



Company Presentation

## DEFAMA Deutsche Fachmarkt AG

June 2020

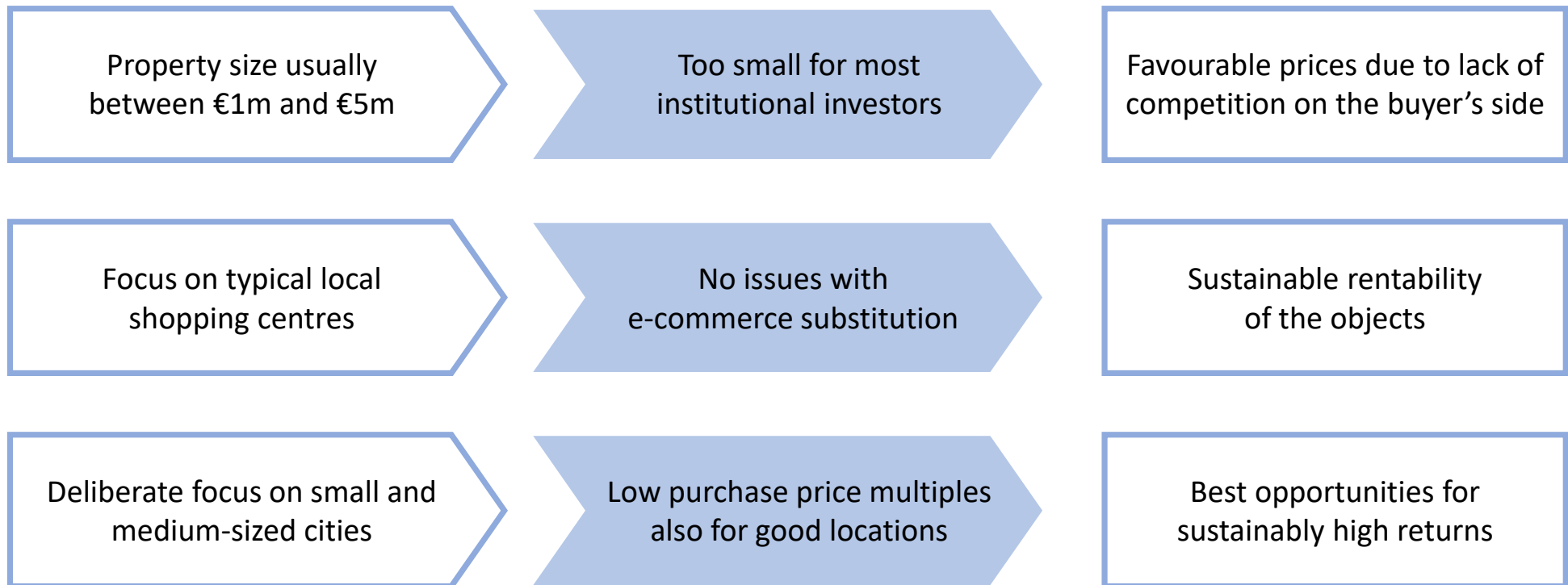
In order to build up a long-term portfolio, DEFAMA seeks and acquires:

- Well-established retail parks and small shopping centres
- With at least two chain stores with strong solvency as (anchor) tenants
- Without larger vacancies and/or investment needs
- Purchase price per property usually between €1m and €5m
- Located in small to medium-sized towns in Northern and Eastern Germany

We pursue a buy-and-hold strategy with the aim of generating a sustainable double-digit return on equity for our shareholders.

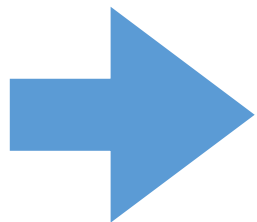


Three good reasons why we pursue this strategy:

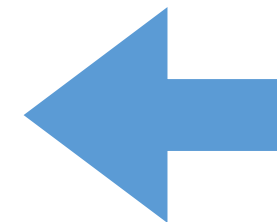


## Impact of coronavirus crisis / current situation (I)

- >90% on April and May rents collected
- Suspended rents are just deferred => no effect on results!
- As end of May only €220k open, thereof >€170k from non-food-retailers
- Potentially higher rent losses than 2019 can be compensated by earlier than planned closing of retail park in Zeitz; so far no tenant has declared insolvency
- All stores which had to be closed because of administrative order have been allowed to re-open



**Guidance for 2020 explicitly confirmed**



## Impact of coronavirus crisis / current situation (II)

- By end of March precautionary request for suspension of repayments and received uncomplicated approval by most banks (on average for 6 months)
- No change in banking lending practices visible
- Annual general meeting with unchanged proposal of planned dividend of 0.45 € per share postponed as a precaution into autumn
- Advance dividend of 0.20 € will be paid on June 18th (former AGM date)
- Comfortable total cash position of around €5m offers opportunities

*... just about enough on Corona now, we should introduce ourselves first ;-)*





## **Matthias Schrade (CEO / Member of the Management Board)**

- Many years of experience as a financial analyst and entrepreneur
- Excellent network in the areas of retail, real estate and banking
- Responsible for property selection, purchase negotiations, financing, main tenants and PR / IR



## **Swen Rehwald (COO)**

- Managing director of IMMA Immobilien Management GmbH
- For many years of experience as asset manager and project developer
- Responsible for administration and maintenance of the objects, smaller tenants, accounting/controlling, human resources and IT



## **Matthias Stich (CDO)**

- More than 20 years working for the BBE/IPH Group
- Extensive know-how in valuation and (re-)development of retail real estate
- Responsible for project developments within the existing portfolio, reconstruction measures and contract negotiations with anchor tenants

## Supervisory Board



### **Peter Schropp (Chairman)**

- Managing Director of several real estate companies within Primepulse Group
- Until 9/2014 Member of the Management Board of VIB Vermögen AG responsible for Real Estate
- Significantly involved in the expansion of the portfolio to just under €1bn
- Great financing know-how as a trained banker



### **Ulrich Rücker (Deputy Chairman)**

- Managing Director of Rücker Immobilien GmbH
- Decades of experience in the real estate industry
- Successful establishment and IPOs of several real estate companies



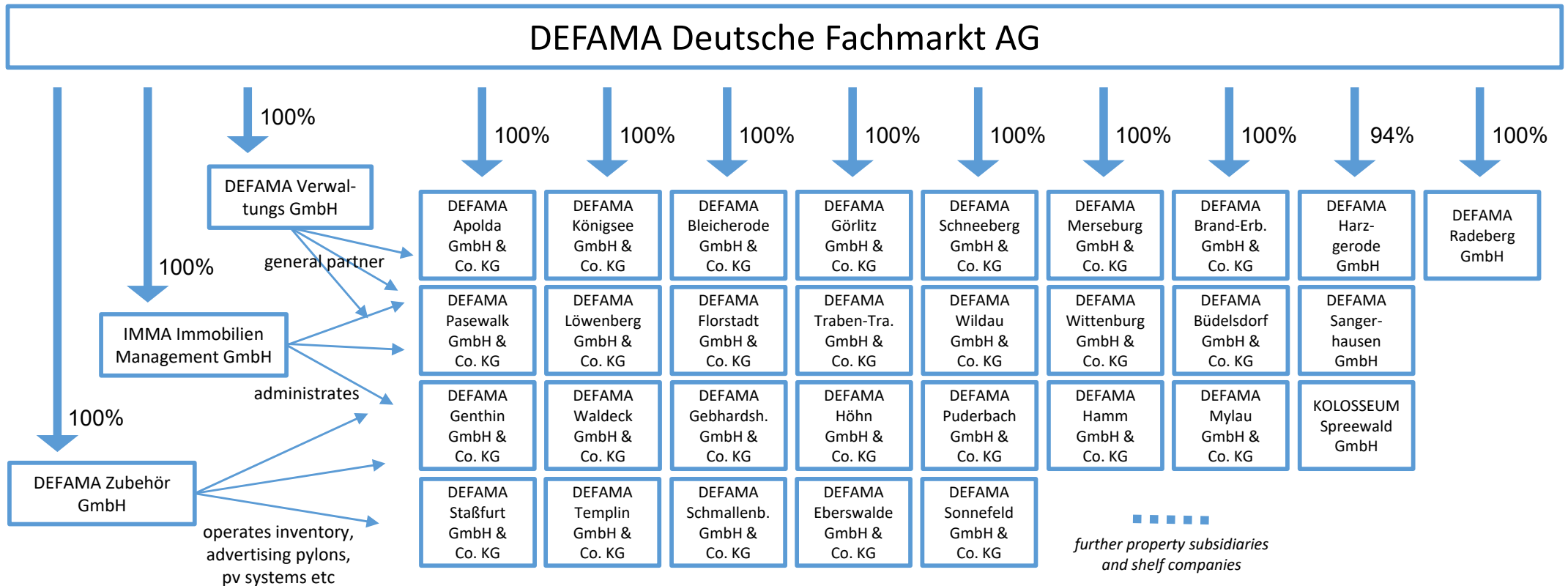
### **Henrik von Lukowicz**

- Senior Investor Relations Manager at Befesa S.A.
- Until 3/2018 Senior Investor Relations Manager at METRO AG
- Comprehensive capital market and retail expertise
- Strong network in the retail sector and with banks, asset managers and investment funds

# KONZERNSTRUKTUR



- Acquisition and financing always in object subsidiaries
- DEFAMA AG as a holding company provides the equity required for the acquisitions
- 38 real estate acquisitions so far



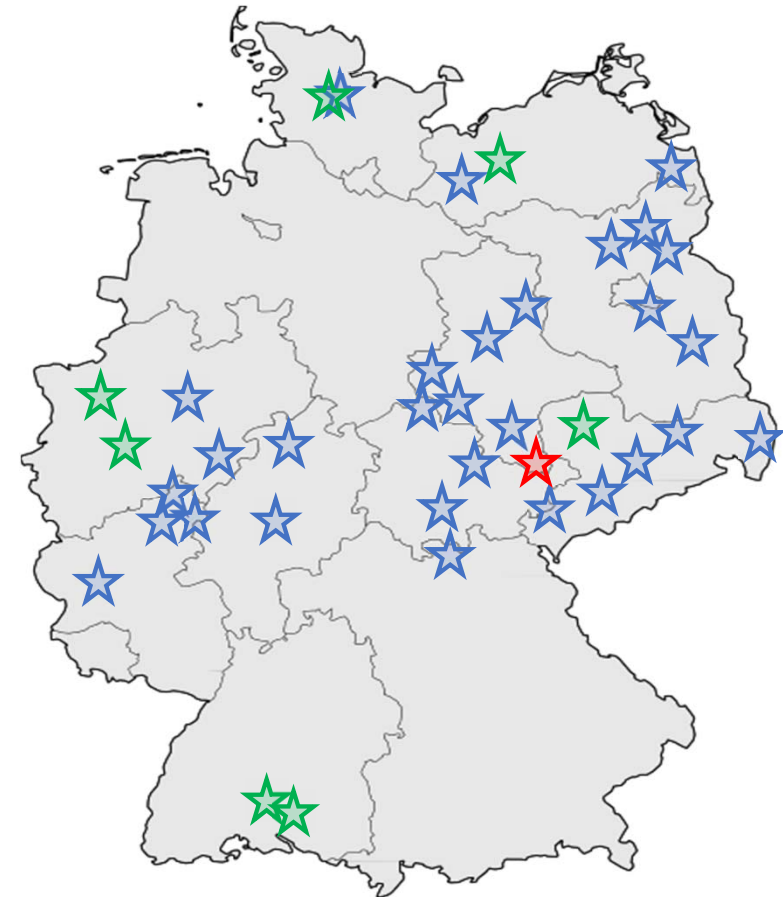


# PORTFOLIO




















Key Figures <i>(as of 31 March 2020)</i>	
Locations	38
Net Rent (annualised)	€13.2m
Lettable Space	167,139 sqm
Occupancy Rate	96.5%
Ø Lease Term (WALT)	4.3 years

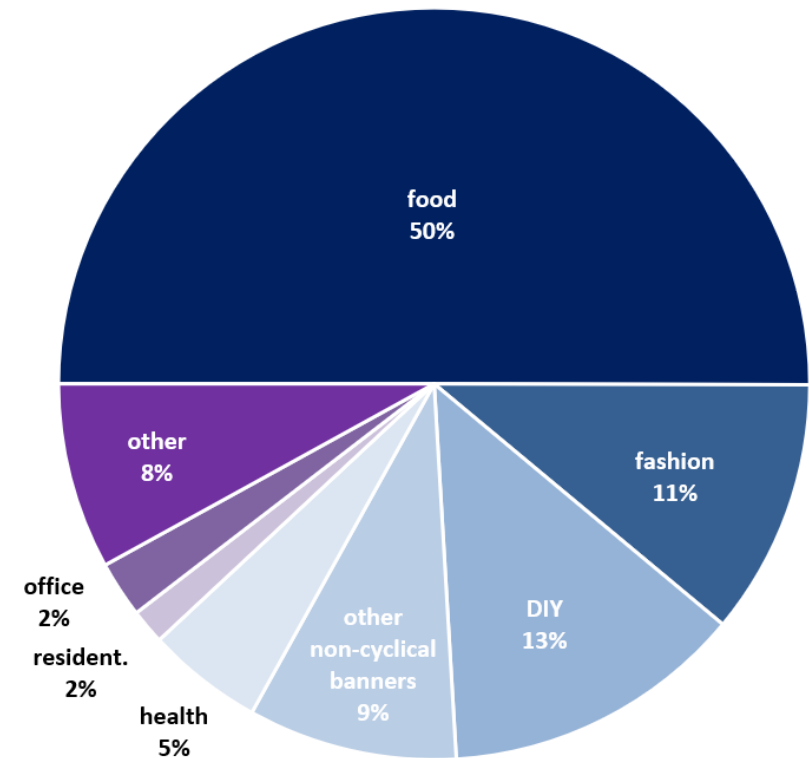
- 80% of total net rent comes from chain stores with strong solvency
- Contracts with anchor tenants have above-average maturity
- Seven acquisitions in 2019
- Biggest acquisition of company history in 2020



- ★ Existing properties
- ★ Acquired in 2019
- ★ Acquired in 2020

Largest Tenants	Contracts	Share
Kaufland/LIDL  	5	13.1 %
REWE/Penny  	8	11.5 %
EDEKA Group    	8	10.9 %
Toom/B1  	4	9.4 %
Tengelmann Group  	16	5.7 %
NORMA 	7	4.4 %
Aldi Nord 	4	3.9 %
Dän. Bettenlager 	5	2.8 %
Takko 	5	2.3 %
Deichmann 	5	1.7 %

Net Rent by Industry



All „Top 5“-contracts combined stand for less than 20% of total net rent!

## Retail Park Dinslaken

- Year of construction: app. 1975
- Plot size: 19,849 sqm
- Lettable space: 10,163 sqm
- Occupancy rate: 100%
- Purchase price: €7.6m
- Annual net rent: > €750k
- Acquisition at 10 times annual net rent
- Key tenants are B1 Baumarkt, Trinkgut, KiK and Askania
- Very well positioned in a highly frequented commercial area in the city center

acquired on May 15<sup>th</sup>, 2019



## Retail Park Albstadt

- Year of construction: 2004
- Plot size: 6,882 sqm
- Lettable space: 1,526 sqm
- Occupancy rate: 100%
- Purchase price: €1.875m
- Annual net rent: > €160k
- Acquisition at 11.5 times annual net rent
- Key tenants are Penny and Fristo
- Located perfectly visibly at a very busy arterial road

acquired on Nov. 28<sup>th</sup>, 2019



## Local Supply Center Rendsburg

- ❑ Year of construction: 1996
- ❑ Plot size: 7,929 sqm
- ❑ Lettable space: 3,921 sqm
- ❑ Occupancy rate: 95%
- ❑ Purchase price: €4.5m
- ❑ Annual net rent: > €450k
- ❑ Acquisition at 10 times annual net rent
- ❑ Key tenants are Penny, Matratzen Concord, a drugstore, DAA and several doctors
- ❑ Great location at the crossing of two busy roads in Northwestern Rendsburg

acquired on Dec. 30<sup>th</sup>, 2019



## Retail Park Zeitz

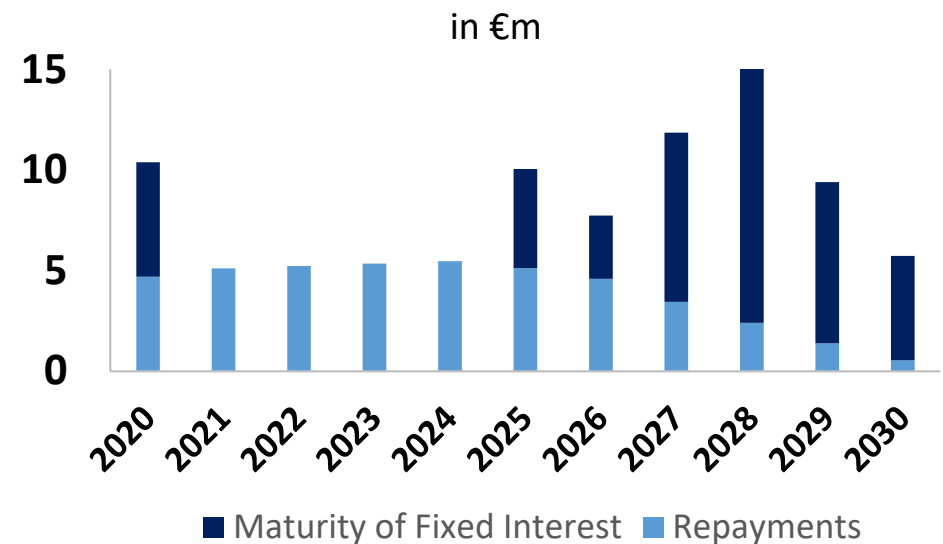
- Year of construction: 1993
- Plot size: 67,851 sqm
- Lettable space: 20,219 sqm
- Occupancy rate: 100%
- Investment: €9m
- Annual net rent: €1.28m
- Acquisition at 7 times annual net rent
- Key tenants are Kaufland and toom, also represented KiK, Mayer`s Schuhe, Wreesmann
- McDonald`s, Hammer, furniture store, Möbelgeschäft, petrol station and car wash next door
- Perfectly positioned in largest retail agglomeration all over the town

acquired on March 8<sup>th</sup>, 2020



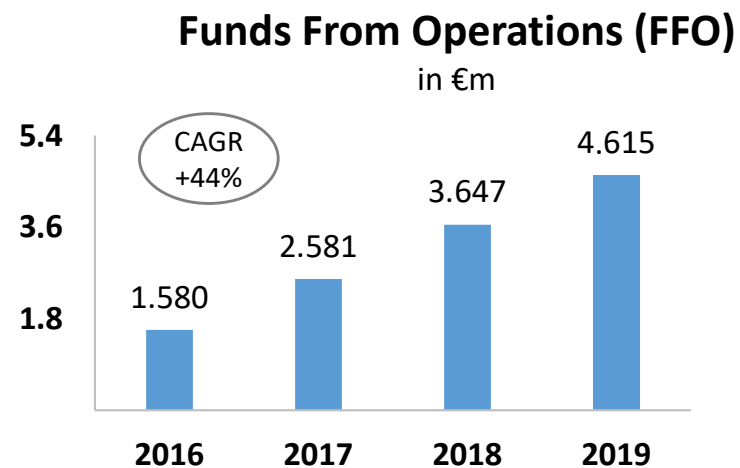
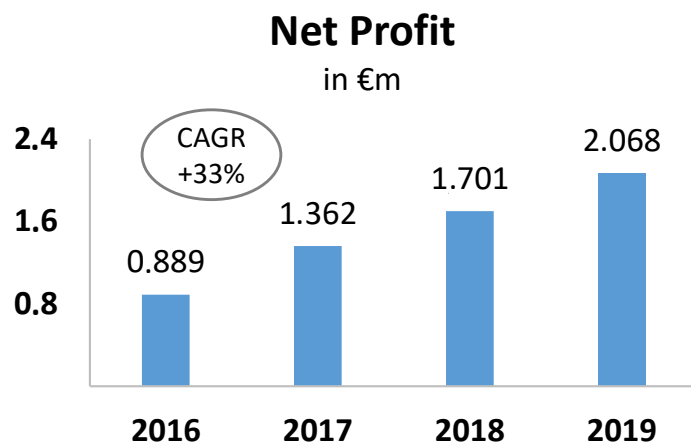
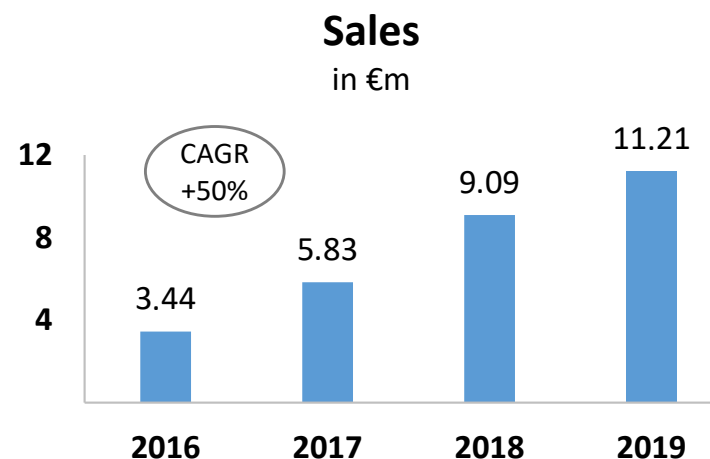
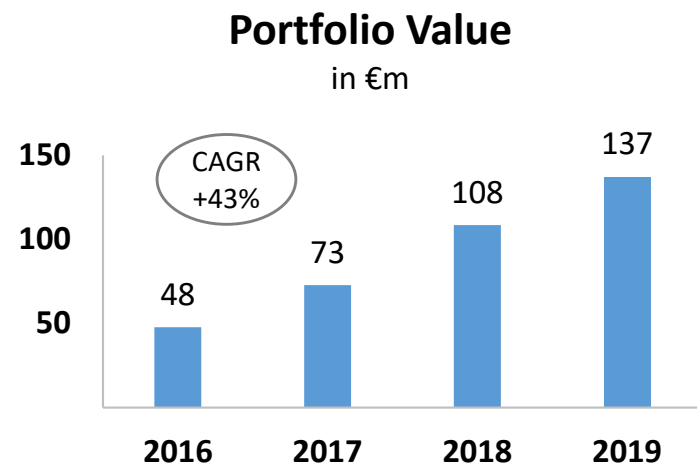
Key Figures <i>(as of 31 May 2020)</i>	
Number of financing partners	27
Bank loans	€93.4m
Ø Interest rate	2.27%
Ø Initial repayment	4.88%
Ø Fixed interest	7.5 years
Loan-to-value ratio (LTV)	61.0%

## Maturity Profile incl. Repayments



- Financing arranged through local / regional banks and savings banks with strong local knowledge
- Broadly diversified financing structure: no bank with >12% share of total debt
- Annuity loan with favourable interest rates secured for the long-term

# KEY FINANCIALS 2016-2019



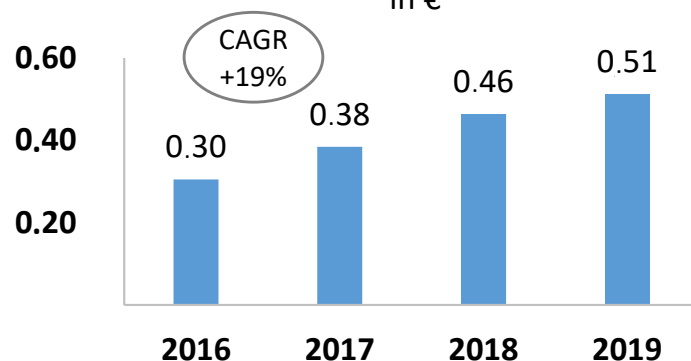


# KEY FINANCIALS 2016-2019



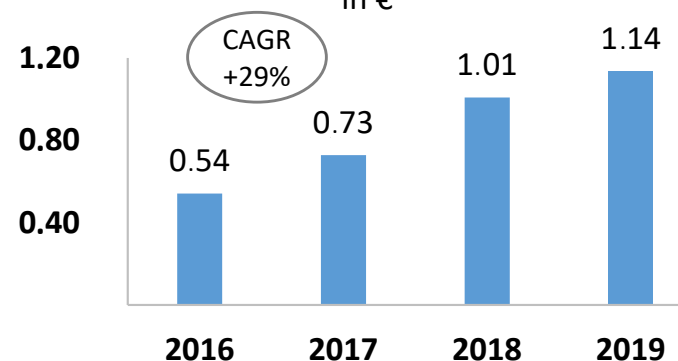
## Earnings per share

in €



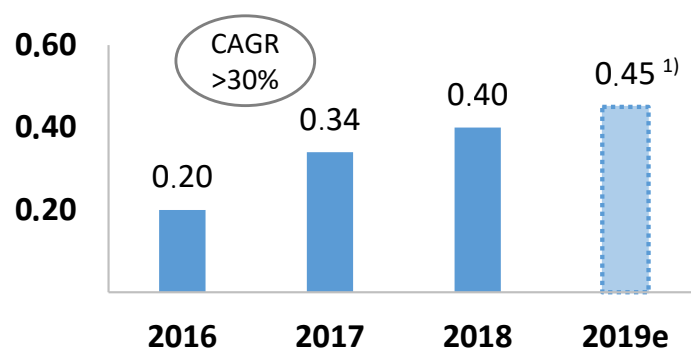
## FFO per share

in €



## Dividend per share

in €



## Guiding principles for expansion

- Company growth not for its own sake, but always with a clear goal of creating shareholder value
- Primary focus on improving FFO per share
- Further FFO increase with existing cash position expected

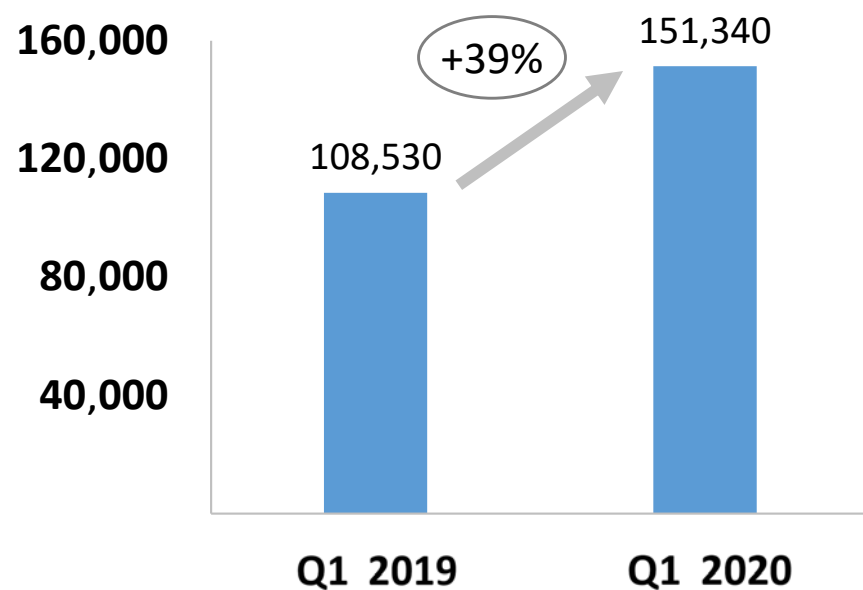
1) Advance dividend of 0.20 € will be paid on June 18th, rest planned to be proposed for AGM in autumn

# KEY FINANCIALS Q1 2020



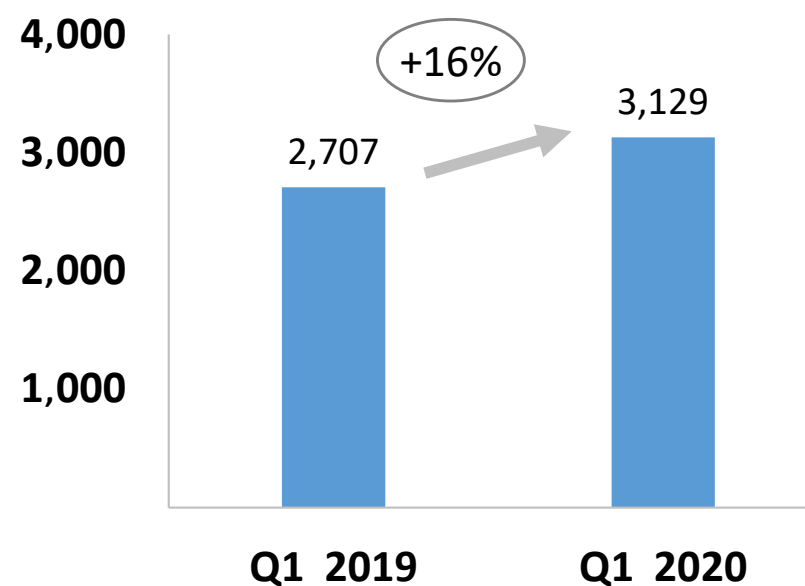
## Portfolio Value

in €k



## Sales

in €k

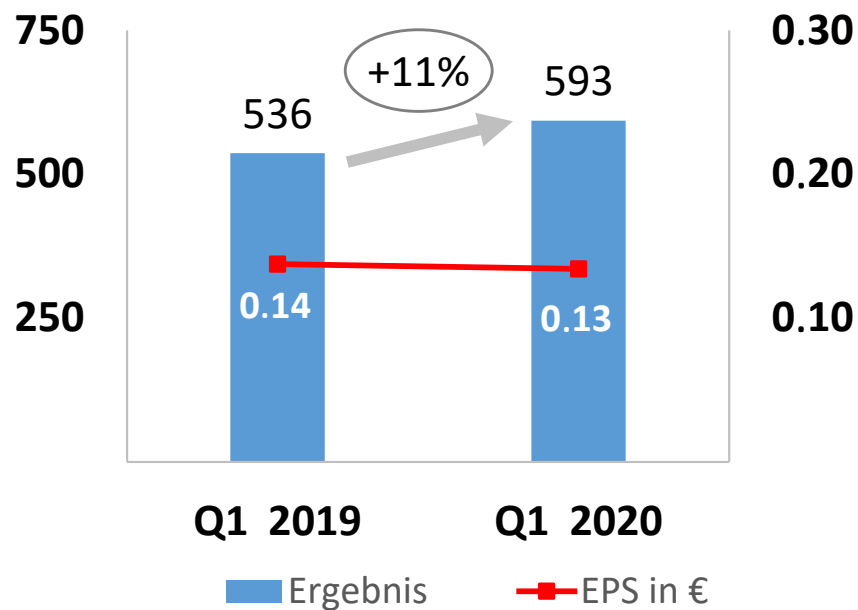


# KEY FINANCIALS Q1 2020



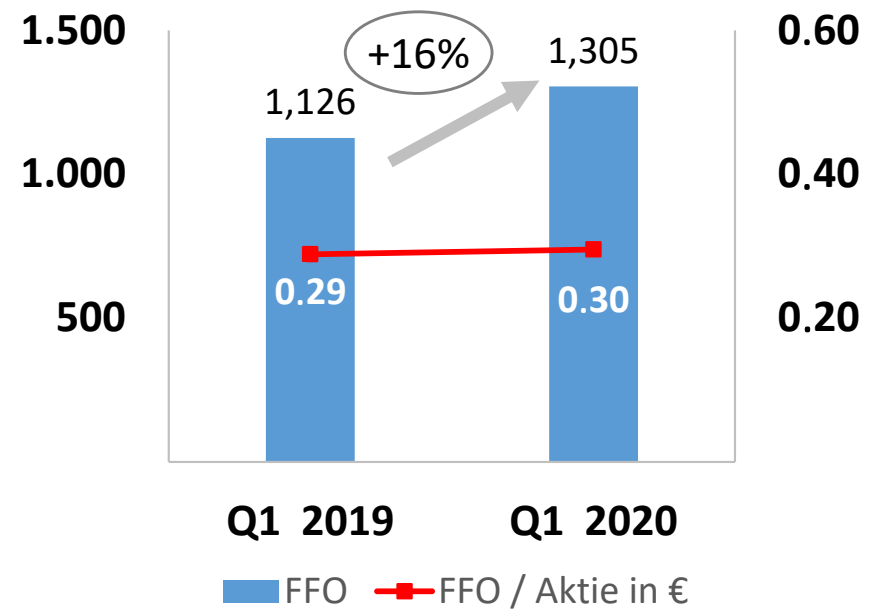
## Net Profit

in €k



## Funds From Operations (FFO)

in €k



## Guidance for 2020

- |   |                          | Prior Year                    |
|---|--------------------------|-------------------------------|
| • Net Profit (German GAAP):                                     | €2.5m<br>€0.56 per share | €2.1m<br>€0.51 per share      |
| • Funds From Operations (FFO):                                  | €5.7m<br>€1.30 per share | €4.6m<br>€1.14 per share      |
| • Annualized FFO:   | at least €7m             | €5.6m                         |
| • Further dividend increase                                     |                          | €0.45 per share <sup>1)</sup> |
| • Sale of or significant increase on loan for Radeberg property |                          |                               |

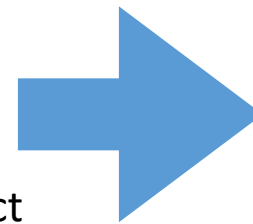
**Guidance for 2020 explicitly confirmed despite Corona crisis**

1) See page 17



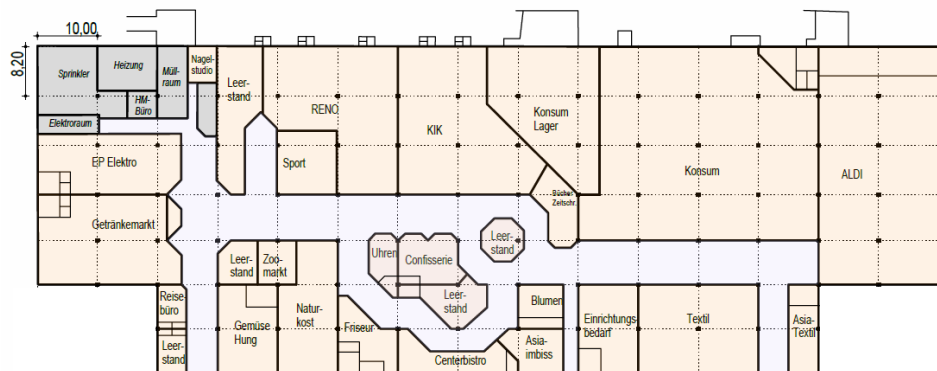
## Preparation of Radeberg refurbishment

- New building structure developed
- Building permission received
- Longterm rental contracts with all tenants for post-conversion signed
- Edeka new main tenant with 15 years contract
- ALDI, dm, KiK, toom as further anchor tenants
- WALT of app. 12 years after conversion



- **Conversion proceeding according to plan despite coronavirus crisis, to be carried out by November 2020**
- **Forward sale of property possible**
- **Potential special income in the high single-digit million range**

Building structure today



Future building structure



# STATUS AND OUTLOOK



EKZ Radeberg before conversion



Source: Immobilien Zeitung, Creator: Christoph von Schwanenflug

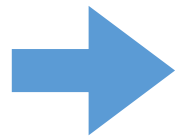
# STATUS AND OUTLOOK

Silberberg Center Radeberg after conversion



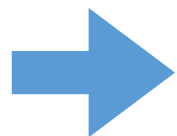
## Value creation on several levels (I)

- Acquisition of properties with initial yield of 10% p.a.
- Refinancing of > 80% of investment with app. 2% p.a. possible

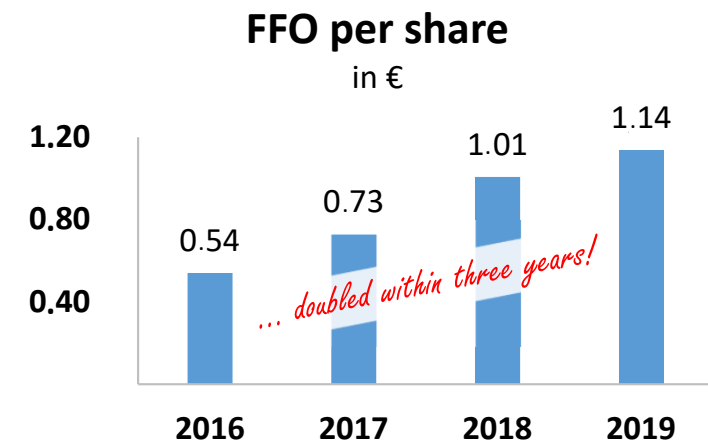


very little equity needed,  
therefore high return on equity

- Strong growth based on additional acquisitions
- Realisation of earnings and saving potential



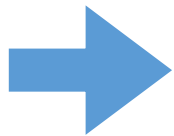
Earnings per share +70% within  
three years, FFO per share +111%





## Value creation on several levels (II)

- Complex individual purchases at favourable prices
- Professionally managed portfolios trade at much higher multiples on net rent

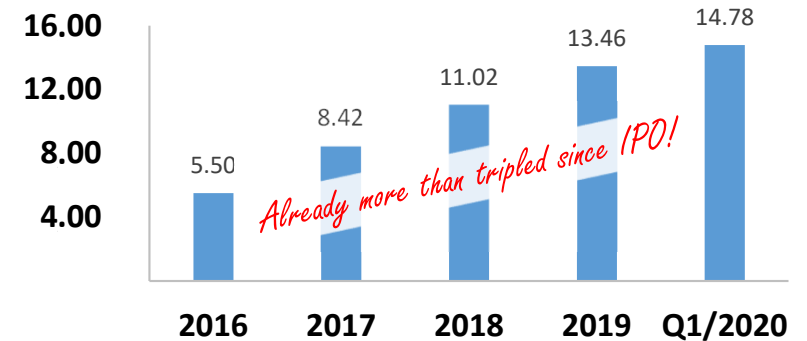


NAV per share +145%  
within three years

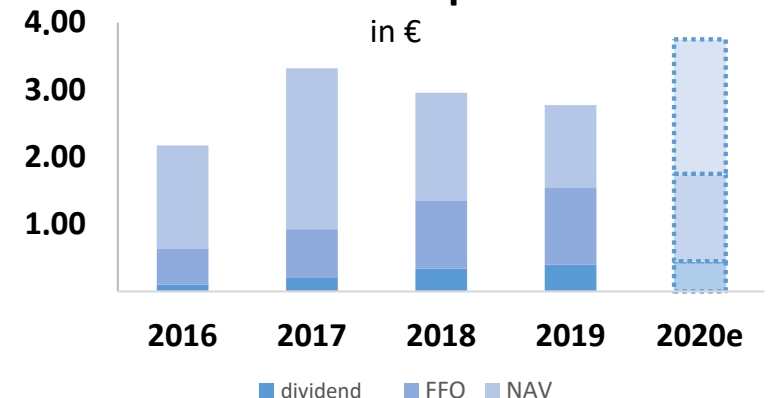
## Shareholders benefit from

- Annually rising dividends
- Strong and crisis-proof cash flow / FFO
- Continuously rising value of portfolio / NAV

NAV per share  
in €



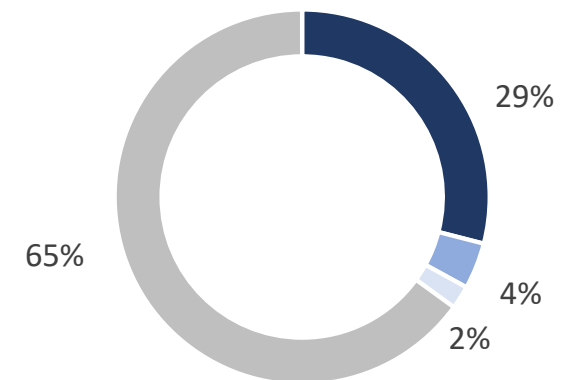
Value creation per share



## Share price development since IPO at 13 July 2016



## Shareholder structure <sup>2)</sup>



- MSC Invest GmbH / M. Schrade
- Geminus GmbH / C. Müller
- Supervisory Board
- Freefloat

WKN / ISIN	A13SUL / DE000A13SUL5
Stock exchange	Munich (m:access), Frankfurt, Xetra
Number of shares	4,420,000 ordinary shares
Current share price <sup>1)</sup>	€16.90
Market capitalisation	€74.7m

<sup>2)</sup> as of 31 December 2019. According to our knowledge, biggest investors within the freefloat are Ennismore European Smaller Companies Fund, HW Capital GmbH, Lupus Alpha Micro Champions Fonds, Share Value Foundation, Spirit Asset Management and Value Opportunity Fund.

<sup>1)</sup> closing price on 3 June 2020

## **DEFAMA Deutsche Fachmarkt AG**

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Member of the Management Board

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