



Company Presentation

DEFAMA Deutsche Fachmarkt AG

November 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.

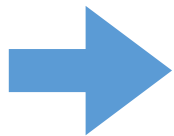


Three good reasons why we pursue this strategy:



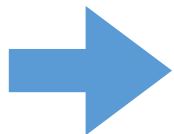
Value creation on several levels (I)

- Acquisition of properties with initial yield of 10% p.a.
- Refinancing of > 80% of investment with app. 4-5% p.a.

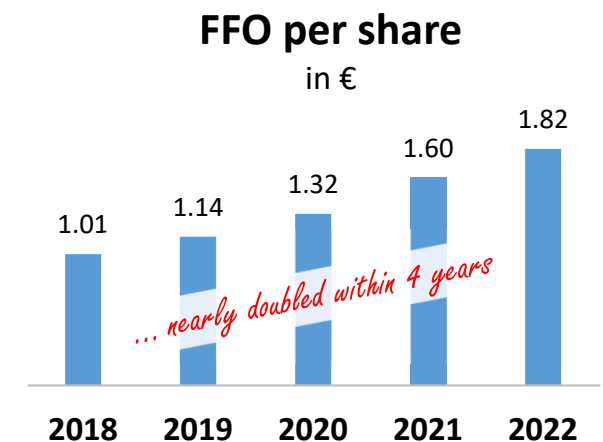


little equity needed,
therefore high return on equity

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

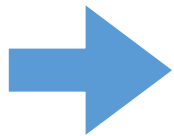


FFO per share +81%
within four years



Value creation on several levels (II)

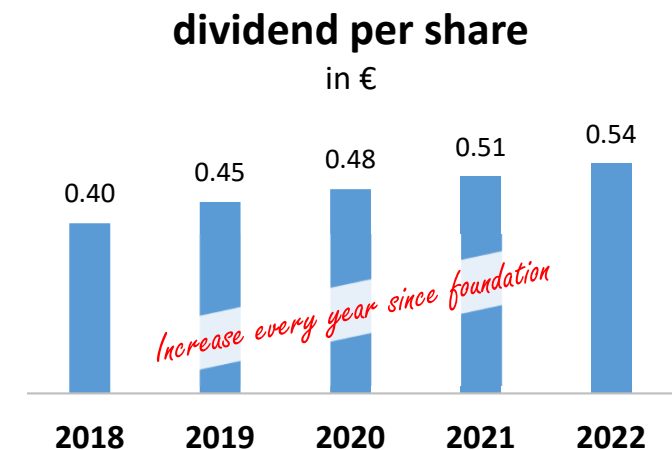
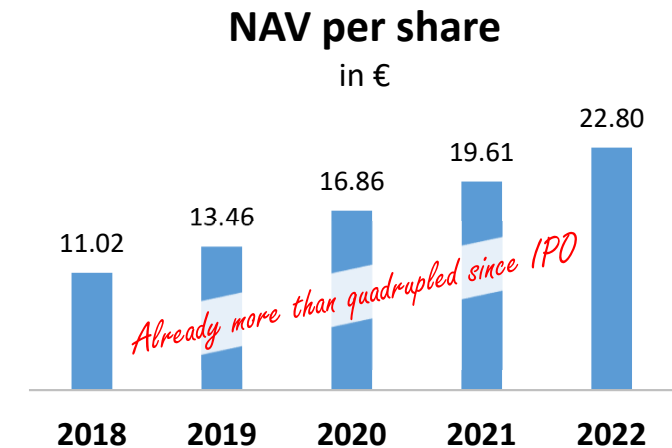
- Single purchases at favourable prices are laborious
- Professionally managed portfolios trade at much higher multiples on net rent



NAV per share +107%
within four years

Shareholders benefit from

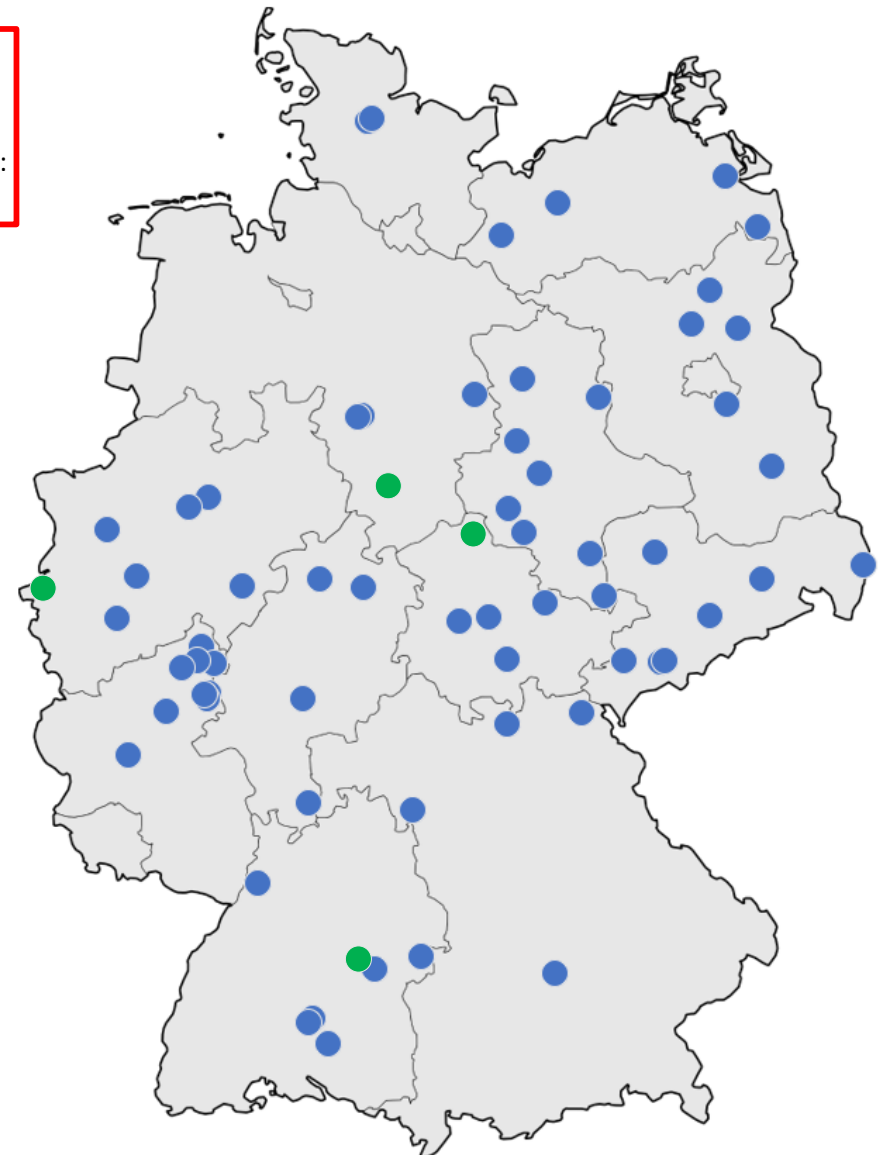
- Annual dividend increase
- Strong and crisis-proof cash flow / FFO
- Continuously rising value of portfolio / NAV





















Key Figures <i>(as-if 24 November 2023)</i>	
Locations	65
Net Rent (annualised)	€23.2m
Lettable Space	277.047 sqm
Occupancy Rate	95.0%
Ø Lease Term (WALT)	4.6 years
Portfolio Value	€285m

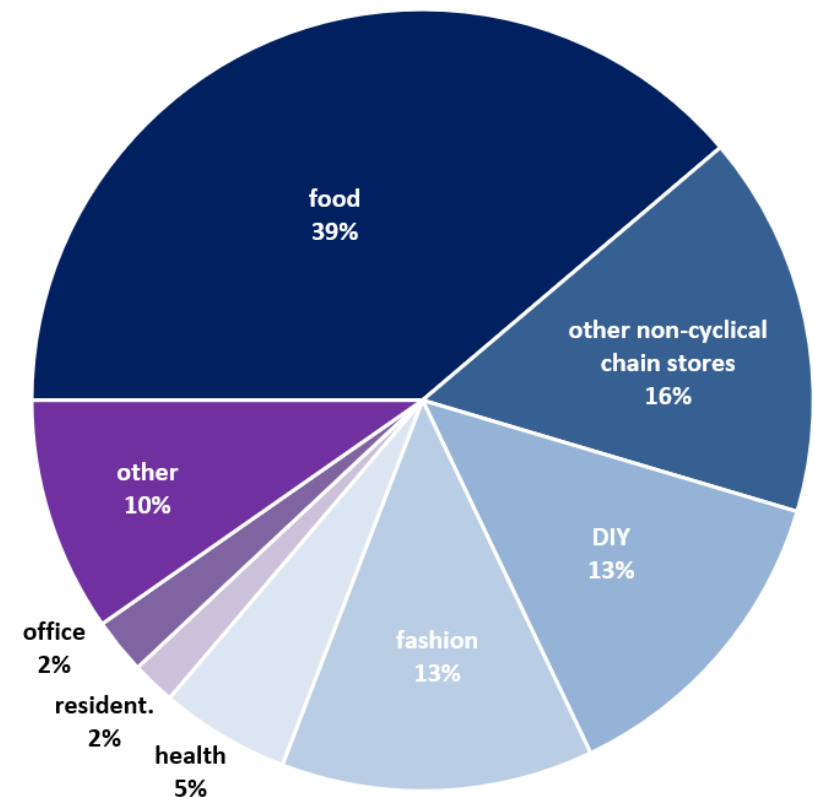
incl. rental
successes and
indexations
soon coming up:
23.5m €

- 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 > 4% of total net rent and „top 10“ contracts combined just 21%
- In 2023 four acquisitions until now (●)



Biggest Tenants		Sites	Share
Kaufland/LIDL	 	6	9,1 %
EDEKA/Netto/trinkgut	  	13	8,9 %
REWE/Penny	 	10	8,6 %
toom/B1	 	5	8,3 %
JYSK		13	5,3 %
Aldi Nord		6	3,4 %
KiK		11	3,3 %
H.H. Holding	 	13	3,0 %
AWG		6	3,0 %
NORMA		6	2,2 %
Takko		7	2,0 %
Rossmann		4	1,8 %

Net Rent by Industry



„Top 10“ leases account for just 21% of total net rent

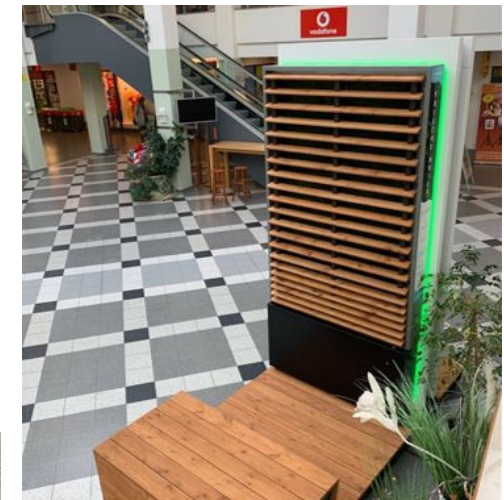
Investments within the existing portfolio

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



ESG measures

- ☐ Charging stations (currently 28 online)
- ☐ PV systems, CityBreeze
- ☐ Improvement 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 28 April 2022



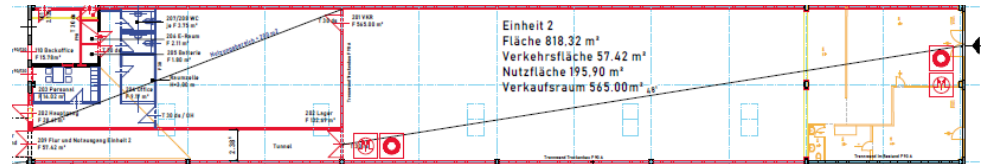
The little bit outdated local supply center ...



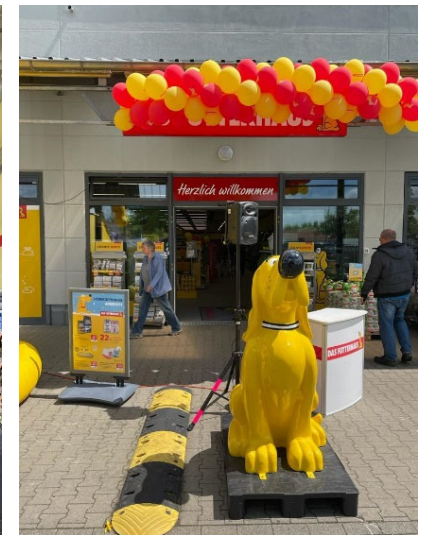
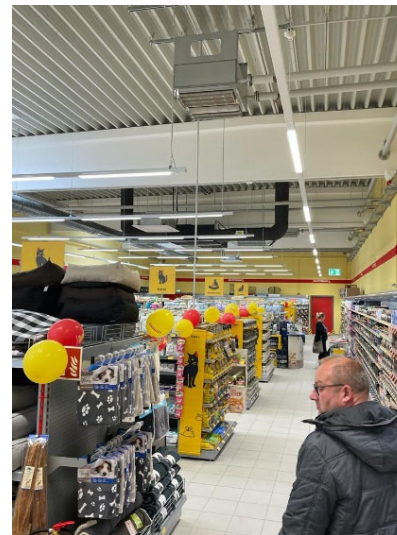
... with the new Penny entry area now has a fresh and modern appearance.

Investments within the existing portfolio: Gardelegen

- Refurbishment for Futterhaus
- Building costs of about €350k
- Start of building measures in November 2021
- Opening on 2 June 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 27 December 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*)

Gardelegen

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

completed
in process, completion est. Q1/2024
in planning, completion est. Q1/2024

in total
> €1m

Hof

- Expansion of JYSK's area
- Additional building

in process, completion est. Q1/2024
in planning, building application est. 2024

in total
app. €1m

Lübbenau

- Creation of area for TEDI
- Building application for expansion bakery
- Refurbishment for ISS World

in process, completion est. Q1/2024
in process, completion est. Q1/2024
in process, completion est. Q4/2023

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

Rendsburg

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

completed
in planning, building application est. 2024

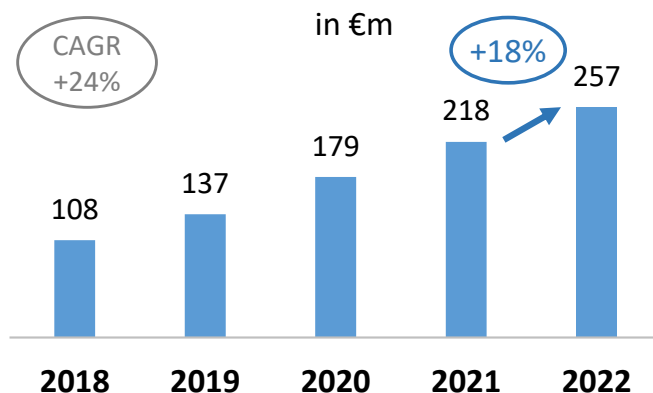
in total
> €1m



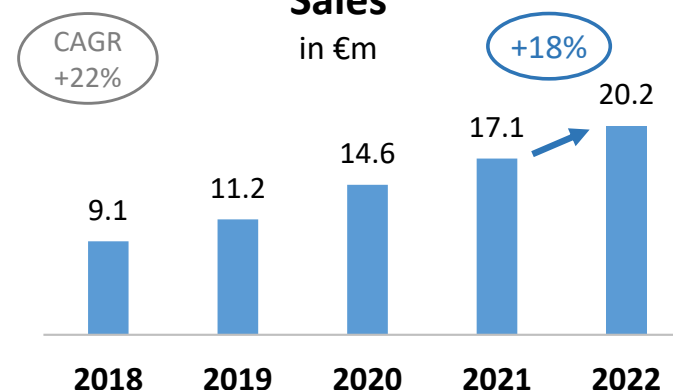
KEY FIGURES 2022



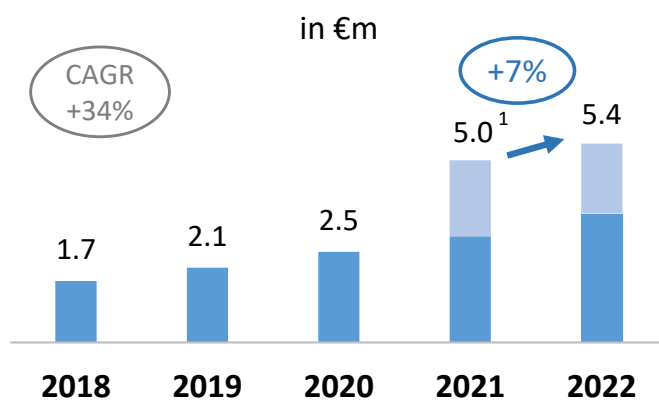
Portfolio Value



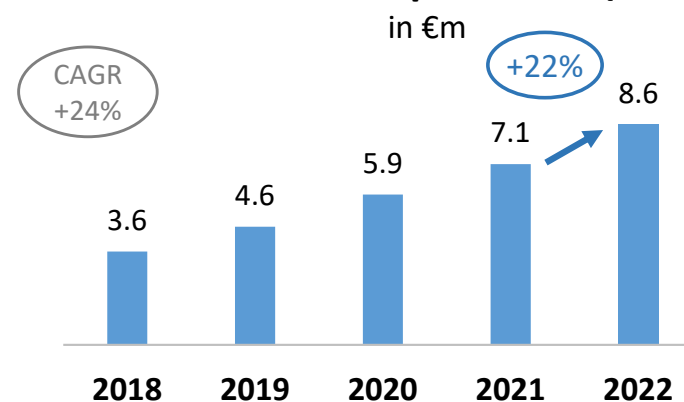
Sales



Net Profit

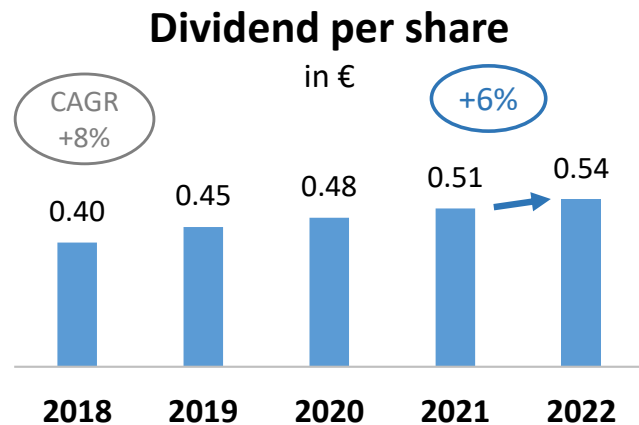
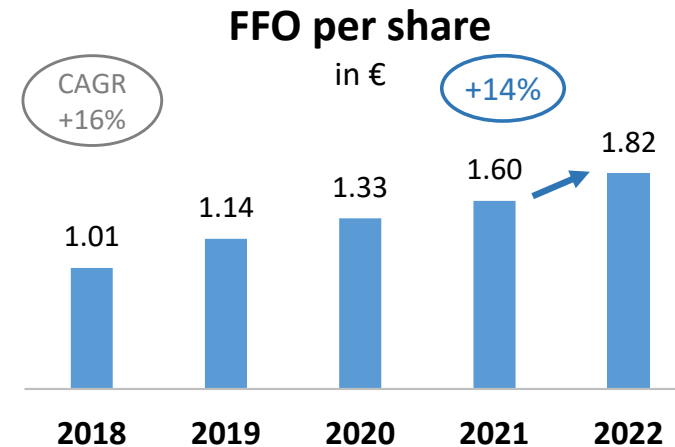
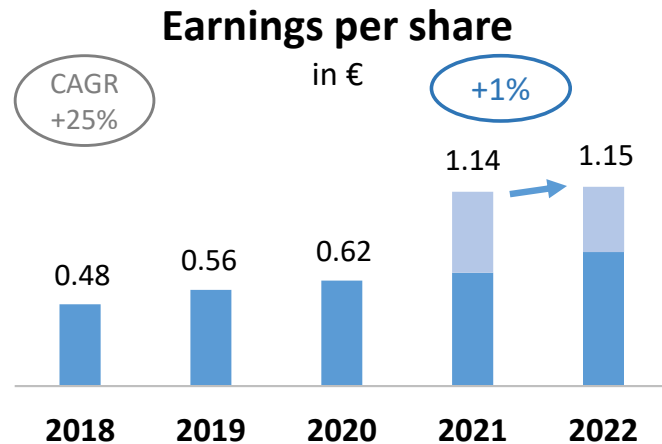


Funds from Operations (FFO)



1) Incl. one-off effects from disposals

KEY FIGURES 2022



Leitgedanken für die Expansion

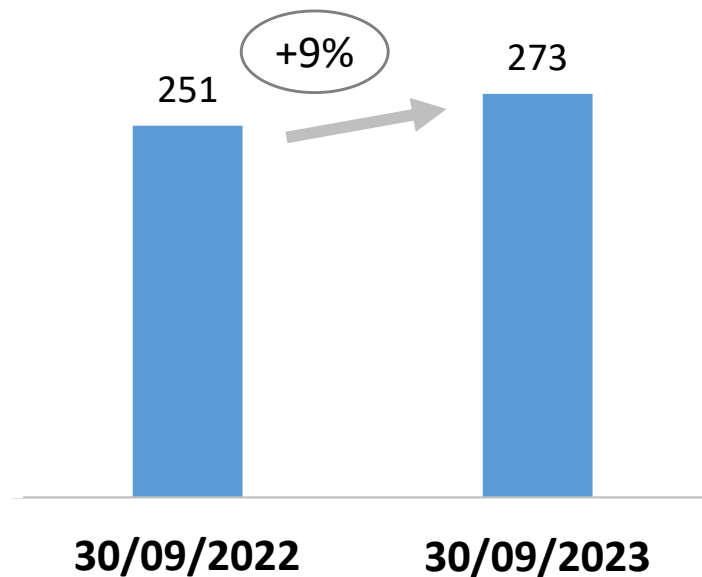
- Company growth not for its own sake, but always with a clear goal of creating shareholder value
- Primary focus on improving FFO per share
- Further FFO increase from own steam

KEY FIGURES 9M/2023



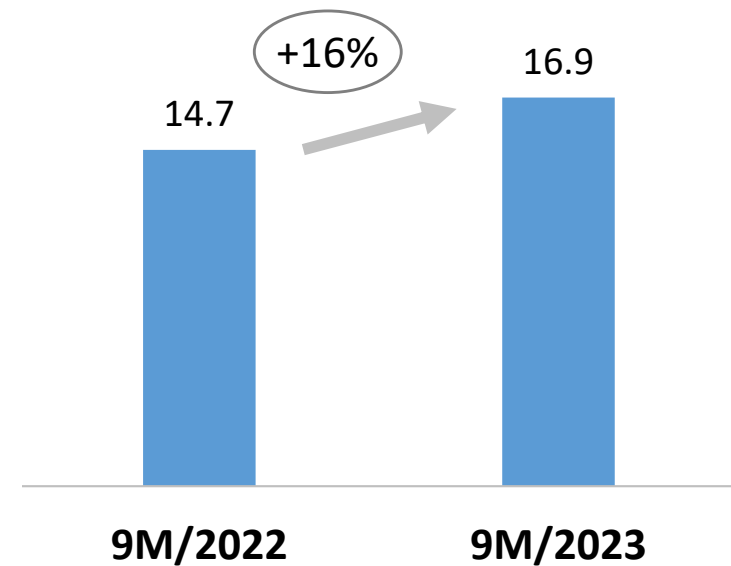
Portfolio Value

in €m



Sales

in €m

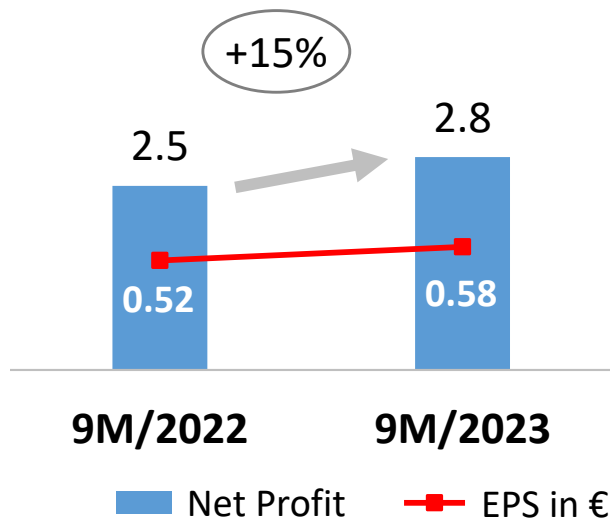


KEY FIGURES 9M/2023



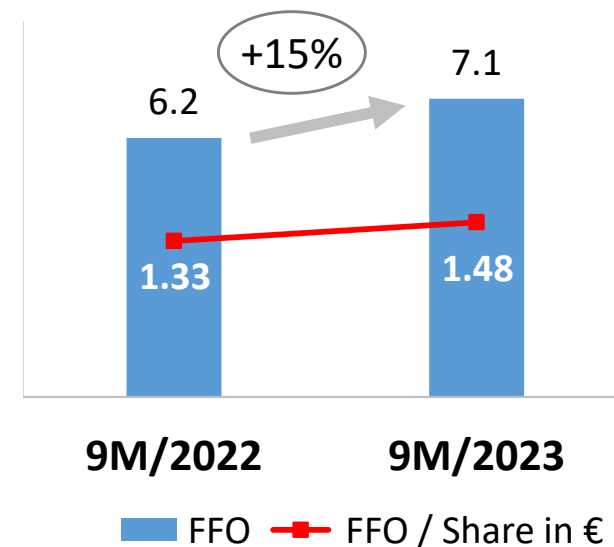
Net Profit

in €m



Funds from Operations (FFO)

in €m

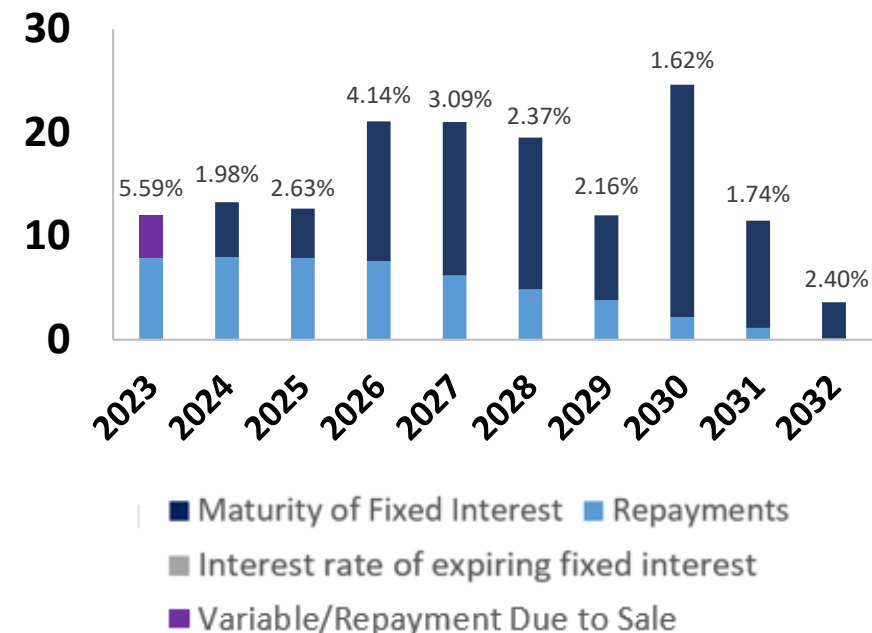


Key Figures (as of 30 Sept. 2023)	
Number of financing partners	36
Bank loans	€157m
Ø Interest rate	2.58%
Ø Initial repayment	4.13%
Ø Fixed interest	5.4 years
Loan-to-value-ratio (LTV)	58%

Increase per
31.12.2023 to
prosumably
6.6 years

Maturity Profile incl. Repayments

in €m



- 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

Sustainability

DEFAMA supports the UN Sustainable Development Goals.

Here are five SDGs where DEFAMA can make a significant impact:



- End poverty:
 - Securing affordable shopping opportunities in rural areas
 - Support local projects that help financially weaker people
- Living healthy:
 - Generous regulations and working time models for employees
 - Air filter devices, free rapid tests, flexible home office regulation
- Modern energy:
 - Cooperation with EnBW to equip our properties with fast e-chargers
 - DEFAMA leases only EVs
- Sustainable cities:
 - Important function as local supplier for food, doctor's offices etc.
 - Close collaboration with communities regarding local needs
- Immediate measures
 - „Green energy“ in all offices, properties switched to green electricity for climate protection:
 - Strict no-fly-policy, as many meetings on video calls as possible



Market conditions (I): energy renovation is gaining ground

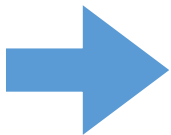
- DEFAMA's retail parks on average „just“ ~20 years old, much younger and more modern than typical portfolios of real estate comp. with many old flats
- Retail real estate properties have a relatively simple building structure
 - Few rooms, windows, radiators etc. in relation to the area
 - Less expensive to modernise in terms of energy efficiency than residential properties
- Energy renovation is taking place in connection with refurbishments anyway
 - No big one-time burden, part of ongoing renovations
 - Implementation is partly carried out by the tenants themselves
- Examples for measures taken
 - Büdelsdorf: Installation of ventilation system with heat recovery for gym and Tedi, renewal of the windows at the gym
 - Gardelegen: Installation of heat pump for Futterhaus
 - Lübbenau: Installation of shading to reduce cooling load and switching to energy-saving LED lighting for ISS
 - Radeberg: Installation of refrigeration system with heat recovery for EDEKA, Installation of heat pumps for ALDI, DM, health food store
 - Wittenburg: Roof renovation with stronger insulation to reduce heating and cooling load



Wärmepumpe für Futterhaus Gardelegen

Market conditions (II): rising interest rates and accelerating inflation

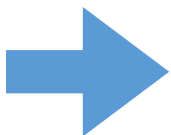
- 91% of our net rents are inflation-protected by indexation clauses
- Inflation leads to positive effects for the FFO by increase of rents
- No refinancing risk thanks to average interest rate fixing of 5.4 years
- Neither bonds nor promissory notes outstanding
- Aquisitions still attractive because 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**

Market conditions (III): increasing pipeline of attractive acquisition targets

- Transactions market has almost dried up due to a lack of prospective buyers at former multiples
- More and more potential sellers accept purchase prices of or under 10x net rent
- DEFAMA is in negotiations for retail parks with net rents in the seven-figure range
- One or more additional purchases are likely in the near future; also at least one sale
- Great interest of existing bank partners and new banks in financing our purchases
- Low purchase multiples make it easier for DEFAMA to achieve a high financing rate
- Effects thereof overcompensate increase of interest rates, therefore higher FFO yield on equity



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

Transaction/Purchase

Retail park in Thuringia

- ☐ Year of construction: 1980 / 1993
- ☐ Plot size: 15.689 sqm
- ☐ Lettable space: 6.766 sqm
- ☐ Occupancy rate: 97%
- ☐ Annual net rent: app. €500k
- ☐ Purchase price: €4.8m
- ☐ Tenants are ACTION, Carglass, Hammer, JYSK, a pet store, a gym and others
- ☐ A LIDL market is located next door

acquired on 23 May 2023



Transaction/Purchase

Local supplier in Lower Saxonia

- ☐ Year of construction: 2013
- ☐ Plot size: 5.376 sqm
- ☐ Lettable space: 1.130 sqm
- ☐ Occupancy rate: 100%
- ☐ Annual net rent: €130k
- ☐ Purchase price: €1.26m
- ☐ Aquisition at 9.7x net rent
- ☐ General tenant is Netto Marken-Discount
- ☐ Well positioned local supplier in the periphery of Einbeck

acquired on 27 May 2023



Transaction/Purchase

Heinsberg, Northrhine-Westfalia

- ☐ Year of construction: 1992
- ☐ Plot size: 12.679 sqm
- ☐ Lettable space: 10.500 sqm
- ☐ Occupancy rate: 95%
- ☐ Annual net rent: app. €1m p.a.
- ☐ Aquisition at 9.8x net rent excluding non-recoverable property expenses
- ☐ Main tenants of the property are Edeka, Rossmann, Deichmann, ACTION and Woolworth
- ☐ besides there are several other shops and 19 flats; a LIDL market and McDonald's are next door
- ☐ The railway terminus and the central bus station are on the neighbouring plot
- ☐ Main local supply center in the district town of the most westerly German county

acquired on 25 September 2023



Transaction/Purchase

Reutter-Center, Baden-Wuerttemberg

- ☐ Year of constr./modern.: 1980 / 2016
- ☐ Plot size: 12.679 m²
- ☐ Lettable space: 10.133 m²
- ☐ Occupancy rate: 100%
- ☐ Annual net rent (target): €1,2m p.a.
- ☐ Main tenants of the property are REWE, AWG Mode and Schuh Mann
- ☐ Additional shops like hairdresser, snack bar, DHL shop, Lotto Toto shop, bakery, key service, travel agency and pizza house, a petrol station, an automatic car wash and a car repair shop
- ☐ No other retail parc within a 10-minute drive; hosts the only full-range provider within > 5 km
- ☐ Price in the low double digit millions reflects biggest single purchase in the history of DEFAMA

acquired on 23 November 2023



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



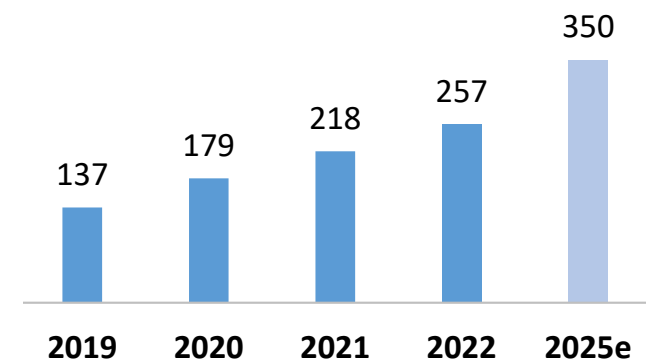
Mid-term guidance „DEFAMA 2025“

published 24 October 2022

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

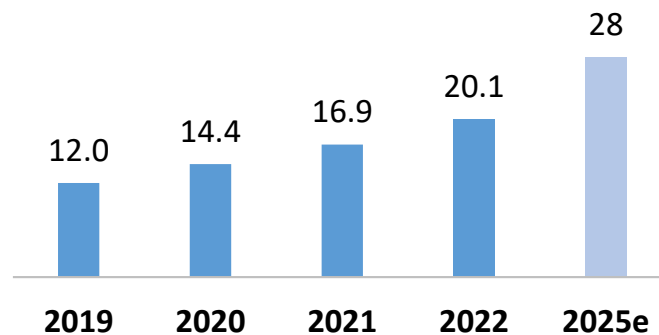
Portfolio Value

in €m



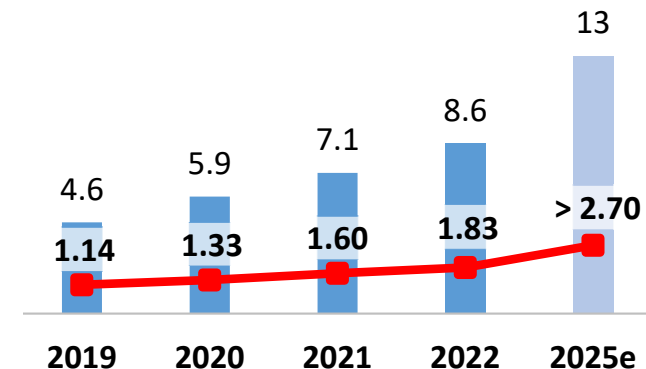
Net Rents (annualised)

in €m



Funds from Operations (FFO)

in €m / in € per share



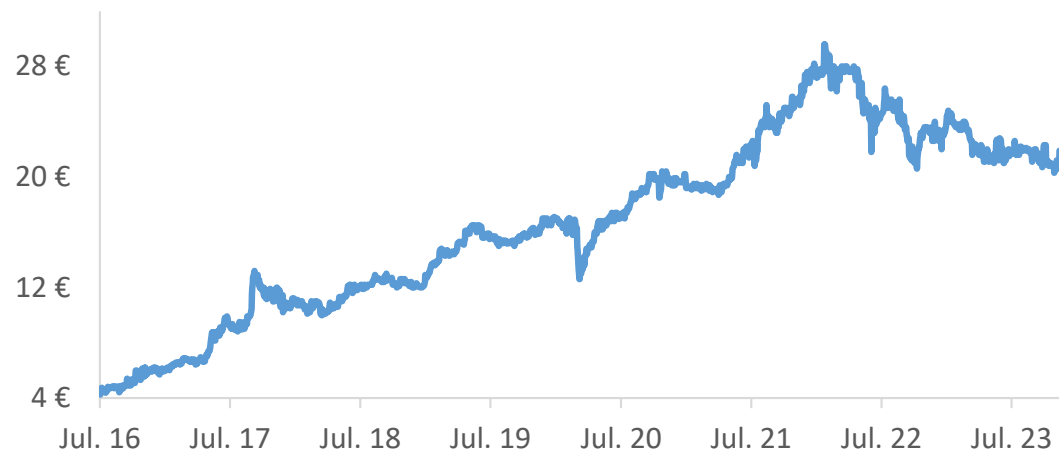
DEFAMA on track for further growth

- Aquisition volume per 11/2023 at €25m already above typical yearly
- Annualised FFO („run rate“) currently €11,1m resp. 2.32 € 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

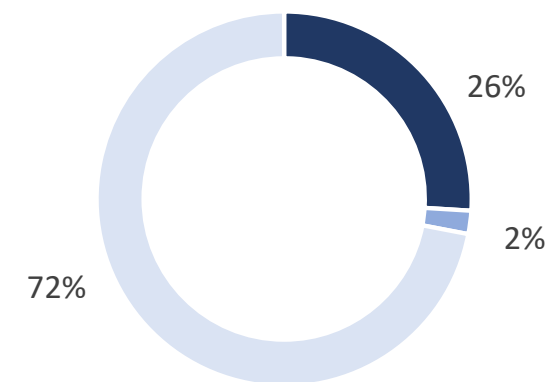
**Our success strategy stays unchanged:
„We buy to keep“**



Share price development since IPO



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	€21.90
Market capitalisation	€105,1m

- 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 24 November 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

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