

Company Presentation

DEFAMA Deutsche Fachmarkt AG

March 2021



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

- Well-established retail parks and small shopping centres
- With 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/Eastern Germany

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

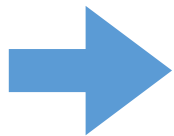


Three good reasons why we pursue this strategy:



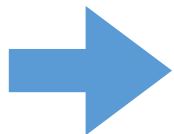
Value creation on several levels (I)

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

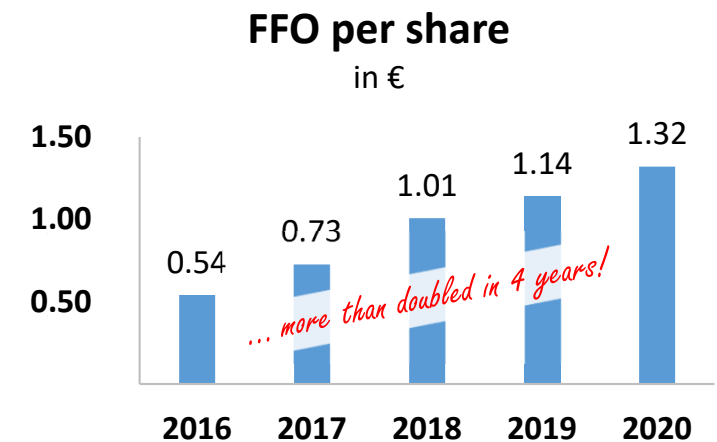


little equity needed,
therefore high return on equity

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

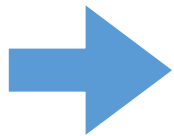


Earnings per share +90% within
four years, FFO per share +144%



Value creation on several levels (II)

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



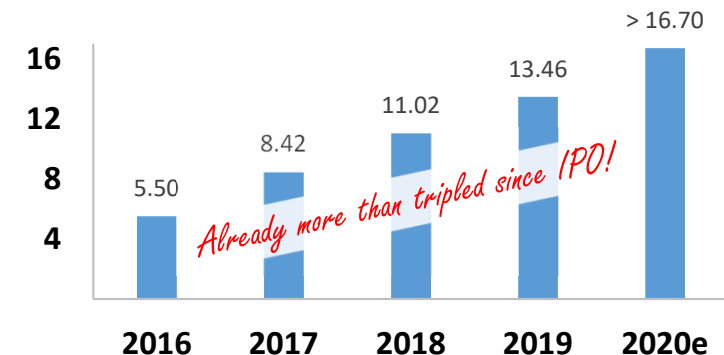
NAV per share +203%
within four years

Shareholders benefit from

- Yearly dividend increase
- Strong and crisis-proof cash flow / FFO
- Continuously rising value of portfolio / NAV

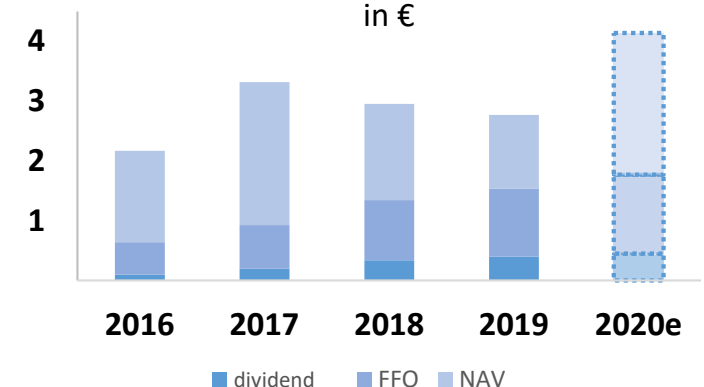
NAV per share

in €



Value creation per share

in €



Matthias Schrade (CEO)

- 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



Matthias Stich

- More than 20 years working for the BBE/IPH Group
- Specialist 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



Swen Rehwald

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



Julia Bresch

- Authorised officer of IMMA Immobilien Management GmbH
- LL.M. in real estate law; many years of experience in the areas of center management and projekt planning
- Responsible for takeover/integration of objects, rent disputes and organisation of back office



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

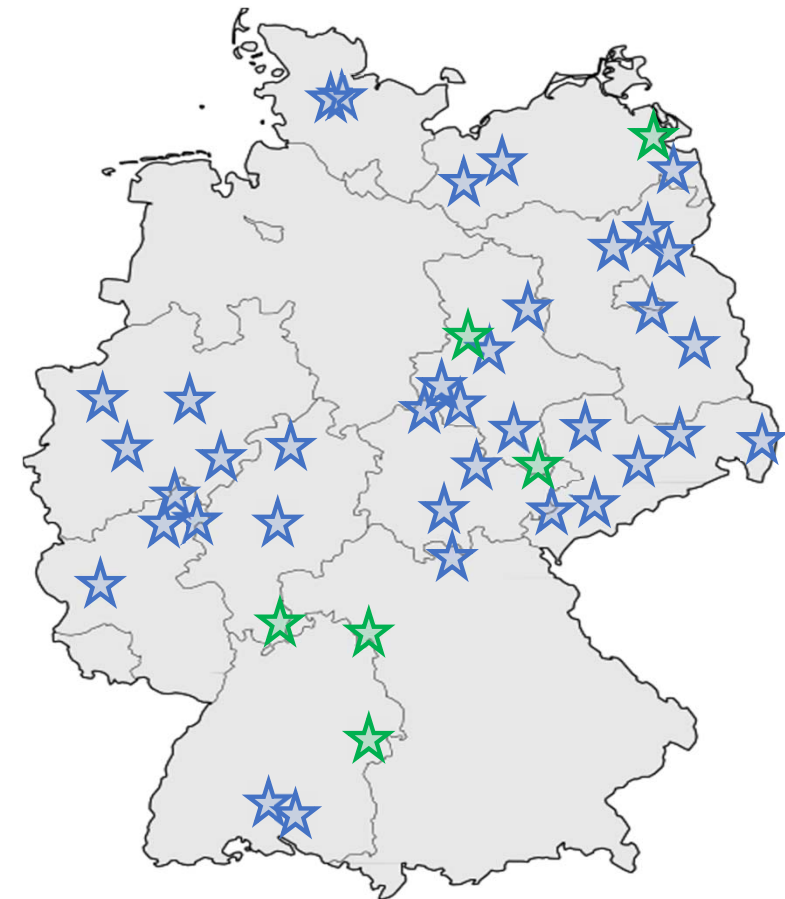




Henrik von Lukowicz

















- 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

Key Figures <i>(as of 31 December 2020)</i>	
Locations	43
Net Rent (annualised)	€14.3m
Lettable Space	179,402 sqm
Occupancy Rate	96.3%
Ø Lease Term (WALT)	5.0 years

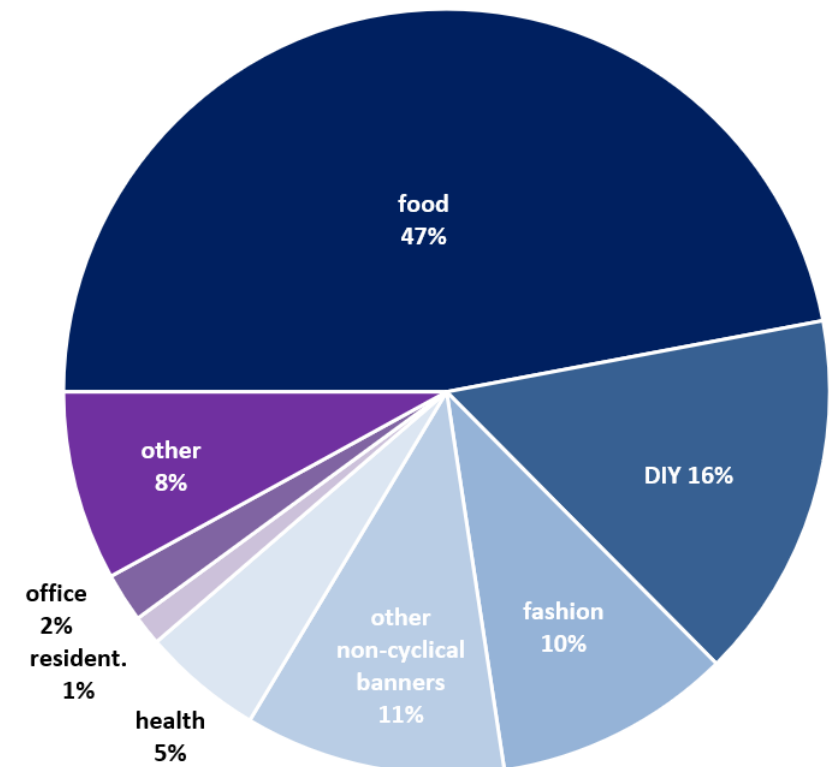
- 80% of total net rent come from chain stores with strong credit ratings
- Contracts with anchor tenants have above-average maturity
- Just one contract with > 5% of total net rent and „top 10“ contracts combined just 28%
- 2020 six acquisitions, including the biggest in the history of the company
- Additional income of about €2.5m p.a. aquired



 Existing properties
 Acquired in 2020

Largest Tenants		Contracts	Share
Toom/B1	 	5	12.4 %
Kaufland/LIDL	 	5	12.2 %
EDEKA Group	  	10	10.8 %
REWE/Penny	 	9	9.1 %
Tengelmann Group	 	17	5.1 %
Dän. Bettenlager (= JYSK)		8	4.5 %
Aldi Nord		4	4.3 %
NORMA		7	4.0 %
Takko		5	1.9 %
Deichmann		5	1.6 %

Net Rent by Industry



„Top 10“ leases account for only about 28% of total net rent

Transaction/Purchase

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, petrol station and car wash next door
- ☐ Perfectly positioned in the largest retail agglomeration of the entire city

acquired on March 8th, 2020



Transaction/Purchase

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



Transaction/Purchase

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

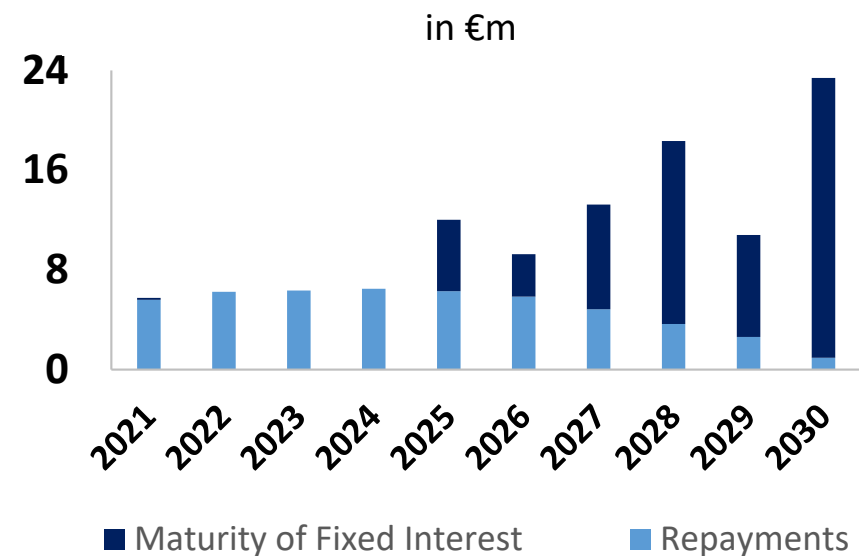
- ☐ Year of construction: 1975 / 2009 / 2009
- ☐ Plot size : each app. 3,000 sqm
- ☐ Lettable space: each app. 1,000 sqm
- ☐ Occupancy rate: 100%
- ☐ Purchase price (eff.): total €3.3m
- ☐ Annual net rent: total app. €300k
- ☐ Aquisition with attractive purchase and financing conditions
- ☐ Tenant with 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

acquired on Sept. 10th, 2020



Key Figures <i>(as of 31 December 2020)</i>	
Number of financing partners	32
Bank loans	110 Mio. €
Ø Interest rate	2.12%
Ø Initial repayment ¹⁾	4.60%
Ø Fixed interest ¹⁾	7.8 Jahre
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

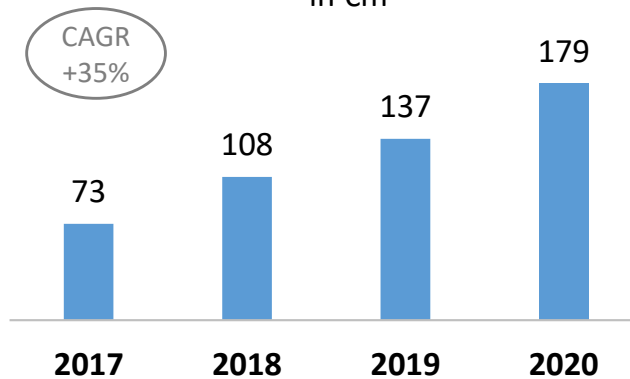
¹⁾ long-term financing of Radeberg included

KEY FINANCIALS 2017-2020



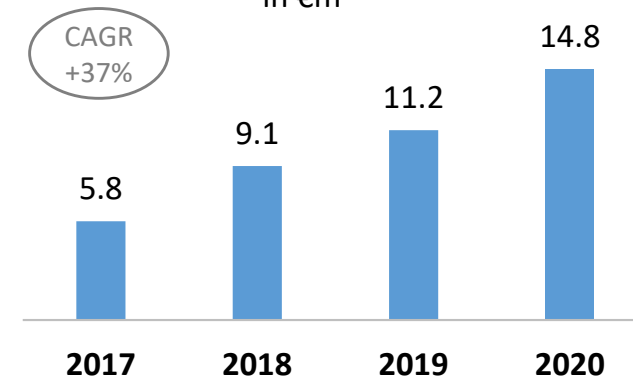
Portfolio Value

in €m



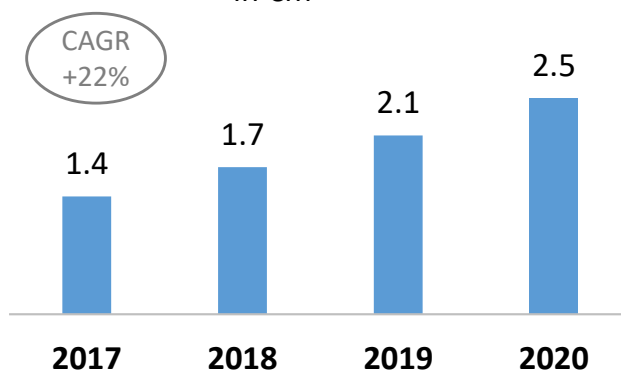
Sales

in €m



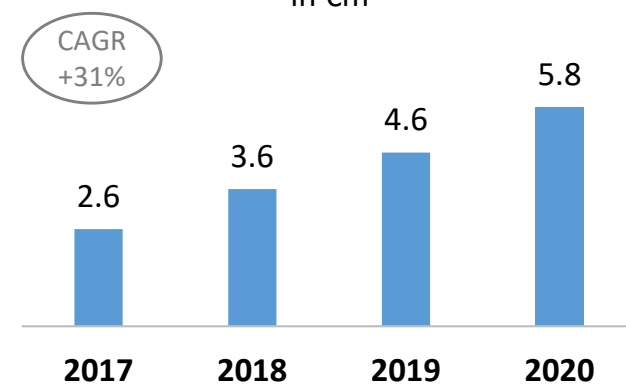
Net Profit

in €m



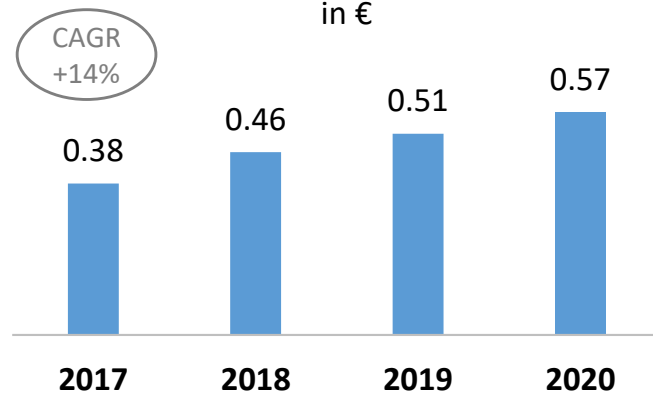
Funds from Operations (FFO)

in €m



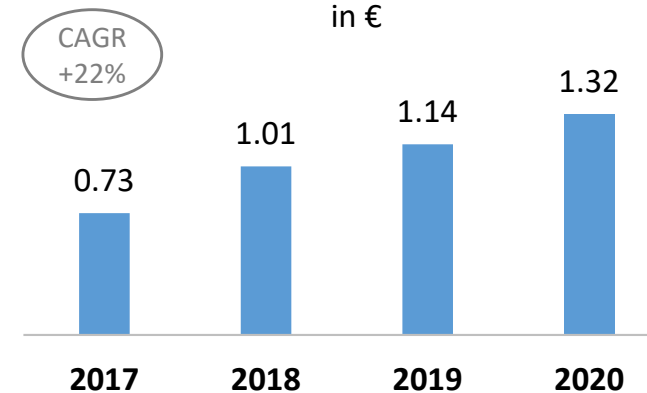
Earnings per share

in €



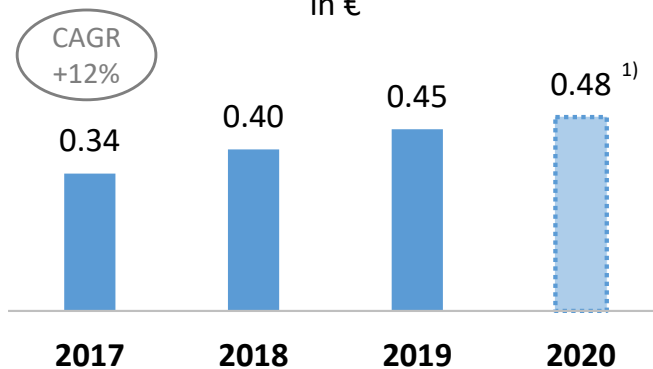
FFO per share

in €



Dividend per share

in €



1) Proposal for AGM

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

Refurbishment Radeberg completed as planned

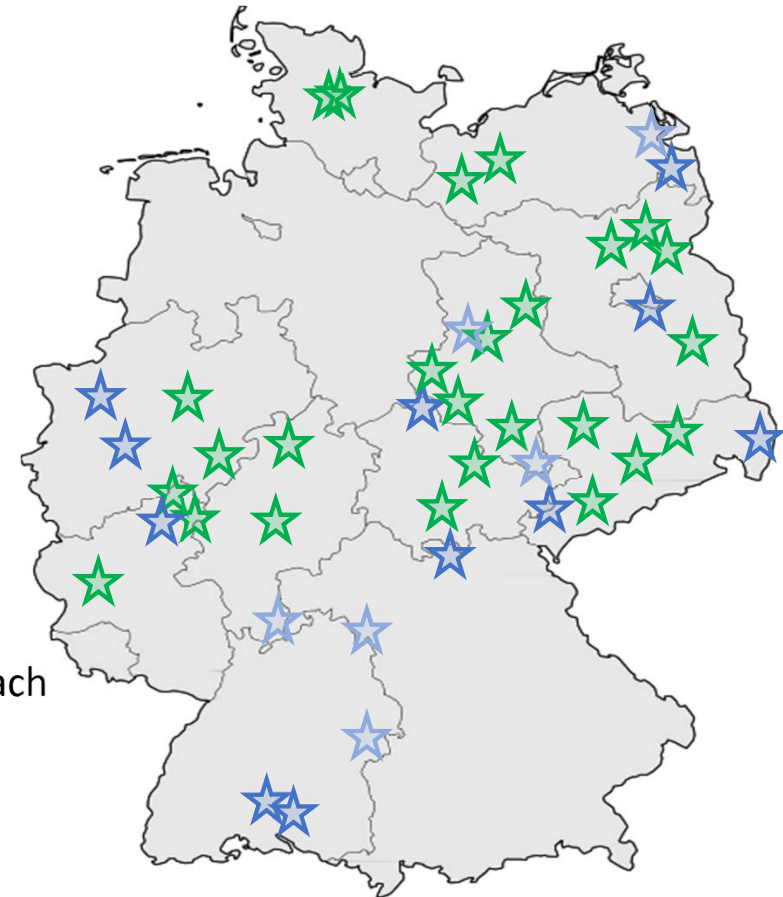
- No delay of building measures due to Covid-19
- Building costs in line with budget
- Reopening as planned on November 5th, 2020
- Several offers of potential buyers, that all would have led to a positive one-off in the high single digit millions
- Long-term refinancing with credit amount significantly higher than 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



Prolongation or new contracts signed with important tenants in 2020

ALDI
Dänisches Bettenlager
Deichmann
Getränke Sagasser
Getränke Hoffmann
Hahn Getränke-Union
K+K Shoe Market
LIDL
NKD
Netto
NORMA
Penny
Rossmann
etc. etc.

Staßfurt
Wittenburg
Genthin
Königsee
Gebhardshain
Waldeck
Schneeberg
Waldeck + Traben-Trarbach
Königsee
Apolda
Florstadt + Königsee
Rendsburg + Sternberg
Lübbenau



★ Prolongation of contract/investment ¹⁾
★ Acquisition in 2020

1) Locations with important lease term prolongation in 2020 and/or actual plans for investments of > €50k

Investments within the existing portfolio (*examples*)

Merseburg

- | | | |
|------------------------|-----------|-----------|
| • Settlement of ACTION | completed | app. €50m |
|------------------------|-----------|-----------|

Sangerhausen

- | | | |
|----------------------------|-----------|-----------|
| • Expansion of TEDI's area | completed | app. €80k |
|----------------------------|-----------|-----------|

Löwenberg

- | | | |
|-----------------------------------|-------------------------------------|----------|
| • Acquisition of neighbour parcel | completed | in total |
| • Expansion of ALDI's area | in process, completion est. 10/2021 | app. €2m |

Hamm

- | | | |
|--|--|------------|
| • Refurbishment fitness studio | completed | in total |
| • Building application for larger Penny area | in process, construction works est. 2022 | app. €500k |

Lübbenau

- | | | |
|---|------------------------------------|----------------|
| • Settlement of cardiology surgery | completed | |
| • Expansion of butcher's area | completed | in total |
| • Expansion of Amplifon's area | in process, completion est. 3/2021 | > €1m |
| • Creation of a new rental area for TEDI | in process, completion est. 6/2021 | (incl. further |
| • Building application for larger bakery area | in process, completion est. 6/2021 | measures) |



Impact of coronavirus crisis / current situation

- First lockdown: temporarily 20% rents in April and 10% in May not paid, which means app. €300k; today €100k left, very few rent losses/abandonments
- Second lockdown: a few not paid rents in December (esp fitness, gastronomy), collection ratio in Q1/2021 overall about 92%, partly conditional payments
- Altogether €400k open, thereof €230k from big non-food retail banners; only one tenant has declared insolvency so far
- Suspended rents are just deferred => no effect on results!
- No change in banking lending practices visible

**Advantage: food, drugstores, doctors/pharmacies, DIY stores etc.
account for 70% of our net rents**



Transaction/Sale

REWE City Center Bleicherode

Year of construction:	1993
Lettable space:	4,044 m ²
Occupancy rate:	88%
Annual net rent:	€350k
Tenants i.a. REWE, Ernsting's family, pharmacy	

sold on 24th February 2021



Ad hoc announcement dated February 24th, 2021

- First sale in company history of DEFAMA
- Selling price of €5,16m (= 2x purchase price)
- Market value most recently at €4,23m
- Positive one-time effect of €2,6m before taxes
- Disposal leads to cash inflow of €3m after taxes

Guidance for 2021

		Prior Year
• Net Profit (German GAAP):	€3.1m €0.69 per share	€2.5m €0.57 per share
• Funds From Operations (FFO):	€7.1m €1.61 per share	€5.8m €1.32 per share
• Annualized FFO:	at least €8m	€7.1m
• Dividend:	> €0.48 per share	€0.48 per share ¹⁾
• Increase of existing loans of at least €2m		

Total liquidity of €10m opens up opportunities!

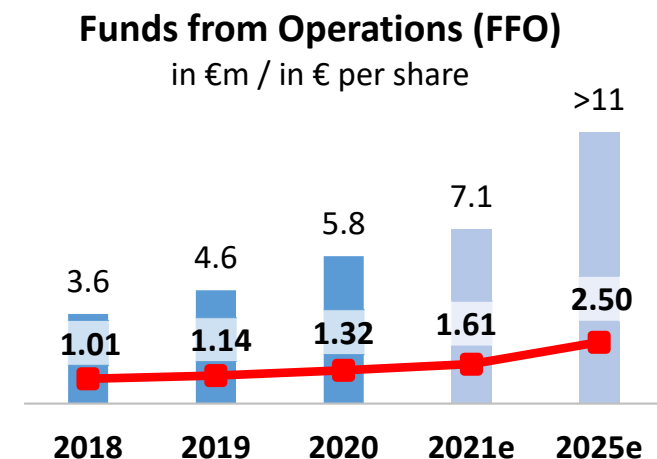
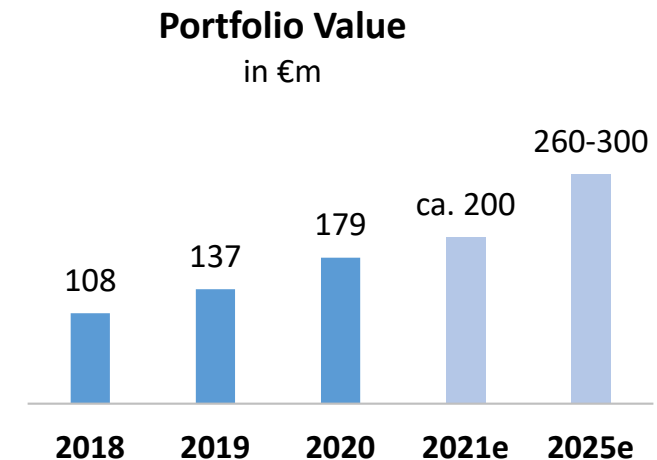
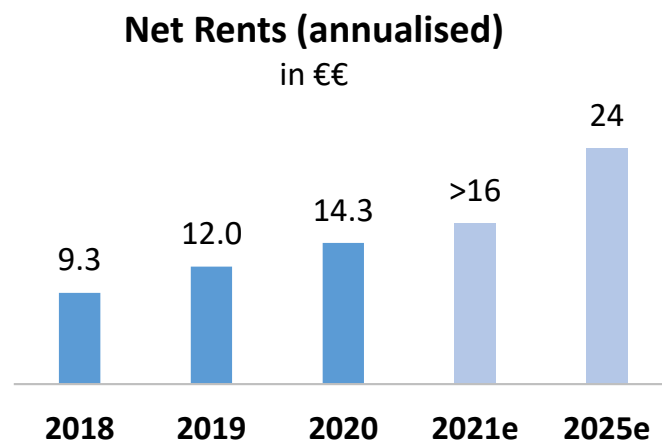
Development in a typical year for DEFAMA

- Acquisition of five to eight objects for €15m to €20m
- Financing of > 80% of the total investment via bank loans
- Need of about €3m liquidity for the purchases
- Additional net rents of €1,5m to €2m with > 45% FFO margin
- > €2m additional liquidity by revaluation of existing bank loans
- Double-digit increase of net income, FFO and NAV per share

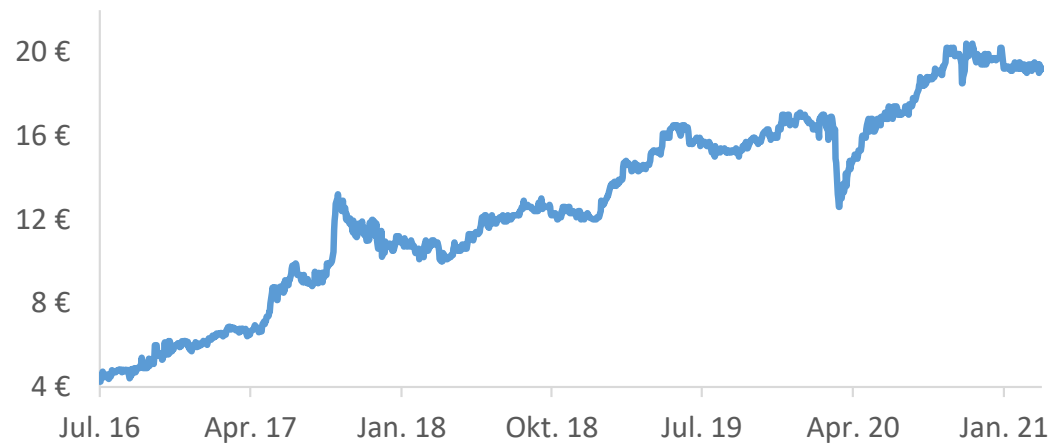


Long-term guidance „DEFAMA 2025“

- Portfolio value reaches €260m to €300m
- Annualised net rents of €24m
- FFO of > €11m resp. > €2,50 per share
- Targets can be achieved without capital increase



Share price development since IPO at 13 July 2016



WKN / ISIN A13SUL / DE000A13SUL5

Stock exchange Munich (m:access), Frankfurt, Xetra

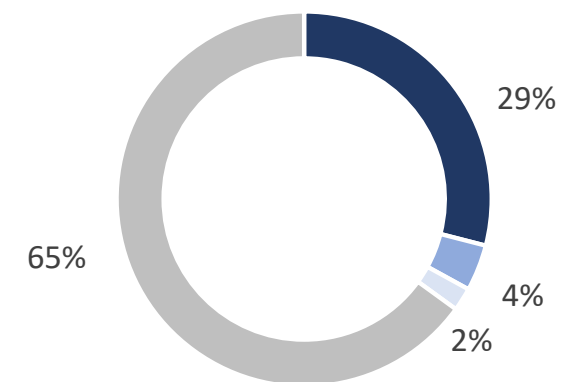
Number of shares 4,420,000 ordinary shares

Current share price ¹⁾ €19.20

Market capitalisation €84.9m

¹⁾ closing price on 22 March 2021

Shareholder structure ²⁾



■ MSC Invest GmbH / M. Schrade

■ Geminus GmbH / C. Müller

■ Supervisory Board

■ Freefloat

²⁾ as of 31 December 2020. 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.

WHY TO INVEST



Highly Profitable

thanks to favourable purchase prices and lean structures

Solid Financing

via object subsidiaries with local and savings banks

Down-to-Earth Team

with great experience in the real estate and retail sector

Shareholder-friendly

with high transparency and yearly dividend increase

Strong Growth

by focusing on very specific niche with few competitors

CONTACT



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