DEMIRE

Company Presentation

March 2023

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DEMIRE at a glance

Strategy & portfolio

Financials

DEMIRE at a glance

Office Building, Konrad-Adenauer-Allee 1-11, Bad Vilbel

DEMIRE at a glance[1)]

Applying the ABBA-approach[2)]

DEMIRE is a leading German public Real Estate Firm focused on Office, Retail, Logistic and Hotel Properties across Germany foremost in Secondary Locations (ABBA)

- Sizeable € 1.6bn German commercial portfolio consisting of 62 Assets
- German-wide diversified portfolio with c. 60% office overweight
- € 85.1m contractual rent representing 6.4% gross yield
- EPRA-Vacancy rate at 9.5%[3)], high quality tenant roster with 4.8 years WALT
- Company credit rating (B2) from Moody's
- 2022 rental income guidance beat: € 78.0 - € 80.0 with € 81.1m
  2022 FFO I[4)] guidance beat: € 38.5 - € 40.5 with € 41.8m
- Guidance 2023 affected by planned disposals: rental income € 71.0 - € 73.0m and FFO I[4)] € 30.0 - € 32.0m

Note: GAV incl. office property „Cielo", where DEMIRE owns c. 50% of the building, other KPIs excl. „Cielo"
1) Data as of 31 December 2022
2) A-locations in B-cities and B-locations in A-cities
3) Excl. assets held for sale and assets classified as project developments
4) After taxes, before minorities

DEMIRE at a glance

From founding to one of the leading commercial real estate platforms in Germany

Set up and growth → Accelerated growth → Consolidation and refinancing → Institutionalisation and growth

- Corporate activities
- Capital market activities

Apr 2006
Founding of MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jul 2006
Equity listing (IPO)

€ 36m GAV

Jun 13
Changed name to DEMIRE Deutsche Mittelstand Real Estate AG

Jan 14 – Dec 14
Acquisition of three portfolios for c. **€ 385m**

Sep 14
Issuance of corporate bond **€ 50m**

Jan 15 – Dec 15
Acquisition of three portfolios for c. **€ 250m**
77.7% stake in Fair Value REIT-AG

Jul 15
10% Capital increase
Issuance of convertible bond

Jul 17
Placed rated corporate Bond **€ 270m**

Sep 17
Tap of rated corporate bond **€ 130m**

Apr 18
Apollo acquires controlling stake in DEMIRE

Nov 18
Rights issue with gross proceeds of c. **€ 150m**

€ 1.0bn GAV

Apr 19
Acquisition of 9 assets for c. **€ 238m**

Oct 19
Placed rated corporate Bond **€ 600m**

Dec 19
Signing of two assets worth c. **€ 115m**

Sep 20
First dividend payout in the company's history
0.54€ per share

€ 1.4bn GAV

Jul 21
Acquisition of 50% stake in landmark office building "Cielo" **c. € 276m**[1)]

€ 1.7bn GAV[2)]

Nov 22
Bond buy-back of **€ 50m** nominal

1) Overall transaction volume and property value
2) Incl. office property „Cielo", where DEMIRE owns c. 50% of the building

Strategy & portfolio

Office Building, Eckernförder Landstrasse 65, Flensburg

Strategy

REALize Potential: four strategic goals ultimately aiming at FFO accretion

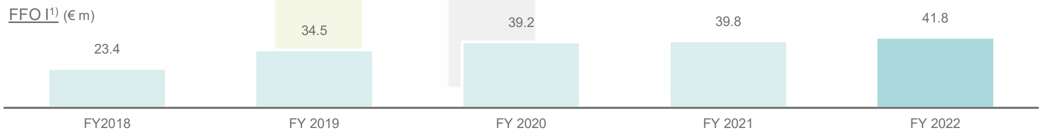
Asset Management — Realizing potential through active and value-oriented real estate management and portfolio dynamization

Transactions — Portfolio optimization with short-term creation of additional liquidity while maintaining the medium-term goal of portfolio growth in ABBA locations

Financials — Realizing enhancement potential in our financing structure

Processes — Realizing optimizations of processes and structures

FFO growth



1) After taxes, before minorities

Key achievements since 2019

Substantial improvements as sound basis for strong future development

REALize Potential

- Acquisition of eleven assets worth c. € 355m completed and „Cielo" with € 276m transaction volume
- Gross asset value grown by 40% to c. € 1.6bn[2)]
- Annual rent (run-rate) increased to € 85.1m[3)] (from € 73.2m)
- Disposals of 36 non-strategic assets for € 370m with a premium to market value of c. 8%
- Regular dividend pay-outs since 2020 (2020: 0.54 € per share, 2021: 0.62 €, 2022: 0.31 €)
- Financing costs reduced to 1.67%[1), 3)] p.a. and maturity profile prolonged
- Successful issuance of € 600m senior notes at 1.875% coupon in October 2019, buy-back of € 50m in 2023

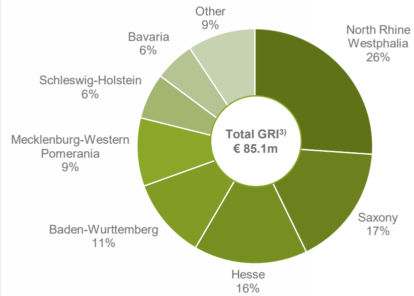
1) Based on nominal interest
2) Incl. office property „Cielo", where DEMIRE owns c. 50% of the building
3) As of 31 December 2022

Attractive € 1.6bn1) commercial portfolio

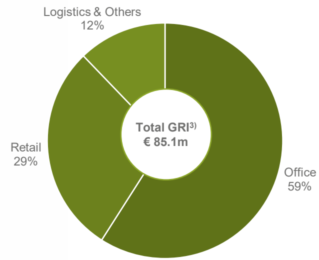
German-wide diversified portfolio with office overweight

Property locations

Distribution by federal state2)



Distribution by asset class2)



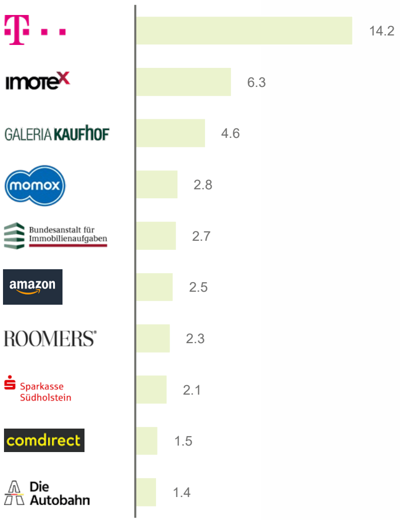
1) As of 31 December 2022, incl. office property „Cielo", where DEMIRE owns c. 50% of the building
2) Excl. „Cielo"
3) Annualised contractual rent as of 31 December 2022

Portfolio breakdown[1)]

Top 10 tenants and portfolio KPI‘s

Top 10 tenants

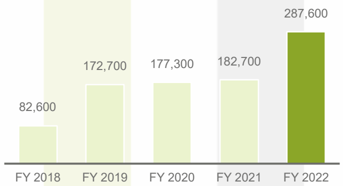
% of annualised contractual rent of portfolio



- Attractive and diversified tenant base with a small number of large tenants and a large share of medium-sized tenants
- Top 10 tenants account for 40% of annualised contractual rent

Letting performance

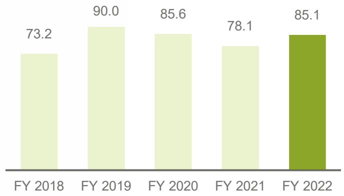
sqm



- Record level leasing performance for four consecutive years
- All-time high in 2022 with over 50% increase y-o-y

Annualised contractual rent

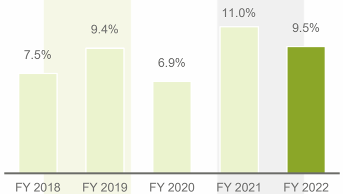
€ m



- Reduction since FY 2019 primarily driven by disposals of several non-strategic assets
- Recent increase due to new Amazon rental contract and indexations

EPRA-Vacancy rate[2)]

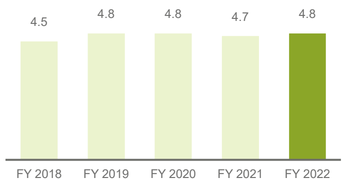
%



- Vacancy typically below 10%
- Pro-forma Cielo, EPRA-Vacancy below 8%

WALT

years

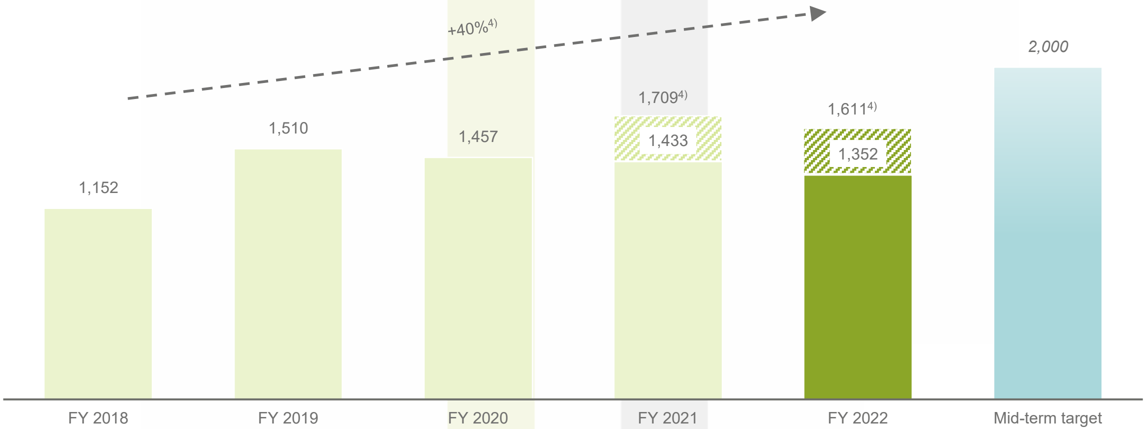


- WALT broadly stable since 2019

1) As of 31 December 2022, excl. „Cielo“
2) Excl. assets held for sale and properties classified as project developments

Portfolio growth

Development of gross asset value



FY 2019
- 10 portfolio additions for € 294.9m plus € 5.0m down-payment for acquisition in Frankfurt[1]
- Revaluation gains of € 83.0m
- € (24.9)m disposals and other effects[2]

FY 2020
- € 42.7m closing of the acquisition in Frankfurt
- Revaluation losses of € (22.5)m
- € (73.1)m disposals and other effects[3]

FY 2021
- € 48.8m revaluation gains
- € (101.5)m disposals
- € 18.9m capex
- € 9.6m other effects[5]

FY 2022
- € (99.1)m revaluation losses
- € (13.8)m disposals
- € 29.6m capex
- € 2.3m other effects[5]
- € (16.2)m revaluation loss "Cielo"

Mid-term target
- *DEMIRE continues to monitor the market in order to identify attractive investment opportunities to upsize the portfolio to its mid-term target of € 2bn*

1) Closed in March 2020
2) € (29.1)m disposals, € 4.2m capex
3) € (86.9)m disposals, € 13.4m capex, € 0.4m other
4) Incl. office property „Cielo", where DEMIRE owns c. 50% of the building
5) Mainly adjustment of heritable building rights

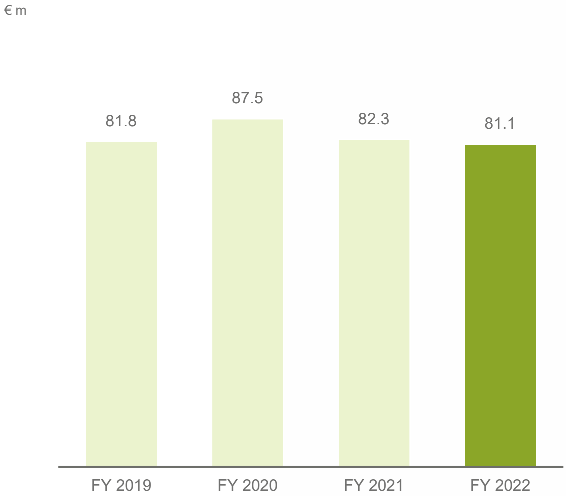
Financials

Office Building, Kuhberg 17-19 / Kieler Straße 1, Neumünster

Development of key P&L figures (1/3)

Rental income and profit from the rental of real estate

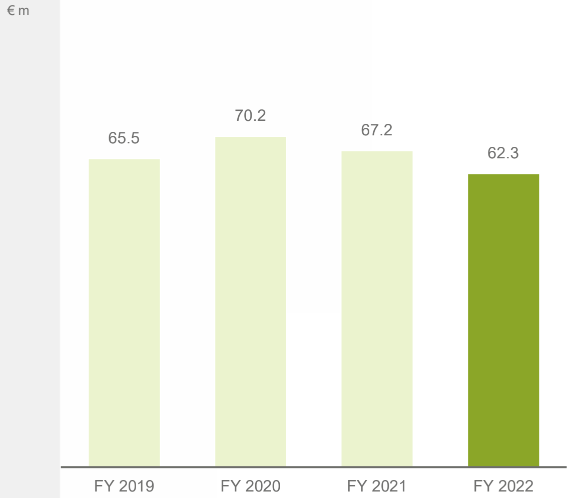
Rental income



» After a portfolio consolidation phase until 2018, intensified acquisition and letting efforts led to substantially increased rental income in FY 2019 and FY 2020

» Due to the disposals of various non-strategic properties from FY 2020 on, rental income down to € 81.1m last year

Profit from the rental of real estate



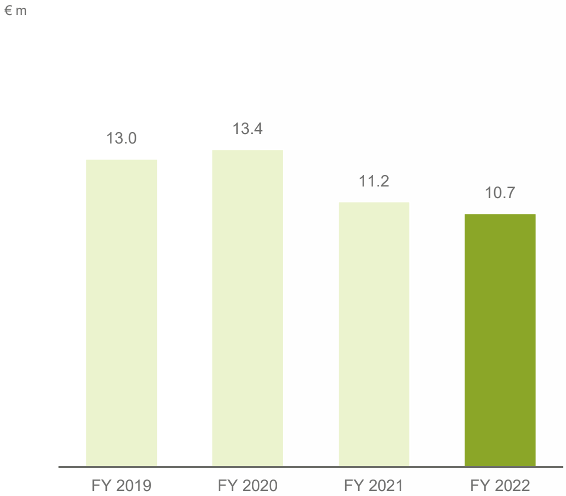
» Development of profit from the rental of real estate largely follows rental income development with increases until 2020 and reduction since 2021

» NOI margin constantly between 77% and 82%

Development of key P&L figures (2/3)

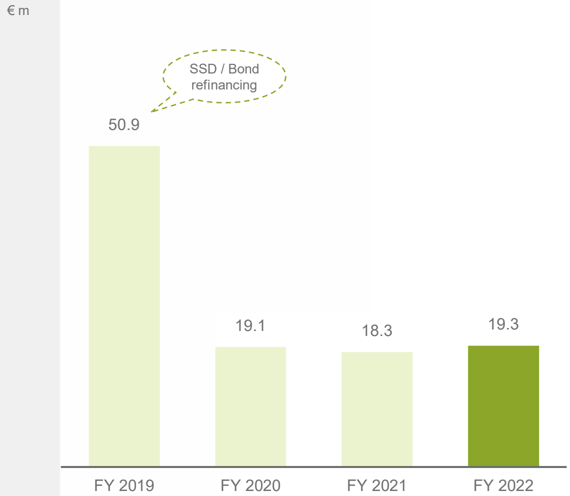
Administrative expenses and interest expenses

Administrative expenses



- Despite portfolio expansion, administrative costs reduced as a consequence of various cost savings measures
- Administrative expense ratio[1)] more than halved: down from 28.0% in FY 2018 to 13.2% in FY 2022

Interest expenses



- After comprehensive refinancings at attractive terms in 2019 and 2020, interest expenses at € 18-19m per year
- 2022 affected by fees in context with bond buy-back

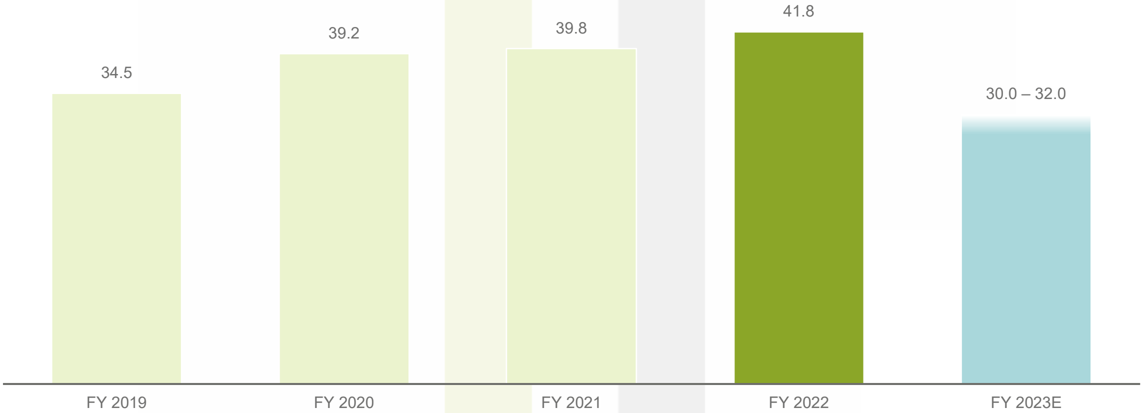
1) Administrative expenses / rental income

Development of key P&L figures (3/3)

Funds from operations I[1)]

Funds from operations I[1)]

€ m



- FFO I[1)] accretion of over € 7m since FY 2019 leading to € 41.8m in FY 2022
- Main drivers include upscaled portfolio, improved NOI margin, much lower administrative expenses, reduced interest expenses and improved financial income
- FFO I[1)] guidance for FY 2023 at € 30.0 - € 32.0m indicating anticipated disposals

1) After taxes, before minorities

Debt book (1/2)

Comparison of debt book before and after comprehensive refinancings in FY 2019 and FY 2020

Debt book before bond-refinancing[1)]

	Notional amount[2)]	Interest rate p.a.[3)]	Remaining term
Bond 17/22	€ 367m	2.875%	2.8 years
Promissory Notes	€ 142m	4.000%	2.5 years
4 loans of DEMIRE level	€ 119m	1.480%[4)]	4.7 years[4)]
12 loans of FVR level	€ 100m	2.211%[5)]	1.6 years[5)]
Overall / average	**€ 728m**	**2.775%**	**2.9 years**

- Bond refinancing
- New secured loans
- Refinancings on FVR level
- Redemption of high-yielding loans

Debt book as of today[5)]

	Notional amount[2)]	Interest rate p.a.[3)]	Remaining term
Bond 19/24	€ 550m	1.875%	1.8 years
6 loans on DEMIRE level	€ 207m	1.177%[4)]	1.9 years[4)]
9 loans on FVR level	€ 76m	1.421%[4)]	3.5 years[4)]
Overall / average	**€ 833m**	**1.669%**	**2.0 years**

» Debt volume increased by almost € 170m[6)] to create a comfortable liquidity position and enable acquisitions

» Increase of average volume of the financing instruments from € 40m to € 53m[6)] simplifies administration

» Reduction of average nominal interest rate of more than one percentage point lowers annual interest expenses significantly (€ 8m p.a.)

» Extension of average remaining term of the financing instruments[6)]

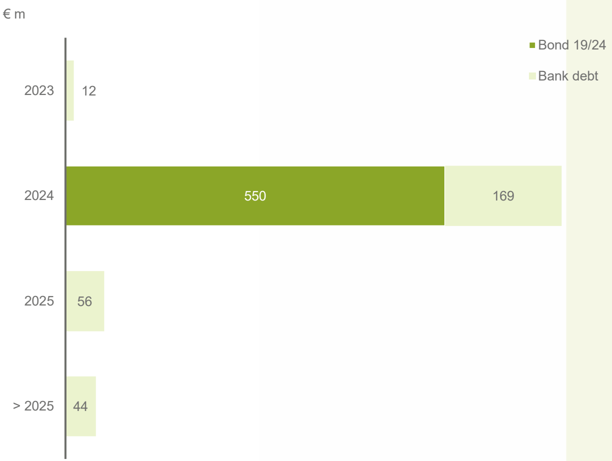
» Improvement of the unencumbered asset ratio from 40% to over 60%[6)] created capacities for new secured financings

1) As of 30 September 2019
2) Nominal value (IFRS value differs slightly)
3) Nominal
4) Weighted average
5) As of 31 December 2022
6) Right after refinancing in October 2019

Debt book (2/2)

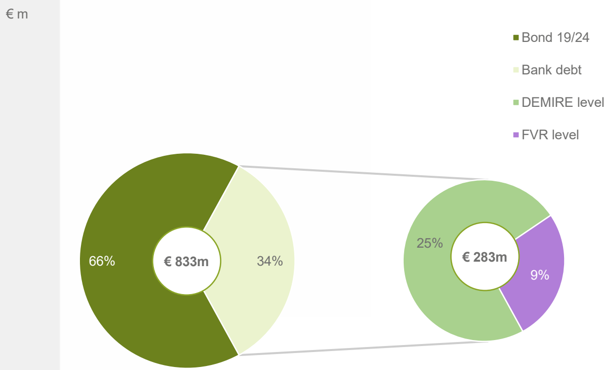
Maturity profile and type of debt

Maturity profile[1)]



- No refinancing needs before Q2 2024, only scheduled repayments
- Staggered maturities from 2025 onwards
- Mitigation of funding need 2024 intended by building of a liquidity cushion
- Bond buy-back in November 2022 reduced outstanding bond nominal to € 550m

Type of debt[1)]



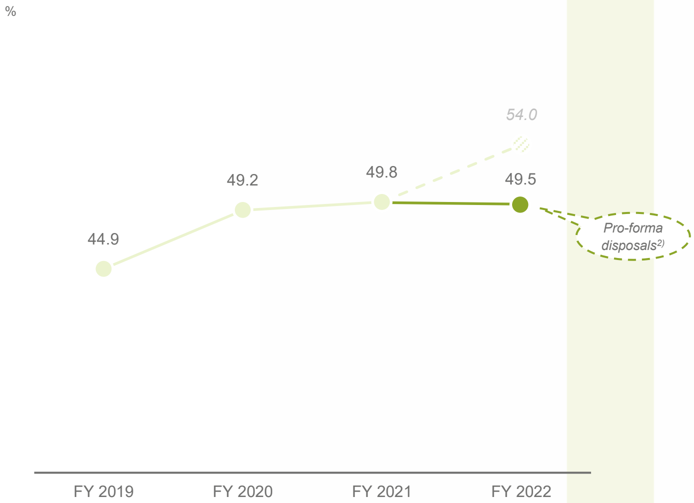
- Unsecured debt accounts for 2/3 of total financial debt volume
- Majority of mortgage loan volume on DEMIRE level

1) As of 31 December 2022, nominal values (IFRS values differs slightly)

Development of key financial metrics (1/2)

Net-LTV ratio and average cost of debt

Net-LTV[1)]

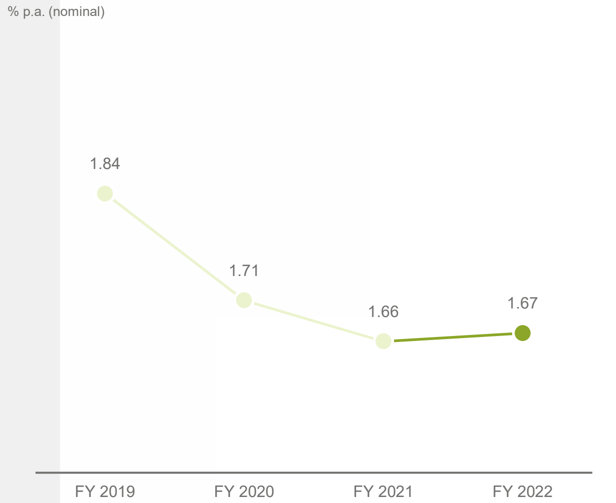


» Pro-forma disposals[2)], Net-LTV still below level of 50%

» Net-LTV also on DEMIRE stand-alone level drastically reduced from 63.0% to 58.4%

» Comfortable headroom to covenant breach level of 60%

Average cost of debt



» Utilised favourable interest rate environment in 2019 and 2022 to lower average cost of debt

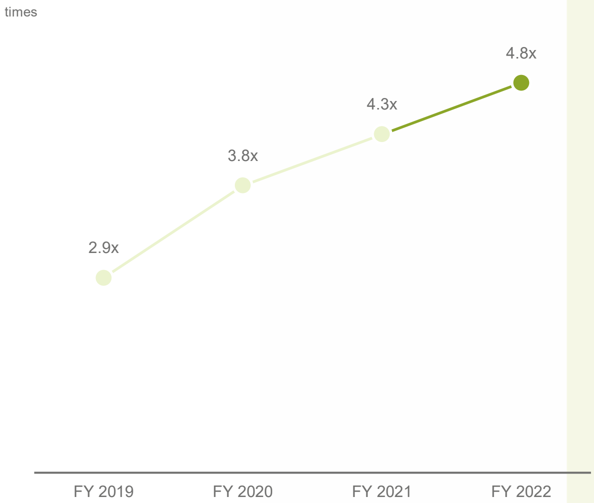
» No new debt has been raised in 2022, hence average cost of debt remain attractively low

1) Bond 19/24 covenant definition
2) Pro-forma proceeds from disposals of LogPark and asset in Ludwigsburg

Development of key financial metrics (2/2)

Interest coverage ratio and unencumbered asset ratio

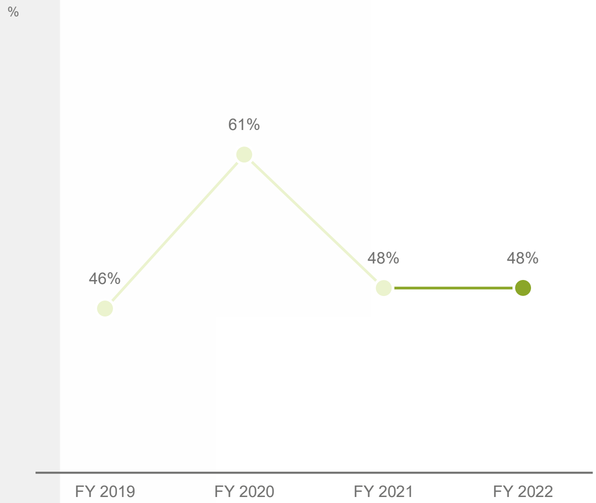
Interest coverage ratio[1)]



» Interest coverage ratio substantially increased since 2019, primarily driven by increased rental income, improved efficiency on asset- and corporate level as well as lower interest expenses

» Comfortable headroom to covenant breach level of 2.0x

Unencumbered asset ratio



» Despite take up of several new secured debt instruments in FY 2020 and FY 2021, unencumbered asset ratio on the level of FY 2019

» Pro-forma sale of LogPark, unencumbered asset ratio up to 52%

1) Bond 19/24 covenant definition

Guidance FY 2023

Lower rental income and FFO due to planned disposals

Rental income	€ 71.0 - € 73.0m
FFO I[1]	€ 30.0 - € 32.0m

1) After taxes, before minorities

Appendix I: additional financial information

Office Building, Neue Ramtelstraße 4, Leonberg

Additional financial information (1/2)

Shortened P&L statement and FFO-bridge: FFO increased despite reduced portfolio

		FY 2022 (€ m)	FY 2021 (€ m)	Change (%)
Rental income	1	81.1	82.3	*- 1.5*
Income from utility and service charges	2a	28.1	20.2	*+ 38.9*
Operating expenses to generate rental income	2b	-46.8	-35.4	*+ 32.5*
Profit / loss from the rental of real estate		**62.3**	**67.2**	***- 7.2***
Profit / loss from fair value adjustments in investment properties	3	-61.2	47.0	*> 100*
Profit / loss from fair value adjustments in assets held for sale	4	-37.7	1.8	*> 100*
Profit / loss from the sale of real estate		-8.2	1.4	*> 100*
Impairment of receivables	5	-1.5	-3.5	*- 56.8*
Other operating income / expenses (net)	6	-16.0	-0.8	*> 100*
General and administrative expenses	7	-10.7	-11.2	*- 4.8*
Earnings before interest and taxes (EBIT)		**-72.9**	**101.9**	***> 100***
Financial income	8	18.1	3.2	*> 100*
Finance expenses	9	-19.3	-18.3	*+ 5.3*
Earnings before taxes and minority interests (EBTM)		**-74.1**	**87.8**	***> 100***
± Profit / loss from the sale of real estate		8.2	-1.4	*> 100*
± Profit / loss from fair value adjustments in investment properties		61.2	-47.0	*> 100*
± Profit / loss from fair value adjustments in assets held for sale		37.7	-1.8	*> 100*
± Other adjustments		11.6	6.0	*+ 92.9*
FFO I before taxes, before minorities		**44.6**	**43.6**	***+ 2.3***
± (Current) income taxes		-2.8	-3.8	*- 24.7*
FFO I after taxes, before minorities	10	**41.8**	**39.8**	***+ 4.8***

Guidance: € 78-80m

Guidance: € 38.5-40.5m

1. Despite smaller portfolio, rental income almost stable due to strong letting performance and indexations
2. Increased energy costs passed on to the tenants, slightly higher maintenance compared to previous year
3. Excl. LogPark, portfolio moderately devaluated (-4.7%)
4. Adjustment of market value of LogPark following revaluation during the year
5. Materially lower impairments (net), partially driven by cancellation of old impairments
6. Larger one-offs in 2022: deprecia-tion of goodwill (FVR) and tenant improvements
7. Running G&A further improved
8. Revenues from bond buy-back below par and higher income from Cielo investment
9. Increase mainly due to costs in context with bond-buyback
10. FFO increase despite reduced portfolio size

Additional financial information (2/2)

Shortened balance sheet: contraction following negative valuation result and bond-buyback

		FY 2022 (€ m)	FY 2021 (€ m)	*Change (%)*
Investment properties	1	1,231.1	1,433.1	*- 14.1*
Non-current assets held for sale	2	121.0	0.0	*> 100*
Lendings and financial assets		87.5	90.8	*- 3.6*
Other non-current assets		7.2	20.0	*- 63.7*
Total non-current assets		**1,446.8**	**1,543.8**	***- 6.3***
Other current assets	3	32.6	22.2	*+ 47.3*
Cash and cash equivalents	4	57.4	139.6	*- 58.9*
Total current assets		**90.0**	**161.8**	***- 44.3***
TOTAL ASSETS		**1,536.9**	**1,705.6**	***- 9.9***
Subscribed capital		105.5	105.5	*0.0*
Reserves	5	344.7	443.5	*- 22.3*
Equity attributable to parent company shareholders		**450.2**	**549.0**	***- 18.0***
Non-controlling interests		36.5	43.3	*- 15.9*
TOTAL EQUITY		**486.7**	**592.4**	***- 17.8***
Long-term financial and lease liabilities	6	839.6	898.7	*- 6.6*
Other non-current liabilities		156.4	167.9	*- 6.7*
Total non-current liabilities		**996.0**	**1,066.6**	***- 6.6***
Short-term financial and lease liabilities		16.0	16.3	*-.1.6*
Other current liabilities		38.1	30.4	*+ 25.4*
Total current liabilities		**54.1**	**46.7**	***+ 16.0***
TOTAL LIABILITIES		**1,050.2**	**1,113.2**	***- 5.7***
TOTAL EQUITY AND LIABILITIES		**1,536.9**	**1,705.6**	***- 9.9***

1. Reduction mainly driven by reclassification of LogPark, negative valuation result and disposals
2. Reclassification of LogPark following disposal (closing expected mid-2023)
3. Includes € 8.2m receivable from sale of asset in Ludwigsburg (collected in February 2023)
4. Cash used for dividend pay out and bond buy-back
5. Negative profit for the period reduces reserves
6. Bond-buyback reduces outstanding financial debt by € 50m

Appendix II: additional portfolio information

Office Building, Wiesenstraße 70, Düsseldorf

Additional portfolio information (1/2)

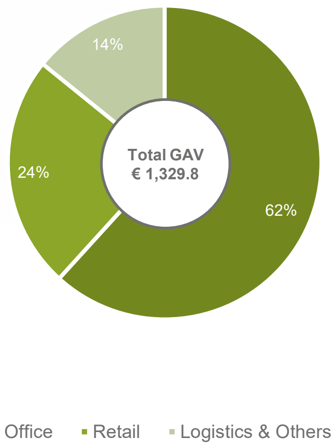
Split by region and asset class

Split by federal state

	# of properties	GAV[1] (€ m)	EPRA-Vacancy[2] (%)	Lettable area (k sqm)
Baden-Wuerttemberg	4	150.2	3.9%	85.7
Bavaria	6	77.0	12.6%	58.7
Hamburg	1	10.9	0.0%	4.0
Hesse	7	201.4	6.8%	98.5
Mecklenburg-Western Pomerania	6	119.2	6.5%	58.1
Lower Saxony	5	33.9	0.9%	39.1
North Rhine-Westphalia	15	387.4	16.6%	223.8
Rhineland Palatinate	2	7.2	49.7%	19.3
Saxony	9	233.5	4.7%	240.2
Saxony-Anhalt	2	36.9	1.9%	24.0
Schleswig-Holstein	4	70.7	3.5%	55.7
Thuringia	1	1.5	54.8%	5.6
Germany	**62**	**1,329.8**	**9.5%**	**912.7**

Split by asset class

€ m



1) Excl. capitalised leases
2) Excl. assets held for sale and assets classified as project developments

Additional portfolio information (2/2)

Details top 20 assets

Top 20 assets

	Asset class	GAV[1] (€ m)	GRI[2] (€ m)	EPRA-Vacancy[3] (%)	Lettable area (k sqm)
Leipzig (LogPark)	Other	121.0	7.6	9.5[4]	159.4
Essen	Office	99.6	4.2	40.1	45.6
Ulm	Office	87.0	5.2	2.2	47.6
Bonn	Office	82.9	4.7	0.0	38.4
Rostock	Retail	72.2	4.3	2.8	19.3
Neuss	Retail	65.5	5.4	0.0	56.1
Bad Vilbel	Office	50.2	3.2	12.6	27.6
Kassel	Retail	48.0	3.5	6.7	21.5
Frankfurt	Other	42.0	1.9	0.0	6.1
Freiburg	Office	38.2	2.2	5.9	22.6
Top 10 properties		**706.6**	**42.1**	**10.3**	**444.0**
Leipzig (Gutenberg Galerie)	Office	36.2	2.1	3.6	23.4
Düsseldorf	Office	34.2	2.5	12.7	24.3
Eschborn	Office	28.2	2.3	0.0	18.9
Flensburg	Office	28.0	2.0	5.1	24.2
Aschheim	Office	27.9	1.3	25.4	12.2
Lutherstadt Wittenberg	Retail	24.4	1.9	2.9	14.7
Köln	Office	22.8	1.3	3.3	5.2
Zittau	Retail	21.7	1.4	3.2	17.4
Langen	Office	20.0	1.4	17.8	13.7
Kempten	Office	18.5	1.2	12.8	17.2
Top 20 properties		**968.5**	**59.6**	**9.7**	**615.2**
Other properties		**361.3**	**25.5**	**8.7**	**297.5**
Total properties		**1,329.8**	**85.1**	**9.5**	**912.7**

1) Excl. capitalised leases
2) Annualised contractual rent
3) Excl. assets held for sale and assets classified as project developments
4) Asset held for sale