

CONFERENCE CALL

QUARTERLY STATEMENT 9M 2018

15 NOVEMBER 2018



Retail turnover 9M 2018¹

RETAIL SECTOR	% change in 2018	rent-to-sales ratio in %	% of sales	% of space
DEPARTMENT STORES	-4.8	6.7	6.4	13.4
FOOD	-3.5	7.9	9.0	6.7
FASHION TEXTILES	-4.7	12.9	28.8	38.8
SHOES & LEATHER GOODS	-5.4	15.5	4.9	5.7
SPORTS	-1.7	10.2	4.6	5.5
HEALTH & BEAUTY	-0.9	7.4	13.0	6.4
GENERAL RETAIL	-4.8	11.9	8.4	9.3
ELECTRONICS	-2.6	4.0	15.6	8.4
SERVICES	+1.3	5.1	4.7	1.6
FOOD CATERING	-1.5	13.0	4.7	4.1
TOTAL	-3.2	9.5	100²	100²

	Germany	Abroad	Total
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→ Retail turnover development on a like-for-like basis: -3.2% -0.9% -2.8%

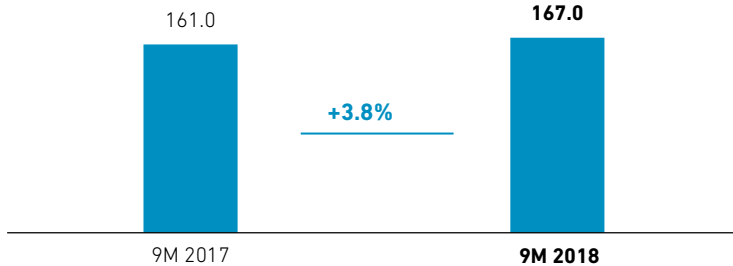
→ Absolute retail turnover development: -2.6% +0.3% -2.0%

¹ German centers on a like-for-like basis (turnover: €2.0 billion)

² The sum may not equal the totals due to rounding

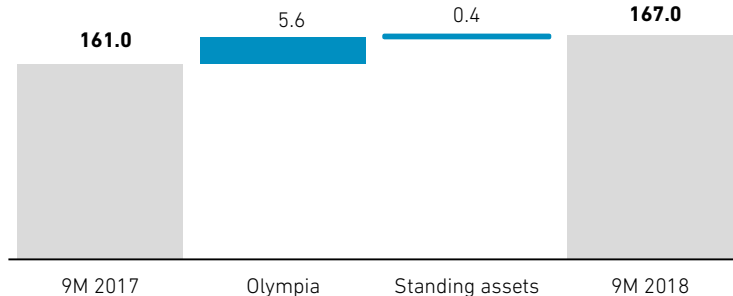
Revenue growth driven by portfolio expansion

REVENUE in € million

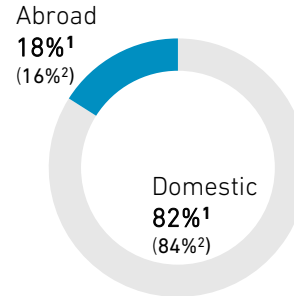


- increase in revenue of 3.8% to €167.0 million
- growth contribution of Olympia Center Brno: €5.6 million (acquisition date: 31 March 2017)
- like-for-like sales growth: €0.4 million (+0.3%)

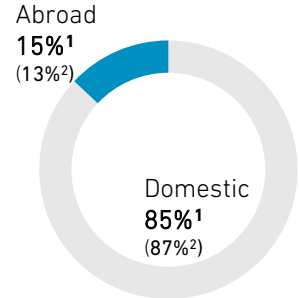
Revenue bridge 9M 2018 in € million



9M 2018 Share of revenue



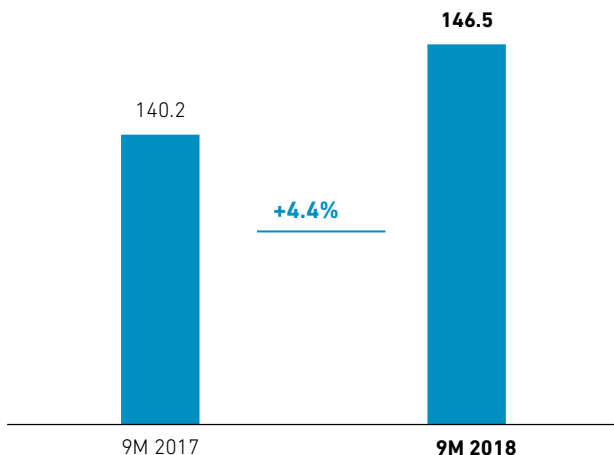
9M 2017 Share of revenue



¹ "look through" (calculated on the basis of the group share)
² consolidated

EBIT growth in proportion to revenues

EBIT
in € million



- EBIT grows in line with revenues to €146.5 million (+4.4%)
- operating and administrative cost ratio for property at the prior-year level, as expected
- other operating expenses decline slightly by €0.4 million, in particular due to higher acquisition cost in the previous year (relating to Olympia Center Brno)
- growth contribution of Olympia Center Brno: €6.1 million (acquisition date: 31 March 2017)

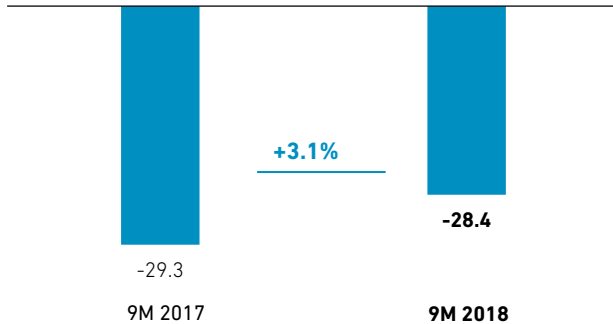
in € thousand

	01.01. – 30.09.2018	01.01. – 30.09.2017
Revenue	167,027	160,964
Operating and administrative costs for property	-17,002	-16,607
NOI	150,025	144,357
Other operating income	784	629
Other operating expenses	-4,336	-4,742
EBIT	146,473	140,244

Financial result* improvement due to interest cost savings

Financial result*

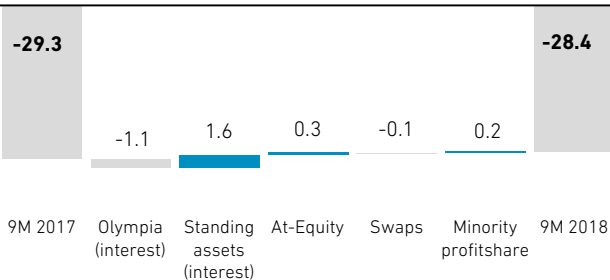
in € million



- Financial result improved by €0.9 million
- interest expenses decreased in total by €0.5 million. Lower interest costs due to loan repayments and the conversion of the convertible bond in November 2017 were partly offset by the additional interest expense for the financing of the Olympia Center Brno.
- At-equity operating profit* slightly improved (+1.1%)

Financial result bridge 9M 2018*

in € million



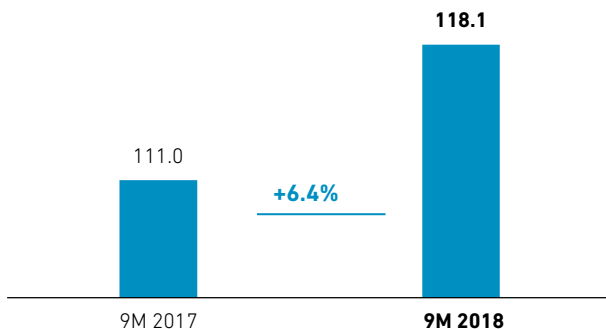
* excluding measurement gains/losses

in € thousand

	01.01. – 30.09.2018	01.01. – 30.09.2017
At-equity profit/loss	20,978	21,950
Measurement gains/losses (at equity)	1,928	624
Deferred taxes (at equity)	109	190
At-equity (operating) profit/loss	23,015	22,764
Interest expense	-39,843	-40,324
Profit/loss attributable to limited partners	-13,820	-14,007
Other financial result	2,276	2,300
Financial result*	-28,372	-29,267

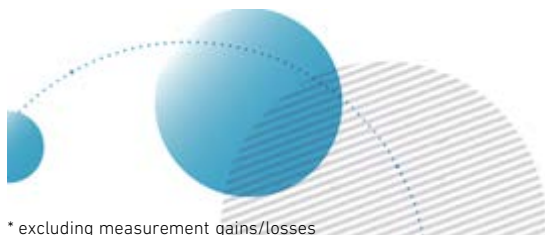
EBT* up significantly by 6.4 %

EBT*
in € million



- EBT (excl. measurement gains/losses) rose by €7.1 million to €118.1 million in particular due to the portfolio expansion and interest savings
- growth contribution of Olympia Center Brno: €4.9 million (acquisition date: 31 March 2017)

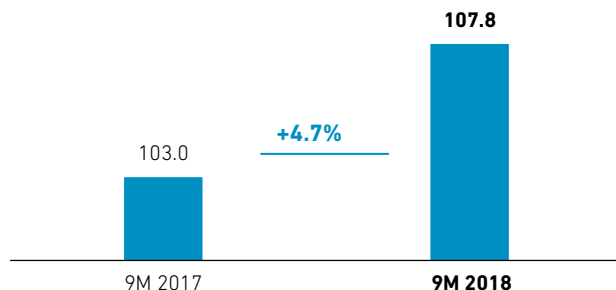
in € thousand	01.01. – 30.09.2018	01.01. – 30.09.2017
EBIT	146,473	140,244
Financial result*	-28,372	-29,267
EBT*	118,101	110,977



* excluding measurement gains/losses

EPRA Earnings improvement

EPRA earnings in € million



EPRA Earnings represent sustained operating earnings and thus lay the foundation for a real estate company's ability to pay a dividend.

- Operating profit (EPRA earnings) rose by €4.8 million to €107.8 million
- EPRA Earnings per share declined from €1.79 to €1.74 due to the dilution effect resulting from the conversion of a convertible bond in November 2017

EPRA EARNINGS

	01.01. – 30.09.2018		01.01. – 30.09.2017	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	82,153	1.33	85,249	1.49
Measurement gains/losses investment properties*	15,100	0.24	4,225	0.07
Measurement gains/losses derivative financial instruments*	-2,548	-0.04	-2,630	-0.05
Acquisition costs	0	0.00	276	0.00
Deferred taxes in respect of EPRA adjustments**	13,095	0.21	15,885	0.28
EPRA Earnings	107,800	1.74	103,005	1.79
Weighted number of no-par-value shares issued		61,783,594		57,376,321

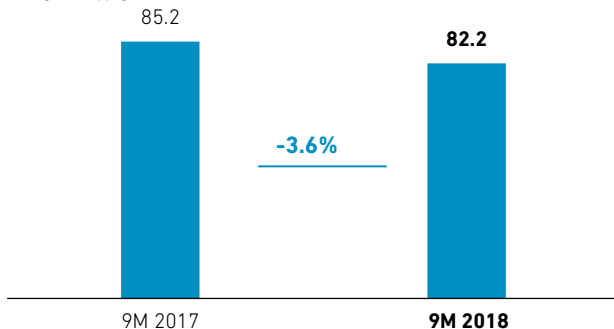
* including the share attributable to equity-accounted joint ventures and associates

** affects deferred taxes on investment properties and derivative financial instruments

Consolidated profit impacted from higher investment cost

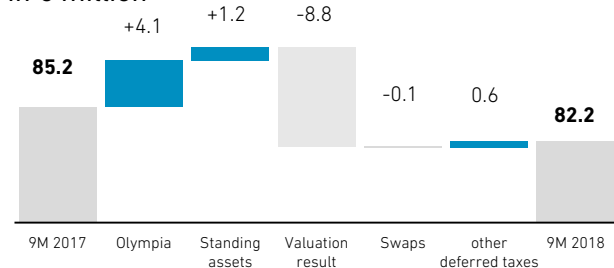
Consolidated profit

in € million



Consolidated profit bridge 9M 2018

in € million



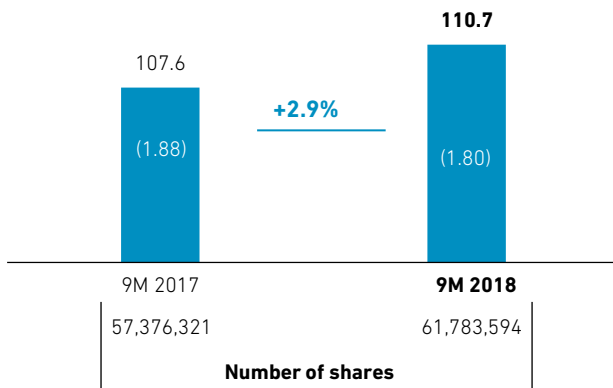
Consolidated profit decreased in total by €3.0 million. The following changes led to that result:

- positive profit contribution of Olympia Center Brno: +€4.1 million (acquisition date: 31 March 2017)
- standing assets also contributed +€1.2 million, mainly due to interest cost savings
- contribution of valuation result was comparably higher (-€8.8 million) due to higher investment cost for the “At-your-Service” and “Mall Beautification” programs and one-off write-downs in connection with development cost for the extension of Galeria Baltycka (the plans for the development of a large mall extension concept was stopped in Q2 2018)
- minor changes resulting from other items, e.g. the valuation of swaps and taxes
- Earnings per share decreased from €1.49 to €1.33 per share (incl. the effects from the dilutive convertible bond)

Positive development of Funds from operations (FFO)

FFO

in € million (per share in €)



Funds From Operations (FFO) are used to finance the distribution of dividends, scheduled repayments on our long-term bank loans and ongoing investments in portfolio properties.

- FFO rose from €107.6 million to €110.7 million.
- FFO per share declined from €1.88 to €1.80 due to the dilution effect resulting from the conversion of a convertible bond in November 2017

FUNDS FROM OPERATIONS	01.01. – 30.09.2018		01.01. – 30.09.2017	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	82,153	1.33	85,249	1.49
Bond conversion expense	0	0.00	725	0.01
Measurement gains/losses investment properties*	15,100	0.24	4,225	0.07
Deferred taxes*	13,411	0.23	17,410	0.31
FFO	110,664	1.80	107,609	1.88
FFO (after conversion)			107,609	1.85
Weighted number of no-par-value shares issued		61,783,594		57,376,321
Weighted number of no-par value shares issued (after conversion)**				58,248,007

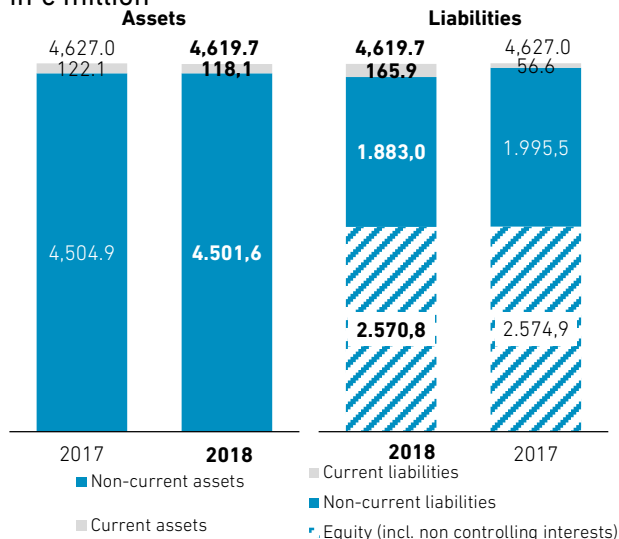
* Including the share attributable to equity-accounted joint ventures and associates

** Weighted number of no-par value shares issued (after conversion) for financial year 2017

Balance sheet: very solid and little structural changes

BALANCE SHEET STRUCTURE

in € million



- The total assets are almost unchanged compared with the last reporting date at €4,619.7 million
- Equity ratio remains solid at 55.6%
- Further fall in the LTV to 32.0% (“look-through” 34.2%³)

BALANCE SHEET AS AT 30 SEPTEMBER 2018

in € thousand	30.09.2018	31.12.2017	Change
Non-current assets	4,501,551	4,504,878	-3,327
Cash and cash equivalents	107,651	106,579	1,072
Other current assets	10,524	15,542	-5,018
Total assets	4,619,726	4,626,999	-7,273
Equity	2,233,091	2,237,376	-4,285
Right to redeem of limited partners	337,679	337,479	200
Equity (including minority interest)	2,570,770	2,574,855	-4,085
Financial liabilities	1,532,811	1,546,672	-13,861
Deferred taxes	453,953	439,800	14,153
Other liabilities	62,192	65,672	-3,480
Total equity and liabilities	4,619,726	4,626,999	-7,273
Equity ratio in % ¹	55.6	55.6	
LTV ratio in % ²	32.0	32.4	
LTV ratio (“look-through”) in % ³	34.2	34.5	

¹ including third-party interest in equity

² Ratio of net financial liabilities (financial liabilities less cash and cash equivalents) to non current assets (investment properties and investments accounted for using the equity method).

³ Ratio of net financial liabilities to long-term assets, calculated on the basis of the group share

Loan structure

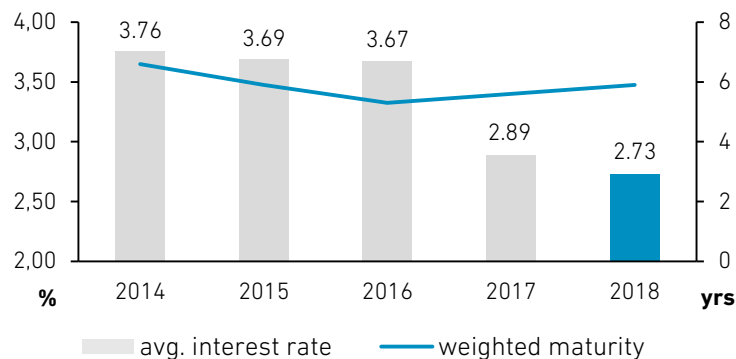
LOAN STRUCTURE*

as at 30 September 2018

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		5.6	0.4%	3.80%
1 to 5 years	3.2	615.7	40.0%	3.73%
5 to 10 years	7.4	658.0	42.8%	2.70%
Over 10 years	10.8	253.5	16.8%	2.04%
Total	5.6	1,532.8	100%	2.73%

→ 19 German and 4 foreign bank partners

→ Weighted maturity of fixed interest periods **5.6 years**



* excl. non-consolidated loans

Maturities until 2023^{1,2}

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	REGULAR REDEMPTION PAYMENTS	TOTAL MATURITIES	Already fixed:
2018	71.6	4.60%	5.6	77.2	€71.6m, 1.63%, 10y (10/2018)
2019	123.1	4.73%	19.9	143.0	€132.2m, 2.21%, 10y (08/2019)
2020	134.1	4.52%	19.5	153.6	€4.9m, 1.68%, 6y (01/2020)
2021	198.3	4.48%	16.0	214.3	
2022	217.8	3.26%	14.7	232.5	
2023	209.0	2.99%	10.6	219.6	
	953.9				

At-equity consolidated loans¹

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

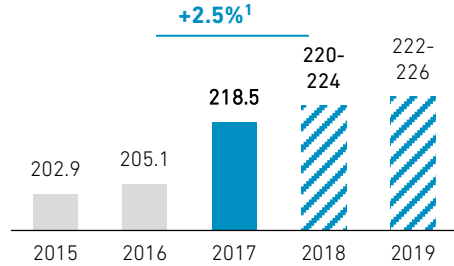
¹ as of 30 September 2018

² excl. at-equity consolidated loans

Forecast

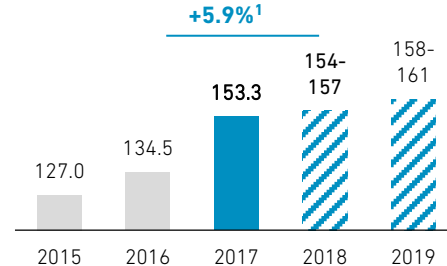
REVENUE

in € million



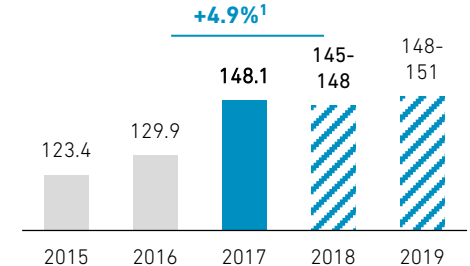
EBT (excl. valuation)

in € million



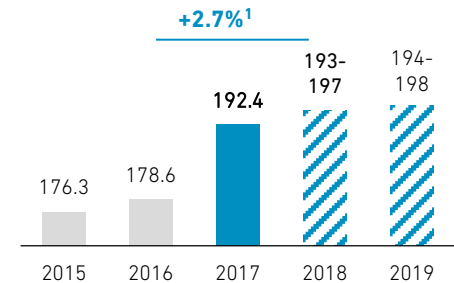
FFO

in € million



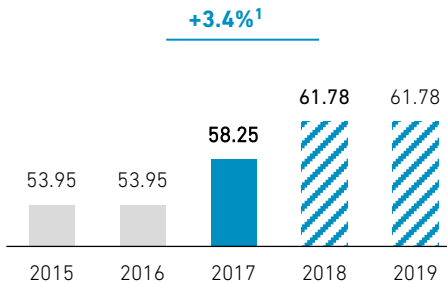
EBIT

in € million



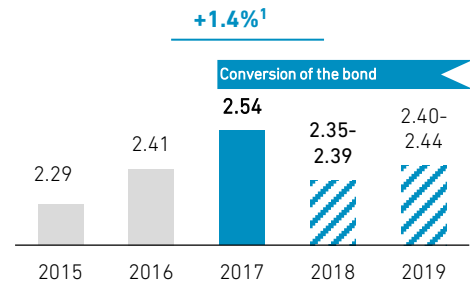
NUMBER OF SHARES²

in millions



FFO PER SHARE

in €



¹ Compound Annual Growth Rate (CAGR) 2015 - 2019

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

Outlook

Rollout of “**At your Service**” and “**Mall Beautification**” in first 5 centers:

- Allee-Center Magdeburg as first center completed in Q3 2018
- Altmarkt-Galerie Dresden, Billstedt-Center Hamburg, Rhein-Neckar-Zentrum and Herold-Center Norderstedt in progress

Refinancings of approx. €194 million until end of Q1 2019 (DES' share approx. €164 million)

Increase in **dividend** to €1.50 per share for 2018 and €1.55 for 2019



At your Service:
Rhein-Neckar-Zentrum
(visualisation)



Financial calendar

2018

14.11. Quarterly Statement 9M 2018

20.11. DZ Bank Equity Conference, Frankfurt

03.12. Berenberg European Conference, Pennyhill

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

13.12. Roadshow London

2019

10.-11.01. Oddo BHF Forum, Lyon

22.01. Kepler Cheuvreux GCC, Frankfurt

27.02. Preliminary Results 2018

29.04. Publication of the Annual Report 2018

15.05. Quarterly Statement 3M 2019

12.06. Annual General Meeting, Hamburg

15.08. Half-year Financial Report 2019

13.11. Quarterly Statement 9M 2019



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Many factors could cause the actual results to be materially different from those that may be expressed or implied by such statements. Deutsche EuroShop does not intend to update these forward-looking statements and does not assume any obligation to do so.

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 (-).