



INTERIM STATEMENT
1 JANUARY-30 JUNE 2021



HIGHLIGHTS H1 2021



KEY EARNINGS FIGURES

19.4

EUR million
FFO I (after taxes,
before minority interests),
compared to EUR 16.9 million
in H1 2020

42.0

EUR million
RENTAL INCOME,
compared to EUR 43.8 million
in H1 2020



KEY FINANCIAL INDICATORS

52.7

per cent
**NET LOAN-TO-VALUE
RATIO (NET LTV)**,
compared to 50.0%
at year-end 2020

1.68

per cent p. a.
**AVERAGE NOMINAL
INTEREST COSTS** –
improved by 3 basis points
compared to year-end 2020

5.45

EUR
**NET ASSET VALUE
(NAV PER SHARE, BASIC)**,
compared to EUR 5.91
at year-end 2020



PORTFOLIO DEVELOPMENT

1.4

EUR billion
PORTFOLIO VALUE unchanged
compared to year-end 2020

83.1

EUR million
ANNUALISED RENTAL INCOME,
compared to EUR 85.6 million
at year-end 2020

121,929

m²
LETTING PERFORMANCE
(previous year: 70,000 m²) – above long-term
average of 80,000 m² on pro rata basis

4.9

years
WALT,
compared to 4.8
at year-end 2020

10.2

per cent
EPRA VACANCY RATE*,
compared to 6.9%
at year-end 2020

* Excluding real estate held for sale

Key for navigating the
interim statement:



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interim statement



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FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders, dear Readers,

DEMIRE remained on course for success in the first half of 2021 and underlined its resilience in the face of a crisis. DEMIRE is staying true to its successful course, via which it will continue to increase the value of its portfolio in a sustainable manner. We are committed to our tried and tested “REALize Potential” strategy, which focuses on properties in ABBA locations, active asset management and constructive dialogue with our tenants.

We also intend to bolster the portfolio with selective purchases while simultaneously streamlining smaller properties. Strategic streamlining of the portfolio and forward-looking liquidity management will keep DEMIRE in a position to act on opportunities to purchase attractive properties. The transfer of the Cielo office property in Frankfurt was completed just after the reporting date. This was the biggest single transaction in the company’s history. Thanks to DEMIRE’s comfortable liquidity situation, the company was able to finance the entire purchase from its existing funds.

Our key indicators are on a par with the previous year or slightly better despite the ongoing uncertainty caused by the coronavirus pandemic and some selected property sales. We remain in a good position to handle the pandemic’s impact on the company. Here is an overview of some key developments:

- As expected, rental income totalled EUR 42.0 million (previous year: EUR 43.8 million), mainly due to property sales
- Profit/loss from the rental of real estate improved from EUR 33.0 million in the previous year to EUR 34.2 million
- Funds from operations (FFO I, after taxes, before minorities) increased 15.2% to EUR 19.4 million
- The Company’s letting performance was excellent in the first half of 2021 at around 122,000 m²
- In Leipzig, an important lease agreement for around 26,000 m² was concluded for an Amazon distribution centre that has yet to be built
- The EPRA vacancy rate went up to 10.2%; WALT increased to 4.9 years
- Five sales were completed for a total price of EUR 37.5 million, almost 3% above the market value
- The average volume increased from EUR 19.2 million at the end of 2020 to EUR 20.1 million in the first half of 2021; on a pro forma basis Cielo would bring this to EUR 23.7 million
- NAV per share (basic) went down to EUR 5.45 compared to EUR 5.91 at year-end 2020 following the payment of a dividend of EUR 0.62 per share
- Net loan-to-value (LTV) rose to 52.7%. Liquidity as at the reporting date remained comfortable at EUR 121.1 million
- Average nominal financing costs saw another decrease to 1.68%, with no significant maturities arising before 2024



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“**DEMIRE is staying true to its successful course, via which it will continue to increase the value of its portfolio in a sustainable manner.**”

INGO HARTLIEF (FRICS), CEO

DEMIRE has a solid foundation for excellent operating performance thanks to its diversified portfolio, active asset management, and a letting performance of around 122,000 m² in the first half of the year. The vacancy rate rose to 10.2% despite DEMIRE finalising a large number of tenancy agreements. This was driven by two factors. Firstly, some of the tenancy agreements in question are set to begin a few months after they were finalised and therefore have yet to come into effect. Secondly, a large retail property in Trier is temporarily vacant for the first time.

Even though infections are currently going up, we are cautiously optimistic about the rest of the year due to the progress of the vaccination drive and the robust overall position of the real estate market. Based on the expectation that there will not be another national lockdown in Germany, we remain committed to our forecast for the 2021 financial year that rental income will be between EUR 80 million and EUR 82 million due to the successful sale of non-strategic properties. We expect FFO I (after taxes, before minority interests) of between EUR 34.5 million and EUR 36.5 million.

Frankfurt am Main, 12 August 2021

Ingo Hartlief (FRICS)
(CEO)

Tim Brückner
(CFO)

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KEY GROUP FIGURES

in EUR thousand	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021
KEY EARNINGS FIGURES		
Rental income	43,843	42,024
Profit/loss from the rental of real estate	32,979	34,185
EBIT	21,843	29,534
Financial result	– 9,926	– 10,761
EBT	11,917	18,773
Net profit/loss for the period	9,259	15,547
Net profit/loss for the period attributable to parent company shareholders	8,275	14,036
Net profit/loss for the period per share (basic/diluted) (in EUR)	0.08/0.08	0.13/0.13
FFO I (after taxes, before minority interests)	16,852	19,411
FFO I per share (basic/diluted) (in EUR)	0.16/0.16	0.18/0.18

	31/12/2020	30/06/2021
KEY PORTFOLIO INDICATORS		
Properties (number of)	75	70
Market value (in EUR million)	1,441.5	1,404.9
Contractual rents (in EUR million)	85.6	83.1
Rental yield (in %)	5.9	5.9
EPRA vacancy rate* (in %)	6.9	10.2
WALT (in years)	4.8	4.9

* Excluding real estate held for sale

in EUR thousand	31/12/2020	30/06/2021
KEY BALANCE SHEET FIGURES		
Total assets	1,625,311	1,635,624
Investment property	1,426,291	1,408,257
Non-current assets held for sale	31,000	20,190
Total real estate portfolio	1,457,291	1,428,447
Financial liabilities	829,712	873,285
Cash and cash equivalents	101,620	121,135
Net financial liabilities	728,092	752,150
Net loan-to-value (net LTV) (in %)	50.0	52.7
Equity according to Group balance sheet	598,041	546,535
Equity ratio (in %)	36.8	33.4
Net asset value (NAV) in the reporting period	557,956	505,522
NAV (basic/diluted)	625,340/625,850	575,186/575,696
Number of shares (basic/diluted) (in thousands)	105,772/106,282	105,513/106,023
NAV per share (basic/diluted) (in EUR)	5.91/5.89	5.45/5.43



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PORTFOLIO HIGHLIGHTS

as at 30 June 2021

1.4

MARKET VALUE OF THE
 REAL ESTATE PORTFOLIO
 (in EUR billion)

8.11

AVERAGE RENT
 across the portfolio
 (in EUR/m²)

70

Assets at **59 LOCATIONS**
 in 15 federal states

10.2

EPRA VACANCY RATE*
 across the portfolio
 (in %)

83.1

ANNUALISED CONTRACTUAL RENTS
 (in EUR million)

5.9

GROSS RENTAL YIELD
 (in %)

64.3

OFFICE SHARE
 of the total portfolio
 by market value
 (in %)

4.9

AVERAGE REMAINING TERM
 of lease agreements (WALT)
 (in %)

* Excluding real estate held for sale





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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

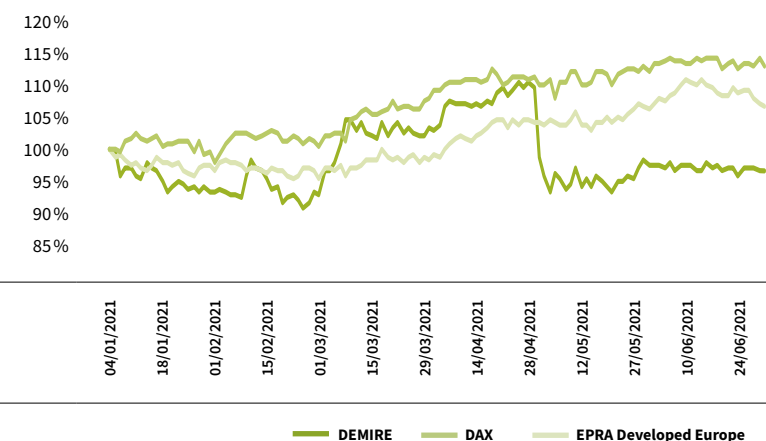
SHARE	31/12/2020	30/06/2021
ISIN	DE000A0XFSF0	DE000A0XFSF0
Symbol/ticker	DMRE	DMRE
Stock exchange	Frankfurt Stock Exchange (FSE); XETRA Open markets in Stuttgart, Berlin, Düsseldorf	Frankfurt Stock Exchange (FSE); XETRA Open markets in Stuttgart, Berlin, Düsseldorf
Market segment	Regulated market (Prime Standard)	Regulated market (Prime Standard)
Designated sponsors	BaaderBank, Pareto Securities AS	BaaderBank, Pareto Securities AS
Share capital (in EUR)	EUR 107,777,324	EUR 107,777,324
Number of shares	107,777,324	107,777,324
Closing price 30/06/2021 / 31/12/2020 (XETRA) (in EUR)	4.51	4.35
Avg. daily trading volume 01/01 – 30/06/2021 / 01/01 – 31/12/2020	10,625	13,348
Market capitalisation (in EUR)	EUR 486 million	EUR 469 million
Free float < 3%	7.39%	7.15%

Development of the stock market and DEMIRE shares

So far, the 2021 stock market year has continued the positive trend of the second half of 2020 fairly seamlessly. Most indices continued to recover from the pandemic-induced collapse of the stock markets in the second quarter of 2020, with many even reaching new record highs.

The German DAX benchmark performed well and closed the first half of 2021 at 15,531 points, a gain of 13.2% compared to the end of 2020.

SHARE PRICE DEVELOPMENT 2021





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The 7.0% rise in the EPRA Developed Europe Index demonstrates that European property shares also performed well, despite falling short of the market as a whole.

Demire’s share price clearly underperformed the sector index with a decline of 3.5%, but still achieved a performance of 10.2% when the dividend payment of EUR 0.62 per share is factored in.

Dividends

In May 2021, DEMIRE disbursed a dividend of EUR 0.62 per share to its shareholders for the 2020 financial year in accordance with the resolution of the Annual General Meeting. The dividend per share in the previous year was EUR 0.54. The dividend yield was thus significantly higher than that of other real estate stocks once again.

Development of DEMIRE bond

Unlike the stock market, the bond market was stable in the first half of 2021 and did not see any significant fluctuations. The DEMIRE bond followed this trend and ranged in a narrow margin between 95.60% and 98.26%.

UNTERNEHMENSANLEIHE 2019/2024

Name	DEMIRE corporate bond 2019 / 2024
Issuer	DEMIRE Deutsche Mittelstand Real Estate AG
Rating	Ba2 (Moody’s), BB+ (S&P)
Stock exchange listing	Open market of the Luxembourg Stock Exchange (Euro MTF)
Applicable law	German law
ISIN code	DE000A2YPAK1
WKN	A2YPA
Issue volume	EUR 600,000,000
Denomination	EUR 100,000
Coupon	1.875%
Interest payments	On 15 April and 15 October, starting on 15 April 2020
Maturity date	15 October 2024
Repayment	Non Call Life (incl. 3-month option for early repayment)
Distribution	Regulation S, excl. registration rights
Change of control	101% plus accrued and not yet paid interest
Closing price 30/06/2021	97,32 %

Rating

With the rating assessments, DEMIRE strengthens transparency and supports the independent assessment of its business activities. In the medium term, DEMIRE aims to position its risk profile in the “investment grade” range. Among other things, this should enable the Company to finance future growth and refinance the existing bond at even more favourable conditions.

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Moody's carried out its regular review of its rating assessments during the reporting period. DEMIRE was downgraded by one notch due to the Company's payment of a dividend rather than its operational performance. During the lockdowns in Germany, DEMIRE was in regular contact with the ratings agencies and provided information about the Company's performance during this special period in a proactive and timely manner.

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

DEMIRE RATING – AS AT 30/06/2021

Rating agency	Company		Bonds
	Rating	Outlook	Rating
Moody's	Ba3	stable	Ba3

DEMIRE does not expect there to be any debt capital transactions in the foreseeable future. As part of its general efficiency measures, DEMIRE has decided to only work with one rating agency until further notice. The contract with S&P was terminated with effect from the end of June 2021.

Annual general meeting

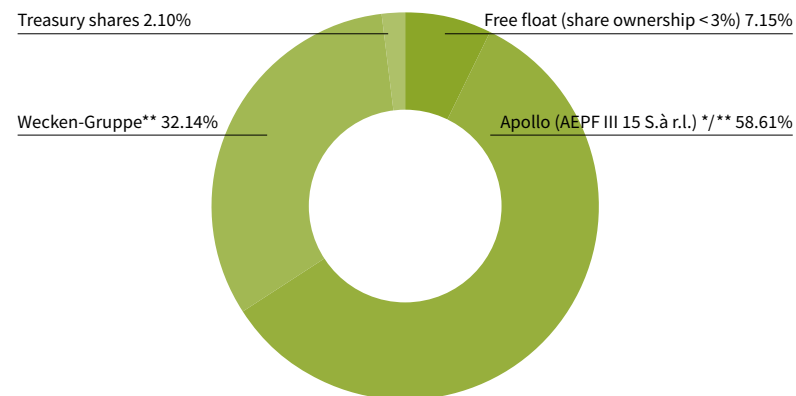
On 28 April 2021, DEMIRE's Annual General Meeting once again took place virtually due to the special circumstances. All of the agenda items proposed by the management were resolved by a large majority, including the reappointment of the current Supervisory Board for a further three years and the disbursement of a dividend for the 2020 financial year.

Shareholder structure

The DEMIRE shareholder structure remained largely unchanged in the 2021 financial year. 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.

DEMIRE took the opportunity to buy back 259,729 shares by way of a public repurchase offer at the turn of the year when the share price was low. This decreased the free float from 7.39% as at 31 December 2020 to 7.15%.

SHAREHOLDER STRUCTURE AS AT 30 JUNE 2021



* Including subsidiaries
 ** Acting in concert
 Sources: Notifications from WpHG (German Securities Trading Act) and own calculations



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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 2020 financial year, DEMIRE took part in various German and international equity and debt capital market conferences in the first half of 2021. The majority of these were held virtually. 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 perspective 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.

The [Investor Relations section](#) of DEMIRE's website provides a wide range of information for investors, analysts and the media. 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 2021

Bank/broker	Analyst	Current rating	Current price target (in EUR)
Hauck & Aufhäuser	Christian Glowa	Buy	6.00
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 2021

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OVERVIEW

BUSINESS PERFORMANCE

DEMIRE performed well in the first half of 2021. Despite the coronavirus pandemic, all of the Group's key indicators remained consistent year-on-year or saw a slight increase following some strategic property sales. This was in line with the Company's plans and expectations. The effects of the pandemic on DEMIRE's business remain tolerable and manageable. The roll-out of the "REALize Potential" strategy, the earnings contributed by acquisitions in previous years and the sale of a number of small non-strategic properties all provide a stable foundation for solid future growth. These measures will also help to effectively limit the restrictive impact of the pandemic on DEMIRE's business in 2021.

DEMIRE's key performance indicators in the first half of 2021 developed positively overall:

- Rental income totalled EUR 42.0 million (previous year: EUR 43.8 million) in line with expectations
- Profit/loss from the rental of real estate improved from EUR 33.0 million in the previous year to EUR 34.2 million
- Funds from operations (FFO I, after taxes, before minorities) increased 15.2% to EUR 19.4 million
- Letting performance was very strong in the first half of 2021 at around 122,000 m²
- The EPRA vacancy rate (excluding real estate held for sale) went up to 10.2%; WALT rose to 4.9 years
- NAV per share (basic) went down to EUR 5.45 compared to EUR 5.91 at year-end 2020 following the payment of a dividend of EUR 0.62 per share
- Net loan-to-value (LTV) rose to 52.7%. Liquidity as at the reporting date remained comfortable at EUR 121.1 million
- Average nominal financing costs saw another decrease to 1.68%, with no significant maturities arising before 2024

IMPACT OF COVID-19 ON BUSINESS DEVELOPMENT

Following the lockdown imposed at the turn of the year, public life started to get back to normal over the first half of 2021 as infection rates fell and vaccination rates went up. DEMIRE also performed well over the course of the first half of the year thanks in large part to its diversified portfolio and active portfolio management.

DEMIRE is pushing forth with the programme of measures adopted by the Executive Board back in March 2020 immediately after the beginning of the pandemic, which includes measures to improve efficiency and safeguard liquidity. The Company's liquidity remained comfortable at EUR 121.1 million as at the reporting date following the payment of a dividend in May. DEMIRE also has enough liquidity to cover the completion of the Cielo transaction in July. DEMIRE is well-positioned to take advantage of any growth opportunities that arise and to further increase the value of its portfolio through active portfolio management.

Around EUR 1.9 million in rent is outstanding for the first half of 2021. This is equivalent to approx. 2.3% of the annual rents expected for 2021 and approx. 4.5% of the rent expected for the first half of 2021.

EUR 3.1 million or 3.6% of rents for 2020 were still outstanding as at the reporting date. EUR 0.8 million of the rents outstanding for 2020 have been paid so far in 2021. As before, all unpaid rents are recognised as a receivable. The Company assumes that the receivables will be settled in line with statutory payment deferral provisions.



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PERFORMANCE IN LINE WITH FORECAST FOR 2021 FINANCIAL YEAR

Based on DEMIRE's positive performance in the first half of 2021 and the expectation that there will be no more lockdowns in Germany as more of the population are vaccinated, the Executive Board remains committed to its forecast that rental income will be between EUR 80 million and EUR 82 million (previous year: EUR 87.5 million) in the 2021 financial year due to the sale of a number of non-strategic properties. The Executive Board expects FFO I (after taxes, before minority interests) of between EUR 34.5 million and EUR 36.5 million (previous year: EUR 39.2 million).

REAL ESTATE PORTFOLIO

Ownership of five properties which were previously held for sale had been transferred as at 30 June 2021. DEMIRE's portfolio had a total of 70 commercial properties in its portfolio as at the reporting date (31 December 2020: 75 properties) with lettable space of 0.961 million m² (31 December 2020: 0.989 million m²) and a total market value of around EUR 1.4 billion (31 December 2020: around EUR 1.5 billion). This includes three properties for which sales contracts have been concluded. Ownership of these properties will be transferred during the current financial year. An external property valuation of the portfolio was last performed on 31 December 2020.

The EPRA vacancy rate for the portfolio excluding properties held for sale came to 10.2% as at the reporting date of 30 June 2021 (31 December 2020: 6.9%). WALT was 4.9 years as at 30 June 2021, compared to 4.8 years as at year-end 2020. DEMIRE's letting performance reached a very strong 121,929 m² in the reporting period. New lettings contributed 46.3%, while follow-on lettings made up 53.7%. The fact that the vacancy rate went up despite the strong letting performance is partially due to some leases taking effect at a future date despite being agreed in the reporting period. An extensive retail property in Trier with around 11,200 m² in lettable space was temporarily in a repositioning period. This drove up the vacancy rate, particularly in this asset class.

TOP 10 TENANTS (AS AT 30 JUNE 2021)

No.	Tenant	Type of use	Contractual rents p.a.* in EUR million	as % of total
1	GMG/Dt. Telekom	Office	12.2	14.7
2	Imotex	Retail	5.4	6.5
3	GALERIA Karstadt Kaufhof	Retail	3.7	4.5
4	Bima Bundesanstalt für Immobilienaufgaben	Office	2.0	2.5
5	Momox GmbH	Logistics	1.9	2.3
6	Roomers	Hotel	1.8	2.2
7	ThyssenKrupp	Office	1.7	2.1
8	Sparkasse Südholstein	Office	1.7	2.1
9	Barmer	Office	1.2	1.4
10	comdirect bank AG	Office	1.2	1.4
Total			32.9	39.6
Other			50.2	60.4
Total			83.1	100.0

*Based on annualised contractual rents, excluding ancillary costs



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PORTFOLIO BY ASSET CLASS

	Number of properties	Market value in EUR million	Share by mar- ket value in %	Lettable space in thousand m ²	Market value in m ²	Contractual rent in EUR million p. a.	Contractual rent per m ²	Rental yield in %	EPRA vacancy rate in %*	WALT in years
Office	48	902.8	64.3	565.1	1.597.5	51.8	8.72	5.7	10.1	3.8
Retail	17	360.7	25.7	220.1	1.639.2	23.2	9.57	6.4	10.0	6.2
Logistics & Others	5	141.4	10.1	176.0	803.5	8.1	4.28	5.7	11.4	7.6
Total 30/06/2021	70	1.404.9	100.0	961.2	1.461.5	83.1	8.11	5.9	10.2	4.9
Total 31/12/2020	75	1.441.5	100.0	989.1	1.457.2	85.6	8.00	5.9	6.9	4.8
Change (in %/pp)	-6.7	-2.5	-	-2.8	+0.3	-3.0	+1.3	-	+3.3 pp	+1.3

* Excluding real estate held for sale



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ECONOMIC REPORT

Net assets, financial position and results of operations

RESULTS OF OPERATIONS

In the first half of 2021, the DEMIRE Group generated rental income totalling EUR 42.0 million (previous year: EUR 43.8 million). This 4.1% decrease year-on-year was due to the sale of properties. Profit/loss from the rental of real estate went up 3.7% to EUR 34.2 million (previous year: EUR 33.0 million). The increase is largely due to a downturn in expenses incurred to generate rental income. Property sales totalling EUR 37.5 million (previous year: EUR 33.3 million) generated EUR 0.7 million in income (previous year: EUR –1.8 million). In addition, profit/loss from fair value adjustments in investment properties came to EUR 1.8 million (previous year: EUR 0.0 million).

Impairments of receivables fell to EUR –0.7 million (previous year: EUR –3.7 million), and were largely related to tenants of hotels and retail properties that are either insolvent or threatened with insolvency as a result of the pandemic. One major tenant was subject to protective shield proceedings in the first half of the previous year. At EUR 5.7 million, general administrative expenses in the first half of 2021 were on a par with the previous year's value of EUR 5.7 million. Earnings before interest and taxes (EBIT) amounted to EUR 29.5 million, a 35.2% increase on the previous year's figure of EUR 21.8 million.

The refinancing activities in 2019 and 2020 continued to have a positive impact on the financial result. Minority interests had a negative effect, however. The financial result declined to EUR –10.8 million in the first half of 2021 compared to EUR –9.9 million in the same period of the previous year. Financial expenses fell from EUR –9.1 million in the first six months of 2020 to EUR –8.9 million in the reporting period, a decrease of 2.2%. The profit attributable to minority interests went up to EUR –2.3 million (previous year: EUR –1.3 million). The average nominal interest rate on financial debt as at 30 June 2021 improved by three basis points compared to the end of 2020 to 1.68% p.a.

Earnings before taxes (EBT) went up to EUR 18.8 million in the reporting period, compared to EUR 11.9 million in the previous year. The profit for the period for the first half of 2021 was EUR 15.5 million, compared to EUR 9.3 million in the same period of the previous year.



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CONSOLIDATED STATEMENT OF INCOME

(selected information in EUR thousand)	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021	Change	in %
Rental income	43,843	42,024	–1,819	–4.1
Income from utility and service charges	12,386	12,173	–213	–1.7
Operating expenses to generate rental income	–23,250	–20,012	3,238	–13.9
Profit/loss from the rental of real estate	32,979	34,185	1,206	3.7
Income from the sale of real estate and real estate companies	33,340	37,500	4,160	12.5
Expenses related to the sale of real estate and real estate companies	–35,159	–36,761	–1,602	4.6
Profit/loss from the sale of real estate and real estate companies	–1,819	739	2,558	–
Profit/loss from fair value adjustments in investment properties	0	1,764	1,764	–
Impairment of receivables	–3,747	–670	3,077	82.1
Other operating income	965	374	–591	–61.2
General administrative expenses	–5,654	–5,727	–73	1.3
Other operating expenses	–880	–1,131	–251	28.5
Earnings before interest and taxes	21,845	29,534	7,689	35.2
Financial result	–9,926	–10,761	–835	8.4
Earnings before taxes	11,918	18,773	6,855	57.5
Current income taxes	–1,477	–946	531	–36.0
Deferred taxes	–1,181	–2,280	–1,099	93.1
Net profit/loss for the period	9,260	15,547	6,287	67.9
Thereof attributable to parent company shareholders	8,275	14,036	5,761	67.9
Earnings per share (basic) (EUR)	0.08	0.13	0.06	71.4
Weighted average number of shares outstanding (in thousands)	107,777	105,686	–2,092	–1.9
Earnings per share (diluted) (EUR)	0.08	0.13	0.06	70.5
Weighted average number of shares outstanding (diluted) (in thousands)	108,287	106,196	–2,092	–1.9



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NET ASSETS

As at 30 June 2021, total assets went up by EUR 10.3 million compared to the end of 2020 to approximately EUR 1,635.6 million. This increase was primarily due to a EUR 19.5 million rise in cash and cash equivalents. The majority of this rise can be attributed to sales revenue and a new loan. The dividend payment had an offsetting effect. Other assets also rose by EUR 26.8 million due to the granting of a loan in connection with the acquisition of the Cielo property.

The value of investment property amounted to EUR 1,408.3 million as at 30 June 2021, representing a decrease of EUR 18.0 million compared to the value as at 31 December 2020. This is roughly equivalent to the carrying amount of the properties in Ansbach, Cologne and Barmstedt which were either reclassified as non-current assets held for sale (Ansbach and Barmstedt) or sold (Cologne) after the relevant sales contracts were signed. The capitalisation of capex activities totalling EUR 5.9 million had an offsetting effect.

Non-current assets held for sale went down from EUR 31.0 million as at 31 December 2020 to EUR 20.2 million, a decrease of EUR 10.8 million, following the completion of five sales transactions in the reporting period. These included properties in Garbsen, Ansbach and Barmstedt.

Group equity as at 30 June 2021 totalled EUR 546.5 million, compared with EUR 598.0 million as at 31 December 2020. The downturn was mainly due to the payment of the dividend in May 2021. The profit for the period had an offsetting effect. The equity ratio came to 33.4% (31 December 2020: 36.8%). It should be noted that non-controlling minority interests reported in the Group's borrowed capital of around EUR 79.0 million (31 December 2020: EUR 78.9 million) are carried as non-current liabilities and not as equity in accordance with IFRS, solely as a result of the legal form of Fair Value REIT's fund participations as partnerships. The corresponding adjusted Group equity totalled around EUR 625.5 million (31 December 2020: EUR 676.9 million).

Total financial liabilities as at 30 June 2021 amounted to EUR 873.3 million. The increase of EUR 43.6 million compared to 31 December 2020 was caused by a new mortgage loan. Planned repayments had an offsetting effect.



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CONSOLIDATED BALANCE SHEET – ASSETS

(selected information in EUR thousand)	31/12/2020	30/06/2021	Change	in %
ASSETS				
Total non-current assets	1,451,125	1,459,841	8,716	0.6
Total current assets	143,186	155,593	12,407	8.7
Assets held for sale	31,000	20,190	-10,810	-34.9
Total assets	1,625,311	1,635,624	10,313	0.6

CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES

(selected information in EUR thousand)	31/12/2020	30/06/2021	Change	in %
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to parent company shareholders	557,956	505,523	-52,433	-9.4
Non-controlling interests	40,085	41,012	927	2.3
Total equity	598,041	546,535	-51,506	-8.6
LIABILITIES				
Total non-current liabilities	987,235	1,029,872	42,637	4.3
Total current liabilities	40,035	59,217	19,182	47.9
Total liabilities	1,027,270	1,089,089	61,819	6.0
Total equity and liabilities	1,625,311	1,635,624	10,313	0.6



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FINANCIAL POSITION

Cash flow from operating activities came to EUR –35.7 million (previous year: EUR 23.7 million) in the first six months of 2021, largely due to the dividend payment in May. The dividend was paid in September in the previous year.

Cash flow from investing activities in the reporting period amounted to EUR 22.1 million, compared to EUR –12.7 million in the previous year. This included a loan to the joint venture in connection with the purchase of the Cielo property as well as revenue from the sale of five properties. In the same prior-year period, one property was purchased, and three properties were sold.

Cash flow from financing activities came to EUR 33.1 million, compared to EUR –32.2 million in the prior-year period. Mortgage loans totalling EUR 47.7 million were paid out in the reporting period. Repayments came to EUR 4.9 million. Furthermore, treasury shares were repurchased for EUR 1.2 million. A loan of EUR 24.2 million was repaid as planned in the previous year.

Cash and cash equivalents amounted to EUR 121.1 million on 30 June 2021 (31 December 2020: EUR 102.1 million; 30 June 2020: EUR 81.0 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

(selected information in EUR thousand)	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021	Change
Cash flow from operating activities	23,728	– 35,676	– 59,405
Cash flow from investing activities	– 12,707	22,132	34,839
Cash flow from financing activities	– 32,154	33,059	65,213
Net change in cash and cash equivalents	– 21,133	19,514	40,647
Cash and cash equivalents at the end of the period	81,006	121,135	40,129

Funds From Operations (FFO)

Funds from operations I (after taxes, before minorities), the key operating performance indicator, increased by 15.2% to EUR 19.4 million in the first six months of 2021, compared to EUR 16.9 million in the same period of the prior year. On a diluted basis, FFO I per share came to EUR 0.18, compared to EUR 0.16 in the same period of the prior year.



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FFO CALCULATION

(selected information in EUR thousand)		01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021	Change	in %
Profit/loss before taxes		11,918	18,775	6,857	57.5
Minority interests		1,263	2,326	1,063	84.2
Earnings before taxes (EBT)		13,182	21,101	7,919	60.1
± Profit/loss from the sale of real estate		1,819	– 739	– 2,558	–
± Profit/loss from fair value adjustment in investment properties		0	– 1,764	– 1,764	–
± Other adjustments*		3,342	1,983	1,359	– 40.7
FFO I before taxes		18,343	20,581	2,238	12.2
± (Current) income taxes		– 1,491	– 1,170	321	– 21.5
FFO I after taxes		16,852	19,411	2,559	15.2
Thereof attributable to parent company shareholders		14,473	15,659	1,186	8.2
Thereof attributable to non-controlling interests		2,379	3,752	1,373	57.7
± Profit/loss from the sale of real estate companies/real estate (after taxes)		– 1,816	743	2,559	–
FFO II after taxes		13,559	20,154	6,595	48.6
Thereof attributable to parent company shareholders		10,418	16,534	6,116	58.7
Thereof attributable to non-controlling interests		3,140	3,620	480	15.3
FFO I after taxes and minorities per share					
Earnings per share (basic) (EUR)		0.13	0.15	0.02	14.0
Weighted average number of shares outstanding (in thousands)		107,777	105,686	– 2,092	– 1.9
Earnings per share (diluted) (EUR)		0.13	0.15	0.02	13.4
Weighted average number of shares outstanding (diluted) (in thousands)		108,287	106,196	– 2,092	– 1.9
FFO II after taxes and minority interests					
Earnings per share (basic) (EUR)		0.10	0.16	0.06	56.4
Weighted average number of shares outstanding (in thousands)		107,777	105,686	– 2,091	– 1.9
Earnings per share (diluted) (EUR)		0.10	0.16	0.06	55.7
Weighted average number of shares outstanding (diluted) (in thousands)		108,287	106,196	– 2,091	– 1.9

* Other adjustments include:
– One-time refinancing costs and effective interest payments (EUR 1.1 million; previous year: EUR 1.4 million)
– One-time transaction, legal and consulting fees (EUR – 0.1 million; previous year: EUR 0.2 million)
– One-time administrative costs (EUR 1.0 million; previous year: EUR 1.4 million)
– Non-period expenses/income (EUR 0.1 million; previous year: EUR 0.4 million)



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Net Asset Value (NAV)

The basic Net Asset Value went down from EUR 558.0 million as at 31 December 2020 to EUR 505.5 million as at 30 June 2021 due to the dividend payment. The positive result for the period had an offsetting effect. On a diluted basis, NAV amounted to EUR 5.45 per share on the reporting date (31 December 2020: EUR 5.91 per share) when the shares bought back in July 2020 and January 2021 are taken into account.

NET ASSET VALUE (NAV)

in EUR thousand	31/12/2020	30/06/2021	Change	in %
Net asset value (NAV)	557,956	505,522	-52,434	-10.4
Deferred taxes	72,122	74,402	2,280	3.1
Goodwill resulting from deferred taxes	-4,738	-4,738	0	0.0
NAV (basic)	625,340	575,186	-50,154	-8.7
Number of shares issued (in thousands) (basic)	105,772	105,513	-260	-0.2
NAV per share (basic) (EUR)	5.91	5.45	-0.46	-8.4
Effect of the conversion of convertible bonds and other equity instruments	510	510	0.000	0.0
NAV (diluted)	625,850	575,696	-50,154	-8.7
Number of shares issued (in thousands) (diluted)	106,282	106,023	-260	-0.2
NAV per share (diluted) (EUR)	5.89	5.43	-0.46	-8.4

NET LOAN-TO-VALUE RATIO

The net loan-to-value ratio of the DEMIRE Group is defined as the ratio of net financial liabilities to the carrying amount of investment properties and assets held for sale. The net loan-to-value ratio went up to 52.7% as at 30 June 2021, compared to 50.0% at the end of 2020.



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NET LOAN-TO-VALUE (NET LTV)

in EUR thousand	31/12/2020	30/06/2021
Financial liabilities	829,712	873,285
Cash and cash equivalents	101,620	121,135
Net financial debt	728,092	752,150
Fair value of investment properties and non-current assets held for sale	1,457,291	1,428,447
Net LTV in %	50.0	52.7

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. A description of the covenants to be reported on are listed in the offering prospectus for the 2019/2024 corporate bond.

BOND COVENANTS 30/06/2021

	NET LTV	NET SECURED LTV	ICR
Covenant	max. 60%	max. 40%	min. 2.00
Value	51.1%	10.4%	4.04

As at 30 June 2021, DEMIRE had complied with all covenants for the 2019/2024 corporate bond. In addition, the planning for 2021 and beyond assumes that the covenants will also be complied with at all times in the future.

Opportunities and risks

With regard to the opportunities and risks of future business development, reference is made to the disclosures in the report on opportunities and risks contained in the [consolidated financial statements](#) as at 31 December 2020. There were no material changes to the Group's risk structure in the first six months of 2021. No major changes in the opportunity and risk situation are expected in the next six months.

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.

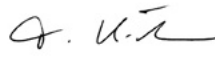
Subsequent events and related parties

Disclosures on related party transactions and events after the reporting date are provided in chapters [G.1](#) and [G.6](#), respectively, of the notes to the consolidated financial statements.

Frankfurt am Main, 12 August 2021

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 2021

in EUR thousand		Note	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021	01/04/2020 – 30/06/2020	01/04/2021 – 30/06/2021
	Rental income		43,843	42,024	21,796	20,876
	Income from utility and service charges		12,386	12,173	3,928	4,601
	Operating expenses to generate rental income		-23,250	-20,012	-10,043	-9,021
	Profit/loss from the rental of real estate		32,979	34,185	15,681	16,456
	Income from the sale of real estate and real estate companies		33,340	37,500	27,682	37,500
	Expenses related to the sale of real estate and real estate companies		-35,159	-36,761	-28,468	-36,678
	Profit/loss from the sale of real estate and real estate companies		-1,819	739	-786	822
	Profit/loss from fair value adjustments in investment properties		0	1,764	0	-81
	Impairment of receivables		-3,747	-670	-3,137	-282
	Other operating income		965	374	663	197
	General administrative expenses		-5,654	-5,727	-2,871	-3,165
	Other operating expenses		-880	-1,131	-578	-990
	Earnings before interest and taxes	D 1	21,845	29,534	8,973	12,957
	Financial income		466	490	258	281
	Financial expenses		-9,129	-8,925	-4,443	-4,587
	Minority interests		-1,263	-2,326	-850	-1,189
	Financial result	D 2	-9,926	-10,761	-5,035	-5,495
	Earnings before taxes		11,918	18,773	3,937	7,462
	Current income taxes		-1,477	-946	-682	-450
	Deferred taxes		-1,181	-2,280	-839	-874
	Net profit/loss for the period		9,260	15,547	2,416	6,138
	Thereof attributable to:					
	Non-controlling interests		985	1,512	309	839
	Parent company shareholders		8,275	14,036	2,106	5,300
	Earnings per share (basic/diluted)	D 3	0.08	0.13	-	-



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the reporting period from 1 January to 30 June 2021

in EUR thousand	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021	01/04/2020 – 30/06/2020	01/04/2021 – 30/06/2021
Net profit/loss for the period	9,260	15,547	2,416	6,138
Other comprehensive income	0	0	0	0
Total comprehensive income	9,260	15,547	2,416	6,138
Thereof attributable to:				
Non-controlling interests	985	1,512	309	839
Parent company shareholders	8,275	14,036	2,106	5,300



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CONSOLIDATED BALANCE SHEET

as at 30 June 2021

ASSETS

in EUR thousand	Note	31/12/2020	30/06/2021
ASSETS			
Non-current assets			
Intangible assets		6,880	6,880
Property, plant and equipment		303	294
Investment property	E 1	1,426,291	1,408,257
Other assets		17,651	44,410
Total non-current assets		1,451,125	1,459,841
Current assets			
Trade accounts receivable		7,346	9,027
Other receivables		26,730	17,146
Tax refund claims		7,490	8,285
Cash and cash equivalents		101,620	121,135
Total current assets	E 2	143,186	155,593
Non-current assets held for sale	E 1	31,000	20,190
TOTAL ASSETS		1,625,311	1,635,624



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CONSOLIDATED BALANCE SHEET

as at 30 June 2021

EQUITY AND LIABILITIES

in EUR thousand	Note	31/12/2020	30/06/2021
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		105,772	105,513
Reserves		452,184	400,010
Equity attributable to parent company shareholders		557,956	505,523
Non-controlling interests		40,085	41,012
TOTAL EQUITY	E 3	598,041	546,535
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		72,122	74,402
Minority interests		78,881	78,946
Financial liabilities	E 4	817,342	858,071
Lease liabilities		18,355	18,064
Other liabilities		535	389
Total non-current liabilities		987,235	1,029,872
Current liabilities			
Provisions		2,995	2,935
Trade payables		10,681	7,787
Other liabilities		9,558	27,767
Tax liabilities		4,060	4,999
Financial liabilities	E 4	12,370	15,214
Lease liabilities		371	515
Total current liabilities		40,035	59,217
Total liabilities		1,027,270	1,089,089
TOTAL EQUITY AND LIABILITIES		1,625,311	1,635,624



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CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period from 1 January to 30 June 2021

in EUR thousand	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021
Group profit/loss before taxes	11,918	18,773
Financial expenses	9,129	8,925
Financial income	– 466	– 490
Minority interests	1,263	2,326
Change in trade accounts receivable	– 4,678	– 2,351
Change in other receivables and other assets	– 106	9,757
Change in provisions	– 595	– 60
Change in trade payables and other liabilities	4,878	– 2,730
Profit/loss from fair value adjustments in investment properties	0	– 1,764
Profit/loss from the sale of real estate and real estate companies	1,819	– 739
Interest proceeds	99	2
Income taxes paid	– 833	– 802
Change in reserves	0	127
Depreciation and amortisation and impairment	3,866	923
Distributions to minority shareholders/dividends	– 2,797	– 67,433
Other non-cash items	230	– 140
Cash flow from operating activities	23,728	– 35,676
Payments for the acquisition of/investments in investment properties, incl. prepayments, refurbishment measures and prepayments for property, plant and equipment	– 58,891	– 7,504
Payments for the acquisition of interests in fully consolidated companies, less net cash equivalents acquired	– 65	0
Payments for investments in companies accounted for using the equity method	0	– 25,873
Proceeds from the sale of real estate	46,248	55,509
Cash flow from investing activities	– 12,707	22,132



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CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period from 1 January to 30 June 2021

in EUR thousand	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021
Payments for borrowing costs	0	– 450
Proceeds from borrowings	0	47,700
Interest paid on financial liabilities	– 7,902	– 7,798
Payments for the purchase of additional shares in a subsidiary	– 54	– 314
Payments for the redemption of financial liabilities	– 24,198	– 4,901
Buyback of treasury shares	0	– 1,178
Cash flow from financing activities	– 32,154	33,059
Net change in cash and cash equivalents	– 21,133	19,514
Cash and cash equivalents at the start of the period	102,139	101,620
Cash and cash equivalents at the end of the period	81,006	121,135



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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 share- holders	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	
Stock option programme	0	0	0	0	0	0	
Dividend payments/distributions	0	0	-65,418	-65,418	-577	-65,995	
Increase in shareholdings in subsidiaries	0	0	0	0	0	0	
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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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the reporting period from 1 January to 30 June 2020

in EUR thousand	Share capital		Reserves		Equity attributable to parent company share- holders	Non-controlling interests	TOTAL EQUITY
	Subscribed capital	Capital reserves	Retained earnings incl. Group profit/loss				
01/01/2020	107,777	129,852	375,722	613,351	47,431	660,783	
Net profit/loss for the period	0	0	8,275	8,275	985	9,260	
Other comprehensive income	0	0	0	0	0	0	
Total comprehensive income	0	0	8,275	8,275	985	9,260	
Dividend payments/distributions	0	0	0	0	- 737	- 737	
Other changes	0	- 22	- 209	- 231	143	- 88	
30/06/2020	107,777	129,830	383,788	621,395	47,822	669,217	



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For the reporting period from 1 January to 30 June 2021

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 2021 is DEMIRE AG and its subsidiaries (hereafter “DEMIRE”).

DEMIRE 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 2021 were prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” (hereafter “IAS 34”). This report has not been audited or subjected to audit review, and for this reason does not contain an auditor’s opinion.

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

Under IAS 34, the condensed interim consolidated financial statements shall represent an update of the last financial year’s financial statements. They therefore do not contain all of the information and disclosures required for consolidated financial statements but rather concentrate on new activities, events and circumstances so as not to repeat information that has already been reported. The condensed interim consolidated financial statements of DEMIRE AG as at 30 June 2021 should therefore be viewed in conjunction with the [consolidated financial statements](#) prepared as at 31 December 2020.

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 12 August 2021.



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B. Scope and principles of consolidation

The joint venture “JV Theodor-Heuss-Allee-GmbH”, Frankfurt am Main, Germany, was formed in the reporting period. The Group holds a 49.5% stake in the joint venture and reports this interest using the equity method.

C. Accounting policies

The accounting policies applied to the interim consolidated financial statements presented are the same as those applied to the consolidated financial statements as at 31 December 2020. There were no material changes in estimates compared to those in the [🔗 consolidated financial statements](#) as at 31 December 2020.

The first-time application of amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 4 have no effect on the consolidated financial statements of DEMIRE.

D. Notes to the consolidated statement of income

1. Earnings before interest and taxes

in EUR thousand	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021
Net rent	43,843	42,024
Income from utility and service charges	12,386	12,173
Rental revenue from real estate	56,230	54,197
Allocable operating expenses to generate rental income	– 15,565	– 16,704
Non-allocable operating expenses to generate rental income	– 7,685	– 3,308
Operating expenses to generate rental income	– 23,250	– 20,012
Profit/loss from the rental of real estate	32,979	34,185



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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.

As in the comparable prior-year period, no revaluation of investment properties was performed as at the 30 June 2021 reporting date. Profit/loss from adjustments to the fair value of investment properties amounted to EUR 1,764 thousand (H1 2020: EUR 0 thousand) and was mainly related to changes in the value of a property in Ansbach which was reclassified to non-current assets held for sale.

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The increase in profit/loss from the rental of real estate to EUR 34,185 thousand (H1 2020: EUR 32,979 thousand) is due to a downturn in non-allocable operating expenses to generate rental income, which more than compensated for the decline in rental revenue from real estate.

Impairments on receivables amounted to EUR 670 thousand in the reporting period (H1 2020: EUR 3,747 thousand). EUR 454 thousand relates to tenants of hotels that are either insolvent or threatened with insolvency as a result of the pandemic. In the first half of 2020, the impairments related mainly to two retail property tenants who were subject to protective shield proceedings or insolvency proceedings.

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The decline in rental revenue from real estate is primarily due to the disposal of properties sold in the 2020 and 2021 financial years.

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Due to contractual provisions regarding rent obligations during a coronavirus lockdown, the rent obligations for one retail property tenant were reduced by EUR 173 thousand for the duration of the lockdown in the first half of 2021.

The downturn in operating expenses was largely driven by decreased maintenance costs totalling EUR 1,456 thousand (H1 2020: EUR 2,921 thousand) and lower non-capitalised expenses for tenant improvements of EUR 110 thousand (H1 2020: EUR 2,483 thousand).

Of the operating expenses, an amount of EUR 16,704 thousand (H1 2020: EUR 15,565 thousand) is generally allocable and can be charged on to tenants.

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The Group generated a profit of EUR 739 thousand from the sale of real estate as at 30 June 2021 (H1 2020: EUR -1,819 thousand). This is largely due to the sale of a property in Cologne.

The year-on-year loss from the sale of real estate resulted, above all, from selling expenses that were incurred in connection with the sale of the property in Eisenhüttenstadt.



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2. Financial result

in EUR thousand	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021
Financial income	466	490
Financial expenses	– 9,129	– 8,925
Minority interests	– 1,263	– 2,326
Financial result	– 9,926	– 10,761

The downturn in financial expenses is largely due to lower interest rates related to refinancing measures in the 2020 financial year.

The interests of minority shareholders totalling EUR 2,326 thousand (H1 2020: EUR 1,263 thousand) relate to the share of profits of minority shareholders in Fair Value REIT-AG's subsidiaries, which are carried as liabilities in accordance with IAS 32. The year-on-year increase is largely due to lower selling expenses.

3. Earnings per share

	01/01/2020 – 30/06/2020	01/01/2021 – 30/06/2021
Net profit/loss for the period (in EUR thousand)	9,260	15,547
Profit/loss for the period less non-controlling interests	8,275	14,036
Number of shares (in thousands)		
Number of shares outstanding as at the reporting date	107,772	105,513
Weighted average number of shares outstanding	107,772	105,686
Impact of conversion of convertible bonds and exercise under the 2015 Stock Option Programme	510	510
Weighted average number of shares (diluted)	108,282	106,196
Earnings per share (in EUR)		
Earnings per share (basic)	0.08	0.13
Earnings per share (diluted)	0.08	0.13

In the first quarter of 2021, DEMIRE AG bought back 259,729 shares for a price of EUR 4.39 per share (see [Section E 3](#)).

As at 30 June 2021, the Company had potential ordinary shares outstanding from the 2015 Stock Option Programme entitling the owners to subscribe to 510,000 shares.

Earnings per share went up compared to the same period of the previous year, mainly due to the sale and valuation effects of the properties in Cologne and Ansbach and a downturn in impairment losses.



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E. Notes to the consolidated balance sheet

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

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

in EUR thousand	Office	Retail	Logistics	Other	2021
Fair value as at 1 January 2021	902,811	376,511	76,000	70,970	1,426,291
Additions of properties	3,950	1,292	236	453	5,930
Disposals of properties	0	-150	0	-5,580	-5,730
Reclassifications to non-current assets held for sale	-18,235	0	0	0	-18,235
Fair value as at 30 June 2021	888,525	377,653	76,236	65,843	1,408,257

The additions to investment properties consisted primarily of ongoing investments which were capitalised. Disposals of EUR 5,730 thousand were made during the reporting period. EUR 5,580 thousand of this was attributed to a property in Cologne in particular.

Reclassifications to non-current assets held for sale in the amount of EUR 18,235 thousand pertain to commercial real estate in Ansbach, Garbsen and Barmstedt. The transfer of benefits and obligations took place for the commercial property in Bremen in the first half of 2021. This property was classified as an asset held for sale with a value of EUR 31,000 thousand as at 31 December 2020. An advance payment of EUR 18,000 thousand had been made for the office complex in Ansbach as at 30 June 2021. This advance payment is recognised in other current liabilities. The transfer of benefits and obligations took place in July 2021.

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 2021 reporting date.

2. Other assets

The increase in other assets of EUR 25,350 thousand is largely due to a loan granted by DEMIRE AG to the joint venture formed during the period under review for the acquisition of the Cielo office property at Theodor-Heuss-Allee in Frankfurt am Main.



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3. Equity

On 8 December 2020, the Company announced that it intended to buy back up to 1,000,000 shares at a price of EUR 4.39 per share, as part of another public share buy-back offer. As at the expiration of the acceptance period on 4 January 2021, DEMIRE AG had bought back a total of 259,729 shares for a total price of EUR 1,140 thousand. The resulting transaction costs of EUR 38 thousand are recognised under capital reserves. This resulted in an increase in treasury shares as at 30 June 2021 to a total of 2,264,728 shares (31 December 2020: 2,004,999 shares). Subscribed capital amounted to EUR 107,777 thousand (31 December 2020: EUR 107,777 thousand). This was EUR 105,513 thousand after the deduction of treasury shares (31 December 2020: EUR 105,772 thousand).

Following the proposal of the Executive Board and Supervisory Board, the Annual General Meeting of 28 April 2021 resolved to distribute a dividend of EUR 0.62 (previous year: EUR 0.54) per dividend-bearing share and to carry forward the Company's remaining accumulated profit as at 31 December 2020. The distribution amount came to EUR 65,418 thousand (previous year: EUR 57,117 thousand). EUR 950 thousand (previous year: EUR 459 thousand) will be carried forward.

4. Financial liabilities

Financial liabilities consisted of the following:

FINANCIAL LIABILITIES

in EUR thousand	31/12/2020	30/06/2021
2019/2024 corporate bond	592,005	593,013
Other financial liabilities	237,708	280,273
Total	829,712	873,285

The following table shows the nominal value of financial liabilities:

FINANCIAL LIABILITIES

in EUR thousand	31/12/2020	30/06/2021
2019/2024 corporate bond	600,000	600,000
Other financial liabilities	238,770	281,697
Total	838,770	881,697

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.

All of the Group's financial liabilities have fixed interest rates. The nominal interest rate of the 2019/2024 corporate bond is 1.875% p.a. Other financial liabilities mainly include bank liabilities with a weighted average nominal interest rate of 1.25% p.a. as at 30 June 2021 (31 December 2020: 1.31% p.a.). The average nominal interest rate on financial debt across all financial liabilities amounted to 1.68% p.a. as at 30 June 2021 (31 December 2020: 1.71% p.a.).

The change in other financial liabilities in the interim reporting period is due to ongoing repayments and a new loan with a volume of EUR 45,000 thousand, in particular.



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F. Condensed group segment reporting

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 30/06/2021	1,206,632	333,016	95,977	1,635,624
Thereof tax assets	3,408	0	4,877	8,285
Thereof additions to investment properties	4,079	1,851	0	5,930
Thereof non-current assets held for sale	18,650	1,540	0	20,190
SEGMENT LIABILITIES 30/06/2021	896,810	183,194	9,085	1,089,089
Thereof non-current financial liabilities	780,822	77,249	0	858,071
Thereof lease liabilities	18,535	0	44	18,579
Thereof current financial liabilities	12,499	2,715	0	15,214
Thereof tax liabilities	1,947	0	3,052	4,999

01/01/2020–30/06/2020

in EUR thousand	Core portfolio	Fair Value REIT	Corporate functions/ others	Group
Total revenue	48,813	40,756	0	89,569
Segment revenue	49,061	40,938	535	90,534
Segment expenses	-28,315	-36,309	-4,065	-68,689
EBIT	20,746	4,628	-3,529	21,845
Net profit/loss for the period	11,996	2,110	-4,846	9,260
SEGMENT ASSETS 31/12/2020	1,223,493	328,550	73,268	1,625,311
Thereof tax assets	3,410	0	4,080	7,490
Thereof additions to investment properties	55,799	649	0	56,448
Thereof non-current assets held for sale	31,000	0	0	31,000
SEGMENT LIABILITIES 31/12/2020	836,652	181,806	8,812	1,027,270
Thereof non-current financial liabilities	741,489	75,853	0	817,342
Thereof lease liabilities	18,715	0	10	18,726
Thereof current financial liabilities	9,659	2,711	0	12,370
Thereof tax liabilities	2,059	0	2,001	4,060



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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”.

More than 10% of total revenue was generated from one customer in the “Core Portfolio” segment, corresponding to a total of EUR 7,099 thousand (H1 2020: EUR 8,613 thousand) during the reporting period.

G. Other disclosures

1. Related party disclosures

There has been one change to the related party disclosures as compared to 31 December 2020. The purchasing company “JV Theodor-Heuss-Allee-GmbH”, Frankfurt am Main, was founded in the first half of 2021. The Chairman of the Supervisory Board holds a minority interest in this purchasing company. As at the reporting date, this company had signed a purchase agreement but has yet to finalise a property purchase. No assets were provided to or by the Chairman of the Supervisory Board during the period under review. Furthermore, there were no business transactions with members in key Company positions during the reporting period, except for the compensation of the Executive Board mentioned in [section G. 5](#) DEMIRE AG also issued a loan to this company in the amount of EUR 25,347 thousand. Interest income from this loan comes to EUR 74 thousand as at 30 June 2021.

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	31/12/2020		30/06/2021	
	Carrying amount under IFRS 9	Fair value	Carrying amount under IFRS 9	FAIR VALUE
Bonds	592,005	588,174	593,013	587,172
Other financial liabilities	237,708	241,400	280,273	279,396

3. Risk report

With regard to the risks of future business development, reference is made to the disclosures in the risk report contained in the [consolidated financial statements](#) as at 31 December 2020. There were no significant changes in the Group’s risk structure in the reporting period from 1 January to 30 June 2021. The risk of loss of rent will depend on the duration and extent of the pandemic. It should be expected that some of the tenants will not be able to meet their payment obligations in full or in part, due to insolvency and the state-mandated shutdowns during the COVID-19 pandemic. As a result, there may be a higher level of bad debt losses in the current financial year.

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



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4. Other notes

As at the reporting date, there were financial obligations in the amount of EUR 60,000 thousand 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 55,798 thousand as at 30 June 2021 (H1 2020: EUR 17,543 thousand). EUR 28,013 thousand of this amount is attributable to project development for the Leipzig LogPark property, EUR 9,171 thousand to fire protection measures to be carried out in Eschborn over a period of five years, and EUR 10,683 thousand to renovations by two new hotel tenants.

Purchase order commitments for maintenance and modernisation, as well as modification and expansion measures, totalled EUR 7,464 thousand as at the interim reporting date (H1 2020: EUR 6,840 thousand).

As at 30 June 2021, unused credit lines in the amount of EUR 11,000 thousand (31 December 2020: EUR 5,000 thousand) were available.

5. Governing bodies and employees

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

The following were members of the Executive Board during the interim reporting period 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 444 thousand (H1 2020: EUR 166 thousand), fixed remuneration of EUR 349 thousand (H1 2020: EUR 352 thousand) and share-based payments of EUR 75 thousand (H1 2020: EUR 77 thousand) were recognised for DEMIRE AG's Executive Board.

There were no loans or advances granted to Executive Board members, and no contingencies were assumed for their benefit.

6. Events occurring after the interim reporting date of 30 June 2021

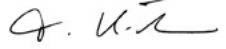
After being announced in March 2021, the purchase of the Cielo office property in Frankfurt am Main was finalised on schedule on 2 July 2021. Further information on these projects can be found in the 2020 Annual Report. In connection with this, the operating equipment of the property at Theodor-Heuss-Allee 100, Frankfurt, was also acquired on 2 July 2021. DEMIRE Betriebsvorrichtungen Nr. 2 GmbH acquired 100% of the shares in Cielo BVO GmbH from RFR Holding GmbH and RFR Finance GmbH & Co.KG.

A mortgage loan of EUR 22,000 thousand was paid out on 7 July 2021.

Frankfurt am Main, 12 August 2021

DEMIRE Deutsche Mittelstand Real Estate AG


Ingo Hartlief (FRICS)
(CEO)


Tim Brückner
(CFP)

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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, 12 August 2021

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 cost ratio 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	31/12/2020	30/06/2021
EPRA Net Asset Value (EPRA NAV)	625,850	575,696
EPRA Triple Net Asset Value (EPRA NNNAV)	556,457	505,453
EPRA Net Reinstatement Value (EPRA NRV)	733,339	681,750
EPRA Net Tangible Assets (EPRA NTA)	591,041	539,323
EPRA Net Disposal Value (EPRA NDV)	556,074	505,071
EPRA net initial yield (in %)	4.9	4.90
EPRA “topped up” net initial yield (in %)	5.0	4.90
EPRA vacancy rate (in %)	6.9	10.2

in EUR thousand	H1 2020	H1 2021
EPRA earnings	27,847	15,435
EPRA cost ratio incl. direct vacancy costs (in %)	36.6	34.7
EPRA cost ratio excl. direct vacancy costs (in %)	32.7	34.7



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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 Group equity (before minorities) adjusted for effects arising from exercising options, convertible bonds and other equity rights, as well as for 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	31/12/2020	30/06/2021	Change	in %
Net asset value (NAV) in the reporting period	557,956	505,522	-52,434	-9.4
Market value of derivative financial instruments	0	0	0	0.0
Deferred taxes	72,122	74,402	2,280	3.2
Goodwill resulting from deferred taxes	-4,738	-4,738	0	0.0
EPRA NAV (basic)	625,340	575,186	-50,154	-8.0
Number of shares outstanding (basic) (in thousands)	105,772	105,513	-260	-0.2
EPRA NAV per share (basic) (in EUR)	5.91	5.45	-0.46	-7.8
Effect of the conversion of convertible bonds and other equity instruments	510	510	0	0.0
EPRA NAV (diluted)	625,850	575,696	-50,154	-8.0
Number of shares outstanding (basic) (in thousands)	106,282	106,023	-260	-0.2
EPRA NAV per share (diluted) (in EUR)	5.89	5.43	-0.46	-7.8

EPRA NET ASSET VALUE (NAV/EPRA NNAV)

in EUR thousand	31/12/2020	30/06/2021	Change	in %
Net asset value (NAV)	557,956	505,522	-52,434	-9.4
Market value of derivative financial instruments	0	0	0	0.0
Deferred taxes	72,122	74,402	2,280	3.2
Goodwill resulting from deferred taxes	-4,738	-4,738	0	0.0
EPRA NAV (basic)	625,340	575,186	-50,145	-8.0
Number of shares outstanding (basic) (in thousands)	105,772	105,513	-260	-0.2
EPRA NAV per share (basic) (EUR)	5.91	5.45	-0.46	-7.8
Effect of the conversion of convertible bonds and other equity instruments	510	510	0	0.0
EPRA NAV (diluted)	625,850	575,696	-50,154	-8.0
Number of shares outstanding (diluted) (in thousands)	106,282	106,023	-260	-0.2
EPRA NAV per share (diluted) (EUR)	5.89	5.43	-0.46	-7.8
Market value of derivative financial instruments	0	0	0	0.0
Fair value adjustments in liabilities (bonds)	3,831	5,841	2,010	52.5
Deferred taxes	-73,224	-76,083	-2,859	3.9
EPRA NNAV (diluted)	556,457	505,453	-51,003	-9.2
EPRA NNAV per share (diluted) (EUR)	5.24	4.77	-0.47	-8.9



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EPRA NRV, EPRA NTA, EPRA NDV

The KPI **EPRA Net Tangible Assets** (EPRA NTA) represents the intrinsic value of a company adjusted for deferred taxes in relation to fair value movements on investment properties, the fair value of financial instruments and all intangible assets.

The KPI **EPRA Net Disposal Value** (EPRA NDV) represents the intrinsic value of a company adjusted for all deferred taxes in relation to fair value movements, goodwill reported on the balance sheet and changes in the market value of fixed interest rate liabilities.

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

NEW REPORTING STANDARD (EPRA NAV)

in EUR thousand	31/12/2020			30/06/2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
IFRS shareholders equity	557,956	557,956	557,956	505,522	505,522	505,522
Plus:						
I) Hybrid financial instruments	2,173	2,173	2,173	2,173	2,173	2,173
NAV (diluted)	560,129	560,129	560,129	507,695	507,695	507,695
Plus:*						
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)	560,129	560,129	560,129	507,695	507,695	507,695

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



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NEW REPORTING STANDARD (EPRA NAV)

in EUR thousand	31/12/2020			30/06/2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Less:**						
V) Deferred taxes on valuation gains of investment properties	75,584	37,792	x	77,016	38,508	x
VI) Market value of derivative financial instruments	0	0	x	0	0	x
VII) Goodwill as a result of deferred taxes	-4,738	-4,738	-4,738	-4,738	-4,738	-4,738
VIII. a) Goodwill in accordance with IFRS	x	-2,045	-2,045	x	-2,045	-2,045
VIII. b) Intangible assets in accordance with IFRS	x	-97	x	x	-97	x
Plus:*						
IX) Market value of fixed-interest liabilities (bonds)	x	x	2,728	x	x	4,160
X) Revaluation of intangible assets at fair value (optional)	0	x	x	0	x	x
XI) Land transfer tax/ acquisition costs	102,364	0	x	101,777	0	x
Deferred taxes						
NAV	733,339	591,041	556,074	681,750	539,323	505,071
Number of shares (fully diluted)	106,282	106,282	106,282	106,023	106,023	106,023
NAV per share (in EUR)	6.90	5.56	5.23	6.43	5.09	4.76

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

** Less= assets (-) liabilities (+) (part of balance sheet)



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EPRA Net Initial Yield (NIY)

The KPI **EPRA Net Initial Yield** (EPRA NIY) is calculated as the annualised rental income divided by the fair value of the completed property portfolio, plus any anticipated ancillary acquisition costs for an investor.

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	31/12/2020	30/06/2021	Change	in %
Investment property	1,426,291	1,408,257	-18,034	-1.3
Shares in companies accounted for using the equity method	596	503	-92	-15.5
Real estate held for sale	31,000	20,190	-10,810	-34.9
Real estate portfolio (net)	1,457,887	1,428,950	-28,936	-2.0
Estimated ancillary acquisition costs	72,984	71,448	-1,536	-2.1
Real estate portfolio (gross)	1,530,871	1,500,398	-30,473	-2.0
Annualised cash rental income	85,171	82,737	-2,434	-2.9
Non-allocable real estate operating costs	-9,705	-9,491	214	-2.2
Annualised net cash rental income	75,466	73,247	-2,219	-2.9
Rent-free periods	462	342	-120	-26.0
Annualised “topped up” net rental income	75,928	73,589	-2,339	-3.1
EPRA net initial yield	4.9	4.9	0 bp	-
EPRA “topped up” net initial yield	5.0	4.9	-10 bp	-2.0



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EPRA earnings

EPRA earnings represents the net income generated from core operational activities. This figure is adjusted in particular for measurement effects, deferred taxes and profits or losses on disposal recognised in net income.

EPRA EARNINGS

in EUR thousand	H1 2020	H1 2021	Change	in %
Net profit/loss for the period	9,259	15,547	6,288	67.9
Profit/loss from fair value adjustments in investment properties	0	-1,764	-1,764	-
Profit/loss from the sale of real estate and real estate companies	1,819	-739	-2,558	-
Profit/loss from companies accounted for using the equity method		0	0	0
Profit/loss from the sale of real estate inventory	0	0	0	0
Taxes on sales earnings	-3	-5	-1	29.9
Impairment of goodwill	0	0	0	0
Valuation result of financial instruments	0	0	0	0
Acquisition costs for share deals and for shares in non-controlling joint ventures	0	0	0	0
Deferred taxes on EPRA adjustments	1,181	2,280	1,099	93.1
Non-controlling interests	-813	116	929	-
EPRA earnings	11,442	15,435	3,993	34.9
Number of shares outstanding (basic)	107,772	105,513	-2,260	-2.1
EPRA earnings per share (EPS basic)	0.11	0.15	0.04	37.8
Number of shares outstanding (diluted)	108,282	106,023	-2,260	-2.1
EPRA earnings per share (EPS diluted)	0.11	0.15	0.04	37.8



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EPRA cost ratios

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 RATIOS

in EUR thousand	30/06/2020	30/06/2021	Change	in %
Administrative and operational costs according to IFRS	17,349	14,645	-2,705	-15.6
General and administrative expenses	5,632	5,696	64	1.1
Other operating expenses	853	1,110	256	30.0
Operating expenses to generate rental income	23,250	20,012	-3,238	-13.9
Income from utility and service charges	-12,386	-12,173	213	-1.7
Amortisation and depreciation	49	52	3	7.1
EPRA costs (incl. vacancy costs)	17,398	14,697	-2,701	-15.5
Direct vacancy costs	-1,685	-1,578	107	-6.3
EPRA costs (excl. vacancy costs)	15,713	13,119	-2,594	-16.5
Rental income	43,843	42,024	-1,819	-4.1
EPRA cost ratio (incl. vacancy costs) (in %)	39.7	35.0	-4.7 pp	-11.8
EPRA cost ratio (excl. vacancy costs) (in %)	35.8	31.2	-4.6 pp	-12.8

EPRA capital expenditures

A hotel property in Frankfurt was acquired in the first half of 2020. No properties were acquired in the first half of 2021.

The investments in the existing portfolio and “Other” mainly relate to value-enhancing conversion and expansion measures on various properties in our portfolios.

Demire AG had no interests in joint ventures in the first half of 2020. Demire AG acquired interests in a joint venture just before the end of the first half of 2021. This joint venture did not hold any real estate in the first half of 2021, however.

EPRA CAPITAL EXPENDITURE ANALYSIS

in EUR thousand	H1 2020	H1 2021
Acquisitions	43,069	0
Development portfolio*	0	0
Existing portfolio	1,991	5,296
Other**	1,191	1,089

* DEMIRE AG does not engage in real estate development

** Rent incentives



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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).

The rise in the EPRA vacancy rate as at 30 June 2021 compared to 31 December 2020 is mainly due to a retail property in Trier being temporarily vacant for the first time.

EPRA VACANCY RATE*

in EUR thousand

	31/12/2020	30/06/2021	Change	in %
Estimated market rent vacancy	6,609,917	9,608,459	2,998,542	45.4
Estimated market rent total portfolio	95,769,298	94,055,174	-1,714,124	-1.8
EPRA vacancy rate (in %)	6.9	10.2	3.3 bp	47.8

* Excl. real estate held for sale



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EPRA like-for-like rental development

In a comparison of the periods, the organic component of the change in rental income from letting activities becomes particularly clear. 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 DEVELOPMENT 30/06/2021

30/06/2021 in EUR thousand	Total portfolio		Like-for-like portfolio				
	Market value	Annualised contractual rents	30/06/2020 Market value	30/06/2020 Annualised contractual rents	30/06/2021 Annualised contractual rents	in EUR million L-f-L development	in % L-f-L development
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 & Others	141.4	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

LIKE-FOR-LIKE DEVELOPMENT 31/12/2020

31/12/2020 in EUR thousand	Total portfolio		Like-for-like portfolio				
	Market value	Annualised contractual rents	31/12/2019 Market value	31/12/2019 Annualised contractual rents	31/12/2020 Annualised contractual rents	in EUR million L-f-L development	in % L-f-L development
Office	968.3	54.8	968.3	55.9	54.8	-1.1	1.9
Retail	376.9	25.4	302.7	19.9	20.0	0.2	0.8
Logistics & Others	158.3	8.7	110.3	6.4	6.4	0.5	7.5
Total	1,503.5	89.0	1,381.3	82.2	82.2	0.4	-0.5



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