

20 March 2025

DEMIRE

Germany

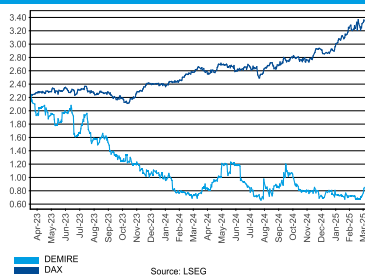
Real Estate

Reuters: DMRE.DE Bloomberg: DMRE GY

Reduce

Closing price as of 19-Mar-25	EUR 0.85
Target price	EUR 0.70
High/Low (12M)	EUR 1.23/0.66
Market cap.	EUR mn 90
Enterprise value	EUR mn 472
Free float	7.2%
Avg. daily turnover	EUR mn 0.01

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	17.2	23.2	-2.3
rel. DAX	13.4	6.6	-24.9
rel. STOXX Europe 600	16.7	13.6	-8.8
rel. SXXP Real Estate	22.2	23.9	11.5

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Significant decline in FFO in 2024 and even more severe in 2025E

Our conclusion

- Due to a number of disposals and a portfolio deconsolidation, rental income declined by 17% yoy in FY24, in-line with our estimate and within the guidance range of EUR 64-66mn. In terms of FFO, the company guided for a significant decline yoy which came in at EUR 23.4mn, minus 36% yoy and 9% below our estimate of EUR 25.6mn.
- The initial guidance for FY25 calls for rental income of EUR 51-53mn and FFO of only EUR 3.5-5.5mn, i.e. is anticipating the expected further severe decline in operational performance by 20% and 80% (!) respectively (based on the mid-point of the guidance range). Our estimate for FY25 rental income is EUR 54mn and FFO of EUR 7mn, which is still slightly above the given guidance.
- After the refinancing of the bond in autumn last year, the bond LTV declined strongly from 58% to 41%. However, the EPRA LTV remains on an elevated level of 73%, which is far too high in our view.
- Overall, we keep our cautious stance on the company with our Reduce rating. Although we anticipate NTAs to stabilize at the current level of EUR 2.3 (which was below our estimate), the low profitability due to high financing costs for the years to come will not add value to the company in our view. Even after the bond refinancing we see the need for a further improvement of the balance sheet.

Facts & Analysis

- A conference call is scheduled for 10:00 am CET today.
- The commercial portfolio amounts to a value of EUR 779mn (-30% yoy) with a vacancy of 15.1% (13.1%) and a gross rental yield of 7.2% (7.1%).
- The write-down on the portfolio amounted to 4% vs. 13% in 2023, which was in-line with our expectation. However, there was a further EUR 48mn write-down on receivables, driving net income and NTAs below our assumptions.

FY24 results at a glance

EUR mn	2024 Actual	2023 Actual	yoy (%)	2024E Baader	Dev. (%)
Gross rental income	65.3	78.5	-17	66.0	-1
Net rental income	44.5	30.2	48	45.5	-2
Valuation result	-58.7	-176.8	n.a.	-58.7	0
EBIT	-93.0	-187.9	n.a.	-41.9	122
EBT	-82.6	-177.5	n.a.	-52.9	56
Net profit before min.	-87.5	-152.0	n.a.	-49.5	77
FFO before minorities	23.4	36.7	-36	25.6	-9
FFO after minorities	20.5	31.4	-35	22.6	-9
EPS reported (EUR)	-0.82	-1.39	n.a.	-0.48	71
FFOps diluted (before min.), (EUR)	0.22	0.35	-37	0.24	-9
FFOps diluted (after min.), (EUR)	0.19	0.30	-36	0.21	-11
	Dec-24	Dec-23	ytd (%)	Dec-24 E	Dev. (%)
NAVps adjusted (EUR)	2.32	3.13	-26	2.62	-12
NAVps diluted (EUR)	2.45	3.23	-24	2.68	-9
Net LTV (bonds), (%)	40.9	57.7	-16.8pp	52.8	-11.9pp
Net LTV (EPRA), (%)	73.3	70.7	2.6pp		

Source: Company data, Baader Helvea Equity Research

Key financials

EUR mn	2023	2024E	2025E	2026E	CAGR (%)
Net income	-147.2	-50.5	-1.8	-0.8	-82.4
FFOps (EUR)	0.35	0.24	0.07	0.05	-47.7
NAVps (EUR)	3.13	2.62	2.60	2.57	-6.4

Source: Company data, Baader Helvea Equity Research

Valuation ratios

%	2023	2024E	2025E	2026E
NAV prem./discount	-41.9	-66.2	-67.3	-66.9
FFO yield	19.3	27.1	8.2	5.9
Dividend yield	0.0	0.0	0.0	0.0

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Key data

FY 31 Dec.	2021	2022	2023	2024E	2025E	2026E
Share data						
EPS adjusted (EUR)	0.25	0.24	0.05	0.06	0.00	-0.01
Indirect investment result (EUR)	0.30	-0.86	-1.44	-0.54	-0.02	0.00
EPS reported (EUR)	0.55	-0.62	-1.39	-0.48	-0.02	-0.01
FFOps (EUR)	0.38	0.39	0.35	0.24	0.07	0.05
Dividend (EUR)	0.31	0.00	0.00	0.00	0.00	0.00
Book value (EUR)	5.09	4.18	2.82	2.35	2.33	2.32
NAV adj. (EUR)	5.57	4.57	3.13	2.62	2.60	2.57
Number of shares (outstanding, mn)	105.5	105.5	105.5	105.5	105.5	105.5
Share price (avg./current, EUR)	4.35	3.53	1.82	0.88	0.85	0.85
Market cap. (avg./current, EUR mn)	468.6	380.7	196.0	95.3	89.7	89.7
Enterprise value (EUR mn)	1,219.5	1,152.3	867.0	574.5	472.4	403.1
Valuation						
P/E adj. (x)	17.4	14.7	36.4	14.7	-	-
FFO yield (%)	8.7	11.0	19.3	27.1	8.2	5.9
Dividend yield (%)	7.1	0.0	0.0	0.0	0.0	0.0
Implied yield (EBITDA/EV), (%)	4.6	2.4	0.9	3.3	4.2	5.0
P/NAV (x)	0.78	0.77	0.58	0.34	0.33	0.33
P/BV (x)	0.85	0.84	0.64	0.38	0.36	0.37
ROCE/WACC (x)	0.94	0.32	-0.01	0.73	-0.15	0.04
(EV/CE)/(ROCE/WACC) (x)	0.80	2.34	-104.84	0.84	-3.64	14.36
Key company data						
Rental income growth (%)	-5.9	-1.5	-3.2	-15.9	-18.1	-10.9
EBITDA growth (%)	1.1	-51.5	-71.7	142.6	5.1	1.3
FFO growth (%)	1.7	4.9	-12.0	-30.4	-72.4	-19.7
FFO per share growth (%)	2.7	2.6	-10.3	-31.4	-70.8	-28.6
DPS growth (%)	-50.0	-100.0	-	-	-	-
EBITDA margin adj. (%)	68.7	33.9	9.9	28.5	36.6	41.6
ROE recurring (%)	4.6	5.3	1.7	2.1	0.0	-0.5
Net gearing (%)	126.8	158.5	201.4	168.8	135.2	110.6
Net loan-to-value (%)	50.9	55.4	59.6	55.4	50.1	45.8
Equity ratio (%)	34.7	31.7	25.1	28.1	31.5	34.4
Interest cover (x)	3.6	40.2	-5.0	2.7	1.3	1.2
Income statement (EUR mn)						
Total revenues	187.6	94.6	150.0	176.3	150.1	126.8
Gross rental income	82.3	81.1	78.5	66.0	54.1	48.2
Net rental income	67.2	62.3	59.5	45.5	36.9	33.7
EBITDA	56.6	27.5	7.8	18.8	19.8	20.1
EBIT	101.9	-72.9	-187.9	-41.9	23.4	23.5
EBT	80.8	-73.3	-177.5	-52.9	2.6	3.2
EBT adjusted	32.0	25.6	-0.7	5.8	-0.9	-0.2
Net profit after minorities	58.5	-65.7	-147.2	-50.5	-1.8	-0.8
Funds from operations (FFO)	39.8	41.8	36.7	25.6	7.1	5.7
Balance sheet (EUR mn)						
Investment property	1,433	1,231	947	717	682	617
Non-current assets	1,544	1,326	1,030	857	801	727
Cash and equivalents	140	57	120	54	50	50
Current assets	162	211	298	153	98	98
Total assets	1,706	1,537	1,328	1,010	900	824
Equity	592	487	333	284	283	283
Interest bearing debt	891	829	791	533	433	363
Total equity and liabilities	1,706	1,537	1,328	1,010	900	824
Net debt	751	772	671	479	383	313
Cash flow (EUR mn)						
Cash flow from operating activities	48.8	32.7	24.9	2.9	4.8	-3.8
Cash flow from investing activities	-0.2	-26.3	65.4	232.4	89.0	68.0
Free cash flow	48.5	6.5	90.3	235.3	93.8	64.2
Dividend paid	-67.7	-35.4	-3.4	0.0	0.0	0.0
Cash flow from financing activities	-10.4	-86.9	-27.4	-301.4	-97.4	-64.9
Changes in cash position	38.1	-80.5	62.9	-66.1	-3.6	-0.7

Source: Company data, Baader Helvea Equity Research

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Research Documents with recommendation changes (rating or target price) published in the twelve months prior to the publication of this Research Document covering the same financial instruments or issuers.

Company	Date	Rating	Currency	Target price	Closing price as of	Analyst	
DEMIRE	13-Mar-25	Reduce	EUR	0.70	0.70	12-Mar-25	Andre Remke, CFA
DEMIRE	23-May-24	Reduce	EUR	1.25	1.20	22-May-24	Andre Remke, CFA

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