

Fair Value REIT-AG acquires four properties from subsidiaries for direct ownership

- Initial gross yield of 9% p.a.
- Next step of the implementation of announced strategy

Munich, 20 July 2015 – The Fair Value REIT-AG („Fair Value“) successfully continues its announced strategy and acquires four of the group’s properties into direct ownership. As a result of the acquisition Fair Value increases its weighted proportionate interest in the properties from 54% to 100%. The acquisition comprises of a hotel property in Dresden, a manufacturing and office property in Langenfeld, an office and retail complex in Neubrandenburg and an office property in Potsdam. The sellers of the properties are subsidiaries of Fair Value REIT-AG.

The hotel property in Dresden has been acquired by Fair value REIT-AG with effect from 30 June 2015. It is planned to close the acquisition of the properties in Langenfeld, Neubrandenburg and Potsdam as per 31 July 2015. The occupancy rate of the properties currently amounts to 94% of total lettable area of approximately 33,545 square meters.

The contractual rents of the properties currently are EUR 2.4m per year with a weighted average lease term of 7.2 years. The total purchase price of EUR 26.5m is 7% below the reported market value as of 31 December 2014. Around 90% of the total acquisition costs will be financed through net proceeds of the rights issue successfully carried out in May 2015. The subsidiaries will use the sales proceeds to repay bank loans.

Frank Schaich, CEO of Fair Value REIT-AG, comments: “With the acquisition of these properties into direct ownership we continue to implement our announced strategy which includes the direct acquisition of properties from our subsidiaries. Due to savings of administrative costs on the subsidiary level and reduced interest payments our operating profit will increase. The transaction generates a gross yield before acquisition costs of 9% p.a. and upon full occupancy the gross yield will increase to 10% p.a.”

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Corporate News



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.