

2020

**Conference Call | Results Q1 2020**

*19 May 2020*

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# Agenda

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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 triangular top section pointing towards the center.

**Executive Summary**

**Portfolio Highlights**

**Financial Highlights**

**Corona Update / Outlook**

# Executive Summary

## REALize Potential

### Asset Management

- » **New and prolonged lettings** of over 47,000sqm<sup>(1)</sup>
- » **EPRA-Vacancy** trending further downwards to 8.9%<sup>(2)</sup>
- » Acquisitions and re-letting **stabilizing WALT** at 4.8 years
- » **Annualized contractual rent** almost unchanged at € 89.9m

### Acquisitions

- » **Closing of the single asset acquisition** in Frankfurt mid-March secures WALT enhancement and long-term cashflow
- » **Closing of disposals** of four non-strategic assets with **€ 5.2m proceeds** (c. 14% premium to market value), one larger asset sale closed on 1 April 2020 (Eisenhüttenstadt, € 27.5m proceeds)

### Financials

- » **Substantial increase of rental income** from € 18.2m to € 22.0m y-o-y
- » **FFO I<sup>(3)</sup> improved** from € 8.9m to € 9.6m y-o-y
- » **Average cost of debt** and **Net-LTV remain on attractive levels** at 1.8%<sup>(4)</sup> and 45.4% respectively

### Processes

- » **Introduction of a new treasury system** considerably simplify workflows, enable more detailed analysis and more targeted controlling

### Corona-Update

- » As of 18 May 2020, DEMIRE has **outstanding rental charges** from it's tenants for April and May amounting to € 2.3m, representing c. 2.6% of annualized contractual rent
- » Given DEMIRE's **strong liquidity situation** and **no larger upcoming cash outflows**, the company is well prepared for the rest of the fiscal year 2020 and beyond

(1) Includes one rental contract for 20,000m<sup>2</sup> signed beginning of April

(2) Excluding assets held for sale

(3) After taxes, before minorities

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**Executive Summary**

**Portfolio Highlights**

**Financial Highlights**

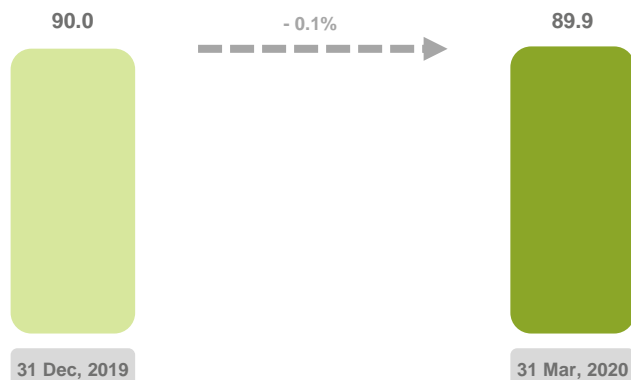
**Corona Update / Outlook**

# Leasing Performance Q1 2020

## Stable Rental Income and strong Letting Performance

### Annualized Rent almost unchanged

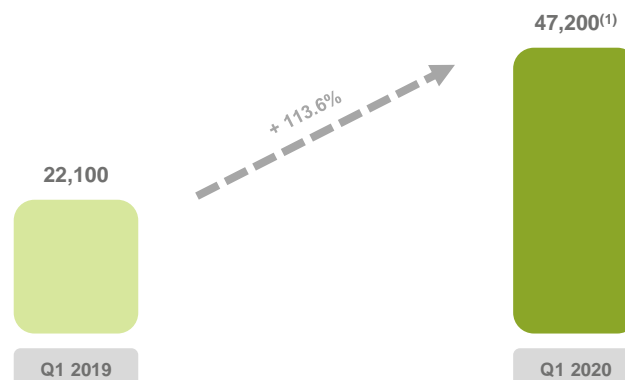
Annualized contractual rent excl. service charges (€ m)



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

### Letting Result remains on a high Level

New lettings and prolongations (sqm)



- » **Leased space** from new rental contracts and prolongations **more than doubled compared to Q1 2019**
- » Letting activities in Q1 2020 secure **over € 2.9m rental income** per year with a **WALT of almost 7.6 years**
- » New lettings account for roughly 80% of leased space and rental income per year, 20% renewals

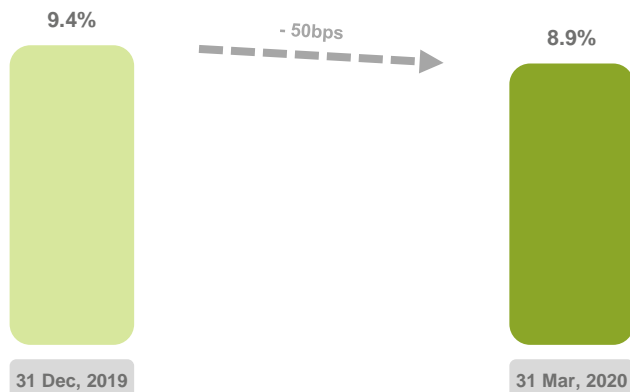
(1) Includes one rental contract for 20,000m<sup>2</sup> signed beginning of April

# EPRA-Vacancy & WALT

## EPRA-Vacancy improved, WALT stable

EPRA-Vacancy down to 8.9%

EPRA-Vacancy excluding assets held for sale (%)



WALT Reduction stopped

WALT (years)

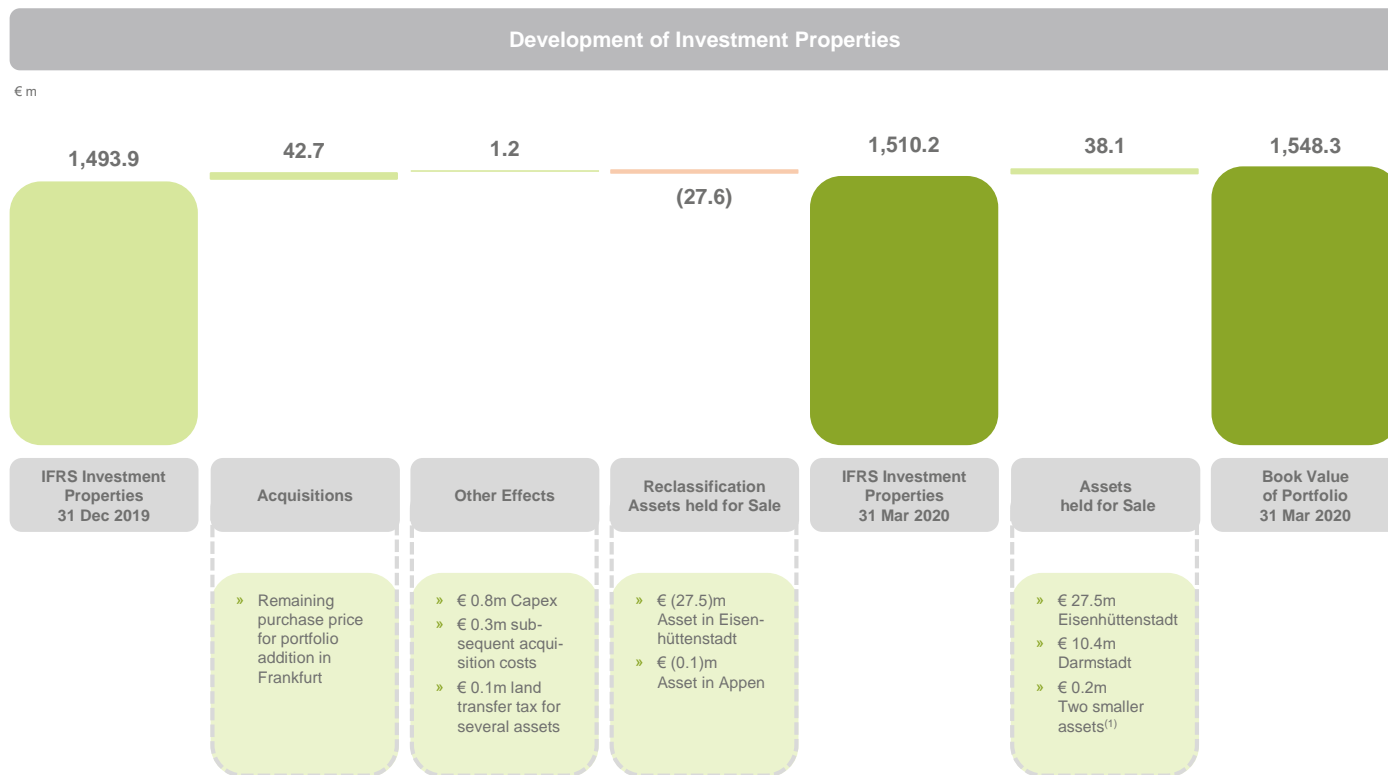


- » **Reduction in EPRA-Vacancy** mainly due to sale of the asset in Eisenhüttenstadt, operational performance and the fully occupied portfolio addition in Frankfurt
- » Already signed new lettings will further decrease EPRA-Vacancy over the course of the year

- » Acquisition in Frankfurt with a lease term of almost 20 years combined with successful letting activities lead to **stable WALT**
- » **WALT** of new and prolonged lease contracts signed in Q1 2020 of **almost 7.6 years**

## Portfolio Growth

Portfolio Value increased by one Portfolio Addition, mitigated by a larger Asset Sale



(1) Appen (€ 0.1m) & Limbach-Oberfrohna (€ 0.1m)



# Agenda

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**Executive Summary**

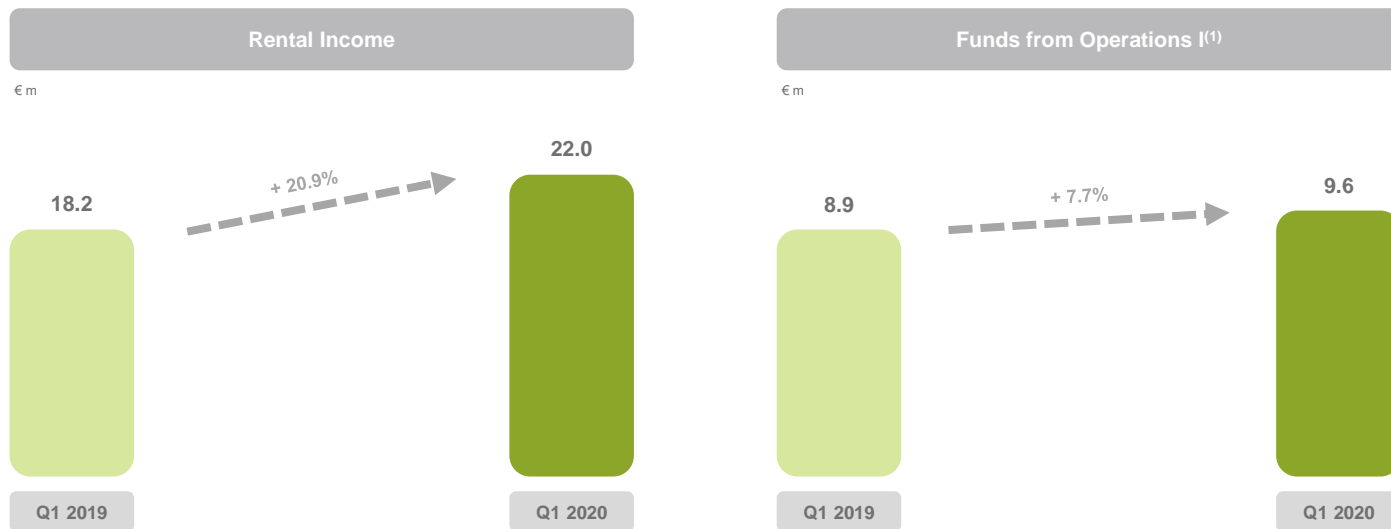
**Portfolio Highlights**

**Financial Highlights**

**Corona Update / Outlook**

## Selected P&L Positions

### Substantial Improvement of Rental Income and FFO



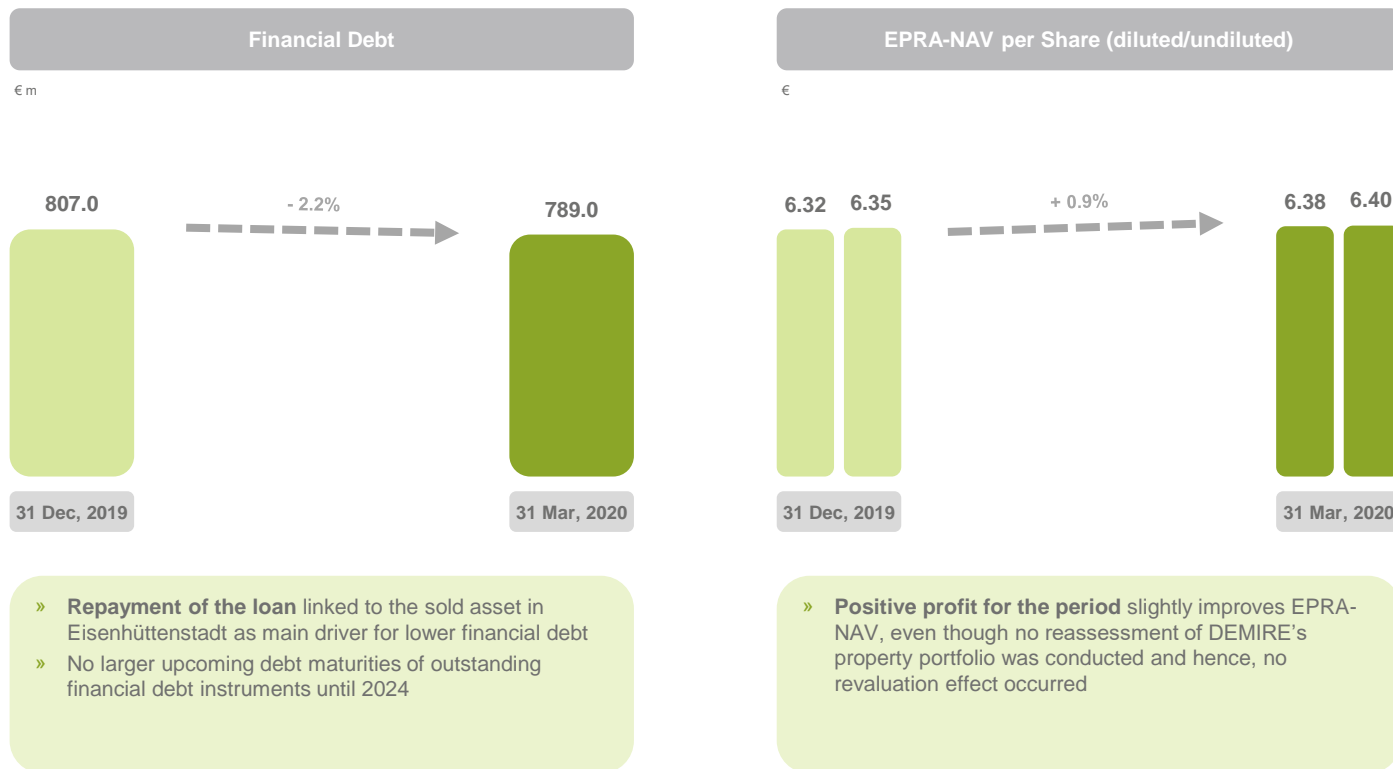
- » **Increased rental income** primarily driven by acquisitions in 2019 and 2020, with comprehensive asset management activities supporting growth
- » Smaller divestments mitigate improvement only marginally

- » C. 20% lower interest expenses, mainly related to the bond refinancing in October 2019, are the primary reason for **boosted FFO I<sup>(1)</sup>**
- » Further factors are the enhanced profit from rental of real estate affiliated with portfolio additions and lower general and administrative expenses

(1) After taxes, before minorities

## Selected Balance Sheet Positions

Financial Debt Volume lower, EPRA-NAV improving without Revaluation Gains

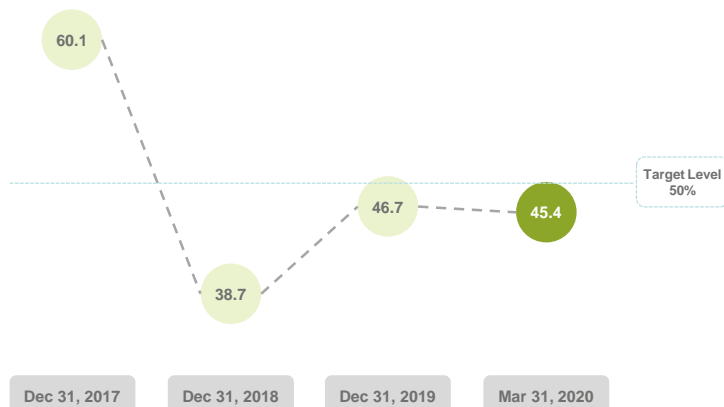


## Key financial KPI's

### Solid Net-LTV Ratio and average Cost of Debt Level

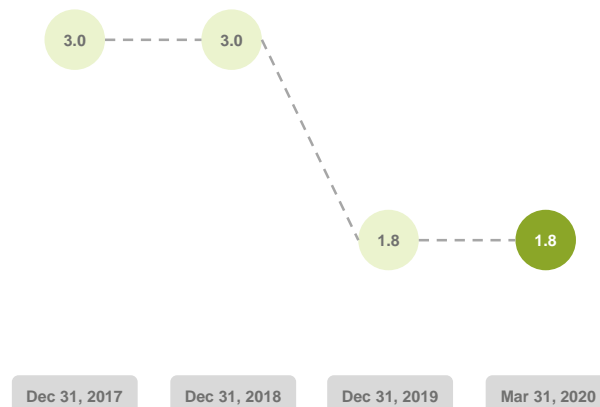
#### Leverage below Target of 50%

Net LTV (in %)



#### Average Cost of Debt remain low

Average cost of debt (in %)<sup>(1)</sup>



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

- » After significantly lowering the average cost of debt in the context of comprehensive refinancing measures in 2019, the figure **remains on a solid level**
- » Average maturity of outstanding debt is at 4.1 years

(1) Based on nominal interest rate  
 (2) Net-LTV according to bond definition at 44.1%

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# Corona-Effect on DEMIRE's Portfolio

## Minor Impact in April and May 2020

2.6% outstanding Rental Charges for April and May 2020

€ m



- » As of 18 May, rent suspensions from DEMIRE's tenants in context with the Corona crisis amount to € 2.3m for April and May 2020
- » The majority among these tenants belongs to the asset classes retail (58%) and hotel (23%)
- » DEMIRE stays in contact with each tenant in order to find an individualized solution
- » Given first sights of a normalization of the situation become visible, requests for rent suspension are expected to diminish over the upcoming months
- » With over € 85m cash on the balance sheet, DEMIRE has ample liquidity available and no major upcoming refinancing needs or larger committed cash outflows
- » DEMIRE withdrew its guidance for rental income and FFO on 9 April 2020, given the uncertainty about the further development in context with the Corona crisis

Annualized contractual rent<sup>(1)</sup>  
 Rent suspensions for April and May<sup>(2)</sup>

(1) As of 31 March 2020  
 (2) As of 18 May 2020

## Contact Details & Financial Calendar 2020

Michael Tegeder – Head of Investor Relations & Corporate Finance



Phone + 49 (0) 61 03 372 49 44  
 Fax + 49 (0) 61 03 372 49 11  
 Email [ir@demire.ag](mailto:ir@demire.ag)  
 Web [www.demire.ag/en/investor-relations](http://www.demire.ag/en/investor-relations)

### Financial Calendar 2020

25 June 2020

Annual General Meeting 2020

19 August 2020

Half Year Results 2020

17 November 2020

Interim Results Q3 2020

### Share Information<sup>(1)</sup>

Symbol / Ticker

DMRE

Share Price (XETRA)

€ 4.97

Market Segment

Prime Standard

ISIN

DE000A0XFSF0

Market Capitalisation

€ 531.8m

Free Float<sup>(2)</sup>

11.43%

Shares outstanding

107,777,324

(1) As of 31 March 2020

(2) Holdings < 3%

## Appendix I | Additional Financial Information



## Profit & Loss Statement Q1 2020

### Acquisitions boost Rental Income, Bond Refinancing lowers Interest Expenses

	Q1 2020 (in € m)	Q1 2019 (in € m)
Rental Income	22.0	18.2
Income from utility and service charges	8.5	7.2
Other operating expenses to generate rental income	(13.2)	(8.4)
<b>Income from the rental of real estate</b> <sup>1</sup>	<b>17.3</b>	<b>17.1</b>
Profit/loss from the sale of real estate/-companies	(1.0)	(0.1)
Profit/loss from fair value adjustments in investment properties	0.0	0.0
Other operating income and other effects	(0.3)	0.0
General and administrative expenses <sup>(1)</sup>	(2.8)	(3.2)
Other operating expenses <sup>(1)</sup>	(0.3)	(0.2)
<b>Earning before interest and taxes (EBIT)</b>	<b>12.9</b>	<b>13.6</b>
Financial income <sup>(1)</sup>	0.2	0.3
Financial expenses <sup>2</sup>	(4.7)	(5.9)
Minorities	(0.4)	(0.8)
<b>Earnings before taxes (EBT)</b>	<b>8.0</b>	<b>7.1</b>
Current income taxes <sup>3</sup>	(0.8)	(0.0)
Deferred taxes	(0.4)	(0.4)
<b>Net profit/loss for the period</b>	<b>6.8</b>	<b>6.6</b>
Of which attributable to:		
Non controlling shareholder	0.7	0.8
Parent company shareholder	6.1	5.8

- 1 Higher income from the rental of real estate, primarily driven by acquisitions in 2019, somewhat mitigated by higher maintenance and tenant improvement expenditures
  - 2 Significant lower financial expenses due to the bond refinancing measure in October 2019
  - 3 Estimated income taxes for FY 2020 higher due to more profitable SPVs and quarterly smoothing
- » FFO (after taxes, before minorities) in Q1 2020 up 7.7% to € 9.6m (Q1 2019: € 8.9m)

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

## Balance Sheet 31 March 2020

### Acquisitions in 2019 and 2020 lead to increased Investment Property Value

	31 Mar, 2020 (in € m)	31 Dec, 2019 (in € m)
<b>ASSETS</b>		
Investment properties <span style="float: right;">1</span>	1,510.2	1,493.9
Properties held for sale <span style="float: right;">2</span>	38.1	16.3
Other assets	55.3	65.1
Cash and cash equivalents	85.5	102.1
<b>TOTAL ASSETS</b>	<b>1,689.1</b>	<b>1,677.4</b>
<b>EQUITY &amp; LIABILITIES</b>		
Subscribed capital	107.8	107.8
Reserves	511.3	505.6
<b>Equity attributable to parent company shareholders</b>	<b>619.1</b>	<b>613.4</b>
Non-controlling interests	48.0	47.4
<b>Total equity</b>	<b>667.1</b>	<b>660.8</b>
Minority interest	79.0	78.7
Non-current financial debt	737.3	737.8
Current financial debt <span style="float: right;">3</span>	51.7	69.1
Other liabilities <span style="float: right;">4</span>	154.0	131.0
<b>Total liabilities</b>	<b>1,022.0</b>	<b>1,016.6</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,689.1</b>	<b>1,677.4</b>

- 1 Increase in investment properties driven by a single asset addition in Frankfurt, mitigated by a sale of one larger non-strategic asset in Eisenhüttenstadt
  - 2 Reclassification of the asset in Eisenhüttenstadt
  - 3 Reduction due to repayment of one secured loan
  - 4 Increase mainly based on received purchase price for the asset in Eisenhüttenstadt
- » EPRA-NAV per share (diluted) up by 6 Cents to € 6.38 from end of 2019

## Financing Structure

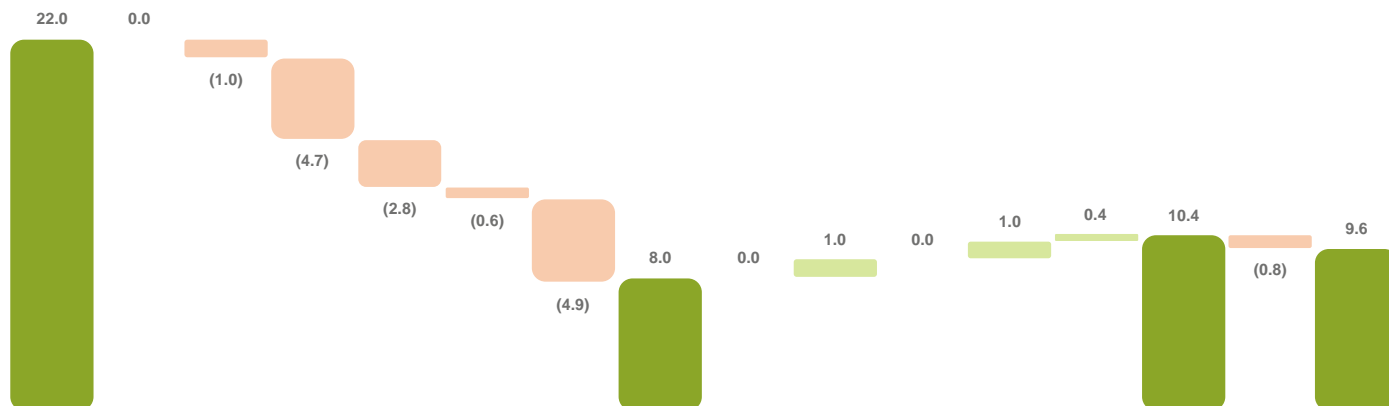
Senior Notes represent 75% of gross financial Debt

Financing Structure (31 March 2020)		
Tranche	IFRS Amount (€ m)	Margin / Coupon <sup>(1)</sup>
Senior unsecured notes	590.5	1.875%
Bank loans	116.0	1.150% - 3.250%
Fair Value REIT-AG debt	77.2	1.7557% <sup>(2)</sup>
Other <sup>(3)</sup>	5.3	
<b>Gross financial debt</b>	<b>789.0</b>	
<b>Cash &amp; cash equivalents</b>	<b>85.5</b>	
<b>Net financial debt</b>	<b>703.5</b>	
<b>Net LTV</b>	<b>45.4%</b>	

(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

Q1 2020



Rental Income	Fair Value adjustments in investment properties	Sale of real estate	Operating expenses, net <sup>(1)</sup>	G&A expenses	Other operating expenses, net <sup>(2)</sup>	Financial result	Profit/loss before taxes	Fair Value adjustments in investment properties	Sale of real estate	Re-valuation of financial instruments	Other adjustments <sup>(3)</sup>	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 € 8.5m and operating expenses to generate rental income of € (13.2)m

19 May 2020

(2) Includes impairment of receivables of € (0.6)m, other op. income of € 0.3m and other op. expenses of € (0.3)m

(3) Other adjustments relate to effective interest rate payments of € 0.7m and other effects of € 0.3m

## Appendix I | Additional Portfolio Information

# Overview of the Real Estate Portfolio

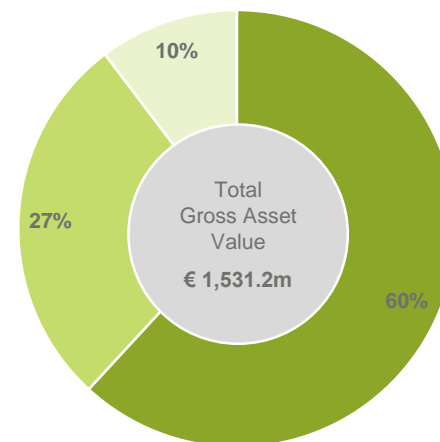
## Split by Region and Asset Class

Property Locations<sup>(1)</sup>

	# of Properties	GAV (€ m)	EPRA-Vacancy (%) <sup>(2)</sup>	Total rental space (k sqm)
Baden-Wuerttemberg	5	163.1	6.1	99.3
Bavaria	9	157.0	12.9	115.4
Brandenburg	2	33.0	5.9	32.9
Bremen	9	44.9	26.0	32.8
Hamburg	1	9.7	0.0	4.0
Hesse	8	228.0	16.0	102.2
Mecklenburg-Western Pom.	6	123.0	4.6	58.0
Lower Saxony	6	51.5	0.9	39.8
North Rhine-Westphalia	17	413.7	6.4	227.6
Rhineland Palatinate	4	20.5	8.3	23.8
Saxony	10	180.3	9.3	230.4 <sup>(3)</sup>
Saxony-Anhalt	2	36.3	4.1	24.0
Schleswig-Holstein	7	68.3	1.3	57.8
Thuringia	1	1.9	55.0	5.6
<b>Germany</b>	<b>87</b>	<b>1,531.2</b>	<b>8.9</b>	<b>1,047.8</b>

Portfolio Split by Asset Class<sup>(1)</sup>

GAV (€ m)



■ Office ■ Retail ■ Logistics & Others

(1) As of 31 March 2020

(2) Excluding assets held for sale

(3) Including other external spaces of 31,743 sqm

# Overview of the Real Estate Portfolio

## Top 20 Assets

### Property Locations<sup>(1)</sup>

	Asset Class	GAV (€ m)	Share (%)	EPRA-Vacancy (%) <sup>(2)</sup>	Total rental space (k sqm)	GAV/sqm (€ k)	GRI p.a. (€ m) <sup>(3)</sup>	WALT (Years)
Essen	Office	97.6	6.4	12.1	45.5	2.1	5.3	3.2
Bonn	Office	91.6	6.0	0.0	38.4	2.4	4.5	4.9
Ulm	Office	83.2	5.4	1.7	47.6	1.7	4.3	4.7
Neuss	Retail	74.2	4.8	0.0	49.2	1.5	5.4	2.8
Rostock	Retail	72.8	4.8	1.7	19.3	3.8	4.5	3.2
Leipzig (LogPark)	Logistic	71.2	4.6	11.7	178.9 <sup>(4)</sup>	0.4	4.6	2.9
Kassel	Retail	63.3	4.1	3.5	21.5	2.9	3.6	6.4
Frankfurt	Other	48.0	3.1	0.0	6.1	7.9	1.8	19.8
Bad Vilbel	Office	44.2	2.9	53.4	25.7	1.7	1.7	4.4
Freiburg	Office	39.9	2.6	16.5	22.3	1.8	1.7	2.8
<b>Top 10 Properties</b>		<b>686.0</b>	<b>44.8</b>	<b>8.6</b>	<b>422.5</b>	<b>1.6</b>	<b>37.1</b>	<b>4.6</b>
Leipzig (Gutenberg-Galerie)	Office	37.6	2.5	8.5	23.4	1.6	1.8	3.3
Regensburg	Office	37.1	2.4	0.0	29.2	1.3	2.7	0.9
Düsseldorf	Office	35.4	2.3	22.0	24.3	1.5	2.0	2.9
Aschheim	Office	31.2	2.0	9.0	12.0	2.6	1.3	2.0
Eschborn	Office	30.2	2.0	0.0	18.9	1.6	2.1	4.8
Eisenhüttenstadt	Retail	27.5	1.8	27.8	29.1	0.9	2.2	5.5
Unterschleißheim	Office	24.8	1.6	38.8	15.7	1.6	1.0	3.3
Lutherstadt-Wittenberg	Retail	23.8	1.6	6.5	14.7	1.6	1.7	4.2
Köln	Office	23.1	1.5	0.4	5.2	4.5	1.2	5.2
Flensburg	Office	21.6	1.4	0.0	23.8	0.9	1.8	0.9
<b>Top 20 Properties</b>		<b>978.3</b>	<b>63.9</b>	<b>9.0</b>	<b>618.8</b>	<b>1.6</b>	<b>54.8</b>	<b>4.2</b>
<b>Other Properties</b>		<b>552.9</b>	<b>36.1</b>	<b>8.8</b>	<b>429.1</b>	<b>1.3</b>	<b>35.1</b>	<b>5.7</b>
<b>Total Properties</b>		<b>1,531.2</b>	<b>100.0</b>	<b>8.9</b>	<b>1,047.8</b>	<b>1.5</b>	<b>89.9</b>	<b>4.8</b>

(1) As of 31 March 2020

(2) Excluding assets held for sale

(3) Annualized contractual rent excluding service charges

(4) Including other external spaces of 31,743 sqm