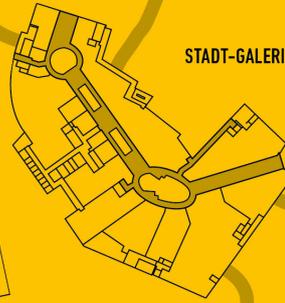
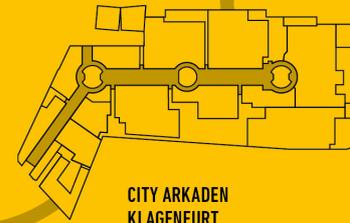


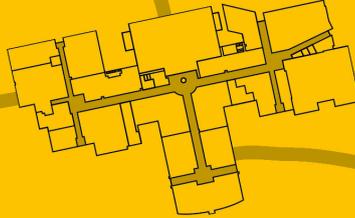
ALLEE-CENTER  
MAGDEBURG



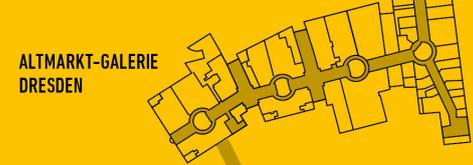
STADT-GALERIE PASSAU



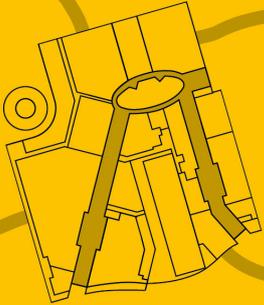
CITY ARKADEN  
KLAGENFURT



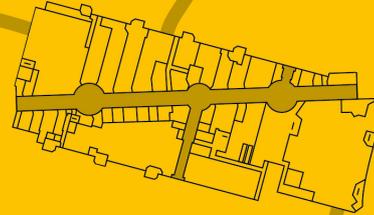
RHEIN-NECKAR-ZENTRUM  
VIERNHEIM



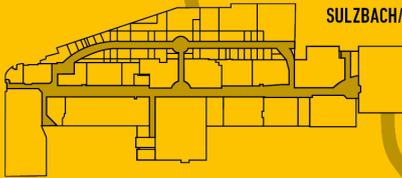
ALTMARKT-GALERIE  
DRESDEN



CITY-GALERIE  
WOLFSBURG

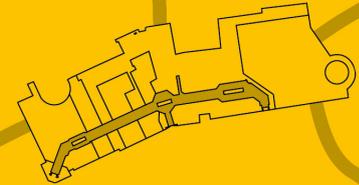


RATHAUS-CENTER  
DESSAU

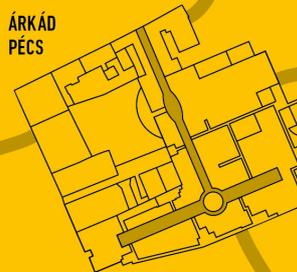


MAIN-TAUNUS-ZENTRUM  
SULZBACH/FRANKFURT

ALLEE-CENTER  
HAMM



ÁRKÁD  
PÉCS



# CONFERENCE CALL

## Half-Year Financial Report 2020

14 August 2020

## Update on Business Activities - Summary

### Center Openings

- **Most shops in the centers** in Germany and abroad are permitted to **operate since the first half of May**
- **Numerous but differing safety restrictions continue to apply**, e. g.
  - minimum distances between people
  - face coverings
  - limited number of customers per sqm GLA in shops



Tendency to fewer restrictions in Austria, Hungary and Czech Republic

- **Gastronomy and entertainment still subject to special restrictions**

### Operations

- **Latest footfall numbers: approx. 77% of normal levels** – mandatory face mask impede faster recovery
- **Footfall numbers vary** in a range from 65% to 100% for the centers
- **Tenant turnover** of reporting shops **improved to 82% of 2019 level** (substantial deviations among segments)

## Update on Business Activities - Summary

### Rents

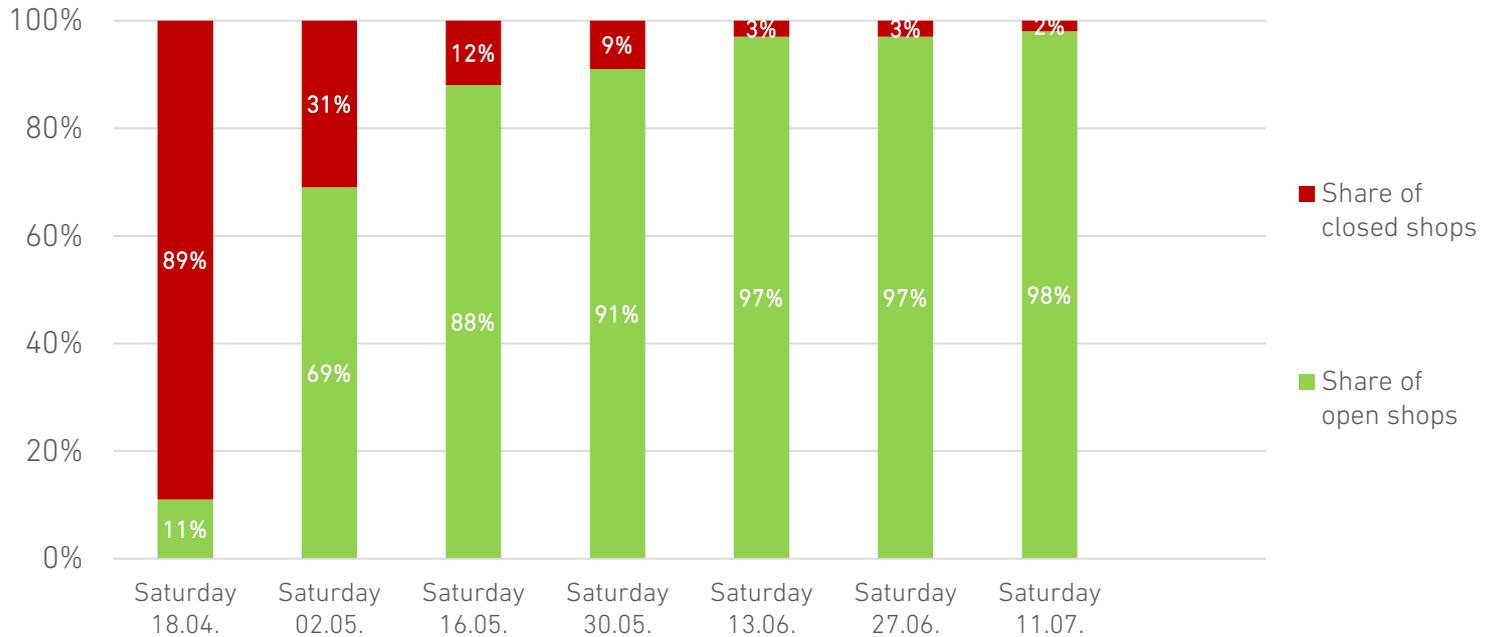
- **Collection Ratio: 48% (Q2) and 78% (July)**
- **Cooperative negotiations with tenants** concerning relief measures:
  - individual and flexible solutions to be considered: e.g. rent deferrals/holidays, cost savings
  - considerations from the tenants are generally required: e.g. extension of lease terms, adjustments of turnover based rents or legal contract standards
- **Tenant insolvencies since start of corona pandemic account for 6% of DES rent (unchanged):**
  - most of the affected tenants target restructuring of business activities

### Financials & Liquidity

- **Stable cash position** DES Group: **€179m** (30.06.2020)
- **Signing of credit line facility** of €150m (until 2024) in January 2020
- **Signing of a loan contract** amid shut-down for a loan becoming due in December 2020 (€70m)
- **Upcoming signing of a loan contract** for a refinancing becoming due in June 2021 (€70m)
- **Continued trustful and cooperative talks with current banking partners**
- **No forecast possible for FY 2020** due to unpredictable development of pandemic:
  - impact on the economy, customer behaviour, retail turnovers and special tenant arrangements

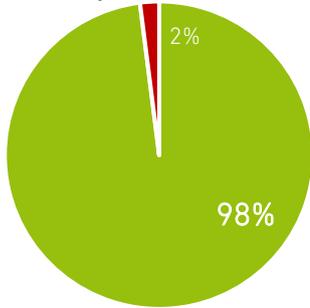
## Center Operations in Corona Times

Breakdown of open and closed shops across all DES centers in Germany in the period 18 April to 11 July 2020

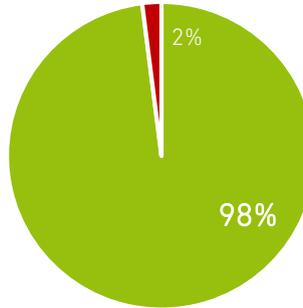


## Opening Status in the Individual Countries\*

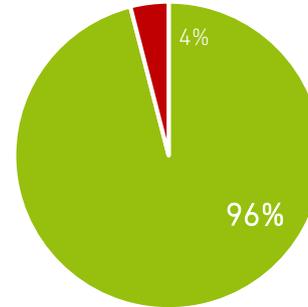
Germany



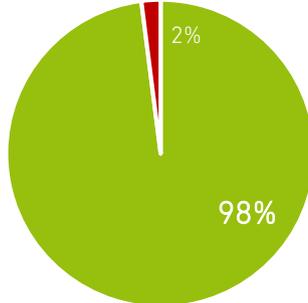
Austria



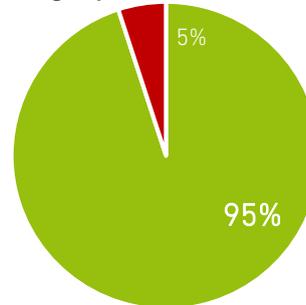
Poland



Czech Republic



Hungary



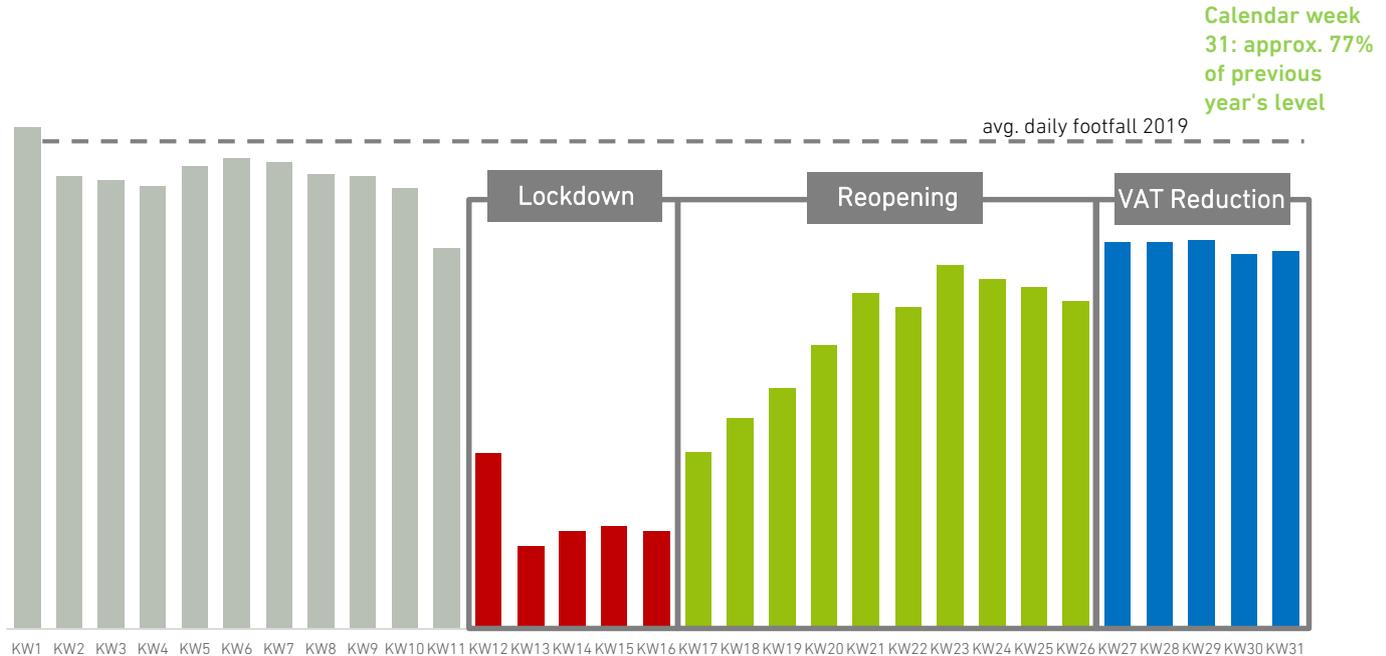
■ Share of closed shops

■ Share of open shops

\* as of 11 July 2020

# Corona Impact – Footfall

Development of the average daily frequency since the beginning of 2020 per calendar week



## Regulations for Face Coverings in Shopping Centers\*

- **Face coverings mandatory in shops and in the mall:**

Main-Taunus-Zentrum, A10 Center, Rhein-Neckar-Zentrum, Herold-Center Norderstedt, Rathaus-Center Dessau, Allee-Center Magdeburg, Phoenix-Center Hamburg, Billstedt-Center, Hamburg, Saarpark-Center Neunkirchen, Forum Wetzlar, Allee-Center Hamm, City-Arkaden Wuppertal, City-Point Kassel, Stadt-Galerie Passau, Galeria Baltycka, Gdansk (Poland)

- **Face coverings mandatory in shops:**

Altmarkt-Galerie Dresden, City-Galerie Wolfsburg, Stadt-Galerie Hameln, Arkad Pecs (Hungary)  
**mandatory only for food, opticians and hairdressers:**  
City-Arkaden, Klagenfurt (Austria)

- **No face covering regulation anymore:**

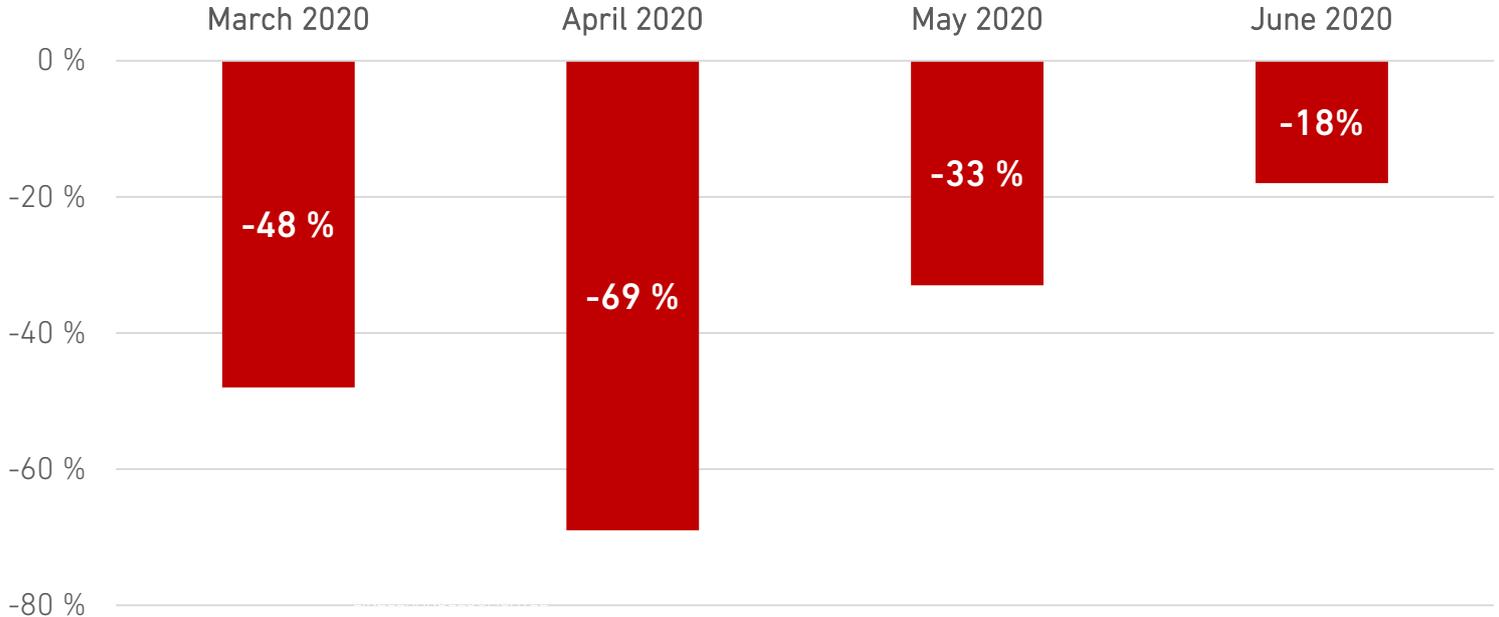
Olympia, Brno (Czech Republic)



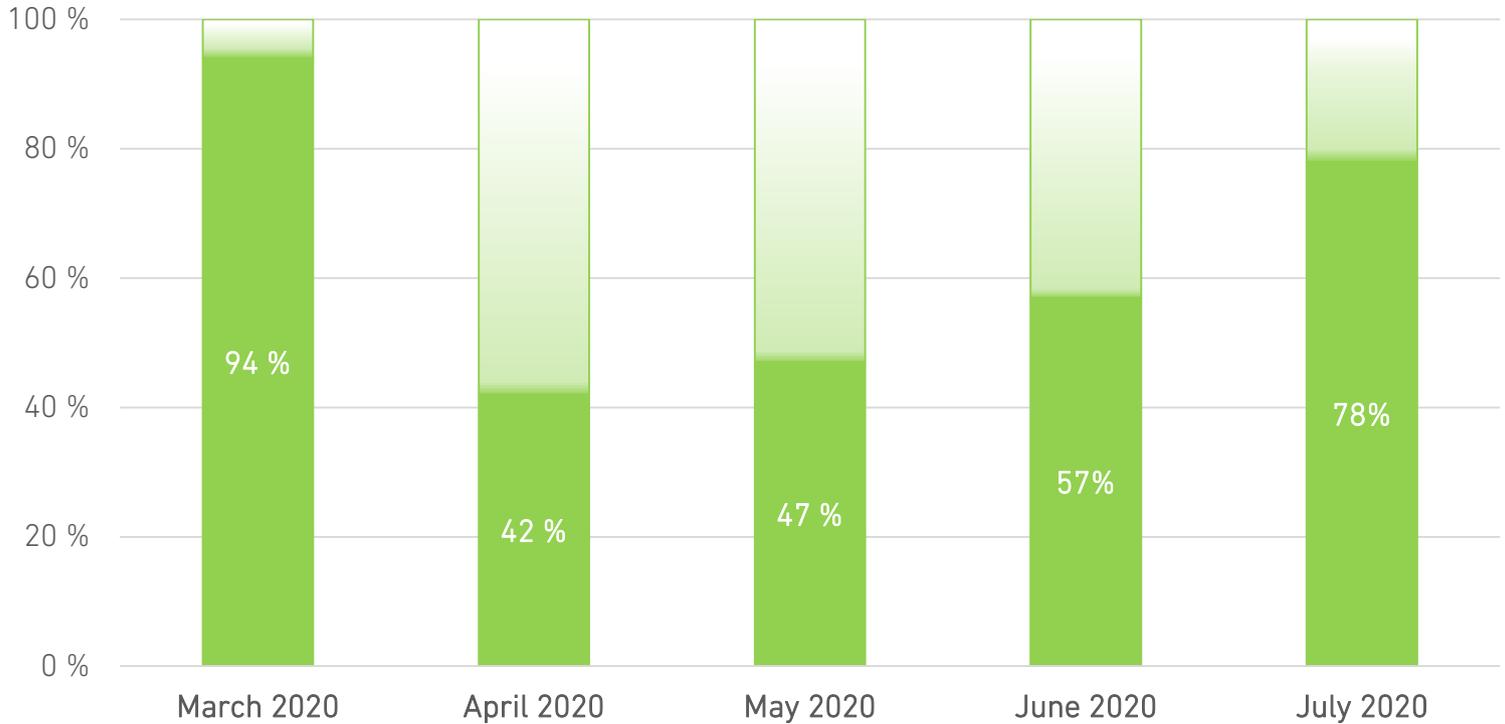
\* Status: 1 August 2020; subject to possible short-term regional relaxations/intensifications.

## Corona Impact – Retail Turnover

Development of retail turnover in the German centers compared to the previous year



## Corona Impact – Collection Rate



# Valuation<sup>1</sup> – Investment Properties 30 June 2020

in € thousand	01.01. – 30.06.2020	01.01. – 30.06.2019	CHANGE
Revaluation	-192.461	-7.239	-185.222
Revaluation at-equity	-49.171	-1.248	-47.923
Other impairment	0	0	0
Minority interest	23.759	96	23.663
<b>Valuation result before taxes</b>	<b>-217.873</b>	<b>-8.391</b>	<b>-209.482</b>
Deferred taxes	38.607	1.727	36.880
<b>Valuation result after taxes<sup>2</sup></b>	<b>-179.266</b>	<b>-6.664</b>	<b>-172.602</b>



Valuation of Investment Properties impacted mainly by the Corona-pandemic:

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

## SENSITIVITY ANALYSIS

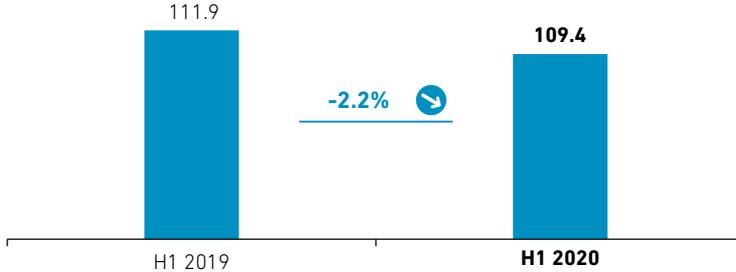
IN € THOUSAND	Basis	change of -25bps	change of +25bps
Rent increase rates	1.10%	-115,000	+150,300
Discount rate	6.09%	+71,800	-73,000
Capitalization rate	5.22%	+119,900	-114,600
Cost ratio	10.73%	+10,000	-10,700

<sup>1</sup> External appraisers: JLL (since 2015)

<sup>2</sup> Attributable to group shareholders

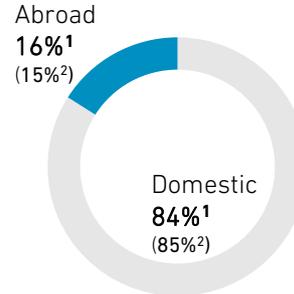
## Revenues – small top line effect

**REVENUE**  
in € million

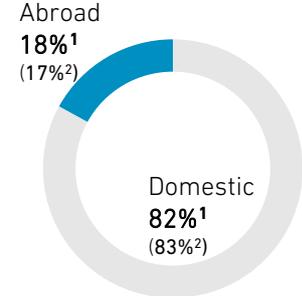


- Recognition of rental income according to lease contracts
- Only slight decrease in revenues to €109.4m (-2.2%)
- Mainly influenced by the situation in Poland (temporary legal suspension of rents based on a new law to cushion the effects of the pandemic)

### H1 2020 Share of revenue



### H1 2019 Share of revenue



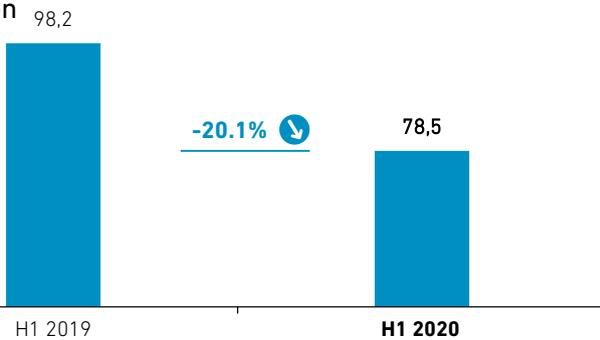
<sup>1</sup> "look through" (calculated on the basis of the group share)

<sup>2</sup> consolidated

## EBIT burdened by the impact of the Corona-pandemic

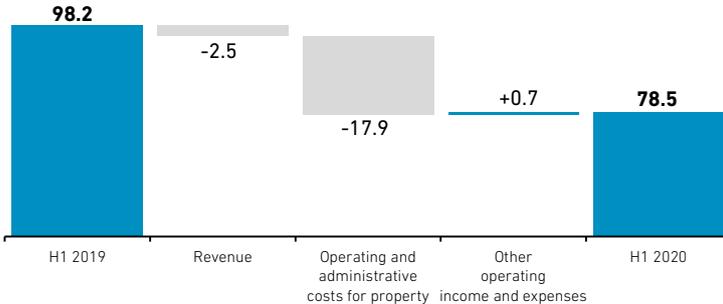
### EBIT

in € million



### EBIT bridge H1 2020

in € million



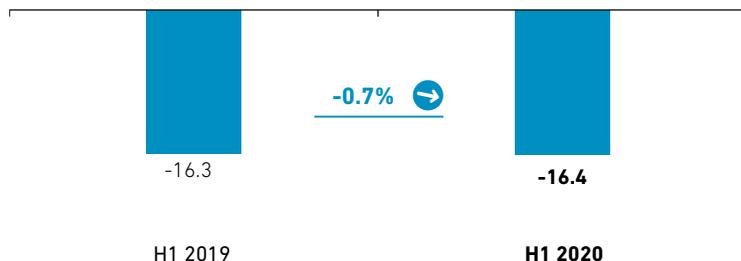
- EBIT decreased to €78.5m (-20.1%)
- Decline due to the higher allowances for rent receivables due on 30.06.2020 (€ -19.0m) and the Corona-related decline in revenue
- Allowances estimated based on expected losses in connection of tenant support measures and actual or likely insolvencies

in € thousand

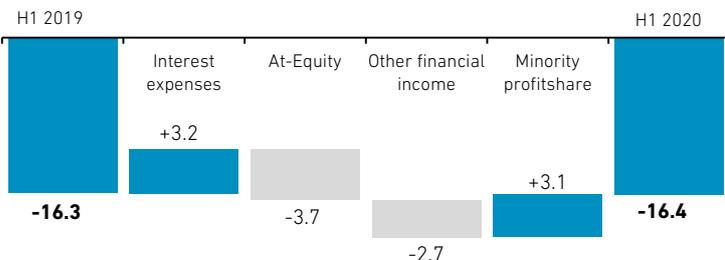
	01.01. – 30.06.2020	01.01. – 30.06.2019
Revenue	109,422	111,884
Operating and administrative costs for property	-29,376	-11,471
<b>NOI</b>	<b>80,046</b>	<b>100,413</b>
Other operating income	2,089	712
Other operating expenses	-3,636	-2,920
<b>EBIT</b>	<b>78,499</b>	<b>98,205</b>

## Financial Result<sup>1</sup> unchanged

### Financial result<sup>1</sup> in € million



### Financial result bridge H1 2020<sup>1</sup> in € million



- Financial result was almost unchanged (€-0.1m).
- Interest expenses reduced by €3.2m due to favourable refinancings (Rhein-Neckar-Zentrum Viernheim and A10 Center Wildau)
- At-equity operating profit<sup>1</sup> decreased by €3.7m due to a Corona-related decline in revenues and higher allowances in the joint venture companies
- Minority result declined due to corona-impact (+3.1)
- Other financial income in the prior year was influenced by an exceptional one-off interest income<sup>2</sup> of €2.7m

in € thousand	01.01. – 30.06.2020	01.01. – 30.06.2019
At-equity profit/loss	-37,300	14,092
Valuation (at equity)	49,171	1,248
Deferred taxes (at equity)	-146	93
At-equity (operating) profit/loss	11,725	15,433
Interest expense	-21,979	-25,132
Profit/loss attributable to limited partners	-6,198	-9,320
Other financial result	6	2,687
<b>Financial result<sup>1</sup></b>	<b>-16,446</b>	<b>-16,332</b>

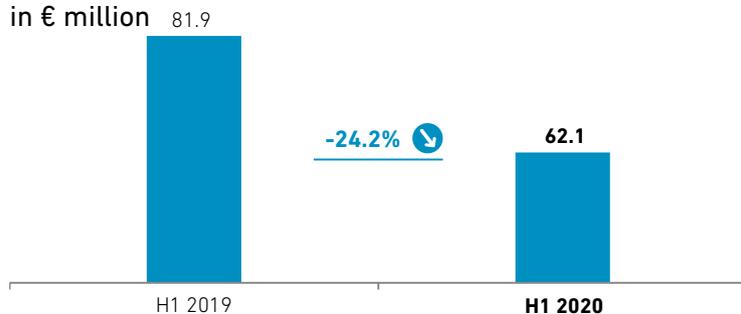
<sup>1</sup> excluding valuation

<sup>2</sup> relating to an expected tax refund for previous years

## EBT<sup>1</sup> burdened by the impact of the Corona-pandemic

### EBT<sup>1</sup>

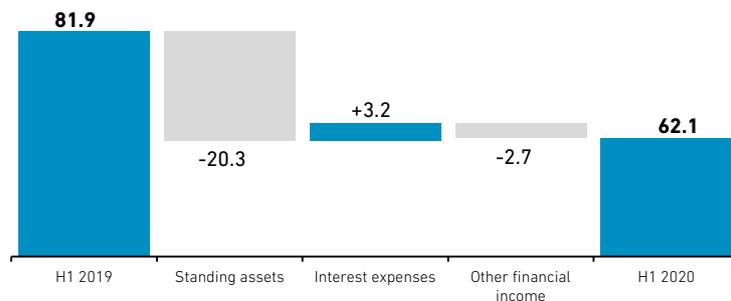
in € million



- EBT (excl. valuation) significantly below previous year -24.2% (€-19.8m) due lower operating results
- Interest savings with positive impact (€+3.2m)
- One-off interest income in relation to tax refunds in 2019 as extraordinary and one-off influence factor

### EBT<sup>1</sup> bridge H1 2020

in € million



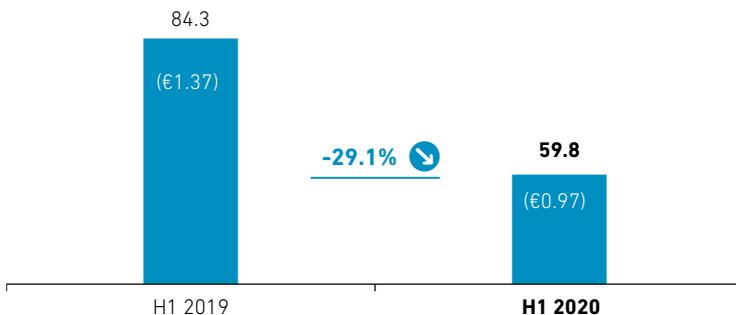
in € thousand

	01.01. – 30.06.2020	01.01. – 30.06.2019
EBIT	78,499	98,205
Financial result <sup>1</sup>	-16,446	-16,332
EBT*	62,053	81,873

<sup>1</sup> excluding valuation

## EPRA Earnings

### EPRA earnings in € million (per share in €)



- EPRA earnings declined by €24.5m to €59.8m
- tax refunds and related interest income as extraordinary and one-off influence factor in the prior year (€9.0m<sup>3</sup>)
- EPRA Earnings per share decreased from €1.37 to €0.97

### EPRA EARNINGS

	01.01. – 30.06.2020		01.01. – 30.06.2019	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	<b>-129,305</b>	<b>-2.09</b>	<b>66,236</b>	<b>1.07</b>
Valuation investment properties <sup>1</sup>	217,873	3.53	8,391	0.14
Valuation derivative financial instruments <sup>1</sup>	-88	0.00	-141	0.00
Deferred taxes in respect of EPRA adjustments <sup>2</sup>	-28,710	-0.47	9,820	0.16
<b>EPRA Earnings</b>	<b>59,770</b>	<b>0.97</b>	<b>84,306</b>	<b>1.37</b>
Weighted number of no-par-value shares issued		61,783,594		61,783,594

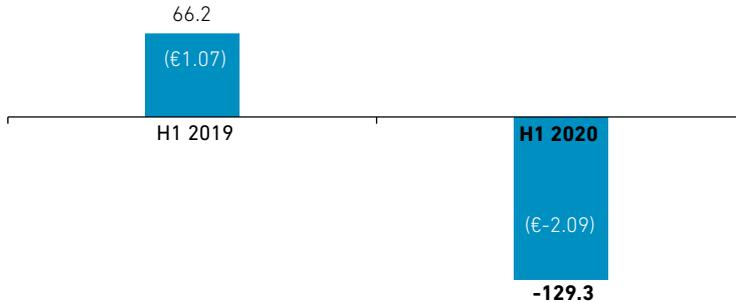
<sup>1</sup> including the share attributable to equity-accounted joint ventures and associates

<sup>2</sup> affects deferred taxes on investment properties and derivative financial instruments

<sup>3</sup> including the tax expense attributable to the interest refund

## Consolidated Result – dominated by negative valuation result

### Consolidated result in € million (per share in €)

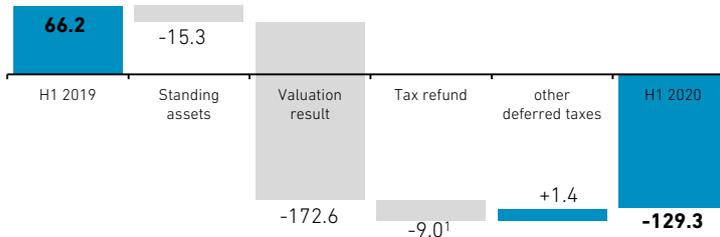


Consolidated result decreased in total by €-195.5m. The following effects are included in that change:

- Valuation result with dominating impact (€-172.6m)
- Reduced result from standing assets (€-15.3m)
- One-off prior year tax refunds (€-9.0m<sup>1</sup>)
- Smaller changes due to other factors, e.g. deferred taxes

Earnings per share decreased from €1.07 to €-2.09

### Consolidated result bridge H1 2020 in € million

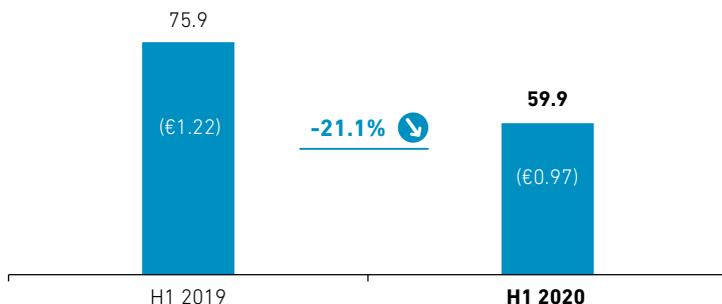


<sup>1</sup> including the tax expense attributable to the interest refund

## 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 €59.9m declined to previous years level (€75.9m), mainly influenced by corona-related lower revenues and higher allowances for rent receivables
- FFO per share decreased from €1.22 to €0.97
- FFO to be analysed in conjunction with the cash collection ratios (Q2: 48% / June: 78 %)

### FUNDS FROM OPERATIONS

	01.01. – 30.06.2020		01.01. – 30.06.2019	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	-129,305	-2.09	66,236	1.07
Valuation investment properties <sup>1</sup>	217,873	3.53	8,391	0.14
Tax refund for previous years <sup>2</sup>	0	0.00	-8,961	-0.15
Deferred taxes <sup>1</sup>	-28,710	-0.47	10,188	0.16
<b>FFO</b>	<b>59,858</b>	<b>0.97</b>	<b>75,854</b>	<b>1.22</b>
Weighted number of no-par-value shares issued	61,783,594		61,783,594	

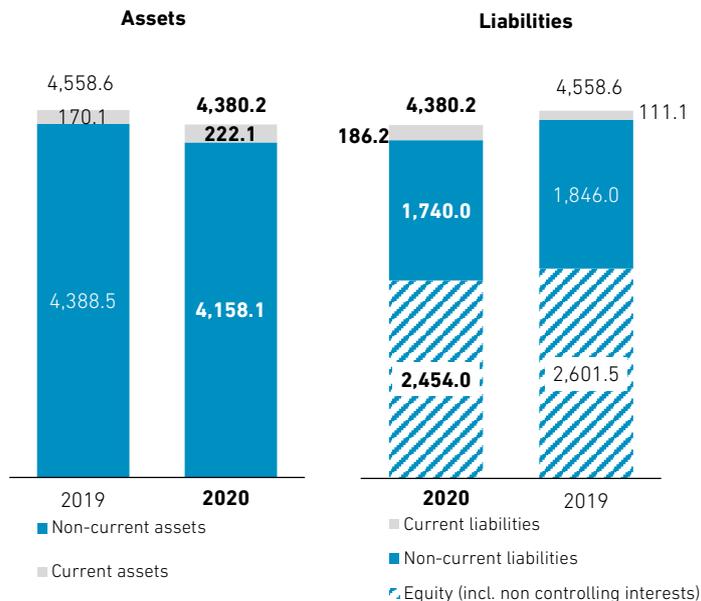
<sup>1</sup> including the share attributable to equity-accounted joint ventures and associates

<sup>2</sup> including the tax expense attributable to the interest refund

# Balance Sheet 30 June 2020 – strong as before

## BALANCE SHEET STRUCTURE

in € million



- Equity ratio stands at a solid 56.0%
- LTV increased slightly to 32.5% (+ 1%<sup>4</sup>) due to lower property values (“look-through”: 34.8%<sup>3</sup>)
- Group cash position: €179m

## BALANCE SHEET AS AT 30 JUNE 2020

in € thousand	30.06.2020	31.12.2019	Change
Non-current assets	4,158,093	4,388,455	-230,362
Cash and cash equivalents	178,804	148,087	30,717
Other current assets	43,253	22,063	21,190
<b>Total assets</b>	<b>4,380,150</b>	<b>4,558,605</b>	<b>-178,455</b>
Equity	2,123,383	2,249,573	-126,190
Right to redeem of limited partners	330,587	351,905	-21,318
<b>Equity (including minority interest)</b>	<b>2,453,970</b>	<b>2,601,478</b>	<b>-147,508</b>
Financial liabilities	1,511,458	1,512,347	-889
Deferred taxes	351,079	378,755	-27,676
Other liabilities	63,643	66,025	-2,382
<b>Total equity and liabilities</b>	<b>4,380,150</b>	<b>4,558,605</b>	<b>-178,455</b>
Equity ratio in % <sup>1</sup>	56.0%	57.1%	
LTV ratio in % <sup>2</sup>	32.5%	31.5%	
LTV ratio (“look-through”) in % <sup>3</sup>	34.8%	33.7%	

<sup>1</sup> including third-party interest in equity

<sup>2</sup> 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).

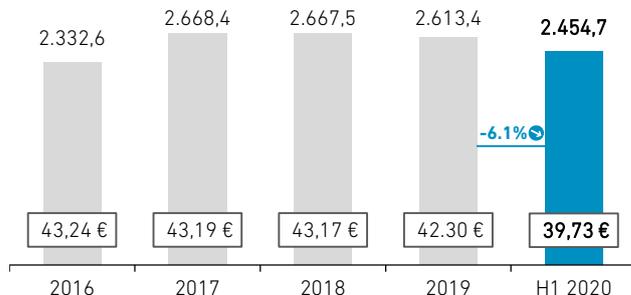
<sup>3</sup> ratio of net financial liabilities to long-term assets, calculated on the basis of the group share

<sup>4</sup> percentage points

## Net Asset Value (EPRA) 30 June 2020

### EPRA NAV

in € million (per share in €)



53,945,536 61,783,594 61,783,594 61,783,594 61,783,594

Number of shares as at the reporting date

- EPRA NAV decreased to € 39.73 (- 6.1%) due to lower property values
- Discount to share price: 68 % (13.08.2020)

### EPRA NAV

	30.06.2020		31.12.2019	
	in € thousand	per share in €	in € thousand	per share in €
Equity	2,123,383	34.37	2,249,573	36.41
Derivative financial instruments measured at fair value <sup>1</sup>	29,057	0.47	33,726	0.55
<b>Equity excluding derivative financial instruments</b>	<b>2,152,440</b>	<b>34.84</b>	<b>2,283,299</b>	<b>36.96</b>
Deferred taxes on investment properties and derivative financial instruments <sup>1</sup>	355,996	5.76	383,818	6.21
Goodwill as a result of deferred taxes	-53,727	-0.87	-53,727	-0.87
<b>EPRA NAV</b>	<b>2,454,709</b>	<b>39.73</b>	<b>2,613,390</b>	<b>42.30</b>
Weighted number of no-par-value shares issued		61,783,594		61,783,594

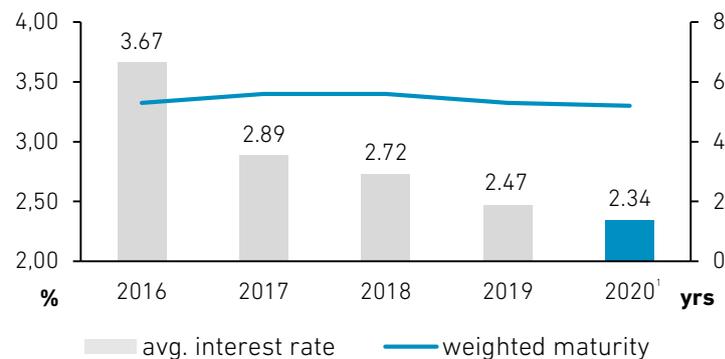
<sup>1</sup> Including the share attributable to equity-accounted joint ventures and associates

## Loan Structure<sup>1,2</sup>

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		6.4	0.4%	3.14%
1 to 5 years	2.5	615.4	40.8%	3.21%
5 to 10 years	7.6	692.9	45.8%	2.37%
Over 10 years	10.5	196.8	13.0%	1.58%
<b>Total<sup>1</sup></b>	<b>5.2</b>	<b>1,511.5</b>	<b>100%</b>	<b>2.34%</b>

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

→ Weighted maturity of fixed interest periods **5.2 years<sup>1</sup>**



<sup>1</sup> as of 30 June 2020

<sup>2</sup> excl. non-consolidated loans

## Loan Maturities until 2026<sup>1,2</sup>

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	REGULAR REDEMPTION PAYMENTS	TOTAL MATURITIES
2020	134.1	4.52%	6.4	<b>140.5</b>
2021	198.3	4.48%	14.3	<b>212.6</b>
2022	225.6	3.26%	10.6	<b>236.2</b>
2023	209.0	2.99%	9.2	<b>218.2</b>
2024	0		9.6	<b>9.6</b>
2025	58.3	2.07	10.1	<b>68.4</b>
2026	168.6	2.39	5.1	<b>173.7</b>
	<b>993.9</b>			

Already fixed:

€139.9m, 1.68%, 10y (01/2020)

€70.0m, 1.37%, 10y (01/2021)

### At-equity consolidated loans<sup>1</sup>

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	DES' SHARE
2020	47.1	4.23%	50%
2021	63.3	4.59%	50%
2022-2025	0		
2026	88.0	2.16%	50%

€59.0m, 1.09%, 9y (06/2020)

Phoenix-Center, Hamburg

<sup>1</sup> as of 30 June 2020

<sup>2</sup> excl. at-equity consolidated loans

## Outlook

- **Leasing**  
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
- **Financing**  
cooperative dialogue with the banks, next loan signing ahead
- **Forecast**  
given the uncertainty about the duration and impact of the Corona-pandemic a forecast for the FY 2020 is not possible. A new forecast will be issued as soon as this is feasible



## Digital Mall – The Online Twin of our Shopping Centers

All 17 German centers connected

- Connected Commerce:
  - 1<sup>st</sup> phase: Digital Mall, shop-window, click & collect
  - 2<sup>nd</sup> phase: Connecting market places
  - 3<sup>rd</sup> phase: Transactions
  - 4<sup>th</sup> phase: Logistics & deliveries



Online product search



Check store availability



Coming soon: Click & reserve



Collect in store



Future: Delivery out of the mall

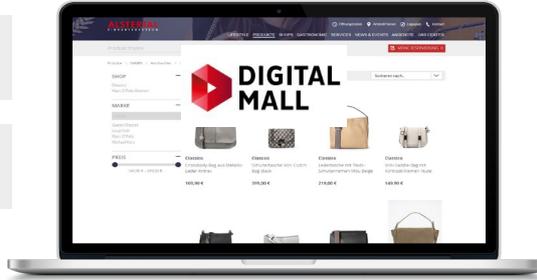


>600 stores are currently live offering more than 2.8 million articles

# Update Digital Mall

**>600** RETAILERS IN ACQUISITION FOCUS

**700** SHOPS LIVE



CENTERS LIVE

**51**

AVAILABLE PRODUCTS

**2.8M**



# Financial Calendar

## 2020

13.08. Half-year Financial Report 2020

20.08. HSBC European Real Estate Conference (virtual)

03.09. Commerzbank Sector Conference, (virtual)

07.09. Jefferies Real Estate Conference (virtual)

21.09. Goldman Sachs & Berenberg German Conference (virtual)

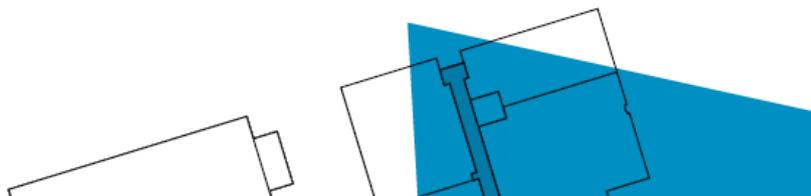
22.09. Baader Investment Conference, Munich (hybrid)

01.10. Commerzbank German Real Estate Forum, London

12.11. Quarterly Statement 9M 2020

25.11. DZ Bank Equity Conference, Frankfurt

01.12. Berenberg European Conference, Pennyhill



## Contact

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### 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 (-).

