



**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
Executive Board and  
Supervisory Board 8  
Report of the Supervisory Board 10  
DEMIRE on the capital market 13  
**Corporate governance 18**  
Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
REPORT 41**

**CONSOLIDATED  
FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

# CORPORATE GOVERNANCE

## 2020 Corporate Governance Statement pursuant to Sections 315d and 289f of the German Commercial Code (HGB) including the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

DEMIRE Deutsche Mittelstand Real Estate AG submits a Statement on Corporate Governance pursuant to Sections 315d and 289f HGB. The Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 AktG, which is contained in this statement, is also available to shareholders on the Company's website under the section entitled "Company".

The governing bodies of DEMIRE Deutsche Mittelstand Real Estate AG are committed to the responsible and value-enhancing management and monitoring of the Company and the Group. Ensuring that the Company's management principles and development are transparent is intended to build, maintain and strengthen the trust of the shareholders, business partners, customers, capital market participants and employees. The Executive Board and the Supervisory Board work closely and faithfully together for the Company's benefit and to ensure that the Company is managed and controlled responsibly through good corporate governance.

### ORGANISATION AND MANAGEMENT

DEMIRE Deutsche Mittelstand Real Estate AG (together with its subsidiaries and associates "the DEMIRE Group") is headquartered in Germany. The registered offices of the subsidiaries/associated companies correspond to the location of their real estate holdings in Germany or other countries in which they conduct a majority of their activities.

The management of the "Core Portfolio" is the responsibility of the Group's internal asset and portfolio management, which also manages and controls the external

property and facility management. The centralised divisions also assume the risk management, compliance, finance and controlling, financing, legal, human resources, IT and administrative tasks.

The Executive Board manages the individual real estate investments based on defined, individual cash-flow-oriented budgets and steers the Group according to an overall plan derived from the individual budgets of the portfolio and property companies and other Group subsidiaries. The development of the individual budgets versus their budget targets is a component of the Executive Board's routine strategy and reporting discussions with the relevant operating managers.

### COMPOSITION AND WORKING PRACTICES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

As a listed German stock corporation, the Company's management is governed by the German Stock Corporation Act, other legal provisions of corporate and commercial law and the requirements of the German Corporate Governance Code in its current version. German stock corporations are required by law to employ a dual management system. This creates a strict separation of the Executive Board as the managing body of the Company and the Supervisory Board as the supervisory body, whereby the Executive Board and Supervisory Board work together closely and faithfully in the Company's best interest. As the Supervisory Board only has a few members, it does not establish any committees.



**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5

Executive Board and

Supervisory Board 8

Report of the Supervisory Board 10

DEMIRE on the capital market 13

**Corporate governance 18**

Sustainability 28

**OUR PORTFOLIO – STABLE VALUE**

**IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT**

**REPORT 41**

**CONSOLIDATED**

**FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

## MANAGEMENT AND CONTROL STRUCTURE

### EXECUTIVE BOARD

The Executive Board is solely responsible for managing the Company and represents the Company in dealings with third parties. It defines the strategy in coordination with the Supervisory Board and implements this strategy keeping the goal of sustainable value creation in mind. Executive Board members are responsible for individual areas independent of their joint responsibility for the Group. They cooperate and inform each other of important events and activities in their areas of responsibility. The Executive Board has adopted Rules of Procedure with the approval of the Supervisory Board. The Executive Board shall obtain the Supervisory Board's approval in cases specified by law. In addition, DEMIRE Deutsche Mittelstand Real Estate AG's Articles of Association and the Executive Board's Rules of Procedure list extraordinary transactions that also require Supervisory Board approval.

The Executive Board informs and reports to the Supervisory Board regularly, timely and comprehensively on all Company-relevant strategy, planning, business developments and issues concerning risk. Other important events must be reported by the Executive Board to the Chairman of the Supervisory Board. The Supervisory Board's Chairman is also routinely and continually informed of business developments. The Executive Board relies on the risk management system applicable throughout the DEMIRE group of companies to conduct reporting.

### MANDATES OF SUPERVISORY BOARD MEMBERS IN SUPERVISORY BOARDS OF OTHER COMPANIES OR COMPARABLE SUPERVISORY BODIES

Mr Ingo Hartlief is the Chairman of the Supervisory Board of Fair Value REIT-AG.

Mr Tim Brückner did not hold an office in any statutory supervisory boards or comparable supervisory bodies or in any comparable domestic or foreign supervisory bodies of commercial enterprises.

The remuneration of the members of the Executive Board is explained in the Remuneration Report chapter of the combined group management report and management report of DEMIRE Deutsche Mittelstand Real Estate AG.

### SUPERVISORY BOARD

The Supervisory Board appoints the members of the Executive Board, determines their total compensation and oversees their management activities. It also advises the Executive Board on the management of the Company. The Supervisory Board adopts the financial statements and approves the consolidated financial statements. Material decisions of the Executive Board require the approval of the Supervisory Board. In addition, the Supervisory Board has adopted Rules of Procedure.

The Supervisory Board currently consists of three members to be elected by the Annual General Meeting of DEMIRE Deutsche Mittelstand Real Estate AG. The Supervisory Board does not include any former members of the Executive Board. It is composed in such a way that its members as a whole have the necessary knowledge, skills and professional experience to perform their duties properly. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board. The Supervisory Board has not formed any committees.

No changes were made to the composition of the Supervisory Board in the 2020 financial year.



**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
 Executive Board and  
 Supervisory Board 8  
 Report of the Supervisory Board 10  
 DEMIRE on the capital market 13  
**Corporate governance 18**  
 Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
 IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
 REPORT 41**

**CONSOLIDATED  
 FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

**MANDATES OF SUPERVISORY BOARD MEMBERS IN SUPERVISORY BOARDS OF OTHER COMPANIES OR COMPARABLE SUPERVISORY BODIES**

NAME	COMPANY	POSITION
Prof. Dr Alexander Goepfert (Chairman of the Supervisory Board) (since 27 June 2018)	AGROB Immobilien AG, Ismaning	Chairman of the Supervisory Board Chairman of the Personnel Committee
	shareDnC GmbH, Cologne	Ordinary Member of the Advisory Board
	EBS Real Estate Management Institute, Wiesbaden	Chairman of the Board of Trustees
	PROXIMUS Real Estate AG, Cologne	Member of the Supervisory Board
Frank Hölzle (Vice Chairman of the Supervisory Board) (since 14 February 2017)	Institut der Deutschen Immobilienwirtschaft e.V. (iddiw), Frankfurt	Vice President
	Grey Sky Properites AG, Basel	Member of the Board of Directors
	clickworker GmbH, Essen	Chairman of the Advisory Board
	Mindlab Solutions GmbH, Stuttgart	Chairman of the Advisory Board
	mobileObjects AG, Büren	Chairman of the Supervisory Board
	rankingCoach GmbH, Cologne	Chairman of the Advisory Board
	SIC Invent AG, Basel/ Switzerland	Member of the Board of Directors
	reBuy reCommerce GmbH, Berlin	Member of the Advisory Board
	sevDesk GmbH, Offenburg	Member of the Advisory Board
	Fair Value REIT-AG, Frankfurt	Chairman of the Supervisory Board
Prof. Dr Kerstin Hennig (since 29 May 2019)	DWS Grundbesitz GmbH, Frankfurt	Ordinary Member of the Supervisory Board
	Urban Land Institute (ULI), Washington D.C.	Member of the Executive Committee
	Real Estate Brand Club, Berlin	Member of the Management Board
	Institutionelle Investoren Hotel, Frankfurt	Member of the Advisory Board
	Institut der deutschen Immobilienwirtschaft e.V. (iddiw), Frankfurt	Member of the Executive Committee



**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
 Executive Board and  
 Supervisory Board 8  
 Report of the Supervisory Board 10  
 DEMIRE on the capital market 13  
**Corporate governance 18**  
 Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
 IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
 REPORT 41**

**CONSOLIDATED  
 FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

The Supervisory Board reports on its activities during the 2020 financial year in its report to the Annual General Meeting on pages 46 to 53 of this Annual Report. The remuneration of the members of the Supervisory Board is explained in the Remuneration Report chapter of the combined group management report and management report of DEMIRE Deutsche Mittelstand Real Estate AG.

**SHARES OF DEMIRE DEUTSCHE MITTELSTAND REAL ESTATE AG OWNED BY MEMBERS OF GOVERNING BODIES AND MAJOR SHAREHOLDERS**

DEMIRE Deutsche Mittelstand Real Estate AG had 107,777,324 shares outstanding as at 31 December 2020.

Mr Frank Hölzle holds 1,400 shares in the Company, equivalent to an interest of 0.002% of the Company's outstanding shares.

Members of the Executive Board and Supervisory Board are legally obliged under Article 19 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council on Market Abuse (Market Abuse Regulation) of 16 April 2014 to disclose any manager's transactions in shares or debt instruments of DEMIRE Deutsche Mittelstand Real Estate AG or related derivatives or other related financial instruments to the extent that the total amount of transactions effected by the member and persons closely associated with him or her reaches or exceeds the sum of EUR 5,000 within a calendar year. DEMIRE Deutsche Mittelstand Real Estate AG's business dealings of the previous year were published on time on the Company's website.

Shares owned by major shareholders at the end of the 2020 financial year: Based on the information available to the Company, Apollo (AEPF III 15 S.à r.l.) held 58.61% of the Company's outstanding shares, and Wecken&Cie. held 32.14% of the Company's outstanding shares.

Of the remaining 9.25%, 2.10 were held by the Company as treasury shares, and 7.15% were held by institutional and private investors. None of these shareholders held an interest over or equal to 3%. This information is based on information provided by members of the Company's governing bodies.

**SHAREHOLDERS AND THE ANNUAL GENERAL MEETING**

The shareholders of DEMIRE Deutsche Mittelstand Real Estate AG exercise their administrative and control rights at the Annual General Meeting. The Annual General Meeting executes all of its duties assigned by law in its meeting, which takes place in the first eight months of each fiscal year. Since the realignment in 2014, DEMIRE Deutsche Mittelstand Real Estate AG's fiscal year ends on 31 December. The Chairman of the Supervisory Board presides over the Annual General Meeting. Each shareholder is entitled to attend the Annual General Meeting, address the agenda items and demand information about Company matters to the extent necessary for a proper assessment of any agenda item of the Annual General Meeting.

All of the outstanding shares of DEMIRE Deutsche Mittelstand Real Estate AG are no-par value bearer shares with identical rights and obligations. Each share grants one vote at the Annual General Meeting, and there are no special voting rights or limits on the number of voting rights per shareholder. Resolutions of the Annual General Meeting usually require a simple majority of the votes cast. To the extent that the law prescribes a majority of the capital represented for resolutions, the Articles of Association provide for a simple majority of the capital represented as long as a larger majority is not required by law.

**ACCOUNTING AND AUDITING OF FINANCIAL STATEMENTS**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. DEMIRE Deutsche Mittelstand Real Estate AG regularly informs shareholders and third parties during the financial year through its publication of the consolidated financial statements, the half-year financial report and the interim statements for the first and third quarters.

The Executive Board shall prepare the financial statements (balance sheet, statement of income and notes) and the Company's management report within the first three months of each fiscal year and immediately provide it to the auditor. After the auditor has performed the audit, the Executive Board shall submit the financial statements including the audit report along with the Board's proposal for the





**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
 Executive Board and  
 Supervisory Board 8  
 Report of the Supervisory Board 10  
 DEMIRE on the capital market 13  
**Corporate governance 18**  
 Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
 IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
 REPORT 41**

**CONSOLIDATED  
 FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

appropriation of retained earnings to the Supervisory Board. The Supervisory Board reviews the financial statements, management report and the Executive Board's proposal for the appropriation of retained earnings. The Supervisory Board forwards its own report on these issues to the Executive Board within one month of receiving the Executive Board's documents and the auditor's report on the audit of the financial statements.

The Annual General Meeting elects the auditor for DEMIRE Deutsche Mittelstand Real Estate AG and the Group as well as for the audit review of interim financial reports and statements. The Supervisory Board awards the mandate for the audit following the election by the Annual General Meeting and concludes the fee agreement with the auditor. The auditing firm PricewaterhouseCoopers GmbH, Frankfurt am Main, was elected as the auditor and Group auditor of DEMIRE Deutsche Mittelstand Real Estate AG for the 2020 financial year, as well as the auditor for a possible audit review of condensed financial statements and interim statements. The declaration on independence required under the German Corporate Governance Code was obtained from this auditing firm.

The following arrangements have been agreed with the auditor:

- The Chairman of the Supervisory Board shall be notified immediately when potential grounds for exclusion or bias arise during the audit and these issues cannot be resolved immediately.
- The auditor reports on all findings and occurrences that arise during the audit, and which are of importance for the tasks of the Supervisory Board.
- If during the audit the auditor discovers inaccuracies in the Declaration of Conformity with the German Corporate Governance Code that was submitted by the Executive Board and the Supervisory Board, the auditor is to make a note of this in the audit report and inform the Chairman of the Supervisory Board.

**COMMUNICATION AND TRANSPARENCY**

At DEMIRE Deutsche Mittelstand Real Estate AG, timely, consistent and comprehensive information is a top priority. Transparent corporate governance and good communication with shareholders and the public contribute to strengthening the confidence of investors and of the public. When disclosing information to the public, the Executive Board considers the principles of transparency, promptness, openness, clarity and the equal treatment of shareholders. Therefore, as part of its investor relations activities, DEMIRE Deutsche Mittelstand Real Estate AG provides comprehensive information on the Company's development. Reports on the Group's situation, development and especially its financial results are included in the annual report, three-month and nine-month interim statements and half-year financial report. The Group also informs the public through press releases and ad hoc announcements pursuant to Article 17 (1) of the Market Abuse Regulation (MAR). In addition, the Executive Board communicates extensively on financial issues with the relevant capital market participants in Germany and abroad. All financial publications, announcements, and presentations that are created for reporting purposes are available on DEMIRE's website. The Company's financial calendar is also available on the website and lists the scheduled financial reporting dates and key publication dates as well as the date for the Annual General Meeting. The Articles of Association, all declarations of conformity and documentation for corporate governance are also available on DEMIRE Deutsche Mittelstand Real Estate AG's website at website.

DEMIRE Deutsche Mittelstand Real Estate AG maintains a list of insiders pursuant to the provisions of Article 18 MAR. Persons affected are informed of their statutory duties and penalties.



**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board	5
Executive Board and Supervisory Board	8
Report of the Supervisory Board	10
DEMIRE on the capital market	13
<b>Corporate governance</b>	<b>18</b>
Sustainability	28

**OUR PORTFOLIO – STABLE VALUE  
IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
REPORT 41**

**CONSOLIDATED  
FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

**INFORMATION ON CORPORATE PRACTICES**

Good corporate governance is a top priority at DEMIRE Deutsche Mittelstand Real Estate AG and also includes the application of corporate practices that extend beyond the statutory requirements and allow for the hands-on implementation of the German Corporate Governance Code. Good corporate governance also includes taking a responsible approach to risks so as not to jeopardise the Company's survival. As a result, the Executive Board has established an appropriate risk management system which is constantly evolving in line with the development of the DEMIRE Group, and ensures compliance with the law.

Responsible and sustainable management is part of DEMIRE Deutsche Mittelstand Real Estate AG's corporate culture and everyday business. Living up to our ethical and legal responsibilities as a company is a top priority for us. This is the only way in which we can be seen as a partner that stands for integrity and reliability in the real estate industry, by tenants, business partners, authorities and the general public. Consequently, we have put a compliance programme in place within our Company and have prepared a Code of Conduct that all employees make a commitment to when they start working for us.

Information on corporate governance at DEMIRE Deutsche Mittelstand Real Estate AG is also publicly available on the Company's website under Company > Corporate Governance.

**TARGETS FOR THE PROPORTION OF WOMEN ON THE SUPERVISORY BOARD, EXECUTIVE BOARD AND TWO MANAGEMENT LEVELS BELOW THE EXECUTIVE BOARD**

As a listed company that is not subject to co-determination, DEMIRE Deutsche Mittelstand Real Estate AG is legally obliged to set targets for the proportion of women on the Supervisory Board, the Executive Board and – if applicable – the two management levels below the Executive Board.

In June 2017, the targets for the proportion of women on the Supervisory Board, the Executive Board and at the first level of management below the Executive Board were set for the period from 1 July 2017 to 30 June 2022. For the Supervisory Board and the Executive Board, the target is zero. Women make up 33.3% of the Supervisory Board and 0% of the Executive Board. At the first management level below the Executive Board, a target of 25% was set. The proportion of women at the first management level below the Executive Board was 37.5% as at 31 December 2020. This means that the target was achieved in the reporting period. Due to the flat hierarchies in the Company, a target figure was not set for the second management level below the Executive Board.

**DIVERSITY**

DEMIRE Deutsche Mittelstand Real Estate AG does not have a written diversity plan. Nevertheless, the Supervisory Board and the Executive Board pay attention to the issue of diversity within the Company and consider it a matter of course. This is also expressed in DEMIRE Deutsche Mittelstand Real Estate AG's Code of Conduct, which enshrines both protection against discrimination and the fundamental principle of mutual respect. The Company believes that providing extensive protection against discrimination is an appropriate way of sufficiently promoting diversity within the Company.



**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
 Executive Board and  
 Supervisory Board 8  
 Report of the Supervisory Board 10  
 DEMIRE on the capital market 13  
**Corporate governance 18**  
 Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
 IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
 REPORT 41**

**CONSOLIDATED  
 FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

**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



**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
 Executive Board and Supervisory Board 8  
 Report of the Supervisory Board 10  
 DEMIRE on the capital market 13  
**Corporate governance 18**  
 Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
REPORT 41**

**CONSOLIDATED  
FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

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."





**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
 Executive Board and Supervisory Board 8  
 Report of the Supervisory Board 10  
 DEMIRE on the capital market 13  
**Corporate governance 18**  
 Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
REPORT 41**

**CONSOLIDATED  
FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

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.”





**COMPANY AND SHAREHOLDERS 4**

Foreword by the Executive Board 5  
Executive Board and  
Supervisory Board 8  
Report of the Supervisory Board 10  
DEMIRE on the capital market 13  
**Corporate governance 18**  
Sustainability 28

**OUR PORTFOLIO – STABLE VALUE  
IN TURBULENT TIMES 31**

**COMBINED MANAGEMENT  
REPORT 41**

**CONSOLIDATED  
FINANCIAL STATEMENTS 92**

**FURTHER INFORMATION 156**

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)