

3M QUARTERLY STATEMENT 2016

as at 31 March 2016



KEY GROUP DATA

in € million	01.01.–31.03.2016	01.01.–31.03.2015	+ / -
Revenue	50.7	50.6	0%
EBIT	44.6	44.6	0%
Net finance costs	-12.3	-12.9	-5%
Measurement gains / losses	-1.4	-0.5	-201%
EBT	31.0	31.3	-1%
Consolidated profit	24.9	25.3	-2%
FFO per share (€)	0.58	0.57	2%
Earnings per share (€, undiluted)	0.46	0.47	-2%

in € million	31.03.2016	31.12.2015	+ / -
Equity*	2,082.5	2,061.0	1%
Liabilities	1,790.7	1,790.6	0%
Total assets	3,873.3	3,851.6	1%
Equity ratio (%)*	53.8	53.5	
LTV-ratio (%)	34.7	35.5	
Gearing (%)*	86.0	86.9	
Cash and cash equivalents	97.9	70.7	39%

* incl. non controlling interests

LETTER FROM THE EXECUTIVE BOARD



Dear Shareholders,

Dear Readers,

The first three months of the new 2016 business year unfolded according to plan. With revenue of €50.7 million, we were able to post a modest increase over the previous-year quarter in the first three months. Income increased by 0.3% as the portfolio remained unchanged. Net operating income (NOI) fell by a modest 0.3% to €46.0 million, while earnings before interest and taxes (EBIT) were unchanged versus the prior year at €44.6 million.

Consolidated profit fell from from €25.3 million in the previous-year quarter to €24.9 million. The main reason for this were increased investments in our properties, which impacted the measurement gains / losses during the year. We earned €0.46 per share versus €0.47 in the previous-year period. EPRA earnings per share, which do not include the measurement gains / losses, rose 2% from €0.48 per share to €0.49. Funds from operations (FFO) also improved by 2% from €0.57 to €0.58 per share.

The expansion of the Phoenix-Center Harburg was successfully completed with the opening of the Food Court in mid-March. Since September 2014 we had been expanding and modernising the appearance of the shopping center with our investment partners in three stages, at a cost of around €30 million.

The market for investment properties continues to see strong demand. Against this backdrop, we are currently reviewing whether

we should invest in a shopping center in Germany that would fit in well with our portfolio.

We confirm the full-year forecast that was released in March. We announced a dividend of €1.40 per share for the current financial year, which is once again 5 cents higher than the previous year. In addition, we plan to raise the dividend for the 2017 and 2018 business years by €0.05 each year, so that the dividend in 2019 will be €1.50 per share. This would correspond with an absolute increase of 7.1% and an average annual increase of 3.5%. This measure is part of our ongoing long-term dividend policy. Our goal remains to distribute an attractive dividend every year.

Hamburg, May 2016

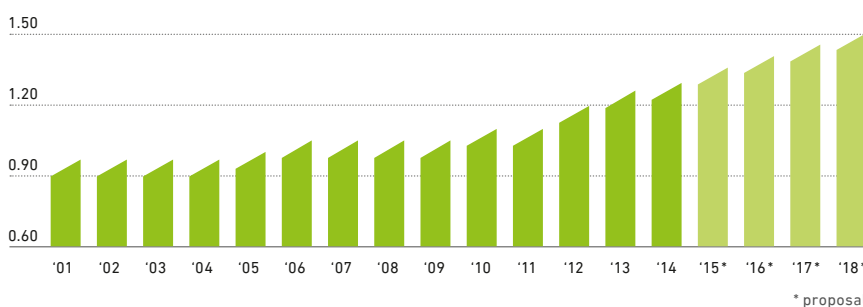


Wilhelm Wellner



Olaf Borkers

Deutsche EuroShop's dividend payments for the respective financial year per share in €



PS: The regulatory guidelines for quarterly reporting have changed throughout Europe. Going forward, we will present so-called quarterly statements for the first three and for the first nine months of the business year. In these statements we present the results to you in a somewhat shorter form. The half-year financial report remains unchanged for the most part. We wish you an interesting read.

RESULTS OF OPERATIONS

Revenue at the previous-year level

Revenue for the reporting period came in at €50.7 million. This is 0.3% higher on a comparable basis than in the same period of the previous year (€50.6 million).

Operating and administrative costs for property as expected at 9.4% of revenue

Center operating costs were up slightly at €4.8 million in the reporting period, compared with €4.5 million in the same period of the previous year, and were in line with the budgeted 9.4% of revenue.

Other operating expenses of €1.6 million

Other operating expenses came to €1.6 million, €0.5 million lower than the previous year's level (€2.1 million). The previous-year period included unusually higher personnel costs in conjunction with the long-term incentive plan that ended in 2015.

Improvement in financial result

The financial result improved due to the decrease in interest expense from €-12.9 million to €-12.3 million. In addition to ongoing repayments, the reason for the lower interest expense is the reduction in the refinancing for the Forum Wetzlar that was agreed in the summer of 2015.

Measurement gains / losses

A valuation loss of €1.4 million (previous year: valuation loss of €0.5 million) was recorded, which includes investment costs incurred by our portfolio properties.

Adjusted EBT excluding measurement gains / losses up just over 3%

At €31.0 million, earnings before taxes (EBT) were virtually unchanged versus the previous year (€31.3 million). After adjustment for valuation gains, this amount rose from €31.8 million to €32.7 million (+2.9%).

Income taxes

Taxes on income and earnings came to €6.1 million (previous year: €6.0 million). Of this, €1.4 million (previous year: €1.3 million) was attributable to taxes to be paid and €4.7 million to deferred taxes (previous year: €4.7 million).

Consolidated profit falls slightly

At €24.9 million, consolidated profit was down €0.4 million compared with the previous year (€25.3 million). Basic earnings per

share fell from €0.47 to €0.46 (-2%). EPRA earnings per share rose 2% from €0.48 to €0.49.

EPRA Earnings

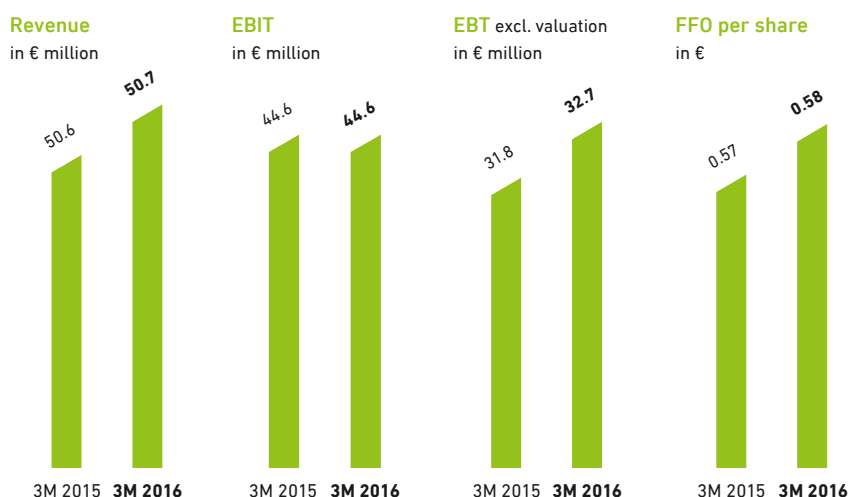
	31.03.2016		31.03.2015	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	24,866	0.46	25,319	0.47
Measurement gains / losses in accordance with IAS 40	1,356	0.02	451	0.01
Measurement gains/losses for equity-accounted companies	377	0.01	7	0.00
Deferred taxes	-369	0.00	-74	0.00
EPRA earnings	26,230	0.49	25,703	0.48
Weighted number of shares		53,945,536		53,945,536
Diluted EPRA earnings		0.46		0.45
Weighted number of shares		57,105,094		57,007,385

Funds from operations (FFO) up 2%

FFO rose from €30.7 million to €31.6 million (+2%) and from €0.57 to €0.58 per share.

Funds from Operations

	31.03.2016		31.03.2015	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	24,866	0.46	25,319	0.47
Bond conversion expense	242	0.00	289	0.00
Measurement gains / losses	1,356	0.02	451	0.01
Measurement gains / losses for equity-accounted companies	377	0.01	7	0.00
Deferred taxes	4,713	0.09	4,675	0.09
FFO per share	31,554	0.58	30,741	0.57



FINANCIAL POSITION AND NET ASSETS

Net assets and liquidity

The Deutsche EuroShop Group's total assets rose compared with the previous year by €21.7 million to €3,873.3 million, primarily due to an increase in cash and cash equivalents (+€27.2 million) and an increase in retained earnings (+€21.1 million).

Equity ratio of 53.8%

The equity ratio (including shares held by third-party shareholders) has increased by 0.3 percentage points to 53.8% since the last reporting date (53.5%).

Liabilities

As at 31 March 2016, current and non-current financial liabilities stood at €1,403.1 million, lower than at the end of 2015, primarily due to regular repayments of €4.5 million. Non-current deferred tax liabilities increased by €3.7 million to €313.2 million due to additional provisions, while redemption entitlements for third-party shareholders rose by around €0.4 million to €293.5 million. Other current and non-current liabilities and provisions increased by €0.9 million.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

No further significant events occurred between the balance sheet date of 31 March 2016 and the date of preparation of the financial statements.

OUTLOOK

Expected results of operations and financial position

Now that the first quarter 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 measurement gains/losses of between €127 million and €130 million
- funds from operations (FFO) per share of between €2.26 and €2.30

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 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.

Revenue
in € million



EBIT
in € million



EBT excl. valuation
in € million



FFO per share
in €



CONSOLIDATED BALANCE SHEET

Assets in € thousand	31.03.2016	31.12.2015
ASSETS		
Non-current assets		
Intangible assets	7	8
Property, plant and equipment	351	365
Investment properties	3,356,844	3,356,655
Investments accounted for using the equity method	409,037	411,031
Other financial assets	59	59
Non-current assets	3,766,298	3,768,118
Current assets		
Trade receivables	2,852	5,605
Other current assets	6,179	7,192
Cash and cash equivalents	97,940	70,699
Current assets	106,971	83,496
TOTAL ASSETS	3,873,269	3,851,614

Liabilities in € thousand	31.03.2016	31.12.2015
EQUITY AND LIABILITIES		
Equity and reserves		
Issued capital	53,945	53,945
Capital reserves	961,970	961,970
Retained earnings	773,067	751,944
Total equity	1,788,982	1,767,859
Non-current liabilities		
Financial liabilities	1,355,420	1,359,896
Deferred tax liabilities	313,188	309,528
Right to redeem of limited partners	293,543	293,113
Other liabilities	56,360	52,314
Non-current liabilities	2,018,511	2,014,851
Current liabilities		
Financial liabilities	47,690	47,711
Trade payables	1,323	621
Tax liabilities	561	489
Other provisions	6,579	7,056
Other liabilities	9,623	13,027
Current liabilities	65,776	68,904
TOTAL EQUITY AND LIABILITIES	3,873,269	3,851,614

CONSOLIDATED INCOME STATEMENT

in € thousand	01.01.– 31.03.2016	01.01.– 31.03.2015
Revenue	50,737	50,603
Property operating costs	-2,235	-1,839
Property management costs	-2,529	-2,664
Net operating income (NOI)	45,973	46,100
Other operating income	168	611
Other operating expenses	-1,556	-2,069
Earnings before interest and taxes (EBIT)	44,585	44,642
Share in the profit / loss of associates and joint ventures accounted for using the equity method	5,473	5,358
Profit / loss attributable to limited partners	-4,388	-4,187
Interest expense	-13,744	-14,394
Other financial income and expenditure	394	352
Interest income	13	7
Net finance costs	-12,252	-12,864
Measurement gains/losses	-1,356	-451
Earnings before tax (EBT)	30,977	31,327
Income taxes	-6,111	-6,008
CONSOLIDATED PROFIT	24,866	25,319
Earnings per share (€), basic	0.46	0.47
Earnings per share (€), diluted	0.45	0.45

STATEMENT OF COMPREHENSIVE INCOME

in € thousand	01.01.– 31.03.2016	01.01.– 31.03.2015
Consolidated profit	24,866	25,319
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	-4,798	-3,667
Deferred taxes on changes in value offset directly against equity	1,055	816
Total earnings recognised directly in equity	-3,743	-2,851
TOTAL PROFIT	21,123	22,468
Share of Group shareholders	21,123	22,468

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	25,319	0	0	-2,851	22,468
31.03.2015	53,945,536	53,945	961,970	569,344	2,000	-7	-40,442	1,546,810
01.01.2016	53,945,536	53,945	961,970	783,178	2,000	-15	-33,219	1,767,859
Total profit		0	0	24,866	0	0	-3,743	21,123
31.03.2016	53,945,536	53,945	961,970	808,044	2,000	-15	-36,962	1,788,982

CONSOLIDATED CASH FLOW STATEMENT

in € thousand	01.01.– 31.03.2016	01.01.– 31.03.2015
Profit after tax	24,866	25,319
Profit / loss attributable to limited partners	4,205	4,184
Depreciation of intangible assets and property, plant and equipment	20	22
Unrealised changes in fair value of investment property	1,539	454
Net profit and loss from derivatives	-394	-352
Other non-cash income and expenses	865	865
Profit / losses of joint ventures and associates	-826	-1,443
Deferred taxes	4,713	4,675
Operating cash flow	34,988	33,724
Changes in receivables	3,766	2,796
Changes in current provisions	-405	715
Changes in liabilities	-3,058	-4,142
Cash flow from operating activities	35,291	33,093
Outflows for the acquisition of property, plant and equipment / investment properties	-1,733	-976
Inflows / outflows to / from financial assets	2,820	-400
Cash flow from investing activities	1,087	-1,376
Outflows from the repayment of financial liabilities	-5,362	-5,822
Payments to limited partners	-3,775	-3,359
Payments to Group shareholders	0	0
Cash flow from financing activities	-9,137	-9,181
Net change in cash and cash equivalents	27,241	22,536
Cash and cash equivalents at beginning of period	70,699	58,284
CASH AND CASH EQUIVALENTS AT END OF PERIOD	97,940	80,820



Allee-Center,
Magdeburg

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 the EBT 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.

Hamburg, 12. May 2016

Wilhelm Wellner

Olaf Borkers

Breakdown by geographical segment

in € thousand	Domestic	International	Reconciliation	Total
Revenue	47,059	3,678	0	50,737
(previous year's figures)	(46,687)	(3,916)	(0)	(50,603)

in € thousand	Domestic	International	Reconciliation	Total
EBIT	42,190	3,328	-933	44,585
(previous year's figures)	(42,252)	(3,851)	(-1,461)	(44,642)

in € thousand	Domestic	International	Reconciliation	Total
Net interest income	-11,882	-950	-899	-13,731
(previous year's figures)	(-12,524)	(-964)	(-899)	(-14,387)

in € thousand	Domestic	International	Reconciliation	Total
Earnings before tax (EBT)	26,323	1,760	2,894	30,977
(previous year's figures)	(26,625)	(2,130)	(2,572)	(31,327)

The reconciliation statement primarily discloses profits and losses for equity-accounted companies in the amount of €5,473 thousand, of which €3,950 thousand are domestic and €1,523 thousand international.

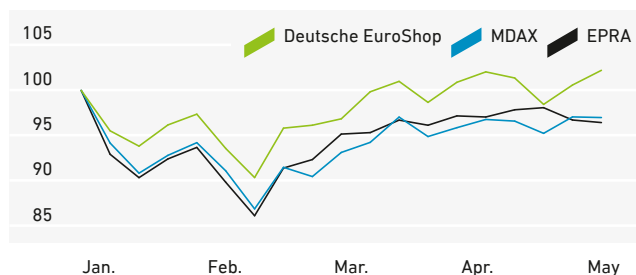
in € thousand	International	Reconciliation	Total
Segment assets	3,617,578	255,691	3,873,269
(previous year's figures)	(3,620,695)	(230,919)	(3,851,614)
of which investment properties	3,112,166	244,678	3,356,844
(previous year's figures)	(3,134,987)	(221,668)	(3,356,655)

THE SHOPPING CENTER SHARE

Following a year-end closing price for 2015 of €40.46, Deutsche EuroShop shares started the new year lower in a somewhat weak market environment. On 11 February 2016 the share price reached €35.86, its low for the first three months of the year. It then moved up to €41.46 on 17 March 2016, its high for the period, and was only slightly below this at €41.28 at the end of the reporting period, which is equivalent to a performance of +2.0%. The MDAX fell by 1.8% over the same period. Deutsche EuroShop's market capitalisation stood at €2.2 billion at the end of the first quarter of 2016.

Deutsche EuroShop vs. MDAX and EPRA Comparison, January to May 2016

indexed, base of 100, in %



Key share data

Sector / industry group	Financial Services / Real Estate
Share capital as at 31.12.2015	€53,945,536.00
Number of shares as at 31.03.2016 (no-par-value registered shares)	53,945,536
Dividend for 2015 (proposed)	€1.35
Share price on 30.12.2015	€40.46
Share price on 31.03.2016	€41.28
Low / high for the period under review	€35.84 / €41.46
Market capitalisation on 31.03.2016	€2.23 billion
Prime Standard	Frankfurt und Xetra
OTC markets	Berlin-Bremen, Düsseldorf, Hamburg, Hannover, München und 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: DEQGn.DE

FINANCIAL CALENDAR 2016

ALL THE KEY DATES AT A GLANCE

12.05. Quarterly Statement 3M 2016

26.05. Kempen European Property Seminar, Amsterdam
 01.06. Kepler Cheuvreux German Property Day, Paris
 01.06. Roadshow Warsaw, Erste Securities Polska
 08.06. Deutsche Bank dbAccess German Swiss & Austrian Conference, Berlin

15.06. Annual General Meeting, Hamburg

15.06. Supervisory Board meeting, Hamburg
 01.07. ESN equinet European Conference, Frankfurt
 07.07. Roadshow London, Societe Generale
 07.07. Roadshow Zurich, Bankhaus Lampe
 08.07. Roadshow Cologne-Dusseldorf, DZ Bank
 08.07. Roadshow Stuttgart, ESN equinet
 12.07. DSW Private Investors Forum, Frankfurt

15.08. Half-year Financial Report 2016

17.08. Roadshow Helsinki, ESN equinet
 13.09. Bank of America Merrill Lynch Global Real Estate Conference, New York

14.09. UBS Best of Germany Conference, New York
 19.09. Goldman Sachs & Berenberg German Conference, Munich
 20.09. Baader Investment Conference, Munich
 23.09. Supervisory Board meeting, Hamburg
 04.-06.10. EXPO Real, Munich
 10.10. Roadshow Madrid, M.M. Warburg
 13.10. Roadshow Brussels, DZ Bank
14.11. Quarterly Statement 9M 2016
 16.11. Roadshow Amsterdam, ABN AMRO
 16.11. Roadshow Geneva, Kepler Cheuvreux
 17.11. Roadshow Zurich, Kepler Cheuvreux
 22.11. German Equity Forum, Frankfurt
 29.11. Supervisory Board meeting, Hamburg

Our financial calendar is updated continuously. Please check our website for the latest events:

www.deutsche-euroshop.com/ir

WOULD YOU LIKE ADDITIONAL INFORMATION?

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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 (-).