

Quarterly Statements

1st Quarter 2017



fair value
REIT

Key figures Fair Value Group			
		1/1 – 31/3/2017	1/1 – 31/3/2016
Revenues and earnings			
Rental income	in € thousand	5,488	5,571
Net rental income	in € thousand	4,344	3,650
Operating result (EBIT)	in € thousand	3,482	2,817
Group net profit	in € thousand	1,664	887
Earnings per share	in €	0.12	0.06
Adjusted consolidated net income (EPRA-Earnings)/FFO	in € thousand	1,769	1,570
EPRA-Earnings/FFO per share	in €	0.13	0.11
Assets and capital		31/3/2017	31/12/2016
Non-current assets	in € thousand	298,752	296,907
Current assets	in € thousand	22,793	21,327
Non-current assets held for sale	in € thousand	210	3,600
Total assets	in € thousand	321,755	321,744
Equity/Net asset value (NAV)	in € thousand	122,254	120,590
Equity ratio	in %	38.0	37.5
Immovable assets	in € thousand	289,001	290,542
Equity within the meaning of Sec. 15 REITG	in € thousand	183,162	182,298
Equity ratio within the meaning of Sec. 15 REITG (minimum 45 %)	in %	63.4	62.7
Real estate investments		31/3/2017	31/12/2016
Number of properties	amount	32	33
Market value of properties ¹⁾	in € million	289	291
Contractual rent p.a.	in € million	21.8	21.8
Potential rent p.a.	in € million	24.0	24.0
Occupancy	in %	91.0	90.6
Remaining term of rental agreements	years	5.1	5.2
Contractual rental yield before costs	in %	7.5	7.5

¹⁾ According to market valuations as of 31/12/2016 plus value-adding fit-outs totalling € 2.059 thousand in Eisenhüttenstadt and Zittau.

Further key figures		31/3/2017	31/12/2016
Number of shares in circulation	in pieces	14,029,013	14,029,013
Net asset value (NAV) per share	in €	8.71	8.60
EPRA-NAV per share	in €	8.71	8.60
Number of employees (excluding Management Board)		3	3

Letter to Shareholders

Dear shareholders and business partners,
ladies and gentlemen,

The Fair Value Group can report on a positive first quarter and expects business to develop well in the year 2017 as a whole.

With regard to all relevant earnings indicators, we were up considerably on the previous-year period in the first three months of the current year. The operating result (EBIT) increased to €3.5 million compared to €2.8 million in the previous year; at around €1.7 million, group net profit was almost double the previous-year figure of €0.9 million and funds from operations (FFO) after non-controlling interests increased from €1.6 million to €1.8 million.

The basis for our successful business development is our sound, directly and indirectly held real estate portfolio currently comprising 32 properties with a market value of around €289 million, which we are constantly working on as part of our active asset management. Despite the sale of properties, we significantly increased the net rental income from €3.7 million in the previous-year period to €4.3 million. At 5.1 years, the weighted average lease term (WALT) remained more or less unchanged as of 31 March 2017 compared to 31 December 2016. We increased the occupancy rate slightly to 91.0% as of the reporting date or to 91.7% if the lease agreements already entered into for vacant space that is soon to be handed over to tenants are taken into account.

Equity in the Fair Value Group of €120.6 million as of 31 December 2016 increased to around €122.3 million as of 31 March 2017, while the net asset value (NAV) per share increased in the same period from €8.60 to €8.71. The REIT equity ratio rose from 62.7% to 63.4% of immovable assets.

As planned, Mr. Frank Schaich stepped down from the Management Board as of 31 March 2017 to devote himself to new tasks. I would like to express my gratitude for his invaluable work over the past few years and for our working together on the Management Board based on mutual trust. I will lead the Company as the sole member of the Management Board in the future and will continue to make the ongoing successful development of our Company my utmost priority.

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

Munich, 9 May 2017



Patrick Kaiser, CEO

Group Interim Management Report

Condensed interim group management report as of 31 March 2017

Portfolio

As of 31 March 2017 the total portfolio of directly and indirectly held properties of the Fair Value Group consisted of 32 properties (31 December 2016: 33 properties). The market values of the properties totalling around €289 million (31 December 2016: €291 million) are equivalent to the fair values pursuant to IFRS 13.

At 91.0%, the income-weighted occupancy rate of the portfolio as of 31 March 2017 was up slightly on the rate as of 31 December 2016 (90.6%). As of 31 March 2017, the weighted average remaining lease term stood at 5.1 years compared to 5.2 years as of 31 December 2016.

If those lease agreements already entered into as of the reporting date on 31 March 2017 for vacancies that are yet to be handed over to the tenants were included on a pro forma basis, the income-weighted occupancy rate of the portfolio as of 31 March 2017 would amount to €22.2 million or 91.7 % of potential rents.

The table below provides an overview of the real estate assets allocated to the Group as of 31 March 2017.

Direct investments and investments in subsidiaries as of 31 March 2017

	Property area [m ²]	Total lettable area [m ²]	Annualized contractual rent [€ thousand]	Market value 31 Mar 2017 ¹⁾ [€ thousand]	Occupancy rate ^{2) 3)} [%]	Ø secured remaining lease term ^{2) 3)} [Years]	Contractual rent returns before costs [%]	Participating interest [%]
Direct investments segment	77,455	72,594	5,153	64,650	96.5	6.4	8.0	100
Subsidiaries segment	314,134	177,084	16,655	224,351	89.4	4.7	7.4	51
Total portfolio	391,589	249,678	21,809	289,001	91.0	5.1	7.5	62

Notes

¹⁾ Based on market valuations of CBRE GmbH, Frankfurt am Main, as of 31 December 2016 plus value-adding fit-outs totalling €2,059 thousand in Eisenhüttenstadt and Zittau

²⁾ Income weighted

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

Financial position and performance

Financial performance

in € thousand	1/1–31/3/2017	1/1–31/3/2016	Change	
			in € thousand	in %
Rental income	5,488	5,571	(83)	(1)
Service charge income	1,169	1,155	14	1
Service charge expenses	(1,837)	(2,094)	257	(12)
Other property-related expenses	(476)	(982)	506	(52)
Net rental income	4,344	3,650	694	19
General administrative expenses	(803)	(600)	(203)	34
Other operating income and expenses	(59)	(187)	128	(68)
Disposal and measurement gains/losses	–	(46)	46	(100)
Operating result	3,482	2,817	665	24
Net interest expenses	(693)	(1,282)	589	(46)
Share of profit/loss attributable to non-controlling interests	(1,114)	(646)	(468)	72
Income taxes	(11)	(2)	(9)	450
Group net profit	1,664	877	787	90

Rental income in the first three months of the current fiscal year 2017 was down around 1.8 % (previous year: €5.6 million) at €5.5 million due to sales of properties in the interim. Net rental income of €4.3 million was up €0.7 million, or 19 %, on the previous-year figure of €3.7 million on account of the reduction in vacancy, higher service charge income and a decrease in property-related expenses.

General administrative expenses increased to €0.8 million and were up by €0.2 million or 34 % on the previous-year figure of €0.6 million due to increased costs for audit services and personnel at the level of Fair Value REIT-AG as well as at the level of the subsidiaries. These were largely one-off effects and costs that were incurred earlier than in the previous year. With a loss of €0.06 million, the balance of other income and expenses as well as of disposal and measurement gains and losses was up by €0.17 million on the previous-year loss of €0.23 million.

This produced an operating result of €3.5 million, which was up €0.7 million, or 24 %, on the comparative figure for the previous year (€2.8 million).

At €0.7 million, net interest expenses within the Group were down €0.6 million or 46 % on the previous-year figure of €1.3 million.

After deducting the share of profit/loss attributable to non-controlling interests of €1.1 million (previous year: €0.6 million), the Fair Value Group closed the first three months of the current fiscal year 2017 with a group net profit of €1.7 million (previous year: €0.9 million).

At €2.9 million, the operating business result of the Fair Value Group adjusted for the costs of measurement/disposal and other special effects (EPRA earnings/FFO) was up €0.4 million or 16 % in the first three months of the current fiscal year compared to the figure of €2.5 million for the relevant period of the previous year.

After deducting the profit/loss attributable to non-controlling interests, adjusted profit/loss of the Group (FFO) came to €1.8 million (rounded) and was thus up €0.2 million or 13 % on the previous-year figure of €1.6 million.

In terms of the number of shares outstanding of around 14.03 million in the first three months of 2017, the FFO came to €0.13 compared to €0.11 in the previous year and was thus up significantly (18 %) on the previous-year figure.

Adjusted profit/loss of the Group (EPRA earnings or FFO)	1/1 – 31/3/2017				1/1 – 31/3/2016			
	Consolidated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income	Consolidated statement of income	Adjustment for one-off effects		Adjusted consolidated statement of income
		Acquisition, selling and measurement gains/losses	Other			Acquisition, selling and measurement gains/losses	Measurement Interest rate swaps/ interest caps	
in € thousand								
Rental income	5,488	–	–	5,488	5,571	–	–	5,571
Non-recoverable service charge expenses	(668)	–	–	(668)	(939)	–	–	(939)
Other property-related expenses	(476)	–	–	(476)	(982)	–	489	(450)
Net rental income	4,344	–	–	4,344	3,650	–	–	4,182
General administrative expenses	(803)	–	105	(698)	(600)	–	–	(600)
Other operating income and expenses	(59)	–	–	(59)	(187)	179	–	(8)
Profit/loss from disposal of investment property	–	–	–	–	–	–	–	–
Measurement result	–	–	–	–	(46)	46	–	–
Operating result	3,482	–	105	3,587	2,817	225	489	3,531
Net interest expense	(693)	–	–	(693)	(1,284)	–	254	(1,030)
Profit/loss before non-controlling interests	2,778	–	105	2,883	1,533	225	743	2,501
Share of profit/loss attributable to non-controlling interests	(1,114)	–	–	(1,114)	(646)	(75)	(210)	(931)
Group net profit	1,664	–	105	1,769	887	150	533	1,570
Profit/loss of the Group per share ¹⁾	0.12	–	–	0.13	0.06	–	–	0.11

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

Cash position

Cash and cash equivalents		
in € thousand	1/1–31/3/2017	1/1–31/3/2016
Net cash flow from operating activities	(517)	356
Net cash flow from investing activities	1,541	11,750
Net cash flow from financing activities	458	(12,035)
Change in the basis of consolidation	–	–
Change in cash and cash equivalents	1,482	71
Cash and cash equivalents at the beginning of the period	16,776	16,028
Cash and cash equivalents at the end of the period	18,258	16,099

Cash flow from operating activities The cash outflow from operating activities generated in the reporting period came to €0.5 million, which is €0.9 million below the previous-year cash inflow of €0.4 million. The decrease resulted from the changes in assets and equity and liabilities of €1.3 million compared to the previous year of €0.9 million and the distribution to non-controlling interests of €1.9 million, while no distributions were made in the previous-year reporting period. Adjusted for the changes in assets and equity and liabilities and the distribution to non-controlling interests, the cash flow from operating activities (€2.7 million) was more than double that of the previous year (€1.3 million).

Cash flow from investing activities Investing activities resulted in a cash inflow of €1.5 million. This resulted from the sale of properties with total cash receipts of €3.6 million (previous year: €11.8 million) and recognised investments in real estate funds of €2.1 million.

Cash flow from financing activities The cash outflow from financing activities of €0.5 million was largely due to the scheduled repayment of liabilities to banks totalling €1.4 million as well as proceeds from borrowings of €1.9 million in connection with additional investments in Eisenhüttenstadt (BBV 10).

Liquidity Cash and cash equivalents at the Group increased by €2.2 million in the first three months of the current fiscal year to €18.3 million (previous-year period: decrease of €2.3 million to €16.0 million).

Financial position

Assets Total assets amounted to €321.8 million as of 31 March 2017 and were thus on a par with the level from 31 December 2016 (€321.7 million).

Non-current assets of around €298.8 million accounted for 93% of total assets (31 December 2016: €296.9 million or 92%). The current assets of €22.8 million and 7% of total assets (31 December 2016: €21.2 million and 7% of total assets) consisted to 80% of cash and cash equivalents (€18.3 million). At €4.5 million, receivables and other assets accounted for 19.7%. Non-current assets held for sale accounted for €0.2 million or 0.1% of total assets (31 December 2016: €3.6 million or 1.1% of total assets).

Equity and liabilities On 31 March 2017, assets of €122.3 million (38%) were financed by equity attributable to the shareholders of Fair Value REIT-AG and €199.5 million (62%) by liabilities.

Here it must be taken into account that the non-controlling interests in subsidiaries of €60.9 million were recognised under liabilities pursuant to IFRSs. For the calculation of the minimum equity ratio for the purpose of the REIT law, interests in subsidiaries included in the consolidated financial statements not belonging to the parent company and recognised as debt capital are treated as equity. Group equity adjusted accordingly totalled €183.2 million or 57 % of the total equity and liabilities (31 December 2016: €182.3 million or 56.5 %).

With immovable assets totalling €288.8 million as of 31 March 2017, the REIT equity ratio amounted to 63.4 % (31 December 2016: 62.7 %).

Financial liabilities The financial liabilities of the Group amounted to €132.1 million on 31 March 2017 or 41 % of total assets (31 December 2016: €131.7 million or 41 %). Of this amount, €9.3 million or 7 % was current (31 December 2016: €9.3 million or 7 %).

Equity/net asset value (NAV) Adding the market values of the properties and the Group, taking into account the other items in the statement of financial position, resulted in a net asset value (NAV) of €122.3 million as of 31 March 2017, compared to €120.6 million as of 31 December 2016.

The 14,029,013 shares outstanding as of the reporting date produced a NAV of €8.71 per share following €8.60 as of 31 December 2016. This NAV is also equivalent to the EPRA-NAV as there are no derivative financial instruments.

NAV in the consolidated statement of financial position		
in € thousand	31/3/2017	31/12/2016
Market value of properties (including those held for sale)	289,001	290,542
Other assets less other liabilities	30,013	27,322
Non-controlling interests	(60,908)	(61,708)
Financial liabilities	(132,138)	(131,678)
Other liabilities	(3,714)	(3,888)
Net asset value	122,254	120,590
Net asset value per share	8.71	8.60

Risk Report

The Fair Value Group is exposed to a variety of risks on account of its business activities. In addition to economic risks, these primarily relate to rental risks, rental loss risks as well as interest and liquidity risks. The risk management system as well as the Company's general risks are described in detail in Fair Value REIT-AG's 2016 Annual Report.

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

Forecast Report

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

Munich, 9 May 2017

Fair Value REIT-AG

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

Patrick Kaiser, CEO

Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

Consolidated statement of financial position		
in € thousand	31/3/2017	31/12/2016
Assets		
Non-current assets		
Intangible assets	74	75
Property, plant and equipment	60	62
Investment property	288,791	286,942
Other receivables	9,827	9,828
Total non-current assets	298,752	296,907
Current assets		
Trade receivables	2,057	2,578
Income tax receivables	5	5
Other receivables	2,473	1,878
Cash and cash equivalents	18,258	16,776
Total current assets	22,793	21,237
Non-current assets held for sale	210	3,600
Total assets	321,755	321,744
Equity and liabilities		
Equity		
Issued capital	28,221	28,221
Capital reserves	99,645	99,645
Revaluation reserve	(22)	(22)
Loss carryforward	(5,192)	(6,856)
Treasury shares	(398)	(398)
Total equity	122,254	120,590
Non-current liabilities		
Non-controlling interests	60,908	61,708
Financial liabilities	122,879	122,405
Other liabilities	408	884
Total non-current liabilities	184,195	184,997
Current liabilities		
Provisions	387	645
Financial liabilities	9,259	9,275
Trade payables	2,354	3,233
Other liabilities	3,306	3,004
Total current liabilities	15,306	16,157
Total equity and liabilities	321,755	321,744

Consolidated Statement of Income

Consolidated statement of income		
in € thousand	1/1 – 31/3/2017	1/1 – 31/3/2016
Rental income	5,488	5,571
Service charge income	1,169	1,155
Service charge expenses	(1,837)	(2,094)
Other property-operating expenses	(476)	(982)
Net rental income	4,344	3,650
General administrative expenses	(803)	(600)
Other operating income	6	4
Other operating expenses	(65)	(191)
Total other operating income less other operating expenses	(59)	(187)
Net income from the disposal of investment property and non-current assets held for sale	3,600	11,750
Expenses in connection with the disposal of investment property and non-current assets held for sale	(3,600)	(11,750)
Profit/loss from the disposal of investment property and non-current assets held for sale	–	–
Measurement gains	–	–
Measurement losses	–	(46)
Measurement result	–	(46)
Operating result	3,482	2,817
Share of profit/loss attributable to non-controlling interests	(1,114)	(646)
Net interest expense	(693)	(1,282)
Financial result	(1,807)	(1,928)
Group profit before taxes	1,675	889
Income taxes	(11)	(2)
Group net profit	1,664	887

Consolidated Statement of Comprehensive Income

Consolidated statement of comprehensive income		
in € thousand	1/1 – 31/3/2017	1/1 – 31/3/2016
Group net profit	1,664	887
Other comprehensive income	–	–
Gains (+) / losses (–) from cash flow hedges	–	–
minus non-controlling interests – gains (–) / losses (+)	–	–
Gains (+) / losses (–) from cash flow hedges of associated companies	–	–
Total other comprehensive income	–	–
Total comprehensive income	1,664	887

Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity							
in € thousand except for outstanding shares	Number of outstanding shares	Issued capital	Capital reserves	Treasury shares	Revaluation reserve	Retained earnings	Total
As of 1 January 2016	14,029,013	28,221	99,729	(398)	(16)	(10,258)	117,278
Equity instrument	–	–	(90)	–	–	–	(90)
Group net profit	–	–	–	–	–	887	887
As of 31 March 2016	14,029,013	28,221	99,645	(398)	(16)	(9,371)	118,075
As of 1 January 2017	14,029,013	28,221	99,645	(398)	(22)	(6,856)	120,590
Group net profit	–	–	–	–	–	1,664	1,664
As of 31 March 2017	14,029,013	28,221	99,645	(398)	(22)	(5,192)	122,254

Consolidated Statement of Cash Flows

Consolidated statement of cash flows		
in € thousand	1/1 – 31/3/2017	1/1 – 31/3/2016
Group net profit	1,664	887
Interest expenses	793	1,293
Interest income	(100)	(11)
Depreciation of property, plant and equipment and amortisation of intangible assets	3	1
Measurement result	–	35
Financing costs	–	10
Other non-cash expenses and income	3	–
Shares of gains attributable to non-controlling interests	1,114	666
Distributions to non-controlling interests	(1,914)	–
Interest paid	(831)	(1,592)
Interest received	100	11
Changes in assets and equity and liabilities		
(Increase) / Decrease in trade receivables	521	1,058
(Increase) / Decrease in other receivables	(596)	24
(Decrease) / Increase in provisions	(258)	18
(Decrease) / Increase in trade payables	(880)	(1,207)
(Decrease) / Increase in other liabilities	(136)	(837)
Net cash flow from operating activities	(517)	356
Purchase of investment properties	(2,059)	–
Proceeds from disposal of investment properties / assets under construction	3,600	11,750
Net cash flow from investing activities	1,541	11,750
Proceeds from borrowings	1,842	9,000
Repayment of liabilities to banks	(1,384)	(20,945)
Release of equity portion for convertible bond	–	(90)
Net cash flow from financing activities	458	(12,035)
Change in cash and cash equivalents	1,482	71
Cash and cash equivalents at the beginning of the period	16,776	16,028
Cash and cash equivalents at the end of the period	18,258	16,099

Notes

(1) General corporate information

Fair Value REIT-AG is a stock corporation founded and based in Germany. The Company does not have any branch offices. Following its registration as a stock corporation on 12 July 2007, Fair Value REIT-AG (the "Company") has been listed on the stock exchange since 16 November 2007. It qualified as a real estate investment trust (REIT) on 6 December 2007. The shares of Fair Value REIT-AG are publicly traded. The registered offices of the Company are located at Wuermstr. 13a in 82166 Graefelfing.

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

Due to its investment in a total of eight (31 December 2016: eight) closed-end real estate funds as well as six additional entities, the Company is required to prepare consolidated financial statements.

(2) Significant accounting, measurement and consolidation methods

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

Accordingly, certain information and disclosures that would usually be included in the financial statements have either been shortened or omitted. As a result, these interim financial statements do not contain all the information and disclosures required of year-end consolidated financial statements in accordance with IFRSs. The accounting policies applied for the interim consolidated financial statements are the same as those for the last consolidated financial statements at the end of the fiscal year. A detailed description of the accounting principles is contained in the notes to the consolidated financial statements in our annual report for 2016.

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

Comparative figures The statement of financial position uses the figures as of the reporting date 31 December 2016 as comparative figures. The comparative figures in the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as well as the other overviews relate to the period from 1 January to 31 March 2016.

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

As of 31 March 2017, the basis of consolidation was as follows:

Share of voting rights in %	Share as of 31/3/2017	Share as of 31/12/2016
GP Value Management GmbH, Munich ("GPVM")	100.00	100.00
BBV3 Geschäftsführungs-GmbH & Co. KG, Munich ("FV03")	100.00	100.00
BBV6 Geschäftsführungs-GmbH & Co. KG, Munich ("FV06")	100.00	100.00
BBV9 Geschäftsführungs-GmbH & Co. KG, Munich ("FV09")	100.00	100.00
BBV10 Geschäftsführungs-GmbH & Co. KG, Munich ("FV10")	100.00	100.00
BBV14 Geschäftsführungs-GmbH & Co. KG, Munich ("FV14")	100.00	100.00
IC Fonds & Co. Büropark Teltow KG, Munich ("IC07")	78.16	78.16
BBV Immobilien-Fonds Nr. 6 GmbH & Co. KG, Munich ("BBV06")	62.23	62.23
BBV Immobilien-Fonds Nr. 8 GmbH & Co. KG, Munich ("BBV08")	58.22	58.22
IC Fonds & Co. Gewerbeportfolio Deutschland 13. KG, Munich ("IC13")	57.37	57.37
IC Fonds & Co. SchmidtBank-Passage KG, Munich ("IC12")	53.95	53.95
BBV Immobilien-Fonds Nr. 14 GmbH & Co. KG, Munich ("BBV14")	51.01	51.01
IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, Munich ("IC15")	48.17	48.17
BBV Immobilien-Fonds Nr. 10 GmbH & Co. KG, Munich ("BBV10")	45.16	45.16
BBV Immobilien-Fonds Erlangen GbR, Munich ("BBV02")	42.02	42.02

Accounting policies The accounting policies used in the quarterly financial statements are the same as those used in the consolidated financial statements as of 31 December 2016.

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

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

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

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

(3) Segment revenue and profit/loss

in € thousand	1/1 – 31/3/2017		1/1 – 31/3/2016	
	Segment revenue	Segment profit/loss	Segment revenue	Segment profit/loss
Direct investments	1,528	1,033	1,517	1,035
Subsidiaries	5,130	2,952	5,209	2,032
Total segment revenue and profit/loss	6,658	3,985	6,726	3,067
Central administrative expenses and other	–	(514)	–	(252)
Net interest expense	–	(693)	–	(1,282)
Share of profit/loss attributable to non-controlling interests	–	(1,114)	–	(646)
Group net profit	–	1,664	–	887

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

Profit and loss statement by segment as of 31 March 2017

in € thousand	FV AG	Direct investments			
		IC07	IC12	IC13	IC15
Rental income	1,307	195	155	–	502
Service charge income	221	78	73	–	100
Segment revenue	1,528	273	228	–	602
Service charge expenses	(371)	(80)	(96)	3	(86)
Other property-related expenses	(97)	(18)	(18)	–	(55)
Segment-related administrative expenses	(26)	(14)	(8)	(2)	(26)
Other operating expenses and income (net)	(1)	–	–	–	(58)
Segment profit/loss	1,033	161	106	1	377
Central administrative expenses	(491)	–	–	–	–
Net interest expense	(60)	–	(11)	–	(49)
Share of profit/loss attributable to non-controlling interests	–	–	–	–	–
Income taxes	–	–	–	–	–
Group net profit	482	161	95	1	328

								Subsidiaries
	BBV02	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
	–	29	566	1,506	1,229	4,182	(1)	5,488
	–	6	47	358	286	948	–	1,169
	–	35	613	1,864	1,515	5,130	(1)	6,657
	–	(50)	(159)	(629)	(370)	(1,467)	1	(1,837)
	–	(7)	(22)	(188)	(71)	(379)	–	(476)
	(6)	(42)	(35)	(70)	(75)	(278)	(8)	(312)
	–	–	4	–	–	(54)	(4)	(59)
	(6)	(64)	401	977	999	2,952	(12)	3,973
	–	–	–	–	–	–	–	(491)
	–	–	(56)	(408)	(109)	(633)	–	(693)
	–	–	–	–	–	–	(1,114)	(1,114)
	–	–	–	–	–	–	(11)	(11)
	(6)	(64)	345	569	890	2,319	(1,137)	1,664

Profit and loss statement by segment as of 31 March 2016

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

								Subsidiaries
	BBV02	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
	–	286	579	1,427	1,198	4,314	–	5,571
	–	23	76	305	302	895	–	1,155
	–	309	655	1,732	1,500	5,209	–	6,726
	(2)	(86)	(180)	(713)	(446)	(1,773)	–	(2,094)
	–	(35)	(282)	(323)	(132)	(939)	–	(982)
	–	(34)	(80)	(47)	(47)	(282)	–	(358)
	–	1	(172)	(11)	–	(183)	(8)	(187)
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	(46)
	(2)	155	(59)	638	875	2,032	(8)	3,059
	–	–	–	–	–	–	8	(242)
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	(130)	(362)	(124)	(717)	1	(1,282)
	–	–	–	–	–	–	(646)	(646)
	–	–	–	–	–	–	(2)	(2)
	(2)	155	(189)	276	751	1,315	(647)	887

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

Assets and liabilities by segment 31 March 2017

in € thousand	Direct investments				
		FV AG	IC07	IC12	IC13
Property, plant and equipment and intangible assets	40	–	24	–	–
Investment property	64,440	9,140	7,480	–	25,600
Non-current assets held for sale	210	–	–	–	–
Trade receivables	460	68	85	64	15
Income tax receivables	5	–	–	–	–
Other receivables and assets	13,023	–	13	87	84
Cash and cash equivalents	6,939	256	1,032	46	1,612
Subtotal segment assets	85,117	9,464	8,634	197	27,311
Shares in subsidiaries	65,623	–	–	–	–
Total assets	150,740	9,464	8,634	197	27,311
Provisions	(198)	–	(9)	(9)	(23)
Trade payables	(534)	(45)	(34)	4	(97)
Other liabilities	(1,084)	(36)	(25)	(86)	(41)
Subtotal segment liabilities	(1,816)	(81)	(68)	(91)	(161)
Non-controlling interests	–	–	–	–	–
Financial liabilities	(29,923)	–	(1,814)	–	(7,213)
Derivative financial instruments	–	–	–	–	–
Total liabilities	(31,739)	(81)	(1,882)	(91)	(7,374)
Net assets as of 31 March 2017	119,001	9,383	6,752	106	19,937
Overview of maturities of financial liabilities					
Non-current	(28,808)	–	–	–	(6,986)
Current	(1,115)	–	(1,814)	–	(227)
Financial liabilities	(29,923)	–	(1,814)	–	(7,213)

								Subsidiaries
BBV02	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group	
–	–	–	–	–	24	70	134	
–	–	30,315	80,546	71,270	224,351	–	288,791	
–	–	–	–	–	–	–	210	
–	30	11	1,076	248	1,597	–	2,057	
–	–	–	–	–	–	–	5	
1,361	47	7	505	66	2,170	(2,893)	12,300	
20	1,912	1,690	1,515	3,155	11,238	81	18,258	
1,381	1,989	32,023	83,642	74,739	239,380	(2,742)	321,755	
–	–	–	–	–	–	(65,623)	–	
1,381	1,989	32,023	83,642	74,739	239,380	(68,365)	321,755	
(8)	(33)	(33)	(16)	(28)	(159)	(30)	(387)	
(8)	(94)	(570)	(846)	(120)	(1,810)	(10)	(2,354)	
(29)	(227)	(560)	(1,727)	(329)	(3,060)	430	(3,714)	
(45)	(354)	(1,163)	(2,589)	(477)	(5,029)	390	(6,455)	
–	–	–	–	–	–	(60,908)	(60,908)	
(1,081)	–	(8,354)	(55,211)	(31,242)	(104,915)	2,700	(132,138)	
–	–	–	–	–	–	–	–	
(1,126)	(354)	(9,517)	(57,800)	(31,719)	(109,944)	(57,818)	(199,501)	
255	1,635	22,506	25,842	43,020	129,436	(126,183)	122,254	
–	–	(7,546)	(52,198)	(30,042)	(96,771)	2,700	(122,879)	
(1,081)	–	(808)	(3,013)	(1,200)	(8,144)	–	(9,259)	
(1,081)	–	(8,354)	(55,211)	(31,242)	(104,915)	2,700	(132,138)	

Assets and liabilities by segment 31 December 2016

in € thousand	Direct investments				
	FV AG	IC07	IC12	IC13	IC15
Property, plant and equipment and intangible assets	43	–	24	–	–
Investment property	64,650	9,140	7,480	–	25,600
Non-current assets held for sale	–	–	–	–	–
Trade receivables	481	190	108	69	62
Income tax receivables	5	–	–	–	–
Other receivables and assets	12,464	–	13	87	69
Cash and cash equivalents	3,922	26	938	44	1,290
Subtotal segment assets	81,565	9,356	8,563	200	27,021
Shares in subsidiaries	68,766	–	–	–	–
Total assets	150,331	9,356	8,563	200	27,021
Provisions	(447)	(11)	(9)	(9)	(20)
Trade payables	(179)	(69)	(43)	(3)	(85)
Other liabilities	(994)	(4)	(23)	(83)	(38)
Subtotal segment liabilities	(1,620)	(84)	(75)	(95)	(143)
Non-controlling interests	–	–	–	–	–
Financial liabilities	(30,201)	(50)	(1,831)	–	(7,269)
Derivative financial instruments	–	–	–	–	–
Total liabilities	(31,821)	(134)	(1,906)	(95)	(7,412)
Net assets as of 31 March 2016	118,510	9,222	6,657	105	19,609
Overview of maturities of financial liabilities					
Non-current	(29,086)	–	–	–	(7,042)
Current	(1,115)	(50)	(1,831)	–	(227)
Financial liabilities	(30,201)	(50)	(1,831)	–	(7,269)

Subsidiaries							
BBV02	BBV06	BBV08	BBV10	BBV14	Total	Reconciliation	Group
–	–	–	–	–	24	70	137
–	–	30,000	78,802	71,270	222,292	–	286,942
–	3,600	–	–	–	3,600	–	3,600
–	123	29	1,198	318	2,097	–	2,578
–	–	–	–	–	–	–	5
1,361	47	16	30	66	–	(2,447)	11,706
27	3,483	2,531	1,193	3,231	12,763	91	16,776
1,388	7,253	32,576	81,223	74,885	242,465	(2,286)	321,744
–	–	–	–	–	–	(68,766)	–
1,388	7,253	32,576	81,223	74,885	242,465	(71,052)	321,744
(8)	(33)	(33)	(24)	(28)	(175)	(23)	(645)
(8)	(179)	(1,344)	(1,224)	(92)	(3,047)	(7)	(3,233)
(30)	(275)	(482)	(1,402)	(993)	(3,330)	436	(3,888)
(46)	(487)	(1,859)	(2,650)	(1,113)	(6,552)	406	(7,766)
–	–	–	–	–	–	(61,708)	(61,708)
(1,081)	–	(8,556)	(53,300)	(31,642)	(103,729)	2,250	(131,680)
–	–	–	–	–	–	–	–
(1,127)	(487)	(10,415)	(55,950)	(32,755)	(110,281)	(59,052)	(201,154)
261	6,766	22,161	25,273	42,130	132,184	(130,104)	120,590
–	–	(7,748)	(50,287)	(30,442)	(95,519)	2,200	(122,405)
(1,081)	–	(808)	(3,013)	(1,200)	(8,210)	50	(9,275)
(1,081)	–	(8,556)	(53,300)	(31,642)	(103,729)	2,250	(131,680)

Review

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

Declaration of compliance with the German Corporate Governance Code

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

Graefelfing, 9 May 2017

Fair Value REIT-AG



Patrick Kaiser

Responsibility statement

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

Graefelfing, 9 May 2017

Fair Value REIT-AG



Patrick Kaiser

The Share

Fair Value REIT-AG capital market report

Share prices on the German stock markets got off to a pleasing start in 2017. The DAX, Germany's leading share index comprising the 30 largest German companies, increased by 7.2 % in the first quarter of 2017. The smaller stocks index MDAX experienced even stronger growth of 7.7 % in the first three months of 2017, while the SDAX, for smaller stocks, recorded growth of around 6 %.

In this market environment and supported by a positive business development, the share price of Fair Value REIT-AG rallied strongly in the first quarter of 2017. After recording the lowest closing price in the electronic trading system Xetra right at the beginning of the year of €6.50 on 2 January 2017, the price was able to surpass the €7.00 mark again as the quarter progressed. The share price was buoyed by factors including the announcement of a significantly higher than planned dividend payment for the fiscal year 2016 of €0.40 per share compared to the €0.25 per share originally targeted. This helped the Fair Value share reach its quarterly high of €7.65 on 22 February 2017. At the end of the first quarter of 2017, the share price stood at €7.45, up around 18 % on the level reached at the end of 2016.

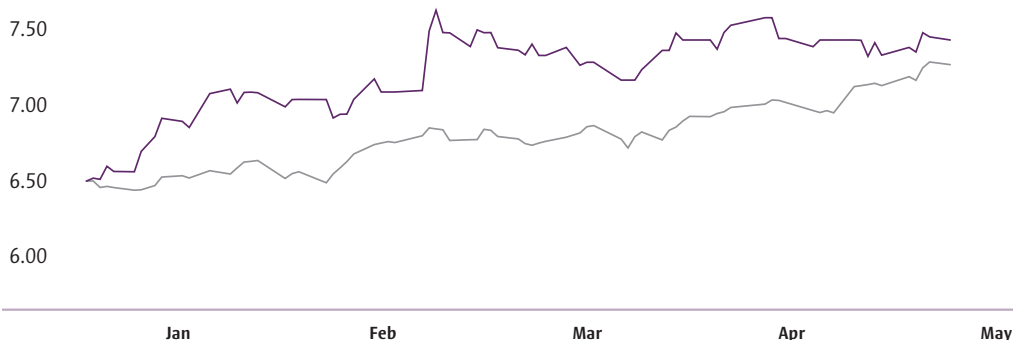
On average, 5,838 Fair Value REIT-AG shares were traded per day on all German stock exchanges in the first quarter of 2017. This is considerably more than in the corresponding previous-year period with 3,465 shares and also compared to the average of the 2016 trading period with 3,400 shares per day. The average daily trading volume in the electronic trading system Xetra accounted for around 96 % of the total volume in Germany in the first quarter of 2017.

Development of the share of Fair Value REIT-AG in the first quarter of 2017:

1 January to 8 May 2017

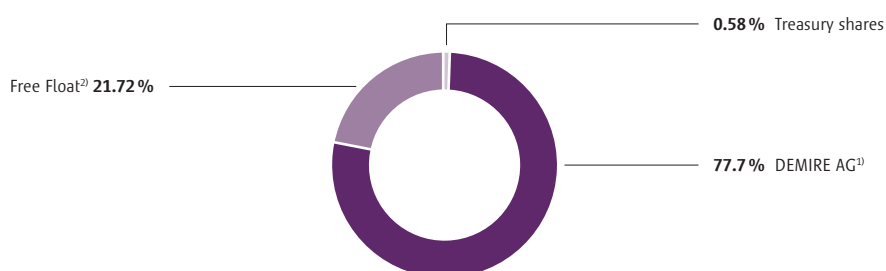
in €

■ Fair Value REIT-AG (XETRA)
 ■ DAX Subsector Real Estate
 (indexiert zum 1.1.2015)



Shareholder structure of Fair Value REIT-AG

as of 31 March 2017



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

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

Key data of the Fair Value share

as of 31 March 2017

Sector	Real estate (REIT)
WKN/ISIN	A0MW97/DE000A0MW975
Stock symbol	FVI
Share capital	€28.220.646,00
Number of shares (non-par value shares)	14.110.323
Proportion per share in the share capital	€2.00
Initial listing	16 November 2007
High/low 1st quarter 2017 (XETRA)	€7.65/€6.50
Market capitalization on 31 March 2017 (XETRA)	€105 million
Market segment	Prime Standard
Stock exchanges Prime Standard	Frankfurt, XETRA
Stock exchanges OTC	Berlin, Duesseldorf, Hamburg, Munich, Stuttgart, Tradegate
Designated sponsor	ODDO SEYDLER BANK
Indices	RX REIT All Shares-Index, RX REIT-Index

Details on the Company and the share are also available on its website at www.fvreit.de.

Financial calendar

Fair Value REIT-AG

2 June 2017 Annual General Meeting, Munich

10 August 2017 Semi-Annual Report 2017

9 November 2017 Quarterly Statements 1st to 3rd Quarter 2017

Imprint

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No. HRB 168 882

Date of publication: 11 May 2017

Management Board

Patrick Kaiser

Supervisory Board

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

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