



**COMPANY  
PRESENTATION**



## 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. €3.9 billion
Rents per year	€260 million <sup>1)</sup>
Occupancy rate	99%

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

- 2014 portfolio valuation: 5.87% net initial yield
- Professional center management by ECE, the European market leader in this industry

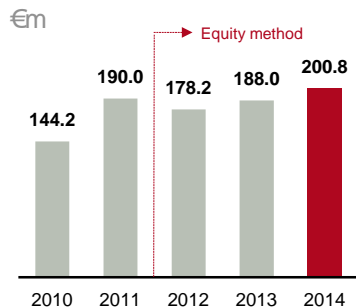


<sup>1)</sup> 100%-view

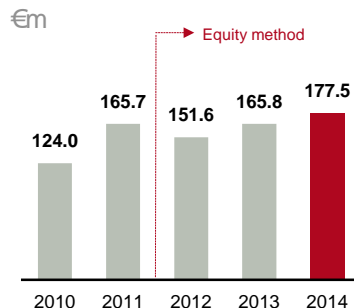
## COMPANY

## Key Figures

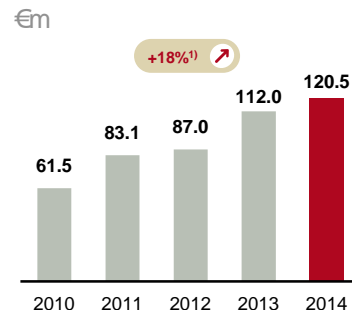
## REVENUE



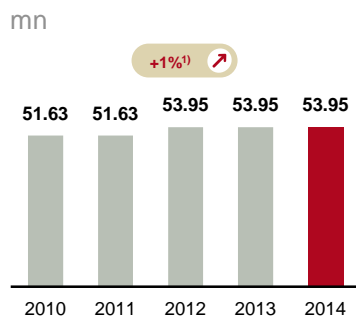
## EBIT



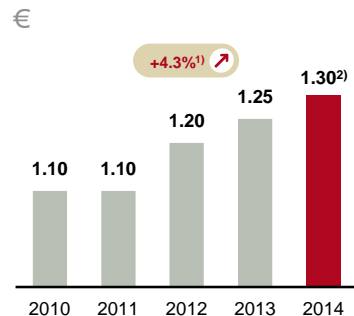
## FFO



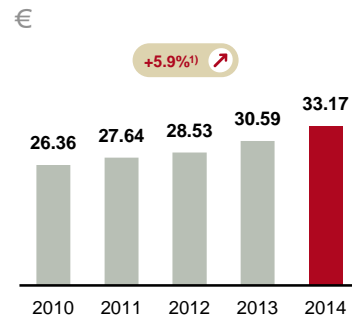
## NUMBER OF SHARES



## DIVIDEND PER SHARE



## NAV PER SHARE (EPRA)



¹) 2010-2014, Compound Annual Growth Rate (CAGR)

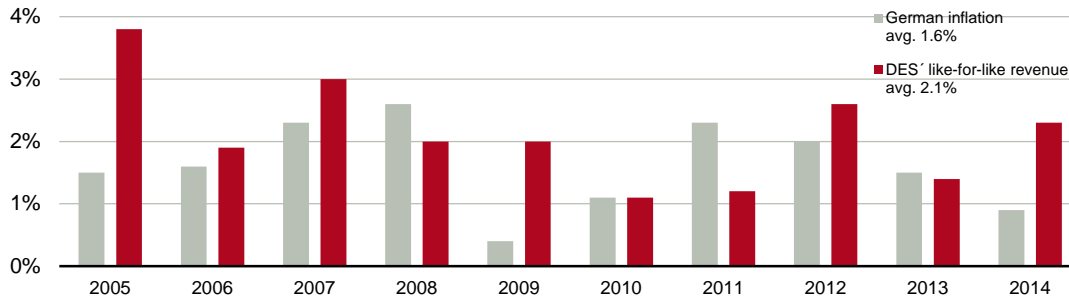
²) paid on 19 June 2015

## COMPANY

## Lease System

- 10 years lease only
- 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)<sup>1) 2)</sup>
- rent-to-sales-ratio: 7-11%
- weighted maturity of rental contracts: 6.4 years<sup>1)</sup>

## LIKE-FOR-LIKE REVENUE



<sup>1)</sup> Status: 31 Dec. 2014

<sup>2)</sup> incl. VAT

## 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 3.4%
- 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



## SHOPPING CENTERS

## Extensions &amp; Food Courts



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



- City-Point Kassel, food court (200 seats), planned for autumn 2015, DES investment approx. €4.5 million, expected yield: 7.5%



- to be decided in 2016: Galeria Baltycka Gdansk, extension (retail space +37%), DES investment approx. €50 million





## 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	100%	100%	97%
Catchment area	approx. 1.2 m. inhabitants	approx. 2.2 m. inhabitants	approx. 1.0 m. inhabitants
Visitors 2014	7.03 m.	8.12 m.	15.70 m.
Opening/refurbishm.	1996 / 2011	1964 / 2004 / 2011	2002 / 2011



## SHOPPING CENTERS

## Germany

**Rhein-Neckar-Zentrum****Herold-Center****Allee-Center**

Location	Viernheim/Mannheim	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	100%	97%	98%
Catchment area	approx. 1.2 m. inhabitants	approx. 0.5 m. inhabitants	approx. 0.7 m. inhabitants
Visitors 2014	7.66 m.	11.25 m.	9.61 m.
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	100%	100%	99%
Catchment area	approx. 0.7 m. inhabitants	approx. 0.6 m. inhabitants	approx. 0.5 m. inhabitants
Visitors 2014	10.13 m.	9.55 m.	7.02 m.
Opening/refurbishm.	1969 / 1977 / 1996	2004 / 2016	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	100%	100%	99%
Catchment area	approx. 1.0 m. inhabitants	approx. 0.5 m. inhabitants	approx. 0.6 m. inhabitants
Visitors 2014	6.70 m.	7.65 m.	5.73 m.
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	100%	96%	100%
Catchment area	approx. 0.7 m. inhabitants	approx. 0.8 m. inhabitants	approx. 0.7 m. inhabitants
Visitors 2014	9.51 m.	9.43 m.	7.87 m.
Opening/refurbishm.	2001 / 2004	2002 / 2009 / 2015	2008



## SHOPPING CENTERS

## Germany

**Stadt-Galerie**

Location	Hameln
Investment	100%
Lettable space sqm	26,000
Parking	500
Number of shops	approx. 100
Occupancy rate	99%
Catchment area	approx. 0.4 m. inhabitants
Visitors 2014	5.73 m.
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	100%	100%	97%
Catchment area	approx. 1.1 m. inhabitants	approx. 0.4 m. inhabitants	approx. 1.0 m. inhabitants
Visitors 2014	9.80 m.	5.70 m.	12.76 m.
Opening/refurbishm.	2007	2006	2004



## SHOPPING CENTERS

Our Tenants<sup>1)</sup>



<sup>1)</sup> selection of our well known tenants

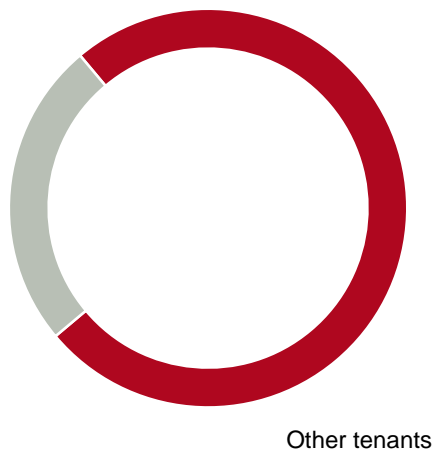


## SHOPPING CENTERS

## Tenants Structure Top 10 Tenants

Low level of  
dependence on  
the top 10 tenants

Metro Group	5.6%	5.6%
Douglas Group	3.8%	4.5%
H&M	3.2%	3.2%
New Yorker	2.4%	2.3%
Peek & Cloppenburg	2.1%	2.1%
Deichmann	1.9%	1.9%
REWE	1.6%	1.6%
C&A	1.5%	1.5%
Inditex Group	1.3%	1.5%
Esprit	1.2%	1.4%
<b>Total</b>	<b>24.6%<sup>(1)</sup></b>	<b>25.6%<sup>(2)</sup></b>

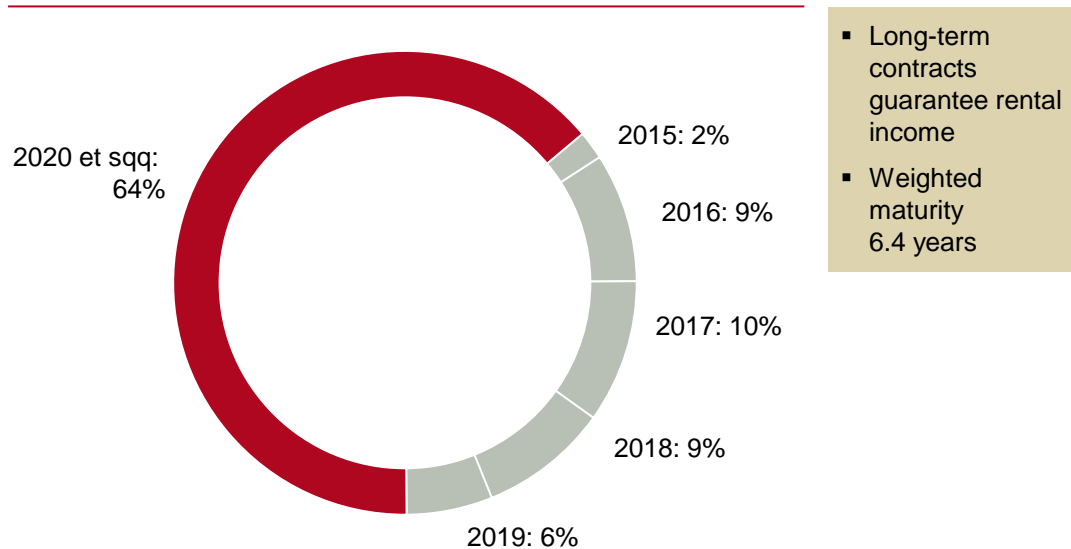


**Total**      **75.4%<sup>(1)</sup>**    **74.4%<sup>(2)</sup>**

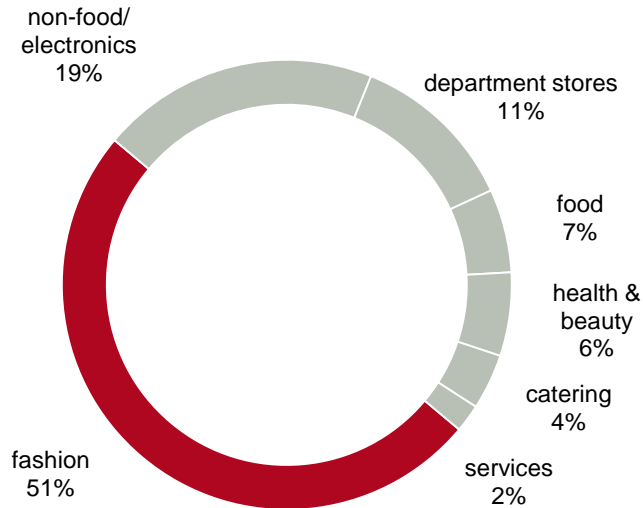
- 1) in % of total rents as at 31 Dec. 2014  
 2) in % of total rents as at 31 Dec. 2013



## SHOPPING CENTERS

Maturity Distribution of Rental Contracts<sup>1)</sup><sup>1)</sup> as % of rental income as at 31 Dec. 2014

## SHOPPING CENTERS

Sector Mix<sup>1)</sup>

Balanced sector  
diversification



<sup>1)</sup> as % of rental space as at 31 Dec. 2014

## FINANCIALS

## Key Figures H1 2015

€ million	01.01.-30.06.2015	01.01.-30.06.2014	Change
Revenue	100.6	99.7	1%
Net operating income	91.8	90.5	1%
EBIT	88.2	88.3	0%
Net finance costs	-24.7	-28.0	-12%
Valuation result	-2.0	-2.9	31%
EBT	61.5	57.4	7%
<b>Consolidated profit</b>	<b>49.7</b>	<b>46.3</b>	<b>7%</b>
FFO per share (€)	1.14	1.09	5%
Earnings per share (€, undiluted)	0.92	0.86	7%
	<b>30.06.2015</b>	<b>31.12.2014</b>	<b>Change</b>
<b>Total equity<sup>1)</sup></b>	<b>1,736.0</b>	<b>1,751.2</b>	<b>-1%</b>
<b>Financial liabilities</b>	<b>1,461.4</b>	<b>1,430.1</b>	<b>2%</b>
Other debt (incl. Deferred taxes)	307.6	310.9	-1%
<b>Total assets</b>	<b>3,504.9</b>	<b>3,492.2</b>	<b>0%</b>
Net financial liabilities	1,388.1	1,371.8	1%
Equity ratio <sup>1)</sup>	49.5%	50.1%	
LTV ratio	41%	40%	
Gearing <sup>1)</sup>	102	99	

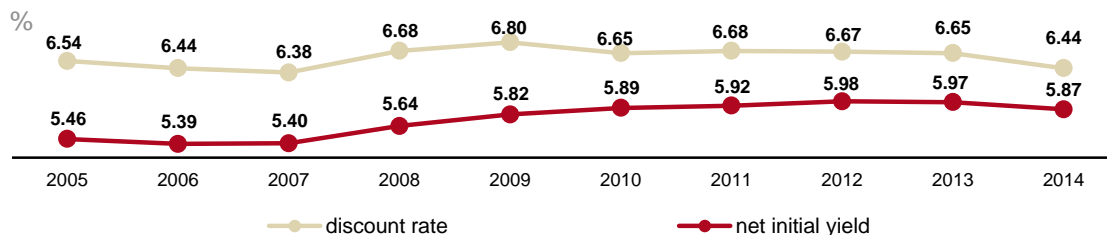


<sup>1)</sup> incl. non controlling interests

## FINANCIALS

Valuation<sup>1)</sup> – Investment Properties 2014

Discounted cash-flow method	2014	2013	actual		
expected yield of 10-year German federal bonds	3.68%	4.24%	0.67% <sup>2)</sup>		
<b>average applied risk premiums</b>	<b>2.76%</b>	<b>2.41%</b>			
average discount rate	6.44%	6.65%			
average property operating and management costs	11.00%	10.90%			
net initial yield	5.87%	5.97%			
				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%	-117,500	+123,000
Discount rate	6.44%	+107,700	-102,600
Net initial yield	5.87%	+157,300	-144,400
Cost ratio	11.00%	+10,300	-10,300

<sup>1)</sup> External appraisers: Feri Research and GfK GeoMarketing

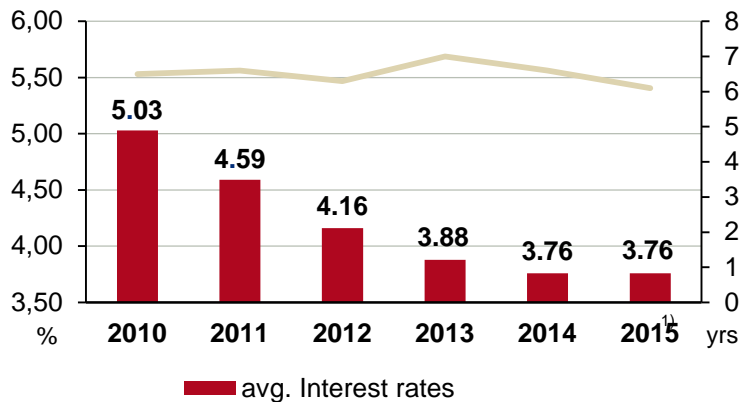
<sup>2)</sup> Status: 30 September 2015

## FINANCIALS

Loan Structure<sup>1)2)</sup> incl. Convertible Bond

Interest lockin	Duration	Principle amounts (€ thousand)	Share of total loan	avg. interest rate
Up to 1 year		83.5	6%	0.86%
1 to 5 years	3.2	436.2	30%	4.15%
5 to 10 years	6.8	790.9	54%	3.59%
Over 10 years	11.8	147.9	10%	4.08%
<b>Total 2015</b>	<b>6.1</b>	<b>1,458.5</b>	<b>100%</b>	<b>3.76%</b>

- 20 German Banks
- Weighted maturity of fixed interest periods 6.1 years



<sup>1)</sup> as of 30 June 2015

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

## FINANCIALS

Maturities until 2019<sup>1)2)</sup>

in € thousand	end of fixed interest periods respectively expiring loans	avg. interest rate	regular redemption payments	total maturities
2015	0		10,400	<b>10,400</b>
2016	79,800	4.92%	18,400	<b>98,200</b>
2017	96,100	1.75%	16,500	<b>112,600</b>
2018	71,200	4.60%	18,700	<b>89,900</b>
2019	119,300	4.78%	18,500	<b>137,800</b>
	<b>366,400</b>			

Non-consolidated loans<sup>1)</sup>

in € thousand	end of fixed interest periods respectively expiring loans	avg. interest rate	DES' share	
2015	0			
2016	144,900	4.94%	<b>50%</b>	City-Arkaden, Klagenfurt: 91.8 € m; 4.30% interest rate
2017	0			Phoenix-Center, Hamburg: 53.1 € m; 6.06% interest rate
2018	0			
2019	0			

<sup>1)</sup> as of 30 June 2015

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

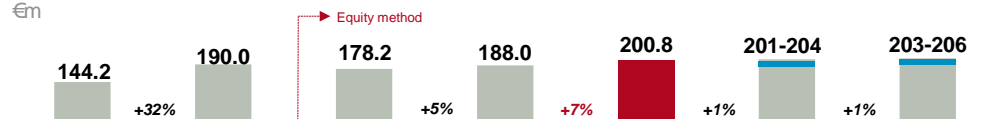


## FINANCIALS

## Forecast

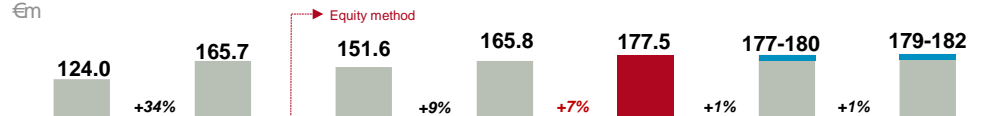
## REVENUE

€m

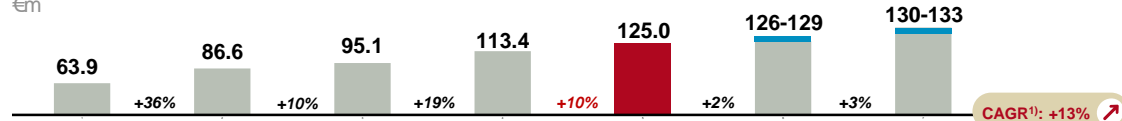


## EBIT

€m

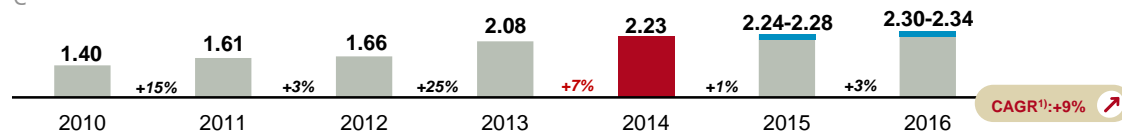
EBT EXCLUDING VALUATION<sup>2)</sup>

€m



## FFO PER SHARE

€



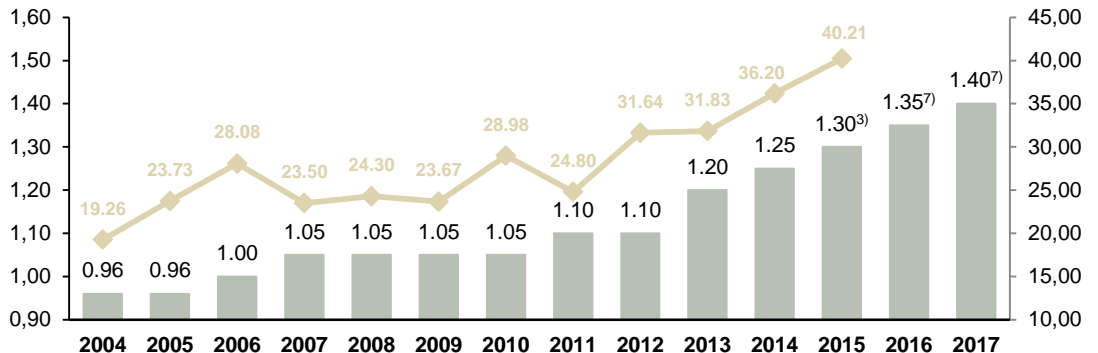
<sup>1)</sup> Compound Annual Growth Rate (CAGR) 2010-2016

<sup>2)</sup> excl. capital gain




## SHOPPING CENTER SHARES

## Dividend &amp; Performance

Dividend<sup>1)</sup>Share price<sup>2)</sup>PERFORMANCE<sup>4)</sup>

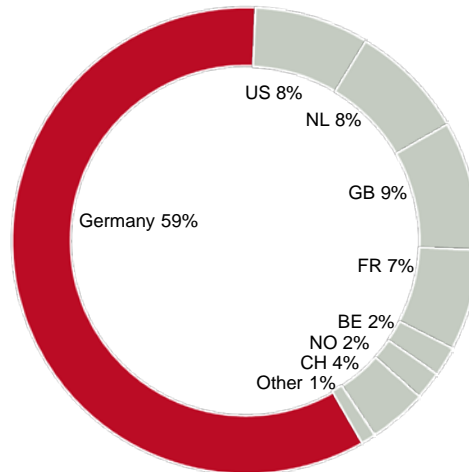
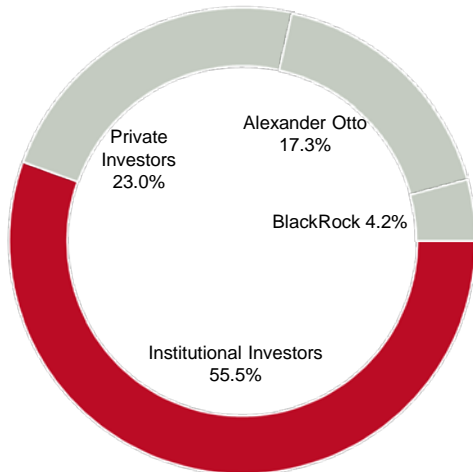
	DES	DAX	EPRA <sup>5)</sup>	REX <sup>6)</sup>	OEf <sup>8)</sup>
1 year	(2014) <b>+17.7%</b>	+2.7%	+26.5%	+7.1%	+1.6%
3 years	+64.2% = <b>+18.0% p.a.</b>	+18.3% p.a.	+21.6% p.a.	+3.7% p.a.	+1.7% p.a.
5 years	+87.0% = <b>+13.3% p.a.</b>	+10.4% p.a.	+14.1% p.a.	+4.7% p.a.	+1.9% p.a.
Since IPO (2001)	+236.2% = <b>+9.0% p.a.</b>	+3.0% p.a.	+8.1% p.a.	+5.0% p.a.	n.a.

- 
- 1) respectively paid for the previous financial year
  - 2) 2015: as of 30 Sept. 2015
  - 3) paid on 19 June 2015
  - 4) as of 31 Dec. 2014
  - 5) EPRA/NAREIT Europe
  - 6) German government bonds index
  - 7) proposal
  - 8) Open ended real estate funds

## SHOPPING CENTER SHARES

Shareholder Structure<sup>1)</sup>

- 10,200 shareholders
- Free float 82.7%



<sup>1)</sup> Status: 30 Sept. 2015



## 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 2014 (paid on 19 June 2015)	€1.30
52W High	€48.33
52W Low	€31.86
Share price (30 September 2015)	€40.21
Market capitalisation	€2.17 billion
avg. turnover per day last 12 months (XETRA)	152,700 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	Odde 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 (30 Sept. 2015)	131.00%
Interest payment date	payable semi-annually in arrear on 21 May and 21 November in each year
Conversion price	€31.65 <sup>1)</sup>
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



<sup>1)</sup> originally €35.10, adjusted on 21 June 2013,  
19 June 2014 and 19 June 2015

## APPENDIX

Retail turnover H1 2015<sup>1)</sup>

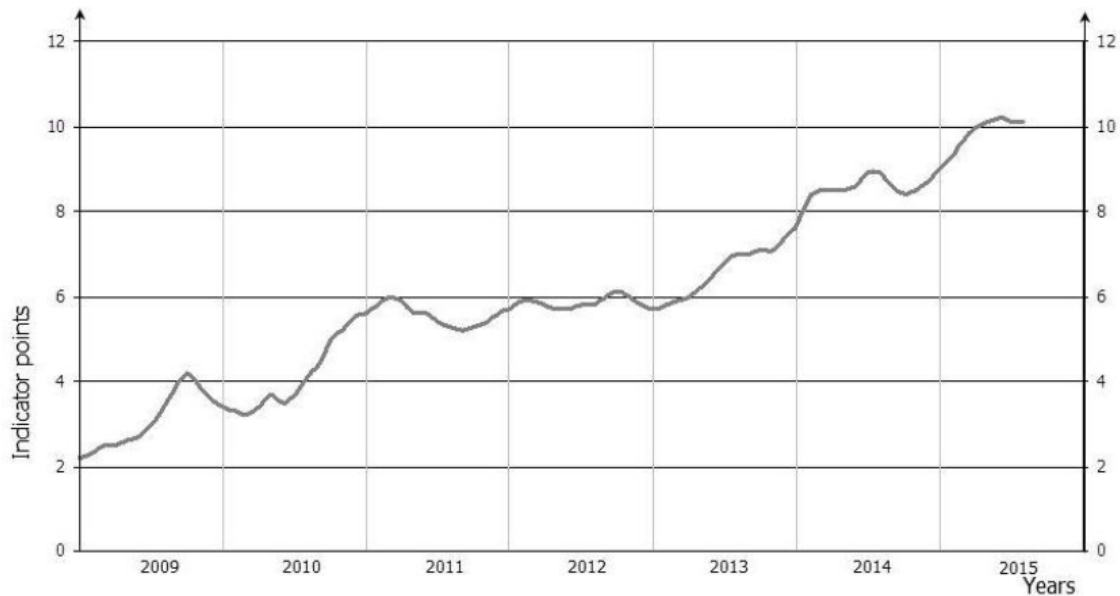
Retail sector	% change	rent-to-sales ratio in %	% of sales	% of space
Department stores	-2.4	6.1	7.6	13.2
Food	-0.4	7.5	8.9	6.2
Fashion textiles	-2.1	12.3	29.7	39.8
Shoes & leather goods	-1.7	14.3	5.4	6.4
Sports	-1.2	8.9	3.9	4.5
Health & Beauty	5.3	6.9	11.8	5.8
General Retail	-1.1	10.8	8.6	9.4
Electronics	0.7	4.0	15.0	9.0
Services	4.1	4.5	4.5	1.5
Food catering	1.9	13.1	4.5	4.1
<b>Total<sup>2)</sup></b>	<b>-0.1</b>	<b>9.0</b>	<b>100.0</b>	<b>100.0</b>

- **like-for-like** retail turnover development: Germany -0.1%, abroad 1.1%  
DES-Portfolio overall: 0%
- **absolute** retail turnover development: Germany -0%, abroad 2.1%  
DES-Portfolio overall: 0.3%



- 1) German centers on a like-for-like basis
- 2) Totals may include differences due to rounding

## APPENDIX

GfK Consumer Climate indicator<sup>1)</sup>

1) as at: July 2015, source: GfK

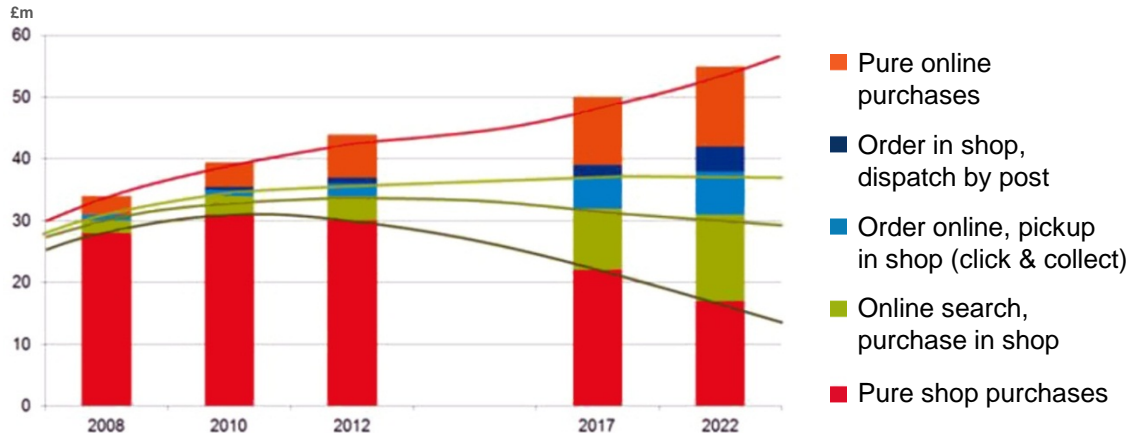




## APPENDIX

## 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:
  - 196 shopping centers
  - 7.0 million sqm overall sales area
  - approx. 20,000 retail businesses
  - 4.4 million daily visitors
  - €28 billion assets under management

## MANY INVESTORS RELY ON ECE:

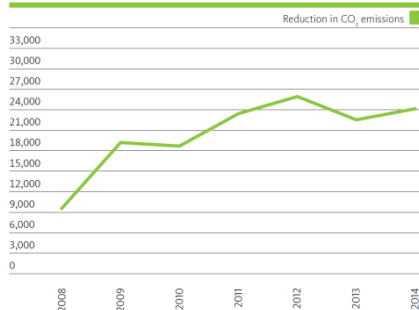


## APPENDIX

## 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 2014, 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 2014. We also plan to switch our centers in other countries over to green electricity wherever possible within the next few years.

REDUCTION IN CO<sub>2</sub> EMISSIONS  
in Tonnes



- The German centers used a total of around 68.1 million kWh of green electricity in 2014. This represented 100% of the electricity requirements in these shopping centers. Based on conservative calculations, this meant a reduction of around 24,080 tonnes in carbon dioxide emissions, which equates to the annual CO<sub>2</sub> emissions of around 1,100 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

## Financial Calendar

### 2015

01.10.	Societe Generale Real Estate Conference, London
02.10.	Roadshow Edinburgh, M.M. Warburg
28.-29.10.	Roadshow Vienna, Linz, Berenberg
<b>12.11.</b>	<b>Nine-month report 2015</b>
16.11.	DZ Bank Equity Conference, Frankfurt
16.11.	Roadshow Paris, Baader Bank
17.11.	Roadshow Zurich, Kepler Cheuvreux
24.11.	Commerzbank German Commercial Property Forum, London









## APPENDIX

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