

Hold EUR 12.00 Price EUR 10.99 Upside 9.2 %	Value Indicators: EUR NAV (WRe): 10.85 FFO-Yield: 13.47	Share data: Bloomberg: DEF GR Reuters: DEF.MU ISIN: DE000A13SUL5	Description: Commercial real estate company focused on retail parks in Northern and Eastern Germany
	Market Snapshot: EUR m Market cap: 38.98 No. of shares (m): 3.55 Freefloat MC: 14.93 Ø Trad. Vol. (30d): 38.78 th	Shareholders: Freefloat 38.3 % MSC Invest GmbH 43.1 % Geminus GmbH 6.2 % Supervisory board 2.0 % ABCON Vermögensverwaltung 10.4 %	Risk Profile (WRe): 2017e LTV: 64.7 % Equity Ratio: 21.3 %

Highly profitable retail park specialist; Coverage initiated

Founded in 2014, **DEFAMA** is a German commercial real estate company focused on **retail parks in small and medium-sized cities**. The geographic focus lies in northern and eastern Germany. The **portfolio** currently comprises 22 assets with an estimated market value of **approximately EUR 66m** and 85,308 square meters of rentable space. LTV is currently estimated at close to 65%. WALT is 3.9 years and the average occupancy is 97%. DEFAMA pursues a **"buy and hold"** strategy and is able to generate a highly profitable average **FFO margin of almost 40% of total rental income**, thanks to a lean structure.

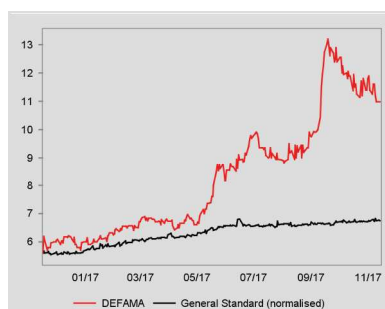
The **market segment** chosen by the company offers compelling yield opportunities because, with investment volumes of EUR 1m to EUR 5m essentially in rural areas, it is **too small and too illiquid to attract the attention of institutional investors**. Hence DEFAMA is typically able to pay a **maximum of 9x rental income when purchasing retail parks**, which is considerably less than the 15x to 16x typically paid for similar assets in metropolitan regions. Competition from other retail locations in the catchment areas is low. **Nationwide food retailers with strong credit ratings** are typically the **anchor tenants**, currently accounting for some **51% of annualised rental income**. With limited online competition, traffic at the retail locations is stable. At the same time, the **tenant base is well-diversified** with no tenant accounting for more than 10% of annual rental income.

The company **typically leverages up to 90% of the initial purchase price** with local savings and cooperative banks who also have good knowledge of local tenants. **Conditions obtained are very advantageous** with fixed rates locked for 8.4 years on average at 2.45% p.a.

The **market for retail parks is very fragmented with some 10,000 assets in northern and eastern Germany** that could conceivably come to market, mostly currently in private hands. DEFAMA screens several hundred assets per year, only one-tenth of which fit the company's acquisition criteria (solid tenants, low vacancies, low capital expenditure requirements). On average, five to eight assets are added per year to the company's portfolio for typical yearly capital outlay of EUR 15-20m. **Our model assumes that the company will buy an additional EUR 20m worth of assets in 2018e and 2019e with existing financial means and without an additional capital increase**. Including our acquisition scenario, planned larger capital expenditure and the resulting rental increases on existing assets, the annual rental income is expected to grow by 17% p.a. on average into 2021e. The FFO is seen up by 15% p.a. on average into 2021e.

The NAV per share communicated by the company, which uses conservative assumptions, amounts to **EUR 6.03 per share as of September 30 2017**. Our **EPRA NAV calculation 2018e yields EUR 10.85 per share**. A peer group approach based on after-tax 2018e FFO yields results in a fair value of **EUR 13.47 per share**. Our **Hold recommendation with a PT of EUR 12.00 is the average of both methodologies**. We expect a generous dividend policy resulting in an **attractive dividend yield of 5%** going forward.

The company listed on the Munich stock exchange in July 2016 (Freiverkehr segment). Besides management, an investment vehicle of the Weinmann family, which is behind TecDAX-listed CANCOM, holds 10.4% of the shares and seems committed to a holding of more than 10%. We expect DEFAMA to tap equity markets to finance growth in future, considering limited cash balances and numerous opportunities ahead.



Rel. Performance vs General

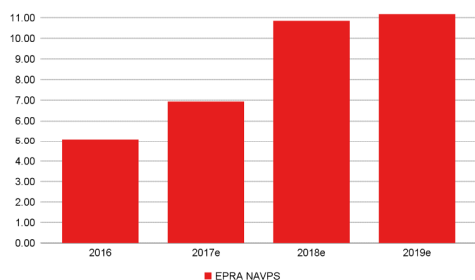
1 month:	-8.4 %
6 months:	44.5 %
Year to date:	64.0 %
Trailing 12 months:	56.7 %

Company events:

20.11.17	RS CPH/HEL
21.11.17	RS LON
22.11.17	RS FFM

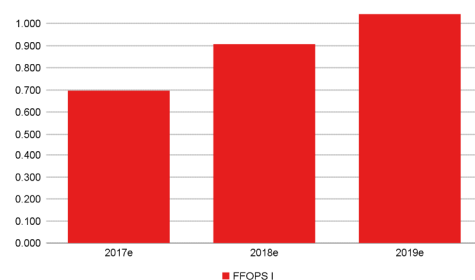
FY End: 31.12. in EUR m	CAGR (16-21e)	2015	2016	2017e	2018e	2019e	2020e	2021e
Rental income		1.01	3.44	5.80	8.06	9.35	10.04	10.48
Change yoy		n.a.	240.6 %	68.7 %	38.9 %	16.1 %	7.4 %	4.4 %
EBIT		0.46	1.67	3.67	3.78	4.35	4.66	4.95
FFO I		0.53	1.59	2.47	3.22	3.70	3.97	4.25
FFO I-margin		52.2 %	46.2 %	42.6 %	39.9 %	39.5 %	39.6 %	40.6 %
EBT		0.36	1.11	2.97	2.62	2.96	3.16	3.52
Net income		0.30	0.89	2.34	1.88	2.07	2.14	2.43
EPS		0.14	0.31	0.66	0.53	0.58	0.60	0.69
FFOPS I		0.24	0.55	0.70	0.91	1.04	1.12	1.20
DPS		0.10	0.20	0.35	0.45	0.52	0.56	0.60
Dividend Yield		n.a.	3.8 %	3.2 %	4.1 %	4.7 %	5.1 %	5.5 %
Book Value / Share		2.12	3.00	3.39	3.57	3.70	3.79	3.91
EPRA NAVPS		3.26	5.10	6.94	10.85	11.17	13.72	18.97
P / E		n.a.	17.0 x	16.6 x	20.7 x	18.9 x	18.2 x	16.0 x
Price / Book		n.a.	1.4 x	3.2 x	3.1 x	3.0 x	2.9 x	2.8 x
P / NAVPS		n.a.	1.0 x	1.6 x	1.0 x	1.0 x	0.8 x	0.6 x
FFO I-Yield		n.a.	10.5 %	6.3 %	8.2 %	9.5 %	10.2 %	10.9 %
ROE		n.a.	11.6 %	20.7 %	15.3 %	16.0 %	16.1 %	17.8 %
LTV		50.8 %	43.6 %	64.7 %	65.0 %	66.2 %	63.0 %	59.9 %
Equity Ratio		26.0 %	32.0 %	21.3 %	19.5 %	17.2 %	18.2 %	19.4 %
Guidance:	2017e: FFO of EUR 2.6m, adjusted EPS (HGB) of EUR 0.40							

NAV per share development in EUR



Source: Warburg Research

FFO per share development in EUR



Source: Warburg Research

Company Background

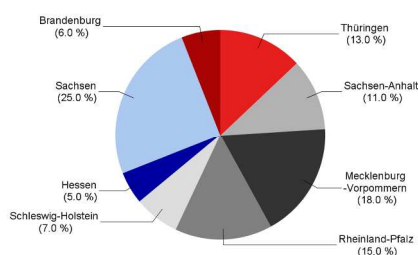
- Founded in 2014 and headquartered in Berlin, DEFAMA focuses on the acquisition, ownership and management of retail parks in German small and medium-sized cities, predominantly in eastern and northern Germany.
- The investment strategy is to "buy and hold" assets with high occupancy and minor capex needs for a maximum purchase price of 9x annual rent.
- Investment volumes are EUR 1 - 5 million per asset. Anchor tenants are nationwide food retailers.

Competitive Quality

- Real estate competence: founder, majority shareholder and CEO Matthias Schrade was previously a board member of FCR, a Munich-based real estate company, for which he oversaw acquisitions.
- Unique focus: the company competes for assets that are too large for individual investors and too small for institutional investors and can "buy low".
- Strong access to local public bank networks, for whom real estate financing for DEFAMA projects represent large and important deals. They in turn know smaller tenants well.
- Focus on leading centers in smaller cities ("big fish in a small pond").

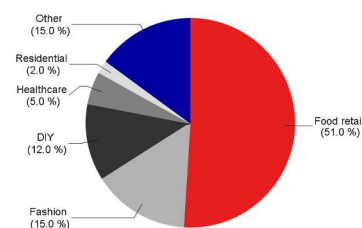
Geographical breakdown of rental income

% of total rental income



Rental income by sector

% of rental income



Source: Warburg Research

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Summary of Investment Case

Investment triggers

- Unique focus in the German commercial real estate space on retail parks in small and medium sized cities, predominantly in northern and eastern Germany.
- **Assets targeted in the EUR 1m to EUR 5m range** are too small for institutional investors and too large for private investors and are rather illiquid, allowing the company to pay a maximum purchase multiple of 9x annual rental income for close to fully-let properties **delivering strong cash flows as indicated by a FFO margin of almost 40%**.
- Given the strong cash flow generation, **a portfolio of a certain size could well attract valuation multiples in the 11x-14x range**. **TLG Immobilien** recently announced the acquisition of a portfolio of assets similar to DEFAMA's for an estimated 13.8x annual rent.
- **Story still at an early stage** as it is listed on the Munich stock exchange and is not listed in an established market segment. The company is contemplating relisting on the m:access segment in Munich with a dual XETRA listing in Frankfurt.

Valuation

- Our **NAV 2018e approach yields EUR 10.85 per share**, assuming EPRA-like metrics and using a 10x-13x rent multiple range. The company disclosed as of nine months 2017 a NAV per share of EUR 6.03, featuring conservative valuation assumptions (est. 10.4x rental multiple).
- A 2018e FCF yield approach based on a peer group of German commercial real estate companies results in a fair value per share of **EUR 13.47**.
- Our **price target of EUR 12.00 per share** is the average of both methods. **Hold, considering limited upside to current levels**.
- Attractive dividend prospects with an average 5% yield into 2021e.

Growth

- Given a WALT of less than four years, upcoming rental re-openers should result in rental increases. With the exception of two larger projects we discussed with the company (Radeberg and Löwenberg), we assume no rental increases in our model.
- We assume that the company can buy an additional EUR 20m worth of assets (at an estimated 8.5x annual rent) with current financial means including 90% initial leverage, hence deploying EUR 2m from cash on hand without additional capital increases in 2018e and 2019e. **Rental income is seen up 17% p.a. on average by 2021e**.
- **FFO is estimated to increase 15% p.a. on average into 2021e**, which is below rental income growth due to the incremental debt financing which the company takes on and the delayed full year impact of asset purchases and renovation capex on rental income.

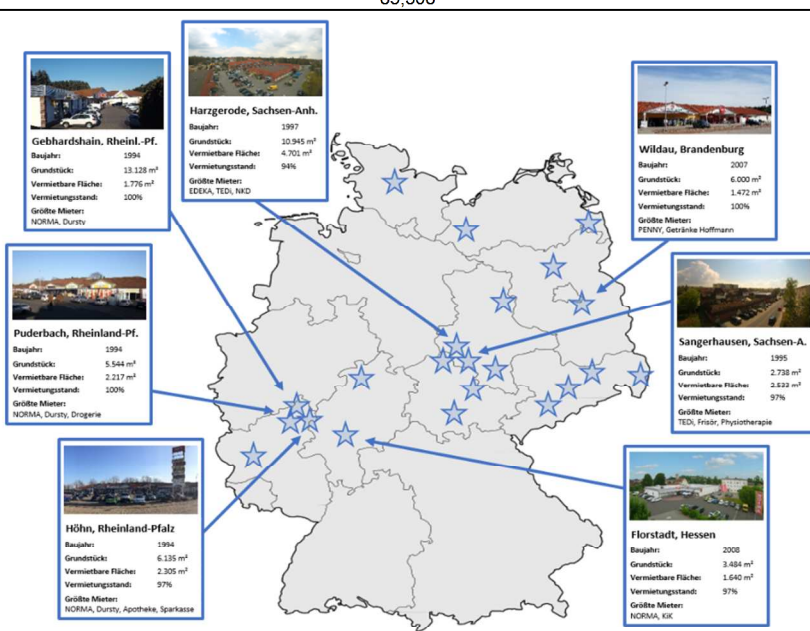
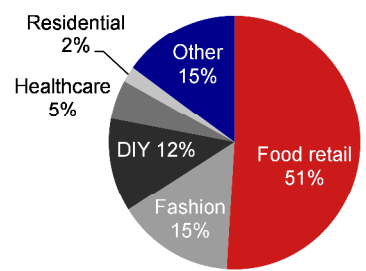
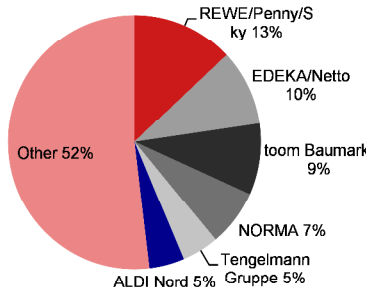
Competitive quality

- Limited options for retailers to relocate in the company's catchment areas, which tend to be in rural locations.
- Strong access to local public banks networks, for which real estate financings for DEFAMA projects are large and important deals. The banks in turn know smaller tenants and local "micromarkets" well.
- Very incentivized management team, owning over 50% of the company with strong real estate experience.

Warburg versus consensus

- There is one other broker following the stock and their research is available on the company's website.

Company Overview

DEFAMA Deutsche Fachmarkt AG	
Business description	German commercial real estate company focused on retail parks in rural areas, the portfolio comprises 22 assets
Annualised Rental Income (1)	EUR 6.3m
Annualised FFO (1)	EUR 3.2m
Margin	51%
Employees	11
Investment properties (2)	approx. EUR 66m
Rentable space (sqm)	85,308
Portfolio overview (3)	 <p>Gebhardshain, Rheinl.-Pf. Baujahr: 1994 Grundstück: 13.128 m² Vermietbare Fläche: 1.776 m² Vermietungsstand: 100% Größte Mieter: NORMA, Dursky</p> <p>Harzgerode, Sachsen-Anh. Baujahr: 1997 Grundstück: 10.945 m² Vermietbare Fläche: 4.701 m² Vermietungsstand: 94% Größte Mieter: EDEKA, TEDI, NKD</p> <p>Wildau, Brandenburg Baujahr: 2007 Grundstück: 6.000 m² Vermietbare Fläche: 1.472 m² Vermietungsstand: 100% Größte Mieter: PENNY, Getränke Hoffmann</p> <p>Puderbach, Rheinland-Pf. Baujahr: 1994 Grundstück: 5.544 m² Vermietbare Fläche: 2.217 m² Vermietungsstand: 100% Größte Mieter: NORMA, Dursky, Drogerie</p> <p>Höhn, Rheinland-Pfalz Baujahr: 1994 Grundstück: 6.135 m² Vermietbare Fläche: 2.305 m² Vermietungsstand: 97% Größte Mieter: NORMA, Dursky, Apotheke, Sparkasse</p> <p>Sangerhausen, Sachsen-A. Baujahr: 1995 Grundstück: 2.728 m² Vermietbare Fläche: 2.822 m² Vermietungsstand: 97% Größte Mieter: TEDI, Frisch, Physiotherapie</p> <p>Florstadt, Hessen Baujahr: 2008 Grundstück: 3.484 m² Vermietbare Fläche: 1.640 m² Vermietungsstand: 97% Größte Mieter: NORMA, KK</p>
Breakdown of net rental income (1)	 <p>Residential 2% Healthcare 5% DIY 12% Fashion 15% Other 15% Food retail 51%</p>
Major tenants (1)	 <p>REWE/Penny/Sky 13% EDEKA/Netto 10% toom Baumarkt 9% NORMA 7% Tengelmann Gruppe 5% ALDI Nord 5% Other 52%</p>
Vacancy (1)	3%
WALT (1)	3.9
LTV (1)	65.0%

(1) Company data, as of nine months 2017, basic rent

(2) Estimated value as of nine months 2017, company data

(3) Only latest additions to the portfolio shown in boxes

Source: Warburg Research

- Founded in 2014, DEFAMA is a German commercial real estate company focused on **retail parks in small and medium-sized cities, mostly in northern and eastern Germany**.
- The current **portfolio with 22 assets under management** has an estimated value of approximately **EUR 66m**, according to appraiser data provided by the company.
- The company targets mature, fully-let properties, **“below the radar” of mainstream commercial real estate investors**, for which it pays a maximum purchase multiple of **9x annual rent** financed by up to 90% with debt, issued by local public and savings banks.
- Listed since July 2016 on the Munich stock exchange and reporting under German HGB standards, the company has so far completed two capital increases to finance growth.
- Management currently owns 51.3% of the company, while an investment vehicle belonging to TecDAX-listed CANCOM CEO Mr Weinmann holds a further 10.4% stake.

The company currently manages 22 properties all structured as company subsidiaries with non-recourse financing raised to finance their acquisition. DEFAMA relies on local savings banks with strong local knowledge.

DEFAMA Deutsche Fachmarkt AG

DEFAMA Verwaltungs GmbH (100%)

IMMA Immobilien Management GmbH (100%)

Komplementär

verwaltet

DEFAMA Apolda GmbH & Co. KG

DEFAMA Königsee GmbH & Co. KG

DEFAMA Bleicherode GmbH & Co. KG

DEFAMA Radeberg GmbH & Co. KG

DEFAMA Görtitz GmbH & Co. KG

DEFAMA Schneeberg GmbH & Co. KG

DEFAMA Merseburg GmbH & Co. KG

DEFAMA Harzgerode GmbH & Co. KG (94%)

DEFAMA Brand-Erb. GmbH & Co. KG

DEFAMA Paeßwalde GmbH & Co. KG

DEFAMA Löwenberg GmbH & Co. KG

DEFAMA Florstadt GmbH & Co. KG

DEFAMA Traben-Trar. GmbH & Co. KG

DEFAMA Wildau GmbH & Co. KG

DEFAMA Wittenberg GmbH & Co. KG

DEFAMA Sangerhausen GmbH & Co. KG

DEFAMA Budeisdorf GmbH & Co. KG

DEFAMA Gerthn GmbH & Co. KG

DEFAMA Gehardsh. GmbH & Co. KG

DEFAMA Hohn GmbH & Co. KG

DEFAMA Puderbach GmbH & Co. KG

DEFAMA (Vorreits-KGs)

The company is planning to seek a listing in the m:access segment of the Munich stock exchange with a dual XETRA listing, which would provide more visibility and

liquidity for the stock.

The company's financial reporting is according to German HGB standards.

Besides the acquisition history, which is detailed below, the following key events are worth highlighting:

- **May 2016 capital increase:** 1 million new shares issued at a price per share of EUR 3.33 resulting in EUR 3.33m in gross proceeds earmarked to finance acquisitions.
- **December 2016 capital increase:** 322,000 new shares issued at a price per share of EUR 6.00 resulting in EUR 2m in gross proceeds earmarked to finance acquisitions
- **September 2017:** Joint venture with HD Gruppe, a real estate management company based in Berlin, involving the sale of a 50% stake in EKZ Radeberg, one of the company's largest assets, for an estimated EUR 2m in cash proceeds and a post-tax EUR 0.9m extraordinary gain, to be booked in fiscal year 2017. The transaction is expected to close by year-end.

Acquisition track record

Since inception, DEFAMA has assembled a portfolio of 22 properties. **The average acquisition price paid for the assets thus far is a low 8.1x annual rent multiple.**

The table below provides an overview of the acquisition history and estimated multiples paid per asset.

Acquisition history

	Acquisition year	Acquisition value	Acquisition value per square meter	Rental multiple	Square meters	Vacancy	Annualised net rental income
Apolda	2014	2.32	823.6	8.5 x	2,817	0.0%	0.27
Bleicherode	2015	2.57	652.0	7.1 x	3,942	5.0%	0.36
Brand-Erbisdorf	2015	1.98	827.1	8.1 x	2,394	0.0%	0.24
Büdelisdorf	2016	3.1	571.3	7.2 x	5,426	5.0%	0.43
Florsdorf	2017	n.a.	n.a.	n.a.	1,660	5.0%	0.10
Gebhardshain	2017	n.a.	n.a.	n.a.	1,776	0.0%	0.18
Genthin	2016	n.a.	984.1	n.a.	2,486	0.0%	0.18
Görlitz	2015	2.6	n.a.	n.a.	3,917	0.0%	0.32
Harzgerode	2017	n.a.	n.a.	n.a.	4,701	9.0%	0.25
Höhn	2017	< 7.0	520.8	8.9 x	3,719	4.0%	0.38
Königsee	2015	1.724	984.1	8.2 x	2,394	0.0%	0.20
Löwenberg	2016	< 1.4	451.9	6.6 x	3,098	3.0%	0.21
Merseburg	2016	1.03	657.3	7.2 x	1,567	10.0%	0.14
Pasewalk	2016	6	n.a.	n.a.	13,335	0.0%	0.69
Puderbach	2017	n.a.	n.a.	n.a.	2,215	0.0%	0.20
Radeberg	2016	5.5	984.1	n.a.	13,630	5.0%	0.76
Sangerhausen	2017	n.a.	n.a.	n.a.	2,533	5.0%	0.13
Schneeberg	2015	2.2	520.8	8.9 x	2,476	0.0%	0.27
Traben-Trarbach	2016	1.65	633.9	8.2 x	2,603	0.0%	0.20
Wildau	2017	1.8	1222.8	9.2 x	1,472	0.0%	0.20
Wittenburg	2016	3.6	755.0	8.4 x	4,768	0.0%	0.43
Waldeck-Sachsenhausen	2017	1.85	777.6	9.2 x	2,379	0.0%	0.20
Average			757.8	8.1 x		3.0%	
TOTAL							EUR 6.3m
Estimated current portfolio value (1)							EUR 66.0m
Implied rental multiple							10.4 x

(1) Source: Company data, Winters & Hirsch

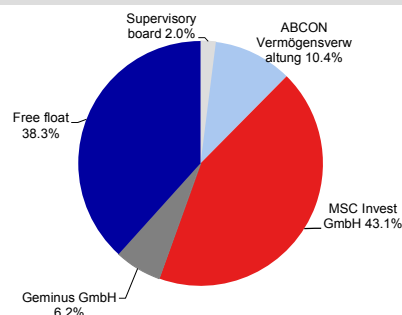
Source: Company data, Warburg Research

Ownership structure

MSC Invest GmbH, is the investment vehicle of Mr Schrade. Geminus GmbH belongs to Dr Müller, a member of the management board.

ABCON Vermögensverwaltung is an investment vehicle belonging to the Weinmann family. Mr. Klaus Weinmann is the CEO of TecDAX-listed IT & software company CANCOM. During our conversations with DEFAMA, we learned that ABCON intends to maintain a stake of more than 10% in the company.

Ownership structure



Source: Company data

Management background

Mr Matthias Schrade (38) founder and member of the management board. Mr Schrade founded research company GSC Research when still in his twenties with a focus on German small and mid-caps. He later joined FCR Immobilien, a real estate company based in Munich where he, as a member of the board, was responsible for its transformation into a joint stock company, acquisitions, and finance. He founded DEFAMA in 2014 where he is currently responsible for acquisitions, finance, relationships with anchor tenants, PR, and investor relations.

Dr Carsten Müller (52), member of the management board. Dr Müller is an architect, property manager, project leader and entrepreneur with several years of experience. He graduated in administrative management and has strong expertise in building construction, administrative management and administrative law. He is responsible for asset due diligence, renovations, asset maintenance, relationships with smaller tenants and back office.

Peter Schropp, chairman of the supervisory board. Until September 2014, Mr Schropp was a board member of VIB Vermögen AG, a German commercial real estate company listed in München and Frankfurt in the "Freiverkehr" segment with a market capitalisation of more than EUR 600m focused on logistics, industrial and retail assets. Mr Schropp was responsible for real estate and played a key role in the development of VIB Vermögen's real estate portfolio to close to EUR 1 billion in assets under management.

Mr Ulrich Rücker, vice-chairman of the supervisory board. Until September 2016, Mr Rücker served as a board member for Rücker Immobilien Portfolio AG and has several years of experience in the real estate sector. He has successfully developed several real estate firms and oversaw their public listing.

Henrik von Lukowicz, member of the supervisory board. Mr Lukowicz is a senior investor relations manager at METRO AG and brings experience in capital markets communications and retail and has a broad banking and fund management network.

Company strategy

DEFAMA's stated objective is to become one of the largest owners of retail parks in small and medium-sized cities in Germany. The company pursues a long-term "buy and hold" strategy with a view to achieving a sustainable increase in the intrinsic value of the assets.

DEFAMA typically screens several hundred properties per year and requires the following acquisition criteria

- **Focus on proximity retail in rural/semi-rural areas** resulting in limited online competition and long-term sustainability of the locations.
- **Focus on small and medium-sized cities, outside mainstream** commercial real estate markets.
- Acquisition multiple of maximum 9x annual rent.
- Two or more strong anchor tenants with strong credit ratings and a minimum remaining lease term of five years or more.
- No more than 10 tenants per property.
- Low vacancy and capex needs.
- Minimum annual rent per property of EUR 100K.
- Possibility of a long-term bank financing to leverage the acquisition to up to 90% of the purchase price. The interest rates are locked in for 8.4 years on average and currently stand at 2.45%.
- Strong view that the locations can be sustainably rented long term (e.g. no potential for competing new builds, good demographics).
- Average purchase price of EUR 1m – EUR 5m per property, with a very few exceptions so far (e.g. Radeberg bought for EUR 5.5m, 50% of the property is to be sold in 2017, with closing expected by year end). Such assets are too small for institutional investors, which creates a favourable bidding situation allowing the company to buy "low".

Earnings Forecasts

- Average rental income growth into 2021e: approx. 17% p.a.
- Average FFO growth into 2021e: 15% p.a.
- **Rental income increases** are due to the full-year effect of recent deals and **two major renovation projects** planned for 2018e and 2019e that also impact the capex, the financial debt and the FFO projections.
- We also assume **EUR 20m of incremental asset purchases** in 2018e and 2019e with existing financial means.
- 2017e features **EUR 0.9m in post-tax extraordinary income** resulting from the sale of a 50% stake in the Radeberg property to HD Gruppe, resulting in a minority interest line in the profit and loss statement going forward.

Below is an overview of **rentable space per property**.

Rentable areas assumptions					
Square meters	2017	2018e	2019e	2020e	2021e
Apolda	2,817	2,817	2,817	2,817	2,817
Bleicherode	3,942	3,942	3,942	3,942	3,942
Brand-Erbisdorf	2,394	2,394	2,394	2,394	2,394
Büdelsdorf	5,426	5,426	5,426	5,426	5,426
Florstadt	1,660	1,660	1,660	1,660	1,660
Gebhardshain	1,776	1,776	1,776	1,776	1,776
Genthin	2,486	2,486	2,486	2,486	2,486
Görlitz	3,917	3,917	3,917	3,917	3,917
Harzgerode	4,701	4,701	4,701	4,701	4,701
Höhn	3,719	3,719	3,719	3,719	3,719
Königsee	2,394	2,394	2,394	2,394	2,394
Löwenberg	3,098	3,098	3,098	3,098	3,098
Merseburg	1,567	1,567	1,567	1,567	1,567
Pasewalk	13,335	13,335	13,335	13,335	13,335
Pudersbach	2,215	2,215	2,215	2,215	2,215
Radeberg	13,630	13,630	13,630	13,630	13,630
Sangerhausen	2,533	2,533	2,533	2,533	2,533
Schneeberg	2,476	2,476	2,476	2,476	2,476
Traben-Trarbach	2,603	2,603	2,603	2,603	2,603
Waldeck-Sachsenhausen	2,379	2,379	2,379	2,379	2,379
Wildau	1,472	1,472	1,472	1,472	1,472
Wittenburg	4,768	4,768	4,768	4,768	4,768
TOTAL	85,308	85,308	85,308	85,308	85,308

Source: Company data, Warburg Research

We assume **no major changes in occupancy rates** which are already high overall.

Occupancy rates assumptions					
Occupancy	2017e	2018e	2019e	2020e	2021e
Apolda	100%	100%	100%	100%	100%
Bleicherode	95%	95%	95%	95%	95%
Brand-Erbisdorf	100%	100%	100%	100%	100%
Büdelsdorf	95%	88%	88%	88%	88%
Florstadt	95%	97%	97%	97%	97%
Gebhardshain	100%	100%	100%	100%	100%
Genthin	100%	100%	100%	100%	100%
Görlitz	100%	100%	100%	100%	100%
Harzgerode	91%	91%	91%	91%	91%
Höhn	96%	97%	97%	97%	97%
Königsee	100%	100%	100%	100%	100%
Löwenberg	97%	97%	97%	97%	97%
Merseburg	90%	97%	97%	97%	97%
Pasewalk	100%	100%	100%	100%	100%
Pudersbach	100%	100%	100%	100%	100%
Radeberg	95%	97%	97%	97%	97%
Sangerhausen	95%	97%	97%	97%	97%
Schneeberg	100%	100%	100%	100%	100%
Traben-Trarbach	100%	100%	100%	100%	100%
Waldeck-Sachsenhausen	100%	100%	100%	100%	100%
Wildau	100%	100%	100%	100%	100%
Wittenburg	100%	96%	96%	96%	96%
TOTAL	97%	97%	97%	97%	97%

Source: Company data, Warburg Research

Rental increases are expected at Radeberg and at Löwenberg where the company is planning major renovations in late 2018 and 2019. We assume that the rental increases take place “pro-rata” in the years where the renovations are undertaken.

No rental increase or inflation indexing are assumed going forward.

Additionally, we assume **EUR 20m worth of acquisitions** in 2018e and 2019e spread evenly across eight quarters. The company is assumed to pay 8.5x rent and to finance 90% of the purchase price with financial debt. No additional capital increases are required.

Rental income assumptions					
Rental income EUR m	2017e	2018e	2019e	2020e	2021e
Apolda	0.27	0.27	0.27	0.27	0.27
Bleicherode	0.36	0.36	0.36	0.36	0.36
Brand-Erbisdorf	0.24	0.24	0.24	0.24	0.24
Büdelsdorf	0.43	0.43	0.43	0.43	0.43
Florstadt	0.10	0.10	0.10	0.10	0.10
Gebhardshain	0.18	0.18	0.18	0.18	0.18
Genthin	0.18	0.18	0.18	0.18	0.18
Görlitz	0.32	0.32	0.32	0.32	0.32
Harzgerode	0.25	0.25	0.25	0.25	0.25
Höhn	0.38	0.38	0.38	0.38	0.38
Königsee	0.20	0.20	0.20	0.20	0.20
Löwenberg	0.21	0.21	0.21	0.30	0.30
Merseburg	0.14	0.14	0.14	0.14	0.14
Pasewalk	0.69	0.69	0.69	0.69	0.69
Pudersbach	0.20	0.20	0.20	0.20	0.20
Radeberg	0.76	0.76	0.76	1.10	1.50
Sangerhausen	0.13	0.13	0.13	0.13	0.13
Schneeberg	0.27	0.27	0.27	0.27	0.27
Traben-Trarbach	0.20	0.20	0.20	0.20	0.20
Waldeck-Sachsenhausen	0.20	0.20	0.20	0.20	0.20
Wildau	0.20	0.20	0.20	0.20	0.20
Wittenburg	0.43	0.43	0.43	0.43	0.43
Net rental income existing portfolio	5.6	6.3	6.3	6.8	7.2
<i>Acquisitions</i>		<i>1.0</i>	<i>2.2</i>	<i>2.4</i>	<i>2.4</i>
Net rental income incl. acquisitions	5.6	7.3	8.5	9.1	9.5

Source: Company data, Warburg Research

FFO projections detailed in the table below, are based on the following underlying assumptions, which are partly inferred from historical data:

- Real estate operating expenses amount to 18% of gross rental income
- Personnel expenses (headcount of 11 people including the board) amount to 5% of gross rental income

FFO development					
(EUR millions)	2017e	2018e	2019e	2020e	2021e
Regular income					
Rental income (1)	€ 5.8	€ 8.1	€ 9.3	€ 10.0	€ 10.5
<i>yoy Growth</i>		38.9%	16.1%	7.4%	4.4%
Real estate operating costs	-1.0	-1.5	-1.7	-1.8	-1.9
<i>% of rental income</i>	18.0%	18.0%	18.0%	18.0%	18.0%
Net rental income	€ 4.8	€ 6.6	€ 7.7	€ 8.2	€ 8.6
Administration costs	-€ 0.6	-€ 1.0	-€ 1.1	-€ 1.2	-€ 1.3
<i>% of Rental Income</i>	11.0%	12.0%	12.0%	12.0%	12.0%
Personel expenses	-0.3	-0.4	-0.5	-0.5	-0.5
<i>% of Rental Income</i>	5.0%	5.0%	5.0%	5.0%	5.0%
Other expenses /income	0.0	0.0	0.0	0.0	0.0
<i>% of Rental Income</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Operating income	€ 3.8	€ 5.2	€ 6.1	€ 6.5	€ 6.8
<i>YoY Growth</i>		36.8%	16.1%	7.4%	4.4%
<i>% of Gross Rental Income</i>	n.m.	65.0%	65.0%	65.0%	65.0%
Financial result	-0.7	-1.2	-1.4	-1.5	-1.4
FFO - pretax	€ 3.1	€ 4.1	€ 4.7	€ 5.0	€ 5.4
<i>yoy growth</i>		30.1%	15.0%	7.4%	7.0%
Tax rate	21.0%	21.0%	21.0%	21.0%	21.0%
FFO - after-tax	€ 2.5	€ 3.2	€ 3.7	€ 4.0	€ 4.2
<i>yoy growth</i>		30.1%	15.0%	7.4%	7.0%
<i>NOSH</i>	3.5	3.5	3.5	3.5	3.5
FFO per share	0.70	0.91	1.04	1.12	1.20
<i>Payout ratio (%)</i>	50%	50%	50%	50%	50%
Dividend per share	0.35	0.45	0.52	0.56	0.60

(1) Net rental income + other income from rental activities (+10% factor).

Source: Company data, Warburg Research

Interest expense assumptions are based on following debt schedule and interest rate assumptions.

The acquisitions of 2017 have so far added an estimated EUR 23m to group financial debt.

The increase in 2018e is due to the **planned capital expenditure at the Radeberg retail park** of some EUR 8m overall to be split evenly between the two joint venture partners (DEFAMA and HD Gruppe). DEFAMA is assumed to be shouldering some two-thirds of this amount in 2018e and one-third in 2019e, to be entirely debt financed.

The **Löwenberg retail park** is also due for some renovation in 2019e. We have assumed EUR 1.5m in capital expenditure in 2019e, also entirely debt financed.

Acquisitions are assumed to add EUR 9m to financial debt both in 2018e and 2019e.

Debt schedule and interest expenses

Interest expenses and debt s	2017e	2018e	2019e	2020e	2021e
Debt balance at year start	20.8	42.7	50.6	61.2	58.6
Additions	23	10.3	13.2	0	0
Repayments	-1.1	-2.4	-2.6	-2.6	-2.6
Debt balance at year end	42.7	50.6	61.2	58.6	56.0
Average debt balance	31.8	46.7	55.9	59.9	57.3
Interest rate	2.50%	2.50%	2.50%	2.50%	2.50%
Interest expenses	-0.7	-1.2	-1.4	-1.5	-1.4

Source: Company data, Warburg Research

We are assuming a **dividend pay-out ratio of 50% of FFO** over the projection period.

Valuation

- The company estimates **NAV per share of EUR 6.03 as of September 30, 2017.**
- Using a rental multiplier of **10x-13x on 2018e figures**, where we see the full year impact of the 2017 acquisitions and additional asset purchases, yields an average **EPRA like NAV of EUR 10.85 per share.**
- A peer group analysis based on **FFO yield 2018e yields EUR 13.47 per share.**
- The stock is rated **Hold with a price target of EUR 12.00** per share, which is the average of our three valuation methodologies.

NAV approach: fair value EUR 10.85 per share

The company purchases small assets that are in secondary, illiquid locations and pays a maximum of 9x annual rent typically.

Using an EPRA approach, a 10x multiplier, in line with what the company's appraisers seem to use, would yield EUR 7.78 per share on 2018e basis. We basically add back deferred tax liabilities on the portfolio, estimated at approximately EUR 2.0m by the company.

Were the company to sell the portfolio as a whole, it should be able to achieve higher multiples. Hence our 10x-13x range, which remains below the 15-17x multiples achieved in mainstream markets.

The mid-point of the range in multiples results in a fair value per share of EUR 10.28.

Rent multiplier

	Rent multiplier 2018e (1)						
	10.0x	10.5x	11.0x	11.5x	12.0x	12.5x	13.0x
EUR millions							
Investment properties	€ 72.5	€ 76.1	€ 79.8	€ 83.4	€ 87.0	€ 90.6	€ 94.3
Other Assets	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Cash	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Assets	78.0	81.7	85.3	88.9	92.5	96.2	99.8
Liabilities	52.4	52.4	52.4	52.4	52.4	52.4	52.4
Minority interests	0.0	0.0	0.0	0.0	0.0	1.0	1.0
NAV	25.6	29.3	32.9	36.5	40.1	42.8	46.4
NAV per share	7.23	8.25	9.27	10.29	11.31	12.05	13.08
Deferred tax liabilities (2)	2.0	2.0	2.0	2.0	2.0	3.0	3.0
EPRA NAV	27.6	31.2	34.8	38.5	42.1	45.7	49.3
EPRA NAV per share	7.78	8.80	9.82	10.85	11.87	12.89	13.91

(1) excludes other income from rental activities

(2) company estimate

Source: Company data, Warburg Research

Peer group approach

The peer group we chose for DEFAMA comprises the following companies.

Key relevant statistics are summarised in the table below.

Deutsche Konsum REIT is German commercial real estate company focusing on retail assets in small and medium-sized cities.

Deutsche Euroshop is a real estate development company which invests in shopping centers in medium-sized cities. The portfolio comprises 21 properties, 17 of which are located in Germany and the rest widely spread in Eastern Europe. The assets are located in city centres.

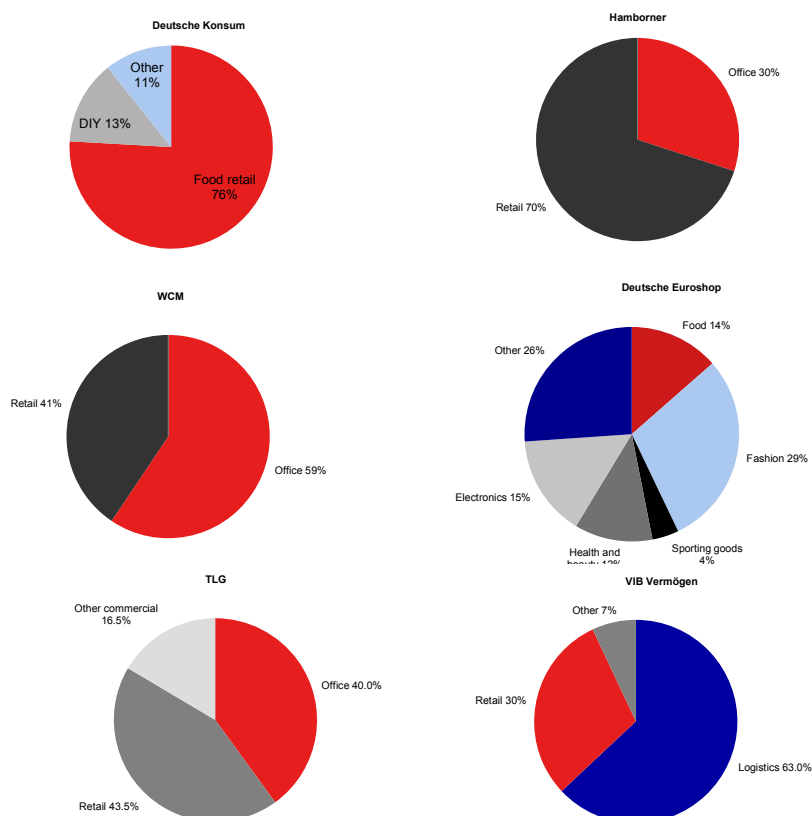
Hamborner REIT focuses on high yield commercial real estate. The portfolio includes large-scale retail properties, high-street properties and office buildings in established markets. Properties typically have low vacancy rates, high quality tenants and long remaining lease terms.

TLG Immobilien is a German commercial real estate company. The portfolio consists of office, retail and hotel properties. Its original focus was eastern Germany (Berlin), but it has been investing in western Germany as well of late. In general, the properties have long-term leases.

VIB Vermögen is a commercial real estate company specializing in logistics, industry and retail with a focus on southern Germany.

WCM is commercial real estate company focused on office and retail assets. The company invests selectively in high yield properties and is very acquisitive.

Peer overview: portfolio breakdown by sector



Source: Company presentations, Warburg Research

Peer group KPIs

	Deutsche Konsum	Deutsche Euroshop	Hamborner REIT	TLG	VIB	WCM	Average	DEFAMA
Investment properties (EUR millions)	€ 271.0	€ 374.0	€ 1,214.3	€ 2,302.0	€ 1,086.0	€ 801.0	€ 1,006.8	€ 66.0
Vacancy rate	12%	1%	2%	3%	1%	5%	5%	3%
WALT (years)	5.0	5.7	6.4	6.1	5.5	7.8	5.9	3.9
Rental Yield	10.2%	5.2%	5.9%	6.8%	7.1%	5.9%	6.9%	9.5%
LTV	37.5%	34.5%	37.7%	38.7%	52.4%	56.2%	45.6%	65.0%
Average debt maturity	5.2 yrs	5.4 yrs	6.4 yrs	6.1 yrs	6.5 yrs	5.2 yrs	5.7 yrs	8.4 yrs
Cost of debt	2.4%	3.0%	2.6%	2.2%	2.8%	1.9%	2.5%	2.5%

Source: Company presentations, Warburg Research

Peer group multiples

	Current Share price (EUR)	NOSH	Market Capitalisation	2017E	2018E	2019E	2017E	2018E	2019E
Deutsche Konsum (1)	9.81	24.8	243.3	0.41	0.57	0.64	4.1%	5.8%	6.6%
Deutsche Euroshop	31.10	59.7	1856.7	2.44	2.43	2.25	7.9%	7.8%	7.2%
Hamborner REIT (1)	9.22	79.7	734.8	0.45	0.51	0.59	4.8%	5.5%	6.4%
TLG	20.28	94.6	1918.5	1.21	1.28	1.34	6.0%	6.3%	6.6%
VIB	21.5	27.6	594.0	1.41	1.59	1.72	6.6%	7.4%	8.0%
WCM	3.75	136.8	513.0	0.29	0.28	0.31	7.8%	7.5%	8.2%
DEFAMA	10.85	3.5	38.5	0.70	0.91	1.04	6.4%	8.4%	9.6%
Average							6.2%	6.7%	7.2%
Upside /Downside							3.5%	19.4%	25.4%
Implied DEFAMA fair value							€ 11.24	€ 13.47	€ 14.55

Source: Warburg Research, Bloomberg consensus estimates for the peer group
(1) Assuming a 21% tax rate, in-line with what assume for DEFAMA

At a price per share of EUR 13.47, the current portfolio of DEFAMA would be valued at 13x rent, assuming an annualized rental income of EUR 6.3m and using FY 2017 balance sheet metrics.

Other valuation considerations

The current share price of DEFAMA implies a rental multiple of **12x**, assuming EUR 6.3m annualized rental income and reflecting year-end 2017 balance sheet data.

TLG Immobilien, a peer, announced on November 9, the acquisition of a portfolio of 27 retail parks featuring supermarkets and discounters spread throughout Germany for a purchase price of EUR 111.5m. **The annualized in place rent is EUR 8.1m, implying a rental multiple of approximately 13.8x.**

Some metrics appear to be slightly better with only 26% of the rent originating in the economically weaker eastern German region. The WALT is 5.5 years, vs. 3.9 years for DEFAMA. On the other hand, the vacancy is slightly higher at 5.8%.

The multiple paid suggests valuation upside, should DEFAMA sell its entire portfolio in the market.

Valuation							
	2015	2016	2017e	2018e	2019e	2020e	2021e
P / E	n.a.	17.0 x	16.6 x	20.7 x	18.9 x	18.2 x	16.0 x
P / NAVPS	n.a.	1.0 x	1.6 x	1.0 x	1.0 x	0.8 x	0.6 x
Price / Book	n.a.	1.4 x	3.2 x	3.1 x	3.0 x	2.9 x	2.8 x
P / FFOPS I	n.a.	9.5 x	15.8 x	12.1 x	10.5 x	9.8 x	9.2 x
FFO I-Yield	n.a.	10.5 %	6.3 %	8.2 %	9.5 %	10.2 %	10.9 %
ROE	n.a.	11.6 %	20.7 %	15.3 %	16.0 %	16.1 %	17.8 %
Equity Ratio	26 %	32 %	21 %	19 %	17 %	18 %	19 %

Company Specific Items							
	2015	2016	2017e	2018e	2019e	2020e	2021e
NAV/Share	3.26	5.10	6.94	10.85	11.17	13.72	18.97
Vacancy Rate	2.5 %	2.7 %	2.6 %	2.6 %	2.6 %	2.6 %	2.6 %

Consolidated profit and loss

In EUR m	2015	2016	2017e	2018e	2019e	2020e	2021e
Total Sales	1.01	3.44	5.80	8.06	9.35	10.04	10.48
Rental income	1.01	3.44	5.80	8.06	9.35	10.04	10.48
Change yoy	n.a.	240.6 %	68.7 %	38.9 %	16.1 %	7.4 %	4.4 %
Property operating costs	0.17	0.62	1.04	1.45	1.68	1.81	1.89
Property management costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rental profit	0.84	2.81	4.76	6.61	7.67	8.23	8.59
Income from property sales	0.00	0.00	1.00	0.00	0.00	0.00	0.00
Other revenues	0.00	0.11	0.00	0.00	0.00	0.00	0.00
Gross profit	0.84	2.92	5.76	6.61	7.67	8.23	8.59
Administration expenses	0.10	0.36	0.64	0.97	0.97	1.20	1.26
Personnel expenses	0.05	0.20	0.29	0.40	0.47	0.50	0.52
Other operating income/expenses	0.00	0.00	0.24	0.24	0.24	0.24	0.24
Unfrequent items	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0.69	2.36	5.07	5.48	6.32	6.77	7.05
Valuation result	0.00	0.00	1.00	0.00	0.00	0.00	0.00
Depreciation of fixed assets	-0.23	0.69	1.40	1.69	1.96	2.11	2.10
EBITA	0.46	1.67	3.67	3.78	4.35	4.66	4.96
Amortisation of intangible assets/Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	0.46	1.67	3.67	3.78	4.35	4.66	4.95
Interest income	0.01	0.00	0.00	0.00	0.10	0.10	0.10
Interest expenses	0.11	0.38	0.70	1.17	1.40	1.50	1.43
Other financial income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial result	-0.11	-0.56	-0.70	-1.17	-1.40	-1.50	-1.43
EBT	0.36	1.11	2.97	2.62	2.96	3.16	3.52
Margin	35.4 %	32.2 %	51.2 %	32.5 %	31.6 %	31.5 %	33.6 %
Total taxes	-0.06	-0.22	-0.62	-0.55	-0.62	-0.62	-0.62
thereof cash taxes	-0.06	-0.22	-0.62	-0.55	-0.62	-0.66	-0.74
Net income from continuing operations	0.30	0.89	2.34	2.07	2.33	2.50	2.78
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income before minorities	0.30	0.89	2.34	2.07	2.33	2.50	2.78
Minority interest	0.00	0.00	0.00	0.18	0.27	0.35	0.35
Net income	0.30	0.89	2.34	1.88	2.07	2.14	2.43
Number of shares, average	2.16	2.89	3.55	3.55	3.55	3.55	3.55
FFO (II)	0.53	1.59	2.47	3.22	3.70	3.97	4.25
FFO I-margin	52.2 %	46.2 %	42.6 %	39.9 %	39.5 %	39.6 %	40.6 %
FFOPS I	0.24	0.55	0.70	0.91	1.04	1.12	1.20
EPS	0.14	0.31	0.66	0.53	0.58	0.60	0.69
EPS adj.	0.14	0.31	0.38	0.53	0.58	0.60	0.69

*Adjustments made for:

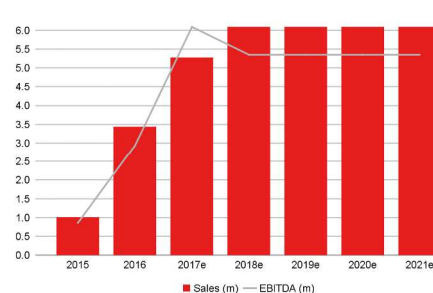
Guidance: 2017e: FFO of EUR 2.6m, adjusted EPS (HGB) of EUR 0.40

Financial Ratios

	2015	2016	2017e	2018e	2019e	2020e	2021e
Property operating costs / Rental Income	16.8 %	18.1 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %
Operating Leverage (Real Estate)	n.a.	1.3 x	2.3 x	3.3 x	7.2 x	14.6 x	24.4 x
Rental profit / interest expenses	7.3 x	7.3 x	6.8 x	5.7 x	5.5 x	5.5 x	6.0 x

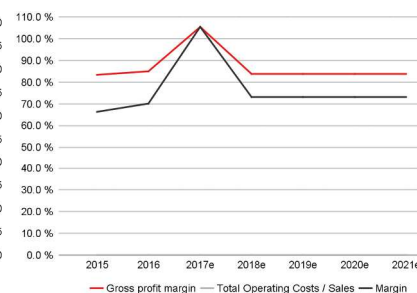
Sales, EBITDA

in EUR m



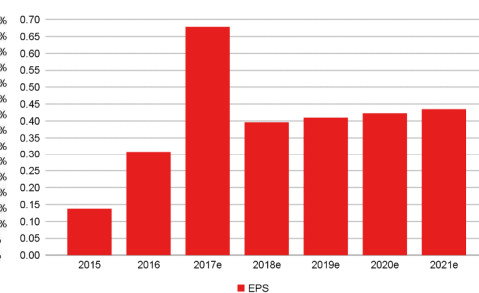
Operating Performance

in %



Performance per Share

in EUR



Source: Warburg Research

Source:

Source: Warburg Research

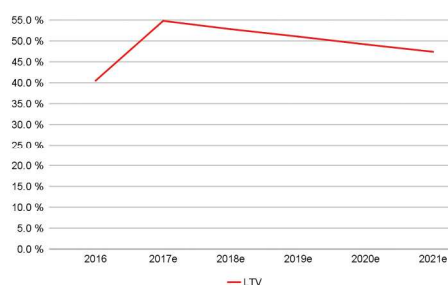
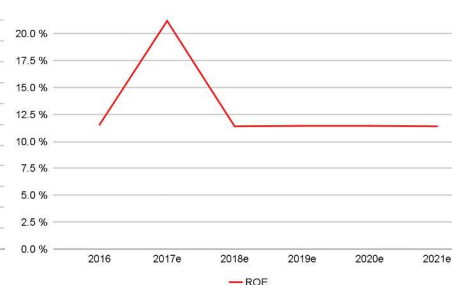
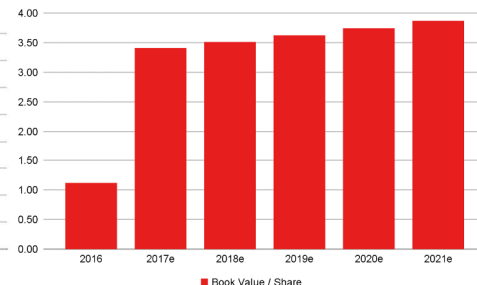
Consolidated balance sheet

In EUR m	2015	2016	2017e	2018e	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	0.00	0.01	0.01	0.01	0.01	0.01	0.01
thereof other intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
thereof Goodwill	0.00	0.01	0.01	0.01	0.01	0.01	0.01
Property, plant and equipment	0.00	0.03	0.03	0.03	0.03	0.03	0.03
Investment properties	14.23	31.41	49.41	59.55	72.26	70.65	69.05
Financial assets	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Other long-term assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed assets	14.28	31.50	49.50	59.64	72.35	70.74	69.14
Inventories	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.04	0.12	0.12	0.12	0.00	0.12	0.12
Liquid assets	3.71	1.46	6.71	5.17	3.49	2.79	2.23
Other short-term assets	6.25	0.17	0.18	0.17	0.28	0.17	0.17
Current assets	10.00	1.75	7.01	5.45	3.77	3.08	2.52
Total Assets	18.10	33.25	56.51	65.09	76.12	73.81	71.66
Liabilities and shareholders' equity							
Subscribed capital	2.23	3.55	3.55	3.55	3.55	3.55	3.55
Capital reserve	2.21	6.15	6.15	6.15	6.15	6.15	6.15
Retained earnings	0.27	0.94	2.33	2.97	3.43	3.73	4.18
Other equity components	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shareholders' equity	4.71	10.64	12.03	12.67	13.13	13.43	13.88
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	0.05	0.20	0.20	0.20	0.20	0.20	0.20
thereof provisions for pensions and similar obligations	0.03	0.10	0.10	0.10	0.10	0.10	0.10
Financial liabilities (total)	12.24	20.83	42.68	50.62	61.19	58.59	55.99
thereof short-term financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts payable	0.02	0.08	0.08	0.08	0.08	0.08	0.08
Other liabilities	1.09	1.51	1.53	1.53	1.53	1.52	1.52
Liabilities	13.39	22.61	44.48	52.43	62.99	60.39	57.78
Total liabilities and shareholders' equity	18.10	33.25	56.51	65.09	76.12	73.81	71.66

Financial Ratios

	2015	2016	2017e	2018e	2019e	2020e	2021e
Return on Capital							
ROA	n.a.	3.5 %	5.2 %	3.1 %	2.9 %	2.9 %	3.3 %
ROE	n.a.	11.6 %	20.7 %	15.3 %	16.0 %	16.1 %	17.8 %
FFO I / Equity	n.a.	0.2 x	0.2 x	0.3 x	0.3 x	0.3 x	0.3 x
Solvency							
Net Debt	8.55	19.46	36.07	45.56	57.80	55.90	53.86
Net Financial Debt	8.53	19.37	35.97	45.46	57.70	55.80	53.76
Net Fin. Debt / EBITDA	12.3 x	8.2 x	7.1 x	8.3 x	9.1 x	8.2 x	7.6 x
LTV	50.8 %	43.6 %	64.7 %	65.0 %	66.2 %	63.0 %	59.9 %
Equity Ratio	26.0 %	32.0 %	21.3 %	19.5 %	17.2 %	18.2 %	19.4 %

LTV

ROE
in %Book Value per Share
in EUR

Source: Warburg Research

Source: Warburg Research

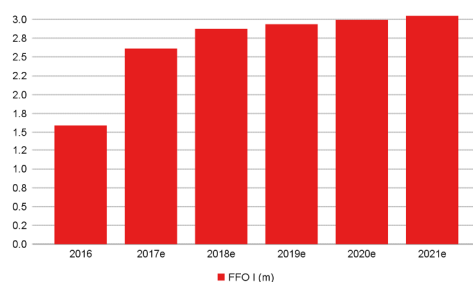
Source: Warburg Research

Consolidated cash flow statement

In EUR m	2015	2016	2017e	2018e	2019e	2020e	2021e
Net income	0.30	0.89	2.34	1.88	2.07	2.14	2.43
Valuation changes properties	0.00	0.00	1.00	0.00	0.00	0.00	0.00
Depreciation of fixed assets	-0.23	0.69	1.40	1.69	1.96	2.11	2.10
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase/decrease in long-term provisions	0.00	0.07	0.00	0.00	0.00	0.00	0.00
Deferred taxes	0.00	0.07	0.00	0.00	0.00	0.00	0.00
Other non-cash income and expenses	n.a.	1.49	0.00	0.00	0.00	0.00	0.00
Cash Flow before NWC change	n.a.	3.21	2.74	3.58	4.03	4.25	4.53
Increase / decrease in inventory	n.a.	0.00	-0.01	0.01	0.00	0.00	0.00
Increase / decrease in accounts receivable	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Increase / decrease in accounts payable	n.a.	0.06	0.00	0.00	0.00	0.00	0.00
Increase / decrease in other working capital positions	n.a.	-0.13	0.00	0.00	0.00	0.00	0.00
Increase / decrease in working capital (total)	n.a.	1.41	-0.01	0.01	0.00	0.00	0.00
Net cash provided by operating activities [1]	0.36	1.65	3.74	3.58	4.03	4.25	4.53
Investments in properties	n.a.	-17.92	-19.77	-11.83	-14.67	-0.50	-0.50
Income from asset disposals	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Investments in intangible assets	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Payments for acquisitions	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Financial investments	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Investments in other assets (net)	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided by investing activities [2]	-14.32	-17.92	-19.77	-11.83	-14.67	-0.50	-0.50
Change in financial liabilities	n.a.	8.59	21.85	7.94	10.57	-2.60	-2.60
Dividends paid	n.a.	0.22	-0.58	-1.24	-1.61	-1.85	-1.99
Purchase of own shares	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Capital measures	n.a.	1.32	0.00	0.00	0.00	0.00	0.00
Other	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided by financing activities [3]	3.71	14.02	21.28	6.71	8.96	-4.45	-4.59
Change in liquid funds [1]+[2]+[3]	n.a.	-2.25	5.25	-1.55	-1.68	-0.70	-0.56
Effects of exchange-rate changes on cash	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent at end of period	n.a.	1.46	6.71	5.16	3.49	2.79	2.23

Financial Ratios

	2015	2016	2017e	2018e	2019e	2020e	2021e
Cash Flow							
FFO (II)	0.53	1.59	2.47	3.22	3.70	3.97	4.25
FFOPS I	0.24	0.55	0.70	0.91	1.04	1.12	1.20
FFOPS I diluted	0.24	0.45	0.70	0.91	1.04	1.12	1.20
FFO I-Yield	n.a.	10.5 %	6.3 %	8.2 %	9.5 %	10.2 %	10.9 %
FFO I-margin	52.2 %	46.2 %	42.6 %	39.9 %	39.5 %	39.6 %	40.6 %
Interest Paid / Avg. Debt	n.a.	2.3 %	2.2 %	2.5 %	2.5 %	2.5 %	2.5 %
Management of Funds							
Capex/Investment Properties	n.a.	-57.0 %	-40.0 %	-19.9 %	-20.3 %	-0.7 %	-0.7 %
Avg. Working Capital / Sales	n.a.	0.9 %	0.7 %	0.5 %	-0.2 %	-0.2 %	0.4 %
Dividend Payout Ratio	72.8 %	64.9 %	52.7 %	77.7 %	79.2 %	79.6 %	76.4 %

FFO

Source: Warburg Research

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“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	105	52
Hold	90	44
Sell	8	4
Rating suspended	0	0
Total	203	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	32	78
Hold	8	20
Sell	1	2
Rating suspended	0	0
Total	41	100

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