

Fair Value REIT-AG supports a possible combination with DEMIRE Deutsche Mittelstand Real Estate AG

- **DEMIRE announces voluntary public takeover offer to build the leading commercial player in German secondary locations**
- **Improved market position and economies of scale**
- **Accelerated growth via the combination of value-add direct investments and indirect (fund) investments**
- **Implementation of combined internal asset and portfolio management platform**
- **Commitment towards a strong balance sheet (medium term LTV target of 50-60%) and sustainable yield from rental cash flows**
- **Obotritia Capital KGaA and Kienzle Vermoegensverwaltungs GmbH irrevocably committed to accept the offer**

Munich, 31 July 2015 – DEMIRE Deutsche Mittelstand Real Estate AG (“DEMIRE“) today announced the intention for a voluntary public exchange offer for all shares of FAIR Value REIT-AG (“Fair Value“). DEMIRE intends to offer the shareholders of Fair Value two (2) new shares of DEMIRE from a capital increase in kind, still to be resolved by the general meeting of DEMIRE, in exchange for one (1) Fair Value share tendered to DEMIRE in the context of the exchange offer, subject to the final determination of a minimum offer price and the final terms in the offer document. This exchange ratio represents a 37.2 percent premium over the closing prices on 30 July 2015 and a 27.6 percent premium based on the volume-weighted average share price (3-months VWAP) during the last three months prior to 30 July 2015 according to Reuters data.

Fair Value and DEMIRE have signed a business combination agreement today with the intention to establish the leading commercial player in German secondary locations.

The subsidiaries of Obotritia Capital KGaA, founded by Rolf Elgeti, who is also Chairman of Fair Value’s supervisory board, and Kienzle Vermoegensverwaltungs GmbH, which is under the control of the deputy chairman of Fair Value’s supervisory board, Dr. Oscar Kienzle, have irrevocably committed to tender their total 23.21% stake in Fair Value shares into the offer.

The management board of Fair Value welcomes the possibility to take the next growth step in form of the combination with DEMIRE and appreciates the possibility to build the leading commercial player in German secondary locations within a short time span.

Both companies represent a complementary growth and acquisition strategy. Fair Value management sees an ideal fit in the value-add acquisition strategy of DEMIRE and the closed end fund acquisition strategy of Fair Value. Both management teams have expressed their intention to grow today’s



combined portfolio of EUR 1bn with further high yielding acquisitions and to continue the historic growth momentum.

DEMIRE's integrated asset and portfolio management platform is an important building block for Fair Value's proclaimed insourcing strategy and will provide a significant lever for combined synergies. The combined company is planning to build on existing DEMIRE structures and has identified value add measures in Fair Value's current real estate portfolio.

The combined company is building its corporate set up around a capital market standard corporate governance structure and is targeting a short-term listing of DEMIRE shares in the PRIME Standard of the Frankfurt stock exchange. Also both parties have committed themselves to a strong balance sheet with a combined LTV of 50-60%. Management of both companies see a variety of new financing sources and considerable potential to improve financing given the new size and visibility of the combined company.

Fair Value's management and supervisory boards intend to support DEMIRE's offer on the basis of the business combination agreement subject to the final assessment of the fairness of the offer and the offer document.

Fair Value has assigned VictoriaPartners as Financial Advisor and Latham & Watkins as Legal Advisor.

Contact

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Company profile

Fair Value REIT-AG, based in Munich, focuses on the acquisition, leasing, property management and sale of commercial properties in Germany. At the core of its investment activities are retail and office properties in German secondary locations as well as property participations with a unique focus on closed end funds.

As of 30 June 2015, Fair Value's total portfolio of 44 properties amounted to around EUR 306 million. This portfolio had an occupancy rate of 91.8% of potential rent on full occupancy of EUR 27.6 million per year. As of 30 June 2015 the weighted remaining term of the leases was 4.7 years. Around 57% of the potential rent relates to retail space, 33% to office space and 10% to other types of use.