

Another record year: DEMIRE grows FFO I* by 13.5 percent to EUR 39.2 million

- **Rental income grows by 7.0 percent to EUR 87.5 million**
- **Letting performance of 177,000 sqm represents all-time high**
- **Outlook: FFO I* for 2021 expected to be between EUR 34.5 and EUR 36.5 million after numerous disposals in 2020**

Langen, 17 March 2021. DEMIRE Deutsche Mittelstand Real Estate AG (ISIN: DE000A0XFSF0) once again announces record results for FFO I*, rental income and letting performance for the 2020 financial year. Despite the economic uncertainties due to the Corona pandemic, the commercial real estate specialist can once again exceed the successful previous year. The investment in the office building Cielo contributed to additional improvements of the portfolio and the financial structure. The transaction sets the base for further expansion in 2021.

High stability through REALize Potential strategy

Funds from Operations I (FFO I*) reached EUR 39.2 million in the reporting period, an increase of 13.5 percent compared to the previous year (2019: EUR 34.5 million). This result is above the latest updated forecast from December 2020. DEMIRE also recorded an increase in rental income in 2020: up 7.0 percent to EUR 87.5 million (2019: EUR 81.8 million). Earnings before interest and taxes (EBIT) amount to EUR 27.7 million (2019: EUR 155.2 million), which includes the negative valuation result of EUR -22.1 million due to the effects of the Corona pandemic. Overall, the valuation effects are moderate due to the stable portfolio structure; effects on the retail and hotel asset classes were balanced by opposite results for logistics and office properties.

The market value of the DEMIRE portfolio declined to around EUR 1.44 billion (2019: EUR 1.48 billion), in particular due to strategic streamlining resulting from the sale of 18 properties. The diluted EPRA NAV changed by EUR 0.43 per share to EUR 5.89 per share in the reporting period (2019: EUR 6.32) due to the dividend distribution of EUR 0,54 per share.

With 177,000 sqm, DEMIRE one more reports a record letting performance (2019: 172,699 sqm). As a result of the strong letting performance and the portfolio streamlining, the EPRA vacancy rate fell from 9.4 to 6.9 percent. DEMIRE was able to keep the WALT constant at 4.8 years.

Ingo Hartlief, CEO of DEMIRE, comments: "The good result of the 2020 financial year confirms our investment approach, which is highly resilient even in an economically challenging environment. Thus, we have been able to further optimise our portfolio despite the pandemic and once again achieve a record result."

Financing costs further reduced

"As part of our strategic financial management, we have taken advantage of the favourable interest rate environment to continuously optimise our financial structure and thus further reduce our cost of capital", explains Tim Brückner, DEMIRE's CFO. The average nominal cost of debt as at 31 December 2020 fell again by 13 basis points year-on-year from 1.84 to 1.71 percent per annum. At the end of 2018, the figure was still 3.0 percent. The net leverage ratio (net LTV) was 50.0 per cent at the reporting date.

Dividend distribution and further growth through acquisitions

The proposal for the appropriation of profits for the annual general meeting scheduled for 28 April 2021 includes the payout of a dividend of EUR 0.62 per share for the 2020 financial year.

Despite the challenging macroeconomic conditions at the beginning of 2021, DEMIRE anticipates an general economic recovery. In this light, the company intends to further expand its portfolio through selective acquisitions. In February 2021 DEMIRE acquired a stake in the office property Cielo in Frankfurt am Main and secured a purchase right for the entire complex.

"With Cielo, we have already secured an attractive asset with a total value of over EUR 270 million in the 2021. This is a further step in the strategic development of the DEMIRE portfolio. The structure of the transaction generates an attractive return on the capital employed. We will continue to monitor the market and take advantage of opportunities to expand and optimise our portfolio and improve relevant key figures," explains Ingo Hartlief.

For 2021 and considering the high sales volume in 2020, DEMIRE guides to generate rental income between EUR 80.0 and EUR 82.0 million and expects the FFO I* to be in the range of EUR 34.5 and EUR 36.5 million.

* after taxes, before minorities

end of press release

The DEMIRE annual report 2020 is available on the Company's website:
<https://www.demire.ag/en/investor-relations/reports-results>

Invitation to the Conference Call on 17 March 2021

The Management Board of DEMIRE invites all interested parties to attend the presentation of the 2020 annual results during a conference call on 17 March 2021 at 10:00 CET, which will be streamed online:

<https://www.webcast-egs.com/demire20210317/no-audio>

A presentation is available on <https://www.demire.ag/en/investor-relations/reports-results>

Selected Key Performance Indicators of DEMIRE Group

	01/01/2020- 12/31/2020	01/01/2019- 12/31/2019
Consolidated income statement (in EURm)		
Rental income	87.5	81.8
Net income from the rental of real estate	70.2	65.5
EBIT	27.7	155.2
Financial results	-21.2	-57.3
Profit/loss for the period after tax	9.2	79.7
- thereof attributable to shareholders of the parent company	8.5	75.5
FFO I (after tax, before minority interests)	39.2	34.5
FFO II (after tax, before minority interests)	37.4	45.7
Basic/diluted earnings per share (in EUR)	0.37/0.37	0.32/0.32
Consolidated accounts (in EURm)		
	12/31/2020	12/31/2019
Total assets	1,625.3	1,677.4
Investment properties	1,426.3	1,493.9
Cash and cash equivalents	101.6	102.1
Properties held for sale	31.0	16.3
Shareholders' equity (incl. non-controlling shareholders)	589.0	660.8
Equity ratio (in % of total assets)	36.8	39.4
Undiluted/diluted EPRA-NAV	625.3/625.9	684.1/684.6
EPRA-NAV per share (EUR, basic/diluted)	5.91/5.89	6.35/6.32
Net financial liabilities	728.1	704.8
Net debt-to-equity ratio (net LTV), in %	50.0	46.7
Portfolio key ratios		
	12/31/2020	12/31/2019
Properties (number)	75	90
Market value (in EURm)	1,441.5	1,488.4
Annualised gross rental income (in EURm)	85.6	90.0
Rental yield (in %)	5.9	6.0
EPRA vacancy rate (in %) **	6.9	9.4
WALT (in years)	4.8	4.8

** excl. assets held for sale

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About DEMIRE Deutsche Mittelstand Real Estate AG**DEMIRE – REALize Potential**

DEMIRE Deutsche Mittelstand Real Estate AG acquires and holds commercial real estate in mid-sized cities and up-and-coming locations bordering metropolitan areas across Germany. The Company's particular strength lies in realising the potential of the properties at these locations while focusing on a range of properties that appeals to both regional and international tenants. As of 31 December 2020, DEMIRE's portfolio contains 75 assets with lettable space totalling about 1 million sqm and has a market value in excess of EUR 1.4 billion.

The portfolio's focus on office properties with a blend of retail, hotel and logistics properties results in a return / risk structure that is appropriate for the commercial real estate segment. The Company places importance on long-term contracts with solvent tenants and the realisation of the properties' potential. DEMIRE anticipates continued stable and sustainable rental income along with solid value appreciation and expects the portfolio to grow significantly in the medium term. As it expands its portfolio, DEMIRE is concentrating on FFO-strong assets with potential and, at the same time, disposing of properties that are not in line with its strategy. DEMIRE is taking several steps to further the development of its operations and processes. Next to cost consciousness, the operating performance is set to improve through an active asset and portfolio management approach.

DEMIRE Deutsche Mittelstand Real Estate AG shares are listed in the Regulated Market (Prime Standard segment) of the Frankfurt Stock Exchange.