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**Publication of the decision to submit a public takeover offer pursuant to § 10 para. 1 in conjunction with §§ 29 para. 1, 34 of the Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*)**

**Bidder:**

DEMIRE Deutsche Mittelstand Real Estate AG

Lyoner Straße 32  
60528 Frankfurt/Main

Registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt/Main, Germany, under registration number HRB 89041

ISIN: DE000A0XFSF0 / WKN: A0XFSF

**Target Company:**

Fair Value REIT-AG

Leopoldstraße 244  
80807 Munich

Registered with the commercial register of the local court (*Amtsgericht*) of Munich, Germany, under registration number HRB 168882

ISIN: DE000A0MW975 / WKN: A0MW97

**Information on the Bidder:**

On 31 July 2015, DEMIRE Deutsche Mittelstand Real Estate AG, Frankfurt/Main, decided to offer the shareholders of Fair Value REIT-AG, Munich, to acquire their no-par value bearer shares of Fair Value REIT-AG, each representing a pro rata amount of the registered share capital of EUR 2.00 (ISIN DE000A0MW975 / WKN A0MW97) (the "Fair Value Shares") by way of a voluntary public takeover offer in the form of an exchange offer (the "Takeover Offer").

DEMIRE Deutsche Mittelstand Real Estate AG intends to offer the shareholders of Fair Value REIT-AG two (2) new no-par value bearer shares of DEMIRE Deutsche Mittelstand Real Estate AG, each representing a pro rata amount of the registered share capital of EUR 1.00 and dividend rights as of 1 January 2015 (the "DEMIRE Shares") from the capital increase in kind (the "Capital Increase") still to be resolved by the General Meeting, in exchange as consideration for one (1) Fair Value share tendered to DEMIRE Deutsche Mittelstand Real Estate AG in the context of the Takeover Offer, subject to the final determination of a minimum offer price and the final terms in the offer document.

For the purpose of resolving the Capital Increase, DEMIRE Deutsche Mittelstand Real Estate AG will convene an extraordinary General Meeting at short notice. DEMIRE Deutsche Mittelstand Real Estate AG will appoint a trustee who will subscribe to the new DEMIRE Shares for the benefit of the Fair Val-

ue REIT-AG shareholders that have tendered their Fair Value Shares in the context of the Takeover Offer and transfer their Fair Value Shares to DEMIRE Deutsche Mittelstand Real Estate AG.

DEMIRE Deutsche Mittelstand Real Estate AG's Takeover Offer will presumably be made subject to, inter alia, a minimum acceptance rate of 50.1% of the outstanding Fair Value Shares, the absence of material transactions, material adverse effects, or material compliance violations, as well as the registration of the implementation of the Capital Increase. Otherwise, the Takeover Offer will be made in accordance with the terms and conditions set out in the offer document. Insofar as legally permissible, DEMIRE Deutsche Mittelstand Real Estate AG reserves the right to deviate in the final terms and conditions of the Takeover Offer from the basic information described herein.

On the date hereof, DEMIRE Deutsche Mittelstand Real Estate AG entered into agreements with Obotritia Beteiligungs GmbH, Försterweg Beteiligungs GmbH, Jägersteig Beteiligungs GmbH and Kienzle Vermögensverwaltungs GmbH (together referred to as the " Package Shareholders"), who own in total approx. 23.21% of the shares and voting rights of Fair Value REIT-AG, pursuant to which the Package Shareholders irrevocably undertake to tender their Fair Value Shares in the context of the Takeover Offer (the "Tender Commitment"). Simultaneously, the Package Shareholders have already declared their withdrawal from their acceptance of the Takeover Offer pursuant to the Tender Commitment if and to the extent that the number of Fair Value Shares tendered in the context of the Takeover Offer would lead to DEMIRE Deutsche Mittelstand Real Estate AG holding more than 94.9% of the share capital and voting rights of Fair Value REIT-AG.

Furthermore, on the date hereof, DEMIRE Deutsche Mittelstand Real Estate AG and Fair Value REIT-AG have entered into a basic agreement ("Business Combination Agreement") in which both companies have stipulated their current understanding in terms of the execution of the Takeover Offer and the general support of the Management Board of Fair Value REIT-AG.

The offer document will be published on the internet following clearance by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) at:

<http://www.demire.ag> under the section "Investors Relations"

### **Important information:**

This announcement is neither an offer to exchange nor a solicitation of an offer to exchange Fair Value Shares. Moreover, this announcement is neither an offer to purchase nor a solicitation to purchase any shares of DEMIRE Deutsche Mittelstand Real Estate AG. The final terms and further provisions regarding the Takeover Offer will be disclosed in the offer document after its publication has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*). DEMIRE Deutsche Mittelstand Real Estate AG reserves the right to deviate in the final terms and conditions of the Takeover Offer from the basic information described herein. Investors and holders of Fair Value Shares are strongly recommended to read the offer document and all other documents in connection with the Takeover Offer as soon as they are published because they contain important information.

Subject to the exceptions described in the offer document, as well as any exemptions that may be granted by the relevant regulators, a takeover offer will not be made, neither directly nor indirectly, in any jurisdiction where to do so would constitute a violation of the national laws of such jurisdiction.

Shares of DEMIRE Deutsche Mittelstand Real Estate AG have not been nor will they be registered under the U.S. Securities Act of 1933, as amended, or with any securities regulatory authority of a state or any other jurisdiction in the USA or any other foreign jurisdiction. Therefore, subject to certain exceptions, shares of DEMIRE Deutsche Mittelstand Real Estate AG must not be offered or sold within the USA or any other jurisdiction where to do so would constitute a violation of the national laws of such jurisdiction. There will be no registration of the DEMIRE Shares mentioned in this announcement pursuant to the relevant laws in the USA or any other foreign jurisdiction.

To the extent this announcement contains forward-looking statements, also with respect to the Takeover Offer, such statements do not represent facts and are characterised by the words "will", "expect", "believe", "estimate", "intend", "aim", "assume" or similar expressions. Such forward-looking statements express the intentions, opinions or current expectations and assumptions of DEMIRE Deutsche Mittelstand Real Estate AG and the persons acting in concert with DEMIRE Deutsche Mittelstand Real Estate AG. Such forward-looking statements are based on current plans, estimates and forecasts which DEMIRE Deutsche Mittelstand Real Estate AG and the persons acting in concert with DEMIRE Deutsche Mittelstand Real Estate AG have made to the best of their knowledge, but which do not claim to be correct in the future. Forward-looking statements are subject to risks, uncertainties and changes in the accompanying circumstances that for the most part are difficult to predict and usually cannot be influenced by DEMIRE Deutsche Mittelstand Real Estate AG or the persons acting in concert with DEMIRE Deutsche Mittelstand Real Estate AG. These expectations and forward-looking statements can prove to be incorrect and the actual events may differ materially from those contained in such forward-looking statements. DEMIRE Deutsche Mittelstand Real Estate AG and the persons acting in concert with DEMIRE Deutsche Mittelstand Real Estate AG do not assume an obligation to update the forward-looking statements with respect to actual developments, events, basic conditions, assumptions or other factors.

This announcement is published in German and as an English translation. In the event of any conflict or inconsistency between the English and the German versions, the German version shall prevail.

Frankfurt/Main, 31 July 2015

DEMIRE Deutsche Mittelstand Real Estate AG

The Executive Board