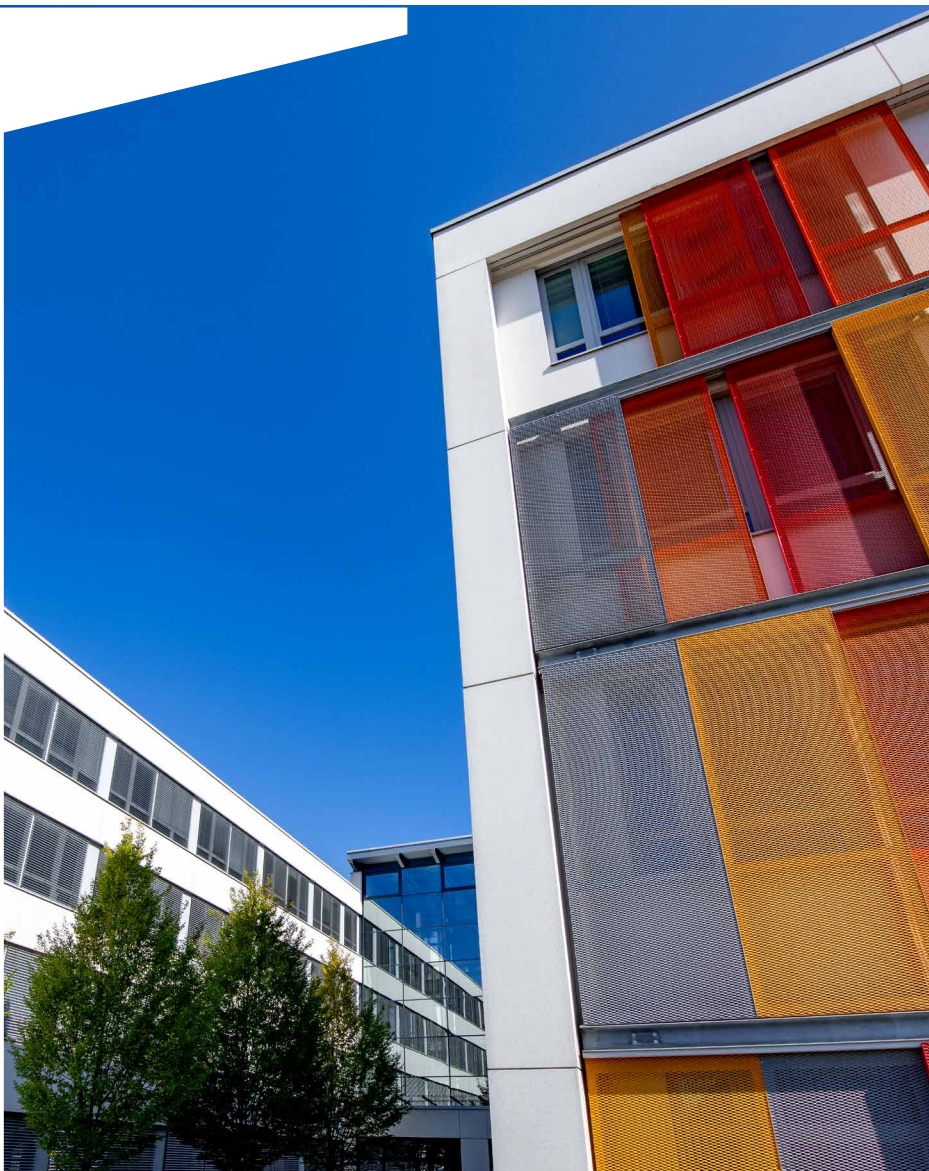


INTERIM REPORT  
1 JANUARY TO 30 SEPTEMBER 2022



# HIGHLIGHTS 9M 2022



## KEY EARNINGS FIGURES

**30.8**

in EUR million  
**FFO I** (after taxes,  
before minority interests),  
compared to EUR 30.4 million  
in 9M 2021

**59.9**

in EUR million  
**RENTAL INCOME**,  
compared to EUR 62.3 million  
in 9M 2021



## KEY FINANCIAL INDICATORS

**51.2**

in %  
**NET LOAN-TO-VALUE RATIO<sup>1</sup>**  
(**NET LTV**),  
compared to 49.7%  
at the end of 2021

**1.67**

in % p.a.  
**AVERAGE NOMINAL**  
**INTEREST COSTS**,  
stable compared  
to year-end 2021

**5.87**

in EUR  
**NET ASSET VALUE**  
(**PER SHARE, BASIC**),  
compared to EUR 5.96  
at year-end 2021



## PORTFOLIO DEVELOPMENT

**1.4**

in EUR billion  
**PORTFOLIO VALUE**,  
unchanged compared  
to year-end 2021

**83.8**

in EUR million  
**ANNUALISED**  
**RENTAL INCOME**,  
compared to EUR 78.1 million  
at year-end 2021

**4.9**

in %  
**LIKE-FOR-LIKE INCREASE**  
in annualised rental income  
compared to -2.3%  
in 9M 2021

**5.0**

in years  
**WALT**,  
after 4.7 years  
at year-end 2021

**9.4**

in %  
**EPRA VACANCY RATE<sup>2</sup>**,  
compared to 11.0%  
at year-end 2021

**194,840**

in m<sup>2</sup>  
**LETTING PERFORMANCE**,  
compared to 138,362 m<sup>2</sup>  
in 9M 2021

<sup>1</sup> According to the definition of bond 19/24

<sup>2</sup> Excl. properties held for sale and classified  
as a project development

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# FOREWORD BY THE EXECUTIVE BOARD

## Dear Shareholders, dear Readers,

DEMIRE provides consistency and stability in the face of challenging economic and geopolitical conditions. The economy and society are facing extraordinary challenges. The war in Ukraine is causing great human suffering and destruction and is affecting all areas of our lives. We are experiencing disrupted supply chains, volatile energy markets and turbulence in financial markets around the world. Inflation is back and it seems to be here to stay, at least in the short to medium term. The European Central Bank reacted by raising interest rates, the effectiveness of which will become apparent in the coming months. In the German real estate market, the changed interest rate landscape has already led to increased uncertainty.

Despite these developments, DEMIRE was once again able to demonstrate its resilience in the first nine months of 2022. Neither high inflation nor the geopolitical situation had any direct significant impact on the company's business development in the reporting period.

The Group's key performance indicators in the third quarter of 2022 are in some cases even above the level of the previous year. Particularly noteworthy is the high letting performance of almost 195,000 m<sup>2</sup>. This is not only a new record for a nine-month period, but also reflects the success of our "REALize Potential" strategy. Although some of the leasing successes will not be reflected in the portfolio's key figures until the 2023 and 2024 financial years, the numerous contracts signed and renewals underline the resilience of DEMIRE's portfolio.

DEMIRE's key indicators improved overall in the first nine months of 2022.

- Rental income totalled EUR 59.9 million (previous year: EUR 62.3 million) in line with expectations.
- Profit from the rental of real estate developed similarly and amounted to EUR 47.7 million, compared to EUR 51.8 million in the same period of the previous year.
- Funds from operations (FFO I, after taxes, before minority interests) increased 1.4% to EUR 30.8 million.
- The rental performance of around 194,840 m<sup>2</sup> was a record for a nine-month period, primarily driven by large-scale rentals.

- The like-for-like growth in annualised contractual rents was 4.9% compared to 30 September 2021. This significant increase is due to successful new lettings, including in the "LogPark" in Leipzig, and indexation of existing leases.
- The EPRA Vacancy Rate<sup>1</sup> fell to 9.4%; WALT rose to a historic high of 5.0 years as a result of the strong letting performance.
- The NAV per share (basic) fell to EUR 5.87 compared to EUR 5.96 at the end of 2021 following the dividend payment.
- The net loan-to-value ratio<sup>2</sup> (net LTV) increased to 51.2% (-20 basis points compared to the previous quarter), primarily due to the dividend payment. As of the reporting date, liquidity remains healthy at EUR 95.6 million.
- The average nominal financing costs remained unchanged at an attractive 1.67% p.a.; there will be no significant maturities until mid-2024.

One thing is already certain – in light of the war in Ukraine and high inflation rates, the macroeconomic situation will remain challenging until the end of the year and beyond. As a result, uncertainty on the property transaction markets is high, not least due to the upward trend in interest rates. Nevertheless, given the positive 2022 financial year to date, the Executive Board has confirmed the forecast for the full year: rental income is expected to be between EUR 78.0 million and EUR 80.0 million (2021: EUR 82.3 million) and FFO I (after tax, before minority interests) between EUR 38.5 million and EUR 40.5 million (2021: EUR 39.8 million).

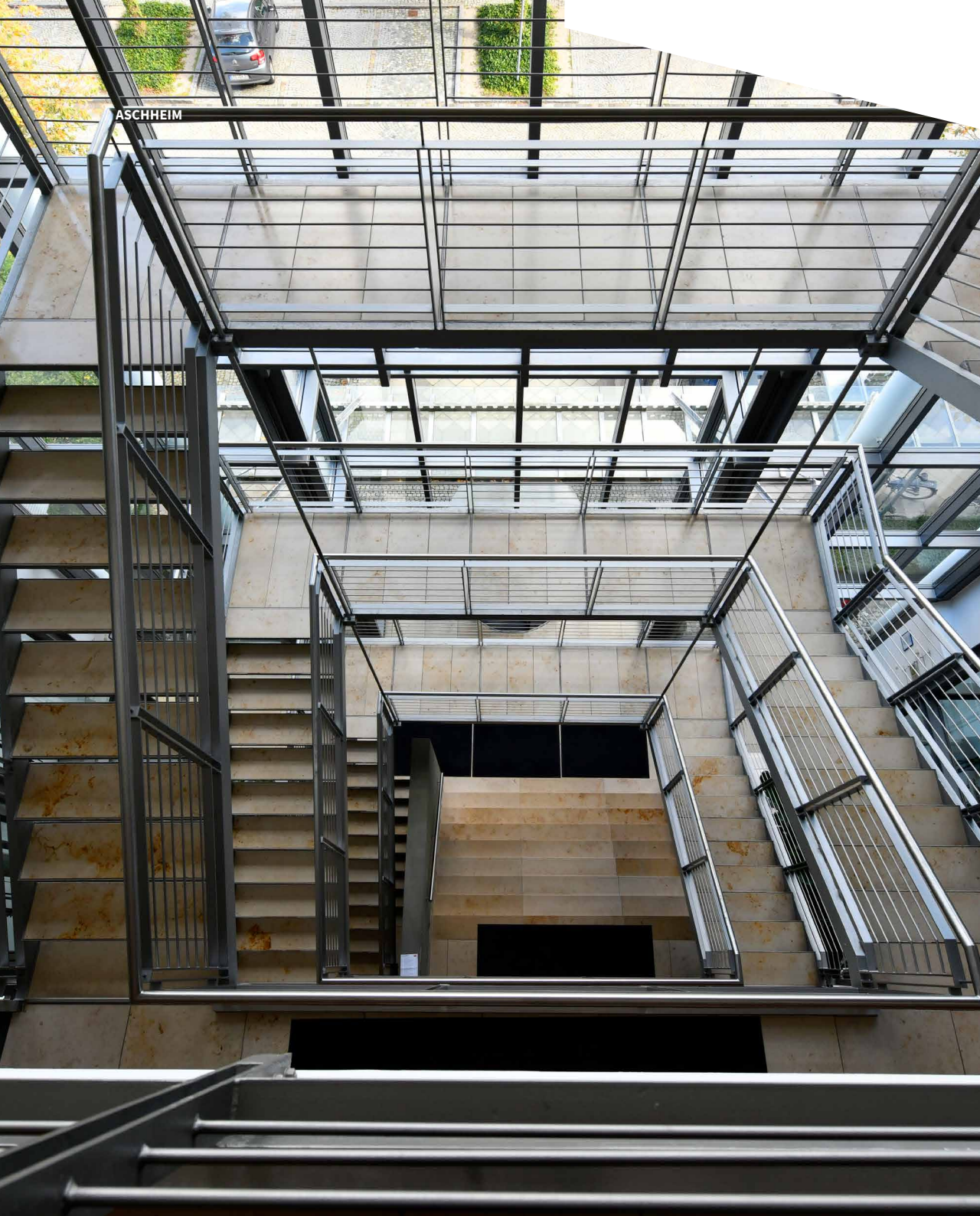
Frankfurt am Main, 17 November 2022

Ingo Hartlief (FRICS)  
(CEO)

Tim Brückner  
(CFO)

<sup>1</sup> Excl. properties held for sale and classified as a project development

<sup>2</sup> According to the definition of bond 19/24



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# KEY GROUP FIGURES

in EUR thousand	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022
<b>Key earnings figures</b>		
Rental income	62,276	59,910
Profit/loss from the rental of real estate	51,779	47,682
<b>EBIT</b>	<b>42,555</b>	<b>41,160</b>
Financial result	–15,215	–12,927
<b>EBT</b>	<b>27,340</b>	<b>28,233</b>
<b>Net profit/loss for the period</b>	<b>24,575</b>	<b>21,879</b>
<b>Net profit/loss for the period attributable to parent company shareholders</b>	<b>22,682</b>	<b>20,181</b>
<b>Net profit/loss for the period per share (basic/diluted) (in EUR)</b>	<b>0.21/0.21</b>	<b>0.19/0.19</b>
<b>FFO I (after taxes, before minority interests)</b>	<b>30,432</b>	<b>30,847</b>
<b>FFO I per share (basic/diluted) (in EUR)</b>	<b>0.29/0.29</b>	<b>0.29/0.29</b>

in EUR thousand	31/12/2021	30/09/2022
<b>Key portfolio indicators</b>		
Properties (number)	64	64
Market value (in EUR million)	1,412.5	1,412.5
Annualised contractual rents (in EUR million)	78.1	83.8
Rental yield (in %)	5.5	5.9
EPRA vacancy rate <sup>1</sup> (in %)	11.0	9.4
WALT (in years)	4.7	5.0

<sup>1</sup> Excluding project developments and assets held for sale

in EUR thousand	31/12/2021	30/09/2022
<b>Key balance sheet figures</b>		
<b>Total assets</b>	<b>1,705,594</b>	<b>1,694,870</b>
Investment property	1,433,096	1,452,968
Non-current assets held for sale	0	3,490
<b>Total real estate portfolio</b>	<b>1,433,096</b>	<b>1,456,458</b>
Financial and lease liabilities	914,986	911,700
Cash and cash equivalents	139,619	95,612
<b>Net financial liabilities</b>	<b>775,367</b>	<b>816,088</b>
<b>Net loan-to-value (net LTV) (in %)</b>	<b>49.7</b>	<b>51.2</b>
Equity according to Group balance sheet	592,362	580,413
Equity ratio (in %)	34.7	34.2
Net asset value (NAV)	549,023	535,914
NAV (basic/diluted)	628,976/629,486	619,284/619,794
Number of shares (basic/diluted)	105,513/106,023	105,513/106,023
<b>EPRA NAV per share (basic/diluted)(in EUR)</b>	<b>5.96/5.94</b>	<b>5.87/5.85</b>



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# PORTFOLIO HIGHLIGHTS

as at 30 September 2022

1.4

in EUR billion  
**MARKET VALUE OF THE  
REAL ESTATE PORTFOLIO**

8.37

in EUR/m<sup>2</sup>  
**AVERAGE RENT**  
across the portfolio

64

properties  
at **53 LOCATIONS**  
in 13 federal states

9.4

in %  
**EPRA VACANCY RATE<sup>1</sup>**  
across the portfolio

83.8

in EUR million  
**ANNUALISED CONTRACTUAL RENTS**

5.9

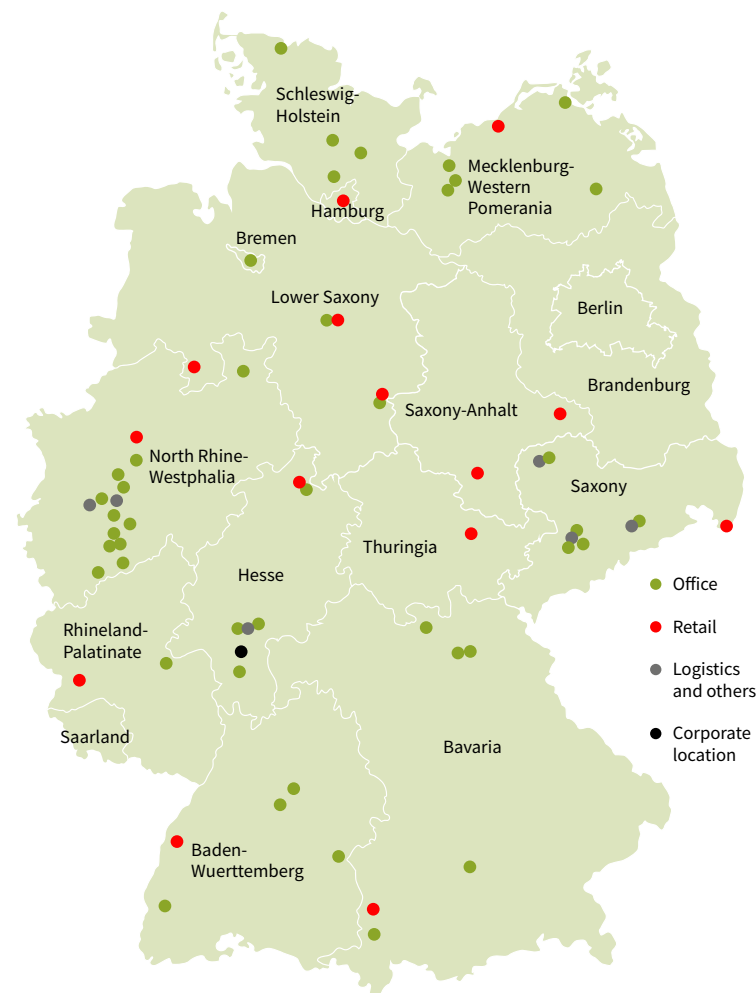
in %  
**GROSS RENTAL RETURNS**

4.9

in %  
**LIKE-FOR-LIKE INCREASE**  
of annualised contractual rent

5.0

in years  
**AVERAGE REMAINING LEASE TERM**  
of rental contracts (WALT)



<sup>1</sup> Excl. properties held for sale and classified as a project development





# INTERIM GROUP MANAGEMENT REPORT

for the reporting period from  
1 January to 30 September 2022

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# OVERVIEW

## BUSINESS PERFORMANCE

DEMIRE's business performed well in the first nine months of 2022. Despite strategic property sales in the previous year, the Group's key figures are in line with the previous year's level and in some cases even show an improvement. This was in line with the Company's plans and expectations. Neither the COVID-19 pandemic nor the war in Ukraine had any direct, significant impact on DEMIRE's business development during the period under review. The consistent implementation of the "REALize Potential" strategy in recent years has created a stable foundation for solid future development, which is also reflected in the first nine months of 2022.

Given the changes in the real estate and capital market environment, however, the Executive Board decided, with the approval of the Supervisory Board, to expedite the implementation of the "REALize Potential" strategy. The company also aims to build up liquidity reserves for refinancing purposes.

DEMIRE's key indicators improved overall in the first nine months of 2022.

- Rental income totalled EUR 59.9 million (previous year: EUR 62.3 million) in line with expectations.
- Profit from rental income developed similarly and amounted to EUR 47.7 million, compared to EUR 51.8 million in the same period of the previous year.
- Funds from operations (FFO I, after taxes, before minority interests) increased 1.4% to EUR 30.8 million.
- The rental performance of around 194,840 m<sup>2</sup> was a record for a nine-month period, primarily driven by large-scale rentals.
- The like-for-like growth in annualised contractual rents was 4.9% compared to 30 September 2021. This significant increase is due to successful new lettings, including in the "LogPark" in Leipzig, and indexation of existing leases.

- The EPRA Vacancy Rate<sup>1</sup> fell to 9.4%; WALT rose to a historic high of 5.0 years as a result of the strong letting performance.
- The NAV per share (basic) fell to EUR 5.87 compared to EUR 5.96 at the end of 2021 following the dividend payment.
- The net loan-to-value ratio<sup>2</sup> (net LTV) rose to 51.2% (-20 basis points compared to the previous quarter), primarily due to the dividend payment, while liquidity remained comfortable at EUR 95.6 million as of the reporting date.
- The average nominal financing costs remained unchanged at an attractive 1.67% p.a.; there will be no significant maturities until mid-2024.

## PERFORMANCE IN LINE WITH FORECAST FOR 2022 FINANCIAL YEAR

The uncertainties and implications for the 2022 financial year resulting from the COVID-19 pandemic, the Ukraine war, the increased inflation and, in particular, the increase in energy prices cannot yet be estimated with sufficient certainty at the end of the third quarter. In light of this, the Executive Board decided, with the approval of the Supervisory Board, to expedite the implementation of the "REALize Potential" strategy to reduce complexities. The company now aims to build up sufficient liquidity reserves for refinancing purposes. Following the positive nine-month result in 2022, the Executive Board nevertheless confirms the forecast for the 2022 financial year: rental income will be between EUR 78.0 million and EUR 80.0 million (2021: EUR 82.3 million), and FFO I (after tax, before minority interests) is expected to be between EUR 38.5 million and EUR 40.5 million (2021: EUR 39.8 million).

<sup>1</sup> Excl. properties held for sale and classified as a project development

<sup>2</sup> According to the definition of bond 19/24



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**REAL ESTATE PORTFOLIO**

As of the reporting date the property portfolio comprises 64 properties, unchanged since the end of the previous year (31 December 2021: 64 properties).

The lettable building area of the portfolio is 926,803 million m<sup>2</sup> (31 December 2021: 912,724 million m<sup>2</sup>) and the total market value is approximately EUR 1.4 billion (31 December 2021: approximately EUR 1.4 billion). An external property valuation of the portfolio was last performed on 31 December 2021.

The EPRA vacancy rate<sup>1</sup> improved to 9.4% as at 30 September 2022, down from 11.0% as at 31 December 2021. The WALT was 5.0 years as at 30 September 2022, up from 4.7 years at year-end 2021. DEMIRE's letting performance reached a very strong 194,840 m<sup>2</sup> in the reporting period. New lettings contributed 32%, while follow-on lettings made up 68%. The letting performance was driven in particular by the extension of the 56,000 m<sup>2</sup> lease agreement with the operator of the fashion wholesale trading platform IMOTEX in Neuss. In addition, large-volume rental agreements were concluded or extended with tenants in the "LogPark" in Leipzig. Furthermore, a long-term new lease was signed with the international hotel chain "Premier Inn" in the "Kurfürsten Galerie" in Kassel.

**TOP TEN TENANTS (AS AT 30 SEPTEMBER 2022)**

No.	Tenant	Type of use	Contractual rents p.a. <sup>1</sup> in EUR million	in % of total
1	GMG/Dt. Telekom	Office	11.4	13.6
2	Imotex	Retail	5.4	6.4
3	GALERIA Karstadt Kaufhof	Retail	3.7	4.4
4	momox GmbH	Logistics	2.4	2.8
5	Bima Bundesanstalt für Immobilien- aufgaben	Office	2.3	2.7
6	Amazon	Logistics	2.2	2.6
7	Roomers	Hotel	1.9	2.2
8	Sparkasse Südholstein	Office	1.6	1.9
9	comdirect bank AG	Office	1.3	1.5
10	Die Autobahn GmbH des Bundes	Office	1.2	1.4
<b>Total</b>			<b>33.2</b>	<b>39.7</b>
Other			50.6	60.3
<b>Total</b>			<b>83.8</b>	<b>100.0</b>

<sup>1</sup> Based on annualised contractual rents, excluding ancillary costs

<sup>1</sup> Excluding project developments and assets held for sale



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PORTFOLIO BY ASSET CLASS

	Number of properties	Market value in EUR million	Share by market value in %	Lettable space in thousand m <sup>2</sup>	Market value per m <sup>2</sup>	Contractual rent in EUR million p.a.	Contractual rent per m <sup>2</sup>	Rental returns in %	EPRA vacancy rate <sup>1</sup> in %	WALT in years
Office	42	843.7	59.7	518.5	1,627	49.4	9.20	5.9	11.9	3.4
Retail	17	357.1	25.3	220.1	1,623	23.9	9.48	6.7	3.0	5.7
Logistics & Other	5	211.6	15.0	188.2	1,124	10.4	5.21	4.9	12.4	10.4
<b>Total – 30 September 2022</b>	<b>64</b>	<b>1,412.5</b>	<b>100.0</b>	<b>926.8</b>	<b>1,524</b>	<b>83.8</b>	<b>8.37</b>	<b>5.9</b>	<b>9.4</b>	<b>5.0</b>
<b>Total – 31 December 2021</b>	<b>64</b>	<b>1,412.5</b>	<b>100.0</b>	<b>912.7</b>	<b>1,548</b>	<b>78.1</b>	<b>8.00</b>	<b>5.5</b>	<b>11.0</b>	<b>4.7</b>
Change (in %/pp)	0.0	0.0	0.0	1.5	–1.5	7.26	4.6	0.4	–1.6	0.3

<sup>1</sup> Excluding project developments and assets held for sale





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# ECONOMIC REPORT

## Results of operations, net assets and financial position

### RESULTS OF OPERATIONS

In the first nine months of 2022, the DEMIRE Group generated rental income totalling EUR 59.9 million (previous year: EUR 62.3 million). Rental income decreased by 3.8% compared to the same period of the previous year, primarily due to the sale of properties. The result from the rental of real estate also fell by 7.9% to EUR 47.7 million (previous year: EUR 51.8 million) due to higher maintenance expenses.

In the first nine months of 2022, an investment in a fully depreciated real estate company in Romania was sold, meaning that the result from the sale of properties is EUR 1.1 million (previous year: EUR 0.7 million). In the third quarter, one property in Bremen was sold above market value. The disposal took place on 1 November 2022 and is therefore not yet included in the aforementioned disposal result as at the 30 September 2022 reporting date. However, the sale made a positive contribution of EUR 0.2 million (previous year: EUR 1.8 million) to the fair value adjustment result of investment properties.

Impairment losses on receivables continued to decrease sharply and amounted to EUR 0.4 million (net) in the first nine months of 2022, especially as reversals of impairment losses occurred to a significant extent. This underscores DEMIRE's efficient tenant management and ability to successfully collect receivables. An expense of EUR 2.9 million was incurred in the same period of the previous year which was mainly attributable to tenants of hotels and retail properties that were either insolvent or threatened with insolvency as a result of the pandemic.

General administrative expenses were reduced again in the first nine months of 2022 and, at EUR 7.2 million, were 13.3% below the previous year's figure (EUR 8.3 million).

Earnings before interest and taxes (EBIT) of EUR 41.2 million were 3.3% below the previous year's figure of EUR 42.6 million.

The financial result benefited from the income generated from the investment in the "Cielo" property. It amounted to EUR –12.9 million in the first nine months of 2022, compared to EUR –15.2 million in the same period of the previous year. Financial expenses increased slightly by 3.9% to EUR 14.1 million in the first nine months.

Minority interests in earnings fell to EUR 3.5 million (previous year: EUR 3.7 million). The average nominal interest rate on debt remains unchanged at 1.67% p.a. Earnings before taxes (EBT) went up to EUR 28.2 million in the reporting period, compared to EUR 27.3 million in the previous year. After higher tax expenses, the net result for the first nine months of 2022 amounted to EUR 21.9 million, compared to EUR 24.6 million in the same period of the previous year.



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CONSOLIDATED INCOME STATEMENT

(selected information in EUR thousand)	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022	Change	in %
Rental income	62,276	59,910	–2,366	–3.8
Income from utility and service charges	16,459	22,654	6,195	37.6
Operating expenses to generate rental income	–26,956	–34,882	–7,926	29.4
<b>Profit/loss from the rental of real estate</b>	<b>51,779</b>	<b>47,682</b>	<b>–4,097</b>	<b>–7.9</b>
Income from the sale of real estate and real estate companies	57,810	1,053	–56,757	–98.2
Expenses related to the sale of real estate and real estate companies	–57,072	0	57,072	–100.0
<b>Profit/loss from the sale of real estate and real estate companies</b>	<b>738</b>	<b>1,053</b>	<b>315</b>	<b>42.7</b>
Profit/loss from fair value adjustments of investment properties	1,764	193	–1,571	–89.1
Impairment of receivables	–2,858	–350	2,508	–87.8
Other operating income	673	673	0	0.0
General and administrative expenses	–8,293	–7,194	1,099	–13.3
Other operating expenses	–1,248	–897	351	–28.1
<b>Earnings before interest and taxes</b>	<b>42,555</b>	<b>41,160</b>	<b>–1,395</b>	<b>–3.3</b>
Financial result	–15,215	–12,927	2,288	–15.0
<b>Earnings before taxes</b>	<b>27,340</b>	<b>28,233</b>	<b>893</b>	<b>3.3</b>
Current income taxes	–1,654	–2,937	–1,283	77.6
Deferred taxes	–1,112	–3,417	–2,305	>100
<b>Net profit/loss for the period</b>	<b>24,574</b>	<b>21,879</b>	<b>–2,695</b>	<b>–11.0</b>
Thereof attributable to parent company shareholders	22,682	20,181	–2,501	–11.0
Basic earnings per share (in EUR)	0.21	0.19	–0.02	–9.5
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	0.21	0.19	–0.02	–9.5
Weighted average number of shares outstanding (diluted)	106,023	106,023	0	0.0



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## NET ASSETS

As at 30 September 2022, the balance sheet total decreased by EUR 10.7 million to EUR 1,694.9 million compared to year-end 2021. This was mainly the result of the EUR 44.0 million reduction in cash and cash equivalents, which was largely influenced by the dividend distribution.

The value of investment property as at 30 September 2022 was EUR 1,453.0 million, an increase of EUR 19.9 million compared to 31 December 2021. The drivers of this increase were building measures that were activated and other rent incentives. The property in Bremen is considered an asset held for sale (EUR 3.5 million) after the signing of the sales contract until the transfer of benefits and encumbrances. No properties were held for sale in the same period of the previous year.

Group equity amounted to EUR 580.4 million as at 30 September 2022, up from EUR 592.4 million as at 31 December 2021. The main reason for the decline was the dividend payment in May 2022, while the result for the period had an offsetting effect. The equity ratio came to 34.2% (31 December 2021: 34.7%). It should be noted that non-controlling minority interests reported in the Group's borrowed capital of around EUR 84.7 million (31 December 2021: EUR 82.9 million) are carried as non-current liabilities and not as equity in accordance with IFRS, solely as a result of the legal form of Fair Value REIT's fund participations as partnerships. The corresponding adjusted Group equity totalled approximately EUR 665.1 million (31 December 2021: EUR 675.2 million).

Total financial liabilities amounted to EUR 886.3 million as at 30 September 2022. These decreased by EUR 4.2 million compared to 31 December 2021, which corresponds to the current repayment.





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CONSOLIDATED BALANCE SHEET – ASSETS

(selected information in EUR thousand)	31/12/2021	30/09/2022	Change	in %
<b>Assets</b>				
Total non-current assets	1,543,819	1,565,715	21,896	1.4
Total current assets	161,775	125,665	-36,110	-22.3
Assets held for sale	0	3,490	3,490	>100
<b>Total assets</b>	<b>1,705,594</b>	<b>1,694,870</b>	<b>-10,724</b>	<b>-0.6</b>

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

(selected information in EUR thousand)	31/12/2021	30/09/2022	Change	in %
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity attributable to parent company shareholders	549,023	535,914	-13,109	-2.4
Non-controlling interests	43,339	44,499	1,160	2.7
<b>Total equity</b>	<b>592,362</b>	<b>580,413</b>	<b>-11,949</b>	<b>-2.0</b>
<b>Liabilities</b>				
Total non-current liabilities	1,066,581	1,065,196	-1,385	-0.1
Total current liabilities	46,651	49,261	2,610	5.6
<b>Total liabilities</b>	<b>1,113,232</b>	<b>1,114,457</b>	<b>1,225</b>	<b>0.1</b>
<b>Total equity and liabilities</b>	<b>1,705,594</b>	<b>1,694,870</b>	<b>-10,724</b>	<b>-0.6</b>



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## FINANCIAL POSITION

Cash flow from operating activities amounted to EUR –1.1 million in the first nine months of 2022 (previous year: EUR –19.5 million), which is mainly due to a lower dividend distribution compared to the same period of the previous year.

Cash flow from investing activities amounted to EUR –24.2 million in the reporting period, compared to EUR –34.4 million in the previous year. The majority was due to investments in investment property. The difference compared to the same period in the previous year is mainly due to the investment in the "Cielo" property in 2021.

Cash flow from financing activities came to EUR –18.6 million, compared to EUR 50.6 million in the same period of the previous year. Mortgage loans of EUR 69.7 million were disbursed in the same period of the previous year, while no loans were taken out in the first nine months of 2022.

Cash and cash equivalents amounted to EUR 95.6 million on 30 September 2022 (31 December 2021: EUR 139.6 million; 30 September 2021: EUR 98.4 million).

## CONSOLIDATED STATEMENT OF CASH FLOWS

(selected information in EUR thousand)	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022	Change
Cash flow from operating activities	–19,455	–1,147	18,309
Cash flow from investing activities	–34,407	–24,239	10,168
Cash flow from financing activities	50,630	–18,621	–69,251
<b>Net change in cash and cash equivalents</b>	<b>–3,233</b>	<b>–44,007</b>	<b>–40,774</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>98,388</b>	<b>95,612</b>	<b>–2,776</b>

## Funds from operations (FFO)

Funds from operations I (after taxes, before minority interests), the key operating performance indicator, increased by 1.4% to EUR 30.8 million in the first nine months of 2022, compared to EUR 30.4 million in the same period of the previous year. On a diluted basis, FFO I per share amounted to EUR 0.29, compared to EUR 0.29 in the same period of the previous year.



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FFO CALCULATION

(selected information in EUR thousand)	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022	Change	in %
Earnings before taxes	27,341	28,233	892	3.3
Minority interests	3,748	3,488	–260	–6.9
<b>Earnings before taxes (EBT)</b>	<b>31,089</b>	<b>31,720</b>	<b>632</b>	<b>2.0</b>
± Profit/loss from the sale of real estate	–738	–1,053	–315	42.7
± Profit/loss from the valuation of investment properties	–1,764	–193	1,571	–89.1
± Other adjustments <sup>1</sup>	3,595	2,127	–1,468	–40.8
<b>FFO I before taxes</b>	<b>32,181</b>	<b>32,602</b>	<b>421</b>	<b>1.3</b>
± (Current) income taxes	–1,749	–1,755	–5	0.3
<b>FFO I after taxes</b>	<b>30,432</b>	<b>30,847</b>	<b>415</b>	<b>1.4</b>
Thereof attributable to parent company shareholders	24,946	25,534	589	2.4
Thereof attributable to non-controlling interests	5,486	5,313	–173	–3.2
± Profit/loss from the sale of real estate and real estate companies (after taxes)	744	1,053	310	41.6
<b>FFO II after taxes</b>	<b>31,175</b>	<b>31,900</b>	<b>725</b>	<b>2.3</b>
Thereof attributable to parent company shareholders	25,825	26,588	762	3.0
Thereof attributable to non-controlling interests	5,350	5,313	–37	–0.7
<b>FFO I after taxes and minority interests</b>				
Basic earnings per share (in EUR)	0.24	0.24	0.00	2.4
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	0.24	0.24	0.00	2.4
Weighted average number of shares outstanding (diluted)	106,023	106,023	0	0.0
<b>FFO II after taxes and minority interests</b>				
Basic earnings per share (in EUR)	0.24	0.25	0.01	3.0
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	0.24	0.25	0.01	3.0
Weighted average number of shares outstanding (diluted)	106,023	106,023	0	0.0

<sup>1</sup> Other adjustments include:  
– One-time refinancing costs and effective interest payments (EUR 1.9 million, previous year: EUR 1.7 million)  
– One-time transaction, legal and consultancy fees (EUR –0.3 million, previous year: EUR 1.2 million)  
– One-time administrative costs (EUR 0.2 million, previous year: EUR 0.6 million)  
– Non-period expenses/income (EUR 0.3 million, previous year: EUR 0.1 million)





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## Net asset value (NAV)

The basic net asset value decreased from EUR 549.0 million as at 31 December 2021 to EUR 535.9 million as at 30 September 2022 due to the dividend payment, with the positive result for the period having an offsetting effect. On an undiluted basis, the NAV as at the reporting date was EUR 5.87 per share (31 December 2021: EUR 5.96 per share).

### NET ASSET VALUE (NAV)

in EUR thousand	31/12/2021	30/09/2022	Change	in %
Net asset value (NAV)	549,023	535,914	-13,109	-2.4
Deferred taxes	84,692	88,108	3,417	4.0
Goodwill resulting from deferred taxes	-4,738	-4,738	0	0.0
<b>NAV (basic)</b>	<b>628,977</b>	<b>619,284</b>	<b>-9,693</b>	<b>-1.5</b>
Number of outstanding shares (basic) (in thousands)	105,513	105,513	0	-0.0
NAV per share (basic) (in EUR)	5.96	5.87	-0.09	-1.5
Effect of the conversion of convertible bonds and other equity instruments	510	510	0	0.0
NAV (diluted)	629,486	619,794	-9,692	-1.5
Number of outstanding shares (diluted) (in thousands)	106,023	106,023	0	0.0
<b>NAV per share (diluted) (in EUR)</b>	<b>5.94</b>	<b>5.85</b>	<b>0.09</b>	<b>-1.5</b>



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**NET LOAN-TO-VALUE RATIO**

The DEMIRE Group's net loan-to-value ratio is defined in the 2019/2024 bond prospectus as the ratio of net financial liabilities to the sum of all assets less intangible assets and cash and cash equivalents. The net loan-to-value ratio increased moderately to 51.2% compared to year-end 2021 (49.7%), but was reduced by 20 basis points compared to the previous quarter.

**NET LOAN-TO-VALUE (NET LTV)**

in EUR thousand	31/12/2021	30/09/2022
Financial liabilities and lease liabilities	914,986	911,700
Cash and cash equivalents	139,619	95,612
<b>Net financial debt</b>	<b>775,367</b>	<b>816,088</b>
Total assets	1,705,594	1,694,870
Intangible assets	-6,783	-6,783
Cash and cash equivalents	-139,619	-95,612
<b>Total assets less intangible assets and cash and cash equivalents</b>	<b>1,559,192</b>	<b>1,592,475</b>
Net LTV (in %)	49.7	51.2

**Covenants for the 19/24 corporate bond**

Within the scope of issuing the 2019/2024 corporate bond, DEMIRE undertook to comply with and regularly report on various covenants. The definition of the covenants to be reported on is listed in the offering prospectus for the 2019/2024 corporate bond.

**BOND COVENANTS 30/09/2022**

	NET LTV	NET SECURED LTV	ICR
Covenant	max. 60%	max. 40%	min. 2.00
Value	51.2%	11.9%	4.58

As at 30 September 2022, DEMIRE had complied with all covenants of the 19/24 corporate bond. In addition, the planning for 2022 and beyond assumes that the covenants will also be complied with at all times in the future.



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## Opportunities and risks

Please refer to the disclosures made in the opportunities and risks report included within the ② [consolidated financial statements](#) as at 31 December 2021 for information on the opportunities and risks of future business performance. In addition to the opportunities and risks recorded as at 31 December 2021, the first nine months of 2022 were largely determined by high inflation, in particular the sharp rise in energy costs, higher interest rates and the war in Ukraine. All of these factors create a high degree of uncertainty and a clouding of prospects in the economic environment, but this has not yet had an impact on DEMIRE's key performance indicators. Both rental payments and funds from operations (after taxes, before minority interests) are in line with our expectations.

Nevertheless, DEMIRE's Executive Board is closely monitoring whether and how the economic environment is changing and may possibly have an impact on the performance of the portfolio, for example.

The risks are reviewed continuously and in a structured process. From today's perspective, no risks that could endanger the Company have been identified.

## Subsequent events

After the interim reporting date, the tenant Galeria Karstadt Kaufhof applied for protective shield proceedings on 31 October 2022. Galeria Karstadt Kaufhof is a tenant at four properties in Celle, Goslar, Memmingen and Offenburg. At the beginning of the protective shield proceedings, it cannot yet be foreseen to what extent rent payments will be made again. No other events of relevance to DEMIRE's net assets, financial position and results of operations occurred after the interim reporting date.

Frankfurt am Main, 17 November 2022

DEMIRE Deutsche Mittelstand Real Estate AG

Ingo Hartlief (FRICS)  
(CEO)

Tim Brückner  
(CFO)





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# CONSOLIDATED STATEMENT OF INCOME

for the reporting period from 1 January to 30 September 2022

in EUR thousand	NOTE	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022	01/07/2021 – 30/09/2021	01/07/2022 – 30/09/2022
Rental income		62,276	59,910	20,252	20,402
Income from utility and service charges		16,459	22,654	4,286	4,334
Operating expenses to generate rental income		–26,956	–34,882	–6,944	–8,550
<b>Profit/loss from the rental of real estate</b>		<b>51,779</b>	<b>47,682</b>	<b>17,594</b>	<b>16,186</b>
Income from the sale of real estate and real estate companies		57,810	1,053	20,310	1,053
Expenses related to the sale of real estate and real estate companies		–57,072	0	–20,311	0
<b>Profit/loss from the sale of real estate and real estate companies</b>		<b>738</b>	<b>1,053</b>	<b>–1</b>	<b>1,053</b>
Profit/loss from fair value adjustments of investment properties		1,764	193	0	193
Impairment of receivables		–2,858	–350	–2,188	–333
Other operating income		673	673	299	109
General and administrative expenses		–8,293	–7,194	–2,566	–1,924
Other operating expenses		–1,248	–897	–117	–530
<b>Earnings before interest and taxes</b>	<b>D 1</b>	<b>42,555</b>	<b>41,160</b>	<b>13,021</b>	<b>14,754</b>
Financial income <sup>1</sup>		1,924	3,221	1,434	1,090
Financial expenses		–13,558	–14,081	–4,633	–4,686
Profit/loss from companies accounted for using the equity method <sup>1</sup>		166	1,421	166	648
Minority interests		–3,748	–3,488	–1,422	–1,064
<b>Financial result</b>	<b>D 2</b>	<b>–15,215</b>	<b>–12,927</b>	<b>–4,454</b>	<b>–4,012</b>
<b>Earnings before taxes</b>		<b>27,340</b>	<b>28,233</b>	<b>8,567</b>	<b>10,742</b>
Current income taxes		–1,654	–2,937	–708	–1,504
Deferred taxes		–1,112	–3,417	1,168	–1,359
<b>Net profit/loss for the period</b>		<b>24,575</b>	<b>21,879</b>	<b>9,028</b>	<b>7,879</b>
Thereof attributable to:					
<b>Non-controlling interests</b>		<b>1,893</b>	<b>1,697</b>	<b>381</b>	<b>589</b>
<b>Parent company shareholders</b>		<b>22,682</b>	<b>20,181</b>	<b>8,646</b>	<b>7,290</b>
Basic/diluted earnings per share (in EUR)	D 3	0.21	0.19	0.08	0.07

<sup>1</sup> The previous year's figures were adjusted based on reporting changes during the period under review



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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the reporting period from 1 January to 30 September 2022

in EUR thousand	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022	01/07/2021 – 30/09/2021	01/07/2022 – 30/09/2022
<b>Net profit/loss for the period</b>	<b>24,575</b>	<b>21,879</b>	<b>9,028</b>	<b>7,879</b>
<b>Total comprehensive income</b>	<b>24,575</b>	<b>21,879</b>	<b>9,028</b>	<b>7,879</b>
Thereof attributable to:				
<b>Non-controlling interests</b>	<b>1,893</b>	<b>1,697</b>	<b>381</b>	<b>589</b>
<b>Parent company shareholders</b>	<b>22,682</b>	<b>20,181</b>	<b>8,646</b>	<b>7,290</b>



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# CONSOLIDATED BALANCE SHEET

as at 30 September 2022

## ASSETS

in EUR thousand	NOTE	31/12/2021	30/09/2022
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		6,783	6,783
Property, plant and equipment		228	215
Investment property	E 1	1,433,096	1,452,968
Shares in companies accounted for using the equity method		1,025	2,356
Loans to companies accounted for using the equity method		26,505	25,563
Loans and financial assets		64,264	63,463
Other assets		11,917	14,367
<b>Total non-current assets</b>		<b>1,543,819</b>	<b>1,565,715</b>
<b>Current assets</b>			
Trade accounts receivable		8,671	13,459
Financial assets		3,925	4,415
Other assets		3,191	4,540
Tax refund claims		6,369	7,639
Cash and cash equivalents		139,619	95,612
<b>Total current assets</b>		<b>161,775</b>	<b>125,665</b>
<b>Non-current assets held for sale</b>		<b>0</b>	<b>3,490</b>
<b>Total assets</b>		<b>1,705,594</b>	<b>1,694,870</b>



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# CONSOLIDATED BALANCE SHEET

as at 30 September 2022

## EQUITY AND LIABILITIES

in EUR thousand	NOTE	31/12/2021	30/09/2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Subscribed capital		105,513	105,513
Reserves	E 2	443,510	430,401
<b>Equity attributable to parent company shareholders</b>		<b>549,023</b>	<b>535,914</b>
Non-controlling interests		43,339	44,499
<b>Total equity</b>		<b>592,362</b>	<b>580,413</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		84,692	88,108
Minority interests		82,882	84,693
Financial liabilities	E 3	874,417	867,250
Lease liabilities		24,285	25,081
Other liabilities		305	64
<b>Total non-current liabilities</b>		<b>1,066,581</b>	<b>1,065,196</b>
<b>Current liabilities</b>			
Provisions		4,012	1,731
Trade payables		10,571	8,740
Other liabilities		7,114	8,676
Tax liabilities		8,670	10,745
Financial liabilities	E 3	16,097	19,062
Lease liabilities		187	307
<b>Total current liabilities</b>		<b>46,651</b>	<b>49,261</b>
<b>Total liabilities</b>		<b>1,113,232</b>	<b>1,114,457</b>
<b>Total equity and liabilities</b>		<b>1,705,594</b>	<b>1,694,870</b>





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# CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 September 2022

in EUR thousand		01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022
	<b>Earnings before taxes</b>	<b>27,340</b>	<b>28,233</b>
	Financial expenses	13,558	14,081
	Financial income	–2,091	–4,642
	Minority interests	3,748	3,488
	Change in trade accounts receivable	–1,703	–5,138
	Change in other receivables and other assets	13,073	–861
	Change in provisions	509	–2,281
	Change in trade payables and other liabilities	–7,502	–83
	Profit/loss from fair value adjustments of investment properties	–1,764	–193
	Profit/loss from the sale of real estate and real estate companies	–738	–1,053
	Interest proceeds from loans and receivables	1,007	2,163
	Interest received from loans to companies accounted for using the equity method	0	872
	Income tax payments	–395	–2,133
	Depreciation and amortisation and impairment	3,248	1,300
	Distributions to minority shareholders/dividends	–67,788	–35,437
	Distributions from companies accounted for using the equity method	171	90
	Other non-cash items	–127	449
	<b>Cash flow from operating activities</b>	<b>–19,455</b>	<b>–1,146</b>
	Payments for the acquisition of/investments in investment properties, incl. prepayments, refurbishment measures and prepayments for property, plant and equipment	–14,825	–26,184
	Payments for investments in/loans to companies accounted for using the equity method	–26,101	–600
	Proceeds from loans to companies accounted for using the equity method	792	1,542
	Disbursements from the granting of loans to third parties	–60,000	0
	Proceeds from the repayment of a purchase price receivable for an investment accounted for using the equity method	8,069	0
	Proceeds from the sale of real estate	57,658	1,002
	<b>Cash flow from investing activities</b>	<b>–34,407</b>	<b>–24,239</b>



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# CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 September 2022

in EUR thousand	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022
Payments for borrowing costs	–670	0
Proceeds from borrowings	69,700	0
Interest paid on financial liabilities	–8,963	–9,524
Payments for the purchase of additional shares in a subsidiary	–325	–67
Payments for the redemption of financial liabilities <sup>1</sup>	–7,641	–8,910
Buyback of treasury shares	–1,178	0
Payment for the redemption of lease liabilities <sup>1</sup>	–293	–120
<b>Cash flow from financing activities</b>	<b>50,630</b>	<b>–18,621</b>
<b>Net change in cash and cash equivalents</b>	<b>–3,233</b>	<b>–44,007</b>
Cash and cash equivalents at the start of the period	101,620	139,619
<b>Cash and cash equivalents at the end of the period</b>	<b>98,388</b>	<b>95,612</b>

<sup>1</sup> The previous year's figures were adjusted based on reporting changes during the period under review



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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 30 September 2022

in EUR thousand	Share capital		Reserves		Equity attributable to parent company shareholders	Non-controlling interests	Total equity
	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss				
<b>01/01/2022</b>	<b>105,513</b>	<b>88,366</b>	<b>355,145</b>		<b>549,024</b>	<b>43,339</b>	<b>592,363</b>
Net profit/loss for the period			20,181		20,181	1,697	21,878
Other comprehensive income			0		0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>20,181</b>		<b>20,181</b>	<b>1,697</b>	<b>21,878</b>
Dividend payments/distributions	0	0	-32,709		-32,709	-830	-33,539
Acquisition of treasury shares	0	0	0		0	0	0
Other changes	0	0	-582		-582	293	-289
<b>30/09/2022</b>	<b>105,513</b>	<b>88,366</b>	<b>342,035</b>		<b>535,914</b>	<b>44,499</b>	<b>580,413</b>

in EUR thousand	Share capital		Reserves		Equity attributable to parent company shareholders	Non-controlling interests	Total equity
	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss				
<b>01/01/2021</b>	<b>105,772</b>	<b>88,404</b>	<b>363,780</b>		<b>557,956</b>	<b>40,085</b>	<b>598,041</b>
Net profit/loss for the period			22,682		22,682	1,893	24,575
Other comprehensive income			0		0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>22,682</b>		<b>22,682</b>	<b>1,893</b>	<b>24,575</b>
Dividend payments/distributions	0	0	-65,418		-65,418	-574	-65,992
Acquisition of treasury shares	-260	-38	-880		-1,178	0	-1,178
Other changes	0	0	-207		-207	296	89
<b>30/09/2021</b>	<b>105,513</b>	<b>88,366</b>	<b>319,957</b>		<b>513,836</b>	<b>41,700</b>	<b>555,536</b>



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the reporting period from 1 January to 30 September 2022

## A. General information

### 1. Basis of preparation

DEMIRE Deutsche Mittelstand Real Estate AG (hereafter “DEMIRE AG”) is recorded in the commercial register in Frankfurt am Main, Germany, the location of the Company’s headquarters, under the number HRB 89041. The Company’s registered office is located in Frankfurt am Main, Germany, and the Company’s business address is Robert-Bosch-Strasse 11, Langen, Germany.

The Company’s shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange.

The subject of these condensed interim consolidated financial statements as at 30 September 2022 is DEMIRE AG and its subsidiaries (hereafter “DEMIRE”).

DEMIRE AG itself has not carried out any investments in real estate or real estate projects to date. Investments are generally processed through real estate companies. Interests in these real estate companies are held by DEMIRE AG either directly or indirectly (through intermediate holding companies). DEMIRE focuses on the German commercial real estate market where it is an active investor and portfolio manager. DEMIRE itself carries out the acquisition, management and leasing of commercial properties. Value appreciation is to be achieved through active real estate management. This may also include the targeted sale of properties when they are no longer a strategic fit or have exhausted their potential for value appreciation.

The condensed interim consolidated financial statements for the period from 1 January to 30 September 2022 were prepared in accordance with the requirements of IAS 34 Interim Financial Reporting (hereafter IAS 34). This report has not been audited or subjected to audit review, and for this reason does not contain an auditor’s opinion.

The condensed interim consolidated financial statements of DEMIRE AG were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the European Union (EU), applying Section 315e of the German Commercial Code (HGB). All International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the IFRS Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) – that were mandatory for the 2021 financial year have been taken into consideration. Furthermore, all disclosure and explanation requirements under German law above and beyond the provisions of the IASB have been fulfilled.

Under IAS 34, the condensed interim consolidated financial statements shall represent an update of the most recent annual financial statements. They therefore do not contain all of the information and disclosures required for consolidated financial statements but rather concentrate on new activities, events and circumstances so as not to repeat information that has already been reported. The abridged interim consolidated financial statements of DEMIRE AG as at 30 September 2022 should therefore always be read in conjunction with the [consolidated financial statements](#) prepared as at 31 December 2021.

The euro (EUR) is the reporting currency of DEMIRE AG’s condensed interim consolidated financial statements. Unless otherwise stated, all amounts are expressed in thousands of euros (EUR thousand). For computational reasons, rounding differences of ± one unit (EUR, %, etc.) may occur in the information presented in these financial statements. The consolidated statement of income has been prepared according to the cost-of-sales method.

These condensed interim consolidated financial statements of DEMIRE AG were approved for publication by a resolution of the Executive Board on 17 November 2022.



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## B. Scope and principles of consolidation

There were no changes in the scope of consolidation in the 2022 reporting period.

## C. Accounting policies

The accounting policies applied to these interim consolidated financial statements are the same as those applied to the consolidated financial statements as at 31 December 2021. There were no material changes in estimates compared to those in the [2021 consolidated financial statements](#) as at 31 December 2021.

The amendments to IAS 16, IFRS 3, IAS 37 and the annual improvements to the IFRS, 2018–2020 cycle, which are to be applied for the first time, have no impact on DEMIRE's consolidated financial statements.





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## D. Notes to the consolidated statement of income

### 1. Earnings before interest and taxes

in EUR thousand	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022
Net rent	62,276	59,910
Income from utility and service charges	16,459	22,654
<b>Rental revenue from real estate</b>	<b>78,735</b>	<b>82,564</b>
Allocable operating expenses to generate rental income	–22,556	–28,152
Non-allocable operating expenses to generate rental income	–4,400	–6,730
<b>Operating expenses to generate rental income</b>	<b>–26,956</b>	<b>–34,882</b>
<b>Profit/loss from the rental of real estate</b>	<b>51,779</b>	<b>47,682</b>

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

The decrease in the result from the rental of real estate to EUR 47,682 thousand (9M 2021: EUR 51,779 thousand) is the result of both lower rental income in the amount of EUR 59,910 thousand due to properties sold in the prior reporting period (9M 2021: EUR 62,276 thousand) and an increase in non-allocable operating expenses due to higher maintenance expenses in the amount of EUR 3,616 thousand (9M 2021: EUR 1,565 thousand).

Of the operating expenses, an amount of EUR 28,152 thousand (9M 2021: EUR 22,556 thousand) is generally allocable and can be charged to tenants. The significant increase is mainly due to the sharp rise in energy costs. The increase in non-allocable expenses is also shown in the increase in income from the allocation of service charges.

The result from the sale of properties and property companies amounted to EUR 1,053 thousand as at 30 September 2022 (9M 2021: EUR 738 thousand). The positive result from the sale of properties results exclusively from the sale of an investment in Romania. The income in the comparable period is mainly due to the sale of a property in Cologne.

As in the comparable prior-year period, no revaluation of investment properties was performed as at the 30 September 2022 reporting date. The result from the fair value adjustment of investment property in the amount of EUR 193 thousand (9M 2021: EUR 1,764 thousand) was the change in value of a property in Bremen, which was reclassified to non-current assets held for sale.

Impairments on receivables amounted to EUR 350 thousand in the reporting period (9M 2021: EUR 2,858 thousand). The reason for the high impairments in the previous reporting period was, in particular, the devaluation of an interest receivable of EUR 1,120 thousand as well as impairments on receivables from tenants in the retail and hotel sectors who had experienced economic difficulties due to the effects of the COVID-19 pandemic.



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## 2. Financial result

in EUR thousand	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022
Financial income <sup>1</sup>	1,925	3,221
Financial expenses	–13,558	–14,081
Profit/loss from companies accounted for using the equity method <sup>1</sup>	166	1,421
Minority interests	–3,748	–3,488
<b>Financial result</b>	<b>–15,215</b>	<b>–12,927</b>

<sup>1</sup> The previous year's figures were adjusted based on reporting changes during the period under review

The increase in financial income is mainly due to the granting of loans to the joint venture JV Theodor-Heuss-Allee-GmbH, which was founded in the reporting period, in the amount of EUR 25,150 thousand and its shareholder RFR 5 Immobilien GmbH in the amount of EUR 60,000 thousand.

The profits from companies accounted for using the equity method of EUR 1,421 thousand (9M 2021: EUR 166 thousand) relate to the gains on investments in the reporting period in JV Theodor-Heuss-Allee GmbH, Frankfurt am Main.

The profit shares of minority shareholders in the amount of EUR 3,488 thousand (9M 2021: EUR 3,748 thousand) are profit shares of the minority shareholders of the subsidiaries of Fair Value REIT-AG, which are recognised as debt according to IAS 32. The decrease compared to the same period of the previous year is mainly due to lower income.

## 3. Earnings per share

in EUR thousand	01/01/2021 – 30/09/2021	01/01/2022 – 30/09/2022
<b>Net profit/loss for the period (in EUR thousand)</b>	<b>24,575</b>	<b>21,879</b>
Profit/loss for the period less non-controlling interests	22,682	20,181
<b>Number of shares (in thousands)</b>		
Number of shares outstanding as at the reporting date	105,513	105,513
Weighted average number of shares outstanding	105,513	105,513
Impact of conversion of convertible bonds and exercise under the 2015 Stock Option Programme	510	510
Weighted average number of shares (diluted)	106,023	106,023
<b>Earnings per share (in EUR)</b>		
Basic earnings per share	0.21	0.19
Diluted earnings per share	0.21	0.19

As at 30 September 2022, the Company had potential ordinary shares outstanding from the 2015 Stock Option Programme entitling the owners to subscribe to 510,000 shares.



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## E. Notes to the consolidated balance sheet

### 1. Investment properties and non-current assets held for sale

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

in EUR thousand	Office	Retail	Logistics	Other	Total
<b>Fair value at the beginning of the 2022 financial year</b>	<b>843,956</b>	<b>377,559</b>	<b>141,600</b>	<b>69,980</b>	<b>1,433,096</b>
Additions of properties	5,343	3,529	11,992	2,297	23,161
Reclassifications to non-current assets held for sale	-3,288	0	0	0	-3,288
<b>Fair value as at 30/09/2022</b>	<b>846,010</b>	<b>381,088</b>	<b>153,592</b>	<b>72,277</b>	<b>1,452,968</b>

The additions to investment property totalling EUR 23,161 thousand consist mainly of capitalised current investments of EUR 22,168 thousand and contractual amendments to a hereditary building right of EUR 993 thousand.

The reclassification to non-current assets held for sale in the amount of EUR 3,288 thousand relates to a commercial property in Bremen. The transfer of benefits and obligations took place on 1 November 2022.

The fair value measurement of investment properties is allocated to Level 3 of the valuation hierarchy in accordance with IFRS 13 (measurement based on unobservable input factors). DEMIRE determines fair values within the framework of IAS 40 accounting. No revaluation of investment properties was performed as at the 30 September 2022 reporting date.

### 2. Equity

Subscribed capital amounted to EUR 107,777 thousand (31 December 2021: EUR 107,777 thousand). This was EUR 105,513 thousand after the deduction of treasury shares (31 December 2021: EUR 105,513 thousand). Following the proposal of the Executive Board and Supervisory Board, the Annual General Meeting of 18 May 2022 resolved to distribute a dividend of EUR 0.31 (previous year: EUR 0.62) per dividend-bearing share and to carry forward the Company's remaining accumulated profit as at 31 December 2021. The distribution amount came to EUR 32,709 thousand (previous year: EUR 65,418 thousand). EUR 204 thousand (previous year: EUR 950 thousand) will be carried forward.



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### 3. Financial liabilities

Financial liabilities consisted of the following:

#### FINANCIAL LIABILITIES

in EUR thousand	31/12/2021	30/09/2022
2019/2024 corporate bond	594,047	595,611
Other financial liabilities	296,467	290,701
<b>Total</b>	<b>890,514</b>	<b>886,312</b>

The following table shows the nominal value of financial liabilities:

#### FINANCIAL LIABILITIES

in EUR thousand	31/12/2021	30/09/2022
2019/2024 corporate bond	600,000	600,000
Other financial liabilities	297,866	284,528
<b>Total</b>	<b>897,866</b>	<b>884,528</b>

The difference between the carrying amounts of financial liabilities and their nominal values is due to the subsequent measurement of financial liabilities at amortised cost using the effective interest method in accordance with IFRS 9.

With the exception of the loan from IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, all of the Group's financial liabilities have fixed interest rates. The nominal interest rate of the 2019/2024 corporate bond is 1.875% p.a. Other financial liabilities mainly include financial liabilities to banks at a weighted average nominal interest rate of 1.24% p.a. as at 30 September 2022 (31 December 2021: 1.31% p.a.). The average nominal interest rate on debt across all financial liabilities was 1.67% p.a. as at 30 September 2022 (31 December 2021: 1.66% p.a.).

The change in other financial liabilities during the interim period under review is due to current repayments.



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## F. Condensed Group segment reporting

01/01/2022– 30/09/2022

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ others	Group
<b>Total revenue</b>	<b>64,573</b>	<b>17,991</b>	<b>1,053</b>	<b>83,617</b>
<b>Segment revenue</b>	<b>65,227</b>	<b>18,064</b>	<b>1,192</b>	<b>84,483</b>
<b>Segment expenses</b>	<b>-29,718</b>	<b>-8,059</b>	<b>-5,545</b>	<b>-43,323</b>
<b>EBIT</b>	<b>35,509</b>	<b>10,005</b>	<b>-4,354</b>	<b>41,160</b>
<b>Net profit/loss for the period</b>	<b>19,836</b>	<b>4,720</b>	<b>-2,679</b>	<b>21,879</b>
<b>Segment assets 30/09/2022</b>	<b>1,245,148</b>	<b>342,745</b>	<b>106,980</b>	<b>1,694,870</b>
Thereof tax assets	3,764	47	3,827	7,639
Thereof additions to non-current assets	19,781	3,379	0	23,161
Thereof non-current assets held for sale	3,490	0	0	3,490
<b>Segment liabilities 30/09/2022</b>	<b>912,339</b>	<b>187,720</b>	<b>14,398</b>	<b>1,114,457</b>
Thereof non-current financial liabilities	793,002	73,726	521	867,250
Thereof lease liabilities	25,364	0	24	25,388
Thereof current financial liabilities	13,404	2,813	2,846	19,062
Thereof tax liabilities	1,603	0	9,142	10,745

01/01/2021– 30/09/2021

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ others	Group
<b>Total revenue</b>	<b>111,554</b>	<b>24,991</b>	<b>0</b>	<b>136,545</b>
<b>Segment revenue</b>	<b>113,503</b>	<b>25,420</b>	<b>59</b>	<b>138,982</b>
<b>Segment expenses</b>	<b>-74,803</b>	<b>-14,668</b>	<b>-6,956</b>	<b>-96,427</b>
<b>EBIT</b>	<b>38,700</b>	<b>10,752</b>	<b>-6,897</b>	<b>42,555</b>
<b>Net profit/loss for the period</b>	<b>24,895</b>	<b>5,402</b>	<b>-5,723</b>	<b>24,575</b>
<b>Segment assets 31/12/2021</b>	<b>1,262,560</b>	<b>342,850</b>	<b>100,184</b>	<b>1,705,594</b>
Thereof tax assets	3,718	47	2,602	6,369
Thereof additions to non-current assets	22,679	5,829	0	28,508
Thereof non-current assets held for sale	0	0	0	0
<b>Segment liabilities 31/12/2021</b>	<b>914,657</b>	<b>187,043</b>	<b>11,531</b>	<b>1,113,232</b>
Thereof non-current financial liabilities	798,534	75,883	0	874,417
Thereof lease liabilities	24,448	0	25	24,472
Thereof current financial liabilities	13,350	2,747	0	16,097
Thereof tax liabilities	1,892	0	6,777	8,670






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The segmentation of the data in the financial statements is based on the internal alignment according to strategic business segments pursuant to IFRS 8. The segment information presented represents the information to be reported to the Executive Board.

The DEMIRE Group is divided into the two reportable business segments Core Portfolio and Fair Value REIT.

The joint venture JV Theodor-Heuss-Allee-GmbH, Frankfurt am Main, accounted for using the equity method, and the fully consolidated company Cielo BVO GmbH, Frankfurt am Main, were allocated to the Core Portfolio operating segment due to their similar commercial characteristics.

More than 10% of total revenue was generated from one customer in the Core Portfolio segment, corresponding to a total of EUR 9,378 thousand (9M 2021: EUR 10,620 thousand) during the reporting period.

	
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## G. Other disclosures

### 1. Related party disclosures

DEMIRE AG has a loan receivable in the amount of EUR 25,837 thousand (including interest receivable) from the joint venture JV Theodor-Heuss-Allee-GmbH. Interest income from this loan comes to EUR 789 thousand as at 30 September 2022. In addition, an asset management agreement and an agency agreement exist between DEMIRE AG and the purchasing company JV Theodor-Heuss-Allee-GmbH, resulting in receivables of EUR 6 thousand and income of EUR 56 thousand as at 30 September 2022. In the year under review, DEMIRE received a distribution from G+Q Effizienz GmbH in the amount of EUR 90 thousand (previous year: EUR 79 thousand) and from DEMIRE Assekuranzmakler GmbH & Co. KG in the amount of EUR 0 thousand (previous year: EUR 92 thousand). Furthermore, there were no business transactions with members in key Company positions during the reporting period, except for the compensation of the Executive Board mentioned in [Section G.5.](#)

### 2. Financial instruments

The carrying amounts of the following financial instruments carried at cost or amortised cost do not correspond to their fair values:

	31/12/2021		30/09/2022	
in EUR thousand	Carrying amount under IFRS 9	Fair value	Carrying amount under IFRS 9	Fair value
Loans to companies accounted for using the equity method	26,505	26,457	25,563	19,932
Loans and financial assets	68,189	68,022	67,878	55,807

	31/12/2021		30/09/2022	
in EUR thousand	Carrying amount under IFRS 9	Fair value	Carrying amount under IFRS 9	Fair value
Bonds	594,047	592,848	595,611	439,308
Other financial liabilities	296,467	292,646	290,701	262,836



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### 3. Risk report

Please refer to the disclosures made in the risk report in the [🔗 consolidated financial statements](#) as at 31 December 2021 for information on the risks to future business performance. In addition to the opportunities and risks recorded as at 31 December 2021, the current financial year has largely been dominated by high inflation, in particular the sharp rise in energy costs, higher interest rates and the war in Ukraine. All of these factors create a high degree of uncertainty and a clouding of prospects in the economic environment, but this has not yet had a material impact on DEMIRE's key performance indicators. Both rental payments and funds from operations (after taxes, before minority interests) are in line with our expectations. Nevertheless, DEMIRE's Executive Board is closely monitoring whether and how the economic environment is changing and may possibly have an impact on the performance of the portfolio, for example. The risks are reviewed continuously and in a structured process. From today's perspective, no risks that could endanger the Company have been identified.

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

### 4. Other notes

As at the reporting date, there were no financial obligations stemming from purchase agreements for properties and real estate companies which are not yet due.

Contractual obligations for modification and expansion measures as well as maintenance and modernisation obligations for the properties totalled EUR 16,114 thousand as at 30 September 2022 (9M 2021: EUR 48,454 thousand).

Purchase order commitments for maintenance and modernisation, as well as modification and expansion measures, totalled EUR 4,605 thousand as at the interim reporting date (9M 2021: EUR 12,235 thousand).

As at 30 September 2022, unused credit lines in the amount of EUR 6,000 thousand (31 December 2021: EUR 5,000 thousand) were available.



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## 5. Governing bodies and employees

In accordance with DEMIRE AG's Articles of Association, the Executive Board is responsible for managing business activities.

The following were members of the Executive Board during the interim period under review and comparable prior-year period:

Mr Ingo Hartlief (Chairman of the Executive Board since 20 December 2018)

Mr Tim Brückner (Chief Financial Officer since 1 February 2019)

For the interim reporting period, performance-related remuneration of EUR 385 thousand (9M 2021: EUR 521 thousand), fixed remuneration of EUR 548 thousand (9M 2021: EUR 524 thousand) and share-based remuneration of EUR -429 thousand (9M 2021: EUR 113 thousand) were recognised for the Executive Board of DEMIRE AG.

No loans or advances were granted to the members of the Executive Board, nor were any contingent liabilities in favour of the members of the Executive Board entered into either.

## 6. Events after the interim reporting date of 30 September 2022

In July 2022, the property in Bremen (Walter-Gerdes-Straße) was sold for EUR 3,490 thousand, resulting in a reduction in the carrying amount of EUR 3,288 thousand. The transfer of ownership, benefits and obligations took place on 1 November 2022. Furthermore, no events occurred that are of particular significance for DEMIRE's net assets, financial position and results of operations.

Frankfurt am Main, 17 November 2022

DEMIRE Deutsche Mittelstand Real Estate AG

Ingo Hartlief (FRICS)  
(CEO)

Tim Brückner  
(CFO)



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## Declaration by the executive directors

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

Frankfurt am Main, 17 November 2022

DEMIRE Deutsche Mittelstand Real Estate AG

Ingo Hartlief (FRICS)  
(CEO)

Tim Brückner  
(CFO)





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