

Sale of property in Leipzig

Demire has sold its logistics property in Leipzig (LogPark) for around EUR 121m to a German institutional investor. The LogPark has a lettable area of around 159,000 sqm and has with Amazon and Momox two well-known main tenants with long-term leases. Book value of the property amounted to EUR 141.6m, i.e. Demire generated a book loss of around EUR 20m from the sale. On the one hand we see it clearly positively that Demire has successfully sold the LogPark as it will increase Demire's cash position and thus improve Demire's position for the refunding of its outstanding bond. On the other hand, we are somewhat surprised that Demire sold the asset below book value. We do, however, not take this as an indicator that Demire's real estate assets on the balance sheet are generally not valued in line with market values but rather see the book loss as a result from Demire having focused on closing the deal rather quickly and thus accepted a slightly lower price. We stick to our Hold recommendation with a target price of EUR 2.50.

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