

THIS DOCUMENT IS A NON-BINDING CONVENIENCE TRANSLATION OF THE GERMAN LANGUAGE JOINT STATEMENT (*GEMEINSAME STELLUNGNAHME*) OF THE EXECUTIVE BOARD (*VORSTAND*) AND THE SUPERVISORY BOARD (*AUFSICHTSRAT*) OF DEUTSCHE EUROSHOP AG PURSUANT TO THE GERMAN SECURITIES ACQUISITION AND TAKEOVER ACT (WPÜG). IN CASE OF ANY DISCREPANCY BETWEEN THE ENGLISH AND THE GERMAN VERSION THE GERMAN VERSION PREVAILS.

Mandatory publication in accordance with sections 27 para. 3 sentence 1, 14 para. 3 sentence 1 German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*)



Deutsche EuroShop

## JOINT STATEMENT

of the Executive Board and the Supervisory Board

of

**Deutsche EuroShop AG**

Heegbarg 36, 22391 Hamburg,  
Germany,

**in accordance with section 27 para. 1 of the German Securities Acquisition and Takeover Act  
(*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*)**

**on the Voluntary Public Takeover Offer  
(Cash Offer)**

of

**Hercules BidCo GmbH**

c/o ECE Real Estate Partners GmbH, Heegbarg 30, 22391 Hamburg,  
Germany,

**to the Shareholders**

of

**Deutsche EuroShop AG**

of 21 June 2022

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Shares of Deutsche EuroShop AG: ISIN DE0007480204  
Tendered shares of Deutsche EuroShop AG: ISIN DE000A3DMF80  
Subsequently tendered shares of Deutsche EuroShop AG: ISIN DE000A3DMF98

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## 1. GENERAL INFORMATION

On 9 June 2022, Hercules BidCo GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under the laws of Germany, having its seat in Munich, Germany, registered with the commercial register of the local court of Munich under registration number HRB 273857 (“**Bidder**”), published an offer document within the meaning of section 11 German Securities Acquisition and Takeover Act (“**WpÜG**”) (“**Offer Document**”) regarding its voluntary public takeover offer to the shareholders of Deutsche EuroShop AG, having its seat in Hamburg, Germany, registered with the commercial register of the local court of Hamburg under HRB 91799, business address: Heegbarg 36, 22391 Hamburg, Germany (“**Deutsche EuroShop AG**”, “**Company**” or “**Target Company**”, and together with its respective consolidated subsidiaries “**DES**”), in accordance with section 14 para. 2 and 3 WpÜG (the “**Takeover Offer**” or the “**Offer**”).

The subject of the Offer is the acquisition of all no-par value registered shares of Deutsche EuroShop AG with a notional interest in the share capital of EUR 1.00 per share (ISIN DE0007480204), which are not directly held by the Bidder, including all ancillary rights, in particular profit-sharing and voting rights, existing at the time when the Offer is settled (each registered share of the Company is referred to individually as a “**DES Share**” and together as the “**DES Shares**”) against payment of a cash consideration in the amount of EUR 21.50 per DES Share (“**Offer Consideration**”). In addition, the shareholders of the Company shall receive a dividend for the financial year ended 31 December 2021 in the amount of EUR 1.00 per DES Share as proposed by the Company. In the event that the settlement of the Takeover Offer occurs prior to the day on which the Company’s general meeting resolving on the distribution of profits for the financial year ended 31 December 2021 is held, the cash consideration in the amount of EUR 21.50 will be increased by EUR 1.00 per share of the Company to EUR 22.50 per DES Share.

The Offer is made to all holders of DES Shares (together the “**DES Shareholders**” and each a “**DES Shareholder**”).

On 23 May 2022, Deutsche EuroShop AG and the Bidder entered into an agreement (“**Investment Agreement**”) with regard to the Takeover Offer, in which, inter alia, major aspects of the Takeover Offer (in particular, its timing and economic terms), the intended future corporate governance of the Company (including the size and composition of the Supervisory Board of the Company), certain aspects of future indebtedness of the Company as well as issues relating to the future seat and the employees of the Company were agreed upon.

According to section 1.4 of the Offer Document, the Federal Financial Supervisory Authority (“**BaFin**”) has reviewed the Offer Document in the German version in accordance with the WpÜG and the corresponding regulations issued thereunder and has permitted publication of the Offer Document on 9 June 2022. The Bidder has pointed out that registrations, admissions or approvals of the Offer Document or the Offer have not been made and are not intended to be made under any law other than the law of the Federal Republic of Germany (“**Germany**”).

The Bidder has published the Offer Document on the internet at

*<https://hercules-offer.com>.*

According to the information provided by the Bidder, copies of the Offer Document will also be available free of charge from Deutsche Bank Aktiengesellschaft, TAS, Post-IPO Services, Taunusanlage 12, 60325 Frankfurt am Main, Germany (inquiries via fax to +49 69 910 38794 or via email to [dct.tender-offers@db.com](mailto:dct.tender-offers@db.com) indicating a complete mailing address or email address) (the “**Settlement Agent**”).

Notice (i) as to the internet address at which the Offer Document has been published and (ii) that copies of the Offer Document are available from Deutsche Bank Aktiengesellschaft was published in the German Federal Gazette (*Bundesanzeiger*) on 9 June 2022.

In addition thereto, the Bidder has provided a non-binding English translation of the Offer Document, which is also available on the internet at the Bidder’s address specified above. In the Offer Document, the Bidder points out explicitly that the English translation of the Offer Document has not been reviewed by BaFin.

The Bidder submitted the Offer Document to the Executive Board of Deutsche EuroShop AG (the “**Executive Board**”) on 9 June 2022. The Executive Board then submitted the Offer Document to the Supervisory Board of Deutsche EuroShop AG (the “**Supervisory Board**”) and to the Company’s employees on the same day without undue delay.

The Executive Board and the Supervisory Board of Deutsche EuroShop AG have duly examined and discussed the Offer. In accordance with section 27 para. 1 WpÜG, they hereby issue the following joint statement (the

“**Statement**”) which was approved by both boards independently of each other on 21 June 2022. Approval was granted unanimously both by the Executive Board and the Supervisory Board, with two members of the Supervisory Board abstaining from voting due to potential conflicts of interest due to their principal occupation for Cura (as defined in section 3.2.1 of this Statement) or a Subsidiary of Cura, respectively – and thus for persons acting jointly with the Bidder and not participating in the relevant consultations (see also section 12 of this Statement). DES Shareholders are recommended to read the Offer Document and this Statement in full.

In connection with the following Statement, the Executive Board and the Supervisory Board would first like to draw attention to the following:

### **1.1 Legal bases of Statement**

In accordance with section 27 para. 1 sentence 1 WpÜG, the Executive Board and the Supervisory Board of Deutsche EuroShop AG as the Target Company are required to issue a reasoned Statement about the Offer and about any amendments thereto. In accordance with section 27 para. 1 sentence 2 WpÜG, in their Statement, the Executive Board and the Supervisory Board are required to address, in particular (i) the type and amount of the consideration offered, (ii) the expected consequences of a successful Offer for the Target Company, the employees of the Target Company and their representative bodies, the terms and conditions of employment, and the locations of the Target Company, (iii) the objectives pursued by the Bidder with the Offer, (iv) the intention of the members of the Executive Board and the Supervisory Board to accept the Offer insofar as they hold shares in Deutsche EuroShop AG as the Target Company.

The Statement can be issued jointly by the Executive Board and the Supervisory Board of Deutsche EuroShop AG. The Executive Board and the Supervisory Board have decided to issue a joint statement on the Offer. Moreover, the Executive Board and the Supervisory Board have decided to recommend to the DES Shareholders to accept the Offer.

### **1.2 Statement of employees or a works council of Deutsche EuroShop AG**

Deutsche EuroShop AG currently does not have a works council. The employees of Deutsche EuroShop AG did not submit a statement of their own to the Executive Board, so that the Executive Board was unable to attach such a statement to its Statement in accordance with section 27 para. 2 WpÜG.

### **1.3 Factual bases of Statement**

All information, forecasts, estimates, assumptions, expectations, evaluations and forward-looking statements (see also section 1.5 of this Statement) and declarations of intent set out in this Statement are based on the information available to the Executive Board and the Supervisory Board on the date of the passing of the resolution and the publication of this Statement and reflect their assessments and intentions at such point in time. The information, assessments and intentions may change after the publication of this Statement. Neither the Executive Board nor the Supervisory Board of Deutsche EuroShop AG undertakes to update this Statement unless it is required to do so under German law.

Unless stated otherwise, any references to time in this Statement are references to local time in Frankfurt am Main, Germany. Unless explicitly stated otherwise, to the extent that expressions such as “currently”, “at the present time”, “at the moment”, “now”, “at present” or “on today’s date” or similar expressions are used in this Statement, they refer to the date of publication of this Statement.

Time references in this Statement are to Central European Time or Central European Summer Time (“**CET**”), as applicable, unless otherwise indicated.

Any reference to “**Trading Day**” is to a day on which the Frankfurt Stock Exchange is open for trading.

Key financial figures, such as Earnings before Interest and Taxes (“**EBIT**”), Earnings before Taxes (“**EBT**”) or Earnings before Taxes and Measurement (“**EBT excluding Measurement**”), respectively, Funds from Operations (“**FFO**”) as well as the Loan to Value (“**LTV**”), are used in accordance with the respective definitions in the quarterly report as at 31 March 2022 of Deutsche EuroShop AG or in the annual report for the financial year ended 31 December 2021 (both available at <https://www.deutsche-euroshop.com/Reports>). Any reference to “**EUR**” is to currency information in Euro and any reference to “**USD**” is to currency information in US Dollar. Any reference to “**Subsidiary**” is to subsidiaries within the meaning of section 2 para. 6 WpÜG.

The information about the Bidder and the Offer contained in this Statement is primarily based on the Offer Document and possibly on publicly available information. The Executive Board and the Supervisory Board do not



assume any responsibility for the correctness and completeness of such information. This applies, in particular, to the information contained in sections 3, 5, 6 and 8.1 of this Statement. The Executive Board and the Supervisory Board also point to the fact that they are not able to verify whether the statements made by the Bidder in the Offer Document are correct insofar as they do not relate to Deutsche EuroShop AG and that they are also not able to guarantee that the Bidder's objectives and intentions will be realized. The Executive Board and the Supervisory Board – as well as the Bidder in section 2.3 of the Offer Document – point out that the Bidder's intentions as stated in the Offer Document could change in the future. The Bidder's intentions set out in the Offer Document might not be realized or – if applicable, subject to the mutually agreed adjustment of existing contractual agreements with the Company restricting the Bidder – might be realized differently.

To the extent that this Statement refers to, quotes, summarizes or reproduces the contents of the Offer or the Offer Document, without making explicit reference to the Offer Document, this merely constitutes information by which the Executive Board and the Supervisory Board neither adopt the Offer or the Offer Document nor assume any guarantee for the accuracy or completeness of the Offer or the Offer Document. The same applies to other information published by the Bidder at <https://hercules-offer.com>.

#### **1.4 Publication of this Statement and of any other statements regarding possible changes to the Offer**

In accordance with sections 27 para. 3, 14 para. 3 sentence 1 WpÜG, this Statement and any other statements regarding possible changes to the Offer will be published in the German language on the internet at

*<https://www.deutsche-euroshop.com/Takeover-Offer>.*

Moreover, copies of this Statement will be available free of charge at Deutsche EuroShop AG's business address at Heegbarg 36, 22391 Hamburg, Germany. In addition, distribution free of charge can be requested at <https://www.deutsche-euroshop.com/IR-Contact> or the email addresses provided there. Reference is made to this by publication of a notice in the German Federal Gazette. In accordance with statutory requirements, the Statement and any additional statements regarding possible changes to the Offer will be published in the German language. Non-binding English translations of this Statement and any additional statements regarding possible changes to the Offer will be published at the aforementioned internet address of the Company and are available free of charge at the above-referenced addresses.

#### **1.5 Forward-looking statements**

This Statement contains certain forward-looking statements, including statements regarding the expected time line and conclusion of the Offer. Forward-looking statements express intentions, views or expectations and include known or unknown risks and uncertainties as such statements refer to events or depend on circumstances that will occur in the future. Words such as "should", "will", "expect", "intend", "pursue", "anticipate", "understand", "believe", "plan" or similar expressions refer to forward-looking statements. Also if the Executive Board and the Supervisory Board of Deutsche EuroShop AG understand that such forward-looking statements are based on reasonable expectations and to the best of their knowledge and belief are correct and complete as of today's date, it cannot be guaranteed that such expectations will be realized or will prove correct. Nor can the future accuracy and completeness of such statements be guaranteed. It should be noted that actual events and results may significantly differ from forward-looking statements due to political, economic or legal changes in markets or environments in which Deutsche EuroShop AG is doing business or due to the competitive situation or risks that Deutsche EuroShop AG's business models entails as well as due to uncertainties, risks and the volatility of financial markets and other factors that may have an impact on Deutsche EuroShop AG.

#### **1.6 Rounding differences**

The figures in this Statement are rounded to one or two decimal places in accordance with standard commercial practice. Changes, including percentage changes, are calculated on the basis of the figures presented in this Statement and rounded to one or two decimal places in accordance with standard commercial practice. Due to rounding effects, aggregate figures in tables may differ from the totals shown, and aggregate percentages may not equal 100.00%. In addition, rounded totals and subtotals may differ slightly from the unrounded figures contained elsewhere in this Statement.

## **1.7 Own responsibility of Deutsche EuroShop AG's shareholders**

The Executive Board and the Supervisory Board point out that the description of the Offer in this Statement does not purport to be exhaustive and that solely the provisions of the Offer Document, including its Annexes and any amendments thereto, are relevant for the content and settlement of the Offer. The assessments made by the Executive Board and the Supervisory Board in this Statement are not binding on the DES Shareholders. Rather, each DES Shareholder is responsible for making his own assessment as to whether and, if so, to what extent he accepts the Offer taking into account the overall circumstances, his individual situation (in particular, his individual tax situation), the laws applicable to him, and his own assessment of the future development of the stock exchange price and the trading volume of the DES Share. The Executive Board and the Supervisory Board point out that they are not in the position and not obliged to verify if DES Shareholders accepting the Offer act in compliance with all legal obligations incumbent on them. DES Shareholders who wish to accept the Offer should check whether acceptance of the Offer complies with any legal obligations resulting from their personal situation (e.g., security interests in the shares or sales restrictions). The Executive Board and the Supervisory Board can neither assess such individual obligations nor take them into account when making their recommendation.

The Executive Board and the Supervisory Board urge all persons who receive the Offer Document outside of the Federal Republic of Germany or wish to accept the Offer but who are subject to the securities laws of a jurisdiction other than that of the Federal Republic of Germany to inform themselves about, and comply with these laws. DES Shareholders should therefore read the Offer Document carefully as it contains important information for them (see in particular sections 1.2 and 1.6 of the Offer Document). The Executive Board and the Supervisory Board assume no liability for the decision of a DES Shareholder regarding the Takeover Offer and recommend that DES Shareholders obtain independent tax and legal advice.

In section 1.2 of the Offer Document, the Bidder has pointed out, amongst other things, that the Offer will not be the subject of any review or registration procedure by a supervisory authority outside of the Federal Republic of Germany and has not been approved or recommended by such a supervisory authority.

## 2. INFORMATION ABOUT DEUTSCHE EUROSHOP AG

### 2.1 Corporate situation, capital structure and stock exchange listing

Deutsche EuroShop AG is a German stock corporation having its registered office in Hamburg, Germany. It is registered with the commercial register of the local court of Hamburg under registration number HRB 91799. The address of Deutsche EuroShop AG's head office is Heegbarg 36, 22391 Hamburg, Germany. Deutsche EuroShop AG's financial year corresponds to the calendar year.

At the time of publication of this Statement, the share capital of Deutsche EuroShop AG amounts to EUR 61,783,594.00 and is divided into 61,783,594 registered shares with a notional interest in the share capital of EUR 1.00 per share. Only one class of shares has been issued. Each share carries full voting and dividend rights.

At the time of publication of this Statement, Deutsche EuroShop AG does not hold any treasury shares (*eigene Aktien*). In any other respect, reference is made to the detailed and correct description of Deutsche EuroShop AG's capital structure set out in section 7.2 of the Offer Document.

The DES Shares are admitted to trading on the regulated market and in the sub-segment of the regulated market with additional listing requirements at the Frankfurt Stock Exchange (*Prime Standard*) under ISIN DE0007480204 where they are traded via the electronic trading system XETRA® (ticker symbol: DEQ). The DES Share is included amongst other things in the SDAX index® of Deutsche Börse AG. The DES Shares are also traded on the open market (*Freiverkehr*) of the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart.

The General Meeting of Deutsche EuroShop AG has not authorized the Executive Board to take actions which fall in its power so as to prevent the success of any takeover offers.

### 2.2 Business activities of DES Group

#### 2.2.1 Overview of DES Group's business activities

Deutsche EuroShop AG is the only listed company in Germany that invests exclusively in shopping centers in prime locations with a catchment area of at least 300,000 residents. As of the date of this Statement, the SDAX® listed Company holds investments in 21 shopping centers in its real estate portfolio, all of which are located in Germany, Austria, Poland, the Czech Republic and Hungary, with Germany being Deutsche EuroShop AG's investment focus with approximately 82% of sales. As at 31 March 2022, Deutsche EuroShop AG's portfolio – related to the share in its Subsidiaries and joint ventures – had a market value of around EUR 3.5 billion with a total leasable space (in sqm) of 1,086,600. The portfolio includes the Main-Taunus-Zentrum near Frankfurt am Main, Germany, the Altmarkt-Galerie in Dresden, Germany, and the Galeria Baltycka in Gdansk, Poland.

The Group managing company is Deutsche EuroShop AG which is responsible for the corporate strategy, portfolio and risk management, financing and communication of DES Group. The shopping centers are held by independent group companies, with the Company holding stakes of 100% in twelve shopping centers and between 50% and 75% in the other nine shopping centers. Deutsche EuroShop AG has outsourced center management to ECE Marketplaces GmbH & Co. KG (formerly ECE Projektmanagement G.m.b.H. & Co. KG) ("ECE"), based in Hamburg, Germany. ECE has been designing, planning, building, letting and managing shopping centers since 1965 and, according to the Company, is currently an European market leader with some 200 shopping centers under management.

DES Group pursues a high-yield, value-added business model in its investments and generates its reported sales revenue from the rental income for the space it leases in the shopping centers. The majority of DES Group's revenue is derived from rental income from a number of tenants operating in various sectors of the bricks-and-mortar retail trade, such as fashion retail, which accounted for around 53.5% of leasable space in the shopping centers in which Deutsche EuroShop AG is invested as at 31 December, while the hardware/electronics and department stores & consumer markets sectors accounted for around 17.2% or 9.0%, respectively.

In the three-month period ended 31 March 2022, DES Group employed an average of five employees (excluding the Executive Board) (three-month period ended 31 March 2021: five), expressed in full-time equivalents. The average number of full-time equivalents employed by DES Group for each of the years ended 31 December 2019, 2020 and 2021 was also five.

### 2.2.2 Results of business activity

DES Group generates its income almost exclusively from the management of its portfolio properties.

In the three-month period ended 31 March 2022, DES Group generated revenue of EUR 52.1 million, an increase of 0.3% compared to the same period last year. In contrast to the previous year, which was significantly affected by store closures ordered by the authorities, tenants of DES Group were able to open their stores in the first three months of 2022. Accordingly, net operating income (EUR 40.4 million, +24.0%) and EBIT (EUR 39.3 million, +24.9%) increased significantly compared with the prior-year quarter due to significantly lower write-downs on rent receivables. Accordingly, EBT excluding Measurement increased to EUR 33.4 million (+40.8%) compared to the same period of the previous year. At EUR 0.51 per share, FFO adjusted for measurement gains/losses and non-recurring effects were also 41.7% above the 2021 level (EUR 0.36 per share).

The annual reports and other financial reports have been published on Deutsche EuroShop AG's website at <https://www.deutsche-euroshop.com/Reports>.

In accordance with its financial calendar published at <https://www.deutsche-euroshop.com/Financial-Calendar>, Deutsche EuroShop AG plans to publish its half-year financial report for the six-month period ended 30 June 2022 on 11 August 2022, i.e., only after the expected expiration of the Acceptance Period of the Takeover Offer (as defined in section 6.4.3 of this Statement) and the Additional Acceptance Period (as defined in section 6.4.5 of this Statement) of the Bidder.

## 2.3 Boards

The sole member of the Executive Board of Deutsche EuroShop AG is currently Olaf Borkers.

As communicated by the Company on 30 April 2022, the appointment of the then CEO, Wilhelm Wellner, was revoked at his request and for a limited period until 30 September 2022. Mr Wellner had previously informed the Supervisory Board that he would not be able to perform his duties as a member of the Executive Board for at least the corresponding period for health reasons. In view of Mr Wellner's expected return to the Executive Board, the Supervisory Board also resolved to reappoint him with effect as of 1 October 2022. Depending on the state of his recovery, the exact date of Mr Wellner's expected return may still be subject to change. Mr Wellner's duties have since been assumed by the other member of the Executive Board, Olaf Borkers. Mr Borkers' appointment will expire at the end of 30 September 2022, unless the Supervisory Board and Mr Borkers agree to extend the appointment.

Pursuant to its articles of association, the Supervisory Board of Deutsche EuroShop AG consists of nine members. The Supervisory Board is currently composed of the following eight members:

- Reiner Strecker (Chairman)
- Karin Dohm (Vice-Chairman)
- Dr Anja Disput
- Henning Eggers
- Dr Henning Kreke
- Claudia Plath
- Klaus Striebich
- Roland Werner

Against the background of the Bidder's decision to make the Offer, which was published on 23 May 2022, Alexander Otto, as the former additional member of the Supervisory Board and person acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG, has resigned from the Supervisory Board with immediate effect.

Karin Dohm and Klaus Striebich, whose terms of office expire at the end of the general meeting convened for 30 August 2022, which resolves on the formal approval of their actions for the financial year ended 31 December 2021 ("**Annual General Meeting 2022**"), had already previously declared to the Company that they would not be available for a further term of office. Moreover, Dr Anja Disput and Roland Werner have declared to the Company in the event of a timely settlement of the Offer to resign from the Supervisory Board in order to enable the Bidder to be adequately represented on the Supervisory Board of the Company. The same applies to Dr Georg Allendorf, who was proposed as a candidate for election to the Supervisory Board in the invitation to the Annual General Meeting 2022. The Company assumes that in any case, in the event of a timely settlement of the Offer, the annual

general meeting of the Company on 30 August 2022 will elect such number of persons as members of the Supervisory Board that the Supervisory Board will then again be composed in accordance with the articles of association; for the corresponding intentions of the Bidder (also depending on whether the Offer can be settled before or after the Annual General Meeting 2022), see also section 9.5 of the Offer Document and section 8.1.5 of this Statement, respectively.

## 2.4 Persons acting jointly with Deutsche EuroShop AG

As regards any persons acting jointly with Deutsche EuroShop AG within the meaning of section 2 para. 5 sentence 2 in conjunction with sentence 3 WpÜG, reference is made to the information contained in section 7.5 in conjunction with Annex 3 of the Offer Document which is currently still correct.

## 2.5 Shareholder structure

The following table lists the direct and indirect major shareholders (“Major Shareholders”) of Deutsche EuroShop AG as at the date of this Statement on the basis of the voting rights notifications received by the issuer pursuant to the German Securities Trading Act (“WpHG”); in addition, a notification of own account trading by managers in accordance with article 19 Market Abuse Regulation (“MAR”) by a person discharging managerial responsibilities at the Company at that time was taken into account. According to these notifications, as of the date of this Statement, the following shareholders hold (i) 3% or more of the voting rights from shares held by them or attributable to them pursuant to section 34 WpHG, (ii) 5% or more of the voting rights that are or may be transferred by instruments pursuant to section 38 WpHG held by them or attributable to them pursuant to section 34 WpHG, or (iii) a total of 5% of any combination of such voting rights from shares or instruments pursuant to section 39 WpHG:

shareholder (ultimately controlling person)	Notified voting rights of					
	shares <sup>1</sup>		instruments <sup>2</sup>		total <sup>1,2</sup>	
	(in #)	(in %) <sup>3</sup>	(in #)	(in %) <sup>3</sup>	(in #)	(in %) <sup>3</sup>
Alexander Otto <sup>4</sup> .....	12,372,602	20.03	–	–	12,372,602	20.03
PGGM Coöperatie U.A. <sup>5</sup> .....	2,887,122	4.67	–	–	2,887,122	4.67
Morgan Stanley <sup>6</sup> .....	2,143,106	3.47	8,794	0.01	2,151,900	3.48
BlackRock, Inc. <sup>7</sup> .....	1,934,539	3.13	631,884	1.02	2,566,423	4.15
Claudia Morales Ramón and David Schorr <sup>8</sup> .....	2,016,462	3.26	–	–	2,016,462	3.26
Free float <sup>9</sup> .....	40,429,763	65.44	n/a	n/a	39,789,085	64.40
<b>Total</b> .....	<b>61,783,594</b>	<b>100.00</b>	<b>n/a</b>	<b>n/a</b>	<b>61,783,594</b>	<b>100.00</b>

<sup>1</sup> Includes voting rights from shares held directly and indirectly pursuant to sections 33 and 34 WpHG.

<sup>2</sup> Includes voting rights from financial instruments held directly or indirectly pursuant to section 38 WpHG.

<sup>3</sup> The percentage of voting rights from shares and financial instruments was calculated on the basis of the number of voting rights notified on the reference date indicated in the respective notification in relation to the total number of voting rights of the issuer as of the date of this Statement (61,783,594 voting rights). The total number of voting rights held by or attributable to the respective shareholders may have changed since the reference date set out in his voting rights notification; a new voting rights notification is only required if a reportable threshold has been reached.

<sup>4</sup> Including voting rights held by Kommanditgesellschaft CURA Vermögensverwaltung G.m.b.H. & Co., Kommanditgesellschaft ARENA Vermögensverwaltung (G.m.b.H. & Co.) and DESAG Vermögensverwaltung G.m.b.H. and attributed to the shareholder pursuant to section 34 WpHG (reference date: 1 October 2020) and including voting rights additionally acquired by Kommanditgesellschaft CURA Vermögensverwaltung G.m.b.H. & Co. that are also attributable to the shareholder pursuant to section 34 WpHG and whose acquisition had to be reported pursuant to article 19 in conjunction with article 3 para. 1 no. 26 lit d) MAR due to Alexander Otto’s membership in the Supervisory Board of Deutsche EuroShop AG at that time (reference date: 2 October 2020).

<sup>5</sup> Including voting rights held by PGGM Vermögensbeheer B.V. and attributed to the shareholder pursuant to section 34 WpHG (reference date: 23 May 2022).

<sup>6</sup> Including voting rights held by Morgan Stanley & Co. International plc and attributed to the shareholder pursuant to section 34 WpHG (reference date: 10 June 2022).

<sup>7</sup> Including voting rights held by the companies mentioned in the corresponding voting rights notification and attributed to the shareholder pursuant to section 34 WpHG (reference date: 24 May 2022).

<sup>8</sup> Community of heirs (reference date: 22 February 2022).

<sup>9</sup> Difference between the total number of voting rights and the voting rights held by or attributable to the shareholders listed in the table above.

Each share in the Company confers one vote at the general meeting of Deutsche EuroShop AG. If shares are held by the Company as treasury shares (*eigene Aktien*), which is currently not the case, such shares do not confer any voting rights on the Company and do not grant any entitlement to dividends.

### 3. INFORMATION ABOUT THE BIDDER

Unless otherwise indicated, the Bidder has published the following information in section 6 of the Offer Document. This information could not or not fully be verified by the Executive Board and the Supervisory Board. Therefore, the Executive Board and the Supervisory Board do not assume any responsibility for the correctness of such information.

#### 3.1 Corporate relations and capital structure

The Bidder is a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under German law, having its seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 273857. The Bidder's current business address is c/o ECE Real Estate Partners GmbH, Heegbarg 30, 22391 Hamburg, Germany. The issued and paid share capital of the Bidder amounts to EUR 25,000, divided into 25,000 shares with the consecutive numbers 1 through 25,000. The Bidder was established on 17 February 2022 and first registered with the commercial register on 28 February 2022 under the corporate name Blitz 22-652 GmbH.

The Bidder's current financial year commences on 1 June and ends on 31 May of each calendar year. According to the Bidder's information provided in section 6.1 of the Offer Document, the Bidder intends to change the financial year to the calendar year.

The corporate purpose of the Bidder set forth in its articles of association is the acquisition (including by way of public tender offers), holding, disposal and administration of direct or indirect interests in other companies or enterprises (including by way of public tender offers), the holding and administration of its own assets, as well as all related matters, in each case in Germany or abroad. The Bidder may pursue any business that serves its object directly or indirectly.

According to the information provided by the Bidder, the Bidder holds no shares in other undertakings and has no employees.

#### 3.2 Bidder's shareholder structure

##### 3.2.1 Overview

The Bidder is a direct wholly-owned subsidiary of Hercules HoldCo GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under German law, having its seat in Munich, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under HRB 273866 ("**German HoldCo**"), which in turn is a direct wholly-owned subsidiary of Hercules Holdings S.à r.l., a limited liability company (*Société à responsabilité limitée*) established under the laws of Luxembourg, having its seat in Luxembourg, Grand Duchy of Luxembourg, registered with the commercial register (*Registre de Commerce et des Sociétés*) of Luxembourg under no. B265534 ("**Lux HoldCo**").

Lux HoldCo is held, as set out in further detail in section 6.2 of the Offer Document, by (i) PANTA Hercules Beteiligungs G.m.b.H. & Co. KG, a limited partnership (*Kommanditgesellschaft*) established under German law, having its seat in Hamburg, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg under registration number HRA 128546 ("**Cura Investor**") (holding approximately 10% of Lux HoldCo's share capital) and (ii) OCM Luxembourg Hercules Holdings S.à r.l., a limited liability company (*Société à responsabilité limitée*) established under the laws of Luxembourg, having its seat in Luxembourg, Grand Duchy of Luxembourg, registered with the commercial register (*Registre de Commerce et des Sociétés*) of Luxembourg under no. B265537 ("**Oaktree Investor**") (holding approximately 90% of Lux HoldCo's share capital). Lux HoldCo is jointly controlled, based on the principles on "common control by more than one parent company" (*Mehrmütterherrschaft*) pursuant to section 17 para. 1 AktG (German Stock Corporation Act), by the Oaktree Investor and the Cura Investor.

The Cura Investor is indirectly majority owned and controlled by Kommanditgesellschaft CURA Vermögensverwaltung G.m.b.H. & Co., a limited partnership (*Kommanditgesellschaft*) established under German law, having its seat in Hamburg, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg under registration number HRA 73340 ("**Cura**", Cura together with its direct and indirect Subsidiaries, the "**Cura Group**"), which is, in each case, a subsidiary of its limited partner Alexander Otto, with business address c/o Kommanditgesellschaft CURA Vermögensverwaltung G.m.b.H. & Co., Saseler

Damm 39a, 2239 Hamburg, Germany (“**AO**”), and its general partner (*Komplementär*), CURA Vermögensverwaltung G.m.b.H., a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under German law, having its seat in Hamburg, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hamburg under HRB 17042 (“**Cura Vermögensverwaltung**”). For further information, please see section 6.2.3 of the Offer Document or section 3.2.3, respectively of this Statement.

The Oaktree Investor is indirectly controlled by Oaktree Real Estate Opportunities Fund VIII Holdings 2 (Cayman), L.P., which is ultimately, through several holding companies, controlled by Oaktree Capital Group Holdings GP, LLC, a limited liability company under the laws of the state of Delaware, United States, having its seat in Wilmington, Delaware, registered with the register of the secretary of state of the state of Delaware under no. 4334415 (“**Oaktree**”, together with its direct and indirect Subsidiaries, “**Oaktree Group**”). For further information, please see section 6.2.2 of the Offer Document or section 3.2.2, respectively of this Statement.

Therefore, Oaktree, AO as well as Cura Vermögensverwaltung exercise joint control over Lux HoldCo (German HoldCo, Lux HoldCo, the Cura Investor, the Oaktree Investor as well as their respective direct and indirect controlling shareholders collectively the “**Bidder Controlling Shareholders**”). Annex 1 of the Offer Document contains a list of all Bidder Controlling Shareholders. section 6.2.1 of the Offer Document also contains a structure chart of the direct and indirect controlling participations in the Bidder held by the Bidder Controlling Shareholders.

### **3.2.2 Bidder Controlling Shareholder – Oaktree Investor**

Above the level of the Oaktree Investor, the shareholder and control structure of Oaktree Group is organized in a way customary for international financial investors, with different control relationships existing through voting rights and beneficial ownership.

The Oaktree Investor is a wholly-owned Subsidiary of OCM Luxembourg ROF VIII S.à r.l., a limited liability company under the laws of Luxembourg, having its seat in Luxembourg, Grand Duchy of Luxembourg, registered with the commercial register (*Registre de Commerce et des Sociétés*) of Luxembourg under no. B236162 (“**OCM ROF VIII**”).

OCM ROF VIII is a wholly-owned Subsidiary of Oaktree Real Estate Opportunities Fund VIII Holdings 2 (Cayman), L.P., an exempted limited partnership under the laws of the Cayman Islands, having its seat in George Town, Cayman Islands, registered with the Registrar of Exempted Limited Partnerships, Cayman Islands, under no. 102459 (“**Oaktree Fund VIII**”).

#### **3.2.2.1 Control over Oaktree Fund VIII**

##### **a) General partner of Oaktree Fund VIII**

Oaktree Fund VIII’s controlling general partner is Oaktree Fund GP 2A, Ltd., an exempted company under the laws of the Cayman Islands, having its seat in George Town, Cayman Islands, registered with the Registrar of Companies, Cayman Islands, under no. 274013 (“**Oaktree Fund GP**”).

Oaktree Fund GP is, in turn, controlled by its sole shareholder Oaktree Capital II, L.P., a limited partnership under the laws of the state of Delaware, having its seat in Wilmington, Delaware, registered with the register of the secretary of state of the state of Delaware under no. 4348156 (“**Oaktree Capital II LP**”).

##### **b) Controlling limited partner of Oaktree Fund VIII**

In addition to its general partner, Oaktree Fund VIII is controlled by its limited partner, Oaktree Real Estate Opportunities Fund VIII, L.P., an exempted limited partnership under the laws of the Cayman Islands, having its seat in George Town, Cayman Islands, registered with the Registrar of Exempted Limited Partnerships, Cayman Islands, under no. 98665 (“**Oaktree Fund VIII LP**”).

Oaktree Fund VIII LP is in turn controlled by its general partner Oaktree Real Estate Opportunities Fund VIII GP, L.P., an exempted limited partnership under the laws of the Cayman Islands, having its seat in George Town, Cayman Islands, registered with the Registrar of Exempted Limited Partnerships, Cayman Islands, under no. 98649 (“**Oaktree Fund VIII GP LP**”). None of the limited partners of Oaktree Fund VIII LP controls Oaktree Fund VIII LP.

Oaktree Fund VIII GP LP is controlled by its general partner Oaktree Real Estate Opportunities Fund VIII GP Ltd., an exempted company under the laws of the Cayman Islands, having its seat in George Town, Cayman Islands, registered with the Registrar of Companies, Cayman Islands, under no. 343941 (“**Oaktree Fund VIII GP Ltd.**”).

Oaktree Fund VIII GP Ltd. is in turn a wholly-owned Subsidiary of Oaktree Fund GP II, L.P., a limited partnership under the laws of the state of Delaware, having its seat in Wilmington, Delaware, registered with the register of the secretary of state of the state of Delaware under no. 4345533 (“**Oaktree Fund GP II**”). Oaktree Fund GP II is also the controlling limited partner of Oaktree Fund VIII GP LP.

Oaktree Fund GP II is controlled by its general partner Oaktree Capital II LP. None of the limited partners of Oaktree Fund GP II controls Oaktree Fund GP II.

#### 3.2.2.2 *Control over Oaktree Capital II LP*

Oaktree Capital II LP is controlled by its general partner Oaktree Capital II GP LLC, a limited liability company under the laws of the state of Delaware, having its seat in Wilmington, Delaware, registered with the register of the secretary of state of the state of Delaware under no. 7553422 (“**Oaktree Capital II GP**”). None of the limited partners of Oaktree Capital II LP controls Oaktree Capital II LP.

Oaktree Capital II GP is, in turn, controlled by its sole managing shareholder Atlas OCM Holdings LLC, a limited liability company under the laws of the state of Delaware, having its seat in Wilmington, Delaware, registered with the register of the secretary of state of the state of Delaware under no. 7315698 (“**Atlas LLC**”).

Atlas LLC is controlled by Oaktree Capital Group Holdings, L.P., a limited partnership under the laws of the state of Delaware, having its seat in Wilmington, Delaware, registered with the register of the secretary of state of the state of Delaware under no. 4334422 (“**Oaktree Holdings LP**”).

Oaktree Holdings LP is controlled by its general partner Oaktree.

The shareholders of Oaktree are certain managers of Oaktree Group. None of these managers holds a majority of the voting rights in Oaktree Holdings GP, with two of them each holding more than 30% of the voting rights, however.

#### 3.2.3 *Bidder Controlling Shareholder – Cura Investor*

The Cura Investor is controlled by its limited partner CURA Hercules Beteiligungs G.m.b.H. & Co. KG, a limited partnership (*Kommanditgesellschaft*) established under German law, having its seat in Hamburg, Germany, registered with the commercial register of the local court of Hamburg under registration number HRA 128560 (“**Cura Beteiligung**”), holding a participation of 99% in the capital of the Cura Investor. The Cura Investor has a further limited partner and a general partner, each without controlling influence.

Cura Beteiligung is controlled by its limited partner Cura, holding a participation of 80% in the capital of Cura Beteiligung. Cura Beteiligung has a further limited partner and a general partner, each without controlling influence.

Cura is controlled by its limited partner AO, holding a participation of 58% in the capital, and its general partner Cura Vermögensverwaltung. Cura has a further limited partner and a general partner, each without controlling influence.

Cura Vermögensverwaltung does not have a controlling shareholder.

### 3.3 **Background information on Oaktree**

Founded in 1995, Oaktree Group is a leading global investment management firm specializing in alternative investment strategies. Oaktree Group’s investments and shareholdings are divided in four categories, being credit, real assets, private equity and listed equities. Oaktree is a limited liability company established under the laws of the state of Delaware, having its seat in Wilmington, Delaware and registered with the register of the secretary of state of the state of Delaware under no. 4334415, with principal place of business at 333 South Grand Avenue, 28th floor, Los Angeles, California 90071, USA.

As of 31 March 2022, Oaktree Group had approximately USD 164 billion (approximately EUR 148 billion based on an exchange rate of USD 1.1101 = EUR 1.00 as of 31 March 2021 (source: European Central Bank)) in assets under management. The firm has over 1,000 employees and offices in 20 cities worldwide.

### 3.4 **Overview of business activities of Cura Group**

Cura is a holding company with the primary purpose of the management of its own assets and acts as family office for family members of mailorder pioneer Professor Werner Otto (1909-2011). Through ECE Group



GmbH & Co. KG, a wholly-owned Subsidiary of Cura, Cura Group develops and operates shopping centers and carries out large-scale real estate projects such as the construction of corporate headquarters, office buildings, industrial buildings, logistics centers, hotels, and urban districts.

### **3.5 Boards**

The Bidder's management board currently consists of the following two managing directors: Martin Wolfgang Eckel and Flora Marie Nitsa Verrecchia.

### **3.6 Persons acting jointly with the Bidder**

At the time of publication of the Offer Document, the Bidder is a direct or indirect Subsidiary of the Bidder Controlling Shareholders listed in Annex 1 of the Offer Document; the Bidder Controlling Shareholders are, thus, each regarded as persons acting jointly with the Bidder pursuant to section 2 para. 5 WpÜG.

In addition, the Bidder Controlling Shareholders' further Subsidiaries set out in Annex 2 of the Offer Document are, at the time of publication of the Offer Document, regarded as persons acting jointly with the Bidder and each other pursuant to section 2 para. 5 WpÜG.

By virtue of the pooling of voting rights agreed with the Bidder under the Shareholders' Agreement subject to the consummation of the Offer (as described in more detail in section 8.3.2 of the Offer Document or section 5.1.3 of this Statement), the further parties to this Shareholders' Agreement, i.e. AO, ARENA (as defined in section 3.7.1 of this Statement), and DESAG VV (as defined in section 3.7.1 of this Statement) are also persons acting jointly with the Bidder pursuant to section 2 para. 5 sentence 1 WpÜG.

Further, the Bidder intends to enter into vote pooling agreements with certain Shopping Center KG Investors (as defined in section 8.1.1.1 of the Statement) prior to the settlement of this Offer regarding the DES Shares which they already hold and/or which they may acquire in connection with a potential sale or contribution, if any, of Shopping Center KG Interests (as defined in section 8.1.1.1 of the Offer Document) to Deutsche EuroShop AG. If and to the extent Shopping Center KG Investors enter into such vote pooling agreements, they will be regarded as persons acting jointly with the Bidder pursuant to section 2 para. 5 sentence 1 WpÜG.

Beyond this, there are no other persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG.

### **3.7 DES Shares held by the Bidder and persons acting jointly with the Bidder and by their Subsidiaries; attribution of voting rights**

#### **3.7.1 Shares**

According to the information contained in section 6.6.1 of the Offer Document as of the date of its approval, neither the Bidder nor any member of Oaktree Group directly or indirectly holds any shares or voting rights in DES and no voting rights attached to DES Shares are attributable to them pursuant to section 30 WpÜG.

According to the information provided, at the time of the publication of the Offer Document, Cura, a person acting jointly with the Bidder pursuant to section 2 para. 5 sentence 1 WpÜG, directly holds 1,841,211 DES Shares (which corresponds to approximately 2.98% of the share capital and voting rights of DES) ("**Cura DES Shares**").

According to the information provided, at the time of publication of the Offer Document, Kommanditgesellschaft ARENA Vermögensverwaltung (G.m.b.H. & Co.), a limited partnership (*Kommanditgesellschaft*) established under German law, having its seat in Hamburg, Germany, registered with the commercial register of the local court of Hamburg, Germany, under HRA 83985 ("**ARENA**") directly holds 880,391 DES Shares (which corresponds to approximately 1.42% of the share capital and voting rights of DES) ("**ARENA-DES-Aktien**"), and, according to the information provided, DESAG Vermögensverwaltung G.m.b.H., a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under German law, having its seat in Hamburg, Germany, registered with the commercial register of the local court of Hamburg, Germany, under HRB 136858 ("**DESAG VV**") directly holds 9,300,000 DES Shares (which corresponds to approximately 15.05% of the share capital and voting rights of DES) ("**DESAG VV DES Shares**"), and, according to the information provided, AO directly holds 351,000 DES Shares (which corresponds to approximately 0.57% of the share capital and voting rights of DES) ("**AO DES Shares**").

According to the information provided, the voting rights from the Cura DES Shares are attributable to Cura Vermögensverwaltung and AO, in each case pursuant to section 30 para. 1 sentence 1 no. 1, sentence 3 WpÜG.

Further, according to the information provided in the Offer Document, the voting rights from the ARENA DES Shares and the DESAG VV DES Shares are attributable pursuant to section 30 para. 1 sentence 1 no. 1, sentence 3 WpÜG to each of the following entities and persons which directly and indirectly control ARENA or DESAG VV, respectively:

- (i) ARENA is controlled by AO as its sole limited partner (*Kommanditist*). Further, ARENA has a general partner (*Komplementär*) without controlling influence.
- (ii) DESAG VV is controlled by its majority shareholder AROSA Vermögensverwaltungsgesellschaft m.b.H., a limited liability company (*Gesellschaft mit beschränkter Haftung*) established under German law, having its seat in Hamburg, Germany, registered with the commercial register of the local court of Hamburg, Germany, under HRB 22595 (“**AROSA**”), holding a participation of 52.87% in the share capital of DESAG VV. DESAG VV has further shareholders none of which has controlling influence.
- (iii) The sole shareholder of AROSA is AO, who therefore indirectly also controls DESAG VV.

The entities and persons under (i) through (iii) directly and indirectly controlling ARENA or DESAG VV, respectively, are collectively referred to as the “**AO Parties Controlling Shareholders**”.

Further, according to the information provided, at the time of the publication of the Offer Document, neither the Bidder nor persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG nor their respective Subsidiaries hold any DES Shares or voting rights attached to DES Shares. Further, according to the information provided, no voting rights attached to DES Shares are attributed pursuant to section 30 WpÜG to the Bidder, persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG, or their respective Subsidiaries.

### **3.7.2 Instruments**

According to the information provided, at the time of publication of the Offer Document, neither the Bidder, nor any persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG nor their Subsidiaries hold, directly or indirectly, any instruments with respect to voting rights of DES to be notified pursuant to sections 38 or 39 WpHG.

## **3.8 Further information on securities transactions**

During the six-month period prior to 23 May 2022 (the date of publication of the decision to launch this Offer pursuant to section 10 para. 1 sentence 1 WpÜG) and prior to 9 June 2022 (the date of publication of the Offer Document), neither the Bidder nor persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG nor their Subsidiaries have acquired DES Shares or concluded agreements on the acquisition of DES Shares.

## **3.9 Possible future acquisitions of DES Shares**

The Bidder reserves the right to acquire, directly or indirectly, to the extent legally permissible, additional DES Shares outside of the Offer on or off the stock exchange. Any such acquisitions or arrangements to acquire DES Shares will be made in compliance with applicable laws.

To the extent such acquisitions or acquisition arrangements occur, information about them, including the number and the (agreed upon) price(s) of the DES Shares acquired, will be published according to the applicable statutory provisions, in particular section 23 para. 2 WpÜG in conjunction with section 14 para. 3 sentence 1 WpÜG, in the German Federal Gazette and on the internet at <https://hercules-offer.com>. Such information will also be published in a non-binding English translation at <https://hercules-offer.com>.

## **3.10 Control over Deutsche EuroShop AG after consummation of the Offer**

According to section 8.3.4 of the Offer Document, upon and subject to the consummation of the Offer, the following parties will, subject to the below assumptions, exercise control over Deutsche EuroShop AG:

- a) The Bidder due to the direct voting rights held by it and the attribution pursuant to section 30 para. 2 WpÜG of the voting rights attached to (i) (at least) the 10,531,391 DES Shares held by the AO Parties (corresponding to approximately 17.05% of the share capital and voting rights in Deutsche EuroShop AG at the time of the publication of the Offer Document) and (ii) (at least) the 1,841,211 DES Shares held by Cura (corresponding to approximately 2.98% of the share capital and voting rights in Deutsche EuroShop AG at the time of the publication of the Offer Document), in both cases assuming that at least 6,162,477 DES Shares, corresponding to approximately 10.0% of the share capital, are tendered in the Offer or otherwise acquired by the Bidder, or the persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG and their respective Subsidiaries, since the publication of the Offer Document.
- b) The Bidder Controlling Shareholders, in each case due to the attribution pursuant to section 30 para. 1 sentence 1 no. 1, sentence 3 WpÜG or section 30 para. 2 WpÜG, as the case may be, of all voting rights in DES held by, or attributed to, the Bidder under the assumptions as set out in a) above.
- c) The AO Parties, in each case due to the voting rights directly held by them and the attribution pursuant to section 30 para. 2 WpÜG of the voting rights attached to the DES Shares held by any other AO Parties, Cura, and the Bidder under the assumptions as set out in a) above.
- d) The AO Parties Controlling Shareholders, in each case due to the attribution pursuant to section 30 para. 1 sentence 1 no. 1, sentence 3 WpÜG or section 30 para. 2 WpÜG, as the case may be, of all voting rights in DES held by, or attributed to, the respective AO Parties under the assumptions as set out in a) above.
- e) Certain Shopping Center KG Investors (as defined in section 8.1.1.1 of this Statement) who may enter into vote pooling agreements with the Bidder prior to the settlement of this Offer regarding DES Shares held by the Bidder and held and/or to be held by the respective Shopping Center KG Investors due to the attribution pursuant to section 30 para. 2 WpÜG of all voting rights in DES held by the Bidder and the parties of the vote pooling agreements to be entered into under the assumptions as set out in a) above or attributed to them pursuant to section 30 para. 1 WpÜG.

Subject to the consummation of the Offer, the Bidder, the Bidder Controlling Shareholders, the AO Parties, the AO Parties Controlling Shareholders and the Shopping Center KG Investors as described under e) above will then acquire control over DES pursuant to section 29 para. 2 sentence 1 WpÜG. However, due to the present Offer, the entities and persons, who acquire control over Deutsche EuroShop AG for the first time at the same time as the Bidder pursuant to section 29 para. 2 sentence 1 WpÜG are not obliged to make a mandatory offer for shares in Deutsche EuroShop AG pursuant to section 35 para. 3 WpÜG.

#### **4. INVESTMENT AGREEMENT BETWEEN DEUTSCHE EUROSHOP AG AND THE BIDDER**

On 23 May 2022, the Company and the Bidder signed an Investment Agreement, which outlines material aspects of this Offer and its implementation, including certain duties of the Company until completion of the Offer procedure.

The conclusion of the agreement was preceded by a due diligence review on Deutsche EuroShop AG and its business operations by the Bidder, in the context of which the Bidder and its advisors on the basis of a confidentiality agreement entered into on 14 March 2022 were granted access to certain documentation regarding, in particular, legal, financial and operating aspects; to support the due diligence review, in-depth discussions with the Executive Board were held on particular aspects.

Concurrently with this due diligence review, negotiations on the content of a possible investment agreement were taken up by the parties. The Executive Board and the Supervisory Board, and a committee formed by the Supervisory Board for these purposes, which was regularly and intensively involved in the consultations by the Executive Board, respectively, attached great importance to achieving the best possible outcome for the Company, its shareholders, its employees and other stakeholders. After careful consideration and review, the conclusion of the Investment Agreement was unanimously resolved upon and approved by the Executive Board and the Supervisory Board of the Company on 23 May 2022 after three members of the Supervisory Board had abstained from voting due to potential conflicts of interest arising from their capacity as persons acting jointly with the Bidder and from their principal occupation for Cura or a Cura subsidiary – and thus for a person acting jointly with the Bidder –, respectively and had not participated in the relevant consultations.

In addition to the aforementioned provisions regarding material aspects of the Offer and its implementation, the Investment Agreement particularly also sets out the conditions under which the Executive Board of the Company has declared its general willingness to support the Offer. Furthermore, the Investment Agreement contains individual provisions which are to take effect primarily in the event of a successful Takeover Offer, including, for example, provisions regarding the degree of a future indebtedness of the Company, the Company's future corporate governance (including the composition of the Supervisory Board), the future registered office of the Company and the protection of its employees.

The Investment Agreement generally has a term of twelve months; however, a longer term applies to individual provisions as specified on an individual basis below.

The provisions of the Investment Agreement which are material from the Company's perspective are summarized below and in section 8.1:

Under the Investment Agreement, the Bidder has undertaken to publish its decision to make a voluntary public takeover offer, to prepare and, after approval by BaFin, publish a corresponding Offer Document and to make an offer to all DES Shareholders to acquire their DES Shares subject to the terms and conditions set out in section 6.4.

Under the Investment Agreement, the Company has undertaken to cancel its general meeting, which, at the time of the signing of the Investment Agreement, had already been convened for 23 June 2022, and to reconvene it without undue delay for a new date at the end of August. In addition, the Company has undertaken in the Investment Agreement, to the extent legally possible, to refrain from taking any action that could adversely affect the success of the Offer.

Deutsche EuroShop AG has undertaken in the Investment Agreement, to the extent permitted by law, to work towards ensuring that the Executive Board and the Supervisory Board as part of the legally required opinions pursuant to section 27 para. 1 WpÜG confirm that, in their view, after careful review and analysis of the Offer (including review of the Offer Document), (i) the consideration offered is fair, reasonable and attractive, (ii) they endorse and support the Offer, and (iii) they recommend that the DES Shareholders accept the Offer.

Under the Investment Agreement, Deutsche EuroShop AG has undertaken that the Company and its Subsidiaries will continue to conduct their businesses in a manner substantially consistent with past practice until the consummation of the Offer; in this context, the Company has also undertaken to refrain from taking certain economic and/or strategic measures, in particular, certain capital or structural measures, and to only take such measures with the Bidder's consent, respectively. The duties of the Company are subject to the compatibility of the relevant provisions with the respective duties of the Executive Board and the Supervisory Board as well as the overall legal permissibility (including restrictions under merger control law).

Under the Investment Agreement, the Bidder has undertaken not to take any measures without the consent of the Company that could reasonably be expected to result in the credit rating of any financial instruments to be issued by Deutsche EuroShop AG in the future being below investment grade; the Bidder has also undertaken to use its best efforts to ensure that Deutsche HoldCo, the AO Parties (as defined in section 5.1.1 of this Statement) and Cura as well as Oaktree Group not take any such measures without the Company's consent either. In deviation from the general term of the agreement, this provision applies for a period of 18 months as of the date of the conclusion of the agreement.

Furthermore, the Bidder has undertaken under the Investment Agreement not to exert any direct or indirect influence on the Company to the effect that it reduces its workforce or cause the Company to alter the employment conditions or the conditions in organizations of employee representatives to the employees' detriment other than in the due course of business and in accordance with past practice. In deviation from the general term of the agreement, this provision applies for a period of two years as of the settlement of the Offer.

The Company on the other hand has undertaken under the Investment Agreement not to directly or indirectly acquire any DES Shares at a price higher than the Offer Price or to take any economically comparable measures until the expiry of one year after publication of the results of the Offer following the expiry of the Acceptance Period pursuant to section 23 para. 1 no. 2 WpÜG; the Company has also undertaken to ensure that its Subsidiaries will not make any such acquisitions or take any such economically comparable measures either. As of the date following the publication of the results of the Offer after the expiry of the Acceptance Period pursuant to section 23 para. 1 no. 2 WpÜG, this obligation does not apply to stock exchange purchases.

Furthermore, the Investment Agreement contains various provisions on the cooperation with the respective other contracting party, including with regard to the provision of information necessary for preparing the Offer Document or the required notification of the proposed merger to obtain merger control clearance.

In principle, the Investment Agreement may be terminated by either party if the Offer fails due to the non-occurrence of a condition or if the respective other party breaches material obligations under the agreement and the breach is not remedied within the particular period of time applicable in this context. In addition, the Company has a right of termination, inter alia, if, in the event of publication of an offer document of a competing offer by a third party that provides for obligations of the respective bidder equal to those of the Bidder and a higher offer price, the Executive Board and the Supervisory Board, in spite of negotiations in good faith with the Bidder, decide to no longer support the Bidder's Offer, and if circumstances exist which, in the reasonable opinion of the Executive Board and in accordance with good faith as regards their duties, would lead to the members of the Executive Board otherwise breaching their respective board duties. The Bidder, on the other hand, has a right of termination, inter alia, if the Executive Board and the Supervisory Board in their reasoned statement pursuant to section 27 para. 1 WpÜG do not endorse and support the Offer in accordance with their obligation set forth in this section above and recommend that the DES Shareholders accept the Offer.

Moreover, the Bidder has declared a number of intentions in the Investment Agreement, which are described in more detail in its Offer Document and addressed in more detail in section 7 of this Statement.

## 5. AGREEMENTS BETWEEN THE BIDDER AND CERTAIN OTHER PARTIES

According to the Offer Document, in addition to the Investment Agreement with Deutsche EuroShop AG, the Bidder entered into various agreements with other parties with respect to the Offer, namely a consortium agreement, a shareholders' agreement and various non-tender and blocked account agreements. The shareholders' agreement will only become effective upon consummation of the Offer.

The Consortium Agreement also contains provisions on the content of a partnership agreement which, according to the information provided, will be concluded prior to the consummation of the Offer, but shall also only become effective upon consummation of the Offer.

### 5.1 Content of the agreements between the Bidder and certain other Parties

As Deutsche EuroShop AG neither is nor will be a party to any of the aforementioned agreements, the Company has no knowledge of the exact wording and content of the provisions thereof. In this respect, the Executive Board and the Supervisory Board refer to the summary of the Bidder in sections 8.3.1 to 8.3.3 of the Offer Document; as the Executive Board and the Supervisory Board cannot verify the accuracy and completeness thereof, however, they cannot make any statement in this regard.

Exclusively on the basis of the statements made by the Bidder in this context in the Offer Document, the material provisions are outlined as follows:

#### 5.1.1 Consortium Agreement

According to the information provided, the Oaktree Investor, Cura, the Cura Investor, AO, and its subsidiaries ARENA and DESAG VV (AO together with ARENA and DESAG VV the "**AO Parties**") have entered into a consortium agreement dated 23 May 2022 and an amendment agreement thereto dated 3 June 2022 (together the "**Consortium Agreement**"). The Consortium Agreement determines the key components and terms of the Offer and related arrangements between the parties to the Consortium Agreement.

According to the Bidder's statements in the Offer Document, the Consortium Agreement provides a framework for the relationship of the parties thereto in respect of the Offer, including the financing thereof, and the corporate governance and financing structure of the Bidder and Lux HoldCo both prior to and following the settlement of the Offer. According to the information provided, the Consortium Agreement provides that prior to the effectiveness of the Partnership Agreement (as defined in section 5.1.2 of this Statement), each of the Oaktree Investor and the Cura Investor shall be entitled to appoint an equal number of members of each board and/or committee of Lux HoldCo and that any decision by a corporate body of Lux HoldCo shall require the approval of both the Oaktree Investor and the Cura Investor, or an equal number of nominees appointed by the respective investor, as the case may be. According to the information provided, the Consortium Agreement further contains provisions on the coordination of actions of the parties to the Consortium Agreement in respect of the Offer, including an exclusive collaboration regarding the consummation of the Offer. The Consortium Agreement determines the consortium structure as set out in detail in section 3.2.2 of this Statement.

According to the Bidder's statements in the Offer Document, the Consortium Agreement shall be valid for the duration of the Partnership Agreement and contains certain early termination rights.

#### 5.1.2 Partnership Agreement

According to the information provided, the Consortium Agreement also sets out the main terms of a partnership agreement to be entered into between the Oaktree Investor, Cura, the Cura Investor, as well as the Bidder, German HoldCo and Lux HoldCo prior to the consummation of the Offer (the "**Partnership Agreement**"). According thereto, the Partnership Agreement shall govern the rights and obligations of Lux HoldCo's shareholders in respect of their shareholding in Lux HoldCo as well as certain of Cura's rights and obligations in respect of its (direct) shareholding in Deutsche EuroShop AG.

According to the Bidder's statements in the Offer Document, the Partnership Agreement shall be concluded before and shall become effective upon the consummation of the Offer and is to include the following material provisions:

#### *5.1.2.1 Governance*

Pursuant to the terms of the Partnership Agreement still to be concluded, joint control will be established between the Oaktree Investor and the Cura Investor over Lux HoldCo. The board of Lux HoldCo shall consist of an equal number of representatives appointed by Oaktree Investor and Cura Investor. Further, only with certain exceptions, decisions by a corporate body of Lux HoldCo shall require the approval of both the Oaktree Investor and the Cura Investor, or, as the case may be, at least one of the nominees appointed by the respective investor. According to the articles of association of Lux HoldCo, which will become effective at the latest upon consummation of the Offer, shareholder resolutions require, with only certain limited exceptions, the consent of both the Oaktree Investor and the Cura Investor.

In addition, the Partnership Agreement still to be concluded shall provide for the Bidder to exercise its voting rights attached to the DES Shares held by it in accordance with the decisions on the respective subject matter of the vote made by the relevant corporate body of Lux HoldCo.

#### *5.1.2.2 Vote pooling*

Cura exercises the voting rights from its DES Shares in accordance with the votes of the Bidder.

#### *5.1.2.3 Transfer restrictions and exit rights*

The parties to the Partnership Agreement will be subject to certain (direct and indirect) transfer restrictions during a lock-up period until and including 31 December 2026 in respect of their shares in Lux HoldCo (and, in case of Cura and the Bidder, in DES). After expiry of the relevant lock-up period, certain drag-along rights, tag-along rights, and rights of first offer shall apply for shares held in Lux HoldCo or, to a certain extent, for DES Shares, in each case subject to conditions as specified in detail in the Partnership Agreement.

#### *5.1.2.4 Term*

The Partnership Agreement will become effective upon the consummation of the Offer. The Partnership Agreement shall have an unlimited term and may be ordinarily terminated by each party thereto with twelve months' prior notice and with effect as of the end of a calendar year, provided that the earliest termination date shall be the end of the calendar year during which the 20th anniversary of the consummation of the Offer occurs.

### **5.1.3 Shareholders' Agreement**

The Bidder and the AO Parties have entered into a voting and shareholders' agreement under German law dated 23 May 2022 to coordinate their exercise of voting rights with respect to their shares in Deutsche EuroShop AG ("**Shareholders' Agreement**"). The Shareholders' Agreement shall govern the future rights and obligations of the aforementioned parties thereto in respect of their shareholding in Deutsche EuroShop AG after consummation of the Offer.

The Shareholders' Agreement will become effective upon the consummation of the Offer. Its material provisions may be summarized as follows:

#### *5.1.3.1 Vote pooling*

The AO Parties and the Bidder shall vote their DES Shares uniformly in accordance with the respective instruction of the Bidder in respect of a pre-agreed set of subject matters. These subject matters include the appointment and removal of Supervisory Board members, declarations of non-confidence with respect to Executive Board members, capital measures, amendments of DES' articles of association, distributions of dividends and related matters, matters submitted for decision by the Executive Board of Deutsche EuroShop AG to the general meeting, and any other matters requiring a 75% majority of the votes cast or the share capital represented in a resolution. Furthermore, with respect to such set of pre-agreed subject matters, AO and the Bidder (under the Partnership Agreement) instruct Cura to vote the DES Shares held by Cura in accordance with the respective instructions of the Bidder given under the Shareholders' Agreement.

#### *5.1.3.2 Transfer restrictions and exit rights*

The AO Parties will be subject to customary transfer restrictions in respect of their DES Shares during a lock-up period until and including 31 December 2026, subject to certain exceptions and further conditions.

The Bidder will be entitled to a right of first offer in the event that an AO Party, during such lock-up period and in compliance with one of the exceptions, intends to sell any of its DES Shares to a third party other than to certain permitted affiliates of the AO Parties.

#### *5.1.3.3 Term*

The Shareholders' Agreement will become effective upon the consummation of the Offer. The Shareholders' Agreement has an unlimited term and may be ordinarily terminated by each party thereto with twelve months' prior notice and with effect as of the end of a calendar year, provided that the earliest termination date is 31 December 2026.

#### **5.1.4 Non-Tender and Blocked Account Agreements**

The AO Parties as well as Cura have each entered into separate Non-Tender Agreements (as defined in section 6.5.1 of this Statement) with respect to all DES Shares held by them. In addition to the Non-Tender Agreements, each of these non-tendering shareholder has entered into one or several separate Blocked Account Agreements (as defined in section 6.5.1 of this Statement) with the Bidder and such shareholder's respective custodian banks at which the DES Shares held by such shareholder and subject to the Non-Tender Agreements are booked. For further information, please refer to section 6.5.1 of this Statement.

## **5.2 Assessment by Executive Board and Supervisory Board**

In connection with this Statement, the Executive Board and the Supervisory Board have considered the above information provided by the Bidder in the Offer Document regarding the Consortium Agreement (including the Partnership Agreement which, according to the information provided, is still to be concluded), the Shareholders' Agreement and the Non-Tender and Blocked Account Agreements.

On the basis of the information provided by the Bidder in the Offer Document and subject to the comments below, the Executive Board and the Supervisory Board generally endorse the conclusion of agreements such as the Consortium Agreement, a Partnership Agreement and the Shareholders' Agreement between the Bidder and the respective other parties with regard to their – in the event of a consummation of the Offer – future position as Shareholders of Deutsche EuroShop AG with an expected jointly held majority of more than 50.0% of the voting rights. In principle, the Executive Board and the Supervisory Board consider agreements such as the aforementioned with the notified content to be a suitable instrument for coordinating the exercise of shareholder rights and resolving potential differences of opinion in advance.

The Executive Board and the Supervisory Board of Deutsche EuroShop AG also welcome the fact that the Oaktree Investor and the Cura Investor in principle intend to cooperate as partners on an equal footing. In particular with regard to the measures the Bidder has proposed and intends to support when implemented by the Company (see entire section 7 of this Statement in this context), the Executive Board and the Supervisory Board consider it advantageous if the Oaktree Investor and the Cura Investor generally act on the basis of a coordinated and uniform position and if the Bidder accordingly represents the uniform position of the two (direct and indirect) principal shareholders of the Company when exercising its voting rights in the general meeting of the Company. The Executive Board and the Supervisory Board also expect that this will generally facilitate any necessary coordination with the Bidder, for example, with respect to the Bidder's or Bidder Controlling Shareholders' support of any other future development of Deutsche EuroShop AG's business strategy.

However, a provision that requires the consent of all parties in order to implement measures may also lead to stalemate in the event of differing interests and block measures that would be desirable from the Company's perspective, at least, in individual cases. Under certain circumstances, this could also lead to serious disadvantages for Deutsche EuroShop AG. With regard to such conceivable constellations, the Executive Board and the Supervisory Board view the requirement for a uniform decision in the aforementioned agreements critically. The Executive Board and the Supervisory Board have acknowledged that the Partnership Agreement is supposed to contain certain exceptions from the principle that decisions of a corporate body of Lux HoldCo require the consent of both the Oaktree Investor and the Cura Investor or, as the case may be, of at least one of the nominees appointed by the respective investor, which, however, are not explained in more detail in the Offer Document. The Executive Board and the Supervisory Board cannot assess whether the mechanism provided for is suitable and sufficient to overcome an otherwise existing de facto requirement to reach an agreement and inability to act on the part of the two (direct and indirect) principal shareholders that may result therefrom under certain circumstances; however, the Executive Board and the Supervisory Board were notified by the Bidder in this context that the exceptions from the principle of jointly exercised control will not affect the level of Deutsche EuroShop AG. Therefore, the



Executive Board and the Supervisory Board have a neutral position as regards the provision contained in the agreements in this respect.

The Executive Board and the Supervisory Board have acknowledged the Bidder's explanations in the Offer Document regarding the concluded Non-Tender and Blocked Account Agreements. In the opinion of the Executive Board and the Supervisory Board, this is a customary and practicable means on the part of the Bidder to keep the costs of financing the Offer as low as possible. The Executive Board and the Supervisory Board do not see any disadvantages for the Company as a result thereof.

## 6. INFORMATION ABOUT THE OFFER

### 6.1 Conduct of the Offer

The Offer is conducted by the Bidder in the form of a voluntary public takeover offer (cash offer) for the acquisition of all DES Shares, which are not directly held by the Bidder, in accordance with section 29 para. 1 WpÜG. The Offer is conducted as a takeover offer under German law, in particular, in accordance with the WpÜG and the Regulation on the Regulation on the Content of the Offer Document, the Consideration to be granted in Takeover Offers and Mandatory Takeover Offers and the Exemption from the Obligation to Publish and Launch an Offer (“WpÜG Offer Regulation”). The Executive Board and the Supervisory Board have not conducted their own review of the Offer with regard to the Bidder’s compliance with the relevant legal provisions.

In section 1.6 of the Offer Document the Bidder explicitly points out that acceptance of the Offer outside of Germany may be subject to legal restrictions and in section 1.2 of the Offer Document therefore also specifies further on which terms DES Shareholders having their residence, seat or habitual abode in the United States of America may participate in the Offer. The Bidder recommends that DES Shareholders who come into possession of the Offer Document outside of Germany and would like to accept the Offer outside of Germany and/or fall within the scope of the laws of jurisdictions other than Germany acquaint themselves with, and comply with, such laws. The Executive Board and the Supervisory Board endorse this recommendation.

The Executive Board and the Supervisory Board point out that the description of the Offer in this Statement does not purport to be exhaustive and that solely the provisions of the Offer Document are relevant for the content and settlement of the Offer.

### 6.2 Relevance of the Offer Document

Selected information on the Offer contained in the Offer Document that the Executive Board and the Supervisory Board consider to be relevant to this Statement is summarised below. Accordingly, the information may be incomplete and not conclusive. For further information and details, in particular, with regard to the terms and conditions of the Offer, the Acceptance Period, the acceptance terms and the rights of withdrawal, DES Shareholders are referred to the relevant statements in the Offer Document. Solely the provisions of the Offer Document are relevant for the content and settlement of the Offer. The Executive Board and the Supervisory Board point out that each DES Shareholder is solely responsible for taking sufficient note of the Offer Document and for taking the measures necessary for him in connection with the Offer Document.

### 6.3 Publication of the decision to launch the Offer

On 23 May 2022, the Bidder published its decision to launch the Offer in accordance with section 10 para. 1 sentence 1 WpÜG. This publication by the Bidder is available on the internet at <https://hercules-offer.com>. By referring to this link, the Executive Board and the Supervisory Board expressly do not adopt the documents and information available there as their own.

### 6.4 Main content of the Offer

#### 6.4.1 Subject of the Offer

The subject of the Offer is the acquisition of all registered shares of Deutsche EuroShop AG, which are not directly held by the Bidder, with a notional interest in the share capital of EUR 1.00 per share (ISIN DE0007480204), including all ancillary rights, in particular, profit-sharing and voting rights, that exist at the time the Offer is settled.

American Depositary Receipts (“ADRs”) for shares of the Company may not be tendered into the Offer. The Offer is not made to holders of ADRs for shares in the Company; they may only accept the Offer after having exchanged their ADRs for DES Shares. For details see section 13.10 of the Offer Document.

#### 6.4.2 Offer Consideration

The Bidder offers to pay a cash consideration (“Offer Price”) in the amount of EUR 21.50 for each DES Share. According to the Bidder’s intent, the DES Shareholders shall participate in the Company’s dividend for the financial year 2021, irrespective of whether the settlement of the Offer takes place before or after the Annual General Meeting 2022. Deutsche EuroShop AG has cancelled its Annual General Meeting 2022, which had

originally been convened for 23 June 2022, against the background of the Bidder's decision to launch the Offer and in accordance with the agreements stipulated in the Investment Agreement regarding the changed shareholder structure in the event of a successful conduct of the Offer, and has now reconvened the Annual General Meeting 2022 for 30 August 2022. Under agenda item 2, the invitation to the Annual General Meeting 2022 provides for the distribution of a dividend in the amount of EUR 1.00 per DES Share entitled to dividend.

In the event that the settlement of the Offer occurs after the date of the Annual General Meeting 2022, the respective DES Shareholders will initially receive the dividend resolved by the Annual General Meeting 2022 for the financial year ended 31 December 2021. In addition, the respective DES Shareholders will receive from the Bidder EUR 21.50 per DES Share upon settlement of the Offer.

In the event that the Annual General Meeting 2022 does not resolve a dividend or a dividend which is lower than an amount of EUR 1.00 per DES Share, and provided that the Offer is settled after the Annual General Meeting 2022, the Bidder will pay the difference to the amount of EUR 1.00 per DES Share to those DES Shareholders who have accepted the Offer.

In the event that the settlement of the Offer occurs prior to the Annual General Meeting 2022, the Bidder will increase the Offer Price by EUR 1.00 per DES Share to EUR 22.50 per DES Share.

As a result, each DES Shareholder who accepts the Offer will in connection with the disposal of the DES Share receive a total value of EUR 22.50 per DES Share (the "**Total Offer Value**").

According to the information provided, the Bidder will ensure that the settlement of the Offer will not occur on the date of the Annual General Meeting 2022.

#### **6.4.3 Acceptance Period**

The period for accepting the Offer begins upon publication of the Offer Document on 9 June 2022 and is expected to end on 7 July 2022, 24:00 hrs CET.

The period for accepting the Offer, including any extensions thereof described in section 5.2 of the Offer Document, but excluding the Additional Acceptance Period described in section 5.3 of the Offer Document, is referred to as "**Acceptance Period**" in the Offer Document and this Statement.

The conduct of the Offer in case of acceptance within the Acceptance Period is described in section 13.5 of the Offer Document.

#### **6.4.4 Extension of the Acceptance Period**

In the event of an amendment of the Offer pursuant to section 21 para. 1 WpÜG, the Acceptance Period will automatically be extended by two weeks (section 21 para. 5 WpÜG), if publication of the amendment takes place within the last two weeks before expiry of the Acceptance Period. In this case, the Acceptance Period would end on 21 July 2022, 24:00 hrs (CET).

Section 5.2 of the Offer Document contains a description of further cases in which the Acceptance Period is extended, i.e. if a competing public offer is made by a third party as well as if a general meeting is convened by the Company in connection with the Offer in the period from the publication of the Offer Document until the expiry of the Acceptance Period.

#### **6.4.5 Additional Acceptance Period pursuant to section 16 para. 2 WpÜG**

Pursuant to section 16 para. 2 sentence 1 WpÜG, DES Shareholders that have not accepted the Offer during the Acceptance Period may still accept the Offer within two weeks after publication of the results of the Offer by the Bidder according to section 23 para. 1 sentence 1 no. 2 WpÜG (the "**Additional Acceptance Period**"). After the end of the Additional Acceptance Period, the Offer can no longer be accepted. Subject to an extension of the Acceptance Period in accordance with section 5.2 of the Offer Document, the Additional Acceptance Period is expected to begin on 13 July 2022 and end on 26 July 2022, 24:00 hrs (CET). The Executive Board and the Supervisory Board point out that the Additional Acceptance Period will only commence if none of the offer conditions have definitively lapsed as at the end of the Acceptance Period, except if such condition has been effectively waived by the Bidder one working day prior to the expiry of the Acceptance Period, at the latest. Otherwise, there will be no Additional Acceptance Period and the Offer will lapse.

The conduct of the Offer in the event of acceptance within the Additional Acceptance Period is described in section 13.6 of the Offer Document.

#### 6.4.6 Offer conditions

In accordance with section 12.1 of the Offer Document, the Offer is subject to several conditions subsequent (*auflösende Bedingungen*), which are to be fulfilled for the Offer to be consummated, unless they are effectively waived by the Bidder by one working day prior to the expiry of the Acceptance Period. These conditions are the following (for a partially more detailed description, reference is made to the Offer Document):

- At the end of the Acceptance Period, the total number of DES Shares (i) with respect to which the Offer was effectively accepted and with respect to which an effective rescission of the contract concluded by accepting the Offer did not occur and (ii) held by or attributable to the Bidder or certain persons or entities attributable to it amounts to at least 50% plus one share of the DES Shares issued at the time of publication of the Offer Document (the “**Minimum Acceptance Threshold**”). The relevant group of persons and the facts relevant for attribution are defined in more detail in the description of the relevant Offer Condition in section 12.1.1 of the Offer Document. In particular, the DES Shares held by Alexander Otto or companies directly or indirectly controlled by him, which, according to the Offer Document, amount to 12,372,602 DES Shares (20.03%) at the beginning of the Offer Period, shall be included therein.

In this context, the Executive Board and the Supervisory Board point out that, in accordance therewith, the Offer needs to be accepted for a minimum of additional 18,519,196 DES Shares (29.97%), or such DES Shares have to be otherwise acquired or become attributable to the Bidder or members of the relevant group of persons pursuant to section 12.1.1 of the Offer Document until expiry of the Acceptance Period, for the Minimum Acceptance Threshold to be reached.

- Between the publication of the Offer Document and 11 January 2023, the European Commission has approved the Transaction without conditions and/or requirements, or the Transaction is deemed to be approved according to applicable law. Approval shall also be deemed to have been granted if the European Commission has declared itself to be not competent or has decided that registration of the proposed transaction is not required for other reasons, or has declared that the proposed transaction can be completed without prior approval.
- Between the publication of the Offer Document and the expiry of the Acceptance Period, no criminal offense (*Straftat*) or administrative offense (*Ordnungswidrigkeit*) (including any concrete and substantiated reason of suspicion) by Deutsche EuroShop AG or a Subsidiary of Deutsche EuroShop AG, a member of a governing body, an officer or employee of Deutsche EuroShop AG or a Subsidiary of Deutsche EuroShop AG, while any such person was operating in their official capacity at, or on behalf of, Deutsche EuroShop AG or any Subsidiary of Deutsche EuroShop AG, (i.e. a criminal or administrative offense under applicable administrative or criminal laws in Germany or any other jurisdiction whose laws apply to the business operations of Deutsche EuroShop AG or its Subsidiaries, bribery offense or corruption, violation of any sanctions administered or enforced by OFAC, the United Nations Security Council, the European Union, Her Majesty’s Treasury or any other relevant sanctions authority, embezzlement, anti-trust violation or money laundering) shall have occurred and be known to have occurred, in each case, if any such occurrence constitutes or would constitute inside information for the Company pursuant to Article 7 MAR or has constituted inside information prior to its publication (each a “**Material Compliance Violation**”).

Whether a Material Compliance Violation has occurred during the Acceptance Period will be determined exclusively by an expert opinion of a neutral expert.

- Between the publication of the Offer Document and the expiry of the Acceptance Period, none of the following events has occurred:
  - (a) Deutsche EuroShop AG or their legal representatives have publicly announced or notified the Bidder, or the Bidder has otherwise gained knowledge, that a shareholder’s resolution of the general meeting of Deutsche EuroShop AG approving the distribution of a cash or non-cash dividend by the Company exceeding an amount of EUR 1.00 per DES Share for the financial year ended 31 December 2021 has been passed;
  - (b) Deutsche EuroShop AG or its legal representatives have publicly announced or notified the Bidder, or the Bidder has otherwise gained knowledge, that an issuance of new shares and/or Capital Increase (also from own funds) or a decrease of the Company’s share capital in an amount of more than 5% of the current share capital has occurred; or
  - (c) an announcement pursuant to Art. 17 MAR or any other announcement on the website of Deutsche EuroShop AG regarding:

- (i) the opening of insolvency proceedings under German law in respect of the assets of DES;
- (ii) the application of the Executive Board for the opening of such proceedings; or
- (iii) the existence of grounds that would require an application for the opening of such proceedings.

Inssofar, each of the conditions set forth under (a), (b), and (c) (i) through (iii) above represents an independent offer condition.

- As of the expiration of the Acceptance Period, no determination by the North Atlantic Council established under Article 9 of the North Atlantic Treaty dated 4 April 1949 (“**NATO Treaty**”) exists that an armed attack against one or more of the parties to the NATO Treaty in Europe has occurred that shall be regarded as an action covered by Article 5 of the NATO Treaty.
- Between the publication of the Offer Document and the expiration of the Acceptance Period no law, regulation, administrative act, interim relief, preliminary or permanent injunction or other order issued by any governmental entity in a member state of the European Union, the United Kingdom or the United States of America prohibits or makes illegal the consummation of the Offer or the acquisition or ownership of DES Shares by the Bidder.

The Executive Board and the Supervisory Board hold the view that the offer conditions are in line with the Investment Agreement, are comparable to the offer conditions of similar transactions and take into account the legitimate interests of the Bidder.

As stated by the Bidder in section 11.2 of the Offer Document, the Bidder has notified the proposed takeover to the EU Commission on 25 May 2022. As set out in more detail therein, the Bidder expects the clearance period to expire in July 2022; however, delays cannot be excluded.

## **6.5 Financing of the Offer**

The financing of the Offer is described in section 14 of the Offer Document, the main content of which is set forth also in the following.

### **6.5.1 Financing requirement**

In section 14.1 of the Offer Document, the Bidder provides the following information with respect to the financing requirement:

On the date of publication of the Offer Document, 61,783,594 DES Shares have been issued. Were the Offer to be accepted by all DES Shareholders, the Bidder based on the Offer Price of EUR 21.50 per DES Share would require financing in the amount of EUR 1,328,347,271. If the Offer Price were to be increased to EUR 22.50 per DES Share pursuant to section 4 of the Offer Document (see also section 6.4.2 of this Statement in this context), the total amount that would be necessary to acquire all DES Shares if all DES Shareholders accepted the Offer would be EUR 1,390,130,865.

In addition, estimated transaction costs of presumably no more than EUR 40,000,000 (the “**Transaction Costs**”) will be incurred by the Bidder in connection with the Offer and its settlement. The Bidder’s total costs for the acquisition of all DES Shares not already directly held by the Bidder on the basis of the Offer and based on an Offer Price of EUR 22.50 per DES Share would thus amount to a maximum of EUR 1,430,130,865.

The Bidder has entered into agreements with the shareholders, who also belong to the group of persons to be considered when calculating the Minimum Acceptance Threshold and who, as at the beginning of the Acceptance Period, hold an aggregate of 12,372,602 DES Shares (20.03%), pursuant to which such parties, inter alia, undertake subject to certain exemptions not to transfer their respective DES Shares to a third party (collectively the “**Non-Tender Agreements**”).

In the Non-Tender Agreements, each non-tendering shareholder has, inter alia, undertaken to pay a contractual penalty with regard to all DES Shares held by the respective non-tendering shareholder in the event that such shareholder, contrary to his contractual obligation under the relevant Non-Tender Agreement, should accept the Offer in whole or in part, resulting in a claim against the Bidder for payment of the Offer Price for each tendered DES Share. In such case, the relevant shareholders are obliged to pay a contractual penalty in the amount of the Offer Price to the Bidder for each DES Share tendered into the Offer in breach of a Non-Tender Agreement. Such contractual penalties would become due upon maturity of the claim for the Offer Consideration, i.e. upon settlement, and would automatically be offset against the claim for payment of the Offer Price per tendered DES Share, so that the mutual claims would be completely extinguished by this set-off.

In addition to the Non-Tender Agreements, each non-tendering shareholder listed above has entered into one or several separate blocked account agreements with the Bidder and such shareholder's respective custodian banks where the DES Shares, which are held by such shareholder and subject to the Non-Tender Agreements, are booked ("**Blocked Account Agreements**"). In the Blocked Account Agreements, the respective custodian bank, inter alia, irrevocably agrees, subject to certain terms and conditions, (i) not to transfer any of the DES Shares held by the respective shareholder with the custodian bank to other securities accounts of such shareholder or of third parties, (ii) not to deliver any of the DES Shares held by the respective shareholder with the custodian bank to such shareholder or any third party, and (iii) not to perform any orders by such shareholder to sell or transfer any DES Shares.

As a consequence of the Non-Tender Agreements and Blocked Account Agreements, the Bidder expects that a maximum of 49,410,992 DES Shares will be tendered by the DES Shareholders.

The Bidder therefore expects the maximum offer costs based on an Offer Price of EUR 22.50 to be reduced by EUR 278,383,545 to EUR 1,151,747,320 ("**Offer Costs**").

### **6.5.2 Financing measures**

In section 14.2 of the Offer Document, the Bidder provides the following information regarding the financing measures:

The Bidder has taken the necessary measures prior to publication of the Offer Document to ensure that it will have at its disposal the funds necessary to completely satisfy the Offer at the time the claim for payment of the Offer Costs existing in accordance with the Offer becomes due and payable.

Oaktree Real Estate Opportunities Fund VIII, L.P., Oaktree Real Estate Opportunities Fund VIII (Parallel), L.P., Oaktree Real Estate Opportunities Fund VIII (Parallel) 2, L.P., Oaktree Real Estate Opportunities Fund VIII (Parallel) 3, L.P., Oaktree Real Estate Opportunities Fund VIII (Parallel) 4, L.P., Oaktree Real Estate Opportunities Fund VIII (Parallel) 5, L.P., Oaktree Real Estate Opportunities Fund VIII (Parallel) 6, L.P. and Oaktree Real Estate Opportunities Fund VIII (Parallel), SCSp (collectively, the "**Oaktree Funds**") on the one hand, each severally and not as joint and several debtors, and Cura on the other hand (the Oaktree Funds and Cura together, the "**Equity Providers**"), have committed on 19 May 2022 and 22 May 2022, respectively, vis-à-vis the Bidder to provide the Bidder, directly or indirectly, upon request and in due time prior to each date on which consideration payments are required in connection with the terms of the Offer, an aggregate amount of up to EUR 445,000,000 through the Oaktree Funds and EUR 10,000,000 through Cura, in each case by means of subscribing in cash for ordinary or preferred shares with or without share premium and/or otherwise (e.g. capital contributions, shareholder loans, PECs or other equity or debt instruments) (collectively, the "**Equity Financing**") to finance a portion of the Offer Costs. Each Oaktree Fund severally warrants, in respect of itself only, that it has sufficient undrawn commitments available to enable it to fund its respective commitment under the Equity Financing in full on or prior to each settlement date. Cura warrants that it has sufficient liquid funds at its disposal to enable it to fund its commitment under the Equity Financing on or prior to the respective settlement date.

In addition, external debt financing will be available to the Bidder. In connection with the financing of the acquisition of the DES Shares by the Bidder, the Bidder entered into an acquisition facility agreement dated 23 May 2022 (the "**Facility Agreement**") with J.P. Morgan SE, London, United Kingdom, as mandated lead arranger and agent, JPMorgan Chase Bank, N.A., London Branch, United Kingdom, as original lender and Wilmington Trust SP Services (Frankfurt) GmbH, Frankfurt am Main, Germany, as security agent, for a maximum aggregate amount of up to EUR 705,000,000 (the "**Initial Debt Financing**"). The full amount of the facility is initially made available under a single term loan facility ("**Facility A**"), which after the settlement of the Offer after the Additional Acceptance Period is subject to (a) an automatic partial conversion into a new term facility ("**Facility B**") in an amount equal to the lower of (i) the difference between EUR 705,000,000 and the debt portion of the total financing (the debt portion is 63.2%) of the sum of the amount required to fund the acquisition of DES Shares via the Offer, block purchases and/or market purchases, and (ii) EUR 90,000,000, and (b) an automatic partial reduction of the remaining Facility A that is not subject to the conversion into Facility B to the higher of (i) the debt portion of the total financing (the debt portion is 63.2%) of the sum of the amount required to fund the acquisition of DES Shares via the Offer, block purchases and/or market purchases, and (ii) 75% of EUR 705,000,000.

The Initial Debt Financing has an initial term of 18 months. However, the Bidder has the option (provided that no event of default has occurred and subject to the correctness of certain representations, but otherwise at the sole discretion of the Bidder) to extend the term by a further six months period in each case on three separate occasions up to an aggregate maximum term of 36 months. Loans under the Facility Agreement (the "**Loans**") will be

available in Euro only and may primarily be used for settling the Offer Costs and related payments as well as for further acquisitions of DES Shares outside the Offer, in particular by way of block purchases and market purchases.

The interest rate under the Initial Debt Financing is the aggregate of the then applicable margin plus EURIBOR. The initial margin is set at 2.50% per annum for the initial six (6) months from the date of the Facility Agreement and steps-up every three (3) months thereafter by reference to a margin grid, initially increasing by 0.25% per annum and thereafter by 0.50% per annum. The Bidder intends, after the settlement of this Offer until, at the latest, the end of the term of the Initial Debt Financing, to replace all or a substantial part of the Initial Debt Financing taken out by the Bidder in connection with this Offer with either long-term financing and/or to fully or partially repay it using dividend proceeds from its shareholding in Deutsche EuroShop AG (see also section 9.1.2 of the Offer Document in this context).

The total amount of the Initial Debt Financing together with the Equity Financing amounts to EUR 1,160,000,000 and, therefore, exceeds the Offer Costs. Thus, the Bidder has taken the necessary measures to ensure that it will have funds available at the relevant time in the amount of the Offer Costs.

### **6.5.3 Financing confirmation**

According to section 14.3 of the Offer Document, J.P. Morgan SE, an investment service provider that is independent of the Bidder having its seat in Frankfurt am Main, Germany, has confirmed in writing that the Bidder has taken the necessary measures to ensure that, at the time the cash consideration is due, it has at its disposal the funds necessary for complete fulfilment of the Offer. This financing confirmation in accordance with section 13 para. 1 sentence 2 WpÜG is attached to the Offer Document as Annex 4.

### **6.5.4 Assessment by Executive Board and Supervisory Board**

In this context, the Executive Board and the Supervisory Board explicitly point out that they can neither verify the Bidder's statements on the cash available to it nor check its plausibility on the basis of publicly available documents. Based on the Bidder's statements in section 14.1 and section 14.2 of the Offer Document, however, the Executive Board and the Supervisory Board come to the conclusion that the Bidder has complied with its statutory obligation under section 13 para. 1 sentence 1 WpÜG to, prior to the publication of the Offer Document, take the necessary measures to ensure that the funds necessary to completely satisfy the Offer will be available to it at the time the claim for consideration becomes due.

Moreover, the Executive Board and the Supervisory Board have no reason to doubt the accuracy and completeness of the description of the equity commitment contained in the Offer Document. In the opinion of the Executive Board and the Supervisory Board, it can be assumed on the basis of the financing confirmation and the assumptions contained therein that it is sufficiently ensured that the funds necessary to completely satisfy the Offer will be available to the Bidder at the time the claim for consideration becomes due.

## **6.6 Additional information**

The information set out in sections 6.5.1 to 6.5.3 above merely summarize some material parts of the information contained in the Offer Document without, however, reproducing such information in full.

For further information and details, reference is made to the statements in the Offer Document, which is relevant in connection with the content and settlement of the Offer. The Offer Document is available on the internet at <https://hercules-offer.com>. In addition, copies of the Offer Document will be available free of charge from Deutsche Bank Aktiengesellschaft, TAS, Post-IPO Services, Taunusanlage 12, 60325 Frankfurt am Main, Germany (inquiries via fax to +49 69 910 38794 or via email to [dct.tenderoffers@db.com](mailto:dct.tenderoffers@db.com) indicating a complete mailing address or email address) as settlement agent.

## **7. STATEMENT ON THE TYPE AND AMOUNT OF THE CONSIDERATION (SECTION 27 PARA. 1 SENTENCE 2 NO. 1 WPÜG)**

### **7.1 Type and amount of consideration**

The Bidder offers a cash consideration of EUR 21.50 as consideration for each DES Share. This consideration is based on the assumption that the DES Shareholders accepting the Offer received or will receive a dividend in the amount of EUR 1.00 for the financial year ended 31 December 2021 before settlement of the Offer. In the event that settlement of the Offer takes place before the date of the Annual General Meeting 2022 and the DES Shareholders accepting the Offer will thus not receive the dividend, the Bidder increases the Offer Price by EUR 1.00 per DES Share to then EUR 22.50 (see section 6.4.2 of this Statement).

Irrespective of the point in time of settlement of the Offer, the Offer to the DES Shareholders is thus based, in economic terms, on a Total Offer Value of EUR 22.50 per DES Share.

### **7.2 Legal requirements for the minimum value of the consideration**

In accordance with section 31 paras. 1, 2 and 7 WpÜG in conjunction with section 3 sentence 1 WpÜG Offer Regulation, the consideration offered to DES Shareholders for their DES Shares in case of a voluntary public Takeover Offer within the meaning of section 29 para. 1 WpÜG must be adequate. The amount of consideration must not be less than the minimum value which is to be determined in accordance with sections 4 and 5 WpÜG Offer Regulation. Accordingly, the minimum value per DES Share offered to DES Shareholders must be equal to at least the higher of the following two values:

#### ***7.2.1 Prior acquisitions during the last six months***

Section 4 WpÜG Offer Regulation provides that the value of the consideration must be equal to at least the value of the highest consideration paid or agreed by the Bidder, a person acting jointly with it within the meaning of section 2 para. 5 WpÜG or any of its subsidiaries for the acquisition of DES Shares in the last six months prior to the publication of the Offer Document in accordance with section 14 para. 2 sentence 1 WpÜG.

In section 6.7 and in section 10.1 (b) of the Offer Document, the Bidder informed that in the period commencing six months before the publication of the Bidder's decision to make the Offer on 23 May 2022 and ending with the publication of the Offer Document on 9 June 2022 neither the Bidder itself nor any person acting jointly with it within the meaning of section 2 para. 5 WpÜG nor any of its Subsidiaries have acquired DES Shares or entered into agreements on the acquisition of DES Shares.

The Executive Board and the Supervisory Board point out that the Company has not been notified of any such acquisitions in accordance with the transparency and disclosure obligations applicable to German listed stock corporations (i.e., in accordance with sections 33 et seqq. WpHG and – as a result of activity of individual members of the Supervisory Board in the management of persons acting in concert with the Bidder within the meaning of section 2 para. 5 WpÜG – in this case also in accordance with article 19 MAR) and that otherwise the Executive Board and the Supervisory Board are not aware of such acquisitions. In any other respect, however, they are unable to verify the Bidder's statements.

#### ***7.2.2 Three-Month Average Price***

In accordance with section 5 WpÜG Offer Regulation the value of the consideration must be equal to at least the weighted average stock exchange price of the DES Shares in the last three months prior to the publication of the decision to make the Takeover Offer in accordance with section 10 WpÜG ("**Three-Month Average Price**").

According to the information provided in section 10.1 (a) of the Offer Document, the minimum price as of the effective date on 22 May 2022 (the date prior to the publication by the Bidder of the decision to make the Offer in accordance with section 10 para. 1 sentence 1 WpÜG) notified to the Bidder by BaFin amounts to EUR 16.19 per DES Share. The Executive Board and the Supervisory Board point out that they are unable to verify the Bidder's statements as BaFin provided the corresponding information only to the Bidder and not to Deutsche EuroShop AG as well.

According to the information about the Three-Month Average Price contained in the Offer Document, the value of the consideration to be offered to DES Shareholders for each DES Share must amount to at least EUR 16.19.



### **7.2.3 Assessment by Executive Board and Supervisory Board**

As far as the Executive Board and the Supervisory Board are able to review and assess this on the basis of the aforementioned information provided, the value of the Offer Consideration in the amount of EUR 21.50 exceeds the value of the minimum consideration to be offered per DES Share as of the relevant effective date by EUR 5.31 (approximately 32.80 percent) and the legal requirements for the minimum value of the consideration have been met.

If an increased Offer Consideration in the amount of EUR 22.50 or the Total Offer Value is taken as a basis, the value of the increased Offer Consideration exceeds the value of the minimum offer to be offered per DES Share as of the relevant effective date by EUR 6.31 (approximately 38.97%).

### **7.3 Assessment of adequacy of consideration offered**

The Executive Board and the Supervisory Board have in detail considered the adequacy of the Offer Consideration, and implicitly of the amount of the consideration offered for the DES Shares from a financial point of view on the basis of the historical development of the stock exchange price, a comparison with premiums paid for Takeover Offers in the past, the target share prices of independent equity research analysts, the stock market evaluation of the Company's competitors and other aspects, in each case also in the context of the Company's current strategy and financial planning, and have duly and in detail analysed and assessed these aspects and other aspects that they deem to be crucial in this context based on further assumptions and information with the assistance of their financial advisors. In particular, the opportunities and risks for the Company and its business activities in the current market environment were also taken into account, such as the "COVID-19" disease and the epidemic caused by it and still continuing ("Corona Epidemic") arising from the severe acute respiratory syndrome coronavirus type 2 – ("SARS-CoV-2"), as well as the expected increase in regulatory and business requirements on the Company related to environmental and sustainability considerations, but also general market developments and tendencies, such as the generally high (and especially during the Corona epidemic still increased) attractiveness of mail order trade compared to stationary trade, the recent and expected further increases in interest rates, the high inflation compared to the last 30 years as well as the resulting uncertainties with regard to the purchasing behaviour of consumers.

Furthermore, in their assessment of the adequacy of the consideration offered, the Executive Board and the Supervisory Board have also taken into account the fair value of the Investment Properties or the net asset value (*EPRA Net Tangible Assets* – "EPRA NTA") determined in accordance with the recommendations of the European Public Real Estate Association ("EPRA").

The Company has also obtained fairness opinions from Deutsche Bank AG, Frankfurt am Main ("Deutsche Bank"), as well as from Rothschild & Co Deutschland GmbH, Frankfurt am Main ("Rothschild & Co") ("Deutsche Bank Fairness Opinion" and/or "Rothschild & Co Fairness Opinion", collectively referred to as "Fairness Opinions"). The Executive Board and the Supervisory Board have discussed their contents in detail with representatives of Deutsche Bank and Rothschild & Co respectively and have also taken them into account in their assessment of the adequacy of the Offer Consideration after independent critical evaluation in each case. The Opinion Letters on the Deutsche Bank Fairness Opinion and the Rothschild & Co Fairness Opinion are attached to this Statement as [Annex 1](#) and [Annex 2](#), respectively.

#### **7.3.1 Historical stock exchange prices**

In the opinion of the Executive Board and the Supervisory Board, the stock exchange prices of the DES Shares constitute a relevant and widely acknowledged criterion for assessing the adequacy of the Offer Price and/or the Total Offer Value, especially since, to the knowledge of the Executive Board and the Supervisory Board, prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, the stock exchange price of the DES Shares was not influenced by concrete speculation of market participants regarding a possible takeover. The DES Shares are admitted to trading in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange. The Executive Board and the Supervisory Board are also of the opinion that there was functioning stock exchange trading with sufficient trading activity for DES shares during the relevant period under review.

In order to assess the adequacy of the Offer Price, the Executive Board and the Supervisory Board have therefore used, inter alia, the historical stock exchange prices of the DES Share, which are also shown in section 10.2 of the Offer Document.

The closing price of the DES Shares in XETRA<sup>®</sup> trading on the Frankfurt Stock Exchange on 20 May 2022, the last trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, was EUR 15.63 (source: Bloomberg). Based on this closing price, the premium contained in the Offer Consideration of EUR 21.50 amounts to EUR 5.87 or 37.56% on the aforementioned closing price or, if contained in the increased Offer Consideration of EUR 22.50 or the Total Offer Value, amounts to EUR 6.87 or 43.95% on the aforementioned closing price.

The volume-weighted average price of the DES Shares in XETRA<sup>®</sup> trading on the Frankfurt Stock Exchange for the three-month period up to and including 20 May 2022 the last trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, was EUR 16.19 (source: section 10.2.1 of the Offer Document, as indicated by BaFin). Based on this average price, the premium contained in the Offer Consideration of EUR 21.50 amounts to EUR 5.31 or 32.80% on the aforementioned closing price or, if contained in the increased Offer Consideration of EUR 22.50 or the Total Offer Value, amounts to EUR 6.31 or 38.97% on the aforementioned average price.

The volume-weighted average price of the DES Shares in XETRA<sup>®</sup> trading on the Frankfurt Stock Exchange for the six-month period up to and including 20 May 2022, the last trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, was EUR 15.84 (source: Bloomberg). Based on this average price, the premium contained in the Offer Consideration of EUR 21.50 amounts to EUR 5.66 or 35.75% on the aforementioned closing price or, if contained in the increased Offer Consideration of EUR 22.50 or the Total Offer Value, amounts to EUR 6.66 or 42.06% on the aforementioned average price.

The volume-weighted average price of the DES Shares in XETRA<sup>®</sup> trading on the Frankfurt Stock Exchange for the twelve-month period up to and including 20 May 2022, the last trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, was EUR 17.44 (source: Bloomberg). Based on this average price, the premium contained in the Offer Consideration of EUR 21.50 amounts to EUR 4.06 or 23.30% on the aforementioned closing price or, if contained in the increased Offer Consideration of EUR 22.50 or the Total Offer Value, amounts to EUR 5.06 or 29.04% on the aforementioned average price.

At no time during the twelve-month period up to and including 20 May 2022, the last stock exchange trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, was the closing price of the DES Share above the Offer Consideration of EUR 21.50 or, if applicable, an increased Offer Consideration of EUR 22.50 or the Total Offer Value. During the twelve-month period up to and including 20 May 2022, the last stock exchange trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, the (intraday) share price of the DES Share was slightly above a possible Offer Consideration of EUR 21.50 on a few days (13 August 2021 and 16 August 2021) at EUR 21.68 and EUR 21.56 respectively, but at no time during the aforementioned twelve-month period did it exceed a possible increase in the Offer Consideration to EUR 22.50 or the Total Offer Value.

The Executive Board and the Supervisory Board acknowledge that some shareholders who have been invested in DES Shares for a longer period of time already might have purchased them at a higher price than the Offer Consideration of EUR 21.50. However, the Executive Board and the Supervisory Board are of the opinion that, in their assessment of the adequacy of the Offer Consideration, they can generally only take into account the current price level and certain average values in the recent past, but not stock exchange prices originating from sometimes significantly earlier times. In the opinion of the Executive Board and the Supervisory Board, there are no special circumstances that should lead to deviations from this principle.

As a whole, the Offer Consideration in the amount of EUR 21.50 – and all the more an increased Offer Consideration of EUR 22.50, as applicable, or the Total Offer Consideration – represents a significantly higher amount as compared to the historical stock exchange prices of the DES Shares prior to the publication of the Bidder's decision to make the Offer on 23 May 2022. Therefore, the Executive Board and the Supervisory Board are of the opinion that the Offer Consideration in the amount of EUR 21.50 and, if applicable, an increased Offer Consideration of EUR 22.50 or the Total Offer Consideration based on historical stock exchange prices of the Company, is to be regarded as fair and reasonable with respect to all periods under consideration.

### **7.3.2 Comparison to historical premiums paid for takeover offers**

The Executive Board and the Supervisory Board have also analysed the takeover premiums paid in a historical comparison for voluntary public takeover offers against cash consideration with a theoretical value of the equity of the target company of more than EUR 500 million since 2008, insofar as these provided for a premium. The average of the premiums on the respective three-month average share price included in the consideration was 27.31%, the corresponding median 23.26% and in the top quarter 35.23% (source BaFin, company information).

With a premium of 37.56% on the closing price of the DES Shares in XETRA® - trading on the Frankfurt Stock Exchange on 20 May 2022, the last stock exchange trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, the premium of EUR 5.87 included in the Offer Consideration of EUR 21.50 is 10.25 percentage points above the aforementioned average premium paid and 14.30 percentage points above the corresponding median and 2.33 percentage points above the premium paid in the top quarter. The premium offered by the Bidder is thus significantly higher than the takeover premiums usually paid in the underlying transactions and is accordingly considered adequate by the Executive Board and the Supervisory Board. This also applies all the more to an Offer Consideration possibly increased to EUR 22.50 or the Total Offer Value including a premium of EUR 6.87 (43.95%) on the closing price of the DES Shares in XETRA® trading on the Frankfurt Stock Exchange on 20 May 2022, the last stock exchange trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022.

The Executive Board and Supervisory Board have also specifically analysed the takeover premiums paid in a historical comparison for public takeover offers involving German and Austrian real estate stock corporations (both residential properties and commercial properties) since 2013. The median of the premiums included in the respective consideration on the last share price unaffected by the respective transaction was 14.7%. In relation only to the takeover offers in the commercial real estate sector, which were made during this period and which only provided for a cash consideration, the median was 16.7%.

With a premium of 37.56% on the closing price of the DES Shares in XETRA® trading on the Frankfurt Stock Exchange on 20 May 2022, the last stock exchange trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, in the amount of EUR 15.63, the premium of EUR 5.87 included in the Offer Consideration of EUR 21.50 is 22,86 percentage points above the aforementioned average premium paid in the commercial real estate sector and 20.86 percentage points above the corresponding median. The premium offered by the Bidder is thus very clearly above the takeover premiums usually paid in the commercial real estate sector in the period under review and is therefore considered adequate by the Executive Board and the Supervisory Board also in this respect. Also in this case, this applies all the more to an Offer Consideration possibly increased to EUR 22.50 or the Total Offer Value including a premium of EUR 6.87 (43.95%) on the closing price of the DES Shares in XETRA® trading on the Frankfurt Stock Exchange on 20 May 2022, the last stock exchange trading day prior to the publication of the Bidder's decision to make the Offer on 23 May 2022.

### 7.3.3 Target prices expected by independent equity research analysts

In assessing the adequacy of the Offer Price, the Executive Board and the Supervisory Board have also taken into account the assessments made by certain independent equity research analysts, which are available to the Company.

Immediately prior to the publication of the Bidder's decision to make the Offer on 23 May 2022, the following equity research analysts regularly covering Deutsche EuroShop AG have provided the following target prices for the DES Shares:

<b>Analyst</b>	<b>Date of publication</b>	<b>Target price</b>
M. M. Warburg, Andreas Pläsier .....	18 May 2022	24.20
Oddo BHF, Manuel Martin .....	16 May 2022	18.00
DZ BANK AG Research, Karsten Oblinger .....	16 May 2022	21.00
BoFa Securities, Markus Kulesa .....	13 May 2022	18.00
Deutsche Bank, Thomas Rothäusler .....	13 May 2022	17.50
Kempen, Jaap Kuin .....	13 May 2022	20.00
Kepler Cheuvreux, Thomas Neuhold .....	13 May 2022	27.00
Green Street, Rob Virdee .....	25 April 2022	15.65
HSBC, Thomas Martin .....	24 March 2022	24.00
Baader Helvea, Andre Remke .....	23 March 2022	17.80
Berenberg, Kai Klose .....	23 March 2022	22.00
<b>Average</b> .....		<b>20,47</b>
<b>Median</b> .....		<b>20.00</b>

Source: Analyst reports

The assessments of analysts are always the personal assessment of the respective analyst. Their views on the value of a share differ by their very nature. Nevertheless, the Executive Board and the Supervisory Board are of the opinion that the average value of their assessments can be a relevant indication of the adequacy of the Offer Price.

Based on the average of the target prices stated by the equity research analysts regularly covering Deutsche EuroShop AG, the premium contained in the Offer Consideration of EUR 21.50 amounts to EUR 1.03 or 5.03% on the aforementioned closing price or, if contained in the increased Offer Consideration of EUR 22.50 or the Total Offer Value, amounts to EUR 2.03 or 9.92% on the aforementioned average price.

Based on the median of the target prices stated by the equity research analysts regularly covering Deutsche EuroShop AG, the premium contained in the Offer Consideration of EUR 21.50 amounts to EUR 1.50 or 7.50% on the aforementioned median or, if contained in the increased Offer Consideration of EUR 22.50 or the Total Offer Value, amounts to EUR 2.50 or 12.50% on the aforementioned median.

Therefore, the Executive Board and the Supervisory Board are of the opinion that the Offer Consideration in the amount of EUR 21.50 and, if applicable, an increased Offer Consideration of EUR 22.50 or the Total Offer Consideration is to be regarded as fair, if based on the average price or the median of the target prices expected by equity research analysts regularly covering Deutsche EuroShop AG.

#### **7.3.4 Stock market valuations of competitors**

The Executive Board and the Supervisory Board have also examined the adequacy of the Offer Consideration in comparison to the valuations, at the capital market, of other real estate stock corporations with an investment focus on shopping centres in continental Europe or the United Kingdom, which are relevant from the Company's point of view.

However, in the opinion of the Executive Board and the Supervisory Board, the corresponding companies are comparable to DES Group only to a limited extent due to the partially very different geographic investment focuses and also with reference to a number of other criteria, and therefore none of the corresponding companies can be used directly as a comparison in the opinion of the Executive Board and the Supervisory Board. Based on the most recently published figures, all of the companies used as a comparison have a significantly higher loan-to-value (LTV) ratio ranging from 26.7% to 47.0%, with an average of 40.9% and a median of 40.4%. By contrast, Deutsche EuroShop AG's LTV as at 31 March 2022 only amounted to 29.7% and was thus substantially lower than the most recently published figures for the other companies.

From the perspective of the Executive Board and the Supervisory Board, the key benchmarks are the premium or discount to the net asset value ("NAV") and the funds from operations ("FFO").

The range of discounts to the NAV based on the most recently published values at the peer companies extends from 35.4% to 67.8% with an average value of 49.8% and a median of 50.6%. In the case of Deutsche EuroShop AG, the discount to the NAV based on the EPRA NTA determined as at 31 December 2021 and taking into account the Offer Consideration of EUR 21.50 amounts to approximately 44.1% and is thus below the aforementioned average value or median. Taking into account a possibly increased consideration of EUR 22.50 or the Total Offer Value, the discount amounts to 41.5% and is thus 8.3 or 9.1 percentage points below the aforementioned average or median value.

The FFO return of the peer companies expected for the financial year 2022 ranges from 7.6% to 19.4%, with an average value of 12.0% and a median of 11.1%. On the basis of the Offer Consideration of EUR 21.50, the implied FFO return of Deutsche EuroShop AG expected for the financial year 2022, based on the mean value of EUR 2.00 of the range of EUR 1.95 to EUR 2.05 per DES Share expected by the Company for the financial year 2022, is approximately 9.3%. With an FFO return that is 2.7 percentage points or 1.8 percentage points below the aforementioned average value or median, Deutsche EuroShop AG is thus valued higher than the average or median of the peer companies. Taking into account a possibly increased consideration of EUR 22.50 or the Total Offer Value, the FFO return amounts to approximately 8.9% and is thus 3.1 percentage points or 2.2 percentage points lower than the aforementioned average value or the median.

On the basis of the evaluations of the relevant peer companies at the capital markets and further considerations of comparison, the Executive Board and the Supervisory Board have come to the conclusion that the Offer Consideration in the amount of EUR 21.50 or a possibly increased Offer Consideration of EUR 22.50 or the Total Offer Value, as the case may be, can be considered financially adequate.

#### **7.3.5 Valuation within the framework of the discounted-cashflow analysis**

The Executive Board and the Supervisory Board have each satisfied themselves that the Offer Consideration, based on what the Executive Board and the Supervisory Board consider to be realistic assumptions and taking due account of the opportunities and risks inherent in the business planning, is within the value ranges determined on

the basis of discounted-cashflow analyses and thus fairly and adequately reflects the value of the Company even when viewed in this light.

### **7.3.6 Taking into account DES Group's development potential**

For assessing the adequacy of the Offer Consideration, the Executive Board and the Supervisory Board have also taken into account the past business development of DES Group and the related future opportunities and risks. In the light of the outlook for the upcoming years – considering, in particular, the challenges posed by the still continuing Corona Epidemic and the resulting increased attractiveness of mail order trade as compared to stationary trade – the Executive Board and the Supervisory Board are of the opinion that DES Group, due to its high-quality portfolio, many years of experience, ECE's great competence in the field of shopping center management and a low level of debt, has the best prerequisites for a continuing independent, strong and profitable future development. All in all, however, due to these independent development prospects, the Offer Consideration in the amount of EUR 21.50, a possibly increased Offer Consideration in the amount of EUR 22.50, or the Total Offer Value still do not seem unreasonable from a financial point of view.

### **7.3.7 EPRA NTA**

The EPRA NTA (or the EPRA NAV published by the Company in previous years) represents the net asset value based on a long-term oriented business model. For this purpose, the consolidated equity is adjusted for assets and liabilities that are unlikely to be realised if the portfolio is held for the long term. Deutsche EuroShop AG does not consider deferred taxes when calculating the EPRA NTA, as the long-term business model of Deutsche EuroShop AG is geared to generating rental income rather than to the short-term sale of shopping centers.

As at 31 December 2021, which is the last reporting date on which the ratio was calculated by the Company according to schedule, the Company's EPRA NTA amounted to EUR 2,374,450. Based on the number of shares existing as of that date (61,783,594) – and unchanged also as of the date of this Statement –, the EPRA NTA per DES Share as of the date specified is EUR 38.43, which is significantly higher than the Offer Consideration of EUR 21.50 (78.74%) and, if applicable, the increased Offer Consideration of EUR 22.50 or the Total Offer Value (70.80%).

In the opinion of the Executive Board and the Supervisory Board, the EPRA NTA is a widely used and generally accepted ratio for the valuation of real estate stock corporations, i.e. companies that hold properties for rental and management purposes on a long-term basis, which generally represents an adequate valuation basis for the DES Shares and is ultimately based on an individual valuation of the properties held by the Company. However, the Executive Board and the Supervisory Board also see that the corresponding ratio has less significance in the current market environment, as shares of real estate stock corporations are currently generally trading at significant discounts as compared to the pro rata property values determined by an independent valuer. The shares of Deutsche EuroShop AG have also been affected by this development. After the DES Shares had traded significantly above the respective EPRA NAV at times prior to 2017, they have been trading at a significant discount since 2017, which had generally been increasing on a continuous basis over the years to a peak – reached at the beginning of the outbreak of the Corona Epidemic in Germany in spring 2020 – of around 77.62% on 19 March 2020 as compared to the EPRA NAV of EUR 42.30 last determined as at 31 December 2019.

On 20 May 2022, i.e. the last Trading Day prior to the publication of the Bidder's decision to launch the Offer on 23 May 2022, the discount to the closing price of the DES Shares in XETRA® trading on the Frankfurt Stock Exchange in the amount of EUR 15.63 compared to the EPRA NTA last determined as at 31 December 2021 in the amount of EUR 38.43 was approximately 40.67%. (Source: Bloomberg).

Therefore, the Executive Board and the Supervisory Board are of the opinion that, although the EPRA NTA can be taken into account as an indicator when assessing the adequacy of the consideration, it obviously has only little significance for the stock exchange trading price of the shares of a real estate stock corporation, and at least in recent years investors have largely assessed the value of a real estate share independently thereof, which has been reflected in considerable – both positive as well as negative – price deviations also, in particular, of the DES Share. Against this background, the Executive Board and the Supervisory Board – despite the significant discounts of the Offer Consideration as compared to the EPRA NTA – do not consider the Offer Consideration in the amount of EUR 21.50 to be unreasonable.

### **7.3.8 Fairness opinion of Deutsche Bank**

Deutsche EuroShop AG has commissioned Deutsche Bank, as an independent expert, to prepare the Deutsche Bank Fairness Opinion.

Deutsche Bank first submitted the analyses underlying its fairness opinion to the Executive Board on 20 May 2022. The analyses on which Deutsche Bank's fairness opinion is based were also explained in detail by representatives of Deutsche Bank in a joint meeting of the Executive Board and the Supervisory Board on the following day.

The Deutsche Bank Fairness Opinion was submitted to the Executive Board on the basis of an updated analysis on 20 June 2022 and available to the Executive Board and the Supervisory Board when the resolutions on this Statement were passed; the corresponding Opinion Letter of Deutsche Bank is attached to this Statement as Annex 1.

The Executive Board and the Supervisory Board point out that the Deutsche Bank Fairness Opinion was issued from a merely financial perspective and exclusively for the information and support of the Executive Board and the Supervisory Board in connection with and for the purpose of their assessment of the Offer Consideration. The Deutsche Bank Fairness Opinion was not prepared for third parties, i.e., in particular not for the shareholders of Deutsche EuroShop AG or the Bidder, and does not give rise to any rights or protective effects in favour of any of the aforementioned or other third parties. Neither the fact that the Deutsche Bank Fairness Opinion was issued to the Executive Board and the Supervisory Board of Deutsche EuroShop AG nor Deutsche Bank's consent to attach the fairness opinion to the reasoned statement entitles any third party (including the shareholders of Deutsche EuroShop AG) to rely on the Deutsche Bank Fairness Opinion or derive any rights therefrom. Also, the Deutsche Bank Fairness Opinion does not constitute a recommendation by Deutsche Bank regarding the question of whether or not holders of DES Shares should sell such shares in connection with the Offer or accept the Offer. The Deutsche Bank Fairness Opinion does not address the relative advantages of the Offer in comparison to strategic alternatives that may be available to Deutsche EuroShop AG or the Bidder. Deutsche Bank is not liable to any third party (including any shareholder of Deutsche EuroShop AG) for the Deutsche Bank Fairness Opinion.

The Deutsche Bank Fairness Opinion includes, inter alia, a description of certain underlying assumptions, information on which Deutsche Bank relied, procedures performed, aspects considered and limitations of Deutsche Bank's review. To gain an understanding of the scope and result of the Deutsche Bank Fairness Opinion, the information in the Deutsche Bank Fairness Opinion is to be read in its entirety.

The Executive Board and the Supervisory Board point out that the Deutsche Bank Fairness Opinion does not constitute, and is not intended to be, a valuation report as typically prepared by auditors pursuant to the requirements under German corporate law and shall therefore neither be construed nor regarded as such. In particular, it does not qualify as a valuation (*Wertgutachten*) according to the standards of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e. V. – "IDW"*) "IDW Standard: Principles for the Performance of Business Valuations" (IDW S1); the IDW standards "Principles for the Preparation of Fairness Opinions" (IDW S8) were not taken into account either. In various important respects, a fairness opinion of the kind issued by Deutsche Bank to assess financial adequacy differs from a business valuation performed by an auditor and from balance sheet valuations in general.

Further details are set forth in the Opinion Letter on the Deutsche Bank Fairness Opinion, which is attached hereto as Annex.

In the course of preparing the Deutsche Bank Fairness Opinion, Deutsche Bank has performed a number of financial examinations as are performed in comparable transactions, which appear suitable to provide the Executive Board and the Supervisory Board with a sound basis for making their own assessment of the adequacy of the Offer Price from a financial point of view. Deutsche Bank's approach is described in the Deutsche Bank Fairness Opinion.

As set out in more detail in the Deutsche Bank Fairness Opinion, Deutsche Bank's analyses are based, inter alia, on the Offer Document and other publicly available information, data provided by Deutsche EuroShop AG, planning and financial forecasts and explanatory documents, as well as discussions held with the senior management of Deutsche EuroShop AG. Various studies and analyses have been carried out for the Deutsche Bank Fairness Opinion; in addition thereto, other factors deemed appropriate by Deutsche Bank were taken into account. The methods used for the Deutsche Bank Fairness Opinion are, in the opinion of the Executive Board and the Supervisory Board, internationally customary and recognised procedures, the application of which is considered appropriate by the Executive Board and the Supervisory Board also in the present case.

The Deutsche Bank Fairness Opinion solely refers to the financial adequacy of the Offer Price for the shareholders of Deutsche EuroShop AG as at the date of the issuance of the Deutsche Bank Fairness Opinion. It does not refer to other aspects of the Offer and does not make any recommendation as to how a third party should act in connection with the Offer, in particular, whether or not a shareholder of Deutsche EuroShop AG should tender its DES Shares into the Offer.

The Executive Board and the Supervisory Board further point out that the Deutsche Bank Fairness Opinion is subject to certain assumptions and reservations and that, in order to understand the scope of the Deutsche Bank Fairness Opinion, it has to be read in its entirety. For the purposes of preparing the Deutsche Bank Fairness Opinion, Deutsche Bank, with the consent of Deutsche EuroShop AG, relied on the accuracy and completeness of all financial, legal, regulatory, tax, accounting and other information (including publicly available information) provided to it, discussed with it, or analysed by it, without assuming any responsibility for an independent confirmation of such information.

On the basis of their own experience, the Executive Board and the Supervisory Board have satisfied themselves of the plausibility and adequacy of the procedures, methods and analyses applied by Deutsche Bank.

As arises from the Opinion Letter of Deutsche Bank attached hereto as Annex 1, Deutsche Bank in its fairness opinion comes to the conclusion that, subject to the respective assumptions and reservations contained therein, the consideration offered is adequate for the shareholders of Deutsche EuroShop AG (as defined in the Opinion Letter) from a financial point of view as at the time of the issuance of the Deutsche Bank Fairness Opinion on 20 June 2022.

### **7.3.9 Fairness opinion of Rothschild & Co**

Concurrently with the preparation of a fairness opinion by Deutsche Bank, Deutsche EuroShop AG also commissioned Rothschild & Co, as an independent expert, to prepare the Rothschild & Co Fairness Opinion.

Rothschild & Co first submitted the analyses underlying its fairness opinion to the Executive Board on 20 May 2022. The analyses on which the fairness opinion of Rothschild & Co is based were also explained in detail by representatives of Rothschild & Co in a joint meeting of the Executive Board and the Supervisory Board on the following day.

The Rothschild & Co Fairness Opinion was submitted to the Executive Board on the basis of an updated analysis on 20 June 2022 and was available to the Executive Board and the Supervisory Board when the resolutions on this Statement were passed; the corresponding Opinion Letter of Rothschild & Co is attached to this Statement as Annex 2.

The Executive Board and the Supervisory Board point out that the Rothschild & Co Fairness Opinion was issued from a merely financial perspective and exclusively for the information and support of the Executive Board and the Supervisory Board in connection with and for the purpose of their assessment of the Offer Consideration.

The Rothschild & Co Fairness Opinion was not prepared for third parties, i.e., in particular not for the shareholders of Deutsche EuroShop AG or the Bidder, and does not give rise to any rights or protective effects in favour of any of the aforementioned or other third parties. Neither the fact that the Rothschild & Co Fairness Opinion was issued to the Executive Board and the Supervisory Board of Deutsche EuroShop AG nor Rothschild & Co's consent to attach the fairness opinion to the reasoned statement entitles any third party (including the shareholders of Deutsche EuroShop AG) to rely on the Rothschild & Co Fairness Opinion or derive any rights therefrom. Also, the Rothschild & Co Fairness Opinion does not constitute a recommendation by Rothschild & Co regarding the question of whether or not holders of DES Shares should sell such shares in connection with the Offer or accept the Offer. The Rothschild & Co Fairness Opinion does not address the relative advantages of the Offer in comparison to strategic alternatives that may be available to Deutsche EuroShop AG or the Bidder. Rothschild & Co is not liable to any third party (including any shareholder of Deutsche EuroShop AG) for the Rothschild & Co Fairness Opinion.

The Rothschild & Co Fairness Opinion includes, inter alia, a description of certain underlying assumptions, information on which Rothschild & Co relied, procedures performed, aspects considered and limitations of Rothschild & Co's review. To gain an understanding of the scope and result of the Rothschild & Co Fairness Opinion, the information in the Rothschild & Co Fairness Opinion has to be read in its entirety.

The Executive Board and the Supervisory Board point out that the Rothschild & Co Fairness Opinion does not constitute, and is not intended to be, a valuation report as typically prepared by auditors pursuant to the requirements under German corporate law and shall therefore neither be construed nor regarded as such. In particular, it does not qualify as a valuation (*Wertgutachten*) according to the standards of the IDW "IDW Standard: Principles for the Performance of Business Valuations" (IDW S1); the IDW standards "Principles for the Preparation of Fairness Opinions" (IDW S8) were not taken into account either. In various important respects, a fairness opinion of the kind issued by Rothschild & Co to assess financial adequacy differs from a business valuation performed by an auditor and from balance sheet valuations in general.

Further details are set forth in the Opinion Letter on the Rothschild & Co Fairness Opinion, which is attached hereto as Annex.

In connection with the preparation of its fairness opinion, Rothschild & Co has analysed the Offer Document, the annual reports of Deutsche EuroShop AG, certain interim reports of Deutsche EuroShop AG, other notices of Deutsche EuroShop AG to its shareholders and certain internal analyses and forecasts, which have been prepared by the Executive Board in respect of the Company and the use of which has been approved by the Company. Rothschild & Co also held discussions with members of the Executive Board of Deutsche EuroShop AG on their assessment of the consummation of the Offer, the past and present business and financial position of the Company and the prospects of DES Group for the future. Rothschild & Co has also analysed the reported prices and trading activities for DES Shares and compared certain financial and stock market information relating to the Company with similar information on other recent mergers in the real estate sector. Finally, Rothschild & Co conducted such other studies and analyses and considered such other factors as, in its capacity as financial advisor to the Company, it deemed appropriate in each case.

Within the scope of the Rothschild & Co Fairness Opinion, Rothschild & Co assessed the adequacy of the Offer Price, *inter alia*, by applying earnings-oriented and market-price based methods (listed peer companies and comparable transactions) and the discounted cash flow method (DCF method). Historical share prices as well as target prices and recommendations from independent equity research analysts were also taken into account in the preparation of the Rothschild & Co Fairness Opinion.

The Executive Board and the Supervisory Board further point out that the Rothschild & Co Fairness Opinion is subject to certain assumptions and reservations and that, in order to understand the scope of the Rothschild & Co Fairness Opinion, it has to be read in its entirety. For the purposes of preparing the Rothschild & Co Fairness Opinion, Rothschild & Co, with the consent of Deutsche EuroShop AG, relied on the accuracy and completeness of all financial, legal, regulatory, tax, accounting and other information (including publicly available information) provided to it, discussed with it or analysed by it, without assuming any responsibility for an independent confirmation of such information.

On the basis of their own experience, the Executive Board and the Supervisory Board satisfied themselves of the plausibility and adequacy of the procedures, methods and analyses applied by Rothschild & Co.

As arises from the Opinion Letter of Rothschild & Co attached hereto as Annex 2, in its fairness opinion Rothschild & Co, just like Deutsche Bank, comes to the conclusion that, subject to the respective assumptions and reservations contained therein, the consideration offered from a financial point of view is fair for the shareholders of Deutsche EuroShop AG (as defined in the Opinion Letter) and reasonable as at the time of the issuance of the Rothschild & Co Fairness Opinion on 20 June 2022.

### ***7.3.10 Summary assessment of the adequacy of the Offer Price***

The adequacy of the value of the Offer Consideration determined by the Bidder in amount of EUR 21.50 per DES Share and, if applicable, an increased Offer Consideration of EUR 22.50 or the Total Offer Value, has been examined and assessed by the Executive Board and the Supervisory Board with the required diligence.

Having regard, in particular, to

- the historical stock exchange prices of the shares of Deutsche EuroShop AG and the premiums calculated on the basis thereof,
- a comparison with premiums paid in public takeovers in Germany in the past,
- the target prices stated by equity research analysts regularly covering Deutsche EuroShop AG and the premiums calculated on the basis thereof,
- the stock market prices of peer companies in the real estate sector as compared to their EPRA NTA and the FFO returns of peer companies,
- the discounted cash flow valuation of Deutsche EuroShop AG,
- the Deutsche Bank Fairness Opinion, and
- the Rothschild & Co Fairness Opinion,

the Executive Board and the Supervisory Board consistently conclude that the Offer Consideration offered by the Bidder in the amount of EUR 21.50 per DES Share is fair and reasonable from a financial point of view and, in particular, against the background of the historical stock exchange prices in the twelve-month period, attractive



for the DES Shareholders. This applies all the more in case of an increase of the Offer Consideration to EUR 22.50 and an increased Total Offer Value, respectively.

The Executive Board and the Supervisory Board explicitly point out that they have assessed the offered consideration as to the adequacy of its value independently and regardless of the agreement under the Investment Agreement to support the Offer and recommend its acceptance subject to certain conditions.

## **8. ASSESSMENT OF THE OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE EXPECTED CONSEQUENCES OF THE OFFER FOR DEUTSCHE EUROSHOP AG, THE EMPLOYEES AND THEIR REPRESENTATIVE BODIES, THE EMPLOYMENT CONDITIONS AND THE LOCATIONS (SECTION 27 PARA. 1 SENTENCE 2 NO. 2 AND NO. 3 WPÜG)**

The objectives and intentions as well as the proposed measures of the Bidder are set out in section 9 of the Offer Document. According to the information provided, the intentions are the common intentions of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV with regard to DES Group at the time of the publication of the Offer Document. Certain of these intentions are based on the Consortium Agreement between the Oaktree Investor, Cura, the Cura Investor and the AO Parties and the Partnership Agreement to be entered into in connection with the Consortium Agreement. Insofar as the intentions of the Bidder are described below and in accordance with the statements of the Bidder in sections 9.1 to 9.8 of the Offer Document, this also includes the intentions of the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV as stated in the Offer Document. According to their own statements, neither the Bidder nor the Bidder Controlling Shareholders, ARENA, AROSA or DESAG VV have any intentions deviating from the intentions laid out in sections 9.1 to 9.8 of the Offer Document. Accordingly, for reasons of simplification, in the following this section will refer uniformly to the Bidder's intentions.

### **8.1 Bidder's objectives and intentions in relation to the Bidder and the Target Company**

#### **8.1.1 Future business activities, assets and future obligations of DES Group**

In section 9.1 of the Offer Document the Bidder first states that it intends to strategically and financially support Deutsche EuroShop AG's business strategy as well as to improve the portfolio of DES Group through adjustments, and to optimize the capital structure of Deutsche EuroShop AG. The latter two measures are then set out in more detail in section 9.1.1 or section 9.1.2, respectively of the Offer Document (see below). In connection therewith, portfolio management initiatives are envisaged with the goal to streamline the portfolio, including by divesting and/or acquiring assets in order to develop a portfolio more focused on Germany. In addition, the Bidder intends to support value-adding initiatives and related capital expenditures. The Bidder intends to work with the Executive Board to maximize efficiencies and increase future gains.

The Bidder then confirms that, beyond the intentions set out in section 9.1 of the Offer Document, it has no intention of taking any other measures with regard to the future business activities, use of assets or future obligations of Deutsche EuroShop AG.

##### *8.1.1.1 Adjustment of Deutsche EuroShop AG's portfolio structure*

In section 9.1.1 of the Offer Document the Bidder first states that Deutsche EuroShop AG generally operates its shopping centers through several Subsidiaries as well as joint ventures or associates in the legal form of German limited partnerships (*Kommanditgesellschaften*) ("**Shopping Center KGs**"). Certain persons, some of which also directly or indirectly hold DES Shares and some of which also qualify as persons acting jointly with the Bidder pursuant to section 2 para. 5 WpÜG and/or are members of the Otto family, hold, directly or indirectly, participations in the Shopping Center KGs (collectively the "**Shopping Center KG Investors**" and the participations in the Shopping Center KGs held by the Shopping Center KG Investors collectively the "**Shopping Center KG Interests**").

The Bidder then states that it intends to support efforts of Deutsche EuroShop AG to optimize its portfolio structure, inter alia, by streamlining the portfolio structure of DES Group and creating value uplift through the acquisition of Shopping Center KG Interests from certain Shopping Center KG Investors ("**Selling Shopping Center KG Investors**") against payment of a purchase price in cash based on the fair market value of the Shopping Center KGs as determined by an independent valuer. The Bidder supports the issuance of new shares in Deutsche EuroShop AG through a capital increase, from authorized capital with subscription rights for all shareholders against cash or, subject to certain conditions, contributions in kind by the Selling Shopping Center KG Investors ("**Rights Issuance**") in order to finance the acquisition of such Shopping Center KG Interests, provided that the new shares are issued against cash or in kind contributions at an issue price not exceeding the Offer Price.

The Bidder further states that, in the event that the Shopping Center KG Interests are not acquired by Deutsche EuroShop AG from the Selling Shopping Center KG Investors within eighteen months following the settlement

of the Offer as set forth above, Lux HoldCo shall, pursuant to the Consortium Agreement, under certain conditions, endeavour to acquire the Shopping Center KG Interests from the Shopping Center KG Investors.

The Bidder finally states that, with a view to focus the portfolio more on German assets and to enable potential future bundled divestments, it further intends to explore together with Deutsche EuroShop AG and, as the case may be, support, a potential restructuring of DES Group to combine similar companies or shareholdings in interim holding companies, which may comprise intra-group transfers (e.g. through a contribution or sale) of existing shareholdings of Deutsche EuroShop AG into one or more newly established direct Subsidiaries of the Company, including to divide the property investment holdings of Deutsche EuroShop AG into national and international sub-portfolios (together “**Intragroup Portfolio Bundling**”).

#### *8.1.1.2 Optimization of Deutsche EuroShop AG’s capital structure*

In section 9.1.2 of the Offer Document the Bidder states that, after the consummation of the Offer, it intends to cooperate with the Executive Board and the Supervisory Board regarding an optimization of Deutsche EuroShop AG’s capital structure following the settlement of the Offer (collectively “**Capital Structure Optimization**”).

The Bidder explains that, as part of the Capital Structure Optimization, it intends that, following the settlement of the Offer, a capital structure of Deutsche EuroShop AG will be maintained which enables the Company to issue investment grade rated debt financing instruments, e.g. in the form of unsecured bonds (see section (b) below) the proceeds of which can be used in connection with the Capital Structure Optimization.

##### (a) Increase of future dividend capacity

According to the further information provided in the Offer Document, measures intended by the Bidder to achieve the Capital Structure Optimization include a capital increase (“**Capital Increase**”) followed by a capital decrease (“**Capital Decrease**”) of Deutsche EuroShop AG’s share capital. According to the Bidder’s intentions, the Capital Increase shall be made from own funds of Deutsche EuroShop AG (*Kapitalerhöhung aus Gesellschaftsmitteln*) which are currently booked in the Company’s capital reserves and shall (subject to maintaining statutory minimum reserves) amount up to the amount of all funds currently booked in the capital reserves. Directly following, or concurrently with, the Capital Increase, it is envisaged to resolve the Capital Decrease as an ordinary capital reduction (*ordentliche Kapitalherabsetzung*) pursuant to sections 222 et seq. AktG in the same amount as the aforementioned Capital Increase. The Capital Increase with subsequent Capital Decrease is expected to result in a freeing of Deutsche EuroShop AG’s bound capital reserves and, after allocation of these to retained profit, would increase the Company’s future ability to pay dividends, subject to applicable creditor protection withholding periods and the availability of distributable cash exceeding Deutsche EuroShop AG’s liquidity needs.

According to the information provided, the Bidder further expects that the Intragroup Portfolio Bundling (see already section 8.1.1.1 of this Statement) may also result in an increase of the future dividend capacity of Deutsche EuroShop AG, subject to availability of distributable cash exceeding the Company’s liquidity needs.

##### (b) New debt financing resulting in increased leverage

As further stated by the Bidder in the Offer Document, the Bidder intends, after consummation of the Offer, to cooperate with the Executive Board and the Supervisory Board regarding further debt financing measures of Deutsche EuroShop AG that would eventually result in an increased level of debt at DES Group. In particular, after consummation of the Offer, the Bidder intends to cooperate with the Executive Board and the Supervisory Board regarding an increase of the secured financing of individual investments to a leverage of 50% loan to value or more depending on availability and borrowing terms.

As the Bidder then further states, the Bidder further intends, after consummation of the Offer, to cooperate with the Executive Board and the Supervisory Board regarding the issuance of one or more bonds on the capital markets with the goal to obtain a leverage of Deutsche EuroShop AG of approximately 50% to 60% loan to value in the near term. The Bidder further intends to support that proceeds received by Deutsche EuroShop AG as a result of the issuance of such bonds would, subject to liquidity needs of the Company, be distributed to the DES Shareholders, including the Bidder, by way of a dividend or otherwise.

In this connection the Bidder points out to the fact that the specific terms and conditions of any potential new debt financing are as of the date of the Offer Document not determined yet.

(c) Intentions regarding dividend policy

Finally, the Bidder states that it intends to suggest a future dividend policy of Deutsche EuroShop AG under which the major part of the profits of the Company and any cash exceeding the Company's liquidity needs is distributed to the DES Shareholders.

According to the information provided in the Offer Document, for the financial year ended 31 December 2021, the Bidder intends to support the distribution of a dividend in an amount of EUR 1.00 per DES Share, i.e. an overall amount of approximately EUR 61.8 million which shall be funded partially from earnings and partially from other free cash of Deutsche EuroShop AG. According to the information provided, in connection with the implementation (if any) of the Capital Structure Optimization, the Bidder further intends to support a distribution of the funds (i) released from the bound share capital of Deutsche EuroShop AG (see above under section 8.1.1.2(a) of this Statement) and/or, as the case may be, (ii) resulting from the Intragroup Portfolio Bundling (see above under sections 8.1.1.1 and 8.1.1.2(a) of this Statement) to the DES Shareholders in accordance with applicable laws, in particular subject to any applicable creditor protection withholding periods and availability of distributable cash exceeding the Company's liquidity needs.

**8.1.2 Seat of Deutsche EuroShop AG, location of material parts of the business**

In section 9.2 of the Offer Document the Bidder states that, pursuant to its obligation under the Investment Agreement, it intends to maintain the corporate seat (*Satzungssitz*) and the headquarters (*Verwaltungssitz*) of Deutsche EuroShop AG in Hamburg. According to the information provided, the Bidder, pursuant to its obligation under the Investment Agreement, also does not intend to cause any other Subsidiary or affiliate of Deutsche EuroShop AG to relocate their respective corporate seat or respective headquarters. According to the information provided, the Bidder, in accordance with its obligation under the Investment Agreement, has no intention to cause Deutsche EuroShop AG to relocate the locations of material parts of the business (*wesentliche Unternehmensteile*) of the Company. According to the information provided in the Offer Document, the Bidder does not intend to cause Deutsche EuroShop AG to close any locations or material parts of the business of the Company.

**8.1.3 Employees, employee representation and employment conditions**

As regards employees, any employee representations and the employment conditions of Deutsche EuroShop AG the Bidder states in section 9.3 of the Offer Document that it does not intend to cause the Company to alter the employment conditions or the conditions in the organization of the employee representations of Deutsche EuroShop AG and any of its Subsidiaries.

The Bidder points out to the fact that, under the Investment Agreement, the Bidder has undertaken vis-à-vis Deutsche EuroShop AG, within two years following settlement of the Offer, neither directly nor indirectly, to cause the Company to reduce its workforce (including by way of making operational redundancies of employees (*betriebsbedingte Kündigungen*)) or cause the Company to alter the employment conditions and the conditions in the organization of the employee representations of the Company and its Subsidiaries to the detriment of any of the employees other than in the ordinary course of business consistent with past practices.

The Bidder then refers to information of Deutsche EuroShop AG according to which the latter has entered into compensation agreements with long-term incentive components (*Long Term Incentives – "LTI"*) with certain employees, which depend on the future development of the stock market price of the DES Shares. The Bidder states in this regard that it intends to support Deutsche EuroShop AG to enter into good faith discussions with employees with a view to adapting relevant agreements in order to achieve at least a comparable level of employee compensation and employee retention following the consummation of the Offer.

**8.1.4 Members of the Executive Board of Deutsche EuroShop AG**

In section 9.4 of the Offer Document the Bidder points out to the fact that the CEO Wilhelm Wellner has temporarily resigned from office due to illness. According to the information provided, the Bidder understands that the appointment of the Executive Board member of Deutsche EuroShop AG, Olaf Borkers, ends as of 30 September 2022, unless the appointment is extended. The Bidder then states that it will support the Supervisory Board in its selection and appointment of executive board members following the consummation of the Offer.

The Bidder further expressly confirms once again that, except for the intentions mentioned above, it has no intentions with regard to the Executive Board of Deutsche EuroShop AG.

### **8.1.5 Members of the Supervisory Board of Deutsche EuroShop AG**

In section 9.4 of the Offer Document the Bidder states that it intends that the Supervisory Board of Deutsche EuroShop AG continues to be comprised of nine (9) members. According to the information provided, the Bidder intends to be represented on the Supervisory Board of Deutsche EuroShop AG in a manner reflecting the combined shareholding in Deutsche EuroShop AG of the Bidder, the AO Parties and Cura following the consummation of the Offer. The Bidder supports maintaining three (3) independent members of the Supervisory Board. According to the information provided, Oaktree and Cura have bilaterally agreed that each of them shall be entitled to nominate three (3) members to be elected by Deutsche EuroShop AG's general meeting. The Bidder then states that, in order to have a sufficient number of available seats in the Supervisory Board, it expects that certain members of the Supervisory Board will resign with effect as of the end of the Annual General Meeting 2022 (if the Annual General Meeting 2022 takes place after consummation of the Offer) or after the consummation of the Offer, as the case may be, and has reached out to obtain undertakings in that respect.

As further stated by the Bidder in the Offer Document, at the time of the publication of the Offer Document, the following composition of the Supervisory Board is anticipated for the future: If the Annual General Meeting 2022 will be held after the consummation of the Offer and a sufficient number of vacant seats is available, six (6) new members of the Supervisory Board will be elected at such meeting to fill the vacant seats. According to the information provided, the Bidder intends to support an election of the new Supervisory Board members in line with the general agreement under the Consortium Agreement as to the composition of the Supervisory Board. If the Annual General Meeting 2022 takes place prior to the consummation of the Offer, the Bidder intends to seek a court appointment after consummation of the Offer and the resignation of the required number of members of the Supervisory Board in accordance with the aforementioned agreement under the Consortium Agreement.

The Bidder then expressly confirms once again that, except for the aforementioned, it has no intention of taking any measures with regard to the members of the Supervisory Board of the Company.

### **8.1.6 Intended structural measures**

With regard to possible structural measures under company or capital market law in relation to Deutsche EuroShop AG, the Bidder makes the following statements in section 9.6 of the Offer Document:

- (a) The Bidder declares that it does not intend to enter into a domination and/or profit and loss transfer agreement according to sections 291 et seq. AktG with Deutsche EuroShop AG as the dominated company because, as the Bidder states, it does not require such an agreement to finance the Offer or realize the economic and strategic objectives related to the Offer as outlined in section 8.1 of the Offer Document.
- (b) The Bidder further declares that it intends to support Deutsche EuroShop AG's efforts to streamline DES Group's corporate and shareholder structure by the acquisition of Shopping Center KG Interests as described in more detail in section 9.1.1 of the Offer Document.
- (c) Further, the Bidder states that it intends to support a restructuring of Deutsche EuroShop AG's capital structure by implementing the Capital Structure Optimization as described in more detail in section 9.1.2 of the Offer Document.
- (d) The Bidder further declares that it does not intend to effect a transfer of the shares held by the remaining shareholders (squeeze out) following the consummation of the Offer.

Finally, the Bidder again expressly confirms that, apart from the above measures, it has no intention of carrying out any structural measures at Deutsche EuroShop AG.

### **8.1.7 No delisting**

As regards a possible delisting, the Bidder states in section 9.7 of the Offer Document that it does not intend to implement a delisting of the DES Shares from the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange pursuant to section 39 BörsG (German Stock Exchange Act) ("**BörsG**") following the consummation of the Offer.

### **8.1.8 Intentions with regard to the business activities of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV**

In section 9.8 of the Offer Document the Bidder first states that it does not conduct any operational business and that Bidder's corporate purpose is the holding and management of participations in other companies. The Bidder then states that, with the exception of the effects on the Bidder's and the Bidder Controlling Shareholders' assets,

liabilities, financial position and results set out in section 15 of the Offer Document, the Bidder, the Bidder Controlling Shareholders, ARENA, ASORA and DESAG VV have no intentions that could affect or change the seat of the companies or the location of material parts of the business, their future business activities, the use of the assets or future obligations of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV, the members of the management bodies of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV or, if any, the employees, their representative bodies and the employment conditions of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV.

Finally, the Bidder refers to the contractually agreed exit rights under the Consortium Agreement or the Shareholders' Agreement, respectively described in section 8.3.1(b)(iii) and section 8.3.2(b) of the Offer Document.

## **8.2 Assessment of Bidder's objectives and intentions (section 27 para. 1 sentence 2 no. 3 WpÜG) and the Offer's expected consequences (section 27 para. 1 sentence 2 no. 2 WpÜG)**

Taking into account the provisions of the Investment Agreement and the Bidder's intentions described in section 9 of the Offer Document, the Executive Board and the Supervisory Board of Deutsche EuroShop AG expect the following effects on the future business activity, assets and obligations of the Company, the employees, employee representatives and employment conditions, as well as Deutsche EuroShop AG's locations and assess these and the Bidder's intentions described in section 9 of the Offer Document as follows:

### **8.2.1 Future business activities, assets and future obligations of DES Group**

#### *8.2.1.1 Adjustment of Deutsche EuroShop AG's portfolio structure*

The Executive Board and the Supervisory Board have acknowledged the Bidder's intended portfolio management initiatives with the goal to streamline the portfolio, including by divesting and/or acquiring assets in order to develop a portfolio more focused on Germany. In particular, also in the Executive Board's opinion, DES Group's existing, historically grown structure with minority interests in individual shopping center investments held by outside shareholders has proven to be an obstacle in the past, especially for group financing purposes, as the respective properties cannot be used in all cases for security purposes. Moreover, should Deutsche EuroShop AG wish to dispose of investments in certain shopping centers as part of portfolio adjustments, existing minority interests could also make this more difficult.

For this reason, the Executive Board and the Supervisory Board welcome the Bidder's initiative and intention to support efforts to optimize Deutsche EuroShop AG's portfolio structure, especially since the Executive Board has also considered individual aspects thereof in the past. The Executive Board and the Supervisory Board are, in principle, open to the contribution of certain Shopping Center KG Interests proposed by the Bidder in this connection against payment of a purchase price in cash or the issuance of new DES shares by a contribution in kind under a Rights Issuance in which the value of the Shopping Center KG Interests to be contributed is offset against the subscription price and the subscription price does not exceed the Offer Consideration, provided – as is also proposed by the Bidder – such contribution is made on the basis of the fair market value of the minority interests to be contributed as determined by an independent expert. In the Executive Board's and Supervisory Board's point of view, this is already necessary because at least several Shopping Center KG Investors are also persons acting jointly with the Bidder pursuant to section 2 para. 5 WpÜG and/or members of the Otto family. Accordingly, the relevant transactions qualify as related party transactions within the meaning of sections 111a et seq. AktG or International Accounting Standard "IAS 24", respectively. For this reason, the Executive Board and the Supervisory Board attach great importance to ensuring that any such transaction is only carried out on the basis of values which have been assessed independently by an expert. In this connection, the Executive Board and the Supervisory Board also point out to the fact that, due to the large discount to the pro rata EPRA NTA at which the DES Shares were traded prior to the Bidder's decision to make the Offer published on 23 May 2022 and are currently also being traded in the context of the Offer (for the amount of the discharge to the Offer Price, see section 7.3.7 of this Statement), a contribution of the Shopping Center KG Interests at a fair market value which is close to the current pro rata EPRA NTA would result in a significant dilution of remaining DES Shareholders' shareholdings; however, as such capital increase would be structured as a Rights Issuance, the remaining DES Shareholders would be able to maintain their proportionate shareholding in Deutsche EuroShop AG by exercising the subscription rights attributable to their shareholdings and subscribing for the new shares at the subscription price.

The Executive Board and the Supervisory Board expressly point out that there is currently no obligation or agreement of the Company to, or with, the Bidder or other persons, including the Bidder Controlling Shareholders or the Shopping Center KG Investors to conclude such an acquisition and carry out the Rights Issuance proposed by the Bidder for the implementation of the measure. The same applies with respect to any other types of acquisition for the relevant Shopping Center KG Interests. At the time of the Annual General Meeting 2022, the Company also no longer has authorized capital, the exercise of which could be used to implement such a transaction. However, the Executive Board and Supervisory Board have submitted a proposal to the Annual General Meeting 2022 for the creation of new authorized capital, which – if approved by the general meeting – could be used for implementation. The Company's Executive Board will decide on its own responsibility on the implementation of any acquisition of Shopping Center KG Interests at the earliest after the consummation of the Offer and creation of authorized capital and will base its decision on the values applicable at such time. The same applies with regard to the Supervisory Board's approval obligations required for such measures. In this case, any existing conflicts of interest of individual members must then also be taken into account. Therefore, from today's perspective, it is by no means certain whether and, if so, when a corresponding transaction would be completed.

The Executive Board and the Supervisory Board have acknowledged the information in the Offer Document that, under the Consortium Agreement, Lux HoldCo will seek to acquire the Shopping Center KG Interests from the Selling Shopping Center KG Investors under certain conditions not further specified if Deutsche EuroShop AG has not acquired the Shopping Center KG Interests from the Selling Shopping Center KG Investors within 18 months after the settlement of the Offer as described above. The Executive Board and the Supervisory Board do not believe that such an acquisition by Lux HoldCo will have any direct effects – in particular, no negative effects – on Deutsche EuroShop AG and even see certain advantages in the bundling of the respective shares in the hands of only one investor with regard to any need for coordination that may arise in relation to the respective Shopping Center KGs.

Moreover, the Executive Board and the Supervisory Board are, in principle, also open to the Bidder's proposal to stronger focus Deutsche EuroShop AG's portfolio on Germany and bundle similar companies or shareholdings in interim holding companies as well as the Bidder's intention to examine and, if necessary, support such measures together with Deutsche EuroShop AG and welcome them, in particular if they are to facilitate potential bundled divestments. In this respect, the acquisition of Shopping Center KG Interests ultimately also serves a similar purpose. The Executive Board and the Supervisory Board draw attention to the fact that the intra-group bundling suggested by the Bidder, as also mentioned by the Bidder, may enhance the Company's future ability to pay dividends.

#### *8.2.1.2 Optimization of Deutsche EuroShop AG's capital structure*

The Executive Board and the Supervisory Board also have acknowledged the Bidder's intention to support value-adding initiatives and related capital expenditures. They are, in principle, open to such suggestions from the – in case the Offer is settled – new major shareholder of Deutsche EuroShop AG. The Executive Board and the Supervisory Board expressly endorse the fact that, as part of its proposals for the Capital Structure Optimization, the Bidder intends that, following settlement of the Offer, a capital structure will be maintained which enables the Company to issue investment grade rated debt financing instruments, e.g. in the form of unsecured bonds the proceeds of which can be used in connection with the Capital Structure Optimization. The Bidder's intention with regard to compliance with the requirements for an investment grade rating of debt financing instruments issued, if any, by the Company is also in line with a corresponding provision of the Investment Agreement, which the Executive Board and the Supervisory Board have attached great importance to in the context of the Company's relevant negotiations with the Bidder.

The Bidder's intentions set out in section 9.1.2 of the Offer Document and in section 8.1.1.2 of this Statement, which include, in particular, a Capital Increase from own funds followed by a Capital Decrease to the same extent and distribution of the reduced amount, cooperation with the Executive Board and the Supervisory Board with regard to an increase of the loan-to-value ratio for individual portfolio investments to 50% or more, an increase in leverage to 50-60%, Intragroup Portfolio Bundling, provided that it should be used exclusively to make distributable cash available, as well as a distribution to the DES Shareholders of the major part of Deutsche EuroShop AG's profits and any cash exceeding the Company's liquidity needs, are viewed critically by the Executive Board and the Supervisory Board:

The possibly significantly higher level of debt is contrary to the Executive Board's existing strategy according to which, in the past, the Company has acted particularly carefully as regards its liquidity reserves and accordingly also its level of debt. As already mentioned in section 7.3.4 of this Statement, the Company's LTV of 29.7% as of 31 March 2022 was significantly lower than the most recently published figures of the peer companies whose level of debt ranged from 26.7% to 47.0%, with an average of 40.9% and a median of 40.4%. The Executive Board's

goal is to reach a leverage of 35-40%. The maximum level of debt of up to 60% envisaged by the Bidder would, if applicable, be significantly above the range of peer companies considered relevant by the Company. Particularly in connection with the Corona Epidemic, which in the past two years has led to the temporary closure of stores in shopping centers or to reduced visitor numbers as a result of restrictions, and which has also led to rent losses or rent reductions that have affected and continue to affect the Company's earnings situation, the Company's prudent financial planning and low level of debt have significantly contributed to the fact that existing credit agreements have not been or could not be terminated or burdened and, in the case of expiring credit agreements, it has been possible to arrange follow-up financing on good terms. However, the Executive Board and the Supervisory Board also acknowledge that a less conservative approach with regard to DES Group's financing structure, as apparently also pursued by individual competitors, and Deutsche EuroShop AG's dividend policy may also be justifiable and, accordingly, an increased risk profile in this respect would be perfectly acceptable. A higher level of debt would, in particular, facilitate a better use of leverage effects. Also, the level of debt of up to 60% intended by the Bidder would not be contrary to the provisions of DES Group's existing credit agreements.

The Executive Board and the Supervisory Board acknowledge that the measures intended by the Bidder for Capital Structure Optimization with the objective of substantially increasing distributable cash and distributing such cash to Deutsche EuroShop AG's shareholders are in any event directly suited to serve the interests of the DES Shareholders existing at the relevant time. On the other hand, the Executive Board and the Supervisory Board also see certain risks with regard to other stakeholders of the Company, in particular existing lenders, who may insist on compliance with contractual provisions on financial covenants in the event of an increased risk profile of the Company, exercise their termination rights, if any, as a result of a change of control with regard to the measures intended by the Bidder or may not be willing to extend their credit agreements with the Company upon expiration of existing credit agreements. Moreover, the Company may not be able to draw down bonds to the extent desired or required (e.g. in the case of pending refinancing) on reasonable terms.

Taking into account the Bidder's above-mentioned intention with regard to compliance with the requirements for an investment grade rating of debt financing instruments to be issued by the Company and the corresponding provision under the Investment Agreement (see section 4 of this Statement, in this context) which is expressly endorsed by the Executive Board and the Supervisory Board, the Executive Board and the Supervisory Board therefore assess the above intentions of the Bidder as neutral.

In this context, the Executive Board and the Supervisory Board point out to the fact that the Bidder (or the Bidder and the persons acting jointly with the Bidder, respectively) may resolve at least several of the aforementioned measures without the involvement or against the will, respectively of the Executive Board and the Supervisory Board with the majority of votes expected to be attributable to it after consummation of the Offer. This applies, for example, to the proposed combination of a Capital Increase from own funds and an immediately subsequent Capital Decrease for the purpose of distributing the capital reserve and, in general, to the amount of distribution of retained earnings as dividends. The Executive Board and the Supervisory Board understand that, after consummation of the Offer, the Bidder will submit corresponding countermotions or motions to extend the agenda for the Annual General Meeting 2022 to be convened on 30 August 2022 with regard to individual of the intended measures or – in the event of the settlement of the Offer only after the date of the Annual General Meeting 2022 – submit the corresponding measures to the then existing DES Shareholders for a vote at the next opportunity, which may also mean the convening of an extraordinary general meeting at the request of the Bidder or persons acting jointly with the Bidder, provided they hold at least 5% of the Company's share capital required pursuant to section 122 para. 1 sentence 1 AktG.

Furthermore, the Executive Board and the Supervisory Board also expressly point to the fact that there is currently no obligation or agreement on part of the Company to or with the Bidder or other persons, including the Bidder Controlling Shareholders, to implement the measures suggested or intended by the Bidder. The Company's Executive Board will decide on the implementation of the respective measures, to the extent that the Executive Board's and, if applicable, the Supervisory Board's assistance is required for this purpose, on its own responsibility at the earliest after consummation of the Offer and depending on the overall circumstances prevailing at that time. The same applies with regard to the Supervisory Board's approval obligations required for such measures. In this case, any existing conflicts of interest of individual members must then also be taken into account. Therefore, from today's perspective, it is by no means certain whether and, if so, when corresponding measures, if they fall within the Executive Board's and Supervisory Board's sphere of responsibility would be implemented.

#### *8.2.1.3 Further intentions of the Bidder*

In any other respect, the Executive Board and the Supervisory Board view positively the Bidder's intention to work with the Executive Board to maximize efficiencies and increase future gains.



The Executive Board and the Supervisory Board also endorse the Bidder's confirmation that, apart from the aforementioned measures, the Bidder has no intention of taking any other measures with regard to the future business activities, use of assets or future obligations of Deutsche EuroShop AG. Accordingly, in the Executive Board's and Supervisory Board's opinion, no effects – in particular, no negative effects from the Company's point of view – on the management of the shopping centers in which DES Group has invested, which has been carried out by ECE on behalf of DES Group for many years, are to be expected as a result of, or subsequent to, the Offer.

#### **8.2.2 *Seat of Deutsche EuroShop AG, location of material parts of the business***

The Executive Board and the Supervisory Board endorse that the Bidder intends to maintain Deutsche EuroShop AG's corporate seat and headquarters in Hamburg, Germany.

The Executive Board and the Supervisory Board also view it positively that the Bidder, pursuant to its obligation under the Investment Agreement, also does not intend to cause any other Subsidiary or affiliate of the Company to relocate their respective corporate seat or headquarters. The same applies to the fact that the Bidder does not intend to cause the Company to close any locations or material parts of the business: this is also in line with the provisions in the Investment Agreement.

From the Executive Board's and the Supervisory Board's point of view, these are ultimately only clarifying statements by the Bidder, which were also expected in accordance with the contractual agreements. Overall, the Offer has no effect on the seat of Deutsche EuroShop AG, its Subsidiaries and affiliates, or on the continued existence of locations or material parts of the business. This is entirely in the interests of the Executive Board and the Supervisory Board and ensures that DES Group's business activities can be smoothly continued.

#### **8.2.3 *Employees, employee representation and employment conditions***

Deutsche EuroShop AG has only six employees (including the current sole member of the Executive Board and accordingly excluding Mr Wellner – see section 2.3 of this Statement), all of whom are employed by the Company; none of the Company's Subsidiaries or affiliates has employees. Notwithstanding the small number of persons affected, it was important to the Executive Board and the Supervisory Board to ensure that, in a potentially transformative situation such as an acquisition, the consequences of such a transaction are as far as possible not detrimental to the individual employees.

Therefore, the Executive Board and the Supervisory Board first view it positively that the Bidder does not intend to cause Deutsche EuroShop AG to alter the employment conditions or the conditions in the organization of the employee representations of the Company and any of its Subsidiaries. The Executive Board and the Supervisory Board also view it positively that, under the Investment Agreement, the Bidder has undertaken to the Company to refrain from taking the measures already mentioned in section 8.1.3 within two years after the settlement of the Takeover Offer.

The Company has entered into compensation agreements providing for a LTI component with its employees. The LTI component depends on the Company's market capitalization and thus, among other things, on the future price development of the DES Share which, after the settlement of the Takeover Offer, may no longer adequately reflect the Company's economic development, and also on the impact of capital measures, such as those intended by the Bidder (see in particular section 8.1.1.2 of this Statement), on the Company's value ratios. For this reason, the Executive Board and the Supervisory Board expressly welcome the Bidder's intention – in line with its obligation under the Investment Agreement – to support Deutsche EuroShop AG in entering into good faith discussions with employees with a view to adapting relevant agreements in order to achieve at least a comparable level of employee compensation and employee retention following the consummation of the Offer.

#### **8.2.4 *Members of the Executive Board of Deutsche EuroShop AG***

The Executive Board and the Supervisory Board acknowledge the Bidder's statements regarding the future composition of the Executive Board. The Supervisory Board welcomes the Bidder's intention that the Bidder will support the Supervisory Board in its selection and appointment of executive board members. Furthermore, the Executive Board and the Supervisory Board acknowledge that, in the event of a settlement of the Offer with the Bidder as a new major shareholder, a certain strategic realignment of the Company, in particular with regard to its future financing strategy, is likely, which will require a suitable composition of the Executive Board. In view thereof, the Executive Board and the Supervisory Board regard the Bidder's statement that, other than the intention mentioned above, it has no intentions with regard to Deutsche EuroShop AG's Executive Board as neutral.

### **8.2.5 Members of the Supervisory Board of Deutsche EuroShop AG**

The Executive Board and the Supervisory Board acknowledge that the Bidder Controlling Shareholders, as direct or indirect shareholders of the Bidder, have a strong interest in proposing candidates for election to the Supervisory Board in a manner commensurate with the scope of their existing or additional, respectively investment in shares of the Company and in electing such candidates with the majority of votes of the Bidder available after settlement of the Offer.

In this context, the Executive Board and the Supervisory Board initially regard it as positive that the overall size of the Supervisory Board is to remain unchanged as a result thereof and that it is not intended to expand it by additional members. In the Executive Board's opinion, an increase in the size of the Supervisory Board beyond the current statutory number of nine members would entail unnecessary costs for the Company and would probably lead to a reduction in the efficiency of the Supervisory Board's work. Also, the Executive Board and the Supervisory Board would consider an enlarged Supervisory Board beyond the number of members currently provided for in the articles of association to be inappropriate in view of the Company's size and DES Group's scope of business activities.

The Executive Board and the Supervisory Board agree that the Supervisory Board should have an appropriate number of independent members in line with the recommendations of both the currently valid German Corporate Governance Code (version dated 16 December 2019) and the German Corporate Governance Code published by the Commission "Regierungskommission Deutscher Corporate Governance Kodex" on 17 May 2022 (version dated 28 April 2022), which is currently still being reviewed by the Federal Ministry of Justice and has not yet been published in the German Federal Gazette. According to the respective Code recommendations, the ownership structure should also be taken into account and, in the case of a supervisory board with more than six members, at least two shareholder representatives should be independent of the controlling shareholder. In this respect, the Executive Board and the Supervisory Board welcome the Bidder's intention to maintain a structure with three independent members of the Supervisory Board.

Up to now, six of the nine members of the Supervisory Board provided for in the articles of association were independent of AO, the largest shareholder to date. The Executive Board and Supervisory Board particularly appreciated the wide-ranging professional expertise of these independent members and saw great benefit in the diversity they brought to the Supervisory Board's activities and thus to the Company as a whole. The Executive Board and the Supervisory Board are initially neutral in their assessment of the Bidder's size and intention as agreed between Oaktree and Cura, according to which each of the two parties may propose three members for election by the general meeting of the Company and, following consummation of the Offer and a corresponding election of Supervisory Board members by the General Meeting, a total of six members of the Supervisory Board will thus be dependent on the Bidder as the new major shareholder of the Company. However, the Executive Board and the Supervisory Board trust that also the supervisory board candidates to be elected upon nomination by the Bidder Controlling Shareholders with the votes of the Bidder will have at least a comparable level of professional expertise and in aggregate will cover at least a similarly large spectrum in order to achieve the greatest possible benefit from the supervisory board function in the interest of the Company, its shareholders, employees and other stakeholders.

The Executive Board and the Supervisory Board have acknowledged that the Bidder expects that certain members of the Supervisory Board will resign with effect as of the end of the Annual General Meeting 2022 (if the Annual General Meeting 2022 takes place after consummation of the Offer) or after the consummation of the Offer, as the case may be, and has reached out to obtain undertakings in that respect. The Executive Board and the Supervisory Board are, in principle, also prepared to work towards the fulfilment of this expectation within the scope of their possibilities, although this ultimately involves personal decisions by individual members of the Supervisory Board. As already described in section 2.3 of this Statement, the members of the Supervisory Board Dr Anja Disput and Roland Werner have declared to the Company that in the event of a settlement of the Offer they will resign from the Supervisory Board in order to enable the Bidder to be adequately represented on the Supervisory Board of the Company. The same applies to Dr Georg Allendorf, who was proposed as a candidate for election to the Supervisory Board in the invitation to the Annual General Meeting 2022.

The Executive Board and the Supervisory Board have also acknowledged the Bidder's further statements regarding the establishment of the composition of the Supervisory Board, depending on the point in time of the consummation of the Offer before or after the Annual General Meeting 2022. The Executive Board and the Supervisory Board appreciate the respective intentions, as these are implementation measures according to Oaktree's and Cura's agreement, which will ultimately ensure that the Supervisory Board is composed in accordance with the articles of association after consummation of the Takeover and supervisory board elections within the framework of the Annual General Meeting 2022 (or alternatively: the court appointment at the Bidder's request). This is also in the interest of the Company, its stakeholders and other stakeholders.

Finally, the Executive Board and the Supervisory Board also welcome the fact that the Bidder once again emphasizes at this point that, apart from the aforementioned measures, it does not intend to take any further measures regarding the composition of the Supervisory Board.

#### **8.2.6 Intended structural measures**

The Executive Board and the Supervisory Board note positively that the Bidder apparently does not plan to enter into a domination and/or profit and loss transfer agreement with Deutsche EuroShop AG even in the event that it has the necessary majority of votes in the Company's general meeting after the consummation of the Offer. The independent and autonomous decision-making process on measures relating to the management of the Company in line with the corporate governance system applicable to German stock corporations under the German Stock Corporation Act is thus preserved.

The Executive Board and the Supervisory Board also appreciate that, should after a successful consummation of the Offer the required threshold values be met, the Bidder has no intention to effect a transfer of any DES Shares then still held by outside shareholders to the Bidder (squeeze-out). A squeeze-out would be against the affected DES Shareholders' will and could also have tax implications for DES Group.

Finally, the Executive Board and the Supervisory Board are, in principle, open and tend to be positive to the Bidder's intentions to support Deutsche EuroShop AG's efforts to streamline DES Group's corporate and shareholder structure by acquiring Shopping Center KG Interests, as described in more detail in section 8.1.1.1 of this Statement, and restructure DES Group's capital structure by implementing the Capital Structure Optimization as described in more detail in section 8.1.1.2 (see already in detail in section 8.2.1 of this Statement).

#### **8.2.7 No delisting**

The Executive Board and the Supervisory Board appreciate that, according to the information provided, the Bidder does not intend to carry out a delisting of the DES Shares from the Regulated Market of the Frankfurt Stock Exchange after consummation of the offer. In the Executive Board's and Supervisory Board's opinion, a delisting, unless it is combined with a squeeze-out, which is not planned according to the information provided (see above in section 8.2.6) is only a partial discharge from the obligations associated with their status as a public company (*Publikumsgesellschaft*). In particular, in such a case, trading of DES shares in an unregulated stock exchange segment (open market) would still have to be expected and there would still be an obligation to hold a public general meeting. Given the possible issuance of bonds, which is also one of the financing options considered by the Company in the past and already practiced in one case (see above in section 8.1.1.2), certain regular reporting obligations are associated with this in any case. The Executive Board and Supervisory Board also consider it expedient to maintain access to the equity market in order to continue to use it to raise funds as required, for example as in the past to finance acquisitions of interests in shopping centers.

#### **8.2.8 Intentions with regard to the business activities of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV**

As regards the intentions with respect to the Bidder's, the Bidder Controlling Shareholders', ARENA's, AROSA's and DESAG VV's business activities, the Executive Board and the Supervisory Board acknowledge the statements on the effects on the Bidder's and the Bidder Controlling Shareholders' assets, liabilities, financial position and results set out in section 15 of the Offer Document and appreciate the fact that, beyond that, the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV have no intentions that could affect or change the seat of the companies or the location of material parts of the business, their future business activities, the use of the assets or the future obligations of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV, the members of the management bodies of the Bidder, the Bidder Controlling Shareholders, ARENA, AROSA and DESAG VV or, if any, the employees, their representative bodies and the employment conditions of the Bidder, the Bidder Controlling Shareholders, of ARENA, AROSA and DESAG VV.

However, the Executive Board and the Supervisory Board draw attention to the amount of funds to be raised by the Bidder to finance the Offer Costs, in particular through the Initial Debt Financing described in more detail in section 14.2.2 of the Offer Document. According to the information provided, this amounts to up to 63.2% of the total costs resulting from the financing of the Offer Price and is quantified by the Bidder in the Offer Document at EUR 702,624,306.24 under the assumptions stated therein. Accordingly, the Equity Financing set out in section 14.2.1 of the Offer Document covers only 36.8% of the total costs. With regard to the Offer, the Bidder therefore raises a substantial amount of debt financing and, in particular in view of the limited term of the Initial Debt Financing of 18 months (extendable three times by six months to a maximum of 36 months) and rising

interest rates on the loan over the term, the Executive Board and the Supervisory Board believe that the Bidder has a strong interest in repaying the Initial Debt Financing within the shortest possible period of time. In this context, in section 15.3.2 of the Offer Document, the Bidder refers to its expectation with regard to additional dividend payments by the Company (see already in section 8.1.1 of this Statement). However, as long as no domination and/or profit and loss transfer agreement is concluded between the Company and the Bidder (or any of the other aforementioned parties), which, according to the Bidder, is not intended (see already in section 8.2.6 of this Statement), direct legal effects on the Company due to this expectation cannot be identified. In view thereof, the Executive Board and the Supervisory Board regard this fact as neutral.

### **8.2.9 Implications of the Offer on the financing of the Company**

As at 31 March 2022, Deutsche EuroShop AG's total net debt amounted to around EUR 1,500 million, with liabilities mainly comprising liabilities to banks.

Certain financing agreements DES Group has entered into, such as financing agreements contain "*change of control*" clauses pursuant to which early repayment claims or termination rights arise in the event of a change of control over Deutsche EuroShop AG. Pursuant to the terms of the respective financing agreements, a change of control may occur with an acquisition of shares or voting rights in Deutsche EuroShop AG by the Bidder, in particular, in case of the consummation of the Offer. As at 31 March 2022, the total volume of financing agreements subject to early repayment or termination in the event of a change of control amounts to around EUR 150 million from a credit line that had not been drawn down as of the effective date and that the Executive Board does not currently plan to use. For this reason, the Company has also refrained from requiring provisions in the Investment Agreement regarding the provision of replacement financing by the Bidder or the Bidder Controlling Shareholders in the event that existing credit relationships are terminated as a result of a change of control, if any, resulting from the settlement of the Offer. Even if no specific change of control clauses have been agreed with regard to Deutsche EuroShop AG, the Executive Board cannot rule out that lenders will take a more restrictive position as regards the property companies held by Deutsche EuroShop AG in future.

### **8.2.10 Tax implications of the Offer on Deutsche EuroShop AG**

Pursuant to section 1 para. 2a and 2b GrEStG (German Real Estate Transfer Tax Act), the transfer of directly or indirectly at least 90% of the shares in a company's assets to new shareholders constitutes a legal transaction aimed at the transfer of a property if this change takes place within ten years. With regard to Deutsche EuroShop AG, such a legal transaction could trigger real estate transfer tax payments in the amount of approximately EUR 154 million.

To the extent possible on the Company's part and without inspection of documents on part of the Bidder or the Bidder Controlling Shareholders, the Company has had the risk of incurring real estate transfer tax as a result of the consummation of the Offer examined by its tax advisors. The tax advisors have determined that, even if the Offer is accepted in full by all outside shareholders, the 90% shareholding triggering real estate transfer tax will not be reached. As a result of the Non-Tender Agreements of Alexander Otto or companies attributable to him for a total of around 20.03% of the DES Shares and his status as of 30 June 2021 as an "existing shareholder" ("*Altgesellschafter*") within the meaning of section 23 para. 19 GrEStG, this amount of shareholding does not trigger a change in Deutsche EuroShop AG's shareholder structure to be taken into account.

According to the information provided, the tax advisors of the Bidder, which has the same interest as Deutsche EuroShop AG with regard to the avoidance of real estate transfer taxes due to its substantial shareholding and refinancing interest after consummation of the Offer, have come to the same conclusion after reviewing the facts.

## **9. INTERESTS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD**

The members of the Executive Board and of the Supervisory Board have not been granted, offered or promised any financial or other non-cash benefits by the Bidder, its Subsidiaries or persons acting jointly with the Bidder. Neither the employment contract of the currently sole member of the Executive Board, Olaf Borkers, which expires on 30 September 2022, subject to a possible extension, nor the still applicable employment contract of the former CEO, Wilhelm Wellner, whose appointment as member of the Executive Board was revoked by the Supervisory Board at his own request and for a limited period until 30 September 2022 (see section 2.3 of this Statement) contain provisions under which the respective member of the Executive Board is entitled to terminate his contract against payment of a severance payment in the event of a change of control, as will occur as a result of the settlement of the Offer.

As regards the shareholdings of the members of the Executive Board and the Supervisory Board or the holding of other securities granting a conversion or exchange right for DES Shares, respectively, please refer to section 10 of this Statement.

**10. INTENTION OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD TO ACCEPT THE OFFER (SECTION 27 PARA. 1 SENTENCE 2 NO. 4 WPÜG)**

The following table provides an overview of the number of DES Shares held, directly or indirectly, by the respective members of the Executive Board or the Supervisory Board, respectively as of the date of this Statement and how many DES Shares the respective board member has already tendered under the Offer or how many DES Shares the respective board member does not intend to tender under the Offer:

<b>Board member</b>	<b>DES Shares currently held-</b>	<b>DES Shares already tendered or intended to be tendered-</b>	<b>DES Shares not intended to be tendered-</b>
		(number)	
<b><i>Executive Board</i></b>			
Olaf Borkers .....	3,500	3,500	0
<b><i>Supervisory Board</i></b>			
Reiner Strecker (Chairman) .....	9,975	9,975	0
Henning Eggens .....	1,100	1,100	0
Klaus Striebich .....	30,000	11,000	19,000
Claudia Plath .....	7,260	7,000	260
Roland Werner .....	525	525	0
<b>Total .....</b>	<b>52,360</b>	<b>33,100</b>	<b>19,260</b>

According to their own statements, none of the other members of the Supervisory Board holds DES Shares and no member of the Executive Board or the Supervisory Board holds, directly or indirectly, other securities granting a conversion or exchange right to DES Shares.

## **11. POTENTIAL IMPLICATIONS OF THE OFFER ON THE SHAREHOLDERS OF DEUTSCHE EUROSHOP AG**

The following information is intended to assist DES Shareholders in assessing the consequences of accepting or not accepting the Takeover Offer or, as the case may be, any other disposal in the context of the Offer. The information provided contains certain aspects which, in the opinion of the Executive Board and the Supervisory Board, may be relevant for their decision on acceptance or non-acceptance of the Takeover Offer. The following aspects are not meant to be exhaustive. Apart from this, DES Shareholders must decide independently whether and to what extent they want to accept the Offer. DES Shareholders must form their own judgement about the consequences of their acceptance or non-acceptance of the Takeover Offer, by taking into account their personal circumstances.

The Executive Board and the Supervisory Board further point out that they do not and cannot make any assessment of the tax consequences for the individual DES Shareholders in the event of acceptance or non-acceptance of the Takeover Offer (in particular, any taxability of a capital gain).

The Executive Board and the Supervisory Board recommend seeking expert advice that takes into account personal circumstances before deciding on whether or not to accept the Takeover Offer. This applies in particular to the individual tax situation of each DES Shareholder.

After a successful consummation of the Takeover Offer, the Bidder may have the qualified majority required by law and the articles of association to enforce important measures in a general meeting of Deutsche EuroShop AG, such as amendments to the articles of association or company agreements.

### **11.1 Potential implications in case of acceptance of the Offer**

In light of the above explanations, DES Shareholders who wish to accept the Takeover Offer should consider the following aspects, among others:

- DES Shareholders who accept or have accepted the Offer will lose their membership and property rights to the transferred shares after their DES Shares have been transferred to the Bidder in the course of consummation of the Offer. In particular, they will no longer benefit from a possible future favourable price development of the DES Shares or a positive business development of the Company and its Subsidiaries. Among other things, it cannot be ruled out that the stock exchange price of the Company will develop positively again and approach the pro rata EPRA NTA per DES Share or even exceed it, as in some cases in the years before 2017, once current uncertainties affecting the real estate and capital markets as well as the business model of DES Group the, such as the war in Ukraine, the ongoing Corona Epidemic, the recent and expected further interest rate increases, the high inflation compared to the last 30 years as well as the at least temporarily high energy costs, cease to exist. However, they also no longer bear the risk of a possible future negative price or business development of the DES Share or DES Group.
- The Offer will not be consummated until all the offer conditions have been fulfilled or the Bidder has validly waived their fulfilment. Whether the Offer Conditions have been fulfilled may only become apparent after the expiry of the Acceptance Period.
- Pursuant to the WpÜG, the Bidder is generally entitled to amend the Offer Consideration until one business day prior to the end of the Acceptance Period. However, it may not reduce the Offer Consideration. In the event of an amendment of the Offer, those DES Shareholders who have accepted the Offer have a right of withdrawal.
- Upon transfer of the DES Share after consummation of the Offer, all ancillary rights existing at the time of consummation will also be transferred to the Bidder and individual claims, in particular the right to dividends, will be assigned to the Bidder. For details, please refer to section 13.4 in conjunction with 13.3 of the Offer Document.
- Withdrawal from the acceptance of the Offer is only possible under the narrow conditions set out in section 17 of the Offer Document and only until the expiry of the Acceptance Period. The tendered DES Shares will be admitted to trading on the Frankfurt Stock Exchange in the Regulated Market (Prime Standard) under ISIN DE000A3DMF80 in accordance with the information in section 13.9 of the Offer Document. Trading is expected to commence on the third Trading Day after publication of the Offer Document. Trading in the tendered DES Shares on the regulated market of the Frankfurt Stock Exchange (Prime Standard) is expected to cease at the end of the day on which the Bidder launches a publication

according to which all offer conditions have been fulfilled, unless previously effectively waived by the Bidder.

- The purchasers of tendered DES Shares traded under ISIN DE000A3DMF80 will assume all rights and obligations arising from the contracts concluded by accepting the Takeover Offer with respect to these shares. The Bidder points out in the Offer Document that trading volumes and liquidity of the tendered DES Shares depend on the specific acceptance rate and may therefore not exist at all or may be low and may be subject to heavy fluctuations. Therefore, it cannot be ruled out that, in the absence of demand, it will be impossible to sell the tendered DES Shares on the stock exchange.
- DES Shares not being tendered will continue to be traded under ISIN DE0007480204.
- As a result of the procedures for the merger control that need to be conducted with regard to the Offer (see section 11 of the Offer Document), settlement of the Offer may be delayed or may not take place at all, the reservations and uncertainties in connection with the trading volume and the liquidity of the tendered DES Shares.
- DES Shareholders who accept the Offer will not receive any of the consideration or compensation (*Abfindung*) (or corresponding compensation payments) described by the Bidder in sections 16 (d), 16 (f) and 16 of the Offer Document, which are payable by operation of law in the event of certain structural measures that may be implemented after the consummation of the Offer (see, however, also the statements under sections 9.6 and 9.7 of the Offer Document, according to which the structural measures mentioned therein are not currently intended by the Bidder). Any compensation payments will generally be assessed on the basis of the total value of a company and may be reviewed in court proceedings. Such compensation payments could correspond to the amount of the Offer Price, but could also be higher or even lower. In the opinion of the Executive Board and the Supervisory Board, it cannot be ruled out that at a later date compensation amounts could exceed the amount of the Offer Price. Even if they turn out to be higher, the DES Shareholders accepting the Offer will not be entitled to such compensation payments or any additional payments.
- If the Bidder, persons acting jointly with the Bidder, or subsidiaries of the latter, acquire shares of Deutsche EuroShop AG outside the stock exchange within one year of the publication of the results of the Offer (pursuant to section 23 para. 1 sentence 1 no. 2 WpÜG) and if the consideration provided or agreed for them exceeds the value of the consideration specified in the Offer (Offer Price), the Bidder shall be obliged to make to the holders of the shares who accepted the Offer a cash payment in euro in the amount of the difference (entitlement to a difference compensation payment pursuant to section 31 para. 5 sentence 1 WpÜG). This obligation to make a difference compensation payment shall not apply, however, if the shares are acquired on the stock exchange after publication of the results of the Offer. Such an entitlement to a difference compensation payment does not exist either, if the shares are acquired in connection with a legal obligation to grant a compensation to shareholders of Deutsche EuroShop AG (such as in the case of a control and/or profit transfer agreement or a squeeze-out), even if the compensation would be paid within one year after publication of the result of the Offer (section 31 para. 5 sentence 2 WpÜG).

## **11.2 Potential implications in case of non-acceptance of the Offer**

DES Shareholders who do not accept the Takeover Offer and do not otherwise dispose of their DES Shares will remain shareholders of Deutsche EuroShop AG, but should note the following:

- DES Shareholders bear the risk of a future negative price or business development of the DES Share or DES Group.
- DES Shares for which the Takeover Offer was not accepted will – subject to possible delisting – continue to be traded on the stock exchange; with regard to the current price of the DES Share, it should be noted that it reflects the fact that the Bidder published its decision to make the Takeover Offer on 23 May 2022 and also published the Offer Document in the meantime. The Offer Consideration amounts, in principle, to EUR 21.50 per DES Share; in the event that the settlement of the Takeover Offer occurs prior to the day on which the Company's general meeting resolving on the distribution of profits for the financial year ended 31 December 2021 is held, the cash consideration in the amount of EUR 21.50 will be increased by EUR 1.00 per share of the Company to EUR 22.50 per DES Share (see section 6.4.2. of this Statement). It is uncertain whether the price of the DES Share will remain at the current level after expiration of the Additional Acceptance Period, or whether it will fall or rise.



- The consummation of the Offer will lead to a reduction in the free float of DES Shares. In the opinion of the Executive Board and the Supervisory Board, it is to be expected that after settlement of the Offer, the supply and demand of DES Shares will be lower than today and the liquidity of the DES Share will thus decrease. It is possible, therefore, that purchase and sell orders with regard to DES Shares cannot be executed or executed in a timely manner. In addition, the possible restriction of the liquidity of the DES Shares could lead to significantly greater price fluctuations in the DES Shares in the future than has been the case to date.
- DES shares are currently included, *inter alia*, in the SDAX<sup>®</sup> calculated by Deutsche Börse. The SDAX<sup>®</sup> consists of 70 issuers whose shares are each traded on the regulated market of the Frankfurt Stock Exchange. Settlement of the Offer will lead to a reduction in the free float of DES Shares. A possible consequence could be that the shares of Deutsche EuroShop AG would no longer be able to satisfy the requirements set by Deutsche Börse's index composition rules for the DES Shares to remain in the SDAX<sup>®</sup>. An exclusion from the SDAX<sup>®</sup> may, *inter alia*, result in institutional investors that reflect the SDAX<sup>®</sup> in their portfolios may dispose of Deutsche EuroShop AG shares and refrain from future acquisitions of these shares. An increased supply of DES shares coupled with a lower demand for Shares of Deutsche EuroShop AG may adversely affect the stock exchange price of the Company's shares. The same applies to the other indices in which DES Shares are currently included.
- After settlement of the Offer, subject to a reduction of the minimum acceptance ratio which is possible in principle (see section 6.4.6 of this Statement), or a waiver of the relevant condition of the Offer, the Bidder will (or, as the case may be, the Bidder and the persons acting jointly with the Bidder will) have the voting majority in the general meeting of Deutsche EuroShop AG. The simple majority of votes enables, *inter alia*, the election and dismissal of Supervisory Board members on the shareholder side and the election of the auditor as well as resolutions on the discharge or refusal of discharge of the members of the Executive Board and the Supervisory Board, amendments to the articles of association (unless a higher majority is prescribed by law for the respective subject matter of the resolution), Capital Increases with subscription rights as well as on a request for the transfer of the DES shares of the outside shareholders to the principal shareholder against the granting of an appropriate cash compensation (squeeze-out). Depending on the acceptance rate, the Bidder will (or, as the case may be, the Bidder and the persons acting jointly with the Bidder will) possibly also have the voting majority required under German law and the articles of association to be able to enforce all important structural measures under company law at the general meeting of Deutsche EuroShop AG. These include, for example, resolutions on Capital Increases excluding shareholders' subscription rights, transformations, mergers and the dissolution of the Company. Only in the case of some of the aforementioned measures would there be an obligation under German law to submit to the minority shareholders on the basis of a company valuation of Deutsche EuroShop AG an offer to acquire their DES Shares in exchange for reasonable compensation or to grant other compensation. Since such a company valuation would have to be based on the circumstances existing at the time when the resolution of the general meeting of DES on the respective measure was adopted, such offer for compensation could be equivalent in value to the Offer Price, but it could also be higher or lower. The implementation of some of these measures could also eventually result in a delisting of the DES Shares.
- In section 16 (e) to (g) of the Offer Document, the Bidder refers to some other measures that may result in a delisting of the Company's shares from the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard), a complete revocation of the admission of the DES Shares to trading on the regulated market of the Frankfurt Stock Exchange (delisting) or a compulsory transfer of the DES Shares held by outside shareholders to the Bidder (squeeze-out). DES Shareholders should take this possibility into account when deciding not to accept the Offer, even though the Bidder indicated that it currently neither intends to implement a delisting (as already specified in section 8.2.7 of this Statement) nor a squeeze-out (as already specified in section 8.2.6 of this Statement).

## 12. FINAL ASSESSMENT AND RECOMMENDED ACTION

The Executive Board and the Supervisory Board have thoroughly reviewed the Offer Document of the Bidder relating to the Takeover Offer and the objectives and intentions of the Bidder expressed therein and have assessed them with regard to their effects on Deutsche EuroShop AG, its employees and the other stakeholders – in particular the shareholders – of the Company. Independently from each other, after intensive consultation and also taking into account the provisions under the Investment Agreement and the overall circumstances underlying it, they are of the opinion, as set out in more detail in this Statement, that the Takeover as a whole is in the interest of the Company. As also explained in more detail in the context of this Statement, they are also of the opinion each that the Offer Consideration is fair and reasonable within the meaning of section 31 para. 1 sentence 1 WpÜG as well as attractive.

The Executive Board and the Supervisory Board therefore welcome and support the Offer and recommend that the shareholders of the Company should accept the offer and deliver their DES Shares under the Offer.

However, each DES Shareholder must – by taking into account all relevant circumstances, its individual situation (including its personal tax situation) and its personal assessment of the future development of DES Group and the actual value as well as the stock exchange price of DES Shares – decide for itself whether and to what extent it accepts the Bidder's offer. The Executive Board and the Supervisory Board therefore recommend that all DES Shareholders should seek legal and tax advice before making their own individual decision on acceptance or non-acceptance of the Offer, if this is necessary or may be helpful based on the individual overall circumstances. Subject to applicable legal requirements, neither the Executive Board nor the Supervisory Board of Deutsche EuroShop AG assume any responsibility, should the acceptance or non-acceptance of the Offer lead to adverse economic effects for DES Shareholders later on.

The content of the above Statement was decided by the Executive Board and the Supervisory Board on 21 June 2022 independently from each other, notwithstanding the Executive Board's principle willingness, to support the Offer under certain conditions, as declared under the Investment Agreement. Both the Executive Board and the Supervisory Board have each unanimously adopted the contents of this Statement, whereby two members of the Supervisory Board abstained from voting due to potential conflicts of interest due to their full-time activity for Cura or any of Cura's Subsidiaries – and thus being a person acting jointly with the Bidder and did not participate in the relevant consultations.

Hamburg, 21 June 2022

The Executive Board

The Supervisory Board

**ANNEX 1: OPINION LETTER OF DEUTSCHE BANK AG**



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**For use by the Management Board (Mitglieder des Vorstands) and Supervisory Board  
(Mitglieder des Aufsichtsrats) of Deutsche EuroShop AG only**

20 June 2022

Members of the Management Board (Vorstand) and  
Supervisory Board (*Aufsichtsrat*)  
Deutsche EuroShop AG  
Heegbarg 36  
22391 Hamburg

Dear Sirs and Madams,

Deutsche Bank AG, Frankfurt ("**Deutsche Bank**"), has been engaged by Deutsche EuroShop AG (the "**Client**") to act as financial adviser to the management board and supervisory board of the Client in connection with the voluntary public tender offer (the "**Offer**") for all of the issued and outstanding ordinary bearer shares of the Client made by Hercules BidCo GmbH (the "**Purchaser**"), a holding company controlled by CURA Vermögensverwaltung and Oaktree Capital Management, upon the terms and subject to the conditions described in the offer document which has been published by the Purchaser on 09 June 2022 (the "**Offer Document**"). The Offer Document provides that, inter alia, the consideration proposed to be paid by the Purchaser to the Shareholders (as defined below) pursuant to the Offer (the "**Consideration**") is EUR 21.50 per ordinary share in the share capital of the Client (the "**Base Offer Price**") plus an increase of the Base Offer Price by EUR 1 (the "**Dividend 2021**") if the consummation of the Offer occurs prior to the day on which the general meeting (Hauptversammlung) of the Client resolving on the use of the net profit (Bilanzgewinn) for the fiscal year ending on 31 December 2021 takes place. The Client has requested that Deutsche Bank provides an opinion addressed to the members of the management board (*Mitglieder des Vorstands*) and supervisory board (*Mitglieder des Aufsichtsrats*) of the Client (the "**Boards**") as to whether the Consideration offered by the Purchaser to the Shareholders is fair, from a financial point of view, to the Shareholders, excluding the Purchaser and its affiliates. The opinion set out in this letter is further to the earlier opinion letter provided by Deutsche Bank to the management board and supervisory board on May 20, 2022, prior to the publication of the Purchaser's decision to launch the Offer.

For the purposes of this letter: "**Client Group**" shall mean the Client, the parent undertakings and subsidiary undertakings of the Client and any subsidiary undertakings of such parent undertakings from time to time; "**DB Group**" shall mean Deutsche Bank AG and its subsidiary undertakings from time to time; "**Shareholders**" shall mean the holders of shares in the share capital of the Client from time to time; "**subsidiary undertakings**" shall be construed in accordance with section 15 of the German Stock Corporation Act; and "**person**" shall include a reference to an individual, body corporate, association or



any form of partnership (including a limited partnership).

In connection with Deutsche Bank's role as financial adviser to the Client, and in arriving at the opinion contained in this letter, Deutsche Bank has:

- (i) reviewed certain publicly available financial and other information concerning the Client;
- (ii) reviewed the financial projections for Client Group for 2022 to 2026 as prepared by Client and prepared an extrapolation of such projections until 31 December 2030, which was endorsed by the Client;
- (iii) held discussions with members of the senior management of the Client regarding the businesses and prospects of the Client;
- (iv) reviewed the reported prices and trading activity for the ordinary shares in the share capital of the Client;
- (v) to the extent publicly available, compared certain financial and stock market information for the Client with similar financial and stock market information for certain selected companies which Deutsche Bank has considered comparable to the Client and whose securities are publicly traded;
- (vi) reviewed the financial aspects of certain selected offers and merger and acquisition transactions which Deutsche Bank has considered comparable to the Offer;
- (vii) reviewed the financial terms of the Offer;
- (viii) reviewed the executed investment agreement between the Client and the Purchaser dated 23 May 2022 as well as the Offer Document dated 9 June 2022; and
- (ix) performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

In conducting its analyses and arriving at the opinion contained in this letter, Deutsche Bank has utilized a variety of generally accepted valuation methods commonly used for these types of analyses. The analyses conducted by Deutsche Bank were prepared solely for the purpose of enabling Deutsche Bank to provide the opinion contained in this letter to the Boards as to the fairness, from a financial point of view, to the Shareholders, excluding the Purchaser and its affiliates, of the Consideration proposed to be paid by the Purchaser to the Shareholders and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities may actually be sold, which are inherently subject to uncertainty.

The opinion contained in this letter is not based on a valuation as such valuations are typically prepared by auditors with regard to German corporate law requirements, and Deutsche Bank has not prepared a valuation on the basis of IDW Standard S 1 Principles for the Performance of Business Valuations (*Grundsätze zur Durchführung von Unternehmensbewertungen*) published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW). Also, the opinion contained in this letter has not been prepared in accordance with the IDW Standard S 8 Principles for the preparation of Fairness Opinions (*Grundsätze für die Erstellung von Fairness Opinions*).

Deutsche Bank has not assumed responsibility for, and has not independently verified, any information, whether publicly available or furnished to it, concerning the Client, including, without limitation, any financial information, forecasts or projections considered in connection with the rendering of the opinion contained in this letter. Accordingly, for the purposes of rendering the opinion contained in this letter, Deutsche Bank has, with the Client's permission, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank has not conducted a physical inspection of any of the properties or assets, and has not prepared or obtained any independent valuation or appraisal of any



of the assets or liabilities (including, without limitation, any contingent, derivative, or off-balance sheet assets and liabilities), of the Client or any of its affiliates, nor has Deutsche Bank evaluated the solvency or fair value of the Client under any applicable law relating to bankruptcy, insolvency or similar matters.

With respect to the financial forecasts and projections made available to Deutsche Bank and used in its analyses, Deutsche Bank has assumed, with the Client's permission, that they have been reasonably prepared on bases reflecting the best currently available estimates and judgements of the management of the Client as to the matters covered thereby. In rendering the opinion contained in this letter, Deutsche Bank expresses no view as to the reasonableness of any such financial information, forecasts and projections or the assumptions on which they are based.

For the purposes of rendering the opinion contained in this letter, Deutsche Bank has assumed, with the Client's permission, that the acquisition of shares of Client by the Purchaser pursuant to the Offer will, in all respects material to its analysis, be consummated in accordance with the terms of the Offer, without any material waiver, modification or amendment of any term, condition or agreement. Deutsche Bank has also assumed, with the Client's permission, that all material governmental, regulatory or other approvals and consents required in connection with the making of the Offer will be obtained and that, in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no material restrictions will be imposed.

Deutsche Bank is not a legal, regulatory, tax or accounting expert and has relied on the assessments made by the Client and its professional advisers with respect to such issues. The opinion contained in this letter is: (i) limited to the fairness, from a financial point of view, of the Consideration to the Shareholders, excluding the Purchaser and its affiliates, (ii) subject to the assumptions, limitations, qualifications and other conditions contained in this letter; and (iii) necessarily based on financial, economic, market and other conditions, and the information made available to Deutsche Bank, as of the date of this letter.

The Client has not asked Deutsche Bank to, and the opinion contained in this letter does not, address the fairness of the Offer, or any consideration received in connection with the Offer, to the holders of any class of securities, creditors or other constituencies of the Client (other than the Shareholders, excluding the Purchaser and its affiliates), nor does it address the fairness of the contemplated benefits of the Offer (other than the Consideration). Deutsche Bank expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this letter or the opinion contained in this letter of which it or any other member of the DB Group becomes aware after the date of this letter. Deutsche Bank expresses no opinion as to the merits of the underlying decision of the Shareholders to accept the Offer. In addition, Deutsche Bank does not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to, or to be received pursuant to the Offer by, any of the officers, directors, or employees of any of the persons to whom the Offer is made, or any class of such persons. The opinion contained in this letter does not address the prices at which the ordinary shares in the share capital of the Client or any other securities will trade following the making or acceptance of the Offer.

It has not been requested that Deutsche Bank:(i) solicits or will solicit, and Deutsche Bank has not solicited, any third party indications of interest in the possible acquisition of any or all of the ordinary shares in the share capital of the Client; or (ii) considers or will consider, and the opinion contained in this letter does not address, the relative merits of the Offer as compared to any alternative business strategies, or potential measures by the Client or the Purchaser which may follow the Offer (e.g. a potential minority buyout and/or an extraordinary capital distribution by the Client).

In consideration for the performance by Deutsche Bank of its services as a financial adviser to the Client in connection with the Offer, Deutsche Bank will be paid a fee, a significant amount of which is contingent upon the completion of the Offer. The Client has also agreed to indemnify Deutsche Bank and, *inter alia*,



each other member of the DB Group against, and, at all times, hold Deutsche Bank and, *inter alia*, each other member of the DB Group harmless from and against, certain liabilities in connection with the engagement of Deutsche Bank as a financial adviser to the Client in connection with the Offer.

One or more members of the DB Group has, from time to time, provided investment banking, commercial banking (including, without limitation, extension of credit) and other financial services to the Client and/or the Purchaser or their respective affiliates for which it has received compensation. In addition, Deutsche Bank has been engaged by the Purchaser, with the Client's consent, as tender agent in connection with the technical execution and settlement of the Offer.

In the ordinary course of its business, one or more members of the DB Group may actively trade in the ordinary shares in the share capital or any other securities, and other instruments and obligations, of the Client and the Purchaser or their affiliates for its own account and/or for the account of its respective customers. Accordingly, one or more members of the DB Group may, at any time, hold a long or short position in any such ordinary shares, securities, instruments and obligations. For the purposes of rendering the opinion contained in this letter, Deutsche Bank has not considered any information that may have been provided to it in any such capacity, or in any capacity other than in its capacity as fairness opinion provider.

Based upon, and subject to, the foregoing, it is Deutsche Bank's opinion as investment bankers that, as of the date of this letter, the Consideration is fair, from a financial point of view, to the Shareholders, excluding the Purchaser and its affiliates.

This letter has been approved and authorized for issuance by a fairness opinion review committee, is addressed to, and is for the use and benefit of, the Boards, and is not a recommendation to the Shareholders to accept or reject the Offer. This letter, and the opinion contained in this letter, is intended solely for the use of the Boards in considering the Offer. This letter and its contents, including the opinion contained in this letter, shall not be used or relied upon by any other person or for any other purpose.

Without the prior written consent of Deutsche Bank, this letter shall not, in whole or in part, be disclosed, reproduced, disseminated, summarised, quoted or referred to at any time, in any manner or for any purpose to any other person or in any public report, public document, press release, public statement or other public communication (each, a "**Public Disclosure**"), *provided, however, that*, the Client shall be entitled to disclose this letter and its contents, including the opinion contained in this letter: (i) in any disclosure document expressly required by applicable law or regulation; or (ii) on a confidential and non-reliance basis to the professional advisers of the Client in relation to the Offer, *provided, further, that* this letter is disclosed in full, and that any description of, or reference to, Deutsche Bank or any other member of the DB Group in such Public Disclosure is in a form acceptable to Deutsche Bank and its professional advisers.

In the event that Deutsche Bank grants its prior written consent to any such disclosure, reproduction, dissemination, summary, quotation of, or reference to, this letter to any such other person (each, a "**Third Party Recipient**") or in any such Public Disclosure, or in the event that this letter or the opinion contained in this letter is otherwise disclosed to any Third Party Recipient, neither Deutsche Bank nor any other member of the DB Group assumes or will assume any liability or is or will be liable to any such Third Party Recipient, or to any person claiming through any such Third Party Recipient in relation to this letter or the opinion contained in this letter. For the avoidance of doubt, no contractual relationship shall exist or arise under any circumstances between any such Third Party Recipient and Deutsche Bank in relation to this letter or the opinion contained in this letter. Furthermore, Deutsche Bank has agreed with the Client that no such Third Party Recipient is included in the scope of protection of this letter or the opinion contained in this letter, even if this letter or the opinion contained in this letter has been disclosed to such Third Party Recipient with the prior written consent of Deutsche Bank.



Yours faithfully,

**DEUTSCHE BANK AG**

A handwritten signature in blue ink, appearing to read 'Klaus Elmendorff', written over a horizontal line.

Name: Klaus Elmendorff

Title: Managing Director

A handwritten signature in blue ink, appearing to read 'Carsten Laux', written over a horizontal line.

Name: Carsten Laux

Title: Managing Director

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**ANNEX 2: OPINION LETTER OF ROTHSCHILD & CO DEUTSCHLAND GMBH**



To the Management Board and Supervisory Board of  
Deutsche EuroShop AG  
Attention of Mr. Borkers  
Heegbarg 36  
22391 Hamburg

20 June 2022

Ladies and Gentlemen,

On 9 June 2022, Hercules BidCo GmbH (the “**Bidder**”) published an offer document (the “**Offer Document**”) to acquire all of the shares in Deutsche EuroShop AG (the “**Target**”). The Bidder’s offer is a voluntary public tender offer pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, “**WpÜG**”) (the “**Transaction**”). The Bidder offers EUR 21.50 per share of the Target in cash (the “**Base Offer Price**”). If the consummation of the Transaction (the “**Closing**”) occurs prior to the day on which the general meeting of the Target resolving on the use of the net profit for the fiscal year ending on 31 December 2021 takes place, the Base Offer Price shall increase by EUR 1 per share (the “**Dividend 2021**”) to an aggregate amount of EUR 22.50 per share, i.e. the offer implies a total consideration of EUR 22.50 on a cum dividend basis (the “**Consideration**”).

In connection with the Transaction, you have requested our opinion as to the fairness of the Consideration for the shareholders of the Target (other than the Bidder, persons acting jointly with the Bidder and their respective affiliates) from a financial point of view (the “**Opinion**”).

We, Rothschild & Co Deutschland GmbH (“**Rothschild & Co**”) are acting as financial advisor to the Target in connection with the Transaction and have agreed a customary advisory fee for our services with the Target, which has become due upon the delivery of this Opinion. The Target has agreed to indemnify us against certain liabilities and obligations which may arise in connection with our engagement. Neither we nor our affiliates are currently acting for the Bidder in relation to the Transaction. Rothschild & Co and/or affiliates of Rothschild & Co may, however, currently and/or in the past and/or in the future have business relations with the Target, the Bidder and/or their respective affiliates in the context of which fees have or will be paid. Affiliates of Rothschild & Co may in the course of their normal business activities from time to time hold securities of the Bidder, the Target and/or other shareholders of the Bidder or the Target for their own account or for the account of the customers or effect transactions involving securities of the Bidder, the Target and/or other shareholders of the Bidder or the Target.

This letter does not address the relative merits of the Transaction as compared to other business strategies or transactions that might be available with respect to the Target. As agreed with you, we have not been asked to, nor do we offer any opinion as to the material terms of the Transaction (other than as to the fairness of the Consideration for the shareholders of the Target (other than the Bidder, persons acting jointly with the Bidder and their respective affiliates) from a financial point of view). This

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Opinion is no recommendation regarding the reasoned statement to be issued by the Management Board and Supervisory Board of the Target pursuant to section 27 para. 1 WpÜG.

In connection with this Opinion, we have, inter alia, used as a basis:

- i. The Offer Document published by the Bidder dated 9 June 2022;
- ii. The draft reasoned statement by the Management Board and Supervisory Board of the Target dated 17 June 2022;
- iii. Certain publicly available economic, business and financial information about the Target, its competitors and the markets in which they operate;
- iv. Certain publicly available corporate filings and presentations of the Target and the Target's competitors;
- v. Certain reports published by equity research analysts, containing, amongst other information, financial forecasts and analyses concerning the Target and the Target's competitors and the markets in which they operate;
- vi. Certain capital markets related data available from customary data providers;
- vii. The business plan of the Target as of November 2021 (the "**Business Plan**").

In addition, we have:

- i. Obtained some verbal clarifications from you in relation to the strategic implications of the Transaction;
- ii. Compared the financial and operating performance of the Target and the development of the value of its shares with publicly available information concerning other companies we deemed relevant and reviewed the current and historical market price development of these companies' shares;
- iii. Held limited discussions with senior management of the Target regarding their assessment of the Target's past and current business performance, financial condition, future prospects and certain other circumstances;
- iv. Compared the proposed Consideration with the publicly available financial terms of certain other public takeovers we deemed relevant;
- v. Performed discounted cash flow valuations for the Target, based on financial forecasts derived from the sources of data described above;
- vi. Performed other studies and analyses as we deemed appropriate in this context.

This Opinion is based on a valuation of the Target as it is typically performed by financial advisors when providing fairness opinions in these types of transactions, including valuations based on multiples of comparable publicly listed companies, takeover premia observed in comparable transactions, and discounted cash flow analysis.

We have relied on the statements and views expressed by the Management Board of the Target on the Business Plan. We have assumed that the Business Plan has been prepared based on best currently available information, estimates and good faith judgements of the Management Board of the Target and describe them as accurately as possible. This Opinion does not constitute a statement as to the achievability or reasonableness of any such estimates, judgements, or assumptions.

Our assessment is carried out using valuation methods commonly used by financial advisors and differs in a number of important aspects from a valuation performed by qualified auditors and/or from asset

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based valuations in general. In particular, we have not performed valuations based upon the guidelines published by the German Institute of Chartered Accountants (IDW) (IDW S 1). This Opinion does not replace such valuations. We express no view on whether, in light of the nature of the Transaction, it may be required or appropriate for the Management Board or Supervisory Board of the Target to obtain such valuations. In addition, this Opinion has not been rendered in accordance with the IDW guidelines "Principles for the preparation of Fairness Opinions" (IDW S 8).

For the purpose of rendering this Opinion, at your direction, we have relied on the information and documentation provided by the Target and publicly available information, subject to all qualifications and assumptions contained therein, whether express or implied. We have assumed and relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information, reports and documents reviewed or used by us, and we do not assume any liability for these. This applies regardless of whether the information and documents were publicly available, have been provided to us by the Target or its advisors, or were otherwise made available to us. Accordingly, at your direction, we have not undertaken an independent review or verification of the information and documents concerning their consistency, correctness and completeness. We have not provided, obtained or reviewed any specialist advice, including but not limited to, commercial, legal, accounting, actuarial, environmental, information technology or tax advice, and, accordingly, our Opinion does not take into account the possible implications of any such specialist advice. In addition, at your direction, we have not made an independent evaluation or appraisal of the Target's or its subsidiaries' or their subsidiaries' assets and liabilities (including any off-balance-sheet liabilities) and did not receive any corresponding valuations or reviews. In particular, we have not conducted an independent valuation or appraisal of the Target's real estate assets. At your direction, we have generally relied on publicly available information regarding the Target, and we have assumed that all of the respective information, including historical, projected and estimated financial and other data, that were available to us, have been prepared reasonably on a basis reflecting the best currently publicly available information, estimates and good faith judgements of the respective source concerning the expected future results of operations and financial condition of the Target or any other entity to which such analyses or forecasts relate.

With your consent we have assumed that all governmental, regulatory or other approvals and consents required in connection with the consummation of the Transaction will be obtained without any reduction of the benefits of the Transaction. Furthermore, at your direction, we have not taken into account any potential tax consequences from the Transaction or any other direct or indirect costs associated with the Transaction.

This Opinion and all information and views given herein are based on economic, monetary, market, regulatory and other conditions as in effect on, and the information and documents available to us as of, the date hereof. In particular we have relied upon the statements made by the Management Board of the Target concerning their views on the Business Plan. It should be understood that these as well as other assumptions underlying this Opinion may change in the future. We express no opinion as to how the capital markets will assess the Transaction or the impact of the Transaction on the share price of the Target. This Opinion and all information and views given herein are subject to all qualifications and assumptions contained in such information and documents, whether express or implied. Events occurring after the date hereof may affect this Opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Opinion.

In addition, changes in the business of the Target or in the environment the Target operates in, including the laws and regulations applicable to the Target's business as well as capital markets could affect the financial forecasts for and the financial condition of the Target.

As agreed with you, this Opinion is provided solely for the information and assistance of the Management Board and/or Supervisory Board of the Target in connection with its evaluation of the Transaction. It is not meant to address or to operate for the benefit of any third party nor does it give rise to any rights of or obligations towards third parties. This Opinion is no recommendation to the

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shareholders of the Target as to whether or not to tender shares in the Target in connection with the Transaction.

The existence and the content of this Opinion are confidential and are subject to the engagement letter entered into between the Target and Rothschild & Co dated as of 29 September/01 October 2015 and the supplement agreement between the same parties dated as of 21 April 2022. It may not be used for any purpose other than described herein. This Opinion shall not be passed on, reproduced, published or otherwise used or referred to, nor shall any public reference to Rothschild & Co be made, without our prior written consent. The same shall apply for any references to the existence and the content of this Opinion. However, this letter may be published as an annex to the Management Board's and Supervisory Board's reasoned statement pursuant to section 27 para. 1 WpÜG, in which case this letter must be disclosed in its entirety (as opposed to the publication of excerpts only). We accept no responsibility to any person other than the Management Board and the Supervisory Board of the Target in connection with the Transaction and in relation to the contents of this Opinion, even if it has been disclosed with our consent.

This Opinion has been drafted in English language. Should a version become available in a different language, the English text shall prevail in the event of inconsistency between the two versions.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof, the Consideration is fair to the shareholders of the Target (other than the Bidder, persons acting jointly with the Bidder and their respective affiliates) from a financial point of view.

Very truly yours,

Rothschild & Co Deutschland GmbH



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Dirk Pahlke



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Axel Stafflage