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Fair Value REIT-AG  
November, 2015



fair value  
REIT

# Stimulating Growth, Creating Value.

## Q3 2015 Update

## Summary equity story cornerstones

### *Stimulating Growth, Creating Value*

1

German retail and office in second tier locations providing a healthy mix of stability and upside

2

Diversified FVR portfolio in strong micro locations with high alternative use and resilient tenancy profile

3

Generating additional upside via active asset management

4


Growing the platform with direct and indirect investments

5

Compelling risk-return-profile anchored by moderate REIT LTV-levels

# Fair Value REIT-AG

*The retail and office specialist in German secondary locations*

FVR business model		FVR key financials		
 <p><b>Specialist for retail and office properties in secondary locations</b></p> <p>Total portfolio € 306m NAV € 119m Minorities € 63m</p>	<p><b>Direct investments</b> 100% - ownership <b>€67m</b></p>	<p><b>9M 2015</b>      <b>9M 2014</b></p>		
		<p><b>GRI (€m)</b>      17.4      18.0</p>		
<p><b>Indirect investments</b> Fair Value's participations 44–78%* <b>€239m</b></p> <p><small>*de facto control through AGM majorities in all participations</small></p>	<p><b>Direct investments</b> 100% - ownership <b>€67m</b></p>	<p><b>FFO incl. minorities (€m)</b>      6.8      8.1</p>		
		<p><b>FFO excl. minorities (€m)</b>      4.5      3.7</p>		
<p><b>Retail</b> €170m</p>	<p><b>Office</b> €103m</p>	<p><b>Others</b> €33m</p>	<p><b>30-Sep-2015</b>      <b>31-Dec-2015</b></p>	
			<p><b>Net Debt (€m)</b>      133.5      150.5</p>	
<p><b>Direct investments</b> 100% - ownership <b>€67m</b></p>	<p><b>Indirect investments</b> Fair Value's participations 44–78%* <b>€239m</b></p> <p><small>*de facto control through AGM majorities in all participations</small></p>	<p><b>Direct investments</b> 100% - ownership <b>€67m</b></p>	<p><b>Portfolio Value IFRS (€m)</b>      305.6      281.0</p>	
			<p><b>NAV (€m)</b>      118.5      78.3</p>	
<p><b>Retail</b> €170m</p>	<p><b>Office</b> €103m</p>	<p><b>Others</b> €33m</p>	<p><b>Minorities (€m)</b>      63.0      60.0</p>	
			<p><b>NAV incl. minorities (€m)</b>      181.6      138.3</p>	
<p><b>Retail</b> €170m</p>	<p><b>Office</b> €103m</p>	<p><b>Others</b> €33m</p>	<p><b>LTV (%)</b>      44      54</p>	
			<p><b>Vacancy rate (%)</b>      8.2      8.5</p>	
<p><b>Retail</b> €170m</p>	<p><b>Office</b> €103m</p>	<p><b>Others</b> €33m</p>	<p><b>Market cap (€m)</b>      110.1      63.7</p>	



## Portfolio overview

# FVR portfolio overview

Key office assets located around attractive economic hubs

## Greater Hamburg area

FV €46.4m

## Rostock area

FV €70.3m

## Hannover/Osnabrueck area

FV €10.0m

## Berlin area

FV €62.4m

## Chemnitz/Dresden area

FV €62.0m

## NRW area

FV €41.5m

## Frankfurt area

FV €13.0m

Risk Chance

FVR Portfolio concentration

Source: Empirica; Prognos Future Atlas;  
Statista

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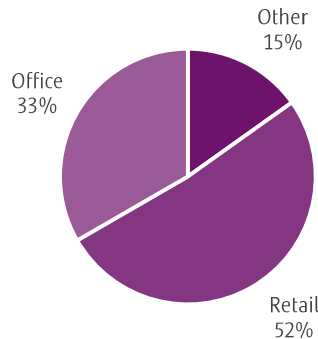
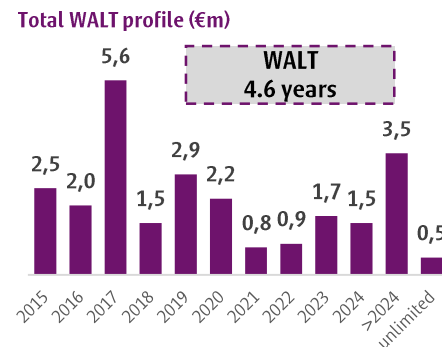
## Portfolio dominated by office and retail

		Office	Retail	Others	Total
Share		33.7%	55.6%	10.7%	100%
Rostock portfolio	23.0%	7.4	62.9	-	70.3
Berlin portfolio	20.4%	12.2	50.2	-	62.4
Chemnitz/ Dresden portfolio	20.3%	24.0	26.3	11.7	62.0
Greater Hamburg portfolio	15.2%	46.4	-	-	46.4
Others	21.1%	13.0	30.5	21.0	64.5
Total	100%	103.0	169.9	32.7	305.6

Note: Market values 30 Sep 2015  
Differences due to rounding

## Tenant overview

*Resilient tenancies and attractive WALT profile generating sustainable cash flows*

Top 10 tenants (52% of total contractual rent as per 9/2015)					Comments	Top 10 tenants by asset class
	Type of Use	Rent (€m)	In % of total contractual rent	Rent maturity (years)		
1. Metro Group	Retail	2.49	<b>1</b> 9.9%	2.8	<b>1 Eisenhuettenstadt and Querfurt:</b> Metro lease in Eisenhuettenstadt (1,6 €m) ends in 12/2015. Successful reletting expected.	
2. Sparkasse Suedholstein	Office	2.13	8.5%	9.0		
3. Commerzbank Group	Office	1.46	5.8%	2.1		
4. REWE Group	Retail	1.43	5.7%	2.2		
5. HPI Germany	Office	1.38	5.5%	5.3		
6. Kaufland/Lidl Group	Retail	1.24	4.9%	7.1		
7. Edeka Group	Retail	0.97	3.9%	3.1		
8. Federal Labour Agency	Office	0.80	3.2%	1.0		
9. Hammer Fachmärkte	Retail	0.62	2.5%	1.8		
10. WISAG	Other	0.62	2.5%	3.9		
Others		12.03	47.8%			<b>Well spread maturity schedule</b> 
<b>Total / average</b>		<b>25.19</b>	<b>100.0%</b>	<b>4.6</b>		

Notes: <sup>(1)</sup>Moody's  
<sup>(2)</sup>Corporate Family Rating of the Savings Banks Finance Group. In the case of individual institution ratings, the assessment cannot fall more than two notches below the Corporate Family Rating  
<sup>(3)</sup>Euler Hermes



## Financials

## Consolidated balance sheet

*Net LTV ratio down to 44% from 54%*

### Assets

in € million	30-Sep-2015	31-Dec-2014
Investment property	305.3	267.7
Other	10.0	10.2
<b>Total non-current assets</b>	<b>315.3</b>	<b>277.9</b>
Receivables	5.1	6.2
Cash and cash equivalents	14.2	14.6
<b>Total current assets</b>	<b>19.4</b>	<b>20.7</b>
Non-current assets held for sale	0	13.2
<b>Total assets</b>	<b>334.7</b>	<b>311.9</b>

### Comments

- 1** Total assets increased by 7% mainly due to property acquisitions
- 2** REIT-equity ratio up to 59.5% (31-Dec-2015: 49.2%)
- 3** Financial liabilities down from €165.1m to €147.7m (-11%)

### Equity and Liabilities

in € million	30-Sep-2015	31-Dec-2014
<b>Total shareholders' equity</b>	<b>118.5</b>	<b>78.3</b>
Minority interests	63.0	60.0
Other non-current liabilities	123.0	112.5
<b>Total non-current liabilities</b>	<b>186.1</b>	<b>172.6</b>
<b>Current liabilities</b>	<b>30.1</b>	<b>61.0</b>
<b>Total shareholders' equity and liabilities</b>	<b>334.7</b>	<b>311.9</b>



## Consolidated income statement

*Successful minority buy-out activities leading to improved net income position*

in € million	9M 2015	9M 2014
Rental income	17.4 <sup>1</sup>	18.0
Net property operating expenses (non recoverables)	(4.7)	(4.1)
<b>Net rental income (NOI)</b>	<b>12.8</b>	<b>13.8</b>
NOI Margin	73% <sup>2</sup>	77%
General Admin / Overhead	(2.9)	(2,1)
Other Costs / Other Income	3.1 <sup>3</sup>	0.4
<b>EBITDA (pre valuation and disposal results)</b>	<b>13.0</b>	<b>12.1</b>
EBITDA margin (pre valuation and disposal results)	75%	67%
Result from disposals	(0.1)	(0.3)
Valuation result	0.6	0.0
Net interest expenses	(3.4)	(3.9)
Minority interests	(2.3) <sup>4</sup>	(4.4)
<b>Net Income</b>	<b>7.8</b>	<b>3.4</b>

### Comments

- <sup>1</sup> Decrease mainly driven by property sales
- <sup>2</sup> Higher maintenance cost reason for lower NOI margin
- <sup>3</sup> Including €2.9m one-off-income as a result of successful minority-buy-out
- <sup>4</sup> Reduction of minority interests due to successful minority-buy-outs

## Overview of key property and performance figures

*Main drivers in 2015: Convertible and Capital increase/Rights Issue*

### NAV

in € million	30-Sep-2015	31-Dec-2014
Fair value of properties (incl. non-current assets held for sale)	305.3	281.0
Miscellaneous assets minus miscellaneous liabilities	27.1	27.1
Minority interests	-63.0	-60.0
Financial liabilities	-147.7	-165.1
Other liabilities	-3.1	-4.7
<b>NAV</b>	<b>118.5</b>	<b>78.3</b>
<b>NAV per share</b>	<b>8.45</b>	<b>8.39</b>

### EPRA-NAV

in € million	30-Sep-2015	31-Dec-2014
NAV pursuant to cons. balance sheet	118.5	78.3
Fair value of derivative financial instruments	-	1.0
Of which due to minority interests	-	-0.1
<b>EPRA-NAV</b>	<b>118.5</b>	<b>79.2</b>
<b>EPRA-NAV per share</b>	<b>8.45</b>	<b>8.49</b>

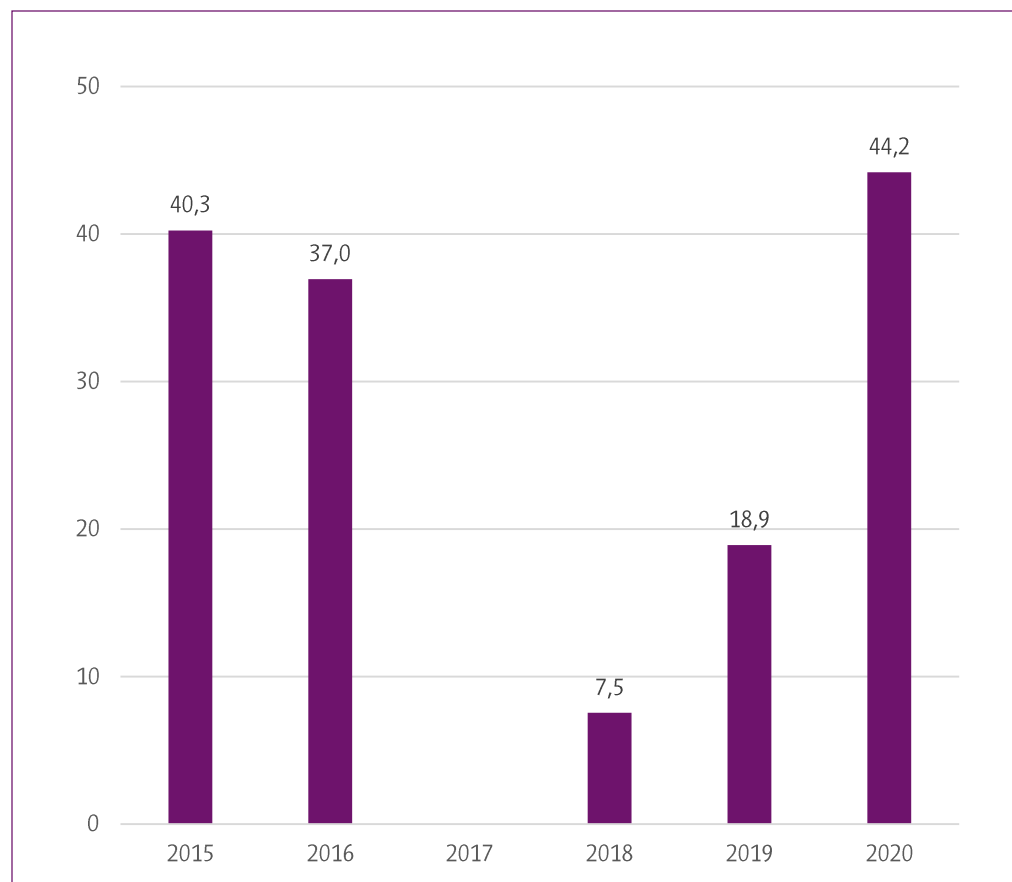
### FFO

in € million	9M 2015	9M 2014
Rental income (GRI)	17.4	18.0
Net property operating expenses (non recoverable)	(4.7)	(4.1)
<b>Net rental income</b>	<b>12.8</b>	<b>13.8</b>
General administrative expenses/ other/ measurement result	(2.7)	(1.7)
<b>Operating result</b>	<b>10.1</b>	<b>12.1</b>
Net interest expenses	(3.3)	(4.0)
<b>Income before minority interests</b>	<b>6.8</b>	<b>8.1</b>
Minority interests	(2.3)	(4.5)
<b>EPRA-Earnings / FFO</b>	<b>4.5</b>	<b>3.7</b>
<b>EPRA-Earnings / FFO per share</b>	<b>0.38</b>	<b>0.39</b>

## Debt profile Q3 2015

*Interest maturity profile offers attractive refinancing opportunities*

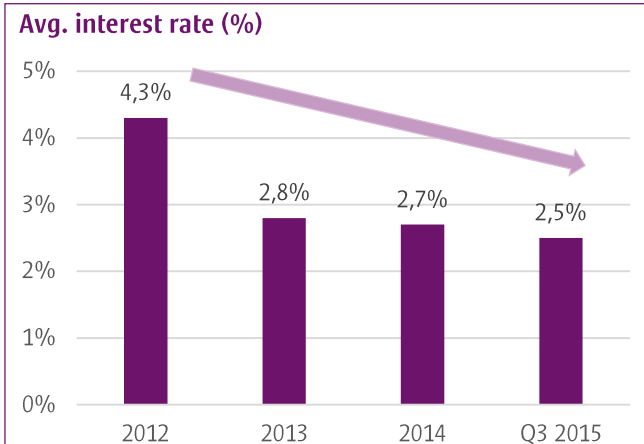
Interest maturity profile (€m)



Debt data

Q3 2015	
Financial debt (€m)	147.7
Net LTV (%)	44
Avg. Interest rate (%)	2.5

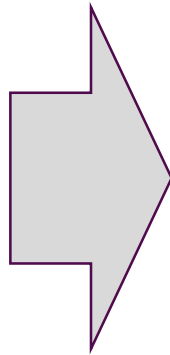
Reduction of avg. interest rate by 42%



## Confirmation of 2015 guidance for FFO and Dividend

*Positive outlook due to further FFO potential*

### FFO / Dividend Guidance 2015



- FFO €6.9m - €7.2m
- FFO per share €0.56 - €0.58
- Dividend target for 2015 confirmed: €0.25 per share



**Takeover by DEMIRE**

# Takeover by DEMIRE Deutsche Mittelstand Real Estate AG

*Public takeover offering an attractive premium to Fair Value shareholders*

## The offer

- On 31 July 2015 DEMIRE Deutsche Mittelstand Real Estate AG announced a takeover offer for Fair Value shares
  - Share offer with an exchange ratio of **2 DEMIRE shares to 1 FVR share**
  - Effective premium:
 

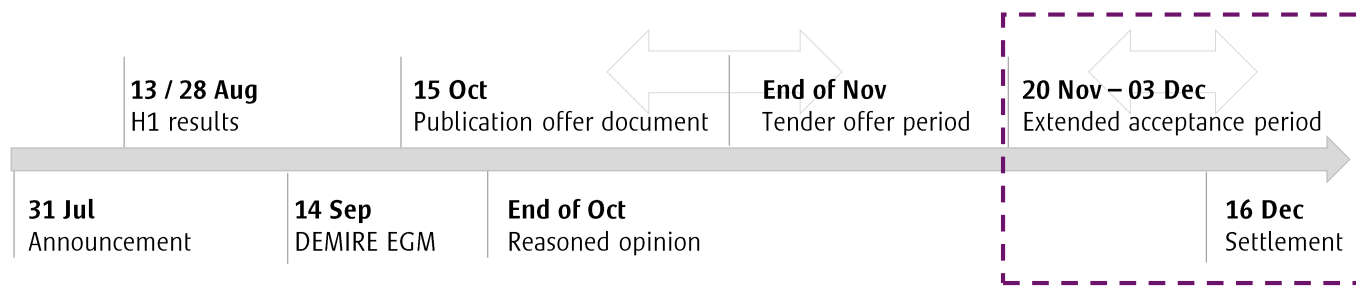
Share price <sup>(1)</sup>	37%
3M VWAP <sup>(1)</sup>	28%
EPRA NAV <sup>(2)</sup>	10%

## Strong support

- Obotritia Capital** representing 22,10% of the outstanding FVR shares and **Kienzle Vermögensverwaltung** representing 1,14% of the outstanding FVR shares have signed irrevocable undertakings and tendered their shares

## Actual result and timing

- Acceptance threshold 50.1% required for successful transaction **was reached on November 12, 2015**
- As of 19 November** acceptance threshold amounted to **approx. 72%**



(1) Based on unaffected share price as of 30 July 2015 (2) Including acquisitions until 31 October and based on diluted NAV as of 30 June 2015

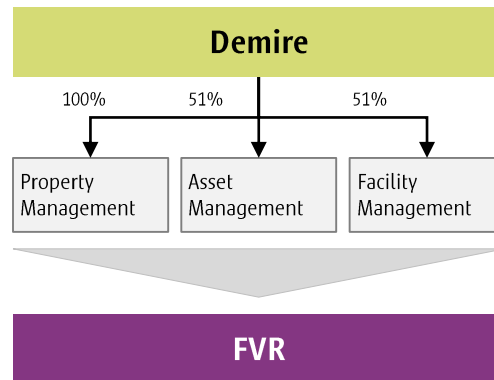
## Combined business outlook

*Combination creating strong and integrated commercial real estate player*

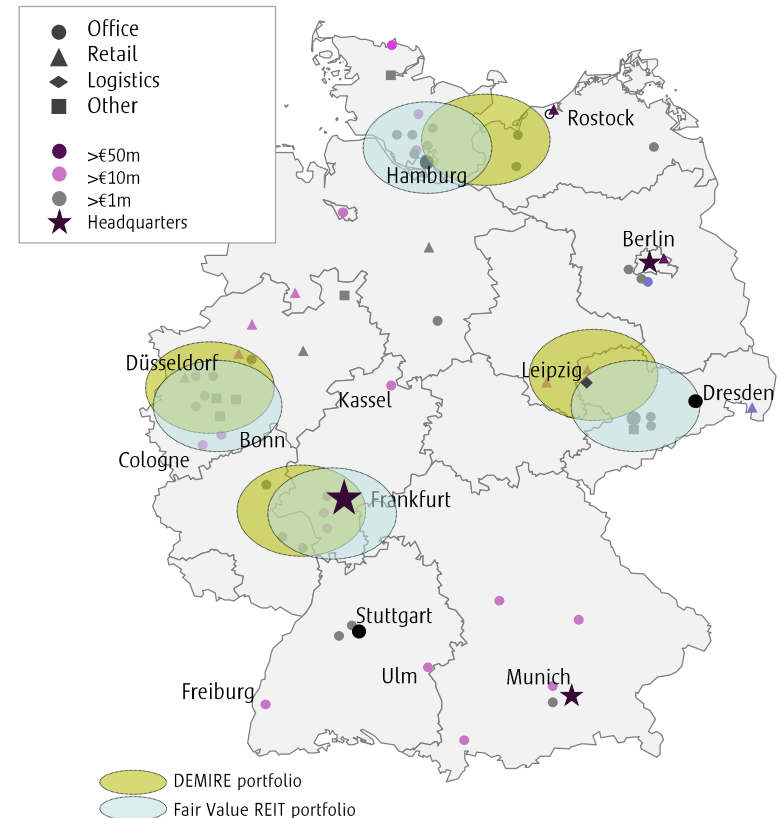
- 1 Strong value creation potential through integrated asset management**
- 2 Building critical mass in secondary locations in Germany**
- 3 Management team commits to Prime Standard corporate governance**

### Fully integrated asset management company

- Capitalise internal know-how, further enhancing existing portfolio potential
- Fully integrated asset management capabilities



### Significant overlap of real estate portfolios



**D****Appendix**



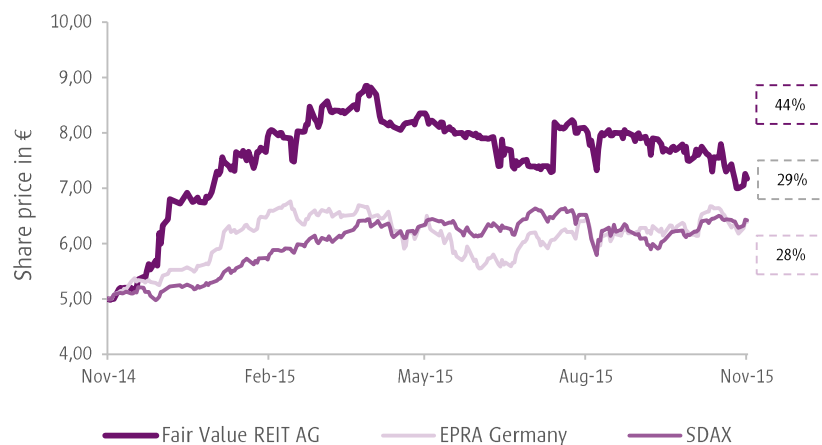
## Share information

*Good standing in capital markets*

### Basic share data (18 Nov 2015)

Symbol	FVI
Share price (Xetra) (€)	7.17
ISIN	DE000A0MW975
YTD (%)	3.6
Market capitalization (€m)	101.1
Shares Outstanding (m)	14.1

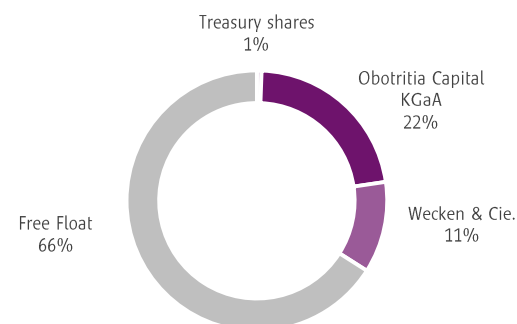
### Rebased share performance (LTM)



Source: Thomson Reuters as of Nov 18, 2015

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### Shareholder data



### Events & broker coverage

Event	Location	Date
FY 2015 reporting	Munich	23 Mar 2016
Q1 reporting	Munich	10 May 2016
AGM	Munich	13 May 2016

Institution	Target price (€)	Rating	Date
EDISON	7.75	-	09 Nov 2015
Oddo Securities	10.00	Buy	25 Sep 2015
SMC Research	8.90	Buy	08 Sep 2015

# Fair Value REIT-AG

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