



Company Presentation

DEFAMA Deutsche Fachmarkt AG

November 2024

Highlights YTD 2024

- Funds From Operations (FFO) as of 30 September 2024 reached €7.6m (+7%)
- Annualised FFO („run rate“) now at €12.1m resp. 2.52 € per share
- Sale of retail park Büdelsdorf for €6.7m resulted in positive one-off of €1.5m pre-tax and more than €3m cash-in after tax
- Significant letting successes e.g. in Gardelegen and Nordsteimke: investments of €1.5m increase net rents of €650k p.a.
- In total 13 purchases with about €2.7m annually additional net rents in the future
- Record number of potential purchase property under examination

DEFAMA acquires

- Well-established retail parks in Germany
- 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.

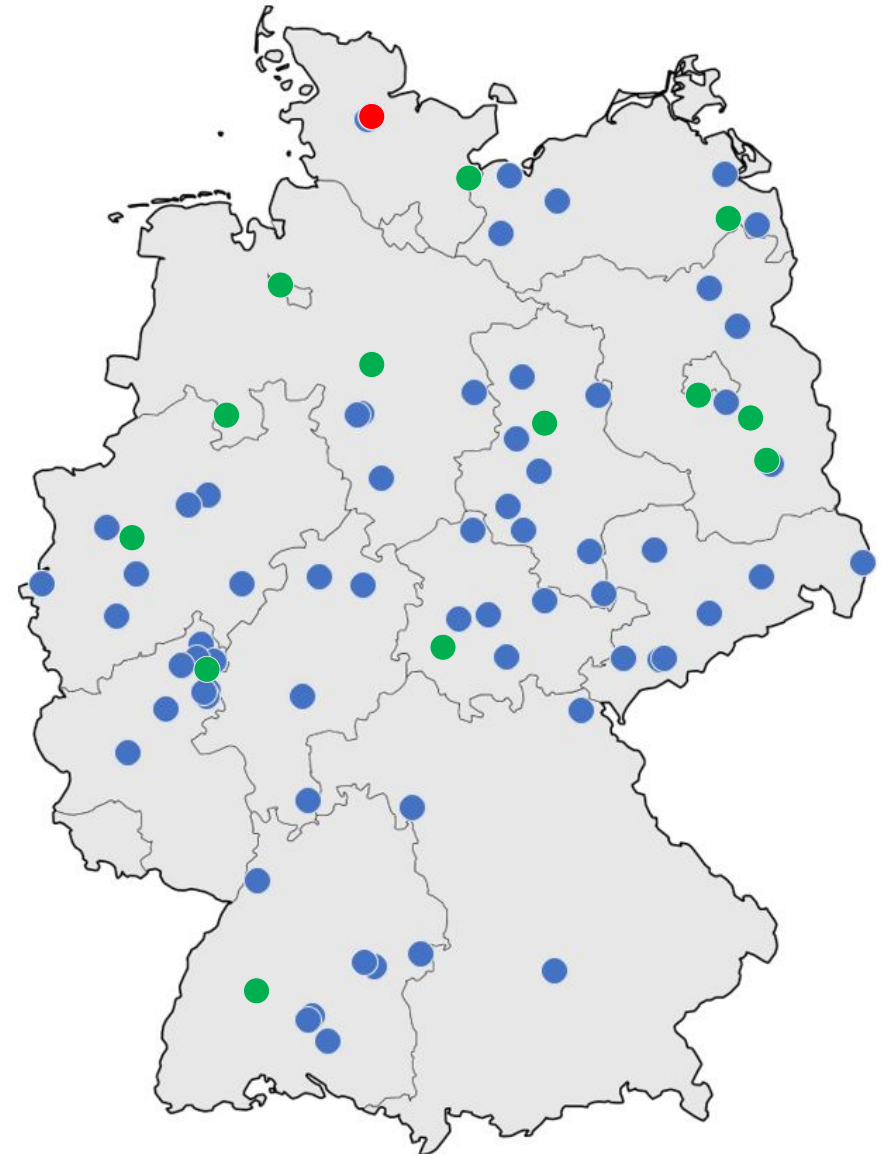




















Three good reasons why we pursue this strategy:



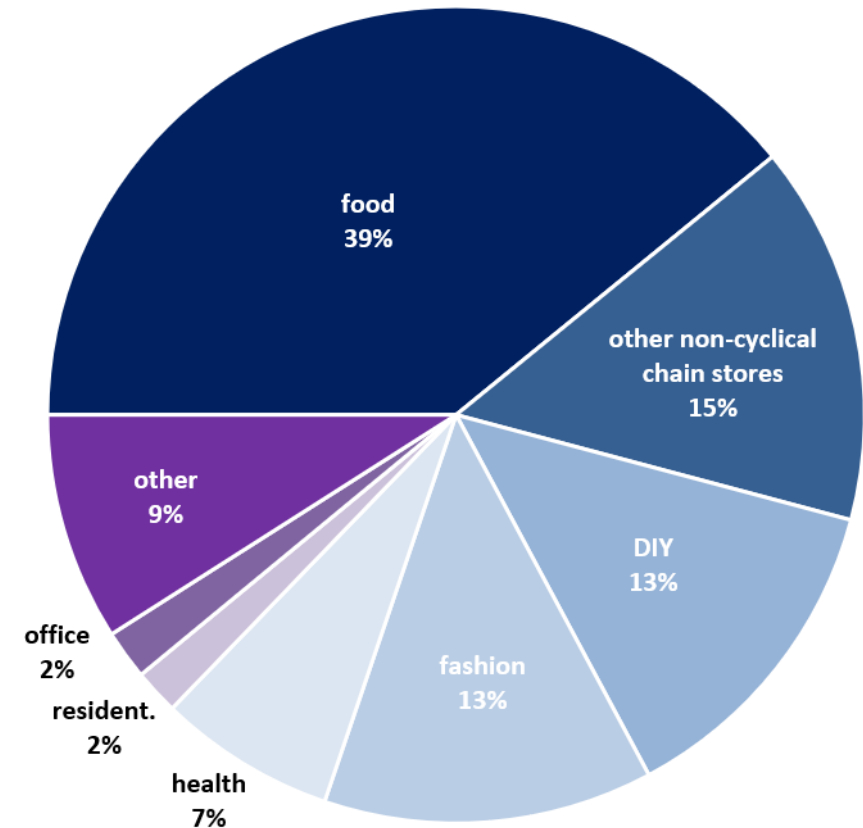
Key Figures <i>(as of 15 November 2024)</i>	
Locations	77
Net Rent (annualised)	€26.5m
Lettable Space	308,171 sqm
Occupancy Rate	96%
Ø Lease Term (WALT)	4.5 years
Portfolio Value	> €300m

- 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 19%
- YTD 13 acquisitions (●) and one sale (●) until now



Biggest Tenants (as of 15 November 2024)	Sites	Share
EDEKA/Netto/trinkgut   	16	10.6 %
Kaufland/LIDL  	7	9.0 %
toom/B1  	5	8.1 %
REWE/Penny  	9	7.3 %
JYSK 	14	4.4 %
H.H. Holding  	14	3.4 %
KiK 	13	2.9 %
Aldi Nord 	6	2.7 %
AWG 	6	2.7 %
Rossmann  <small>Mein Drogeriemarkt</small>	5	2.1 %
Takko 	8	2.1 %
Hammer  <small>Mit uns zum TraumRaum.</small>	3	2.0 %

Net Rent by Industry



„Top 10“ leases account for just 19% of total net rent

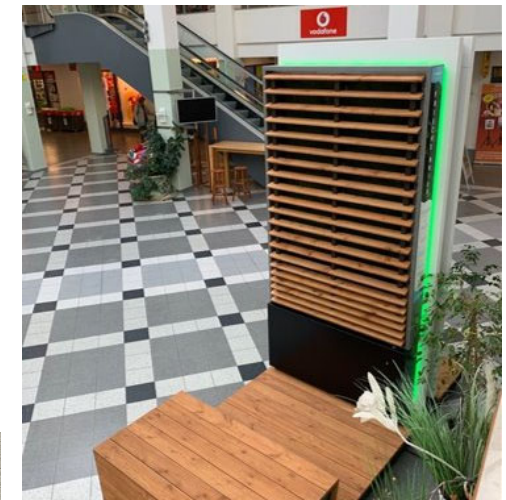
Investments within the existing portfolio

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



ESG measures

- Charging stations (currently 30 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 (*examples*)

Gardelegen

- | | | |
|---|-------------------------------------|-------------------|
| ▪ Dismantling of former disco for new letting | completed | in total
> €1m |
| ▪ Creation of area for tedox | completed | |
| ▪ Creation of area for a gym | in progress, completion est. 9/2024 | |

Nordsteimke

- | | | |
|---------------------------|--------------------------------------|---------|
| ▪ Refurbishment for a gym | in progress, completion est. Q1/2025 | ~ €0.7m |
|---------------------------|--------------------------------------|---------|

Puderbach

- | | | |
|---------------------------------|---|---------|
| ▪ Building request for Rossmann | in preparation, refurbishment est. 5/2025 | ~ €0.3m |
|---------------------------------|---|---------|

Sternberg

- | | | |
|--------------------------------------|---|---------------------|
| ▪ Dismantling of former Penny market | completed | in total
~ €0.7m |
| ▪ Refurbishment for the new tenants | in preparation, building request est. 12/2024 | |

Wittenburg

- | | | |
|---|---|-------|
| ▪ Refurbishment for new letting of REWE space | in preparation, building request est. Q1/2025 | > €1m |
|---|---|-------|

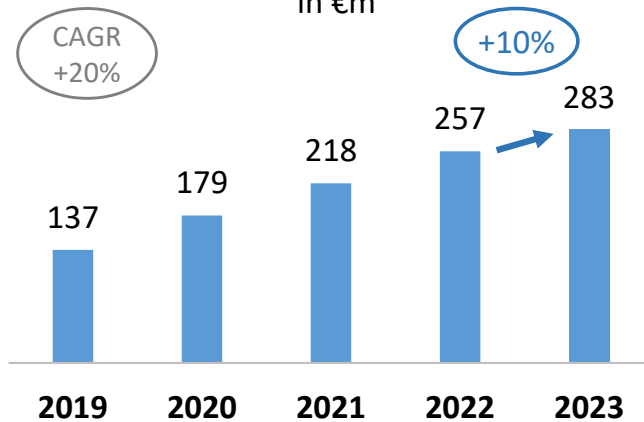


KEY FIGURES 2023



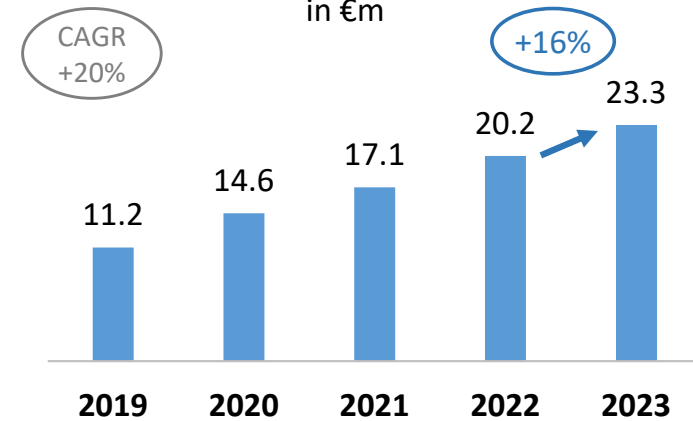
Portfolio Value

in €m



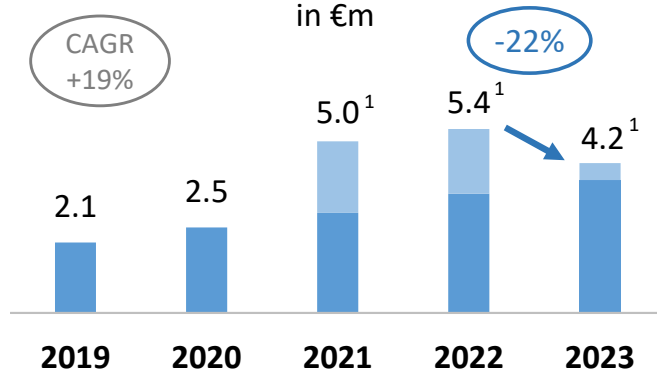
Sales

in €m



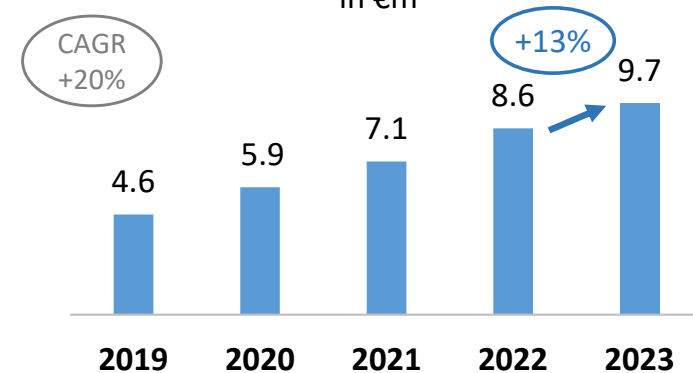
Net Profit

in €m



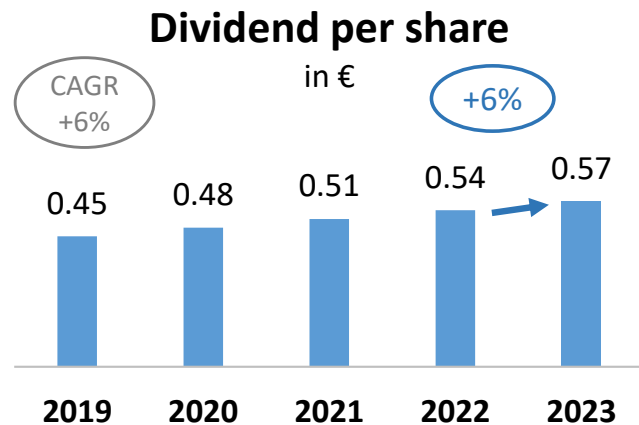
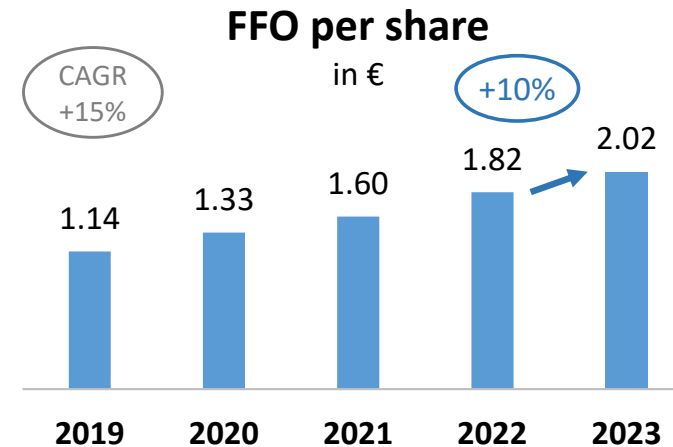
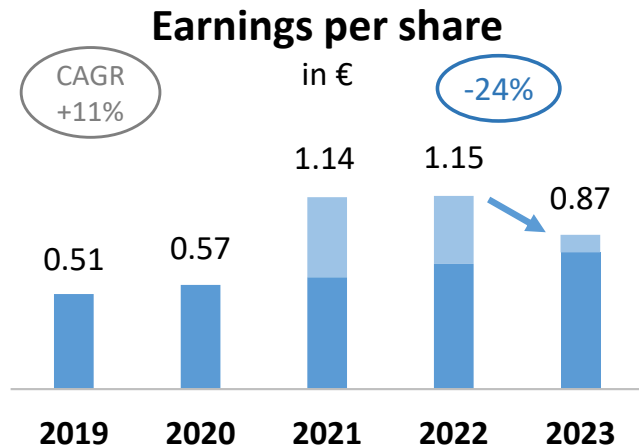
Funds from Operations (FFO)

in €m



1) Incl. one-off effects from disposals

KEY FIGURES 2023



Guiding principles for our expansion

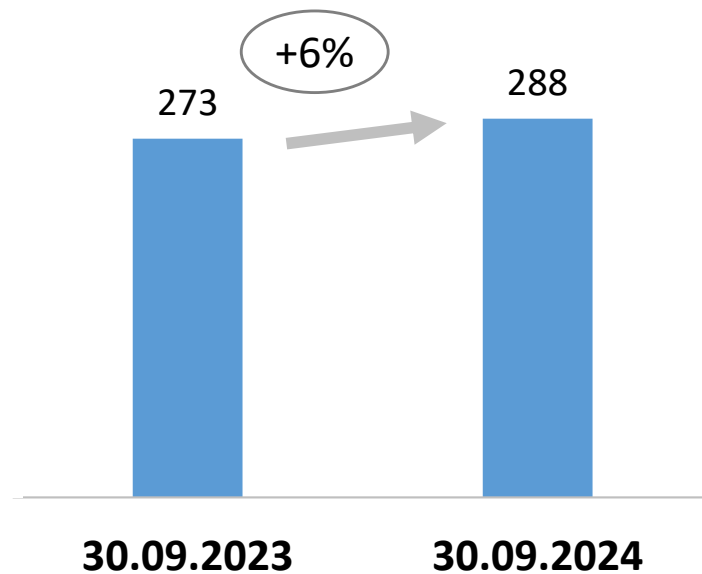
- Company growth not for its own sake, but always with a clear goal of creating shareholder value
- Primary focus on improving FFO per share
- Further FFO increase from own steam

KEY FIGURES 9M/2024



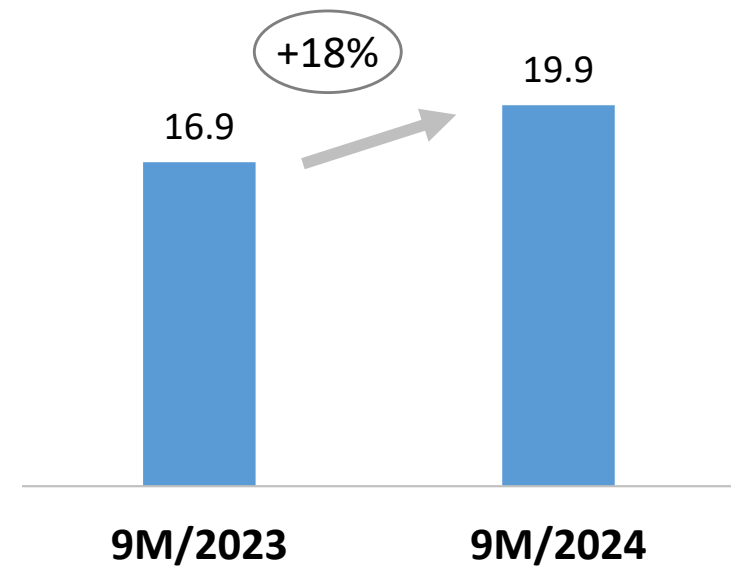
Portfolio Value

in €m



Sales

in €m

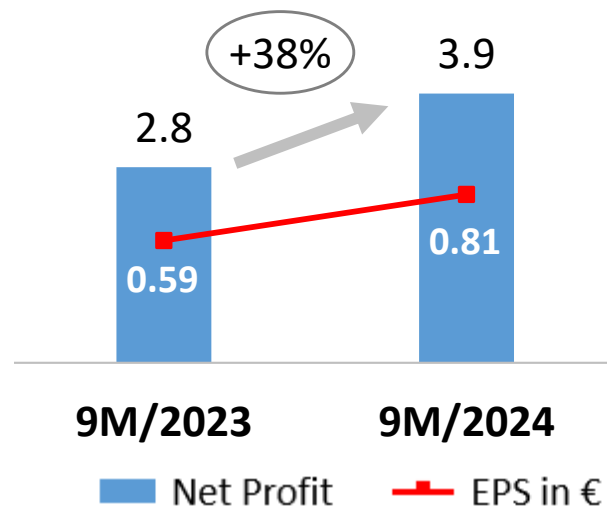


KEY FIGURES 9M/2024



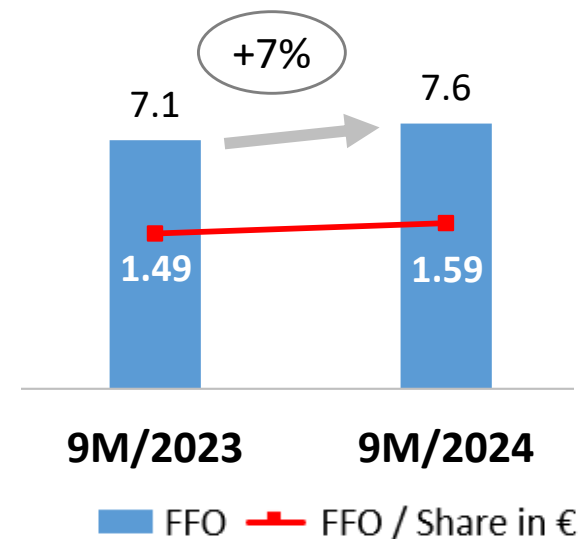
Net Profit

in €m



Funds from Operations (FFO)

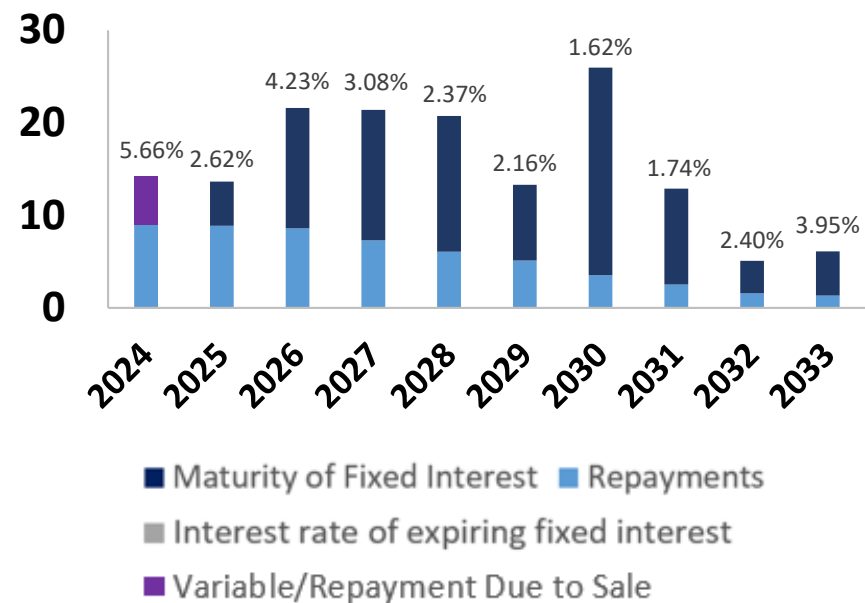
in €m



Due to new loan contracts as of now 7.2 years

Key Figures (as of 30 September 2024)	
Number of financing partners	36
Bank loans	€166m
Ø Interest rate	2.89%
Ø Initial repayment	4.02%
Ø Fixed interest	6.1 years
Loan-to-value-ratio (LTV)	58%

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.

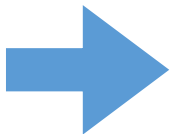
Here are five SDGs where DEFAMA can make a significant impact:

- 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: - 30 properties already equipped with fast e-chargers, 14 in progress
- 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: increasing pipeline of attractive acquisition targets

- More and more potential sellers accept purchase prices of or under 10x net rent
- Record number of potential acquisition targets, more and more in big towns and even top 7 cities
- DEFAMA is in negotiations for retail parks with net rents in the significant seven-figure range
- Great interest of existing bank partners and new banks in financing 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 is taking the opportunities
offered by market changes**

Transaction/disposal

Retail park in Büdelsdorf

- Sold for €6.7m
- Net rent of app. €550k
- Purchased for €3.1m in late 2016
- Refurbished for app. €2m within the last few years by DEFAMA
- Main tenant now is a gym
- Further tenants are TEDI, Jeans Fritz, tanning salon, creative market, biomarket, flower store, Tupperware studio, snack bar, dentist and dental laboratory
- Only property with a tenant structure characterised by family-owned stores instead of chain stores
- Positive one-off of about €1.5m pre-tax
- More than €3m cash-in after tax and repayment of bank loan
- Sale slightly below appraiser's evaluation of €6.89m by end of 2022, but above appraiser's average portfolio multiple in relation to net rent by end of 2023

sold on 14 April 2024



Transaction/Purchase

Supermarket in Magdeburg

- Year of construction: 1992
- Plot size: 5,047 m²
- Lettable space: 1,732 m²
- Occupancy rate: 100%
- Annual net rent: > €250k p.a.
- Purchase price: €2.55m
- Long-standing main tenant is Edeka
- Aquisition at 10.2x net rent
- Located between a large residential area and a huge allot settlement

acquired on 27 June 2024



Transaction/Purchase

Two local suppliers in Brandenburg

- Year of construction: 2015 / 2016
- Plot size: 5,550 m²
- Lettable space: 2,286 m²
- Occupancy rate: 100%
- Annual net rent: n.n. ¹
- Purchase price: n.n. ¹
- Tenants are DM, Rossmann and Getränke Hoffmann
- In each case a modern ALDI market is located next door
- Good positioned local suppliers in strong retail agglomerations

acquired on 11 July 2024



1) Purchase prices may not be disclosed because of vendors wish; net rents only after transfer of ownership

Transaction/Purchase

Retail park in Osnabrück

- Year of construction: 1989
- Plot size: 7,502 m²
- Lettable space: 4,207 m²
- Occupancy rate: 100%
- Annual net rent: app. €400k p.a.
- Purchase price: n.n. ¹
- Long-standing tenants are Hammer and McFit
- Property is located at a busy arterial road of Osnabrück

acquired on 24 July 2024



1) Purchase prices may not be disclosed because of vendors wish

Transaction/Purchase

Local supply center in Bremen

- Year of construction: 1993
- Plot size: 5,327 m²
- Lettable space: 2,856 m²
- Occupancy rate: 100%
- Annual net rent: app. €250k p.a.
- Purchase price: 2.5 Mio. €
- Located in Bremen's Northwest, next to modern residential buildings at the river Lesum
- Long-standing main tenant is Netto, further tenants are a gym, hairdresser, beauty salon, amusement arcade and a steak house
- The existing photovoltaic system on the roof was purchased in a concurrent transaction

acquired on 18 October 2024



Transaction/Purchase

Six properties in Northern Germany

- ❑ Years of construction: 1983 bis 2014
- ❑ Plot size: 39,783 m²
- ❑ Lettable space: 9,515 m²
- ❑ Occupancy rate: 97%
- ❑ Annual net rent: n.n. ¹
- ❑ Purchase price: n.n. ¹
- ❑ Located in Essen, Lübeck, Lübbenau, Schmalkalden, Schwarmstedt and Strasburg (Uckermark)
- ❑ Biggest tenants are ALDI, EDEKA, KiK, denn's biomarket, expert and JYSK
- ❑ Good positioned local suppliers, mostly in strong retail agglomerations

acquired on 30 October 2024



¹) Purchase prices may not be disclosed because of vendors wish; net rents only after transfer of ownership

Transaction/Purchase

Retail park in Freudenstadt

- Year of construction: 1991 / 1998
- Plot size: 10,800 m²
- Lettable space: 13,300 m²
- Occupancy rate: 100%
- Annual net rent: app. €400k p.a.
- Purchase price: €3,5m €
- Long-standing tenants resp. ground rent payer are Kaufland, Deichmann and A.T.U.
- Property is located in a highly frequented business area
- The transaction ist still subject to a condition precedent

acquired on 14 November 2024



Transaction/Purchase

Retail park in Westerburg

- Year of construction: 2008
- Plot size: 7,417 m²
- Lettable space: 2,133 m²
- Occupancy rate: 98%
- Annual net rent: app. €300k p.a.
- Purchase price: 3.0 Mio. €
- Conveniently located at the main road on the opposite of a school
- Tenants are Woolworth, Takko, Kienast shoes („RENO“) and Ernsting’s family
- Located next door is a modern Kaufland, which is the customer magnet for the retail park

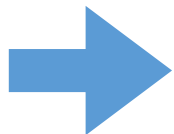
acquired on 14 November 2024





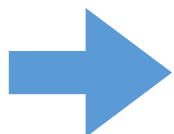
Value creation on several levels (I)

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



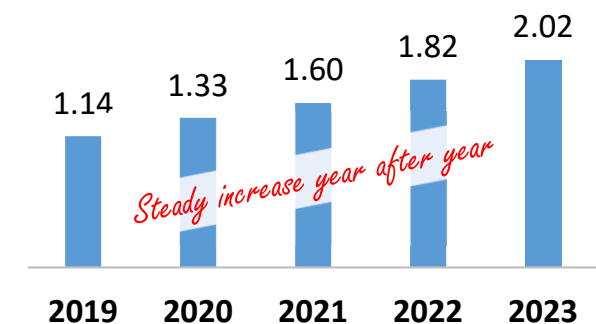
little equity needed,
therefore high return on equity

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



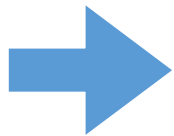
FFO per share +77%
within four years

FFO per share
in €



Value creation on several levels (II)

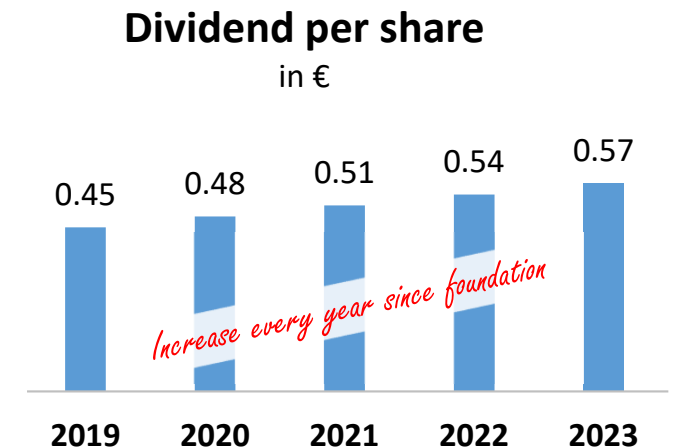
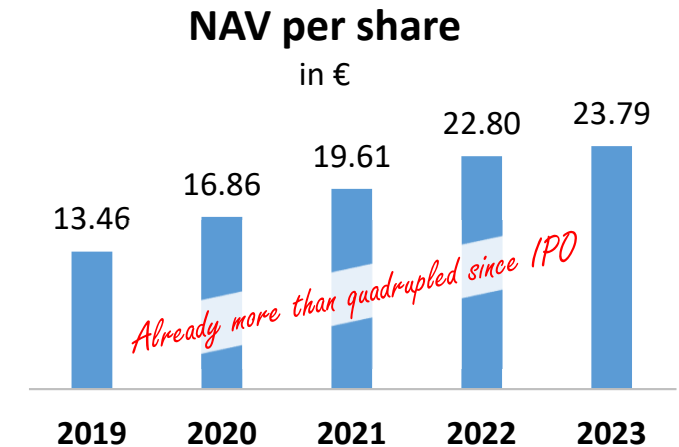
- Single purchases at favourable prices are laborious
- Professionally managed portfolios trade at much higher multiples on net rent



NAV per share +77%
within four years

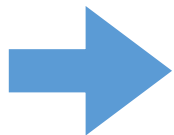
Shareholders benefit from

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



Strong growth possible without capital increase (I)

- DEFAMA needs little equity for additional purchases
- Financing of acquisitions by cash flow, revaluation of loans and occasional sales
- Neither capital increase nor bonds, promissory notes or something similar in planning
- Re-allocation of capital is key to strong FFO growth without dilution
- Organic growth from own resources

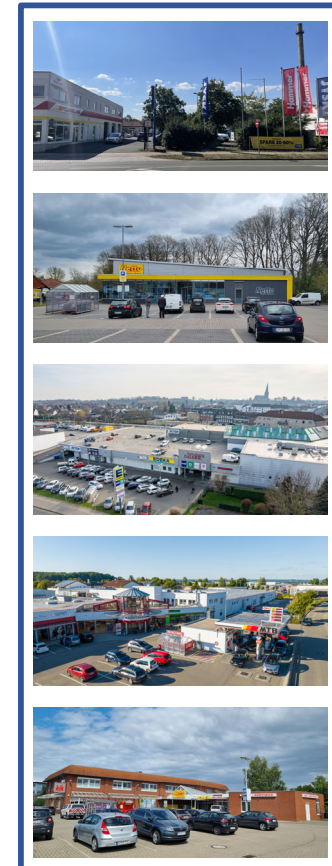


DEFAMA is growing independently from the capital market

Strong growth possible without capital increase (II)



Disposals 2022		Purchases 2023
2	Number	5
€6.8m	Selling prices	28 Mio. €
€0.4m	Net rents p.a.	3,2 Mio. €
€0.2m	FFO p.a.	> 0,9 Mio. €



Guidance for 2024

2023

▪ Net Profit (German GAAP):	€4.8m, thereof ~€1.1m from disposals	€4.2m, thereof ~€0.5m from disposals
▪ Funds From Operations (FFO):	€10.3m	€9.7m
▪ Annualised FFO:	€12.3m	€11.3m
▪ Dividend:	> €0.57 per share	€0.57 per share

Takeover of ten properties leads to
jump in returns in first quarter of 2025

Mid-term guidance „DEFAMA 2025“

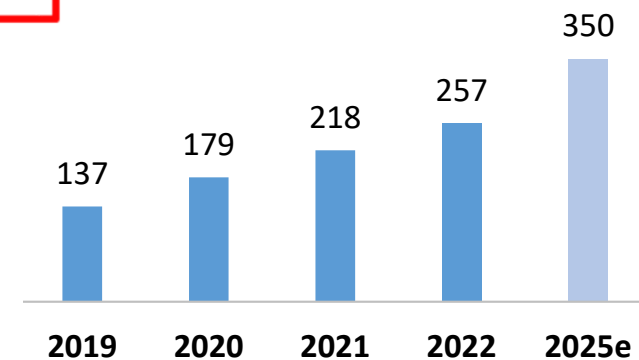
published 24 October 2022

Will be reached prior to end of 2025

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

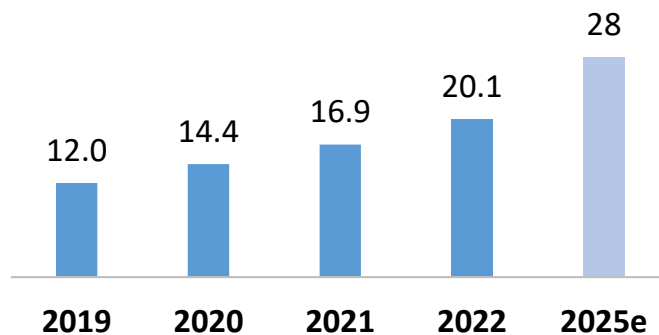
Portfolio Value

in €m



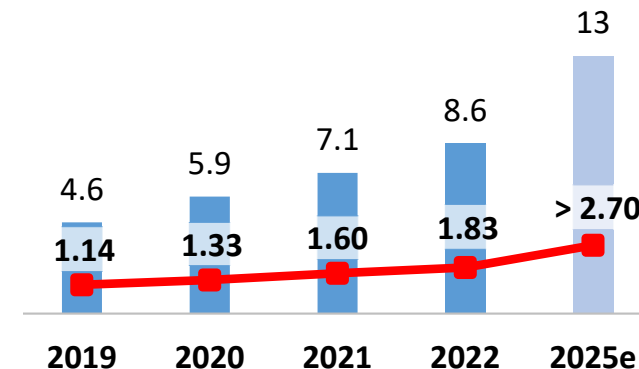
Net Rents (annualised)

in €m



Funds From Operations (FFO)

in €m / in € per share



DEFAMA on track for further growth

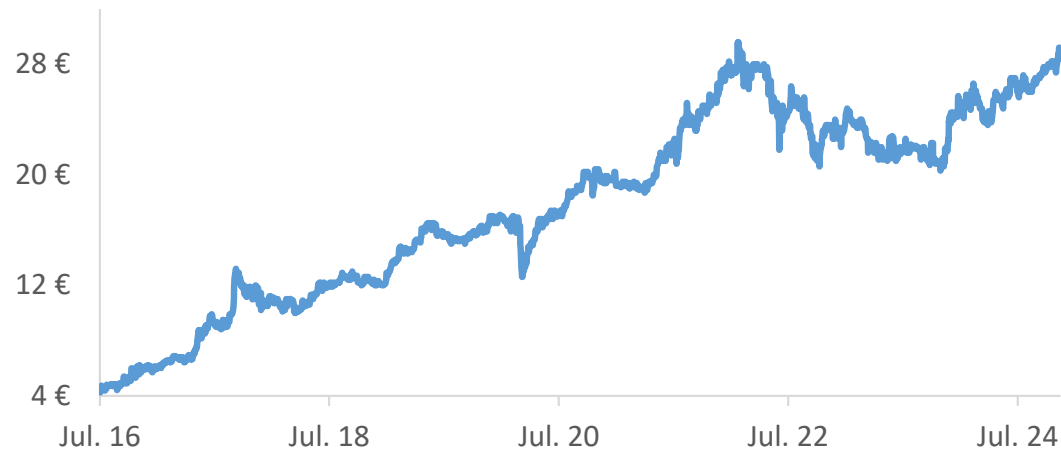
Announcement of new
long-term guidance
in December

- YTD 13 acquisitions with app. €2.7m additional net rents
- Annualised FFO („run rate“) currently €12,1m resp. 2.52 € per share
- Increased staff capacity for real estate transactions
- Record number of potential acquisition targets, more and more in big towns
- Review of occasional sales, e.g. after signing of long-term leases

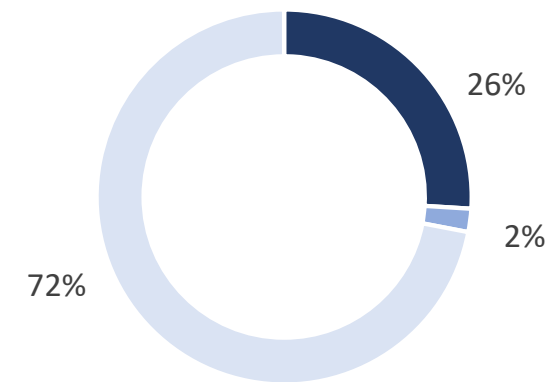
**Our success strategy stays unchanged:
„We buy to keep“**



Share price development since IPO



Shareholder structure ²



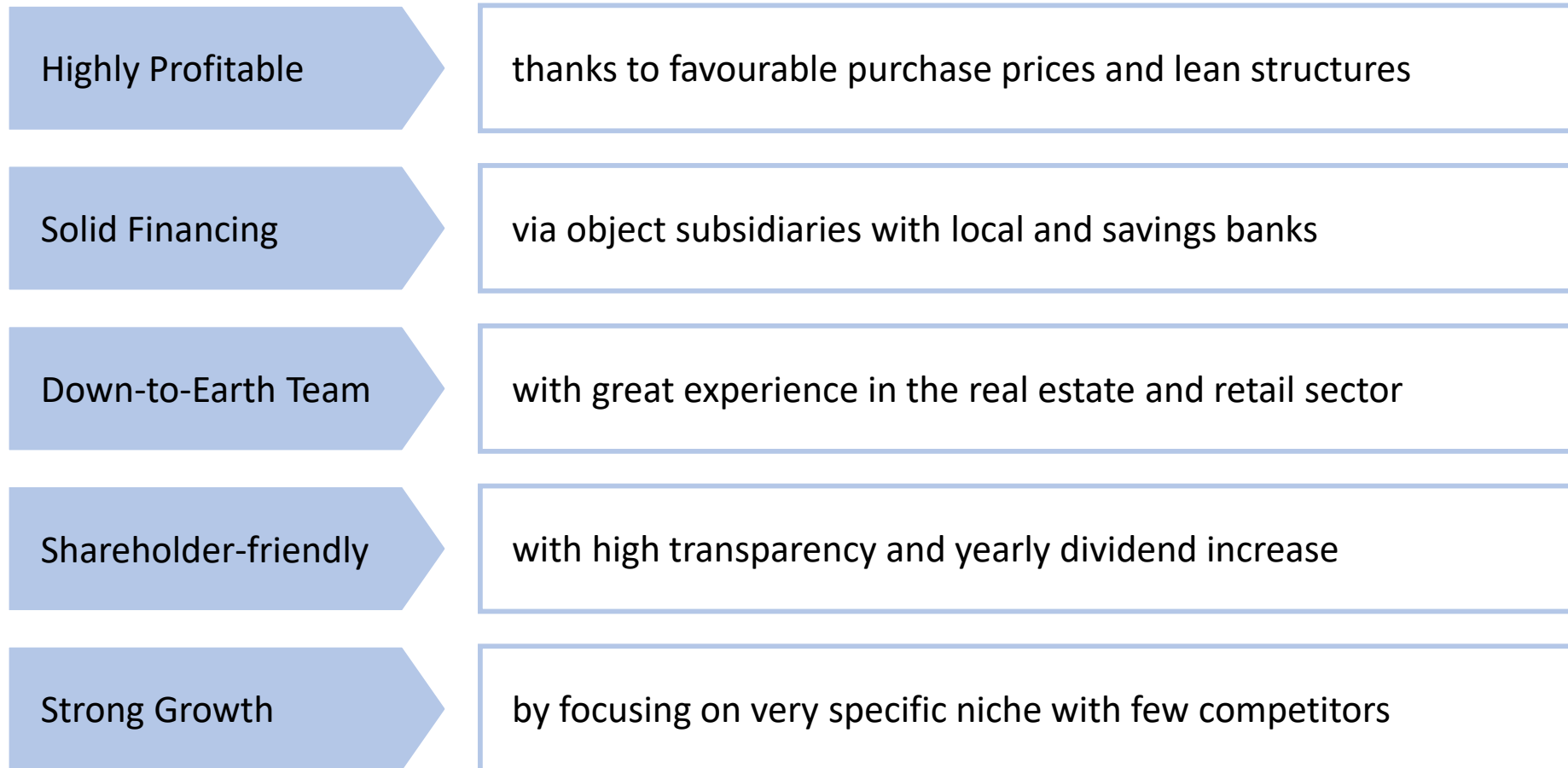
- MSC Invest GmbH / M. Schrade
- Supervisory Board
- Freefloat

2) as of 31 Dec 2023. 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.

WKN / ISIN	A13SUL / DE000A13SUL5
Stock exchange	Munich (m:access), Frankfurt, Xetra
Number of shares	4,800,000 ordinary shares
Current share price ¹	€29.20
Market capitalisation	€140.2m

1) XETRA closing price on 22 November 2024

WHY TO INVEST



DEFAMA Deutsche Fachmarkt AG

Nimrodstr. 23
D 13469 Berlin

www.defama.de

Matthias Schrade

CEO

Phone +49 (0) 30 / 555 79 26 - 0

Email schrade@defama.de



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