



Company Presentation

DEFAMA Deutsche Fachmarkt AG

September 2020

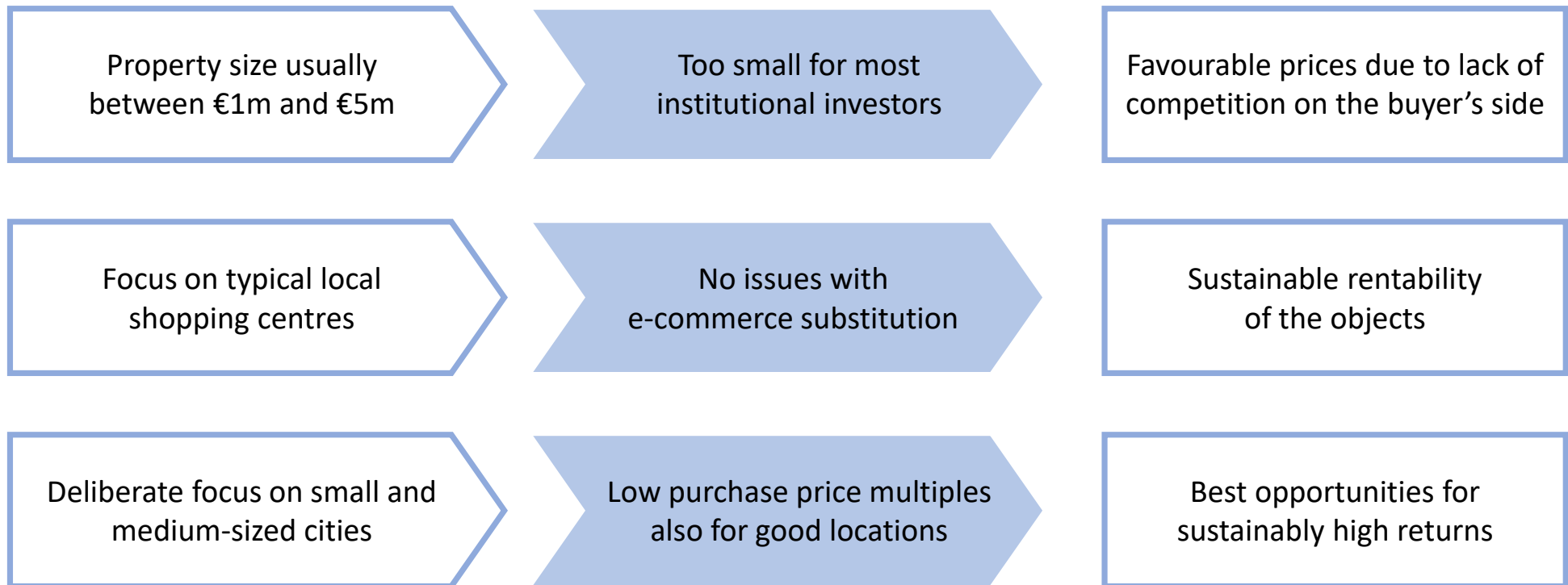
In order to build up a long-term portfolio, DEFAMA seeks and acquires:

- 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:





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



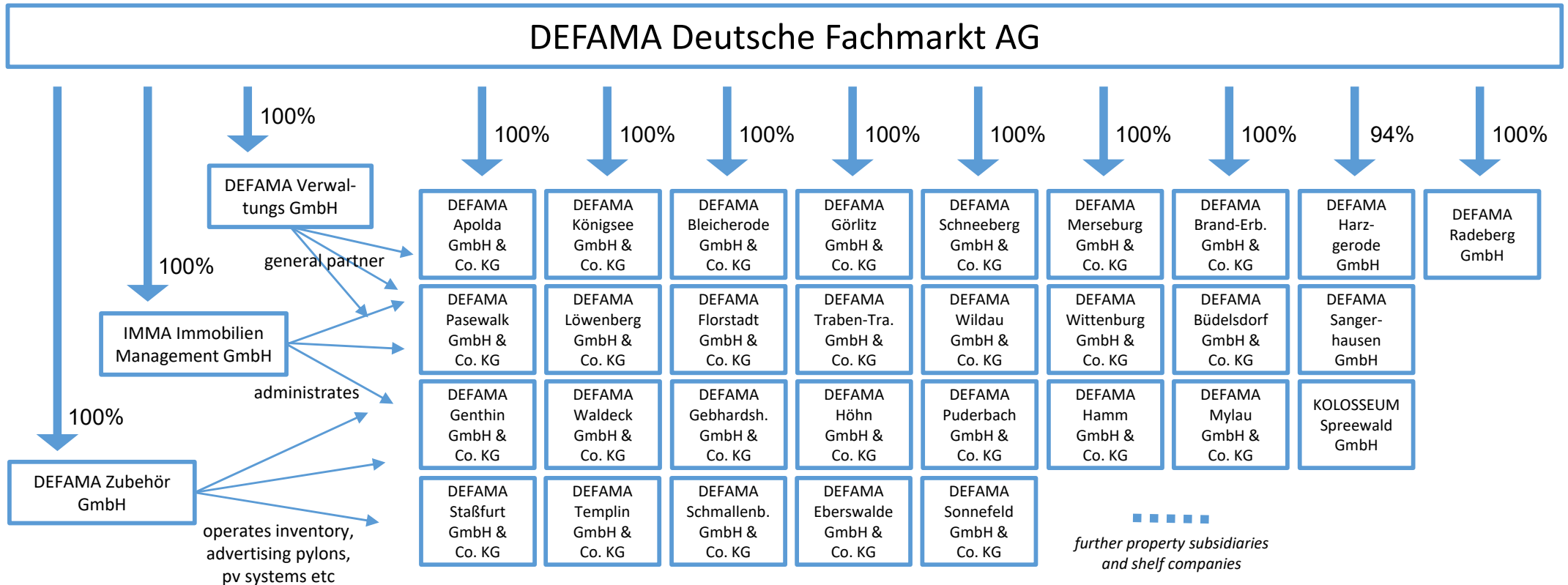
Henrik von Lukowicz

- 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
- 42 real estate acquisitions so far

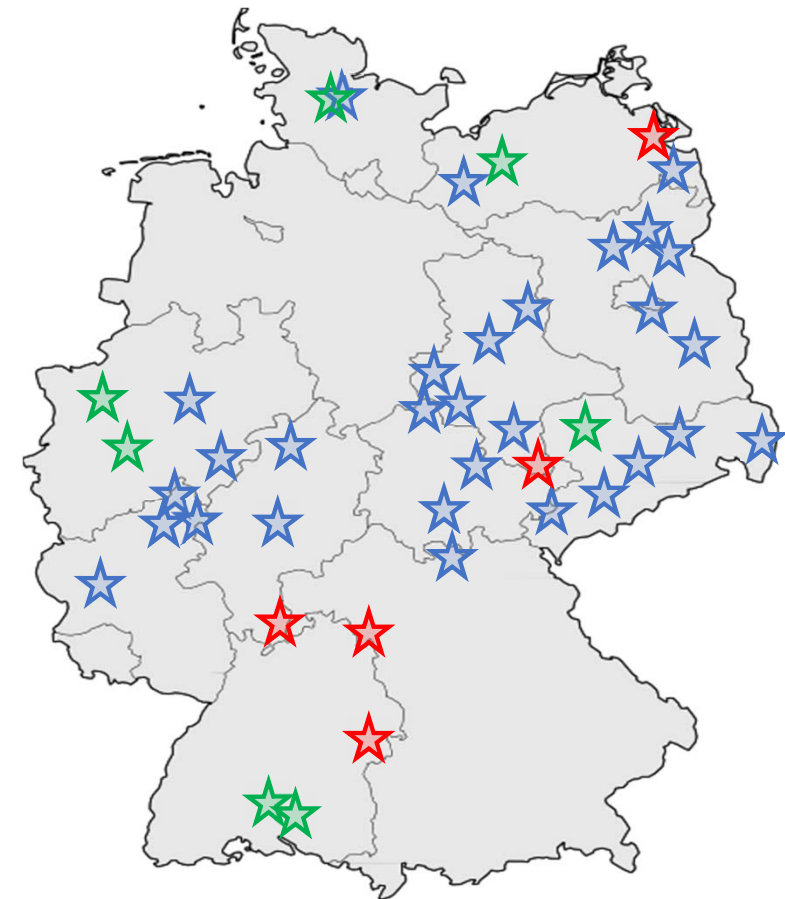


PORTFOLIO



Key Figures <i>(as of 30 Sept. 2020)</i>	
Locations	42
Net Rent (annualised)	€14.2m
Lettable Space	177,869 sqm
Occupancy Rate	96.5%
Ø Lease Term (WALT)	4.6 years

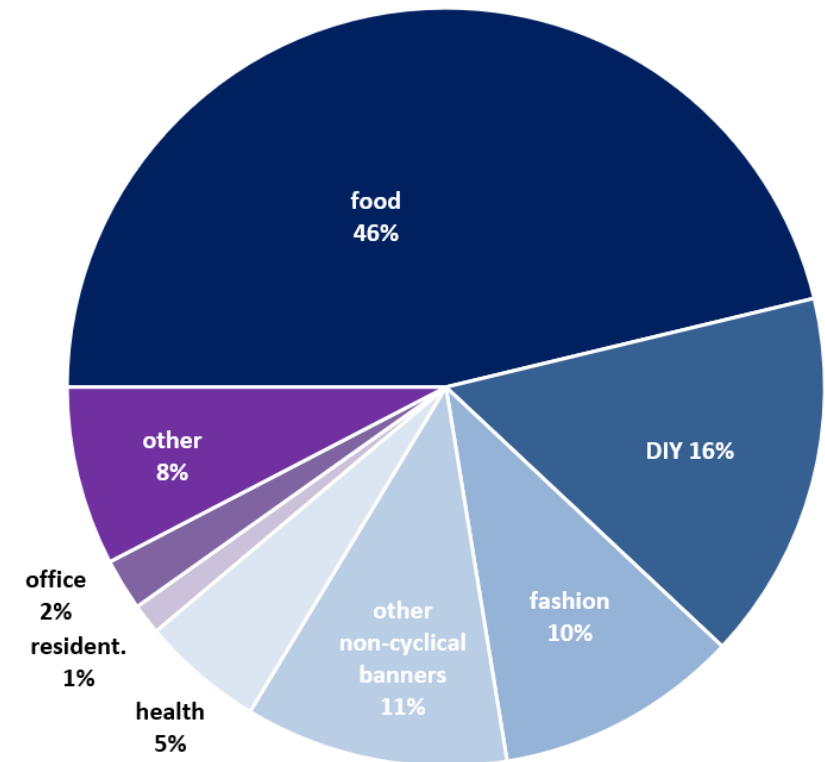
- 80% of total net rent comes from chain stores with strong solvency
- Contracts with anchor tenants have above-average maturity
- Just one contract with > 5% of total net rent and „top 10“ contracts combined just 30%
- YTD five acquisitions, including the biggest in the history of the company
- Additional income of about €2.3m p.a. aquired



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

Largest Tenants		Contracts	Share
Toom/B1		5	12.6 %
Kaufland/LIDL		5	12.3 %
REWE/Penny		8	10.2 %
EDEKA Group		8	10.2 %
Tengelmann Group		16	5.3 %
Dän. Bettenlager (= JYSK)		8	4.6 %
NORMA		7	4.1 %
Aldi Nord		4	3.7 %
Takko		5	2.2 %
Deichmann		5	1.7 %

Net Rent by Industry



Top 10 leases account for only about 30% of total net rent

Local Supply Centre 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 pharmacy, DAA and several doctors
- Great location at the crossing of two busy roads in Northwestern Rendsburg

acquired on Dec. 30th, 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 the largest retail agglomeration of the entire city

acquired on March 8th, 2020



DIY Store Anklam

- Year of construction: 1999 / 2019
- Plot size: 21,625 sqm
- Lettable space: 7,981 sqm
- Occupancy rate: 100%
- Purchase price: €6.2m
- Annual net rent: €560k
- Acquisition at 11 times annual net rent
- Tenant is toom with a most recently extended long-term lease
- Outstanding market position as the only DIY store within a wide radius

acquired on July 23rd, 2020



1) diese Kennzahlen werden nach erfolgter Kaufpreiszahlung veröffentlicht

3x Dänisches Bettenlager (= JYSK),
located in Southern Germany

acquired on Sept. 10th, 2020

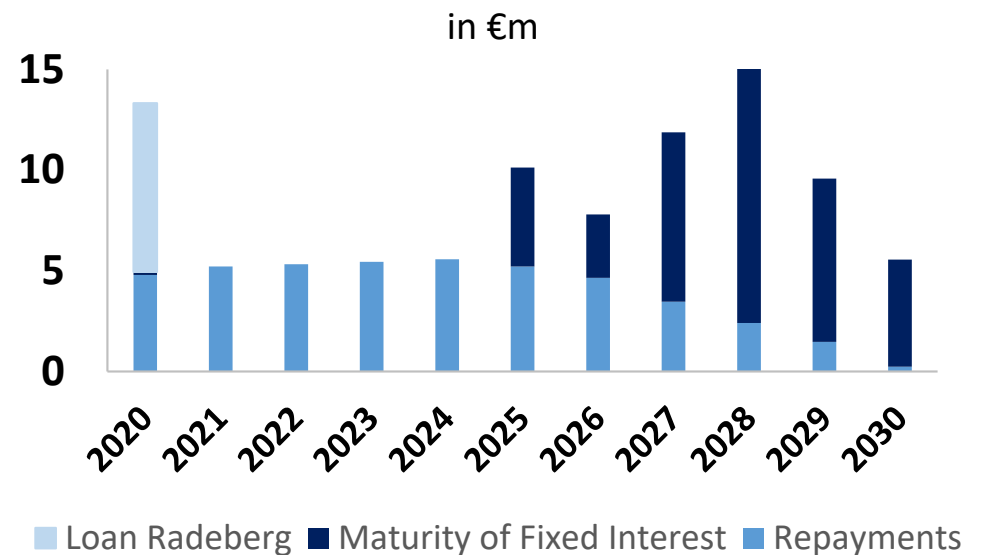
- Year of construction: 1975 / 2019 / 2019
- Plot size : each app. 3,000 sqm
- Lettable space: each app. 1,000 sqm
- Occupancy rate: 100%
- Purchase price (eff.): total €3.3m
- Annual net rent: total app. €300k
- Aquisition with attractive purchase and financing conditions
- Tenant with strong credit rating and high loyalty to its locations
- Sites are all very well located with great visibility from main roads
- Leases with above-average rental periods



1) diese Kennzahlen werden nach erfolgter Kaufpreiszahlung veröffentlicht

Key Figures (as of 30 June 2020)	
Number of financing partners	28
Bank loans	96,7 Mio. €
Ø Interest rate	2,26%
Ø Initial repayment ¹⁾	4,93%
Ø Fixed interest ¹⁾	7,8 Jahre
Loan-to-value-ratio (LTV)	61%

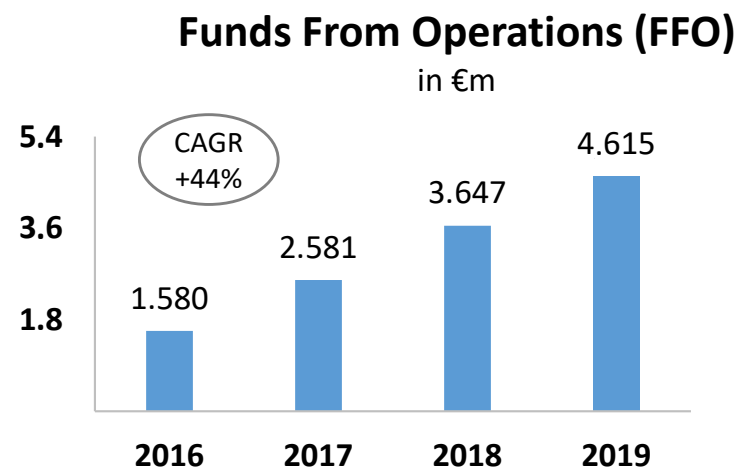
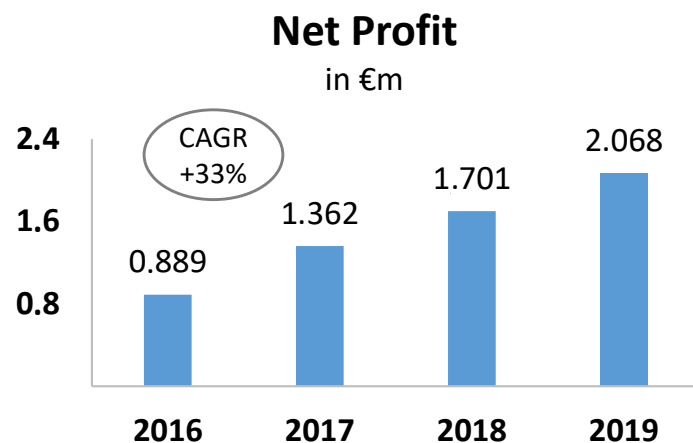
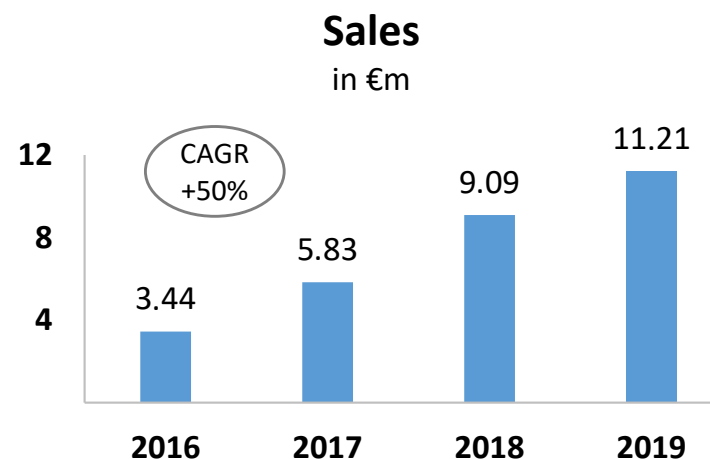
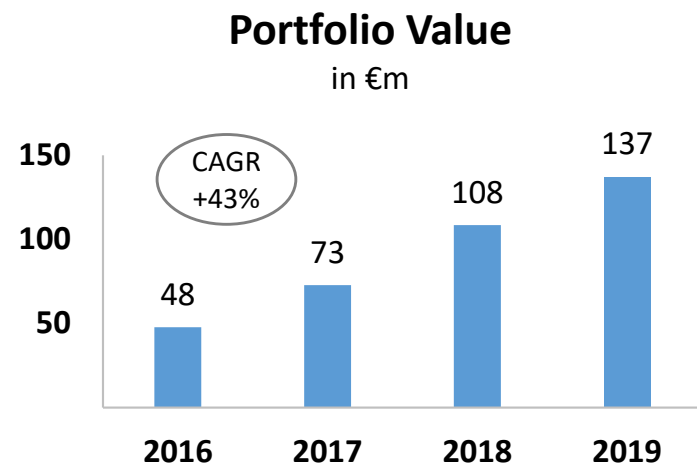
Maturity Profile incl. Repayments



- 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

¹⁾ Refurbishment financing of Radeberg excluded

KEY FINANCIALS 2016-2019

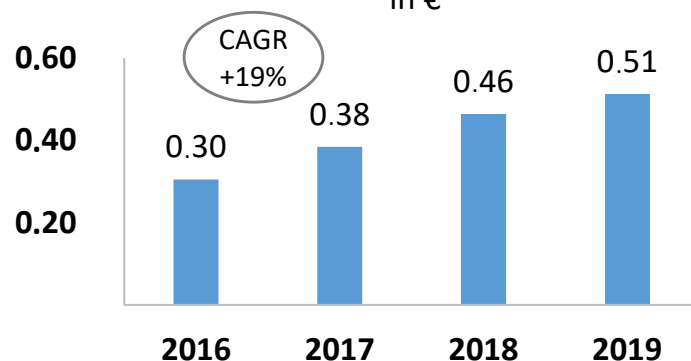


KEY FINANCIALS 2016-2019



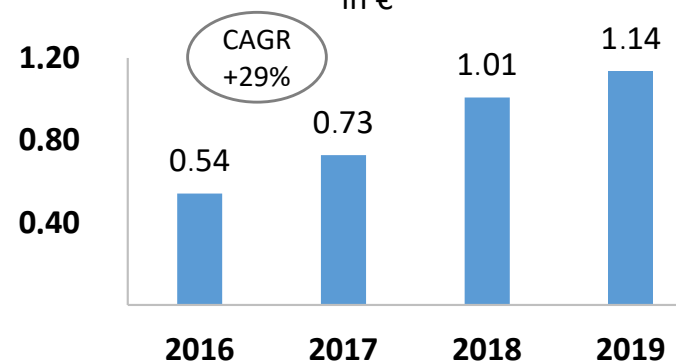
Earnings per share

in €



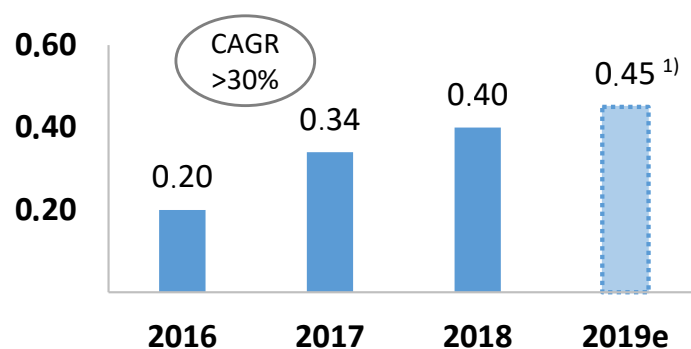
FFO per share

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

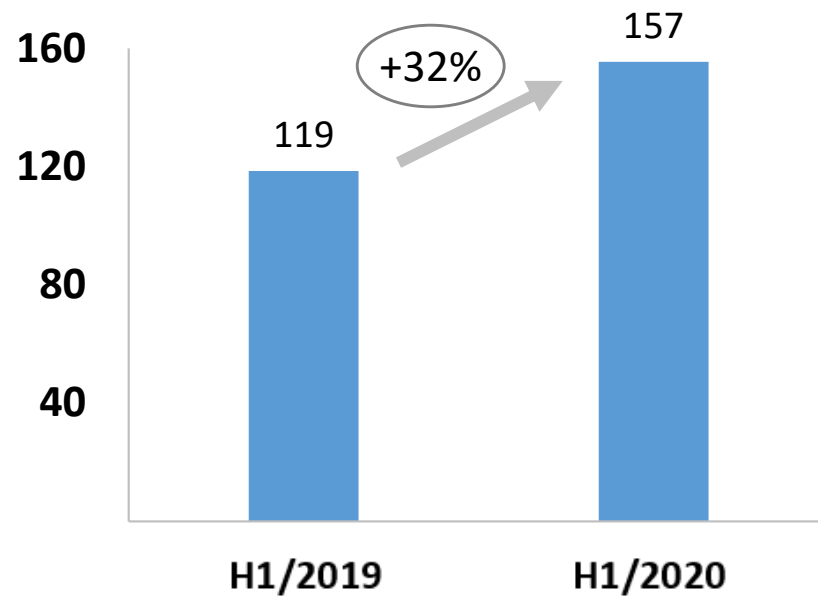
1) Advance dividend of 0.20 € has been paid on June 18th, rest planned to be proposed for AGM on October 30th

KEY FINANCIALS H1/2020



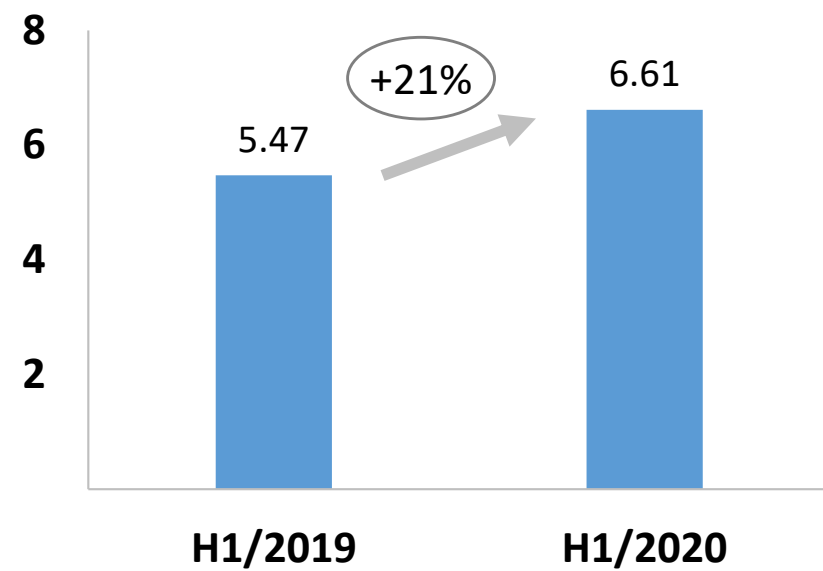
Portfolio Value

in €m



Sales

in €m

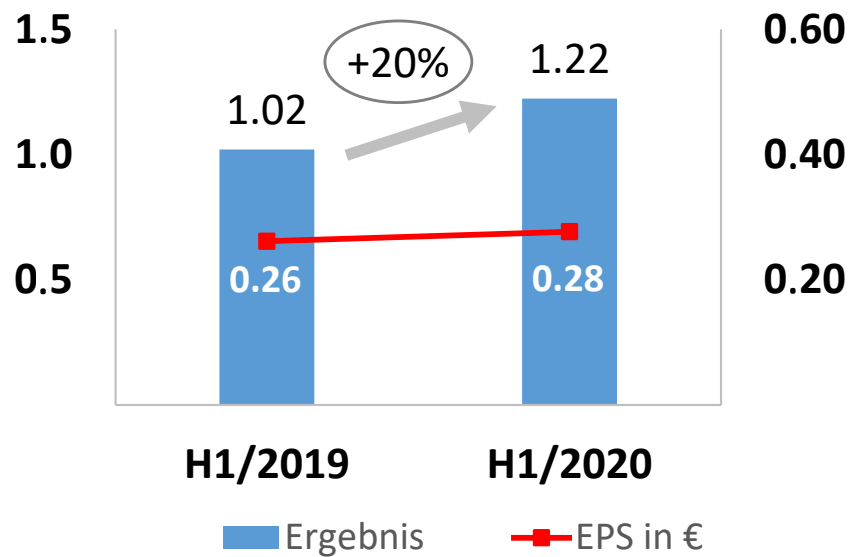


KEY FINANCIALS H1/2020



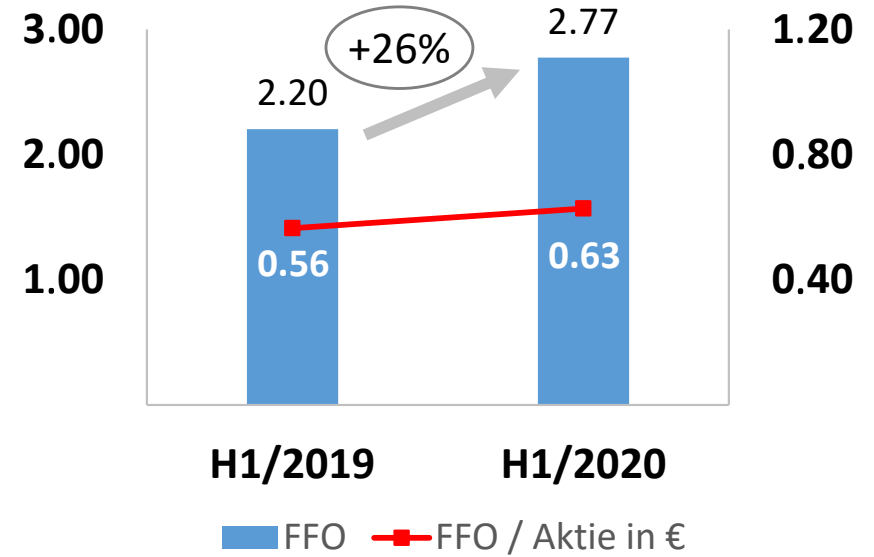
Net Profit

in €m



Funds from Operations (FFO)

in €m



Impact of coronavirus crisis / current situation

- > 90% on April/May rents collected, in June/July/Aug./Sept. each > 99%
- Suspended rents are just deferred => no effect on results!
- Altogether only €180k open, thereof €140k from non-food retailers; rate payments have already started, no tenant has declared insolvency so far
- No change in banking lending practices visible
- Pre-dividend of 0.20 € has been paid on June 18th; AGM with unchanged dividend proposal (total 0.45 €/share) will take place on Oktober 30th
- Comfortable total cash position of around €7m offers opportunities



Conversion of Radeberg full on track (I)

- No delay of refurbishment due to Covid-19
- Award of contracts nearly finished
- Building costs are „in line“ with budget



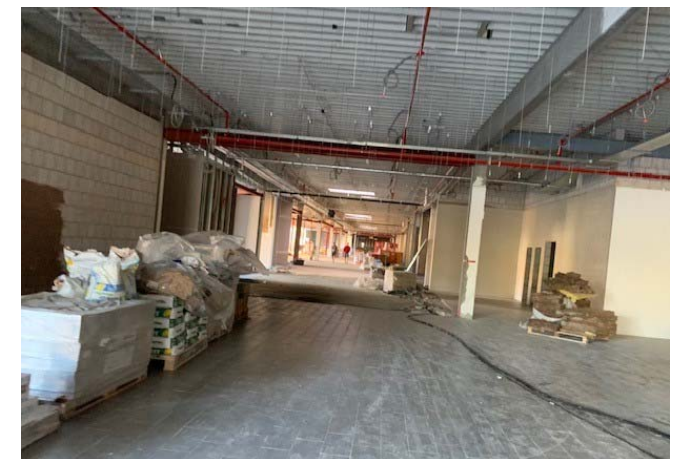
EKZ Radeberg before the conversion



The extended ALDI site from outside ...



... and inside



New mall in viewing direction from ALDI to EDEKA

Conversion of Radeberg full on track (II)

- dm has already taken over its site
- Most tenants are taking over their sites within two weeks
- Reopening as planned in early November



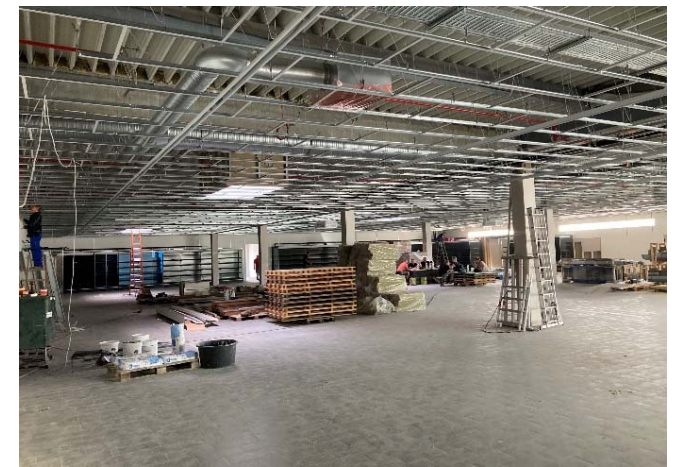
Supply ramp for EDEKA



New dm site



New KiK site



New ALDI site

Conversion of Radeberg full on track (III)

- Negotiations with potential buyers
- Offers for long-term refinancing by several banks
- Setting free liquidity even without sale possible



New sprinklertank



The new facade from the front ...



... and the back



Renewed roof with technical facilities built upon

CURRENT DEVELOPMENT



Silberberg Center Radeberg after conversion



Ad hoc announcement dated September 9th, 2020

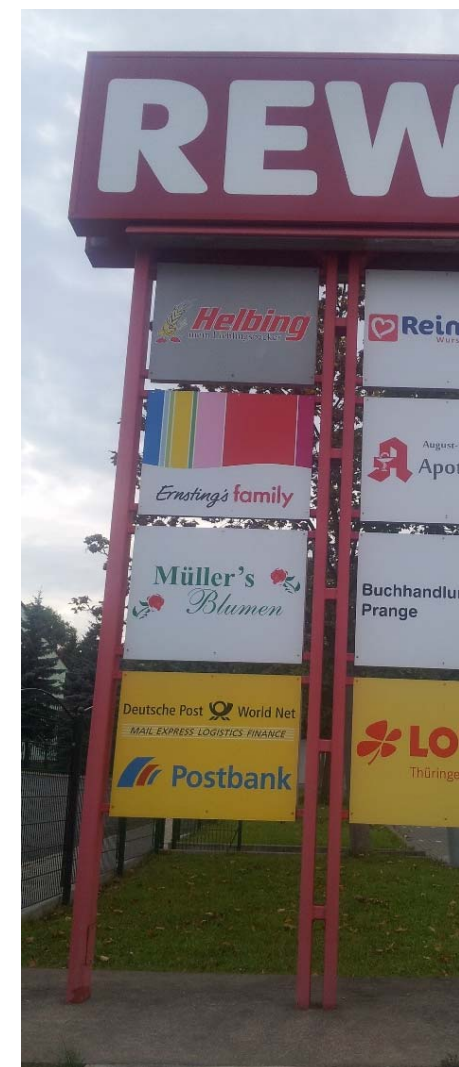
- Several offers of potential buyers, that all would have led to a positive one-off in the high single digit millions
- Several offers of banks for long-term refinancing with credit amounts that were significantly higher than the refurbishment loan
- Choice of management and board:
DEFAMA keeps and refinances the Silberberg Center Radeberg
- Setting free more than €3m additional liquidity and keeping more than €800k p.a. running FFO anyway
- Growth of annualised FFO from currently €1.52 per share to more than €2.00 without capital increase possible

Guidance for 2020

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

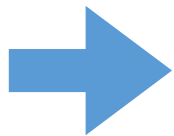
Guidance for 2020 confirmed; at the moment waiver of increase

1) See page 17



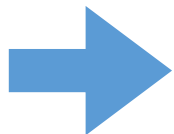
Value creation on several levels (I)

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

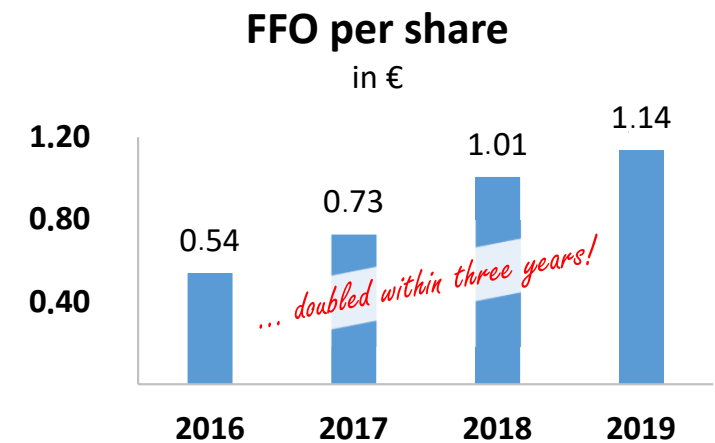


very little equity needed,
therefore high return on equity

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

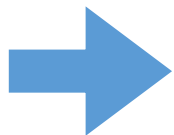


Earnings per share +70% within
three years, FFO per share +111%



Value creation on several levels (II)

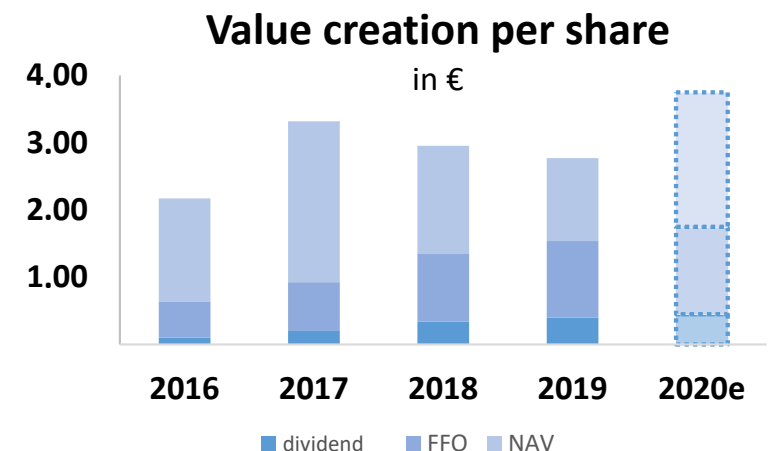
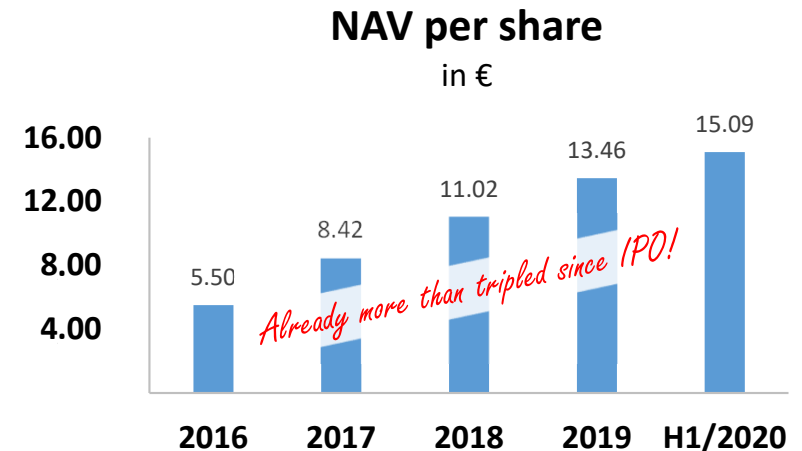
- Complex individual purchases at favourable prices
- Professionally managed portfolios trade at much higher multiples on net rent



NAV per share +145%
within three years

Shareholders benefit from

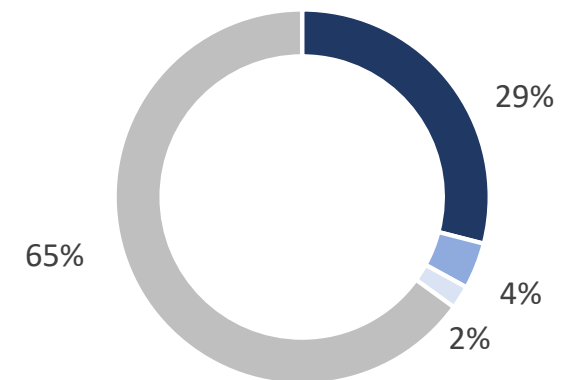
- Annually rising dividends
- Strong and crisis-proof cash flow / FFO
- Continuously rising value of portfolio / NAV



Share price development since IPO at 13 July 2016



Shareholder structure ²⁾



- 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 ¹⁾	€19.50
Market capitalisation	€86.2m

²⁾ 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.

¹⁾ closing price on 28 September 2020

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