

CONFERENCE CALL QUARTERLY STATEMENT 3M 2019

16 MAY 2019



Retail turnover 3M 2019¹

RETAIL SECTOR	% change in 2019	rent-to-sales ratio in %	% of sales	% of space
DEPARTMENT STORES	-5.6	6.8	7.3	14.9
FOOD	-3.3	7.8	8.7	6.5
FASHION TEXTILES	-0.3	12.9	29.9	39.6
SHOES & LEATHER GOODS	+5.7	14.5	5.2	5.9
SPORTS	+0.5	9.9	5.1	5.9
HEALTH & BEAUTY	-1.9	7.5	11.7	5.7
GENERAL RETAIL	-5.5	12.7	7.9	9.1
ELECTRONICS	+2.2	3.7	15.2	7.5
SERVICES	-5.5	5.0	4.8	1.5
FOOD CATERING	+0.6	12.2	4.2	3.4
TOTAL	-1.2	9.5	100²	100²

	Germany	Abroad	Total
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→ Retail turnover development on a like-for-like basis: -1.2% -2.5% -1.5%

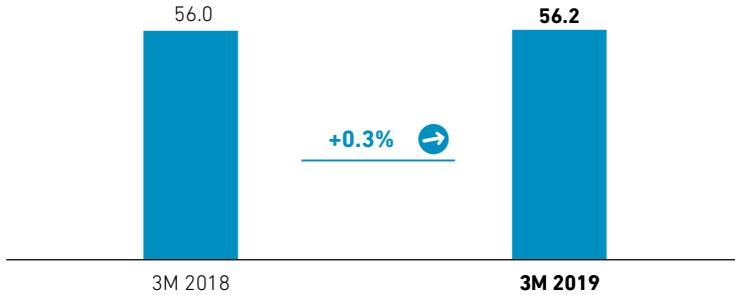
→ **Absolute** retail turnover development: -1.6% -1.8% -1.6%

¹ German centers on a like-for-like basis (turnover: €1.9 billion)

² The sum may not equal the totals due to rounding

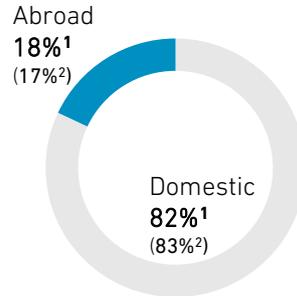
Revenues on track

REVENUE
in € million

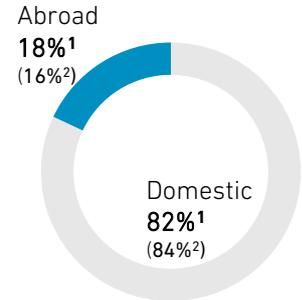


- Increase in revenue of 0.3% to €56.2 million meeting our expectations
- Stationary retail and leasing market in Germany remains demanding

3M 2019
Share of revenue



3M 2018
Share of revenue

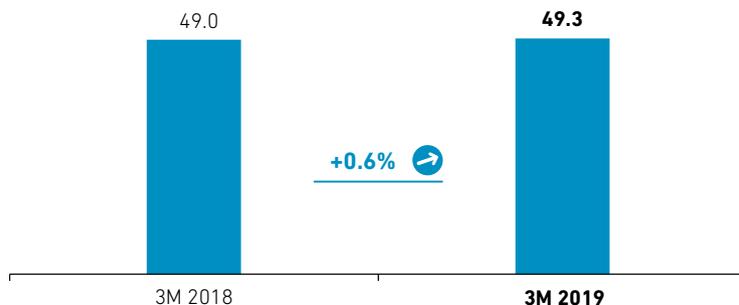


¹ "look through" (calculated on the basis of the group share)

² consolidated

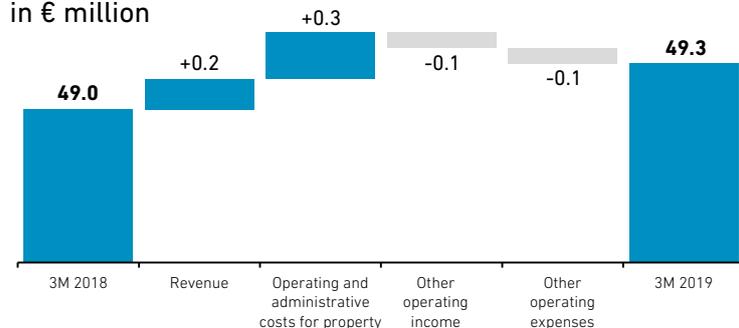
EBIT slightly improved

EBIT
in € million



EBIT bridge 3M 2019

in € million

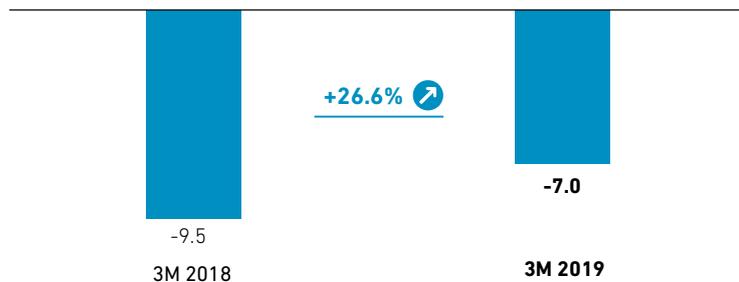


- EBIT grows to €49.3 million (+0.6%)
- Operating and administrative costs for property marginally lower (cost ratio of 10.0% within budgeted range)

in € thousand	01.01. – 31.03.2019	01.01. – 31.03.2018
Revenue	56,234	56,044
Operating and administrative costs for property	-5,606	-5,938
NOI	50,628	50,106
Other operating income	151	256
Other operating expenses	-1,491	-1,379
EBIT	49,288	48,983

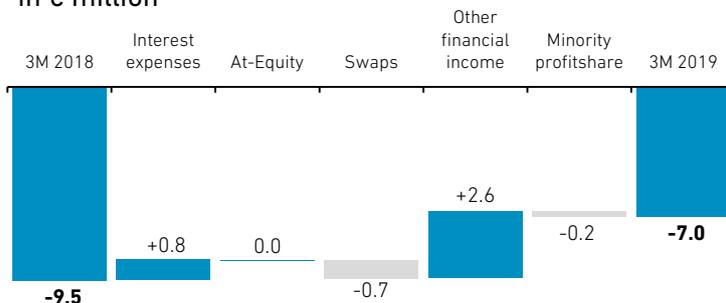
Financial result¹ positively influenced by one-off effect

Financial result¹ in € million



- Financial result improved by €2.5 million
- Interest expenses decreased by €0.8 million. Lower interest costs due to scheduled loan repayments and a more favourable refinancing for the Altmarkt-Galerie Dresden
- Other financial income resulted from an exceptional one-off interest income² of €2.6 million
- At-equity operating profit¹ at previous year's level

Financial result bridge 3M 2019¹ in € million



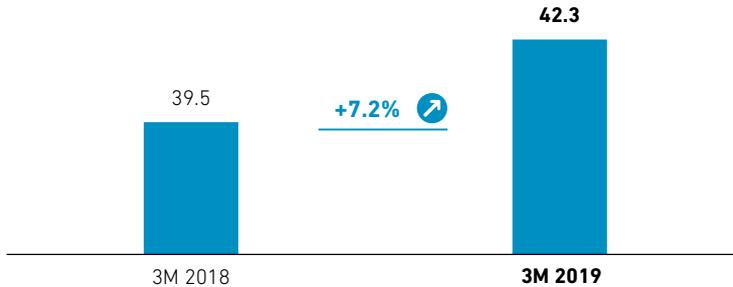
¹ excluding measurement gains/losses

² relating to an expected tax refund for previous years

in € thousand	01.01. – 31.03.2019	01.01. – 31.03.2018
At-equity profit/loss	6,973	7,507
Measurement gains(-)/losses(+) (at equity)	606	16
Deferred taxes (at equity)	62	77
At-equity (operating) profit/loss	7,641	7,600
Interest expense	-12,530	-13,293
Profit/loss attributable to limited partners	-4,644	-4,533
Other financial result	2,576	745
Financial result¹	-6,957	-9,481

EBT* up significantly by 7.2 %

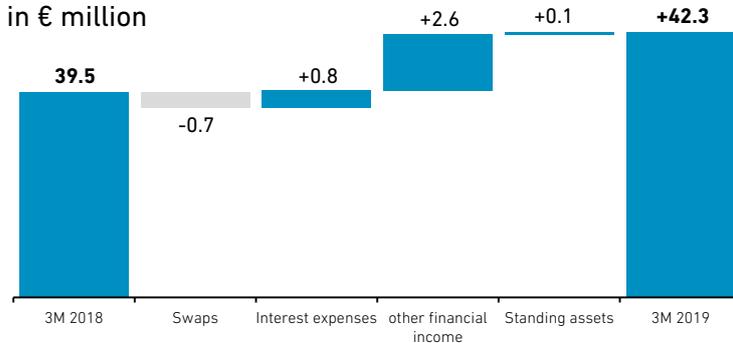
EBT*
in € million



- EBT (excl. measurement gains/losses) improved by 7.2% (+€2.8 million) and excluding one-offs by 0.6%
- One-off interest income in relation to tax refunds as major influence factor
- Realization of further interest savings on the existing financings contributed +€0.8 million €

EBT* bridge 3M 2019

in € million



in € thousand

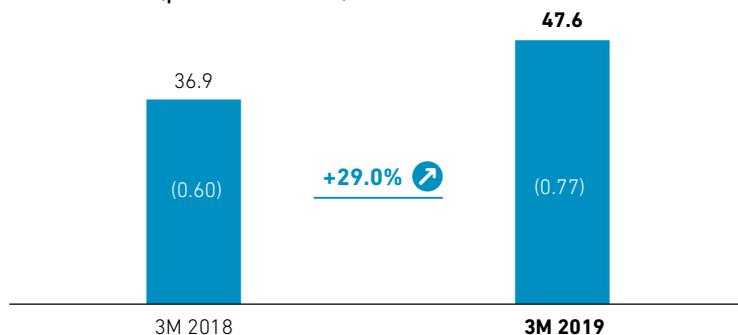
	01.01. – 31.03.2019	01.01. – 31.03.2018
EBIT	49,288	48,983
Financial result*	-6,957	-9,481
EBT*	42,331	39,502

* excluding measurement gains/losses

EPRA Earnings significantly higher

EPRA earnings

in € million (per share in €)



- EPRA earnings rose by €10.7 million to €47.6 million
- Expected one-off tax refunds for previous years and related interest income as major influence factor (€9.7 million)
- EPRA Earnings per share increased from €0.60 to €0.77
- Excluding one-offs EPRA earnings would have improved by €1.0 million (+2.9%) or by €0.01 to €0.61 per share

EPRA EARNINGS

	01.01. – 31.03.2019		01.01. – 31.03.2018	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	39,405	0.64	30,363	0.49
Measurement gains(-)/ losses(+) investment properties ¹	2,523	0.04	1,188	0.02
Measurement gains(-)/ losses(+) derivative financial instruments ¹	-84	0.00	-840	-0.01
Deferred taxes in respect of EPRA adjustments ²	5,724	0.09	6,141	0.10
EPRA Earnings	47,568	0.77	36,852	0.60
Weighted number of no-par-value shares issued	61,783,594		61,783,594	

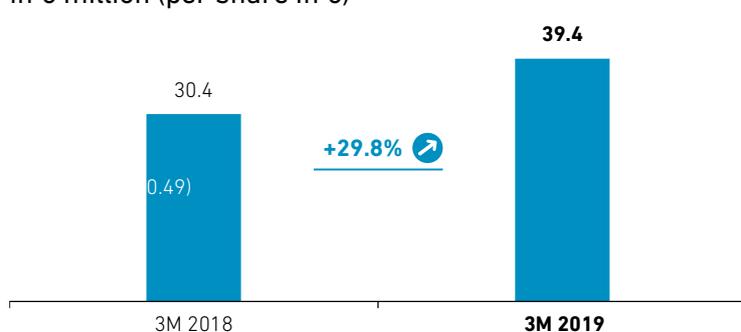
¹ including the share attributable to equity-accounted joint ventures and associates

² affects deferred taxes on investment properties and derivative financial instruments

Consolidated profit

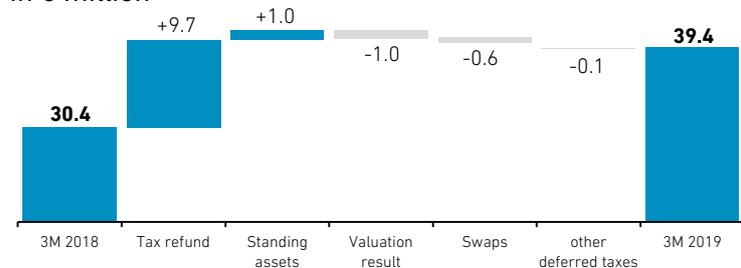
Consolidated profit

in € million (per share in €)



Consolidated profit bridge 3M 2019

in € million



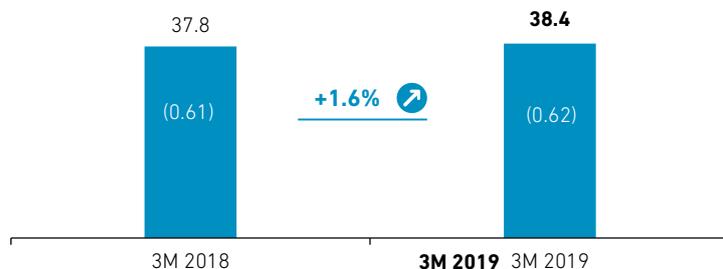
Consolidated profit increased in total by €9.0 million. The following effects are included in that result:

- Expected tax refunds incl. related interest (+€9.7 millio)
- Positive contribution from standing assets: (+€1.0 million)
- Higher negative valuation result (-€1.0 million) due to capex (e.g. "At-your-Service" & "Mall Beautification" programs)
- Minor changes from other items (swap valuation and taxes)
- Earnings per share increased from €0.49 to €0.64 per share (decreased by €0.01 to €0.48 per share excluding one-offs)

Positive 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 rose from €37.8 million to €38.4 million.
- FFO per share increased from €0.61 to €0.62

FUNDS FROM OPERATIONS

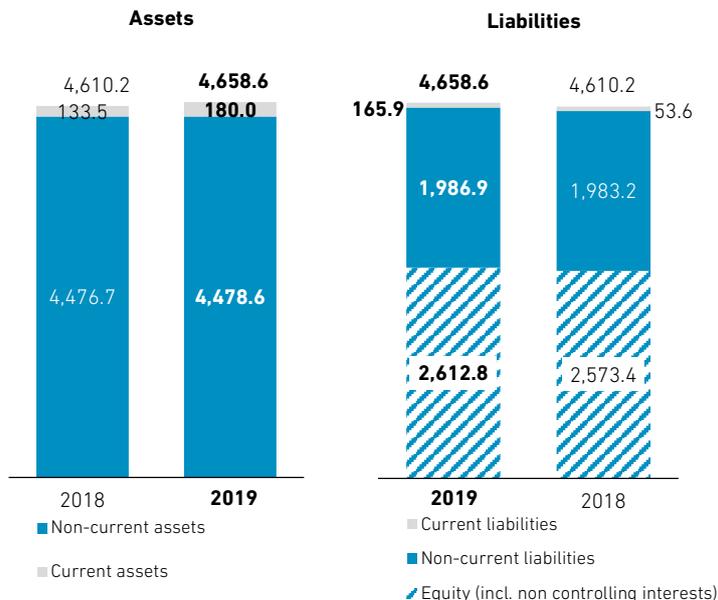
	01.01. – 31.03.2019		01.01. – 31.03.2018	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	39,405	0.64	30,363	0.49
Measurement gains(-)/ losses(+) investment properties*	2,523	0.04	1,188	0.02
Tax refund for previous years	-9,663	-0.16	0	0.00
Deferred taxes*	6,092	0.10	6,247	0.10
FFO	38,357	0.62	37,798	0.61

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

Balance sheet: very solid and little structural changes

BALANCE SHEET STRUCTURE

in € million



- The total assets increased due to accumulation of liquidity (+ €40.5 million)
- Equity ratio improved further, stands at a solid 56.1%
- LTV further improved to 30.9% (“look-through” 33.0%³)

BALANCE SHEET AS AT 31 MARCH 2019

in € thousand	31.03.2019	31.12.2018	Change
Non-current assets	4,478,598	4,476,724	1,874
Cash and cash equivalents	156,775	116,335	40,440
Other current assets	23,198	17,169	6,029
Total assets	4,658,571	4,610,228	48,343
Equity	2,267,996	2,229,748	38,248
Right to redeem of limited partners	344,827	343,648	1,179
Equity (including minority interest)	2,612,823	2,573,396	39,427
Financial liabilities	1,523,995	1,522,393	1,602
Deferred taxes	458,329	452,642	5,687
Other liabilities	63,424	61,797	1,627
Total equity and liabilities	4,658,571	4,610,228	48,343
Equity ratio in % ¹	56.1	55.8	
LTV ratio in % ²	30.9	31.8	
LTV ratio (“look-through”) in % ³	33.0	34.0	

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).

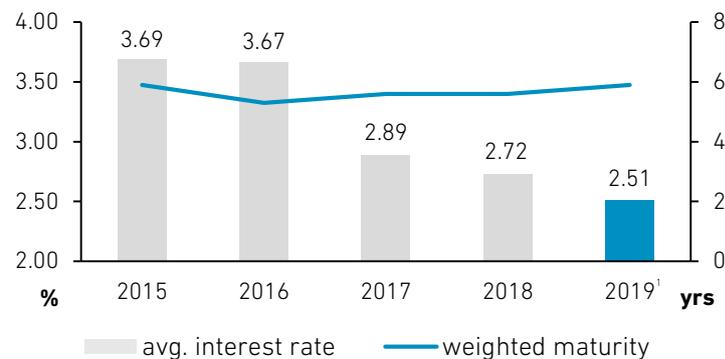
³ Ratio of net financial liabilities to long-term assets, calculated on the basis of the group share

Loan Structure^{1,2}

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		17.9	1.2%	3.39%
1 to 5 years	3.6	686.6	45.3%	3.33%
5 to 10 years	8.4	575.6	38.0%	2.41%
Over 10 years	11.2	235.6	15.5%	1.92%
Total¹	5.9	1,515.7	100%	2.51%

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

→ Weighted maturity of fixed interest periods **5.9 years¹**



¹ as of 31 March 2019

² excl. non-consolidated loans

Maturities until 2024^{1,2}

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	REGULAR REDEMPTION PAYMENTS	TOTAL MATURITIES
2019	123.1	4.73%	17.9	143.0
2020	134.1	4.52%	17.9	153.6
2021	198.3	4.48%	16.0	214.3
2022	217.8	3.26%	14.7	232.5
2023	209.0	2.99%	10.6	219.6
2024	0		10.6	10.6
	882.3			

Already fixed:

€132.2m, 2.21%, 10y (08/2019)

€139.9m, 1.68%, 10y (01/2020)

Lower refinancing cost
= positive FFO and
EPRA earnings impact

At-equity consolidated loans¹

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	DES' SHARE
2019	0		
2020	35.0	4.00%	50%
2021	63.3	4.59%	50%
2022	12.1	4.90%	50%
2023-2025	0		

€46.9m, 1.09%, 9y (06/2020)

Phoenix-Center, Hamburg

€12.1m, 1.09%, 9y (06/2020)

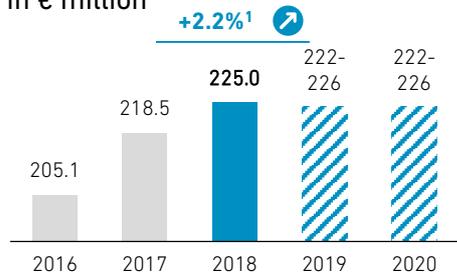
¹ as of 31 March 2019

² excl. at-equity consolidated loans

Forecast

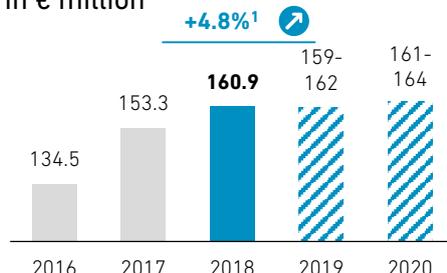
REVENUE

in € million



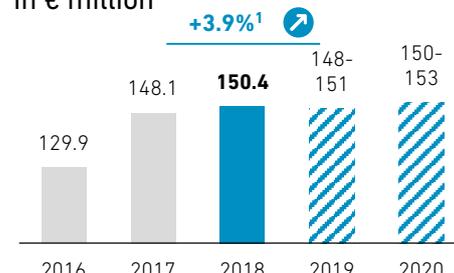
EBT (excl. valuation)

in € million



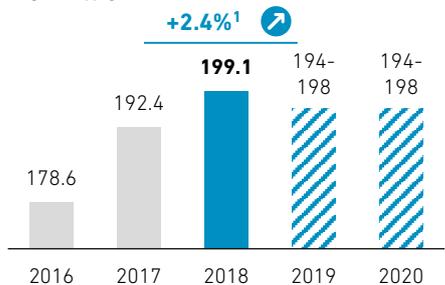
FFO

in € million



EBIT

in € million



NUMBER OF SHARES

in millions



FFO PER SHARE

in €



¹ Compound Annual Growth Rate (CAGR) 2016 – 2020

Outlook

Rollout of
“**At your Service**” and “**Mall Beautification**”:

- Allee-Center Magdeburg completed
- Altmarkt-Galerie Dresden, Billstedt-Center Hamburg, Rhein-Neckar-Zentrum and Herold-Center Norderstedt in progress
- Allee-Center Hamm, Rathaus-Center Dessau, Saarpark-Center Neunkirchen to be started in 2019

Refinancings of approx. €262 million in H2 2019 / H1 2020 (DES' share approx. €230 million)

Increase in **dividend** to €1.50 per share for 2018, €1.55 for 2019 and €1.60 for 2020

Save the date: Deutsche EuroShop Real Estate Summer in Frankfurt on 5th & 6th September 2019



At your Service:
Rhein-Neckar-Zentrum



Financial calendar

2019

15.05. Quarterly Statement 3M 2019	15.08. Half-year Financial Report 2019
17.05. Kepler Cheuvreux German Property Day, Paris	22.08. Montega Hamburg Investment Day, Hamburg
24.05. HSBC German Real Estate Conference, Frankfurt	29.08. Commerzbank Sector Conference, Frankfurt
06.06. Deutsche Bank dbAccess Conference, Berlin	05.-.06.09. Deutsche EuroShop Real Estate Summer, Frankfurt
12.06. Annual General Meeting, Hamburg	20.09. Societe Generale Pan European Real Estate Conference, London
18.-19.06. Roadshow Copenhagen & Stockholm, Pareto	23.09. Goldman Sachs & Berenberg German Conference, Munich
26.06. EPRA Corporate Access Day, London	24.09. Baader Investment Conference, Munich
	13.11. Quarterly Statement 9M 2019
	18.11. DZ Bank Equity Conference, Frankfurt
	21.11. Roadshow Paris, M. M. Warburg



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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 (-).