

# Semi-Annual Report 2016

fair value  
REIT

<b>Key figures Fair Value Group</b>			
<b>Revenues and earnings</b>			
		<b>1/1 – 30/6/2016</b>	<b>1/1 – 30/6/2015</b>
Rental income	in € thousand	11,369	11,055
Net rental income	in € thousand	7,982	8,313
Operating result (EBIT)	in € thousand	6,615	10,491
Group net profit	in € thousand	2,666	6,271
Earnings per share (basic/diluted) <sup>1)</sup>	in €	0.19	0.59/0.58
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	3,083	2,106
EPRA-Earnings/FFO per share (basic/diluted) <sup>1)</sup>	in €	0.22	0.20/0.20
<b>Assets and capital</b>			
		<b>30/6/2016</b>	<b>31/12/2015</b>
Non-current assets	in € thousand	299,053	296,914
Current assets	in € thousand	18,137	21,702
Non-current assets held for sale	in € thousand	200	11,750
Total assets	in € thousand	317,390	330,366
Equity/Net asset value (NAV)	in € thousand	119,854	117,278
Equity ratio	in %	37.8	35.5
Immovable assets	in € thousand	290,131	299,544
Equity within the meaning of Sec. 15 REITG	in € thousand	182,223	178,438
Equity ratio within the meaning of Sec. 15 REITG (minimum 45%)	in %	62.8	59.6
<b>Real estate portfolio</b>			
		<b>30/6/2016</b>	<b>31/12/2015</b>
Number of properties	amount	37	40
Market value of properties <sup>2)</sup>	in € million	290	300
Contractual rent p.a.	in € million	22.2	23.1
Potential rent p.a.	in € million	25.1	26.0
Occupancy	in %	88.5	89.2
Remaining term of rental agreements	years	4.9	4.9
Contractual rental yield before costs	in %	7.7	7.7

<sup>1)</sup> (Weighted) Number of shares outstanding 14,029,013 (30/6/2016) respective 10,783,823 undiluted/11,575,308 diluted (30/6/2015)

<sup>2)</sup> According to market valuations as of 31/12/2015 plus value-adding fit-outs totaling €2,878 thousand in Eisenhüttenstadt and Zittau and also plus increases in value of €20 thousand in Neumünster, Röntgenstrasse (sale after the reporting date)

<b>Further key figures</b>			
		<b>30/6/2016</b>	<b>31/12/2015</b>
Number of outstanding shares	in pieces	14,029,013	14,029,013
Net asset value (NAV) per share	in €	8.54	8.36
EPRA-NAV per share	in €	8.54	8.36
Number of employees (excluding Management Board)		3	3

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# Letter to Shareholders

Dear shareholders and business partners,  
ladies and gentlemen,

in the first six months of 2016, the Fair Value Group successfully further optimised its portfolio, generating a significant increase in the operating business result (FFO) compared to the first half of the previous year. Despite sales of properties that did not belong to the core portfolio in the meantime, rental income increased to €11.4 million from €11.1 million in the comparative previous-year period.

Funds from operations (FFO) adjusted for measurement and special effects amounted to €5.0 million before non-controlling interests, up €0.9 million or 23 % on the FFO of the previous year of €4.1 million. The ratio of FFO to rental income has thus improved further to 44 % compared to 37 % in the first half of the previous year.

After deducting the profit/loss attributable to non-controlling interests, the FFO for the shareholders of Fair Value REIT-AG came to €3.1 million, an increase of more than €1.0 million compared to the previous-year figure of €2.1 million. Related to the higher number of shares outstanding compared to the previous year, FFO increased by 10 % to €0.22 per share in the first six months of 2016 compared to €0.20 per share in the previous-year period (undiluted).

Based on the strong result of the first half of 2016, we confirm our guidance for the whole of 2016. We therefore still expect an FFO per share outstanding in a range of €0.44 to €0.46.

Group equity also developed well. As of 30 June 2016, equity of €119.9 million was reported compared to €117.3 million at year-end 2015. The net asset value (NAV) for each share outstanding increased from €8.36 at year-end 2015 to €8.54. The REIT equity ratio increased from 59.6 % of immovable assets to 62.8 %.

The fact that the Group's equity backing increased gives us the headroom to reduce the non-controlling interests in the Group by acquiring interests or by taking over direct ownership of properties previously held indirectly in order to further expand the group net profit attributable to Fair Value's shareholders in a way that makes strategic sense and adds value.

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

Munich, 31 August 2016

CEO



Frank Schleich

# Group Interim Management Report

## Basic Group Information

### Group structure and business model

As of the reporting date, Fair Value REIT-AG (hereinafter also referred to as Fair Value) is headquartered in Munich and does not have any branch offices. At the Annual General Meeting on 4 July 2016 the shareholders passed a resolution to relocate the registered offices to Gräfeling near Munich. As a listed property investor, Fair Value 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 properties that do not belong in the core portfolio. 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 June 2016 the total portfolio of directly and indirectly held properties consisted of 37 properties (31 December 2015: 40 properties). The fair value of the portfolio measured pursuant to IFRS 13 comes to approximately €290 million (31 December 2015: €300 million).

As of 30 June 2016, the profit-weighted occupancy rate of the portfolio with a contractual annual rent of €22.2 million stood at 88.5 % of potential rents with full occupancy totalling €25.1 million. This was slightly down on the rate as of 31 December 2015 (89.2 %). As of 30 June 2016 the weighted average residual term of the lease agreements was unchanged compared to 31 December 2015 at 4.9 years.

After including, on a pro forma basis, those lease agreements already entered into on 30 June 2016 for vacancies that need to be fitted out prior to being handed over to the tenants, the profit-weighted occupancy rate of the portfolio as of 30 June 2016 would come to €22.7 million or 90.5 % of potential rents.

The table below provides an overview of the real estate assets allocated to the Group as of 30 June 2016.

<b>Real estate assets of Fair Value Group</b>								
<b>as of 30 June 2016</b>								
	Property area [m <sup>2</sup> ]	Total lettable area [m <sup>2</sup> ]	Annualized contractual rent [€ thousand]	Market value 31/12/2015 <sup>1)</sup> [€ thousand]	Occupancy rate <sup>2)</sup> [%]	Ø secured remaining term of lease agree- ments <sup>2)</sup> [Years]	Contractual rent returns before costs [%]	Investment [%]
Direct investments segment	76,521	69,930	4,867	62,250	96.2	7.1	7.8	100
Subsidiaries segment	347,670	193,149	17,373	227,882	86.5	4.3	7.7	51
<b>Total portfolio</b>	<b>424,191</b>	<b>263,078</b>	<b>22,240</b>	<b>290,132</b>	<b>88.5</b>	<b>4.9</b>	<b>7.7</b>	<b>62</b>

**Notes**

<sup>1)</sup> Based on market valuations as of 31 December 2015 plus value-adding fit-outs totaling €2,878 thousand in Eisenhüttenstadt and Zittau and also plus increases in value of €20 thousand in Neumünster, Röntgenstrasse (sale after the reporting date)

<sup>2)</sup> Profit weighted

## Economic Report

### Macroeconomic and sector-specific environment

**Macroeconomic environment** The German economy continued to display robust growth. According to the forecast issued by the ifo economic research institute, GDP growth is expected to come to 1.8 % in the fiscal year 2016 and 1.6 % in the coming year.<sup>1)</sup> The labour market continued to develop positively, with employment still trending clearly upwards. As of the end of June 2016, 2.61 million people were registered as unemployed. This was 97,000 fewer than the corresponding figure for the previous year and represents an unemployment rate of 5.9 %.<sup>2)</sup> The inflation rate remains extremely low. As of the end of June 2016, consumer prices were up by 0.3 % on the same month of the previous year.<sup>3)</sup> For the full year 2016 the ifo economic research institute anticipates a rise in consumer prices of 0.5 % and 1.5 % for the coming year, without the dampening effects of low energy prices.

**Real Estate Market in Germany** **The Rental Market Office Space** The pleasing employment trend led to a further revival of the top seven German office centres.<sup>4)</sup> Accumulated space turnover on the market reached 1.79 million m<sup>2</sup> in the first six months of 2016. This represents an increase of 9 % on the previous year and is up 17 % on the five-year average. Growth markets are Berlin, Frankfurt, Cologne and Munich, where space turnover grew within a range of between 22 % and 25 % in comparison to the previous year. Nevertheless, Hamburg (down 6 %), Düsseldorf (down 14 %) and Stuttgart (down 30 %) each recorded a decrease in space turnover after recording strong turnover in the comparable period of the previous year. At 5.44 million m<sup>2</sup>, total vacancies at the top seven locations reached the lowest level in the first half year of 2016 that they have been in the last ten years. This corresponds to an aggregate vacancy rate of 6.1 %.<sup>5)</sup>

**Retail Space** Consumer confidence has brightened over the course of 2016, which is primarily attributable to improved expectations for the economy, with consumers anticipating higher disposable income and displaying greater propensity to buy. Turnover on the retail rental market totalled 236,500 m<sup>2</sup> in the first half of 2016, 5 % down on the turnover in the corresponding period of the previous year. At 53 %, international concepts dominate the deals closed on the rental market. In terms of space turnover by industry, the textile sector continues to lead the field with 31 %. This is followed by the food and restaurant sector with 20 %. The health/beauty (13 %) and department store sectors (9 %) have overtaken the home/house/living sector (8 %).<sup>6)</sup>

**The Investment Market** In the short term, the Brexit referendum has created noticeable uncertainty on the financial markets. At €18 billion, the transaction volume of commercial property in the first six months of the current fiscal year 2016 is 25 % down on the unusually high turnover recorded in the previous year, mainly due to a lack of investment opportunities. The top seven locations accounted for around 53.5 % of the transaction volume. Investors primarily focused on office use (42 %), followed by retail use (23 %).<sup>7)</sup>

<sup>1)</sup> Ifo economic forecast for 2016 issued on 16 June 2016

<sup>2)</sup> German Federal Employment Agency: The labour market in June 2016

<sup>3)</sup> Destatis: Consumer prices June 2016

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

<sup>5)</sup> JLL: Office market overview Q2 2016

<sup>6)</sup> JLL: Retail market overview Q2 2016

<sup>7)</sup> JLL: The German investment market Q2 2016

### Overall statement from the company management on business development

In the first half of the current fiscal year 2016, the Fair Value Group generated a result from its rental operations that is in line with its budget. Net rental income came to €8.0 million, €0.3 million or 4 % down on the figure of €8.3 million for the corresponding period of the previous year, mainly due to higher non-recoverable service charges as well as higher property-related expenses.

This decrease was more than compensated for by a decline in general administrative expenses, which were down €0.6 million or 34 % on the previous-year figure of €1.8 million to €1.2 million.

At €3.1 million, the operating business result of the Fair Value Group adjusted for measurement effects and extraordinary items (EPRA earnings/FFO) was up €1.0 million in the first six months of the current fiscal year 2016 compared to the figure of €2.1 million for the relevant period of the previous year. The increase results from the decrease in general administrative expenses as well as lower net interest expenses.

Related to the (weighted) average number of shares outstanding, FFO in the first six months of 2016 came to €0.22 per share compared to €0.20 in the previous year (undiluted).

Adjusted profit/loss of the Group (EPRA earnings) or FFO	1/1–30/6/2016				1/1–30/6/2015			
	Consolidated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income	Consolidated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income
		Acquisition, selling and revaluation gains/losses	Other			Acquisition, selling and revaluation gains/losses	Other	
in € thousand								
<b>Net rental income</b>	<b>7,982</b>	–	–	<b>7,982</b>	<b>8,313</b>	–	–	<b>8,313</b>
General administrative expenses	(1,206)	–	–	(1,206)	(1,828)	–	–	(1,828)
Other operating income and expenses	(135)	236	–	101	3,434	(3,543)	–	(109)
Profit/loss from disposal of investment properties	–	–	–	–	(18)	18	–	–
Revaluation result	(26)	26	–	–	590	(590)	–	–
<b>Operating result</b>	<b>6,615</b>	<b>262</b>	–	<b>6,877</b>	<b>10,491</b>	<b>(4,115)</b>	–	<b>6,376</b>
Net interest expenses	(2,130)	–	254	(1,876)	(2,362)	–	39	(2,323)
<b>Profit/loss before non-controlling interests</b>	<b>4,485</b>	<b>262</b>	<b>254</b>	<b>5,001</b>	<b>8,129</b>	<b>(4,115)</b>	<b>39</b>	<b>4,053</b>
Share of profit/loss attributable to non-controlling interests	(1,816)	(99)	–	(1,915)	(1,858)	(83)	(6)	(1,947)
Income taxes	(3)	–	–	(3)	–	–	–	–
<b>Group net profit</b>	<b>2,666</b>	<b>163</b>	<b>254</b>	<b>3,083</b>	<b>6,271</b>	<b>(4,198)</b>	<b>33</b>	<b>2,106</b>
<b>Earnings per share, basic/diluted (EUR)</b>	<b>0.19/0.19<sup>1)</sup></b>	–	–	<b>0.22/0.22<sup>1)</sup></b>	<b>0.59/0.54<sup>2)</sup></b>	–	–	<b>0.20/0.18<sup>2)</sup></b>

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

<sup>2)</sup> Weighted average number of shares outstanding: 10,703,823 basic/11,575,308 diluted

## Results of operations, financial position and net assets

### Financial performance

in € thousand	1/1–30/6/2016	1/1–30/6/2015	Change	
			in € thousand	in %
<b>Rental income</b>	<b>11,369</b>	<b>11,055</b>	<b>314</b>	<b>3</b>
Service charge income	2,308	2,555	(247)	(10)
Service charge expenses	(4,374)	(4,030)	344	9
Other property-related expenses	(1,319)	(1,267)	52	4
<b>Net rental income</b>	<b>7,982</b>	<b>8,313</b>	<b>(331)</b>	<b>(4)</b>
General administrative expenses	(1,206)	(1,828)	(622)	(34)
Other operating income and expenses, disposal and revaluation gains/losses	(161)	4,006	4,167	(104)
<b>Operating result</b>	<b>6,615</b>	<b>10,491</b>	<b>(3,876)</b>	<b>(37)</b>
Net interest expenses	(2,130)	(2,362)	(232)	(10)
Share of profit/loss attributable to non-controlling interests	(1,816)	(1,858)	(42)	(2)
<b>Financial result</b>	<b>(3,946)</b>	<b>(4,220)</b>	<b>274</b>	<b>6</b>
<b>Income taxes</b>	<b>(3)</b>	<b>–</b>	<b>(3)</b>	<b>n/a</b>
<b>Group net profit</b>	<b>2,666</b>	<b>6,271</b>	<b>(3,605)</b>	<b>(57)</b>
<b>Earnings per share (basic/diluted)<sup>1)</sup> (EUR)</b>	<b>0.19/0.19</b>	<b>0.59/0.54</b>	<b>–</b>	<b>–</b>

<sup>1)</sup> Weighted average number of shares outstanding in 2016: 14,029,013 basic/diluted; 2015 10,703,823 basic/11,575,308 diluted

Rental income of €11.4 million was up €0.3 million, or 3%, on the corresponding period of the previous year. Net rental income of €8.0 million was down €0.3 million, or 4%, on the previous-year figure of €8.3 million on account of lower service charge income and a rise in service charge expenses as well as higher other property-related expenses.

General administrative expenses of €1.2 million were down €0.6 million or 34% on the previous-year figure of €1.8 million. The balance of other income and expenses as well as of disposal and measurement gains and losses resulted in a net expense of €0.2 million. In the previous year this balance resulted in income of €4.0 million. The net result of the previous year was significantly affected by extraordinary items related to bargain buys that were not repeated in the current fiscal year.

This produced an operating result of €6.6 million, which was down €3.9 million, or 37%, on the comparative figure for the previous year (€10.5 million).

Due to savings related to loan repayments and lower interest rates, net interest expenses within the Group of €2.1 million were down €0.2 million, or 10 %, on the previous-year figure of €2.4 million. Net interest expenses include an amount of around €0.3 million as a premium paid to creditors for the premature repayment of a convertible bond on 19 February 2016 as desired by the creditors upon the change in control.

After deducting the share of profit/loss attributable to non-controlling interests of €1.8 million (previous year: €1.9 million), the Fair Value Group closed the first six months of the current fiscal year 2016 with a group net profit of €2.7 million or €0.19 per share (previous year: €6.3 million or €0.59 per share undiluted).

## Cash position

<b>Cash and cash equivalents</b>		
in € thousand	1/1 – 30/6/2016	1/1 – 30/6/2015
<b>Net cash flow from operating activities</b>	<b>(141)</b>	<b>3,112</b>
<b>Net cash flow from investing activities</b>	<b>9,397</b>	<b>(8,614)</b>
<b>Net cash flow from financing activities</b>	<b>(13,559)</b>	<b>7,180</b>
Change in the basis of consolidation	–	12,301
Change in cash and cash equivalents	(4,303)	1,678
Cash and cash equivalents at the beginning of the period	16,028	14,558
<b>Cash and cash equivalents at the end of the period</b>	<b>11,725</b>	<b>28,567</b>

**Cash flow from operating activities** Operating activities in the reporting year led to a net cash outflow of €0.1 million compared to a net cash inflow of €3.1 million in the comparative period of the previous year. The decrease was mainly due to changes in asset and liability items.

**Cash flow from investing activities** Investing activities resulted in a net cash inflow of €9.4 million (previous year: cash outflow of €8.6 million). The cash inflow includes proceeds totalling €12.3 million from the sale of three properties sold in the current year 2016 (Radevormwald, Tornesch and Bornhöved). Cash outflow is due to the value-adding fit-out costs totalling €2.9 million for the properties in Zittau and Eisenhüttenstadt.

**Cash flow from financing activities** The net cash outflow from financing activities came to €13.6 million (previous year: net inflow of €7.2 million). Key factors in the cash outflow were the repayment of financial liabilities totalling €22.5 million. This includes unscheduled repayments of roughly €19.4 million, including €8.3 million for the premature repayment of the convertible bond, and scheduled repayments of €3.1 million. The cash inflow primarily relates to new financial liabilities totalling €9.0 million related to the premature repayment of the convertible bond.

**Liquidity** Cash and cash equivalents at the Group decreased by €4.3 million in the first six months of the current fiscal year to €11.7 million (previous-year period: increase of €14.0 million to €28.6 million). The increase in the previous year resulted from changes in the basis of consolidation (€12.3 million) and changes of €1.7 million that affected cash.



### Financial position

**Assets** Total assets amounted to €317.4 million as of 30 June 2016, down 4 % on the level as of 31 December 2015 (€330.4 million). The decrease in total assets mainly resulted from the sale of two properties and the repayment of financial liabilities.

Non-current assets of around €299.1 million accounted for 94 % of total assets (31 December 2015: €296.9 million or 90 %). Cash and cash equivalents of €11.7 million accounted for 64 % of current assets of €18.3 million and 6 % of total assets (31 December 2015: €21.7 million). At €6.4 million, receivables and other assets accounted for 35 % of current assets.

**Equity and liabilities** On 30 June 2016, assets of €119.9 million (38 %) were financed by equity attributable to the shareholders of Fair Value REIT-AG and €197.5 million (62 %) by liabilities.

Here it must be taken into account that the non-controlling interests in subsidiaries of €62.4 million are recognised under liabilities pursuant to IFRSs. For the calculation of the minimum equity ratio for the purpose of the REITG, participations in subsidiaries not belonging to the parent company and recognised as debt capital are treated as equity. Group equity adjusted accordingly totalled of €182.3 million or 57 % of the total equity and liabilities (31 December 2015: €178.4 million or 54 %).

With immovable assets totalling €290.1 million as of 30 June 2016, the REIT equity ratio amounted to 62.8 % (31 December 2015: 59.6 %).

**Financial liabilities** The financial liabilities of the Group amounted to €130.6 million on the reporting date or 42 % of total equity and liabilities (31 December 2015: €144.1 million or 44 %). Of this amount, €9.1 million or 7 % was current (31 December 2015: €18.1 million or 13 %).

**Financial liabilities of the Group**

Short name Debtor	Lender	Amount 31/12/2015 € thousand	Amount 30/6/2016 € thousand	Interest rate	Bankmargin	Term
FV AG	Convertible bond (ISIN DE000A12SAB8) <sup>1)</sup>	(8,460)	–	–	–	-
FV AG	Capital Bank GRAWE Group, Graz	–	(7,000)	floating-rate	4.00 %	30/6/2019E
FV AG	WIB Westdeutsche Immobilienbank AG <sup>2)</sup>	(9,300)	(9,100)	2.55 %	–	30/6/2019E
FV AG	WIB Westdeutsche Immobilienbank AG <sup>2)</sup>	(7,256)	(6,362)	floating-rate	1.27 %	30/6/2019E
FV AG	Stadt-Sparkasse Langenfeld	(2,719)	(2,677)	1.55 %	–	30/3/2020
FV AG	Stadt-Sparkasse Langenfeld	–	(1,973)	1.69 %	–	30/3/2020
IC 12	WIB Westdeutsche Immobilienbank AG <sup>3)</sup>	(1,907)	(1,868)	5.20 %	–	31/12/2016
IC 15	Sparkasse Südholstein	(7,490)	(7,380)	2.71 %	–	30/1/2018
BBV02	Bayer. Beamten Lebensvers. a.G. <sup>4)</sup>	(139)	(139)	free	–	31/12/2016E
BBV02	Bayer. Beamten Lebensvers. a.G. <sup>4)</sup>	(942)	(942)	free	–	31/12/2016E
BBV08	Unicredit Bank AG	(18,576)	(8,940)	floating-rate	2.66 %	30/12/2016
BBV10	Bayer. Beamten Lebensvers. a.G.	(20,980)	(20,366)	3.90 %	–	31/12/2016
BBV10	Unicredit Bank AG	(23,670)	(24,083)	floating-rate	2.05 %	31/3/2017
BBV10	Unicredit Bank AG	(9,850)	(7,671)	floating-rate	2.10 %	31/3/2017
BBV14	DG Hypothekenbank AG	(32,824)	(32,159)	1.38 %	–	31/3/2020E
<b>Total</b>	Separate financial statements	<b>(144,113)</b>	<b>(130,660)</b>	–	–	–
	Reversal of marked-to-market differences and deferred loan processing fees	–	<b>16</b>			
<b>Total</b>	<b>Consolidated financial statements</b>	<b>(144,113)</b>	<b>(130,644)</b>	–	–	–

<sup>1)</sup> Repaid prematurely on 19 February 2016

<sup>2)</sup> LTV 75 % // DSCR 120 %

<sup>3)</sup> LTV 50 % // DSCR 120 %, commencing 1 September 2016 fixed interest rate reduced to 2.5 % p.a.

<sup>4)</sup> Interest-free and redemption-free on account of assigning the purchase price to an escrow account for the sold Erlangen property.

Other than those loans marked with an "E" indicating the date of final maturity, the due dates relate to the interest terms agreed as of 30 June 2016. After the terms have expired, the lenders have to offer new conditions.

On the reporting date of 30 June 2016, the Company did not carry any interest hedges for financial liabilities.

Fixed-interest loans amounted to €75.5 million or 58 % of the Group's financial liabilities (31 December 2015: €84.8 million or 59 %). As a result, approximately 42 % of the financial liabilities not covered by interest hedges are subject to variable interest rates (31 December 2015: approximately 41 %).

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, came to around 2.4 % p.a.

The weighted remaining term of the fixed-interest and bank margin agreements amounted to 20 months compared to 23 months on 31 December 2015.

**Equity/net asset value (NAV)** Adding the market values of the properties and investments, taking into account the other items in the statement of financial position, resulted in a net asset value (NAV) as of 30 June 2016 of €119.9 million, compared to €117.3 million as of 31 December 2015.

The shares outstanding as of the respective reporting dates produce a NAV of €8.43 per share following €8.54 as of 31 December 2015. This NAV is also equivalent to the EPRA-NAV as there are no derivative financial instruments.

<b>NAV/EPRA-NAV in the consolidated statement of financial position</b>		
in € thousand	<b>30/6/2016</b>	<b>31/12/2015</b>
Market value of properties (including held for sale)	290,131	299,544
Other assets less other liabilities	25,122	27,400
Non-controlling interests	(62,369)	(61,160)
Financial liabilities	(130,644)	(144,113)
Other liabilities	(2,656)	(4,393)
<b>Net asset value</b>	<b>119,854</b>	<b>117,278</b>
Net asset value per share <sup>1)</sup>	8.54	8.36

<sup>1)</sup> Weighted average number of shares outstanding: 14,029,013

## Subsequent Events

On 1 July 2016 the Company borrowed a mortgage loan from Volksbank Mittweida eG of €4.0 million subject to a fixed interest rate for a ten-year period ending on 1 August 2026. The property in Neubrandenburg has been used as collateral. The initial annual repayments were set at 5.63 % p.a. of the principal and the interest rate fixed at 2.25 % plus interest savings. The loan processing fees plus the costs for calculating the mortgage lending value of the property were set at approximately 1.0 % of the principal.

The Annual General Meeting of the Company passed a resolution on 4 July 2016 to distribute a dividend of €0.25 per share outstanding. The dividend totalling approximately €3.5 million was paid out on 5 July 2016.

## Risk Report

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

## Forecast Report

The Management Board views the revenue and results for the first six months of 2016 as confirmation of its planning and therefore affirms the forecast made in the 2015 annual report.

Based on the existing portfolio, the Management Board still expects funds from operations (FFO) in 2016 of €10.5 million to €10.8 million before non-controlling interests. With the share of directly held properties not having changed during the year and thus also the share of non-controlling interests in group earnings, the Management Board is forecasting FFO after non-controlling interests of between €6.2 million and €6.5 million in the fiscal year 2016. This corresponds to FFO of between € 0.44 and € 0.46 per share currently outstanding.

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

Munich, 29 August 2016

Fair Value REIT-AG

A handwritten signature in dark blue ink, appearing to read 'Frank Schaich', written in a cursive style.

Frank Schaich, Management Board

# Consolidated Interim Financial Statements

## Consolidated Statement of Financial Position

<b>Consolidated balance sheet</b>			
in € thousand	Note no.	30/6/2016	31/12/2015
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	3	77	78
Property, plant and equipment		26	26
Investment property	4	289,931	287,794
Other receivables and assets	5	9,019	9,016
<b>Total non-current assets</b>		<b>299,053</b>	<b>296,914</b>
<b>Current assets</b>			
Trade receivables		2,051	2,757
Income tax receivables		3	22
Other receivables and assets	5	4,358	2,895
Cash and cash equivalents		11,725	16,028
<b>Total current assets</b>		<b>18,137</b>	<b>21,702</b>
Non-current assets held for sale	6	200	11,750
<b>Total assets</b>		<b>317,390</b>	<b>330,366</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital		28,221	28,221
Capital reserves		99,639	99,729
Revaluation reserve		(16)	(16)
Loss carryforward		(7,592)	(10,258)
Treasury shares		(398)	(398)
<b>Total equity</b>	7	<b>119,854</b>	<b>117,278</b>
<b>Non-current liabilities</b>			
Non-controlling interests		62,369	61,160
Financial liabilities	8	121,500	125,995
Other liabilities		3	1,076
<b>Total non-current assets</b>		<b>183,872</b>	<b>188,231</b>
<b>Current liabilities</b>			
Provisions		551	743
Financial liabilities	8	9,144	18,118
Trade payables		1,316	2,679
Other liabilities		2,653	3,317
<b>Total current assets</b>		<b>13,664</b>	<b>24,857</b>
<b>Total equity and liabilities</b>		<b>317,390</b>	<b>330,366</b>

## Consolidated Statement of Income

<b>Consolidated statement of income</b>			
in € thousand	Note no.	1/1–30/6/ 2016	1/1–30/6/ 2015
Rental income		11,369	11,055
Service charge income		2,308	2,555
Ground rent		(2)	–
Service charge expenses		(4,374)	(4,030)
Other property-related expenses	9	(1,319)	(1,267)
<b>Net rental income</b>		<b>7,982</b>	<b>8,313</b>
<b>General administrative expenses</b>	10	<b>(1,206)</b>	<b>(1,828)</b>
Other operating income		175	3,840
Other operating expenses		(310)	(406)
<b>Total other operating income and expenses</b>		<b>(135)</b>	<b>3,434</b>
Net income from the disposal of investment property		12,275	25,540
Expenses in connection with investment property liabilities		(12,275)	(25,558)
<b>Gain on the the disposal of investment property</b>		<b>–</b>	<b>(18)</b>
Measurement gains		20	590
Measurement losses		(46)	–
<b>Measurement result</b>	4	<b>(26)</b>	<b>590</b>
<b>Operating result</b>		<b>6,615</b>	<b>10,491</b>
Net interest expense	11	(2,130)	(2,362)
Share of profit/loss attributable to non-controlling interests		(1,816)	(1,858)
<b>Financial result</b>		<b>(3,946)</b>	<b>(4,220)</b>
<b>Group profit before taxes</b>		<b>2,669</b>	<b>6,271</b>
Income taxes		(3)	–
<b>Group profit after taxes</b>		<b>2,666</b>	<b>6,271</b>

## Consolidated Statement of Comprehensive Income

<b>Consolidated statement of comprehensive income</b>		
in € thousand	1/1 – 30/6/2016	1/1 – 30/6/2015
<b>Group net profit</b>	<b>2,666</b>	<b>6,271</b>
Other comprehensive income	–	–
Gains (+) / losses (–) from cash flow hedges	–	–
minus non-controlling interests – gains (–) / losses (+)	–	–
<b>Other comprehensive income, total</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>2,666</b>	<b>6,271</b>

## Consolidated Statement of Changes in Equity

<b>Consolidated statement of changes in equity</b>							
in € thousand except for outstanding shares	Number of outstanding shares (in pieces)	Issued capital	Capital reserves	Treasury shares	Revaluation reserve	Retained earnings	<b>Total</b>
<b>As of 1 January 2015</b>	<b>9,325,572</b>	<b>18,814</b>	<b>74,387</b>	<b>(398)</b>	<b>(18)</b>	<b>(14,512)</b>	<b>78,273</b>
Equity instrument	–	–	90	–	–	–	90
Capital increase	4,703,441	9,407	25,287	–	–	–	34,694
Dividends	–	–	–	–	–	(2,331)	(2,331)
Group net profit	–	–	–	–	–	6,271	6,271
<b>As of 30 June 2015</b>	<b>14,029,013</b>	<b>28,221</b>	<b>99,764</b>	<b>(398)</b>	<b>(18)</b>	<b>(10,571)</b>	<b>116,998</b>
<b>As of 1 January 2016</b>	<b>14,029,013</b>	<b>28,221</b>	<b>99,729</b>	<b>(398)</b>	<b>(16)</b>	<b>(10,258)</b>	<b>117,278</b>
Group net profit	–	–	–	–	–	2,666	2,666
Equity instrument	–	–	(90)	–	–	–	(90)
<b>As of 30 June 2016</b>	<b>14,029,013</b>	<b>28,221</b>	<b>99,639</b>	<b>(398)</b>	<b>(16)</b>	<b>(7,592)</b>	<b>119,854</b>



## Consolidated Cash Flow Statement

<b>Consolidated statement of cash flows</b>		
in € thousand	1/1 – 30/6/2016	1/1 – 30/6/2015
<b>Group net profit</b>	<b>2,666</b>	<b>6,271</b>
Interest expenses	2,165	2,370
Interest income	(35)	(8)
Depreciation of property, plant and equipment and amortisation of intangible assets	1	20
(Gains) Losses on the disposal of investment property	–	18
Measurement result	26	(590)
Financing costs	20	–
Non-cash income from the acquisition of non-controlling interests	–	(3,543)
Other non-cash expenses and income	(10)	218
Shares of gains attributable to non-controlling interests	1,816	1,858
Distributions to non-controlling interests	(627)	(1,472)
Interest paid	(2,489)	(2,556)
Interest received	116	8
Changes in assets and equity and liabilities		
(Increase) / Decrease in trade receivables	706	261
(Increase) / Decrease in other assets	(1,528)	546
(Decrease) / Increase in provisions	(192)	114
(Decrease) / Increase in trade payables	(1,363)	(605)
(Decrease) / Increase in other liabilities	(1,413)	202
<b>Net cash flow from operating activities</b>	<b>(141)</b>	<b>3,112</b>
Expense/cash paid for interests in subsidiaries	–	(11,708)
Investments in investment property	(2,878)	(10,100)
Proceeds from disposal of investment property / assets under construction	12,275	13,222
Purchase of property, plant and equipment and intangible assets	–	(28)
<b>Net cash flow from investing activities</b>	<b>9,397</b>	<b>(8,614)</b>
Payments to non-controlling interests	–	(799)
Severance payments to former non-controlling interests	20	–
Proceeds from borrowings	9,000	8,283
Repayment of liabilities to banks	(22,489)	(30,905)
Reversal of interest rate hedge	–	(1,853)
Dividend payments	–	(2,331)
Equity instrument / Capital increase	(90)	34,785
<b>Net cash flow from financing activities</b>	<b>(13,559)</b>	<b>7,180</b>
<b>Change in the basis of consolidation</b>	<b>–</b>	<b>12,301</b>
<b>Change in cash and cash equivalents</b>	<b>(4,303)</b>	<b>1,678</b>
Cash and cash equivalents at the beginning of the period	16,028	14,588
<b>Cash and cash equivalents at the end of the period</b>	<b>11,725</b>	<b>28,567</b>

## Notes

### (1) General corporate information

Fair Value REIT-AG is a stock corporation founded and based in Germany. The Company does not have any branch offices. Following its registration as a stock corporation on 12 July 2007, Fair Value REIT-AG (the "Company") has been listed on the stock exchange since 16 November 2007. It qualified as a real estate investment trust (REIT) on 6 December 2007. The shares of Fair Value REIT-AG are publicly traded. The registered offices of the Company are located at Leopoldstr. 244 in 80807 Munich. At the Annual General Meeting on 4 July 2016 the shareholder passed a resolution to relocate the registered offices to Gräfelfing near Munich.

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

Due to its investment in a total of 9 (31 December 2015: 10) closed-end real estate funds as well as six additional entities, the Company is required to prepare consolidated financial statements.

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

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

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 2015.

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

**Comparative figures** The statement of financial position uses the figures as of the reporting date 31 December 2015 as comparative figures. The comparative figures in the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as well as the other overviews relate to the period from 1 January to 30 June 2015.

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

As of 30 June 2016, the basis of consolidation was as follows:

Share of voting rights in %	Share as of 30/6/2016	Share as of 31/12/2015
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
BBV Immobilien-Fonds Nr. 3 GmbH & Co. KG, Munich ("BBV03")	–	80.05
IC Fonds & Co. Büropark Teltow KG, Munich ("IC07")	78.16	78.16
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG, Munich ("BBV06")	62.22	62.22
BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG, Munich („BBV08")	58.02	58.02
IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG, Munich ("IC13")	57.37	57.37
IC Fonds & Co. SchmidtBank-Passage KG, Munich ("IC12")	53.95	53.95
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV14")	50.78	50.78
IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, Munich ("IC15")	48.17	48.17
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich ("BBV10")	44.96	44.96
BBV Immobilien-Fonds Erlangen GbR, Munich ("BBV02")	42.02	42.02

The shareholder meeting of BBV Immobilien-Fonds Nr. 3 GmbH & Co KG i.L. decided on 15 June 2016 to end the liquidation based on the audited closing statement of financial position as of 30 September 2015 in line with the liquidation agreement concluded with the liquidator, BBV 3 Geschäftsführungs-GmbH & Co KG, on 10 March 2016 and to dissolve the company. On the basis of this shareholder resolution as well as the liquidation agreement, BBV Immobilien-Fonds Nr. 3 GmbH & Co KG i.L. was deconsolidated in these half-yearly financial statements.

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

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

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

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

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

### (3) Intangible assets

Intangible assets contain a contractual right that was individually measured during the business combination. This right is amortised over a useful life of five years. In the reporting period, €1 thousand of the €78 thousand was amortised.

### (4) Investment property

<b>Development of investment property</b>			
in € thousand	Direct investments	Subsidiaries	Total
<b>Acquisition cost</b>			
<b>As of 1 January 2016</b>	<b>64,274</b>	<b>276,039</b>	<b>340,313</b>
Additions	–	–	–
Additions (subsequent acquisition cost)	–	2,878	2,878
Disposals	–	–	–
Reclassification to non-current assets held for sale	(1,052)	–	(1,052)
<b>As of 30 June 2016</b>	<b>63,222</b>	<b>278,917</b>	<b>342,139</b>
<b>Changes in value</b>			
<b>As of 1 January 2016</b>	<b>(1,484)</b>	<b>(51,035)</b>	<b>(52,519)</b>
Reclassification to non-current assets held for sale	311	–	311
Write-ups	–	–	–
Write-downs	–	–	–
Disposals	–	–	–
<b>As of 30 June 2016</b>	<b>(1,173)</b>	<b>(51,035)</b>	<b>(52,208)</b>
<b>Fair values</b>			
As of 1 January 2016	62,790	225,004	287,794
<b>As of 30 June 2016</b>	<b>62,049</b>	<b>227,882</b>	<b>289,931</b>

As of 30 June 2016 there are 36 properties, of which 32 are wholly owned, three are partially owned and one is a leasehold property.

The property in Bornhöved, Am alten Markt 9a, was sold for a sales price of €525 thousand on 15 April 2016. Title, risks and rewards were transferred as of 1 June 2016 following full payment of the purchase price. The property in Neumünster, Röntgenstr. 120, was reclassified to non-current assets held for sale in the second quarter of 2016. The purchase agreement with purchase price of €200 thousand was notarised on 11 July 2016.

The values determined by CBRE GmbH, Frankfurt, as of 31 December 2015 were used on principle to determine the fair value of the investment property.

As a result of extensive fitting out and finishing activities at the Eisenhüttenstadt (BBV10) and Zittau (BBV08) a total of €2,878 thousand was added as subsequent cost to the carrying amount of these assets.

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

<b>Other assets (non-current)</b>		
in € thousand	30/6/2016	31/12/2015
<b>Non-financial assets</b>		
Receivable settlement balance BBV09	9,018	9,018
Other	1	(2)
	<b>9,019</b>	<b>9,016</b>

<b>Other assets (current)</b>		
in € thousand	30/6/2016	31/12/2015
<b>Financial assets</b>		
Purchase price receivable for commercial property Erlangen, Henkestr. 5 (BBV 02)	1,355	1,355
Receivable settlement balance BBV 09	937	1,002
Settlement balance of holders of non-controlling interests	–	18
Other	164	451
Collateral provided	8	3
Trust accounts	1,776	–
<b>Total financial assets</b>	<b>4,240</b>	<b>2,829</b>
<b>Non-financial assets</b>		
VAT	103	44
Other	15	22
<b>Total non-financial assets</b>	<b>118</b>	<b>66</b>
<b>Total assets</b>	<b>4,358</b>	<b>2,895</b>

With regard to other assets (current), financial assets increased by €1,411 thousand compared to 31 December 2015. This is primarily attributable to the provision of funds in trust accounts for the purpose of distribution. Non-financial assets increased by €52 thousand.

**(6) Non-current assets held for sale**

in € thousand	30/6/2016	31/12/2015
Radevormwald property ("BBV 08")	–	11,100
Tornesch property ("Fair Value")	–	650
Neumünster, Röntgenstr. property ("Fair Value")	200	–
	<b>200</b>	<b>11,750</b>

The Tornesch property, Willy-Meyer-Str. 3-5 (Fair Value AG) and the Radevormwald property (BBV 08) were derecognised as of 1 March 2016 and 31 March 2016, respectively, following full payment of the purchase price.

**(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 was treated as an equity instrument and accounted for directly in group equity without effecting profit or loss. The amount of the equity instrument recognised was 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 produced a lower present value. The difference between the repayment amount of the bond and this present value of €90 thousand represented the value of the equity instrument. This equity instrument was fully released in connection with the premature repayment of the convertible bond as of 19 February 2016.

**(8) Financial liabilities**

Non-current and current financial liabilities totalling €130,644 thousand decreased by €13,469 thousand compared to 31 December 2015 (€144,113 thousand). The changes were as follows:

**Non-current financial liabilities**

in € thousand

<b>As of 31 December 2015</b>	<b>125,995</b>
Special repayment FV AG	(861)
Special repayment BBV 08	(9,050)
Special repayment BBV 10	(1,140)
Increase FV AG	8,939
Maturity shift	(2,383)
<b>As of 30 June 2016</b>	<b>121,500</b>

**Current financial liabilities**

in € thousand

<b>As of 31 December 2015</b>	<b>18,118</b>
Increase FV AG	61
Scheduled repayment FV AG	(460)
Scheduled repayment subsidiaries	(2,657)
Convertible bond	(8,301)
Maturity shift	2,384
<b>As of 30 June 2016</b>	<b>9,144</b>

The increases relate to two Fair Value AG loans at CapitalBank GRAWE Group (€7,000 thousand) and Stadt-Sparkasse Langefeld (€2,000 thousand). Unscheduled repayments were made in connection with the purchase price payments made for properties sold.



**(9) Property-related expenses**

in € thousand	1/1 – 30/6/2016	1/1 – 30/6/2015
Energy costs and water consumption	1,254	1,445
Property tax	493	387
Management contract costs	348	131
Garden maintenance/cleaning	302	263
Servicing and operating technical installations	300	263
Other property costs	274	51
Property management fees	261	308
Insurance	234	164
Non-deductible input tax	251	134
Building cleaning	175	148
Caretaker costs	157	170
Security	156	179
Street cleaning/rubbish removal	–	91
Other operating expenses	61	51
Advertising and promotional expenses	45	44
Other	13	136
Maintenance cost payments for partially-owned properties	–	65
Expenses from the settlement of service charges	35	–
<b>Service charge expenses</b>	<b>4,369</b>	<b>4,030</b>
Repairs and maintenance costs	579	843
Technical building maintenance	242	271
Letting costs	498	153
<b>Other property-related expenses</b>	<b>1,319</b>	<b>1,267</b>
<b>Total property-related operating expenses</b>	<b>5,693</b>	<b>5,297</b>

**(10) General administrative expenses**

in € thousand	1/1 – 30/6/2016	1/1 – 30/6/2015
Legal and consulting fees	254	187
Personnel expenses	159	495
Trustee fees	135	128
Non-deductible VAT	127	147
Audit fees	121	65
Stock market listing, Annual General Meeting and events	112	132
Accounting	81	69
Fund management	72	290
Appraisals	41	84
Office expenses	38	38
Other	29	103
Remuneration (Supervisory Board, Advisory Board and general partner remuneration)	24	49
Travel and vehicle expenses	13	23
Amortisation, depreciation and impairment	–	18
<b>Total general administrative expenses</b>	<b>1,206</b>	<b>1,828</b>

Of the general administrative expenses, €759 thousand (62%) was attributable to Fair Value, compared to €1,191 thousand (65%) in the previous year. An amount of €447 thousand (38%) was attributable to the subsidiaries, compared to €637 thousand (35%) in the previous year.

**(11) Interest expenses**

in € thousand	1/1 – 30/6/2016	1/1 – 30/6/2015
Measurement of derivative financial instruments	–	841
Other interest expenses	(2,130)	(3,203)
<b>Total interest expenses</b>	<b>(2,130)</b>	<b>(2,362)</b>

Interest expenses contain the markup in connection with the repayment of the convertible bond of 3% (€254 thousand).

**(12) Segment revenue and profit/loss**

in € thousand	1/1–30/6/2016		1/1–30/6/2015	
	Segment revenue	Segment profit/loss	Segment revenue	Segment profit/loss
Direct investments	3,015	1,950	1,581	1,187
Subsidiaries	10,660	5,270	12,028	7,126
<b>Total segment revenue and profit/loss</b>	<b>13,675</b>	<b>7,220</b>	<b>13,610</b>	<b>8,313</b>
Central administrative expenses and other	–	(608)	–	(2,178)
Net interest expense	–	(2,130)	–	(2,362)
Share of profit/loss attributable to non-controlling interests	–	(1,816)	–	(1,858)
<b>Group net profit</b>	<b>–</b>	<b>2,666</b>	<b>–</b>	<b>6,271</b>

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

**Profit and loss statement by segment as of 30 June 2016**

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

								Subsidiaries
	BBV02	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
	–	571	1,191	3,058	2,411	8,876	–	11,369
	–	46	51	643	614	1,784	–	2,306
	–	<b>617</b>	<b>1,242</b>	<b>3,701</b>	<b>3,025</b>	<b>10,660</b>	–	<b>13,675</b>
	(4)	(191)	(314)	(1,464)	(913)	(3,678)	(1)	(4,374)
	–	(64)	(189)	(141)	(241)	(1,175)	–	(1,319)
	(10)	(56)	(103)	(91)	(79)	(467)	20	(598)
	–	1	(229)	(11)	12	(42)	(44)	(135)
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	20
	–	–	–	–	–	–	–	(46)
	<b>(14)</b>	<b>307</b>	<b>407</b>	<b>1,994</b>	<b>1,804</b>	<b>5,298</b>	<b>(25)</b>	<b>7,223</b>
	–	–	–	–	–	–	–	(608)
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	(655)	–
	–	–	(202)	(912)	(245)	(1,512)	2	(2,130)
	–	–	–	–	–	–	(1,816)	(1,816)
	–	–	–	–	–	–	(3)	(3)
	<b>(14)</b>	<b>307</b>	<b>205</b>	<b>1,082</b>	<b>1,559</b>	<b>3,786</b>	<b>(2,497)</b>	<b>2,666</b>

**Profit and loss statement by segment as of 30 June 2015**

in € thousand	Direct investments				
	FV AG	IC07	IC12	IC13	IC15
Rental income	1,314	359	292	817	1,355
Service charge income	267	154	184	250	132
<b>Segment revenue</b>	<b>1,581</b>	<b>513</b>	<b>476</b>	<b>1,067</b>	<b>1,487</b>
Service charge expenses	(337)	(169)	(215)	(325)	(204)
Other property-related expenses	(57)	(79)	(17)	(128)	(49)
Segment-related administrative expenses	(79)	(23)	(22)	(47)	(63)
Other operating expenses and income (net)	(129)	18	6	27	46
Gain from disposal of investment property	–	–	–	–	–
Measurement gains	590	–	–	–	–
Measurement losses	–	–	–	–	(990)
<b>Segment profit/loss</b>	<b>1,569</b>	<b>260</b>	<b>228</b>	<b>594</b>	<b>227</b>
Central administrative expenses	(1,112)	–	–	–	–
Other income from investments	485	–	–	–	–
Net interest expenses	(669)	(13)	(45)	(253)	(279)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
<b>Group net profit</b>	<b>273</b>	<b>247</b>	<b>183</b>	<b>341</b>	<b>(52)</b>

Subsidiaries							
BBV02	BBV03	BBV06	BBV10	BBV14	Total	Reconciliation	Group
(1)	94	732	3,516	2,577	9,741	–	11,055
–	11	107	833	617	2,288	–	2,555
<b>(1)</b>	<b>105</b>	<b>839</b>	<b>4,349</b>	<b>3,194</b>	<b>12,029</b>	<b>–</b>	<b>13,610</b>
12	(72)	(351)	(1,552)	(817)	(3,693)	–	(4,030)
–	(59)	(69)	(449)	(360)	(1,210)	–	(1,267)
(7)	(57)	(103)	(153)	(154)	(629)	–	(708)
–	(66)	32	(29)	(113)	(79)	3,642	3,434
(7)	(370)	(5)	(6)	–	(388)	1,360	972
–	–	–	–	–	–	–	590
–	–	–	–	–	(990)	–	(990)
<b>(3)</b>	<b>(519)</b>	<b>343</b>	<b>2,160</b>	<b>1,750</b>	<b>5,040</b>	<b>5,002</b>	<b>11,611</b>
–	–	–	–	–	–	(8)	(1,120)
–	–	–	–	–	–	(485)	–
–	–	(38)	(829)	(236)	(1,693)	–	(2,362)
–	–	–	–	–	–	(1,858)	(1,858)
<b>(3)</b>	<b>(519)</b>	<b>305</b>	<b>1,331</b>	<b>1,514</b>	<b>3,347</b>	<b>2,651</b>	<b>6,271</b>

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 June 2016

in € thousand	Direct investments				
	FV AG	IC07	IC12	IC13	IC15
Property, plant and equipment and intangible assets	9	–	24	–	–
Investment property	62,049	9,100	7,880	–	23,350
Non-current assets held for sale	200	–	–	–	–
Trade receivables	346	128	98	57	75
Income tax receivables	3	–	–	–	–
Other receivables and assets	10,364	6	13	108	92
Cash and cash equivalents	2,036	144	813	70	877
<b>Segment assets subtotal</b>	<b>75,007</b>	<b>9,378</b>	<b>8,828</b>	<b>235</b>	<b>24,394</b>
Participation in subsidiaries	68,754	–	–	–	–
<b>Total assets</b>	<b>143,761</b>	<b>9,378</b>	<b>8,828</b>	<b>235</b>	<b>24,394</b>
Provisions	(351)	(11)	(9)	(9)	(22)
Trade payables	(154)	(34)	(43)	–	(103)
Other liabilities	(642)	(24)	(25)	(82)	(55)
<b>Segment liabilities subtotal</b>	<b>(1,147)</b>	<b>(69)</b>	<b>(77)</b>	<b>(91)</b>	<b>(180)</b>
Non-controlling interests	–	–	–	–	–
Financial liabilities	(27,113)	(250)	(1,868)	–	(7,380)
<b>Total liabilities</b>	<b>(28,260)</b>	<b>(319)</b>	<b>(1,945)</b>	<b>(91)</b>	<b>(7,560)</b>
<b>Net assets as of 30 June 2016</b>	<b>115,501</b>	<b>9,059</b>	<b>6,883</b>	<b>144</b>	<b>16,834</b>
<b>Overview of maturities of financial liabilities</b>					
Non-current	(25,955)	(250)	–	–	(7,157)
Current	(1,158)	–	(1,868)	–	(223)
<b>Financial liabilities</b>	<b>(27,113)</b>	<b>(250)</b>	<b>(1,868)</b>	<b>–</b>	<b>(7,380)</b>



								Subsidiaries
	BBV02	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
	-	-	-	-	-	24	70	103
	-	13,151	28,255	75,046	71,100	227,882	-	289,931
	-	-	-	-	-	-	-	200
	-	120	108	781	308	1,675	30	2,051
	-	-	-	-	-	-	-	3
	1,361	84	52	5	1,671	3,392	(379)	13,377
	24	1,166	2,951	1,482	2,008	9,535	154	11,725
	<b>1,385</b>	<b>14,521</b>	<b>31,366</b>	<b>77,314</b>	<b>75,087</b>	<b>242,508</b>	<b>(125)</b>	<b>314,512</b>
	-	-	-	-	-	-	(68,754)	-
	<b>1,385</b>	<b>14,521</b>	<b>31,366</b>	<b>77,314</b>	<b>75,087</b>	<b>242,508</b>	<b>(68,879)</b>	<b>314,512</b>
	(5)	(48)	(19)	(28)	(28)	(179)	(21)	(551)
	(8)	(83)	(247)	(569)	(75)	(1,162)	-	(1,316)
	(31)	(117)	(99)	(1,059)	(786)	(2,278)	264	(2,656)
	<b>(44)</b>	<b>(248)</b>	<b>(365)</b>	<b>(1,656)</b>	<b>(889)</b>	<b>(3,619)</b>	<b>243</b>	<b>(4,523)</b>
	-	-	-	-	-	-	(62,369)	(62,369)
	(1,081)	-	(8,940)	(52,120)	(32,142)	(103,781)	250	(130,644)
	<b>(1,125)</b>	<b>(248)</b>	<b>(9,305)</b>	<b>(53,776)</b>	<b>(33,031)</b>	<b>(107,400)</b>	<b>(61,876)</b>	<b>(197,536)</b>
	<b>260</b>	<b>14,273</b>	<b>22,061</b>	<b>23,538</b>	<b>42,056</b>	<b>135,108</b>	<b>(130,755)</b>	<b>119,854</b>
	-	-	(8,152)	(49,294)	(30,942)	(95,795)	250	(121,500)
	(1,081)	-	(788)	(2,826)	(1,200)	(7,986)	-	(9,144)
	<b>(1,081)</b>	<b>-</b>	<b>(8,940)</b>	<b>(52,120)</b>	<b>(32,142)</b>	<b>(103,781)</b>	<b>250</b>	<b>(130,644)</b>

**Assets and liabilities by segment 31 December 2015**

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

**Overview of maturities of financial liabilities**

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

							Subsidiaries		
BBV02	BBV03	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group	
-	-	-	-	-	-	24	70	104	
-	-	13,151	25,900	74,523	71,100	225,004	-	287,794	
-	-	-	11,100	-	-	11,100	-	11,750	
-	-	136	134	1,459	210	2,412	14	2,757	
-	-	-	-	-	-	-	-	22	
1,361	-	84	287	10	3	1,921	(551)	11,911	
43	192	1,041	3,619	3,262	3,170	14,199	78	16,028	
<b>1,404</b>	<b>192</b>	<b>14,412</b>	<b>41,040</b>	<b>79,254</b>	<b>74,483</b>	<b>254,660</b>	<b>(389)</b>	<b>330,366</b>	
-	-	-	-	-	-	-	(68,754)	-	
<b>1,404</b>	<b>192</b>	<b>14,412</b>	<b>41,040</b>	<b>79,254</b>	<b>74,483</b>	<b>254,660</b>	<b>(69,143)</b>	<b>330,366</b>	
(5)	(66)	(44)	(14)	(21)	(28)	(221)	(6)	(743)	
(8)	(14)	(74)	(114)	(829)	(222)	(1,587)	36	(2,679)	
(36)	(40)	(117)	(480)	(1,448)	(912)	(3,369)	232	(4,393)	
<b>(49)</b>	<b>(120)</b>	<b>(235)</b>	<b>(608)</b>	<b>(2,298)</b>	<b>(1,162)</b>	<b>(5,177)</b>	<b>262</b>	<b>(7,815)</b>	
-	-	-	-	-	-	-	(61,160)	(61,160)	
(1,081)	-	-	(18,576)	(54,500)	(32,824)	(116,828)	450	(144,113)	
-	-	-	-	-	-	-	-	-	
<b>(1,130)</b>	<b>(120)</b>	<b>(235)</b>	<b>(19,184)</b>	<b>(56,798)</b>	<b>(33,986)</b>	<b>(122,005)</b>	<b>(60,448)</b>	<b>(213,088)</b>	
<b>274</b>	<b>72</b>	<b>14,177</b>	<b>21,856</b>	<b>22,456</b>	<b>40,497</b>	<b>132,655</b>	<b>(129,591)</b>	<b>117,278</b>	
-	-	-	(16,999)	(51,674)	(31,524)	(107,916)	450	(125,995)	
(1,081)	-	-	(1,577)	(2,826)	(1,300)	(8,912)	-	(18,118)	
<b>(1,081)</b>	<b>-</b>	<b>-</b>	<b>(18,576)</b>	<b>(54,500)</b>	<b>(32,824)</b>	<b>(116,828)</b>	<b>450</b>	<b>(144,113)</b>	

### **Review**

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

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

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

Munich, 29 August 2016  
Fair Value REIT-AG



Frank Schaich

### **Responsibility statement**

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

Munich, 29 August 2016  
Fair Value REIT-AG



Frank Schaich

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# The Share

## Fair Value REIT-AG on the capital market

The German stock markets were volatile in the first six months of 2016. In particular, the beginning of 2016 saw large falls in stock prices. A strong recovery set in from mid February. However, the Brexit referendum in June 2016 unsettled the markets resulting in another sharp fall in share prices. The DAX stock index, composed of the largest 30 German blue chip companies, closed the first six months of 2016 down by 9.9 %. The MDAX, which comprises a basket of the next largest stocks on the market, dropped by 4.5 % and the SDAX, for smaller stocks, fell by 3.5 %.

Fair Value REIT-AG was not able to buck the market trend in the first six months of 2016. The low for the year was recorded on the electronic XETRA platform on 29 January 2016 at €6.50. Thereafter, the share price recovered somewhat and, buoyed by the positive development of business and announcement of the large jump in earnings in 2015, peaked on 8 April at €7.20, the highest price since the beginning of January 2016. Over the course of the second quarter, the price fluctuated around €7.00, only to come under pressure once again at the end of June 2016. Shares in Fair Value closed on 30 June 2016 at €6.80, down 3.6 % on the closing price for 2015.

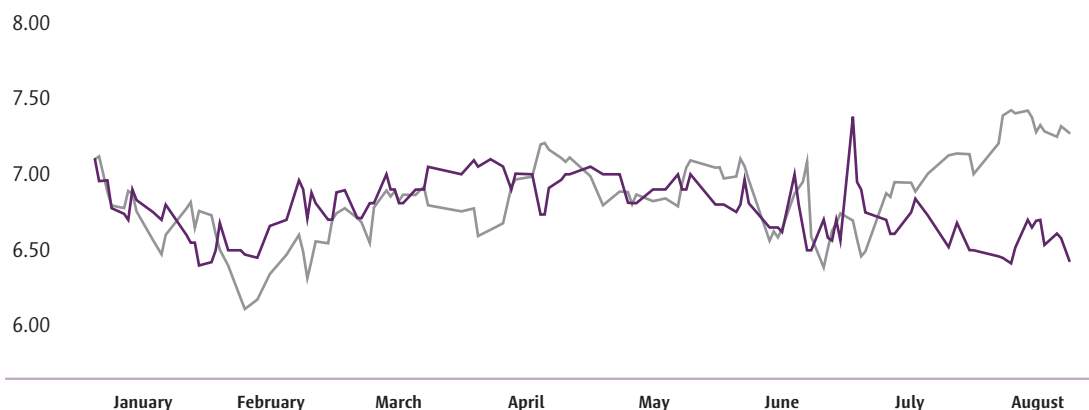
The Annual General Meeting of Fair Value REIT-AG was held in Munich on 4 July 2016. The shareholders accepted all points on the agenda with a majority of more than 99 %. Among the resolutions was a decision to pay out a dividend of €0.25 per share for fiscal year 2015. This represents a total distribution of €3.5 million. As a result, the high level of profit distribution seen in the preceding two year years was retained.

**Development of Fair Value's share**

1 January to 25 August 2016

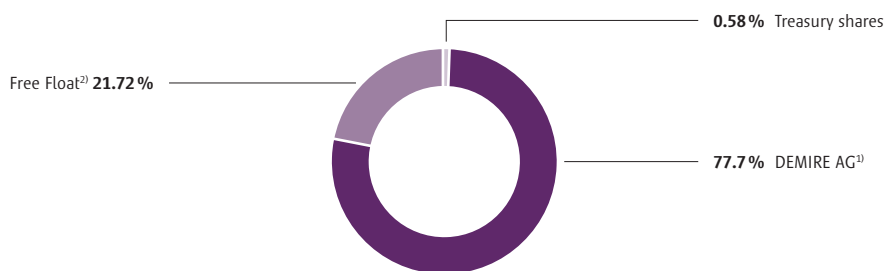
in €

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



**Fair Value REIT-AG's shareholder structure**

as of 30 June 2016



<sup>1)</sup> FVR Beteiligungsgesellschaft Erste mbH <10%, FVR Beteiligungsgesellschaft Zweite mbH <10%, FVR Beteiligungsgesellschaft Dritte mbH <10%, FVR Beteiligungsgesellschaft Vierte mbH <10%, FVR Beteiligungsgesellschaft Fünfte mbH <10%, FVR Beteiligungsgesellschaft Sechste mbH <10%, FVR Beteiligungsgesellschaft Siebente mbH <10%, FVR Beteiligungsgesellschaft Achte mbH <10%

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

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

as of 30 June 2016

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Sector	Real Estate (REIT)
WKN (German Securities Code)/ISIN	A0MW97/DE000A0MW975
Stock symbol	FVI
Share capital	€28,220,646.00
Number of shares (non-par value shares)	14,110,323 pcs.
Proportion per share in the share capital	€2.00
Initial listing	16 November 2007
High/low 1st half 2016 (XETRA)	€7.20/€6.50
Market capitalization on 30 June 2016 (XETRA)	€95.95 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Stuttgart, Berlin-Bremen, Duesseldorf, Munich
Designated sponsor	ODDO SEYDLER Bank
Indices	RX REIT All Shares-Index, RX REIT-Index

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

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**Financial calendar**

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Fair Value REIT-AG	
10 November 2016	Interim Report 1st to 3rd Quarter 2016
22 November 2016	Presentation, German Equity Forum, Frankfurt am Main

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# Imprint

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Commercial register at Munich Local Court  
No. HRB 168 882

Date of publication: 31 August 2016

## **Management Board**

Frank Schaich

## **Supervisory Board**

Rolf Elgeti, Chairman

Markus Drews, Vice Chairman

Hon.-Prof. Andreas Steyer

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