



RETAILTAINMENT

**Conference Call
H1 Report 2022**

12 August 2022

Update on Business Activities – Summary

Rents

- **Collection ratio** : H1 2022: **98%**
(very limited rent concessions)

Financials & Liquidity

- **Solid cash position** DES Group: **€378m** (30 June 2022)
- All **refinancings 2022 done** (€215.5m)
- **Refinancings 2023** (€209m) under **advanced negotiation**
- Until 30 June 2022 **all financial covenants were met**



Update on Business Activities – Summary

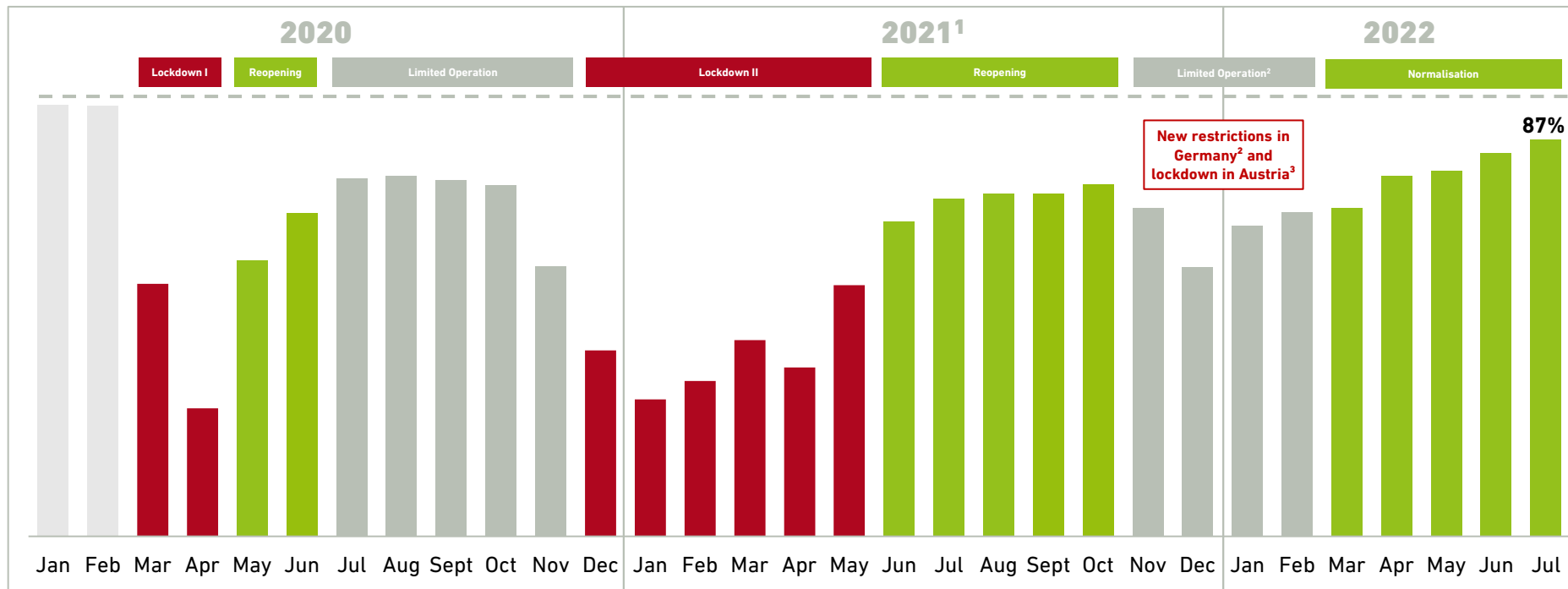


Forecast FY 2022

- **Dividend proposal:** €1.00 per share for FY 2021
- **FFO H1 2022:** €1.08 per share
- 2022 expected to be the **transition year** to new normality
- **Forecast: FFO 2022 between €1.95 and €2.05** per share
- **Forecast** conditional upon no sudden impact by war in **Ukraine** or **energy crisis** and an enduring **stabilization of pandemic** without further lockdowns or significant business restrictions for our tenants in 2022.

Corona Impact – Footfall

Development of the daily footfall compared to the average of the respective month in 2019

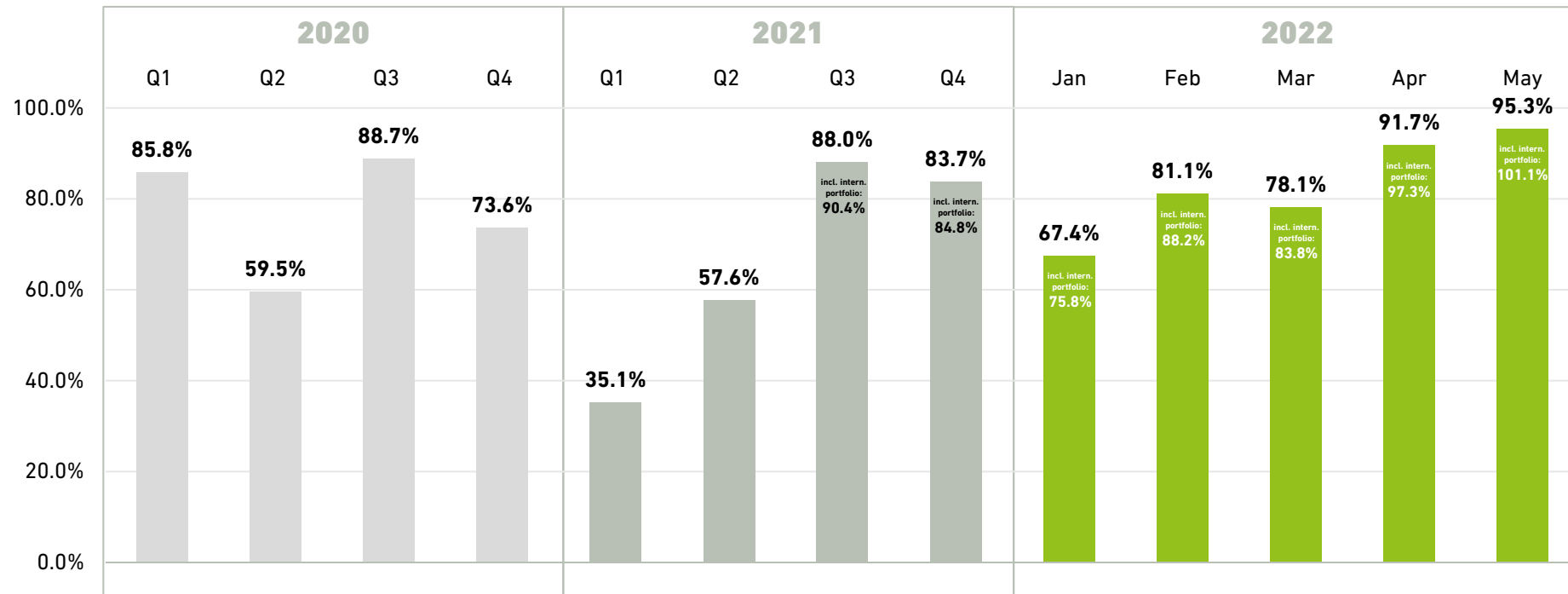


New restrictions in Germany² and lockdown in Austria³

1 2021 was updated due to defective counting equipment | 2 means "2G" access to shops only for vaccinated and recovered persons (except basic supplies) / introduced between 24 Nov. and 8 Dec. depending on the federal state / abolished in mid-February 2022 | 3 "Hard" lockdown in Austria between 22 Nov. and 12 Dec. 2021

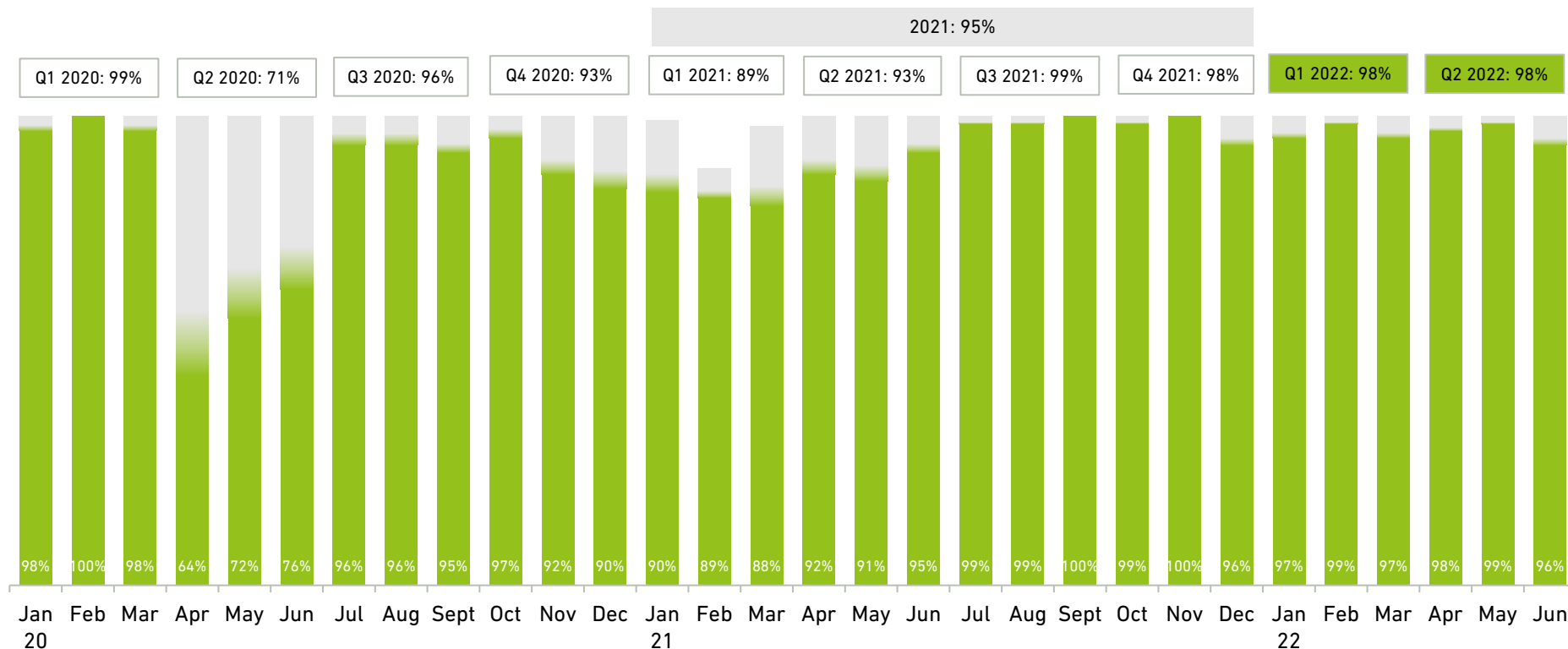
Corona Impact – Retail Turnover¹

Development of retail turnover of centers in Germany compared to 2019



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

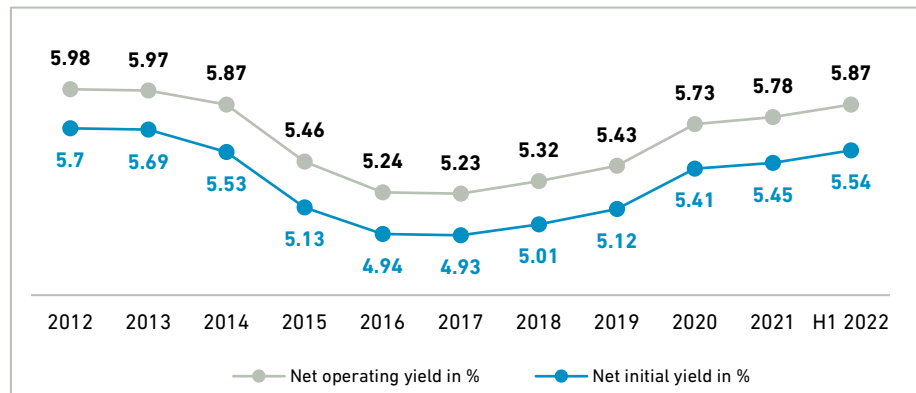
Corona Impact – Collection Rates¹



¹ After rent concessions / the figures for 2022 have been updated according to incoming payments

Valuation¹ – Investment Properties 30 June 2022

in € thousand	01.01. – 30.06.2022	01.01. – 30.06.2021	CHANGE
Revaluation	-8.355	-11.177	2.822
Revaluation at-equity	-951	1.777	-2.728
Other impairment	0	0	0
Minority interest	1.100	-1.913	3.013
Valuation result before taxes	-8.206	-11.313	3.107
Deferred taxes	1.525	1.693	-168
Valuation result after taxes²	-6.681	-9.620	2.939



Valuation result slightly negative in a changed market environment

- Inflation-related increase in rents and almost unchanged market values cause a slight increase in NIY
- Adjusted expectations for market rents and reletting periods

Sensitivity Analysis

in € thousand	Basis	Change of -25bps	Change of +25bps
Rent increase rates ³	1.49%	-109,700	+148,200
Discount rate	6.26%	+68,800	-68,000
Capitalization rate	5.25%	+112,500	-105,300

	Basis	Change of -100bps	Change of +100bps
Cost ratio	12.18%	+41,300	-32,300

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

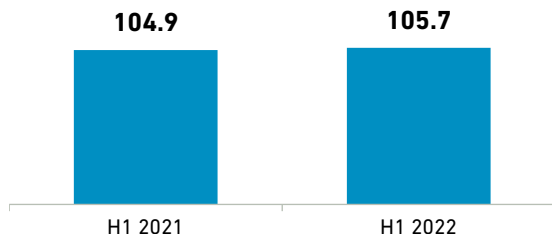
3 Nominal rate of rent increases using the DCF method during the 10-year measurement period, including inflation-related rent indexing and changes in the occupancy rate

Revenues – Nearly unchanged

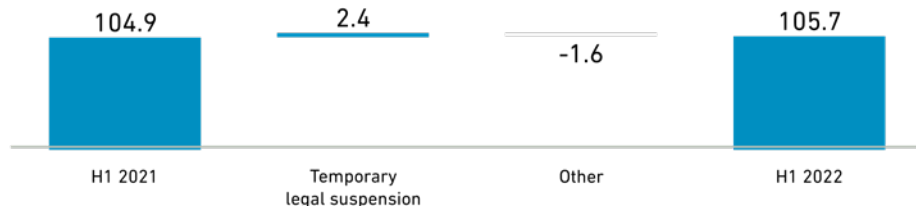
Revenue
in € million



+0.7%

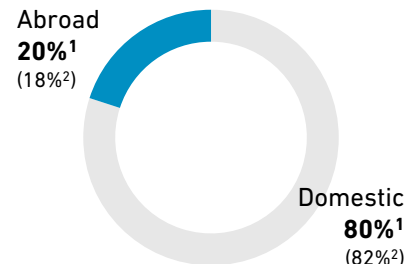


Revenue bridge H1 2022
in € million

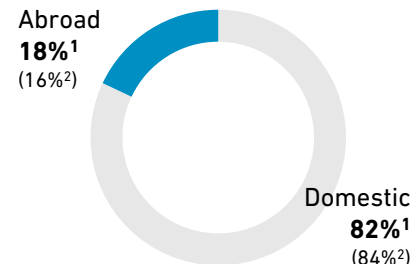


- Recognition of rental income according to lease contracts
- Nearly unchanged revenues of €105,7m (+0.7%)
- Prior year influenced by the situation in Poland: temporary legal suspension of rents (€+2.4m)
- Still impact due to default of tenants, lower turnover-based rents, longer post-leasing periods and higher vacancy rates

H1 2022
Share of revenue



H1 2021
Share of revenue



1 "Look through" (calculated on the basis of the group share) | 2 Consolidated

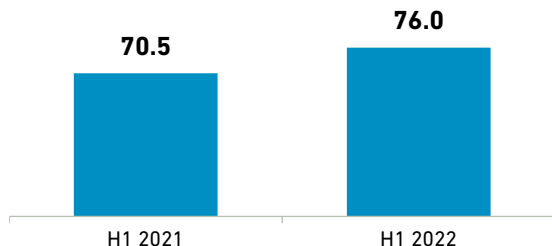
EBIT – above the previous year

EBIT

in € million

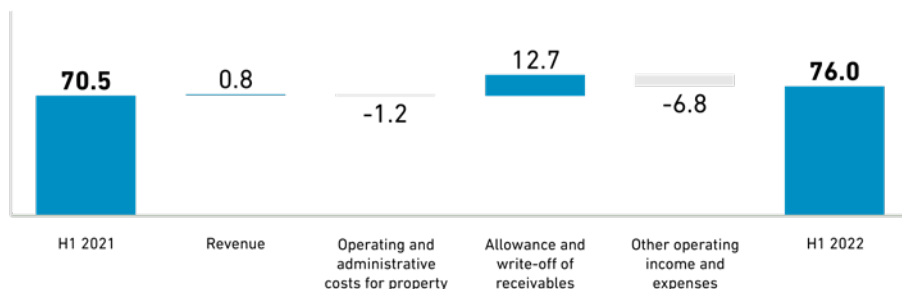


+7.8%



EBIT bridge H1 2022

in € million



- EBIT increased to €76.0m (+7.8%)
- In the previous year, the allowances include a significant portion of the rent concessions granted. In the reporting year, the allowances decreased to €5.4m (H1 2021: €18.1m).
- On the other hand, consulting costs in the context of the takeover bid (€5.9m) had a negative impact on the result.

in € thousand	01.01. – 30.06.2022	01.01. – 30.06.2021
Revenue	105.691	104.928
Operating and administrative costs for property	-16.155	-14.962
Allowance and write-off of receivables	-5.404	-18.103
NOI	84.132	71.863
Other operating income	2.480	2.309
Other operating expenses	-10.570	-3.650
EBIT	76.042	70.522

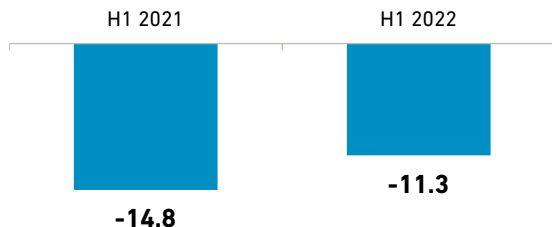
Financial result¹ – Improved due to higher At-Equity result & interest savings

Financial result¹

in € million



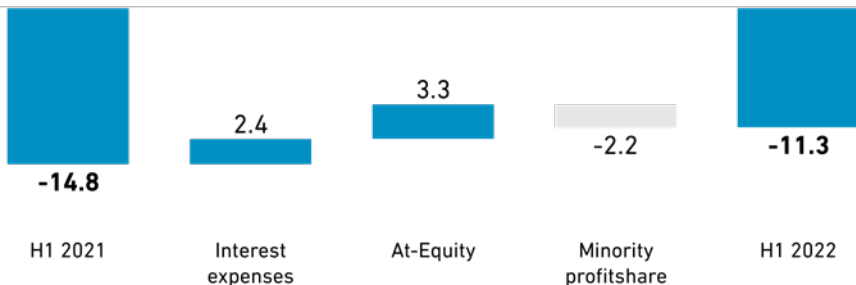
+23.4%



- Financial result improved: €+3.5m
- Interest expenses reduced by €2.4m due to favorable refinancings (Billstedt-Center, City-Galerie Wolfsburg and Altmarkt-Galerie Dresden)
- At-equity operating profit¹ increased by €3.3m
- Minority profit share by €-8.0m

Financial result H1 2022

in € million



in € thousand

	01.01. – 30.06.2022	01.01. – 30.06.2021
At-equity (operating) profit/loss	14.753	11.512
Interest expense	-18.066	-20.483
Profit/loss attributable to limited partners	-8.045	-5.807
Other financial result	45	4
Financial result¹	-11.313	-14.774

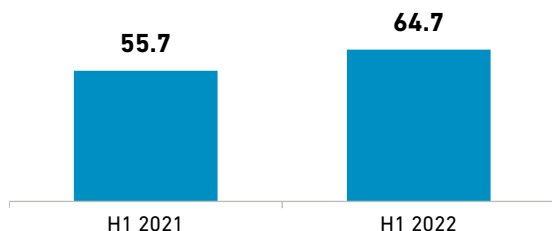
¹ Excluding valuation

EBT¹ – with significant increase

EBT¹
in € million

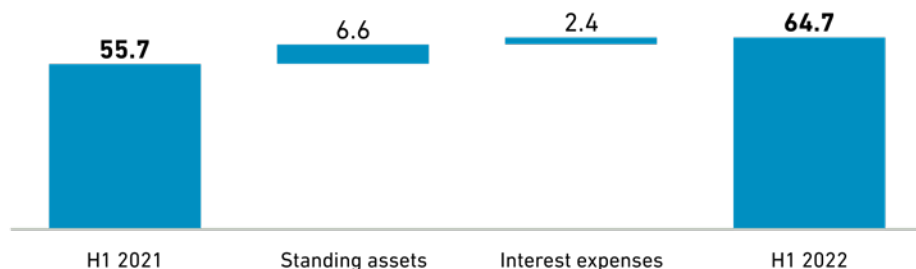


+16.1%



EBT¹ bridge H1 2022

in € million



¹ Excluding valuation

- EBT (excl. valuation) above previous year +16.1% (€+9.0m) because of higher operating results (€+6.6m)
- Interest savings with positive impact (€+2.4m)

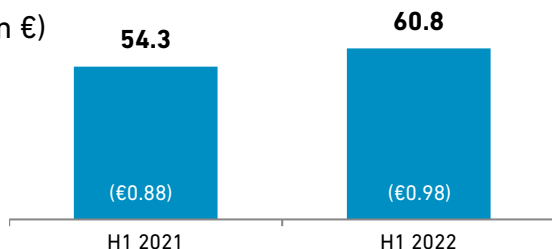
in € thousand	01.01. – 30.06.2022	01.01. – 30.06.2021
EBIT	76.042	70.522
Financial result ¹	-11.313	-14.774
EBT ¹	64.729	55.748

EPRA earnings

EPRA earnings
in € million
(per share in €)



+12.0%



- EPRA earnings improved by €6.5m to €60.8m
- EPRA earnings per share increased from €0.88 to €0.98

EPRA earnings

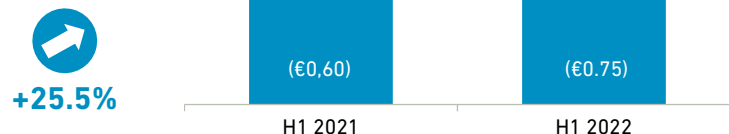
	01.01. – 30.06.2022		01.01. – 30.06.2021	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	46.185	0,75	36.807	0,60
Valuation investment properties ¹	8.206	0,13	11.313	0,18
Deferred taxes in respect of EPRA adjustments ²	6.438	0,10	6.149	0,10
EPRA Earnings	60.829	0,98	54.269	0,88
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 €)



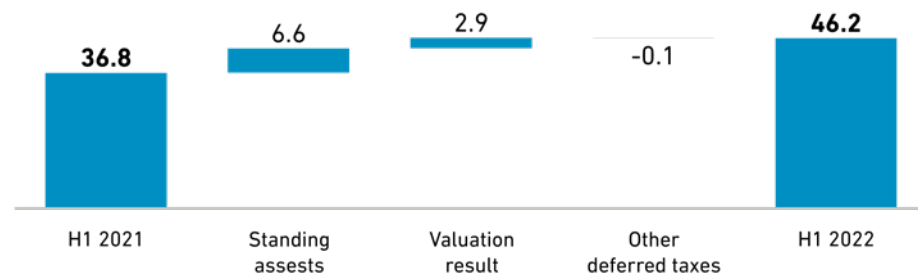
Consolidated result increased in total by €9.4m. The following effects are included in that change:

- Higher result from standing assets (€+6.6m)
- Slightly better valuation result (€2.9m)
- Changes due to other deferred taxes (€-0.1m)

Earnings per share increased from €0.60 to €0.75

Consolidated profit bridge H1 2022

in € million



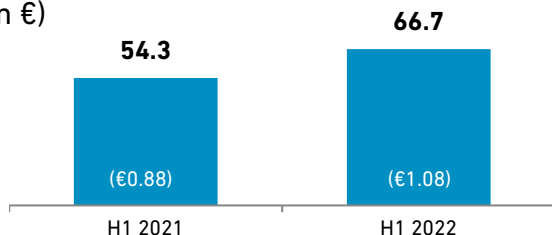
Development of Funds From Operations (FFO)

FFO

in € million
(per share in €)



+22.8%



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 increased from €54.3m to €66.7m due to higher operating results
- FFO per share increased from €0.88 to €1.08

Funds From Operations

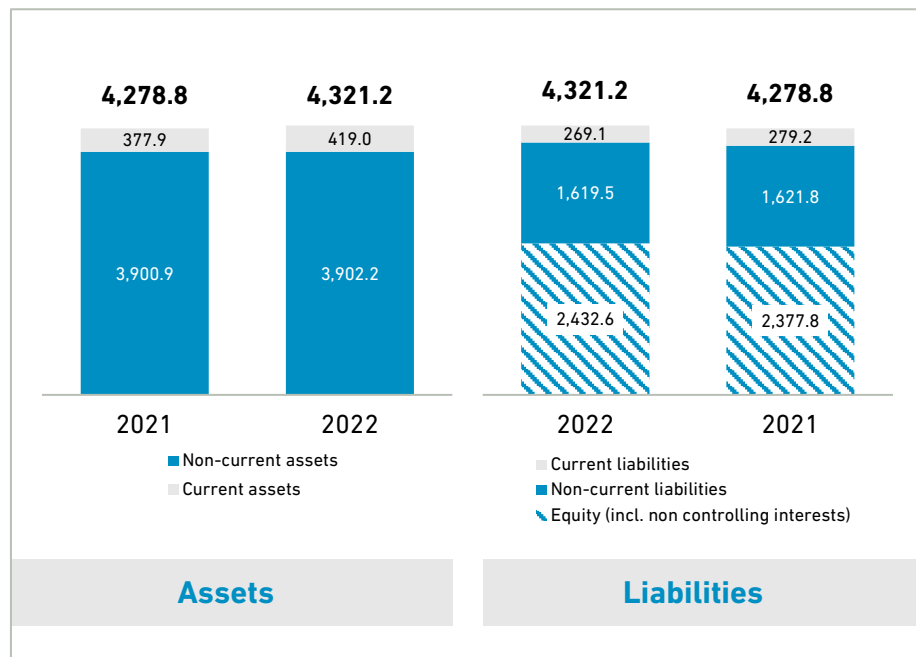
	01.01. – 30.06.2022		01.01. – 30.06.2021	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	46.185	0,75	36.807	0,60
Valuation investment properties ¹	8.206	0,13	11.313	0,18
Expenses within the context of the takeover offer	5.871	0,10	0	0,00
Deferred taxes ¹	6.438	0,10	6.149	0,10
FFO	66.700	1,08	54.269	0,88
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 56.3%
- LTV to 29.0% (“look-through” 30.5%³)
- Group liquidity: €377.8m (€+48.9m)

Balance sheet as at 31 March 2022

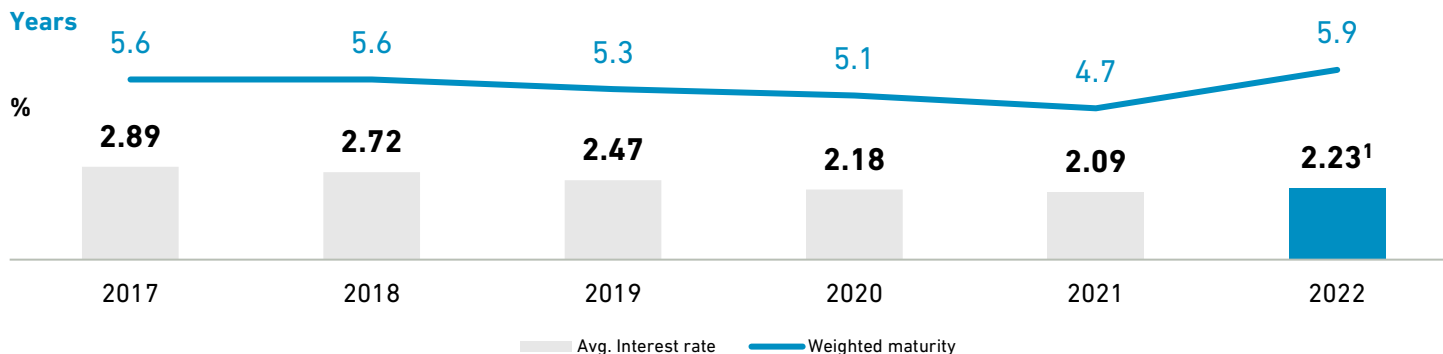
in € thousand	30.06.2022	31.12.2021	Change
Non-current assets	3.902.194	3.900.890	1.304
Cash and cash equivalents	377.761	328.839	48.922
Other current assets	41.288	49.061	-7.773
Total assets	4.321.243	4.278.790	42.453
Equity	2.117.468	2.062.866	54.602
Right to redeem of limited partners	315.175	314.914	261
Equity (including minority interest)	2.432.643	2.377.780	54.863
Financial liabilities	1.495.882	1.502.114	-6.232
Deferred taxes	341.822	333.037	8.785
Other liabilities	50.896	65.859	-14.963
Total equity and liabilities	4.321.243	4.278.790	42.453
Equity ratio in % ¹	56,3%	55,6%	
LTV ratio in % ²	29,0%	30,5%	
LTV ratio (“look-through”) in % ³	31,7%	33,3%	

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

Interest Rate Structure^{1,2}

Interest Lockin	Due (years)	Principle amounts (€ million)	Share of total Loan	Avg. interest Rate
2022		17.8	4.2%	4.20%
2023 – 2026	2.8	484.8	32.5%	2.51%
2027 – 2031	7.9	991.0	66.3%	2.17%
Total¹	5.9	1,493.6	100%	2.23%

- **18 German and 4 foreign bank partners**
- **Weighted maturity of fixed interest periods 5.9 years¹**



Including non-consolidated loans:
 Weighted maturity: **6.2 years**
 Avg. interest rate: **2.19%**

1 As of 30 June 2022 | 2 Excl. non-consolidated loans

Loan Maturities until 2027^{1,2}

in € million	End of fixed interest periods respectively expiring loans	Avg. interest rate	Regular redemption payments	Total maturities
2022	225.9	3.26%	7.4	233.3
2023	209.0	2.99%	12.9	221.9
2024	0		13.4	13.4
2025	58.3	2.07%	14.0	72.3
2026	168.6	2.39%	9.6	178.2
2027	189.8	3.13%	6.0	195.8
	851.6			



Already completely fixed

- €107.4m, 2.45%, 10y (03/2022)
- €52.9m, 3.83%, 10y (06/2022)
- €55.2m, 3.18%, 10y (09/2022)

Avg. interest rate: 2.98%

At-equity consolidated loans¹

in € million	End of fixed interest periods respectively expiring loans	Avg. interest rate	DES' share
2022 – 2025	0		
2026	88.0	2.16%	50%
2027	0		

1 As of 30 June 2022 | 2 Excl. at-equity consolidated loans

Main-Taunus-Zentrum: “Foodgarden”



Main-Taunus-Zentrum: “Foodgarden”



Main-Taunus-Zentrum: “tegut teo”



Main-Taunus-Zentrum: "tegut teo"



Outlook

Financing and Liquidity

- Continued **trustful negotiations with banking partners** for 2023 (€209m) refinancings.

Transaction market

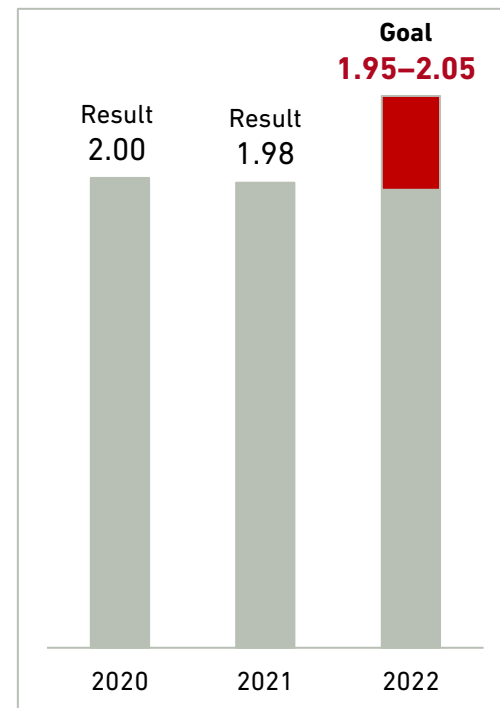
- Some transactions concluded, either for landmark assets and/or in regions that were less corona-influenced.
- Germany
 - First shopping center transaction seen in Berlin/Germany, however the asset (Boulevard Berlin) is a conversion project to a very large extent
 - Gera Arcaden sold by Unibail Rodamco
 - There seem to be early signs of demand coming back, mainly on the basis of the stabilizing corona situation and the high yield differential between shopping centers and other real estate asset classes (e.g. residential, logistics or office). The spike of the interest rates might support this process while the Ukraine war may delay the transaction market recovery further



Outlook

Forecast

- **FFO between €1.95 and €2.05 per share, 2022 expected to be the transition year** to new normality
- Forecast **conditional upon**
 - **expected continuing and enduring stabilization of the pandemic** without further lockdowns or significant business restrictions,
 - **continued improvement of consumption and retail turnovers** of our tenants in 2022 (e.g. Easter Sales) and the **continuance of the established German government relief programs**
 - **No major and enduring negative effects on private consumption due to the Ukraine war**



Financial Calendar

2022

11.08.	Half-year Financial Report 2022
30.08.	Annual General Meeting, Hamburg
08.09.	Commerzbank Oddo BHF Corporate Conference, Frankfurt
13.-14.09.	Bank of America Global Real Estate Conference, New York
19.09.	Berenberg & Goldman Sachs German Corporate Conference, Munich
20.09.	Baader Investment Conference, Munich
20.10.	Societe Generale The Pan-European RE Conference, Paris
10.11.	Quarterly Statement 9M 2022

Contact

Deutsche EuroShop AG Investor & Public Relations

Heegbarg 36
22391 Hamburg

Tel. +49 (40) 41 35 79 – 20/– 22

Fax +49 (40) 41 35 79 – 29

E-Mail: ir@deutsche-euroshop.com

Web: www.deutsche-euroshop.com

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 (-).



Leben statt Lockdown.
Lass dich impfen.

-  [instagram.com/deutscheeuroshop](https://www.instagram.com/deutscheeuroshop)
-  [youtube.com/DeutscheEuroShop](https://www.youtube.com/DeutscheEuroShop)
-  [facebook.com/euroshop](https://www.facebook.com/euroshop)
-  [slideshare.net/desag](https://www.slideshare.net/desag)
-  twitter.com/des_ag
-  [flickr.com/desag](https://www.flickr.com/desag)
-  ir-mall.com