

Interim Report 1st to 3rd Quarter 2015

fair value
REIT

Key figures Fair Value Group			
Revenue and earnings		1/1 – 30/9/2015	1/1 – 30/9/2014
Rental income	in € thousand	17,413	17,961
Net rental income	in € thousand	12,755	13,810
Operating result (EBIT)	in € thousand	13,459	11,772
Group net profit	in € thousand	7,800	3,445
Earnings per share (basic/diluted)	in €	0.66/0.64	0.37/0.37
Adjusted group net profit (EPRA earnings)/FFO	in € thousand	4,467	3,653
EPRA earnings/FFO per share (basic/diluted)	in €	0.38/0.36	0.39/0.39
Assets and capital		30/9/2015	31/12/2014
Non-current assets	in € thousand	315,307	277,909
Current assets	in € thousand	19,354	20,745
Non-current assets held for sale	in € thousand	–	13,240
Total assets	in € thousand	334,661	311,894
Equity/Net asset value (NAV)	in € thousand	118,527	78,273
Equity ratio	in %	35.4	25.1
Immovable assets	in € thousand	305,303	280,958
Equity within the meaning of Sec. 15 REITG	in € thousand	181,576	138,321
Equity ratio within the meaning of Sec. 15 REITG (minimum 45 %)	in %	59.5	49.2
Real estate portfolio		30/9/2015	31/12/2014
Number of properties		44	43
Market value of properties ¹⁾	in € million	305.6	281.0
Contractual rent p.a.	in € million	25.2	23.7
Potential rent p.a.	in € million	27.4	25.9
Occupancy rate	in %	91.8	91.5
Remaining term of rental agreements	years	4.6	5.0
Contractual rental yield before costs	in %	8.2	8.4

¹⁾ Pursuant to market valuations as of 31 December 2014 and, in one case, a purchase offer for Radevormwald (incl. inventory in the amount of €0.26 million)

Further key figures			
		30/9/2015	31/12/2014
Number of shares outstanding		14,029,013	9,325,572
Net asset value (NAV) per share	in €	8.45	8.39
EPRA-NAV per share	in €	8.45	8.49
Number of employees (including Management Board)		4	3

Letter to Shareholders

Dear shareholders and business partners,
ladies and gentlemen,

We successfully forged ahead with our growth strategy in the first nine months of 2015. With net cash inflows totalling roughly €43.0 million from the convertible bond issued in January 2015 and the capital increase placed in May 2015, we have since made a number of strategic and value-adding investments.

These investments included the acquisition of further stakes in six subsidiaries, the acquisition of a majority interest in an additional closed-end real estate fund and the direct acquisition of five properties previously held by subsidiaries. In the first nine months of the current fiscal year, these investments generated a non-recurring profit contribution totalling €4.2 million after transaction costs and they continue to make attractive ongoing profit contributions.

Against this background, we more than doubled the IFRS group net profit from January to September 2015 year-on-year. With €7.8 million this figure is up by €4.4 million, or 126 %, on the previous-year figure of €3.4 million.

Despite the dividend pay-out of €0.25 per share, the EPRA NAV per share amounted to €8.45 as of 30 September 2015, which is only slightly below the EPRA NAV per share of €8.49 as of 31 December 2014. For this reason, the capital costs and dilution effects of the capital increase were almost fully absorbed. The REIT equity ratio increased to 59.4 % of the immovable assets as of 30 September 2015 compared to 49.2 % as of 31 December 2014.

Funds from operations (FFO) adjusted for measurement effects and special effects amounted to €4.5 million, up 22 % on the previous-year figure of €3.7 million. The growth reflects the gradual impact from investments made, the fall in interest expenses as a result of loan repayments and the decrease in earnings attributable to non-controlling interests.

For the year 2015 as a whole, we confirm our FFO expectations after non-controlling interests of between €6.9 million and €7.2 million. In terms of the weighted average number of shares outstanding in 2015 (12.38 million shares), this is equivalent to a basic FFO amount of between €0.56 and €0.58 per share. We also reaffirm our aim of recommending to the shareholders that a dividend of €0.25 per participating share be distributed for the fiscal year 2015.

The takeover offer announced by DEMIRE Deutsche Mittelstand Real Estate AG (“DEMIRE”) on 14 October 2015 comprises the offer for Fair Value’s shareholders to exchange (2) DEMIRE shares in return for the contribution of (1) Fair Value share. We recommend that the Fair Value shareholders accept DEMIRE’s offer so as to be part of the creation of a leading commercial property specialist with a focus on German secondary locations that has a joint real estate portfolio with an initial value of around €1 billion.

We would like to take this opportunity to thank you, our shareholders and business partners, for the trust placed in us.

Munich, 5 November 2015
The Management Board



Frank Schaich

The Share

Fair Value REIT-AG on the capital market

In the context of the positive business development of Fair Value REIT-AG and the successful expansion of its real estate portfolio, there was a significant upturn in the Company's share price from January to mid-April 2015. On 14 and 15 April 2015, the highest XETRA closing price of the year so far of €8.85 was reached, also marking the highest level since November 2007. However, the difficult market environment that followed put the share price under pressure, which in the third quarter reached a low of €7.29 on 29 July 2015. The lowest closing price since the beginning of the year of €6.74 was recorded on 12 January.

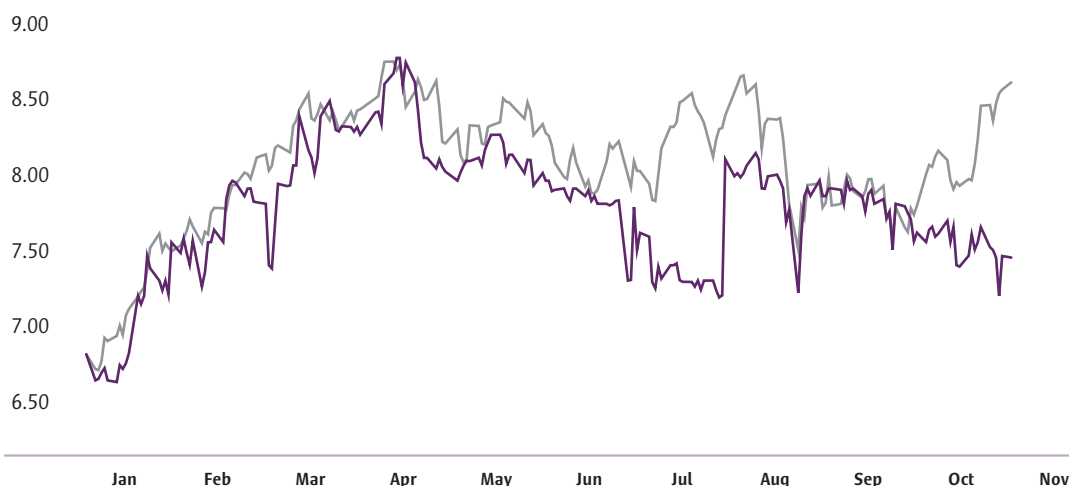
The announcement of DEMIRE Deutsche Mittelstand Real Estate AG's intention to take over Fair Value REIT-AG caused the share price to jump by around 12% in one day. DEMIRE had published a declaration of intent to that effect on 31 July 2015. For the remainder of the third quarter, the Fair Value share moved sideways and fluctuated around the €8.00 mark. On 30 September 2015 the share closed at €7.80, up some 15% on the level reached at the end of 2014.

Development of Fair Value's share

2 January to 3 November, 2015

in €

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



30,585 Fair Value shares were traded on average per day on all German stock exchanges in the first nine months of 2015, which was considerably more than in the corresponding previous-year period (16,413). Of this volume, XETRA trading accounted for 90%. The average daily trading volume in the third quarter of 2015 was thus almost twice as high as in the second quarter and also significantly higher than in the opening quarter of 2015.

Key data Fair Value REIT-AG's share

as of 30 September 2015

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 of 2015 (XETRA)	€8.85/€6.74
Market capitalization on 30 September 2015 (XETRA)	€110.05 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated sponsor	ODDO SEYDLER BANK AG
Indices	RX REIT All Shares-Index, RX REIT-Index

The convertible bond issued by Fair Value REIT-AG precluding the subscription rights of the shareholders in January 2015 has been listed on the Quotation Board of the Frankfurt Stock Exchange (ISIN DE000A13SAB8) since 19 January 2015. At a total nominal amount of €8.46 million, the convertible bond has a term of five years and bears interest of 4.5 % p.a. The conversion price actually stands at €8.4925 per share.

Figures of the convertible bond

as of 30 September 2015

WKN/ISIN	A13SAB/DE000A13SAB8
Nominal amount	€1,000 each
Number	8,460 bearer bonds
Maturity/date of repayment	19 January 2020
Interest rate	4.50 % on the nominal amount
Interest payment	half-yearly, subsequently, on 19 January and 19 July
Conversion price per share	€8.4925
Stock market listing	Since 19 January 2015
Market segment	Quotation Board of the Frankfurt Stock Exchange

More information on the Company, the share and the shareholder structure as well as on the convertible bond can be found on the Fair Value REIT-AG website at www.fvreit.de. The Company publishes annual and interim reports as well as ad hoc announcements and press releases.

Financial calendar

Fair Value REIT-AG	
24 November 2015	Presentation, German Equity Forum, Frankfurt am Main
23 March 2016	Annual Report 2015
10 May 2016	Interim Report 1st Quarter 2016
13 May 2016	Annual General Meeting in Munich
4 August 2016	Semi-Annual Report 2016

Group Interim Management Report at 30 September 2015

Net income €7.8 million
(2014: €3.45 million)

Adjusted group net profit (FFO)
€4.48 million
(2014: €3.65 million)

REIT-Equity Ratio 59.5 %
(31/12/2014: 49.2 %)

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 Munich and does not have any branch offices. As a listed property investor, the Company satisfies the provisions of the REITG [“Gesetz über deutsche Immobilienaktiengesellschaften mit börsennotierten Anteilen”: German REIT Act] and is exempt from corporation and trade tax.

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 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 and with a view to optimising the portfolio, the Company’s 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 on investment-related administrative expenses and further expand the share of directly owned properties in the overall portfolio.

Portfolio

As of 30 September 2015, the directly and indirectly owned portfolio comprises 44 properties (31 December 2014: 43 properties) with market values (equivalent to the fair values pursuant to IFRS 13), totalling around €306 million (31 December 2014: €281 million). The increase is due to the net balance of disposals and new investments.

At 91.8%, the occupancy rate of the portfolio as of 30 September 2015 was slightly up on the rate as of 31 December 2014 (91.5%). As of 30 September 2015, the weighted average remaining term of the lease agreements stood at 4.6 years compared to 5.0 years as of 31 December 2014.

The table below provides an overview of the real estate assets allocated to the Group as of 30 September 2015. The market values of the properties are based on an item-by-item valuation performed as of 31 December 2014 by CBRE GmbH, an independent valuer. For the properties of BBV08, a subsidiary acquired effective 30 June 2015, the valuation by BBV08's valuer was taken as a basis. The property in Radevormwald (BBV08) was valued at the lower offer received from a potential buyer.

Real estate assets of Fair Value Group
as of 30 September 2015

	Property area [m ²]	Total lettable area [m ²]	Annualized contractual rent [€ thousand]	Market value 31 Dec 2014 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	85,345	74,430	5,229	66,860	96.8	7.5	7.8	100
Subsidiaries segment	356,444	200,565	19,960	238,703	90.6	3.8	8.4	51
Total portfolio	441,789	274,994	25,188	305,563	91.8	4.6	8.2	62

Notes

¹⁾ Pursuant to market valuations as of 31 December 2014 and, in one case, a purchase offer for Radevormwald (incl. inventory in the amount of €0.26 million)

²⁾ (Sub)totals for occupancy rate and average remaining term

³⁾ Profit weighted

Economic Report

Macroeconomic and sector-specific environment

Macroeconomic environment The German economy is seeing a modest upswing. According to the autumn report for 2015 issued by the German Institute for Economic Research (DIW), GDP growth is expected to come to 1.8% in both the current fiscal year 2015 and in the coming year.¹⁾ The situation on the labour market remains favourable, with employment trending upward. As of the end of September 2015, 2.71 million people were registered as unemployed. This was 100,000 less than the corresponding figure for the previous year and represents an unemployment rate of 6.2%.²⁾ The inflation rate continued to fall over the course of the fiscal year, standing at 0.0% at the end of September 2015 as in the same month of the previous year.³⁾

Real Estate Market in Germany **The Rental Market** **Office Space** The positive sentiment in the German economy led to a significant revival in the seven German office centres.⁴⁾ Space turnover reached an accumulated volume of 2.5 million m² by 30 September 2015, up 18% on the previous-year period. The largest increases were recorded in Berlin (up 47%) and Düsseldorf (up 45%). In this buoyant market, vacancies continue to decrease across the board. At around 6.2 million m², total vacancies at the top 7 locations as of 30 September 2015 were down 12% on the previous-year level. This corresponds to an aggregate vacancy rate of 6.9%.⁵⁾

Retail Space Consumer confidence and income expectations have both brightened, although forecasts of a slowdown in the economy have somewhat dampened the willingness to invest, albeit at a high level. The retail rental market totalled 357,000 m² in first nine months of the current fiscal year 2015, 11% down on the turnover in the corresponding period of the previous year. In the third quarter, demand was particularly strong for space between 100 m² and 500 m², while in the previous two quarters tenants had primarily been interested in the space segment as of 1,000 m². In terms of space turnover by industry, the textile sector again continued to lead the field with 42%. This was followed by the food and restaurant sector with 20%. The home/house/living and health/beauty sectors each accounted for 8% of space turnover.⁶⁾

The Investment Market In light of the ongoing low interest level, the demand among financial intermediaries such as pension funds for investment opportunities, especially in real estate, is growing significantly across the globe. With its stable financial foundation, Germany in particular is benefiting from this environment. This development is therefore also reflected in investing activity at the end of the third quarter of 2015. The transaction volume for commercial properties of €38 billion in the first nine months of the current fiscal year 2015 surpassed the previous year's figure by 50%. The top 7 locations accounted for around 49% of the transaction volume. Investors primarily focused on office use (40%), followed by retail use (35%).⁷⁾

¹⁾ DIW Joint Economic Forecast Autumn 2015 from 8 October 2015

²⁾ German Federal Employment Agency: The labour market in September 2015

³⁾ Destatis: Consumer prices September 2015

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

⁵⁾ JLL: Office market overview October 2015

⁶⁾ JLL: Retail market overview October 2015

⁷⁾ JLL: Investment market overview October 2015

Overall statement from the company management on business development

In the first nine months of the current fiscal year 2015, the Fair Value Group generated encouragingly stable rental income, which at €17.4 million was down only marginally on the previous-year figure of €17.9 million. The net rental income of the Fair Value Group came to €12.8 million, 8 % down on the previous-year figure of €13.8 million, due to sales of non-strategic properties and higher maintenance costs.

Value-adding investments in directly held properties and further investments in existing and newly acquired subsidiaries and properties over the course of the first half of the year led to an aggregate non-cash contribution to income after incidental acquisition costs of €4.2 million.

The operating result adjusted for these special effects came to €10.1 million, 17 % down on the corresponding period of the previous year (€12.1 million). This decrease was partly compensated for by savings in net interest expenses due to loan repayments and interest rates, which came to €3.3 million after eliminating measurement effects, 16 % down on the €4.0 million recorded in the corresponding period of the previous year. The profit/loss contributions made by non-controlling interests to subsidiaries also fell from €4.5 million in the previous-year period to €2.3 million.

At €4.5 million, the operating business result of the Fair Value Group adjusted for measurement effects (EPRA earnings/FFO) was up €0.8 million or 23 % in the first nine months of the current fiscal year compared to the previous-year figure of €3.7 million.

As a result of the capital increase placed in May 2015, the net debt of the Fair Value Group fell to €133.5 million as of 30 September 2015, which is approximately 44% of the carrying amount of investment property (31 December 2014: €150.5 million or 54 %).

Adjusted profit/loss of the Group (EPRA earnings or FFO)		1/1–30/9/2015			1/1–30/9/2014			
		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	
Acquisition, selling and measurement gains/losses	Measurement Interest rate swaps/ interest caps		Acquisition, selling and measurement gains/losses	Measurement Interest rate swaps/ interest caps				
in € thousand								
Net rental income	12,755	–	–	12,755	13,810	–	–	13,810
General administrative expenses	(2,885)	–	–	(2,885)	(2,105)	–	–	(2,105)
Other operating income and expenses	3,107	(2,877)	–	230	371	–	–	371
Profit/loss from disposal of investment properties	(108)	108	–	–	(304)	304	–	–
Measurement result	590	(590)	–	–	–	–	–	–
Operating result	13,459	(3,359)	–	10,100	11,772	304	–	12,076
Net interest expenses	(3,356)	–	42	(3,314)	(3,941)	–	(13)	(3,954)
Profit/loss before non-controlling interests	10,103	(3,359)	42	6,786	7,831	304	(13)	8,122
Share of profit/loss attributable to non-controlling interests	(2,303)	(9)	(7)	(2,319)	(4,386)	(116)	33	(4,469)
Group net profit/FFO	7,800	(3,368)	35	4,467	3,445	188	20	3,653
Earnings/FFO per share, basic/diluted (EUR)	0.66/0.64¹⁾	–	–	0.38/0.36¹⁾	0.37/0.37²⁾	–	–	0.39/0.39²⁾

¹⁾ Weighted average number of shares outstanding: 11,823,736 basic / 12,691,428 diluted

²⁾ Weighted average number of shares outstanding: basic / diluted: 9,325,572

Financial position and performance

Financial performance

in € thousand	1/1–30/9/2015	1/1–30/9/2014	Change	
			in € thousand	in %
Rental income	17,413	17,961	(548)	(3)
Service charge income	3,962	4,001	(39)	(1)
Service charge expenses	(6,024)	(6,258)	(234)	(4)
Other property-related expenses	(2,596)	(1,894)	702	37
Net rental income	12,755	13,810	(1,055)	(8)
General administrative expenses	(2,885)	(2,105)	780	37
Other operating income and expenses, disposal and measurement gains/losses	3,589	67	3,522	n/a
Operating result	13,459	11,772	1,687	14
Net interest expenses	(3,365)	(3,995)	(630)	(16)
Share of profit/loss attributable to non-controlling interests	(2,303)	(4,386)	(2,083)	(47)
Group net profit	7,800	3,445	4,355	126
Earnings per share (basic/diluted) ¹⁾ (EUR)	0.66/0.64	0.37/0.37	–	–

¹⁾ Weighted average number of shares outstanding: 11,823,736 basic / 12,691,428 diluted, in 2014: 9,325,572

Rental income of €17.4 million was down €0.5 million, or 3 %, on the corresponding previous-year period. The decrease is primarily due to sales of properties in the meantime. On account of the increase in other property-related expenses, net rental income of €12.8 million was down €1.1 million, or 8 %, on the previous-year figure of €13.8 million.

General administrative expenses increased to €2.9 million (previous year: €2.1 million) on account of higher personnel expenses and advisory fees. The acquisition of further investments in subsidiaries resulted in a gain of roughly €3.6 million. The purchase of an inner-city property in Chemnitz resulted in a measurement gain of €0.6 million. Expenses in connection with the disposal of investment properties amounted to €0.1 million. This produced an operating result of €13.5 million, which was up €1.7 million, or 14 %, on the previous year (€11.8 million).

Due to savings related to loan repayments and lower interest rates, net interest expenses within the Group of €3.4 million were down €0.6 million, or 16 %, on the previous-year figure of €4.0 million.

After deducting the share of profit/loss attributable to non-controlling interests of €2.3 million (previous year: €4.4 million), the Fair Value Group closed the first nine months of the current fiscal year 2015 with a group net profit of €7.8 million and €0.66 per share (previous year: €3.4 million and €0.37 per share).

Cash position

Cash flow from operating activities The net cash flow from operating activities generated in the reporting period came to €4.5 million, which is €1.9 million below the previous-year figure of €6.4 million.

Cash and cash equivalents		
in € thousand	1/1–30/9/2015	1/1–30/9/2014
Cash and cash equivalents at the beginning of the period	14,588	17,361
Net cash flow from operating activities	4,535	6,426
Net cash flow from investing activities	(9,270)	21,872
Net cash flow from financing activities	(7,928)	(29,748)
Change in the basis of consolidation	12,301	–
Cash and cash equivalents at the end of the period	14,226	15,911

Cash flow from investing activities Investing activities resulted in a net cash outflow of €9.3 million (previous year: cash inflow of €21.9 million). The proceeds totalling €13.2 million from the sale of three properties sold in the current year (Cologne, Ahaus and Pinneberg) are included as cash inflow. Cash outflows resulted from the cash paid to acquire shares in subsidiaries totalling €12.3 million and a total of €10.1 million for the acquisition of an inner city property in Chemnitz and a hotel in Dresden.

Cash flow from financing activities The cash outflow from financing activities came to €7.9 million (previous year: outflow of €29.7 million). The cash inflows from the convertible bond and the capital increase totalled €43.1 million. Net cash outflows arose from the repayment of financial liabilities totalling €45.0 million and payment of a dividend of €2.3 million. Moreover, this includes a payment of €1.8 million to non-controlling interests in the subsidiaries BBV03 and IC13 following the acquisition of the property by Fair Value REIT-AG, and the costs of €0.9 million to close out an interest hedge. The reversal of the provision for this interest derivative of around €0.8 million, which is included in the Group net profit, is also taken into account as a cash outflow.

Change in the basis of consolidation In the course of first-time consolidation as of 30 June 2015, the acquisition of the majority interest in BBV08 caused the Group's liquidity to increase by €12.3 million.

Liquidity Cash and cash equivalents at the Group decreased only slightly in the first nine months of the current fiscal year from €14.6 million to €14.2 million (previous-year period: decrease of €1.5 million to €15.9 million).

Financial position

Assets Total assets amounted to €334.7 million as of 30 September 2015, up 7% on the level as of 31 December 2014 (€311.9 million). The rise in total assets is due to the enlargement of the basis of consolidation as of 30 June 2015 to include the subsidiary BBV08, in which Fair Value REIT-AG now holds 57.5% of the voting rights.

Non-current assets of around €315.3 million accounted for 94% of total assets (31 December 2014: €277.9 million, or 89%). Cash and cash equivalents of €14.2 million accounted for 73% of current assets of €19.4 million and 6% of total assets (31 December 2014: €20.7 million). At €5.1 million, receivables and other assets accounted for 26%.

Equity and liabilities On 30 September 2015, assets of €118.5 million (35%) were financed by equity attributable to the shareholders of Fair Value REIT-AG and €216.2 million (65%) by liabilities.

Here it must be taken into account that the non-controlling interests in subsidiaries of €63.0 million are recognised under liabilities pursuant to IFRSs. For the calculation of the minimum equity ratio for the purpose of the REITG, shares in subsidiaries not belonging to the parent company and recognised as debt capital are treated as equity. Group equity adjusted accordingly came to a total of €181.9 million, or 54% of total equity and liabilities (31 December 2014: €138.3 million, or 44%).

With immovable assets totalling €305.3 million as of 30 September 2015, the REIT equity ratio amounted to 59.5% (31 December 2014: 49.2%).

Financial liabilities The financial liabilities of the Group amounted to €147.7 million on the reporting date, or 44% of the total equity and liabilities (31 December 2014: €165.1 million or 53%). Of this amount, €25.3 million, or 17%, was current (31 December 2014: €54.2 million, or 33%).

Financial liabilities of the Group

Short name Debtor	Lender	Amount 31/12/2014 € thousand	Amount 30/9/2015 € thousand	Interest rate	Bank margin	Term
FVAG	Convertible bond (ISIN DE000A13SAB8)	–	(8,292)	4.50%	–	19/1/2020E
FV AG	Capital Bank GRAWE Group, Graz	(7,000)	–	–	–	–
FV AG	WIB Westdeutsche Immobilienbank AG ³⁾	(9,700)	(9,300)	2.55%	–	30/6/2019E
FV AG	WIB Westdeutsche Immobilienbank AG ³⁾	(12,004)	(9,617)	variable	1.27%	30/6/2019E
FVAG	Sparkasse Langenfeld	(2,741)	(2,734)	1.55%	–	30/3/2020
IC 13	HSH Nordbank AG	(10,693)	–	–	–	–
IC 13	HSH Nordbank AG	(2,067)	–	–	–	–
BBV06	Unicredit Bank AG	(8,072)	–	–	–	–
IC 12	WIB Westdeutsche Immobilienbank AG ³⁾	(1,979)	(1,927)	5.20%	–	31/8/2016
IC 15	HSH Nordbank AG	(6,349)	–	–	–	–
IC 15	Sparkasse Südholstein	(7,720)	(7,544)	2.71%	–	30/1/2018
IC 15	pbb Deutsche Pfandbriefbank	(2,904)	–	–	–	–
BBV02	Bayer. Beamten Lebensvers. a.G. ³⁾	(139)	(145)	5.80%	–	31/12/2016E
BBV02	Bayer. Beamten Lebensvers. a.G. ³⁾	(942)	(967)	6.15%	–	31/12/2016E
BBV08	Unicredit Bank AG	–	(18,947)	variable	2.90%	31/12/2015
BBV10	Bayer. Beamten Lebensvers. a.G.	(22,193)	(21,303)	3.90%	–	31/12/2015
BBV10	Unicredit Bank AG	(25,658)	(24,779)	variable	1.97%	31/3/2016
BBV10	Unicredit Bank AG	(9,947)	(9,136)	variable	2.05%	31/3/2016
BBV14	DG Hypothekenbank AG ⁴⁾	(34,150)	(33,175)	1.38%	–	31/3/2020E
Total	Separate financial statements	(165,074)	(147,866)			
Total	Reversal of marked-to-market differences and deferred processing fees	(8)	157			
Total	Consolidated financial statements	(165,082)	(147,709)			

³⁾ LTV 75% // DSCR 120%

²⁾ LTV 50% // DSCR 120%

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

⁴⁾ Fixed interest of 1.38% p.a. from 1 May 2015 to 31 March 2020 // LTV 55% // DSCR 110%

Other than those loans marked with an “E” indicating the date of final maturity, the terms relate to the terms of the agreed interest periods as of 30 September 2015. After the terms have expired, the lenders have to offer new conditions.

On the reporting date of 30 September 2015, the Company did not carry any interest hedges for financial liabilities.

Fixed-interest loans amount to €85.4 million or 58% of the Group’s financial liabilities (31 December 2014: €47.6 million or 29%). As a result, 42% of the financial liabilities not covered by interest hedges are subject to variable interest rates (31 December 2014: approximately €118.0 million or 71%).

Assuming a 3-month EURIBOR interest rate for financial liabilities with a variable interest rate of 0.0 % p.a., the weighted interest rate for all financial liabilities at the Group, taking into account the bank margins as of the reporting date, amounted to 2.5 % p.a.

The weighted remaining term of the fixed-interest and bank margin agreements amounted to 2.0 years following 1.5 years on 31 December 2014.

Equity/net asset value (NAV) Adding the market values of the properties and investments, taking into account the other items in the statement of financial position, resulted in a net asset value (NAV) of €118.5 million as of 30 June 2015, compared to €78.3 million as of 31 December 2014.

The shares outstanding as of the respective reporting dates produce a NAV of €8.45 per share following €8.39 as of 31 December 2014.

NAV in the consolidated statement of financial position		
in € thousand	30/9/2015	31/12/2014
Market value of properties (including held for sale)	305,303	280,958
Other assets less other liabilities	27,104	27,135
Non-controlling interests	(63,049)	(60,048)
Financial liabilities	(147,713)	(165,082)
Other liabilities	(3,118)	(4,690)
Net asset value	118,527	78,273
Net asset value per share ¹⁾	8.45	8.39

¹⁾ Number of shares outstanding 30 September 2015: 14,029,013; 31 December 2014: 9,325,572

The Best Practice Recommendations of the European Public Real Estate Association (EPRA) are accepted guidelines which complement the IFRS reporting of real estate companies and provide guidance on a transparent calculation of the net asset value. The EPRA-NAV indicator shown below is based on these recommendations, eliminates the market values of derivative financial instruments and therefore corresponds to the property-related net asset value. As deferred taxes are not relevant to Fair Value REIT-AG due to its REIT status, the EPRA-NAV figure presented below also corresponds with the NNAV indicator used by some experts.

EPRA-NAV		
in € thousand	30/9/2015	31/12/2014
NAV pursuant to consolidated statement of financial position	118,527	78,273
Market value of derivative financial instruments	–	990
Thereof attributable to non-controlling interests	–	(76)
EPRA-NAV	118,527	79,187
EPRA-NAV per share ¹⁾	8.45	8.49

¹⁾ Number of shares outstanding 30 September 2015: 14,029,013; 31 December 2014: 9,325,572

Subsequent Events

There were no events after the reporting date which could have a material influence on the financial position and performance.

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 on pages 38 to 44 of Fair Value REIT-AG's 2014 annual report.

The Management Board does not expect any risks to occur in the coming 12 months that could jeopardise the ability of Fair Value REIT-AG to continue as a going concern.

Opportunities and Forecast Report

The Management Board used the convertible bond of around €8.5 million issued in January 2015 and the capital increase placed in May 2015 with net proceeds of around €34.5 million in line with the communicated aim to successively finance direct and indirect investments. The direct investments related to acquiring direct ownership of real estate from subsidiaries. To date, the indirect investments have focused not only on acquiring the controlling interest in BBV08 but also on further increasing existing investments in subsidiaries.

As a result, in the third quarter of the current fiscal year the Group's funds from operations (FFO) adjusted for measurement effects and special effects significantly exceeded FFO of the first half of 2015 as expected, as the investments made during the first six months of the year were not yet able to fully contribute to earnings.

In light of this, the Management Board still expects FFO after non-controlling interests communicated in the Semi-Annual Report 2015 to amount to between €6.9 million and €7.2 million for 2015 as a whole.

In terms of the weighted average number of shares outstanding in 2015 (12.38 million shares), this is equivalent to basic earnings of between €0.56 and €0.58 per share. For the fiscal year 2015, the Management Board reaffirms its aim to distribute a dividend of €0.25 per participating share (14.03 million shares).

The Management Board remains committed to its strategy of acquiring direct ownership of property previously held indirectly by subsidiaries and of increasing operating results and the share value through investments in closed-end real estate funds that create value, direct investments and active portfolio management.

Munich, 4 November 2015

Fair Value REIT-AG



Frank Schaich, Management Board

Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

Consolidated statement of financial position			
in € thousand	Note no.	30/9/2015	31/12/2014
Assets			
Non-current assets			
Intangible assets	3	49	78
Property, plant and equipment		295	3
Investment property	4	305,303	267,718
Other receivables and assets	5	9,660	10,110
Total non-current assets		315,307	277,909
Current assets			
Trade receivables		2,393	2,981
Income tax receivables		5	19
Other receivables and assets	5	2,730	3,157
Cash and cash equivalents		14,226	14,588
Total current assets		19,354	20,745
Non-current assets held for sale	6	–	13,240
Total assets		334,661	311,894
Equity and liabilities			
Equity			
Issued capital		28,221	18,814
Capital reserves		99,764	74,387
Revaluation reserve		(18)	(18)
Loss carryforward		(9,042)	(14,512)
Treasury shares		(398)	(398)
Total equity	7	118,527	78,273
Non-current liabilities			
Non-controlling interests		63,049	60,048
Financial liabilities	8	122,403	110,907
Derivative financial instruments		–	990
Other liabilities		631	635
Total non-current assets		186,083	172,580
Current liabilities			
Provisions		663	555
Financial liabilities	8	25,310	54,175
Trade payables		1,591	2,256
Other liabilities		2,487	4,055
Total current assets		30,051	61,041
Total equity and liabilities		334,661	311,894

Consolidated Statement of Income

Consolidated statement of income			
in € thousand	Note no.	1/1–30/9/ 2015	1/1–30/9/ 2014
Rental income		17,413	17,961
Service charge income		3,962	4,001
Service charge expenses	9	(6,024)	(6,258)
Other property-related expenses	9	(2,596)	(1,894)
Net rental income		12,755	13,810
General administrative expenses	10	(2,885)	(2,105)
Other operating income		4,068	397
Other operating expenses		(961)	(26)
Total other operating income and expenses		3,107	371
Income from the disposal of investment properties and non-current assets held for sale		–	22,626
Expenses in connection with the disposal of investment properties and non-current assets held for sale		(108)	(22,930)
Profit/loss from the disposal of investment properties and non-current assets held for sale		(108)	(304)
Revaluation gains		590	–
Revaluation losses		–	–
Revaluation result	4	590	–
Operating result		13,459	11,772
Interest income		9	54
Interest expenses	11	(3,365)	(3,995)
Profit/loss before non-controlling interests		10,103	7,831
Share of profit/loss attributable to non-controlling interests		(2,303)	(4,386)
Group net profit		7,800	3,445
Earnings per share in € (basic/diluted)		0.66/0.64	0.37

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income		
in € thousand	1/1–30/6/2015	1/1–30/6/2014
Group net profit	7,800	3,445
Other comprehensive income		
Gains (+) / losses (–) from cash flow hedges	–	–
minus non-controlling interests – gains (–) / losses (+)	–	–
Gains (+) / losses (–) from cash flow hedges of associated companies	–	–
Other comprehensive income, total	–	–
Total comprehensive income	7,800	3,445

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 2014	9,325,572	47,034	46,167	(398)	–	(12,130)	80,673
Capital reduction	–	(28,220)	–	–	–	–	(28,220)
Transfer to capital reserve	–	–	28,220	–	–	–	28,220
Dividends	–	–	–	–	–	(2,332)	(2,332)
Group net profit	–	–	–	–	–	3,445	3,445
As of 30 September 2014	9,325,572	18,814	74,387	(398)	–	(11,017)	81,786
As of 1 January 2015	9,325,572	18,814	74,387	(398)	(18)	(14,512)	78,273
Dividends	–	–	–	–	–	(2,331)	(2,331)
Group net profit	–	–	–	–	–	7,800	7,800
Capital increase	4,703,441	9,407	25,287	–	–	–	34,694
Conversion right	–	–	90	–	–	–	90
As of 30 September 2015	14,029,013	28,221	99,764	(398)	(18)	(9,042)	118,527

Consolidated Statement of Cash Flows

Consolidated statement of cash flows		
in € thousand	1/1 – 30/9/2015	1/1 – 30/9/2014
Group net profit	7,800	3,445
Adjustments to consolidated earnings for reconciliation to cash flow from operating activities		
Income tax expense (+) / income (–)	–	(1)
Interest expenses	3,365	3,995
Interest income	(9)	(54)
Depreciation of property, plant and equipment and amortisation of intangible assets	32	29
Gains (–) / losses (+) on disposal of investment properties	108	304
Measurement result	(590)	–
Gain from the addition of shares in affiliated companies	(3,607)	–
Other non-cash income (–) and expenses (+)	208	16
Shares of losses (–) / gains (+) attributable to non-controlling interests	2,303	4,386
Distributions to non-controlling interests	(1,472)	(1,427)
Result from the measurement of derivative financial instruments	–	(104)
Interest paid	(3,757)	(4,612)
Interest received	9	54
Changes in assets and equity and liabilities		
Increase (–) / decrease (+) in trade receivables	588	339
Increase (–) / decrease (+) in other receivables	427	717
Decrease (–) / increase (+) in provisions	108	10
Decrease (–) / increase (+) in trade payables	(665)	(1,151)
Decrease (–) / increase (+) in other liabilities	(313)	480
Net cash flow from operating activities	4,535	6,426
Purchase of investment properties / assets under construction	(10,100)	(450)
Purchase of property, plant and equipment and intangible assets	(28)	–
Expense/cash paid for interests in subsidiaries	(12,274)	–
Proceeds from disposal of investment properties / assets under construction	13,132	22,322
Net cash flow from investing activities	(9,270)	21,872
Convertible bond	8,283	–
Repayment of borrowings	(44,970)	(24,238)
Interest rate hedge	(1,853)	(919)
Dividends paid to non-controlling interests	(1,842)	(2,259)
Dividend distribution	(2,331)	(2,332)
Capital increase	34,785	–
Net cash flow from financing activities	(7,928)	(29,748)
Change in basis of consolidation	12,301	–
Change in cash and cash equivalents	(12,663)	(1,450)
Cash and cash equivalents at the beginning of the period	14,588	17,361
Cash and cash equivalents at the end of the period	14,226	15,911

Notes

(1) General corporate information

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

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

Due to its investment in a total of 10 (31 December 2014: 10) closed-end real estate funds as well as seven additional entities, the Company is required to prepare consolidated financial statements.

(2) Significant accounting, measurement and consolidation methods

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

The 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 Comparative figures are used in the statement of financial position and the consolidated statement of changes in equity as of the reporting date 31 December 2014. 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 2014.

Consolidation principles and basis of consolidation All subsidiaries are included in the consolidated financial statements. BBV Immobilienfonds Nr. 8 GmbH & Co. KG, Munich, was added to the basis of consolidation. IC Fonds & Co. Forum Neuss KG, Munich (IC03), and Hartmannstrasse 1 Chemnitz GmbH & Co. KG, Munich (H1CH), were deconsolidated in the course of liquidation (IC03) and merger by accrual (H1CH).

As of 30 September 2015, the basis of consolidation was as follows:

Share of voting rights in %	Share as of 30/9/2015	Share as of 31/12/2014
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
Hartmannstraße 1 Chemnitz GmbH&Co.KG, Chemnitz ("H1CH")	–	100.00
BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG, Munich ("BBV03")	80.05	80.05
IC Fonds & Co. Büropark Teltow KG, Munich ("IC07")	77.99	77.99
IC Fonds & Co. Forum Neuss KG, Munich ("IC03")	–	71.58
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG, Munich ("BBV06")	61.75	60.89
BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG, Munich ("BBV08")	57.52	–
IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG, Munich ("IC13")	57.06	51.21
IC Fonds & Co. SchmidtBank-Passage KG, Munich ("IC12")	53.88	50.36
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV14")	50.09	45.56
IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, Munich ("IC15")	48.14	40.22
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich ("BBV10")	44.48	41.66
BBV Immobilien-Fonds Erlangen GbR, Munich ("BBV02")	42.02	42.02

In the current fiscal year, non-controlling interests in subsidiaries were increasingly acquired. This caused the ownership interests in the entities BBV06, BBV10, BBV14, IC12, IC13 and IC15 to change in comparison to 31 December 2014, in some cases significantly.

54.06% of the shares in BBV08 were acquired effective 30 June 2015. By 30 September 2015 the shareholding was increased to 57.52% as a result of acquisitions. BBV08 has three properties with a total fair value of €36,155 thousand. Net equity amounts to €20,402 thousand as of 30 September 2015. The credit difference from the acquisition was recognised as income in the statement of income.

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 2014.

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 year, €27 thousand of the €49 thousand was amortised.

(4) Investment property

Development of investment property			
in € thousand	Direct investments	Subsidiaries	Total
Acquisition cost			
As of 1 January 2015	38,062	325,678	363,740
Additions	33,800	35,895	69,695
Disposals	–	(32,146)	(32,146)
As of 30 September 2015	71,862	329,427	401,289
Changes in value			
As of 1 January 2015	(5,002)	(91,020)	(96,022)
Disposals	–	36	36
As of 30 September 2015	(5,002)	(90,984)	(95,986)
Fair values			
As of 1 January 2015	33,060	234,658	267,718
As of 30 September 2015	66,860	238,443	305,303

The values determined by CBRE GmbH, Frankfurt, and real estate expert Peter Jagel as of 31 December 2014 were used to determine the fair value of the investment property. The property in Radevormwald (BBV08) was valued based on the purchase price offered by an investor less the inventory value of €0.3 million. In the first quarter of 2015, Fair Value REIT-AG acquired the only remaining property in Cologne, Marconistrasse, from the subsidiary BBV03 for €3,300 thousand. From the Group's perspective, the directly owned property continues to be accounted for at the market value of €3,670 thousand determined by CBRE.

In the second quarter, a hotel in Dresden was acquired from IC 15 for €9,000 thousand. From the Group's perspective, this property also continues to be accounted for at the market value of €9,990 thousand determined by CBRE. As a result of the exit of the general partner, the assets and liabilities of Fair Value's subsidiary Hartmannstrasse 1 Chemnitz GmbH & Co. KG, Chemnitz, increased. This caused the property in Chemnitz, Hartmannstrasse 1, of €1,690 thousand to be transferred to Fair Value.

In the third quarter, the three properties of the subsidiary IC13 in Potsdam, Neubrandenburg and Langenfeld were acquired for €17,500 thousand. From the Group's perspective, the directly owned properties continue to be accounted for at the market value of €18,450 thousand determined by CBRE.

As of 30 September 2015, there were a total of 44 properties, of which 39 properties are freehold, four properties partially owned and one is a leasehold property. Compared to 31 December 2014, the number of properties increased by four.

The addition at the subsidiaries of €36,155 thousand represents the fair value of the three properties of BBV08. BBV08 owns a retirement home in Radevormwald with secured annual rental income of €780 thousand, a retail park in Querfurth with secured annual rental income of €975 thousand as well as a retail park in Zittau with secured annual rental income of €1,370 thousand. The fair values were determined by real estate expert Peter Jagel at €10,580 thousand for the property in Querfurth and €15,700 thousand for the property in Zittau as of 31 December 2014. There is a purchase offer of €9,875 thousand for the property in Radevormwald.

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

Other assets (non-current)		
in € thousand	30/9/2015	31/12/2014
Non-financial assets		
Receivable settlement balance BBV09	9,652	9,652
Down payment on purchase price for property Hartmannstr. 1, Chemnitz	–	450
Security deposit ("Fair Value")	8	8
	9,660	10,110

Other assets (non-current) decreased by €450 thousand due to the reclassification of the down payment on the purchase price of the property Hartmannstrasse 1, Chemnitz, as an investment property (note 4).

Other assets (current)		
in € thousand	30/9/2015	31/12/2014
Financial assets		
Purchase price receivable for commercial property Erlangen, Henkestr. 5 (BBV02)	1,355	1,355
Receivable settlement balance BBV09	1,073	1,073
Reversal of down payment on purchase price for property Chemnitz, Hartmannstr. 1 (IC 12)	–	500
Insurance	58	7
Other	209	102
Collateral provided	4	3
Various entities of the IC group	2	–
Total financial assets	2,701	3,040
Non-financial assets		
VAT	–	45
Other	29	72
Total non-financial assets	29	117
Total assets	2,730	3,157

With regard to other assets (current), financial assets fell by €339 thousand compared to 31 December 2014. Non-financial assets decreased by €88 thousand.

(6) Non-current assets held for sale

in € thousand	30/9/2015	31/12/2014
Logistics and office property Cologne, Köhlstr. 8 ("BBV06")	–	8,350
Health centre Pinneberg, Damm 49 ("Fair Value")	–	3,250
Retail property Ahaus, Zum Rotering 5-7 ("BBV10")	–	1,640
	–	13,240

The logistics and office property in Cologne (BBV06), the health centre in Pinneberg (Fair Value) and the retail property in Ahaus (BBV10) were sold under notarised agreements dated 16 December 2014, 1 December 2014 and 22 December 2014 at purchase prices of €8,350 thousand, €3,250 thousand and €1,640 thousand, respectively. Following payment of the purchase prices as of 7 January 2015 (Pinneberg) and 27 January 2015 (Ahaus), ownership with all risks and rewards for the two properties was transferred to the acquirers. The risks and rewards were transferred to the acquirer of the property in Cologne on 27 February 2015.

(7) Equity

By entry in the commercial register dated 8 May 2015, Fair Value REIT-AG increased its issued capital by €9,407 thousand by issuing 4,703,441 shares with a nominal value of €2.00. The premium of €5.90 per share was recognised in the capital reserves. The costs arising in connection with the capital increase were accounted for as a reduction of the capital reserves pursuant to IAS 32.37.

The conversion right for the convertible bond of Fair Value issued in January 2015 is treated as an equity instrument and accounted for directly in group equity without effecting profit or loss. The amount of the equity instrument recognised is determined by discounting the convertible bond at the higher market rate that would be paid for a bond with a conversion right. Discounting at a higher market rate produces a lower present value. The difference between the repayment amount of the bond and this present value of €90 thousand represents the value of the equity instrument. It is reversed through profit or loss over the term of the convertible bond.

(8) Financial liabilities

Non-current and current financial liabilities totalling €147,713 thousand decreased by €17,369 thousand compared to 31 December 2014 (€165,082 thousand). In detail, the following changes were made:

Non-current financial liabilities

in € thousand

As of 31 December 2014	110,907
Special repayment sale of property Ahaus (BBV10)	(500)
Special repayment sale of property Pinneberg (Fair Value)	(1,930)
Increase in financial liabilities BBV08	18,431
Repayment of financial liabilities IC13	(12,797)
Convertible bond	8,292
As of 30 September 2015	122,403

Current financial liabilities

in € thousand

As of 31 December 2014	54,175
Unscheduled repayment Fair Value	(7,000)
Special repayment sale of property Cologne (BBV06)	(7,500)
Special repayment sale of property Dresden (IC15)	(8,883)
Repayment of financial liabilities IC07	(745)
Scheduled repayment financial liabilities Fair Value	(857)
Scheduled repayment financial liabilities subsidiaries	(4,803)
Increase in financial liabilities BBV08	923
As of 30 September 2015	25,310

The fair value of the convertible bond of Fair Value-REIT AG developed as follows as of 30 September 2015:

Fair value of convertible bond

in € thousand

Convertible bond (nominal)	8,460
Transaction costs	(103)
Embedded derivative	(90)
Measurement	25
As of 30 September 2015	8,292

(9) Property-related expenses

in € thousand	1/1–30/9/2015	1/1–30/9/2014
Energy costs and water consumption	2,135	2,389
Property tax	623	603
Property management fees	485	548
Garden maintenance/cleaning	358	351
Servicing and operating technical systems	382	391
Security	262	242
Caretaker costs	251	236
Building cleaning	234	280
Non-deductible input tax	211	238
Insurance	204	191
Management contract costs	192	240
Other	157	73
Other property costs	154	96
Street cleaning/garbage removal	144	139
Maintenance cost payments for partially-owned properties	98	139
Other operating expenses	72	68
Advertising and promotional expenses	62	28
Expenses from the settlement of service charges	–	6
Service charge expenses	6,024	6,258
Repairs and maintenance costs	1,904	1,439
Technical building maintenance	438	213
Letting costs	254	242
Other property-related expenses	2,596	1,894
Total property-related operating expenses	8,620	8,152

(10) General administrative expenses

in € thousand	1/1 – 30/9/2015	1/1 – 30/9/2014
Personnel expenses	581	410
Fund management	461	446
Legal and consulting fees	413	128
Stock market listing, Annual General Meeting and events	230	192
Non-deductible VAT	225	152
Trustee fees	217	193
Sales fees	171	–
Audit fees	118	152
Appraisals	100	73
Accounting	97	97
Remuneration (Supervisory Board, Advisory Board and general partner remuneration)	88	71
Other	74	97
Office expenses	55	43
Travel and vehicle expenses	28	22
Amortisation, depreciation and impairment	27	29
Total general administrative expenses	2,885	2,105

Of the general administrative expenses, €1,653 thousand (57%) was attributable to Fair Value, compared to €1,107 thousand (53%) in the previous year. An amount of €1,226 thousand (43%) was attributable to the subsidiaries, compared to €998 thousand (47%) in the previous year.

(11) Interest expenses

in € thousand	1/1 – 30/9/2015	1/1 – 30/9/2014
Measurement of derivative financial instruments	841	104
Other interest expenses	(4,206)	(4,099)
Total interest expenses	(3,365)	(3,995)

Interest expenses contain a gain from the change in the fair value of derivative financial instruments (interest rate hedges) of €841 thousand. Of the other interest expenses, an amount of €3,050 thousand was used for loans. A further €863 thousand was used as an offsetting payment for the reversal of the interest rate swap at Fair Value REIT-AG. The remaining €293 thousand relates to standby fees, the reversal of accruals for processing fees as well as the payment of a cap premium.

(12) Segment revenue and profit/loss

in € thousand	1/1 – 30/9/2015		1/1 – 30/9/2014	
	Segment revenue	Segment profit/loss	Segment revenue	Segment profit/loss
Direct investments	3,003	2,374	2,344	1,644
Subsidiaries	18,372	10,381	19,618	11,112
Total segment revenue and profit/loss	21,375	12,755	21,962	12,756
Central administrative expenses and other		704		(984)
Net interest expenses		(3,356)		(3,941)
Share of profit/loss attributable to non-controlling interests		(2,303)		(4,386)
Profit/loss of the Group		7,800		3,445

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 2015

in € thousand	Direct investments				
	FV AG	IC07	IC12	IC13	IC15
Rental income	2,476	537	523	941	1,839
Service charge income	527	197	302	290	177
Segment revenue	3,003	734	825	1,231	2,016
Service charge expenses	(561)	(264)	(304)	(457)	(326)
Other property-related expenses	(68)	(123)	(96)	(234)	(138)
Segment-related administrative expenses	(150)	(46)	(32)	(253)	(92)
Other operating expenses and income (net)	(712)	23	5	33	66
Gain from disposal of investment property	–	–	–	(950)	(1,080)
Measurement gains	590	–	–	–	–
Measurement losses	–	–	–	–	–
Segment profit/loss	2,102	324	398	(630)	446
Central administrative expenses	(1,503)	–	–	–	–
Other expenses	–	–	–	–	–
Other income from investments	991	–	–	–	–
Net interest expenses	(899)	(14)	(70)	(293)	(330)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
Income taxes	–	–	–	–	–
Net income	691	310	328	(923)	116

									Subsidiaries
	BBV02	BBV03	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
	(1)	94	1,007	789	5,386	3,822	14,937	–	17,413
	–	13	216	47	1,268	925	3,435	–	3,962
	(1)	107	1,223	836	6,654	4,747	18,372	–	21,375
	12	(80)	(429)	(89)	(2,285)	(1,241)	(5,463)	–	(6,024)
	–	(56)	(158)	(49)	(722)	(952)	(2,528)	–	(2,596)
	(14)	(80)	(155)	(70)	(231)	(237)	(1,210)	(22)	(1,382)
	(12)	(41)	140	21	(29)	(113)	93	3,726	3,107
	(7)	(370)	(5)	–	(6)	–	(2,418)	2,310	(108)
	–	–	–	–	–	–	–	–	590
	–	–	–	–	–	–	–	–	–
	(22)	(520)	616	649	3,381	2,204	6,846	6,014	14,962
	–	–	–	–	–	–	–	–	(1,503)
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	(991)	–
	(1)	–	(38)	(142)	(1,212)	(357)	(2,457)	–	(3,356)
	–	–	–	–	–	–	–	(2,303)	(2,303)
	–	–	–	–	–	–	–	–	–
	(23)	(520)	578	507	2,169	1,847	4,389	2,720	7,800

Profit and loss statement by segment as of 30 September 2014

in € thousand	Direct investments				
	FV AG	IC03	IC07	IC12	IC13
Rental income	1,946	–	463	379	1,419
Service charge income	398	–	247	241	388
Segment revenue	2,344	–	710	620	1,807
Service charge expenses	(559)	(10)	(311)	(258)	(460)
Other property-related expenses	(18)	–	(174)	(146)	(181)
Segment-related administrative expenses	(117)	(4)	(46)	(53)	(95)
Other operating expenses and income (net)	–	–	31	8	2
Gain from disposal of investment property	29	–	–	–	–
Measurement losses	(35)	–	–	–	–
Segment profit/loss	1,644	(14)	210	171	1,073
Central administrative expenses	(1,006)	–	–	–	–
Other income from investments	4,474	–	–	–	–
Net interest expenses	(885)	–	(28)	(59)	(370)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
Net income	4,227	(14)	182	112	703

							Subsidiaries		
IC15	BBV02	BBV03	BBV06	BBV10	BBV14	Total	Reconciliation	Group	
2,176	2	362	1,676	5,559	3,979	16,015	–	17,961	
204	–	54	283	1,260	926	3,603	–	4,001	
2,380	2	416	1,959	6,819	4,905	19,618	–	21,962	
(298)	(48)	(96)	(548)	(2,375)	(1,295)	(5,699)	–	(6,258)	
(132)	–	(47)	(283)	(567)	(346)	(1,876)	–	(1,894)	
(90)	(14)	(72)	(147)	(255)	(222)	(998)	–	(1,115)	
(27)	44	–	35	91	152	336	6	342	
–	(16)	(96)	(157)	–	–	(269)	–	(240)	
–	–	–	–	–	–	–	–	(35)	
1,833	(32)	105	859	3,713	3,194	11,112	6	12,762	
–	–	–	–	–	–	–	16	(990)	
–	–	–	–	–	–	–	(4,474)	–	
(429)	(42)	–	(336)	(1,401)	(392)	(3,057)	1	(3,941)	
–	–	–	–	–	–	–	(4,386)	(4,386)	
1,404	(74)	105	523	2,312	2,802	8,055	(8,837)	3,445	

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 2015

in € thousand	Direct investments					
	FV AG	IC07	IC12	IC13	IC15	BBV02
Property, plant and equipment and intangible assets	10	–	24	–	–	–
Investment property	64,550	8,630	7,570	–	22,840	–
Non-current assets held for sale	–	–	–	–	–	–
Trade receivables	360	225	155	100	196	–
Income tax receivables	19	–	–	–	–	–
Other receivables and assets	11,312	5	4	2	16	1,356
Cash and cash equivalents	343	103	767	245	1,613	49
Segment assets subtotal	76,594	8,963	8,520	347	24,665	1,405
Shares in subsidiaries	66,685	–	–	–	–	–
Total assets	143,279	8,963	8,520	347	24,665	1,405
Provisions	(508)	(6)	(7)	(13)	(16)	(9)
Trade payables	(563)	(45)	(38)	(62)	(31)	(7)
Other liabilities	(622)	(29)	(58)	(156)	(65)	1
Segment liabilities subtotal	(1,693)	(80)	(103)	(231)	(112)	(15)
Non-controlling interests	–	–	–	–	–	–
Financial liabilities	(29,943)	(550)	(1,927)	–	(7,545)	(1,112)
Derivative financial instruments	–	–	–	–	–	–
Total liabilities	(31,636)	(630)	(2,030)	(231)	(7,657)	(1,127)
Net assets as of 30 September 2015	111,643	8,333	6,490	116	17,008	278

Overview of maturities of financial liabilities

Non-current	(29,029)	–	(1,861)	–	(7,327)	(1,033)
Current	(914)	(550)	(66)	–	(218)	(79)
Financial liabilities	(29,943)	(550)	(1,927)	–	(7,545)	(1,112)

								Subsidiaries
	BBV03	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
	–	–	267	–	–	291	43	344
	–	13,038	35,888	80,657	69,820	238,443	2,310	305,303
	–	–	–	–	–	–	–	–
	(1)	129	110	577	504	1,995	38	2,393
	–	–	–	–	–	–	(14)	5
	–	159	14	26	44	1,626	(548)	12,390
	126	740	3,947	3,615	2,600	13,805	78	14,226
	125	14,066	40,226	84,875	72,968	256,160	1,907	334,661
	–	–	–	–	–	–	(66,685)	–
	125	14,066	40,226	84,875	72,968	256,160	(64,778)	334,661
	(10)	(24)	(19)	(12)	(34)	(150)	(5)	(663)
	(3)	(34)	(96)	(440)	(258)	(1,014)	(14)	(1,591)
	16	(40)	(762)	(1,375)	(176)	(2,644)	148	(3,118)
	3	(98)	(877)	(1,827)	(468)	(3,808)	129	(5,372)
	–	–	–	–	–	–	(63,049)	(63,049)
	–	–	(18,947)	(55,218)	(33,021)	(118,320)	550	(147,713)
	–	–	–	–	–	–	–	–
	3	(98)	(19,824)	(57,045)	(33,489)	(122,128)	(62,370)	(216,134)
	128	13,968	20,402	27,830	39,479	134,032	(127,148)	118,527
	–	–	(18,431)	(32,888)	(31,834)	(93,374)	–	(122,403)
	–	–	(516)	(22,330)	(1,187)	(24,946)	550	(25,310)
	–	–	(18,947)	(55,218)	(33,021)	(118,320)	550	(147,713)

Assets and liabilities by segment 31 December 2014

in € thousand	Direct investments					
	FV AG	IC03	IC07	IC12	H1CH	IC13
Property, plant and equipment and intangible assets	11	–	–	–	–	–
Investment property	33,060	–	8,630	7,570	–	18,450
Non-current assets held for sale	3,250	–	–	–	–	–
Trade receivables	290	20	271	73	–	127
Income tax receivables	19	–	–	–	–	–
Other receivables and assets	10,805	8	–	505	450	–
Cash and cash equivalents	2,278	343	51	352	50	792
Segment assets subtotal	49,713	371	8,952	8,500	500	19,369
Shares in subsidiaries	60,308	–	–	–	–	–
Total assets	110,021	371	8,952	8,500	500	19,369
Provisions	(383)	(16)	(11)	(10)	–	(13)
Trade payables	(107)	(216)	(52)	(100)	–	(112)
Other liabilities	(1,491)	(12)	(50)	(42)	–	(275)
Segment liabilities subtotal	(1,981)	(244)	(113)	(152)	–	(400)
Non-controlling interests	–	–	–	–	–	–
Financial liabilities	(28,691)	–	(816)	(1,984)	–	(15,501)
Derivative financial instruments	(850)	–	–	–	–	–
Total liabilities	(31,522)	(244)	(929)	(2,136)	–	(15,901)
Net assets as of 31 December 2014	78,499	127	8,023	6,364	500	3,468
Overview of maturities of financial liabilities						
Non-current	(18,782)	–	–	(1,880)	–	(14,736)
Current	(9,909)	–	(816)	(104)	–	(765)
Financial liabilities	(28,691)	–	(816)	(1,984)	–	(15,501)

							Subsidiaries		
IC15	BBV02	BBV03	BBV06	BBV10	BBV14	Total	Reconciliation	Group	
–	–	–	–	–	–	–	70	81	
32,830	–	3,670	13,038	80,650	69,820	234,658	–	267,718	
–	–	–	8,350	1,640	–	9,990	–	13,240	
149	2	18	200	1,145	671	2,676	15	2,981	
–	–	–	–	–	–	–	–	19	
2	1,390	–	96	9	–	2,460	2	13,267	
1,769	51	1,028	1,232	2,433	4,027	12,128	182	14,588	
34,750	1,443	4,716	22,916	85,877	74,518	261,912	269	311,894	
–	–	–	–	–	–	–	(60,308)	–	
34,750	1,443	4,716	22,916	85,877	74,518	261,912	(60,039)	311,894	
(15)	(9)	(8)	(22)	(22)	(41)	(167)	(5)	(555)	
(104)	(17)	(7)	(405)	(879)	(257)	(2,149)	–	(2,256)	
(237)	(4)	(46)	(388)	(1,517)	(602)	(3,173)	(26)	(4,690)	
(356)	(30)	(61)	(815)	(2,418)	(900)	(5,489)	(31)	(7,501)	
–	–	–	–	–	–	–	(60,048)	(60,048)	
(16,958)	(1,112)	–	(8,072)	(57,798)	(34,150)	(136,391)	–	(165,082)	
–	–	–	–	–	(140)	(140)	–	(990)	
(17,314)	(1,142)	(61)	(8,887)	(60,216)	(35,190)	(142,020)	(60,079)	(233,621)	
17,436	301	4,655	14,029	25,661	39,328	119,392	(120,118)	78,273	
(7,494)	(1,033)	–	–	(34,020)	(32,962)	(92,125)	–	(110,907)	
(9,464)	(79)	–	(8,072)	(23,778)	(1,188)	(44,266)	–	(54,175)	
(16,958)	(1,112)	–	(8,072)	(57,798)	(34,150)	(136,391)	–	(165,082)	

Waiver of review

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

Declaration of compliance with the German Corporate Governance Code

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

Munich, 5 November 2015
Fair Value REIT-AG



Frank Schaich

Responsibility statement

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

Munich, 5 November 2015
Fair Value REIT-AG



Frank Schaich

Imprint

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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.