



FY 2016 Results

28 April 2017



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Highlights 2016

Successful real estate expansion with further growth potential

Active portfolio management

- » Integration, consolidation and **active management of portfolio acquisitions** worth approx. €550m from previous year
- » **Successful disposal** of 91 assets to streamline portfolio
- » **Positive net valuation gain** of €38.4m reflects active management approach and rental performance

Accretive acquisition

- » **Closing of the acquisition** of „Kurfürstengalerie“ (purchase price approx. €48m, net initial yield of 8.2%)

Strong operating performance

- » **Rental income** more than doubled from c. €33m to c. €76.4m
- » **EPRA vacancy rate** down by 120 bps to 11.6% due to strong letting activities
- » **EPRA NAV per share** increased by 8.3% to €4.60 (diluted) and by 6.5% to €5.54 (undiluted)

Continous improvement of financing structure

- » **Net-LTV** decreased by 470 bps to 62.8%
- » Balance sheet **equity ratio** increased from 25.6% to 28.2%
- » Reduction of **avg. cost of debt** by 105 bps to 4.4% (4.1% post refinancing, effective as of Jan. 2017)

► Further attractive growth potential from accretive acquisitions, reduction of financing costs and cost base

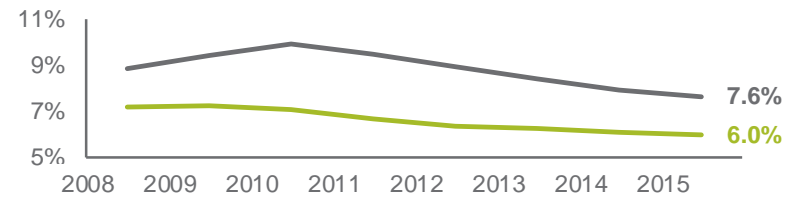
Market Update

Strong fundamentals provide basis for capital value growth

German Commercial RE

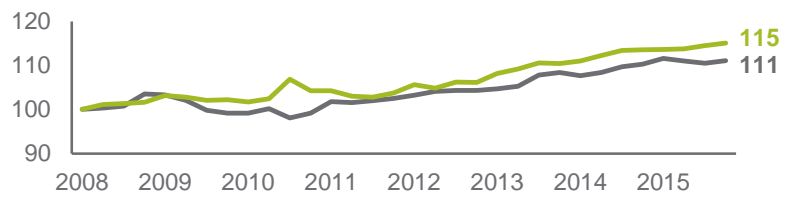
Lower vacancy rates

Office market vacancy development (2008-2015)



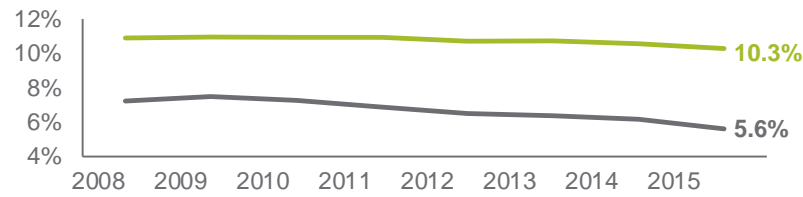
Dynamic rental development

Office market rent development (2008-2015; indexed to 100)



Lower yields

Office market gross initial yield development (2008-2015)



— Top 7 Locations — Secondary Locations

Comments

- » Supportive leasing markets and strong demand for space are driving vacancy rates down
- » As vacancy rates come down rental growth is accelerating across the commercial sector providing basis for value growth
- » Secondary locations offer higher yields with lower volatility compared to the Top-7 locations due to, inter alia, limited supply of new products
- » Strong investment appetite also extended to secondary locations, but unlike Top-7 locations where pricing environment has become highly competitive the secondary cities still provide abundant growth opportunities at attractive yields
- » Critical success factors are distinct knowledge of the regional markets as well as sound real estate management skills on the ground
- » DEMIRE is well positioned to lead the “secondary” commercial segment in Germany and to grow its portfolio base substantially over the next few years

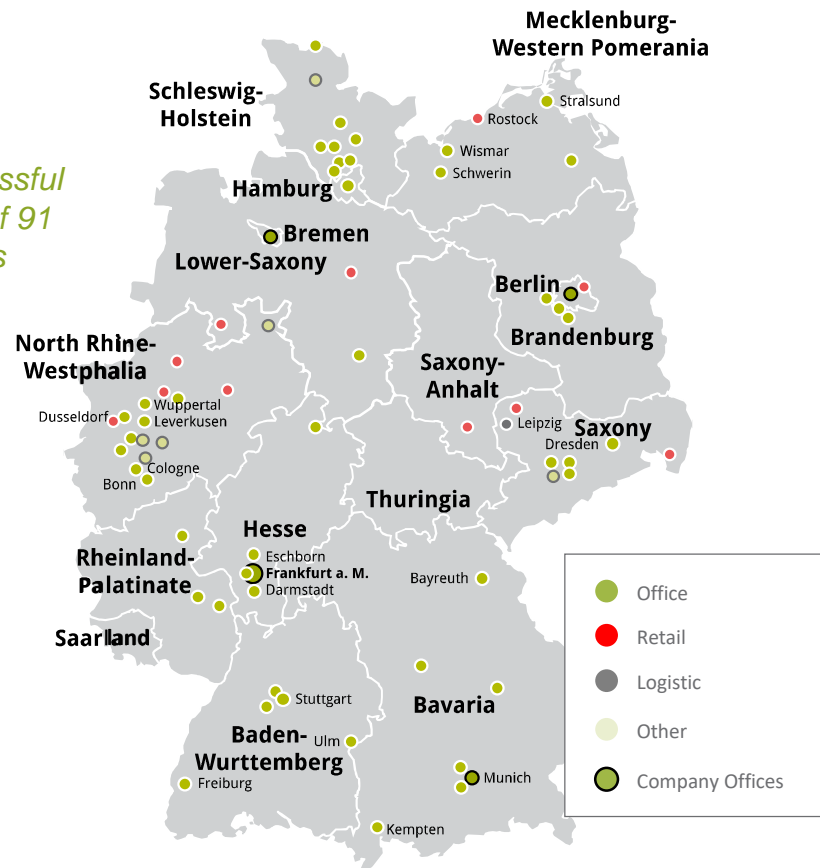
Source: Bulwiengesa, DG Hyp, Corpus Sireo

Portfolio Performance

Strong operating performance with further upside potential

Portfolio locations

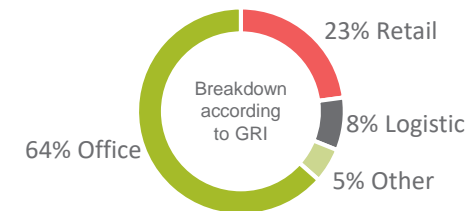
Post successful sale of 91 assets



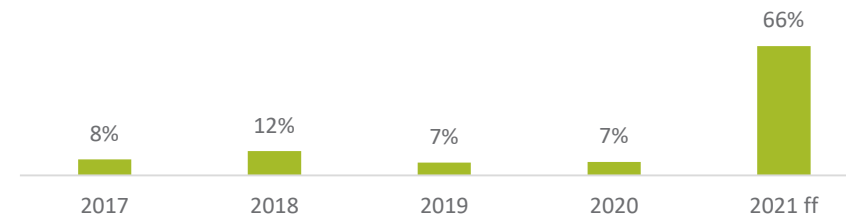
Portfolio KPI's

Key Indicators	Office	Retail	Logistic	Other	Total 31 Dec 16	Total 31 Dec 15	Change
Properties	65	18	1	90	174 ¹⁾	181	-3.9%
GAV (€m)	673.2	240.9	53.8	37.7	1005.6	928.1	+8.4%
GRI	49.3	17.0	3.7	4.2	74.1	76.0	-2.5%
GRI yield (%)	7.3	7.1	6.9	11.1	7.4	8.2	-9.8%
EPRA Vac. (%) ²⁾	7.9	16.3	33.8	31.3	11.6	12.8	-9.4%
WALT ³⁾	5.3	6.1	2.0	4.2	5.3	5.4	-1.9%

Portfolio breakdown



Lease expiry schedule⁴⁾



¹⁾ Includes 91 assets which were sold in 2016 with closing during 2017

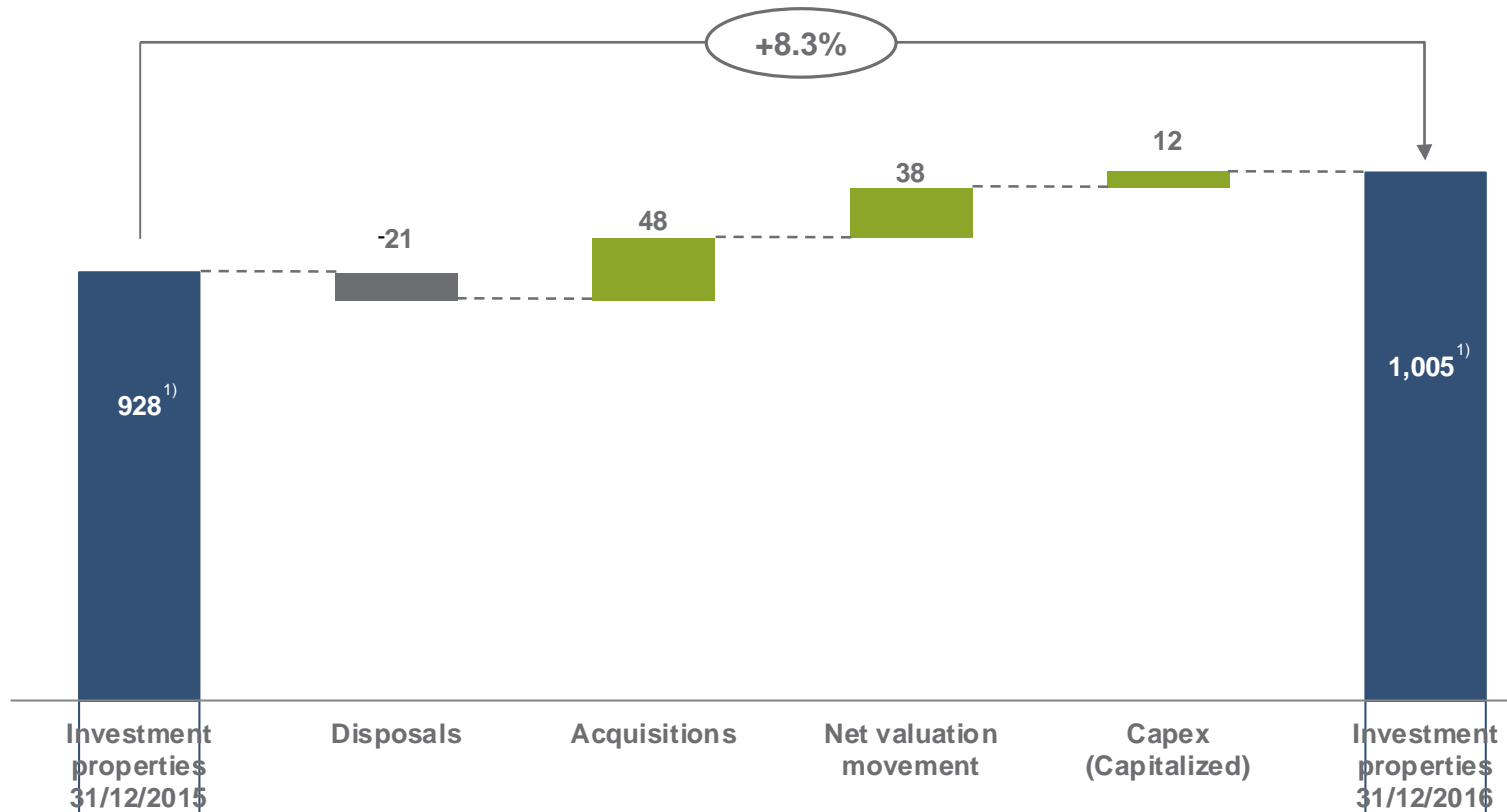
²⁾ Based on potential rent p. a.

³⁾ Weighted average lease term based on GRI

⁴⁾ Based on GRI

Portfolio Performance

Portfolio growth driven by acquisitions and active portfolio management



¹⁾ Includes assets held for sale

Portfolio Performance

Top 10 assets with valuation increase

Selective assets



- **Bonn, Bonner Talweg 100**
 - Use: Office
 - GAV: €77,690,000
 - WALT: 8.5 years



- **Kassel (Kurfürstengalerie)**
 - Use: Retail
 - GAV: €57,980,000
 - WALT: 8.6 years



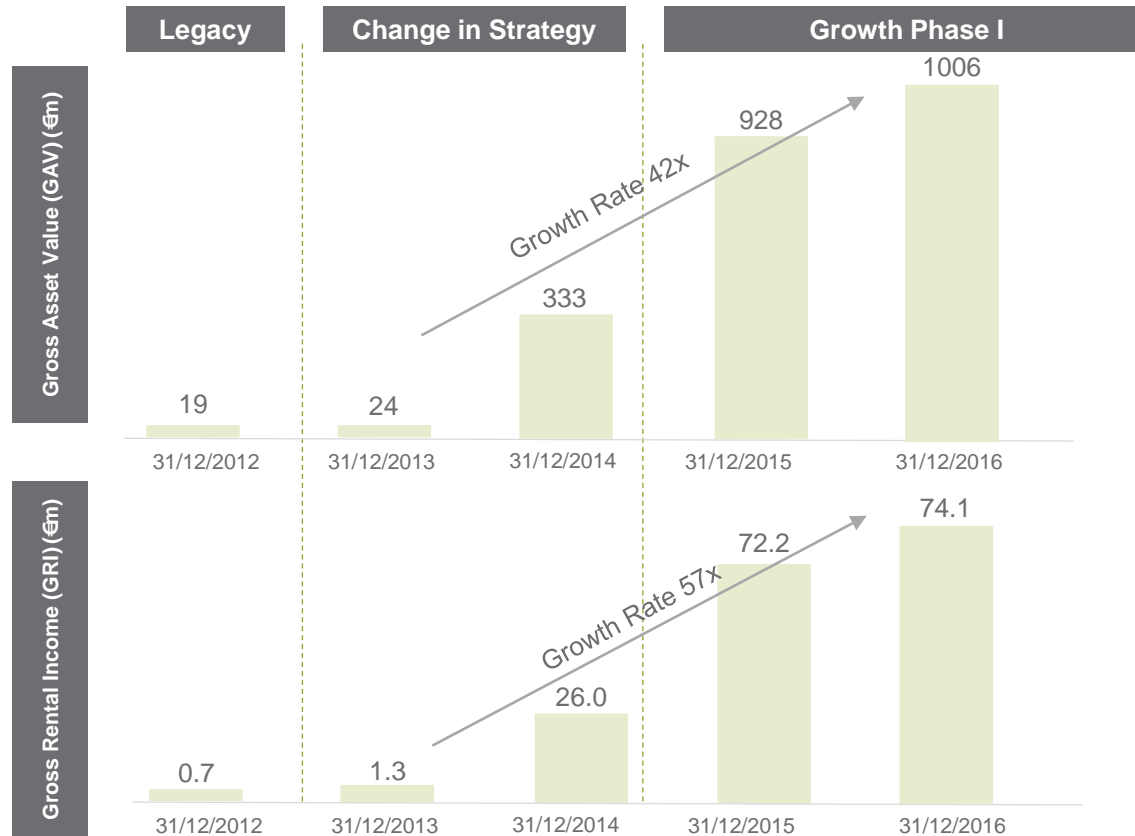
- **Leipzig (LogPark)**
 - Use: Logistic
 - GAV: €53,818,000
 - WALT: 2.0 years

Valuation result – TOP 10 properties

TOP 10 Properties	EURm
Bonn, Bonnertalweg 100	5.1
Eschborn, Frankfurter Straße 29-35	4.6
Eisenhüttenstadt, Nordpassage 1	4.2
Zittau, Hochwaldstraße/ Mittelweg	3.8
Leipzig, Am alten Flughafen 1	3.3
Kassel, Kölnische Straße 6/ Mauerstraße 11/ Spohratstraße 2, 4	2.9
Ulm, Zeitblomstraße/ Olgastraße/ Bahnhofplatz	2.9
Leverkusen, Goetheplatz 1-4	2.2
Quickborn, Pascalkehre 15/ 15a	2.1
Leipzig, Gutenbergplatz 1 a-e	1.9
Sub uplift	33
Net uplift	38.4

Portfolio Performance

Successful track record in acquisitions, preparing for the next growth phase



Acquisitions¹⁾

2016:

- » Kurfürsten-Galerie Kassel (€58m)

2015:

- » 77.7% in Fair Value REIT-AG (€290m)
- » T6 Portfolio (€190m)
- » Logistik-Park Leipzig (€54m)
- » Gutenberg Galerie Leipzig (€25m)

2014:

- » Alpine Portfolio (€25m)
- » Condor Portfolio (€260m)
- » Alpha Portfolio (€67m)

▶ Following the change in strategy our portfolio has grown from €24m to approx. €1bn in only 3 years

¹⁾ Numbers in brackets reflect GAV of properties as of 31/12/2016

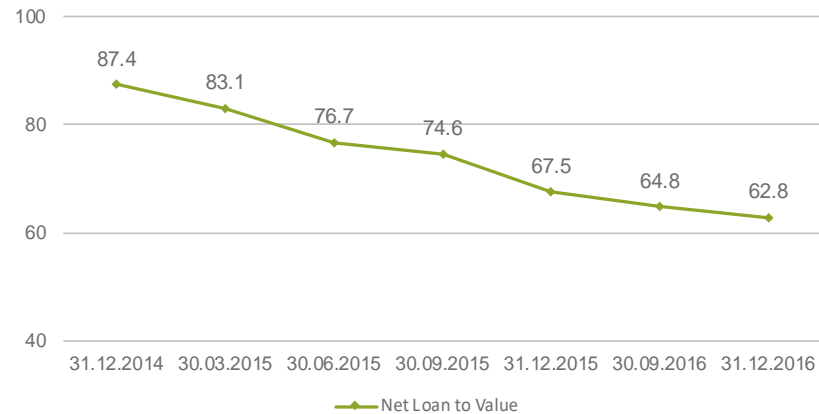
Key Financials

Continuous reduction of leverage and financing costs with further potential

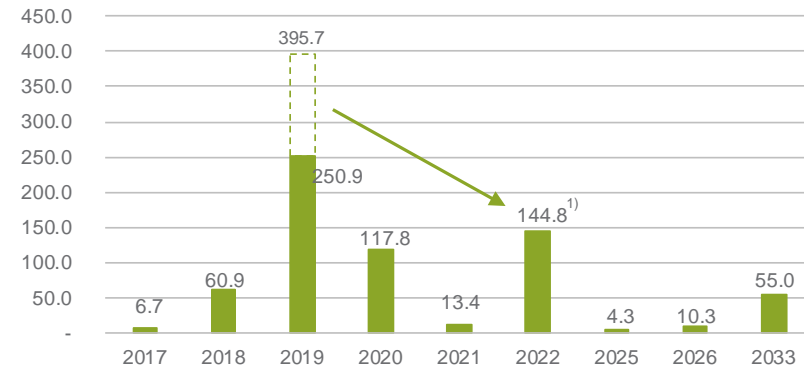
Financing KPI's as of 31/12/2016

Gross debt (€m)	663
Net LTV (%)	62.8
Avg. cost of debt (%)	4.1 ²⁾
Avg. weighted debt maturity (years)	4.5 ¹⁾
Interest rate fixed or hedged (%)	85

Net LTV development in %



Maturity profile as of 31/12/2016 in €m



Avg. cost of debt development in %



¹⁾ Post refinancing of promissory note in an amount of €144.8m

²⁾ Cost of debt reduced to 4.1% due to refinancing in Jan. 2017/ effective since 1st of January

Key Financials

Selected balance sheet items

Balance Sheet (€m)	31/12/2016	31/12/2015	31/12/2014 ⁽¹⁾
ASSETS			
Investment Properties } 1	981	915	333
Properties held for sale } 1	24	13	0
Other assets	58	77	36
Cash and cash equivalents	31	28	4
Total assets	1,094	1,033	373
LIABILITIES			
Subscribed capital	54	49	14
Reserves	218	182	38
Equity attributable to parent company shareholders } 2	272	231	52
Interest of non-controlling shareholders	37	34	3
Total shareholders' equity	309	265	55
Non-current financial debt	621	609	248
Current financial debt	42	46	48
Other liabilities	122	113	22
Total liabilities	785	768	318
Total equity and liabilities	1,094	1,033	373
EPRA NAV (undiluted/ diluted)	301 / 313	256 / 272	61 / 71
EPRA NAV / share (undiluted/ diluted)	5.54 / 4.60	5.20 / 4.25	4.26 / 2.84

Comments

1 Investment properties have nearly tripled since the end of 2014

2 Equity significantly increased by €43.7 Mio. (Equity ratio = 28.2%)

(1) Abbreviated financial year (04/14 – 12/14)

Key Financials

Selected income statement items

Income statement (€m)	31/12/2016	31/12/2015	31/12/2014 ⁽¹⁾
Profit/loss from the rental of real estate ①	58.6	23.7	2.3
Profit/loss from the sale of real estate companies	4.0	0.3	0.1
Profit/loss from the sale of real estate	1.0	0.5	0.0
Profit/loss from investments accounted for using the equity method	(0.4)	(0.5)	(1.0)
Other operating income and other effects	41.9	51.4	63.7
General and administrative expenses ②	(14.5)	(11.3)	(3.6)
Other operating expenses	(7.4)	(5.4)	(2.9)
Earnings before interest and taxes (EBIT)	83.2	58.7	58.4
Financial result ③	(43.2)	(25.7)	(2.9)
Profit/loss before taxes (EBT)	40.0	33.0	55.5
Income taxes ④	(12.3)	(4.1)	(9.8)
Net profit/loss for the period	27.7	28.9	45.7
Of which attributable to:			
Non-controlling interests	3.0	0.8	2.4
Parent company shareholders	24.7	28.1	43.3
FFO including disposal effects (before minorities)	13.0		
FFO excluding disposal effects (before minorities)	8.1		

Comments

① Rental growth driven by first time 12-month consolidation of acquisitions

② Increase of general and administrative expenses due to portfolio / platform build up and certain one-off items

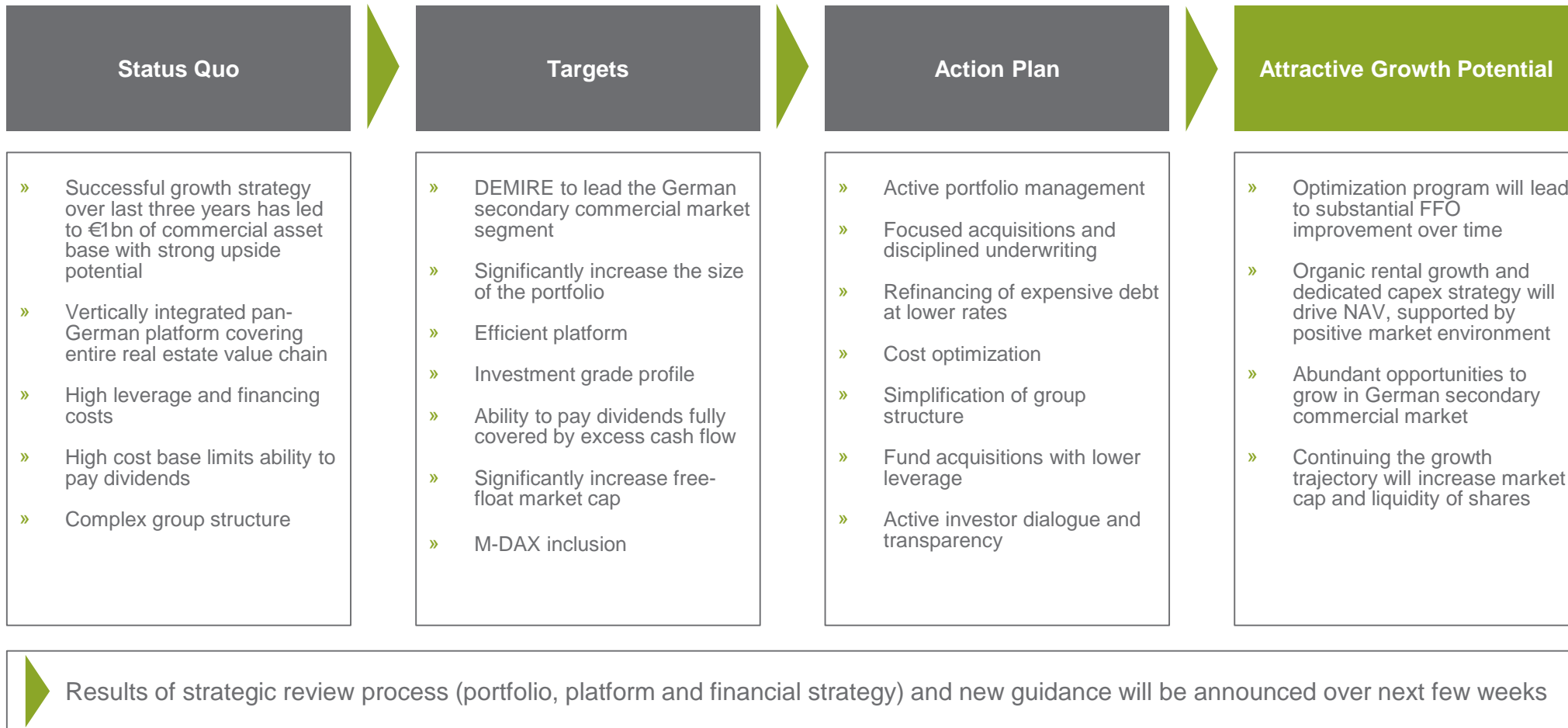
③ Higher financing costs due to portfolio growth / financial results include minority position of funds managed by Fair Value-REIT AG (€5.2 Mio.)

④ Includes €10 Mio. of deferred taxes

(1) Abbreviated financial year (04/14 – 12/14)

Strategic Review and Next Steps

DEMIRE 2.0 – Positioning for next growth phase



Share Information

Key Data

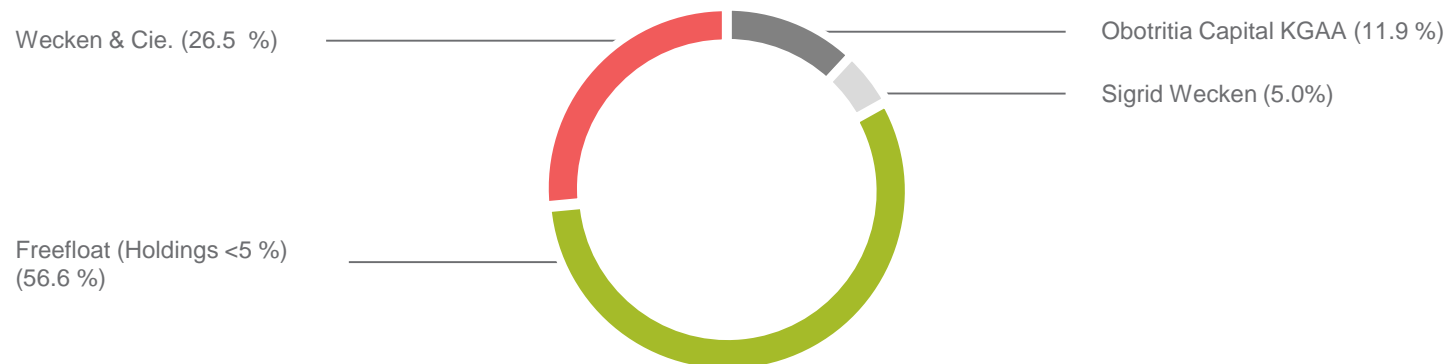
Share performance since April 2016



Key share data

ISIN	DE000A0XFSF0
Symbol / Ticker	DMRE
Stock Exchange	Deutsche Börse Frankfurt (FSE); XETRA
Market Segment	Prime Standard
Subscribed Capital (31/01/2017)	€54,255,944
Number of shares (31/01/2017)	54,255,944
∅ Daily Trading Volume (90-Day)	99,032
Market Capitalisation	€199.7 million

Shareholder structure⁽¹⁾



(1) Free Float Definition according to Deutsche Börse

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