DEMIRE

INTERIM REPORT
1 JANUARY TO 30 SEPTEMBER **2023**

HIGHLIGHTS 9M 2023

KEY EARNINGS FIGURES

27.8
in EUR million
FFO I (after taxes, before minority interests), compared to EUR 30.8 million in 9M 2022

59.9
in EUR million
RENTAL INCOME, stable compared to 9M 2022

KEY FINANCIAL INDICATORS

52.9
in %
NET LOAN-TO-VALUE[1] (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

4.38
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 as at year-end 2022

4.4
in years
WALT, compared to 4.8 years as at year-end 2022

77.1
in EUR million
ANNUALISED RENTAL INCOME, compared to EUR 85.1 million as at year-end 2022

12.6
in %
EPRA VACANCY RATE[2], compared to 9.5% as at year-end 2022

–1.1
in %
LIKE-FOR-LIKE DECREASE of annualised contractual rent compared to 4.9% as at 9M 2022

27,240
in m^2
LETTING PERFORMANCE, compared to 194,840 m^2 as at 9M 2022

[1] According to the definition of bond 2019/2024
[2] Excl. properties classified as a project development

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FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders, dear Readers,

A challenging economic environment continues to define the commercial real estate market in the third quarter. With the outlook for interest rate development still uncertain, the transaction market is weak and deals are at historically low levels. Increased financing costs make pricing difficult for market players and are leading to continued price pressure.

In view of the difficult economic situation in many sectors, the rental market is characterised by a strong reluctance to lease new space. The rent level, on the other hand, seems to remain largely stable. A positive factor for lessors is the significant decline in developer activity for new office and retail space, which has led to many lessees being willing to renew their leases.

In this market environment, DEMIRE continues to generate solid results in line with expectations. Rental income for the first nine months of 2023 remains stable at EUR 59.9 million compared to the previous period. At the same time, funds from operations I after taxes (FFO I) have fallen by 9.8% to EUR 27.8 million, mainly due to lower rental income and higher income taxes.

For the refinancing, we had planned to create additional liquidity from summer 2022. At the end of the third quarter, DEMIRE had a significantly improved cash position of EUR 132 million (plus EUR 75 million since the end of 2022). In addition to the operational business, sales contributed significantly to the creation of additional liquidity.

In recent weeks, the dialogue with bondholders, which has been ongoing since the issue of the 2019/2024 bond, has intensified in order to find a viable solution for refinancing the bond maturing in October 2024 in the coming months.

Furthermore, we would like to draw your attention to our progress in terms of sustainability. Our sustainability report this year was awarded gold for the first time by the EPRA European Public Real Estate Association, after being awarded silver the previous year. We see this as recognition for the improvements we have achieved and as an incentive to continue on our path towards becoming a sustainable real estate company.

After the first nine months, 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).

We hope you find this report an interesting read and look forward to your comments and ideas.

Frankfurt am Main, 8 November 2023

Prof. Dr Alexander Goepfert
(CEO)

Tim Brückner
(CFO)

Ralf Bongers
(Member of the Executive Board)

DEMIRE AT A GLANCE

KEY GROUP FIGURES

in EUR thousand	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022
Key earnings figures		
Rental income	59,885	59,910
Profit/loss from the rental of real estate	45,343	47,682
EBIT	**–64,571**	**41,160**
Financial result	7,095	–12,927
EBT	**–57,476**	**28,233**
Net profit/loss for the period	**–49,530**	**21,879**
Net profit/loss for the period attributable to parent company shareholders	**–47,030**	**20,181**
Net profit/loss for the period per share (basic/diluted) (in EUR)	**–0.45/–0.45**	**0.19/0.19**
FFO I (after taxes, before minority interests)	**27,835**	**30,847**
FFO I per share (basic/diluted) (in EUR)	**0.26/0.26**	**0.29/0.29**

	30/09/2023	31/12/2022
Key portfolio indicators		
Properties (number)	60	62
Market value (in EUR million)	1,160.4	1,329.8
Annualised contractual rents (in EUR million)	77.1	85.1
Rental yield (in %)	6.6	6.4
EPRA Vacancy Rate[1] (in %)	12.6	9.5
WALT (in years)	4.4	4.8

[1] Excl. project developments

in EUR thousand	30/09/2023	31/12/2022
Key balance sheet figures		
Total assets	**1,436,804**	**1,536,848**
Investment property	920,616	1,231,072
Non-current assets held for sale	265,803	121,000
Total real estate portfolio	**1,186,419**	**1,352,070**
Financial and lease liabilities	822,679	855,655
Cash and cash equivalents	132,347	57,415
Net financial liabilities	**690,332**	**798,240**
Net loan-to-value (Net-LTV) (in %)	**52.9**	**54.0**
Equity according to Group balance sheet	436,352	486,691
Equity ratio (in %)	30.4	31.7
Net asset value (NAV)	402,686	450,226
NAV (basic/diluted)	461,834/462,344	526,273/526,783
Number of shares (basic/diluted)	105,513/106,023	105,513/106,023
EPRA NAV per share (basic/diluted)	**4.38/4.36**	**4.99/4.97**

PORTFOLIO HIGHLIGHTS

as at 30 September 2023

1.2
in EUR billion
MARKET VALUE OF THE PROPERTY PORTFOLIO

8.99
in EUR/m²
AVERAGE RENT
across the portfolio

60
assets
at **49 LOCATIONS**
in 11 federal states

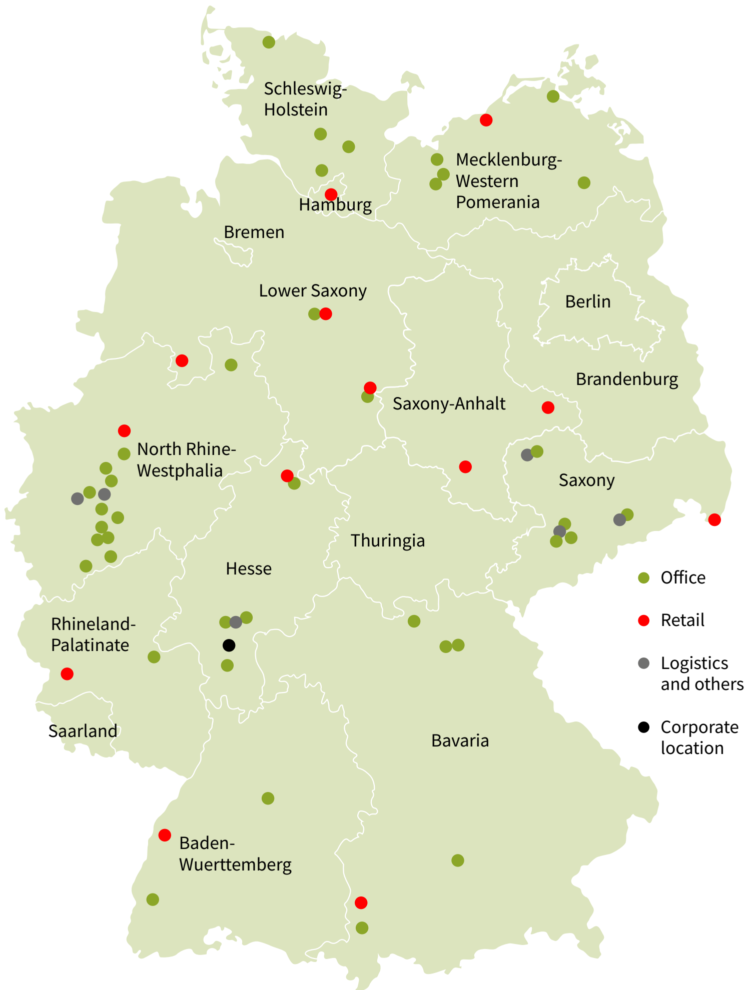
12.6
in %
EPRA VACANCY RATE[1]
across the portfolio

77.1
in EUR million
ANNUALISED CONTRACTUAL RENTS

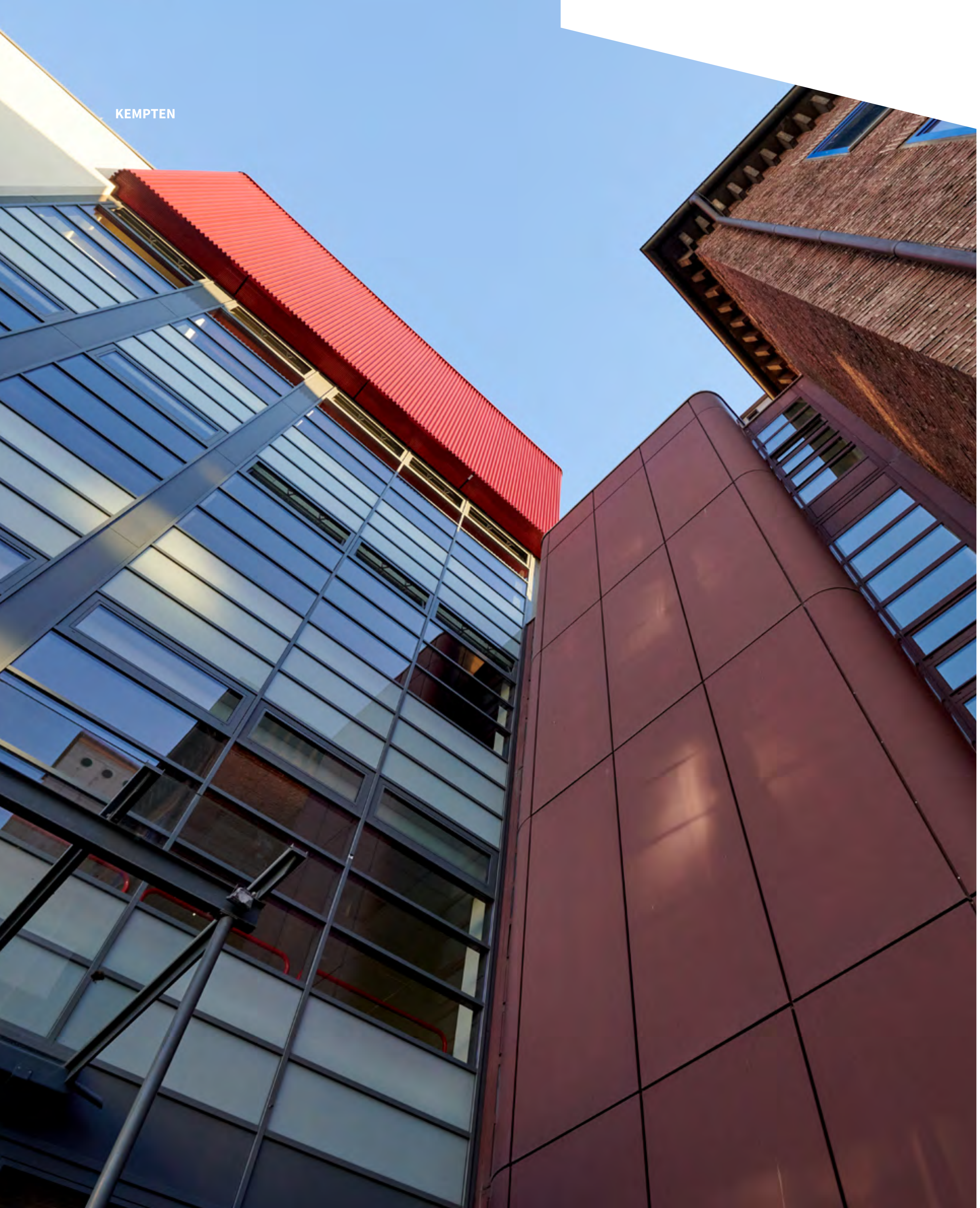
6.6
in %
GROSS RENTAL RETURNS

–1.1
in %
LIKE-FOR-LIKE DECREASE
of annualised contractual rent

4.4
in years
WEIGHTED AVERAGE
residual lease term (WALT)



[1] Excl. properties classified as a project development



INTERIM GROUP MANAGEMENT REPORT

for the reporting period from 1 January to 30 September 2023

OVERVIEW

BUSINESS PERFORMANCE

DEMIRE's business developed robustly in the first nine months of 2023. In the reporting period, the insolvency of Karstadt in particular had a negative impact on the vacancy rate and the like-for-like development of the annualised contractual rent. The financial result, on the other hand, was positive. Positive contributions were generated here as a result of the below-par bond buyback and lower financial expenses. Funds from operations declined moderately, partly due to a slightly lower result from rentals and, as in the previous quarter, higher income taxes. Due to the weak rental market and fewer expiring leases in the property portfolio in 2023 and 2024, the letting performance will also be significantly lower, especially compared to the record result of the previous year. Nevertheless, despite the property sales and against the backdrop of the weak economic environment, the Group's key figures are solid overall and in line with the Company's planning and expectations.

In view of the maturity of the 2019/2024 bond in October 2024 with a nominal value of EUR 499.0 million as at the reporting date, the Executive Board, with the approval of the Supervisory Board, is still pursuing the goal of increasing the liquidity reserve. Liquidity showed further improvement at the end of the third quarter.

DEMIRE's key indicators developed as follows in the first nine months of 2023:

- Rental income remained stable at EUR 59.9 million (previous year: EUR 59.9 million).
- Profit from rental income amounted to EUR 45.3 million, compared to EUR 47.7 million in the same period of the previous year.
- Funds from operations (FFO I, after taxes, before minority interests) decreased by 9.8% to EUR 27.8 million.
- At around 27,240 m², the letting performance is significantly lower than the record figure of 194,840 m² achieved in the same period last year.
- The like-for-like development in annualised contractual rents was –1.1% compared to 30 September 2022. The slight decline is due to the increased vacancies in Celle as a result of the Karstadt insolvency. The indexation of existing leases, which without Celle would have led to positive growth in contractual rents, continued to have a counteracting effect.
- The EPRA Vacancy Rate[1] rose to 12.6% (31 December 2022: 9.5%), and WALT fell slightly to 4.4 years (31 December 2022: 4.8 years).
- The NAV per share (undiluted) decreased, mainly due to the revaluation of properties in the middle of the year, to EUR 4.38 compared to EUR 4.99 at the end of 2022.
- The net loan-to-value ratio[2] (net LTV) remained unchanged from the previous quarter at 52.9% (31 December 2022: 54%); liquidity as at the reporting date increased to EUR 132.3 million (30 June 2023: EUR 123.4 million, 31 December 2022: EUR 57.4 million).
- The average nominal financing costs were 1.74% p.a.; there are no significant maturities until mid-2024.

PERFORMANCE IN LINE WITH FORECAST FOR 2023 FINANCIAL YEAR

Given the development in the first nine months of 2023, the Executive Board confirms 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).

[1] Excl. properties classified as a project development
[2] According to the definition of bond 2019/2024

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 around 861,200 m² (31 December 2022: 912,700 m²) 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[1] increased to 12.6% as at the reporting date of 30 September 2023, following 9.5% on 31 December 2022. The increase is mainly due to the additional vacancy of the Karstadt space in Celle, the office property in Düsseldorf and the property in Kassel. WALT was 4.4 years as at 30 September 2023, compared to 4.8 years as at year-end 2022. In the period under review, DEMIRE achieved a rental performance of 27,240 m² (9M 2022: 198,840 m²). As well as the weak market situation, the significant decline is due to fewer leases expiring in the property portfolio in 2023 and 2024. 41% of the letting performance was attributable to new lettings and 59% to prolongations. The rental performance was driven, inter alia, by a new lease spanning 3,200 m² in Langenfeld as well as an extension in Darmstadt spanning 4,720 m² and two extensions of around 2,500 m² each in Flensburg and Aschheim.

TOP TEN TENANTS (AS AT 30 SEPTEMBER 2023)

No.	Tenant	Type of use	Contractual rents p.a.[1] in EUR million	in % of total
1	GMG/Dt. Telekom	Office	7.3	9.4
2	IMOTEX	Retail	5.4	7.0
3	Bima Bundesanstalt für Immobilienaufgaben	Office	3.4	4.4
4	momox Services GmbH	Logistics	2.5	3.3
5	Amazon	Logistics	2.2	2.8
6	Roomers	Hotel	2.1	2.7
7	GALERIA Karstadt Kaufhof	Retail	2.0	2.6
8	Sparkasse Südholstein	Office	1.8	2.3
9	comdirect bank AG	Office	1.4	1.8
10	Die Autobahn GmbH des Bundes	Office	1.3	1.6
Total			**29.3**	**38.0**
Other			47.8	62.0
Total			**77.1**	**100.0**

[1] Based on annualised contractual rents, excluding ancillary costs

[1] Excl. properties classified as a project development

PORTFOLIO BY ASSET CLASS

	Number of properties	Market value in EUR million	Share by market value in %	Lettable space in thousand m²	Market value/m²	Contractual rent in EUR million p.a.	Contractual rent[1] per m²	Rental returns in %	EPRA Vacancy Rate[2] in %	WALT in years
Office	39	682.2	58.8	456.9	1,493	44.3	9.91	6.5	12.2	3.3
Retail	16	305.8	26.3	214.5	1,426	22.0	10.41	7.2	13.2	4.5
Logistics & Other	5	172.5	14.9	189.8	909	10.8	5.42	6.3	12.6	9.1
Total 30 September 2023	**60**	**1,160.4**	**100.0**	**861.2**	**1,347**	**77.1**	**8.99**	**6.6**	**12.6**	**4.4**
Total 31 December 2022	**62**	**1,329.8**	**100.0**	**912.7**	**1,457**	**85.1**	**8.72**	**6.4**	**9.5**	**4.8**
Change (in %/pp)	–2	–12.7	0	–5.6	–7.5	–9.4	3.1	0.2	3.1	–0.4

[1] Adjusted calculation method: Since 2023, vacant space in properties under development has been deducted when determining the lettable area.
[2] Excl. properties classified as a project development

ECONOMIC REPORT

Results of operations, net assets and financial position

RESULTS OF OPERATIONS

In the first nine months of 2023, the DEMIRE Group generated rental income totalling EUR 59.9 million (previous year: EUR 59.9 million). Rental income remained stable compared to the same period last year despite a reduced portfolio base primarily due to rent indexation. The result from the rental of real estate decreased by 4.9% to EUR 45.3 million (previous year: EUR 47.7 million), mainly due to one-off operating expenses from previous years.

The result from the sale of properties was EUR –12.9 million in the first nine months of 2023 (previous year: EUR 1.1 million). The properties in Ulm and Apolda were both sold. In the comparative period, the investment in a fully depreciated foreign real estate company was sold. The result from the fair value adjustment of investment properties amounted to EUR –59.7 million (previous year: EUR 0.2 million), mainly due to market condition-related devaluation in the middle of the year. The adjustment to the assets held for sale was EUR 25.3 million (previous year: EUR 0 million).

Impairments on receivables increased significantly and amounted to EUR 1.6 million in the first nine months of 2023 (previous year: EUR 0.4 million). In the previous year, income was generated from the reversal of impairments, which had the opposite effect on the impairments.

General and administrative expenses rose in the first nine months of 2023, in particular due to higher legal and consulting costs as well as personnel costs, and amounted to EUR 9.5 million (previous year: EUR 7.2 million).

Earnings before interest and taxes (EBIT) were in the negative range at EUR –64.6 million (previous year: EUR 41.2 million), mainly due to the revaluation of the property portfolio in the middle of the year.

The financial result benefited from the financial income generated from the below-par bond buyback in April 2023. Furthermore, financial expenses fell by 8.6% to EUR –12.9 million (previous year: EUR –14.1 million). The average nominal interest on borrowed capital was 1.74% p.a. (previous year: 1.67% p.a.). Minority interests in earnings fell to EUR 0.9 million (previous year: EUR 3.5 million), in particular due to the devaluations of properties. Overall, the financial result in the first nine months of 2023 amounted to EUR 7.1 million, compared to EUR –12.9 million in the same period of the previous year.

Earnings before taxes (EBT) fell to EUR –57.5 million in the reporting period, compared to EUR 28.2 million in the previous year.

Current income taxes increased to EUR 9.0 million (previous year: EUR 2.9 million), which was mainly due to the sale of properties. 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 16.9 million (previous year: EUR –3.4 million).

The profit for the first nine months of 2023 was EUR –49.5 million, compared to EUR 21.9 million in the same period of the previous year.

CONSOLIDATED INCOME STATEMENT

(selected information in EUR thousand)	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022	Change	in %
Rental income	59,885	59,910	–25	–0.0
Income from utility and service charges	17,979	22,654	–4,675	–20.6
Operating expenses to generate rental income	–32,521	–34,882	2,361	–6.8
Profit/loss from the rental of real estate	**45,343**	**47,682**	**–2,339**	**–4.9**
Income from the sale of real estate and real estate companies	69,100	1,053	68,047	>100
Expenses related to the sale of real estate and real estate companies	–82,012	0	–82,012	
Profit/loss from the sale of real estate and real estate companies	**–12,912**	**1,053**	**–13,965**	**>100**
Profit/loss from fair value adjustments of investment properties	–59,680	193	–59,873	>100
Result from the fair value adjustment of assets held for sale[1]	–25,273	0	–25,273	>100
Impairment of receivables	–1,604	–350	–1,254	>100
Other operating income	932	673	259	38.5
General and administrative expenses	–9,541	–7,194	–2,347	32.6
Other operating expenses	–1,836	–897	–939	>100
Earnings before interest and taxes	**–64,571**	**41,160**	**–105,731**	**>100**
Financial result	7,095	–12,927	20,022	>100
Earnings before taxes	**–57,476**	**28,233**	**–85,709**	**>100**
Current income taxes	–8,953	–2,937	–6,016	>100
Deferred taxes	16,899	–3,417	20,316	>100
Net profit/loss for the period	**–49,530**	**21,879**	**–71,409**	**>100**
Thereof attributable to parent company shareholders	–47,030	20,181	–67,211	>100
Basic earnings per share (in EUR)	–0.45	0.19	–0.64	>100
Weighted average number of shares outstanding (in thousands)	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	–0.45	0.19	–0.64	>100
Weighted average number of shares outstanding (diluted) (in thousands)	106,023	106,023	0	0.0

[1] The prior-year figures have been adjusted due to a change in presentation in the reporting period.

ASSETS

As at 30 September 2023, the total assets had decreased by EUR 100.0 million to EUR 1,436.8 million compared to year-end 2022. This resulted primarily from the market-related devaluation of the real estate portfolio and the buyback of the bond below par. The value of investment properties as at 30 September 2023 was EUR 920.6 million, a decrease therefore of EUR 310.5 million compared to 31 December 2022. In addition to the sales of the properties in Ulm and Apolda, the decrease was driven by sales pursued for numerous properties for which potential buyers have submitted written offers. Since year-end 2022, non-current assets held for sale have thus increased by EUR 144.8 million. By contrast, only the LogPark logistics property in Leipzig was reported as held for sale at the end of 2022.

Group equity as at 30 September 2023 totalled EUR 436.4 million, compared with EUR 486.7 million as at 31 December 2022. The main reason for the decline was the devaluation of the property portfolio and the associated negative result for the period. The equity ratio amounted 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 78.6 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 515.0 million (31 December 2022: EUR 567.1 million).

Total financial liabilities amounted to EUR 797.1 million as at 30 September 2023. These decreased by EUR 31.9 million compared to 31 December 2022. The main reason for this was the bond buyback with a nominal value of EUR 51.0 million, which occurred in April 2023. This was partly offset by taking up new mortgage loans or increasing their value, for instance for the properties in Bad Vilbel and Meckenheim, for instance, totalling EUR 23.3 million.

CONSOLIDATED BALANCE SHEET – ASSETS

(selected information in EUR thousand)	30/09/2023	31/12/2022	Change	in %
Assets				
Total non-current assets	1,013,836	1,325,808	–311,972	–23.5
Total current assets	157,165	90,043	67,122	74.5
Assets held for sale	265,803	121,000	144,803	>100
Total assets	**1,436,804**	**1,536,851**	**–100,047**	**–6.5**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

(selected information in EUR thousand)	30/09/2023	31/12/2022	Change	in %
Equity and liabilities				
Equity				
Equity attributable to parent company shareholders	402,685	450,226	–47,541	–10.6
Non-controlling interests	33,667	36,465	–2,798	–7.7
Total equity	**436,352**	**486,691**	**–50,339**	**–10.3**
Liabilities				
Total non-current liabilities	816,187	996,049	–179,862	–18.1
Total current liabilities	184,265	54,111	130,154	>100
Total liabilities	**1,000,452**	**1,050,160**	**–49,708**	**–4.7**
Total equity and liabilities	**1,436,804**	**1,536,851**	**–100,047**	**–6.5**

FINANCIAL POSITION

Cash flow from operating activities in the first nine months of 2023 amounted to EUR 40.1 million (previous year: EUR 34.3 million).

Cash flow from investing activities amounted to EUR 67.8 million in the reporting period, compared to EUR –24.2 million in the previous year. The difference compared to the previous period is mainly due to proceeds from the sale of properties. At the same time, there were higher payments for modernisation measures in the previous period.

Cash flow from financing activities came to EUR –32.9 million, compared to EUR –54.1 million in the same period of the previous year. On the one hand, the change was driven by the below-par partial 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 contrast to the previous period, no dividend was paid to DEMIRE shareholders in the first nine months of 2023 in order to create additional liquidity against the background of the expiring 2019/2024 bond.

Cash and cash equivalents amounted to EUR 132.3 million on 30 September 2023 (31 December 2022: EUR 57.4 million; 30 September 2022: EUR 95.6 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

(selected information in EUR thousand)	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022	Change
Cash flow from operating activities[1]	40,053	34,291	5,762
Cash flow from investing activities	67,817	–24,239	92,057
Cash flow from finacing activities[1]	–32,938	–54,058	21,120
Net change in cash and cash equivalents	**74,932**	**–44,007**	**118,939**
Cash and cash equivalents at the end of the period	**132,347**	**95,612**	**36,735**

[1] The prior-year figures have been adjusted due to a change in presentation in the reporting period (for further details, please refer to section A.1, "Changes in presentation of prior-year figures").

Funds from operations (FFO)

Funds from operations I (after taxes, before minority interests), the key operating performance indicator, decreased by 9.8% in the first nine months of 2023 to EUR 27.8 million, compared to EUR 30.8 million in the same period of the prior year. On a diluted basis, FFO I per share came to EUR 0.26, compared to EUR 0.29 in the same period of the previous year.

FFO CALCULATION

(selected information in EUR thousand)	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022	Change	in %
Earnings before taxes	–57,477	28,233	–85,709	>100
Minority interests	882	3,488	–2,606	–74.7
Earnings before taxes (EBT)	**–56,595**	**31,720**	**–88,315**	**>100**
± Profit/loss from the sale of real estate	12,912	–1,053	13,965	>100
± Profit/loss from the valuation of investment properties	84,953	–193	85,146	>100
± Other adjustments[1]	–9,718	2,127	–11,845	>100
FFO I before taxes	**31,552**	**32,602**	**–1,050**	**–3.2**
± (Current) income taxes	–3,717	–1,755	–1,962	>100
FFO I after taxes	**27,835**	**30,847**	**–3,012**	**–9.8**
Thereof attributable to parent company shareholders	23,235	25,534	–2,300	–9.0
Thereof attributable to non-controlling interests	4,601	5,313	–712	–13.4
± Profit/loss from the sale of real estate and real estate companies (after taxes)	–17,532	1,053	–18,585	>100
FFO II after taxes	**10,303**	**31,900**	**–21,597**	**–67.7**
Thereof attributable to parent company shareholders	4,893	26,588	–21,695	–81.6
Thereof attributable to non-controlling interests	5,411	5,313	98	1.8
FFO I after taxes and minority interests				
Basic earnings per share (in EUR)	0.22	0.24	–0.02	–9.0
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	0.22	0.24	–0.02	–9.0
Weighted average number of shares outstanding (diluted)	106,023	106,023	0	0.0
FFO II after taxes and minority interests				
Basic earnings per share (in EUR)	0.05	0.25	–0.21	–81.6
Weighted average number of shares outstanding	105,513	105,513	0	0.0
Diluted earnings per share (in EUR)	0.05	0.25	–0.20	–81.6
Weighted average number of shares outstanding (diluted)	106,023	106,023	0	0.0

[1] Other adjustments include:
— One-time refinancing costs and effective interest payments (EUR 2.0 million, previous year: EUR 2.0 million)
— One-time transaction, legal and consultancy fees (EUR 1.0 million, previous year: EUR –0.5 million)
— One-time administrative costs (EUR 0 million, previous year: EUR 0.2 million)
— Non-period expenses/income (EUR –13.0 million, previous year: EUR 0.5 million)

Net asset value (NAV)

The undiluted net asset value fell from EUR 526.3 million as at 31 December 2022 to EUR 461.8 million as at 30 September 2023 due in particular to the market condition-related devaluation of the property portfolio. On an undiluted basis, the NAV as at the reporting date was EUR 4.38 per share (31 December 2022: EUR 4.99 per share).

NET ASSET VALUE (NAV)

in EUR thousand	30/09/2023	31/12/2022	Change	in %
Net asset value (NAV)	402,686	450,226	–47,540	–10.6
Deferred taxes	59,149	76,047	–16,899	–22.2
Goodwill resulting from deferred taxes	0	0	0	0.0
NAV (basic)	**461,834**	**526,273**	**–64,439**	**–12.2**
Number of outstanding shares (basic) (in thousands)	105,513	105,513	0	0.0
NAV per share (basic) (in EUR)	**4.38**	**4.99**	**–0.61**	**–12.2**
Effect of the conversion of convertible bonds and other equity instruments	510	510	0	0.0
NAV (diluted)	**462,344**	**526,783**	**–64,439**	**–12.2**
Number of outstanding shares (diluted) (in thousands)	106,023	106,023	0	0.0
NAV per share (diluted) (in EUR)	**4.36**	**4.97**	**–0.61**	**–12.2**

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	30/09/2023	31/12/2022
Financial liabilities and lease liabilities	822,679	855,655
Cash and cash equivalents	132,347	57,415
Net financial debt	**690,332**	**798,240**
Total assets	1,436,804	1,536,851
Intangible assets	0	0
Cash and cash equivalents	–132,347	–57,415
Total assets less intangible assets and cash and cash equivalents	**1,304,457**	**1,479,436**
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 30/09/2023

	NET LTV	NET SECURED LTV	ICR
Covenant	max. 60%	max. 40%	min. 2.00
Value	52.9%	12.5%	4.93

As at 30 September 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.

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 was largely determined by high inflation, the resulting rise in interest rates and the weak economic environment.

The 2019/2024 bond with a nominal value of EUR 499 million maturing in October 2024 has become a current liability as at the publication date of this report. In this context, the Company is looking intensively into the refinancing of the bond and is already in talks with a group of bondholders or their advisers about this.

The opportunities and risks are reviewed on a continual basis as part of a a structured process. From today's perspective, there are no discernible risks that could jeopardise the Company.

Subsequent events and related party transactions

Information on transactions with related parties and events after the balance sheet date can be found in Section G. 1 and Section G. 6 of the notes.

Frankfurt am Main, 8 November 2023

DEMIRE Deutsche Mittelstand Real Estate AG

Prof. Dr Alexander Goepfert
(CEO)

Tim Brückner
(CFO)

Ralf Bongers
(Member of the Executive Board)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

for the reporting period from 1 January to 30 September 2023

in EUR thousand	NOTE	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022	01/07/2023 – 30/09/2023	01/07/2022 – 30/09/2022
Rental income		59,885	59,910	19,042	20,402
Income from utility and service charges		17,979	22,654	6,122	4,334
Operating expenses to generate rental income		–32,521	–34,882	–11,551	–8,550
Profit/loss from the rental of real estate		**45,343**	**47,682**	**13,613**	**16,186**
Income from the sale of real estate and real estate companies		69,100	1,053	0	1,053
Expenses related to the sale of real estate and real estate companies		–82,012	0	5,875	0
Profit/loss from the sale of real estate and real estate companies		**–12,912**	**1,053**	**5,875**	**1,053**
Profit/loss from fair value adjustments of investment properties		–59,680	193	0	193
Result from fair value adjustments of properties held for sale		–25,273	0	–15,825	0
Impairment of receivables		–1,604	–350	–230	–333
Other operating income		932	673	368	109
General and administrative expenses		–9,541	–7,194	–3,262	–1,924
Other operating expenses		–1,836	–897	–137	–530
Earnings before interest and taxes	**D 1**	**–64,571**	**41,160**	**402**	**14,754**
Financial income		19,914	3,221	1,802	1,090
Financial expenses		–12,875	–14,081	–4,287	–4,686
Profit/loss from companies accounted for using the equity method		938	1,421	938	648
Minority interests		–882	–3,488	–1,343	–1,064
Financial result	**D 2**	**7,095**	**–12,927**	**–2,890**	**–4,012**
Earnings before taxes		**–57,476**	**28,233**	**–2,488**	**10,742**
Current income taxes		–8,953	–2,937	–2,244	–1,504
Deferred taxes		16,899	–3,417	1,891	–1,359
Net profit/loss for the period		**–49,530**	**21,879**	**–2,841**	**7,879**
Thereof attributable to:					
Non-controlling interests		**–2,500**	**1,697**	**149**	**589**
Parent company shareholders		**–47,030**	**20,181**	**–2,991**	**7,290**
Basic earnings per share (in EUR)		–0.45	0.19	–0.03	0.07
Diluted earnings per share (in EUR)	D 3	–0.45	0.19	–0.03	0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the reporting period from 1 January to 30 September 2023

in EUR thousand	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022	01/07/2023 – 30/09/2023	01/07/2022 – 30/09/2022
Net profit/loss for the period	**–49,530**	**21,879**	**–2,841**	**7,879**
Total comprehensive income	**–49,530**	**21,879**	**–2,841**	**7,879**
Thereof attributable to:				
Non-controlling interests	**–2,500**	**1,697**	**149**	**589**
Parent company shareholders	**–47,030**	**20,181**	**–2,991**	**7,290**

CONSOLIDATED BALANCE SHEET

as at 30 September 2023

ASSETS

in EUR thousand	NOTE	30/09/2023	31/12/2022
Assets			
Non-current assets			
Property, plant and equipment		215	164
Investment property	E 1	920,616	1,231,072
Shares in companies accounted for using the equity method		385	385
Loans to companies accounted for using the equity method		24,565	24,752
Loans and financial assets		62,095	62,750
Other assets		5,960	6,685
Total non-current assets		**1,013,836**	**1,325,808**
Current assets			
Trade accounts receivable		15,097	13,845
Financial assets		2,784	9,584
Other assets		4,285	2,658
Tax refund claims		2,652	6,541
Cash and cash equivalents		132,347	57,415
Total current assets		**157,165**	**90,043**
Non-current assets held for sale		**265,803**	**121,000**
Total assets		**1,436,804**	**1,536,851**

CONSOLIDATED BALANCE SHEET

as at 30 September 2023

EQUITY AND LIABILITIES

in EUR thousand	NOTE	30/09/2023	31/12/2022
Equity and liabilities			
Equity			
Subscribed capital	E 2	105,513	105,513
Reserves		297,172	344,713
Equity attributable to parent company shareholders		**402,685**	**450,226**
Non-controlling interests		33,667	36,465
Total equity		**436,352**	**486,691**
Liabilities			
Non-current liabilities			
Deferred tax liabilities		59,149	76,047
Minority interests		78,598	80,364
Financial liabilities	E 3	653,203	813,429
Lease liabilities		25,237	26,209
Total non-current liabilities		**816,187**	**996,049**
Current liabilities			
Provisions		1,864	3,011
Trade payables		8,568	16,611
Other liabilities		7,364	5,356
Tax liabilities		22,230	13,116
Financial liabilities	E 3	143,924	15,626
Lease liabilities		315	391
Total current liabilities		**184,265**	**54,111**
Total liabilities		**1,000,452**	**1,050,160**
Total equity and liabilities		**1,436,804**	**1,536,851**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 September 2023

in EUR thousand	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022
Earnings before taxes	**–57,476**	**28,233**
Financial expenses	12,875	14,081
Financial income	–20,852	–4,642
Minority interests	882	3,488
Change in trade accounts receivable	–2,856	–5,138
Change in other receivables and other assets	1,616	–861
Change in provisions	–791	–2,281
Change in trade payables and other liabilities	–171	–83
Profit/loss from fair value adjustments of investment properties and property held for sale	84,953	–193
Profit/loss from the sale of real estate and real estate companies	12,912	–1,053
Interest proceeds from loans and receivables	0	2,163
Interest received from loans to companies accounted for using the equity method	871	872
Income tax payments	4,301	–2,133
Depreciation and amortisation and impairment	2,365	1,300
Distributions from companies accounted for using the equity method	691	90
Other non-cash items	735	449

CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 September 2023

in EUR thousand	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022
Cash flow from operating activities	**40,053**	**34,291**
Payments for the acquisition of/investments in investment properties, incl. prepayments, refurbishment measures and prepayments for property, plant and equipment	–9,136	–26,184
Payments for investments in/loans to companies accounted for using the equity method	–5,570	–600
Proceeds from loans to companies accounted for using the equity method	5,602	1,542
Proceeds from the sale of real estate	76,921	1,002
Cash flow from investing activities	**67,817**	**–24,239**
Proceeds from borrowings	23,300	0
Distributions to minority shareholders/dividends[1]	–3,445	–35,437
Interest paid on financial liabilities	–8,705	–9,524
Payments for the purchase of additional shares in a subsidiary	0	–67
Payments for the redemption of financial liabilities	–43,822	–8,910
Payment for the redemption of lease liabilities	–266	–120
Cash flow from financing activities	**–32,938**	**–54,058**
Net change in cash and cash equivalents	**74,932**	**–44,006**
Cash and cash equivalents at the start of the period	57,415	139,619
Cash and cash equivalents at the end of the period	**132,347**	**95,612**

[1] 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”).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 30 September 2023

	Share capital	Reserves				
in EUR thousand	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss	Equity attributable to parent company shareholders	Non-controlling interests	Total equity
01/01/2023	**105,513**	**88,366**	**256,347**	**450,226**	**36,465**	**486,691**
Net profit/loss for the period	0	0	–47,030	–47,030	–2,500	–49,530
Total comprehensive income	**0**	**0**	**–47,030**	**–47,030**	**–2,500**	**–49,530**
Dividend payments/distributions	0	0	0	0	–798	–798
Other changes	0	0	–511	–511	500	–11
30/09/2023	**105,513**	**88,366**	**208,806**	**402,685**	**33,667**	**436,352**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the reporting period from 1 January to 30 September 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 September 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 September 2023 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 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 September 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.

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 AG were approved for publication by a resolution of the Executive Board on 8 November 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 – 30/09/2023	01/01/2022 – 30/09/2022
Net rent	59,885	59,910
Income from utility and service charges	17,979	22,654
Rental revenue from real estate	**77,864**	**82,564**
Allocable operating expenses to generate rental income	–25,236	–28,152
Non-allocable operating expenses to generate rental income	–7,285	–6,730
Operating expenses to generate rental income	**–32,521**	**–34,882**
Profit/loss from the rental of real estate	**45,343**	**47,682**

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

At EUR 45,343 thousand (9M 2022: EUR 47,682 thousand), the result from the rental of real estate is below the previous year's level due to the disposal of sold properties as well as an increased vacancy rate, particularly in the properties in Düsseldorf and Celle. Rental income remained stable at EUR 59,885 thousand (9M 2022: EUR 59,910 thousand) despite the sales and the increase in vacant space. This is mainly due to the enforcement of contractually agreed indexations as a result of the increase in the consumer price index. The increase in non-allocable operating expenses to EUR –7,285 thousand (9M 2022: EUR –6,730 thousand) is mainly due to a provision of EUR –550 thousand as a result of a legal dispute with a service provider.

Of the operating expenses, an amount of EUR –25,236 thousand (9M 2022: EUR –28,152 thousand) is generally allocable and can be charged to tenants. In addition to the disposal of properties sold in the previous period as well as in the current reporting year, the decrease results from a fall in energy costs compared to the previous period. 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 –12,912 thousand as at 30 September 2023 (9M 2022: EUR 1,053 thousand) and includes – in addition to various incidental costs incurred in connection with disposals – valuation losses resulting from the disposal of properties.

No revaluation of investment properties had been performed as at the 30 September 2023 reporting date. However, several properties that were in an advanced stage of a sales process as at the balance sheet date have been reclassified as held for sale and revalued in accordance with IFRS 5. This resulted in a valuation loss on the sale portfolio of EUR –25,273 thousand (9M 2022: EUR 0 thousand).

Due to the current economic 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 resulting from a valuation as at 30 June 2023 are attributable to the Bredeney office park (Essen) and Bonn. 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.

Impairments on receivables amounted to EUR –1,604 thousand in the reporting period (9M 2022: EUR –350 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 –156 thousand as well as a loan to RFR in the amount of EUR –371 thousand.

In addition, impairments in the amount of EUR –244 thousand were made on receivables from the former tenant HC Bowling in Stralsund which is currently in insolvency proceedings. The remaining impairments on receivables in the amount of EUR –833 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.

2. Financial result

in EUR thousand	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022
Financial income	19,914	3,221
Financial expenses	–12,875	–14,081
Profit/loss from companies accounted for using the equity method	938	1,421
Minority interests	–882	–3,488
Financial result	**7,095**	**–12,927**

The increase in financial income compared to the previous year is mainly due to the partial repurchase of the 2019/2024 corporate bond at a price below the nominal value and the resulting income of EUR 15,683 thousand.

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 782 thousand and its shareholder RFR 5 Immobilien GmbH in the amount of EUR 2,417 thousand.

Financial expenses recorded a decrease of EUR 1,206 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 938 thousand (9M 2022: EUR 1,421 thousand) relates 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 –882 thousand (9M 2022: EUR –3,488 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.

3. Earnings per share

in EUR thousand	01/01/2023 – 30/09/2023	01/01/2022 – 30/09/2022
Net profit/loss for the period (in EUR thousand)	**–49,530**	**21,879**
Profit/loss for the period less non-controlling interests	–47,030	20,181
Number of shares (in thousands)		
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
Earnings per share (in EUR)		
Basic earnings per share	–0.45	0.19
Diluted earnings per share	–0.44	0.19

As at 30 September 2023, the Company had potential ordinary shares outstanding from the 2015 Stock Option Programme entitling the owners to subscribe to 510,000 shares.

E. Notes to the consolidated balance sheet

1. Investment properties 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
Fair value at the beginning of the 2023 financial year	**821,356**	**342,176**	**0**	**67,540**	**1,231,072**
Additions of properties	4,979	2,526	0	275	7,780
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 losses from fair value measurement	–44,969	–12,536	0	–2,174	–59,680
Fair value as at 30/09/2023	**554,120**	**300,856**	**0**	**65,641**	**920,616**

The additions to investment property totalling EUR 7,780 thousand consist entirely 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 September 2023 reporting date. The valuation loss of EUR 59,680 thousand as at the reporting date results from the revaluation of the properties as at 30 June 2023.

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. This includes the LogPark logistics property in Leipzig.

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).

3. Financial liabilities

Financial liabilities consisted of the following:

FINANCIAL LIABILITIES

in EUR thousand	30/09/2023	31/12/2022
2019/2024 corporate bond	497,110	546,394
Other financial liabilities	300,017	282,661
Total	**797,127**	**829,055**

The following table shows the nominal value of financial liabilities:

FINANCIAL LIABILITIES

in EUR thousand	30/09/2023	31/12/2022
2019/2024 corporate bond	499,000	550,000
Other financial liabilities	299,395	281,004
Total	**798,395**	**831,004**

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 include bank liabilities with a weighted average nominal interest rate of 1.52% p.a. as at 30 September 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 September 2023 (31 December 2022: 1.67% p.a.).

F. Condensed Group segment reporting

01/01/2023 – 30/09/2023

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ others	Group
Total revenue	**128,495**	**18,469**	**0**	**146,964**
Segment revenue	**53,630**	**9,152**	**161**	**62,943**
Segment expenses	**–111,663**	**–7,510**	**–8,341**	**–127,514**
EBIT	**–58,032**	**1,642**	**–8,181**	**–64,571**
Net profit/loss for the period	**–47,984**	**47**	**–1,593**	**–49,530**
Segment assets 30/09/2023	**994,276**	**308,736**	**133,792**	**1,436,804**
Thereof tax assets	649	76	1,927	2,652
Thereof additions to non-current assets	6,936	844	0	7,780
Thereof non-current assets held for sale	265,803	0	0	265,803
Segment liabilities 30/09/2023	**313,272**	**172,623**	**514,557**	**1,000,452**
Thereof non-current financial liabilities	97,361	60,548	495,295	653,203
Thereof lease liabilities	25,473	0	79	25,552
Thereof current financial liabilities	132,919	11,005	0	143,924
Thereof tax liabilities	6,122	0	16,108	22,230

01/01/2022 – 30/09/2022

in EUR thousand	Core Portfolio	Fair Value REIT	Corporate functions/ others	Group
Total revenue	**64,573**	**17,991**	**1,053**	**83,617**
Segment revenue	**65,227**	**18,064**	**1,192**	**84,483**
Segment expenses	**–29,718**	**–8,059**	**–5,545**	**–43,323**
EBIT	**35,509**	**10,005**	**–4,354**	**41,160**
Net profit/loss for the period	**19,836**	**4,720**	**–2,679**	**21,879**
Segment assets 30/09/2022	**1,245,148**	**342,745**	**106,980**	**1,694,870**
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
Segment liabilities 30/09/2022	**912,339**	**187,720**	**14,398**	**1,114,457**
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

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 (composed of rental income and income from utility and service charges) was generated from one customer in the “Core Portfolio” segment. This corresponded to a total of EUR 7,916 thousand (9M 2022: EUR 9,378 thousand) during the reporting period.

Total revenue includes income from the sale of properties.

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 amounts to EUR 782 thousand as at 30 September 2023. The interest receivables amount to EUR 87 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 –6 thousand and income of EUR 56 thousand as at 30 September 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 Section G. 5 DEMIRE holds 49.50% of the shares in the joint venture JV Theodor-Heuss-Allee GmbH. In addition, the CEO, Prof. Dr Alexander Goepfert, holds a 1% stake in the joint venture.

2. Financial instruments

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

	30/09/2023		31/12/2022	
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	24,565	20,328	24,752	20,566
Loans and financial assets	64,879	47,152	72,335	61,701

	30/09/2023		31/12/2022	
in EUR thousand	Carrying amount under IFRS 9	Fair value	Carrying amount under IFRS 9	Fair value
Bonds	497,110	351,421	546,394	383,911
Other financial liabilities	300,017	274,311	282,661	235,383

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 on a continual basis as part of a structured process. From today's perspective, there are no discernible risks that could jeopardise the Company.

The 2019/2024 bond with a nominal value of EUR 499 million maturing in October 2024 has become a current liability as at the publication date of this report. In this context, the Company is looking intensively into the refinancing of the bond and is already in talks with a group of bondholders or their advisers about this.

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 135,305 thousand as at 30 September 2023 (31 December 2022: EUR 113,132 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 measures, as well as modification and expansion measures, totalled EUR 9,182 thousand as at the interim reporting date (31 December 2022: EUR 5,348 thousand).

As at 30 September 2023, unused credit lines in the amount of EUR 6,000 thousand (31 December 2022: EUR 0 thousand) were available.

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 (Chief Financial Officer since 1 February 2019)

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

For the interim reporting period, performance-related remuneration of EUR 408 thousand (9M 2022: EUR 385 thousand), fixed remuneration of EUR 714 thousand (9M 2022: EUR 548 thousand) and share-based remuneration of EUR –40 thousand (9M 2022: EUR –429 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.

6. Events after the interim reporting date of 30 September 2023

On 1 October 2023, the property in Bad Oeynhausen passed over to the purchaser. 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, 8 November 2023

DEMIRE Deutsche Mittelstand Real Estate AG

Prof. Dr Alexander Goepfert
(CEO)

Tim Brückner
(CFO)

Ralf Bongers
(Member of the Executive Board)

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, 8 November 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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