



Company Presentation

DEFAMA Deutsche Fachmarkt AG

November 2022



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.

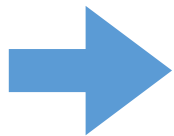


Three good reasons why we pursue this strategy:



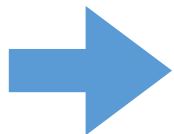
Value creation on several levels (I)

- Acquisition of properties with initial yield of 10% p.a.
- Refinancing of > 80% of investment with app. 4% p.a.



little equity needed,
therefore high return on equity

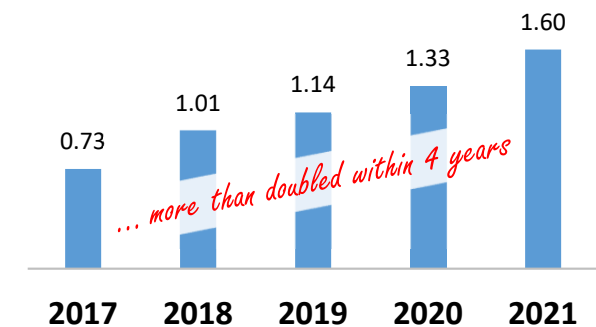
- Strong growth due to additional acquisitions
- Realisation of earnings and saving potential



FFO per share +119%
within four years

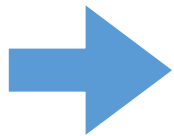


FFO per share
in €



Value creation on several levels (II)

- Single purchases at favourable prices are laborious
- Professionally managed portfolios trade at much higher multiples on net rent

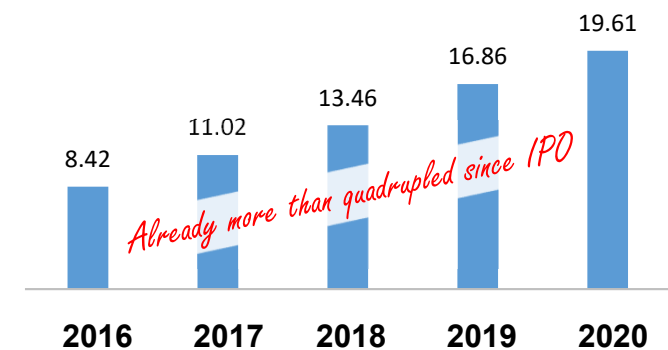


NAV per share +143%
within four years

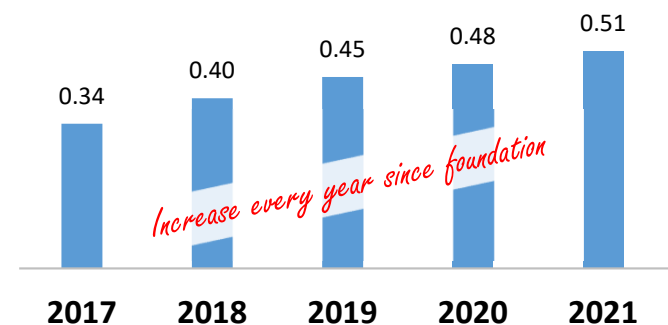
Shareholders benefit from

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

NAV per share
in €

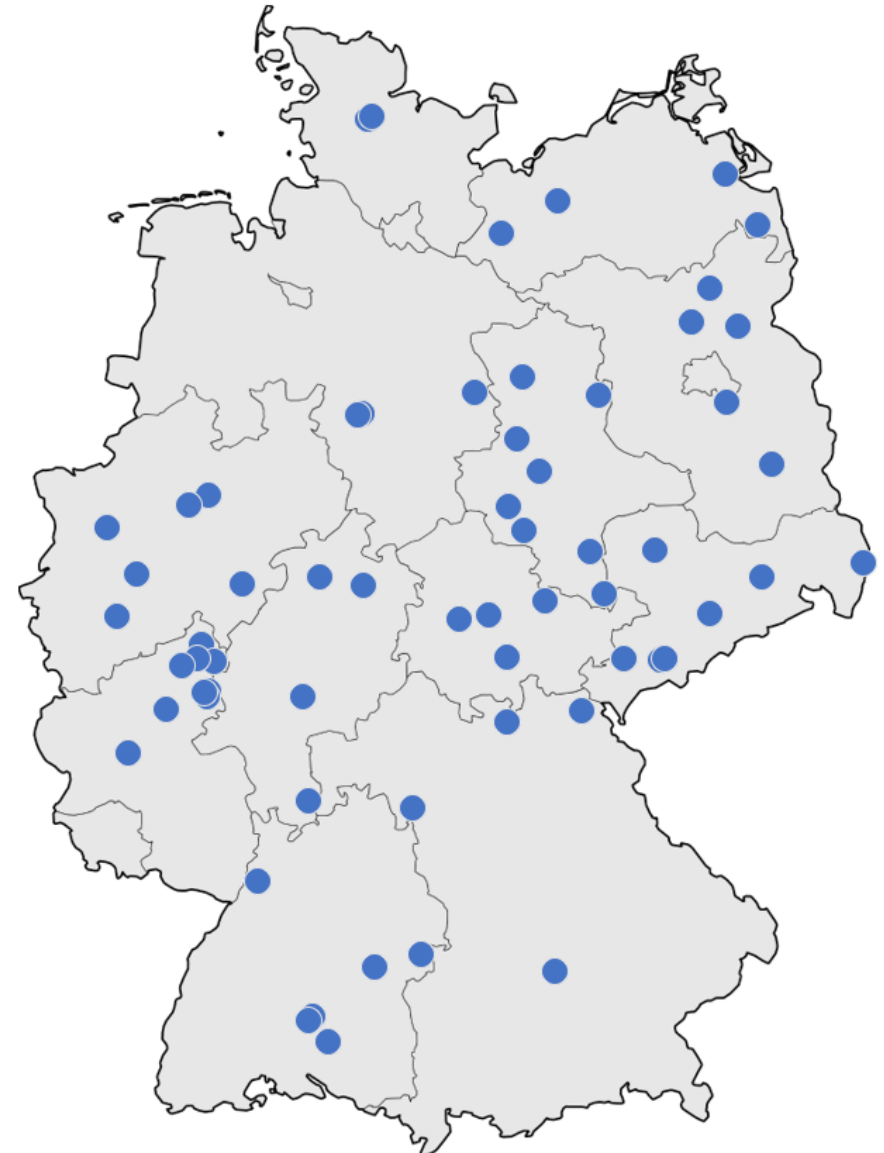



















dividend per share
in €



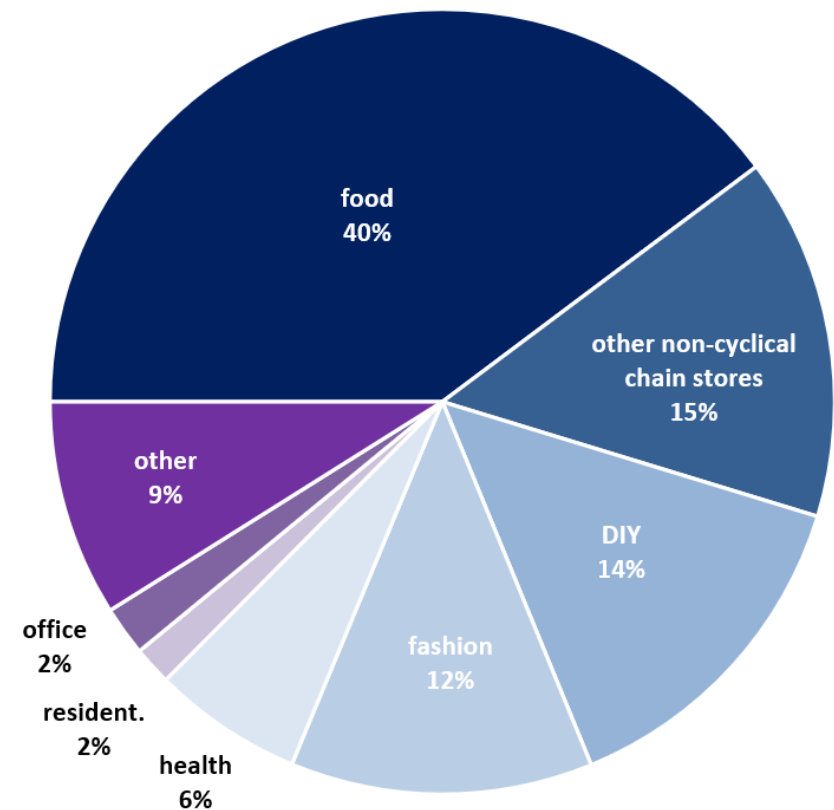
Key Figures <i>(as of 30 Sept 2022)</i>	
Locations	62
Net Rent (annualised)	€19.9m
Lettable Space	249,570 sqm
Occupancy Rate	94.2%
Ø Lease Term (WALT)	4.7 years
Portfolio Value	€251m

- 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 22%
- In 2022 twelve acquisitions for €29m so far



Biggest tenants		Sites	Share
Kaufland/LIDL	 	6	10.3 %
toom/B1	 	5	9.7 %
EDEKA/Netto/trinkgut	  	11	8.5 %
REWE/Penny	 	9	6.7 %
JYSK (= Dän. Bettenlager)		12	5.7 %
Aldi Nord		6	3.9 %
KiK		11	3.8 %
NORMA		7	3.5 %
TEDi		11	2.5 %
AWG		5	2.5 %
Takko		7	2.3 %
Herkules DIY (Edeka)		1	2.0 %

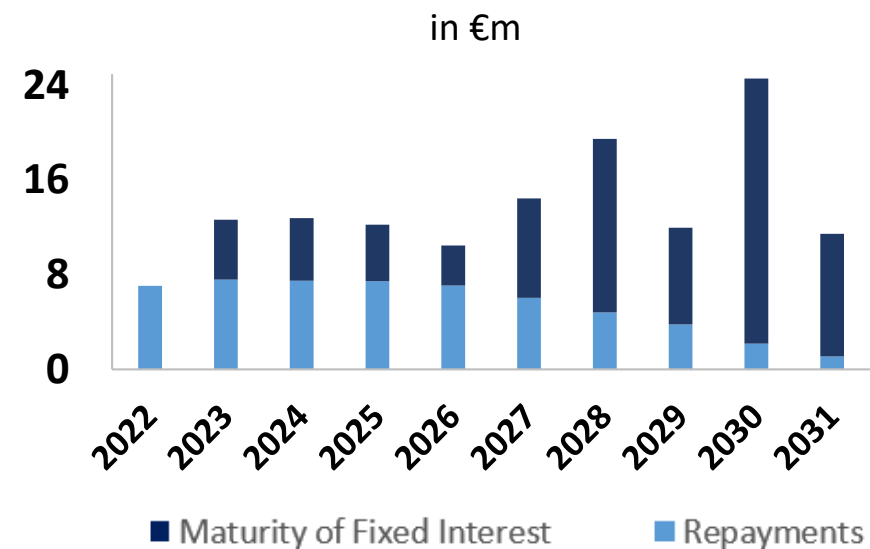
Net Rent by Industry



„Top 10“ leases account for just 22% of total net rent

Key Figures <i>(as of 30 September 2022)</i>	
Number of financing partners	36
Bank loans	€138m
Ø Interest rate	2.07%
Ø Initial repayment	4.42%
Ø Fixed interest	6.3 years
Loan-to-value-ratio (LTV)	56.5%

Maturity Profile incl. Repayments



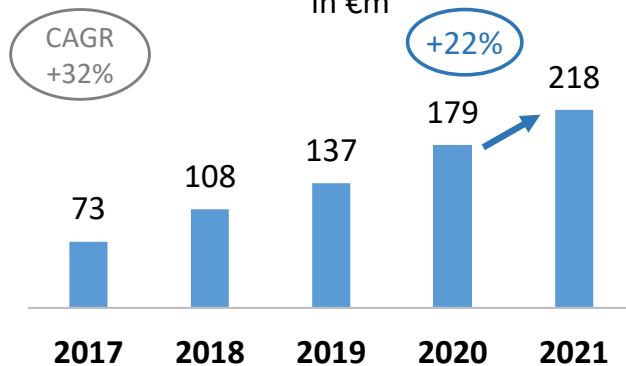
- Financing arranged through local / regional banks and savings banks with strong local knowledge
- Broadly diversified financing structure: no bank with > 15% share of total debt
- Annuity loan with favourable interest rates secured for the long-term

KEY FIGURES 2021



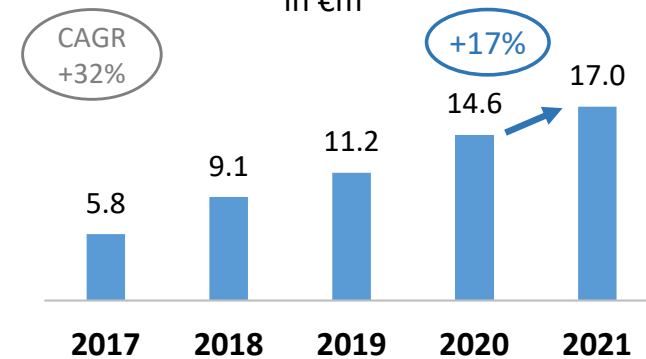
Portfolio Value

in €m



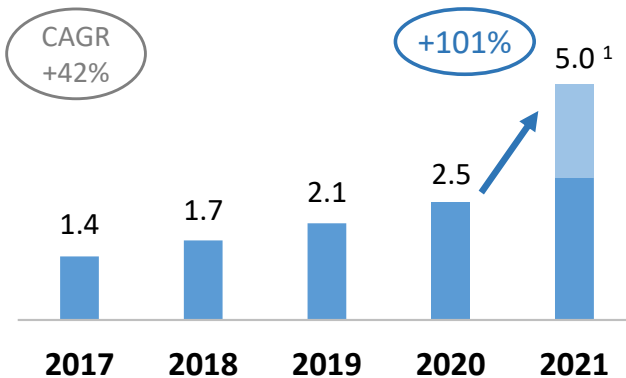
Sales

in €m



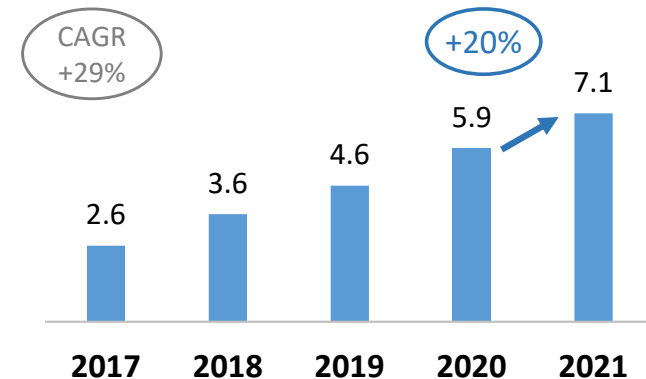
Net Profit

in €m



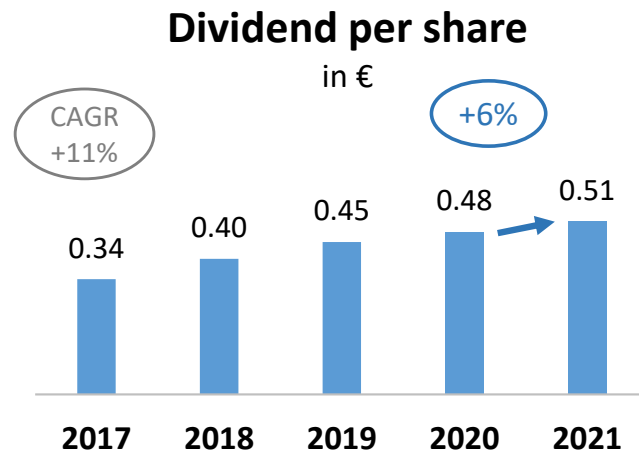
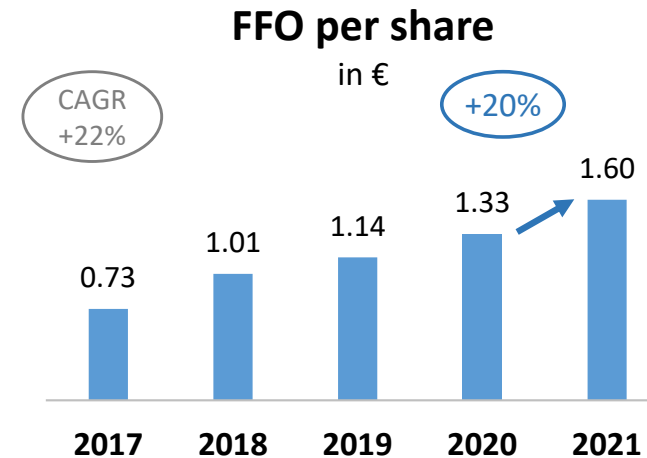
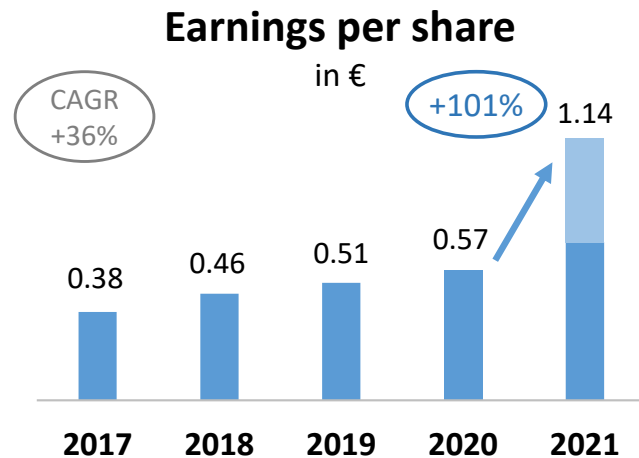
Funds from Operations (FFO)

in €m



1) Incl. one-off effect of about €2m from disposal of Bleicherode

KEY FIGURES 2021



Guiding principles for expansion

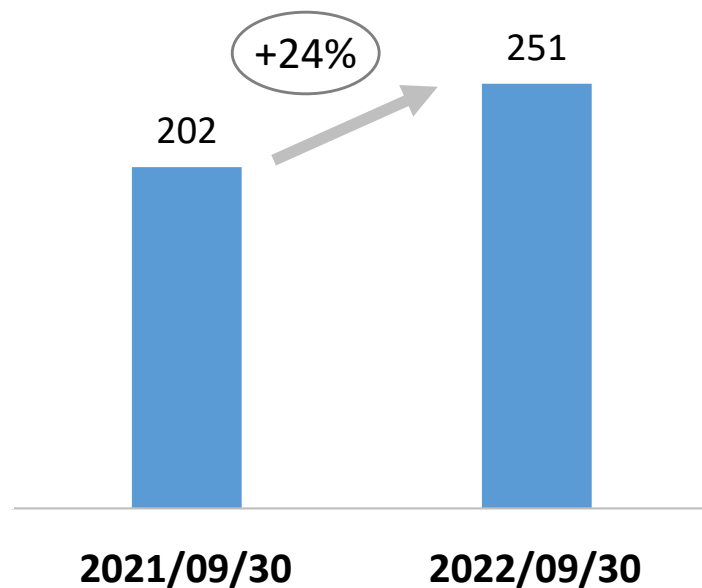
- Company growth not for its own sake, but always with a clear goal of creating shareholder value
- Primary focus on improving FFO per share
- Further FFO increase with existing cash position expected

KEY FIGURES 9M/2022



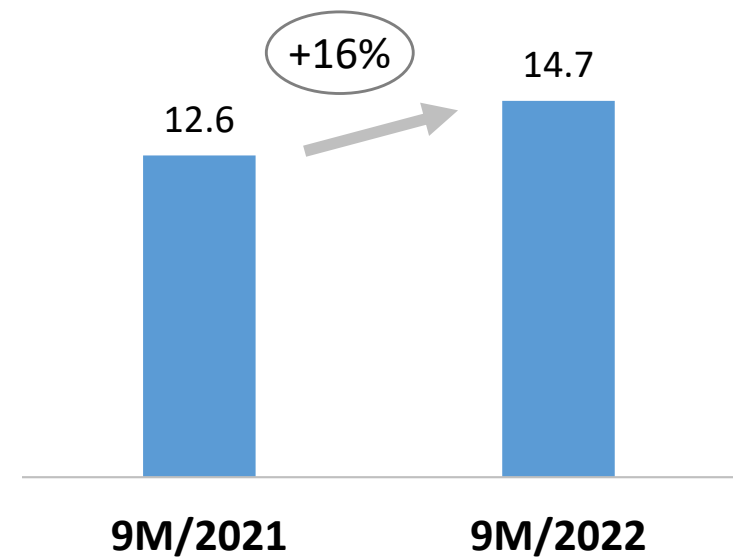
Portfolio Value

in €m



Sales

in €m

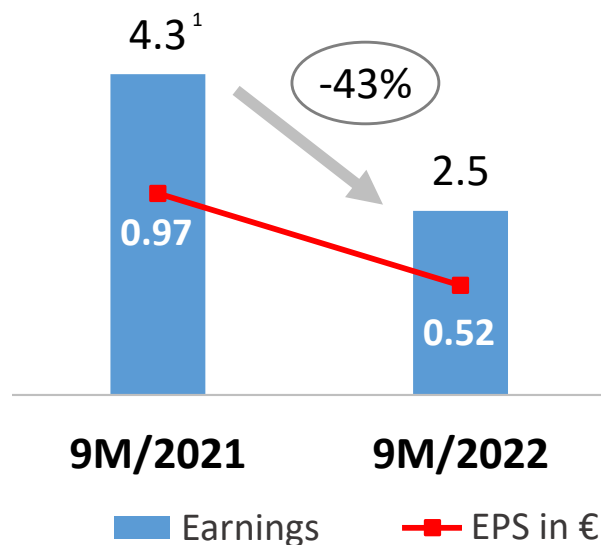


KEY FIGURES 9M/2022



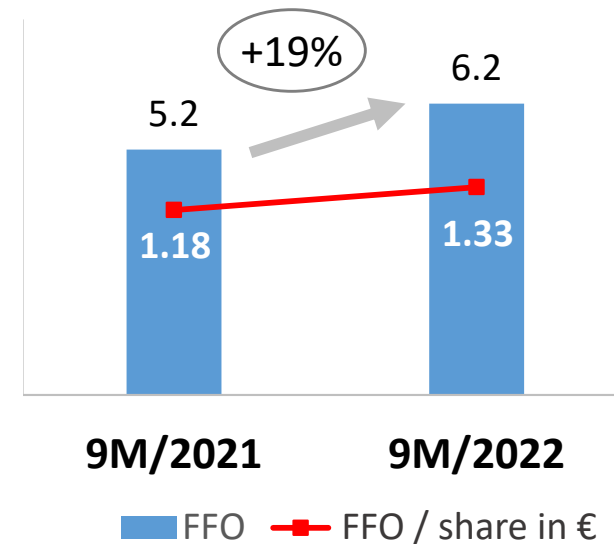
Net Profit

in €m



Funds from Operations (FFO)

in €m



1) Incl. one-off effect of about €2m from disposal of Bleicherode

Transaction/Purchase

Local supply center Wolfsburg.-Nordsteimke

- ☐ Year of construction: 2009
- ☐ Plot size: 13.775 sqm
- ☐ Lettable space: 6.993 sqm
- ☐ Occupancy rate: 67%
- ☐ Annual net rent (target): €600k
- ☐ Purchase price not disclosed on request of the vendor who lives in neighborhood
- ☐ Key tenants are ALDI, Rossmann, Fressnapf, KiK and ABC Schuhe
- ☐ The Real market next door has recently been purchased by EDEKA
- ☐ As part of the residential building plans of the city of Wolfsburg in close proximity to the plot there are 3,000 additional housing units to be created (project „Sonnenkamp“)
- ☐ The transaction has been closed by April 1st, 2022

acquired on January 31st, 2022



Transaction/Purchase

Five retail parks in Rhineland-Palatinate

- ❑ Years of construction: 1994 to 2004
- ❑ Plot size: 40.050 sqm
- ❑ Lettable space: 16.661 sqm
- ❑ Occupancy rate: 97%
- ❑ Annual net rent: €1.3m
- ❑ Purchase price: €15m
- ❑ Locations in strong retail agglomerations in Hachenburg, Heiligenroth and Lahnstein
- ❑ 80% of net rents come from well-known chain stores like DM, Getränke Hoffmann, JYSK, KiK, Matratzen Concord, TEDI and a TOTAL gas station
- ❑ The transaction will be closed by December 31st, 2022

acquired on April 14th, 2022



Transaction/Purchase

Two local supply centers in Thuringia

- ☐ Years of construction: 1991 / 2010
- ☐ Plot size: 13.363 sqm
- ☐ Lettable space: 3.955 sqm
- ☐ Occupancy rate: 100%
- ☐ Annual net rent: €300k
- ☐ Purchase price: €2.95m
- ☐ Main tenants are Netto (Apfelstädt) and tegut (Waltershausen)
- ☐ Well-positioned local supply centers in small towns near Gotha

acquired on June 29th, 2022



Transaction/Purchase

Specialist store portfolio BaWue/Bavaria

- ☐ Years of construction: 1982 to 2001
- ☐ Plot size: 19.795 sqm
- ☐ Lettable space: 6.559 sqm
- ☐ Occupancy rate: 100%
- ☐ Annual net rent: €430k
- ☐ Purchase price: €5.25m
- ☐ General tenant: AWG Mode
- ☐ Locations in Albstadt, Bad Ditzenbach, Graben-Neudorf and Pfaffenhofen
- ☐ All specialist stores are located in strong retail agglomerations with other well-known chain stores like Kaufland, LIDL, ALDI, DM, Müller drugstore, Deichmann, Takko or KiK
- ☐ Long-term rental contracts all including indexation clauses

acquired on August 24th, 2022



Investments within the existing portfolio (*examples*)

Hamm (Westphalia)

- Refurbishment for Penny, bakery and travel agency
- Building costs of about €500k
- Start of building measures in October 2021
- Re-opening of Penny market on April 28th, 2022



The little bit outdated local supply center ...

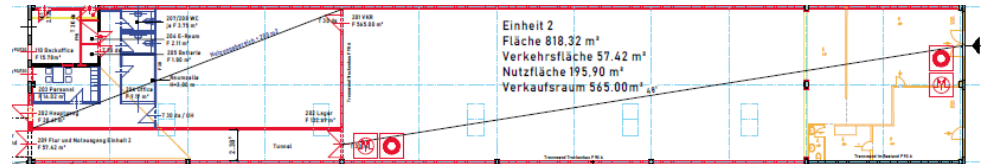


... with the new Penny entry area now has a fresh and modern appearance.

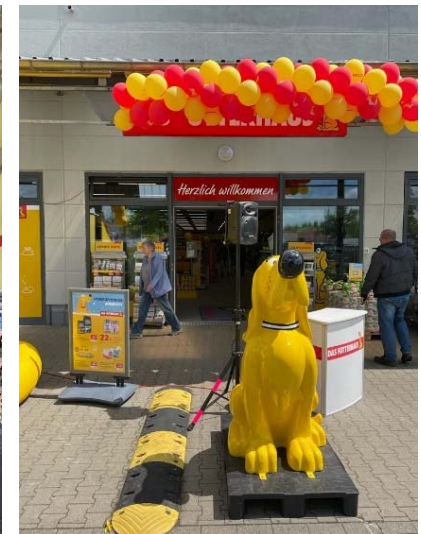
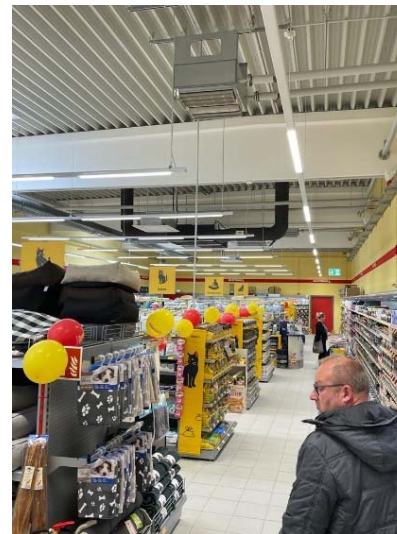
Investments within the existing portfolio (*examples*)

Gardelegen

- Refurbishment for Futterhaus
- Building costs of about €350k
- Start of building measures in November 2021
- Opening on June 2nd, 2022



As we purchased it, the space was still a shell construction.



Investments within the existing portfolio (*examples*)

Büdelsdorf

- Adding an elevator at East wing
- Expansion of TEDi's area, roof extension, creation of area for a fitness studio

completed

in process, completion est. 11/2022

in total
app. €1.5m

Sonnefeld

- Expansion of NORMA's area

in process, completion est. 11/2022

app. €0.2m

Gardelegen

- Refurbishment for Futterhaus
- Spatial division of former DIY store

in process, completion est. 4/2022
planning, building request est. Q2/2022

in total
> €1m

Lübbenau

- Creation of a new rental area for TEDi
- Building application for larger bakery area

in process, completion est. Q1/2023
in process, completion est. Q1/2023

in total > €1m
(incl. further
measures)

Rendsburg

- Refurbishment for joint practice
- Expansion of Penny's area

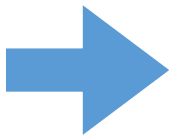
completed
planning, building application est. Q2/2023

in total
> €1m



Market conditions: rising interest rates and accelerating inflation

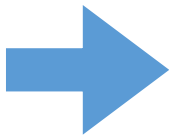
- 89% of our net rents are inflation-protected by indexation clauses
- Inflation leads to positive effects for the FFO by increase of rents
- No refinancing risk thanks to average interest rate fixing of 6.3 years
- Neither bonds nor promissory notes outstanding
- Aquisitions still attractive because of large margin between initial yield and higher interest rates
- Little impact by rising building costs, shortage of material etc.
- Accounting under German GAAP; therefore no P&L impacts, covenant risks etc. in case of lower NAV



**DEFAMA will rather benefit
from the current trends**

DEFAMA is preparing for accelerated growth

- Outsourcing of property management to HEICO Property Partners GmbH, Wiesbaden
- Partner with more than 20 years of experience, managing 430 properties (esp. retail) valued > €6b
- HEICO covers i.a. maintenance, notifications of defects, utility bills, dunning process
- This enables DEFAMA to focus on mere further development of the portfolio, especially letting, refurbishment measures, purchase and sale of objects
- Ability gained to take over much more properties in the company's stock in less time
- First 24 objects have already been given to HEICO, handover shall be completely until early 2023



**DEFAMA will utilise opportunities
offered by market changes**

Guidance for 2022

- Net Profit (German GAAP): €4.2m
(incl. one disposal)
- Funds From Operations (FFO): €8.5m
€1.81 per share
- Annualised FFO: €10m
- Dividend: > €0.51 per share

2021

€5.0m, thereof
~€2m from disposal

€7.1m
€1.60 per share

€8.3m

€0.51 per share

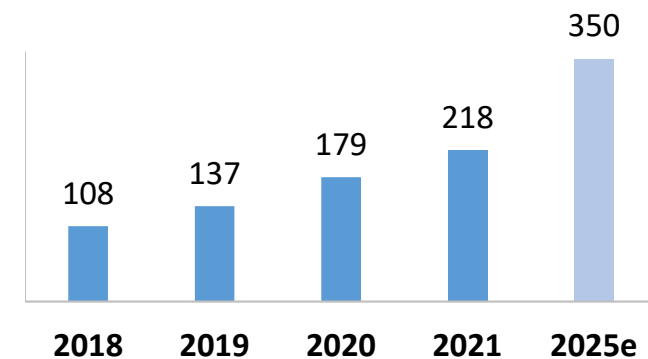
Mid-term guidance „DEFAMA 2025“

published October 24th, 2022

- Portfolio value reaches €350
- Annualised net rents of €28m
- FFO of €13m resp. > €2.70 per share

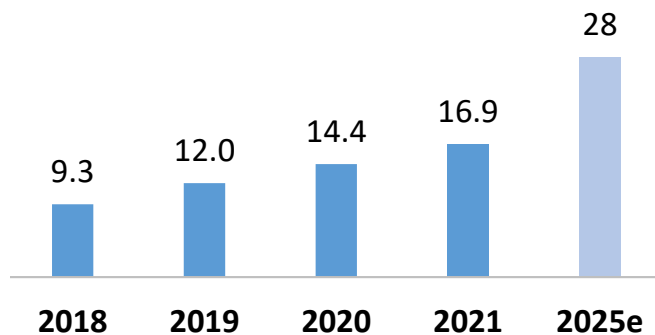
Portfolio Value

in €m



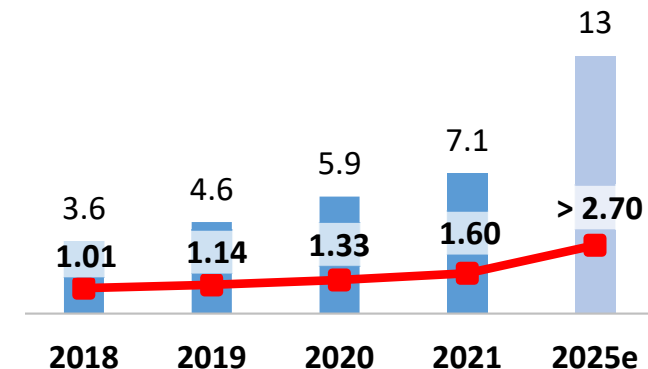
Net Rents (annualised)

in €m



Funds from Operations (FFO)

in €m / in € per share



DEFAMA on track for further growth

- 2022 aquisition volume YTD €29m above typical yearly level
- Annualised FFO („run rate“) already €9.7m resp. 2.02 € per share
- Released employees increase capacity for real estate transactions
- Potentially higher annual aquisition volume in the future
- Review occasional sales, e.g. after signing of long-term leases

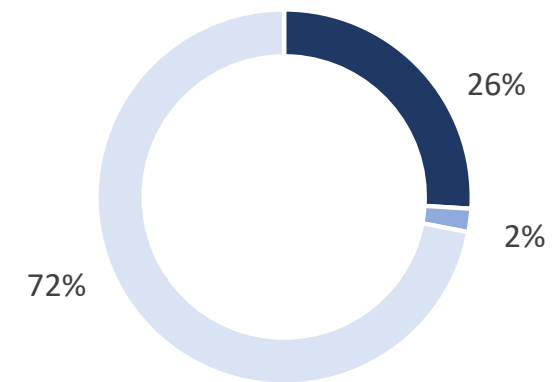
**Our success strategy stays unchanged:
„We buy to keep“**



Share price development since IPO at 13 July 2016



Shareholder structure ²



WKN / ISIN A13SUL / DE000A13SUL5

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

Number of shares 4,800,000 ordinary shares

Current share price ¹ €23.60

Market capitalisation €113.3m

■ MSC Invest GmbH / M. Schrade

■ Supervisory Board

■ Freefloat

2) as of 30 June 2022. According to our knowledge, biggest investors within the freefloat are Ennismore European Smaller Companies Fund, Winkler family, Geminus GmbH, HW Capital GmbH, MACH Holding GmbH, LBBW, Lupus Alpha Micro Champions Fonds, Share Value Foundation, Spirit Asset Management and Value Opportunity Fund.

1) XETRA closing price on November 17th, 2022

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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