

Fair Value REIT-AG records positive business development in the first nine months of 2016

- FFO before non-controlling interests at EUR 7.3 million in the first nine months of 2016 (previous year: EUR 6.8 million)
- REIT equity ratio increases to 62.1% (31 December 2015: 59.6%)
- General confirmation of the guidance and specification of the expected FFO
- Confirmation of the target dividend of EUR 0.25 for 2016

Munich, 10 November 2016 – In the first nine months of 2016, Fair Value REIT-AG (ISIN DE000A0MW975) generated a significant increase in the operating business result (FFO) before non-controlling interests compared to the previous-year period. At EUR 7.3 million, funds from operations (FFO) before non-controlling interests were up 8% on the FFO of the previous year of EUR 6.8 million.

After deducting the profit/loss attributable to non-controlling interests, the FFO for the shareholders of Fair Value REIT-AG amounted to EUR 4.44 million, close to the previous-year level of EUR 4.47 million.

Despite sales of properties that did not belong to the core portfolio in the meantime and despite the temporary increase in vacancy, rental income came to EUR 17.1 million, virtually matching the previous-year level of EUR 17.4 million. The ratio of FFO before non-controlling interests to rental income has thus improved further to 43% compared to 39% in the first nine months of the previous year.

Net rental income of around EUR 11.6 million was down EUR 1.1 million on the previous-year value of EUR 12.7 million. The decrease resulted from allocations of service charge expenses, down due to vacancies, and an increase in expenses for maintenance and rentals. However, this decrease was entirely compensated for by a decline in general administrative expenses. Fair Value REIT-AG was also able to conclude agreements for substantial new rentals of vacancies that will take effect in the coming quarters.

Following a decrease in disposal and measurement gains and losses, the operating result (EBIT) came to EUR 10.6 million, down on the previous-year result of EUR 13.5 million. Net interest expense decreased by EUR 0.4 million to EUR 2.9 million in the reporting period compared to the previous-year period; however, this contains a non-recurring expense for the premature repayment of the convertible bond of EUR 0.3 million made in February 2016.

In the first nine months of 2016, Fair Value REIT-AG generated an IFRS group net profit of EUR 4.5 million, which was down by around EUR 3.3 million on the previous-year figure of EUR 7.8 million. The difference was due entirely to non-cash special effects following acquisitions and sales of investments and land in the previous year.

As of the reporting date, group equity amounted to EUR 118.2 million following EUR 117.3 million as of 31 December 2015. The net asset value for each share outstanding thus increased from EUR 8.36 to EUR 8.43. It should be noted here that the dividend for the fiscal year 2015 of EUR 3.5 million or EUR 0.25 per share was paid out in July 2016. The REIT equity ratio in proportion to immovable assets increased from 59.6% as of the end of the previous year to 62.1% on 30 September 2016.

Frank Schaich, CEO of Fair Value REIT-AG, commented on the successful lets of the Fair Value Group: “As of 30 September 2016, a number of lease agreements were entered into for vacancies that can only be handed over to the tenants once the fit-outs have been completed. After including, on a pro forma basis, these lease agreements as of 30 September 2016, the occupancy rate of the overall portfolio increases from a current level of around 89% of potential rent to around 92%. We see these successful lets as proof of the quality of our properties as well as of the stability of the letting markets in our preferred secondary locations in Germany.”

The Management Board views the operating business result of the first nine months of the current fiscal year 2016 as general confirmation of its guidance for the fiscal year 2016 given in the 2015 annual report. However, in light of the costs for those lease agreements for vacancies that have already been entered into, the Management Board specifies its guidance and, based on the existing portfolio, expects FFO in 2016 at the lower end of the communicated range of between around EUR 10.5 million and EUR 10.8 million before non-controlling interests.

With the share of directly held properties not having changed and thus also the share of non-controlling interests in group earnings, the Management Board expects FFO after non-controlling interests at the lower end of the communicated range of between EUR 6.2 million and EUR 6.5 million for 2016. The target dividend for 2016 remains unchanged at EUR 0.25 per share outstanding.

The quarterly statement for the first to third quarters of 2016 is also available for download at www.fvreit.de in the Financial Reports section.

Selected key financials of Fair Value REIT-AG (Q1 – Q3 2016)

Consolidated statement of income (EUR thousand/EUR)	1/1 – 30/9/2016	1/1 – 30/9/2015
Rental income	17,145	17,413
Net rental income	11,606	12,755
Earnings before interest and taxes (EBIT)	10,586	13,459
Profit/loss before non-controlling interests	7,634	10,103
IFRS group net profit	4,524	7,800
IFRS earnings per share basic/diluted *	0.32 / 0.32 EUR	0.66 / 0.64 EUR
EPRA result/FFO before non-controlling interests	7,345	6,786
EPRA result/FFO of Fair Value's shareholders	4,440	4,467
FFO per share basic/diluted*	0.31 / 0.31 EUR	0.38 / 0.36 EUR
Consolidated statement of financial position (EUR thousand/EUR)	30/9/2016	31/12/2015
Equity in the consolidated statement of financial position (NAV)	118,205	117,278
NAV per share in the consolidated statement of financial position *	8.43 EUR	8.36 EUR
EPRA-NAV per share *	8.43 EUR	8.36 EUR
Immovable assets	291,310	299,544
Equity pursuant to Sec. 15 REITG	181,027	178,438
Equity ratio pursuant to Sec. 15 REITG	62.1%	59.6%
Net financial liabilities	120,495	128,085
% of immovable assets (LTV)	41.4	42.8

* Weighted number of shares outstanding: 14,029,313 shares basic/diluted (30 September 2016) or 11,823,736 (basic) / 12,691,428 shares (diluted) (30 September 2015)

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Company profile

Fair Value REIT-AG, based in Gräfelfing near Munich, focuses on retail and office properties in German secondary locations as well as on real estate holdings with a special emphasis on closed end funds.

As of 30 September 2016, the overall portfolio represented 37 properties with a market value of around EUR 291 million. At that date, the portfolio recorded an occupancy rate of 88.9% of the rental income of the potential rents of EUR 25.1 million p.a. achievable in the case of full occupancy. On 30 September 2016, the rent agreements had a weighted residual term of 4.7 years. Around 58% of potential rents relate to retail space, 35% to office space and 7% to other space.