



Company Presentation

DEFAMA Deutsche Fachmarkt AG

March 2023



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.

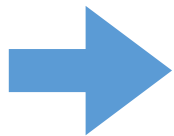


Three good reasons why we pursue this strategy:



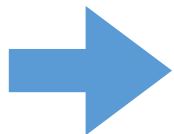
Value creation on several levels (I)

- 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

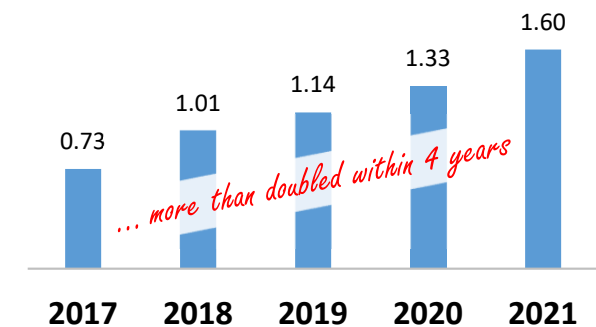
- Strong growth due to additional acquisitions
- Realisation of earnings and saving potential



FFO per share +119%
within four years

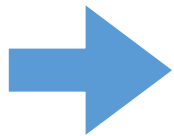


FFO per share
in €



Value creation on several levels (II)

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

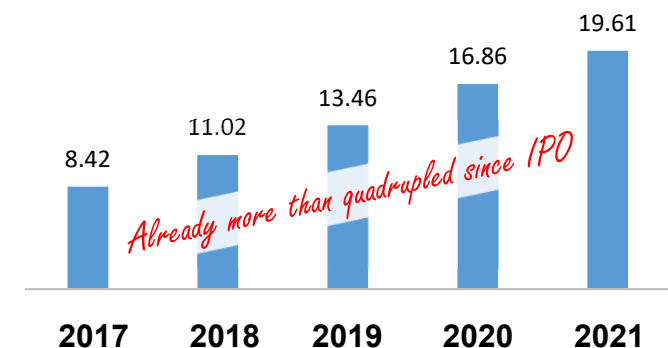


NAV per share +143%
within four years

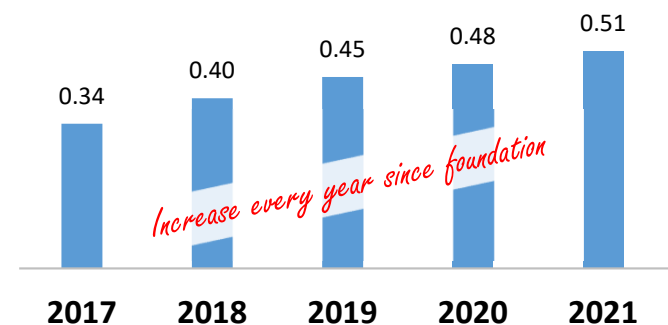
Shareholders benefit from

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

NAV per share
in €



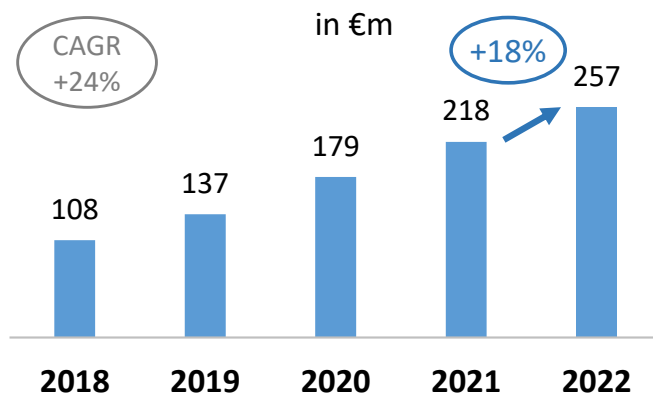
dividend per share
in €



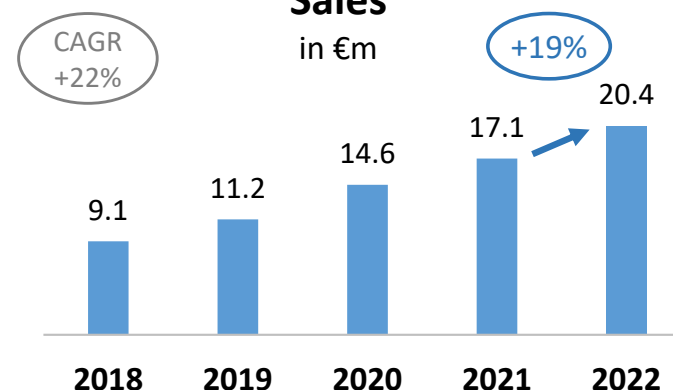
KEY FIGURES 2022



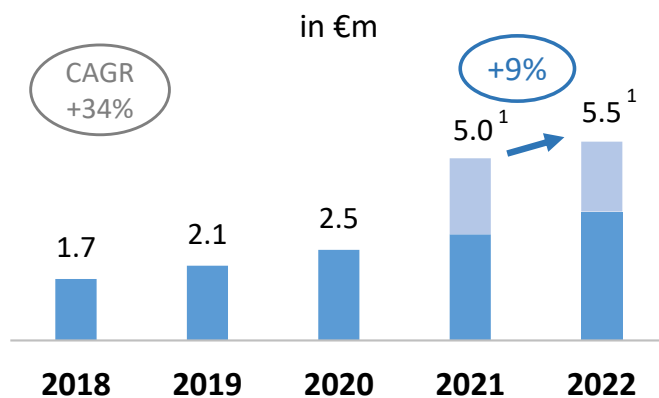
Portfolio Value



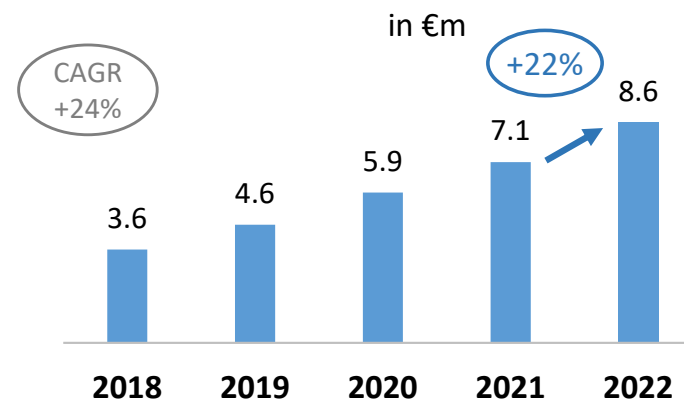
Sales



Netto Profit

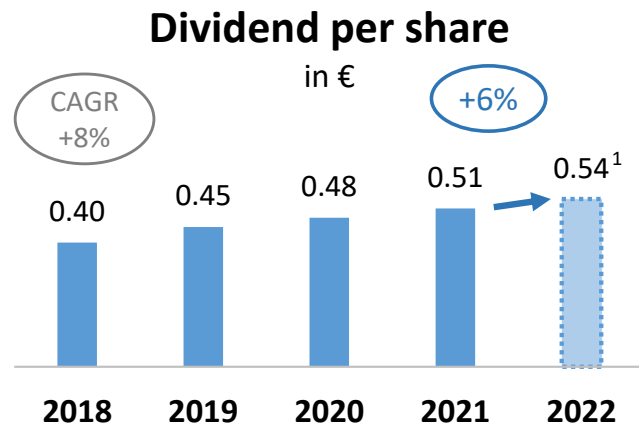
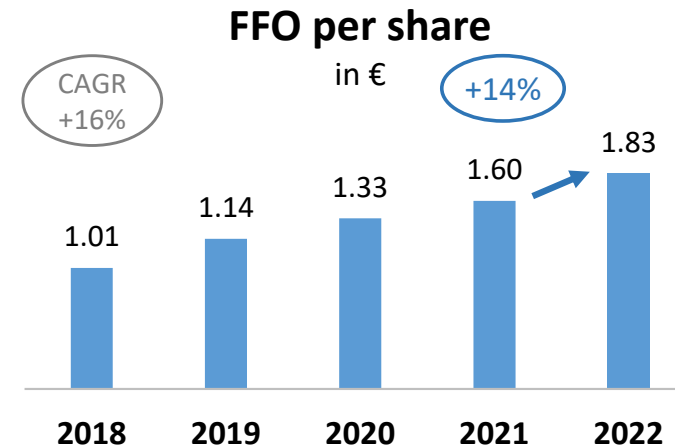
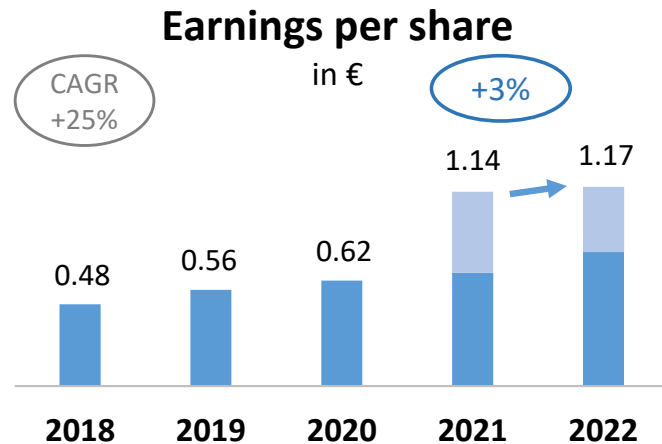


Funds from Operations (FFO)



1) Incl. one-off effects from disposals

KEY FIGURES 2022



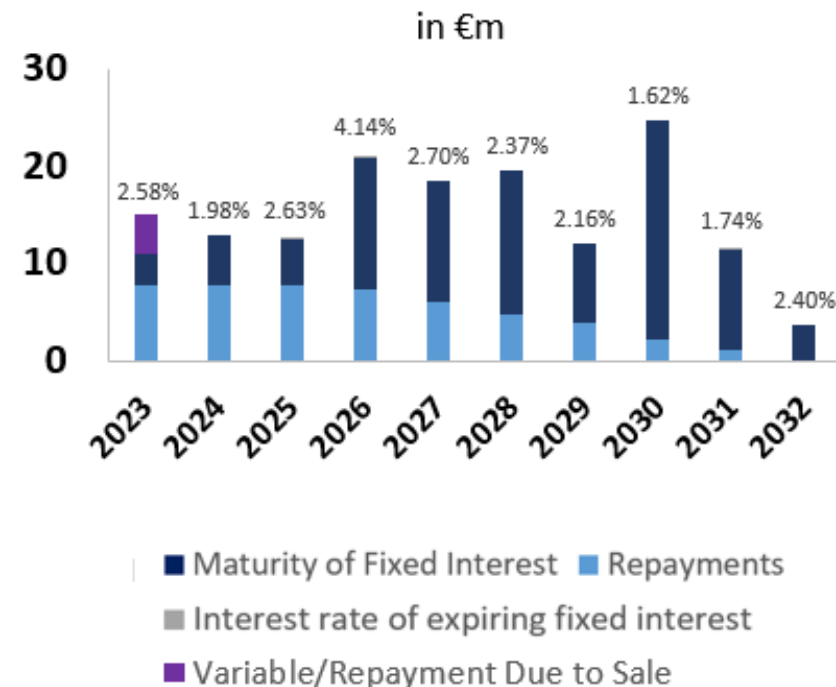
Leitgedanken für die Expansion

- 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

1) Proposal to the AGM on 21st July, 2023

Key Figures <i>(as of 31 Dec 2022)</i>	
Number of financing partners	36
Bank loans	€153m
Ø Interest rate	2.32%
Ø Initial repayment	4.20%
Ø Fixed interest	5.8 years
Loan-to-value-ratio (LTV)	59.3%

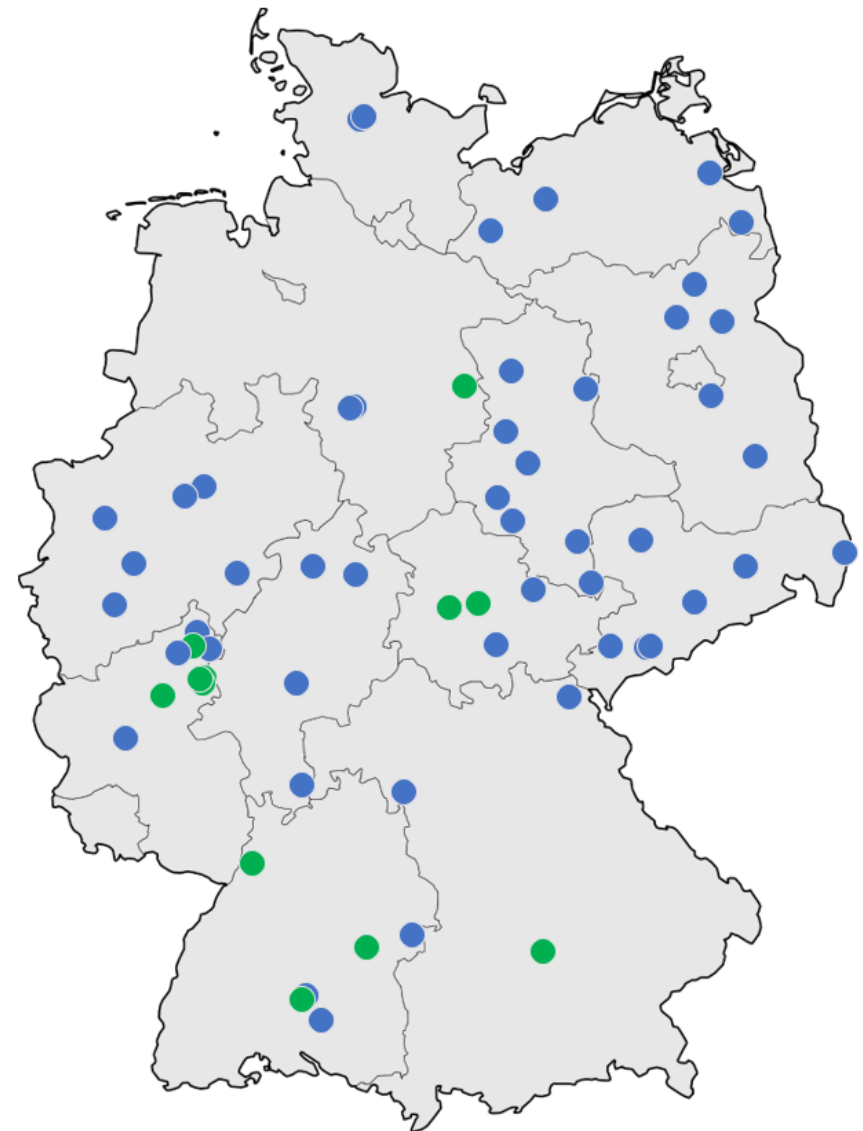
Maturity Profile incl. Repayments





















- Financing in principle by annuity loans with interest rates secured for the long-term
- Partner usually are local / regional banks and savings banks with strong local knowledge
- Broadly diversified financing structure: no bank with > 12% share of total debt
- No outstanding bonds, promissory loans etc.

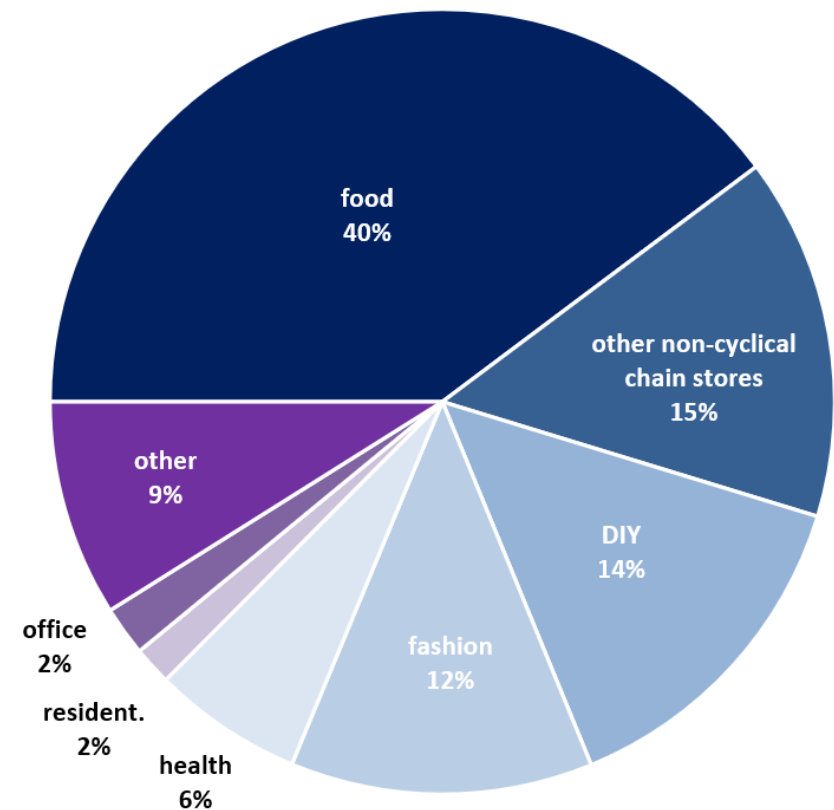
Key Figures <i>(as of 31 Dec 2022)</i>	
Locations	61
Net Rent (annualised)	€20.1m
Lettable Space	249,569 sqm
Occupancy Rate	93.8%
Ø Lease Term (WALT)	4.8 years
Portfolio Value	€257m

- 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



Biggest Tenants		Sites	Share
Kaufland/LIDL	 	6	10,5 %
toom/B1	 	5	9,6 %
EDEKA/Netto/trinkgut	  	11	8,4 %
REWE/Penny	 	9	6,8 %
JYSK		12	5,6 %
H.H. Holding	 	12	4,2 %
Aldi Nord		6	4,0 %
NORMA		6	2,5 %
TEDi		11	2,5 %
AWG		5	2,4 %
Takko		7	2,3 %
Herkules DIY store (Edeka)		1	2,0 %

Net Rent by Industry



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

Transaction/Purchase

Local supply center Wolfsb.-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



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 has been 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
- ☐ The transactions have been closed in August/September 2022

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
- ☐ The transaction has been closed in November 2022

acquired on August 24th, 2022



Transaction/Sales

Löwenberg and Sonnefeld

- ☐ Main tenants: ALDI (Löwenberg)
NORMA (Sonnefeld)
- ☐ Plot Size: 19.209 m²
- ☐ Lettable Space: 4.411 m²
- ☐ Occupancy Rate: 100%
- ☐ Annual Net Rent: €400k
- ☐ Sum of selling prices: €6.8m
- ☐ Recent market value: €5.9m
- ☐ Sale to about 17 times net rent after refurbishment of both properties
- ☐ Disposals lead to cash inflow of more than €2.5m after taxes
- ☐ One-time effect of €2.3m before taxes

Sold on 27th July 2022



Sold on 22nd December 2022



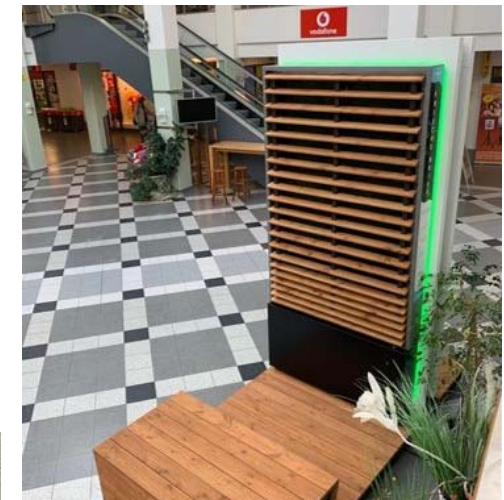
Investments within the existing portfolio

- ☐ Refurbishment/expansion of rental spaces
- ☐ Vacancy reduction
- ☐ Optimization of properties
 - Paketstations
 - Advertising boards
 - Parking-space management



ESG measures

- ☐ Charging stations (currently 22 online)
- ☐ PV systems, CityBreeze
- ☐ Optimization of installations
 - Elevators, automatic doors, barrier-free toilets
 - LED lighting
 - Heating and ventilation systems etc.
 - Windows, roofs etc.



Investments within the existing portfolio: 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



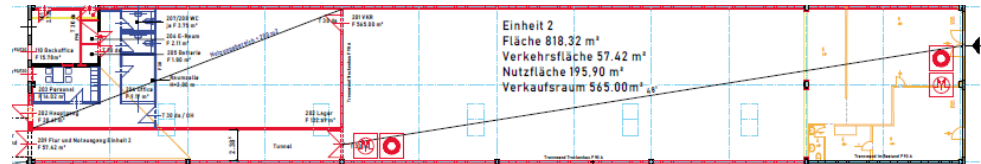
The little bit outdated local supply center ...



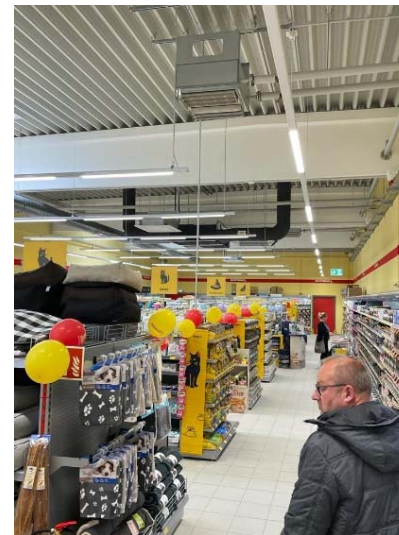
... with the new Penny entry area now has a fresh and modern appearance.

Investments within the existing portfolio: 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: Büdelsdorf

- Roof extension and creation of area for a gym
- Building costs of about €1.7m
- Start of building measures in October 2021
- Opening on December 27th, 2022
- Remaining tasks and expansion of TEDi's area until May 2023



On a total area of 1.600 sqm we created ...



... a new, high-standard fitness-studio.

Investments within the existing portfolio (*examples*)

Büdelsdorf

- Adding an elevator at East wing
- Roof extension, creation of area for a gym
- Expansion of TEDI's area

completed
completed
in process, completion est. 6/2023

in total
app. €2m

Gardelegen

- Refurbishment for Futterhaus
- Creation of area for tedox
- Creation of area for a gym

completed
building application, completion est. Q4/2023
in planning, completion est. Q4/2023

in total
> €1m

Lübbenau

- Creation of area for TEDI
- Building application for expansion bakery

in process, completion est. Q3/2023
in process, completion est. Q3/2023

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

Rendsburg

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

completed
in planning, building application est. Q2/2023

in total
> €1m

Sonnefeld

- Expansion of Norma's area

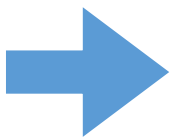
completed

€0.2m



Market conditions: rising interest rates and accelerating inflation

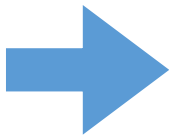
- 90% of our net rents are inflation-protected by indexation clauses
- Inflation leads to positive effects for the FFO by increase of rents
- No refinancing risk thanks to average interest rate fixing of 5.8 years
- Neither bonds nor promissory notes outstanding
- Aquisitions still attractive because of large margin between initial yield and 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 > 450 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
- Handover of all properties has been completed by early 2023



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

Guidance for 2023

2022

■ Net Profit (German GAAP):	€4.0m (plus disposals)	€5.5m, thereof ~€2m from disposals
■ Funds From Operations (FFO):	€9.8m €2.04 per share	€8.6m €1.83 per share
■ Annualised FFO:	€11m	€10m
■ Dividend:	> €0.54 per share	€0.54 per share ¹

1) Proposal to the AGM on 21st July, 2023

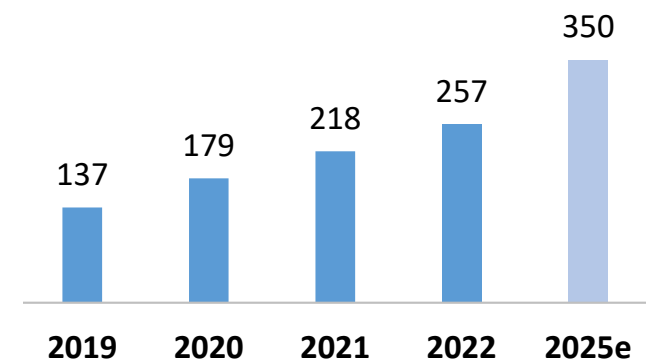
Mid-term guidance „DEFAMA 2025“

published October 24th, 2022

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

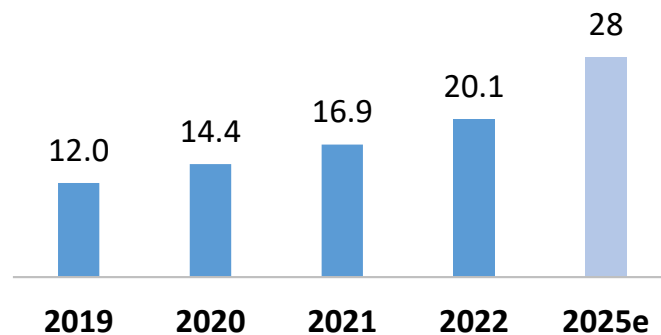
Portfolio Value

in €m



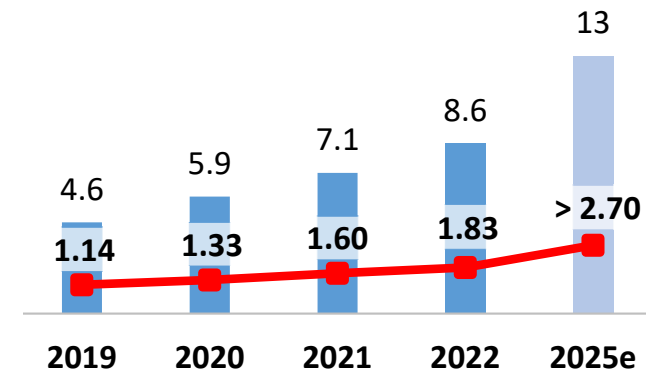
Net Rents (annualised)

in €m



Funds from Operations (FFO)

in €m / in € per share



DEFAMA on track for further growth

- 2022 aquisition volume in €29m above typical yearly
- Annualised FFO („run rate“) currently €10m resp. 2.08 € per share
- Increased staff capacity for real estate transactions
- Potentially higher annual aquisition volume in the future
- Review occasional sales, e.g. after signing of long-term leases

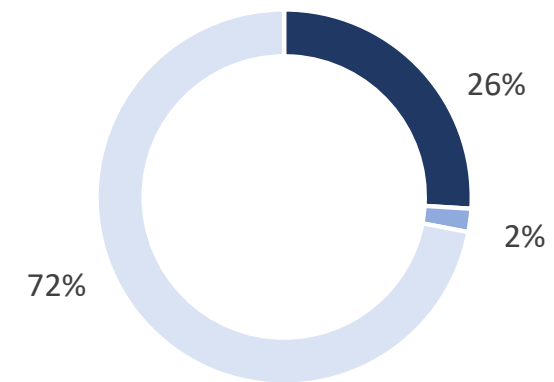
**Our success strategy stays unchanged:
„We buy to keep“**



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 €24.00

Market capitalisation €115.2m

■ MSC Invest GmbH / M. Schrade

■ Supervisory Board

■ Freefloat

2) as of 31 Dec 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 March 1st, 2023

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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