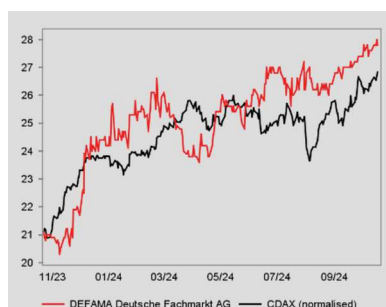


<b>Buy</b> <b>EUR 32.40</b> (EUR 31.60)  Price EUR 27.80 <b>Upside 16.5 %</b>	<b>Value Indicators:</b> EUR NAV (WRe) 25e: 34.31 FFO-Yield 25e: 30.78	<b>Warburg Risk Score:</b> <b>1.8</b> Balance Sheet Score: 3.5 Market Liquidity Score: 0.0	<b>Description:</b> Commercial real estate company focused on retail parks in Northern and Eastern Germany
	<b>Market Snapshot:</b> EUR m Market cap: 133.44 No. of shares (m): 4.80 EV: 312.77 Freefloat MC: 96.08 Ø Trad. Vol. (30d): 22.99 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 %

## Step-by-step progress on the path to growth

- DEFAMA's positive news-flow continues with the announcement of another property purchase. The company increases its annualised FFO to EUR 11.7m with the acquisition of a food retailer in Bremen and is thus still on track to reach its guidance of EUR 12m by the end of 2024.
- The purchase price of EUR 2.5m with an expected annual net rent of EUR 250k (multiple of 10) seems attractive to us given the location in a major city in a western federal state. The building was constructed in 1993 and has several smaller tenants in addition to the local supermarket and main tenant Netto. The property should still have potential for improvement based on the current rental agreements.
- In our opinion, there are still good prospects for a further rapid expansion of the portfolio. The supply of properties with a food supplier also remains intact in the current market phase. The company also reported several interesting offers in larger cities. In previous market phases, these properties rarely made it onto DEFAMA's acquisition table because of the high demand from funds. The acquisition volume so far in 2024 has been more than EUR 12m.
- We assume that further purchases will follow by the end of the year, although it is always a binary decision. An acquisition volume in excess of the already good volumes in 2021-2023 (EUR 28-30m) seems possible to us. The good access to liquidity and the possibility of fast transaction processing could be further attractive arguments for sellers to sell to DEFAMA.
- We reiterate our Buy recommendation and raise our price target to EUR 32.40 (from 31.60). This is based on our current estimates for 2026 and, given the current acquisition potential in the coming months, an increase in our estimates for the coming years has become more likely. In our forecasts to date, we have assumed an annual acquisition volume of EUR 21-22.5m at a multiple of 10-10.5.

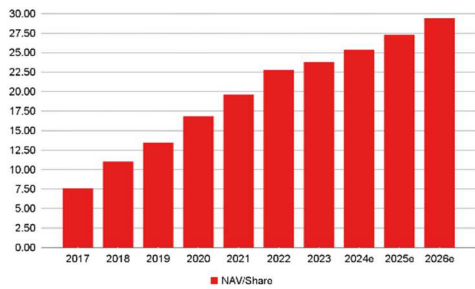


Rel. Performance vs CDAX:	
1 month:	-1.9 %
6 months:	8.3 %
Year to date:	2.2 %
Trailing 12 months:	4.0 %

### Company events:

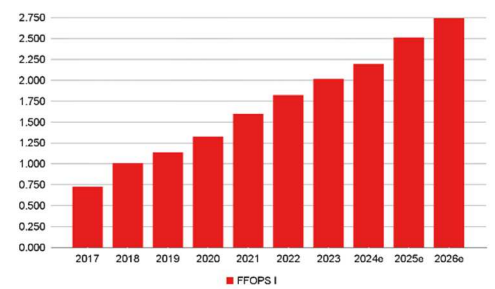
FY End: 31.12. in EUR m	CAGR (23-26e)	2020	2021	2022	2023	2024e	2025e	2026e
<b>Rental income</b>		12.19	14.55	17.25	20.18	22.63	25.29	27.44
Change yoy		27.9 %	19.4 %	18.6 %	16.9 %	12.1 %	11.8 %	8.5 %
<b>EBIT</b>		5.62	9.11	10.08	9.70	11.68	11.57	13.02
<b>FFO I</b>		5.87	7.06	8.58	9.68	10.54	12.05	13.17
<i>FFO I-margin</i>		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
Dividend Yield		2.7 %	2.3 %	2.1 %	2.6 %	2.2 %	2.3 %	2.4 %
<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	26.3 x	29.3 x	25.1 x
<b>Price / Book</b>		3.1 x	3.5 x	2.9 x	2.5 x	3.0 x	2.9 x	2.8 x
<b>P / NAVPS</b>		1.0 x	1.1 x	1.1 x	0.9 x	1.1 x	1.0 x	0.9 x
<b>FFO I-Yield</b>		7.6 %	7.2 %	7.2 %	9.1 %	7.9 %	9.0 %	9.9 %
<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

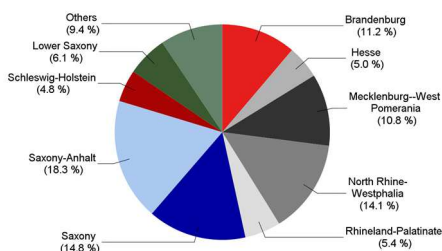
Company Background

- 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

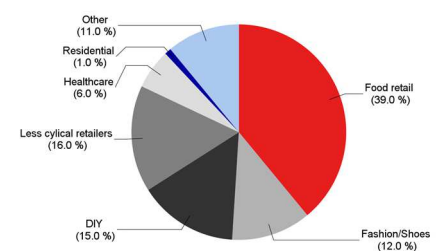
- Real estate competence: founder, major shareholder and CEO Matthias Schrade, previously oversaw as a board member responsible for acquisitions for a non-listed real estate company based in Munich.
- Unique focus: the company competes for assets that are too large for individual investors and too small 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	26.3 x	29.3 x	25.1 x
P / NAVPS	1.0 x	1.1 x	1.1 x	0.9 x	1.1 x	1.0 x	0.9 x
Price / Book	3.1 x	3.5 x	2.9 x	2.5 x	3.0 x	2.9 x	2.8 x
P / FFOPS I	13.2 x	13.9 x	13.8 x	11.0 x	12.7 x	11.1 x	10.1 x
FFO I-Yield	7.6 %	7.2 %	7.2 %	9.1 %	7.9 %	9.0 %	9.9 %
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

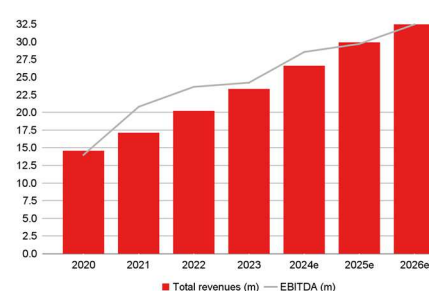
\*Adjustments made for:

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

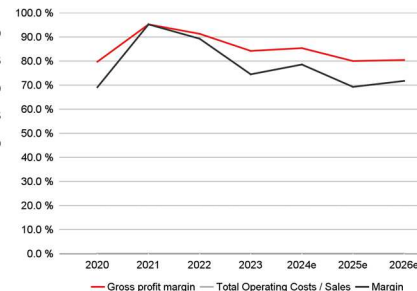
**Financial Ratios**

	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.

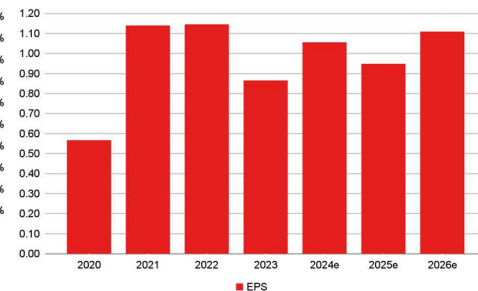
**Revenues, EBITDA**  
in EUR m



**Operating Performance**  
in %



**Performance per Share**



Source: Warburg Research

Source:

Source: Warburg Research

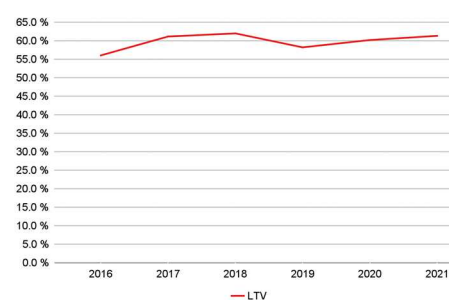
**Consolidated balance sheet**

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**

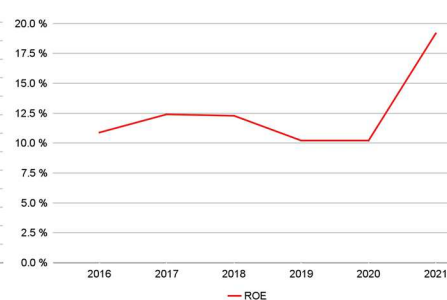
	2020	2021	2022	2023	2024e	2025e	2026e
<b>Return on Capital</b>							
ROA	2.1 %	3.4 %	3.0 %	2.0 %	2.2 %	1.9 %	2.1 %
ROE	10.2 %	19.2 %	15.7 %	10.0 %	11.6 %	10.0 %	11.3 %
FFO I / Equity	0.2 x	0.3 x	0.2 x	0.2 x	0.2 x	0.3 x	0.3 x
<b>Solvency</b>							
Net Debt	106.23	123.34	151.20	162.42	179.33	192.77	205.24
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**



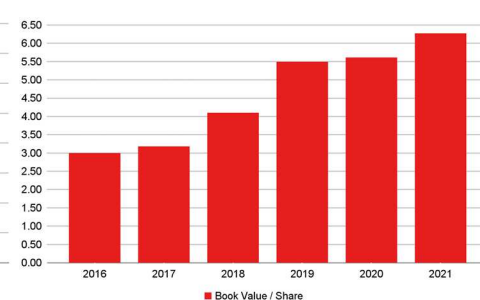
Source: Warburg Research

**ROE**  
in %



Source: Warburg Research

**Book Value per Share**  
in EUR



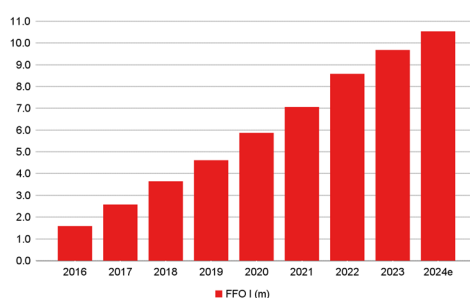
Source: Warburg Research

**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 %	7.9 %	9.0 %	9.9 %
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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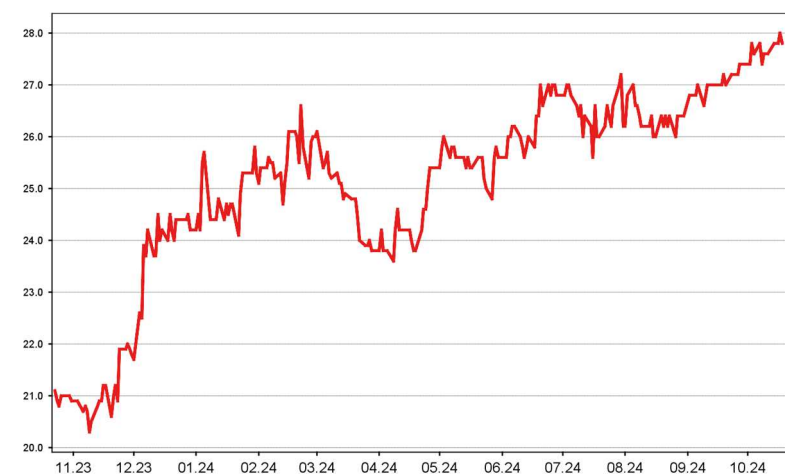
Rating	Number of stocks	% of Universe
Buy	143	71
Hold	42	21
Sell	10	5
Rating suspended	6	3
<b>Total</b>	<b>201</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	43	77
Hold	9	16
Sell	2	4
Rating suspended	2	4
<b>Total</b>	<b>56</b>	<b>100</b>

**PRICE AND RATING HISTORY DEFAMA DEUTSCHE FACHMARKT AG AS OF 21.10.2024**



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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