

## **Management Board and Supervisory Board of Fair Value REIT-AG recommend Fair Value shareholders to accept the offer of DEMIRE AG**

- Given the premium based on the net asset value (EPRA NAV) per share offered to Fair Value shareholders, the Management Board and Supervisory Board consider the offered price as appropriate and recommend to accept the offer
- Management Board and Supervisory Board particularly welcome the opportunity to create the leading German commercial property specialist focused on German secondary locations with a combined portfolio value of €1bn
- The combination to a fully integrated commercial real estate asset and portfolio manager aims to achieve a solid medium-term equity ratio between 40% and 50% as well as a sustainable profitability and value creation via further portfolio growth
- The core shareholders Obotritia Capital and Kienzle Vermoegensverwaltung have tendered their shares according to the Irrevocable Undertakings

Munich, 3 November 2015. The Management Board and Supervisory Board of Fair Value REIT-AG ("FVR") recommend the FVR shareholders to accept the offer of DEMIRE AG, ("DEMIRE") which offers two DEMIRE shares for one FVR share.

The announced closing of the T6 transaction as of 30 October 2015 led to increased financing costs of €2.9m for DEMIRE, which resulted in a lower premium based on EPRA NAV per FVR share. According to the announcement of DEMIRE the current premium amounts to 10% of the diluted EPRA NAV of FVR, as of 30 June 2015. Despite the slightly changed closing conditions of the T6-transaction the Management Board and Supervisory Board of FVR consider the offer as appropriate. The core shareholders Obotritia Capital and Kienzle Vermoegensverwaltung have already tendered their shares according to the Irrevocable Undertakings.

The Management Board and Supervisory Board explicitly welcome the opportunity to further grow by merging with DEMIRE in order to create the leading German commercial property specialist focused on German secondary locations. The Management Board and the Supervisory Board of FVR agree with DEMIRE that the larger post-merger portfolio will lead to an increased risk diversification.

Both companies have complementary growth and acquisition strategies. DEMIRE's added-value acquisition strategy is an ideal complement to Fair Value's focus on acquisitions via closed-end funds. Both management teams aim at expanding the combined portfolio of approximately EUR 1 billion via additional acquisitions with strong cash-flows and, thus, to actively continue the growth story.

The already implemented internal asset-and-property-management platform of DEMIRE is complementary to Fair Value's announced insourcing strategy. Additionally, both parties have committed to a solid financing policy with a combined medium-term LTV target of 50-60%, which corresponds to an equity ratio target of 40-50%. Thereby, due to the new size of the company, the improved standing at the capital market and the resulting financing opportunities shall be used effectively.

#### Contact

Fair Value REIT-AG

Frank Schaich

Tel. 089-9292815-10

Fax. 089-9292815-15

e-mail: [schaich@fvreit.de](mailto:schaich@fvreit.de)

#### 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.

#### Additional information

The Management Board and the Supervisory Board point out that the Fair Value shareholders 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 their own decisions 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.