

COMPANY PRESENTATION

07.2014

COMPANY

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

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

Lettable space	approx. 930,000 sqm
Retail shops	approx. 2,350
Market value	approx. €3.7 billion
Rents per year	€240 million ¹⁾
Occupancy rate	99%

avg. lettable space
per DES-center:
inner city
39,200 sqm
est. Locations
100,900 sqm

- 2013 portfolio valuation: 5.97% net initial yield (EPRA)
- Professional center management by ECE, the European market leader in this industry



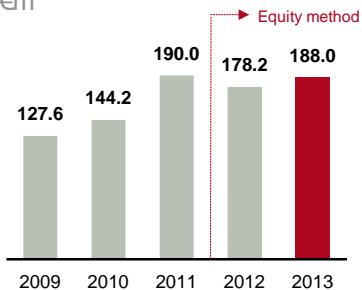
¹⁾ 100%-view

COMPANY

Key Figures

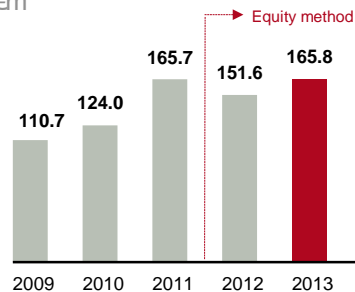
REVENUE

€m



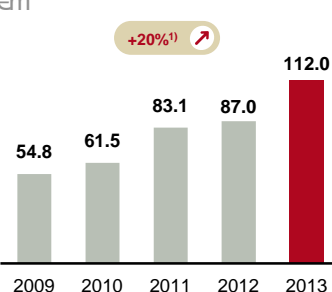
EBIT

€m



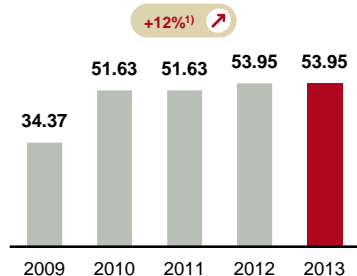
FFO

€m



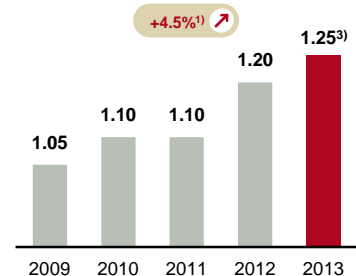
NUMBER OF SHARES

mn

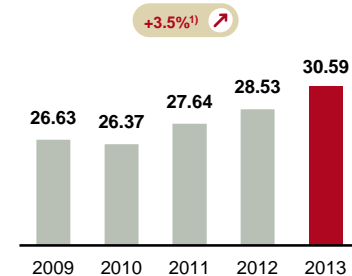


DIVIDEND PER SHARE

€

NAV PER SHARE²⁾

€



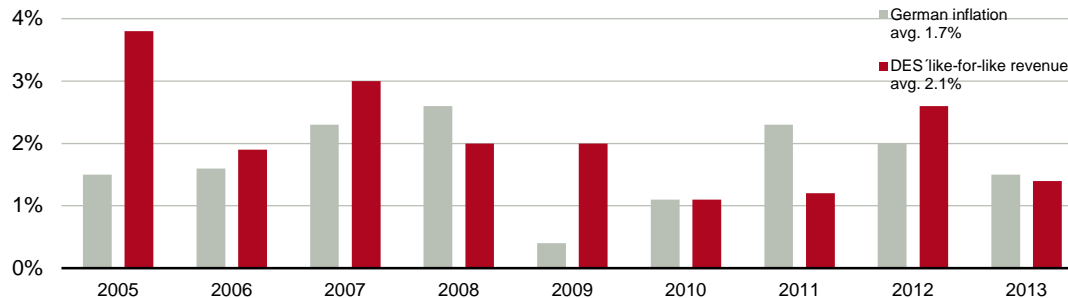
- 1) 2009-2013, Compound Annual Growth Rate (CAGR)
- 2) since 2010: EPRA NAV
- 3) paid on 19 June 2014

COMPANY

Lease System

- 10 years lease only
- no break-up option
- turnover-linked rents
- minimum rents are CPI-linked
- avg. rent per sqm and year: €250
- avg. turnover per sqm and year in DES shopping centers: €4,700¹⁾
(avg. German retail: €3,470, avg. German shopping centers: €4,090)
- Rent-to-sales-ratio: 7-11%
- weighted maturity of rental contracts: 6.6 years¹⁾

LIKE-FOR-LIKE REVENUE



¹⁾ Status: 31 Dec. 2013

COMPANY

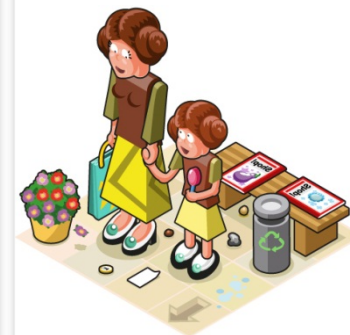
Targets

- Long term net asset value enhancement
- Main focus on NAV and dividend
- “buy & hold”-strategy, Continuous growth
- Stable and attractive dividends
Dividend yield: currently 3.5%
- Investment-focus:
At least 75% Germany and up to 25% Europe
- Portfolio extension by 10% per year
 - by acquisition of new shopping centers
 - by increasing existing amounts of holdings
 - by expansion of portfolio centers



SHOPPING CENTERS

Overview

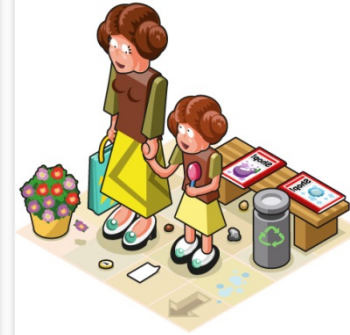


SHOPPING CENTERS

Germany

**A10 Center****Main-Taunus-Zentrum****Altmarkt-Galerie**

Location	Wildau/Berlin	Sulzbach/Frankfurt	Dresden
Investment	100%	52.0%	100%
Lettable space sqm	120,000	118,400	77,000
Parking	4,000	4,500	500
Number of shops	approx. 200	approx. 170	approx. 200
Occupancy rate	99%	100%	95%
Catchment area	approx. 1.2 m. inhabitants	approx. 2.2 m. inhabitants	approx. 1.0 m. inhabitants
Opening/refurbishm.	1996 / 2011	1964 / 2004 / 2011	2002 / 2011



SHOPPING CENTERS

Germany



Rhein-Neckar-Zentrum

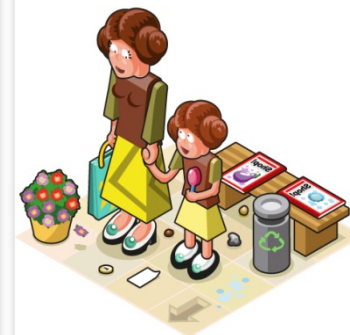


Herold-Center



Allee-Center

Location	Viernheim	Norderstedt	Magdeburg
Investment	100%	100%	50.0%
Lettable space sqm	64,300	56,200	51,300
Parking	3,800	850	1,300
Number of shops	approx. 110	approx. 140	approx. 150
Occupancy rate	99%	97%	98%
Catchment area	approx. 1.2 m. inhabitants	approx. 0.5 m. inhabitants	approx. 0.7 m. inhabitants
Opening/refurbishm.	1972 / 2002	1971 / 1995 / 2003	1998 / 2006

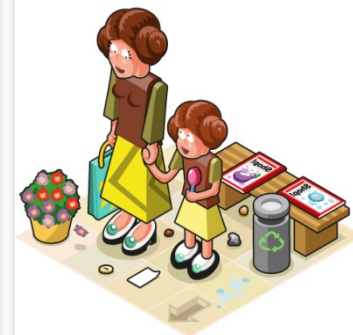


SHOPPING CENTERS

Germany

**Billstedt-Center****Phoenix-Center****Forum**

Location	Hamburg	Hamburg	Wetzlar
Investment	100%	50.0%	65.0%
Lettable space sqm	42,800	39,200	34,400
Parking	1,500	1,600	1,700
Number of shops	approx. 110	approx. 110	approx. 110
Occupancy rate	99%	100%	100%
Catchment area	approx. 0.7 m. inhabitants	approx. 0.6 m. inhabitants	approx. 0.5 m. inhabitants
Opening/refurbishm.	1969 / 1977 / 1996	2004	2005

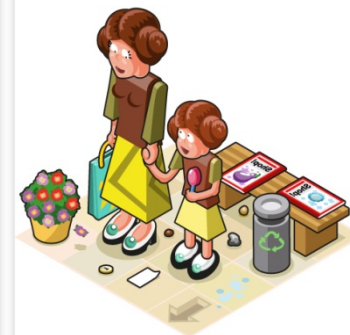


SHOPPING CENTERS

Germany

**Allee-Center****City-Galerie****Rathaus-Center**

Location	Hamm	Wolfsburg	Dessau
Investment	100%	100%	100%
Lettable space sqm	33,900	30,800	30,400
Parking	1,300	800	850
Number of shops	approx. 90	approx. 100	approx. 90
Occupancy rate	99%	100%	98%
Catchment area	approx. 1.0 m. inhabitants	approx. 0.5 m. inhabitants	approx. 0.6 m. inhabitants
Opening/refurbishm.	1992 / 2003 / 2009	2001 / 2006	1995



SHOPPING CENTERS

Germany



City-Arkaden

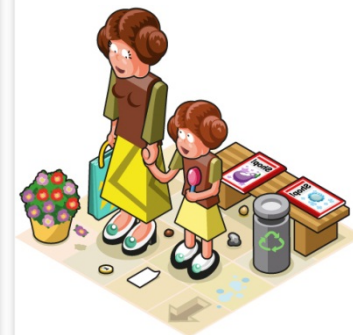


City-Point



Stadt-Galerie

Location	Wuppertal	Kassel	Passau
Investment	100%	100%	75.0%
Lettable space sqm	28,700	28,300	27,600
Parking	650	220	500
Number of shops	approx. 90	approx. 60	approx. 90
Occupancy rate	99%	97%	100%
Catchment area	approx. 0.7 m. inhabitants	approx. 0.8 m. inhabitants	approx. 0.7 m. inhabitants
Opening/refurbishm.	2001 / 2004	2002 / 2009	2008



SHOPPING CENTERS

Germany

**Stadt-Galerie****Location**

Hameln

Investment

100%

Lettable space sqm

26,000

Parking

500

Number of shops

approx. 100

Occupancy rate

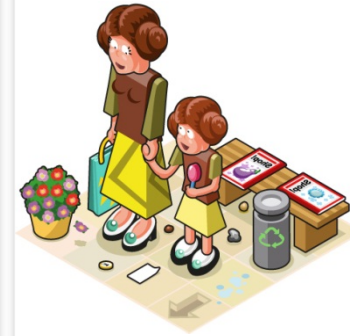
100%

Catchment area

approx. 0.4 m. inhabitants

Opening/refurbishm.

2008

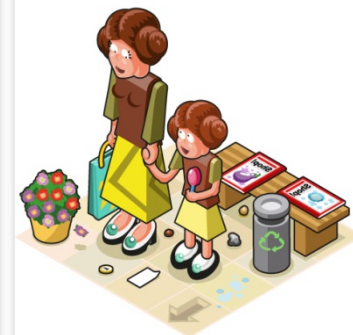


SHOPPING CENTERS

Europe



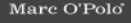








































**Galeria Bałtycka****City Arkaden****Árkád**

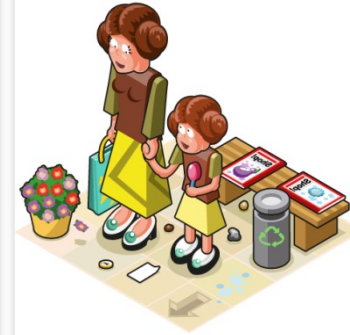
Location	Gdansk, Poland	Klagenfurt, Austria	Pécs, Hungary
Investment	74.0%	50.0%	50.0%
Lettable space sqm	48,700	36,900	35,400
Parking	1.050	880	850
Number of shops	approx. 195	approx. 120	approx. 130
Occupancy rate	99%	100%	96%
Catchment area	approx. 1.1 m. inhabitants	approx. 0.4 m. inhabitants	approx. 1.0 m. inhabitants
Opening/refurbishm.	2007	2006	2004



SHOPPING CENTERS

Our Tenants¹⁾



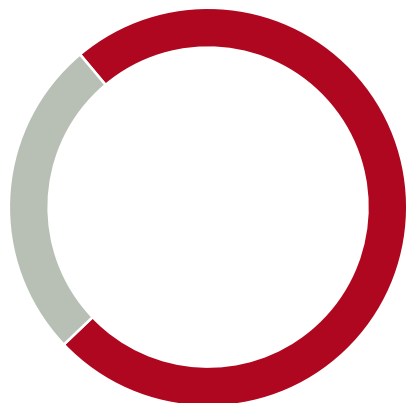
¹⁾ selection of our well known tenants

SHOPPING CENTERS

Tenants Structure Top 10 Tenants¹⁾

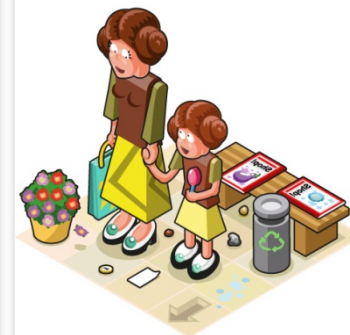
Low level of
dependence on
the top 10 tenants

	2013	2012
Metro Group	5.6%	5.7%
Douglas Group	4.5%	4.6%
H&M	3.2%	2.9%
New Yorker	2.3%	2.2%
Peek & Cloppenburg	2.1%	2.1%
Deichmann	1.9%	1.9%
REWE	1.6%	1.7%
Inditex Group	1.5%	1.5%
C&A	1.5%	1.8%
Esprit	1.4%	1.5%
Total	25.6%	25.9%



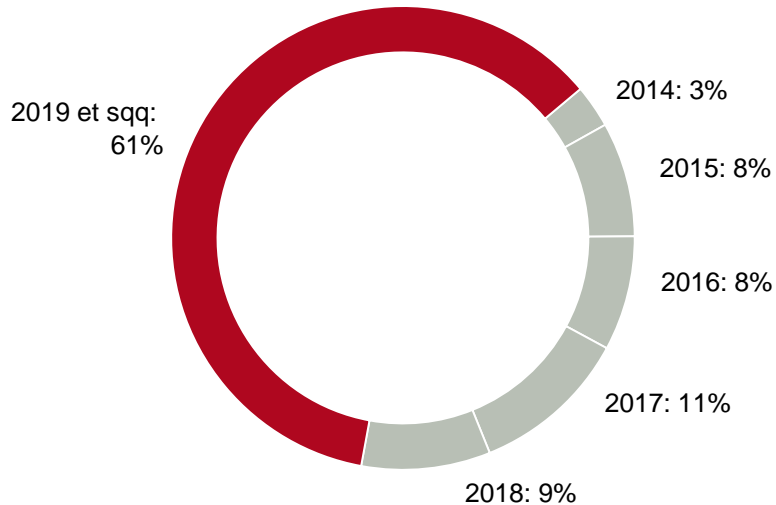
Total 74.4% 74.1%

Other tenants

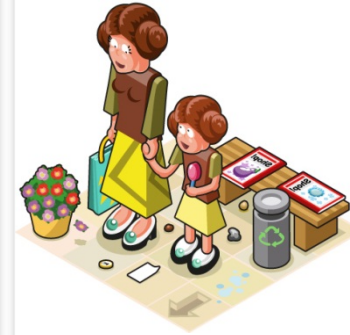


¹⁾ in % of total rents as at 31 Dec. 2013

SHOPPING CENTERS

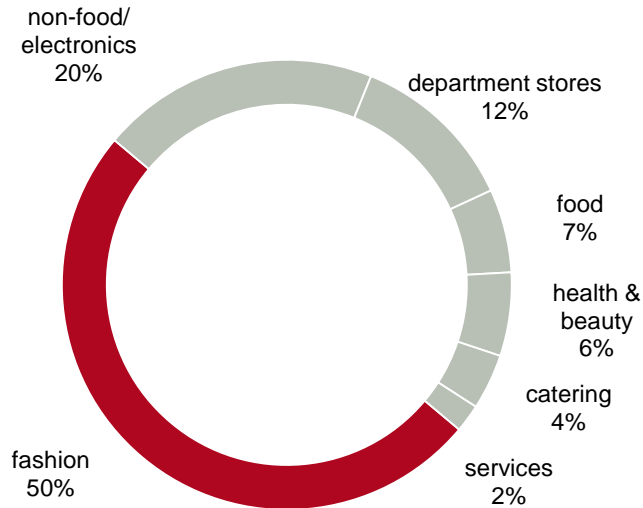
Maturity Distribution of Rental Contracts¹⁾

- Long-term contracts guarantee rental income
- Weighted maturity 6.6 years

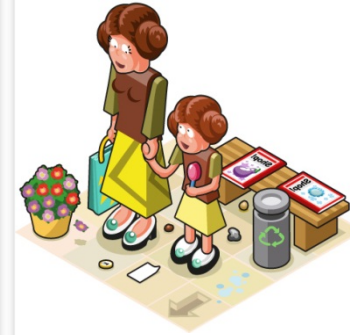


¹⁾ as % of rental income as at 31 Dec. 2013

SHOPPING CENTERS

Sector Mix¹⁾

Balanced sector
diversification

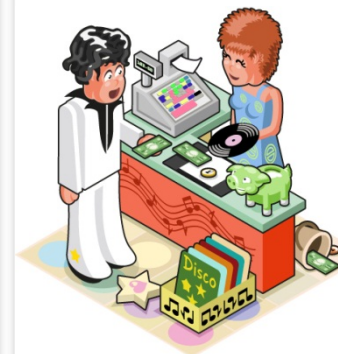


¹⁾ as % of rental space as at 31 Dec. 2013

FINANCIALS

Key Figures Q1 2014

€ million	01.01.-31.03.2014	01.01.-31.03.2013	Change
Revenue	50.0	42.2	18%
Net operating income	45.6	38.6	18%
EBIT	44.2	37.3	19%
Net finance costs	-13.8	-10.1	-37%
Valuation result	-1.1	-1.4	-25%
EBT	29.3	25.8	14%
Consolidated profit	22.6	20.1	12%
FFO per share (€)	0.55	0.50	10%
Earnings per share (€, undiluted)	0.42	0.37	14%
	31.03.2014	31.12.2013	Change
Total equity*	1,662.1	1,642.4	1%
Financial liabilities	1,443.6	1,486.8	-3%
Other debt (incl. Deferred taxes)	268.8	265.7	1%
Total assets	3,374.5	3,394.9	-1%
Net financial liabilities	1,384.6	1,445.9	-4%
Equity ratio*	49.3%	48.4%	
LTV ratio	42%	43%	



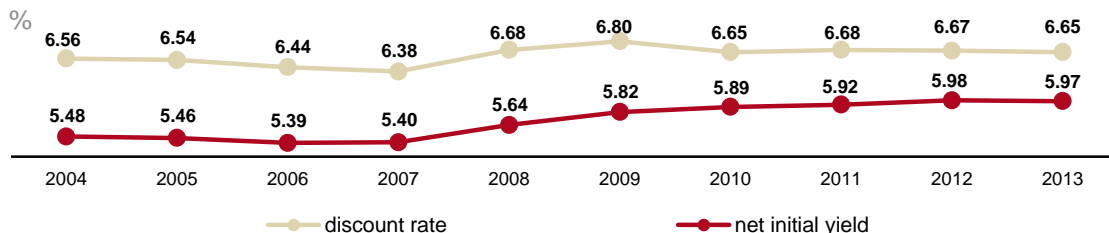
* incl. non controlling interests

FINANCIALS

Valuation¹⁾ – Investment Properties 2013

Discounted cash-flow method	2013	2012	actual
expected yield of 10-year German federal bonds	4.24%	4.30%	1.20% ²⁾
average applied risk premiums	2.41%	2.37%	
average discount rate	6.65%	6.67%	
average property operating and management costs	10.90%	11.00%	
net initial yield (EPRA)	5.97%	5.98%	

Macro-location	40.0%
Competitive environment	12.8%
Micro-location	19.2%
Property quality	8.0%
Tenants risk	20.0%



Sensitivity analysis

in € thousand	Basis	change of -25bps	change of +25bps
Rent increase rates	1.70%	-111,500	+116,800
Discount rate	6.65%	+104,700	-99,600
Net initial yield	5.97%	+149,600	-137,600
Cost ratio	10.90%	+9,700	-9,700



¹⁾ External appraisers: Feri Research and GfK GeoMarketing

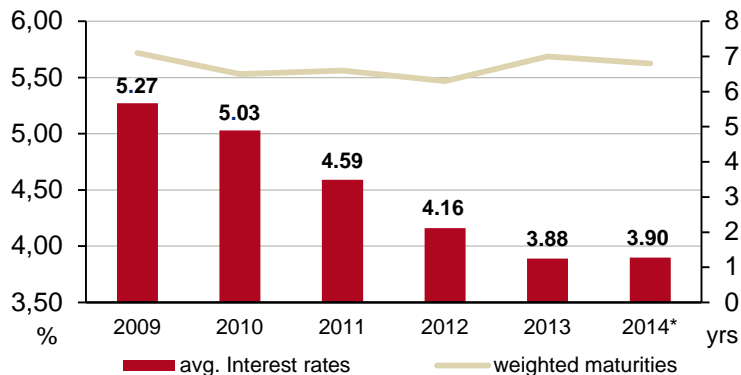
²⁾ Status: 30 June 2014

FINANCIALS

Loan Structure¹⁾ incl. Convertible Bonds

Interest lockin	Duration	Principle amounts (€ thousand)	Share of total loan	avg. interest rate
Up to 1 year		49.2	4%	2.03%
1 to 5 years	3.2	374.8	26%	3.87%
5 to 10 years	7.6	924.3	64%	3.72%
Over 10 years	13.4	91.0	6%	5.07%
Total 2013	6.8	1,439.3	100%	3.90%

- 21 German Banks
- Weighted maturity of fixed interest periods 6.8 years
- Weighted maturity of the loans >10 years


¹⁾ as of 31 March 2014


FINANCIALS

Maturities until 2018¹⁾

in € thousand	end of fixed interest periods respectively expiring loans	avg. interest rate	regular redemption payments	total maturities
2014	35,500	1.00%	18,200	53,700
2015	62,000	5.26%	17,800	79,800
2016	77,000	4.92%	16,000	93,000
2017	93,400	1.75%	16,500	109,900
2018	72,000	4.60%	17,800	89,800
	339,900			



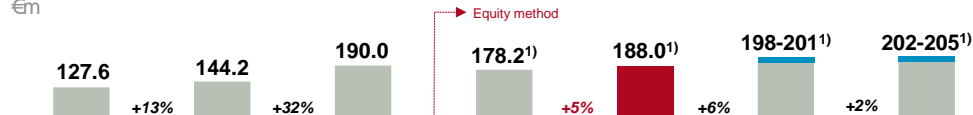
¹⁾ as of 31 March 2014,
excl. non-consolidated loans

FINANCIALS

Forecast

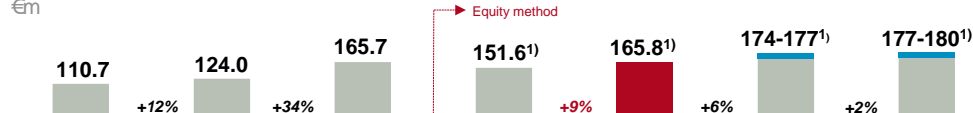
REVENUE

€m

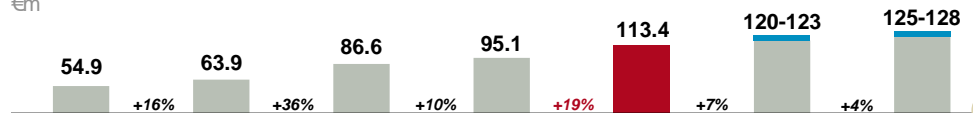


EBIT

€m

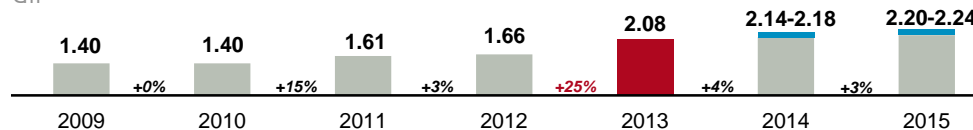
EBT EXCLUDING VALUATION⁴⁾

€m



FFO PER SHARE

€m

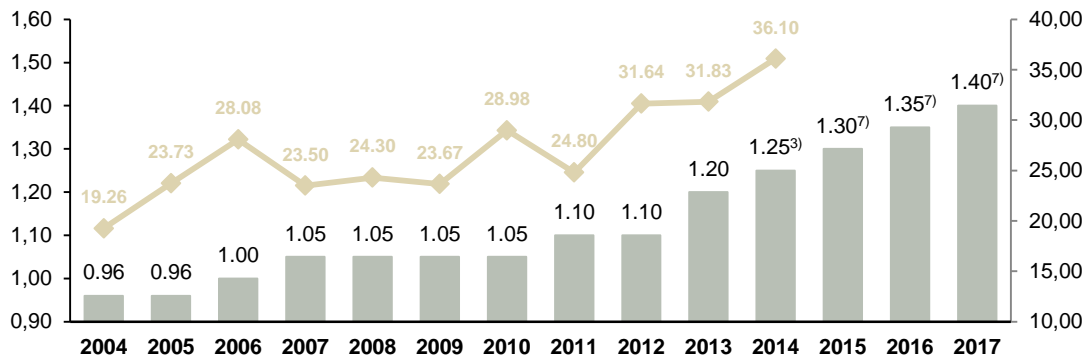


- 1) Equity method
- 2) Compound Annual Growth Rate (CAGR) 2009-2015
- 3) incl. dilution
- 4) excl. capital gain

SHOPPING CENTER SHARES

Dividend & Performance

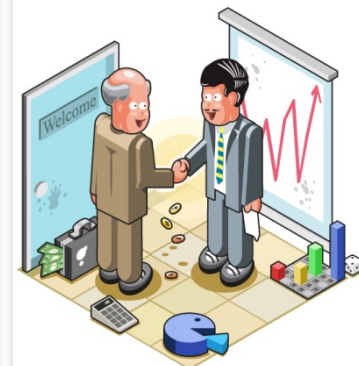
Dividend¹⁾



Share price²⁾

PERFORMANCE⁴⁾

		DES	DAX	EPRA ⁵⁾	REX ⁶⁾	OEI ⁸⁾
1 year	(2013)	+4.5%	+25.5%	+9.6%	-0.5%	+1.1%
3 years	+23.4% =	+7.2% p.a.	+11.4% p.a.	+8.7% p.a.	+4.1% p.a.	+1.6% p.a.
5 years	+61.4% =	+10.0% p.a.	+14.7% p.a.	+15.5% p.a.	+4.2% p.a.	+2.3% p.a.
Since IPO (2001)	+184.1% =	+8.4% p.a.	+3.1% p.a.	+6.8% p.a.	+4.9% p.a.	+3.7% p.a.

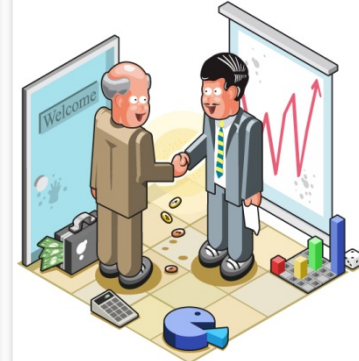
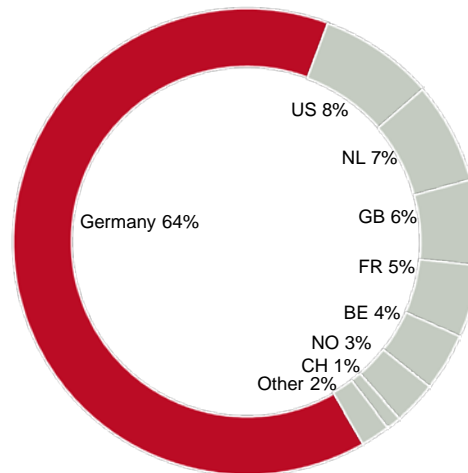
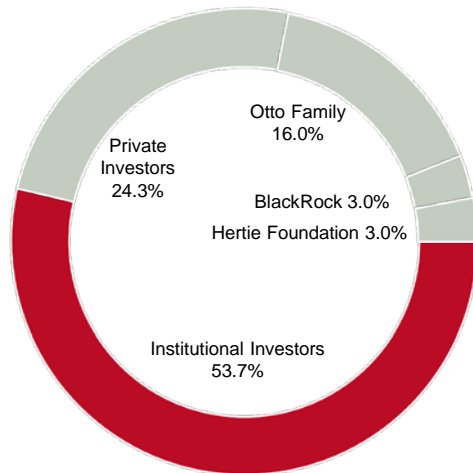


- 1) respectively paid for the previous financial year
- 2) 2014: as of 30 June 2014
- 3) paid on 19 June 2014
- 4) as of 31 December 2013
- 5) EPRA/NAREIT Europe
- 6) German government bonds index
- 7) proposal
- 8) Open ended real estate funds

SHOPPING CENTER SHARES

Shareholder Structure¹⁾

- 9,300 shareholders
- Free float 84%



¹⁾ Status: 30 June 2014

SHOPPING CENTER SHARES

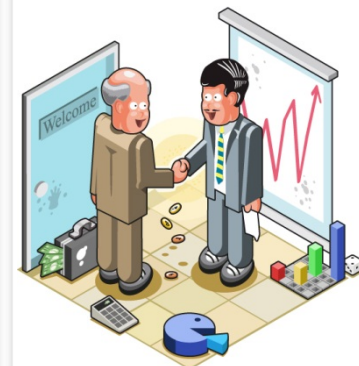
Analysts' Consensus¹⁾

avg. / in €	2014	2015
EBIT (€ million)	179.5	183.8
FFO per share	2.09	2.18
EPS	2.28	2.37
Dividend	1.29	1.34
Price target		33.81

Status: 12 May 2014

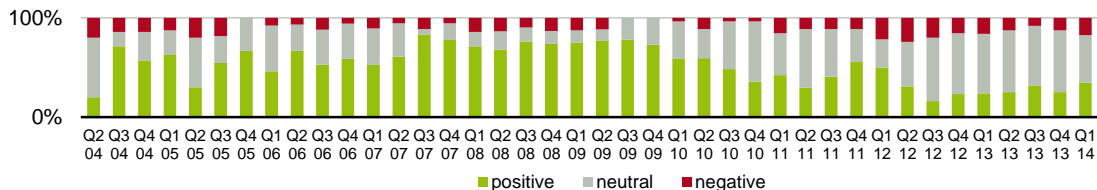
- 23 analysts: one of the best covered real estate companies in Europe²⁾

Sell	Underperform	Neutral	Outperform	Buy
<ul style="list-style-type: none"> ▪ UBS 	<ul style="list-style-type: none"> ▪ ABN Amro ▪ Natixis ▪ Oddo 	<ul style="list-style-type: none"> ▪ Baader Bank ▪ Close Brothers Seydler ▪ Commerzbank ▪ Deutsche Bank ▪ Equinet 	<ul style="list-style-type: none"> ▪ Hamburger Sparkasse ▪ HSBC ▪ Independent Research ▪ Kempen & Co ▪ NORD/LB 	<ul style="list-style-type: none"> ▪ J.P. Morgan Cazenove ▪ Bankhaus Lampe ▪ Berenberg Bank ▪ DZ Bank ▪ Green Street Advisors ▪ Kepler Cheuvreux ▪ Metzler ▪ M.M. Warburg ▪ Societe Generale



¹⁾ aggregated by DES

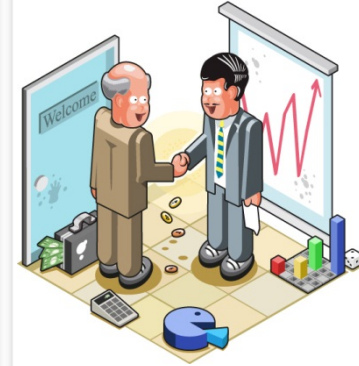
²⁾ according to Bloomberg as of May 2014



SHOPPING CENTER SHARE

10 Reasons to Invest

1. The only public company in Germany to invest solely in shopping centers
2. Prime locations
3. Proven, conservative strategy
4. Stable cash flow with long term visibility
5. Shareholder-friendly dividend policy
6. Experienced management team
7. Excellent track record
8. Centers almost 100% let
9. Inflation-protected rental agreements
10. Solidity combined with growth potential



APPENDIX

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 2013 (19 June 2014)	€1.25
52W High	€37.90
52W Low	€30.05
Share price (30 June 2014)	€36.10
Market capitalisation	€1.95 billion
avg. turnover per day last 12 months (XETRA)	115,900 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	Close Brothers 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 (1 July 2014)	117.4%
Interest payment date	payable semi-annually in arrear on 21 May and 21 November in each year
Conversion price	€32.66 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



¹⁾ originally €35.10, adjusted on
21 June 2013 and 19 June 2014

APPENDIX

Retail turnover Q1 2014*

Retail sector	% change	rent-to-sales ratio in %	% of sales	% of space
Department stores	-3.6	6.1	8.2	14.1
Food	-4.5	7.4	9.1	6.3
Fashion textiles	-0.8	12.2	29.1	37.5
Shoes & leather goods	11.5	12.2	6.5	6.7
Sports	5.3	8.3	4.4	4.9
Health & Beauty	-2.0	7.4	11.3	6.1
General Retail	-9.2	10.9	11.0	11.0
Electronics	-5.2	3.1	11.3	7.5
Services	-0.9	4.7	4.5	1.6
Food catering	-1.8	13.4	4.4	4.2
Total***	-2.3	9.1	100.0	100.0

▪ **like-for-like** retail turnover development: Germany -2.3%, abroad -1.1%
DES-Portfolio overall: **-2.1%**

▪ **absolute** retail turnover development: Germany -1.1%** , abroad -0.3%**
DES-Portfolio overall: **-1.0%**



* German centers on a like-for-like basis

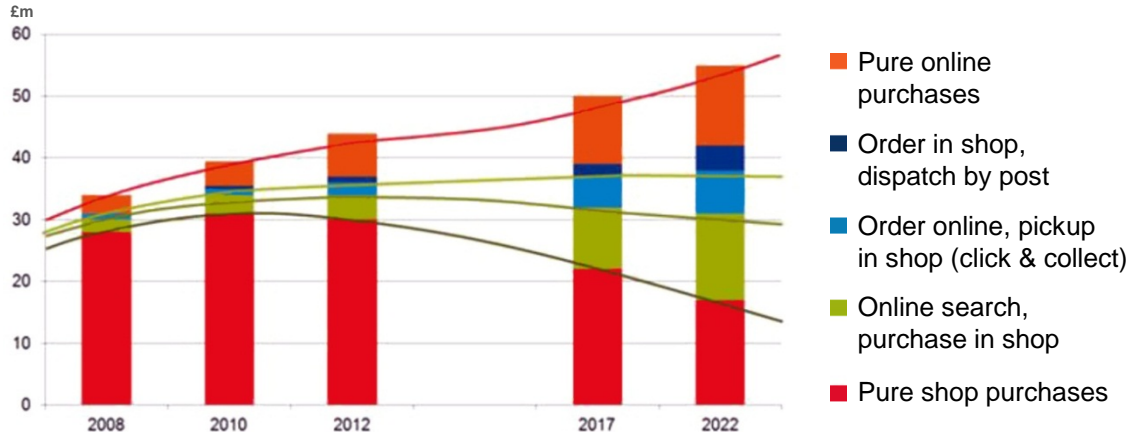
** compares to a turnover development of +1.2% of the overall German retail

*** Totals may include differences due to rounding

APPENDIX

Online vs. stationary retail?

Turnover distribution of a fashion retailer



- 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

APPENDIX

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 Einkaufszentrentwicklung (Shopping center development)
- 100% privately owned by the Otto family
- active in 16 European countries
- European market leader in the shopping center business
- Assets under management:
 - 189 shopping centers
 - 6 million sqm overall sales area
 - approx. 17,500 retail businesses
 - €21 billion in annual sales

MANY INVESTORS RELY ON ECE:



APPENDIX

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 2013, all our German shopping centers had contracts with suppliers that use regenerative 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 2013. We plan to switch the centers in other countries to green electricity as well in the next few years.
- The German centers used a total of around 67.4 million kWh of green electricity in 2013. This represented 100% of the electricity requirements in these shopping centers. As a result, based on conservative calculations this meant a reduction of around 22,500 tonnes in carbon dioxide emissions – this equates to the annual CO₂ emissions of around 1,020 two-person households. We have already reduced the energy consumption of our shopping centers by using heat exchangers and energy-saving light bulbs.
- 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

Financial Calendar

2014

12.08. Interim report H1 2014

11.09.	ESN European Conference, Frankfurt
17.09.	Roadshow Luxembourg, Bankhaus Lampe
22.09.	Goldman Sachs & Berenberg German Conference, Munich
23.09.	Baader Investment Conference, Munich
30.09.	Roadshow London, Berenberg
01.10.	Societe Generale Real Estate Conference, London

06.10. ExpoREAL, Munich

13.11. Nine-month report 2014

17.11.	Roadshow Paris, Deutsche Bank
18.11.	Roadshow Amsterdam, Kempen & Co.
19.11.	Roadshow Zurich, Baader
27.11.	Roadshow Düsseldorf/Köln, DZ Bank
01.-02.12.	Berenberg European Conference, Pennyhill









APPENDIX

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

-  ir-mall.com
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Claus-Matthias Böge
Chief Executive Officer



Olaf G. Borkers
Chief Financial Officer



Patrick Kiss
Head of Investor & Public Relations



Nicolas Lissner
Manager Investor & Public Relations



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