

Ad hoc notification pursuant to Section 15 of the German Securities Trading Act
(published on 28 October 2015)

**Joint Statement of the Management Board and the Supervisory Board in accordance
with Section 27 WpÜG approved**

Fair Value REIT-AG
Leopoldstraße 244
80807 Munich
Germany
WKN: A0MW97
ISIN: DE000A0MW957

Munich, 28 October 2015. The Management Board and the Supervisory Board of Fair Value REIT-AG ("Fair Value") today unanimously approved the joint reasoned statement in accordance with Section 27 para. 1 German Securities Acquisition and Takeover Act ("WpÜG") on the voluntary public takeover offer of DEMIRE Deutsche Mittelstand Real Estate AG ("DEMIRE") dated 14 October 2015.

The Management Board and the Supervisory Board welcome the offer and again explicitly welcome the possibility to take the next growth step in form of the combination with DEMIRE and to build the leading German commercial player with a focus on German secondary locations.

The Management Board and the Supervisory Board believe that the offered consideration of two (2) DEMIRE shares for one (1) Fair Value share, with regard to the premium on the stock exchange price and the EPRA NAV of Fair Value represented by it, is fair, subject to the completion of the acquisition of the T6 portfolio and the materialization of the underlying assumptions at DEMIRE.

The Management Board and the Supervisory Board point out that the fairness of the consideration depends on the completion of the acquisition of the T6 portfolio. In the event that the acquisition of the T6 portfolio will not be effectively completed or the addition of the T6 portfolio will not result in the expected increase of DEMIRE's equity in the amount of EUR 43.5 million,

Fair Value shareholders who accept the Offer would, with respect to the pro-rata equity represented by the DEMIRE share, be diluted or the premium would be lower if in the event of the addition of the T6 Portfolio the effect on the equity was below the expected amount of EUR 43.5 million.

Since the Management Board and the Supervisory Board are not familiar with the agreements regarding the acquisition of the T6 portfolio and the provisions regarding the acquisition are not known to them, the Management Board and the Supervisory Board cannot conclusively assess, if and when and under which prerequisites the completion and transfer of the T6 portfolio to DEMIRE will occur. For this reason, the Management Board and the Supervisory Board recommend to accept the offer only if and when the completion of the acquisition of the T6 portfolio has been announced by DEMIRE and the shareholders have assured themselves, based on such announcement, that the increase of the equity expected as an effect of the completion of the acquisition of the T6 portfolio has materialized and that the final terms of the acquisition of the T6 Portfolio are not material adverse for DEMIRE.

The Management Board

- End of the notification -

Additional Information

The Management Board and the Supervisory Board point out that each Fair Value shareholder taking into consideration the general circumstances and their personal estimates regarding the future performance of the Target Company, the share price, and the value of Fair Value shares must make its own decision whether to accept the offer and, if so, for how many of their Fair Value shares. The Management Board and the Supervisory Board recommend to the Fair Value shareholders to carefully read the joint statement and the bidder's offer document.

The complete joint statement of the Management Board and the Supervisory Board of Fair Value REIT-AG in accordance with Section 27 WpÜG is available as of today, 28 October 2015, on the website of Fair Value REIT-AG at www.fvreit.de under the heading Investor Relations – Takeover Offer. In addition, the joint statement of the Management Board and the Supervisory Board is also available at the address Leopoldstraße 244, 80807 Munich, Germany for free distribution. Reference is made to this through a notice published in the Federal Gazette.

It is explicitly pointed out that the statements in this ad hoc notification are not explanations of or supplements to the statements in the joint statement of the Management Board and the Supervisory Board and that solely the joint statement in accordance with Section 27 WpÜG is authoritative. The statement in accordance with Section 27 WpÜG is published in German and in English. Only the German versions shall be authoritative.