

DEMIRE Deutsche Mittelstand Real Estate AG

3RD QUARTER INTERIM REPORT

Fiscal Year April 1, 2013 to March 31, 2014



3RD QUARTER INTERIM REPORT

DEMIRE DEUTSCHE MITTELSTAND REAL ESTATE IN BRIEF

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

The Group pursues a buy and hold strategy combined with active portfolio management. The Group is concentrated on both the value-added and core-plus investment approaches. The combination of these two approaches offers a balanced risk-return ratio and attractive opportunities.

KEY GROUP FIGURES (UNAUDITED)

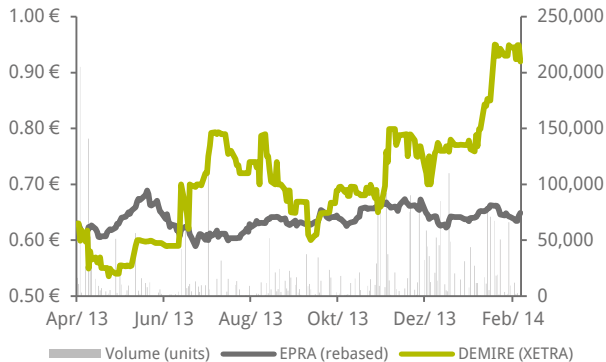
in EURk	Q3 2013/2014	Q3 2012/2013	9M 2013/2014	9M 2012/2013
Profit/loss on rental of real estate inventory	29	-165	186	117
Profit/loss on sale of real estate companies	0	0	386	89
Profit/loss on sale of real estate	0	0	0	302
Profit/loss from asset management	1	16	38	54
Profit/loss from investments accounted for using the equity method	-270	-429	-1,086	-195
Other operating income and other effects	286	-598	1,382	2
Profit/loss before interest and taxes (EBIT)	-1,515	-2,104	-3,273	-3,110
Profit/loss before taxes (EBT)	-1,636	-2,212	-3,609	-3,430
Net profit/loss for the period	-1,624	-2,256	-3,586	-3,454
Net profit/loss attributable to parent company shareholders	-1,606	-2,249	-3,556	-3,448
Basic earnings per share in EUR	-0.12	-0.16	-0.26	-0.25
Diluted earnings per share in EUR	-0.08	-0.16	-0.17	-0.25

* Calculation in accordance with IAS 33 (taking into account 7,279,870 fractional convertible bonds issued until the reporting date)

in EURk	31/12/2013	31/03/2013
Shareholders' equity	10,505	14,252
Total liabilities	23,437	16,891
Total assets	33,942	31,143
Equity ratio in percent	30.9	45.8
Cash and cash equivalents	5,463	2,333

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SHARE PERFORMANCE



KEY STOCK MARKET DATA

	31/12/2013	31/03/2013	31/03/2012
Number of shares	13,894,651	13,894,651	13,894,651
Market capitalisation on Dec. 31, 2013 in EUR	10,698,881	8,753,630	9,031,523
Basic earnings per share	-0.26	-0.43	0.93
NAV per share in EUR	0.77	1.04	1.44
Free float (shareholders <10 %) in percent	70.5	70.5	55.3
Share capital in EUR	13,894,651	13,894,651	13,894,651

OTHER INFORMATION

Name	DEMIRE Deutsche Mittelstand Real Estate AG
ISIN	DE000A0XFSF0
Ticker Symbol	DMRE (Bloomberg, Reuters)
Number of shares	13,894,651
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 December 31, 2013	10.62	13.89	0.76
Effect of exercise of options, convertibles and other equity interests	-	-	-
Diluted NAV, after the exercise of options, convertibles and other equity interest	10.62	13.89	0.76
Revaluations	-	-	-
Development of properties held for investments	-	-	-
Revaluation of other non-current investments	-	-	-
Fair value of tenant leases held as finance leases	-	-	-
Fair value of trading properties	-	-	-
Fair value of financial instruments	-	-	-
Deferred tax	0.03	-	0.00
Goodwill as result of deferred tax	-	-	-
Diluted EPRA NAV	10.65	-	0.77

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3RD QUARTER INTERIM REPORT, FISCAL YEAR 2013/2014

- » Key milestones achieved in the successful realignment of the Company
- » Financial strength significantly enhanced through the issuance of a convertible bond, a portion of the funds has already been profitably employed
- » Review of other investment opportunities at an advanced stage

Frankfurt/Main, February 11, 2014 – DEMIRE Deutsche Mittelstand Real Estate AG ("DEMIRE", ISIN DE000A0XFSF0) reports on the performance of the third quarter of the 2013/2014 fiscal year (April 1, 2013 to March 31, 2014).

The quarter was mainly characterised by the consistent and rapid repositioning of DEMIRE: In early December 2013, the Executive Board and the Supervisory Board resolved to issue a convertible bond in the amount of EUR 11.3 million. The issue has been concluded successfully in the meantime. At the same time, our first investment in the German commercial real estate market was initiated and, in the meantime, has been realised. Finally, the internal reorganisation has continued to progress and the leasing out of our Vienna site has now been implemented as announced.

Despite various one-time effects that were associated in particular with the restructuring and repositioning of the Company, DEMIRE recorded improved earnings before interest and taxes (EBIT) in the quarter of EUR –1.5 million after EUR –2.1 million in the same period of the previous year.

The profits/losses on rental of real estate inventory, the sale of real estate companies, the sale of real estate, as well as on asset management continue to be insignificant due to the disposals in the past quarters. The improvement in the profit/loss from investments accounted for using the equity method, which contains the remaining Eastern European portfolio, largely benefited from lower exchange rate-related charges arising from unrealised fair value adjustments in the reporting quarter. A positive trend was also seen in other operating income and other effects. This line item improved from

EUR –0.6 million in the previous year to EUR 0.3 million. The reason for this development was the considerably lower level of impairment of goodwill and receivables as compared to the previous year as well as an increase in other operating income.

As part of the restructuring to date, the general and administrative expenses as well as other operating expenses have already been successfully and considerably reduced. However, the various measures for the realignment of DEMIRE mentioned above did result in additional expenses during the reporting quarter. The positive effects of these measures will only become visible in subsequent periods.

Overall, the Group's net profit/loss for the period and the net profit/loss for the period attributable to parent company shareholders amounted to EUR –1.6 million each in the reporting quarter after EUR –2.3 million and –2.2 million, respectively, in the previous year

In the first nine months of the current fiscal year, we have completely repositioned our Company and have put it on track for its future successful development in the German commercial real estate market. This included – as far as it relates to the various items in the statement of income – especially the sale of the Viennese co-proprietors' building schemes, the sale of the asset management for already placed co-proprietors' building schemes, and the withdrawal from activities in Austria in June 2013. In addition, the internal realignment resulted in a significant reduction in the number of employees and brought lower administrative and other operating expenses. However, this also resulted in non-recurring expenses typically associated with such measures.

Net profit/loss for the period and the net profit/loss for the period attributable to parent company shareholders amounted to EUR –3.6 million each for the first nine months of fiscal year 2013/2014 after EUR –3.5 million and EUR –3.4 million, respectively, in the comparable period of the previous year.

In the 2013/2014 nine-month period, the development of the balance sheet was characterised by contradictory developments: In the first six months, total assets declined mainly as a result of the sale of the Viennese co-proprietors' building schemes and unrealised exchange rate-related fair value adjustments in equity investments

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from EUR 31.1 million as at March 31, 2013 to EUR 26.4 million as at September 30, 2013.

A comparison with this date makes the changes in the course of the quarter particularly prominent: As at December 31, 2013, total assets rose sharply to EUR 33.9 million. The expansion of more than EUR 7 million was primarily due to the successful placement of convertible bonds totalling EUR 7.3 million.

This led to an increase in cash and cash equivalents to EUR 5.5 million on the asset side of the balance sheet at the end of the reporting quarter in comparison to EUR 0.9 million at the start of the quarter. In addition, a deposit was already made for the first commercial property in Germany, which was acquired after the end of the reporting period as part of the new corporate strategy. Thus, this object will immediately generate positive cash flows for DEMIRE.

On the liability side of the balance sheet, the placement is reflected in the expansion of non-current financial debt to EUR 13.5 million as at the reporting date after EUR 6.2 million at the start of the quarter.

Significant events following the end of the reporting period and outlook

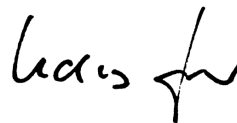
As announced, we have immediately used the funds from the placement of convertible bonds in December 2013 in order to begin building our portfolio of German commercial real estate. As of January 1, 2014, we have acquired an office building in the Munich area with approximately 15,000 square meters. This multi-tenant property is currently leased at a level of approximately 70 percent to various medium-sized tenants. The annual lease income currently amounts to more than EUR 1 million. The reduction of the vacancy rate offers further potential for increasing the rental yield. The purchase price was approximately EUR 10 million, of which 20 percent was funded with equity.

This commercial property precisely reflects our investment strategy in the German real estate market. The review of other opportunities is far advanced. The remaining funds from the placement in December are to be used for this purpose.

Furthermore, in January 2014, additional fractional convertible bonds amounting to EUR 4.0 million were successfully placed in a private placement. Thus the convertible bond resolved on December 9, 2013 was fully emitted and had a total nominal value of EUR 11.3 million. These funds are also intended for the further implementation of the new strategy and for the enhancement of our financial strength.

December 2013 and January 2014 marked the turning point in the development of DEMIRE Deutsche Mittelstand Real Estate AG. Key milestones in the Company's repositioning were achieved. We can now look optimistically into the future and consistently build our real estate portfolio and continue to sell the remainder of our previous investments in Eastern Europe.

Frankfurt/Main, February 11, 2014



Andreas Steyer
(CEO)

FINANCIAL CALENDAR

Date	Publication/Event
31/07/2014	Annual Report 2013/2014

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Remarks: This interim report is also available in German. The German version of this report is authoritative. Further information on the Company and the online interim report is available on the internet under www.demire.ag. We would be glad to send you printed information upon request: ir@demire.ag