HALF-YEAR FINANCIAL REPORT DATED 30 JUNE 2023

Letter from the Executive Board

DEAR SHAREHOLDERS, DEAR READERS,

Deutsche EuroShop recorded further growth in the first half of 2023, both operationally as well as in the investment portfolio. Customer footfall and tenant turnover continued their recovery. Compared to the first half of 2022, 11.4% more people visited our shopping centers and our tenants recorded a 14.5% increase in retail sales. This means that trading volumes have returned to 2019 levels. The acquisitions of additional shares in six shopping centers at the beginning of the year improved our key performance indicators in addition to the resurgent business of the existing portfolio. In a pro forma comparison based on an identical portfolio, the trend looks like this:

Revenue grew 2.2%, from €132.4 million to €135.4 million. Net operating income (NOI) followed a similar positive trend, improving to €107.5 million – partly due to substantially lower write-downs on rent receivables – while earnings before interest and taxes (EBIT) rose sharply by 17.1% to €113.5 million due to income from the release of provisions for non-allocable ancillary costs and maintenance as well as lower write-downs.

Earnings before taxes and measurement gains/losses (EBT excluding measurement) climbed by 21.9% to €90.9 million, and EPRA earnings adjusted for valuation effects were up by just under one quarter from €70.6 million to €87.6 million. Funds from operations (FFO) adjusted for measurement gains/losses and non-recurring effects increased from €76.5 million to €87.5 million, which represents a gain of 14.5%. Group liquidity rose from €366.3 million to €432.2 million since year-end 2022.

Key consolidated figures

in € million	01.01. – 30.06.2023	01.01. – 30.06.2022	+/-	01.01.-30.06.2022 (pro forma) [7]	+/-
Revenue	135.4	105.7	28.1%	132.4	2.2%
Net operating income (NOI)	107.5	84.1	27.8%	104.8	2.6%
EBIT	113.5	76.0	49.3%	97.0	17.1%
EBT (excluding measurement gains / losses [1])	90.9	64.7	40.4%	74.5	21.9%
EPRA [2] earnings	87.6	60.8	44.1%	70.6	24.0%
FFO	87.5	66.7	31.2%	76.5	14.5%
Consolidated profit	37.1	46.2	-19.7%	54.8	-32.3%

in €	01.01. – 30.06.2023	01.01. – 30.06.2022	+/-	01.01.-30.06.2022 (pro forma) [7]	+/-
EPRA [2] earnings per share [6]	1.19	0.98	21.4%	0.96	24.0%
FFO per share	1.19	1.08	10.2%	1.04	14.5%
Earnings per share	0.50	0.75	-33.3%	0.74	-32.7%
Weighted number of no-par-value shares issued [6]	73,787,722	61,783,594	19.4%	73,787,722	0.0%

in € million	30.06.2023	31.12.2022	+/-	31.12.2022 (pro forma) [7]	+/-
Equity [3]	2,672.1	2,343.4	14.0%	2,627.8	1.7%
Liabilities	2,035.0	1,864.7	9.1%	2,040.1	-0.3%
Total assets	4,707.1	4,208.1	11.9%	4,667.9	0.8%
EPRA [2] NTA	2,689.5	2,335.9	15.1%	2,643.2	1.8%
EPRA [2] NTA per share in €	35.17	37.81	-7.0%	34.57	1.7%
Equity ratio in % [3]	56.8	55.7		56.3	
LTV ratio in % [4]	28.7	30.3		30.0	
EPRA [2] LTV in % [5]	30.0	33.1		32.1	
Cash and cash equivalents	432.2	334.9	29.0%	366.3	18.0%

1 Including the share attributable to equity-accounted joint ventures and associates
2 European Public Real Estate Association
3 Including third-party interests in equity
4 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 financial investments accounted for using the equity method).
5 EPRA loan-to-value ratio (EPRA LTV): ratio of net debt (financial liabilities and lease liabilities less cash and cash equivalents) to property assets (investment properties, owner-occupied properties, intangible assets and other assets (net)). Net debt and real estate assets are calculated on the basis of the Group's share in the subsidiaries and joint ventures.
6 The number of no-par value shares issued for the first half of 2023 takes into account, on a time-weighted basis, the capital increase against cash and non-cash contributions carried out at the beginning of 2023 and entered in the Commercial Register on 3 February 2023, as a result of which the number of Deutsche EuroShop AG shares in circulation increased from 61,783,594 to 76,464,319 no-par value shares.
7 The pro-forma figures given relate to a comparable group, which was prepared under the assumption that the acquisition of the six property companies had already taken place at the beginning of 2022. Non-recurring effects resulting from the change in the consolidation method and the initial consolidation were not taken into account. Likewise, no ancillary acquisition costs were recognised in the pro-forma figures. For the purpose of improving comparability, the same weighted number of no-par value shares issued was used in the disclosure of the key Group figures per share.

The value of our properties fell slightly (-0.7%) in the first half of 2023, resulting in a negative valuation result of €39.8 million. As a result, consolidated profit fell to €37.1 million, which is around one-third lower than the first half-year 2022.

In addition to the operating business meeting its targets, the first half of 2023 was positively influenced by one-off income, not least due to the partial reversal of provisions and write-downs made in 2020 and 2021 when business was heavily affected by the coronavirus pandemic. As a result, we are increasing our forecast to take account of this one-off income and expect funds from operations (FFO) of €2.08 to €2.18 per share for financial year 2023 (previous year: between € 2.00 and € 2.10).

At the Annual General Meeting, to be held in Hamburg on 29 August 2023, we have proposed the distribution of a dividend of €191.16 million, or €2.50 per share, for financial year 2022.

Thank you for the confidence you have placed in us.

Hamburg, August 2023

Hans-Peter Kneip

Hans-Peter Kneip

BASIC INFORMATION ABOUT THE GROUP

Acquisition of minority interests

On 12 January 2023, the Deutsche EuroShop Group acquired additional shares in six property companies in which it already held an interest of between 50% and 75%.

Specifically, this involved the following companies:

		Group share		
	Property company	Before acquisition	Acquisition in 2023	After acquisition
1.	Allee-Center Magdeburg KG, Hamburg	50%	50%	100%
2.	Stadt-Galerie Passau KG, Hamburg	75%	25%	100%
3.	Saarpark Center Neunkirchen KG, Hamburg	50%	40%	90%
4.	Immobilienkommanditgesellschaft FEZ Harburg, Hamburg	50%	25%	75%
5.	Einkaufs-Center Galeria Baltycka G.m.b.H. & Co. KG, Hamburg	74%	26%	100%
6.	Forum Wetzlar KG, Hamburg	65%	35%	100%

These acquisitions were financed through a capital increase against cash and non-cash contributions. As a result of the acquisition of additional shares, four property companies previously accounted for using the equity method were fully included in the consolidated financial statements for the first time with economic effect from 1 January 2023. These are the four companies listed first in the table above (we refer to the corresponding explanations in the Annual Report 2022 on p. 168 ff.). A comparison with the previous year is only possible to a limited extent due to the change in the scope of consolidation.

When describing the results of operations, financial position and net assets of the Group, information is also provided below on the basis of a comparable group (pro forma) if this serves to improve comparability with the same period in the previous year. The comparable group was prepared under the assumption that the acquisition of the six property companies had already taken place at the beginning of 2022.

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 exclusively 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 100% stakes in 16 of them and stakes of between 50% and 90% in the other five. The operational management of the shopping centers is contracted out to external service providers under agency contracts.

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 €76,464,319 on 30 June 2023 and was composed of 76,464,319 no-par value registered shares. The notional value of each share in the share capital is €1.00.

Objectives and strategy

The management focuses on investments in high-quality shopping centers in city centers and established locations offering the potential for stable, long-term value growth. A key investment target is the generation of high surplus liquidity from leases in shopping centers, of which a significant portion can be paid out to shareholders in the form of an annual dividend. To this end, the Company invests its capital according to the principle of risk diversification in shopping centers in different European regions, with a focus on Germany. Indexed and revenue-linked commercial rents ensure that high earnings targets are achieved.

Deutsche EuroShop aims to take advantage of favourable financing conditions while maintaining and expanding its pool of lenders and funding sources. The Company has historically financed its investment activities primarily through secured borrowings from various lenders. In order to further diversify its capital and financing structure, especially in a market environment of rising interest rates and a tendency towards stricter credit requirements, the management examines ways of further developing the capital and financing structure. Market opportunities for the issue of one or more capital market instruments are also weighed up. As a result, the Group's LTV ratio has been increased to a range of 50-60%. An issue is subject to prevailing market conditions, and is intended to have an investment grade rating depending on the financing instrument.

Management system

The Executive Board of Deutsche EuroShop AG 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 (performance 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 German economy continued to face headwinds in the first half of 2023. The global economic situation remained weak overall, given the ongoing geopolitical tensions and the increasingly noticeable monetary tightening by a number of central banks. Inflation, although declining, remains above average (end of June: +6.4%) and the associated loss of purchasing power continued to have a negative impact on private consumption.

In Germany, Deutsche EuroShop's main market, gross domestic product (GDP) stagnated in the second quarter of 2023 when adjusted for price and calendar effects, following two consecutive recessive quarters. The unemployment rate at the end of June 2023 stood at 5.5% (previous year: 5.3%).

Consumer sentiment in Germany has deteriorated significantly since the beginning of the war in Ukraine at the end of February 2022. At the end of the first half of 2023, consumer confidence was only marginally better than in the previous year. Although income expectations have improved, people's propensity to buy also remains low. The consumer research company GfK saw two main reasons for this: the persistently high inflation rate as well as the discussions regarding the heating law, and the expectation that the energy renovations which would be required as a result would result in financial burdens.

According to the German Federal Statistical Office, total retail sales in Germany fell by 4.5% year on year in real terms in the first six months of 2023. Non-food retail sales recorded a price-adjusted decline of 3.6%. The decline in turnover was particularly high in the online and mail order business, which recorded a real decline of 7.3% compared to the same period last year. In contrast, retail sales of textiles, clothing, footwear and leather goods increased by 7.3% in real terms in the first half of 2023. The results are likely to be partly due to base effects from coronavirus-related trends in the same period last year.

With a share of just under 29% of the commercial investment volume, retail properties recorded the highest sales among all usage types in the first half of the year, according to real estate consultancy Savills. The total transaction volume amounted to €2.7 billion, which represented a decline of 33% compared to the same period in the previous year. Nevertheless, the investment market for retail property was more stable compared to other segments. This was due, among other factors, to this year's large-volume share acquisitions, including by Deutsche EuroShop, to the robust local shopping segment, as well as pricing for retail properties being at an advanced stage compared to other segments. Reduced purchase price expectations on the one hand and a renewed increase in investor interest in retail properties on the other hand resulted in increased transaction activity.

Results of operations

in € thousand		01.01. – 30.06.2023		01.01. – 30.06.2022	+/-	Change in %
Revenue		135,355		105,691	29,664	28.1
Operating and administrative costs for property		-23,037		-16,155	-6,882	-42.6
Write-downs and derecognition of receivables		-4,810		-5,404	594	11.0
NOI		**107,508**		**84,132**	**23,376**	**27.8**
Other operating income		9,577		2,480	7,097	286.2
Other operating expenses		-3,551		-10,570	7,019	66.4
EBIT		**113,534**		**76,042**	**37,492**	**49.3**
At-equity profit/loss	5,804		13,749			
Measurement gains/losses (at equity)	-1,422		951			
Deferred taxes (at equity)	32		53			
At-equity (operating) profit / loss		4,414		14,753	-10,339	-70.1
Interest expense		-21,501		-18,066	-3,435	-19.0
Profit / loss attributable to limited partners		-7,458		-8,045	587	7.3
Other financial gains or losses		1,870		45	1,825	4,055.6
Financial gains or losses (excl. measurement gains / losses)		**-22,675**		**-11,313**	**-11,362**	**-100.4**
EBT (excl. measurement gains / losses)		**90,859**		**64,729**	**26,130**	**40.4**
Measurement gains / losses	-49,558		-7,255			
Measurement gains / losses (at equity)	1,422		-951			
Measurement gains / losses (including at-equity profit / loss)		-48,136		-8,206	-39,930	-486.6
Taxes on income and earnings		-3,371		-3,900	529	13.6
Deferred taxes	-2,242		-6,385			
Deferred taxes (at equity)	-32		-53			
Deferred taxes (including at equity)		-2,274		-6,438	4,164	64.7
Consolidated profit		**37,078**		**46,185**	**-9,107**	**-19.7**

Revenue up 2.2% on like-for-like basis

Revenue rose by €29.7 million (+28.1%) compared to the same period in the previous year. The lion's share of the increase (€26.7 million) can be attributed to the fact that the four companies previously accounted for at-equity were included in full for the first time. The remaining increase of €3.0 million (+2.2%) reflects the increase in turnover compared to the previous year on a like-for-like basis.

Share of operating center expenses rises slightly

The operating center expenses of €23.0 million during the reporting period, mainly comprising center management fees, non-apportionable ancillary costs, land taxes, building insurance and maintenance, were slightly above the previous year in terms of their percentage of revenue at 17.0% due to higher maintenance expenses (previous year: 15.3%).

Decline in write-downs

Write-downs and the derecognition of receivables decreased by €0.6 million (11.0%) compared to the previous year. In relation to the comparable group (pro forma), write-downs and the derecognition of receivables were reduced by €1.9 million (28.0%). The ongoing effects of the coronavirus pandemic in the previous year had an especially significant impact here, necessitating higher write-downs of receivables at risk of default as well as insolvency-related write-offs.

Other operating income and expenses

Other operating income, stemming primarily from the reversal of provisions, from income from rental receivables for which impairment losses had been recognised in previous years as well as from additional payments with respect to ancillary costs, amounted to €9.6 million, representing a significant increase on the previous year. The main reason for this are the provisions for non-allocable ancillary costs and maintenance formed in 2020 and 2021 due to the coronavirus pandemic, which this year were able to be released with the ancillary costs. At €3.6 million, other operating expenses, which mainly comprised general administrative costs and personnel costs, were lower year over year, in particular due to higher consultancy costs in the previous year.

EBIT significantly higher than in previous year

Earnings before interest and taxes (EBIT) at €113.5 million was significantly higher than the previous year (€76.0 million) due to the acquisition of €21.0 million in minority interests. Also in a pro-forma comparison, however, EBIT was €16.5 million (+17.1%) higher than in the previous year, in particular due to income from the release of provisions for non-allocable ancillary costs and maintenance as well as lower write-downs.

Financial gains/losses excluding measurement effects below previous year

At € -11.3 million, financial losses (excluding measurement gains/losses) were € 11.4 million lower than in the previous year (€ -22.7 million). In the process, the at-equity result (operating) decreased by €10.3 million to €4.4 million, owing chiefly to the changed scope of consolidation.

The interest expense of Group companies increased by €3.4 million. This was affected not only by the change in the scope of consolidation, but also by the increased interest rate and loan amount in connection with the refinancing agreement for the Main-Taunus-Zentrum.

Other financial gains/losses increased significantly by €1.8 million compared to the previous year, in particular due to interest income from the short-term investment of funds.

EBT (excluding measurement gains/losses) up sharply due to minority purchase

The acquisition of minority interests led to a significant increase in EBT (excluding measurement gains/losses) from €64.7 million to €90.9 million (+40.4%). In a pro-forma comparison, EBT (excluding measurement gains/losses) increased by €16.4 million (+21.9%).

The measurement result takes into account the effects of the change in the scope of consolidation

The measurement result includes € -39.8 million from the valuation of real estate values, € +12.7 million from the effects of the change in the scope of consolidation and € -21.0 million from the ancillary acquisition costs from the purchase of the additional shares, which mainly include the land transfer tax (based on a best estimate). A land transfer tax assessment had not been completed by the date these financial statements were prepared.

Property values fell slightly (-0.7%) in the first half of 2023, resulting in a negative valuation result after investments of €39.8 million.

Of this, €-41.2 million after minority interests was attributable to the measurement of the real estate assets reported by the Group, and €+1.4 million to the measurement of the real estate assets of joint ventures accounted for using the equity method.

The changes in market value of the individual property values ranged from -9.5% to +4.5%. The occupancy rate of 94.0% has fallen slightly since the last reporting date (-0.5 percentage points), though it has remained at a high level.

Taxes on income and earnings

Taxes on income and earnings fell to €3.4 million (previous year: €3.9 million) due to the use of tax loss carryforwards. Deferred taxes, resulting mainly from the scheduled amortisation of the tax balance sheet for our real estate assets as well as the market value of properties during the half-year, amounted to €2.3 million (previous year: €6.4 million).

EPRA earnings above previous year

EPRA earnings, which exclude measurement gains/losses, improved significantly by €26.8 million or €0.21 per share due to the acquisition of minority interests. However, there was also an increase of €17.0 million in a pro-forma comparison, in particular due to the higher write-downs on rent receivables and consultancy costs in the previous year.

Group result lower due to measurement gains/losses

At €37.1 million, consolidated profit was €9.1 million lower than in the previous year (€46.2 million) and earnings per share fell disproportionately from €0.75 to €0.50 due to the higher weighted number of no-par-value shares issued.

EPRA earnings

	01.01. – 30.06.2023		01.01. – 30.06.2022	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	37,078	0.50	46,185	0.75
Measurement gains / losses on investment properties [1]	39,803	0.54	8,206	0.13
Income and expenses from changes in the scope of consolidation [3]	8,333	0.11	0	0.00
Deferred tax adjustments pursuant to EPRA [2]	2,394	0.04	6,438	0.10
EPRA earnings	**87,608**	**1.19**	**60,829**	**0.98**
Weighted number of no-par-value shares issued		73,787,722		61,783,594

1 Including the share attributable to joint ventures and associates accounted for using the equity method
2 Relates to deferred taxes on investment properties and derivative financial instruments
3 Including acquisition costs from the purchase of additional shares

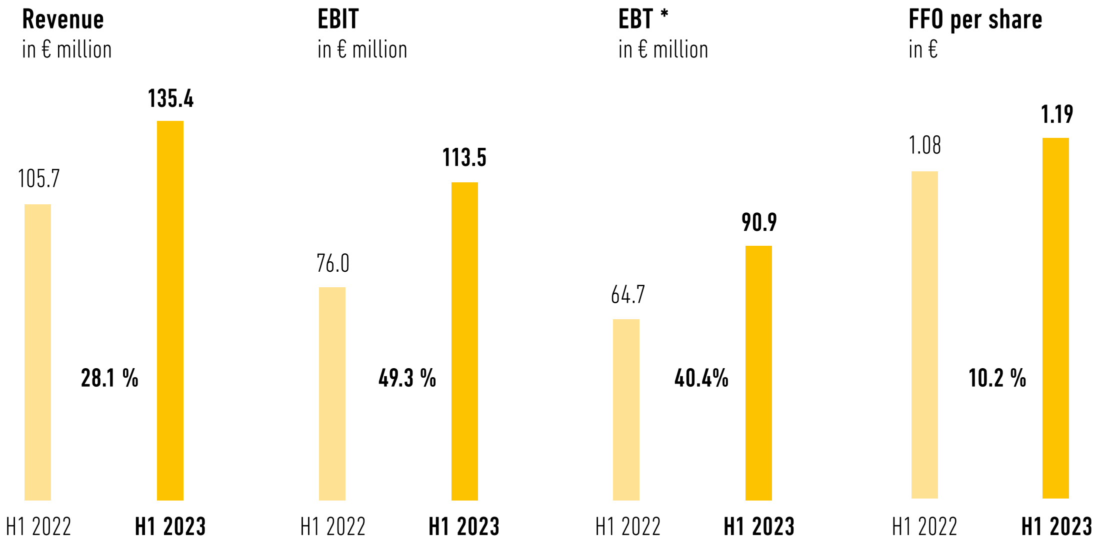
Development of funds from operations

Funds from operations (FFO) are used to finance our ongoing investments in portfolio properties and scheduled repayments on our long-term bank loans, and as the basis for the distribution of dividends. Significant non-recurring effects that are not part of the Group's operating activities are eliminated in the calculation of FFO. FFO increased from €66.7 million to €87.5 million or from €1.08 to €1.19 per share based on a time-weighted number of no-par value shares issued.

Funds from operations

	01.01. – 30.06.2023		01.01. – 30.06.2022	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	37,078	0.50	46,185	0.75
Measurement gains / losses on investment properties [1]	39,803	0.54	8,206	0.13
Income and expenses from changes in the scope of consolidation [2]	8,333	0.11	0	0.00
Expenses in connection with the takeover offer	0	0.00	5,871	0.10
Deferred taxes [1]	2,274	0.04	6,438	0.10
FFO	**87,488**	**1.19**	**66,700**	**1.08**
Weighted number of no-par-value shares issued		73,787,722		61,783,594

1 Including the share attributable to joint ventures and associates accounted for using the equity method
2 Including acquisition costs from the purchase of additional shares



* excluding measurement gains / losses

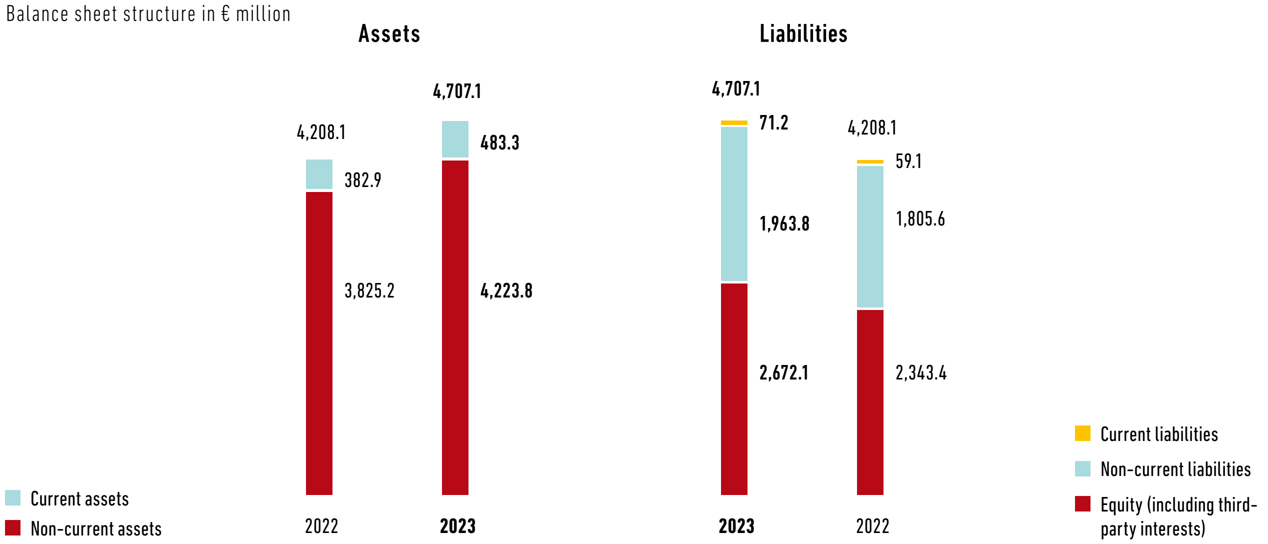
Financial position and net assets

Net assets and liquidity

The Deutsche EuroShop Group's total assets increased significantly by €499.0 million to €4,707.1 million compared with the last reporting date due to the acquisition of minority interests. On a pro-forma basis, the total assets increased by €39.2 million.

in € thousand	30.06.2023	31.12.2022	Change
Current assets	483,260	382,858	100,402
Non-current assets	4,223,850	3,825,248	398,602
Current liabilities	71,209	59,085	12,124
Non-current liabilities	1,963,760	1,805,654	158,106
Equity (including third-party interests)	2,672,141	2,343,367	328,774
Total assets	**4,707,110**	**4,208,106**	**499,004**

Balance sheet structure
Balance sheet structure in € million



Equity ratio of 56.8%

The equity ratio (including the shares of third-party shareholders) was 56.8%, up slightly compared with the last reporting date (55.7%) and still at a very healthy level.

Liabilities

As at 30 June 2023, current and non-current financial liabilities stood at €1,630.8 million, which was €151.6 million higher than at the end of 2022 due to the acquisition of minority interests. Financial liabilities increased by €4.1 million based on the comparable group. As at 30 June 2023, all loan covenants were met.

Non-current deferred tax liabilities increased by €1.8 million to €336.2 million due to additional provisions. Other current and non-current liabilities and provisions increased by €16.9 million.

Net tangible assets according to EPRA

Net tangible assets (NTA) as at 30 June 2023 were €2,689.5 million, compared with €2,335.9 million at the end of 2022. Due to the higher amount of shares issued, the NTA per share decreased by €2.64 from €37.81 to €35.17 per share (-7.0%).

EPRA NTA

	30.06.2023		31.12.2022	
	in € thousand	per share in €	in € thousand	per share in €
Equity	2,388,378	31.24	2,036,237	32.96
Derivative financial instruments measured at fair value[1]	4,384	0.06	5,637	0.09
Equity excluding derivative financial instruments	**2,392,762**	**31.30**	**2,041,874**	**33.05**
Deferred taxes on investment properties and derivative financial instruments[1]	348,469	4.55	345,789	5.60
Intangible assets	-24	0.00	-29	0.00
Goodwill as a result of deferred taxes	-51,719	-0.68	-51,719	-0.84
EPRA NTA	**2,689,488**	**35.17**	**2,335,915**	**37.81**
Number of no-par-value shares issued as at the reporting date		76,464,319		61,783,594

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

EPRA loan-to-value ratio (EPRA LTV)

The EPRA LTV, which is based on the Group's proportional share in the joint ventures and subsidiaries, amounted to 30.0% on the reporting date (previous year: 33.1%).

EPRA loan-to-value ratio (EPRA LTV)

Proportional values in € thousand	30.06.2023	31.12.2022	Change
Non-current and current liabilities to banks	1,552,540	1,481,149	71,391
Owner-occupied property (IFRS 16 liability)	334	354	-20
Other liabilities (net)	11,839	0	11,839
Cash and cash equivalents	-415,740	-330,894	-84,846
Net financial debt	**1,148,973**	**1,150,609**	**-1,636**
Investment properties	3,829,524	3,474,145	355,379
Owner-occupied property (IFRS 16 Right of use)	339	351	-12
Intangible assets	24	29	-5
Other assets (net)	0	3,445	-3,445
Property assets	**3,829,887**	**3,477,970**	**351,917**
EPRA LTV in %	**30.0**	**33.1**	**-3.1**

REPORT ON EVENTS AFTER THE REPORTING DATE

No further significant events occurred between the balance sheet date of 30 June 2023 and the date of preparation of the financial statements.

OUTLOOK

Economic conditions

For 2023, the Kiel Institute for the World Economy (IfW) is expecting a slight decline in gross domestic product of 0.3%. With the decline in GDP in the first half of the year and the recent deterioration in economic indicators, it says that concerns have increased that the after-effects of the energy crisis and the tightening of monetary policy could weigh more heavily on the economy than previously expected. Overall, however, it would appear more likely that the German economy will return to moderate growth during the course of the year, despite the headwinds. The ifo Institute forecasts inflation to decline to 5.8% and unemployment to rise slightly to 5.5%. In the second half of the year, incomes should rise more sharply than prices and private consumption should pick up.

The IfW expects economic output for the next year to grow by 1.8% and an inflation rate of 2.1%. Overall, the economy is caught between considerable scope for expansion and constraints on the production side, which have been proven quite persistent to date. There is also the possibility of an upturn in economic performance if these constraints can be gradually overcome. For the time being, however, it believes that the significant correction of financing conditions in the course of monetary policy tightening will continue to weigh on the economy. For private consumption to recover, especially in the wake of significant increases in wages, it will be crucial to see a boost in the real purchasing power of average incomes after having been dragged down by inflation for so long.

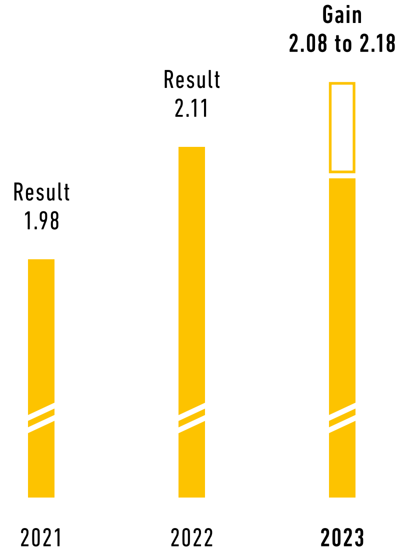
Expected results of operations and financial position

In addition to the operating business meeting its targets, the first half of 2023 was positively influenced by one-off income from the reversal of provisions and income from impaired receivables, not least due to the partial reversal of provisions and write-downs made in 2020 and 2021 when business was heavily affected by the coronavirus pandemic. As a result, we are increasing our forecast to take account of this one-off income and expect funds from operations (FFO) of €2.08 to €2.18 per share for financial year 2023 (previous year: between €2.00 and €2.10).

The forecast FFO per share for the financial year 2023 was based on a time-weighted number of 75,137,020 no-par value shares issued.

FFO per share

in €

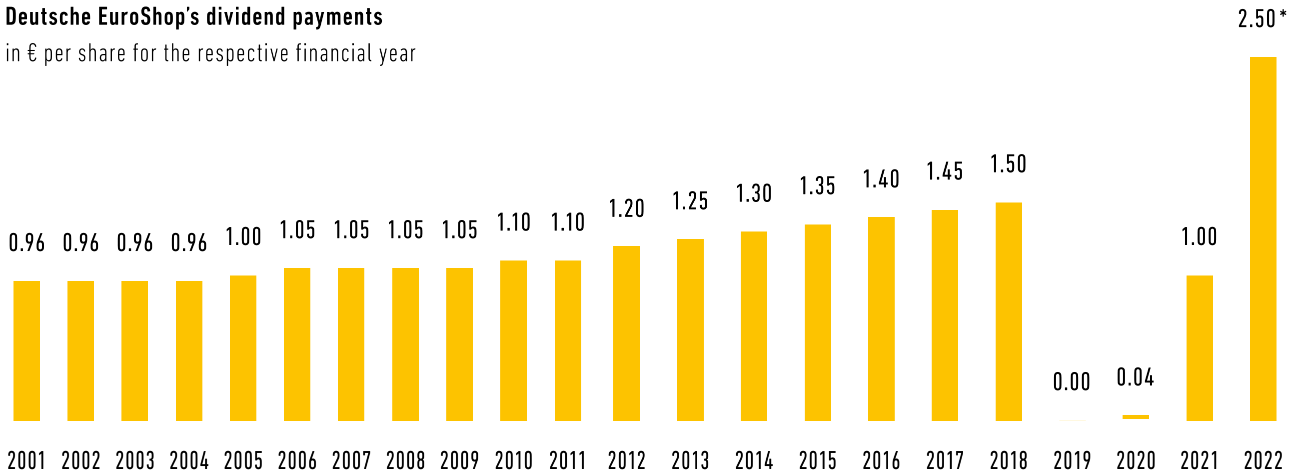


Dividend planning

The Executive Board, together with the Supervisory Board, has resolved to propose the payment of a dividend of €2.50 per share for financial year 2022 to the Annual General Meeting, scheduled for 29 August 2023 in Hamburg.

Deutsche EuroShop's dividend payments

in € per share for the respective financial year



*proposal

RISK REPORT

Since the beginning of the financial year, there have been no significant changes to the information provided in the risk report of the combined management report as at 31 December 2022 (see Annual Report 2022, p. 142 onwards). We do not believe that the Company currently faces any risks capable of jeopardising its continued existence.

CONSOLIDATED BALANCE SHEET

Assets in € thousand	**30.06.2023**	**31.12.2022**
ASSETS		
Non-current assets		
Intangible assets	51,743	51,748
Property, plant and equipment	384	436
Investment properties	4,075,536	3,329,995
Investments accounted for using the equity method	96,187	443,069
Non-current assets	**4,223,850**	**3,825,248**
Current assets		
Trade receivables	17,633	16,991
Other current assets	33,400	30,924
Cash and cash equivalents	432,227	334,943
Current assets	**483,260**	**382,858**
Total assets	**4,707,110**	**4,208,106**

Liabilities in € thousand	**30.06.2023**	**31.12.2022**
EQUITY AND LIABILITIES		
Equity and reserves		
Subscribed capital	76,464	61,784
Capital reserves	793,943	494,526
Retained earnings	1,517,971	1,479,927
Total equity	**2,388,378**	**2,036,237**
Non-current liabilities		
Financial liabilities	1,622,618	1,464,917
Deferred tax liabilities	336,200	334,404
Right of redemption of limited partners	283,763	307,130
Other liabilities	4,942	6,333
Non-current liabilities	**2,247,523**	**2,112,784**
Current liabilities		
Financial liabilities	8,203	14,334
Trade payables	4,727	8,067
Tax liabilities	1,450	474
Other provisions	31,836	11,267
Other liabilities	24,993	24,943
Current liabilities	**71,209**	**59,085**
Total equity and liabilities	**4,707,110**	**4,208,106**

CONSOLIDATED INCOME STATEMENT

in € thousand	01.04. – 30.06.2023	01.04. – 30.06.2022	01.01. – 30.06.2023	01.01. – 30.06.2022
Revenue	67,570	53,630	135,355	105,691
Property operating costs	-9,114	-5,182	-16,209	-10,792
Property management costs	-3,290	-2,728	-6,828	-5,363
Write-downs and disposals of financial assets	-2,178	-1,947	-4,810	-5,404
Net operating income (NOI)	**52,988**	**43,773**	**107,508**	**84,132**
Other operating income	4,837	787	9,577	2,480
Other operating expenses	-1,723	-7,797	-3,551	-10,570
Earnings before interest and taxes (EBIT)	**56,102**	**36,763**	**113,534**	**76,042**
Share in the profit or loss of associates and joint ventures accounted for using the equity method	3,600	6,832	5,804	13,749
Interest expense	-10,813	-8,971	-21,501	-18,066
Profit / loss attributable to limited partners	-3,653	-4,102	-7,458	-8,045
Interest income	1,499	32	1,870	45
Financial gains / losses	**-9,367**	**-6,209**	**-21,285**	**-12,317**
Measurement gains / losses	**-35,374**	**-4,039**	**-49,558**	**-7,255**
Earnings before taxes (EBT)	**11,361**	**26,515**	**42,691**	**56,470**
Taxes on income and earnings	-830	-4,872	-5,613	-10,285
Consolidated profit	**10,531**	**21,643**	**37,078**	**46,185**
Earnings per share (€), undiluted and diluted	0.13	0.37	0.50	0.75

STATEMENT OF COMPREHENSIVE INCOME

in € thousand	01.04. – 30.06.2023	01.04. – 30.06.2022	01.01. – 30.06.2023	01.01. – 30.06.2022
Consolidated profit	**10,531**	**21,643**	**37,078**	**46,185**
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	1,362	4,694	1,252	10,819
Deferred taxes on changes in value offset directly against equity	-308	-1,038	-286	-2,402
Total earnings recognised directly in equity	**1,054**	**3,656**	**966**	**8,417**
Total profit	**11,585**	**25,299**	**38,044**	**54,602**
Share of Group shareholders	11,585	25,299	38,044	54,602

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € thousand	Number of shares outstanding	Share capital	Capital reserves	Other retained earnings	Statutory reserve	Cash flow hedge reserve	Total
01.01.2022	**61,783,594**	**61,784**	**1,217,560**	**799,657**	**2,000**	**–18,135**	**2,062,866**
Total profit		0	0	46,185	0	8,417	54,602
Dividend payments		0	0	0	0	0	0
30.06.2022	**61,783,594**	**61,784**	**1,217,560**	**845,842**	**2,000**	**–9,718**	**2,117,468**
01.01.2023	**61,783,594**	**61,784**	**494,526**	**1,482,264**	**2,000**	**–4,337**	**2,036,237**
Total profit		0	0	37,078	0	966	38,044
Capital increase	14,680,725	14,680	299,417	0	0	0	314,097
Dividend payments		0	0	0	0	0	0
30.06.2023	**76,464,319**	**76,464**	**793,943**	**1,519,342**	**2,000**	**–3,371**	**2,388,378**

CONSOLIDATED CASH FLOW STATEMENT

in € thousand	01.01. – 30.06.2023	01.01. – 30.06.2022
Consolidated profit	**37,078**	**46,185**
Income taxes	5,613	10,285
Financial gains / losses	21,285	12,317
Amortisation / depreciation of intangible assets and property, plant and equipment with a finite life	55	78
Unrealised changes in fair value of investment property and other measurement gains / losses	49,558	7,255
Distributions and capital repayments received	3,689	14,437
Changes in trade receivables and other assets	1,350	8,077
Changes in current provisions	-431	1,490
Changes in liabilities	-10,144	-5,500
Cash flow from operating activities	**108,053**	**94,624**
Interest paid	-20,427	-18,395
Interest received	1,870	45
Income taxes paid	-2,390	-4,290
Net cash flow from operating activities	**87,106**	**71,984**
Outflows for the acquisition of investment properties	-16,330	-10,417
Outflows for the acquisition of intangible assets and property, plant and equipment	-7	-9
Acquisition of subsidiaries less acquired cash and cash equivalents	-33,087	0
Cash flow from investing activities	**–49,424**	**–10,426**
Inflows from financial liabilities	10,906	0
Outflows from the repayment of financial liabilities	-7,836	-5,903
Outflows from the repayment of lease liabilities	-39	-49
Payments to limited partners	-5,410	-6,684
Inflows from capital increases	61,981	0
Payments to Group shareholders	0	0
Cash flow from financing activities	**59,602**	**–12,636**
Net change in cash and cash equivalents	**97,284**	**48,922**
Cash and cash equivalents at beginning of period	**334,943**	**328,839**
Cash and cash equivalents at end of period	**432,227**	**377,761**

DISCLOSURES

Reporting principles

These interim financial statements of the Deutsche EuroShop Group as at 30 June 2023 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 2022.

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable 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. For a detailed description of the methods applied, please refer to the notes to our consolidated financial statements for 2022 (Annual Report 2022, p. 171 onwards).

The new accounting standards and interpretations for which application became compulsory on 1 January 2023 were observed; however, these did not have any impact on the presentation of the financial statements.

The interim financial statements as at 30 June 2023 have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Disclosures on the consolidated balance sheet and the consolidated income statement

Investment properties

Investment properties performed as follows in the first half of 2023:

in € thousand	2023	2022
Carrying amount as at 01.01.	**3,329,995**	**3,393,554**
Change in scope of consolidation	773,000	0
Recognised construction measures	16,330	39,483
Unrealised changes in fair value	-43,789	-103,042
Carrying amount as at 30.06. / 31.12.	**4,075,536**	**3,329,995**

Investment properties (IAS 40) were measured at fair value. Valuations were performed by the appraiser Jones Lang LaSalle (JLL) as at 30 June 2023, as well as at 31 December 2022. The discounted cash flow method (DCF) was used as at 31 December 2022. Please refer to the notes on the DCF method in our Annual Report 2022 on page 176 onwards. This is a Level 3 valuation method in the valuation hierarchy of IFRS 13.

The following overview shows the key assumptions used by JLL to determine the market values:

Valuation parameters

in %	30.06.2023	31.12.2022
Rate of rent increases[1]	1.64	1.77
Cost ratio	12.25	12.51
Discount rate	6.99	6.90
Capitalisation interest rate	5.39	5.32

[1] Nominal rental growth rate in the DCF model over the measurement period of 10 years, taking into account inflation-related rent indexation and changes in the occupancy rate

A 25 or 100 bp change in a material parameter (sensitivity analysis) of real estate appraisals would have the following pre-tax impact on measurement gains/losses (including the share attributable to at-equity consolidated companies):

Sensitivity analysis – Valuation parameters

	Basis	Change in parameter	in € million	in %
Rate of rent increases	1.64	+0.25% percentage points -0.25% percentage points	137.4 -121.0	15.6 -3.2
Cost ratio	12.25	+0.25% percentage points -0.25% percentage points	-47.2 43.7	-1.2 1.1
Discount rate	6.99	+0.25% percentage points -0.25% percentage points	-71.5 71.5	-1.9 1.9
Capitalisation interest rate	5.39	+0.25% percentage points -0.25% percentage points	-105.3 116.9	-2.7 3.0

The appraisal showed that for the first half of 2023 the real estate portfolio had a net initial yield before transaction costs of 6.39% compared with 6.37% in 2022, and a net initial yield after transaction costs of 6.02% compared with 6.01% in 2022. The EPRA net initial yield for the first half of 2023 was 5.5% compared to 5.4% in 2022.

Outstanding tenant incentives granted and still to be spread over the term of the leases amounting to €24.4 million were deducted from the appraisal value. These were reported under other assets and trade receivables.

Financial instruments

With the exception of derivative financial instruments and other financial investments measured at fair value, financial assets and liabilities were 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 did not deviate significantly from the fair values.

The fair values of financial liabilities measured at amortised cost were equal to the net present value of debt-related payments based on current yield curves (Level 2 under IFRS 13), and amounted to €1,454.3 million as at 30 June 2023 (31 December 2022: €1,327.0 million).

The derivative financial instruments measured at fair value were interest rate hedges. Here, the fair value was 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 yield curves. Liabilities from interest rate hedges totalled €4.4 million as at 30 June 2023 (31 December 2022: €5.6 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 Executive Board of Deutsche EuroShop AG 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.

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

Breakdown by segment

in € thousand	Germany	Abroad	Total	Reconciliation	01.01. – 30.06.2023
Revenue	**103,470**	**26,373**	**129,843**	**5,512**	**135,355**
(01.01. – 30.06.2022)	(90,714)	(22,470)	(113,184)	(-7,493)	(105,691)
EBIT	**86,137**	**24,911**	**111,048**	**2,486**	**113,534**
(01.01. – 30.06.2022)	(71,424)	(19,621)	(91,045)	(-15,003)	(76,042)
EBT excl. measurement gains / losses	**70,758**	**21,404**	**92,162**	**-1,303**	**90,859**
(01.01. – 30.06.2022)	(57,332)	(16,274)	(73,606)	(-8,877)	(64,729)
					30.06.2023
Segment assets	**3,272,967**	**789,119**	**4,062,086**	**645,024**	**4,707,110**
(31.12.2022)	(3,002,022)	(712,375)	(3,714,397)	(493,709)	(4,208,106)
of which investment properties	**3,075,248**	**754,276**	**3,829,524**	**246,012**	**4,075,536**
(31.12.2022)	(2,797,177)	(676,968)	(3,474,145)	(-144,150)	(3,329,995)

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. Deferred tax liabilities are considered by the Executive Board of Deutsche EuroShop AG in a cross-segment manner, and are therefore included in the reconciliation column of the segment liabilities. Accordingly, the goodwill from the acquisition of Olympia Brno was allocated to the reconciliation column of the segment assets. The reconciliation column also contains the companies that are not allocated to either of the two segments (Deutsche EuroShop AG, DES Management GmbH and DES Beteiligungs GmbH & Co. KG).

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

Related parties for the purposes of IAS 24

On 12 January 2023, the Group entered into share purchase agreements with Kommanditgesellschaft ARENA Vermögensverwaltung G.m.b.H. & Co. KG and KG Vermögensverwaltungsgesellschaft Einkaufs-Center Danzig, both of which are ultimately controlled by Alexander Otto and who is considered a related party as defined by IAS 24, for the acquisition of additional shares in Immobilienkommanditgesellschaft FEZ Harburg, in Forum Wetzlar KG and in Einkaufs-Center Galeria Baltycka G.m.b.H. & Co. KG for a total purchase price of €91,979 thousand (please also refer to section "Acquisition of minority interests").

Furthermore, we also refer to the consolidated financial statements as at 31 December 2022 (Annual Report 2022, p. 197) for information on related parties which were not subject to any significant changes in the year up to 30 June 2023.

OTHER DISCLOSURES

Responsibility statement by DES Executive Board

To the best of my 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 performance of the business, including the operating results and the position of the Group, together with a description of the principal opportunities and risks associated with the expected performance of the Group for the remainder of the financial year.

Hamburg, 14 August 2023

Hans-Peter Kneip

THE SHOPPING CENTER SHARE

The Deutsche EuroShop share closed 2022 at a price of €22.12. Right at the turn of the year on 2 January 2023, it reached its highest price for the first half-year at €23.38. The share price declined after a subscription rights offering was announced on 12 January 2023. It hit its lowest price during the first six months of the year on 28 March 2023 at €18.19, and then followed an upward trajectory to close the first half at €20.90. This equated to a performance for the reporting period of -5.5%. The SDAX rose by 12.4% over the same period. Deutsche EuroShop's market capitalisation stood at €1.6 billion at the end of June 2023.

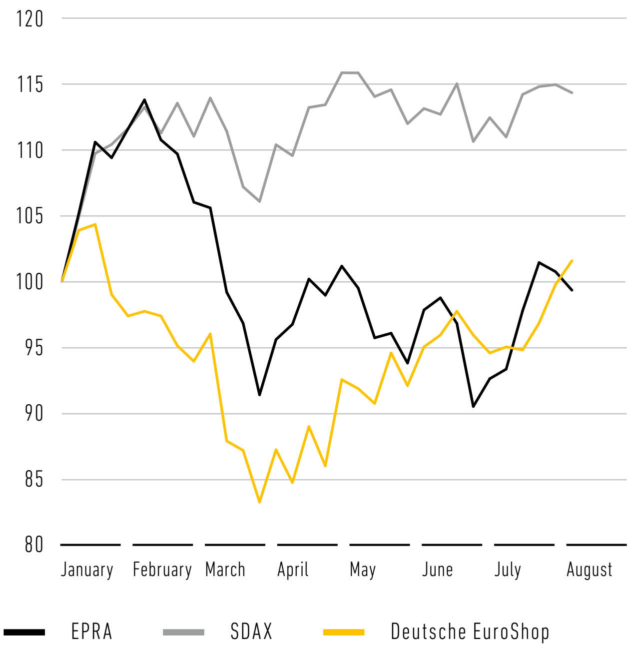
Key share data

Sector / industry group	Financial services / real estate
Share capital on 30.06.2023	€76,464,319.00
Number of shares on 30.06.2023 (no-par-value registered shares)	76,464,319
Dividend for 2022 (proposed)	€ 2.50
Share price on 30.12.2022	€ 22.12
Share price on 30.06.2023	€ 20.90
Low / high for the period under review	€18.19/€23.38
Market capitalisation on 30.06.2023	€1.6 billion
Prime Standard	Frankfurt and Xetra
OTC markets	Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	CDAX, EPRA, MSCI Small Cap (+ ESG Screened), HASPAX, Prime All Share Index, Classic All Share Index
ISIN	DE 000748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

Unless otherwise specified, all information and calculations are based on Xetra closing prices.

Deutsche EuroShop vs SDAX and EPRA

Comparison, January to August 2023
(indexed, base of 100, in %)



FINANCIAL CALENDAR 2023

14.08.	**Half-year Financial Report 2023**
29.08.	**Annual General Meeting, Hamburg**
18.09.	Berenberg and Goldman Sachs German Corporate Conference, Munich
19.09.	Baader Investment Conference, Munich
14.11.	**Quarterly statement 9M 2023**
16.11.	Kepler Cheuvreux UniCredit Pan-European Real Estate Conference, London

Our financial calendar is continuously being updated. Please check our website for the latest events:
www.deutsche-euroshop.com/ir

WOULD YOU LIKE FURTHER INFORMATION?

Then visit us online or call us:

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PATRICK KISS
AND NICOLAS LISSNER

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 forecast.

Rounding and rates of change

Percentages and figures stated in this report may be subject to rounding differences. The sign used to indicate rates of change is based on economic considerations: improvements are indicated by a plus (+); deterioration by a minus (-).