

The Art of Shopping

Company Presentation

February 2006

The Art of Shopping

Company



City-Galerie Wolfsburg

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

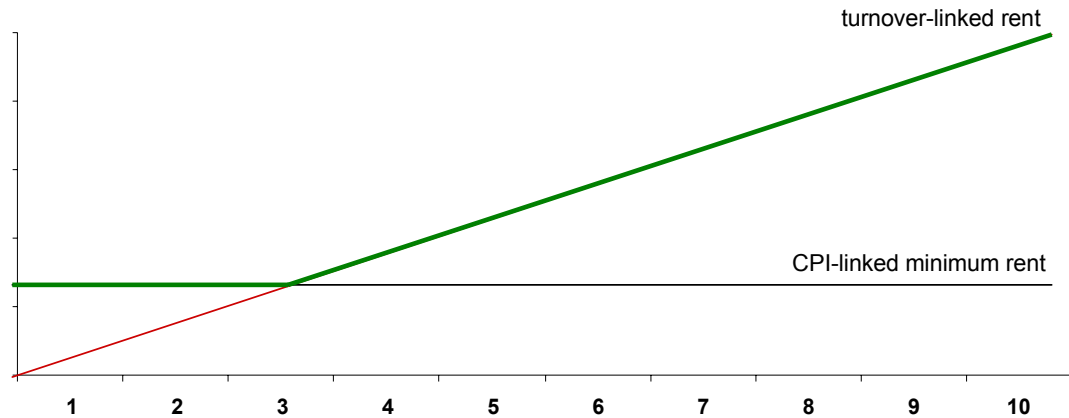
	Total	Deutsche EuroShop
Lettable space	581,500 sqm	380,000 sqm
Retail shops	approx. 1,450	
Investment	€2.1 billion	€1.4 billion
Rents per year	€141 million	€91 million

- 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 4.0%
- 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
Sales	57,88	61,42	17,41	17,77	18,15	71-72
EBIT	40,52	50,68	13,84	14,55	14,54	56-58
EBT excl. revaluation	22,33	30,17	7,20	8,06	7,64	30-32
EBT incl. revaluation	27,88	38,18	7,05	7,47	7,56	
Earnings per share (€)	1,22	1,78	0,28	0,29	0,30	2,80
Free cash flow per share (€)	1,79	1,96				1,91
Dividend per share (€)	1,92	1,92				2,00
NAV per share (€)	43,68	43,96				45,70

Targets

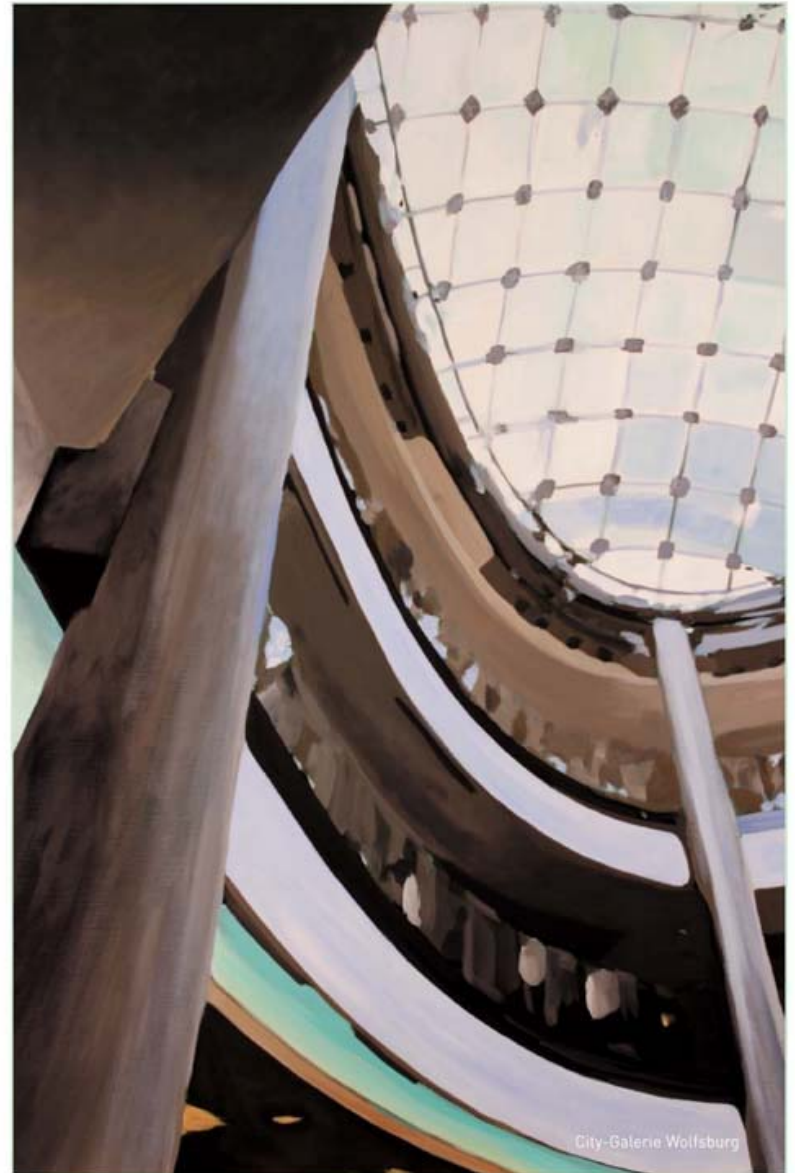
**Main focus on NAV
and dividend**

- 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

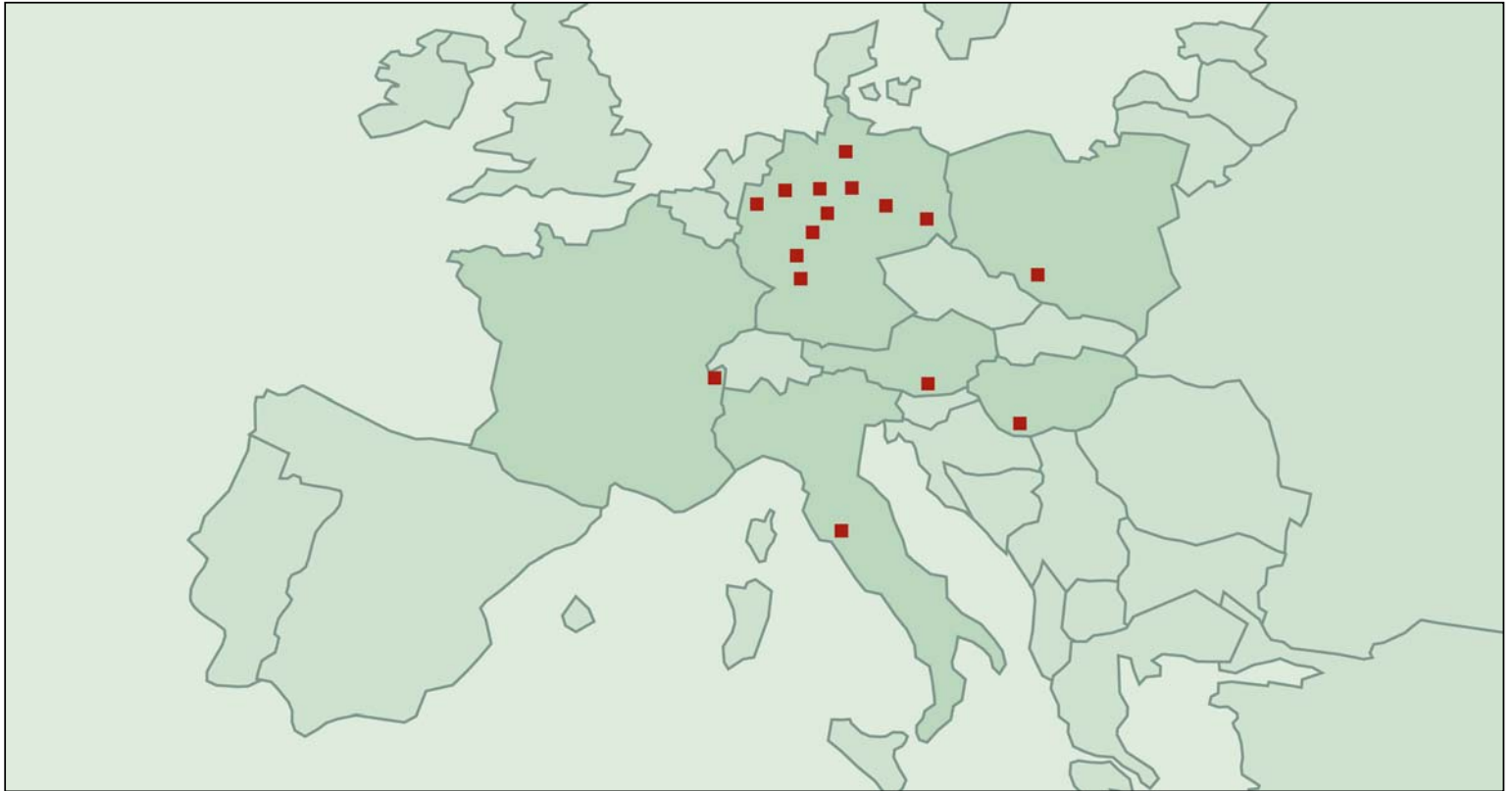
Continuous growth

The Art of Shopping

Shopping Centers



Locations in Europe



Shopping Centers in Germany



Main-Taunus-Zentrum

Frankfurt



Rhein-Neckar-Zentrum

Viernheim



Altmarkt-Galerie

Dresden

Location			
Investment		43.1%	99.8%
Lettable space sqm		102,000	64,000
Parking		4,000	3,800
Number of shops		approx. 100	approx. 100
Occupancy rate		100%	100%
Catchment area		2.2 m inhabitants	1.2 m inhabitants
Opening/refurbishm.		1964/Sep. 2004	1972/Nov. 2002
			50.0%
			43,800
			520
			approx. 100
			99%
			1.0 m inhabitants
			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**



Location	
Investment	
Lettable space sqm	
Parking	
Number of shops	
Occupancy rate	
Catchment area	
Opening/refurbishm.	

City-Galerie	
Wolfsburg	
	89.0%
	30,000
	800
	approx. 90
	100%
	0.6 m inhabitants
	Sep. 2001

Rathaus-Center	
Dessau	
	94.9%
	30,000
	850
	approx. 80
	98%
	0.4 m inhabitants
	Sep. 1995

City-Point	
Kassel	
	40.0%
	29,400
	200
	approx. 60
	100%
	0.8 m inhabitants
	Feb. 2002

**Shopping Centers
in Germany**



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

Shopping Centers in Europe



Árkád
Pécs, Hungary



Galeria Dominikanska
Wrocław, Poland



City-Arkaden
Klagenfurt, Austria

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

**Shopping Centers
in Europe**



Location	Centro Commerciale Tuscia Viterbo, Italy	Shopping Etrembières Annemasse, France
Investment	100%	99.8%
Lettable space sqm	15,200	(8,000 +) 8,600
Parking	1,100	1,000
Number of shops	approx. 40	approx. 50
Occupancy rate	100%	100%
Catchment area	0.3 m inhabitants	0.8 m inhabitants
Opening	1998	1994

Shopping Centers Total

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

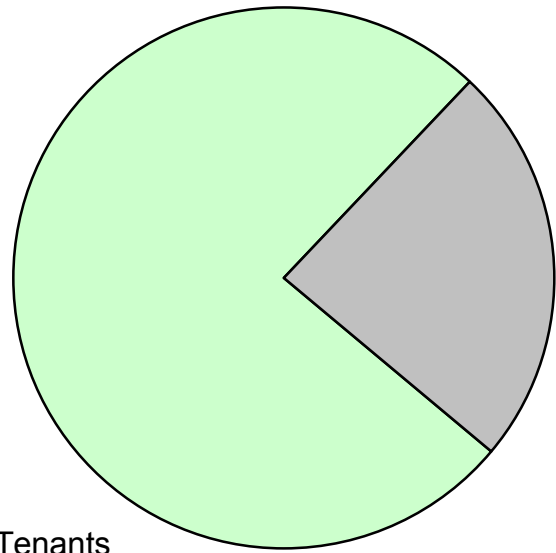
Our Tenants

Well-known tenants



**Tenants Structure
Top 10 tenants**

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



Other Tenants
Total 76.2%

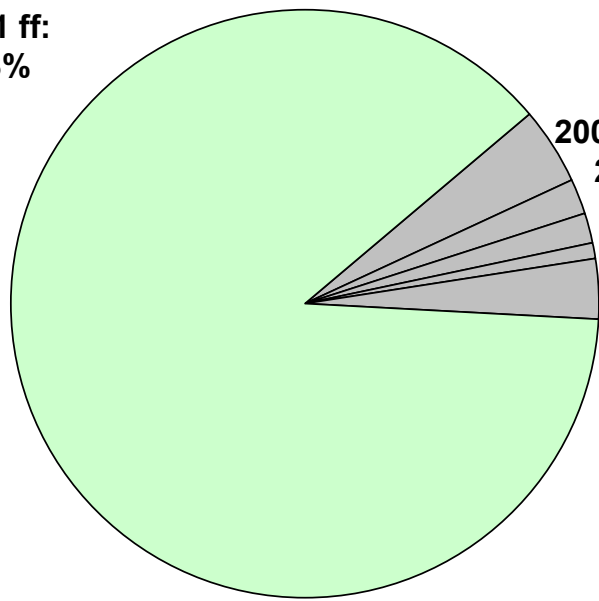
Douglas-Group	4.9%
Metro-Group	4.5%
Peek & Cloppenburg	2.7%
H & M	2.4%
Deichmann	1.8%
Zara	1.7%
New Yorker	1.6%
Engelhorn	1.6%
dm	1,3%
REWE	1,3%
Total	23,8%

**Maturity
Distribution
of rental contracts***

**Long-term contracts
guarantee rental income**

**Weighted maturity
> 8 years**

**2011 ff:
88%**

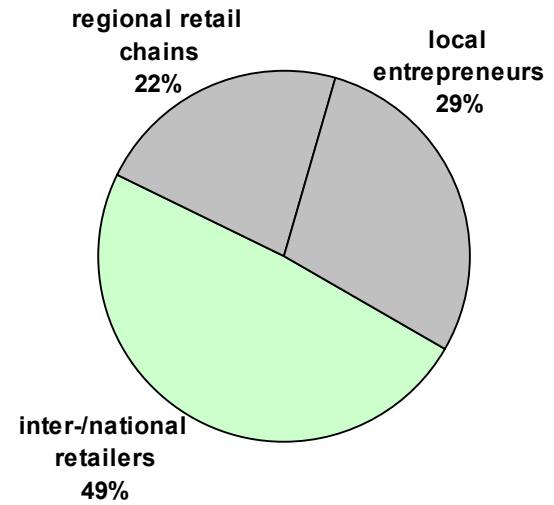
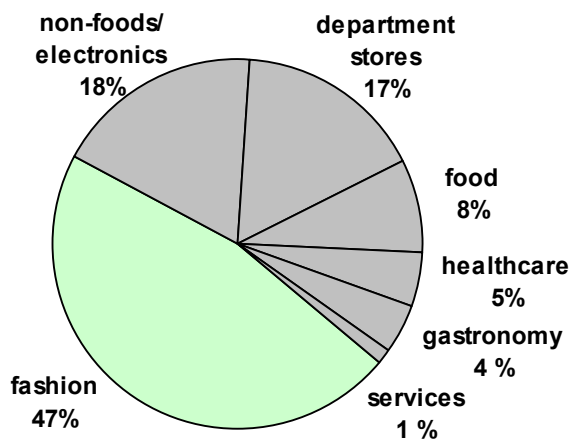


**2006: 4%
2007: 2%
2008: 2%
2009: 1%
2010: 3%**

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

Sector and Retailer Mix

Balanced sector and retailer diversification



The Art of Shopping

Financials



Main-Taunus-Zentrum Sulzbach

**Summary
Q1-3 2005**

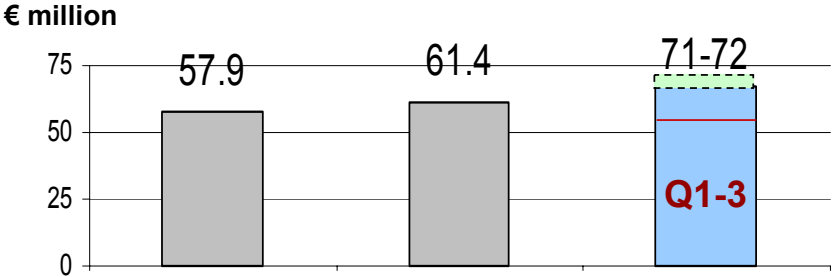
▪ Revenue	€53.3 million	+18%
▪ EBIT adjusted	€42.9 million	+8% +32%
▪ Net finance costs	€-20.8 million	-18%
▪ Profit for the period adjusted	€13.7 million	-9% +41%
▪ EPS adjusted	€0.87	-9% +41%

Forecast

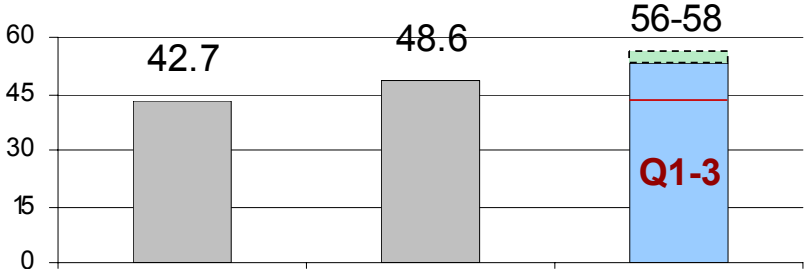
Proposed dividend for 2005: increased from €1.92 to €2.00 per share

2006: Increases in revenue and operating profit of approx. 20%

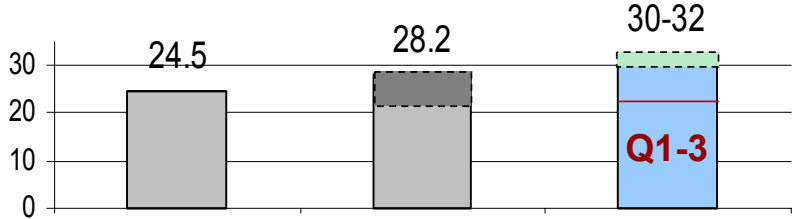
Revenue



EBIT



EBT



currency adjusted;
without valuation result

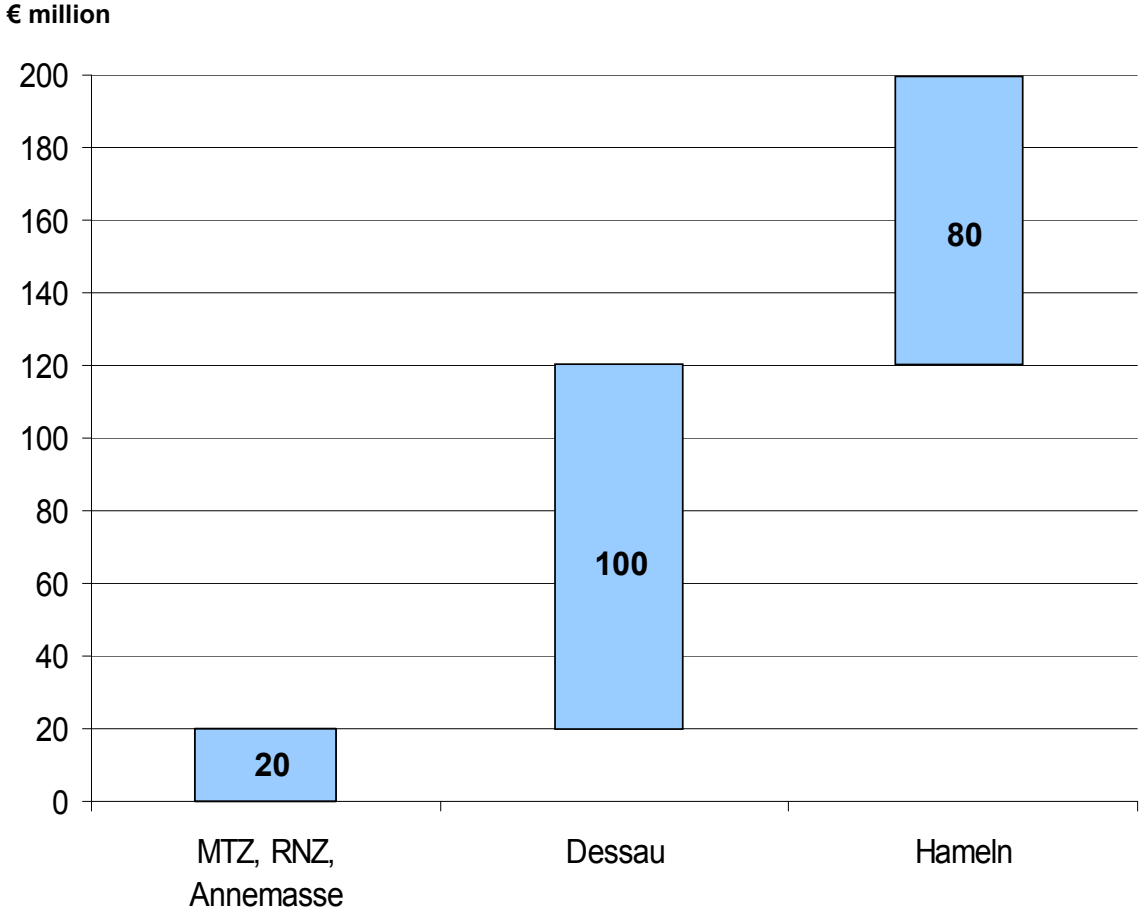
2003

2004

2005

Investments 2005

Achieved investment
plans for 2005



Capital increase

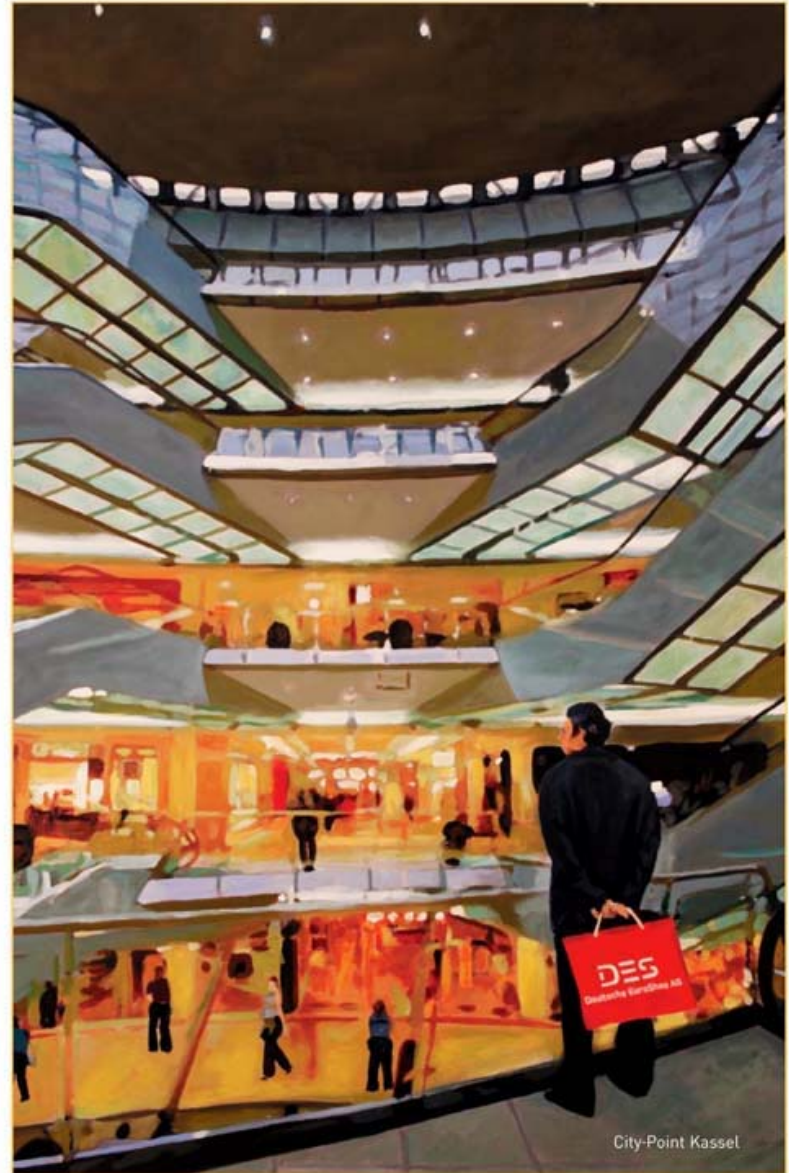
Capital increase to finance additional growth

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

The Art of Shopping

Shopping Center Share



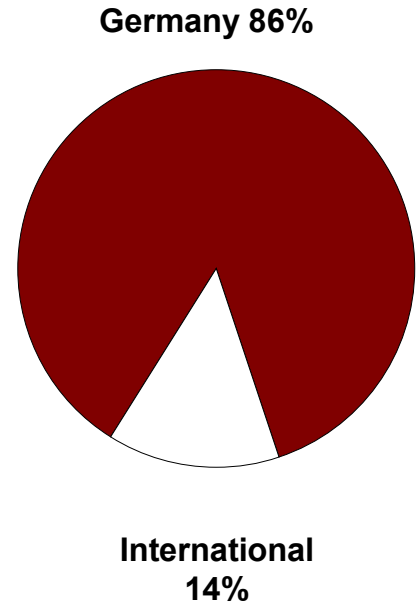
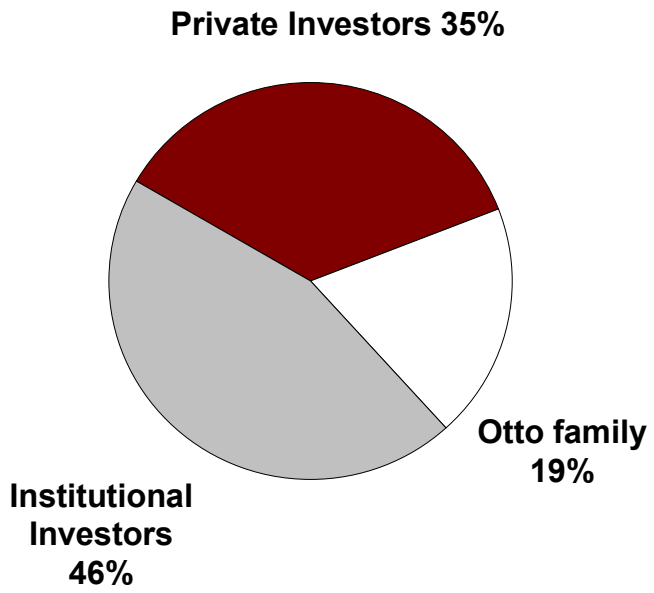
Key data of the Share

MarketCap > €900 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	€54.95
52W Low	€37.50
Share price (02.02.2006)	€53.50
Market capitalisation	€920 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: DEQn.DE
Market makers	Close Brothers Seydler, WestLB

**Shareholder
Structure**

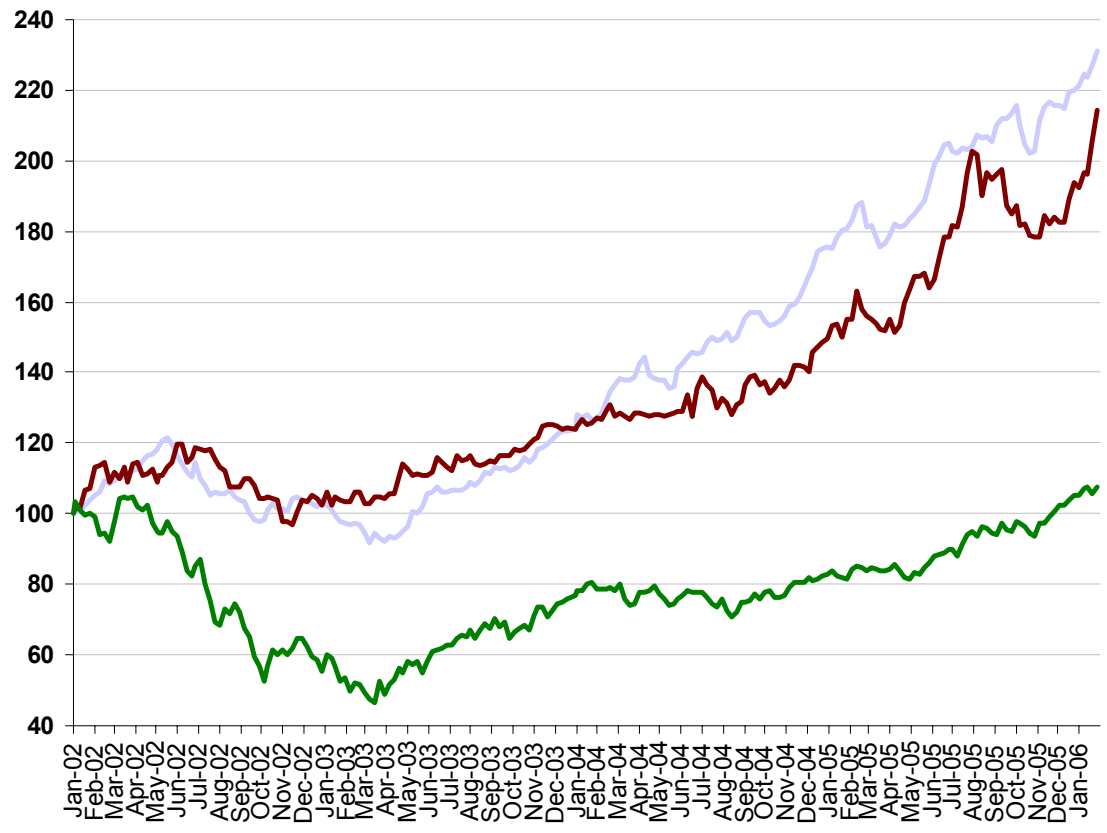
7,200 shareholders
Free float 81%



Trend of the Share

Comparison with DAX and EPRA

Indexed graph



— EPRA — Deutsche EuroShop — DAX

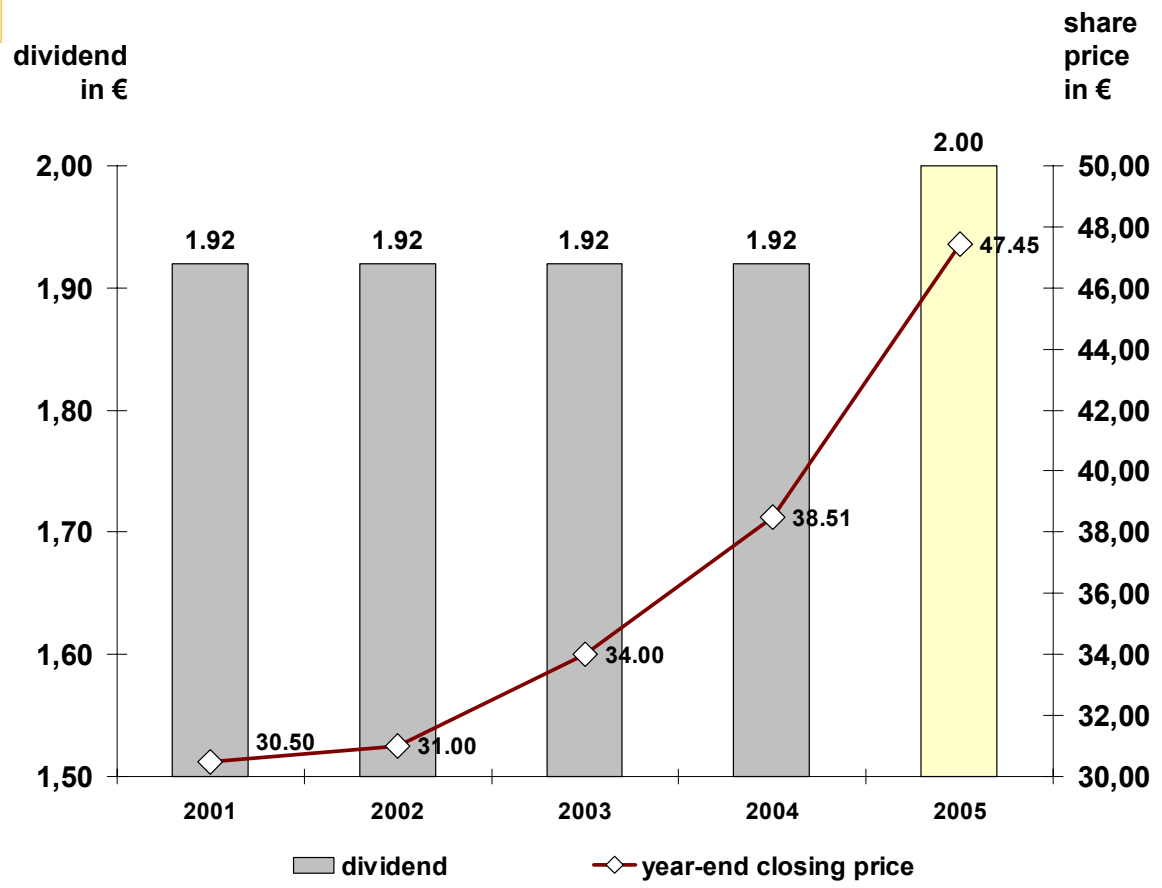
+++ The Shopping Center Company +++

from January 2002 to January 2006

Dividend policy

Stable and attractive (tax-free) dividends

Performance since IPO: +44%
2003: +15%
2004: +20%
2005: +28%



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	18.01.2006	↓	Halten/ Hold	50,00	1,42	1,52	1,62	2,00	2,00	2,10	58,70	70,90	75,40
Berenberg Bank	17.01.2006	↓	Halten/ Hold	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	27.01.2006	→	Kaufen/ Buy	56,00	Daten nicht zur Veröffentlichung frei und nicht Bestandteil des Consensus Rating. Data not for public use and not part of the consensus.								
equinet	27.01.2006	↓	Halten/ Hold	55,00	2,87	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	27.01.2006	→	Outperform	58,00	2,81	2,61	2,41	2,00	2,10	2,15	56,50	70,20	72,80
Kempen & Co.	27.01.2006	→	Neutral	46,00	2,27	3,29	3,79	2,00	2,00	2,05	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	27.01.2006	→	Kaufen/ Buy	58,00	2,82	2,64	3,03	2,00	2,00	2,00	62,90	72,00	72,60
West LB	27.01.2006	↓	Halten/ Hold	57,00	2,80	2,71	3,30	2,00	2,00	2,00	56,00	68,00	70,00
Durchschnitt/ Average				52,41	2,29	2,41	2,83	2,00	2,02	2,04	58,10	66,69	71,68
Median				52,15	2,29	2,46	2,55	2,00	2,00	2,00	57,45	67,75	72,50
Minimum				46,00	1,42	1,52	1,62	2,00	2,00	2,00	55,00	58,50	64,60
Maximum				58,00	2,87	3,29	4,48	2,00	2,10	2,15	64,25	72,00	80,80

+++ The Shopping Center Company +++

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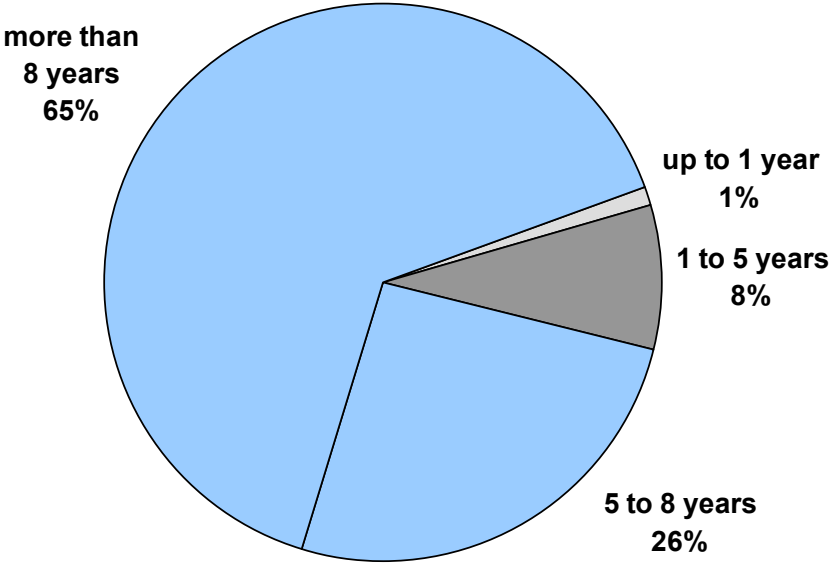
Appendix



City-Galerie Wolfsburg

**Liabilities -
Maturities**

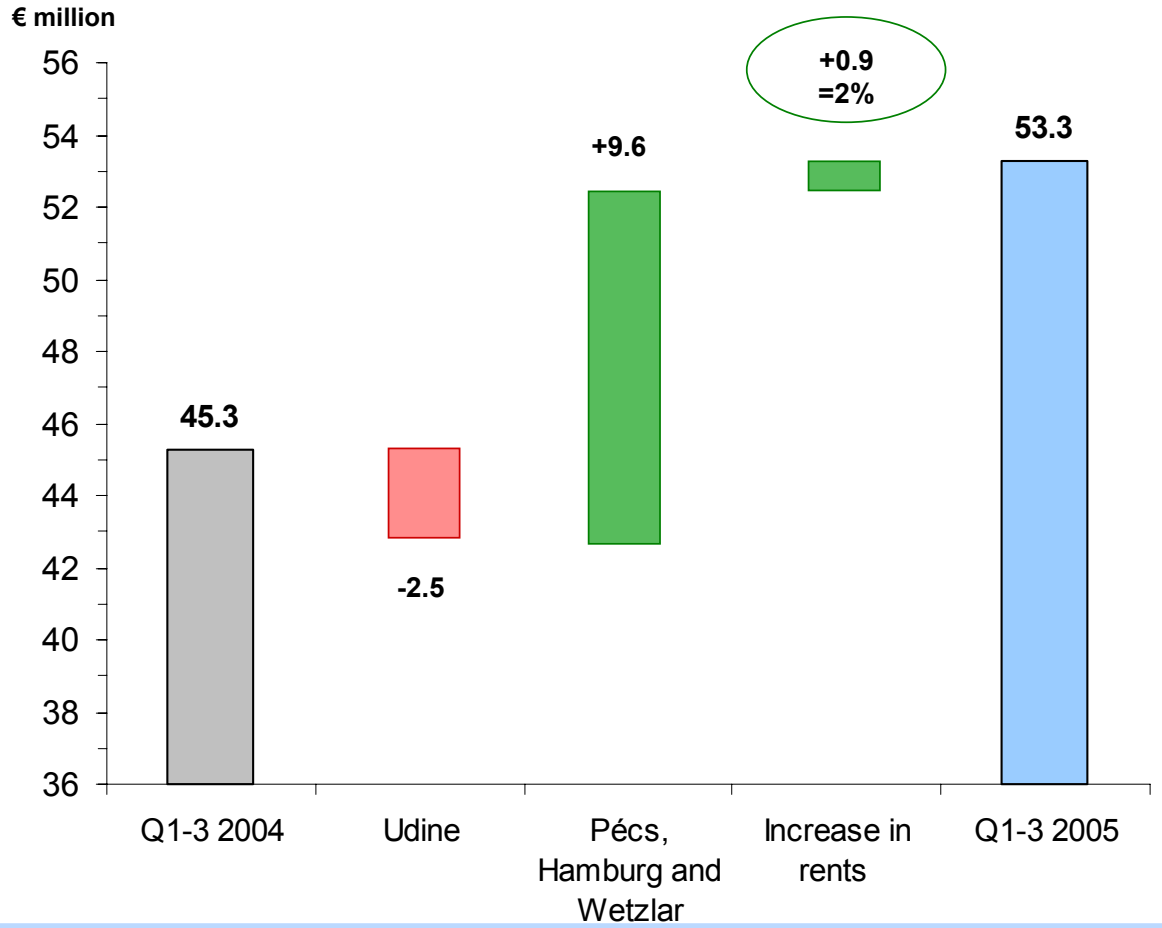
Ø effective interest rate
5.66%



**more than 5 years
91%**

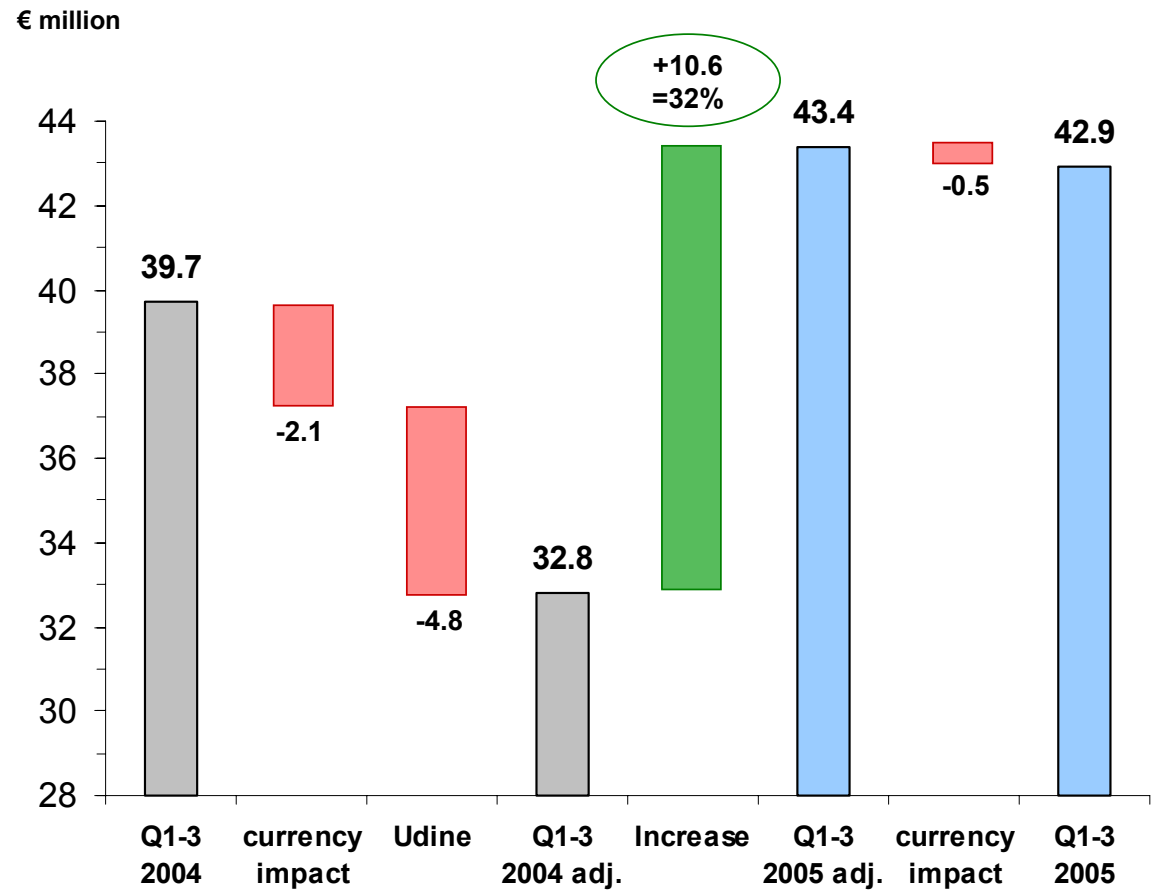
Revenue Bridge Q1-3 2004 – Q1-3 2005

Revenue: +18%
comparable: +2%

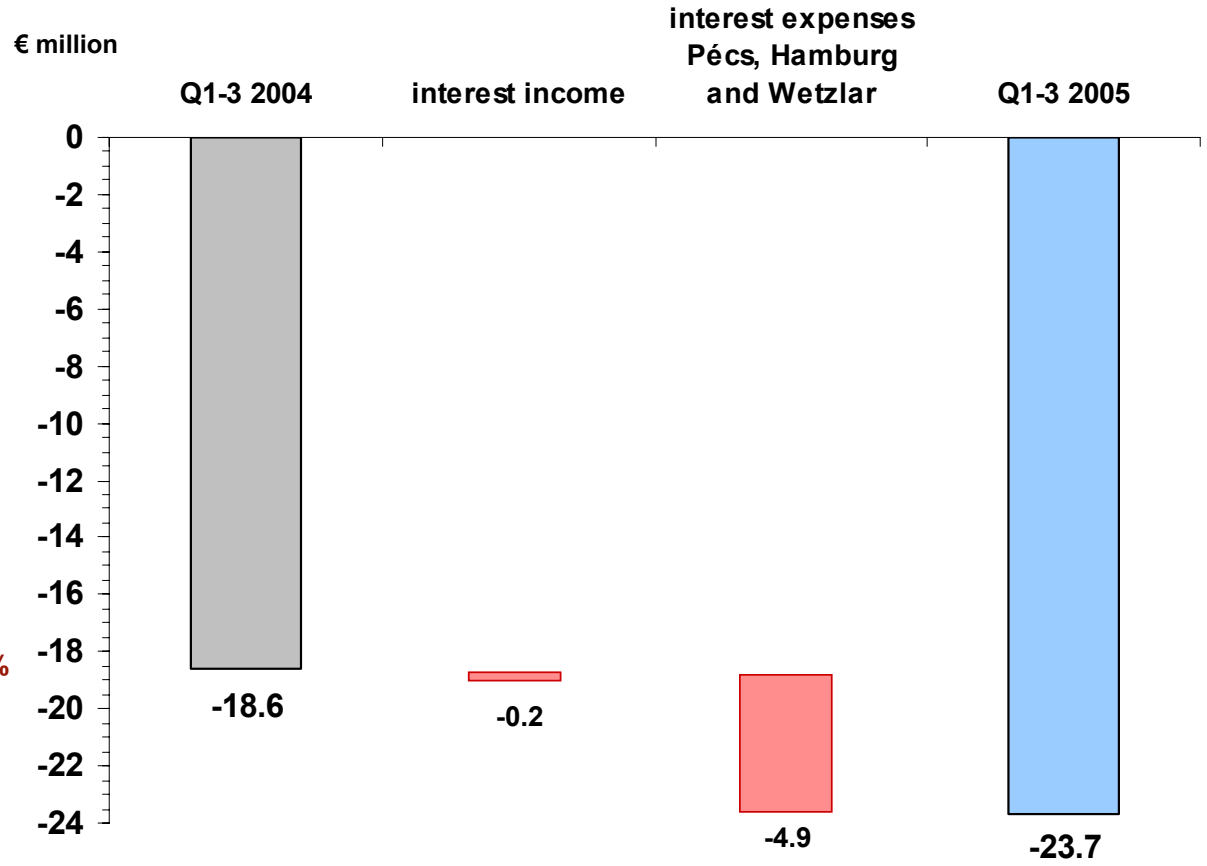


EBIT Bridge Q1-3 2004 – Q1-3 2005

EBIT: +8%
currency adjusted: +15%



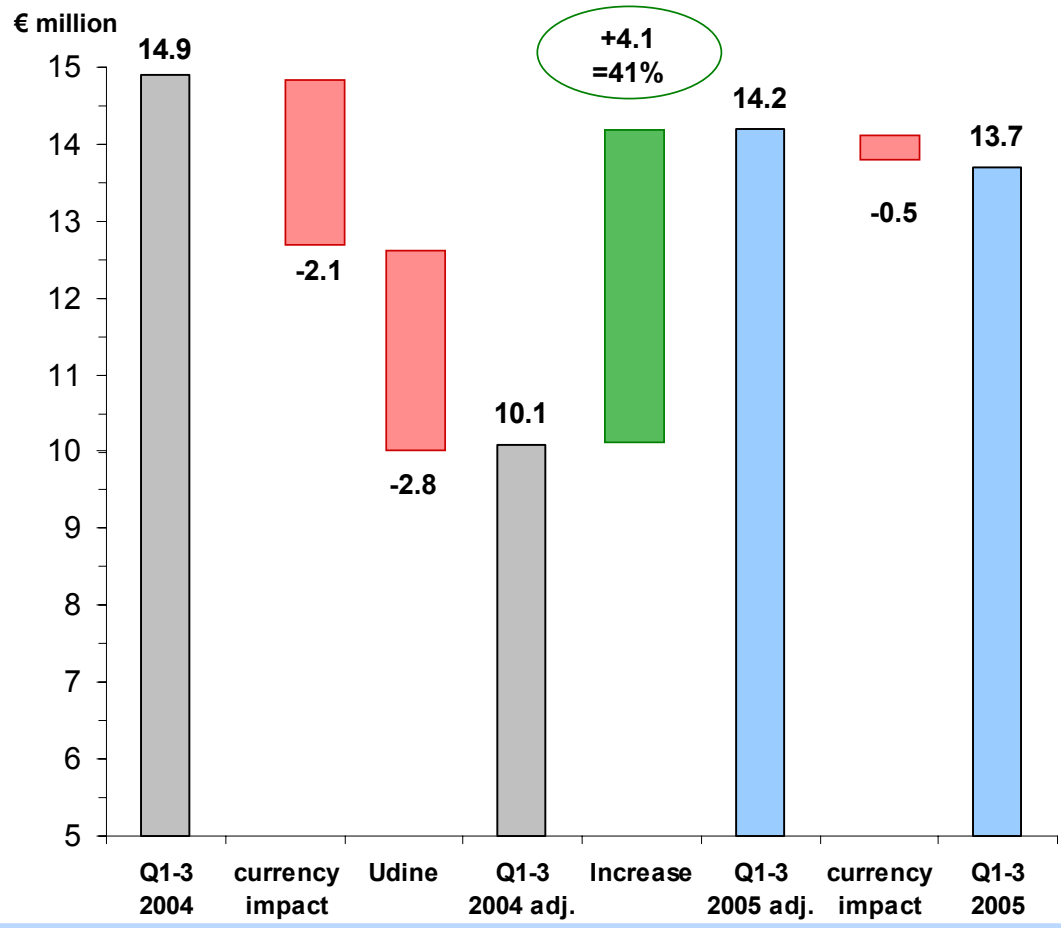
**Net Interest
Expense Bridge
Q1-3 2004 –
Q1-3 2005**



Net interest expense: -27%

Profit Bridge
Q1-3 2004 –
Q1-3 2005

Profit: -9%
currency adjusted: +10%



Balance Sheet

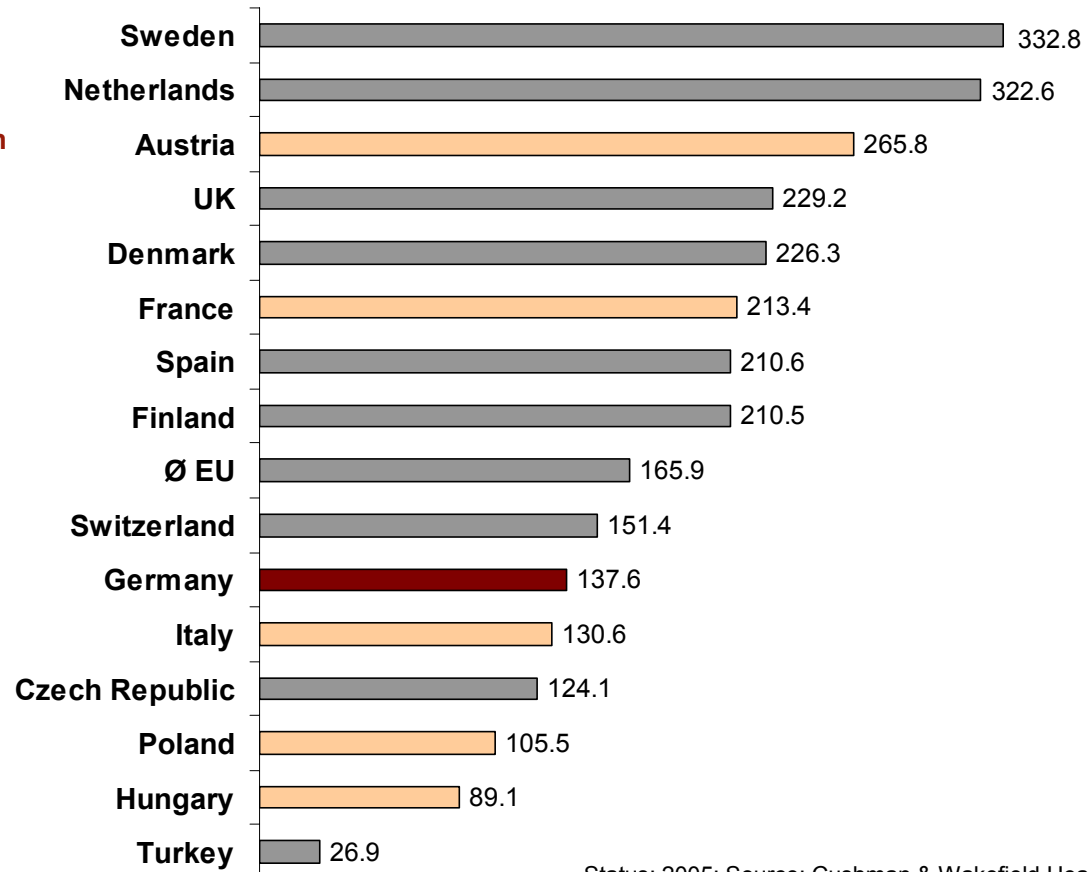
€ thousand	30 Sep. 2005	31 Dec. 2004	In/decrease
Fixed/non-current assets	1,224,683	1,203,251	21,432
Current assets	146,600	166,957	-20,357
Total assets	1,371,283	1,370,208	1,075
Equity	669,605	684,412	-14,807
Long term debt	628,723	597,662	31,061
Deferred taxes	57,069	51,676	5,393
Current liabilities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

Profit and Loss Account

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

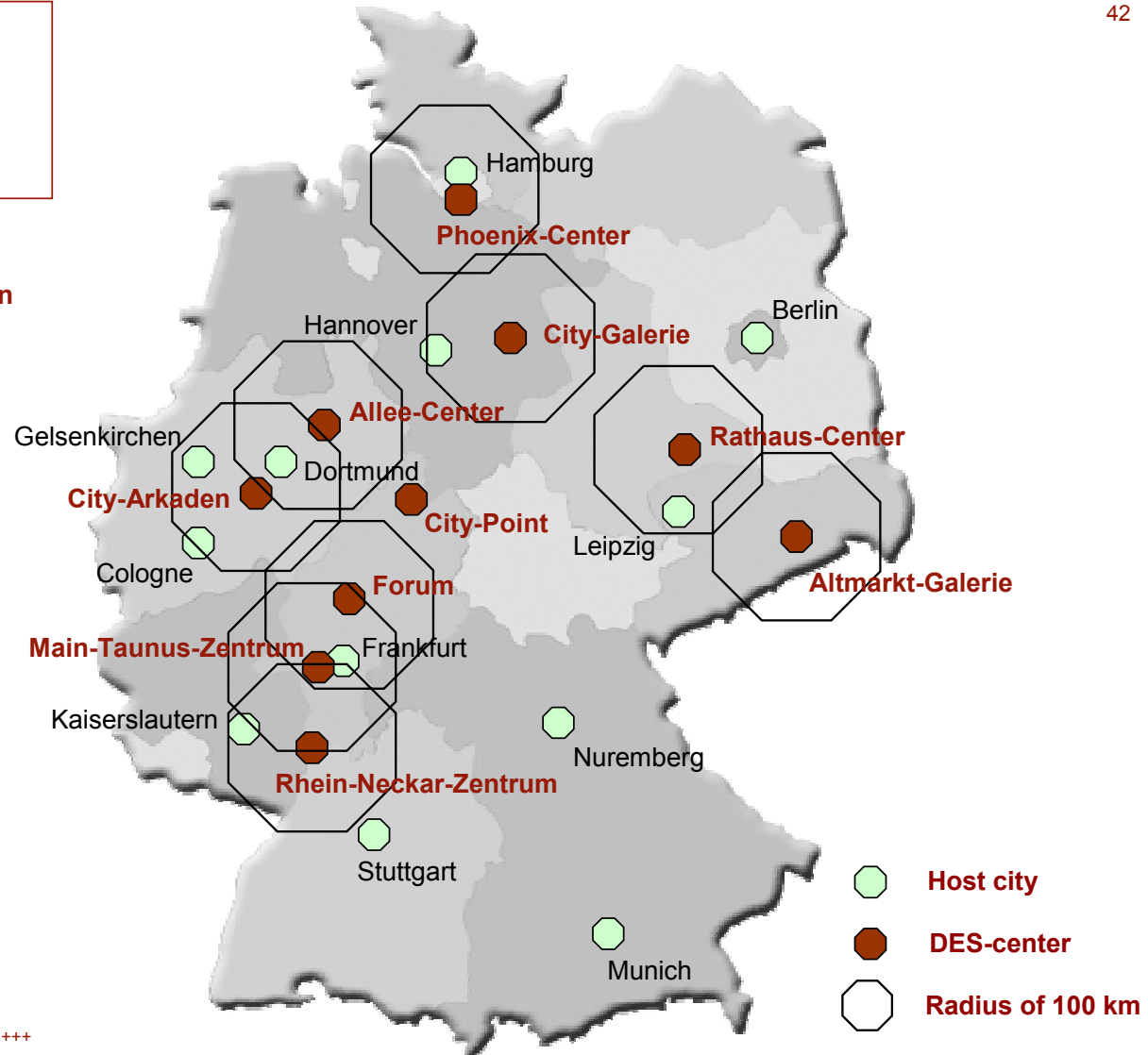
Shopping Centers in Europe

GLA per 1,000 population



World Cup 2006

8 of 12 host cities are in the catchment area of DES-centers



Financial Calendar 2006

- 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

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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.