



**Buy** (old: Buy)

**Price target: EUR 6.00** (old: EUR 6.25)

**Price:** EUR 4.67      **Next result:** Q1 12.05.2021  
**Bloomberg:** DMRE GR      **Market cap:** EUR 493.6 m  
**Reuters:** DMRE.DE      **Enterprise Value:** EUR 1,244.0 m

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### Strong set of KPIs in 2020 – chg. in est.

Final Q4/ F20 results show that management's consistent implementation of the "REALize potential" strategy provides resilience despite market turmoil while allowing to further improve the company's earnings and cash profile.

**Portfolio value.** The portfolio value stood at € 1.4bn (-3% yoy) at YE 2020 (65% office, 25% retail and 10% logistics/others), which is mainly the result of various smaller and cost-intensive asset disposals (gross value € 87.8m). Despite the difficult market environment, DEMIRE managed to sell above the market value (~ 3% premium) mainly reflecting its value-adding ABBA approach. Market valuation losses of c. € 22m (eH&A gain of € 28m) were recognized in connection with hotel and retail assets. Impairments on irrevocable rent receivables were minor (c. € 6m) while rent suspensions YTD amount to only € 2.1m due to continued lockdown measures.

**Letting performance.** Rental income increased by 7% yoy to € 87.5m (-1.9% LFL) driven by first-time consolidation effects (eH&A € 86.2m). More importantly, the vacancy rate was further reduced by 250bps yoy to 6.9% (i.e. leased space increased by 2.6% yoy up to 177k sqm) thanks to active portfolio management, i.e. refurbishments and disposal of non-core assets. The weighted average lease term (WALT) of the entire portfolio remained stable at 4.8 years.

**FFO I after tax came in at c. € 39m** (+13.5% yoy) driven by a substantially lower interest expenses. This encouraged management to propose a DPS of € 0.64 (eH&A € 0.14) implying a **stellar dividend yield of 13.5%** financed by existing cash. The **NAV** stood **€ 5.89** as per year-end 2020.

**Conservative guidance excl. acquisitions.** Management aims for rental income of € 80-82m (eH&A € 103m) and an FFO I of € 34.5m to € 36.5m (eH&A € 53.6m). Importantly, the guidance does not consider the positive effects of acquisitions (eH&A include net transactions of € 270m, yielding incremental rental income of € 13.5m), clearly part of the strategy (i.e. Cielo with a total value of € 270m).

**Action:** we introduce 2023E est and roll forward our DDM model. Minor changes mainly reflect lower than originally expected revaluation effects of office and retail properties.

Valuation looks undemanding at a 20% discount to its NAV (as per YE 20). **We confirm our BUY recommendation with a new PT of € 6.00** (old € 6.25) based on NAV (FY21E; old FY20) and DDM.

Y/E 31.12 (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Total revenues	94	91	123	109	130	143	155
Net rental income	74	74	82	88	103	116	128
EBIT (inc revaluation net)	85	127	155	28	102	115	121
EBIT (excl revaluation net)	36	34	72	50	70	77	83
Net profit (reported)	14	62	76	9	66	74	76
FFO	12	23	35	39	54	56	62
EPS reported	0.25	0.85	0.70	0.08	0.47	0.47	0.48
FFO per share	0.22	0.32	0.32	0.36	0.38	0.36	0.39
DPS	0.00	0.00	0.54	0.62	0.15	0.16	0.00
NAV per share	5.96	5.52	6.35	5.83	5.75	5.97	4.58
NNNAV per share	5.13	4.95	5.49	5.11	5.25	5.47	6.18
EV/EBITDA	21.4	25.4	18.2	22.2	20.7	22.3	22.9
FFO yield	5.6 %	7.4 %	6.0 %	7.9 %	8.4 %	7.8 %	8.8 %
P/FFO	17.8	13.5	16.8	12.6	11.9	12.9	11.3
Dividend yield	0.0 %	0.0 %	11.8 %	13.5 %	3.4 %	3.5 %	0.0 %
P/NAV premium/discount	-35.2 %	-17.0 %	-27.9 %	-21.4 %	-20.4 %	-23.3 %	-0.1 %
P/NNNAV premium/discount	-24.8 %	-7.5 %	-16.6 %	-10.4 %	-12.7 %	-16.2 %	-25.8 %
Net gearing	217.6 %	82.9 %	121.0 %	133.9 %	92.1 %	120.9 %	129.5 %
Loan-to-value (LTV)	60.1 %	38.7 %	46.7 %	52.4 %	43.1 %	50.0 %	52.5 %
Implied yield	8.9 %	8.1 %	6.2 %	7.0 %	7.1 %	6.8 %	6.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 18.03.2021



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 5.18 / 3.84

**Price/Book Ratio:** 0.8

**Relative performance (SDAX):**

3 months -0.5 %  
6 months -33.4 %  
12 months -81.4 %

### Changes in estimates

		Net rents	EBIT	FFO
2021	old:	102.3	101.1	50.3
	Δ	0.4%	0.5%	6.7%
2022	old:	118.7	120.8	59.8
	Δ	-2.2%	-4.9%	-6.1%
2023	old:	135.3	130.3	0.0
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 107.8  
Authorised capital: (in € m) 0.0  
Book value per share: (in €) 5.8  
Ø trading volume: (12 months) 19,020

### Major shareholders:

Apollo 58.6 %  
Wecken Group 32.1 %  
Free float 9.3 %

### Company description:

Real estate company focused on office, retail, logistics and hotel properties particularly in secondary locations in Germany.

## Financials

Profit and loss (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net rental income</b>	<b>73.7</b>	<b>73.7</b>	<b>81.8</b>	<b>87.5</b>	<b>102.8</b>	<b>116.0</b>	<b>127.8</b>
Direct property expenses	32.7	30.3	35.9	38.6	45.2	51.0	56.2
<b>Net operating income</b>	<b>41.0</b>	<b>43.4</b>	<b>45.9</b>	<b>48.9</b>	<b>57.5</b>	<b>65.0</b>	<b>71.6</b>
Earnings from property disposals	0.9	0.1	16.8	-1.0	0.8	1.0	1.2
Earnings from project developments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings from other property activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	19.7	17.6	24.0	22.8	26.0	26.0	26.0
<b>Total revenues</b>	<b>94.4</b>	<b>91.4</b>	<b>122.6</b>	<b>109.3</b>	<b>129.6</b>	<b>143.0</b>	<b>155.0</b>
Revaluation result from investment properties (net)	48.6	93.1	83.0	-22.1	32.0	38.0	38.0
<b>Total income</b>	<b>143.0</b>	<b>184.4</b>	<b>205.6</b>	<b>87.1</b>	<b>161.6</b>	<b>181.0</b>	<b>193.0</b>
Administrative expenses	9.9	15.3	8.4	7.5	7.6	7.8	8.0
Personnel expenses	5.4	5.3	4.7	5.9	6.0	6.1	6.2
Other operating expenses	7.5	4.5	0.9	1.4	1.1	1.2	1.2
<b>Total operating expenses</b>	<b>22.8</b>	<b>25.2</b>	<b>13.9</b>	<b>14.7</b>	<b>14.7</b>	<b>15.1</b>	<b>15.4</b>
<b>EBITDA</b>	<b>87.4</b>	<b>128.9</b>	<b>155.8</b>	<b>33.8</b>	<b>101.6</b>	<b>114.9</b>	<b>121.4</b>
<b>EBITDA excl revaluation result (net)</b>	<b>38.9</b>	<b>35.9</b>	<b>72.8</b>	<b>55.9</b>	<b>69.6</b>	<b>76.9</b>	<b>83.4</b>
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>87.4</b>	<b>128.9</b>	<b>155.8</b>	<b>33.8</b>	<b>101.6</b>	<b>114.9</b>	<b>121.4</b>
<b>EBITA excl revaluation result (net)</b>	<b>38.9</b>	<b>35.9</b>	<b>72.8</b>	<b>55.9</b>	<b>69.6</b>	<b>76.9</b>	<b>83.4</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	2.8	1.9	0.6	6.2	0.0	0.0	0.0
<b>EBIT (incl revaluation net)</b>	<b>84.7</b>	<b>127.1</b>	<b>155.2</b>	<b>27.7</b>	<b>101.6</b>	<b>114.9</b>	<b>121.4</b>
<b>EBIT (excl revaluation net)</b>	<b>36.1</b>	<b>34.0</b>	<b>72.1</b>	<b>49.8</b>	<b>69.6</b>	<b>76.9</b>	<b>83.4</b>
Interest income	0.9	0.5	0.4	0.0	0.0	0.0	0.0
Interest expenses	49.7	26.4	50.9	19.1	16.3	18.8	21.5
Depreciation of financial investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment income	-8.3	-12.4	-6.8	-2.1	-2.1	-2.3	-2.5
<b>Financial result</b>	<b>-57.0</b>	<b>-38.3</b>	<b>-57.3</b>	<b>-21.2</b>	<b>-18.4</b>	<b>-21.1</b>	<b>-24.0</b>
<b>Earnings before taxes</b>	<b>27.6</b>	<b>88.8</b>	<b>97.9</b>	<b>6.5</b>	<b>83.2</b>	<b>93.7</b>	<b>97.4</b>
<b>Earnings before taxes (excl revaluation result)</b>	<b>-20.9</b>	<b>-4.3</b>	<b>14.8</b>	<b>28.6</b>	<b>51.2</b>	<b>55.7</b>	<b>59.4</b>
Taxes	8.2	19.7	18.1	-2.7	16.6	18.7	19.5
<b>Net income from continuing operations (incl reval. result)</b>	<b>19.4</b>	<b>69.1</b>	<b>79.7</b>	<b>9.2</b>	<b>66.6</b>	<b>75.0</b>	<b>77.9</b>
<b>Net income from continuing operations (excl reval. result)</b>	<b>-29.1</b>	<b>-24.0</b>	<b>-3.3</b>	<b>31.3</b>	<b>34.6</b>	<b>37.0</b>	<b>39.9</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary items (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative effect of accounting changes (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (incl revaluation result net)</b>	<b>19.4</b>	<b>69.1</b>	<b>79.7</b>	<b>9.2</b>	<b>66.6</b>	<b>75.0</b>	<b>77.9</b>
<b>Net income (excl revaluation result net)</b>	<b>-29.1</b>	<b>-24.0</b>	<b>-3.3</b>	<b>31.3</b>	<b>34.6</b>	<b>37.0</b>	<b>39.9</b>
Minority interest	5.6	7.5	4.2	0.7	1.0	1.2	1.5
<b>Net income (net of minority interest, incl reval. result)</b>	<b>13.8</b>	<b>61.6</b>	<b>75.5</b>	<b>8.5</b>	<b>65.6</b>	<b>73.8</b>	<b>76.4</b>
<b>Net income (net of minority interest, excl reval. result)</b>	<b>-34.8</b>	<b>-31.5</b>	<b>-7.5</b>	<b>30.6</b>	<b>33.6</b>	<b>35.8</b>	<b>38.4</b>
Funds from operations (FFO)	11.7	23.4	34.5	39.2	53.6	56.1	61.6

Profit and loss (common size)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net rental income</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Direct property expenses	44.4 %	41.1 %	43.9 %	44.1 %	44.0 %	44.0 %	44.0 %
<b>Net operating income</b>	<b>55.6 %</b>	<b>58.9 %</b>	<b>56.1 %</b>	<b>55.9 %</b>	<b>56.0 %</b>	<b>56.0 %</b>	<b>56.0 %</b>
Earnings from property disposals	1.3 %	0.1 %	20.5 %	neg.	0.8 %	0.9 %	0.9 %
Earnings from project developments	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings from other property activities	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	26.8 %	23.9 %	29.3 %	26.1 %	25.3 %	22.4 %	20.3 %
<b>Total revenues</b>	<b>128.1 %</b>	<b>124.0 %</b>	<b>149.8 %</b>	<b>124.9 %</b>	<b>126.1 %</b>	<b>123.3 %</b>	<b>121.3 %</b>
Revaluation result from investment properties (net)	65.9 %	126.3 %	101.5 %	neg.	31.1 %	32.8 %	29.7 %
<b>Total income</b>	<b>193.9 %</b>	<b>250.2 %</b>	<b>251.3 %</b>	<b>99.6 %</b>	<b>157.2 %</b>	<b>156.0 %</b>	<b>151.0 %</b>
Administrative expenses	13.4 %	20.8 %	10.2 %	8.6 %	7.4 %	6.7 %	6.3 %
Personnel expenses	7.3 %	7.2 %	5.7 %	6.7 %	5.8 %	5.3 %	4.9 %
Other operating income	26.8 %	23.9 %	29.3 %	26.1 %	25.3 %	22.4 %	20.3 %
<b>Total operating expenses</b>	<b>31.0 %</b>	<b>34.2 %</b>	<b>17.0 %</b>	<b>16.8 %</b>	<b>14.3 %</b>	<b>13.0 %</b>	<b>12.0 %</b>
<b>EBITDA</b>	<b>118.6 %</b>	<b>174.9 %</b>	<b>190.5 %</b>	<b>38.6 %</b>	<b>98.9 %</b>	<b>99.0 %</b>	<b>95.0 %</b>
<b>EBITDA excl revaluation result (net)</b>	<b>52.7 %</b>	<b>48.7 %</b>	<b>89.0 %</b>	<b>63.9 %</b>	<b>67.8 %</b>	<b>66.3 %</b>	<b>65.2 %</b>
Depreciation	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITA</b>	<b>118.6 %</b>	<b>174.9 %</b>	<b>190.5 %</b>	<b>38.6 %</b>	<b>98.9 %</b>	<b>99.0 %</b>	<b>95.0 %</b>
<b>EBITA excl revaluation result (net)</b>	<b>52.7 %</b>	<b>48.7 %</b>	<b>89.0 %</b>	<b>63.9 %</b>	<b>67.8 %</b>	<b>66.3 %</b>	<b>65.2 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impairment charges	3.7 %	2.5 %	0.8 %	7.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (incl revaluation net)</b>	<b>114.9 %</b>	<b>172.4 %</b>	<b>189.7 %</b>	<b>31.6 %</b>	<b>98.9 %</b>	<b>99.0 %</b>	<b>95.0 %</b>
<b>EBIT (excl revaluation net)</b>	<b>49.0 %</b>	<b>46.1 %</b>	<b>88.2 %</b>	<b>56.9 %</b>	<b>67.8 %</b>	<b>66.3 %</b>	<b>65.2 %</b>
Interest income	1.3 %	0.7 %	0.4 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	67.4 %	35.8 %	62.2 %	21.8 %	15.9 %	16.2 %	16.8 %
Depreciation of financial investment	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Investment income	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Financial result</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>
<b>Earnings before taxes (incl revaluation result)</b>	<b>37.5 %</b>	<b>120.4 %</b>	<b>119.6 %</b>	<b>7.4 %</b>	<b>81.0 %</b>	<b>80.8 %</b>	<b>76.2 %</b>
<b>Earnings before taxes (excl revaluation result)</b>	<b>neg.</b>	<b>neg.</b>	<b>18.1 %</b>	<b>32.7 %</b>	<b>49.9 %</b>	<b>48.1 %</b>	<b>46.4 %</b>
Total taxes	11.1 %	26.7 %	22.1 %	neg.	16.2 %	16.2 %	15.2 %
<b>Net income from continuing operations (incl reval. result)</b>	<b>26.4 %</b>	<b>93.7 %</b>	<b>97.5 %</b>	<b>10.5 %</b>	<b>64.8 %</b>	<b>64.6 %</b>	<b>60.9 %</b>
<b>Net income from continuing operations (excl reval. result)</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>35.8 %</b>	<b>33.7 %</b>	<b>31.9 %</b>	<b>31.2 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Extraordinary items (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Cumulative effect of accounting changes (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (incl revaluation result net)</b>	<b>26.4 %</b>	<b>93.7 %</b>	<b>97.5 %</b>	<b>10.5 %</b>	<b>64.8 %</b>	<b>64.6 %</b>	<b>60.9 %</b>
<b>Net income (excl revaluation result net)</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>35.8 %</b>	<b>33.7 %</b>	<b>31.9 %</b>	<b>31.2 %</b>
Minority interest	7.7 %	10.1 %	5.1 %	0.8 %	1.0 %	1.0 %	1.2 %
<b>Net income (net of minority interest, incl reval. result)</b>	<b>18.7 %</b>	<b>83.5 %</b>	<b>92.3 %</b>	<b>9.7 %</b>	<b>63.8 %</b>	<b>63.6 %</b>	<b>59.8 %</b>
<b>Net income (net of minority interest, excl reval. result)</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>35.0 %</b>	<b>32.7 %</b>	<b>30.9 %</b>	<b>30.0 %</b>
Funds from operations (FFO)	15.9 %	31.7 %	42.2 %	44.8 %	52.2 %	48.4 %	48.2 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	7.0	6.9	6.9	6.9	6.9	6.9	6.9
Investment properties	1,021.8	1,139.9	1,493.9	1,426.6	1,728.6	2,036.6	2,344.6
Development assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	1.9	0.5	0.4	0.4	0.4	0.4	0.0
Financial assets	2.2	9.0	19.4	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</b>	<b>1,032.9</b>	<b>1,156.2</b>	<b>1,520.7</b>	<b>1,433.9</b>	<b>1,735.9</b>	<b>2,043.9</b>	<b>2,351.5</b>
Properties held for sale	12.3	12.3	16.3	31.0	21.3	20.8	20.0
Inventories	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	23.8	16.9	36.8	34.1	25.9	26.2	27.0
Other current assets	26.3	19.8	38.3	59.2	50.9	51.2	52.0
Liquid assets	73.9	190.4	102.1	101.6	216.6	111.6	30.6
<b>CURRENT ASSETS</b>	<b>114.2</b>	<b>222.5</b>	<b>156.7</b>	<b>191.8</b>	<b>288.8</b>	<b>183.6</b>	<b>102.6</b>
<b>TOTAL ASSETS</b>	<b>1,147.1</b>	<b>1,378.7</b>	<b>1,677.4</b>	<b>1,625.7</b>	<b>2,024.7</b>	<b>2,227.5</b>	<b>2,454.1</b>
Subscribed capital	54.3	107.8	107.8	105.8	150.8	150.8	150.8
Surplus capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	217.4	368.6	430.0	443.7	592.3	617.3	723.1
Net profit/loss	13.8	61.6	75.5	8.5	65.6	73.8	76.4
<b>SHAREHOLDERS' EQUITY</b>	<b>285.4</b>	<b>537.9</b>	<b>613.4</b>	<b>558.0</b>	<b>808.7</b>	<b>841.9</b>	<b>950.3</b>
<b>MINORITY INTEREST</b>	<b>33.7</b>	<b>44.4</b>	<b>47.4</b>	<b>40.1</b>	<b>49.0</b>	<b>49.2</b>	<b>49.2</b>
<b>PROVISIONS AND ACCRUED LIABILITIES</b>	<b>2.6</b>	<b>5.2</b>	<b>3.0</b>	<b>3.0</b>	<b>27.3</b>	<b>28.6</b>	<b>28.6</b>
short-term liabilities to banks	29.1	30.2	69.1	12.4	12.4	12.4	12.4
Bonds (long-term)	403.2	366.6	600.0	600.0	600.0	600.0	600.0
long-term liabilities to banks	262.6	239.8	137.8	217.3	329.3	497.1	628.6
other interest-bearing liabilities	0.0	0.0	37.4	19.3	20.0	20.0	20.0
<b>Interest-bearing liabilities</b>	<b>694.9</b>	<b>636.6</b>	<b>844.4</b>	<b>849.0</b>	<b>961.7</b>	<b>1,129.5</b>	<b>1,261.0</b>
Accounts payable	14.7	15.4	10.0	10.7	13.0	13.3	0.0
<b>Current liabilities</b>	<b>87.6</b>	<b>92.5</b>	<b>93.7</b>	<b>103.6</b>	<b>106.0</b>	<b>106.3</b>	<b>93.0</b>
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	42.9	62.1	75.5	72.1	72.0	72.0	72.0
<b>LIABILITIES</b>	<b>825.4</b>	<b>791.1</b>	<b>1,013.6</b>	<b>1,024.7</b>	<b>1,139.7</b>	<b>1,307.8</b>	<b>1,426.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,147.1</b>	<b>1,378.7</b>	<b>1,677.4</b>	<b>1,625.7</b>	<b>2,024.7</b>	<b>2,227.5</b>	<b>2,454.1</b>

Balance sheet (common size)	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0.6 %	0.5 %	0.4 %	0.4 %	0.3 %	0.3 %	0.3 %
Investment properties	89.1 %	82.7 %	89.1 %	87.8 %	85.4 %	91.4 %	95.5 %
Development assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial assets	0.2 %	0.7 %	1.2 %	0.0 %	0.0 %	0.0 %	0.0 %
Other non-current assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>90.0 %</b>	<b>83.9 %</b>	<b>90.7 %</b>	<b>88.2 %</b>	<b>85.7 %</b>	<b>91.8 %</b>	<b>95.8 %</b>
Properties held for sale	1.1 %	0.9 %	1.0 %	1.9 %	1.1 %	0.9 %	0.8 %
Inventories	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	2.1 %	1.2 %	2.2 %	2.1 %	1.3 %	1.2 %	1.1 %
Other current assets	2.3 %	1.4 %	2.3 %	3.6 %	2.5 %	2.3 %	2.1 %
Liquid assets	6.4 %	13.8 %	6.1 %	6.3 %	10.7 %	5.0 %	1.2 %
<b>CURRENT ASSETS</b>	<b>10.0 %</b>	<b>16.1 %</b>	<b>9.3 %</b>	<b>11.8 %</b>	<b>14.3 %</b>	<b>8.2 %</b>	<b>4.2 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Subscribed capital	4.7 %	7.8 %	6.4 %	6.5 %	7.4 %	6.8 %	6.1 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Additional paid-in capital	18.9 %	26.7 %	25.6 %	27.3 %	29.3 %	27.7 %	29.5 %
Net profit/loss	1.2 %	4.5 %	4.5 %	0.5 %	3.2 %	3.3 %	3.1 %
<b>SHAREHOLDERS' EQUITY</b>	<b>24.9 %</b>	<b>39.0 %</b>	<b>36.6 %</b>	<b>34.3 %</b>	<b>39.9 %</b>	<b>37.8 %</b>	<b>38.7 %</b>
<b>MINORITY INTEREST</b>	<b>2.9 %</b>	<b>3.2 %</b>	<b>2.8 %</b>	<b>2.5 %</b>	<b>2.4 %</b>	<b>2.2 %</b>	<b>2.0 %</b>
<b>PROVISIONS AND ACCRUED LIABILITIES</b>	<b>0.2 %</b>	<b>0.4 %</b>	<b>0.2 %</b>	<b>0.2 %</b>	<b>1.3 %</b>	<b>1.3 %</b>	<b>1.2 %</b>
short-term liabilities to banks	2.5 %	2.2 %	4.1 %	0.8 %	0.6 %	0.6 %	0.5 %
Bonds (long-term)	35.1 %	26.6 %	35.8 %	36.9 %	29.6 %	26.9 %	24.4 %
long-term liabilities to banks	22.9 %	17.4 %	8.2 %	13.4 %	16.3 %	22.3 %	25.6 %
other interest-bearing liabilities	0.0 %	0.0 %	2.2 %	1.2 %	1.0 %	0.9 %	0.8 %
<b>Interest-bearing liabilities</b>	<b>60.6 %</b>	<b>46.2 %</b>	<b>50.3 %</b>	<b>52.2 %</b>	<b>47.5 %</b>	<b>50.7 %</b>	<b>51.4 %</b>
Accounts payable	1.3 %	1.1 %	0.6 %	0.7 %	0.6 %	0.6 %	0.0 %
<b>Current liabilities</b>	<b>7.6 %</b>	<b>6.7 %</b>	<b>5.6 %</b>	<b>6.4 %</b>	<b>5.2 %</b>	<b>4.8 %</b>	<b>3.8 %</b>
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred taxes	3.7 %	4.5 %	4.5 %	4.4 %	3.6 %	3.2 %	2.9 %
<b>LIABILITIES</b>	<b>72.0 %</b>	<b>57.4 %</b>	<b>60.4 %</b>	<b>63.0 %</b>	<b>56.3 %</b>	<b>58.7 %</b>	<b>58.1 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Net profit</b>	<b>27.6</b>	<b>88.8</b>	<b>97.9</b>	<b>6.5</b>	<b>83.2</b>	<b>93.7</b>	<b>97.4</b>
<b>Other recurrent / non-recurrent items</b>	<b>-3.1</b>	<b>-55.6</b>	<b>-44.7</b>	<b>-33.9</b>	<b>-11.5</b>	<b>-14.5</b>	<b>-11.6</b>
Increase/decrease in working capital	11.3	5.7	-7.3	3.3	10.5	0.0	-14.1
<b>Cash flow from operating activities</b>	<b>35.8</b>	<b>38.9</b>	<b>45.8</b>	<b>-24.1</b>	<b>82.2</b>	<b>79.3</b>	<b>71.7</b>
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0	-23.4
Payments for acquisitions	0.0	0.0	0.0	65.4	300.0	300.0	300.0
Financial investments	-7.4	-24.7	-284.6	-0.1	0.0	0.0	0.0
Income from asset disposals	28.0	0.6	31.4	100.5	21.3	20.8	20.0
<b>Cash flow from investing activities</b>	<b>20.6</b>	<b>-24.0</b>	<b>-253.2</b>	<b>35.0</b>	<b>-278.7</b>	<b>-279.2</b>	<b>-256.6</b>
Increase/decrease in debt position	32.8	-43.9	164.0	4.6	112.7	167.8	131.5
Dividends paid	0.0	0.0	0.0	66.8	23.5	24.5	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	173.7	0.0	0.0	250.0	0.0	0.0
Others	-46.5	-28.1	-44.9	50.8	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-13.8</b>	<b>101.7</b>	<b>119.1</b>	<b>-11.4</b>	<b>339.3</b>	<b>143.3</b>	<b>131.5</b>
<b>Cash flow from operating activities</b>	<b>38.9</b>	<b>94.4</b>	<b>90.6</b>	<b>9.8</b>	<b>93.7</b>	<b>93.7</b>	<b>83.3</b>
<b>Cash flow after maintenance capex</b>	<b>27.6</b>	<b>88.8</b>	<b>97.9</b>	<b>6.5</b>	<b>83.2</b>	<b>93.7</b>	<b>97.4</b>
<b>Cash flow before financing</b>	<b>71.2</b>	<b>64.2</b>	<b>361.9</b>	<b>-55.8</b>	<b>-220.0</b>	<b>-224.4</b>	<b>-184.9</b>
<b>Increase/decrease in liquid assets</b>	<b>57.5</b>	<b>165.9</b>	<b>480.9</b>	<b>-0.4</b>	<b>142.8</b>	<b>-56.6</b>	<b>-53.4</b>

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
<b>Return on equity</b>							
Net profit / Y/E equity	-12.2 %	-5.9 %	-1.2 %	5.5 %	4.2 %	4.3 %	4.0 %
Recurring net profit / Y/E equity	4.1 %	4.3 %	5.6 %	7.0 %	6.6 %	6.7 %	6.5 %
Net profit / avg. equity	-12.2 %	-5.9 %	-1.2 %	5.5 %	4.2 %	4.3 %	4.0 %
Recurring net profit / avg. equity	4.1 %	4.3 %	5.6 %	7.0 %	6.6 %	6.7 %	6.5 %
<b>Security</b>							
Net debt	621.0	446.1	742.3	747.4	745.1	1,017.9	1,230.4
Debt / equity	243.5 %	118.3 %	137.7 %	152.2 %	118.9 %	134.2 %	132.7 %
Net gearing	217.6 %	82.9 %	121.0 %	133.9 %	92.1 %	120.9 %	129.5 %
Interest cover	0.7	1.3	1.4	2.6	4.3	4.1	3.9
EBITDA / interest paid	1.8	4.9	3.1	1.8	6.2	6.1	5.6
Dividend payout ratio	0 %	0 %	169 %	171 %	40 %	45 %	45 %
Dividend cover	n/a	n/a	0.6	0.6	2.5	2.2	n/a
Loan-to-value (LTV)	60.1 %	38.7 %	46.7 %	52.4 %	43.1 %	50.0 %	52.5 %
Return on Net Asset Value	3.6 %	5.8 %	5.0 %	6.2 %	6.7 %	6.0 %	n/a
<b>Liquidity</b>							
Current ratio	0.7	1.2	0.6	0.9	1.4	0.9	0.5
Acid test ratio	0.7	1.2	0.6	0.9	1.4	0.9	0.5
<b>Valuation metrics</b>							
FFO	11.7	23.4	34.5	39.2	53.6	56.1	61.6
FFO per share	0.22	0.32	0.32	0.36	0.38	0.36	0.39
NAV	323.5	594.9	684.4	628.3	878.9	912.1	700.2
NAV per share	5.96	5.52	6.35	5.83	5.75	5.97	4.58
NNNAV	278.6	533.5	591.7	551.2	801.9	835.1	943.5
NNNAV per share	5.13	4.95	5.49	5.11	5.25	5.47	6.18

Source: Company data, Hauck & Aufhäuser

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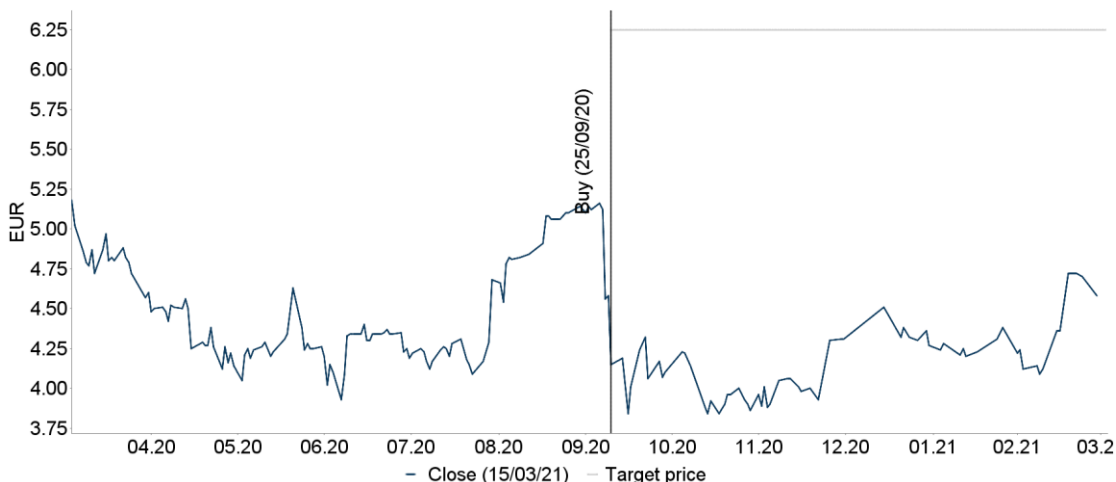
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Company	Disclosure
DEMIRE AG	2, 8

**Historical target price and rating changes for DEMIRE AG in the last 12 months**

**Price and Rating History  
DEMIRE AG as of 18/03/21**

**Initiation coverage**  
25-September-20



Company	Date	Analyst	Rating	Target price	Close
DEMIRE AG	02.03.2021	Glowa, Christian	Buy	EUR 6,25	EUR 4,36
	09.12.2020	Glowa, Christian	Buy	EUR 6,25	EUR 3,93
	23.11.2020	Stinauer, Julius	Buy	EUR 6,25	EUR 4,05
	12.11.2020	Stinauer, Julius	Buy	EUR 6,25	EUR 3,90
	25.09.2020	Stinauer, Julius	Buy	EUR 6,25	EUR 4,15

25.09.2020	Stinauer, Julius	Buy	EUR 6,25	EUR 4,15
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<b>Sell</b>	8.11 %	0.00 %
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