

8 May 2025

DEMIRE

Germany

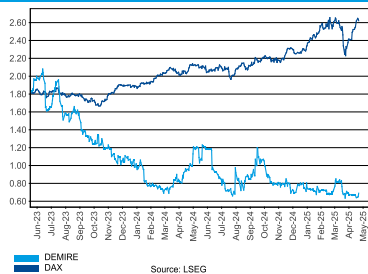
Real Estate

Reuters: DMRE.DE Bloomberg: DMRE GY

Reduce

Closing price as of 07-May-25	EUR 0.69
Target price	EUR 0.66
High/Low (12M)	EUR 1.23/0.64
Market cap.	EUR mn 73
Enterprise value	EUR mn 470
Free float	7.1%
Avg. daily turnover	EUR mn 0.00

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	0.7	-9.8	-13.8
rel. DAX	-16.1	-15.9	-33.1
rel. STOXX Europe 600	-11.8	-8.1	-18.4
rel. SXXP Real Estate	-13.8	-11.8	-16.2

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Expected slump in earnings – Waiting for further disposals

Our conclusion

- DEMIRE reported the expected decline in operating results for the first quarter, which is also expected for the year in total. 1Q25 rental income declined by 25% due to several property disposals during 2024. The FFO came in with a significant decline of 73% yoy to only EUR 2.1mn. In addition to the lower rental income basis, higher financing costs after the refinancing in autumn last year paid its toll. The EUR 2.1mn in reported FFO excludes the expenses for the shareholder loan of approx. EUR 100mn in an amount of EUR 4.6mn in 1Q, i.e. the non-adjusted FFO is negative.
- The guidance for FY25 has been confirmed. Rental income is expected to be EUR 51-53mn (-20% yoy) and FFO before minorities and shareholder loan expenses at EUR 3.5mn to EUR 5.5mn compared to last year's EUR 26mn (Baader E: EUR 4.8mn, no consensus available).
- Net income of EUR -16mn was below our expectations due to negative value adjustments for assets held for sale. This led to a further decline in NAVps from EUR 2.45 to EUR 2.29. The LTV relevant for the bond covenants increased slightly to 41.5%, however, our calculation, including the shareholder loan amounts to around 55%.
- In 1Q25, two disposals were closed and DEMIRE stated to be in advanced negotiations regarding further disposals. In our view, this is a key element to improving the balance sheet ratios as well as the profitability of the firm.

Facts & Analysis

- A conference call is scheduled for 10:00 am CET today.

1Q25 results at a glance

EUR mn	1Q25 Actual	1Q24 Actual	yoy (%)	1Q25E Baader	Dev. (%)
Gross rental income	14.0	18.6	-25	14.0	0
Net rental income	9.0	12.2	-26	8.7	3
Valuation result	-8.9	0.0	n.a.	0.0	n.a.
EBIT	-3.4	4.8	n.a.	6.0	n.a.
EBT	-16.0	0.9	n.a.	-3.3	n.a.
Net profit	-15.5	-4.4	n.a.	-4.2	n.a.
FFO before min./ shareholder loan exp.	2.1	7.9	-73	1.2	73
FFO after min./ shareholder loan exp.	-3.4	6.5	-153	-3.3	4
EPS reported (EUR)	-0.15	-0.04	n.a.	-0.04	n.a.
FFOps (after minorities) (EUR)	-0.03	0.06	-149	-0.03	-3
FFOps (before minorities) (EUR)	0.02	0.07	-73	0.01	74

Source: Company data, Baader Helvea Equity Research

Key financials

EUR mn	2024	2025E	2026E	2027E	CAGR (%)
Net income	-86.5	-8.5	-9.4	-12.6	-47.4
FFOps (EUR)	0.25	0.05	0.05	0.04	-45.7
NAVps (EUR)	2.32	2.23	2.13	2.00	-4.8

Source: Company data, Baader Helvea Equity Research

Valuation ratios

%	2024	2025E	2026E	2027E
NAV prem./discount	-61.9	-69.1	-67.6	-65.5
FFO yield	28.2	7.2	7.2	5.8
Dividend yield	0.0	0.0	0.0	0.0

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Key data

FY 31 Dec.	2022	2023	2024	2025E	2026E	2027E
Share data						
EPS adjusted (EUR)	0.24	0.28	0.13	-0.14	-0.17	-0.22
Indirect investment result (EUR)	-0.86	-1.67	-0.95	0.06	0.08	0.10
EPS reported (EUR)	-0.62	-1.39	-0.82	-0.08	-0.09	-0.12
FFOps (EUR)	0.39	0.35	0.25	0.05	0.05	0.04
Dividend (EUR)	0.00	0.00	0.00	0.00	0.00	0.00
Book value (EUR)	4.18	2.82	2.02	1.94	1.86	1.74
NAV adj. (EUR)	4.57	3.13	2.32	2.23	2.13	2.00
Number of shares (outstanding, mn)	105.5	105.5	105.5	105.5	105.5	105.5
Share price (avg./current, EUR)	3.53	1.82	0.88	0.69	0.69	0.69
Market cap. (avg./current, EUR mn)	380.7	196.0	95.3	72.8	72.8	72.8
Enterprise value (EUR mn)	1,152.3	867.0	536.5	469.7	450.4	433.1
Valuation						
P/E adj. (x)	14.7	6.5	6.8	-	-	-
FFO yield (%)	11.0	19.3	28.2	7.2	7.2	5.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
Implied yield (EBITDA/EV), (%)	2.4	0.9	2.7	4.6	4.9	4.9
P/NAV (x)	0.77	0.58	0.38	0.31	0.32	0.35
P/BV (x)	0.84	0.64	0.44	0.36	0.37	0.40
ROCE/WACC (x)	0.32	-0.01	0.33	0.55	0.55	1.04
(EV/CE)/(ROCE/WACC) (x)	2.34	-104.84	1.83	1.04	1.03	0.54
Key company data						
Rental income growth (%)	-1.5	-3.2	-16.9	-18.8	-6.2	-5.4
EBITDA growth (%)	-51.5	-71.7	86.4	49.1	2.3	-3.7
FFO growth (%)	4.9	-12.0	-28.6	-81.6	12.8	-14.5
FFO per share growth (%)	2.6	-10.3	-28.6	-80.0	0.0	-20.0
DPS growth (%)	-100.0	-	-	-	-	-
EBITDA margin adj. (%)	33.9	9.9	22.2	40.7	44.4	45.2
ROE recurring (%)	5.3	8.8	5.6	-6.6	-8.1	-11.0
Net gearing (%)	158.5	201.4	182.4	170.1	168.5	170.4
Net loan-to-value (%)	55.4	59.6	54.2	53.2	53.1	53.2
Equity ratio (%)	31.7	25.1	25.4	26.3	26.3	25.8
Interest cover (x)	40.2	-5.0	-1.8	0.7	0.6	0.5
Income statement (EUR mn)						
Total revenues	94.6	150.0	176.0	131.6	99.2	97.1
Gross rental income	81.1	78.5	65.3	53.0	49.7	47.1
Net rental income	62.3	59.5	44.5	35.3	34.3	32.6
EBITDA	27.5	7.8	14.5	21.6	22.1	21.3
EBIT	-72.9	-187.9	-93.0	25.2	25.6	24.6
EBT	-73.3	-177.5	-82.6	-13.1	-15.1	-19.8
EBT adjusted	25.6	-0.7	-23.9	-16.7	-18.7	-23.2
Net profit after minorities	-65.7	-147.2	-86.5	-8.5	-9.4	-12.6
Funds from operations (FFO)	41.8	36.7	26.2	4.8	5.4	4.6
Balance sheet (EUR mn)						
Investment property	1,231	947	725	710	676	641
Non-current assets	1,326	1,030	793	776	741	707
Cash and equivalents	57	120	45	46	45	48
Current assets	211	298	158	110	110	112
Total assets	1,537	1,328	951	886	851	819
Equity	487	333	242	233	224	211
Interest bearing debt	829	791	486	443	423	408
Total equity and liabilities	1,537	1,328	951	886	851	819
Net debt	772	671	441	397	378	360
Cash flow (EUR mn)						
Cash flow from operating activities	32.7	24.9	6.4	-28.0	-22.2	-26.2
Cash flow from investing activities	-26.3	65.4	88.7	68.0	38.0	38.0
Free cash flow	6.5	90.3	95.1	40.0	15.8	11.8
Dividend paid	-35.4	-3.4	0.0	0.0	0.0	0.0
Cash flow from financing activities	-86.9	-27.4	-170.2	-38.7	-16.5	-9.5
Changes in cash position	-80.5	62.9	-75.2	1.3	-0.6	2.3

Source: Company data, Baader Helvea Equity Research

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst	
DEMIRE	07-Apr-25	Reduce	EUR	0.66	0.68	04-Apr-25	Andre Remke, CFA
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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