, 7 November 2017
Fair Value REIT-AG



Patrick Kaiser, CEO

Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

Consolidated statement of financial position		
in € thousand	30/9/2017	31/12/2016
Assets		
Non-current assets		
Intangible assets	73	75
Property, plant and equipment	60	62
Investment property	286,394	286,942
Other receivables	9,932	9,828
Total non-current assets	296,459	296,907
Current assets		
Trade receivables	1,406	2,578
Income tax receivables	3	5
Other receivables	2,252	1,878
Cash and cash equivalents	11,652	16,776
Total current assets	15,313	21,237
Non-current assets held for sale	9,240	3,600
	24,553	24,837
Total assets	321,012	321,744
Equity and liabilities		
Equity		
Issued capital	28,221	28,221
Capital reserves	99,645	99,645
Revaluation reserve	(22)	(22)
Loss carryforward	(5,076)	(6,856)
Treasury shares	(398)	(398)
Total equity	122,370	120,590
Non-current liabilities		
Non-controlling interests	63,787	61,708
Financial liabilities	120,191	122,405
Other liabilities	864	884
Total non-current assets	184,842	184,997
Current liabilities		
Provisions	247	645
Financial liabilities	9,491	9,275
Trade payables	2,320	3,233
Other liabilities	1,742	3,004
Total current liabilities	13,800	16,157
Total equity and liabilities	321,012	321,744

Consolidated Statement of Income

Consolidated statement of income		
in € thousand	1/1 – 30/9/2017	1/1 – 30/9/2016
Rental income	17,037	17,145
Service charge income	3,544	3,474
Ground rent	(2)	(6)
Service charge expenses	(5,813)	(6,429)
Other property-related expenses	(2,123)	(2,578)
Net rental income	12,643	11,606
General administrative expenses	(2,139)	(1,697)
Other operating income	158	216
Other operating expenses	(966)	(318)
Other operating income less other operating expenses	(808)	(102)
Net income from the disposal of investment property	3,800	12,275
Expenses in connection with investment property liabilities	(3,909)	(12,275)
Gain on the the disposal of investment property	(109)	–
Measurement gains	5,982	850
Measurement losses	(604)	(71)
Measurement result	5,378	779
Operating result	14,965	10,586
Share of profit/loss attributable to non-controlling interests	(5,503)	(3,110)
Net interest expense	(2,054)	(2,948)
Financial result	(7,557)	(6,058)
Group profit before taxes	7,408	4,528
Income taxes	(16)	(4)
Group net profit	7,392	4,524

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income		
in € thousand	1/1 – 30/9/2017	1/1 – 30/9/2016
Group net profit	7,392	4,524
Other comprehensive income	–	–
Gains (+) / losses (-) from cash flow hedges	–	–
minus non-controlling interests – gains (-) / losses (+)	–	–
Gains (+) / losses (-) from cash flow hedges of associated companies	–	–
Total other comprehensive income	–	–
Total comprehensive income	7,392	4,524

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
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	–	–	–	–	–	7,392	7,392
Dividends	–	–	–	–	–	(5,612)	(5,612)
As of 30 September 2017	14,029,013	28,221	99,645	(398)	(22)	(5,076)	122,370

Consolidated Statement of Cash Flows

Consolidated statement of cash flows		
in € thousand	1/1 – 30/9/2017	1/1 – 30/9/2016
Group net profit	7,392	4,524
Interest expenses	2,355	2,983
Interest income	(301)	(35)
Depreciation of property, plant and equipment and amortisation of intangible assets	6	2
Measurement result	(5,378)	(779)
Financing costs	–	15
Other non-cash expenses and income	3	92
Shares of gains attributable to non-controlling interests	5,503	3,110
Distributions to non-controlling interests	(3,318)	(1,468)
Interest paid	(2,351)	(3,307)
Interest received	301	46
Changes in assets and equity and liabilities		
(Increase) / Decrease in trade receivables	1,172	(639)
(Increase) / Decrease in other assets	(477)	(709)
(Decrease) / Increase in provisions	(398)	(490)
(Decrease) / Increase in trade payables	(913)	(894)
(Decrease) / Increase in other liabilities	(1,286)	(286)
Net cash flow from operating activities	2,310	2,165
Cash paid for the purchase of interests in subsidiaries	(106)	–
Purchase of investment properties	(3,524)	(3,251)
Proceeds from disposal of investment property / assets under construction	3,810	12,275
Purchase of property, plant and equipment and intangible assets	(2)	–
Net cash flow from investing activities	178	9,024
Severance payments to former non-controlling interests	–	20
Proceeds from borrowings	2,329	13,000
Repayment of liabilities to banks	(4,329)	(24,209)
Release of equity portion for convertible bond	–	(90)
Dividend payments	(5,612)	(3,507)
Net cash flow from financing activities	(7,612)	(14,786)
Change in cash and cash equivalents	(5,124)	(3,597)
Cash and cash equivalents at the beginning of the period	16,776	16,028
Cash and cash equivalents at the end of the period	11,652	12,431

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 ("IFRS") 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 September 2016.

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

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

Share of voting rights in %	Share as of 30/9/2017	Share as of 31/12/2016
GP Value Management GmbH, Munich ("GPVM")	100.00	100.00
BBV3 Geschäftsführungs-GmbH & Co. KG, Munich ("FV03")	100.00	100.00
BBV6 Geschäftsführungs-GmbH & Co. KG, Munich ("FV06")	100.00	100.00
BBV9 Geschäftsführungs-GmbH & Co. KG, Munich ("FV09")	100.00	100.00
BBV10 Geschäftsführungs-GmbH & Co. KG, Munich ("FV10")	100.00	100.00
BBV14 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")	45.95	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) Segment revenue and profit/loss

in € thousand	1/1 – 30/9/2017		1/1 – 30/9/2016	
	Segment revenue	Segment profit/loss	Segment revenue	Segment profit/loss
Direct investments	4,587	2,911	4,395	2,632
Subsidiaries	15,996	13,094	16,218	8,730
Total segment revenue and profit/loss	20,583	16,005	20,613	11,362
Central administrative expenses and other	–	(1,056)	–	(780)
Net interest expense	–	(2,054)	–	(2,948)
Share of profit/loss attributable to non-controlling interests	–	(5,503)	–	(3,110)
Group net profit/loss	–	7,392	–	4,524

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 September 2017

	Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15
Rental income	3,917	576	422	–	1,563
Service charge income	670	254	254	–	233
Segment revenue	4,587	830	676	–	1,796
Service charge expenses	(1,054)	(285)	(262)	(18)	(266)
Other property-related expenses	(597)	(191)	(66)	–	(107)
Segment-related administrative expenses	(61)	(38)	(35)	(37)	(172)
Other operating expenses and income (net)	34	(26)	(39)	4	(100)
Gain on the disposal of investment property	(18)	–	–	–	–
Measurement gains	370	100	190	–	630
Measurement losses	(350)	–	(130)	–	(10)
Segment profit/loss	2,911	390	334	(51)	1,771
Central administrative expenses	(1,061)	–	–	–	–
Other income from investments	1,462	–	–	–	–
Net interest expense	(164)	–	(34)	–	(147)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
Income taxes	–	–	–	–	–
Group net profit	3,148	390	300	(51)	1,624

Subsidiaries								
	BBV 02	BBV 06	BBV 08	BBV 10	BBV 14	Total	Reconciliation	Group
	–	34	1,714	5,124	3,691	13,124	(4)	17,037
	–	40	115	1,060	916	2,872	–	3,542
	–	74	1,829	6,184	4,607	15,996	(4)	20,579
	–	(69)	(336)	(2,268)	(1,258)	(4,762)	3	(5,813)
	–	(8)	(51)	(684)	(419)	(1,526)	–	(2,123)
	(16)	(130)	(116)	(245)	(261)	(1,050)	33	(1,078)
	–	(90)	(187)	(413)	20	(831)	(11)	(808)
	–	(91)	–	–	–	(91)	–	(109)
	–	–	141	1,221	3,330	5,612	–	5,982
	–	–	(15)	(99)	–	(254)	–	(604)
	(16)	(314)	1,265	3,696	6,019	13,094	21	16,026
	–	–	–	–	–	–	–	(1,061)
	–	–	–	–	–	–	(1,462)	–
	–	–	(163)	(1,219)	(327)	(1,890)	–	(2,054)
	–	–	–	–	–	–	(4,503)	(5,503)
	–	–	–	–	–	–	(16)	(16)
	(16)	(314)	1,102	2,477	5,692	11,204	(5,960)	7,392

Profit and loss statement by segment as of 30 September 2016

	Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15
Rental income	3,712	554	445	(2)	1,473
Service charge income	683	204	296	(15)	170
Segment revenue	4,395	758	741	(17)	1,643
Service charge expenses	(1,142)	(292)	(338)	31	(471)
Other property-related expenses	(324)	(117)	(26)	7	(523)
Segment-related administrative expenses	(220)	(45)	(34)	(42)	(111)
Other operating expenses and income (net)	(51)	18	(2)	80	105
Gain on the disposal of investment property	–	–	–	–	–
Measurement gains	20	–	–	–	–
Measurement losses	(46)	–	–	–	–
Segment profit/loss	2,632	322	341	59	643
Central administrative expenses	(822)	–	–	–	–
Other expenses	–	–	–	–	–
Other income from investments	1,577	–	–	–	–
Net interest expense	(816)	(7)	(68)	–	(151)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
Income taxes	–	–	–	–	–
Group net profit	2,571	315	273	59	492

Subsidiaries								
	BBV 02	BBV 06	BBV 08	BBV 10	BBV 14	Total	Reconciliation	Group
	–	857	1,749	4,696	3,661	13,433	–	17,145
	–	67	67	1,066	930	2,785	–	3,468
	–	924	1,816	5,762	4,591	16,218	–	20,613
	(6)	(266)	(425)	(1,943)	(1,336)	(5,046)	(241)	(6,429)
	–	(161)	(667)	(702)	(303)	(2,492)	238	(2,578)
	(10)	(89)	(123)	(146)	(132)	(732)	77	(875)
	–	2	(229)	(10)	13	(23)	(28)	(102)
	–	–	–	–	–	–	–	–
	–	830	–	–	–	830	–	850
	–	(25)	–	–	–	(25)	–	(71)
	(16)	1,215	372	2,961	2,833	8,730	46	11,408
	–	–	–	–	–	–	–	(822)
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	(1,577)	–
	–	–	(262)	(1,287)	(359)	(2,134)	2	(2,948)
	–	–	–	–	–	–	(3,110)	(3,110)
	–	–	–	–	–	–	(4)	(4)
	(16)	1,215	110	1,674	2,474	6,596	(4,643)	4,524

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 30 September 2017

		Direct investments				
in € thousand	FV AG	IC07	IC12	IC13	IC15	
Property, plant and equipment and intangible assets	39	–	24	–	–	
Investment property	64,460	–	7,540	–	26,220	
Non-current assets held for sale	–	9,240	–	–	–	
Trade receivables	344	28	83	65	–	
Income tax receivables	3	–	–	–	–	
Other receivables and assets	14,112	–	33	87	82	
Cash and cash equivalents	2,382	289	1,120	31	1,085	
Subtotal segment assets	81,340	9,557	8,800	183	27,387	
Shares in subsidiaries	65,711	–	–	–	–	
Total assets	147,051	9,557	8,800	183	27,387	
Provisions	(52)	(9)	(13)	(44)	(22)	
Trade payables	(743)	(50)	(22)	–	(62)	
Other liabilities	(984)	–	(27)	(85)	(57)	
Subtotal segment liabilities	(1,779)	(59)	(62)	(129)	(141)	
Non-controlling interests	–	–	–	–	–	
Financial liabilities	(29,226)	–	(1,781)	–	(7,099)	
Total liabilities	(31,005)	(59)	(1,843)	(129)	(7,240)	
Net assets as of 30 September 2017	116,046	9,498	6,957	54	20,147	
Overview of maturities of financial liabilities						
Non-current	28,106	–	–	–	6,872	
Current	1,120	–	1,781	–	227	
Financial liabilities	29,226	–	1,781	–	7,099	

Subsidiaries							
BBV02	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
–	–	–	–	–	24	70	133
–	–	30,500	83,074	74,600	221,934	–	286,394
–	–	–	–	–	9,240	–	9,240
–	49	3	498	321	1,047	15	1,406
–	–	–	–	–	–	–	3
1,361	53	34	29	86	1,765	(3,693)	12,184
7	1,502	1,540	1,219	2,383	9,176	94	11,652
1,368	1,604	32,077	84,820	77,390	243,186	(3,514)	321,012
–	–	–	–	–	–	(65,711)	–
1,368	1,604	32,077	84,820	77,390	243,186	(69,225)	321,012
(8)	(33)	(10)	(12)	(34)	(185)	(10)	(247)
(8)	(58)	(492)	(790)	(84)	(1,566)	(11)	(2,320)
(26)	(128)	(362)	(1,019)	(374)	(2,078)	456	(2,606)
(42)	(219)	(864)	(1,821)	(492)	(3,829)	435	(5,173)
–	–	–	–	–	–	(63,787)	(63,787)
(1,081)	–	(7,950)	(55,249)	(30,742)	(103,902)	3,446	(129,682)
(1,123)	(219)	(8,814)	(57,070)	(31,234)	(107,731)	(59,906)	(198,642)
245	1,385	23,263	27,750	46,156	135,455	(129,131)	122,370
–	–	7,142	51,975	29,542	95,531	(3,446)	120,191
1,081	–	808	3,274	1,200	8,371	–	9,491
1,081	–	7,950	55,249	30,742	103,902	(3,446)	129,682

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
Subtotal segment assets	81,565	9,356	8,563	200	27,021
Shares 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)
Subtotal segment liabilities	(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							
BBV02	BBV06	BBV08	BBV10	BBV14	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, 7 November 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, 7 November 2017

Fair Value REIT-AG



Patrick Kaiser

The Share

Fair Value REIT-AG on the capital market

The stock markets in Germany were in a sound condition in the first nine months of 2017. Even temporary market setbacks, mainly in July and August, were compensated again in September. Share prices were buoyed, among other things, by the robust economic situation in Germany. The DAX, Germany's leading share index comprising the 30 largest German companies, recorded growth of 11.7 % in the first nine months of 2017. The smaller stocks index MDAX climbed 17.1 % and the small-cap index SDAX 25.1 %.

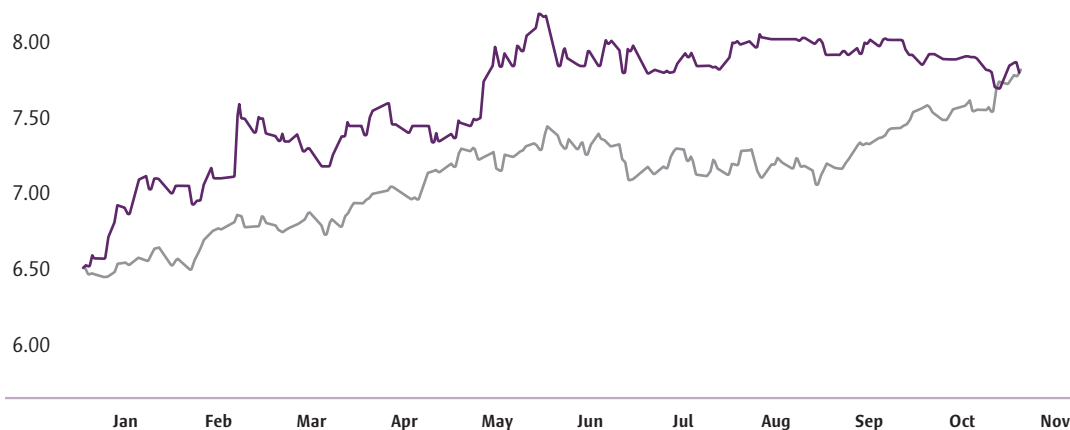
In this market environment, the Fair Value REIT-AG share gained significantly. Supported by a positive business development, the share price recorded growth of 25.7 % in the first nine months and closed the third quarter of 2017 at a Xetra closing price of €7.93. After recording the lowest closing price of the reporting period in the electronic trading system Xetra of €6.50 on 2 January 2017, the share price subsequently rallied strongly. On both 30 and 31 May 2017, the share recorded its highest price during the year with a Xetra closing price of €8.20. Around 6,421 Fair Value shares were traded on average per day on all German stock exchanges, of which around 94 % on the electronic trading system Xetra.

Development of Fair Value's share

1 January to 3 November 2017

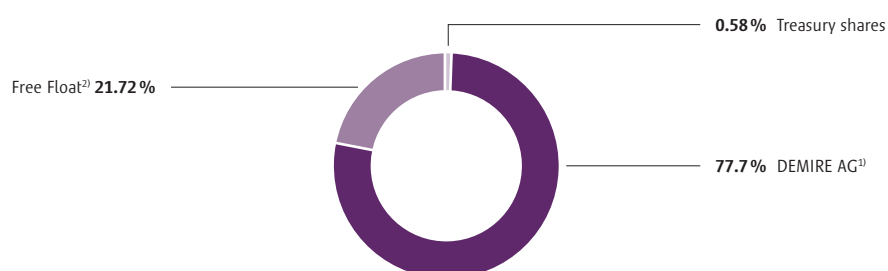
in €

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



Shareholder structure of Fair Value REIT-AG

as of 30 September 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 September 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
Proportion per share in the share capital	€2.00
Initial listing	16 November 2007
High/low 1st to 3rd quarter 2017 (XETRA)	€8.20 / €6.50
Market capitalization on 30 September 2017 (XETRA)	€112 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Berlin, Duesseldorf, 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

29 March 2018	Annual Report 2017
17 May 2018	Quarterly Statements 1st Quarter 2018
8 June 2018	Annual General Meeting, Munich
9 August 2018	Semi-Annual Report 2018
8 November 2018	Quarterly Statements 1st–3rd Quarter 2018

Imprint

Fair Value REIT-AG
Wuermstraße 13 a
82166 Graefelfing
Germany
Tel. +49 (0)89/92 92 815-0
Fax +49 (0)89/92 92 815-15
info@fvreit.de
www.fvreit.de

Registered office: Graefelfing
Commercial register at Munich Local Court
No. HRB 168 882

Date of publication: 9 November 2017

Management Board

Patrick Kaiser

Supervisory Board

Rolf Elgeti, Chairman
Markus Drews, Deputy Chairman
Frank Hölzle

Disclaimer This Quarterly Statements 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.