

2 March 2023

DEMIRE

Germany

Real Estate

The task remains to increase liquidity for refinancing

DEMIRE's share price dropped similar to other RE companies in 2022 and has recovered since October. In reviewing our expectations ahead of the FY22 results (16 March) and the prospects for this year, we keep our cautious stance. Last year, the operating performance on the portfolio was relatively good but the yield de-compression will also affect the portfolio valuation as well as the NAV. However, the main task for the company will remain to increase liquidity for the upcoming EUR 550mn bond refinancing due in October 2024. By the end of last year, the largest asset was sold at a 15% discount to generate further liquidity. Most likely, the company will continue to focus on disposals over the next 12-15 months. However, it is not a favorable seller market today and probably not over the upcoming quarters. We model in some further disposals for this and next year, which will burden the top line and earnings. In addition, a strong increase in the average cost of debt from currently 1.7% will likely burden profitability from the end of 2024 onwards.

- Operating performance and guidance:** We expect DEMIRE to deliver FY22 KPIs slightly ahead of its guidance (GRI of EUR 78-80mn, FFO of 38.5-40.5mn), which means a further increase in profitability supported by strong letting activities and indexation. For FY23, we calculate a 6% decline in GRI due to disposals to EUR 76mn with a FFO of EUR 35mn (-14%). To save liquidity, we assume no dividend payment for FY22 (and FY23).
- Valuation:** Given the aforementioned tasks of the company to face the upcoming refinancing in a still challenging transaction market, we keep our Reduce rating for the time being. Our TP of EUR 2.65 (prev.: EUR 4.20) is close to the current share price. This reflects our view that **1)** a further recovery is only possible once the company delivers further news on its target to increase liquidity for refinancing needs but **2)** the operational performance on the standing portfolio holds up relatively well, **3)** the discount to NAV of around 50% sufficiently reflects current market and company related concerns and **4)** the majority shareholder structure (91% Apollo/Wecken) provides a certain factor of stability.

| | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------|-------|-------|-------|-------|-------|
| Gross rental income (EUR mn) | 87.5 | 82.3 | 80.6 | 75.9 | 68.6 |
| EBITDA (EUR mn) | 55.9 | 56.6 | 55.4 | 47.2 | 47.5 |
| Net income (EUR mn) | 8.5 | 58.5 | -34.5 | -0.7 | 22.9 |
| EPS adjusted (EUR) | 0.30 | 0.20 | 0.51 | 0.28 | 0.22 |
| EPS reported (EUR) | 0.08 | 0.55 | -0.33 | -0.01 | 0.22 |
| FFO per share (EUR) | 0.37 | 0.38 | 0.39 | 0.33 | 0.30 |
| DPS (EUR) | 0.62 | 0.31 | 0.00 | 0.00 | 0.10 |
| NAV per share (EUR) | 5.56 | 5.57 | 4.83 | 4.75 | 4.94 |
| NAV prem./discount (%) | -17.7 | -21.9 | -26.9 | -46.7 | -48.8 |
| P/E adjusted (x) | 15.3 | 21.8 | 6.9 | 9.0 | 11.5 |
| Dividend yield (%) | 13.5 | 7.1 | 0.0 | 0.0 | 4.0 |
| FFO yield (%) | 8.1 | 8.7 | 11.0 | 13.0 | 11.9 |
| Implied yield (EBITDA/EV) (%) | 4.6 | 4.6 | 4.8 | 5.7 | 6.6 |
| ROCE adj. (%) | 3.3 | 3.1 | 3.3 | -1.8 | 3.2 |
| Net loan-to-value (%) | 51.2 | 50.9 | 54.4 | 47.3 | 41.6 |

Source: Company data, Baader Helvea Equity Research

Reduce (prev. Reduce)

| | |
|--------------------------------------|-----------------|
| Closing price as of 01-Mar-23 | EUR 2.53 |
| High/Low (12M) | 4.74/1.88 |
| Target price (prev. EUR 4.20) | EUR 2.65 |
| Upside to target price (%) | 4.7 |
| Expected dividend yield (%) | 0.0 |
| Total return potential (%) | 4.7 |

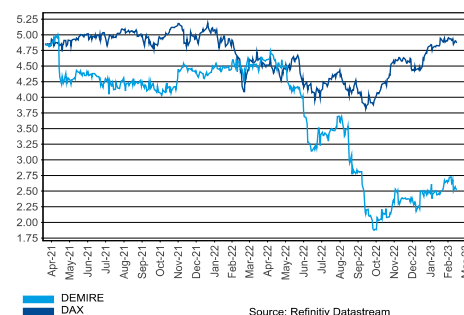
| | |
|------------------------------|-----------------|
| Reuters/Bloomberg | DMRE.DE/DMRE GY |
| Avg. daily turnover (EUR mn) | 0.01 |
| Free float (%) | 7.2 |
| Market cap. (EUR mn) | 267 |
| No. of shares issued (mn) | 105.5 |

Events

| | |
|------------------------|-------------|
| Annual general meeting | 17-May-2023 |
| Bal. sheet press conf. | 16-Mar-2023 |

| | |
|--------------|-----------------------------------------------------------------------------|
| Shareholders | Apollo Managed Funds 58.6%, Wecken Gruppe 32.1%, Treasury shares 2.1% |
|--------------|-----------------------------------------------------------------------------|

Price relative to Index



| Performance (%) | 1M | 3M | 6M |
|-----------------------|-----|-----|-------|
| Absolute | 3.3 | 6.3 | -15.7 |
| rel. DAX | 2.4 | 0.7 | -36.8 |
| rel. STOXX Europe 600 | 2.3 | 3.2 | -27.9 |
| rel. SXXP Real Estate | 9.2 | 5.6 | -9.6 |

Changes in estimates

| EUR mn | 2022E Prev. | Delta (%) | 2023E Prev. | Delta (%) |
|---------------|----------------|--------------|----------------|--------------|
| Rental income | 88.1 | -8.5 | 90.5 | -16.2 |
| FFOps (EUR) | 0.32 | 21.9 | 0.36 | -8.3 |
| NAVps (EUR) | 6.26 | -22.8 | 6.47 | -26.6 |
| DPS (EUR) | 0.16 | -100.0 | 0.20 | -100.0 |

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DEMIRE

GUIDANCE VERSUS OUR CONSENSUS' VIEW

Preview on KPIs for FY22 (due 16 March) and our expectations for FY23/24

FY22 guidance should be met – We expect cautious guidance for FY23 and a lack of dividends for this and next year

| | | 2021 | 2022E | | 2023E | | 2024E | | |
|-----------------------------------------------|---------------|-------------|------------------|------------------|------------------|------------------|------------------|-------------|-------------|
| | | Reported | Guidance | Baader Consensus | Baader Consensus | Baader Consensus | Baader Consensus | | |
| Gross rental income | EUR mn | 82.3 | 78-80 | 80.6 | 79.0 | 75.9 | 79.5 | 68.6 | 79.5 |
| Change yoy | % | -6 | -3 to -5 | -2 | -4 | -6 | 1 | -10 | 0 |
| Estimates vs. guidance | % | | | 2 | 0 | | | | |
| Our estimates vs. consensus | % | | | 2 | | -5 | | -14 | |
| FFO (after taxes, before minorities) | EUR mn | 39.8 | 38.5-40.5 | 41.0 | 39.4 | 35.2 | 40.9 | 31.9 | 39.4 |
| Change yoy | % | 2 | -3 to +2 | 3 | -1 | -14 | 4 | -9 | -4 |
| Estimates vs. guidance | % | | | 4 | 0 | | | | |
| Our estimates vs. consensus | % | | | 4 | | -14 | | -19 | |
| FFOps (after taxes, before minorities) | EUR | 0.38 | | 0.39 | 0.34 | 0.33 | 0.38 | 0.30 | 0.34 |
| Change yoy | % | 3 | | 3 | -9 | -14 | 10 | -9 | -11 |
| Our estimates vs. consensus | % | | | 14 | | -12 | | -10 | |
| DPS | EUR | 0.31 | | 0.00 | 0.13 | 0.00 | 0.16 | 0.10 | 0.23 |
| Change yoy | % | -50 | | -100 | -58 | n.a. | 23 | n.a. | 41 |

Source: Company data, Refinitiv, Baader Helvea Equity Research

DEMIRE

VALUATION

We keep our Reduce rating with a TP of EUR 2.65 (prev.: EUR 4.20)

Valuation overview

| | Basis | Value (EUR) | Weighting (%) | Previous value (EUR) |
|----------------------------|----------------------|----------------------|---------------------|----------------------|
| Economic profit model | ROCE 2023E-2026E, TV | 2.84 | 25 | 4.46 |
| NAV approach (2023E) | 50% discount | 2.37 | 25 | 4.27 |
| Dividend discount model | | 2.26 | 25 | 4.23 |
| Peer group valuation | 2022-2024E | 3.15 | 25 | 3.94 |
| Value (weighted) | | 2.66 | | 4.23 |
| Target price | 12M | 2.65 | | 4.20 |
| Current share price | 1-Mar-23 | 2.53 | | |
| Share price potential (%) | | 4.7 | | |
| Dividend yield (%) | 2022E | 0.0 | | |
| Total return potential (%) | | 4.7 | | |
| Valuation multiples | | Current price | Target price | |
| NAV premium (%) | 2023E | -46.7 | -44.2 | |
| P/E adjusted | 2023E | 9.0 | 9.3 | |
| Dividend yield (%) | 2023E | 0.0 | 0.0 | |
| FFO yield (%) | 2023E | 13.0 | 12.5 | |
| EBITDA yield (%) | 2023E | 5.5 | 5.4 | |

Source: Refinitiv, Baader Helvea Equity Research

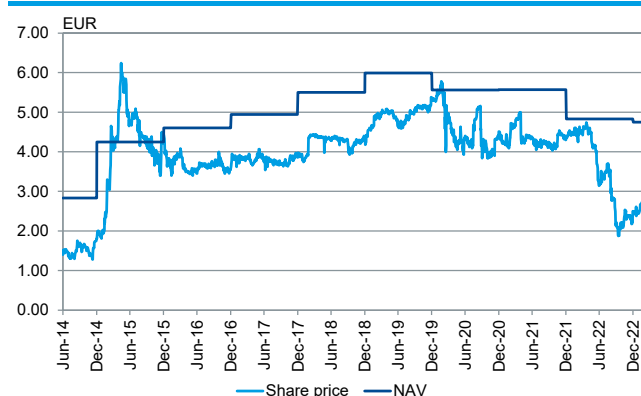
Total shareholder value return: NAVps growth including dividends

| % p.a. | Next 3Y 2023-2025E | Last 3Y 2020-2022 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E | 2025E |
|---------------------|-----------------------|----------------------|-------------|------------|------------|-------------|------------|------------|-------------|-------------|-------------|------------|------------|
| NAVps growth | 1.7 | -6.9 | 49.8 | 8.4 | 7.4 | 11.3 | 8.8 | -7.1 | 0.2 | -13.4 | -1.6 | 4.0 | 2.9 |
| Dividends | 0.7 | 8.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.0 | 11.1 | 5.6 | 0.0 | 0.0 | 2.1 |
| Total return | 2.4 | 1.7 | 49.8 | 8.4 | 7.4 | 11.3 | 8.8 | 1.9 | 11.4 | -7.9 | -1.6 | 4.0 | 5.0 |

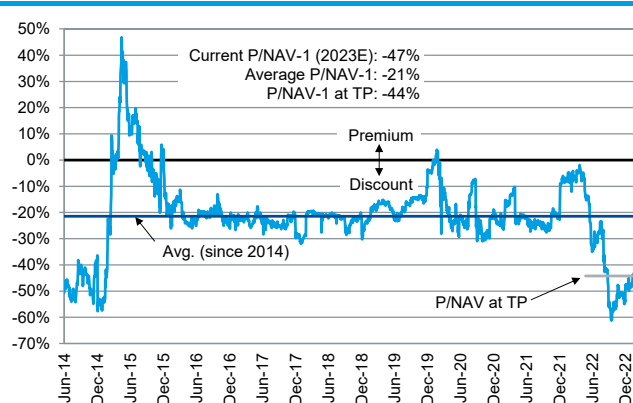
Source: Baader Helvea Equity Research

NAVPS TREND AND P/NAV VALUATION

NAVps



P/NAV valuation



Source: Company data, Refinitiv, Baader Helvea Equity Research

DEMIRE

CONSOLIDATED INCOME STATEMENT

| | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|---------------------------------------------------------|---------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Total revenues | EUR mn | 40.0 | 111.4 | 107.2 | 77.3 | 132.3 | 177.9 | 187.6 | 87.6 | 274.4 | 172.1 |
| Gross rental income (GRI) | EUR mn | 33.3 | 76.4 | 73.7 | 73.7 | 81.8 | 87.5 | 82.3 | 80.6 | 75.9 | 68.6 |
| Change yoy | % | 887.3 | 129.2 | -3.5 | 0.0 | 11.0 | 7.0 | -5.9 | -2.1 | -5.9 | -9.6 |
| Service charge income/expenses (net) | EUR mn | -2.6 | -3.9 | -4.5 | -4.8 | -4.8 | -7.6 | -8.0 | -7.3 | -5.5 | -3.8 |
| Property operating expenses | EUR mn | -7.0 | -13.9 | -13.6 | -10.4 | -11.5 | -9.7 | -7.1 | -8.9 | -8.7 | -8.2 |
| Net rental income (NRI) | EUR mn | 23.7 | 58.6 | 55.6 | 58.5 | 65.5 | 70.2 | 67.2 | 64.5 | 61.6 | 56.5 |
| Change yoy | % | 934.0 | 147.3 | -5.0 | 5.2 | 12.0 | 7.2 | -4.3 | -4.0 | -4.5 | -8.2 |
| as a percentage of GRI | % | 71.1 | 76.7 | 75.5 | 79.4 | 80.1 | 80.3 | 81.6 | 80.0 | 81.2 | 82.4 |
| Other revenues | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit on disposal of investment properties | EUR mn | 0.5 | 1.0 | 0.9 | 0.1 | 16.8 | -1.0 | 1.4 | 1.3 | -4.0 | 1.0 |
| Profit on disposal of trading prop./developments | EUR mn | 0.3 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Administrative expenses | EUR mn | -9.1 | -10.7 | -9.9 | -13.7 | -8.4 | -7.5 | -6.2 | -5.6 | -5.5 | -4.9 |
| Personnel expenses | EUR mn | -2.3 | -3.9 | -5.4 | -5.3 | -4.7 | -5.9 | -5.0 | -4.7 | -4.8 | -4.8 |
| Other income | EUR mn | 2.6 | 5.6 | 5.1 | 2.5 | 4.3 | 1.5 | 1.2 | 2.5 | 2.5 | 2.5 |
| Other expenses | EUR mn | -5.3 | -7.4 | -7.5 | -6.2 | -0.9 | -1.4 | -2.0 | -2.5 | -2.6 | -2.8 |
| EBITDA | EUR mn | 10.4 | 47.2 | 38.8 | 35.9 | 72.8 | 55.9 | 56.6 | 55.4 | 47.2 | 47.5 |
| Change yoy | % | -375.6 | 353.7 | -17.7 | -7.5 | 102.8 | -23.1 | 1.1 | -2.1 | -14.7 | 0.5 |
| as a percentage of total revenues | % | 26.0 | 42.4 | 36.2 | 46.4 | 55.0 | 31.4 | 30.1 | 63.2 | 17.2 | 27.6 |
| Depreciation | EUR mn | -2.8 | -2.1 | -2.8 | -1.9 | -0.6 | -6.2 | -3.5 | -0.5 | 0.0 | 0.0 |
| Valuation result | EUR mn | 51.7 | 38.4 | 48.6 | 93.1 | 83.0 | -22.1 | 48.8 | -100.3 | -27.2 | 0.0 |
| EBIT | EUR mn | 59.2 | 83.5 | 84.6 | 127.1 | 155.2 | 27.7 | 101.9 | -45.4 | 20.0 | 47.5 |
| Income from associates/investment | EUR mn | -0.5 | -0.4 | 0.1 | 0.0 | 0.0 | 0.0 | 1.1 | 1.9 | 2.0 | 2.0 |
| Valuation result from financial derivatives | EUR mn | 2.0 | -0.9 | -2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest result | EUR mn | -25.8 | -37.1 | -31.5 | -25.9 | -17.9 | -10.0 | -15.2 | -14.7 | -16.6 | -15.6 |
| Interests of minority shareholders | EUR mn | -2.0 | -5.2 | -8.3 | -12.4 | -7.7 | -3.4 | -7.0 | -4.5 | -4.0 | -4.0 |
| Other financial income/expenses | EUR mn | 0.0 | 0.0 | -14.6 | 0.0 | -31.7 | -7.8 | 0.0 | 20.0 | 0.0 | 0.0 |
| Net financial result | EUR mn | -25.7 | -43.2 | -57.0 | -38.3 | -57.3 | -21.2 | -22.1 | 0.8 | -20.6 | -19.6 |
| EBT | EUR mn | 33.0 | 40.0 | 27.6 | 88.8 | 97.9 | 6.5 | 80.8 | -42.7 | 1.5 | 29.9 |
| Unrealized chg. In market values | EUR mn | -50.2 | -32.5 | -21.9 | -78.1 | -83.0 | 22.1 | -48.8 | 100.3 | 27.2 | 0.0 |
| EBT adjusted | EUR mn | -17.1 | 7.4 | 5.8 | 10.7 | 14.8 | 28.6 | 32.0 | 57.6 | 28.7 | 29.9 |
| Change yoy | % | n.a. | -143.4 | -22.5 | 85.4 | 38.6 | 92.9 | 11.9 | 79.8 | -50.2 | 4.2 |
| as a percentage of total revenues | % | -42.9 | 6.7 | 5.4 | 13.8 | 11.2 | 16.1 | 17.1 | 65.7 | 10.4 | 17.4 |
| Income taxes | EUR mn | -0.8 | -2.9 | -0.3 | -0.5 | -4.7 | -0.7 | -6.7 | -5.0 | -5.0 | -5.0 |
| Deferred income taxes | EUR mn | -3.4 | -9.5 | -7.9 | -19.2 | -13.5 | 3.4 | -12.6 | 10.7 | 0.4 | -1.5 |
| Tax rate | % | 12.5 | 30.8 | 29.7 | 22.2 | 18.5 | -41.4 | 23.8 | 13.3 | 315.7 | 21.7 |
| Net profit | EUR mn | 28.9 | 27.6 | 19.4 | 69.1 | 79.7 | 9.2 | 61.6 | -37.0 | -3.2 | 23.4 |
| Change yoy | % | -36.8 | -4.2 | -29.7 | 255.4 | 15.5 | -88.5 | 571.7 | -160.1 | -91.5 | -838.6 |
| as a percentage of total revenues | % | 72.2 | 24.8 | 18.1 | 89.4 | 60.3 | 5.2 | 32.8 | -42.3 | -1.2 | 13.6 |
| Minority interest | EUR mn | -0.8 | -3.0 | -5.6 | -7.5 | -4.2 | -0.7 | -3.1 | 2.5 | 2.5 | -0.5 |
| Net profit after minority interest | EUR mn | 28.1 | 24.7 | 13.8 | 61.6 | 75.5 | 8.5 | 58.5 | -34.5 | -0.7 | 22.9 |
| Direct investment result | EUR mn | -17.4 | 1.9 | -12.9 | 15.0 | -3.1 | 31.7 | 20.8 | 53.8 | 30.2 | 23.4 |
| Indirect investment result | EUR mn | 45.5 | 22.8 | 26.7 | 46.6 | 78.6 | -23.2 | 37.7 | -88.4 | -30.8 | -0.5 |
| Funds from operations (FFO) | EUR mn | -11.9 | 8.1 | 11.7 | 23.4 | 34.5 | 39.2 | 39.8 | 41.0 | 35.2 | 31.9 |
| Change yoy | % | n.a. | n.a. | 45.1 | 98.9 | 47.7 | 13.5 | 1.7 | 3.0 | -14.3 | -9.3 |
| FFO margin | % | -35.6 | 10.6 | 15.9 | 31.7 | 42.2 | 44.8 | 48.4 | 50.9 | 46.3 | 46.5 |
| FFO after minorities | EUR mn | -14.6 | 2.7 | 5.4 | 19.4 | 30.5 | 33.8 | 35.0 | 36.5 | 30.7 | 27.4 |
| Number of shares at period end | mn | 49.3 | 54.2 | 54.3 | 107.8 | 107.8 | 105.8 | 105.5 | 105.5 | 105.5 | 105.5 |
| Avg. number of shares outstanding | mn | 25.9 | 51.4 | 54.3 | 72.2 | 107.8 | 106.8 | 105.6 | 105.5 | 105.5 | 105.5 |
| EPS reported | EUR | 1.09 | 0.48 | 0.25 | 0.85 | 0.70 | 0.08 | 0.55 | -0.33 | -0.01 | 0.22 |
| EPS adjusted | EUR | -0.41 | 0.04 | -0.17 | 0.21 | -0.03 | 0.30 | 0.20 | 0.51 | 0.28 | 0.22 |
| FFO per share | EUR | -0.29 | 0.12 | 0.17 | 0.32 | 0.32 | 0.37 | 0.38 | 0.39 | 0.33 | 0.30 |
| FFO per share (after min.) | EUR | -0.34 | 0.05 | 0.10 | 0.27 | 0.28 | 0.32 | 0.33 | 0.34 | 0.29 | 0.26 |
| DPS | EUR | 0.00 | 0.00 | 0.00 | 0.00 | 0.54 | 0.62 | 0.31 | 0.00 | 0.00 | 0.10 |

Source: Company data, Baader Helvea Equity Research

DEMIRE

CONSOLIDATED BALANCE SHEET

| | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|----------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ASSET | | | | | | | | | | | |
| Non-current assets | EUR mn | 948.6 | 1,001.5 | 1,032.9 | 1,150.9 | 1,520.7 | 1,451.1 | 1,543.8 | 1,472.1 | 1,254.9 | 1,164.9 |
| Investment property | EUR mn | 915.1 | 981.3 | 1,021.8 | 1,139.9 | 1,493.9 | 1,426.3 | 1,433.1 | 1,359.5 | 1,142.3 | 1,052.3 |
| Development property | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Property, plant and equipment | EUR mn | 11.3 | 1.8 | 1.9 | 0.5 | 0.4 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| Intangible assets (incl. goodwill) | EUR mn | 7.0 | 7.0 | 7.0 | 6.9 | 6.9 | 6.9 | 6.8 | 6.8 | 6.8 | 6.8 |
| Financial assets and other investments | EUR mn | 3.1 | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 91.8 | 91.6 | 91.6 | 91.6 |
| Derivatives | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other assets | EUR mn | 12.0 | 11.3 | 2.0 | 3.7 | 19.4 | 17.7 | 11.9 | 14.0 | 14.0 | 14.0 |
| Deferred tax assets | EUR mn | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current assets | EUR mn | 84.3 | 92.5 | 114.2 | 227.7 | 156.7 | 174.2 | 161.8 | 109.5 | 265.5 | 143.5 |
| Investment properties held for sales | EUR mn | 13.0 | 24.3 | 12.3 | 12.3 | 16.3 | 31.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other assets held for sale | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Inventories | EUR mn | 2.3 | 2.2 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Trade receivables | EUR mn | 14.4 | 23.6 | 18.6 | 15.8 | 6.3 | 7.3 | 8.7 | 15.0 | 15.0 | 15.0 |
| Other receivables and assets | EUR mn | 26.2 | 11.1 | 7.8 | 9.2 | 32.0 | 34.2 | 13.5 | 17.0 | 12.5 | 12.5 |
| Derivatives | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Marketable securities and cash | EUR mn | 28.5 | 31.3 | 73.9 | 190.4 | 102.1 | 101.6 | 139.6 | 77.5 | 238.0 | 116.0 |
| Total assets | EUR mn | 1,032.9 | 1,094.0 | 1,147.1 | 1,378.7 | 1,677.4 | 1,625.3 | 1,705.6 | 1,581.6 | 1,520.4 | 1,308.4 |
| EQUITY AND LIABILITIES | | | | | | | | | | | |
| Equity | EUR mn | 264.9 | 308.6 | 319.1 | 582.3 | 660.8 | 598.0 | 592.4 | 522.6 | 519.4 | 542.8 |
| Minority interest | EUR mn | 34.2 | 36.7 | 33.7 | 44.4 | 47.4 | 40.1 | 43.3 | 40.8 | 38.3 | 38.8 |
| Total shareholders' equity | EUR mn | 230.7 | 271.9 | 285.4 | 537.9 | 613.4 | 558.0 | 549.0 | 481.8 | 481.1 | 504.0 |
| Issued capital | EUR mn | 49.3 | 54.2 | 54.3 | 107.8 | 107.8 | 107.8 | 107.8 | 107.8 | 107.8 | 107.8 |
| Capital reserves | EUR mn | 121.1 | 132.6 | 0.0 | 129.8 | 129.9 | 88.4 | 88.4 | 88.4 | 88.4 | 88.4 |
| Earnings reserves | EUR mn | 60.7 | 85.2 | 231.4 | 300.3 | 375.7 | 363.8 | 355.1 | 287.9 | 287.2 | 310.1 |
| Other reserves | EUR mn | -0.4 | -0.2 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Treasury shares | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -2.0 | -2.3 | -2.3 | -2.3 | -2.3 |
| Non-current liabilities | EUR mn | 696.7 | 719.3 | 780.6 | 742.7 | 912.1 | 987.6 | 1,066.8 | 1,014.2 | 956.2 | 720.8 |
| Financial liabilities | EUR mn | 608.8 | 620.6 | 665.8 | 606.4 | 737.8 | 817.3 | 280.4 | 275.0 | 280.0 | 550.0 |
| Bonds | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 594.0 | 550.0 | 500.0 | 0.0 |
| Deferred tax liabilities | EUR mn | 25.7 | 35.0 | 42.9 | 62.1 | 75.5 | 72.1 | 84.7 | 81.6 | 68.5 | 63.1 |
| Provisions | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minority interest | EUR mn | 61.2 | 62.8 | 71.9 | 73.1 | 78.7 | 78.9 | 82.9 | 82.9 | 82.9 | 82.9 |
| Derivatives | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | EUR mn | 1.1 | 0.9 | 0.0 | 1.2 | 0.8 | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 |
| Lease liabilities | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 19.2 | 18.7 | 24.5 | 24.5 | 24.5 | 24.5 |
| Current liabilities | EUR mn | 71.3 | 66.0 | 47.4 | 53.7 | 104.6 | 39.7 | 46.5 | 44.8 | 44.8 | 44.8 |
| Financial liabilities | EUR mn | 46.4 | 42.0 | 29.1 | 30.2 | 69.1 | 12.4 | 16.1 | 16.1 | 16.1 | 16.1 |
| Trade payables | EUR mn | 19.9 | 17.4 | 14.7 | 19.7 | 10.0 | 10.7 | 10.6 | 10.0 | 10.0 | 10.0 |
| Provisions | EUR mn | 1.2 | 1.7 | 1.0 | 1.3 | 2.2 | 3.0 | 4.0 | 2.0 | 2.0 | 2.0 |
| Financial derivatives | EUR mn | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities | EUR mn | 3.8 | 4.9 | 2.6 | 2.5 | 23.2 | 13.6 | 15.8 | 16.7 | 16.7 | 16.7 |
| Total equity and liabilities | EUR mn | 1,032.9 | 1,094.0 | 1,147.1 | 1,378.7 | 1,677.4 | 1,625.3 | 1,705.6 | 1,581.6 | 1,520.4 | 1,308.4 |
| Net debt | EUR mn | 626.8 | 631.4 | 621.0 | 446.1 | 724.0 | 746.8 | 775.4 | 788.1 | 582.6 | 474.6 |
| Net LTV | % | 67.5 | 62.8 | 60.1 | 38.7 | 47.9 | 51.2 | 50.9 | 54.4 | 47.3 | 41.6 |
| Net LTV (bonds) | % | 62.8 | 59.8 | 58.2 | 37.8 | 46.2 | 49.2 | 49.7 | 52.6 | 45.7 | 40.0 |
| Equity ratio | % | 25.6 | 28.2 | 27.8 | 42.2 | 39.4 | 36.8 | 34.7 | 33.0 | 34.2 | 41.5 |
| Net debt/EBITDA | x | 64.9 | 14.9 | 16.4 | 12.5 | 12.9 | 13.1 | 14.1 | 14.6 | 11.4 | 10.2 |
| Interest coverage | x | 0.4 | 1.1 | 1.2 | 1.4 | 3.1 | 5.7 | 3.6 | 3.7 | 3.1 | 3.0 |

Source: Company data, Baader Helvea Equity Research

Baader Helvea Equity Research

COMPANY UPDATE

BAADER

Key data

DEMIRE

Germany

Real Estate

Reuters: DMRE.DE Bloomberg: DMRE GY

Reduce

Price on 01-Mar-23 EUR 2.53

Target price EUR 2.65

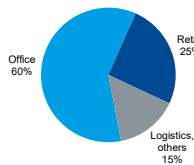
High/Low (12M) EUR 4.74/1.88

Market cap. EUR mn 267

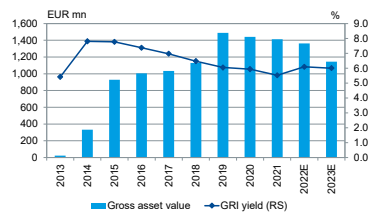
Company profile

Property holding company with a EUR 1.5bn commercial real estate portfolio. Focus is on secondary locations in Germany.

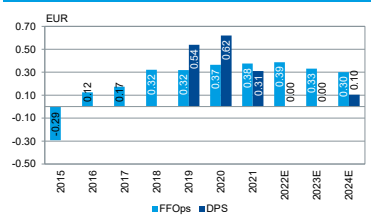
Portfolio split (by GAV); (9M22)



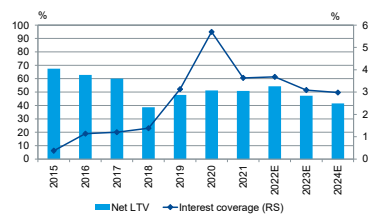
Portfolio development



FFOps and DPS



Financial status



Source: Company data, Refinitiv, Baader Helvea Equity Research

Analyst: Andre Remke, CFA

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andre.remke@baaderbank.de

| FY 31 Dec. | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Share data | | | | | | |
| EPS adjusted (EUR) | -0.03 | 0.30 | 0.20 | 0.51 | 0.28 | 0.22 |
| Indirect investment result (EUR) | 0.73 | -0.22 | 0.35 | -0.84 | -0.29 | 0.00 |
| EPS reported (EUR) | 0.70 | 0.08 | 0.55 | -0.33 | -0.01 | 0.22 |
| FFOps (EUR) | 0.32 | 0.37 | 0.38 | 0.39 | 0.33 | 0.30 |
| Dividend (EUR) | 0.54 | 0.62 | 0.31 | 0.00 | 0.00 | 0.10 |
| Book value (EUR) | 5.69 | 5.18 | 5.09 | 4.47 | 4.46 | 4.68 |
| NAV adj. (EUR) | 5.99 | 5.56 | 5.57 | 4.83 | 4.75 | 4.94 |
| Number of shares (outstanding; mn) | 107.8 | 105.8 | 105.5 | 105.5 | 105.5 | 105.5 |
| Share price (avg./current; EUR) | 4.90 | 4.58 | 4.35 | 3.53 | 2.53 | 2.53 |
| Market cap. (avg./current; EUR mn) | 528.3 | 493.3 | 468.6 | 380.7 | 266.9 | 266.9 |
| Enterprise value (EUR mn) | 1,233.2 | 1,221.3 | 1,219.5 | 1,144.3 | 825.0 | 717.1 |
| Valuation | | | | | | |
| P/E adj. (x) | - | 15.3 | 21.8 | 6.9 | 9.0 | 11.5 |
| FFO yield (%) | 6.5 | 8.1 | 8.7 | 11.0 | 13.0 | 11.9 |
| Dividend yield (%) | 11.0 | 13.5 | 7.1 | 0.0 | 0.0 | 4.0 |
| Implied yield (EBITDA/EV) (%) | 5.9 | 4.6 | 4.6 | 4.8 | 5.7 | 6.6 |
| P/NAV (x) | 0.82 | 0.82 | 0.78 | 0.73 | 0.53 | 0.51 |
| P/BV (x) | 0.86 | 0.88 | 0.85 | 0.79 | 0.57 | 0.54 |
| ROCE/WACC (x) | 1.50 | 1.01 | 0.97 | 0.75 | -0.43 | 0.68 |
| (EV/CE)/(ROCE/WACC) (x) | 0.51 | 0.77 | 0.77 | 0.98 | -1.47 | 0.86 |
| Key company data | | | | | | |
| Rental income growth (%) | 11.0 | 7.0 | -5.9 | -2.1 | -5.9 | -9.6 |
| EBITDA growth (%) | 102.8 | -23.1 | 1.1 | -2.1 | -14.7 | 0.5 |
| FFO growth (%) | 47.7 | 13.5 | 1.7 | 3.0 | -14.3 | -9.3 |
| FFO per share growth (%) | 0.0 | 15.6 | 2.7 | 2.6 | -15.4 | -9.1 |
| DPS growth (%) | - | 14.8 | -50.0 | -100.0 | - | - |
| EBITDA margin adj. (%) | 89.0 | 63.9 | 68.7 | 68.7 | 62.3 | 69.2 |
| ROE recurring (%) | -0.5 | 5.3 | 3.5 | 10.3 | 5.8 | 4.3 |
| Net gearing (%) | 106.7 | 121.7 | 126.8 | 146.1 | 107.4 | 82.9 |
| Net loan-to-value (%) | 47.9 | 51.2 | 50.9 | 54.4 | 47.3 | 41.6 |
| Equity ratio (%) | 39.4 | 36.8 | 34.7 | 33.0 | 34.2 | 41.5 |
| Interest cover (x) | 3.1 | 5.7 | 3.6 | 3.7 | 3.1 | 3.0 |
| Income statement (EUR mn) | | | | | | |
| Total revenues | 132.3 | 177.9 | 187.6 | 87.6 | 274.4 | 172.1 |
| Gross rental income | 81.8 | 87.5 | 82.3 | 80.6 | 75.9 | 68.6 |
| Net rental income | 65.5 | 70.2 | 67.2 | 64.5 | 61.6 | 56.5 |
| EBITDA | 72.8 | 55.9 | 56.6 | 55.4 | 47.2 | 47.5 |
| EBIT | 155.2 | 27.7 | 101.9 | -45.4 | 20.0 | 47.5 |
| EBT | 97.9 | 6.5 | 80.8 | -42.7 | 1.5 | 29.9 |
| EBT adjusted | 14.8 | 28.6 | 32.0 | 57.6 | 28.7 | 29.9 |
| Net profit after minorities | 75.5 | 8.5 | 58.5 | -34.5 | -0.7 | 22.9 |
| Funds from operations (FFO) | 34.5 | 39.2 | 39.8 | 41.0 | 35.2 | 31.9 |
| Balance sheet (EUR mn) | | | | | | |
| Investment property | 1,494 | 1,426 | 1,433 | 1,359 | 1,142 | 1,052 |
| Non-current assets | 1,521 | 1,451 | 1,544 | 1,472 | 1,255 | 1,165 |
| Cash and equivalents | 102 | 102 | 140 | 78 | 238 | 116 |
| Current assets | 157 | 174 | 162 | 110 | 266 | 143 |
| Total assets | 1,677 | 1,625 | 1,706 | 1,582 | 1,520 | 1,308 |
| Equity | 661 | 598 | 592 | 523 | 519 | 543 |
| Interest bearing debt | 807 | 830 | 891 | 841 | 796 | 566 |
| Total equity and liabilities | 1,677 | 1,625 | 1,706 | 1,582 | 1,520 | 1,308 |
| Net debt | 705 | 728 | 751 | 764 | 558 | 450 |
| Cash flow (EUR mn) | | | | | | |
| Cash flow from operating activities | 8.8 | -40.7 | -21.3 | 23.8 | 23.1 | 22.5 |
| Cash flow from investing activities | -253.2 | 35.0 | -0.2 | -28.2 | 190.0 | 90.0 |
| Free cash flow | -244.4 | -5.7 | -21.5 | -4.4 | 213.1 | 112.5 |
| Dividend paid | 0.0 | -57.1 | -65.4 | -32.7 | 0.0 | 0.0 |
| Cash flow from financing activities | 156.1 | 3.2 | 59.3 | -57.7 | -52.6 | -234.5 |
| Changes in cash position | -88.3 | -2.5 | 37.7 | -62.1 | 160.5 | -122.0 |

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Disclaimer

Important Notice and Disclosures pursuant to Art. 20 of the Regulation (EU) No 596/2014 of 16 April 2014 and the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 and pursuant to Art. 34, 36 and 37 of the Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016**A. GENERAL STATEMENTS**

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Applicable Key Factors

| Company | Key |
|---------|------|
| DEMIRE | 4, 5 |

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| Company | Date | Rating | Currency Target price | Closing price as of | Analyst |
|---------|------|--------|-----------------------|---------------------|---------|
|---------|------|--------|-----------------------|---------------------|---------|

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Expected total return based on forecast dividend and 12-month price targets.

| Rating | Upside/downside to the target price |
|--------|-------------------------------------|
| Buy | >20% |
| Add | 5%-20% |
| Reduce | -10% to 5% |
| Sell | <-10% |

Research ratings key:

There are four possible ratings: **Buy, Add, Reduce or Sell.**

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Buy: A company that the analyst(s) named in this report deem(s) higher risk with a forecast dividend yield of 5% and price appreciation potential of 16%, generating a forecast total return of 21% over 12 months.

Reduce: A company with a forecast dividend yield of 7% and price appreciation potential of -5%, generating a forecast total return of +2% over 12 months.

We use three further categorizations for stocks in our coverage:

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