



Company Presentation

DEFAMA Deutsche Fachmarkt AG

August 2019

EQUITY STORY



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.



EQUITY STORY



Three good reasons why we pursue this strategy:

Property size usually between €1m and €5m

Too small for most institutional investors

Favourable prices due to lack of competition on the buyer's side

Focus on typical local shopping centres

No issues with e-commerce substitution

Sustainable rentability of the objects

Deliberate focus on small and medium-sized cities

Low purchase price multiples also for good locations

Best opportunities for sustainably high returns

MANAGEMENT





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 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

MANAGEMENT



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



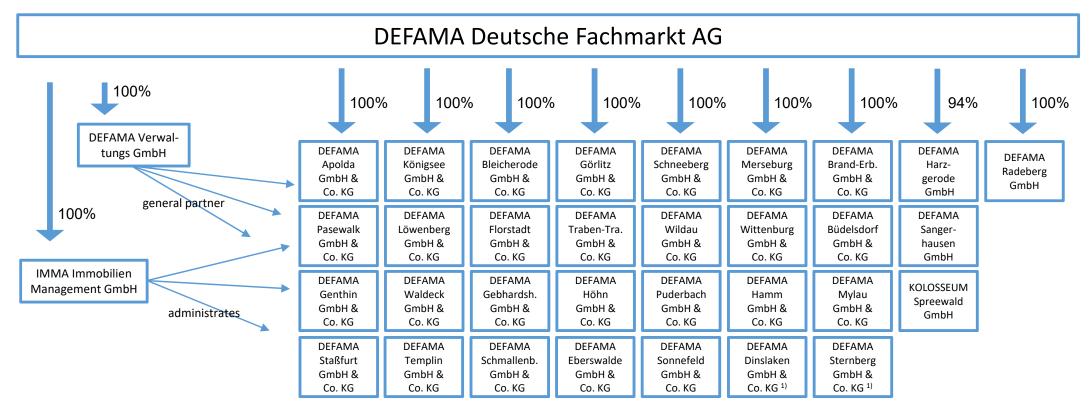
Henrik von Lukowicz

- 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

GROUP STRUCTURE



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

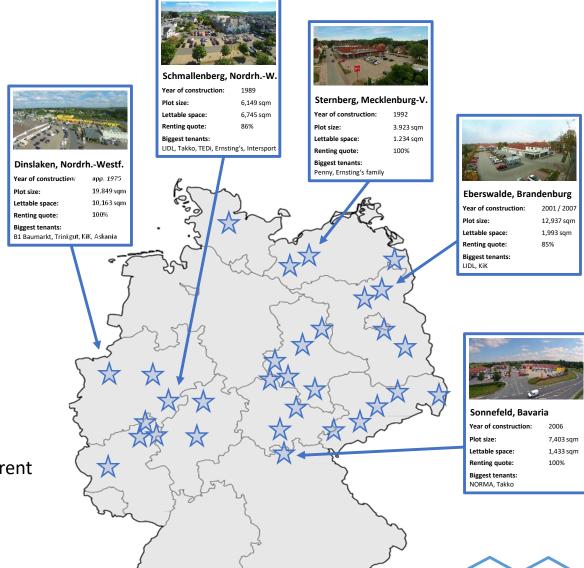


¹⁾ Currently still DEFAMA 31./32. Immobilien GmbH & Co. KG



Key Figures (as of 30 July 2019)	
Locations	32
Net Rent (annualised)	€10.0m
Lettable Space	132,703 sqm
Occupancy Rate	96%
Ø Lease Term (WALT)	4.1 years

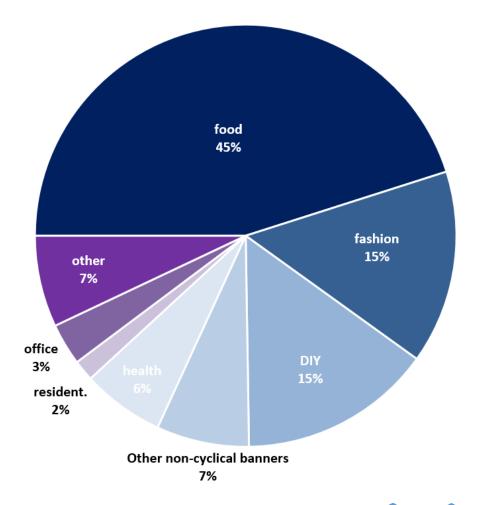
- 80% of total net rent comes from chain stores with strong solvency
- Contracts with anchor tenants have above-average maturity
- No rental contract accounts for >5% of total net rent and all "Top 5"-contracts combined only 15%





Largest Tenants		Share
REWE/Penny/Sky	REWE PENNY. SUPERINK	10.8 %
Toom/B1	i toom (t	10.5 %
EDEKA/Netto/trinkgut	Marken-Discount EDEKA trinkgut	8.2 %
LIDL	Libl	6.3 %
NORMA	NORMA	5.7 %
Tengelmann Group	kík kik	4.9 %
Aldi Nord	ALDI	3.8 %
Takko	TOKKO	2.7 %
Dän. Bettenlager	BIT TENDAGER Quittel sub-pressure.	2.5 %
Deichmann	D	2.3 %

Net Rent by Industry





KOLOSSEUM Spreewald, Lübbenau

☐ Year of construction: 1994

☐ Plot size: 10,431 sqm

Lettable space: 12,155 sqm

Occupancy rate:

Purchase price: app. €8m

Annual net rent: €900k

Acquisition at 9 times annual net rent

Key tenants are Rossmann, NKD, MäcGeiz, Ernsting's family, KiK, drugstore, savings bank, gym, several doctors' offices and the Job Centre

LIDL market is located next door

Biggest retail, health and service centre in the town of Lübbenau





Retail Park Templin

☐ Year of construction: 1992 / 1998

☐ Plot size: 14,579 sqm

Lettable space: 4,543 sqm

Occupancy rate: 100%

☐ Investment: app. €2m

Annual net rent: > €250k

Acquisition at a very attractive yield

Key tenants are BayWa DIY store, NORMA and a beverage retailer

Strong market position with the only DIY store within a wide radius





Retail Park Schmallenberg

☐ Year of construction: 1989

☐ Plot size: 6,149 sqm

Lettable space: 6,745 sqm

Occupancy rate:

Purchase price: €7.0m

Annual net rent (fully let): > €700k

Acquisition at 10 times annual net rent

Key tenants are LIDL, Takko, TEDi, Ernsting's family, Intersport, Quick Schuh

Exceptionally strong location in the city centre of Schmallenberg





Fachmarktzentrum 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

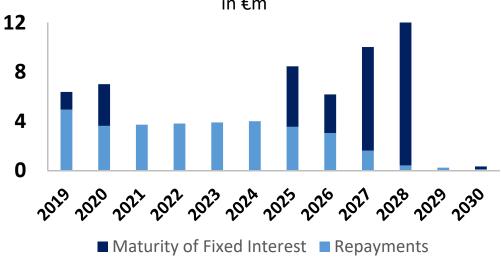


FINANCING



Key Figures (as of 30 June 2019)	
Number of financing partners	21
Bank loans	€66.9m
Ø Interest rate	2.40%
Ø Initial repayment	4.91%
Ø Fixed interest	7.6 years
Loan-to-value ratio (LTV)	61.3%

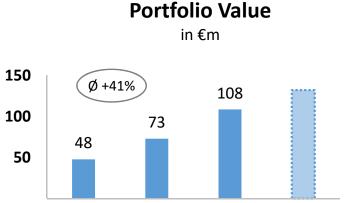
Maturity Profile incl. Repayments in €m



- Financing arranged through local / regional banks and savings banks with strong local knowledge
- Broadly diversified financing structure: no bank with >20% share of total debt
- Annuity loan with favourable interest rates secured for the long-term

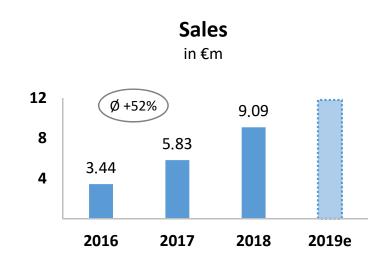
KEY FINANCIALS 2016-2019 ⊃== | This is a second of the content of the content

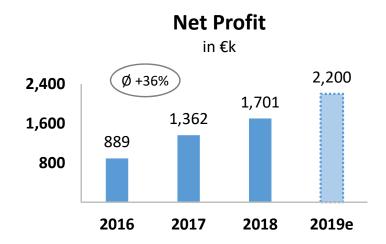




2018

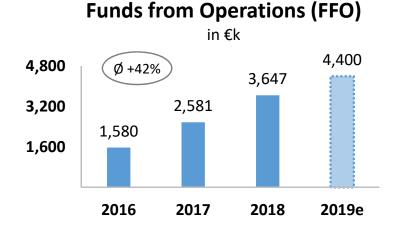
2019e





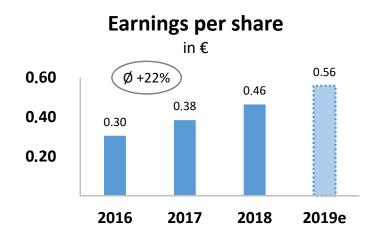
2017

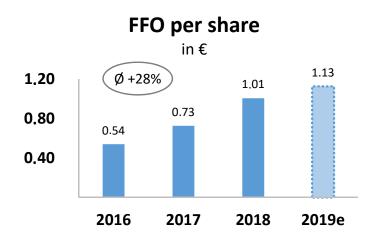
2016

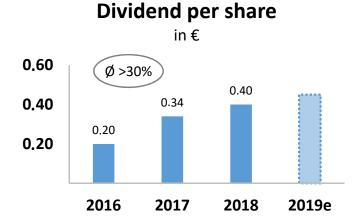


KEY FINANCIALS 2016-2019







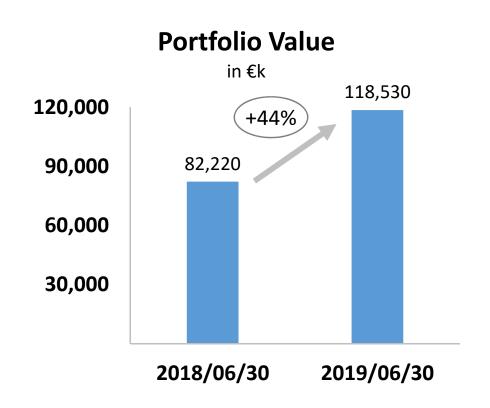


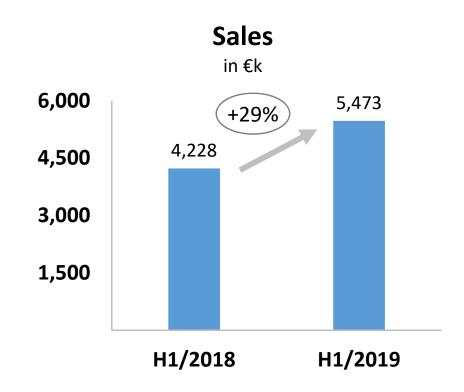
Guiding principles for expansion

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

KEY FINANCIALS H1/2019

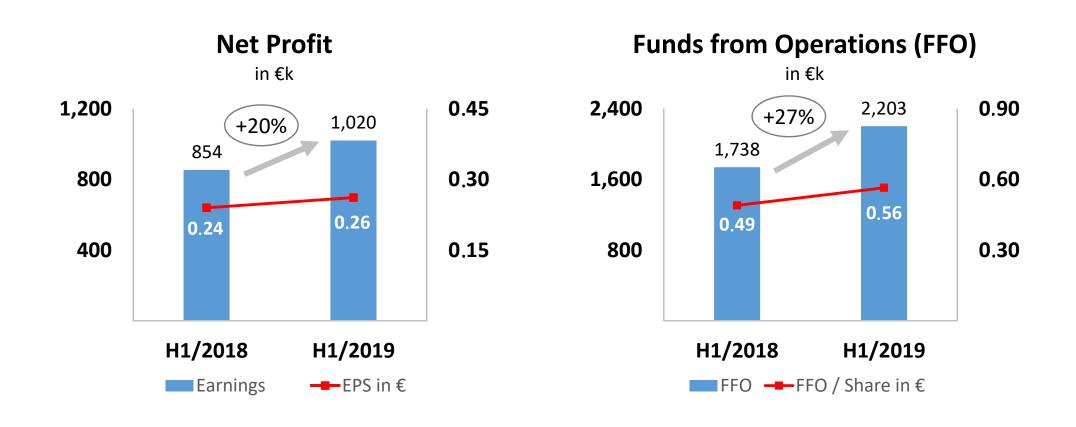






KEY FINANCIALS H1/2019





STATUS AND OUTLOOK



Guidance for 2019

Net Profit (German GAAP): €2.2m

€0.56 per share

• Funds From Operations (FFO): €4.4m

€1.13 per share

• Again, significant dividend increase

Prior Year

€1.7m

€0.46 per share

€3.65m

€1.01 per share

€0.40 per share

Annualised portfolio key figures

• Total Net Rent: > €10.0m

• Funds From Operations (FFO): €4.7m resp €1.22 per share

Further increase with existing liquid funds expected

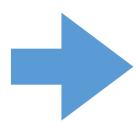


STATUS AND OUTLOOK



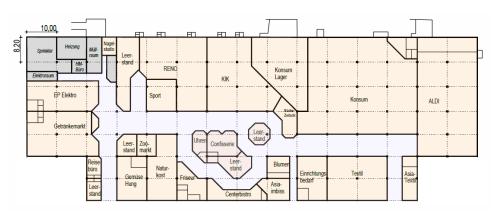
Preparation of Radeberg refurbishment

- New building structure developed
- Applied for building permission
- Rental contracts with all small tenants for post-conversion signed
- Contracts with major tenants almost finally negotiated

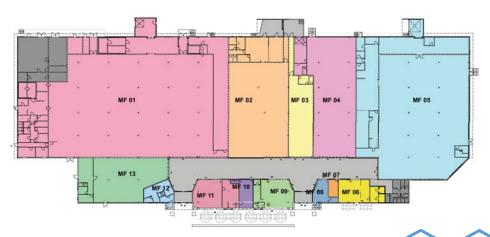


- Conversion to be carried out in 2020
- Forward sale of property planned
- Special income in the high singledigit million range possible

Building structure today



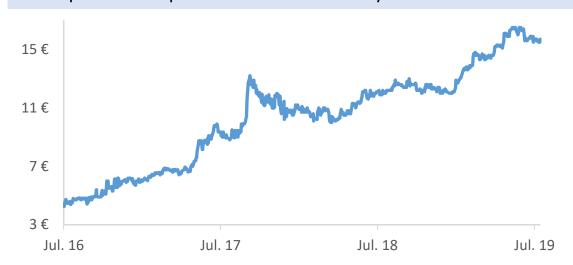
Future building structure



SHARE



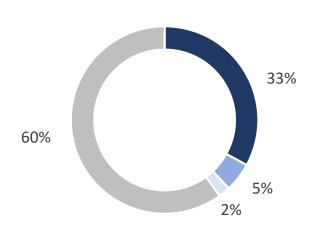
Share price development since IPO at 13 July 2016



WKN / ISIN	A13SUL / DE000A13SUL5
Stock exchange	Munich (m:access), Frankfurt, Xetra
Number of shares	3,900,000 bearer shares
Current share price 1)	€15.70
Market capitalisation	€61.2m

¹⁾ closing price on 26 July 2018

Shareholder structure 2)



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

2) as of 30 June 2019. According to our knowledge, biggest investors within the freefloat are Ennismore European Smaller Companies Fund, Share Value Foundation, Value Opportunity Fund and the HW Capital GmbH with a combined stake of approx. 15%.

CAPITAL RAISE



Ad hoc announcement dated 17 June 2019

- Consideration of a capital increase with subscription rights
- Exploiting opportunities through acquisitions and investments in existing properties
- Subscription ratio expected to be 8:1
- Subscription price close to market price
- Gross issuing proceeds of €7m to €8m
- Details of possible measure not yet determined

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 extensive experience in the real estate and retail sector

Shareholder-friendly

with high transparency and attractive dividend policy

Strong Growth

by focusing on very specific niche with few competitors

CONTACT



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