

Company

Shopping Centers

Financials

Shopping Center Share

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Contents

**DES**  
Deutsche EuroShop AG

The Shopping Center Company

- Deutsche EuroShop AG 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

Pure Player

Equity Story

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The Shopping Center Company

- 15 shopping centers on high street and in established locations – 11 in Germany and one each in Austria, Hungary, Italy and Poland

**15 Centers:**  
**14 in operation**  
**1 in the pipeline**

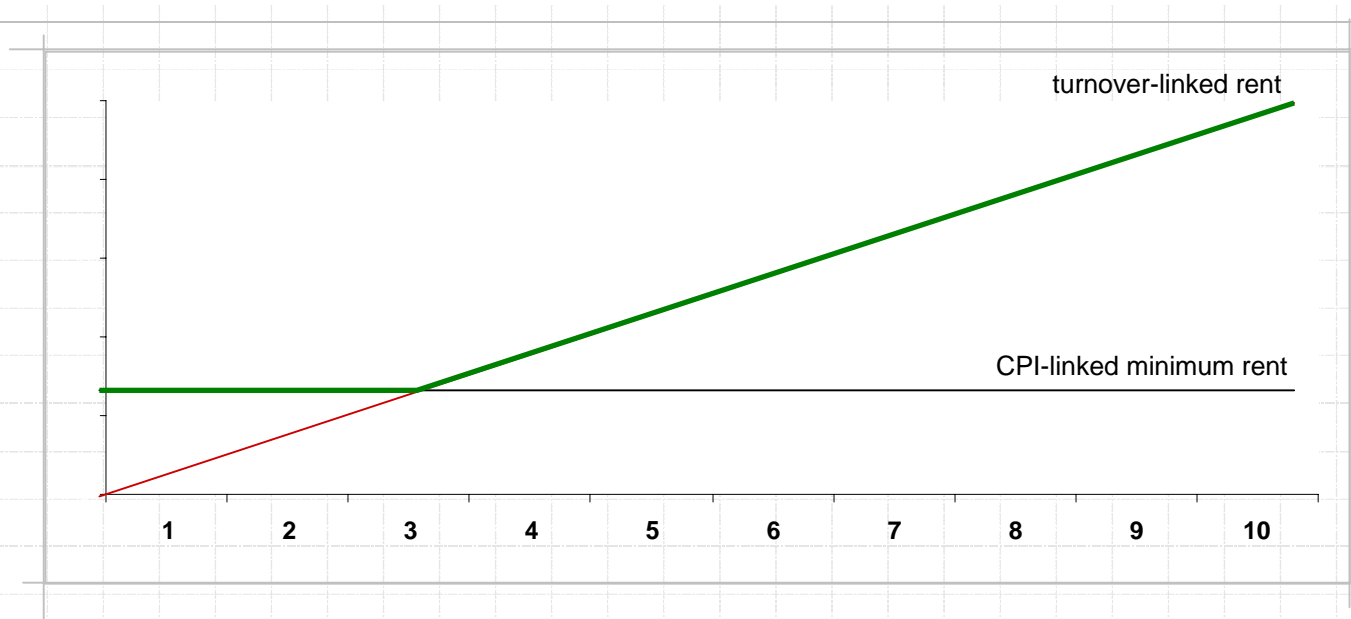
Lettable space	approx. 560.000 sqm
Retail shops	approx. 1.400
Market value	approx. €2,2 billion
Rents per year	€136 million
Occupancy rate	> 99 %

- Professional center management by external, long-term experienced companies like ECE, the European market leader in this industry

At a Glance

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The Shopping Center Company



**General form of lease contracts for DES-tenants**

- Lease standards:
  - 10 years lease only
  - no break-up option
  - turnover-linked rents
  - minimum rents are CPI-linked, upwards only

**Participation in sales growth of retail industry**

- Ø rent per sqm and month: €20 - 25
- Ø turnover per sqm and year: €4,300
- Rent-to-sales-ratio: 6.5 - 8.5%

Lease System

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The Shopping Center Company

- Attractive after-tax dividend yield of currently 3.7%
- Rating: entire portfolio was given a „very good“ rating
- Consolidated equity ratio currently 51% (plan: >45%)

€million	2003	2004	2005	+/-
Revenue	57.9	61.4	72.1	17%
EBIT	39.5	49.8	57.5	16%
EBT excl. revaluation	21.3	29.2	31.1	7%
EBT	26.9	37.3	81.1	118%
Earnings per share (€) <sup>1)</sup>	1.22	1.78	3.09	74%
Dividend per share (€)	1.92	1.92	2.00	4%
NAV per share (€)	43.68	43.96	46.22	5%

At a Glance

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The Shopping Center Company

<sup>1)</sup> undiluted

- Long term net asset value enhancement
- “buy & hold”-strategy
- Stable and attractive dividends
- Investment-focus: Germany and up to 25% Europe
- Portfolio expansion by 10% per year
  - by acquisition of new shopping centers
  - by increasing existing amounts of holdings

**Main focus on NAV  
and dividend**

**Continuous growth**

Targets

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The Shopping Center Company



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Location	Main-Taunus-Zentrum Frankfurt	Rhein-Neckar-Zentrum Viernheim	Altmarkt-Galerie Dresden
Investment	43.1%	99.8%	50.0%
Lettable space sqm	103,400	63,600	44,500
Parking	4,000	3,800	500
Number of shops	approx. 100	approx. 110	approx. 110
Occupancy rate	100%	100%	99%
Catchment area	approx. 2.2 m. inhabitants	approx. 1.4 m. inhabitants	approx. 1.0 m. inhabitants
Opening / refurbishm.	1964 / 2001-2004	1972 / 2000-2003	2002

Shopping Centers

Germany

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Location	Phoenix-Center Hamburg	Allee-Center Hamm	Forum Wetzlar
Investment	50.0%	87.7%	65.0%
Lettable space sqm	39,200	35,100	34,500
Parking	1,600	1,300	1,700
Number of shops	approx. 110	approx. 80	approx. 110
Occupancy rate	96%	100%	100%
Catchment area	approx. 0.6 m. inhabitants	approx. 1.0 m. inhabitants	approx. 0.5 m. inhabitants
Opening / refurbishm.	2004	1992 / 2002-2003	2005

## Shopping Centers

Germany

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Location	Rathaus-Center Dessau	City-Galerie Wolfsburg	City-Point Kassel
Investment	94.9%	89.0%	40.0%
Lettable space sqm	30,600	30,100	29,500
Parking	850	800	220
Number of shops	approx. 80	approx. 90	approx. 60
Occupancy rate	98%	100%	100%
Catchment area	approx. 0.5 m. inhabitants	approx. 0.6 m. inhabitants	approx. 0.8 m. inhabitants
Opening	1995	2001	2002

Shopping Centers

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Germany

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Location	City-Arkaden Wuppertal	Stadt-Galerie Hameln
Investment	72.0%	94.9%
Lettable space sqm	28,700	25,000
Parking	650	500
Number of shops	approx. 85	approx. 90
Occupancy rate	100%	60%
Catchment area	approx. 0.7 m. inhabitants	approx. 0.4 m. inhabitants
Opening / refurbishm.	2001 / 2004	Spring 2008

Shopping Centers

Germany

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Location	City Arkaden Klagenfurt, Austria	Árkád Pécs, Hungary	Galeria Dominikanska Wroclaw, Poland
Investment	50.0%	50.0%	33.3%
Lettable space sqm	36,700	35,200	32,700
Parking	880	850	900
Number of shops	approx. 120	approx. 130	approx. 100
Occupancy rate	100%	100%	100%
Catchment area	approx. 0.4 m. inhabitants	approx. 0.5 m. inhabitants	approx. 1.0 m. inhabitants
Opening	2006	2004	2001

## Shopping Centers

Europe



The Shopping Center Company



Location	Centro Commerciale Tuscia Viterbo, Italy
Investment	100%
Lettable space sqm	15,200
Parking	1,100
Number of shops	approx. 40
Occupancy rate	100%
Catchment area	approx. 0.3 m. inhabitants
Opening	1998

Shopping Centers

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Europe

The Shopping Center Company

	Total Domestic	Total International	Total Deutsche EuroShop
Lettable space sqm	464,700	119,800	584,500
Parking	15,920	3,730	19,650
Number of shops	1,025	390	1,415
Occupancy rate*	99%	100%	99%
Catchment area	9.7 m. inhabitants	2.2 m. inhabitants	11.9 m. inhabitants

\* incl. office space, without Hameln

Shopping Centers  
Total

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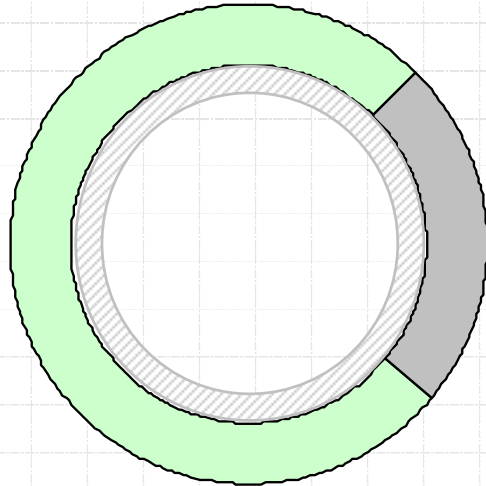
Well-known tenants

Our Tenants

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Other tenants

**Total 76.2%**

Douglas group	4.9%
Metro group	4.5%
Peek & Cloppenburg	2.7%
H & M	2.4%
Deichmann	1.8%
Zara	1.7%
New Yorker	1.6%
Engelhorn & Sturm	1.6%
dm – Drogeriemarkt	1.3%
REWE group	1.3%

**Total 23.8%**

**Low level of  
dependence on  
the top 10 tenants**

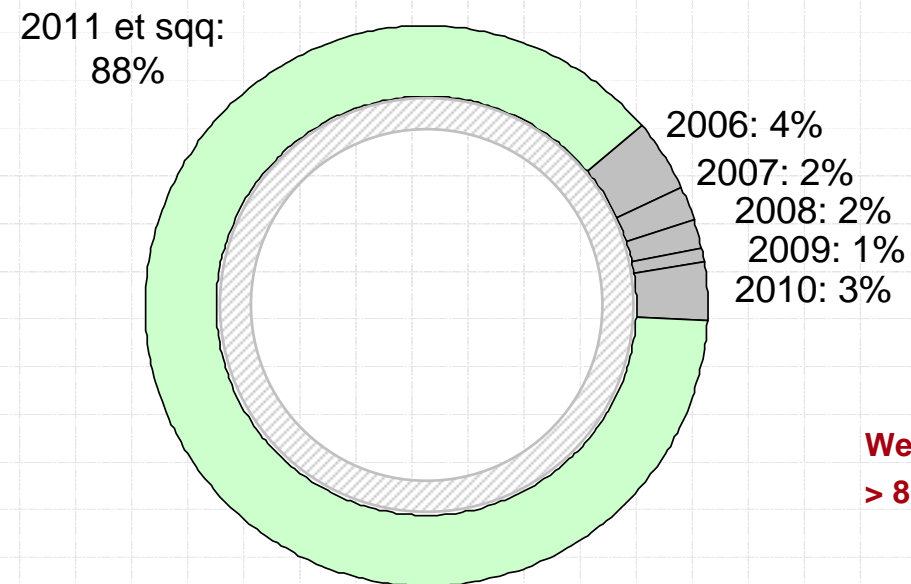
\* in % of total rents; not including Klagenfurt and Hameln  
as at December 31, 2005

**Tenants Structure  
Top 10 tenants\***

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**Long-term contracts  
guarantee rental income**



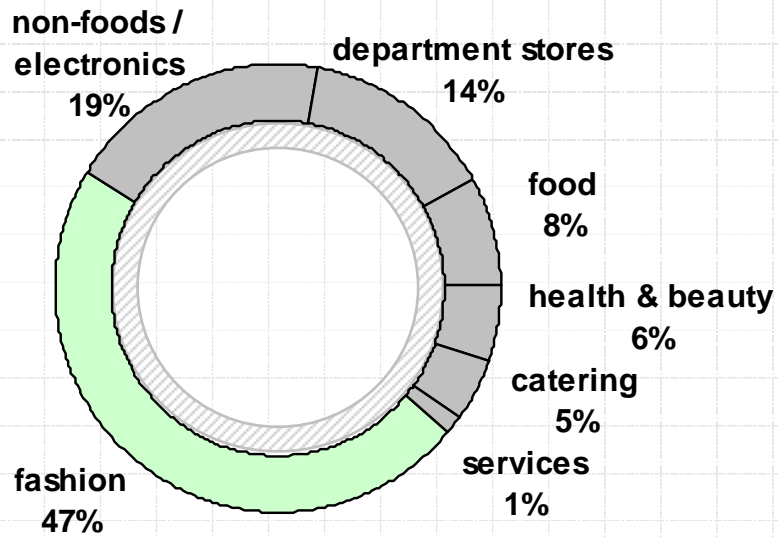
**Weighted maturity  
> 8 years**

\* as % of rental income – not including Hameln and Klagenfurt  
as at December 31, 2005

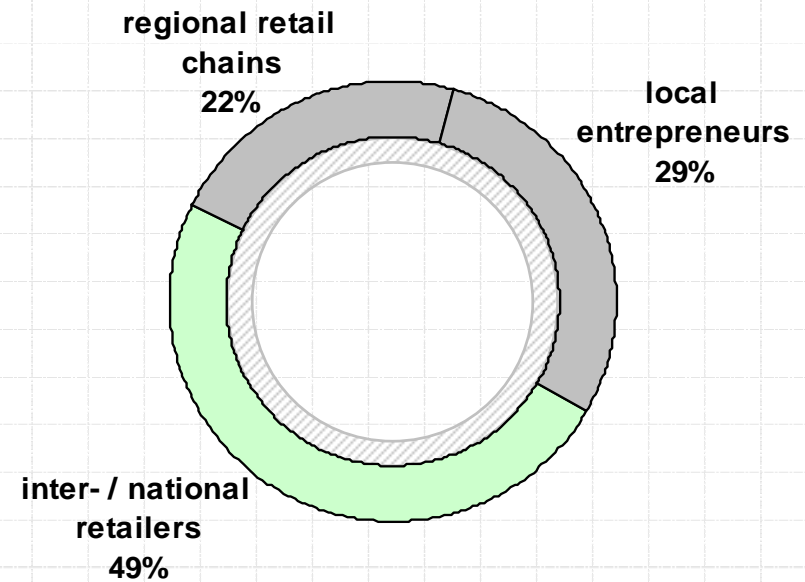
## Maturity Distribution of Rental Contracts\*

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**Balanced sector and retailer diversification**

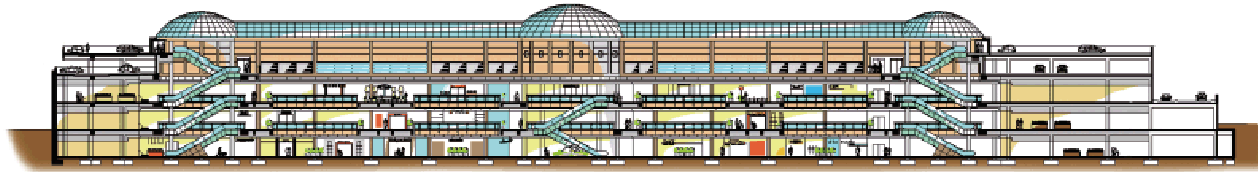


\*in % of lettable space; not including Hameln und Klagenfurt as at December 31, 2005

**Sector and Retailer Mix\***

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€million	Q1 2005	Q1 2006	+/-
Revenue	17.4	22.7	31%
EBIT	13.6	17.3	27%
Net finance costs	-6.6	-8.7	-30%
EBT	6.9	16.6	143%
Share of consolidated profit attributable to Group shareholders	4.4	11.5	158%
EPS (€)	0.28	0.67	139%
Equity	787.4	791.3	0%
Liabilities	677.1	749.3	11%
Total assets	1,543.6	1,622.0	5%
Equity ration (%)	51.0	48.8	
Gearing (%)	96	105	
Cash and cash equivalents	197.2	98.8	-50 %

Q1 2006

Key figures

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The Shopping Center Company

<b>€thousand</b>	<b>31. Mar. 2006</b>	<b>31. Dec. 2005</b>	<b>+/-</b>
Fixed/non-current assets	1,504,618	1,327,005	177,613
Current assets	117,373	216,553	-99,180
<b>Total assets</b>	<b>1,621,991</b>	<b>1,543,558</b>	<b>78,433</b>
Equity	791,291	787,446	3,845
Long term debt	687,101	616,373	70,728
Deferred taxes	74,176	69,826	4,350
Current liabilities	69,423	69,913	-490
<b>Total liabilities</b>	<b>1,621,991</b>	<b>1,543,558</b>	<b>78,433</b>

## Balance Sheet

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The Shopping Center Company

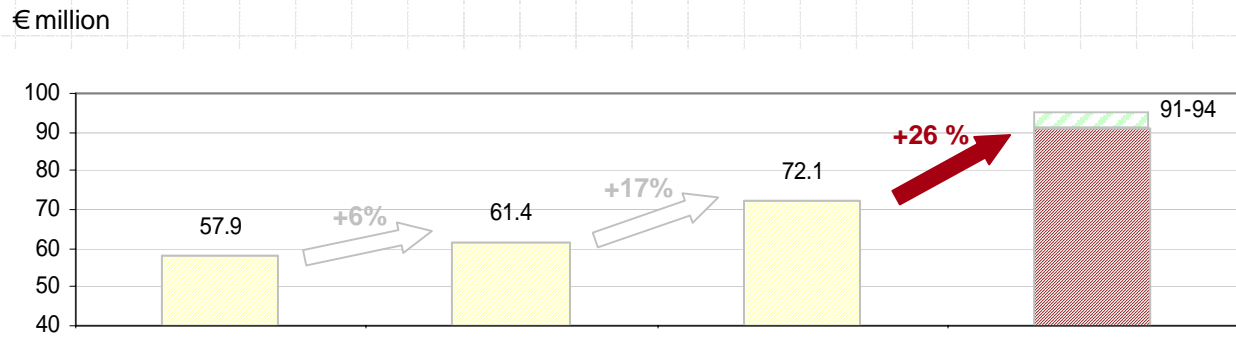
<b>€ thousand</b>	<b>01. Jan.- 31. Mar. 2006</b>	<b>01. Jan.- 31. Mar. 2005</b>	<b>+/-</b>
<b>Revenue</b>	<b>22,746</b>	<b>17,408</b>	<b>31%</b>
Other operating income	520	489	
Property operating and management costs	-3,520	-3,287	
Other operating expenses	-2,421	-967	
<b>EBIT</b>	<b>17,325</b>	<b>13,643</b>	<b>27%</b>
Net interest expense	-9,056	-7,679	
Income from investments	400	1,043	
Net finance costs	-8,656	-6,636	
Measurement gains/losses	7,975	-156	
<b>EBT</b>	<b>16,644</b>	<b>6,851</b>	<b>143%</b>
Taxes	-4,415	-1,833	
<b>Consolidated profit</b>	<b>12,229</b>	<b>5,018</b>	<b>144%</b>
Minority interest	761	573	
<b>Attributable to Group shareholders</b>	<b>11,468</b>	<b>4,445</b>	<b>157%</b>

## Profit and Loss Account

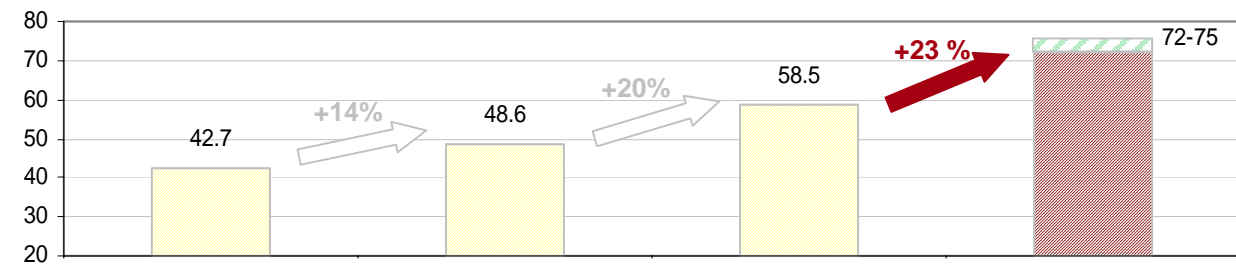
**DES**  
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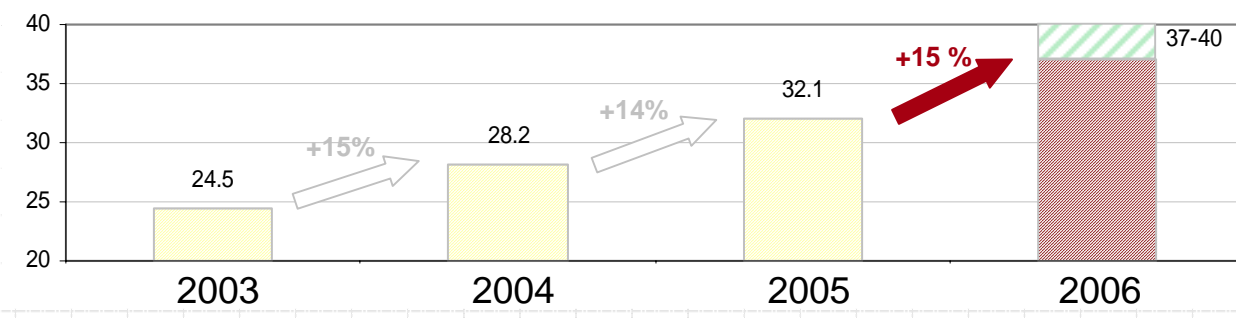
# Revenue



# EBIT <sup>1)</sup>



# EBT <sup>1) 2)</sup>



Forecast



The Shopping Center Company

<sup>1)</sup> currency adjusted  
<sup>2)</sup> without valuation result

2006





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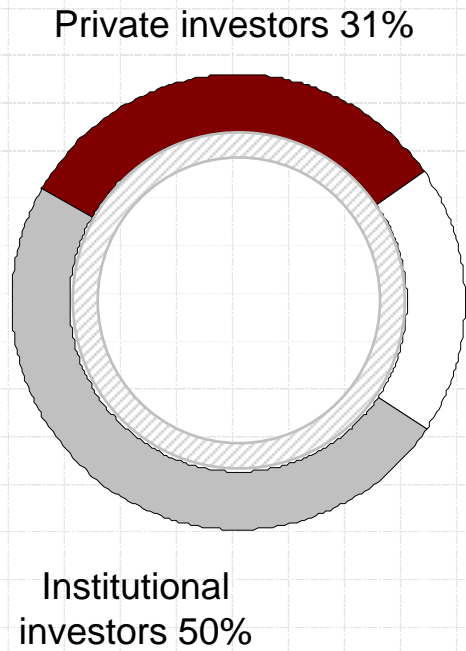
The Shopping Center Company

Listed since	02.01.2001
Nominal capital	€21,999,998.72
Outstanding shares	17,187,499 shares
Class of shares	Registered shares
Dividend 2005 (23.06.2006)	€2.00
52W High	€58.24
52W Low	€42.85
Share price (31.07.2006)	€54.19
Market capitalisation	€930 million
avrg. turnover per day 2006	55,000 shares
Indices	MDAX, EPRA, GPR 250, EPIX 30
Official market	Prime Standard Frankfurt and XETRA
OTC market	Berlin-Bremen, Düsseldorf, Hamburg, Hanover, Munich und Stuttgart
ISIN	DE 000 748 020 4
Ticker	DEQ, Reuters: DEQGn.DE
Market makers	Close Brothers Seydler, WestLB

## Key data of the Share

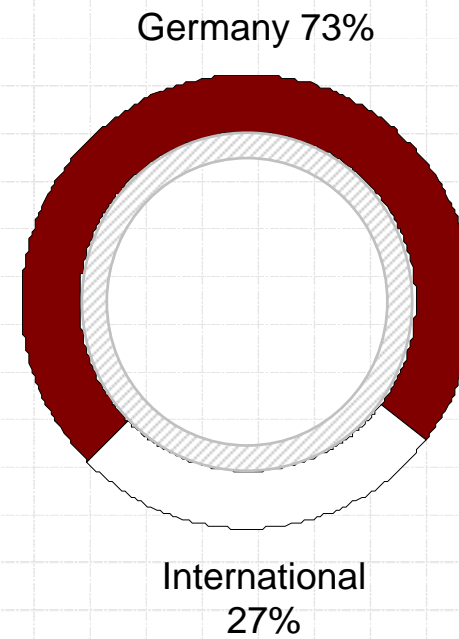


The Shopping Center Company



**7,300 shareholders**

**Free float 81%**



## Shareholder Structure

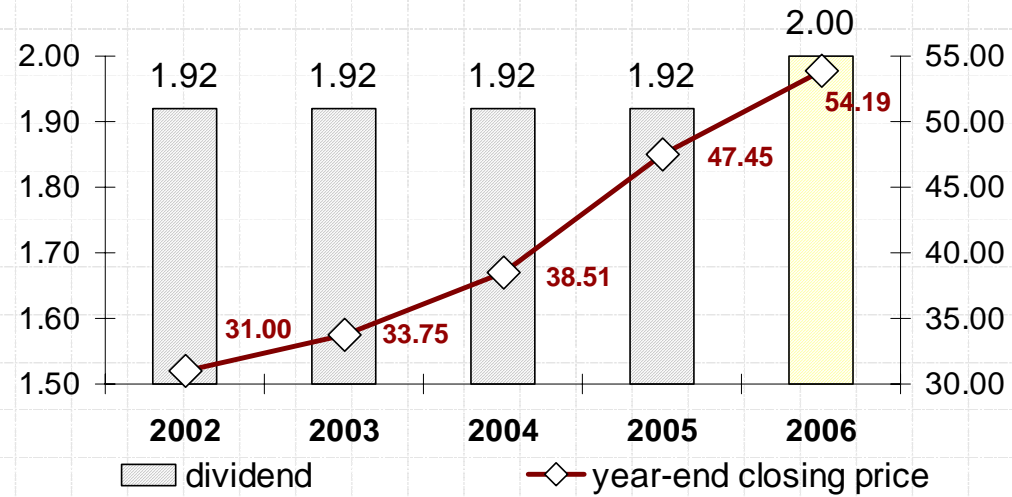
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The Shopping Center Company

Status: August 1, 2006

dividend  
in €

shareprice  
in €



**Performance:**

2002: 7.9%  
2003: 15.1%  
2004: 19.8%  
2005: 28.2%  
2006: 14.2%

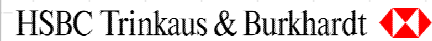
Ø 17.0% p.a.

Status: August 1, 2006

Performance

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The Shopping Center Company



Coverage



The Shopping Center Company

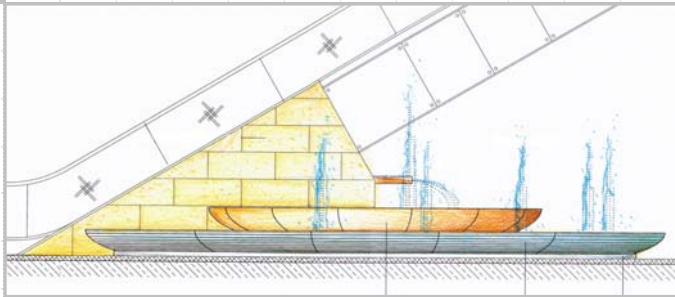
	Datum/ Date	Rating Änderung/ Change	Rating	Kursziel/ Price target in €	Ergebnis je Aktie/EPS in €			Dividende je Aktie/DPS in €			EBIT in Mio. €		
					2006	2007	2008	2006	2007	2008	2006	2007	2008
Bankhaus Lampe	15.05.2006	↑	Buy	60,00	2,22	2,02	n.a.	2,00	2,10	n.a.	75,80	80,80	n.a.
Berenberg Bank	15.05.2006	→	Hold	56,00	Daten nicht zur Veröffentlichung frei und nicht Bestandteil des Consensus Rating. Data not for public use and not part of the consensus.								
CA Cheuvreux	01.06.2006	↑	Outperform	63,00	3,09	2,67	3,27	2,00	2,10	2,30	79,30	82,40	89,90
DZ Bank	15.05.2006	→	Buy	59,00	Daten nicht zur Veröffentlichung frei und nicht Bestandteil des Consensus Rating. Data not for public use and not part of the consensus.								
equinet	15.05.2006	→	Accumulate	60,00	2,87	2,53	3,18	2,00	2,00	2,00	72,00	73,00	78,00
Hamburger Sparkasse	21.04.2006	→	Hold	58,00	2,40	n.a.	n.a.	2,00	n.a.	n.a.	58,50	n.a.	n.a.
HSBC Trinkaus & Burkhardt	26.07.2006	↓	Neutral	52,80	3,05	2,53	3,30	2,05	2,10	2,15	73,50	76,30	83,40
HSH Nordbank	15.05.2006	→	Hold	54,00	2,86	1,94	2,47	2,00	2,00	2,00	76,00	75,40	82,10
HypoVereinsbank	15.05.2006	→	Outperform	61,00	3,08	2,54	n.a.	2,10	2,15	n.a.	73,20	76,20	n.a.
Kempen & Co.	01.05.2006	→	Reduce	48,00	2,90	3,45	4,09	2,10	2,10	2,25	69,30	72,60	76,50
Kepler Equities	16.06.2006	↑	Buy	60,00	2,83	2,60	2,69	2,00	2,10	2,20	76,90	81,33	92,23
M.M. Warburg & Co	18.05.2006	→	Buy	61,00	2,29	2,36	2,56	2,10	2,20	2,30	72,20	76,10	81,10
Petercam Bank	09.05.2006	↓	Hold	57,00	1,92	1,65	1,90	2,00	2,10	2,25	69,10	76,10	89,60
Sal. Oppenheim	18.05.2006	→	Buy	60,00	2,92	3,07	n.a.	2,00	2,00	n.a.	73,66	75,02	n.a.
West LB	16.05.2006	↑	Add	61,00	3,15	3,43	3,57	2,00	2,00	2,20	75,70	74,80	77,45
Durchschnitt/ Average				58,05	2,74	2,57	3,00	2,03	2,08	2,18	72,70	76,67	83,36

Status: July 26, 2006

Analysts' Consensus

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### City Arkaden Klagenfurt

Grand opening

March 29, 2006



### Stadt-Galerie Hameln

Ground-breaking ceremony

April 12, 2006



### Shopping Etrembières

Disposal

April 2006

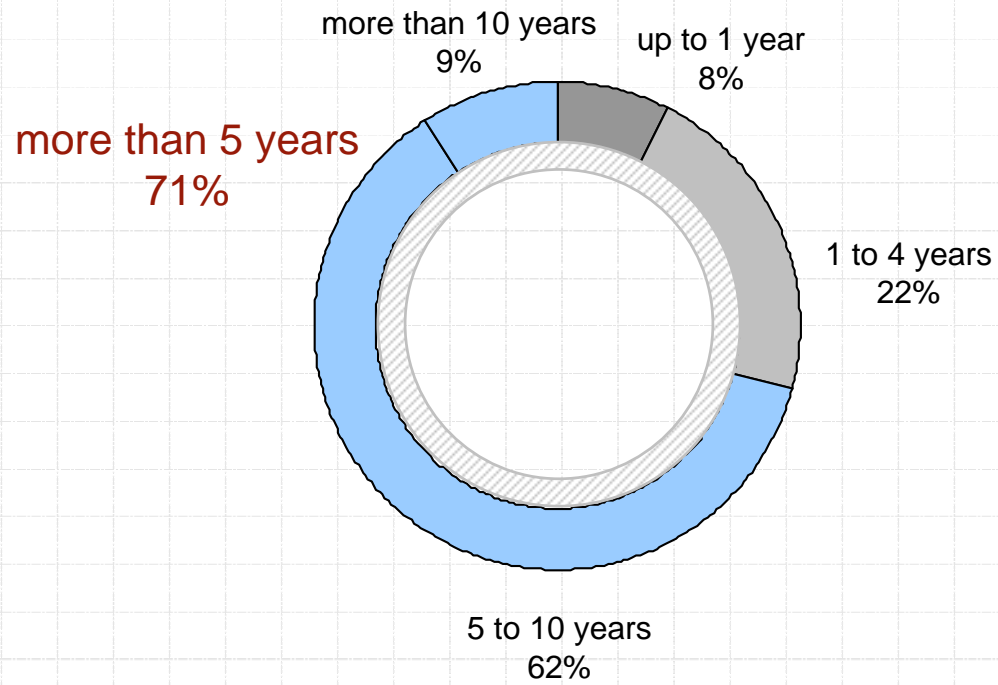
Portfolio-News

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Ø effective interest rate  
5.50%

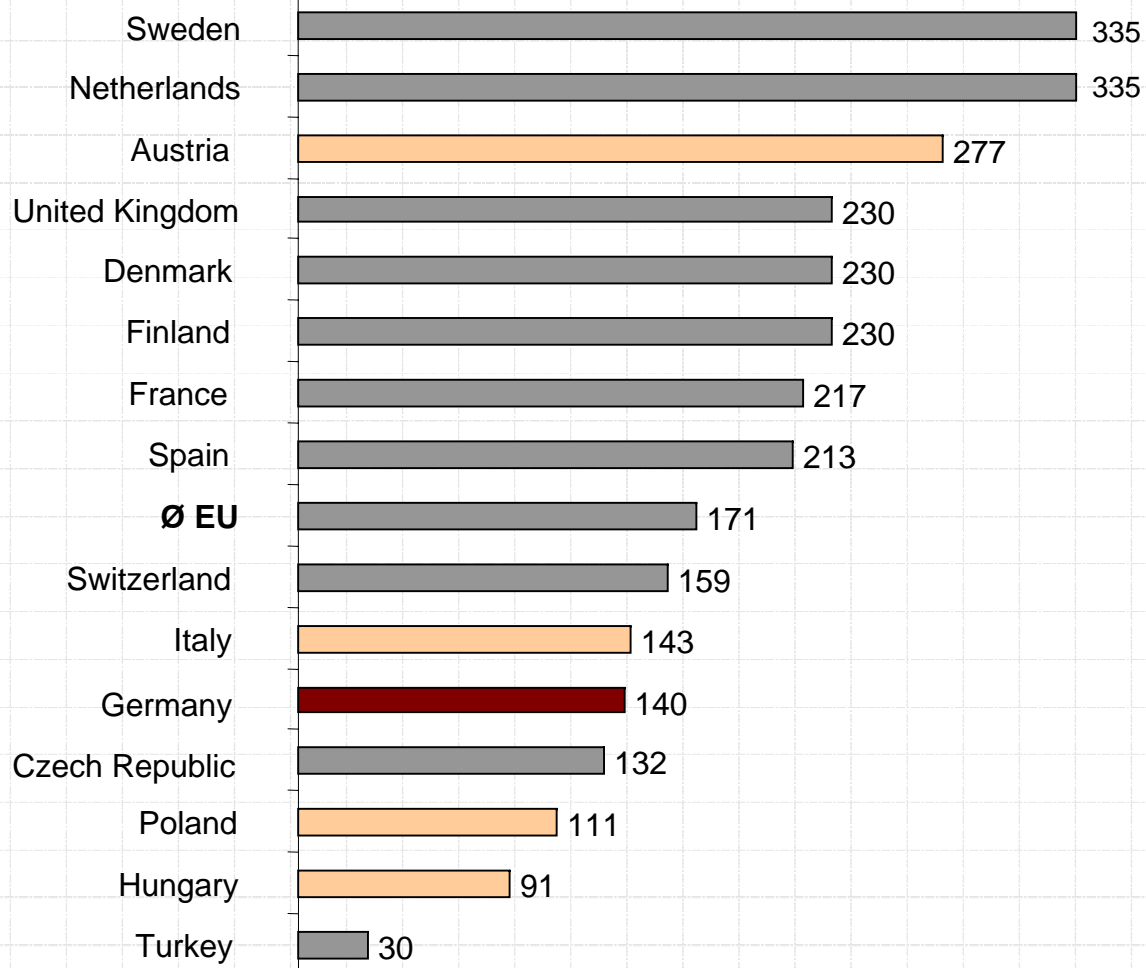


Status: December 31, 2005

Liabilities –  
Maturities

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GLA per 1,000 population

Shopping Centers  
in Europe

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Status: 3/2006; Source: Cushman & Wakefield

The Shopping Center Company

Retail outlet	Space requirements in sqm 1990	Space requirements in sqm 2006
Shoe shop	250 - 400	400 - 800
Sports	450 - 600	1,000 - 3,000
Pharmacy	150 - 200	350 - 800
Perfume	150 - 200	350 - 1,000
Books	250 - 350	600 - 2,000
Consumer electronics	150 - 2,500	3,500 - 5,000
Food discounter	400 - 600	600 - 800
Young fashion	1,000 - 1,200	1,500 - 3,000

**Flexible layouts offer space for modern retail concepts**

**Change in the Demand of Space**

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- 11.08. Interim report H1 2006
- 16.08. Roadshow Vienna, HSBC Trinkaus & Burkhardt
- 17.08. Roadshow Liechtenstein, Metzler
- 04.09. Roadshow Luxembourg, M.M. Warburg
- 26.09. HVB German Investment Conference, Munich
- 05.10. DrKW German MidCap Investment Conference, New York
- 12.10. 6th Property Share Initiative Conference, Frankfurt
- 14.11. Interim report Q1-3 2006
- 15.-16.11. WestLB Deutschland Conference, Frankfurt
- 21.11. Roadshow Milan, HVB
- 27.11. German Equity Forum, Frankfurt

Financial Calendar

2006

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The Shopping Center Company

## Deutsche EuroShop AG

Patrick Kiss  
Investor & Public Relations  
Oderfelder Straße 23  
D-20149 Hamburg

Tel. +49 (40) 41 35 79 - 20  
Fax +49 (40) 41 35 79 - 29

ISIN: DE 000 748 020 4

E-Mail: [kiss@deutsche-euroshop.de](mailto:kiss@deutsche-euroshop.de)  
Web: [www.deutsche-euroshop.com](http://www.deutsche-euroshop.com)

Contact

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The Shopping Center Company

## Forward-Looking Statements

Statements in this presentation relating to future status or circumstances, including statements regarding management's plans and objectives for future operations, sales and earnings figures, are forward-looking statements of goals and expectations based on estimates, assumptions and the anticipated effects of future events on current and developing circumstances and do not necessarily predict future results.

Many factors could cause the actual results to be materially different from those that may be expressed or implied by such statements.

Deutsche EuroShop does not intend to update these forward-looking statements and does not assume any obligation to do so.

Important Notice

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