

Fair Value REIT-AG, Munich

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General Meeting

on Tuesday, May 27, 2014 at 11:00 a.m.

at the Haus der Bayerischen Wirtschaft

Europa Saal

Max-Joseph-Str. 5

80333 Munich

Report of the Management Board on excluding subscription rights within the framework of the authorisation to acquire and dispose of own shares in accordance with Section 71 para. 1 No. 8 sentence 5, clause 2, and Section 186 para. 4 sentence 2 AktG under agenda item 10

a) Introduction

In accordance with Section 71 para. 1 No. 8 sentence 5, clause 2, and Section 186 para. 4 sentence 2 AktG under agenda item 10, the Management Board has made a written report stating the reasons for the exclusion of subscription rights. The report will be available for inspection by shareholders from the date the meeting is convened on at the business premises of Fair Value REIT-AG, Leopoldstr. 244, 80807 Munich, Germany, can be downloaded from the company website at www.fvreit.de/Investor-Relations/Hauptversammlung/Einladung and will also be available for inspection by shareholders during the general meeting. Upon request, a copy [of the report] will be sent to any shareholder immediately and at no charge. The report reads as follows:

b) Acquisition of own shares pursuant to Section 71 para. 1 No. 8 AktG

German companies may, to a limited extent, acquire own shares based on a special authorisation by the general meeting. The term of the authorisation is no longer limited, as before, to 18 months; the limit is now five years. Thus, the Management Board should be able, in the interest of the company and its shareholders, to acquire own shares up to the amount of 10% of the current share capital of the company. At the same time, the

company should now be given the opportunity to acquire own shares for all legal purposes, for example to reduce shareholders equity, pay the purchase price for acquisitions or to resell the shares.

c) Acquisition via a public offer

In addition to acquiring shares via the stock market, the company should also have the option to acquire own shares outside of the stock market, in particular through a public offer directed to shareholders of the company. This will give the company greater flexibility.

When acquiring own shares via a public offer, the stock-corporation law principle of equal treatment must be observed. If a public offer is oversubscribed, acceptance must be based on quotas. However, it should be permissible to provide preferential acceptance of small offers or small contingents of offers up to a maximum of 100 shares of stock. This option allows for regular acquisition quotas to be set and for small shareholdings to be taken into account.

d) Possible uses of own shares

The option to resell own shares serves to simplify the procurement of funds. According to Section 71 para. 1 No. 8 sentence 5 AktG, the general meeting can also authorise the company to sell the shares outside the stock market while excluding subscription rights.

Specifically, according to Section 186 para. 3 sentence 4 AktG, own shares can be sold at a price that is not significantly below the stock-market price of company shares on the date of sale. It is in the company's interest to have the option for such a sale, which allows for a more rapid and cost-effective placement of the shares than when they are sold under corresponding application of the rules of shareholder subscription rights. In this assessment of the legislator, shareholders suffer no disadvantage because they can purchase the corresponding number of shares on the stock market at any time if they are interested in maintaining their proportion of voting rights.

The authorisation also creates the opportunity to be able to offer own shares as consideration for the purchase of companies, parts of companies or participations

(investments) in companies, industrial property rights, such as, for example, patents, trademarks or licenses thereto, or other product rights or other contributions in kind, including bonds, convertible bonds and other financial instruments. International competition and the globalisation of the economy increasingly demand this type of acquisition financing. The proposed authorisation is intended to give the company the range of options necessary to quickly and flexibly take advantage of acquisition opportunities.

The authorisation also makes it possible to use, subject to a corresponding amendment of the Articles of Association (agenda item 11) own shares to distribute non-cash assets to shareholders.

Finally, the authorisation makes it possible to use purchased own share to service a stock option plan or redeem them without a new vote of the general meeting. In recent years, this type of payment for services provided has become common in stock corporations, and it represents a flexible instrument for motivate employee and management performance. The company should be able to used purchased own shares to service such subscription rights. When deciding whether to utilize own shares, the Management Board and, in the case of servicing Management Board stock options, the Supervisory Board will be guided solely by the interests of the shareholders and the company.

e) Reporting

The Management Board will report to all future general meetings on any utilisation of this authorisation. The company will also report in the Notes to the annual financial statements, the number of own shares held by the company, their date of acquisition, the reasons for the acquisition, and each purchase or sale in corresponding transactions in the relevant business year, in each instance indicating the number of shares, the purchase or selling price and the use of the proceeds.

At present, there are no concrete plans to exercise this authorisation.

Munich, April 2014

Fair Value REIT-AG

The Management Board