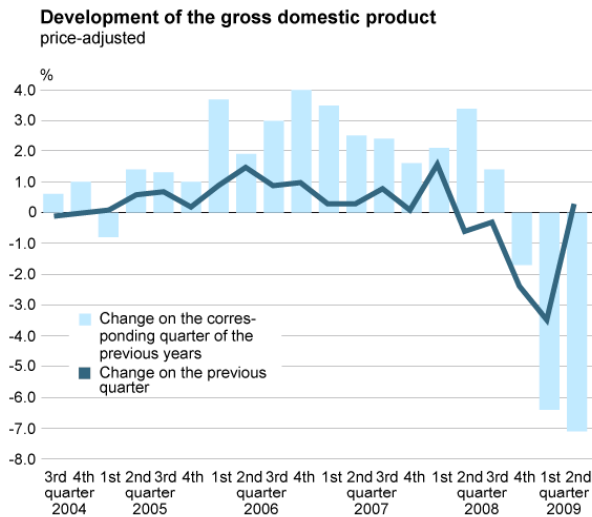
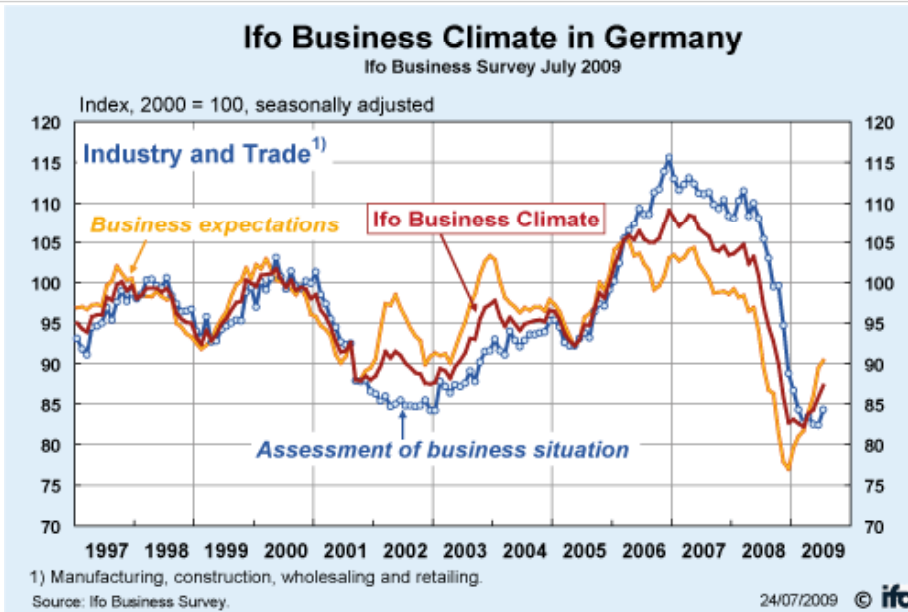


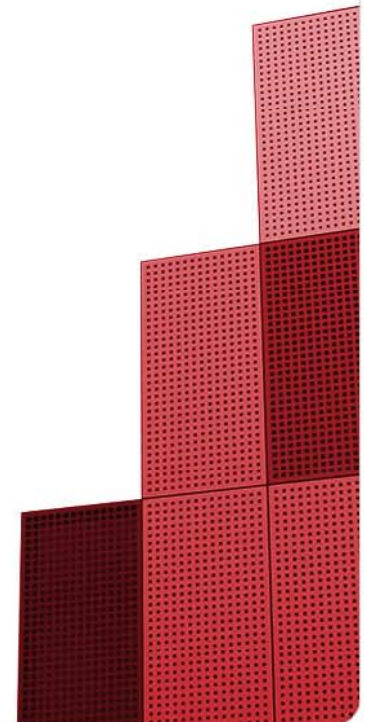


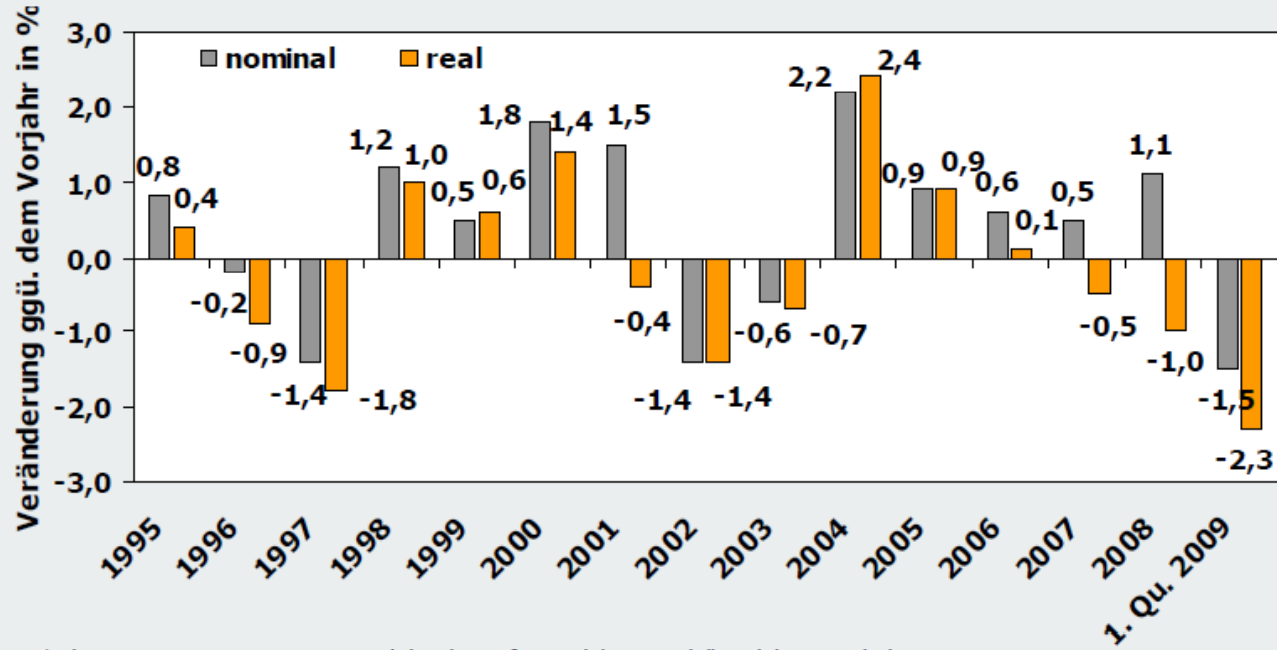
**German Shopping Centers:  
Leasing in tough times  
– what has changed?**

# Germany on its way into/out of a recession?



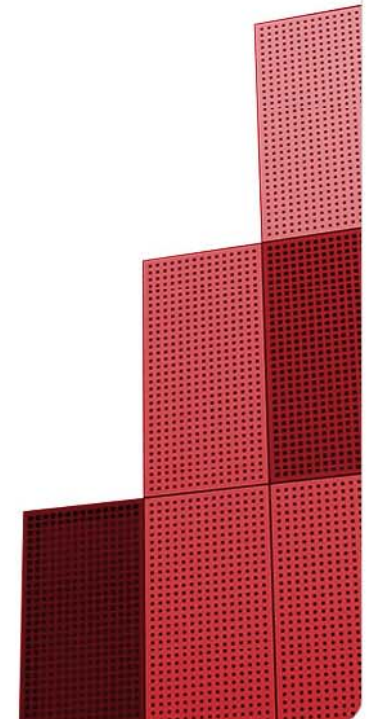
© Statistisches Bundesamt, Wiesbaden 2009

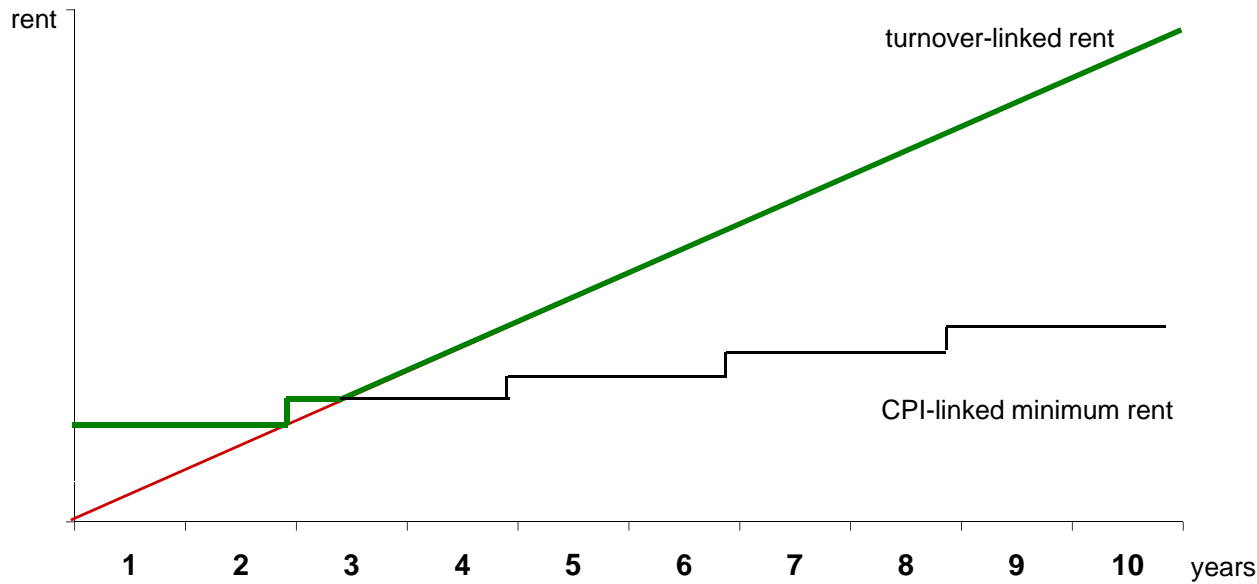




<sup>1</sup> Abgrenzung im engeren Sinne, d. h. ohne Kfz-Handel, Mineralölhandel u. Apotheken

GfK

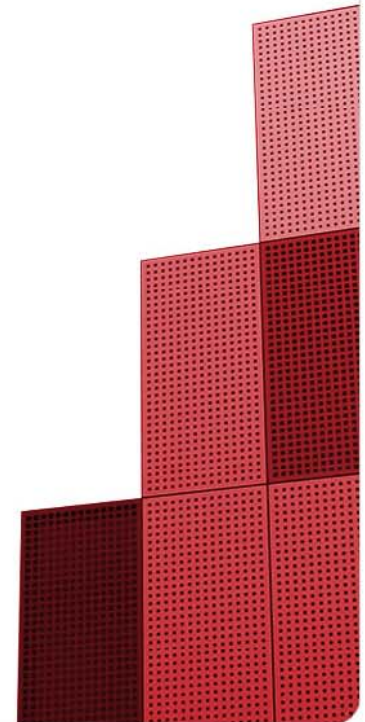




General form of lease contracts for DES-tenants

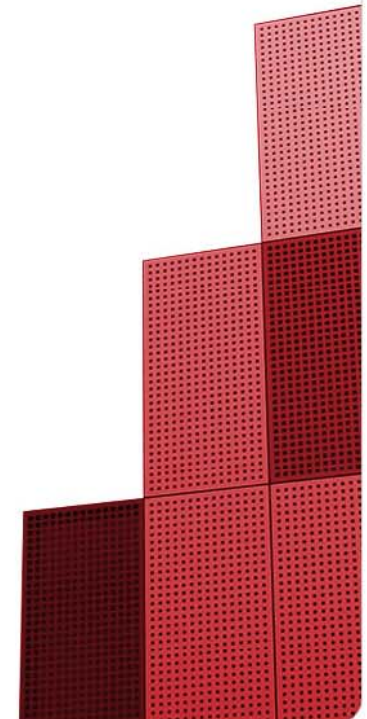
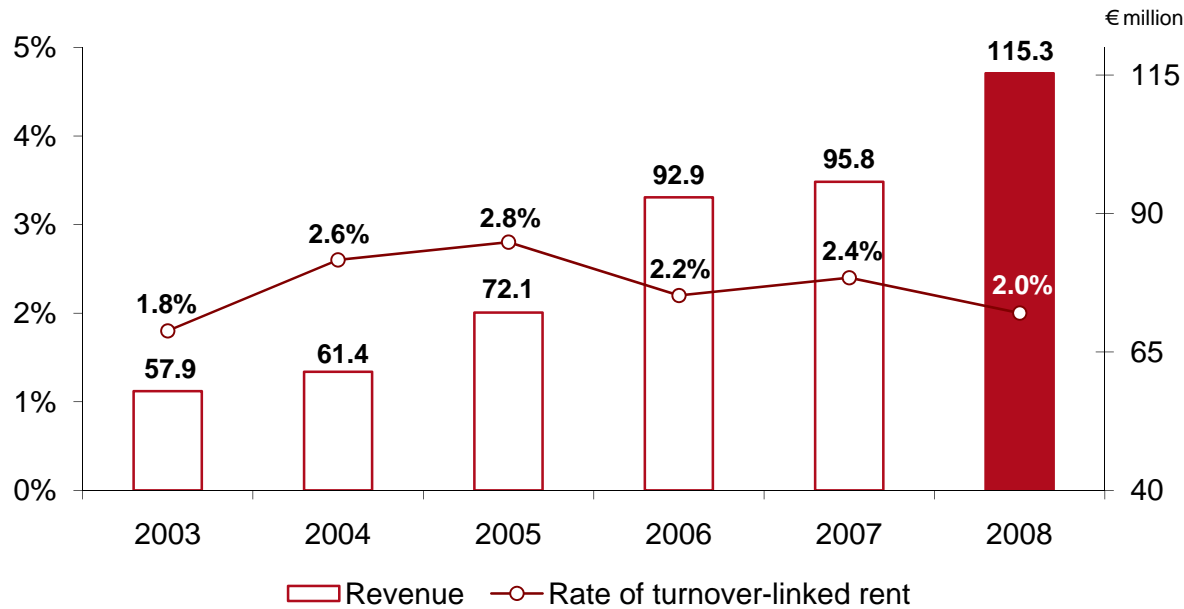
Participation in sales growth of retail industry

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



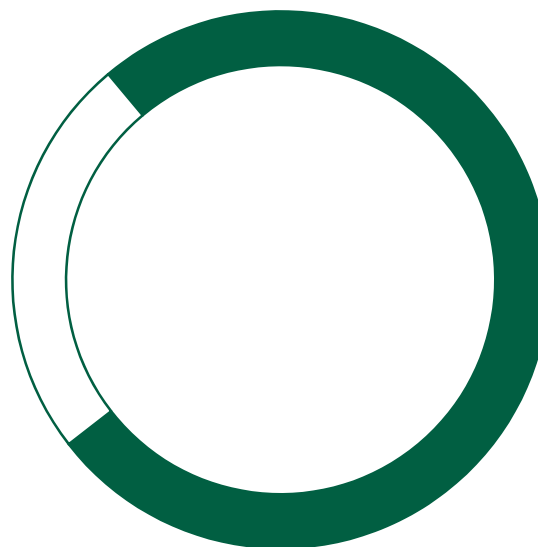
- avg. rent per sqm and year: €250
- avg. turnover per sqm and year: €4,700
- Rent-to-sales-ratio: 6.5-9.5%
- weighted maturity of rental contracts: >7 years

avg. German retail:  
€3,330



- Metro-Group 5.1%
- Douglas-Group 4.6%
- Peek & Cloppenburg 2.7%
- H&M 2.2%
- Inditex 2.0%
- New Yorker 1.9%
- Deichmann 1.9%
- dm-Drogeriemarkt 1.4%
- REWE 1.3%
- Engelhorn & Sturm 1.3%

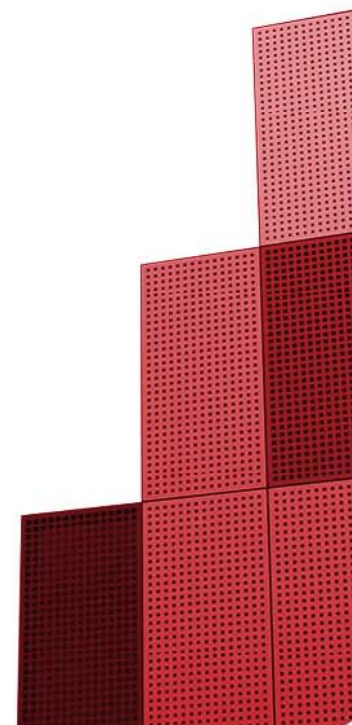
**total 24.4%**



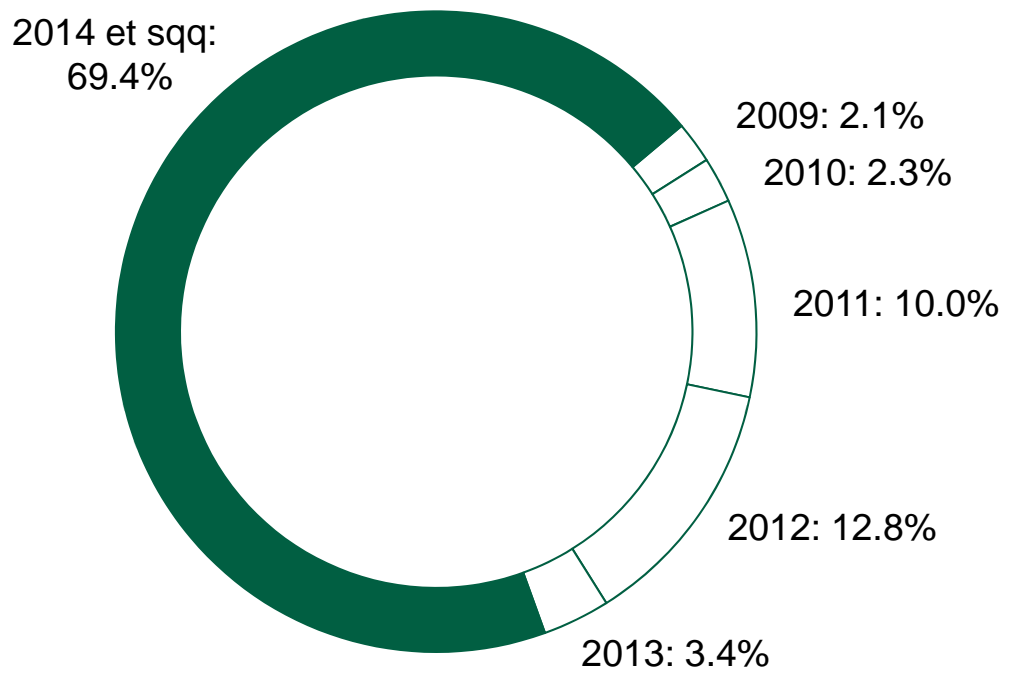
**Other tenants**

**total 75.6%**

Low level of dependence on the top 10 tenants

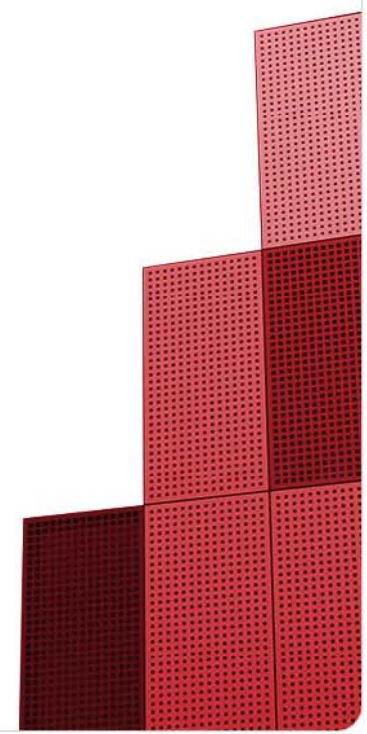


\*in % of total rents as at 31 Dec 2008

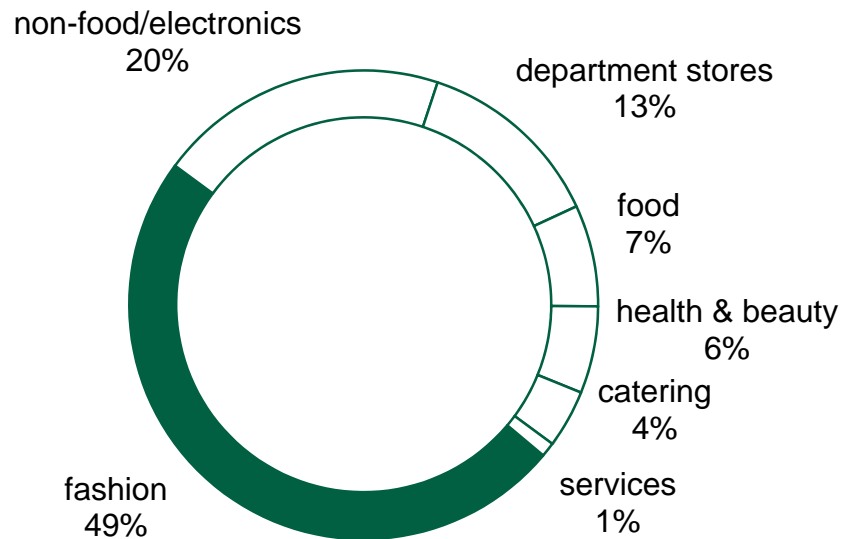


Long-term contracts guarantee rental income

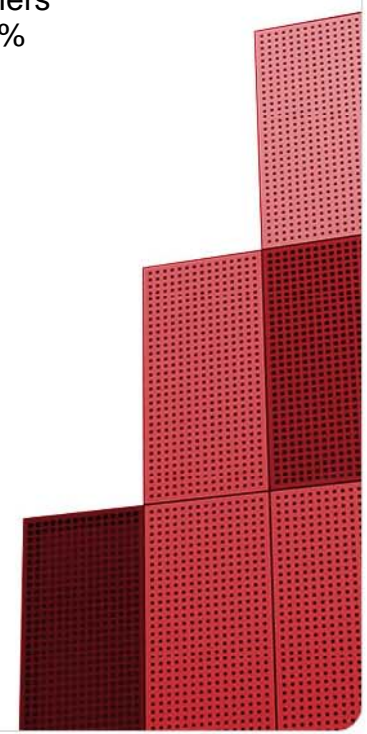
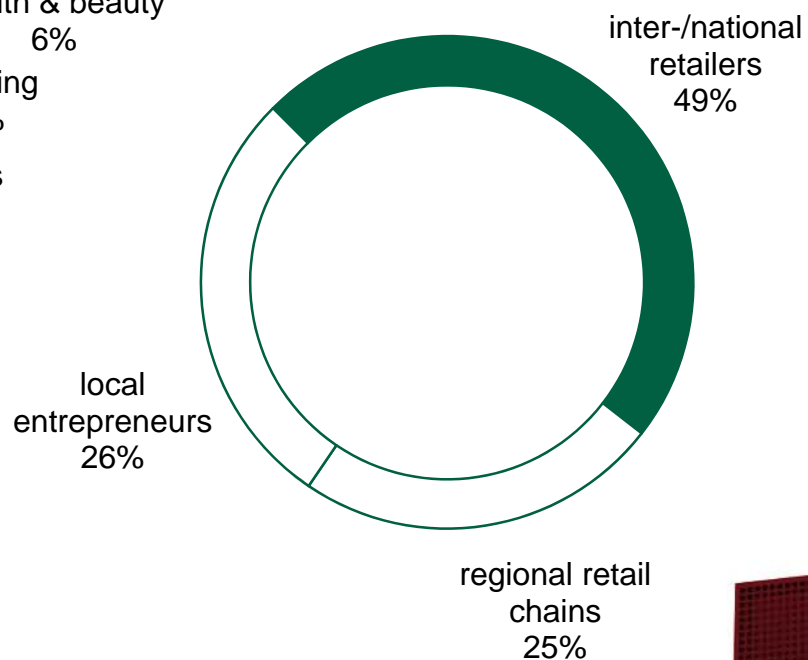
Weighted maturity > 7 years



\*as % of rental income as at 31 Dec 2008



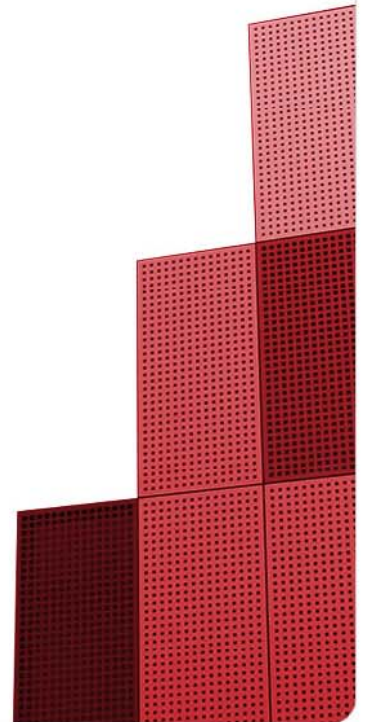
Balanced sector and retailer diversification



\*in % of lettable space as at 31 Dec 2008



- drop in demand (due to taxes, financial crisis, etc.)
- decline in sales (up to -30 %)
- increase in retail space (due to insolvencies of large-sized units)
- closing down of shops (due to decline in sales)
- increasing fluctuation
- demand for retail areas is concentrating on special locations, shop-sizes etc.
- changes in sociodemographic structures  
(e. g. age structure, size of households, etc.)
- new forms of distribution  
(e. g. Internet, Petrol stations, Teleshopping, etc.)
- funding problems for tenants due to changes in bank policies



- Rising pressure on landlords due to increase in retail space (especially large units)



SinnLeffers

**WOOLWORTH**



**POHLAND** Bleiben Sie anspruchsvoll

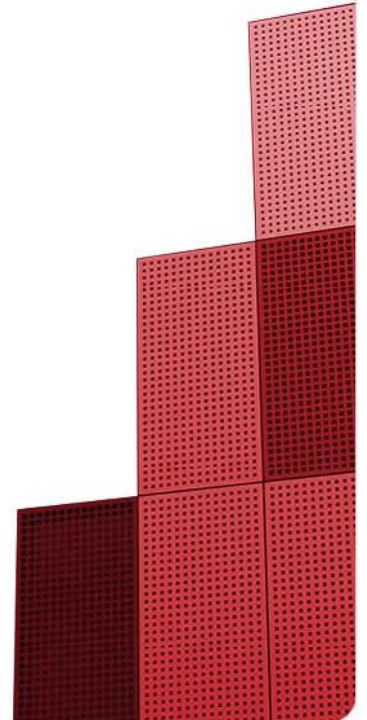
*Hertie*

**LIBERTY** woman

**LOVE**

**KENVELO**  
anywhere

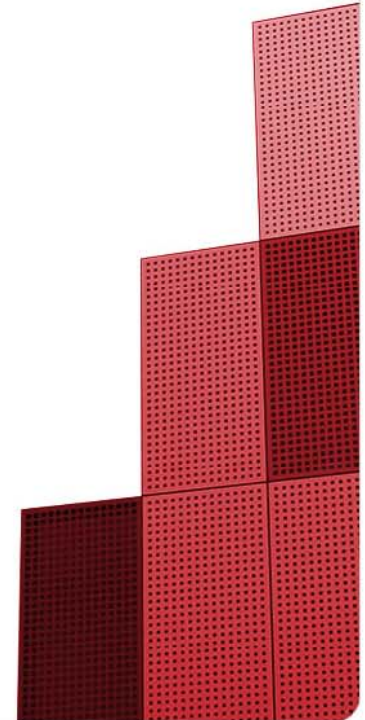
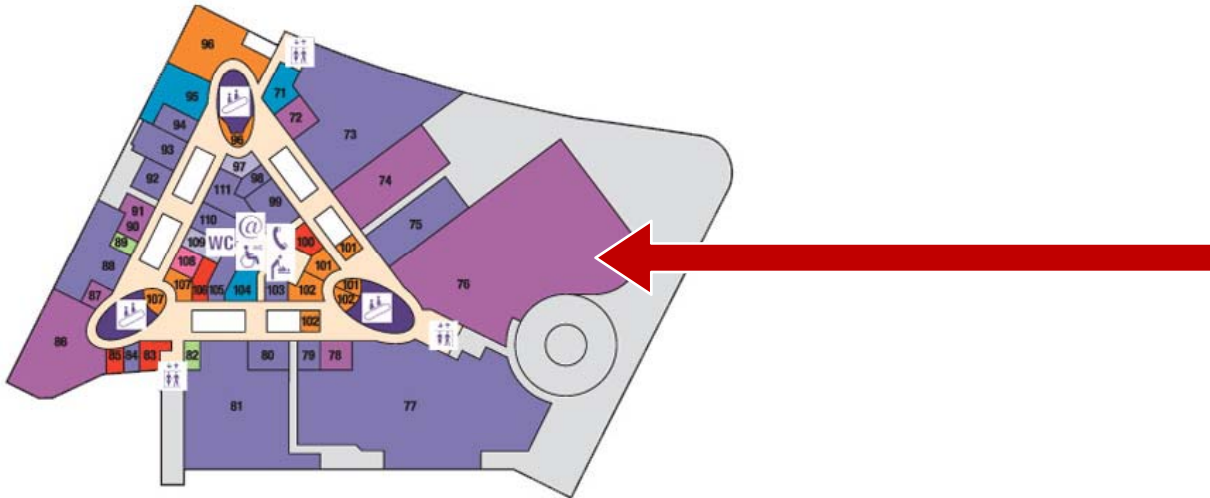
**KARSTADT**



- Main-Taunus-Zentrum:  
approx 16.200 m<sup>2</sup>, 2 levels, lease contract until 31.12.2026

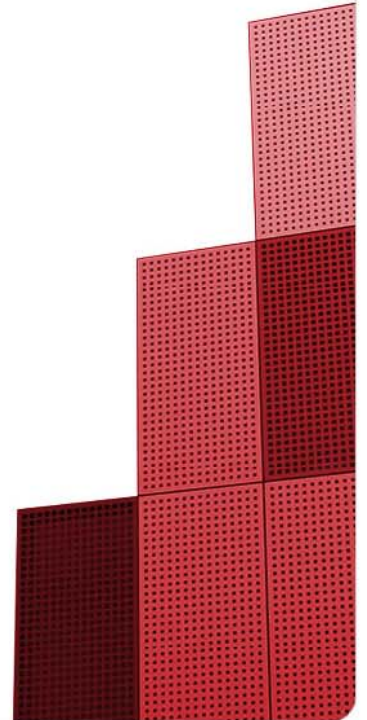


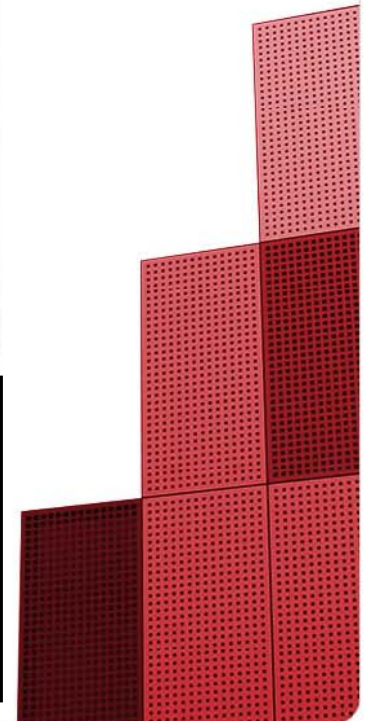
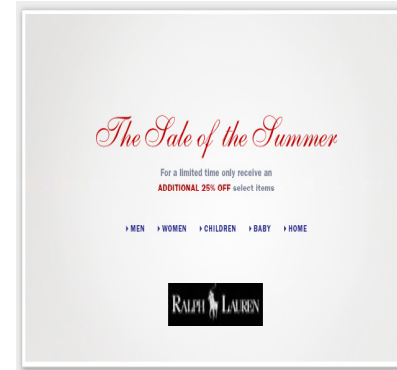
- Phoenix-Center Hamburg:  
approx 3.200 m<sup>2</sup>, 1 level, right to cancel until 31.12.2009



# Karstadt as Neighbour of Deutsche EuroShop: Rhein-Neckar-Zentrum







**INDITEX**



- rent reduction program

- rent reductions

**GERRY WEBER**

- optimizing the shop-portfolio



- suspension of rental index (as a precaution)



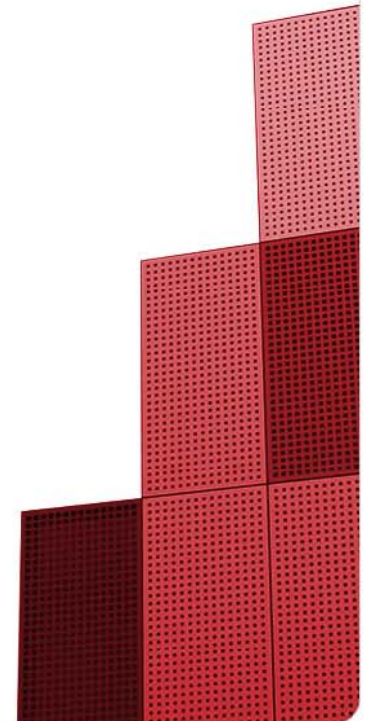
- closure of specific branches



- expansion by higher subsidies from the landlord



- refusal of rent increases



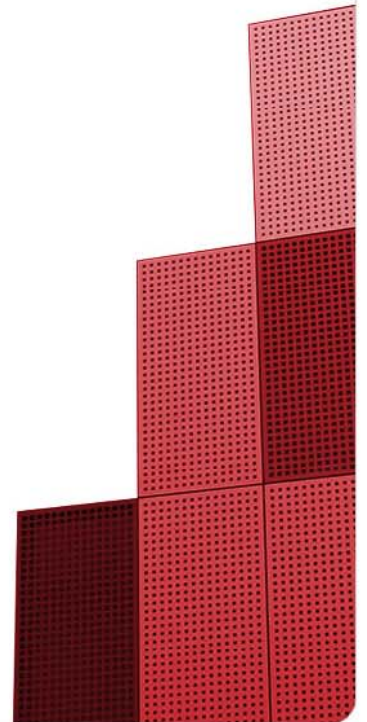
**RENO**

**DEPOT**

**MANGO**

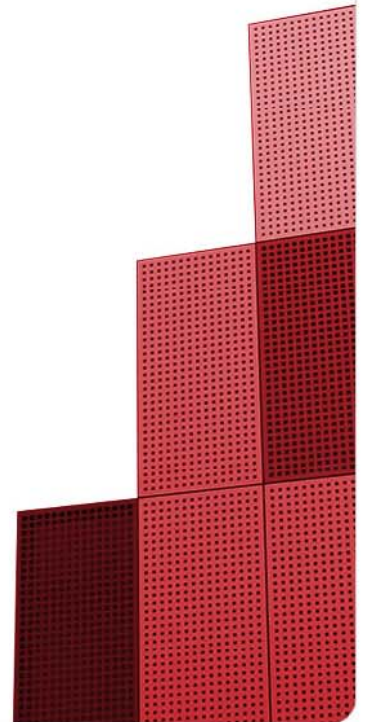
**TALLY WEIJL**

**WE**



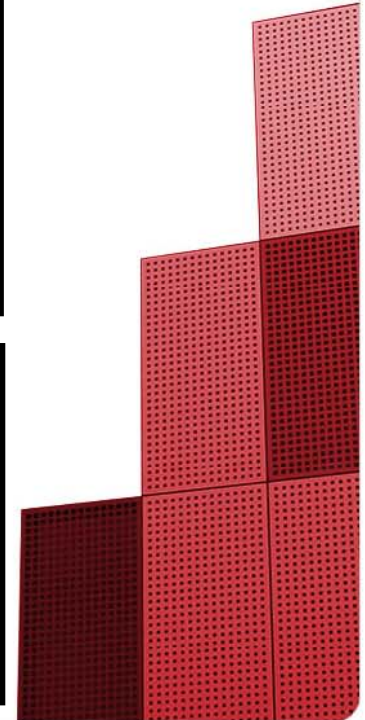


- creative and more effective marketing-activities  
(by the center-management)
  - deferral of rent
  - payment plan agreement
  - (temporary) rent reductions
  - premature termination of contract  
(with/without separation fee)
- ➔ Every step has to be individual,  
depending on the tenant's specific situation



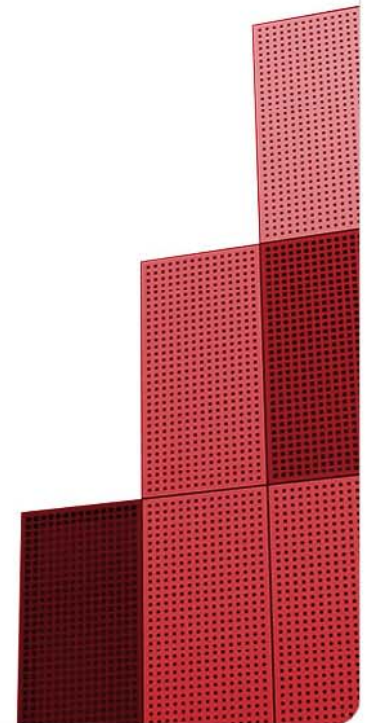


**NEW**





- International sourcing of goods
- Skipping of intermediate trade levels
- Rapid sourcing of goods  
(e.g. ZARA: from first product-idea to shop in 16 days)



**ESPRIT**

**s.Oliver®**

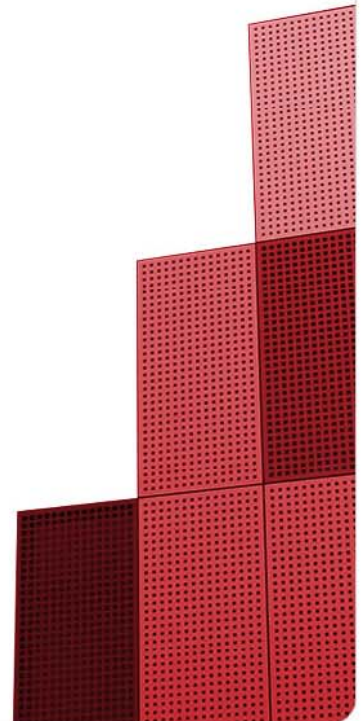
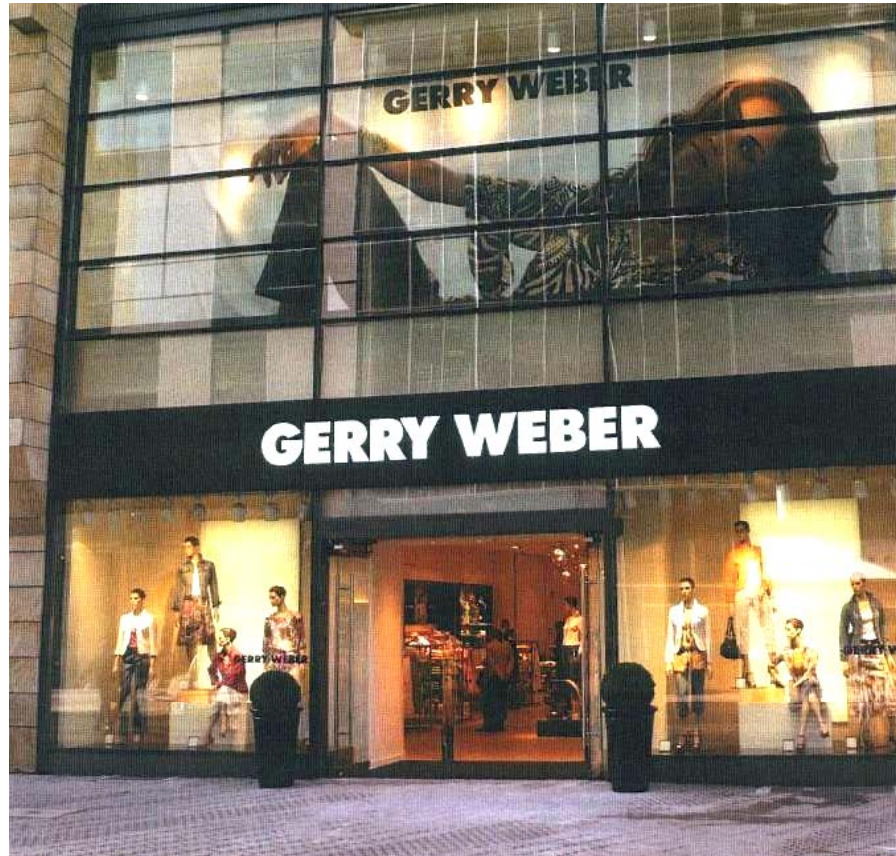
**ETIENNE AIGNER**

**B|A|S|L|E|R**

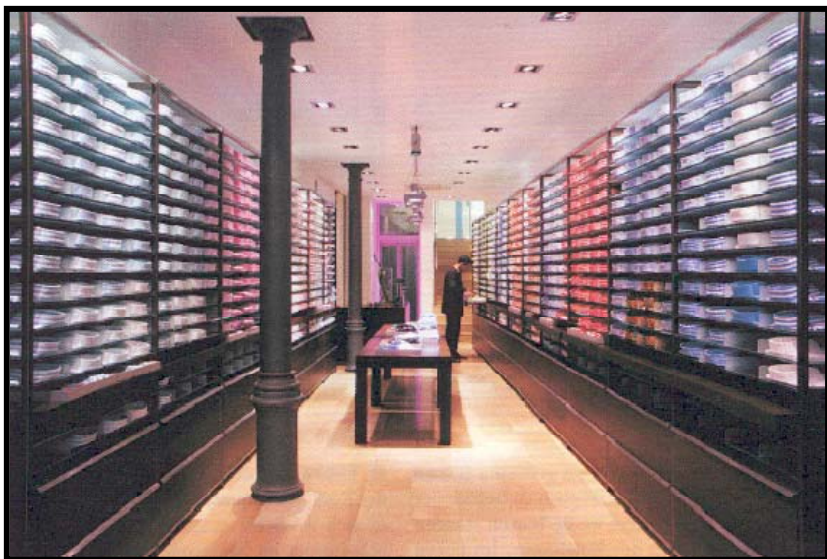
**bruno banani.**  
NOT FOR EVERYBODY

**eterna**  
EXCELLENT

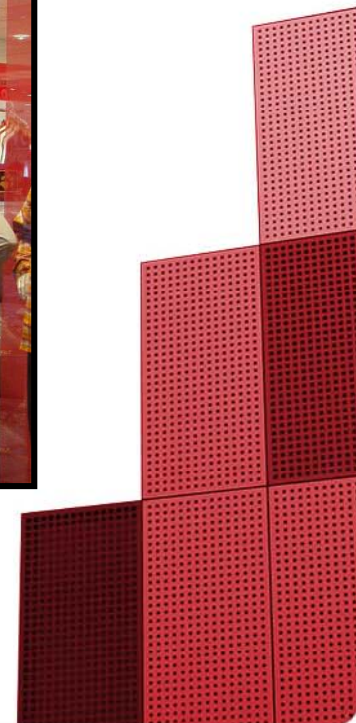
**TOMMY HILF**  **HILFIGER**



... of products on offer and of target groups



*van Laack*



UN DEUX TROIS 3



CRABTREE & EVELYN®  
*everyday luxury • beautiful gifts*

**SOC13TY**

**SPS**  
SUPERSTARS



**AIGLE**

**Sacha**

**DIDI**



**LUCKY BRAND**  
AMERICA'S FAVORITE

**TANEO**



*Accessorize*  
WELCOME TO THE ONLINE BOUTIQUE



**CARRY**



**BRAX**  
FEEL GOOD

 **Burlington**

**MCNEAL**  
CLOTHING COMPANY

ORWELL

**CLOSED**<sup>(C)</sup>

**BONITA**

**HH**<sup>®</sup>  
HELLY HANSEN

 **Barbour**

MaxMara

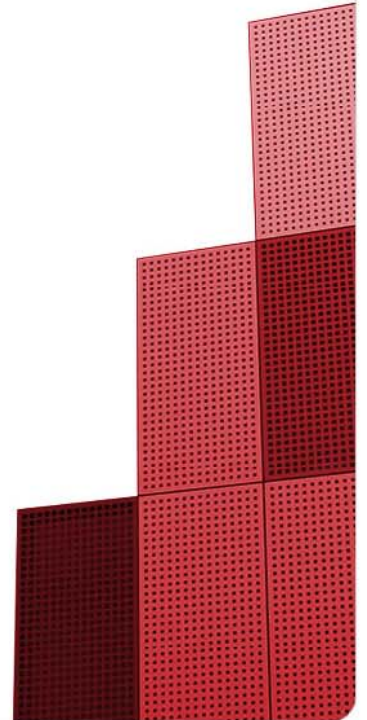
LAGERFELD

**BOSE**

**[Wolford]**

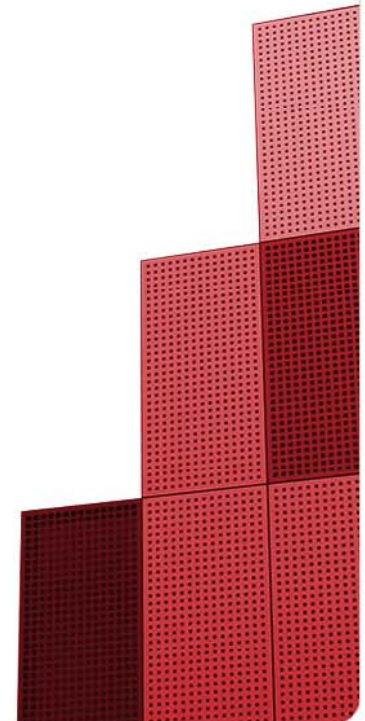


- more variety of shops
- size (of shops) DOES matter
- agglomeration of chain stores / verticalization
- less market actors
- international expansion
- strategic partnership of tenants and landlords
- accelerating change of markets
- overall-concept of architecture, tenant-mix and professional center-management





... replacing outdated shop-concepts



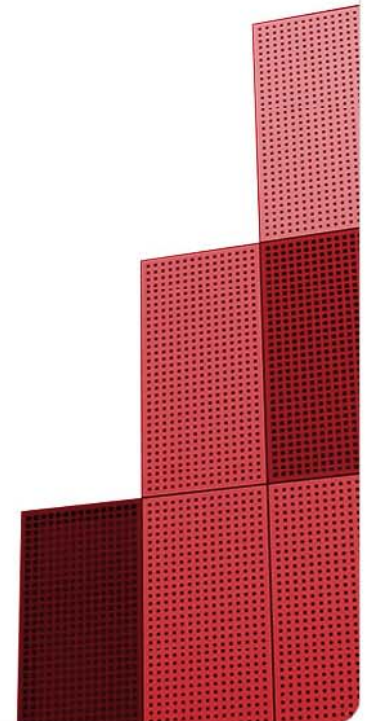
... selecting new and innovative concepts



**MIGROS**



**PRIMARK®**



... selecting new and innovative concepts

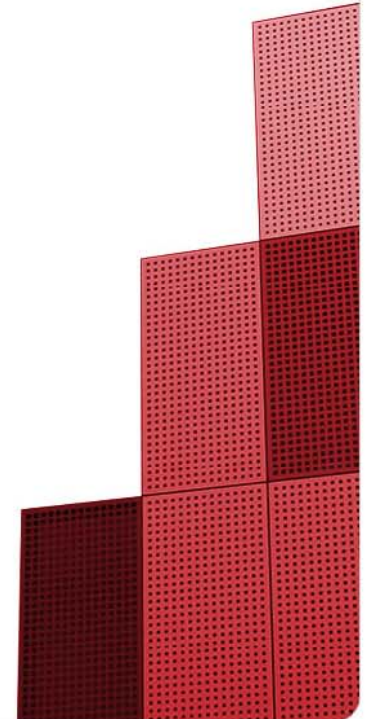
**PANDORA**



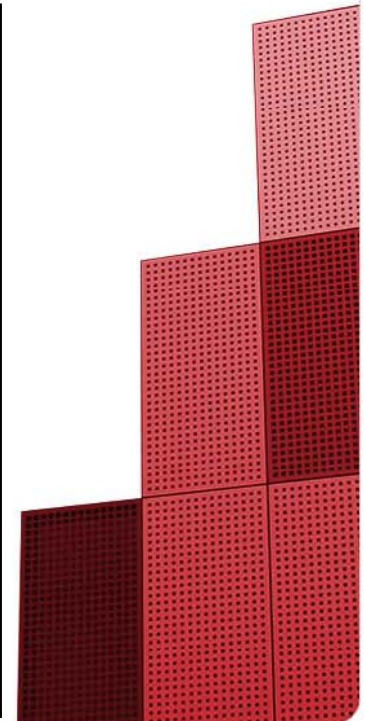
**PASSIONATA**  
LINGERIE



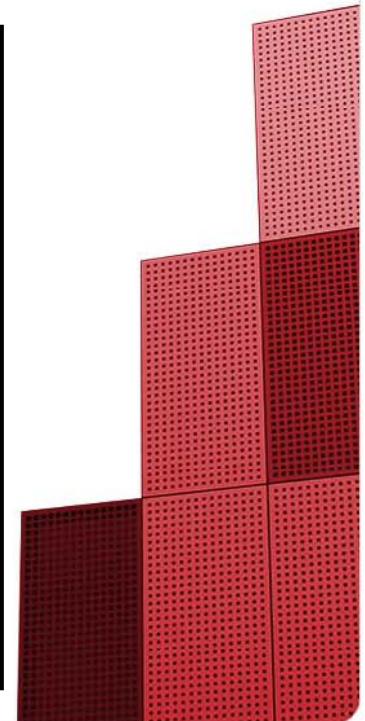
**T.K. maxx**



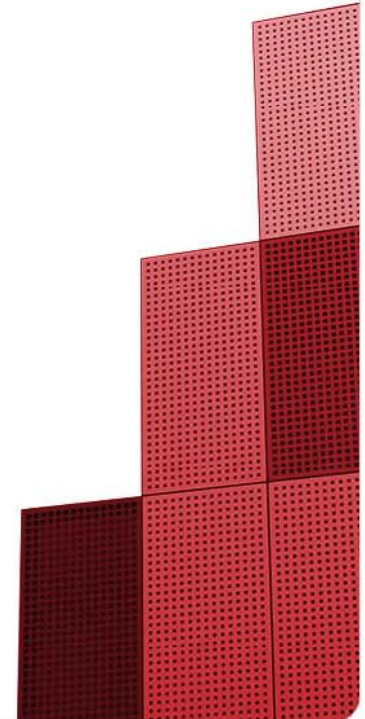
... change to latest shop design



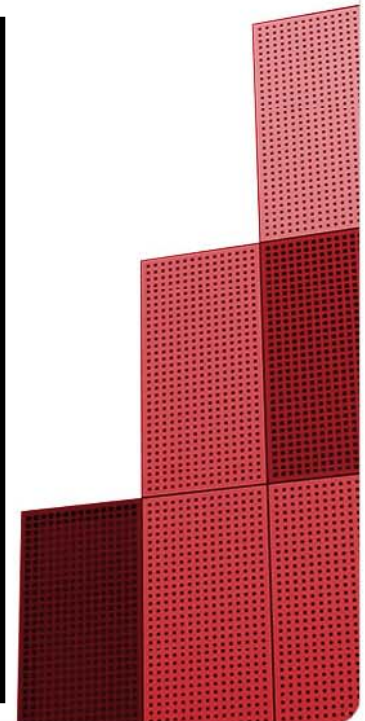
... change to most demanded assortment of goods



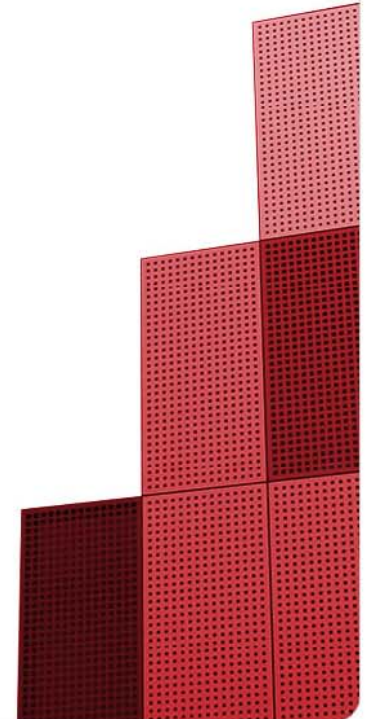
... ideal targeting



... selecting the most popular brands

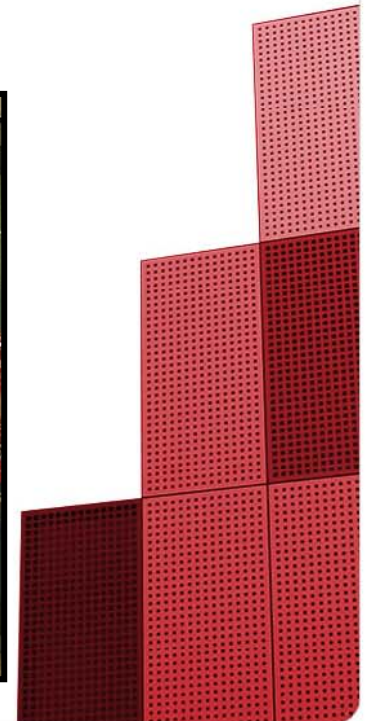


... maximum utilisation of space

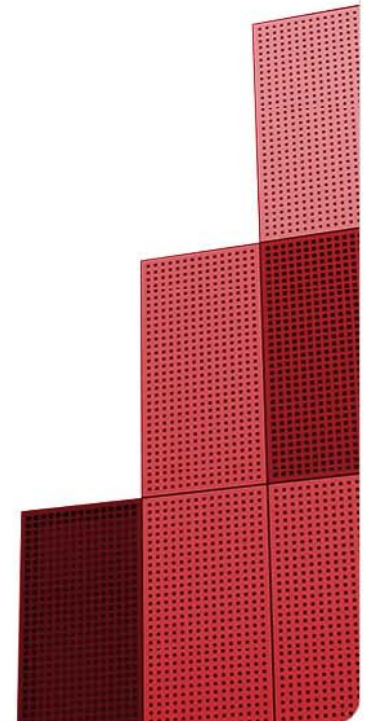




... ideal customer-approach

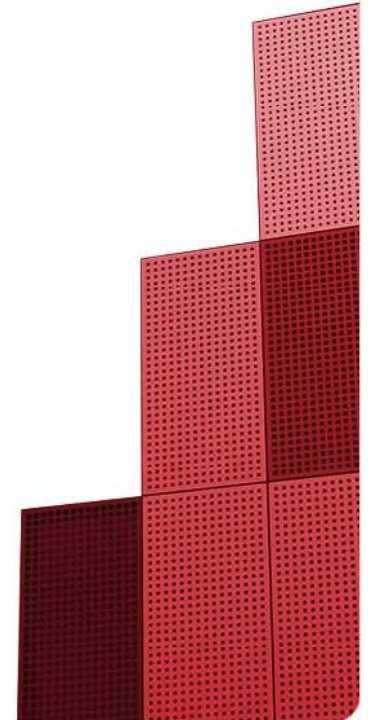


... latest front- and light-design



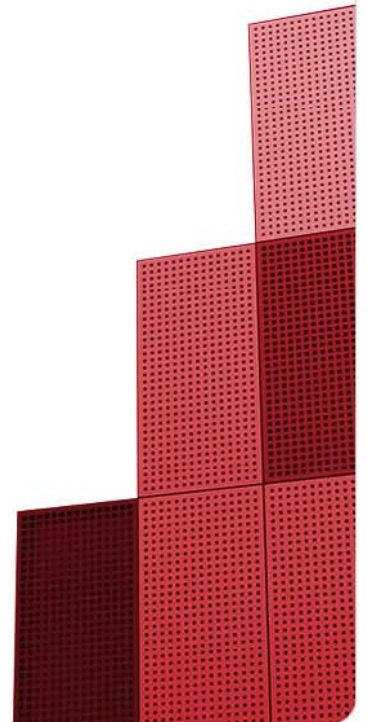
Successful leasing of shopping centers in tough times is all about...

... modifying the variety of shops by trading-up



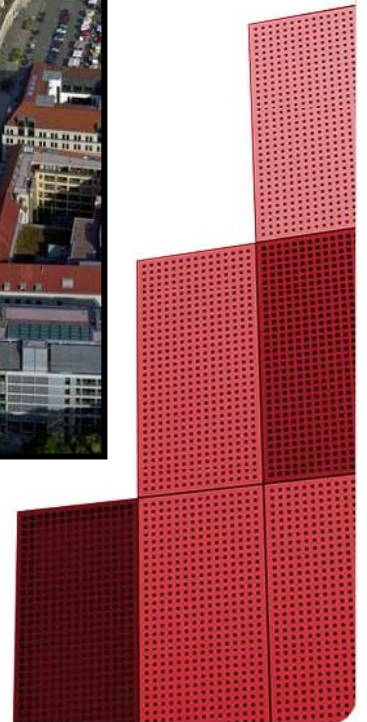
- Flexibility
  - Rapidity in retail (replaceability)
  - New profile of requirements (size, specific location, etc.)
  - New trends / assortments of goods
  
- Creating of
  - Structures of supply (variety of retail space, etc.)
  - Added value for retailers
  - Overall high quality concept of architecture, variety of shops, quality level

- and always: focus on the



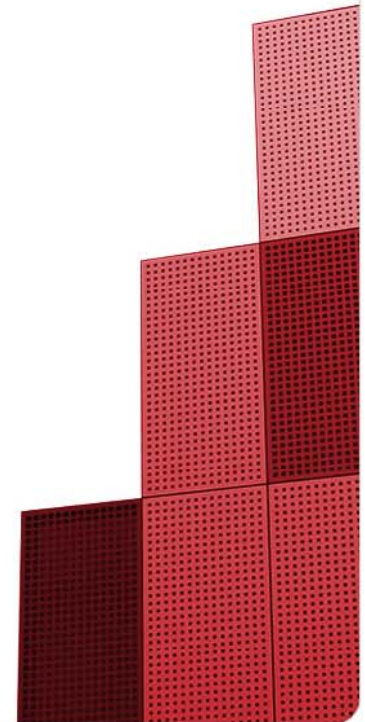
### Example: Altmarkt-Galerie Dresden

- Average rent in 2002 (opening):  
25.62 € per sqm and month
  - Average rent predicted for extension:  
30.42 € per sqm and month
- ➔ If you have the right product  
you can achieve the right price,  
even in tough times





- The lettable area is set to increase by approx. 32,000 m<sup>2</sup> (currently approx. 44,500 m<sup>2</sup>), allowing some 90 new shops to open
- Expansion includes 3,000 m<sup>2</sup> office space and 5,000 m<sup>2</sup> for a hotel
- Approx. €155 million total investment volume (approx. €77.5 million for DES)



**German Shopping Centers:  
Leasing in tough times  
– what has changed?**

**Not much.**

**It has always been challenging...**

**Deutsche EuroShop AG**  
Investor & Public Relations  
Oderfelder Straße 23  
20149 Hamburg

Tel. +49 (40) 41 35 79 - 20 / -22  
Fax +49 (40) 41 35 79 - 29  
E-Mail: [ir@deutsche-euroshop.com](mailto:ir@deutsche-euroshop.com)  
Web: [www.deutsche-euroshop.com](http://www.deutsche-euroshop.com)

**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.



**Claus-Matthias Böge**  
Chief Executive Officer



**Olaf G. Borkers**  
Chief Financial Officer



**Patrick Kiss**  
Head of Investor & Public Relations



**Nicolas Lissner**  
Manager Investor & Public Relations

