

2020

Conference Call | Results H1 2020

19 August 2020

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Agenda

A graphic representing an agenda. It consists of four horizontal rounded rectangular boxes stacked vertically. The top box is dark green and contains the text 'Executive Summary'. The three boxes below it are light green and contain 'Portfolio Highlights', 'Financial Highlights', and 'Corona Update / Outlook' respectively. The graphic is flanked by two vertical bars: a dark green one on the left and a grey one on the right, both with a top-right corner cut-off.

Executive Summary

Portfolio Highlights

Financial Highlights

Corona Update / Outlook

Executive Summary

REALize Potential

Asset Management

- » **New and prolonged lettings** of over 70,000sqm
- » **EPRA-Vacancy** trending further down to 8.5%
- » Acquisitions and re-letting **stabilizing WALT** at 4.8 years
- » **Annualized contractual rent** due to disposals slightly lower at € 89.0m

Acquisitions

- » **Closing of the Roomers Hotel acquisition** in Frankfurt mid-March secures WALT enhancement and long-term cashflow
- » **Closing of disposals** of seven non-strategic assets with **€ 33.5m proceeds** (c. 2% premium to market value)

Financials

- » **Substantial increase of H1 rental income** from € 38.2m to € 43.8m y-o-y
- » **H1 FFO I⁽¹⁾ improved** from € 15.9m to € 16.9m y-o-y
- » **Further € 62.5m** debt financing secured at attractive conditions
- » **New Guidance published:** € 85-87m rental income and € 36-38m FFO I⁽¹⁾

First dividend proposal in DEMIRE's history ever to be made at the AGM

Processes

- » **Introduction of a new portfolio management system** will considerably simplify workflows, enable more detailed analysis and more targeted controlling
- » Flexible work-from-home solutions and modern IT equipment enabled steady business continuity

Corona-Update

- » As of 12 August 2020, DEMIRE has **outstanding rental charges** from it's tenants for Q2, July and August of to € 3.4m, representing c. 3.9% of annualized contractual rent
- » While monthly rental collections in Q2 were on average at 87%, in July and August they increased to 97% and 96% respectively

(1) After taxes, before minorities

(2) Based on nominal interest

Agenda

A graphic representing an agenda. It consists of four horizontal rounded rectangular boxes stacked vertically. The top and bottom boxes are light green, while the second box from the top is a darker green. The text 'Portfolio Highlights' is centered in the dark green box. To the left of the boxes is a large green L-shaped bracket, and to the right is a large grey L-shaped bracket. The entire graphic is set against a white background.

Executive Summary

Portfolio Highlights

Financial Highlights

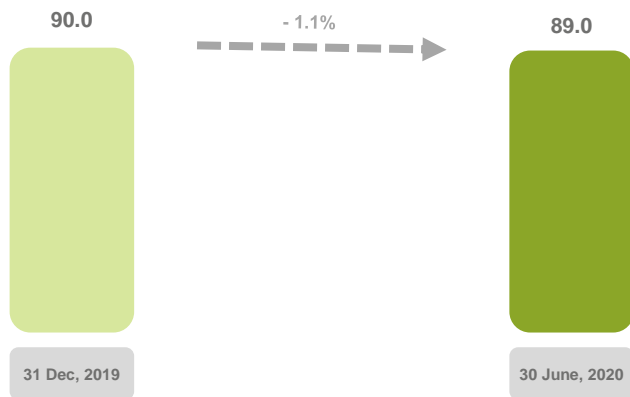
Corona Update / Outlook

Leasing Performance H1 2020

Strong letting Performance after record Level last Year, annualized Rent stable after Disposals

Annualized Rent almost unchanged

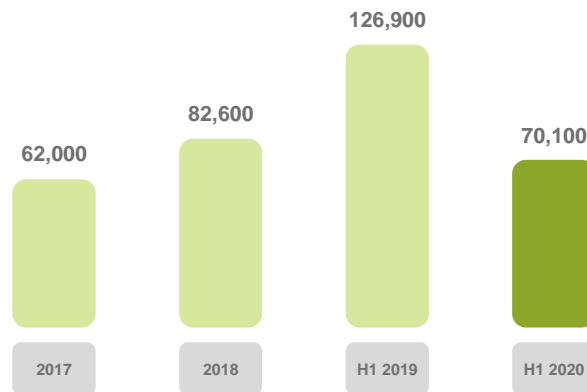
Annualized contractual rent excl. service charges (€ m)



- » **Two main factors influence annualized contractual rent development:** portfolio addition of asset in Frankfurt increases the figure, opposed by disposals of seven non-strategic assets
- » Improvement expected in the next months, as new rental contracts kick in

Letting Result above Expectations

New lettings and prolongations (sqm)



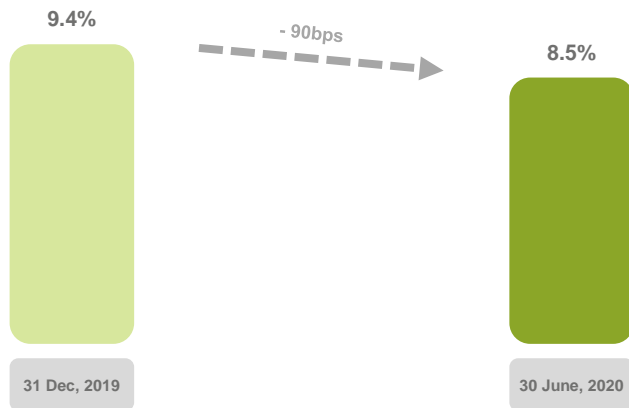
- » Despite unfavorable Corona-influenced market environment, strong letting result exceeds perennial average
- » Letting activities in H1 2020 secure **€ 5.5m rental income** per year with a **WALT of almost 7 years**
- » New lettings account for roughly 80% of leased space and rental income, 20% renewals

EPRA-Vacancy & WALT

EPRA-Vacancy further improved, WALT remains stable

EPRA-Vacancy improved to 8.5%

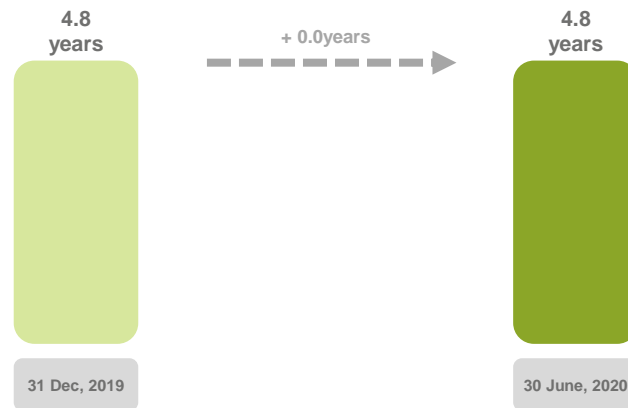
EPRA-Vacancy (%)



- » **EPRA-vacancy** improved mainly due to sale of the asset in Eisenhüttenstadt, strong operational performance and the fully occupied portfolio addition in Frankfurt
- » Already signed new lettings will further decrease EPRA-vacancy over the course of the next months

WALT Reduction stopped

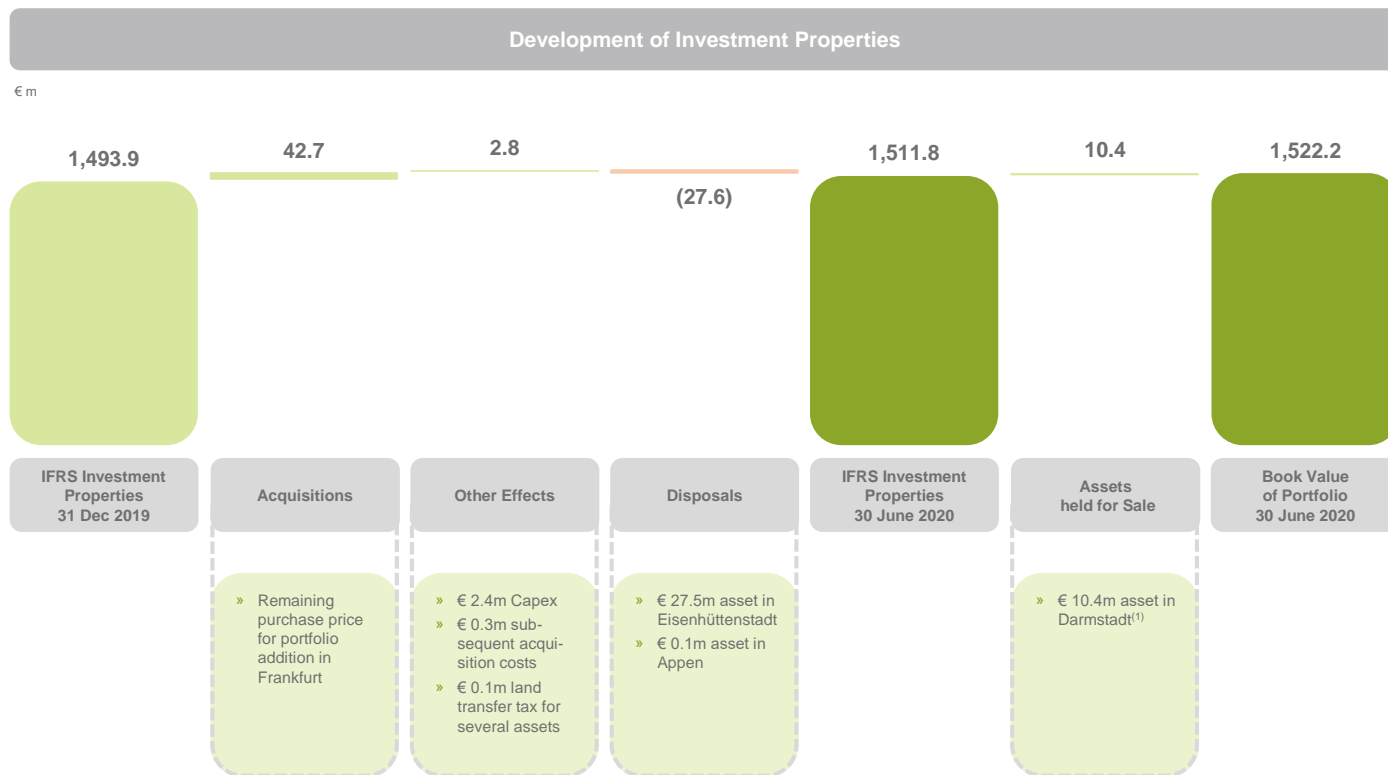
WALT (years)



- » Another strong letting performance and the acquisition in Frankfurt with a lease term of almost 20 years lead to a **stable WALT**
- » **WALT** of new and prolonged lease contracts signed in H1 2020 sums up to **almost 7 years**

Portfolio Growth

Portfolio Value increased by active Portfolio Management



(1) Sale closed in July 2020

Agenda

A graphic representing an agenda. It consists of four horizontal rounded rectangular boxes stacked vertically. The top three boxes are light green, and the bottom one is a darker green. The text 'Financial Highlights' is white, while the other text is dark grey. The graphic is flanked by two vertical bars: a dark green one on the left and a grey one on the right, both with a triangular top edge pointing towards the center.

Executive Summary

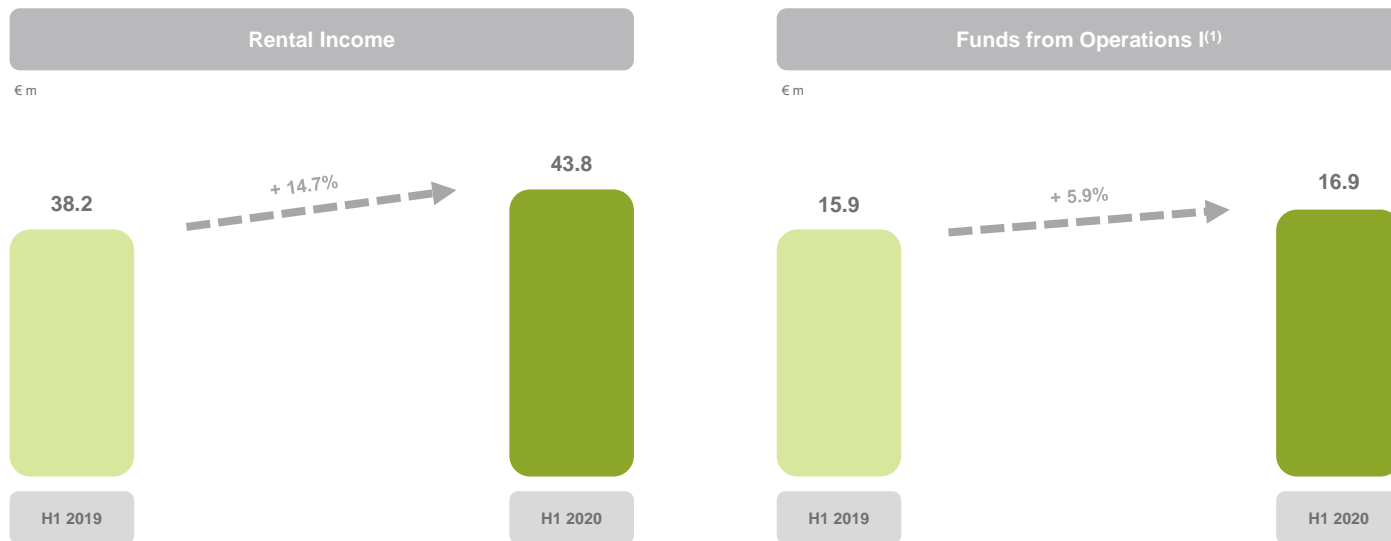
Portfolio Highlights

Financial Highlights

Corona Update / Outlook

Selected P&L Positions

Substantial Improvement of Rental Income and FFO demonstrate resilient Cash Flow Profile



- » **Increased rental income** primarily driven by comprehensive asset management activities supported by active portfolio management:
 - » Successful acquisitions in 2019 and 2020, marginally mitigated by smaller non-strategic divestments and Corona-related provisions

- » C. 20% lower interest expenses, mainly related to the bond refinancing in October 2019, along with active asset management are the main reasons for **improved FFO I⁽¹⁾**
- » Contrary factors are impaired rent receivables due to the Corona crisis and a higher tax burden

(1) After taxes, before minorities

Selected Balance Sheet Positions

Financial Debt Volume lower, EPRA-NAV improving

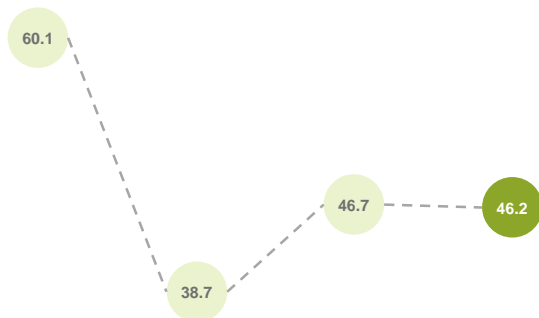


Key financial KPI's

Solid Net-LTV Ratio and average Cost of Debt Level

Leverage below Target of 50%

Net LTV (in %)



Dec 31, 2017

Dec 31, 2018

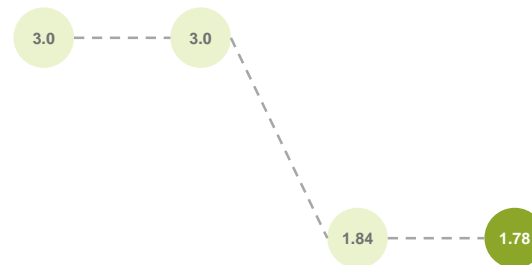
Dec 31, 2019

June 30, 2020⁽²⁾

- » **Repayment of the loan** linked to the sold asset in Eisenhüttenstadt leads to slightly lower Net-LTV
- » Current Net-LTV level still comfortably below target level of 50%

Average Cost of Debt slightly improved

Average cost of debt (in %)⁽¹⁾



Dec 31, 2017

Dec 31, 2018

Dec 31, 2019

June 30, 2020

- » After significantly lowering the average cost of debt in the context of comprehensive refinancing measures in 2019, the cost of debt **slightly improved further**
- » Average maturity of outstanding debt is at 3.8 years
- » Two additional loans totaling € 62.5m signed, but not paid out yet, will **further improve cost of debt**

(1) Based on nominal interest rate
 (2) Net-LTV according to bond definition at 44.8%

Agenda

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Executive Summary

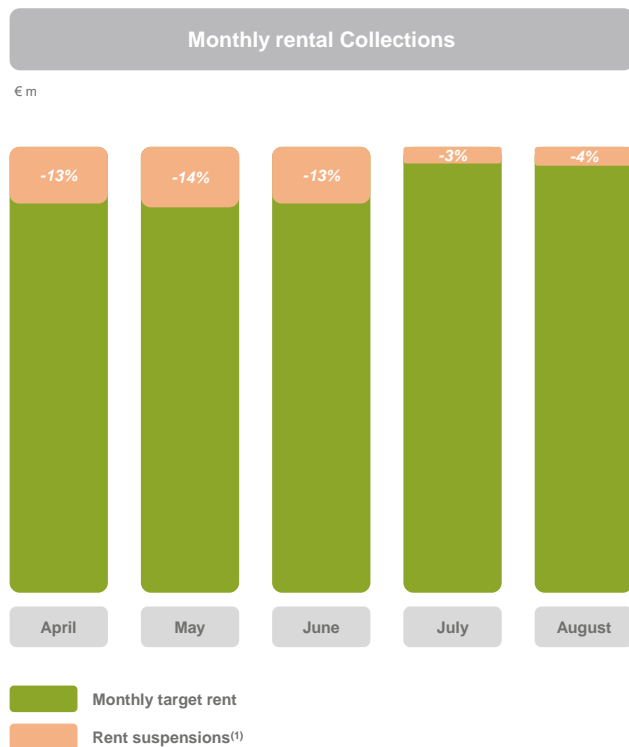
Portfolio Highlights

Financial Highlights

Corona Update / Outlook

Corona-Effect on DEMIRE's Portfolio

Moderate Impact in Q2, significant recovery in July and August



- » As of 12 August, Corona-influenced rent suspensions from DEMIRE's tenants in context with the Corona crisis amount to € 3.4m for Q2, July and August 2020
- » After rent suspensions at 13% (on average) of monthly rents in Q2, in July and August only 3% and 4% of rent was suspended
- » In H1 2020, about € 2.2m were classified as irrecoverable receivables and therefore impact the P&L
- » We assume to collect the outstanding rent suspensions and do not expect further large effects on the P&L
- » The majority among the affected tenants belong to the asset classes retail (53%) and hotel (30%), while office tenants only account for 4%

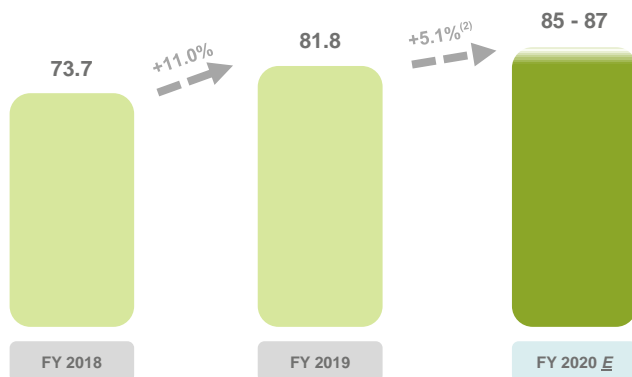
(1) As of 12 August 2020

Guidance 2020

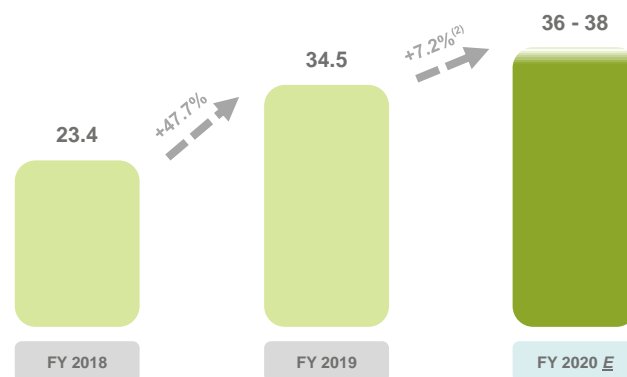
Rental Income & Funds from Operations I⁽¹⁾: Corona-Effects mitigate Growth only moderately



€ m



€ m



- » **New guidance for rental income 2020 at € 85-87m**, representing another c. 5% uplift y-o-y
- » **€ 3-5m increase compared to FY 2019** mainly based on full year effect of acquisitions 2019 and strong letting result, slightly mitigated by selective disposals and Corona-effects

- » **New guidance for FFO I⁽¹⁾ 2020 at € 36-38m**, over 7% improvement compared to FY 2019, despite challenging market environment
- » Besides growth of rental income, another accretive factor is **lower expected interest expense**

(1) After taxes, before minorities
 (2) Increase to mid-point of new guidance

Contact Details & Financial Calendar 2020

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Financial Calendar 2020

22 September 2020

Annual General Meeting 2020

17 November 2020

Interim Results Q3 2020

Share Information⁽¹⁾

Symbol / Ticker

DMRE

Share Price (XETRA)

€ 4.40

Market Segment

Prime Standard

ISIN

DE000A0XFSF0

Market Capitalisation

€ 474.2m

Free Float⁽²⁾

11.43%

Shares outstanding

107,777,324

(1) As of 30 June 2020

(2) Holdings < 3%

Appendix I | Additional Financial Information

Profit & Loss Statement H1 2020

Acquisitions boost Rental Income, Bond Refinancing lowers Interest Expenses

	H1 2020 (in € m)	H1 2019 (in € m)
Rental Income	43.8	38.2
Income from utility and service charges	12.4	11.3
Other operating expenses to generate rental income	(23.2)	(17.5)
Income from the rental of real estate ¹	33.0	32.0
Profit/loss from the sale of real estate/-companies	(1.8)	(0.1)
Profit/loss from fair value adjustments in investment properties	0.0	29.1
Other operating income and impairments of receivables ²	(2.8)	0.0
General and administrative expenses ⁽¹⁾	(5.7)	(5.8)
Other operating expenses ⁽¹⁾	(0.9)	(0.3)
Earning before interest and taxes (EBIT)	21.8	54.9
Financial income ⁽¹⁾	0.5	0.5
Financial expenses ³	(9.1)	(11.8)
Minorities	(1.3)	(2.7)
Earnings before taxes (EBT)	11.9	40.9
Current income taxes	(1.5)	(1.0)
Deferred taxes	(1.2)	(5.7)
Net profit/loss for the period	9.3	34.2
Of which attributable to:		
Non controlling shareholder	1.0	2.4
Parent company shareholder	8.3	31.8

1 Higher income from the rental of real estate, primarily driven by acquisitions in 2019, somewhat mitigated by higher tenant improvement expenditures in order to attract new tenants and achieve prolongations of rental contracts

2 Increase mainly related to impairments of rent receivables in context with the Corona crisis

3 Significant lower financial expenses due to the bond refinancing measure in October 2019

» **FFO (after taxes, before minorities) in H1 2020 up 5.9% to € 16.9m (H1 2019: € 15.9m)**

(1) Previous years figures have been adjusted due to amendments in the classification

Balance Sheet 30 June 2020

Acquisitions in 2019 and 2020 lead to increased Investment Property Value

	30 June, 2020 (in € m)	31 Dec, 2019 (in € m)
ASSETS		
Investment properties 1	1,511.8	1,493.9
Properties held for sale	10.4	16.3
Other assets	54.4	65.1
Cash and cash equivalents	81.0	102.1
TOTAL ASSETS	1,657.6	1,677.4
EQUITY & LIABILITIES		
Subscribed capital	107.8	107.8
Reserves	513.6	505.6
Equity attributable to parent company shareholders	621.4	613.4
Non-controlling interests	47.8	47.4
Total equity	669.2	660.8
Minority interest	77.8	78.7
Non-current financial debt	736.0	737.8
Current financial debt 2	48.4	69.1
Other liabilities	126.2	131.0
Total liabilities	988.4	1,016.6
TOTAL EQUITY & LIABILITIES	1,657.6	1,677.4

- 1 Increase in investment properties driven by a single asset addition in Frankfurt, mitigated mainly by a sale of one larger non-strategic asset in Eisenhüttenstadt
- 2 Reduction due to repayment of one secured loan
 - » EPRA-NAV per share (diluted) up by 9 Cents to € 6.41 from end of 2019

Financing Structure

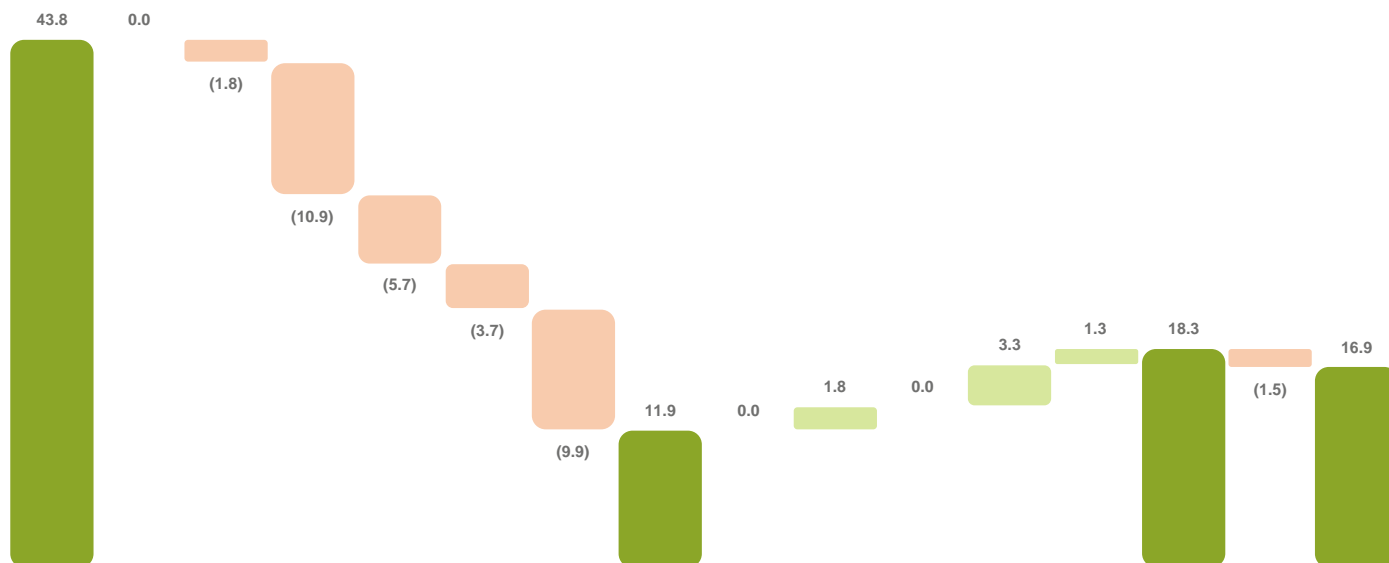
Senior Notes represent 75% of gross financial Debt

Financing Structure (30 June 2020)		
Tranche	IFRS Amount (€ m)	Margin / Coupon ⁽¹⁾
Senior unsecured notes	591.0	1.875%
Bank loans	114.9	1.150% - 3.250%
Fair Value REIT-AG debt	76.1	1.563% ⁽²⁾
Other ⁽³⁾	2.5	
Gross financial debt	784.5	
Cash & cash equivalents	81.5	
Net financial debt	703.0	
Net LTV	46.2%	

(1) Based on nominal interest rate
 (2) Average across all Fair Value REIT-AG debt
 (3) Accrued interest for the repaid bond 17/22

Funds From Operations I Reconciliation

H1 2020



Rental Income	Fair Value adjustments in investment properties	Sale of real estate	Operating expenses, net ⁽¹⁾	G&A expenses	Other operating expenses, net ⁽²⁾	Financial result	Profit/loss before taxes	Fair Value adjustments in investment properties	Sale of real estate	Re-valuation of financial instruments	Other adjustments ⁽³⁾	Minority interest	FFO I before taxes	Current income taxes	FFO I after taxes
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(1) Includes income from utility and service charges of € 12.4m and operating expenses to generate rental income of € (23.3)m

(2) Includes impairment of receivables of € (3.7)m, other op. income of € 1.0m and other op. expenses of € (0.9)m

19 August 2020

(3) Other adjustments relate to effective interest rate payments of € 1.3m, impairments of receivables of € 1.6m and other effects of € 0.4m



Appendix II | Additional Portfolio Information



Overview of the Real Estate Portfolio

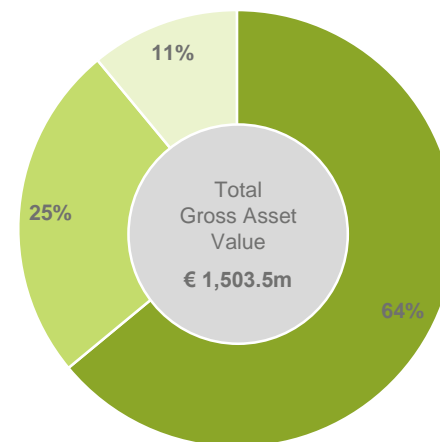
Split by Region and Asset Class

Property Locations⁽¹⁾

	# of Properties	GAV (€ m)	EPRA-Vacancy (%)	Total rental space (k sqm)
Baden-Wuerttemberg	5	163.1	5.6	93.7
Bavaria	9	157.0	17.2	115.4
Brandenburg	1	5.5	6.8	3.8
Bremen	9	44.9	22.8	32.8
Hamburg	1	9.7	0.0	4.0
Hesse	8	228.0	11.1	102.2
Mecklenburg-Western Pom.	6	123.0	4.6	58.0
Lower Saxony	6	51.5	0.8	39.8
North Rhine-Westphalia	17	413.7	6.4	234.4
Rhineland Palatinate	4	20.5	8.3	23.8
Saxony	9	180.3	8.5	227.8
Saxony-Anhalt	2	36.3	4.1	24.0
Schleswig-Holstein	6	68.1	1.3	57.7
Thuringia	1	1.9	55.0	5.6
Germany	84	1,503.5	8.5	1,023.0

Portfolio Split by Asset Class⁽¹⁾

GAV (€ m)



■ Office ■ Retail ■ Logistics & Others

(1) As of 30 June 2020

Overview of the Real Estate Portfolio

Top 20 Assets

Property Locations⁽¹⁾

	Asset Class	GAV (€ m)	Share (%)	EPRA-Vacancy (%)	Total rental space (k sqm)	GAV/sqm (€ k)	GRI p.a. (€ m) ⁽²⁾	WALT (Years)
Essen	Office	97.6	6.5	11.0	45.5	2.1	5.3	3.1
Bonn	Office	91.6	6.1	0.0	38.4	2.4	4.5	4.7
Ulm	Office	83.2	5.5	1.7	47.6	1.7	4.3	4.4
Neuss	Retail	74.2	4.9	0.0	56.1	1.3	5.4	2.5
Rostock	Retail	72.8	4.8	1.7	19.3	3.8	4.5	2.9
Leipzig (LogPark)	Logistics	71.2	4.7	12.2	147.0	0.5	4.9	2.7
Kassel	Retail	63.3	4.2	4.3	21.5	2.9	3.6	6.2
Frankfurt	Other	48.0	3.2	0.0	6.1	7.9	1.8	19.5
Bad Vilbel	Office	44.2	2.9	31.9	25.7	1.7	2.3	6.4
Freiburg	Office	39.9	2.7	15.1	22.7	1.8	2.0	5.8
Top 10 Properties		686.0	45.6	7.0	429.7	1.6	38.7	4.7
Leipzig (Gutenberg-Galerie)	Office	37.6	2.5	4.7	23.4	1.6	1.9	3.5
Regensburg	Office	37.1	2.5	0.0	29.2	1.3	2.7	0.7
Düsseldorf	Office	35.4	2.4	24.8	24.3	1.5	1.9	3.1
Aschheim	Office	31.2	2.1	20.6	12.0	2.6	1.1	3.3
Eschborn	Office	30.2	2.0	0.0	18.9	1.6	2.1	4.5
Unterschleißheim	Office	24.8	1.6	38.8	15.7	1.6	1.0	3.1
Lutherstadt-Wittenberg	Retail	23.8	1.6	6.5	14.7	1.6	1.7	4.0
Köln	Office	23.1	1.5	0.4	5.2	4.5	1.2	4.9
Flensburg	Office	21.6	1.4	0.0	23.8	0.9	1.8	0.4
Zittau	Retail	21.6	1.4	3.5	17.4	1.2	1.3	8.9
Top 20 Properties		972.4	64.7	8.1	614.2	1.6	55.4	4.3
Other Properties		531.1	35.3	9.2	408.8	1.3	33.6	5.5
Total Properties		1,503.5	100.0	8.5	1,023.0	1.5	89.0	4.8

(1) As of 30 June 2020

(2) Annualized contractual rent excluding service charge