

11/11

feelestate.de



**DES**

Deutsche EuroShop

COMPANY PRESENTATION



## 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.



## At a Glance

- 19 shopping centers on high street and in established locations – 15 in Germany, 2 in Poland and one each in Austria and Hungary

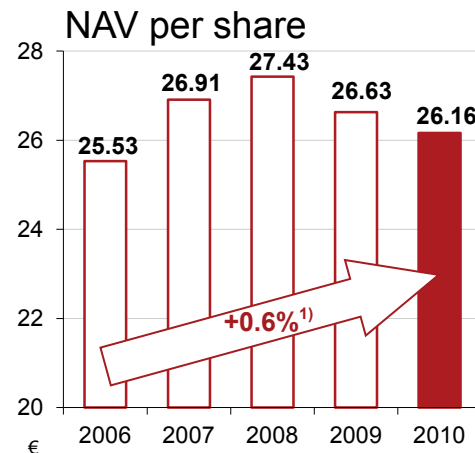
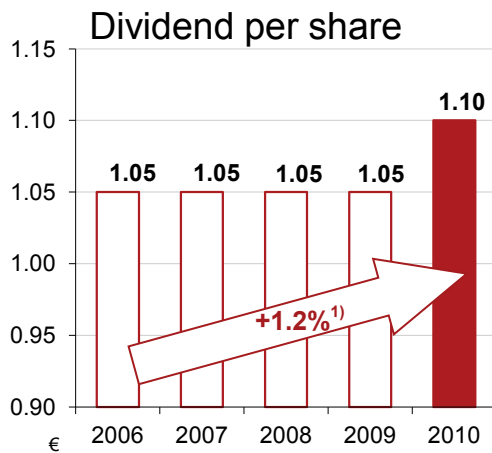
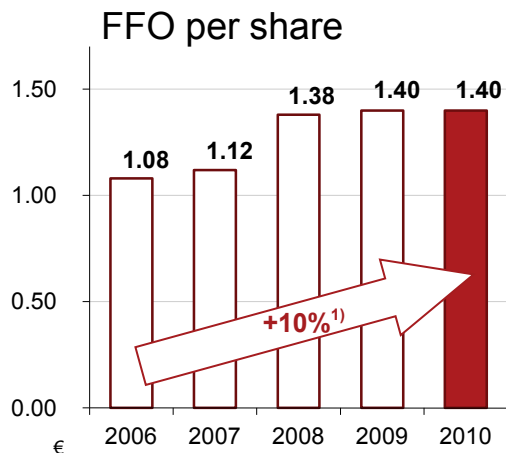
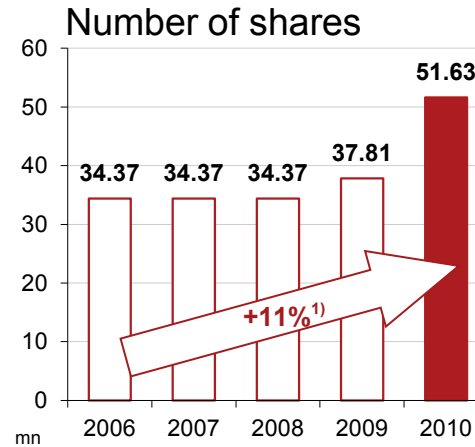
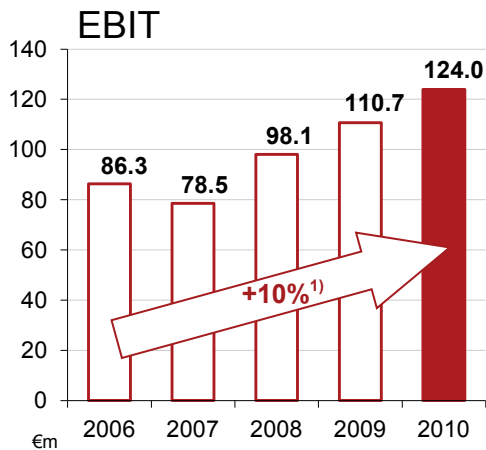
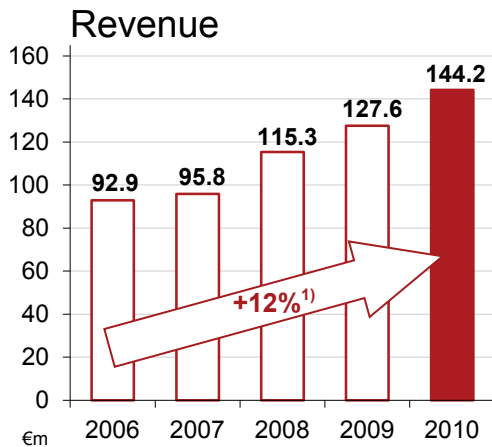
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- |                |                       |
|----------------|-----------------------|
| Lettable space | approx. 899,000 sqm*  |
| Retail shops   | approx. 2,320*        |
| Market value   | approx. €3.6 billion* |
| Rents per year | €240 million*         |
| Occupancy rate | > 99%                 |
- 
- 2010 portfolio valuation: 5.89% net initial yield
  - Professional center management by ECE, the European market leader in this industry

avg. lettable space  
per DES-center:  
inner city  
37,060 sqm  
est. locations  
102,000 sqm



\*incl. extension of Main-Taunus-Zentrum, 100%-view

# Key Figures

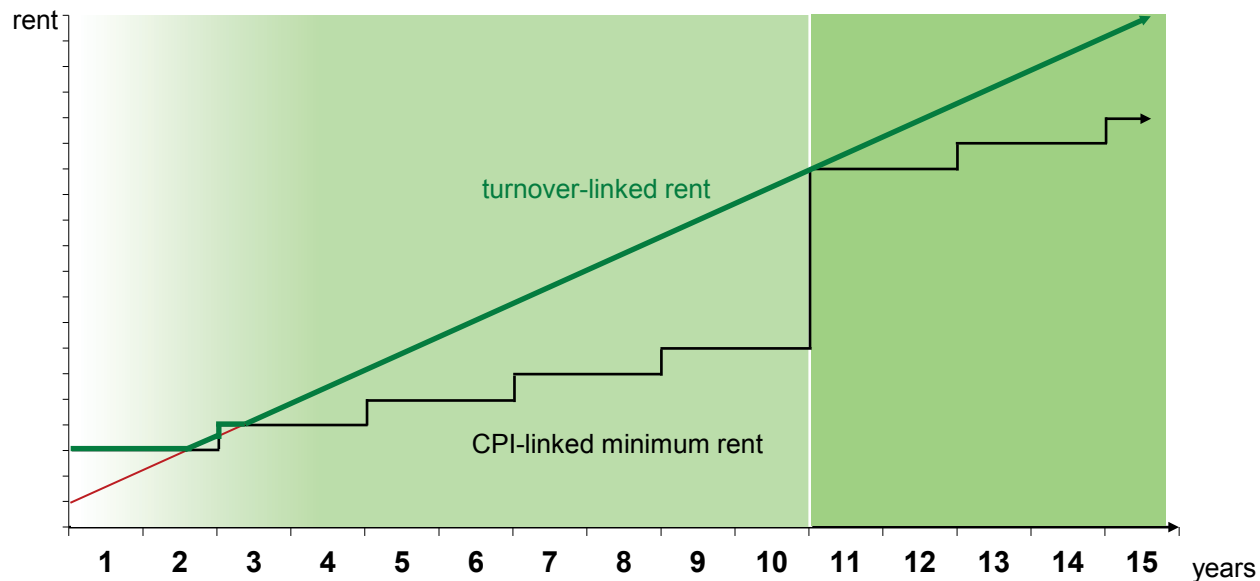


<sup>1)</sup>2006-2010, Compound Annual Growth Rate (CAGR)





# Lease System



General form of  
lease contracts  
for DES-tenants

Participation in  
sales growth of  
retail industry

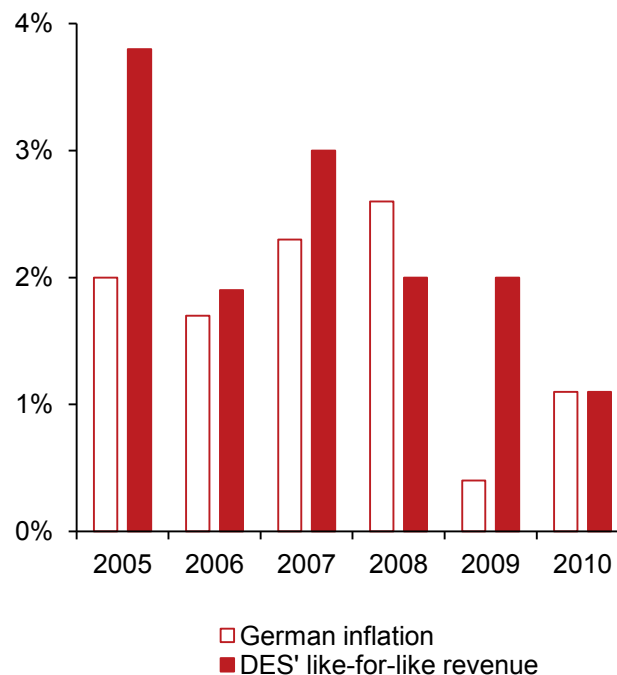
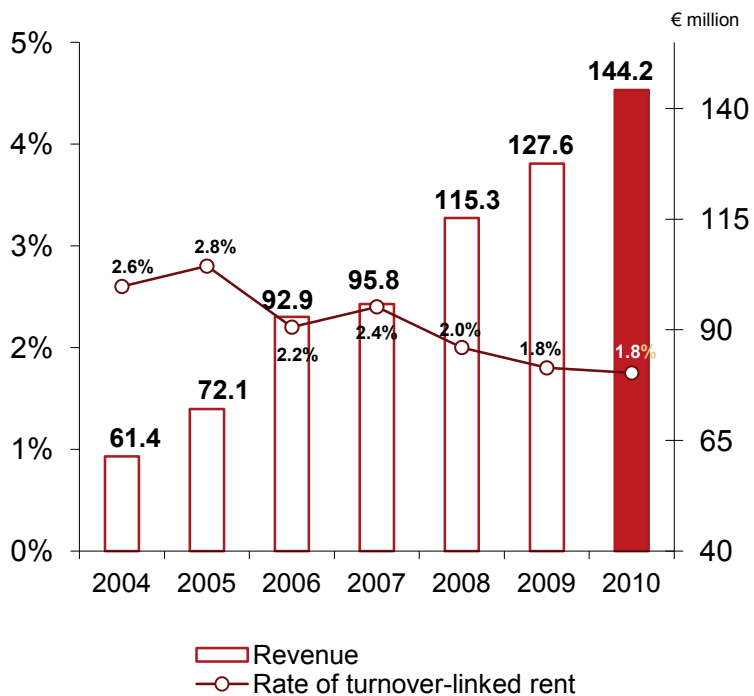
- Lease standards:
  - 10 years lease only
  - no break-up option
  - turnover-linked rents
  - minimum rents are CPI-linked



# Lease System

- avg. rent per sqm and year: €250
- avg. turnover per sqm and year: €4,700
- Rent-to-sales-ratio: 7-11%
- weighted maturity of rental contracts: 7 years

avg. German retail:  
€3,420





## Targets

- Long term net asset value enhancement
- “buy & hold”-strategy
- Stable and attractive dividends  
Dividend yield: currently **4.2%**
- 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

Main focus on  
NAV and dividend

Continuous growth



# Overview



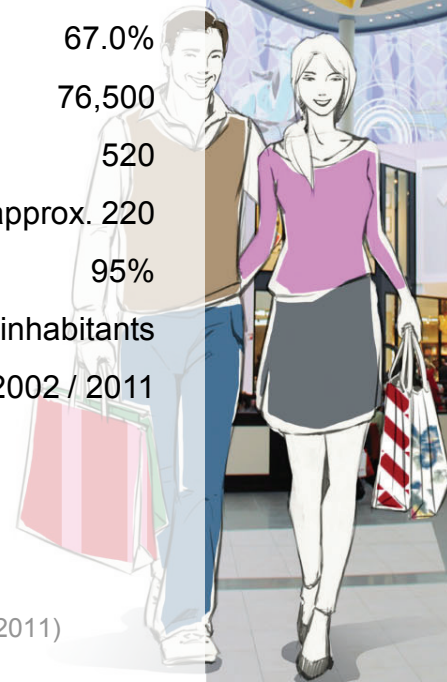


# Germany



	<b>A10 Center</b>	<b>Main-Taunus-Zentrum</b>	<b>Altmarkt-Galerie</b>
<b>Location</b>	Wildau/Berlin	Sulzbach/Frankfurt	Dresden
<b>Investment</b>	100%	52.0%	67.0%
<b>Lettable space sqm</b>	120,000	117,000*	76,500
<b>Parking</b>	4,000	4,500*	520
<b>Number of shops</b>	approx. 180	approx. 170*	approx. 220
<b>Occupancy rate</b>	100%	100%	95%
<b>Catchment area</b>	approx. 1.2 m. inhabitants	approx. 2.2 m. inhabitants	approx. 1.0 m. inhabitants
<b>Opening / refurbishm.</b>	1996 / 2011	1964 / 2004 / 2011	2002 / 2011

\*incl. extension (opening November 2011)



# Germany



## Rhein-Neckar-Zentrum

Viernheim

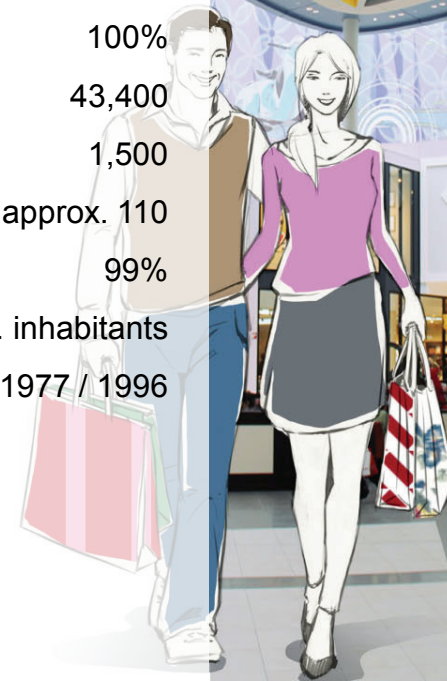
## Allee-Center

Magdeburg

## Billstedt-Center

Hamburg

<b>Location</b>	Viernheim	Magdeburg	Hamburg
<b>Investment</b>	99.9%	50%	100%
<b>Lettable space sqm</b>	69,000	51,400	43,400
<b>Parking</b>	3,500	1,300	1,500
<b>Number of shops</b>	approx. 100	approx. 150	approx. 110
<b>Occupancy rate</b>	100%	99%	99%
<b>Catchment area</b>	approx. 1.4 m. inhabitants	approx. 0.7 m. inhabitants	approx. 0.7 m. inhabitants
<b>Opening / refurbishm.</b>	1972 / 2003	1998 / 2006	1969 / 1977 / 1996

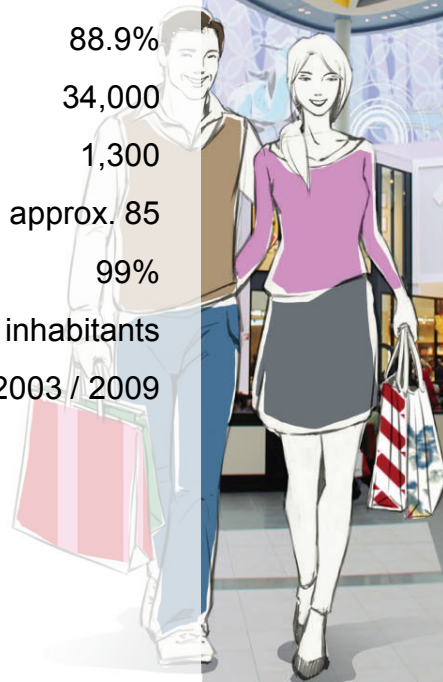




# Germany



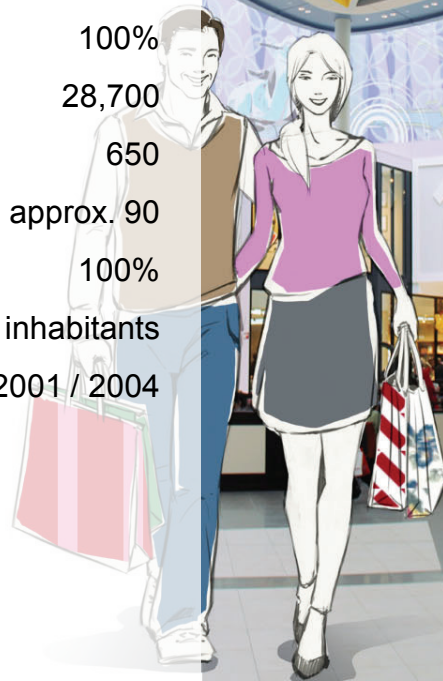
	<b>Phoenix-Center</b>	<b>Forum</b>	<b>Allee-Center</b>
<b>Location</b>	Hamburg	Wetzlar	Hamm
<b>Investment</b>	50.0%	65.0%	88.9%
<b>Lettable space sqm</b>	38,700	34,300	34,000
<b>Parking</b>	1,600	1,700	1,300
<b>Number of shops</b>	approx. 110	approx. 110	approx. 85
<b>Occupancy rate</b>	100%	100%	99%
<b>Catchment area</b>	approx. 0.6 m. inhabitants	approx. 0.5 m. inhabitants	approx. 1.0 m. inhabitants
<b>Opening / refurbishm.</b>	2004	2005	1992 / 2003 / 2009



# Germany



	<b>City-Galerie</b>	<b>Rathaus-Center</b>	<b>City-Arkaden</b>
<b>Location</b>	Wolfsburg	Dessau	Wuppertal
<b>Investment</b>	100%	94.9%	100%
<b>Lettable space sqm</b>	30,800	30,400	28,700
<b>Parking</b>	800	840	650
<b>Number of shops</b>	approx. 95	approx. 80	approx. 90
<b>Occupancy rate</b>	100%	97%	100%
<b>Catchment area</b>	approx. 0.3 m. inhabitants	approx. 0.5 m. inhabitants	approx. 0.7 m. inhabitants
<b>Opening / refurbishm.</b>	2001 / 2006	1995	2001 / 2004

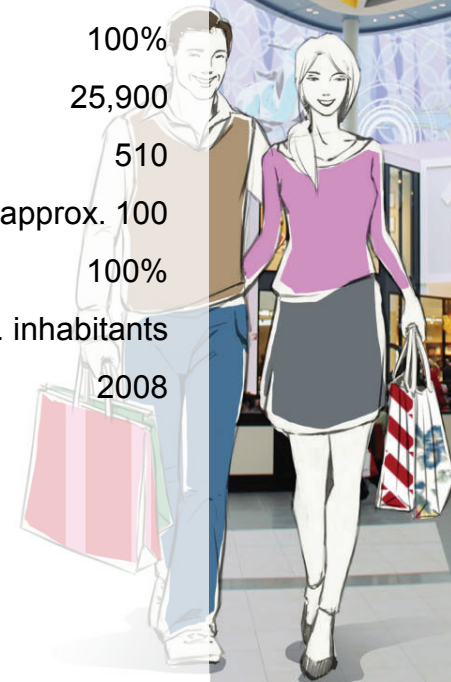




# Germany



	<b>City-Point</b>	<b>Stadt-Galerie</b>	<b>Stadt-Galerie</b>
<b>Location</b>	Kassel	Passau	Hameln
<b>Investment</b>	100%	75.0%	100%
<b>Lettable space sqm</b>	28,200	27,300	25,900
<b>Parking</b>	220	470	510
<b>Number of shops</b>	approx. 70	approx. 90	approx. 100
<b>Occupancy rate</b>	100%	100%	100%
<b>Catchment area</b>	approx. 0.8 m. inhabitants	approx. 0.4 m. inhabitants	approx. 0.4 m. inhabitants
<b>Opening / refurbishm.</b>	2002 / 2009	2008	2008





### Galeria Bałtycka

Gdansk, Poland

### City Arkaden

Klagenfurt, Austria

### Árkád

Pécs, Hungary

**Location**

**Investment**

**Lettable space sqm**

**Parking**

**Number of shops**

**Occupancy rate**

**Catchment area**

**Opening**

74.0%

39,500

1.100

approx. 200

100%

approx. 1.1 m. inhabitants

2007

50.0%

36,900

880

approx. 120

100%

approx. 0.4 m. inhabitants

2006

50.0%

35,300

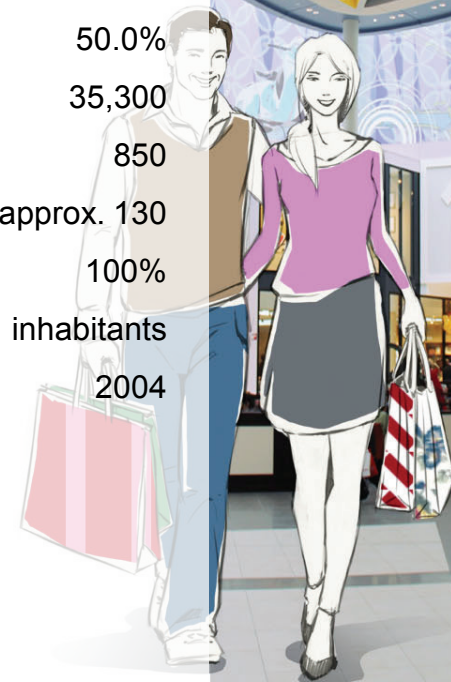
850

approx. 130

100%

approx. 0.5 m. inhabitants

2004





## Galeria Dominikanska

Wrocław, Poland

<b>Location</b>	Wrocław, Poland
<b>Investment</b>	33.3%
<b>Lettable space sqm</b>	32,900
<b>Parking</b>	920
<b>Number of shops</b>	approx. 100
<b>Occupancy rate</b>	100%
<b>Catchment area</b>	approx. 1.3 m. inhabitants
<b>Opening</b>	2001

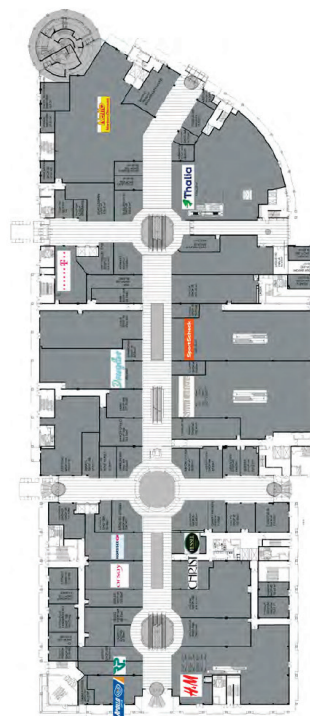




## Acquisition of the Allee-Center Magdeburg



- approx. 51,400 sqm lettable space, thereof 35,000 sqm retail space, 150 shops
- occupancy rate: 99%
- catchment area: approx. 0.7 million people
- approx. €118 million total investment volume
- Deutsche EuroShop buys 50% (share deal)
- expected gross yield: 6.7%
- expected net initial yield (NOI): 6.0%
- part of DES' portfolio since 1 Oct. 2011



## Extension Main-Taunus-Zentrum



- selling area: additional 12,000 m<sup>2</sup>  
(currently 79,000 m<sup>2</sup>)
- 70 new shops
- approx. €74 million total investment volume
- opening 17 Nov. 2011
- occupancy rate: 100%
- expected net initial yield: >10.0%





# Our Tenants



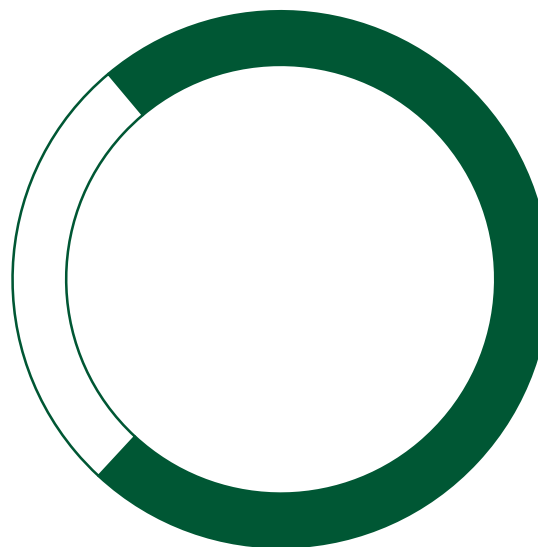
Well-known tenants





## Tenants Structure Top 10 Tenants\*

▪ Metro-Group	6.8%
▪ Douglas-Group	4.6%
▪ H&M	2.6%
▪ New Yorker	2.3%
▪ REWE	2.1%
▪ Peek & Cloppenburg	2.0%
▪ C&A	1.9%
▪ Inditex Group	1.7%
▪ Deichmann	1.7%
▪ Esprit	1.3%
<hr/>	
<b>total</b>	<b>27.0%</b>



Other tenants

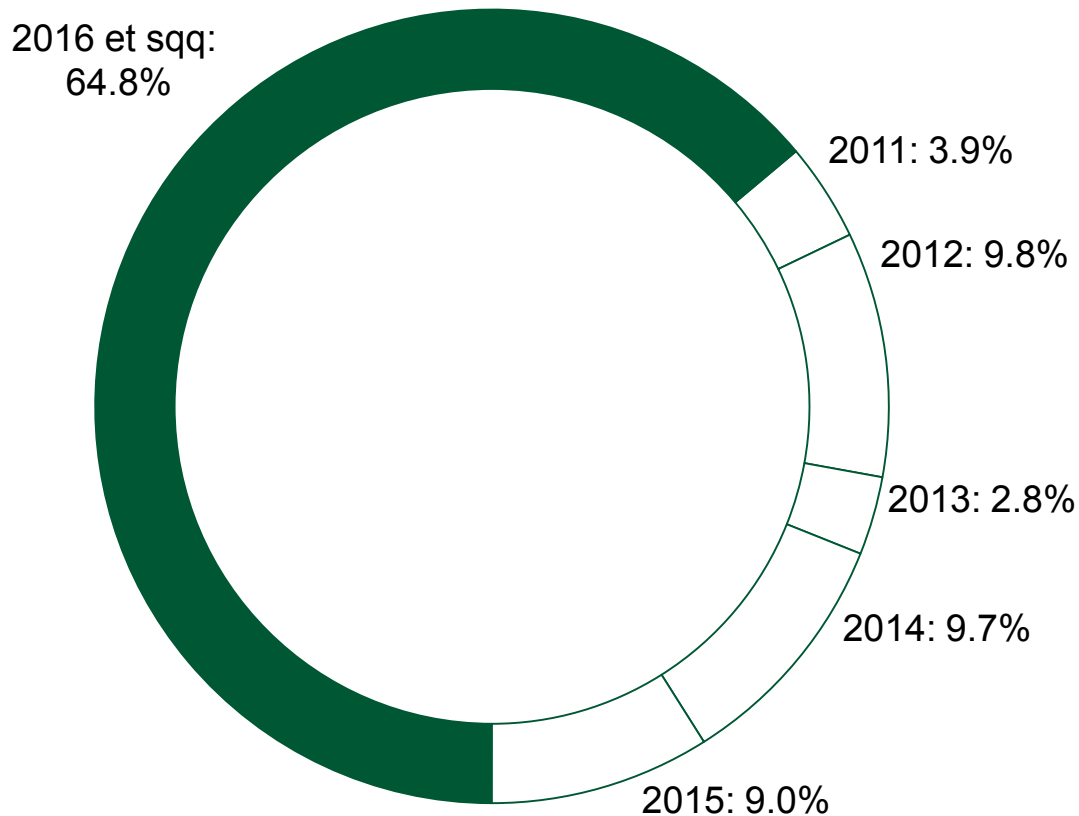
**total 73.0%**

Low level of dependence on the top 10 tenants



\*in % of total rents as at 31 May 2011, excluding extensions

# Maturity Distribution of Rental Contracts\*



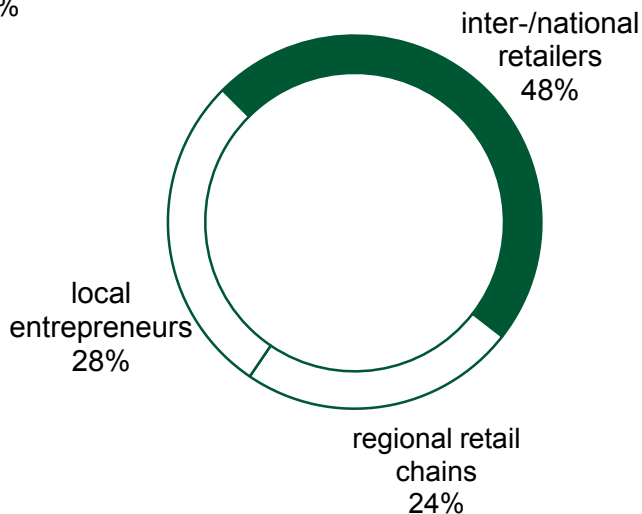
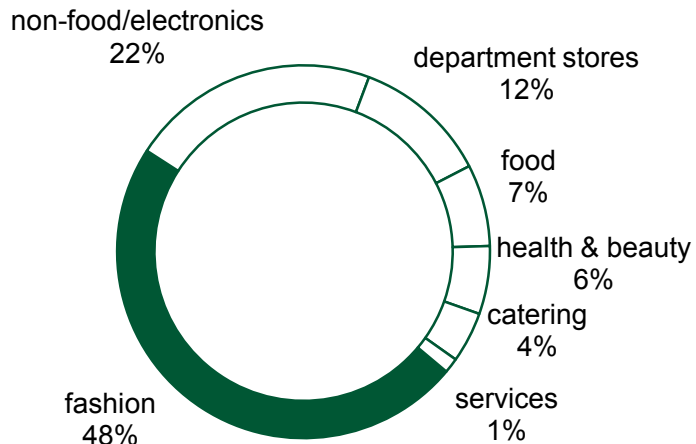
Long-term contracts guarantee rental income

Weighted maturity 7.0 years



\*as % of rental income as at 31 May 2011, excluding extensions

# Sector and Retailer Mix\*



Balanced sector and retailer diversification



\*in % of lettable space as at 31 Dec 2010, excluding extensions and Billstedt

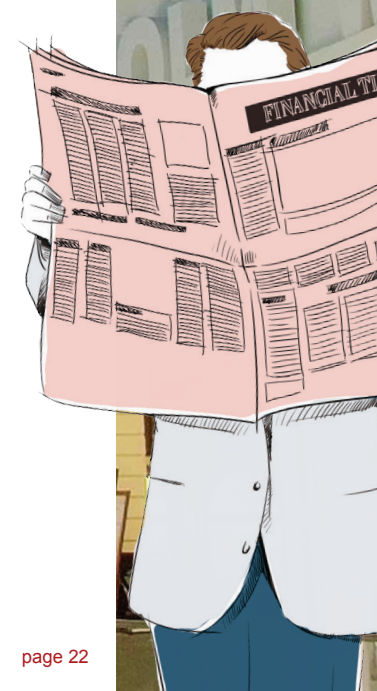


## Key Figures 9M 2011

€ million	01.01.-30.09.2011	01.01.-30.09.2010	+/-
Revenue	138.0	106.6	29%
Net operating income	123.0	94.9	30%
EBIT	117.9	91.5	29%
Net finance costs	-58.9	-44.6	-32%
EBT before valuation	59.1	46.9	26%
Valuation result	-1.3	-0.7	
EBT	57.8	46.3	25%
<b>Consolidated profit</b>	<b>40.0</b>	<b>38.3</b>	<b>4%</b>
FFO per share (€)	1,12	1,02	10%
Earnings per share (€)	0,78	0,84	-7%

€ million	30.09.2011	31.12.2010*	+/-
<b>Total equity</b>	<b>1,399.5</b>	<b>1,435.9</b>	<b>-3%</b>
<b>Interest bearing debt</b>	<b>1,372.8</b>	<b>1,288.2</b>	<b>7%</b>
Other debt	61.3	50.9	20%
<b>Total assets</b>	<b>3,036.1</b>	<b>2,963.6</b>	<b>2%</b>
Equity ratio	46.1%	48.5%	
LTV ratio	47%	47%	

\*after adjustment of the consolidated financial statements for the period ended 31 December 2010



# Loan Structure\*

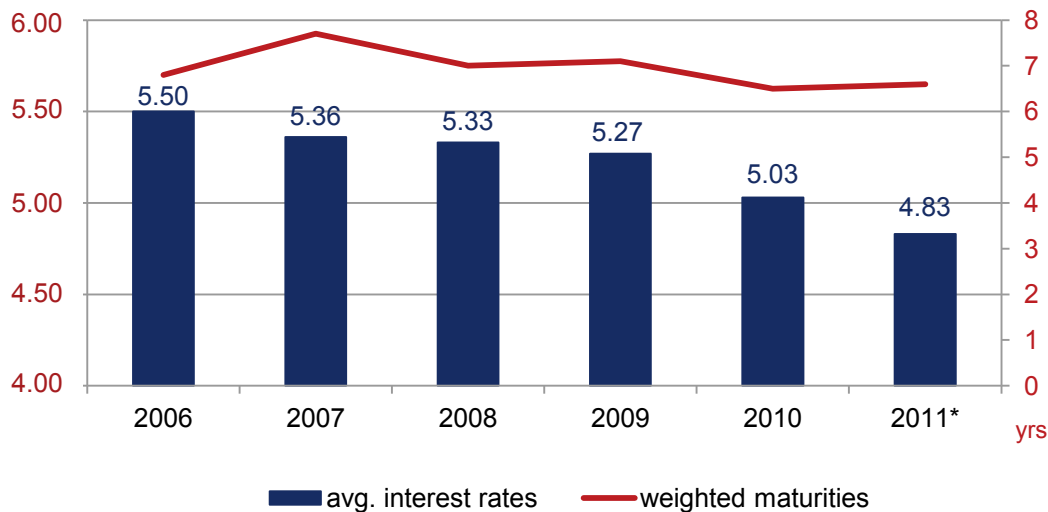
Interest lockin	Duration	Principle amounts (€ thousand)	Share of total loan	avg. interest rate
Up to 1 year	1.0	141,109	10.4%	2.82%
1 to 5 years	3.4	431,337	31.7%	5.42%
5 to 10 years	7.4	503,884	37.0%	4.96%
Over 10 years	12.5	284,209	20.9%	4.70%
<b>Total 2011*</b>	<b>6.6</b>	<b>1,360,539</b>	<b>100%</b>	<b>4.83%</b>

Banks:  
18 German and  
1 Austrian

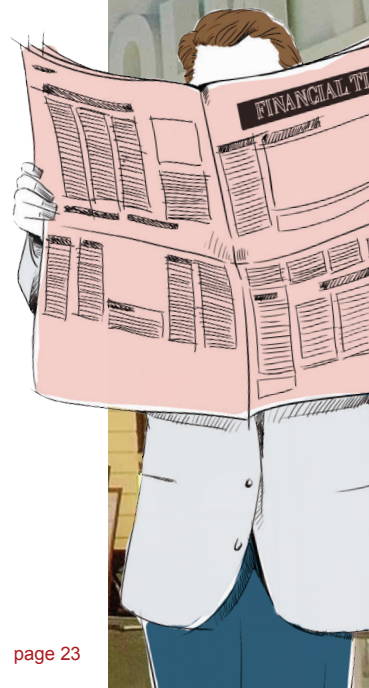
Weighted maturity  
of fixed interest periods  
6.6 years

Weighted maturity  
of the loans  
>15 years

57% of all loans  
renewed in the  
last 24 months



\*as of 30 June 2011

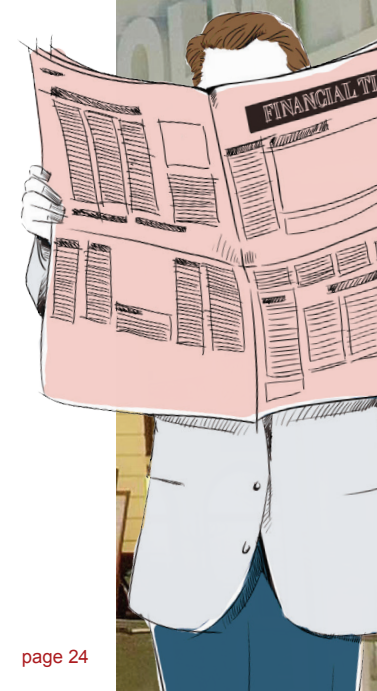


## Maturities until 2015\*

	end of fixed interest periods respectively expiring loans (€ million)	regular redemption payments (€ million)	total maturities (€ million)
2011	0	8.6	<b>8.6</b>
2012	0	20.1	<b>20.1</b>
2013	65.9	21.5	<b>87.4</b>
2014	208.5	21.4	<b>229.9</b>
2015	76.8	17.2	<b>94.0</b>

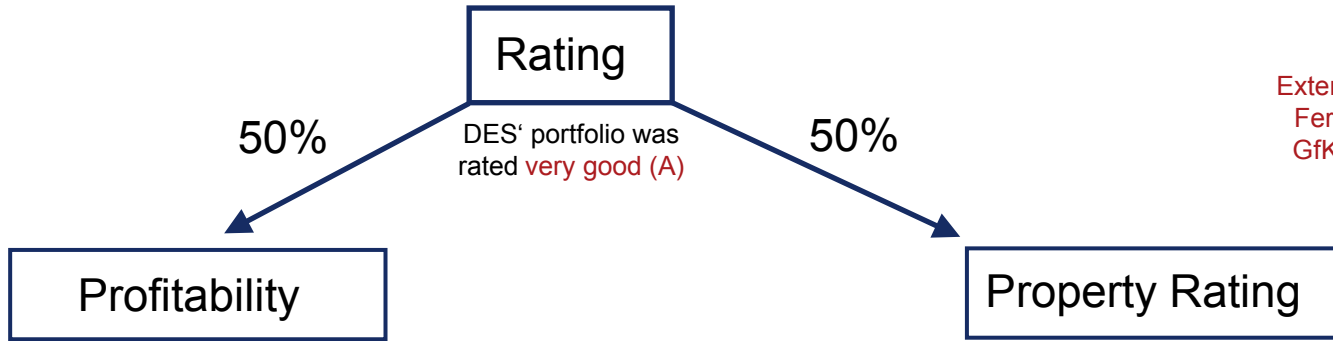
- Renewed credit line of €150 million, runs 3 years until Feb 2014
- 8 loans prolonged: €372 million with a 10 years fixed interest period for approx. 4.5% (former interest rate was approx. 5.4%)
- Refinancing of the Billstedt acquisition: €80 million at 4.07%

\*as of 30 June 2011





# Valuation – Investment Properties

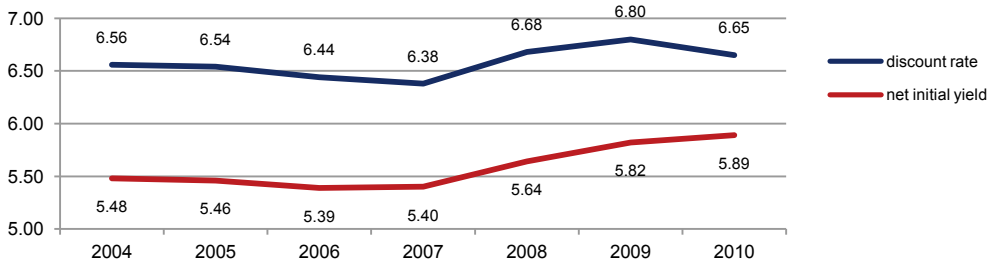


External appraisers:  
Feri Research and  
GfK GeoMarketing

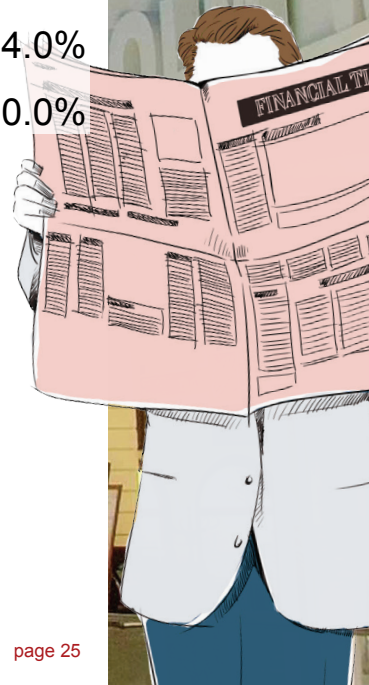
## discounted cash-flow method

	<u>2009</u>	<u>2010</u>	<u>actual</u>
expected yield of 10-year German federal bonds	4.48%	4.44%	1.93% <sup>1)</sup>
<b>average applied risk premiums</b>	<b>2.38%</b>	<b>2.21%</b>	
average discount rate	6.80%	6.65%	
average property operating and management costs	11.40%	11.70%	
net initial yield	5.82%	5.89%	

- Macro-location 20.0%
- Competitive environment 6.4%
- Micro-location 9.6%
- Property quality 4.0%
- Tenants risk 10.0%

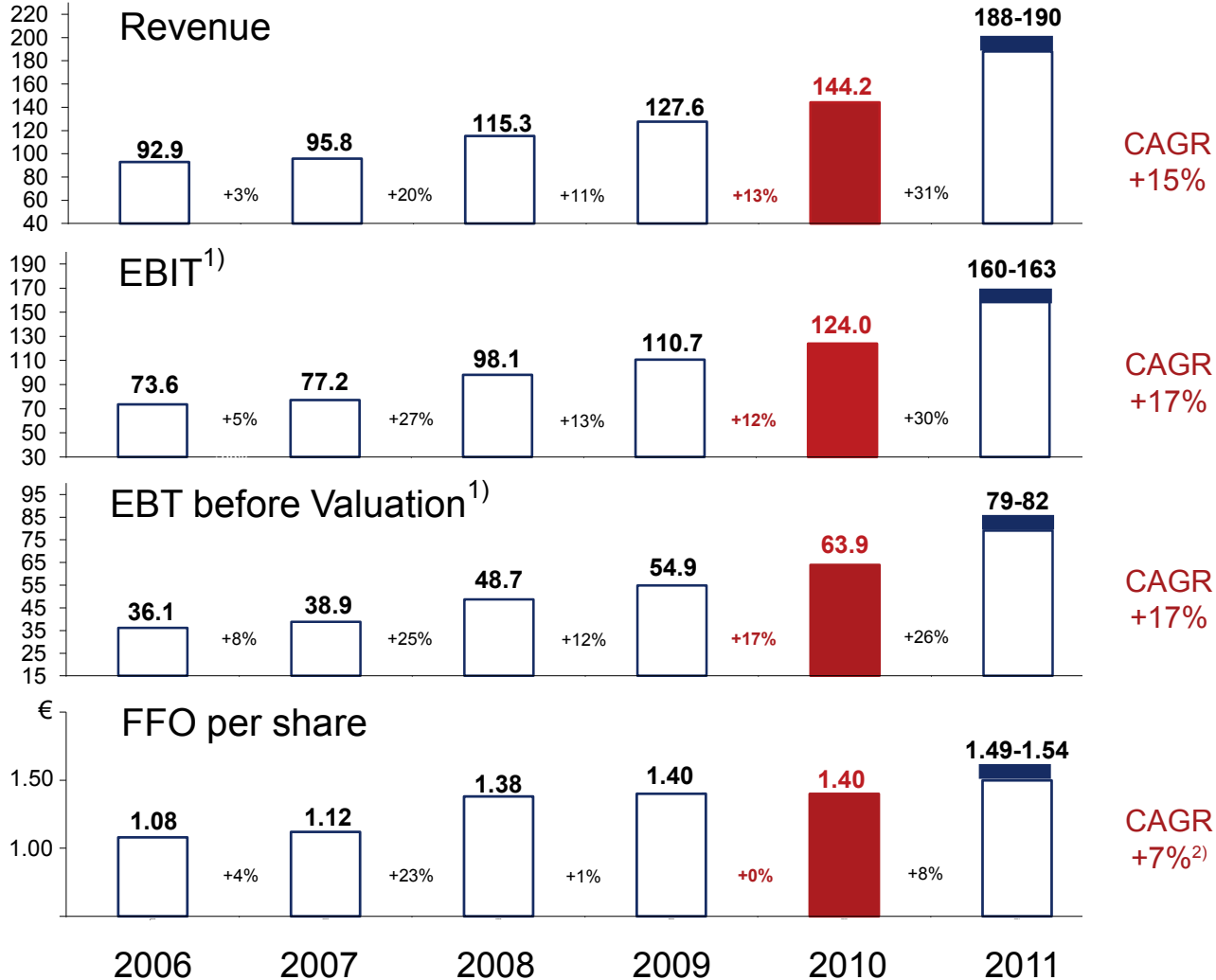


<sup>1)</sup> Status: 8 Nov 2011

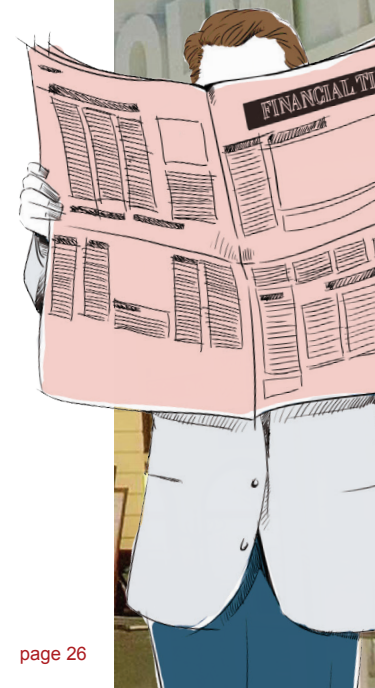


# Forecast

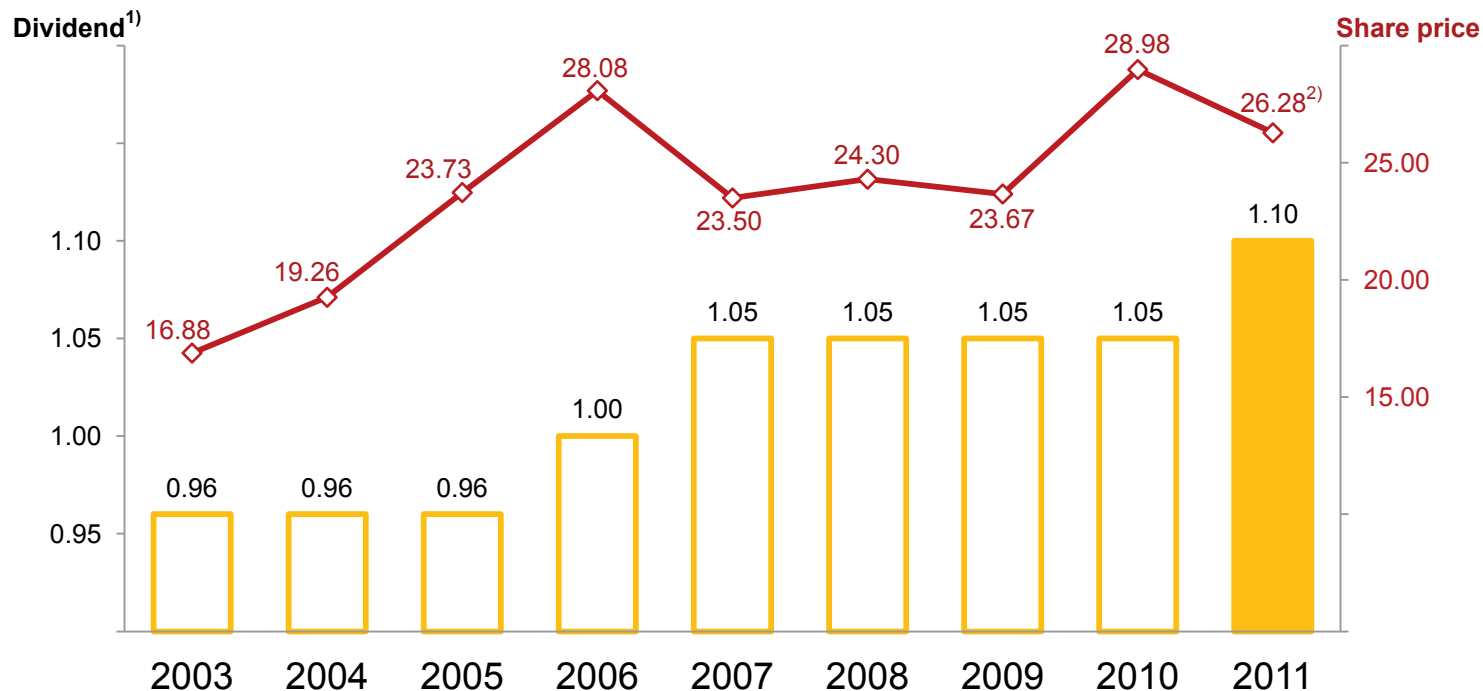
€ million



<sup>1)</sup> adjusted for one-time proceeds from disposals <sup>2)</sup> incl. dilution



# Dividend & Performance



## Performance

### DES:

1 year (2010): +28.1%

3 years: +41.2% = +12.2% p.a.

5 years: +50.6% = +8.5% p.a.

since IPO (2001) = +9.7% p.a.

### DAX:

+16.1%

-5.0% p.a.

+5.0% p.a.

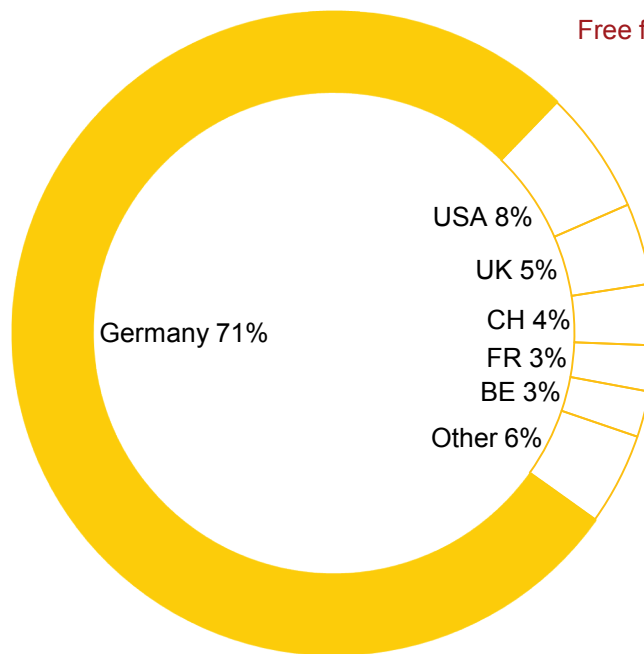
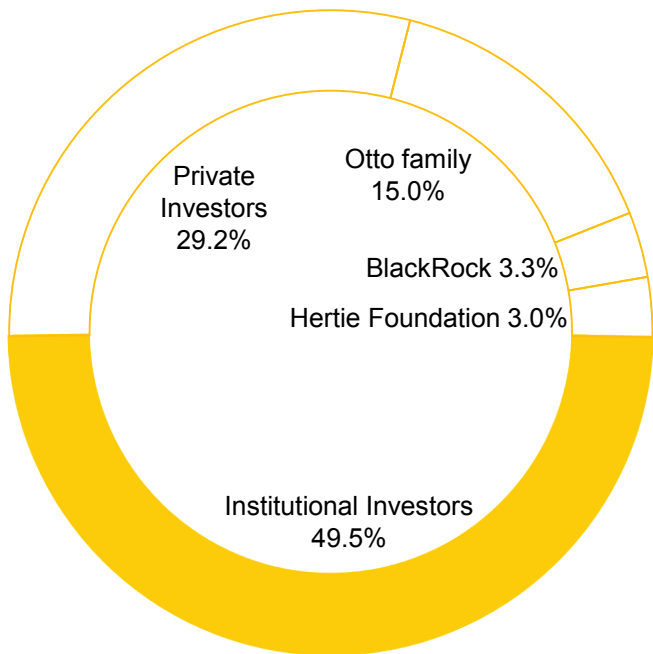
+0.8% p.a.

<sup>1)</sup>respectively paid for the previous financial year <sup>2)</sup>status: 8 Nov 2011





# Shareholder Structure



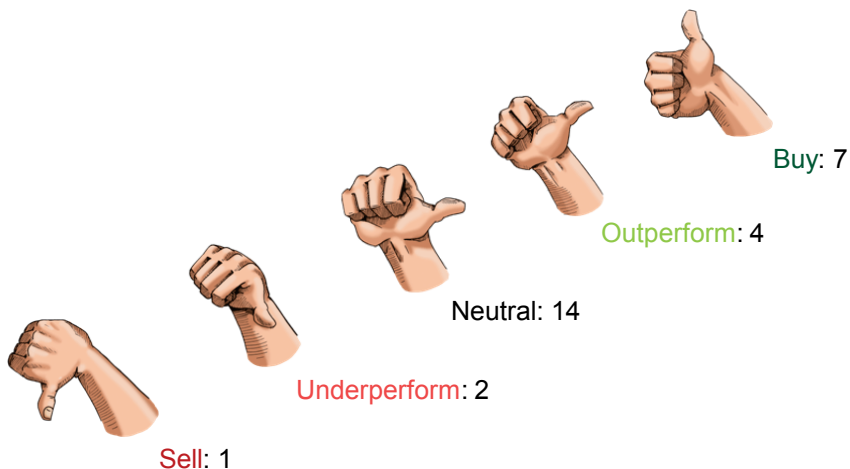
9,900 shareholders

Free float 85.0%



\*Status: 1 Oct 2011

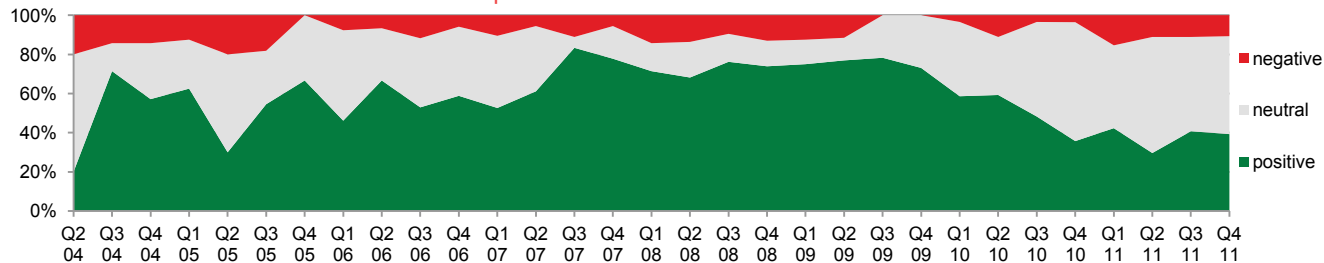
# Analysts' Consensus



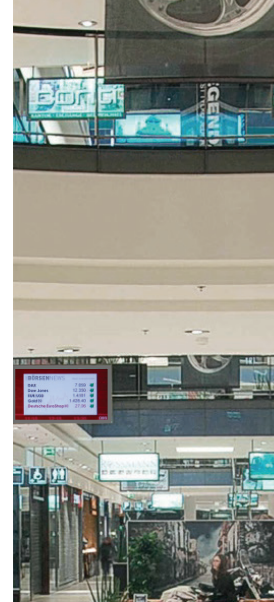
avg. / in €	2011	2012
EBIT (€ million)	159.6	171.3
FFO per share	1.48	1.65
EPS	1.46	2.01
Dividend	1.13	1.20
Price target		27.89

28 analysts: one of the best covered real estate companies in Europe\*

- ABN Amro
- Aurel
- Baader Bank
- Bankhaus Lampe
- Bank of America Merrill Lynch
- Berenberg Bank
- Close Brothers Seydler
- Commerzbank
- Credit Suisse
- DZ Bank
- Edge Capital
- equinet
- Hamburger Sparkasse
- HSBC
- ING
- Kempen & Co.
- Kepler Capital Markets
- Macquarie
- Metzler
- M.M. Warburg & Co
- Natixis
- Petercam Bank
- Rabobank
- Silvia Quandt Bank
- Societe Generale
- UBS
- Unicredit
- West LB



Status: 8 Sep 2011 / \* according to EPRA survey 3/2011



## 10 Reasons to Invest

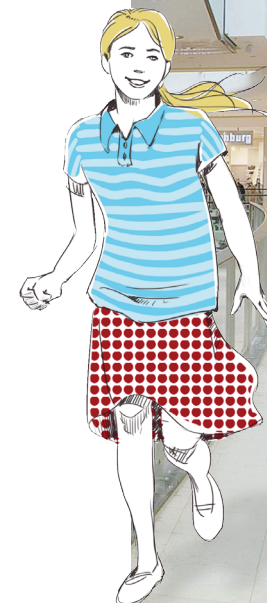
1. The only public company in Germany to invest solely in shopping centers
2. Prime locations
3. Proven, conservative strategy
4. Stable cash flow with long term visibility
5. Shareholder-friendly dividend policy
6. Experienced management team
7. Excellent track record
8. Centers almost 100% let
9. Inflation-protected rental agreements
10. Solidity combined with growth potential



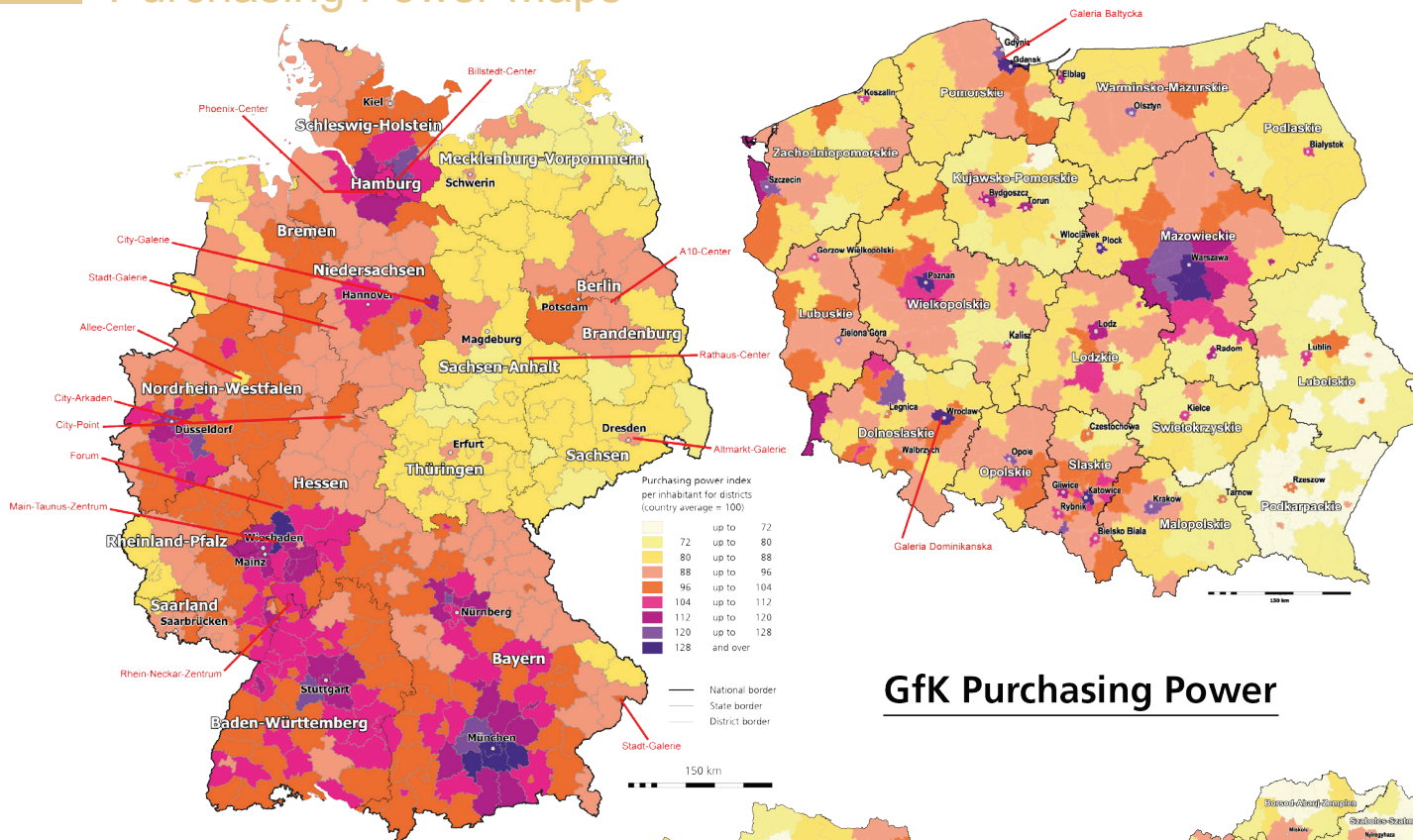


## Key Data of the Share

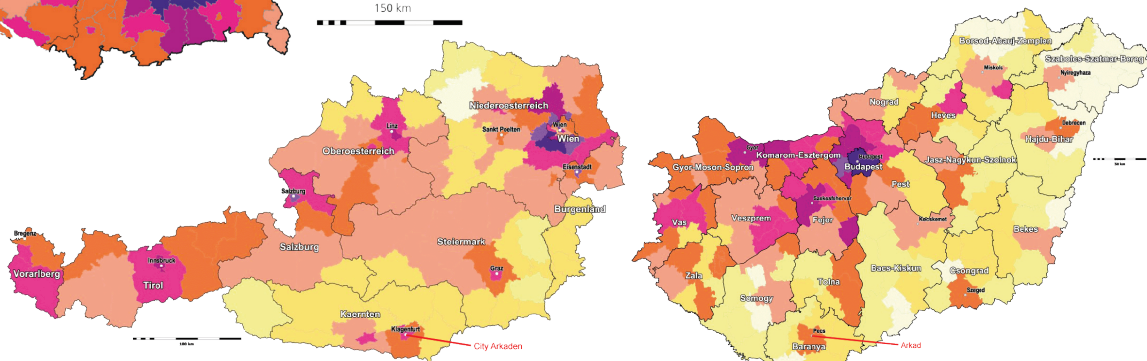
Listed since	02.01.2001
Nominal capital	€51,631,400.00
Outstanding shares	51,631,400
Class of shares	Registered shares
Dividend 2010 (17.06.2011)	€1.10
52W High	€29.18
52W Low	€22.05
Share price (08.11.2011)	€26.28
Market capitalisation	€1.4 billion
avg. turnover per day last 12 months	116,000 shares
Indices	MDAX, EPRA, GPR, MSCI Small Cap Prime Standard
Official market	Frankfurt and XETRA Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
OTC market	
ISIN	DE 000 748 020 4
Ticker	DEQ, Reuters: DEQn.DE
Market makers	Close Brothers Seydler, WestLB



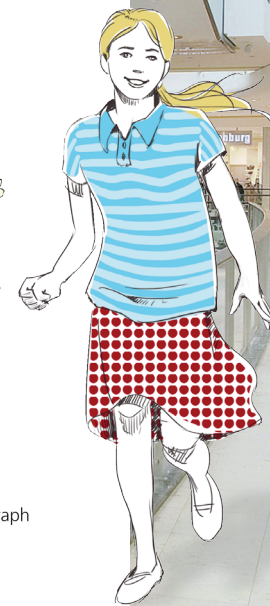
# Purchasing Power Maps



## GfK Purchasing Power



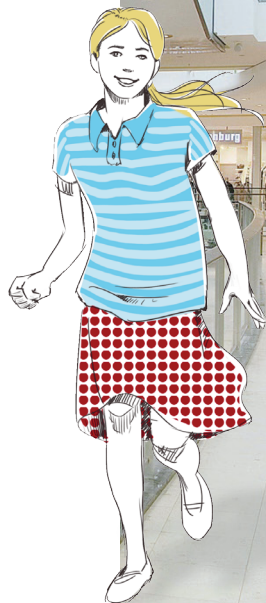
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## Our partner: ECE



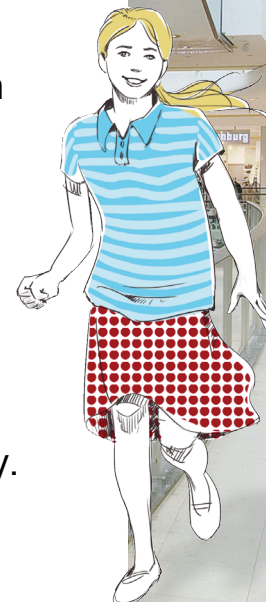
- ECE develops, plans, builds, leases and manages large commercial real estate in the sectors shopping, office, industries since 1965
- originally ECE was an abbreviation for the German word Einkaufszenterentwicklung (Shopping center development)
- 100% privately owned by the Otto family
- active in 15 European countries
- European market leader in the shopping center business
- Assets under management:
  - 132 shopping centers
  - 4.2 million sqm overall sales area
  - approx. 14,000 retail businesses
  - €15.3 billion in annual sales
- Many investors rely on ECE:





## 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 do not have to be opposites. Long-term thinking is part of our strategy. This includes playing our part in environmental protection.
- In 2010, with the exception of the A10 Center, 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 eleven of our German centers with the renowned “ok-power” accreditation in 2010. From 2011 onwards, all centers in the Deutsche EuroShop German portfolio will be powered by green electricity. We plan to switch the centers in other countries to green electricity as well in the next few years.
- The twelve participating centers used a total of around 47.8 million kWh of green electricity in 2010. As a result, based on conservative calculations this meant a reduction of around 18,800 tonnes in carbon dioxide emissions – this equates to the annual CO<sub>2</sub> emissions of around 850 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.



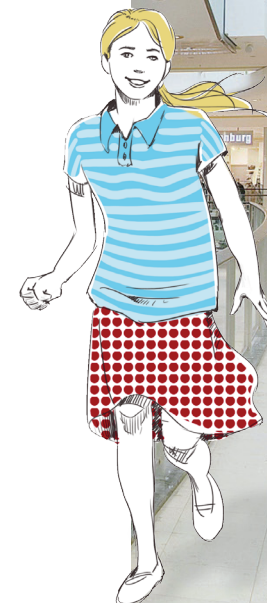
# Financial Calendar

## 2011

- 10.11. **Nine-month report 2011**
- 14.11. Roadshow Paris, Aurel
- 17.11. WestLB Deutschland Conference, Frankfurt
- 17.11. Supervisory Board meeting, Hamburg
- 23.11. Roadshow Brussels, Petercam
- 30.11.- Berenberg European Conference,
- 01.12. Pennyhill

## 2012

- 09.03. **Preliminary Results FY2011**
- 15.- Kempen & Co. Property Seminar, New York
- 16.03. New York
- 26.- Bankhaus Lampe Deutschland-
- 27.04. Konferenz, Baden-Baden
- 27.04. **Publication of the Annual Report 2011**
- 15.05. **Interim report Q1 2012**
- 21.06. **Annual General Meeting, Hamburg**
- 14.08. **Interim report H1 2012**
- 06.- EPRA Annual Conf., Berlin
- 07.09. Berlin
- 8.- EXPO Real, Munich
- 10.10. Munich
- 13.11. **Nine-month report 2012**



# 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.



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