



HALF-YEAR FINANCIAL REPORT  
1 JANUARY – 30 JUNE 2023



# HIGHLIGHTS H1 2023



## KEY EARNINGS FIGURES

19.3

in EUR million  
**FFO I** (after taxes,  
before minority interests),  
compared to EUR 20.8 million  
in H1 2022

40.8

in EUR million  
**RENTAL INCOME**,  
compared to EUR 39.5 million  
in H1 2022



## KEY FINANCIAL INDICATORS

52.9

in %  
**NET LOAN-TO-VALUE<sup>1</sup>**  
**(NET LTV)**,  
compared to 54.0%  
as at year-end 2022

1.74

in % p.a.  
**AVERAGE NOMINAL**  
**INTEREST COSTS**,  
compared to 1.67% p.a.  
as at year-end 2022

4.43

in EUR  
**NET ASSET VALUE**  
**(PER SHARE, BASIC)**,  
compared to EUR 4.99  
as at year-end 2022



## PORTFOLIO DEVELOPMENT

1.2

in EUR billion  
**PORTFOLIO VALUE**,  
compared to EUR 1.3 billion  
at year-end 2022

79.0

in EUR million  
**ANNUALISED**  
**RENTAL INCOME**,  
compared to EUR 85.1 million  
as at year-end 2022

5.6

in %  
**LIKE-FOR-LIKE INCREASE**  
of annualised contractual rent  
compared to 0.9%  
in H1 2022

4.6

in years  
**WALT**,  
compared to 4.8 years  
as at year-end 2022

9.6

in %  
**EPRA VACANCY RATE<sup>2</sup>**,  
compared to 9.5%  
as at year-end 2022

18,200

in m<sup>2</sup>  
**LETTING PERFORMANCE**,  
compared to 144,900 m<sup>2</sup>  
in H1 2022

<sup>1</sup> According to the definition of bond 2019/2024

<sup>2</sup> Excl. properties classified as a project development

Key for navigating the  
interim report:



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in the interim report



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# FOREWORD BY THE EXECUTIVE BOARD

## Dear Shareholders, dear Readers,

In the first half of 2023, the situation on the commercial property market in Germany, which had been tense in the previous year, deteriorated further. The general economic conditions remained challenging, with the ongoing uncertainty about future economic developments having a strong impact on market activity. High inflation and higher interest rates had a negative impact on transaction dynamics. In all asset classes, there were significant slumps in transaction volumes, combined with significant price reductions.

In spite of these challenging circumstances, DEMIRE managed to achieve solid results in the first half of 2023. Rental income rose 3.4% to EUR 40.8 million. FFO I before taxes is slightly positive, but a higher current income tax expense results in FFO I after taxes and before minority interests of EUR 19.3 million, which is 7.4% lower than in the previous period.

Due to current developments on the property market, our property portfolio was revalued on 30 June. Despite its good operating performance and rising property cash flows, DEMIRE was not completely able to buck the general market trend. With a reduction of 5.9% compared to the end of 2022, the value correction was within the usual market range.

DEMIRE's refinancing strategy for the bond, which is set to expire in October 2024, provides for the creation of additional liquidity. At the end of the first half of the year, our liquidity more than doubled compared to the end of the year, reaching EUR 123 million, while at the same time net financial liabilities fell by EUR 45.6 million.

Following the receipt of the purchase price for a property in Ludwigsburg in the first quarter, a large-volume office property in Ulm was sold in May. On the other hand, the contract for the sale of our logistics property in Leipzig, which was notarised in December 2022, was not fulfilled. After the reporting date, the buyer withdrew from the contract in early July. We are currently examining legal steps; but at the same time, we are optimistic that this property will be sold in the second half of the year. At the end of the first half of the year, the volume of properties for sale on our statement of financial position had increased to around EUR 282 million in total.

In June, we published our second sustainability report. In this externally validated report, we fully recorded our own emissions for the first time. As well as further reducing our own emissions and improving the quality of data collection, we are now focussing on reducing emissions from our property portfolio. In close cooperation with our tenants, we will collect additional relevant consumption data in the future and together achieve further reductions in consumption and emissions. DEMIRE is expressly committed to meeting the climate goals of the Federal Government, and will gradually implement the specified climate path in its portfolio.

Given the result in the first half of 2023, which was solid as expected, the Executive Board can confirm the forecast for the 2023 financial year: rental income will be between EUR 74.5 million and EUR 76.5 million (2022: EUR 81.1 million), and FFO I (after taxes, before minority interests) is expected to be between EUR 33 million and EUR 35 million (2022: EUR 41.8 million).

Frankfurt am Main, 3 September 2023

Prof. Dr Alexander Goepfert  
(CEO)

Tim Brückner  
(CFO)

Ralf Bongers  
(Member of the  
Executive Board)



# DEMIRE AT A GLANCE

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# KEY GROUP FIGURES

in EUR thousand	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022
<b>Key earnings figures</b>		
Rental income	40,843	39,508
Profit/loss from the rental of real estate	31,730	31,496
<b>EBIT</b>	<b>-64,972</b>	<b>26,404</b>
Financial result	9,985	-8,915
<b>EBT</b>	<b>-54,987</b>	<b>17,489</b>
<b>Net profit/loss for the period</b>	<b>-46,688</b>	<b>13,998</b>
<b>Net profit/loss for the period attributable to parent company shareholders</b>	<b>-44,039</b>	<b>12,890</b>
<b>Net profit/loss for the period per share (basic/diluted) (in EUR)</b>	<b>-0.42/-0.42</b>	<b>0.12/0.12</b>
<b>FFO I (after taxes, before minority interests)</b>	<b>19,252</b>	<b>20,799</b>
<b>FFO I per share (basic/diluted) (in EUR)</b>	<b>0.18/0.18</b>	<b>0.20/0.20</b>

	30/06/2023	31/12/2022
<b>Key portfolio indicators</b>		
Properties (number)	60	62
Market value (in EUR million)	1,176.2	1,329.8
Annualised contractual rents (in EUR million)	79.0	85.1
Rental yield (in %)	6.7	6.4
EPRA vacancy rate <sup>1</sup> (in %)	9.6	9.5
WALT (in years)	4.6	4.8

<sup>1</sup> Excluding project developments

in EUR thousand	30/06/2023	31/12/2022
<b>Key balance sheet figures</b>		
<b>Total assets</b>	<b>1,443,748</b>	<b>1,536,848</b>
Investment property	917,255	1,231,072
Non-current assets held for sale	281,628	121,000
<b>Total real estate portfolio</b>	<b>1,198,883</b>	<b>1,352,070</b>
Financial and lease liabilities	821,945	855,655
Cash and cash equivalents	123,377	57,415
<b>Net financial liabilities</b>	<b>698,568</b>	<b>798,240</b>
<b>Net loan-to-value (net LTV) (in %)</b>	<b>52.9</b>	<b>54.0</b>
Equity according to Group balance sheet	439,194	486,691
Equity ratio (in %)	30.4	31.7
Net asset value (NAV)	406,176	450,226
NAV (basic/diluted)	467,216/467,726	526,273/526,783
Number of shares (basic/diluted)	105,513/106,023	105,513/106,023
<b>EPRA NAV per share (basic/diluted)</b>	<b>4.43/4.41</b>	<b>4.99/4.97</b>



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# PORTFOLIO HIGHLIGHTS

as at 30 June 2023

1.2

in EUR billion  
**MARKET VALUE OF THE PROPERTY PORTFOLIO**

8.46

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

60

properties  
 at **49 LOCATIONS**  
 in 11 federal states

9.6

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

79.0

in EUR million  
**ANNUALISED CONTRACTUAL RENTS**

6.7

in %  
**GROSS RENTAL RETURNS**

5.6

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

4.6

in years  
**WEIGHTED AVERAGE**  
 residual lease term (WALT)



<sup>1</sup> Excl. properties classified as a project development



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# DEMIRE ON THE CAPITAL MARKET

## An overview of DEMIRE shares

The share capital of DEMIRE Deutsche Mittelstand Real Estate AG consists of a total of 107.78 million no-par value bearer shares that are admitted for trading on the Frankfurt Stock Exchange and the XETRA electronic trading platform.

### DEMIRE key share data

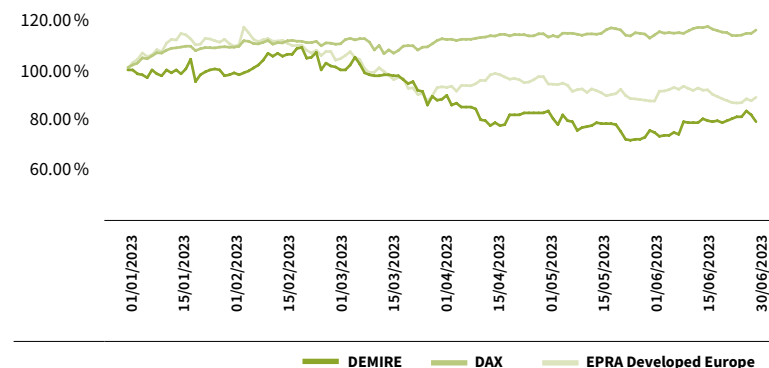
#### DEMIRE KEY SHARE DATA

Share	30/06/2023	31/12/2022
ISIN	DE000A0XFSF0	DE000A0XFSF0
Symbol/ticker	DMRE	DMRE
Stock exchange	Frankfurt Stock Exchange (FSE); XETRA Open markets in Stuttgart, Berlin, Düsseldorf	Frankfurt Stock Exchange (FSE); XETRA Open markets in Stuttgart, Berlin, Düsseldorf
Market segment	Regulated Market (Prime Standard)	Regulated Market (Prime Standard)
Designated sponsors	BaaderBank, Pareto Securities AS	BaaderBank, Pareto Securities AS
Share capital	EUR 107,777	EUR 107,777
Number of shares	107,777,324	107,777,324
Closing (XETRA)	EUR 1.97	EUR 2.50
Avg. daily trading volume 1 January to 31 December	2,585	7,585
Market capitalisation	EUR 212 million	EUR 269 million
Free float < 3% (in %)	7.15	7.15

## Development of the stock market and DEMIRE shares

So far, the development of the 2023 stock market year has been characterised by the negative geopolitical effects of the war in Ukraine, rising interest rates and a gloomy economic environment with fears of recession and uncertain business prospects. Nevertheless, the DAX recorded a 16.0% increase. DEMIRE shares, on the other hand, have fallen by 21.2% since the beginning of the year. At the same time, the prices of European property shares, as summarised in the EPRA Developed Europe Index, fell by 11.7%.

#### SHARE DEVELOPMENT IN THE FIRST HALF OF 2023







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## Dividend

DEMIRE did not pay out any dividends for the 2022 financial year (previous year: EUR 0.31 per share). The focus is currently on creating additional liquidity to refinance the 2019/2024 corporate bond, which is set to expire in October 2024.

## Development of the DEMIRE bond

In a bond market characterised by rising interest rates, bond prices generally performed negatively in the first half of 2023. The DEMIRE bond was still being traded at a price of EUR 69.8 on 1 January. As at 30 June 2022, it was being traded against the market trend at a price of EUR 74.7.

### 2019/2024 CORPORATE BOND

<b>Name</b>	DEMIRE Senior Notes 2019/2024
<b>Issuer</b>	DEMIRE Deutsche Mittelstand Real Estate AG
<b>Rating</b>	Caa1 (Moody's)
<b>Stock exchange listing/trading</b>	Open market of the Luxembourg Stock Exchange (Euro MTF)
<b>Applicable law</b>	German law
<b>ISIN</b>	DE000A2YPAK1
<b>WKN</b>	A2YPA
<b>Issue volume</b>	600,000,000
<b>Denomination</b>	100,000
<b>Coupon</b>	1.875%
<b>Interest payments</b>	On 15 April and 15 October, starting on 15 April 2020
<b>Maturity date</b>	15 October 2024
<b>Repayment</b>	Non Call Life (including 3-month option for early repayment)
<b>Distribution</b>	Regulation S, excluding registration rights
<b>Change of control</b>	101% plus accrued and not yet paid interest
<b>Closing price 30 June 2023</b>	74.74%

## Rating

With the rating assessments, DEMIRE strengthens transparency and supports the independent assessment of its business activities. In the medium term, DEMIRE aims to position its risk profile in the “investment grade” range. This should, inter alia, enable the possible financing of future growth.

Moody's carried out its regular review of its rating assessments in April 2023. This initially led to an adjustment of the company rating from B2 to B3 (bond rating from B3 to Caa1) due to the weaker property environment. In July 2023, following the withdrawal of the buyer of the LogPark logistics property in Leipzig, the company rating was readjusted once again to Caa1, and the outlook remained negative. The bond was given a Caa2 rating.

The detailed rating reports of the bond are available on [DEMIRE's website](#).

### DEMIRE RATING – AS AT 30 JUNE 2023

Rating agency	Company		Bonds
	Rating	Outlook	Rating
Moody's	B3 <sup>1</sup>	negative	Caa1 <sup>2</sup>

<sup>1</sup> In July 2023, the rating was adjusted to Caa1.

<sup>2</sup> In July 2023, the rating was adjusted to Caa2.

## Annual General Meeting

The DEMIRE Annual General Meeting was held online on 17 May 2023. All items on the agenda proposed by the administration were approved by a large majority.



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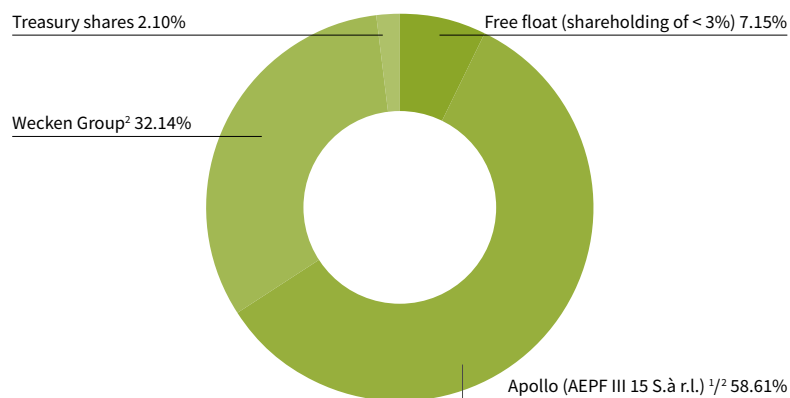
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## Shareholder structure

The DEMIRE shareholder structure remained largely unchanged in the first half of 2023. Apollo and the Wecken Group remain the Company's major shareholders and still hold around 90.7% of the shares in the Company between them.

### SHAREHOLDER STRUCTURE AS AT 30 JUNE 2023



<sup>1</sup> Including subsidiaries

<sup>2</sup> Acting in concert

Source: Notifications from WpHG (German Securities Trading Act) and own calculations

## IR activities

The Investor Relations department is responsible for approaching investors and analysts in a professional manner and communicating with debt specialists. Thus, the department handles communication for all capital market activities and is responsible for the reporting requirements for equity and bond investors as well as for the rating agencies.

DEMIRE took part in German and international equity and debt capital market conferences during the first half of the 2023 financial year. It also regularly presented the Company's current development to existing and potential equity and bond investors and rating agencies.

DEMIRE regularly and comprehensively informs its stakeholders of the Company's latest developments. This includes publishing its results as at the balance sheet date and organising conference calls for interested investors, analysts and the media, and reporting in detail on the results as at the relevant reporting date.

On the capital market, DEMIRE relies on active and transparent dialogue in its communication with all current and potential investors. With the support of existing shareholders and further growth, DEMIRE's market capitalisation and visibility on the capital market are expected to continue to rise in the future. With the prospective goal of inclusion in the DAX family of indices, awareness among domestic and international investors should increase. However, DEMIRE will require a larger free float to achieve this objective.



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Comprehensive informational documents are available to all investors, analysts and the media in the [Investor Relations section](#) of DEMIRE's website. The documents available include all published annual reports, half-year reports and quarterly statements. The website also provides summary presentations of these, as well as recordings of conference calls, the latest company presentations and additional information. With respect to its communications policy, DEMIRE is committed to the equal treatment of bond investors and analysts, as well as equity investors and analysts.

### Analyst coverage

DEMIRE's shares are currently covered and valued by three financial analysts.

#### DEMIRE RATING – AS AT AUGUST 2023

Bank/broker	Analyst	Current rating	Current target price in EUR
Hauck & Aufhäuser	Philipp Sennewald	Hold	1.80
Pareto Securities	Dr Philipp Häßler	Hold	1.90
Baader Bank	Andre Remke	Reduce	2.65

# INTERIM GROUP MANAGEMENT REPORT

for the reporting period from  
1 January to 30 June 2023

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# OVERVIEW

## BUSINESS PERFORMANCE

Overall, DEMIRE's business developed solidly in the first half of 2023, considering the market environment and the economic situation. Despite a reduced portfolio basis, the Group's key figures are either at the same level as they were in the same period of the previous year, or only slightly below it. This was in line with the Company's plans and expectations. The weak economic environment had no direct or significant impact on DEMIRE's forecast figures in the reporting period. However, due to the weak rental market and a few expirations in the property portfolio in 2023 and 2024, there will be a significantly lower rental performance.

In view of the maturity of the 2019/2024 bond, which is set to expire in October 2024 and had a nominal value of EUR 499 million as at the reporting date, the Executive Board, with the approval of the Supervisory Board, is still pursuing the goal of creating a liquidity reserve for refinancing purposes.

DEMIRE's key figures developed solidly overall in the first half of 2023, considering the market environment and the economic situation:

- Rental income totalled EUR 40.8 million (previous year: EUR 39.5 million), in line with expectations.
- Profit from rental income amounted to EUR 31.7 million, compared to EUR 31.5 million in the same period of the previous year.
- Funds from operations (FFO I, after taxes, before minority interests) decreased by 7.4% to EUR 19.3 million.

- The rental performance of around 18,200 m<sup>2</sup> was at a low for a half-year period. A new record value of 144,900 m<sup>2</sup> was achieved in the previous year.
- The like-for-like growth in annualised contractual rents was 5.6% compared to 30 June 2022 (previous year: 0.9%).
- The EPRA Vacancy Rate<sup>1</sup> remained almost unchanged at 9.6%; the WALT remained essentially stable at 4.6 years.
- The NAV per share (basic) fell to EUR 4.43 after the market condition-related devaluation of the property portfolio, compared to EUR 4.99 at the end of 2022.
- In April, the net debt ratio<sup>2</sup> (net LTV) fell to 52.9% due to the sale of properties and the below-par bond buyback. Liquidity as at the reporting date was comfortable at EUR 123.4 million and corresponded to the goal of building up a liquidity reserve.
- The average nominal financing costs were almost unchanged at an attractive 1.74% p.a.; there will be no significant maturities until mid-2024.

## PERFORMANCE IN LINE WITH FORECAST FOR 2023 FINANCIAL YEAR

Given the development in the first half of 2023, the Executive Board can confirm the forecast for the 2023 financial year: rental income will be between EUR 74.5 million and EUR 76.5 million (2022: EUR 81.1 million), and FFO I (after taxes, before minority interests) is expected to be between EUR 33.0 million and EUR 35.0 million (2022: EUR 41.8 million).

<sup>1</sup> Excl. properties classified as a project development

<sup>2</sup> According to the definition of bond 2019/2024



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**PROPERTY PORTFOLIO**

Between the end of the previous year and the reporting date, the property portfolio decreased to 60 properties (31 December 2022: 62 properties). The lettable area of the buildings in the portfolio is 861.0 thousand m<sup>2</sup> (31 December 2022: 912.7 thousand m<sup>2</sup>) and the total market value is approximately EUR 1.2 billion (31 December 2022: approximately EUR 1.3 billion). The last external property valuation of the portfolio, excluding the properties held for sale, was carried out on 30 June 2023.

The EPRA Vacancy Rate<sup>1</sup> remained almost unchanged as at 30 June 2023 at 9.6%, compared to 9.5% as at 31 December 2022. The WALT was 4.6 years as at 30 June 2023, compared to 4.8 years as at year-end 2022. In the period under review, DEMIRE achieved a rental performance of 18,200 m<sup>2</sup> (H1 2022: 144,900 m<sup>2</sup>). As well as the weak market situation, the significant decline is due to fewer leases expiring in the property portfolio in 2023 and 2024. 39% of the letting performance was attributable to new lettings and 61% to follow-on lettings. The rental performance was driven, inter alia, by a new lease spanning 3,200 m<sup>2</sup> in Langenfeld and two extensions of around 2,500 m<sup>2</sup> each in Flensburg and Aschheim.

**TOP TEN TENANTS (AS AT 30 JUNE 2023)**

No.	Tenant	Type of use	Contractual rents p.a. <sup>1</sup> in EUR million	in % of total
1	GMG/Dt. Telekom	Office	7.3	9.2
2	IMOTEX	Retail	5.4	6.8
3	GALERIA Karstadt Kaufhof	Retail	3.4	4.3
4	momox Services GmbH	Logistics	2.5	3.2
5	Bima Bundesanstalt für Immobilienaufgaben	Office	2.3	2.9
6	Amazon	Logistics	2.2	2.7
7	Roomers	Hotel	2.1	2.6
8	Sparkasse Südholstein	Office	1.8	2.3
9	comdirect bank AG	Office	1.3	1.6
10	Stadt Freiburg	Office	1.3	1.6
<b>Total</b>			<b>29.4</b>	<b>37.3</b>
Other			49.5	62.7
<b>Total</b>			<b>79.0</b>	<b>100.0</b>

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

**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	39	682.1	58.0	456.9	1,493	44.8	9.15	6.6	10.5	3.3
Retail	16	307.7	26.2	214.5	1,434	23.3	9.68	7.6	7.3	5.1
Logistics & other	5	186.5	15.9	189.7	983	10.9	5.36	5.8	11.2	9.1
<b>Total 30 June 2023</b>	<b>60</b>	<b>1,176.2</b>	<b>100.0</b>	<b>861.0</b>	<b>1,366</b>	<b>79.0</b>	<b>8.46</b>	<b>6.7</b>	<b>9.6</b>	<b>4.6</b>
<b>Total 31 December 2022</b>	<b>62</b>	<b>1,329.8</b>	<b>100.0</b>	<b>912.7</b>	<b>1,457</b>	<b>85.1</b>	<b>8.72</b>	<b>6.4</b>	<b>9.5</b>	<b>4.8</b>
Change (in %/pp)	-2	-11.5	0	-5.7	-6.2	-7.3	-2.9	0.3	0.1	-0.2

<sup>1</sup> Excluding project developments



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# ECONOMIC REPORT

## Results of operations, net assets and financial position

### RESULTS OF OPERATIONS

In the first half of 2023, the DEMIRE Group generated rental income totalling EUR 40.8 million (previous year: EUR 39.5 million). Despite a reduced portfolio base, income increased mainly due to rent indexing. The financial result from the rental of property also rose slightly by 0.7% to EUR 31.7 million (previous year: EUR 31.5 million). The increase was mainly due to higher rental income. The profit/loss from the sale of property was EUR –18.8 million. The properties in Ulm and Apolda were sold in the first half of 2023, whereas no properties were sold in the comparative period. The result from the fair value adjustment of investment property amounted to EUR –59.7 million (previous year: EUR 0 million), mainly due to market condition-related devaluation. The adjustment to the assets held for sale, the properties in the sales portfolio, was EUR –9.4 million.

Impairments on receivables increased to EUR 1.4 million (previous year: EUR 0 million). In the previous year, income was generated from the reversal of impairments, which had the opposite effect on the impairments. General administrative expenses increased by around EUR 1.0 million to EUR 6.3 million in the first half of 2023 (previous year: EUR 5.3 million), mainly due to higher legal and consulting costs and increased personnel costs. Earnings before interest and taxes (EBIT) totalled EUR –65.0 million, meaning that they were significantly below the previous year's figure of EUR 26.4 million due to the market-related adjustment of property values. At the end of the first half of 2022, no revaluation of the property portfolio was carried out.

In April, the financial result benefited from the financial income generated from the below-par bond buyback. It amounted to EUR 10.0 million in the first half of 2023, compared to EUR –8.9 million in the same period of the previous year. Financial expenses fell from EUR –9.4 million in the first six months of 2022 to EUR –8.6 million in the reporting period, a downturn of 8.6%. The average nominal interest on borrowed capital is 1.74% p.a. (previous year: 1.67% p.a.). After a positive profit share for minority shareholders of EUR 2.4 million in the previous year, there was a negative profit share for minority shareholders of EUR 0.5 million in the first half of 2023, in particular due to the devaluation of property.

Current income taxes increased to EUR 6.7 million (previous year: EUR 1.4 million), which was mainly due to the sale of property. There were no sales in the same period in the previous year.

The negative result of the property valuation led to a positive contribution from deferred taxes in the amount of EUR 15.0 million (previous year: EUR –2.1 million).

Earnings before taxes (EBT) fell to EUR –55.0 million in the reporting period, compared to EUR 17.5 million in the previous year. The net result for the first half of 2023 was EUR –46.7 million, compared to EUR 14.0 million in the same period of the previous year.



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CONSOLIDATED PROFIT AND LOSS STATEMENT

(selected information in EUR thousand)	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022	Change	in %
Rental income	40,843	39,508	1,335	3.4
Income from utility and service charges	11,857	18,320	-6,463	-35.3
Operating expenses to generate rental income	-20,970	-26,332	5,362	-20.4
<b>Profit/loss from the rental of real estate</b>	<b>31,730</b>	<b>31,496</b>	<b>234</b>	<b>0.7</b>
Income from the sale of real estate and real estate companies	69,100	0	69,100	>100
Expenses related to the sale of real estate and real estate companies	-87,887	0	-87,887	>100
<b>Profit/loss from the sale of real estate and real estate companies</b>	<b>-18,787</b>	<b>0</b>	<b>-18,787</b>	<b>&gt;100</b>
Profit/loss from fair value adjustments of investment properties	-59,680	0	-59,680	>100
Result from the fair value adjustment of assets held for sale <sup>1</sup>	-9,448	0	-9,448	>100
Impairment of receivables	-1,374	-17	-1,357	>100
Other operating income	564	564	0	0.0
General and administrative expenses	-6,279	-5,270	-1,009	19.1
Other operating expenses	-1,698	-369	-1,329	>100
<b>Earnings before interest and taxes</b>	<b>-64,972</b>	<b>26,404</b>	<b>-91,376</b>	<b>&gt;100</b>
Financial result	9,985	-8,915	18,900	>100
<b>Earnings before taxes</b>	<b>-54,987</b>	<b>17,489</b>	<b>-72,476</b>	<b>&gt;100</b>
Current income taxes	-6,709	-1,433	-5,276	>100
Deferred taxes	15,008	-2,058	17,066	>100
<b>Net profit/loss for the period</b>	<b>-46,688</b>	<b>13,998</b>	<b>-60,686</b>	<b>&gt;100</b>
Thereof attributable to parent company shareholders	-44,039	12,890	-56,929	>100
Basic earnings per share (in EUR)	-0.42	0.12	-0.48	>100
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	-0.42	0.12	-0.54	>100
Weighted average number of shares outstanding (diluted)	106,023	106,023	0	0.0

<sup>1</sup> The prior-year figures have been adjusted due to a change in presentation in the reporting period.





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## NET ASSETS

As at 30 June 2023, the total assets decreased by EUR 93.1 million to EUR 1,443.7 million compared to year-end 2022. This resulted primarily from the market-related devaluation of the property portfolio and the below-par bond buy-back. The value of investment property was EUR 917.3 million as at 30 June 2023, compared to EUR 1,231.1 million as at 31 December 2022. As at the reporting date, the assets for sale totalled EUR 281.6 million (31 December 2022: EUR 121 million).

Group equity amounted to EUR 439.2 million as at 30 June 2023, up from EUR 486.7 million as at 31 December 2022. The main reasons for the decline were the devaluation of the property portfolio and the associated negative result for the period. The equity ratio came to 30.4% (31 December 2022: 31.7%). It should be noted that non-controlling minority interests reported in the Group's borrowed capital of around EUR 77.3 million (31 December 2022: EUR 80.4 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 516.5 million (31 December 2022: EUR 567.1 million).

Total financial liabilities as at 30 June 2023 amounted to EUR 796.3 million. These decreased by EUR 32.7 million compared to 31 December 2022. The main reason for this was a bond buyback with a nominal value of EUR 51.0 million, which occurred in April. Taking out mortgage loans totalling EUR 23.3 million had the opposite effect.



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CONSOLIDATED BALANCE SHEET – ASSETS

(selected information in EUR thousand)	30/06/2023	31/12/2022	Change	in %
<b>Assets</b>				
Total non-current assets	1,010,798	1,325,808	-315,010	-23.8
Total current assets	151,322	90,043	61,279	68.1
Assets held for sale	281,628	121,000	160,628	>100
<b>Total assets</b>	<b>1,443,748</b>	<b>1,536,851</b>	<b>-93,103</b>	<b>-6.1</b>

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

(selected information in EUR thousand)	30/06/2023	31/12/2022	Change	in %
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity attributable to parent company shareholders	406,176	450,226	-44,050	-9.8
Non-controlling interests	33,018	36,465	-3,447	-9.5
<b>Total equity</b>	<b>439,194</b>	<b>486,691</b>	<b>-47,497</b>	<b>-9.8</b>
<b>Liabilities</b>				
Total non-current liabilities	852,934	996,049	-143,115	-14.4
Total current liabilities	151,620	54,111	97,509	180.2
<b>Total liabilities</b>	<b>1,004,554</b>	<b>1,050,160</b>	<b>-45,606</b>	<b>-4.3</b>
<b>Total equity and liabilities</b>	<b>1,443,748</b>	<b>1,536,851</b>	<b>-93,103</b>	<b>-6.1</b>



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## FINANCIAL POSITION

Cash flow from operating activities in the first half of 2023 amounted to EUR 24.6 million (previous year: EUR 21.9 million).

Cash flow from investing activities amounted to EUR 70.7 million in the reporting period, compared to EUR –18.3 million in the previous year. The majority of the positive cash flow came from the proceeds from the sale of property. At the same time, there were higher payments for modernisation measures in the previous period.

Cash flow from financing activities came to EUR –29.4 million, compared to EUR –49.7 million in the same period of the previous year. On the one hand, the change was driven by the below-par proportionate bond buyback in April 2023, which led to a cash outflow of EUR 35.0 million. On the other hand, mortgage loans totalling EUR 23.3 million were taken out. In the comparative period, no borrowings were repaid on an unscheduled basis, nor were any new loans taken out. Furthermore, in the first half of 2023 – and in contrast to the previous period – no dividend was paid to DEMIRE shareholders in order to create additional liquidity against the background of the expiring 2019/2024 bond.

Cash and cash equivalents amounted to EUR 123.4 million on 30 June 2023 (31 December 2022: EUR 57.4 million; 30 June 2022: EUR 93.5 million).

## CONSOLIDATED STATEMENT OF CASH FLOWS

(selected information in EUR thousand)	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022	Change
Cash flow from operating activities	24,642	21,868	2,774
Cash flow from investing activities	70,726	–18,332	89,059
Cash flow from financing activities	–29,406	–49,684	20,278
<b>Net change in cash and cash equivalents</b>	<b>65,962</b>	<b>–46,148</b>	<b>112,110</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>123,377</b>	<b>93,471</b>	<b>29,906</b>

### Funds from operations (FFO)

Funds from operations I (after taxes, before minority interests), the key operating performance indicator, decreased by 7.4% to EUR 19.3 million in the first six months of 2023, compared to EUR 20.8 million in the same period of the prior year. On a diluted basis, FFO I per share came to EUR 0.18, compared to EUR 0.20 in the same period of the previous year.



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FFO CALCULATION

(selected information in EUR thousand)	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022	Change	in %
Earnings before taxes	-54,987	17,489	-72,477	>100
Minority interests	-461	2,424	-2,885	>100
<b>Earnings before taxes (EBT)</b>	<b>-55,448</b>	<b>19,913</b>	<b>-75,361</b>	<b>&gt;100</b>
± Profit/loss from the sale of real estate	18,787	0	18,787	>100
± Profit/loss from the valuation of investment properties	69,128	0	69,128	>100
± Other adjustments <sup>1</sup>	-10,923	1,600	-12,522	>100
<b>FFO I before taxes</b>	<b>21,544</b>	<b>21,513</b>	<b>31</b>	<b>0.1</b>
± (Current) income taxes	-2,292	-714	-1,578	>100
<b>FFO I after taxes</b>	<b>19,252</b>	<b>20,799</b>	<b>-1,547</b>	<b>-7.4</b>
Thereof attributable to parent company shareholders	16,543	17,178	-634	-3.7
Thereof attributable to non-controlling interests	2,709	3,621	-913	-25.2
± Profit/loss from the sale of real estate and real estate companies (after taxes)	-23,407	0	-23,407	
<b>FFO II after taxes</b>	<b>-4,155</b>	<b>20,799</b>	<b>-24,954</b>	<b>&gt;100</b>
Thereof attributable to parent company shareholders	-7,979	17,178	-25,156	>100
Thereof attributable to non-controlling interests	3,823	3,621	202	5.6
<b>FFO I after taxes and minority interests</b>				
Basic earnings per share (in EUR)	0.16	0.16	-0.01	-3.7
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	0.16	0.16	-0.01	-3.7
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)	-0.08	0.16	-0.24	>100
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	-0.08	0.16	-0.24	>100
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 1.0 million, previous year: EUR 1.0 million)
- One-time transaction, legal and consultancy fees (EUR 0.5 million, previous year: EUR 0.2 million)
- One-time administrative costs (EUR 0 million, previous year: EUR 0.2 million)
- Non-period expenses/income (EUR -12.0 million, previous year: EUR -0.1 million)
- Non-cash expenses/income from financial instruments (EUR 0 million, previous year: EUR -0.1 million)



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## Net asset value (NAV)

The basic net asset value fell from EUR 526.3 million as at 31 December 2022 to EUR 467.2 million as at 30 June 2023 due to the market condition-related devaluation of the property portfolio. On an undiluted basis, the NAV as at the reporting date was EUR 4.43 per share (31 December 2022: EUR 4.99 per share).

### NET ASSET VALUE (NAV)

in EUR thousand	30/06/2023	31/12/2022	Change	in %
Net asset value (NAV)	406,176	450,226	-44,049	-9.8
Deferred taxes	61,039	76,047	-15,008	-19.7
Goodwill resulting from deferred taxes	0	0	0	0.0
<b>NAV (basic)</b>	<b>467,216</b>	<b>526,273</b>	<b>-59,057</b>	<b>-11.2</b>
Number of outstanding shares (basic) (in thousands)	105,513	105,513	0	0.0
<b>NAV per share (basic) (in EUR)</b>	<b>4.43</b>	<b>4.99</b>	<b>-0.56</b>	<b>-11.2</b>
Effect of the conversion of convertible bonds and other equity instruments	510	510	0	0.0
<b>NAV (diluted)</b>	<b>467,726</b>	<b>526,783</b>	<b>-59,057</b>	<b>-11.2</b>
Number of outstanding shares (diluted) (in thousands)	106,023	106,023	0	0.0
<b>NAV per share (diluted) (in EUR)</b>	<b>4.41</b>	<b>4.97</b>	<b>-0.56</b>	<b>-11.2</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 fell moderately to 52.9% (from 54.0% at the end of 2022). Property sales and the below-par bond buyback were the main factors behind the decline. The devaluation of the property portfolio had the opposite effect.

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

in EUR thousand	30/06/2023	31/12/2022
Financial liabilities and lease liabilities	821,945	855,655
Cash and cash equivalents	123,377	57,415
<b>Net financial debt</b>	<b>698,568</b>	<b>798,240</b>
Total assets	1,443,748	1,536,851
Intangible assets	0	0
Cash and cash equivalents	-123,377	-57,415
<b>Total assets less intangible assets and cash and cash equivalents</b>	<b>1,320,371</b>	<b>1,479,436</b>
Net LTV (in %)	52.9	54.0

### Covenants for the 2019/2024 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 30/06/2023

	NET LTV	NET SECURED LTV	ICR
Covenant	max. 60%	max. 40%	min. 2.00
Value	52.9%	13.2%	5.02

As at 30 June 2023, DEMIRE had complied with all covenants of the 2019/2024 corporate bond. In addition, the planning for 2023 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 [🔗 consolidated financial statements](#) as at 31 December 2022 for information on the opportunities and risks of future business performance. In addition to the opportunities and risks recorded as at 31 December 2022, 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.

The opportunities and 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 and related party transactions

Information on transactions with related parties and events after the balance sheet date can be found in [🔗 chapter G.1](#) and [🔗 chapter G.6](#) of the notes.

Frankfurt am Main, 3 September 2023

DEMIRE Deutsche Mittelstand Real Estate AG

Prof. Dr Alexander Goepfert  
(CEO)

Tim Brückner  
(CFO)

Ralf Bongers  
(Member of the Executive Board)

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# CONSOLIDATED PROFIT AND LOSS STATEMENT

for the reporting period from 1 January to 30 June 2023

in EUR thousand	NOTE	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022	01/04/2023 – 30/06/2023	01/04/2022 – 30/06/2022
Rental income		40,843	39,508	20,078	20,168
Income from utility and service charges		11,857	18,320	3,518	9,115
Operating expenses to generate rental income		-20,970	-26,332	-7,789	-13,422
<b>Profit/loss from the rental of real estate</b>		<b>31,730</b>	<b>31,496</b>	<b>15,807</b>	<b>15,861</b>
Income from the sale of real estate and real estate companies		69,100	0	69,100	0
Expenses related to the sale of real estate and real estate companies		-87,887	0	-87,790	51
<b>Profit/loss from the sale of real estate and real estate companies</b>		<b>-18,787</b>	<b>0</b>	<b>-18,690</b>	<b>51</b>
Profit/loss from fair value adjustments of investment properties		-59,680	0	-59,680	0
Result from fair value adjustments of properties held for sale		-9,448	0	16,052	0
Impairment of receivables		-1,374	-17	-806	-166
Other operating income		564	564	265	111
General and administrative expenses		-6,279	-5,270	-3,284	-2,530
Other operating expenses		-1,698	-369	301	2
<b>Earnings before interest and taxes</b>	<b>D 1</b>	<b>-64,972</b>	<b>26,404</b>	<b>-50,035</b>	<b>13,329</b>
Financial income		18,112	2,131	16,907	1,074
Financial expenses		-8,588	-9,395	-4,289	-4,734
Profit/loss from companies accounted for using the equity method		0	773	0	245
Minority interests		461	-2,424	1,855	-1,191
<b>Financial result</b>	<b>D 2</b>	<b>9,985</b>	<b>-8,915</b>	<b>14,473</b>	<b>-4,606</b>
<b>Earnings before taxes</b>		<b>-54,987</b>	<b>17,489</b>	<b>-35,562</b>	<b>8,723</b>
Current income taxes		-6,709	-1,433	-5,601	-686
Deferred taxes		15,008	-2,058	13,609	-1,739
<b>Net profit/loss for the period</b>		<b>-46,688</b>	<b>13,998</b>	<b>-27,554</b>	<b>6,298</b>
Thereof attributable to:					
<b>Non-controlling interests</b>		<b>-2,649</b>	<b>1,108</b>	<b>-1,807</b>	<b>520</b>
<b>Parent company shareholders</b>		<b>-44,039</b>	<b>12,890</b>	<b>-25,748</b>	<b>5,778</b>
Basic/diluted earnings per share (in EUR)	D 3	-0.42	0.12	-0.24	0.05

	
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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the reporting period from 1 January to 30 June 2023

in EUR thousand	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022	01/04/2023 – 30/06/2023	01/04/2022 – 30/06/2022
<b>Net profit/loss for the period</b>	-46,688	13,998	-43,606	6,298
<b>Other comprehensive income</b>	0	0	0	0
<b>Total comprehensive income</b>	-46,688	13,998	-43,606	6,298
Thereof attributable to:				
<b>Non-controlling interests</b>	-2,649	1,108	-1,807	520
<b>Parent company shareholders</b>	-44,039	12,890	-45,413	5,778



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# CONSOLIDATED BALANCE SHEET

as at 30 June 2023

## ASSETS

in EUR thousand	NOTE	30/06/2023	31/12/2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		235	164
Investment property	E 1	917,255	1,231,072
Shares in companies accounted for using the equity method		385	385
Loans to companies accounted for using the equity method		24,567	24,752
Loans and financial assets		62,298	62,750
Other assets		6,058	6,685
<b>Total non-current assets</b>		<b>1,010,798</b>	<b>1,325,808</b>
<b>Current assets</b>			
Trade accounts receivable		13,964	13,845
Financial assets		3,667	9,584
Other assets		6,056	2,658
Tax refund claims		4,258	6,541
Cash and cash equivalents		123,377	57,415
<b>Total current assets</b>		<b>151,322</b>	<b>90,043</b>
<b>Non-current assets held for sale</b>		<b>281,628</b>	<b>121,000</b>
<b>Total assets</b>		<b>1,443,748</b>	<b>1,536,851</b>



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# CONSOLIDATED BALANCE SHEET

as at 30 June 2023

## EQUITY AND LIABILITIES

in EUR thousand	NOTE	30/06/2023	31/12/2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Subscribed capital		105,513	105,513
Reserves	E 2	300,663	344,713
<b>Equity attributable to parent company shareholders</b>		<b>406,176</b>	<b>450,226</b>
Non-controlling interests		33,018	36,465
<b>Total equity</b>		<b>439,194</b>	<b>486,691</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		61,039	76,047
Minority interests		77,256	80,364
Financial liabilities	E 3	689,324	813,429
Lease liabilities		25,315	26,209
<b>Total non-current liabilities</b>		<b>852,934</b>	<b>996,049</b>
<b>Current liabilities</b>			
Provisions		1,575	3,011
Trade payables		14,368	16,611
Other liabilities		8,800	5,356
Tax liabilities		19,571	13,116
Financial liabilities	E 3	106,991	15,626
Lease liabilities		315	391
<b>Total current liabilities</b>		<b>151,620</b>	<b>54,111</b>
<b>Total liabilities</b>		<b>1,004,554</b>	<b>1,050,160</b>
<b>Total equity and liabilities</b>		<b>1,443,748</b>	<b>1,536,851</b>



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# CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 June 2023

in EUR thousand		01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022
	<b>Earnings before taxes</b>	<b>-54,987</b>	<b>17,489</b>
	Financial expenses	8,588	9,395
	Financial income	-18,112	-2,903
	Minority interests	-461	2,424
	Change in trade accounts receivable	-1,493	-6,976
	Change in other receivables and other assets	-1,448	-2,847
	Change in provisions	-1,505	-2,194
	Change in trade payables and other liabilities	1,191	6,256
	Profit/loss from fair value adjustments of investment properties	69,128	0
	Profit/loss from the sale of real estate and real estate companies	18,787	0
	Interest proceeds from loans and receivables	0	2,163
	Interest received from loans to companies accounted for using the equity method	524	516
	Income tax payments	2,032	-2,009
	Depreciation and amortisation and impairment	1,984	554
	Distributions from companies accounted for using the equity method	0	90
	Other non-cash items	415	-90
	<b>Cash flow from operating activities</b>	<b>24,642</b>	<b>21,868</b>



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# CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 June 2023

in EUR thousand	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022
Payments for the acquisition of/investments in investment properties, incl. prepayments, refurbishment measures and prepayments for property, plant and equipment	-5,631	-19,582
Payments for investments in/loans to companies accounted for using the equity method	-5,570	0
Proceeds from loans to companies accounted for using the equity method	5,602	1,300
Proceeds from the sale of real estate	76,326	-51
<b>Cash flow from investing activities</b>	<b>70,726</b>	<b>-18,332</b>
Proceeds from borrowings	23,300	0
Distributions to minority shareholders/dividends <sup>1</sup>	-3,445	-35,428
Interest paid on financial liabilities	-7,733	-8,052
Payments for the purchase of additional shares in a subsidiary	0	-67
Payments for the redemption of financial liabilities	-41,341	-5,961
Payment for the redemption of lease liabilities	-187	-176
<b>Cash flow from financing activities</b>	<b>-29,406</b>	<b>-49,684</b>
<b>Net change in cash and cash equivalents</b>	<b>65,962</b>	<b>-46,148</b>
Cash and cash equivalents at the start of the period	57,415	139,619
<b>Cash and cash equivalents at the end of the period</b>	<b>123,377</b>	<b>93,471</b>

<sup>1</sup> The previous year's figures have been adjusted due to a change in presentation of the reporting period (for further details, see Chapter A.1, section "Changes in presentation of previous year's figures").



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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 30 June 2023

in EUR thousand	Share capital		Reserves			Total equity
	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss	Equity attributable to parent company shareholders	Non-controlling interests	
<b>01/01/2023</b>	<b>105,513</b>	<b>88,366</b>	<b>256,347</b>	<b>450,226</b>	<b>36,465</b>	<b>486,691</b>
Net profit/loss for the period	0	0	-44,039	-44,039	-2,649	-46,688
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-44,039</b>	<b>-44,039</b>	<b>-2,649</b>	<b>-46,688</b>
Dividend payments/distributions	0	0	0	0	-798	-798
Other changes	0	0	-12	-12	1	-11
<b>30/06/2023</b>	<b>105,513</b>	<b>88,366</b>	<b>212,296</b>	<b>406,175</b>	<b>33,019</b>	<b>439,194</b>

in EUR thousand	Share capital		Reserves			Total equity
	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss	Equity attributable to parent company shareholders	Non-controlling interests	
<b>01/01/2022</b>	<b>105,513</b>	<b>88,366</b>	<b>355,145</b>	<b>549,023</b>	<b>43,339</b>	<b>592,362</b>
Net profit/loss for the period	0	0	12,890	12,890	1,108	13,998
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>12,890</b>	<b>12,890</b>	<b>1,108</b>	<b>13,998</b>
Dividend payments/distributions	0	0	-32,709	-32,709	-830	-33,539
Other changes	0	0	-406	-406	117	-289
<b>30/06/2022</b>	<b>105,513</b>	<b>88,366</b>	<b>334,920</b>	<b>528,799</b>	<b>43,734</b>	<b>572,533</b>



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the reporting period from 1 January to 30 June 2023

## 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 June 2023 is DEMIRE AG and its subsidiaries (hereafter referred to as “DEMIRE”).

DEMIRE AG itself has not carried out any investments in property or property projects to date. Investments are generally processed through property companies. Interests in these property companies are held by DEMIRE AG either directly or indirectly (through intermediate holding companies). DEMIRE focuses on the German commercial property 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 property 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 June 2023 were prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” (hereafter abbreviated as “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 2023 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 are intended to be 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. The aim is to not repeat information that has already been reported. The condensed interim consolidated financial statements of DEMIRE AG as at 30 June 2023 should therefore be viewed in conjunction with the [🔗 consolidated financial statements](#) as at 31 December 2022.

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.





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## Adjustment of the previous year's figures

In the consolidated statement of cash flows, the distributions to minority shareholders/dividends are now shown in the cash flow from financing activities and the statement of cash flows of the previous year has been adjusted accordingly.

These condensed interim consolidated financial statements of DEMIRE were approved for publication by a resolution of the Executive Board on 3 September 2023.

## B. Scope and principles of consolidation

There were no changes in the scope of consolidation in the 2023 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 2022. There were no material changes in estimates compared to those in the [consolidated financial statements](#) as at 31 December 2022.

The amendments to IAS 1, 8 and 12, IFRS 9 and 17, 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.

## D. Notes to the consolidated statement of income

### 1. Earnings before interest and taxes

in EUR thousand	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022
Net rent	40,843	39,508
Income from utility and service charges	11,857	18,320
<b>Rental revenue from real estate</b>	<b>52,700</b>	<b>57,828</b>
Allocable operating expenses to generate rental income	-16,327	-22,397
Non-allocable operating expenses to generate rental income	-4,643	-3,935
<b>Operating expenses to generate rental income</b>	<b>-20,970</b>	<b>-26,332</b>
<b>Profit/loss from the rental of real estate</b>	<b>31,730</b>	<b>31,496</b>

Rental revenue in the interim reporting period results exclusively from the rental of commercial property and is free from seasonal effects.

At EUR 31,730 thousand (H1 2022: EUR 31,496 thousand), the result from the rental of property is above the previous year's level despite the disposal of properties sold. Rental income increased compared to the previous period. The higher rental income of EUR 40,843 thousand (H1 2022: EUR 39,508 thousand) is mainly due to the implementation of contractually-agreed indexation as a result of the increase in the consumer price index. The increase in non-allocable operating expenses to EUR -4,643 thousand (H1 2022: EUR -3,935 thousand) is mainly due to a provision of EUR -550 thousand as a result of a legal dispute with a service provider.



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Of the operating expenses, an amount of EUR –16,327 thousand (H1 2022: EUR –22,397 thousand) is generally allocable and can be charged to tenants. In addition to the disposal of properties sold in the previous period, the decrease results from a fall in energy costs compared to the first half of 2022. The “December aid” package from the Federal Government, which led to the reimbursement of energy costs from the previous year at the beginning of the reporting period, reduced expenses here. The costs of the previous period also included a one-off effect from transferring costs to a tenant. The decrease in non-allocable expenses is also shown in the decrease in income from the allocation of utility and service charges.

Profit/loss from the sale of property and property companies amounts to EUR 18,787 thousand as at 30 June 2023 (H1 2022: EUR 0 thousand) and includes various costs connected with properties either sold or for sale.

A revaluation of investment properties had been performed as at the 30 June 2023 reporting date. The revaluation of the portfolio properties and the properties for sale resulted in a valuation loss totalling EUR 59,680 thousand.

Due to the current market conditions and the resulting valuation parameters (in particular the increased discount rates), there were devaluations across the portfolio in the middle of the 2023 financial year. The largest individual devaluations relate to the Bredeney (Essen) and Bonn business parks. The devaluation of the property in Essen was mainly due to increased conversion costs. Negotiations are still being made in Bonn on the terms of the rental agreement. No revaluation was carried out in the comparative period.

In addition, several properties that were in an advanced stage of a sales process as at the balance sheet date were reclassified as held for sale and revalued in accordance with IFRS 5. This resulted in a valuation loss on the sale portfolio of EUR 9,448 thousand (Q2 2022: EUR 0 thousand).

Impairments on receivables amounted to EUR –1,374 thousand in the reporting period (H1 2022: EUR –17 thousand). The low impairment loss in the previous period was due to the offsetting of income from the reversal of value adjustments on receivables. The higher impairments in the reporting period resulted mainly from expected credit losses from loans to the joint venture JV Theodor-Heuss-Allee GmbH in the amount of EUR –153 thousand and a loan to RFR in the amount of EUR –366 thousand.

In addition, impairments in the amount of EUR –250 thousand were made on receivables from a tenant from the culture, sports and entertainment sector which is in insolvency proceedings. The remaining impairments on receivables in the amount of EUR –605 thousand are distributed among different tenants in DEMIRE’s entire property portfolio and result from the flat-rate individual value adjustments made on the basis of the age structure of the receivables.



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## 2. Financial result

in EUR thousand	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022
Financial income	18,112	2,131
Financial expenses	-8,588	-9,395
Profit/loss from companies accounted for using the equity method	0	773
Minority interests	461	-2,424
<b>Financial result</b>	<b>9,985</b>	<b>-8,915</b>

The increase in financial income of EUR 18,112 thousand (previous year: EUR 2,131 thousand) is mainly due to the partial repurchase of the corporate bond at a price below the nominal value.

Other significant components of the financial income result from the granting of loans to the joint venture JV Theodor-Heuss-Allee GmbH in the amount of EUR 516 thousand and its shareholder RFR 5 Immobilien GmbH in the amount of EUR 1,609 thousand.

Financial expenses recorded a decrease of EUR 807 thousand compared to the previous year, which can be attributed to the repurchase of company shares.

The result from companies accounted for using the equity method of EUR 0 thousand (H1 2022: EUR 773 thousand) relates to the gains on investments in the reporting period in JV Theodor-Heuss-Allee GmbH, Frankfurt am Main. The decrease results from the full devaluation of the investment as at 31 December 2022.

The interests of minority shareholders totalling EUR 416 thousand (H1 2022: EUR -2,424 thousand) relate to the share of profits of minority shareholders in Fair Value REIT-AG's subsidiaries, which are recognised as third-party debt under IAS 32.

## 3. Earnings per share

in EUR thousand	01/01/2023 – 30/06/2023	01/01/2022 – 30/06/2022
<b>Net profit/loss for the period (in EUR thousand)</b>	<b>-46,688</b>	<b>13,998</b>
Profit/loss for the period less non-controlling interests	-44,039	12,891
<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	-0.42	0.12
Diluted earnings per share	-0.42	0.12

As at 30 June 2023, 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 property and non-current assets held for sale

Investment property is accounted for at fair value. This developed as follows during the interim reporting period:

in EUR thousand	Office	Retail	Logistics	Other	Total
<b>Fair value at the beginning of the 2023 financial year</b>	<b>821,356</b>	<b>342,176</b>	<b>0</b>	<b>67,540</b>	<b>1,231,072</b>
Additions of properties	2,365	1,939	0	114	4,419
Disposals	-87,000	-1,480	0	0	-88,480
Reclassifications to non-current assets held for sale	-140,246	-29,830	0	0	-170,076
Unrealised gains from fair value measurement	0	0	0	0	0
Unrealised losses from fair value measurement	-44,969	-12,536	0	-2,174	-59,680
<b>Fair value as at 30/06/2023</b>	<b>551,506</b>	<b>300,268</b>	<b>0</b>	<b>65,480</b>	<b>917,255</b>


The additions to investment property totalling EUR 4,419 thousand consist of capitalisations for current investments.

The fair value measurement of investment property is allocated to Level 2 of the valuation hierarchy in accordance with IFRS 13. DEMIRE determines fair values within the framework of IAS 40 accounting. No revaluation of investment properties was performed as at the 30 June 2023 reporting date. Please refer to [chapter D.1](#) for further details.

The reclassification of properties held for sale relates to several properties for which it is assumed (in accordance with IFRS 5) that a sale will be completed within one year.

### 2. Equity

Subscribed capital amounted to EUR 107,777 thousand (31 December 2022: EUR 107,777 thousand). This was EUR 105,513 thousand after the deduction of treasury shares (31 December 2022: EUR 105,513 thousand).

	
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### 3. Financial liabilities

Financial liabilities consisted of the following:

#### FINANCIAL LIABILITIES

in EUR thousand	30/06/2023	31/12/2022
2019/2024 corporate bond	496,656	546,394
Other financial liabilities	299,660	282,661
<b>Total</b>	<b>796,316</b>	<b>829,055</b>

The following table shows the nominal value of financial liabilities:

#### FINANCIAL LIABILITIES

in EUR thousand	30/06/2023	31/12/2022
2019/2024 corporate bond	499,000	550,000
Other financial liabilities	300,307	281,004
<b>Total</b>	<b>799,307</b>	<b>831,004</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 borrowings bear fixed interest. The nominal interest rate of the 2019/2024 corporate bond is 1.875% p.a. Other financial liabilities mainly include bank liabilities with a weighted average nominal interest rate of 1.52% p.a. as at 30 June 2023 (31 December 2022: 1.26% p.a.). The average nominal interest rate on debt across all financial liabilities was 1.74% p.a. as at 30 June 2023 (31 December 2022: 1.67% 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

01/01/2023 – 30/06/2023

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ others	Group
<b>Total revenue</b>	<b>109,396</b>	<b>12,404</b>	<b>0</b>	<b>121,801</b>
<b>Segment revenue</b>	<b>50,337</b>	<b>2,841</b>	<b>58</b>	<b>53,237</b>
<b>Segment expenses</b>	<b>-109,541</b>	<b>-4,806</b>	<b>-3,861</b>	<b>-118,209</b>
<b>EBIT</b>	<b>-59,204</b>	<b>-1,965</b>	<b>-3,803</b>	<b>-64,972</b>
<b>Net profit/loss for the period</b>	<b>-50,769</b>	<b>-1,988</b>	<b>6,069</b>	<b>-46,688</b>
<b>Segment assets 30/06/2023</b>	<b>1,029,294</b>	<b>306,803</b>	<b>107,652</b>	<b>1,443,748</b>
Thereof tax assets	579	64	3,616	4,258
Thereof additions to non-current assets	4,140	279	0	4,419
Thereof non-current assets held for sale	281,628	0	0	281,628
<b>Segment liabilities 30/06/2023</b>	<b>321,681</b>	<b>172,684</b>	<b>510,190</b>	<b>1,004,554</b>
Thereof non-current financial liabilities	133,402	61,071	494,851	689,324
Thereof lease liabilities	25,541	0	89	25,630
Thereof current financial liabilities	95,956	11,035	0	106,991
Thereof tax liabilities	6,829	0	12,742	19,571

01/01/2022 – 30/06/2022

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ others	Group
<b>Total revenue</b>	<b>45,385</b>	<b>12,442</b>	<b>0</b>	<b>57,828</b>
<b>Segment revenue</b>	<b>45,685</b>	<b>12,501</b>	<b>204</b>	<b>58,392</b>
<b>Segment expenses</b>	<b>-22,315</b>	<b>-5,447</b>	<b>-4,224</b>	<b>-31,986</b>
<b>EBIT</b>	<b>23,370</b>	<b>7,055</b>	<b>-4,021</b>	<b>26,404</b>
<b>Net profit/loss for the period</b>	<b>12,838</b>	<b>3,329</b>	<b>-2,170</b>	<b>13,998</b>
<b>Segment assets 30/06/2022</b>	<b>1,239,893</b>	<b>345,431</b>	<b>103,022</b>	<b>1,688,345</b>
Thereof tax assets	3,764	47	3,826	7,639
Thereof additions to non-current assets	13,551	2,848	0	16,398
Thereof non-current assets held for sale	0	0	0	0
<b>Segment liabilities 30/06/2022</b>	<b>916,169</b>	<b>188,639</b>	<b>11,005</b>	<b>1,115,813</b>
Thereof non-current financial liabilities	795,189	74,420	0	869,610
Thereof lease liabilities	24,419	0	25	24,444
Thereof current financial liabilities	13,376	2,803	0	16,179
Thereof tax liabilities	1,675	0	7,940	9,616



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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. This corresponded to a total of EUR 5,927 thousand (H1 2022: EUR 6,256 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 25,150 thousand from the joint venture JV Theodor-Heuss-Allee-GmbH. Interest income from this loan comes to EUR 516 thousand as at 30 June 2023. The interest receivables amount to EUR 168 thousand. In addition, an asset management agreement and an agency agreement exist between DEMIRE AG and JV Theodor-Heuss-Allee-GmbH, resulting in receivables of EUR 44 thousand and income of EUR 44 thousand at 30 June 2023. 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 [chapter 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:

in EUR thousand	30/06/2023		31/12/2022	
	Carrying amount under IFRS 9	Fair value	Carrying amount under IFRS 9	Fair value
Loans to companies accounted for using the equity method	24,567	20,252	24,752	20,566
Loans and financial assets	65,965	46,981	72,335	61,701

in EUR thousand	30/06/2023		31/12/2022	
	Carrying amount under IFRS 9	Fair value	Carrying amount under IFRS 9	Fair value
Bonds	496,656	373,312	546,394	383,911
Other financial liabilities	299,660	269,341	282,661	235,383





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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 2022 for information on the risks to future business performance. In addition to the opportunities and risks recorded as at 31 December 2022, the current financial year has largely been dominated by high inflation, in particular higher interest rates and the war in Ukraine. Furthermore, the willingness to finance has fallen sharply, both in the banking and capital markets, and the transaction markets continue to record declining transaction volumes and falling prices. 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 a negative impact on the performance of the portfolio. 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. Further explanations

As at the reporting date, there were no financial obligations stemming from purchase agreements for properties and property 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 137,832 thousand as at 30 June 2023 (H1 2022: EUR 18,935 thousand). These obligations are fixed in terms of their scope. The increase mainly results from contractual obligations for construction work on the property in Essen (see comments on this in the 2022 annual report), which had already been taken into account in the valuation of the property.

Purchase order commitments for maintenance and modernisation, as well as modification and expansion measures, totalled EUR 9,309 thousand at the interim reporting date (H1 2022: EUR 3,645 thousand).

As at 30 June 2023, unused credit lines in the amount of EUR 6,000 thousand (31 December 2022: EUR 0 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:

Prof. Dr Alexander Goepfert (CEO since 1 January 2023)

Mr Tim Brückner (CFO since 1 February 2019)

Mr Ralf Bongers (Executive Board member since 1 April 2023)

For the interim reporting period, performance-based remuneration of EUR 278 thousand (H1 2022: EUR 298 thousand) and fixed remuneration of EUR 400 thousand (H1 2022: EUR 366 thousand) were recognised for DEMIRE AG's Executive Board. Share-based payment transactions were reversed in the amount of EUR 7 thousand (H1 2022: EUR 109 thousand).


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.

## 6. Events after the interim reporting date of 30 June 2023

In early July 2023, the buyer of the LogPark logistics property in Leipzig withdrew from the purchase contract. The property is currently undergoing a new structured sales process. No further events occurred after the interim reporting date that are of relevance to DEMIRE's net assets, financial position and results of operations.

Frankfurt am Main, 3 September 2023

DEMIRE Deutsche Mittelstand Real Estate AG



Prof. Dr Alexander Goepfert  
(CEO)



Tim Brückner  
(CFO)



Ralf Bongers  
(Member of the  
Executive Board)

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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, 3 September 2023

DEMIRE Deutsche Mittelstand Real Estate AG

Prof. Dr. Alexander Goepfert  
(CEO)

Tim Brückner  
(CFO)

Ralf Bongers  
(Member of the Executive Board)



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# EPRA DISCLOSURES

## General overview

DEMIRE AG supplements its reporting in accordance with International Financial Reporting Standards (IFRS) with the best practice recommendations of the European Public Real Estate Association (EPRA).

We report on the following key figures: EPRA Net Reinstatement Value (EPRA NRV), EPRA Net Tangible Assets (EPRA NTA), EPRA Net Disposals Value (EPRA NDV), EPRA Net Initial Yield (EPRA NIY or “topped-up” NIY), EPRA Loan-to-Value (EPRA LTV), EPRA Cost Ratios and EPRA Earnings. We also supplement the key figures with a breakdown of capital expenditure and a detailed overview of like-for-like rental development in the DEMIRE portfolio.

## OVERVIEW OF EPRA KEY FIGURES

in EUR thousand	30/06/2023	31/12/2022
EPRA Net Asset Value (EPRA NAV)	467,726	526,783
EPRA Triple Net Asset Value (EPRA NNNAV)	494,532	566,456
EPRA Net Reinstatement Value (EPRA NRV)	537,334	607,221
EPRA Net Tangible Assets (EPRA NTA)	440,546	484,794
EPRA Net Disposal Value (EPRA NDV)	494,022	541,090
EPRA Net Initial Yield (in %)	5.5	5.3
EPRA “topped-up” Net Initial Yield (in %)	5.5	5.4
EPRA Vacancy Rate <sup>1</sup> (in %)	9.6	9.5
EPRA Loan-to-Value (EPRA LTV) (in %)	65.3	65.9
	<b>H1 2023</b>	<b>H1 2022</b>
EPRA Earnings	28,142	15,103
EPRA Cost Ratio including direct vacancy costs (in %)	35.2	36.0
EPRA Cost Ratio excluding direct vacancy costs (in %)	29.8	31.6

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



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## EPRA NAV and EPRA NNAV

The **EPRA Net Asset Value** (EPRA NAV) indicates the intrinsic value of a property company. The value is calculated on the basis of the Group equity (before minority interests) adjusted for effects from the exercise of options, convertible bonds and other rights to equity as well as the market values of derivative financial instruments and deferred taxes, i.e. adjusted for items that have no influence on the long-term development of the Group.

### EPRA NET ASSET VALUE (EPRA NAV)

in EUR thousand	30/06/2023	Less treasury shares		Change	in %
		31/12/2022			
Net asset value (NAV) in the reporting period	406,176	450,226		-44,049	-9.8
Market value of derivative financial instruments	0	0		0	0.0
Deferred taxes	61,039	76,047		-15,008	-19.7
Goodwill resulting from deferred taxes	0	0		0	0.0
Basic EPRA NAV	467,216	526,273		-59,057	-11.2
Number of outstanding shares (basic) (in thousands)	105,513	105,513		0	0.0
Basic EPRA NAV per share	4.43	4.99		-0.56	-11.2
Effect of the conversion of convertible bonds and other equity instruments	510	510		0	0.0
Diluted EPRA NAV	467,726	526,783		-59,057	-11.2
Number of shares outstanding (diluted) (in thousands)	106,023	106,023		0	0.0
Diluted EPRA NAV per share	4.41	4.97		-0.56	-11.2

### EPRA NET ASSET VALUE (NAV/EPRA NNAV)

in EUR thousand	30/06/2023	31/12/2022	Change	in %
Net Asset Value (NAV)	406,176	450,226	-44,049	-9.8
Market value of derivative financial instruments	0	0	0	0.0
Deferred taxes	61,039	76,047	-15,008	-19.7
Goodwill resulting from deferred taxes	0	0	0	0.0
<b>EPRA NAV (basic)</b>	<b>467,216</b>	<b>526,273</b>	<b>-59,057</b>	<b>-11.2</b>
Number of outstanding shares (basic) (in thousands)	105,513	105,513	0	0.0
EPRA NAV per share (basic) (in EUR)	4.43	4.99	-0.56	-11.3
Effect of the conversion of convertible bonds and other equity instruments	510	510	0	0.0
EPRA NAV (diluted)	467,726	526,783	-59,057	-11.2
Number of outstanding shares (diluted) (in thousands)	106,023	106,023	0	0.0
<b>EPRA NAV per share (basic) (in EUR)</b>	<b>4.41</b>	<b>4.97</b>	<b>-0.56</b>	<b>-11.2</b>
Market value of derivative financial instruments	0	0	0	0.0
Market value adjustments in liabilities (bonds)	123,344	162,483	-39,139	>100
Deferred taxes	-96,538	-122,810	26,272	-21.4
<b>EPRA NNAV (diluted)</b>	<b>494,532</b>	<b>566,456</b>	<b>-71,924</b>	<b>-12.7</b>
<b>EPRA NNAV per share (diluted) (in EUR)</b>	<b>4.66</b>	<b>5.34</b>	<b>-0.68</b>	<b>-12.7</b>



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## EPRA NRV, EPRA NTA, EPRA NDV

The **EPRA Net Tangible Assets** (EPRA NTA) indicator represents the intrinsic value of a company adjusted by the pro-rata deferred taxes on fair-value adjustments of investment properties, the fair value of financial instruments and all intangible assets.

The **EPRA Net Disposal Value** (EPRA NDV) indicator represents the intrinsic value of a company adjusted by the full deferred taxes on fair-value adjustments, the recognised goodwill and the market value adjustment of fixed-interest liabilities.

The **EPRA Net Reinstatement Value** (EPRA NRV) indicator represents the intrinsic value of a company adjusted for fair-value adjustments and the fair value of financial instruments.

### NEW REPORTING STANDARD (EPRA NAV)

in EUR thousand	30/06/2023			31/12/2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS shareholders' equity	406,176	406,176	406,176	450,226	450,226	450,226
<b>Plus:</b>						
I. Hybrid financial instruments	0	0	0	0	0	0
<b>Diluted NAV</b>	<b>406,176</b>	<b>406,176</b>	<b>406,176</b>	<b>450,226</b>	<b>450,226</b>	<b>450,226</b>
<b>plus:<sup>1</sup></b>						
II. a) Revaluation of IP (when applying the IAS 40 cost option)	0	0	0	0	0	0
II. b) Revaluation of IPUC (when applying the IAS 40 cost option)	0	0	0	0	0	0
II. c) Revaluation of other assets	0	0	0	0	0	0
III. Revaluation of leases held as finance leases	0	0	0	0	0	0
IV. Revaluation of real estate inventory	0	0	0	0	0	0



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## NEW REPORTING STANDARD (EPRA NAV)

in EUR thousand	30/06/2023			31/12/2022		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
<b>Diluted NAV at market value</b>	<b>406,176</b>	<b>406,176</b>	<b>406,176</b>	<b>450,226</b>	<b>450,226</b>	<b>450,226</b>
<b>less:<sup>1</sup></b>						
V. Deferred taxes on valuation gains from investment properties	68,740	34,370	x	84,797	42,399	x
VI. Market value of derivative financial instruments	0	0	x	-7,830	-7,830	x
VII. Goodwill as a result of deferred taxes	0	0	0	0	0	0
VIII. a) Goodwill according to IFRS balance sheet	x	0	0	x	0	0
VIII. b) Intangible assets according to IFRS balance sheet	x	-0	x	x	-0	x
<b>plus:<sup>2</sup></b>						
IX. Market value of fixed-interest liabilities (bonds)	x	x	87,846	x	x	90,864
X. Revaluation of intangible assets at fair value (optional)	0	x	x	0	x	x
XI. Land transfer tax/ acquisition costs	62,417	0	x	80,028	0	x
<b>NAV</b>	<b>537,334</b>	<b>440,546</b>	<b>494,022</b>	<b>607,221</b>	<b>484,794</b>	<b>541,090</b>
Number of shares (fully diluted)	106,023	106,023	106,023	106,023	106,023	106,023
<b>NAV per share</b>	<b>5.07</b>	<b>4.16</b>	<b>4.66</b>	<b>5.73</b>	<b>4.57</b>	<b>5.10</b>

<sup>1</sup> Plus = assets (+) liabilities (-), whether on or off the balance sheet

<sup>2</sup> Less = assets (-); liabilities (+) (part of balance sheet)





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## EPRA Net Initial Yield

The **EPRA Net Initial Yield** (EPRA NIY) indicator is the annualised contractual rent in relation to the fair value of the completed property portfolio plus an investor’s estimated ancillary acquisition costs.

The EPRA Net Initial Yield compares the annualised rental income (excluding non-allocable property expenses) with the market value of the property portfolio as at the balance sheet date. The “topped-up” calculation includes hypothetical rents for expiring rent-free periods.

### EPRA NET INITIAL YIELD/TOPPED-UP (EPRA NIY)

in EUR thousand	30/06/2023	31/12/2022	Change	in %
Investment property	917,255	1,231,072	-313,817	-25.5
Shares in companies accounted for using the equity method	385	385	0	0.0
Real estate held for sale	281,628	121,000	160,628	-
<b>Real estate portfolio (net)</b>	<b>1,199,268</b>	<b>1,352,457</b>	<b>-153,189</b>	<b>-11.3</b>
Estimated ancillary acquisition costs	59,963	67,623	-7,659	-11.3
<b>Real estate portfolio (gross)</b>	<b>1,259,231</b>	<b>1,420,080</b>	<b>-160,848</b>	<b>-11.3</b>
Annualised cash rental income	78,474	84,120	-5,646	-6.7
Non-allocable real estate operating costs	-9,104	-8,412	-692	8.2
<b>Annualised net cash rental income</b>	<b>69,370</b>	<b>75,709</b>	<b>-6,338</b>	<b>-8.4</b>
Rent-free periods	499	1,026	-527	-51.4
<b>Annualised “topped-up” net rental income</b>	<b>69,870</b>	<b>76,735</b>	<b>-6,865</b>	<b>-8.9</b>
<b>EPRA Net Initial Yield (in %)</b>	<b>5.5</b>	<b>5.3</b>	<b>20 bp</b>	<b>3.8</b>
<b>EPRA “topped-up” Net Initial Yield (in %)</b>	<b>5.5</b>	<b>5.4</b>	<b>10 bp</b>	<b>1.9</b>



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## EPRA Earnings

The **EPRA Earnings** reflect the recurring earnings from the core operating business. The EPRA Earnings are adjusted in particular for valuation effects, deferred taxes and the sales earnings from the consolidated result.

### EPRA EARNINGS

in EUR thousand	H1 2023	H1 2022	Change	in %
Net profit/loss for the period	-46,688	13,998	-60,686	<100
Profit/loss from fair-value adjustments of investment properties	69,128	0	69,128	<100
Profit/loss from the sale of real estate and real estate companies	18,787	0	18,787	<100
Profit/loss from companies accounted for using the equity method	0	-773	773	<100
Profit/loss from the sale of real estate inventory	0	0	0	0.0
Taxes on sales earnings	4,620	0	4,620	<100
Goodwill impairment	0	0	0	0.0
Valuation result of financial instruments	0	0	0	0.0
Acquisition costs for share deals and for shares in non-controlling joint ventures	0	0	0	0.0
Deferred taxes on EPRA adjustments	-15,008	2,058	-17,066	<100
Non-controlling interests	-2,696	-180	-2,516	<100
<b>EPRA Earnings</b>	<b>28,142</b>	<b>15,103</b>	<b>13,039</b>	<b>86.3</b>
Number of outstanding shares (basic)	105,513	105,513	-0	0.0
EPRA earnings per share (EPS basic)	0.27	0.14	0.12	86.3
Number of outstanding shares (diluted)	106,023	106,023	-0	0.0
EPRA earnings per share (EPS diluted)	0.27	0.14	0.12	86.3



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## EPRA Cost Ratio

As a ratio of EPRA costs to gross rental income, the **EPRA Cost Ratio** provides a statement on the cost efficiency of a real estate company – once including and once excluding direct vacancy costs.

### EPRA COST RATIO

in EUR thousand	H1 2023	H1 2022	Change	in %
<b>Administrative and operational costs according to IFRS</b>	<b>15,285</b>	<b>13,651</b>	<b>1,634</b>	<b>12.0</b>
General and administrative expenses	6,259	5,241	1,018	19.4
Other operating expenses	-140	349	-489	>100
Operating expenses to generate rental income	21,760	26,332	-4,572	-17.4
Income from utility and service charges	-12,594	-18,320	5,726	-31.3
Amortisation and depreciation	36	48	-12	-25.3
<b>EPRA costs (including vacancy costs)</b>	<b>15,320</b>	<b>13,651</b>	<b>1,670</b>	<b>12.2</b>
Direct vacancy costs	-2,363	-1,572	-791	50.3
<b>EPRA costs (excluding vacancy costs)</b>	<b>12,958</b>	<b>12,079</b>	<b>878</b>	<b>7.3</b>
Rental income	43,526	39,508	4,018	10.2
<b>EPRA Cost Ratio (including vacancy costs) (in %)</b>	<b>35.2</b>	<b>34.6</b>	<b>0.6</b>	<b>1.9</b>
<b>EPRA Cost Ratio (excluding vacancy costs) (in %)</b>	<b>29.8</b>	<b>30.6</b>	<b>-0.8</b>	<b>-2.6</b>



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## EPRA Capital Expenditure

There were no acquisitions in the Core Portfolio or the joint venture in the first half of 2022 or the first half of 2023.

The investments under “Core Portfolio” and “Other” mainly relate to value-enhancing conversion and expansion measures at various properties in our portfolios.

### EPRA CAPITAL EXPENDITURE ANALYSIS

in EUR thousand	H1 2023		
	DEMIRE Portfolio	Joint Venture	Total
Acquisitions	0	0	0
Development portfolio <sup>1</sup>	0	0	0
Core Portfolio <sup>2</sup>	5,307	0	5,307
Incremental letting space	1,032	0	1,032
No incremental letting space	4,275	0	4,275
Building cost subsidies	1,325	0	1,325

in EUR thousand	H1 2022		
	DEMIRE Portfolio	Joint Venture	Total
Acquisitions	0	0	0
Development portfolio <sup>1</sup>	0	0	0
Core Portfolio <sup>2</sup>	15,502	0	15,502
Incremental letting space	8,203	0	8,203
No incremental letting space	7,299	0	7,299
Building cost subsidies	896	0	896

<sup>1</sup> DEMIRE AG does not engage in real estate development

<sup>2</sup> No capitalised interest

## EPRA Vacancy Rate

The **EPRA Vacancy Rate** is the ratio of market rent for vacant space to the market rent for the total space in the portfolio (as at the reporting date).

### EPRA VACANCY RATE<sup>1</sup>

in EUR thousand	30/06/2023	31/12/2022	Change	in %
Estimated market rent for vacancies	7,501	8,012	-512	-6.4
Estimated market rent for total portfolio	78,251	84,317	-6,066	-7.2
EPRA Vacancy Rate (in %)	9.6	9.5	0.1	1.1

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



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## EPRA like-for-like rental growth

**Like-for-like rental income** is rental income from properties in a portfolio that have been held continuously within two comparison periods. Changes from portfolio additions and disposals are therefore not included. In a comparison of the periods, the organic component of the change in rental income from letting activities becomes particularly clear.

### LIKE-FOR-LIKE GROWTH 30/06/2023

in EUR thousand	Total portfolio				Like-for-like portfolio			
	Market value	Annualised contractual rents	Market value	Annualised contractual rents	30/06/2023	30/06/2022	in EUR million	in %
					Annualised contractual rents	Annualised contractual rents	LFL growth	LFL growth
Office	682.1	44.8	682.1	44.8	43.2	1.6	3.7	
Retail	307.7	23.3	307.7	23.3	23.4	-0.1	-0.4	
Logistics & other	186.5	10.9	186.5	10.9	8.2	2.7	32.6	
<b>Total</b>	<b>1,176.2</b>	<b>79.0</b>	<b>1,176.2</b>	<b>79.0</b>	<b>74.8</b>	<b>4.2</b>	<b>5.6</b>	

### LIKE-FOR-LIKE GROWTH 30/06/2022

in EUR thousand	Total portfolio				Like-for-like portfolio			
	Market value	Annualised contractual rents	Market value	Annualised contractual rents	30/06/2021	30/06/2022	in EUR million	in %
					Annualised contractual rents	Annualised contractual rents	LFL growth	LFL growth
Office	843.7	48.8	843.7	48.6	48.8	0.2	0.4	
Retail	357.1	23.6	357.1	23.2	23.6	0.4	1.6	
Logistics & other	211.6	8.2	211.6	8.1	8.2	0.1	1.3	
<b>Total</b>	<b>1,412.5</b>	<b>80.6</b>	<b>1,412.5</b>	<b>79.9</b>	<b>80.6</b>	<b>0.7</b>	<b>0.9</b>	



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## EPRA Loan-to-Value

The **EPRA Loan-to-Value** (EPRA LTV) is the ratio of net financial liabilities to the value of the assets, as defined by EPRA.

### EPRA LOAN-TO-VALUE (EPRA LTV) 30/06/2023

in EUR thousand	Proportionate consolidation				Combined
	Group EPRA LTV before proportionate consolidation	Share of joint ventures	Share of material associates	Non-controlling interests (NCI)	
<b>Net debt</b>					
<b>Including:</b>					
Borrowings from financial institutions	299,659	45,485	0	-11,485	333,659
Commercial paper	0	0	0	0	0
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	0	0	0	0	0
Bond loans	496,656	0	0	0	496,656
Foreign currency derivatives (futures, swaps, options and forwards)	0	0	0	0	0
Net payables	96,980	78,457	0	0	175,437
Owner-occupied property (debt)	0	0	0	0	0
Current accounts (equity characteristic)	0	0	0	0	0
<b>Excluding:</b>					
Cash and cash equivalents	-123,377	-2,313	0	3,606	-122,084
<b>Net debt (a)</b>	<b>769,918</b>	<b>121,630</b>	<b>0</b>	<b>-7,879</b>	<b>883,669</b>



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EPRA LOAN-TO-VALUE (EPRA LTV) 30/06/2023

in EUR thousand	Proportionate consolidation				Combined
	Group EPRA LTV before proportionate consolidation	Share of joint ventures	Share of material associates	Non-controlling interests (NCI)	
<b>Investment property portfolio and other eligible assets</b>					
Owner-occupied property	0	0	0	0	0
Investment properties at fair value	917,255	112,910	0	-45,036	985,128
Properties held for sale	281,628	0	0	0	281,628
Properties under development	0	0	0	0	0
Intangibles	0	0	0	0	0
Net receivables	0	0	0	-54	-54
Financial assets	86,865	0	0	0	86,865
Loans to companies accounted for using the equity method	24,567	0	0	0	0
Loans and financial assets	62,298	0	0	0	0
<b>Total property portfolio and other eligible assets (b)</b>	<b>1,285,748</b>	<b>112,910</b>	<b>0</b>	<b>-45,090</b>	<b>1,353,567</b>
<b>LTV (a/b) (in %)</b>	<b>59.9</b>	<b>107.7</b>	<b>0.0</b>	<b>17.5</b>	<b>65.3</b>



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EPRA LOAN-TO-VALUE (EPRA LTV) 31/12/2022

in EUR thousand	Group EPRA LTV before proportionate consolidation	Proportionate consolidation			Combined
		Share of joint ventures	Share of material associates	Non-controlling interests (NCI)	
<b>Net debt</b>					
<b>Including:</b>					
Borrowings from financial institutions	282,661	79,954	0	-11,485	351,131
Commercial paper	0	0	0	0	0
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	0	0	0	0	0
Bond loans	546,394	0	0	0	546,394
Foreign currency derivatives (futures, swaps, options and forwards)	0	0	0	0	0
Net payables	101,428	59,204	0	0	160,632
Owner-occupied property (debt)	0	0	0	0	0
Current accounts (equity characteristic)	0	0	0	0	0
<b>Excluding:</b>					
Cash and cash equivalents	-57,415	-1,472	0	3,606	-55,282
<b>Net debt (a)</b>	<b>873,068</b>	<b>137,686</b>	<b>0</b>	<b>-7,879</b>	<b>1,002,875</b>





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**EPRA LOAN-TO-VALUE (EPRA LTV) 31/12/2022**

in EUR thousand	Group EPRA LTV before proportionate consolidation	Proportionate consolidation			Combined
		Share of joint ventures	Share of material associates	Non-controlling interests (NCI)	
<b>Investment property portfolio and other eligible assets</b>					
Owner-occupied property	0	0	0	0	0
Investment properties at fair value	1,231,072	128,296	0	-45,036	1,314,332
Properties held for sale	121,000	0	0	0	121,000
Properties under development	0	0	0	0	0
Intangibles	0	0	0	0	0
Net receivables	0	0	0	-54	-54
Financial assets	87,502	0	0	0	87,502
Loans to companies accounted for using the equity method	24,752	0	0	0	0
Loans and financial assets	62,750	0	0	0	0
<b>Total property portfolio and other eligible assets (b)</b>	<b>1,439,574</b>	<b>128,296</b>	<b>0</b>	<b>-45,090</b>	<b>1,522,779</b>
<b>LTV (a/b) (in %)</b>	<b>60.6</b>	<b>107.3</b>	<b>0.0</b>	<b>17.5</b>	<b>65.9</b>



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