

Buy EUR 39.70 (EUR 39.40) Price EUR 35.74 Upside 11.1 %	Value Indicators: EUR Dividend discount 15e: 40.06 Rent multiples 15e: 41.41	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: 1,927.7 No. of shares (m): 53.9 Freefloat MC: 1,638.6 Ø Trad. Vol. (30d; EUR): 3.53 m	Shareholders: Freefloat 85.0 % Otto Family 15.0 % Black Rock 3.0 % Hertie Foundation 3.0 %	Risk Profile (WRe): 2014e LTV (net): 46.8 % Equity Ratio: 49.0 %

Sound operating performance - Lower growth momentum expected

Deutsche EuroShop (DEQ) reported sound operating result for Q2 on August 12. The key topics were as follows:

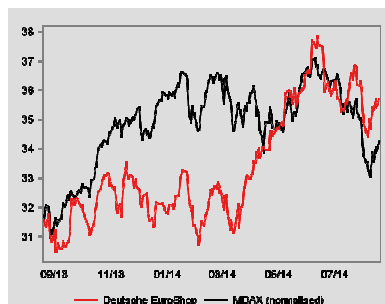
- The rental income of EUR 49.7m in Q2 was largely in line with our expectations and the growth rate of 7% looks sound. The main reason for the positive development was the successful acquisition of the remaining stake in Altmarkt Galerie Dresden in May 2013. In the next quarters in 2014 we expect a lower growth momentum of 2% to 3% due to pure organic growth. Additional external growth via acquisitions seems to be difficult as investment opportunities are rare and yields are mainly below DEQ's target yield of 5.5%. Nevertheless, management has still been in talks about an acquisition for months even if it has confirmed that they are not very close to a closing.
- In the mid term, DEQ will realise additional growth from the expansion of the Phoenix-Center in Hamburg. DEQ has received the building permit and is expecting to reach a decision with its co-shareholders by the end of August. Total costs of EUR 25m are expected for 17-20 new shops with a space of 5,000 sqm. Completion is expected for autumn 2015. We are expecting a positive contribution to net operating income of EUR 1.7m to EUR 1.8m in 2016.
- The operating performance (EBIT) of EUR 44m in Q2 met our expectations. The net profit benefitted from a lower tax ratio of ~15% in Q2.
- The environment for retailers has improved after a weak Q1. The overall retail turnover in H1 on a like-for-like basis went down only 1% after -2.3% in Q1. The absolute retail turnover in domestic centres was nearly stable and slightly positive in the centres abroad. Management is expecting these trends to continue for the rest of the year.
- The re-letting of the shops at the shopping centre Main-Taunus Zentrum (MTZ) (WRe: MTZ ~14% to 16% of DEQ's total contractual rent) from Fink Group which went bankrupt, was very successful. All shops were re-leased on the same rent level or in one case even higher. The CEO would also welcome the rumored exit of Karstadt at the MTZ which is an excellent location within the centre and would be easy to let.
- With an impressive FFO per share of EUR 1.09, DEQ has already achieved 50% of the upper end of the guidance. We are still convinced that DEQ will exceed this guidance due to a slightly growing top line in the course of 2014.
- The guidance for 2014 was confirmed. The FFO yield of above 6% for a company with a high cash-flow visibility is very attractive against the background of a low interest-rate environment over the coming years. We confirm our Buy recommendation and increase our PT to EUR 39.7.

Changes in Estimates:

FY End: 31.12. in EUR m	2014e (old)	+ / -	2015e (old)	+ / -	2016e (old)	+ / -
Rental income	201.9	-0.3 %	205.0	-0.3 %	208.0	0.9 %
EBIT adj.	176.2	0.3 %	177.5	-0.3 %	180.3	0.9 %
EBT	134.7	-0.2 %	136.6	-0.4 %	138.1	1.2 %
FFOPS	2.22	0.0 %	2.24	0.0 %	2.25	1.4 %

Comment on Changes:

- We include a positive contribution of ~1.7m to EUR 1.8m from the expansion of the Phoenix-Centre in Hamburg in 2016 (~1% of the net operating income in 2016).



Rel. Performance vs MDAX:

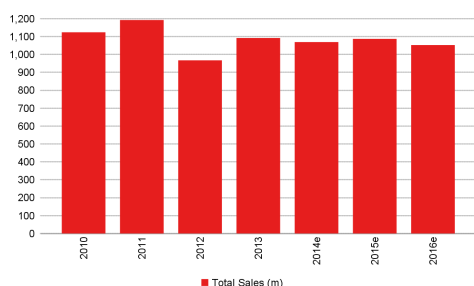
1 month:	1.0 %
6 months:	15.5 %
Year to date:	16.7 %
Trailing 12 months:	4.8 %

Company events:

13.11.14 Q3

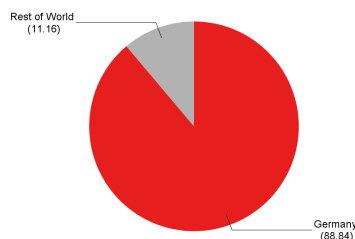
FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
Total Sales	3.7 %	144.2	190.0	211.2	188.0	201.3	204.4	209.9
Rental income		144.2	190.0	211.2	188.0	201.3	204.4	209.9
Change yoy		13.0 %	31.8 %	11.2 %	-11.0 %	7.1 %	1.5 %	2.7 %
EBIT adj.	3.2 %	124.0	165.7	181.0	165.8	176.7	177.0	182.0
FFO I	3.1 %	61.5	83.1	86.4	112.0	119.7	120.4	122.8
FFO-margin		42.7 %	43.7 %	40.9 %	59.6 %	59.4 %	58.9 %	58.5 %
Valuation result	-43.7 %	33.1	50.1	8.5	56.0	10.0	10.0	10.0
EBT	-9.3 %	97.0	136.7	103.5	187.6	134.4	136.0	139.8
Net income	-13.2 %	-7.8	99.0	122.5	171.0	108.7	108.8	111.9
EPS	-13.1 %	-0.17	1.92	2.36	3.16	2.02	2.02	2.07
FFOPS	3.1 %	1.35	1.61	1.66	2.08	2.22	2.23	2.28
DPS	3.8 %	1.10	1.10	1.20	1.25	1.30	1.35	1.40
Dividend Yield		4.6 %	4.1 %	4.2 %	3.9 %	3.6 %	3.8 %	3.9 %
Book Value / Share		25.55	23.11	25.45	26.49	27.04	27.67	28.30
EPRA NAV / Share		26.36	27.64	28.53	30.59	31.77	32.47	33.17
P / E		n.a.	13.9 x	12.1 x	10.1 x	17.7 x	17.7 x	17.2 x
Price / Book		0.8 x	0.9 x	0.9 x	1.0 x	1.2 x	1.1 x	1.1 x
P / NAV		0.9 x	1.0 x	1.0 x	1.0 x	1.1 x	1.1 x	1.1 x
FFO-Yield		5.6 %	6.0 %	5.8 %	6.5 %	6.2 %	6.2 %	6.4 %
ROE		-0.6 %	6.8 %	8.0 %	10.5 %	6.6 %	6.4 %	6.5 %
LTV		45.0 %	47.0 %	49.2 %	44.5 %	44.1 %	43.3 %	42.5 %
Equity Ratio		48.6 %	45.7 %	45.3 %	48.4 %	49.0 %	49.7 %	50.4 %
Guidance:		2014 in EUR m Sales 198-201, EBIT 174-177, EBT 120-123, FFO p. share EUR 2.14-2.18						

Total Sales development
in EUR m



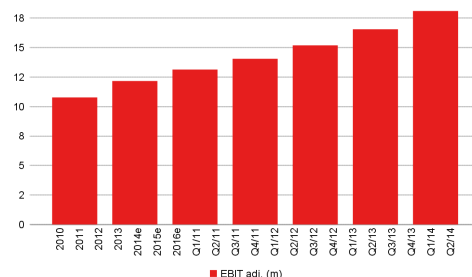
Source: Warburg Research

Sales by regions
2012; in %



Source: Warburg Research

EBIT adj. development
in EUR m



Source: Warburg Research

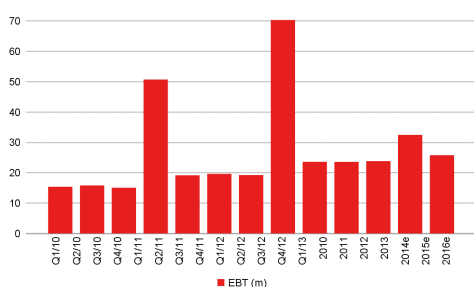
Company Background

- 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

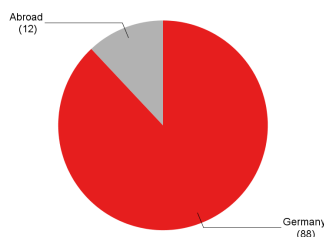
- The company finances its centres very conservatively with at least 50% equity capital and normally a 10-year loan contract.
- Portfolio expansion occurs when opportunities arise and with a targeted return of at least 5.5%, which avoids large downward valuation corrections on the property.
- Future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

EBT development
in EUR m



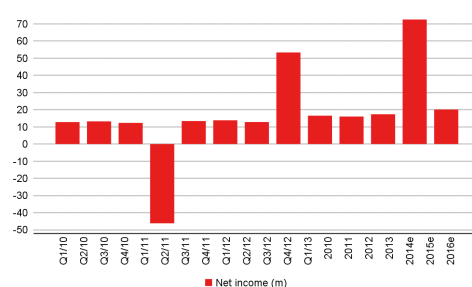
Source: Warburg Research

EBIT by regions
2012 in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Peer Group

■ ...

Valuation

	2010	2011	2012	2013	2014e	2015e	2016e
P / E	n.a.	13.9 x	12.1 x	10.1 x	17.7 x	17.7 x	17.2 x
P / NAV	0.9 x	1.0 x	1.0 x	1.0 x	1.1 x	1.1 x	1.1 x
Price / Book	0.8 x	0.9 x	0.9 x	1.0 x	1.2 x	1.1 x	1.1 x
P / FFOPS	17.7 x	16.6 x	17.2 x	15.3 x	16.1 x	16.0 x	15.7 x
FFO-Yield	5.6 %	6.0 %	5.8 %	6.5 %	6.2 %	6.2 %	6.4 %
ROE	-0.6 %	6.8 %	8.0 %	10.5 %	6.6 %	6.4 %	6.5 %
Equity Ratio	49 %	46 %	45 %	48 %	49 %	50 %	50 %

Consolidated profit and loss

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Total Sales	144.2	190.0	211.2	188.0	201.3	204.4	209.9
Rental income	144.2	190.0	211.2	188.0	201.3	204.4	209.9
Change yoy	13.0 %	31.8 %	11.2 %	-11.0 %	7.1 %	1.5 %	2.7 %
Property operating costs	7.3	8.5	11.3	8.5	9.0	10.4	10.7
Property management costs	7.9	9.8	10.5	9.3	10.5	10.4	10.7
Rental profit	129.0	171.6	189.4	170.2	181.9	183.5	188.5
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	129.0	171.6	189.4	170.2	181.9	183.5	188.5
Other operating income/expenses	-4.9	-6.0	-8.4	-4.4	-5.2	-6.5	-6.5
EBITDA	124.0	165.7	181.0	165.8	176.7	177.0	182.0
Valuation result	33.1	50.1	8.5	56.0	10.0	10.0	10.0
EBITA	157.2	215.8	189.5	221.7	186.7	187.0	192.0
Amortisation of intangible assets/Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	157.2	215.8	189.5	221.7	186.7	187.0	192.0
Interest income	1.0	0.9	0.5	0.4	0.5	0.6	0.6
Interest expenses	54.1	65.8	72.1	57.8	59.8	59.8	59.8
Other financial income (loss)	0.0	-14.5	-13.9	0.7	-16.2	-15.5	-15.5
Financial result	-60.2	-79.1	-86.0	-34.1	-52.3	-51.0	-52.2
EBT	97.0	136.7	103.5	187.6	134.4	136.0	139.8
<i>Margin</i>	<i>67.3 %</i>	<i>72.0 %</i>	<i>49.0 %</i>	<i>99.8 %</i>	<i>66.8 %</i>	<i>66.6 %</i>	<i>66.6 %</i>
Total taxes	104.8	37.7	-19.0	16.6	25.7	27.2	28.0
thereof cash taxes	2.5	3.4	8.6	2.4	4.7	5.6	7.0
Net income	-7.8	99.0	122.5	171.0	108.7	108.8	111.9
FFO	61.5	83.1	86.4	112.0	119.7	120.4	122.8
<i>FFO-margin</i>	<i>42.7 %</i>	<i>43.7 %</i>	<i>40.9 %</i>	<i>59.6 %</i>	<i>59.4 %</i>	<i>58.9 %</i>	<i>58.5 %</i>
Number of shares, average	45.5	51.6	51.9	53.9	53.9	53.9	53.9
FFOPS	1.35	1.61	1.66	2.08	2.22	2.23	2.28
EPS	-0.17	1.92	2.36	3.16	2.02	2.02	2.07
EPS adj.	-0.17	1.92	2.36	3.16	2.02	2.02	2.07

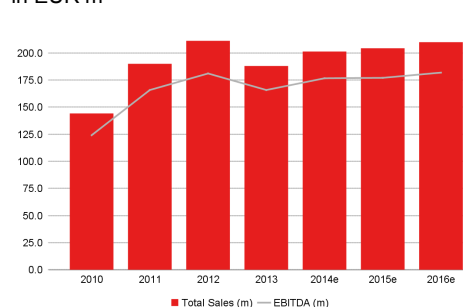
*Adjustments made for:

Guidance: 2014 in EUR m Sales 198-201, EBIT 174-177, EBT 120-123, FFO p. share EUR 2.14-2.18

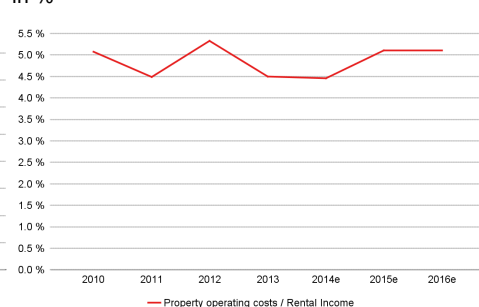
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Property operating costs / Rental Income	5.1 %	4.5 %	5.3 %	4.5 %	4.5 %	5.1 %	5.1 %
Operating Leverage (Real Estate)	8.6 x	4.3 x	9.3 x	-11.8 x	15.1 x	66.9 x	37.3 x
Rental profit / interest expenses	2.4 x	2.6 x	2.6 x	2.9 x	3.0 x	3.1 x	3.2 x

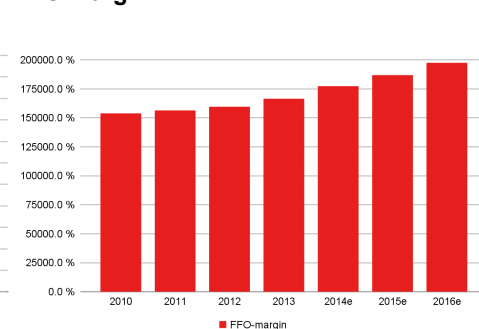
Total Sales, EBITDA
in EUR m



Rental expense ratio
in %



FFO margin



Source: Warburg Research

Source: Warburg Research

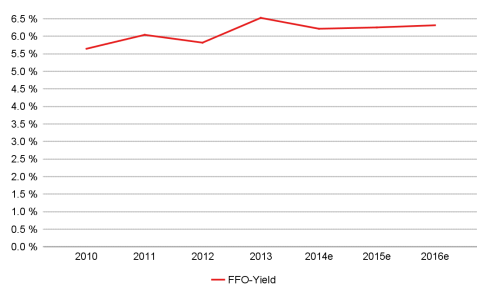
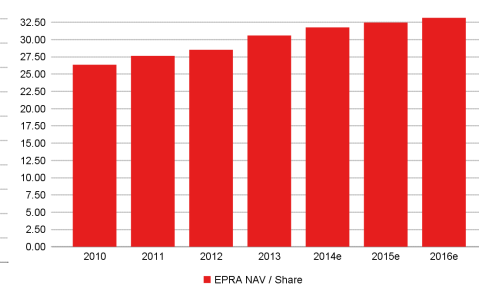
Source: Warburg Research

Consolidated balance sheet

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
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	0.0	0.1	0.1	0.4	0.4	0.4	0.4
Investment properties	2,700.7	3,106.8	3,330.3	2,962.2	2,972.2	2,982.2	2,992.2
Financial assets	23.9	27.8	30.3	34.5	6.9	7.3	7.8
Other long-term assets	4.7	5.0	4.4	342.1	348.9	355.9	363.0
Fixed assets	2,729.3	3,139.8	3,365.1	3,339.2	3,328.4	3,345.8	3,363.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.5	5.6	4.7	5.6	5.9	6.2	6.5
Liquid assets	65.8	64.4	167.5	40.8	76.9	77.0	78.6
Other short-term assets	165.0	15.3	11.5	9.3	1.4	1.5	1.7
Current assets	234.2	85.3	183.7	55.7	84.2	84.7	86.8
Total Assets	2,963.6	3,225.1	3,549.0	3,395.0	3,413.0	3,430.0	3,450.0
Liabilities and shareholders' equity							
Subscribed capital	51.6	51.6	53.9	53.9	53.9	53.9	53.9
Capital reserve	890.6	890.5	962.0	962.0	962.0	962.0	962.0
Retained earnings	221.5	250.9	306.0	413.0	442.6	476.6	510.9
Other equity components	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholder's equity	1,163.7	1,193.0	1,321.9	1,428.9	1,458.5	1,492.5	1,526.8
Minority interest	277.8	280.1	284.2	213.4	213.4	213.4	213.4
Provisions	9.9	14.8	37.3	8.2	8.4	8.5	8.7
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	1,288.2	1,472.1	1,657.2	1,486.8	1,467.4	1,449.0	1,431.1
thereof short-term financial liabilities	61.1	136.2	194.1	97.2	91.7	87.1	82.8
Accounts payable	6.1	2.8	2.3	3.4	3.4	3.5	3.6
Other liabilities	217.8	262.2	246.0	254.4	261.9	263.0	266.4
Liabilities	1,522.1	1,752.0	1,942.9	1,752.6	1,741.1	1,724.1	1,709.7
Total liabilities and shareholders' equity	2,963.6	3,225.1	3,549.0	3,395.0	3,413.0	3,430.0	3,450.0

Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Return on Capital							
ROA	-0.3 %	3.2 %	3.6 %	5.1 %	3.3 %	3.3 %	3.3 %
ROE	-0.6 %	6.8 %	8.0 %	10.5 %	6.6 %	6.4 %	6.5 %
FFO / Equity	23.4 x	17.7 x	18.6 x	14.7 x	14.0 x	14.2 x	14.2 x
Solvency							
Net Debt	1,222.4	1,407.7	1,489.7	1,445.9	1,390.4	1,372.0	1,352.5
Net Financial Debt	1,222.4	1,407.7	1,489.7	1,445.9	1,390.4	1,372.0	1,352.5
Net Fin. Debt / EBITDA	9.9 x	8.5 x	8.2 x	8.7 x	7.9 x	7.8 x	7.4 x
LTV	45.0 %	47.0 %	49.2 %	44.5 %	44.1 %	43.3 %	42.5 %
Equity Ratio	48.6 %	45.7 %	45.3 %	48.4 %	49.0 %	49.7 %	50.4 %

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	2010	2011	2012	2013	2014e	2015e	2016e
Net income	-7.8	93.4	122.5	171.0	108.7	108.8	111.9
Valuation changes properties	-31.4	-54.3	-31.1	-60.5	-10.0	-10.0	-10.0
Depreciation of fixed assets	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Deferred taxes	102.4	31.6	-27.5	14.2	21.0	21.6	21.0
Other non-cash income and expenses	-157.3	178.7	57.5	-25.4	45.5	28.6	26.7
Net cash provided by operating activities	-94.2	249.4	121.4	99.4	165.3	149.1	149.6
Payments for acquisitions	-78.0	-77.2	-12.6	-18.5	-17.0	-17.0	-17.0
Investments in property, plant and equipment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Investments in intangible assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Investments in properties	-201.4	-266.3	-176.3	-59.4	0.0	0.0	0.0
Financial investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Investments in other assets (net)	-8.5	-8.7	-9.4	-0.7	0.0	0.0	0.0
Net cash provided by investing activities	-287.8	-352.2	-198.3	-78.6	-17.0	-17.0	-17.0
Change in financial liabilities	166.2	184.0	191.7	-59.7	-28.4	-40.2	-39.9
Dividends paid	-46.3	-56.8	-56.8	-64.7	-67.4	-72.8	-75.5
Capital measures	253.7	0.0	66.2	0.0	0.0	0.0	0.0
Other	-9.7	-25.3	-21.2	-12.3	-16.3	-15.6	-15.6
Net cash provided by financing activities	363.9	101.9	180.0	-136.8	-112.1	-128.7	-131.0
Change in liquid funds	-18.1	-0.9	103.1	-116.0	36.1	3.5	1.6
Effects of exchange-rate changes on cash	0.3	-0.5	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	65.8	64.4	167.5	40.8	76.9	80.4	82.0

Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Cash Flow							
FFO	61.5	83.1	86.4	112.0	119.7	120.4	122.8
FFOPS	1.35	1.61	1.66	2.08	2.22	2.23	2.28
FFOPS diluted	1.35	1.61	1.65	1.97	2.11	2.12	2.16
FFO-Yield	5.6 %	6.0 %	5.8 %	6.5 %	6.2 %	6.2 %	6.4 %
FFO-margin	42.7 %	43.7 %	40.9 %	59.6 %	59.4 %	58.9 %	58.5 %
Interest Paid / Avg. Debt	4.9 %	4.8 %	4.6 %	3.7 %	4.0 %	4.1 %	4.2 %
Management of Funds							
Maint. Capex / Net rental income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Capex/Investment Properties	-7.5 %	-8.6 %	-5.3 %	-2.0 %	0.0 %	0.0 %	0.0 %
Avg. Working Capital / Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend Payout Ratio	-641.2 %	57.3 %	50.9 %	39.4 %	64.5 %	66.9 %	67.5 %

LEGAL DISCLAIMER

This research report was prepared by the Warburg Research GmbH, a subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It contains selected information and does not purport to be complete. The report is based on publicly available information and data ("the information") believed to be accurate and complete. Warburg Research GmbH neither does examine the information to be accurate and complete, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these analyses concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this research report, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this document. Provided a research report is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This research report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this report are subject to change without notice. All rights reserved.

COPYRIGHT NOTICE

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

DISCLOSURE ACCORDING TO §34B (1) OF THE GERMAN SECURITIES TRADING ACT (WHPG) AND THE ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS (FINANV)

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Potential, Peer Group Comparison or Sum of the Parts Model. The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company's products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

In accordance with § 5 (4) of the Ordinance on the Analysis of Financial Instruments (FinAnV) Warburg Research GmbH has implemented additional internal and organisational arrangements to prevent or to deal with conflicts of interest. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg Group.

All prices of financial instruments given in this financial analysis are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin.

SOURCES

All data and consensus estimates have been obtained from FactSet except where stated otherwise.

Section 34b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a securities analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis. A conflict of interest is assumed, in particular, when the enterprise preparing the analysis ...

- 1- ... or companies affiliated with this enterprise **holds 5%** or more of the share capital of the analysed company
- 2- ... or companies affiliated with this enterprise were involved in the management of a **consortium** for a public offering of securities which are or whose issuer is the subject of this report within the last twelve months
- 3- ... or companies affiliated with this enterprise **manages** the **securities** of the analysed company on the basis of an existing contract
- 4- ... or companies affiliated with this enterprise over the previous 12 months has been providing **investment banking services** for the analysed company for which a compensation has been or will be paid. Warburg Research GmbH receives indirect remuneration from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA.
- 5- ... effected an **agreement** with the analysed company **for the preparation of the financial analysis**
- 6- ... or companies affiliated with this enterprise **regularly trade** in shares or derivatives of the analysed company
- 7- ... or the analyst responsible for this company or an employee of the Warburg Group has **other important financial interests** in relation to the analysed company such as e.g. the performance of mandates for the analysed company

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Deutsche EuroShop	6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0007480204.htm

INVESTMENT RECOMMENDATION

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.

WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	105	54
Hold	78	40
Sell	7	4
Rating suspended	4	2
Total	194	100

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

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	82	57
Hold	55	38
Sell	5	3
Rating suspended	3	2
Total	145	100

PRICE AND RATING HISTORY DEUTSCHE EUROSHOP AS OF 19.08.2014

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.

RESEARCH

Roland Rapelius Head of Research	+49 40 309537-220 rrapelius@warburg-research.com
Henner Rüschemeyer Head of Research	+49 40 309537-270 hrueschmeier@warburg-research.com
Christian Cohrs Engineering, Logistics	+49 40 309537-175 ccohrs@warburg-research.com
Felix Ellmann Software, IT	+49 40 309537-120 fellmann@warburg-research.com
Jörg Philipp Frey Retail, Consumer Goods	+49 40 309537-258 jfrey@warburg-research.com
Harald Hof Medtech	+49 40 309537-125 hhof@warburg-research.com
Ulrich Huwald Health Care, Pharma	+49 40 309537-255 uhuwald@warburg-research.com
Thilo Kleibauer Retail, Consumer Goods	+49 40 309537-257 tkleibauer@warburg-research.com
Torsten Klingner Real Estate	+49 40 309537-260 tklingner@warburg-research.com
Eggert Kuls Engineering	+49 40 309537-256 ekuls@warburg-research.com
Frank Laser Construction, Industrials	+49 40 309537-235 flaser@warburg-research.com

Andreas Pläsier Banks, Financial Services	+49 40 309537-246 aplaesier@warburg-research.com
Malte Rätther Technology, Telco, Internet	+49 40 309537-185 mraether@warburg-research.com
Jochen Reichert Telco, Internet, Media	+49 40 309537-130 jreichert@warburg-research.com
Christopher Rodler Utilities	+49 40 309537-290 crodler@warburg-research.com
Malte Schaumann Technology	+49 40 309537-170 mschaumann@warburg-research.com
Susanne Schwartze Telco, Internet, Media	+49 40 309537-155 sschwartze@warburg-research.com
Oliver Schwarz Chemicals, Agriculture	+49 40 309537-250 oschwarz@warburg-research.com
Marc-René Tonn Automobiles, Car Suppliers	+49 40 309537-259 mtonn@warburg-research.com
Björn Voss Steel, Car Suppliers	+49 40 309537-254 bvoss@warburg-research.com
Andreas Wolf Software, IT	+49 40 309537-140 awolf@warburg-research.com
Stephan Wulf Utilities	+49 40 309537-150 swulf@warburg-research.com

SALES

Holger Nass Head of Equity Sales, USA	+49 40 3282-2669 hnass@mmwarburg.com
Klaus Schilling Dep. Head of Equity Sales, GER	+49 40 3282-2664 kschilling@mmwarburg.com
Christian Alisch Scandinavia, Spain	+49 40 3282-2667 calisch@mmwarburg.com
Tim Beckmann United Kingdom	+49 40 3282-2665 tbeckmann@mmwarburg.com
Matthias Fritsch United Kingdom	+49 40 3282-2696 mfritsch@mmwarburg.com
Marie-Therese Grübner France	+49 40 3282-2630 mgruebner@mmwarburg.com
Ömer Güven Germany	+49 40 3282-2633 ogueven@mmwarburg.com
Michael Kriszun United Kingdom	+49 40 3282-2695 mkriszun@mmwarburg.com
Marc Niemann Germany	+49 40 3282-2660 mniemann@mmwarburg.com
Dirk Rosenfelder Austria, Switzerland	+49 40 3282-2692 drosenfelder@mmwarburg.com
Philipp Stumpfegger Australia, United Kingdom	+49 40 3282-2635 pstumpfegger@mmwarburg.com

SALES TRADING

Oliver Merckel Head of Sales Trading	+49 40 3282-2634 omerckel@mmwarburg.com
Gudrun Bolsen Sales Trading	+49 40 3282-2679 gbolsen@mmwarburg.com
Michael Ilgenstein Sales Trading	+49 40 3282-2700 milgenstein@mmwarburg.com
Bastian Quast Sales Trading	+49 40 3282-2701 bquast@mmwarburg.com
Thekla Struve Sales Trading	+49 40 3282-2668 tstruve@mmwarburg.com
Jörg Treptow Sales Trading	+49 40 3262-2658 jtreptow@mmwarburg.com
Jan Walter Sales Trading	+49 40 3262-2662 jwalter@mmwarburg.com
Katharina Merkel Roadshow/Marketing	+49 40 3282-2694 kmerckel@mmwarburg.com

MACRO RESEARCH

Carsten Klude Macro Research	+49 40 3282-2572 cklude@mmwarburg.com
Matthias Thiel Macro Research	+49 40 3282-2401 mthiel@mmwarburg.com
Dr. Christian Jasperneite Investment Strategy	+49 40 3282-2439 cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research	research.mmwarburg.com/en/index.html	Thomson	www.thomson.com
Bloomberg	MMWA GO	Reuters	www.knowledge.reuters.com
FactSet	www.factset.com	Capital IQ	www.capitaliq.com

For access please contact:

Andrea Schaper Sales Assistance	+49 40 3282-2632 aschaper@mmwarburg.com	Kerstin Muthig Sales Assistance	+49 40 3282-2703 kmuthig@mmwarburg.com
---	--	---	---