



## COMPANY PRESENTATION

02.2013

## 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

- 20 shopping centers on high street and in established locations – 16 in Germany, 2 in Poland and one each in Austria and Hungary

Lettable space	approx. 960,000 sqm	avg. lettable space per DES-center: inner city 38,800 sqm est. Locations 100,300 sqm
Retail shops	approx. 2,450	
Market value	approx. €3.8 billion	
Rents per year	€257 million <sup>1)</sup>	
Occupancy rate	99%	

- 2011 portfolio valuation: 5.92% net initial yield (EPRA)
- Professional center management by ECE, the European market leader in this industry



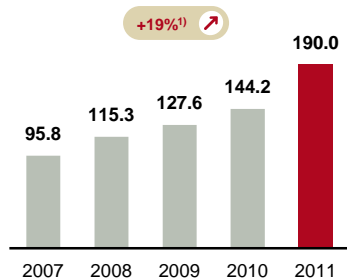
<sup>1)</sup> 100%-view

## COMPANY

## Key Figures

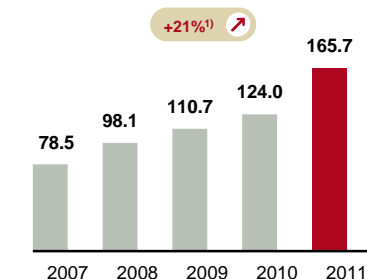
## REVENUE

€m



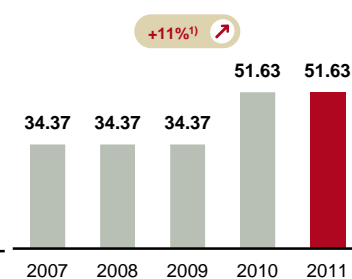
## EBIT

€m



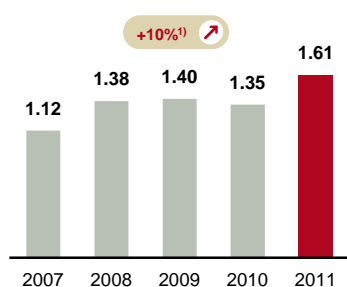
## NUMBER OF SHARES

mn



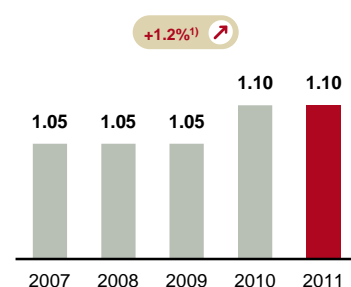
## FFO PER SHARE

€

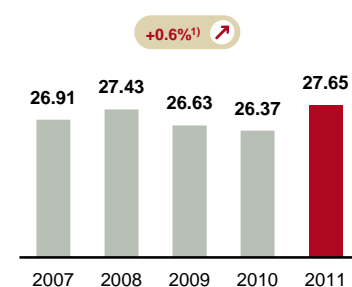


## DIVIDEND PER SHARE

€

NAV PER SHARE<sup>2)</sup>

€



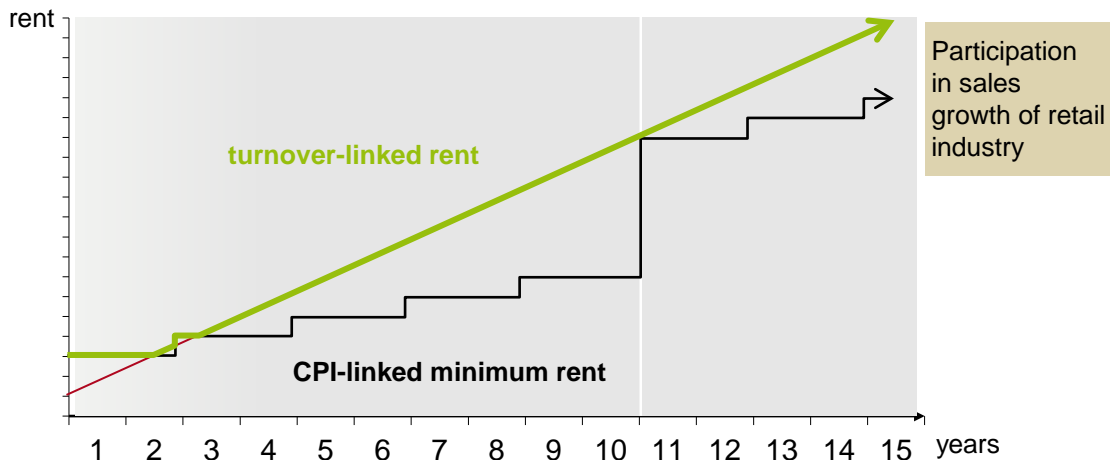
<sup>1)</sup> 2006-2011, Compound Annual Growth Rate (CAGR)

<sup>2)</sup> since 2010: EPRA NAV



## COMPANY

## Lease System



## Lease standards:

- 10 years lease only
- no break-up option
- turnover-linked rents
- minimum rents are CPI-linked

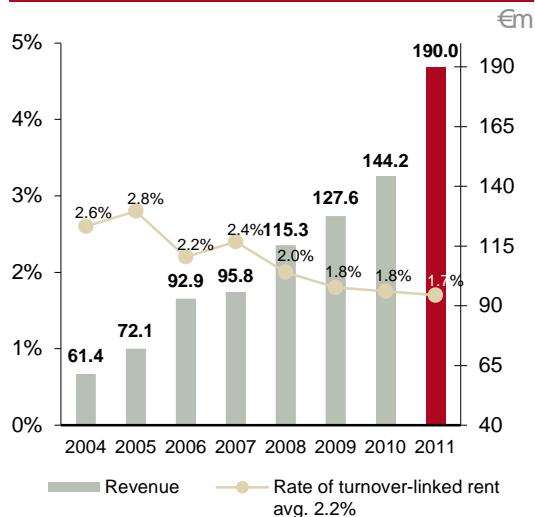


## COMPANY

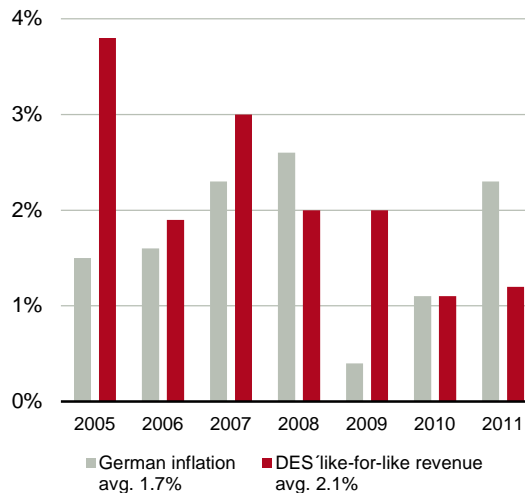
## Lease System

- avg. rent per sqm and year: €250
- avg. turnover per sqm and year: €4,700<sup>1)</sup> (avg. German retail: €3,430)
- Rent-to-sales-ratio: 7-11%
- weighted maturity of rental contracts: 7.4 years<sup>1)</sup>

## TURNOVER-LINKED RENT



## LIKE-FOR-LIKE REVENUE



<sup>1)</sup> excl. Norderstedt

## 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





## ACQUISITION

## Herold-Center Norderstedt

- 16th shopping center in Germany, 20th overall
- location: Norderstedt, a northern suburb of Hamburg
- acquisition of 100%, i.e. asset deal
- investment volume: €187 million
- net initial yield: 6.1%
- 55,500 sqm lettable space
- 26,000 sqm selling space (36,400 retail space)
- approx. 130 shops
- in addition residential and office component:
  - 14,000 sqm living space (256 units)
  - 5,000 sqm office space
- public transportation adjacent to the center
- managed by ECE (since 1981)



## ACQUISITION

## Herold-Center Norderstedt

- approx. 850 parking spaces
- occupancy: 100% in retail, 16 vacant residential units of which 12 are just renovated
- 0.5 million people living in the catchment area
- Opening/extensions: 1971, 1995, 2003
- tenant's sales productivity: €4,660 per sqm  
avg. DES' centers: €4,310 per sqm  
avg. German retail: €3,430 per sqm
- rent-to-sales ratio: 10.2%
- annualised rent 2013: €13.2 million
- avg. rental income per month: €19.30
  - retail: €24.30
  - residential: €7.50  
(last lettings €8.50 to €10.50)
  - office: €13.20
- weighted maturity of rental contracts: 5.2 years



## SHOPPING CENTERS

## Germany

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

Location	Wildau/Berlin	Sulzbach/Frankfurt	Dresden
Investment	100%	52.0%	67.0%
Lettable space sqm	118,500	117,900	77,000
Parking	4,000	4,500	500
Number of shops	approx. 200	approx. 170	approx. 200
Occupancy rate	100%	100%	93%
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	64,400	55,500	51,300
Parking	3,800	850	1,300
Number of shops	approx. 110	approx. 130	approx. 150
Occupancy rate	100%	96%	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	34,300
Parking	1,500	1,600	1,700
Number of shops	approx. 110	approx. 110	approx. 110
Occupancy rate	100%	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	1,250	800	850
Number of shops	approx. 90	approx. 100	approx. 90
Occupancy rate	100%	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	100%	100%	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	48,600	36,900	36,900
Parking	1.050	880	880
Number of shops	approx. 195	approx. 120	approx. 120
Occupancy rate	100%	100%	93%
Catchment area	approx. 1.1 m. inhabitants	approx. 0.4 m. inhabitants	approx. 1.0 m. inhabitants
Opening/refurbishm.	2007	2006	2004



## SHOPPING CENTERS

## Europe

















**Galeria Dominikanska**

Location	Wrocław, Poland
Investment	33.3%
Lettable space sqm	32,900
Parking	900
Number of shops	approx. 100
Occupancy rate	99%
Catchment area	approx. 1.0 m. inhabitants
Opening/refurbishm.	2001



## SHOPPING CENTERS

Our Tenants<sup>1)</sup>



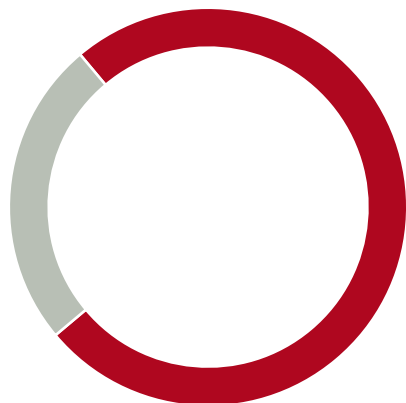
<sup>1)</sup> selection of our well known tenants

## SHOPPING CENTERS

Tenants Structure Top 10 Tenants<sup>1)</sup>

Low level of  
dependence on  
the top 10 tenants

Metro Group	6.0%
Douglas Group	4.4%
H&M	2.7%
New Yorker	2.3%
Deichmann	1.9%
Peek & Cloppenburg	1.9%
C&A	1.7%
REWE	1.6%
Inditex Group	1.4%
Esprit	1.4%
<b>Total</b>	<b>25.3%</b>



Total

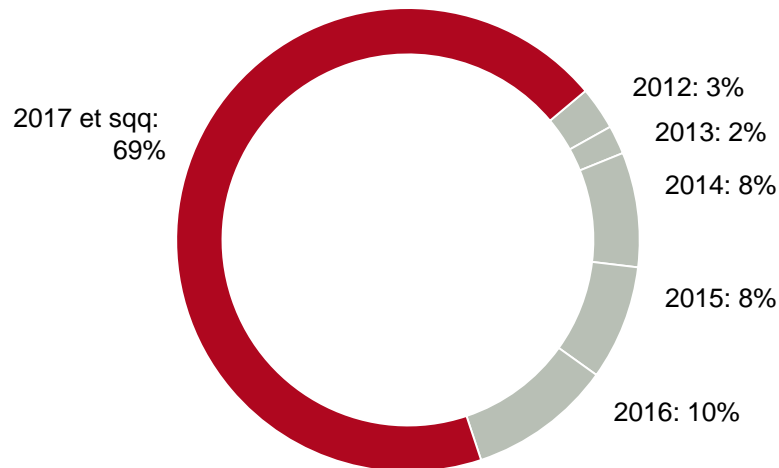
Other tenants

74.7%



<sup>1)</sup> in % of total rents as at 31 Dec 2011,  
excl. Norderstedt

## SHOPPING CENTERS

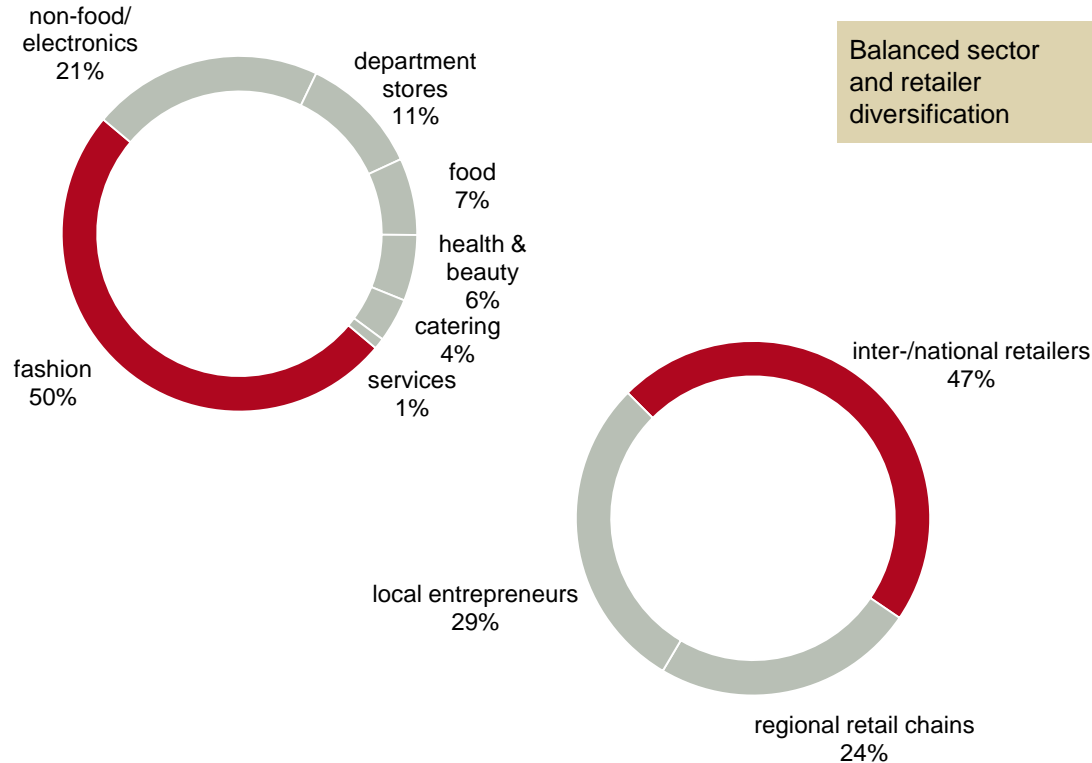
Maturity Distribution of Rental Contracts<sup>1)</sup>

- Long-term contracts guarantee rental income
- Weighted maturity 7.4 years



<sup>1)</sup> as % of rental income as at 31 December 2011 excl. Norderstedt

## SHOPPING CENTERS

Sector and Retailer Mix<sup>1)</sup>

<sup>1)</sup> as % of rental income as at 31 December 2011 excl. Norderstedt



## FINANCIALS

## Key Figures 9M 2012

€ million	01.01.-30.09.2012	01.01.-30.09.2011	Change
Revenue	157.1	138.0	14%
Net operating income	141.1	123.0	15%
EBIT	137.3	117.9	16%
Net finance costs	-63.4	-58.9	-8%
Valuation result	-2.8	-1.0	
EBT	71.1	58.0	22%
<b>Consolidated profit</b>	<b>49.9</b>	<b>40.0</b>	<b>25%</b>
FFO per share	1.35	1.10	23%
EPRA Earnings per share	1.00	0.80	25%
	30.09.2012	31.12.2011	Change
<b>Total equity</b>	<b>1,451.7</b>	<b>1,473.1</b>	<b>-1%</b>
<b>Interest bearing debt</b>	<b>1,486.1</b>	<b>1,472.1</b>	<b>1%</b>
Other debt (incl. Deferred taxes)	304.8	279.9	9%
<b>Total assets</b>	<b>3,242.6</b>	<b>3,225.1</b>	<b>1%</b>
Net financial liabilities	1,397.9	1,407.7	-1%
Equity ratio	44.8%	45.7%	
LTV ratio	47%	47%	

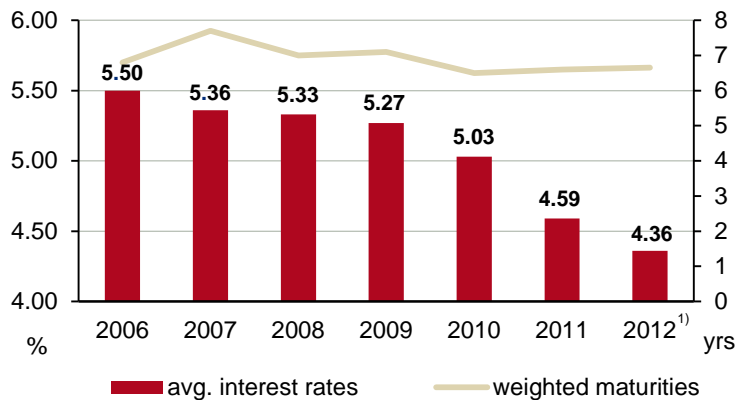


## FINANCIALS

Loan Structure<sup>1)</sup>

Interest lockin	Duration	Principle amounts (€ thousand)	Share of total loan	avg. interest rate
Up to 1 year		162,817	12.8%	3.49%
1 to 5 years	2.97	425,520	28.2%	4.85%
5 to 10 years	8.11	698,974	46.5%	4.33%
Over 10 years	12.23	187,688	12.5%	4.15%
<b>Total 2012<sup>1)</sup></b>	<b>6.65</b>	<b>1,474,999</b>	<b>100.0%</b>	<b>4.36%</b>

- Banks:  
22 German and  
1 Austrian
- Weighted maturity  
of fixed interest periods  
6.7 years



<sup>1)</sup> as of 30 September 2012





## FINANCIALS

Refinancings of 2012<sup>1)</sup>

in € thousand	new	old	+/-
Principle amounts	104,322	104,320	+0,002
Duration	10.0yrs	2.0yrs	+8.0yrs
Interest rate	3.02%	5.83%	-2.81%

Maturities until 2016<sup>1)</sup>

in € thousand	end of fixed interest periods respectively expiring loans	avg. interest rate	regular redemption payments	total maturities
2012	17,100	5.25%	6,101	<b>23,201</b>
2013	177,900	3.75%	19,770	<b>197,670</b>
2014	12,000	5.07%	20,850	<b>32,850</b>
2015	78,600	5.06%	19,450	<b>98,050</b>
2016	170,700	5.43%	16,160	<b>186,860</b>


<sup>1)</sup> as of 30 September 2012

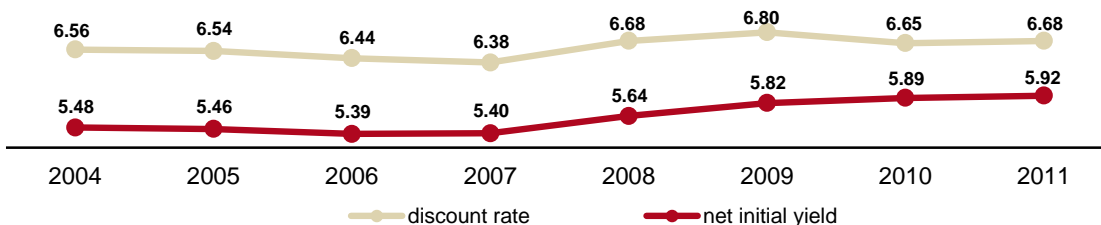
## FINANCIALS

Valuation<sup>1)</sup> – Investment Properties 2011

Discounted cash-flow method	2010	2011	actual		
expected yield of 10-year German federal bonds	4.44%	4.34%	1.63% <sup>2)</sup>		
<b>average applied risk premiums</b>	<b>2.21%</b>	<b>2.34%</b>			
average discount rate	6.65%	6.68%			
average property operating and management costs	11.70%	11.80%			
<b>net initial yield (EPRA)</b>	<b>5.89%</b>	<b>5.92%</b>			

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%	-106,300	111,700
Discount rate	6.68%	98,100	-93,300
Net initial yield	5.92%	138,000	-126,800
Cost ratio	11.80%	9,000	-9,000



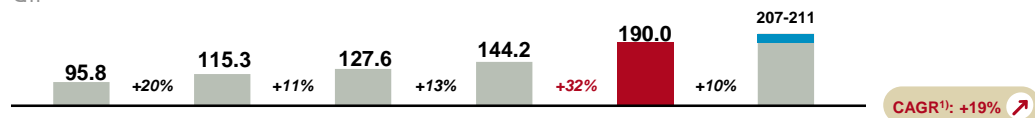
<sup>1)</sup> External appraisers:  
Feri Research and GfK GeoMarketing  
<sup>2)</sup> Status: 31 January 2013

## FINANCIALS

## Forecast (excl. any acquisition)

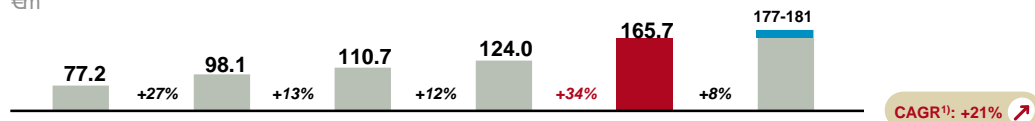
## REVENUE

€m



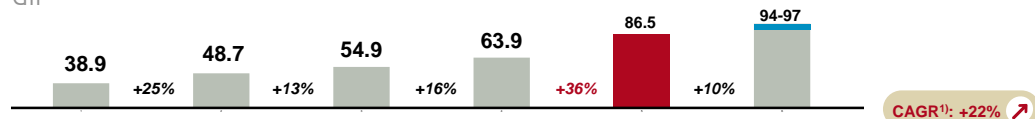
## EBIT

€m



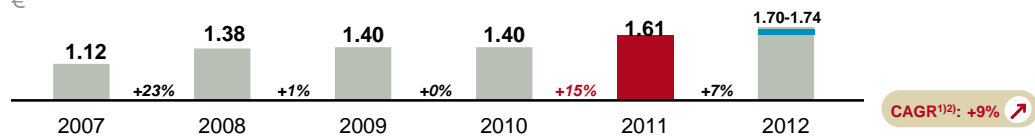
## EBT WITHOUT VALUATION

€m



## FFO PER SHARE

€

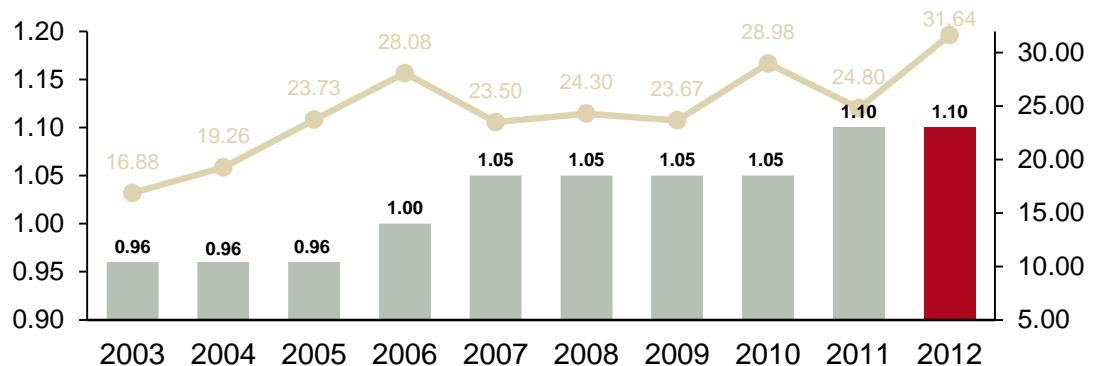


<sup>1)</sup> Compound Annual Growth Rate (CAGR) 2007-2011

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

## SHOPPING CENTER SHARES

## Dividend &amp; Performance

Dividend<sup>1)</sup>PERFORMANCE<sup>2)</sup>

DES		DAX	EPRA <sup>3)</sup>	REX <sup>4)</sup>	
1 year	(2012)	+32.7%	+29.1%	+29.2%	+4.6%
3 years	+51.2% =	<b>+14.8% p.a.</b>	+8.5% p.a.	+11.6% p.a.	+5.6% p.a.
5 years	+66.6% =	<b>+10.7% p.a.</b>	-1.2% p.a.	-0.8% p.a.	+6.4% p.a.
Since IPO (2001)	+171.8% =	<b>+8.7% p.a.</b>	+1.4% p.a.	+6.6% p.a.	+5.3% p.a.

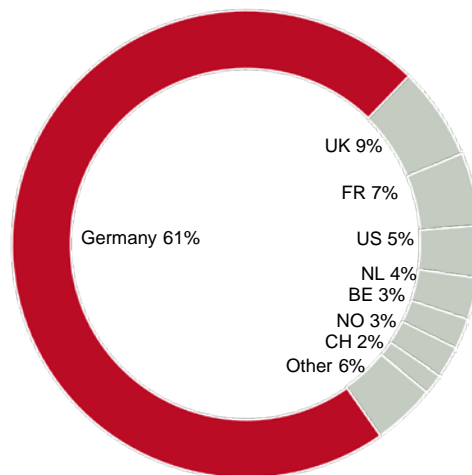
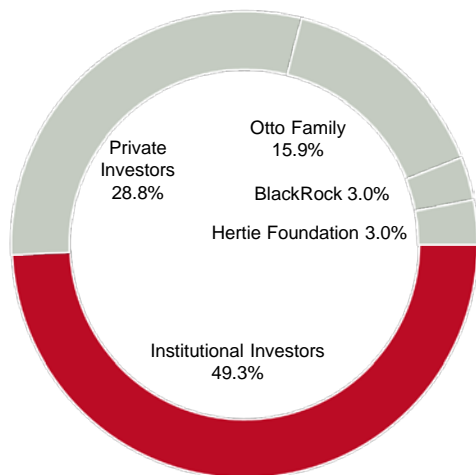


- 1) respectively paid for the previous financial year  
 2) as of 31 December 2012  
 3) EPRA/NAREIT Europe  
 4) German government bonds index

## SHOPPING CENTER SHARES

Shareholder Structure<sup>1)</sup>

- 9,900 shareholders
- Free float 84.1%



1) Status: 31 January 2013

## SHOPPING CENTER SHARES

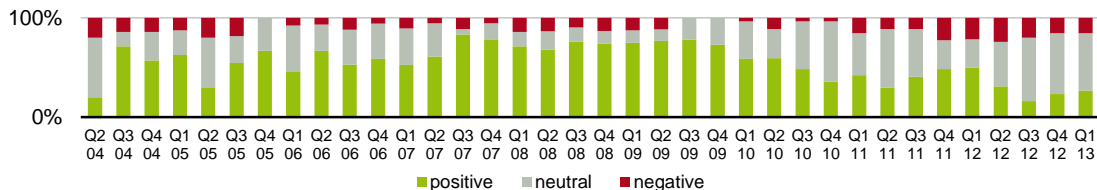
Analysts' Consensus<sup>1)</sup>

avg. / in €	2012	2013
EBIT (€ million)	182.2	184.2
FFO per share	1.73	1.85
EPS	2.02	2.00
Dividend	1.15	1.21
Price target		31.03

Status: 7 January 2013

- 26 analysts: one of the best covered real estate companies in Europe<sup>2)</sup>

Sell	Underperform	Neutral	Outperform	Buy
<ul style="list-style-type: none"> <li>▪ ABN Amro</li> <li>▪ Credit Suisse</li> <li>▪ Natixis</li> <li>▪ Petercam Bank</li> </ul>	<ul style="list-style-type: none"> <li>▪ Baader Bank</li> <li>▪ Bankhaus Lampe</li> <li>▪ Close Brothers Seydler</li> <li>▪ Commerzbank</li> <li>▪ Deutsche Bank</li> <li>▪ DZ Bank</li> <li>▪ Equinet</li> <li>▪ Green Street Advisors</li> <li>▪ Hamburger Sparkasse</li> </ul>	<ul style="list-style-type: none"> <li>▪ HSBC</li> <li>▪ Independent Research</li> <li>▪ Kempen &amp; Co</li> <li>▪ Kepler Capital Markets</li> <li>▪ Oddo</li> <li>▪ UBS</li> </ul>	<ul style="list-style-type: none"> <li>▪ LFG Kronos</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bank of America Merrill Lynch</li> <li>▪ Berenberg Bank</li> <li>▪ Metzler</li> <li>▪ M.M. Warburg</li> <li>▪ Rabobank</li> <li>▪ Societe Generale</li> </ul>



<sup>1)</sup> aggregated by DES  
<sup>2)</sup> according to EPRA survey 3/2012



## 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 2011 <sup>1)</sup>	€1.10
52W High	€32.45
52W Low	€25.32
Share price (31.01.2013)	€31.37
Market capitalisation	€1.69 billion
avg. turnover per day last 12 months (XETRA)	131,700 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	Close Brothers Seydler



<sup>1)</sup> paid on 22.June 2012



## 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%
Interest payment date	payable semi-annually in arrear on 20 May and 20 November in each year
Conversion price	€35.10
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



## APPENDIX

## Retail turnover 9M 2012\*

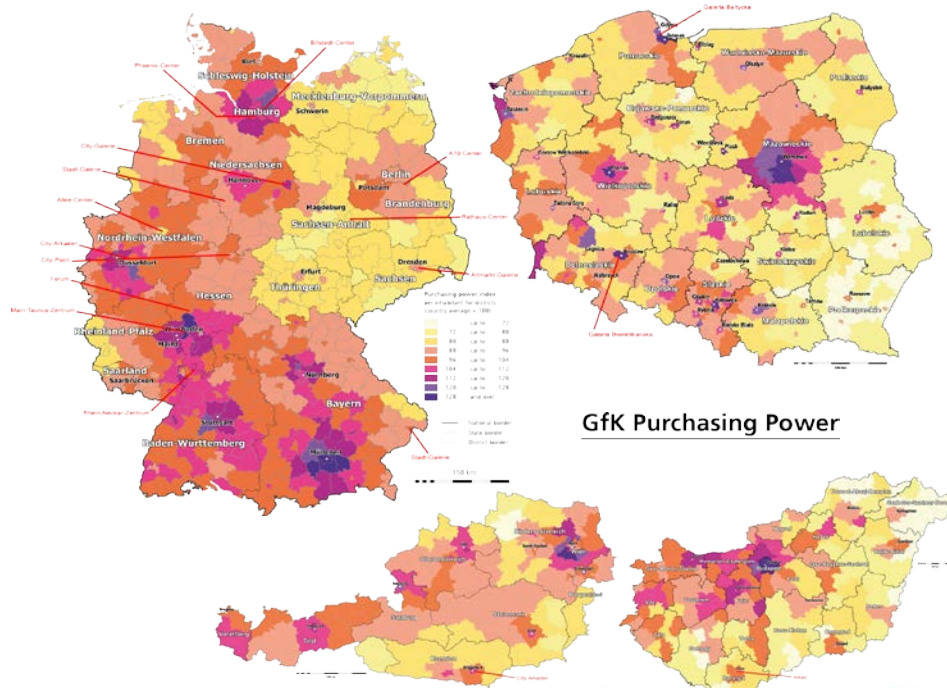
Retail sector	% change in 2011	rent-to-sales ratio in %	% of sales	% of space
Department stores	-0.1	6.0	8.7	15.6
Food	+2.3	6.4	9.8	6.3
Fashion textiles	-0.8	11.2	27.0	34.4
Shoes & leather goods	-1.3	13.4	5.2	6.5
Sports	+6.3	8.0	4.3	4.8
Health & Beauty	+3.5	7.1	10.6	5.7
General Retail	-1.2	10.0	10.9	11.7
Electronics	-1.8	2.8	15.0	9.4
Services	+1.4	4.8	4.2	1.5
Food catering	+1.8	13.4	4.2	4.1
<b>Total</b>	<b>+0.3</b>	<b>8.2</b>	<b>100.0</b>	<b>100.0</b>



\* German centers on a like-for-like basis

APPENDIX

# Purchasing Power Maps



**GfK Purchasing Power**

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## 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:
  - 185 shopping centers
  - 6 million sqm overall sales area
  - approx. 17,500 retail businesses
  - €19 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 2011, 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 2011. 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 59.4 million kWh of green electricity in 2011. This represented 100% of the electricity requirements in these shopping centers, which also used 1.1 kWh less than in the previous year. As a result, based on conservative calculations this meant a reduction of around 23,400 tonnes in carbon dioxide emissions – this equates to the annual CO<sub>2</sub> emissions of around 1,060 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

### 2013

05.02.	Close Brothers Seydler Small & Mid Cap Conference, Frankfurt	14.08.	<b>Interim report H1 2013</b>
06.02.	Roadshow Munich, LFG KRONOS	13.11.	<b>Interim report 9M 2013</b>
26.03.	Roadshow Londen, Bankhaus Metzler.	27.-28.11.	Bankhaus Lampe Hamburg Investment Conference, Hamburg
27.03.	Roadshow Edinburgh, Kempen & Co.		
03.-04.04	Deutsche Bank VIP Real Estate Event, Frankfurt		
11.-12.04.	Lampe Deutschland Conference, Baden-Baden		
<b>26.04.</b>	<b>Publication of the Annual Report 2012</b>		
<b>15.05.</b>	<b>Interim report Q1 2013</b>		
29.05.	Kempen & Co. European Property Seminar, Amsterdam		
04.06.	Metzler German Property Day, Paris		
06.-07.06.	M.M. Warburg Highlights Conference, Hamburg		
<b>20.06.</b>	<b>Annual General Meeting, Hamburg</b>		









## APPENDIX

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