



DES

Deutsche EuroShop

#anticipation

CONFERENCE CALL
Half-year Financial Report 2021

13 AUGUST 2021

Update on Business Activities - Summary

Operations

- Footfall numbers (compared to normal levels)
 - Q1 2021: approx. 36% / Q2 2021: approx. 55%
 - End of July: approx. 77%
- Tenant turnover (compared to respective 2019 period) substantial deviations among segments)
 - Q1 2021: -64.9% / Q2 2021: -44.6 % (vs. Q2 2019)
 - June 2021: -15.0% (vs. June 2019)
- Continued restrictions (e.g. mask wearing requirement)

Rents

- Collection ratio H1 2021 (after rent concessions): 80% / July 2021: 94%
- **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

Update on Business Activities - Summary

Financials & Liquidity

- Solid cash position DES Group: €268m (30 June 2021)
- Refinancing activities for 2021 finalized at attractive terms
4 loans with a total volume of €191m
- Continued trustful negotiations with banking partners for 2022 refinancings and regular exchange about effects of pandemic financial covenants
- As of 30 June 2021 all financial covenants were met or – if necessary - temporarily waived by the banks due to the extraordinary pandemic situation
- Mandatory minimum dividend of 4 cent/share for 2020 was paid out on 23 June 2021

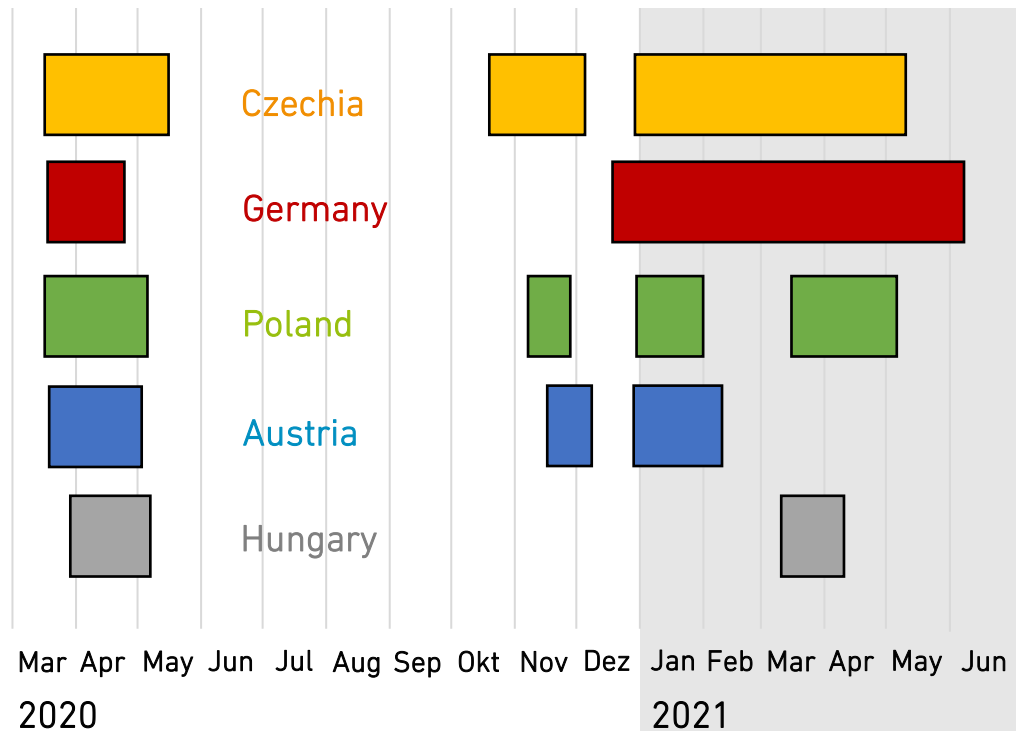


Forecast FY 2021

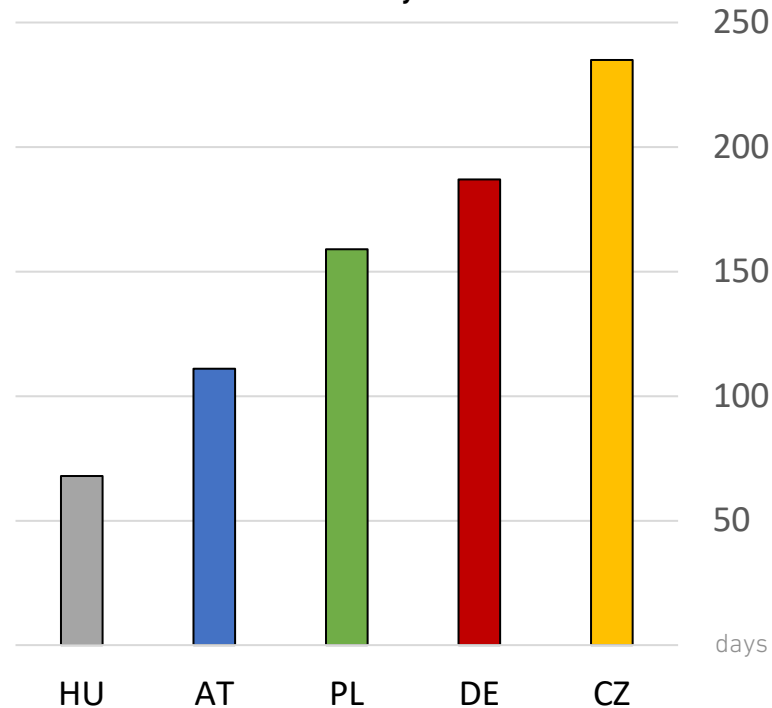
- FFO between €1.70 and €1.90 per share
- Forecast conditional upon enduring stabilization of pandemic without further lockdowns or significant business restrictions, continued improvement of consumption and retail turnovers of our tenants in the second half of 2021 and the granting and timely payout of announced German government relief programs for substantial part of our tenant base.

Long-term Store Closures in DES' Markets

Shop closing periods



Number of full lockdown days



Source: European Centre for Disease Prevention and Control, ECE / "Click & Meet" and "Click & Collect" are not considered openings

Current Regulations in DES' Markets*

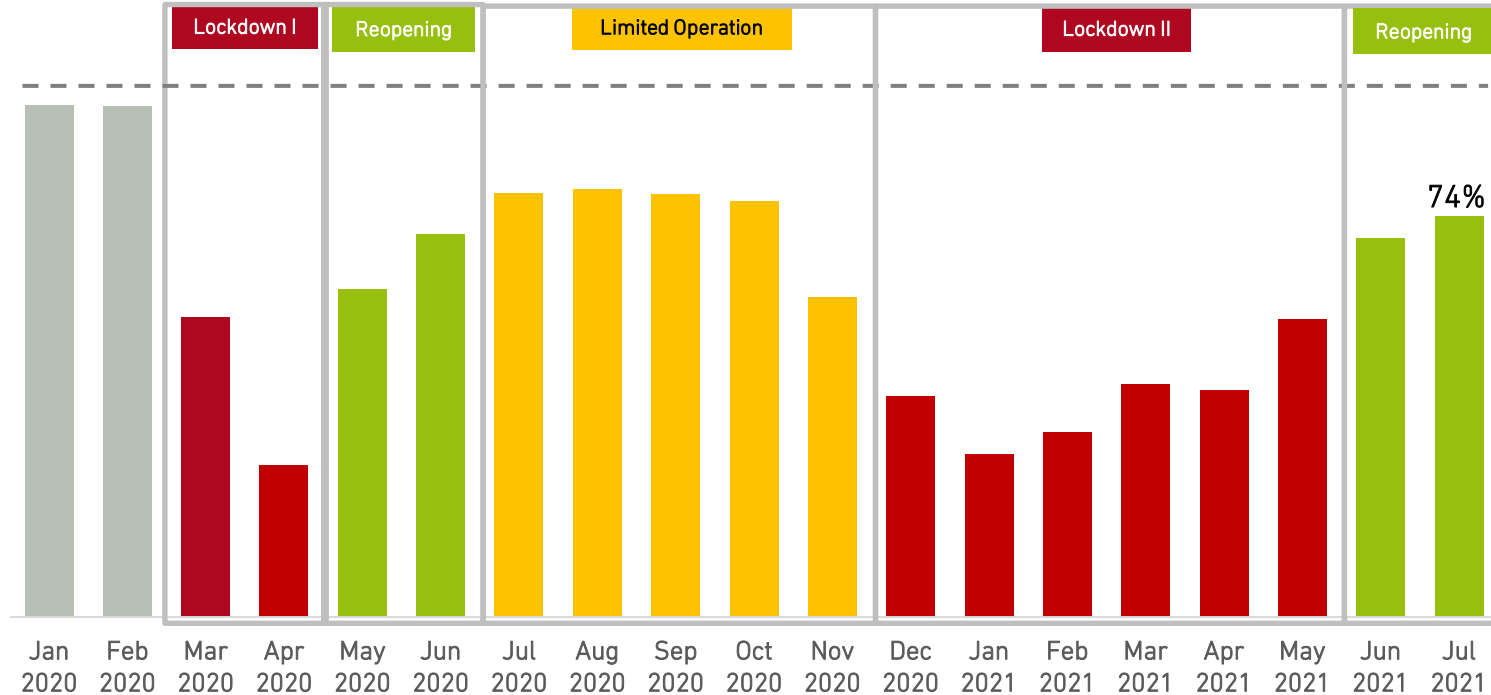
- | | |
|-----------------------|--|
| Germany | <ul style="list-style-type: none"> ▪ Step-by-step Lockdown – until 30 Sep. 2021 ▪ F&B open (indoor only for vaccinated, recovered or tested guests) ▪ Local limitations on access per sqm / mask requirements ▪ Several local regulations depending on the incidence numbers |
| Austria | <ul style="list-style-type: none"> ▪ Almost normal operation – since 22 July 2021 (Federal State of Carinthia) ▪ F&B open for vaccinated, recovered or tested guests ▪ No customer limitations on access per sqm / no minimum distance ▪ Mask requirement applies only in grocery stores ▪ Most customers wear masks voluntarily |
| Czech Republic | <ul style="list-style-type: none"> ▪ Soft Lockdown – since 1 August 2021 ▪ 1 customer per 10 sqm ▪ F&B open (with restrictions) ▪ Masks are mandatory |
| Hungary | <ul style="list-style-type: none"> ▪ Almost normal operation – since 3 July 2021 ▪ F&B open (no limitation) ▪ Masks are no longer mandatory ▪ No minimum distance must be maintained |
| Poland | <ul style="list-style-type: none"> ▪ Soft Lockdown – since 26 June 2021 ▪ 1 customer per 10 sqm ▪ F&B open (with restrictions) ▪ Masks are mandatory ▪ Various reliefs for vaccinated persons |



* Status: 10 August 2021; subject to possible short-term regional relaxations/intensifications

Corona Impact – Footfall

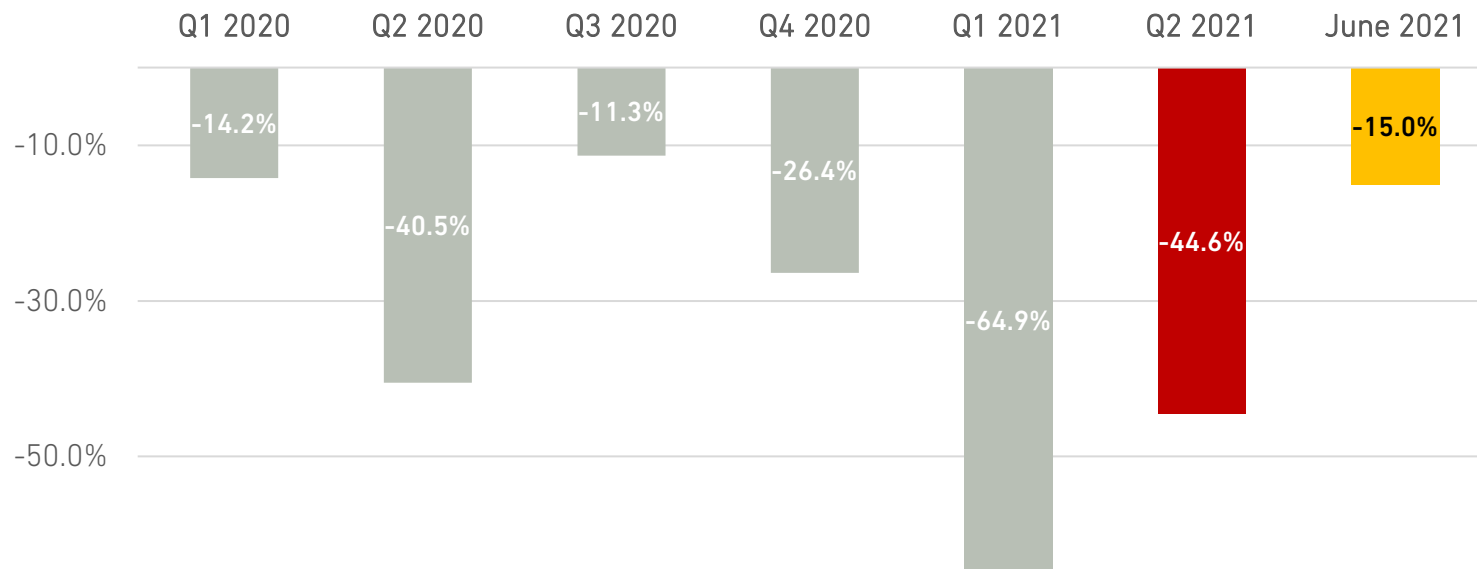
Development of the daily footfall compared to the average of the previous year's month*



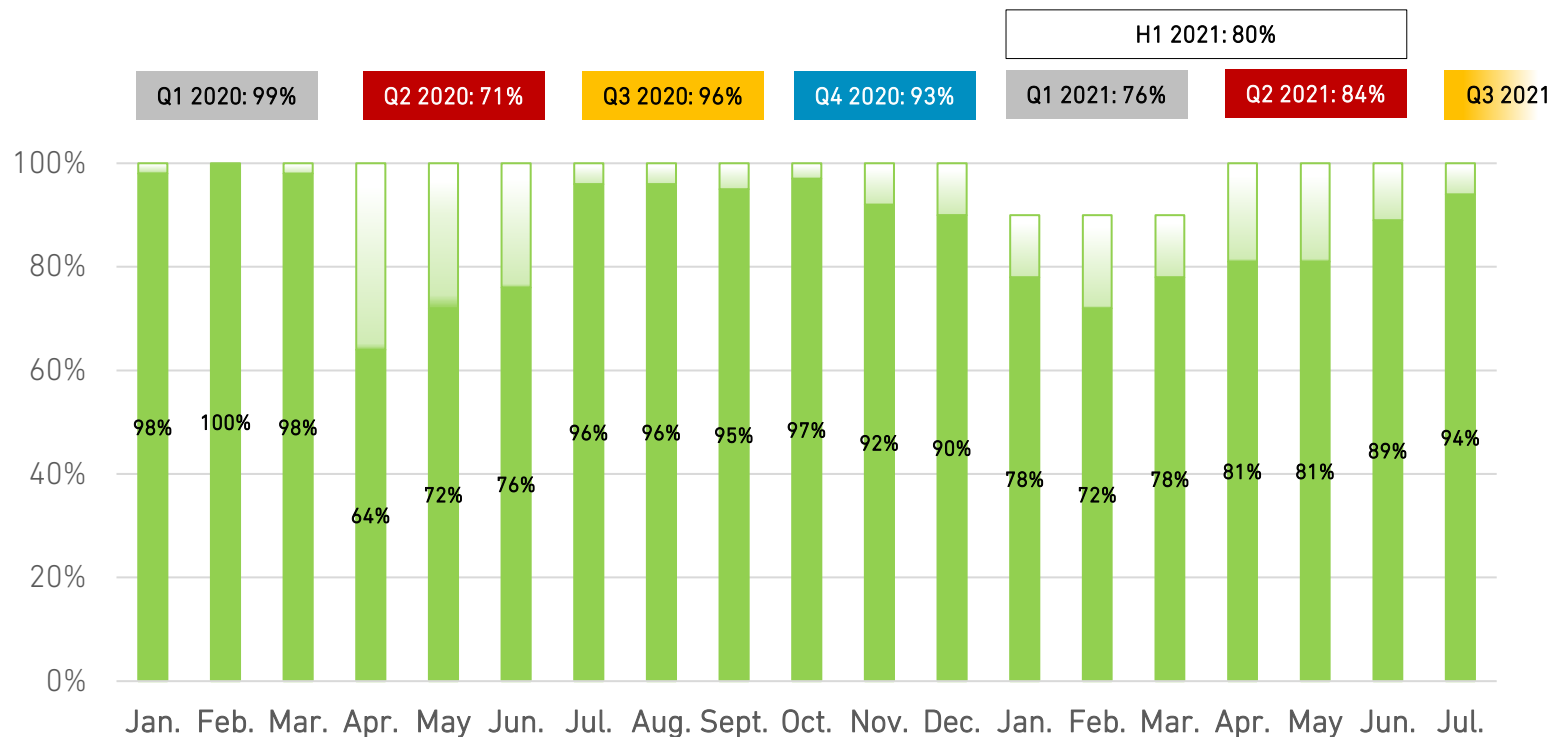
* for months after February 2021 compared to the average of the respective month in 2019

Corona Impact – Retail Turnover

Development of retail turnover of centers in Germany compared to 2019



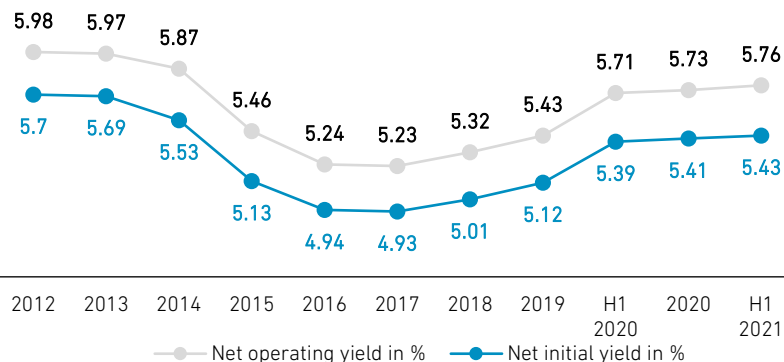
Corona Impact – Collection Rates¹



¹ after rent concessions

Valuation¹ – Investment Properties 30 June 2021

in € thousand	01.01. – 30.06.2021	01.01. – 30.06.2020	CHANGE
Revaluation	-11.177	-192.461	181.284
Revaluation at-equity	1.777	-49.171	50.948
Other impairment	0	0	0
Minority interest	-1.913	23.759	-25.672
Valuation result before taxes	-11.313	-217.873	206.560
Deferred taxes	1.693	38.607	-36.914
Valuation result after taxes²	-9.620	-179.266	169.646



Valuation of Investment Properties nearly unchanged:

- Slight increase of Net Initial Yields (NIY) for shopping centers
- Adjusted expectations for market rents and reletting periods

SENSITIVITY ANALYSIS

IN € THOUSAND	Basis	change of -25bps	change of +25bps
Rent increase rates ³	1.41%	-104,700	+153,100
Discount rate	6.06%	+67,800	-66,700
Capitalization rate	5.24%	+116,700	-103,100
	Basis	change of -100bps	change of +100bps
Cost ratio	11.60%	+41,800	-41,900

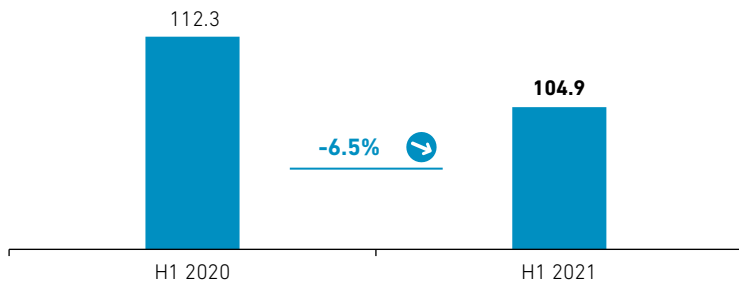
¹ External appraisers: JLL (since 2015)

² Attributable to group shareholders

³ Nominal rate of rent increases using the DCF method during the 10-year measurement period, including inflation-related rent indexing and changes in the occupancy rate

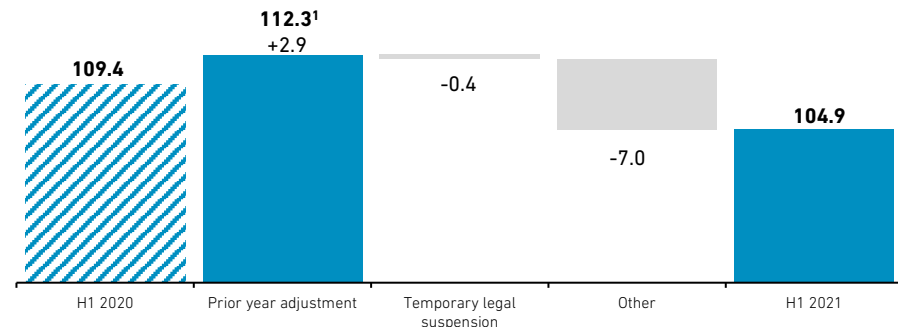
Revenues - Effected by Corona-Pandemic

REVENUE in € million



Revenue bridge H1 2021

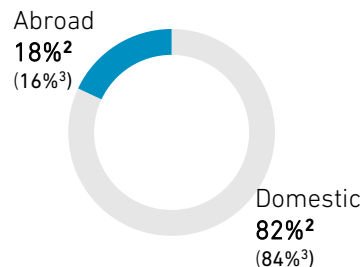
in € million



- Recognition of rental income according to lease contracts
- Decrease in revenues to €104.9m (-6.5%)
- Influenced by the situation in Poland: temporary legal suspension of rents (H1 2021: -€2.4m; H1 2020: €-2.0m)
- Further impact due to default of tenants, lower turnover-based rents, longer post-leasing periods and higher vacancy rates

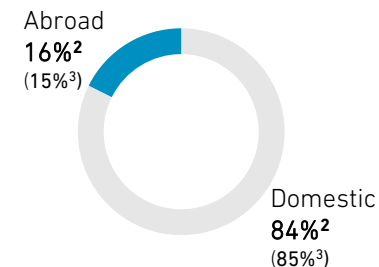
H1 2021

Share of revenue



H1 2020

Share of revenue



¹As of 31 December 2020, there was a change in the disclosure of revenue. 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 leaving the NOI unchanged.

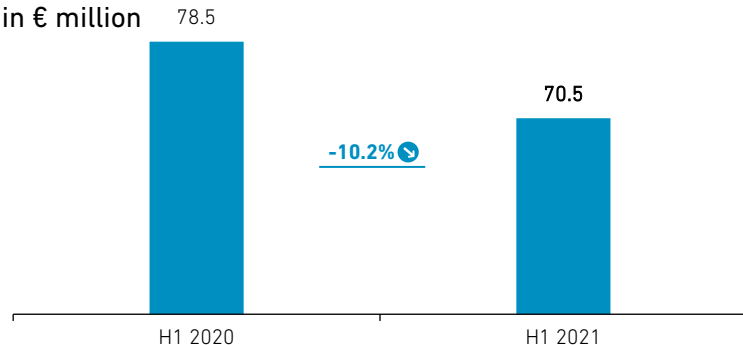
² "look through" (calculated on the basis of the group share)

³ consolidated

EBIT – Continued strong impact from Corona Rent Concessions and partially insolvencies

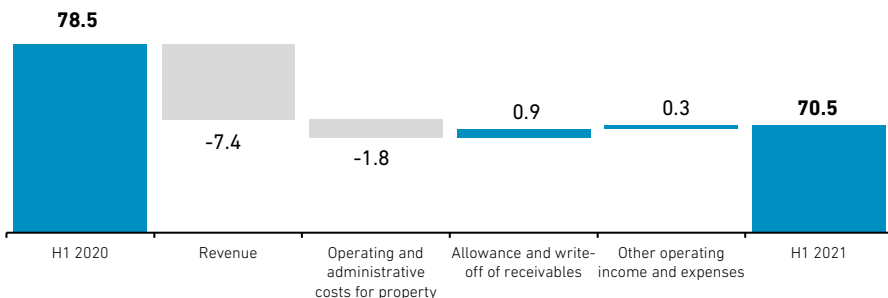
EBIT

in € million



EBIT bridge H1 2021

in € million

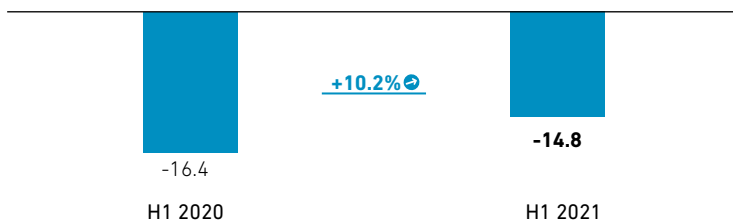


- EBIT decreased to €70.5m (-10.2%)
- Decline due to Corona-related decrease in revenues and higher vacancy-related non-allocable service charges
- Allowances of €18.1m (H1 2020: €19.0m) estimated based on actual or expected losses in connection of tenant support measures and insolvencies

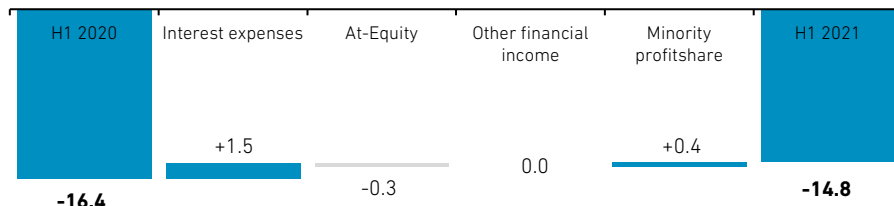
in € thousand	01.01. – 30.06.2021	01.01. – 30.06.2020
Revenue	104,928	112,274
Operating and administrative costs for property	-14,962	-13,226
Allowance and write-off of receivables	-18,103	-19,002
NOI	71,863	80,046
Other operating income	2,309	2,089
Other operating expenses	-3,650	-3,636
EBIT	70,522	78,499

Financial Result¹ – improved due to lower interest expenses

Financial result¹ in € million



Financial result bridge H1 2021¹ in € million



- Financial result improved: €+1.6m
- Interest expenses reduced by €1.5m due to favourable refinancing (City-Arkaden Wuppertal)
- At-equity operating profit¹ nearly unchanged by €11.5m
- Minority result declined due to corona-impact (€+0.4m)

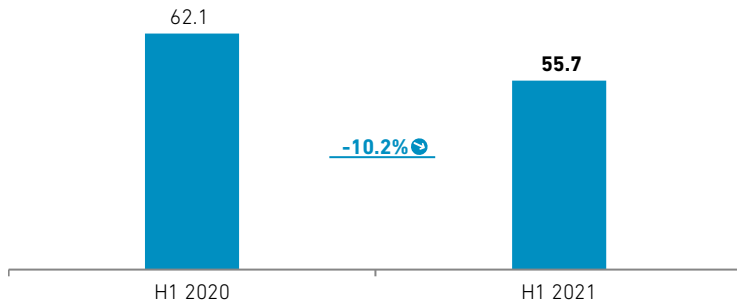
in € thousand	01.01. – 30.06.2021	01.01. – 30.06.2020
At-equity profit/loss	13,278	-37,300
Valuation (at equity)	-1,777	49,171
Deferred taxes (at equity)	11	-146
At-equity (operating) profit/loss	11,512	11,725
Interest expense	-20,483	-21,979
Profit/loss attributable to limited partners	-5,807	-6,198
Other financial result (incl. swaps)	4	6
Financial result¹	-14,774	-16,446

¹ excluding valuation

EBT¹ – Stronger overall impact of the Corona-Pandemic compared to H1 2020

EBT¹

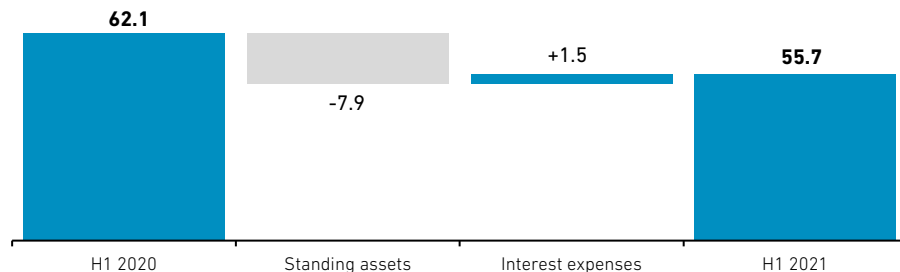
in € million



- EBT (excl. valuation) below previous year -10.2% (€-6.3m) due lower operating results
- Interest savings with positive impact (€+1.5m)

EBT¹ bridge H1 2021

in € million



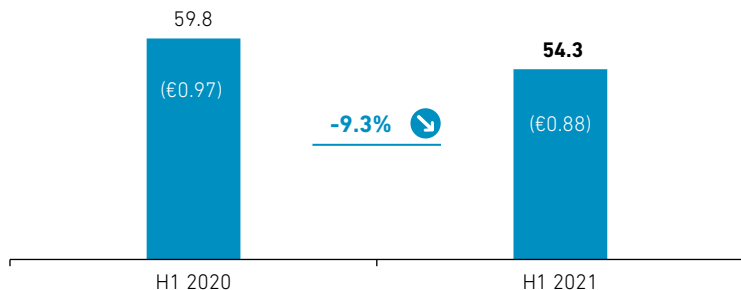
in € thousand	01.01. – 30.06.2021	01.01. – 30.06.2020
EBIT	70,522	78,499
Financial result ¹	-14,774	-16,446
EBT ¹	55,748	62,053

¹ excluding valuation

EPRA Earnings

EPRA earnings

in € million (per share in €)



- EPRA earnings declined by €5.5m to €54.3m
- EPRA Earnings per share decreased from €0.97 to €0.88

EPRA EARNINGS

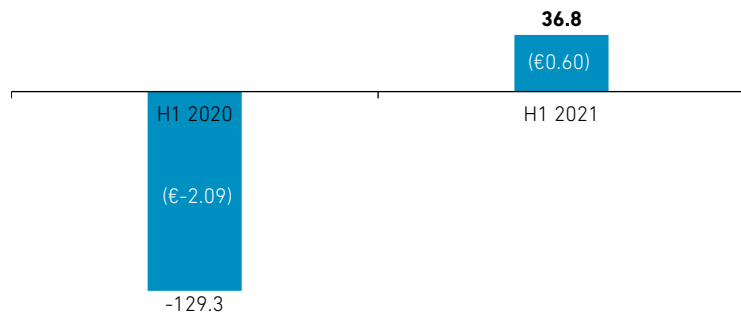
	01.01. – 30.06.2021		01.01. – 30.06.2020	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	36,807	0.60	-129,305	-2.09
Valuation investment properties ¹	11,313	0.18	217,873	3.53
Valuation derivative financial instruments ¹	0	0.00	-88	0.00
Deferred taxes in respect of EPRA adjustments ²	6,149	0.10	-28,710	-0.47
EPRA Earnings	54,269	0.88	59,770	0.97
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

Consolidated Result

Consolidated profit

in € million (per share in €)



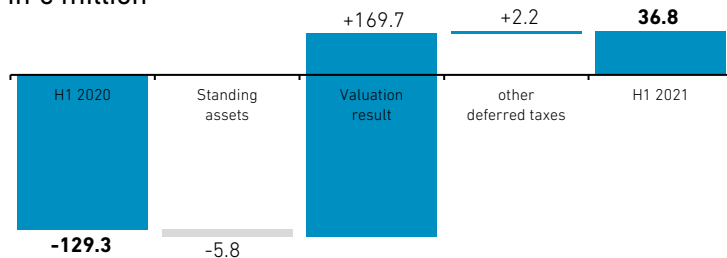
Consolidated result increased in total by €166.1m. The following effects are included in that change:

- Reduced result from standing assets (€-5.8m)
- Previous year's Valuation result massively impacted by Corona (€+169.7m)
- Changes due to other deferred taxes (€+2.2m)

Earnings per share increased from €-2.09 to €0.60

Consolidated profit bridge H1 2021

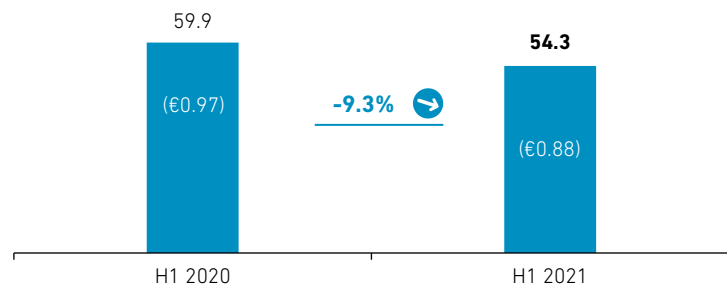
in € million



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 declined from €59.9m to €54.3m, mainly influenced by Corona-related lower revenues, high allowances for rent receivables and provisions for non-recoverable service charges
- FFO per share decreased from €0.97 to €0.88
- FFO to be analysed in conjunction with cash collection ratios

FUNDS FROM OPERATIONS

	01.01. – 30.06.2021		01.01. – 30.06.2020	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	36,807	0.60	-129,305	-2.09
Valuation investment properties ¹	11,313	0.18	217,873	3.53
Deferred taxes ¹	6,149	0.10	-28,710	-0.47
FFO	54,269	0.88	59,858	0.97
Weighted number of no-par-value shares issued		61,783,594		61,783,594

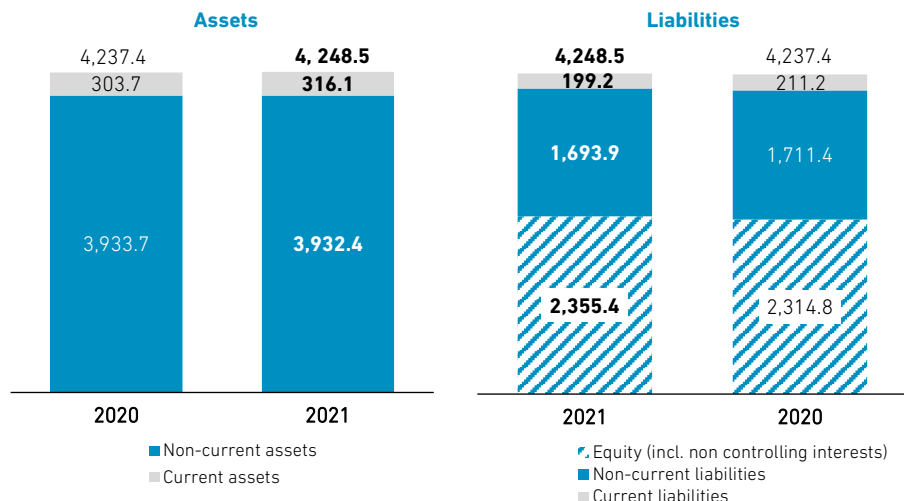
¹ including the share attributable to equity-accounted joint ventures and associates

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 55.4%
- LTV to 31.9% ("look-through" 34.9%³)
- Group liquidity: €268.1m (€+32.1m excl. use of short term credit line)

BALANCE SHEET AS AT 31 MARCH 2021

in € thousand	30.06.2021	31.12.2020	Change
Non-current assets	3,932,456	3,933,724	-1,268
Cash and cash equivalents	268,091	266,030	2,061
Other current assets	47,989	37,627	10,362
Total assets	4,248,536	4,237,381	11,155
Equity	2,036,696	2,003,246	33,450
Right to redeem of limited partners	318,716	311,525	7,191
Equity (including minority interest)	2,355,412	2,314,771	40,641
Financial liabilities	1,507,852	1,541,428	-33,576
Deferred taxes	330,846	324,978	5,868
Other liabilities	54,426	56,204	-1,778
Total equity and liabilities	4,248,536	4,237,381	11,155
Equity ratio in % ¹	55.4%	54.6%	
LTV ratio in % ²	31.9%	32.9%	
LTV ratio ("look-through") in % ³	34.9%	35.8%	

¹ including third-party interest in equity

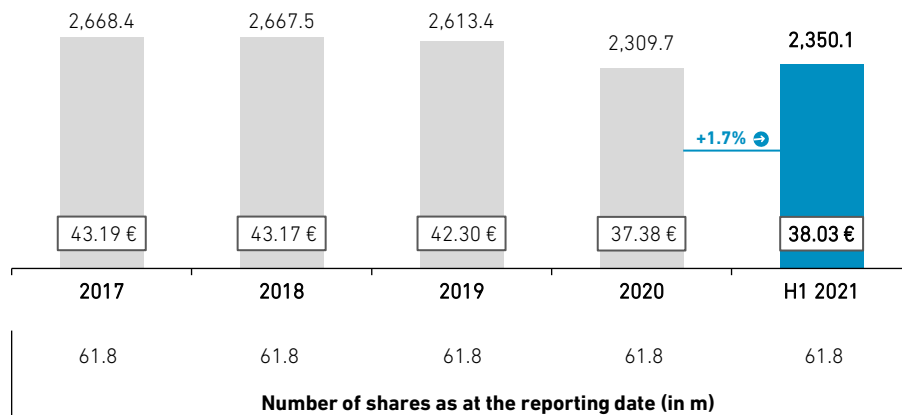
² ratio of net financial liabilities (financial liabilities less cash and cash equivalents) to non-current assets (investment properties and investments accounted for using the equity method).

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 nearly unchanged by €38.03 (+1.7%)
- Share price discount to NTA: 46% (11 August 2021)

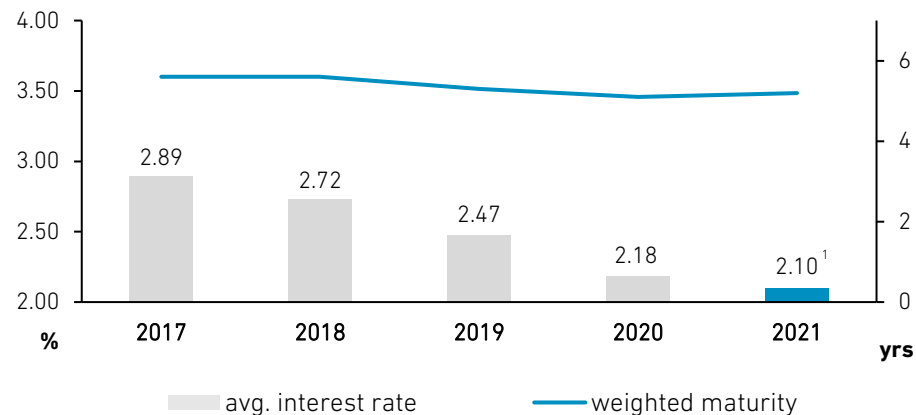
EPRA NTA

	30.06.2021		31.12.2020	
	in € thousand	per share in €	in € thousand	per share in €
Equity	2,036,696	32.96	2,003,246	32.42
Derivative financial instruments measured at fair value ¹	27,294	0.44	26,138	0.42
Equity excluding derivative financial instruments	2,063,990	33.40	2,029,384	32.84
Deferred taxes on investment properties and derivative financial instruments ¹	337,906	5.47	332,059	5.38
Intangible assets	-41	0.00	-13	0.00
Goodwill as a result of deferred taxes	-51,719	-0.84	-51,719	-0.84
EPRA NTA	2,350,136	38.03	2,309,711	37.38
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

Interest Rate Structure^{1,2}

INTEREST LOCKIN	DUE (YEARS)	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
2021		7.8	0.5%	2.71%
2022-2025	2.3	536.1	35.5%	2.81%
2026-2030	7.5	964.0	64.0%	1.97%
Total¹	5.2	1,507.9	100%	2.10%



→ **18** German and **4** foreign bank partners

→ Weighted maturity of fixed interest periods **5.2 years¹**

¹ as of 30 June 2021

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%	11.3	146.6
2022	223.8	3.26%	10.6	234.4
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
	795.0			

→ Already completely fixed: €70.3m, 1.18%, 10y (07/2021)
 €71.7m, 1.46%, 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 €19.0m, 1.64%, 10y (07/2021)
 €29.8m, 1.52%, 10y (08/2021)

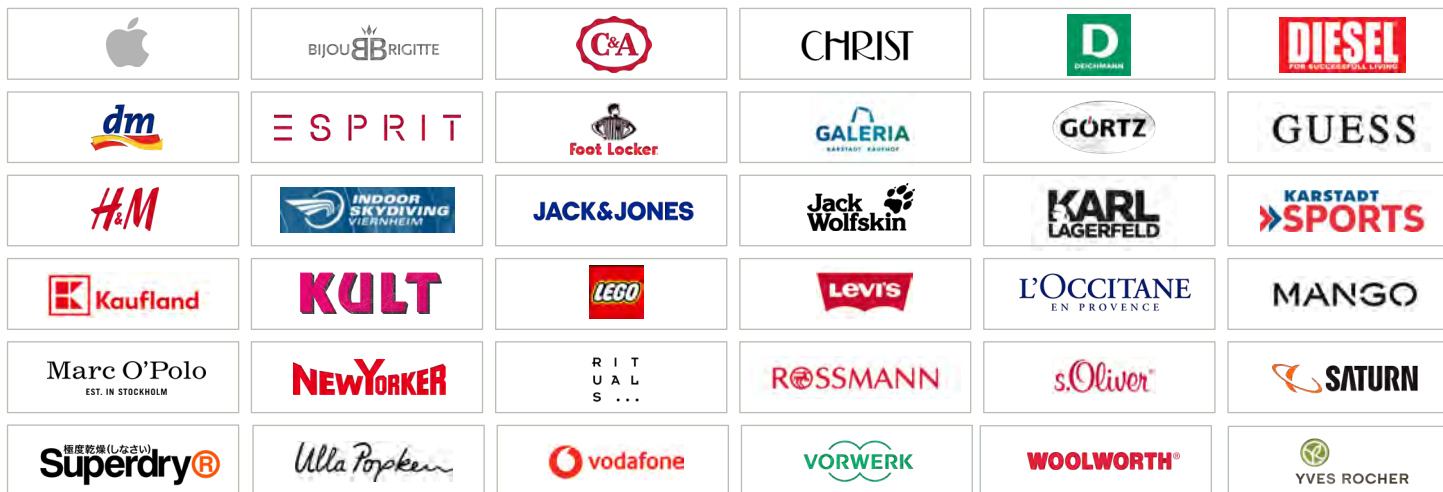
¹ as of 30 June 2021

² excl. at-equity consolidated loans

Tenants: Contract Renewals and New Signings during the Pandemic¹

Leasing

- Continued stabilisation of situation and arrangements with tenants as well as releasing activities as key tasks for the coming months
- Successful prolongations with prime retailers and negotiations with other major and well-known anchor tenants to newly join our centers

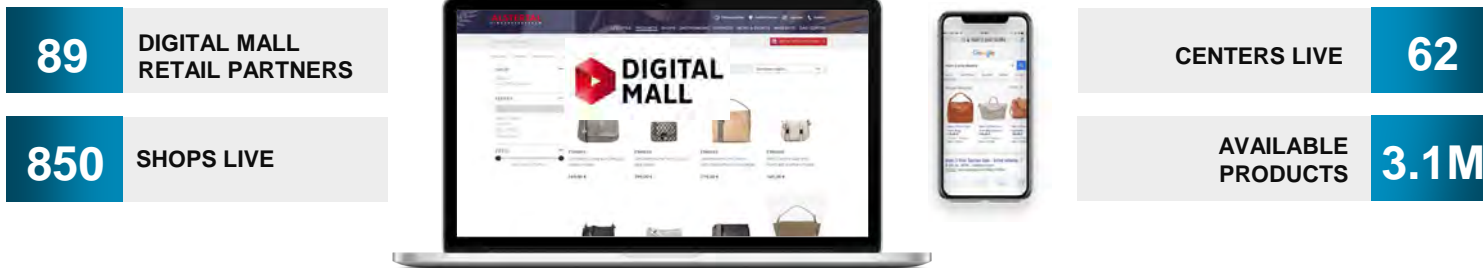


¹ Selection

Update Digital Mall - Onboarding

Digital Mall

- Onboarding of retailers continues with now more than 3 million products available for search
- City-Arkaden Klagenfurt as first foreign shopping center of DES joined the Digital Mall



Source: ECE

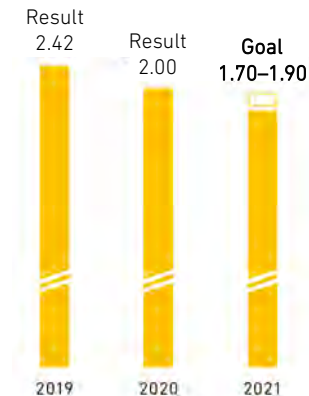
Outlook

Financing and Liquidity

- Continued **trustful negotiations with banking partners** for 2022 refinancings and regular exchange about effects of pandemic financial covenants
- As of 30 June 2021 **all financial covenants were met or – if necessary – temporarily waived** by the banks **due to the extraordinary pandemic situation**
- Mandatory minimum **dividend of 4 cent/share for 2020 was paid** out on 23 June 2021

Forecast FY 2021

- FFO between **€1.70 and €1.90** per share
- Forecast **conditional upon enduring stabilization of pandemic** without further lockdowns or significant business restrictions, **continued improvement of consumption and retail turnovers** of our tenants in the second half of 2021
- **Granting and timely payout of announced German government relief programmes** for substantial part of our tenant base.



Financial Calendar

2021

12.08.	Half-year Financial Report 2021
02.09.	Commerzbank Sector Conference (virtual)
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
29.11.	Citi's REIT Call Series (virtual)
01.12.	DZ Bank Equity Conference, Frankfurt

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 ir-mall.com



**Leben statt Lockdown.
Lass dich impfen.**

Important Notice: Forward-Looking Statements

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 (-).