LETTER FROM THE EXECUTIVE BOARD

Dear Shareholders,
Dear Readers,

People are returning to shopping centers. After the remaining store closures in Germany were lifted at the beginning of June, footfall has risen again significantly and by the end of July had reached around 77% of pre-coronavirus levels. The visitors to our centers continue to exhibit great discipline in observing the measures implemented to contain the pandemic so that the centers and stores can be operated safely. Together with our tenants and ECE, our partner for center management, we are able to ensure risk-free visits to our retail properties and shops even during times of coronavirus. Centers and stores are not and have never been coronavirus hotspots. We continue to work in collaboration with the world of politics via the relevant associations to make sure that this fact is also taken into account should the pandemic situation deteriorate again – which unfortunately cannot be ruled out – so that the shops and shopping centers can remain open throughout. That is our assumption at present.

As footfall has improved, so has the revenue of our tenants. In June 2021, it averaged at 85% of pre-crisis levels. The key operating figures thus show a clearly positive trend, although they still have significant ground to make up in some areas, as they did after the first lockdown in 2020 and as they do now just after the full store openings. To mitigate the negative impact and after-effects of the lockdown phases on the bricks-and-mortar retail trade, it is therefore necessary to continue with the temporary support offered to many of our tenants in order to safeguard the properties' continued existence. For our main market of Germany, the recent significant improvement in government support programmes has also provided some relief for retailers. As it stands, our occupancy rate is 93.8%, compared with 95.4% at year-end 2020. One focus of our activities is to fill these vacancies resulting from the coronavirus with attractive concepts. A number of specific approaches and negotiations with tenants are already underway in this area, although we expect that it will take some time before the gaps that have emerged can be closed again.

KEY CONSOLIDATED FIGURES

in € million	01.01.–30.06.2021	01.01.–30.06.2020	+/-
Revenue [5]	104.9	112.3	-6.5%
Net operating income (NOI)	71.9	80.0	-10.2%
EBIT	70.5	78.5	-10.2%
EBT (excluding measurement gains/losses [1])	55.7	62.1	-10.2%
EPRA [2] earnings	54.3	59.8	-9.2%
FFO	54.3	59.9	-9.3%
Consolidated profit	36.8	-129.3	

in €	01.01.–30.06.2021	01.01.–30.06.2020	+/-
EPRA [2] earnings per share	0.88	0.97	-9.3%
FFO per share	0.88	0.97	-9.3%
Earnings per share	0.60	-2.09	
Weighted number of no-par-value shares issued	61,783,594	61,783,594	0.0%

in € million	30.06.2021	31.12.2020	+/-
Equity [3]	2,355.4	2,314.8	1.8%
Liabilities	1,893.1	1,922.6	-1.5%
Total assets	4,248.5	4,237.4	0.3%
EPRA [2] NTA	2,350.1	2,309.7	1.8%
EPRA [2] NTA per share in €	38.03	37.38	1.7%
Equity ratio in % [3]	55.4	54.6	
LTV ratio in % [4]	31.9	32.9	
Cash and cash equivalents	268.1	266.0	0.8%

1 Including the share attributable to joint ventures and associates accounted for using the equity method
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 Figures shown within net operating income were changed as at 31 December 2020 and the previous year's quarterly figures have been adjusted for easier comparability. Please refer to the comments in the notes to the 2020 consolidated financial statements under section "4. New accounting standards and changes in presentation".

The negative impact of the pandemic is reflected in our key financials for the first half of 2021. Revenue and EBIT were significantly lower than in the first half of 2020, at €104.9 million (-6.5%) and €70.5 million (-10.2%) respectively, which had already been affected – albeit to a lesser extent – by the business closures during the first lockdown. Earnings before taxes and measurement gains / losses (EBT before measurement) also fell by 10.2% to €55.7 million. EPRA earnings and FFO adjusted for measurement and special effects were both €54.3 million lower, down 9.2% and 9.3% on the previous year. The collection ratio has continued to improve as the reopenings have progressed, already reaching 94% for the month of July. Including the effects of repaying our credit line at the beginning of the year, Group liquidity improved further, bolstered by lower capital expenditure due to the closure periods.

We were able to successfully conclude all pending refinancing of our loans for the current financial year at attractive conditions. A total of four loans with a combined volume of €191 million have been extended or replaced with our banking partners. In this ongoing exceptional situation, we are coordinating with our financial partners on an ongoing basis and in a spirit of trust.

The end of the lockdown represents a major milestone on the road to the normalisation of economic life, although the bricks-and-mortar retail trade continues to face particular challenges, resulting in increased uncertainties in terms of business performance. Based on the current situation, we expect funds from operations (FFO) of €1.70 to €1.90 per share for the 2021 financial year (2020: €2.00).

This assumes that the pandemic situation will be brought under lasting control without renewed store closures or significant restrictions on center operations, a continued uptick in private consumer spending over the course of the year and an associated further recovery in tenant revenues and the collection ratio. These forecasts are also based on the assumption that the government coronavirus support programmes promised in Germany will be granted to a significant proportion of our affected tenants and paid out promptly.

Since the pandemic broke out in March 2020 and until the bricks-and-mortar retail trade was reopened just recently, we have continued to take quick and decisive action to implement the necessary measures to safeguard the sustainable development of Deutsche EuroShop. We thank you for your trust in this exceptional situation.

Hamburg, August 2021

Wilhelm Wellner Olaf Borkers

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 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 €61,783,594 on 30 June 2021 and was composed of 61,783,594 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 part can be 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 of investment. Indexed and revenue-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 external financing 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 term (average fixed interest period) at over five years.

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 generating a high liquidity surplus from their 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).

Due to the higher rent defaults and arrears as a result of the coronavirus, these management metrics currently have only limited information value in some cases, so the collection ratio will be used for management purposes as a supplement until further notice. The collection ratio measures the ratio of incoming payments to rent and ancillary cost receivables from tenants.

ECONOMIC REVIEW

Macroeconomic and sector-specific conditions

The coronavirus pandemic led to a renewed decline in economic output in the first half of 2021. Private consumption was especially affected by this, primarily due to the lockdown measures, which lasted all the way into June with brief interruptions and regional differences. In Germany, Deutsche EuroShop's main market, gross domestic product (GDP) rose by 1.5% in real terms in the second quarter, following a 2.1% decline in the opening quarter of 2021. The unemployment rate at the end of June 2021 stood at 5.7% (end-June 2020: 6.2%). Despite prolonged lockdown phases, consumer sentiment in Germany has recovered since the beginning of the year. There has been a positive trend in both economic and income expectations and in the propensity to spend money

Bricks-and-mortar non-food retailing benefited from the first reopenings, but some businesses are still lagging well behind pre-crisis levels. According to the Federal Statistical Office, German retail sales (including online spending) rose by 1.6% year on year in real terms in the first six months of 2021. Online and mail-order were again the main growth drivers (+26.1%), whereas bricks and mortar retailers were affected by the restrictions and reported a decline in revenue (-2.5%). After the lockdown measures were lifted, significant increases (+8.7% in real terms) were observed on a monthly basis in June in the non-food retail sector. The textiles, apparel, footwear and leather goods industries, which were hit particularly hard by the store closures caused by the federal emergency brake, posted a 70.5% increase in revenue compared with May 2021, the first time it had climbed back above the pre-crisis level of February 2020 (+ 4.8%). In the retail trade involving goods of various types (including department stores), revenue was up 34.3% compared with the previous month and 7.6% higher than before the coronavirus.

RESULTS OF OPERATIONS

in € thousand	**01.01.–30.06.2021**		01.01.–30.06.2020 (adjusted)[1]		Change +/-	Change in %
Revenue		104,928		112,274	-7,346	-6.5
Operating and administrative costs for property		-14,962		-13,226	-1,736	-13.1
Write-downs and derecognition of receivables		-18,103		-19,002	899	4.7
NOI		**71,863**		**80,046**	**-8,183**	**-10.2**
Other operating income		2,309		2,089	220	10.5
Other operating expenses		-3,650		-3,636	-14	-0.4
EBIT		**70,522**		**78,499**	**-7,977**	**-10.2**
At-equity profit / loss	*13,278*		*-37,300*			
Measurement gains / losses (at equity)	*-1,777*		*49,171*			
Deferred taxes (at equity)	*11*		*-146*			
At-equity (operating) profit / loss		11,512		11,725	-213	-1.8
Interest expense		-20,483		-21,979	1,496	6.8
Profit / loss attributable to limited partners		-5,807		-6,198	391	6.3
Other financial gains or losses		4		6	-2	-33.3
Financial gains or losses (excl. measurement gains / losses)		**-14,774**		**-16,446**	**1,672**	**10.2**
EBT (excl. measurement gains / losses)		**55,748**		**62,053**	**-6,305**	**-10.2**
Measurement gains / losses	*-13,090*		*-168,702*			
Measurement gains / losses (at equity)	*1,777*		*-49,171*			
Measurement gains / losses (including at-equity profit / loss)		-11,313		-217,873	206,560	94.8
Taxes on income and earnings		-1,479		-2,195	716	32.6
Deferred taxes	*-6,138*		*28,564*			
Deferred taxes (at equity)	*-11*		*146*			
Deferred taxes (including at equity)		-6,149		28,710	-34,859	
CONSOLIDATED PROFIT		**36,807**		**-129,305**	**166,112**	

[1] Figures shown within net operating income were changed as at 31 December 2020 and the previous year's quarterly figures have been adjusted for easier comparability. Please refer to the comments in the notes to the 2020 consolidated financial statements under section "4. New accounting standards and changes in presentation".

Revenue affected by the coronavirus pandemic

Revenue for the reporting period came in at €104.9 million. On a like-for-like basis, this constituted a decrease of 6.5% compared with the same period last year (€112.3 million) due to the longer closure periods compared with the first half of 2020. In our foreign markets, statutory regulations, among other things, provided for the temporary suspension of payment obligations under rental agreements for tenants affected by the closures. Other factors responsible for the decline in revenue, mainly due to the pandemic, included losses from tenants who encountered payment difficulties, lower revenue-linked rents as well as longer re-letting periods and higher vacancy rates.

Center operating expenses up on previous year due to higher non-apportionable ancillary costs

Center operating costs of €15.0 million in the reporting period, mainly comprising center management fees, non-apportionable ancillary costs, land taxes, building insurance and maintenance, increased year on year by 13.1%. This was due to higher vacancy-related, non-apportionable ancillary costs, which could not be offset in full despite the timely implementation of appropriate cost reduction measures.

Coronavirus-related write-downs weigh on first half of the year

Write-downs and the derecognition of receivables weighed heavily on the first half of 2021 as well, at €18.1 million (previous year: €19.0 million). The extent of the write-downs is dependent on the current status of negotiations with tenants regarding lockdown-related rent reductions as well as on tenant payment patterns.

Write-downs and the derecognition of receivables in the first half of the year of €14.0 million took into account both the rental concessions already contractually agreed and the further rental concessions expected on receivables outstanding as at the reporting date. In addition, receivables had to be derecognised or written down individually (€4.1 million), in particular due to insolvency.

Other operating income and expenses

Other operating income, stemming primarily from the reversal of provisions, income from rental receivables for which impairment losses had been recognised in previous years and from arrears payments with respect to ancillary costs, amounted to €2.3 million, representing a slight increase on the previous year. Other operating expenses, which mainly comprised general administrative costs and personnel costs, were the same year on year at €3.7 million.

EBIT lower than last year

Earnings before interest and taxes (EBIT) were €70.5 million, down on the figure for the previous year (€78.5 million), to a significant extent due to the coronavirus-driven decline in revenue.

Improvement in financial gains or losses excluding measurement effects

At €-14.8 million, net financial gains or losses (excluding measurement gains / losses) improved year on year (€-16.4 million).

As in the same period of the previous year, at-equity (operating) earnings in the first half of 2021 were negatively impacted by coronavirus-related write-downs on rent receivables and revenue arrears and, at €11.5 million, were practically on a par with the prior year (€11.7 million). The interest expenses of Group companies were reduced by a further €1.5 million. In addition to scheduled repayments, the more attractive follow-up financing for the City-Arkaden Wuppertal had a positive effect here. The share of earnings attributable to limited partners decreased by €0.4 million in line with the reduced EBIT.

EBT (excluding measurement gains / losses) down as a result of the pandemic

The improved net financial income (excluding measurement gains / losses) was not enough to offset the decline in EBIT, with the result that EBT (excluding measurement gains / losses) fell year on year from €62.1 million to €55.7 million (-10.2%).

Small net measurement loss in a changed market environment

In the previous year, the coronavirus pandemic likewise had a significant negative impact on the measurement of the Group's real estate assets in accordance with IAS 40. In the current environment where retail and gastronomy businesses have been reopening subject to conditions and good progress has been made with the pace of vaccinations, property values remained largely stable and resulted in a net measurement loss of €11.3 million. This included a positive measurement effect of €4.0 million from the revaluation of an undeveloped and currently unused piece of land.

Of this measurement loss, €-13.1 million after minority interests was attributable to the measurement of the real estate assets reported by the Group and €1.8 million to the measurement of the real estate assets of joint ventures accounted for using the equity method.

The average value of Group properties after ongoing investments fell by -0.3% in the first half of 2021; the range of changes in market value was between +1.7% and -3.4%. The occupancy rate was 93.8%, compared with 95.4% at the end of 2020.

Taxes on income and earnings

Taxes on income and earnings fell to €1.5 million (previous year: €2.2 million) as a result of the decline in profit. Deferred taxes resulted in an expense of €6.1 million (previous year: tax income of €28.7 million) due to write-downs of tax balance sheet values and devaluations of real estate assets.

EPRA earnings down; consolidated profit significantly higher

EPRA earnings, which exclude measurement gains / losses, fell significantly to €54.3 million or €0.88 per share, due mainly to the decline in revenue. At €36.8 million, consolidated profit jumped by €166.1 million year on year (€-129.3 million) due to the high measurement losses in the previous year, while earnings per share increased from €-2.09 to €0.60.

EPRA EARNINGS

	01.01. – 30.06.2021		01.01. – 30.06.2020	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	36,807	0.60	-129,305	-2.09
Measurement gains / losses on investment properties[1]	11,313	0.18	217,873	3.53
Measurement gains / losses on derivative financial instruments[1]	0	0.00	-88	0.00
Deferred tax adjustments pursuant to EPRA[2]	6,149	0.10	-28,710	-0.47
EPRA EARNINGS	**54,269**	**0.88**	**59,770**	**0.97**
Weighted number of no-par-value shares issued		61,783,594		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

Development of funds from operations

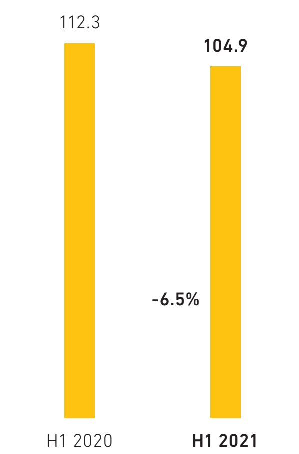
Funds from operations (FFO) are used to finance our ongoing investments in portfolio properties, scheduled repayments on our long-term bank loans and as the basis for the distribution of dividends. Significant non-recurring effects that are not part of the Group's operating activities are eliminated in the calculation of FFO. FFO declined from €59.9 million to €54.3 million or by €0.09 per share to €0.88. As an income-based figure, FFO does not reflect the increase in outstanding rent receivables due to the coronavirus, with the result that it also necessary to analyse tenants' payment behaviour expressed in the collection ratio (see below: Net assets and liquidity). This amounted to 80% in the first half of 2021.

FUNDS FROM OPERATIONS

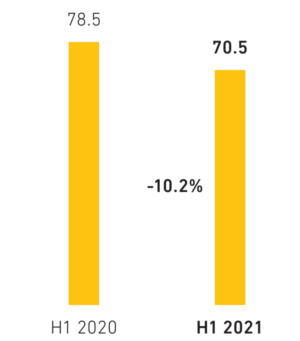
	01.01. – 30.06.2021		01.01. – 30.06.2020	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	36,807	0.60	-129,305	-2.09
Measurement gains / losses on investment properties[1]	11,313	0.18	217,873	3.53
Deferred taxes[1]	6,149	0.10	-28,710	-0.47
FFO	**54,269**	**0.88**	**59,858**	**0.97**
Weighted number of no-par-value shares issued		61,783,594		61,783,594

[1] Including the share attributable to joint ventures and associates accounted for using the equity method

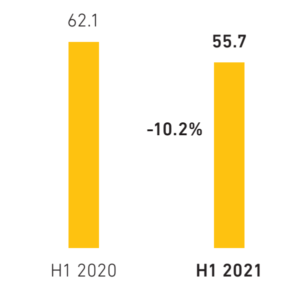
REVENUE
in € million



EBIT
in € million

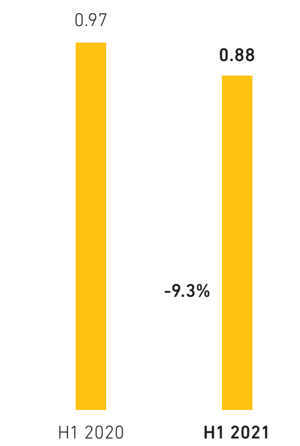


EBT *
in € million



* excluding measurement gains / losses

FFO PER SHARE
in €



FINANCIAL POSITION AND NET ASSETS

NET ASSETS AND LIQUIDITY

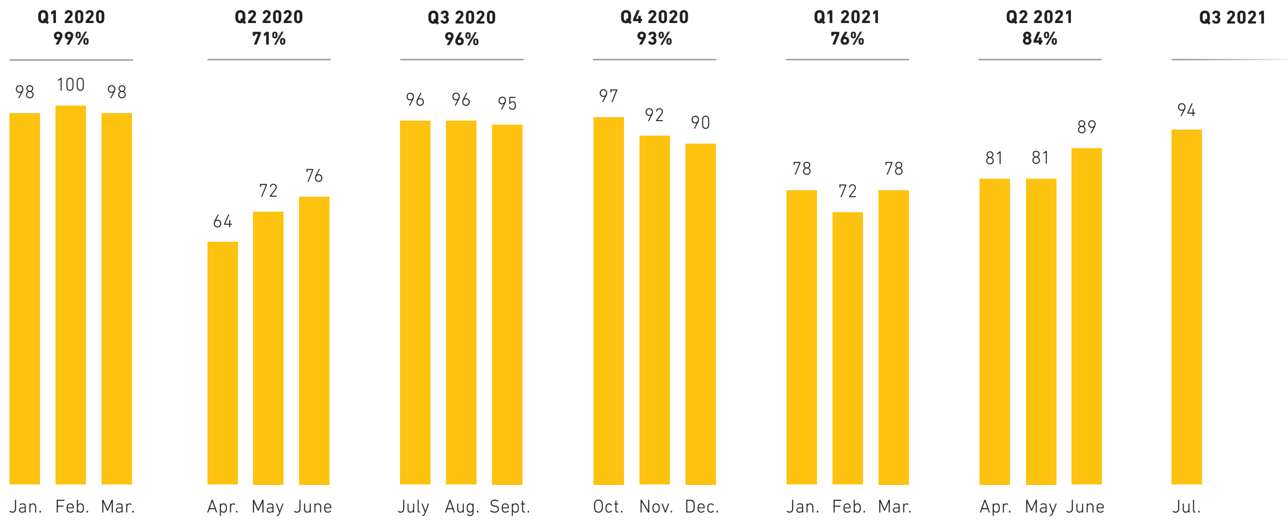
The Deutsche EuroShop Group's total assets increased slightly by €11.1 million compared with the year-end figure for 2020 to €4,248.5 million. The main influencing factor on the change was the coronavirus-related increase in receivables, which was offset by a decline in the market value of real estate.

in € thousand	30.06.2021	31.12.2020	Change
Current assets	316,080	303,657	12,423
Non-current assets	3,932,456	3,933,724	-1,268
Current liabilities	199,209	211,169	-11,960
Non-current liabilities	1,693,915	1,711,441	-17,526
Equity (including third-party interests)	2,355,412	2,314,771	40,641
TOTAL ASSETS	**4,248,536**	**4,237,381**	**11,155**

The collection ratio, representing the ratio of incoming payments to rent and ancillary cost receivables from tenants, showed the following movements in each individual month in 2020 up to the end of July 2021 as a result of the coronavirus (adjustments from agreed rent reductions already taken into account):

The Group's receivables (after write-downs) increased accordingly by €10.1 million to €29.9 million (previous year: €19.8 million). The Group's liquidity, excluding draw-downs on the short-term credit line, improved by €32.1 million to €268.1 million compared with the previous reporting date; the lower capital expenditure due to business closures and a €5.1 million increase in credit also had an impact here.

COLLECTION RATIO
in %



Equity ratio of 55.4%

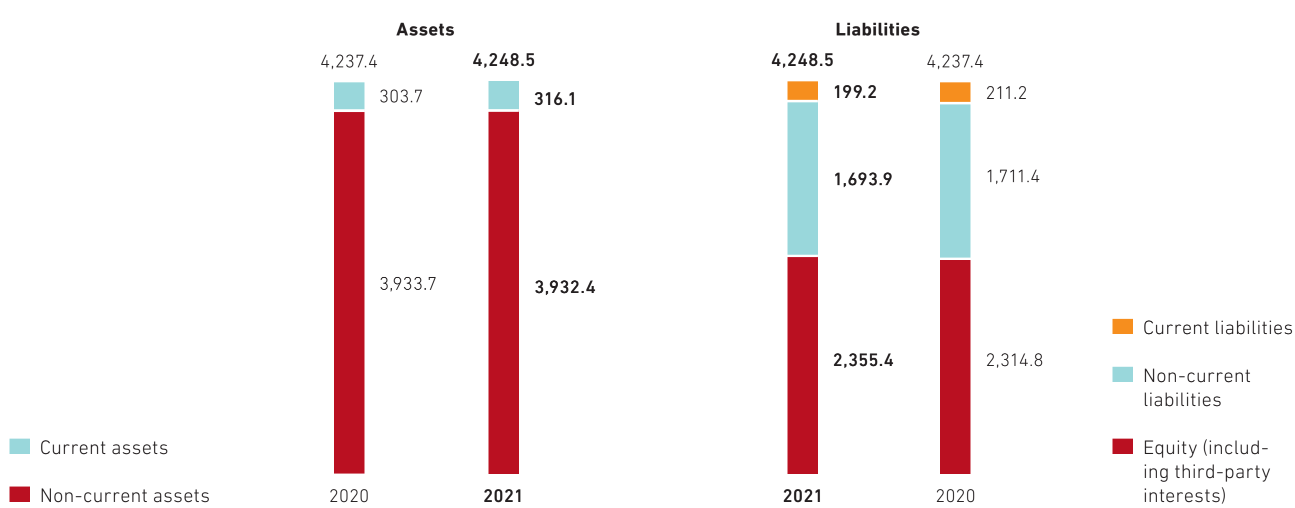
The equity ratio (including the shares of third-party shareholders) was 55.4%, slightly up compared with the last reporting date (54.6%) and still at a very healthy level.

Leverage ratio remains low

As at 30 June 2021, current and non-current financial liabilities stood at €1,507.9 million, €33.6 million lower than at the end of 2020. In addition to scheduled repayments, the €30 million drawn-down at short notice against the credit line beyond the reporting date was repaid. The loan-to-value is a very solid 31.9% (31 December 2020: 32.9%).

We were able to successfully conclude all pending refinancing of our loans for the current financial year at attractive conditions. A total of four loans with a combined volume of €191 million have been extended or replaced with our banking partners. We are now negotiating or coordinating with banks for the upcoming refinancings from 2022 and with regard to the potential impact of pandemic-related business closures on our key financial indicators and loan covenants. As at 30 June 2021, the loan covenants had been met or temporarily suspended by the banks due to this extraordinary situation.

BALANCE SHEET STRUCTURE
in € million



Non-current deferred tax liabilities increased slightly by €5.9 million to €330.8 million. Other current and non-current liabilities and provisions decreased by €1.8 million.

Net tangible assets according to EPRA

Net tangible assets (NTA) as at 30 June 2021 were €2,350.1 million, compared with €2,309.7 million at the end of 2020. This was equivalent to a modest increase in NTA per share of €0.65, from €37.38 to €38.03 per share (1.7%).

EPRA NTA

	30.06.2021		31.12.2020	
	in € thousand	per share in €	in € thousand	per share in €
Equity	2,036,696	32.96	2,003,246	32.42
Derivative financial instruments measured at fair value[1]	27,294	0.44	26,138	0.42
Equity excluding derivative financial instruments	**2,063,990**	**33.40**	**2,029,384**	**32.84**
Deferred taxes on investment properties and derivative financial instruments[1]	337,906	5.47	332,059	5.38
Intangible assets	-41	0.00	-13	0.00
Goodwill as a result of deferred taxes	-51,719	-0.84	-51,719	-0.84
EPRA NTA	**2,350,136**	**38.03**	**2,309,711**	**37.38**
Number of no-par-value shares issued as at the reporting date		61,783,594		61,783,594

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

REPORT ON EVENTS AFTER THE REPORTING DATE

No significant events occurred between the reporting date of 30 June 2021 and the date of preparation of the financial statements.

OUTLOOK

Economic conditions

For 2021, the German Council of Economic Experts forecast the German economy to recover by 3.1% in real terms. With regard to price trends, the experts at the Federal Ministry for Economic Affairs and Energy anticipate the inflation rate to increase to 1.5% and the number of unemployed to stagnate on an annual average. Economists expect this to be accompanied by a robust recovery in private consumer spending of 5.3% in nominal terms and a corresponding decline in the savings ratio from 16.3% to 14.1% of disposable income. This money will also benefit retailers, though they may struggle to make up for the revenue lost during the lockdown periods.

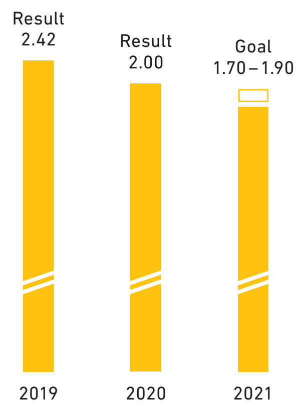
For the coming year, the German Council of Economic Experts considers it possible that the German economy will continue to recover, although this will depend on the future course of the pandemic. Possible further waves of infection could pose a major risk to the economy if they lead to restrictions or even business closures in industry, according to the economic experts. On the other hand, advances with vaccinations, new drugs, improved testing and protection strategies could have a beneficial effect on economic momentum.

Expected results of operations and financial position

As reopenings continued in the second quarter of 2021, our tenants' operating figures – particularly customer foot traffic and tenant revenue – have trended upwards, and collection ratios have also continued to improve of late. This development shows that the bricks-and-mortar retail trade, also supported by the progressive networking of offline and online shopping, continues to offer a lot of appeal for consumers. People still enjoy shopping as an experience where they can meet other people and touch and feel the merchandise. With stores opening their doors again, we are therefore confident that the direction of travel in the second half of 2021 will continue to be positive for our tenants and that we will once again be able to achieve revenue volumes that are significantly more stable and easier to plan.

However, some of the key operating figures are currently well below pre-crisis levels and the first half of 2021 was still dominated by store closures, so further lockdown and insolvency-related rent reductions or rent losses are to be expected. Added to this, it is uncertain to what extent the progress made in vaccinations will be sufficient to maintain business openings during the autumn and winter months and also to protect against possible new virus variants. The bricks-and-mortar retail trade will thus continue to face special challenges, resulting in persistently elevated uncertainty with regard to economic trends and business performance.

FFO PER SHARE
in €



Based on the current situation, we expect total funds from operations (FFO) of €1.70 to €1.90 per share for the 2021 financial year (2020: €2.00). This assumes that the pandemic situation can be brought under lasting control without store closures or significant restrictions on center operations, a continued uptick in private consumer spending over the course of the year and an associated further recovery in tenant revenue and the collection ratio. These forecasts are also based on the assumption that the government coronavirus support programmes promised in Germany will be granted to a significant proportion of our affected tenants and paid out promptly.

RISK REPORT

There have been no significant changes since the beginning of the financial year with regard to the risks associated with future business performance. 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 2020 is therefore still applicable (Annual Report 2020, p. 19 ff.).

CONSOLIDATED BALANCE SHEET

ASSETS

in € thousand	30.06.2021	31.12.2020
ASSETS		
Non-current assets		
Intangible assets	51,760	51,732
Property, plant and equipment	287	330
Investment properties	3,429,078	3,437,145
Investments accounted for using the equity method	451,331	444,517
Non-current assets	**3,932,456**	**3,933,724**
Current assets		
Trade receivables	29,918	19,822
Other current assets	18,071	17,805
Cash and cash equivalents	268,091	266,030
Current assets	**316,080**	**303,657**
TOTAL ASSETS	**4,248,536**	**4,237,381**

EQUITY

in € thousand	30.06.2021	31.12.2020
EQUITY AND LIABILITIES		
Equity and reserves		
Subscribed capital	61,784	61,784
Capital reserves	1,217,560	1,217,560
Retained earnings	757,352	723,902
Total equity	**2,036,696**	**2,003,246**
Non-current liabilities		
Financial liabilities	1,335,260	1,359,612
Deferred tax liabilities	330,846	324,978
Right of redemption of limited partners	318,716	311,525
Other liabilities	27,809	26,851
Non-current liabilities	**2,012,631**	**2,022,966**
Current liabilities		
Financial liabilities	172,592	181,816
Trade payables	2,767	3,303
Tax liabilities	989	456
Other provisions	5,576	8,313
Other liabilities	17,285	17,281
Current liabilities	**199,209**	**211,169**
TOTAL EQUITY AND LIABILITIES	**4,248,536**	**4,237,381**

CONSOLIDATED INCOME STATEMENT

in € thousand	**01.04.– 30.06.2021**	01.04.– 30.06.2020 (adjusted)[1]	**01.01.– 30.06.2021**	01.01.– 30.06.2020 (adjusted)[1]
Revenue	53,024	55,092	104,928	112,274
Property operating costs	-5,204	-4,046	-9,901	-8,176
Property management costs	-2,259	-2,398	-5,061	-5,050
Write-downs and disposals of financial assets	-6,235	-18,632	-18,103	-19,002
Net operating income (NOI)	**39,326**	**30,016**	**71,863**	**80,046**
Other operating income	1,525	1,434	2,309	2,089
Other operating expenses	-1,772	-1,258	-3,650	-3,636
Earnings before interest and taxes (EBIT)	**39,079**	**30,192**	**70,522**	**78,499**
Share in the profit or loss of associates and joint ventures accounted for using the equity method	8,890	-43,817	13,278	-37,300
Interest expense	-10,278	-10,976	-20,483	-21,979
Profit / loss attributable to limited partners	-3,514	-1,796	-5,807	-6,198
Interest income	2	1	4	6
Financial gains or losses	**-4,900**	**-56,588**	**-13,008**	**-65,471**
Measurement gains / losses	**-15,933**	**-163,967**	**-13,090**	**-168,702**
Earnings before tax (EBT)	**18,246**	**-190,363**	**44,424**	**-155,674**
Taxes on income and earnings	-3,761	33,024	-7,617	26,369
CONSOLIDATED PROFIT	**14,485**	**-157,339**	**36,807**	**-129,305**
Earnings per share (€), undiluted and diluted	0.24	-2.54	0.60	-2.09

[1] Figures shown within net operating income were changed as at 31 December 2020 and the previous year's quarterly figures have been adjusted for easier comparability. Please refer to the comments in the notes to the 2020 consolidated financial statements under section "4. New accounting standards and changes in presentation".

STATEMENT OF COMPREHENSIVE INCOME

in € thousand	**01.04.– 30.06.2021**	01.04.– 30.06.2020	**01.01.– 30.06.2021**	01.01.– 30.06.2020
Consolidated profit	**14,485**	**-157,339**	**36,807**	**-129,305**
Items which under certain conditions will be reclassified to the income statement in the future:				
Actual share of the profits and losses from instruments used to hedge cash flows	1,335	2,229	-1,156	4,003
Deferred taxes on changes in value offset directly against equity	-291	-495	270	-888
Total earnings recognised directly in equity	**1,044**	**1,734**	**-886**	**3,115**
TOTAL PROFIT	**15,529**	**-155,605**	**35,921**	**-126,190**
Share of Group shareholders	15,529	-155,605	35,921	-126,190

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
01.01.2020	**61,783,594**	**61,784**	**1,217,560**	**993,900**	**2,000**	**-25,671**	**2,249,573**
Total profit		0	0	-129,305	0	3,115	-126,190
Dividend payments		0	0	0	0	0	0
30.06.2020	**61,783,594**	**61,784**	**1,217,560**	**864,595**	**2,000**	**-22,556**	**2,123,383**
01.01.2021	**61,783,594**	**61,784**	**1,217,560**	**742,183**	**2,000**	**-20,281**	**2,003,246**
Total profit		0	0	36,807	0	-886	35,921
Dividend payments		0	0	-2,471	0	0	-2,471
30.06.2021	**61,783,594**	**61,784**	**1,217,560**	**776,519**	**2,000**	**-21,167**	**2,036,696**

CONSOLIDATED CASH FLOW STATEMENT

in € thousand	01.01.–30.06.2021	01.01.–30.06.2020
Consolidated profit	**36,807**	**-129,305**
Income taxes	7,617	-26,369
Financial gains or losses	13,008	65,471
Amortisation / depreciation of intangible assets and property, plant and equipment with a finite life	63	72
Unrealised changes in fair value of investment property and other measurement gains / losses	13,090	168,702
Distributions and capital repayments received	6,464	6,104
Changes in trade receivables and other assets	-10,815	-21,190
Changes in current provisions	-2,737	-2,429
Changes in liabilities	-696	3,369
Cash flow from operating activities	**62,801**	**64,425**
Interest paid	-20,333	-21,883
Interest received	4	6
Income taxes paid	-494	-1,494
Net cash flow from operating activities	**41,978**	**41,054**
Outflows for the acquisition of investment properties	-3,110	-6,037
Inflows from the disposal of investment properties	0	490
Outflows for the acquisition of intangible assets and property, plant and equipment	- 36	- 3
Cash flow from investing activities	**-3,146**	**-5,550**
Inflows from financial liabilities	5,059	7,416
Outflows from the repayment of financial liabilities	-38,785	-8,401
Outflows from the repayment of lease liabilities	-45	-45
Payments to limited partners	-529	-3,757
Payments to Group shareholders	-2,471	0
Cash flow from financing activities	**-36,771**	**-4,787**
Net change in cash and cash equivalents	**2,061**	**30,717**
Cash and cash equivalents at beginning of period	**266,030**	**148,087**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**268,091**	**178,804**

DISCLOSURES

REPORTING PRINCIPLES

These interim financial statements of the Deutsche EuroShop Group as at 30 June 2021 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 2020.

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. For a detailed description of the methods applied, please refer to the notes to our consolidated financial statements for 2020 (2020 Annual Report, p. 42 ff.).

The new accounting standards and interpretations for which application became compulsory on 1 January 2021 were observed; however, these did not have any impact on the presentation of the financial statements.

The interim financial statements as at 30 June 2021 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 2021:

in € thousand	2021	2020
Carrying amount at 01.01.	**3,437,145**	**3,822,786**
Disposals of investment properties	0	-490
Recognised construction measures	3,110	6,037
Unrealised changes in fair value	-11,177	-192,461
Carrying amount at 30.06. / 31.12.	**3,429,078**	**3,635,872**

The Investment Properties (IAS 40) were measured at fair value. Measurements were performed by the appraiser JLL as at 31 December 2020 and 30 June 2021. As in previous years, the discounted cash flow method (DCF) was used as at 31 December 2020. Please refer to the notes on the DCF method in our 2020 Annual Report on pages 46 ff. This is a Level 3 measurement method in the fair value hierarchy of IFRS 13.

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

Measurement parameters in %	30.06.2021	31.12.2020
Rate of rent increases[1]	1.41	1.00
Cost ratio	11.60	12.00
Discount rate	6.06	6.07
Capitalisation interest rate	5.24	5.25

[1] Nominal rate of rent increases using the DCF method during the 10-year measurement period, including inflation-related rent indexing and changes in the occupancy rate

JLL's market value assessment was carried out under uncertainty. For example, since the outbreak of the pandemic there have been very few market transactions in the shopping center real estate segment. There was also a higher degree of uncertainty when estimating future rental payments. JLL has accounted for this increased uncertainty by, among other things, adjusting revenue-linked rents, lower or stable market rents, and conservative re-letting assumptions. In response to these circumstances, the expert opinions included a special warning on this subject as recommended by RICS ("Impact of Covid-19").

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 – Measurement parameters	Basis	Change in parameter in points	in € million	in %
Rate of rent increases	1.41	+ 0.25% - 0.25%	153.1 -104.7	4.3 -2.9
Cost ratio	11.60	+ 1.00% - 1.00%	-41.9 41.8	-1.2 1.2
Discount rate	6.06	+ 0.25% - 0.25%	-66.7 67.8	-1.9 1.9
Capitalisation interest rate	5.24	+ 0.25% - 0.25%	-103.1 116.7	-2.9 3.3

The appraisal showed that for the first half of 2021, the real estate portfolio had a net initial yield before transaction costs of 5.76% compared with 5.73% in 2020, and a net initial yield after transaction costs of 5.43% compared with 5.41% in 2020.

Outstanding tenant incentives granted and still to be spread over the term of the leases amounting to €9.0 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 €1,547.0 million as at 30 June 2021 (31 December 2020: €1,566.2 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 €27.3 million as at 30 June 2021 (31 December 2020: €26.1 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.

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 them. 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 following breakdown by segment:

BREAKDOWN BY SEGMENT

in € thousand	Domestic	Abroad	Total	Reconciliation	01.01. – 30.06.2021
Revenue	**92,598**	**19,871**	**112,469**	**-7,541**	**104,928**
(01.01. – 30.06.2020)	(99,407)	(19,567)	(118,974)	(-6,700)	(112,274)
EBIT	**63,578**	**14,766**	**78,344**	**-7,822**	**70,522**
(01.01. – 30.06.2020)	(70,908)	(15,549)	(86,457)	(-7,958)	(78,499)
EBT excl. measurement gains / losses	**46,705**	**11,349**	**58,054**	**-2,306**	**55,748**
(01.01. – 30.06.2020)	(52,576)	(12,087)	(64,663)	(-2,640)	(62,053)
					30.06.2021
Segment assets	**3,082,324**	**720,212**	**3,802,536**	**446,000**	**4,248,536**
(31.12.2020)	(3,083,333)	(714,838)	(3,798,171)	(439,210)	(4,237,381)
of which investment properties	**2,895,171**	**677,388**	**3,572,559**	**-143,481**	**3,429,078**
(31.12.2020)	(2,900,461)	(680,092)	(3,580,553)	(-143,408)	(3,437,145)

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, 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

With regard to disclosures regarding related parties, please refer to the consolidated financial statements as at 31 December 2020 (2020 Annual Report, p. 62), which did not undergo any material changes up to 30 June 2021.

OTHER DISCLOSURES

Dividend

On 18 June 2021, distribution of a dividend of €0.04 per share that was paid out on 23 June 2021 was approved for financial year 2020.

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 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, 12 August 2021

Wilhelm Wellner

Olaf Borkers

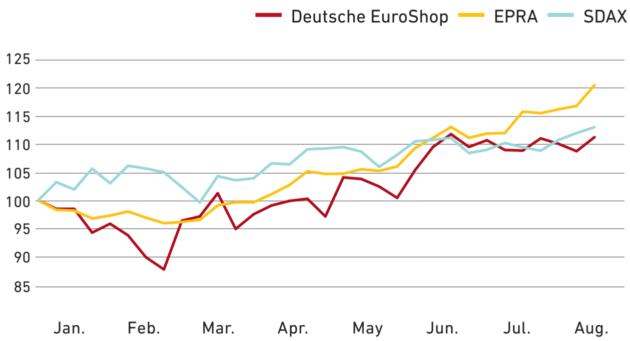
THE SHOPPING CENTER SHARE

After closing the year* 2020 at €18.45, the Deutsche EuroShop share started the first weeks of 2021 with no clear trend, moving in a range of around €16 to €19. On both 18 and 19 February 2021, the share closed at €16.18, marking the low for the opening first half of the year. The DES share then performed erratically again, before entering a recovery phase from the beginning of June at prices around €20. The high for the period was reached on 8 June 2021 at €20.78. The closing price on 30 June 2021 was €20.00. Taking into account the dividend of €0.04 per share paid on 23 June 2021, this corresponds to a gain of +8.6%. The SDAX rose by 8.5% over the same period. Deutsche EuroShop's market capitalisation stood at €1.2 billion at the end of the reporting period.

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

DEUTSCHE EUROSHOP VS. SDAX UND EPRA COMPARISON, JANUARY TO AUGUST 2021

indexed, base of 100, in %



KEY SHARE DATA

Sector / industry group	Financial services / real estate
Share capital as at 30.06.2021	€61,783,594.00
Number of shares as at 30.06.2021 (no-par-value registered shares)	61,783,594
Dividend for 2020	€0.04
Share price on 30.12.2020	€18.45
Share price on 30.06.2021	€20.00
Low / high for the period under review	€16.18 / €20.78
Market capitalisation on 30.06.2021	€1.2 billion
Prime Standard	Frankfurt and Xetra
OTC markets	Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	SDAX, 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 2021

12.08.	**Half-year Financial Report 2021**
02.09.	Commerzbank Sector Conference (virtual)
20.09.	Berenberg and Goldman Sachs German Corporate Conference, Munich
21.09.	Baader Investment Conference, Munich
22.–23.09.	Bank of America Global Real Estate Conference (virtual)
11.11.	**Quarterly statement 9M 2021**
29.11.	Citi's REIT Call Series (virtual)
01.12.	DZ Bank Equity Conference, Frankfurt

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

Nicolas Lissner
and Patrick Kiss

WOULD YOU LIKE ADDITIONAL INFORMATION?

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Forward-looking statements

This quarterly release 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 (-).