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DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 AKTG

The Executive Board and Supervisory Board of DEMIRE Deutsche Mittelstand Real Estate AG monitor compliance with the German Corporate Governance Code.

Due to the amendment made to the Corporate Governance Code in 2019/20 (amendment adopted in the plenary session on 16 December 2019 and publication of the amended version in the Federal Gazette (Bundesanzeiger) on 20 March 2020), the disclosures from the previous year (in this case for 2019), which refer to the German Corporate Governance Code as amended on 7 February 2017, also have to be made.

As a result, the Executive Board and the Supervisory Board declared on 4 March 2020 that DEMIRE Deutsche Mittelstand Real Estate AG complied with the recommendations of the “Government Commission German Corporate Governance Code” in the version of the Code dated 7 February 2017 announced by the Federal Ministry of Justice in the official section of the Federal Gazette with the following exceptions:

Item 3.8: The Code recommends that a D&O insurance policy for members of the Executive and Supervisory Boards provides for a deductible of at least 10% of the loss up to one and a half times the level of the fixed annual remuneration. For the Executive Board, a deductible for the D&O insurance has been agreed but is not agreed for the Supervisory Board. In the Company’s view, agreeing to such a deductible for members of the Supervisory Board would not enhance the attractiveness of a Supervisory Board position at the Company and not increase the motivation or responsibility and would, therefore, adversely affect the chances of attracting suitable candidates for the work on the Company’s Supervisory Board.

Item 4.1.3: In accordance with the Code, the Executive Board must ensure compliance with the statutory provisions and the Company’s internal guidelines

and make certain that these provisions and guidelines are observed by the Group companies (compliance). The Executive Board has set up an appropriate compliance management system, which is being developed further on an ongoing basis. Information from employees and third parties can be given confidentially to the Compliance Officer. The contact details for the Compliance Officer are published on the Company’s website. An anonymous whistleblowing system for third parties is currently not available on the website.

Item 4.1.5: The Code recommends that diversity is taken into account – with a particular focus on women – when hiring for executive positions. The Executive Board does take diversity into account when filling executive positions and gives consideration to female candidates. The Executive Board intends to continue to do this in the future. At the same time, the Executive Board believes that the deciding factor for filling executive positions should always be the personal and professional qualifications of the candidate. The code also recommends that the Executive Board sets targets for the proportion of women in the two management levels below the Executive Board. Due to the flat hierarchies in the Company, a target figure was not set for the second management level below the Executive Board.

Item 4.2.1: According to the Code, the Executive Board should consist of several people, as well as a chairperson or spokesperson. Following the dismissal of Mr Kind as Executive Board member on 3 January 2019, Mr Hartlief served as the sole Executive Board member for a short period of time until 1 February 2019. Since that date, the Executive Board has consisted of two persons.

Items 5.3.1 – 5.3.3: According to the Code, the Supervisory Board shall form committees with professional qualifications depending on the Company’s specific circumstances and the number of its members. The Supervisory Board of DEMIRE Deutsche Mittelstand Real Estate AG does not form any



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committees as it consists of only three members. As a result, the Supervisory Board performs all of the duties that would normally be performed by an audit committee and, particularly, oversees financial reporting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal auditing system, auditing and compliance. Notwithstanding Item 5.3.3 of the Code, a nomination committee was not formed and will not be formed in the future due to the number of members on the Supervisory Board.

Items 5.4.1: According to the Code, the Supervisory Board should define concrete goals for its composition and develop a skills profile for the entire body. The setting of concrete goals for the composition or a change to the composition of the whole body, including a skills profile, are not considered necessary based on the current situation. The Code recommends that the members of the Supervisory Board should be subject to an age limit and a standard limit on the length of their membership on the Supervisory Board. For the members of the Supervisory Board, neither an age limit nor a standard limit for the length of membership on the Supervisory Board has been established. In the opinion of the Company, age is not an appropriate criterion to elect a member of the Supervisory Board. The Supervisory Board is of the opinion that it serves the Company's interest better in certain cases when it can rely on the long-standing expertise of individual members of the Supervisory Board. In the absence of a standard limit for the length of service, the factor is not a consideration in the election nominations of the Supervisory Board to the Annual General Meeting or in its publication on the status of implementation.

The Code recommends that the Supervisory Board submits curricula vitae of the candidates proposed for nomination as new members that include the candidates' relevant knowledge, skills and experience; this is to be supplemented by an overview of the candidates' main activities outside of a Supervisory Board mandate and updated annually for all Supervisory Board members on the Company's website. To date, no curricula

vitae or significant activities of the members of the Supervisory Board have been published on the website under "Company / People". However, they are available as documents for the Annual General Meeting at which the respective member was elected to the Supervisory Board.

Item 5.6: According to the Code, the Supervisory Board should perform a routine review of the efficiency of its activities. In light of the period of time it has cooperated in this role, an efficiency review has not been carried out by a third party to date. The critical scrutiny of the activity in this item is carried out by Supervisory Board members on an ongoing basis.

Item 7.1.2: The Code recommends that the consolidated financial statements and the group management report be made publicly available within 90 days of the end of the financial year and that the mandatory interim financial information be made available within 45 days after the end of the reporting period. For the time being, the Company follows the statutory publication deadlines.

The Executive Board and the Supervisory Board also declared on 4 March 2021 that DEMIRE Deutsche Mittelstand Real Estate AG complies with the recommendations of the "Government Commission German Corporate Governance Code" in the version of the Code dated 16 December 2019 announced by the Federal Ministry of Justice in the official section of the Federal Gazette with the following exceptions:

The Executive Board and Supervisory Board hereby declare that DEMIRE Deutsche Mittelstand Real Estate AG has been complying with and will continue to comply with the recommendations of the "Government Commission German Corporate Governance Code" in the version dated 16 December 2019, with the following exceptions:

B. B.2: "Together with the Executive Board, the Supervisory Board shall ensure long-term succession planning and the procedure for this shall be described in the Corporate Governance Statement."



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There is currently no written concept for succession planning. Discussions on an extension are held between the Executive Board and the Supervisory Board in good time before the Executive Board employment contract concerned ends. If the talks do not result in further cooperation, the Supervisory Board is of the view that it will be able to ensure succession with sufficient advance notice without the need for a written concept.

B. B.5: “An age limit shall be set for members of the Executive Board, and this shall be specified in the Corporate Governance Statement.”

DEMIRE currently has no age limit for members of the Executive Board. It is the Company’s view that age alone is not an appropriate exclusion criterion for appointing members to the Executive Board. The Supervisory Board is of the opinion that it serves the Company’s interest better in certain cases when it can also rely on the long-standing expertise of individual members of the Executive Board.

C. I. C.1: “The Supervisory Board shall define concrete goals for its composition and develop a skills profile for the entire body. The Supervisory Board shall pay attention to diversity when doing so. Proposals of the Supervisory Board to the Annual General Meeting shall take these goals into account while striving to complete the skills profile of the entire body at the same time. The implementation status shall be published in the Corporate Governance Statement. It shall also provide information on what the shareholder representatives in the Supervisory Board consider as the appropriate number of independent shareholder representatives as well as the names of these members.”

The Supervisory Board has not created any concrete goals in writing and nor has it developed a skills profile for the entire body. Diversity and neutrality were already taken into account when filling the current positions of the Supervisory Board. In the case of changes in personnel, the

Supervisory Board shall work out the specific required skills for the proposal of a new member of the Supervisory Board, ensuring that the new member complements the entire body in the best possible way.

C. I. C.2: “An age limit shall be set for members of the Supervisory Board, and this shall be specified in the Corporate Governance Statement.”

No age limit has been set for members of the Supervisory Board of DEMIRE. In the opinion of the Company, age is not an appropriate criterion for electing a member of the Supervisory Board. The Supervisory Board is of the opinion that it serves the Company’s interest better in certain cases when it can rely on the long-standing expertise of individual members of the Supervisory Board.

D. II. 2: Supervisory Board Committees

Recommendations D.2 to D.5 address the formation of committees.

The Supervisory Board of DEMIRE Deutsche Mittelstand Real Estate AG does not form any committees as it consists of only three members. As a result, the Supervisory Board performs all of the duties that would normally be performed by an audit committee and, particularly, oversees financial reporting, the accounting process, the effectiveness of the internal control system, the risk management system, the internal auditing system, auditing and compliance. Likewise, due to the number of members of the Supervisory Board, no nominations committee has been formed.

D. IV. D.12: “The company shall provide an appropriate level of support for the members of the Supervisory Board when they take up their roles and also through further training and education. This shall be described in the Supervisory Board’s report.”





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The members of the Company's Supervisory Board already undergo training as a result of their full-time professional activities. The Company provides appropriate support in this regard. As it is not always possible to clearly assign the activities, they are not listed in the Supervisory Board's report.

G. I. 2. G.3: "To assess the appropriateness of the specific remuneration of the members of the Executive Board in comparison with other companies, the Supervisory Board shall involve a peer group of other companies and disclose its composition. The peer group comparison shall be used with caution to prevent an automatic upward trend."

The Supervisory Board did not make use of a peer group when determining the remuneration of the Executive Board. In the opinion of the Supervisory Board, there is no representative peer group due to the special characteristics of the Company.

This declaration was published immediately and made available to shareholders on the website. The Declaration of Conformity with the Code of Fair Value REIT-AG, which is included in the consolidated financial statements, dated 5 March 2021 can be found on Fair Value REIT-AG's website.

Frankfurt am Main, 4 March 2021

The Executive Board of DEMIRE

Deutsche Mittelstand Real Estate AG

Ingo Hartlief FRICS
(CEO)

Tim Brückner
(CFO)

On behalf of the Supervisory Board of DEMIRE Deutsche Mittelstand Real Estate AG

Prof. Dr Alexander Goepfert
(Chairman of the Supervisory Board)