

<b>Buy</b> <b>EUR 31.60</b>  Price EUR 26.00 <b>Upside 21.5 %</b>	<b>Value Indicators:</b> EUR NAV (WRe) 25e: 33.03 FFO-Yield 25e: 29.63	<b>Warburg ESG Risk Score: 2.4</b> ESG Score (MSCI based): 3.0 Balance Sheet Score: 3.3 Market Liquidity Score: 1.0	<b>Description:</b> Commercial real estate company focused on retail parks in Northern and Eastern Germany
	<b>Market Snapshot:</b> EUR m Market cap: 124.80 No. of shares (m): 4.80 EV: 304.13 Freefloat MC: 89.86 Ø Trad. Vol. (30d): 32.14 th	<b>Shareholders:</b> Freefloat 72.00 % MSC Invest GmbH 26.00 % Supervisory board 2.00 %	<b>Key Figures (WRe):</b> 2024e LTV: 62.9 % Equity Ratio: 19.4 %

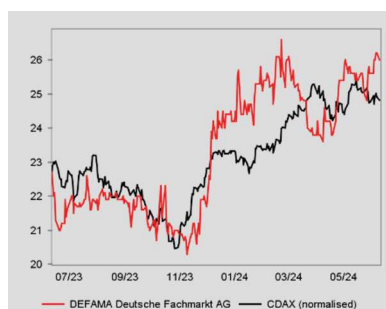
## Focus on growth opportunities and successful execution of transactions

### Meeting Highlights

- The meetings focused on the acquisitions made in 2023 as well as the general conditions for future acquisitions and sales as well as the key drivers. With portfolio growth of around EUR 28m for five properties, an increase in rental income of EUR 3.2m was achieved at very attractive multiples. The FFO growth from these purchases amounted to more than EUR 0.9m. The inflows from the sales in 2022, which made a significantly lower contribution of EUR 0.4m to rental income and of EUR 0.2m to FFO, were successfully used to finance equity, thereby more than quadrupling the FFO return on equity. Management will continue to base its future transactions on this key figure, as portfolio growth is not a standalone goal. The complexity and risks of new acquisitions are examined intensively in order to achieve operational growth potential by expansion or changes in the tenant structure, for example.
- The financing conditions remain good for DEFAMA. The company currently has available liquidity of at least EUR 10m, meaning that a purchase volume of at least EUR 50m could be made unproblematically. Despite the reluctance of banks to finance commercial real estate in the market as a whole, DEFAMA's banking partners (savings banks and cooperative banks) were prepared to finance 100% of the purchase price of the five new properties acquired in 2023. Only the ancillary purchase costs had to be paid with equity. The current loan conditions are generally between 4% and 4.5%. In view of DEFAMA's financing structure (no capital market financing) and the lack of new business on the part of its banking partners, we therefore assume that there should be no problem financing further potential acquisitions. In addition, the revaluation of loans for existing properties also increases DEFAMA's flexibility in short and long-term financing.
- In view of a good start to the year in Q1, we believe the company is well on track to achieve its 2024 targets. We believe it is likely that new long-term targets will be published in Q4/24 or the first quarter of 2025.

### Conclusion

- In view of the wealth of real estate offers that the company is receiving in the current market situation, we expect lucrative entry opportunities to arise towards the end of the year (Q4). In our opinion, the increase in personnel in the Transactions division also shows the management's confidence in possibly accelerating the growth course if the acquisition criteria are met. A potential acquisition volume of EUR 28-30m, similar to previous years, should also be achievable, although the management always emphasizes that volume is not the target.
- In a persistently difficult market environment, DEFAMA should continue to benefit from its risk-averse business model and its financing potential. In our opinion, the current share-price level offers an attractive entry opportunity to participate in these opportunities.

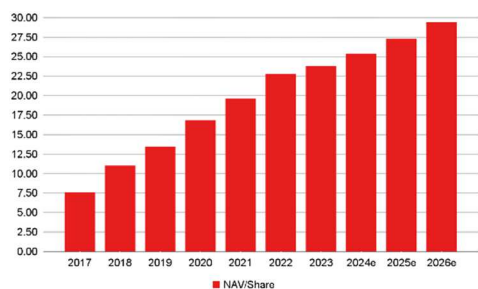


Rel. Performance vs CDAX:	
1 month:	3.4 %
6 months:	3.1 %
Year to date:	1.1 %
Trailing 12 months:	3.7 %

**Company events:**  
05.07.24 AGM

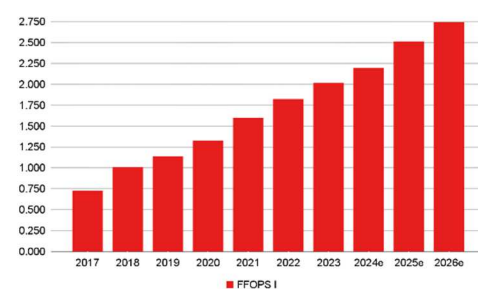
FY End: 31.12. in EUR m	CAGR (23-26e)	2020	2021	2022	2023	2024e	2025e	2026e
<b>Rental income</b>		12.19	14.55	17.25	20.18	22.63	25.29	27.44
Change yoy		27.9 %	19.4 %	18.6 %	16.9 %	12.1 %	11.8 %	8.5 %
<b>EBIT</b>		5.62	9.11	10.08	9.70	11.68	11.57	13.02
<b>FFO I</b>		5.87	7.06	8.58	9.68	10.54	12.05	13.17
<b>FFO I-margin</b>		48.2 %	48.5 %	49.7 %	48.0 %	46.6 %	47.6 %	48.0 %
<b>EBT</b>		3.49	6.51	7.18	5.84	6.82	6.25	7.24
<b>Net income</b>		2.51	5.04	5.39	4.15	5.07	4.55	5.32
<b>EPS</b>		0.57	1.14	1.15	0.87	1.06	0.95	1.11
<b>FFOPS I</b>		1.33	1.60	1.82	2.02	2.19	2.51	2.74
<b>DPS</b>		0.48	0.51	0.54	0.57	0.60	0.63	0.67
<b>Dividend Yield</b>		2.7 %	2.3 %	2.1 %	2.6 %	2.3 %	2.4 %	2.6 %
<b>Book Value / Share</b>		5.61	6.27	8.53	8.85	9.31	9.62	10.06
<b>P / E</b>		30.9 x	19.5 x	22.0 x	25.7 x	24.6 x	27.4 x	23.4 x
<b>Price / Book</b>		3.1 x	3.5 x	2.9 x	2.5 x	2.8 x	2.7 x	2.6 x
<b>P / NAVPS</b>		1.0 x	1.1 x	1.1 x	0.9 x	1.0 x	1.0 x	0.9 x
<b>FFO I-Yield</b>		7.6 %	7.2 %	7.2 %	9.1 %	8.4 %	9.7 %	10.6 %
<b>ROE</b>		10.2 %	19.2 %	15.7 %	10.0 %	11.6 %	10.0 %	11.3 %
<b>LTV</b>		60.2 %	61.3 %	59.7 %	61.1 %	62.9 %	63.0 %	62.7 %
<b>Guidance:</b>	in EUR; 2024: FFO of >10.6m, Net profit (HGB) of >5.0m; 2025: FFO (a) = 13m							

NAV per share development in EUR



Source: Warburg Research

FFO per share development in EUR



Source: Warburg Research

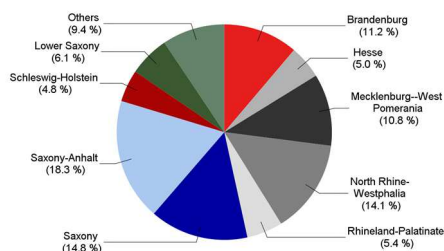
Company Background

- Founded in 2014 and headquartered in Berlin, DEFAMA focuses on the acquisition, ownership and management of retail parks in German small and medium-sized cities, predominantly in Northern and Eastern Germany.
- The investment strategy is to "buy and hold" assets with high occupancy and minor capex needs for a purchase price of ~10x annual rent.
- Investment volumes are EUR 1 - 5 million per asset. Anchor tenants are nationwide retailers.

Competitive Quality

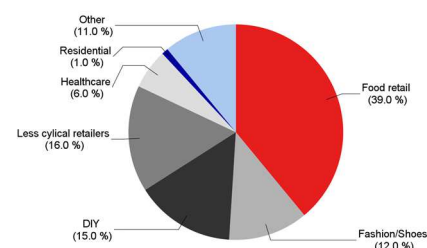
- Real estate competence: founder, major shareholder and CEO Matthias Schrade, previously oversaw as a board member responsible for acquisitions for a non-listed real estate company based in Munich.
- Unique focus: the company competes for assets that are too large for individual investors and too small for institutional investors and can "buy low".
- Strong access to local public banks networks, for whom real estate financings for DEFAMA projects are large and important deals. They in turn know smaller tenants well.
- Focus on leading centers in smaller cities ("big fish in a small pond").

Geogr. breakdown of rental income % of total rental income



Source: Warburg Research

Rental income by sector % of rental income



Source: Warburg Research

Valuation	2020	2021	2022	2023	2024e	2025e	2026e
P / E	30.9 x	19.5 x	22.0 x	25.7 x	24.6 x	27.4 x	23.4 x
P / NAVPS	1.0 x	1.1 x	1.1 x	0.9 x	1.0 x	1.0 x	0.9 x
Price / Book	3.1 x	3.5 x	2.9 x	2.5 x	2.8 x	2.7 x	2.6 x
P / FFOPS I	13.2 x	13.9 x	13.8 x	11.0 x	11.8 x	10.4 x	9.5 x
FFO I-Yield	7.6 %	7.2 %	7.2 %	9.1 %	8.4 %	9.7 %	10.6 %
ROE	10.2 %	19.2 %	15.7 %	10.0 %	11.6 %	10.0 %	11.3 %
Equity Ratio	18 %	18 %	21 %	20 %	19 %	19 %	19 %

Company Specific Items	2020	2021	2022	2023	2024e	2025e	2026e
NAV/Share	16.86	19.61	22.80	23.79	25.38	27.29	29.42
Vacancy Rate	3.7 %	5.0 %	6.2 %	4.1 %	4.0 %	4.0 %	100.0 %

**Consolidated profit and loss**

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
<b>Total revenues</b>	<b>14.58</b>	<b>17.13</b>	<b>20.23</b>	<b>23.33</b>	<b>26.62</b>	<b>29.93</b>	<b>32.48</b>
<b>Rental income</b>	<b>12.19</b>	<b>14.55</b>	<b>17.25</b>	<b>20.18</b>	<b>22.63</b>	<b>25.29</b>	<b>27.44</b>
Change yoy	27.9 %	19.4 %	18.6 %	16.9 %	12.1 %	11.8 %	8.5 %
Property operating costs	3.08	4.05	4.24	4.85	5.86	6.44	6.98
Property management costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rental profit	11.49	13.08	15.98	18.49	20.76	23.50	25.50
<b>Income from property sales</b>	<b>0.00</b>	<b>2.77</b>	<b>2.26</b>	<b>0.73</b>	<b>1.45</b>	<b>0.00</b>	<b>0.00</b>
<b>Other revenues</b>	<b>0.12</b>	<b>0.47</b>	<b>0.22</b>	<b>0.45</b>	<b>0.53</b>	<b>0.45</b>	<b>0.65</b>
<b>Gross profit</b>	<b>11.62</b>	<b>16.32</b>	<b>18.46</b>	<b>19.67</b>	<b>22.75</b>	<b>23.95</b>	<b>26.14</b>
Administration expenses	0.81	0.98	1.23	2.29	1.86	1.95	2.11
Personnel expenses	1.50	1.88	1.98	1.73	2.45	2.84	3.09
Other operating income/expenses	-0.31	-0.11	-0.08	-0.10	-0.10	-0.10	-0.10
Unfrequent items	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>EBITDA</b>	<b>8.99</b>	<b>13.35</b>	<b>15.18</b>	<b>15.54</b>	<b>18.33</b>	<b>19.06</b>	<b>20.85</b>
Valuation result	0.00	n.a.	n.a.	0.73	1.45	0.00	0.00
Depreciation of fixed assets	3.36	4.24	5.10	5.83	6.66	7.48	7.83
<b>EBITA</b>	<b>5.62</b>	<b>9.11</b>	<b>10.08</b>	<b>9.70</b>	<b>11.68</b>	<b>11.57</b>	<b>13.02</b>
Amortisation of intangible assets/Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EBIT</b>	<b>5.62</b>	<b>9.11</b>	<b>10.08</b>	<b>9.70</b>	<b>11.68</b>	<b>11.57</b>	<b>13.02</b>
Interest income	0.01	0.01	0.01	0.34	0.20	0.00	0.00
Interest expenses	2.14	2.61	2.91	4.21	5.06	5.32	0.00
Other financial income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Financial result</b>	<b>-2.13</b>	<b>-2.60</b>	<b>-2.90</b>	<b>-3.87</b>	<b>-4.86</b>	<b>-5.32</b>	<b>-5.78</b>
<b>EBT</b>	<b>3.49</b>	<b>6.51</b>	<b>7.18</b>	<b>5.84</b>	<b>6.82</b>	<b>6.25</b>	<b>7.24</b>
<i>Margin</i>	24.0 %	38.0 %	35.5 %	25.0 %	25.6 %	20.9 %	22.3 %
Total taxes	-0.71	-0.71	-1.78	-1.67	-1.74	-1.68	-1.90
thereof cash taxes	-0.42	-0.42	-1.22	-1.00	-1.04	-0.94	-1.09
<b>Net income from continuing operations</b>	<b>2.51</b>	<b>5.04</b>	<b>5.40</b>	<b>4.17</b>	<b>5.08</b>	<b>4.57</b>	<b>5.34</b>
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income before minorities</b>	<b>2.51</b>	<b>5.04</b>	<b>5.40</b>	<b>4.17</b>	<b>5.08</b>	<b>4.57</b>	<b>5.34</b>
Minority interest	0.00	0.00	0.01	0.02	0.02	0.02	0.02
<b>Net income</b>	<b>2.51</b>	<b>5.04</b>	<b>5.39</b>	<b>4.15</b>	<b>5.07</b>	<b>4.55</b>	<b>5.32</b>
Number of shares, average	4.42	4.42	4.71	4.80	4.80	4.80	4.80
<b>FFO (II)</b>	<b>5.87</b>	<b>7.06</b>	<b>8.58</b>	<b>9.68</b>	<b>10.54</b>	<b>12.05</b>	<b>13.17</b>
<i>FFO I-margin</i>	48.2 %	48.5 %	49.7 %	48.0 %	46.6 %	47.6 %	48.0 %
<b>FFOPS I</b>	<b>1.33</b>	<b>1.60</b>	<b>1.82</b>	<b>2.02</b>	<b>2.19</b>	<b>2.51</b>	<b>2.74</b>
<b>EPS</b>	<b>0.57</b>	<b>1.14</b>	<b>1.15</b>	<b>0.87</b>	<b>1.06</b>	<b>0.95</b>	<b>1.11</b>
EPS adj.	0.57	1.14	0.73	0.74	1.06	0.95	1.11

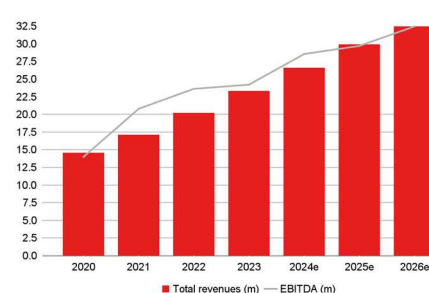
\*Adjustments made for:

**Guidance: in EUR; 2024: FFO of >10.6m, Net profit (HGB) of >5.0m; 2025: FFO (a) = 13m**

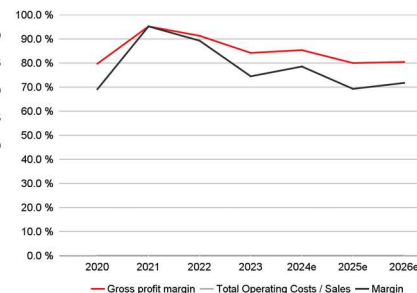
**Financial Ratios**

	2020	2021	2022	2023	2024e	2025e	2026e
Property operating costs / Rental Income	25.3 %	27.8 %	24.6 %	24.0 %	25.9 %	25.4 %	25.4 %
Operating Leverage (Real Estate)	4.6 x	6.2 x	6.5 x	6.7 x	9.0 x	9.7 x	12.8 x
Rental profit / interest expenses	5.4 x	5.0 x	5.5 x	4.4 x	4.1 x	4.4 x	n.a.

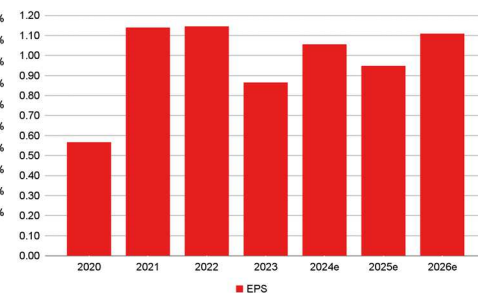
**Revenues, EBITDA**  
in EUR m



**Operating Performance**  
in %



**Performance per Share**



Source: Warburg Research

Source:

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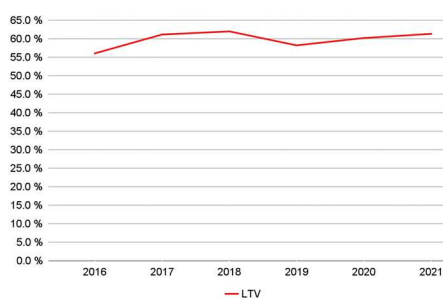
**Consolidated balance sheet**

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
<b>Assets</b>							
Goodwill and other intangible assets	0.02	0.02	0.01	0.07	0.07	0.07	0.07
thereof other intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
thereof Goodwill	0.02	0.02	0.01	0.07	0.07	0.07	0.07
Property, plant and equipment	1.39	1.29	1.13	0.97	0.98	0.99	1.00
Investment properties	127.79	147.57	183.67	206.04	220.61	235.43	249.86
Financial assets	0.12	1.37	1.22	2.15	2.17	2.22	2.26
Other long-term assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Fixed assets</b>	<b>129.33</b>	<b>150.25</b>	<b>186.03</b>	<b>209.23</b>	<b>223.83</b>	<b>238.71</b>	<b>253.19</b>
Inventories	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.80	0.96	6.20	3.11	3.17	3.24	3.30
Liquid assets	4.28	1.52	3.67	2.45	4.02	5.23	3.82
Other short-term assets	2.30	3.53	3.44	3.35	1.98	2.02	2.06
<b>Current assets</b>	<b>7.38</b>	<b>6.01</b>	<b>13.31</b>	<b>8.91</b>	<b>9.18</b>	<b>10.49</b>	<b>9.18</b>
<b>Total Assets</b>	<b>136.71</b>	<b>156.26</b>	<b>199.33</b>	<b>218.14</b>	<b>233.01</b>	<b>249.20</b>	<b>262.38</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	4.42	4.42	4.80	4.80	4.80	4.80	4.80
Capital reserve	17.31	17.31	27.19	27.19	27.19	27.19	27.19
Retained earnings	3.07	5.99	8.93	10.49	12.68	14.21	16.31
Other equity components	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Shareholders' equity</b>	<b>24.81</b>	<b>27.72</b>	<b>40.92</b>	<b>42.48</b>	<b>44.67</b>	<b>46.20</b>	<b>48.31</b>
Minority interest	0.40	0.40	0.41	0.42	0.43	0.43	0.44
Provisions	0.51	0.53	0.68	1.20	1.23	1.23	1.23
thereof provisions for pensions and similar obligations	0.25	0.26	0.34	0.60	0.61	0.61	0.61
Financial liabilities (total)	110.25	124.59	154.53	164.26	182.74	197.39	208.44
Short-term financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts payable	0.29	0.96	0.64	1.48	1.51	1.54	1.57
Other liabilities	0.86	2.46	2.56	8.71	2.86	2.84	2.83
<b>Liabilities</b>	<b>111.91</b>	<b>128.54</b>	<b>158.41</b>	<b>175.65</b>	<b>188.34</b>	<b>203.00</b>	<b>214.07</b>
<b>Total liabilities and shareholders' equity</b>	<b>136.71</b>	<b>156.26</b>	<b>199.33</b>	<b>218.14</b>	<b>233.01</b>	<b>249.20</b>	<b>262.38</b>

**Financial Ratios**

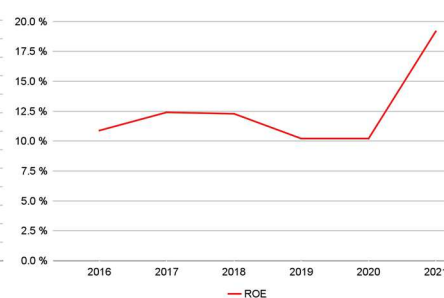
	2020	2021	2022	2023	2024e	2025e	2026e
<b>Return on Capital</b>							
ROA	2.1 %	3.4 %	3.0 %	2.0 %	2.2 %	1.9 %	2.1 %
ROE	10.2 %	19.2 %	15.7 %	10.0 %	11.6 %	10.0 %	11.3 %
FFO I / Equity	0.2 x	0.3 x	0.2 x	0.2 x	0.2 x	0.3 x	0.3 x
<b>Solvency</b>							
Net Debt	106.23	123.34	151.20	162.42	179.33	192.77	205.24
Net Financial Debt	105.98	123.07	150.86	161.81	178.72	192.16	204.63
Net Fin. Debt / EBITDA	11.8 x	9.2 x	9.9 x	10.4 x	9.7 x	10.1 x	9.8 x
LTV	60.2 %	61.3 %	59.7 %	61.1 %	62.9 %	63.0 %	62.7 %
Equity Ratio	18.4 %	18.0 %	20.7 %	19.7 %	19.4 %	18.7 %	18.6 %

**LTV**



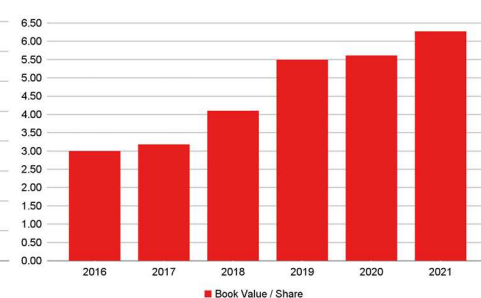
Source: Warburg Research

**ROE**  
in %



Source: Warburg Research

**Book Value per Share**  
in EUR



Source: Warburg Research

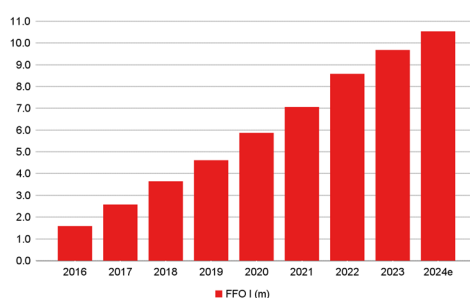
### Consolidated cash flow statement

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
<b>Net cash provided by operating activities [1]</b>	<b>4.96</b>	<b>7.41</b>	<b>10.86</b>	<b>12.95</b>	<b>5.83</b>	<b>11.94</b>	<b>13.06</b>
<b>Net cash provided by investing activities [2]</b>	<b>-37.91</b>	<b>-22.39</b>	<b>-43.56</b>	<b>-17.40</b>	<b>-20.00</b>	<b>-22.50</b>	<b>-22.50</b>
<b>Net cash provided by financing activities [3]</b>	<b>30.25</b>	<b>12.22</b>	<b>34.84</b>	<b>3.23</b>	<b>15.75</b>	<b>11.77</b>	<b>8.03</b>
Change in liquid funds [1]+[2]+[3]	-2.70	-2.76	2.15	-1.22	1.58	1.21	-1.42
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and cash equivalent at end of period</b>	<b>4.28</b>	<b>1.52</b>	<b>3.67</b>	<b>2.45</b>	<b>4.02</b>	<b>1.21</b>	<b>-1.42</b>

### Financial Ratios

	2020	2021	2022	2023	2024e	2025e	2026e
<b>Cash Flow</b>							
FFO (II)	5.87	7.06	8.58	9.68	10.54	12.05	13.17
FFOPS I	1.33	1.60	1.82	2.02	2.19	2.51	2.74
FFOPS I diluted	1.33	1.60	1.82	2.02	2.19	2.51	2.74
FFO I-Yield	7.6 %	7.2 %	7.2 %	9.1 %	8.4 %	9.7 %	10.6 %
FFO I-margin	48.2 %	48.5 %	49.7 %	48.0 %	46.6 %	47.6 %	48.0 %
Interest Paid / Avg. Debt	2.3 %	2.2 %	2.1 %	2.6 %	2.9 %	2.8 %	0.0 %
<b>Management of Funds</b>							
Capex/Investment Properties	-29.7 %	-15.2 %	-23.7 %	-8.4 %	-9.1 %	-9.6 %	-9.0 %
Avg. Working Capital / Sales	0.0 %	1.5 %	13.8 %	15.4 %	6.2 %	5.6 %	5.3 %
Dividend Payout Ratio	84.5 %	44.7 %	47.1 %	65.6 %	56.7 %	66.2 %	60.2 %

### FFO



Source: Warburg Research

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-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
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Rating	Number of stocks	% of Universe
Buy	143	70
Hold	46	22
Sell	9	4
Rating suspended	7	3
<b>Total</b>	<b>205</b>	<b>100</b>

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Rating	Number of stocks	% of Universe
Buy	46	79
Hold	9	16
Sell	0	0
Rating suspended	3	5
<b>Total</b>	<b>58</b>	<b>100</b>

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