

Buy

Current €20.95

Target €25.00

Current price equivalent

\$28.44

Market cap

€720.1m

\$977.5m

52-week high/low

€28.40/€18.56

Price perf.	1M	3M	12M
Price (€)	19.0	23.9	27.0
Absolute (%)	10.3	-14.1	-22.5
Rel market (%)	2.4	27.6	35.6
Rel sector (%)	0.0	6.7	49.4

EPS change	1M	3M	12M
EPS FY1 (%)	-8.9	-10.4	N/A
IBES EPS (%)	-4.5	-6.6	-13.7
Sector EPS (%)	0.2	-8.2	-15.5
Market EPS (%)	-2.3	-4.2	-3.1

Source: DKIB, Thomson IBES

DEQn.DE DEQ GR

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Deutsche Euroshop

Increase in FY-guidance

Deutsche Euroshop's (DEQ) interim figures were in-line with our expectations. We appreciate that the company has put its acquisitions targets on hold. Positive: increase in FY-guidance for EBIT to €93-95m from €90-92m. We reiterate our Buy-rating and DEQ remains our preferred German property stock given its high predictability and low-risk profile.

Deutsche Euroshop forecasts

€ m	9M 2008 E	9M 2008 A
Total revenues	84.00	84.10
Other operating income	0.78	0.66
Property operating costs	-6.08	-6.24
Property management costs	-5.46	-5.45
Other operating expenses	-3.59	-3.59
EBIT	69.66	69.53
Net finance result	-37.29	-36.00
Revaluation gain / losses	4.48	4.36
EBT	36.85	37.89
Total taxes	-6.23	-6.63
Net income	30.62	31.26
EPS (€) diluted	0.89	0.91

Source: Company data, Dresdner Kleinwort Research estimates

- ▶ DEQ mentioned that several potential acquisitions were reviewed but prices have not yet been attractive. So the company sticks to the extension of its mall in Dresden for €75m and benefits on its fully rented shopping center portfolio. The 9M-figures have shown no surprises. The positive development was reflected by the increase of the FY-targets of EBIT to €93-95m. We will adjust our estimates upwards and expect DEQ to arrive in the mid of the new profit range.
- ▶ DEQ's credit profile remains stable as only 8% of total financial debt needs to be prolonged until 2012. The company intends to keep the current equity ratio of 50%.
In the conference call today we will focus in particular on the performance of DEQ's tenants. We expect that fashion stores have seen lower revenues but electronic goods at least stable. We will also be interested why the dividend of €1.05 is kept stable despite of the increase of the profit forecast.
- ▶ Target price based on a combination of DDM/ EVA/ peer group.

Online research:

www.dresdnerkleinwort.com/research

Bloomberg:

DKIB1<GO>

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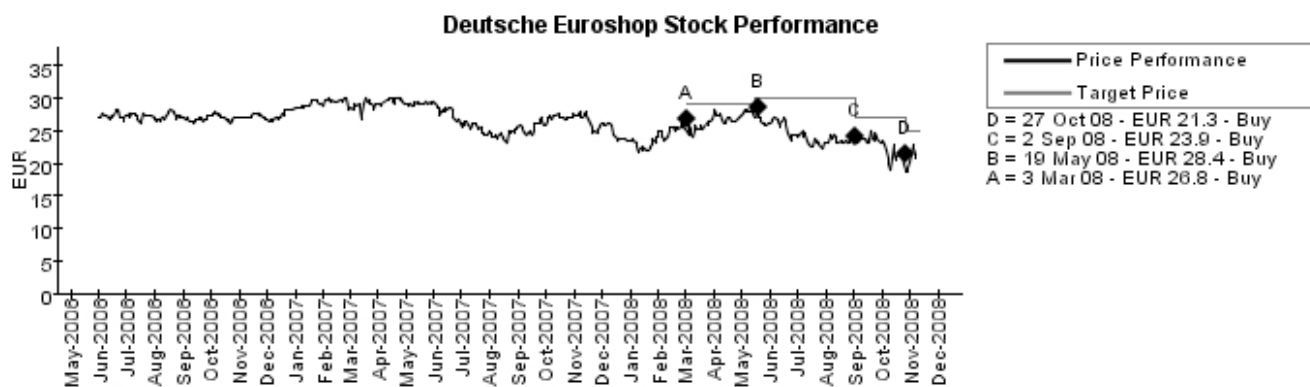
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Equity Research - Recommendation definition

Absolute basis

(Except as otherwise noted, expected performance over next 12 months)

Buy:	10% or greater increase in share price	Sell:	10% or more decrease in share price
Add:	5-10% increase in share price	Reduce:	5-10% decrease in share price
Hold:	+5%/-5% variation in share price		

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Sector* relative basis

(Except as otherwise noted, expected performance over next 12 months)

Buy:	Stock expected to outperform its sector and be among the most attractive in its sector.
Hold:	Stock expected to perform in-line with its sector, and may increase/decrease in value, but remain less attractive than Buy-rated stocks/more attractive than Sell-rated stocks.
Sell:	Stock expected to underperform its sector, and may increase/decrease in value, but be among the least attractive in its sector.

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	All covered companies		Companies where a Dresdner Kleinwort company has provided investment banking services (in the last 12 months)	
Buy/Add	335	57%	45	13%
Hold	180	31%	17	9%
Sell/Reduce	73	12%	9	12%
Total	588		71	

Source: Dresdner Kleinwort

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