

COMPANY PRESENTATION

08.2018



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

21 shopping centers on high street and in established locations – 17 in Germany and one each in Austria, Czech Republic, Hungary and Poland



2017 portfolio valuation: approx. 4.93% net initial yield (after transaction costs)



Professional center management by ECE, the European market leader in this industry

Lettable space ¹	Approx. 1,087,000 sqm
Retail shops ¹	Approx. 2,700
Market value ¹	approx. €5.1 billion (DES-share €4.1 bn.)
Rents per year ¹	€296 million (DES-share €233 mn.)
Occupancy rate ^{1,2}	99%

Avg. GLA per DES-center:
 inner city 40,400 sqm
 est. locations 99,900 sqm

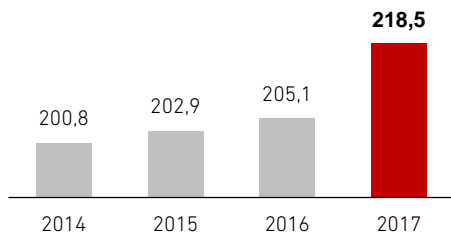
¹ 100%-view
² as % of rental space

Key Figures

REVENUE

€m

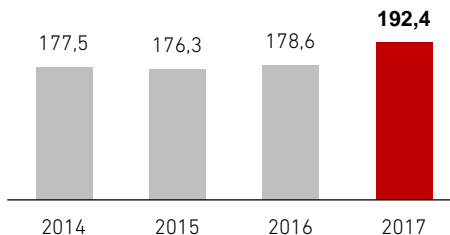
+2.9%¹



EBIT

€m

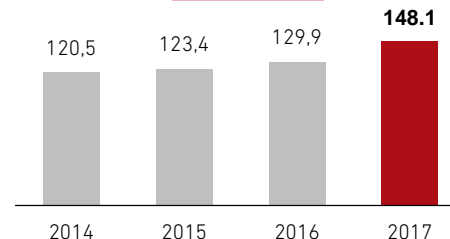
+2.7%¹



FFO

€m

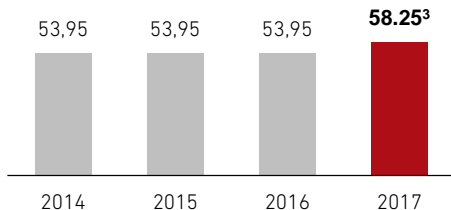
+7.1%¹



NUMBER OF SHARES

mn

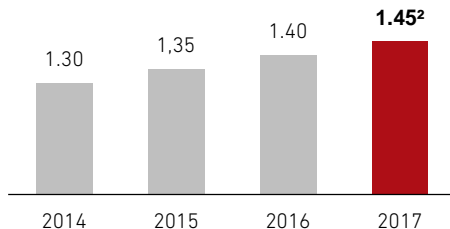
+2.6%¹



DIVIDEND PER SHARE

€

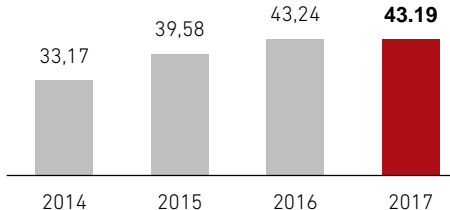
+3.7%¹



NAV PER SHARE (EPRA)

€

+9.2%¹



¹ 2014 – 2017, Compound Annual Growth Rate (CAGR)

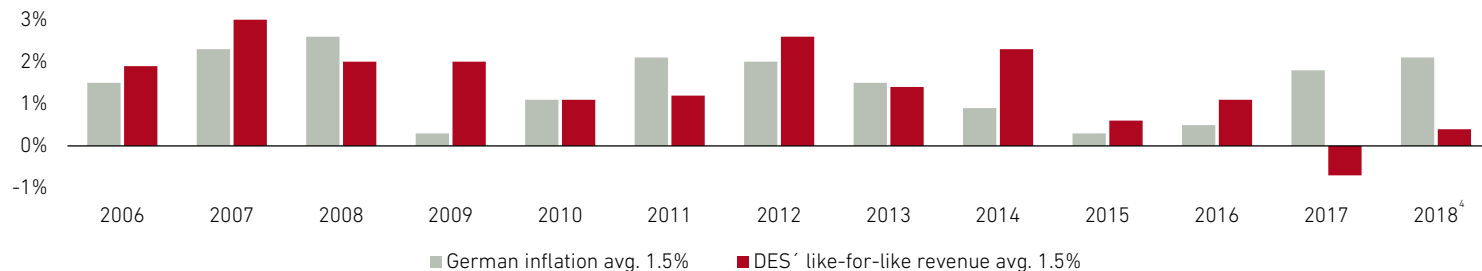
² paid on 3 July 2018

³ weighted, taking into account the fact that the convertible bond was nearly fully converted at the end of its term

Lease System

- 10 years lease
- No break-up option
- Turnover-linked rents
- Minimum rents are CPI-linked
- Avg. retail space rent per sqm and year: €270
- Avg. turnover per sqm and year (productivity) in DES' German shopping centers: €3,960^{1,2}
(avg. German retail: €3,489, avg. German shopping centers: €3,933)^{1,3}
- Rent-to-sales-ratio: 7.5 – 11.5%
- Weighted maturity of rental contracts: 5.5 years¹

LIKE-FOR-LIKE REVENUE



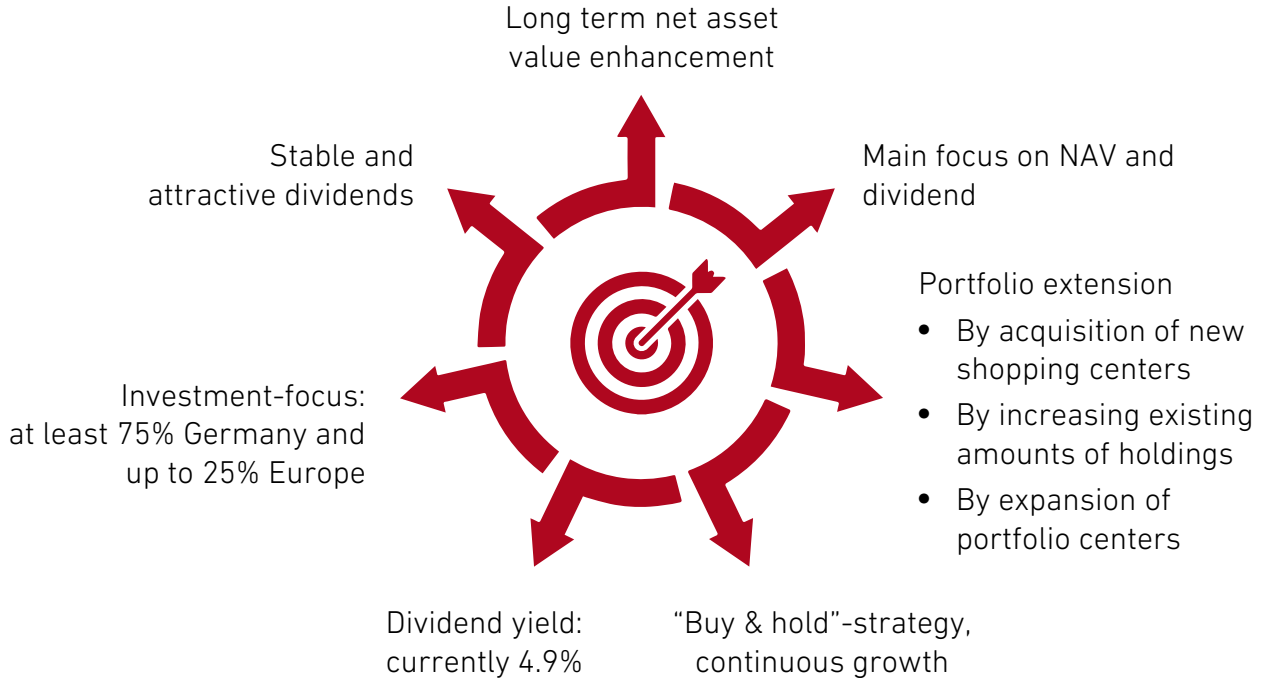
¹ status: 31 Dec. 2017

² excl. VAT

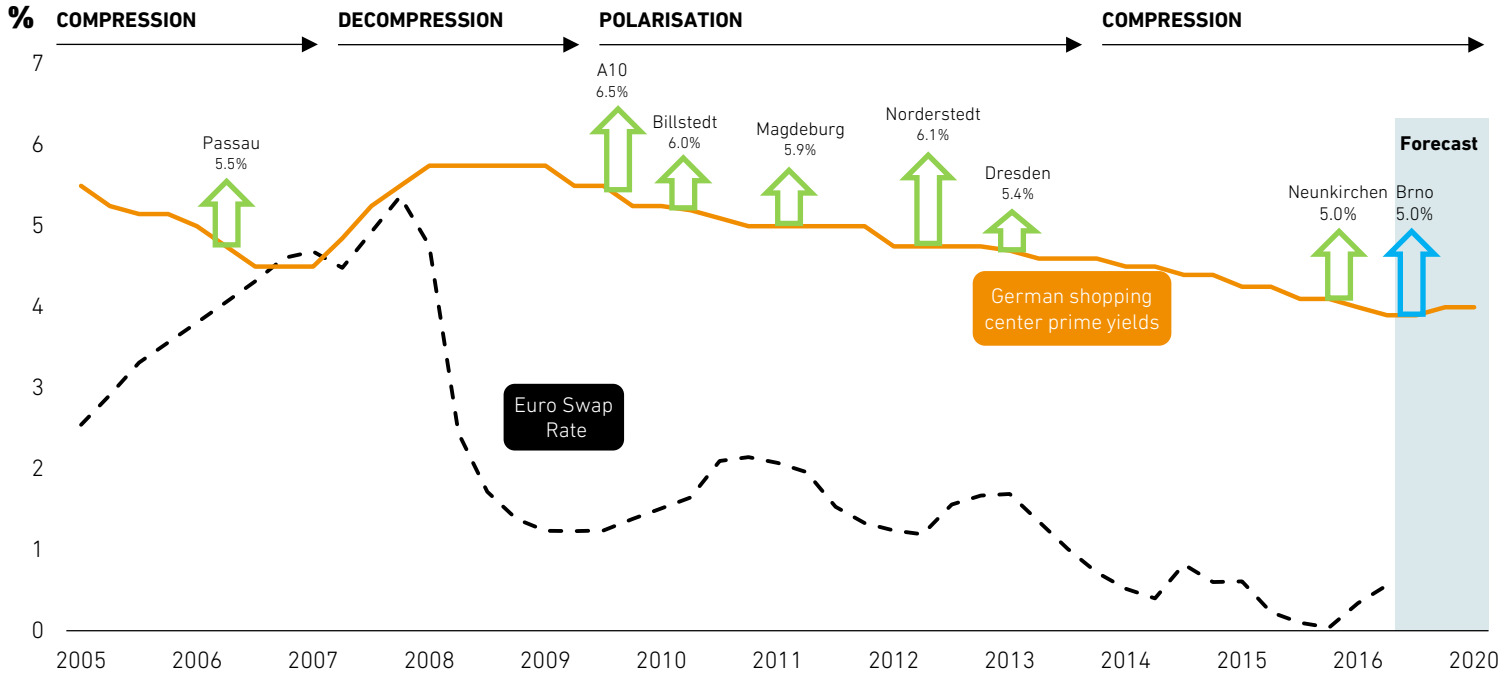
³ source: GfK Geomarketing

⁴ status: 30 June 2018

Targets



German prime shopping center yields 2005-2020E



Source: JLL, EUR Midswaps 7 years

Acquisition of Olympia BRNO

Deutsche EuroShop acquired **100%** of the shares in Olympia SPV from Rockspring and ECE European Prime Shopping Centre Fund I (50% each)

Closing: **31 March 2017**

Total investment: approx. **€382 million**, net purchase price excl. debt of SPV and excl. acquisition costs: approx. **€207 million**

Financing by long term debt (approx. €217 million, 57%) and proceeds of **capital increase** (approx. €165 million, 43%)

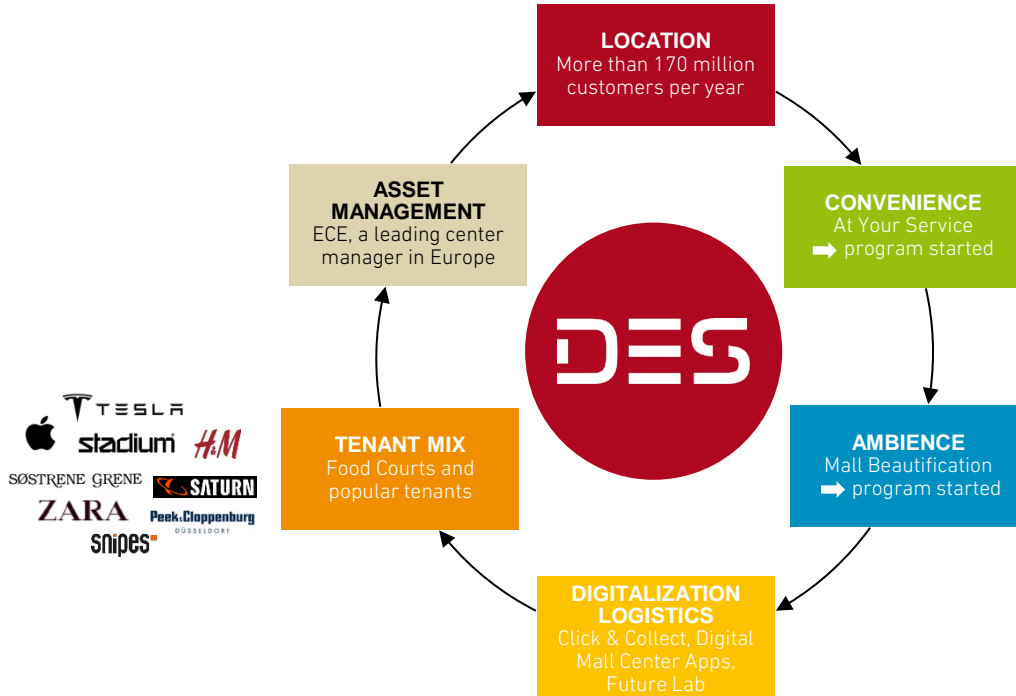
Annualised rents 2017: **€20.1 million**

NOI yield: **5.1%**, net initial yield: **5.0%**

The SPV is **fully consolidated** as of 31 March 2017



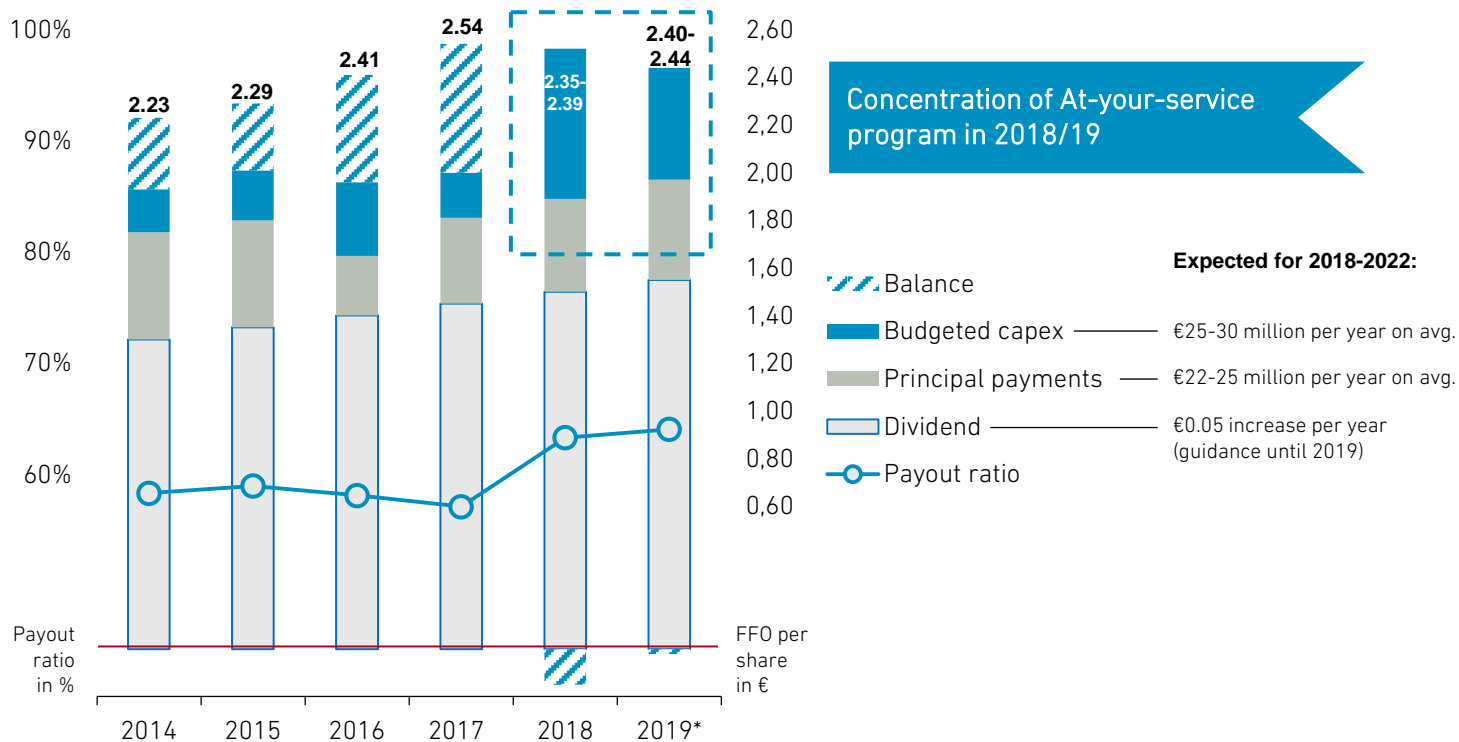
Success factors of a modern shopping center



Investments: Mall beautification & convenience

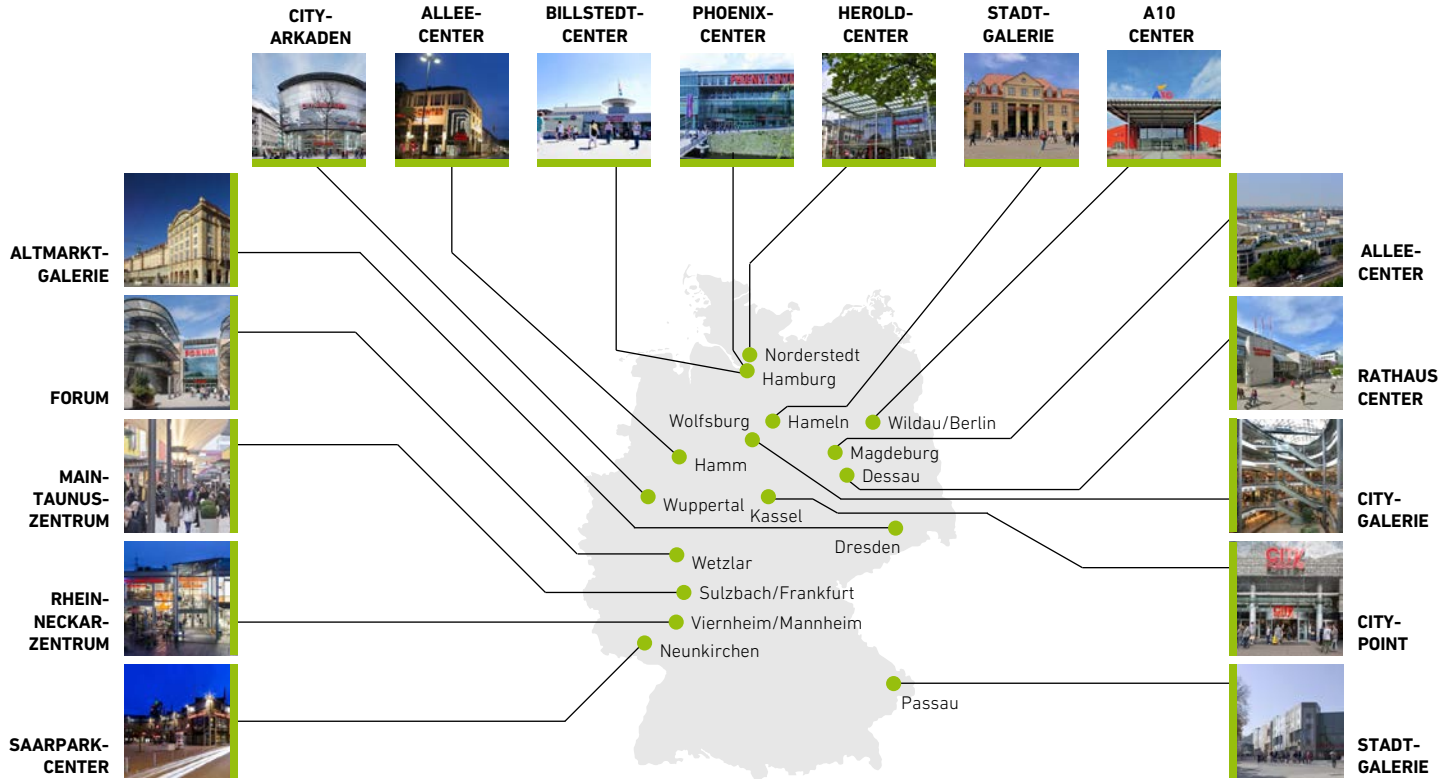


Investments: Capex covered by FFO



* Forecast dividend per share: proposal



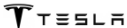


















































Germany



Europe



Our Tenants¹

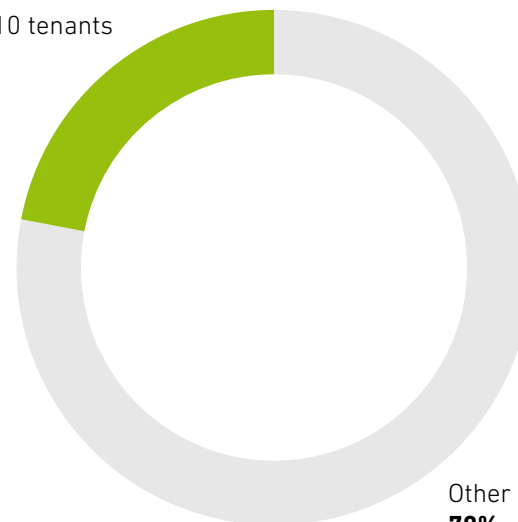
¹ Selection of our well known tenants

Tenants Structure Top 10 Tenants¹

	2017	2016
H&M	3.5%	3.6%
Ceconomy ²	2.7%	
Deichmann	2.5%	2.0%
Peek & Cloppenburg	2.3%	2.2%
New Yorker	2.3%	2.4%
C&A	2.0%	1.9%
Douglas	1.8%	2.0%
Metro ²	1.7%	
Rewe	1.6%	1.7%
DM	1.4%	1.4%
Total	21.8%	

LOW LEVEL OF DEPENDENCE ON THE TOP 10 TENANTS

Top 10 tenants
22%



Other tenants
78%

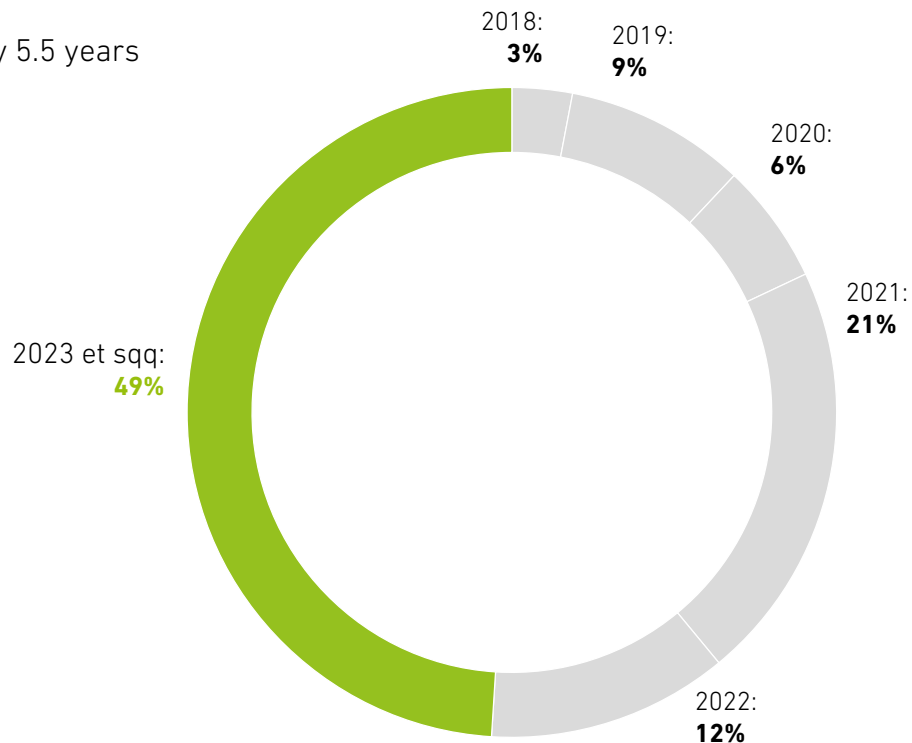
¹ in % of total rental income as at 31 Dec. 2017

² consumer electronics and the food retail division of Metro AG were demerged in 2017

Maturity Distribution of Rental Contracts¹

Long-term contracts base rental income

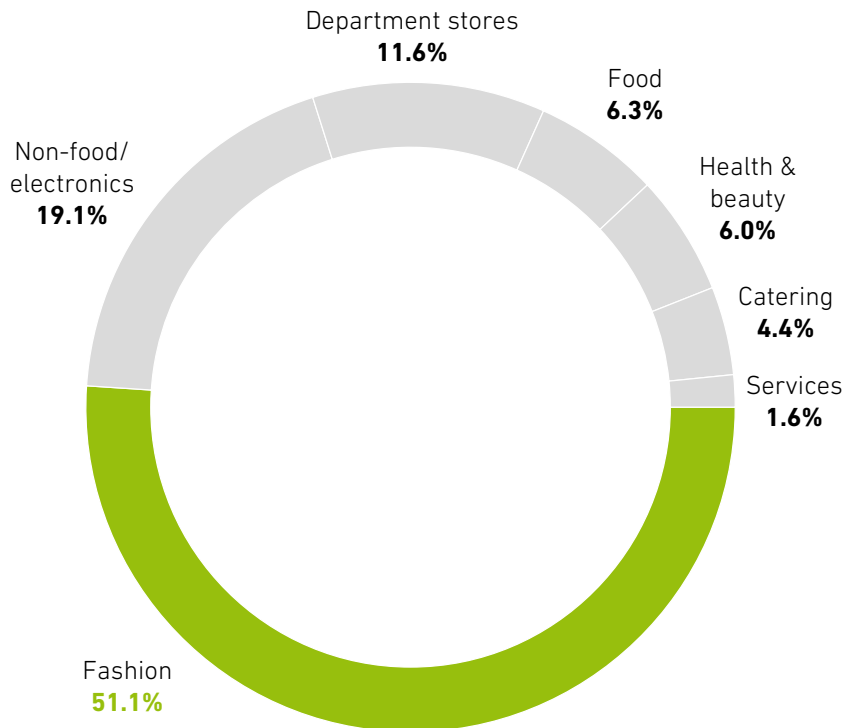
Weighted maturity 5.5 years



¹ as % of rental income as at 31 Dec. 2017

Sector Mix¹

Balanced sector diversification



¹ as % of rental space as at 31 Dec. 2017

Key Figures H1 2018

€ million	01.01. – 30.06.2018	01.01. – 30.06.2017	CHANGE
Revenue	111.6	105.8	5.5%
Net operating income (NOI)	100.5	95.3	5.4%
Earnings before interest and tax (EBIT)	98.0	92.5	6.0%
Financial gains / losses	-19.9	-20.0	0.2%
Measurement gains/losses	-8.9	-2.2	>100%
Earnings before tax (EBT, excl. measurement gains/ losses) ¹	78.9	73.0	8%
Consolidated profit [earnings per share in €]	55.3 [0.89]	56.2 [0.99]	-1.7% [-10.1%]
FFO [per share in €]	75.5 [1.22]	70.9 [1.25]	6.6% [-2.4%]
EPRA Earnings [per share in €]	73.6 [1.19]	68.0 [1.20]	8.2% [-0.8%]

€ million	30.06.2018	31.12.2017	CHANGE
Total equity ²	2,540.8	2,574.9	-1.3%
Liabilities	2,139.2	2,052.1	4.2%
Total assets	4,680.0	4,627.0	1.1%
Equity ratio ²	54.3%	55.6%	
Loan to value ratio (consolidated) ³	30.8%	32.4%	
Cash and cash equivalents	168.3	106.6	57.9%

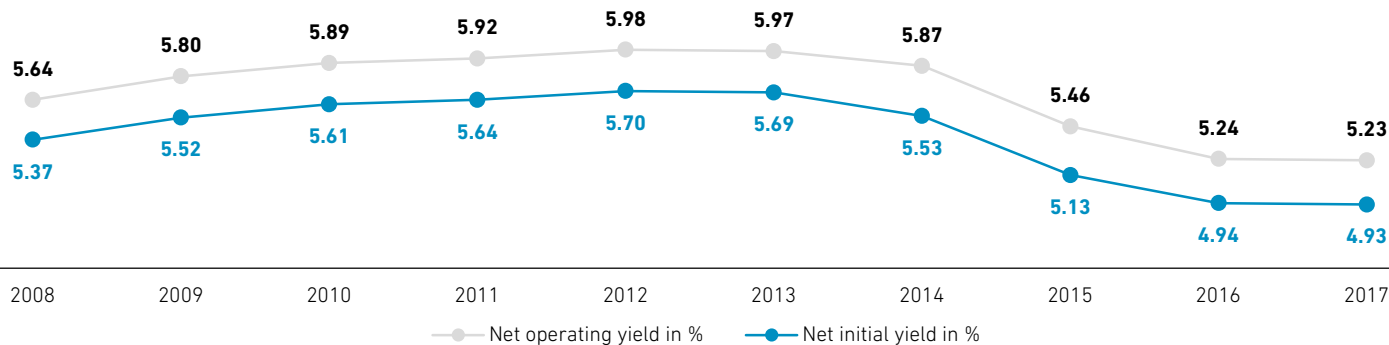
¹ including the share attributable to equity-accounted joint ventures and associates

² including third-party interest in equity

³ Ratio of net financial liabilities (financial liabilities less cash and cash equivalents) to non current assets (investment properties and investments accounted for using the equity method); the LTV ratio stands at 32.8% after the deduction of the dividend paid out on 3 July 2018



Valuation¹ – Investment Properties 2017



SENSITIVITY ANALYSIS

in € thousand	Basis	change of -25bps	change of +25bps
Rent increase rates	1.47%	-128,800	+164,700
Discount rate	5.90%	+80,700	-75,000
Capitalization rate	5.11%	+134,300	-121,900
Cost ratio	10.14%	+13,900	-9,300

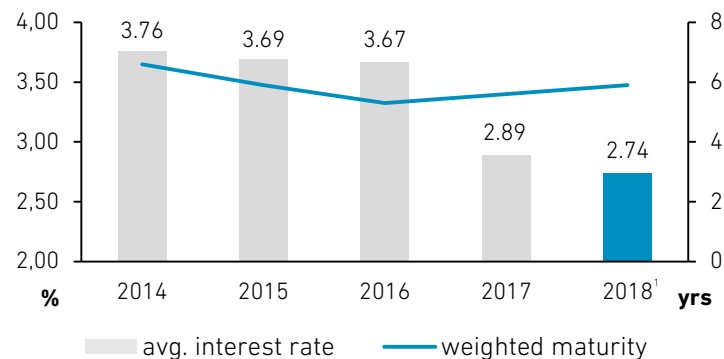
¹ External appraisers: since 2015: JLL

Loan Structure^{1,2}

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		11.2	0.7%	3.80%
1 to 5 years	3.5	615.7	39.9%	3.75%
5 to 10 years	7.6	658.0	42.7%	2.70%
Over 10 years	11.0	257.3	16.7%	2.04%
Total¹	5.9	1,542.2	100%	2.74%

→ **21** German and **4** foreign bank partners

→ Weighted maturity of fixed interest periods **5.9 years¹**



¹ as of 30 June 2018

² excl. non-consolidated loans

Maturities until 2023^{1,2}

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	REGULAR REDEMPTION PAYMENTS	TOTAL MATURITIES	
2018	71.6	4.60%	11.2	82.8	Already fixed: €71.6m, 1.63%, 10y (10/2018)
2019	123.1	4.73%	19.9	143.0	€132.2m, 2.21%, 10y (08/2019)
2020	134.1	4.52%	19.5	153.6	€4.9m, 1.68%, 6y (01/2020)
2021	198.3	4.48%	16.0	214.3	
2022	217.8	3.26%	14.7	232.5	
2023	209.0	2.99%	10.6	219.6	
	953.9				

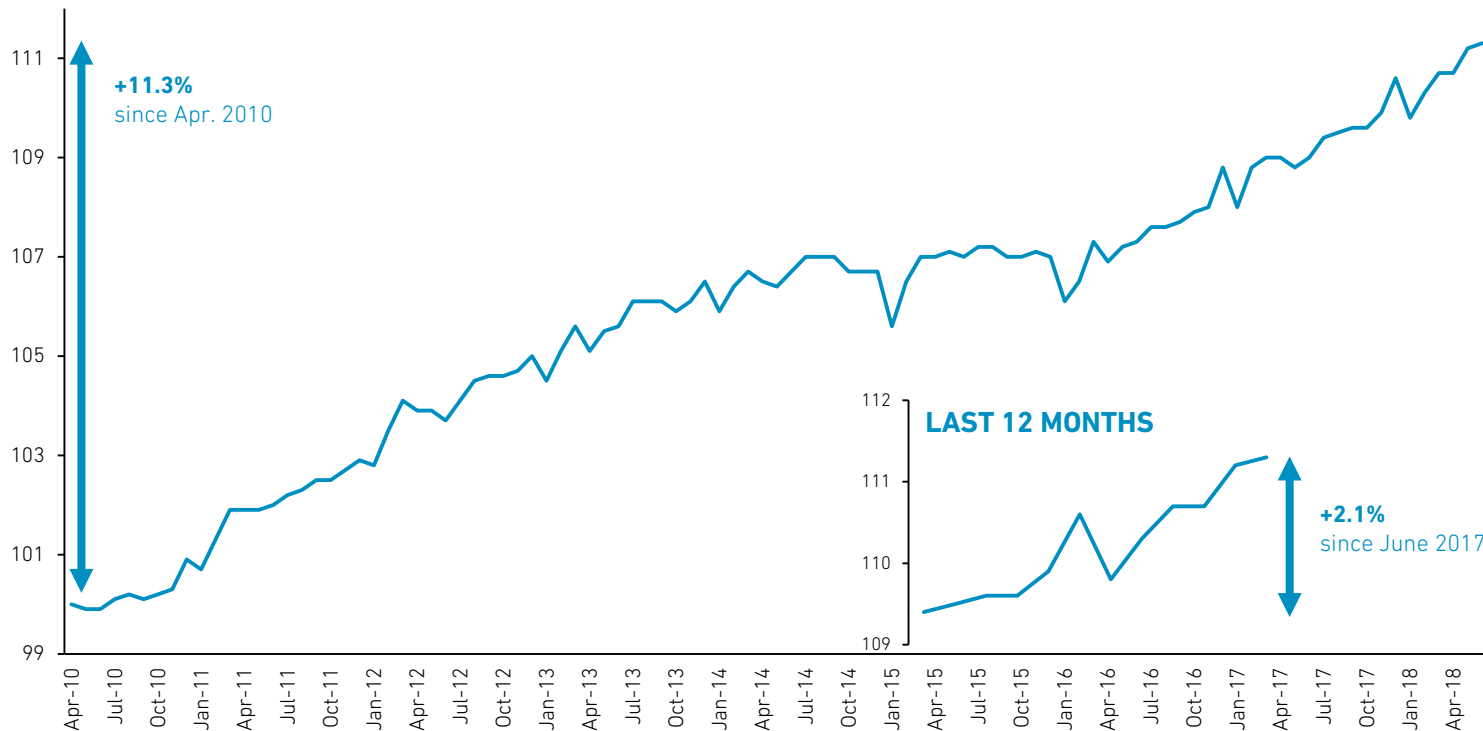
At-equity consolidated loans¹

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	DES' SHARE	
2018-2019	0			
2020	35.0	4.00%	50%	Saarpark-Center, Neunkirchen
2021	63.3	4.59%	50%	Phoenix-Center, Hamburg, Saarpark-Center, Neunkirchen
2022	12.1	4.90%	50%	
2023	0			

¹ as of 30 June 2018

² excl. at-equity consolidated loans

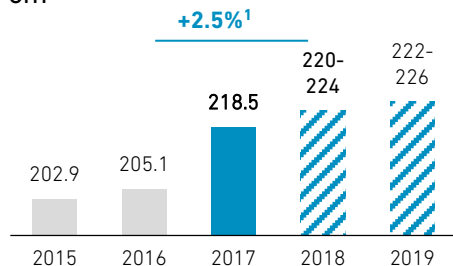
German Consumer Price Index



Forecast

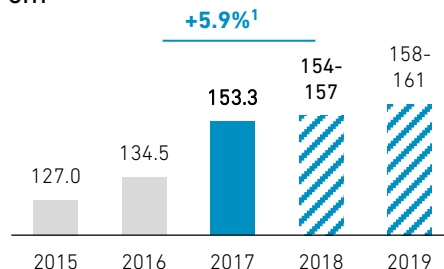
REVENUE

€m



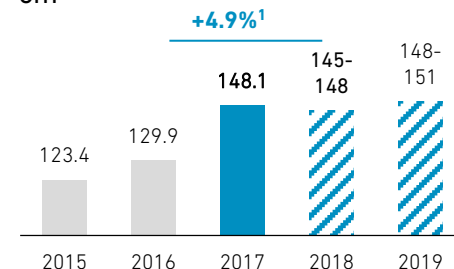
EBT EXCL. VALUATION

€m



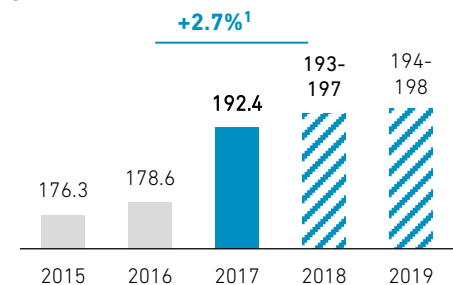
FFO

€m



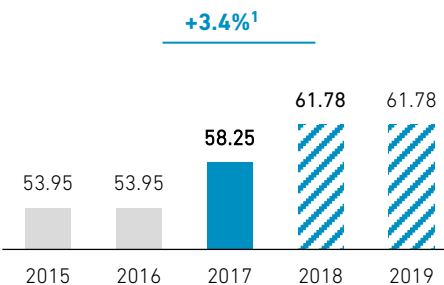
EBIT

€m



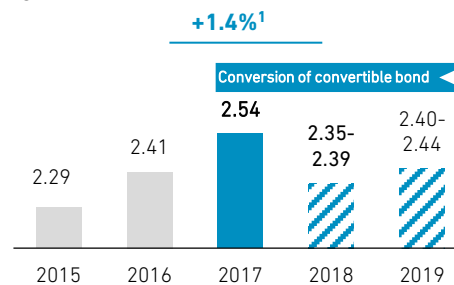
NUMBER OF SHARES²

mn



FFO PER SHARE

€

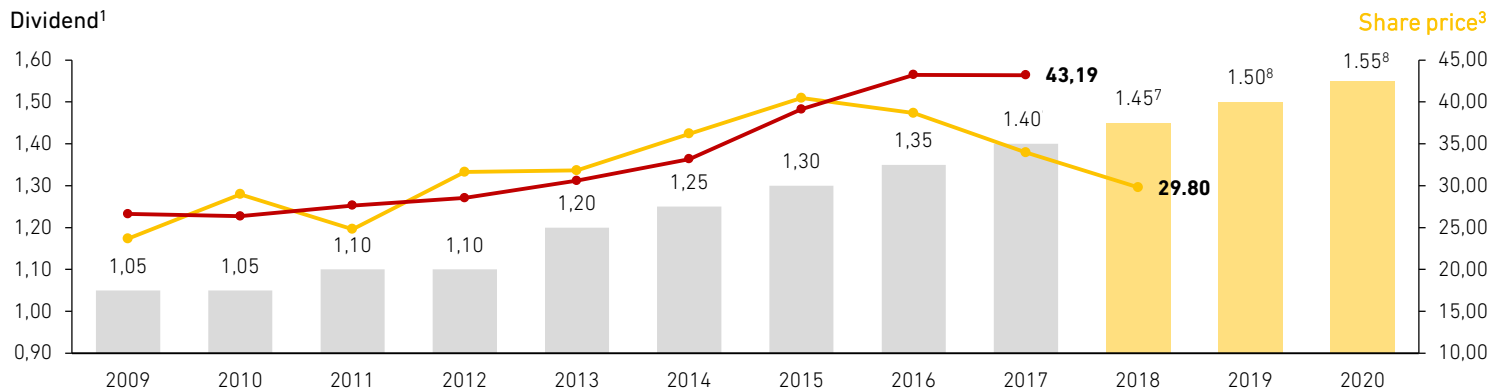


¹ Compound Annual Growth Rate (CAGR) 2015 - 2019

² weighted, taking into account the fact that the convertible bond was nearly fully converted at the end of its term in November 2017

Dividend & Performance

TREND OF SHARE



PERFORMANCE²

		DES	DAX	EPRA ⁴	REX ⁵	OE ⁶
1 year	(2017)	-8.6%	+12.5%	+13.4%	-1.0%	+5.5%
3 years	+4.1% =	+1.3% p.a.	+9.6% p.a.	+8.9% p.a.	+0.6% p.a.	+4.2% p.a.
5 years	+28.0% =	+5.1% p.a.	+11.2% p.a.	+12.4% p.a.	+1.7% p.a.	+2.6% p.a.
Since IPO (2001)	+247.9% =	+7.6% p.a.	+4.2% p.a.	+8.2% p.a.	+4.2% p.a.	+3.4% p.a.

¹ respectively paid for the previous FY

² as of 31 Dec. 2017

³ 2018: as of 10 August 2018

⁴ EPRA/NAREIT Europe

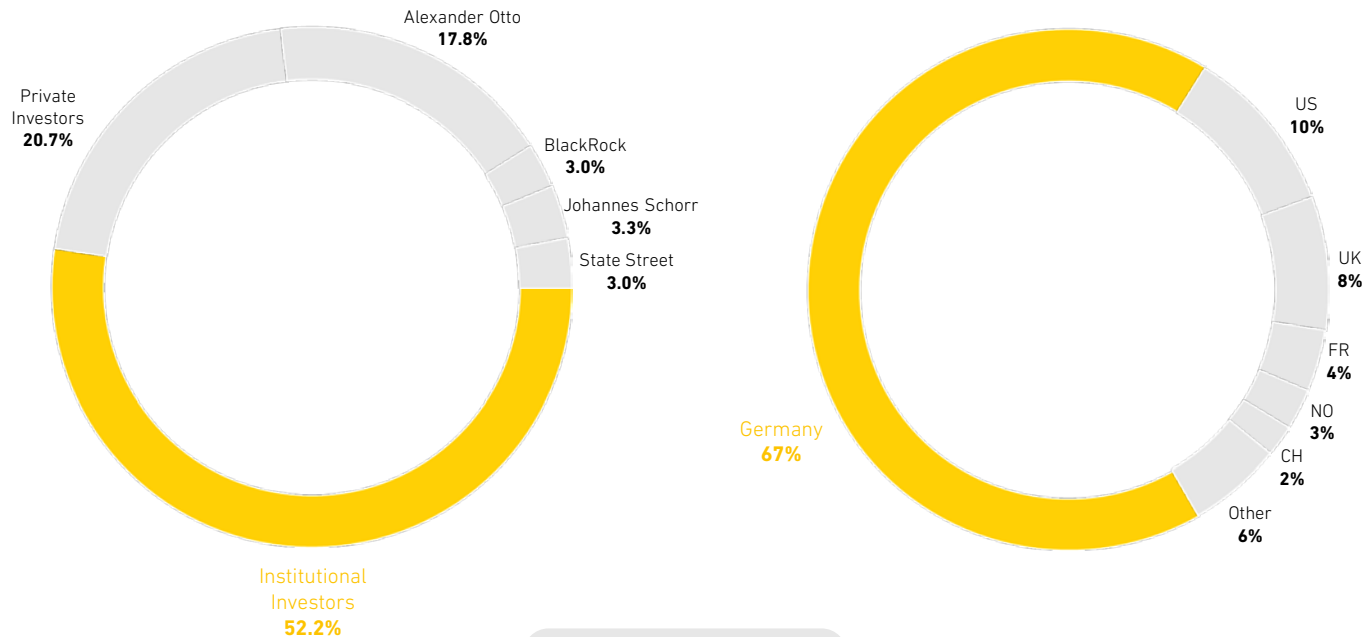
⁵ German government bonds index

⁶ Open ended real estate funds

⁷ paid on 3 July 2018

⁸ planned proposal

Shareholder Structure¹



→ **21,900** shareholders

→ Free float **82.2%**

¹ Status: 10 August 2018

Analysts' Consensus¹

avg./in €	2018	2019
EBIT (€ million)	194.8	196.0
FFO per share	2.39	2.43
NAV per share	44.39	45.19
Dividend	1.50	1.55
Price target (mean)		37.58

SELL

- Kempen & Co.

UNDERPERFORM

NEUTRAL



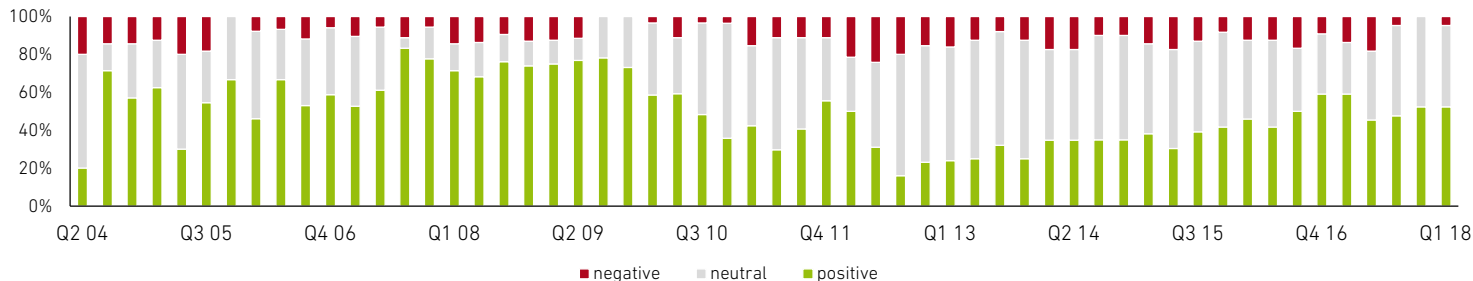
- BA Merrill Lynch
- Commerzbank
- Deutsche Bank
- Equinet
- Green Street Advisors
- GSC Research
- J.P. Morgan Cazenove
- NORD/LB
- Oddo BHF

OUTPERFORM

BUY



- Baader Bank
- Bankhaus Lampe
- Berenberg Bank
- DZ Bank
- HSBC
- Independent Research
- Kepler Cheuvreux
- Metzler
- M.M. Warburg
- Natixis
- Societe Generale



¹ aggregated by DES, median values, status: 15 May. 2018, 20 analysts

10 Reasons to Invest

01

The only public company in Germany to invest solely in shopping centers

02

Prime locations

03

Proven, conservative strategy

04

Stable cash flow with long term visibility

05

Shareholder-friendly dividend policy

06

Experienced management team

07

Excellent track record

08

Centers almost 100% let

09

Inflation-protected rental agreements

10

Solidity combined with growth potential

Key Data of the Share

Listed since	02.01.2001
Nominal capital	€61,783,594.00
Outstanding shares	61,783,594
Class of shares	Registered shares
Dividend 2017 (paid on 3 July 2018)	€1.45
52W High	€35.35
52W Low	€28.60
Share price (10 August 2018)	€29.80
Market capitalisation	€1.84 billion
Avg. turnover per day last 12 months (XETRA)	206,830 shares
Indices	MDAX, EPRA, GPR, MSCI Small Cap, F.A.Z.-Index
Official market	Prime Standard Frankfurt and XETRA
OTC market	Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
ISIN	DE 000 748 020 4
Ticker	DEQ, Reuters: DEQGn.DE
Market maker	Oddo Seydler

Retail turnover H1 2018¹

RETAIL SECTOR	% change in 2018	rent-to-sales ratio in %	% of sales	% of space
DEPARTMENT STORES	-4.3	6.6	6.3	13.3
FOOD	-1.4	7.7	9.4	6.9
FASHION TEXTILES	-3.0	12.6	28.8	38.6
SHOES & LEATHER GOODS	-4.1	15.6	5.0	6.0
SPORTS	-0.3	10.0	4.5	5.5
HEALTH & BEAUTY	-0.5	7.4	12.7	6.3
GENERAL RETAIL	-3.9	11.8	8.2	9.2
ELECTRONICS	-2.1	4.0	15.4	8.4
SERVICES	+2.6	5.1	4.9	1.7
FOOD CATERING	+0.1	12.7	4.8	4.1
TOTAL	-2.0	9.4	100²	100²

Germany Abroad Total

→ Retail turnover development on a like-for-like basis: -2.0% +1.3% -1.4%

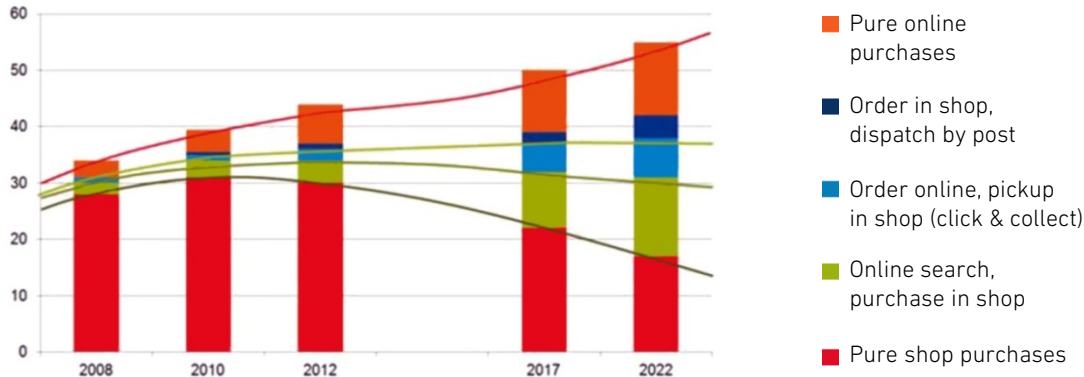
→ Absolute retail turnover development: -1.7% +1.2% -1.1%

¹ German centers on a like-for-like basis (turnover: €2.1 billion)

² The sum may not equal the totals due to rounding

Online vs. stationary retail?

TURNOVER DISTRIBUTION OF A FASHION RETAILER



- Stationary retail transforms from “Point of Purchase” to “Touch Point” (product experience)
- New store concepts (flagship store, show room, multi-channel store, pick-up store), click & collect, augmented reality, online goes offline, mobile services
- “Location, location, location” newly interpreted: “Convenience, attractivity & likeability”

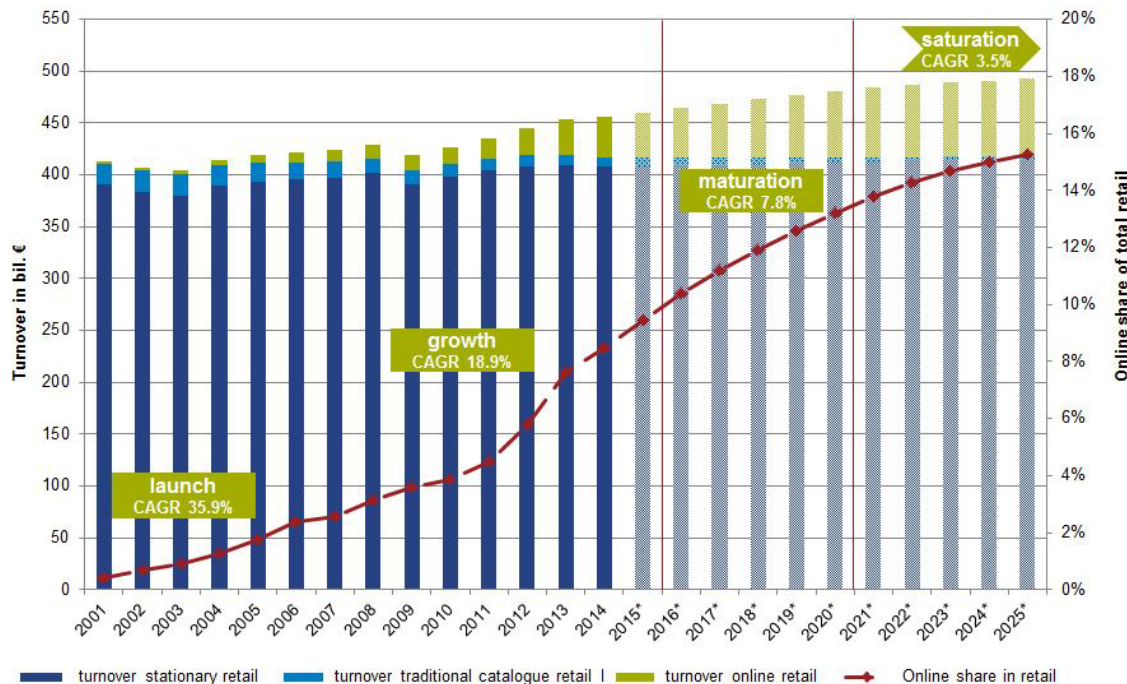
The customer journey in our Shopping centers



Source: ECE

Ecommerce: Growth without end?

PROGRESSION OF ONLINE RETAIL TO MARKET MATURITY



* prognosis

Our partner:

- 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 12 European countries →
- European market leader in the shopping center business
 - Assets under management:
 - approx. 200 shopping centers
 - 7.2 million sqm overall sales area
 - approx. 21,000 retail businesses
 - 4.3 million daily visitors
 - €33.4 billion assets under management

- Austria
- Czech Republic
- Denmark
- Germany
- Hungary
- Italy
- Lithuania
- Poland
- Qatar
- Russia
- Slovakia
- Turkey

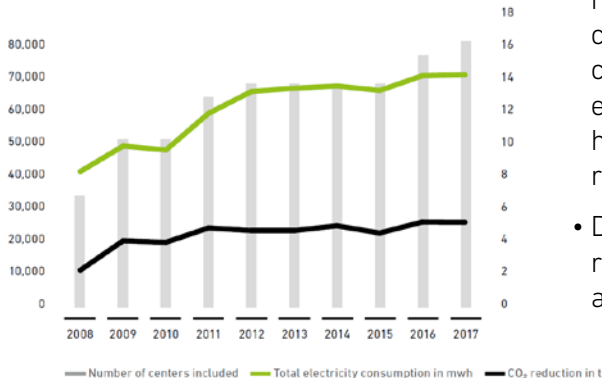
MANY INVESTORS RELY ON ECE:



Environment

- Climate protection is a top priority for Deutsche EuroShop. We firmly believe that sustainability and profitability are not mutually exclusive. Neither are shopping experience and environmental awareness. Long-term thinking is part of our strategy, and that includes a commitment to environmental protection.
- In 2017, 19 of our 21 shopping centers had contracts with suppliers that use renewable energy sources, such as hydroelectric power, for their electricity needs. The “EnergieVision” organisation certified the green electricity for our centers in Germany with the renowned “ok-power” accreditation in 2017. We also plan to switch the remaining centers over to green electricity wherever possible within the next few years.

REDUCTION OF CO₂ EMISSIONS AND ELECTRICITY CONSUMPTION



- The 19 centers used a total of around 71.6 million kWh of green electricity in 2017. This represented 100% of the electricity requirements in these shopping centers, Based on conservative calculations, this meant a reduction of around 25,175 tonnes in carbon dioxide emissions, which equates to the annual CO₂ emissions of more than 1,100 two-person households. The use of heat exchangers and energy-saving light bulbs allows us to further reduce energy consumption in our shopping centers.
- Deutsche EuroShop also supports a diverse range of local and regional activities that take place in our shopping centers in the areas of the environment, society and the economy.



Germany 1/2

	MAIN-TAUNUS-ZENTRUM	A10 CENTER	ALTMARKT-GALERIE	RHEIN-NECKAR-ZENTRUM	HEROLD-CENTER	RATHAUS-CENTER	ALLEE-CENTER	PHOENIX-CENTER
LOCATION	Sulzbach/ Frankfurt	Wildau/ Berlin	Dresden	Viernheim/ Mannheim	Norderstedt	Dessau	Magdeburg	Hamburg
INVESTMENT	52.0%	100%	100%	100%	100%	100%	50.0%	50.0%
LETTABLE SPACE SQM	124,000	121,000	77,000	69,500	54,300	52,500	51,300	43,400
PARKING	4,500	4,000	500	3,800	850	850	1,300	1,400
NUMBER OF SHOPS ¹	170	200	200	110	140	90	150	130
OCCUPANCY RATE ²	100%	100%	100%	99%	98%	98%	98%	98%
CATCHMENT AREA ¹	3.1 m. inhabitants	1.1 m. inhabitants	2.1 m. inhabitants	1.5 m. inhabitants	0.5 m. inhabitants	0.5 m. inhabitants	0.8 m. inhabitants	0.6 m. inhabitants
VISITORS 2017	7.90 m.	6.70 m.	13.90 m.	8.10 m.	10.40 m.	5.40 m.	9.30 m.	9.30 m.
OPENING/ REFURBISHMENT	1964/2004/ 2011	1996/2011	2002/2011	1972/2002	1971/1995/ 2003	1995	1998/2006	2004/2016

¹ approximately² as % of rental space

Germany 2/2

	BILLSTEDT-CENTER	SAARPARK-CENTER	FORUM	ALLEE-CENTER	CITY-GALERIE	CITY-ARKADEN	CITY-POINT	STADT-GALERIE	STADT-GALERIE
LOCATION	Hamburg	Neunkirchen	Wetzlar	Hamm	Wolfsburg	Wuppertal	Kassel	Passau	Hameln
INVESTMENT	100%	50.0%	65.0%	100%	100%	100%	100%	75.0%	100%
LETTABLE SPACE SQM	42,500	35,600	34,500	34,000	30,800	28,700	27,800	27,700	26,000
PARKING	1,500	1,600	1,700	1,300	800	650	220	500	500
NUMBER OF SHOPS ¹	110	130	110	90	100	80	60	90	100
OCCUPANCY RATE ²	95%	99%	98%	99%	98%	99%	100%	100%	97%
CATCHMENT AREA ¹	1.0 m. inhabitants	1.4 m. inhabitants	0.5 m. inhabitants	0.7 m. inhabitants	0.5 m. inhabitants	0.8 m. inhabitants	0.8 m. inhabitants	1.2 m. inhabitants	0.4 m. inhabitants
VISITORS 2017	11.30 m.	6.80 m.	7.50 m.	6.30 m.	7.10 m.	8.10 m.	8.50 m.	8.00 m.	5.70 m.
OPENING/ REFURBISHMENT	1969/1977/ 1996	1989/1999/ 2009	2005	1992/2003/ 2009	2001/2006	2001/2004	2002/2009/ 2015	2008	2008

¹ approximately² as % of rental space

Europe

	OLYMPIA	GALERIA BAŁTYCKA	CITY ARKADEN	ÁRKÁD
LOCATION	Brno, Czech Republic	Gdansk, Poland	Klagenfurt, Austria	Pécs, Hungary
INVESTMENT	100%	74.0%	50.0%	50.0%
LETTABLE SPACE SQM	85,000	48,700	36,900	35,400
PARKING	4,000	1,050	880	850
NUMBER OF SHOPS ¹	200	195	120	130
OCCUPANCY RATE ²	99%	100%	98%	99%
CATCHMENT AREA ¹	1.2 m. inhabitants	1.1 m. inhabitants	0.4 m. inhabitants	1.0 m. inhabitants
VISITORS 2017	8.5 m.	10.00 m.	5.60 m.	12.70 m.
OPENING/ REFURBISHMENT	1999/2014-16	2007	2006	2004

¹ approximately² as % of rental space

Financial Calendar

2018

14.08. Half-year Financial Report 2018

29.08. Berenberg Real Estate Seminar, Helsinki

30.08. Commerzbank Sector Conference, Frankfurt

04.-06.09. EPRA Annual Conference, Berlin

24.09. Goldman Sachs & Berenberg German Conference, Munich

26.09. Baader Investment Conference, Munich

28.09. Societe Generale Pan European RE Conference, London

08.-10.10. Expo Real, Munich

23.10. Roadshow Madrid, M.M. Warburg

29.-30.10. Roadshow Tel Aviv, SmartTeam

14.11. Quarterly Statement 9M 2018

20.11. DZ Bank Equity Conference, Frankfurt

03.12. Berenberg European Conference, Pennyhill

10.-11.12. HSBC Global Real Estate Conference, Cape Town

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