23 July 2025

DEFAMA

Germany

Real Estate

Add (Initiation of coverage)

Steady and profitable portfolio expansion will continue

We initiate coverage of DEFAMA with an Add rating and a TP of EUR 31.80. Our positive view is based on the reliable and steady track record of the company since inception almost 11 years ago, the high-yielding portfolio with 90 local retail parks in Germany and the strong cash flow and profitability profile. The DEFAMA 2030 targets call for further steady and profitable growth for the years to come, which we believe is achievable.

- **Attractive business model and returns:** DEFAMA follows a buy-and-hold strategy and acquires retail parks in small to medium-sized cities in Germany. As of today, the property portfolio comprises 90 properties with a portfolio value of more than EUR 340mn with a gross yield of ~8.2%. The portfolio was built over the last ten years, mostly in single property transactions at highly attractive acquisitions yields of ~10%. Accordingly, the company is able to reach favorable financing amounts, i.e. with limited equity needs. As a result of the high-yielding portfolio, the return of equity is strong as well as the cash generation and the FFO on a per-share basis. All relevant KPIs show a constant increase since the beginning.
- **Further steady growth planned:** The multi-year outlook (DEFAMA 2030) launched in Dec-2024, calls for further steady growth until 2030: The portfolio should reach at least EUR 500mn at YE 2030. This would mean a CAGR of approx. 7.5%. Annualized rental income of EUR 42mn (CAGR of almost 8%) and FFO p.a. of EUR 19mn with a CAGR of 11% is planned. We expect the company to deliver on its targets what will likely also be the case for the first plan (DEFAMA 2025), initiated in 2020. Even more important, there is no additional capital raising needed, based on our estimates.
- **Valuation and our view:** Our TP of EUR 31.80 provides a total return potential of ~16% and includes a dividend yield of currently 2.3%. At our TP, the company would be at a NAV 2026E discount of 3%, which seems to be moderate. However, we highlight that the average NAVps growth over the last 7 years (including the real estate crisis years 2022-24), was ~17% p.a. and the total shareholder value return was 19% p.a. As we believe in a constant positive value generation going forward, only a minor discount should be applied, if any. Consequently, we see the probability that our TP will increase steadily over the upcoming years. We regard DEFAMA as a long-term investment case.

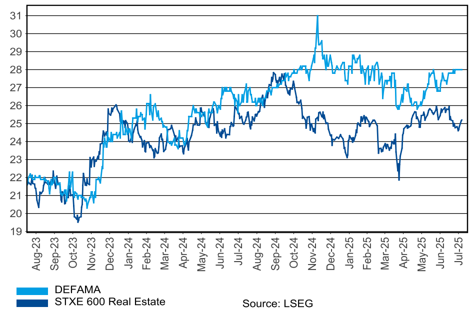
	2023	2024	2025E	2026E	2027E
Gross rental income (EUR mn)	20.2	23.2	26.3	29.1	31.7
EBITDA (EUR mn)	15.5	17.8	20.6	22.1	24.3
Net income (EUR mn)	4.2	4.6	5.5	6.0	6.7
EPS adjusted (EUR)	2.01	2.09	2.29	2.56	2.82
EPS reported (EUR)	0.87	0.95	1.15	1.24	1.39
FFO per share (EUR)	2.02	2.09	2.29	2.56	2.82
DPS (EUR)	0.57	0.60	0.63	0.66	0.70
NAV per share (EUR)	23.79	27.64	29.55	32.93	36.54
NAV prem./discount (%)	-6.4	-4.8	-5.2	-15.0	-23.4
P/E adjusted (x)	11.1	12.6	12.2	10.9	9.9
Dividend yield (%)	2.6	2.3	2.3	2.4	2.5
FFO yield (%)	9.1	7.9	8.2	9.1	10.1
Implied yield (EBITDA/EV) (%)	5.8	5.6	6.2	6.3	6.6
ROCE adj. (%)	5.6	6.0	6.4	6.4	6.6
Net loan-to-value (%)	58.3	59.1	58.0	57.6	56.8

Source: Company data, Baader Helvea Equity Research

Closing price as of 22-Jul-25	EUR 28.00
High/Low (12M)	31.00/25.80
Target price (prev. EUR -)	**EUR 31.80**
Upside to target price (%)	13.6
Expected dividend yield (%)	2.3
Total return potential (%)	15.9

Reuters/Bloomberg	DEF.DE/DEF GY
Avg. daily turnover (EUR mn)	0.03
Free float (%)	74.0
Market cap. (EUR mn)	134
No. of shares issued (mn)	4.8
Events	
Annual general meeting	Jul-2026
1H/2Q	Aug-2025
Shareholders	MSC Invest GmbH 26%, Supervisory Board 2%

Price relative to Index



Source: LSEG

Performance (%)	1M	3M	6M
Absolute	0.7	4.5	-2.8
rel. DAX	-2.2	-8.4	-15.9
rel. STOXX Europe 600	-0.7	-2.7	-5.9
rel. SXXP Real Estate	2.9	3.3	-7.9

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EXECUTIVE SUMMARY

Investment case – Steady and profitable portfolio expansion will continue

Focus on high-yielding retail parks in Germany

DEFAMA Deutsche Fachmarkt AG was founded in 2014 and became a stock-listed company in 2016. Since the inception, the investment focus is unchanged. DEFAMA buys and manages **retail properties in small and medium-sized cities in Germany.** The stated goal is to become one of the largest long-term portfolio holders of small retail parks based on its buy-and-hold strategy. Even more important than the size of the portfolio is the aim to generate sustainable double-digit returns on equity.

As of today, the property portfolio comprises 90 properties with a portfolio value of more than EUR 340mn with a gross yield of ~8.2%. The portfolio was built over the last ten years, mostly in single property transactions from various sellers. The acquisition yields are highly attractive at above 10% on average. Accordingly, the company is able to reach favorable financing amounts, i.e. with limited equity needs. As a result of the high-yielding portfolio, the return of equity is strong as well as the cash generation and the FFO on a per-share basis. **All relevant KPIs show a constant increase since the beginning.**

In our view, DEFAMA was, is and will probably remain a **long-term growth story.** The constant growth, also during the corona pandemic in 2020 and during the 2-year real estate crisis from mid-2022 until mid-2024, is impressive. This is based on a reliable management team and the right strategy in a large and highly fragmented market.

Since the inception of the company, DEFAMA delivered a **continued and impressive growth track.** Between end-2015 and year-end 2024, both portfolio volume and the annualized rental income increased by a CAGR of 34% and 30% respectively. The considerable portfolio expansion led to growth in FFO on a per-share basis of 27% p.a., an increase in DPS by 22% p.a. and NAVps by 17% p.a. Worth to highlight is the fact that annual growth figures are relatively steady, i.e. not the result of larger portfolio transactions or M&A activities, but based on regular property acquisitions. For this and the next two years (2025E-2027E), we estimate a portfolio expansion as well as annualized rental income growth by 8% p.a. This will lead to FFOps, DPS and NAVps growth of 10% p.a., 6% and 10% respectively, based on our estimates for the years 2025E-2027E.

In addition to the guidance for the current year, **the company is providing a multi-year outlook,** which we highly welcome. The targets were issued in December 2024 and call for further steady growth until 2030: The portfolio value should reach at least EUR 500mn at year-end 2030. This would mean a CAGR of approx. 7.5%. Annualized rental income of EUR 42mn (CAGR of almost 8%) an annualized FFO of EUR 19mn with a CAGR of 11% is planned. We expect the company to deliver on its targets what will likely also be the case for the first plan (DEFAMA 2025), initiated in 2020. Even more important, there is no additional capital raising needed, based on our estimates.

The **value generation** of the company is obviously looking at the **total shareholder value return.** The TSVR defines the NAVps growth plus the paid dividend for the year (as a yield on NAV). Over the last 9 years (2016-2024), DEFAMA generated a total shareholder value return of 19.9% p.a. on average. This comprises the (moderate) dividend component of 2.8pp and a strong NAVps growth of 17.1pp p.a. For 2025E to 2027E, we project a TSVR of 11.6% p.a., which is still a significant value generation.

DEFAMA

Valuation

We initiate coverage of DEFAMA with an Add rating and a target price (TP) of EUR 31.80. This provides a total return potential of ~16% and includes a dividend yield of currently 2.3%.

At our TP, the company would be at a NAV 2026E discount of 3%, which seems to be moderate. However, we highlight that the average NAVps growths over the last seven years (including the real estate crisis years 2022-24), was ~17% p.a. and the total shareholder value return was 19% p.a. As we believe in a constant positive value generation going forward, only a minor discount should be applied, if any. The FFO yield would be approx. 8.0% at our TP versus 9.1% currently.

Consensus

Our and consensus' estimates are at or close to company's guidance for this year. As the roadmap to reach the DEFAMA 2030 targets in terms of portfolio volume, annualized rental income and FFO is expected to develop relatively regular over the years, estimates call for steady growth for the forecasted periods until 2027E, too. The only deviation to our estimates is our projection of slightly higher net profits because we include disposals into our estimates and higher NAVps as we expect a further stabilization in property prices over time. However, we admit that consensus is limited to three providers (including Baader (E)), i.e. meaningfulness of deviations is limited.

Guidance versus our and consensus' view

		2024	2025E			2026E		2027E	
		Rep.	Guidance	Baader	Cons.	Baader	Cons.	Baader	Cons.
Gross rental income	**EUR mn**	**23.2**		**26.3**	**26.5**	**29.1**	**29.4**	**31.7**	**31.8**
Change yoy	*%*	*15*		*13*	*14*	*11*	*11*	*9*	*8*
FFO	**EUR mn**	**10.0**	**11**	**11.0**	**11.1**	**12.3**	**12.5**	**13.5**	**13.7**
Change yoy	*%*	*4*	*10*	*9*	*10*	*12*	*13*	*10*	*10*
Net income (bef. min.)	**EUR mn**	**4.6**	**>5**	**5.5**	**5.2**	**6.0**	**5.4**	**6.7**	**5.6**
Change yoy	*%*	*10*	*>9*	*21*	*14*	*8*	*4*	*12*	*3*
FFOps	**EUR**	**2.09**		**2.29**	**2.30**	**2.56**	**2.60**	**2.82**	**2.85**
Change yoy	*%*	*4*		*9*	*10*	*12*	*13*	*10*	*10*
EPS	**EUR**	**0.95**		**1.15**	**1.09**	**1.24**	**1.13**	**1.39**	**1.17**
Change yoy	*%*	*10*		*21*	*15*	*8*	*3*	*12*	*3*
DPS	**EUR**	**0.60**		**0.63**	**0.63**	**0.66**	**0.66**	**0.70**	**0.70**
Change yoy	*%*	*5*		*5*	*5*	*5*	*5*	*7*	*6*
NAVps	**EUR**	**27.64**		**29.55**	**29.62**	**32.93**	**32.33**	**36.54**	**35.25**
Change yoy	*%*	*16*		*7*	*7*	*11*	*9*	*11*	*9*

Source: Company data, LSEG, Baader Helvea Equity Research

DEFAMA

SWOT Analysis

Strengths	Opportunities
- Retail property portfolio of EUR ~340mn well distributed across Germany as a solid basis	- Highly fragmented and large retail transaction market offers opportunities for DEFAMA's addressed type and size of properties
- Long-term and reliable buy-and-hold strategy since 10 years	- Occasionally disposal of single assets provides equity for several new acquisitions
- Tenant structure characterized by food and non-cyclical retails, mostly larger chains with high solvency	- Revaluation of amortized loans offers additional financial flexibility
- Continuously high acquisition yields of around 10% lead to an attractive cash flow generation	- Opportunities to invest in larger cities and/or younger buildings after the property crisis
- Financing of acquisitions with local banks and low equity portion possible	- Additional value creation through refurbishment and expansions within the portfolio
- No refinancing risks due to annuity loans, i.e. only end of interest fixation period	- Further growth of the portfolio and earnings KPIs should lead to higher equity, NAV and market capitalization
- The vacancy is on a comparable low level since years (broadly diversified tenant portfolio)	- Share buyback could become a topic if acquisition speed would slow down
- Strong track record of the company and the management regarding a steady portfolio expansion	
- Lean and transparent corporate structure	
- Good level of transparency and communication with investors	
- Significantly positive total shareholder value creation and high return on equity since inception	

Weaknesses	Threats
- Rent growth potential in retail properties is limited	- Single property /tenant risks regarding lease contracts, reletting demand, capex needs
- Current average financing costs will likely increase over upcoming years	- Insolvencies also of retail chains possible
- Moderate payout ratio and dividend yield in the expansion phase of the company	- Structural changes in the neighborhood of the retail park
- Smaller cities or rural areas could face demographic headwind	- Capex needs in some cases without a direct return (e.g. refurbishment of roofs)
- Relatively low share liquidity	- Costs for the implementation of ESG-related requirements
	- General market risks for a commercial RE company: Declining economic growth, higher unemployment rate, less favorable leasing markets, change in interest rates (financing costs, portfolio valuation), etc.

Source: Baader Helvea Equity Research

COMPANY OVERVIEW, STRATEGY AND TARGETS

Company overview

Focus on retail parks across Germany

DEFAMA Deutsche Fachmarkt AG, headquartered in Berlin, was founded in 2014 and became a stock-listed company in 2016. Since the inception, the investment focus is unchanged. DEFAMA buys and manages retail properties in small and medium-sized cities in Germany. The stated goal is to become one of the largest long-term portfolio holders of small retail parks based on its buy-and-hold strategy. Even more important than the size of the portfolio is the aim to generate sustainable double-digit returns on equity.

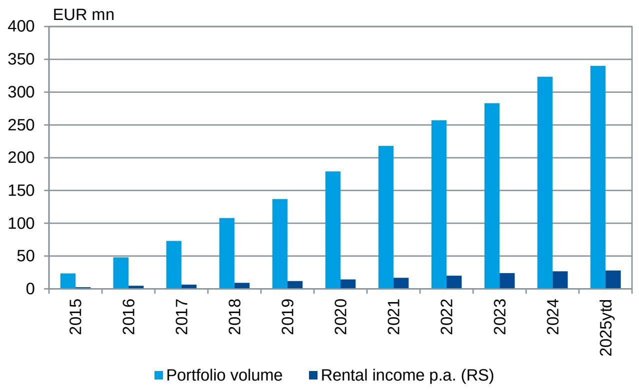
As of today, the property portfolio comprises 90 properties with a portfolio value of more than EUR 340mn. This generates an annualized rental income of more than EUR 28mn and leads to a gross yield of approx. 8.2% on average. The strong asset management capabilities lead to a limited vacancy of only 3.8% (June 2025) and a relatively stable WALT (average lease maturity) of 4.4 years.

The portfolio was built over the last ten years, mostly in single property transactions from various sellers. The acquisition yields are highly attractive at above 10% on average. Accordingly, the company is able to reach favorable financing amounts, i.e. with limited equity needs. As a result, the return of equity is strong. Another result of the high-yielding portfolio is the strong cash generation in terms of FFO per share. All relevant KPIs show a constant increase since the beginning.

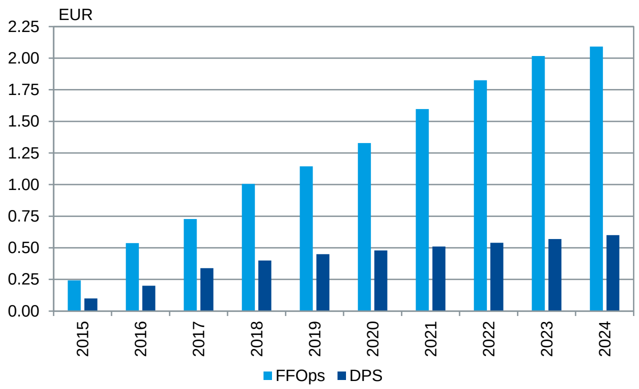
In our view, DEFAMA was, is and will probably remain a long-term growth story. The constant growth, also during the corona pandemic in 2020 and during the 2-year real estate crisis from mid-2022 until mid-2024, is impressive. This is based on a reliable management team and the right strategy in a large and highly fragmented market for retail parks.

CONTINUED PORTFOLIO GROWTH SINCE 2015 ALLOWS FOR SUSTAINABLE FFOPS AND DPS GROWTH

Continued portfolio growth since 2015



FFOps and DPS growth since 2015



Source: Company data, Baader Helvea Equity Research

Strategy

Buy-and-hold strategy

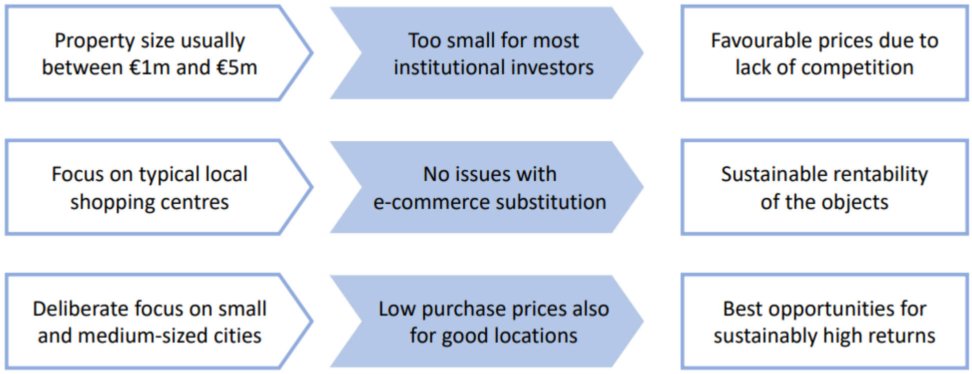
The starting point for DEFAMA's strategy is the acquisition of well-established retail parks in Germany. They are acquired continuously in many single transactions and form the basis for a high-yielding portfolio. The focus is on retail chain stores with strong solvency (anchor) tenants. Almost 40% of the annual rental income comes from food retailers, which could be viewed as the most stable subsegment of the retail property market.

Due to the focus on small to medium-sized cities and usual property sizes, the rent multiples are high and lead to a strong cash flow generation. The advantage of this acquisition framework is the relatively low competition among institutional investors and the opportunity to create additional value by managing the properties professionally.

DEFAMA is able to create additional value by managing the tenant structure and expanding or refurbishing the properties in individual cases. Occasionally, disposals are envisaged.

The capital and financing structure supports the general strategy. A long-term and well-diversified financing framework has been established. This allows the company to use only limited amounts of equity for further portfolio expansion.

Key characteristics for the strategy



Source: Company data

Acquisition criteria

To build a sustainable, high-yielding and sustainable portfolio, DEFAMA pursues the following key characteristics for any acquisition:

- **Tenants:** One or more chain stores with strong credit ratings as anchor tenants, no more than ten tenants, at least EUR 100,000 in annual rent.
- **Yielding assets:** The gross initial yield should be around 10%.
- **Financing:** The asset must be enabled for long-term bank financing, which usually requires a multi-year lease contract with the anchor tenant. The management argues that if a local bank will not finance the property they usually know, the acquisition would not make sense.
- **Location:** The property location must be sustainable and rentable in the long term as well.

Potential sellers are private owners, closed-end funds, family offices and since last year also food retailers. They are active as buyers but also sell properties to finance their own developments. This is partly due to the challenges in the developer markets.

FFO as the most important profitability KPI to run the business

The key control parameter is the **annualized FFO,** which was updated after each property acquisition in the past. In recent years, the company provided guidance about the expected FFO p.a. to be reached until year-end, with the release of the financial guidance usually at the beginning of the respective year. The guidance for FY25 does not include guidance on the FFO p.a. but is limited to the effective FFO expected for the year (EUR 11mn versus EUR 10mn in 2024). According to the management, the effort to calculate an annualized FFO after each transaction became more complex due to the higher number of transactions over the last 12 months, potential disposals, reletting activities, rent indexations, modernization projects and refinancing activities. The company aims to report this number on an unregular basis. However, the KPI remains in place and is also part of the DEFAMA 2030 targets. Until year-end 2030, an annualized FFO of EUR 19mn is the target, up from EUR 12mn at year-end 2024.

Well prepared for further growth – Higher number of employees

Over the last 18 months, the number of employees increased significantly. At year-end 2024, DEFAMA had 35 employees on an FTE basis, up from ~23 in 2022 and 2023. One reason was the internalization of the property management (Hausverwaltung) at the beginning of 2024, which was outsourced in 2022 only. This was less effective, and the management revised the decision. A second reason for the increased workforce is the larger portfolio and, most importantly, the expansion plans of the company due to attractive investment opportunities. At year-end, 11 FTE are responsible for the asset management or in the holding, 19 are responsible for the property management and 5 FTE are caretakers. At the AGM on 18 July 2025, the management stated that further additions to the workforce were made in 1H25, and they see themselves now well prepared to manage future growth.

DEFAMA

Targets

DEFAMA 2030

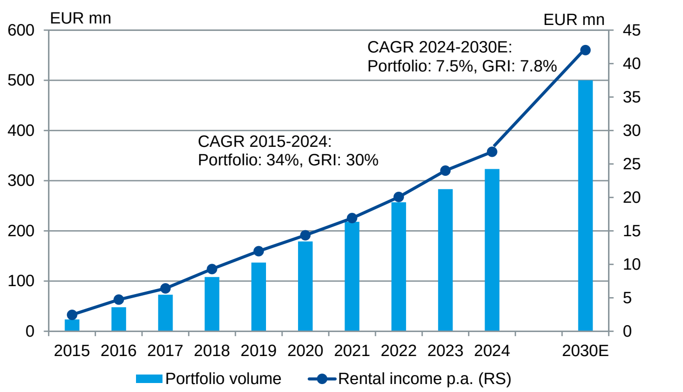
In addition to the guidance for the current year, the company is providing a multi-year outlook. The targets communicated in 2020 for 2025 are still in place. On 9 December 2024, the company already released new long-term financial targets, called DEFAMA 2030.

- **Previous multi-year targets (DEFAMA 2025) in sight:** In December 2020, the company provided targets until 2025. The targets were to increase the portfolio volume from EUR 168mn at that time to EUR 260mn to EUR 300mn, to reach an annualized rental income of EUR 24mn and FFO p.a. EUR 11mn and EUR 2.50 on a per-share basis at year-end 2025.
- Following the capital increase in March 2022 and further acquisitions, the management raised the targets in October 2022. The new targets call for a portfolio volume of EUR 350mn, GRI p.a. of EUR 28mn and a FFO or EUR 13mn (EUR 2.70 per share) at year-end 2025.
- Based on our current estimates for YE25, we assume that the company will reach the portfolio and GRI p.a. targets and probably also the FFO p.a. target, which was already at EUR 12mn at the end of FY24.
- **Details of the new targets (DEFAMA 2030):** The following targets were issued in December 2024:
  - **Portfolio value** should reach at least EUR 500mn at year-end 2030. This would mean a CAGR of approx. 7.5%.
  - **Annualized rental income** of EUR 42mn, which would be a CAGR of almost 8%.
  - **Annualized FFO** of EUR 19mn with a CAGR of 11%.

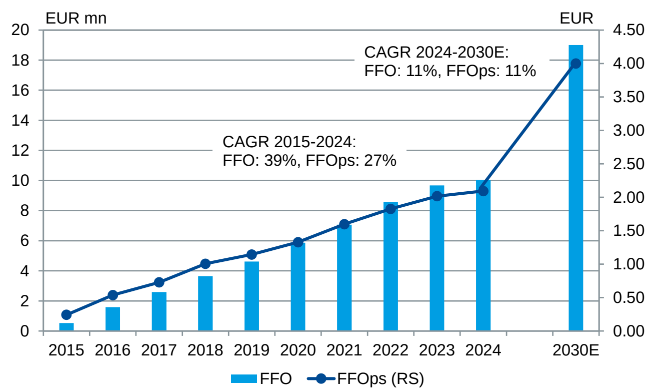
We **highly welcome the fact that a listed real estate company is providing its multi-year targets.** Even more important is that DEFAMA delivers on its targets. This is at least to be expected for the first mentioned initiative and we are constructive on the second plan until 2030E. **We highlight** that since the initiation of the first plan, just after the corona pandemic, the market environment changed significantly in terms of a new interest rate environment with rapidly increased financing costs, a lack of consumer demand, a recession, high inflation, geopolitical risks and uncertainties regarding the political situation in Germany.

DEFAMA 2030 TARGETS

Target 2030: Portfolio of EUR 500mn with GRI of EUR 42mn



Target 2030: FFO of EUR 19mn and EUR 4.00 per share



Source: Company data, Baader Helvea Equity Research

PORTFOLIO

Focus on retail parks in small to medium-sized cities pays off

The retail property portfolio comprises 90 properties (excluding an already signed disposal) with a portfolio value of more than EUR 340mn, i.e. an average value per property of around EUR 4,000 or EUR 1,000 per m². This generates an annualized rental income of more than EUR 28mn and leads to a gross yield of approx. 8.2% on average. The strong asset management capabilities lead to a limited vacancy of 3.8% (June 2025) and a relatively stable WALT of 4.4 years.

As shown in the table below, the steady portfolio expansion was achieved without meaningful changes regarding gross yield, vacancy, WALT or the average size of properties.

Portfolio development

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	As of 30-Jun-25*
Portfolio value (GAV)	EUR mn	24	48	73	108	137	179	218	257	283	323	~344
Change yoy	*%*	*n.a.*	*103*	*52*	*48*	*27*	*31*	*22*	*18*	*10*	*14*	
Number of properties	**#**	**7**	**14**	**22**	**30**	**37**	**43**	**50**	**61**	**65**	**78**	**91**
Rental income p.a. (GRI)	EUR mn	2	5	6	9	12	14	17	20	24	27	>28
GRI yield	%	10.4	9.9	8.8	8.6	8.7	8.0	7.8	7.8	8.5	8.3	~8.2
Rental area	'000 m²	31	65	85	122	147	179	216	249	277	309	327
Rental area per property	m²	4,461	4,632	3,884	4,050	3,962	4,172	4,320	4,076	4,264	3,968	3,593
Value per property	EUR mn	3.4	3.4	3.3	3.6	3.7	4.2	4.4	4.2	4.4	4.1	~3.8
Value per m²	EUR	756	740	854	889	935	998	1,009	1,034	1,021	1,045	~1,050
Vacancy	%	2.5	2.7	2.7	4.3	4.0	3.7	5.0	6.2	4.1	3.4	3.8
WALT	years	4.1	4.1	3.7	3.7	4.5	5.0	4.8	4.8	4.7	4.5	4.4

* Including the already signed disposal of the property in Templin

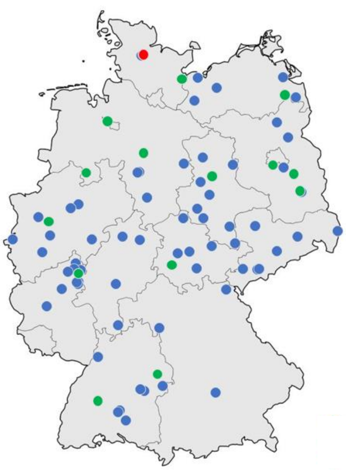
Source: Company data, Baader Helvea Equity Research

Focus on locations

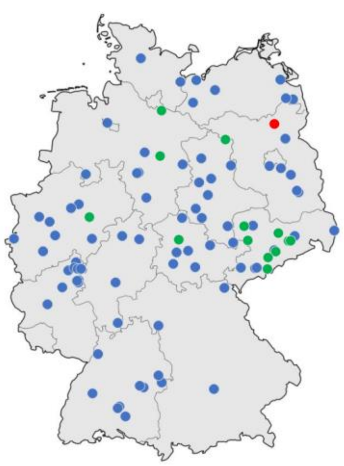
The 90 locations are well distributed across Germany with approx. 55% in Western Germany and 45% in Eastern Germany. The focus is on smaller to medium-sized cities, which provide higher rental yields than retail properties in metropolitan areas. However, in 2024 and 2025, some larger cities were added to the portfolio at still similar acquisition yields due to the changed market environment. It is important to note that the company invests in well-established retail parks, which provide the daily retail needs of the local environment. The properties owned by DEFAMA are often established in direct vicinity to grocery shops if they do not even include such a tenant.

PROPERTY PORTFOLIO

2024: Standing assets plus 14 acquisitions (green) and 1 disposal (red)



Jun-25: Standing assets plus 13 acquisitions (green) and 1 disposal (red)



Source: Company data

Focus on non-cyclical retail tenants

The important element of the portfolio is the retail tenant. DEFAMA acquired **chain stores with strong solvency anchor tenants.** Approx. 80% of total rent is generated by chain stores. The well-known, established and largest German grocery chains EDEKA, Schwarz Gruppe (Kaufland, Lidl), REWE/ Penny and Aldi are tenants and often even anchor tenants. Food retailer account for 38% of annualized rental income. Approx. 19% of rents are from other, non-cyclical chain stores such as drug stores (dm, Rossmann) or non-food discounter (e.g. JYSK, Woolworth, Tedi).

In addition to the non-cyclical character of the tenant structure, another point of **diversification** is that the Top Ten lease contracts account for only 17% of the group's total rents. Only one contract has a share of more than 3%. However, the concentration of the larger retail chains also leads to the fact that the ten tenants account for 54% of rental income. They have often different brands, i.e. distribution channels. Most of the larger chains are tenants in several DEFAMA properties. This has the advantage of closer contact with the companies and offers the chance for a closer relationship for future locations.

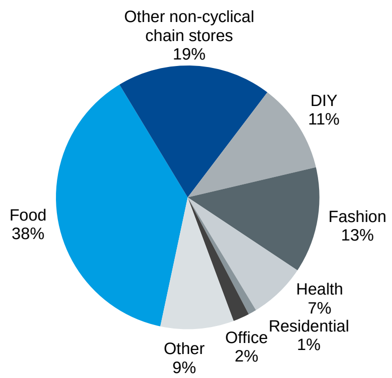
Even with the focus on daily products and a largely resilient tenant mix, parts of DEFAMA's tenants could be affected by continued structural changes (more rapid changes in consumer habits, online competition) as well as by the low growth environment for retail revenues since years. In general, retailers run a low-margin business and insolvencies are part of the retail landscape in Germany. Due to the strong focus on solvent chains, we see DEFAMA as well positioned. The company stated that there were only some minor cases of payment defaults among non-chain tenants and they were not affected by the insolvencies or restructuring situations of various retail chains. At the AGM 2025 in July, the management named some of the current turbulences at larger retailers in Germany. However, the company has only three locations with the insolvent (but still active) HAMMER (DIY), with a 1-2% share in rents. We see this as a continued operating business of the company to manage the occupancy of the portfolio. Over the last ten years, the vacancy was rather limited at below 4% on average, which include also vacancy acquired in transactions to manage them down over time and create additional value.

TENANT STRUCTURE

Largest tenants by number of rental contracts and share of total rental income (as of 30-Jun-2025)

EDEKA/Netto/trinkgut	20	11,4 %
Kaufland/LIDL	7	8,8 %
toom/B1	5	6,7 %
REWE/Penny	9	6,6 %
JYSK	14	4,5 %
Aldi Nord	8	3,6 %
H.H. Gruppe	14	3,6 %
dm-Drogerie	8	3,2 %
Rossmann	8	3,0 %
KiK	14	3,0 %
AWG	6	2,6 %
Getränke Hoffmann	8	2,2 %

Rental income by tenant sector (as of 30-Jun-2025)



Source: Company data, Baader Helvea Equity Research

Investments into the existing portfolio are part of the value generation

The company has strong capabilities to manage developments in the existing portfolio. Investments are an important element to managing the occupancy, to use expansion opportunities within the portfolio and to optimize the properties for tenants' needs. In each year, there are several projects simultaneously to safeguard rental income or to create additional value to the portfolio. For example, in 2024, DEFAMA addressed some properties with investments of approx. EUR 2mn, which will lead to EUR 0.8mn higher annual rents. As a result of the continued investment process, the portfolio has no structural vacancy.

Acquisitions and disposals

Transaction activity volume remains high

The key driver for the portfolio composition and the sustainable profitability of the company is the acquisition and disposal strategy of the company. All acquisitions have to generate additional value for the company and are individually selected. On average, the company purchased 8 properties in 6 transactions p.a. since 2015. The average annual purchase volume was EUR 23mn in total (or EUR 3mn per property) with a gross yield of approx. 10.7%.

We highlight that the transaction numbers are very similar in each of the years, which is a testimony for the successful approach of the company to **1)** running the business long-term, **2)** using the company's experience in their relevant market segment and **3)** profiting from a highly fragmented and large market.

Current environment: Since the change in interest rates in 2022 and the stabilization of the real estate market during 2024, the opportunities for DEFAMA are increasing. Since nearly one year, the management sees an increasing pipeline of attractive acquisition targets. They stated to have a record number of potential acquisition targets and are in negotiations for retail parks with net rents in the significant 7-digit Euro amount. According to the company, more and more potential sellers accept purchase prices of or below 10x rent multiples, i.e. gross yields of at least 10%. Before the real estate crisis started in mid-2022, multiples went down steadily. After a standstill in the transaction market in 2023/24, more and more owners of retail properties accept again lower prices due to various reasons (lower their property exposure, refinancing needs at higher financing costs, exit properties purchased in the boom, lack of property management capabilities).

Taking opportunities: DEFAMA acquired 27 properties within the last 13 months and made use of the described market environment.

- **In 2024,** 14 properties were acquired for an amount of EUR 28.1mn. Almost all eight transactions (from 7 different sellers) have been executed in the second half of the year. The acquired rental income was EUR 2.8mn, resulting in an average acquisition yield of 10.1% or a rent multiple of 9.9x. Such numbers are comparable to recent years. Worth mentioning is the higher number of properties in or close to larger cities than in the past. In 2024, locations include cities such as Bremen, Essen, Lübeck, Magdeburg and Osnabrück. In addition, DEFAMA was able to purchase newer or modernized properties, which were less affordable in recent years.

- **In 2025,** already 13 properties were acquired in three transactions. In January and May, DEFAMA acquired two single properties. In June, a larger portfolio with 11 properties was acquired with a rentable area of 13,600m² and vacancy of only 3%. This portfolio includes 8 drug stores (dm, Rossmann, Budni) but also two Aldi supermarkets. In the vicinity of all locations, Aldi has locations and could be seen as a guarantee for attractive locations, in our view. Both the seller and the purchase price were not mentioned. We estimate the investment volume for all three transactions at about EUR 15mn, and assume an average acquisition yield of around 10%.

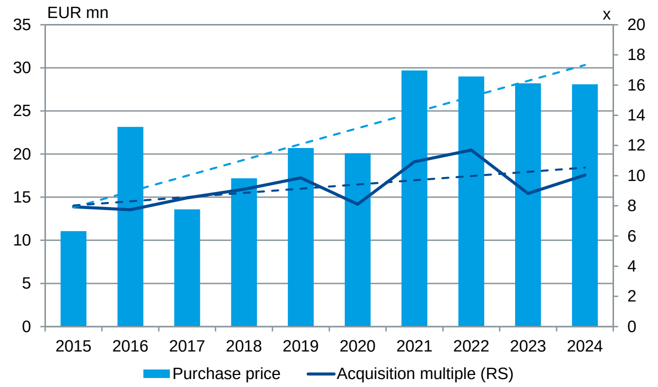
Acquisition overview since inception

	Purchase price (EUR mn)	Rental income p.a. (EUR mn)	Gross yield (%)	Acquisition multiple (x)	Properties (Number)	Transactions (Number)
2014	2.3	0.3	11.9	8.4	1	1
2015	11.1	1.4	12.6	7.9	5	5
2016	23.2	3.0	12.9	7.7	8	8
2017	14.4	1.6	11.1	9.0	8	5
2018	27.2	2.9	10.6	9.4	8	6
2019	20.7	2.1	10.1	9.9	7	7
2020	20.1	2.5	12.3	8.1	6	4
2021	29.7	2.7	9.2	10.9	8	8
2022	29.0	2.5	8.6	11.7	12	5
2023	28.2	3.2	11.3	8.8	5	4
2024	28.1	2.8	10.1	9.9	14	8
Total 2014-2024	**233.9**	**25.0**	**10.7**	**9.4**	**82**	**61**
Average 2015-2024	**23.2**	**2.5**	**10.7**	**9.4**	**8**	**6**

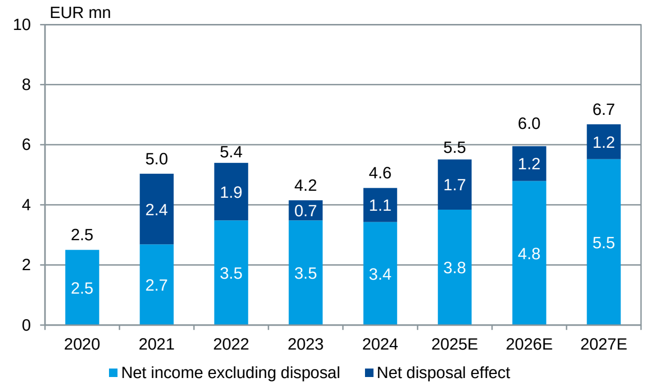
Source: Company data, Baader Helvea Equity Research

DEVELOPMENT OF ACQUISITIONS

Development of acquisitions (purchase prices and rent multiples)



Disposals – Net profit contributions since 2021



Source: Company data, Baader Helvea Equity Research

Disposals on an opportunistic basis

Despite the fact that DEFAMA follows a buy-to-hold approach, some property disposals are part of company's value generation. Since the inception of the company, 95 properties were acquired and six were sold. We would assume that the company will follow a similar approach in the future. Disposals could become a topic for various reasons: **1)** a location could become less attractive due to changes in the vicinity of the property, **2)** changes in the tenant composition of the property, **3)** interest of retailers in using the location for their needs and offering an attractive price.

For DEFAMA, a disposal could make sense to generate further liquidity for new and probably more accretive acquisitions. In many of the properties, the loan amortized over time to a level where the generated cash surplus of the transaction is high. This could be used as equity for more than one new property. Some examples are:

- **2024:** The retail park in Büdelsdorf was sold at a price of EUR 6.7mn and a gross yield of 8.2%. The positive one-off gain was EUR 1.5mn and even more important, the liquidity surplus after loan redemption was at EUR 3mn. One reason to sell the property was the fact that it was the only property with a tenant structure characterized by family-owned stores instead of chain stores. The EUR 3mn cash inflow was basically the equity needed for all acquisitions of EUR 28mn in 2024.

- **2025:** Already in August 2024, the disposal of the property in Templin to a larger retail chain was notarized. The closing is expected for 2025. The sales price was EUR 3.1mn with a yield of 9%. The property was acquired in 2018 for EUR 1.9mn. Main tenant is a BayWa DIY market, operated by the Hellweg Gruppe. The retailer is planning to operate their own store at this location. DEFAMA is expecting a positive earnings effect of approx. EUR 1mn after tax and a liquidity surplus of more than EUR 2mn.

Portfolio impressions

Local supplier Wienhausen (Lower Saxony, acquired 2025, 986m²)

Retail park Abtsgmünd (Baden-Württemberg, acq. 2024, 1.017m²)

Retail park Dresden (Saxony, acq. 2025, 1,531m² rental space)

Local supplier Annaberg-Buchholz
(Saxony, acq. 2025 1,749m² rental space)

Retail park Westerburg (Rhineland-Palantine, acq. 2024, 2,133m²)

Retail park Lübbenau (Brandenburg, acq. 2024, 3,273m²)

Heinsberg-Galerie (NRW, acq. 2023, 10,516m²)

HanseCenter Gardelegen (Saxony-Anhalt, acq. 2021, 16,514m²)

Source: Company data, JLL (Heinsberg)

OPERATING PERFORMANCE AND OUTLOOK

Sustainable earnings growth track

Continued growth track since inception

Since the inception of the company in 2014, DEFAMA delivered a continued and impressive growth track. Between end-2015 and year-end 2024, both portfolio volume and the annualized rental income increased by a CAGR of 34% and 30% respectively. The considerable portfolio expansion led to growth in FFO on a per-share basis of 27% p.a., an increase in DPS by 22% p.a. and NAVps by 17% p.a. Worth to highlight is the fact that annual growth figures are relatively steady, i.e. not the result of larger portfolio transactions or M&A activities, but based on regular property acquisitions.

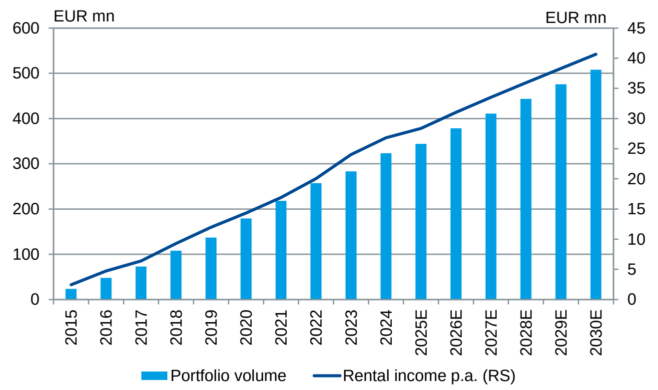
Based on the above-mentioned DEFAMA 2030 targets, we expect the company to continue the approach of constant and sustainable growth for years to come. To deliver on the 2030 targets, portfolio volume and rental income has to increase by approx. 8% p.a. and FFOps by 11% p.a. Due to the track record, we firmly believe that the company is able to reach the targets. Therefore, our estimates are rather in-line with the growth plan.

For this and the next two years (2025E-2027E), we estimate a portfolio expansion as well as annualized rental income growth by 8% p.a. This will lead to FFOps, DPS and NAVps growth of 10% p.a., 6% and 10% respectively, based on our estimates for these years.

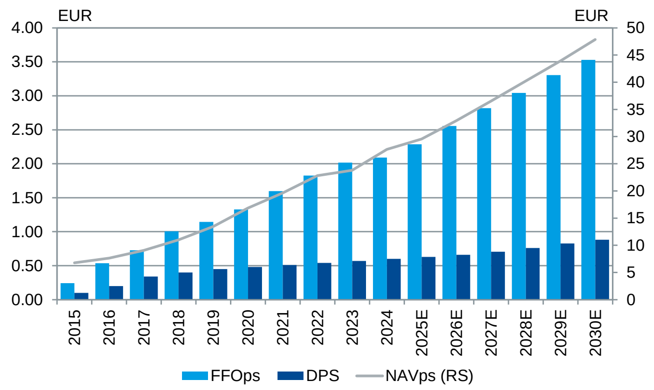
For the period 2024 to 2030E, we assume portfolio and rental income growth of 8% to EUR 500mn and of 7% to approx. EUR 41mn. We project the FFO and even on a per-share basis to reach CAGR of 9%.

LONG-TERM DEVELOPMENT OF KPI

Portfolio volume and annualized rental income



FFOps, DPS and NAVps



Source: Company data, Baader Helvea Equity Research

Guidance track record

Due to the buy-and-hold strategy and the ever-expanding portfolio with steady annual acquisitions, the company has established a solid track record regarding the annual guidance. As the basis for the **KPI FFO** is the already known rental income basis at the beginning of the year plus potential acquisitions/disposals during the year, which, however, will only become partially effective for the year, the track record to achieve the FFO is relatively high.

In terms of **net income** guidance, potential disposal gains play a larger role and are more difficult to predict. The impact depends on the closing of the transactions and may vary during the year. Therefore, the guidance was adjusted sometimes over the course of the year.

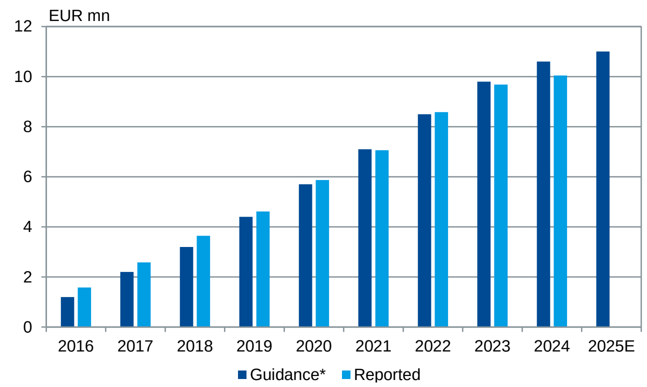
DEFAMA

DEFAMA is reporting under **German-GAAP (HGB)** and not under IFRS as most of the listed German property companies are doing. One main difference is the regular depreciation of the property portfolio through the P&L, which lowers the net income but is not cash effective. Therefore, we provide an EPS adjusted, which excludes depreciations. One advantage not applying the mark-to-market valuation of the portfolio via the P&L is that an annual valuation result does not lead to a highly volatile net income.

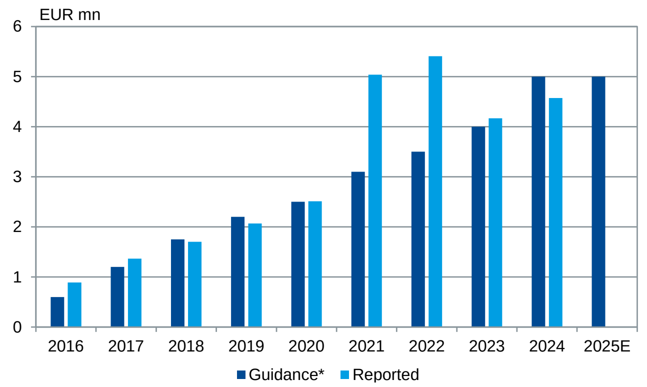
In the charts below, we only tracked the initial guidance at the beginning of the year and do not reflect the adjustments over the year. Overall, we see a good visibility on guidance for the company.

GUIDANCE FOR FFO AND NET INCOME

FFO guidance versus reported FFO



Net income guidance versus reported result



* Initial guidance without adjustments afterwards

Source: Company data, Baader Helvea Equity Research

Outlook for FY25

Financial targets for FY25

The guidance for FY25 calls for FFO growth of 10% from EUR 10mn in 2024 to EUR 11mn. Net income is expected to reach at least EUR 5mn, without any effects from potential disposals. This compares to EUR 4.6mn in 2024 and approx. EUR 3.5mn, excluding a positive contribution from a disposal. As in the past, the company guided for a higher DPS proposal than last year (EUR 0.60 for FY24).

1Q25 – Good start but more to come in following quarters

In 1Q25 (reported on 5 June), revenues increased by 12% yoy mainly based on the continued impact of acquisitions. FFO increased by 7% yoy to EUR 2.7mn, which is marginally below the quarterly run rate for the year. However, due to the recent acquisitions, we are confident that the FFO guidance of EUR 11mn will at least be reached. The disproportionate FFO increase is due to the expansion of the workforce over the course of 2024 until the end of 1Q25. Therefore, personnel expenses increased by 61% yoy in 1Q. This effect will ease over the following quarters in our view. The trend of higher financing costs (+25% yoy in 1Q) was less severe. However, with funding further acquisitions at presumably higher CoD than the current average of 3.03% (as of 31-Mar-25), this trend will continue.

Guidance versus our and consensus' view

		2024		2025E		2026E		2027E	
		Rep.	Guidance	Baader	Cons.	Baader	Cons.	Baader	Cons.
Gross rental income	**EUR mn**	**23.2**		**26.3**	**26.5**	**29.1**	**29.4**	**31.7**	**31.8**
Change yoy	*%*	*15*		*13*	*14*	*11*	*11*	*9*	*8*
FFO	**EUR mn**	**10.0**	**11**	**11.0**	**11.1**	**12.3**	**12.5**	**13.5**	**13.7**
Change yoy	*%*	*4*	*10*	*9*	*10*	*12*	*13*	*10*	*10*
Net income (bef. min.)	**EUR mn**	**4.6**	**>5**	**5.5**	**5.2**	**6.0**	**5.4**	**6.7**	**5.6**
Change yoy	*%*	*10*	*>9*	*21*	*14*	*8*	*4*	*12*	*3*
FFOps	**EUR**	**2.09**		**2.29**	**2.30**	**2.56**	**2.60**	**2.82**	**2.85**
Change yoy	*%*	*4*		*9*	*10*	*12*	*13*	*10*	*10*
EPS	**EUR**	**0.95**		**1.15**	**1.09**	**1.24**	**1.13**	**1.39**	**1.17**
Change yoy	*%*	*10*		*21*	*15*	*8*	*3*	*12*	*3*
DPS	**EUR**	**0.60**		**0.63**	**0.63**	**0.66**	**0.66**	**0.70**	**0.70**
Change yoy	*%*	*5*		*5*	*5*	*5*	*5*	*7*	*6*
NAVps	**EUR**	**27.64**		**29.55**	**29.62**	**32.93**	**32.33**	**36.54**	**35.25**
Change yoy	*%*	*16*		*7*	*7*	*11*	*9*	*11*	*9*

Source: Company data, LSEG, Baader Helvea Equity Research

Consensus view

As shown in the table above, our and consensus' estimates are at or close to company's guidance for this year. As the roadmap to reach the DEFAMA 2030 targets in terms of portfolio volume, annualized rental income and FFO is expected to develop relatively regular over the years, estimates call for steady growth for the forecasted periods until 2027E, too. The only deviation to our estimates is our projection of slightly higher net profits because we include disposals into our estimates and higher NAVps as we expect a further stabilization in property prices over time. However, we admit that consensus is limited to three providers (including Baader Helvea (E)), i.e. meaningfulness of deviations is limited.

Dividend policy

Steady growth but stronger focus on funding of growth

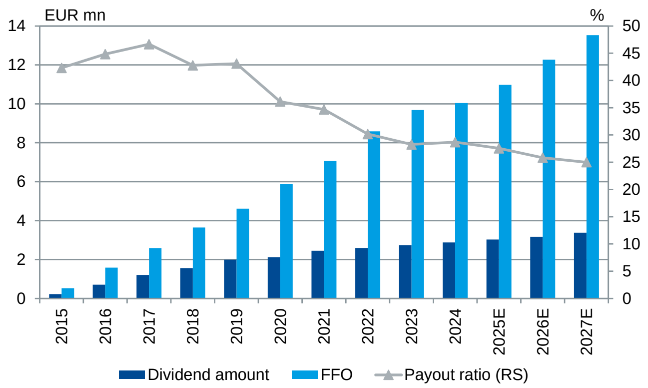
Part of the annual guidance is the dividend. In general, the company plans a further increase based on the expansion of rental income and FFO. However, the company does not provide a more concrete dividend policy, e.g. a target payout ratio. The DPS for FY24 was EUR 0.60 (AGM was on 18 July 2025). Since 2019, the DPS increased by EUR 0.03 p.a. and for the time being, we estimate the same until 2027E. This resulted in a CAGR of 6% p.a. over the last 5 years versus FFOps growth of 13% p.a. Therefore, the payout ratio on FFO declined from 43% in 2019 to 29% in 2024.

From today's perspective, we regard the disproportionate DPS growth as plausible. The focus is on the continued expansion of the portfolio via acquisitions, which must be financed. The management highlighted that this growth could be achieved without any capital injections. Consequently, parts of the cash generated will be used for growth and not for higher payouts, at least for the time being, in our view.

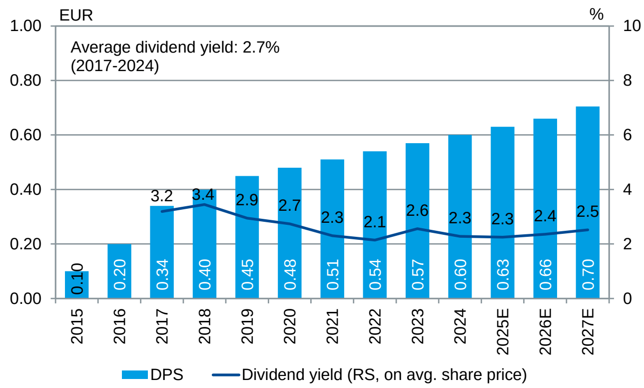
We would only expect a higher payout ratio in the case that acquisition opportunities may not be realized, or if opportunistic disposals would lead to liquidity, which could not be reinvested timely. In such a case, a share buyback program could also be an option. However, such a scenario is not our base case.

DEVELOPMENT OF DIVIDEND

Dividend payout ratio (on FFO)



Moderate dividend yield



Source: Company data, LSEG, Baader Helvea Equity Research

DEFAMA

Total (shareholder value) return

Steady value increase of the company honored by investors

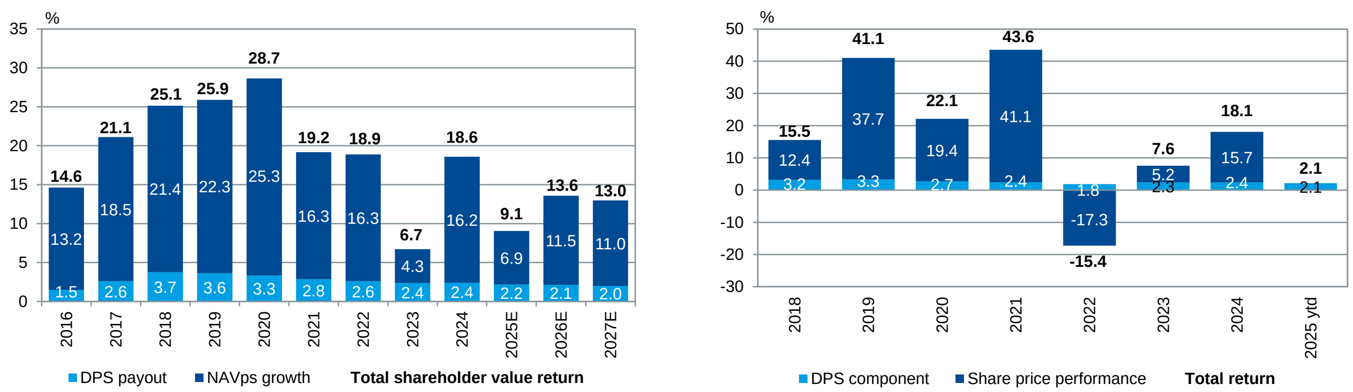
The value generation of the company is obviously looking at the total shareholder value return. The TSVR defines the NAVps growth plus the paid dividend for the year (as a yield on NAV). Over the last nine years (2016-2024), DEFAMA generated a total shareholder value return of 19.9% p.a. on average. This comprises the (moderate) dividend component of 2.8pp and a strong NAVps growth of 17.1pp p.a. For 2025E to 2027E, we project a TSVR of 11.6% p.a., which is still a significant value generation.

The positive value generation is also reflected in the total return performance, which sum up the share price performance of the year including the dividend earned in the year. With the exception of the real estate crisis year 2022 (significant increase in interest rates), the DEFAMA share performed positively, with a minor impact of the dividends.

TOTAL SHAREHOLDER VALUE RETURN AND TOTAL RETURN

Combination of NAVps growth and paid DPS let to strong TSVR

Total performance: Share price including paid dividend



Source: Company data, Baader Helvea Equity Research

Return on equity

Double-digit ROE target

DEFAMA aims for a double-digit ROE based on its buy-and-hold strategy. The property investments are financed by more than 80% via loans. Consequently, the equity needed is rather limited. The properties are accounted at costs and the value is reduced by depreciations over time. Therefore, the market value is higher than suggested by the German-GAAP reporting. As a result, the equity ratio is accounting-wise only at below 20%. Therefore, the ROE is strong. In the following table we provide an overview of ROEs calculated on net income, net income excluding disposal gains and on FFO. The ROE on FFO of more than 20% since years excludes the non-cash relevant depreciations and demonstrates the strong operational profitability of the high-yielding portfolio.

ROE calculation

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Equity BOP	EUR mn	4.1	5.7	10.6	11.4	16.4	24.7	25.2	28.1	41.3	42.9	44.7	47.4	50.3
Equity EOP	EUR mn	5.7	10.6	11.4	16.4	24.7	25.2	28.1	41.3	42.9	44.7	47.4	50.3	53.8
Equity Average	EUR mn	4.9	8.2	11.0	13.9	20.5	24.9	26.7	34.7	42.1	43.8	46.1	48.8	52.1
Equity ratio	%	31.6	32.0	20.5	19.1	23.7	18.4	18.0	20.7	19.7	18.7	18.6	18.2	18.2
Net income	EUR mn	0.3	0.9	1.4	1.7	2.1	2.5	5.0	5.4	4.2	4.6	5.5	6.0	6.7
ROE (net income on BOP equity)	%	7.2	15.6	12.8	14.9	12.6	10.2	20.0	19.2	10.1	10.7	12.3	12.6	13.3
ROE (net income on avg. equity)	**%**	**6.0**	**10.9**	**12.4**	**12.3**	**10.1**	**10.1**	**18.9**	**15.5**	**9.9**	**10.4**	**12.0**	**12.2**	**12.8**
Adj. net income (excl. disposal result)	EUR mn	0.3	0.9	1.4	1.7	2.1	2.5	2.7	3.5	3.5	3.4	3.8	4.8	5.5
ROE (adj. net income on BOP equity)	%	7.2	15.6	12.8	14.7	12.6	10.1	10.7	12.4	8.4	8.0	8.6	10.1	11.0
ROE (adj. net income on avg. equity)	**%**	**6.0**	**10.9**	**12.4**	**12.1**	**10.0**	**10.0**	**10.1**	**10.0**	**8.3**	**7.8**	**8.3**	**9.8**	**10.6**
FFO	EUR mn	0.5	1.6	2.6	3.6	4.6	5.9	7.1	8.6	9.7	10.0	11.0	12.3	13.5
ROE (FFO on BOP equity)	%	12.7	27.7	24.3	32.0	28.2	23.8	28.0	30.5	23.4	23.4	24.5	25.9	26.9
ROE (FFO on avg. equity)	**%**	**10.7**	**19.3**	**23.5**	**26.3**	**22.5**	**23.5**	**26.5**	**24.7**	**23.0**	**22.9**	**23.8**	**25.1**	**26.0**

Source: Company data, Baader Helvea Equity Research

Our assumptions for FY25E to FY27E and until 2030E

For our detailed estimates for the years 2025-2027, we use the following key assumptions:

- **Investments:** We assume investments of EUR 27mn p.a. on average for 2025E-2027E at an average gross yield of 10% like in the past.

- **Disposals:** For this year, we model two disposals with a volume of EUR 8.4mn. For the next two years, we include a disposal volume of EUR 6.3mn p.a. at a gross yield of ~8.25% and a net profit contribution of EUR 1.4mn p.a.

- **Rental growth and occupancy:** As more than 90% of the lease contracts are CPI-linked, the inflation rate in Germany might be a proxy for the rent growth. However, according to the management, the effective rent growth at a CPI of +2% is approx. 1%. On the one hand, there is the risk of temporary vacancy, tenants' insolvencies or rent-free periods due to refurbishments. On the other hand, portfolio optimization activities could counterbalance this. On average, we assume rent growth of 1% p.a.

- **Rental income:** The rental growth depends on the execution and closing of transactions (both acquisitions and disposals). We estimate a strong GRI increase this year (+13.5%) due to last and partly this year's acquisitions. For FY26E/27E, we estimate growth of 9-11%.

- **Cost ratio:** Our cost ratio includes admin as well as personnel expenses in relation to total revenues. The increase in workforce in 2024 already led to an increase of the cost ratio from 17.3% in 2023 to 18.5% in 2024 and we estimate a further increase to 18.9% for 2025E. In the following years, we expect only minor further increases in absolute terms and therefore a reduction in the ratio based on higher total revenues.

- **Financing costs:** Financing costs were at 3.03% on average at year-end 2024. As new financing is currently at between 4% to 5%, we model an increase year-by-year. However, due to the long average maturity of loans of almost eight years, we think the impact will be moderate (+5-15bps p.a.).

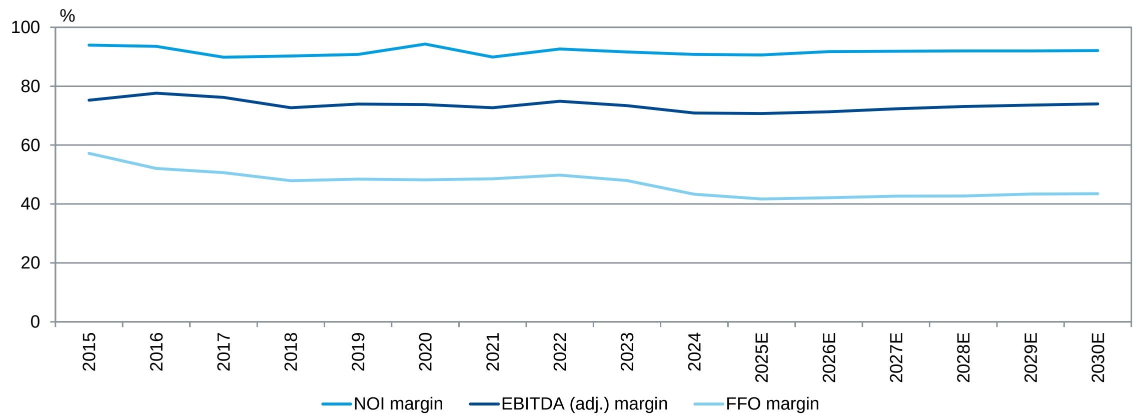
- **Portfolio valuation:** We expect a stabilization of property prices going forward. The gross portfolio yield was 8.29% at YE24. The company acquired in 2024 and 2025 some newer buildings and some in larger cities. Therefore, we apply a slightly higher portfolio valuation on average and estimate a yield reduction to 8.15% at YE27E and 8.00% at YE2030E.

- **Dividends:** We apply the EUR 0.03 increase p.a. until 2027E because the company is still in the expansion mode.

For a **long-term view in light of the DEFAMA 2030 target,** we run our projections on a detailed model until 2030.

The aforementioned assumptions (for FY25E to FY27E) are basically the same, for annual investment and disposal volumes, portfolio characteristics and portfolio valuation. We slightly reduce the cost ratio for the years 2028E to 2030E. In opposite, we continue with a step-by-step increase of the financing costs. For dividends, we apply a 25% payout ratio on FFO from 2027E onwards, i.e. the DPS growth would be equal to FFO growth.

Development of operating margins



Source: Company data, Baader Helvea Equity Research

CAPITAL STRUCTURE AND FINANCING

Well-financed growth

Long-term approach is what counts

The approach of the company is to grow the portfolio steadily and finance the growth with a low equity component via long-term annuity loans with several local banks. **As of 31 March 2025,** the company has bank loans of EUR 189mn, at average cost of debt of 3.03% with an average maturity of the interest rate fixations of 7.9 years. Based on the market value of the portfolio of approx. EUR 327mn, the LTV stood at ~58%. This seems to be rather high among the listed German property holding companies (at least compared to those with a low-to-moderate risk profile). However, we regard the capital and financing structure of DEFAMA as solid overall for a number of reasons.

- **Still positive cash flow after financing:** For each property acquisition, a long-term financing of at least 75% of the purchase price (including ancillary costs) is planned. For the year 2024, the management stated that they reached almost a full financing of the purchase price amount of EUR 28mn because they only used EUR 3mn equity, which covered the ancillary purchase costs. The arranged terms provide **positive cash flow** even after interest and amortization payments for each property, which is the advantage of the acquisition yields of approx. 10%.

- **Annuity loans:** The company uses annuity loans without a defined maturity end. The initial amortization rate p.a. is around 4% and leads to the fact that the loan amount declines over time. Only the first interest rate period is fixed for usually 10 years (currently 7.9 years on average for the loan book). After this period, only the interest rate must be renegotiated.

- **No debt instruments:** DEFAMA did not issue any bonds, promissory notes or other debt instruments. In combination with the annuity loans, there are no ballon or refinancing risks.

- **Local financing:** Financing is mostly provided by local and regional banks. They know the properties and are able to finance amounts in the target range of DEFAMA. Larger banks are less visible in small to medium-sized cities and work on higher financing amounts or on portfolio transactions. Due to the focus on debt service coverage, the high cash flow generation from high gross yields allow for higher LTVs.

- **High number of financing partners:** Due to the local approach, the number of financing partners amounts to approx. 40 for currently 90 properties/loans. On average, the provided loan amount is below EUR 5mn and no bank accounts for more than 12% of DEFAMA's total loan book.

- **Refinancing risk and costs:** The refinancing risk is low due to aforementioned structures. The CoD is currently at around 3% and has already moved up from 2.1% in 2020 and 2022. We see a gradual further increase with any new acquisition financing as well as in the case of an interest rate renegotiation after the end of the last fixed interest rate period. The management stated that current financing costs are between 3.9% and 4.9%. If we assume 4.4% on average for new and refinancing, we calculate a CoD increase of approx. 5-15 bps p.a. or roughly EUR 1mn p.a. higher financing costs by 2030. As the refinancing volumes in 2025 and 2026 (after amortization) are low and the higher volume in 2027 has already CoD of 3.12%, the increase for our forecasted period until 2027E is relatively low.

Development of debt KPIs

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total debt	EUR mn	12	21	43	68	77	110	125	155	164	190
Cash	EUR mn	4	1	2	3	7	4	2	4	3	1
Net debt	EUR mn	9	19	41	65	70	106	123	150	161	189
Net LTV	**%**	**36.1**	**40.3**	**55.6**	**60.2**	**56.1**	**59.9**	**61.0**	**60.1**	**58.3**	**59.1**
Equity ratio	%	31.6	32.0	20.5	19.1	23.7	18.4	18.0	20.7	19.7	18.7
Net debt/EBITDA	x	12.3	8.2	10.4	11.7	9.9	11.8	11.6	11.7	10.9	11.5
Interest coverage	x	6.5	4.2	4.4	4.1	4.1	4.2	4.1	4.4	3.8	3.3
CoD	**%**	**n.a.**	**2.5**	**2.4**	**2.4**	**2.4**	**2.1**	**2.1**	**2.3**	**2.7**	**3.0**
Debt maturity	years	n.a.	8.3	8.0	8.0	7.6	7.8	7.1	5.8	6.3	7.9

Source: Company data, Baader Helvea Equity Research

DEFAMA

Financing of future growth

Financing further growth planned without capital injections

The management sees itself in the position to reach the portfolio expansion without using the equity or debt capital markets. As stated so far and confirmed at the AGM on 18 July 2025, there are currently no plans for an equity capital increase. There is the option due to the renewed authorized capital at the AGM 2025. However, the previous terms of up to 38% of existing share capital have only been extended because the previous authorization would have ended in October 2025. Both, the 38% and the authorization of up to 10% for an ex-rights issue, are below the possible 50% and up to 20% respectively. From today's perspective and based on our calculation on the DEFAMA 2030 targets, we see no need for a capital increase. The management highlighted that they want to grow steadily, the organization must be able to manage such a growth and that they will avoid any kind of dilution for the shareholders.

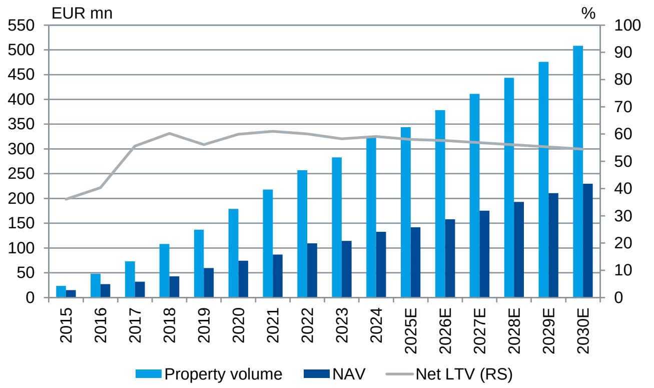
The company has several options to finance the future growth track: **1)** In general, a low equity component is needed due to the described acquisition financing**, 2)** occasional disposals will lead to additional liquidity as such assets have usually already a low debt level after regular amortization, **3)** for the same reason (high debt amortization over time), there is the possibility to increase the debt on existing properties again. The CEO sees a double-digit million amount, which would be possible, and **4)** the company has unused credit lines in case of financing needs.

We would not completely rule out any larger portfolio acquisition with the need of additional capital sourcing; however, the probability seems to be rather low. The track record over the last ten years regarding accretive shareholder value growth is high. Therefore, we believe that the company is highly sensitive to this topic. The last cash equity increase was in March 2022, with gross proceeds of EUR 10mn via a 9% ex-rights issue at a placement price of EUR 27 per share. The NAV at that time was at EUR 19.61, i.e. the transaction was highly accretive.

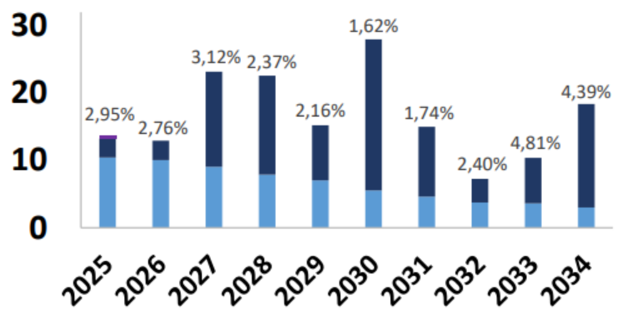
According to the management, the company has an available liquidity of approx. EUR 10mn at the moment. This includes credit lines, loans not yet paid out and cash from the disposal of Templin, which is expected for the next weeks. Therefore, the current liquidity position allows the company to acquire further properties this and next year.

CAPITAL STRUCTURE

Capital structure – LTV remains manageable despite growth



Debt maturity profile: End of interest rate fixation (dark blue) and redemptions (light blue) in EUR mn and CoD in %



Source: Company data, Baader Helvea Equity Research

VALUATION

Initiation with an Add rating and a target price of EUR 31.80

We initiate coverage of DEFAMA with an Add rating and a target price (TP) of EUR 31.80. This provides a total return potential of ~16% and includes a dividend yield of 2.3% on our estimated DPS 2025 to be paid in 1 year. The DPS for EUR 2024 has just been paid this week.

At our TP, the company would be at a NAV 2026E discount of ~3%, which seems to be moderate. However, we highlight that the average NAVps growth over the last 7 years (including the real estate crisis years 2022-24) was ~17% p.a. and the total shareholder value return was 19% p.a. As we believe in a constant positive value generation going forward, only a minor discount should be applied, if any. Consequently, we see the probability that our TP will increase steadily over the upcoming years. **We regard DEFAMA as a long-term investment case.**

The TP derives from **five valuation models** we use for our real estate coverage in Germany. We apply an equal weighting for all models. We observe some differences in the values derived: The highest value of EUR ~45 per share has the economic profit model. With this approach, the assumed long-term annual value generation is demonstrated. In our NAV approach we apply only a moderate 2.5% discount to our 2026E NAV and derive EUR ~32. This is similar to the historical comparison based on DEFAMA's valuation over the last 8 years: EUR 31.6. Due to the moderate dividend payout, the DDM assumes a value of only EUR 24.2, but highly depends on the future payout ratio. The peer group valuation (EUR ~26) is limited to only three companies, i.e. less meaningful in our view.

Valuation overview

Valuation models	Basis	Value (EUR)	Weighting (%)	
Historical valuation	Average 2025E/26E (P/NAV, Div.yield, P/FFO, EV/EBITDA)	31.63	20	
NAV approach (2026E)	2.5% discount	32.11	20	
Economic profit model	ROCE 2025E-2028E, TV	45.38	20	
Dividend discount model		24.22	20	
Peer group valuation	2025E-2027E	25.68	20	
Value (weighted)		**31.81**		
Target price	**12M**	**31.80**		
Current share price	22-Jul-25	28.00		
Share price potential (%)		13.6		
Dividend yield (%)		2.3		
Total return potential (%)		15.9		
Valuation multiples		**Current price**	**Target price**	**Average 8Y**
NAV discount (%)	2026E	-15.0	-3.4	6.6
P/E adjusted (x)	2026E	11.0	12.4	13.0
Dividend yield (%)	2026E	2.4	2.1	2.7
FFO yield (%)	2026E	9.1	8.0	7.8
EBITDA yield (%)	2026E	6.3	6.0	5.5

Source: LSEG, Baader Helvea Equity Research

Total shareholder value return: NAVps growth including dividends

% p.a.	Next 3Y 2025E-27E	Last 3Y 2022-24	Last 7Y 2018-24	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
NAVps growth	**9.8**	**12.1**	**17.3**	**13.2**	**18.5**	**21.4**	**22.3**	**25.3**	**16.3**	**16.3**	**4.3**	**16.2**	**6.9**	**11.5**	**11.0**	**10.0**
Dividends	**1.9**	**2.4**	**1.9**	**1.5**	**2.6**	**3.7**	**3.6**	**3.3**	**2.8**	**2.6**	**2.4**	**2.4**	**2.2**	**2.1**	**2.0**	**1.9**
Total return	**11.6**	**14.5**	**19.2**	**14.6**	**21.1**	**25.1**	**25.9**	**28.7**	**19.2**	**18.9**	**6.7**	**18.6**	**9.1**	**13.6**	**13.0**	**12.0**
Share price perf. (incl. div.)		7	193	n.a.	n.a.	15.5	41	22	44	-15	8	18	2			
NAV premium/disc. (avg.)		0	5	n.a.	17	5	13	4	13	11	-6	-5	-5			

Source: LSEG, Baader Helvea Equity Research

DEFAMA

Historical valuation

The historical valuation approach suggests a value of EUR 31.6. The model is based on the available valuation multiples over the last 8 years. We include the average NAV premium of 6.6%, the average dividend yield of 2.7%, the FFO yield of 7.8% and the EBITDA yield of 5.5%. If we apply these to our estimates for FY25 and FY26, we derive values of EUR 30.40 and EUR 32.52 per share. We regard this approach as useful because company's development is characterized by steady growth of the cycles, which we expect to continue.

Historical valuation

	8-year average (%)	Value 2025E (EUR)	Value 2026E (EUR)	Average 2025/26E (EUR)
NAV premium/discount	6.6	31.49	35.10	33.30
Dividend yield	2.7	23.33	24.44	23.89
FFO yield	7.8	29.49	32.95	31.22
EBITDA yield	5.5	37.07	39.19	38.13
Average value per share		**30.34**	**32.92**	**31.63**

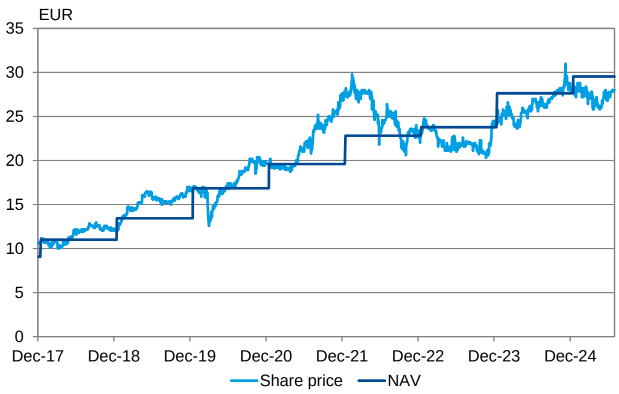
Source: LSEG, Baader Helvea Equity Research

NAV approach

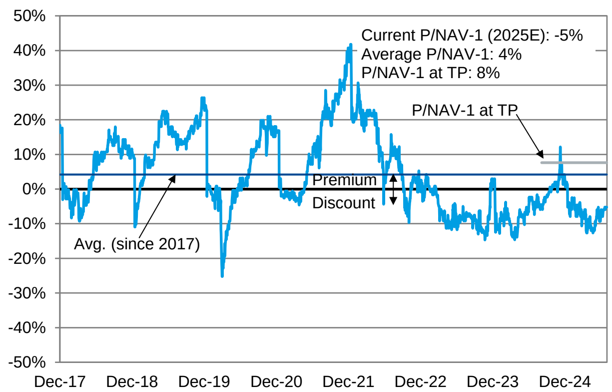
The NAV approach provides a value of EUR 32.1. For DEFAMA, we apply a discount of only 2.5% to our 2026E NAVps of EUR 32.9. We apply discounts of 2.5pp each for regions (B to D cities), leverage (above 50%) and the low free float market capitalization. For the expected NAVps growth of 9.8% p.a. for 2025E-2027E, we apply a premium of 5pp.

NAVPS DEVELOPMENT AND P/NAV VALUATION

NAVps development



P/NAV valuation



Source: LSEG, Baader Helvea Equity Research

Economic profit model

In the economic profit model, we calculate a value of EUR 45.4 per share on a 12M forward basis. We apply a beta of 1.1, cost of equity of 8.8% and a WACC of 5.6% for the terminal value. In our view, this model demonstrates the strong value generation for the years to come and assumes that the ROCE is significantly higher than the WACC, also in the terminal value phase.

Assumptions for the applied beta

Income contribution	2025E-2027E (EUR mn)	Share (%)	Applied beta
Rental business	79.7	94	1.00
Profit on disposals	4.7	6	1.50
Valuation result	0.0	0	1.50
Other revenues	0.0	0	1.00
Income from investments	0.0	0	1.00
Total (excl. leverage effect)	**84.4**	**100**	**1.03**
Leverage effect (Net LTV), (%)	57	7	0.08
Applied beta			**1.11**

Assumptions for cost of capital

%			
Risk-free rate (%)	2.75	Risk premium debt (%)	0.88
Risk-free rate for terminal value (%)	2.75	Risk premium debt for TV (%)	2.50
Risk premium (%)	5.50	Cost of debt (%)	3.63
Beta (x)	1.10	Cost of debt for TV (%)	5.25
Beta for TV (x)	1.10	Cost of debt after tax (%)	2.73
COE 2025E-2028E (%)	**8.82**	**Notional tax rate (%)**	**24.74**
COE for TV (%)	**8.80**	**Notional tax rate for TV (%)**	**25.00**
		WACC 2025E-2028E (%)	5.01
		WACC for TV (%)	**5.64**

Source: Baader Helvea Equity Research

Economic profit model

		2024	2025E	2026E	2027E	2028E	TV
EBITDA	EUR mn	17.8	20.6	22.1	24.3	26.4	26.8
Change yoy	%	*14.4*	*15.7*	*7.5*	*9.8*	*8.4*	*1.5*
Valuation result	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0
Income from investments	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0
Taxes	EUR mn	-4.8	-5.1	-5.5	-6.0	-6.3	-6.7
Notional tax rate	%	26.7	25.0	25.0	24.8	24.1	25.0
NOPAT	**EUR mn**	**13.0**	**15.4**	**16.6**	**18.3**	**20.0**	**20.1**
Total assets	EUR mn	239.5	254.9	276.0	295.5	314.4	314.4
(-) current liabilities	EUR mn	4.9	5.5	5.7	5.7	5.7	5.7
(+) current financial debt	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0
(-) cash	EUR mn	1.3	2.4	2.1	2.3	2.4	2.4
(-) deferred taxes	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0
Capital employed (CE)	EUR mn	233.3	247.0	268.2	287.5	306.4	306.4
CE (average)	**EUR mn**	**218.8**	**240.2**	**257.6**	**277.9**	**296.9**	**306.4**
ROCE	%	6.0	6.4	6.4	6.6	6.7	6.5
WACC	%	4.5	5.1	5.0	5.0	4.9	5.6
ROCE-WACC	%	1.5	1.3	1.4	1.6	1.8	0.9
Economic profit	EUR mn	3.2	3.1	3.6	4.5	5.3	2.8
NPV of economic profit	EUR mn		3.1	3.4	4.0	4.5	55.4
Total NPV of economic profit	EUR mn		70.4				
(-) dividend to be paid	EUR mn		2.9				
Adj. NAV prev. year-end	EUR mn		132.7				
Equity value	EUR mn		200.2				
Number of shares	mn		4.8				
Equity value per share	EUR		41.70				
Value per share (t+12M)	**EUR**		**45.38**				

Source: Baader Helvea Equity Research

DEFAMA

DDM

The value from our dividend discount model is EUR 24.2 per share. The value is reflecting the currently only moderate payout ratio, which we believe to continue for the next years. For our terminal value, however, we apply lower growth rates of FFOps and DPS, but change to a higher payout ratio of 50%.

Dividend discount model

		2025E	2026E	2027E	2028E	2029E	TV
DPS	EUR	0.63	0.66	0.70	0.76	0.83	1.69
Change yoy	%		*4.8*	*6.8*	*7.9*	*8.6*	*105.1*
FFO per share	EUR	2.29	2.56	2.82	3.04	3.30	3.39
Change yoy	%		*11.8*	*10.3*	*7.9*	*8.6*	*2.6*
Payout ratio (on FFO)	%	27.6	25.8	25.0	25.0	25.0	50.0
Beta	x	1.11	1.11	1.11	1.11	1.11	1.10
Discount factor	%	8.83	8.83	8.83	8.83	8.83	8.80
CAGR dividend 2025E-2029E	%	7.0					
Growth rate terminal value	%	2.6					
NPV dividends	EUR	0.58	0.56	0.55	0.55	0.54	
NPV of terminal value	EUR	19.48					
Value of equity per share	EUR	22.26					
Value per share (t+12M)	**EUR**	**24.22**					

Source: Baader Helvea Equity Research

Peer group valuation

The peer group valuation provides a value of EUR 25.4 per share. It is the most difficult valuation model in our view due to a lack of reasonable peers to take into consideration. However, we would not ignore the approach in total. We limit the peer group to only three companies: Deutsche EuroShop (large-scale shopping centers), Hamborner REIT (approx. 55% retail and 45% office) and FCR Immobilien (only estimates by one analyst). Other commercial real estate companies have even other asset classes or are financially by far more riskier than DEFAMA and have therefore very low valuation multiples.

Peer group valuation

Company		**Price***	**Mcap.**	**NAV prem./disc. (%)**			**EBITDA yield (%)**			**Dividend yield (%)**			**P/E adj.**			**FFO yield (%)**		
			EUR mn	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Deutsche EuroShop	EUR	18.90	1,454	-36	-38	-40	7.2	7.3	7.5	5.3	5.3	5.3	9.5	9.6	9.6	10.5	10.5	10.4
Hamborner REIT	EUR	5.79	471	-40	-41	-42	5.6	5.5	5.6	6.1	6.0	6.0	10.6	10.8	10.9	9.4	9.3	9.2
FCR Immobilien	EUR	12.50	123	-16	-19	-22	5.4	5.4	5.7	2.0	2.0	2.3	19.7	17.2	13.3	6.1	6.5	6.7
Mean				**-31**	**-33**	**-35**	**6.0**	**6.1**	**6.2**	**4.5**	**4.4**	**4.5**	**13.3**	**12.5**	**11.3**	**8.7**	**8.8**	**8.8**
DEFAMA - Baader est.	EUR	28.00	134	-5	-15	-23	6.2	6.3	6.6	2.3	2.4	2.5	12.2	11.0	9.9	8.2	9.1	10.1
Applied multiple for DEFAMA	x			-31	-33	-35	6.0	6.1	6.2	4.5	4.4	4.5	13.3	12.5	11.3	8.7	8.8	8.8
Derived value per share	EUR			20.4	22.2	23.9	29.3	30.5	32.6	14.1	14.9	15.6	30.3	32.0	31.8	26.3	29.2	32.1
Theor. share price potential	%			-27	-21	-15	5	9	16	-50	-47	-44	8	14	13	-6	4	15
Average 2025E-2027E	**EUR**					**22.17**			**30.81**			**14.85**			**31.37**			**29.22**
Value derived from peer group	**EUR**																	**25.68**

* Closing price as of 22-Jul-25

Source: LSEG, Baader Helvea Equity Research

CONSOLIDATED INCOME STATEMENT

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total revenues	EUR mn	1.0	3.4	5.8	9.1	11.2	14.6	17.1	20.2	23.3	27.3	30.9	34.3	37.4	40.3
Gross rental income (GRI)	**EUR mn**	**0.9**	**3.0**	**5.1**	**7.6**	**9.5**	**12.2**	**14.6**	**17.3**	**20.2**	**23.2**	**26.3**	**29.1**	**31.7**	**34.2**
Change yoy	%	*n.a.*	*230.5*	*67.9*	*49.2*	*25.1*	*27.9*	*19.4*	*18.6*	*16.9*	*14.9*	*13.4*	*10.6*	*9.0*	*7.7*
Other property related income	EUR mn	0.0	0.0	0.0	0.0	0.1	0.5	0.4	0.4	0.3	0.5	0.5	0.7	0.8	0.9
Service charge income	EUR mn	0.1	0.4	0.7	1.4	1.6	1.9	2.1	2.6	2.9	3.7	4.1	4.5	4.9	5.3
Property operating expenses	EUR mn	-0.1	-0.6	-1.2	-2.2	-2.6	-3.1	-4.1	-4.2	-4.8	-6.3	-7.1	-7.6	-8.2	-8.9
Net rental income (NRI)	**EUR mn**	**0.9**	**2.8**	**4.6**	**6.9**	**8.6**	**11.5**	**13.1**	**16.0**	**18.5**	**21.0**	**23.8**	**26.7**	**29.1**	**31.4**
Change yoy	%	*n.a.*	*229.0*	*61.3*	*49.9*	*25.9*	*32.9*	*13.8*	*22.2*	*15.7*	*13.9*	*13.2*	*12.0*	*9.1*	*7.9*
as a percentage of GRI	%	94.0	93.5	89.8	90.3	90.8	94.3	89.9	92.6	91.6	90.8	90.6	91.7	91.9	92.0
Other revenues	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Profit on disposal of IP	**EUR mn**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.8**	**2.3**	**0.7**	**1.3**	**2.0**	**1.4**	**1.4**	**1.4**
Administrative expenses	EUR mn	-0.1	-0.4	-0.3	-0.7	-0.6	-0.8	-1.0	-1.2	-2.3	-2.5	-2.7	-2.9	-3.1	-3.3
Personnel expenses	EUR mn	-0.1	-0.2	-0.5	-0.7	-1.0	-1.5	-1.9	-2.0	-1.7	-2.6	-3.2	-3.5	-3.7	-3.8
Cost ratio	%	-17.3	-17.1	-14.0	-15.6	-14.3	-15.9	-16.7	-15.9	-17.3	-18.5	-18.9	-18.8	-18.2	-17.5
Other income	EUR mn	0.0	0.1	0.1	0.1	0.1	0.1	0.5	0.2	0.5	0.6	0.8	0.7	0.8	0.8
Other expenses	EUR mn	0.0	0.0	0.0	0.0	-0.1	-0.3	-0.1	-0.1	-0.1	-0.3	-0.2	-0.2	-0.2	-0.2
EBITDA	**EUR mn**	**0.7**	**2.4**	**3.9**	**5.5**	**7.0**	**9.0**	**13.3**	**15.2**	**15.5**	**17.8**	**20.6**	**22.1**	**24.3**	**26.4**
EBITDA adjusted	**EUR mn**	**0.7**	**2.4**	**3.9**	**5.5**	**7.0**	**9.0**	**10.6**	**12.9**	**14.8**	**16.4**	**18.6**	**20.8**	**22.9**	**25.0**
Change yoy	%	*n.a.*	*241.1*	*64.8*	*42.3*	*27.3*	*27.6*	*17.7*	*22.0*	*14.7*	*11.0*	*13.2*	*11.6*	*10.5*	*8.9*
as a percentage of total revenues	%	68.5	68.6	66.7	60.9	62.9	61.7	61.8	63.8	63.5	60.1	60.2	60.6	61.3	62.0
Depreciation	EUR mn	-0.2	-0.7	-1.2	-1.9	-2.5	-3.4	-4.2	-5.1	-5.8	-6.6	-7.1	-7.5	-8.0	-8.5
Valuation result	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**EUR mn**	**0.5**	**1.7**	**2.7**	**3.6**	**4.5**	**5.6**	**9.1**	**10.1**	**9.7**	**11.2**	**13.4**	**14.7**	**16.3**	**17.9**
Operating result	**EUR mn**	**0.5**	**1.7**	**2.7**	**3.6**	**4.5**	**5.6**	**6.3**	**7.8**	**9.0**	**9.8**	**11.5**	**13.3**	**14.9**	**16.5**
Income from associates/investment	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation result from fin. derivatives	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest result	EUR mn	-0.1	-0.6	-0.9	-1.3	-1.7	-2.1	-2.6	-2.9	-3.9	-4.9	-6.1	-6.7	-7.4	-8.3
Other financial income/expenses	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial result	EUR mn	-0.1	-0.6	-0.9	-1.3	-1.7	-2.1	-2.6	-2.9	-3.9	-4.9	-6.1	-6.7	-7.4	-8.3
EBT	**EUR mn**	**0.4**	**1.1**	**1.8**	**2.3**	**2.8**	**3.5**	**6.5**	**7.2**	**5.8**	**6.2**	**7.3**	**7.9**	**8.9**	**9.6**
Change yoy	%	*n.a.*	*211.7*	*60.4*	*26.8*	*23.3*	*25.8*	*86.3*	*10.3*	*-18.7*	*6.9*	*17.8*	*8.0*	*11.9*	*8.0*
Income taxes	EUR mn	-0.1	-0.2	-0.3	-0.4	-0.4	-0.5	-1.0	-1.2	-1.0	-1.0	-1.1	-1.2	-1.4	-1.5
Other taxes	EUR mn	0.0	-0.1	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8
Tax rate	%	16.8	19.7	23.1	24.5	25.6	28.2	22.6	24.8	28.6	26.7	25.0	25.0	24.8	24.1
Net profit	**EUR mn**	**0.3**	**0.9**	**1.4**	**1.7**	**2.1**	**2.5**	**5.0**	**5.4**	**4.2**	**4.6**	**5.5**	**6.0**	**6.7**	**7.3**
Change yoy	%	*n.a.*	*200.8*	*53.5*	*24.6*	*21.5*	*21.4*	*100.8*	*7.1*	*-22.8*	*9.7*	*20.6*	*8.0*	*12.2*	*9.0*
as a percentage of total revenues	%	29.3	25.9	23.4	18.7	18.4	17.2	29.4	26.7	17.9	16.7	17.8	17.4	17.9	18.1
Minority interest	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit after minority interest	**EUR mn**	**0.3**	**0.9**	**1.4**	**1.7**	**2.1**	**2.5**	**5.0**	**5.4**	**4.2**	**4.6**	**5.5**	**6.0**	**6.7**	**7.3**
Direct investment result	**EUR mn**	**0.5**	**1.6**	**2.6**	**3.6**	**4.6**	**5.9**	**7.1**	**8.6**	**9.7**	**10.0**	**11.0**	**12.3**	**13.5**	**14.6**
Change yoy	%	*n.a.*	*200.8*	*63.3*	*40.3*	*27.0*	*27.5*	*20.3*	*21.4*	*12.7*	*3.8*	*9.4*	*11.8*	*10.3*	*7.9*
Indirect investment result	**EUR mn**	**-0.2**	**-0.7**	**-1.2**	**-1.9**	**-2.5**	**-3.4**	**-2.0**	**-3.2**	**-5.5**	**-5.5**	**-5.5**	**-6.3**	**-6.8**	**-7.3**
Funds from operations (FFO)	**EUR mn**	**0.5**	**1.6**	**2.6**	**3.6**	**4.6**	**5.9**	**7.1**	**8.6**	**9.7**	**10.0**	**11.0**	**12.3**	**13.5**	**14.6**
Change yoy	%	*n.a.*	*200.8*	*63.4*	*41.1*	*26.5*	*27.3*	*20.2*	*21.6*	*12.8*	*3.7*	*9.3*	*11.8*	*10.3*	*7.9*
FFO margin	%	57.2	52.1	50.7	47.9	48.4	48.2	48.5	49.7	48.0	43.3	41.7	42.1	42.6	42.7
Number of shares at period end	mn	2.2	3.5	3.5	3.9	4.4	4.4	4.4	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Avg. number of shares outstanding	mn	2.2	2.9	3.5	3.6	4.0	4.4	4.4	4.7	4.8	4.8	4.8	4.8	4.8	4.8
EPS reported	**EUR**	**0.14**	**0.30**	**0.38**	**0.46**	**0.51**	**0.57**	**1.14**	**1.15**	**0.87**	**0.95**	**1.15**	**1.24**	**1.39**	**1.52**
EPS adjusted	EUR	0.24	0.54	0.73	1.00	1.14	1.33	1.60	1.82	2.01	2.09	2.29	2.56	2.82	3.04
FFO per share	**EUR**	**0.24**	**0.54**	**0.73**	**1.01**	**1.14**	**1.33**	**1.60**	**1.82**	**2.02**	**2.09**	**2.29**	**2.56**	**2.82**	**3.04**
DPS	**EUR**	**0.10**	**0.20**	**0.34**	**0.40**	**0.45**	**0.48**	**0.51**	**0.54**	**0.57**	**0.60**	**0.63**	**0.66**	**0.70**	**0.76**

Source: Company data, Baader Helvea Equity Research

CASH FLOW STATEMENT

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Consolidated profit	EUR mn	0.3	0.9	1.4	1.7	2.1	2.5	5.0	5.4	4.2	4.6	5.5	6.0	6.7	7.3
Unrealized net gain from fair value adjustments	EUR mn	0.2	0.7	1.2	1.9	2.5	3.4	4.2	5.1	5.8	6.6	7.1	7.5	8.0	8.5
Result from the disposal of investment properties	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	-2.8	-2.2	-0.7	-1.6	-2.2	-1.6	-1.6	-1.6
Changes in provisions	*EUR mn*	*0.0*	*0.1*	*0.4*	*0.2*	*-0.3*	*0.2*	*0.0*	*0.1*	*-0.2*	*0.7*	*0.1*	*0.0*	0.0	0.0
Interest income	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2
Interest expense	EUR mn	0.1	0.6	0.9	1.3	1.7	2.1	2.6	2.9	4.2	5.2	6.3	6.9	7.6	8.5
Result from income taxes	EUR mn	0.1	0.2	0.4	0.6	0.7	0.5	1.0	1.2	1.0	1.0	1.1	1.2	1.4	1.5
Changes in trade receivables and other assets	*EUR mn*	*0.0*	*-0.2*	*-0.4*	*-0.9*	*-0.8*	*-0.8*	*-1.3*	*-0.4*	*-0.5*	*0.7*	*-0.2*	*-0.3*	*-0.3*	*0.0*
Changes in trade payables and other liabilities	*EUR mn*	*-0.1*	*0.1*	*-1.2*	*0.4*	*0.3*	*-0.3*	*1.6*	*-0.8*	*0.7*	*0.2*	*0.5*	*0.2*	*0.0*	*0.0*
Other non-cash income/expenses	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash generated from operations	**EUR mn**	**0.5**	**2.4**	**2.7**	**5.3**	**6.2**	**7.6**	**10.3**	**11.3**	**14.2**	**17.0**	**18.1**	**19.7**	**21.6**	**24.0**
Interest paid	EUR mn	-0.1	-0.6	-0.9	-1.3	-1.7	-2.1	-2.6	-2.9	-3.9	-5.1	-6.3	-6.9	-7.6	-8.5
Interest received	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.2	0.2	0.2	0.2
Tax paid	EUR mn	-0.1	-0.2	-0.4	-0.6	-0.7	-0.6	-0.3	-0.4	-1.3	-0.6	-0.7	-0.8	-0.8	-0.8
Cash flow from operating activities	**EUR mn**	**0.4**	**1.6**	**1.4**	**3.4**	**3.8**	**5.0**	**7.4**	**8.0**	**9.3**	**11.6**	**11.3**	**12.2**	**13.4**	**14.9**
Proceeds from investment properties	EUR mn	0.0	0.0	0.0	0.1	0.0	0.0	5.2	2.1	4.9	7.9	8.4	6.3	6.3	6.3
Purchase of investment properties	EUR mn	-14.3	-17.9	-22.0	-31.2	-16.1	-37.9	-27.5	-45.2	-22.6	-43.8	-24.0	-29.4	-27.5	-27.5
Capital spending on IP	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.2	-3.7	-4.0	-4.3
Capital spending on financial assets	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	0.1	0.4	0.0	0.0	0.0	0.0
Purchase of fixed assets	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Acquisition of a subsidiary	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.5	-0.5	-0.6	-0.7
Cash flow from investing activities	**EUR mn**	**-14.3**	**-17.9**	**-22.0**	**-31.1**	**-16.1**	**-37.9**	**-22.4**	**-43.6**	**-17.7**	**-35.5**	**-19.5**	**-27.5**	**-26.0**	**-26.4**
Free cash flow	**EUR mn**	**-14.0**	**-16.3**	**-20.6**	**-27.7**	**-12.3**	**-32.9**	**-15.0**	**-35.6**	**-8.4**	**-23.8**	**-8.1**	**-15.3**	**-12.6**	**-11.5**
Cash received from equity contributions	EUR mn	1.3	4.3	0.1	4.5	7.8	0.0	0.0	10.3	0.0	0.0	0.0	0.0	0.0	0.0
Cash paid for the acquisition of treasury shares	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inflow/Outflow from interest-bearing debt	EUR mn	12.2	10.0	22.2	24.7	10.2	32.2	14.3	29.9	9.7	25.5	12.1	18.0	16.0	15.0
Less previous year's dividend	EUR mn	0.0	-0.2	-0.7	-1.2	-1.6	-2.0	-2.1	-2.4	-2.6	-2.7	-2.9	-3.0	-3.2	-3.4
Others	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**EUR mn**	**13.5**	**14.0**	**21.6**	**28.0**	**16.5**	**30.2**	**12.2**	**37.7**	**7.1**	**22.7**	**9.2**	**15.0**	**12.8**	**11.6**
Changes in cash and cash equivalents	***EUR mn***	***-0.4***	***-2.3***	***1.0***	***0.3***	***4.2***	***-2.7***	***-2.8***	***2.1***	***-1.2***	***-1.1***	***1.1***	***-0.3***	***0.2***	***0.1***
Cash and cash equivalents on 1/1	EUR mn	4.1	3.7	1.5	2.5	2.8	7.0	4.3	1.5	3.7	2.4	1.3	2.4	2.1	2.3
Other changes	*EUR mn*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Cash and cash equivalents at FY end	**EUR mn**	**3.7**	**1.5**	**2.5**	**2.8**	**7.0**	**4.3**	**1.5**	**3.7**	**2.4**	**1.3**	**2.4**	**2.1**	**2.3**	**2.4**

Source: Company data, Baader Helvea Equity Research

DEFAMA

CONSOLIDATED BALANCE SHEET

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
ASSETS															
Non-current assets	**EUR mn**	**14.3**	**31.5**	**52.2**	**81.4**	**95.0**	**129.3**	**150.2**	**185.5**	**208.8**	**233.4**	**247.5**	**268.6**	**287.6**	**306.5**
Investment property	EUR mn	14.2	31.4	52.0	81.1	93.1	127.8	147.6	183.7	206.0	231.4	245.4	266.5	285.4	304.2
Advanced payments on IP	EUR mn	0.0	0.1	0.2	0.3	1.7	0.1	1.4	0.7	1.8	1.1	1.1	1.1	1.1	1.1
Property, plant and equipment	EUR mn	0.0	0.0	0.0	0.1	0.1	1.4	1.3	1.1	1.0	0.9	0.9	1.0	1.0	1.1
Intangible assets (incl. goodwill)	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Financial assets	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets	**EUR mn**	**3.8**	**1.7**	**3.2**	**4.3**	**9.3**	**7.4**	**6.0**	**13.8**	**9.3**	**6.2**	**7.4**	**7.4**	**7.9**	**8.0**
Investment properties held for sale	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets held for sale	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Trade receivables	EUR mn	0.0	0.1	0.2	0.5	0.4	0.8	1.0	6.2	3.1	1.7	1.7	1.8	1.9	1.9
Other receivables and assets	EUR mn	0.0	0.1	0.3	0.6	0.9	1.2	2.1	2.0	1.9	1.6	2.0	2.1	2.2	2.2
Accruals	EUR mn	0.0	0.1	0.2	0.4	1.0	1.1	1.4	1.4	1.4	1.3	1.3	1.4	1.5	1.5
Marketable securities and cash	EUR mn	3.7	1.5	2.5	2.8	7.0	4.3	1.5	4.2	2.8	1.3	2.4	2.1	2.3	2.4
Total assets	**EUR mn**	**18.1**	**33.2**	**55.4**	**85.8**	**104.3**	**136.7**	**156.3**	**199.3**	**218.1**	**239.5**	**254.9**	**276.0**	**295.5**	**314.4**
EQUITY AND LIABILITIES															
Equity	**EUR mn**	**5.7**	**10.6**	**11.4**	**16.4**	**24.7**	**25.2**	**28.1**	**41.3**	**42.9**	**44.7**	**47.4**	**50.3**	**53.8**	**57.7**
Minority interest	EUR mn	0.0	0.0	0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total shareholders' equity	**EUR mn**	**5.7**	**10.6**	**11.3**	**16.0**	**24.3**	**24.8**	**27.7**	**40.9**	**42.5**	**44.3**	**46.9**	**49.9**	**53.4**	**57.3**
Issued capital	EUR mn	2.2	3.5	3.5	3.9	4.4	4.4	4.4	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Capital reserves	EUR mn	2.2	6.1	6.1	10.0	17.3	17.3	17.3	27.2	27.2	27.2	27.2	27.2	27.2	27.2
Earnings reserves	EUR mn	0.3	0.9	1.6	2.1	2.6	3.1	6.0	8.9	10.5	12.3	15.0	17.9	21.4	25.3
Other reserves	EUR mn	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury shares	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**EUR mn**	**12.2**	**20.8**	**43.1**	**67.8**	**76.5**	**110.3**	**124.6**	**154.5**	**164.3**	**189.9**	**202.0**	**220.0**	**236.0**	**251.0**
Financial liabilities	EUR mn	12.2	20.8	43.1	67.8	76.5	110.3	124.6	154.5	164.3	189.9	202.0	220.0	236.0	251.0
Deferred tax liabilities	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	**EUR mn**	**0.1**	**1.8**	**1.0**	**1.6**	**3.1**	**1.3**	**3.5**	**3.5**	**11.0**	**4.9**	**5.5**	**5.7**	**5.7**	**5.7**
Financial liabilities	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade payables	EUR mn	0.0	0.1	0.2	0.3	0.5	0.3	1.0	0.6	1.5	1.5	1.8	2.0	2.0	2.0
Liabilities to related parties	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	EUR mn	0.0	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.6	1.1	1.2	1.2	1.2	1.2
Financial derivatives	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	EUR mn	0.1	1.6	0.6	1.1	2.4	0.7	2.3	2.5	8.9	2.3	2.5	2.5	2.5	2.5
Total equity and liabilities	**EUR mn**	**18.1**	**33.2**	**55.4**	**85.8**	**104.3**	**136.7**	**156.3**	**199.3**	**218.1**	**239.5**	**254.9**	**276.0**	**295.5**	**314.4**
Net debt	**EUR mn**	**8.5**	**19.4**	**40.6**	**65.0**	**69.5**	**106.0**	**123.1**	**150.4**	**161.4**	**188.6**	**199.6**	**217.9**	**233.7**	**248.6**
Net LTV	**%**	**36.1**	**40.3**	**55.6**	**60.2**	**56.1**	**59.9**	**61.0**	**60.1**	**58.3**	**59.1**	**58.0**	**57.6**	**56.8**	**56.1**
Equity ratio	**%**	**31.6**	**32.0**	**20.5**	**19.1**	**23.7**	**18.4**	**18.0**	**20.7**	**19.7**	**18.7**	**18.6**	**18.2**	**18.2**	**18.4**
Net debt/EBITDA	**x**	**12.3**	**8.2**	**10.4**	**11.7**	**9.9**	**11.8**	**11.6**	**11.7**	**10.9**	**11.5**	**10.7**	**10.5**	**10.2**	**10.0**
Interest coverage	**x**	**6.5**	**4.2**	**4.4**	**4.1**	**4.1**	**4.2**	**4.1**	**4.4**	**3.8**	**3.3**	**3.0**	**3.1**	**3.1**	**3.0**

Source: Company data, Baader Helvea Equity Research

Key data

DEFAMA

Germany

Real Estate

Reuters: DEF.DE Bloomberg: DEF GY

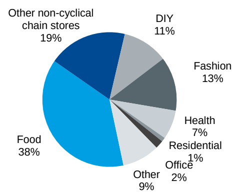
Add

Price on 22-Jul-25	EUR 28.00
Target price	**EUR 31.80**
High/Low (12M)	EUR 31.00/25.80
Market cap.	EUR mn 134

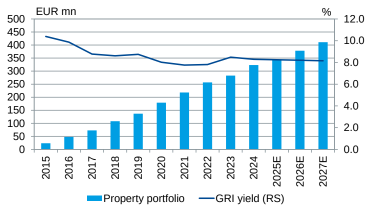
Company profile

DEFAMA Deutsche Fachmarkt AG is a Germany-based real estate company. The focus is on retail properties mainly in small and medium-sized cities. The company has a buy-and-hold approach.

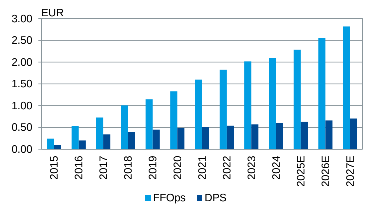
Rental income by tenant, (Jun-25)



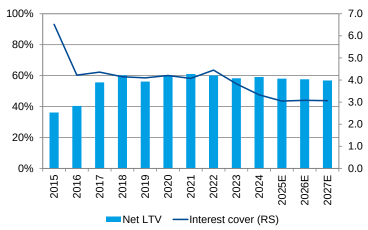
Portfolio value and gross yield



FFOps and DPS



Financial status



Source: Company data, LSEG, Baader Helvea Equity Research

Analyst: Andre Remke, CFA
+49 89 5150 1816
andre.remke@baaderbank.de

FY 31 Dec.	2022	2023	2024	2025E	2026E	2027E
Share data						
EPS adj. (EUR)	1.82	2.01	2.09	2.29	2.56	2.82
Indirect investment result (EUR)	-0.67	-1.14	-1.14	-1.14	-1.32	-1.43
EPS rep. (EUR)	1.15	0.87	0.95	1.15	1.24	1.39
FFOps (EUR)	**1.83**	**2.02**	**2.09**	**2.29**	**2.56**	**2.82**
Dividend (EUR)	0.54	0.57	0.60	0.63	0.66	0.70
Book value (EUR)	8.53	8.85	9.23	9.78	10.39	11.12
NAV adj. (EUR)	**22.80**	**23.79**	**27.64**	**29.55**	**32.93**	**36.54**
Number of shares (outstanding, mn)	4.8	4.8	4.8	4.8	4.8	4.8
Share price (avg./current, EUR)	25.24	22.27	26.32	28.00	28.00	28.00
Market cap. (avg./current, EUR mn)	118.6	106.9	126.4	134.4	134.4	134.4
Enterprise value (EUR mn)	268.9	268.3	314.9	334.0	352.3	368.1
Valuation	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
P/E adj. (x)	13.9	11.1	12.6	12.2	10.9	9.9
FFO yield (%)	**7.3**	**9.1**	**7.9**	**8.2**	**9.1**	**10.1**
Dividend yield (%)	2.1	2.6	2.3	2.3	2.4	2.5
Implied yield (EBITDA/EV), (%)	5.6	5.8	5.6	6.2	6.3	6.6
P/NAV (x)	**1.11**	**0.94**	**0.95**	**0.95**	**0.85**	**0.77**
P/BV (x)	2.96	2.52	2.85	2.86	2.69	2.52
ROCE/WACC (x)	1.49	1.38	1.33	1.26	1.28	1.33
(EV/CE)/(ROCE/WACC), (x)	0.94	0.95	1.02	1.08	1.03	0.97
Key company data	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Rental income growth (%)	18.6	16.9	14.9	13.4	10.6	9.0
EBITDA growth (%)	13.7	2.3	14.4	15.7	7.5	9.8
FFO growth (%)	**21.7**	**12.7**	**3.7**	**9.3**	**11.8**	**10.3**
FFO per share growth (%)	14.4	10.4	3.5	9.6	11.8	10.2
DPS growth (%)	5.9	5.6	5.3	5.0	4.8	6.1
EBITDA margin adj. (%)	88.0	77.0	76.7	78.2	76.0	76.6
ROE recurring (%)	20.8	22.5	22.4	23.2	24.4	25.1
Net gearing (%)	363.8	376.2	421.5	421.3	433.2	434.3
Net loan-to-value (%)	**60.1**	**58.3**	**59.1**	**58.0**	**57.6**	**56.8**
Equity ratio (%)	20.7	19.7	18.7	18.6	18.2	18.2
Interest cover (x)	4.4	3.8	3.3	3.0	3.1	3.1
Income statement (EUR mn)	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Total revenues	20.2	23.3	27.3	30.9	34.3	37.4
Gross rental income	17.3	20.2	23.2	26.3	29.1	31.7
Net rental income	16.0	18.5	21.0	23.8	26.7	29.1
EBITDA	15.2	15.5	17.8	20.6	22.1	24.3
EBIT	10.1	9.7	11.2	13.4	14.7	16.3
EBT	7.2	5.8	6.2	7.3	7.9	8.9
EBT adjusted	4.9	5.1	4.9	5.4	6.6	7.5
Net profit after minorities	5.4	4.2	4.6	5.5	6.0	6.7
Funds from operations (FFO)	**8.6**	**9.7**	**10.0**	**11.0**	**12.3**	**13.5**
Balance sheet (EUR mn)	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Investment property	184	206	231	245	266	285
Non-current assets	186	209	233	247	269	288
Cash and equivalents	4	3	1	2	2	2
Current assets	14	9	6	7	7	8
Total assets	**199**	**218**	**240**	**255**	**276**	**296**
Equity	41	43	45	47	50	54
Interest bearing debt	155	164	190	202	220	236
Total equity and liabilities	**199**	**218**	**240**	**255**	**276**	**296**
Net debt	150	161	189	200	218	234
Cash flow (EUR mn)	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Cash flow from operating activities	8.0	9.3	11.6	11.3	12.2	13.4
Cash flow from investing activities	-43.6	-17.7	-35.5	-19.5	-27.5	-26.0
Free cash flow	-35.6	-8.4	-23.8	-8.1	-15.3	-12.6
Dividend paid	-2.4	-2.6	-2.7	-2.9	-3.0	-3.2
Cash flow from financing activities	37.7	7.1	22.7	9.2	15.0	12.8
Changes in cash position	2.2	-1.2	-1.1	1.1	-0.3	0.2

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Disclaimer

Important Notice and Disclosures pursuant to Art. 20 of the Regulation (EU) No 596/2014 of 16 April 2014 and the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 and pursuant to Art. 34, 36 and 37 of the Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016

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Applicable Key Factors

Company	**Key**
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Company	**Date**	**Rating**	**Currency**	**Target price**	**Closing price as of**	**Analyst**

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The following is an explanation of the ratings, if any, included in this document.

Expected total return based on forecast dividend and 12-month price targets.

Rating	Expected total return
Buy	>20%
Add	5%-20%
Reduce	-10% to 5%
Sell	<-10%

Research ratings key:
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