

CONFERENCE CALL QUARTERLY STATEMENT 9M 2019

14 NOVEMBER 2019



Retail turnover 9M 2019¹

RETAIL SECTOR	% change in 2019	rent-to-sales ratio in %	% of sales	% of space
DEPARTMENT STORES & HYPERMARKETS	-1.1	6.4	7.5	14.8
FOOD	+0.8	7.6	8.8	6.3
FASHION TEXTILES	+1.7	12.9	29.0	38.7
SHOES & LEATHER GOODS	+2.9	15.1	4.8	5.9
SPORTS	+2.3	10.1	5.2	6.0
HEALTH & BEAUTY	+5.9	7.3	12.6	6.0
GENERAL RETAIL	+1.0	12.9	8.3	9.4
ELECTRONICS	+0.6	3.8	14.6	7.5
SERVICES	-4.3	5.0	4.9	1.6
FOOD CATERING	+11.2	12.3	4.5	3.7
TOTAL	+1.8	9.5	100²	100²

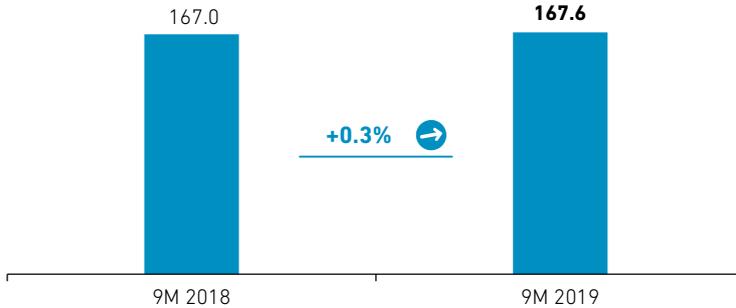
	Germany	Abroad	Total
→ Retail turnover development on a like-for-like basis:	+1.8%	+1.7%	+1.8%
→ Absolute retail turnover development:	+0.0%	+2.4%	+0.5%

¹ German centers on a like-for-like basis (estimated turnover 2019: €2.0 billion)

² The sum may not equal the totals due to rounding

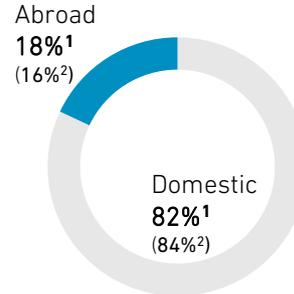
Revenues on track

REVENUE in € million

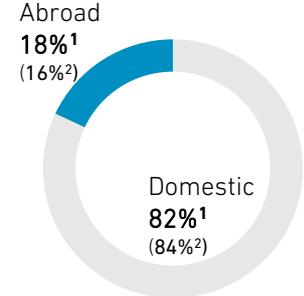


- Increase in revenue of 0.3% to €167.6 million meeting our expectations
- Stationary retail and leasing market in Germany remains demanding – some insolvencies from more sizable retail chains observed
- Textile and electronics segment continued to be impacted most by growing E-Commerce

9M 2019 Share of revenue



9M 2018 Share of revenue



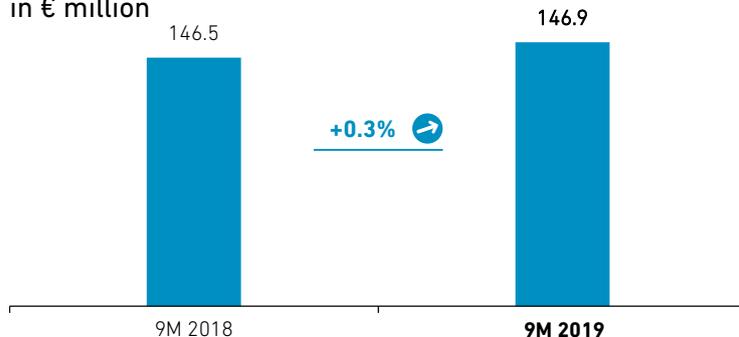
¹ "look through" (calculated on the basis of the group share)

² consolidated

EBIT slightly improved

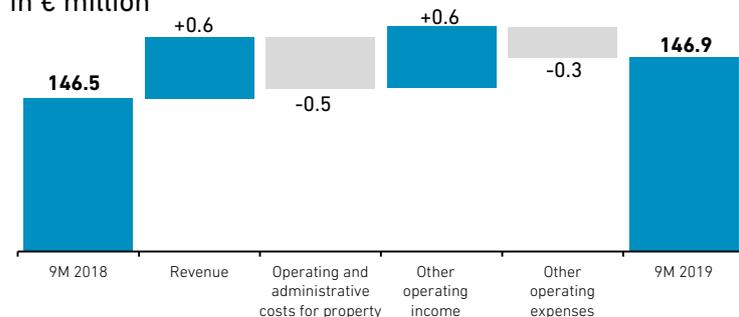
EBIT

in € million



EBIT bridge 9M 2019

in € million



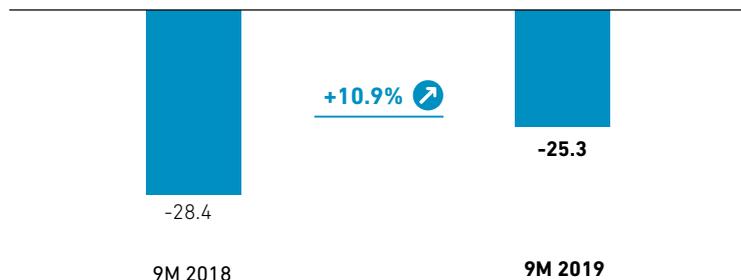
- EBIT grows to €146.9 million (+0.3%)
- Lower maintenance cost where offset by slightly higher operating and administrative costs (write-downs on rents and non-recoverable cost)
- Write-down-ratio on rents remains low at ~0,75%
- Cost ratio of 10.4% within budgeted range

in € thousand

	01.01. – 30.09.2019	01.01. – 30.09.2018
Revenue	167,594	167,027
Operating and administrative costs for property	-17,466	-17,002
NOI	150,128	150,025
Other operating income	1,346	784
Other operating expenses	-4,562	-4,336
EBIT	146,912	146,473

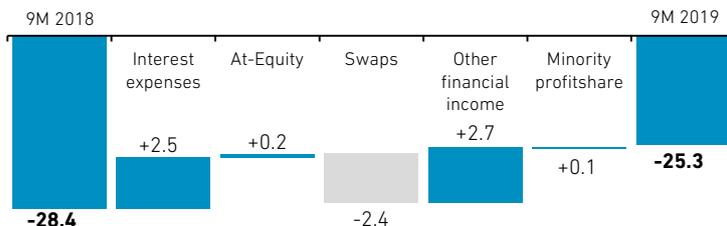
Financial result¹ positively influenced by one-off effect

Financial result¹ in € million



- Financial result improved by €3.1 million
- Interest expenses decreased by €2.5 million. Lower interest costs due to scheduled loan repayments and more favourable refinancing for the Altmarkt-Galerie Dresden and Rhein-Neckar-Zentrum Viernheim
- Other financial income mainly influenced by an exceptional one-off interest income² of €2.7 million and changes in swap values (-€2.4 million)
- At-equity operating profit¹ slightly improved to €23.1 million

Financial result bridge 9M 2019¹ in € million



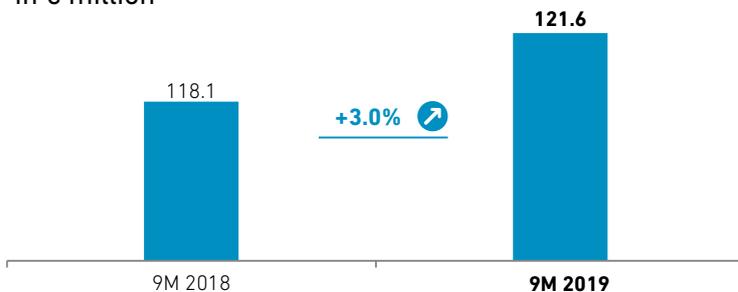
¹ excluding valuation

² relating to an expected tax refund for previous years

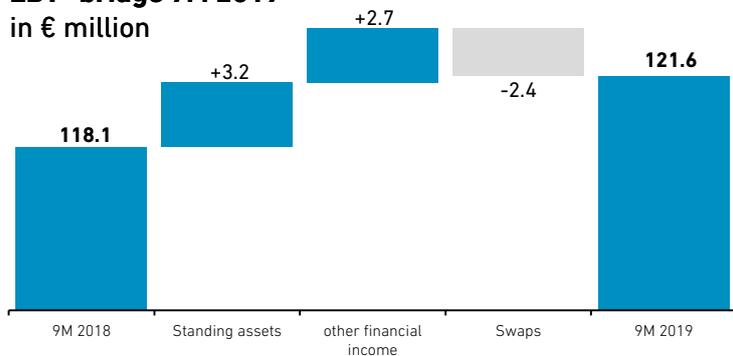
in € thousand	01.01. – 30.09.2019	01.01. – 30.09.2018
At-equity profit/loss	21,356	20,978
Valuation (at equity)	1,622	1,928
Deferred taxes (at equity)	129	109
At-equity (operating) profit/loss	23,107	23,015
Interest expense	-37,392	-39,843
Profit/loss attributable to limited partners	-13,745	-13,820
Other financial result (incl. swaps)	2,740	2,276
Financial result¹	-25,290	-28,372

EBT¹ up by 3.0 %

EBT¹
in € million



EBT¹ bridge 9M 2019
in € million



- EBT (excl. valuation) improved by 3.0% (+€3.5 million) and by 1.4% excluding one-offs
- Realization of further interest savings on the existing financings contributed +€2.5 million to the standing assets
- One-off interest income in relation to tax refunds and changes in swap values as major influence factor

in € thousand

	01.01. – 30.09.2019	01.01. – 30.09.2018
EBIT	146,912	146,473
Financial result ¹	-25,290	-28,372
EBT*	121,622	118,101

¹ excluding valuation

EPRA Earnings significantly higher

EPRA earnings
in € million (per share in €)



- EPRA earnings rose by €12.7 million to €120.5 million
- Expected one-off tax refunds for previous years and related interest income as major influence factor (€9.0 million³)
- EPRA Earnings per share increased from €1.74 to €1.95
- Excluding one-offs EPRA earnings would have improved by €3.7 million (+3.4%) or by €0.07 to €1.81 per share

EPRA EARNINGS

	01.01. – 30.09.2019		01.01. – 30.09.2018	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	93,340	1.51	82,153	1.33
Valuation investment properties ¹	13,111	0.21	15,100	0.24
Valuation derivative financial instruments ¹	-227	0.00	-2,548	-0.04
Deferred taxes in respect of EPRA adjustments ²	14,231	0.23	13,095	0.21
EPRA Earnings	120,455	1.95	107,800	1.74
Weighted number of no-par-value shares issued		61,783,594		61,783,594

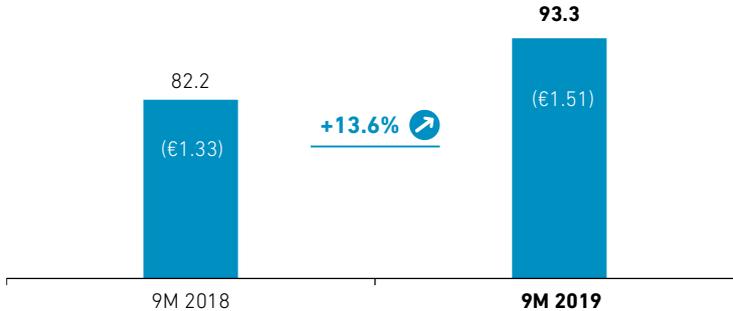
¹ including the share attributable to equity-accounted joint ventures and associates

² affects deferred taxes on investment properties and derivative financial instruments

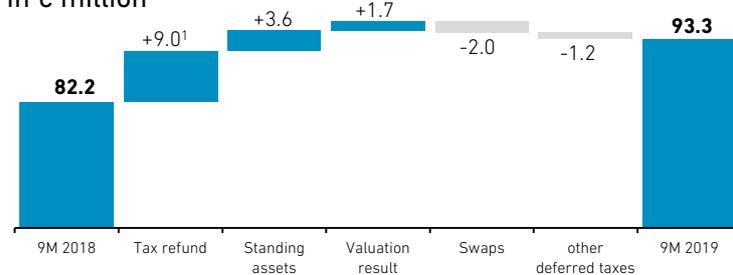
³ including the tax expense attributable to the interest refund

Consolidated profit

Consolidated profit
in € million (per share in €)



Consolidated profit bridge 9M 2019
in € million



Consolidated profit increased in total by €11.1 million. The following effects are included in that result:

- Expected tax refunds incl. related interest (+€9.0 million¹)
- Positive contribution from standing assets (+€3.6 million)
- Some smaller changes from other items (valuation results, swap valuation and taxes)
- Earnings per share increased from €1.33 to €1.51 per share (increased by €0.04 to €1.37 per share excluding one-offs)

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 increase from €110.7 million to €111.7 million mainly due to further interest savings on the existing financings
- FFO per share increased from €1.80 to €1.81

FUNDS FROM OPERATIONS

	01.01. – 30.09.2019		01.01. – 30.09.2018	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	93,340	1.51	82,153	1.33
Valuation investment properties ¹	13,111	0.21	15,100	0.24
Tax refund for previous years ²	-8,996	-0.14	0	0.00
Deferred taxes ¹	14,284	0.23	13,411	0.23
FFO	111,739	1.81	110,664	1.80
Weighted number of no-par-value shares issued		61,783,594		61,783,594

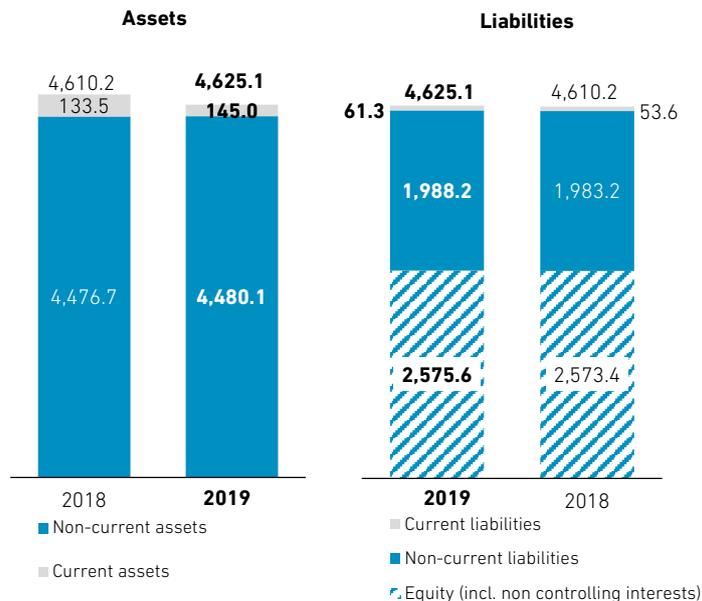
¹ including the share attributable to equity-accounted joint ventures and associates

² including the tax expense attributable to the interest refund

Balance sheet: very solid and little structural changes

BALANCE SHEET STRUCTURE

in € million



- Equity ratio stands at a solid 55.7%
- LTV slightly decreased to 31.6% (“look-through” 33.7%³)

BALANCE SHEET AS AT 30 SEPTEMBER 2019

in € thousand	30.09.2019	31.12.2018	Change
Non-current assets	4,480,116	4,476,724	3,392
Cash and cash equivalents	122,267	116,335	5,932
Other current assets	22,729	17,169	5,560
Total assets	4,625,112	4,610,228	14,884
Equity	2,230,925	2,229,748	1,177
Right to redeem of limited partners	344,684	343,648	1,036
Equity (including minority interest)	2,575,609	2,573,396	2,213
Financial liabilities	1,519,940	1,522,393	-2,453
Deferred taxes	466,920	452,642	14,278
Other liabilities	62,643	61,797	846
Total equity and liabilities	4,625,112	4,610,228	14,884
Equity ratio in % ¹	55.7%	55.8%	
LTV ratio in % ²	31.6%	31.8%	
LTV ratio (“look-through”) in % ³	33.7%	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).

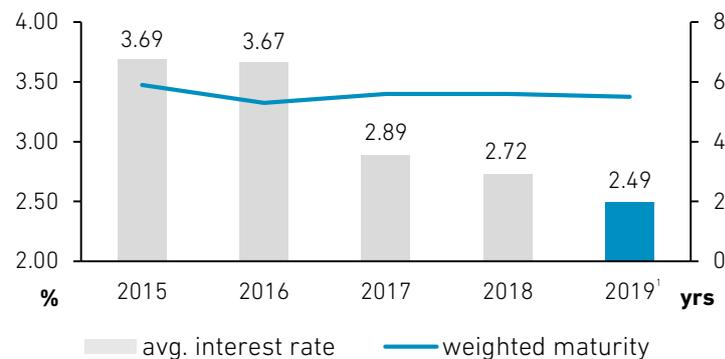
³ ratio of net financial liabilities to long-term assets, calculated on the basis of the group share

Loan Structure^{1,2}

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		6.6	0.5%	3.54%
1 to 5 years	3.1	684.4	45.0%	3.32%
5 to 10 years	7.9	581.3	38.2%	2.41%
Over 10 years	10.7	247.6	16.3%	1.93%
Total¹	5.5	1,519.9	100%	2.49%

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

→ Weighted maturity of fixed interest periods **5.5 years¹**



¹ as of 30 September 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%	6.6	129.7
2020	134.1	4.52%	16.4	150.5
2021	198.3	4.48%	14.3	212.6
2022	225.6	3.26%	10.6	236.2
2023	209.0	2.99%	9.2	218.2
2024	0		9.6	9.6
	890.1			

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	47.1	4.23%	50%
2021	63.3	4.59%	50%
2022-2025	0		

€59.0m, 1.09%, 9y (06/2020)

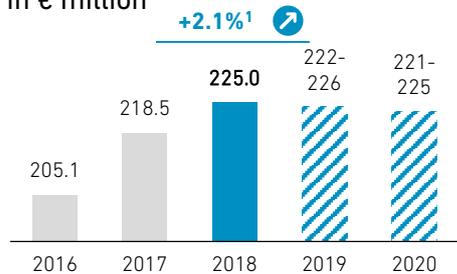
Phoenix-Center, Hamburg

¹ as of 30 September 2019

² excl. at-equity consolidated loans

Forecast

REVENUE in € million



EBT (excl. valuation) in € million



FFO in € million



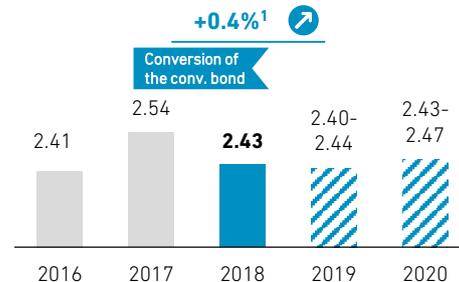
EBIT in € million



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":

4 centers completed plus

- Altmarkt-Galerie Dresden
- Allee-Center Hamm
- Rathaus-Center Dessau
- Saarpark-Center Neunkirchen

in progress

-
- **Digital Mall:** >50% centers of our German Portfolio already have a "digital twin". The remaining centers will follow until the year end or soon after

-
- Currently we have **refinancings** of approx. €264 million under negotiation (DES' share approx. €239 million)

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- Increase in **dividend** to €1.55 per share for 2019 and €1.60 for 2020

At your Service:
Rhein-Neckar-Zentrum



Allee-Center Magdeburg

Financial Calendar

2019

13.11. Quarterly Statement 9M 2019
18.11. DZ Bank Equity Conference, Frankfurt
18.11. Roadshow Zurich, Baader Bank
21.11. Roadshow Paris, M. M. Warburg
05.12. Berenberg European Conference, Pennyhill
12.-13.12. HSBC Global Real Estate Conference, Cape Town

2020

09.-10.01. Oddo BHF Forum, Lyon
21.01. Kepler Cheuvreux German Corporate Conf., Frankfurt
19.03. Preliminary Results 2019
26.03. Bank of America Merrill Lynch Europ. Real Estate Conf., London
29.04. Publication of the Annual Report 2019
14.05. Quarterly Statement 3M 2020
28.05. Societe Generale The Nice Conference, Nice
16.06. Annual General Meeting, Hamburg
13.08. Half-year Financial Report 2020
12.11. Quarterly Statement 9M 2020



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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 AUGUST 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.

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