

The Art of Shopping

# Company Presentation

December 2005

The Art of Shopping

**Company**



## Equity Story

### Pure Player

- 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

## At a Glance

**16 Centers:**  
**14 in operation**  
**2 in the pipeline**

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

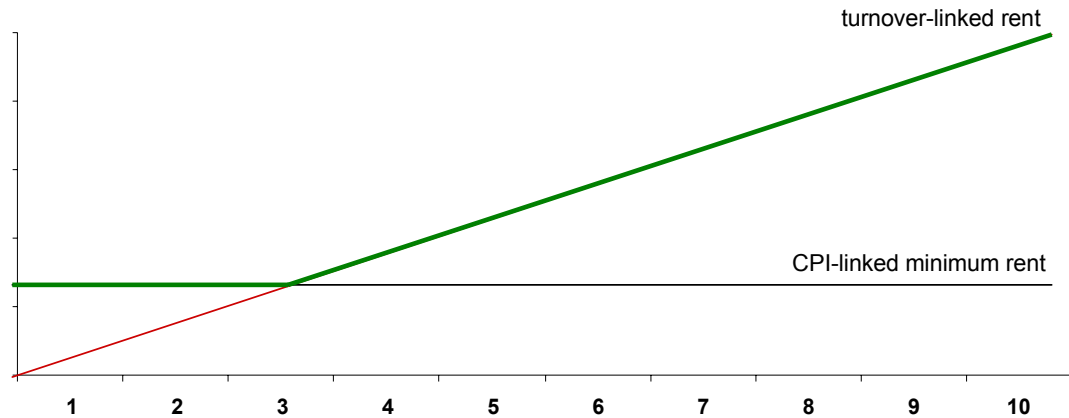
	Total	Deutsche EuroShop
Lettable space	581,500 sqm	380,000 sqm
Retail shops	approx. 1,450	
Investment	€2.1 billion	€1.4 billion
Rents per year	€141 million	€91 million

- Occupancy rate > 99%
- Professional center management by external, long-term experienced companies like ECE, the European market leader in this industry

## Lease system

General form of lease contracts for DES-tenants

Participation in sales growth of retail industry



- Lease standards:
  - 10 years lease only
  - no break-up option
  - turnover-linked rents
  - minimum rents are CPI-linked, upwards only
- Ø rent per sqm: €20 - 25
- Ø turnover per sqm: €4,300
- Rent-to-sales-ratio: 6.5 - 8.5%

## At a Glance

- Attractive after-tax dividend yield of currently 4.4%
- Rating: entire portfolio was given a „very good“ rating
- Consolidated equity ratio currently 50% (plan: >45%)

€ million	FY 2003	FY 2004	Q1 2005	Q2 2005	Q3 2005	FY 2005e
<b>Sales</b>	57.88	61.42	17.41	17.77	18.15	71-72
<b>EBIT</b>	40.52	50.68	13.84	14.55	14.54	56-58
<b>EBT excl. revaluation</b>	22.33	30.17	7.20	8.06	7.64	30-32
<b>EBT incl. revaluation</b>	27.88	38.18	7.05	7.47	7.56	
<b>Earnings per share (€)</b>	1.22	1.78	0.28	0.29	0.30	
<b>Free cash flow per share (€)</b>	1.79	1.96				1.91
<b>Dividend per share (€)</b>	1.92	1.92				2.00
<b>NAV per share (€)</b>	43.68	43.96				

## Targets

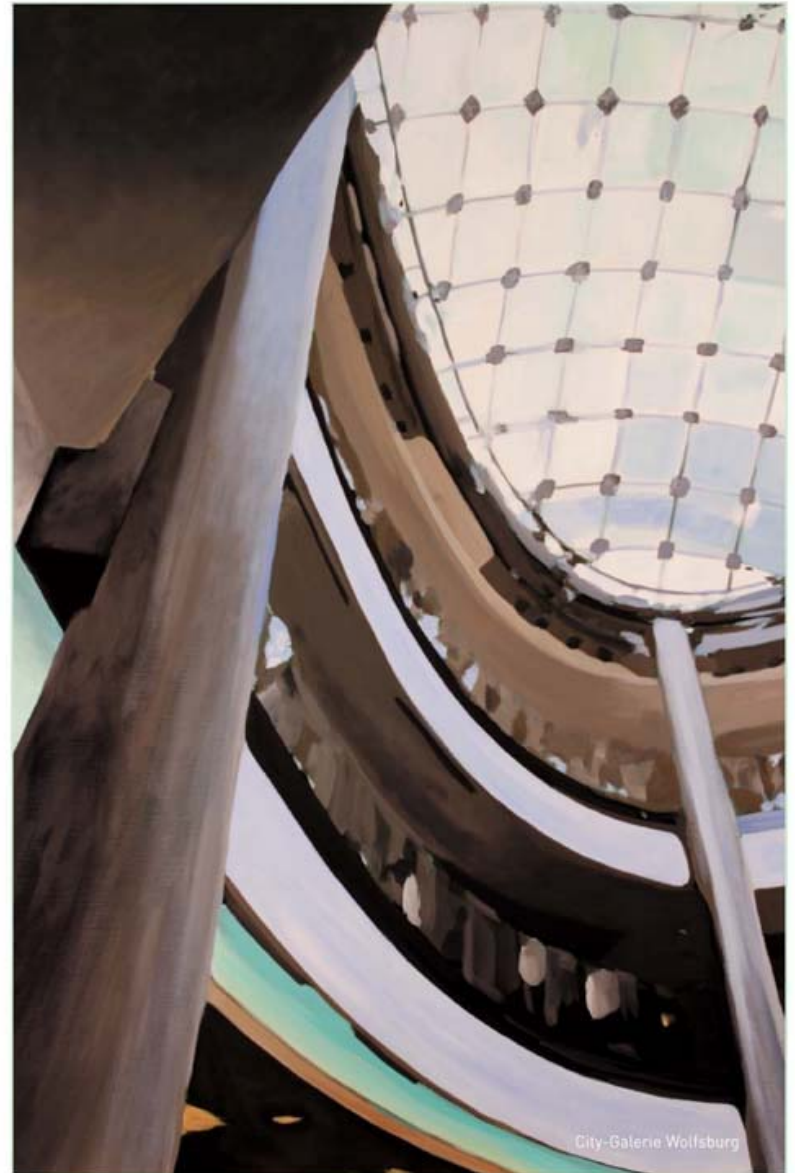
**Main focus on NAV  
and dividend**

- 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

**Continuous growth**

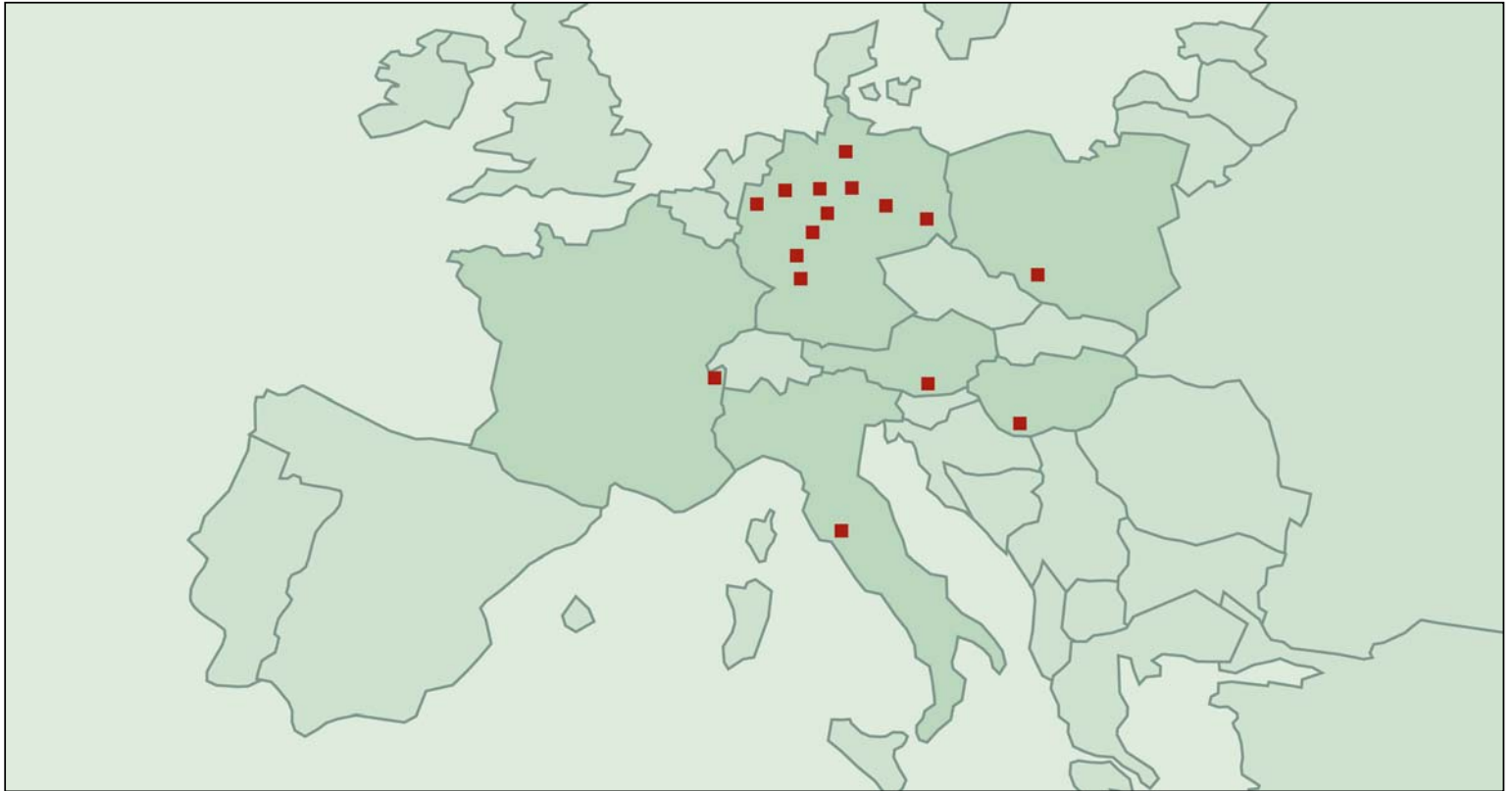
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## Shopping Centers





## Locations in Europe



## Shopping Centers in Germany



### Main-Taunus-Zentrum

#### Frankfurt

<b>Location</b>	
<b>Investment</b>	43.1%
<b>Lettable space sqm</b>	102,000
<b>Parking</b>	4,000
<b>Number of shops</b>	approx. 100
<b>Occupancy rate</b>	100%
<b>Catchment area</b>	2.2 m inhabitants
<b>Opening/refurbishm.</b>	1964/Sep. 2004



### Rhein-Neckar-Zentrum

#### Viernheim

<b>Investment</b>	99.8%
<b>Lettable space sqm</b>	64,000
<b>Parking</b>	3,800
<b>Number of shops</b>	approx. 100
<b>Occupancy rate</b>	100%
<b>Catchment area</b>	1.2 m inhabitants
<b>Opening/refurbishm.</b>	1972/Nov. 2002



### Altmarkt-Galerie

#### Dresden

<b>Investment</b>	50.0%
<b>Lettable space sqm</b>	43,800
<b>Parking</b>	520
<b>Number of shops</b>	approx. 100
<b>Occupancy rate</b>	99%
<b>Catchment area</b>	1.0 m inhabitants
<b>Opening/refurbishm.</b>	Sep. 2002

## Shopping Centers in Germany



**Phoenix-Center**  
**Hamburg**



**Allee-Center**  
**Hamm**



**Forum**  
**Wetzlar**

Location	Phoenix-Center Hamburg	Allee-Center Hamm	Forum Wetzlar
Investment	50.0%	87.7%	65.0%
Lettable space sqm	39,000	34,800	34,300
Parking	1,600	1,290	1,700
Number of shops	approx. 110	approx. 80	approx. 110
Occupancy rate	96%	100%	100%
Catchment area	0.6 m inhabitants	1.0 m inhabitants	0.5 m inhabitants
Opening/refurbishm.	Sep. 2004	1992/Mar. 2000	Feb. 2005

## Shopping Centers in Germany



**City-Galerie**  
**Wolfsburg**



**Rathaus-Center**  
**Dessau**



**City-Point**  
**Kassel**

Location			
<b>Investment</b>		89.0%	40.0%
<b>Lettable space sqm</b>		30,000	29,400
<b>Parking</b>		800	200
<b>Number of shops</b>		approx. 90	approx. 60
<b>Occupancy rate</b>		100%	100%
<b>Catchment area</b>		0.6 m inhabitants	0.8 m inhabitants
<b>Opening/refurbishm.</b>		Sep. 2001	Feb. 2002

**Shopping Centers  
in Germany**



Location	<b>City-Arkaden</b>	<b>Stadt-Galerie</b>
	<b>Wuppertal</b>	<b>Hameln</b>
<b>Investment</b>	72.0%	94.9%
<b>Lettable space sqm</b>	28,100	25,500
<b>Parking</b>	650	500
<b>Number of shops</b>	approx. 90	approx. 90
<b>Occupancy rate</b>	100%	50%
<b>Catchment area</b>	0.7 m inhabitants	0.4 m inhabitants
<b>Opening</b>	Oct. 2001	Spring 2008

## Shopping Centers in Europe



**Árkád**  
Pécs, Hungary



**Galeria Dominikanska**  
Wrocław, Poland



**City-Arkaden**  
Klagenfurt, Austria

<b>Location</b>			
<b>Investment</b>	50.0%	33.3%	50.0%
<b>Lettable space sqm</b>	34,200	32,600	30,000
<b>Parking</b>	850	920	850
<b>Number of shops</b>	approx. 130	approx. 100	approx. 120
<b>Occupancy rate</b>	100%	100%	100%
<b>Catchment area</b>	0.5 m inhabitants	1.0 m inhabitants	0.4 m inhabitants
<b>Opening</b>	2004	2001	March 2006

**Shopping Centers  
in Europe**



<b>Location</b>
<b>Investment</b>
<b>Lettable space sqm</b>
<b>Parking</b>
<b>Number of shops</b>
<b>Occupancy rate</b>
<b>Catchment area</b>
<b>Opening</b>

<b>Centro Commerciale Tuscia Viterbo, Italy</b>
100%
15,200
1,100
approx. 40
100%
0.3 m inhabitants
1998

<b>Shopping Etrembières Annemasse, France</b>
99.8%
(8,000 +) 8,600
1,000
approx. 50
100%
0.8 m inhabitants
1994

## Shopping Centers Total

	Domestic	International	Total Deutsche EuroShop
<b>Lettable space sqm</b>	460,900	120,600	<b>581,500</b>
<b>Parking</b>	15,900	4,720	<b>20,620</b>
<b>Number of shops</b>	approx. 1,010	approx. 440	<b>1,450</b>
<b>Occupancy rate*</b>	99%	100%	<b>99%</b>
<b>Catchment area</b>	9.4 m inhabitants	3.0 m inhabitants	<b>12.4 m inhabitants</b>



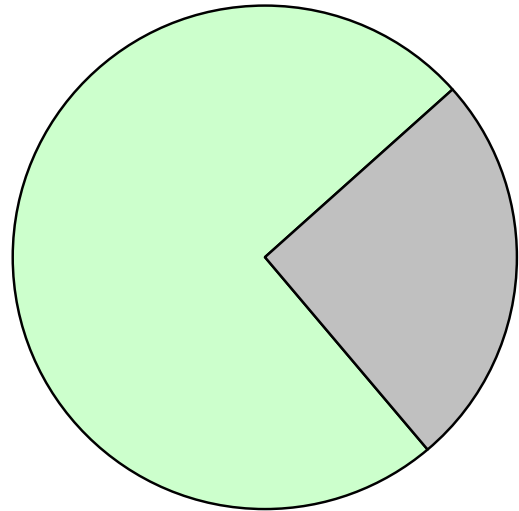
# Our Tenants

Well-known tenants



**Tenants Structure  
Top 10 tenants**

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



Other Tenants  
**Total 74.4%**

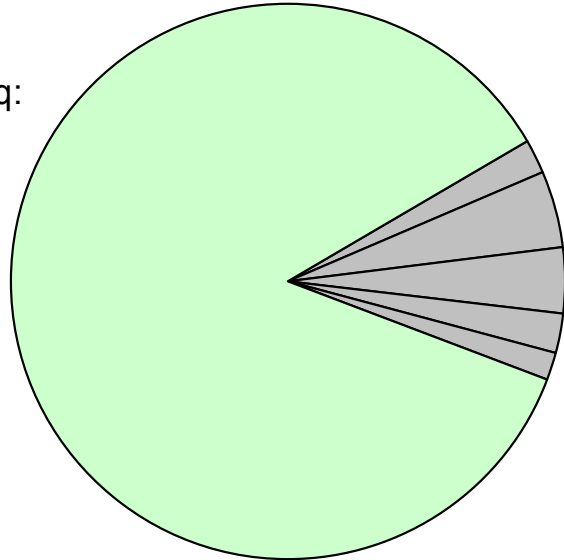
Metro-Group	5.3%
Douglas-Group	4.3%
Karstadt-Group	3.0%
H & M	2.7%
P & C	2.1%
Engelhorn	1.8%
Zara	1.8%
New Yorker	1.7%
ESPRIT	1.4%
Palastbetriebe	1.4%
<b>Total</b>	<b>25.6%</b>

**Maturity  
Distribution  
of rental contracts\***

**Long-term contracts  
guarantee rental income**

**Weighted maturity  
> 8 years**

2010 et sqq:  
86%

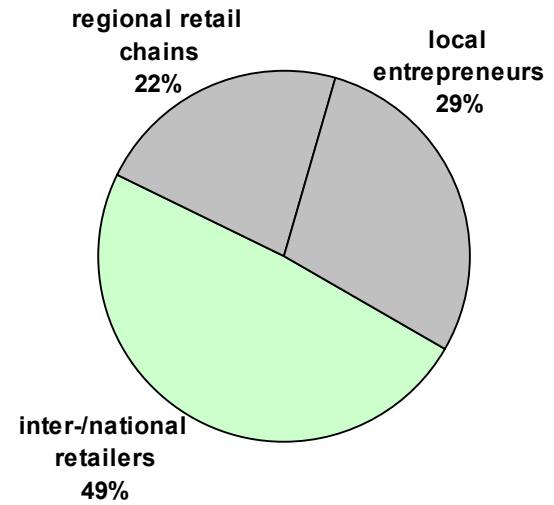
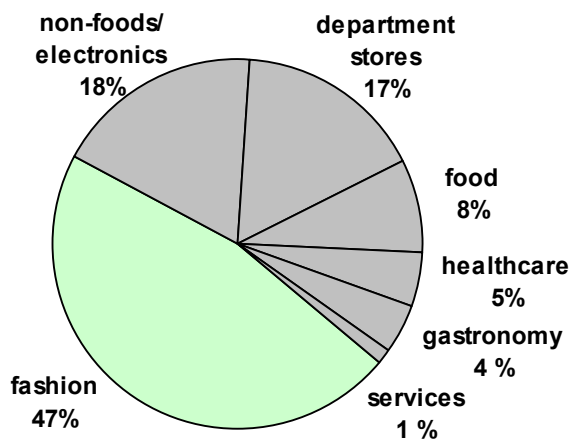


2005: 2%  
2006: 4%  
2007: 4%  
2008: 2%  
2009: 2%

\* as % of rental income – not including Dessau, Hameln and Klagenfurt as at December 31, 2004

# Sector and Retailer Mix

Balanced sector and retailer diversification



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## Financials



Main-Taunus-Zentrum Sulzbach

**Summary  
Q1-3 2005**

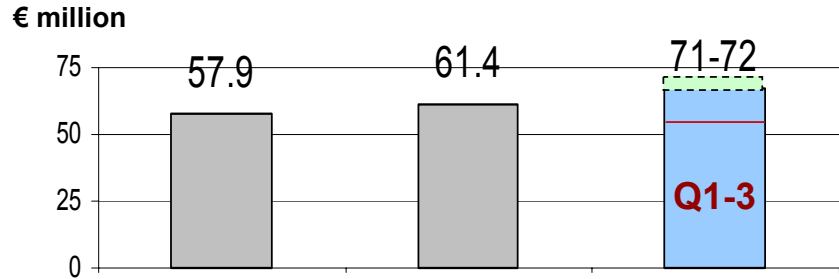
▪ Revenue	€53.3 million	+18%
▪ EBIT adjusted	€42.9 million	+8% +32%
▪ Net finance costs	€-20.8 million	-18%
▪ Profit for the period adjusted	€13.7 million	-9% +41%
▪ EPS adjusted	€0.87	-9% +41%

**Forecast 2005**

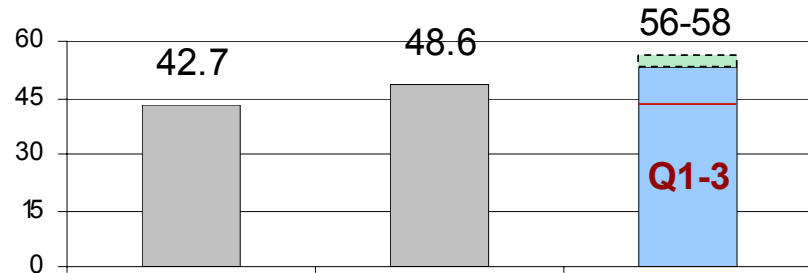
**Forecast raised for 2005**

**Proposed dividend for 2005: increased from €1.92 to €2.00 per share**

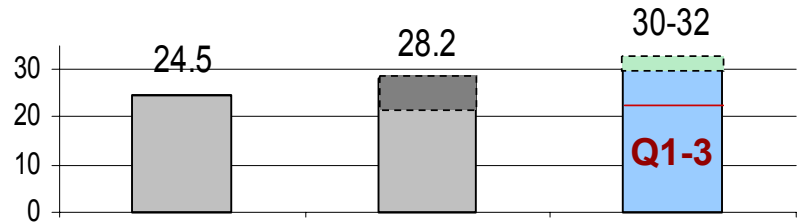
**Revenue**



**EBIT**



**EBT**



currency adjusted;  
without valuation result

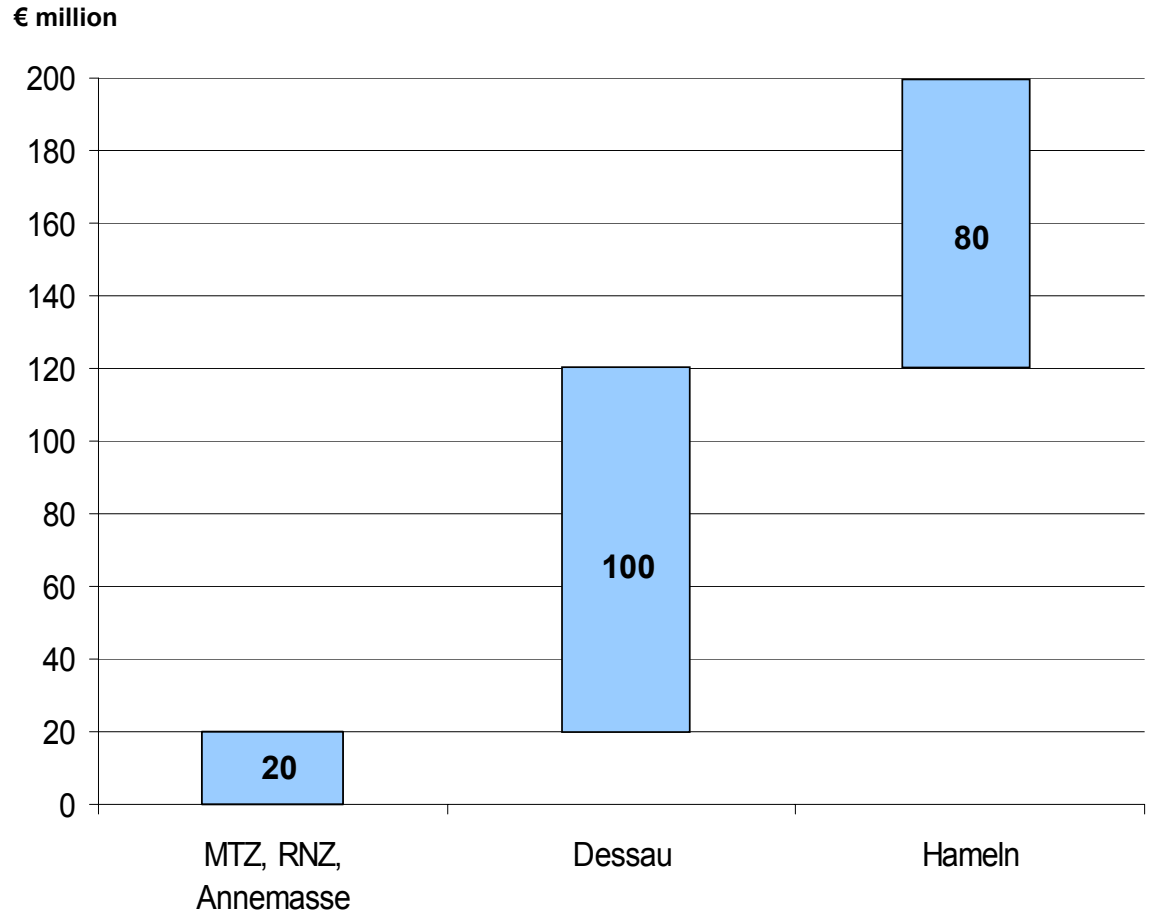
**2003**

**2004**

**2005**

# Investments 2005

Achieved investment  
plans for 2005





## Capital increase

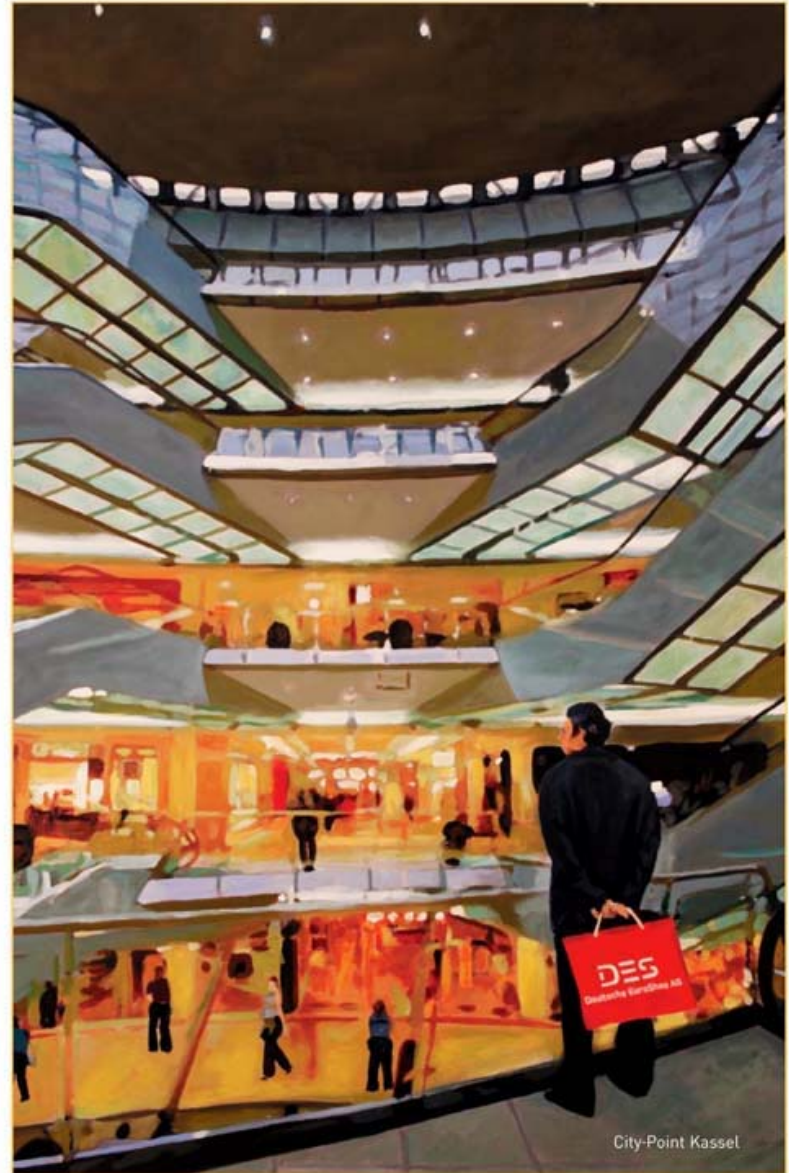
### Capital increase to finance additional growth

Completion 10 Nov 2005

- number of shares now 17,187,499 (1,562,499 new shares)
- price: €43.00 per share
- gross issue proceeds: approx. €67.2 million
- shares were placed in Germany 40%, Europe 45%, USA and other 15%
- WestLB AG: Lead-manager and sole bookrunner  
Berenberg Bank: Co-manager

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## Shopping Center Share



## Key data of the Share

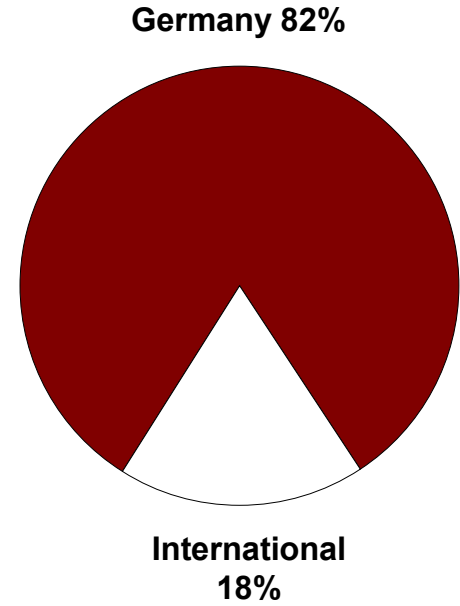
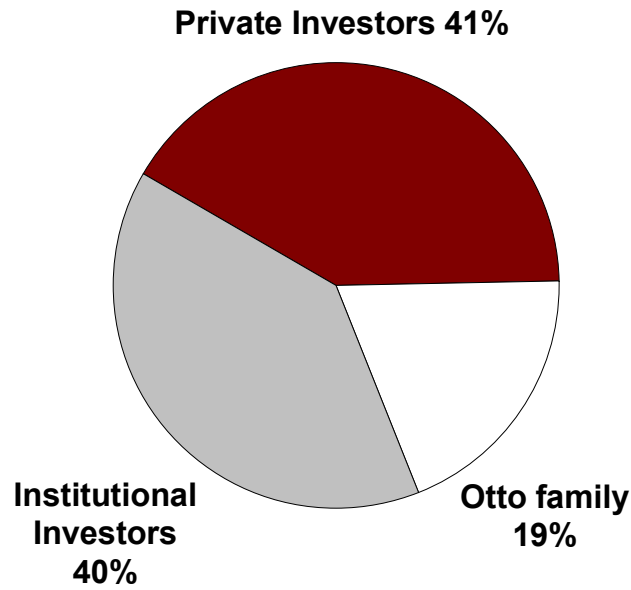
**MarketCap > €780 million**

Listed since	02.01.2001
Nominal capital	€21,999,998.72
Outstanding shares	17,187,499
Class of shares	Registered shares
Dividend proposal 2005 (22.06.2006)	€2.00
52W High	€52.20
52W Low	€37.50
Share price (15.12.2005)	€45.40
Market capitalisation	€780 million
avrg. turnover per day 2005	38,000 shares
Indices	MDAX, EPRA, GPR 250, EPIX 30
Prime Standard	Prime Standard Frankfurt and Xetra
OTC market	Berlin-Bremen, Dusseldorf, Hamburg, Munich and Stuttgart
ISIN	DE 000 748 020 4
Ticker	DEQ, Reuters: DEQGn.DE
Market makers	Close Brothers Seydler, WestLB

**Shareholder  
Structure**

7,600 shareholders

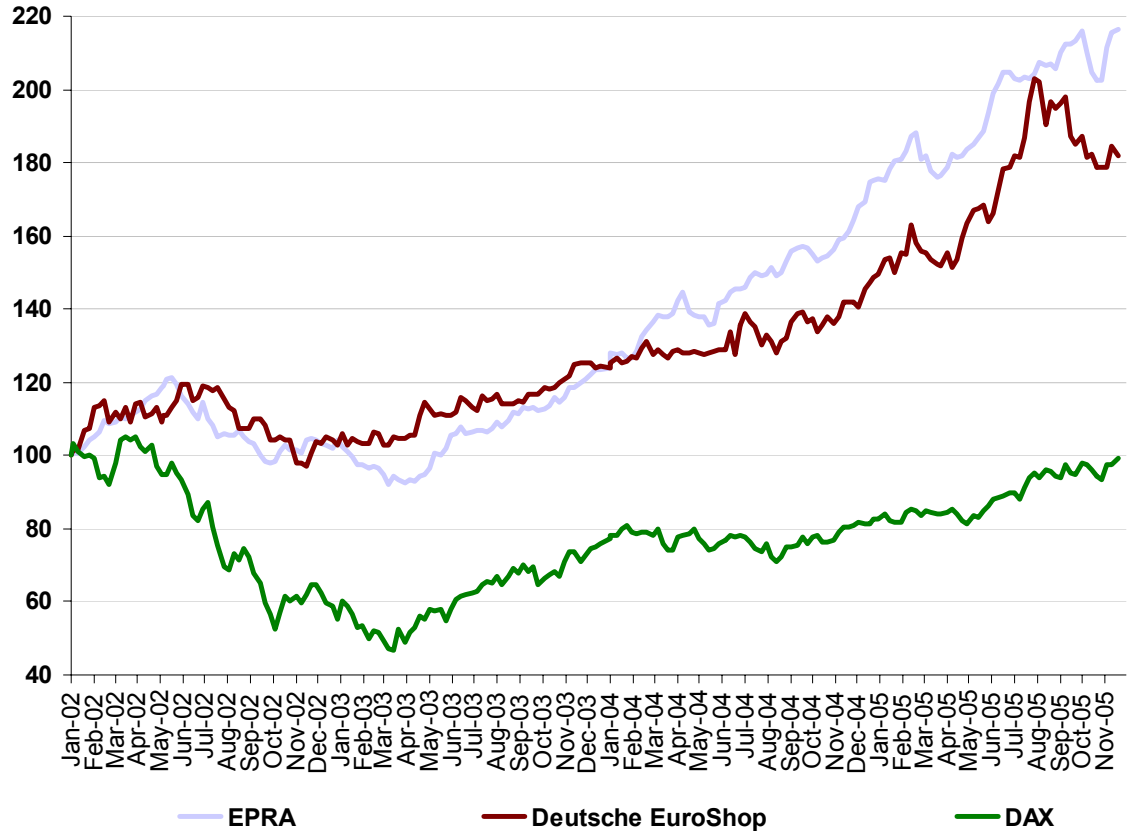
Free float 81%



# Trend of the Share

Comparison with DAX and EPRA

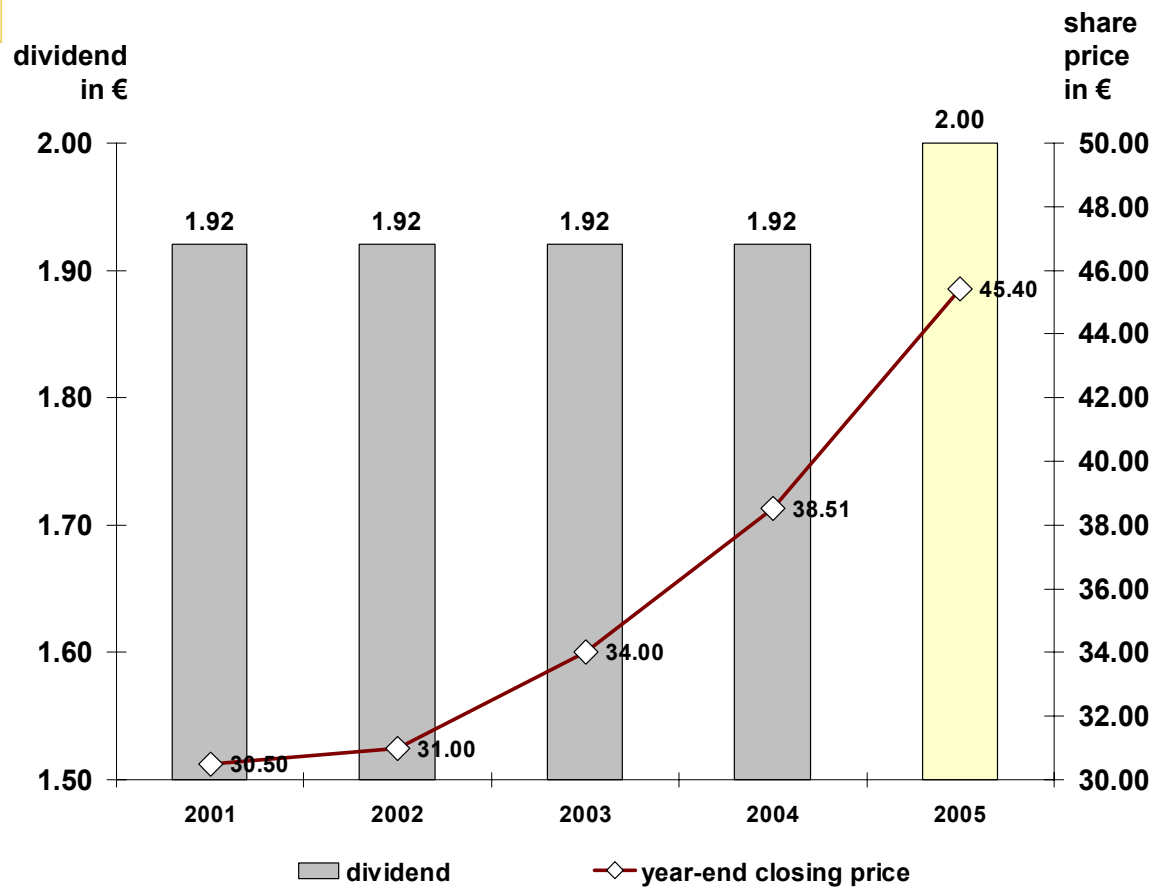
Indexed graph



# Dividend policy

Stable and attractive (tax-free) dividends

Performance since IPO: +38%  
2003: +15%  
2004: +20%  
2005 y-t-d: +23%



## Coverage



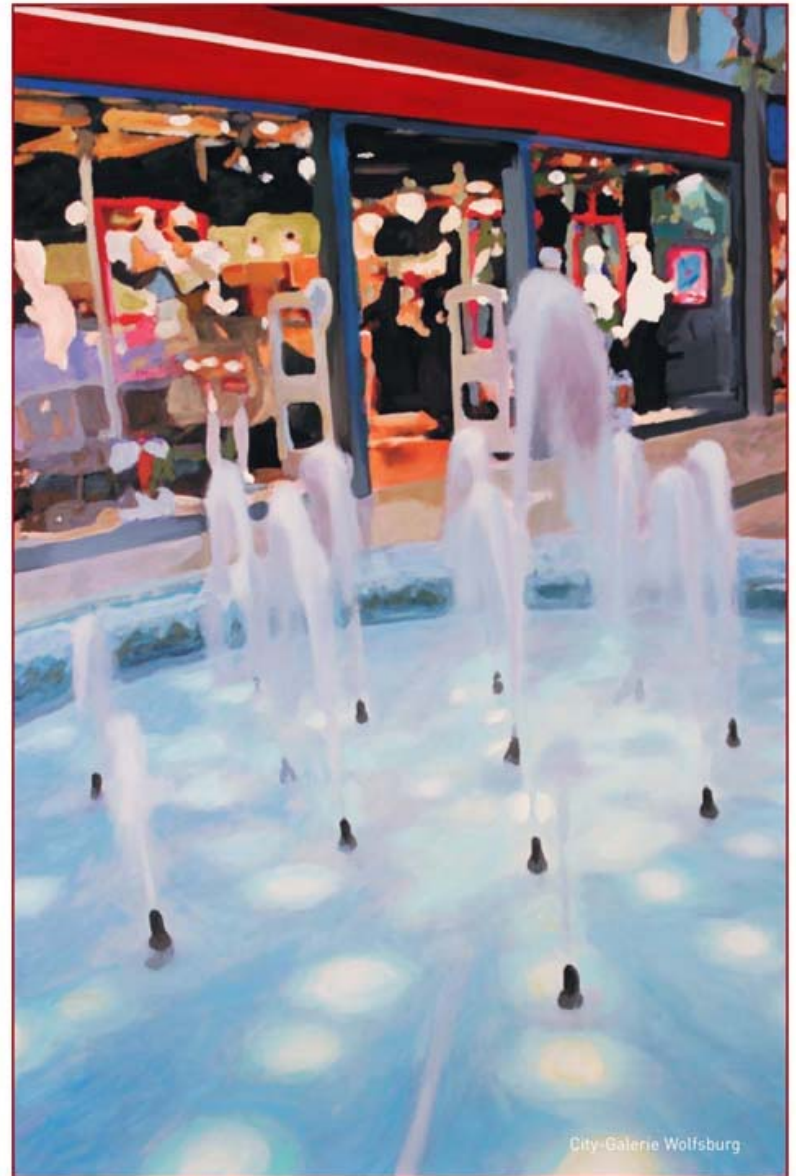
## Analysts' Consensus

	Datum/ Date	Rating Änderung/ Change	Rating	Kursziel/ Price target in €	Ergebnis je Aktie/EPS in €			Dividende je Aktie/DPS in €			EBIT in Mio. €		
					2005	2006	2007	2005	2006	2007	2005	2006	2007
Bankhaus Lampe	15.11.2005	↑	Kaufen/ Buy	50,00	1,42	1,39	1,49	2,00	2,00	2,10	58,70	65,00	69,50
Berenberg Bank	10.11.2005	→	Kaufen/ Buy	53,00	Daten nicht zur Veröffentlichung frei und nicht Bestandteil des Consensus Rating. Data not for public use and not part of the consensus.								
DZ Bank	31.10.2005	→	Kaufen/ Buy	51,00	Daten nicht zur Veröffentlichung frei und nicht Bestandteil des Consensus Rating. Data not for public use and not part of the consensus.								
equinet	15.11.2005	↑	Halten/ Hold	46,00	3,10	2,31	2,55	2,00	2,00	2,00	57,50	67,50	72,50
Hamburger Sparkasse	06.12.2005	→	Halten/ Hold	48,00	1,85	2,15	n.a.	2,00	2,00	n.a.	55,00	58,50	n.a.
HSBC Trinkaus & Burkhardt	10.11.2005	→	Übergewichten/ Overweight	50,60	2,19	2,28	2,47	2,00	2,05	2,10	57,70	62,30	65,30
HSH Nordbank	15.11.2005	→	Halten/ Hold	46,00	1,54	1,54	1,81	2,00	2,00	2,00	64,25	65,17	71,14
HypoVereinsbank	10.11.2005	→	Outperform	50,00	1,94	1,99	n.a.	2,00	2,10	n.a.	55,99	60,61	63,77
Kempen & Co.	10.11.2005	↑	Neutral	45,00	1,32	1,48	1,42	2,00	2,00	2,00	57,40	62,80	64,60
Petercam Bank	06.12.2005	↑	Kaufen/ Buy	51,30	2,31	3,05	4,48	2,00	2,00	2,00	55,00	69,50	80,80
Sal. Oppenheim	27.09.2005	↑	Kaufen/ Buy	51,00	2,27	2,38	2,81	2,00	2,05	2,10	57,46	61,84	62,24
West LB	31.10.2005	→	Outperform	53,00	2,15	2,38	2,88	2,00	2,00	2,00	55,66	66,15	67,73
<b>Durchschnitt/ Average</b>				<b>49,58</b>	<b>2,01</b>	<b>2,10</b>	<b>2,49</b>	<b>2,00</b>	<b>2,02</b>	<b>2,04</b>	<b>57,47</b>	<b>63,94</b>	<b>68,62</b>
Median				50,30	2,05	2,22	2,51	2,00	2,00	2,00	57,43	63,90	67,73
Minimum				45,00	1,32	1,39	1,42	2,00	2,00	2,00	55,00	58,50	62,24
Maximum				53,00	3,10	3,05	4,48	2,00	2,10	2,10	64,25	69,50	80,80



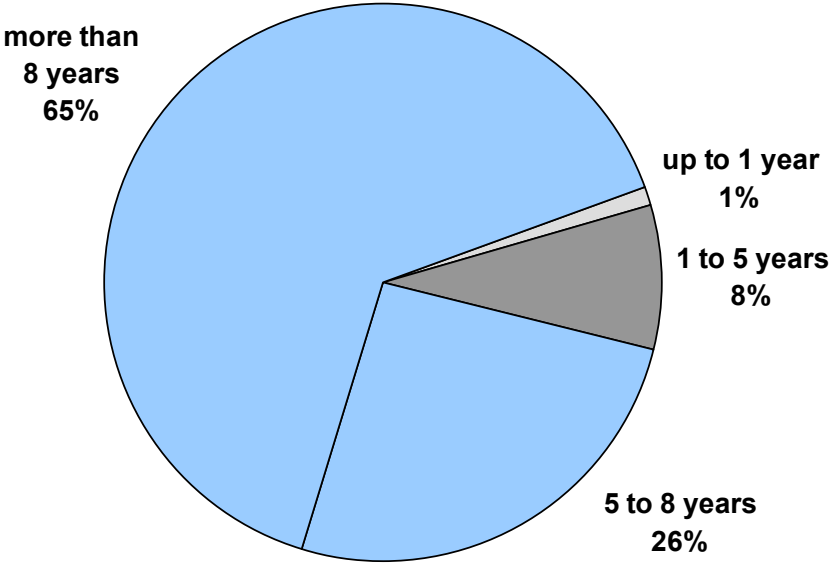
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## Appendix



**Liabilities -  
Maturities**

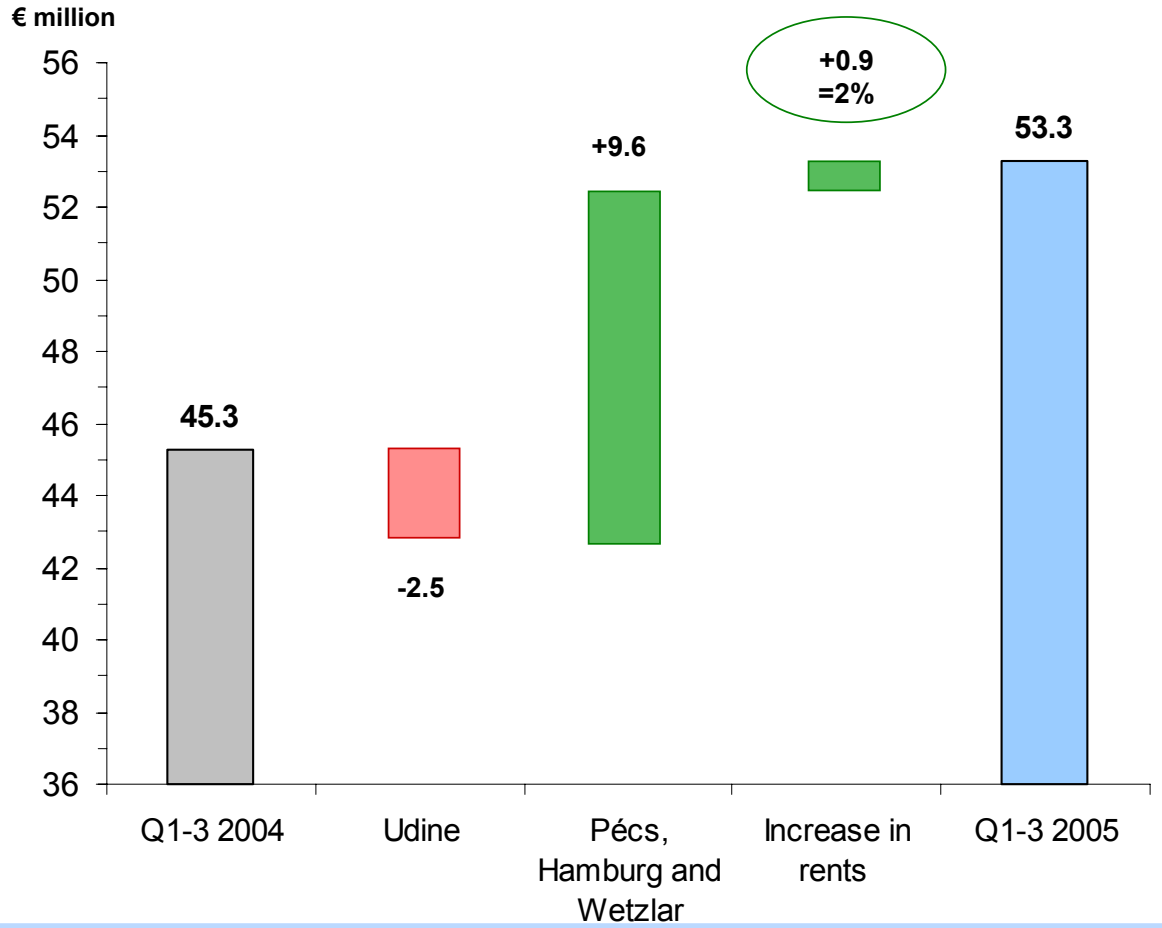
Ø effective interest rate  
5.66%



**more than 5 years  
91%**

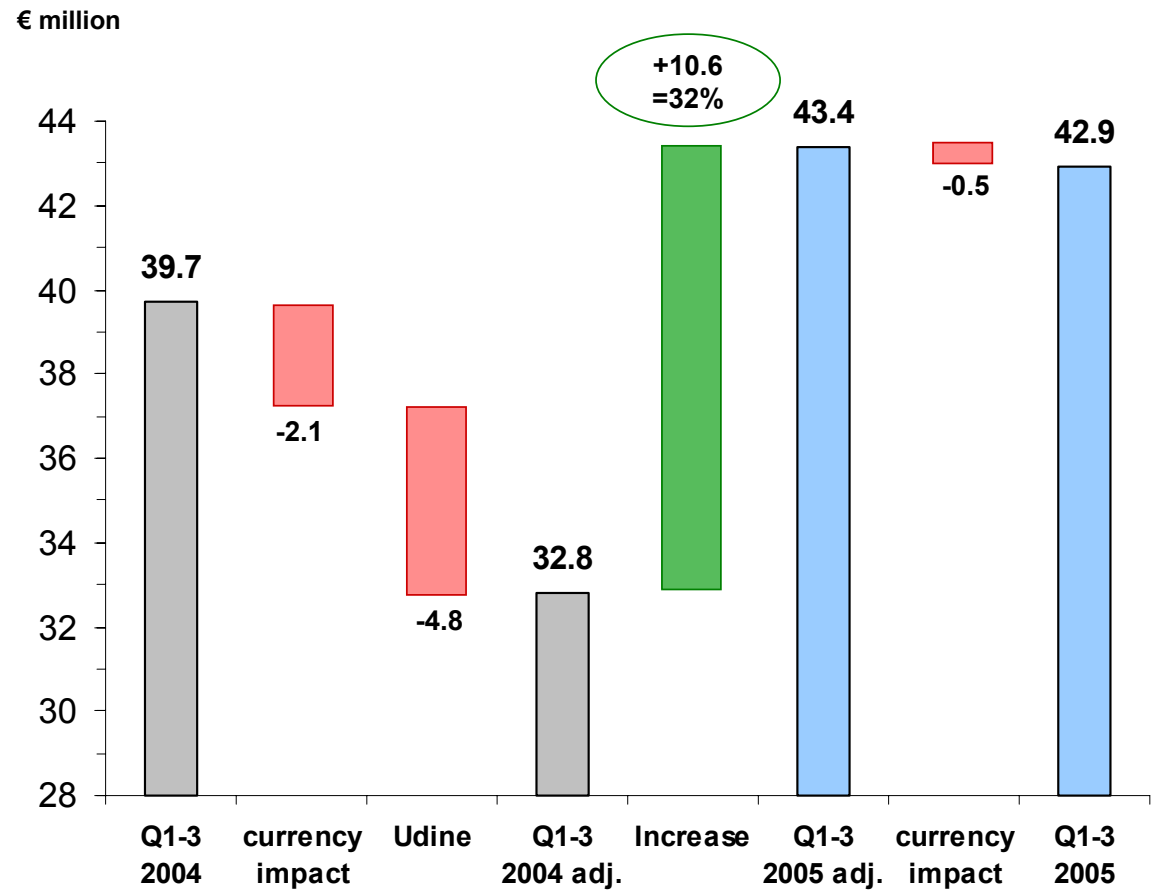
### Revenue Bridge Q1-3 2004 – Q1-3 2005

Revenue: +18%  
comparable: +2%

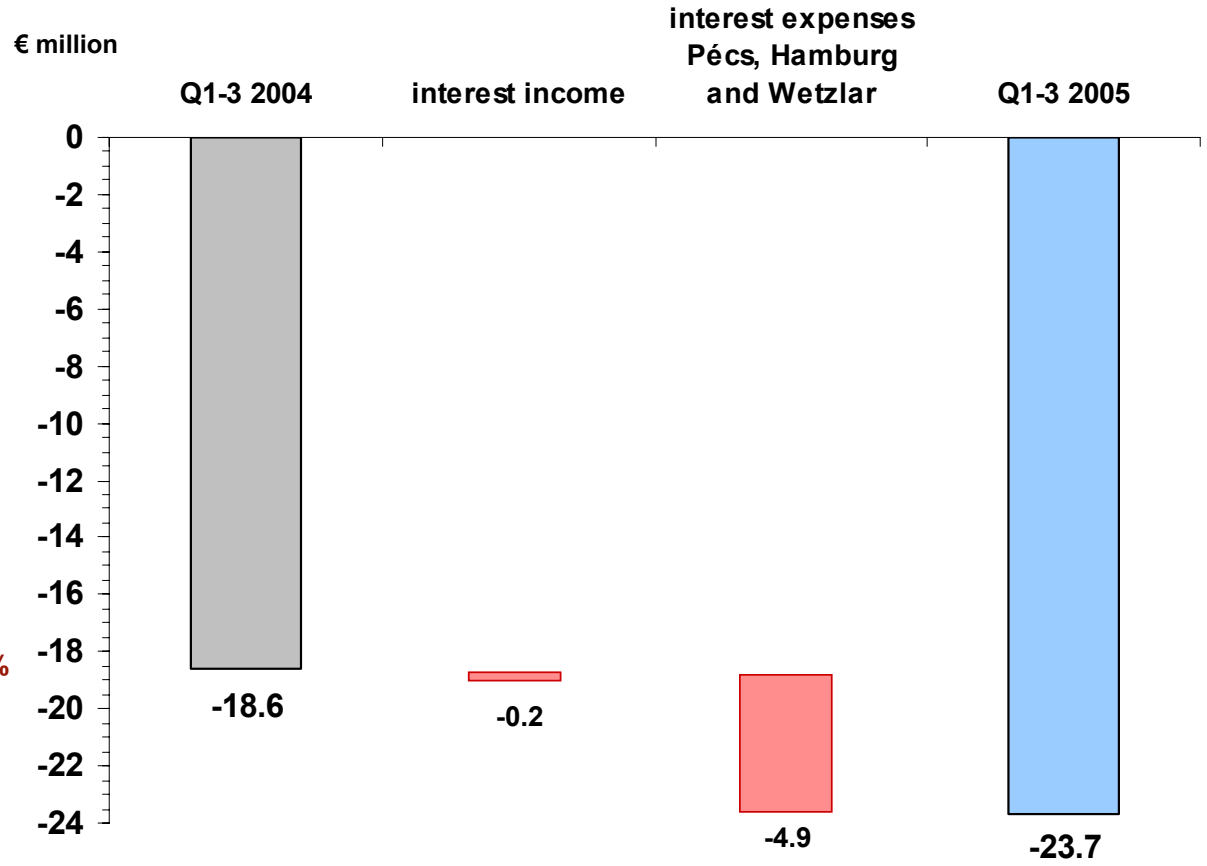


# EBIT Bridge Q1-3 2004 – Q1-3 2005

EBIT: +8%  
currency adjusted: +15%



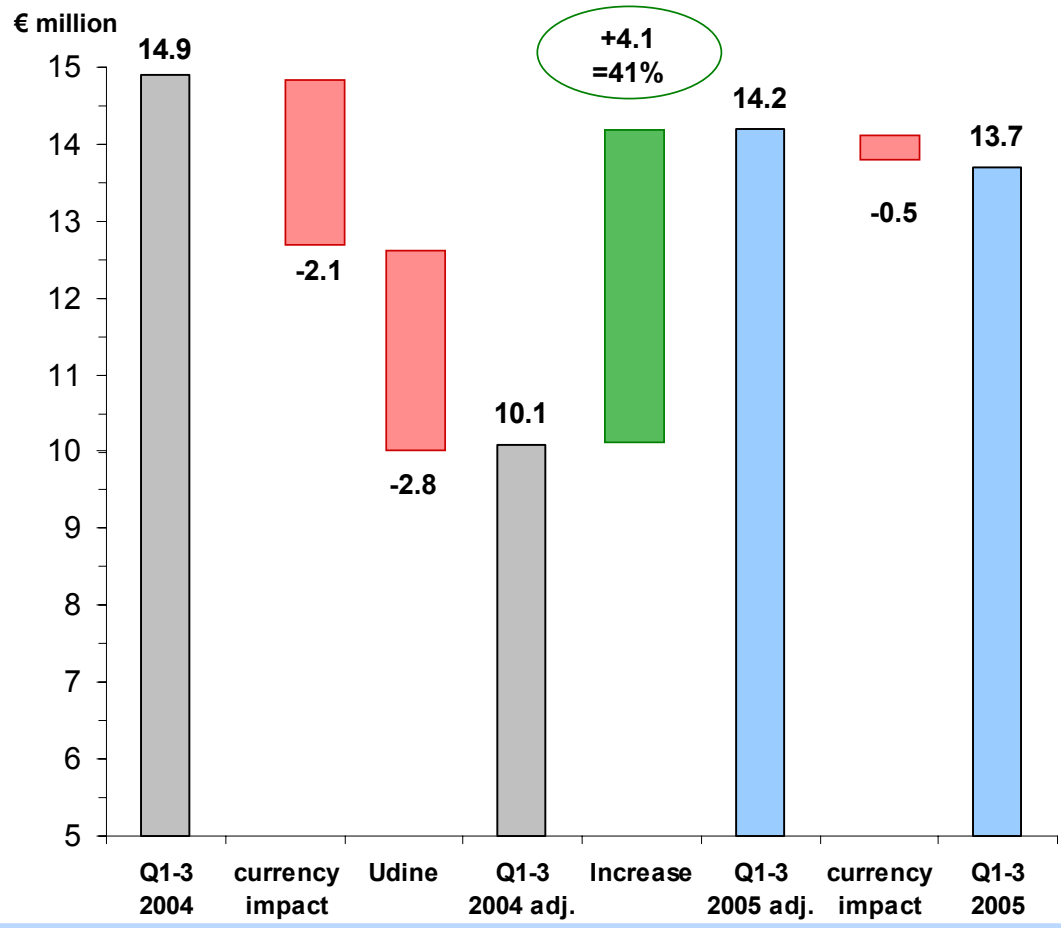
**Net Interest  
Expense Bridge  
Q1-3 2004 –  
Q1-3 2005**



**Net interest expense: -27%**

**Profit Bridge**  
**Q1-3 2004 –**  
**Q1-3 2005**

**Profit: -9%**  
**currency adjusted: +10%**



## Balance Sheet

€ thousand	30 Sep. 2005	31 Dec. 2004	In/decrease
Fixed/non-current assets	1,224,683	1,203,251	21,432
Current assets	146,600	166,957	-20,357
<b>Total assets</b>	<b>1,371,283</b>	<b>1,370,208</b>	<b>1,075</b>
Equity	669,605	684,412	-14,807
Long term debt	628,723	597,662	31,061
Deferred taxes	57,069	51,676	5,393
Current liabilities	15,886	36,458	-20,572
<b>Total liabilities</b>	<b>1,371,283</b>	<b>1,370,208</b>	<b>1,075</b>

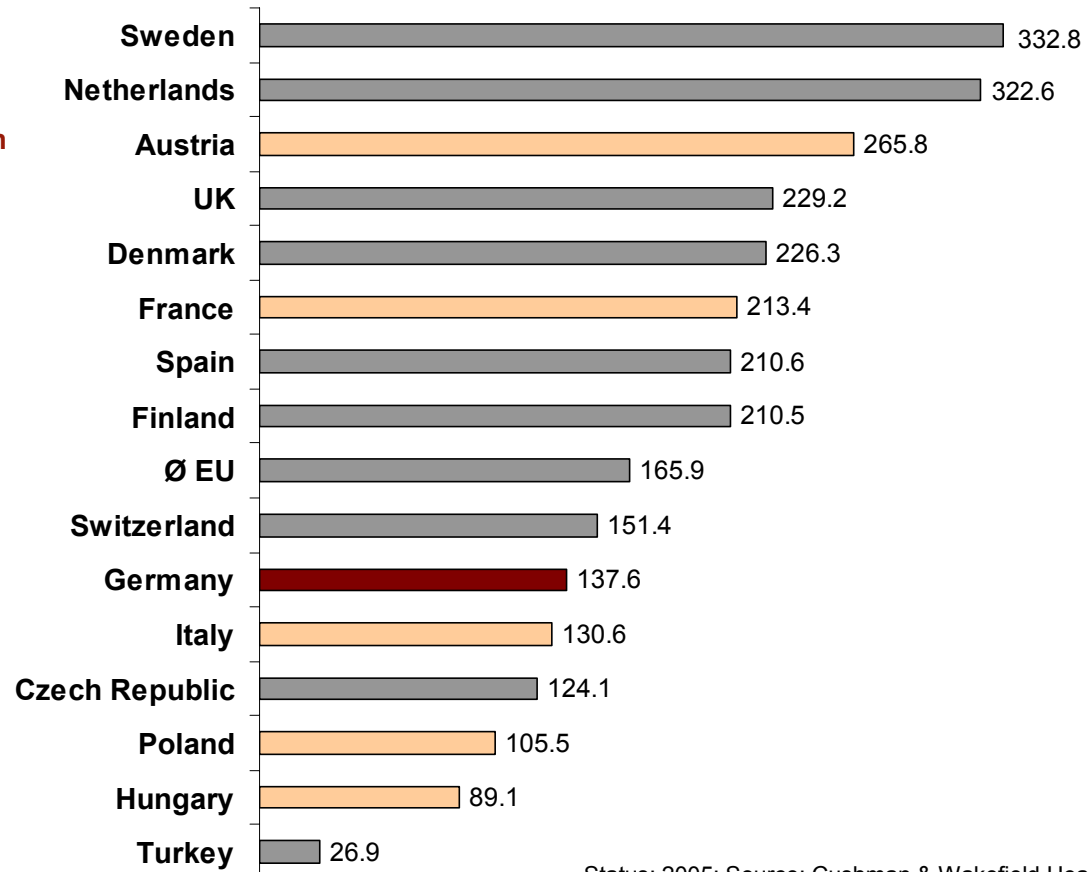
## Profit and Loss Account

€ thousand	1 Jan.- 30 Sept. 2005	1 Jan.- 30 Sept. 2004	increase/ decrease
<b>Revenue</b>	<b>53,328</b>	<b>45,340</b>	<b>+18%</b>
Other operating income	1,286	7,718	
Expenses	-11,677	-13,309	
Depreciation and amortization	-14	-9	
<b>EBIT</b>	<b>42,923</b>	<b>39,740</b>	<b>+8%</b>
Net interest expense	-23,644	-18,597	
Income from investments	3,623	3,232	
Valuation result	-827	-2,374	
<b>Net finance costs</b>	<b>-20,848</b>	<b>-17,739</b>	
<b>EBT</b>	<b>22,075</b>	<b>22,001</b>	<b>0%</b>
Taxes	-6,377	-6,849	
Minority interests in earnings	-2,033	-171	
<b>Profit for the period</b>	<b>13,665</b>	<b>14,936</b>	<b>-9%</b>



## Shopping Centers in Europe

GLA per 1,000 population



## Financial Calendar 2006

- 11.01. Morgan Stanley German Property Day, London
- 23.-24.01. Roadshow Amsterdam and Brussels
- 30.-31.01. Roadshow Helsinki, Stockholm, Oslo, Copenhagen
- 14.02. HSBC Real Estate Conference, Frankfurt
- 20.04. Annual earnings press conference, Hamburg
- 24.-28.04. Roadshow USA
- 15.05. Interim report Q1 2006
- 25.05. Citigroup Jour fixe, London
- 22.06. Annual General Meeting, Hamburg
- 11.08. Interim report H1 2006
- 14.11. Interim report Q1-3 2006

## Contact

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## Important Notice

### 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.