



**DES**

Deutsche EuroShop

**Conference Call**  
**Quarterly Statement 9M 2021**

12 November 2021

#feelestate

## Update on Business Activities – Summary

### Operations



- **Footfall numbers 2021 (compared to normal levels)**
  - Q1: approx. 36%
  - Q2: approx. 54%
  - Q3: approx. 75%
  - October 2021: approx. 77%
- **Tenant turnover in Germany (compared to respective 2019 period) substantial deviations among segments**
  - Q2 2021: -42.4% (vs. Q2 2019)
  - Q3 2021: -12.0% (vs. Q3 2019)
  - Q3 2021 incl. international portfolio: -9.6% (vs. Q3 2019)
- **Continued restrictions (e.g., mask wearing requirement)**



## Update on Business Activities – Summary

### Rents



- **Collection ratio (after rent concessions):**
  - Q1 - Q3 2021: 90%
  - Q3 2021: 98%
- **Negotiations with tenants** concerning (temporary) relief measures for lock down periods continuing:
  - Improved german government support measures for tenants established (for small and mid-size tenants/-chains)
  - Agreements reached with a substantial number of tenants concerning lockdowns in 2021
  - Change in law in Germany strengthened the legal position of tenants for periods of shop closings
  - Continued co-operative approach to find and agree on sustainable commercial solutions



## Update on Business Activities – Summary

### Financials & Liquidity



- **Solid cash position** DES Group: **€306m** (30 September 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
- Until 30 September 2021 **all financial covenants were met or – if necessary – temporarily waived** by the banks **due to the extraordinary pandemic situation**
- Mandatory minimum **dividend of €0.04 per share for 2020** was paid in June 2021



## Update on Business Activities – Summary

### Forecast FY 2021

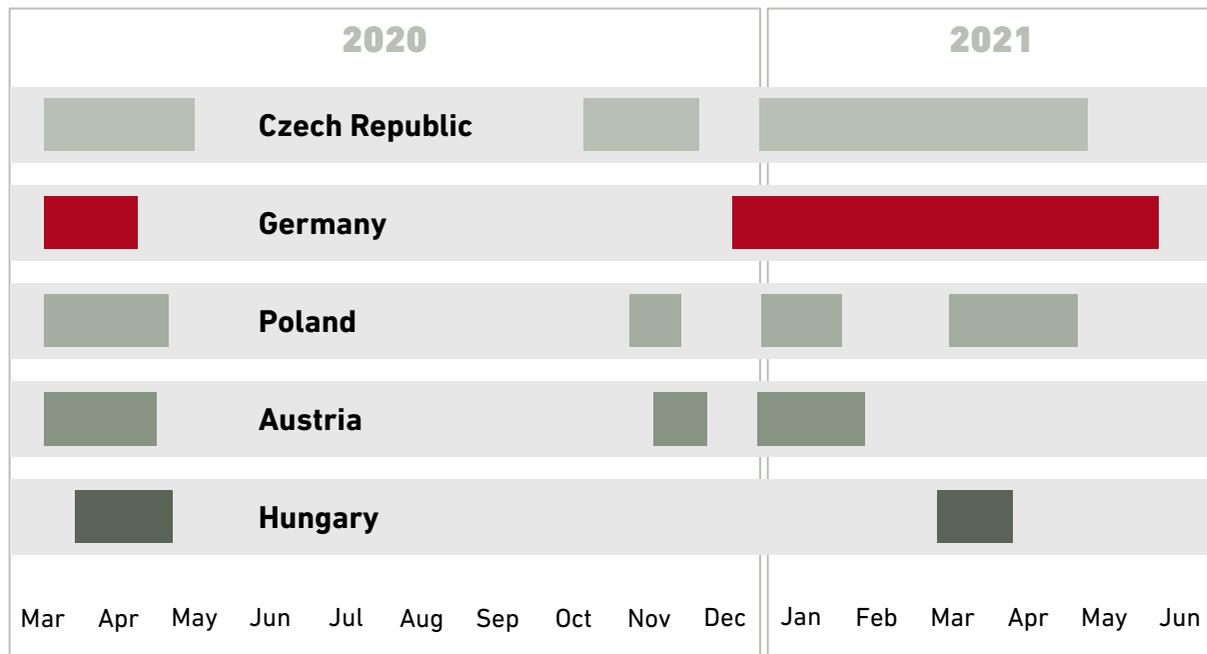


- **FFO between €1.70 and €1.90 per share**
- Forecast **conditional upon** enduring **stabilization of pandemic** without further lockdowns or significant business restrictions, **continued improvement of consumption and retail turnovers** of our tenants in the second half of 2021 (e.g. Christmas sales)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

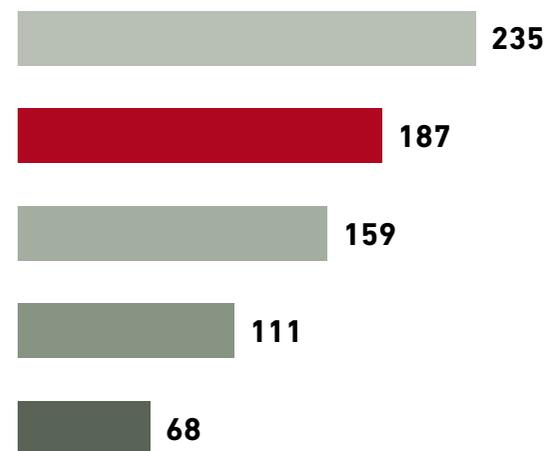


## Long-term Store Closures in DES' Markets

### Shop closing periods

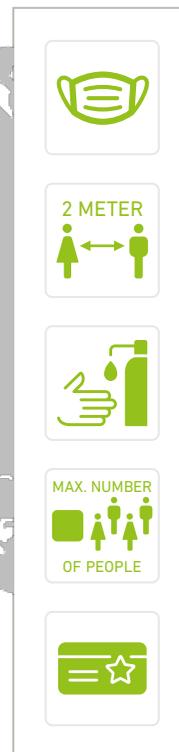
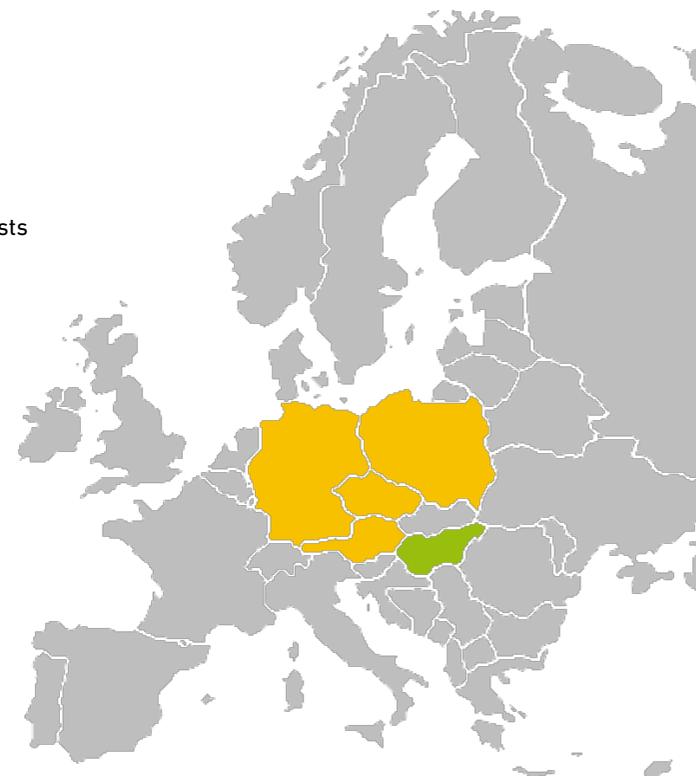


### Number of full lockdown days



## Current Regulations in DES' Markets<sup>1</sup>

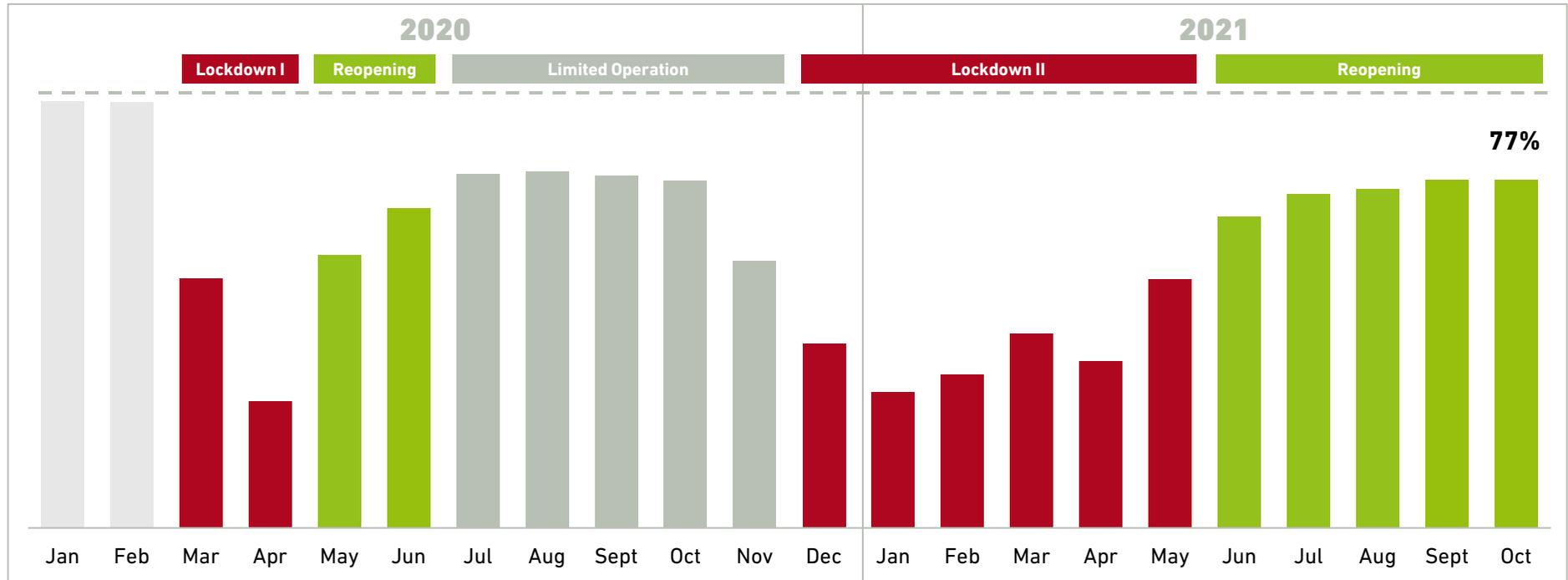
- Germany**     **Step-by-step Lockdown**
- F&B open (indoor mostly only for vaccinated, recovered or tested guests)
  - Local limitations on access per sqm/mask requirements
  - Several local regulations depending on the incidence numbers
- Austria**     **Soft Lockdown** – since 11 November 2021  
(Federal State of Carinthia)
- F&B in shopping centers open for vaccinated and recovered or tested guests
  - No customer limitations on access per sqm/no minimum distance
  - Mask requirement in stores and mall
- Czech Republic**     **Soft Lockdown** – since 26 September 2021
- 1 customer per 10 sqm
  - F&B open (with restrictions)
  - Masks are mandatory
- Hungary**     **Almost normal operation** – since 3 July 2021
- F&B open (no limitation)
  - Masks are not mandatory (only in public transport)
  - No minimum distance must be maintained
- Poland**     **Soft Lockdown** – since 26 September 2021
- 1 customer per 10 sqm
  - F&B open (with restrictions)
  - Masks are mandatory
  - Various reliefs for vaccinated persons



<sup>1</sup> Status: 8 November 2021; subject to possible short-term regional relaxations/intensifications

## Corona Impact – Footfall

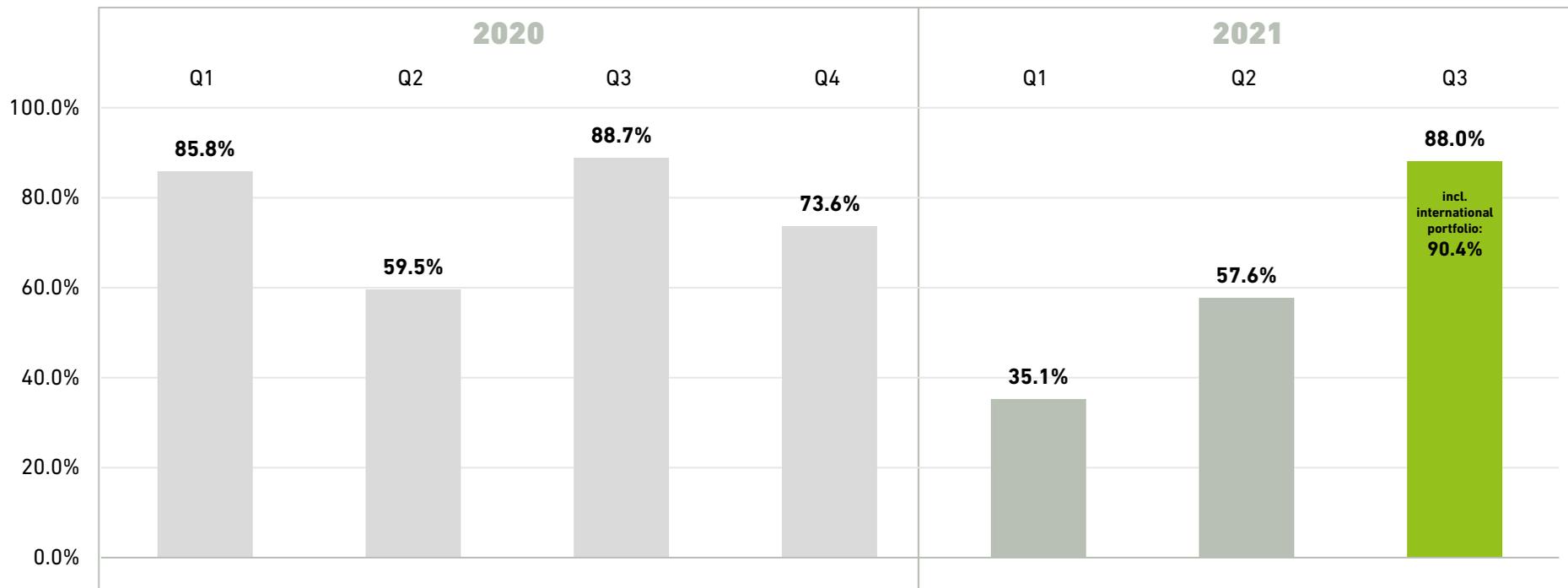
Development of the daily footfall compared to the average of the respective month in 2019<sup>1</sup>



<sup>1</sup> 2021 was updated due to defective counting equipment

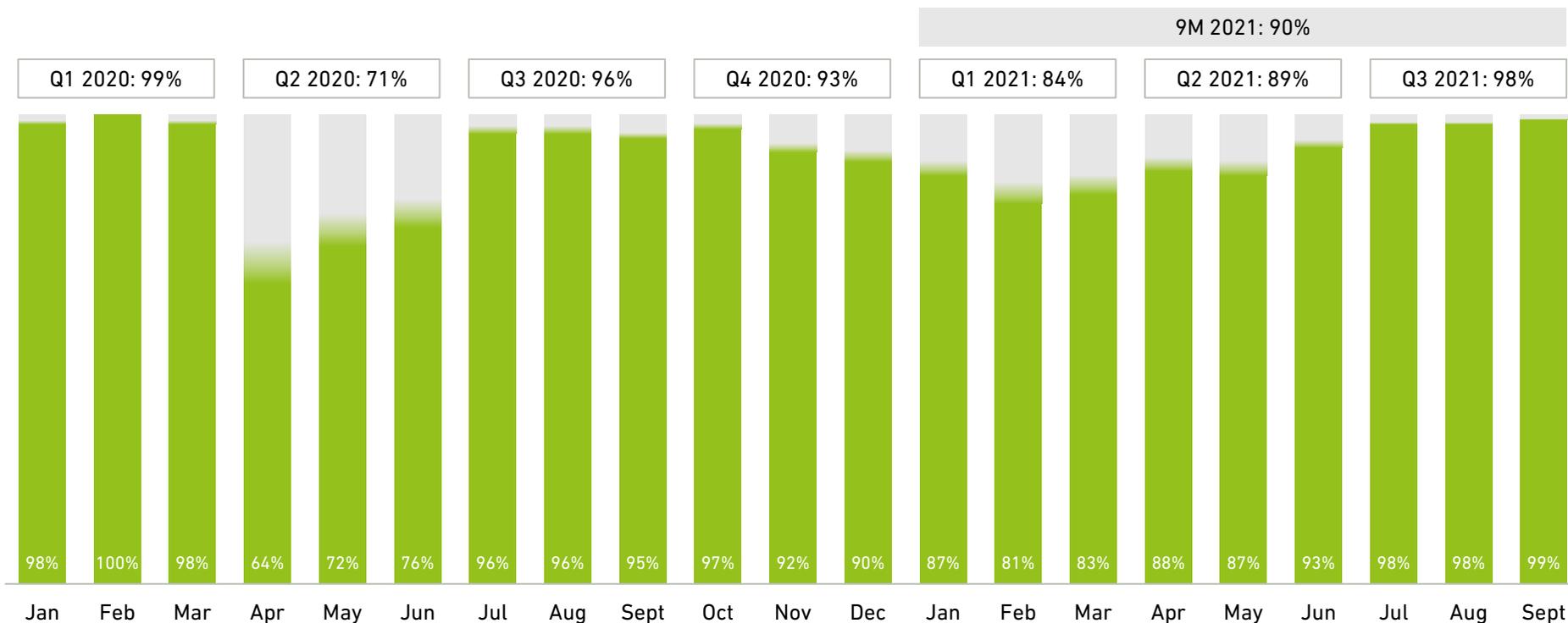
## Corona Impact – Retail Turnover<sup>1</sup>

Development of retail turnover of centers in Germany compared to 2019



<sup>1</sup> Source: ECE / due to the pandemic, the figures are only comparable to a limited extent

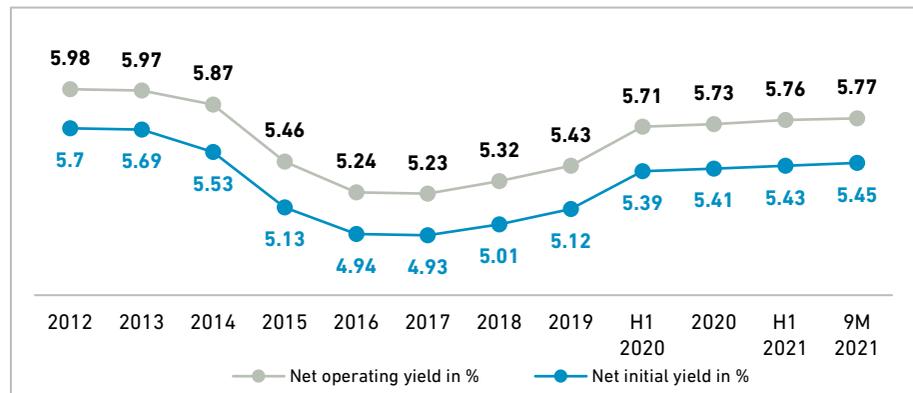
## Corona Impact – Collection Rates<sup>1</sup>



<sup>1</sup> After rent concessions / the figures for 2021 have been updated according to incoming payments

## Valuation<sup>1</sup> – Investment Properties 30 September 2021

in € thousand	01.01. – 30.09.2021
Revaluation	-40.389
Revaluation at-equity	2.652
Other impairment	0
Minority interest	113
<b>Valuation result before taxes</b>	<b>-37.624</b>
Deferred taxes	6.001
<b>Valuation result after taxes<sup>2</sup></b>	<b>-31.623</b>



### Valuation of Investment Properties nearly unchanged

- Net Initial Yields (NIY) largely unchanged due to a dearth of market transactions in 2021 (none in Germany)
- Adjusted expectations for market rents and reletting periods

### Sensitivity Analysis

in € thousand	Basis	Change of -25bps	Change of +25bps
Rent increase rates <sup>3</sup>	1.41%	-97,400	+157,800
Discount rate	6.05%	+66,800	-69,700
Capitalization rate	5.24%	+114,200	-104,600

	Basis	Change of -100bps	Change of +100bps
Cost ratio	11.60%	+39,300	-33,800

1 External appraisers: JLL (since 2015) | 2 Attributable to group shareholders

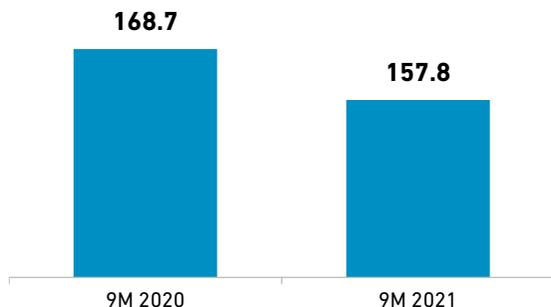
3 Nominal rate of rent increases using the DCF method during the 10-year measurement period, including inflation-related rent indexing and changes in the occupancy rate

## Revenues – Effected by Corona-Pandemic

Revenue  
in € million



-6.4%

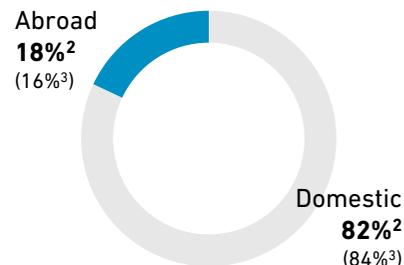


Revenue bridge 9M 2021  
in € million

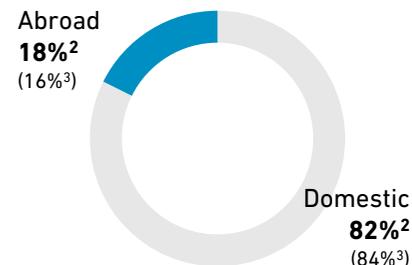


- Recognition of rental income according to lease contracts
- Decrease in revenues to €157.8m (-6.4%)
- Influenced mainly by the situation in Poland: temporary legal suspension of rents (9M 2021: -€2.4m; 9M 2020: €-2.0m)
- Further impact due to default of tenants, lower turnover-based rents, longer post-leasing periods and higher vacancy rates

9M 2021  
Share of revenue



9M 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

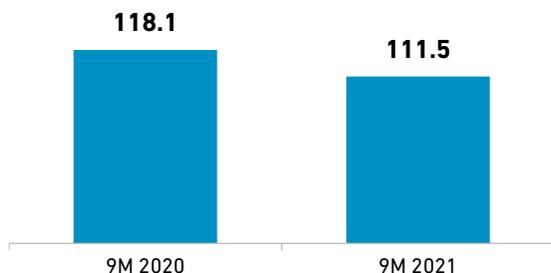
## EBIT – Continued strong impact from Corona Rent Concessions

### EBIT

in € million

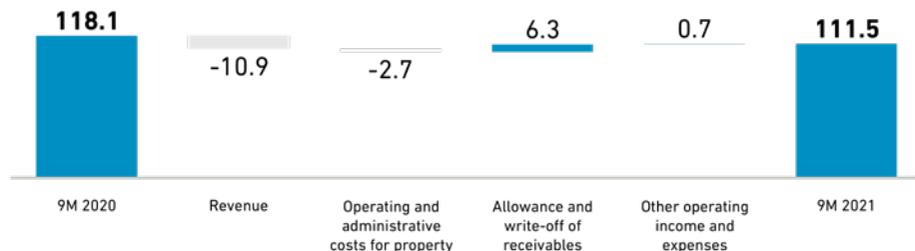


-5.6%



### EBIT bridge 9M 2021

in € million



- EBIT decreased to €111.5m (-5.6%)
- Decline due to Corona-related decrease in revenues and higher vacancy-related non-allocable service charges
- Allowances of €20.5m (9M 2020: €26.8m) estimated based on actual or expected losses in connection of tenant support measures and insolvencies

in € thousand	01.01. – 30.09.2021	01.01. – 30.09.2020
Revenue	157,815	168,689
Operating and administrative costs for property	-23,551	-20,853
Allowance and write-off of receivables	-20,537	-26,768
<b>NOI</b>	<b>113,727</b>	<b>121,068</b>
Other operating income	3,521	2,393
Other operating expenses	-5,775	-5,390
<b>EBIT</b>	<b>111,473</b>	<b>118,071</b>

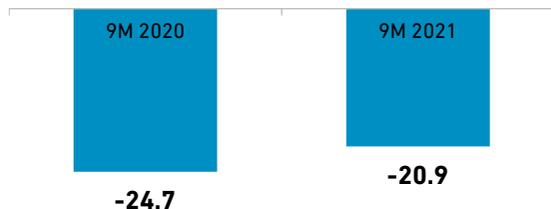
## Financial result<sup>1</sup> – Improved due to lower interest expenses

### Financial result<sup>1</sup>

in € million

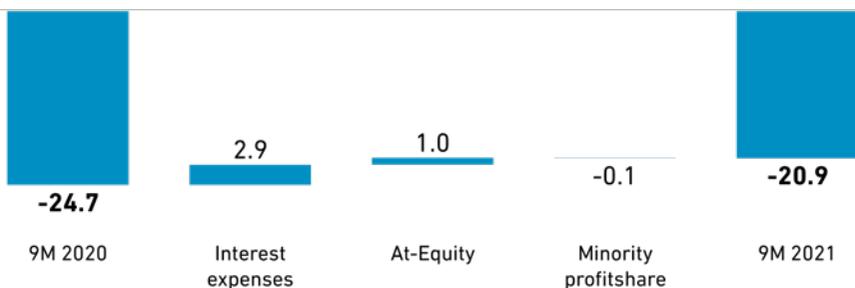


+15.1%



### Financial result 9M 2021

in € million



- Financial result improved: €+3.8m
- Interest expenses reduced by €2.9m due to favorable refinancings (City-Arkaden Wuppertal, Billstedt-Center and City-Galerie Wolfsburg)
- At-equity operating profit<sup>1</sup> slightly increased by €1.0m
- Minority profit share nearly unchanged by €-9.9m

in € thousand	01.01. – 30.09.2021	01.01. – 30.09.2020
At-equity (operating) profit/loss	18,789	17,871
Interest expense	-29,821	-32,746
Profit/loss attributable to limited partners	-9,911	-9,802
Other financial result	5	8
<b>Financial result<sup>1</sup></b>	<b>-20,938</b>	<b>-24,669</b>

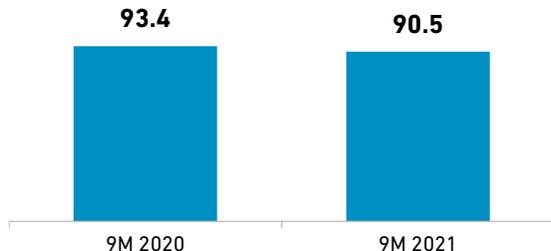
<sup>1</sup> Excluding valuation

## EBT<sup>1</sup> – higher impact of the Corona-Pandemic in 2021 (vs. 2020)

EBT<sup>1</sup>  
in € million

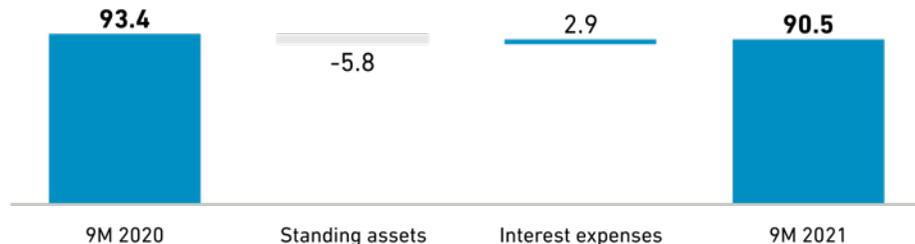


-3.1%



- EBT (excl. valuation) below previous year -3.1% (€-2.9m) due lower operating results
- Interest savings with positive impact (€+2.9m)

EBT<sup>1</sup> bridge 9M 2021  
in € million



in € thousand	01.01. – 30.09.2021	01.01. – 30.09.2020
EBIT	111,473	118,071
Financial result <sup>1</sup>	-20,938	-24,669
EBT <sup>1</sup>	90,535	93,402

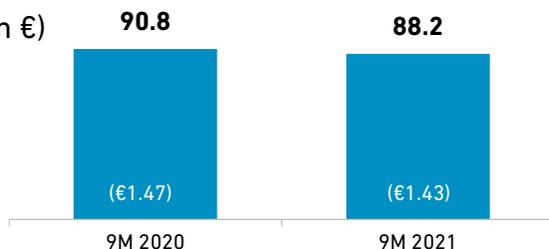
<sup>1</sup> Excluding valuation

## EPRA earnings

EPRA earnings  
in € million  
(per share in €)



-2.9%



- EPRA earnings declined by €2.6m to €88.2m
- EPRA earnings per share decreased from €1.47 to €1.43

### EPRA earnings

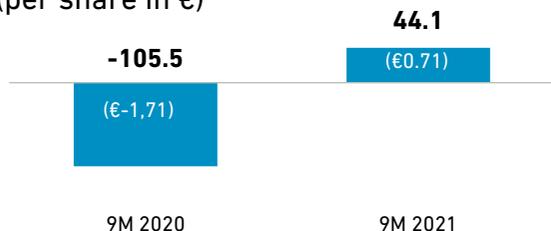
	01.01. – 30.09.2021		01.01. – 30.09.2020	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	<b>44,070</b>	<b>0.71</b>	<b>-105,533</b>	<b>-1.71</b>
Valuation investment properties <sup>1</sup>	37,624	0.61	221,343	3.58
Valuation derivative financial instruments <sup>1</sup>	0	0.00	-88	0.00
Deferred taxes in respect of EPRA adjustments <sup>2</sup>	6,550	0.11	-24,944	-0.40
<b>EPRA Earnings</b>	<b>88,244</b>	<b>1.43</b>	<b>90,778</b>	<b>1.47</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

## Consolidated result

### Consolidated profit

in € million (per share in €)



### Consolidated profit bridge 9M 2021

in € million



Consolidated result increased in total by €149.6m. The following effects are included in that change:

- Reduced result from standing assets (€-2.8m)
- Previous year's Valuation result massively impacted by Corona (€+150.5m)
- Changes due to other deferred taxes (€+1.9m)

Earnings per share increased from €-1.71 to €+0.71

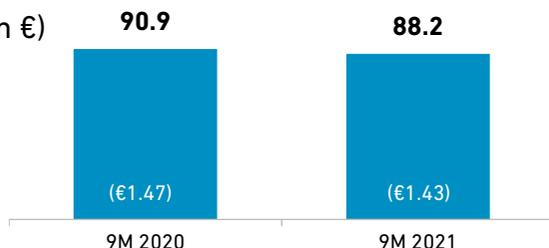
## Development of Funds From Operations (FFO)

### FFO

in € million  
(per share in €)



-2.7%



### 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 €90.9m to €88.2m, mainly influenced by Corona-related lower revenues, high allowances for rent receivables and provisions for non-recoverable service charges
- FFO per share decreased from €1.47 to €1.43
- FFO to be analyzed in conjunction with cash collection ratios

### Funds From Operations

	01.01. – 30.09.2021		01.01. – 30.09.2020	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	<b>44,070</b>	<b>0.71</b>	<b>-105,533</b>	<b>-1.71</b>
Valuation investment properties <sup>1</sup>	37,624	0.61	221,343	3.58
Deferred taxes <sup>1</sup>	6,550	0.11	-24,944	-0.40
<b>FFO</b>	<b>88,244</b>	<b>1.43</b>	<b>90,866</b>	<b>1.47</b>
Weighted number of no-par-value shares issued		61,783,594		61,783,594

## Balance Sheet – Solid and Robust Structure

### Balance sheet structure

in € million



- Equity ratio stands at a solid 55.5%
- LTV to 31.1% (“look-through” 34.0%<sup>3</sup>)
- Group liquidity: €306.1m (€+70.0m excl. use of short-term credit line)

### Balance sheet as at 30 September 2021

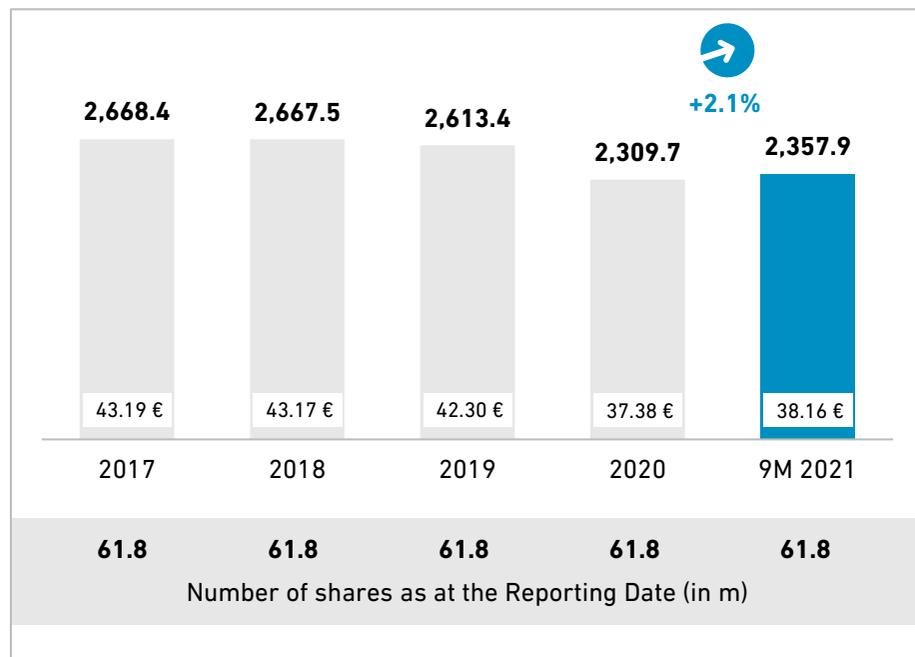
in € thousand	30.09.2021	31.12.2020	Change
Non-current assets	3,912,541	3,933,724	-21,183
Cash and cash equivalents	306,078	266,030	40,048
Other current assets	40,652	37,627	3,025
<b>Total assets</b>	<b>4,259,271</b>	<b>4,237,381</b>	<b>21,890</b>
Equity	2,045,235	2,003,246	41,989
Right to redeem of limited partners	319,266	311,525	7,741
<b>Equity (including minority interest)</b>	<b>2,364,501</b>	<b>2,314,771</b>	<b>49,730</b>
Financial liabilities	1,505,903	1,541,428	-35,525
Deferred taxes	331,605	324,978	6,627
Other liabilities	57,262	56,204	1,058
<b>Total equity and liabilities</b>	<b>4,259,271</b>	<b>4,237,381</b>	<b>21,890</b>
Equity ratio in % <sup>1</sup>	55.5%	54.6%	
LTV ratio in % <sup>2</sup>	31.1%	32.9%	
LTV ratio (“look-through”) in % <sup>3</sup>	34.0%	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 slightly increased through higher liquidity, partly offset by lower market values: €38.16 (+2.1%)
- Share price discount to NTA: 54% (9 November 2021)

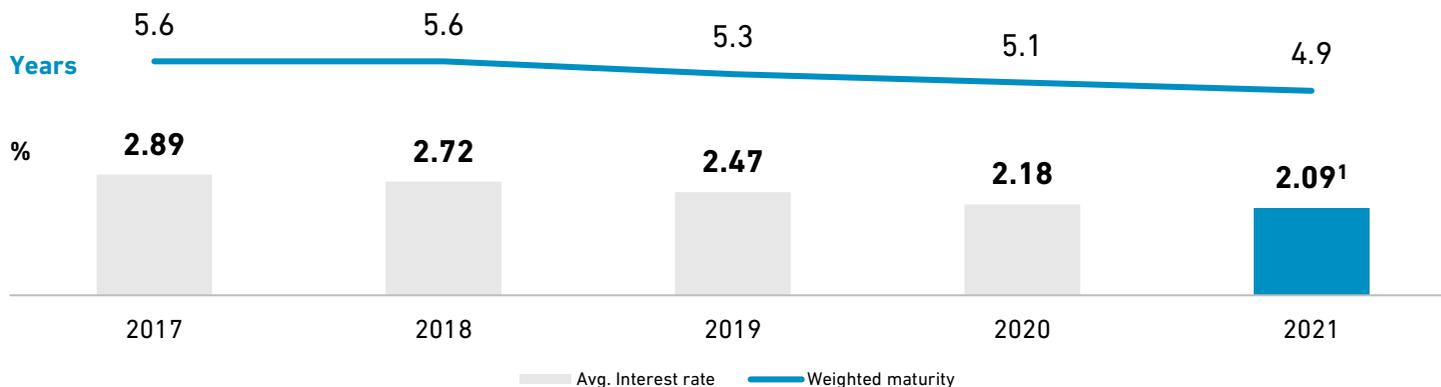
### EPRA NTA

	30.09.2021		31.12.2020	
	in € thousand	per share in €	in € thousand	per share in €
Equity	2,045,235	33.10	2,003,246	32.42
Derivative financial instruments measured at fair value <sup>1</sup>	25,659	0.42	26,138	0.42
<b>Equity excluding derivative financial instruments</b>	<b>2,070,894</b>	<b>33.52</b>	<b>2,029,384</b>	<b>32.84</b>
Deferred taxes on investment properties and derivative financial instruments <sup>1</sup>	338,9715	5.48	332,059	5.38
Intangible assets	-36	0.00	-13	0.00
Goodwill as a result of deferred taxes	-51,719	-0.84	-51,719	-0.84
<b>EPRA NTA</b>	<b>2,357,854</b>	<b>38.16</b>	<b>2,309,711</b>	<b>37.38</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

## Interest Rate Structure<sup>1,2</sup>

Interest Lockin	Due (years)	Principle amounts (€ million)	Share of total Loan	Avg. interest Rate
2021		3.9	0.3%	2.71%
2022 – 2025	2.0	536.1	35.6%	2.79%
2026 – 2030	7.3	965.6	64.1%	1.97%
<b>Total<sup>1</sup></b>	<b>4.9</b>	<b>1,505.6</b>	<b>100%</b>	<b>2.09%</b>



- **18** German and **4** foreign bank partners
- Weighted maturity of fixed interest periods **4.9 years<sup>1</sup>**

**Including non-consolidated loans:**  
 Weighted maturity: **5.4 years**  
 Avg. interest rate: **2.06%**

1 As of 30 September 2021 | 2 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
2021	135.3	4.48%	3.9	<b>139.2</b>
2022	223.8	3.26%	11.4	<b>235.2</b>
2023	209.0	2.99%	10.1	<b>219.1</b>
2024	0		10.5	<b>10.5</b>
2025	58.3	2.07%	11.0	<b>69.3</b>
2026	168.6	2.39%	6.1	<b>174.7</b>
	<b>795.0</b>			

### Already completely fixed

- €70.3m, 1.18%, 10y (07/2021)
- €71.7m, 1.46%, 10y (07/2021)

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

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%

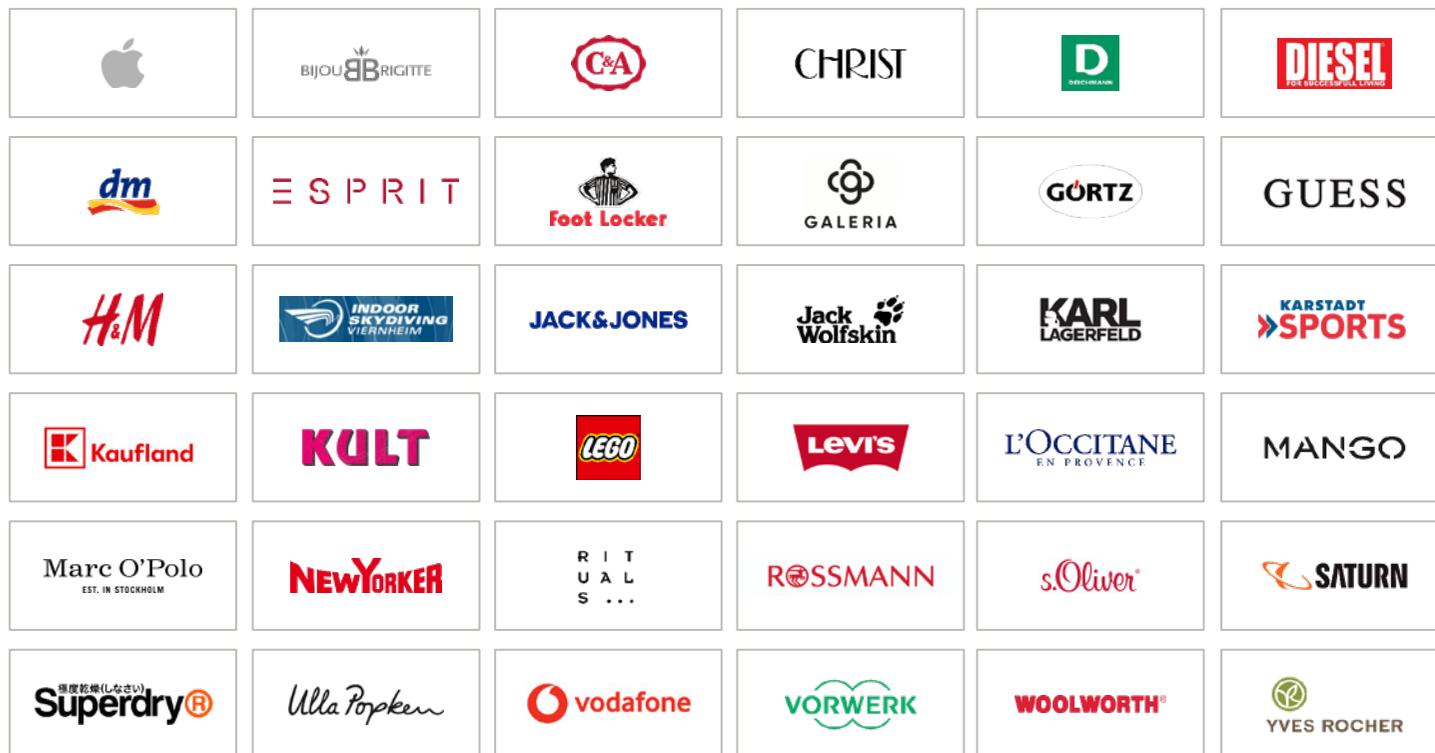
### Phoenix-Center, Hamburg

- €19.0m, 1.64%, 10y (07/2021)
- €29.8m, 1.52%, 10y (08/2021)

## Tenants – Contract Renewals and New Signings during the Pandemic<sup>1</sup>

### Leasing

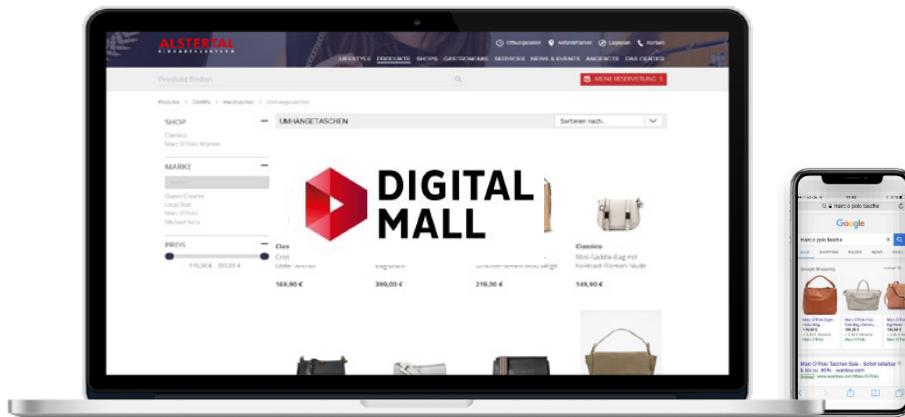
- Continued stabilization of situation and arrangements with tenants as well as releasing activities as **key tasks** for the coming months
- Successful **prolongations** with **prime retailers** and negotiations with other major and well-known anchor tenants to newly join our centers



# 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



- 92** Digital Mall retail Partners
- 910** Shops Live
- 64** Centers Live
- 3.1m** Available Products



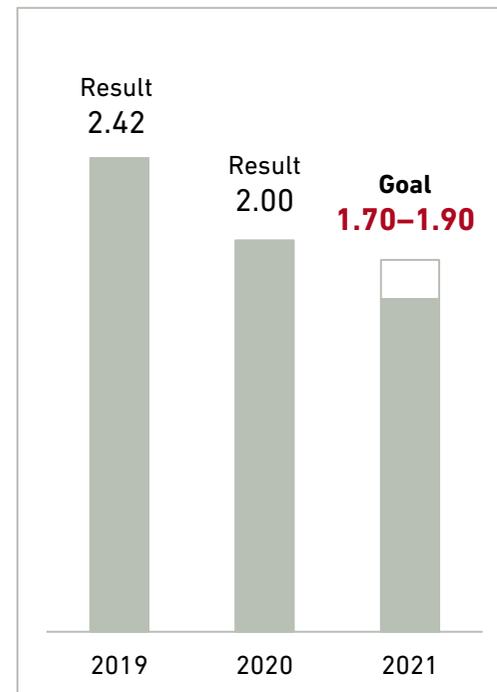
## Outlook

### Financing and Liquidity

- Continued **trustful negotiations with banking partners** for 2022 refinancings and regular exchange about effects of pandemic financial covenants
- Until 30.09.2021 **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 programs** for substantial part of our tenant base



## Financial Calendar

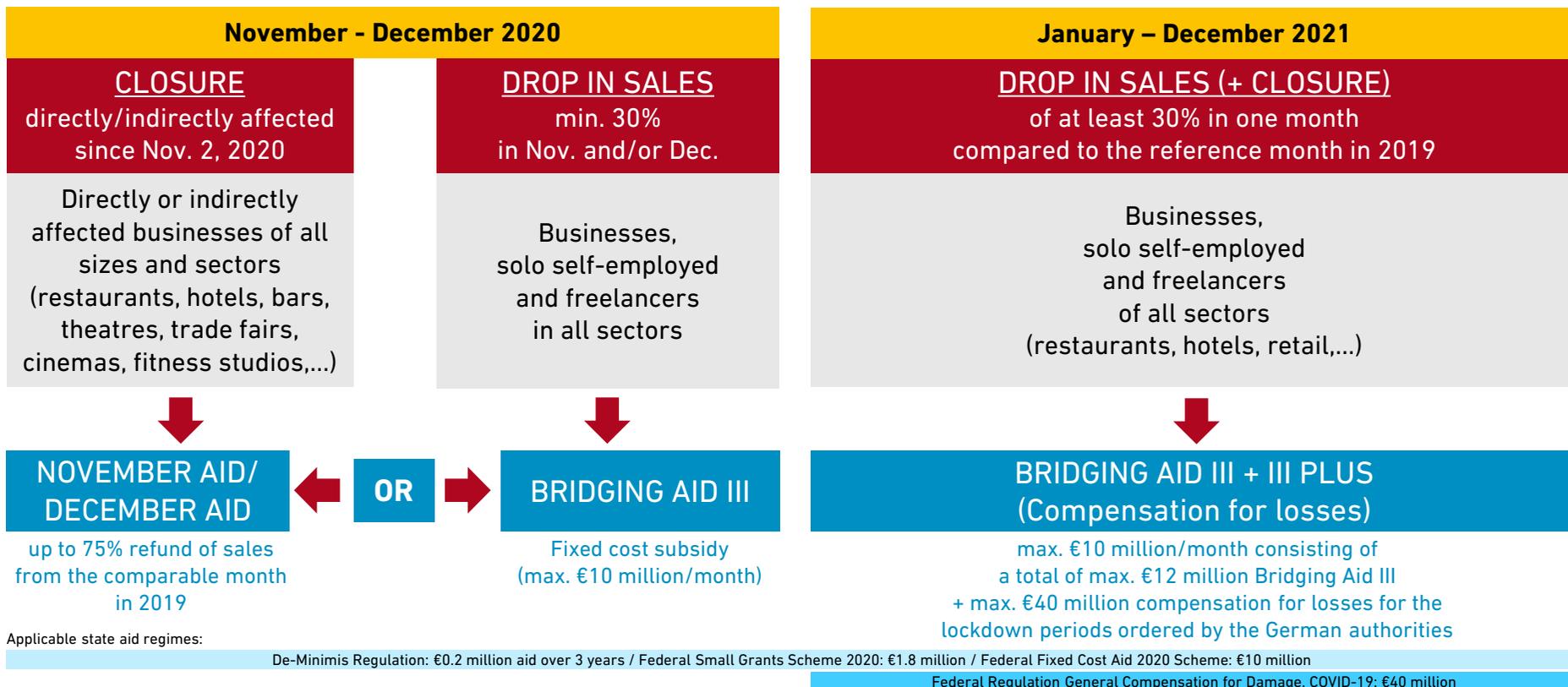
### 2021

<b>11.11.</b>	<b>Quarterly Statement 9M 2021</b>
29.11.	Citi's REIT Call Series (virtual)
01.12.	DZ Bank Equity Conference (virtual)

### 2022

06.01.	Oddo BHF Forum (virtual)
19.01.	Kepler Cheuvreux GCC (virtual)
<b>22.03.</b>	<b>Preliminary Results FY 2021</b>
<b>26.04.</b>	<b>Publication of the Annual Report 2021</b>
<b>12.05.</b>	<b>Quarterly Statement 3M 2022</b>
18.-09.05.	Kempen European Property Seminar, Amsterdam
<b>23.06.</b>	<b>Annual General Meeting, Hamburg</b>
<b>11.08.</b>	<b>Half-year Financial Report 2022</b>
<b>10.11.</b>	<b>Quarterly Statement 9M 2022</b>

## State Aid Programs in Germany



## Contact



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