Deutsche Konsum REIT-AG
Germany, Real Estate

SCOPE BB+ STABLE

Corporate profile

Deutsche Konsum REIT-AG (DKR) started operations in 2014 and attained REIT (real estate investment trust) status in 2016, exempting it from income tax. The company's objective is to acquire and manage a retail portfolio focused on German regional areas and medium-sized cities.

Key metrics

			Scope estimates	
Scope credit ratios	**2018/19**	**2019/20**	**2020/21E**	**2021/22E**
Scope-adjusted EBITDA interest cover (x)	6.5x	4.8x	4.4x	4.3x
Scope-adjusted debt (SaD)/SaEBITDA (x)	11.2x	12.5x	13.7x	12.2x
Scope-adjusted loan/value ratio (%)	51%	54%	55%	55%

Rating rationale

Scope has affirmed the BB+/Stable issuer rating on Deutsche Konsum REIT-AG

The affirmation is driven by our view that the defensive characteristics of the issuer's tenant portfolio support stable cash flow and thus stable credit metrics despite the fallout from the Covid-19 pandemic on the retail sector.

The issuer rating of BB+ is supported by the size the company has achieved in the niche market of commercial real estate (CRE) with a focus on non-cyclical retail. Its portfolio is diversified across Germany, with stable occupancy and a weighted average unexpired lease term (WAULT) of over five years, leading to predictable and steady cash flows. Relatively high profitability, implicit caps on leverage and floors on revenue diversification afford good debt protection and moderate leverage.

However, the rating is limited by DKR's size, which is expected to constrain its access to capital markets in times of economic turmoil. DKR's focus on a niche market leads to high concentration and weak diversification in terms of tenants, with the top three accounting for 39% of gross rental income (GRI). Furthermore, we see high downside volatility for the property portfolio due to the relatively small ticket sizes and weak macro locations, both resulting in limited fungibility. Our overall assessment of DKR's financial risk profile is negatively affected by its ambitious growth plans for the next few years.

Outlook and rating-change drivers

The Outlook for DKR is Stable and incorporates our expectation that DKR's asset base will grow, via around EUR 150m in capex for FY 2020/21, leading to annualised rental income of EUR 72m-76m by end-September 2021. We anticipate the expansion to be financed equally with debt and equity. This will keep the Scope-adjusted loan/value (LTV) ratio below 55% in the medium term, while debt protection, as measured by the Scope-adjusted EBITDA interest cover, is expected to remain above 4x.

A negative rating action is possible if the Scope-adjusted LTV reaches above 55% on a continued basis, leading to DKR losing its tax-exempt REIT status. This could happen if property prices drop and DKR cannot address the increased LTV via asset disposals or equity issuances (due to the main shareholder being less willing and able to support capital increases either actively or passively).

A positive action would require further growth in total assets and gross leasable area (GLA), leading to greater diversification by geographies and tenants.

Ratings & Outlook

Corporate rating	BB+/Stable
Senior unsecured rating	BBB-

Analyst

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Related Methodologies

Corporate Rating Methodology, February 2020

Rating Methodology European Real Estate Corporates January 2021

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Rating drivers

Positive rating drivers	Negative rating drivers
• Largest pure-play CRE company in Germany with a focus on non-cyclical retail, supporting visibility with tenants, investors and vendors • Moderate geographical diversification across Germany • Stable occupancy of around 90% by GLA and 95% by EPRA, though no material improvement expected via acquisition strategy • Profitability in line with those of larger peers, benefitting from economies of scale and the limited impact from Covid-19 • High EBITDA interest cover of above 4x expected to be maintained • LTV expected to remain below 55% in the medium term thanks to G-REIT covenants	• Limited size, but growth to accelerate, with asset base to rise above EUR 0.8bn in FY 2019/20. • Modest diversification across sales formats; exposure to hypermarkets with their negative future prospects • Concentrated tenant portfolio with top three accounting for 39% of GRI, albeit partially mitigated by the majority's good credit quality • Properties' macro locations expected to lead to higher downside volatility for fair values, but micro locations and limited competition will boost tenant demand and thus stabilise cash flows • Negative free operating cash flows due to discretionary portfolio expansion and mandatory dividend payments

Rating-change drivers

Positive rating-change drivers	Negative rating-change drivers
• Further significant growth by total assets and GLA while credit metrics maintained	• LTV of greater than 55% on a continued basis, leading to a loss of tax-exempt REIT status

Financial overview

				Scope estimates	
Scope credit ratios	**2018/19**	**2019/20**	**Q1 2020/21[1]**	**2020/21E**	**2021/22E**
Scope-adjusted EBITDA interest cover (x)	6.5x	4.8x	4.8x	4.4x	4.3x
Scope-adjusted debt (SaD)/ Scope-adjusted EBITDA	11.2x	12.5x	11.9x	13.7x	12.2x
Scope-adjusted loan/value ratio (%)	51%	54%	53%	55%	55%
Scope-adjusted EBITDA in EUR m	**2018/19**	**2019/20**	**Q1 2020/21[1]**	**2020/21E**	**2021/22E**
EBITDA	28.7	36.2	38.5	41.7	54.1
Operating lease payments in respective year	0.5	0.5	0.6	0.5	0.5
Other	0.0	0.0	0.0	0.0	0.0
Scope-adjusted EBITDA	**29.2**	**36.7**	**39.1**	**42.2**	**54.6**
Scope-adjusted funds from operations in EUR m	**2018/19**	**2019/20**	**Q1 2020/21[1]**	**2020/21E**	**2021/22E**
Scope-adjusted EBITDA	29.2	36.7	39.1	42.2	54.6
less: cash interest as per cash flow statement	-4.3	-7.4	-8.0	-9.4	-12.5
less: interest component, operating leases	-0.2	-0.2	-0.2	-0.2	-0.2
less: cash tax paid as per cash flow statement	0.0	0.0	0.0	0.0	0.0
Change in provisions	0.0	0.1	0.3	-0.4	0.0
Scope-adjusted funds from operations	**24.7**	**29.2**	**31.2**	**32.1**	**41.9**
Scope-adjusted debt in EUR m	**2018/19**	**2019/20**	**Q1 2020/21[1]**	**2020/21E**	**2021/22E**
Interest-bearing debt	354.0	527.7	534.0	595.9	657.9
Finance leases	8.4	8.9	8.9	8.9	8.9
Short-term investments	-13.2	-81.2	-80.6	-30.6	0.0
Cash	-25.6	-0.2	-2.4	-1.3	-3.4
Restricted cash	0.0	0.0	0.0	0.0	0.0
Off-balance-sheet debt	3.8	4.0	4.0	4.0	4.0
Scope-adjusted debt	**327.4**	**459.1**	**463.9**	**576.8**	**667.4**

[1] Last 12 months to end-December 2020

Business risk profile: BB

Industry risk: BB

Industry risk for DKR is modest, with an exposure to the highly cyclical real estate industry, with its main segments comprising the leasing, management and development of CRE buildings.

Credit outlook stable for 2021

The credit outlook for the European real estate sector in 2021 is stable, though the retail sector remains a weak spot as it faces a multi-layered Covid-19 crisis, which may have only a modest impact on credit quality in the short term. However, the consequences will be more severe if a future recovery falters.

For more information, refer to our corporate outlook for real estate (click here).

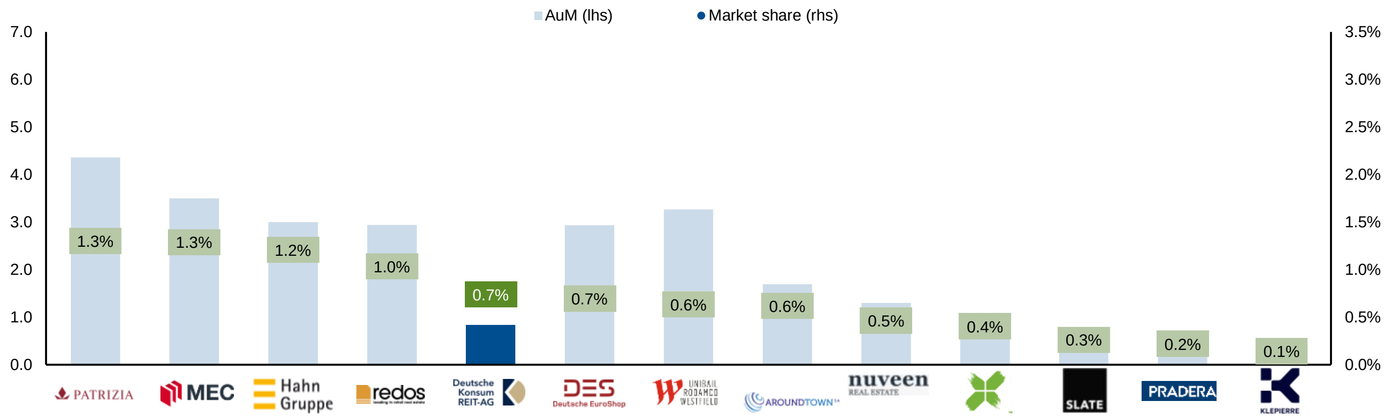
Limited size but strong growth

DKR's asset base has grown rapidly since its inception in 2014. However, the company is still of limited size, as evidenced by Scope-adjusted total assets of EUR 869m at end-December 2020 and Scope-adjusted funds from operations of EUR 31m for the 12 months to end-December 2020. Nevertheless, the pace of expansion with high double-digit growth rates of GLA, GRI and the number of properties since end-September 2017 evidence DKR's improving access and visibility on investment markets.

Ongoing improvements in size also supported the company's access to capital markets, evidenced by an increasing capital market debt exposure, which stood at EUR 187m (35% of debt as at end-December 2020). At the same time, the share of free-float equity has been almost stable since FY 2017/18. However, the company still strongly depends on its main shareholder, Obotritia Kapital KGaA, which provides 29% in equity and a EUR 25m revolving credit facility.

Further growth should support DKR's access to capital markets, which will further diversify funding sources in the next few years. Nonetheless, Obotritia will likely maintain its majority control over DKR, even if this entails some dilution in its stake. This limits future growth to Obotritia's ability to benefit from access to capital or its willingness to allow its interest to be diluted in the medium term.

Figure 1: Deutsche Konsum REIT-AG and German competitors by AuM[2] (EUR bn) and estimated German market share[3]



Sources: public information, Scope

Largest pure-play commercial property company in Germany with a focus on non-cyclical retail

DKR's market share in German retail is negligible, estimated at 0.7% (+0.1pp YoY) based on a GLA of 917,000 sq m as at end-December 2020. However, we observe that this market is rather fragmented, with the largest companies barely reaching a market share of above 1%. Thus, we focus on the sub-segment of retail parks that is relevant for DKR.

[2] AuM = assets under management
[3] Based on each company's share in German retail GLA as at end-March 2021

DKR is the largest German pure-play CRE company focused on retail parks, DIY markets and local retail centres, with a portfolio that consists of 164 properties as at end-December 2020 (market share of 7%[4]). DKR is followed by real estate players x+bricks (more than 200 properties), FCR Immobilien AG (84 properties[5]) and Deutsche Fachmarkt AG (43 properties[6]). With its portfolio size, DKR is also a leader in its fragmented niche, with the largest competitors being fund managers redos real estate GmbH (96 properties) and HAHN-Immobilien-Beteiligungs AG (140) and institutional investors with assets managed by Jones Lang LaSalle or MEC (60).

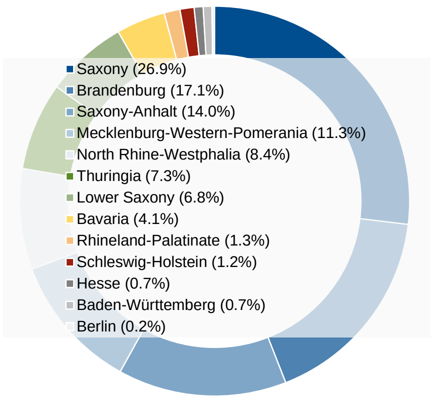
As such, we believe the company enjoys visibility among tenants, investors, and vendors, evidenced by a deal pipeline of above EUR 3bn in 2020. All of these factors support the reletting of vacant space, property disposals and further portfolio growth, with around 20 properties to be acquired in FY 2020/21 (EUR 100m-150m in investments; already 12 properties acquired since September 2020 at the cost of circa EUR 115m and a net initial yield[7] of around 9%).

Moderate geographical diversification with property portfolio spread across Germany

DKR's retail portfolio is moderately diversified across Germany with a focus on the former East German federal states (77% of GLA and 72% of annualised rent as at end-December 2020). We believe DKR's geographical diversification can mitigate cyclical swings to a certain extent as these federal states follow slightly different demand patterns, influenced by different industry exposures[8]. As a result of the economic recovery of these states, the population stopped declining in 2011 and has since been almost stable. This development should enhance prospects for the majority of DKR's tenants, supporting the development of GRI and occupancy rates in the next few years.

Since October 2019, DKR has established a significant foothold in North Rhine-Westphalia (8% of GLA and 10% of annualised rent as at end-December 2020), Lower Saxony (7% and 8%) and Bavaria (4% and 4%). We believe the exposure to three out of four[9] of Germany's strongest regional economies should help to further stabilise rental cash flows.

Figure 2: Geographical diversification by GLA

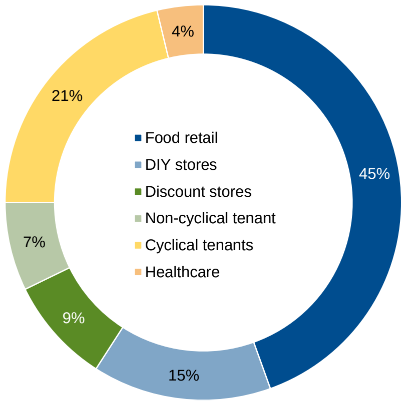


Sources: DKR, Scope

Figure 3: Property type by GLA (inner ribbon) and GRI (outer ribbon)

Sources: DKR, Scope

Figure 4: Pro-forma GRI by tenant industry



Sources: DKR, Scope

[4] 393 retail parks in Germany with GLA of above 10,000 sq m (Bulwien Gesa 2015); DKR holds 29 properties, with GLA of above 10,000 sq m as at end-December 2020.
[5] As at March 2021
[6] As at 31 December 2020
[7] Net initial yield = net rental income of property at day one following acquisition divided by the purchase price
[8] Saxony, automotive; Mecklenburg-Western-Pomerania, food; Saxony-Anhalt, chemicals; Brandenburg; metal production and metal processing, plastics and chemicals; Thuringia, automotive/capital goods
[9] North Rhine Westphalia (21% of German GDP in 2019); Lower Saxony (9%); Bavaria (18%)

Modest diversification across sales formats

DKR's diversification by property types is modest. The dominant exposures are to retail parks (25% of GRI or pro-forma GRI as at February 2021), local retail centres (22%) and hypermarkets (29%[10]). These three property types are heavily linked to food retail, also leading to weak tenant industry diversification (food retail: 45% of pro-forma GRI as at February 2021). Hypermarkets especially are facing declining consumer demand. Thus, we expect a long-term negative impact on DKR's cash flows due to the sub-segment's higher expected capex needs and declining revenues.

Weak tenant industry diversification

The weak tenant industry diversification is mitigated by the importance of food products to consumers, the recurring nature of purchases and the segment's macro resilience. DKR's large exposure to non-cyclical retail industries, with around 70% of GRI[11], is credit-supportive.

Concentrated tenant portfolio

The DKR's portfolio and industry exposures are also reflected in a weak tenant diversification, with the top three accounting for 34.8% and top 10 for 56.6% of GRI. This leaves the company very vulnerable to a single tenant's default and/or restructuring driven by a changing German retail landscape. The weak tenant diversification is partially mitigated by the investment grade character of tenants representing 41.0% of GRI, including the top three (Edeka Group, Schwarz Group and Rewe Group).

The Covid-19 shock has tested the resilience of DKR's portfolio. Bankruptcies have so far been limited among the tenants: the pandemic has had no impact on food retailers, and large retail chains (such as DIY retailers and discounters) have benefitted from financial headroom, financial support or insolvency moratoriums. In addition, small tenants, which have been hit the hardest, contribute only a small fraction of DKR's rental income.

We believe the worst of the pandemic's impacts will occur in 2021 as government support is unwound. Nonetheless, DKR's exposure to essential retail somewhat protects its cash flow against any new lockdowns and/or tenant defaults. As such, we forecast rental cash flow (from rent abatements or impairments) to drop by only between 5% and 10%[12] against contractual agreed rents for FY 2020/21.

Properties macro locations expected to lead to higher downside volatility of fair values

We grade the largest part of DKR's portfolio at 'D' (95% of GLA as at end-December 2020), but this only valid for investors. As such, the liquidity of these markets is weak. This is amplified by the low-ticket sizes (around EUR 5.0m on average) that attracts fewer investors than properties valued at above EUR 20m (eight as at end-December 2020).

The locations of DKR's portfolio appeal[13] to tenants, especially the retail parks and local retail centres, which benefit from limited competition with strict rules for zoning and planning. This ensures existing food retail locations remain viable.

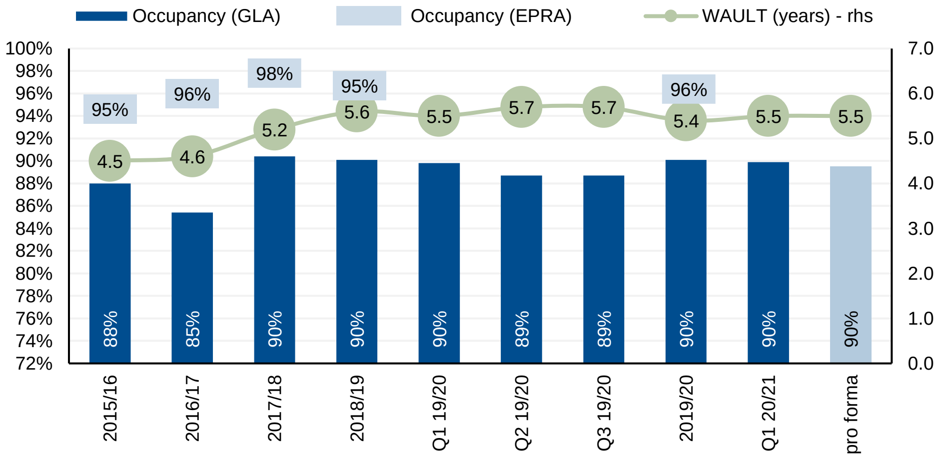
Around 90% occupancy expected to remain due to acquisition strategy

DKR benefits from a relatively stable occupancy of above 85% (based on GLA) since its inception in 2014. The figure has improved since the end of June 2018 to around 90%[14] with the refurbishment of retail space, which led to significantly increased occupancy and more stable (higher occupancy) portfolio additions. We expect no material reduction in vacancy rates going forward given that DKR's acquisition strategy focuses on properties with significant vacancies. We expect occupancy to remain at around 90%. This is based on our expectation of vacancy reductions due to new leases from newly refurbished properties and new area concepts, offset by higher vacancies from acquisitions, unless DKR changes its aggressive growth policy. Nevertheless, we believe the current

[10] According to our definition, only 8% of GLA qualifies as hypermarket (retail agglomerations in excess of 5,000 sq m with the main tenant operating in food retail or wholesale and occupying more than 50% of GLA)
[11] Non-cyclical includes food retail, DIY, drugstores, bakeries and healthcare
[12] Based on the assumption that almost all DKR's spaces will be operational by April 2021
[13] Location determined by population, purchasing power, retail centrality in property-related catchment area (drive-time of 5-15 minutes)
[14] Economic occupancy (according to EPRA calculation) at 96% as at end-September 2020; the large gap between GLA based and economic vacancy signals bad surface cuts with poorly accessible areas, likely driven by the portfolio's economic age, meaning increased capex expected

occupancy rate can ensure future stability of rental income, supported by the improving weighted average unexpired lease term (WAULT) of 5.5 years as at end-December 2020.

Figure 5: KPIs of DKR's portfolio



Source: DKR, Scope

Profitability in line with larger peers', benefitting from economies of scale

Profitability is stable and high, with past Scope-adjusted EBITDA margins at close to 70%. The high levels are due to economies of scale, with the small overheads justified by larger lot sizes compared to, for example, residential properties. However, we expect the adverse Covid-19 impact in FY 2019/2020 to continue into FY 2020/21, based on fading government support and delays in the German vaccine rollout. The latter in particular poses a threat to a full re-opening of the economy.

We understand that DKR is likely sharing some of the burden faced by retailers due to the restrictions on operations. As such, profitability, as measured by the Scope-adjusted EBITDA margin, will remain between 60% and 65% in FY 2020/21 (FY 2010/20: 65%) and will not return to close to 70% in the next 12-18 months. Yet, once Covid-19 no longer has an impact on DKR's tenants, we foresee margins to return to between 65% and 70%, reflecting DKR's overall cash flow resilience, also against the accelerated transformation of European retail due to the pandemic.

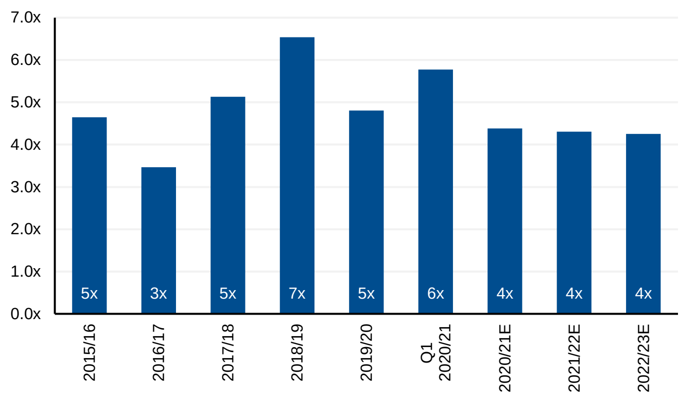
Financial risk profile: BBB-

Strong debt protection expected to remain going forward

The company benefits from high EBITDA interest expense cover of above 3x since the financial year ending 30 September 2016. The main drivers are: i) low indebtedness with Scope-adjusted debt (SaD) of EUR 460m as at end-December 2020; ii) the generally beneficial interest rate environment, with the ECB's quantitative easing programme, which started shortly after DKR launched operations in late 2014, leading to a low weighted average cost of debt (1.9% as at end-December 2020); and iii) the acquisition strategy aimed at properties producing cash yields of around 10% from day one.

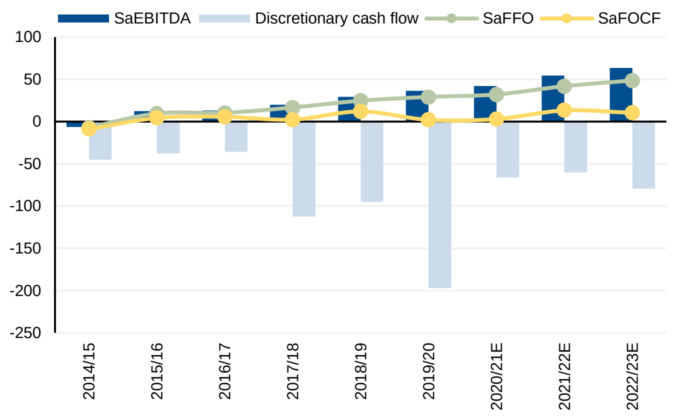
The Scope-adjusted EBITDA interest cover is unlikely to weaken below 3x despite the anticipated increase in indebtedness to expand the asset base. This is predominantly supported by the company's intention to adhere to regulation-driven caps on LTV at 55% and by the stable operating cash flow assured by the minimum exposure to income-producing real estate with moderate occupancy and industry-average WAULTs.

Figure 6: Scope-adjusted EBITDA interest cover (x)



Sources: DKR, Scope estimates

Figure 7: Cash flows (EUR m)



Sources: DKR, Scope estimates; all figures are adjusted by Scope

Execution of aggressive growth strategy depends on availability of external financing

Since the company's founding, its operating cash flows, including Scope-adjusted EBITDA and Scope-adjusted funds from operations (SaFFO), have increased in line with asset growth. Scope-adjusted free operating cash flow (SaFOCF) is expected to remain at break-even, despite the likely increase in dividend and capital expenditure (DKR only executes the latter if the cash yield exceeds 7%). Nonetheless, we see increased risk of higher-than-expected capex, due to either the limited opportunities to invest available funds of around EUR 49m as at end-December 2020[15] into high-yielding properties[16] or the aged properties that need significant refurbishment to adapt to a higher need for space or the higher quality demanded by the tenants' customers.

Inorganic growth, however, has led to continuous negative discretionary cash flow of between EUR 35m and EUR 200m, which has been financed externally with EUR 223m in capital increases and EUR 524m in debt issuances (net). As the company aims to acquire more assets, we expect discretionary cash flow to remain negative. We do note, however, that the company could cease acquisitions immediately if access to external financing were to weaken. We believe access to external financing will remain solid based on the low risk of DKR's property types and its expanded access to capital markets with a recent listing on the Johannesburg Stock Exchange. We understand that DKR's main shareholder is willing to dilute its holding to allow new parties invest in the issuer.

[15] EUR 13.9m (investments in loans originated by Creditshelf); EUR 80.6m (lent to main shareholder); EUR 12.9m (loan agreements signed on properties to be transferred); less than EUR 58.3m in payments due under purchase contracts
[16] Capitalisation rates for small boxes (supermarkets) are narrowing, leading to scarcity of products in line with DKR's acquisition criteria

The company also intends to take advantage of the recently narrowing capitalisation rates to dispose of large assets, with proceeds used to reinvest under its investment criteria.

Please note: With its G-REIT status the company benefits from tax exemption at the cost of dividend payments that reflect 90% of its German GAAP results. As such, dividends are not discretionary and incorporated in the DKR's free operating cash flow.

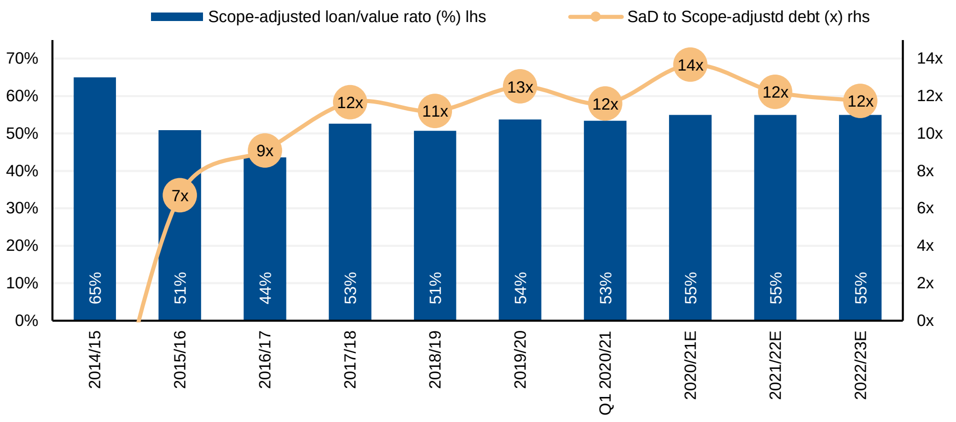
Scope-adjusted LTV expected to remain below 55%; REIT status limits indebtedness

Leverage, as measured by the Scope-adjusted LTV, remained stable at 53% as at end-December 2020, in line with our expectations.

In Europe, the pandemic accelerated the sector's transformation towards e-commerce and omni-channel models. As a result, more shops will struggle to survive and defaults will rise. However, CRE companies with a high exposure to tenants selling essential goods will remain relatively resilient in terms of cash flow, rental growth expectations and, thus, property values.

As such, we anticipate no immediate drop in DKR's property values, with potential increases in Scope-adjusted LTV due to the company's expansion strategy expected to be addressed by an increase in either equity or asset disposals.

Figure 8: Leverage



Sources: DKR, Scope estimates

As G-REIT regulations allow a maximum LTV of 55%, we expect no further deleveraging. The company intends to keep leverage at around 50%, backed by its internal financing capabilities of around EUR 49m as at end-December 2020 and capital increases that, however, depend on the availability of acquisition targets.

Leverage of around 12x supported by high rental yield of around 10%

The leverage ratio of SaD to Scope-adjusted EBITDA has fluctuated between 9x and 12x in the past (12 months to end-December 2020: 12.1x). This reflects DKR's low indebtedness, with acquisitions financed with around 50% of equity, and the acquired assets' high cash yields of around 10%. We believe leverage will remain at 12x but will be somewhat volatile, depending on the timing of acquisitions and the corresponding Scope-adjusted EBITDA contribution.

Liquidity: adequate

Liquidity will continue to be burdened by a high share of short-term debt. This will be exacerbated in FY 2020/21 by the Covid-19 impact on cash generation and the mandatory dividend payments. Sources of liquidity (unrestricted cash of EUR 0.2m as at 30 September 2020 and Scope-adjusted FOCF forecast at EUR 3.0m) is unable to cover short-term debt of EUR 20.9m as at end-September 2020.

Position	2020/21E		2021/22E	
Unrestricted cash (t-1)	EUR	0m	EUR	1m
Open committed credit lines (t-1)	EUR	0m	EUR	0m
Free operating cash flow	EUR	3m	EUR	14m
Short-term debt (t-1)	EUR	21m	EUR	52m
Coverage		**0.2x**		**0.3x**

However, we believe liquidity risk is manageable for DKR in the short to medium term due to headroom provided by a high share of fully unencumbered investment properties (EUR 111m as at end-December 2020 – pro forma). In addition, DKR benefits from i) a revolving, undrawn EUR 25m credit facility provided by its main shareholder; ii) EUR 14m of investments in loan facilities (callable at any time with funds released within 14 days) as at end-December 2020; and iii) a EUR 81m portfolio of short-term loans to associates that can be called at any time, as at end-December 2020. The requirement to keep LTV under 55% as part of its G-REIT status supports DKR's access to external financing through the cycle.

Corporate governance: lending facility to majority owner

DKR provides loans to its main shareholder under a credit line with a maximum amount of EUR 95m. The recent spike in utilisation (EUR 81m lent to Obotritia as at end-December 2020) was due to a decline in transaction volume for German CRE during February-December 2020 while competition for food retail properties intensified. As a result, DKR only acquired seven properties in the 12 months to February 2021, with proceeds from a EUR 40m bond issued in March 2020 and EUR 51m capital increase in May 2020 mostly unutilised.

We see limited risk related to the current use of lending lines. This follows our understanding that DKR will acquire properties using funds lent to Obotritia as they can be withdrawn at any time. In addition, the exposure to non-real estate related operations is limited. According to G-REIT regulation, at least 75% of revenues and total assets (IFRS) should relate to investment properties (DKR: 87% as at end-December 2020).

Secured bond: BBB

DKR issued a EUR 40.0m bond in May 2018 with a six-year term (2018/24) and a coupon of 1.80% (ISIN: DE000A2G8WQ9). The bond benefits from a first-ranking mortgage on 15 properties, which were valued at EUR 86.7m as at September 2020. The structure's over-collateralisation is adequate, with an issue-specific LTV of 46%. This positively influences recovery rates in a default scenario. According to our methodology and based on discounts on assets (as described below), we expect a 'superior' recovery in a default scenario, thus allowing for a two-notch uplift on the issuer rating of BB+.

Senior unsecured debt: BBB-

Our recovery analysis for senior unsecured debt signals 'above-average' recovery, which translates into a rating of BBB-. This is based on a hypothetical default scenario in FY 2022/23 with a EUR 842m company liquidation value, an 8% haircut applied to assets, reflecting a BBB category stress according to our methodology, and liquidation costs of around 23% for assets and 10% for insolvency proceedings. This compares to secured financing of a forecasted EUR 588m, a fully drawn unsecured credit line of EUR 25m, and the unsecured EUR 37m in convertible bonds, EUR 110m in straight bonds and EUR 10m in Schuldschein loans. The recovery rate is sensitive to the advance rate. We judge DKR's portfolio to be illiquid. We therefore limit our notching above the issuer rating for this debt class.

DKR's Scope-adjusted unencumbered asset ratio amounts to 1.9x at end-December 2020, thus allowing a maximum uplift of the debt class to the BBB category.

Appendix I: Peer comparison (as at last reporting date)

	Deutsche Konsum REIT-AG	Klépierre S.A.	Unibail-Rodamco-Westfield S.E.	NEPI Rockcastle Plc	Steen & Strøm AS
	BB+/Stable/--	--/--/--*	--/--/--*	--/--/--*	--/--/--*
Last reporting date	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
Business risk profile					
Scope-adjusted total assets (EUR m)	935.4	22,360	54,313	6,028	4,139
Portfolio yield	5.9%[17]	5.3%	4.7%	6.7%	4.8%
GLA (thousand sq m)	917	5.756	9,655	2,030	745
Number of residential units	na	na	na	na	na
Countries active in	1	12	12	9	3
Top 3 tenants (%)	36%	5%	na	11%	12%
Top 10 tenants (%)	56%	12%	10%[18]	24%	22%
Office (share NRI)	na	na	5%	2%	na
Retail (share NRI)	100%	99%	95%	97%	100%
Residential (share NRI)	na	na	na	na	na
Hotel (share NRI)	na	na	na	na	na
Logistics (share NRI)	na	na	na	na	na
Others (share NRI)	na	1%	0%	1%	na
Property location	'B'	'B'	'A' to 'B'	'B'	'A' to 'B'
EPRA occupancy rate (%)	96.6%[18]	95.2%	90.7%	95.7%	93.1%
WAULT (years)	5.5	4.4	3.8	4.1	3.4
Tenant sales growth (%)	na	-28.0%	-36.6%	-31.5%	-7.0%
Like-for-like growth rents (%)	0.9%[21]	-22.5%	-24.0%	-21.3%	-10.1%
Occupancy cost ratio (%)	na	13.2%	15.5%[19]	14.5%	12.7%
Scope-adjusted EBITDA margin	64%	67%	65%	80%	79%
EPRA cost ratio (incl. vacancy)	28.3%[18]	26.1%	27.5%	10.5%	na
EPRA cost ratio (excl. vacancy)	25.8%[18]	24.3%	24.5%	10.3%	na
Financial risk profile					
Scope-adjusted EBITDA interest cover (x)	4.7x	6.0x	3.0x	6.1x	4.5x
Loan/value ratio (%)	50%	43%	52%	31%	33%
Scope-adjusted debt/Scope-adjusted EBITDA (x)	12.1x	11.8x	19.8x	6.2x	8.8x
Weighted average cost of debt (%)	1.9%	1.2%	1.7%	2.3%	1.6x
Unencumbered asset ratio (%)	190%	251%[19]	180%	278%	na
Weighted average maturity (years)	3.8	7.0	8.4	4.1	na

* Subscription ratings available on ScopeOne

Sources: Public information, Scope

[17] As at 30. September 2020
[18] As at 31. December 2019

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