

Fair Value REIT-AG reports significant profit increase in fiscal year 2017

- EBIT increases by around 52% to EUR 23.6 million
- At EUR 12.6 million, group net profit up around 82% on previous-year level
- FFO slightly above forecast: FFO after non-controlling interests at EUR 6.8 million (previous year: EUR 6.3 million)
- REIT equity ratio increases from 62.7% to 65.9%
- Proposed dividend for fiscal year 2017 of EUR 0.34 per share
- Fair Value REIT-AG publishes statement by Management Board and Supervisory Board on takeover offer by AEPF III 15 S.à r.l.

Graefelfing, 26 April 2018 – Fair Value REIT-AG (WKN A0MW97) brought fiscal year 2017 to a very successful close, generating a significant profit increase year on year. At EUR 23.6 million, the operating result (EBIT) in 2017 was up around 52% on the previous-year level of EUR 15.5 million. Group net profit even increased by 82% year on year from EUR 6.9 million to EUR 12.6 million. In addition to the positive development in the value of the portfolio, this growth was driven significantly by the successful disposal of the property in Teltow with a gain of EUR 1,685 thousand. Funds from operations (FFO) after non-controlling interests increased to EUR 6.8 million compared to EUR 6.3 million in 2016. This corresponds to EUR 0.48 per share compared to EUR 0.45 in the previous year, thereby slightly exceeding the Company's own FFO forecast of between EUR 6.1 million and EUR 6.4 million, or between EUR 0.43 and EUR 0.46 per share.

In 2017, Fair Value REIT-AG continued to use active asset management to optimise its real estate portfolio, which currently comprises 30 properties. Despite selling three properties in 2017 that did not belong to the core portfolio, the market value of the portfolio was maintained at the previous-year level of EUR 291 million. Furthermore, the rental income for 2017 of EUR 22.1 million and the net rental income of EUR 15.9 million were only marginally down on the previous-year figures of EUR 22.5 million and EUR 16.1 million, respectively.

The occupancy rate increased to 91.5% as of year-end 2017 compared to 90.6% in the previous year. The occupancy rate stood at 92.3% if the lease agreements already entered into for vacant space that is shortly to be handed over to tenants are taken into account. As of year-end 2017, the weighted average lease term (WALT) was 5.1 years compared to 5.2 years at the end of 2016.

Furthermore, the net interest expense for 2017 decreased by around 21% year on year to EUR 2.7 million as a result of repaying financial liabilities. General administrative expenses also decreased by 13% to EUR 2.8 million.

Equity in the Fair Value Group increased to EUR 127.6 million as of 31 December 2017 compared to EUR 120.6 million at the end of 2016. This was achieved despite a total dividend payment of EUR 5.6 million in June 2017, which was up significantly on the previous-year distribution of EUR 3.5 million. This resulted in a net asset value (NAV) per share of EUR 9.09 as of the reporting date compared to EUR 8.60 as of year-end 2016. The REIT equity ratio came to 65.9% of immovable assets, a clear increase on the previous-year figure of 62.7%.

Due to pleasing business development in 2017, the Management Board of Fair Value REIT-AG, as announced in the ad hoc announcement from 21 March 2018, is planning to propose to the Annual General Meeting to be held on 8 June 2018 to distribute a dividend of EUR 0.34 per share for the fiscal year 2017 (around EUR 4.8 million). This is up EUR 0.09 per share on the original dividend the Company planned to propose and corresponds to around 91% of the net profit for the year under German commercial law.

For 2018 as a whole, Fair Value REIT-AG expects funds from operations (FFO) before non-controlling interests to range between around EUR 8.7 million and EUR 9.3 million and after non-controlling interests of between EUR 5.1 million and EUR 5.5 million, or between EUR 0.37 and EUR 0.39 per share. These forecasts do not take into account any increase in the share of properties directly held by the group and a concomitant decrease in the non-controlling interests in group earnings. A dividend of EUR 0.15 per share is being targeted for the current year 2018, corresponding to a distribution rate of between 38% and 41% of FFO or 90% of the planned net profit for the year under German Commercial law.

Ralf Kind, CEO of Fair Value REIT-AG: “We are delighted with the highly positive business development in 2017, which is reflected in the improvement of all key earnings indicators. In addition to the strategic portfolio streamlining, we have also made pleasing progress in the rental sector in the form of new lets and a reduction in vacancies, which evidences the quality of our investments and of each location. We look to 2018 with optimism and aim to develop our real estate portfolio further in a way that adds value. Our strategy also continues to involve us increasing the share of selected subsidiaries and acquiring direct ownership of properties previously held indirectly, from which we expect further positive contributions to earnings.”

The annual report containing the complete consolidated financial statements of Fair Value REIT-AG for fiscal year 2017 and the 2017 separate financial statements prepared in accordance with the requirements of German GAAP can be accessed at www.fvreit.de in the Financial Reports section.

Fair Value REIT-AG today published the substantiated opinion pursuant to Sec. 27 (3) WpÜG [“Wertpapiererwerbs- und Übernahmegesetz”: Securities Acquisition and Takeover Act] of the Management Board and Supervisory Board on the mandatory offer (cash offer) of AEPF III 15 S.à.r.l.

In view of the explanations contained in the joint statement and taking into account the general circumstances of the offer, the Management Board and Supervisory Board consider the compensation offered by the bidder to be appropriate within the scope of Sec. 31 (1) WpÜG. In light of the limited tradability of the Fair Value share, among other things, the Management Board and Supervisory Board are of the opinion that the offer provides the non-controlling interests of Fair Value REIT-AG, in particular those with larger stakes, with an opportunity to realise their investment in Fair Value in full or to a large extent on appropriate terms. At the same time, in the opinion of the Management Board and Supervisory Board, it cannot be ruled out in view of the development of the Fair Value share price since the takeover offer was announced that the share price will, temporarily at least, be above the offer price until the additional acceptance period has expired, meaning that a sale outside of the offer – in particular of smaller stakes – could prove more favourable for the respective Fair Value shareholder than accepting the offer. For this reason, the Management Board and Supervisory Board have refrained from making a recommendation to the Fair Value shareholders (neutral statement).

The full statement by the Management Board and Supervisory Board of Fair Value REIT-AG can be found at: <https://www.fvreit.de/investor-relations/uebernahmeangebot>.

Selected key financials of Fair Value REIT-AG

EUR million	1/1 – 31/12/2017	1/1 – 31/12/2016
Rental income	22.1	22.5
Net rental income	15.9	16.1
Operating result (EBIT)	23.6	15.5
IFRS group net profit	12.6	6.9
IFRS earnings per share	EUR 0.90	EUR 0.49
EPRA result/FFO	6.8	6.3
FFO per share	EUR 0.48	EUR 0.45
	31/12/2017	31/12/2016
NAV in the consolidated statement of financial position	127.6	120.6
NAV per share in the consolidated statement of financial position	EUR 9.09	EUR 8.60
EPRA-NAV per share	EUR 9.09	EUR 8.60
Equity ratio pursuant to Sec. 15 REITG	65.9%	62.7%

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Company profile

Fair Value REIT-AG, with its registered offices in Graefelfing in the Munich district, concentrates its activities on acquiring, leasing, holding portfolios in and selling commercial property in Germany. The primary focus of investing activities is currently placed on retail and office properties in regional centres in Germany.