Nine-Month Report 2013

Letter from the Executive Board

DEAR SHAREHOLDERS,
DEAR READERS,

The third-quarter results confirm the performance of the first six months. Our shopping center portfolio has once again achieved all targets and expectations, thanks to excellent locations, high visitor numbers and an attractive mix of tenants.

Revenue increased year-on-year by 18% to €138.2 million. Net operating income (NOI) improved by 19% to €124.5 million, while earnings before interest and taxes (EBIT) also climbed 19% to €120.5 million.

As already explained in the interim first-half report, there are two main reasons behind these increases: firstly, the Herold-Center contributed to the results for the first time. Its contribution applies since the start of the year. Secondly, we increased our shareholding in the Altmarkt-Galerie in Dresden to 100% at the end of April. The Urban Land Institute just recently presented the Altmarkt-Galerie with this year's ULI Global Award for Excellence – one of the most important awards in the real estate sector. Our shopping center's success is attributable to its exemplary integration into the historical and, to some extent, listed buildings which make up the urban landscape of Dresden's city centre.

Plus there is more good news regarding the portfolio: We completed the sale of our 33% stake in the Galeria Dominikanska in Wroclaw, Poland, at the end of August, which optimised our portfolio even further. This allowed us to generate income in the amount of €15.7 million.

Now back to those results: Our funds from operations (FFO) rose by 17% from €1.34 to €1.58 per share (53.9 million shares compared with an adjusted figure of 51.9 million shares in 2012) – in absolute terms our FFO exceeded the figure for the same period of the previous year by 22%. Consolidated profit increased by 55% from €49.9 million to €77.2 million. Earnings per share increased correspondingly from €0.96 to €1.43.

Based on business performance so far this year and continuing prospects, we are confirming our previous forecast and raising our expectations in terms of both earnings before taxes (EBT) without measurement gains/losses and funds from operations. We will therefore examine the possibility of increasing the dividend, most recently at €1.20 per share, so that our shareholders can share in Deutsche EuroShop's upward trend. We will continue to pursue our proven strategy and would like to take this opportunity to thank you for your confidence in us.

Hamburg, November 2013

Claus-Matthias Böge   Olaf Borkers

Note: We explained in the interim report on the first quarter of 2013 that Deutsche EuroShop has been applying IFRS 11 (Joint Arrangements) on a voluntary early basis since the start of the current financial year. This means that the proportionate consolidation method previously applied has been replaced by the equity method for some of the Group companies. As a result, the assets, liabilities, expenses and income of these companies are no longer included in the consolidated financial statements. From 2013 onward, the financial statements for the reporting period as well as those of the respective periods for year-on-year comparisons will be presented using the equity method. We provide a detailed description of how this impacts the consolidated balance sheet and the income statement in the Notes.

Key group data

in € million	**01.01.–30.09.2013**	01.01.–30.09.2012	+/-
Revenue	138.2	117.0	18%
EBIT	120.5	101.0	19%
Net finance costs	-20.0	-27.2	26%
Measurement gains/losses	-6.8	-2.7	-147%
EBT	93.7	71.0	32%
Consolidated profit	77.2	49.9	55%
FFO per share (€)	1.58	1.34	18%
EPRA Earnings per share (€, undiluted)	1.25	1.00	25%

	30.09.2013	31.12.2012	+/-
Equity**	1,534.6	1,528.4	0%
Liabilities	1,778.9	1,630.9	9%
Total assets	3,313.6	3,159.3	5%
Equity ratio (%)**	46.3	48.4	
LTV-ratio (%)	45	40	
Gearing (%)**	116	107	
Cash and cash equivalents	51.7	158.2	-67%

* European Public Real Estate Association   ** incl. non controlling interests

Business and Economic Conditions

GROUP STRUCTURE AND OPERATING ACTIVITIES

ACTIVITIES

Deutsche EuroShop is the only public company in Germany to invest solely in shopping centers in prime locations. As at the reporting date, it had investments in 19 shopping centers in Germany, Austria, Poland and Hungary. The Group generates its reported revenue from rental income on the space which it lets in the shopping centers.

GROUP'S LEGAL STRUCTURE

Due to its lean personnel structure, the Deutsche EuroShop Group is centrally organised. The parent company, Deutsche EuroShop AG, is responsible for corporate strategy, portfolio and risk management, financing and communication.

The Company's registered office is in Hamburg. Deutsche EuroShop is an Aktiengesellschaft (stock corporation) under German law. The individual shopping centers are managed as separate companies and, depending on the share of nominal capital or voting rights, are either fully consolidated or accounted for at equity.

The share capital amounts to €53,945,536.00 and is composed of 53,945,536 no-par value registered shares. The notional value of each share is €1.00.

MACROECONOMIC AND SECTOR-SPECIFIC CONDITIONS

The eurozone's economy is slowly recovering from its recession. Germany has weathered the crisis well so far and is still considered to be the growth driver within the currency area. While Germany's gross domestic product stagnated in the first quarter of 2013 in comparison to the same quarter of the previous year, it rose by 0.7% in the period from April to June. Experts anticipate an increase of 0.5% for the third quarter. Germany continues to benefit from sound foreign trade and stable demand on the domestic front. In the first nine months of the year, German retail sales were 1.7% higher in nominal terms and 0.2% higher in real terms than in the same period of the previous year. Robust job market development bolstered this trend: 2.8 million people were out of work in October which corresponded to an unemployment rate of 6.5%.

The economic conditions for private consumption remain favourable: the situation on the job market is positive and prices are stable. As a result, private consumer spending should continue to provide a solid basis for domestic demand over the rest of the year.

Results of Operations, Financial Position and Net Assets

RESULTS OF OPERATIONS

REVENUE INCREASED BY 18%

Revenue amounted to €138.2 million as at 30 September 2013. This is nearly 18% higher than in the same period of the previous year (€117.0 million). Following the increase in the shareholding in the Altmarkt-Galerie Dresden on 1 May 2013, the property is now fully consolidated and the center's revenue is included in the financial statements for the reporting period for five months. The Herold-Center is also included in 2013 for the first time. Revenue from our shopping center portfolio rose by 1.0% (like-for-like) year-on-year.

OPERATING AND ADMINISTRATIVE COSTS FOR PROPERTY: 9.9% OF REVENUE

Center operating costs were €13.6 million in the reporting period, compared with €12.5 million in the same period of the previous year. Costs therefore stood at 9.8% of revenue (previous year: 10.7%).

OTHER OPERATING EXPENSES OF € 4.7 MILLION

The other operating expenses of €4.7 million were slightly higher than those of the previous year (€4.5 million) due to one-off costs incurred in connection with the withdrawal from DB 12 Immobilienfonds.

EBIT UP 19%

Earnings before interest and taxes (EBIT) increased by around 19% or €19.5 million from €101.0 million to €120.5 million.

NET FINANCE COSTS UP DUE TO ONE-OFF EFFECT FROM THE DISPOSAL OF A SHAREHOLDING

Net finance costs include income of €15.7 million from the sale of a stake in Ilwro Sp.zo.o. in Poland. Adjusted for this effect, net finance costs were down from €8.5 million to €-35.8 million. Interest expenses were €3.7 million higher than during the same period of the previous year which can be attributed to the convertible bond issued at the end of the previous year as well as the initial consolidation of the Altmarkt-Galerie Dresden for which interest savings were exceeded by the refinancing costs. In addition, the profit share for third-party shareholders rose by around €1.1 million. Moreover, income from companies included using the equity method fell by €4.6 million since 1 May 2013, mainly as a result of the consolidation of the Altmarkt-Galerie Dresden.

MEASUREMENT GAINS / LOSSES

The measurement loss amounted to €6.8 million and included investment costs incurred by our portfolio properties as well as an excess of identified net assets acquired over cost of acquisition in accordance with IFRS 3 from the first full consolidation of the Altmarkt-Galerie Dresden.

ADJUSTED EBT EXCLUDING MEASUREMENT GAINS / LOSSES UP 17%

{3} Earnings before taxes (EBT) climbed 31%, from €71.0 million to €93.7 million. Adjusted for the effect on results from the disposal of the Polish shareholding (€15.7 million) and measurement gains / losses, EBT rose from €73.8 million to €86.1 million (+17%). Included in these figures were measurement losses of €6.8 million from fully-consolidated shareholdings and €1.4 million for shareholdings accounted for using the equity method.

INCOME TAXES DOWN ON PREVIOUS YEAR

Taxes on income and earnings declined as a result of last year's restructuring. Overall, the tax ratio fell from 30% to 21%. Tax expense amounted to €16.5 million. €1.9 million of this (previous year: €4.0 million) was attributable to taxes to be paid and €14.6 million (previous year: €17.0 million) to deferred taxes.

CONSOLIDATED PROFIT UP 55% DUE TO SPECIAL EFFECT

Consolidated profit amounted to €77.2 million, 55% higher year-on-year. Stripped of the income earned through the disposal of the Polish shareholding, year-on-year profit would have been 23% higher. Earnings per share (basic) amounted to €1.43, compared with €0.96 in the previous year. EPRA earnings per share rose 25% from €1.00 per share to €1.25.

EARNINGS PER SHARE

	01.01.–30.09.2013		01.01.–30.09.2012	
	IN € THOUSANDS	PER SHARE IN €	IN € THOUSANDS	PER SHARE IN €
Consolidated profit	**77,211**	**1.43**	**49,938**	**0.96**
Measurement gains / losses	6,784	0.13	2,741	0.05
Measurement gains / losses for equity-accounted companies	1,391	0.03	95	0.00
Proceeds from sales	-15,746	-0.29	0	0.00
Deferred taxes	-1,944	-0.04	-793	-0.02
EPRA* earnings	**67,696**	**1.25**	**51,981**	**1.00**
Weighted no. of shares in thousands		53,945		51,935

* European Public Real Estate Association

FUNDS FROM OPERATIONS (FFO) UP 17%

FFO rose from €69.8 million to €85.0 million, or from €1.34 to €1.58 per share (+17%).

IN € THOUSANDS	01.01.–30.09.2013	01.01.–30.09.2012
Consolidated profit	**77,211**	**49,938**
Measurement gains / losses	6,784	2,741
Measurement gains / losses for equity-accounted companies	1,391	95
Proceeds from sales	-15,746	0
Bond conversion expense	834	0
Deferred taxes	14,619	17,031
FFO	**85,093**	**69,805**
per share (€)	**1.58**	**1.34**

FINANCIAL POSITION AND NET ASSETS

NET ASSETS AND LIQUIDITY

The Deutsche EuroShop Group's total assets increased by €154.3 million compared with the year-end figure in 2012 to €3,313.6 million. Non-current assets increased by €262.6 million. This is particularly attributable to the first full consolidation of the Altmarkt-Galerie Dresden. Receivables and other current assets decreased by €1.9 million. At €51.7 million, cash and cash equivalents were €106.5 million lower than on 31 December 2012 (€158.2 million), which can largely be attributed to the acquisition of the 33% stake in the Altmarkt-Galerie Dresden and the dividend payment in June.

EQUITY RATIO OF 46.3%

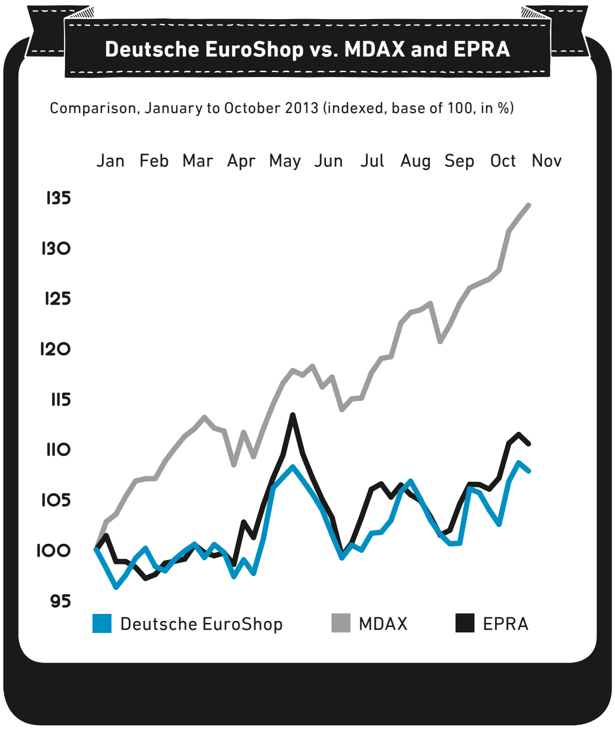
As a result of the dividend paid in June (€64.7 million) the equity ratio (incl. shares held by third-party shareholders) decreased by 2.1 percentage points. It amounted to 46.3% on the reporting date compared to 48.4% on 31 December 2012.

LIABILITIES

As at 30 September 2013, financial liabilities stood at €1,509.0 million and were thus €151.3 million higher than at the end of 2012. The increase can also be mainly attributed to the first full consolidation of the Altmarkt-Galerie Dresden. Non-current deferred tax liabilities increased by €16.5 million to €197.0 million due to additional provisions. Redemption entitlements for third-party shareholders rose by around €0.8 million. Other liabilities and provisions were reduced by €19.7 million, primarily due to tax payments made.

The Shopping Center Share

Deutsche EuroShop shares ended 2012 at a closing price of €31.64. 2013 initially brought a slight decline however they later stabilised within a corridor of between €31.00 and €31.80. Following a gain in mid-April, DES shares rose to prices in excess of €33.00 over the course of May. They reached €34.48 on 20 May 2013, their high for the period and also a new all-time high for our shares. This was followed by a downward trend which culminated in a price of €29.45 on 24 June, the lowest level for the period. The price stabilised between €30.00 and €32.70 by the end of the reporting period and was at €32.03 on 30 September 2013. Taking into account the dividend of €1.20 per share paid on 21 June 2013, this corresponds to a performance of 5.0% in the first nine months of the year. During this same period, the MDAX rose by 26.2% and the EPRA index of European real estate companies increased by 6.4%. Deutsche EuroShop's market capitalisation stood at €1.73 billion at the end of the third quarter.



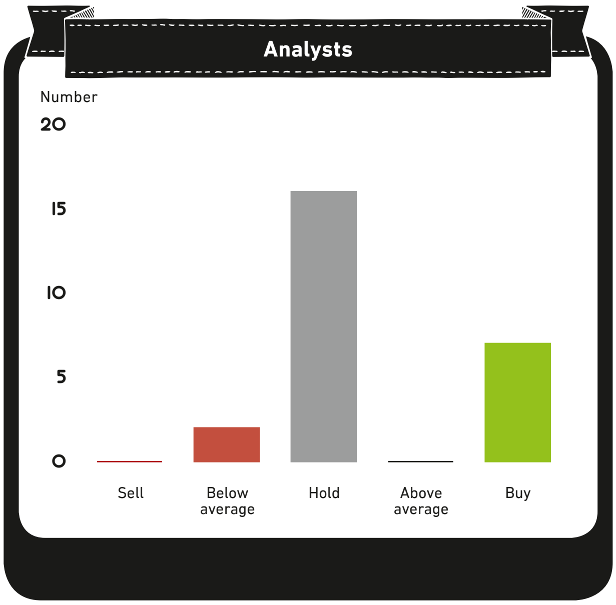
AWARDS FOR OUR REPORTS

Deutsche EuroShop's Annual Report 2012, prepared under the motto "Hamburg³", won additional awards including bronze in the European Public Real Estate Association's "EPRA 2013 Annual Report Survey" as well as one honorary and one silver award from the "2013 International ARC Awards" competition for the world's best annual reports.

If you are interested in receiving a printed copy of our annual report, please send an e-mail to info@deutsche-euroshop.de.

COVERAGE

A total of 25 financial analysts from various institutions assess Deutsche EuroShop's business performance. They publish reports with investment recommendations concerning the Company on a regular basis. The majority of analysts' opinions is currently neutral (16), with seven adopting a positive position and two issuing negative opinions (as at 4 November 2013). A list of analysts and current reports can be found on our website at www.deutsche-euroshop.de/ir



INVESTORS DAY AND CONFERENCES

On 22 and 23 August we organised our biannual "Deutsche EuroShop Real Estate Summer" event for analysts and institutional investors – this time in Klagenfurt. The programme included not only a tour of City-Arkaden and the competitive environment but also various specialist presentations on topics such as the "Measurement of shopping center properties" or the "Future of retailing".

We also held various individual and group meetings at conferences in Munich and New York.

Key share data

Sector / industry group	Financial services / Real estate
Share capital on 30 September 2013	€53,945,536.00
Number of shares on 30 September 2013 (no-par value registered shares)	53,945,536
Dividend 2012 (21 June 2013)	€1.20
Share price on 28 December 2011	€31.64
Share price on 30 September 2013	€32.03
Low / high in the period under review	€29.45 / €34.48
Market capitalisation on 30 September 2013	€1.73 billion
Prime Standard	Frankfurt und Xetra
OTC trading	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 symbol	DEQ, Reuters: DEQGn.DE

Report on Events after the Balance Sheet Date

No further significant events occurred between the balance sheet date of 30 September 2013 and the date of preparation of the financial statements.

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 2012 is therefore still applicable.

Report on Opportunities and Outlook

ECONOMIC CONDITIONS

The federal government, the European Commission, the OECD, the IMF, the Experts' Council, the German Bundesbank and all major financial institutions expect Germany's gross domestic product (GDP) to rise by 0.5% in 2013. Positive stimuli are expected to come from private consumer spending, in particular, which will probably continue its positive development in light of the consistently good situation on the job market.

Experts anticipate that the number of unemployed could rise slightly by 50,000 to 2,949 million, which would correspond to an unemployment rate of 6.9% (2012: 6.8%). According to the opinion of the German Council of Economic Experts, the inflation rate is likely to settle at 1.7% this year after averaging 2.0% in 2012.

In light of this, we expect Deutsche EuroShop's business to once again perform positively and according to plan this year.

EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

FORECAST TO BE INCREASED

In light of sales and positive earnings before interest and taxes, we stand by the forecasts we made in May for financial year 2013. As a result of income earned through the disposal of our Polish shareholding, however, we are raising our expectations in terms of earnings before taxes and measurement gains / losses considerably. We are also slightly increasing our forecast for funds from operations which does not include proceeds from sales. In this respect, we anticipate:

- revenue of between €186 million and €189 million and
- earnings before interest and taxes (EBIT) of between €162 million and €165 million
- earnings before taxes (EBT) without measurement gains / losses of between €130 million and €132 million (previously: €113 – €116 million) and
- funds from operations (FFO) per share of between €2.06 and €2.09 (previously: between €1.99 and €2.03).

DIVIDEND POLICY

We intend to maintain our long-term dividend policy and once again to distribute a dividend of at least €1.20 per share to our shareholders for financial year 2013.

Consolidated balance sheet

Assets

in € thousands	30.09.2013 READJUSTED	31.12.2012 READJUSTED	01.01.2012 READJUSTED
ASSETS			
Non-current assets			
Intangible assets	11	16	20
Property, plant and equipment	432	112	137
Investment properties	2,882,840	2,490,763	2,596,131
Non-current financial assets	34,465	30,293	27,815
Investments accounted for using the equity method	336,681	470,483	326,699
Other non-current assets	205	312	459
Non-current assets	**3,254,634**	**2,991,979**	**2,951,261**
Current assets			
Trade receivables	2,573	3,199	4,912
Other current assets	4,685	5,946	14,207
Cash and cash equivalents	51,669	158,194	57,613
Current assets	**58,927**	**167,339**	**76,732**
Total assets	**3,313,561**	**3,159,318**	**3,027,993**

Equity and liabilities

in € thousands	30.09.2013 READJUSTED	31.12.2012 READJUSTED	01.01.2012 READJUSTED
EQUITY AND LIABILITIES			
Equity and reserves			
Issued capital	53,945	53,945	51,631
Capital reserves	961,970	961,987	890,482
Retained earnings	311,407	305,982	250,928
Total equity	**1,327,322**	**1,321,914**	**1,193,041**
Non-current liabilities			
Financial liabilities	1,395,015	1,167,864	1,185,613
Deferred tax liabilities	197,039	180,525	210,587
Right to redeem of limited partners	207,295	206,510	280,078
Other liabilities	43,576	42,684	32,288
Non-current liabilities	**1,842,925**	**1,597,583**	**1,708,566**
Current liabilities			
Financial liabilities	113,999	189,865	97,962
Trade payables	2,013	2,048	2,389
Tax liabilities	8,188	24,569	5,913
Other provisions	8,447	12,372	8,281
Other liabilities	10,667	10,967	11,841
Current liabilities	**143,314**	**239,821**	**126,386**
Total equity and liabilities	**3,313,561**	**3,159,318**	**3,027,993**

Consolidated income statement

in € thousands	01.07.– 30.09.2013 RE-ADJUSTED	01.07.– 30.09.2012 RE-ADJUSTED	01.01.– 30.09.2013 RE-ADJUSTED	01.01.– 30.09.2012 RE-ADJUSTED
Revenue	49,348	39,209	138,192	116,973
Property operating costs	-2,406	-2,008	-6,448	-6,646
Property management costs	-2,580	-1,898	-7,200	-5,827
Net operating income (NOI)	**44,362**	**35,303**	**124,544**	**104,500**
Other operating income	50	240	611	932
Other operating expenses	-1,113	-1,533	-4,654	-4,446
Earnings before interest and taxes (EBIT)	**43,299**	**34,010**	**120,501**	**100,986**
Interest income	63	54	296	317
Interest expense	-15,236	-13,182	-42,650	-38,950
Profit / loss attributable to limited partners	-4,052	-3,434	-11,870	-10,749
Income from the disposal of financial assets	26	0	26	0
Income from investments	16,635	0	16,635	0
Share of the profit or loss of associates and joint ventures accounted for using the equity method	5,094	7,473	17,522	22,134
Net finance costs	**2,530**	**-9,089**	**-20,041**	**-27,248**
Measurement gains / losses	**-4,322**	**-1,097**	**-6,784**	**-2,741**
of which excess of identified net assets acquired over cost of acquisition in accordance with IFRS 3: € 603 thousand (previous year: -€ 308 thousand)				
Earnings before tax (EBT)	**41,507**	**23,824**	**93,676**	**70,997**
Income tax expense	-6,072	-6,464	-16,465	-21,059
Consolidated profit	**35,435**	**17,360**	**77,211**	**49,938**
Earnings per share (€), basic	0.66	0.33	1.43	0.96
Earnings per share (€), diluted	0.63	0.33	1.38	0.96

Consolidated statement of comprehensive income

in € thousands	01.07.– 30.09.2013	01.07.– 30.09.2012	01.01.– 30.09.2013	01.01.– 30.09.2012
Consolidated profit	**35,435**	**17,360**	**77,211**	**49,938**
Changes in cash flow hedge	682	-4,655	6,799	-11,415
Deferred taxes on changes in value offset directly against equity	-145	1,505	-1,573	3,343
Change due to IAS 39 measurement of investments	3,553	0	3,553	0
Disposal due to IAS 39 measurement of investments	-15,746	0	-15,746	0
Total earnings recognised directly in equity	**-11,656**	**-3,150**	**-6,967**	**-8,072**
Total profit	**23,779**	**14,210**	**70,244**	**41,866**
Share of Group shareholders	23,779	14,210	70,244	41,866

Consolidated cash flow statement

in € thousands	01.01.– 30.09.2013	01.01.– 30.09.2012
Profit after tax	**77,211**	**49,938**
Expenses / income from the application of IFRS 3	-603	308
Income from the disposal of shareholdings	-15,745	0
Profit / loss attributable to limited partners	11,505	10,665
Depreciation of property, plant and equipment	39	29
Other non-cash income and expenses	1,029	-151
Profit / loss for the period of equity-accounted companies	-600	-1,799
Deferred taxes	14,618	17,031
Operating cash flow	**87,454**	**76,021**
Changes in receivables	3,259	1,495
Changes in current provisions	-21,184	978
Changes in liabilities	-1,705	-401
Cash flow from operating activities	**67,824**	**78,093**
Payments to acquire property, plant and equipment / investment properties	-71,980	-6,500
Inflows / outflows to / from the financial assets	-620	1,152
Cash flow from investing activities	**-72,600**	**-5,348**
Outflow from the repayment of financial liabilities	-36,851	12,924
Payments to limited partners	-9,506	-8,615
Payments to Group shareholders	-64,735	-56,795
Cash flow from financing activities	**-111,092**	**-52,486**
Net change in cash and cash equivalents	**-115,868**	**20,259**
Cash and cash equivalents at beginning of period	**158,194**	**54,487**
Changes in the financial resources fund due to consolidation changes	9,343	0
Cash and cash equivalents at end of period	**51,669**	**74,746**

Statement of changes in equity

in € thousands	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	CAPITAL RESERVES	OTHER RETAINED EARNINGS	STATUTORY RESERVE	TOTAL
01.01.2012	**51,631,400**	**51,631**	**890,482**	**248,928**	**2,000**	**1,193,041**
Total earnings recognised directly in equity				-8,072		-8,072
Consolidated profit				49,938		49,938
Total profit				41,866		41,866
Dividend payments				-56,795		-56,795
30.09.2012	**51,631,400**	**51,631**	**890,482**	**233,999**	**2,000**	**1,178,112**
01.01.2013	**53,945,536**	**53,945**	**961,987**	**303,982**	**2,000**	**1,321,914**
Total earnings recognised directly in equity			0	-6,967		-6,967
Consolidated profit				77,211		77,211
Total profit		0	0	70,244	0	70,244
Dividend payments				-64,735		-64,735
Other changes			-17	-84		-101
30.09.2013	**53,945,536**	**53,945**	**961,970**	**309,407**	**2,000**	**1,327,322**

Disclosures

REPORTING PRINCIPLES

These interim financial statements of the Deutsche EuroShop Group as at 30 September 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS).

The management report and the abridged financial statements were not audited in accordance with section 317 of the Handelsgesetzbuch (HGB – German Commercial Code), nor were they reviewed by a person qualified to carry out audits. In the opinion of the Executive Board, the report contains all of the necessary adjustments required to give a true and fair view of the results of operations as at the date of the interim report. The performance for the first nine months up to 30 September 2013 is not necessarily an indication of future performance.

The accounting policies applied correspond to those used in the last consolidated financial statements as at the end of the financial year. A detailed description of the methods applied was published in the notes to the consolidated financial statements for 2012. Changes made to the accounting policies after 1 January 2013 are explained in the following.

CHANGES IN ACCOUNTING POLICIES

SWITCH TO THE EQUITY METHOD AS OF 1 JANUARY 2013

Joint ventures in which Deutsche EuroShop AG has a majority of the voting rights together with third parties were previously proportionately included as joint ventures in the consolidated financial statements in accordance with the option granted by IAS 31. Proportional consolidation is now discontinued given the adoption of the new IFRS 11. In future, joint ventures will always be accounted for using the equity method.

Adoption of this standard is compulsory as of 1 January 2014. In our 2011 annual report, we had already announced the early adoption of IFRS 11 as of 2013.

The transition from proportional to equity accounting has an impact on the structure of our consolidated financial statements. Under the equity method, assets, liabilities, expenses and income are no longer recognised proportionally in the corresponding balance sheet or income statement items. The balance sheet only shows equity interest as a carrying amount and the profit share is recorded as investment income in the income statement (financial result). This affects the following companies:

- Altmarkt-Galerie Dresden KG, Hamburg (until 30 April 2013)
- Allee-Center Magdeburg KG, Hamburg
- CAK City Arkaden Klagenfurt KG, Hamburg
- EKZ Eins Errichtungs- und Betriebs Ges.m.b.H. & Co OG, Vienna
- Einkaufs-Center Arkaden Pécs KG, Hamburg

CONSOLIDATED BALANCE SHEET – SWITCH TO EQUITY ACCOUNTING

ASSETS in € thousands	01.01.2012 PRE-ADJUSTED	01.01.2012 ADJUSTMENT	01.01.2012 RE-ADJUSTED
ASSETS			
Non-current assets			
Intangible assets	20	0	20
Property, plant and equipment	137	0	137
Investment properties	3,106,832	-844,221	2,262,611
Non-current financial assets	27,815	0	27,815
Investments accounted for using the equity method	4,514	470,834	475,348
Other non-current assets	459	0	459
Non-current assets	**3,139,777**	**-373,387**	**2,766,390**
Current assets			
Trade receivables	5,606	-1,248	4,358
Other current assets	15,334	-1,513	13,821
Cash and cash equivalents	64,408	-9,921	54,487
Current assets	**85,348**	**-12,682**	**72,666**
Total assets	**3,225,125**	**-386,069**	**2,839,056**

EQUITY AND LIABILITIES in € thousands	01.01.2012 PRE-ADJUSTED	01.01.2012 ADJUSTMENT	01.01.2012 RE-ADJUSTED
EQUITY AND LIABILITIES			
Equity and reserves			
Issued capital	51,631	0	51,631
Capital reserves	890,482	0	890,482
Retained earnings	250,928	0	250,928
Total equity	**1,193,041**	**0**	**1,193,041**
Non-current liabilities			
Financial liabilities	1,335,986	-259,712	1,076,274
Deferred tax liabilities	210,587	0	210,587
Right to redeem of limited partners	280,078	-77,285	202,793
Other liabilities	38,451	-6,163	32,288
Non-current liabilities	**1,865,102**	**-343,160**	**1,521,942**
Current liabilities			
Financial liabilities	136,163	-39,598	96,565
Trade payables	2,835	-472	2,363
Tax liabilities	5,935	-22	5,913
Other provisions	8,859	-690	8,169
Other liabilities	13,190	-2,127	11,063
Current liabilities	**166,982**	**-42,909**	**124,073**
Total equity and liabilities	**3,225,125**	**-386,069**	**2,839,056**

ASSETS in € thousands	31.12.2012 PRE-ADJUSTED	31.12.2012 ADJUST-MENT	31.12.2012 RE-ADJUSTED
ASSETS			
Non-current assets			
Intangible assets	16	0	16
Property, plant and equipment	112	0	112
Investment properties	3,330,289	-839,526	2,490,763
Non-current financial assets	30,293	0	30,293
Investments accounted for using the equity method	4,109	466,374	470,483
Other non-current assets	316	-4	312
Non-current assets	**3,365,135**	**-373,156**	**2,991,979**
Current assets			
Trade receivables	4,738	-1,539	3,199
Other current assets	7,115	-1,169	5,946
Other financial investments	4,355	-4,355	0
Cash and cash equivalents	167,511	-9,317	158,194
Current assets	**183,719**	**-16,380**	**167,339**
Total assets	**3,548,854**	**-389,536**	**3,159,318**

EQUITY AND LIABILITIES in € thousands	31.12.2012 PRE-ADJUSTED	31.12.2012 ADJUST-MENT	31.12.2012 RE-ADJUSTED
EQUITY AND LIABILITIES			
Equity and reserves			
Issued capital	53,945	0	53,945
Capital reserves	961,987	0	961,987
Retained earnings	305,982	0	305,982
Total equity	**1,321,914**	**0**	**1,321,914**
Non-current liabilities			
Financial liabilities	1,463,097	-295,233	1,167,864
Deferred tax liabilities	180,525	0	180,525
Right to redeem of limited partners	284,176	-77,666	206,510
Other liabilities	51,242	-8,558	42,684
Non-current liabilities	**1,979,040**	**-381,457**	**1,597,583**
Current liabilities			
Financial liabilities	194,137	-4,272	189,865
Trade payables	2,331	-283	2,048
Tax liabilities	24,572	-3	24,569
Other provisions	12,749	-377	12,372
Other liabilities	14,111	-3,144	10,967
Current liabilities	**247,900**	**-8,079**	**239,821**
Total equity and liabilities	**3,548,854**	**-389,536**	**3,159,318**

CONSOLIDATED INCOME STATEMENT – SWITCH TO EQUITY ACCOUNTING

in € thousands	01.01.–30.09.2012 PRE-ADJUSTED	01.01.–30.09.2012 RE-ADJUSTED
Revenue	157,114	116,973
Property operating costs	-8,037	-6,646
Property management costs	-8,004	-5,827
Net operating income (NOI)	**141,073**	**104,500**
Other operating income	1,036	932
Other operating expenses	-4,775	-4,446
Earnings before interest and taxes (EBIT)	**137,334**	**100,986**
Income from investments	1	0
Interest income	360	317
Interest expense	-49,731	-38,950
Profit / loss attributable to limited partners	-14,078	-10,749
Share of the profit or loss of associates and joint ventures accounted for using the equity method	0	22,134
Net finance costs	**-63,448**	**-27,248**
Measurement gains / losses	**-2,836**	**-2,741**
Earnings before tax (EBT)	**71,050**	**70,997**
Income tax expense	-21,112	-21,059
Consolidated profit	**49,938**	**49,938**
Earnings per share (€), basic	0.96	0.96
Earnings per share (€), diluted	0.96	0.96

In addition, a voting agreement was in place with a co-shareholder of Immobilien Kommanditgesellschaft FEZ Harburg and Stadt-Galerie Passau KG until 31 December 2012 which granted Deutsche EuroShop AG controlling interest of these companies. These voting agreements were terminated by mutual agreement as per 31 December 2012. As a result, Deutsche EuroShop AG no longer has the necessary majority voting interest. The two companies, in which Deutsche EuroShop AG holds a 50% and 75% stake, respectively, were previously fully consolidated. They also switched over to the equity method as of 1 January 2013, with the result that the following asset and liability items from the consolidated balance sheet as of 31 December 2012 are no longer shown:

in € million	
Investment properties	333,370
Receivables and other assets	1,114
Cash and cash equivalents	2,812
Provisions	124
Financial liabilities	109,872
Other liabilities	581
Minority interests	77,666

WITHDRAWAL OF DEUTSCHE EUROSHOP AG FROM DB 12 IMMOBILIENFONDS

As of 31 December 2012, Deutsche EuroShop AG withdrew as limited partner from DB Immobilienfonds 12 Main-Taunus-Zentrum KG (DB 12 KG). As compensation, Deutsche EuroShop AG received its limited partnership interest in the Main-Taunus-Zentrum KG, which had previously been held directly via DB 12 KG, plus a proportionate share of cash and cash equivalents in the amount of €1.4 million. DB 12 KG had previously been fully consolidated. The company was deconsolidated on 1 January 2013, with the result that the following asset and liability items from the consolidated balance sheet as of 31 December 2012 are no longer shown:

in € thousands	
Cash and cash equivalents	-2,973
Provisions and liabilities	155
Deconsolidation amount	**-2,818**

This event did not have an impact on earnings. It increases the Company's direct shareholding in Main-Taunus-Zentrum KG from 5.74% to 52.01%.

SHAREHOLDING IN ALTMARKT-GALERIE DRESDEN KG INCREASED TO 100%

With effect from 30 April 2013, Deutsche EuroShop AG acquired 33% of the Altmarkt-Galerie Dresden KG, thus taking its shareholding to 100%. The purchase price was €70.2 million. The property company is fully consolidated from 1 May 2013. Initial consolidation resulted in an excess of identified net assets acquired over the cost of acquisition of €603,000 which was recognised under measurement gains / losses.

in € thousands	CARRYING AMOUNT	FAIR VALUE
Purchase price	70,216	70,216
Fair value net assets prior to effective control	109,745	109,745
Full amount of consideration	**179,961**	**179,961**
Net assets acquired:		
Property assets	390,785	390,785
Cash and cash equivalents	10,778	10,778
Receivables and other assets	1,342	1,342
Loan liabilities	187,107	187,107
Deferred taxes	21,428	21,428
Provisions	885	885
Other liabilities	12,921	12,921
	180,564	180,564
Excess of identified net assets acquired over cost of acquisition	**-603**	**-603**

SEGMENT REPORTING

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

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.

As the Group's main decision-making body, the Deutsche EuroShop AG Executive Board largely assesses the performance of the segments based on the EBIT 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 eliminated in the reconciliation statement.

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

BREAKDOWN BY GEOGRAPHICAL SEGMENT

in € thousands	DOMESTIC	INTERNATIONAL	RECONCILIATION	TOTAL
Revenue	**127,365**	**10,827**	**0**	**138,192**
(previous year's figures)	(106,384)	(10,589)	(0)	(116,973)

in € thousands	DOMESTIC	INTERNATIONAL	RECONCILIATION	TOTAL
EBIT	**115,264**	**9,311**	**-4,074**	**120,501**
(previous year's figures)	(95,592)	(9,611)	-(4,217)	(100,986)

in € thousands	DOMESTIC	INTERNATIONAL	RECONCILIATION	TOTAL
Net interest income	**-36,657**	**-2,942**	**-2,755**	**-42,354**
(previous year's figures)	-(34,751)	-(2,954)	-(928)	-(38,633)

in € thousands	DOMESTIC	INTERNATIONAL	RECONCILIATION	TOTAL
Earnings before tax (EBT)	**77,642**	**8,228**	**7,806**	**93,676**
(previous year's figures)	(53,617)	(4,858)	(12,522)	(70,997)

in € thousands	DOMESTIC	INTERNATIONAL	TOTAL
Segment assets	**3,093,511**	**220,050**	**3,313,561**
(previous year's figures)	(2,940,536)	(218,782)	(3,159,318)
of which investment properties	2,668,168	214,672	2,882,840
(previous year's figures)	(2,276,740)	(214,023)	(2,490,763)

OTHER DISCLOSURES

DIVIDEND

In the reporting period a dividend of €1.20 per share was distributed for financial year 2012 on 21 June 2013.

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, November 2013

Claus-Matthias Böge   Olaf Borkers

FINANCIAL CALENDAR 2013 & 2014

2013

13.11.	**Nine-month report 2013**
19.11.	DZ BANK Equity Conference, Frankfurt
21.11.	Roadshow Paris, M.M. Warburg
26.11.	**Supervisory Board meeting, Hamburg**
27.–28.11.	Bankhaus Lampe Hamburg Investment Conference, Hamburg

2014

09.–10.01.	Oddo Midcap Forum, Lyon
15.01.	J.P. Morgan European Real Estate CEO Conference, London
22.01.	Kepler Cheuvreux European Corporate Conference, Frankfurt
27.03.	Bank of America Merrill Lynch Real Estate Conference, London
25.04.	**Publication of the Annual Report 2013**
14.05.	**Interim report Q1 2014**
18.06.	**Annual General Meeting, Hamburg**
12.08.	**Interim report H1 2014**
13.11.	**Nine-month report 2014**

OUR FINANCIAL CALENDAR IS UPDATED CONTINUOUSLY.
PLEASE CHECK OUR WEBSITE FOR THE LATEST EVENTS:

www.deutsche-euroshop.com/ir

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