

| | | | |
|---|---|--|---|
| Buy EUR 32.40 Price EUR 28.40 Upside 14.1 % | Value Indicators: EUR NAV (WRe) 25e: 34.31 FFO-Yield 25e: 30.78 | Warburg Risk Score: 1.8 Balance Sheet Score: 3.5 Market Liquidity Score: 0.0 | Description: Commercial real estate company focused on retail parks in Northern and Eastern Germany |
| | Market Snapshot: EUR m Market cap: 136.32 No. of shares (m): 4.80 EV: 315.65 Freefloat MC: 98.15 Ø Trad. Vol. (30d): 14.48 th | Shareholders: Freefloat 72.00 % MSC Invest GmbH 26.00 % Supervisory board 2.00 % | Key Figures (WRe): 2024e LTV: 62.9 % Equity Ratio: 19.4 % |

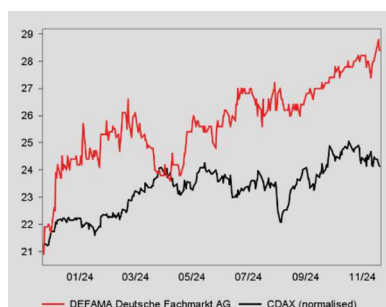
9M in line with expectations; Guidance reduced slightly

| Stated Figures Q3/2024: | | | | |
|-------------------------|-------|--------|-------|----------|
| in EUR m | 9M/24 | 9M/24e | 9M/23 | +/- in % |
| Revenues | 19.93 | 19.79 | 16.94 | 18% |
| EBITDA | 13.60 | 13.68 | 10.77 | 26% |
| EBIT | 8.73 | 8.75 | 6.45 | 35% |
| EBT | 5.12 | 5.22 | 3.83 | 34% |
| Net profit | 3.87 | 3.95 | 2.81 | 38% |
| EPS (€) | 0.81 | 0.82 | 0.58 | 38% |
| FFO | 7.63 | 7.68 | 7.12 | 7% |
| FFO-margin | 38% | 39% | 42% | |
| FFOPS (€) | 1.59 | 1.60 | 1.48 | 7% |

Comment on Figures:

- DEFAMA's good 9M figures were mostly in line with our estimates. The strong revenue growth of 18% to EUR 19.9m slightly exceeded our estimate.
- As expected, EBIT and EBITDA growth were more dynamic at +26% and 35% respectively due to the sale of a property in Büdelsdorf (pre-tax effect ~EUR 1.5m). Without this effect, growth in both key figures would have been around 12%.
- Net profit grew by 38% to EUR 3.87m.
- FFO growth was 7% and reflects planned expenditure on the portfolio as well as rising personnel expenses as a result.

- The guidance for 2024 was adjusted downwards slightly due to delays in current remodelling projects (Gardelegen) and only minor initial consolidation effects from new acquisitions in the first nine months. In addition, the dynamic portfolio expansion is likely to have resulted in slightly higher costs. After a relatively quiet first half of the year in terms of transaction volume, there will only be contributions from the properties acquired in Magdeburg, Teltow and Storkow in Q4. However, the company has been working on numerous acquisition projects and was recently able to finalise many of these negotiations very successfully.
- DEFAMA is now expecting net profit to increase from EUR 4.2m to EUR 4.8m in 2024 (previously EUR 5m). FFO is expected to increase from EUR 9.7m to EUR 10.3m (previously EUR 10.6m). While our estimate for net profit was slightly above the previous guidance due to the sale, our FFO estimate was already somewhat more cautious at EUR 10.5m due to the timing of the initial consolidation effects. We do not view this correction of the guidance as critical, particularly considering later first-time consolidation effects. Instead, we believe that the momentum in the current acquisition process is more important, as it should lead to stronger growth in subsequent years. As a result, the management's announcement that the targets of the previous medium-term guidance for 2025 are more likely to be achieved is not surprising. In addition, the management will publish new long-term targets in December, considering the strong acquisition volume in particular.
- We confirm our Buy recommendation.

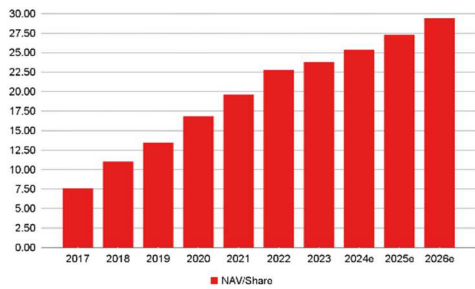


| Rel. Performance vs CDAX: | |
|---------------------------|--------|
| 1 month: | 4.8 % |
| 6 months: | 10.0 % |
| Year to date: | 8.7 % |
| Trailing 12 months: | 20.9 % |

Company events:

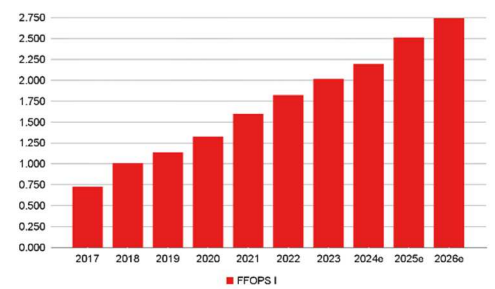
| FY End: 31.12. in EUR m | CAGR (23-26e) | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|----------------------------|------------------|--|--------|--------|--------|--------|--------|--------|
| Rental income | | 12.19 | 14.55 | 17.25 | 20.18 | 22.63 | 25.29 | 27.44 |
| Change yoy | | 27.9 % | 19.4 % | 18.6 % | 16.9 % | 12.1 % | 11.8 % | 8.5 % |
| EBIT | | 5.62 | 9.11 | 10.08 | 9.70 | 11.68 | 11.57 | 13.02 |
| FFO I | | 5.87 | 7.06 | 8.58 | 9.68 | 10.54 | 12.05 | 13.17 |
| FFO I-margin | | 48.2 % | 48.5 % | 49.7 % | 48.0 % | 46.6 % | 47.6 % | 48.0 % |
| EBT | | 3.49 | 6.51 | 7.18 | 5.84 | 6.82 | 6.25 | 7.24 |
| Net income | | 2.51 | 5.04 | 5.39 | 4.15 | 5.07 | 4.55 | 5.32 |
| EPS | | 0.57 | 1.14 | 1.15 | 0.87 | 1.06 | 0.95 | 1.11 |
| FFOPS I | | 1.33 | 1.60 | 1.82 | 2.02 | 2.19 | 2.51 | 2.74 |
| DPS | | 0.48 | 0.51 | 0.54 | 0.57 | 0.60 | 0.63 | 0.67 |
| Dividend Yield | | 2.7 % | 2.3 % | 2.1 % | 2.6 % | 2.1 % | 2.2 % | 2.4 % |
| Book Value / Share | | 5.61 | 6.27 | 8.53 | 8.85 | 9.31 | 9.62 | 10.06 |
| P / E | | 30.9 x | 19.5 x | 22.0 x | 25.7 x | 26.9 x | 30.0 x | 25.6 x |
| Price / Book | | 3.1 x | 3.5 x | 2.9 x | 2.5 x | 3.1 x | 3.0 x | 2.8 x |
| P / NAVPS | | 1.0 x | 1.1 x | 1.1 x | 0.9 x | 1.1 x | 1.0 x | 1.0 x |
| FFO I-Yield | | 7.6 % | 7.2 % | 7.2 % | 9.1 % | 7.7 % | 8.8 % | 9.7 % |
| ROE | | 10.2 % | 19.2 % | 15.7 % | 10.0 % | 11.6 % | 10.0 % | 11.3 % |
| LTV | | 60.2 % | 61.3 % | 59.7 % | 61.1 % | 62.9 % | 63.0 % | 62.7 % |
| Guidance: | | 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

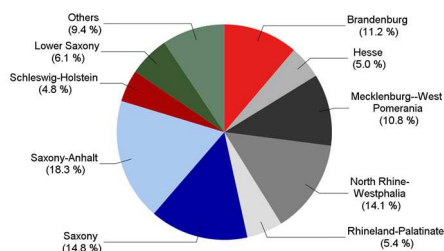
Company Background

- 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

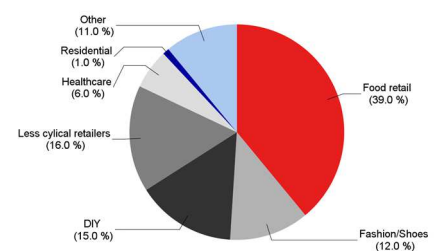
- Real estate competence: founder, major shareholder and CEO Matthias Schrade, previously oversaw as a board member responsible for acquisitions for a non-listed real estate company based in Munich.
- Unique focus: the company competes for assets that are too large for individual investors and too small 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 | 26.9 x | 30.0 x | 25.6 x |
| P / NAVPS | 1.0 x | 1.1 x | 1.1 x | 0.9 x | 1.1 x | 1.0 x | 1.0 x |
| Price / Book | 3.1 x | 3.5 x | 2.9 x | 2.5 x | 3.1 x | 3.0 x | 2.8 x |
| P / FFOPS I | 13.2 x | 13.9 x | 13.8 x | 11.0 x | 12.9 x | 11.3 x | 10.4 x |
| FFO I-Yield | 7.6 % | 7.2 % | 7.2 % | 9.1 % | 7.7 % | 8.8 % | 9.7 % |
| 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 % | 4.0 % |

Consolidated profit and loss

| In EUR m | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total revenues | 14.58 | 17.13 | 20.23 | 23.33 | 26.62 | 29.93 | 32.48 |
| Rental income | 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 % |
| 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 |
| Income from property sales | 0.00 | 2.77 | 2.26 | 0.73 | 1.45 | 0.00 | 0.00 |
| Other revenues | 0.12 | 0.47 | 0.22 | 0.45 | 0.53 | 0.45 | 0.65 |
| Gross profit | 11.62 | 16.32 | 18.46 | 19.67 | 22.75 | 23.95 | 26.14 |
| 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. |
| EBITDA | 8.99 | 13.35 | 15.18 | 15.54 | 18.33 | 19.06 | 20.85 |
| 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 |
| EBITA | 5.62 | 9.11 | 10.08 | 9.70 | 11.68 | 11.57 | 13.02 |
| Amortisation of intangible assets/Goodwill | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EBIT | 5.62 | 9.11 | 10.08 | 9.70 | 11.68 | 11.57 | 13.02 |
| 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 | 5.78 |
| Other financial income (loss) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financial result | -2.13 | -2.60 | -2.90 | -3.87 | -4.86 | -5.32 | -5.78 |
| EBT | 3.49 | 6.51 | 7.18 | 5.84 | 6.82 | 6.25 | 7.24 |
| <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 |
| Net income from continuing operations | 2.51 | 5.04 | 5.40 | 4.17 | 5.08 | 4.57 | 5.34 |
| Income from discontinued operations (net of tax) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net income before minorities | 2.51 | 5.04 | 5.40 | 4.17 | 5.08 | 4.57 | 5.34 |
| Minority interest | 0.00 | 0.00 | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 |
| Net income | 2.51 | 5.04 | 5.39 | 4.15 | 5.07 | 4.55 | 5.32 |
| Number of shares, average | 4.42 | 4.42 | 4.71 | 4.80 | 4.80 | 4.80 | 4.80 |
| FFO (II) | 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 % |
| FFOPS I | 1.33 | 1.60 | 1.82 | 2.02 | 2.19 | 2.51 | 2.74 |
| EPS | 0.57 | 1.14 | 1.15 | 0.87 | 1.06 | 0.95 | 1.11 |
| EPS adj. | 0.57 | 1.14 | 0.73 | 0.74 | 1.06 | 0.95 | 1.11 |

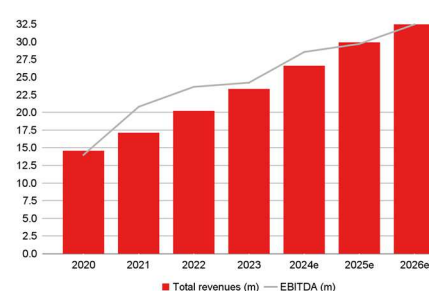
*Adjustments made for:

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

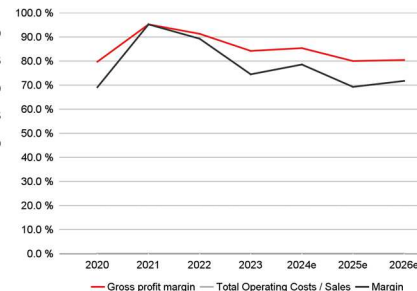
Financial Ratios

| | 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 | 4.4 x |

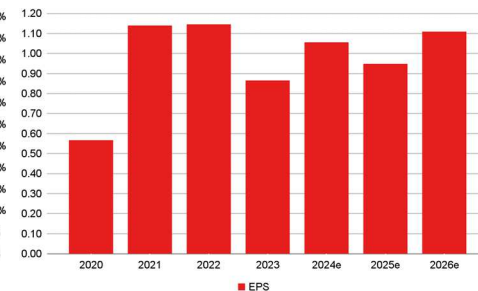
Revenues, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source:

Source: Warburg Research

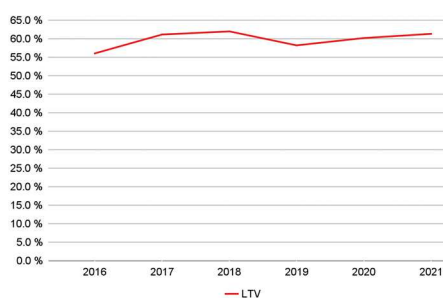
Consolidated balance sheet

| In EUR m | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Assets | | | | | | | |
| 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 |
| Fixed assets | 129.33 | 150.25 | 186.03 | 209.23 | 223.83 | 238.71 | 253.19 |
| 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 |
| Current assets | 7.38 | 6.01 | 13.31 | 8.91 | 9.18 | 10.49 | 9.18 |
| Total Assets | 136.71 | 156.26 | 199.33 | 218.14 | 233.01 | 249.20 | 262.38 |
| Liabilities and shareholders' equity | | | | | | | |
| 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 |
| Shareholders' equity | 24.81 | 27.72 | 40.92 | 42.48 | 44.67 | 46.20 | 48.31 |
| 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 |
| Liabilities | 111.91 | 128.54 | 158.41 | 175.65 | 188.34 | 203.00 | 214.07 |
| Total liabilities and shareholders' equity | 136.71 | 156.26 | 199.33 | 218.14 | 233.01 | 249.20 | 262.38 |

Financial Ratios

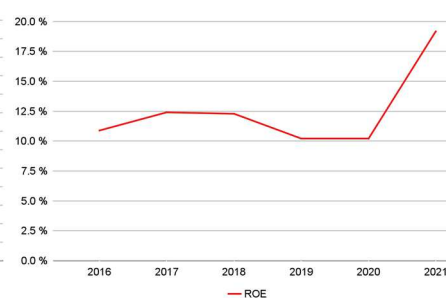
| | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|
| Return on Capital | | | | | | | |
| ROA | 2.1 % | 3.4 % | 3.0 % | 2.0 % | 2.2 % | 1.9 % | 2.1 % |
| ROE | 10.2 % | 19.2 % | 15.7 % | 10.0 % | 11.6 % | 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 |
| Solvency | | | | | | | |
| 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



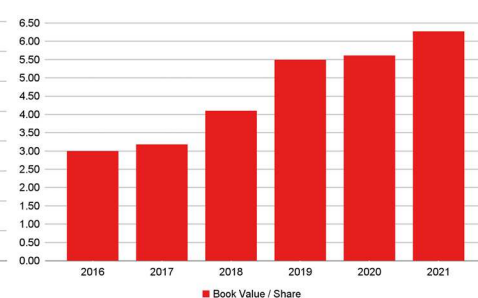
Source: Warburg Research

ROE
in %



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

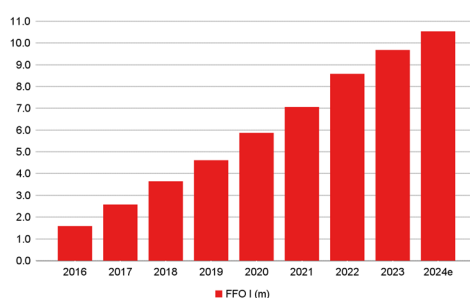
Consolidated cash flow statement

| In EUR m | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net cash provided by operating activities [1] | 4.96 | 7.41 | 10.86 | 12.95 | 5.83 | 11.94 | 13.06 |
| Net cash provided by investing activities [2] | -37.91 | -22.39 | -43.56 | -17.40 | -20.00 | -22.50 | -22.50 |
| Net cash provided by financing activities [3] | 30.25 | 12.22 | 34.84 | 3.23 | 15.75 | 11.77 | 8.03 |
| 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 |
| Cash and cash equivalent at end of period | 4.28 | 1.52 | 3.67 | 2.45 | 4.02 | 1.21 | -1.42 |

Financial Ratios

| | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|------------------------------|---------|---------|---------|--------|--------|--------|--------|
| Cash Flow | | | | | | | |
| 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 % | 7.7 % | 8.8 % | 9.7 % |
| 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 % |
| Management of Funds | | | | | | | |
| 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- | Buy: | The price of the analysed financial instrument is expected to rise over the next 12 months. |
| -H- | Hold: | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
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| “-“ | Rating suspended: | The available information currently does not permit an evaluation of the company. |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 139 | 69 |
| Hold | 45 | 22 |
| Sell | 11 | 5 |
| Rating suspended | 7 | 3 |
| Total | 202 | 100 |

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 | 41 | 75 |
| Hold | 9 | 16 |
| Sell | 2 | 4 |
| Rating suspended | 3 | 5 |
| Total | 55 | 100 |

PRICE AND RATING HISTORY DEFAMA DEUTSCHE FACHMARKT AG AS OF 21.11.2024



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