Letter from the Executive Board

Dear Shareholders,
Dear Readers,

For Deutsche EuroShop, the first six months of 2018 were in line with expectations. Revenue grew 5.5%, from €105.8 million to €111.6 million. Net operating income (NOI) and earnings before interest and taxes (EBIT) improved at a similar rate to €100.5 million and €98.0 million respectively.

Operating earnings adjusted for valuation effects likewise rose considerably from €68.0 million to €73.6 million, which corresponded to an increase of 8.2%. The Funds from Operations (FFO) increased from €70.9 million to €75.5 million, which represents a gain of 6.5%.

Consolidated profit fell by 1.7% to €55.3 million, which is slightly down on the first half-year 2017. This can be attributed to two main reasons. Firstly, higher ongoing investments in our shopping centers impacted measurement gains / losses. This includes in particular measures from the "At-your-Service" and "Mall Beautification" investment programmes, which are currently further increasing the appeal of our shopping centers. Due to the current project and approval status, we decided not to expand our shopping center in Gdansk to the extent originally planned. We have therefore, on a one-off basis, written down €5.0 million of the preliminary costs, and this has been recognised in the measurement gains / losses.

We paid a dividend of €89.6 million or €1.45 per share on 3 July 2018 for financial year 2017. After the first six months of the year have been positive and have gone according to plan, we confirm our forecast for the year as a whole. We plan to pay a dividend of €1.50 per share for financial year 2018, five cents higher than for the previous year. We communicated our future dividend plans at the end of April, where we stated that we also intend to increase the dividend for financial year 2019 by €0.05 to €1.55 per share.

Hamburg, August 2018

Wilhelm Wellner   Olaf Borkers

Consolidated key figures

in € million	01.01.– 30.06.2018	01,01.– 30.06.2017	+ / -
Revenue	**111.6**	105.8	5.5%
Net operating income (NOI)	**100.5**	95.3	5.4%
EBIT	**98.0**	92.5	6.0%
EBT (excluding measurement gains / losses*)	**78.9**	73.0	8.0%
EPRA ** earnings	**73.6**	68.0	8.2%
FFO	**75.5**	70.9	6.5%
Consolidated profit	**55.3**	56.2	-1.7%

in € per share	01.01.– 30.06.2018	01.01.– 30.06.2017	+ / -
EPRA ** earnings per share	**1.19**	1.20	-0.8%
FFO per share	**1.22**	1.25	-2.4%
Earnings per share	**0.89**	0.99	-10.1%
Weighted number of no-par-value shares issued	**61,783,594**	56,754,256	8.9%

in € million	30.06.2018	31.12.2017	+ / -
Equity ***	**2,540.8**	2,574.9	-1.3%
Liabilities	**2,139.2**	2,052.1	4.2%
Total assets	**4,680.0**	4,627.0	1.1%
Equity ratio in % ***	**54.3**	55.6	
LTV ratio in % ****	**30.8**	32.4	
Cash and cash equivalents	**168.3**	106.6	57.9%

* including the share attributable to equity-accounted joint ventures and associates
** European Public Real Estate Association
*** including third-party interests in equity
**** loan-to-value ratio (LTV ratio): ratio of net financial liabilities (financial liabilities less cash and cash equivalents) to non-current assets (investment properties and investments accounted for using the equity method); the LTV ratio stands at 32.8% after the deduction of the dividend paid out on 3 July 2018

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 €61,783,594 on 30 June 2018 and was composed of 61,783,594 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 centers 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, much of 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 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 positive outlook on a labour market that remains robust and low interest rates are keeping private consumption at a high level. The unemployment rate at the end of July 2018 stood at 3.4%. Private consumption remains a driver of economic development in Germany. According to the Federal Statistical Office, German retail sales (including online spending) rose by 1.4% year-on-year in real terms in the first six months of 2018. Online retail continued to make a significant contribution towards growth in this context. In contrast, brick-and-mortar retail operations recorded a markedly slower rate of growth and also drops in revenue in some segments.

Revenue growth thanks to portfolio expansion

Revenue rose in the reporting period by 5.5% to €111.6 million, thus meeting our expectations. This growth was attributable in the main to the Olympia Center in Brno, which has been included in the consolidated figures since 31 March 2017 and contributed €5.4 million of the rise in revenue. The revenue generated by our portfolio properties rose by €0.4 million (+0.4%) in comparison with the first six months of the previous year.

Operating and administrative costs for property on target

Center operational costs in the reporting period, comprised mainly of center management fees, non-allocable ancillary costs, maintenance and write-downs of rent receivables, rose by €0.7 million to €11.1 million and were in line with projections.

RESULTS OF OPERATIONS

in € thousand		01.01. – 30.06.2018		01.01. – 30.06.2017	+/-	Change in %
Revenue		111,585		105,795	5,790	5.5
Operating and administrative costs for property		-11,117		-10,451	-666	-6.4
NOI		**100,468**		**95,344**	**5,124**	**5.4**
Other operating income		541		342	199	58.2
Other operating expenses		-2,993		-3,190	197	6.2
EBIT		**98,016**		**92,496**	**5,520**	**6.0**
At-equity profit / loss	*14,331*		*14,755*			
Measurement gains / losses (at equity)	*702*		*399*			
Deferred taxes (at equity)	*77*		*118*			
At-equity (operating) profit / loss		15,110		15,272	-162	-1.1
Interest expense		-26,583		-26,914	331	1.2
Profit / loss attributable to limited partners		-9,191		-9,319	128	1.4
Other financial gains or losses		1,508		1,498	10	0.7
Financial gains or losses (excluding measurement gains / losses)		**-19,156**		**-19,463**	**307**	**1.6**
EBT (excluding measurement gains / losses)		**78,860**		**73,033**	**5,827**	**8.0**
Measurement gains / losses	*-8,933*		*-2,209*			
Measurement gains / losses (at equity)	*-702*		*-399*			
Measurement gains / losses (including at-equity profit / loss)		-9,635		-2,608	-7,027	-269.4
Income taxes		-3,408		-2,568	-840	-32.7
Deferred taxes	*-10,470*		*-11,506*			
Deferred taxes (at equity)	*-77*		*-118*			
Deferred taxes (including at equity		-10,547		-11,624	1,077	9.3
CONSOLIDATED PROFIT		**55,270**		**56,233**	**-963**	**-1.7**

Other operating expenses of €3.0 million

Other operating expenses totalled €3.0 million, €0.2 million lower than the previous year's level. In the prior-year period, higher consultancy costs in particular were recorded in connection with the acquisition of the Olympia Center in Brno.

EBIT grows at same rate as revenue

Earnings before interest and taxes (EBIT) at €98.0 million were greater than the figure for the previous year (€92.5 million), to a significant extent due to the acquisition of the Olympia Center.

Financial gains or losses excluding measurement effects on the up

Financial gains or losses (excluding measurement gains / losses) changed by €0.3 million from €-19.5 million to €-19.2 million. The at-equity profit recognised in financial gains or losses, at €15.1 million, remained almost at the prior-year level. The interest expense of Group companies declined by €0.3 million. Lower interest costs due to loan repayments and the cessation of interest payments on the convertible bond stood in contrast to the additional interest expense for the financing of the Olympia Center.

Other financial gains or losses of €1.5 million, which consisted mainly of a measurement gain on an interest rate swap for the financing of the Altmarkt-Galerie Dresden, remained on par with the same period in the previous year.

EBT (excluding measurement gains / losses) up significantly by 8.0%

EBT (excluding measurement gains / losses) rose from €73.0 million to €78.9 million (+8.0%) due in particular to portfolio expansions.

Measurement gains / losses influenced by modernisation investments and reassessment of the expansion of Galeria Baltycka

The measurement loss of €-9.6 million (previous year: €-2.6 million) includes investment costs incurred by our portfolio properties (including the at-equity portion). In the second quarter, these costs were comparably higher due to the start of the "At-your-Service" and "Mall Beautification" programmes. Due to the current project and approval status, we also decided not to proceed with the expansion concept for the Galeria Baltycka to the extent originally planned. Part of the preliminary costs, amounting to €5.0 million, was therefore written down on a one-off basis.

Increase in income taxes

Taxes on income and earnings amounted to €14.0 million (previous year: €14.2 million). Of this, €3.4 million (previous year: €2.6 million) was attributable to taxes to be paid and €10.6 million (previous year: €11.6 million) to deferred taxes.

Operating profit growth recorded

Operating profit excluding measurement effects (EPRA earnings) grew by €68.0 million to €73.6 million. Due to the higher number of no-par-value shares issued, EPRA earnings, at €1.19 (previous year: €1.20), remained at the prior-year level. The increase in operating profit is not reflected in the consolidated profit as a result of the measurement loss. Standing at €55.3 million, consolidated profit was €0.9 million down on the previous year (€56.2 million) and earnings per share fell from €0.99 to €0.89.

EPRA EARNINGS

	01.01.–30.06.2018		01.01.–30.06.2017	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	**55,270**	**0.89**	56,233	0.99
Measurement gains / losses investment properties*	**9,635**	**0.16**	2,608	0.05
Measurement gains / losses derivative financial instruments*	**-1,668**	**-0.03**	-1,751	-0.03
Acquisition costs	**0**	**0.00**	276	0.00
Deferred taxes in respect of EPRA adjustments**	**10,335**	**0.17**	10,607	0.19
EPRA EARNINGS	**73,572**	**1.19**	**67,973**	**1.20**
Weighted number of no-par-value shares issued		**61,783,594**		56,754,256

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

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

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 €70.9 million to €75.5 million, while FFO per share declined slightly from €1.25 to €1.22 because of the higher number of shares.

FUNDS FROM OPERATIONS

	01.01.–30.06.2018		01.01.–30.06.2017	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	**55,270**	**0.89**	56,233	0.99
Bond conversion expense	**0**	**0.00**	484	0.01
Measurement gains / losses investment properties*	**9,635**	**0.16**	2,608	0.05
Deferred taxes*	**10,547**	**0.17**	11,624	0.20
FFO	**75,452**	**1.22**	**70,949**	**1.25**
FFO (after conversion)**			70.949	1.22
Weighted number of no-par-value shares issued		**61,783,594**		56,754,256
Weighted number of no-par-value shares issued (after conversion)**				58,248,007

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

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

FINANCIAL POSITION AND NET ASSETS

Net assets and liquidity

This was mainly attributable to the increase in cash and cash equivalents (+€61.7 million), which mainly came as a result of the dividend payment, which was not made until the end of the period under review.

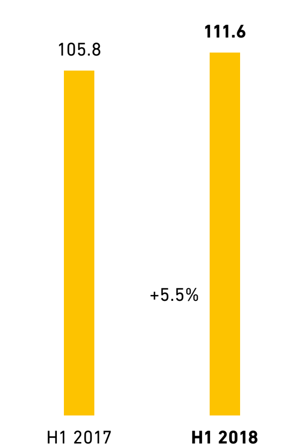
Equity ratio of 54.3%

The equity ratio (including the shares of third-party shareholders) is 54.3%, slightly down compared to the last reporting date (55.6%) and still at a very healthy level.

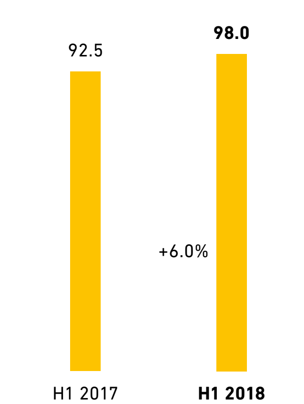
Liabilities

As at 30 June 2018, current and non-current financial liabilities stood at €1,538.1 million, which was €8.6 million lower than at the end of 2017 following scheduled repayments. Non-current deferred tax liabilities increased by €10.8 million to €450.6 million due to additional provisions. The redemption entitlements for third-party shareholders declined by around €1.1 million to €336.4 million. Other current and non-current liabilities and provisions increased by €84.8 million. This was mainly attributable to a liability of €89.6 million for the distribution of the dividend for the financial year 2017, which was approved by the Annual General Meeting of Deutsche EuroShop AG on 28 June 2018 and paid out on 3 July 2018.

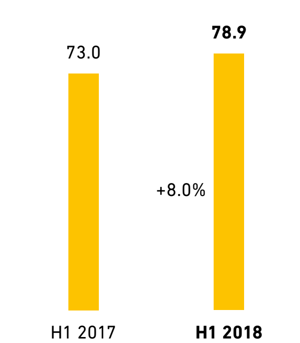
REVENUE
in € million



EBIT
in € million

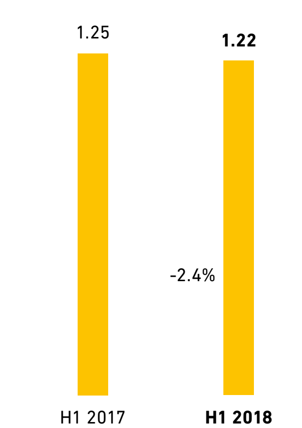


EBT*
in € million



* excluding measurement gains / losses

FFO PER SHARE
in €



Number of shares

56,754,256	61,783,594

REPORT ON EVENTS AFTER THE REPORTING DATE

No further significant events occurred between the balance sheet date of 30 June 2018 and the date of preparation of the financial statements.

OUTLOOK

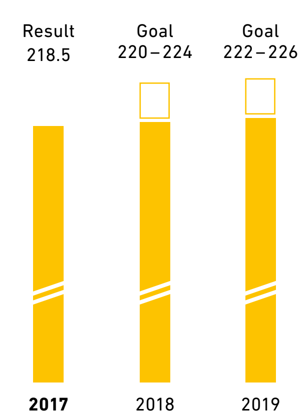
ECONOMIC CONDITIONS

The ifo Institute revised its GDP growth forecast for 2018 from 2.6% to 1.8% in June. Although real salary and price increases continue to be reported thanks to the healthy employment situation, which underpins the domestic economy, the global economy is losing momentum and foreign demand is therefore contributing less to economic growth. The main reasons for this are the introduction of import tariffs on aluminium by the US and the countermeasures implemented by the EU and China. Even though the impact of these tariffs has been relatively low to date, they are causing considerable uncertainty on the markets, as it cannot be ruled out that the trade conflict will escalate further.

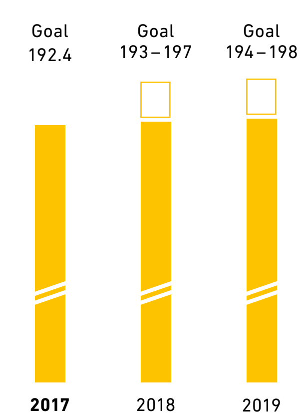
According to the GfK market research institute, the uncertainty is also reflected in consumers' economic expectations, which are continuing to fall. In contrast to this, income expectations have not changed and remain positive thanks to a labour market that remains robust. The GfK therefore reaffirms its forecast and expects a real increase in consumer spending in Germany of 1.5%. In terms of revenues in the bricks-and-mortar retail trade, the GfK anticipates real growth of 1.0% in Germany, 3.0% in Austria, 5.6% in Poland, 6.5% in the Czech Republic and 6.0% in Hungary.

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.

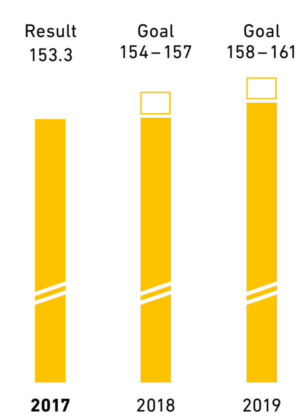
REVENUE
in € million



EBIT
in € million

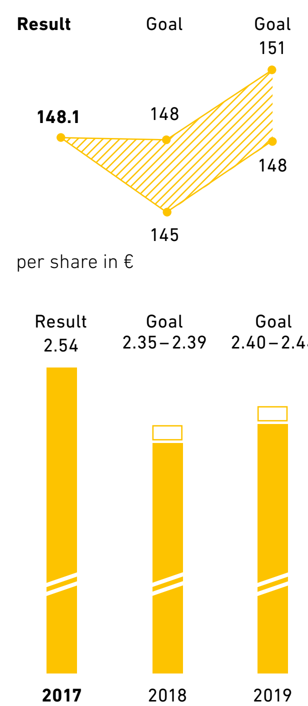


EBT *
in € million



* excluding measurement gains / losses

FFO
in € million



Number of shares in million

58.25	61.78	61.78

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 2018 and continue to expect:

- revenue of between €220 million and €224 million
- earnings before interest and taxes (EBIT) of between €193 million and €197 million
- earnings before taxes (EBT) excluding measurement gains / losses of between €154 million and €157 million
- funds from operations (FFO) of between €145 million and €148 million or between €2.35 and €2.39 per share

DIVIDEND 2018

We intend to distribute a dividend of €1.50 per share to our shareholders for 2018.

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 2017 is therefore still applicable (2017 Annual Report, pg. 134 ff.).

CONSOLIDATED BALANCE SHEET

ASSETS

in € thousand	30.06.2018	31.12.2017
ASSETS		
Non-current assets		
Intangible assets	53,741	53,746
Property, plant and equipment	210	208
Investment properties	3,918,172	3,924,157
Investments accounted for using the equity method	527,942	526,728
Other financial assets	39	39
Non-current assets	**4,500,104**	**4,504,878**
Current assets		
Trade receivables	1,820	5,268
Other current assets	9,741	10,274
Cash and cash equivalents	168,288	106,579
Current assets	**179,849**	**122,121**
TOTAL ASSETS	**4,679,953**	**4,626,999**

LIABILITIES

in € thousand	30.06.2018	31.12.2017
EQUITY AND LIABILITIES		
Equity and reserves		
Issued capital	61,784	61,784
Capital reserves	1,217,560	1,217,560
Retained earnings	924,991	958,032
Total equity	**2,204,335**	**2,237,376**
Non-current liabilities		
Financial liabilities	1,506,558	1,517,773
Deferred tax liabilities	450,615	439,800
Right to redeem of limited partners	336,425	337,479
Other liabilities	37,264	37,919
Non-current liabilities	**2,330,862**	**2,332,971**
Current liabilities		
Financial liabilities	31,541	28,899
Trade payables	2,419	2,242
Tax liabilities	1,740	2,201
Other provisions	7,198	6,354
Other liabilities	101,858	16,956
Current liabilities	**144,756**	**56,652**
TOTAL EQUITY AND LIABILITIES	**4,679,953**	**4,626,999**

CONSOLIDATED INCOME STATEMENT

in € thousand	01.04.– 30.06.2018	01.04.– 30.06.2017	01.01.– 30.06.2018	01.01.– 30.06.2017
Revenue	55,541	55,068	111,585	105,795
Property operating costs	-2,647	-2,839	-5,937	-5,187
Property management costs	-2,532	-2,731	-5,180	-5,264
Net operating income (NOI)	**50,362**	**49,498**	**100,468**	**95,344**
Other operating income	285	41	541	342
Other operating expenses	-1,614	-1,298	-2,993	-3,190
Earnings before interest and taxes (EBIT)	**49,033**	**48,241**	**98,016**	**92,496**
Share in the profit or loss of associated companies and joint ventures using the equity method	6,824	7,181	14,331	14,755
Interest expense	-13,290	-14,161	-26,583	-26,914
Profit / loss attributable to limited partners	-4,658	-4,664	-9,191	-9,319
Other financial income and expenditure	756	718	1,496	1,478
Interest income	7	3	12	20
Financial gains or losses	**-10,361**	**-10,923**	**-19,935**	**-19,980**
Measurement gains / losses	**-7,761**	**-1,473**	**-8,933**	**-2,209**
Earnings before tax (EBT)	**30,911**	**35,845**	**69,148**	**70,307**
Income taxes	-6,004	-7,119	-13,878	-14,074
CONSOLIDATED PROFIT	**24,907**	**28,726**	**55,270**	**56,233**
Earnings per share (€), undiluted	0.40	0.49	0.89	0.99
Earnings per share (€), diluted		0.48		0.96

STATEMENT OF COMPREHENSIVE INCOME

in € thousand	01.04.– 30.06.2018	01.04.– 30.06.2017	01.01.– 30.06.2018	01.01.– 30.06.2017
Consolidated profit	**24,907**	**28,726**	**55,270**	**56,233**
Items which under certain conditions in the future will be reclassified to the income statement:				
Actual share of the profits and losses from instruments used to hedge cash flows	-95	2,151	1,620	4,610
Deferred taxes on changes in value offset directly against equity	28	-333	-345	-868
Total earnings recognised directly in equity	**-67**	**1,818**	**1,275**	**3,742**
TOTAL PROFIT	**24,840**	**30,544**	**56,545**	**59,975**
Share of Group shareholders	24,840	30,544	56,545	59,975

CONSOLIDATED 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
01.01.2017	**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**
01.01.2018	**61,783,594**	**61,784**	**1,217,560**	**984,675**	**2,000**	**0**	**-28,643**	**2,237,376**
Total profit		0	0	55,270	0	0	1,275	56,545
Dividend payments		0	0	-89,586	0	0	0	-89,586
30.06.2018	**61,783,594**	**61,784**	**1,217,560**	**950,359**	**2,000**	**0**	**-27,368**	**2,204,335**

CONSOLIDATED CASH FLOW STATEMENT

in € thousand	01.01.–30.06.2018	01.01.–30.06.2017
Consolidated profit	**55,270**	**56,233**
Income taxes	13,878	14,074
Financial gains or losses	19,935	19,980
Amortisation / depriciation of intangible assets and property, plant and equipment with a finite life	28	28
Unrealised changes in fair value of investment property	8,933	2,209
Distributions and capital repayments received	13,117	13,041
Changes in trade receivables and other assets	3,981	5,988
Changes in current provisions	844	-743
Changes in liabilities	-2,046	-3,654
Cash flow from operating activities	**113,940**	**107,156**
Interest paid	-26,583	-26,060
Interest received	12	20
Income taxes paid	-3,869	-4,056
Net cash flow from operating activities	**83,500**	**77,060**
Outflows for the acquisition of investment properties	-5,128	-3,250
Inflows from disposal of intangible assets and property, plant and equipment	0	27
Outflows for the acquisition of intangible assets and property, plant and equipment	-25	-9
Acquisition of a subsidiary less acquired cash and cash equivalents	0	-201,573
Cash flow from investing activities	**-5,153**	**-204,805**
Inflows from financial liabilities	0	130,000
Outflows from the repayment of financial liabilities	-8,573	-93,440
Payments to limited partners	-8,065	-9,221
Inflows from capital increases	0	163,587
Payments to Group shareholders	0	0
Cash flow from financing activities	**-16,638**	**190,926**
Net change in cash and cash equivalents	**61,709**	**63,181**
Cash and cash equivalents at beginning of period	**106,579**	**64,046**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**168,288**	**127,227**

DISCLOSURES

REPORTING PRINCIPLES

These interim financial statements of the Deutsche EuroShop Group as at 30 June 2018 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 2017.

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as they must be applied in the EU. The accounting policies applied correspond to those used in the last consolidated financial statements as at the end of the financial year, with the exception of the changes from IFRS 9 and IFRS 15 listed below. For a detailed description of the methods applied, please refer to the notes to our consolidated financial statements for 2017 (2017 Annual Report, pg. 155 ff.).

The new accounting standards and interpretations for which application became compulsory on 1 January 2018 were observed and had the following impacts on the presentation of the financial statements:

IFRS 9 FINANCIAL INSTRUMENTS

The new IFRS 9 replaces IAS 39 and standardises the specifications for classifying and measuring financial assets and financial liabilities. The standard uses cash flow properties and the business model according to which they are managed as a basis in this regard. The allocation of financial assets and liabilities to the new IFRS 9 measurement categories had no effect on the net assets, financial position and results of operations of the Group and the following table provides a comparison of these with the previous IAS 39 categories:

	Measurement category				Carrying amounts as at 01.01.2018		
in € thousand	IAS 39		IFRS 9		IAS 39	IFRS 9	Difference
Financial assets							
Non-current financial assets	AfS	Recognised at fair value in other income	FVOCI	Recognised at fair value in other income	39	39	0
Trade receivables	LaR	Amortised costs	AC	Amortised costs	5,268	5,268	0
Other assets	LaR	Amortised costs	AC	Amortised costs	6,047	6,047	0
Cash and cash equivalents	LaR	Amortised costs	AC	Amortised costs	106,579	106,579	0
Financial liabilities							
Financial liabilities	FLAC	Amortised costs	FLAC	Amortised costs	1,546,672	1,546,672	0
Right to redeem of limited partners	FLAC	Amortised costs	FLAC	Amortised costs	337,479	337,479	0
Trade payables	FLAC	Amortised costs	FLAC	Amortised costs	2,242	2,242	0
Other liabilities	FLAC	Amortised costs	FLAC	Amortised costs	9,169	9,169	0
Interest rate hedges that do not meet the criteria of hedge accounting	HfT	Recognised at fair value in profit or loss	FVTPL	Recognised at fair value in profit or loss	2,256	2,256	0
Interest rate hedges that meet the criteria of hedge accounting	n.a.		n.a.		36,784	36,784	0

Measurement categories in accordance with IAS 39: Loans and Receivables (LaR), Available-for-Sale (AfS), Financial Liabilities measured at amortised cost (FLAC), Financial liabilities measured at fair value (FVTPL), Held for Trading (HfT)

Measurement categories in accordance with IFRS 9: Financial assets measured at amortised cost (AC), at fair value through other comprehensive income (FVOCI), Financial liabilities measured at amortised cost (FLAC), at fair value through profit and loss (FVTPL)

IFRS 9 also replaces the previous IAS 39 impairment model for incurred losses with the model for expected losses. In order to determine the expected credit losses for trade receivables and other liabilities to tenants, the Group will use the simplified IFRS 9 impairment model. As the majority of liabilities to tenants are secured by deposits and guarantees, the change in the method of determination will not result in a significant departure from the previous method.

IFRS 9 also includes new provisions regarding the application of hedge accounting in order to better represent a company's risk management activities. All of the Group's existing hedging relationships fulfil the requirements of IFRS 9 as regards hedge accounting and can be continued in their current form.

IFRS 15 – REVENUE

The standard provides a five-step model for recognising revenue that is to be applied to all contracts with customers. This specifies when (or over what time period) and what amount of revenue is to be recognised.

The standard replaces the previous provisions set out under IAS 18 "Revenue", IAS 11 "Construction Contracts" and a series of revenue-related interpretations.

The Group mainly generates rental income through the leasing of shopping center space. This income is considered as a leasing component under the provisions of IAS 17 (from 2019 onwards, under the provisions of IFRS 16). Furthermore, the portion of the operating costs transferred to the tenants for which the tenants do not receive a separate service is to be regarded as a leasing component (e.g. real property tax and building insurance). All other operating costs transferred to tenants must be recognised in accordance with IFRS 15. Here, it must be distinguished whether the Group acts as the primary responsible service provider ("principal") or as an agent for a service ("agent") vis-à-vis the tenants. The analysis of the Group has shown that the Group acts as an "agent" and that the proceeds from such transfers and the associated expenses must therefore continue to be shown netted in the income statement.

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 2018 is not necessarily an indication of future performance.

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 2017 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 2017 (2017 Annual Report, pp. 156 and 159 ff.). This is a valuation method from Level 3 of the fair value hierarchy as set out in IFRS 13.

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 €1,613.7 million as at 30 June 2018 (31 December 2017: €1,629.0 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 €35.9 million as at 30 June 2018 (31 December 2017: €39.0 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").

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.

In order to assess the contribution of the segments to the individual performance indicators as well as to the Group's success, the income, expenditure, assets and liabilities of the joint ventures are included in internal reporting in proportion to the Group's share therein. Similarly, for subsidiaries in which the Group is not the sole shareholder, income, expenditure, assets and liabilities are likewise only consolidated proportionately according to the corresponding Group share. This results in the segments being divided as followed:

BREAKDOWN BY SEGMENT

in € thousand	Domestic	Abroad	Total	Reconciliation	01.01. – 30.06.2018
Revenue (01.01. – 30.06.2017)	**97,201** (97,252)	**21,290** (15,610)	**118,491** (112,862)	**-6,906** (-7,067)	**111,585** (105,795
EBIT (01.01. – 30.06.2017)	**85,697** (86,838)	**19,927** (14,305)	**105,624** (101,143)	**-7,608** (-8,647)	**98,016** (92,496)
EBT excl. measurement gains / losses (01.01. – 30.06.2017)	**64,347** (63,241)	**16,386** (12,505)	**80,732** (75,746)	**-1,872** (-2,713)	**78,860** (73,033)
					30.06.2018
Segment assets (31.12.2017)	**3,437,030** (3,430,425)	**753,534** (767,148)	**4,190,564** (4,197,573)	**489,389** (429,426)	**4,679,953** (4,626,999)
of which investment properties (31.12.2017)	**3,388,578** (3,388,343)	**730,444** (735,415)	**4,119,022** (4,123,758)	**-200,850** (-199,601)	**3,918,172** (3,924,157)

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. This also 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 related to related parties, please refer to the consolidated financial statements as at 31 December 2017 (2017 Annual Report, p. 181) which did not undergo any material changes up to 30 June 2018.

OTHER DISCLOSURES

Dividend

On 28 June 2018, distribution of a dividend of €1.45 per share that was paid out on 3 July 2018 was approved for financial year 2017.

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, 14 August 2018

Wilhelm Wellner

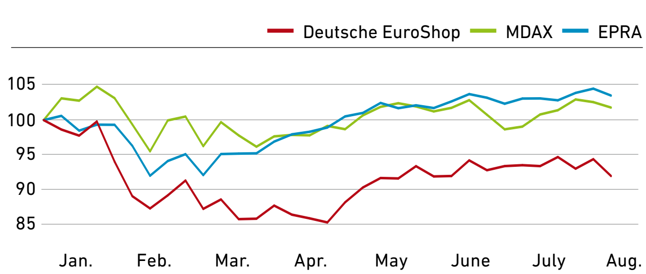
Olaf Borkers

THE SHOPPING CENTER SHARE

Following a year-end closing price for 2017 of €33.96, Deutsche EuroShop shares started the new year in a weak market overall with an ongoing downward trend, particularly for commercial real estate stocks. This meant that the high for the reporting period was recorded on 2 January 2018 at €33.96. On 25 April 2018, the share closed on Xetra at €28.68, the lowest price in the first six months of the year. In the weeks that followed, the share price recovered slightly and closed at €30.26 on 29 June 2018. This equates to a performance of -6.6% for the reporting period. The MDAX fell by 1.3% over the same period. Deutsche EuroShop's market capitalisation stood at €1.87 billion at the end of the first half-year of 2018.

Deutsche EuroShop vs. MDAX and EPRA Comparison, January to August 2018

(indexed, base of 100, in %)



Key share data

Sector / industry group	Financial services / real estate
Share capital as at 30.06.2018	€61,783,594.00 €
Number of shares as at 30.06.2018 (no-par-value registered shares)	61,783,594
Dividend for 2017 (paid on 03.07.2018)	€1.45
Share price on 29.12.2017	€33.96
Share price on 29.06.2018	€30.26
Low / high for the period under review	€28,68 / €33,90
Market capitalisation on 29.06.2018	€1.87 billion
Prime Standard	Frankfurt and Xetra
OTC markets	Berlin-Bremen, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30, MSCI Small Cap, HASPAX, F.A.Z.-Index
ISIN	DE 000748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

FINANCIAL CALENDAR 2018

14.08.	**Half-year Financial Report 2018**
29.08.	Berenberg Real Estate Seminar, Helsinki
30.08.	Commerzbank Sector Conference, Frankfurt
04.–06.09.	EPRA Annual Conference, Berlin
24.09.	Goldman Sachs & Berenberg German Conference, Munich
25.09.	Baader Investment Conference, Munich
28.09.	Societe Generale Pan European Real Estate Conference, London
28.09.	Supervisory Board meeting, Hamburg
08.–10.10.	Expo Real, Munich
22.10.	Roadshow Madrid, M.M. Warburg
23.10.	Edinburgh Roadshow, Berenberg
29.–30.10.	Roadshow Tel Aviv, SmartTeam
14.11.	**Quarterly statement 9M 2018**
20.11.	DZ Bank Equity Conference, Frankfurt
29.11.	Supervisory Board meeting, Hamburg
03.12.	Berenberg European Conference, Pennyhil
10.–11.12.	HSBC Global Real Estate Conference, Cape Town

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 (-).