

fair value  
REIT

# Company presentation

## 9M / 2012

Frank Schaich, CEO  
Fair Value REIT-AG  
November 8, 2012

# Disclaimer

This presentation 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. 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.

# Fair Value – an overview

## BUSINESS MODEL

- ▶ **Focus** on commercial real estate in Germany
- ▶ **Direct and indirect investments** in German regional centers
- ▶ **Broadly diversified real estate portfolio** in regional und sectoral respect
- ▶ **Own share as currency:** Growth through contributions in kind of property or participations in property holding partnerships
- ▶ **Internal management with lean cost base** through outsourcing of accounting and property management



Neumünster



Rostock



Pinneberg



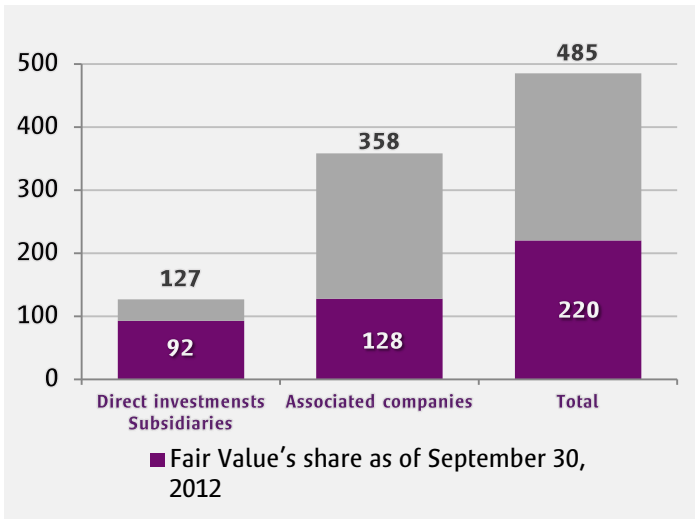
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# Real estate portfolio



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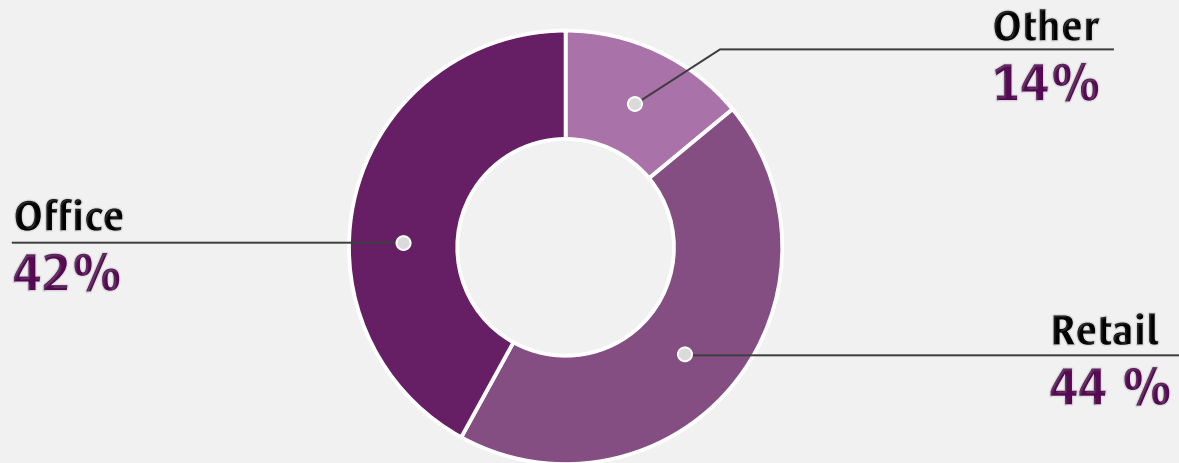
# Portfolio structure – Market values



- ▶ **€ 485 million** market value of total portfolio
- ▶ **€ 220 million** Fair Value's share
- ▶ **Total of 69 properties** with a rental area of 429,000 m<sup>2</sup> (overall)
- ▶ Well balanced sector structure

▶ **Broad diversification of real estate portfolio**

# Portfolio split by Sectors\*



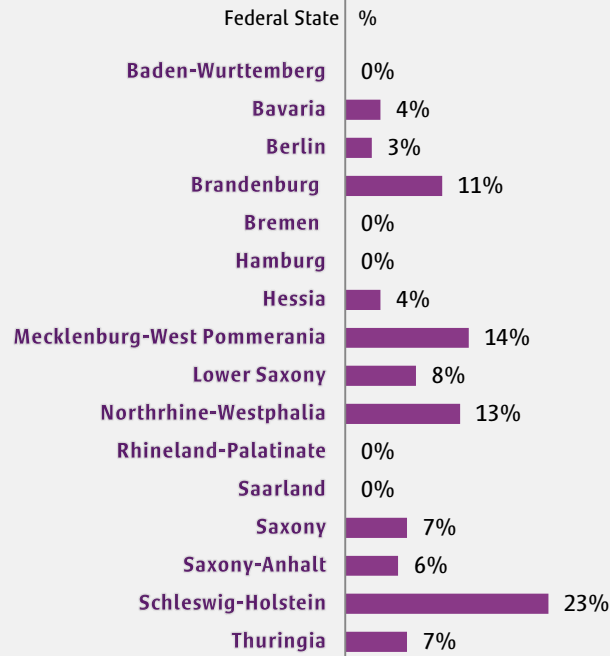
\* Relating to potential rent, rounded

# Portfolio split by region

## Split by federal state

September 30, 2012

## Fair Value's share



■ Fair Value's share - according to market values

- ▶ Broad regional diversification
- ▶ Focus on secondary locations
- ▶ Advantage: relatively low volatility concerning changes in rents and market values

▶ **High rental yields combined with relatively low risk profile**

# Tenant structure

T€	September 30, 2012
Sparkasse Südholstein	14.5%
Metro Group	10.5%
Edeka Group	10.0%
BBV Holding AG	6.0%
Kaufland Group	5.2%
Schweizerhof Hotel	5.0%
Commerzbank Group	3.7%
HPI Germany	3.4%
Energiebau	2.3%
IAV Ingenieurgesellschaft	2.3%
Others	37.1%
Total	100.0%

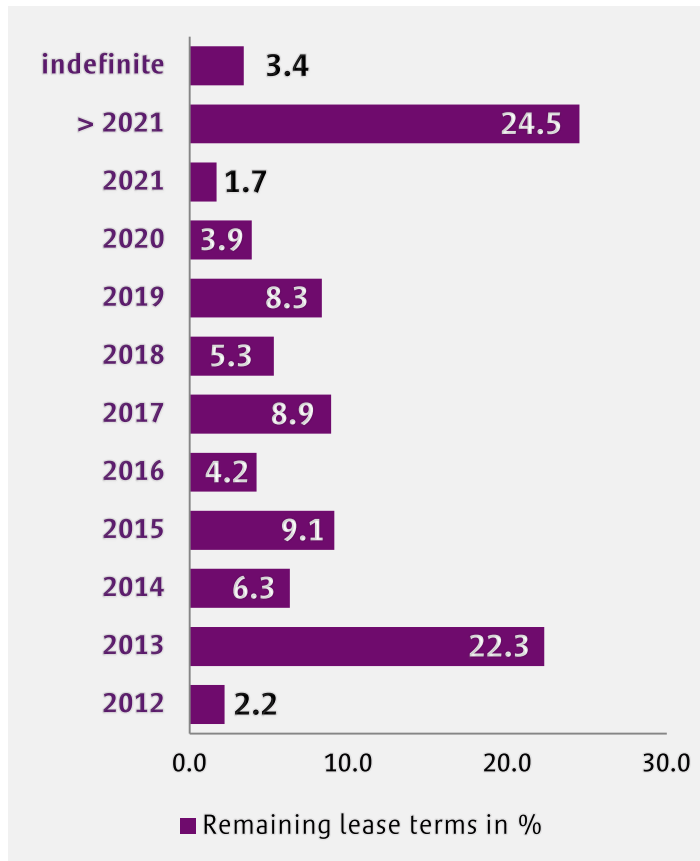
- ▶ Tenant structure characterized by high solvency
- ▶ 10 largest tenants make up 63% of contractual rent
- ▶ Largest single tenant with share of 15% of contractual rent
- ▶ Retail companies such as Metro, Edeka and Kaufland account for total of 26% of contractual rent

▶ **Broad tenant structure improves risk diversification**

\* in % of proportionate contractual rents



# Occupancy and remaining lease terms 9/2012

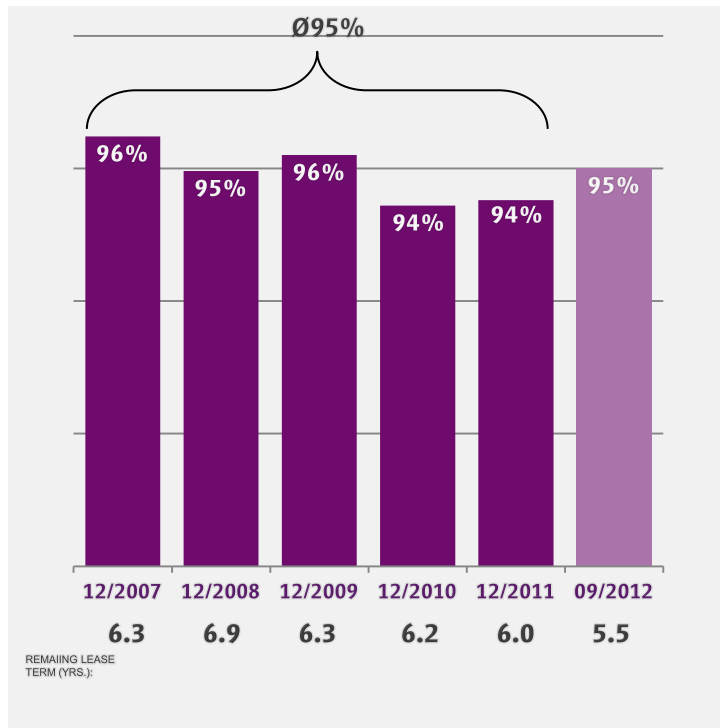


- ▶ Occupancy rate: **95.1%** of potential rent of **€ 19.3 million**
- ▶ Proportionate **contractual rents of € 18.3 million**
- ▶ Weighted residual lease term of **5.5 years**

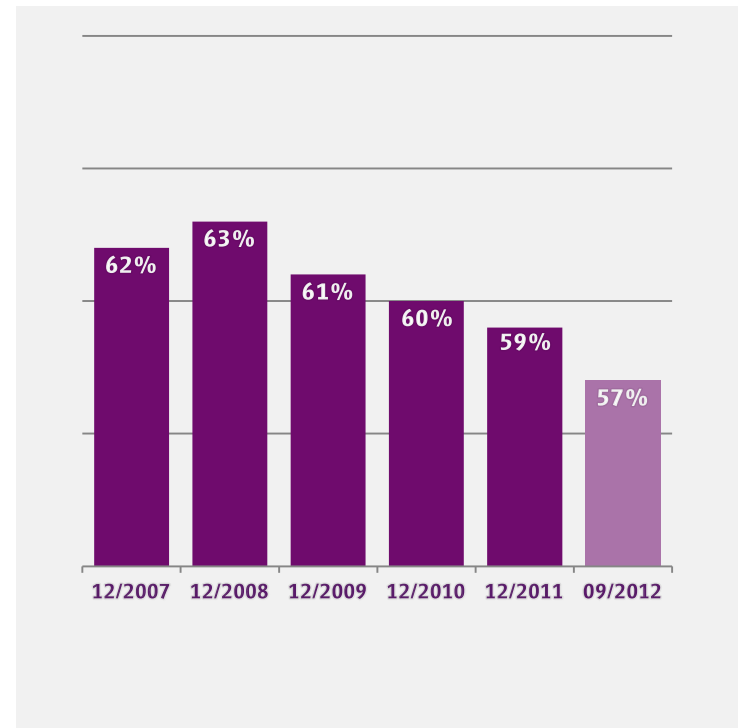
▶ **Solid base of rental income**

# Solid base

**OCCUPANCY RATE (IN % OF PROPORTIONATE POTENTIAL RENT): 2007 - 2011**



**NET-LTV-RATIO (QUOTA CONSOLIDATED IN % OF PROPORTIONATE MARKET VALUES):**



# Financial results 9 M/2012



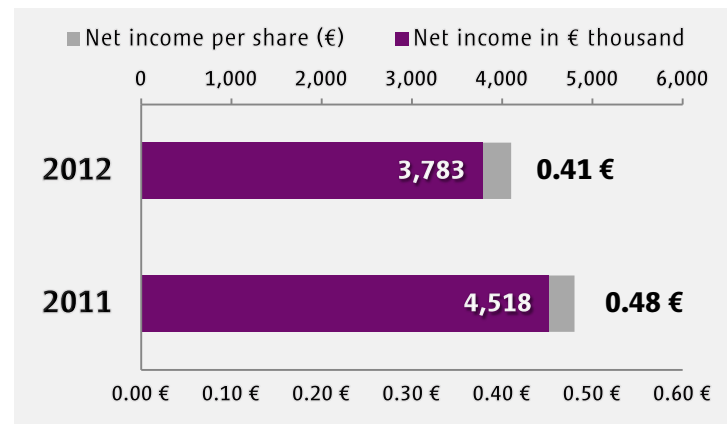
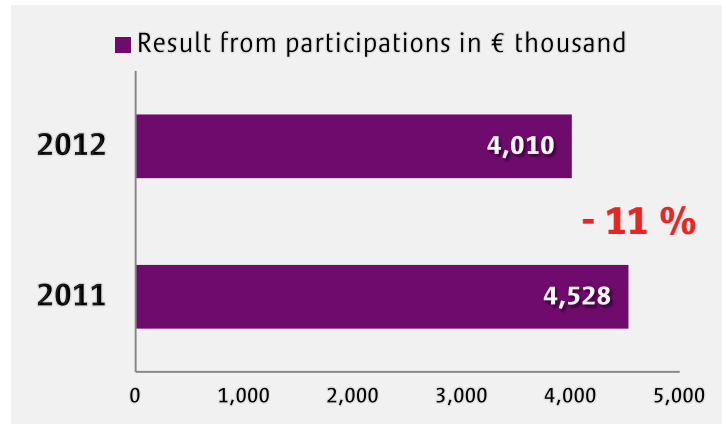
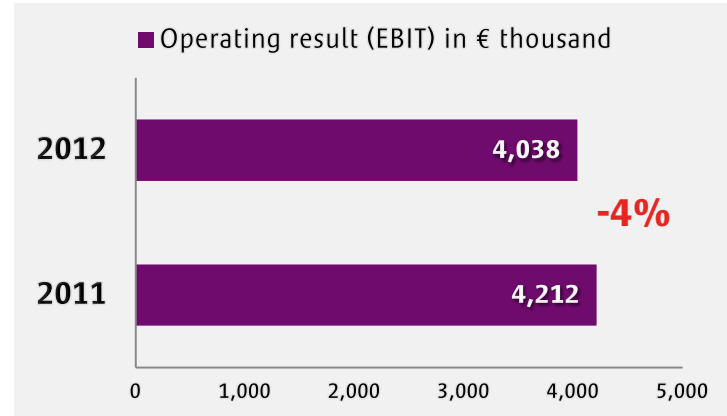
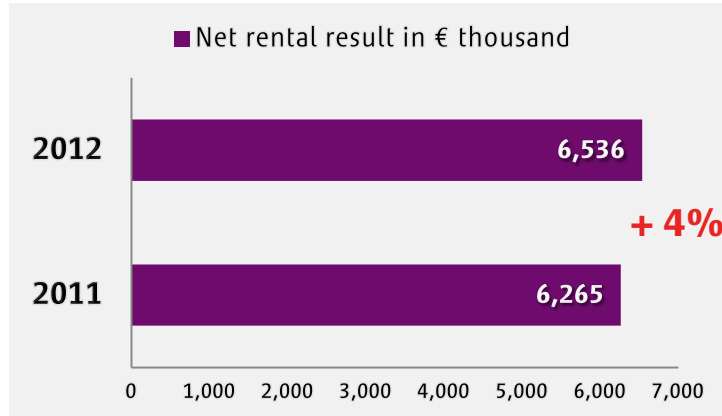
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# Group financial figures 9 M/2012

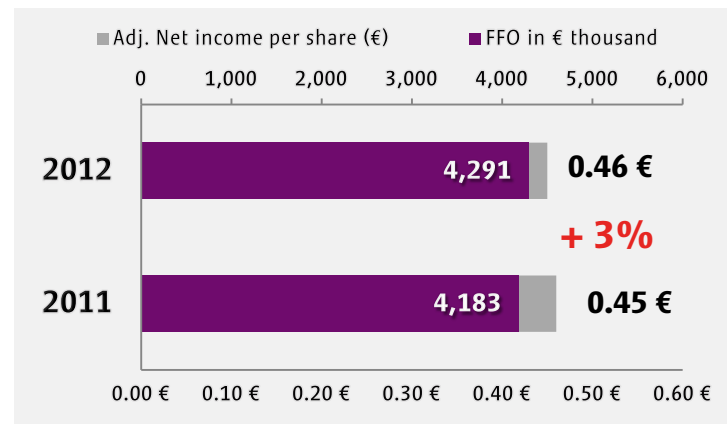
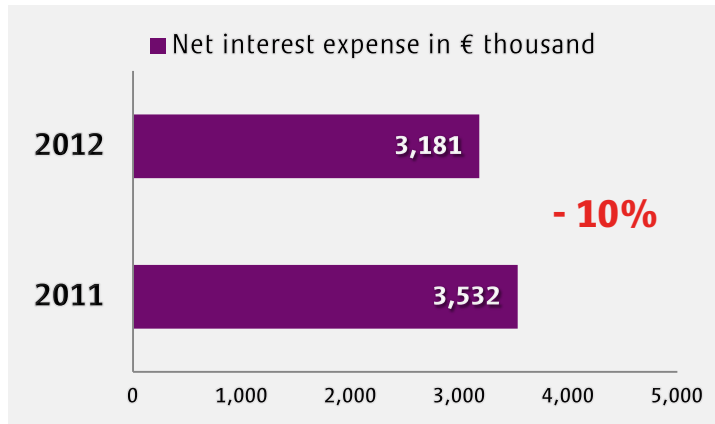
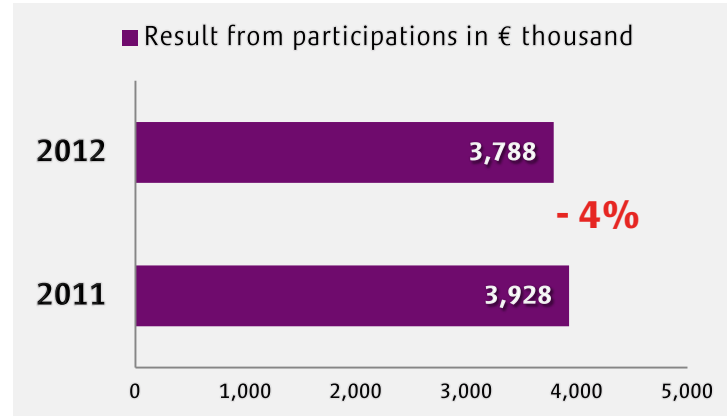
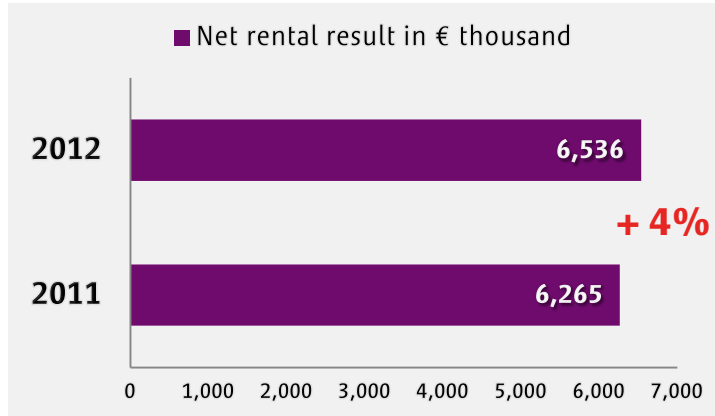


- ▶ **IFRS- Group net income: (- 16%)**  
9M/2012: + € 3.8 million  
9M/2011: + € 4.5 million
- ▶ Higher positive valuation result on interest rate derivatives in 2011 (50% of decline)
- ▶ Valuation loss (50% of decline)
- ▶ **FFO: (+ 3%)**  
9M/2012: + € 4.3 million  
9M/2011: + € 4.2 million
- ▶ **Equity ratio** according to § 15 REITG **increased to 52.8%** (December 31, 2011: 51.0%)

# Group key financial data 9M/2012 – P&L



# Adjusted Group net income (FFO) 9M/2012



# Group balance sheet figures - Assets



## ► Total assets

09/2012: - 2%

## ► Non-current assets

12/2011: 94%

09/2012: 95%

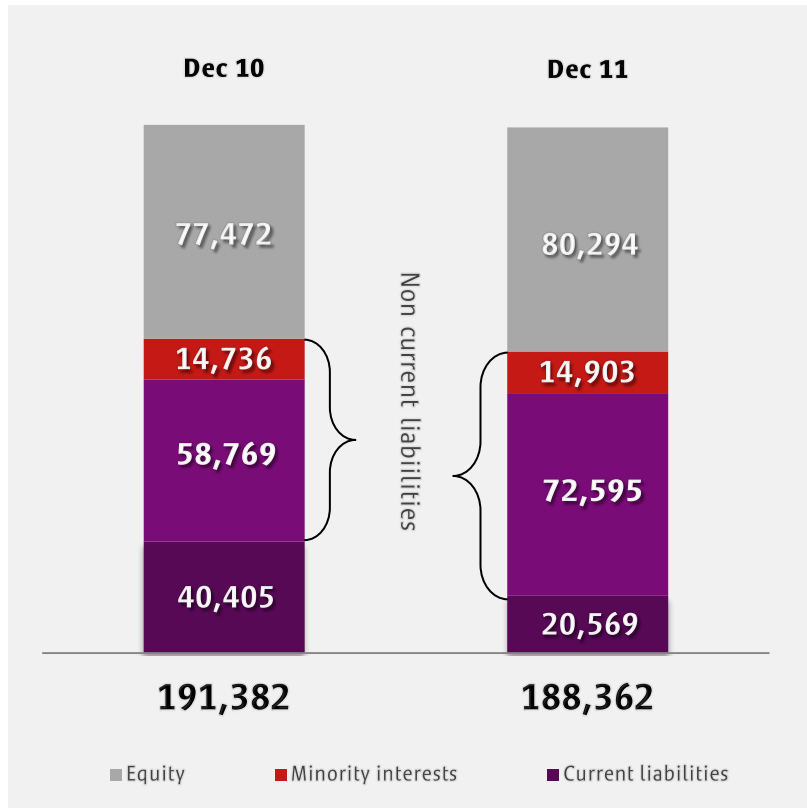
## ► Cash and cash equivalents

12/2011: € 7.7 million

09/2011: € 5.4 million ( - 30%)

- Dividend payment in 2011 € 0.75 mn
- Extraordinary debt repayments > € 1 mn

# Group balance sheet figures – Equity/Liabilities



## ► Financial liabilities

12/2011: € 90.1 mn

09/2012: € 84.9 mn (-6%)

## ► Balance sheet equity ratio

12/2011: 40.5%

09/2012: 43.0%

## ► Equity ratio according to § 15 REITG\*

12/2011: 51.0%

09/2012: 52.8%

\* (equity + minority interests) /  
immovable assets

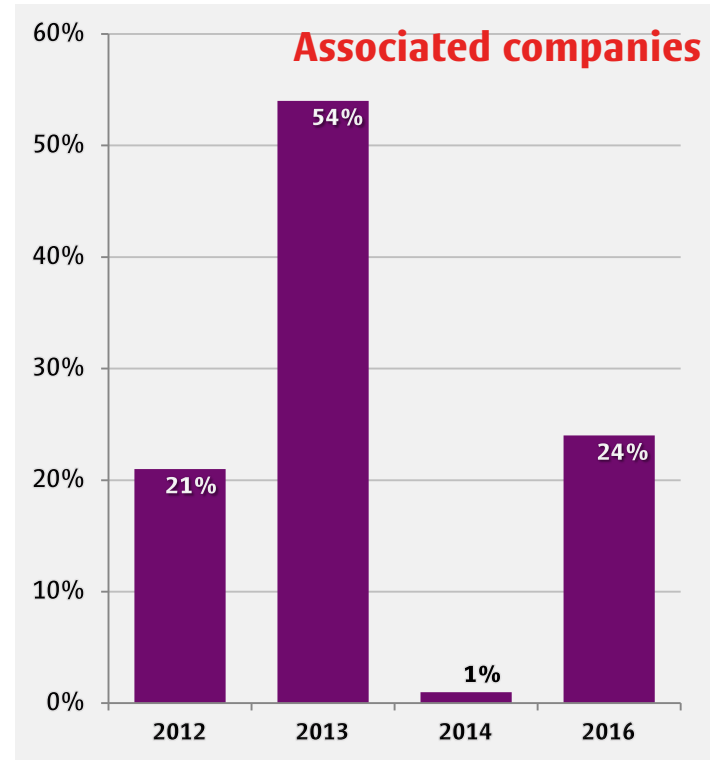
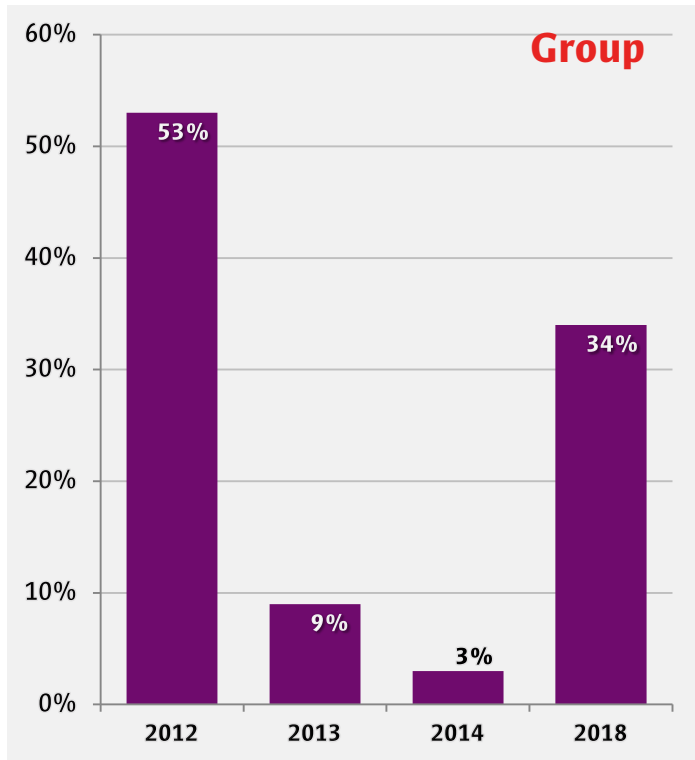


# Earnings outlook 2012 - 2016

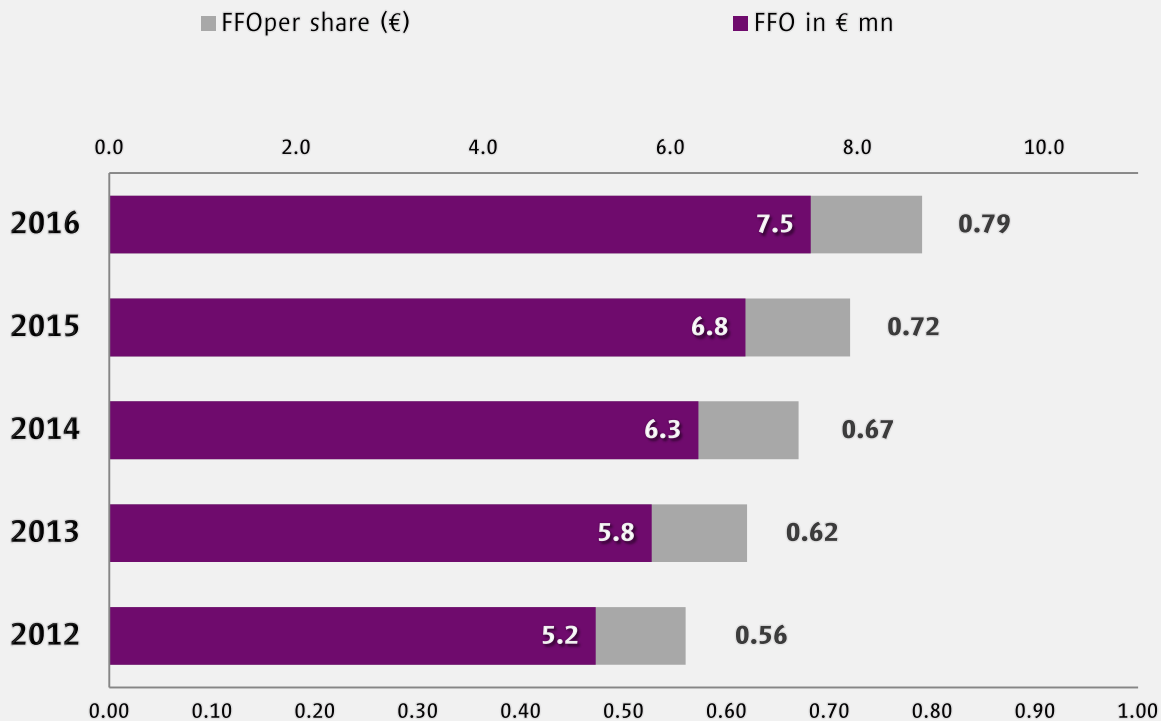


# Savings potential for financial result

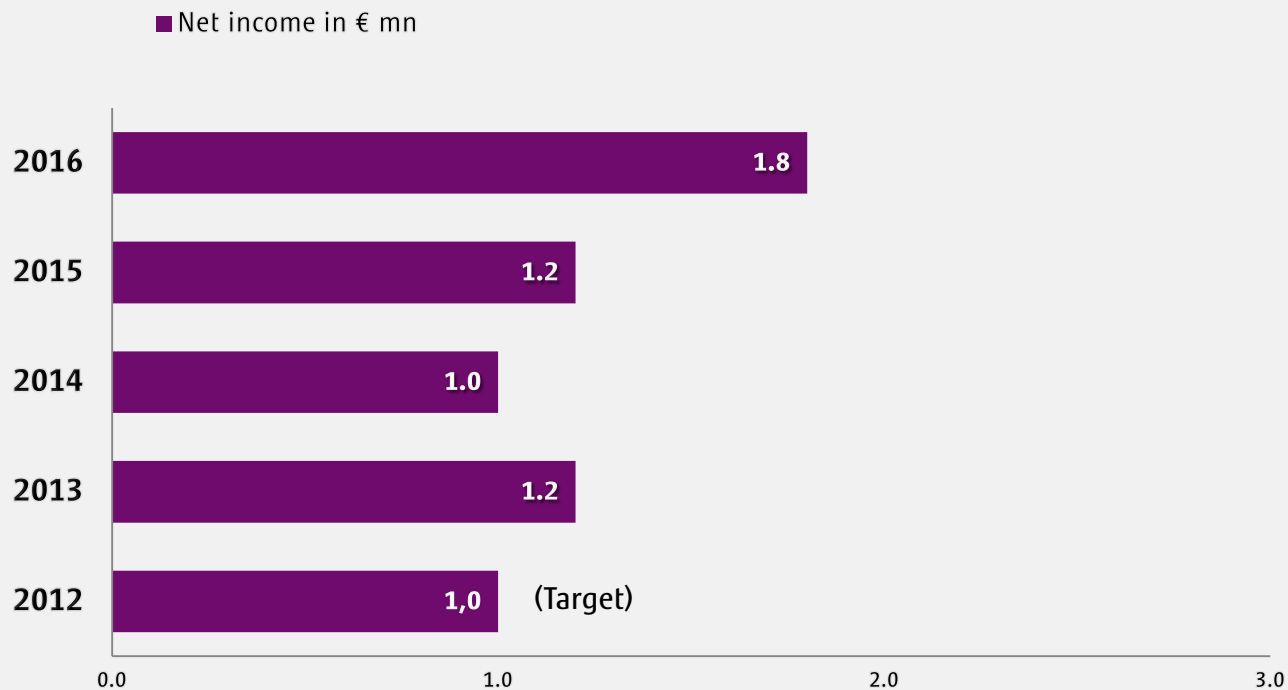
## MATURITIES OF FINANCIAL LIABILITIES



# FFO-outlook 2012-2016



# Outlook German GAAP results 2012 - 2016



# Goals and Strategy



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# Goals and Strategy – enhance dividend potential



- ▶ **Improve overhead cost ratio** in participations
- ▶ **Improve financial result** based on loan maturities facing all time low interest rates
- ▶ **Sell selective (smaller) properties**
- ▶ **Further improve equity ratio**
- ▶ **Reduce complexity of group balance sheet structure** in favour of direct investments (includes liquidation of partnerships) and majority interests
- ▶ **Increase equity base** and generate growth related economies of scale

# Chart Fair Value ./. Dax subsector Real Estate

PERIOD JANUARY 1, 2012 – NOVEMBER 06, 2012

## Development of Fair Value's share

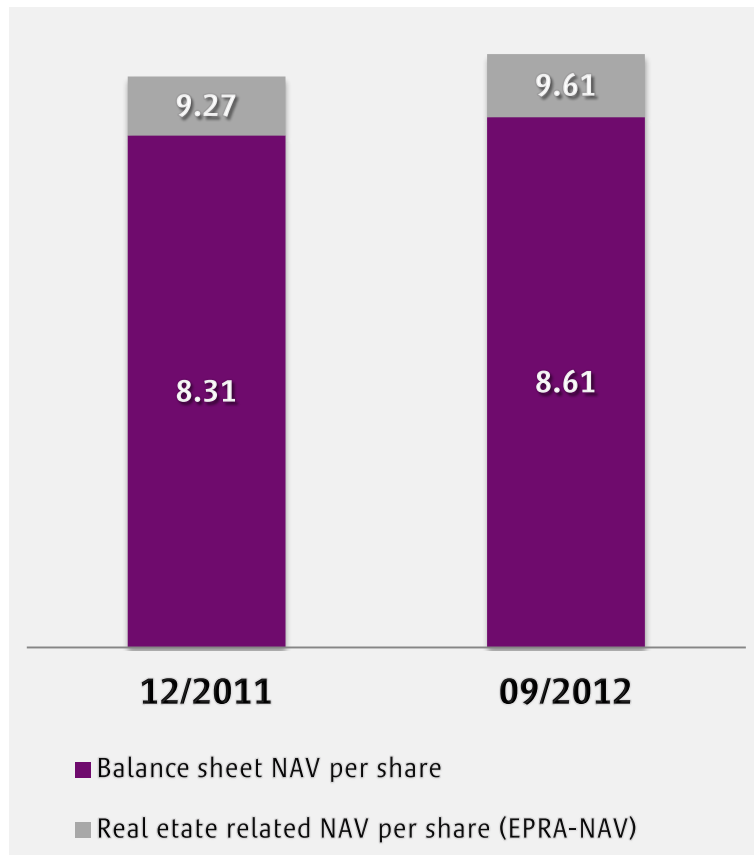
January 3 to November 6, 2012

in €

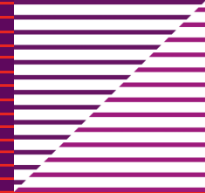


- ▶ **SOLID OPERATIVE BASE**
- ▶ **GOOD PERSPECTIVES FOR NET INCOME**
- ▶ **OPPORTUNITY: DISCOUNT TO NAV >40%**

## Group - NAV per share







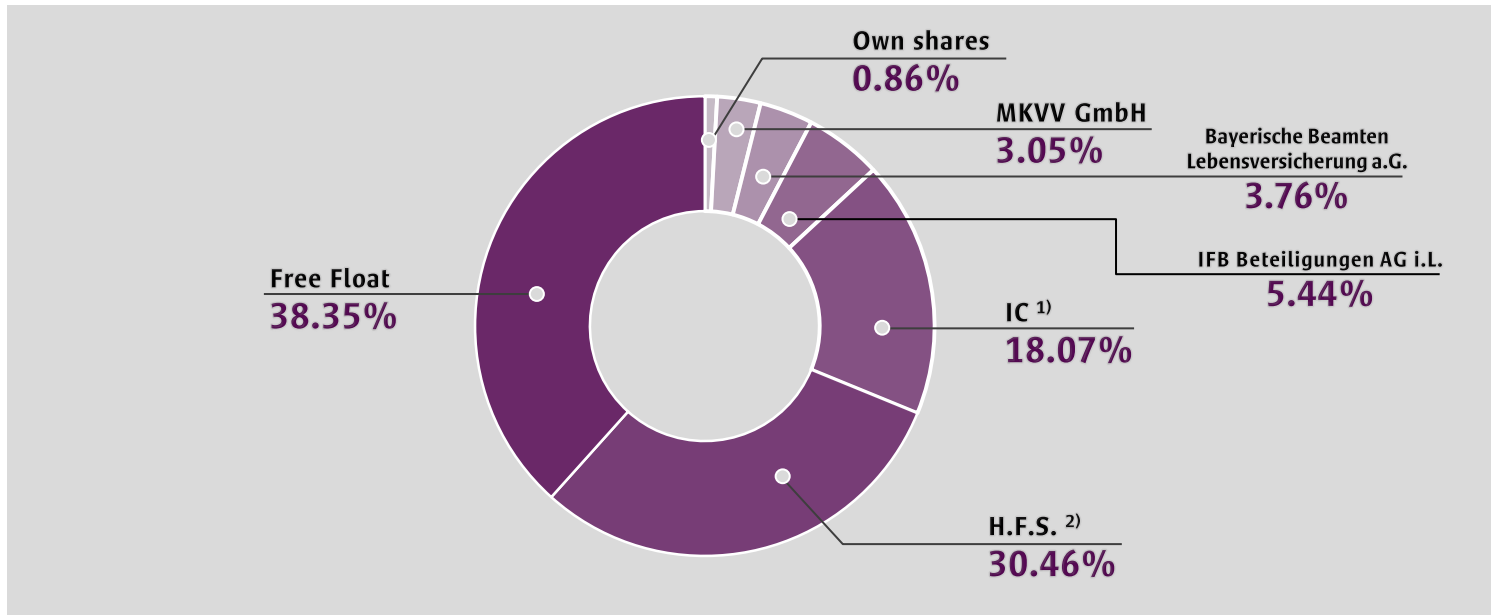
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# Annex - Shareholder structure



<sup>1)</sup> IC Immobilien Holding AG 9.39 %, IC Immobilien Service GmbH 6.34%, IC Fonds GmbH 2.34%

<sup>2)</sup> H.F.S. Zweitmarkt Invest 2 GmbH & Co. KG 8.13%, H.F.S. Zweitmarkt Invest 5 GmbH & Co. KG 7.44%, H.F.S. Zweitmarkt Invest 4 GmbH & Co. KG 7.44%, H.F.S. Zweitmarkt Invest 3 GmbH & Co. KG 7.44%,

# Annex - Key data

Sector	Real estate (REIT)
<b>WKN (German Securities Code) / ISIN:</b>	A0MW97 / DE000A0MW975
<b>Bloomberg</b>	FVI:GR
<b>Reuters</b>	FVIG.DE
<b>Share capital</b>	€ 47,034,410.00
<b>Number of shares (no-par value bearer shares)</b>	9,406,882
<b>Proportion per share in the share capital</b>	€ 5.00
<b>Authorized capital</b>	n/a
<b>Initial listing</b>	November 16, 2007
<b>High / low 9M 2012</b>	€ 4.95 / € 3.50 (XETRA)
<b>Market capitalization on September 30, 2012</b>	€ 45.9 million (XETRA)
<b>Market segment</b>	Prime Standard
<b>Stock exchanges</b>	Prime Standard: Frankfurt, XETRA OTC: Stuttgart, Berlin-Bremen, Dusseldorf, Munich
<b>Designated Sponsor</b>	Close Brothers Seydler
<b>Indices</b>	RX REIT All Shares-Index, RX REIT-Index

# Annex - Management

## MANAGEMENT BOARD



Frank Schaich  
CEO

### Frank Schaich

- ▶ International real estate experience since 1983 (Germany, Canada, USA, Poland, the Netherlands)
- ▶ 1988 to 2007 in executive positions at IC Real Estate Group
- ▶ CEO of Fair Value since September 17, 2007

- ▶ **Tried-and-tested international experience and expertise in all areas of the real estate business**