



HALF-YEAR FINANCIAL REPORT
1 JANUARY – 30 JUNE 2022



HIGHLIGHTS H1 2022



KEY EARNINGS FIGURES

20.8

in EUR million
FFO I (after taxes,
before minority interests),
compared to EUR 19.4 million
in H1 2021

39.5

in EUR million
RENTAL INCOME,
compared to EUR 42.0 million
in H1 2021



KEY FINANCIAL INDICATORS

51.4

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

1.67

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

5.79

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



PORTFOLIO DEVELOPMENT

1.4

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

80.6

in EUR million
**ANNUALISED
CONTRACTUAL RENTS**,
compared to EUR 78.1 million
at the end of 2021

144,882

in m²
LETTING PERFORMANCE,
compared to 121,929 m²
in H1 2021

4.6

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

9.5

in %
EPRA VACANCY RATE¹,
compared to 11.0%
at the end of 2021

¹ Excl. properties held for sale and classified
as a project development

Key for navigating the
interim report:



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FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders, dear Readers,

The economic environment in the first half of 2022 was characterised by an unusual combination of different challenges. In addition to the continuing effects of the COVID-19 pandemic, market uncertainty was heightened in particular by the war in Ukraine, which broke out on 24 February 2022 and is still ongoing. At the same time, the inflation rate rose significantly, driven in particular by increased energy prices, which provoked a monetary policy reaction on the part of the central banks that resulted in an increased interest rate.

Given this background, it is all the more pleasing that DEMIRE's business developed solidly in the first six months of 2022. The Group's key performance indicators are at the same level as the previous year or have improved. This stability was achieved despite eleven strategic property sales during 2021. The overall development of the company is thus in line with the company's planning and expectations. Overall, it has once again been shown that the consistent implementation of the "REALize Potential" strategy ensures a strong foundation for sustainable economic development, which also remains resilient in the face of challenges in the economic environment. Neither the coronavirus pandemic nor the war in Ukraine had any direct significant impact on the company's business performance during the period under review. DEMIRE's first sustainability report was published in June.

DEMIRE's key performance indicators in the first half of 2022 developed positively overall:

- Despite the sales, rental income amounts to EUR 39.5 million, which is in line with expectations, compared to EUR 42.0 million in the same period of the previous year.
- Profit from the rental of real estate developed accordingly and came to EUR 31.5 million, compared to EUR 34.2 million in the first half of 2021.
- Funds from operations (FFO I, after taxes, before minority interests) increased 7.1% to EUR 20.8 million (first half of 2021: EUR 19.4 million).
- With around 145,000 m², the best letting performance in a half-year period to date was achieved.
- Like-for-like growth in annualised contractual rents was 0.9% compared to 30 June 2021.
- The EPRA Vacancy Rate¹ sank from 11.0% at the end of 2021 to 9.5%, the WALT remained virtually unchanged at 4.6 years (end of 2021: 4.7 years).
- NAV per share (basic) went down from EUR 5.96 at year-end 2021 to EUR 5.79 after the dividend payment.
- Net loan-to-value (Net-LTV) rose to 51.4%, also due to the dividend pay-out, while liquidity remained comfortable at EUR 93.5 million as of the reporting date.
- The average nominal financing costs remained almost unchanged at an attractive 1.67% p.a., with no significant maturities until mid-2024.
- Sale of a small property in Bremen above market value after the reporting date.

¹ Excl. properties held for sale and classified as a project development

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“**The expedited implementation of the “REALize Potential” strategy ensures a strong foundation for sustainable economic development, which also remains resilient in the face of challenges in the economic environment.**”

INGO HARTLIEF (FRICS), CEO

The overall economic situation continues to be dominated by uncertainties arising from the effects of the COVID-19 pandemic, the war in Ukraine, inflation, and interest rate policy. The resulting implications for the entire 2022 financial year can therefore not yet be forecast with sufficient certainty at the time of reporting. In light of this, the Executive Board decided, with the approval of the Supervisory Board, to expedite the implementation of the “REALize Potential” strategy after the end of the reporting period due to the changes in the market and capital market environment. The company also aims to build up sufficient liquidity reserves for refinancing purposes. Nevertheless, the Executive Board is able to confirm the forecast for the 2022 financial year based on the positive half-year result: rental income is expected to be between EUR 78.0 million and EUR 80.0 million (2021: EUR 82.3 million) and FFO I (after taxes, before minority interests) between EUR 38.5 million and EUR 40.5 million (2021: EUR 39.8 million).

Frankfurt am Main, 25 August 2022



Ingo Hartlief (FRICS)
(CEO)



Tim Brückner
(CFO)



DEMIRE AT A GLANCE

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KEY GROUP FIGURES

| in EUR thousand | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 |
|---|----------------------------|----------------------------|
| Key earnings figures | | |
| Rental income | 42,024 | 39,508 |
| Profit/loss from the rental of real estate | 34,185 | 31,496 |
| EBIT | 29,534 | 26,404 |
| Financial result | – 10,761 | – 8,915 |
| EBT | 18,773 | 17,489 |
| Net profit/loss for the period | 15,547 | 13,998 |
| Net profit/loss for the period attributable to parent company shareholders | 14,036 | 12,890 |
| Net profit/loss for the period per share (basic/diluted) (in EUR) | 0.13/0.13 | 0.12/0.12 |
| FFO I (after taxes, before minority interests) | 19,411 | 20,799 |
| FFO I per share (basic/diluted) (in EUR) | 0.18/0.18 | 0.20/0.20 |

| | 31/12/2021 | 30/06/2022 |
|---------------------------------------|------------|------------|
| Key portfolio indicators | | |
| Properties (number) | 64 | 64 |
| Market value (in EUR million) | 1,412.5 | 1,412.5 |
| Contractual rents (in EUR million) | 78.1 | 80.6 |
| Rental yield (in %) | 5.5 | 5.7 |
| EPRA Vacancy Rate ¹ (in %) | 11.0 | 9.5 |
| WALT (in years) | 4.7 | 4.6 |

¹ Excl. properties held for sale and classified as a project development

| in EUR thousand | 31/12/2021 | 30/06/2022 |
|---|------------------|------------------|
| Key balance sheet figures | | |
| Total assets | 1,705,594 | 1,688,343 |
| Investment property | 1,433,096 | 1,449,494 |
| Non-current assets held for sale | 0 | 0 |
| Total core portfolio | 1,433,096 | 1,449,494 |
| Financial liabilities | 914,986 | 910,233 |
| Cash and cash equivalents | 139,619 | 93,471 |
| Net financial liabilities | 775,367 | 816,762 |
| Net loan-to-value (Net-LTV) (in %) | 49.7 | 51.4 |
| Equity according to consolidated balance sheet | 592,362 | 572,533 |
| Equity ratio (in %) | 34.7 | 33.9 |
| Net asset value (NAV) in the reporting period | 549,023 | 528,799 |
| NAV (basic/diluted) | 628,976/629,487 | 610,810/611,320 |
| Number of shares (basic/diluted) (in thousands) | 105,513/106,023 | 105,513/106,023 |
| NAV per share (basic/diluted) (in EUR) | 5.96/5.94 | 5.79/5.77 |



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PORTFOLIO HIGHLIGHTS

as at 30 June 2022

1.4

in EUR billion
MARKET VALUE OF THE REAL ESTATE PORTFOLIO

8.2

in EUR/m²
AVERAGE RENT
 across the portfolio

64

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

9.5

in %
EPRA VACANCY RATE¹
 across the portfolio

80.6

in EUR million
ANNUALISED CONTRACTUAL RENTS

5.7

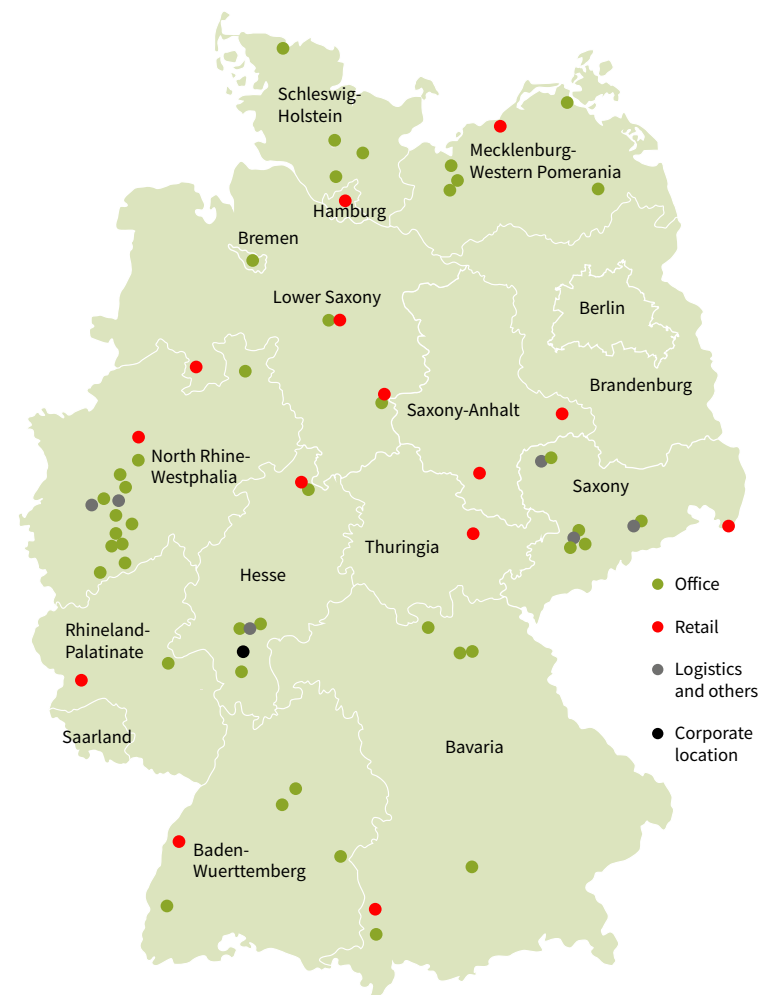
in %
GROSS RENTAL YIELD

59.7

in %
OFFICE SHARE
 of the total portfolio
 by market value

4.6

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



¹ Excl. properties held for sale and 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.

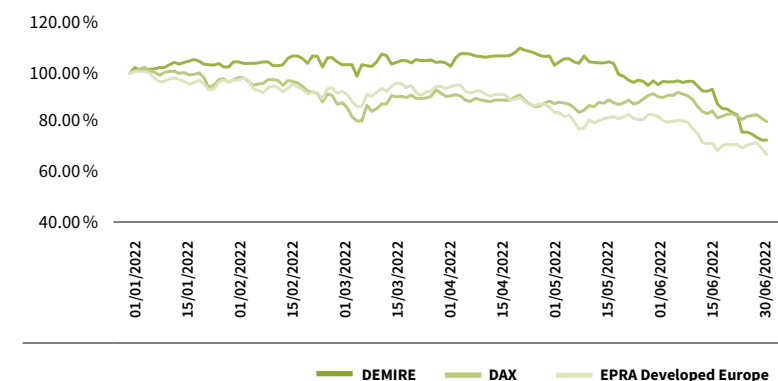
DEMIRE key share data

| Share | 31/12/2021 | 30/06/2022 |
|--|--|--|
| ISIN | DE000A0XFSF0 | DE000A0XFSF0 |
| Symbol/ticker | DMRE | DMRE |
| | Frankfurt Stock Exchange (FSE); XETRA Open markets in Stuttgart, Berlin, Düsseldorf | Frankfurt Stock Exchange (FSE); XETRA Open markets in Stuttgart, Berlin, Düsseldorf |
| Stock exchange | Regulated market (Prime Standard) | Regulated market (Prime Standard) |
| Market segment | BaaderBank, Pareto Securities AS | BaaderBank, Pareto Securities AS |
| Designated sponsors | 107,777,324 | 107,777,324 |
| Share capital (in EUR) | 107,777,324 | 107,777,324 |
| Number of shares | 4.30 | 3.14 |
| Closing price 31 December 2021/30 June 2022 (XETRA) (in EUR) | | |
| Avg. daily trading volume 1 January to 31 December 2021/ 1 January to 30 June 2022 | 13,565 | 9,620 |
| Market capitalisation (in EUR) | 463 million | 338 million |
| Free float < 3% | 7.15% | 7.15% |

Development of the stock market and DEMIRE shares

The development of the stock market year 2022 so far was marked in particular by the negative effects of the war in Ukraine, the expected interest rate turnaround and the rapid inflation in the energy and food sectors. Primarily driven by these factors, the DAX has fallen by 19.5% and the DEMIRE share by 27.0% since the beginning of the year. The prices of European real estate shares, as summarised in the EPRA Developed Europe Index, fell by 32.6%.

SHARE DEVELOPMENT IN THE FIRST HALF OF 2022





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Dividend

In May 2022, DEMIRE disbursed a dividend of EUR 0.31 per share to its shareholders for the 2021 financial year in accordance with the resolution of the Annual General Meeting. The dividend per share in the previous year was EUR 0.62. The dividend yield was thus significantly higher than that of other real estate stocks once again.

Development of the DEMIRE bond

Corresponding to what happened on the stock market, the bond market also developed negatively in the first half of 2022. DEMIRE's bond followed this trend and was trading at 83.69% on 30 June 2022, compared to 98.8% on 1 January 2022.

Rating

With the rating assessment, 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. Among other things, this should enable the Company to finance future growth and refinance the existing bond at even more favourable conditions.

Moody's carried out its regular review of its rating assessments in April 2022. It initially led to a confirmation of the rating. In July 2022, the rating was adjusted to B1.

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

2019/2024 CORPORATE BOND

| | |
|--------------------------------|--|
| Name | DEMIRE bond 2019/2024 |
| Issuer | DEMIRE Deutsche Mittelstand Real Estate AG |
| Rating (30 June 2022) | Ba3 ¹ (Moody's) |
| Stock exchange listing/trading | Open market of the Luxembourg Stock Exchange (Euro MTF) |
| Applicable law | German law |
| ISIN code | DE000A2YPAK1 |
| WKN | A2YPAK |
| Issue volume | EUR 600,000,000 |
| Denomination | EUR 100,000 |
| Coupon | 1.875% |
| Interest payments | every 15 April and 15 October, starting on 15 April 2020 |
| Maturity date | 15 October 2024 |
| Repayment | Non Call Life (including 3-month option for early repayment) |
| Distribution | Regulation S, excluding registration rights |
| Change of control | 101% plus accrued and not yet paid interest |
| Closing price 30 June 2022 | 83.69% |

DEMIRE RATING – AS AT 30 JUNE 2022

| | Company | | Bonds |
|---------------|------------------|---------------------|------------------|
| Rating agency | Rating | Outlook | Rating |
| Moody's | Ba3 ¹ | stable ² | Ba3 ¹ |

Annual General Meeting

On 18 May 2022, DEMIRE's Annual General Meeting once again took place virtually due to the special circumstances. All the agenda items proposed by the administration were resolved by a large majority, including the disbursement of a dividend for the financial year 2021.

¹ In July 2022, the rating was adjusted to B1

² The outlook was adjusted to "negative" in July 2022

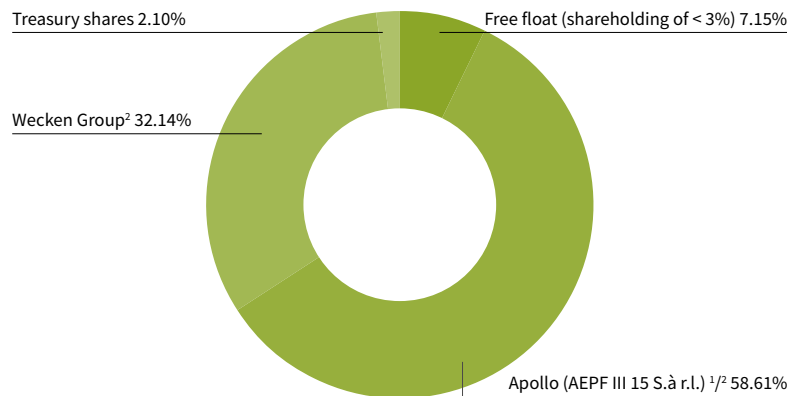


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Shareholder structure

The DEMIRE shareholder structure remained largely unchanged in the first half of 2022. 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 2022



¹ Including subsidiaries

² 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 and communicating with debt specialists in a professional manner. 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.

As in the 2021 financial year, DEMIRE took part in various German and international equity and debt capital market conferences in the first half of 2022. It also regularly presented the Company's current development to existing and potential equity and bond investors and rating agencies.

DEMIRE keeps its stakeholders up to date regularly and comprehensively. 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 most recent 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.

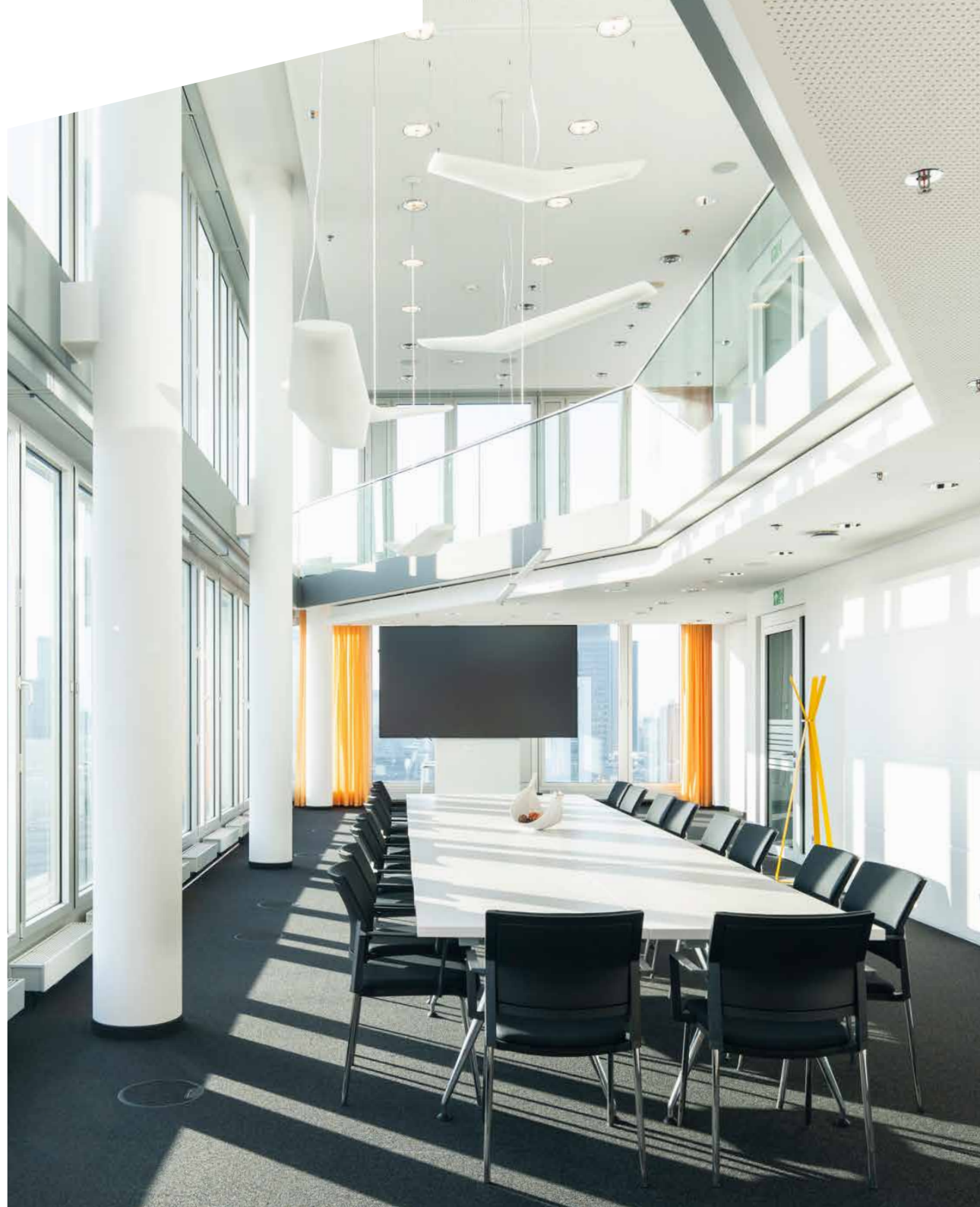
ANALYST COVERAGE – AS AT JUNE 2022

| Bank/broker | Analyst | Current rating | Current target price (in EUR) |
|-------------------|-------------------|----------------|-------------------------------|
| Hauck & Aufhäuser | Philipp Sennewald | Buy | 5.60 |
| Pareto Securities | Dr Philipp Häßler | Hold | 4.40 |
| Baader Bank | Andre Remke | Reduce | 4.20 |

INTERIM GROUP MANAGEMENT REPORT

for the reporting period from
1 January to 30 June 2022

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OVERVIEW

BUSINESS PERFORMANCE

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

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

DEMIRE's key performance indicators in the first half of 2022 developed positively overall:

- Rental income totalled EUR 39.5 million (previous year: EUR 42.0 million) in line with expectations.
- Profit from rental income developed similarly and amounted to EUR 31.5 million, compared to EUR 34.2 million in the same period of the previous year.
- Funds from operations (FFO I, after taxes, before minority interests) increased 7.1% to EUR 20.8 million.
- The rental performance of around 144,882 m² was a record for a half-year period.
- Like-for-like growth in annualised contractual rents was 0.9% compared to 30 June 2021.

- The EPRA Vacancy Rate¹ fell to 9.5%; WALT remained essentially stable at 4.6 years.
- NAV per share (basic) went down to EUR 5.79 compared to EUR 5.96 at year-end 2021 following the dividend payment.
- The net loan-to-value ratio (LTV) also rose to 51.4% due to the dividend pay-out; liquidity as at the reporting date remained comfortable at EUR 93.5 million.
- The average nominal financing costs were almost unchanged at an attractive 1.67% p.a.; there will be no significant maturities until mid-2024.
- Sale of a small property in Bremen above market value after the reporting date.

PERFORMANCE IN LINE WITH FORECAST FOR 2022 FINANCIAL YEAR

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

¹ Excl. properties held for sale and classified as a project development



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REAL ESTATE PORTFOLIO

As of the reporting date the property portfolio comprises 64 properties, unchanged since the end of the previous year (31 December 2021: 64 properties). The lettable area of the buildings in the portfolio is 0.915 million m² (31 December 2021: 0.913 million m²) and the total market value is approximately EUR 1.4 billion (31 December 2021: approximately EUR 1.4 billion). An external property valuation of the portfolio was last performed on 31 December 2021.

The EPRA Vacancy Rate¹ improved by the reporting date of 30 June 2022 to 9.5%, following 11.0% on 31 December 2021. WALT was 4.6 years as at 30 June 2022, compared to 4.7 years as at year-end 2021. DEMIRE's letting performance reached a very strong 144,882 m² in the reporting period. New lettings contributed 28%, while prolongations made up 72%. The letting performance was driven in particular by the extension of the 56,000 m² lease agreement with the operator of the fashion wholesale trading platform IMOTEX in Neuss. In addition, large-scale rental agreements were concluded or extended with tenants in the "LogPark" in Leipzig.

TOP 10 TENANTS (AS AT 30 JUNE 2022)

| No. | Tenant | Type of use | Contractual rents p.a. ² in EUR million | in % of total |
|--------------|---|-------------|---|------------------|
| 1 | GMG / Dt. Telekom | Office | 11.3 | 14.0 |
| 2 | Imotex | Retail | 5.4 | 6.7 |
| 3 | GALERIA Karstadt Kaufhof | Retail | 3.7 | 4.6 |
| 4 | Bima Bundesanstalt für Immobilienaufgaben | Office | 2.1 | 2.6 |
| 5 | Roomers | Hotel | 1.9 | 2.3 |
| 6 | momox GmbH | Logistics | 1.8 | 2.2 |
| 7 | Sparkasse Südholstein | Office | 1.6 | 2.0 |
| 8 | comdirect bank AG | Office | 1.3 | 1.6 |
| 9 | BWI GmbH | Office | 1.2 | 1.4 |
| 10 | Die Autobahn GmbH | Office | 1.2 | 1.4 |
| Total | | | 31.4 | 39.0 |
| Other | | | 49.2 | 61.0 |
| Total | | | 80.6 | 100.0 |

² 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 ² | Fair value per m ² | Contractual rent in EUR million p.a. | Contractual rent per m ² | Rental returns in % | EPRA Vacancy Rate ¹ in % | WALT in years |
|---------------------------------|----------------------|-----------------------------|----------------------------|---|-------------------------------|--------------------------------------|-------------------------------------|---------------------|-------------------------------------|---------------|
| Office | 42 | 843.7 | 59.7 | 518.7 | 1,629 | 48.8 | 9.1 | 5.8 | 11.9 | 3.7 |
| Retail | 17 | 357.1 | 25.3 | 220.1 | 1,623 | 23.6 | 9.4 | 6.6 | 3.2 | 5.3 |
| Logistics & Other | 5 | 211.6 | 15.0 | 176.0 | 1,202 | 8.2 | 4.4 | 3.9 | 12.9 | 8.5 |
| Total – 30 June 2022 | 64 | 1,412.5 | 100.0 | 914.7 | 1,544 | 80.6 | 8.2 | 5.7 | 9.5 | 4.6 |
| Total – 31 December 2021 | 64 | 1,412.5 | 100.0 | 912.7 | 1,548 | 78.1 | 8.0 | 5.5 | 11.0 | 4.7 |
| Change (in %/pp) | – | – | – | +0.2 | –0.2 | +3.2 | +2.1 | +0.2 | –1.5 | –0.1 |

¹ Excl. properties held for sale and classified as a project development



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ECONOMIC REPORT

Net assets, financial position and results of operations

RESULTS OF OPERATIONS

In the first half of 2022, the DEMIRE Group generated rental income totalling EUR 39.5 million (previous year: EUR 42.0 million). Rental income decreased by 6.0% compared to the same period of the previous year, primarily due to the sale of properties. The profit from the rental of real estate also fell slightly by 7.9% to EUR 31.5 million (previous year: EUR 34.2 million). The decrease was mainly due to lower rental income. As no properties were sold in the first half of 2022, the result from the sale of properties is EUR 0, while in the previous year the result was EUR 0.7 million. After the reporting date, a small property in Bremen was sold above market value. The result from the fair value adjustment of investment property also amounted to EUR 0 (previous year: EUR 1.8 million).

Impairment losses on receivables decreased sharply and amounted to EUR 0 million (net) in the first half of 2022, particularly as there were also derecognitions of receivables and reversals of impairment losses to a relevant extent. An expense of EUR 0.7 million was incurred in the same period of the previous year which was mainly attributable to tenants of hotels and retail properties that were either insolvent or threatened with insolvency as a result of the pandemic. This underscores DEMIRE's efficient tenant management and ability to successfully collect receivables. General administrative expenses were reduced again in the first half of 2022 and, at EUR 5.3 million, were 8.0% below the previous year's figure (EUR 5.7 million). Earnings before interest and taxes (EBIT) of EUR 26.4 million were 10.6% below the previous year's figure of EUR 29.5 million.

The financial result benefited from the income generated from the investment in the Cielo property. It amounted to EUR –8.9 million in the first half of 2022, compared to EUR –10.8 million in the same period of the previous year. Financial expenses increased slightly by 4.2% from EUR –8.9 million in the first six months of 2021 to EUR –9.4 million in the reporting period. The profit attributable to minority interests went up minimally to EUR –2.4 million (previous year: EUR –2.3 million). The average nominal interest rate on financial debt remains almost unchanged at 1.67% p.a.

Earnings before taxes (EBT) fell to EUR 17.5 million in the reporting period, compared to EUR 18.8 million in the previous year. The net result for the first half of 2022 was EUR 14.0 million, compared to EUR 15.5 million in the same period of the previous year.



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CONSOLIDATED STATEMENT OF INCOME

| (selected information in EUR thousand) | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 | Change | in % |
|---|----------------------------|----------------------------|---------------|---------------|
| Rental income | 42,024 | 39,508 | -2,516 | -6.0 |
| Income from utility and service charges | 12,173 | 18,320 | 6,147 | 50.5 |
| Operating expenses to generate rental income | -20,012 | -26,332 | -6,320 | 31.6 |
| Profit/loss from the rental of real estate | 34,185 | 31,496 | -2,689 | -7.9 |
| Income from the sale of real estate and real estate companies | 37,500 | 0 | -37,500 | -100.0 |
| Expenses related to the sale of real estate and real estate companies | -36,761 | 0 | 36,761 | -100.0 |
| Profit/loss from the sale of real estate and real estate companies | 739 | 0 | -739 | -100.0 |
| Profit/loss from fair value adjustments of investment properties | 1,764 | 0 | -1,764 | -100.0 |
| Impairment of receivables | -670 | -17 | 653 | -97.5 |
| Other operating income | 374 | 564 | 190 | 50.8 |
| General administrative expenses | -5,727 | -5,270 | 457 | -8.0 |
| Other operating expenses | -1,131 | -369 | 761 | -67.4 |
| Earnings before interest and taxes | 29,534 | 26,404 | -3,131 | -10.6 |
| Financial result | -10,761 | -8,915 | 1,846 | -17.2 |
| Earnings before taxes | 18,773 | 17,489 | -1,285 | -6.8 |
| Current income taxes | -946 | -1,433 | -487 | 51.5 |
| Deferred taxes | -2,280 | -2,058 | 222 | -9.7 |
| Net profit/loss for the period | 15,547 | 13,998 | -1,550 | -10.0 |
| of which attributable to parent company shareholders | 14,036 | 12,890 | -1,146 | -8.2 |
| Earnings per share (basic) (in EUR) | 0.13 | 0.12 | -0.01 | -6.0 |
| Weighted average number of shares outstanding (in thousands) | 105,686 | 105,513 | -173 | -0.2 |
| Earnings per share (diluted) (in EUR) | 0.13 | 0.12 | -0.01 | -6.5 |
| Weighted average number of shares issued (diluted) (in thousands) | 106,196 | 106,023 | -173 | -0.2 |



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ASSETS

As at 30 June 2022, the total assets decreased by EUR 17.3 million to EUR 1,688.3 million compared to year-end 2021. This was mainly the result of the EUR 46.1 million reduction in cash and cash equivalents, which was significantly influenced by the dividend distribution.

The value of investment property as at 30 June 2022 was EUR 1,449.5 million, an increase of EUR 16.4 million compared to 31 December 2021. The drivers of this increase were capitalised building measures and other tenant incentives.

As in the comparative period, no assets are held for sale.

Group equity as at 30 June 2022 totalled EUR 572.5 million, compared with EUR 592.4 million as at 31 December 2021. The main reason for the decline was the dividend payment in May 2022, while the result for the period had an offsetting effect. The equity ratio came to 33.9% (31 December 2021: 34.7%). It should be noted that non-controlling minority interests reported in the Group's borrowed capital of around EUR 83.6 million (31 December 2021: EUR 82.9 million) are carried as non-current liabilities and not as equity in accordance with IFRS, solely as a result of the legal form of Fair Value REIT's fund participations as partnerships. The correspondingly adjusted Group equity totalled around EUR 656.2 million (31 December 2021: EUR 675.2 million).

Total financial liabilities as at 30 June 2022 amounted to EUR 885.8 million. These decreased by EUR 4.7 million compared to 31 December 2021, which corresponds to the running amortisation.



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CONSOLIDATED BALANCE SHEET – ASSETS

| (selected information in EUR thousand) | 31/12/2021 | 30/06/2022 | Change | in % |
|--|------------------|------------------|----------------|-------------|
| Assets | | | | |
| Total non-current assets | 1,543,819 | 1,561,455 | 17,637 | 1.1 |
| Total current assets | 161,775 | 126,888 | -34,887 | -21.6 |
| Assets held for sale | 0 | 0 | 0 | 0 |
| Total assets | 1,705,594 | 1,688,343 | -17,250 | -1.0 |

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

| (selected information in EUR thousand) | 31/12/2021 | 30/06/2022 | Change | in % |
|--|------------------|------------------|----------------|-------------|
| Equity and liabilities | | | | |
| Equity | | | | |
| Equity attributable to parent company shareholders | 549,023 | 528,799 | -20,224 | -3.7 |
| Non-controlling interests | 43,339 | 43,734 | 395 | 0.9 |
| Total equity | 592,362 | 572,533 | -19,829 | -3.3 |
| Liabilities | | | | |
| Total non-current liabilities | 1,066,581 | 1,064,287 | -2,293 | -0.2 |
| Total current liabilities | 46,651 | 51,523 | 4,872 | 10.4 |
| Total liabilities | 1,113,232 | 1,115,810 | 2,579 | 0.2 |
| Total equity and liabilities | 1,705,594 | 1,688,343 | -17,250 | -1.0 |



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FINANCIAL POSITION

Cash flow from operating activities amounted to EUR –13.6 million in the first six months of 2022 (previous year: EUR –35.7 million), mainly due to a lower dividend distribution compared to the same period of the previous year.

Cash flow from investing activities amounted to EUR –18.3 million in the reporting period, compared to EUR 22.7 million in the previous year. The majority of the EUR –18.3 million was due to investments in investment property. In the same period of the previous year, sales revenues of EUR 55.5 million were generated, which largely explains the difference.

Cash flow from financing activities came to EUR –14.3 million, compared to EUR 33.1 million in the same period of the previous year. Mortgage loans of EUR 47.7 million were disbursed in the same period of the previous year, while no loans were taken out in the first half of 2022.

Cash and cash equivalents amounted to EUR 93.5 million on 30 June 2022 (31 December 2021: EUR 139.6 million; 30 June 2021: EUR 121.1 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

| (selected information in EUR thousand) | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 | Change |
|---|----------------------------|----------------------------|---------------|
| Cash flow from operating activities | –35,676 | –13,560 | –62.0% |
| Cash flow from investing activities | 22,132 | –18,332 | > 100% |
| Cash flow from financing activities | 33,059 | –14,256 | > 100% |
| Net change in cash and cash equivalents | 19,514 | –46,148 | 37.4% |
| Cash and cash equivalents at the end of the period | 121,135 | 93,471 | –22.8% |

Funds from operations (FFO)

Funds from operations I (after taxes, before minority interests), the key operating performance indicator, increased by 7.1% to EUR 20.8 million in the first six months of 2022, compared to EUR 19.4 million in the same period of the prior year. On a diluted basis, FFO I per share came to EUR 0.20, compared to EUR 0.18 in the same period of the previous year.



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FFO CALCULATION

| (selected information in EUR thousand) | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 | Change | in % |
|--|----------------------------|----------------------------|---------------|-------------|
| Earnings before taxes | 18,773 | 17,489 | -1,284 | -6.8 |
| Minority interests | 2,326 | 2,424 | 98 | 4.2 |
| Earnings before taxes (EBT) | 21,099 | 19,913 | -1,186 | -5.6 |
| ± Profit/loss from the sale of real estate | -739 | 0 | 739 | -100.0 |
| ± Profit/loss from the valuation of investment properties | -1,764 | 0 | 1,764 | -100.0 |
| ± Other adjustments ¹ | 1,983 | 1,600 | -384 | -19.3 |
| FFO I before taxes | 20,579 | 21,513 | 934 | 4.5 |
| ± (current) income taxes | -1,170 | -714 | 456 | -38.9 |
| FFO I after taxes | 19,409 | 20,799 | 1,390 | 7.2 |
| of which attributable to parent company shareholders | 15,659 | 17,178 | 1,519 | 9.7 |
| of which attributable to non-controlling interests | 3,752 | 3,621 | -131 | -3.5 |
| ± Profit/loss from the sale of real estate companies/real estate (after taxes) | 743 | 0 | -743 | -100.0 |
| FFO II after taxes | 20,153 | 20,799 | 646 | 3.2 |
| of which attributable to parent company shareholders | 16,534 | 17,178 | 643 | 3.9 |
| of which attributable to non-controlling interests | 3,620 | 3,621 | 1 | 0.0 |
| FFO I after taxes and minority interests | 15,659 | 17,178 | 1,519 | 9.7 |
| Earnings per share (basic) (in EUR) | 0.15 | 0.16 | 0.01 | 9.9 |
| Weighted average number of shares outstanding (in thousands) | 105,686 | 105,513 | -173 | -0.2 |
| Earnings per share (diluted) (in EUR) | 0.15 | 0.16 | 0.01 | 9.9 |
| Weighted average number of shares issued (diluted) (in thousands) | 106,196 | 106,023 | -173 | -0.2 |
| FFO II after taxes and minority interests | 16,534 | 17,178 | 643 | 3.9 |
| Earnings per share (basic) (in EUR) | 0.16 | 0.16 | 0.01 | 4.1 |
| Weighted average number of shares outstanding (in thousands) | 105,686 | 105,513 | -173 | -0.2 |
| Earnings per share (diluted) (in EUR) | 0.16 | 0.16 | 0.01 | 4.1 |
| Weighted average number of shares issued (diluted) (in thousands) | 106,196 | 106,023 | -173 | -0.2 |

¹ Other adjustments include:
– One-time refinancing costs and effective interest payments (EUR 1.3 million; previous year: EUR 1.1 million)
– One-time transaction, legal and consulting fees (EUR 0.2 million; previous year: EUR 0.1 million)
– One-time administrative costs (EUR 0.2 million; previous year: EUR 1.0 million)
– Expenses/income not related to the accounting period (EUR 0.1 million; previous year: EUR 0.1 million)



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Net asset value (NAV)

The basic net asset value went down from EUR 549.0 million as at 31 December 2021 to EUR 528.8 million as at 30 June 2022 due to the dividend payment. The positive result for the period had an offsetting effect. On an undiluted basis, the NAV as at the reporting date was EUR 5.77 per share (31 December 2021: EUR 5.94 per share).

NET ASSET VALUE (NAV)

| in EUR thousand | 31/12/2021 | 30/06/2022 | Change | in % |
|--|----------------|----------------|----------------|-------------|
| Net asset value (NAV) | 549,023 | 528,799 | -20,224 | -3.7 |
| Deferred taxes | 84,692 | 86,750 | 2,058 | 2.4 |
| Goodwill resulting from deferred taxes | -4,738 | -4,738 | 0 | 0.0 |
| NAV (basic) | 628,976 | 610,810 | -18,166 | -2.9 |
| Number of outstanding shares (basic) (in thousands) | 105,513 | 105,513 | 0 | 0.0 |
| NAV per share (basic) (in EUR) | 5.96 | 5.79 | -0.17 | -2.9 |
| Effect of the conversion of convertible bonds and other equity instruments | 510 | 510 | 0 | 0.0 |
| NAV (diluted) | 629,486 | 611,320 | -18,166 | -2.9 |
| Number of outstanding shares (diluted) (in thousands) | 106,023 | 106,023 | 0 | 0.0 |
| NAV per share (diluted) (in EUR) | 5.94 | 5.77 | -0.17 | -2.9 |



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NET LOAN-TO-VALUE RATIO

The DEMIRE Group's net loan-to-value ratio as defined in the 2019/2024 bond prospectus is the ratio of net financial liabilities to the sum of all assets less intangible assets and cash and cash equivalents. The net loan-to-value ratio increased moderately to 51.4% compared to year-end 2021 (49.7%).

NET LOAN-TO-VALUE (NET-LTV)

| in EUR thousand | 31/12/2021 | 30/06/2022 |
|--|------------------|------------------|
| Financial liabilities and lease liabilities | 914,986 | 910,233 |
| Cash and cash equivalents | 139,619 | 93,471 |
| Net financial debt | 775,367 | 816,762 |
| Total assets | 1,705,594 | 1,688,343 |
| Intangible assets | -6,783 | -6,783 |
| Cash and cash equivalents | -139,619 | -93,471 |
| Total assets less intangible assets and cash and cash equivalents | 1,559,192 | 1,588,089 |
| Net-LTV (in %) | 49.7 | 51.4 |

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 30/06/2022

| | Net-LTV | NET SECURED LTV | ICR |
|----------|----------|-----------------|-----------|
| Covenant | max. 60% | max. 40% | min. 2.00 |
| Value | 51.4% | 12.3% | 4.82 |

As at 30 June 2022, DEMIRE had complied with all covenants of the 2019/2024 corporate bond. In addition, the planning for 2022 and beyond assumes that the covenants will also be complied with at all times in the future.



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Opportunities and risks

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

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

The risks are reviewed on a continual basis as part of 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 [🔗 chapter G. 1](#) and [🔗 chapter G. 6](#) of the notes.

Frankfurt am Main, 25 August 2022

DEMIRE Deutsche Mittelstand Real Estate AG

Ingo Hartlief (FRICS)
(CEO)

Tim Brückner
(CFO)



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CONSOLIDATED STATEMENT OF INCOME

for the reporting period from 1 January to 30 June 2022

| in EUR thousand | NOTE | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 | 01/04/2021 – 30/06/2021 | 01/04/2022 – 30/06/2022 |
|---|------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Rental income | | 42,024 | 39,508 | 20,876 | 20,168 |
| Income from utility and service charges | | 12,173 | 18,320 | 4,601 | 9,115 |
| Operating expenses to generate rental income | | -20,012 | -26,332 | -9,021 | -13,422 |
| Profit/loss from the rental of real estate | | 34,185 | 31,496 | 16,456 | 15,861 |
| Income from the sale of real estate and real estate companies | | 37,500 | 0 | 37,500 | 0 |
| Expenses related to the sale of real estate and real estate companies | | -36,761 | 0 | -36,678 | 51 |
| Profit/loss from the sale of real estate and real estate companies | | 739 | 0 | 822 | 51 |
| Profit/loss from fair value adjustments of investment properties | | 1,764 | 0 | -81 | 0 |
| Impairment of receivables | | -670 | -17 | -282 | -166 |
| Other operating income | | 374 | 564 | 197 | 111 |
| General administrative expenses | | -5,727 | -5,270 | -3,165 | -2,530 |
| Other operating expenses | | -1,131 | -369 | -990 | 2 |
| Earnings before interest and taxes | D 1 | 29,534 | 26,404 | 12,957 | 13,329 |
| Financial income | | 490 | 2,131 | 281 | 1,074 |
| Financial expenses | | -8,925 | -9,395 | -4,587 | -4,734 |
| Profit/loss from companies accounted for using the equity method | | 0 | 773 | 0 | 245 |
| Minority interests | | -2,326 | -2,424 | -1,189 | -1,191 |
| Financial result | D 2 | -10,761 | -8,915 | -5,495 | -4,606 |
| Earnings before taxes | | 18,773 | 17,489 | 7,462 | 8,723 |
| Current income taxes | | -946 | -1,433 | -450 | -686 |
| Deferred taxes | | -2,280 | -2,058 | -874 | -1,739 |
| Net profit/loss for the period | | 15,547 | 13,998 | 6,138 | 6,298 |
| Of which attributable to: | | | | | |
| Non-controlling interests | | 1,512 | 1,108 | 839 | 520 |
| Parent company shareholders | | 14,036 | 12,890 | 5,300 | 5,778 |
| Earnings per share (basic/diluted) | D 3 | 0.13 | 0.12 | - | - |



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the reporting period from 1 January to 30 June 2022

| in EUR thousand | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 | 01/04/2021 – 30/06/2021 | 01/04/2022 – 30/06/2022 |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Net profit/loss for the period | 15,547 | 13,998 | 6,138 | 6,298 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive income | 15,547 | 13,998 | 6,138 | 6,298 |
| Of which attributable to: | | | | |
| Non-controlling interests | 1,512 | 1,108 | 839 | 520 |
| Parent company shareholders | 14,036 | 12,890 | 5,300 | 5,778 |



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CONSOLIDATED BALANCE SHEET

as at 30 June 2022

ASSETS

| in EUR thousand | NOTE | 31/12/2021 | 30/06/2022 |
|---|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | | 6,783 | 6,783 |
| Property, plant and equipment | | 228 | 203 |
| Investment property | E 1 | 1,433,096 | 1,449,494 |
| Shares in companies accounted for using the equity method | | 1,025 | 1,708 |
| Loans to companies accounted for using the equity method | | 26,505 | 25,205 |
| Loans and financial assets | | 64,264 | 63,610 |
| Other assets | | 11,917 | 14,452 |
| Total non-current assets | | 1,543,819 | 1,561,455 |
| Current assets | | | |
| Trade accounts receivable | | 8,671 | 15,630 |
| Financial assets | | 3,925 | 4,883 |
| Other receivables | | 3,191 | 5,265 |
| Tax refund claims | | 6,369 | 7,639 |
| Cash and cash equivalents | | 139,619 | 93,471 |
| Total current assets | | 161,775 | 126,888 |
| Non-current assets held for sale | | 0 | 0 |
| Total assets | | 1,705,594 | 1,688,343 |



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CONSOLIDATED BALANCE SHEET

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EQUITY AND LIABILITIES

| in EUR thousand | NOTE | 31/12/2021 | 30/06/2022 |
|---|------|------------------|------------------|
| Equity and liabilities | | | |
| Equity | | | |
| Subscribed capital | E 2 | 105,513 | 105,513 |
| Reserves | | 443,510 | 423,286 |
| Equity attributable to parent company shareholders | | 549,023 | 528,799 |
| Non-controlling interests | | 43,339 | 43,734 |
| Total equity | | 592,362 | 572,533 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 84,692 | 86,750 |
| Minority interests | | 82,882 | 83,629 |
| Financial liabilities | E 3 | 874,417 | 869,610 |
| Lease liabilities | | 24,285 | 24,162 |
| Other liabilities | | 305 | 136 |
| Total non-current liabilities | | 1,066,581 | 1,064,287 |
| Current liabilities | | | |
| Provisions | | 4,012 | 1,818 |
| Trade payables | | 10,571 | 11,689 |
| Other liabilities | | 7,114 | 11,939 |
| Tax liabilities | | 8,670 | 9,616 |
| Financial liabilities | E 3 | 16,097 | 16,179 |
| Lease liabilities | | 187 | 282 |
| Total current liabilities | | 46,651 | 51,523 |
| Total liabilities | | 1,113,232 | 1,115,810 |
| Total equity and liabilities | | 1,705,594 | 1,688,343 |



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CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 June 2022

| in EUR thousand | | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 |
|---------------------------------------|---|----------------------------|----------------------------|
| Group profit/loss before taxes | | 18,773 | 17,489 |
| | Financial expenses | 8,925 | 9,395 |
| | Financial income | -490 | -2,903 |
| | Minority interests | 2,326 | 2,424 |
| | Change in trade accounts receivable | -2,351 | -6,976 |
| | Change in other receivables and other assets | 9,757 | -2,847 |
| | Change in provisions | -60 | -2,194 |
| | Change in trade payables and other liabilities | -2,730 | 6,256 |
| | Profit/loss from fair value adjustments of investment properties | -1,764 | 0 |
| | Profit/loss from the sale of real estate and real estate companies | -739 | 0 |
| | Interest proceeds from loans and receivables | 2 | 2,163 |
| | Interest received from loans to companies accounted for using the equity method | 0 | 516 |
| | Income taxes paid | -802 | -2,009 |
| | Change in reserves | 127 | 0 |
| | Depreciation and amortisation and impairment | 923 | 554 |
| | Distributions to minority shareholders/dividends | -67,433 | -35,428 |
| | Distributions from companies accounted for using the equity method | 0 | 90 |
| | Other non-cash items | -140 | -90 |
| | Cash flow from operating activities | -35,676 | -13,560 |
| | Payments for the acquisition of/investments in investment properties, incl. prepayments, refurbishment measures and prepayments for property, plant and equipment | -7,504 | -19,582 |
| | Payments for investments in companies accounted for using the equity method | -25,873 | 0 |
| | Proceeds from loans to companies accounted for using the equity method | 0 | 1,300 |
| | Proceeds from the sale of real estate | 55,509 | -51 |
| | Cash flow from investing activities | 22,132 | -18,332 |



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CONSOLIDATED STATEMENT OF CASH FLOWS

for the reporting period from 1 January to 30 June 2022

| in EUR thousand | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 |
|---|----------------------------|----------------------------|
| Payments for borrowing costs | –450 | 0 |
| Proceeds from borrowings | 47,700 | 0 |
| Interest paid on financial liabilities | –7,798 | –8,052 |
| Payments for the purchase of additional shares in a subsidiary | –314 | –67 |
| Payment for the redemption of lease liabilities ¹ | –194 | –176 |
| Payments for the redemption of financial liabilities ¹ | –4,708 | –5,961 |
| Buyback of treasury shares | –1,178 | 0 |
| Cash flow from financing activities | 33,059 | –14,256 |
| Net change in cash and cash equivalents | 19,514 | –46,148 |
| Cash and cash equivalents at the start of the period | 101,620 | 139,619 |
| Cash and cash equivalents at the end of the period | 121,135 | 93,471 |

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



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 30 June 2022

| in EUR thousand | Share capital | | Reserves | | Equity attributable to parent company shareholders | Non-controlling interests | Total equity |
|---|--------------------|------------------|---|--|--|---------------------------|----------------|
| | Subscribed capital | Capital reserves | Retained earnings incl. Group profit/loss | | | | |
| 01/01/2022 | 105,513 | 88,366 | 355,144 | | 549,023 | 43,339 | 592,362 |
| Net profit/loss for the period | 0 | 0 | 12,890 | | 12,890 | 1,108 | 13,998 |
| Other comprehensive income | 0 | 0 | 0 | | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | 12,890 | | 12,890 | 1,108 | 13,998 |
| Stock option programme | 0 | 0 | 0 | | 0 | 0 | 0 |
| Dividend payments/distributions | 0 | 0 | -32,709 | | -32,709 | -830 | -33,539 |
| Increase in shareholdings in subsidiaries | 0 | 0 | 0 | | 0 | 0 | 0 |
| Acquisition of treasury shares | 0 | 0 | 0 | | 0 | 0 | 0 |
| Other changes | 0 | 0 | -406 | | -406 | 117 | -289 |
| 30/06/2022 | 105,513 | 88,366 | 334,920 | | 528,799 | 43,734 | 572,533 |



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the reporting period from 1 January to 30 June 2021

| in EUR thousand | Share capital | | Reserves | | Equity attributable to parent company shareholders | Non-controlling interests | Total equity |
|-----------------------------------|--------------------|------------------|---|--|--|---------------------------|----------------|
| | Subscribed capital | Capital reserves | Retained earnings incl. Group profit/loss | | | | |
| 01/01/2021 | 105,772 | 88,404 | 363,780 | | 557,956 | 40,085 | 598,041 |
| Net profit/loss for the period | 0 | 0 | 14,036 | | 14,036 | 1,512 | 15,548 |
| Other comprehensive income | 0 | 0 | 0 | | 0 | 0 | 0 |
| Total comprehensive income | 0 | 0 | 14,036 | | 14,036 | 1,512 | 15,548 |
| Dividend payments/distributions | 0 | 0 | -65,418 | | -65,418 | -577 | -65,995 |
| Acquisition of treasury shares | -260 | -919 | 0 | | -1,179 | 0 | -1,179 |
| Other changes | 0 | 0 | 127 | | 127 | -9 | 118 |
| 30/06/2021 | 105,513 | 87,485 | 312,525 | | 505,523 | 41,012 | 546,535 |



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the reporting period from 1 January to 30 June 2022

A. General information

1. Basis of preparation

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

The Company’s shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange. The subject of these condensed interim consolidated financial statements as at 30 June 2022 is DEMIRE AG and its subsidiaries (hereafter “DEMIRE”).

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

The condensed interim consolidated financial statements for the period from 1 January to 30 June 2022 were prepared in accordance with the requirements of IAS 34 Interim Financial Reporting (hereafter IAS 34). This report has not been audited 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 2022 financial year have been taken into consideration. Furthermore, all disclosure and explanation requirements under German law above and beyond the provisions of the IASB have been fulfilled.

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

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

These condensed interim consolidated financial statements of DEMIRE AG were approved for publication by a resolution of the Executive Board on 25 August 2022.



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B. Scope and principles of consolidation

There were no changes in the scope of consolidation in the first half of 2022.

C. Accounting policies


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

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

D. Notes to the consolidated statement of income

1. Profit/loss from the rental of real estate

| in EUR thousand | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 |
|--|----------------------------|----------------------------|
| Net rent | 42,024 | 39,508 |
| Income from utility and service charges | 12,173 | 18,320 |
| Rental revenue from real estate | 54,197 | 57,828 |
| Allocable operating expenses to generate rental income | –16,704 | –22,397 |
| Non-allocable operating expenses to generate rental income | –3,308 | –3,935 |
| Operating expenses to generate rental income | –20,012 | –26,332 |
| Profit/loss from the rental of real estate | 34,185 | 31,496 |



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

The decrease in the result from the rental of properties to EUR 31,496 thousand (H1 2021: EUR 34,185 thousand) is primarily the result of lower rental income of EUR 39,508 thousand (H1 2021: EUR 42,024 thousand) due to the disposal of properties sold in the 2021 financial year.

The increase in non-allocable operating expenses is due in particular to higher maintenance expenses of EUR 2,137 thousand (H1 2021: EUR 1,456 thousand).

Of the operating expenses, an amount of EUR 22,397 thousand (H1 2021: EUR 16,704 thousand) is generally allocable and can be charged to tenants. This increase is primarily the result of a large increase in energy costs and a one-time effect arising from the passing on of costs to a tenant. The increase in non-allocable expenses is also shown in the increase in income from the allocation of service charges.

The result from the sale of properties amounts to EUR 0 thousand as at 30 June 2022 (H1 2021: EUR 739 thousand). The positive result from the sale of properties in the same period of the previous year resulted mainly from the sale of a property in Cologne.

As in the comparable prior-year period, no revaluation of investment properties was performed as at the 30 June 2022 reporting date. Profit/loss from adjustments to the fair value of investment properties in the amount of EUR 1,764 thousand from the previous year related to changes in the value of a property in Ansbach, which was reclassified to non-current assets held for sale.

Impairments on receivables amounted to EUR 17 thousand in the reporting period (H1 2021: EUR 670 thousand). The decrease in the impairment loss is due to the netting of income from the reversal of impairment losses on receivables. Extensive risk provisions had previously been established in connection with the COVID-19 pandemic and the economic slowdown. Contrary to original expectations, however, it was also possible to recover already impaired receivables in 2022. At the same time, our tenant base is currently not affected by the situation in 2022 in such a way that extensive impairments would have been necessary in the first half of the year.



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2. Financial result

| in EUR thousand | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 |
|--|----------------------------|----------------------------|
| Financial income | 490 | 2,131 |
| Financial expenses | -8,925 | -9,395 |
| Profit/loss from companies accounted for using the equity method | 0 | 773 |
| Minority interests | -2,326 | -2,424 |
| Financial result | -10,761 | -8,915 |

Financial income in the amount of EUR 2,903 thousand (previous year: EUR 490 thousand) mainly resulted from interest income from the granting of loans to the joint venture JV Theodor-Heuss-Allee-GmbH, which was founded in the comparable period of the previous year, in the amount of EUR 25,100 thousand, as well as to the third party RFR Immobilien 5 GmbH in the amount of EUR 60,000 million. This is an affiliate of the joint venture partner RFR Immobilien 4 GmbH. The increase in financial expenses is largely due to taking out new loans in the 2021 financial year.

Profits from companies accounted for using the equity method in the amount of EUR 773 thousand (previous year: EUR 0 thousand) relate to the investment profits during the period under review in JV Theodor-Heuss-Allee GmbH, Frankfurt am Main.

The interests of minority shareholders totalling EUR 2,424 thousand (H1 2021: EUR 2,326 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. The increase compared to the same period of the previous year is mainly due to the indexation of increased net rental income of these subsidiaries.

3. Earnings per share

| | 01/01/2021 – 30/06/2021 | 01/01/2022 – 30/06/2022 |
|--|----------------------------|----------------------------|
| Net profit/loss for the period (in EUR thousand) | 15,547 | 13,998 |
| Profit/loss for the period less non-controlling interests | 14,036 | 12,890 |
| Number of shares (in thousands) | | |
| Number of shares outstanding as at the reporting date | 105,513 | 105,513 |
| Weighted average number of shares outstanding | 105,686 | 105,513 |
| Impact of conversion of convertible bonds and the subscription under the 2015 Stock Option Programme | 510 | 510 |
| Weighted average number of shares (diluted) | 106,196 | 106,023 |
| Earnings per share (in EUR) | | |
| Earnings per share (basic) | 0.13 | 0.12 |
| Earnings per share (diluted) | 0.13 | 0.12 |

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



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E. Notes to the consolidated balance sheet

1. Investment property

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

| in EUR thousand | Office | Retail | Logistics | Other | 2022 |
|---|----------------|----------------|----------------|---------------|------------------|
| Fair value as at 1 January 2022 | 843,956 | 377,559 | 141,600 | 69,980 | 1,433,096 |
| Additions of properties | 4,118 | 2,168 | 8,225 | 1,887 | 16,398 |
| Reclassifications to non-current assets held for sale | - | - | - | - | - |
| Fair value as at 30 June 2022 | 848,074 | 379,727 | 149,825 | 71,867 | 1,449,494 |

The additions to investment properties consisted primarily of construction activities which were capitalised.

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

2. Equity

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



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3. Financial liabilities

The carrying amount of financial liabilities is composed as follows:

FINANCIAL LIABILITIES

| in EUR thousand | 31/12/2021 | 30/06/2022 |
|-----------------------------|----------------|----------------|
| 2019/2024 corporate bond | 594,047 | 595,078 |
| Other financial liabilities | 296,467 | 290,710 |
| Total | 890,514 | 885,788 |

The following table shows the nominal value of financial liabilities:

FINANCIAL LIABILITIES

| in EUR thousand | 31/12/2021 | 30/06/2022 |
|-----------------------------|----------------|----------------|
| 2019/2024 corporate bond | 600,000 | 600,000 |
| Other financial liabilities | 297,866 | 291,891 |
| Total | 897,866 | 891,891 |

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

With the exception of the loan from IC Fonds & Co. Gewerbeobjekte Deutschland 15. KG, all of the Group's financial liabilities have fixed interest rates. The nominal interest rate of the corporate bond 2019/2024 is 1.875% p.a. Other financial liabilities mainly include financial liabilities to banks at a weighted average nominal interest rate of 1.37% p.a. as at 30 June 2022 (31 December 2021: 1.37% p.a.). The average nominal interest rate on debt across all financial liabilities was 1.67% p.a. as at 30 June 2022 (31 December 2021: 1.66% p.a.).

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



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F. Condensed Group segment reporting

| | 01/01/2022 – 30/06/2022 | | | |
|--|-------------------------|-----------------|-----------------------------|------------------|
| in EUR thousand | Core Portfolio | Fair Value REIT | Corporate functions/ others | Group |
| Total revenue | 45,385 | 12,442 | 0 | 57,828 |
| Segment revenue | 45,685 | 12,501 | 204 | 58,392 |
| Segment expenses | -22,315 | -5,447 | -4,224 | -31,986 |
| EBIT | 23,370 | 7,055 | -4,021 | 26,404 |
| Net profit/loss for the period | 12,838 | 3,329 | -2,170 | 13,998 |
| Segment assets 30/06/2022 | 1,239,893 | 345,431 | 103,022 | 1,688,345 |
| of which tax refund claims | 3,764 | 47 | 3,826 | 7,639 |
| of which additions to non-current assets | 13,551 | 2,848 | 0 | 16,398 |
| of which non-current assets held for sale | 0 | 0 | 0 | 0 |
| Segment liabilities 30/06/2022 | 916,169 | 188,639 | 11,005 | 1,115,813 |
| of which non-current financial liabilities | 795,189 | 74,420 | 0 | 869,610 |
| of which lease liabilities | 24,419 | 0 | 25 | 24,444 |
| of which current financial liabilities | 13,376 | 2,803 | 0 | 16,179 |
| of which tax liabilities | 1,675 | 0 | 7,940 | 9,616 |

| | 01/01/2021 – 30/06/2021 | | | |
|--|-------------------------|-----------------|-----------------------------|------------------|
| in EUR thousand | Core Portfolio | Fair Value REIT | Corporate functions/ others | Group |
| Total revenue | 73,617 | 18,080 | 0 | 91,697 |
| Segment revenue | 75,479 | 18,330 | 26 | 93,835 |
| Segment expenses | -48,541 | -10,840 | -4,921 | -64,301 |
| EBIT | 26,938 | 7,491 | -4,895 | 29,534 |
| Net profit/loss for the period | 17,411 | 4,218 | -6,081 | 15,547 |
| Segment assets 31/12/2021 | 1,262,560 | 342,850 | 100,184 | 1,705,594 |
| of which tax refund claims | 3,718 | 47 | 2,602 | 6,369 |
| of which additions to non-current assets | 22,679 | 5,829 | 0 | 28,508 |
| of which non-current assets held for sale | 0 | 0 | 0 | 0 |
| Segment liabilities 31/12/2021 | 914,657 | 187,043 | 11,531 | 1,113,232 |
| of which non-current financial liabilities | 798,534 | 75,883 | 0 | 874,417 |
| of which lease liabilities | 24,448 | 0 | 25 | 24,472 |
| of which current financial liabilities | 13,350 | 2,747 | 0 | 16,097 |
| of which tax liabilities | 1,892 | 0 | 6,777 | 8,670 |



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

The DEMIRE Group is divided into the two reportable business segments “Core Portfolio” and “Fair Value REIT”. There is a lease agreement between the two segments for office space in Langen. The resulting income in the reporting period amounts to EUR 95 thousand (H1 2021: EUR 91 thousand). At the same time, a sublease agreement has existed between the two segments for part of the above-mentioned office space in Langen since 15 April 2022. For the reporting period, an expense of EUR 6 thousand (H1 2021: EUR 0 thousand) arose from this contract.

More than 10% of total revenue was generated from one customer in the “Core Portfolio” segment, corresponding to a total of EUR 6,256 thousand (first half of 2021: EUR 7,099 thousand) during the reporting period.

G. Other disclosures

1. Related party disclosures

DEMIRE AG has a loan receivable in the amount of EUR 25,326 thousand (including interest receivable) from the joint venture JV Theodor-Heuss-Allee-GmbH. Interest income from this loan comes to EUR 523 thousand as at 30 June 2022. In addition, an asset management agreement and an agency agreement exist between DEMIRE AG and the purchasing company JV Theodor-Heuss-Allee-GmbH, resulting in receivables of EUR 70 thousand and income of EUR 37 thousand as at 30 June 2022.

In the year under review, DEMIRE received a distribution from G+Q Effizienz GmbH in the amount of EUR 90 thousand (previous year: EUR 79 thousand) and from DEMIRE Assekuranzmakler GmbH & Co. KG in the amount of EUR 0 thousand (previous year: EUR 92 thousand).

Furthermore, there were no business transactions with members in key Company positions during the reporting period, except for the compensation of the Executive Board mentioned in [Section G.5](#).



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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 | 31/12/2021 | | 30/06/2022 | |
|--|------------------------------|------------|------------------------------|------------|
| | Carrying amount under IFRS 9 | Fair value | Carrying amount under IFRS 9 | Fair value |
| Loans to companies accounted for using the equity method | 26,505 | 26,457 | 25,205 | 20,258 |
| Loans and financial assets | 68,189 | 68,022 | 63,610 | 52,752 |

| in EUR thousand | 31/12/2021 | | 30/06/2022 | |
|-----------------------------|------------------------------|------------|------------------------------|------------|
| | Carrying amount under IFRS 9 | Fair value | Carrying amount under IFRS 9 | Fair value |
| Bonds | 594,047 | 592,848 | 595,078 | 499,218 |
| Other financial liabilities | 282,459 | 278,638 | 290,710 | 260,257 |

3. Risk report

Please refer to the disclosures made in the opportunities and risks report included within the [\(27\) consolidated financial statements](#) as at 31 December 2021 for information on the opportunities and risks of future business performance. In addition to the opportunities and risks recorded as at 31 December 2021, the first half of 2022 was largely dominated by high inflation, in particular the sharp rise in energy costs, higher interest rates and the war in Ukraine. All of these factors create a high degree of uncertainty and a clouding of prospects in the economic environment, but this has not yet had a material impact on DEMIRE's key performance indicators. Both rental payments and funds from operations (after taxes, before minority interests) are in line with our expectations.

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

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

4. Other notes

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

Contractual obligations for modification and expansion measures as well as maintenance and modernisation obligations for the properties totalled EUR 18,935 thousand as at 30 June 2022 (H1 2021: EUR 55,798 thousand). These obligations are fixed in terms of their scope.

Purchase order commitments for maintenance and modernisation, as well as modification and expansion measures, totalled EUR 3,645 thousand as at the interim reporting date (H1 2021: EUR 7,464 thousand).

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

There was a provision for the former Executive Board member Mr Ralf Kind, which included the disputed remaining remuneration (all salary components including virtual stock option programmes 2017 and 2018). As the parties reached a settlement in this regard, an amount of EUR 1,700 thousand was paid out to Mr Kind in the reporting period, thus ending the proceedings.

5. Governing bodies and employees

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

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

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

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

For the interim reporting period, performance-based remuneration of EUR 298 thousand (H1 2021: EUR 444 thousand), fixed remuneration of EUR 366 thousand (H1 2021: EUR 349 thousand) and share-based payments of EUR -109 thousand (H1 2021: EUR 75 thousand) were recognised for DEMIRE AG's Executive Board. No loans or advances were granted to the members of the Executive Board, nor were any contingent liabilities in favour of the members of the Executive Board entered into either.

6. Events after the interim reporting date of 30 June 2022

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

Frankfurt am Main, 25 August 2022

DEMIRE Deutsche Mittelstand Real Estate AG



Ingo Hartlief (FRICS)
(CEO)



Tim Brückner
(CFO)

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DECLARATION BY THE EXECUTIVE DIRECTORS

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

Frankfurt am Main, 25 August 2022

DEMIRE Deutsche Mittelstand Real Estate AG

Ingo Hartlief (FRICS)
(CEO)

Tim Brückner
(CFO)



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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 | 31/12/2021 | 30/06/2022 |
|---|------------|------------|
| EPRA Net Asset Value (EPRA NAV) | 629,487 | 611,320 |
| EPRA Triple Net Asset Value (EPRA NNNAV) | 545,649 | 592,842 |
| EPRA Net Reinstatement Value (EPRA NRV) | 740,668 | 712,707 |
| EPRA Net Tangible Assets (EPRA NTA) | 590,970 | 561,877 |
| EPRA Net Disposal Value (EPRA NDV) | 545,266 | 590,287 |
| EPRA Net Initial Yield (in %) | 4.6 | 4.6 |
| EPRA “Topped-Up” Net Initial Yield (in %) | 4.6 | 4.7 |
| EPRA Vacancy Rate ¹ (in %) | 11.0 | 9.5 |
| EPRA Loan-to-Value (EPRA LTV) (in %) | 61.3 | 62.8 |

¹ Excl. properties held for sale and classified as a project development

| in EUR thousand | 2021 | H1 2022 |
|---|--------|---------|
| EPRA Earnings | 29,421 | 15,198 |
| EPRA Cost Ratio including direct vacancy costs (in %) | 34.5 | 34.6 |
| EPRA Cost Ratio excluding direct vacancy costs (in %) | 29.7 | 30.6 |



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EPRA NAV and EPRA NNAV

The **EPRA Net Asset Value** (EPRA NAV) indicates the intrinsic value of a real estate 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 | 31/12/2021 | 30/06/2022 | Change | in % |
|--|----------------|----------------|----------------|-------------|
| Net asset value (NAV) in the reporting period | 549,023 | 528,799 | -20,224 | -3.7 |
| Market value of derivative financial instruments | 0 | 0 | 0 | 0.0 |
| Deferred taxes | 84,692 | 86,750 | 2,058 | 2.4 |
| Goodwill resulting from deferred taxes | -4,738 | -4,738 | 0 | 0.0 |
| EPRA NAV (basic) | 628,977 | 610,810 | -18,166 | -2.9 |
| Number of shares outstanding (basic) (in thousands) | 105,513 | 105,513 | 0 | 0.0 |
| EPRA NAV per share (basic) (in EUR) | 5.96 | 5.79 | -0.17 | -2.9 |
| Effect of the conversion of convertible bonds and other equity instruments | 510 | 510 | 0 | 0.0 |
| EPRA NAV (diluted) | 629,487 | 611,320 | -18,166 | -2.9 |
| Number of shares outstanding (diluted) (in thousands) | 106,023 | 106,023 | 0 | 0.0 |
| EPRA NAV per share (basic) (in EUR) | 5.94 | 5.77 | -0.17 | -2.9 |

EPRA NET ASSET VALUE (NAV/EPRA NNAV)

| in EUR thousand | 31/12/2021 | 30/06/2022 | Change | in % |
|--|----------------|----------------|----------------|-------------|
| Net asset value (NAV) | 549,023 | 528,799 | -20,224 | -3.7 |
| Market value of derivative financial instruments | 0 | 0 | 0 | 0.0 |
| Deferred taxes | 84,692 | 86,750 | 2,058 | 2.4 |
| Goodwill resulting from deferred taxes | -4,738 | -4,738 | 0 | 0.0 |
| EPRA NAV (basic) | 628,977 | 610,810 | -18,166 | -2.9 |
| Number of shares outstanding (basic) (in thousands) | 105,513 | 105,513 | 0 | 0.0 |
| EPRA NAV per share (basic) (in EUR) | 5.96 | 5.79 | -0.17 | -2.9 |
| Effect of the conversion of convertible bonds and other equity instruments | 510 | 510 | 0 | 0.0 |
| EPRA NAV (diluted) | 629,487 | 611,320 | -18,166 | -2.9 |
| Number of shares outstanding (diluted) (in thousands) | 106,023 | 106,023 | 0 | 0.0 |
| EPRA NAV per share (basic) (in EUR) | 5.94 | 5.77 | -0.17 | -2.9 |
| Market value of derivative financial instruments | 0 | 0 | 0 | 0.0 |
| Fair value adjustments in liabilities (bonds) | 1,199 | 95,860 | 94,661 | 7,895.0 |
| Deferred taxes | -85,037 | -114,338 | -29,302 | 34.5 |
| EPRA NNAV (diluted) | 545,649 | 592,842 | 47,193 | 8.6 |
| EPRA NNAV per share (basic) (in EUR) | 5.15 | 5.59 | 0.44 | 8.6 |



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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 | 31/12/2021 | | | 30/06/2022 | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | EPRA NRV | EPRA NTA | EPRA NDV | EPRA NRV | EPRA NTA | EPRA NDV |
| IFRS shareholders' equity | 549,023 | 549,023 | 549,023 | 528,799 | 528,799 | 528,799 |
| Plus: | | | | | | |
| I) Hybrid financial instruments | 2,173 | 2,173 | 2,173 | 0 | 0 | 0 |
| NAV (diluted) | 551,196 | 551,196 | 551,196 | 528,799 | 528,799 | 528,799 |
| Plus:¹ | | | | | | |
| 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 |
| NAV at market value (diluted) | 551,196 | 551,196 | 551,196 | 528,799 | 528,799 | 528,799 |

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



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NEW REPORTING STANDARD (EPRA NAV)

| in EUR thousand | 31/12/2021 | | | 30/06/2022 | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | EPRA NRV | EPRA NTA | EPRA NDV | EPRA NRV | EPRA NTA | EPRA NDV |
| Less:² | | | | | | |
| V) Deferred taxes on valuation gains from investment properties | 93,116 | 46,558 | - | 95,382 | 47,691 | - |
| VI) Market value of derivative financial instruments | 0 | 0 | - | -7,830 | -7,830 | - |
| VII) Goodwill as a result of deferred taxes | -4,738 | -4,738 | -4,738 | -4,738 | -4,738 | -4,738 |
| VIII. a) Goodwill according to IFRS balance sheet | - | -2,045 | -2,045 | - | -2,045 | -2,045 |
| VIII. b) Intangible assets according to IFRS balance sheet | - | 0 | - | - | 0 | - |
| Plus:¹ | | | | | | |
| IX) Market value of fixed-interest liabilities (bonds) | - | - | 854 | - | - | 68,272 |
| X) Revaluation of intangible assets at fair value (optional) | 0 | - | - | 0 | - | - |
| XI) Land transfer tax/ acquisition costs | 101,094 | 0 | - | 101,094 | 0 | - |
| NAV | 740,668 | 590,970 | 545,266 | 712,707 | 561,877 | 590,287 |
| Number of shares (fully diluted) | 106,023 | 106,023 | 106,023 | 106,023 | 106,023 | 106,023 |
| NAV per share (in EUR) | 6.99 | 5.57 | 5.14 | 6.72 | 5.30 | 5.57 |

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

² 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 | 31/12/2021 | 30/06/2022 | Change | in % |
|---|------------------|------------------|---------------|------------|
| Investment property | 1,433,096 | 1,449,494 | 16,398 | 1.1 |
| Shares in companies accounted for using the equity method | 1,025 | 1,708 | 683 | 114.6 |
| Real estate held for sale | 0 | 0 | 0 | 0.0 |
| Real estate portfolio (net) | 1,434,121 | 1,451,202 | 17,081 | 1.2 |
| Estimated ancillary acquisition costs | 71,706 | 72,616 | 910 | 1.2 |
| Real estate portfolio (gross) | 1,505,828 | 1,523,818 | 17,990 | 1.2 |
| Annualised cash rental income | 77,688 | 79,241 | 1,553 | 1.8 |
| Non-allocable real estate operating costs | -9,110 | -8,509 | 601 | -6.2 |
| Annualised net cash rental income | 68,578 | 70,732 | 2,154 | 2.9 |
| Rent-free periods | 400 | 1,352 | 952 | 206.1 |
| Annualised “topped-up” net rental income | 68,978 | 72,084 | 3,106 | 4.1 |
| EPRA Net Initial Yield (in %) | 4.6 | 4.6 | 0 bp | 0.0 |
| EPRA “Topped-Up” Net Initial Yield (in %) | 4.6 | 4.7 | 10 bp | 2.0 |



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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 2021 | H1 2022 | Change | in % |
|--|---------------|---------------|-------------|-------------|
| Net profit/loss for the period | 15,547 | 13,998 | -1,549 | -10.0 |
| Profit/loss from fair value adjustments of investment properties | -1,764 | 0 | 1,764 | -100.0 |
| Profit/loss from the sale of real estate and real estate companies | -739 | 0 | 739 | -100.0 |
| Profit/loss from companies accounted for using the equity method | 0 | -773 | -773 | - |
| Profit/loss from the sale of real estate inventory | 0 | 0 | 0 | 0.0 |
| Taxes on sales earnings | -5 | 0 | 5 | -100.0 |
| 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 | 2,280 | 2,058 | -222 | -9.7 |
| Non-controlling interests | 116 | -86 | -202 | -174.1 |
| EPRA Earnings | 15,435 | 15,198 | -237 | -1.5 |
| Number of outstanding shares (basic) (in thousands) | 105,513 | 105,513 | 0 | 0.0 |
| EPRA Earnings Per Share (EPS basic) | 0.15 | 0.14 | -0.01 | -6.7 |
| Number of shares outstanding (diluted) (in thousands) | 106,023 | 106,023 | 0 | 0.0 |
| EPRA Earnings Per Share (EPS diluted) | 0.15 | 0.14 | -0.01 | -6.7 |



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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 2021 | H1 2022 | Change | in % |
|---|---------------|---------------|---------------|-------------|
| Administrative and operational costs according to IFRS | 14,645 | 13,651 | -994 | -6.8 |
| General administrative expenses | 5,696 | 5,241 | -455 | -8.0 |
| Other operating expenses | 1,110 | 349 | -761 | -68.6 |
| Operating expenses to generate rental income | 20,012 | 26,332 | 6,320 | 31.6 |
| Income from utility and service charges | -12,173 | -18,320 | -6,147 | 50.5 |
| Amortisation and depreciation | 52 | 48 | -4 | -7.7 |
| EPRA costs (including vacancy costs) | 14,697 | 13,651 | -1,046 | -7.1 |
| Direct vacancy costs | -1,578 | -1,572 | 6 | -0.4 |
| EPRA costs (excluding vacancy costs) | 13,119 | 12,079 | -1,040 | -7.9 |
| Rental income | 42,024 | 39,508 | -2,516 | -6.0 |
| EPRA Cost Ratio (including vacancy costs) (in %) | 35.0 | 34.6 | -0.4 | -1.1 |
| EPRA Cost Ratio (excluding vacancy costs) (in %) | 31.2 | 30.6 | -0.6 | -1.9 |



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EPRA Capital Expenditure

There were no acquisitions in the Core Portfolio or the joint venture in the first half of 2021 or the first half of 2022.

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 2021 | | | H1 2022 | | |
|------------------------------------|------------------|---------------|-------|------------------|---------------|--------|
| | DEMIRE portfolio | Joint venture | Total | DEMIRE portfolio | Joint venture | Total |
| Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Development portfolio ¹ | 0 | 0 | 0 | 0 | 0 | 0 |
| Core Portfolio | 5,296 | 0 | 5,296 | 15,502 | 45 | 15,547 |
| Others ² | 1,089 | 0 | 1,089 | 896 | 0 | 896 |

¹ DEMIRE AG does not engage in real estate development

² Rent incentives and agent's commission

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 balance sheet date).

EPRA VACANCY RATE¹

| in EUR thousand | 31/12/2021 | 30/06/2022 | Change | in % |
|---|------------|------------|------------|-------|
| Estimated market rent for vacancies | 9,760,590 | 8,498,284 | -1,262,306 | -12.9 |
| Estimated market rent for total portfolio | 89,018,442 | 88,996,371 | -22,071 | 0.0 |
| EPRA Vacancy Rate (in %) | 11.0 | 9.5 | -1.5 | -12.9 |

¹ Excl. properties held for sale and classified as a project development

The reduction of the EPRA Vacancy Rate as at 30 June 2022 over the end of 2021 was primarily due to a reduction of vacancies at the properties in Leipzig (“Log-Park”), Kassel and Bad Vilbel.



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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 JUNE 2022

| | Total portfolio | | | | Like-for-like portfolio | | |
|-------------------|-----------------|------------------------------|----------------|------------------------------|------------------------------|------------|------------|
| | 30/06/2021 | | 30/06/2022 | | in EUR million | in % | |
| in EUR thousand | Market value | Annualised contractual rents | Market value | Annualised contractual rents | Annualised contractual rents | LFL growth | LFL growth |
| Office | 843.7 | 48.8 | 843.7 | 48.6 | 48.8 | 0.2 | 0.5 |
| Retail | 357.1 | 23.6 | 357.1 | 23.3 | 23.6 | 0.3 | 1.4 |
| Logistics & Other | 211.6 | 8.2 | 211.6 | 8.1 | 8.2 | 0.1 | 1.9 |
| Total | 1,412.5 | 80.6 | 1,412.5 | 79.9 | 80.6 | 0.7 | 0.9 |

LIKE-FOR-LIKE GROWTH 30 JUNE 2021

| | Total portfolio | | | | Like-for-like portfolio | | |
|-------------------|-----------------|------------------------------|----------------|------------------------------|------------------------------|-------------|-------------|
| | 30/06/2020 | | 30/06/2021 | | in EUR million | in % | |
| in EUR thousand | Market value | Annualised contractual rents | Market value | Annualised contractual rents | Annualised contractual rents | LFL growth | LFL growth |
| Office | 902.8 | 51.8 | 902.8 | 51.0 | 51.8 | 0.8 | 1.5 |
| Retail | 360.7 | 23.2 | 360.7 | 25.4 | 23.2 | -2.2 | -8.5 |
| Logistics & Other | 141.6 | 8.1 | 141.4 | 8.4 | 8.1 | -0.3 | -3.6 |
| Total | 1,404.9 | 83.1 | 1,404.9 | 84.8 | 83.1 | -1.7 | -2.0 |



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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) 30/06/2022

| in EUR thousand | Proportionate consolidation | | | | Combined |
|--|---|-------------------------|------------------------------|---------------------------------|------------------|
| | Group EPRA LTV before proportionate consolidation | Share of joint ventures | Share of material associates | Non-controlling interests (NCI) | |
| Net debt | | | | | |
| Include: | | | | | |
| Borrowings from financial institutions | 290,711 | 80,629 | 0 | -12,085 | 359,254 |
| Commercial paper | 0 | 0 | 0 | 0 | 0 |
| Hybrids (including convertibles, preference shares, debt, options, perpetuals) | 0 | 0 | 0 | 0 | 0 |
| Bond loans | 595,078 | 0 | 0 | 0 | 595,078 |
| Foreign currency derivatives (futures, swaps, options and forwards) | 0 | 0 | 0 | 0 | 0 |
| Net payables | 98,523 | 59,041 | 0 | 0 | 157,564 |
| Owner-occupied property (debt) | 0 | 0 | 0 | 0 | 0 |
| Current accounts (Equity characteristic) | 0 | 0 | 0 | 0 | 0 |
| Exclude: | | | | | |
| Cash and cash equivalents | -93,471 | -740 | 0 | 3,254 | -90,956 |
| Net debt (a) | 890,841 | 138,931 | 0 | -8,831 | 1,020,941 |



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EPRA LOAN-TO-VALUE (EPRA LTV) 30/06/2022

| in EUR thousand | Proportionate consolidation | | | | Combined |
|--|---|-------------------------|------------------------------|---------------------------------|------------------|
| | Group EPRA LTV before proportionate consolidation | Share of joint ventures | Share of material associates | Non-controlling interests (NCI) | |
| Investment property portfolio and other eligible assets | | | | | |
| Owner-occupied property | 0 | 0 | 0 | 0 | 0 |
| Investment properties at fair value | 1,449,494 | 136,337 | 0 | -46,504 | 1,539,327 |
| Properties held for sale | 0 | 0 | 0 | 0 | 0 |
| Properties under development | 0 | 0 | 0 | 0 | 0 |
| Intangibles | 0 | 0 | 0 | 0 | 0 |
| Net receivables | 0 | 0 | 0 | -1,588 | -1,588 |
| Financial assets | 88,815 | 0 | 0 | 0 | 88,815 |
| Loans to companies accounted for using the equity method | 25,205 | 0 | 0 | 0 | 0 |
| Loans and financial assets | 63,610 | 0 | 0 | 0 | 0 |
| Total property portfolio and other eligible assets (b) | 1,538,309 | 136,337 | 0 | -48,091 | 1,626,555 |
| LTV (a/b) (in %) | 57.9 | 101.9 | - | 18.4 | 62.8 |



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EPRA LOAN-TO-VALUE (EPRA LTV) 31/12/2021

| in EUR thousand | Group EPRA LTV before proportionate consolidation | Proportionate consolidation | | | Combined |
|--|---|-----------------------------|---------------------------------|------------------------------------|----------------|
| | | Share of joint ventures | Share of material associates | Non-controlling interests (NCI) | |
| Net debt | | | | | |
| Include: | | | | | |
| Borrowings from financial institutions | 297,548 | 82,194 | 0 | -12,025 | 367,718 |
| Commercial paper | 0 | 0 | 0 | 0 | 0 |
| Hybrids (including convertibles, preference shares, debt, options, perpetuals) | 0 | 0 | 0 | 0 | 0 |
| Bond loans | 592,966 | 0 | 0 | 0 | 592,966 |
| Foreign currency derivatives (futures, swaps, options and forwards) | 0 | 0 | 0 | 0 | 0 |
| Net payables | 105,763 | 59,184 | 0 | 0 | 164,947 |
| Owner-occupied property (debt) | 0 | 0 | 0 | 0 | 0 |
| Current accounts (Equity characteristic) | 0 | 0 | 0 | 0 | 0 |
| Exclude: | | | | | |
| Cash and cash equivalents | -139,619 | -903 | 0 | 4,497 | -136,025 |
| Net debt (a) | 856,658 | 140,475 | 0 | -7,527 | 989,606 |



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EPRA LOAN-TO-VALUE (EPRA LTV) 31/12/2021

| in EUR thousand | Group EPRA LTV before proportionate consolidation | Proportionate consolidation | | | Combined |
|--|---|-----------------------------|------------------------------|---------------------------------|------------------|
| | | Share of joint ventures | Share of material associates | Non-controlling interests (NCI) | |
| Investment property portfolio and other eligible assets | | | | | |
| Owner-occupied property | 0 | 0 | 0 | 0 | 0 |
| Investment properties at fair value | 1,433,096 | 136,315 | 0 | -44,775 | 1,524,636 |
| Properties held for sale | 0 | 0 | 0 | 0 | 0 |
| Properties under development | 0 | 0 | 0 | 0 | 0 |
| Intangibles | 0 | 0 | 0 | 0 | 0 |
| Net receivables | 0 | 0 | 0 | -1,066 | -1,066 |
| Financial assets | 90,769 | 0 | 0 | 0 | 90,769 |
| Loans to companies accounted for using the equity method | 26,505 | 0 | 0 | 0 | 0 |
| Loans and financial assets | 64,264 | 0 | 0 | 0 | 0 |
| Total property portfolio and other eligible assets (b) | 1,523,865 | 136,315 | 0 | -45,840 | 1,614,340 |
| LTV (a/b) (in %) | 56.2 | 103.1 | - | 16.4 | 61.3 |



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