Market Update Presentation

April 2024

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This document includes 'forward-looking statements'. Forward-looking statements are all statements which do not describe facts of the past but contain the words "believe", "estimate", "expect", "anticipate", "assume", "plan", "intend", "could", and words of similar meaning. These forward-looking statements are subject to inherent risks and uncertainties since they relate to future events and are based on current assumptions and estimates of the Company, which might not occur at all or occur not as assumed. They therefore do not constitute a guarantee for the occurrence of future results or performances of the Company. The actual financial position and the actual results of the Company as well as the overall economic development and the regulatory environment may differ materially from the expectations which are assumed explicitly or implicitly in the forward-looking statements and do not comply to them. Therefore, investors are warned to base their investment decisions with respect to the Company on the forward-looking statements mentioned in this document.

DEMIRE

Introductory remarks

- *As previously reported in an ad-hoc announcement published on 26 March 2024, DEMIRE Deutsche Mittelstand Real Estate AG ("Company") and a group of bondholders ("Ad hoc Group") of its unsecured corporate bond (ISIN: DE000A2YPAK1) with a maturity date of 15 October 2024 and a nominal amount currently still outstanding of EUR 499 million ("Bond") have been negotiating an agreement to extend and restructure the Bond on adjusted terms reasonable for the current market environment ("Lock-up Agreement")*
- *Constructive negotiations between the Company, its shareholders and certain Ad hoc Group members as well as additional holders of the Bond are continuing*
- *Whether the Lock-up Agreement will be concluded, and the exact terms of the Lock-up Agreement are currently still open*

Preliminary FY 2023 figures[1] (1/3)

Shortened P&L / FFO-bridge **FY 2023**: Slightly lower rental result driven by asset disposals

		FY 2023 (€ m)	FY 2022 (€ m)	Change (%)
Rental income	1	**78.5**	**81.1**	***(3.2)***
Income from utility and service charges	2a	23.0	28.1	*(18.0)*
Operating expenses to generate rental income	2b	(42.0)	(46.8)	*(10.3)*
Profit / loss from the rental of real estate		**59.5**	**62.3**	***(4.5)***
Profit / loss from fair value adjustments in properties	3	(176.8)	(98.9)	*78.8*
Profit / loss from sale of real estate & RE companies	4	(14.3)	(8.2)	*75.6*
Other operating income / expenses (net)	5	(25.8)	(16.0)	*61.2*
General and administrative expenses		(11.6)	(10.7)	*8.8*
Impairment of receivables	6	(18.9)	(1.5)	*>100*
Earnings before interest and taxes (EBIT)		**(187.9)**	**(72.9)**	***>100***
Financial income	7a	22.5	18.1	*24.3*
Finance expenses	7b	(17.1)	(19.3)	*(11.1)*
Profit / loss before taxes and minorities		**(182.5)**	**(74.1)**	***>100***
± Profit / loss from the sale of real estate		14.3	8.2	*75.6*
± Profit / loss from fair value adjustments		176.8	98.9	*78.8*
± Other adjustments	6 7a	32.9	11.6	*>100*
FFO I (pre minorities, pre tax)		**41.5**	**44.6**	***(7.0)***
Current income taxes		(4.7)	(2.8)	*66.1*
FFO I (pre minorities, post tax)		**36.7**	**41.8**	***(12.0)***

1. Slightly lower rental income mainly driven by sale of Ulm
2. Decrease due to the disposal of properties sold in the reporting period as well as lower energy costs y-o-y, partly due to the introduction of the German government's energy price brake. In addition, FY 2022 included a one-off effect of € 2.5m from the conclusion of a rental agreement in Essen
3. FY 2023 revaluation result (13.2% y-o-y on a l-f-l basis)
4. Primarily due to disposal of asset in Ulm
5. Includes €24.1m provision for expected penalty payment in connection with Cielo
6. In FY 2023, primarily related to c.€ 18m partial impairment of loan to RFR 5 Immobilien GmbH (in connection with Cielo JV) as interest payments are delayed
7. Mainly driven by bond buy-back below par in April 2023, results in lower interest expenses due to lower outstanding bond volume

1) Not yet fully audited, preliminary figures subject to change

Preliminary FY 2023 figures[1] (2/3)

Shortened balance sheet **FY 2023**: Cash increased mainly after sale of Ulm property

		FY 2023 (€ m)	FY 2022 (€ m)	Change (%)
Investment properties	1	947.3	1,231.1	*(23.1)*
Non-current assets held for sale	2	149.1	121.0	*23.2*
Lendings and financial assets	3	70.5	87.5	*(19.4)*
Other non-current assets		8.8	7.2	*21.1*
Total non-current assets		1,175.7	1,446.8	*(18.7)*
Other current assets	4	31.9	32.6	*(2.3)*
Cash and cash equivalents[2]	5	120.0	57.4	*>100*
Total current assets		151.9	90.0	*68.7*
Total assets		**1,327.5**	**1,536.9**	***(13.6)***
Subscribed capital		105.5	105.5	*(0.0)*
Reserves	6	198.1	344.7	*(42.5)*
Equity attributable to parent company shareholders		303.6	450.2	*(32.6)*
Non-controlling interests		29.7	36.5	*(18.6)*
Total equity		**333.3**	**486.7**	***(31.5)***
Long-term financial and lease liabilities	7	145.9	839.6	*(82.6)*
Other non-current liabilities		134.0	156.4	*(14.3)*
Total non-current liabilities		280.0	996.0	*(71.9)*
Short-term financial and lease liabilities	7	671.0	16.0	*>100*
Other current liabilities		43.2	38.1	*13.5*
Total current liabilities		714.3	54.1	*>100*
Total liabilities		**994.2**	**1,050.2**	***(5.3)***
Total equity and liabilities		**1,327.5**	**1,536.9**	***(13.6)***

1. Reduction mainly driven by disposal of asset in Ulm and FY 2023 year-end revaluation
2. Various properties reclassified to held for sale category (LogPark as largest asset)
3. C.€ 18m partial impairment in FY 2023 of loan to RFR 5 Immobilien GmbH (in connection with Cielo JV) as interest payments are delayed
4. Includes c.€ 9.5m restricted cash that has been reclassified to financial assets as of FY 2023
5. Cash inflow from disposals, mainly from divestment of asset in Ulm
6. Primarily due to revaluation result for the period which reduces reserves
7. Reclassification of bond to short-term financial liabilities

1) Not yet fully audited, preliminary figures subject to change
2) C.€ 23m at FVR level for FY 2023

Preliminary FY 2023 figures[1] (3/3)

Shortened cash flow **FY 2023**: Cash increased mainly after sale of Ulm property

		FY 2023 (€ m)	FY 2022 (€ m)	Change (%)
EBT		(177.5)	(73.3)	>100
Financial result		(5.4)	0.6	>100
Profit / loss from fair value adjustments in properties		176.8	98.9	79.0
Profit / loss from sale of real estate & RE companies		14.3	8.2	75.6
Interest proceeds		2.2	3.8	(72.4)
Income taxes paid		4.2	(2.6)	>100
Other adjustments (incl. D&A)	1	22.6	(23.0)	>100
Cash flow from operating activities		**37.3**	**12.6**	**>100**
Payments for investments in investment properties		-	-	(59.8)
Proceeds from the sale of real estate	2	78.3	4.5	>100
Other adjustments		(12.8)	(30.8)	>100
Cash flow from investing activities		**65.4**	**(26.3)**	**>100**
Proceeds from the issuance of financial liabilities	3	23.3	-	n.m.
Interest paid on financial liabilities	4a	(14.8)	(17.0)	(13.3)
Payments for the redemption of financial liabilities	4b	(48.4)	(51.4)	(6.3)
Other adjustments		(0.2)	(0.1)	>100
Cash flow from financing activities		**(40.1)**	**(68.5)**	**(40.1)**
Net change in cash / CE		**62.6**	**(82.2)**	**>100**
Cash / CE at the start of the period		**57.4**	**139.6**	**(58.9)**
Cash / CE at the end of the period [1]		**120.0**	**57.4**	**>100**

1. No dividend paid on DEMIRE level in FY 2023 vs. € 32.7m in FY 2022; includes reversal of provision and impairment in connection with Cielo in FY 2023
2. Cash inflow from disposals, mainly from divestment of asset in Ulm
3. New mortgage loans / top-up for existing loans e.g. for the properties in Bad Vilbel and Meckenheim
4. Bond buy-back below par in April 2023, results in lower interest expenses due to lower outstanding bond volume

1) Does not include € 9.5m restricted cash as of Dec-23 held under financial assets; c.€ 23m at FVR level for FY 2023

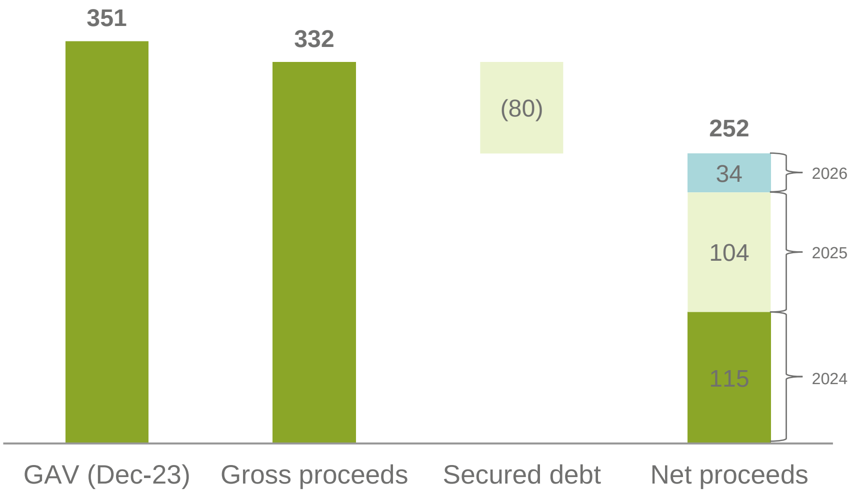
Medium to long-term outlook

General remarks and asset disposal program

General remarks

- Any financial information not specifically identified as actual financial information is not a guidance or forecast by DEMIRE
- Business plan has been sensitised together with an expert consulting firm – figures are shown on a preliminary basis
- Figures shown do not incorporate any amendment or repayment of the SUNs but assume a prolongation at current nominal volume and in-place terms and conditions for illustrative purposes only

Asset disposal program

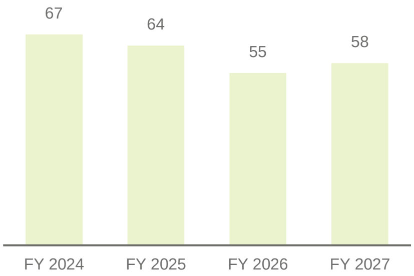


- 18 assets planned to be sold (incl. LogPark)
- Including LogPark, assets with a fair value of c.€ 350m as of Dec-23 planned to be sold generating cumulative net proceeds of c.€ 250m taking into account corresponding secured debt
- Asset by asset sales price assumptions, on average 5% discount to Dec-23 fair values

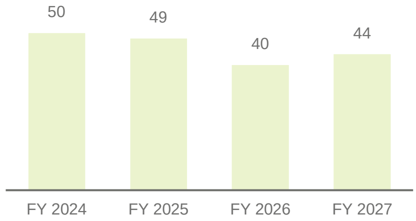
Medium to long-term outlook

Key P&L / FFO figures FY 2024−2027E

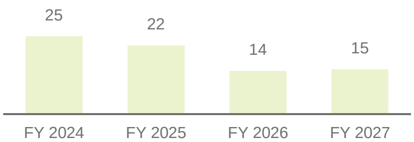
Rental income (1)



Profit/loss from the rental of real estate (2)



FFO (pre minorities, post tax) (3)



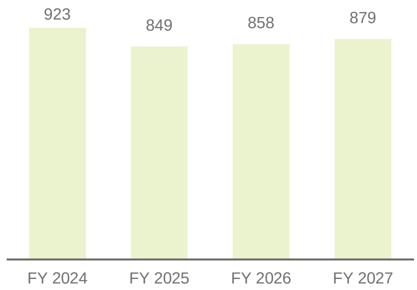
1. Decreasing rental income mainly due to planned sale of 18 assets, slightly offset by increasing rents from vacancy reduction and completion of expansion project in Essen
2. Almost constant margin for rental operations
3. Decline in FFO driven by rental result
   - Additionally, in-place secured financings maturing in business plan period prolonged at slightly higher interest cost to reflect current financing market sentiment
   - Decline in FFO mitigated in this scenario due to interest income received on cash balance

1) As per definition in bond documentation

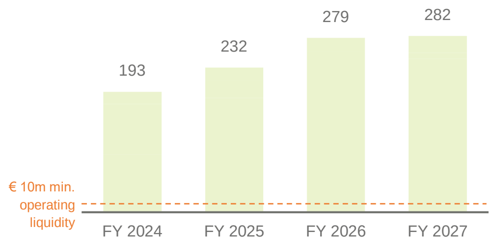
Medium to long-term outlook

Key balance sheet figures FY 2024−2027E

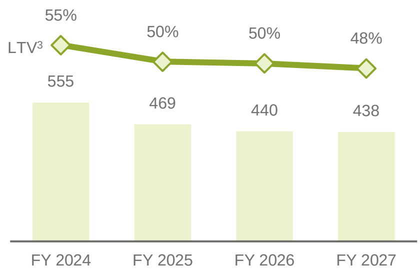
Investment properties[1] 1



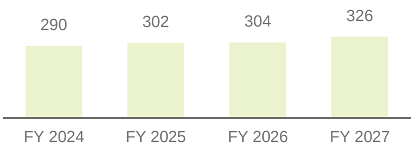
Cash and cash equivalents[2] 2



Net financial debt[2] 3



Total equity 4



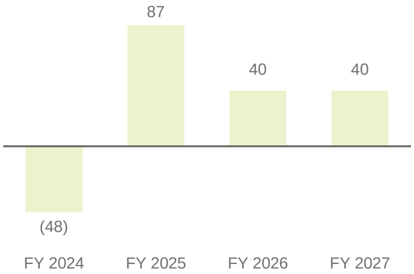
1. Assets planned to be sold mostly offset by capex spent (primarily on one large development project); business plan does not assume the exercise of the call option for the Cielo land; the business plan assumes a net cash inflow of c.€ 29m in 2026 on the basis of the respective put option in the JV agreement
2. Increasing cash position from planned disposals
3. Declining net debt and LTV primarily driven by growing cash balance from disposals
4. No dividend payouts assumed on DEMIRE level

1) Includes assets held for sale
2) Total cash and cash equivalents amount included in net debt calculation; includes cash at FVR level, restricted cash as of Dec-23 (€ 9.5m) as well as further liquidity becoming restricted due to committed capex
3) Net debt including cash and cash equivalents as per definition above divided by total assets excluding goodwill and cash and cash equivalents as per definition above

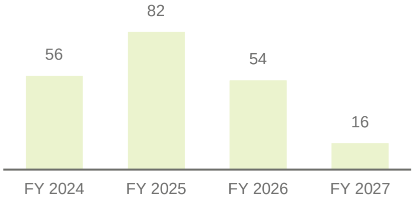
Medium to long-term outlook

Key cash flow figures FY 2024−2027E

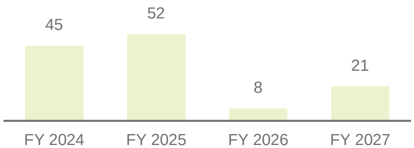
Cash flow from operating activities (1)



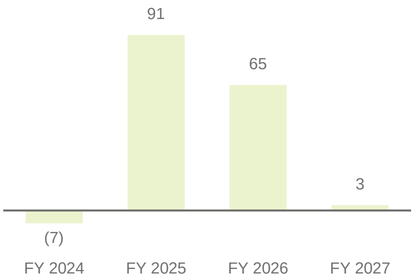
Capex / TIs (2)



Redemption of financial liabilities (3)



Net change in cash[1]



1. Negative operating cash flow in 2024 / comparatively higher operating cash flow in 2025 driven by liquidity becoming restricted for committed capex in 2024 and respective release in 2025
2. C. 2/3 of capex / TIs relates to the committed expansion projects in Essen and Kassel while the remainder relates to ordinary capex and TI measures; capex facility for expansion projects under negotiation (business plan assumes capex facility of c.€47m to be utilized from 2026 onwards)
3. Driven by secured debt corresponding to planned asset disposals

1) Change in cash excluding restricted cash as of Dec-23 (€ 9.5m) as well as further liquidity becoming restricted due to committed capex