

CONFERENCE CALL
FY2018
Preliminary Results

28 FEBRUARY 2019

A stylized floor plan diagram with three rooms. A large red room is in the center, a yellow room is to the left, and a green room is at the bottom right. The text 'SHOW and ROOM' is positioned in the white space between the red and green rooms.

SHOW
and
ROOM

Retail Turnover 2018¹

RETAIL SECTOR	% change in 2018	rent-to-sales ratio in %	% of sales	% of space
Department stores & Hypermarkets	-4.1	6.6	6.8	14.3
Food & Supermarkets	-2.4	7.7	9.0	6.8
Fashion textiles	-4.0	12.7	28.9	39.1
Shoes & Leather goods	-5.5	15.5	4.6	5.5
Sports	-1.8	10.1	4.1	4.8
Health & Beauty	0.0	7.4	12.6	6.2
General retail	-4.1	11.8	8.3	8.9
Electronics	-2.3	3.7	16.3	8.7
Services	-0.3	5.1	4.7	1.6
Food catering	-1.8	12.7	4.6	4.0
TOTAL	-2.8	9.3	100²	100²

	Germany	Abroad	Total
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→ Retail turnover development on a like-for-like basis:	-2.8%	-0.5%	-2.3%
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→ Absolute retail turnover development:	-2.8%	+0.3%	-2.2%
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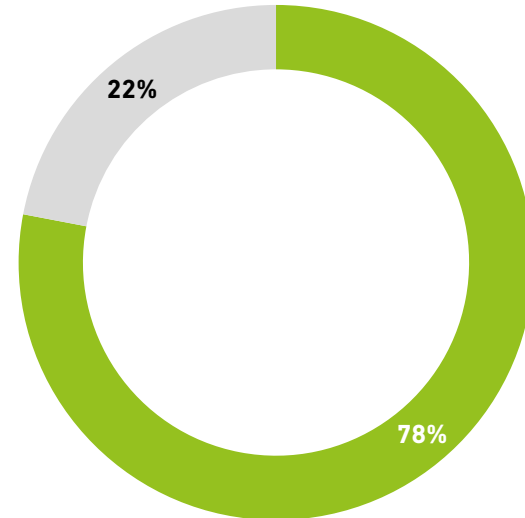
¹ German centers on a like-for-like basis (turnover: €1.9 billion)

² The sum may not equal the totals due to rounding

Tenant Structure: Top 10 Tenants¹

	2018	2017
H&M	3.5%	3.5%
Ceconomy	2.7%	2.7%
Deichmann	2.5%	2.5%
New Yorker	2.4%	2.3%
Peek & Cloppenburg	2.3%	2.3%
C&A	2.0%	2.0%
Rewe	1.8%	1.6%
Douglas	1.8%	1.8%
Metro	1.8%	1.7%
DM	1.4%	1.4%
Total	22.2%	21.8%

LOW LEVEL OF DEPENDENCE ON THE TOP 10 TENANTS



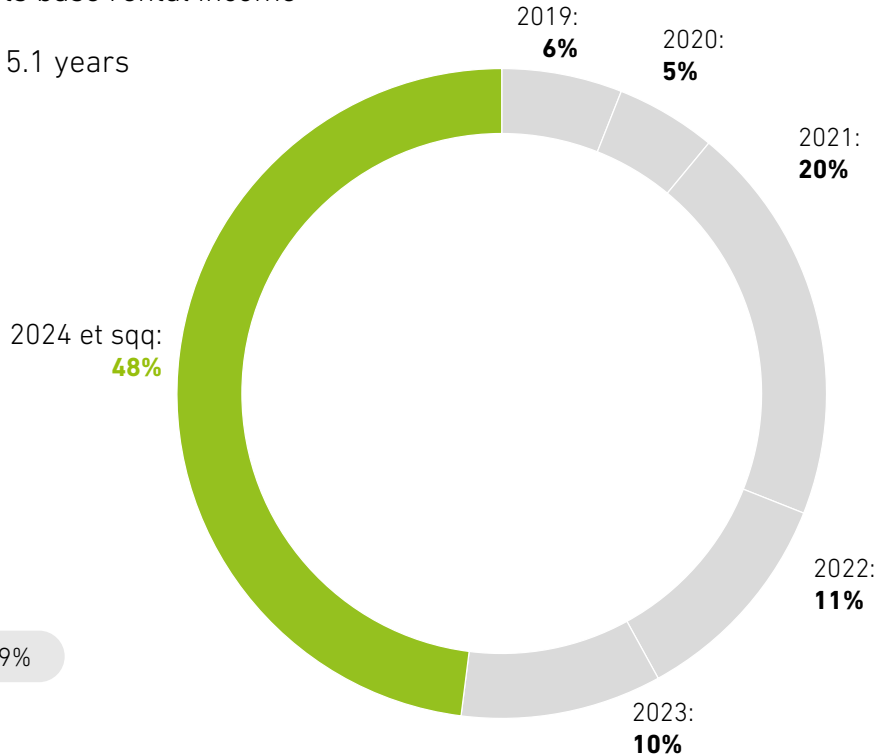
■ TOP 10 Tenants

¹ in % of total retail rents as at 31 Dec. 2018

Maturity Distribution of Rental Contracts¹

Long-term contracts base rental income

Weighted maturity 5.1 years



→ Occupancy rate: 99%

¹ as % of rental income as at 31 Dec. 2018

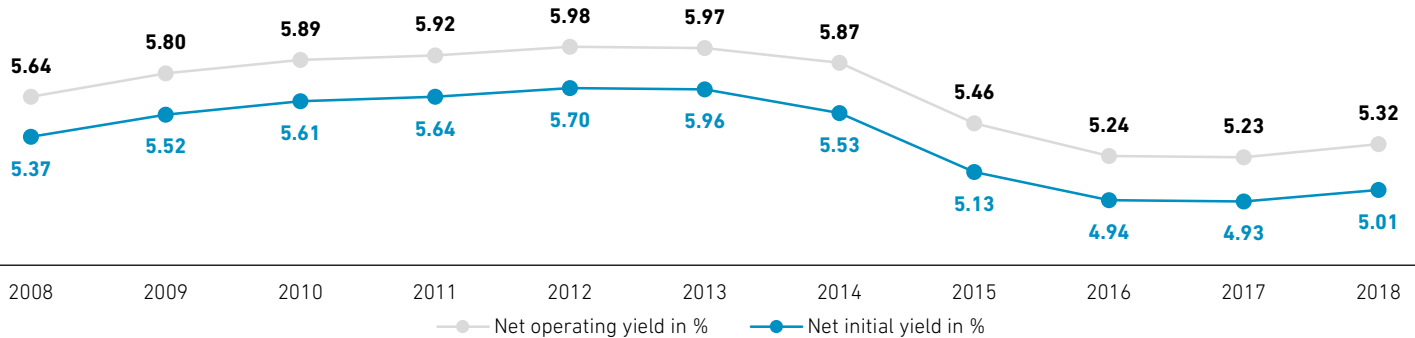
Valuation – Investment Properties 2018

in € thousand	2018	2017	CHANGE
Revaluation	-53,319	19,709	-73,028
Revaluation at-equity	-2,608	4,396	-7,004
Goodwill impairment	0	-140	140
Other impairment	-9	-34	25
Minority interest	-2,387	-10,985	8,598
Valuation result before taxes	-58,323	12,946	-71,269
Deferred taxes	10,017	-3,646	13,663
Valuation result after taxes*	-48,306	9,300	-57,606

→ Valuation result: -1.4%

* Attributable to group shareholders

Valuation¹ – Investment Properties 2018



SENSITIVITY ANALYSIS

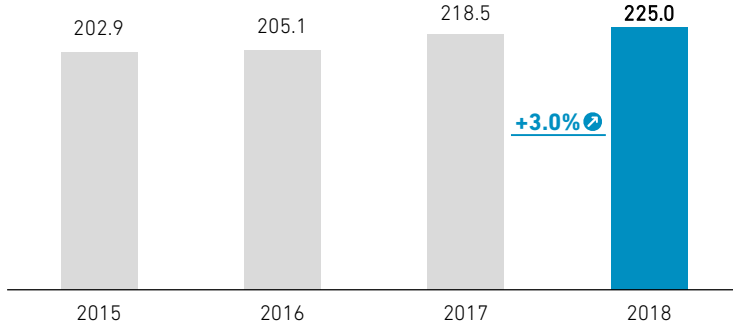
IN € THOUSAND	Basis	change of -25bps	change of +25bps
Rent increase rates	1.33%	-131,500	+159,900
Discount rate	5.90%	+79,000	-75,200
Capitalization rate	5.07%	+136,100	-122,100
Cost ratio	10.20%	+9,800	-10,800

¹ External appraisers: since 2015: JLL

Revenue growth driven by portfolio expansion

REVENUE

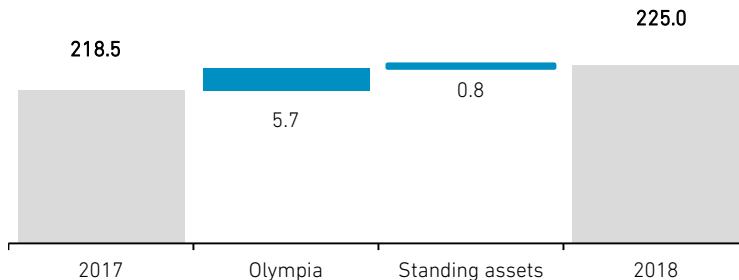
in € million



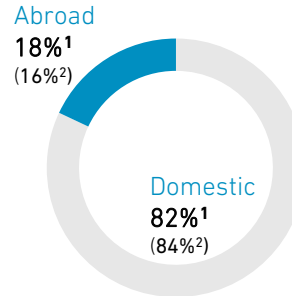
- increase in revenue of 3.0% to €225.0 million
- growth contribution of Olympia Center Brno: €5.7 million (acquisition date: 31 March 2017)
- like-for-like revenue growth: €0.8 million (+0.4%)

Revenue bridge 2018

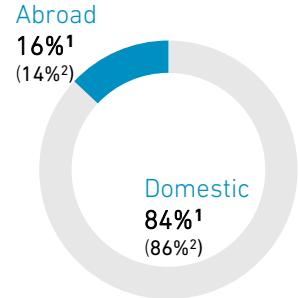
in € million



2018 Share of revenue



2017 Share of revenue



¹ "look through" (calculated on the basis of the group share)
² consolidated

EBIT growth in proportion to revenues

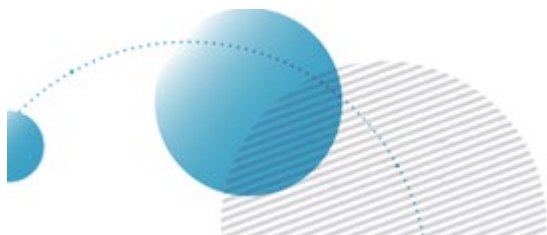
EBIT
in € million



- EBIT grows in line with revenues to €199.1 million (+3.5%)
- operating and administrative cost ratio for property at the prior-year level
- other operating expenses decline by €1.0 million, in particular due to higher acquisition cost in the previous year (relating to Olympia Center Brno)
- growth contribution of Olympia Center Brno: €6.5 million (acquisition date: 31 March 2017)

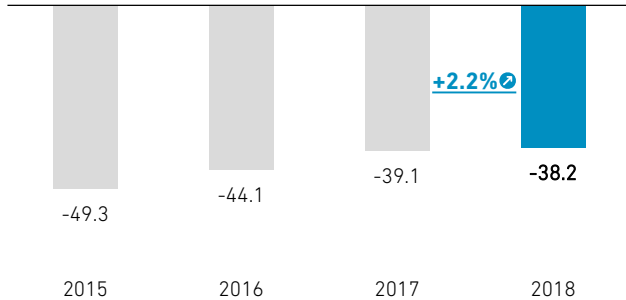
in € thousand

	01.01. – 31.12.2018	01.01. – 31.12.2017
Revenue	225,047	218,491
Operating and administrative costs for property	-22,183	-21,539
NOI	202,864	196,952
Other operating income	1,828	2,035
Other operating expenses	-5,557	-6,619
EBIT	199,135	192,368



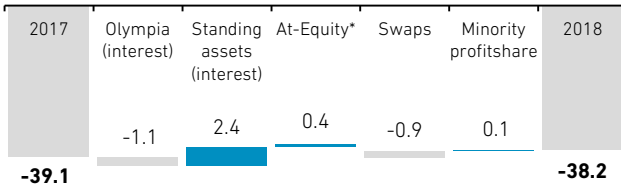
Financial result¹ improvement due to interest cost savings

Financial result in € million



- Financial result improved by €0.9 million
- interest expenses decreased in total by €1.3 million. Lower interest costs due to loan repayments, the conversion of the convertible bond in November 2017 and a refinancing for Dresden were partly offset by the additional interest expense for the financing of the Olympia Center Brno.
- At-equity operating profit¹ slightly improved (+0.7%)

Financial result bridge 2018 in € million



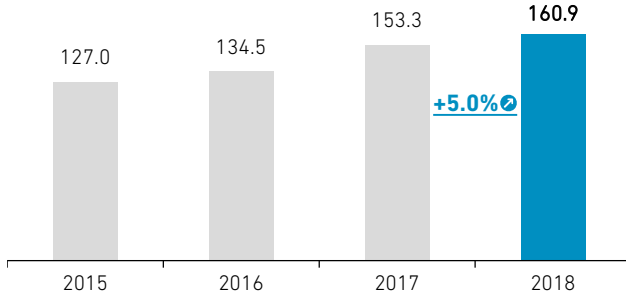
in € thousand

	01.01. – 31.12.2018	01.01. – 31.12.2017
At-equity profit/loss	27,602	34,451
Valuation (at equity)	2,608	-4,369
Deferred taxes (at equity)	477	425
At-equity (operating) profit/loss	30,687	30,480
Interest expense	-52,726	-54,023
Profit/loss attributable to limited partners	-18,448	-18,522
Other financial result	2,286	3,005
Financial result¹	-38,201	-39,060

¹ excluding valuation and swaps

EBT¹ up significantly by 5.0 %

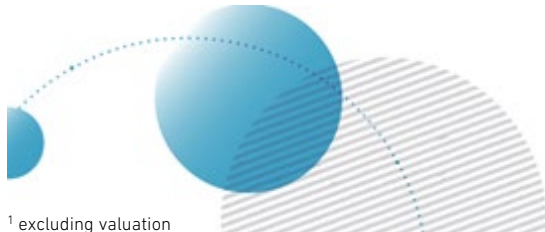
EBT
in € million



- EBT (excl. valuation) rose by €7.6 million to €160.9 million in particular due to the portfolio expansion, interest savings and some like-for-like turnover growth
- growth contribution of Olympia Center Brno: €5.5 million (acquisition date: 31 March 2017)

in € thousand

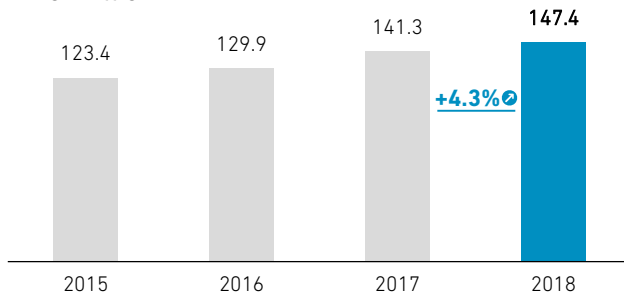
	01.01. – 31.12.2018	01.01. – 31.12.2017
EBIT	199,135	192,368
Financial result*	-38,201	-39,060
EBT¹	160,934	153,308



¹ excluding valuation

EPRA Earnings improvement

EPRA earnings in € million



EPRA Earnings represent sustained operating earnings and thus lay the foundation for a real estate company's ability to pay a dividend.

- Operating profit (EPRA earnings) rose by €6.1 million to €147.4 million
- EPRA Earnings per share declined from €2.42 to €2.39 due to the dilution effect resulting from the conversion of a convertible bond in November 2017

EPRA EARNINGS

	01.01. – 31.12.2018		01.01. – 31.12.2017	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	79,395	1.29	134,333	2.31
Valuation investment properties ¹	58,314	0.94	-13,120	-0.23
Valuation derivative financial instruments ¹	-2,604	-0.04	-3,443	-0.06
Goodwill write-down	0	0.00	140	0.00
Other measurement gains/losses	9	0.00	34	0.00
Acquisition costs	0	0.00	276	0.00
Deferred taxes in respect of EPRA adjustments ²	12,274	0.20	23,084	0.40
EPRA Earnings	147,388	2.39	141,304	2.42
Weighted number of no-par-value shares issued		61,783,594		58,248,007

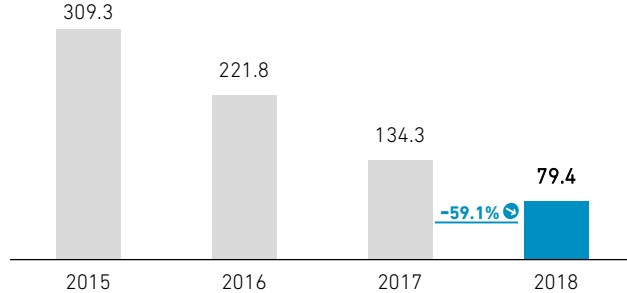
¹ including the share attributable to equity-accounted joint ventures and associates

² relating to investment properties and derivative financial instruments

Consolidated profit impacted from valuation result

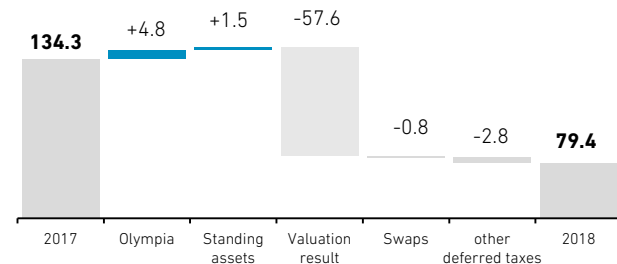
Consolidated profit

in € million



Consolidated profit bridge 2018

in € million



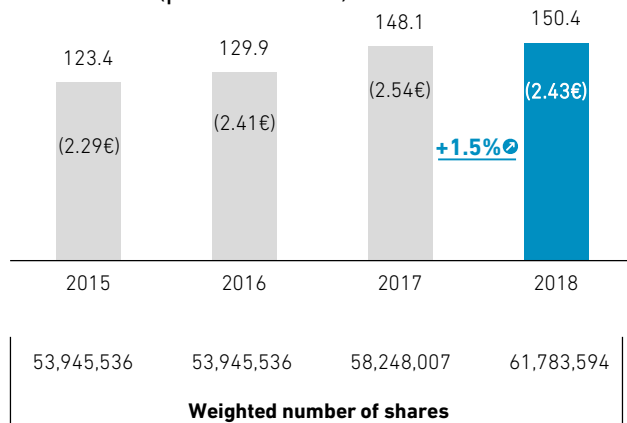
Consolidated profit decreased in total by €54.9 million. The following changes led to that result:

- positive profit contribution of Olympia Center Brno: +€4.8 million (acquisition date: 31 March 2017)
- standing assets contributed +€1.5 million, mainly due to interest cost savings and some like-for-like turnover growth
- Consolidated profit down by €-57.6 million due to valuation result
- minor changes resulting from other items, e.g. the valuation of swaps and taxes
- Earnings per share decreased from €2.31 to €1.29 per share (incl. the effects from the dilutive convertible bond)

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 €148.1 million to €150.4 million.
- FFO per share declined from €2.54 to €2.43 due to the dilution effect resulting from the conversion of a convertible bond in November 2017

FUNDS FROM OPERATIONS

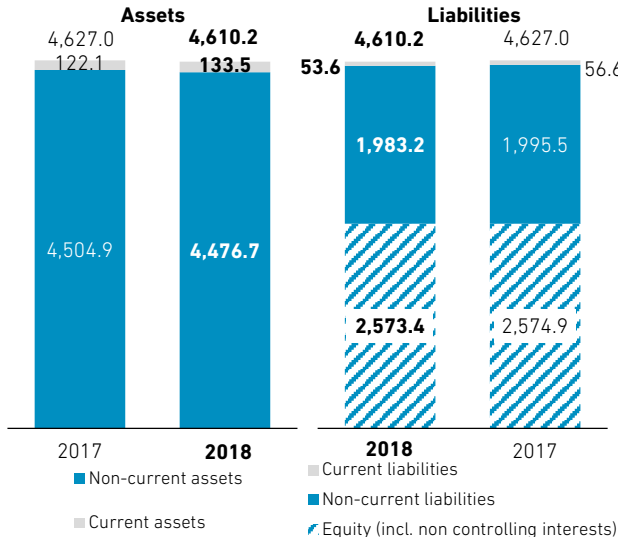
	01.01. – 31.12.2018		01.01. – 31.12.2017	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	79,395	1.29	134,333	2.31
Bond conversion expense	0	0.00	781	0.01
Valuation investment properties ¹	58,314	0.94	-13,120	-0.23
Goodwill write-down	0	0.00	140	0.00
Other measurement gains/losses	9	0.00	34	0.00
Deferred taxes ¹	12,643	0.20	25,937	0.45
FFO	150,361	2.43	148,105	2.54
Weighted number of no-par-value shares issued		61,783,594		58,248,007

¹ 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 are almost unchanged at €4,610.2 million
- Equity ratio remains solid at 55.8%
- Improvement of the LTV to 31.8% ("look-through" 34.0%³)

BALANCE SHEET

in € thousand	31.12.2018	31.12.2017	Change
Non-current assets	4,476,724	4,504,878	-28,154
Cash and cash equivalents	116,335	106,579	9,756
Other current assets	17,169	15,542	1,627
Total assets	4,610,228	4,626,999	-16,771
Equity	2,229,748	2,237,376	-7,628
Right to redeem of limited partners	343,648	337,479	6,169
Equity (including minority interest)	2,573,396	2,574,855	-1,459
Financial liabilities	1,522,393	1,546,672	-24,279
Deferred taxes	452,642	439,800	12,842
Other liabilities	61,797	65,672	-3,875
Total equity and liabilities	4,610,228	4,626,999	-16,771
Equity ratio in % ¹	55.8	55.6	
LTV ratio in % ²	31.8	32.4	
LTV ratio ("look-through") in % ³	34.0	34.5	

¹ including third-party interest in equity

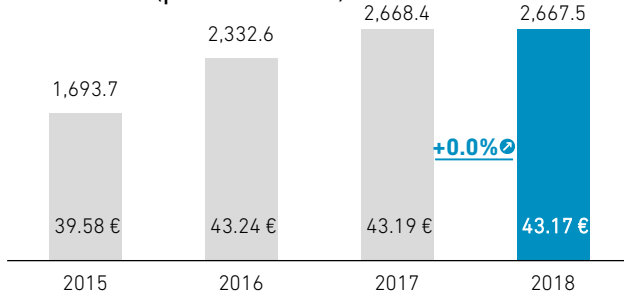
² Ratio of net financial liabilities (financial liabilities less cash and cash equivalents) to non current assets (investment properties and investments accounted for using the equity method).

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

Net Asset Value (EPRA)

EPRA NAV

in € million (per share in €)



- EPRA NAV almost unchanged at €43.17 with positive operating profit, dividend payment and changes in deferred tax liabilities almost netting out

53,945,536	53,945,536	61,783,594	61,783,594
Number of shares as at the reporting date			

EPRA NAV

	01.01. – 31.12.2018		01.01. – 31.12.2017	
	in € thousand	per share in €	in € thousand	per share in €
Equity	2,229,748	36.09	2,237,376	36.21
Derivative financial instruments measured at fair value ¹	34,563	0.56	40,405	0.66
Equity excluding derivative financial instruments	2,264,311	36.65	2,277,781	36.87
Deferred taxes on investment properties and derivative financial instruments ¹	456,915	7.39	444,392	7.19
Goodwill as a result of deferred taxes	-53,727	-0.87	-53,727	-0.87
EPRA NAV	2,667,499	43.17	2,668,446	43.19
Weighted number of no-par-value shares issued		61,783,594		61,783,594

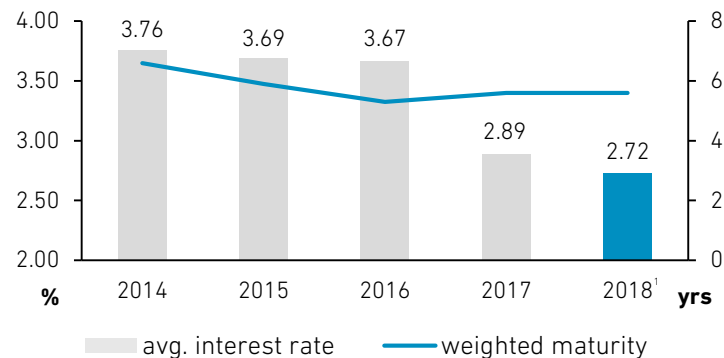
¹ Including the share attributable to equity-accounted joint ventures and associates

Loan Structure^{1,2}

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		21.7	1.4%	3.66%
1 to 5 years	3.5	813.6	53.5%	3.44%
5 to 10 years	8.6	575.6	37.9%	2.41%
Over 10 years	11.0	108.5	7.2%	2.24%
Total¹	5.4	1,519.4	100%	2.72%

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

→ Weighted maturity of fixed interest periods **5.4 years¹**



¹ as of 31 Dec. 2018

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%	19.9	143.0
2020	134.1	4.52%	19.5	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, 2.24%, 10y (08/2019)

€4.9m, 1.68%, 6y (01/2020)

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		

Saarpark-Center, Neunkirchen

Phoenix-Center, Hamburg

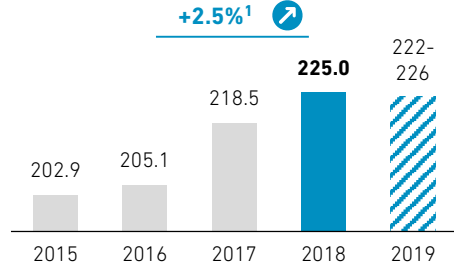
Saarpark-Center, Neunkirchen

¹ as of 31 Dec. 2018² excl. at-equity consolidated loans

Forecast²

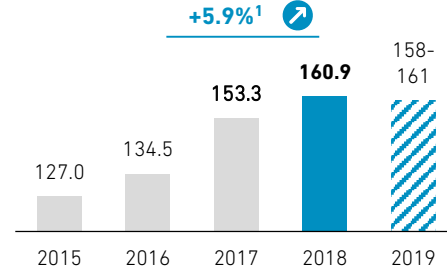
REVENUE

in € million



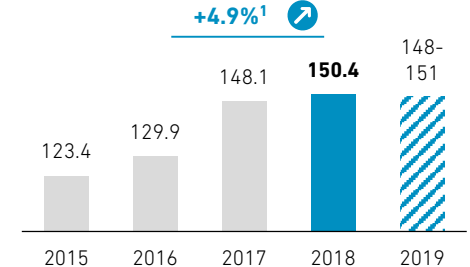
EBT (excl. valuation)

in € million



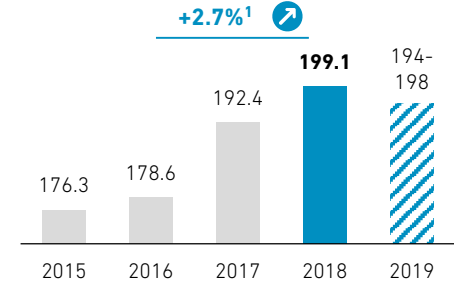
FFO

in € million



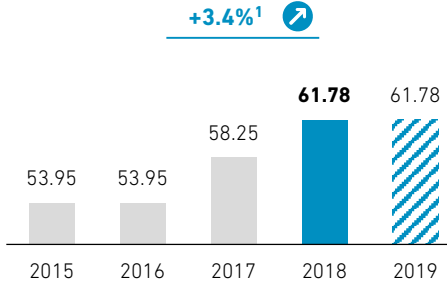
EBIT

in € million



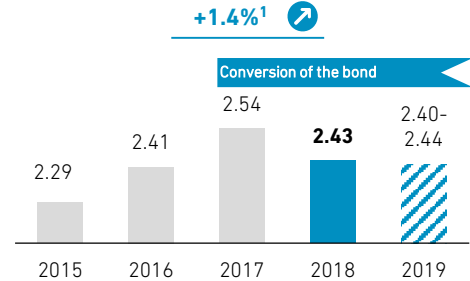
NUMBER OF SHARES

in millions



FFO PER SHARE

in €



¹ Compound Annual Growth Rate (CAGR) 2015 – 2019

² 2018: preliminary results

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. €194 million in H1 2019
(DES' share approx. €164 million)

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

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



At your Service:
Allee-Center Magdeburg



Financial Calendar

2019

27.02. Preliminary Results 2018	15.08. Half-year Financial Report 2019
25.03. Roadshow Munich, Berenberg	22.08. Montega Hamburg Investment Day, Hamburg
27.03. Roadshow Zurich, MM Warburg	29.08. Commerzbank Sector Conference, Frankfurt
28.03. Commerzbank German Real Estate Forum, London	05.-06.09. Deutsche EuroShop Real Estate Summer, Frankfurt
28.03. BAML European Real Estate Conference, London	20.09. Societe Generale Pan European Real Estate Conference, London
03.04. Roadshow Brussels, DZ Bank	23.09. Goldman Sachs & Berenberg German Conference, Munich
04.04. ESN Market Solutions Forum, Paris	24.09. Baader Investment Conference, Munich
29.04. Publication of the Annual Report 2018	13.11. Quarterly Statement 9M 2019
15.05. Quarterly Statement 3M 2019	18.11. DZ Bank Equity Conference, Frankfurt
17.05. Kepler Cheuvreux German Property Day, Paris	21.11. Roadshow Paris, MM Warburg
22.-23.05. Kempen European Property Seminar, Amsterdam	
24.05. HSBC German Real Estate Conference, Frankfurt	
29.05. Societe Generale The Nice Conference, Nice	
06.06. Deutsche Bank dbAccess Conference, Berlin	
12.06. Annual General Meeting, Hamburg	
18.-19.06. Roadshow Copenhagen & Stockholm, Pareto	
26.06. EPRA Corporate Access Day, London	

Contact



PATRICK KISS

Head of Investor & Public Relations

WILHELM WELLNER

Chief Executive Officer

OLAF BORKERS

Chief Financial Officer

NICOLAS LISSNER

Manager Investor & Public Relations

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

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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 (-).