Company Presentation

DEFAMA Deutsche Fachmarkt AG

November 2021

EQUITY STORY

DEFAMA acquires:

- Well-established retail parks and small shopping centres
- Chain stores with strong solvency as (anchor) tenants
- Little vacancies and/or investment needs
- Purchase price per property usually between €1m and €5m
- Mainly located in small to medium-sized towns

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


Pasewalk, Mecklenburg Western Pomerania


Waldeck, Hesse

Apolda, Thuringia

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
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 prices also for good locations	Best opportunities for sustainably high returns

INVESTMENT CASE

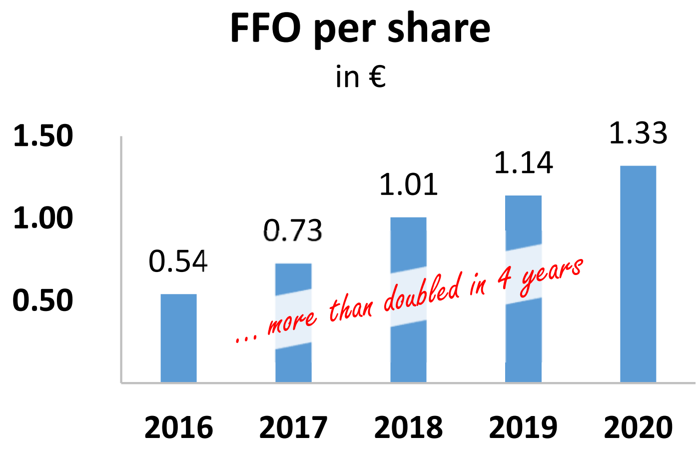
Value creation on several levels (I)

- 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 +146%

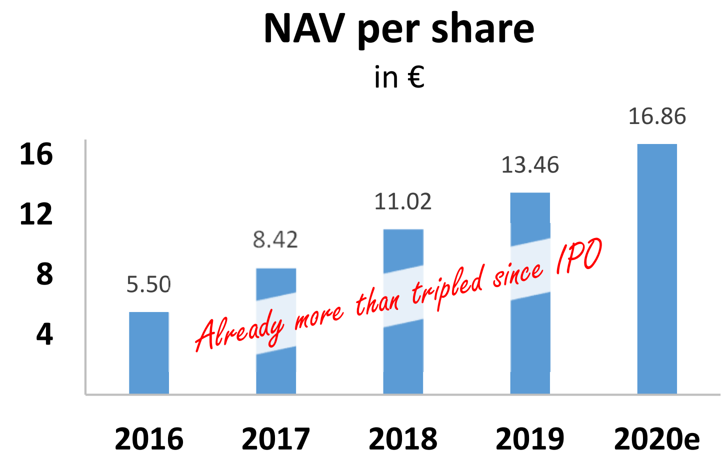


INVESTMENT CASE

Value creation on several levels (II)

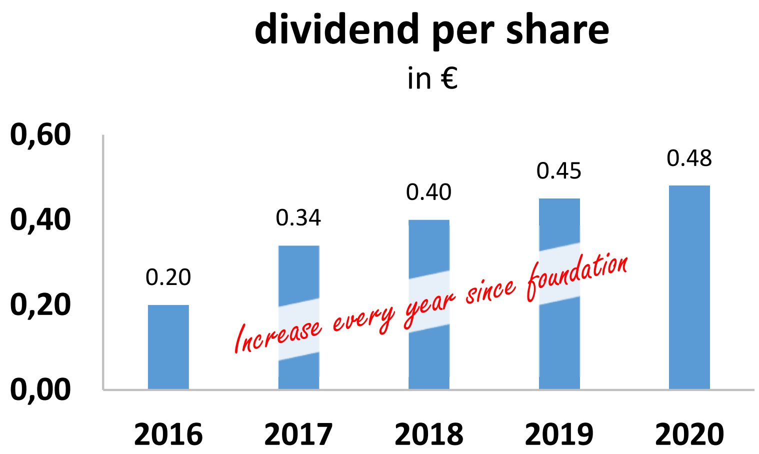
- Complex single purchases at favourable prices
- Professionally managed portfolios trade at much higher multiples on net rent

→ NAV per share +203% within four years



Shareholders benefit from

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



MANAGEMENT

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 (COO)

- 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

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

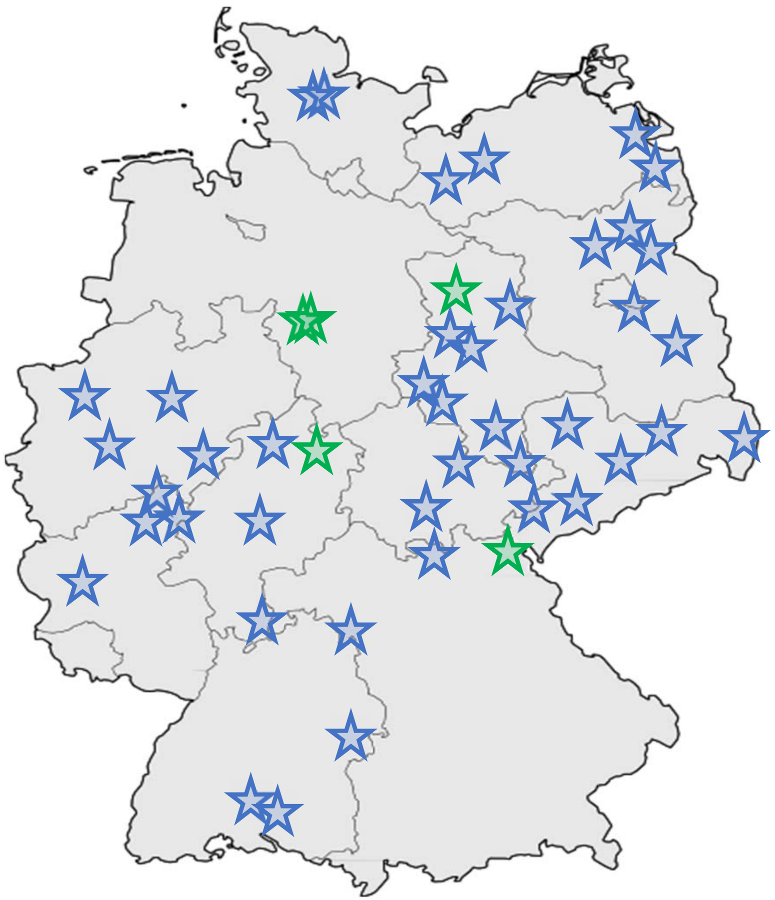
Ulrich Rücker (Deputy Chairman)
- Managing Director of Rücker Immobilien GmbH
- Decades of experience in the real estate industry
- Successful establishment and IPOs of several real estate companies

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

PORTFOLIO

Key Figures *(as of 31 October 2021)*	
Locations	47
Net Rent (annualised)	€16m
Lettable Space	210,455 sqm
Occupancy Rate	95%
Ø Lease Term (WALT)	4.8 years
Portfolio Value	€205m

- 80% of total net rent is generated 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 26%
- In 2021, so far five acquisitions for €24.2m



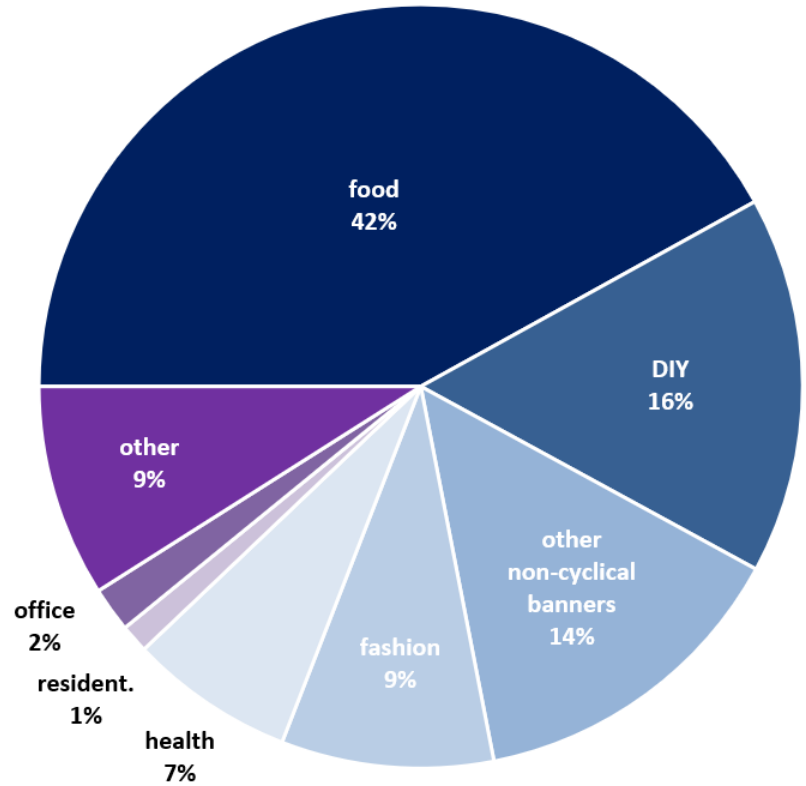
Existing properties
Acquired in 2021

PORTFOLIO

DEFAMA

Largest Tenants	Contracts	Share
Kaufland/LIDL	6	11.9 %
toom/B1	5	11.2 %
EDEKA/Netto/trinkgut	11	10.4 %
REWE/Penny	7	6.5 %
JYSK (= Dän. Bettenlager)	10	4.9 %
Aldi Nord	4	3.8 %
NORMA	7	3.5 %
Herkules (= Edeka Group)	1	2.4 %
KiK	8	2.4 %
TEDi	9	2.2 %
Takko	6	2.0 %
Deichmann	6	1.7 %

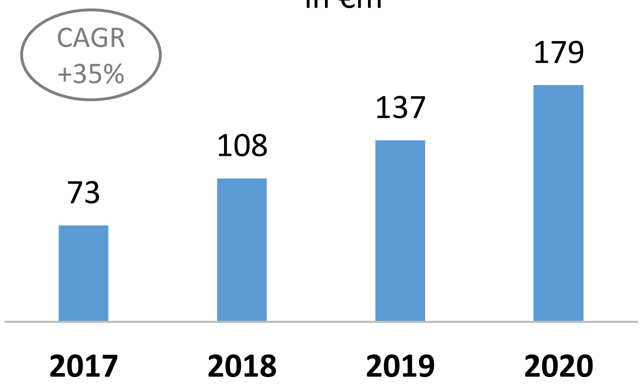
Net Rent by Industry



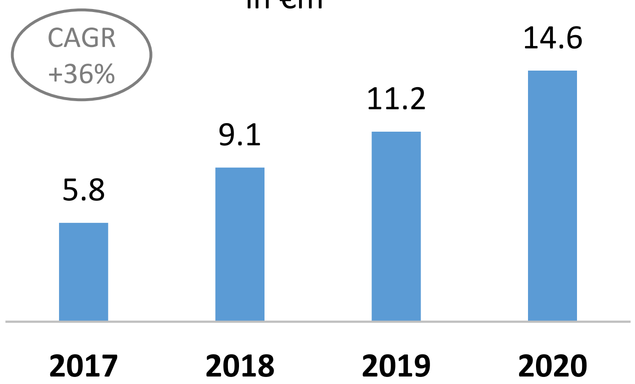
„Top 10“ leases account for only about 26% of total net rent

KEY FINANCIALS 2017-2020

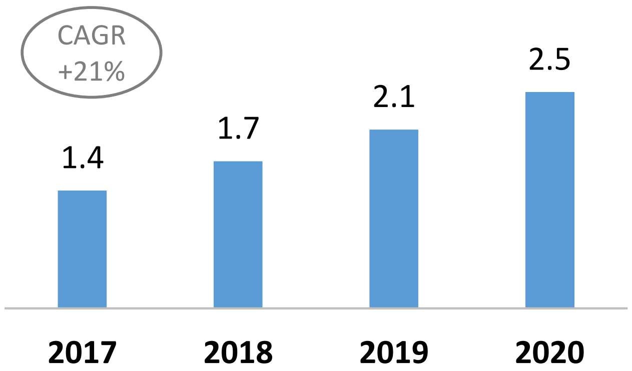
Portfolio Value
in €m



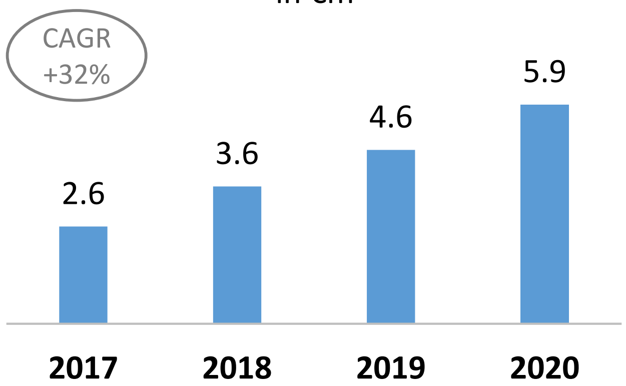
Sales
in €m



Net Profit
in €m



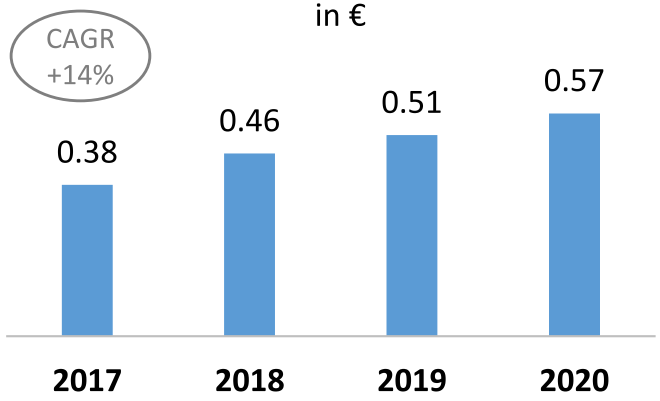
Funds from Operations (FFO)
in €m



KEY FINANCIALS 2017-2020

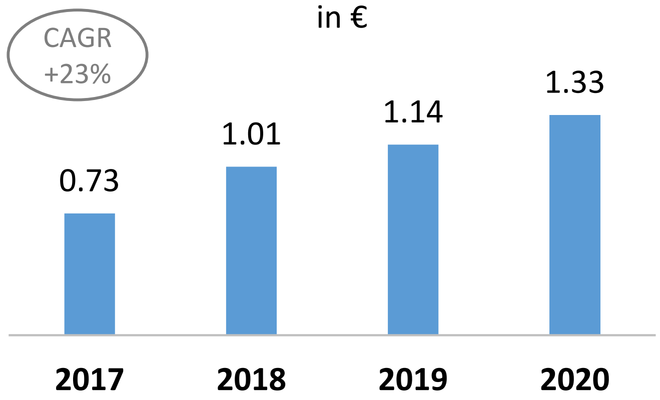
Earnings per share

in €



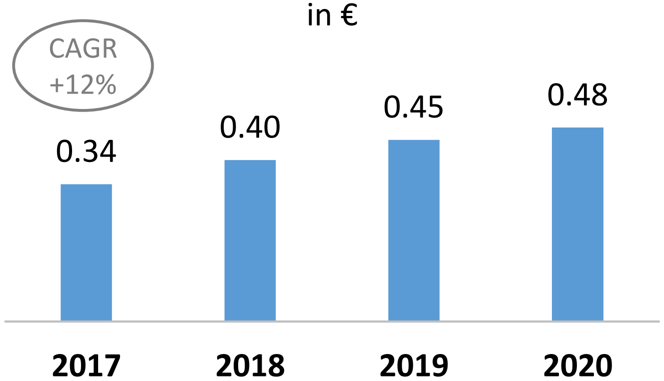
FFO per share

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

CURRENT DEVELOPMENT

Impact of coronavirus crisis / current situation

- Collection ratio in Q1/2021 overall about 92%, partly conditional payments
- Collection ratio since April 2021 close to 100%
- Open claims rents mainly from non-food retail banners with strong solvency; only one tenant has declared insolvency, already rescued by investor
- Suspended rents are just deferred => no effect on results!
  … despite this additional precautionary write-offs
- No change in banking lending practices visible

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

CURRENT DEVELOPMENT

Investments within the existing portfolio *(examples)*

Löwenberg		
• Acquisition of neighbour parcel	completed	in total
• Expansion of ALDI's area	in process, completion est. 12/2021	app. €2m
Büdelsdorf		
• Adding an elevator at East wing	in process, completion est. 12/2021	
• Expansion of TEDi's area, roof extension, creation of area for a fitness studio	in process, completion est. 8/2022	in total app. €1.5m
Hamm		
• Refurbishment fitness studio	completed	in total
• Expansion of Penny's area	in process, completion est. 5/2022	app. €500k
Lübbenau		
• Settlement of cardiology surgery	completed	
• Expansion of butcher's area	completed	in total
• Expansion of Amplifon's area	completed	> €1m
• Creation of a new rental area for TEDi	in process, completion est. Q2/2022	(incl. further
• Building application for larger bakery area	in process, completion est. Q2/2022	measures)

CURRENT DEVELOPMENT

Refurbishment for ALDI in Löwenberg (I)

- Expansion and modernisation of the ALDI market
- ALDI was almost continuously open during the renovation
- Reopening planned for December 10th, 2021

Total plot before the refurbishment

The driveway was relocated a little to the west

There‘s still some work to do at the outdoor facilities …

… but the building is as good as finished

Refurbishment for ALDI in Löwenberg (II)

The ALDI building is being enlarged towards the front, the driveway is relocated and parking spots are added

The aging ALDI in Löwenberg …

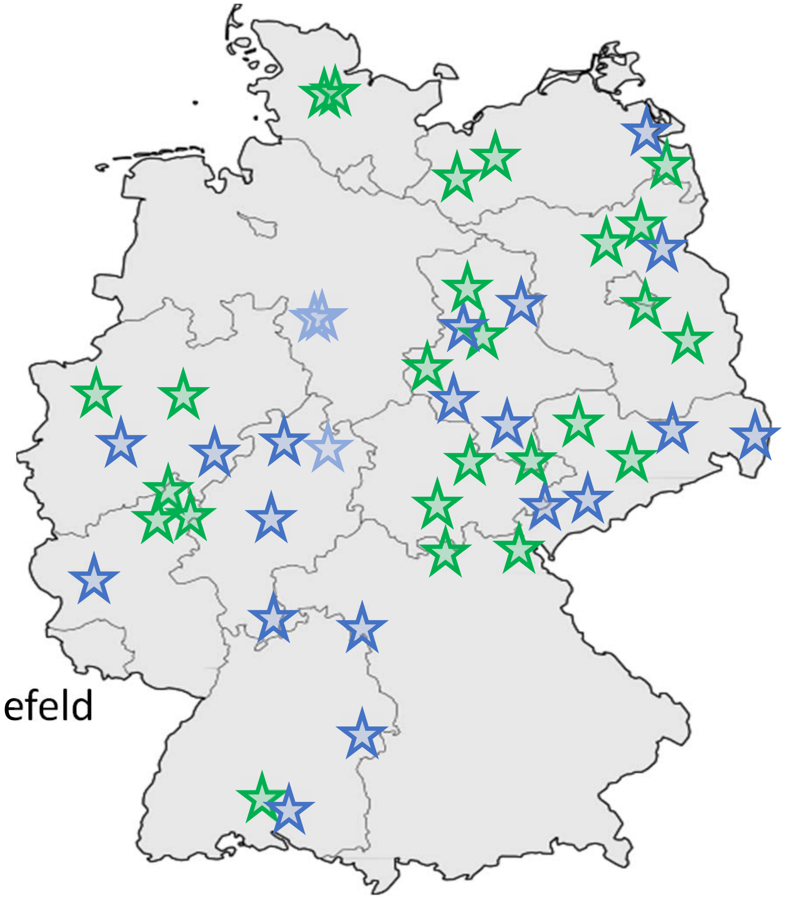
… looks like newly built after the refurbishment.

CURRENT DEVELOPMENT

Prolongation or new contracts signed with important tenants in 2021

ALDI	Brand-Erbisdorf
Edeka	Pasewalk
ABC Schuhe	Staßfurt
Fitness-Studio	Büdelsdorf
Futterhaus	Gardelegen
Gemeinschaftspraxis	Rendsburg
KiK	Dinslaken
Norma	Höhn + Puderbach + Sonnefeld
Penny	Wildau
REWE	Wittenburg
Sanitätshaus	Albstadt
TEDi	Büdelsdorf + Wurzen

etc. etc.



Prolongation of contract/investment [1]

Acquisition in 2021

1) Locations with important lease term prolongation in 2021 and/or actual plans for investments of > €50k

CURRENT DEVELOPMENT

Transaction/Sale

REWE City Center Bleicherode

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

sold on 24th February 2021

Bleicherode, Thuringia

Ad hoc announcement dated February 24th, 2021

- First sale in company history of DEFAMA
- Selling price of €5.16m (= 2x purchase price, app. 15x net rent)
- 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

CURRENT DEVELOPMENT

acquired on April 22nd, 2021

Gardelegen, Sachsen-Anhalt

Transaction/Purchase

HanseCenter Gardelegen

- Year of construction: 1996
- Plot size: 41.355 sqm
- Lettable space: 15.850 sqm
- Occupancy rate: 67%
- Purchase price: €8m
- Annual net rent (target): > €1m
- Aquisition via foreclosure sale
- Key tenant is Kaufland, represented are also AWG, Deichmann, Takko, ACTION, Woolworth
- HanseCenter is the only big retail agglomeration of the entire city
- Great interest of several potential tenants
- First considerable contract signed with Futterhaus a good 800 m^2 in October 2021

CURRENT DEVELOPMENT

DEFAMA

acquired on May 19th, 2021

Barsinghausen, Niedersachsen

Transaction/Purchase

Local supply center Barsinghausen

- Year of construction: 1985 / 2005
- Plot size: 6.907 sqm
- Lettable space: 3.385 sqm
- Occupancy rate: 100%
- Purchase price: €3.6m
- Annual net rent: €340k
- Acquisition at 10.6 times annual net rent
- Located in the commuter belt of Hanover with suburban railway connection
- Key tenants are Netto and JYSK, represented are also i.a. bakery, barber, insurance office, vet, martial arts school, care service and two doctor‘s offices
- Plot with great visibility next to the main road and embedded in a big residential area

CURRENT DEVELOPMENT

acquired on September 30th, 2021

Hof, Bayern

Transaction/Purchase

Retail Park Hof

- Year of construction: 1991
- Plot size: 24.824 sqm
- Lettable space: 6.685 sqm
- Occupancy rate: 89%
- Purchase price: €6.7m
- Annual net rent (target): > €570k
- Acquisition at 11.7 times annual net rent
- Located in a heavily frequented retail agglomeration with Kaufland, LIDL, OBI, dm, KiK, denn‘s biomarket, Subway and several car dealers not far from the main station
- Main tenants are Admiral, Detlev Louis Motorrad, Jumpers Fitness, Fressnapf and JYSK
- Undeveloped complementary plot of > 2,000 sqm offers potential for an additional building

CURRENT DEVELOPMENT

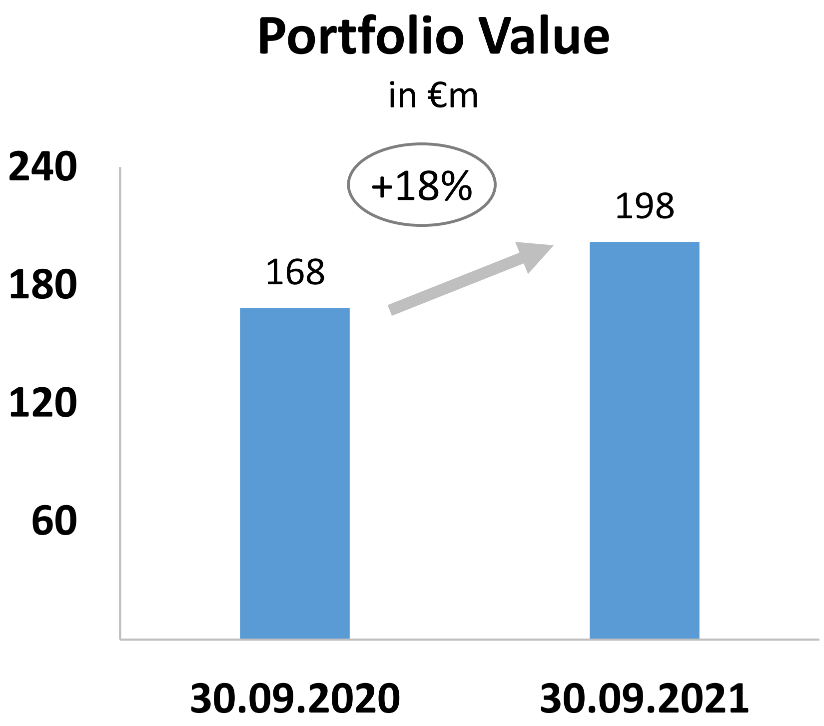
Transaction/Purchase
Retail Park Melsungen

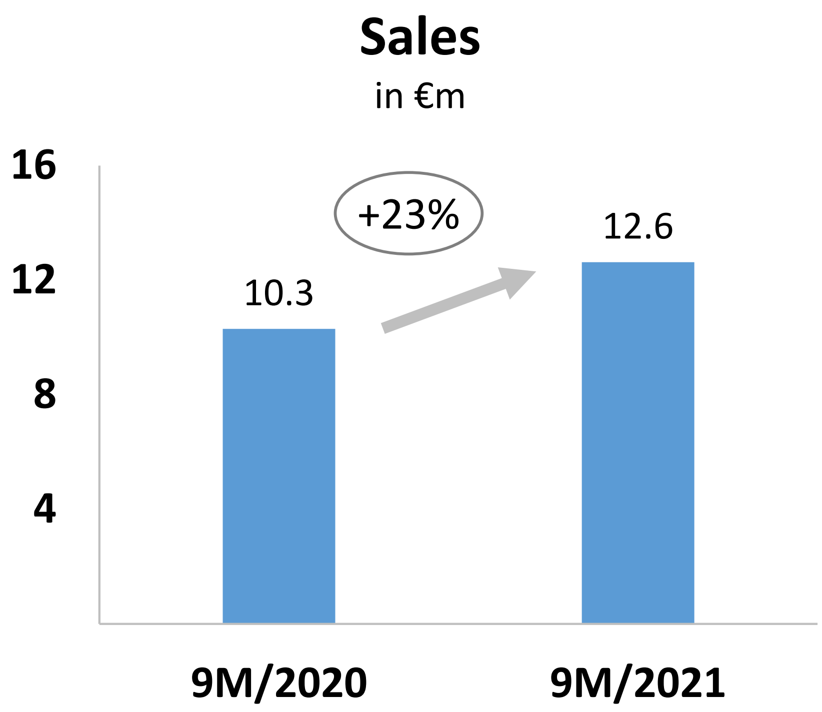
- Year of construction: 1999
- Plot size: 25.834 sqm
- Lettable space: 8.366 sqm
- Occupancy rate: 100%
- Purchase price: €4.5m
- Annual net rent: €450k
- Acquisition at 10 times annual net rent
- Plot is about 25 km south from Kassel
- Tenants are Herkules DIY store (Edeka Group) and a furniture store
- Located at an access road to the highway with great visibility

acquired on October 6th, 2021

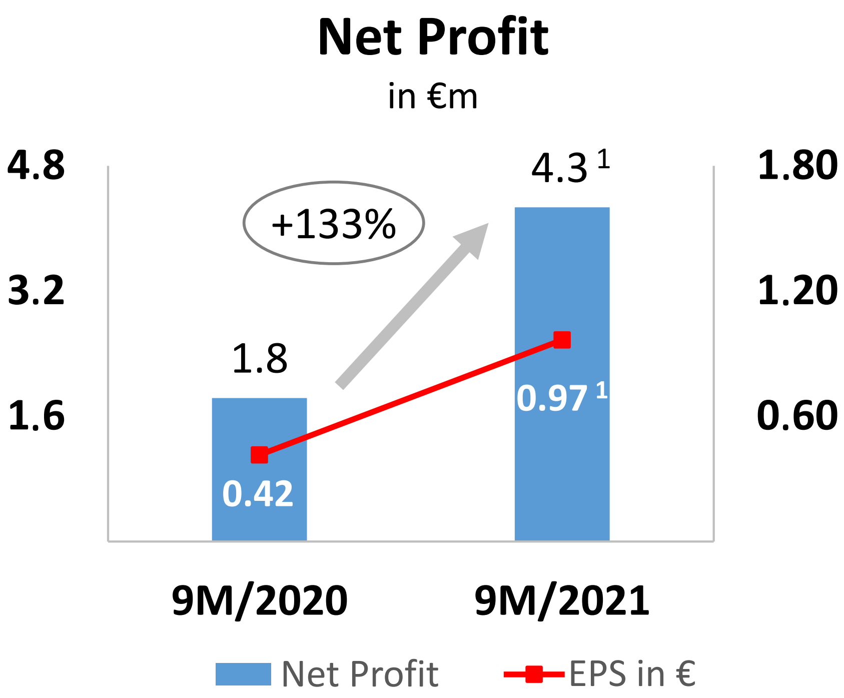
Melsungen, Hessen

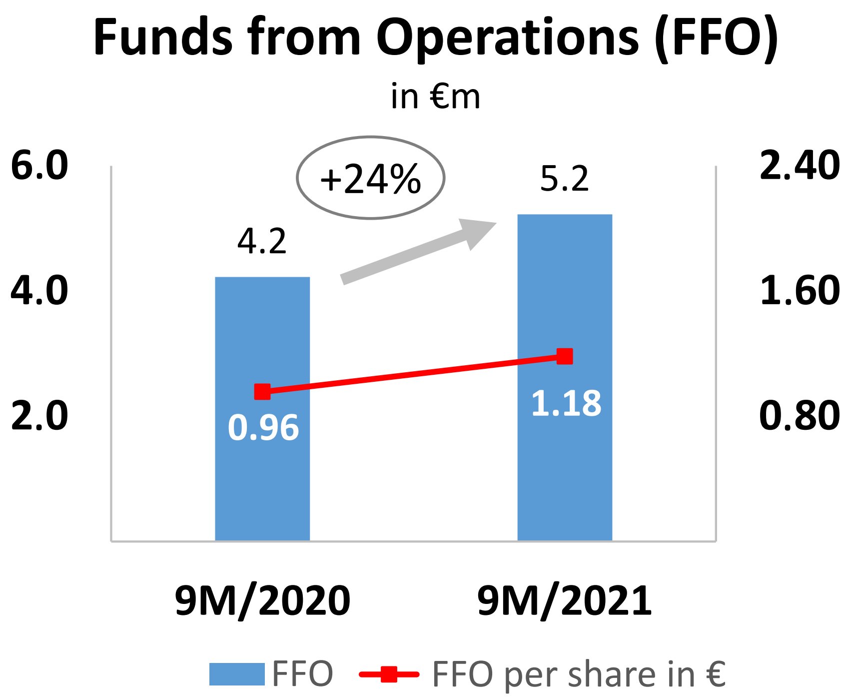
KEY FINANCIALS 9M/2021





KEY FINANCIALS 9M/2021

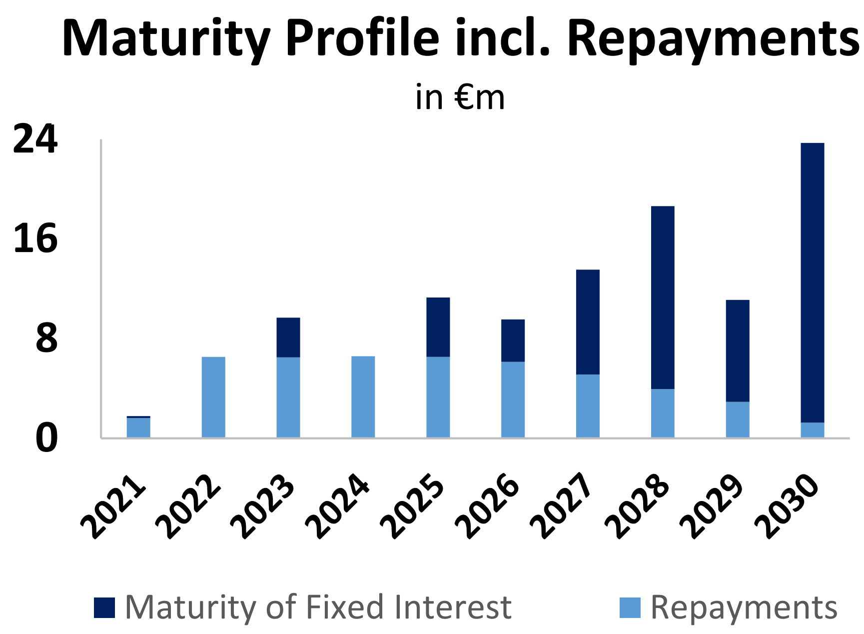




1) Including profit of sale of Bleicherode, adjusted €2.1m resp. 0.47 € per share

FINANCING

Key Figures *(as of 30 September 2021)*	
Number of financing partners	34
Bank loans	€117m
Ø Interest rate	2.09%
Ø Initial repayment	4.55%
Ø Fixed interest	7.2 years
Loan-to-value-ratio (LTV)	58.0%



- Financing arranged through local / regional banks and savings banks with strong local knowledge
- Broadly diversified financing structure: no bank with > 17% share of total debt
- Annuity loan with favourable interest rates secured for the long-term

STATUS AND OUTLOOK

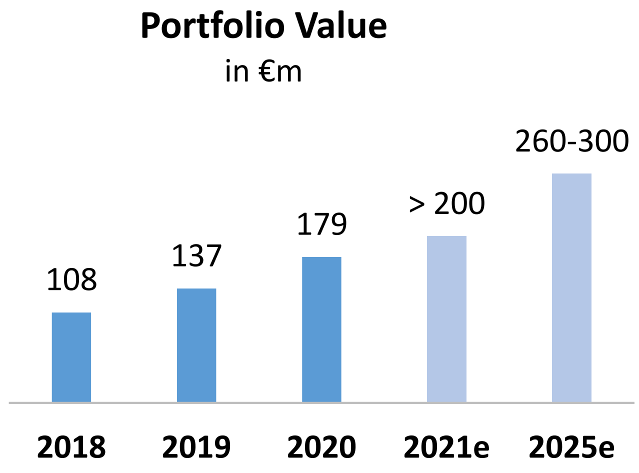
Guidance for 2021		**Prior Year**
• Net Profit (German GAAP):	€3.1m €0.69 per share	€2.5m €0.57 per share
• Funds From Operations (FFO):	€7.1m €1.61 per share	€5.8m €1.32 per share
• Annualised FFO:	at least €8m	€7.1m
• Dividend:	> €0.48 per share	€0.48 per share [1)]

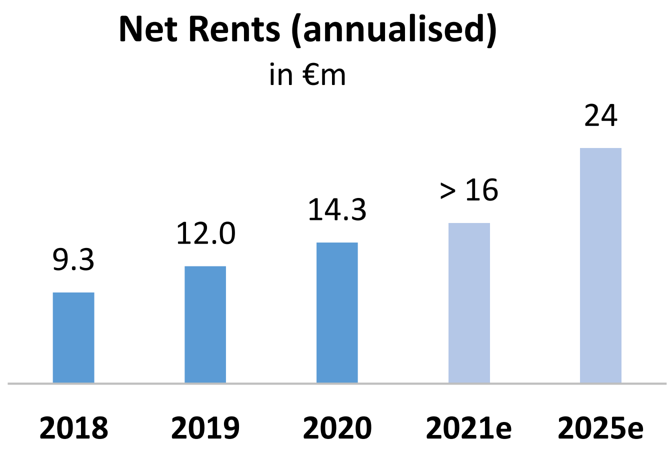
- Increase of existing loans of at least €2m

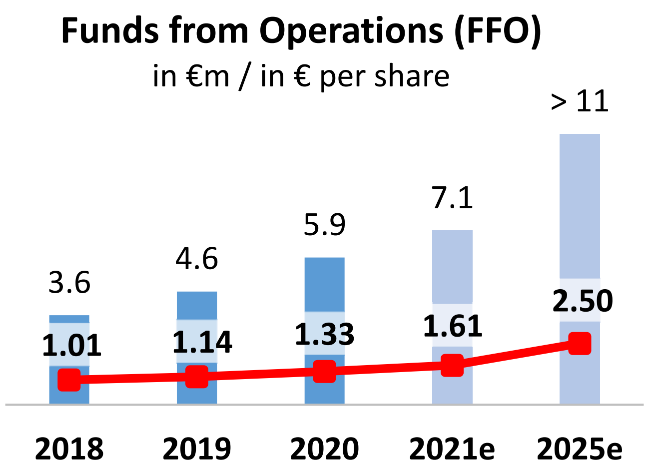
STATUS AND OUTLOOK

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







STATUS AND OUTLOOK

DEFAMA

DEFAMA on track for further growth

- Aquisition volume per 10/2021 at > €24m already above typical level
- Annualised FFO („run rate“) already €8,2m resp. 1,87 € per share
- Additional employee increases capacity for real estate transactions
- Potentially higher annual aquisition volume in the future
- Review occasional sales, e.g. after signing of long-term leases

Our success strategy „we buy to keep“
in the core stays unchanged!

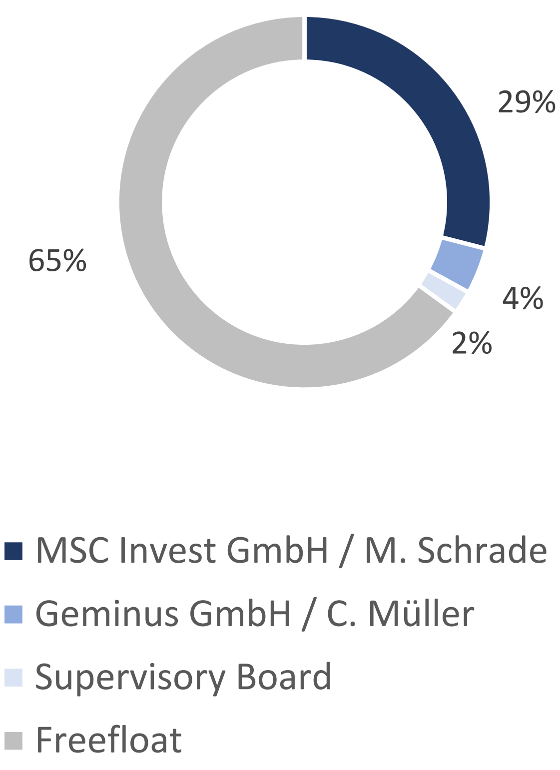
SHARE

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]	€25.40
Market capitalisation	€112.3m

1) closing price on 17 November 2021

Shareholder structure [2]



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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Apolda, Thuringia

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