

9M QUARTERLY STATEMENT

of 30 September 2016



CONSOLIDATED KEY FIGURES

in € million	01.01.–30.09.2016	01.01.–30.09.2015	+ / -
Revenue	152.3	151.0	1%
Net operating income (NOI)	136.0	135.9	0%
EBIT	131.5	131.0	0%
Net finance costs	-36.6	-37.2	2%
Measurement gains / losses	-4.8	-2.8	-71%
EBT	90.1	91.0	-1%
Consolidated profit	72.2	73.6	-2%
FFO per share (€)	1.74	1.68	4%
Earnings per share (basic)	1.34	1.37	-2%

in € million	30.09.2016	31.12.2015	+ / -
Equity*	2,054.6	2,061.0	0%
Liabilities	1,792.4	1,790.6	0%
Total assets	3,847.0	3,851.6	0%
Equity ratio (%)*	53.4	53.5	
LTV ratio (%)	35.3	35.5	
Cash and cash equivalents	65.7	70.7	-7%

* incl. third-party interests in equity

LETTER FROM THE EXECUTIVE BOARD



**Dear Shareholders,
Dear Readers,**

For Deutsche EuroShop the stable trend of the first half of the year continued in the third quarter. Revenue increased year-on-year by 0.8% to €152.3 million. Net operating income (NOI) improved a modest 0.1% to €136.0 million, while earnings before interest and taxes (EBIT) climbed 0.3% to €131.5 million.

In the first nine months of the year we generated a consolidated profit of €72.2 million or €1.34 per share. Due to higher ongoing investments in our properties, the consolidated profit was down by 1.9% compared to the previous year. By contrast, EPRA earnings per share adjusted for valuation effects rose 2.1% from €1.41 to €1.44. Funds from operations (FFO) improved by 3.6%, from €1.68 to €1.74 per share.

The economic background in our portfolio countries is currently good. In addition, the sustained low level of interest rates on the capital market are having a positive impact on our results. The long-term impact of the outcome of the US presidential election and the unresolved Brexit issue is difficult to predict. On the rental market, we see an ongoing restructuring and modernisation process taking place, in addition to the growth in e-commerce, in bricks-and-mortar retailing and market adjustments, especially in the fashion segment. We continually evaluate this development for our portfolio and are moving along with this market phase in an operational sense by boosting the attractiveness of our centers. For example, we are currently rolling out shopping center apps that will link shopping both online and offline. In addition, we have been installing as needed items such as modern digital playgrounds for children and 3D navigation aids in our centers to improve the quality of the time that our clients spend there.

In early October we acquired a 50% stake in the Saarpark-Center Neunkirchen. We are pleased to add this twentieth shopping center to our portfolio. The Saarpark-Center

is an established and successful shopping center with a very good location, stability and an excellent market position. It fits in well with our portfolio. As opportunities present themselves, we will acquire additional shopping centers that have a track record of success. We will continue with our ongoing acquisition activities for an attractive center in central Europe.

On the basis of the current business trend and the outlook going forward, we can confirm our guidance for 2016 and have raised it slightly for 2017 with the acquisition of the Saarpark-Center. We plan to increase the dividend for the current business year by five cents to €1.40 per share. We thank you for the confidence you have placed in us.

Hamburg, November 2016

Wilhelm Wellner

Olaf Borkers

RESULTS OF OPERATIONS

Revenue up €1.3 million

Revenue for the reporting period came in at €152.3 million. This is 0.8% higher on a comparable basis than in the same period of the previous year (€151.0 million) and is in line with the expectations of management.

Operating and administrative costs for property: 10.6% of revenue

Center operating costs were up at €16.2 million in the reporting period, compared with €15.1 million in the same period of the previous year, chiefly as a result of an increase of €1.2 million in maintenance expenses. Coming to 10.6% of revenue, costs were in line with the budget.

Other operating expenses down slightly

Other operating expenses amounted to €5.2 million, €0.3 million below the previous year's level (€5.5 million). This was due primarily to two contrasting developments. While personnel costs were down by €1.0 million due to the expiration of the long-term incentive plan in 2015, there was an increase of €0.6 million in consulting costs in the review period due to the audit of acquisition projects.

EBIT modestly above the previous-year level

Earnings before interest and tax (EBIT) increased €0.5 million from €131.0 million to €131.5 million.

Improvement in financial result

The financial result improved by €0.6 million from €-37.2 million to €-36.6 million. Loan repayments and cheaper refinancing led to a decrease of €2.1 million in interest expenses. The profit share of third-party shareholders rose slightly (€0.5 million), while earnings from at-equity consolidated companies decreased €1.0 million. These earnings were affected by higher investment costs (€2.1 million) in connection with the construction of the new Food Court in the Phoenix Center, as well as by one-off earnings from the refinancing of the Árkád Pécs in Hungary (€0.5 million).

Valuation gains / losses influenced by investments

A valuation loss of €-4.8 million (previous year: €-2.8 million) was recorded, which includes investment costs incurred by our portfolio properties.

EBT excluding valuation gains / losses up 3.4%

Earnings before taxes (EBT) dropped €0.9 million, from €91.0 million to €90.1 million. After adjustment for valuation gains / losses, including the valuation impact contained in the at-equity profit / loss, this amount rose from €93.9 million to €97.1 million (+3.4%).

EPRA Earnings

	30.09.2016		30.09.2015	
	in € thousand	per share (€)	in € thousand	per share (€)
Consolidated profit	72,172	1.34	73,579	1.37
Measurement gains / losses in accordance with IAS 40	4,803	0.09	2,812	0.05
Measurement gains / losses for equity-accounted companies	2,212	0.04	74	0.00
Deferred taxes	-1,524	-0.03	-502	-0.01
EPRA earnings	77,663	1.44	75,963	1.41
Weighted number of shares		53,945,536		53,945,536
Diluted EPRA earnings		1.36		1.33
Weighted number of shares		57,211,375		57,105,094

Funds from operations (FFO) up 3.7%

FFO rose from €90.6 million to €93.9 million (+3.7%) and from €1.68 to €1.74 per share.

Funds from Operations

	30.09.2016		30.09.2015	
	in € thousand	per share (€)	in € thousand	per share (€)
Consolidated profit	72,172	1.34	73,579	1.37
Bond conversion expense	725	0.01	725	0.01
Measurement gains / losses	4,803	0.09	2,812	0.05
Measurement gains / losses for equity-accounted companies	2,212	0.04	74	0.00
Deferred taxes	13,983	0.26	13,389	0.25
FFO per share	93,895	1.74	90,579	1.68



Saarpark-Center,
Neunkirchen,
Germany

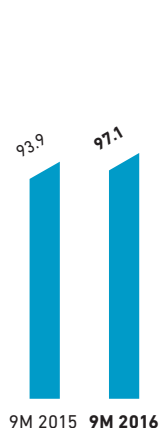
Revenue
in € million



EBIT
in € million



EBT excl. valuation
in € million



FFO per share
in €



REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

At the beginning of October we acquired a 50% stake in the Saarpark-Center in Neunkirchen, Saarland. The total investment including the net financial liabilities that were assumed was €113 million, while the expected NOI return is 5.0%. No further significant events occurred between the balance sheet date of 30 September 2016 and the date of preparation of the financial statements.

FINANCIAL POSITION AND NET ASSETS

Net assets and liquidity

The Deutsche EuroShop Group's total assets decreased by €4.6 million to €3,847.0 million compared with the last reporting date. While the value of the investment properties increased by a total of €7.8 million, particularly as a result of the acquisition of the Karstadt property in Dessau on 1 April 2016, there was a €3.7 million decrease in at-equity investments due to cash payments received. Furthermore, trade receivables and other current assets decreased by €3.6 million. Cash and cash equivalents amounted to €65.7 million as at the reporting date and were thus slightly below the value reported on 31 December 2015 (€70.7 million).

Equity ratio stable at 53.4%

The equity ratio (including the shares of third-party shareholders) was 53.4%, mostly unchanged compared to the last reporting date (53.5%).

Liabilities

As at 30 September 2016, financial liabilities stood at €1,397.7 million, which was €9.9 million lower than at the end of 2015. Non-current deferred tax liabilities increased by €12.4 million to €322.0 million due to additional provisions, while redemption entitlements for third-party shareholders fell by around €0.4 million to €292.7 million. Other current and non-current liabilities and provisions were reduced by €0.7 million.

OUTLOOK

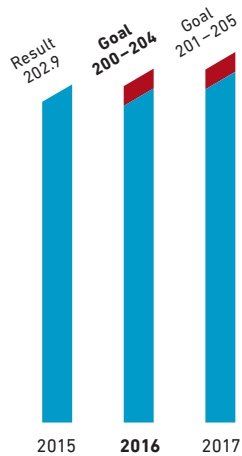
EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

Now that the first nine months of the year have unfolded as planned, we stand by our forecasts for financial year 2016, as published in March, and expect:

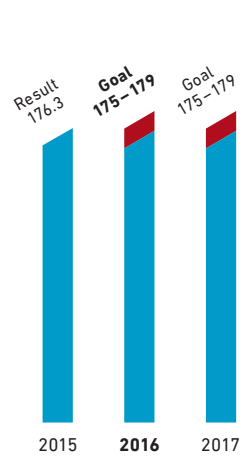
- revenue of between €200 million and €204 million
- earnings before interest and taxes (EBIT) of between €175 million and €179 million
- earnings before taxes (EBT) excluding valuation gains / losses of between €127 million and €130 million
- funds from operations (FFO) per share of between €2.26 and €2.30

Revenue

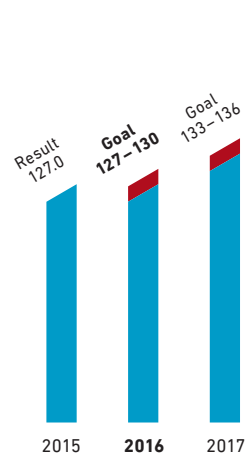
in € million

**EBIT**

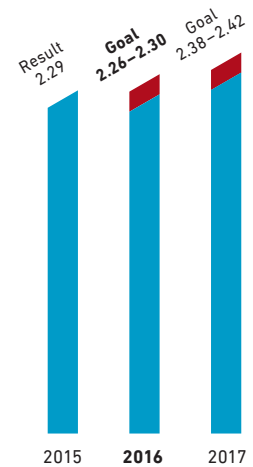
in € million

**EBT excl. valuation**

in € million

**FFO per share**

in €



For the 2017 business year we are raising the forecast in part due to the new at-equity stake of 50% in the Saarpark-Center Neunkirchen. We now expect:

- revenue of between €201 million and €205 million
- earnings before interest and taxes (EBIT) of between €175 million and €179 million (unchanged)
- earnings before taxes (EBT) without valuation gains / losses of between €133 million and €136 million (previously: €131 to €134 million)
- funds from operations (FFO) per share between €2.38 and €2.42 (previously between €2.34 and €2.38).

Dividend policy

We intend to maintain our long-term, reliable dividend policy and anticipate that we will be able to pay a dividend of €1.40 per share to our shareholders for 2016.

RISK REPORT

There have been no significant changes since the beginning of the financial year with regard to the risks associated with future business development. We currently do not believe the Company faces any risks capable of jeopardising its continued existence. The information provided in the risk report of the consolidated financial statements as at 31 December 2015 is therefore still applicable (2015 Annual Report, pg. 129 ff.).



CONSOLIDATED BALANCE SHEET

Assets in € thousand	30.09.2016	31.12.2015	Liabilities in € thousand	30.09.2016	31.12.2015
ASSETS			EQUITY AND LIABILITIES		
Non-current assets			Equity and reserves		
Intangible assets	31	8	Issued capital	53,945	53,945
Property, plant and equipment	284	365	Capital reserves	961,970	961,970
Investment properties	3,364,473	3,356,655	Retained earnings	745,992	751,944
Investments accounted for using the equity method	407,293	411,031	Total equity	1,761,907	1,767,859
Other financial assets	59	59			
Non-current assets	3,772,140	3,768,118	Non-current liabilities		
			Financial liabilities	1,347,858	1,359,896
Current assets			Deferred tax liabilities	321,954	309,528
Trade receivables	2,105	5,605	Right to redeem of limited partners	292,685	293,113
Other current assets	7,087	7,192	Other liabilities	57,026	52,314
Cash and cash equivalents	65,707	70,699	Non-current liabilities	2,019,523	2,014,851
Current assets	74,899	83,496			
			Current liabilities		
			Financial liabilities	49,799	47,711
			Trade payables	2,549	621
			Tax liabilities	638	489
			Other provisions	5,722	7,056
			Other liabilities	6,901	13,027
			Current liabilities	65,609	68,904
TOTAL ASSETS	3,847,039	3,851,614	TOTAL EQUITY AND LIABILITIES	3,847,039	3,851,614

CONSOLIDATED INCOME STATEMENT

in € thousand	01.07.– 30.09.2016	01.07.– 30.09.2015	01.01.– 30.09.2016	01.01.– 30.09.2015
Revenue	50,424	50,392	152,254	151,036
Property operating costs	-3,562	-3,592	-8,559	-7,471
Property management costs	-2,528	-2,662	-7,651	-7,672
Net operating income (NOI)	44,334	44,138	136,044	135,893
Other operating income	117	242	619	661
Other operating expenses	-1,806	-1,522	-5,193	-5,528
Earnings before interest and taxes (EBIT)	42,645	42,858	131,470	131,026
Share in the profit / loss of associated companies and joint ventures using the equity method	5,572	5,226	15,041	16,026
Profit / loss attributable to limited partners	-4,506	-4,338	-13,406	-12,884
Interest expense	-12,900	-13,794	-40,038	-42,142
Other financial income and expenditure	744	364	1,746	1,684
Interest income	4	5	50	124
Income from investments	1	1	1	1
Net finance costs	-11,085	-12,536	-36,606	-37,191
Measurement gains / losses	-1,554	-816	-4,803	-2,812
Earnings before tax (EBT)	30,006	29,506	90,061	91,023
Income taxes	-6,507	-5,590	-17,889	-17,444
CONSOLIDATED PROFIT	23,499	23,916	72,172	73,579
Earnings per share (€), basic	0.44	0.44	1.34	1.37
Earnings per share (€), diluted	0.42	0.43	1.29	1.32

STATEMENT OF COMPREHENSIVE INCOME

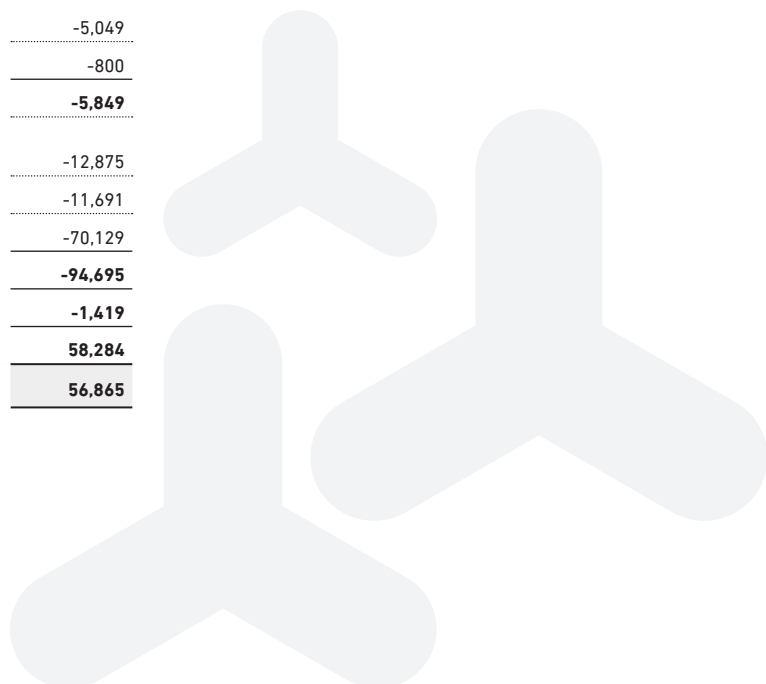
in € thousand	01.07.– 30.09.2016	01.07.– 30.09.2015	01.01.– 30.09.2016	01.01.– 30.09.2015
Consolidated profit	23,499	23,916	72,172	73,579
Items which under certain conditions in the future will be reclassified to the income statement:				
Actual share of the profits and losses from instruments used to hedge cash flows	-338	-1,953	-6,855	4,574
Deferred taxes on changes in value offset directly against equity	83	438	1,557	-999
Total earnings recognised directly in equity	-255	-1,515	-5,298	3,575
TOTAL PROFIT	23,244	22,401	66,874	77,154
Share of Group shareholders	23,244	22,401	66,874	77,154

STATEMENT OF CHANGES IN EQUITY

in € thousand	Number of shares outstanding	Share capital	Capital reserves	Other retained earnings	Statutory reserve	Available for sale reserve	Cash flow hedge reserve	Total
01.01.2015	53,945,536	53,945	961,970	544,025	2,000	-7	-37,591	1,524,342
Total profit		0	0	73,579	0	0	3,575	77,154
Dividend payments				-70,129				-70,129
30.09.2015	53,945,536	53,945	961,970	547,475	2,000	-7	-34,016	1,531,367
01.01.2016	53,945,536	53,945	961,970	783,178	2,000	-15	-33,219	1,767,859
Total profit		0	0	72,172	0	0	-5,298	66,874
Dividend payments				-72,826				-72,826
30.09.2016	53,945,536	53,945	961,970	782,524	2,000	-15	-38,517	1,761,907

CONSOLIDATED CASH FLOW STATEMENT

in € thousand	01.01.– 30.09.2016	01.01.– 30.09.2015
Profit after tax	72,172	73,579
Profit / loss attributable to limited partners	13,071	12,693
Depreciation of intangible assets and property, plant and equipment	56	67
Unrealised changes in fair value of investment property	5,138	2,812
Net profit and loss from derivatives	-1,746	-1,684
Other non-cash income and expenses	1,281	1,719
Profit / losses of joint ventures and associates	1,312	-2,416
Deferred taxes	13,983	13,389
Operating cash flow	105,267	100,159
Changes in receivables	3,404	3,883
Changes in current provisions	-185	-3,671
Changes in liabilities	-4,594	-1,246
Cash flow from operating activities	103,892	99,125
Outflows for the acquisition of property, plant and equipment / investment properties	-13,954	-5,049
Inflows / outflows to / from financial assets	2,627	-800
Cash flow from investing activities	-11,327	-5,849
Inflows / Outflows from the taking out / repayment of financial liabilities	-11,231	-12,875
Payments to limited partners	-13,500	-11,691
Payments to Group shareholders	-72,826	-70,129
Cash flow from financing activities	-97,557	-94,695
Net change in cash and cash equivalents	-4,992	-1,419
Cash and cash equivalents at beginning of period	70,699	58,284
CASH AND CASH EQUIVALENTS AT END OF PERIOD	65,707	56,865



SEGMENT REPORTING

As a holding company, Deutsche EuroShop AG holds equity interests in shopping centers in the European Union. The holding companies are pure real-estate shelf companies without staff of their own. The operational management is contracted out to external service providers under agency agreements, with the result that the companies' activities are exclusively restricted to asset management.

Due to the Company's uniform business activities within a relatively homogeneous region (the European Union), and in accordance with IFRS 8.12, separate segment reporting is presented in the form of a breakdown by domestic and international results.

The Executive Board of Deutsche EuroShop AG, as the main decision-maker of the group, assesses primarily the performance of the segments based on revenue, EBIT (earnings before interest and taxes) and EBT (earnings before taxes) before measurement of the individual property companies. The valuation principles for the segment reporting correspond to those of the Group.

Intra-Group activities between the segments are summarised in the reconciliation.

In view of the geographical segmentation, no further information pursuant to IFRS 8.33 is given.



Breakdown by geographical segment

in € thousand	Domestic	International	Reconciliation	Total
Revenue	141,190	11,064	0	152,254
(previous year's figures)	(139,977)	(11,059)	(0)	(151,036)

in € thousand	Domestic	International	Reconciliation	Total
EBIT	125,147	9,847	-3,524	131,470
(previous year's figures)	(124,568)	(10,217)	(-3,759)	(131,026)

in € thousand	Domestic	International	Reconciliation	Total
Net interest income	-35,524	-1,701	-2,763	-39,988
(previous year's figures)	(-36,444)	(-2,818)	(-2,756)	(-42,018)

in € thousand	Domestic	International	Reconciliation	Total
Earnings before tax (EBT)	75,887	5,958	8,216	90,061
(previous year's figures)	(78,552)	(5,427)	(7,044)	(91,023)

The reconciliation statement primarily discloses profits and losses for the period for equity-accounted companies in the amount of €15,041 thousand, of which €10,539 thousand is domestic and €4,502 thousand international.

in € thousand	Domestic	International	Total
Segment assets	3,591,609	255,430	3,847,039
(previous year's figures)	(3,595,992)	(255,622)	(3,851,614)
of which investment properties	3,119,765	244,708	3,364,473
(previous year's figures)	(3,112,000)	(244,655)	(3,356,655)

Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remainder of the financial year.

Hamburg, 14. November 2016

Wilhelm Wellner

Olaf Borkers

Saarpark-Center,
Neunkirchen,
Germany



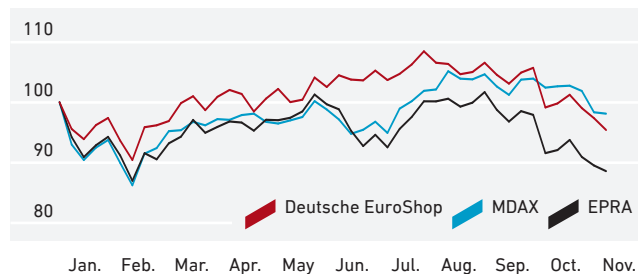
Saarpark-Center,
Neunkirchen,
Germany

THE SHOPPING CENTER SHARE

Following a year-end share price for 2015 of €40.46, the Deutsche EuroShop share price started the new year on a negative trend. The low for the first nine months of €35.86 was reached on 11 February 2016. A friendlier market environment then helped the share move back above the 40-euro mark, after which it hovered between €39.46 and €42.52. This price was also its high for the period, which it reached on 9 June 2016. The share ended the third quarter of the year at €41.35. Taking into account the dividend of €1.35 per share paid on 16 June 2016, this corresponds to a performance of +5.7%. The MDAX gained 3.9% in the first nine months of the year. Deutsche EuroShop's market capitalisation stood at €2.2 billion on 30 September 2016.

Deutsche EuroShop vs. MDAX and EPRA

Comparison, January to November 2016, indexed, base of 100, in%



Key share data

Sector / industry group	Financial Services / Real Estate
Share capital as at 30.09.2016	€53,945,536.00
Number of shares as at 30.09.2016 (no-par-value registered shares)	53,945,536
Dividend for 2015 (16.06.2016)	€1.35
Share price on 30.12.2015	€40.46
Share price on 30.09.2016	€41.35
Low / high for the period under review	€35.86 / €42.52
Market capitalisation on 30.09.2016	€2.23 billion
Prime Standard	Frankfurt and Xetra
OTC markets	Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30, MSCI Small Cap, EURO STOXX, STOXX Europe 600, HASPAX, F.A.Z.-Index
ISIN	DE 000748 020 4
Ticker	DEQ, Reuters: DEQn.DE

FINANCIAL CALENDAR 2016 / 2017

ALL THE KEY DATES AT A GLANCE

2016

14.11.	Quarterly Statement 9M 2016
16.11.	Roadshow Amsterdam, ABN AMRO
16.11.	Roadshow Geneva, Kepler Cheuvreux
17.11.	Roadshow Zurich, Kepler Cheuvreux
23.11.	German Equity Forum, Frankfurt
29.11.	Supervisory Board meeting, Hamburg
06.12.	Berenberg European Conference, Pennyhill
12. – 13.12.	HSBC's Global Real Estate Conference, Cape Town

Our financial calendar is updated continuously.
Please check our website for the latest events:
www.deutsche-euroshop.com/ir

2017

05. – 06.01.	Oddo Forum, Lyon
11.01.	J.P. Morgan Cazenove European Real Estate CEO Conference, London
17.01.	Kepler Cheuvreux German Corporate Conference, Frankfurt
19.04.	Audit Committee meeting, Hamburg
26.04.	Supervisory Board meeting, Hamburg
28.04.	Publication of 2016 Annual Report
11.05.	Quarterly statement 3M 2017
28.06.	Supervisory Board meeting, Hamburg
28.06.	Annual General Meeting, Hamburg
15.08.	Half-year Financial Report 2017
28.09.	Supervisory Board meeting, Hamburg
15.11.	Quarterly statement 9M 2017
29.11.	Supervisory Board meeting, Hamburg

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**Forward-looking statements**

This quarterly statement contains forward-looking statements based on estimates of future developments by the Executive Board. The statements and forecasts represent estimates based on all of the information available at the current time. If the assumptions on which these statements and forecasts are based do not materialise, the actual results may differ from those currently being forecast.

Rounding and rates of change

Percentages and figures stated in this report may be subject to rounding differences. The rates of change are based on economic considerations: improvements are indicated by a plus (+); deterioration by a minus (-).