

COMPANY PRESENTATION



EQUITY STORY



Deutsche EuroShop is Germany's only public company that invests solely in shopping centers



Shopping centers are attractive investments because of

- Continuously positive development of rents
- Stable long term growth
- Prime locations
- High quality standards



Deutsche EuroShop does not seek short-term success, but rather long-term growth and the resulting stable increase in the value of the portfolio

COMPANY

AT A GLANCE

COMPANY



2015 portfolio valuation:
approx. 5.5% net initial
yield (before transaction
costs)



Professional center
management by ECE,
the European market
leader in this industry

19 shopping centers on
high street and in
established locations –
16 in Germany and one
each in Austria, Hungary
and Poland

Lettable space	Approx. 947,000 sqm
Retail shops	Approx. 2,375
Market value	Approx. €4.3 billion ¹
Rents per year	€260 million ¹
Occupancy rate	99%

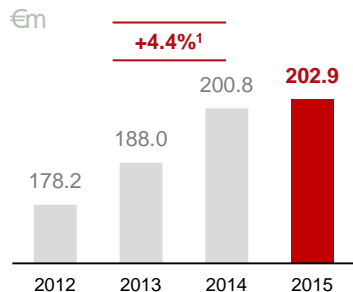
Avg. lettable space per
DES-center: inner city
39,225 sqm est.
Locations 100,900 sqm

¹ 100%-view

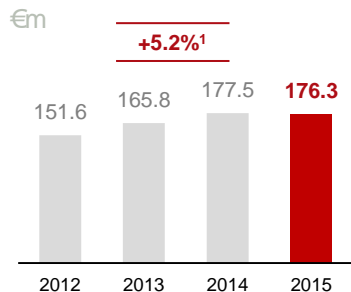
KEY FIGURES

COMPANY

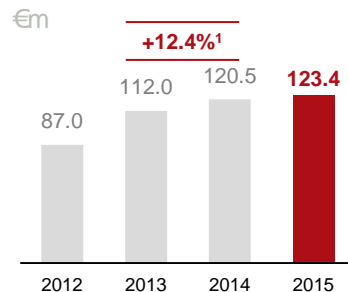
REVENUE



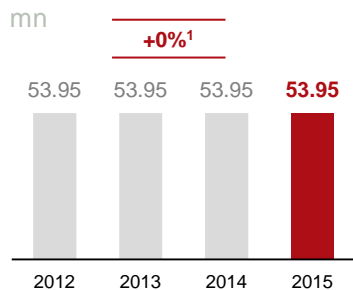
EBIT



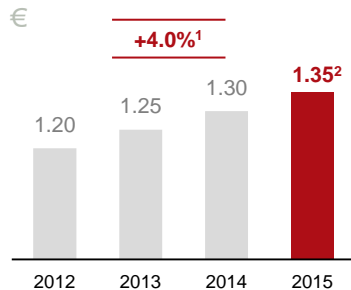
FFO



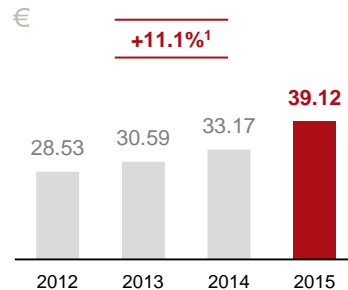
NUMBER OF SHARES



DIVIDEND PER SHARE



NAV PER SHARE (EPRA)



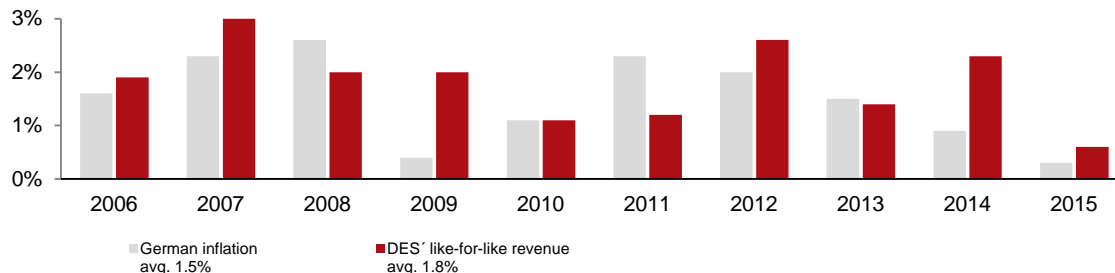
¹ 2012 – 2015, Compound Annual Growth Rate (CAGR)
² paid on 16 June 2016

LEASE SYSTEM

- 10 years lease
- No break-up option
- Turnover-linked rents
- Minimum rents are CPI-linked
- Avg. retail space rent per sqm and year: €250
- Avg. turnover per sqm and year (productivity) in DES shopping centers: €4,450 (avg. German retail: €3,463, avg. German shopping centers: €3,972^{1,2})
- Rent-to-sales-ratio: 7 – 11%
- Weighted maturity of rental contracts: 6.2 years³

COMPANY

LIKE-FOR-LIKE REVENUE



¹ Status: 31 Dec. 2014

² incl. VAT

³ Status: 31 Dec. 2015

TARGETS

Long term net
asset value
enhancement



Main focus on
NAV and dividend



“Buy & hold”-
strategy,
Continuous
growth



Stable and
attractive
dividends



Dividend yield:
currently 3.4%



Investment-focus:
At least 75%
Germany and up
to 25% Europe



Portfolio extension

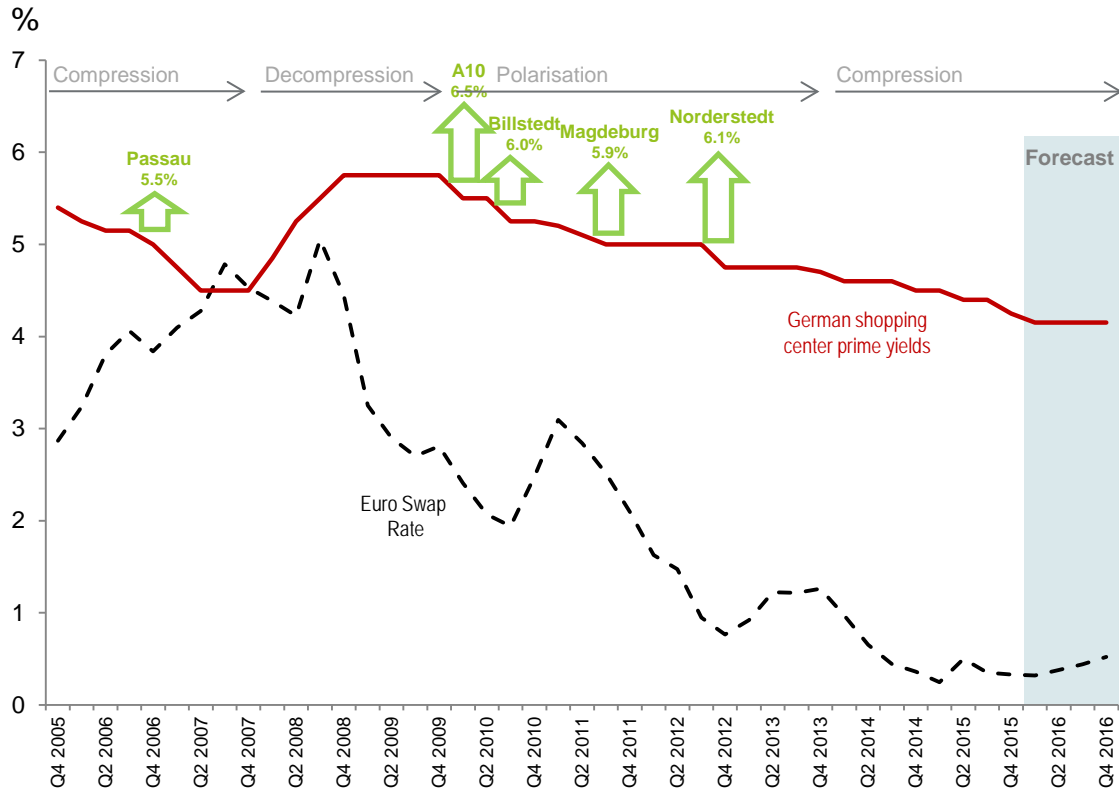
- By acquisition of new shopping centers
- By increasing existing amounts of holdings
- By expansion of portfolio centers



SHOPPING CENTERS



GERMAN PRIME SHOPPING CENTER YIELDS 2005-16E



SHOPPING CENTERS



Source: JLL

LATEST EXTENSIONS & FOOD COURTS



Phoenix-Center Hamburg, extension (retail space +9%) and food court (300 seats), opened March 2016, DES investment approx. €15 million, yield: ~ 6%



City-Point Kassel, food court (200 seats), opened November 2015, DES investment approx. €4.5 million, yield: ~ 7.5%



To be decided in 2017: Galeria Baltycka Gdansk, extension (retail space +37%), DES investment approx. €50 million

SHOPPING CENTERS

GERMANY

SHOPPING CENTERS



	A10 Center	Main-Taunus-Zentrum	Altmarkt-Galerie	Rhein-Neckar-Zentrum
Location	Wildau/Berlin	Sulzbach/Frankfurt	Dresden	Viernheim/Mannheim
Investment	100%	52.0%	100%	100%
Lettable space sqm	124,700	124,000	77,000	69,500
Parking	4,000	4,500	500	3,800
Number of shops	Approx. 200	Approx. 170	Approx. 200	Approx. 110
Occupancy rate	100%	100%	99%	99%
Catchment area	Approx. 1.1 m. inhabitants	Approx. 3.1 m. inhabitants	Approx. 2.1 m. inhabitants	Approx. 1.5 m. inhabitants
Visitors 2015	6.90 m.	8.20 m.	14.80 m.	7.80 m.
Opening/ refurbishment	1996/2011	1964/2004/2011	2002/2011	1972/2002

GERMANY

SHOPPING CENTERS



	Herold-Center	Allee-Center	Billstedt-Center	Phoenix-Center
Location	Norderstedt	Magdeburg	Hamburg	Hamburg
Investment	100%	50.0%	100%	50.0%
Lettable space sqm	54,200	51,300	42,600	43,300
Parking	850	1,300	1,500	1,400
Number of shops	Approx. 140	Approx. 150	Approx. 110	Approx. 130
Occupancy rate	96%	98%	98%	99%
Catchment area	Approx. 0.5 m. inhabitants	Approx. 0.8 m. inhabitants	Approx. 1.0 m. inhabitants	Approx. 0.6 m. inhabitants
Visitors 2015	11.50 m.	9.50 m.	10.10 m.	9.20 m.
Opening/ refurbishment	1971/1995/2003	1998/2006	1969/1977/1996	2004/2016

GERMANY

SHOPPING CENTERS



	Forum	Allee-Center	City-Galerie	Rathaus-Center
Location	Wetzlar	Hamm	Wolfsburg	Dessau
Investment	65.0%	100%	100%	100%
Lettable space sqm	34,300	34,000	30,800	30,100
Parking	1,700	1,300	800	850
Number of shops	Approx. 110	Approx. 90	Approx. 100	Approx. 90
Occupancy rate	99%	99%	100%	98%
Catchment area	Approx. 0.5 m. inhabitants	Approx. 0.7 m. inhabitants	Approx. 0.5 m. inhabitants	Approx. 0.5 m. inhabitants
Visitors 2015	7.60 m.	6.80 m.	7.70 m.	5.60 m.
Opening/ refurbishment	2005	1992/2003/2009	2001/2006	1995

GERMANY

SHOPPING CENTERS



	City-Arkaden	City-Point	Stadt-Galerie	Stadt-Galerie
Location	Wuppertal	Kassel	Passau	Hamel
Investment	100%	100%	75.0%	100%
Lettable space sqm	28,600	27,700	27,700	26,000
Parking	650	220	500	500
Number of shops	Approx. 80	Approx. 60	Approx. 90	Approx. 100
Occupancy rate	99%	100%	100%	99%
Catchment area	Approx. 0.8 m. inhabitants	Approx. 0.8 m. inhabitants	Approx. 1.2 m. inhabitants	Approx. 0.4 m. inhabitants
Visitors 2015	8.90 m.	8.60 m.	8.20 m.	5.70 m.
Opening/refurbishment	2001/2004	2002/2009/2015	2008	2008























































EUROPE

SHOPPING CENTERS



	Galeria Bałtycka	City Arkaden	Árkád
Location	Gdansk, Poland	Klagenfurt, Austria	Pécs, Hungary
Investment	74.0%	50.0%	50.0%
Lettable space sqm	48,700	36,900	35,400
Parking	1,050	880	850
Number of shops	Approx. 195	Approx. 120	Approx. 130
Occupancy rate	100%	100%	97%
Catchment area	Approx. 1.1 m. inhabitants	Approx. 0.4 m. inhabitants	Approx. 1.0 m. inhabitants
Visitors 2015	9.80 m.	5.60 m.	12.40 m.
Opening/ refurbishment	2007	2006	2004

OUR TENANTS¹

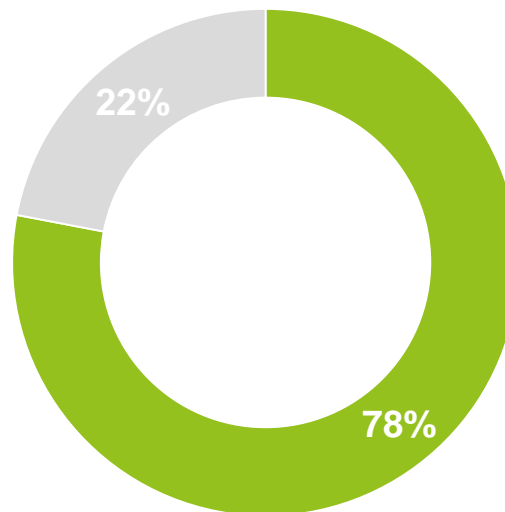
SHOPPING CENTERS

¹ Selection of our well known tenants

TENANTS STRUCTURE TOP 10 TENANTS¹

	2015	2014
Metro Group ²	4.5%	5.6%
H&M	3.4%	3.2%
New Yorker	2.3%	2.4%
Douglas Group ³	2.1%	3.8%
Peek & Cloppenburg	2.1%	2.1%
Deichmann	1.8%	1.9%
REWE	1.6%	1.6%
C&A	1.5%	1.5%
Inditex Group	1.2%	1.3%
Esprit	1.2%	1.2%
Total	21.7%	24.6%

Low level of dependence
on the top 10 tenants



■ Other tenants

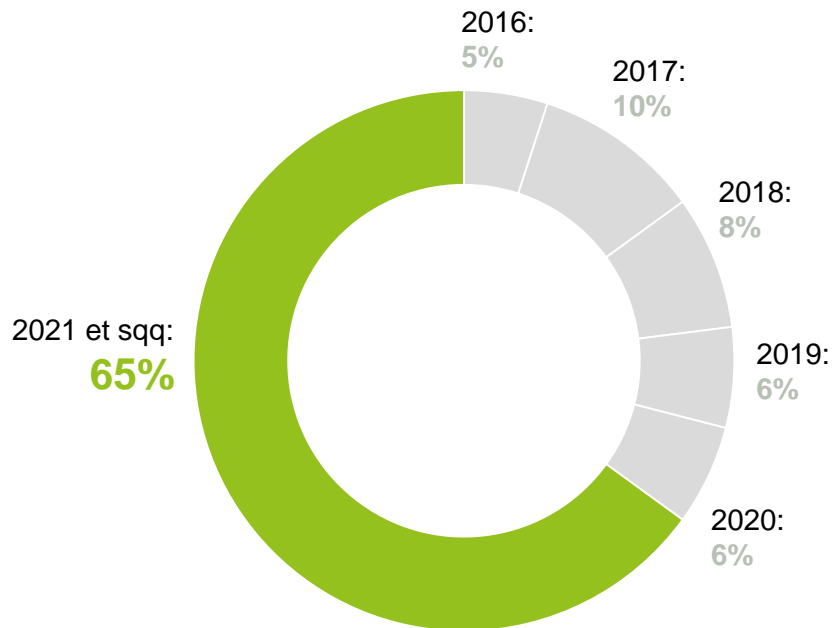
SHOPPING CENTERS

¹ in % of total rents as at 31 Dec. 2015

² 2015: excluding Kaufhof

³ 2015: perfume stores only

MATURITY DISTRIBUTION OF RENTAL CONTRACTS¹



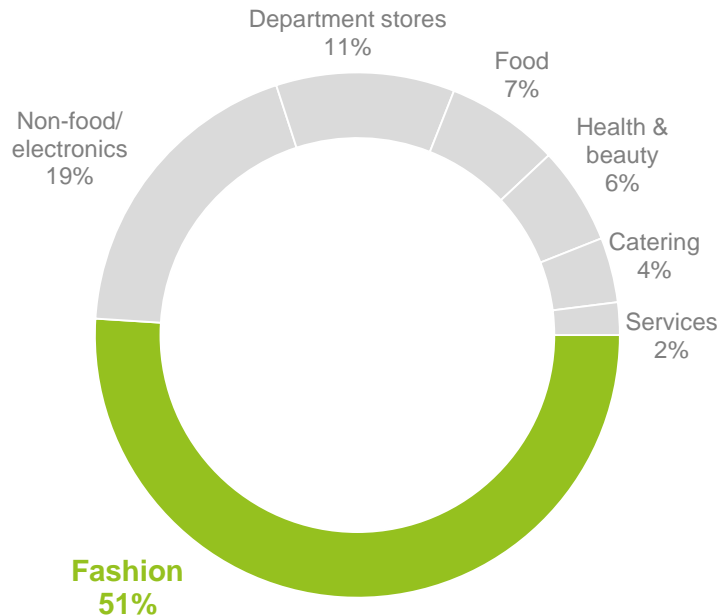
SHOPPING CENTERS

- Long-term contracts guarantee rental income
- Weighted maturity 6.2 years

¹ as % of rental income as at
31 Dec. 2015

SECTOR MIX¹

Balanced sector diversification



SHOPPING CENTERS

¹ as % of rental space as at
31 Dec. 2015

KEY FIGURES H1 2016

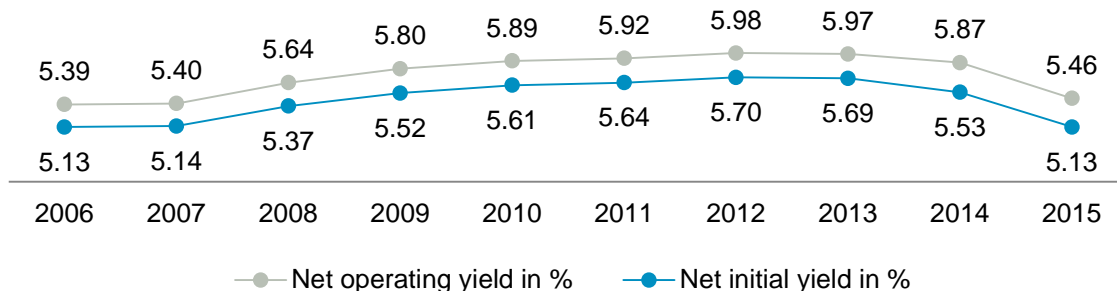
€ Million	01.01. – 30.06.2016	01.01. – 30.06.2015	Change
Revenue	101.8	100.6	1%
Net operating income	91.7	91.8	-0%
EBIT	88.8	88.2	1%
Net finance costs	-25.5	-24.7	-4%
Measurement gains/losses	-3.2	-2.0	-63%
EBT	60.1	61.5	-2%
Consolidated profit	48.7	49.7	-2%
FFO per share (€)	1.16	1.14	2%
EPRA Earnings per share (€, undiluted)	0.97	0.95	2%

€ Million	30.06.2016	31.12.2015	Change
Total equity¹	2,030.7	2,061.0	-1%
Financial liabilities	1,818.5	1,790.6	2%
Other debt (incl. Deferred taxes)	388.6	383.0	-1%
Total assets	3,849.2	3,851.6	-0%
Net financial liabilities	1,359.2	1,336.9	2%
Equity ratio ¹	52.8%	53.5%	
LTV ratio	36.0%	35.5%	
Gearing ¹	89.6	86.9	

¹ incl. non controlling interests

VALUATION¹ – INVESTMENT PROPERTIES 2015

FINANCIALS



SENSITIVITY ANALYSIS

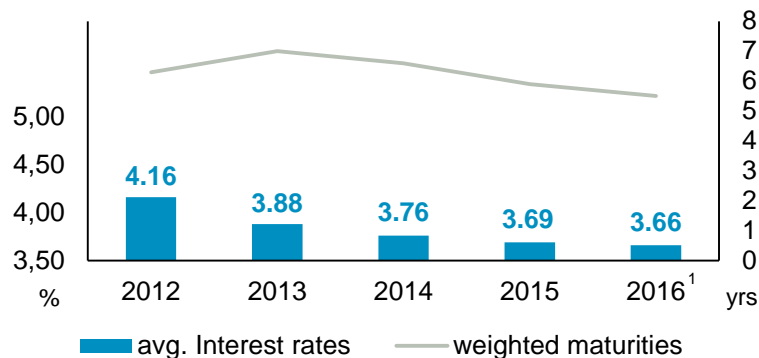
in € thousand	Basis	change of -25bps	change of +25bps
Rent increase rates	1.14%	-101,100	+129,100
Discount rate	6.11%	+62,400	-64,100
Capitalization rate	5.33%	+99,400	-96,800
Cost ratio	10.70%	+7,700	-10,200

¹ External appraisers:
Until 2014: Feri Research
and GfK GeoMarketing
Since 2015: JLL

LOAN STRUCTURE INCL. CONVERTIBLE BONDS^{1,2}

Interest lockin	Duration	Principle amounts (€ thousand)	Share of total loan	avg. interest rate
Up to 1 year		67.8	4.7%	1.23%
1 to 5 years	3.4	565.4	39.6%	3.79%
5 to 10 years	6.3	707.4	49.6%	3.33%
Over 10 years	11.2	87.0	6.1%	5.08%
Total 2016¹	5.5	1,427.5	100%	3.66%

- 21 German Banks
- Weighted maturity of fixed interest periods 5.5 years¹



¹ as of 30 June 2016

² excl. non-consolidated loans

MATURITIES UNTIL 2021^{1,2}

in € thousand	end of fixed interest periods respectively expiring loans	avg. interest rate	regular redemption payments	total maturities
2016	79,800	4.92%	9,300	89,100
2017	96,100	1.75%	16,500	112,600
2018	72,100	4.60%	17,800	89,900
2019	123,100	4.73%	14,700	137,800
2020	134,100	4,52%	10,100	144,200
2021	198,300	4,48%	8,200	206,500
	703,500			

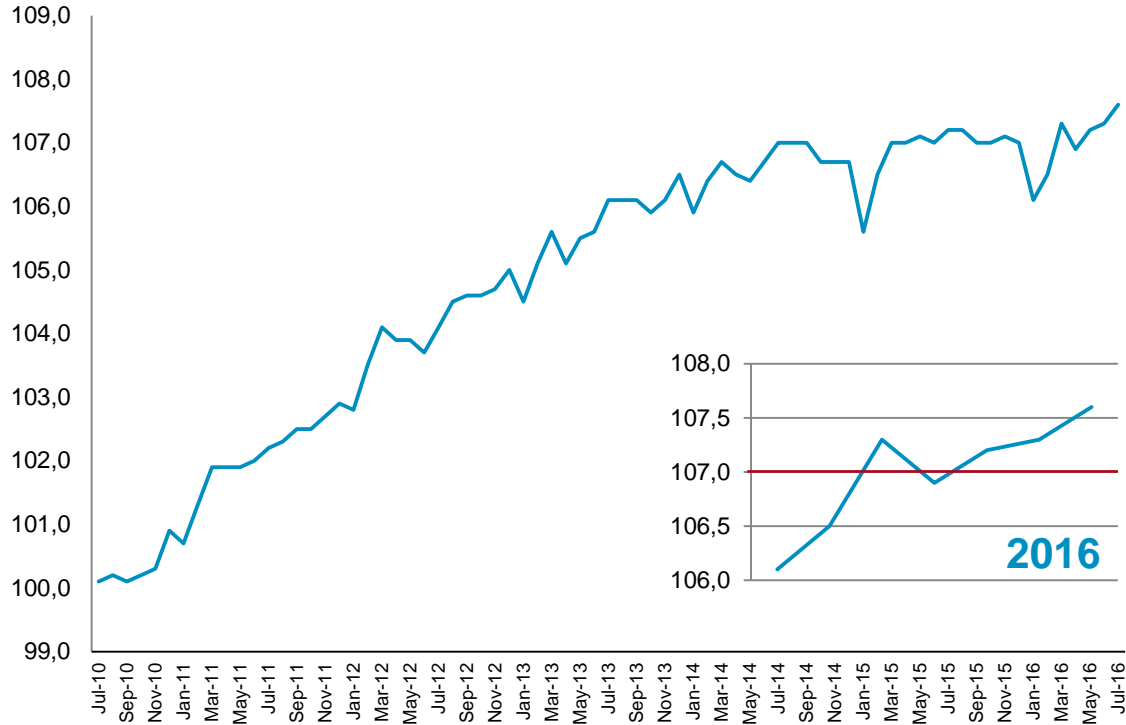
Non-consolidated loans¹

In € thousand	End of fixed interest periods respectively expiring loans	Avg. interest rate	DES' share	
2016	144,900	4.94%	50%	City-Arkaden, Klagenfurt: €91.8m; 4.30% interest rate fixed: 2.18% (15y)
2017-2020	0			Phoenix-Center, Hamburg: €53.1m; 6.06% interest rate fixed: 1.83% (10y)
2021	49.200	4.66%	50%	Phoenix-Center, Hamburg

¹ as of 30 June 2016

² excl. non-consolidated loans

GERMAN CONSUMER PRICE INDEX



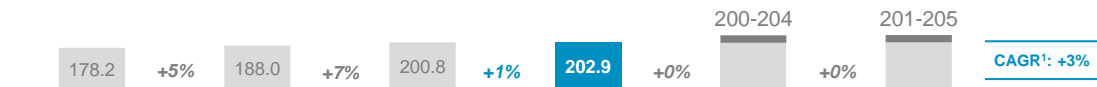
Source: Destatis

FINANCIALS

FORECAST

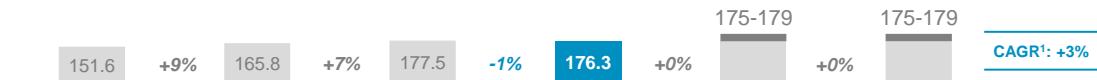
REVENUE

€m



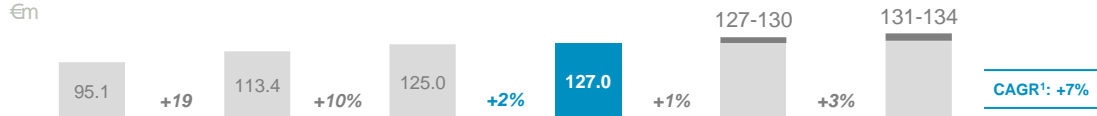
EBIT

€m



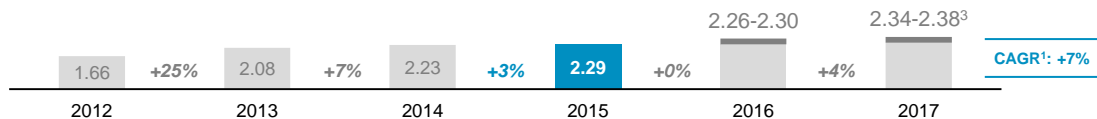
EBT EXCLUDING VALUATION²

€m



FFO PER SHARE

€



¹ Compound Annual Growth Rate (CAGR) 2012 - 2017

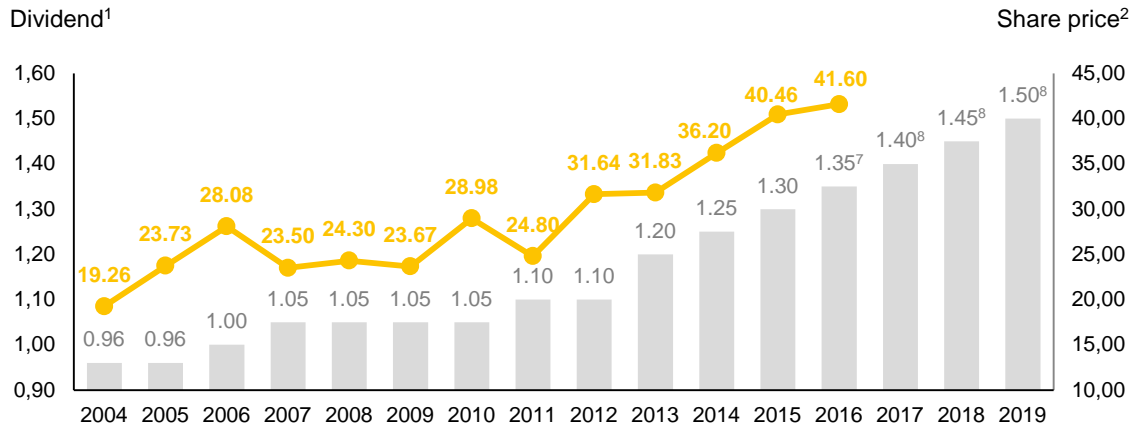
² Excl. capital gain

³ Undiluted

FINANCIALS

DIVIDEND & PERFORMANCE

TREND OF SHARE (INDEXED)



PERFORMANCE³

		DES	DAX	EPRA ⁴	REX ⁵	OEF ⁹
1 year	(2015)	+15.3%	+9.6%	+20.0%	+0.5%	+3.3%
3 years	+41.8% =	+12.3% p.a.	+12.2% p.a.	+18.5% p.a.	+2.3% p.a.	+2.2% p.a.
5 years	+67.4% =	+10.8% p.a.	+9.2% p.a.	+14.3% p.a.	+4.0% p.a.	+2.3% p.a.
Since IPO (2001)	+285.4%=	+9.4% p.a.	+3.5% p.a.	+8.9% p.a.	+4.7% p.a.	+3.4% p.a.

¹ respectively paid for the previous FY

² 2016: as of 12 August 2016

³ as of 31 Dec. 2015

⁴ EPRA/NAREIT Europe

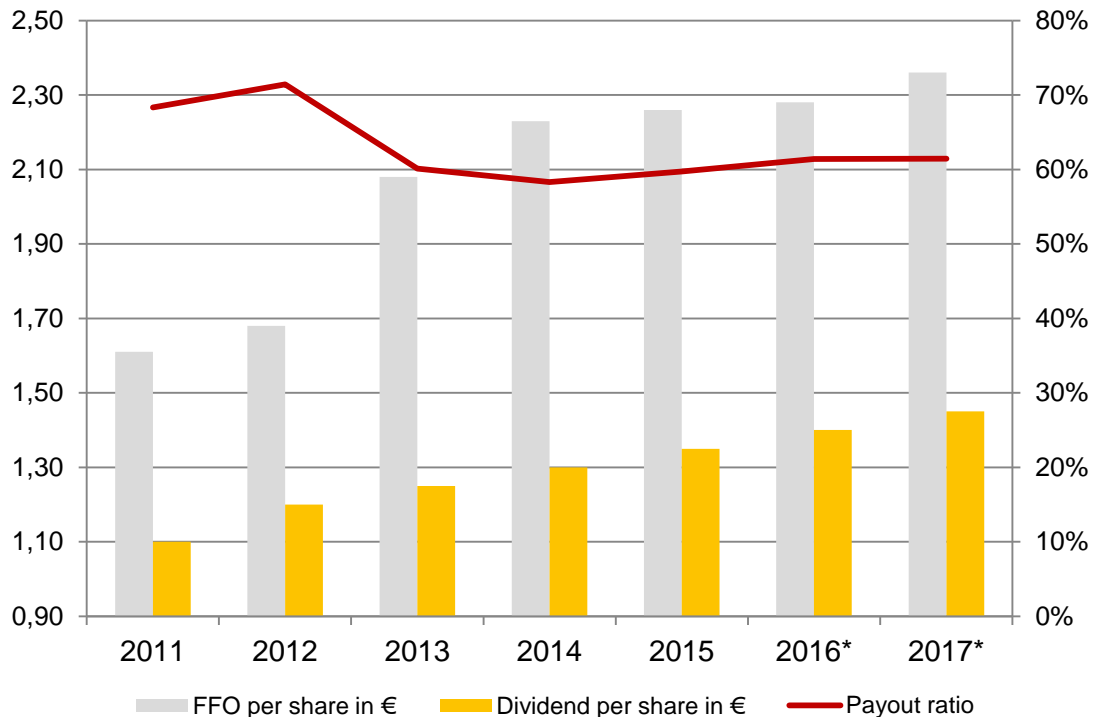
⁵ German government bonds index

⁷ paid on 16 June 2016

⁸ proposal

⁹ Open ended real estate funds

FFO PAYOUT RATIO

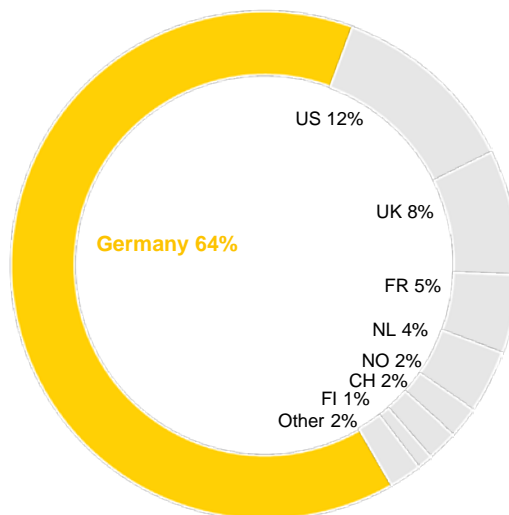
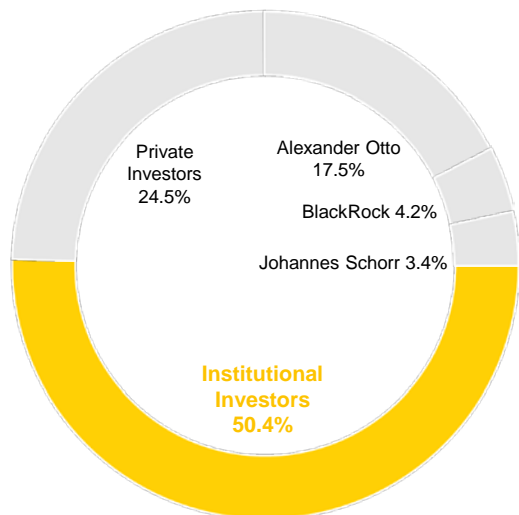


* FFO per share: forecast
Dividend per share: proposal

SHAREHOLDER STRUCTURE¹

- 10,200 shareholders
- Free float 82.6%

SHARE



¹ Status: 1 August 2016

ANALYSTS' CONSENSUS¹

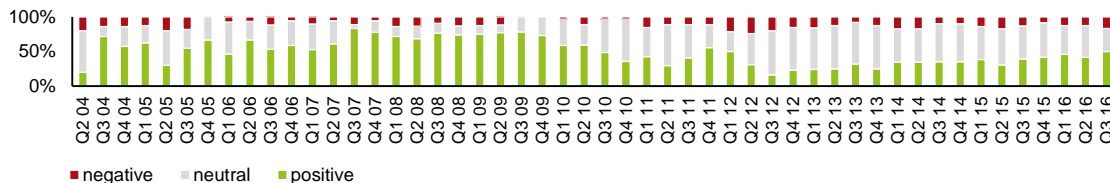
avg./in €	2016	2017
EBIT (€million)	178.4	180.4
FFO per share	2.30	2.37
NAV per share	40.97	42.52
Dividend	1.40	1.45
Price target		43.19

Status: 19 July 2016

- 24 analysts: one of the best covered real estate companies in Europe²

SHARE

SELL	UNDERPERFORM	NEUTRAL	OUTPERFORM	BUY
<ul style="list-style-type: none"> Green Street Advisors Metzler UBS 	<ul style="list-style-type: none"> BofA Merrill Lynch 	<ul style="list-style-type: none"> Commerzbank Deutsche Bank Equinet Hamburger Sparkasse J.P. Morgan Cazenove 	<ul style="list-style-type: none"> Kempen & Co M.M. Warburg Oddo Seydler 	<ul style="list-style-type: none"> BHF Bank ABN Amro Baader Bank Bankhaus Lampe Berenberg Bank DZ Bank HSBC Independent Research Kepler Cheuvreux Natixis NORD/LB Societe Generale



¹ Aggregated by DES

² According to Bloomberg as of July 2016

10 REASONS TO INVEST

01

The only public company in Germany to invest solely in shopping centers

02

Prime locations

03

Proven, conservative strategy

04

Stable cash flow with long term visibility

05

Shareholder-friendly dividend policy

06

Experienced management team

07

Excellent track record

08

Centers almost 100% let

09

Inflation-protected rental agreements

10

Solidity combined with growth potential

SHARE

KEY DATA OF THE SHARE

Listed since	02.01.2001
Nominal capital	€53,945,536.00
Outstanding shares	53,945,536
Class of shares	Registered shares
Dividend 2015 (paid on 16 June 2016)	€1.35
52W High	€44.06
52W Low	€35.76
Share price (12 August 2016)	€41.60
Market capitalisation	€2.23 billion
Avg. turnover per day last 12 months (XETRA)	143,100 shares
Indices	MDAX, EPRA, GPR, MSCI Small Cap, EURO STOXX, STOXX Europe 600
Official market	Prime Standard Frankfurt and XETRA
OTC market	Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
ISIN	DE 000 748 020 4
Ticker	DEQ, Reuters: DEQn.DE
Market maker	Oddo Seydler

APPENDIX

KEY DATA OF THE CONVERTIBLE BOND 1.75% 2017

Amount	€100 million
Principal amount	€100,000 per Bond
Issue date	20 Nov. 2012
Maturity date	20 Nov. 2017
Coupon	1.75%
Price (12 August 2016)	136.50%
Interest payment date	payable semi-annually in arrear on 21 May and 21 November in each year
Conversion price	€30.62 ¹
Dividend protection	Conversion Price adjustment for any dividends paid (full dividend protection)
ISIN	DE 000 A1R 0W0 5
Listing	Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange

APPENDIX

¹ Originally €35.10, adjusted on 21 June 2013, 19 June 2014, 19 June 2015 and 16 June 2016

RETAIL TURNOVER H1 2016¹

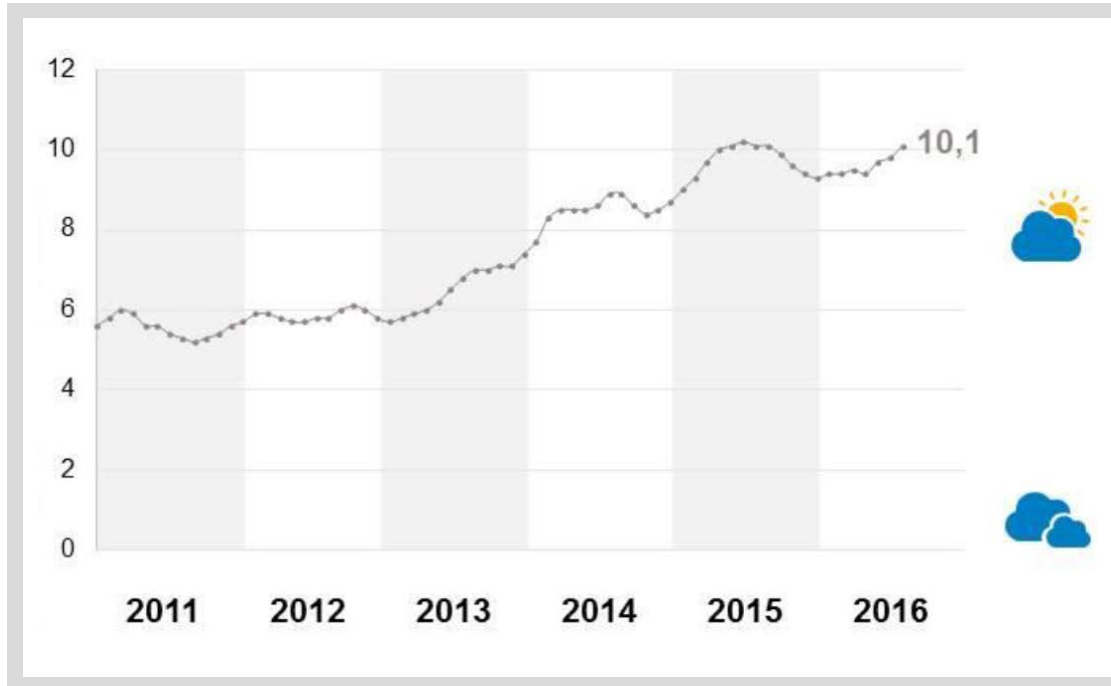
Retail sector	% change in 2015	rent-to-sales ratio in %	% of sales	% of space
Department stores	-1.5	6.1	7.8	13.7
Food	-1.3	7.3	9.4	6.6
Fashion textiles	0.0	12.4	29.7	39.3
Shoes & leather goods	-2.5	14.7	5.7	7.0
Sports	-2.0	9.2	4.3	5.1
Health & beauty	-0.2	7.2	11.6	5.9
General retail	-0.6	11.4	7.8	7.8
Electronics	1.5	4.1	14.3	8.6
Services	3.3	4.5	4.8	1.6
Food catering	0.0	12.8	4.6	4.4
Total	-0.3	9.2	100.0	100.0

APPENDIX

- Retail turnover development on a like-for-like basis: Germany -0.3%, abroad +2.2%
DES-Portfolio overall: +0.0%
- Absolute turnover development: Germany +0.4%, abroad +2.0%
DES-Portfolio overall: +0.6%

¹¹ German centers on a like-for-like basis
(turnover: €2.0 billion)

GfK CONSUMER CLIMATE INDICATOR¹

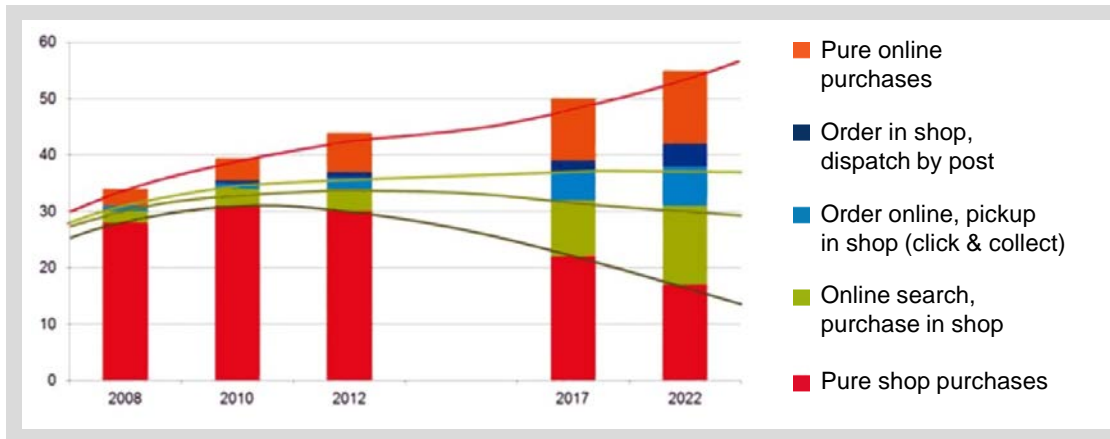


APPENDIX

¹ As at: June 2016, source: GfK

ONLINE VS. STATIONARY RETAIL?

TURNOVER DISTRIBUTION OF A FASHION RETAILER



APPENDIX

- Stationary retail transforms from “Point of Purchase” to “Touch Point” (product experience)
- New store concepts (flagship store, show room, multi-channel store, pick-up store), click & collect, augmented reality, online goes offline, mobile services
- “Location, location, location” newly interpreted: “Convenience, attractivity & likeability“

Source: GfK

OUR PARTNER: ECE

- ECE develops, plans, builds, leases and manages large commercial real estate in the sectors shopping, office, industries since 1965
- originally ECE was an abbreviation for the German word **Einkaufszentrumentwicklung** (Shopping center development)
- 100% privately owned by the Otto family
- Active in 14 European countries
- European market leader in the shopping center business
- Assets under management:
 - 196 shopping centers
 - 7.2 million sqm overall sales area
 - approx. 21,000 retail businesses
 - 4.5 million daily visitors
 - €30 billion assets under management

APPENDIX

Many investors rely on ECE:



ENVIRONMENT

- Climate protection is one of the most important issues for Deutsche EuroShop. We believe that sustainability and profitability, the shopping experience and environmental awareness are not opposing forces. Long-term thinking is part of our strategy. This includes playing our part in environmental protection
- In 2015, all our German shopping centers had contracts with suppliers that use renewable energy sources, such as hydroelectric power, for their electricity needs. The “EnergieVision” organisation certified the green electricity for our centers in Germany with the renowned “ok-power” accreditation in 2015. We also plan to switch our centers in other countries over to green electricity wherever possible within the next few years

Reduction in CO₂ emissions
in tonnes



- The German centers used a total of around 66.6 million kWh of green electricity in 2015. This represented 100% of the electricity requirements in these shopping centers. Based on conservative calculations, this meant a reduction of around 21,760 tonnes in carbon dioxide emissions, which equates to the annual CO₂ emissions of around 1,000 two-person households. The use of heat exchangers and energy-saving light bulbs allows us to further reduce energy consumption in our shopping centers
- Deutsche EuroShop, through its shopping centers, also supports a range of activities at local and regional level in the areas of ecology, society and economy

APPENDIX



G R E S E

FINANCIAL CALENDAR

2016

15.08.	Half-year Financial Report 2016	14.11.	Quarterly Statement 9M 2016
17.08.	Roadshow Helsinki, ESN equinet	16.11.	Roadshow Amsterdam, ABN AMRO
13.09.	Bank of America Merrill Lynch Global Real Estate Conference, New York	16.11.	Roadshow Geneva, Kepler Cheuvreux
14.09.	UBS Best of Germany Conference, New York	17.11.	Roadshow Zurich, Kepler Cheuvreux
15.09.	UBS Best of Germany Conference, Toronto	23.11.	German Equity Forum, Frankfurt
19.09.	Goldman Sachs & Berenberg German Conference, Munich	06.12.	Berenberg European Conference, Pennyhill
20.09.	Baader Investment Conference, Munich		
04.-06.10.	EXPO Real, Munich		
10.10.	Roadshow Madrid, M.M. Warburg		
13.10.	Roadshow Brussels, DZ Bank		

APPENDIX

CONTACT



NICOLAS LISSNER
Manager Investor & Public Relations







OLAF BORKERS
Chief Financial Officer

WILHELM WELLNER
Chief Executive Officer

PATRICK KISS
Head of 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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