



LETTER FROM THE EXECUTIVE BOARD

**DEAR SHAREHOLDERS,
DEAR READERS,**

The Deutsche EuroShop business model once again proved its reliability in the first six months of 2017. In comparison to the same period of the previous year, considerable improvements in performance were achieved and the key figures developed as planned. The new additions to the portfolio – Saarpark-Center Neunkirchen and the Olympia Center Brno – in particular impacted growth positively. The current situation in bricks-and-mortar retailing is being reflected in our

portfolio business and tenancy agreement negotiations are becoming more challenging in places.

With revenue of € 105.8 million, we exceeded the figure for the same period of the previous year by just under 4%. Net operating income (NOI) also improved by 4% to € 95.3 million, while earnings before interest and taxes (EBIT) climbed 4% to € 92.5 million. Consolidated profit increased by more than 15% from € 48.7 million to € 56.2 million.



Earnings per share increased correspondingly from € 0.90 to € 0.99.

EPRA earnings, i.e. operating earnings adjusted for valuation effects, rose from € 1.11 to € 1.20 per share, which corresponded to an increase of 8%. Our funds from operations (FFO) likewise grew significantly, increasing by just under 8% from € 1.16 per share to € 1.25 per share. In absolute terms, FFO stood at € 71 million, which is almost 13% up on the same period in the previous year.

Besides the acquisition of shopping centers, lower interest costs in particular contributed to the positive business performance. The average interest rate for our credit portfolio improved in the first half of the year, dropping from 3.7% to almost 3%.

Our forecast for the entire year remains unchanged. We envisage being able to pay you a dividend of € 1.45 per share for the current financial year.

Hamburg, August 2017

Wilhelm Wellner

Olaf Borkers

CONSOLIDATED KEY FIGURES

in € million	01.01.– 30.06.2017	01.01.– 30.06.2016	+/-
Revenue	105.8	101.8	3.9%
NOI	95.3	91.7	4.0%
EBIT	92.5	88.8	4.1%
EBT (excluding measurement gains / losses*)	73.0	65.0	12.3%
Consolidated profit	56.2	48.7	15.5%
EPRA** earnings per share in €	1.20	1.11	8.1%
FFO per share in €	1.25	1.16	7.8%
Earnings per share in € (undiluted)	0.99	0.90	10.0%

in € million	30.06.2017	31.12.2016	+/-
Equity***	2,383.0	2,240.7	6.4%
Net financial liabilities	2,221.8	1,873.8	18.6%
Total assets	4,604.8	4,114.5	11.9%
Equity ratio (%)***	51.7	54.5	
Loan to value ratio (%)****	34.5	34.2	
Cash and cash equivalents	127.2	64.0	98.6%

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

** European Public Real Estate Association

*** incl. third-party interests in equity

**** Loan to Value (LTV): the ratio between net debt (financial liabilities less cash and cash equivalents) and non-current assets (investment properties and at-equity investments)

BASIC INFORMATION ABOUT THE GROUP

GROUP BUSINESS MODEL

Deutsche EuroShop is an Aktiengesellschaft (public company) under German law. The Company's registered office is in Hamburg. Deutsche EuroShop is the only public company in Germany to invest solely in shopping centers in prime locations. A total of 21 shopping centers in Germany, Austria, Poland, Hungary and the Czech Republic are held in the real estate portfolio. The Group generates its reported revenue from rental income on the space it lets in the shopping centers.

The shopping centers are held by independent companies, with Deutsche EuroShop holding stakes of 100% in twelve of them and between 50% and 75% in the other nine. The operational management of the shopping centers is contracted out to external service providers under agency agreements.

The Group managing company is Deutsche EuroShop AG. It is responsible for corporate strategy, portfolio and risk management, financing and communication. The Deutsche EuroShop Group has a central structure and lean personnel organisation.

The share capital amounted to € 58,404,996 on 30 June 2017 and was composed of 58,404,996 no-par value registered shares. The notional value of each share is € 1.00.

OBJECTIVES AND STRATEGY

The management focuses on investments in high-quality shopping centers in city centres and established locations offering stable long-term value growth. A key investment target is the generation of high surplus liquidity from

long-term leases in shopping centers, which is paid out to shareholders in the form of an annual dividend. To this end, the Company invests its capital in shopping centers in different European regions in accordance with the principle of risk diversification. Germany is the main focus for investment. Indexed and turnover-linked commercial rents ensure that the high earnings targets are achieved.

The Company may invest up to 10% of equity in joint ventures in shopping center projects in the early stages of development.

New investments should be financed from a balanced mix of sources, and borrowing may not account for more than 55% of financing across the Group over the long term. As a general rule, long-term interest rates are fixed when loans are taken out or renewed, with the goal of keeping the duration (average fixed interest period) at over five years.

MANAGEMENT SYSTEM

The Executive Board of Deutsche EuroShop manages the Company in accordance with the provisions of German company law and with its rules of procedure. The Executive Board's duties, responsibilities and business procedures are laid down in its rules of procedure and in its schedule of responsibilities.

The management indicators are based on the targets of having shopping centers with sustainable and stable value growth and a high liquidity surplus generated by long-term leases. These indicators are revenue, EBIT (earnings before interest and taxes), EBT (earnings before taxes) excluding measurement gains / losses and FFO (funds from operations).

ECONOMIC REVIEW

MACROECONOMIC AND SECTOR-SPECIFIC CONDITIONS

The prospect of continued labour market strength, low inflation and extremely low interest rates are stimulating consumer spending in Germany's retail sector. The unemployment rate at the end of June 2017 stood at 5.5%. Private consumption remains a driver of economic development in Germany. According to the Federal Statistical Office, German retail sales (including online spending) rose by 1.7% year-on-year in real terms in the first six months of 2017. Online retailers were once again a significant driver of growth here. In contrast, bricks-and-mortar retail recorded a markedly slower rate of growth and also falls in revenue in some segments.



RESULTS OF OPERATIONS

Results of operations in € thousand	01.01. – 30.06.2017	01.01. – 30.06.2016	Change +/-	Change in %
Revenue	105,795	101,830	3,965	3.9%
Operating and administrative costs for property	-10,451	-10,120	-331	-3.3%
NOI	95,344	91,710	3,634	4.0%
Other operating income	342	502	-160	-31.9%
Other operating expenses	-3,190	-3,387	196	5.8%
EBIT	92,496	88,825	3,671	4.1%
At-equity profit / loss	14,755	9,469		
Measurement gains / losses (at-equity)	399	1,736		
Deferred taxes (at-equity)	118	0		
At-equity (operating) profit / loss	15,272	11,205	4,067	36.3%
Interest expense	-26,914	-27,138	224	0.8%
Profit / loss attributable to limited partners	-9,319	-8,900	-419	-4.7%
Other finance costs	1,498	1,048	450	42.9%
Net finance costs (excl. measurement gains / losses)	-19,463	-23,785	4,322	18.2%
EBT (excl. measurement gains / losses)	73,033	65,040	7,993	12.3%
Measurement gains / losses	-2,209	-3,249		
Measurement gains / losses (at-equity)	-399	-1,736		
Measurement gains / losses (including at-equity profit / loss)	-2,608	-4,985	2,377	47.7%
Income taxes	-2,568	-2,555	-13	-0.5%
Deferred taxes	-11,506	-8,827		
Deferred taxes (at-equity)	-118	0		
Deferred taxes (at-equity)	-11,624	-8,827	-2,797	-31.7%
CONSOLIDATED PROFIT	56,233	48,673	7,560	15.5%

Revenue growth as planned thanks to portfolio expansion

Revenue rose in the reporting period by 3.9% to €105.8 million, thus meeting our expectations. This growth can be attributed to the Olympia Center in Brno, which for the first time generated revenue of €5.1 million in the second quarter. In the challenging market environment currently being felt in Germany, the rents of our portfolio properties including severance payments were slightly down, standing at €-1.1 million.

Operating and administrative costs for property: 9.9% of revenue

Center operating costs in the reporting period enjoyed a slight €0.3 million rise to €10.5 million and were in line with the budgeted 9.9% of revenue.

Other operating expenses of €3.2 million

Other operating expenses totalled €3.2 million, €0.2 million lower than the previous year's level. In the prior-year period, there was an increase in particular in consulting costs for the audit of acquisition projects.

EBIT grows at same rate as revenue

Earnings before interest and taxes (EBIT) at €92.5 million were greater than the figure for the previous year (€88.8 million) due to the acquisition of the Olympia Center, which generated EBIT of €4.3 million.

Net finance costs excluding measurement effects significantly higher

Net finance costs (excluding measurement gains / losses) grew by €4.3 million from €-23.8 million to €-19.5 million.

The at-equity profit recognised in net finance costs had a significant effect, increasing by €4.1 million. The acquisition of the Saarpark Center Neunkirchen on 1 October 2016 in



particular contributed € 2.7 million in the first half-year of 2017. In addition to this, interest expense for the other at-equity accounted companies fell by € 1.4 million owing to more favourable refinancing.

The interest expense of Group companies declined slightly by € 0.2 million. Lower interest costs due to loan repayments, improved interest conditions and a current short-term interest rate agreement for a loan stood in contrast to the newly added interest expense for the financing of the Olympia Center.

Other financial expense, which consisted mainly of a measurement gain on an interest rate swap for the financing of the Altmarkt-Galerie Dresden, profited from the year-on-year interest rate development and

contributed € +0.5 million to the improved net finance costs.

EBT (excluding measurement gains / losses) up significantly by 12.3%

EBT (excl. measurement gains / losses) rose from € 65.0 million to € 73.0 million (+12.3%) due in particular to expansions of the portfolio.

Measurement gains / losses influenced by investments

The measurement loss of € -2.6 million (previous year: € -5.0 million) includes investment costs incurred by our portfolio properties (including the at-equity portion) and subject to normal cyclical variations.

Increase in income taxes

Taxes on income and earnings amounted to € 14.2 million (previous year: € 11.4 million). Of this, € 2.6 million (previous year: € 2.6 million) was attributable to taxes to be paid and € 11.6 million (previous year: € 8.8 million) to deferred taxes.

Consolidated profit and earnings up significantly

At € 56.2 million, consolidated profit was up by € 7.5 million compared with the previous year (€ 48.7 million). Thus basic earnings per share increased from € 0.90 to € 0.99 (+10.0%). EPRA earnings per share rose by 8.1% from € 1.11¹ to € 1.20.

EPRA Earnings	01.01. – 30.06.2017 in € thousand	01.01. – 30.06.2017 per share in €	01.01. – 30.06.2016 in € thousand	01.01. – 30.06.2016 per share in €
Consolidated profit	56,233	0.99	48,673	0.90
Measurement gains / losses investment properties*	2,608	0.05	4,985	0.09
Measurement gains / losses derivative financial instruments*	-1,751	-0.03	-1,002	-0.02
Acquisition costs	276	0.00	358	0.01
Deferred taxes related to EPRA adjustments**	10,607	0.19	6,996	0.13
EPRA EARNINGS	67,973	1.20	60,010	1.11
Expense for convertible bond	1,172		1,172	
EPRA EARNINGS (DILUTED)	69,145	1.15	61,182	1.07
Weighted number of no-par value shares issued		56,754,256		53,945,536
Weighted number of no-par value shares issued (diluted)		60,021,528		57,211,375

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

** These concern deferred taxes on investment properties and derivative financial instruments

¹ In the half-year financial report dated 30 June 2016, EPRA earnings stood at € 0.97 per share. In contrast to the previous year, deferred taxes attributable to the change in the tax balance sheet were also included in 2017. In addition, measurement gains / losses on derivative financial instruments were taken into account. The determination of the previous year's figure was adjusted accordingly. Further details on the EPRA key figures are provided in the "EPRA report" in the Annual Report 2016.

Funds from Operations	01.01.–30.06.2017 in € thousand	01.01.–30.06.2017 per share in €	01.01.–30.06.2016 in € thousand	01.01.–30.06.2016 per share in €
Consolidated profit	56,233	0.99	48,673	0.90
Bond conversion expense	484	0.01	484	0.01
Measurement gains / losses investment properties *	2,608	0.05	4,985	0.09
Deferred Taxes *	11,624	0.20	8,826	0.16
FFO PER SHARE	70,949	1.25	62,968	1.16
FFO PER SHARE (AFTER CONVERSION)**	70,949	1.22		
Weighted number of no-par value shares issued		56,754,256		53,945,536
Weighted number of no-par value shares issued (after conversion)**		57,977,135		

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

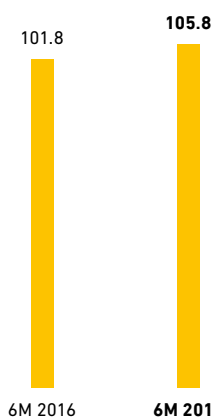
** Under the assumption that the convertible bond has been fully converted at the end of its term in November 2017.

Positive development of funds from operations (FFO)

Funds from operations (FFO) are used to finance our ongoing investments in portfolio properties, scheduled repayments on our long-term bank loans and the distribution of dividends. FFO rose from € 63.0 million to € 70.9 million, or from € 1.16 to € 1.25 per share (+7.8%).

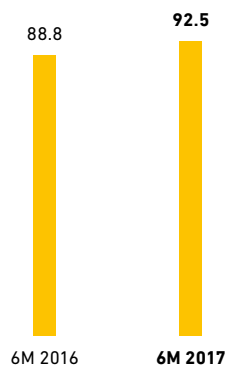
REVENUE

in € million



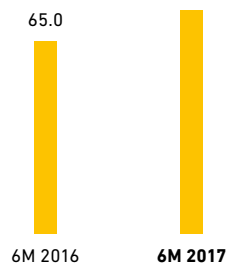
EBIT

in € million



EBT *

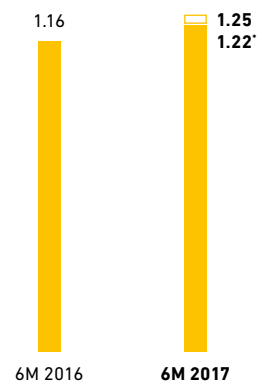
in € million



* excluding measurement gains / losses

FFO PER SHARE

in €



* Under the assumption that the convertible bond has been fully converted at the end of its term in November 2017.



FINANCIAL POSITION AND NET ASSETS

Significant increase in total assets due to the acquisition of the Olympia Center

The acquisition of the Olympia Center led to an increase in the total assets of the Deutsche EuroShop Group of €441.4 million as at the balance sheet date, and is mainly attributable to investment properties (€+374.0 million). Furthermore, goodwill of €53.9 million was recognised, which was virtually offset by deferred tax liabilities. The deferred tax liabilities were generated within the scope of the acquisition and will not be realised due to our intention to hold them over the long term.

Net assets and liquidity

Excluding the acquisition of the Olympia Center, total assets grew in the first half of 2017 by €49.0 million. This was mainly attributable to the increase in cash and cash equivalents, which mainly came as a result of the first dividend payment made at the end of the period under review.

Equity ratio of 51.7%

In order to finance the equity required for the acquisition of the Olympia Center, a cash capital increase was carried out in March by utilizing some of the authorised capital. The Deutsche EuroShop Group obtained €165 million (before deduction of transaction costs amounting to €1.4 million) from the capital increase.

The equity ratio (including the shares of third-party shareholders) was 51.7%, slightly down compared to the last reporting date (54.5%).

Liabilities

Current and non-current financial liabilities of €1,649.8 million were €204.2 million higher than their level at the end of 2016, due to the initial consolidation of the Olympia Center and the raising of a long-term €130 million loan in the reporting period. Non-current deferred tax liabilities increased by €65.9 million to €425.2 million due to the acquisition of the Olympia Center and additional provisions.

Other short-term liabilities totalled €81.8 million and comprised a liability for the distribution of the dividend for the financial year 2016, which was approved by the Annual General Meeting of Deutsche EuroShop AG on 28 June 2017 and paid out on 3 July 2017.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

No further significant events occurred between the balance sheet date of 30 June 2017 and the date of preparation of the financial statements.

OUTLOOK

ECONOMIC CONDITIONS

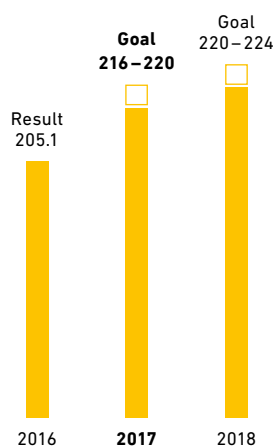
The ifo Institute revised its GDP forecast upward for 2017, from 1.5% to 1.8% during the current year. Positive consumer sentiment, strong growth in the construction industry, flourishing foreign trade and the positive situation on the job market will continue to stimulate the German economy in 2017. With respect to the performance of brick-and-mortar retailing in 2017, the GfK market research institute expects nominal growth of 1.0% for Germany as a whole, 1.8% for Austria, 5.3% for Poland, 5.7% for Hungary and 2.8% for the Czech Republic.

The recently opened Brexit negotiations, uncertainty surrounding the future US trade policy and the escalating crisis in the relationship between Germany and Turkey, however, harbours risks for further growth.

All in all and in light of the good economic conditions in our core market of Germany, we remain cautiously optimistic and expect that Deutsche EuroShop's business will continue to perform positively and according to plan this year.

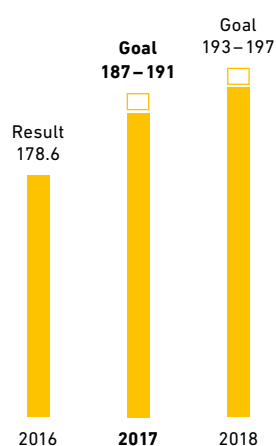
REVENUE

in € million



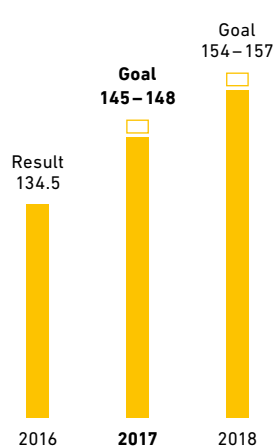
EBIT

in € million



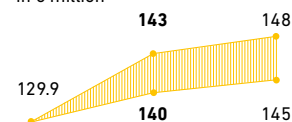
EBT*

in € million

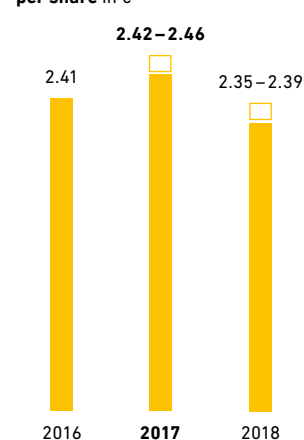


FFO

Result
in € million



per share in €



Number of shares in million

53.9 58.0** 61.8**

* excluding measurement gains / losses

** after conversion of the convertible bond, time-weighted at the balance sheet date

EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

After the first half of the year was on track, we stand by our forecasts for financial year 2017 and continue to expect:

- revenue of between € 216 million and € 220 million
- earnings before interest and taxes (EBIT) of between € 187 million and € 191 million
- earnings before taxes (EBT) excluding measurement gains / losses of between € 145 million and € 148 million
- funds from operations (FFO) of between € 140 million and € 143 million or between € 2.42 and € 2.46 per share²

Dividend policy

We intend to maintain our long-term, reliable dividend policy and anticipate that we will be able to pay a dividend of € 1.45 per share to our shareholders for 2017.

² The calculation of the FFO per share in 2017 is based on an average time-weighted number of shares of 58.0 million and the assumption that the convertible bond will be fully converted at the end of its term in November 2017. For financial year 2018, the average time-weighted number of shares assuming full conversion will increase to € 61.8 million.

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 that the Company currently 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 2016 is therefore still applicable (Annual Report 2016, pg. R16 ff.).



CONSOLIDATED BALANCE SHEET

Assets

in € thousand	30.06.2017	31.12.2016
ASSETS		
Non-current assets		
Intangible assets	53,893	29
Property, plant and equipment	224	267
Investment properties	3,895,804	3,520,824
Investments accounted for using the equity method	517,075	515,361
Other financial assets	52	52
Non-current assets	4,467,048	4,036,533
Current assets		
Trade receivables	2,234	6,601
Other current assets	8,314	7,277
Cash and cash equivalents	127,227	64,046
Current assets	137,775	77,924
TOTAL ASSETS	4,604,823	4,114,457

Liabilities

in € thousand	30.06.2017	31.12.2016
EQUITY AND LIABILITIES		
Equity and reserves		
Issued capital	58,405	53,945
Capital reserves	1,121,553	961,970
Retained earnings	878,441	900,233
Total equity	2,058,399	1,916,148
Non-current liabilities		
Financial liabilities	1,527,965	1,242,754
Deferred tax liabilities	425,222	359,365
Right to redeem of limited partners	324,596	324,559
Other liabilities	44,231	49,083
Non-current liabilities	2,322,014	1,975,761
Current liabilities		
Financial liabilities	121,815	202,827
Trade payables	2,869	1,394
Tax liabilities	860	649
Other provisions	5,901	6,644
Other liabilities	92,965	11,034
Current liabilities	224,410	222,548
TOTAL EQUITY AND LIABILITIES	4,604,823	4,114,457

CONSOLIDATED INCOME STATEMENT

in € thousand	01.04. – 30.06.2017	01.04. – 30.06.2016	01.01. – 30.06.2017	01.01. – 30.06.2016
Revenue	55,068	51,093	105,795	101,830
Property operating costs	-2,839	-2,762	-5,187	-4,997
Property management costs	-2,731	-2,594	-5,264	-5,123
Net operating income (NOI)	49,498	45,737	95,344	91,710
Other operating income	41	334	342	502
Other operating expenses	-1,298	-1,831	-3,190	-3,387
Earnings before interest and taxes (EBIT)	48,241	44,240	92,496	88,825
Share of the profit or loss of associated companies and joint ventures using the equity method	7,181	3,996	14,755	9,469
Interest expense	-14,161	-13,394	-26,914	-27,138
Profit / loss attributable to limited partners	-4,664	-4,512	-9,319	-8,900
Other financial income and expenditure	718	608	1,478	1,002
Interest income	3	33	20	46
Net finance costs	-10,923	-13,269	-19,980	-25,521
Measurement gains / losses	-1,473	-1,893	-2,209	-3,249
Earnings before tax (EBT)	35,845	29,078	70,307	60,055
Income taxes	-7,119	-5,271	-14,074	-11,382
CONSOLIDATED PROFIT	28,726	23,807	56,233	48,673
Earnings per share (€), basic	0.49	0.44	0.99	0.90
Earnings per share (€), diluted	0.48	0.43	0.96	0.87

STATEMENT OF COMPREHENSIVE INCOME

in € thousand	01.04. – 30.06.2017	01.04. – 30.06.2016	01.01. – 30.06.2017	01.01. – 30.06.2016
Consolidated profit	28,726	23,807	56,233	48,673
Items which under certain conditions in the future will be reclassified into the income statement:				
Actual share of the profits and losses from instruments used to hedge cash flows	2,151	-1,719	4,610	-6,517
Deferred taxes on changes in value offset directly against equity	-333	419	-868	1,474
Total earnings recognised directly in equity	1,818	-1,300	3,742	-5,043
TOTAL PROFIT	30,544	22,507	59,975	43,630
Share of Group shareholders	30,544	22,507	59,975	43,630



CONSOLIDATED CASH FLOW STATEMENT

in € thousand	01.01.–30.06.2017	01.01.–30.06.2016*
Consolidated profit	56,233	48,673
Income taxes	14,074	11,382
Net finance costs	19,980	25,521
Depreciation of intangible assets and property, plant and equipment	28	37
Unrealised changes in fair value of investment property	2,209	3,249
Distributions and capital repayments received	13,041	11,787
Changes in trade receivables and other assets	3,852	4,714
Changes in current provisions	-743	-1,093
Changes in liabilities	-3,654	-5,218
Cash flow from operating activities	105,020	99,052
Interest paid	-26,060	-26,284
Interest received	20	46
Income taxes paid	-4,056	-2,455
Net cash flow from operating activities	74,924	70,359
Outflows for the acquisition of investment properties	-3,250	-12,108
Inflows from disposal of intangible assets and property, plant and equipment	27	51
Outflows for the acquisition of intangible assets and property, plants and equipment	-9	-11
Inflows from the disposal of financial assets	0	2,820
Acquisition of subsidiary (net of cash acquired)	-199,437	0
Cash flow from investing activities	-202,669	-9,248
Inflows from financial liabilities	130,000	30,000
Outflows from the repayment of financial liabilities	-93,440	-8,541
Payments to limited partners	-9,221	-9,709
Inflow from capital increase	163,587	0
Payments to group shareholders	0	-72,826
Cash flow from financing activities	190,926	-61,076
Net change in cash and cash equivalents	63,181	35
Cash and cash equivalents at beginning of period	64,046	70,699
CASH AND CASH EQUIVALENTS AT END OF PERIOD	127,227	70,734

* In order to improve the presentation of the financial position, the cash flow statement has been revised and the statement from the previous year adjusted in line with the new recognition standards. In so doing, there were no changes in the cash flows from operating activities, investment and finance activities in the previous year. Essentially, the adjustments involved the disclosures previously made in the Annex in relation to interest and tax payments being transferred to the cash flow statement, the separate recognition of dividends and cash payments received and the unnetted recognition of inflows and outflows from financial liabilities

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
01.01.2016	53,945,536	53,945	961,970	783,178	2,000	-15	-33,219	1,767,859
Total profit		0	0	48,673	0	0	-5,043	43,630
Dividend payments		0	0	-72,826	0	0	0	-72,826
30.06.2016	53,945,536	53,945	961,970	759,025	2,000	-15	-38,262	1,738,663
01.01.2017	53,945,536	53,945	961,970	932,109	2,000	-22	-33,854	1,916,148
Total profit		0	0	56,233	0	0	3,742	59,975
Capital increase	4,459,460	4,460	159,583	0	0	0	0	164,043
Dividend payments		0	0	-81,767	0	0	0	-81,767
30.06.2017	58,404,996	58,405	1,121,553	906,575	2,000	-22	-30,112	2,058,399

DISCLOSURES

REPORTING PRINCIPLES

These interim financial statements of the Deutsche EuroShop Group as at 30 June 2017 have been prepared in compliance with IAS 34 (Interim Financial Reporting) in an abridged form. The abridged interim financial statements are to be read in conjunction with the consolidated financial statements as at 31 December 2016.

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The accounting policies applied correspond to those used in the last consolidated financial statements as at the end of the financial year. For a detailed description of the methods applied, please refer to the notes to our consolidated financial statements for 2016 (Annual Report 2016, pg. R36 ff.). The new accounting standards and interpretations for which application became compulsory on 1 January 2017 were observed; however, these did not have any impact on the presentation of the financial statements.

The interim 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 of the first six months up to 30 June 2017 is not necessarily an indication of future performance.

ACQUISITIONS

On 7 March 2017, the Deutsche EuroShop Group signed a purchase agreement to acquire all shares of Olympia Brno s.r.o., Prague (Czech Republic). Olympia Brno is the owner of the Olympia shopping center located in Brno in the Czech Republic. The transfer of benefits and encumbrances took place on 31 March 2017 upon payment of the provisional purchase price (€202 million) to the seller. The definitive purchase price (€202 million) was determined on the basis of the interim financial statements of Olympia Brno as at 31 March 2017. Following the decision regarding the final purchase price, the allocation of the purchase price, which was still provisional in the first quarter, was completed by the time of the preparation of these statements. The acquisition costs for the participation, which comprises the purchase price paid and payment obligations assumed for the seller (totalling €203.1 million), were offset by investment properties (€374.0 million, financial liabilities (€166.8 million), deferred taxes

(€53.9 million), cash and cash equivalents (€9.6 million) as well as other assets and liabilities (€-13.7 million) to such an extent that goodwill of €53.9 million was generated from deferred taxes.

In addition to the shares in Olympia Brno, the loan already in place between the seller and Olympia Brno was also acquired at the carrying amount. The investment was financed through equity from a cash capital increase (approx. €165 million) and long-term loans.

The transaction costs associated with the acquisition (2017: €0.3 million; 2016: €1.1 million) are recognised in the income statement under Other operating expenses. In the cash flow statement, the acquisition is reported under the item "Acquisition of subsidiary less acquired cash and cash equivalents" under Cash flow from investment activity. The position comprises the purchase price paid for the shares and the loan less the acquired cash and cash equivalents of Olympia Brno. The transaction costs paid are included in cash flow.

Thanks to the purchase of the Olympia Center, we have now expanded our portfolio to 21 shopping centers.



DISCLOSURES ON THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED INCOME STATEMENT

Investment properties

Property held as a financial investment (IAS 40) is measured at fair value. In the absence of special events (such as a new acquisition), fair values are determined by an external appraiser on an annual basis as at the 31 December reporting date.

Jones Lang LaSalle GmbH performed this appraisal as at 31 December 2016 using the discounted cash flow method (DCF). The approach used under this method as well as the related valuation parameters are explained in the consolidated financial statements as at 31 December 2016 (Annual Report 2016, pp. R37 and R39 ff.). This is a valuation method from Level 3 of the fair value hierarchy as set out in IFRS 13.

Mid-year changes to properties held as a financial investment result mainly from the first consolidation of the Olympia Center.

Financial instruments

With the exception of derivative financial instruments and other financial investments measured at fair value, financial assets and liabilities are measured at amortised cost. Due to the predominantly short-term nature of trade receivables, other assets and other liabilities and cash and cash equivalents, the carrying amounts on the reporting date do not deviate significantly from the fair values.

The fair values of financial liabilities measured at amortised cost correspond to the cash values of debt-related payments based on current interest rate yield curves (Level 2 in accordance with IFRS 13) and amount to € 1,738.8 million as at 30 June 2017 (31 December 2016: € 1,549.3 million).

The derivative financial instruments measured at fair value are interest rate hedges. Here the fair value is equivalent to the cash

value of future net payments expected to be received from hedging transactions (Level 2 in accordance with IFRS 13) based on current interest rate yield curves. Liabilities from interest rate hedges came to € 42.6 million as at 30 June 2017 (31 December 2016: € 48.7 million).

SEGMENT REPORTING

Segment reporting by Deutsche EuroShop AG is carried out on the basis of internal reports that are used by the Executive Board to manage the Group. Internal reports distinguish between shopping centers in Germany ("domestic") and other European countries ("abroad").

BREAKDOWN BY GEOGRAPHICAL SEGMENT

in € thousand	Domestic	Inter-national	Total	Recon-ciliation	01.01.– 30.06.2017
Revenue (01.01.–30.06.2016)	97,252 (95,276)	15,610 (10,327)	112,862 (105,603)	-7,067 (-3,773)	105,795 (101,830)
EBIT (01.01.–30.06.2016)	86,838 (84,919)	14,305 (9,500)	101,143 (94,419)	-8,647 (-5,594)	92,496 (88,825)
EBT excl. measurement gains / losses (01.01.–30.06.2016)	63,241 (60,819)	12,505 (6,698)	75,746 (67,517)	-2,713 (-2,477)	73,033 (65,040)
					30,06,2017
Segment assets (31.12.2016)	3,409,640 (3,417,174)	797,691 (357,083)	4,207,331 (3,774,257)	397,492 (340,200)	4,604,823 (4,114,457)
of which investment properties (31.12.2016)	3,382,464 (3,382,151)	719,030 (344,330)	4,101,494 (3,726,481)	-205,690 (-205,657)	3,895,804 (3,520,824)

As the Group's main decision-making body, the Deutsche EuroShop AG Executive Board first and foremost assesses the performance of the segments based on revenue, EBIT and EBT excluding measurement gains / losses. The measurement principles for segment reporting correspond to those of the Group.

At the start of the financial year 2017, an internal report was further developed with the aim of being better able to assess the contribution of the respective segments to the

individual performance indicators as well as to the Group's success. In comparison to the previous procedure, the income, expenditure, assets and liabilities of the joint ventures will in future be consolidated proportionately with their Group share in the internal reports. Previously, these were recorded using the at-equity method, as IFRS 11 also stipulates for external reports.

Similarly, for subsidiaries in which the Group is not the sole shareholder, income, expenditure, assets and liabilities are no longer consolidated in their entirety but only proportionately according to the corresponding Group share. This results in the segments being divided as followed:

The adjustment of the proportionate consolidation of the joint ventures and subsidiaries in which the Group does not own a 100% stake is carried out in the reconciliation column. Further, this still includes the elimination of intra-Group activities between the segments.

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



RELATED PARTIES FOR THE PURPOSES OF IAS 24

With regard to disclosures with regard to related parties, please refer to the consolidated financial statements as at 31 December 2016 (Annual Report 2016, p. R56), which did not undergo any material changes up to 30 June 2017.

OTHER DISCLOSURES

Dividend

On 28 June 2017, distribution of a dividend of € 1.40 per share was approved for financial year 2016. Due to the introduction of "record day", the dividend was paid out on 3 July 2017.

Record day:

As part of the harmonisation of the securities settlement process in the European Union, a standard settlement due date – the "record day" – was introduced in Germany on 1 January 2017. This changed the usual timeline for settling dividend payments. This was based on the 2015 amendment to Art. 58 of the German Stock Corporation Act (AktG), which postponed the dividend due date to the third business day after the Annual General Meeting. Falling between the ex-dividend day and day of payment, the record day is the settlement due date on which the relevant assets for the payment of the dividend are determined.

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, 15 August 2017

Wilhelm Wellner

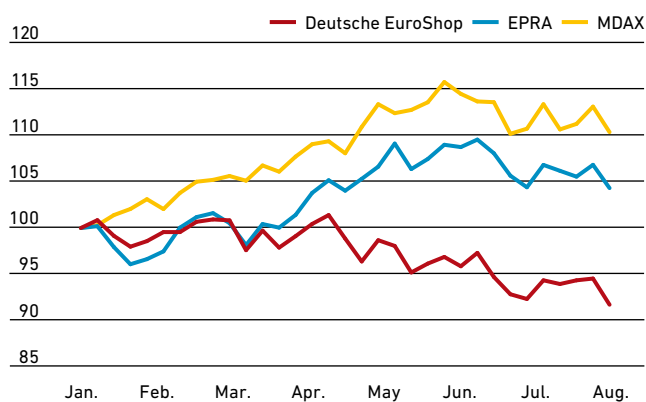
Olaf Borkers

THE SHOPPING CENTER SHARE

Following a year-end closing price for 2016 of € 38.67, Deutsche EuroShop shares started the new year in what was at first a very stable market overall without any lasting directional trend. On 18 April 2017, the share price reached € 39.32, its high for the first six months of the year. From the end of April onwards, the share performed hesitantly to begin with and later delivered a weaker performance in an environment that was particularly negative for commercial real estate. Standing at € 34.29, the share price came down to its lowest level for the period on 29 June 2017, recovering a little by the end of the reporting period, i.e. only one day later, at € 34.51. which is equivalent to a performance of -7.2%. The MDAX rose by 10.2% over the same period. Deutsche EuroShop's market capitalisation stood at € 2.02 billion at the end of the first six months of 2017.

Deutsche EuroShop vs. MDAX and EPRA Comparison, January to July 2017

indexed, base of 100, in %



Key share data

Sector / industry group	Financial Services / Real Estate
Share capital as at 31.07.2017	€ 58,527,236.00
Number of shares as at 31.07.2017 (no-par-value registered shares)	58,527,236
Dividend for 2016 (paid on 03.07.2017)	€ 1.40
Share price on 30.12.2016	€ 38.67
Share price on 30.06.2017	€ 34.51
Low / high for the period under review	€ 34.29 / € 39.32
Market capitalisation on 30.06.2017	€ 2.02 billion
Prime Standard	Frankfurt und Xetra
OTC markets	Berlin-Bremen, Düsseldorf, Hamburg, Hannover, 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 2017

15.08. Half-year Financial Report 2017

- 04.–05.09. DES Real Estate Summer, Brno
- 12.–13.09. BoA Merrill Lynch Global RE Conference, New York
- 18.09. Goldman Sachs & Berenberg German Conference, Munich
- 19.09. Baader Investment Conference, Munich
- 28.09. Supervisory Board meeting, Hamburg
- 29.09. Société Générale Pan European Real Estate Conference, London
- 04.–06.10. Expo Real, Munich
- 06.–07.11. Tel Aviv Roadshow

15.11. Quarterly Statement 9M 2017

- 16.11. Natixis European Mid Caps Conference, Paris
- 17.11. Amsterdam Roadshow, Société Générale
- 17.11. Brussels Roadshow, Kempen & Co
- 21.11. DZ Bank Equity Conference, Frankfurt
- 29.11. Supervisory Board meeting, Hamburg
- 05.12. Berenberg European Conference, Pennyhill
- 11.–12.12. HSBC Global Real Estate Conference, Cape Town
- 18.–19.12. Abu Dhabi & Dubai Roadshow, Berenberg

Our financial calendar is updated continuously.

Please check our website for the latest events:

<http://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 (-).