

Agreement with a group of bondholders

Demire has reached an agreement with a group of bondholders regarding the restructuring of the bond. The members of the group together currently directly or indirectly hold bonds representing the majority of outstanding aggregate principal amount of the bond. The agreement comprises 1) a partial redemption of the bond at par in an aggregate principal amount of EUR 49.9m, 2) comprehensive amendments to the conditions of the bond, inter alia, an extension of the maturity until 31.12.2027 incl. a 5.0% cash interest and an alignment of the covenants and 3) the launch of a tender offer (after the early redemption of the bond) at 76.25% for a principal amount of the bond of EUR 209m (equivalent to a maximum purchase price of EUR 160m). There will be a backstop agreement by certain bond holders for the tender offer and the company's majority shareholder (a subsidiary of certain funds managed by affiliates of Apollo Global Management Inc.) has agreed under special condition to grant a shareholder loan of maximum EUR 100m. All in all, this is good news in our view, as the presented solution, if taking all legal hurdles (mainly reaching a 75% agreement among all bondholders), would enable the company to refinance the outstanding EUR 499m senior bond which will mature in October 2024.

Some additional information

According to the ADHOC release it is currently aimed to complete the transaction as soon as possible by way of a vote without a meeting (Abstimmung ohne Versammlung) pursuant to Sec. 18 of the German act on bonds from aggregate issuances (Schuldverschreibungsgesetz, SchVG). Furthermore the majority shareholder has undertaken to the company to take measures to enable the company to release financial resources that the company has made available for the development of certain real estate companies in the company's real estate portfolio in order to finance the early redemption, the company's share in the repurchase offer and certain fees in connection with the repurchase offer (in an aggregate amount of up to approximately EUR 120 million). This may include a transfer of these companies to a company controlled by the majority shareholder.

Dr Philipp Häßler CFA
+49 69 58997 414, philipp.haessler@paretosec.com