



READERS' LETTERS

DEAR MS SCHÄFER,
It must be something quite unique in the history of public companies for a shareholder to be congratulated on his or her birthday. It was a huge surprise for me in any case and I was delighted by this thoughtful gesture.

As I have been the proud owner of a laptop for the last six months, I'm sure you won't hold it against me if I save myself the walk to the post box and send you my sincere thanks electronically.

Gerda M.,
Berlin*

DEAR MR KISS,
Many thanks for sending the EuroShopper. I must pass on my heartiest congratulations on the report as a whole. It is very well done, extremely pleasing on the eye and refreshingly different from the usual annual reports.

Rüdiger Pleus,
Managing Director, German Council of Shopping Centers e.V., Ludwigsburg

DEAR MR BÖGE,
Thank you for sending your 2009 annual report.

As always you have managed to present not only good, sustainable figures, but also a wonderfully refreshing and "charming" annual report. Please accept my highest compliments!

Ulrich Höller,
CEO, DIC Asset AG,
Frankfurt

DEAR SIR/MADAM,
Thank you very much for the information you sent. It would be wonderful if you were able to continue the outstanding reporting that we have seen to date. I feel very well informed about developments at the company. Ultimately, this means that one is happy to participate in the capital increases, as one gets the impression that they are creating added value.

Olaf Krieger,
Leipzig*

**DEAR MR BÖGE,
DEAR MR BORKERS,**
Many congratulations on your company's tenth anniversary. We firmly believe that you can look back with justifiable pride on the history of the company to date.

Approach the next decade with confidence and vigour. We are certain that you will continue to be successful in your actions on the German capital market.

René Parmantier,
CEO, Close Brothers Seydler Bank AG

* name and city changed by the editors

Service

GLOSSARY

A

ADVERTISING VALUE EQUIVALENCE Index number for the assessment of the monetary value of an editorial article. It is based on the advertising rate of the medium.

ANNUAL FINANCIAL STATEMENTS Under German (HGB) accounting principles, the annual financial statements consist of a company's balance sheet, profit and loss account, the notes to the financial statements and the management report. The annual financial statements of a public company are prepared by its executive board, audited by a certified public accountant (in Germany: Wirtschaftsprüfer) and adopted by the supervisory board.

B

BENCHMARK A standard of comparison, e.g. an index which serves as a guideline.

C

CASHFLOW PER SHARE (CFPS) The cash flow per share is calculated by dividing the cash flow by the number of shares issued by a company. The cash flow per share is taken as the basis for calculating the price/cash flow ratio.

CLASS OF ASSETS Division of the capital and real estate market into different classes of assets or asset segments.

CONSUMER PRICE INDEX Also called the cost-of-living index, this is calculated in Germany by the Federal Statistical Office on a monthly basis. The CPI is the most important statistical indicator of a change in prices; the price of a basket of goods during a given period is compared with the price of the same basket during the base year. This change is also known as the inflation rate.

CORE Designation of a real estate investment and/or individual properties as well as the name of an investment style. The term refers to the relationship between risk and return. Core designates mature, transparent, sufficiently large markets or high-quality, well-situated properties that are fully let on a long-term basis to tenants with strong credit ratings. Other return/risk categories are value-added and opportunistic.

CORPORATE GOVERNANCE The rules for good, value-driven corporate management. The objective is to control the company's management and to create mechanisms to oblige executives to act in the interests of their shareholders.

COVENANTS A clause in a loan agreement which pertains to and contractually defines the binding warranties to be adhered to by the borrower during the term of a loan.

COVERAGE Information provided on a listed public company by banks and financial analysts in the form of studies and research reports.

D

DAX Germany's premier equity index. The composition of the DAX is established by Deutsche Börse AG on the basis of the share prices of the 30 largest German companies listed in the Prime Standard in terms of market capitalisation and market turnover.

DISCOUNTED CASH FLOW MODEL (DCF) Method for the assessment of companies which is used to determine the future payments surpluses and discount them to the valuation date.

DIVIDEND The share of the distributed net profit of a company to which a shareholder is entitled in line with the number of shares he or she holds.

E

EBIT Earnings before interest and taxes.

EBT Earnings before taxes.

E-COMMERCE Direct commercial relationship between supplier and buyer via the internet including the provision of services.

EPRA European Public Real Estate Association. Based in Amsterdam, the EPRA is an organisation that represents the interests of the major European property management companies and supports the development and market presence of European public property companies. The wellknown international index named after it, the EPRA index, tracks the performance of the largest European and North American listed property companies.

EPS Earnings per Share

F

FAIR VALUE According to IFRS, a potential market price under ideal market conditions for which an asset value may be traded or an obligation between competent and independent business partners, willing to make a contract, may be settled.

FERI-RATING Short for FERI real estate rating. A science-based system for the determination of an achievable sustained market value (criteria: predicted net earnings, taking into account the location's and property's attractiveness) and property rating (risk/return ratio).

FOOD COURT Catering area of a shopping center, in which different vendors sell food at stations about a common seating area.

FREE CASH FLOW The surplus cash generated from operating activities recognised in the profit and loss account. This expresses a company's internal financing power, which can be used for investments, the repayment of debt, dividend payments and to meet funding requirements.

FUNDS FROM OPERATIONS (FFO) Cash flows from operating activities. DES-calculation: net income for the period adjusted for measurement gains/losses and deferred income tax expense.

G

GEARING Ratio which shows the relationship between liabilities and equity.

H

HEDGE ACCOUNTING Financial mapping of two or more financial instruments that hedge one another.

I

IFO BUSINESS CLIMATE INDEX The ifo Business Climate Index is an important forward indicator for economic development in Germany. In order to calculate the index, the ifo Institute asks approximately 7,000 companies every month for their assessment of the economic situation and their short-term corporate planning.

INTEREST RATE SWAP Exchange of fixed and variable interest pay able on two nominal amounts of capital for a fixed period. By means of an interest rate swap, interest rate risks may be controlled actively.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) International Financial Reporting Standards are based on International Accounting Standards (IASs). Since 1 January 2005, listed companies have been required to apply IFRSs. IASs/IFRSs focus on the decision-usefulness of accounts. The key requirement with regard to the annual financial statements is fair presentation that is not qualified by aspects of prudence or risk provision.

L

LOAN TO VALUE Ratio that expresses the amount of a mortgage as a percentage of the market value of real property.

M

MALL Row of shops in a shopping center.

MARKET CAPITALISATION The current quoted price for a share multiplied by the number of shares listed on the stock.

MDAX German mid-cap index comprising the 50 most important securities after the DAX members. Market capitalisation is calculated for individual companies, sectors, and entire stock markets, thus enabling comparisons between them.

MULTI CHANNELLING Using a combination of online and offline communication tools in marketing.

N

NET ASSET VALUE (NAV) The value of an asset after deduction of liabilities. With regard to shares, the NAV constitutes their intrinsic value. The net net asset value (NNAV) is calculated by deducting deferred taxes from the NAV.

P

PEER-GROUP A share price performance benchmark consisting of companies from similar sectors, put together on the basis of individual criteria.

PERFORMANCE The term performance describes the percentage appreciation of an investment or a securities portfolio during a given period.

R

REIT REIT stands for "Real Estate Investment Trust". REITs are listed real estate corporations that are exempt from tax at the company level. To qualify, a minimum of 75% of their income must come from real estate rental, leasing and sales and 90% of profits must be distributed to shareholders as dividends.

RETAIL SPACE Space in a building and/or an open area that is used for sales by a retail operation and that is accessible to customers. Service areas required for operational and legal purposes are not taken into account, nor are stairways or shop windows. The retail space is part of the leasable space of a business.

ROADSHOW Corporate presentations to institutional investors.

S

SAVINGS RATIO Share of savings of the income available in households.

SUBPRIME Mortgage loan to borrower with a low degree of creditworthiness.

T

TECDAX The successor to the NEMAX 50, comprising the 30 largest German listed technology securities in terms of market capitalisation and market turnover.

V

VOLATILITY Statistical measure for price fluctuations. The greater the fluctuations in the price of a security, the higher its volatility.

X

XETRA EAn electronic stock exchange trading system that, in contrast to floor trading, uses an open order book, thus increasing market transparency. The trading hours are currently 9.00 a.m. to 5.30 p.m.

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LEGAL



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Forward-looking statements

This Annual Report contains forward-looking statements based on estimates of future developments by the Executive Board. The statements and forecasts represent estimates made on the basis of all available information at the present time. If the assumptions on which the statements and forecasts are based do not materialise, actual results may differ from those currently expected.

Trademarks

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Publications for our Shareholders

- _ Annual Report (German and English)
- _ Interim Reports Q1, H1 and 9M (German and English)

Online Annual Report

Deutsche EuroShop's Annual Report is available online at www.deutsche-euroshop.com in PDF format and as an interactive online version.

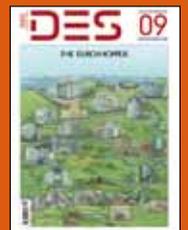
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- Newsletter by e-mail
 printed version of annual report (annually)

I am

- a DES shareholder
 just interested

Something I have always wanted to tell you (positive and negative feedback, etc.):

Name: _____

Street: _____

Postcode and city: _____

E-mail: _____

Shareholder Reference Number (SRN) (if known): 20 _____

* We will send the annual report to our shareholders or interested parties only if desired.
 The quarterly reports will be available for download on our website on www.deutsche-euroshop.com/ir.

Franking optional

BUSINESS REPLY

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FINANCIAL CALENDAR 2011

02.02.	Seydler Small & Midcap Conference, Frankfurt	25.05.	Kempen & Co European Property Seminar, Amsterdam
28.02.	Roadshow Zurich, WestLB	30.05.	Roadshow Copenhagen, UniCredit
01.03.	HSBC S&M Real Estate & Construction Conference, Frankfurt	31.05.	Roadshow Helsinki, UniCredit
17. – 18.03.	Kempen & Co. Property Seminar, New York	31.05.	Roadshow Stockholm, ABN-Amro
22.03.	Roadshow London, Metzler	09.06.	Roadshow Vienna, Berenberg
23.03.	Roadshow Edinburgh, M.M. Warburg	16.06.	Annual General Meeting, Hamburg
25.03.	Roadshow Amsterdam, Kempen & Co.	16.06.	Supervisory Board meeting, Hamburg
31.03.	Opening of the extension of Altmarkt-Galerie, Dresden	21. – 22.06.	Bankhaus Lampe Hamburg Investment Conference, Hamburg
05. – 06.04.	Deutsche Bank's VIP Real Estate Event, Frankfurt, Berlin	11.08.	Interim report H1 2011
06.04.	Opening of the A10 Triangle, Wildau	22.09.	Supervisory Board meeting, Hamburg
12.04.	WestLB German Property Day, London	27. – 29.09	UniCredit German Investment Conference, Munich
14.04.	Audit Committee meeting, Hamburg	04. – 06.10.	Expo Real, Munich
27.04.	Supervisory Board meeting, Hamburg	19.10.	Real Estate Share Initiative, Frankfurt
29.04.	Annual earnings press conference, Hamburg	05.11.	Hamburg Exchange Convention
02.05.	Roadshow Munich, Baader Bank	10.11.	Nine-month report 2011
13.05.	Interim report Q1 2011	14.11.	Roadshow Zurich, Rabo
17.05.	Roadshow Luxembourg, Close Brothers Seydler	16. – 17.11.	WestLB Deutschland Conference, Frankfurt
18.05.	Roadshow Paris, Bankhaus Lampe	17.11.	Supervisory Board meeting, Hamburg
24.05.	Metzler Property Day, Frankfurt	23.11.	Roadshow Brussels, Petercam
		29.11. – 02.12.	Berenberg European Conference, Pennyhill

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

MULTI-YEAR-OVERVIEW

in € million	2003	2004	2005	2006	2007	2008	2009	2010
Revenues	57.9	61.4	72.1	92.9	95.8	115.3	127.6	144.2
EBIT	39.5	49.8	57.5	86.3	78.5	98.1	110.7	124.0
Net finance costs	-17.8	-19.2	-39.3	-41.0	-39.6	-49.4	-55.9	-60.2
EBT before valuation	21.7	30.6	28.2	48.8	38.9	48.7	54.9	63.9
Measurement gains/ losses	5.6	8.0	40.0	68.8	39.0	38.3	-14.8	33.1
EBT	27.3	38.6	68.1	117.7	77.8	87.0	40.1	97.0
Consolidated profit	19.0	27.7	48.7	100.3	94.2	68.9	34.4	81.8
FFO per share in €	0.82	0.86	0.97	1.08	1.12	1.38	1.40	1.40
Earnings per share in €	0.61	0.89	1.55	2.92	2.74	1.96	0.88	1.80
Equity*	695.3	684.4	787.4	897.9	974.0	977.8	1,044.4	1,527.4
Liabilities	545.2	685.8	756.1	898.3	1,002.3	1,029.1	1,067.8	1,436.1
Total assets	1,240.5	1,370.2	1,543.6	1,796.2	1,976.3	2,006.8	2,112.1	2,963.6
Equity ratio in %*	56.1	49.9	51.0	50.0	49.3	48.7	49.5	51.5
Gearing in %*	78	100	96	100	103	105	102	94
Cash and cash equivalents	102.0	150.3	197.2	94.2	109.0	41.7	81.9	65.8
Net asset value	682.5	686.8	794.5	877.4	925.1	942.8	1,006.9	1,350.7
Net asset value per share in €	21.84	21.98	23.11	25.53	26.91	27.43	26.63	26.16
Dividend per share in €	0.96	0.96	1.00	1.05	1.05	1.05	1.05	1.10**

* incl. minority interest

** proposal

in € million	Q1/2010	Q2/2010	Q3/2010	Q4/2010
Revenue	34.6	35.8	36.2	37.6
EBIT	30.1	30.7	30.7	32.5
Net finance costs	-14.7	-14.9	-14.9	-15.7
EBT before Valuation	15.4	15.8	15.7	16.9
Measurement gains/ losses	0.0	0.0	-0.7	33.8
EBT	15.4	15.8	15.1	50.7
Consolidated profit	12.8	13.2	12.3	43.5
EPS in €	0.31	0.29	0.27	0.93