DEMIRE DEUTSCHE MITTELSTAND REAL ESTATE

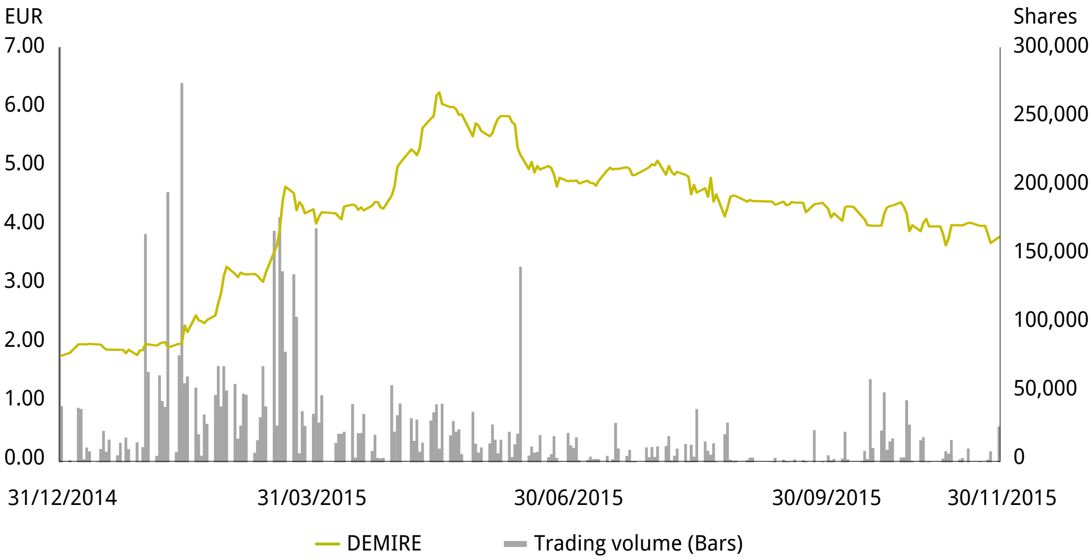
DEMIRE Deutsche Mittelstand Real Estate AG

3rd Quarter 2015 Interim Report

Fiscal Year January 1 – December 31, 2015

DEMIRE at a glance

PERFORMANCE

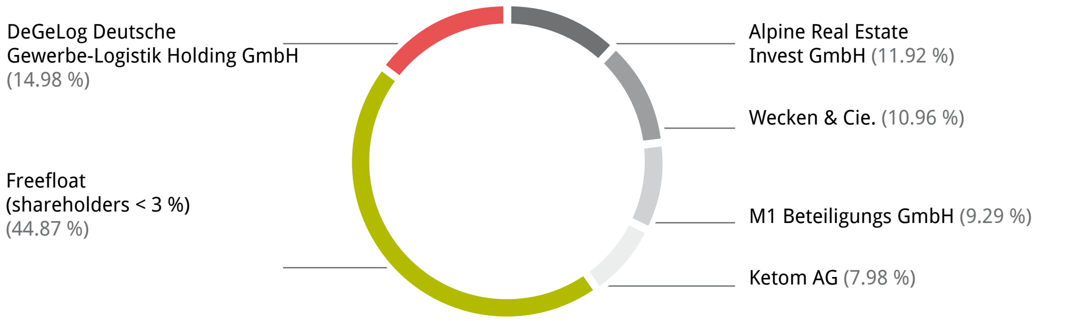


Source: German Stock Exchange

SHARE AS AT SEPTEMBER 30, 2015

ISIN	DE000A0XFSF0
Ticker symbol	DMRE
Stock exchange	Deutsche Börse, Frankfurt
Market segment	General Standard
Shareholder's equity (EUR)	27,364,529.00
Number of shares	27,364,529
Net asset value (NAV diluted) (as of August 30, 2015 EUR)	4,47
Market capitalisation (EUR)	116.85 million
Free float	44.87 %

SHAREHOLDER STRUCTURE AS AT SEPTEMBER 30, 2015



Source: German Securities Trading Act messages, own analysis

FINANCIAL CALENDAR (NOVEMBER 2015)

December 8, 2015	Munich Capital Market Conference (MKK)

*A detailed timetable for the **adoption of the Fair Value REIT-AG** can be found in the section „Investor Relations" on **page 11.***

FIRST IN SECONDARIES

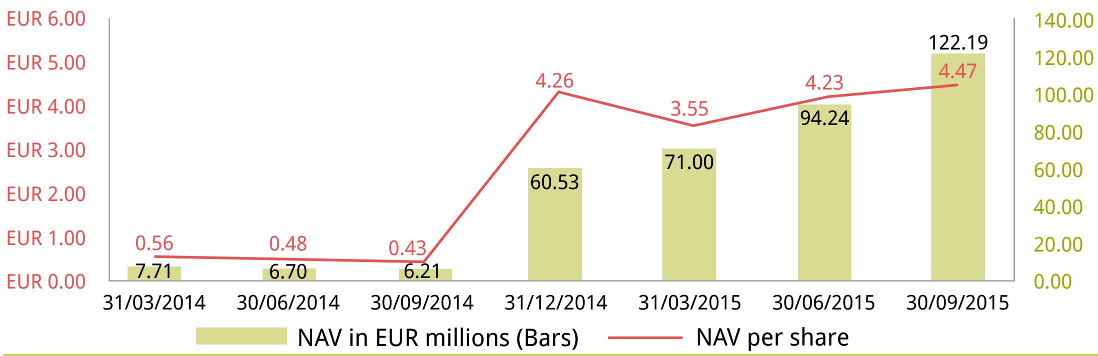
- DEMIRE Deutsche Mittelstand Real Estate AG is transforming itself into a leading holder of commercial real estate in Germany.
- The focus is on German secondary locations: Commercial real estate in mid-sized cities and emerging areas bordering metropolitan areas.
- The Company's name reflects its strategy: The majority of tenants belong to the German „Mittelstand".
- DEMIRE pursues a „buy-and-hold-strategy" combined with active portfolio management.
- Concentration on both the value-added and core-plus investment approaches offers a balanced risk/return ratio and attractive prospects.
- Rentable space comprises more than 805,000 m². The regional focus is Bavaria, North Rhine-Westphalia, Baden-Württemberg, Saxony, Hamburg and Bremen as well as the Rhein-Main and Rhein-Neckar areas.
- Diversification among the 3 asset classes of office property (approx. 88 percent of total rentable space), retail (2 percent) and logistics (7 percent) and other (3 percent) results in a balanced risk structure for the overall portfolio.
- Steady and sustainable rental income with annualised net rent excluding utilities amounting to roughly EUR 48.8 million represent the main source of income.
- In-house asset, property and facility management ensure the optimum management and development of the holdings as well as significant economies of scale and portfolio optimisation.
- Thanks to the real estate group's lean structure it can act quickly and flexibly.

KEY FIGURES

Group in EURK

INCOME STATEMENT	01/01/2015–30/09/2015	01/01/2014–30/09/2014
Net rental income from real estate	17,504	1,260
Earnings from the sale of real estate companies	520	167
Earnings from the sale of real estate	458	0
Income from equity method investments	3,230	-385
Other operating income and other effects on earnings	16,765	4,603
Earnings before interest and taxes (EBIT)	**26,451**	**-436**
Financial results	-20,639	1,783
Earnings before taxes (EBT)	5,812	1,348
Profit for the period	**2,617**	**3**
Earnings per share in EUR	0.07	0.00
Diluted earnings per share in EUR	0.06	0.00
BALANCE SHEET	**30/09/2015**	**31/12/2014**
Equity	117,630	54,629
Liabilities	372,840	318,383
Total assets	490,470	373,012
Equity ratio	24.0%	14.6 %
CASH FLOW	**01/01/2015–30/09/2015**	**01/01/2014–30/09/2014**
Cash flow from operating activities	3,479	-6,313
Cash flow from investing activities	-5,123	-60,836
Cash flow from financing activities	7,405	63,331
Cash at end of period	10,158	1,660

DEMIRE DEVELOPMENT, NAV



Source: DEMIRE

PROPERTY PORTFOLIO AND BUSINESS LOCATIONS (SELECTED EXAMPLES)

PROPERTY PORTFOLIO

Number of objects	around 175
Rental space	805,000 m²
Gross Asset Value (GAV)	638 million
Gross Rental Income (GRI)	48.8 million
Yield GRI	7.6 %
Remaining term leases (WALT)	5.81 years

Contents

Foreword of the Executive Board

Dear Shareholders,
Ladies and Gentlemen,

The dominant theme for the DEMIRE Group in the third quarter of the 2015 fiscal year was the voluntary public takeover offer for the shares of Fair Value REIT-AG. Already a few days before the end of the first acceptance period on November 16, 2015, the minimum acceptance threshold of 50.1 percent had been exceeded, which marked the early acceptance of our takeover offer. During the first acceptance period, a total of 71.59 percent of the share capital of Fair Value REIT-AG was tendered for exchange into DEMIRE shares. The additional acceptance period is still running until December 3, 2015, making it possible for the acceptance ratio to rise even higher. The high exchange ratio expressly confirms the strategic thinking behind the merger. We expect the takeover transaction to be finalised by the end of the year as planned with the allocation of the shares from the offer and the commencement of trading on the stock market. This will enable DEMIRE to consolidate Fair Value REIT-AG as a new subsidiary as of the end of 2015. The groundwork for the successful takeover was laid at the Extraordinary General Meeting in mid-September 2015.

As a result, at the beginning of next year, DEMIRE will enter a new growth phase as one of the leading publically listed real estate groups in Germany together with the consolidated Fair Value REIT-AG. With our focus on secondary locations, we will position ourselves on the German real estate market as “first in secondaries” and will deliver a first-class equity story to the capital markets using this clearly differentiating characteristic.

The market value of the combined portfolio is expected to reach around EUR 1 billion and will be continually optimised through active management with rental income representing the key earnings pillar of the new real estate group. In addition, by merging the two companies’ portfolios, economies of scale will be realised through the proprietary asset, property and facility management activities since Fair Value still contracts out these management duties to external providers. DEMIRE also expects to generate economies of scale in future acquisitions. The larger real estate group will enhance its value-added, direct-investment expertise when expanding its portfolio though Fair Value’s skills in the purchase of shares in closed real estate funds. The market for closed-end real estate funds alone has a volume in properties of roughly EUR 50 billion and offers attractive acquisition opportunities. DEMIRE’s larger size in terms of its portfolio and market capitalisation will result in a marked increase in its visibility in the real estate and capital markets. Higher visibility in the capital markets will facilitate the Company’s access to both equity and debt investors.

Despite the different activities surrounding the takeover offer, we increased our portfolio in the third quarter of 2015 by an additional major project, among others, and enhanced DEMIRE’s financial position through a capital increase against contribution in kind and a cash capital increase.

We were also able to contractually secure two further transactions at the start of the third quarter. One of these transactions was the purchase of a commercial property portfolio containing around 144,000 m² of rental space and 2,171 parking spaces. The portfolio properties leased to Deutsche Telekom at six locations in Germany generate approximately EUR 15.1 million in net rent excluding utilities. The other transaction was the purchase of a 94.9 percent interest in Kurfürsten Galerie GmbH in Kassel in early July 2015. The real estate held by this company contains roughly 21,000 m² of space and includes the largest parking garage with around 600 parking spaces located in the inner city of Kassel.

In addition to expanding our portfolio through acquisitions, we have also begun to optimise our holdings: Our in-house asset, property and facility management has successfully reduced the number of vacancies through new rental agreements and has selectively raised rents. Our strategy to leverage the value-appreciation potential of our portfolio through professional, active management will strongly characterise our operating activities in the future.

Although the purchases made during the year have not had their full effect, our activities overall have had a positive impact on our figures reported as of September 30, 2015. In the reporting period, rental income, at EUR 28.1 million (1-3Q 2014: EUR 1.5 million), has evolved into a key earnings pillar. Moreover, the DEMIRE Group's income has been affected by EUR 16.4 million (1-3Q 2014: EUR 2.9 million) of income from fair value adjustments on investment properties. In step with the strong results of operations, earnings before interest and taxes in the DEMIRE Group increased to EUR 26.5 million as of September 30, 2015, whereas in the comparable period of the previous year this figure was slightly negative at EUR -0.4 million.

After financial expenses and taxes, the net profit/loss for the period amounted to EUR 2.6 million, which is equivalent to basic earnings per share of EUR 0.07 (1-3Q 2014: EUR 0.00) and diluted earnings per share of EUR 0.06 (1-3Q 2014: EUR 0.00).

Another positive aspect to note is our ability to significantly strengthen the equity base through several capital increases against contribution in kind and cash capital increases despite an increase in total assets of EUR 490.5 million related to the expansion of our portfolio. The equity ratio increased from 14.6 percent at the end of 2014 to 24.0 percent as of September 30, 2015. Our positive business performance is also reflected in our cash flow from operating activities, which reached EUR 3.5 million for an increase of almost EUR 10 million compared to the prior year's comparable period.

The net asset value also rose sharply increasing roughly 32 percent in comparison to June 30, 2015, and amounted to EUR 110.9 million. Although the number of shares grew considerably following the capital increases against contribution in kind and cash capital increases, NAV per share also grew to a level of EUR 4.47 as of the reporting date.

A total of three capital increases against contribution in kind have been executed to date in 2015 for property acquisitions, and in July, a 10-percent cash capital increase increased the share capital from EUR 14.31 million to a total of EUR 27.37 million. At the same time, DEMIRE's market capitalisation rose from EUR 25.75 million as of December 31, 2014, to EUR 116.8 million as of September 30, 2015.

To be able to take advantage of opportunities in the commercial real estate market as they arise, the creation of additional authorised capital and conditional capital was resolved at the end of August 2015 at our Annual General Meeting.

Hon.-Prof. Andreas Steyer MRICS,
CEO

Dipl.-Kfm. (FH) Markus Drews,
COO

Taking everything into consideration, we believe that the conditions are solid and favourable enough to continue in the future to pursue the growth course that we have set.

We would like to thank you – our shareholders and employees – for providing your constructive support to DEMIRE during these past months, and we look forward to entering the Company's extremely interesting next phase together with you.

Frankfurt/Main, November 30, 2015

Hon.-Prof. Andreas Steyer MRICS
CEO

Dipl.-Kfm. (FH) Markus Drews
COO

Investor Relations

SUCCESSFUL TAKEOVER OF FAIR VALUE REIT-AG

Demire begins new growth phase – "First in Secondaries"

Following the expected closing of the successful takeover of Fair Value REIT-AG at the end of 2015, the DEMIRE Group will become one of the leading German commercial real estate groups on the German stock market in terms of market capitalisation. During the acceptance period from October 14, 2015, through November 16, 2015, the Fair Value shareholders tendered a total of 10,102,281 shares of Fair Value REIT-AG for exchange, which is equivalent to approximately 71.59 percent of Fair Value's share capital.

Additional acceptance period runs until December 3

Shareholders of Fair Value REIT-AG have the option to accept DEMIRE's offer to exchange one Fair Value REIT-AG share for two DEMIRE Deutsche Mittelstand Real Estate AG shares until December 3 under the current additional acceptance period. The complete transaction, including the delivery and tradability of the new shares, should be finalised by the end of the year *(also see schedule after the next page)*.

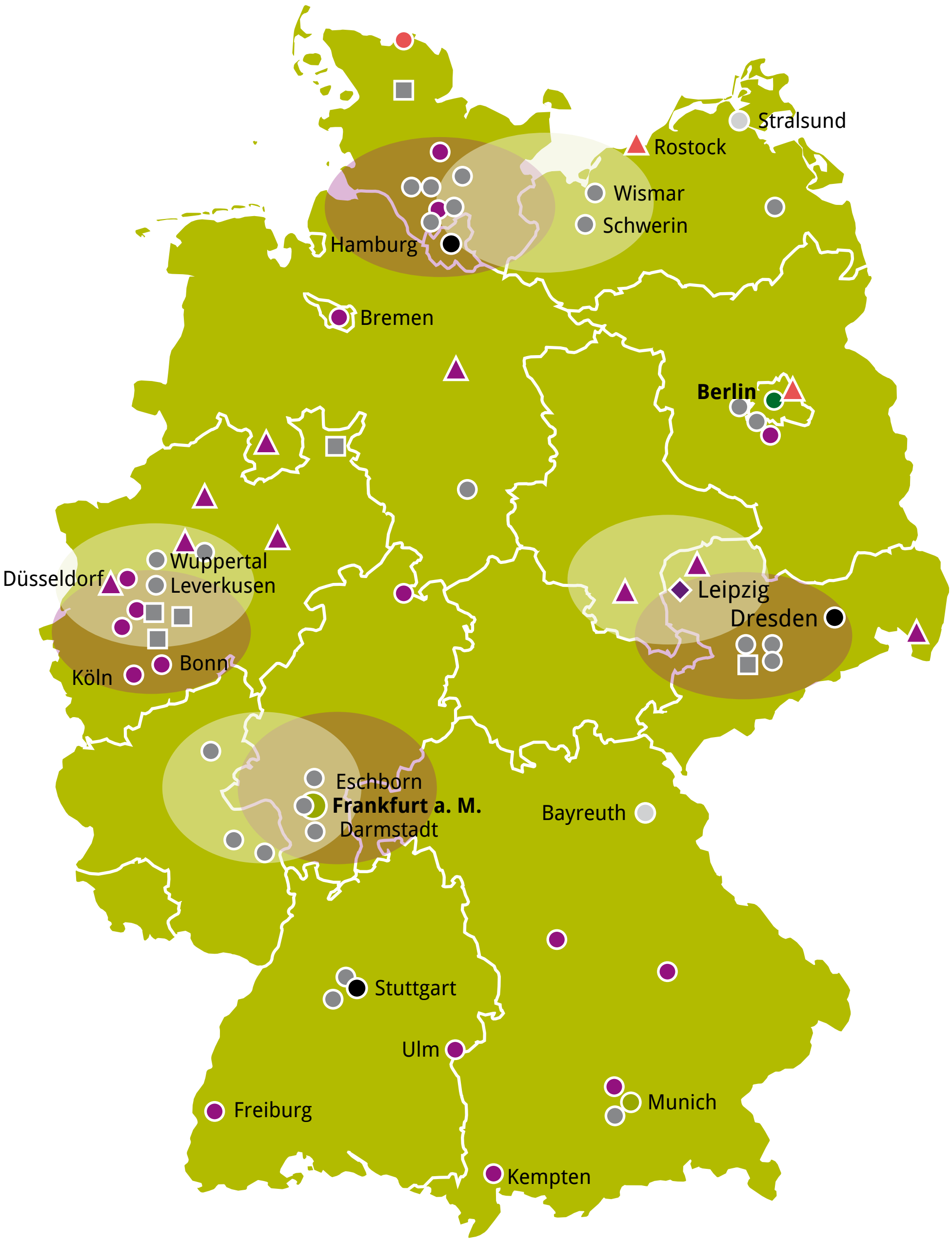
A portfolio of more than EUR 1 billion

With the addition of Fair Value REIT-AG, which will be consolidated for the first time as a subsidiary in December 2015, DEMIRE's existing portfolio will grow to expected roughly EUR 1 billion. The key locations of the portfolio's properties are in Germany's growth regions such as Hamburg, Dusseldorf/Cologne, Leipzig/Dresden and Frankfurt. The active management of the portfolio should further increase its value. Management also expects considerable economies of scale given that the property management of Fair Value's portfolio, which is currently being managed externally, will be managed by DEMIRE's in-house asset, property and facility management in the future.

DEMIRE will also profit from access to new acquisition channels as a result of Fair Value REIT-AG's expertise in the area of closed-end funds. This means that the expansion in the real estate portfolio will now not only be executed through direct investments but also in the form of indirect investments via the purchase of shares in closed-end real estate funds. The market for closed-end real estate funds alone has a volume in properties of roughly EUR 50 billion and promises significant potential.

DEMIRE's and Fair Value's portfolios complement each other very well regionally as the map illustrates. The acquisition philosophy of both real estate companies is focused on attractive secondary locations. This focus will remain a part of the strategic direction in the future with the aim of establishing the DEMIRE Group as the leading specialist for commercial real estate in secondary locations in Germany. The distinguishing characteristic "first in secondaries" promises to give the Company a distinct position in the real estate market and a transparent equity story focused on value appreciation. The DEMIRE Group's greater size should lead to a significant rise in its visibility on the real estate and capital markets. Higher visibility should also facilitate the Company's access to both equity and debt investors.

SIGNIFICANT OVERLAP OF EXISTING COMMERCIAL REAL ESTATE PORTFOLIOS



DEMIRE Portfolio

Fair Value REIT Portfolio

- Office
- Retail
- Logistics
- Other

- > EUR 50 million
- > EUR 10 million
- > EUR 1 million
- Headquarters

Source: Based on company data of DEMIRE and FVR, publicly available information; Status: August 2015

POSITIONED AS A GROWTH STOCK

Following the conclusion of the takeover transaction at the end of 2015, DEMIRE can evolve into the leading German commercial real estate group specialised in secondary locations. The slogan "first in secondaries" will continue to signify targeted growth. DEMIRE Deutsche Mittelstand Real Estate AG places a high importance on transparent and sustainable investor relations activities. The shares have been specifically positioned as growth shares to reflect the Company's growth. As a result of the Fair Value takeover, DEMIRE will become one of the largest commercial real estate groups on the German stock market. This company's new standing has increased the interest in DEMIRE's shares from institutional investors in the financial and real estate markets in Germany and abroad as well as that of family offices and private investors, and this interest should continue to grow. The interest in DEMIRE's shares is already reflected in its shareholder structure.

TIMETABLE FOR THE ADOPTION OF THE FAIR VALUE REIT-AG

November 20, 2015	The beginning of the additional acceptance period
December 3, 2015	End of the additional acceptance period, 24:00 h (CET)
December 7, 2015	Announcement of the outcome of the offer acc. § 23 para. 1 sentence 1 no. 3 WpÜG (the „Additional result notice"), Application for admission of the DEMIRE-Offer Shares to Regulated Market (General Standard) at the Frankfurt Stock Exchange Beginning voluntary right of withdrawal
December 14, 2015	Result Notice regarding the voluntary right of withdrawal, 18:00 h (CET)
December 16, 2015	Result Notice regarding the voluntary right of withdrawal, Sign in implementing the capital increase to offer registration in the commercial register at the Amtsgericht Frankfurt am Main
December 17, 2015	Expected to registration of the capital increase in the commercial register listing, Approval and publication of the prospectus for the admission of the DEMIRE-Offer Shares to Regulated Market (General Standard) at the Frankfurt Stock Exchange by the BaFin.
December 18, 2015	Expected approval of DEMIRE-offer shares to the Regulated Market (General Standard) at the Frankfurt Stock Exchange
December 23, 2015	Expected transfer of DEMIRE-offer shares to the Clearstream maintained by the custodian securities accounts; Delivery and settlement of DEMIRE-Offer Shares, Expected commencement of trading of DEMIRE-Offer Shares in Regulated Market (General Standard) at the Frankfurt Stock Exchange

PERFORMANCE OF THE CAPITAL MARKETS

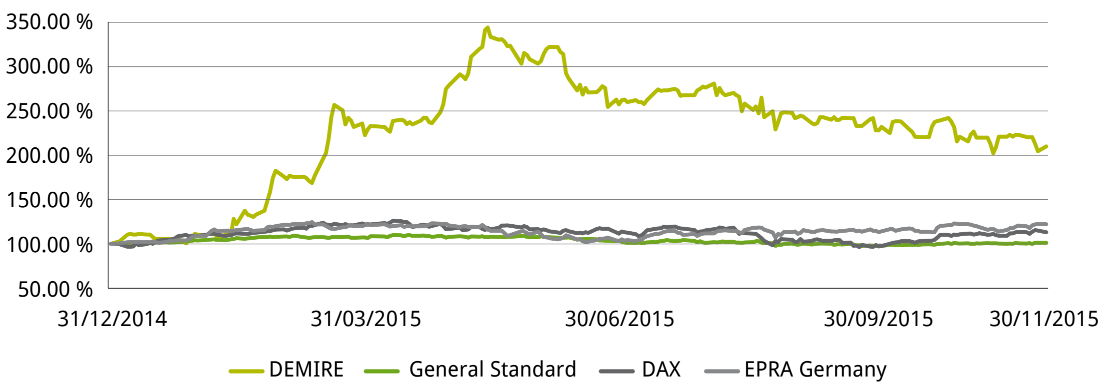
On the back of the ECB's expansionary monetary policy and particularly its bond purchases, the capital markets saw a rally from the start of 2015 until mid-April pushing the DAX index to a record high of 12,374 points (December 30, 2014: 9,805 points). The General Standard index, which contains the shares of DEMIRE Deutsche Mittelstand Real Estate, had a similar rally and reached a new high of 3,424 points by April 2015 (December 30, 2014: 3,114 points). In the further course of the year, both indices lost considerable value. The General Standard index at the end of the reporting period was 2.1 percent lower than its level at the end of 2014. The DAX index was also unable to maintain its record high in April and on September 30, 2015, closed at roughly 1.5 percentage points lower than its level at the start of the year. Better performance was seen by the EPRA Germany, the benchmark index of listed property companies in Germany established by the European Public Real Estate Association in collaboration with the FTSE, especially since mid-July 2015. Since that time the EPRA Germany outperformed the DAX and General Standard indices and was roughly 13.6 percent higher on September 30, 2015, compared to its level at the end of 2014 – which once again points out the solid development of the Germany real estate sector.

DEMIRE SHARES GAIN 137 PERCENT

In the first nine months of 2015, shares of DEMIRE Deutsche Mittelstand Real Estate AG significantly outperformed the EPRA Germany, the General Standard and the DAX indices. Whereas these indices started to decline in mid-April, DEMIRE's share price continued to increase until mid-May 2015. After mid-May, capital increases against cash and contribution in kind led to a dilution in the Company's share price, which has been consolidating since that time. While the General Standard and the DAX indices were down slightly at the end of the September 30, 2015 reporting period, and the EPRA Germany gained 13.5 percent since the end of 2014, DEMIRE's shares had gained 137 percent by the end of the third quarter of 2015, closing significantly above their 2014 year-end closing price.

On the last trading day of 2014, DEMIRE shares were still quoted at EUR 1.80 and peaked at their high of EUR 6.24 by mid-May. After a slight downturn, DEMIRE's shares consolidated since mid-May and closed at EUR 4.27 on the September 30, 2015 reporting date.

DEVELOPMENT OF THE DEMIRE SHARE

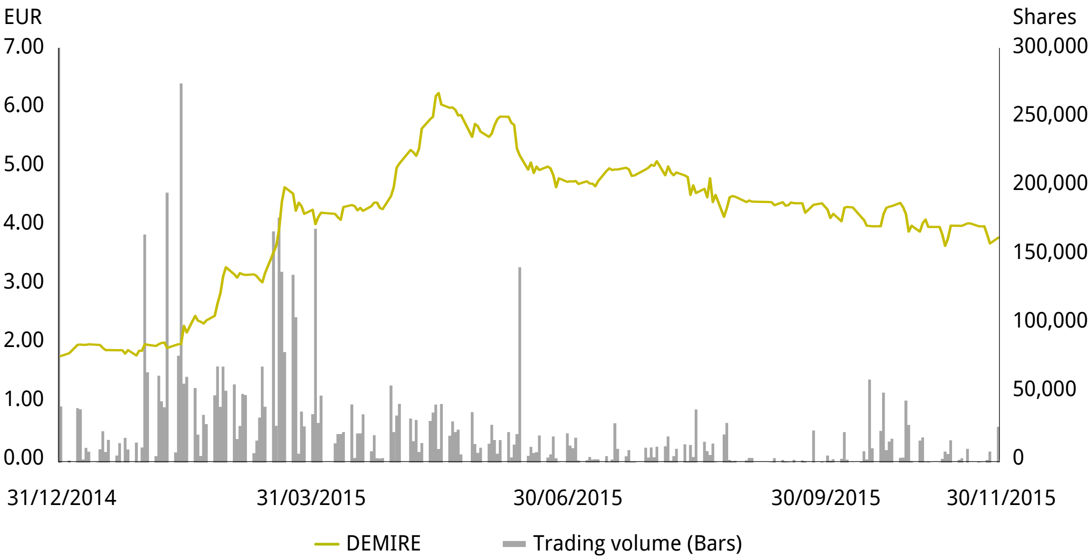


Source: German Stock Exchange

MARKET CAPITALISATION CLIMBS ROUGHLY 453 PERCENT

As of the September 30, 2015 reporting date, DEMIRE's market capitalisation amounted to EUR 116.85 representing a 453 percent increase compared to the last trading day of 2014 (market capitalisation as of December 30, 2014: EUR 25.76 million).

TRADING-VOLUME OF THE DEMIRE SHARE



Source: German Stock Exchange

The average daily trading volume of DEMIRE's shares also developed favourably. In the first nine months of 2015, an average of 25,256 shares were traded daily. This volume is significantly higher than the volume of 18,267 shares in the first three quarter of 2014.

SHARE	September 30, 2015	September 30, 2014
ISIN	DE000A0XFSF0	DE000A0XFSF0
Symbol / Ticker	DMRE	DMRE
Stock exchange	Frankfurt Stock Exchange (FSE); XETRA	Frankfurt Stock Exchange (FSE); XETRA
Market segment	General Standard	General Standard
Share capital	EUR 27,364,529.00	EUR 14,286,151.00
No. of shares	27,364,529	14,286,151
Ø daily Trading volume 01/01/2015 – 30/09/2015	25,256	18,267
Market capitalisation	EUR 116,928,632	EUR 24,000,734
Free float	44.87 %	61.30 %

MARKED RISE IN SHARE CAPITAL

The Company's share capital increased from its level of EUR 14,306,151.00 at the end of 2014 to EUR 27,364,529.00 on September 30, 2015 reporting date following several capital increases against contribution in kind and a cash capital increase. A description of the capital increases can be found in the following section „Successful refinancing" under „Capital increases".

NAV INCREASES

Net asset value, or NAV, is an important indicator for DEMIRE Deutsche Mittelstand Real Estate AG. Net asset value serves as a reference for added value. The calculation is performed in accordance with the recommendations of EPRA (European Public Real Estate Association) and is derived from the balance sheet on a quarterly basis in the context of financial reporting. To ensure a high level of transparency, the calculation of net asset value can be found in the quarterly financial reports and is also available on our website and always current.

Net asset value (Diluted Net Asset Value (NAV)) as of September 30, 2015 reporting date was 101.9 percent higher than its level at the end of 2014 and amounted to EUR 122.19 million (December 31, 2014: EUR 60.53 million). Despite a significant increase in the number of shares and the related dilution effect following several capital increases, the NAV per share increased 5,7 percent to EUR 4.47 (December 31, 2014: EUR 4.26).

Since the first quarter 2014, the NAV has risen significantly and in step with the expansion of the commercial real estate portfolio. The DEMIRE Group's NAV will have another significant rise upon the consolidation of Fair Value REIT-AG.

NET ASSET VALUE NAV[1] (IN EURk)	30/09/2015	30/06/2015	31/03/2015	31/12/2014
NAV for the period	**110,907**	**83,752**	**61,541**	**51,684**
Effect of exercise of options, convertible bonds and other investments	0	0	0	0
Diluted NAV after the exercise of options, convertible bonds and other investments	**110,907**	**83,752**	**61,541**	**51,684**
Revaluations	0	0	0	0
Development of investment property	0	0	0	0
Measurement of other long-term assets	0	0	0	0
Change in fair value of finance lease	0	0	0	0
Change in fair value of commercial real estate	0	0	0	0
Change in fair value of financial instruments	-292	0	0	-465
Deferred Taxes	11,574	10,492	9,455	9,312
Goodwill after deferred taxes	0	0	0	0
Diluted EPRA NAV	**122,189**	**94,244**	**70,996**	**60,531**
Shares in millions	**27.37**	**22.34**	**20.02**	**14.31**
Diluted EPRA[2] NAV per share EUR	**4.47**	**4.23**	**3.55**	**4.26**

[1] method of valuation of real estate company's total from yield values and other assets less liabilities.
[2] EPRA: Real Estate Index of European Property Real Estate Association.

ANNUAL GENERAL MEETINGS

At the Annual General Meeting of DEMIRE Deutsche Mittelstand Real Estate AG on August 28, 2015, several capital measures were resolved in addition to the customary agenda items of discharging the Executive Board and Supervisory Board, appointing the auditor and remunerating the Supervisory Board. Resolutions at the meeting included the creation of new authorised capital in the amount of EUR 13,675,702.00, the issue of bonds in the amount of EUR 125,000,000.00 and the creation of additional conditional capital of EUR 3,919,477.00 in order to issue shares to the holders or creditors of convertible and/or bonds with warrants in the case of a conversion or exercising of the option.

A capital increase against contribution in kind excluding DEMIRE shareholders' subscription rights was resolved at the Extraordinary General Meeting on September 14, 2015, to acquire Fair Value REIT-AG shareholders' no-par value bearer shares by means of a voluntary public takeover offer in the form of an exchange offer. The Company's share capital is expected to increase by up to EUR 30,761,646.00 through the issue of up to 30,761,646 no-par value ordinary bearer shares with a notional interest in the share capital of EUR 1.00 per share against contribution in kind. In accordance with the offer document published on October 14, 2015, DEMIRE offers the shareholders of Fair Value REIT-AG two new no-par value bearer shares of DEMIRE Deutsche Mittelstand Real Estate AG, with a notional interest in share capital of EUR 1.00 each and dividend entitlement as of January 1, 2015, in exchange for one Fair Value share tendered in the context of the takeover offer.

Shareholders also voted in favour of the creation of additional authorised capital excluding shareholder subscription rights at the Extraordinary General Meeting on September 14, 2015.

ANALYSTS RECOMMEND BUYING DEMIRE SHARES

Analysts at ODDO SEYDLER last reiterated their „buy" recommendation in March 2015 and raised their price target for DEMIRE Deutsche Mittelstand Real Estate AG shares to EUR 5.50. Based on the Company's recent growth and the favourable macroeconomic environment, ODDO SEYDLER continues to expect ongoing positive business developments and a rising share price.

SHAREHOLDER STRUCTURE

DEMIRE Deutsche Mittelstand Real Estate AG has a relatively stable shareholder structure that includes well-known institutions. The entries in the commercial register in May and July 2015 of three capital increases raised the Company's share capital from its level of EUR 22,285,553.00 at the end of the first quarter of 2015 to EUR 27,364,529.00 as of September 30, 2015.

DEMIRE's share capital was increased once by 2,182,567 shares upon the registration of the capital increase against contribution in kind, for which Ketom AG contributed Gutenberg Galerie to DEMIRE. In early July, the Company's share capital was increased again from authorised capital once by EUR 2,541,149.00 against a mixed contribution in kind excluding shareholder subscription rights. M1 Beteiligungs GmbH, Berlin, subscribed to the new shares in return for making a contribution in kind consisting of a 94 percent interest in Logistikpark Leipzig GmbH.

Finally, a cash capital increase of 2,474,152 new no-par value bearer shares that took place as a private placement that was principally subscribed to by the institutional investor Wecken & Cie. was registered on July 14, 2015.

The mandatory convertible bond with a volume of EUR 15 million issued in May 2015 may lead to further changes in the share capital as of the start of the conversion right on September 1, 2015. Further minor changes in the share capital will stem from the conversion of corporate bonds. Additional expansion in the share capital will occur with the registration of the capital measures resolved at the Annual General Meeting at the end of August 2015 as well as those at the Extraordinary General Meeting on September 14, 2015, related to the takeover offer.

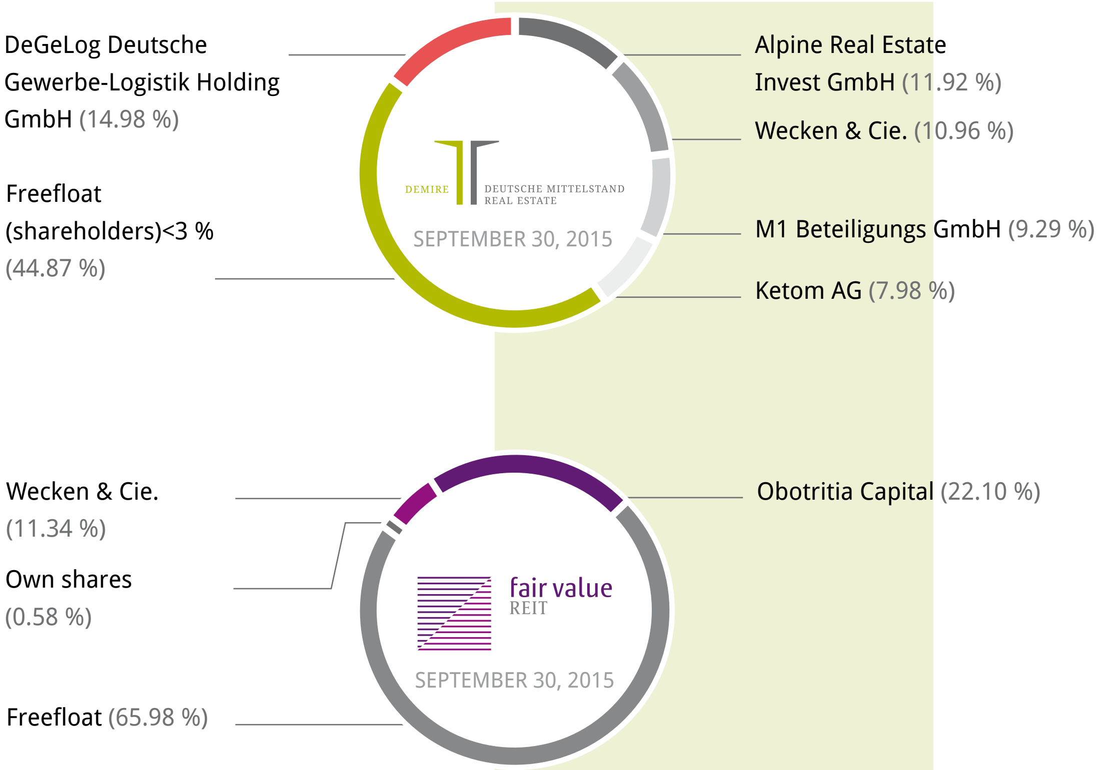
As of the September 30, 2015, reporting date, approximately 55 percent of DEMIRE Deutsche Mittelstand Real Estate AG's shares were held by institutional investors. The remaining 45 percent comprised the free float with no single shareholder owning more than 3 percent.

The largest individual shareholders as of September 30, 2015, included DeGeLog Deutsche Gewerbe-Logistik Holding GmbH with 14.98 percent, Alpine Real Estate Invest GmbH with 11.92 percent, Wecken & Cie. with 10.96 percent, M1 Beteiligungs GmbH with 9.29 percent and Ketom AG with 7.98 percent.

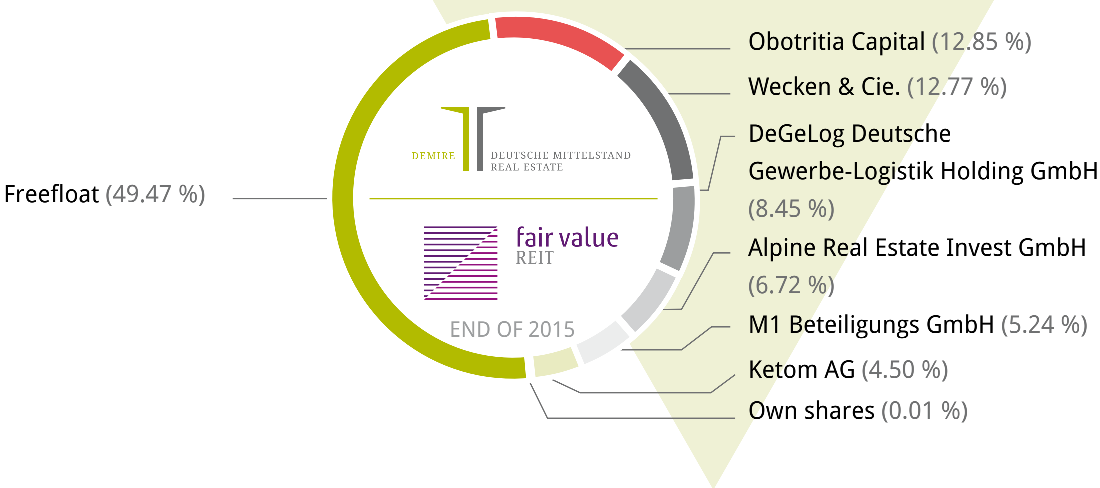
Assuming 75 percent of the Fair Value REIT-AG shares are tendered in DEMIRE's exchange offer, the free float after the DEMIRE and Fair Value REIT merger would rise to 49.47 percent and presumably further improve DEMIRE's share liquidity. Additionally, there would no longer be any significant majority shareholders. The largest shareholders after the merger of DEMIRE and Fair Value REIT would be Obotritia Capital with 12.85 percent, Wecken & Cie. with 12.77 percent, DeGeLog with 8.45 percent, Alpine Real Estate with 6.72 percent, M1 Beteiligungsgesellschaft with 5.24 percent and Ketom AG with 4.50 percent.

SHAREHOLDER STRUCTURE

BEFORE THE INTENDED MERGER



AFTER THE INTENDED MERGER (imputed acceptance rate: 75 percent)



Source: German Securities Trading Act messages, own analysis, offer document dated October 14, 2015

SUCCESSFUL REFINANCING

Bonds

DEMIRE has executed a series of refinancings since the end of 2013. An important cornerstone of the Company's realignment was the resolution at the end of 2013 to issue the 2013/2018 convertible bond. A total of 11,300,000 convertible bonds with a 6 percent coupon, a term of five years and a nominal value of EUR 1.00 were successfully placed in early 2014. The proceeds from the placement strengthened the Company's financial position and partially financed the purchase of two commercial real estate properties in Munich.

TERMS AND CONDITIONS OF CONVERTIBLE BOND 2013/2018	
Name	DEMIRE DT.MTS.RE WDL13/18
Issuer	DEMIRE Deutsche Mittelstand Real Estate AG
Type of security	Convertible bond
Volume	EUR 11,300,000
Interest rate (coupon)	6 %
Interest payments	quarterly in arrears
Repayment	December 30, 2018
Redemption rate	100 %
Denomination	EUR 1
Change course	EUR 1
Paying Agent	Bankhaus Gebr. Martin Aktiengesellschaft, Göppingen
ISIN	DE000A1YDDY4
Market segment	Frankfurt Stock Exchange

In the first nine months of 2015, a total of 216,800 shares were issued under the conversion rights representing a 0.83 percent interest in the Company's share capital as of September 30, 2015. As of the September 30, 2015 reporting date, a total of 10,661,700 convertible bonds from the 2013/2018 bond were still pending conversion.

The convertible bond issue enabled DEMIRE Deutsche Mittelstand Real Estate AG to successfully establish itself on the bond market. This was followed by the issue of the 2014/2019 corporate bond in early September 2014 with a term of five years and an interest coupon of 7.5 percent. The issue volume of EUR 50 million was placed in a private placement. The proceeds were used to expand the portfolio of German commercial real estate.

This 2014/2019 corporate bond was increased by EUR 50 million to a total of EUR 100 million at the same terms in March 2015. This transaction was recorded as an increase of EUR 17.8 million to EUR 67.8 million in the first nine months of 2015. The net proceeds served to finance further portfolio acquisitions and to strengthen the financial position.

CORPORATE BOND 2014/2019

Name	DEMIRE BOND 2014/2019
Issuer	DEMIRE Deutsche Mittelstand Real Estate AG
Type of security	Bearer bond
Volume	EUR 100,000,000
Interest rate (coupon)	7.5 %
Interest payments	half March 16 and September 16
Repayment	September 16, 2019
Redemption rate	100 %
Denomination	EUR 1,000
Paying Agent	Bankhaus Gebr. Martin Aktiengesellschaft, Göppingen
ISIN	DE000A12T135
Market segment	Frankfurt Stock Exchange

Use of proceeds from the 2014/2019 corporate bond

In accordance with Section 1 of the terms and conditions of the 2014/2019 corporate bond, the Company is obliged to report in its annual and half-year reports on the use of the funds raised from the 2014/2019 corporate bond issue. In the abbreviated 2014 financial year, the funds were mainly used for the acquisition of a large commercial real estate portfolio in September 2014 that consisted of 107 properties with roughly 290,000 m² of rentable space located in the cities of Cologne, Leverkusen, Meckenheim, Wismar, Wuppertal and Schwerin. Thus, the funds were used in accordance with the purposes defined in the bonds terms and conditions, that is, to finance new acquisitions.

In mid-May 2015, the Company issued a mandatory convertible bond with a volume of EUR 15 million against contribution in kind and excluding shareholders' subscription rights. As part of the transaction, an investor subscribed to the new mandatory convertible bond by contributing fractional bonds from the 2014/2019 corporate bond. The convertible bond has a term of three years (bullet maturity in 2018) and can be converted since September 1, 2015.

MANDATORY CONVERTIBLE BOND 2015/2018

Name	DEMIRE Pflicht-Wandelanleihe 2015/2018
Issuer	DEMIRE Deutsche Mittelstand Real Estate AG
Type of security	Convertible bond
Volume	EUR 15,000,000
Interest rate (coupon)	2.75 %
Interest payments	quarterly on March 22, June 22, September 22, December 22
Repayment	May 22, 2018
Redemption rate	100 %
Denomination	EUR 100,000
Paying Agent	Bankhaus Gebr. Martin Aktiengesellschaft, Göppingen
ISIN	DE000A13R863
Market segment	Frankfurt Stock Exchange

Capital increases

In the year 2015, several capital increases had been carried out by the month of August.

- In January 2015, new share capital of EUR 5,633,710 to refinance a portfolio containing eight commercial properties with total usable space of 42,000 m² in the cities of Berlin, Bremen and Stralsund, among others, as part of a capital increase against contribution in kind from authorised capital was entered into the commercial register.

- A further capital increase against contribution in kind was registered in May 2015 for the purchase of the Gutenberg-Galerie in Leipzig. The property consists of almost 21,000 m² in rental space, of which 11,900 m² is office space. Share capital increased by EUR 2,182,567 in the context of this transaction.

- In July 2015, an increase in the Company's share capital from authorised capital once by EUR 2,541,149.00 against a mixed contribution in kind with the exclusion of shareholders' subscription rights for the purchase of a logistics property in Leipzig with approximately 184,000 m² was entered into the commercial register.

- A further cash capital increase representing 2,474,152 new shares was also entered in July 2015. Wecken & Cie. based in Basel, Switzerland, subscribed to the shares at a price of EUR 4.51. Gross proceeds of EUR 11,158,425.52 are to be used for the further expansion of the commercial real estate portfolio in Germany and to strengthen the financial position of the Company.

Interim group management report for the first nine months of 2015 January 1 to September 30, 2015

1. DEMIRE AT A GLANCE

DEMIRE Deutsche Mittelstand Real Estate AG is transforming itself into a leading property holder in the German commercial real estate market focussed on secondary locations. The core business activities of the Frankfurt/Main headquartered real estate group consist of the acquisition, management and rental of commercial real estate and its further development; for example, through modification, modernisation and expansion, or by increasing its value through active portfolio management.

Rentable space comprised more than 662,000 m² as of September 30, 2015 reporting date. Annualised net rent from these properties, excluding utilities, on September 30, 2015 reporting date amounted to approximately EUR 33.7 million. The regional focus of the real estate portfolio lies in Bavaria, North Rhine-Westphalia, Baden-Württemberg and Saxony. In-house asset, property, and facility management ensures the portfolio's optimal management and development.

DEMIRE follows a growth strategy focussed on three asset classes: office, retail and logistics. In doing so, DEMIRE pursues a "buy and hold" strategy in combination with active portfolio management. The strategy is centred on both the value-added and core-plus investment approaches. The combination of these two approaches offers a balanced risk-return ratio and attractive opportunities.

The real estate group's lean structure allows it to take action quickly and flexibly. The shares of DEMIRE Deutsche Mittelstand Real Estate AG (ISIN DE000A0XFSF0) are listed in the regulated market (General Standard Segment) of the Frankfurt Stock Exchange as well as on the open market of the Stuttgart, Berlin and Dusseldorf stock exchanges.

2. MACROECONOMIC AND INDUSTRY ENVIRONMENT

Macroeconomic environment

Following the poor economic performance at the start of the year, the Kiel Institute for the World Economy (Institut für Weltwirtschaft in Kiel [IfW]) anticipates a pickup during the year but still expects subdued growth for the year 2015 overall. Experts are forecasting somewhat lower global GDP growth of roughly 3.3 percent this year after measuring 3.5 percent in 2014. The growth expectation for 2016 is approximately 3.7 percent. An economic recovery is expected in the industrialised countries in particular with the US expected to generate higher GDP growth rates in both 2015 and 2016. According to the IfW, GDP in the US should rise by 2.5 percent in 2015 and 3.0 percent in 2016. For the euro area, the IfW is projecting economic growth of 1.5 percent in 2015 and 1.7 percent in the following year.

The IfW does, however, expect regional differences in the euro area with Germany – DEMIRE's most important regional market – anticipated to continue its expansion. Germany's GDP is projected to rise 1.8 percent in 2015 and 2.1 percent in 2016. The economic experts are estimating an average rise in German GDP of roughly 2 percent by the year 2020. This rise should be driven, among other, by greater purchasing power resulting from lower oil prices. Favourable financing conditions, high employment and rising incomes also cater to solid medium-term economic development in Germany. The Greek crisis and the Ukraine conflict are expected to continue to be a source of uncertainty with regards to economic developments in the euro area.

Industry environment

Office real estate

According to an analysis by BNP Paribas Real Estate (BNP Paribas), the upturn in German office real estate seen in the last several years was reconfirmed in the first three quarters of 2015 allowing it to remain the asset class of choice. Transaction volumes grew almost 50 percent year-on-year to EUR 15.52 billion. The bulk of these transactions involved portfolios in the triple-digit millions.

Particularly high growth was seen in the volume of investments made in what BNP Paribas classifies as the "big six locations" which include Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne and Munich. According to experts, these locations saw a volume increase of 67 percent. However, transaction volumes were also higher (+29 percent) in large cities with more than 250,000 inhabitants. BNP Paribas stated that the B locations recorded rather moderate growth.

Transactions in the triple-digit millions made up almost 50 percent of the transactions in this segment. The real estate experts detected strong interest from a variety of investor groups.

Space turnover totalled 2.41 million m², or 20 percent higher year-on-year, which was the strongest result in the past four years. In the third quarter of 2015, there was even 37 percent more space turnover than in the previous year's comparable quarter. In the view of the BNP Paribas analysts, the main driver for this growth was the positive economic trend in Germany.

By market segment, the dominant segment was the middle segment with space ranging between 200 m² and 5,000 m². The portion of large transactions continued to decline as in the previous years. BNP Paribas noted that there continued to be a decline in vacancies in office real estate and rents remained stable.

The real estate experts at BNP Paribas assume that this positive development will continue and will be supported not only by uninterrupted positive economic developments in Germany, but also by the continuation of the favourable conditions for financing. According to Jones Lang LaSalle, the VW scandal and the refugee crisis are sources of potential uncertainty. BNP Paribas forecasts transaction volumes in the office real estate category in Germany of considerably more than EUR 20 billion for the full year of 2015.

Logistics real estate

In their latest study, BNP Paribas real estate experts also expect sustained positive performance in the German logistic property market. In this segment, space turnover in the first half of 2015 rose by 13 percent to almost 2.9 million m². Vigorous demand is also expected during the second half of 2015. The so-called logistics indicator from the Kiel Institute for the World Economy, however, detected a slight cooldown in the third quarter of 2015. Market participants from the logistics sector surveyed are significantly more optimistic again concerning the final quarter of 2015, although there are concerns about economic development in China and the emerging markets.

BNP Paribas expects the logistics asset class to reach space turnover of roughly 5 million m² in 2015 as in 2014.

Retail real estate
In its latest study, BNP Paribas noted that retail real estate market had developed just as strongly as the office segment during the first half of 2015. Sales in the retail segment doubled year-on-year to a total of EUR 9.8 billion. This rise was largely driven by the favourable economic environment in Germany. Since economic conditions are anticipated to remain promising in the future, experts at BNP Paribas expect demand for retail properties to remain very high. For the full year of 2015, sales in the retail asset class are projected to reach up to EUR 15 billion.

Implications for DEMIRE
Overall, the overall economic and real estate market conditions are very favourable for DEMIRE Deutsche Mittelstand Real Estate AG. In 2015, the real estate group has intentionally expanded its portfolio to include the logistics and retail asset classes in addition to office properties and has thus diversified its holdings in real estate. Through its focus on secondary locations, DEMIRE also profits from the positive development expected by analysts at Nord/LB in the secondary market segment – so-called B cities and B locations in A cities.

3. BUSINESS PERFORMANCE

During the first three quarters of the 2015 fiscal year, DEMIRE Deutsche Mittelstand Real Estate AG has significantly expanded its portfolio of German commercial real estate. Whereas DEMIRE's portfolio was mainly focused on the office asset class in 2014, there was a targeted expansion in the portfolio in 2015 to include the logistics and retail asset classes. This diversification led to a further improvement in the risk profile of the entire portfolio. Rental space at the end of November 2015 was divided into approximately 88 percent office space, 2 percent retail space, 7 percent logistics space and 3 percent other space.

The office asset class continued to grow in 2015 as a result of several acquisitions.

The acquisition of two project companies was completed in January 2015 with the entry into the commercial register of the capital increase against contribution in kind that was resolved on December 23, 2014. This transaction expanded the portfolio by nearly 42,000 m² in added rental space from commercial properties in the cities of Bremen, Berlin and Stralsund, among others. As a result, DEMIRE's share capital increased by EUR 5,633,710 from EUR 14,306,151 to EUR 19,939,861. Alpine Real Estate GmbH subscribed to the new shares by contributing a 94.9 percent interest in both project companies in the form of a contribution in kind.

On April 13, 2015, DEMIRE acquired a project company that included a commercial property in the capital city of Schwerin next to a building DEMIRE had already acquired in August 2014. The project company owns an office and commercial building that is part of the so-called Margaretenhof located in the centre of Schwerin. Long-term rental agreements are in place with the Schwerin Job Centre and the Federal Employment Agency for the property's approximately 5,500 m² of office space. Tenants also include a restaurant business. Net annual rent, excluding utilities, amounts to approximately EUR 0.5 million. DEMIRE acquired the co-investor's interest in the project company in July and has reported the commercial property under investment properties in the third quarter.

On June 30, 2015, a contract was concluded for the purchase of a 94 percent interest in Germavest Real Estate S.á.r.l, which owns a commercial real estate portfolio with roughly 144,000 m² of rental space and 2,171 underground and free-standing parking spaces in the cities of Ansbach, Bonn, Flensburg, Freiburg, Regensburg and Stahnsdorf. All six locations have long-term rental contracts with Deutsche Telekom AG. The net annual rent, excluding utilities and based on the properties' current full occupancy, amounts to roughly EUR 15.1 million and will rise periodically based on a contractually agreed fixed annual indexation. The largest property with approximately 38,000 m² has a rental agreement spanning 10 years.

The acquisition of the Gutenberg-Galerie retail property in Leipzig strengthened the retail asset class in the DEMIRE portfolio in the first half of 2015.

This acquisition was executed by means of a capital increase against contribution in kind that was entered into the commercial register at the end of May 2015. The property contains rentable space of roughly 21,000 m², approximately 11,900 m² of which is office space. Contractual rent amounts to approximately EUR 1.4 million. DEMIRE's share capital increased by EUR 2,182,567 as a result of this transaction.

The acquisition of Logistikpark Leipzig marked the Company's entry into the logistics asset class. This former logistics complex belonging to the Quelle mail order company contains total rentable space of around 219,000 m². Contractual rent currently adds up to EUR 4.1 million per annum. The property offers tremendous potential thanks to its excellent location near the trade fair centre and the BMW plant and as a result of the high demand for logistics properties in Leipzig. On May 19, 2015, a capital increase of EUR 2,541,149.00 against a mixed contribution in kind was resolved for the purchase of the logistic park. M1 Beteiligungs GmbH was admitted to subscribe to the new shares in return for contributing 94 percent of the interests in the Logistikpark Leipzig GmbH project company. The logistics complex is located on property of roughly 330,000 m² situated approximately 10 km north of Leipzig's city centre. The property consists of around 164,000 m² of warehouse space, nearly 20,000 m² of office space, 35,000 m² of surrounding area as well as two areas for expansion that total about 38,000 m² and already have building rights. The entry of the capital increase into the commercial register took place on July 1, 2015.

At DEMIRE's Extraordinary General Meeting on March 6, 2015, several resolutions for capital increases were made, paving the way for further growth. Specifically, the Extraordinary General Meeting resolved an increase in authorised capital through the issue of up to 8,552,290 shares against a cash and/or contribution in kind once or in partial amounts of up to EUR 8,552,290.00 (Authorised Capital I/2015). Authorised capital was also raised by EUR 2,434,105.00 in order to issue subscription and/or conversion rights. The Extraordinary General Meeting also resolved a stock option programme with conditional capital of EUR 1,000,000 for members of the Executive Board and selected employees of the Company or directors and employees of group companies. In April 2015, this option was fully utilised for Executive Board members and extensively utilised for employees.

On March 24, 2015, a resolution was made to increase the 2014/2019 corporate bond issued in September 2014 by an additional EUR 50 million to a total of EUR 100 million by means of a private placement. The net proceeds of this transaction were used to finance further portfolio acquisitions and to strengthen the Company's financial position. On the balance sheet, this transaction was recorded as an increase of EUR 17.8 million to a total of EUR 67.8 million through the partial placement of the newly created volume.

In mid-May, the Company issued a mandatory convertible bond with a volume of EUR 15 million against contribution in kind and excluding shareholders' subscription rights. As part of the transaction, an investor subscribed to the new mandatory convertible bond by contributing fractional bonds from the first tranche of the 2014/2019 corporate bond. Based on the bond's terms and conditions, the predominant share of the convertible bond was classified as equity.

The Company's share capital was also strengthened by convertible bond conversions carried out in the first three quarters of 2015. During this period, a total of 226,800 shares were issued in the context of the conversion rights representing a 0.83 percent interest in the Company's share capital as of September 30, 2015. As of the September 30, 2015 reporting date, a total of 10,661,700 convertible bonds from the 2013/2018 bond were still pending conversion.

On July 9, 2015, DEMIRE announced the finalisation of an agreement to purchase a 94.9 percent interest in the Kurfürsten Galerie project company in Kassel. The retail property, located directly across from the "City-Point Kassel Einkaufszentrums" in the centre of Hesse's third largest city, has a total rental space of approximately 21,500 m². The property includes the largest parking garage in the northern inner city of Kassel with approximately 600 parking spaces. Net rent, excluding utilities, is approximately EUR 3.9 million. The targeted expansion of the portfolio was made possible through the appropriate capital measures.

The cash capital increase of 2,474,152 in new shares resolved in early July was entered into the commercial register on July 14, 2015. Wecken & Cie. based in Basel, Switzerland, subscribed to the shares at a price of EUR 4.51 and continues to be a DEMIRE shareholder. Gross proceeds of EUR 11,158,425.52 are being used to further expand the commercial real estate portfolio in Germany and to strengthen the Company's financial position.

On July 31, 2015, DEMIRE submitted a voluntary public takeover offer for all shares of Fair Value REIT-AG in accordance with § 10 WpÜG (German Securities Acquisition and Takeover Act). Shareholders were offered two DEMIRE shares for one share of Fair Value REIT. Fair Value REIT-AG's major shareholders had committed to accepting this takeover offer, and both the Management Board and the Supervisory Board of the target company are in favour of the planned merger. The successful execution of this takeover offer will create one of the leading property holders of commercial real estate in Germany's secondary locations. The market value of the combined portfolio is expected to amount to roughly EUR 1 billion.

At the Annual General Meeting on August 28, 2015, a resolution was passed for the creation of new authorised capital of EUR 13,675,702, the authorisation to issue convertible bonds and/or bonds with warrants, profit participation rights and/or profit participation bonds with a total nominal value of up to EUR 125,000,000.00 and the creation additional conditional capital of EUR 3,919,447.00 for granting subscription and conversion rights for the bonds issued.

On September 14, 2015, at the Company's Extraordinary General Meeting, shareholders of DEMIRE Deutsche Mittelstand Real Estate AG laid the foundation for the merger with Fair Value REIT-AG. With the resolved issue of up to 30,761,646 new shares with a notional interest in the share capital of EUR 1.00 against contribution in kind, DEMIRE was able to offer the shareholders of Fair Value REIT-AG two DEMIRE shares for one Fair Value REIT share in the context of a voluntary public exchange offer. Moreover, the General Meeting resolved the creation of additional authorised capital to align with DEMIRE's increased share capital in the case that the resolved capital increase in kind for acquiring the majority share of Fair Value REIT-AG is entered into the commercial register. Until September 13, 2020, the Executive Board with the Supervisory Board's consent is authorised to raise the share capital of DEMIRE Deutsche Mittelstand Real Estate AG once or several times in partial amounts through the issue up to 7,069,722 new shares with a notional interest in the share capital of EUR 1.00.

Disposals of holdings in the legacy portfolio continued successfully in the first three quarters of 2015. Two real estate companies located in the Ukraine were sold in the reporting period for a total of EUR 1.8 million.

One property in Bielefeld was sold from the Alpine portfolio for strategic reasons at its carrying amount of EUR 1.65 million. The transfer of benefits and obligations was carried out in accordance with the contract with the payment of the remaining purchase price on April 14, 2015.

On March 18, 2015, Erste MAGNAT Immobiliengesellschaft mbH in Frankfurt/Main sold the Parchim property that contained a residential and office building, plot 24, the land parcel 88/15 with an area of 2,464 m² and buildings and open space for a price of EURk 650. The transfer of benefits and obligations occurred with the payment of the purchase price on May 22, 2015, in accordance with the agreement.

On July 7, 2015, DEMIRE announced its structural and disposal plans for the legacy portfolio acquired prior to 2014. Of the roughly 60 companies included in the legacy portfolio, including those in the Netherlands, the Ukraine, Austria and Georgia, 30 have already been sold, liquidated or merged. The form of a Dutch BV, which contains the remaining companies, was streamlined once again significantly reducing its complexity. The goals of the structural changes to simplify the organisation under corporate law in the legacy portfolio were to significantly reduce fixed costs and to facilitate the fastest possible disposal of the entire legacy portfolio. The reallocation of two German properties from real estate inventory to investment properties is expected to result in additional cash proceeds of roughly EUR 2.3 million, which is equivalent to their carrying amounts. The assumption of debt or other legacy obligations is neither expected nor foreseeable at this time.

4. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

4.1. Results of operations

The improvement in the results of operations of the DEMIRE real estate group during the first three quarters of the 2015 fiscal year shows – as it did in the abbreviated fiscal year – the success of the Company's new strategic realignment with the development of a dedicated portfolio of German commercial properties. However, due to the strong expansion in real estate holdings, the figures are not fully comparable to the first three quarters of 2014 (January 1, 2014 to September 30, 2014 (1-3Q 2014)).

In the first three quarters of 2015, the Group's profit/loss from the rental of real estate climbed significantly from EUR 1.3 million in the first three quarters of 2014 to EUR 17.5 million. This rise resulted from the interim expansion in the commercial real estate portfolio, which had risen to more than 662,000 m² in rentable space as of the September 30, 2015 reporting date. There was a corresponding rise in rental income to EUR 28.1 million (1-3Q 2014: EUR 1.5 million). Operating expenses incurred to generate rental income increased from EUR 0.2 million to EUR 10.6 million and corresponded to the rise in the portfolio.

The profit/loss from the sale of real estate companies in the first three quarters of 2015 amounted to EUR 0.5 million. On April 8, 2015, MAGNAT Investment II B.V. and MAGNAT Real Estate UA X B.V. sold their interests in Kappatrade Ltd., located in the Ukraine, for EURk 1,716. On June 10, 2015, MAGNAT Investment II B.V. and MAGNAT Real Estate UA X B.V. sold their interests in Polartrade Ltd., also located in the Ukraine, for EURk 50. Moreover, ten additional companies without property holdings were either sold, liquidated or merged. In the comparable period of the previous year, an investment was sold in Turkey.

The profit/loss from the sale of real estate in the first three quarters of 2015 amounted to EUR 0.5 million following a sum of EUR 0 million in the comparable previous year's period. Erste MAGNAT Immobiliengesellschaft mbH located in Frankfurt/Main sold the Parchim property for EURk 650. The property in Bielefeld that was acquired as part of the Hanse-Center Objektgesellschaft mbH purchase was sold at its carrying amount of EURk 1,650.

In line with its corporate strategy, the DEMIRE Group did not generate a profit/loss from asset management activities for third parties outside the Group in the first three quarters of 2015 or the comparable period of 2014.

The profit/loss from investments accounted for using the equity method amounted to EUR 3.2 million in the first three quarters of 2015 after totalling EUR -0.4 million in the previous year's comparable period. This improvement mainly resulted from income from the renegotiation of the mezzanine loan and related debt relief of EUR 1.2 million, the EUR 0.6 million appreciation in the value of the OXELTON property as well as the higher valuation of the SQUADRA Group's real estate that was reflected in DEMIRE's proportionate share of earnings.

The DEMIRE Group's other operating income and other effects in the first three quarters of 2015 increased to EUR 16.8 million (1-3Q 2014: EUR 4.6 million). This rise was largely triggered by the profit/loss from fair value adjustments in investment properties of EUR 16.4 million (1-3Q 2014: EUR 2.9 million), particularly the Gutenberg Galerie and the Logistikpark in Leipzig, the properties in Bremen and the two properties in Worms and Halle-Peissen that, due to rental conditions, were measured in accordance with IAS 40 for the first time on June 30, 2015, and consequently were reclassified from real estate inventory.

The DEMIRE Group's general and administrative expenses in the first three quarters of 2015 increased to EUR 7.6 million (1-3Q 2014: EUR 2.7 million) primarily as a result of higher acquisition-related expenses for expanding the property portfolio. This amount includes EUR 2.0 million in one-time expenses for capital measures and acquisitions that have been planned or executed.

The DEMIRE Group's other operating expenses increased to a total of EUR 4.5 million in the first three quarters of 2015 (1-3Q 2014: EUR 3.4 million) mainly due to non-deductible input taxes relating to these one-time expenses.

Earnings before interest and taxes (EBIT) in the first three quarters of 2015 amounted to EUR 26.5 million following EUR -0.4 million in the previous year's comparable period.

Given the increasing financial expenses for the acquired real estate portfolio, the financial result in the first three quarters of 2015 amounted to EUR 20.6 million (1-3Q 2014: EUR 1.8 million). Additionally, there was a negative impact of EUR 2.0 million of the interest portion on the interest result from the derecognition of the receivable against OXELTON amounting to EUR 3.1 million. Following the renegotiation of the mezzanine loan, this receivable was considered no longer recoverable. The positive interest result generated in the first three quarters of 2014 mainly resulted from interest income of EUR 6.0 million from the recognition of a new financial instrument for the convertible bond due to a change in the conversion terms.

After mainly deferred taxes on the fair value adjustments on investment properties of EUR 3.2 million (1-3Q 2014: EUR 1.3 million), the net profit/loss for the period in the first three quarters of 2015 amounted to EUR 2.6 million after breaking even in the previous year's period.

4.2. Segment reporting

Segment reporting contained in the consolidated financial statements is conducted in accordance with IFRS 8 "Operating Segments" based on the internal alignment of strategic business segments and regional aspects. The segment information presented corresponds to the information that is to be reported to the DEMIRE Executive Board in accordance with the management approach. Segment information is presented on a net amount basis, net of consolidation effects. For a detailed description of the individual segments, please refer to the explanations in the group management report for the abbreviated 2014 fiscal year.

EUR	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Investments	3,706	2,186
Core Portfolio	46,597	4,289
Central Functions/others	2,536	4,389
Segment revenues	**52,839**	**10,864**
Investments	-2,886	-3,165
Core Portfolio	-19,505	-501
Central Functions/others	-3,997	-7,633
Segment expenses	**-26,388**	**-11,299**
Investments	820	-979
Core Portfolio	27,092	3,788
Central Functions/others	-1,461	-3,244
EBIT	**26,451**	**-435**
Investments	-2,329	-5,430
Core Portfolio	11,217	2,448
Central Functions/others	-6,271	2,985
Net profit/loss for the period	**2,617**	**3**
Investments	2,209	58
Core Portfolio	16,651	2,959
Central Functions/others	-4,060	-2,830
Non-cash items	**14,800**	**187**
Investments	63	86
Core Portfolio	396	0
Central Functions/others	258	145
Impairment losses	**717**	**231**

An analysis of the segments shows the increasing importance of the relatively new Core Portfolio segment, which was significantly reinforced in the first three quarters of 2015 to reflect the new strategic direction and will continue to expand in the future. For related information, please refer to the section “Events subsequent to the balance sheet date”. In contrast, the legacy assets up for sale included in the Investments segment continue to lose importance. As of 2015, the Asset Management segment, which was reported separately until the abbreviated fiscal year, is now being combined with the Central Functions segment under Central Functions/others. The figures for the first three quarters of 2014 were reported accordingly.

Segment revenues of the DEMIRE Group climbed significantly in the first three quarters of 2015 to a total of EUR 52.8 million (1-3Q 2014: EUR 10.9 million). This increase resulted mainly from the item “Core Portfolio”, which generated revenues of EUR 46.6 million compared to EUR 4.3 million reported in the previous year. This rise stems from the continued development and appreciation in value of the German commercial real estate portfolio during the abbreviated 2014 fiscal year and in the first three quarters of 2015.

Segment expenses increased accordingly from EUR 11.3 million in the first three quarters of 2014 to EUR 26.4 million in the first three quarters of 2015. The main reason for this rise was higher expenses for the business expansion in the Core Portfolio segment that amounted to EUR 19.5 million in the first three quarters of 2015 (1-3Q 2014: EUR 0.5 million). Consulting expenses in connection with the purchase of commercial real estate also had an impact, among others. The Central Functions segment was impacted in the first three quarters of 2015 by legal and consulting fees as well as accounting and auditing costs in connection with the planned and executed capital measures in the gross amount of more than EUR 2.0 million.

At EUR 26.5 million after EUR -0.4 million in the previous year’s reporting period, EBIT by segment was encouraging overall in the first three quarters of 2015 due to the further expansion of the core portfolio.

The net profit/loss for the period by segment reported an overall increase in the first three quarters of 2015 to EUR 2.6 million after amounting to EUR 0.0 million in the previous year’s comparable period as a result of the expansion in the core portfolio.

An overview of the DEMIRE core portfolio

	Property	m²	Country (Location of property)	DEMIRE's interest in %	Carrying amount 30/09/2015 EURk	Carrying amount 31/12/2014 EURk	Change In %
DEMIRE Real Estate München I GmbH	Munich Ohmstraße	15,636	Germany	100 %	16,100	16,200	-0.6 %
Munich ASSET Vermögensverwaltung GmbH	Munich Hoferstraße	12,445	Germany	100 %	7,260	7,000	3.7 %
Schwerin Margaretenhof 18 GmbH	Schwerin	7,803	Germany	100 %	9,740	9,710	0.3 %
CAM Commercial Asset Management EINS GmbH	Leverkusen	5,766	Germany	100 %	11,390	11,340	0.4 %
CAM Commercial Asset Management EINS GmbH	Cologne	9,108	Germany	100 %	12,870	13,000	-1.0 %
CAM Commercial Asset Management EINS GmbH	Cologne	4,480	Germany	100 %	7,800	8,200	-4.9 %
CAM Commercial Asset Management ZWEI GmbH	Hamburg	3,973	Germany	100 %	7,200	7,100	1.4 %
CAM Commercial Asset Management DREI GmbH	Meckenheim	7,650	Germany	100 %	13,570	13,460	0.8 %
CAM Commercial Asset Management VIER GmbH	Wismar	5,054	Germany	100 %	6,250	6,250	0.0 %
CAM Commercial Asset Management VIER GmbH	Wuppertal	1,913	Germany	100 %	1,800	1,800	0.0 %
GO Leonberg ApS	Leonberg	6,934	Germany	94 %	9,020	8,700	3.7 %
GO Bremen ApS	Bremen	27,114	Germany	94 %	35,420	33,000	7.3 %
GO Ludwigsburg ApS	Ludwigsburg	7,863	Germany	94 %	6,730	6,700	0.4 %
ARMSTRIPE S.à.r.l.	Ulm	47,541	Germany	94 %	61,040	60,600	0.7 %
BLUE RINGED S.à.r.l.	Darmstadt	14,391	Germany	94 %	19,150	19,090	0.3 %
BRIARIUS S.à.r.l.	Kempten	16,794	Germany	94 %	14,850	14,620	1.6 %
BRIARIUS S.à.r.l.	Several locations	17,922	Germany	94 %	13,500	13,000	3.8 %
DENSTON Investments Ltd.	Bayreuth	11,258	Germany	94 %	13,100	13,000	0.8 %

	Property	m²	Country (Location of property)	DEMIRE's interest in %	Carrying amount 30/09/2015 EURk	Carrying amount 31/12/2014 EURk	Veränderung In %
Condor Objektgesellschaft Eschborn GmbH	Eschborn	18,774	Germany	94 %	24,810	24,800	0.1 %
Condor Objektgesellschaft Bad Kreuznach GmbH	Bad Kreuznach	7,767	Germany	94 %	5,110	4,600	11.1 %
Condor Objektgesellschaft Düsseldorf GmbH	Dusseldorf	24,264	Germany	94 %	28,970	27,800	3.5 %
Condor Objektgesellschaft Rendsburg GmbH	Rendsburg	3,858	Germany	94 %	1,450	1,905	n.a.*
Condor Objektgesellschaft Bad Oeynhausen GmbH	Bad Oeynhausen	4,007	Germany	94 %	1,445	1,390	4.0 %
Condor Objektgesellschaft Lichtenfels GmbH	Lichtenfels	4,867	Germany	94 %	1,720	1,825	-5.8 %
Condor Objektgesellschaft Yellow GmbH	Several locations	84,777	Germany	94 %	16,860	18,610	-9.4 %
Glockenhofcenter Objektgesellschaft mbH	Apolda/ Wurzen	8,928	Germany	94.9 %	4,380	n.a.	n.a.
Hanse-Center Objektgesellschaft mbH	Several locations	32,840	Germany	94.4 %	20,325	n.a.	n.a.
DEMIRE Objektgesellschaft Worms GmbH	Worms, Halle-Peissen	3,073	Germany	94 %	3,980	n.a.	n.a.
Sihlegg Investments Holding GmbH	Leipzig	20,737	Germany	94 %	23,600	n.a.	n.a.
Logistikpark Leipzig GmbH	Leipzig	218,697	Deutschland	94 %	47,300	n.a.	n.a.
TGA Erwerb 1 GmbH	Schwerin	5,533	Deutschland	100 %	6,930	n.a.	n.a.

** Change in the allocation*

Legacy portfolio

The legacy portfolio contains mainly investments in Eastern Europe and the Black Sea Region. These investments are being sold gradually in order to put a swift end to DEMIRE's involvement in these regions in accordance with the Company's strategic realignment. The carrying amount of real estate inventory as of the reporting date was EUR 2.3 million. We would also like to draw your attention to the investments accounted for using the equity method and the interest available for sale in OXELTON, which is also accounted for using the equity method, in the amount of EUR 1.5 million.

The disposal of the remaining legacy portfolio in its entirety should be completed as soon as possible, however, the Company is not willing to consider fire sales. The Company does not expect the selling prices of the remaining investments in the legacy portfolio to exceed or not significantly exceed their net asset values. Thus, no significant earnings contributions should be expected from the holding or selling of the remaining investments in the legacy portfolio.

With the sale of the interest in OXELTON, which is expected to close in November 2015, DEMIRE's currency translation reserves that totalled EUR -4.1 million as of September 30, 2015, will largely be recognised in profit and loss and will negatively affect DEMIRE's net profit/loss for the period accordingly.

4.3. Financial position and liquidity

The financial management of the DEMIRE Group is executed in accordance with the guidelines adopted by the Executive Board. This applies to the control of funds and financing. The centralised liquidity analysis helps to optimise cash flows. The primary goal is to ensure liquidity for the overall Group. Providing the Supervisory Board with regular information on the financial situation is an integral part of DEMIRE's risk management system. The principles and objectives of capital management and control are presented in the Group's notes to the consolidated financial statements.

Selected information from the consolidated statement of cash flows

EURk	01/01/2015–30/09/2015	01/01/2014–30/09/2014
Cash flow from operating activities	3,479	-6,313
Cash flow from investing activities	-5,123	-60,836
Cash flow from financing activities	7,405	63,331
Net change in cash and cash equivalents	**5,761**	**-3,820**
Cash and cash equivalents at the end of the period	10,158	1,660

Cash flow development reflects the investments made to grow the real estate group and the continued disposals from the legacy portfolio.

Cash flow from operating activities improved from EUR -6.3 million in the previous year's comparable period to EUR 3.5 million in the first three quarters of 2015. Based on Group profit/loss before taxes of EUR 5.8 million, the main causes of the rise were the adjustment for interest paid of EUR 15.7 million, an increase in provisions and trade accounts payable of EUR 0.1 million (1-3Q 2014: EUR 2.9 million) and the decline in trade accounts receivables and other receivables in the amount of EUR 1.5 million (1-3Q 2014: rise of EUR -5.4 million). Cash flow from operating activities in the first three quarters of 2015 was negatively affected by legal and consulting fees, accounting and auditing costs for capital measures planned or executed in the third quarter and related non-deductible input taxes.

Cash flow from investing activities amounted to a total of EUR -5.1 million in the first three quarters of 2015 after EUR -60.8 million in the previous year's period mainly as a result of EUR 4.0 million of payments for the acquisition of investment properties, mainly a partial cash component for the purchase of the logistics park in Leipzig; prepayments of EUR 2.7 million primarily for the purchases of the Kurfürsten Galerie in Kassel and the interest in Germavest Real Estate GmbH; as well as proceeds from the sale of an investment property in the amount of EUR 1.7 million. Cash flow in the first three quarters of 2014 was affected by payments of EUR 63.2 million for the purchase of investment properties, an increase in the interest in SQUADRA amounting to EUR 1.1 million and proceeds of EUR 3.5 million from the sale of interests in companies accounted for using the equity method.

In contrast, cash flow from financing activities amounted to EUR 7.4 million in the first three quarters of 2015 after EUR 63.3 million in the previous year's comparable period. Proceeds of EUR 11.2 million from the cash capital increase in July and EUR 52.8 million from bond issues net of repayments of EUR 20.0 million, as well as funds from the assumption of financial debt in the amount of EUR 4.6 million were used for expenses of EUR 0.8 million related to the capital increase, interest payments of EUR 15.7 million and a EUR 24.6 million repayment of financial debt that came due during the reporting period.

The net change in cash and cash equivalents in the reporting period was EUR 5.8 million (1-3Q 2014: EUR -3.8 million). Cash and cash equivalents at the end of the reporting period rose to EUR 10.2 million from its level of EUR 1.7 million on September 30, 2014.

Throughout the entire reporting period, the DEMIRE real estate group was always in a position to fully meet its payment obligations. Possible liquidity shortages, for example, due to maturing loans, were avoided by means of the appropriate financial management and lender agreements as presented in the risk report.

4.4. Net assets and capital structure

The total assets of the DEMIRE Group as of the September 30, 2015 reporting date increased by EUR 117.5 million to EUR 490.5 million (December 31, 2014: EUR 373.0 million). This significant rise was mainly the result of the acquisition-related growth of the real estate group.

As of September 30, 2015, there was a further rise in non-current assets of EUR 114.1 million to a total of EUR 465.0 million (December 31, 2014: EUR 350.9 million). Due to the reclassification of prepayments made in the abbreviated fiscal year for the purchase of a property in Leverkusen to investment properties, property, plant and equipment declined from EUR 11.3 million as of December 31, 2014, to EUR 2.8 million as of September 30, 2015. Of the total property, plant and equipment, EUR 1.3 million is attributable to the interest in the Kurfürsten Galerie in Kassel and EUR 1.0 million is attributable to the interest in Germavest Real Estate S.á.r.l. Investment properties grew by EUR 120.3 million to EUR 453.4 million (December 31, 2014: EUR 333.1 million). Glockenhofcenter Objektgesellschaft mbH, Hanse-Center Objektgesellschaft mbH, a further building of the Margarethenhof in Schwerin and the Gutenberg Galerie and the logistics park in Leipzig were all added to investment properties during the first three quarters of 2015. Due to a change in rental conditions resulting from a prolongation of the rental agreement, the properties in Worms and Halle-Peissen were reclassified from real estate inventory and categorised for the first time as investment properties and measured in accordance with IAS 40. With respect to the valuation of investment properties, please refer to the explanation in the notes to the consolidated financial statements.

Investments accounted for using the equity method increased by EUR 0.5 million to EUR 3.1 million as of September 30, 2015, compared to EUR 2.6 million on December 31, 2014. The interest in OXELTON accounted for using the equity method was measured at its disposal value of EUR 1.5 million after a EUR 0.6 million write up and reclassified to investments available for sale in accordance with the third amendment to the mezzanine loan of MAGNAT Investment I B.V.

Deferred tax assets as of September 30, 2015, were only slightly higher than the previous year's level (December 31, 2014: EUR 0.7 million) and amounted to EUR 0.9 million. Deferred tax assets mainly represent the future use of tax-loss carryforwards within DEMIRE AG's tax consolidation group and are limited to the extent of deferred tax liabilities recognised for fair value adjustments on investment properties, taking the so-called minimum taxation into consideration.

As of September 30, 2015, the DEMIRE Group's current assets had grown by EUR 1.8 million to EUR 23.9 million (December 31, 2014: EUR 22.1 million).

Trade accounts receivable and other receivables declined by EUR 1.5 million to EUR 7.8 million (December 31, 2014: EUR 9.3 million). All receivables were short-term and due in periods of less than three months.

Financial receivables and other financial assets of EUR 2.8 million (December 31, 2014: EUR 0.9 million) include EUR 1.5 million of pledged collateral in the context of a loan agreement and the embedded derivative valued at EUR 0.3 million (December 31, 2014: EUR 0.4 million) from the 2014/2019 corporate bond resulting from DEMIRE AG's repurchase option.

Cash and cash equivalents increased EUR 5.8 million to EUR 10.2 million (December 31, 2014: EUR 4.4 million). This item consists of cash on hand and credit balances at financial institutions.

The equity of the DEMIRE Group increased by EUR 63.0 million from EUR 54.6 million at the end of December 2014 to EUR 117.6 million as of September 30, 2015. Subscribed capital, or share capital, increased from EUR 14,306,151.00 to EUR 27,364,529.00 as a result of the exercise of 226,800 conversion rights against the issue of new shares from conditional capital as well as the issue of 7,816,277 new shares from three capital increases against contribution in kind in the months of January, May and July 2015 and a cash capital increase in July 2015. In mid-May 2015, the Company issued a mandatory convertible bond with a volume of EUR 15 million against contribution in kind and excluding shareholders' subscription rights. As part of the transaction, an investor subscribed to the new mandatory convertible bond by contributing fractional bonds from the 2014/2019 corporate bond. The equity component of the convertible bond issued in the second quarter was determined using the residual value method and was recorded at EUR 14.2 million under reserves.

In the third quarter of 2015, costs of EUR 0.7 million net of deferred taxes related to the capital increases were offset directly in equity against reserves.

In the third quarter of 2015, staff costs of EUR 296k were recognised in equity for the stock options issued under the programme resolved at the Extraordinary General Meeting. The equity ratio as of September 30, 2015, amounted to 24.0 percent after a level of 14.6 percent on December 31, 2014.

As of September 30, 2015, the DEMIRE Group's non-current liabilities amounted to EUR 314.1 million (December 31, 2014: EUR 258.1 million) due to the expansion in real estate holdings. The largest portion, or EUR 301.6 million, of these liabilities consisted of non-current financial debt from the issue of a corporate bond amounting to a nominal EUR 100 million, EUR 17.3 million of which was repurchased and EUR 15 million was exchanged in the context of a mandatory convertible bond, a promissory note loan totalling a nominal EUR 148 million and the remaining convertible bond of EUR 10.2 million.

As of September 30, 2015, DEMIRE Group's current liabilities dropped by EUR 1.5 million from EUR 60.3 million as of December 31, 2014, to EUR 58.8 million.

Current liabilities mainly consisted of current financial debt, which at EUR 46.8 million stayed close to the previous year-end level (December 31, 2014: EUR 47.6 million). This sum included bank liabilities of EUR 14.7 million (December 31, 2014: EUR 5.4 million).

As of September 30, 2015, trade payables and other liabilities had fallen to EUR 10.3 million (December 31, 2014: EUR 11.5 million). Of this amount, EUR 5.3 million was recorded under trade accounts payable (December 31, 2014: EUR 5.2 million) and EUR 5.0 million (December 31, 2014: EUR 6.3 million) was recorded under other liabilities.

As of September 30, 2015, the DEMIRE Group's total liabilities increased by EUR 54.4 million compared to its level of EUR 318.4 million on December 31, 2014, and amounted to EUR 372.8 million. This rise resulted from the portfolio's expansion and especially because of the increase in bonds of a net EUR 17.8 million – which was mainly used for investments and to retire short-term debt.

5. EMPLOYEES

As of September 30, 2015, the DEMIRE Group employed 51 staff members, excluding the members of the Executive Board (December 31, 2014: 7 staff members).

6. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

In a contract dated October 19, 2015, it was agreed to cancel the fiduciary agreement concluded in early 2014 and put the parties back in their original positions as if the fiduciary agreement had not been concluded. It was also agreed to retransfer the interest in Munich ASSET Vermögensverwaltung GmbH, which holds the property at Hofer Strasse 21-25 in Munich, to VICUS AG effective September 30, 2015, for a payment of EUR 26k. Furthermore, it was agreed to sell the shareholder loan at the loan's nominal amount as of December 31, 2015, to VICUS AG. The amount due must be paid to DEMIRE Commercial Real Estate GmbH no later than February 15, 2016. Until today, this transfer has not occurred. From today's perspective, the deconsolidation of Munich ASSET Vermögensverwaltung GmbH will presumably have a slightly positive effect on earnings.

On October 14, 2015, the offer document to acquire Fair Value REIT-AG was approved and published by the German Federal Financial Supervisory Authority (BaFin). The acceptance period ran from October 14, 2015, through November 16, 2015.

A total of 10,102,281 Fair Value shares were tendered in the context of the takeover offer during the acceptance period. This is equivalent to roughly 71.69 percent of Fair Value REIT-AG's share capital and voting rights. The additional acceptance period, during which the offer can still be accepted, commenced on November 20, 2015, and will end on December 3, 2015. The final result of the takeover offer and the number of shares to be issued as consideration will not be determined until the end of the additional acceptance period. The transaction is expected to be completed at the end of 2015 subject to the fulfilment of further conditions.

Upon the fulfilment of the contractual conditions for the transfer of the interest, 94 % of the interest in Germavest Real Estate S.á.r.l was passed on to DEMIRE Commercial Real Estate DREI GmbH on October 30, 2015. The proportionate share of the purchase price of roughly EUR 39.0 million, including a retroactive increase of EUR 2.9 million as compared to the originally agreed purchase price, attributable to DEMIRE Commercial Real Estate DREI GmbH, was paid using a combination of cash in the amount of roughly EUR 6.9 million and the existing fiduciary account in the amount of EUR 0.94 million; the assumption of a loan of roughly EUR 1.7 million; as well as the provision of fractional bonds of DEMIRE Deutsche Mittelstand Real Estate AG amounting to roughly EUR 25.3 million, which were previously contributed to three subsidiaries and sub-subsidiaries. The subsidiaries and sub-subsidiaries have declared certain title and capacity guarantees with regard to the fractional bonds, which are secured by DEMIRE Deutsche Mittelstand Real Estate AG as of February 1, 2017, by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee. The remaining purchase price of roughly EUR 4.3 million was deferred until December 31, 2015. If DEMIRE Commercial Real Estate DREI GmbH has not paid the deferred amount by this date, a warranty liability of DEMIRE Deutsche Mittelstand Real Estate AG will come into effect as of January 1, 2016. DEMIRE AG has subjected itself to immediate foreclosure in this respect. DEMIRE Deutsche Mittelstand Real Estate AG acquired the right to demand, at any time, the purchase of fractional bonds by T6 HoldCo S.á.r.l. against payment of the nominal amount plus interest accrued since November 1, 2015, and to place fractional bonds with third party investors (call option). If fractional bonds below the nominal amount are placed with third parties until December 31, 2015, the payment of the difference due from DEMIRE Deutsche Mittelstand Real Estate AG will be deferred until December 31, 2015.

If by December 31, 2015, T6 HoldCo S.á.r.l. is still in possession of fractional bonds because DEMIRE Deutsche Mittelstand Real Estate AG was unable to place or fully place the bonds, T6 HoldCo S.á.r.l. has the right to demand the repurchase of these fractional bonds (put option) at the nominal amount plus interest accrued since November 1, 2015, from the subsidiaries or sub-subsidiaries as joint debtors. When exercising the put option, the pecuniary claim for the repurchase of the fractional bonds is deferred until January 31, 2017, and secured by DEMIRE Deutsche Mittelstand Real Estate AG as of February 1, 2017, by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee.

If T6 HoldCo S.á.r.l. has not received the deferred portion of the purchase price in full from DEMIRE Commercial Real Estate DREI GmbH by December 31, 2015, and/or the fractional bonds have not been fully purchased by DEMIRE Deutsche Mittelstand Real Estate AG against payment of the full repayment amount or placed with third party investors by December 31, 2015, DEMIRE Commercial Real Estate DREI GmbH must pay a one-time surcharge on the purchase price of EUR 1 million as of January 1, 2016. This surcharge can be discharged by DEMIRE Deutsche Mittelstand Real Estate AG by issuing new shares against contribution kind – contributing the claim against DEMIRE Commercial Real Estate DREI GmbH into DEMIRE Deutsche Mittelstand Real Estate AG. The shares must be delivered no later than January 31, 2016. The claim against DEMIRE Commercial Real Estate DREI GmbH is deferred until January 31, 2016. If the shares are not delivered by January 31, 2016, the claim becomes due as a cash payment as of February 1, 2016, and is secured by DEMIRE Deutsche Mittelstand Real Estate AG by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee.

As of February 1, 2016, for each month for which the deferred portion of the purchase price and/or the repurchase price resulting from the exercise of the put option has not been fully paid, DEMIRE Commercial Real Estate DREI GmbH must pay additional purchase prices, which DEMIRE Deutsche Mittelstand Real Estate can partially discharge by issuing new shares against contribution kind – contributing the respective claim against DEMIRE Commercial Real Estate DREI GmbH into DEMIRE Deutsche Mittelstand Real Estate AG. The pecuniary claim is deferred until January 31, 2017, and will be secured by DEMIRE Deutsche Mittelstand Real Estate AG as of February 1, 2017, by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee.

For the claims of T6 HoldCo S.á.r.l., the following collateral was provided: (i) pledging interests in certain subsidiaries; (ii) security assignment of entitlements of DEMIRE Deutsche Mittelstand Real Estate AG against these subsidiaries; (iii) granting a collective land charge of EUR 27 million to several properties of certain subsidiaries and sub-subsidiaries; (iv) an assignment of claims to restitution against creditors of land charges ranking equally or higher; (v) an assignment of owner's land charges; (vi) the assumption of a warranty liability for the deferred portion of the purchase price plus accrued interest and subject to immediate foreclosure; (v) as well as granting a maximum deficiency guarantee of EUR 31.6 million from DEMIRE Deutsche Mittelstand Real Estate AG, of specifically EUR 1 million as of February 1, 2016, and of the remaining amount as of February 1, 2017, plus submittance of an abstract acknowledgement of the debt and subject to immediate foreclosure.

In October 2015, the loan that was originally due in December 2015 was prematurely prolonged by an additional year until December 2016. The conditions remain unchanged at 15 percent interest per annum to be paid in monthly instalments plus extra allowance of 5 percent p.a., which will be paid 50-50 semi-annual. There were no costs to be paid under this prologation.

On November 17, 2015, a contract was concluded for the sale of the property in Halle-Peissen for a price of EURk 650. The transfer is expected to take place in the first quarter of 2016 following the fulfilment of various conditions.

In the period from early October 2015 through the end of November 2015, no convertible bonds were converted into no-par value shares of DEMIRE Deutsche Mittelstand Real Estate AG.

7. REPORT ON OPPORTUNITIES, RISKS AND OUTLOOK

The following report on opportunities, risks and outlook refers to the DEMIRE Group as well as to the individual business segments. The opportunities and risks described in the 2014 Annual Report (abbreviated fiscal year from April 1 to December 31, 2014) continue to be relevant. New fundamental risks or those of special significance have not arisen in the period from January 1 to September 30, 2015.

On July 31, 2015, we announced a takeover offer for Fair Value REIT-AG. If the offer is accepted, the merger of these two real estate companies will create Germany's leading holder for office, retail and logistics properties in secondary locations with a portfolio of probably roughly EUR 1 billion. The transaction is expected to be completed by the end of 2015 after achievement of the minimum acceptance level and subject to the registration of the capital increase for the takeover offer, the admittance to trading on the stock exchange and the transfer of the shares issued under the takeover offer. The effects of this takeover offer on the opportunities, risks and the outlook for the Company have been included in the following to the extent that they can be determined at this time.

The continued favourable macroeconomic and industry environment provides DEMIRE with excellent opportunities to expand its German commercial real estate portfolio and create one of the leading real estate groups focussed on German secondary locations. The demand for commercial rental space in the locations we address continues to be stable.

By the end of October 2015, we had already exceeded our targets for the 2015 fiscal year by doubling the total rental space of our commercial portfolio to over 805,000 m² (end of 2014: approx. 350,000 m²). Annualised net rent, excluding utilities, also doubled from a level of EUR 25.4 million to its current total of EUR 48.8 million. Whereas DEMIRE's portfolio was mainly focused on the office asset class in 2014, there was a targeted expansion in the portfolio in 2015 to include the logistics and retail asset classes. This diversification led to a further improvement in the risk profile of the entire portfolio.

By expanding our German commercial property portfolio, rental income, and in turn the Core Portfolio segment, now make the largest contribution to the Group's results.

Future fair value adjustments to real estate holdings or possible acquisitions are difficult to predict. The 2015 fiscal year has been and will continue to be characterised by significantly higher income from property rentals since the properties acquired in 2014 will contribute to our earnings for a full 12-month period for the first time. Additional revenues from the planned merger with Fair Value REIT-AG will arise only after the successful conclusion of the transaction in the 2016 fiscal year.

For the 2015 fiscal year, we expect rental income to grow to approximately EUR 42 million and EBIT to be in the lower double-digit millions, excluding any fair value adjustments made to properties.

The proceeds generated from rental income will also contribute to the Group's positive cash flow from operating activities. We continue to strive for a strong improvement in net asset value.

We expect a sustainable appreciation in our portfolio's value and an improvement in revenues from the in-house asset, property and facility management activities formed and expanded in 2015. These activities will also help us to improve the management of our German commercial real estate portfolio and, for example, generate ever growing occupancy rates and lower ongoing operating costs. We already expect a positive effect from these activities in the current fiscal year. We will also be able to generate economies of scale with our in-house asset, property and facility management from an expansion in our portfolio and the planned merger with Fair Value REIT-AG.

Continued development in accordance with our strategic realignment, lead us to see more opportunities for our business than risks. We consider the planned merger with Fair Value REIT as an opportunity to accelerate our growth so that we can already become a leading holder of commercial real estate in Germany focussed on secondary locations in the year 2016.

Since the transaction in the context of the takeover offer for Fair Value REIT-AG is not planned to close until the end of the current fiscal year, the impact on our balance sheet will only be visible at the end of the year. Only transaction-related one-time costs will have an effect on the 2015 statement of income.

We also intend to take advantage of the favourable market environment by expanding our portfolio in the upcoming fiscal year. We will be even better prepared for this expansion after our planned merger with Fair Value REIT. The concrete opportunities and risks resulting from the Fair Value REIT-AG acquisition will become more evident at a later point in time.

Frankfurt/Main, November 30, 2015
DEMIRE Deutsche Mittelstand Real Estate AG

Hon.-Prof. Andreas Steyer MRICS
Speaker of the Executive Board (CEO)

Dipl.-Kfm. (FH) Markus Drews
Member of the Executive Board (COO)

▼ Gutenberggalerie, Leipzig

Disclaimer

This management report contains forward-looking statements and information. Such forward-looking statements are based on expectations that we have today, and on certain assumptions. They harbour a number of risks and uncertainties as a consequence. A large number of factors, many of which lie outside the scope of DEMIRE's influence, affect DEMIRE's business activities, success, its business strategy and its results. These factors may result in a significant divergence in the actual results, successes and performance achieved by DEMIRE.

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove incorrect, the actual results may significantly diverge both positively and negatively from those results that were stated in the forward-looking statements as expected, anticipated, intended, planned, believed, projected, or estimated results. DEMIRE accepts no obligation, and does also not intend to update these forward-looking statements or to correct them given a development that is other than the one expected.

Disclaimer:
The 3rd Quarter Interim Report is published in German and as an English translation. In the event of any conflict or inconsistency between the English and the German versions, the German original shall prevail.

Balance sheet oath

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

Frankfurt/Main, November 30, 2015

Hon.-Prof. Andreas Steyer MRICS
Speaker of the Executive Board (CEO)

Dipl.-Kfm. (FH) Markus Drews
Member of the Executive Board (COO)

Consolidated Financial Statements September 30, 2015 (unaudited)

CONSOLIDATED INCOME STATEMENT

EUR	01/01/2015–30/09/2015	01/01/2014–30/09/2014	01/07/2015–30/09/2015	01/07/2014–30/09/2014
Rental income	28,061,093	1,542,862	10,069,539	475,275
Operating expenses to generate rental income	-10,557,063	-283,333	-3,775,175	-131,472
Profit/loss from the rental of real estate	**17,504,030**	**1,259,529**	**6,294,364**	**343,803**
Revenue from the sale of real estate companies	1,766,000	3,700,000	0	3,700,000
Net assets from real estate companies sold	-1,245,924	-3,532,924	0	-3,532,924
Profit/loss from the sale of real estate companies	**520,076**	**167,076**	**0**	**167,076**
Revenue from the sale of real estate	2,300,000	0	0	0
Expenses relating to real estate sales	-1,841,847	0	0	0
Profit/loss from the sale of real estate	**458,153**	**0**	**0**	**0**
Profits from investments accounted for using the equity method	1,823,569	5,872	0	0
Losses from investments accounted for using the equity method	-62,622	-524,061	0	-210,978
Unrealised fair value adjustments in equity investments	1,468,724	133,527	0	300,991
Profit/loss from investments accounted for using the equity method	**3,229,671**	**-384,662**	**0**	**90,013**
Profit/loss of fair value adjustments in investment properties	16,439,092	2,904,810	8,718,771	0
Unrealised fair value adjustments in real estate inventory	0	-284,998	0	0
Impairment of receivables	-716,949	-592,488	-153,877	-12,054
Other operating income	1,043,086	2,575,896	221,977	1,349,982
Other operating income and other effects	**16,765,229**	**4,603,220**	**8,786,871**	**1,337,928**
General and administrative expenses	-7,568,722	-2,714,402	-2,424,553	-854,758
Other operating expenses	-4,457,067	-3,366,525	-2,272,697	-1,721,906
Earnings before interest and taxes	**26,451,370**	**-435,764**	**10,383,985**	**-637,844**
Financial income	918,584	9,828,920	-1,095,543	9,098,355
Financial expenses	-21,558,033	-8,045,604	-5,255,478	-3,266,867
Financial result	**-20,639,449**	**1,783,316**	**-6,351,021**	**5,831,488**
Profit/loss before taxes	**5,811,921**	**1,347,552**	**4,032,964**	**5,193,644**
Income taxes	-3,195,309	-1,344,383	-1,713,709	-428,479
Net profit/loss for the period	**2,616,612**	**3,169**	**2,319,255**	**4,765,165**
Of which, attributable to:				
Non-controlling interests	**977,670**	**-4,221**	**535,988**	**-23,916**
Parent company shareholders	**1,638,942**	**7,390**	**1,783,267**	**4,789,081**
Basic earnings per share	0.07	0.00	0.08	0.34
Diluted earnings per share	0.06	0.00	0.05	0.20

STATEMENT OF COMPREHENSIVE INCOME

EUR	01/01/2015–30/09/2015	01/01/2014–30/09/2014
Net profit/loss for the period	**2,616,612**	**3,169**
Share of other comprehensive income attributable to associated companies accounted for using the equity method (from currency translation)	0	-1,484,168
Currency translation differences	-830,192	-1,353,268
Total other comprehensive income	**-830,192**	**-2,837,436**
Total comprehensive income	**1,786,420**	**-2,834,267**
Of which, attributable to:		
Non-controlling interests	**884,670**	**196,779**
Parent company shareholders	**901,750**	**-3,031,046**

CONSOLIDATED BALANCE SHEET
ASSETS

EUR	30/09/2015	31/12/2014
ASSETS		
Non-current assets		
Property, plant and equipment	2,762,878	11,329,947
Investment properties	453,370,100	333,070,000
Investments accounted for using the equity method	3,143,031	2,612,951
Other financial assets	4,569,743	14,383
Loans to investments accounted for using the equity method	0	2,856,582
Other loans	302,248	322,218
Deferred tax assets	891,666	719,820
Total non-current assets	**465,039,666**	**350,925,901**
Current assets		
Property development and other inventories	2,976,745	7,354,885
Trade accounts receivables and other receivables	7,797,279	9,286,985
Financial receivables and other financial assets	2,773,067	921,160
Tax refund claims	225,584	125,800
Cash and cash equivalents	10,157,741	4,397,265
Total current assets	**23,930,416**	**22,086,095**
Investments accounted for using the equity method, available for sale	**1,500,000**	**0**
Total assets	**490,470,082**	**373,011,996**

LIABILITIES

EUR	30/09/2015	31/12/2014
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	27,364,529	14,306,151
Reserves	83,542,148	37,377,704
Equity attributable to parent company shareholders	**110,906,677**	**51,683,855**
Interest of non-controlling shareholders	6,723,660	2,945,398
Total shareholders' equity	**117,630,337**	**54,629,253**
Liabilities		
Non-current liabilities		
Deferred tax liabilities	12,465,761	10,031,740
Non-current financial debt	301,609,721	248,091,940
Total non-current liabilities	**314,075,482**	**258,123,680**
Current liabilities		
Provisions	966,025	852,026
Trade payables and other liabilities	10,256,266	11,519,200
Tax liabilities	741,855	314,430
Current financial debt	46,800,117	47,573,407
Total current liabilities	**58,764,263**	**60,259,063**
Total liabilities	**372,839,745**	**318,382,743**
Total equity and liabilities	**490,470,082**	**373,011,996**

CONSOLIDATED STATEMENT OF CASH FLOWS

EURk	01/01/2015–30/09/2015	01/01/2014–30/09/2014
Consolidated earnings before taxes	**5,812**	**1,347**
Paid interest expense on borrowings	15,734	90
Proceeds from the sale of property	2,416	0
Change in other reserves	-676	0
Change in trade receivables and other receivables	1,490	-5,387
Change of deferred tax assets	-172	-232
Change in receivables from income taxes	-100	-20
Change in financial receivables and other financial assets	-6,387	1,936
Change in intangible assets	0	1
Change in provisions	114	-1,170
Change in trade payables and other liabilities	-53	2,890
Change of deferred tax liabilities	-549	1,183
Result from the fair value adjustment in accordance with IAS 40	-16,439	-2,905
Gains from the sale of real estate and real estate companies	-978	-747
Income taxes	-212	0
Change in reserves	3,701	-3,409
Result from companies accounted for using the equity method	-3,230	404
Changes in market value of the property development projects	0	285
Personnel expenses Stock Option Plan	296	0
Other non-cash items	2,712	-579
Cash flow from operating activities	**3,479**	**-6,313**
Payments for investments in tangible fixed assets	-2,736	0
Proceeds from the sale of investment property	1,650	0
Payment for the acquisition of investment properties	-4,037	-63,187
Proceeds from the sale of fixed assets	0	7
Payment for the acquisition of shares and to increase the capital reserve at equity	0	-1,085
Proceeds from the sale of shares in entities accounted for using the equity method	0	3,518
Payments for the granting of loans to entities accounted for using the equity method	0	-89
Cash flow from investing activities	**-5,123**	**-60,836**
Proceeds from issuance of share capital	11,158	0
Payments for expenses associated with equity contributions	-783	0
Change in borrowings from the acquisition of companies	0	13,247
Proceeds from the issue of convertible bonds	0	4,020
Proceeds from the issue of bonds	52,750	0
Payments for the redemption of bonds	-20,000	0
Proceeds from borrowings	4,577	49,312
Interest paid on borrowings	-15,734	-76
Repayment of borrowings	-24,563	-3,172
Cash flow from financing activities	**7,405**	**63,331**
Net change in cash	**5,761**	**-3,818**
Changes due to currency translation	0	-2
Cash at beginning of period	4,397	5,480
Cash at end of period	**10,158**	**1,660**
Supplementary information on the cash flow statement:		
Income tax refunds (+) / - Payments (-)	0	-39
Interest received	0	9
Interest paid	15,734	90

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EURk	Share capital	Reserves						
	Subscribed capital	Capital reserves	Retained earnings including Group profit/loss	Reserves for treasury shares	Currency translation	Equity attributable to parent company shareholders	Interests of non-controlling shareholders	Total equity
01/01/2015	**14,306**	**8,234**	**32,802**	**-310**	**-3,348**	**51,685**	**2,944**	**54,629**
Stock Option Plan	0	296	0	0	0	296	0	**296**
Mandatory Convertible Securities	0	14,237	0	0	0	14,237	0	**14,237**
Currency translation differences	0	0	0	0	-737	-737	-93	**-830**
Total other comprehensive income	**0**	**0**	**0**	**0**	**-737**	**-737**	**-93**	**-830**
Net profit/loss for the period	0	0	1,639	0	0	1,639	978	**2,617**
Total comprehensive income	**0**	**0**	**1,639**	**0**	**-737**	**902**	**885**	**1,787**
Capital increase (related to the conversion of convertible bonds)	227	-12	0	0	0	215	0	**215**
Tangible capital	10,358	23,133	0	0	0	33,491	0	**33,491**
Cash capital increases	2,474	8,684	0	0	0	11,158	0	**11,158**
Costs of raising equity under capital increases	0	-666	0	0	0	-666	0	**-666**
Changes in consolidated Group	0	0	-410	0	0	-411	2,895	**2,484**
31/09/2015	**27,365**	**53,906**	**34,031**	**-310**	**-4,085**	**110,907**	**6,724**	**117,631**
01/01/2014	**13.895**	**7.455**	**-10.436**	**-310**	**18**	**10.622**	**-117**	**10.505**
Proportional transfer of earnings-neutral changes in equity in investments accounted for using the equity method	0	0	0	0	-1.484	-1.484	0	**-1.484**
Currency translation differences	0	0	0	0	-1.554	-1.554	201	**-1.353**
Total other comprehensive incomes	**0**	**0**	**0**	**0**	**-3.038**	**-3.038**	**201**	**-2.837**
Net profit/loss for the period	0	0	7	0	0	7	-4	**3**
Total comprehensive income	**0**	**0**	**7**	**0**	**-3.038**	**-3.031**	**197**	**-2.834**
Capital increase (related to the conversion of convertible bonds)	391	0	0	0	0	391	0	**391**
Change in scope of consolidation	0	0	0	0	0	2	-215	**-213**
Change related to the convertible bond recognised directly in equity	0	0	0	0	0	0	0	**0**
Change in deferred taxes recognised directly in equity (related to the convertible bonds)	0	0	0	0	0	0	0	**0**
30/09/2014	**14.286**	**7.455**	**-10.429**	**-310**	**-3.020**	**7.984**	**-135**	**7.849**

DEMIRE Deutsche Mittelstand Real Estate AG
Frankfurt/Main

Notes
to the condensed interim consolidated financial statements as of September 30, 2015

A. GENERAL INFORMATION

DEMIRE Deutsche Mittelstand Real Estate AG (hereinafter also referred to as the "Company" or "DEMIRE AG" (as the single entity) or "DEMIRE" (as the Group)) is recorded in the commercial register (under the number HRB 89041) in Frankfurt/Main, Germany, which is the location of the Company's headquarters. The Company's headquarters are located at Lyoner Strasse 32 in Frankfurt/Main. The Company's fiscal year is the calendar year. The first three quarters of the 2014 calendar year serve as the comparable prior year period.

The Company's shares are listed in the General Standard segment of the Frankfurt Stock Exchange.

These interim consolidated financial statements, prepared in the name of the legal parent company, DEMIRE Deutsche Mittelstand Real Estate AG, are to be economically attributed to the economic acquirer identified as MAGNAT Asset Management GmbH (formerly R-QUADRAT Immobilien GmbH, Vienna, Austria), within the context of a reverse acquisition in fiscal year 2009/2010. The whole of the consolidated subsidiaries and the joint ventures and associated companies accounted for using the equity method are hereinafter referred to as the "DEMIRE Group".

B. ACCOUNTING POLICIES

The condensed interim consolidated financial statements for the period from January 1 to September 30, 2015, were prepared in accordance with IAS 34 "Interim Financial Reporting", as applicable in the EU. The interim consolidated financial statements were neither subject to a review nor an audit.

The interim consolidated financial statements of the DEMIRE Group were prepared according to uniform accounting and valuation policies taking into account all IFRS standards that require mandatory application for the reporting period as of the reporting date (September 30, 2015) and were adopted by the European Union. In preparing the interim consolidated financial statements and determining the figures for the comparable previous year period, the same consolidation principles and accounting and measurement policies were applied as for the consolidated financial statements as of December 31, 2014, except for the accounting standards that required first-time application. A detailed description of these methods can be found in the notes to the 2014 consolidated financial statements. New topics in the reporting period pertaining to the 2015/18 mandatory convertible bond and stock-based compensation are included in sections D and E and explained therein.

These interim consolidated financial statements do not contain all of the information and disclosures required for consolidated financial statements and should, therefore, be read in conjunction with the consolidated financial statements as of December 31, 2014.

DEMIRE's business operations are essentially unaffected by seasonal and macroeconomic influences.

The following new or amended standards and interpretations required mandatory first-time application in the fiscal year 2015 or were applied in advance on a voluntary basis and had no significant impact on the interim consolidated financial statements.

- Annual improvements to IFRS (2010 – 2012) – voluntary advance application,
- Annual improvements to IFRS (2011 – 2013),
- Amendments to IAS 19,
- IFRIC 21 “Levies”.

The preparation of these interim consolidated financial statements required the use of discretionary decisions and estimates for some balance sheet items that affect the recognition and measurement in the balance sheet and statement of income.

The assumptions and estimates that could pose a material risk of significant adjustments being made to the carrying amounts of assets and/or liabilities mainly relate to the fair value measurement of investment properties and are described separately in the corresponding chapter.

Discretionary decisions made by the management when applying the accounting and valuation policies that could significantly impact the amounts in the interim consolidated financial statements are a result of the assessment made when the purchase of a portfolio in the context of a real estate transaction is to be classified as a business combination according to IFRS 3 or as an acquisition of assets and liabilities.

The interim consolidated financial statements were prepared on the assumption of a going concern. The reporting currency is the euro. Where figures have been rounded to EURk, this has been stated. Discrepancies may occur as a result of rounding to EURk.

C. CHANGES TO THE SCOPE OF CONSOLIDATION

1. Scope of consolidation

In addition to the Company itself, the interim consolidated financial statements generally include all German and foreign subsidiaries from the date of their acquisition. As of September 30, 2015, the scope of consolidation comprised 50 fully consolidated entities (December 31, 2014: 54), including the parent company.

CHANGES TO THE SCOPE OF CONSOLIDATION	30/09/2015	31/12/2014
As of the beginning of the fiscal year	**54**	**30**
Additions	8	27
Disposals	6	3
Disposals through mergers	6	0
As of the balance sheet date	**50**	**54**

Disposals during the reporting period mainly concern the legacy portfolio, namely Kappatrade Ltd. (Ukraine), Polartrade Ltd. (Ukraine), OOO Sadko Holding (Russia), OOO New Sadko Holding (Russia), MAGNAT Real Estate Project Sadko BV (Netherlands) and MAGNAT Real Estate Project New Sadko BV (Netherlands). The disposal of these entities resulted in a positive earnings effect, mainly due to the derecognition of the currency translation reserves of EURk 500. In addition, entities of the legacy portfolio were merged. The merges relate to the Dutch subsidiaries and one German subsidiary.

2. Changes to the scope of consolidation

Acquisition of real estate companies

Interests in the real estate project companies Glockenhofcenter Objektgesellschaft mbH, Berlin, Hanse-Center Objektgesellschaft mbH, Berlin, TGA Immobilien Erwerb 1 GmbH, Berlin, Sihlegg Investments Holding GmbH, Wollerau, Switzerland, and Logistikpark Leipzig GmbH, Leipzig, were acquired during the reporting period. The acquisition of these real estate project companies was accounted for as a direct purchase of properties as these companies do not represent a business operation as defined by IFRS 3. The acquisition costs of the project companies were allocated to the individually identifiable assets and liabilities on the basis of their fair values.

In the context of the acquisition of Glockenhofcenter and Hanse-Center, DEMIRE AG increased its share capital by EUR 5,633,710 against contribution in kind. Alpine Real Estate GmbH was admitted to subscribe to the new shares in return for providing a contribution in kind consisting of 94.9 percent of Alpine’s interest in both Hanse-Center Objektgesellschaft mbH and Glockenhofcenter Objektgesellschaft mbH and a receivable against Hanse-Center Objektgesellschaft mbH. The increase in the share capital was entered into the commercial register on January 22, 2015. Both of the project companies, which were contributed with effect as of February 1, 2015, possess a combined commercial real estate portfolio consisting of nearly 42,000 m² in the cities of Bremen, Berlin and Stralsund, among others. In the context of the capital increase, each new DEMIRE AG share was assigned a value of EUR 1.75 resulting in a calculated purchase price of EURk 9,859.

In the context of the acquisition of Sihlegg Investments Holding GmbH, DEMIRE AG increased its share capital by EUR 2,182,567 against contribution in kind. Ketom AG, Wollerau, Switzerland, was admitted to subscribe to the new shares in return for providing a contribution in kind consisting of 94 percent of Ketom AG's interest in Sihlegg Investments Holding GmbH and a receivable against Sihlegg Investments Holding GmbH. Sihlegg Investments Holding GmbH is the owner of the office and retail property Gutenberg Galerie in Leipzig. The interest in Sihlegg Investments Holding GmbH was acquired with effect as of May 27, 2015. In the context of the capital increase, each new DEMIRE AG share was assigned a value of EUR 4.03 resulting in a calculated purchase price of EURk 8,791.

DEMIRE Commercial Real Estate ZWEI GmbH acquired a total interest of 94 percent in TGA Immobilien Erwerb 1 GmbH, Berlin, in a two-step process on March 3, 2015, and May 21, 2015. The purchase price totalled EUR 468,250. Under a property purchase agreement dated March 25, 2015, TGA Immobilien Erwerb 1 GmbH acquired a property in Schwerin. Beneficial ownership was transferred in July 2015. The purchase price totalled EURk 4,800.

In the context of the acquisition of the interest in Logistikpark Leipzig GmbH, DEMIRE AG increased its share capital by EUR 2,541,149 against contribution in kind. M1 Beteiligungs GmbH, Berlin, was admitted to subscribe to the new shares in return for providing a contribution in kind comprising 94 percent of the interest in Logistikpark Leipzig GmbH. In addition to the shares, a cash component of roughly EUR 18.3 million was also agreed to as part of the purchase price. In the context of the capital increase, each new DEMIRE AG share was assigned a value of EUR 5.84 resulting in a calculated purchase price of EURk 33,173. The capital increase was entered into the commercial register on July 1, 2015. Beneficial ownership of the interest in Logistikpark Leipzig GmbH was acquired on July 17, 2015.

Based on 100 percent of the assets and liabilities and taking into account the interests of non-controlling shareholders, the following amounts were recognised during the reporting period as of the respective date of first-time consolidation:

EURk	Amounts recognised as of the acquisition date
Assets acquired	104,928
Liabilities acquired	59,050
Net assets at 100%	**45,878**
of which interests of non-controlling shareholders	2,068
Acquisition costs	**43,810**

D. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

1. Rental income

The Group's rental income is composed as follows:

EURk	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Net rents	21,908	1,183
Income from ancillary rental costs	6,153	360
	28,061	**1,543**

Rental income in the reporting period stems primarily from the rental of commercial real estate. Income from ancillary rental costs is allocable ancillary costs that were passed on to tenants. Ancillary rental costs that could not be passed on to tenants due to vacancies amounted to EURk 2,940 in the reporting period and are recognised as operating expenses to generate rental income.

Profit/loss from the rental of real estate of EURk 17,504 in the reporting period (previous year's comparable period: EURk 1,260) resulted from rental income amounting to EURk 28,061 (previous year's comparable period: EURk 1,543) and operating expenses to generate rental income of EURk 10,557 (previous year's comparable period: EURk 283). Profit/loss from the rental of real estate is principally not affected by seasonal effects. The significant rise in the profit/loss from the rental of real estate mainly resulted from income from real estate portfolios that were acquired during the abbreviated 2014 fiscal year (whose rental income amounted to EURk 22,074 in the reporting period) and from real estate portfolios acquired during the reporting period (whose rental income amounted to EURk 4,286 in the reporting period).

2. Share-based compensation

With the consent of the Supervisory Board, the Executive Board is authorised until December 31, 2015, ("issue period") as detailed in the following provisions under the 2015 stock option plan to issue up to 1,000,000 stock options with subscription rights for shares of DEMIRE AG with a vesting period of four years and an exercise period of another five years ("the exercise period") provided that each stock option entitles its holder to subscribe for one share of the Company. With regard to the issue of stock options to members of the Executive Board of the Company, this authorisation is limited only to the Supervisory Board.

The beneficiaries and the amount of stock options for subscription offered to these beneficiaries are to be determined by the Executive Board of the Company with the consent of the Supervisory Board. To the extent members of the Executive Board of the Company are to receive stock options, the determination and the issuance will be governed by the Supervisory Board.

The following amount of stock options may be issued:

- up to 800,000 stock options (80 percent) to members of the Executive Board,
- up to 200,000 stock options (20 percent) to selected employees of the Company or directors or employees of Group companies.

The subscription rights arising from the stock options can be exercised for the first time upon the expiration of the statutory vesting period of four years according to Section 193 para. 2 no. 4 of the AktG. The vesting period starts after the issue of the stock options (day of receipt of the beneficiary's statement of subscription by the Company or by the credit institution commissioned by the Company for the settlement).

The relevant exercise price for one share of the Company upon the exercise of the stock options corresponds to at least 100 percent of the basis price. The basis price is the share price of the Company at the time of the resolution of the Executive Board on the issue of stock option rights and, in the case of the issue of stock options to members of the Executive Board, at the time of the resolution of the Supervisory Board. The relevant share price is the average closing price of the Company's shares in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last ten stock exchange trading days before the resolution is made on the issue of stock options.

The exercise of the subscription rights is subject to the Company's share price in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) being at least 10 percent higher than the basis price on the day preceding the exercise of the subscription rights.

The accounting of share-based compensation is governed by IFRS 2 "Share-based Payment". The 2015 stock option plan is classified as "equity-settled share-based payments". According to IFRS 2, the total staff costs arising from the stock options should be distributed over the four-year vesting period starting from the grant date. In the case of DEMIRE AG, the grant date is the day the approval has been given by the Executive Board and/or Supervisory Board.

The value of compensation based on real stock options according to the Black-Scholes Model is determined by the fair value of the options at the grant date pursuant to IFRS 2.10. In the case of DEMIRE AG, the grant date is the day the options were issued (April 7, 2015).

The following vesting conditions are relevant for the accounting of the share-based compensation programme:

- The four-year vesting period represents a so-called service condition since only a specified period of service must be completed in the Company.

- The exercise condition of a closing share price exceeding the basis price by at least 10 percent on the day preceding the exercise is classified as a performance condition since meeting the condition is based on a performance target. The performance conditions are to be divided into market conditions and non-market conditions. In the case of DEMIRE AG, the exercise condition is classified as a market performance condition as it is explicitly related to the Company's share price. Such a market performance condition is reflected in the valuation of the option exclusively by means of a probability calculation performed at the grant date.

In the reporting period, a total of 960,000 stock options were granted, of which 800,000 stock options were granted to members of the Executive Board and 160,000 stock options to selected employees of the Company or employees of Group companies. The fair value of each option was EUR 2.74.

The calculation of the option's fair value as of the date of issue was based on the following parameters:

CALCULATION PARAMETERS	
Dividend yield (percent)	0.00
Expected volatility (percent)	60.40
Risk-free interest rate (percent)	0.50
Term of the option (years)	9
Weighted average share price (euro)	4.258

Personnel costs arising from the 2015 stock option plan amounted to EUR 295,920 for the reporting period. The costs are recognised in the interim consolidated financial statements in "general and administrative expenses".

3. Financial result

EURk	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Financial income	919	9,829
Financial expenses	-21,558	-8,046
	-20,639	**1,783**

The decline in financial income mainly resulted from the financial income reported in the comparable period of the prior year that followed the change in the terms and conditions of the 2013/2018 convertible bond. Financial income in the first three quarters of 2014 included EUR 6.0 million from the recognition of a new financial instrument for the convertible bond due to a change in the conversion terms.

The increased financial expenses result from loans assumed for real estate acquired at the end of the abbreviated 2014 fiscal year and in the reporting period.

During the reporting period, a loan to MAGNAT Investment I B.V. was forgiven in accordance with the third amendment, which positively affected the interim consolidated financial statements by a total amount of EURk 1,231 and which were recognised within the item "unrealised fair value adjustments in equity investments". Furthermore, loans to OXELTON in the amount of EURk 1,088 were impaired and recognised within "other operating expenses", and interest's of EURk 1,972 related to these loans were recognised as a financial expenses.

4. Net profit/loss for the period

The Group's net profit/loss for the period of EURk 2,617 (previous year's comparable period: EURk 3) was largely impacted by the profit/loss from the rental of real estate of EUR 17,504k (previous year's comparable period: EURk 1,260) resulting from the expansion of the real estate portfolio.

The profit/loss from investments accounted for using the equity method amounted to EURk 3,230 (previous year's comparable period: EUR -385k). This improvement resulted from the debt relief of EURk 1,231 brought by the renegotiation of a mezzanine loan with the second shareholder in the OXELTON joint venture in the context of the sale process.

A fair value adjustment carried out at the SQUADRA Group in the context of the real estate valuation was reflected positively in DEMIRE's proportionate share in earnings. This higher valuation resulted from improved disposal options for the SQUADRA Group's commercial property located in Frankfurt/Main in the course of the planned change of use to a residential property.

Other operating income and other effects amounted to EURk 16,765 (previous year's comparable period: EURk 4,603). This was largely triggered by the profit/loss of fair value adjustments in investment properties of EURk 16,439 (previous year's comparable period: EURk 2,905), particularly from the Gutenberg Galerie and the Logistikpark in Leipzig.

In addition, the sale of real estate companies and real estate relating to the legacy portfolio resulted in a profit of EURk 916.

Earnings were negatively impacted in the reporting period by higher financial expenses of EURk 21,558 (previous year's comparable period: EURk 8,046), other operating expenses of EURk 4,457 (previous year's comparable period: EURk 3,367) and general and administrative expenses of EURk 7,569 (previous year's comparable period: EURk 2,714). General and administrative expenses mainly reflect accounting and audit costs of EURk 2,227 (previous year's comparable period: EURk 464) as well as legal and consulting fees of EURk 3,191 (previous year's comparable period: EURk 1,009).

5. Earnings per share

Basic earnings per share is computed by dividing the net profit/loss for the period attributable to the parent company shareholders by the weighted average number of shares outstanding.

	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Net profit/loss attributable to the parent company shareholders (EURk)	1,639	7
Weighted average number of shares outstanding	23,239,481	14,286,151
Basic earnings per share (EUR)	**0.07**	**0.00**
Diluted earnings per share (EUR)	**0.06**	**0.00**

A total of 10,661,700 convertible bonds and 3,000,000 mandatory convertible bonds were taken into consideration for the calculation of the diluted weighted average number of shares outstanding as of September 30, 2015

E. SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY

1. Investment properties

Investment properties are carried at fair value. Changes in fair values during the reporting period were as follows:

EURk	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Fair value as of the beginning of the reporting period	**333,070**	**20,526**
Reclassifications from property, plant and equipment / real estate inventory	14,065	210
Additions	89,796	248,726
Unrealised gains from fair value measurement	19,176	63,608
Unrealised losses from fair value measurement	2,737	0
Fair value as of the end of the reporting period	**453,370**	**333,070**

The EURk 89,796 addition to investment properties is mainly the result of the investment in five commercial real estate companies acquired during the reporting period: Glockenhofcenter Objektgesellschaft mbH, Hanse-Center Objektgesellschaft mbH, Sihlegg Investments Holding GmbH and Logistikpark Leipzig GmbH. These companies were acquired in the context of capital increases against contribution in kind, which increased subscribed capital by EURk 10,357 and capital reserves by EURk 23,133. An additional property in Schwerin was acquired in the context of the purchase of TGA Immobilien Erwerb 1 GmbH, Berlin. The item “reclassifications from property, plant and equipment/real estate inventory” in the amount of EURk 14,065 relates to advance payments for the property Goetheplatz, Leverkusen, and the properties in Worms and Halle-Peissen, which were reclassified from real estate inventory.

As no reliable IFRS 13 information could be determined in the comparable period as of September 30, 2014, the amounts as of December 31, 2014, or the amounts for the abbreviated fiscal year from April 1 to December 31, 2014, are provided as information for the previous year’s comparable period. The amounts reported in the statement of income represent the sums.

In the reporting period, the average market rent of investment properties amounted to EUR 5.60/m² per month (previous year: EUR 7.32/m² per month) and was in the range of EUR 1.00 to EUR 12.78 (previous year: EUR 0.96 to EUR 11.20). The determination of average market rent was based on the space rented as of September 30, 2015. Maintenance costs amounted to 8.34 percent of annual gross income in the reporting period (previous year’s comparable period: 8.02 percent). The value-based vacancy rate in relation to target rents averaged 18.81 percent as of the reporting date (previous year: 14.67 percent).

Total rentable space amounted to 657,734 m² as of the balance sheet date while the vacant space amounted to 155,135 m² of this space vacant. The average vacancy rate based on the rentable space was 23.59 percent (previous year: 17.12 percent) with a range of 0 percent to 86.62 percent (previous year: 0 percent to 82.32 percent) depending upon the type of space (office buildings, warehouse, etc.).

The calculation of property yields is based on the average market property yield and takes into account macro and micro conditions, competing properties, tenant creditworthiness, vacancies, and the remaining terms of the lease contracts. The average property yield amounted to 6.41 percent (previous year: 5.98 percent). The applied property yields ranged from 5.00 percent to 10.00 percent (previous year: 5.00 percent to 9.25 percent) depending on the quality, location and structure of the objects.

The existing rental agreements and the corresponding future income totalling EURk 196,421 have a remaining term of up to 10 years.

The weighted average lease term (WALT) amounted to 5.97 years (previous year: 6.4 years).

A sensitivity analysis of the material, non-observable input factors had the following impact on the measurement of investment properties:

An increase in the property yield of 0.5 percent reduces the fair value of investment properties by EURk 27,960; a decrease in property yield of 0.5 percent results in a higher fair value of EURk 30,800. A 10 percent increase in future profit from rentals (taking into account rental income, vacancy rates, administration and maintenance costs) results in a higher fair value of EURk 37,620; a 10 percent decrease results in a lower fair value of EURk 37,650.

A significant increase in maintenance costs, vacancy rates, and property yields, as well as unchanged assumptions regarding all other input factors, would result in a decrease in the property's fair value. All of the Group's investment properties are rented on the basis of operating lease agreements. The resulting rental income amounted to EURk 27,881 (previous year's comparable period: EURk 1,543). The expenses relating to investment properties amounted to EURk 10,369 (previous year's comparable period: EURk 283).

2. Investments accounted for using the equity method
Investments accounted for using the equity method of EURk 3,143 (December 31, 2014: EURk 2,613) primarily consist of the interest in SQUADRA in the amount of EUR 3,020k (December 31, 2014: EURk 1,592). In the reporting period, the interest in OXELTON accounted for using the equity method was reclassified to investments available for sale in accordance with the third amendment to the mezzanine loan of MAGNAT Investment I B.V. Following the realisation of the debt relief in April 2015, the interest was measured at the disposal value of EURk 1,500. As of December 31, 2014, the carrying amount of the investment in OXELTON was reported at EURk 869.

3. Equity

2015/18 mandatory convertible bond

In May 2015, a mandatory convertible bond with a volume of EURk 15,000 was issued with the exclusion of shareholders' subscription rights against contribution in kind. In the context of the transaction, an investor in the 2014/2019 corporate bond (Open Market of the Frankfurt Stock Exchange; ISIN: DE000A12T135/ WKN: A12T13; volume EUR 100 million) subscribed to the mandatory convertible bond issued with a term of three years (bullet bond maturing 2018) by contributing fractional bonds from the 2014/2019 corporate bond. The bonds carry an interest coupon of 2.75 percent per annum starting from the date of issue and may be converted into shares as of September 1, 2015, at an initial conversion price of EUR 5.00 per share, subject to adjustments. The mandatory convertible bond carries a conversion obligation of the respective creditor at the maturity of the bond. In the reporting period, no conversions took place.

The accounting of the mandatory convertible bond as of September 30, 2015, assumes that the conversion into shares will only take place at the bond's maturity. According to IAS 32.28, the new debt instrument must be divided into a debt and equity component. According to IAS 32.31 ff., the division into a debt and equity component must be carried out under the residual value method. Due to the fixed conversion ratio, the mandatory convertible bond is classified as equity as of the issue date. The debt component corresponds to the net present value of future interest payments. A term-equivalent credit spread on the risk-free interest rate was used to measure the debt component. The resulting value for the debt component as of September 30, 2015, amounted to EURk 976. The equity component of EURk 14,237 is determined by subtracting the debt component from the nominal amount of the mandatory convertible bond.

Resolutions of the Annual General Meeting

At the Annual General Meeting in Frankfurt on August 28, 2015, shareholders of DEMIRE AG resolved the creation of new authorised capital of EUR 13,675,702, the authorisation to issue convertible bonds and/or bonds with warrants, the issue of profit participation rights and/or profit participation bonds with a total nominal value of up to EUR 125,000,000.00 and the creation of additional conditional capital of EUR 3,919,447.00 for granting subscription and conversion rights for the bonds issued.

The Company's Extraordinary General Meeting on September 14, 2015, laid the foundation for the merger with Fair Value REIT-AG. With the resolved issue of up to 30,761,646 new shares with a notional interest in the share capital of EUR 1.00 against contribution in kind, DEMIRE is able to offer the shareholders of Fair Value REIT-AG two DEMIRE shares for one Fair Value REIT share in the context of a voluntary public exchange offer. Accordingly, shareholders subscription rights are excluded under this capital increase.

Furthermore, the General Meeting resolved the creation of additional authorised capital to align with DEMIRE's increased share capital in the case that the resolved capital increase in kind under Item 1 of the agenda is entered into the commercial register. Until September 13, 2020, with the consent of the Supervisory Board, the Executive Board is authorised to raise the share capital of DEMIRE Deutsche Mittelstand Real Estate AG once or several times in partial amounts through the issue up to 7,069,722 new shares with a notional interest in the share capital of EUR 1.00. Together with the currently available authorised capital of EUR 13,675,702, the Company would then have access to authorised capital totalling EUR 20,745,424.

4. Non-current financial debt

The following table summarises the non-current financial debt.

NON-CURRENT PORTION OF FINANCIAL DEBT	Nominal interest rate percent	Due	30/09/2015 EURk	31/12/2014 EURk
2014/2019 corporate bond of DEMIRE Deutsche Mittelstand Real Estate AG	7.50	16/09/2019	65,243	49,138
2013/2018 convertible bond of DEMIRE Deutsche Mittelstand Real Estate AG Estate AG	6.00	30/12/2018	10,767	10,424
Deutsche Bank promissory note loan for DEMIRE Holding EINS GmbH	5.00	09/12/2019	143,035	142,320
LBBW loan A for DEMIRE Commercial Real Estate GmbH	2.25	31/01/2019	25,832	26,666
LBBW loan B for DEMIRE Commercial Real Estate GmbH	variable	31/01/2019	6,343	6,792
IBB amortising loan for DEMIRE Real Estate München I GmbH	3.00	31/12/2016	8,078	8,018
Hypo Landesbank Vorarlberg amortising loan for Munich ASSET Vermögensverwaltung GmbH	1.75	31/08/2018	4,610	4,734
Volksbank Mittweida loan for TGA Immobilien Erwerb 1 GmbH	3.25	28/02/2025	4,301	0
DG Hyp loan for Logistikpark Leipzig GmbH	2.50	30/09/2017	29,468	0
LBB amortising loan for Hanse-Center Objektgesellschaft mbH	3.74	31/08/2018	3,933	0
			301,610	248,092

The 2014/2019 corporate bond was increased by EURk 52,750. Of this amount, bonds with a nominal value of EURk 20,000 were repaid from the first tranche of the 2014/2019 bond. Furthermore, additional bonds with a nominal value of EURk 15,000 were repaid. The repayment was financed from the proceeds from the issuance of the 2015/2018 mandatory convertible bond that was predominantly classified as equity. The mandatory convertible bond and the assumption of non-current debt from Logistikpark Leipzig GmbH resulted in a net rise of EURk 53,518 in non-current financial debt as of September 30, 2015. The bond's proceeds will be mainly used for DEMIRE's ongoing business expansion. In addition, the 2014/2019 bond contains embedded call options of EURk 75 from the first tranche and EURk 263 from the second tranche. The expense from the revaluation of these embedded derivatives amounted to EURk 148 during the reporting period.

4. Notes to the consolidated statement of changes in equity

The net profit for the period attributable to the parent company shareholders amounts to EURk 1,639. The net profit attributable to non-controlling interests amounts to EURk 978.

In the reporting period, **subscribed capital** rose by EURk 227 as a result of the conversion of 2013/2018 convertible bonds. Furthermore, capital increases against contribution in kind relating to the acquisition of new properties resulted in a rise in subscribed capital of EURk 10,358. These capital increases relate to the acquisition of Hanse-Center Objektgesellschaft mbH and Glockenhofcenter Objektgesellschaft mbH (EURk 5,634), Sihlegg Investments Holding GmbH (EURk 2,183) and Logistikpark Leipzig GmbH (EURk 2,541). Additionally, a 10 percent cash capital increase was concluded on July 14, 2015. The 2,474,152 new no-par value ordinary bearer shares (no-par value shares) were largely subscribed to by the institutional investor Wecken & Cie., Basel, Switzerland, in the context of a private placement. Upon the entry into the commercial register, DEMIRE AG's share capital rose by EURk 2,474. The issue price of the new shares was EUR 4.51 and resulted in proceeds for the Company from the cash capital increase of EUR 11,158,425.52. The new shares are entitled to dividends as of January 1, 2015.

Capital reserves represent the amount that was received through a capital increase against contribution in kind and the difference in subscribed capital to the sum of the share capital of the economic parent company and the acquisition cost for the acquisition of DEMIRE Deutsche Mittelstand Real Estate AG. The increase in capital reserves mainly resulted from capital increases against contribution in kind of EURk 23,133. These capital increases relate to the acquisition of Hanse-Center Objektgesellschaft mbH and Glockenhofcenter Objektgesellschaft mbH (EURk 4,225), Sihlegg Investments Holding GmbH (EURk 6,609) and Logistikpark Leipzig GmbH (EURk 12,299). Capital reserves also increased as a result of the cash capital increase (EURk 8,684) and the equity component of the 2015/2018 mandatory convertible bond, including deferred tax assets of EURk 14,237. The costs net of deferred taxes necessary to raise equity through capital measures amounted to EURk 666 (net to deferred taxes) and were deducted from capital reserves.

Retained earnings including consolidated net profit/loss contain the accumulated results.

The **reserves for treasury shares** resulted from the reverse acquisition.

The **currency translation reserves** include currency differences from fully consolidated companies and of companies accounted for using the equity method whose functional currency is not the euro. The change in the amount of EURk -737 mainly resulted from the sale of the two Ukrainian companies Polartrade Ltd. and Kappatrade Ltd. The currency translation differences related to the sold entities that were reported in prior years within other comprehensive income (OCI) were recognised through profit and loss as a result of the disposal.

Capital transactions with shareholders

There were no distributions to shareholders either in the reporting period or the subsequent period up to the date of the preparation of these financial statements.

Changes in equity recognised in other comprehensive income

The changes in other comprehensive income of in total EURk 830 resulted from negative currency translation differences, which primarily resulted from the sale of the two Ukrainian entities Polartrade Ltd. and Kappatrade Ltd.

F. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow from operating activities is calculated using the indirect method. Cash flow from investing and financing activities are calculated on a payment-related basis.

Cash flow development reflects the investment in the real estate group's growth and the progression in the disposal of the legacy portfolio.

Cash flow includes interest paid on financial debt of EURk 15,734 (previous year's comparable period: EURk 76), which resulted entirely from financing activities.

Cash flow from operating activities

Cash flow from operating activities improved from EURk -6,313 in the previous year's comparable period to EURk 3,479 in the reporting period. Starting with a level of Group profit before taxes of EURk 5,812, the cash flow improvement mainly resulted from interest expenses paid on financial debt of EURk 15,734 that was reclassified to cash flow from financing activities, a change in trade accounts receivable and other receivables of EURk 1,490 (previous year's comparable period: EURk -5,387) and proceeds from the disposal of real estate inventory of EURk 2,416 (previous year's comparable period: EURk 0).

Cash flow from investing activities

Cash flow from investing activities totalled EURk 5,123 after a cash outflow of EURk 60,836 in the previous year's period. Cash flow from investing activities was mainly the result of proceeds from the disposal of investment properties and real estate companies amounting to EURk 1,650, from payments for the purchase of investment properties of EURk 4,037 and payments for investments in property, plant and equipment of EURk 2,736.

Cash flow from financing activities

Cash flow from financing activities totalled EURk 7,405 in the actual reporting period after EURk 63,331 in the previous year's comparable period. Proceeds of EURk 11,158 from the cash capital increase, EURk 52,750 from the 2014/2019 bond issue and EURk 4,577 from the assumption of other financial debt were partly offset by interest payments on financial debt of EURk 15,734 and the redemption of financial debt due in the reporting period in the amount of EURk 24,563. In addition, EURk 20,000 was used for the repayment of a portion of the 2014/2019 corporate bond.

Cash and cash equivalents

The net change in cash and cash equivalents totalled EURk 5,761 (previous year's comparable period: EURk -3,818). As of the end of the reporting period, cash and cash equivalents had risen to EURk 10,158 after EURk 4,397 on December 31, 2014. Cash and cash equivalents mainly consist of bank balances denominated in euro.

Throughout the entire reporting period, the DEMIRE real estate group was always in a position to fully meet its payment obligations. Possible liquidity shortages, for example, due to maturing loans, were avoided by means of the appropriate financial management and lender agreements as presented in the risk report.

G. NOTES TO THE SEGMENT REPORTING

JANUARY 1, 2015 - SEPTEMBER 30, 2015 EURk	SEGMENTS BY BUSINESS AREAS			
	Investments	Core Portfolio	Central Functions[1]	Group
Revenues	2,416	29,711	0	32,127
Profit/loss from fair value adjustments in investment properties	0	16,439	0	16,439
Profits from investments accounted for using the equity method	1,231	0	1,999	3,230
Other income	59	447	537	1,043
Segment revenues	**3,706**	**46,597**	**2,536**	**52,839**
Net assets from sold real estate companies	-1,246	0	0	-1,246
Expenses on real estate sales	-192	-1,650	0	-1,842
Other expenses	-1,448	-17,855	-3,997	-23,300
Segment expenses	**-2,886**	**-19,505**	**-3,997**	**-26,388**
EBIT	**820**	**27,092**	**-1,461**	**26,451**
Interest income	161	15	743	919
Interest expenses	-3,310	-13,345	-4,903	-21,558
Income taxes	0	-2,545	-650	-3,195
Net profit/loss for the period	**-2,329**	**11,217**	**-6,271**	**2,617**
Significant non-cash items	**2,209**	**16,651**	**-4,060**	**14,800**
Impairment losses in net profit/loss for the period	**63**	**396**	**258**	**717**
ADDITIONAL INFORMATION				
Segment assets	**5,597**	**474,949**	**9,924**	**490,470**
of which investments accounted for using the equity method	123		3,020	3,143
of which loans to investments accounted for using the equity method	0	0	0	0
of which financial receivables and other financial assets	25	1,527	1,221	2,773
of which tax refund claims	2	174	50	226
of which assets available for sales in investments accounted for using the equity method	1,500	0	0	1,500
Segment liabilities	**2,998**	**286,589**	**83,253**	**372,840**
of which non-current financial debt	0	225,600	76,010	301,610
of which current financial debt	2,605	43,239	957	46,801
of which tax liabilities	0	529	213	742

JANUARY 1, 2014 - SEPTEMBER 30, 2014 EURk	SEGMENTS BY BUSINESS AREAS			
	Investments	Core Portfolio	Central Functions	Group
Revenues	182	1,361	3,700	5,243
Profit/loss from fair value adjustments in investment properties	0	2,905	0	2,905
Profits from investments accounted for using the equity method	139	0	0	139
Other income	1,865	23	689	2,577
Segment revenues	**2,186**	**4,289**	**4,389**	**10,864**
Net assets of sold real estate companies	0	0	-3,533	-3,533
Other expenses	-2,641	-501	-4,100	-7,242
Losses from investments accounted for using the equity method	-524	0	0	-524
Segment expenses	**-3,165**	**-501**	**-7,633**	**-11,299**
EBIT	**-979**	**3,788**	**-3,244**	**-435**
Interest income	234	5	9,590	9,829
Interest expenses	-3,834	-425	-3,788	-8,047
Income taxes	-851	-920	427	-1,344
Net profit/loss for the period	**-5,430**	**2,448**	**2,985**	**3**
Significant non-cash items	**58**	**2,959**	**-2,830**	**187**
Impairment losses in net profit/loss for the period	**86**	**0**	**145**	**231**
ADDITIONAL INFORMATION				
Segment assets	**19,212**	**24,195**	**55,255**	**98,662**
of which investments accounted for using the equity method	3,822	0	523	4,345
of which loans to investments accounted for using the equity method	2,579	0	0	2,579
of which financial receivables and other financial assets	205	0	1,117	1,322
of which tax refund claims	1	21	50	72
of which assets available for sales in investments accounted for using the equity method	3,970	0	0	3,970
Segment liabilities	**9,229**	**16,792**	**61,092**	**87,113**
of which non-current financial debt	22	13,383	58,096	71,501
of which current financial debt	8,223	0	93	8,316
of which tax liabilities	0	1	1	2

The segmentation of the data in the financial statements is based on the Company's internal alignment according to strategic business segments and geographic considerations under IFRS 8. In accordance with the management approach, the segment information provided represents the information to be reported to DEMIRE's Executive Board.

The Group is divided into the business segments of Investments, Core Portfolio and Central Functions. The Investments segment contains all information relating to non-current assets as well as the activities of the respective project holdings.

The Core Portfolio segment includes German commercial real estate recognised within the subsidiaries that is held or constructed to generate rental income and/or for the purpose of value appreciation. The Central Functions segment mainly contains DEMIRE AG's activities in its function as the Group holding and does not represent an independent business segment. The Asset Management segment, which provided services to third parties until September 2013, is no longer presented separately as of 2015. The remaining assets and liabilities were transferred to the Central Functions segment.

As of June 30, 2015, the allocation of group companies to business segments has changed to the extent that DEMIRE Worms Objektgesellschaft GmbH is allocated to the Core Portfolio segment. In the segment reporting of the prior year's period, the company was allocated to the Investments segment. The segment transfer in the prior year period relates to segment assets of EURk 2,306, segment liabilities of EURk 3,349 and segment result of EURk 109.

H. OTHER NOTES

1. Related party disclosures

Business transactions with members of management having key positions within the Company

Business transactions with members of management holding key positions within the Company did not occur in the reporting period. We refer to Section H5 for the remuneration of the Executive Board.

The following balances exist with respect to associated companies:

EURk	30/09/2015	31/12/2014
Financial receivables and other financial assets	114	48
Trade payables and other liabilities	37	146

The following balances exist with respect to joint ventures:

EURk	30/09/2015	31/12/2014
Loans to investments accounted for using the equity method	0	2.857
Financial receivables and other financial assets	723	921
Current financial debt	54	385

Volume of business transactions with investments accounted for using the equity method:

EURk	01/01/2015-30/09/2015	01/01/2014-30/09/2014
Loans to investments accounted for using the equity method	2,857	123
Financial receivables and other financial assets	66	786
Trade payables and other liabilities	109	297
Current financial debt	331	22

Business transactions with other related parties

In addition to the remuneration of the Executive Board explained in Section H5, one additional business transaction with a related party occurred. Mr Günther Walcher, who is a member of DEMIRE AG's Supervisory Board and who holds an indirect interest of 100 percent in M1 Beteiligungs GmbH, contributed 94 percent of the interest in Logistikpark Leipzig GmbH with a value of EURk 33,173 following the conclusion of the contribution and assignment agreement. A total amount of roughly EURk 14,000 out of this amount was still outstanding as of the balance sheet date.

2. Additional information about financial instruments

Due to the short-term maturity of cash and cash equivalents, trade accounts receivable and payable, and other current receivables and liabilities, it is assumed that their respective fair values correspond to the carrying amounts.

SEPTEMBER 30, 2015 EURk	Measurement category	Carrying amount	IAS 39 measurement Fair value through profit/loss	Fair value directly in equity	Amortised cost	Value Fair-Value
Interests in investments accounted for using the equity method	n/a	3,143	0	0	3,143	4,689
Other financial assets	LaR	4,570	0	0	4,570	4,570
Loans to investments accounted for using the equity method	LaR	0	0	0	0	0
Other loans	LaR	302	0	0	302	302
Trade accounts receivables and other receivables	LaR	7,797	0	0	7,797	7,797
Financial receivables and other financial assets	LaR	2,773	0	0	2,773	3,065
Cash and cash equivalents	LaR	10,158	0	0	10,158	10,158
Interests available for sales in investments accounted for using the equity method (IFRS 5)	1)	1,500	0	0	1,500	1,500
Convertible bond	AmC	10,285	0	0	10,285	38,383
Bonds	AmC	66,674	0	0	66,520	80,738
Other non-current financial debt	AmC	224,651	0	0	224,651	243,812
Trade payables	AmC	10,256	0	0	10,256	10,256
Current financial debt	AmC	46,800	0	0	46,800	46,800
Value per measurement category						
	LaR	25,600	0	0	25,600	25,892
	AmC	373,673	0	0	373,673	419,989

LaR: Loans and Receivables;
AmC: Amortised Cost
1) Interests in investments accounted for using the equity method available for sale, measured at fair value through profit and loss.

DECEMBER 31, 2014 EURk			IAS 39 measurement			Value
	Measure-ment category	Carrying amount	Fair value through profit/loss	Fair value directly in equity	Amortised cost	Fair-Value
Interests in investments accounted for using the equity method	n/a	2,613	0	0	2,613	4,001
Other financial assets	LaR	14	0	0	14	14
Loans to investments accounted for using the equity method	LaR	2,857	0	0	2,857	4,050
Other loans	LaR	322	0	0	322	322
Trade accounts receivables and other receivables	LaR	9,287	0	0	9,287	9,287
Financial receivables and other financial assets	LaR	921	0	0	921	1,246
Cash and cash equivalents	LaR	4,397	0	0	4,397	4,397
Convertible bond	AmC	8,173	0	0	8,173	15,244
Bonds	AmC	49,138	0	0	49,138	50,100
Other non-current financial debt	AmC	188,530	0	0	188,530	193,330
Trade payables	AmC	11,519	0	0	11,519	11,519
Current financial debt	AmC	47,573	0	0	47,573	47,573
Value per measurement category						
	LaR	17,798	0	0	17,798	19,316
	AmC	304,933	0	0	304,933	317,766

LaR: Loans and Receivables;
AmC: Amortised Cost

The following table presents the measurement hierarchy, the measurement procedure and material input factors for the fair values of each category of non-current financial assets and liabilities.

Type	Hierarchy	Measurement procedure and material input factors
Investment properties	Level 3	Expected future free cash flows of a project by applying a market-based, property-specific discount rate
Interests in investments accounted for using the equity method	Level 3	Discounted cash flows from the continued use of an asset on the basis of yield curves observable on the market at the reporting date
Loans to investments accounted for using the equity method (fixed-rate)	Level 3	Discounted cash flows on the basis of yield curves observable on the market at the reporting date
Financial receivables and other financial assets	Level 3	Discounted cash flows on the basis of yield curves observable on the market at the reporting date
Non-current financial debt	Level 3	Discounted cash flows on the basis of yield curves observable on the market at the reporting date
Quoted 2013/2018 convertible bond	Level 1	Quoted bid prices on active markets
Quoted 2014/2019 corporate bond	Level 1	Quoted bid prices on active markets
Quoted 2015/2018 mandatory convertible bond	Level 1	Quoted bid prices on active markets

According to IFRS 7.29, it is assumed that all current financial instruments' carrying amounts correspond to their fair value. Since the main portion of non-current loans was drawn down shortly before the balance sheet date, it is assumed that the fair values do not materially differ from the carrying amounts.

The Group's financial risk in the reporting quarter has not changed materially compared to December 31, 2014.

3. Risk report

With regard to the risk of future business development, we refer to the information provided in the risk report within the consolidated financial statements as of December 31, 2014. The changes in the scope of consolidation during the 2015 reporting year did not lead to any material changes in the risk structure.

4. Other disclosures

Purchase agreements for properties concluded in the first three quarters of 2015 that were not completed by the end of the balance sheet date, resulted in other financial obligations amounting to EURk 82,060 as of September 30, 2015.

In the context of a shareholder agreement concluded between DEMIRE AG and Dovemco Ltd. ("Dovemco") in April 2015, a type of "earn out" was agreed for the underlying CONDOR portfolio. This agreement is based on a combination of call and put options with various exercise prices. The options can only be exercised if certain budgeted targets are achieved. Principally, this combination is to be classified as a financial liability in the form of a derivative. This obligation was measured at "zero", however, because the thresholds for exercising have clearly not been reached and are not expected to be reached in the future.

5. Executive Board and employees

In the period from January 1 to September 30, 2015, total remuneration of EURk 725 (previous year's comparable period from January 1 to September 30, 2014: EURk 322; entirely fixed remuneration of which EURk 150 for a member who had resigned from the Board) was recognised for DEMIRE AG's Executive Board:

NAME EURk	Fixed remuneration	Variable remuneration	Stock option plan	Gesamt
Hon.-Prof. Andreas Steyer	216	33	123	372
Markus Drews	155	75	123	353
Total	**371**	**108**	**246**	**725**

Hon.-Prof. Andreas Steyer receives a time-proportionate entitlement to a multi-year bonus if the performance period for the determination of the multi-year bonus has existed for twenty-four months.

In addition to the two Executive Board members, the number of employees as of the balance sheet date was as follows:

	30/09/2015	31/12/2014
Permanent employees	51	7
	51	**7**

The average number of employees in the reporting period from January 1 to September 30, 2015, was 32 (previous year's comparable period: 4). Of the 51 permanent employees, 30 were employed by DEMIRE Immobilien Management GmbH, Panacea Property GmbH and Praedia GmbH, which are not consolidated for reasons of materiality. These newly acquired entities are of minor importance for the interim consolidated financial statements under IFRS and are therefore not included in the IFRS consolidated financial statements as of September 30, 2015, for reasons of materiality.

6. Events subsequent to the balance sheet date

Acquisition of T6 real estate portfolio

With the consent of the Supervisory Board, the Executive Board of DEMIRE AG concluded a purchase agreement on June 30, 2015, to acquire a 94 percent interest in Germavest Real Estate S.á.r.l. (Germavest). Germavest has a commercial real estate portfolio containing 143,788 m² of rental space as well as 2,171 underground and free-standing parking spaces in the cities of Ansbach, Bonn, Flensburg, Freiburg, Regensburg and Stahnsdorf. All of the 6 locations have long-term rental contracts with Deutsche Telekom AG until 2021 (until 2025 for the location in Bonn). The net annual rent, excluding utilities and based on the properties' current full occupancy, amounts to roughly EUR 14.8 million and will rise periodically based on a contractually agreed fixed annual indexation. The largest property with approximately 38,000 m² has a rental agreement spanning 10 years.

With the acquisition of Germavest, a long-term financing structure was taken over whose interest rate leads to a reduction in DEMIRE's average interest rate. The financing has ben repaid by means of accelerated payments, which has led to a sustainable increase in DEMIRE's equity. Based on the portfolio's favourable return ratios, DEMIRE expects an additional contribution to be made to the positive cash flow of the entire Group portfolio.

Upon the fulfilment of the contractual conditions for the transfer of the interest, 94 % of the interest in Germavest Real Estate S.á.r.l was passed on to DEMIRE Commercial Real Estate DREI GmbH on October 30, 2015. The proportionate share of the purchase price of roughly EUR 39.0 million, including a retroactive increase of EUR 2.9 million as compared to the originally agreed purchase price, attributable to DEMIRE Commercial Real Estate DREI GmbH, was paid using a combination of cash in the amount of roughly EUR 6.9 million and the existing fiduciary account in the amount of EUR 0.94 million; the assumption of a loan of roughly EUR 1.7 million; as well as the provision of fractional bonds of DEMIRE Deutsche Mittelstand Real Estate AG amounting to roughly EUR 25.3 million, which were previously contributed to three subsidiaries and sub-subsidiaries. The subsidiaries and sub-subsidiaries have declared certain title and capacity guarantees with regard to the fractional bonds, which are secured by DEMIRE Deutsche Mittelstand Real Estate AG as of February 1, 2017, by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee. The remaining purchase price of roughly EUR 4.3 million was deferred until December 31, 2015. If DEMIRE Commercial Real Estate DREI GmbH has not paid the deferred amount by this date, a warranty liability of DEMIRE Deutsche Mittelstand Real Estate AG will come into effect as of January 1, 2016. DEMIRE AG has subjected itself to immediate foreclosure in this respect. DEMIRE Deutsche Mittelstand Real Estate AG acquired the right to demand, at any time, the purchase of fractional bonds by T6 HoldCo S.á.r.l. against payment of the nominal amount plus interest accrued since November 1, 2015, and to place fractional bonds with third party investors (call option). If fractional bonds below the nominal amount are placed with third parties until December 31, 2015, the payment of the difference due from DEMIRE Deutsche Mittelstand Real Estate AG will be deferred until December 31, 2015.

If by December 31, 2015, T6 HoldCo S.á.r.l. is still in possession of fractional bonds because DEMIRE Deutsche Mittelstand Real Estate AG was unable to place or fully place the bonds, T6 HoldCo S.á.r.l. has the right to demand the repurchase of these fractional bonds (put option) at the nominal amount plus interest accrued since November 1, 2015, from the subsidiaries or sub-subsidiaries as joint debtors. When exercising the put option, the pecuniary claim for the repurchase of the fractional bonds is deferred until January 31, 2017, and secured by DEMIRE Deutsche Mittelstand Real Estate AG as of February 1, 2017, by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee.

If T6 HoldCo S.á.r.l. has not received the deferred portion of the purchase price in full from DEMIRE Commercial Real Estate DREI GmbH by December 31, 2015, and/or the fractional bonds have not been fully purchased by DEMIRE Deutsche Mittelstand Real Estate AG against payment of the full repayment amount or placed with third party investors by December 31, 2015, DEMIRE Commercial Real Estate DREI GmbH must pay a one-time surcharge on the purchase price of EUR 1 million as of January 1, 2016. This surcharge can be discharged by DEMIRE Deutsche Mittelstand Real Estate AG by issuing new shares against contribution kind – contributing the claim against DEMIRE Commercial Real Estate DREI GmbH into DEMIRE Deutsche Mittelstand Real Estate AG. The shares must be delivered no later than January 31, 2016. The claim against DEMIRE Commercial Real Estate DREI GmbH is deferred until January 31, 2016. If the shares are not delivered by January 31, 2016, the claim becomes due as a cash payment as of February 1, 2016, and is secured by DEMIRE Deutsche Mittelstand Real Estate AG by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee.

As of February 1, 2016, for each month for which the deferred portion of the purchase price and/or the repurchase price resulting from the exercise of the put option has not been fully paid, DEMIRE Commercial Real Estate DREI GmbH must pay additional purchase prices, which DEMIRE Deutsche Mittelstand Real Estate can partially discharge by issuing new shares against contribution kind – contributing the respective claim against DEMIRE Commercial Real Estate DREI GmbH into DEMIRE Deutsche Mittelstand Real Estate AG. The pecuniary claim is deferred until January 31, 2017, and will be secured by DEMIRE Deutsche Mittelstand Real Estate AG as of February 1, 2017, by submitting an abstract acknowledgement of the debt and subjecting itself to an immediately enforceable maximum deficiency guarantee.

For the claims of T6 HoldCo S.á.r.l., the following collateral was provided: (i) pledging interests in certain subsidiaries; (ii) security assignment of entitlements of DEMIRE Deutsche Mittelstand Real Estate AG against these subsidiaries; (iii) granting a collective land charge of EUR 27 million to several properties of certain subsidiaries and sub-subsidiaries; (iv) an assignment of claims to restitution against creditors of land charges ranking equally or higher; (v) an assignment of owner's land charges; (vi) the assumption of a warranty liability for the deferred portion of the purchase price plus accrued interest and subject to immediate foreclosure; (v) as well as granting a maximum deficiency guarantee of EUR 31.6 million from DEMIRE Deutsche Mittelstand Real Estate AG, of specifically EUR 1 million as of February 1, 2016, and of the remaining amount as of February 1, 2017, plus submittance of an abstract acknowledgement of the debt and subject to immediate foreclosure.

Takeover offer to the shareholders of Fair Value REIT-AG, Munich

On July 31, 2015, DEMIRE AG's Executive Board and Supervisory Board decided to make an offer to acquire the no-par value bearer shares from the shareholders of Fair Value REIT-AG, Munich, by way of a voluntary public takeover offer in the form of an exchange offer. DEMIRE AG and Fair Value REIT-AG also signed a basic agreement (a so-called "Business Combination Agreement") on July 31, 2015. Finally, DEMIRE AG entered into agreements with certain block shareholders of Fair Value REIT-AG in which these shareholders undertake to accept the takeover offer for their Fair Value REIT-AG shares (so-called "tender agreements") subject to certain conditions. The successful completion of the takeover offer would create a real estate group with a commercial real estate portfolio totalling around EUR 1 billion. DEMIRE AG offers the shareholders of Fair Value REIT-AG two new no-par value bearer shares of DEMIRE AG, with a notional interest in share capital of EUR 1.00 each and an entitlement to dividends as of January 1, 2015, from the capital increase in kind resolved by the Extraordinary General Meeting of September 14, 2015, in exchange for one Fair Value share submitted to DEMIRE in the context of the takeover offer. On October 14, 2015, the offer document for the takeover offer was approved and published by the German Federal Financial Supervisory Authority (BaFin). A total of 10,102,281 Fair Value shares were tendered during the acceptance period that ran from October 14, 2015, through November 16, 2015. This is equivalent to roughly 71.69 percent of Fair Value REIT-AG's share capital and voting rights. The additional acceptance period, during which the offer can still be accepted, commenced on November 20, 2015, and will end on December 3, 2015. The final result of the takeover offer and the number of shares to be issued as consideration will not be determined until the end of the additional acceptance period.

Sale of Munich Asset Vermögensverwaltung GmbH Immobilienobjekt (Hofer Strasse 21-25)

In a contract dated October 19, 2015, it was agreed to cancel the fiduciary agreement from beginning of 2014 and put the parties back in their original positions as if the fiduciary agreement had not been concluded. It was also agreed to retransfer the interest in Munich ASSET Vermögensverwaltung GmbH, which holds the property at Hofer Strasse 21-25 in Munich, to VICUS AG effective September 30, 2015, for a payment of EURk 26. Furthermore, it was agreed to sell the shareholder loan at the loan's nominal amount as of December 31, 2015, to VICUS AG. The amount due must be paid to DEMIRE Commercial Real Estate GmbH no later than February 15, 2016. Until today, this transfer has not occurred. From today's perspective, the sale of the interests in the entity holding this property will presumably have a slightly positive effect on earnings due to the effect from disposing of this entity's assets and liabilities. The property of Hofer Strasse 21-25 in Munich is stated at a fair value of EURk 7,260 as of September 30, 2015.

Sale of Halle Peissen property

On November 17, 2015, an agreement to sell the Halle Peissen property at a price of EURk 650 was signed. The closing is expected in the first quarter of 2016 upon the fulfilment of certain conditions.

Prolongation of HFS bond

In October 2015, the loan that was originally due in December 2015 was prematurely prolonged by an additional year until December 2016. The conditions remain unchanged at 15 percent interest per annum to be paid in monthly instalments, plus extra allowance of 5 percent p.a., which will be paid 50-50 semi-annual. There were no costs to be paid under this prolongation.

Frankfurt/Main, November 30, 2015
DEMIRE Deutsche Mittelstand Real Estate AG

Hon.-Prof. Andreas Steyer MRICS	**Dipl.-Kfm. (FH) Markus Drews**
Speaker of the Executive Board (CEO)	Member of the Executive Board (COO)

Office-Building, Eschborn ▼

Imprint and Contacts

Company contact

DEMIRE DEUTSCHE MITTELSTAND REAL ESTATE

DEMIRE Deutsche Mittelstand Real Estate AG
Lyoner Straße 32
D-60528 Frankfurt/Main
Germany
T +49 (0)69 719 189 79-0
F +49 (0)69 719 189 79-11
ir@demire.ag
www.demire.ag

Investor Relations

GFEI Aktiengesellschaft

GFEI Aktiengesellschaft
Office Center Plaza
Mailänder Straße 2
30539 Hannover
Germany
T +49 (0)511 47402310
F +49 (0)511 47402319
ir@demire.ag
www.gfei.de

DEMIRE

DEUTSCHE MITTELSTAND
REAL ESTATE

DEMIRE Deutsche Mittelstand Real Estate AG
Lyoner Straße 32
D-60528 Frankfurt/Main
T +49 (0)69 719 189 79-0
F +49 (0)69 719 189 79-11
ir@demire.ag
www.demire.ag