

INTERIM STATEMENT
1 JANUARY – 30 SEPTEMBER 2021





HIGHLIGHTS 9M 2021



KEY EARNINGS FIGURES

30.4

EUR million
FFO I (after taxes,
before minority interests),
compared to EUR 30.1
million in 9M 2020

62.3

EUR million
RENTAL INCOME,
compared to EUR 65.8 million
at 9M 2020



KEY FINANCIAL INDICATORS

53.0

per cent
**NET LOAN-TO-VALUE
RATIO* (NET LTV)**,
compared to 49.2%
at the end of 2020

1.66

per cent p.a.
**AVERAGE NOMINAL
INTEREST COSTS** –
declined 5 basis points
compared to year-end 2020

5.52

EUR
**NET ASSET VALUE
(NAV PER SHARE, BASIC)**,
compared to EUR 5.91
at year-end 2020



PORTFOLIO DEVELOPMENT

1.6

EUR billion
PORTFOLIO VALUE,
increase taking into account
the pro rata acquisition of the
Cielo property

81.9

EUR million
ANNUALISED CONTRACTUAL RENTS,
compared to EUR 85.6 million
at year-end 2020

138,362

m²
LETTING PERFORMANCE
compared to 109,600 m²
in the same period of the previous year

4.6

years
WALT,
compared to 4.8 years
at year-end 2020

8.8

per cent
EPRA VACANCY RATE**,
compared to 6.9%
at year-end 2020

* As defined in the 2019/2024 corporate bond

** Excluding properties held for sale and
project developments

Key for navigating the
interim statement:



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FOREWORD BY THE EXECUTIVE BOARD

**Dear Shareholders,
dear Readers,**

DEMIRE continued its successful performance in the third quarter of 2021 and once again demonstrated its resilience in the face of crisis. The Group's key figures were in line with expectations during this period, largely due to our consistency in pursuing our REALize Potential strategy and good asset management. This positive development in challenging times reinforces our firm belief that focusing on ABBA locations in our portfolio will offer the necessary stability to continue on our successful course.

The coronavirus pandemic and its effects are still having an impact all around us. Infection rates are currently rising again, but so is vaccination take-up, and booster jabs are now being offered. We therefore do not expect the restrictions imposed on public life in the first wave of the pandemic to be repeated to the same extent in the future.

In the last one and a half years, we have learned to deal with the situation cautiously and sensibly. That aside, we can rely on a stable portfolio. With our clear focus on “secondaries”, we are well positioned as a company. Our active asset management activities bring a level of stability to our portfolio that is a major advantage in times of crisis, like the current coronavirus pandemic.

Overview of the most important developments at the end of the third quarter of 2021:

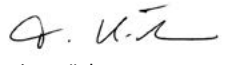
- Taking into account the pro rata acquisition of the Cielo property in July, the portfolio value rose to EUR 1.6 billion
- Rental income totalled EUR 62.3 million (previous year: EUR 65.8 million), in line with expectations
- Profit from the rental of real estate came to EUR 51.8 million, compared to EUR 54.0 million in the same period of the previous year
- Funds from operations (FFO I, after taxes, before minorities) increased 1.1% to EUR 30.4 million

- The letting performance continued to develop very strongly and rose to around 138,000 m²
- The EPRA vacancy rate* fell in the third quarter to 8.8%; WALT stood at 4.6 years
- NAV per share (basic) went down to EUR 5.52 compared to EUR 5.91 at year-end 2020, following the payment of a dividend of EUR 0.62 per share
- The net loan-to-value ratio** (LTV) increased as expected to 53.0% due to the completed purchase of the Cielo property, and liquidity as at the reporting date remains comfortable at EUR 98.4 million
- The average nominal financing costs fell further to 1.66% p.a., with no significant maturities arising before 2024

One particular achievement was the renewed increase in our letting performance to around 138,000 m². In the previous year we had generated a value of around 109,600 m² after nine months. This letting result is due not only, but predominantly, to a successfully concluded lease extension and a new contract for a large commercial property at the Leipzig logistics park with the international e-commerce company Amazon. The expansion of the Leipzig site and the arrival of Amazon is a good example of successful asset management and the reach of our corporate strategy. We want to keep this momentum going.

Frankfurt am Main, 11 November 2021


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFO)

* Excluding properties held for sale and project developments
** As defined in the 2019/2024 corporate bond



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KEY GROUP FIGURES

in EUR thousand	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021
KEY EARNINGS FIGURES		
Rental income	65,793	62,276
Profit/loss from the rental of real estate	53,975	51,779
EBIT	39,737	42,555
Financial result	– 15,590	– 15,215
EBT	24,147	27,340
Net profit/loss for the period	18,125	24,575
Net profit/loss for the period attributable to parent company shareholders	16,503	22,682
Net profit/loss for the period per share (basic/diluted) (in EUR)	0.15/0.15	0.21/0.21
FFO I (after taxes, before minority interests)	30,090	30,432
FFO I per share (basic/diluted) (in EUR)	0.28/0.28	0.29/0.29

	31/12/2020	30/09/2021
KEY PORTFOLIO INDICATORS		
Properties (number)	75	67
Market value (in EUR million)	1,441.5	1,386.9
Contractual rents (in EUR million)	85.6	81.9
Rental yield (in %)	5.9	5.9
EPRA vacancy rate* (in %)	6.9	8.8
WALT (in years)	4.8	4.6

* Excluding properties held for sale and project developments

in EUR thousand	31/12/2020	30/09/2021
KEY BALANCE SHEET FIGURES		
Total assets	1,625,311	1,645,210
Investment property	1,426,291	1,413,766
Non-current assets held for sale	31,000	0
Total real estate portfolio	1,457,291	1,413,766
Financial liabilities	829,712	895,588
Cash and cash equivalents	101,620	98,388
Net financial liabilities	728,092	797,200
Net loan-to-value* (net LTV) (in %)	49.2	53.0
Equity according to Group balance sheet	598,041	555,536
Equity ratio (in %)	36.8	33.8
Net asset value (NAV) in the reporting period	557,956	513,836
NAV (basic/diluted)	625,340/625,850	582,331/582,841
Number of shares in thousands (basic/diluted)	105,772/106,282	105,513/106,023
NAV per share (basic/diluted) (in EUR)	5.91/5.89	5.52/5.50

* As defined in the 2019/2024 corporate bond



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PORTFOLIO HIGHLIGHTS

as at 30 September 2021

1.6

EUR billion
MARKET VALUE OF THE
REAL ESTATE PORTFOLIO*

8.02

EUR/m²
AVERAGE RENT
across the portfolio

67

assets
at 56 LOCATIONS
in 15 federal states

8.8

per cent
EPRA VACANCY RATE**
across the portfolio

81.9

EUR million
ANNUALISED CONTRACTUAL RENTS

5.9

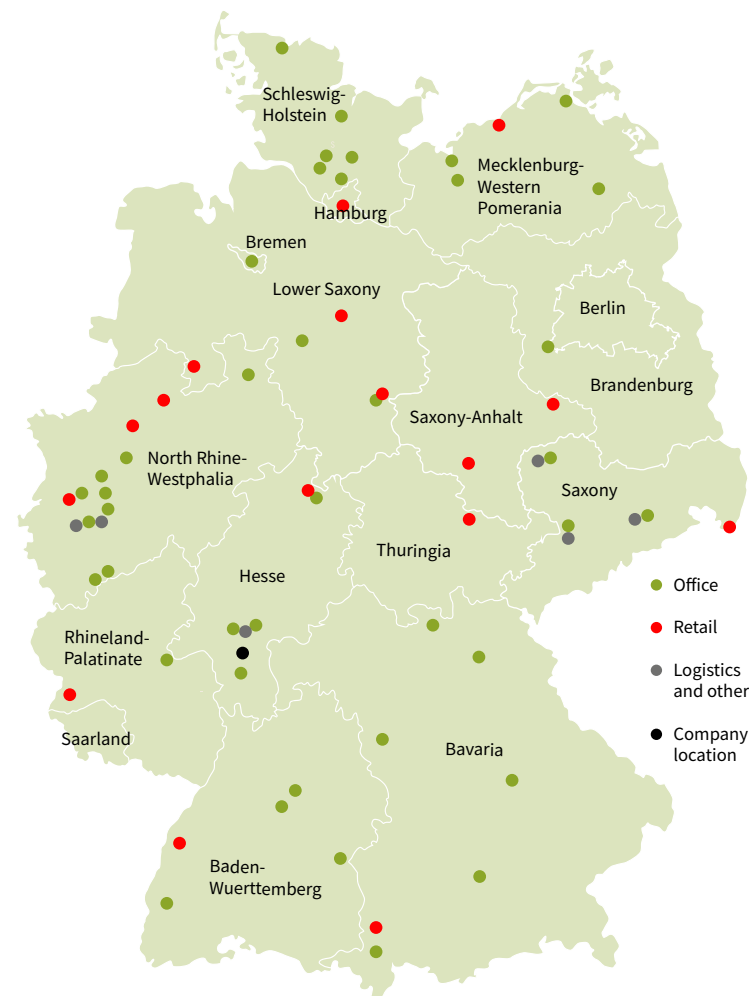
per cent
GROSS RENTAL YIELD

63.8

per cent
OFFICE SHARE
of the total portfolio
by market value

4.6

years
AVERAGE REMAINING TERM
of lease agreements (WALT)



* Increase taking into account the pro rata acquisition of the Cielo property

** Excluding properties held for sale and project developments

INTERIM GROUP MANAGEMENT REPORT

for the reporting period from
1 January to 30 September 2021

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OVERVIEW

BUSINESS PERFORMANCE

DEMIRE performed well in the first nine months of 2021. While rental income declined slightly as expected due to strategic property sales, the Group's key earnings figures continued to increase. They are within the scope of the Company's planning. The effects of the pandemic on DEMIRE are still manageable, as rent defaults due to the pandemic have recently been very low. The roll-out of the REALize Potential strategy, the earnings contributed by acquisitions in previous years and the sale of a number of small non-strategic properties all provide a stable foundation for solid future growth. These measures will also help to effectively limit the restrictive impact of the pandemic on business performance in 2021.

DEMIRE's key indicators improved overall in the first nine months of 2021:

- Taking into account the pro rata acquisition of the Cielo property in July, the portfolio value rose to EUR 1.6 billion
- Rental income totalled EUR 62.3 million (previous year: EUR 65.8 million) in line with expectations
- Profit from the rental of real estate came to EUR 51.8 million, compared to EUR 54.0 million in the same period of the previous year
- Funds from operations (FFO I, after taxes, before minorities) increased 1.1% to EUR 30.4 million
- The letting performance continued to develop very strongly and rose to around 138,000 m²
- The EPRA vacancy rate* fell to 8.8%; WALT stood at 4.6 years
- NAV per share (basic) went down to EUR 5.52 compared to EUR 5.91 at year-end 2020 following the payment of a dividend of EUR 0.62 per share
- The net loan-to-value** (LTV) increased as expected to 53.0% due to the completed purchase of the Cielo property, and liquidity as at the reporting date remains comfortable at EUR 98.4 million
- Average nominal financing costs fell further to 1.66% p.a., with no significant maturities arising before 2024

IMPACT OF COVID-19 ON BUSINESS PERFORMANCE

Following the lockdown imposed at the end of 2020/start of 2021, public life increasingly normalised over the course of 2021 as vaccination rates increased. DEMIRE also performed well thanks in large part to its diversified portfolio and active portfolio management.

DEMIRE is pushing forward with the programme of measures adopted by the Executive Board back in March 2020, immediately after the beginning of the pandemic, which includes measures to improve efficiency and safeguard liquidity. The Company's liquidity remained comfortable at EUR 98.4 million as at the reporting date following the payment of a dividend in May and completion of the Cielo transaction in July. DEMIRE is well-positioned to take advantage of possible growth opportunities and to further increase the value of its portfolio through active portfolio management.

Around EUR 1.6 million in rent is outstanding for the first nine months of 2021. This corresponds to approx. 1.9% of the expected rental income for 2021 or approx. 2.6% of the rental income for the first nine months of 2021.

EUR 2.8 million or 3.2% of rents for 2020 were still outstanding as at the reporting date. EUR 1.1 million of the rents outstanding for 2020 have been paid so far in 2021. As before, all unpaid rents are recognised as a receivable. The Company assumes that most of the receivables will be collected within the framework of the statutory deferral regulations.

* Excluding properties held for sale and project developments

** As defined in the 2019/2024 corporate bond



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PERFORMANCE IN LINE WITH FORECAST FOR 2021 FINANCIAL YEAR

Based on DEMIRE's positive performance so far during 2021 and the expectation that there will be no more lockdowns in Germany despite the new wave of coronavirus cases, the Executive Board remains committed to its forecast that rental income will be between EUR 80 million and EUR 82 million (previous year: EUR 87.5 million) in the 2021 financial year due to the successful sale of numerous non-strategic properties. The Executive Board expects FFO I (after taxes, before minority interests) of between EUR 34.5 million and EUR 36.5 million (previous year: EUR 39.2 million).

REAL ESTATE PORTFOLIO

The sale of eight properties concluded in the first nine months of 2021, meant that DEMIRE had a total of 67 commercial properties in its portfolio as at the reporting date (31 December 2020: 75 properties) with lettable space of around 0.947 million m² (31 December 2020: 0.989 million m²) and a total market value of around EUR 1.4 billion (31 December 2020: around EUR 1.4 billion). Taking into account the pro rata acquisition of the Cielo property in July, the portfolio value rose to EUR 1.6 billion. No properties were held for sale as at the reporting date. An external property valuation of the portfolio was last performed on 31 December 2020.

The EPRA vacancy rate of the portfolio, as per the EPRA definition adjusted for project developments and properties held for sale, was 8.8% as at 30 September 2021, compared to 6.9% as at 31 December 2020. WALT was 4.6 years as at 30 September 2021, compared to 4.8 years as at year-end 2020. DEMIRE's letting performance reached a very strong 138,362 m² in the reporting period. New lettings contributed 49.0%, while follow-on lettings made up 51.0%. The fact that the vacancy rate went up despite the strong letting performance is primarily due to some leases taking effect at a future date despite being agreed in the reporting period.

TOP 10 TENANTS (AS AT 30 SEPTEMBER 2021)

No.	Tenant	Type of use	Contractual rents p. a.* in EUR million	% of total
1	GMG/Dt. Telekom	Office	12.6	15.3
2	Imotex	Retail	5.4	6.6
3	GALERIA Karstadt Kaufhof	Retail	3.7	4.5
4	Bima Bundesanstalt für Immobilienauf- gaben	Office	2.1	2.6
5	Roomers	Hotel	1.9	2.3
6	Momox GmbH	Logistics	1.8	2.2
7	ThyssenKrupp	Office	1.7	2.1
8	Sparkasse Südholstein	Office	1.6	2.0
9	comdirect bank AG	Office	1.2	1.5
10	Barmer	Office	1.2	1.4
Total			33.2	40.5
Other			48.7	59.5
Total			81.9	100.0

* Based on annualised contractual rents, excluding ancillary costs



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PORTFOLIO BY ASSET CLASS AS AT 30 SEPTEMBER 2021

	Number of properties	Market value in EUR million	Share by market value in %	Lettable space in thousand m ²	Market value per m ²	Contractual rent in EUR million p.a	Contractual rent per m ²	Rental yield in %	EPRA vacancy rate in %*	WALT in years
Office	45	884.8	63.8	550.6	1,606.8	50.6	8.88	5.7	10.9	3.8
Retail	17	360.7	26.0	220.1	1,639.2	23.3	9.61	6.5	2.6	5.5
Logistics & Other	5	141.4	10.2	176.0	803.5	8.0	4.30	5.7	12.0	7.6
Total 30/09/2021	67	1,386.9	100.0	946.7	1,465.0	81.9	8.02	5.9	8.8	4.6
Total 31/12/2020	75	1,441.5	100.0	989.1	1,457.2	85.6	8.00	5.9	6.9	4.8
Change (in %/pp)	- 10.7	- 3.8	-	- 4.3	+ 0.5	- 4.3	+ 0.2	-	+ 1.9 pp	- 0.2

* Excluding properties held for sale and project developments



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ECONOMIC REPORT

Net assets, financial position and results of operations

RESULTS OF OPERATIONS

In the first nine months of 2021, the DEMIRE Group generated rental income totalling EUR 62.3 million (previous year: EUR 65.8 million). This 5.3% decrease year-on-year was due to the sale of properties. Profit from the rental of real estate fell by a similar 4.1% to EUR 51.8 million (previous year: EUR 54.0 million). Property sales totalling EUR 57.8 million (previous year: EUR 46.2 million) generated EUR 0.7 million in income (previous year: EUR –0.7 million). In addition, income of EUR 1.8 million was generated from the fair value adjustment of an investment property immediately preceding the sale (previous year: EUR 1.2 million).

Impairments on receivables of EUR –2.9 million (previous year: EUR –4.4 million) were mainly attributable to tenants of hotels and retail properties that are either insolvent or at risk of insolvency due to the pandemic. One major tenant was subject to protective shield proceedings in the first half of the previous year. General and administrative expenses in the first nine months of 2021 improved to EUR 8.3 million (previous year: EUR 9.1 million). Earnings before interest and taxes (EBIT) climbed to EUR 42.6 million, a 7.1% increase on the previous year's figure of EUR 39.7 million.

The refinancing activities in 2019 and 2020 continued to have a positive impact on the financial result, while minority interests had a negative effect. The financial result therefore stood at EUR –15.2 million for the first three quarters of 2021 compared to EUR –15.6 million in the same period of the previous year. The composition of financial income changed and improved substantially during the reporting period. For the first time, the investment in JV Theodor-Heuss-Allee-GmbH, which holds the Cielo property, has been recognised and accounted for using the equity method, and included as an associate. A loan of EUR 25.2 million was granted to JV Theodor-Heuss-Allee-GmbH as part of the transaction. The vendor was also granted a loan of EUR 60.0 million. These loans are presented in other

assets together with the joint venture's equity interest, while the income generated and interest income are reported in financial income. Consequently, financial income rose from EUR 0.7 million in the previous year to EUR 2.1 million. Due to the higher volume of loans, financial expenses rose slightly from EUR –13.5 million in the first nine months of 2020 to EUR –13.6 million in the reporting period, an increase of 0.6%. The profit attributable to minority interests increased to EUR –3.7 million (previous year: EUR –2.8 million). The average nominal interest rate on financial debt as at 30 September 2021 improved by 5 basis points compared to the end of 2020 to the current 1.66% p.a.

Earnings before taxes (EBT) went up to EUR 27.3 million in the reporting period, compared to EUR 24.1 million in the previous year. The profit for the first nine months of 2021 was EUR 24.6 million, compared to EUR 18.1 million in the same period of the previous year.



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CONSOLIDATED STATEMENT OF INCOME

(selected information in EUR thousand)	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021	Change	in %
Rental income	65,793	62,276	–3,517	–5.3
Income from utility and service charges	17,793	16,459	–1,334	–7.5
Operating expenses to generate rental income	–29,611	–26,956	2,655	–9.0
Profit/loss from the rental of real estate	53,975	51,779	–2,196	–4.1
Income from the sale of real estate and real estate companies	46,155	57,810	11,655	25.3
Expenses related to the sale of real estate and real estate companies	–46,873	–57,072	–10,199	21.8
Profit/loss from the sale of real estate and real estate companies	–718	738	1,456	>100
Profit/loss from fair value adjustments of investment properties	1,187	1,764	577	48.6
Impairment of receivables	–4,427	–2,858	1,569	–35.4
Other operating income	1,268	673	–595	–46.9
General administrative expenses	–9,079	–8,293	786	–8.7
Other operating expenses	–2,469	–1,248	1,221	–49.5
Earnings before interest and taxes	39,737	42,555	2,818	7.1
Financial result	–15,590	–15,215	375	–2.4
Earnings before taxes	24,147	27,340	3,193	13.2
Current income taxes	–1,645	–1,654	–9	0.5
Deferred taxes	–4,377	–1,112	3,265	–74.6
Net profit/loss for the period	18,125	24,575	6,450	35.6
Thereof attributable to parent company shareholders	16,503	22,682	6,179	37.4
Earnings per share (basic) (in EUR)	0.15	0.21	0.06	38.8
Weighted average number of shares outstanding (in thousands)	107,109	105,513	–1,596	–1.5
Earnings per share (diluted) (in EUR)	0.15	0.21	0.06	38.2
Weighted average number of shares issued (diluted) (in thousands)	107,619	106,023	–1,596	–1.5



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NET ASSETS

Total assets rose to EUR 1,645.2 million as at 30 September 2021, EUR 19.9 million higher than at year-end 2020. This was primarily the result of the increase in other assets, which includes associate JV Theodor-Heuss-Allee-GmbH for the first time, accounted for using the equity method, and two loans of EUR 85.2 million. The dividend payment, which reduced liquidity, had an offsetting effect.

The value of investment property was EUR 1,413.8 million as at 30 September 2021. It decreased by EUR 12.5 million compared to the value as at 31 December 2020 due to sales. The decrease essentially corresponded to the carrying amount of the properties sold in Ansbach, Cologne, Garbsen and Barmstedt. The capitalisation of CapEx activities totalling EUR 11.4 million had an offsetting effect.

No non-current assets held for sale were recognised as at the reporting date.

Group equity as at 30 September 2021 totalled EUR 555.5 million, compared with EUR 598.0 million as at 31 December 2020. The downturn was mainly due to the payment of the dividend in May 2021. The result for the period had a counter effect. The equity ratio came to 33.8% (31 December 2020: 36.8%).

It should be noted that non-controlling minority interests reported in the Group's borrowed capital of around EUR 80.4 million (31 December 2020: EUR 78.9 million) are carried, in accordance with IFRS, as non-current liabilities rather than as equity, solely as a result of the legal form of Fair Value REIT's subsidiaries as partnerships. The correspondingly adjusted Group equity totalled around EUR 635.9 million (31 December 2020: EUR 676.9 million).

Total financial liabilities as at 30 September 2021 amounted to EUR 895.6 million. They increased compared to 31 December 2020 due to the raising of two mortgage loans totalling EUR 67.0 million, counteracted by scheduled loan repayments.



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CONSOLIDATED BALANCE SHEET – ASSETS

(selected information in EUR thousand)	31/12/2020	30/09/2021	Change	in %
ASSETS				
Total non-current assets	1,451,125	1,525,379	74,254	5.1
Total current assets	143,186	119,831	-23,355	-16.3
Assets held for sale	31,000	0	-31,000	-100.0
Total assets	1,625,311	1,645,210	19,899	1.2

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

(selected information in EUR thousand)	31/12/2020	30/09/2021	Change	in %
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to parent company shareholders	557,956	513,836	-44,120	-7.9
Non-controlling interests	40,085	41,700	1,615	4.0
Total equity	598,041	555,536	-42,505	-7.1
LIABILITIES				
Total non-current liabilities	987,235	1,048,591	61,356	6.2
Total current liabilities	40,035	41,083	1,048	2.6
Total liabilities	1,027,270	1,089,674	62,404	6.1
Total equity and liabilities	1,625,311	1,645,210	19,899	1.2



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FINANCIAL POSITION

Cash flow from operating activities came to EUR –19.5 million (previous year: EUR –19.1 million) in the first nine months of 2021, largely due to the dividend payment in May. The dividend was paid in September in the previous year.

Cash flow from investing activities in the reporting period amounted to EUR –34.4 million, compared to EUR –3.1 million in the previous year. This includes the proportionate equity share and a loan to the joint venture JV Theodor-Heuss-Allee-GmbH. This was offset by proceeds from five property sales. In the previous year, one property was purchased, and three properties were sold.

Cash flow from financing activities came to EUR 50.6 million, compared to EUR 12.6 million in the same period of the previous year. Two mortgage loans were disbursed in the reporting period.

Cash and cash equivalents amounted to EUR 98.4 million on 30 September 2021 (31 December 2020: EUR 101.6 million; 30 September 2020: EUR 92.6 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

(selected information in EUR thousand)	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021	Change
Cash flow from operating activities	– 19,094	– 19,455	– 362
Cash flow from investing activities	– 3,070	– 34,407	– 31,337
Cash flow from financing activities	12,579	50,630	38,051
Net change in cash and cash equivalents	– 9,585	– 3,233	6,353
Cash and cash equivalents at the end of the period	92,553	98,388	5,835

Funds from operations (FFO)

Funds from operations I (after taxes, before minorities), the key operating performance indicator, increased by 1.1% to EUR 30.4 million in the first nine months of 2021, compared to EUR 30.1 million in the same period of the previous year. On a diluted basis, FFO I per share came to EUR 0.29, compared to EUR 0.28 in the same period of the previous year. FFO includes the result from investments accounted for using the equity method, which is recognised in the financial result and mainly encompasses the investment in the Cielo office property.



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FFO CALCULATION

(selected information in EUR thousand)	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021	Change	in %
Earnings before taxes	24,147	27,341	3,194	13.2
Minority interests	2,794	3,748	953	34.1
Earnings before taxes (EBT)	26,942	31,089	4,147	15.4
± Profit/loss from the sale of real estate	718	– 738	– 1,456	–
± Profit/loss from the valuation of investment properties	– 1,187	– 1,764	– 577	48.6
± Other adjustments*	5,357	3,595	– 1,763	– 32.9
FFO I before taxes	31,830	32,181	351	1.1
± (current) income taxes	– 1,740	– 1,749	– 9	0.5
FFO I after taxes	30,090	30,432	342	1.1
Thereof attributable to parent company shareholders	25,564	24,946	– 619	– 2.4
Thereof attributable to non-controlling interests	4,526	5,486	960	21.2
± Profit/loss from the sale of real estate companies/real estate (after taxes)	– 693	744	1,436	– 207.4
FFO II after taxes	29,397	31,175	1,778	6.0
Thereof attributable to parent company shareholders	24,522	25,825	1,303	5.3
Thereof attributable to non-controlling interests	4,875	5,350	475	9.7
FFO I after taxes and minority interests				
Earnings per share (basic) (in EUR)	0.28	0.29	0.01	2.7
Weighted average number of shares outstanding (in thousands)	107,109	105,513	– 1,596	– 1.5
Earnings per share (diluted) (in EUR)	0.28	0.29	0.01	2.7
Weighted average number of shares issued (diluted) (in thousands)	107,619	106,023	– 1,596	– 1.5
FFO II after taxes and minority interests				
Earnings per share (basic) (in EUR)	0.24	0.24	0.00	– 0.9
Weighted average number of shares outstanding (in thousands)	107,109	105,513	– 1,596	– 1.5
Earnings per share (diluted) (in EUR)	0.24	0.24	0.00	– 1.0
Weighted average number of shares issued (diluted) (in thousands)	107,619	106,023	– 1,596	– 1.5

* Other adjustments include:

- One-time refinancing costs and effective interest payments (EUR 1.7 million; previous year: EUR 1.6 million)
- One-time transaction, legal and consulting fees (EUR 1.2 million; previous year: EUR 1.8 million)
- One-time administrative costs (EUR 0.6 million; previous year: EUR 1.5 million)
- Non-period-related expenses/income (EUR 0.1 million; previous year: EUR 0.4 million)



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Net asset value (NAV)

The basic net asset value went down from EUR 558.0 million as at 31 December 2020 to EUR 513.8 million as at 30 September 2021 due to the dividend payment. The positive result for the period had an offsetting effect. On a diluted basis, NAV amounted to EUR 5.52 per share on the reporting date (31 December 2020: EUR 5.91 per share) when the shares bought back in July 2020 and January 2021 are taken into account.

NET ASSET VALUE (NAV)

in EUR thousand	31/12/2020	30/09/2021	Change	in %
Net asset value (NAV)	557,956	513,836	–44,120	–7.9
Deferred taxes	72,122	73,233	1,112	1.5
Goodwill resulting from deferred taxes	–4,738	–4,738	0	0.0
NAV (basic)	625,340	582,331	–43,009	–6.9
Number of shares issued (basic) (in thousands)	105,772	105,513	–260	–0.2
NAV per share (basic) (in EUR)	5.91	5.52	0	–6.6
Effect of the conversion of convertible bonds and other equity instruments	510	510	0	0.0
NAV (diluted)	625,850	582,841	–43,009	–6.9
Number of shares issued (diluted) (in thousands)	106,282	106,023	–260	–0.2
NAV per share (diluted) (in EUR)	5.89	5.50	0	–6.6

NET LOAN-TO-VALUE RATIO

The DEMIRE Group's net loan-to-value ratio was defined as the ratio of net financial debt and lease liabilities to total assets excluding goodwill. The net loan-to-value ratio increased from 49.2% to 53.0% compared to year-end 2020. Compared to previous reports, the calculation of the net loan-to-value ratio has been adjusted to the definition of the 2019/2024 corporate bond, and the same applies to the information as at 31 December 2020.

Net loan-to-value ratio is accordingly defined as the ratio of current and non-current financial and lease liabilities less cash and cash equivalents to the Company's total assets less intangible assets.



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NET LOAN-TO-VALUE (NET LTV)

in EUR thousand	31/12/2020	30/09/2021
Financial liabilities and lease liabilities	848,438	913,980
Cash and cash equivalents	101,620	98,388
Net financial debt	746,817	815,592
Total assets	1,625,311	1,645,210
Intangible assets	6,880	6,880
Total assets less intangible assets	1,618,430	1,638,330
Net LTV (in %)	49.2	53.0

Covenants for the 2019/2024 corporate bond

Within the scope of issuing the 2019/2024 corporate bond, DEMIRE undertook to comply with and regularly report on various covenants. The definition of the covenants to be reported on is listed in the offering prospectus for the 2019/2024 corporate bond.

BOND COVENANTS 30/09/2021

	NET LTV	NET SECURED LTV	ICR
Covenant	max. 60 %	max. 40 %	min. 2.00
Value	53.0 %	12.9 %	4.49

As at 30 September 2021, DEMIRE had complied with all covenants of the 2019/2024 corporate bond. In addition, the planning for 2021 and beyond assumes that the covenants will also be complied with at all times in the future.

Opportunities and risks

Please refer to the disclosures made in the opportunities and risks report included within the [consolidated financial statements](#) as at 31 December 2020 for information on the opportunities and risks of future business performance. In the first nine months of 2021 there were no material changes to the Group's risk and opportunity structure or corresponding future prospects.

The risks are reviewed continuously and in a structured process. From today's perspective, no risks that could endanger the Company have been identified.

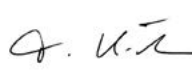
Subsequent events

No events occurred after the interim reporting date that are of relevance to DEMIRE's net asset, financial position and results of operations.

Frankfurt am Main, 11 November 2021

DEMIRE Deutsche Mittelstand Real Estate AG


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFO)

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CONSOLIDATED STATEMENT OF INCOME

for the reporting period from 1 January to 30 September 2021

in EUR thousand	NOTE	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021	01/07/2020 – 30/09/2020	01/07/2021 – 30/09/2021
Rental income		65,793	62,276	21,950	20,252
Income from utility and service charges		17,793	16,459	5,406	4,286
Operating expenses to generate rental income		– 29,611	– 26,956	– 6,361	– 6,944
Profit/loss from the rental of real estate		53,975	51,779	20,995	17,594
Income from the sale of real estate and real estate companies		46,155	57,810	12,815	20,310
Expenses related to the sale of real estate and real estate companies		– 46,873	– 57,072	– 11,715	– 20,311
Profit/loss from the sale of real estate and real estate companies		– 718	738	1,101	– 1
Profit/loss from fair value adjustments in investment properties		1,187	1,764	1,187	0
Impairment of receivables		– 4,427	– 2,858	– 681	– 2,188
Other operating income		1,268	673	303	299
General administrative expenses		– 9,079	– 8,293	– 3,424	– 2,566
Other operating expenses		– 2,468	– 1,248	– 1,588	– 117
Earnings before interest and taxes	D 1	39,738	42,555	17,893	13,021
Financial income		684	2,091	218	1,601
Financial expenses		– 13,480	– 13,558	– 4,351	– 4,633
Minority interests		– 2,794	– 3,748	– 1,531	– 1,422
Financial result	D 2	– 15,591	– 15,215	– 5,664	– 4,454
Earnings before taxes		24,147	27,340	12,229	8,567
Current income taxes		– 1,645	– 1,654	– 168	– 708
Deferred taxes		– 4,377	– 1,112	– 3,197	1,168
Net profit/loss for the period		18,125	24,575	8,864	9,028
Thereof attributable to:					
Non-controlling interests		1,622	1,893	637	381
Parent company shareholders		16,503	22,682	8,227	8,646
Earnings per share (basic/diluted)	D 3	0.15	0.21	0.08	0.13



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the reporting period from 1 January to 30 September 2021

in EUR thousand	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021	01/07/2020 – 30/09/2020	01/07/2021 – 30/09/2021
Net profit/loss for the period	18,125	24,575	8,864	9,028
Other comprehensive income	0	0	0	0
Total comprehensive income	18,125	24,575	8,864	9,028
Thereof attributable to:				
Non-controlling interests	1,622	1,893	637	381
Parent company shareholders	16,503	22,682	8,227	8,646



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CONSOLIDATED BALANCE SHEET

as at 30 September 2021

ASSETS

in EUR thousand	NOTE	31/12/2020	30/09/2021
ASSETS			
Non-current assets			
Intangible assets		6,880	6,880
Property, plant and equipment		303	267
Investment property	E 1	1,426,291	1,413,766
Other assets		17,651	104,466
Total non-current assets		1,451,125	1,525,379
Current assets			
Trade accounts receivable		7,346	6,191
Other receivables		26,730	7,619
Tax refund claims		7,490	7,633
Cash and cash equivalents		101,620	98,388
Total current assets	E 2	143,186	119,831
Non-current assets held for sale	E 1	31,000	0
TOTAL ASSETS		1,625,311	1,645,210



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CONSOLIDATED BALANCE SHEET

as at 30 September 2021

EQUITY AND LIABILITIES

in EUR thousand	NOTE	31/12/2020	30/09/2021
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		105,772	105,513
Reserves		452,184	408,323
Equity attributable to parent company shareholders		557,956	513,836
Non-controlling interests		40,085	41,700
Total equity	E 3	598,041	555,536
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		72,122	73,233
Minority interests		78,881	80,352
Financial liabilities	E 4	817,342	876,765
Lease liabilities		18,355	17,924
Other liabilities		535	317
Total non-current liabilities		987,235	1,048,591
Current liabilities			
Provisions		2,995	3,504
Trade payables		10,681	6,019
Other liabilities		9,558	6,807
Tax liabilities		4,060	5,463
Financial liabilities	E 4	12,370	18,823
Lease liabilities		371	467
Total current liabilities		40,035	41,083
Total liabilities		1,027,270	1,089,674
TOTAL EQUITY AND LIABILITIES		1,625,311	1,645,210



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CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 September 2021

in EUR thousand		01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021
Group profit/loss before taxes		24,147	27,340
	Financial expenses	13,480	13,558
	Financial income	– 684	– 2,091
	Minority interests	2,794	3,748
	Change in trade accounts receivable	– 7,394	– 1,703
	Change in other receivables and other assets	1,124	13,073
	Change in provisions	1,146	509
	Change in trade payables and other liabilities	2,781	– 7,502
	Profit/loss from fair value adjustments in investment properties	– 1,187	– 1,764
	Profit/loss from the sale of real estate and real estate companies	718	– 738
	Interest proceeds from loans and receivables	36	1,007
	Income taxes paid	– 751	– 395
	Depreciation and amortisation and impairment	4,882	3,248
	Distributions to minority shareholders/dividends	– 60,125	– 67,788
	Distributions from companies accounted for using the equity method	0	171
	Other non-cash items	– 63	– 127
	Cash flow from operating activities	– 19,094	– 19,455
	Payments for the acquisition of/investments in investment properties, incl. prepayments, refurbishment measures and prepayments for property, plant and equipment	– 61,454	– 14,825
	Payments for the acquisition of interests in fully consolidated companies, less net cash equivalents acquired	– 65	0
	Payments for investments in/loans to companies accounted for using the equity method	0	– 26,101
	Proceeds from loans to companies accounted for using the equity method	0	792
	Disbursements from the granting of loans to third parties	0	– 60,000
	Proceeds from the repayment of a purchase price receivable for an investment accounted for using the equity method	0	8,069
	Proceeds from the sale of real estate	58,448	57,658
	Cash flow from investing activities	– 3,070	– 34,407



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CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 September 2021

in EUR thousand	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021
Payments for borrowing costs	– 640	– 670
Proceeds from borrowings	62,500	69,700
Interest paid on financial liabilities	– 8,839	– 8,963
Payments for the purchase of additional shares in a subsidiary	– 5,034	– 325
Payments for the redemption of financial liabilities	– 26,452	– 7,934
Buyback of treasury shares	– 8,956	– 1,178
Cash flow from financing activities	12,579	50,630
Net change in cash and cash equivalents	– 9,585	– 3,233
Cash and cash equivalents at the start of the period	102,139	101,620
Cash and cash equivalents at the end of the period	92,554	98,388



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 30 September 2021

in EUR thousand	Share capital	Reserves		Equity attributable to parent company shareholders	Non-controlling interests	TOTAL EQUITY
	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss			
01/01/2021	105,772	88,404	363,780	557,956	40,085	598,041
Net profit/loss for the period	0	0	22,682	22,682	1,893	24,575
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	22,682	22,682	1,893	24,575
Stock option programme	0	0	0	0	0	0
Dividend payments/distributions	0	0	- 65,418	- 65,418	- 574	- 65,992
Increase in shareholdings in subsidiaries	0	0	0	0	0	0
Acquisition of treasury shares	- 260	- 38	- 880	- 1,178	0	- 1,178
Other changes	0	0	- 207	- 207	296	89
30/09/2021	105,513	88,366	319,957	513,836	41,700	555,536



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 30 September 2021

in EUR thousand	Share capital	Reserves			Non-controlling interests	TOTAL EQUITY
	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss	Equity attributable to parent company shareholders		
01/01/2020	107,777	129,852	375,722	613,351	47,431	660,783
Net profit/loss for the period	0	0	16,503	16,503	1,622	18,125
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	16,503	16,503	1,622	18,125
Dividend payments/distributions	0	0	- 57,117	- 57,117	- 735	- 57,852
Increase in shareholdings in subsidiaries	0	2,270	0	2,270	- 7,170	- 4,900
Acquisition of treasury shares	- 2,005	- 6,978	0	- 8,983	0	- 8,983
Other changes	0	0	- 311	- 311	375	64
30/09/2020	105,772	125,144	334,797	565,713	41,524	607,237



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the reporting period from 1 January to 30 September 2021

A. General information

1. Basis of preparation

DEMIRE Deutsche Mittelstand Real Estate AG (hereafter “DEMIRE AG”) is recorded in the commercial register in Frankfurt am Main, Germany, the location of the Company’s headquarters, under the number HRB 89041. The Company’s registered office is located in Frankfurt am Main, Germany, and the Company’s business address is Robert-Bosch-Strasse 11, Langen, Germany.

The Company’s shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange.

The subject of these condensed interim consolidated financial statements as at 30 September 2021 is DEMIRE AG and its subsidiaries (hereafter “DEMIRE”).

DEMIRE itself has not carried out any investments in real estate or real estate projects to date. Investments are generally processed through real estate companies. Interests in these real estate companies are held by DEMIRE AG either directly or indirectly (through intermediate holding companies). DEMIRE focuses on the German commercial real estate market where it is an active investor and portfolio manager. DEMIRE itself carries out the acquisition, management and leasing of commercial properties. Value appreciation is to be achieved through active real estate management. This may also include the targeted sale of properties when they are no longer a strategic fit or have exhausted their potential for value appreciation.

The condensed interim consolidated financial statements for the period from 1 January to 30 September 2021 were prepared in accordance with the require-

ments of IAS 34 Interim Financial Reporting (hereafter IAS 34). This report has not been audited or subjected to audit review, and for this reason does not contain an auditor’s opinion.

The condensed interim consolidated financial statements of DEMIRE AG were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as applicable in the European Union (EU), pursuant to Section 315e of the German Commercial Code (HGB). All International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the IFRS Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) – that were mandatory for the 2021 financial year have been taken into consideration. Furthermore, all disclosure and explanation requirements under German law above and beyond the provisions of the IASB have been fulfilled.

Under IAS 34, the condensed interim consolidated financial statements shall represent an update of the most recent annual financial statements. They therefore do not contain all of the information and disclosures required for consolidated financial statements but rather concentrate on new activities, events and circumstances so as not to repeat information that has already been reported. The condensed interim consolidated financial statements of DEMIRE AG as at 30 September 2021 should therefore always be viewed in conjunction with the [🔗 consolidated financial statements](#) prepared as at 31 December 2020.

The euro (EUR) is the reporting currency of DEMIRE AG’s condensed interim consolidated financial statements. Unless otherwise stated, all amounts are expressed in thousands of euros (EUR thousand). For computational reasons, rounding dif-



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ferences of ± one unit (EUR, %, etc.) may occur in the information presented in these financial statements. The consolidated statement of income has been prepared according to the cost-of-sales method.

These condensed interim consolidated financial statements of DEMIRE AG were approved for publication by a resolution of the Executive Board on 11 November 2021.

B. Scope and principles of consolidation

The joint venture JV Theodor-Heuss-Allee-GmbH, Frankfurt am Main, Germany, was formed in the reporting period. The Group holds a 49.5% stake in the joint venture and reports this interest using the equity method. Cielo BVO GmbH, Frankfurt am Main, in which the Group is the sole shareholder, was also acquired. This company was fully consolidated in the Group's interim consolidated financial statements. This did not have any significant effects on the net assets, financial position and results of operations.

C. Accounting policies


The accounting policies applied to these interim consolidated financial statements are the same as those applied to the consolidated financial statements as at 31 December 2020. There were no material changes in estimates compared to those in the [consolidated financial statements](#) as at 31 December 2020.

The first-time application of amendments to IFRS 9, IAS 39, IFRS 7, and amendments to IFRS 4 and IFRS 16 have no effect on the consolidated financial statements of DEMIRE.

D. Notes to the consolidated statement of income

1. Earnings before interest and taxes

in EUR thousand	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021
Net rental income	65,793	62,276
Income from utility and service charges	17,793	16,459
Rental revenue from real estate	83,586	78,735
Allocable operating expenses to generate rental income	– 21,874	– 22,556
Non-allocable operating expenses to generate rental income	– 7,737	– 4,400
Operating expenses to generate rental income	– 29,611	– 26,956
Profit/loss from the rental of real estate	53,975	51,779

			
FOREWORD BY THE EXECUTIVE BOARD	2	Rental revenue in the interim reporting period results exclusively from the rental of commercial real estate and is free from seasonal effects.	The loss from the sale of real estate in the comparative period resulted, above all, from selling expenses that were incurred in connection with the sale of the property in Eisenhüttenstadt.
DEMIRE AT A GLANCE	3	The decline in the profit from the rental of real estate to EUR 51,779 thousand (9M 2020: EUR 53,975 thousand) resulted from a decrease in rental revenue from real estate, which could not be compensated for by the decrease in operating expenses to generate rental income.	As in the comparable prior-year period, no revaluation of investment properties was performed as at the 30 September 2021 reporting date. The result from the fair value adjustment of investment property of EUR 1,764 thousand (9M 2020: EUR 1,187 thousand) mainly relates to the change in value of a property in Ansbach, which was sold during the reporting period.
INTERIM GROUP MANAGEMENT REPORT	6		
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	18	The decline in income from the rental of properties is primarily due to the disposal of properties during the 2020 and 2021 financial years, influenced in particular by the disposal of properties in Eisenhüttenstadt and Bremen.	
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Consolidated statement of comprehensive income	20	The decrease in operating expenses is mainly due to lower maintenance expenses of EUR 1,565 thousand (9M 2020: EUR 3,875 thousand) and lower non-capitalised expenses for tenant improvements of EUR 161 thousand (9M 2020: EUR 1,445 thousand).	Impairment of receivables amounted to EUR 2,858 thousand in the reporting period (9M 2020: EUR 4,427 thousand) and include, in addition to the impairment of rent receivables, a depreciation of the receivable arising from the sale of the investment in SQUADRA Immobilien GmbH & Co. KG of EUR 1,127 thousand. In the comparable period, impairments of EUR 3,454 thousand mainly related to tenants of retail properties that were subject to protective shield proceedings or insolvency proceedings.
Consolidated balance sheet	21		
Consolidated statement of cash flows	23		
Consolidated statement of changes in equity	25	Of the operating expenses, an amount of EUR 22,556 thousand (9M 2020: EUR 21,874 thousand) is in principle allocable and can be charged on to tenants.	
Notes to the consolidated financial statements	27	The Group generated a profit of EUR 738 thousand from the sale of real estate as at 30 September 2021 (9M 2020: EUR –718 thousand). This is largely due to the sale of a property in Cologne.	
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2. Financial result

in EUR thousand	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021
Financial income	684	2,091
Financial expenses	– 13,480	– 13,558
Minority interests	– 2,794	– 3,748
Financial result	– 15,591	– 15,215

The increase in financial income mainly results from the granting of loans to joint venture JV Theodor-Heuss-Allee-GmbH, which was founded in the reporting period, of EUR 25,150 thousand and its shareholder RFR 5 Immobilien GmbH of EUR 60,000 thousand.

The interests of minority shareholders totalling EUR 3,748 thousand (9M 2020: EUR 2,794 thousand) relate to the share of profits of minority shareholders in Fair Value REIT-AG's subsidiaries, which are carried as liabilities in accordance with IAS 32. The year-on-year increase is largely due to lower selling expenses.

3. Earnings per share

	01/01/2020 – 30/09/2020	01/01/2021 – 30/09/2021
Net profit/loss for the period (in EUR thousand)	18,125	24,575
Profit/loss for the period less non-controlling interests	16,503	22,682
Number of shares (in thousands)		
Number of shares outstanding as at the reporting date	105,772	105,513
Weighted average number of shares outstanding	107,109	105,513
Impact of conversion of convertible bonds and the subscription under the 2015 Stock Option Programme	510	510
Weighted average number of shares (diluted)	107,619	106,023
Earnings per share (in EUR)		
Earnings per share (basic)	0.15	0.21
Earnings per share (diluted)	0.15	0.21

In the first quarter of 2021, DEMIRE AG bought back 259,729 shares for a price of EUR 4.39 per share (see [Section E 3](#)).

As at 30 September 2021, the Company had potential ordinary shares outstanding from the 2015 Stock Option Programme entitling the owners to subscribe to 510,000 shares.

Earnings per share went up compared to the same period of the previous year, mainly due to the sale and valuation effects of the properties in Cologne and Ansbach and a downturn in impairment losses.



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E. Notes to the consolidated balance sheet

1. Investment properties and non-current assets held for sale

Investment properties are measured at fair value. They developed as follows during the interim reporting period:

in EUR thousand	Office	Retail	Logistics	Other	2021
Fair value as at 1 January 2021	902,811	376,511	76,000	70,970	1,426,291
Additions of properties	5,534	2,276	2,618	1,016	11,444
Disposals of properties	- 16,799	- 150	0	- 7,020	- 23,969
Reclassifications to non-current assets held for sale	0	0	0	0	0
Fair value as at 30 September 2021	891,545	378,637	78,618	64,966	1,413,766

The additions to investment properties consisted exclusively of ongoing investments which were capitalised. Disposals of EUR 23,969 thousand were made during the reporting period. These were mainly properties sold in Ansbach (EUR 16,155 thousand), Cologne (EUR 5,580 thousand), Barmstedt (EUR 1,440 thousand) and Garbsen (TEUR 640 thousand).

The transfer of benefits and obligations took place for the commercial properties in Bremen in the first half of 2021. This property was classified as an asset held for sale with a value of EUR 31,000 thousand as at 31 December 2020.

The fair value measurement of investment properties is allocated to Level 3 of the valuation hierarchy in accordance with IFRS 13 (measurement based on unobservable input factors). DEMIRE determines fair values within the framework of IAS 40 accounting. No revaluation of investment properties was performed as at the 30 September 2021 reporting date.

2. Other assets

The increase in other assets of EUR 85,150 thousand is due to a loan (EUR 25,150 thousand) granted by DEMIRE AG to the joint venture formed during the period under review for the acquisition of the leasehold of the Cielo office property on Theodor-Heuss-Allee in Frankfurt am Main. In this context, a loan of EUR 60,000 thousand was also granted to partners of joint venture RFR 5 Immobilien GmbH.



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3. Equity

On 8 December 2020, the Company announced that it intended to buy back up to 1,000,000 shares at a price of EUR 4.39 per share, as part of another public share buy-back offer. As at the expiration of the acceptance period on 4 January 2021, DEMIRE AG had bought back a total of 259,729 shares for a total price of EUR 1,140 thousand. The resulting transaction costs of EUR 38 thousand were offset against the capital reserve. This resulted in an increase in treasury shares as at 30 September 2021 to a total of 2,264,728 shares (31 December 2020: 2,004,999 shares). Subscribed capital amounted to EUR 107,777 thousand (31 December 2020: EUR 107,777 thousand). This was EUR 105,513 thousand after the deduction of treasury shares (31 December 2020: EUR 105,772 thousand).

Following the proposal of the Executive Board and Supervisory Board, the Annual General Meeting of 28 April 2021 resolved to distribute a dividend of EUR 0.62 (previous year: EUR 0.54) per dividend-bearing share and to carry forward the Company's remaining accumulated profit as at 31 December 2020. The distribution amount came to EUR 65,418 thousand (previous year: EUR 57,117 thousand). EUR 950 thousand (previous year: EUR 459 thousand) will be carried forward.

4. Financial liabilities

Financial liabilities consisted of the following:

FINANCIAL LIABILITIES

in EUR thousand	31/12/2020	30/09/2021
2019/2024 corporate bond	592,005	593,534
Other financial liabilities	237,708	302,054
Total	829,712	895,588

The following table shows the nominal value of financial liabilities:

FINANCIAL LIABILITIES

in EUR thousand	31/12/2020	30/09/2021
2019/2024 corporate bond	600,000	600,000
Other financial liabilities	238,770	303,597
Total	838,770	903,597

The difference between the carrying amounts of financial liabilities and their nominal values is due to the subsequent measurement of financial liabilities at amortised cost using the effective interest method in accordance with IFRS 9.

All of the Group's financial liabilities have fixed interest rates. The nominal interest rate of the 2019/2024 corporate bond is 1.875% p.a. Other financial liabilities mainly include bank liabilities with a weighted average nominal interest rate of 1.23% p.a. as at 30 September 2021 (31 December 2020: 1.31% p.a.). The average nominal interest rate on financial debt across all financial liabilities amounted to 1.66% p.a. as at 30 September 2021 (31 December 2020: 1.71% p.a.).

The change in other financial liabilities in the interim reporting period is due to ongoing repayments and, in particular, to two new loans with a volume of EUR 67,000 thousand.



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F. Condensed Group segment reporting

01/01/2021 – 30/09/2021

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ other	Group
Total revenue	111,554	24,991	0	136,545
Segment revenue	113,503	25,420	59	138,982
Segment expenses	- 74,803	- 14,668	- 6,956	- 96,427
EBIT	38,700	10,752	- 6,897	42,555
Net profit/loss for the period	24,895	5,402	- 5,723	24,575
SEGMENT ASSETS 30/09/2021	1,191,999	332,420	120,791	1,645,210
Thereof tax assets	3,406	0	4,227	7,633
Thereof additions to investment properties	8,484	2,960	0	11,444
Thereof non-current assets held for sale	0	0	0	0
SEGMENT LIABILITIES 30/09/2021	897,661	183,712	8,301	1,089,674
Thereof non-current financial liabilities	800,200	76,565	0	876,765
Thereof lease liabilities	18,356	0	35	18,391
Thereof current financial liabilities	16,098	2,725	0	18,823
Thereof tax liabilities	1,917	0	3,546	5,463

01/01/2020 – 30/09/2020

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ other	Group
Total revenue	82,225	47,516	0	129,741
Segment revenue	83,803	47,840	553	132,196
Segment expenses	- 45,237	- 37,791	- 9,430	- 92,458
EBIT	38,567	10,048	- 8,877	39,738
Net profit/loss for the period	24,594	4,192	- 10,661	18,125
SEGMENT ASSETS 31/12/2020	1,223,493	328,550	73,268	1,625,311
Thereof tax assets	3,410	0	4,080	7,490
Thereof additions to investment properties	55,799	649	0	56,448
Thereof non-current assets held for sale	31,000	0	0	31,000
SEGMENT LIABILITIES 31/12/2020	836,652	181,806	8,812	1,027,270
Thereof non-current financial liabilities	741,489	75,853	0	817,342
Thereof lease liabilities	18,715	0	10	18,726
Thereof current financial liabilities	9,659	2,711	0	12,370
Thereof tax liabilities	2,059	0	2,001	4,060



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The segmentation of the data in the financial statements is based on the internal alignment according to strategic business segments pursuant to IFRS 8. The segment information presented represents the information to be reported to the Executive Board.

The DEMIRE Group is divided into the two reportable business segments Core Portfolio and Fair Value REIT.

The joint venture JV Theodor-Heuss-Allee-GmbH, Frankfurt am Main, accounted for using the equity method, and the fully consolidated company Cielo BVO GmbH, Frankfurt am Main, were allocated to the Core Portfolio operating segment due to their similar commercial characteristics.

More than 10% of total revenue, or EUR 10,620 thousand (9M 2020: EUR 12,275 thousand), was generated with one customer in the Core Portfolio segment in the reporting period.

G. Other disclosures

1. Related party disclosures

There has been one change to the related party disclosures as compared to 31 December 2020. The purchasing company JV Theodor-Heuss-Allee-GmbH, Frankfurt am Main, was founded in the first half of 2021. The Chairman of the Supervisory Board holds a minority interest in this purchasing company. This company concluded the property purchase on 2 July 2021. No assets were provided to or by the Chairman of the Supervisory Board during the period under review. Furthermore, there were no business transactions with members in key company positions during the reporting period, except for the compensation of the Executive Board mentioned in [Section G.5](#). Furthermore, DEMIRE AG has

issued a loan in the amount of TEUR 25,237 (including interest receivable) to this company. Interest income from this loan comes to EUR 375 thousand as at 30 September 2021. In addition, an asset management agreement and an agency agreement exist between DEMIRE AG and the purchasing company JV Theodor-Heuss-Allee-GmbH, resulting in receivables of EUR 6 thousand and income of EUR 19 thousand as at 30 September 2021.

2. Financial instruments

The carrying amounts of the following financial instruments carried at cost or amortised cost do not correspond to their fair values:

in EUR thousand	31/12/2020		30/09/2021	
	Carrying amount under IFRS 9	Fair value	Carrying amount under IFRS 9	Fair Value
Bonds	592,005	588,174	593,534	573,144
Other loans	0	0	86,249	86,249
Other financial liabilities	237,708	241,400	302,055	298,306



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3. Risk report

With regard to the risks of future business development, reference is made to the disclosures in the risk report contained in the [consolidated financial statements](#) as at 31 December 2020. There were no significant changes in the Group's risk structure in the reporting period from 1 January to 30 September 2021.

For a general overview of the risks, please refer to the [Report on risks and opportunities](#).

4. Other notes

There are financial obligations of EUR 70 thousand from the sale of the property in Ansbach as at 30 September 2021.

Contractual obligations for modification and expansion measures as well as maintenance and modernisation obligations for the properties totalled EUR 48,454 thousand as at 30 September 2021 (9M 2020: EUR 19,364 thousand). EUR 25,836 thousand of this amount is attributable to project development for the Leipzig LogPark property, EUR 8,866 thousand to fire protection measures to be carried out in Eschborn over a period of five years, and EUR 7,544 thousand to renovations by two new hotel tenants.

Purchase order commitments for maintenance and modernisation, as well as modification and expansion measures, totalled EUR 12,235 thousand as at the interim reporting date (9M 2020: EUR 7,493 thousand).

As at 30 September 2021, unused credit lines in the amount of EUR 11,000 thousand (31 December 2020: EUR 5,000 thousand) were available.

5. Governing bodies and employees

In accordance with DEMIRE AG's Articles of Association, the Executive Board is responsible for managing business activities.

The following people were members of the Executive Board during the interim reporting period and comparable prior-year period

Mr Ingo Hartlief (Chairman of the Executive Board since 20 December 2018)

Mr Tim Brückner (Chief Financial Officer since 1 February 2019)

For the interim reporting period, performance-related remuneration of EUR 521 thousand (9M 2020: EUR 249 thousand), fixed remuneration of EUR 524 thousand (9M 2020: EUR 529 thousand) and share-based remuneration of EUR 113 thousand (9M 2020: EUR 195 thousand) were recognised for the Executive Board of DEMIRE AG.

There were no loans or advances granted to Executive Board members, and no contingencies were assumed for their benefit.

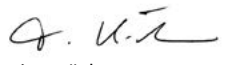
6. Events after the interim reporting date of 30 September 2021

No events occurred after the interim reporting date that are of particular significance for DEMIRE's net asset, financial position and results of operations.

Frankfurt am Main, 11 November 2021

DEMIRE Deutsche Mittelstand Real Estate AG


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFO)



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Declaration by the executive directors

As members of the Executive Board of DEMIRE Deutsche Mittelstand Real Estate AG, we hereby affirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations in accordance with the applicable accounting principles and that the Group management report gives a true and fair view of the development and performance of the business, including the business results and the position of the Group, together with a description of the principal opportunities and risks associated with the Group's expected development.

Frankfurt am Main, 11 November 2021

DEMIRE Deutsche Mittelstand Real Estate AG


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFO)



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