

CONFERENCE CALL

Preliminary Results FY 2020

24 MARCH 2021

#anticipation

DES
Deutsche EuroShop

Update on Business Activities - Summary

- Operations
 - Continued “hard” lockdowns with substantial negative impact on frequencies and tenant turnovers for almost all centers
 - Footfall numbers (February 2021): approx. 34% of normal levels
 - Quick recovery of footfall numbers after shop reopenings to levels of 60 to 80% (with strong restrictions still in place; e.g. masks)
 - Tenant turnover 2020 (full year): -22.8% (substantial deviations among segments)

- Rents
 - Collection ratio 2020 (after rent concessions): 89% (January/February 2021: approx. 60%)
 - Negotiations with tenants concerning (temporary) relief measures for lock down periods continuing:
 - Change in law in Germany strengthened the legal position of tenants for periods of shop closings
 - Co-operative approach to find and agree on sustainable commercial solutions
 - Tenant insolvencies since start of corona pandemic: c. 8.9% of DES rents (last reported: 7.3%)
 - most of the affected tenants target restructuring of business activities

Update on Business Activities - Summary

- **Financials & Liquidity**
 - Solid cash position DES Group: **€266m** (30 December 2020)
 - Signing of credit line facility of €150m (until 2024) in January 2020
 - Negotiations of three loan prolongations ongoing (€118m becoming due in June/July 2021)
 - Continued trustful and cooperative talks with current banking partners
 - Dividend proposal: mandatory minimum dividend of 4 cent/share for 2020 for prudent liquidity management reasons (given ongoing hard lockdown for most part of the portfolio)
 - No forecast possible for FY 2021 due to unpredictable development of pandemic:
 - impact on the economy, customer behaviour, retail turnovers and special tenant arrangements

- **CEO Appointment**
 - The Supervisory Board has extended the appointment of Wilhelm Wellner until 30 June 2025



Current Regulations in DES' Markets*

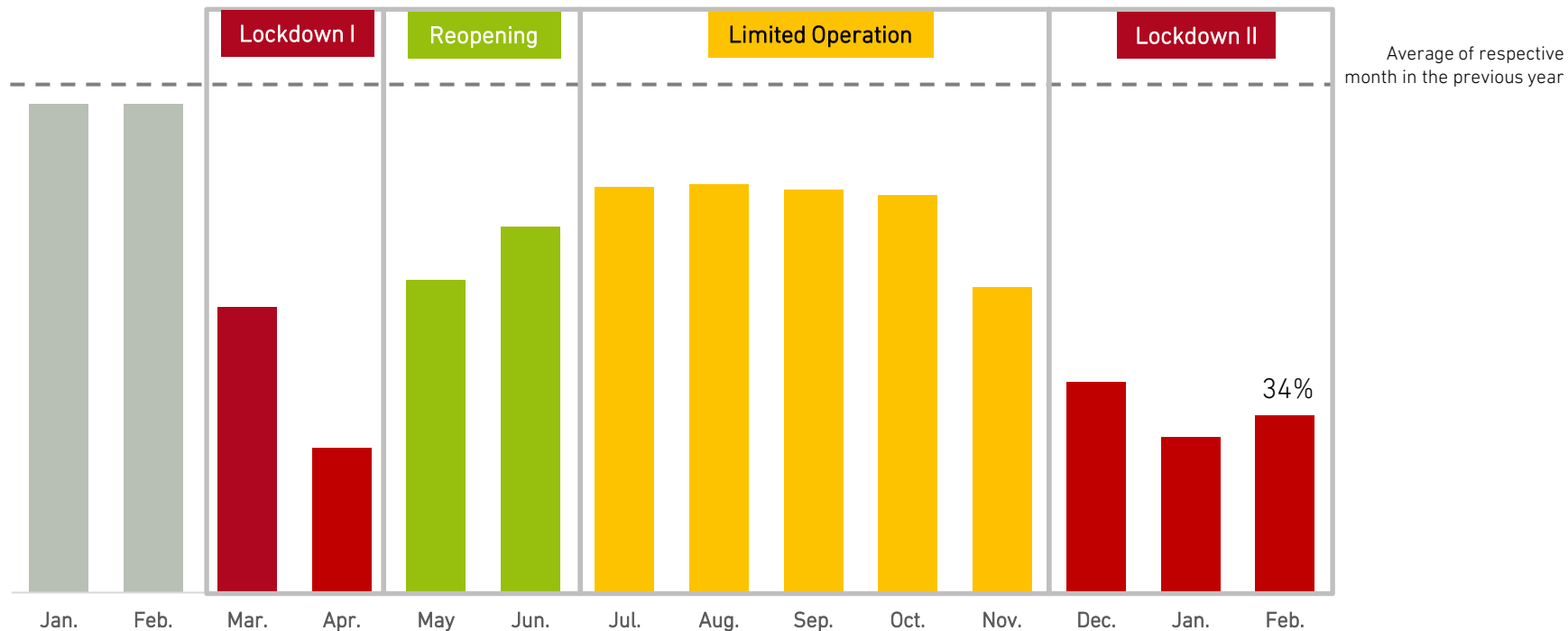
- Germany**
- **Step-by-step Lockdown** – until 18 Apr. 2021
 - F&B only for take away
 - Several local regulations depending on the incidence value (<50: limited customers per sqm; <100: click and meet)
- Austria**
- **Soft Lockdown** – since 8 Feb. 2021
 - F&B only for take away
 - 1 customer per 20 sqm, shops have to close at 7 pm
 - Curfew and restrictions (FFP2 masks, shop staff has to be tested every 7 days)
- Czech Republic**
- **Hard Lockdown** – until 28 Mar. 2021
 - F&B only for take away
 - Curfew and restrictions
- Hungary**
- **Hard Lockdown** – until 29 Mar. 2021
 - Entertainment and fitness closed
 - F&B only for take away
 - Curfew and restrictions
- Poland**
- **Hard Lockdown** – until 9 Apr. 2021
 - F&B only for take away
 - Entertainment and fitness closed
 - Curfew and local restrictions



* Status: 22 March 2021; subject to possible short-term regional relaxations/intensifications.

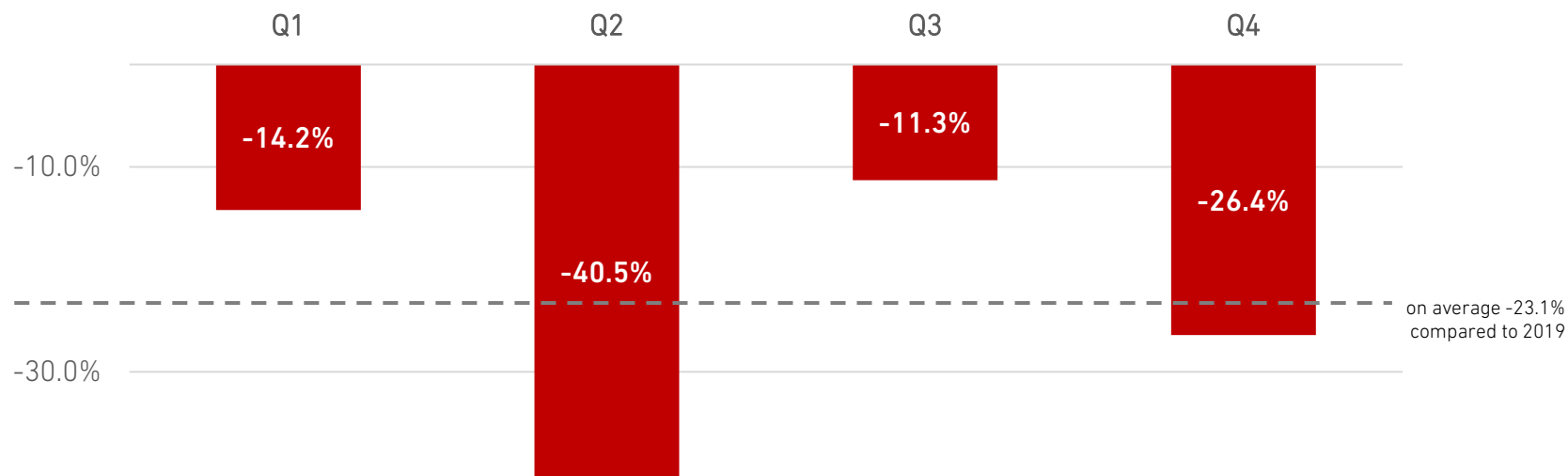
Corona Impact – Footfall

Development of the daily frequency / average of respective month in the previous year



Corona Impact – Retail Turnover

Development of retail turnover of centers in Germany 2020 compared to the previous year



Retail turnover 2020¹

RETAIL SECTOR	% change in 2020	rent-to-sales ratio in %	occupancy cost ratio (OCR) in %	% of sales ²	% of space ²
DEPARTMENT STORES & HYPERMARKETS	-19.2	8.1	11.1	8.9	15.5
FOOD	-14.1	8.1	11.0	11.8	7.7
FASHION TEXTILES	-29.4	16.3	21.8	26.1	38.
SHOES & LEATHER GOODS	-33.0	19.8	26.3	3.4	4.6
SPORTS	-23.4	12.5	17.0	3.2	3.6
HEALTH & BEAUTY	-16.9	8.5	10.8	15.8	7.3
GENERAL RETAIL	-17.9	13.3	17.2	9.1	9.8
ELECTRONICS	-12.4	4.2	5.5	17.0	8.2
SERVICES	-59.0	14.1	17.9	1.6	1.2
FOOD CATERING	-37.5	18.8	24.5	3.1	3.2
TOTAL	-22.7	11.1	14.7	100³	100³

Germany Abroad Total

→ Retail turnover development on a like-for-like basis: -22.7% -11.1% -21.7%

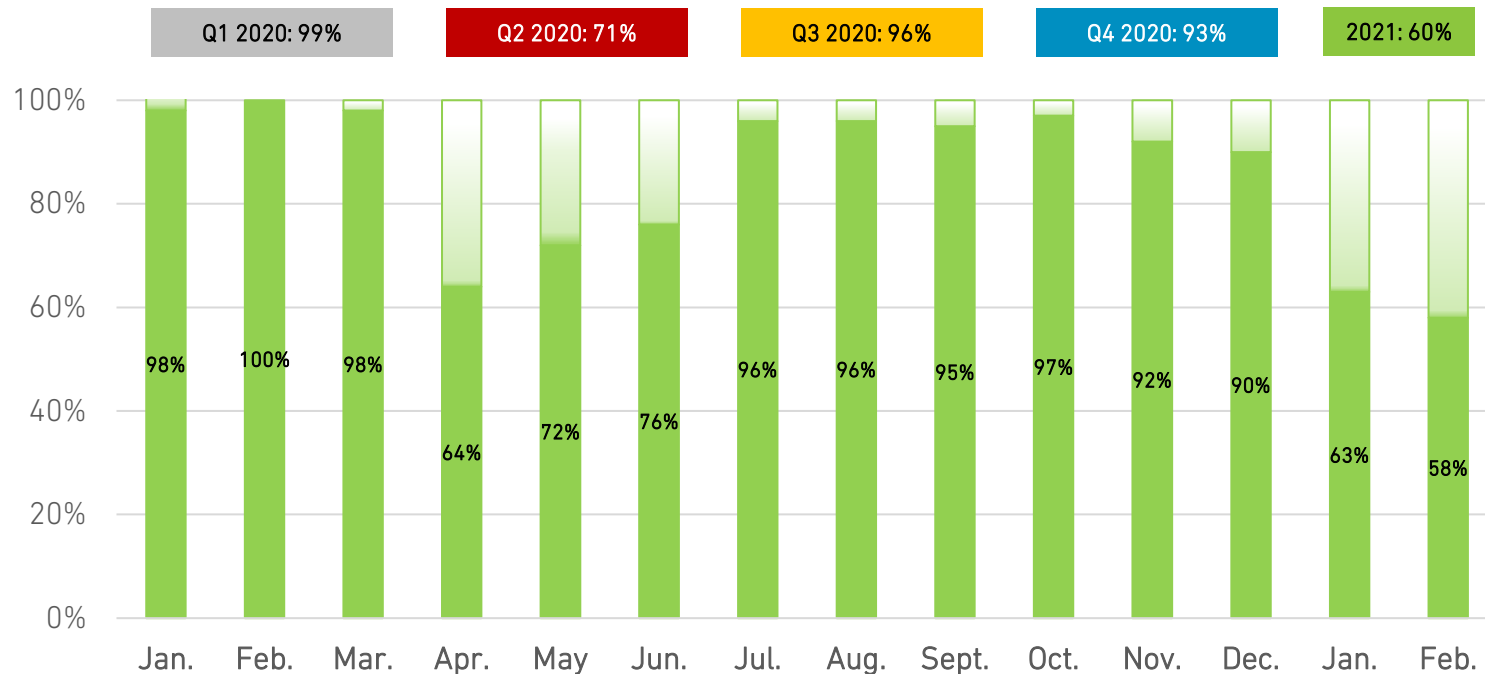
→ Absolute retail turnover development: -26.4% -24.3% -26.0%

¹ German centers on a like-for-like basis (turnover 2020: €1.2 billion)

² Not all tenants reported punctually due to Covid-19, so the figures are not fully comparable with historical ones.

³ The sum may not equal the totals due to rounding

Corona Impact – Collection Rates 2020¹

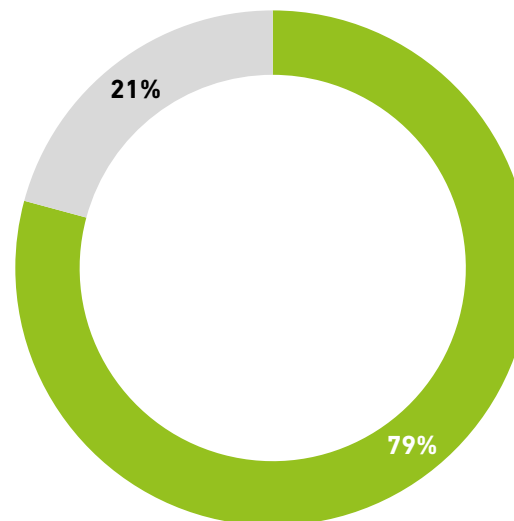


¹ after rent concessions

Tenant Structure: Top 10 Tenants¹

	2020	2019
H&M	3.3%	3.6%
Peek & Cloppenburg	2.5%	2.4%
Ceconomy	2.4%	2.6%
New Yorker	2.2%	2.4%
Deichmann	2.1%	2.1%
C&A	2.1%	2.0%
Douglas	1.9%	1.8%
DM	1.7%	1.8%
Thalia	1.4%	1.2%
Bestseller	1.3%	1.1%
Total	20.8%	21.0%

LOW LEVEL OF DEPENDENCE ON THE TOP 10 TENANTS



■ TOP 10 Tenants

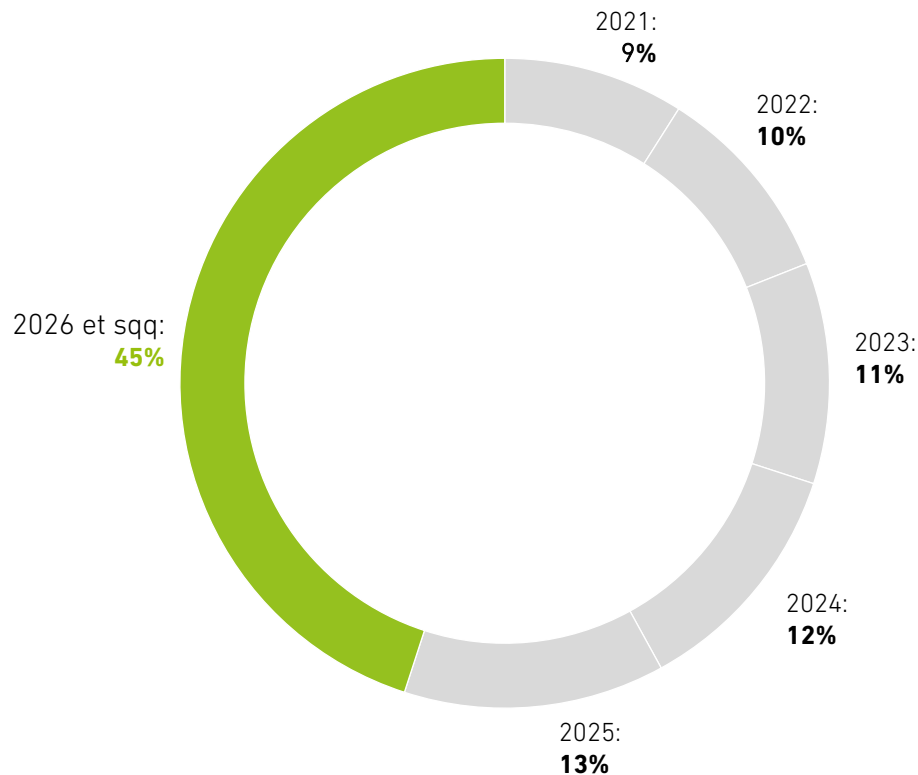
¹ in % of total retail rents as at 31 December 2020

Maturity Distribution of Rental Contracts¹

Long-term contracts base rental income

Weighted maturity 5.0 years

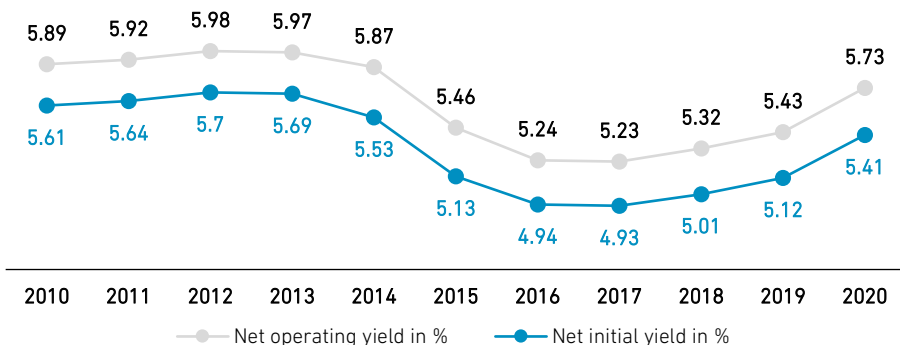
→ Occupancy rate: 95.4%



¹ as % of rental income as at 31 December 2020

Valuation¹ – Investment Properties 2020

in € thousand	2020	2019	CHANGE
Revaluation	-400,204	-88,560	-311,644
Revaluation at-equity	-73,786	-25,854	-47,932
Impairment Goodwill	-2,008	0	-2,008
Minority interest	46,367	-5,628	51,995
Valuation result before taxes	-429,631	-120,042	-309,589
Deferred taxes	76,730	21,235	55,495
Valuation result after taxes²	-352,901	-98,807	-254,094



Valuation of Investment Properties influenced by:

- Increase of Net Initial Yields (NIY) for shopping centers due to limited demand and fewer market transactions and change of risk profile (Corona impact)
- Adjusted expectations for market rents and reletting periods
- Expected higher investments for center positioning and reletting

SENSITIVITY ANALYSIS

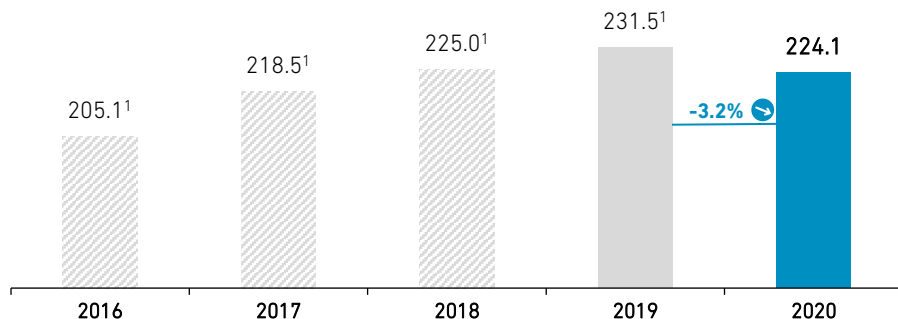
IN € THOUSAND	Basis	change of -25bps	change of +25bps
Rent increase rates	1.00%	-105,700	+161,900
Discount rate	6.07%	+72,200	-67,800
Capitalization rate	5.25%	+118,600	-103,400
	Basis	change of -100bps	change of +100bps
Cost ratio	12.00%	+41,200	-40,700

¹ External appraisers: JLL (since 2015)

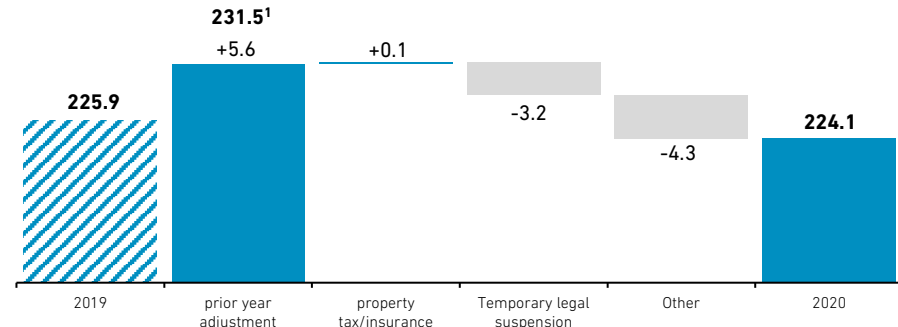
² Attributable to group shareholders

Revenues - Effected by Corona-Legislation and Accounting Change

REVENUE in € million



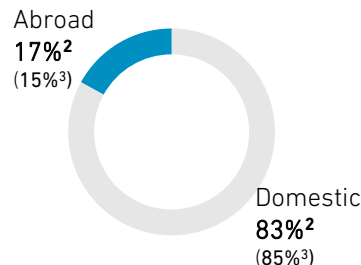
Revenue bridge 2020 in € million



- Recognition of rental income according to lease contracts
- Decrease in revenues to €224.1m (-3.2%)
- Influenced by the situation in Poland: Temporary legal suspension of rents based on a new law to cushion the effects of the pandemic (-€3.2m)

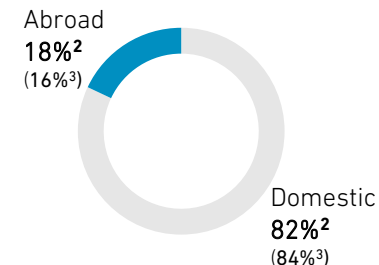
2020

Share of revenue



2019

Share of revenue



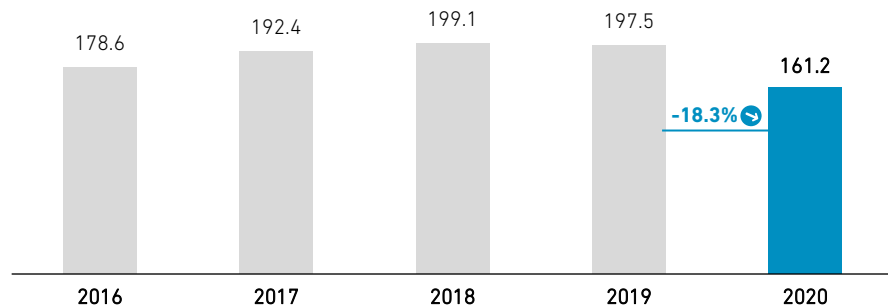
¹In 2020, there was a change in the disclosure of revenue with an adjustment of the prior-year figures for 2019. The property tax and building insurance charges are no longer reported on a net basis. As a consequence the revenues (as well as the operating costs) were increased by €5.7m (2020) and €5.6m (2019) leaving the NOI unchanged. A comparison with the years 2016 to 2018 is therefore only possible to a limited extent.

² "look through" (calculated on the basis of the group share)

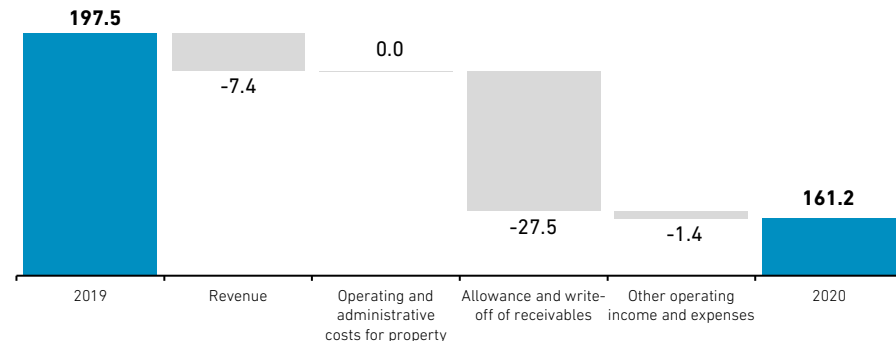
³ consolidated

EBIT - Strong impact from Corona Rent Concessions and Insolvencies

EBIT
in € million



EBIT bridge 2020
in € million

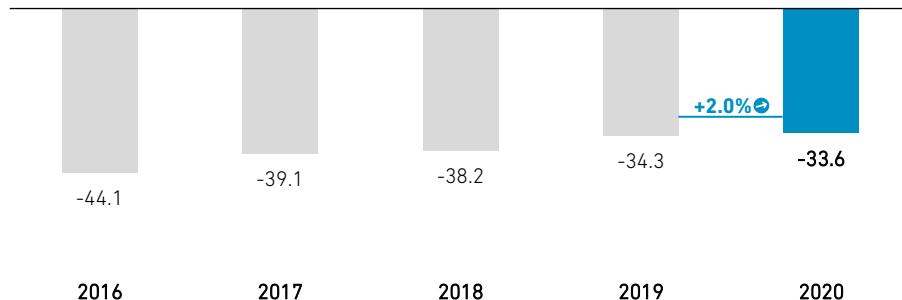


- EBIT decreased to €161.2m (-18.3%)
- Decline due to higher allowances and write of rent receivables (€ -27.5m) and the Corona-related decline in revenues
- Allowances estimated based on actual or expected losses in connection of tenant support measures and insolvencies
- Effect of first lock down on business years due to straight line accounting method approx. 2021: €-1.9m, 2022: €-0.8m, 2023 follow.: €-2.8m

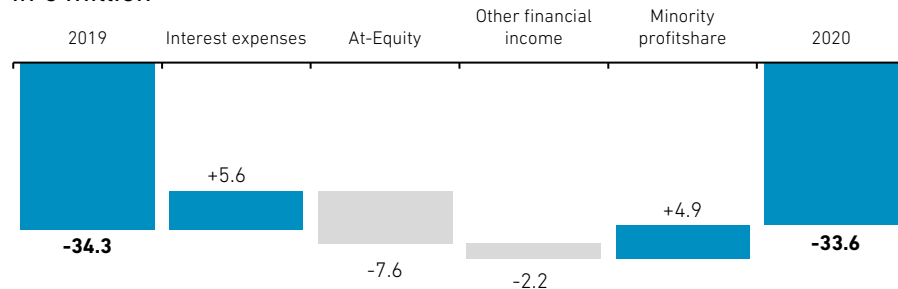
in € thousand	01.01. – 31.12.2020	01.01. – 31.12.2019
Revenue	224,104	231,487
Operating and administrative costs for property	-28,288	-28,301
Allowance and write-off of receivables	-29,218	-1,674
NOI	166,598	201,512
Other operating income	2,400	1,915
Other operating expenses	-7,759	-5,958
EBIT	161,239	197,469

Financial Result¹ - Further Improvement

Financial result¹ in € million



Financial result bridge 2020¹ in € million



¹ excluding valuation

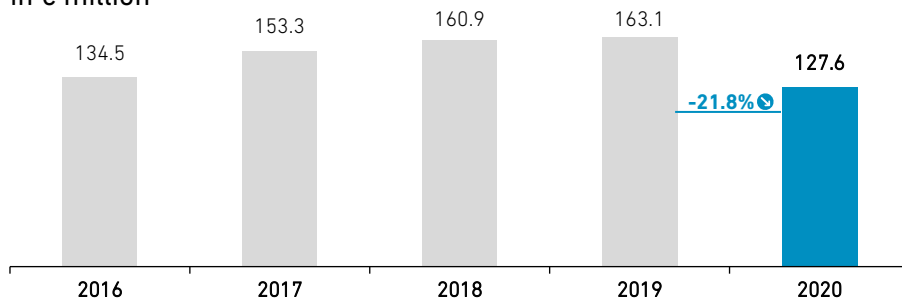
² relating to an tax refund for previous years

- Financial result slightly increased (€+0.7m).
- Interest expenses reduced by €5.6m due to favourable refinancings (Rhein-Neckar-Zentrum Viernheim and A10 Center Wildau)
- At-equity operating profit¹ decreased by €7.6m due to a Corona-related decline in revenues and higher allowances in the joint venture companies
- Other financial income in the prior year was influenced by an exceptional one-off interest income² of €2.2m
- Minority result declined due to corona-impact (€+4.9m)

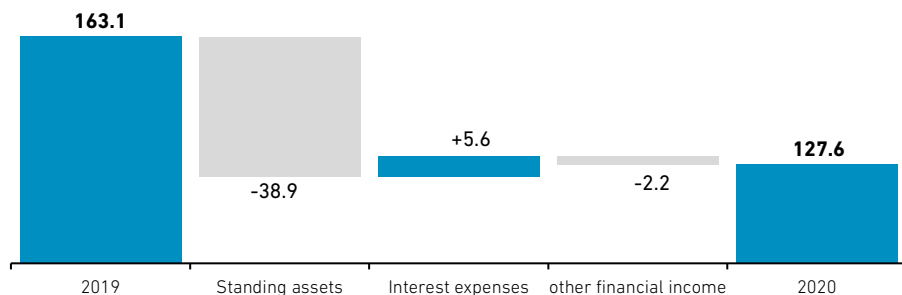
in € thousand	01.01. – 31.12.2020	01.01. – 31.12.2019
At-equity profit/loss	-51,482	4,345
Valuation (at equity)	73,786	25,854
Deferred taxes (at equity)	717	417
At-equity (operating) profit/loss	23,021	30,616
Interest expense	-43,716	-49,256
Profit/loss attributable to limited partners	-13,501	-18,443
Other financial result (incl. swaps)	547	2,745
Financial result¹	-33,649	-34,338

EBT¹ Burdened by the Impact of the Corona-Pandemic

EBT¹
in € million



EBT¹ bridge 2020
in € million



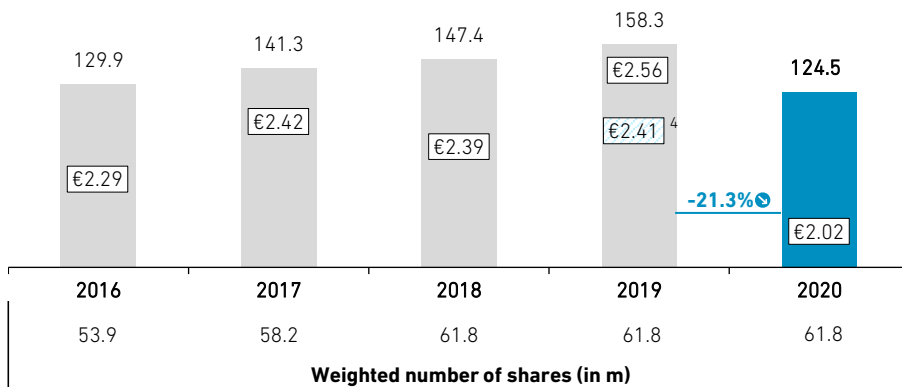
¹ excluding valuation

- EBT (excl. valuation) significantly below previous year -21.8% (€-35.5m) due lower operating results
- Interest savings with positive impact (€+5.6m)
- One-off interest income in relation to tax refunds in 2019 as extraordinary and one-off influence factor

in € thousand	01.01. – 31.12.2020	01.01. – 31.12.2019
EBIT	161,239	197,469
Financial result ¹	-33,649	-34,338
EBT ¹	127,590	163,131

EPRA Earnings

EPRA earnings
in € million (per share in €)



- EPRA earnings declined by €33.8m to €124.5m
- tax refunds and related interest income as extraordinary and one-off influence factor in the prior year (€9.0m³)
- EPRA Earnings per share decreased from €2.56 (€2.41 excl. one-offs) to €2.02

EPRA EARNINGS

	01.01. – 31.12.2020		01.01. – 31.12.2019	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	-251,717	-4.07	112,091	1.81
Valuation investment properties ¹	427,623	6.92	120,042	1.94
Valuation derivative financial instruments ¹	-88	0.00	-350	0.00
Impairment Goodwill	2,008	0.03	0	0.00
Deferred taxes in respect of EPRA adjustments ²	-53,290	-0.86	-73,523	-1.19
EPRA Earnings	124,536	2.02	158,260	2.56
Weighted number of no-par-value shares issued		61,783,594		61,783,594

¹ including the share attributable to equity-accounted joint ventures and associates

² affects deferred taxes on investment properties and derivative financial instruments

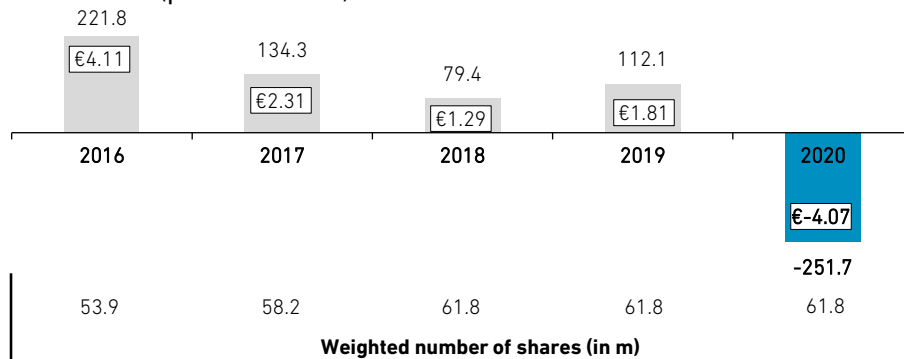
³ including the tax expense attributable to the interest refund

⁴ excluding one-offs related to tax refund and related interest income for previous years

Consolidated Result – Dominated by Negative Valuation Result

Consolidated profit

in € million (per share in €)



Consolidated result decreased in total by €-363.8m.

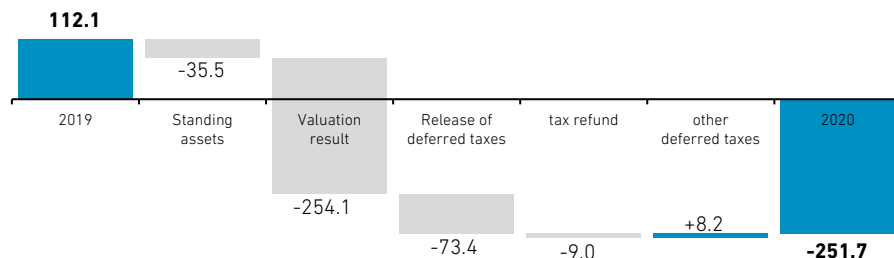
The following effects are included in that change:

- Reduced result from standing assets (€-35.5m)
- Valuation result with dominating impact (€-254.1m)
- One-off prior year release of deferred taxes (€-73.4m) and tax refunds (€-9.0m¹)
- Smaller changes due to other deferred taxes

Earnings per share decreased from €1.81 to €-4.07

Consolidated profit bridge 2020

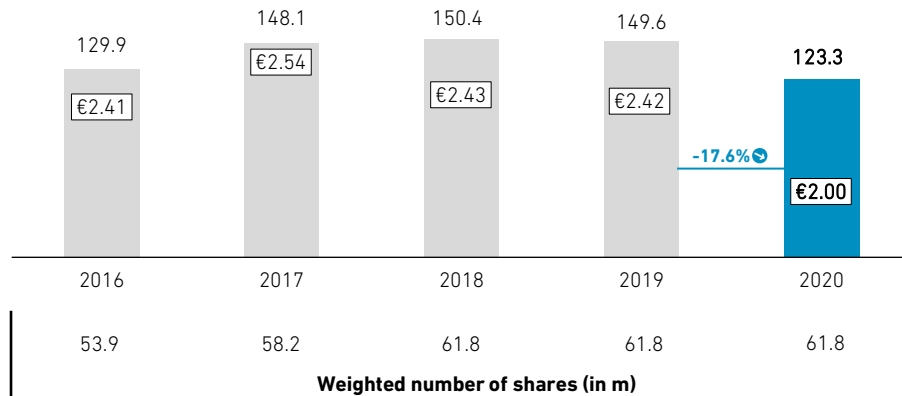
in € million



¹ including the tax expense attributable to the interest refund

Development of Funds From Operations (FFO)

FFO
in € million (per share in €)



Funds From Operations (FFO) are used to finance the distribution of dividends, scheduled repayments on our long-term bank loans and ongoing investments in portfolio properties.

- FFO of €123.3m declined to previous years level (€149.6m), mainly influenced by corona-related lower revenues and higher allowances for rent receivables
- FFO per share decreased from €2.42 to €2.00
- FFO to be analysed in conjunction with cash collection ratios

FUNDS FROM OPERATIONS

	01.01. – 31.12.2020		01.01. – 31.12.2019	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	-251,717	-4.07	112,091	1.81
Valuation investment properties ¹	427,623	6.92	120,042	1.94
Tax refund for previous years ²	0	0.00	-8,994	-0.15
Impairment Goodwill	2,008	0.03	0	0.00
Deferred taxes ¹	-54,591	-0.88	-73,548	-1.18
FFO	123,323	2.00	149,591	2.42
Weighted number of no-par-value shares issued		61,783,594		61,783,594

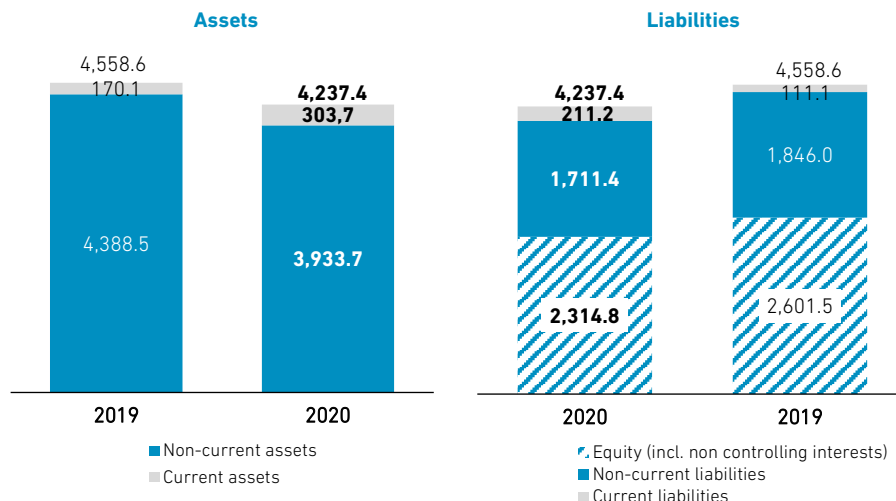
¹ including the share attributable to equity-accounted joint ventures and associates

² including the tax expense attributable to the interest refund

Balance sheet: Solid and Robust Structure

BALANCE SHEET STRUCTURE

in € million



- Equity ratio stands at a solid 54.6%
- LTV decreased to 32.9% (“look-through” 35.8%³) due to devaluation of properties
- Group Liquidity: €266m (€236m excl. short term credit line)

BALANCE SHEET AS AT 31 DECEMBER 2020

in € thousand	31.12.2020	31.12.2019	Change
Non-current assets	3,933,724	4,388,455	-454,731
Cash and cash equivalents	266,030	148,087	117,943
Other current assets	37,627	22,063	15,564
Total assets	4,237,381	4,558,605	-321,224
Equity	2,003,246	2,249,573	-246,327
Right to redeem of limited partners	311,525	351,905	-40,380
Equity (including minority interest)	2,314,771	2,601,478	-286,707
Financial liabilities	1,541,428	1,512,347	29,081
Deferred taxes	324,978	378,755	-53,777
Other liabilities	56,204	66,025	-9,821
Total equity and liabilities	4,237,381	4,558,605	-321,224
Equity ratio in % ¹	54.6%	57.1%	
LTV ratio in % ²	32.9%	31.5%	
LTV ratio (“look-through”) in % ³	35.8%	33.7%	

¹ including third-party interest in equity

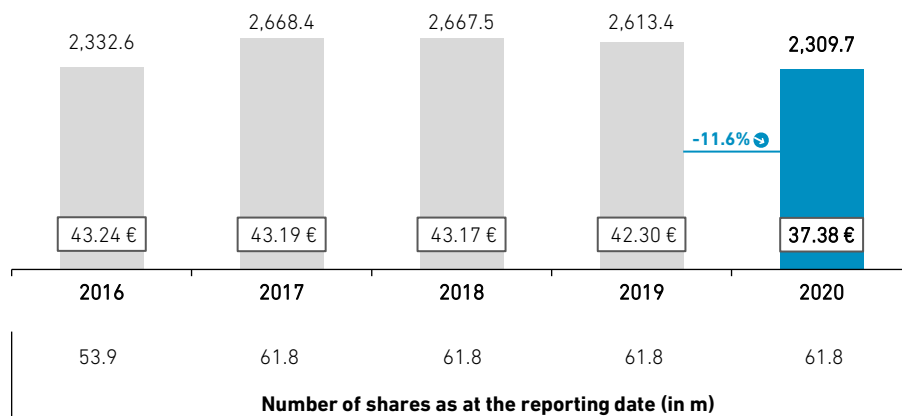
² ratio of net financial liabilities (financial liabilities less cash and cash equivalents) to non current assets (investment properties and investments accounted for using the equity method).

³ ratio of net financial liabilities to long-term assets, calculated on the basis of the group share

Net Tangible Assets (EPRA)

EPRA NTA

in € million (per share in €)



- EPRA NTA decreased to €37.38 (-11.6%) due to lower property values
- Share price discount to NTA: 53% (22 March 2021)

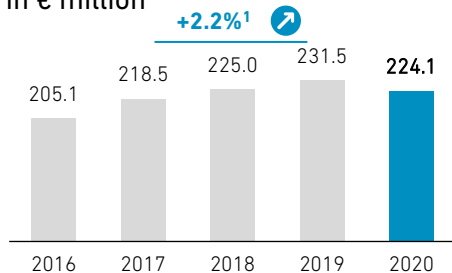
EPRA NTA

	01.01. – 31.12.2020		01.01. – 31.12.2019	
	in € thousand	per share in €	in € thousand	per share in €
Equity	2,003,246	32.42	2,249,573	36.41
Derivative financial instruments measured at fair value ¹	26,138	0.42	33,726	0.55
Equity excluding derivative financial instruments	2,029,384	32.84	2,283,299	36.96
Deferred taxes on investment properties and derivative financial instruments ¹	332,059	5.38	383,818	6.21
Intangible assets	-13	0.00	-25	0.00
Goodwill as a result of deferred taxes	-51,719	-0.84	-53,727	-0.87
EPRA NTA	2,309,711	37.38	2,613,365	42.30
Weighted number of no-par-value shares issued		61,783,594		61,783,594

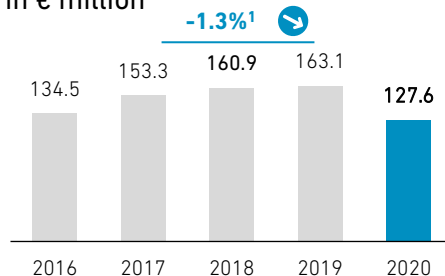
¹ Including the share attributable to equity-accounted joint ventures and associates

Key Figures

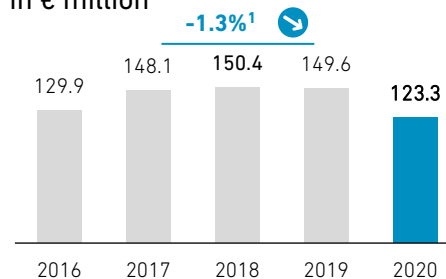
REVENUE in € million



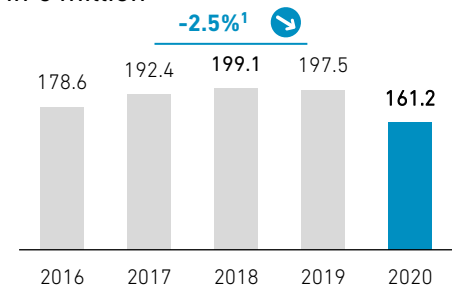
EBT (excl. valuation) in € million



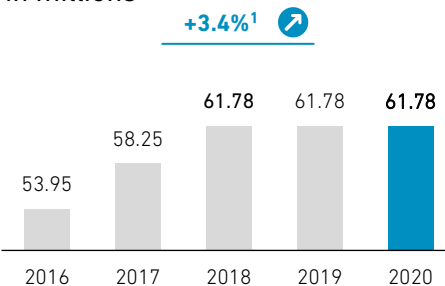
FFO in € million



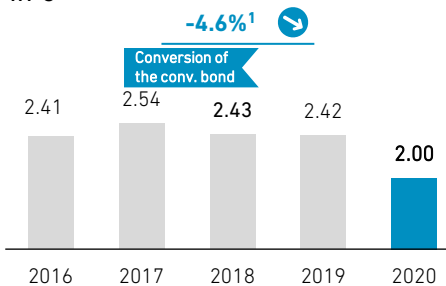
EBIT in € million



NUMBER OF SHARES in millions



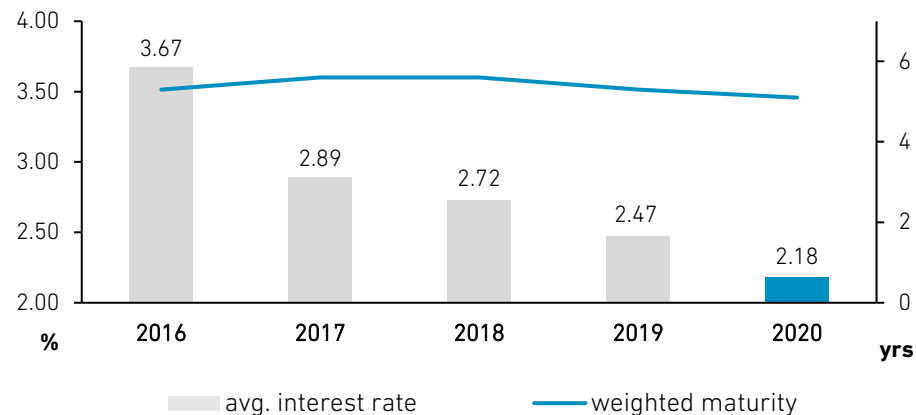
FFO PER SHARE in €



¹ Compound Annual Growth Rate (CAGR) 2016 – 2020

Interest Rate Structure^{1,2}

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		116.0	7.5%	2.82%
1 to 5 years	2.7	532.5	34.5%	2.85%
5 to 10 years	7.7	828.3	53.8%	2.12%
Over 10 years	11.0	65.2	4.2%	1.18%
Total¹	5.1	1,542.0	100%	2.18%



→ **19** German and **4** foreign bank partners

→ Weighted maturity of fixed interest periods **5.1 years¹**

¹ as of 31 December 2020

² excl. non-consolidated loans

Loan Maturities until 2026^{1,2}

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	REGULAR REDEMPTION PAYMENTS	TOTAL MATURITIES
2021	135.3	4.48%	14.3	149.6
2022	225.6	3.26%	10.6	236.2
2023	209.0	2.99%	9.2	218.2
2024	0		9.6	9.6
2025	58.3	2.07%	10.1	68.4
2026	168.6	2.39%	5.1	173.7
	859.8			

➔ Already fixed: €70.3m, 1.18%, 10y (07/2021)

At-equity consolidated loans¹

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	DES' SHARE
2021	48.8	4.59%	50%
2022-2025	0		
2026	88.0	2.16%	50%

➔ Phoenix-Center, Hamburg

¹ as of 31 December 2020

² excl. at-equity consolidated loans

Outlook

Leasing

- continued **stabilisation** of situation and arrangements with tenants as well as releasing activities **as key tasks** for the coming months

Digital Mall

- onboarding** of retailers **continues**, delivery case is tested with a closed user group
- now connected to Google's „See what's in store“ feature (concept)

Financing and Liquidity

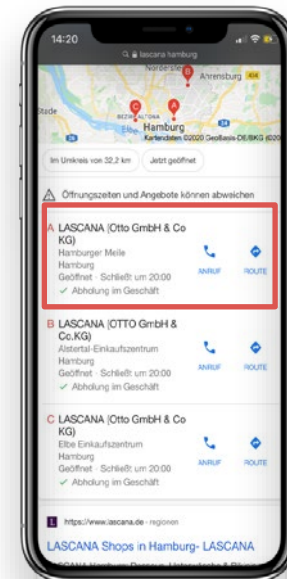
- negotiations of three **loan prolongations** ongoing and **on track** (€118m becoming due in June/July 2021)
- continued trustful and cooperative talks with banking partners**
- Dividend proposal: mandatory **minimum dividend of 4 cent/share for 2020** for prudent liquidity management reasons (given ongoing hard lockdown for most part of the portfolio)

CEO Appointment:

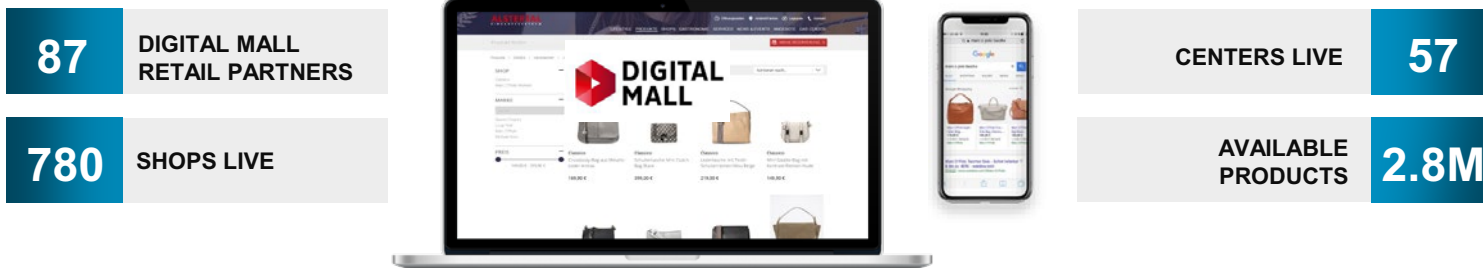
- The Supervisory Board has extended the appointment of Wilhelm Wellner until 30 June 2025

Forecast

- given the uncertainty** about the duration and impact of the Corona pandemic a forecast for the FY 2021 is **not possible**
- Hopes rise for end of pandemic as **vaccine is effective** and **becomes broadly available**



Update Digital Mall - Onboarding



Financial Calendar

2021

23.03.	Preliminary Results FY 2020
25.03.	Bank of America EMEA Real Estate CEO Conference (virtual)
26.03.	Commerzbank German Real Estate Forum (virtual)
April	Publication of the Annual Report 2020
11.05.	Quarterly Statement 3M 2021
26.05.	Societe Generale The Nice Conference (virtual)
27.05.	Kempen European Property Seminar (virtual)
18.06.	Annual General Meeting, Hamburg
23.-24.06.	UniCredit Kepler Cheuvreux German Property Day, Paris
12.08.	Half-year Financial Report 2021
01.-02.09.	Commerzbank Sector Conference, Frankfurt
20.09.	Berenberg and Goldman Sachs German Corporate Conference, Munich
21.09.	Baader Investment Conference, Munich
22.-23.09.	Bank of America Global Real Estate Conference (virtual)
11.11.	Quarterly Statement 9M 2021
01.12.	DZ Bank Equity Conference, Frankfurt

Contact



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Statements in this presentation relating to future status or circumstances, including statements regarding management's plans and objectives for future operations, sales and earnings figures, are forward-looking statements of goals and expectations based on estimates, assumptions and the anticipated effects of future events on current and developing circumstances and do not necessarily predict future results.

Many factors could cause the actual results to be materially different from those that may be expressed or implied by such statements. Deutsche EuroShop does not intend to update these forward-looking statements and does not assume any obligation to do so.

Rounding and rates of change

Percentages and figures stated in this report may be subject to rounding differences. The rates of change are based on economic considerations: improvements are indicated by a plus (+); deterioration by a minus (-).