

| | | | |
|--|--|---|---|
| Hold EUR 40.30 (EUR 46.10) Price EUR 38.77 Upside 4.0 % | Value Indicators: EUR NAV (WRe) 16e: 39.42 Dividend discount 16e: 44.03 Rent multiples 16e: 38.27 | Share data: Bloomberg: DEQ GR Reuters: DEQGn ISIN: DE0007480204 | Description: Deutsche EuroShop is a portfolio holder in shopping centre real estate |
| | Market Snapshot: EUR m Market cap: 2,091.2 No. of shares (m): 53.9 Freefloat MC: 1,777.5 Ø Trad. Vol. (30d): 6.00 m | Shareholders: Freefloat: 85.0 % Otto Family: 15.0 % Black Rock: 3.0 % Hertie Foundation: 3.0 % | Risk Profile (WRe): 2015e LTV: 40.2 % Equity Ratio: 51.8 % |

Profit warning - Guidance reduced on lower inflation rate expectations

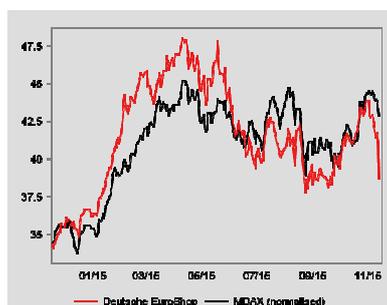
| Stated Figures Q3/2015: | Comment on Figures: <ul style="list-style-type: none"> Overall, DEQ's Q3 result fell short of expectations. The top-line miss was only modest with a 1%-rental income growth to EUR 50.4m in Q3. But operating earnings figures EBIT, EBT and net profit were 2-4% below estimates. The weaker operating performance was driven by higher property operating costs of approx. EUR 1.3m and slightly higher write-downs than anticipated. FFO per share was nearly unchanged at EUR 0.55 The reduction in the guidance for 2015 and 2016 came as a negative surprise. However the adjustment for 2015 is only very small as the company reduced its forecast for the EBIT range by EUR 2m (or 1.2%) to a new target range of EUR 175-178m. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---------|--------|-------|-------|--------|--------|-------|-----------|-----------|---------------|------|------|------|----|-------|-------|-------|----|------|------|------|------|------|-----|-------|-------|-------|-----|------|-------------------|-------|-------|-------|-----|-------|-------|-------|------|--|------------------|------|------|------|---|------|------|------|---|--|-----|------|------|------|----|------|------|------|----|--|---------------------|------|------|------|----|------|------|------|----|--|---------------|------|------|------|--|------|------|------|----|------|--------------------|------|------|------|----|------|------|------|----|--|--|
| <table border="1"> <thead> <tr> <th>Group</th> <th>Q3/2015</th> <th>Q3/15e</th> <th>Q3/14</th> <th>yoy</th> <th>9M/15</th> <th>9M/15e</th> <th>9M/14</th> <th>yoy</th> <th>Consensus</th> </tr> </thead> <tbody> <tr> <td>Rental Income</td> <td>50.4</td> <td>50.5</td> <td>50.0</td> <td>1%</td> <td>151.0</td> <td>151.1</td> <td>149.7</td> <td>1%</td> <td>50.6</td> </tr> <tr> <td>EBIT</td> <td>42.9</td> <td>43.9</td> <td>43.9</td> <td>-2%</td> <td>131.0</td> <td>132.1</td> <td>132.3</td> <td>-1%</td> <td>44.2</td> </tr> <tr> <td>Net Finance Costs</td> <td>-12.5</td> <td>-12.3</td> <td>-13.7</td> <td>-8%</td> <td>-37.2</td> <td>-36.9</td> <td>-41.7</td> <td>-11%</td> <td></td> </tr> <tr> <td>Valuation result</td> <td>-0.8</td> <td>-0.5</td> <td>-1.5</td> <td>-</td> <td>-2.8</td> <td>-2.5</td> <td>-4.4</td> <td>-</td> <td></td> </tr> <tr> <td>EBT</td> <td>29.5</td> <td>31.2</td> <td>28.7</td> <td>3%</td> <td>91.0</td> <td>92.7</td> <td>86.2</td> <td>6%</td> <td></td> </tr> <tr> <td>Consolidated profit</td> <td>23.9</td> <td>24.9</td> <td>23.1</td> <td>3%</td> <td>73.6</td> <td>74.6</td> <td>69.5</td> <td>6%</td> <td></td> </tr> <tr> <td>FFO per share</td> <td>0.55</td> <td>0.56</td> <td>0.54</td> <td></td> <td>1.68</td> <td>1.69</td> <td>1.63</td> <td>3%</td> <td>0.57</td> </tr> <tr> <td>Earnings per share</td> <td>0.44</td> <td>0.46</td> <td>0.43</td> <td>3%</td> <td>1.37</td> <td>1.38</td> <td>1.29</td> <td>6%</td> <td></td> </tr> </tbody> </table> | Group | Q3/2015 | Q3/15e | Q3/14 | yoy | 9M/15 | 9M/15e | 9M/14 | yoy | Consensus | Rental Income | 50.4 | 50.5 | 50.0 | 1% | 151.0 | 151.1 | 149.7 | 1% | 50.6 | EBIT | 42.9 | 43.9 | 43.9 | -2% | 131.0 | 132.1 | 132.3 | -1% | 44.2 | Net Finance Costs | -12.5 | -12.3 | -13.7 | -8% | -37.2 | -36.9 | -41.7 | -11% | | Valuation result | -0.8 | -0.5 | -1.5 | - | -2.8 | -2.5 | -4.4 | - | | EBT | 29.5 | 31.2 | 28.7 | 3% | 91.0 | 92.7 | 86.2 | 6% | | Consolidated profit | 23.9 | 24.9 | 23.1 | 3% | 73.6 | 74.6 | 69.5 | 6% | | FFO per share | 0.55 | 0.56 | 0.54 | | 1.68 | 1.69 | 1.63 | 3% | 0.57 | Earnings per share | 0.44 | 0.46 | 0.43 | 3% | 1.37 | 1.38 | 1.29 | 6% | | |
| Group | Q3/2015 | Q3/15e | Q3/14 | yoy | 9M/15 | 9M/15e | 9M/14 | yoy | Consensus | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rental Income | 50.4 | 50.5 | 50.0 | 1% | 151.0 | 151.1 | 149.7 | 1% | 50.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT | 42.9 | 43.9 | 43.9 | -2% | 131.0 | 132.1 | 132.3 | -1% | 44.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Finance Costs | -12.5 | -12.3 | -13.7 | -8% | -37.2 | -36.9 | -41.7 | -11% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Valuation result | -0.8 | -0.5 | -1.5 | - | -2.8 | -2.5 | -4.4 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBT | 29.5 | 31.2 | 28.7 | 3% | 91.0 | 92.7 | 86.2 | 6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consolidated profit | 23.9 | 24.9 | 23.1 | 3% | 73.6 | 74.6 | 69.5 | 6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FFO per share | 0.55 | 0.56 | 0.54 | | 1.68 | 1.69 | 1.63 | 3% | 0.57 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Earnings per share | 0.44 | 0.46 | 0.43 | 3% | 1.37 | 1.38 | 1.29 | 6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

The main reason for the guidance reduction is DEQ's revised assumption of a lower inflation rate in future as the actual inflation rate of only 0.3% after 9M 2015 is below the previous 2015 estimate of 1%. As a consequence the company also reduced its 2016 guidance (see table below) by ~2% on average for core figures. Although this is only a modest guidance reduction, the impact on investor confidence in DEQ's long-term attractive growth-rates is clearly negative. Furthermore, DEQ expects almost no growth in 2016. In 2017 we have included the positive effects of lower financing costs (e.g. Klagenfurt) and the extension of the Phoenix-Center in Hamburg.

We reduce our PT to EUR 40.30 reflecting lower rental income and a lower dividend growth assumption for the DDM. We stick to our Hold recommendation owing to low growth momentum and the fact that DEQ's dividend yield (2016e: 3.6% vs Peers 4.7%) is still below the peer average.

| Guidance 2015 | WRe | Consensus | Guidance 2016 | WRe | Consensus |
|-----------------------------------|-------|-----------|------------------------------------|-------|-----------|
| Sales EUR 201-204m | 201,8 | 203,2 | Sales EUR 200-204m (old: 203-206m) | 202,9 | 206,0 |
| EBIT EUR 175-178m (old: 177-180m) | 175,5 | 178,2 | EBIT EUR 175-179m (old: 179-182m) | 176,9 | 180,6 |
| FFOPS EUR 2,24-2.28 | 2,24 | 2,25 | FFOPS EUR 2,26-2.30 (2.30-2.34) | 2,29 | 2,30 |

| Changes in Estimates: | Comment on Changes: <ul style="list-style-type: none"> We reduce our top-line estimates based on the expectation of lower underlying growth from inflation-related rental contracts. The sharper revision of EBT is driven by a lower contribution than estimated from revenues of companies consolidated at-equity. Previous estimates were too optimistic. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-------------|-------------|-------------|-------------|-------------|-------|---------------|-------|--------|-------|--------|-------|--------|-----------|-------|--------|-------|--------|-------|--------|-----|-------|--------|-------|---------|-------|--------|---------|------|-------|------|-------|------|-------|--|
| <table border="1"> <thead> <tr> <th>FY End: 31.12. in EUR m</th> <th>2015e (old)</th> <th>+ / -</th> <th>2016e (old)</th> <th>+ / -</th> <th>2017e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td>Rental income</td> <td>203.8</td> <td>-1.0 %</td> <td>209.4</td> <td>-3.1 %</td> <td>215.0</td> <td>-3.0 %</td> </tr> <tr> <td>EBIT adj.</td> <td>178.0</td> <td>-1.4 %</td> <td>182.9</td> <td>-3.3 %</td> <td>188.0</td> <td>-3.2 %</td> </tr> <tr> <td>EBT</td> <td>222.5</td> <td>-4.1 %</td> <td>215.5</td> <td>-10.0 %</td> <td>221.6</td> <td>-9.8 %</td> </tr> <tr> <td>FFOPS I</td> <td>2.30</td> <td>0.0 %</td> <td>2.43</td> <td>0.0 %</td> <td>2.62</td> <td>0.0 %</td> </tr> </tbody> </table> | FY End: 31.12. in EUR m | 2015e (old) | + / - | 2016e (old) | + / - | 2017e (old) | + / - | Rental income | 203.8 | -1.0 % | 209.4 | -3.1 % | 215.0 | -3.0 % | EBIT adj. | 178.0 | -1.4 % | 182.9 | -3.3 % | 188.0 | -3.2 % | EBT | 222.5 | -4.1 % | 215.5 | -10.0 % | 221.6 | -9.8 % | FFOPS I | 2.30 | 0.0 % | 2.43 | 0.0 % | 2.62 | 0.0 % | |
| FY End: 31.12. in EUR m | 2015e (old) | + / - | 2016e (old) | + / - | 2017e (old) | + / - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rental income | 203.8 | -1.0 % | 209.4 | -3.1 % | 215.0 | -3.0 % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT adj. | 178.0 | -1.4 % | 182.9 | -3.3 % | 188.0 | -3.2 % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBT | 222.5 | -4.1 % | 215.5 | -10.0 % | 221.6 | -9.8 % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FFOPS I | 2.30 | 0.0 % | 2.43 | 0.0 % | 2.62 | 0.0 % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

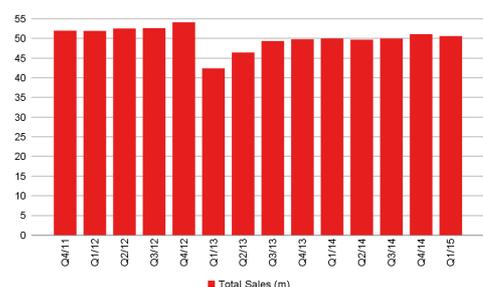


| | |
|----------------------------------|---------|
| Rel. Performance vs MDAX: | |
| 1 month: | -10.2 % |
| 6 months: | -16.0 % |
| Year to date: | -14.1 % |
| Trailing 12 months: | -13.1 % |

| | |
|------------------------|---------|
| Company events: | |
| 18.04.16 | FY 2015 |
| 12.05.16 | Q1 |
| 15.06.16 | AGM |
| 15.08.16 | Q2 |

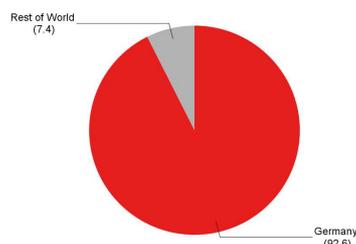
| FY End: 31.12. in EUR m | CAGR (14-17e) | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|---|---------------|--------|--------|---------|--------|--------|--------|--------|
| Total Sales | 1.3 % | 190.0 | 211.2 | 188.0 | 200.8 | 201.8 | 202.9 | 208.5 |
| Rental income | | 190.0 | 211.2 | 188.0 | 200.8 | 201.8 | 202.9 | 208.5 |
| Change yoy | | 31.8 % | 11.2 % | -11.0 % | 6.8 % | 0.5 % | 0.6 % | 2.7 % |
| EBIT adj. | 0.8 % | 165.7 | 181.0 | 165.8 | 177.5 | 175.5 | 176.9 | 181.9 |
| FFO I | 2.9 % | 83.1 | 86.4 | 112.0 | 120.5 | 120.9 | 122.3 | 131.3 |
| FFO I-margin | | 43.7 % | 40.9 % | 59.6 % | 60.0 % | 59.9 % | 60.3 % | 63.0 % |
| Valuation changes investment properties | -5.7 % | 50.1 | 8.5 | 56.0 | 77.0 | 86.2 | 64.6 | 64.6 |
| EBT | -2.3 % | 136.7 | 103.5 | 187.6 | 214.7 | 213.4 | 193.9 | 199.9 |
| Net income | -2.4 % | 99.0 | 122.5 | 171.0 | 177.4 | 174.0 | 160.0 | 164.9 |
| EPS | -2.6 % | 1.92 | 2.36 | 3.17 | 3.29 | 3.22 | 2.97 | 3.04 |
| FFOPS I | 2.7 % | 1.61 | 1.66 | 2.08 | 2.23 | 2.24 | 2.27 | 2.42 |
| DPS | 3.7 % | 1.10 | 1.20 | 1.25 | 1.30 | 1.35 | 1.40 | 1.45 |
| Dividend Yield | | 4.1 % | 4.2 % | 3.9 % | 3.8 % | 3.5 % | 3.6 % | 3.7 % |
| Book Value / Share | | 23.11 | 25.45 | 26.49 | 28.26 | 30.13 | 31.70 | 33.09 |
| EPRA NAV / Share | | 27.64 | 28.53 | 30.59 | 33.17 | 35.94 | 37.73 | 37.39 |
| P / E | | 13.9 x | 12.1 x | 10.0 x | 10.5 x | 12.0 x | 13.1 x | 12.8 x |
| Price / Book | | 0.9 x | 0.9 x | 1.0 x | 1.1 x | 1.1 x | 1.1 x | 1.1 x |
| P / NAV | | 1.0 x | 1.0 x | 1.0 x | 1.0 x | 1.1 x | 1.0 x | 1.0 x |
| FFO I-Yield | | 6.0 % | 5.8 % | 6.5 % | 6.5 % | 5.8 % | 5.8 % | 6.2 % |
| ROE | | 8.4 % | 9.7 % | 12.4 % | 12.0 % | 11.0 % | 9.6 % | 9.4 % |
| LTV | | 47.0 % | 49.2 % | 44.5 % | 41.8 % | 40.2 % | 39.0 % | 37.8 % |

Total Sales development
in EUR m



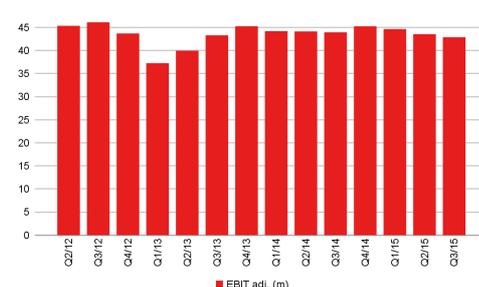
Source: Warburg Research

Sales by regions
2014; in %



Source: Warburg Research

EBIT adj. development
in EUR m



Source: Warburg Research

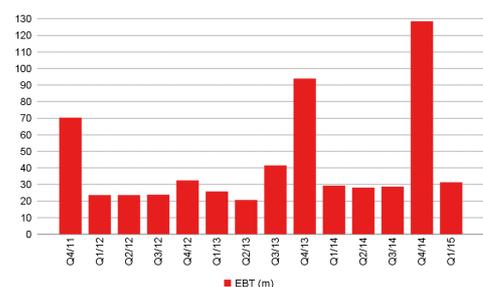
Company Background

- Deutsche EuroShop's core strategy is to achieve sustainable long-term growth with solid value-accretion of the portfolio and the payment of an attractive dividend.
- In its shopping centre portfolio, Deutsche EuroShop has stakes in 19 different shopping centres. As well as the core market Germany (16 centres), DES has investments in Poland, Hungary and Austria.
- Over the past three years, the portfolio volume has increased significantly by 66%, through acquisitions, the extension of existing centres and increasing stakeholdings in shopping centres.
- DES shopping centres are managed by the experienced shopping centre operator ECE. The vacancy ratio is low at 1%.

Competitive Quality

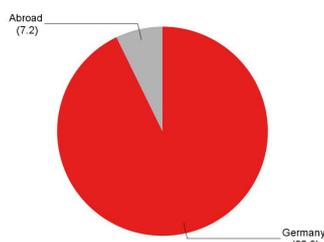
- The company finances its centres very conservatively with at least 50% equity capital and normally a 10-year loan contract.
- Portfolio expansion occurs when opportunities arise and with a targeted return of at least 5.5%, which avoids large downward valuation corrections on the property.
- Future cash flows are well secured with the average outstanding duration of the rental contracts at more than six years. The top 10 tenants account for only 25% of the total rental income.

EBT development
in EUR m



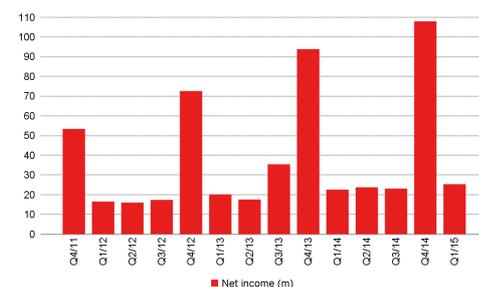
Source: Warburg Research

EBIT by regions
2014 in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

| Valuation | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|--------------|--------|--------|--------|--------|--------|--------|--------|
| P / E | 13.9 x | 12.1 x | 10.0 x | 10.5 x | 12.0 x | 13.1 x | 12.8 x |
| P / NAV | 1.0 x | 1.0 x | 1.0 x | 1.0 x | 1.1 x | 1.0 x | 1.0 x |
| Price / Book | 0.9 x | 0.9 x | 1.0 x | 1.1 x | 1.1 x | 1.1 x | 1.1 x |
| P / FFOPS I | 16.6 x | 17.2 x | 15.3 x | 15.5 x | 17.3 x | 17.1 x | 16.0 x |
| FFO I-Yield | 6.0 % | 5.8 % | 6.5 % | 6.5 % | 5.8 % | 5.8 % | 6.2 % |
| ROE | 8.4 % | 9.7 % | 12.4 % | 12.0 % | 11.0 % | 9.6 % | 9.4 % |
| Equity Ratio | 46 % | 45 % | 48 % | 50 % | 52 % | 53 % | 54 % |

Consolidated profit and loss

| In EUR m | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|--|---------------|---------------|---------------|----------------|----------------|---------------|---------------|
| Total Sales | 190.0 | 211.2 | 188.0 | 200.8 | 201.8 | 202.9 | 208.5 |
| Rental income | 190.0 | 211.2 | 188.0 | 200.8 | 201.8 | 202.9 | 208.5 |
| Change yoy | 31.8 % | 11.2 % | -11.0 % | 6.8 % | 0.5 % | 0.6 % | 2.7 % |
| Property operating costs | 8.5 | 11.3 | 8.5 | 9.1 | 10.0 | 9.7 | 10.0 |
| Property management costs | 9.8 | 10.5 | 9.3 | 9.9 | 10.2 | 10.3 | 10.6 |
| Rental profit | 171.6 | 189.4 | 170.2 | 181.8 | 181.6 | 182.8 | 187.8 |
| Income from property sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other revenues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gross profit | 171.6 | 189.4 | 170.2 | 181.8 | 181.6 | 182.8 | 187.8 |
| Other operating income/expenses | -6.0 | -8.4 | -4.4 | -4.3 | -6.1 | -5.9 | -5.9 |
| EBITDA | 165.7 | 181.0 | 165.8 | 177.5 | 175.5 | 176.9 | 181.9 |
| Valuation changes investment properties | 50.1 | 8.5 | 56.0 | 77.0 | 86.2 | 64.6 | 64.6 |
| EBITA | 215.8 | 189.5 | 221.7 | 254.5 | 261.7 | 241.6 | 246.6 |
| Amortisation of intangible assets/Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 215.8 | 189.5 | 221.7 | 254.5 | 261.7 | 241.6 | 246.6 |
| Interest income | 0.9 | 0.5 | 0.4 | 0.3 | 0.3 | 0.6 | 0.6 |
| Interest expenses | 65.8 | 72.1 | 57.8 | 58.6 | 55.4 | 54.9 | 54.9 |
| Other financial income (loss) | -14.5 | -13.9 | 0.7 | -16.1 | -16.9 | -17.1 | -17.2 |
| Financial result | -79.1 | -86.0 | -34.1 | -39.8 | -48.2 | -47.7 | -46.6 |
| EBT | 136.7 | 103.5 | 187.6 | 214.7 | 213.4 | 193.9 | 199.9 |
| <i>Margin</i> | <i>72.0 %</i> | <i>49.0 %</i> | <i>99.8 %</i> | <i>106.9 %</i> | <i>105.8 %</i> | <i>95.5 %</i> | <i>95.9 %</i> |
| Total taxes | 37.7 | -19.0 | 16.6 | 37.2 | 39.5 | 33.9 | 35.0 |
| thereof cash taxes | 3.4 | 8.6 | 2.4 | 5.4 | 5.4 | 7.0 | 7.0 |
| Net income | 99.0 | 122.5 | 171.0 | 177.4 | 174.0 | 160.0 | 164.9 |
| FFO (II) | 83.1 | 86.4 | 112.0 | 120.5 | 120.9 | 122.3 | 131.3 |
| <i>FFO I-margin</i> | <i>43.7 %</i> | <i>40.9 %</i> | <i>59.6 %</i> | <i>60.0 %</i> | <i>59.9 %</i> | <i>60.3 %</i> | <i>63.0 %</i> |
| Number of shares, average | 51.6 | 51.9 | 53.9 | 53.9 | 53.9 | 53.9 | 54.3 |
| FFOPS I | 1.61 | 1.66 | 2.08 | 2.23 | 2.24 | 2.27 | 2.42 |
| EPS | 1.92 | 2.36 | 3.17 | 3.29 | 3.22 | 2.97 | 3.04 |
| EPS adj. | 1.92 | 2.36 | 3.17 | 3.29 | 3.22 | 2.97 | 2.89 |

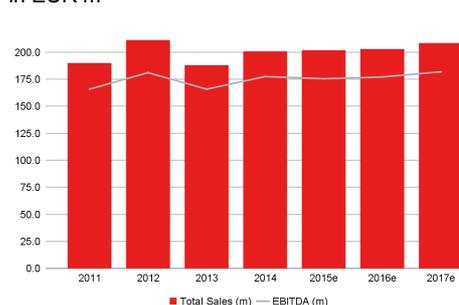
*Adjustments made for:

Guidance: 2015 in EUR m Sales 201-204, EBIT 175-178, EBT 126-129, FFOPS EUR 2.24-2.28

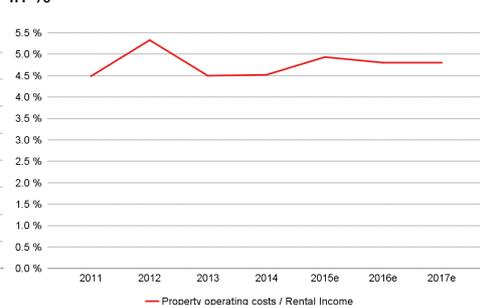
Financial Ratios

| | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|--|-------|-------|---------|--------|---------|---------|--------|
| Property operating costs / Rental Income | 4.5 % | 5.3 % | 4.5 % | 4.5 % | 4.9 % | 4.8 % | 4.8 % |
| Operating Leverage (Real Estate) | 4.3 x | 9.3 x | -11.8 x | 15.8 x | 200.6 x | 180.5 x | 39.2 x |
| Rental profit / interest expenses | 2.6 x | 2.6 x | 2.9 x | 3.1 x | 3.3 x | 3.3 x | 3.4 x |

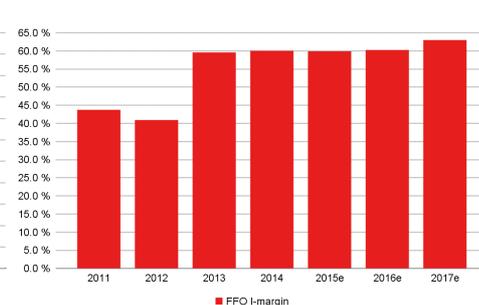
Total Sales, EBITDA
in EUR m



Rental expense ratio
in %



FFO margin



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated balance sheet

| In EUR m | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | | |
| Goodwill and other intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| thereof other intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| thereof Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Property, plant and equipment | 0.1 | 0.1 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Investment properties | 3,106.8 | 3,330.3 | 2,962.2 | 3,060.2 | 3,146.3 | 3,211.0 | 3,275.6 |
| Financial assets | 27.8 | 30.3 | 34.5 | 0.3 | 0.3 | 0.3 | 0.3 |
| Other long-term assets | 5.0 | 4.4 | 342.1 | 359.4 | 366.5 | 373.9 | 381.4 |
| Fixed assets | 3,139.8 | 3,365.1 | 3,339.2 | 3,420.2 | 3,513.6 | 3,585.6 | 3,657.7 |
| Inventories | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts receivable | 5.6 | 4.7 | 5.6 | 4.5 | 4.7 | 5.0 | 5.2 |
| Liquid assets | 64.4 | 167.5 | 40.8 | 58.3 | 57.2 | 63.6 | 71.8 |
| Other short-term assets | 15.3 | 11.5 | 9.3 | 9.2 | 3.6 | 3.8 | 4.0 |
| Current assets | 85.3 | 183.7 | 55.7 | 71.9 | 65.5 | 72.4 | 81.0 |
| Total Assets | 3,225.1 | 3,549.0 | 3,395.0 | 3,492.0 | 3,579.0 | 3,658.0 | 3,739.0 |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 51.6 | 53.9 | 53.9 | 53.9 | 53.9 | 53.9 | 53.9 |
| Capital reserve | 890.5 | 962.0 | 962.0 | 962.0 | 962.0 | 962.0 | 962.0 |
| Retained earnings | 250.9 | 306.0 | 413.0 | 508.4 | 609.6 | 694.0 | 780.2 |
| Other equity components | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' equity | 1,193.0 | 1,321.9 | 1,428.9 | 1,524.3 | 1,625.5 | 1,709.9 | 1,796.1 |
| Minority interest | 280.1 | 284.2 | 213.4 | 226.8 | 227.8 | 227.8 | 227.8 |
| Provisions | 14.8 | 37.3 | 8.2 | 10.7 | 10.9 | 11.1 | 11.4 |
| thereof provisions for pensions and similar obligations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial liabilities (total) | 1,472.1 | 1,657.2 | 1,486.8 | 1,430.1 | 1,413.6 | 1,397.3 | 1,381.4 |
| thereof short-term financial liabilities | 136.2 | 194.1 | 97.2 | 55.3 | 52.5 | 49.9 | 47.4 |
| Accounts payable | 2.8 | 2.3 | 3.4 | 1.1 | 1.1 | 1.2 | 1.2 |
| Other liabilities | 262.2 | 246.0 | 254.4 | 299.0 | 300.1 | 310.7 | 321.1 |
| Liabilities | 1,752.0 | 1,942.9 | 1,752.6 | 1,740.8 | 1,725.7 | 1,720.3 | 1,715.0 |
| Total liabilities and shareholders' equity | 3,225.1 | 3,549.0 | 3,395.0 | 3,492.0 | 3,579.0 | 3,658.0 | 3,739.0 |

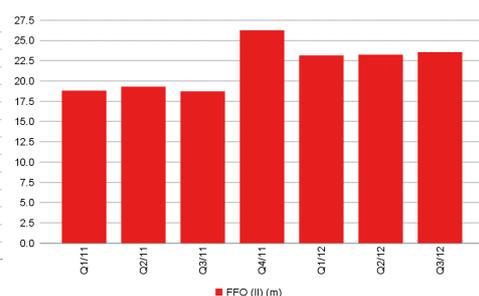
Financial Ratios

| | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|
| Return on Capital | | | | | | | |
| ROA | 3.2 % | 3.6 % | 4.9 % | 5.2 % | 4.9 % | 4.4 % | 4.5 % |
| ROE | 8.4 % | 9.7 % | 12.4 % | 12.0 % | 11.0 % | 9.6 % | 9.4 % |
| FFO I / Equity | 0.1 x |
| Solvency | | | | | | | |
| Net Debt | 1,407.7 | 1,489.7 | 1,445.9 | 1,371.8 | 1,356.4 | 1,333.8 | 1,309.6 |
| Net Financial Debt | 1,407.7 | 1,489.7 | 1,445.9 | 1,371.8 | 1,356.4 | 1,333.8 | 1,309.6 |
| Net Fin. Debt / EBITDA | 8.5 x | 8.2 x | 8.7 x | 7.7 x | 7.7 x | 7.5 x | 7.2 x |
| LTV | 47.0 % | 49.2 % | 44.5 % | 41.8 % | 40.2 % | 39.0 % | 37.8 % |
| Equity Ratio | 45.7 % | 45.3 % | 48.4 % | 50.1 % | 51.8 % | 53.0 % | 54.1 % |

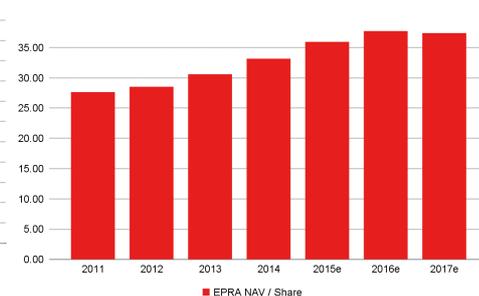
FFO yield



FFO development in EUR m



NAV per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

| In EUR m | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net income | 93.4 | 122.5 | 171.0 | 177.4 | 174.0 | 160.0 | 164.9 |
| Valuation changes properties | -54.3 | -31.1 | -60.5 | -88.3 | -86.2 | -64.6 | -64.6 |
| Depreciation of fixed assets | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Deferred taxes | 31.6 | -27.5 | 14.2 | 31.8 | 34.1 | 26.9 | 28.0 |
| Other non-cash income and expenses | 178.7 | 57.5 | -25.4 | 11.8 | 18.5 | 24.9 | 28.0 |
| Net cash provided by operating activities | 249.4 | 121.4 | 99.4 | 132.8 | 140.4 | 147.3 | 156.3 |
| Payments for acquisitions | -77.2 | -12.6 | -18.5 | -9.8 | -10.0 | -10.2 | -10.4 |
| Investments in property, plant and equipment | n.a. |
| Investments in intangible assets | n.a. |
| Investments in properties | -266.3 | -176.3 | -59.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial investments | n.a. |
| Investments in other assets (net) | -8.7 | -9.4 | -0.7 | 34.2 | 0.0 | 0.0 | 0.0 |
| Net cash provided by investing activities | -352.2 | -198.3 | -78.6 | 24.5 | -10.0 | -10.2 | -10.4 |
| Change in financial liabilities | 184.0 | 191.7 | -59.7 | -58.4 | -38.4 | -38.1 | -37.9 |
| Dividends paid | -56.8 | -56.8 | -64.7 | -67.4 | -72.8 | -75.5 | -82.7 |
| Capital measures | 0.0 | 66.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | -25.3 | -21.2 | -12.3 | -14.0 | -16.9 | -17.1 | -17.2 |
| Net cash provided by financing activities | 101.9 | 180.0 | -136.8 | -139.8 | -128.1 | -130.7 | -137.8 |
| Change in liquid funds | -0.9 | 103.1 | -116.0 | 17.5 | 2.3 | 6.4 | 8.2 |
| Effects of exchange-rate changes on cash | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalent at end of period | 64.4 | 167.5 | 40.8 | 58.3 | 60.6 | 67.0 | 75.2 |

Financial Ratios

| | 2011 | 2012 | 2013 | 2014 | 2015e | 2016e | 2017e |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Cash Flow | | | | | | | |
| FFO (II) | 83.1 | 86.4 | 112.0 | 120.5 | 120.9 | 122.3 | 131.3 |
| FFOPS I | 1.61 | 1.66 | 2.08 | 2.23 | 2.24 | 2.27 | 2.42 |
| FFOPS I diluted | 1.61 | 1.65 | 1.97 | 2.11 | 2.12 | 2.14 | 2.30 |
| FFO I-Yield | 6.0 % | 5.8 % | 6.5 % | 6.5 % | 5.8 % | 5.8 % | 6.2 % |
| FFO I-margin | 43.7 % | 40.9 % | 59.6 % | 60.0 % | 59.9 % | 60.3 % | 63.0 % |
| Interest Paid / Avg. Debt | 4.8 % | 4.6 % | 3.7 % | 4.0 % | 3.9 % | 3.9 % | 3.9 % |
| Management of Funds | | | | | | | |
| Maint. Capex / Net rental income | n.a. |
| Capex/Investment Properties | -8.6 % | -5.3 % | -2.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Avg. Working Capital / Sales | n.a. |
| Dividend Payout Ratio | 57.3 % | 50.9 % | 39.4 % | 39.5 % | 41.9 % | 47.2 % | 47.7 % |

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|-------------------|------------|---|
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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

| | | |
|-----|--------------------------|---|
| -B- | Buy: | The price of the analysed financial instrument is expected to rise over the next 12 months. |
| -H- | Hold: | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
| -S- | Sell: | The price of the analysed financial instrument is expected to fall over the next 12 months. |
| “-“ | Rating suspended: | The available information currently does not permit an evaluation of the company. |

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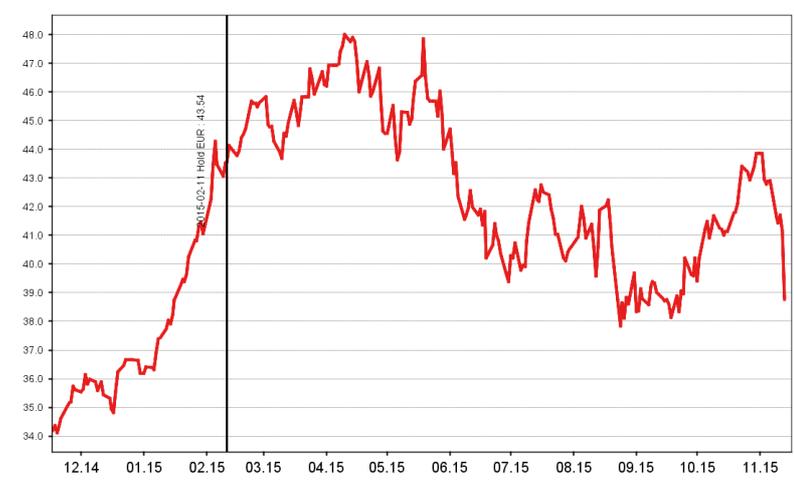
| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 115 | 63 |
| Hold | 56 | 31 |
| Sell | 7 | 4 |
| Rating suspended | 5 | 3 |
| Total | 183 | 100 |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment banking services in the last twelve months.

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 20 | 69 |
| Hold | 6 | 21 |
| Sell | 2 | 7 |
| Rating suspended | 1 | 3 |
| Total | 29 | 100 |

PRICE AND RATING HISTORY DEUTSCHE EUROSHOP AS OF 16.11.2015



The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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