

# CONFERENCE CALL

QUARTERLY STATEMENT 9M 2017



16 NOVEMBER 2017

## RETAIL TURNOVER 9M 2017<sup>1</sup>

Retail sector	% change to 2016	rent-to-sales ratio in %	% of sales	% of space
Department stores	-0.5	6.2	7.4	13.1
Food	-0.4	7.6	8.7	6.2
Fashion textiles	+0.7	11.9	29.8	39.6
Shoes & leather goods	+0.9	14.4	5.4	6.5
Sports	-2.3	9.6	3.9	5.0
Health & beauty	-1.0	7.2	11.8	6.0
General retail	-1.6	10.6	8.2	8.9
Electronics	+6.3	3.8	15.2	8.5
Services	+4.0	4.9	4.9	1.8
Food catering	+2.6	12.5	4.8	4.3
<b>Total</b>	<b>+1.0</b>	<b>8.9</b>	<b>100<sup>2</sup></b>	<b>100<sup>2</sup></b>

- Retail turnover development on a like-for-like basis: Germany +1.0% , abroad +5.4%  
DES-Portfolio overall: +1.8%
- Absolute turnover development: Germany +1.5%, abroad +5.8%  
DES-Portfolio overall: +2.3%

## SHOPPING CENTERS

<sup>1</sup> German centers on a like-for-like basis (turnover: €2.2 billion)

<sup>2</sup> The sum may not equal the totals due to rounding

## PROFIT AND LOSS ACCOUNT 9M 2017

in € thousand	01.01. – 30.09.2017	01.01. – 30.09.2016	Change
<b>Revenue</b>	<b>160,964</b>	<b>152,254</b>	<b>5.7%</b>
Property operating and management costs	-16,607	-16,210	
<b>Net operating income</b>	<b>144,357</b>	<b>136,044</b>	<b>6.1%</b>
Other operating income	629	619	
Other operating expenses	-4,742	-5,193	
<b>EBIT</b>	<b>140,244</b>	<b>131,470</b>	<b>6.7%</b>
Other financial income and expenses	2,300	1,797	
Interest expense	-40,324	-40,038	
At equity result	22,764	17,253	
Profit/loss attributable to limited partners	-14,007	-13,406	
<b>Net finance costs</b>	<b>-29,267</b>	<b>-34,394</b>	<b>14.9%</b>
<b>EBT</b>	<b>110,977</b>	<b>97,076</b>	<b>14.3%</b>
Measurement gains/losses <sup>1</sup>	-4,225	-7,015	
Taxes	-4,093	-3,906	
Deferred Taxes <sup>1</sup>	-17,410	-13,983	
<b>Consolidated profit</b>	<b>85,249</b>	<b>72,172</b>	<b>18.1%</b>

<sup>1</sup> incl. at equity

## KEY FIGURES 9M 2017

	30.09.2017	30.09.2016	Change
FFO per Share (€)	1.88	1.74	8.0%
Earnings per share (€, undiluted)	1.49	1.34	11.2%
EPRA Earnings per share (€, undiluted)	1.79	1.66	7.8%

FINANCIALS

## FUNDS FROM OPERATIONS (FFO)

in € thousand	30.09.2017	per share <sup>1</sup>	30.09.2016	per share <sup>1</sup>
<b>Consolidated net profit</b>	<b>85,249</b>	<b>€1.49</b>	<b>72,172</b>	<b>€1.34</b>
+ Measurement gains/losses investment properties <sup>2</sup>	4,225	€0.07	7,015	€0.13
+ Bond conversion expense	725	€0.01	725	€0.01
+ Deferred taxes <sup>2</sup>	17,410	€0.31	13,983	€0.26
<b>FFO (undiluted)</b>	<b>107,609</b>	<b>€1.88</b>	<b>93,895</b>	<b>€1.74</b>
<b>FFO (after conversion)<sup>3</sup></b>	<b>107,609</b>	<b>€1.85</b>		
Weighted number of no-par value shares issued		57,367,321		53,945,536
Weighted number of no-par value shares issued (after conversion) <sup>3</sup>		58,248,007		

## FINANCIALS

<sup>1</sup> The sum of the amounts may not equal the totals due to rounding

<sup>2</sup> Including the share attributable to equity-accounted joint ventures and associates

<sup>3</sup> Taking into account the fact that the convertible bond was nearly fully converted at the end of its term in November 2017

## EARNINGS PER SHARE (EPRA)

in € thousand	30.09.2017	per share <sup>1</sup>	30.09.2016	per share <sup>1</sup>
<b>Consolidated net profit</b>	85,249	€1.49	72,127	€1.34
+ Measurement gains/losses investment properties <sup>2</sup>	4,225	€0.07	7,015	€0.13
+ Measurement gains/losses derivative financial instruments <sup>2</sup>	-2,630	-€0.05	-1,746	-€0.03
+ Acquisition costs	276	€0.00	379	€0.01
+ Deferred taxes related to EPRA adjustments <sup>2,3</sup>	15,885	€0.28	11,352	€0.21
<b>EPRA Earnings</b>	<b>103,005</b>	<b>€1.79</b>	<b>89,172</b>	<b>€1.66</b>
Expense for convertible bond	1,318		1,757	
<b>EPRA Earnings (diluted)</b>	<b>104,323</b>	<b>€1.72</b>	<b>90,929</b>	<b>€1.59</b>
Weighted number of no-par value shares issued		57,376,321		53,945,536
Weighted number of no-par value shares issued (diluted) <sup>4</sup>		60,621,062		57,211,375

<sup>1</sup> The sum of the earnings per share amounts may not equal the totals due to rounding

<sup>2</sup> Including the share attributable to equity-accounted joint ventures and associates

<sup>3</sup> These concern deferred taxes on investment properties and derivative financial instruments

<sup>4</sup> Taking into account the fact that the convertible bond was nearly fully converted at the end of its term in November 2017

### FINANCIALS

## BALANCE SHEET 9M 2017

in € thousand	30.09.2017	31.12.2016	Change
Non-current assets	4,470,023	4,036,533	433,490
Current assets	93,489	77,924	15,565
<b>Total assets</b>	<b>4,563,512</b>	<b>4,114,457</b>	449,055
Group equity	2,096,821	1,916,148	180,673
Right to redeem of limited partners	325,311	324,559	752
<b>Total equity</b>	<b>2,422,132</b>	<b>2,240,707</b>	181,425
Financial liabilities	1,646,705	1,445,581	201,124
Deferred tax liabilities	431,168	359,365	71,803
Other liabilities	63,507	68,804	-5,297
<b>Total equity and liabilities</b>	<b>4,563,512</b>	<b>4,114,457</b>	449,055

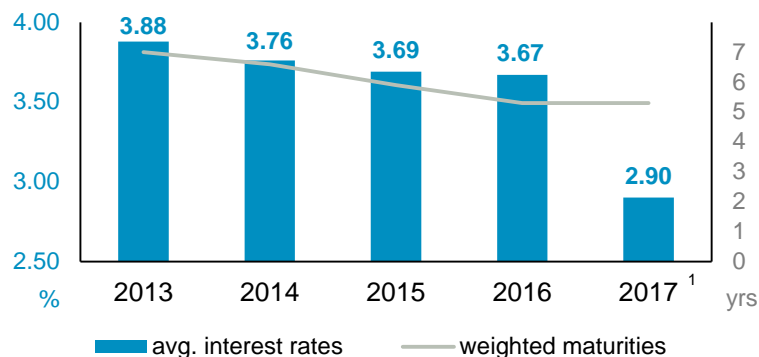
	30.09.2017	31.12.2016
Equity ratio <sup>1</sup>	53.1%	54.5%
LTV ratio	35.5%	34.2%

<sup>1</sup> incl. non controlling interests

## LOAN STRUCTURE INCL. CONVERTIBLE BONDS<sup>1,2</sup>

Interest lockin	Duration	Principle amounts (€ million)	Share of total loan	avg. interest rate
Up to 1 year		96.1	5.9%	1.87%
1 to 5 years	3.3	513.9	31.4%	4.26%
5 to 10 years	6.7	706.5	43.1%	2.75%
Over 10 years	10.3	322.1	19.6%	2.45%
<b>Total<sup>1</sup></b>	<b>5.3</b>	<b>1,638.6</b>	<b>100%</b>	<b>2.90%</b>

- 21 German and 4 foreign bank partners
- Weighted maturity of fixed interest periods 5.3 years<sup>1</sup>



<sup>1</sup> as of 30 September 2017  
<sup>2</sup> excl. non-consolidated loans



## MATURITIES UNTIL 2022<sup>1,2</sup>

in € million	end of fixed interest periods respectively expiring loans	avg. interest rate	regular redemption payments	total maturities
2017	Convertible Bond <sup>3</sup> 91.2	1.75%	4.9	<b>96.1</b>
2018	148.3	2.49%	22.3	<b>170.6</b>
2019	123.1	4.73%	19.9	<b>143.0</b>
2020	134.1	4.52%	19.5	<b>153.6</b>
2021	198.3	4.48%	16.0	<b>214.3</b>
2022	217.8	3.26%	16.5	<b>234.3</b>
	<b>912.8</b>			

### Already fixed:

- ⇒ Galeria Baltycka Gdansk: €1.0m, 2.03%, 10y
- ⇒ Altmarkt-Galerie Dresden: €7.6m, 1.63%, 10y
- ⇒ City-Arkaden Wuppertal: €12.2m, 1.91%, 7.3y
- ⇒ Allee-Center Hamm: €4.9m, 1.68%, 6y

### Non-consolidated loans<sup>1</sup>

in € million	End of fixed interest periods respectively expiring loans	Avg. interest rate	DES' share
2017-2019	0		
2020	35.0	4.00%	50%
2021	48.6	4.65%	50%
2022	12.1	4.90%	50%

Saarpark-Center Neunkirchen

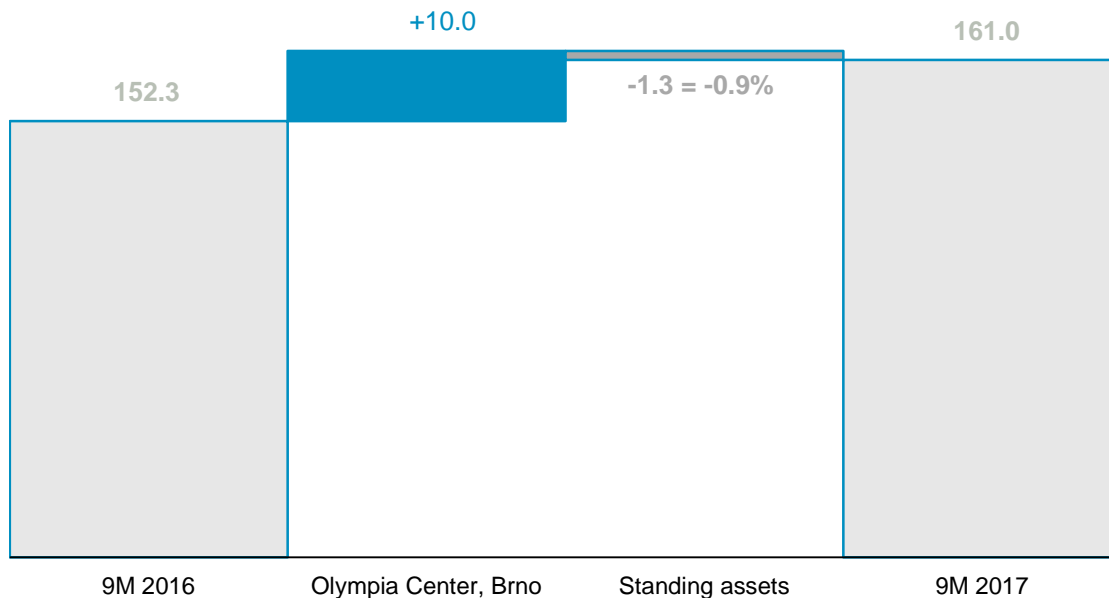
Phoenix-Center Hamburg

Saarpark-Center Neunkirchen

- <sup>1</sup> as of 30 September 2017
- <sup>2</sup> excl. non-consolidated loans
- <sup>3</sup> 99.5% conversion as of 6 November 2017

## REVENUE BRIDGE 9M 2017

€m

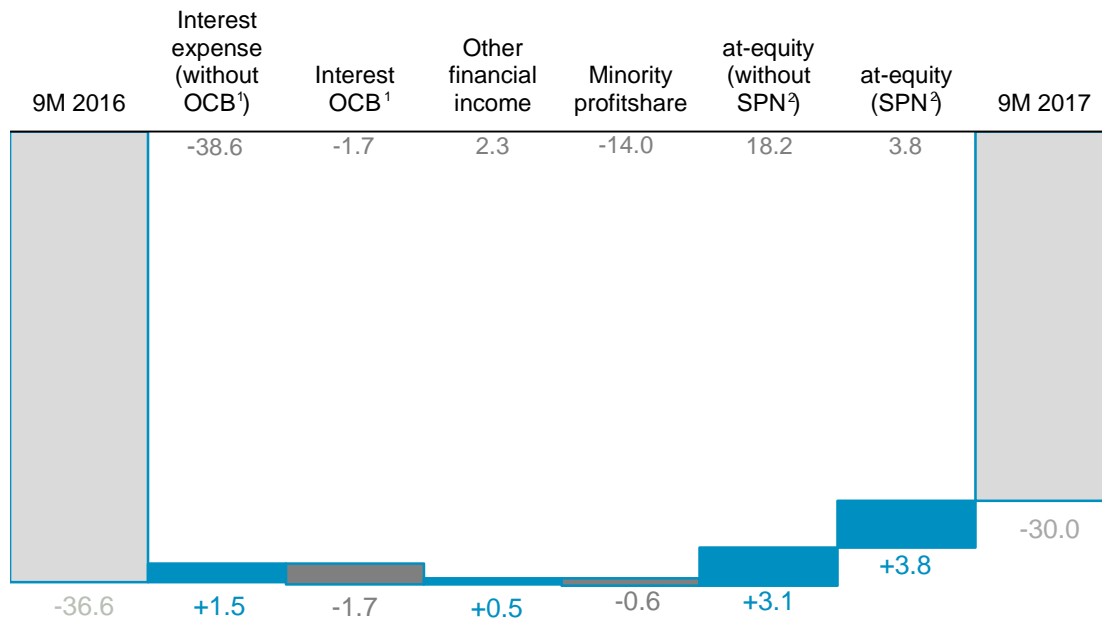


FINANCIALS

## NET FINANCE COST BRIDGE 9M 2017

€m

FINANCIALS

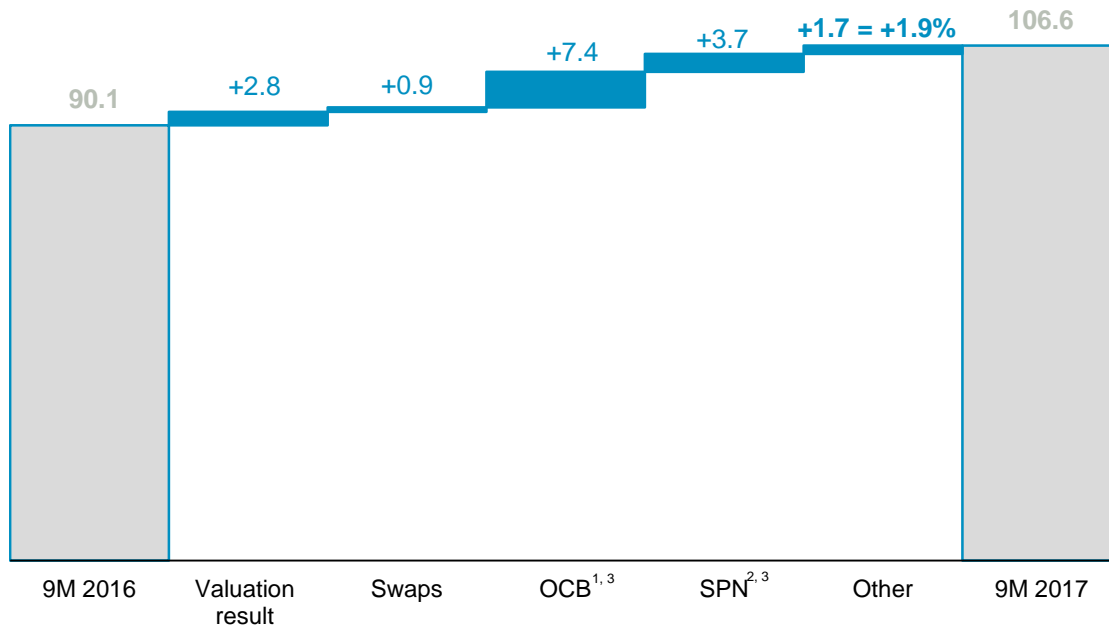


<sup>1</sup> Olympia Center, Brno

<sup>2</sup> Saarpark-Center, Neunkirchen

# EBT BRIDGE 9M 2017

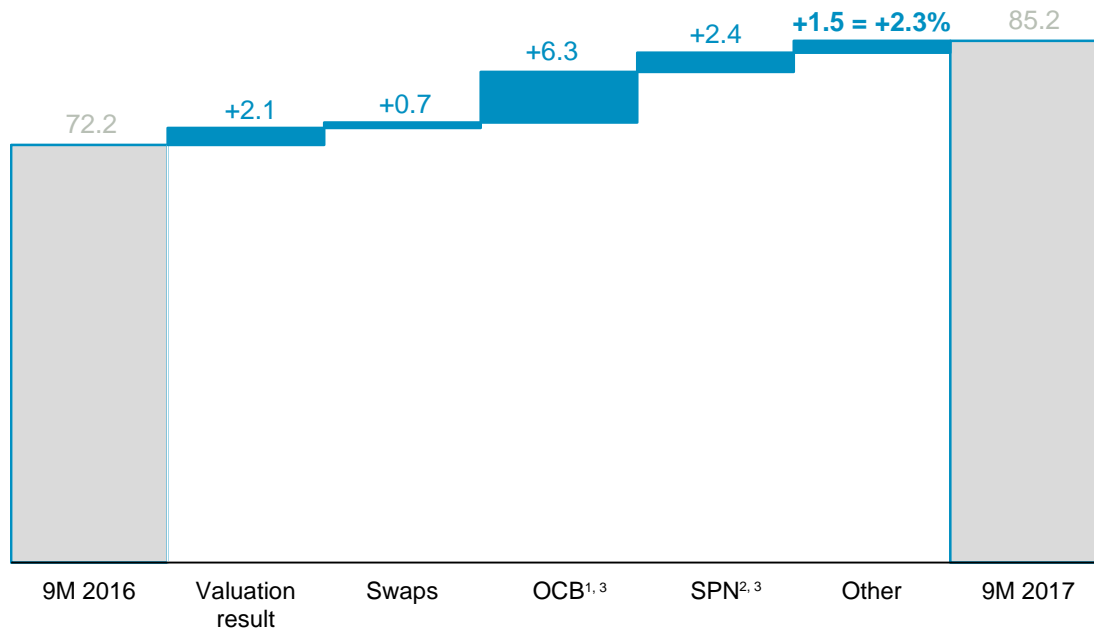
€m



<sup>1</sup> Olympia Center, Brno  
<sup>2</sup> Saarpark-Center, Neunkirchen  
<sup>3</sup> Without valuation result and swaps

# PROFIT BRIDGE 9M 2017

€m

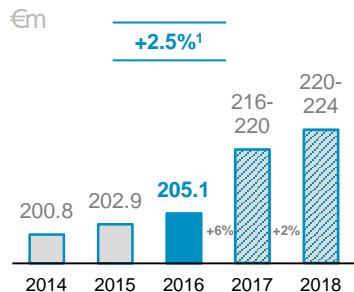


<sup>1</sup> Olympia Center, Brno  
<sup>2</sup> Saarpark-Center, Neunkirchen  
<sup>3</sup> without valuation result and swaps

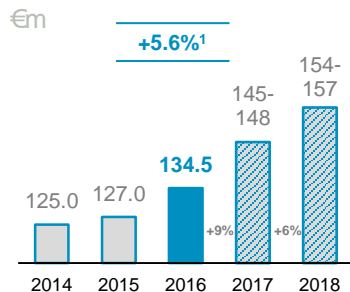
FINANCIALS

# FORECAST

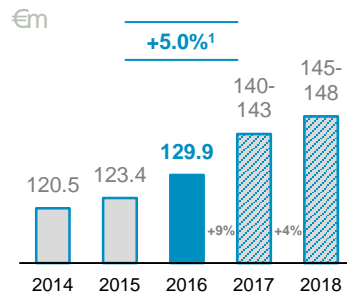
## REVENUE



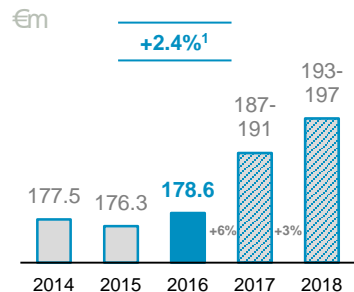
## EBT EXCL. VALUATION



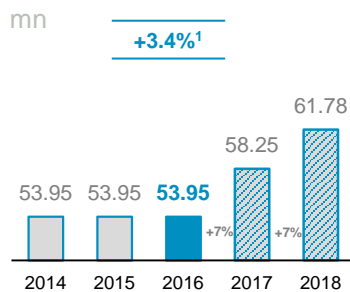
## FFO



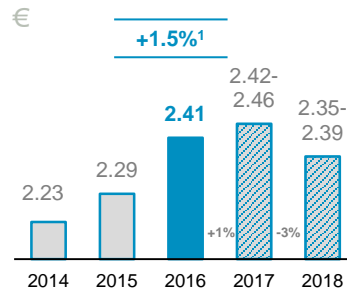
## EBIT



## NUMBER OF SHARES<sup>2</sup>



## FFO PER SHARE



<sup>1</sup> Compound Annual Growth Rate (CAGR) 2014 - 2018

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

## STATUS QUO AND VIEW AHEAD

### COMPANY

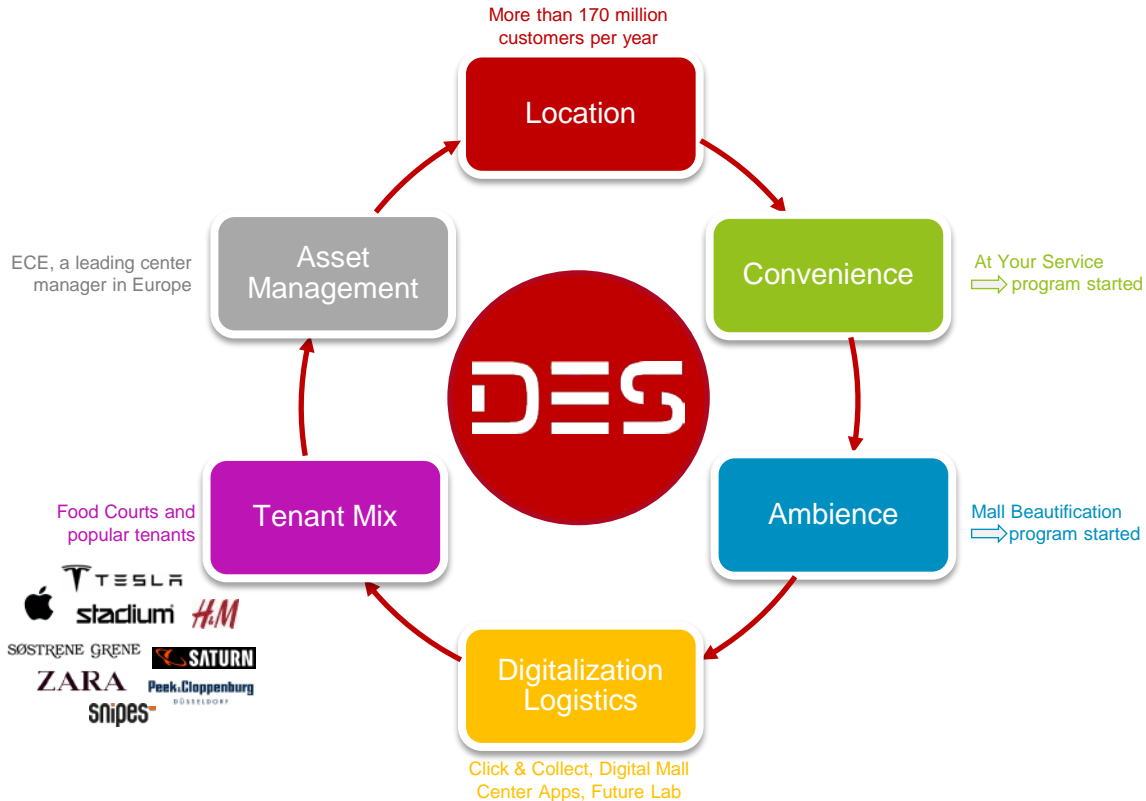
- business model proves stability: guidance confirmed
- increase in dividend to €1.45 per share for FY 2017
- further optimization and reduction of financing costs ahead
- conversion of €100 million convertible bond improves balance sheet further
  
- €45 million<sup>1</sup> of investments in the portfolio in SERVICE and AMBIENCE in the next years
- DGNB: 20 centers in our portfolio were awarded with sustainability certificates: 7 x platinum, 13 x gold
  
- investment market remains active
- impact of the current sentiment in the retail real estate segment to be observed
- DES is very selectively analyzing sales offers as they come to the market
- any transaction would be financed only with additional debt



<sup>1</sup> 100%-view

# SUCCESS FACTORS OF A MODERN SHOPPING CENTER

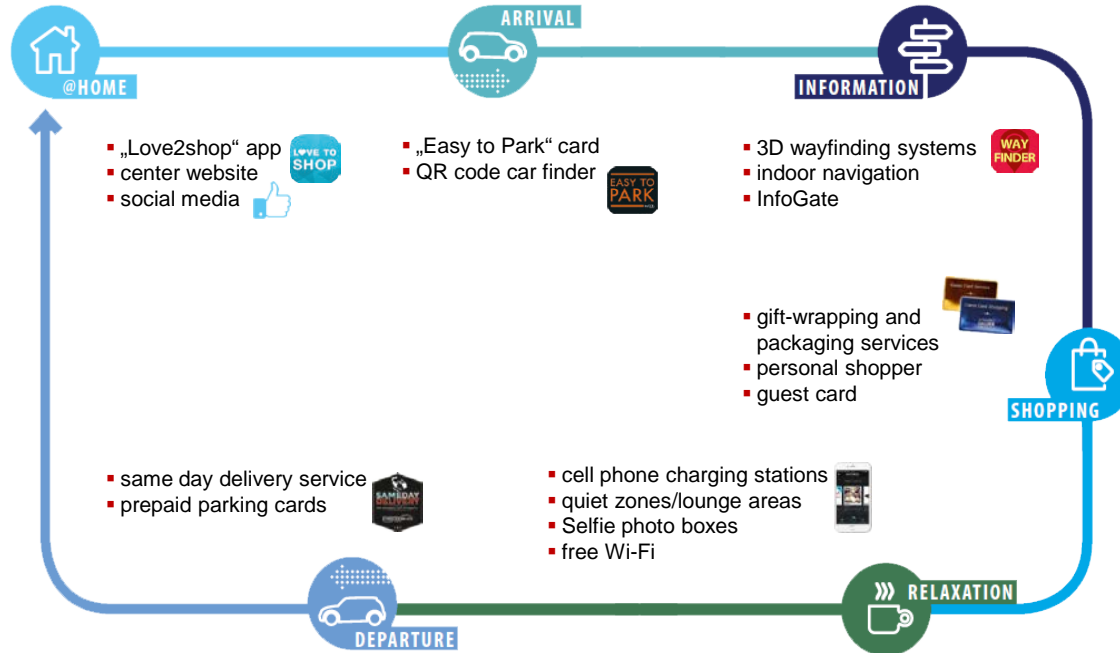
## SHOPPING CENTERS





# THE CUSTOMER JOURNEY IN OUR SHOPPING CENTERS

## SHOPPING CENTERS



Source: ECE

## INVESTMENTS: AT YOUR SERVICE

### SHOPPING CENTERS



## INVESTMENTS: MALL BEAUTIFICATION & CONVENIENCE

### SHOPPING CENTERS



Design study

## INVESTMENTS: MALL BEAUTIFICATION & CONVENIENCE

### SHOPPING CENTERS



Design study

## INVESTMENTS: AT YOUR SERVICE & ENTERTAINMENT

### SHOPPING CENTERS



Design study



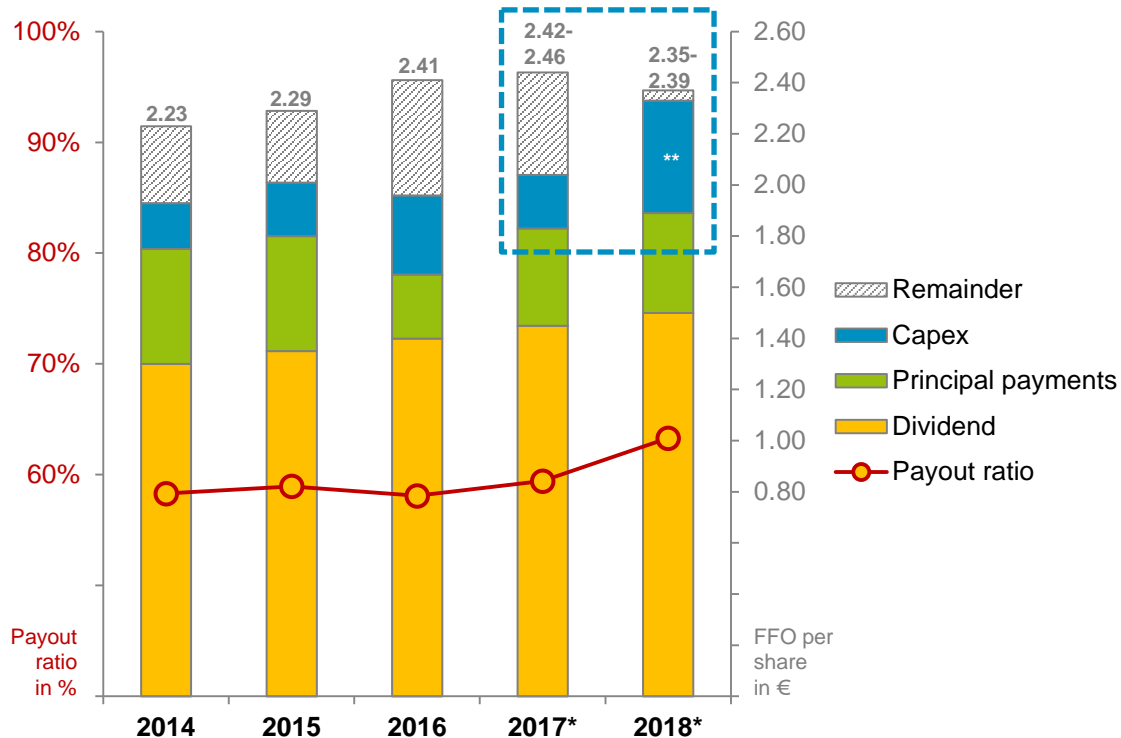
## INVESTMENTS: MALL BEAUTIFICATION

### SHOPPING CENTERS



Design study

## INVESTMENTS: CAPEX COVERED BY FFO



### FINANCIALS

#### Expected for 2018-2022:

€5-30 million per year on avg.

€23-25 million per year on avg.

€0.05 increase per year  
(guidance until 2018)

\* Forecast

Dividend per share: proposal

\*\* expected: €27.5 million per year on avg.

## KEY DATA OF THE SHARE

Listed since	02.01.2001
Nominal capital	€61,783,594.00
Outstanding shares	61,783,594
Class of shares	Registered shares
Dividend 2016 (paid on 3 July 2017)	€1.40
52W High	€39.47
52W Low	€30.29
Share price (14 Nov. 2017)	€31.22
Market capitalisation	€1.93 billion
Avg. turnover per day last 12 months (XETRA)	197,300 shares
Indices	MDAX, EPRA, GPR, MSCI Small Cap, EURO STOXX, STOXX Europe 600
Official market	Prime Standard Frankfurt and XETRA
OTC market	Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
ISIN	DE 000 748 020 4
Ticker	DEQ, Reuters: DEQn.DE
Market maker	Oddo Seydler

## APPENDIX



# FINANCIAL CALENDAR

2017

2018

15.11.	Quarterly Statement 9M 2017
16.11.	Natixis European Mid Caps Conference, Paris
17.11.	Roadshow Brussels, Kempen & Co
21.11.	DZ Bank Equity Conference, Frankfurt
05.12.	Berenberg European Conference, Pennyhill
11.-12.12.	HSBC Global RE Conference, Cape Town
18.12.-19.12.	Roadshow Abu Dhabi & Dubai, Berenberg

11.-12.01.	Oddo MidCap Forum, Lyon
16.01.	Kepler Cheuvreux GCC, Frankfurt
20.03.	Preliminary Results 2017
27.04.	Publication of the Annual Report 2017
15.05.	Quarterly Statement 3M 2018
28.06.	Annual General Meeting, Hamburg
14.08.	Half-year Financial Report 2018
14.11.	Quarterly Statement 9M 2018

APPENDIX

# CONTACT

Deutsche EuroShop AG  
Investor & Public Relations  
Heegberg 36  
22391 Hamburg

Tel. +49 (40) 41 35 79 – 20/ – 22  
Fax +49 (40) 41 35 79 – 29  
E-Mail: [ir@deutsche-euroshop.com](mailto:ir@deutsche-euroshop.com)  
Web: [www.deutsche-euroshop.com](http://www.deutsche-euroshop.com)

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## APPENDIX

### Important Notice: Forward-Looking Statements

Statements in this presentation relating to future status or circumstances, including statements regarding management's plans and objectives for future operations, sales and earnings figures, are forward-looking statements of goals and expectations based on estimates, assumptions and the anticipated effects of future events on current and developing circumstances and do not necessarily predict future results.

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.