



PHOENIX-CENTER  
HAMBURG



A10 CENTER  
WILDAU/BERLIN

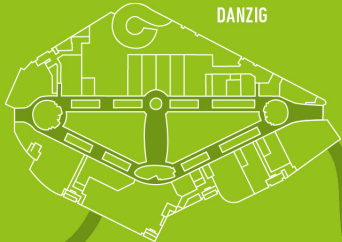


CITY-POINT  
KASSEL



STADT-GALERIE  
HAMELN

GALERIA BAŁTYCKA  
DANZIG



HEROLD-CENTER  
NORDERSTEDT



CITY-ARKADEN  
WUPPERTAL



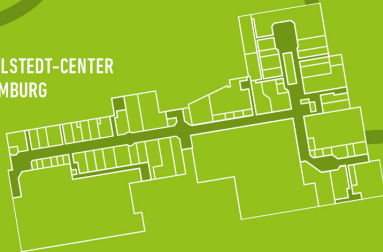
SAARPARK-CENTER  
NEUNKIRCHEN



OLYMPIA CENTER  
BRÜNN



BILLSTEDT-CENTER  
HAMBURG



FORUM  
WETZLAR



# CONFERENCE CALL

## Quarterly Statement 3M 2020

15 May 2020

## Update on Business Activities

### Center Openings

- **Most shops in the centers** in Germany and abroad are permitted to **open up since the first half of May**
- **Gastronomy and entertainment still subject to extensive restrictions** (some exceptions, e.g. "take away")
- **Numerous safety restrictions** apply, e.g.
  - mandatory minimum distances of 1.5m between people
  - mandatory face mask
  - limited number of customers per sqm GLA in shops
  - division of shop areas to safely manage customer flow

### Operations

- **Latest frequencies: approx. 50% of normal levels - with positive trend**
- **Frequencies vary among centers** in a range 30-70% (depending on region/regulation)
- **Turnovers of re-opened shops expected still to be substantially below normal levels**
- **Lessee's face various challenges:**  
turnovers, liquidity, reopening procedures, human resources, stock and supply chain issues

## Update on Business Activities

### Rents

- **Collection Ratio: ca. 30% (April and May)**
- **Legal & commercial situation to be monitored and evaluated**
- **Cooperative negotiations with tenants** for relief measures – still tedious process expected: individual and flexible solutions to be considered: rent deferrals/holidays, cost savings, opening hours
- **Tenant insolvencies since start of corona pandemic account for 4.6 % of DES rent:**  
all affected tenants target restructuring of business activities

### Financials & Liquidity

- **No forecast possible for FY 2020:**  
unpredictable customer behaviour, retail turnovers and impact from tenant arrangements
- **Cash position DES Group: €183m (31.03.2020)**
- **Signing of a loan contract** amid shut-down for a loan becoming due in December 2020 (€70m)
- **Continued trustful and cooperative talks with current banking partners**
- **Ongoing negotiation concerning refinancings** becoming due June 2021 (€136m)

## Retail turnover 3M 2020<sup>1</sup>

RETAIL SECTOR	% change in 2020	rent-to-sales ratio in %	occupancy cost ratio (OCR) in %	% of sales <sup>2</sup>	% of space <sup>2</sup>
DEPARTMENT STORES & HYPERMARKETS	-1.8	6.9	9.6	5.3	8.3
FOOD	-6.3	8.3	10.9	10.3	7.2
FASHION TEXTILES	-20.5	15.8	20.8	28.2	42.5
SHOES & LEATHER GOODS	-25.9	18.9	24.9	4.2	6.1
SPORTS	-19.0	12.3	16.6	4.5	5.4
HEALTH & BEAUTY	-8.9	8.3	10.5	15.2	7.8
GENERAL RETAIL	-15.4	14.6	18.8	8.2	8.6
ELECTRONICS	-19.3	4.5	5.9	16.6	8.9
SERVICES	-18.7	8.2	10.5	3.2	1.6
FOOD CATERING	-18.5	14.4	18.7	4.3	3.6
<b>TOTAL</b>	<b>-15.9</b>	<b>11.1</b>	<b>14.6</b>	<b>100<sup>3</sup></b>	<b>100<sup>3</sup></b>

	Germany	Abroad	Total
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→ Retail turnover development on a like-for-like basis: **-15.9%** **-16.1%** **-15.9%**

→ **Absolute** retail turnover development: **-17.6%** **-15.1%** **-17.2%**

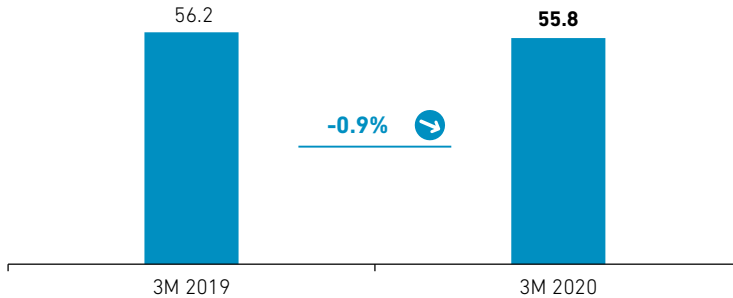
<sup>1</sup> German centers on a like-for-like basis (turnover 2019: €2.0 billion)

<sup>3</sup> The sum may not equal the totals due to rounding

<sup>2</sup> Not all tenants reported punctually due to Covid-19, so the figures are not fully comparable with historical ones.

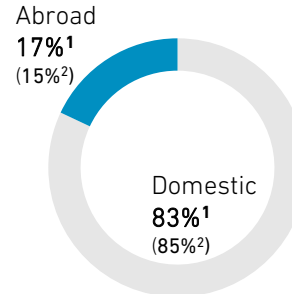
## First impacts on revenues from corona pandemic

**REVENUE**  
in € million

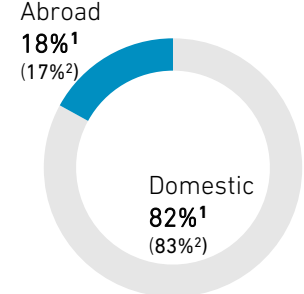


- Decrease in revenue of -0.9% to €55.8m (up 0.5% excluding corona-impact)
- result of legal situation abroad since mid-March (e.g. new laws to cushion the effects of the coronavirus pandemic which provide for the temporary suspension of rents for tenants)

### 3M 2020 Share of revenue



### 3M 2019 Share of revenue

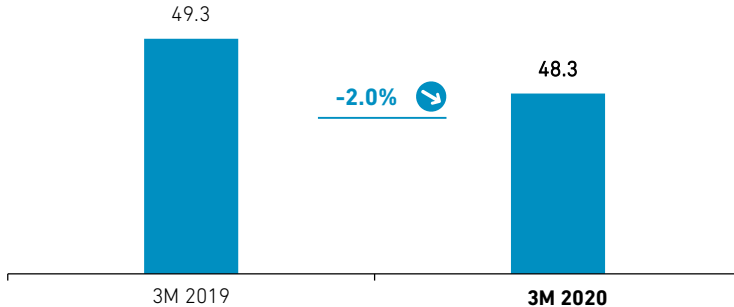


<sup>1</sup> "look through" (calculated on the basis of the group share)

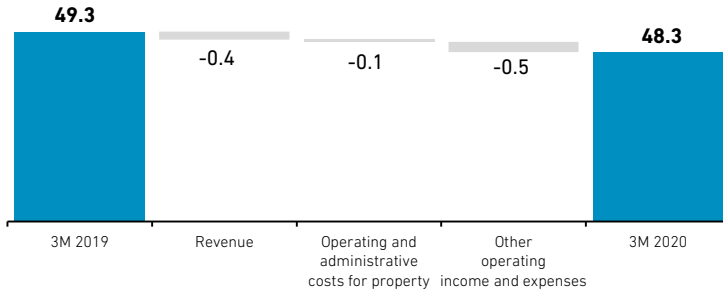
<sup>2</sup> consolidated

## EBIT follows rents

**EBIT**  
in € million



**EBIT bridge 3M 2020**  
in € million

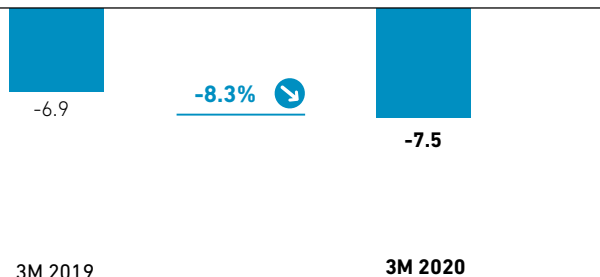


- EBIT decreases to €48.3m (-2.0%)
- decline in rents and some higher other operating expenses, due to one-off financing costs (credit line) and consulting expenses
- Cost ratio of 10.3% within budgeted range

in € thousand	01.01. – 31.03.2020	01.01. – 31.03.2019
Revenue	55,756	56,234
Operating and administrative costs for property	-5,726	-5,606
<b>NOI</b>	<b>50,030</b>	<b>50,628</b>
Other operating income	655	151
Other operating expenses	-2,378	-1,491
<b>EBIT</b>	<b>48,307</b>	<b>49,288</b>

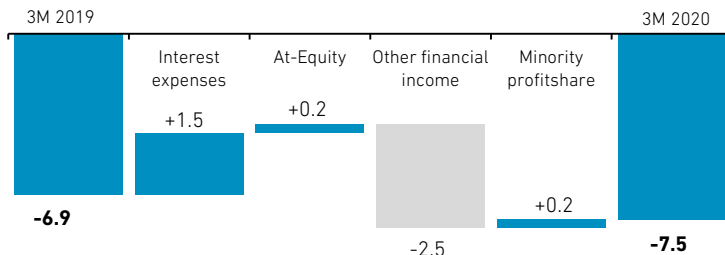
# Financial result<sup>1</sup> declined (but improved excluding previous years one-offs)

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



- Financial result (excluding one-off) improved by €1.9m (including one-off €-0.6m)
- Other financial income prior year influenced by an exceptional one-off interest income<sup>2</sup> of €2.6m
- Interest expenses improved by €1.5m due to scheduled loan repayments and favourable refinancing for the Rhein-Neckar-Zentrum Viernheim and A10 Center Wildau
- At-equity operating profit<sup>1</sup> slightly improved to €7.9m

## Financial result bridge 3M 2020<sup>1</sup> in € million



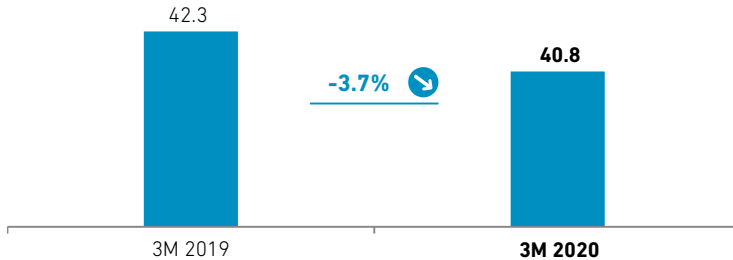
<sup>1</sup> excluding valuation

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

in € thousand	01.01. – 31.03.2020	01.01. – 31.03.2019
At-equity profit/loss	6,517	6,973
Valuation (at equity)	1,167	606
Deferred taxes (at equity)	181	62
At-equity (operating) profit/loss	7,865	7,641
Interest expense	-11,003	-12,530
Profit/loss attributable to limited partners	-4,402	-4,644
Other financial result	5	2,576
<b>Financial result<sup>1</sup></b>	<b>-7,535</b>	<b>-6,957</b>

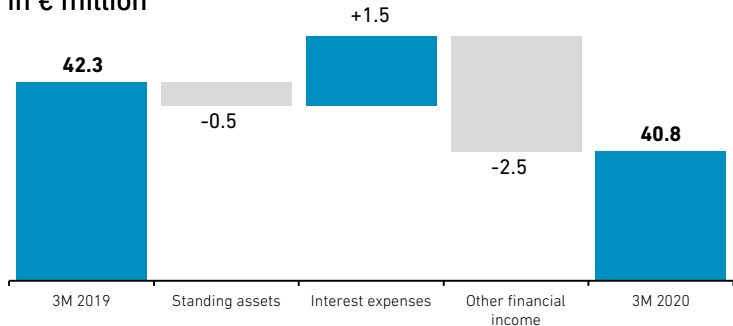
## EBT<sup>1</sup> decreased (but improved excluding previous years one-offs)

**EBT<sup>1</sup>**  
in € million



- EBT (excl. valuation) decreased by -3.7% (€-1.5m) and increased by €1.0m (+2.6%) excluding one-off interest income in prior year
- interest savings as driver of improvement (€+1.5m)
- One-off interest income in relation to tax refunds in 2019 as major influence factor

**EBT<sup>1</sup> bridge 3M 2020**  
in € million



in € thousand

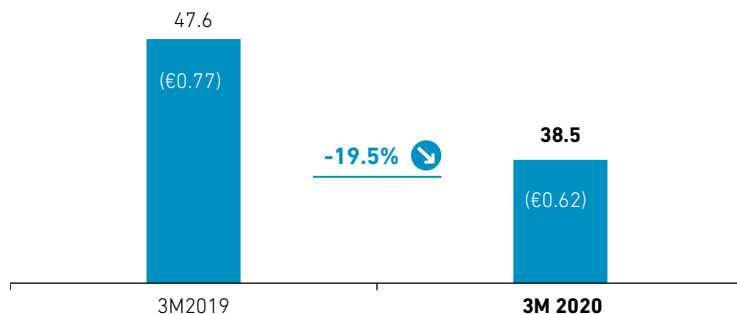
	01.01. – 31.03.2020	01.01. – 31.03.2019
<b>EBIT</b>	<b>48,307</b>	<b>49,288</b>
<b>Financial result<sup>1</sup></b>	<b>-7,535</b>	<b>-6,957</b>
<b>EBT*</b>	<b>40,772</b>	<b>42,331</b>

<sup>1</sup> excluding valuation



## EPRA Earnings stable (excluding previous years one-offs)

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



- EPRA earnings decline by €9.1m to €38.5m
- tax refunds and related interest income as major influence factor in prior year (€8.9m<sup>3</sup>)
- EPRA Earnings per share decreased from €0.77 to €0.62
- without the one-off effect in 2019, EPRA earnings would have been on a par with the previous year at €38.7m or €0.63 per share

### EPRA EARNINGS

	01.01. – 31.03.2020		01.01. – 31.03.2019	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	<b>28,034</b>	<b>0.45</b>	<b>39,405</b>	<b>0.64</b>
Valuation investment properties <sup>1</sup>	5,902	0.10	2,523	0.04
Valuation derivative financial instruments <sup>1</sup>	-90	0.00	-84	0.00
Deferred taxes in respect of EPRA adjustments <sup>2</sup>	4,656	0.07	5,724	0.09
<b>EPRA Earnings</b>	<b>38,502</b>	<b>0.62</b>	<b>47,568</b>	<b>0.77</b>
Weighted number of no-par-value shares issued	61,783,594		61,783,594	

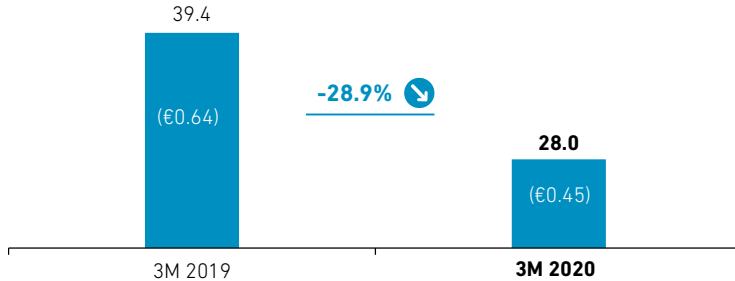
<sup>1</sup> including the share attributable to equity-accounted joint ventures and associates

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

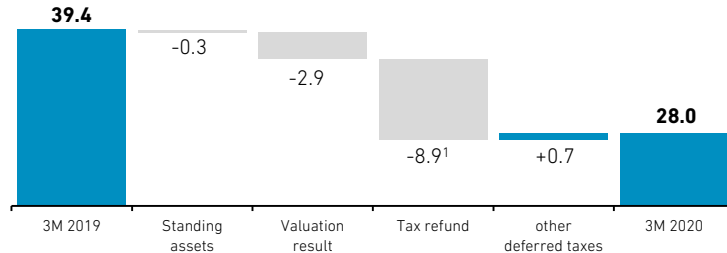
<sup>3</sup> including the tax expense attributable to the interest refund

# Consolidated profit

**Consolidated profit**  
in € million (per share in €)



**Consolidated profit bridge 3M 2020**  
in € million



Consolidated profit decreased in total by €11.4m. The following effects are included in that result:

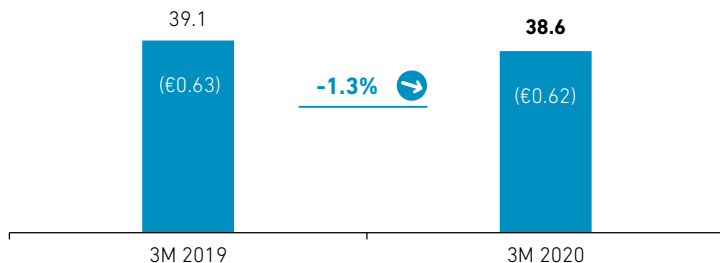
- One-off prior year tax refunds incl. related interest (€-8.9m<sup>1</sup>)
- Higher investment cost compared to the previous year (€-2.9m)
- Some smaller changes from standing assets and other deferred taxes
- Earnings per share decreased from €0.64 to €0.45 per share (decreased by €0.04 from €0.49 per share excluding one-offs)

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

## Stable 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 of €38.6m remained close to previous years level (€39.1m), mainly influenced by corona-related lower revenues and higher other operating expenses
- FFO per share decreased slightly from €0.63 to €0.62

### FUNDS FROM OPERATIONS

	01.01. – 31.03.2020		01.01. – 31.03.2019	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	<b>28,034</b>	<b>0.45</b>	<b>39,405</b>	<b>0.64</b>
Valuation investment properties <sup>1</sup>	5,902	0.10	2,523	0.04
Tax refund for previous years <sup>2</sup>	0	0.00	-8,886	-0.15
Deferred taxes <sup>1</sup>	4,656	0.07	6,092	0.10
<b>FFO</b>	<b>38,592</b>	<b>0.62</b>	<b>39,134</b>	<b>0.63</b>
Weighted number of no-par-value shares issued	61,783,594		61,783,594	

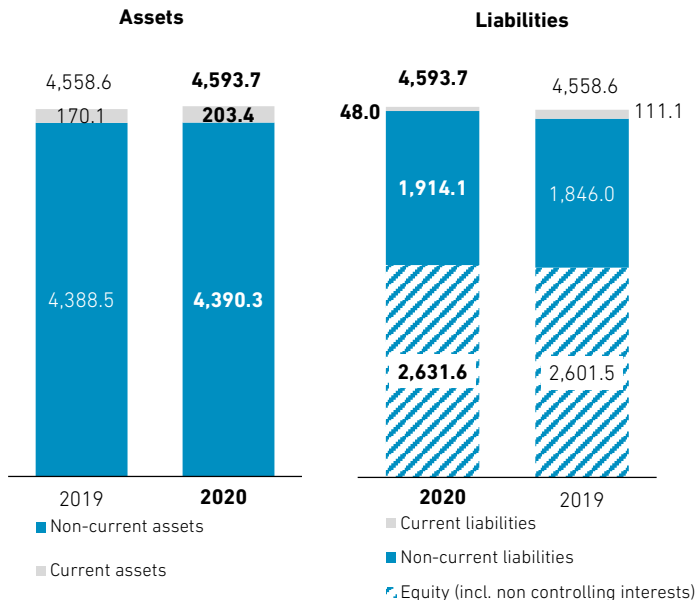
<sup>1</sup> including the share attributable to equity-accounted joint ventures and associates

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

## Balance sheet: very solid and little structural changes

### BALANCE SHEET STRUCTURE

in € million



- Equity ratio stands at a solid 57.3%
- LTV decreased to 30.7% ("look-through" 32.9%<sup>3</sup>)
- Group cash position: €183m

### BALANCE SHEET AS AT 31 MARCH 2020

in € thousand	31.03.2020	31.12.2019	Change
Non-current assets	4,390,306	4,388,455	1,851
Cash and cash equivalents	182,663	148,087	34,576
Other current assets	20,763	22,063	-1,300
<b>Total assets</b>	<b>4,593,732</b>	<b>4,558,605</b>	<b>35,127</b>
Equity	2,278,988	2,249,573	29,415
Right to redeem of limited partners	352,585	351,905	680
<b>Equity (including minority interest)</b>	<b>2,631,573</b>	<b>2,601,478</b>	<b>30,095</b>
Financial liabilities	1,515,409	1,512,347	3,062
Deferred taxes	383,624	378,755	4,869
Other liabilities	63,126	6,025	-2,899
<b>Total equity and liabilities</b>	<b>4,593,732</b>	<b>4,558,605</b>	<b>35,127</b>
Equity ratio in % <sup>1</sup>	57.3%	57.1%	
LTV ratio in % <sup>2</sup>	30.7%	31.5%	
LTV ratio ("look-through") in % <sup>3</sup>	32.9%	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).

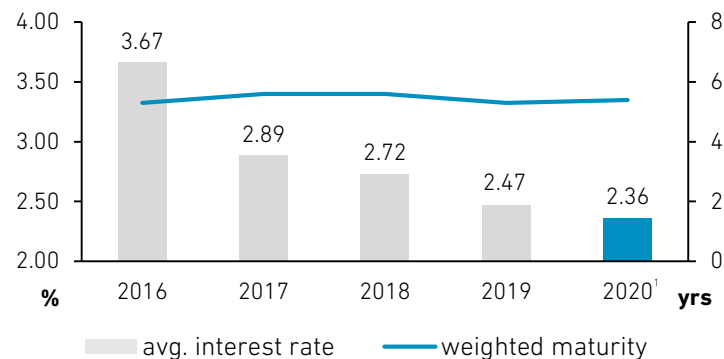
<sup>3</sup> ratio of net financial liabilities to long-term assets, calculated on the basis of the group share

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

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		12.4	0.8%	3.07%
1 to 5 years	2.8	615.4	40.8%	3.23%
5 to 10 years	7.8	692.9	45.9%	2.37%
Over 10 years	10.8	189.1	12.5%	1.57%
<b>Total<sup>1</sup></b>	<b>5.4</b>	<b>1,509.8</b>	<b>100%</b>	<b>2.36%</b>

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

→ Weighted maturity of fixed interest periods **5.4 years<sup>1</sup>**



<sup>1</sup> as of 31 March 2020

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

## 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%	12.4	<b>146.5</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)

Lower refinancing cost  
= positive FFO and  
EPRA earnings impact

### 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 31 March 2020

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

## Outlook

- **Leasing – stabilisation of situation and arrangements with tenants key task for the coming month:**
  - leasing market understandably in weak condition, but releasing activities continuing
  - **lease agreement signed** just recently **with Kaufland** for replacement of Real (A10 Center): important step in the regular releasing process of the center
- **Capex under constant review:**
  - non-essential programs to be postponed or reviewed (At-your service and Mall Beautification)
  - continuation of all essential investments (new concepts, infrastructure)
- **Digital Mall:**
  - all centers of DES' German portfolio have a “digital twin” already, products online > 1.9m<sup>1</sup>)
- **Financing:**
  - **Signing of credit line facility** of €150m: (until 2024) in January 2020
  - **Signing of a long-term loan agreement in March 2020:** €70m (due end of 2020)
  - **Signing of Term Sheets for two refinancings:** €136m (due mid 2021)
- **Dividend 2019 cancelled for prudent liquidity management reasons** (given current situation)

<sup>1</sup> ECE portfolio Germany

# Financial Calendar

## 2020

14.05. Quarterly Statement 3M 2020

28.05. Societe Generale The Nice Conference (virtual)

17.06. UniCredit Kepler Cheuvreux German Property Day (virtual)

16.06. Annual General Meeting (virtual)

17.06. UniCredit Kepler Cheuvreux German Property Day (virtual)

13.08. Half-year Financial Report 2020

18.08. Roadshow London, J.P. Morgan

03.09. Commerzbank Sector Conference, Frankfurt

07.09. Jefferies Real Estate Conference, Tel Aviv

21.09. Goldman Sachs & Berenberg German Conference, Munich

22.09. Baader Investment Conference, Munich (hybrid)

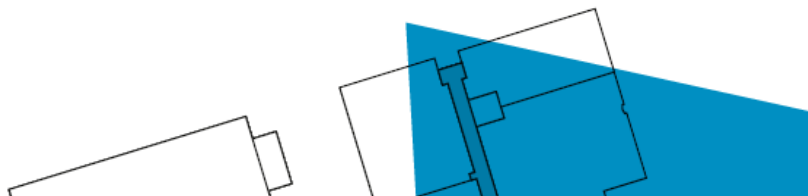
01.10. Commerzbank German Real Estate Forum, London

21.10. Kempen European Property Seminar, Amsterdam

12.11. Quarterly Statement 9M 2020

16.11. Roadshow Paris, Societe Generale

25.11. DZ Bank Equity Conference, Frankfurt





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