

Bulletin:

Germany-Based Real Estate Company DEMIRE 'BB+' Issue Rating Unaffected By A Proposed €95 Million Bond Tap

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FRANKFURT (S&P Global Ratings) Sept. 18, 2017--S&P Global Ratings said today that its 'BB+' issue rating on the unsecured notes due 2022 issued by Germany-based DEMIRE Deutsche Mittelstand Real Estate AG is not affected by DEMIRE's proposed bond tap of €95 million.

The recovery rating on the unsecured notes is '2', reflecting our view of DEMIRE's investment properties as a valuable asset base. The proposed €95 million tap will have the same terms and conditions as its original notes.

DEMIRE will use the tap's cash proceeds for secured debt to refinance its outstanding A and B notes, underpinning its strategy to add further unsecured debt to its capital structure and improve the unencumbered asset base.

We don't expect DEMIRE's leverage ratios to change from our base-case scenario for 2017-2019. For asset-intensive companies, such as real estate companies including DEMIRE, we cap our recovery rating on senior unsecured debt at '2'.

For additional information on our analysis, see "German Real Estate Company DEMIRE Assigned 'BB' Rating; Outlook Stable" published July 17, 2017, on

RatingsDirect.

Only a rating committee may determine a rating action and this report does not constitute a rating action.

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