

DEMIRE Deutsche Mittelstand Real Estate AG

HALF-YEAR FINANCIAL REPORT

Abbreviated Financial Year from
April 1, 2014 to December 31, 2014



KEY FIGURES AT A GLANCE

KEY GROUP FIGURES

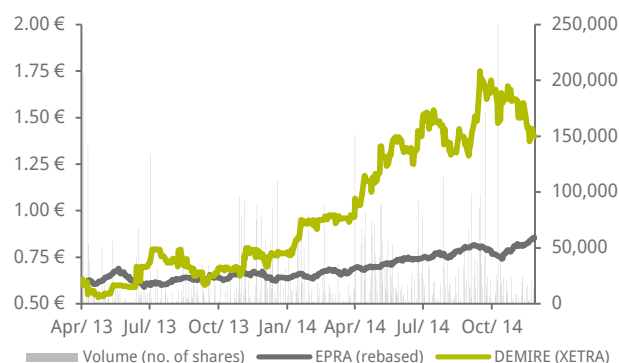
in EURk	01/04/2014 to 30/09/2014	01/04/2013 to 30/09/2013
Profit/loss on rental of real estate	986	157
Profit/loss on sale of real estate companies	167	386
Profit/loss on sale of real estate	0	0
Profit/loss from asset management	0	37
Profit/loss from investments accounted for using the equity method	37	-816
Other operating income and other effects	1,409	1,096
Profit/loss before interest and taxes (EBIT)	-1,166	-1,758
Financial result	1,629	-215
Profit/loss before taxes (EBT)	463	-1,973
Net profit/loss for the period	89	-1,963
Net profit/loss attributable to parent company shareholders	72	-1,950
Earnings per share (diluted = basic) in EUR*	0.01	-0.14

* Calculation based on the number of shares outstanding as at the reporting date

in EURk	30/09/2014	31/03/2014
Shareholders' equity	7,849	7,702
Total liabilities	87,113	40,698
Total assets	94,962	48,400
Equity ratio in percent	8.3	15.9
Cash and cash equivalents	1,660	3,955

in EURk	01/04/2014 to 30/09/2014	01/04/2013 to 30/09/2013
Cash flow from operating activities	-6,746	1,475
Cash flow from investing activities	-43,379	-300
Cash flow from financing activities	47,831	-2,401
Net change in cash and cash equivalents	-2,353	-1,226

SHARE PERFORMANCE



KEY STOCK MARKET DATA

	30/09/2014	31/03/2014	31/03/2013
Number of shares	14,286,151	13,894,651	13,894,651
Market capitalisation in EUR	24,000,734	13,394,444	8,753,630
Earnings per share*	0.01	-0.43	-0.43
Net asset value (NAV) per share in EUR	0.43	0.56	1.04
Free float (shareholders < 3 %) in percent	61.3	60.2	70.5
Share capital in EUR	14,286,151	13,894,651	13,894,651

* Calculation based on the number of shares outstanding as at the reporting date

OTHER INFORMATION

Name	DEMIRE Deutsche Mittelstand Real Estate AG
ISIN	DE000A0XFSF0
Ticker/symbol	DMRE (Bloomberg, Reuters)
Number of shares	14,306,151
General Standard	FWB and XETRA
Open Market	Berlin, Düsseldorf, and Stuttgart
Index	C-DAX, DIMAX
Email	ir@demire.ag
Homepage	www.demire.ag

CALCULATION OF NET ASSET VALUE (NAV, IN MILLIONS)

	NAV	No. of shares	NAV per share in EUR
NAV per the financial statement of September 30, 2014	7.98	14.29	0.56
Effect of exercise of options, convertibles and other equity interests	0	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interest	7.98	14.29	0.56
Revaluations	0		0
Development of properties held for investments	0		0
Revaluation of other non-current investments	0		0
Fair value of tenant leases held as finance leases	0		0
Fair value of trading properties	0		0
Fair value of financial instruments	-2.44		-0.17
Deferred tax	0.66		0.04
Goodwill as result of deferred tax	0		0
Diluted EPRA NAV	6.21		0.43

CONTENTS

FOREWORD OF THE EXECUTIVE BOARD	5
DEMIRE IN THE CAPITAL MARKET	6
INTERIM GROUP MANAGEMENT REPORT	7
1. DEMIRE at a glance	7
2. Macroeconomic and industry environment	7
3. Business performance	8
4. Net assets and financial position	9
5. Employees	10
6. Subsequent events	10
7. Report on opportunities, risks, and outlook	11
RESPONSIBILITY STATEMENT	12
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	13
Consolidated Balance Sheet	13
Consolidated Statement of Income	14
Statement of Comprehensive Income	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	18
CONTACT INFORMATION	24

TO OUR SHAREHOLDERS

FOREWORD OF THE EXECUTIVE BOARD



*Hon.-Prof. Andreas Steyer,
Speaker of the Executive Board (CEO)*

Dear Shareholders,
Ladies and Gentlemen,

After making significant progress in our realignment of the Company and in creating a value-adding commercial real estate portfolio in Germany during the past 2013/2014 financial year, we have accelerated the pace of the DEMIRE Group's realignment once again during the first six months of the current abbreviated 2014 financial year: In the first quarter, the Supervisory Board approved the purchase of a portfolio with a volume in the mid double-digit millions and consisting of seven commercial properties located in numerous major cities in Germany. The portfolio, which was subsequently enlarged to a total of eight commercial properties, is currently in the closing phase. We expect the closing sometime in the current year. We were also able to report the disposal of our investment in Turkey during the first quarter of the current abbreviated financial year. With our continuous withdrawal from our former target regions we have also been able to reduce the related costs even further.

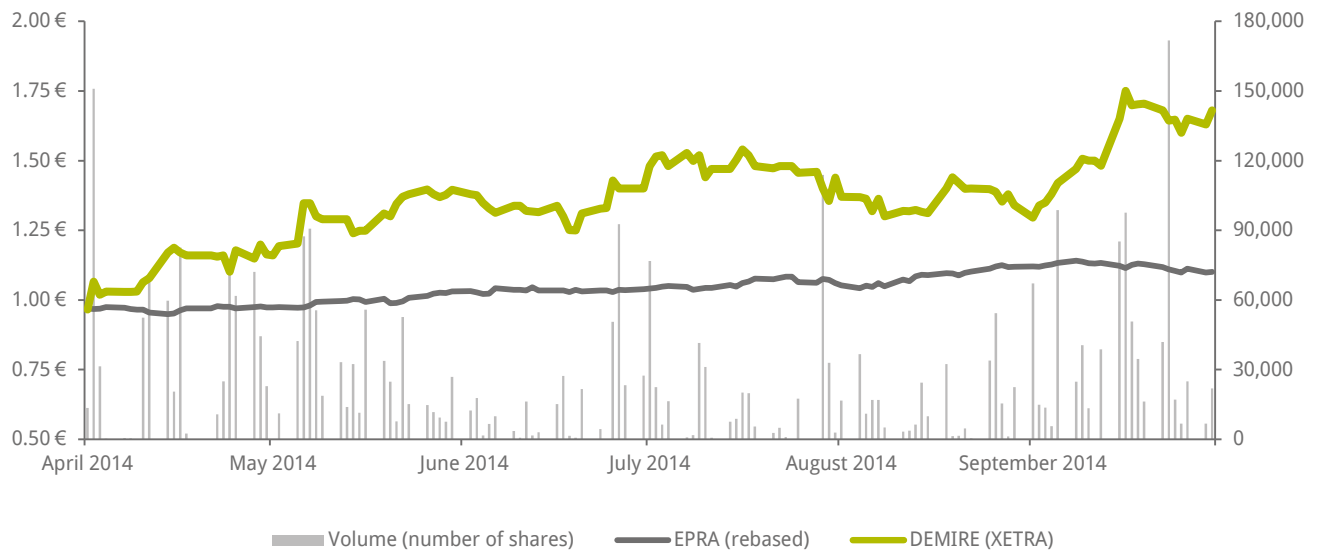
An important milestone was marked in September 2014 by a bond issue with a term of five years and an interest coupon of 7.5 percent. The bond was placed with qualified institutional investors as a private placement. Meanwhile, the issue volume of EUR 50 million has been almost completely invested in the expansion of our commercial real estate portfolio. For example, following the end of the reporting period, we signed the largest transaction in the Company's history and acquired an existing portfolio consisting of 107 properties. With rentable space of nearly 270,000 square metres, these properties generate annual net rental income of over EUR 19 million. The transaction is expected to close in the current year. The broad diversification of this portfolio contributes to further limiting the risks of our investments and accelerates the DEMIRE Group's growth.

We also want to accelerate our strategy of making DEMIRE an important player in the German market for mid-sized commercial real estate in the future. At the same time, we will consistently focus on achieving sustainable returns. We currently see numerous opportunities to do this. The success of our recent placement and the performance of DEMIRE's shares in the current year show that our shareholders, the capital market, and the banks providing financing, appreciate and support our expansion.

Sincerely,

Hon.-Prof. Andreas Steyer
Speaker of the Executive Board (CEO)

DEMIRE IN THE CAPITAL MARKET



DEMIRE Shares

DEMIRE's shares were impressive in the first six months of the current abbreviated 2014 financial year and recorded a strong share price increase: After marking their low point at the start of the financial year at a level of EUR 0.97 on April 1, 2014 the shares went on to rise 74 percent by September 30, 2014 and were more than 1.5 times higher in a twelve month comparison. The shares reached their high of EUR 1.75 in the middle of September. The comparable index of listed real estate companies in Germany ("EPRA" index) reached a net increase of just 13 percent in the six-month period.

DEMIRE Bonds

After establishing ourselves on the bond market in financial year 2013/2014 with the successful issue of a convertible bond, we followed in September 2014 with the issue of a corporate bond with a coupon of 7.5 percent and a term of five years. In a private placement, we were able to place an issue volume of EUR 50 million with qualified institutional investors. These bonds also marked an important milestone in the realignment of the DEMIRE Group and provided the necessary means to continue to expand our German commercial real estate portfolio.

Investor Relations

Shareholders and other interested parties may find comprehensive information on DEMIRE shares and a current overview of the most important conferences and financial dates on our website under the section titled "Investor Relations".

INTERIM GROUP MANAGEMENT REPORT

1. DEMIRE at a glance

DEMIRE Deutsche Mittelstand Real Estate AG is a Frankfurt/Main headquartered real estate Group with a clear focus on commercial real estate in Germany.

The Group (hereinafter referred to as "DEMIRE" or the "DEMIRE Group") pursues a buy-and-hold strategy combined with active portfolio management. The Group concentrates on the value-added and core-plus investment approaches. The combination of these two approaches offers a balanced risk-return ratio and attractive opportunities.

2. Macroeconomic and industry environment

Macroeconomic environment

The growth momentum of the global economy slowed considerably in the course of 2014. In addition to the ongoing economic weakness in Europe, which was recently reflected in the comparatively robust German economy, important emerging countries, including China, are also showing signs of a slowdown. Geopolitical tensions such as the Ukraine crisis and the resulting economic consequences of the sanctions policy towards Russia are increasingly posing a burden. Accordingly, governments and economists have already lowered their forecasts noticeably for major countries and regions of the world economy and, particularly, for the German economy, which thus far has been regarded in the EU as an economic growth engine.

Industry environment

According to an analysis prepared by BNP Paribas Real Estate, space turnover of logistics and warehouse space in Germany during the first three quarters of 2014 reached 3.83 million m². This resulted in a slight rise in space turnover of around two percent compared to the same period last year. Despite the decline in German GDP in the second quarter and the significant adjustments to forecasts for the full year, the third quarter of 2014 showed excellent results with over 1.25 million m². The contribution of different industry groups to total turnover remained stable and is dominated by three sectors logistics service, retail and wholesale as well as manufacturing companies – in that order. In the first three quarters, the space turnover in DEMIRE's target regions, which does not include the major metropolitan areas, amounted to 2.19 million m². This represents an increase of more than four percent compared to the same period last year.

According to BNP Paribas Real Estate, despite the gloomy economic outlook, all signs indicate that a nationwide space turnover with logistics and warehouse space of 4.5 to 5.0 million m² for the full year can be achieved. This would clearly exceed the long-term average once again.

Investment in office properties in Germany is currently booming. BNP Paribas Real Estate has concluded that in the first three quarters of 2014 almost EUR 10.4 billion was invested in office properties. Thus, last year's strong results were exceeded by more than 35 percent. In a long-term comparison, this is the second best result ever recorded: it is almost a third higher than the long-term average. What is remarkable is the particularly strong rise of +158 percent in portfolio sales.

In this segment, large sales of over EUR 100 million have gained considerable importance, and their share has risen nearly 10 percentage points compared to the previous year to almost 45 percent of the transaction volume. There has been a very balanced distribution in the size category of EUR 10 to EUR 100 million (10-25; 25-50; 50-100), which is currently the most important category for DEMIRE: the share of sales ranges between 15 to 17 percent each.

Very different investors with different risk profiles are interested in German office properties. This is a positive factor in terms of risk and market considerations. Pension funds, special funds, and equity/real estate funds represent the largest groups each with close to a share of 15 percent. These are followed by investment managers (nine percent), private investors (seven percent), mutual funds (6.5 percent) and real estate companies with six percent. The share of foreign investors most recently stood at 40 percent.

3. Business performance

Results of operations

The rapid progress of DEMIRE's realignment is also reflected in the Group's results of operations for the first six months of the abbreviated 2014 financial year (April 1 to December 31). In particular, the profit/loss on the rental of real estate soared significantly compared to the previous year and totalled EUR 1.0 million after EUR 0.2 million in the same period of the prior year. This result includes the rental income of the German commercial real estate portfolio. The previous year's figure was mainly comprised of rental income associated with the remaining co-proprietors' building schemes in Vienna (Austria), which were sold in June 2013.

The profit/loss on the sale of real estate companies includes the sale of our 32.44% interest in the Luxembourg investment company that held the Turkish properties. This transaction resulted in cash proceeds of EUR 3.7 million and a corresponding reduction in net assets of EUR 3.5 million. Accordingly, profit amounted to EUR 0.2 million after EUR 0.4 million in the previous year.

As in the same period of the previous year, there was no real estate sold during the reporting period. Thus, profit/loss on the sale of real estate remained at the break-even level. The profit/loss from asset management was also at the break-even level due to the discontinuation of these activities in their entirety during the first quarter of the current abbreviated financial year (previous year: EUR 37k).

Profit/loss from investments accounted for using the equity method improved significantly from EUR –0.8 million in the prior year to EUR 0.0 million (EUR 37k). This was the result of lower losses from investments accounted for using the equity method and from positive unrealised fair value adjustments that were currency related. Other operating income and other effects also increased and amounted to EUR 1.4 million in the first half after EUR 1.1 million in the previous year. Most of this improvement was also due to currency effects. The prior year included unrealised fair value adjustments in real estate inventory of EUR 0.8 million, which did not contribute to earnings in the half-year reporting period.

On the cost side, we achieved a decline in general and administrative expenses coming from EUR 1.8 million in the prior year to just EUR 1.5 million in the reporting period as a result of our continuous adjustment in staff levels. In contrast, other operating expenses experienced a strong rise from EUR 0.8 million in the prior year to EUR 2.3 million, mainly as a result of currency losses incurred in the Ukraine.

After reporting a higher negative financial result of EUR –4.2 million for the first quarter of the current abbreviated financial year due to temporary valuation effects from the 2013/2018 convertible bond, the valuation methodology for this bond was adjusted following the approval given by the creditors' meeting of September 30, 2014. This resulted in a valuation effect of EUR 8.8 million and contributed to financial income (EUR 9.2 million after EUR 0.4 million in the prior year). This was partly offset by financial expenses of EUR 7.6 million (previous year: EUR 0.6 million), of which EUR 1.2 million was attributable to interest expenses. The financial result totalled EUR 1.6 million after EUR –0.2 million in the previous year.

On balance, profit/loss before taxes (EBT) amounted to EUR 0.5 million after EUR –2.0 million in the previous year. The net profit/loss for the period after tax was EUR 0.1 million after EUR –2.0 million. Based on the number of shares outstanding as at the reporting date, this amount corresponds to earnings per share of EUR 0.01 after EUR –0.14 in the comparable period of the previous year.

Segment reporting

The Group is divided into four business segments: Investments, Asset Management, Core Portfolio, and Central Functions. Whereas the Investments and Asset Management segments represent the previous strategic focus of the Group, the Core Portfolio segment contains the domestic subsidiaries focussing on commercial real estate in Germany. The Central Functions segment mainly contains DEMIRE Deutsche Mittelstand Real Estate AG's activities in its function as the Group holding. Thus, DEMIRE's strategic orientation towards German commercial real estate is reflected in the Core Portfolio and Central Functions segments. Accordingly, these segments' revenues and net profit/loss for the period provide the key financial performance indicators for the future development of the Group's results of operations.

The Investments segment achieved revenues of EUR 0.1 million in the first six months of the abbreviated financial year after EUR 0.2 million in the prior year. This decline mainly resulted from the Group's continuous withdrawal from its previous activities. The net profit/loss for the period amounted to EUR –0.3 million after EUR –1.1 million. The Asset Management segment did not generate any revenues in the reporting period (previous year: EUR 0.4 million) since the segment's activities ceased entirely at the beginning of the reporting year. The net profit/loss for the period was slightly lower at EUR –0.1 million after EUR 0.1 million in the same period of the previous year.

DEMIRE's largest and most important segment, Core Portfolio, generated revenues of EUR 1.0 million after EUR 0.0 million in the prior year (this segment did not exist in the previous year's period). The segment contributed EUR 0.3 million to the Group's net profit/loss for the period. As in the prior year, Central Functions did not generate any revenues in the six-month period. Net profit/loss for the period amounted to EUR 0.2 million after EUR –0.9 million.

4. Net assets and financial position

Financial position

Cash flow from operating activities amounted to EUR –6.8 million in the first six months after EUR 1.5 million the comparable period of the previous year. This development was mainly influenced by the positive operating result (EBT) of EUR 0.5 million after EUR –2.0 million, the change in trade accounts receivables and other receivables (EUR –5.8 million after EUR 1.2 million), and by the change in bonds (EUR –2.4 million after EUR 0.0 million). This was in contrast to the change in trade payables and other liabilities of EUR 1.1 million after EUR 1.1 million in the comparable period of the previous year.

Cash flow from investing activities in the first six months of the current abbreviated financial year amounted to EUR –43.4 million after EUR –0.3 million in the previous year's period. The cash flow included prepayments of EUR –46.8 million for two German commercial real estate portfolios and cash inflows totalling EUR 3.7 million from the disposal of properties in Turkey.

Cash flow from financing activities was largely impacted by an increase in financial debt and amounted to EUR 47.8 million after EUR –2.4 million in the prior year. In total, the net change in cash and cash equivalents during the six-month period amounted to EUR –2.4 million after EUR –1.2 million in the previous year.

Net assets

DEMIRE Group's total assets grew a strong 96 percent from EUR 48.4 million to EUR 95.0 million compared to the end of the 2013/2014 financial year (reporting date: March 31, 2014). This rise was mainly due to the purchase of commercial properties and their corresponding financing.

The proceeds received until the reporting date of September 30, 2014 from a bond issue were used as prepayments for the purchase of one real estate portfolio (see Subsequent Events). Thus, property, plant, and equipment rose from EUR 0.2 million as at March 31, 2014 to EUR 47.0 million. Within current assets, trade accounts receivables and other receivables rose as per the reporting date from EUR 1.7 million to EUR 7.5 million. DEMIRE Group's cash and cash equivalents amounted to EUR 1.7 million as of the reporting date after EUR 4.0 million as of March 31, 2014.

Investments accounted for using the equity method available for sale declined from EUR 3.8 million as of March 31, 2014 to EUR 0.3 million as of the reporting date due to the disposal of the Turkish properties.

On the equity and liability side of the balance sheet, shareholders' equity increased from EUR 7.7 million to EUR 7.8 million as a result of the rise in subscribed capital following the exercise of subscription rights. Due to the significant increase in total assets, the equity ratio of 8.4 percent was below the level of 15.9 percent existing at the end of the last financial year.

DEMIRE Group's liabilities rose considerably following the issuance of a bond to finance the real estate portfolio. As of the reporting date, liabilities totalled EUR 87.1 million after EUR 40.7 million. This increase mainly concerned non-current financial liabilities, which increased from EUR 24.6 million to EUR 71.5 million.

Net Asset Value

The net asset value (NAV) calculated according to EPRA requirements amounted to EUR 6.2 million as at September 30, 2014 compared to EUR 7.83 million as at the closing date of March 31, 2014 of the 2013/2014 financial year. Based on the higher number of shares outstanding of 14.29 million as at September 30, 2014 (March 31, 2014: 13.89 million shares), this amount is equivalent to an NAV of EUR 0.43 per share after EUR 0.56 per share.

5. Employees

As at September 30, 2014, the Group engaged 5 employees, excluding the Executive Board (previous year: 13 employees).

6. Subsequent events

On October 15, 2014 the Annual General Meeting approved the proposals of the Executive Board and the Supervisory Board and, in addition to resolving the change in the end of the financial year to December 31, also resolved to cancel the existing authorised capital and create new authorised capital and to extend the authorisation to buy back shares.

On November 13, 2014, the DEMIRE's Executive Board announced the acquisition of a property portfolio consisting of a total of 107 properties. The largest transaction in the Company's history is expected to close before the end of the abbreviated financial year (December 31, 2014).

The Supervisory Board of DEMIRE appointed Dipl.-Kfm. (FH) Markus Drews to the Company's Executive Board effective as of December 1, 2014. Mr. Drews' appointment to the Executive Board shall be for a period of three years.

7. Report on opportunities, risks, and outlook

The following opportunities, risk, and forecast report refers to the DEMIRE Group as well as to the individual business segments. The opportunities and risks described in the 2013/2014 Annual Report continue to be relevant. New fundamental risks or those of special significance have not arisen. In developing further along our newly formulated strategic realignment, we see more opportunities associated with our business than risks.

The generally favourable macroeconomic and industry environment continue to provide us with excellent opportunities for developing a value-creating German commercial real estate portfolio. Although the growth of most economies in Europe, including Germany, has recently slowed, the demand for commercial space in the locations we address remained stable. We also continue to consider the offers in the area of financing for property acquisitions to be good.

In addition to the consistent expansion of the German commercial real estate portfolio, which has gained further importance and extensively reduced the Group's risk profile through the acquisition of the largest portfolio in the Company's history after the end of the reporting period (see chapter subsequent events), we will continue to rapidly dispose of the remaining portfolio in Eastern Europe and the Black Sea region. The very bleak political and economic situation in the Ukraine is making it extremely difficult to dispose the remaining portfolio at acceptable terms. Until the real estate projects in Eastern Europe and the Black Sea region are entirely sold, the associated risks continue to prevail.

The current abbreviated financial year will still be affected by the realignment of the Group. We are thoroughly reviewing further options on the equity and debt side to finance our growth strategy. We continue to expect a considerable improvement to slightly positive earnings before interest and taxes (EBIT).

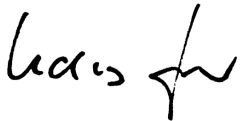
This management report contains forward-looking statements and information. Such forward-looking statements are based on expectations that we have today, and on certain assumptions. They harbour a number of risks and uncertainties as a consequence. A large number of factors, many of which lie outside the scope of DEMIRE's influence, affect DEMIRE's business activities, success, its business strategy, and its results. These factors may result in a significant divergence in the actual results, successes, and performance achieved by DEMIRE.

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove incorrect, the actual results may significantly diverge both positively and negatively from those results that were stated in the forward-looking statements as expected, anticipated, intended, planned, believed, projected, or estimated results. DEMIRE accepts no obligation, and does also not intend to update these forward-looking statements or to correct them given a development that is other than the one expected.

RESPONSIBILITY STATEMENT

As the Executive Board of DEMIRE Deutsche Mittelstand Real Estate AG, I hereby confirm to the best of my knowledge, and in accordance with the applicable reporting principles for interim financial reporting, that the interim consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Group, and furthermore that the Group interim 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 in the remainder of the financial year.

Frankfurt/Main, December 1, 2014
DEMIRE Deutsche Mittelstand Real Estate AG



Hon.-Prof. Andreas Steyer
Speaker of the Executive Board (CEO)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet as at September 30, 2014

in EUR	30/09/2014	31/03/2014
ASSETS		
Non-current assets		
Intangible assets	0	1,200
Property, plant, and equipment	46,991,132	209,751
Investment properties	20,734,992	20,526,382
Investments accounted for using the equity method	4,344,635	4,694,231
Other financial assets	385,828	694,633
Loans to investments accounted for using the equity method	2,579,494	2,490,210
Other loans	346,326	351,482
Deferred tax assets	927,506	927,506
Total non-current assets	76,309,914	29,895,395
Current assets		
Real estate inventory	7,783,855	7,783,845
Trade accounts receivables and other receivables	7,545,159	1,743,632
Financial receivables and other financial assets	1,321,515	1,148,792
Tax refund claims	72,273	71,195
Cash and cash equivalents	1,659,894	3,954,663
Total current assets	18,382,697	14,702,127
Investments accounted for using the equity method, available for sale	269,722	3,802,647
Total assets	94,962,333	48,400,169
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	14,286,151	13,894,651
Reserves	-6,302,046	-6,061,225
Equity attributable to parent company shareholders	7,984,105	7,833,426
Interest of non-controlling shareholders	-135,042	-131,664
Total shareholders' equity	7,849,063	7,701,762
Liabilities		
Non-current liabilities		
Deferred tax liabilities	1,588,354	1,210,981
Non-current financial debt	71,500,929	24,646,158
Total non-current liabilities	73,089,283	25,857,139
Current liabilities		
Provisions	677,727	786,883
Trade payables and other liabilities	5,028,971	4,257,040
Tax liabilities	1,341	18,586
Current financial debt	8,315,947	9,778,759
Total current liabilities	14,023,986	14,841,268
Total liabilities	87,113,270	40,698,407
Total equity and liabilities	94,962,333	48,400,169

Consolidated statement of income as at September 30, 2014

in EUR	01/04/2014 to 30/09/2014	01/04/2013 to 30/09/2013	01/07/2014 to 30/09/2014	01/07/2013 to 30/09/2013
Rental income	1,154,080	193,426	475,274	79,337
Operating expenses to generate rental income	-168,159	-36,812	-131,472	-13,741
Profit/loss from the rental of real estate	985,920	156,614	343,803	65,596
Revenue from the sale of real estate companies	3,700,000	402,989	3,700,000	0
Net assets from real estate companies sold	-3,532,924	-16,606	-3,532,924	0
Profit/loss from the sale of real estate companies	167,076	386,383	167,076	0
Revenue from the sale of real estate	0	0	0	0
Expenses relating to real estate sales	0	0	0	0
Profit/loss from the sale of real estate	0	0	0	0
Revenue from asset management	0	80,835	0	40,173
Expenses for asset management	0	-43,720	0	-21,073
Profit/loss from asset management	0	37,115	0	19,100
Profits from investments accounted for using the equity method	0	0	0	-5,109
Losses from investments accounted for using the equity method	-333,743	-356,849	-210,978	-193,521
Unrealised fair value adjustments in equity investments	371,068	-458,982	300,991	-379,287
Profit/loss from investments accounted for using the equity method	37,325	-815,831	90,013	-577,917
Unrealised fair value adjustments in real estate inventory	0	759,136	0	546,124
Impairment of goodwill and receivables	-289,554	-18,000	-12,054	-13,500
Other operating income	1,698,693	354,697	1,349,982	117,850
Other operating income and other effects	1,409,139	1,095,833	1,337,928	650,474
General and administrative expenses	-1,457,864	-1,821,718	-854,758	-767,675
Other operating expenses	-2,307,507	-796,214	-1,721,906	-378,905
Profit/loss before interest and taxes	-1,165,911	-1,757,818	-637,844	-989,327
Financial income	9,211,822	368,590	9,098,355	194,183
Financial expenses	-7,582,623	-583,625	-3,266,867	-284,111
Financial result	1,629,199	-215,035	5,831,488	-89,928
Profit/loss before taxes	463,288	-1,972,853	5,193,644	-1,079,255
Income taxes	-374,580	10,349	-320,681	-79,867
Net profit/loss for the period	88,708	-1,962,504	4,872,962	-1,159,122
Of which, attributable to:				
Non-controlling interests	17,046	-12,279	58,008	-11,424
Parent company shareholders	71,663	-1,950,225	4,814,956	-1,147,698
Earnings per share (diluted = basic)	0.01	-0.14	0.35	-0.08

Statement of comprehensive income April 1, 2014 to September 30, 2014

in EUR	01/04/2014 to 30/09/2014	01/04/2013 to 30/09/2013	01/07/2014 to 30/09/2014	01/07/2013 to 30/09/2013
Net profit/loss for the period	88,708	-1,962,504	4,872,962	-1,159,121
Other comprehensive income				
Share of other comprehensive income attributable to associated companies accounted for using the equity method, before taxes	-418,485	-64,882	-118,850	-213,280
Currency translation differences,	85,168	-132,928	-357,505	17,785
Total of other comprehensive income which may be reclassified to profit and loss in future periods, before taxes	-333,317	-197,810	-476,355	-195,495
Income taxes on the share of other comprehensive income attributable to associated companies accounted for using the equity method which may be reclassified to profit and loss in future periods	0	0	0	0
Total other comprehensive income	-333,317	-197,810	-476,355	-195,495
Total comprehensive income	-244,609	-2,160,314	4,396,607	-1,354,616
Of which, attributable to:				
Non-controlling interests	-2,674	-20,881	21,571	-36,742
Parent company shareholders	-241,934	-2,139,433	4,375,036	-1,317,874

Consolidated statement of changes in equity as at September 30, 2014

in EURk	Share capital	Reserves					Equity attributable to parent company shareholders	Interests of non-controlling shareholders	Total equity
	Subscribed capital	Capital reserves	Retained earnings including Group profit/loss	Reserves for treasury shares	Currency translation	Other reserves			
01/04/2014	13,895	7,455	-10,500	-310	-2,706	0	7,835	-133	7,702
Capital increase	391	0	0	0	0	0	391	0	391
Change in deferred taxes directly recognised in equity		0	0	0	0	0	0	0	0
Proportional transfer of earnings-neutral changes in equity in investments accounted for using the equity method	0	0	0	0	-418	0	-418	0	-418
Currency translation differences	0	0	0	0	104	0	104	-19	85
Total other comprehensive income	0	0	0	0	-314	0	-314	-19	-333
Net profit/loss for the period	0	0	71	0	0	0	71	17	88
Total comprehensive income	0	0	71	0	-314	0	-243	-2	-245
30/09/2014	14,286	7,455	-10,429	-310	-3,020	0	7,984	-135	7,849
01/04/2013	13,895	7,455	-1,266	-310	-2,115	-3,299	14,361	-109	14,252
Change in deferred taxes directly recognised in equity	0	0	0	0	0	0	0	0	0
Proportional transfer of earnings-neutral changes in equity in investments accounted for using the equity method	0	0	0	0	-65	0	-65	0	-65
Currency translation differences	0	0	0	0	-133	0	-133	14	-119
Total other comprehensive income	0	0	0	0	-198	0	-198	13	-185
Net profit/loss for the period	0	0	-1,950	0	0	0	-1,950	-13	-1,963
Total comprehensive income	0	0	-1,950	0	-198	0	-2,148	0	-2,147
30/09/2013	13,895	7,455	-3,216	-310	-2,314	-3,299	12,212	-108	12,105

Consolidated statement of cash flows April 1, 2014 to September 30, 2014

in EURk	01/04/2014 to 30/09/2014	01/04/2013 to 30/09/2013
Group profit/loss before taxes	463	-1,973
Change in real estate inventory	0	1,276
Change in trade accounts receivable and other receivables	-5,802	1,158
Change in income tax receivables	-1	20
Change in financial receivables and other financial assets	141	1,121
Change in intangible assets	1	-1
Change in provisions	-109	-282
Change in trade payables and other liabilities	1,132	142
Change in bonds	-2,439	0
Other non-cash items	-133	14
Cash flow from operating activities	-6,746	1,475
Payments for investments in property, plant, and equipment	-46,781	-9
Payments for interests held as financial investment	-209	0
Proceeds from the disposal of Investments accounted for using the equity method, available for sale	3,700	0
Payments for granting loans to investments accounted for using the equity method and to other investments	-89	-291
Cash flow from investing activities	-43,379	-300
Proceeds from the issuance of financial debt	49,294	517
Payments for the redemption of financial debt	-1,463	-2,918
Cash flow from financing activities	47,831	-2,401
Net change in cash and cash equivalents	-2,353	-1,226
Change due to currency translation	59	-199
Cash and cash equivalents at the start of the period	3,955	2,333
Cash and cash equivalents at the end of the period	1,660	909
Supplementary information concerning the statement of cash flows:		
Income taxes received (+) / paid (-)	-16	8
Interest received	5	7
Interest paid	642	78

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. General information

DEMIRE Deutsche Mittelstand Real Estate AG (hereinafter also referred to as the "Company" or "DEMIRE") is recorded in the commercial register in Frankfurt/Main, Germany which is the location of the Company's headquarters. The Company's headquarters are located at Lyoner Strasse 32 in Frankfurt/Main. All of the Company's fiscal years end on March 31. The Company's Annual General Meeting of October 15, 2014 resolved to change the Company's financial year. With effect from January 1, 2015, the Company's financial year will be aligned to the calendar year. Therefore, the current financial year from April 1, 2014 to December 30, 2014 will be an abbreviated financial year.

Initially, the Company was formed as MAGNAT Real Estate Opportunities GmbH & Co. KGaA on April 6, 2006 and recorded in the commercial register at the Company's headquarters in Frankfurt/Main, Germany on May 31, 2006. On September 17, 2010 the Company's legal form was changed from that of a GmbH & Co. KGaA to a public stock corporation ("Aktiengesellschaft") and was recorded in the commercial register (HRB 89041). The Extraordinary General Meeting of June 27, 2013 passed the resolution to change the Company's name to "DEMIRE Deutsche Mittelstand Real Estate AG". The registration of the name change was recorded in the Company's commercial register on July 30, 2013.

The Company was originally listed on the open market in July 2006. On October 30, 2007 the Company switched stock exchange segments. Since this time, the Company's shares have been listed in the General Standard segment of the Frankfurt Stock Exchange. As a result of this segment change, DEMIRE is subject to the stringent EU-wide transparency requirements of the regulated market.

To date, DEMIRE Deutsche Mittelstand Real Estate AG itself has not carried out any investments in real estate or real estate projects. Generally, investments are processed through project companies. Interests in these project companies are either directly or indirectly held (through intermediate holding companies) by DEMIRE Deutsche Mittelstand Real Estate AG.

These consolidated financial statements prepared in the name of the legal parent company, DEMIRE Deutsche Mittelstand Real Estate AG, are to be attributed economically to the economic acquirer identified as MAGNAT Asset Management GmbH, Vienna, Austria (formerly: R-QUADRAT Immobilien GmbH), within the context of a reverse acquisition in fiscal year 2009/2010 (see A.5). The total of the consolidated subsidiaries and the joint ventures and associated companies accounted for using the equity method will be referred to hereinafter as the "DEMIRE Group".

As a result of the strategic realignment towards a clear focus on commercial real estate in Germany, DEMIRE's business model has changed from a "develop & sell" to a "buy & hold" strategy with active portfolio management.

B. Accounting policies

The interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial reporting, as applicable in the EU. The interim Group Management Report was prepared in accordance with the applicable provisions set forth under the German Securities Trading Act (WpHG). The interim consolidated financial statements were not subject to a review by an auditor.

The interim consolidated financial statements as of September 30, 2014 were prepared in accordance with the provisions set forth under International Accounting Standards (IAS) 34. As is permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements as of March 31, 2014.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have approved standards and interpretations that have not yet required mandatory application in the reporting period. The application of these standards presupposes that the current and partially still outstanding recognition by

the EU will occur. The Group has not utilised the option to make voluntary prior application of the relevant standards and interpretations.

The consolidated financial statements were prepared on the assumption of a going concern. The re-reporting currency is the euro. Where figures have been rounded to EURk, this has been stated. Round-ing discrepancies may occur as a result of rounding.

The interim consolidated financial statements of the DEMIRE Group were prepared according to uni-form accounting and valuation policies. This takes into account all IFRS standards that require mandatory application as of the reporting date (September 30, 2014) and that were adopted by the European Union. The accounting and valuation policies and the estimation methods have not changed compared to the consolidated financial statements as of March 31, 2014. We refer to our Annual Report as of March 31, 2014.

These interim consolidated financial statements do not contain all of the information required for con-solidated financial statements and should therefore be read in conjunction with the consolidated financial statements as of March 31, 2014.

C. Selected notes to the consolidated statement of income

The Group's net profit/loss for the period of EUR 89k was largely impacted by financial income (EUR 9,212k) and other operating income (EUR 1,699k). This was partly compensated by financial expens-es (EUR 7,583k), other operating expenses (EUR 2,308k), and general and administrative expenses (EUR 1,458k).

Earnings per share

Basic earnings per share is computed by dividing the net profit/loss for the period attributable to the parent company shareholders by the weighted average number of shares outstanding.

	01/04/2014 – 30/09/2014	01/04/2013 – 30/09/2013
Net profit/loss for the period attributable to the parent company shareholders (in EURk)	72	-1.950
Weighted average number of shares outstanding	14,281,151	13,889,651
Basic earnings per share (EUR)	0.01	-0.14
Diluted earnings per share (EUR)	0.01	-0.14

D. Selected notes to the consolidated balance sheet and consolidated statement of changes in equity

The change in property, plant, and equipment was mainly the result of a prepayment for the core port-folio. The change in investments accounted for using the equity method was due to the result of in-vestments accounted for using the equity method and the proportional transfer of earnings-neutral changes in equity. During the reporting period, provisions declined by EUR 109k.

The net profit for the period attributable to the parent company shareholders amounted to EUR 72k. The net profit attributable to non-controlling interests amounted to EUR 17k.

Additional earnings-neutral changes in equity were primarily the result of a positive change in the cur-rency translation reserves of EUR 104k and the proportionate change in other reserves of investments accounted for using the equity method in an amount of EUR –418k.

For the development of shareholders' equity, including the conversion of shares totalling EUR 391k in the reporting period, please refer to the statement of changes in equity.

E. Selected notes to the consolidated statement of cash flows

Cash flow from operating activities is calculated using the indirect method. Cash flows from investing and financing activities are calculated on a payment-related basis.

Cash flow includes interest received in the amount of EUR 5k (resulted entirely from operating activi-ties) and interest paid in the amount of EUR 642k (resulted entirely from financing activities). Cash flow from income taxes resulted in a cash outflow of EUR 16k within cash flow from operating activi-ties.

Cash flow from operating activities

Cash flow from operating activities of EUR –6,805k was largely impacted by a change in trade ac-counts receivables and other receivables (EUR 5,802k), in trade payables and other liabilities (EUR 1,132k), and financial receivables and other financial assets (EUR 141k). The change in provisions totalled EUR –109k. The line item "changes in bonds" (EUR 2,439k) mainly relates to financial ex-penses resulting from the fair value measurement of the convertible bond and the oppos-ing trend in financial income resulting from the separation of the equity and debt components of the convertible bond.

Cash flow from investing activities

Cash flow from investing activities of EUR –43,379k is comprised of payments for investments in property, plant, and equipment (EUR –46,781k), proceeds from the disposal of investments account-ed for using the equity method, available for sale (EUR 3,700k), payments for interests held as financial investment (EUR –209k), and payments for granting loans to investments accounted for using the equity method and to other investments (EUR –89k).

Cash flow from financing activities

Cash flow from financing activities totalled EUR 47,831k and was marked by proceeds from the issu-ance of bonds of EUR 49,294k and the redemption of financial debt of EUR 1,463k.

Cash and cash equivalents

Cash and cash equivalents of EUR 1,660k are equal to those reported in the consolidated balance sheet. This item of the consolidated balance sheet comprises cash in hand and current accounts at banks with a maturity of less than three months.

F. Notes to the segment reporting

April 1, 2014 – September 30, 2014

	Segments by business areas				
EURk	Investments	Asset Management	Core Portfolio	Central Functions	Group
Revenues	146	0	1,008	0	1,154
Net profit/loss for the period	-320	-64	306	167	89

April 1, 2013 – September 30, 2013

	Segments by business areas				
EURk	Investments	Asset Management	Core Portfolio	Central Functions	Group
Revenues	193	402	0	0	595
Net profit/loss for the period	-1,135	55	0	-883	-1,963

Additional information

	Segments by business areas				
Segment assets (EURk)	Investments	Asset Management	Core Portfolio	Central Functions	Group
September 30, 2014	15,512	1,439	53,816	24,195	96,962
March 31, 2014	20,150	1,867	4,874	21,509	48,400
September 30, 2013	19,400	1,568	0	212	21,180
March 31, 2013	24,415	5,024	0	1,703	31,142

The segmentation of the financial statement data is based on the internal alignment according to strategic business segments and geographic considerations pursuant to IFRS 8. In accordance with the management approach, the segment information provided represents the information to be reported to the Executive Board of DEMIRE. The Group is divided into four business segments: Investments, Asset Management, Core Portfolio, and Central Functions. Whereas the Investments and Asset Management segments refer to the activities along the Company's previous strategic focus, the Investments segment includes the domestic subsidiaries focusing on commercial real estate in Germany. The Central Functions segment mainly contains DEMIRE Deutsche Mittelstand Real Estate AG's activities in its function as the Group holding. Thus, DEMIRE's strategic orientation towards German commercial real estate is reflected in the Core Portfolio and Central Functions segments.

The allocation of group companies to business segments has not changed since the consolidated financial statements as of March 31, 2014.

G. Other notes

1. Related party disclosures

Business transactions with members of management having key positions within the Company

In the reporting period, no business transactions with members of management having key positions within the Company have occurred.

The following balances exist with respect to associated companies:

in EURk	30/09/2014	30/09/2013
Trade accounts receivables and other receivables	0	0
Financial receivables and other financial assets	48	0

The following balances exist with respect to joint ventures:

in EURk	30/09/2014	30/09/2013
Loans to investments accounted for using the equity method	2,580	1,429
Financial receivables and other financial assets	2,289	3,991
Current financial debt	59	0

Volume of business transactions with investments accounted for using the equity method:

in EURk	01/04/2014 – 30/09/2014
Loans to investments accounted for using the equity method	90
Trade accounts receivables and other receivables	0
Financial receivables and other financial assets	100
Current financial debt	51

Business transactions with other related parties

No business transactions with other related parties have occurred in the reporting period.

2. Executive Board

In the reporting period, fixed remuneration (short-term benefits) totalling EUR 117k were recognised for DEMIRE Deutsche Mittelstand Real Estate AG's Executive Board member, Hon.-Prof. Andreas Steyer).

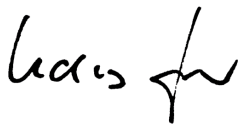
3. Events subsequent to the balance sheet date

On October 15, 2014 the Annual General Meeting approved the proposals of the Executive Board and the Supervisory Board and, in addition to resolving the change in the end of the financial year to December 31, also resolved to cancel the existing authorised capital and create new authorised capital and to extend the authorisation to buy back shares.

On November 13, 2014, the DEMIRE's Executive Board announced the acquisition of a real estate portfolio consisting of a total of 107 properties. The largest transaction in the Company's history is expected to close before the end of the abbreviated financial year (December 31, 2014).

The Supervisory Board of DEMIRE appointed Dipl.-Kfm. (FH) Markus Drews to the Company's Executive Board effective as of December 1, 2014. Mr. Drews' appointment to the Executive Board shall be for a period of three years.

Frankfurt/Main, December 1, 2014
DEMIRE Deutsche Mittelstand Real Estate AG



Hon.-Prof. Andreas Steyer
Speaker of the Executive Board (CEO)

CONTACT INFORMATION

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Notice: This interim report is also available in German. The German version of this report is authoritative. Additional information about the Company and the online financial report is available on the internet at www.demire.ag. We would be pleased to send you printed information on request: ir@demire.ag