DEMIRE

Company Presentation

December 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

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 € 1.2bn German commercial portfolio consisting of 60 Assets
- German-wide diversified portfolio with 58% office overweight
- € 77.1m contractual rent representing 6.6% gross yield
- EPRA-Vacancy rate at 12.6%[3)], high quality tenant roster with 4.4 years WALT
- Financial and sustainability reporting achieved Gold award from EPRA
- 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 € 78.0 - € 80.0m and FFO I[4)] € 35.0 - € 37.0m

Note: GAV incl. office property „Cielo", where DEMIRE owns c. 50% of the building, other KPIs excl. „Cielo"
1) Data as of 30 September 2023
2) A-locations in B-cities and B-locations in A-cities
3) Excl. 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 & Apr 23
Bond buy-back of total **€ 101m** nominal

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

Strategy & portfolio

DEMIRE

Office Building, Eckernförder Landstrasse 65, Flensburg

Strategy

Progress on our four strategic pillars

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

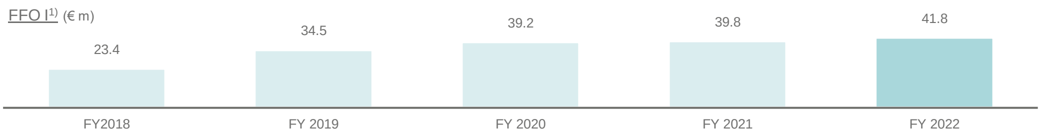
Financials

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 future development

REALize Potential

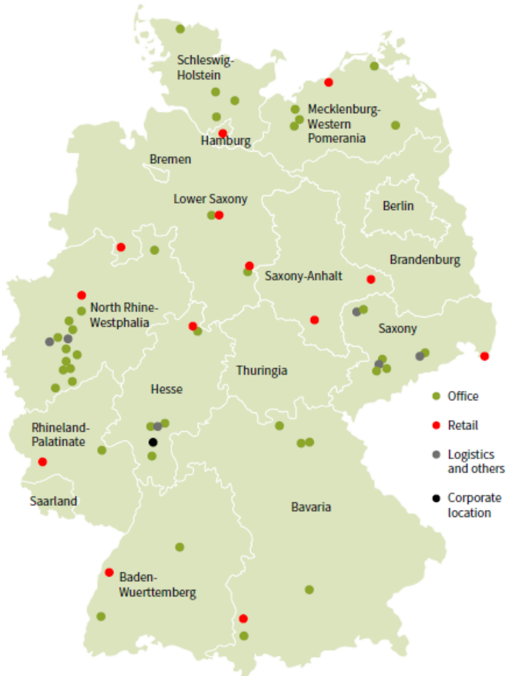
- Successful issuance of € 600m senior notes at 1.875% coupon in October 2019, buy-back of € 101m in 2022/23
- Acquisition of eleven assets worth c. € 355m completed and „Cielo" with € 276m transaction volume
- Annual rent (run-rate) increased to € 77.1m[3] (from € 73.2m)
- Financing costs reduced to 1.74%[1,3] p.a. and maturity profile prolonged
- EPRA Gold awards for financial and sustainability reporting
- Regular dividend pay-outs since 2020 (2020: 0.54 € per share, 2021: 0.62 €, 2022: 0.31 €)
- Disposals of 40 non-strategic assets for € 319m with a premium to market value of c. 9%

1) Based on nominal interest
2) Incl. office property „Cielo", where DEMIRE owns c. 50% of the building
3) As of 30 September 2023

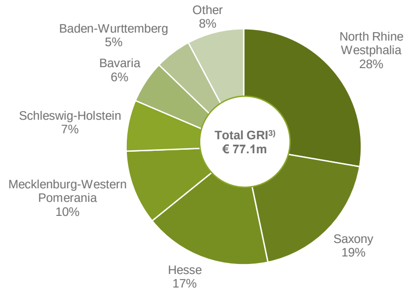
Attractive € 1.2bn[1)] commercial portfolio

German-wide diversified portfolio with office overweight

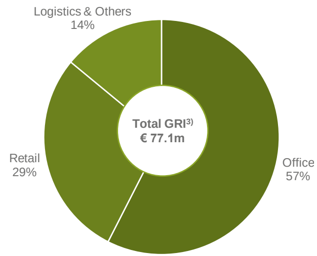
Property locations



Distribution by federal state[2)]



Distribution by asset class[2)]



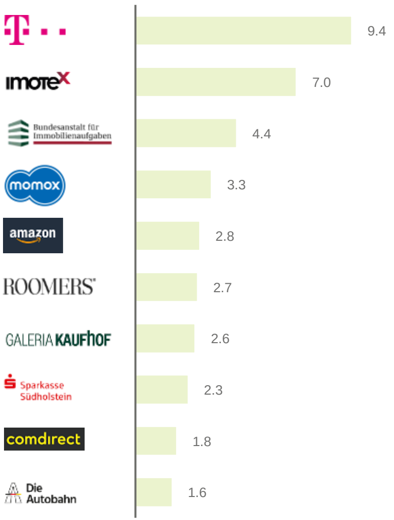
1) As of 30 September 2023, incl. office property „Cielo", where DEMIRE owns c. 50% of the building
2) Excl. „Cielo"
3) Annualised contractual rent as of 30 September 2023

Portfolio breakdown[1)]

Top 10 tenants and portfolio KPI's

Top 10 tenants

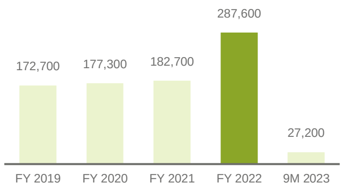
% of annualised contractual rent of portfolio



- 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 c. 38% of annualised contractual rent

Letting performance

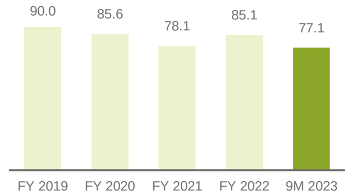
sqm



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

Annualised contractual rent

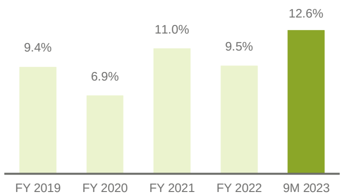
€ m



- Reduction since FY 2019 primarily driven by disposals of several non-strategic assets
- Increase in 2022 mainly due to new Amazon rental contract and indexations

EPRA-Vacancy rate[2)]

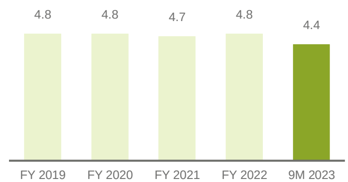
%



- Vacancy typically below 10%
- Increase in 2023 driven by Galeria Karstadt Kaufhof vacating asset in Celle and Barmer moving out of property in Düsseldorf
- Pro-forma Cielo, EPRA-Vacancy around 10%

WALT

years



- WALT broadly stable since 2019

1) As of 30 September 2023, excl. „Cielo"
2) 9M 2023 excl. properties classified as project developments, FY 2022 and prior excl. assets held for sale and properties classified as project developments

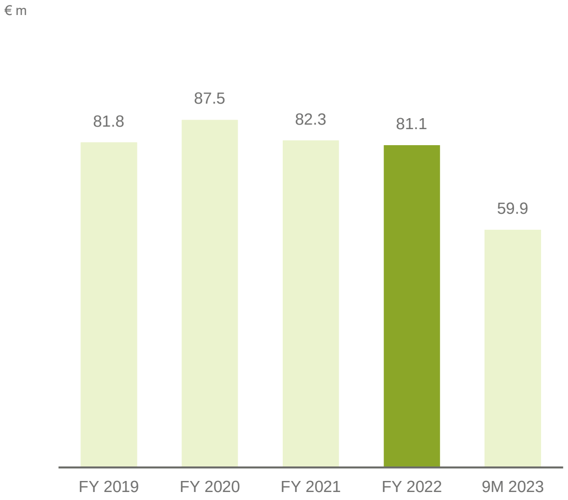
Financials

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

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

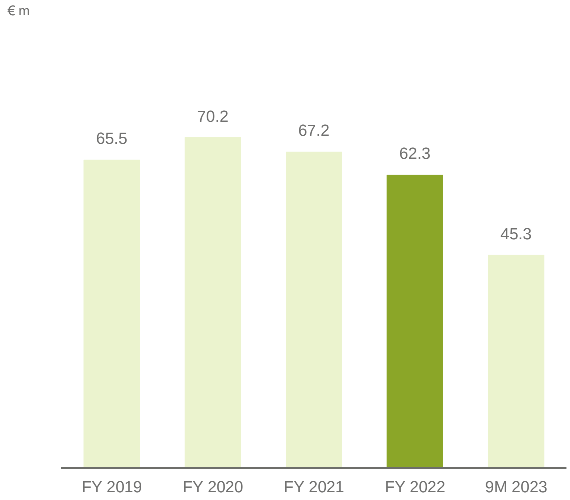
Rental income and profit from the rental of real estate

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

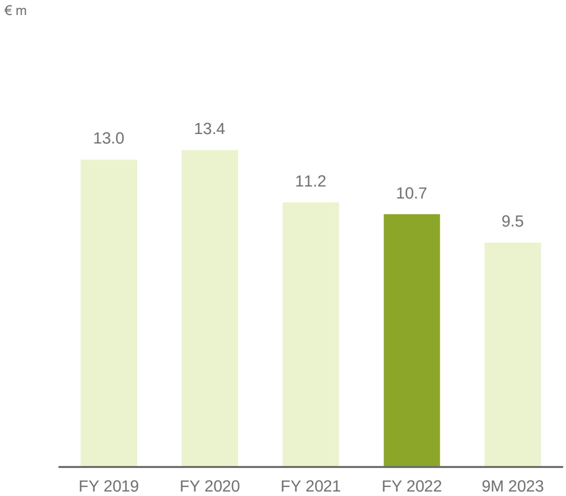


- Development of profit from the rental of real estate largely follows rental income development with increases until 2020 and reduction since 2021
- NOI margin constantly between 76% and 82%

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

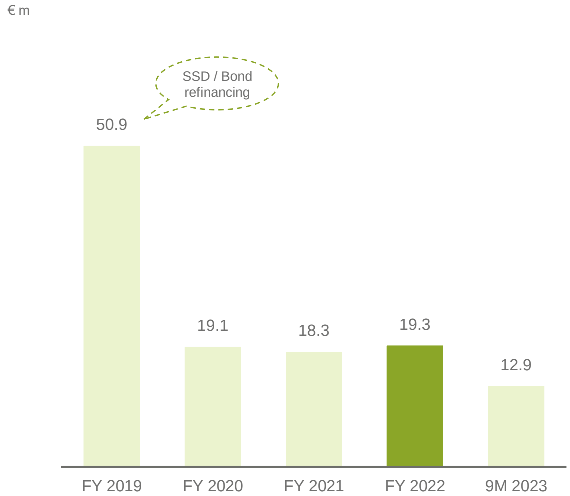
Administrative expenses and interest expenses

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



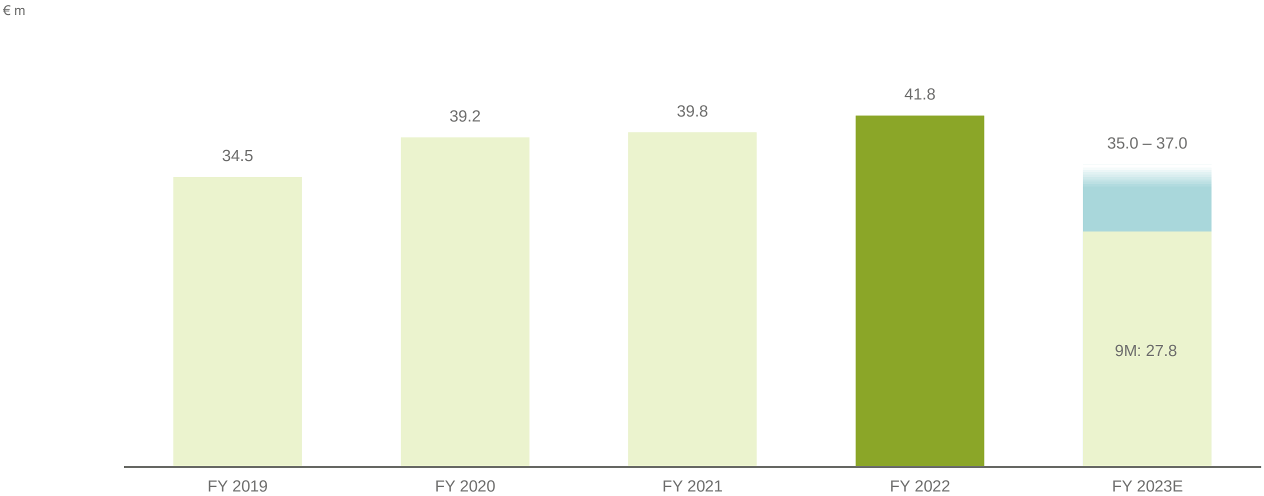
- After comprehensive refinancings at attractive terms in 2019 and 2020, interest expenses at € 18-19m per year
- 2022 affected by fees in context with bond buy-back

1) Administrative expenses / rental income

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

Funds from operations I[1)]

Funds from operations I[1)]



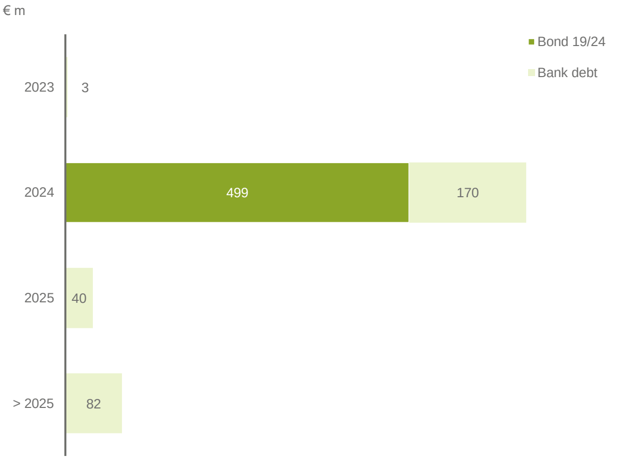
- FFO I[1)] accretion of over € 7m since FY 2019 leading to € 41.8m in FY 2022
- Main drivers include upscaled portfolio, improved NOI margin, much lower administrative expenses, reduced interest expenses and improved financial income
- FFO I[1)] guidance for FY 2023 lower at € 35.0 - € 37.0m based on reduced portfolio

1) After taxes, before minorities

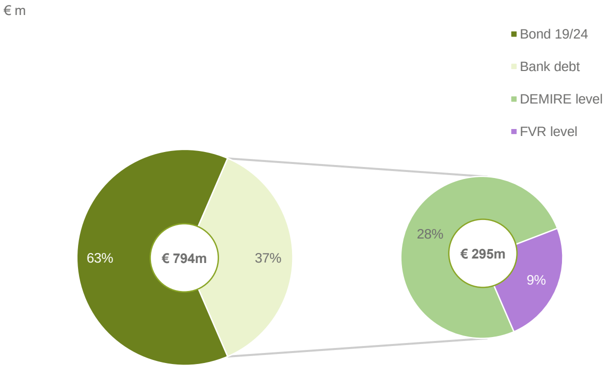
Debt book

Maturity profile and type of debt

Maturity profile[1)]



Type of debt[1)]



- No refinancing needs before end of Q2 2024, only scheduled repayments
- Staggered maturities from 2025 onwards
- Mitigation of funding need 2024 intended by building of a liquidity cushion
- Bond buy-backs in November 2022 and April 2023 reduced outstanding bond nominal to € 499m

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

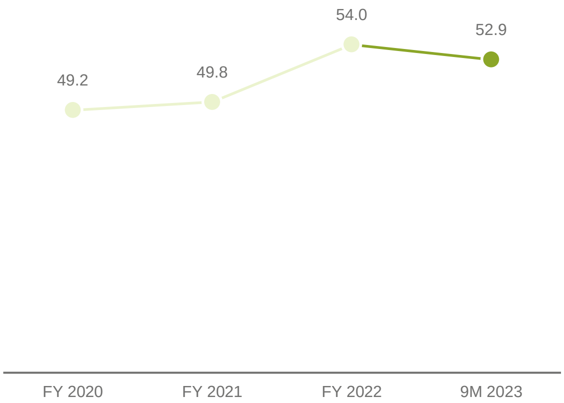
1) As of 30 September 2023, nominal values (IFRS values differ slightly)

Development of key financial metrics (1/2)

Net-LTV ratio and average cost of debt

Net-LTV[1)]

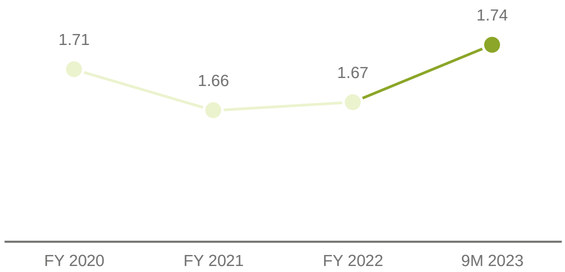
%



- » Comfortable headroom to covenant breach level of 60%
- » Devaluation of portfolio in 2023 mitigate positive effect from disposal of asset in Ulm
- » Disposals expected to reduce Net-LTV over the upcoming months further

Average cost of debt

% p.a. (nominal)



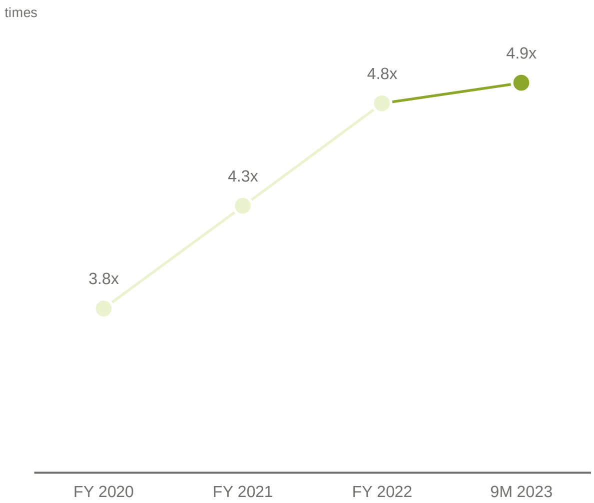
- » Utilised favourable interest rate environment in 2019 and 2020 to lower average cost of debt
- » Two smaller mortgage loans raised in Q2 2023, which increase average cost of debt slightly

1) Bond 19/24 covenant definition

Development of key financial metrics (2/2)

Interest coverage ratio and unencumbered asset ratio

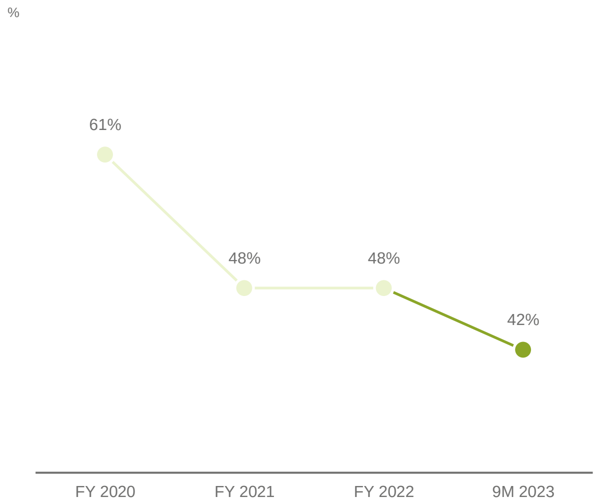
Interest coverage ratio[1)]



» 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

» Two new mortgage loans raised in Q2 2023, which have reduced the unencumbered asset pool slightly

1) Bond 19/24 covenant definition

Guidance FY 2023

Lower rental income and FFO mainly due to disposals

Rental income	**€ 78.0 - € 80.0m**
FFO I(1)	**€ 35.0 - € 37.0m**

1) After taxes, before minorities

Appendix: additional financial information

Office Building, Neue Ramtelstraße 4, Leonberg

Additional financial information (1/3)

Shortened P&L statement and FFO-bridge **9M 2023**: Strong rental income while FFO slightly lower

		9M 2023 (€ m)	9M 2022 (€ m)	*Change (%)*
Rental income	1	59.9	59.9	*0.0*
Income from utility and service charges	2a	18.0	22.7	*-20.6*
Operating expenses to generate rental income	2b	-32.5	-34.9	*-6.8*
Profit / loss from the rental of real estate		**45.3**	**47.7**	***-4.9***
Profit / loss from fair value adjustments in investment properties	3	-59.7	0.2	*>100*
Profit / loss from fair value adjustments in assets held for sale	4	-25.3	0.0	*>100*
Profit / loss from the sale of real estate	5	-12.9	1.1	*>100*
Impairment of receivables	6	-1.6	-0.4	*>100*
Other operating income / expenses (net)	7	-0.9	-0.2	*>100*
General and administrative expenses	8	-9.5	-7.2	*32.6*
Earnings before interest and taxes (EBIT)		**-64.6**	**41.2**	***>100***
Financial income	9a	20.9	4.6	*>100*
Finance expenses	10	-12.9	-14.1	*-8.6*
Earnings before taxes and minority interests (EBTM)		**-56.6**	**31.7**	***>100***
± Profit / loss from the sale of real estate		12.9	-1.1	*>100*
± Profit / loss from fair value adjustments in investment properties		25.3	-0.2	*>100*
± Profit / loss from fair value adjustments in assets held for sale		59.7	0.0	*>100*
± Other adjustments	9b	-9.7	2.1	*>100*
FFO I before taxes, before minorities		**31.6**	**32.6**	***-3.2***
± (Current) income taxes	11	-3.7	-1.8	*>100*
FFO I after taxes, before minorities		**27.8**	**30.8**	***-9.8***

1. Stable rental income. Effect of a smaller portfolio is offset by rent indexations.
2. Considerably lower allocatable costs, mainly due to lower energy prices
3. Revaluation result of investment properties as of 30 June 2023
4. Adjustment of values of reclassified assets (to assets held for sale)
5. Primarily due to disposal of asset in Ulm
6. Countering positive effects in previous years period (reversal of write-downs)
7. Write-off of rent-free periods of Galeria Karstadt Kaufhof in vacated property in Celle
8. Countering positive effects in previous years period (profit from stock option programme)
9. Mainly driven by bond buy-back below par in April 2023
10. Lower interest as bond volume reduced by 17%
11. Higher taxes, among other factors, due to partially used up losses carried forward in some SPVs

Additional financial information (2/3)

Shortened balance sheet **9M 2023**: cash increased, reclassification of assets

		9M 2023 (€ m)	FY 2022 (€ m)	*Change (%)*
Investment properties	1	920.6	1,231.1	*-25.2*
Non-current assets held for sale	2	265.8	121.0	*>100*
Lendings and financial assets		86.7	87.5	*-1.0*
Other non-current assets		6.6	7.2	*-9.3*
Total non-current assets		**1,279.6**	**1,446.8**	***-23.5***
Other current assets		24.8	32.6	*-23.9*
Cash and cash equivalents	3	132.3	57.4	*>100*
Total current assets		**157.2**	**90.0**	***74.5***
TOTAL ASSETS		**1,436.8**	**1,536.9**	***-6.5***
Subscribed capital		105.5	105.5	*0.0*
Reserves	4	297.2	344.7	*-13.8*
Equity attributable to parent company shareholders		**402.7**	**450.2**	***-10.6***
Non-controlling interests		33.7	36.5	*-7.7*
TOTAL EQUITY		**436.4**	**486.7**	***-10.3***
Long-term financial and lease liabilities	5	678.4	839.6	*-19.2*
Other non-current liabilities		137.7	156.4	*-11.9*
Total non-current liabilities		**816.2**	**996.0**	***-18.1***
Short-term financial and lease liabilities	6	144.2	16.0	*>100*
Other current liabilities		40.0	38.1	*5.1*
Total current liabilities		**184.3**	**54.1**	*>100*
TOTAL LIABILITIES		**1,000.5**	**1,050.2**	***-4.7***
TOTAL EQUITY AND LIABILITIES		**1,436.8**	**1,536.9**	***-6.5***

1. Reduction mainly driven by disposal of asset in Ulm and reclassification of various properties in advanced stages of disposal processes to held for sale category
2. Various properties reclassified to held for sale category
3. Cash inflow from disposals, mainly from divestment of asset in Ulm
4. Revaluation result led to negative profit for the period which reduces reserves
5. Reduction following partial bond buy-back and reclassification of two larger loans to short term category
6. Two larger loans now shown as short-term liability as maturity less than one year away

DEMIRE

Additional financial information (3/3)

Shortened P&L statement and FFO-bridge **FY 2022**: 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: € 78.0-80.0m (rental income)

Guidance: € 38.5-40.5m (FFO I after taxes, before minorities)

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