

DEMIRE records a record year 2019: FFO I up by 47.7 percent to EUR 34.5 million

- Portfolio value grows to EUR 1.5 billion**
- Diluted EPRA NAV increases by 15 percent to EUR 6.32 per share**
- FFO I guidance for 2020 at EUR 40 to 42 million**

Langen, 18 March 2020 - DEMIRE Deutsche Mittelstand Real Estate AG (ISIN: DE000A0XFSF0) has achieved significant growth in the 2019 financial year and posted a record result. All key operating and portfolio-related indicators were significantly improved. With its 2019 results, DEMIRE impressively underscores its objectives, which focus on continuous growth of the portfolio and steady improvement of the financial structure.

Significant growth through REALize Potential strategy

Funds from Operations I (FFO I, before minorities, after taxes) rose to EUR 34.5 million in the year under review, or by 47.7 percent compared to 2018 (EUR 23.4 million) and is thus at the upper end of the guidance. In the same period, DEMIRE recorded an 11.0 percent increase in rental income to EUR 81.8 million (2018: EUR 73.7 million). Earnings before interest and taxes (EBIT) totalled EUR 155.2 million, up 22.1 percent on the previous year (EUR 127.1 million).

DEMIRE's portfolio value increased by EUR 354.0 million to EUR 1,510.2 million euros compared to 2018 - despite strategic adjustments to the portfolio through sales totalling EUR 46.1 million. The diluted EPRA NAV rose by 15.0 percent to EUR 6.32 per share (2018: EUR 5.40).

With 172,699 m², DEMIRE also achieved a record letting performance. The previous year's figure (82,559 m²) was exceeded by 109.2 percent. Due to the portfolio growth and the acquisition of properties with potential, the EPRA vacancy rate rose from 7.5 to 9.4 percent. Of this, around 1.5 percentage points are linked to the property in Bad Vilbel alone, which has already been newly let from mid 2020 onwards. WALT achieved an increase of 0.3 to 4.8 years. The pleasing valuation result of EUR 83.0 million reflects the positive operating performance on the portfolio.

Financing costs significantly reduced

"An integral part of our strategy is the further optimisation of our financing structure and the associated reduction of financing costs in a favourable interest rate environment", explains Tim Brückner, CFO of DEMIRE. As of December 31, 2019, the average nominal cost of debt decreased by 116 basis points from 3.00 to 1.84 percent compared to the previous year. This development is mainly due to the successful issue of the corporate bond 19 / 24 with simultaneous repayment of the remaining bond 17 / 22 and a promissory note loan. The net loan-to-value (net LTV) was at 46.7 percent at the end of 2019.

Growth path to continue in 2020

The board of DEMIRE expects to be able to continue its successful growth course in 2020, assuming that the economic conditions remain appropriate. For fiscal year 2020, the company guides the rental income of EUR 90.0 to 92.0 million from the letting of the property portfolio, considering already notarised acquisitions and sales. Active property management, including further reduction of vacancies, should support the increase in rental income. On that basis, DEMIRE guides a further increase in FFO I earnings to a range of EUR 40.0 to 42.0 million for 2020.

Ingo Hartlief, CEO of DEMIRE, states: "The record year 2019 underlines the effectiveness of our comprehensive REALize Potential strategy, which encompasses acquisitions, management, financials and processes. In the medium term, we aim to increase the value of the portfolio to EUR 2 billion through further acquisitions and by exploiting the existing value enhancement potential".

The economic impact of the corona virus pandemic cannot be predicted at present, but DEMIRE is relatively protected due to the diversification of the portfolio. "We are confident that we will be able to continue the positive development of 2019 in the current financial year. It goes without saying that we will continually review our assumptions as part of our risk management in order to make adjustments and take precautionary measures if necessary," says Ingo Hartlief.

The 2019 annual report is available for download in the Investor Relations section of the company's website: <https://www.demire.ag/en/investor-relations/reports-results/2019>

Invitation to a Conference Call on 18 March 2020

The Management Board of DEMIRE invites all interested parties to attend the presentation of the 2019 annual report during a conference call on 18 March 2020 at 10:00 CET.

To dial in, please use the following phone numbers:

Germany:	+49 (0)69 2222 2018
United Kingdom:	+44 (0)330 336 9411
United States:	+1 929 477 0324

PIN: 89008887

The presentation of the quarterly financial report will also be streamed as a live webcast. Please use the link <https://webcasts.egs.com/demire20200318/no-audio>

For the audio broadcast, please use the dial-in numbers listed above. A presentation will be available on <https://www.demire.ag/en/investor-relations/reports-results/2019>

Selected Key Performance Indicators of DEMIRE Group

	01/01/2019- 31/12/2019	01/01/2018- 31/12/2018
Consolidated income statement (in EURm)		
Rental income	81,8	73,7
Net income from the rental of real estate	65,5	58,5
Fair-value adjustments on investment properties	83,0	93,1
General administrative overhead and other operating expenses	13,9	25,2
EBIT	155,2	127,1
Financial results	-57,3	-38,3
Profit/loss for the period after tax	79,7	69,1
- thereof attributable to shareholders of the parent company	75,5	61,6
FFO I (after tax, before minority interests)	34,5	23,4
FFO II (after tax, before minority interests)	45,7	23,4
Basic/diluted earnings per share (in EUR)	0,70/0,70	0,85/0,85
Consolidated accounts (in EURm)	31.12.2019	31.12.2018
Total assets	1.677.4	1,378.7
Investment properties	1.493.9	1,139.9
Cash and cash equivalents	102,1	190,4
Properties held for sale	16,3	12,3
Shareholders' equity (incl. non-controlling shareholders)	660,8	582,3
Equity ratio (in % of total assets)	39,4	42,2
Undiluted/diluted EPRA-NAV	684,1/684,6	595,2/595,7
EPRA-NAV per share (EUR, basic/diluted)	6,35/6,32	5,52/5,50
Net financial liabilities	704.8	446.1
Net debt-to-equity ratio (net LTV), in %	46.7	38.7
Portfolio key ratios	31.12.2019	31.12.2018
Properties (number)	90	84
Market value (in EURm)	1.488,4	1.152,1
Annualised gross rental income (in EURm)	90,0	73,2
Rental yield (in %)	6,0	6,5
EPRA vacancy rate (in %) *	9,4	7,5
WALT (in years)	4,8	4,5

* Excluding assets held for sale

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Über die DEMIRE Deutsche Mittelstand Real Estate AG

DEMIRE – REALize Potential

DEMIRE Deutsche Mittelstand Real Estate AG acquires and holds commercial real estate holdings in mid-sized cities and up-and-coming locations bordering German metropolitan areas. The Company's specific forte is its focus realising asset-based potentials on these second-tier cities - its claim being "REALize Potential" - and on a range of assets that appeals to both internationally active and regionally rooted tenants. After acquiring an office and a department store portfolio as well as a distribution centre over the course of 2019, along with the profitable divestment of smaller, non-strategic assets, DEMIRE holds a portfolio of 90 properties with a combined lettable area of around 1.1 million m² and a market value of about EUR 1.5 billion (as of 31 December 2019).

The portfolio focus is on office with addition of attractive retail, hotel and logistics assets results in exactly the kind of risk/return structure that DEMIRE considers appropriate for the business line of commercial real estate. The Company puts a premium on long-term contracts with solvent tenants and realising potential in anticipation of stable and sustainable rental revenues. For further growth, DEMIRE intends to acquire strong, cash-generating assets bearing potential, while non-strategic properties will be divested. DEMIRE has set itself the goal to keep optimising its corporate structure. To this end, it pursues an active property management approach, convinced that it is the best way to achieve economies of scale and portfolio optimisations.

DEMIRE Deutsche Mittelstand Real Estate AG shares (ISIN: DE000A0XFSF0) are listed in the Prime Standard segment of the Frankfurt Stock Exchange.