



INTERIM STATEMENT
1 JANUARY - 31 MARCH 2021





HIGHLIGHTS Q1 2021



KEY EARNINGS FIGURES

10.8

EUR million
FFO I (after taxes,
before minority interests),
compared to EUR 9.6
million in Q1 2020

21.1

EUR million
RENTAL INCOME,
compared to EUR 22.0
million in Q1 2020



KEY FINANCIAL INDICATORS

49.5

per cent
**NET LOAN-TO-VALUE
RATIO (NET LTV)**,
compared to 50.0%
at year-end 2020

1.69

in per cent p. a.
**AVERAGE NOMINAL
INTEREST COSTS** –
declined 2 basis points
compared to year-end 2020

6.01

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



PORTFOLIO DEVELOPMENT

1.4

in EUR billion
PORTFOLIO VALUE UNCHANGED
compared to year-end 2020

85.4

EUR million
ANNUALISED RENTAL INCOME,
compared to EUR 85.6 million
at year-end 2020

23,265

in m²
LETTING PERFORMANCE
(previous year: 47,200 m²) – above long-term
average of 80,000 m² on pro rata basis

4.8

in years
WALT,
on a par with
year-end 2020

7.8

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

* Excluding assets held for sale

Key for navigating the
interim statement:



Reference to table of contents



Reference to another page in the
interim statement



Reference to websites

CONTENTS

4	FOREWORD BY THE EXECUTIVE BOARD	17	INTERIM CONSOLIDATED FINANCIAL STATEMENTS
5	DEMIRE AT A GLANCE	18	Consolidated statement of income
5	Key Group Figures	19	Consolidated statement of comprehensive income
6	Portfolio Highlights	20	Consolidated balance sheet
7	INTERIM GROUP MANAGEMENT REPORT	22	Consolidated statement of cash flows
7	Overview	24	Consolidated statement of changes in equity
9	Economic report	26	Notes to the consolidated financial statements
16	Opportunities and risks		
16	Subsequent events	36	IMPRINT



FOREWORD BY THE EXECUTIVE BOARD	4
DEMIRE AT A GLANCE	5
INTERIM GROUP MANAGEMENT REPORT	7
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	17
IMPRINT	36

FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders, Ladies and Gentlemen,

DEMIRE reached new heights last year despite the economic uncertainty of 2020, and has made a solid start to the current financial year. As expected, the company performed well in the first three months of 2021 in spite of the ongoing uncertainty and restrictions related to the coronavirus pandemic. The foundation for our consistent performance remains our diverse portfolio and active asset management approach. Here is an overview of our key figures:

- Rental income came to EUR 21.1 million (previous year: EUR 22.0 million) due to property sales. This was in line with our expectations.
- Funds from operations (FFO I, after taxes, before minorities) increased from EUR 9.6 million to EUR 10.8 million.
- Letting performance made a strong start to the year and exceeded 23,000 m².
- The EPRA vacancy rate (excluding assets held for sale) remained satisfactory at 7.8%; WALT remained stable at 4.8 years.
- Around 5.5% of rents are currently outstanding since the beginning of the pandemic as a result of coronavirus.
- NAV per share (basic) came to EUR 6.01, a 10-cent increase on the end of the year 2020.
- The net loan-to-value ratio (LTV) was 49.5%, 0.5 percentage points lower than the figure as at the reporting date. Liquidity came to EUR 155.2 million, giving DEMIRE a significant amount of headroom.

Despite our pleasing performance in the first quarter of 2021, markets remain uncertain and it is still unclear precisely what the ramifications of the pandemic will be for the real estate sector. However, we remain optimistic due to the vaccination drive and the gradual improvement in infection rates. Property prices remain robust.

DEMIRE is well-positioned for the future, even if lockdown restrictions are extended. This was demonstrated by the virtual Annual General Meeting which DEMIRE held at the end of April. The shareholders confirmed the strategy of the Executive Board and approved a dividend of EUR 0.62 by an overwhelming majority. DEMIRE will continue its successful long-term strategy. We remain committed to our tried-and-tested REALize Potential strategy, which focuses on properties in ABBA locations, active asset management and constructive dialogue with our tenants.

It was our effective growth strategy that put us in a position to sign an agreement to purchase the attractive Cielo office property in Frankfurt. We expect the sale to be finalised at some point towards the middle of the year. Thanks to successful repositioning, we sold a property in Ansbach for well over its market value, with completion due in June.

We are cautiously optimistic about the coming months in light of the acquisition of Cielo, our solid performance in the first quarter and positive events after the reporting date. As before, DEMIRE's declared objective is to increase the value of the portfolio this year through active portfolio management.

Frankfurt am Main, 12 May 2021

Ingo Hartlief (FRICS)
(CEO)

Tim Brückner
(CFO)



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

Key Group Figures 5

Portfolio Highlights 6

INTERIM GROUP

MANAGEMENT REPORT 7

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS 17

IMPRINT 36

DEMIRE AT A GLANCE

Key Group Figures

in EUR thousand	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
KEY EARNINGS FIGURES		
Rental income	22,047	21,148
Profit/loss from the rental of real estate	17,298	17,729
EBIT	12,871	16,577
Financial result	–4,891	–5,266
EBT	7,980	11,311
Net profit/loss for the period	6,844	9,409
Net profit/loss for the period attributable to parent company shareholders	6,169	8,736
Net profit/loss for the period per share (basic/diluted) (in EUR)	0.06/0.06	0.08/0.08
FFO I (after taxes, before minority interests)	9,627	10,778
FFO I per share (basic/diluted) (in EUR)	0.09/0.09	0.10/0.10

	31/12/2020	31/03/2021
KEY PORTFOLIO INDICATORS		
Properties (number of)	75	75
Market value (in EUR million)	1,441.5	1,441.5
Contractual rents (in EUR million)	85.6	85.4
Rental yield (in %)	5.9	5.9
EPRA vacancy rate* (in %)	6.9	7.8
WALT (in years)	4.8	4.8

* Excluding assets held for sale

in EUR thousands	31/12/2020	31/03/2021
KEY BALANCE SHEET FIGURES		
Total assets	1,625,311	1,685,495
Investment property	1,426,291	1,413,155
Non-current assets held for sale	31,000	49,000
Total real estate portfolio	1,457,291	1,462,155
Financial liabilities	829,712	878,460
Cash and cash equivalents	101,620	155,243
Net financial liabilities	728,092	723,217
Net loan-to-value (net LTV) (in %)	50.0	49.5
Equity according to Group balance sheet	598,041	606,263
Equity ratio (in %)	36.8	36.0
Net asset value (NAV) in the reporting period	557,956	565,532
NAV (basic/diluted)	625,340/625,850	634,321/634,831
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	6.01/5.99



FOREWORD BY THE
 EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5
 Key Group Figures 5
Portfolio Highlights 6

INTERIM GROUP
 MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS 17

IMPRINT 36

Portfolio Highlights

for the reporting period from 1 January to 31 March 2021

1.4

MARKET VALUE OF THE
 REAL ESTATE PORTFOLIO
 (in EUR billion)

8.00

AVERAGE RENT
 across the portfolio
 (in EUR/m²)

75

Assets at 59 LOCATIONS
 in 15 federal states

7.8

EPRA VACANCY RATE*
 across the portfolio
 (in %)

85.4

ANNUALISED CONTRACTUAL RENTS
 (in EUR million)

5.9

GROSS RENTAL YIELD
 (in %)

64.8

OFFICE SHARE
 of the total portfolio
 by market value
 (in %)

4.8

AVERAGE REMAINING TERM
 of lease agreements (WALT)
 (in %)

*Excluding assets held for sale





FOREWORD BY THE EXECUTIVE BOARD	4
DEMIRE AT A GLANCE	5
INTERIM GROUP MANAGEMENT REPORT	7
Overview	7
Economic report	9
Opportunities and risks	16
Subsequent events	16
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	17
IMPRINT	36

INTERIM GROUP MANAGEMENT REPORT

for the reporting period from 1 January to 31 March 2021

Overview

Business performance

DEMIRE performed well in the first three months of 2021. Despite the coronavirus pandemic, all of the Group's key indicators remained consistent year-on-year or saw a slight increase in line with the plans and expectations of the Executive Board. The effects of the pandemic on DEMIRE's business remain tolerable and manageable. The consistent implementation of the "REALize Potential" strategy, earnings contributed by acquisitions and the sale of a number of small non-strategic properties in the most recent financial year provide a stable foundation for solid growth in 2021 and beyond. These measures will also help to effectively limit the negative impact of the pandemic on DEMIRE's business in 2021.

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

- Rental income totalled EUR 21.1 million (previous year: EUR 22.0 million) in line with expectations.
- Funds from operations (FFO I, after taxes, before minority interests) increased 12.0% to EUR 10.8 million.
- Letting performance was strong once again in the first three months of 2021 and exceeded 23,000 m².
- The EPRA vacancy rate (excluding assets held for sale) remained satisfactory at 7.8%; WALT remained stable at 4.8 years.
- NAV per share (basic) went up to EUR 6.01, an improvement of 10 cents compared to the end of 2020.
- Net loan-to-value (LTV) fell to 49.5%. Liquidity as at the reporting date was comfortable at EUR 155.2 million.
- Average nominal financing costs saw another slight decrease to 1.69%, with no significant maturities arising before 2024.

Impact of COVID-19 on business development

DEMIRE continued to perform well in the first quarter, despite a new coronavirus lockdown coming into effect in December 2020. As before, this was due to the diversified portfolio and other factors.

DEMIRE is continuing the programme of measures adopted by the Executive Board back in March 2020 immediately after the beginning of the pandemic, including measures to improve efficiency and safeguard liquidity. Liquidity as at the reporting date was comfortable at EUR 155.2 million. DEMIRE currently has enough liquidity to cover both the dividend payment in May 2021 and the purchase of the Cielo office property. DEMIRE is well-positioned to take advantage of any growth opportunities that arise in this special situation and to further increase the value of the portfolio through active portfolio management.

Around EUR 1.8 million in rent is outstanding for the first three months of 2021. This is equivalent to 2.2% of the annual rents expected for 2021 and 8.5% of the rent expected for the first quarter of 2021. Around EUR 2.2 million in rent is outstanding for the first four months of 2021, i.e. until the end of April. This is equivalent to 2.7% of the annual rents expected for 2021 and 7.9% of the rent expected for the first four months of 2021.

EUR 3.4 million or 4.6% of rents for 2020 were still outstanding as at the reporting date. EUR 0.6 million of the rents outstanding for 2020 have been paid so far in 2021. As before, all unpaid rents are recognised as a receivable.



FOREWORD BY THE EXECUTIVE BOARD	4
DEMIRE AT A GLANCE	5
INTERIM GROUP MANAGEMENT REPORT	7
Overview	7
Economic report	9
Opportunities and risks	16
Subsequent events	16
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	17
IMPRINT	36

Performance in line with forecast for 2021 financial year

Based on DEMIRE's performance in the first quarter of 2021 and the expectation that the lockdown in Germany will come to an end in summer as more of the population becomes vaccinated, the Executive Board remains committed to its forecast that rental income will be between EUR 80 million and EUR 82 million (2020: EUR 87.5 million) in the 2021 financial year. The Executive Board expects FFO I (after taxes, before minority interests) of between EUR 34.5 million and EUR 36.5 million (2020: EUR 39.2 million).

Real estate portfolio

There were no changes in the portfolio as at the reporting date 31 March 2021 compared to the end of 2020. The portfolio consists of 75 commercial properties with lettable floor space of around 1.0 million m² and a total market value of around EUR 1.4 billion. This includes five properties for which sales contracts have been concluded. Ownership of these properties will be transferred in 2021. An external property valuation of the portfolio was last performed on 31 December 2020.

The EPRA vacancy rate (excluding assets held for sale) of the portfolio as at 31 March 2021 improved to 7.8% compared to 6.9% as at 31 December 2020. The WALT amounted to 4.8 years as at 31 March 2021 and remained constant compared to the end of 2020. In the reporting period, DEMIRE's letting performance reached roughly 23,000 m². New lettings contributed around 44.0% of letting performance and follow-on lettings made up around 56.0%.

Active portfolio management and the successful repositioning of a number of properties reduced DEMIRE's dependency on GMG/Deutsche Telekom and diversified its tenant base. GMG now accounts for 14.2% of contractual rents, less than half the 30.4% as at the end of 2018.

TOP 10 TENANTS (AS AT 31 MARCH 2021)

No.	Tenant	Type of use	Contractual rents p. a.* in EUR million	as % of total
1	GMG/Dt. Telekom	Office	12.1	14.2
2	Imotex	Retail	5.4	6.3
3	GALERIA Karstadt Kaufhof	Retail	3.7	4.3
4	Bima Bundesanstalt für Immobilienaufgaben	Office	2.0	2.4
5	Momox GmbH	Logistics	1.8	2.2
6	Roomers	Hotel	1.8	2.2
7	Sparkasse Südholstein	Office	1.7	2.0
8	ThyssenKrupp	Office	1.7	2.0
9	comdirect bank AG	Office	1.2	1.4
10	Barmer	Office	1.2	1.3
Total			32.8	38.4
Other			52.6	61.6
Total			85.4	100.0

*Based on annualised contractual rents, excluding ancillary costs



**FOREWORD BY THE
EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

INTERIM GROUP

MANAGEMENT REPORT 7

Overview 7

Economic report 9

Opportunities and risks 16

Subsequent events 16

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS 17

IMPRINT 36

PORTFOLIO BY ASSET CATEGORY

	Number of properties	Market value in EUR million	Share by market value in %	Lettable space in thousand m ²	Market value in 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	52	933.8	64.8	583.5	1.600.2	53.7	8.77	5.7	10.0	4.0
Retail	17	360.7	25.0	220.1	1.639.2	23.2	9.06	6.4	2.3	6.2
Logistics & Others	6	147.0	10.2	185.6	792.0	8.6	4.30	5.9	9.8	6.3
Total 31/03/2021	75	1,441.5	100.0	989.2	1,457.2	85.4	8.00	5.9	7.8	4.8
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)	-	-	-	-	-	-0.2%	-	-	+0.9 PP	-

*Excluding assets held for sale

Economic report

Net assets, financial position and results of operations

RESULTS OF OPERATIONS

In the first three months of 2021, the DEMIRE Group generated rental income totaling EUR 21.1 million (previous year: EUR 22.0 million). This 4.1% decrease year-on-year was due to the sale of properties. Profit/loss from the rental of real estate went up 2.5% to EUR 17.7 million (previous year: EUR 17.3 million). This was due to a better net balance of utility and service charges. Property sales had an offsetting effect. No sales proceeds were recorded (previous year: EUR 5.7 million). Profit/loss from the sale of real estate came to EUR -0.1 million, primarily due to legal and consulting fees related to the sale of a property in Ansbach which has not been finalised (previous year: EUR -1.0 million). This property is being sold for a premium on the carrying amount as at 31 December 2020. The carrying amount is included in profit/loss from fair value adjustments in investment properties, which came to EUR 1.8 million (previous year: EUR 0.0 million).

Impairments of receivables fell to EUR -0.4 million (previous year: EUR -0.6 million), and were largely related to two tenants of hotels that are either insolvent or threatened with insolvency as a result of the pandemic. General administrative expenses in the first three months of 2021 declined to EUR 2.6 million (previous year: EUR 2.8 million). Earnings before interest and taxes (EBIT) amounted to EUR 16.6 million, a 28.8% increase on the previous year's figure of EUR 12.9 million.

The refinancing activities in 2019 and 2020 continued to have a positive impact on the financial result in the first quarter of 2021. Minority interests had a negative effect. The financial result declined to EUR -5.3 million in the first three months of 2021 compared to EUR -4.9 million in the same period of the previous year. Financial expenses fell from EUR -4.7 million in the first three months of 2020 to EUR -4.3 million in the reporting period, a downturn of 7.4%. The profit attributable to minority interests went up to EUR -1.1 million (previous year: EUR -0.4 million). The average nominal interest rate on financial debt as at 31 March 2021 improved by 2 basis points compared to the end of 2020 to a nominal 1.69% p.a.



**FOREWORD BY THE
EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
MANAGEMENT REPORT** 7

Overview 7

Economic report 9

Opportunities and risks 16

Subsequent events 16

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS** 17

IMPRINT 36

Earnings before taxes (EBT) went up to EUR 11.3 million in the reporting period, compared to EUR 8.0 million in the previous year. The profit for the period for the first three months of 2021 was EUR 9.4 million, compared to EUR 6.8 million in the same period of the previous year.

CONSOLIDATED STATEMENT OF INCOME

(Selected information in EUR thousand)	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021	Change	in %
Rental income	22,047	21,148	– 899	– 4.1
Income from utility and service charges	8,458	7,572	– 886	– 10.5
Operating expenses to generate rental income	– 13,207	– 10,991	2,216	– 16.8
Profit/loss from the rental of real estate	17,298	17,729	431	2.5
Income from the sale of real estate and real estate companies	5,658	0	– 5,658	–
Expenses related to the sale of real estate and real estate companies	– 6,691	– 83	6,608	– 98.8
Profit/loss from the sale of real estate and real estate companies	– 1,033	– 83	950	– 92.0
Profit/loss from fair value adjustments in investment properties	0	1,845	1,845	–
Impairment of receivables	– 610	– 388	222	– 36.4
Other operating income	302	177	– 125	– 41.4
General administrative expenses	– 2,784	– 2,562	222	– 8.0
Other operating expenses	– 302	– 141	161	– 53.3
Earnings before interest and taxes	12,871	16,577	3,706	28.8
Financial result	– 4,891	– 5,266	– 375	7.7
Profit/loss before taxes	7,980	11,311	3,331	41.7
Current incomes taxes	– 795	– 496	299	– 37.6
Deferred taxes	– 341	– 1,406	– 1,065	> 100
Net profit/loss for the period	6,844	9,409	2,565	37.5
Thereof attributable to parent company shareholders	6,169	8,736	2,567	41.6
Basic earnings per share (EUR)	0.06	0.08	– 0.03	45.6
Weighted average number of shares outstanding (in thousands)	107,777	105,599	– 2,179	– 2.0
Diluted earnings per share (EUR)	0.06	0.08	0.02	41.4
Weighted average number of shares outstanding, diluted (in thousands)	108,287	106,109	– 2,179	– 2.0



FOREWORD BY THE EXECUTIVE BOARD	4
DEMIRE AT A GLANCE	5
INTERIM GROUP MANAGEMENT REPORT	7
Overview	7
Economic report	9
Opportunities and risks	16
Subsequent events	16
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	17
IMPRINT	36

NET ASSETS

As at 31 March 2021, total assets went up by EUR 60.2 million compared to the end of 2020 to approximately EUR 1,685.5 million. This was mainly driven by a EUR 53.6 million increase in cash and cash equivalents due to a new loan. The value of investment property amounted to EUR 1,413.2 million as at 31 March, representing an increase of EUR 13.1 million compared to the value as at 31 December 2020. This corresponds to the carrying amount of a property which was transferred to non-current assets held for sale following the conclusion of a sales contract. The capitalisation of capex totalling EUR 3.0 million had an offsetting effect. Non-current assets held for sale then went up from EUR 31.0 million as at 31 December 2020 to EUR 49.0 million due to the addition of a EUR 18.0 million sales price agreed in a signed sales contract.

Group equity as at 31 March 2021 totalled EUR 606.3 million. This was higher than the EUR 589.0 million figure as at 31 December 2020 due to the profit for the period. The equity ratio improved to 36.0% (31 December 2020: 36.8%). It should be noted that non-controlling minority interests of around EUR 80.0 million (31 December 2020: EUR 78.9 million) are carried as non-current liabilities and not as equity in accordance with IFRS, solely as a result of the legal form of Fair Value REIT's fund participations as partnerships. The corresponding adjusted Group equity totalled around EUR 686.2 million (31 December 2020: EUR 676.9 million).

Total financial liabilities as at 31 March 2021 amounted to EUR 878.5 million. The increase of EUR 48.7 million compared to 31 December 2020 was caused by a new mortgage loan. Planned repayments had an offsetting effect.



FOREWORD BY THE
EXECUTIVE BOARD

4

DEMIRE AT A GLANCE

5

INTERIM GROUP

MANAGEMENT REPORT

7

Overview

7

Economic report

9

Opportunities and risks

16

Subsequent events

16

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

17

IMPRINT

36

CONSOLIDATED BALANCE SHEET – ASSETS

(selected information in EUR thousand)	31/12/2020	31/03/2021	Change	in %
ASSETS				
Total non-current assets	1,451,125	1,446,371	-4,754	-0.3
Total current assets	143,186	190,124	46,938	32.8
Assets held for sale	31,000	49,000	18,000	58.1
Total assets	1,625,311	1,685,495	60,184	3.7

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

(selected information in EUR thousand)	31/12/2020	31/03/2021	Change	in %
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to parent company shareholders	557,956	565,533	7,577	1.4
Non-controlling interests	40,085	40,730	645	1.6
Total equity	598,041	606,263	8,222	1.4
LIABILITIES				
Total non-current liabilities	987,235	1,032,568	45,333	4.6
Total current liabilities	40,035	46,664	6,629	16.6
Total liabilities	1,027,270	1,079,232	51,962	5.1
Total equity and liabilities	1,625,311	1,685,495	60,184	3.7



FOREWORD BY THE EXECUTIVE BOARD	4
DEMIRE AT A GLANCE	5
INTERIM GROUP MANAGEMENT REPORT	7
Overview	7
Economic report	9
Opportunities and risks	16
Subsequent events	16
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	17
IMPRINT	36

FINANCIAL POSITION

Cash flow from operating activities came to EUR 21.9 million (previous year: EUR 13.0 million) in the first three months of 2020, of which EUR 11.5 million is attributable to a settlement repaid by the bank during the reporting period.

Cash flow from investing activities in the reporting period amounted to EUR – 11.4 million, compared to EUR – 6.4 million in the same prior-year period. This includes a EUR 7.7 million advance payment for the Cielo office properties. In the same prior-year period, one property was purchased, and three properties were sold.

Cash flow from financing activities factors came to EUR 43.1 million, compared to EUR – 23.2 million in the same prior-year period. Mortgage loans totalling EUR 47.7 million were paid out in the reporting period. Repayments came to EUR 2.0 million. Treasury shares were repurchased for EUR 1.2 million. A loan of EUR 21.9 million was repaid as planned in the previous year.

Cash and cash equivalents amounted to EUR 155.2 million on 31 March 2021 (31 December 2020: EUR 102.1 million).

Funds From Operations (FFO)

Funds from Operations I (after taxes, before minority interests), the key operating performance indicator, increased by 12.0% to EUR 10.8 million in the first three months of 2021, compared to EUR 9.6 million in the same period of the prior year. On a diluted basis, this corresponds to an FFO I per share of EUR 0.10, compared to EUR 0.09 in the same period of the prior year.

CONSOLIDATED STATEMENT OF CASH FLOWS

(selected information in EUR thousand)	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021	Change
Cash flow from operating activities	12,985	21,933	8,948
Cash flow from investing activities	– 6,410	– 11,440	– 5,030
Cash flow from financing activities	– 23,234	43,129	66,363
Net change in cash and cash equivalents	– 16,659	53,622	70,281
Cash and cash equivalents at the end of the period	85,479	155,243	69,764



FOREWORD BY THE
EXECUTIVE BOARD

4

DEMIRE AT A GLANCE

5

INTERIM GROUP
MANAGEMENT REPORT

7

Overview

7

Economic report

9

Opportunities and risks

16

Subsequent events

16

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

17

IMPRINT

36

FFO CALCULATION

(selected information in EUR thousand)	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021	Change	in %
Profit/loss before taxes	7,981	11,311	3,330	41.7
Interests of minority shareholders	413	1,137	724	> 100
Earnings before taxes (EBT)	8,394	12,448	4,054	48.3
± Profit/loss from the sale of real estate	1,033	83	-950	-92.0
± Profit/loss from fair value adjustment in investment properties	0	-1,845	-1,845	-
± Other adjustments*	996	490	-506	-50.8
FFO I before taxes	10,422	11,175	753	7.2
± (Current) income taxes	-795	-398	397	-50.0
FFO I after taxes	9,627	10,778	1,151	12.0
Thereof attributable to parent company shareholders	8,537	9,058	521	6.1
Thereof attributable to non-controlling interests	1,090	1,720	630	57.8
± Profit/loss from the sale of real estate companies/real estate (after taxes)	-1,033	-83	950	-92.0
FFO II after taxes	7,800	10,695	2,895	37.1
Thereof attributable to parent company shareholders	6,314	8,971	2,657	42.1
Thereof attributable to non-controlling interests	1,486	1,724	238	16.1
FFO I after taxes and minorities				
Basic earnings per share (EUR)	0.08	0.09	0.01	8.3
Weighted average number of shares outstanding (in thousands)	107,777	105,599	-2,178	-2.0
Diluted earnings per share (EUR)	0.08	0.09	0.01	8.3
Weighted average number of shares outstanding, diluted (in thousands)	108,287	106,109	-2,178	-2.0
FFO II after taxes and minority interests				
Basic earnings per share (EUR)	0.06	0.08	0.02	33.3
Weighted average number of shares outstanding (in thousands)	107,777	105,599	-2,178	-2.0
Diluted earnings per share (EUR)	0.06	0.08	0.02	33.3
Weighted average number of shares outstanding, diluted (in thousands)	108,287	106,109	-2,178	-2.0

* Other adjustments include:

- One-time refinancing costs and effective interest payments (EUR 0.6 million, previous year: EUR 0.7 million)
- One-time transaction, legal and consulting fees (EUR 0.1 million, previous year: EUR 0.2 million)
- One-time administrative costs (EUR -0.2 million, previous year: EUR 0.2 million)
- Non-period expenses/income (EUR 0.0 million, previous year: EUR -0.1 million)



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

Overview 7

Economic report 9

Opportunities and risks 16

Subsequent events 16

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

IMPRINT 36

Net Asset Value (NAV)

The basic net asset value went up from EUR 558.0 million as at 31 December 2020 to EUR 565.5 million as at 31 March 2021, largely due to the positive result for the period. On a diluted basis, basic NAV amounted to EUR 6.01 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	31.03.2021	Change	in %
Net asset value (NAV)	557,956	565,532	7,576	1.4
Deferred taxes	72,122	73,527	1,406	1.9
Goodwill resulting from deferred taxes	-4,738	-4,738	0	0.0
NAV (basic)	625,340	634,321	8,982	1.4
Number of shares outstanding (basic) (in thousands)	105,772	105,513	-260	-0.2
NAV per share (basic) (EUR)	5.91	6.01	0.10	1.7
Effect of the conversion of convertible bonds and other equity instruments	510	510	0.000	0.0
NAV (diluted)	625,850	634,831	8,982	1.4
Number of shares outstanding (diluted) (in thousands)	106,282	106,023	-260	-0.2
NAV per share (diluted) (EUR)	5.89	5.99	0.10	1.7

NET LOAN-TO-VALUE RATIO

The net loan-to-value ratio of the DEMIRE Group is defined as the ratio of net financial liabilities to the carrying amount of investment properties and assets held for sale. The net loan-to-value ratio fell to 49.5% as at 31 March 2021 from 50.0% at the end of 2020.



FOREWORD BY THE EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP MANAGEMENT REPORT 7

Overview 7

Economic report 9

Opportunities and risks 16

Subsequent events 16

INTERIM CONSOLIDATED FINANCIAL STATEMENTS 17

IMPRINT 36

NET-LOAN-TO-VALUE (NET LTV)

in EUR thousand	31/12/2020	31/03/2021
Financial liabilities	829,712	878,460
Cash and cash equivalents	101,620	155,243
Net financial debt	728,092	723,217
Fair value of investment properties and non-current assets held for sale	1,457,291	1,462,155
Net LTV in %	50.0	49.5

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. A description of the covenants to be reported on are listed in the offering prospectus for the 2019/2024 corporate bond.

BOND COVENANTS 31 MARCH 2021

	NET LTV	NET SECURED LTV	ICR
Covenant	max. 60%	max. 40%	min. 1.75*
Value	48.7%	8.2%	3.89

* as from 31 March 2021: min. 2.00

As at 31 March 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

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 material changes to the Group's risk structure in the first three months of 2021.


The risks are reviewed on a continual basis as part of a structured process. From today's perspective, there are no discernible risks that could jeopardise the Company.

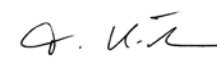
Subsequent events

No significant events occurred after the reporting date.

Frankfurt am Main, 12 May 2021

DEMIRE Deutsche Mittelstand Real Estate AG


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFO)

DRESDEN

1.69

EUR BILLION TOTAL ASSETS

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income	18
Consolidated statement of comprehensive income	19
Consolidated balance sheet	20
Consolidated statement of cash flows	22
Consolidated statement of changes in equity	24
Notes to the consolidated financial statements	26



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

Notes to the consolidated
financial statements 26

IMPRINT 36

CONSOLIDATED STATEMENT OF INCOME

for the reporting period from 1 January to 31 March 2021

in EUR thousands	NOTE	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
Rental income		22,047	21,148
Income from utility and service charges		8,458	7,572
Operating expenses to generate rental income		– 13,207	– 10,991
Profit/loss from the rental of real estate		17,298	17,729
Income from the sale of real estate and real estate companies		5,658	0
Expenses relating to the sale of real estate and real estate companies		– 6,691	– 83
Profit/loss from the sale of real estate and real estate companies		– 1,033	– 83
Profit/loss from fair value adjustments in investment properties		0	1,845
Impairment of receivables		– 610	– 388
Other operating income		302	177
General and administrative expenses		– 2,784	– 2,562
Other operating expenses		– 302	– 141
Earnings before interest and taxes	D 1	12,872	16,577
Financial income		208	209
Financial expenses		– 4,686	– 4,338
Interests of minority shareholders		– 413	– 1,137
Financial result	D 2	– 4,891	– 5,266
Earnings before taxes		7,981	11,311
Current income taxes		– 795	– 496
Deferred taxes		– 341	– 1,406
Net profit/loss for the period		6,844	9,409
Thereof attributable to:			
Non-controlling interests		676	673
Parent company shareholders		6,169	8,736
Basic/diluted earnings per share	D 3	0.06	0.08



**FOREWORD BY THE
 EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
 MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS** 17

Consolidated statement of
 income 18

**Consolidated statement of
 comprehensive income** 19

Consolidated balance sheet 20

Consolidated statement of
 cash flows 22

Consolidated statement of
 changes in equity 24

Notes to the consolidated
 financial statements 26

IMPRINT 36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the reporting period from 1 January to 31 March 2021

in EUR thousands	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
Net profit/loss for the period	6,844	9,409
Other comprehensive income	0	0
Total comprehensive income	6,844	9,409
Thereof attributable to:		
Non-controlling interests	676	673
Parent company shareholders	6,169	8,736



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

Notes to the consolidated
financial statements 26

IMPRINT 36

CONSOLIDATED BALANCE SHEET

for the reporting period from 1 January to 31 March 2021

ASSETS

in EUR thousands	NOTE	31/12/2020	31/03/2021
ASSETS			
Non-current assets			
Intangible assets		6,880	6,880
Property, plant and equipment		303	310
Investment property	E 1	1,426,291	1,413,155
Other assets		17,651	26,026
Total non-current assets		1,451,125	1,446,371
Current assets			
Trade accounts receivable		7,346	9,207
Other receivables		26,730	18,246
Tax refund claims		7,490	7,428
Cash and cash equivalents		101,620	155,243
Total current assets		143,186	190,124
Non-current assets held for sale		31,000	49,000
TOTAL ASSETS		1,625,311	1,685,495



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

Notes to the consolidated
financial statements 26

IMPRINT 36

CONSOLIDATED BALANCE SHEET

for the reporting period from 1 January to 31 March 2021

EQUITY AND LIABILITIES

in EUR thousands	NOTE	31/12/2020	31/03/2021
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		105,772	105,513
Reserves		452,184	460,020
Equity attributable to parent company shareholders		557,956	565,533
Non-controlling interests		40,085	40,730
TOTAL EQUITY		598,041	606,263
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		72,122	73,527
Minority interests		78,881	79,952
Financial liabilities	E 3	817,342	860,452
Lease liabilities		18,355	18,175
Other liabilities		535	462
Total non-current liabilities		987,235	1,032,568
Current liabilities			
Provisions		2,995	2,836
Trade payables		10,681	7,837
Other liabilities		9,558	12,905
Tax liabilities		4,060	4,591
Financial liabilities	E 3	12,370	18,008
Lease liabilities		371	487
Total current liabilities		40,035	46,664
TOTAL LIABILITIES		1,027,270	1,079,232
TOTAL EQUITY AND LIABILITIES		1,625,311	1,685,495



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet
Consolidated statement of

cash flows 22

Consolidated statement of
changes in equity 24

Notes to the consolidated
financial statements 26

IMPRINT 36

CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 31 March 2021

in EUR thousands	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
Group profit/loss before taxes	7,981	11,311
Financial expenses	4,686	4,338
Financial income	– 208	– 209
Interests of minority shareholders	413	1,137
Change in trade accounts receivable	– 4,176	– 2,249
Change in other receivables and other assets	– 2,551	8,366
Change in provisions	59	– 159
Change in trade payables and other liabilities	5,231	624
Profit/loss from fair value adjustments in investment properties	0	– 1,845
Profit/loss from the sale of real estate and real estate companies	1,033	83
Income tax payments	– 97	– 27
Change in reserves	0	19
Depreciation and amortisation and impairment	657	508
Other non-cash items	– 43	36
Cash flow from operating activities	12,985	21,933
Payments for the acquisition of/investments in investment properties, incl. prepayments, refurbishment measures and prepayments for property, plant and equipment	– 52,412	– 3,641
Payments for the acquisition of interests in fully consolidated companies, less net cash equivalents acquired	– 65	0
Payments for investments in companies accounted for using the equity method	0	– 7,716
Proceeds from the sale of real estate	46,067	– 83
Cash flow from investing activities	– 6,410	– 11,440



**FOREWORD BY THE
EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS** 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet
Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

Notes to the consolidated
financial statements 26

IMPRINT 36

CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 31 March 2021

in EUR thousands	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
Payments for borrowing costs	0	– 450
Proceeds from borrowings	0	47,700
Interest paid on financial liabilities	– 1,301	– 945
Payments for the purchase of additional shares in a subsidiary	– 25	– 43
Payments for the redemption of financial liabilities	– 21,908	– 1,955
Buyback of treasury shares	0	– 1,178
Cash flow from financing activities	– 23,234	43,129
Net change in cash and cash equivalents	– 16,659	53,622
Cash and cash equivalents at the start of the period	102,139	101,620
Cash and cash equivalents at the end of the period	85,479	155,243



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

**Consolidated statement of
changes in equity 24**

Notes to the consolidated
financial statements 26

IMPRINT 36

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 31 March 2021

in EUR thousands	Share capital	Reserves	Retained earnings incl. group profit/loss	Equity attributable to parent company shareholders	Non-controlling interests	TOTAL EQUITY
	Subscribed capital	Capital reserves				
01/01/2021	105,772	88,404	363,780	557,956	40,085	598,041
Net profit/loss for the period	0	0	8,736	8,736	673	9,409
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	8,736	8,736	673	9,409
Stock option programme	0	0	0	0	0	0
Dividend payments/distributions	0	0	0	0	0	0
Increase in shareholdings in subsidiaries	0	0	0	0	0	0
Acquisition of treasury shares	-260	-919	0	-1,179	0	-1,179
Other changes	0	0	19	19	-29	-10
31/03/2021	105,513	87,485	372,535	565,533	40,730	606,263



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet
Consolidated statement of
cash flows 20

Consolidated statement of
cash flows 22

**Consolidated statement of
changes in equity 24**

Notes to the consolidated
financial statements 26

IMPRINT 36

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 31 March 2020

in EUR thousands	Share capital	Reserves	Retained earnings incl. group profit/loss	Equity attributable to parent company shareholders	Non-controlling interests	TOTAL EQUITY
	Subscribed capital	Capital reserves				
01/01/2020	107,777	129,852	375,722	613,351	47,431	660,783
Net profit/loss for the period	0	0	6,169	6,169	676	6,844
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	6,169	6,169	676	6,844
Stock option programme	0	0	0	0	0	0
Dividend payments/distributions	0	0	0	0	0	0
Increase in shareholdings in subsidiaries	0	0	0	0	0	0
Other changes	0	0	- 456	- 456	- 102	- 558
31/03/2020	107,777	129,852	381,435	619,064	48,006	667,069



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

Notes to the consolidated
financial statements 26

IMPRINT 36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the reporting period from 1 January to 31 March 2021

A. General information

1. Basis of preparation

DEMIRE Deutsche Mittelstand Real Estate AG (“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 31 March 2021 is DEMIRE AG and its subsidiaries (“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 either directly or indirectly held by DEMIRE (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 1 January through 31 March 2021 were prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” (“IAS 34”). This report has not been audited 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 last financial year’s financial statements and, 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 31 March 2021 should therefore 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 thousands). For computational reasons, rounding differences 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 12 May 2021.



**FOREWORD BY THE
 EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
 MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS** 17

Consolidated statement of
 income 18

Consolidated statement of
 comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
 cash flows 22

Consolidated statement of
 changes in equity 24

**Notes to the consolidated
 financial statements** 26

IMPRINT 36

B. Scope and principles of consolidation

There were no changes to the scope of consolidation in the first quarter of 2021.

C. Accounting policies

The accounting policies applied to the interim consolidated financial statements presented 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 IFRS 4 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 thousands	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
Net rent	22,047	21,148
Income from utility and service charges	8,458	7,572
Rental revenue from real estate	30,506	28,720
Allocable operating expenses to generate rental income	– 9,602	– 9,647
Non-allocable operating expenses to generate rental income	– 3,605	– 1,344
Operating expenses to generate rental income	– 13,207	– 10,991
Profit/loss from the rental of real estate	17,298	17,729



**FOREWORD BY THE
EXECUTIVE BOARD**

4

Rental revenue in the interim reporting period resulted exclusively from the rental of commercial real estate and is free from seasonal effects.

As in the comparable prior-year period, no revaluation of investment properties was performed as at the 31 March 2021 reporting date. Profit/loss from adjustments to the fair value of investment properties amounted to EUR 1,845 thousand (Q1 2020: EUR 0 thousand) and were related to changes in the value of a property in Ansbach which was reclassified to non-current assets held for sale.

DEMIRE AT A GLANCE

5

The increase in profit/loss from the rental of real estate to EUR 17,729 thousand (Q1 2020: EUR 17,298 thousand) is due to a downturn in non-allocable operating expenses to generate rental income, which more than compensated for the decline in rental revenue from real estate.

Impairments on receivables amounted to EUR 388 thousand in the reporting period (Q1 2020: EUR 610 thousand). EUR 322 thousand of this amount relates to tenants of hotels that are either insolvent or threatened with insolvency as a result of the pandemic. In the first quarter of 2020, impairment of receivables related mainly to two retail property tenants who were subject to protective shield proceedings or insolvency proceedings.

**INTERIM GROUP
MANAGEMENT REPORT**

7

The decline in rental revenue from real estate is primarily due to the disposal of properties sold in the 2020 financial year.

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

17

Consolidated statement of
income

18

Due to contractual provisions regarding rent obligations during the coronavirus lockdown, the rent obligations for one retail property tenant were reduced by EUR 258 thousand for the duration of the lockdown in the first quarter of 2021.

Consolidated statement of
comprehensive income

19

Consolidated balance sheet

20

Consolidated statement of
cash flows

22

The downturn in operating expenses was largely driven by decreased maintenance costs totalling EUR 487 thousand (Q1 2020: EUR 1,807 thousand) and lower non-capitalised expenses for tenant improvements of EUR 52 thousand (Q1 2020: EUR 1,126 thousand).

Consolidated statement of
changes in equity

24

**Notes to the consolidated
financial statements**

26

Of the operating expenses, an amount of EUR 9,647 thousand (Q1 2020: EUR 9,602 thousand) is generally allocable and can be charged on to tenants.

IMPRINT

36

The Group generated a loss of EUR -83 thousand from the sale of real estate as at 31 March 2021 (Q1 2020: EUR -1,033 thousand) due to the costs to sell.

The year-on-year loss from the sale of real estate resulted, above all, from selling expenses of EUR 823 thousand that were incurred in connection with the sale of the property in Eisenhüttenstadt in the first quarter of 2020.



**FOREWORD BY THE
EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS** 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet
Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

**Notes to the consolidated
financial statements** 26

IMPRINT 36

2. Financial result

in EUR thousands	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
Financial income	208	209
Financial expenses	– 4,686	– 4,338
Interests of minority shareholders	– 413	– 1,137
Financial result	– 4,891	– 5,266

The downturn in financial expenses is largely due to lower interest rates related to refinancing measures in the 2020 financial year.

The share of profit/loss of minority shareholders amounting to EUR 1,137 thousand (Q1 2020: EUR 413 thousand) relates to minority shareholders' profits in the Fair Value REIT-AG subsidiaries which are recorded as liabilities under IAS 32. The year-on-year increase is largely due to lower selling expenses and maintenance costs for these subsidiaries.

3. Earnings per share

	01/01/2020 – 31/03/2020	01/01/2021 – 31/03/2021
Net profit/loss for the period (in EUR thousands)	6,844	9,409
Profit/loss for the period less non-controlling interests	6,169	8,736
Number of shares (in thousand units)		
Number of shares outstanding as at the reporting date	107,777	105,513
Weighted average number of shares outstanding	107,777	105,599
Impact of conversion of convertible bonds and exercise under the 2015 Stock Option Programme	510	510
Weighted average number of shares (diluted)	108,287	106,109
Earnings per share (in EUR)		
Basic earnings per share	0.06	0.08
Diluted earnings per share	0.06	0.08

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 2](#)).

As at 31 March 2021, the Company had potential ordinary shares outstanding from the 2015 Stock Option Programme entitling the owners to subscribe to 510,000 shares.



**FOREWORD BY THE
 EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
 MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
 FINANCIAL STATEMENTS** 17

Consolidated statement of
 income 18

Consolidated statement of
 comprehensive income 19

Consolidated balance sheet
 Consolidated statement of
 cash flows 22

Consolidated statement of
 changes in equity 24

**Notes to the consolidated
 financial statements** 26

IMPRINT 36

E. Notes to the consolidated balance sheet

1. Investment properties

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

in EUR thousands	Office	Retail	Logistics	Other	2021
Fair value at the beginning of the financial year	902,811	376,511	76,000	70,970	1,426,291
Additions of properties	2,645	232	142	0	3,019
Reclassifications to non-current assets held for sale	-16,155	0	0	0	-16,155
Fair value at the end of the financial year	889,301	376,743	76,142	70,970	1,413,155

The additions to investment properties consisted primarily of ongoing investments which were capitalised.

Reclassifications to non-current assets held for sale in the amount of EUR 16,155 thousand pertain to commercial real estate in Ansbach.

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 31 March 2021 reporting date.



**FOREWORD BY THE
EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS** 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

**Notes to the consolidated
financial statements** 26

IMPRINT 36

2. Equity

On 8 December 2020, the Company announced that it intended to buy back a total of 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 are recognised under capital reserves. This resulted in an increase in treasury shares as at 31 March 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) and EUR 105,513 thousand (31 December 2020: EUR 105,772 thousand).

3. Financial liabilities

Financial liabilities consisted of the following:

FINANCIAL LIABILITIES

in EUR thousands	31/12/2020	31/03/2021
2019/2024 corporate bond	592,005	592,510
Other financial liabilities	237,708	285,950
Total	829,712	878,460

The following table shows the nominal value of financial liabilities:

FINANCIAL LIABILITIES

in EUR thousands	31/12/2020	31/03/2021
2019/2024 corporate bond	600,000	600,000
Other financial liabilities	238,770	287,429
Total	838,770	887,429

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%. Other financial liabilities mainly include bank liabilities with a weighted average nominal interest rate of 1.31% p.a. as at 31 March 2021 (31 December 2020: 1.31% p.a.). The average nominal interest rate on financial debt across all financial liabilities amounted to 1.69% p.a. as at 31 March 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 a new loan amounting to EUR 45,000 thousand.



FOREWORD BY THE
EXECUTIVE BOARD 4

DEMIRE AT A GLANCE 5

INTERIM GROUP
MANAGEMENT REPORT 7

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

Notes to the consolidated
financial statements 26

IMPRINT 36

F. Condensed group segment reporting

1 JANUARY 2021 – 31 MARCH 2021

in EUR thousands	Core portfolio	Fair Value REIT	Corporate functions/ others	Group
Total revenue	22,686	6,033	0	28,720
Segment revenue	24,636	6,095	11	30,742
Segment expenses	-9,429	-2,989	-1,747	-14,165
EBIT	15,207	3,106	-1,736	16,577
Net profit/loss for the period	10,298	1,133	-2,021	9,409
Segment assets				
31/03/2021	1,249,213	334,078	102,204	1,685,495
Thereof tax assets	3,398	0	4,029	7,428
Thereof additions to non-current assets	2,647	372	0	3,019
Thereof non-current assets held for sale	49,000	0	0	49,000
Segment liabilities				
31/03/2021	884,629	185,663	8,940	1,079,232
Thereof non-current financial liabilities	782,363	78,090	0	860,452
Thereof lease liabilities	18,626	0	36	18,662
Thereof current financial liabilities	15,302	2,705	0	18,008
Thereof tax liabilities	2,059	0	2,532	4,591

1 JANUARY 2020 – 31 MARCH 2020

in EUR thousands	Core portfolio	Fair Value REIT	Corporate functions/ others	Group
Total revenue	28,398	7,766	0	36,164
Segment revenue	28,640	7,811	15	36,465
Segment expenses	-16,072	-5,634	-1,887	-23,593
EBIT	12,568	2,177	-1,873	12,872
Net profit/loss for the period	8,125	1,138	-2,418	6,844
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 non-current assets	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



FOREWORD BY THE EXECUTIVE BOARD	4
DEMIRE AT A GLANCE	5
INTERIM GROUP MANAGEMENT REPORT	7
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	17
Consolidated statement of income	18
Consolidated statement of comprehensive income	19
Consolidated balance sheet	20
Consolidated statement of cash flows	22
Consolidated statement of changes in equity	24
Notes to the consolidated financial statements	26
IMPRINT	36

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”.

More than 10% of total revenue was generated from one customer in the “Core Portfolio” segment, corresponding to a total of EUR 3,611 thousand (Q1 2020: EUR 5,464 thousand) during 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. In the first quarter of 2021, an acquisition vehicle was founded, in which the Chairman of the Supervisory Board holds a minority stake. As of the reporting date, this entity has not yet completed an acquisition, but has signed a purchase agreement. The Chairman of the Supervisory Board did not receive or pay in any assets during the reporting period. Additionally, 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](#).

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 thousands	31/12/2020		31/03/2021	
	Carrying amount under IFRS 9	Fair Value	Carrying amount under IFRS 9	FAIR VALUE
Bonds	592,005	588,174	592,510	581,508
Other financial liabilities	237,708	241,400	285,950	289,591



**FOREWORD BY THE
EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS** 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

**Notes to the consolidated
financial statements** 26

IMPRINT 36

3. Risk report

With regard to the risks to future business development, please refer to the disclosures made in the risk report 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 31 March 2021. The risk of loss of rent will depend on the duration and extent of the pandemic. It should be expected that some of the tenants will not be able to meet their payment obligations in full or in part, due to insolvency. As a result, there may be a higher level of bad debt losses in the current financial year.

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

4. Other disclosures

Obligations from purchase agreements for properties or real estate owning companies amount to EUR 77,300 thousand as at 31 March 2021.

Contractual obligations for modification and expansion measures as well as maintenance and modernisation obligations for the properties totalled EUR 22,363 thousand (Q1 2020: EUR 24,005 thousand) as at 31 March 2021. These obligations are fixed in terms of their scope.

Purchase order commitments for maintenance and modernisation, as well as modification and expansion measures, totalled EUR 6,319 thousand as at the interim reporting date (Q1 2020: EUR 5,680 thousand).

As at 31 March 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 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-based remuneration of EUR 83 thousand (Q1 2020: EUR 90 thousand), fixed remuneration of EUR 175 thousand (Q1 2020: EUR 156 thousand) and share-based payments of EUR 38 thousand (Q1 2020: EUR 41 thousand) were recognised for DEMIRE AG's Executive Board. There were no loans or advances granted to Executive Board members, and no contingencies were assumed for their benefit.

6. Events occurring after the interim reporting date of 31 March 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, 12 May 2021


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFO)



**FOREWORD BY THE
EXECUTIVE BOARD** 4

DEMIRE AT A GLANCE 5

**INTERIM GROUP
MANAGEMENT REPORT** 7

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS** 17

Consolidated statement of
income 18

Consolidated statement of
comprehensive income 19

Consolidated balance sheet 20

Consolidated statement of
cash flows 22

Consolidated statement of
changes in equity 24

**Notes to the consolidated
financial statements** 26

IMPRINT 36


Declaration by the executive directors

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

Frankfurt am Main, 12 May 2021

DEMIRE Deutsche Mittelstand Real Estate AG


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFO)



FOREWORD BY THE EXECUTIVE BOARD	4
DEMIRE AT A GLANCE	5
INTERIM GROUP MANAGEMENT REPORT	7
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	17
IMPRINT	36

IMPRINT

COMPANY CONTACT

DEMIRE Deutsche Mittelstand Real Estate AG
Robert-Bosch-Straße 11
63225 Langen
Germany
T + 49 (0) 6103 – 372 49 – 0
F + 49 (0) 6103 – 372 49 – 11
ir@demire.ag
www.demire.ag



PUBLISHER

The Executive Board of
DEMIRE Deutsche Mittelstand Real Estate AG

CONCEPT AND LAYOUT

Berichtsmanufaktur, Hamburg

Publication date
12 May 2021