DES Deutsche EuroShop

INTERIM REPORT 1ST QUARTER 2009

LETTER OF THE EXECUTIVE BOARD

DEAR SHAREHOLDERS, DEAR READERS,

In a difficult economic environment, we are pleased to be able to report positive results for Deutsche EuroShop in the first quarter of 2009.

Revenue, at €31.8 million, was 18% higher than in the first three months of 2008. Net operating income (NOI) increased by 20% to €27.9 million, while EBIT rose by 19% to €27.1 million.

These increases were partly the result of the contributions to operating income made by the newly opened shopping centers in Hameln and Passau, in their first full first quarter. In addition, the increase in our share in City-Point in Kassel from 40% to 90% at the beginning of the year allowed us to fully consolidate this center, with corresponding effects on the balance sheet and income statement.

City-Point Kassel was one of the centers in Deutsche EuroShop's original portfolio, and we remain firmly convinced of its investment value. The shopping center, which was opened in 2002, is currently being overhauled following the departure of a department store operator at the end of March, but remains open for business. By the end of this year, approx. 7,000 m² of selling area will have been redesigned to house eight new specialist outlets. City-Point Kassel will then have around 70 specialist shops, cafés and restaurants. The overall selling area will remain unchanged at approx. 20,000 m². The converted areas have already been let. 220 parking spaces are provided for visitors, and around 800,000 people live in the center's catchment area.

Returning to our results, FFO (funds from operations) – an important ratio for us – improved by 16% from €0.32 to €0.37 per share. Consolidated profit was boosted by positive exceptional and currency effects on measurement gains, rising by 139% from €10.2 million to €24.4 million. Net earnings per share correspondingly increased from €0.30 to €0.71.

New investments remain on hold for the time being, but we believe that, with our expansion plans for the Altmarkt-Galerie Dresden and the Main-Taunus-Zentrum, we are well-positioned to secure growth from our existing portfolio.

We are optimistic even at this early stage that we will be able to pay you a stable dividend of €1.05 per share for the current financial year. Thank you for the trust you have placed in us.

Hamburg, May 2009

Claus-Matthias Böge

Olaf G. Borkers

KEY GROUP DATA

€ million	01.01.-31.03. 2009	01.01.-31.03. 2008	Change
Revenue	31.8	26.9	18%
EBIT	27.1	22.7	19%
Net finance costs	-14.2	-11.6	-23%
EBT	29.6	12.3	140%
Consolidated profit	24.4	10.2	139%
FFO per share (€)	0.37	0.32	16%
EPS (€)	0.71	0.30	139%
	31.03.2009	31.12.2008	
Equity *	992.9	977.8	2%
Liabilities	1,091.6	1,029.1	6%
Total assets	2,084.5	2,006.8	4%
Equity ratio (%) *	47.6	48.7	
LTV-ratio (%)	47.1	46.1	
Gearing (%)*	110	105	
Cash and cash equivalents	50.4	41.7	21%

* incl. minorities

KEY SHARE DATA

Sector/industry group	Financial Services/Real Estate
Share capital	€34,374,998.00
Number of shares (no-par value registered shares)	34,374,998
Dividend proposal 2008	€1.05
Share price on 30.12.2008	€24.30
Share price on 31.03.2009	€21.70
Low/high in the period under review	€18.66/€26.00
Market capitalisation on 31.03.2009	€746 million
Prime Standard	Frankfurt and Xetra
OTC trading	Berlin-Bremen, Dusseldorf, Hamburg, Hannover, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30, HASPAX
ISIN	DE 000748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

BUSINESS AND ECONOMIC CONDITIONS

GROUP STRUCTURE AND OPERATING ACTIVITIES

Activities

Deutsche EuroShop is the only public company in Germany to invest solely in shopping centers in prime locations. It currently has investments in 16 shopping centers in Germany, Austria, Poland and Hungary. The Group generates the reported revenue from rental income on the space let in its shopping centers.

Group's legal structure

Due to its lean personnel structure and concentration on just one operating segment, the Deutsche EuroShop Group is centrally organised. The Group managing company is Deutsche EuroShop AG. It is responsible for corporate strategy, portfolio and risk management, financing and communication.

The Company's registered office is in Hamburg. Since its establishment in 2000, Deutsche EuroShop AG has been an Aktiengesellschaft (public company) under German law. The individual shopping centers are managed as separate companies. Depending on the share of the nominal capital held, these are either fully consolidated (over 50% share) or proportionally consolidated (up to 50% share) as investment properties. The investment in Galeria Dominikanska in Wroclaw is recognised under non-current financial assets (33.3% share).

The share capital totals €34,374,998 and is composed of 34,374,998 no-par value registered shares. The notional value of each share is €1.00.

MACROECONOMIC AND SECTOR-SPECIFIC CONDITIONS

The German government expects this year to see the largest economic downturn since World War II. On its estimates, GDP will shrink by 6%. The downturn is largely the result of the global recession and the consequent drop in German exports. The coalition government had previously expected GDP to decline by 2.25%. Its forecast now is for 3.7 million unemployed this year, rising to 4.6 million in 2010.

At the moment, we detect only slight caution on the part of shoppers at our centers, with consumption being supported by comparatively low energy prices and practically non-existent inflation.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Increase in the shareholding in City-Point Kassel

With effect from 2 January 2009, we increased our shareholding in City-Point Kassel KG from 40% to 90%. The purchase price of the shares was €16.4 million and was paid in cash.

The following assets and liabilities were thereby acquired at fair value:

€ thousand	
Current assets	1.263
Non-current assets	69.840
Current liabilities	176
Non-current liabilities	46.488

By 31 December 2008, the property company had been proportionally included in the consolidated financial statements. From 2009, its financial statements will be consolidated in full, which will have an impact on all the items in the consolidated financial statements. The higher revenue and cost items and the changes in assets and liabilities are essentially the result of the change in the scope of consolidation. The first-time consolidation resulted in a positive difference in accordance with IFRS 3 in the amount of €8.1 million, which flowed into the measurement gains and increased net income.

RESULTS OF OPERATIONS

18% revenue increase

Revenue in the first three months of 2009 totalled €31.8 million, representing an 18% rise year-on-year (from €26.9 million). The full consolidation of the results of the Kassel center resulted in higher revenue contributions than in the past. In addition, the two centers opened in Hameln and Passau in 2008 also contributed to revenue growth. Revenue from existing properties rose by 2.0% year-on-year.

Higher operating and administrative costs for property as a result of new centers

Higher expenses were incurred for the operation of the shopping centers following the opening of the centers in Hameln, Passau and Gdansk. The operating and administrative costs for property were €3.9 million in the reporting period, compared with €3.6 million in the same period the previous year.

Other operating expenses up €0.3 million

Other operating expenses climbed €0.3 million to €1.1 million (previous year: €0.8 million).

EBIT increases by 19%

EBIT increased by €4.4 million (+19%) from €22.7 million to €27.1 million. This was chiefly due to contributions to earnings from the recently opened properties in Passau and Hameln and the full inclusion for the first time of the property company in Kassel.

Net finance costs in line with budget

Net finance costs totalled €14.2 million, €2.6 million more than the €11.6 million recorded the previous year. This was attributable firstly to the higher interest expense incurred following the consolidation of Kassel, and secondly to the higher interest expense for the Hameln and Passau centers. Interest income declined due to the sharp decline in capital market rates. Income from participating interests came in the form of a dividend distribution by our Polish property company (Galeria Dominikanska), which since the second quarter of 2008 has paid them quarterly. Income attributable to minority shareholders was also higher than in the year-earlier quarter.

Measurement gains experience exceptional and currency effects

Measurement gains rose from €1.2 million to €16.8 million, thanks to a special effect related to the first-time full consolidation of our property company City-Point Kassel GmbH & Co. KG in the amount of €8.1 million, against a provision for expenses of €2.5 million. Furthermore, the massive depreciation in the Polish zloty and Hungarian forint resulted in unrealised currency gains of €14.6 million. Measurement gains were reduced by the €3.5 million share of income attributable to minority shareholders.

EBT up 141%

EBT rose from €12.3 million to €29.6 million. This corresponds to an increase of €17.3 million or 141% year-on-year and is mainly attributable to the effects already described under measurement gains.

Funds from operations (FFO)

FFO increased by €0.05 from €0.32 to €0.37. This represents an increase of 16% and was primarily achieved through the newly opened properties and the "Kassel effect".

Consolidated profit: €24.4 million, earnings per share: €0.71

Consolidated profit totalled €24.4 million, up by €14.2 million versus the first three months of 2008 (€10.2 million). This is equivalent to 139% profit growth. Earnings per share consequently rose from €0.30 to €0.71. Of this, €0.31 resulted from operating profit and €0.40 from the measurement gains.

FINANCIAL POSITION AND NET ASSETS

Net assets and liquidity

During the reporting period, the Deutsche EuroShop Group's total assets increased by €77.7 million to €2,084.5 million. Non-current assets increased by €71.2 million, due in particular to the first-time full consolidation of City-Point Kassel. Receivables and other assets fell by €2.1 million. Cash and cash equivalents were €8.7 million higher than on 31 December 2008, at €50.4 million.

Equity ratio of 47.6%

The equity ratio including minority interests decreased from 48.7% to 47.6%.

Liabilities

As at 31 March 2009, bank loans and overdrafts stood at €953.8 million, €54.0 million higher than at end-2008. This increase was due almost entirely to the first-time full consolidation of City-Point Kassel. Non-current deferred tax liabilities rose by €5.2 million to €87.5 million. Other liabilities and provisions increased by €3.2 million.

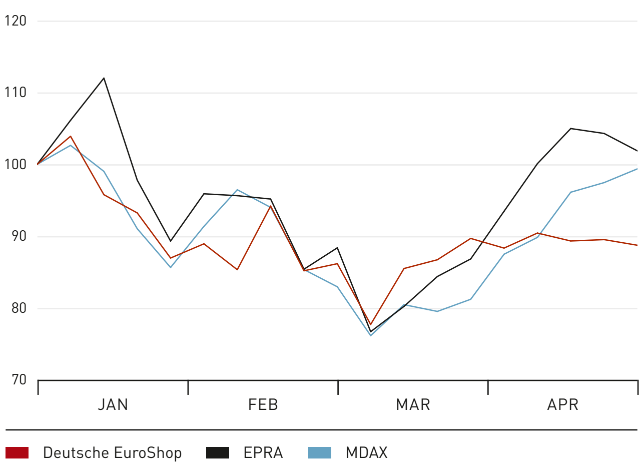
THE SHOPPING CENTER SHARE

The Deutsche EuroShop stock performed well at the start of the year, rising from €24.30 (2008 year-end closing price) to €26.00, its year-to-date high, on 6 January 2009. In the following weeks, the stock failed to decouple from the very weak environment, particularly for property shares, and fell to €18.66 (6 March 2009) before rallying somewhat. The price at 31 March 2009 was €21.70. This corresponds to a decrease of 10.7% in the first three months of the year. The MDAX fell by 21.0% over the same period. On 31 March 2009, Deutsche EuroShop had market capitalisation of €746 million.

Deutsche EuroShop vs. MDAX and EPRA

January to April 2009

TREND OF SHARE — indexed, base of 100, %



Roadshows and conferences
Between January and March 2009, we presented Deutsche EuroShop at conferences organised by Close Brothers Seydler and HSBC Trinkaus in Frankfurt, at which we met numerous investors and analysts. We also held roadshows in Frankfurt, Helsinki, Milan, Munich, Stockholm and Zurich.

Award for investor relations work
In January 2009 readers of German investor magazine Börse Online voted Deutsche EuroShop the overall winner of the BIRD 2008 (Beste Investor Relations Deutschlands – Best Investor Relations Germany). The award is given to the company considered by investors to be most fair in terms of open and honest communication with the capital market. Deutsche EuroShop therefore succeeded in retaining its top position within the MDAX and its overall winner status for the third year in a row.

Coverage expanded further
In February, Credit Suisse and Macquarie initiated coverage of our shares, assigning them an Outperform rating. Kepler Capital Markets (Buy) and CA Cheuvreux (Outperform) followed suit in April. As a result, a total of 26 institutions currently (as at 6 May 2009) issue reports on Deutsche EuroShop on a regular basis, attracting new investors with their recommendations. Deutsche EuroShop is therefore one of the best-covered public property companies in Europe. Other foreign investment companies have announced their intention of publishing analysis of Deutsche EuroShop in future.

REPORT ON POST-BALANCE-SHEET-DATE EVENTS

No events of particular significance took place after the end of the first three months of 2009.

RISK REPORT

There have been no significant changes since the beginning of the financial year with regard to the risks associated with future business development. We do not believe the Company 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 2008 is therefore still applicable.

REPORT ON OPPORTUNITIES AND OUTLOOK

ECONOMIC CONDITIONS

The German government has slashed its growth forecast for the current year and also sees the economy stagnating in 2010. The financial crisis has now taken a firm hold and reached almost all sectors of the economy. It is extremely difficult to issue reliable predictions concerning future developments, but we believe our conservative business model and the fact that our rental income is secured for the long term mean that we are comparatively well-placed to cope with the situation.

We still see no conspicuously negative trends with regard to turnover at our shopping centers. Consumers' behaviour remains very robust. However, in view of the lowered economic forecasts, we believe that retail sales will decline in 2009.

EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

Two centers to be restructured by autumn 2009
This year, our shopping centres in Kassel and Hamm will be restructured. At City-Point Kassel, the space previously occupied by Hertie will be divided up and let to several small and medium-sized retailers. The required investment amount, including imputed lost rental income and ancillary costs, will total approx. €5.1 million.

At the Allee-Center Hamm, the tenancy agreement with a hypermarket operator was terminated early. After conversion (investment costs of €1.8 million), these areas will be occupied by a food market and a major clothing store.

Long-term growth via center expansions
We anticipate that we will be able to begin expanding the Altmarkt-Galerie in Dresden and the Main-Taunus-Zentrum near Frankfurt this year. The selling area in the Altmarkt-Galerie is set to increase by approx. 18,000 m² (currently approx. 26,000 m²), allowing some 90 new shops to open, and at the Main-Taunus-Zentrum by approx. 12,000 m² (approx. 60 new shops).

Forecasts for 2009
The results of the first three months confirm our budgeted figures for the whole of 2009. We expect revenue to increase to €125–128 million. EBIT will be €105–108 million this year, on our forecasts, while EBT excluding measurement gains/losses will be €50–52 million. We expect funds from operations (FFO) of between €1.45 and €1.50.

On this basis, we are optimistic that we will once again be able to pay a dividend of €1.05 per share for financial year 2009.

IFRS CONSOLIDATED BALANCE SHEET
AS OF 31 MARCH 2009

ASSETS

in € thousand	31.03.2009	31.12.2008
Assets		
Non-current assets		
Intangible assets	30	32
Property, plant and equipment	22,632	21,199
Investment Properties	1,967,787	1,897,767
Non-current financial assets	29,963	30,316
Investments in equity-accounted associates	3,739	3,740
Other non-current assets	1,074	930
Non-current assets	**2,025,225**	**1,953,984**
Current assets		
Trade receivables	1,827	2,717
Other current assets	5,424	6,737
Other financial investments	1,644	1,740
Cash and cash equivalents	50,386	41,671
Current assets	**59,281**	**52,865**
Total assets	**2,084,506**	**2,006,849**

EQUITY AND LIABILITIES

in € thousand	31.03.2009	31.12.2008
Equity and liabilities		
Equity and reserves		
Issued capital	34,375	34,375
Capital reserves	546,213	546,213
Retained earnings	289,829	279,862
Total equity	**870,417**	**860,450**
Non-current liabilities		
Bank loans and overdrafts	926,627	879,078
Deferred tax liabilities	87,540	82,313
Right to redeem of limited partners	122,518	117,320
Other non-current liabilities	16,674	14,941
Non-current liabilities	**1,153,359**	**1,093,652**
Current liabilities		
Bank loans and overdrafts	27,202	20,730
Current trade payables	2,626	3,039
Liabilities to other investees and investors	0	35
Tax provisions	675	662
Other provisions	24,218	18,221
Other current liabilities	6,009	10,060
Current liabilities	**60,730**	**52,747**
Total equity and liabilities	**2,084,506**	**2,006,849**

IFRS CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2009

in € thousand	01.01.-31.03.2009	01.01.-31.03.2008
Revenue	31.774	26.892
Property operating costs	-1.931	-1.989
Property management costs	-1.984	-1.605
Net operating income (NOI)	**27.859**	**23.298**
Other operating income	260	237
Other operating expenses (corporate costs)	-1.055	-842
Earnings before interest and taxes (EBIT)	**27.064**	**22.693**
Income from investments	327	0
Interest income	160	527
Interest expense	-12.715	-10.771
Profit/loss attributable to limited partners	-1.997	-1.347
Net finance costs	**-14.225**	**-11.591**
Measurement gains	**16.778**	**1.221**
Profit before tax (EBT)	**29.617**	**12.323**
Income tax expense	-5.250	-2.129
Consolidated profit	**24.367**	**10.194**
Basic earnings per share (€)	0,71	0,30
Diluted earnings per share (€)	0,71	0,30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	01.01.-31.03.2009	01.01.-31.03.2008
Consolidated profit	**24.367**	**10.194**
Change due to currency translation effects	-12.785	-1.181
Change in cash flow hedge	-1.615	-2.800
Total of earnings recognised directly in equity	**-14.400**	**-3.981**
Total profit	**9.967**	**6.213**
Profit attributable to group shareholdes	9.967	6.213

STATEMENT OF CHANGES IN EQUITY

AS OF 31 MARCH 2009

in € thousand	Share capital	Capital reserves	Other retained earnings	Legal reserve	Total
01.01.2008	**34,375**	**546,213**	**278,210**	**2,000**	**860,798**
Change in cash flow hedge			-2,800		-2,800
Other changes			-1,181		-1,181
Total of earnings recognised directly in equity	34,375	546,213	274,229	2,000	856,817
Consolidated profit			10,195		10,195
Total profit	34,375	546,213	284,424	2,000	867,012
31.03.2008	**34,375**	**546,213**	**284,424**	**2,000**	**867,012**
01.01.2009	**34,375**	**546,213**	**277,862**	**2,000**	**860,450**
Change in cash flow hedge			-1,615		-1,615
Other changes			-12,785		-12,785
Total of earnings recognised directly in equity	34,375	546,213	263,462	2,000	846,050
Consolidated profit			24,367		24,367
31.03.2009	**34,375**	**546,213**	**287,829**	**2,000**	**870,417**

IFRS CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2009

in € thousand	01.01.–31.03.2009	01.01.–31.03.2008
Profit after tax	**24,367**	**10,195**
Income from the application of IFRS 3	-8,075	0
Profit/loss attributable to limited partners	5,447	1,685
Depreciation of property, plant and equipment	6	3
Other non-cash income and expenses	-12,154	-1,559
Deferred taxes	5,228	2,104
Operating cash flow	**14,819**	**12,428**
Changes in receivables	2,317	3,939
Changes in other financial investments	96	-3,509
Changes in current provisions	5,993	-11,107
Changes in liabilities	-2,924	-4,061
Cash flow from operating activities	**20,301**	**-2,310**
Payments to acquire property, plant and equipment	-19,477	-12,284
Cash flow from investing activities	**-19,477**	**-12,284**
Changes in interest-bearing financial liabilities	12,421	-38,424
Payments to minority shareholders	-1,660	-1,832
Cash flow from financing activities	**10,761**	**-40,256**
Net change in cash and cash equivalents	**11,585**	**-54,850**
Cash and cash equivalents at beginning of period	**41,671**	**108,993**
Currency related changes	-1,242	-1,424
Other changes	-1,631	-80
Cash and cash equivalents at end of period	**50,384**	**52,639**

DISCLOSURES

Basis of presentation

These financial statements of the Deutsche EuroShop Group as at 31 March 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS).

The management report and the abridged financial statements were not audited in accordance with section 317 of the Handelsgesetzbuch (HGB – German Commercial Code), nor were they reviewed by a person qualified to carry out audits. In the opinion of the Executive Board, the report contains all of the necessary adjustments required to give a true and fair view of the results of operations as at the interim report date. The performance of the first three months up to 31 March 2009 is not necessarily an indication of future performance.

The accounting policies applied correspond to those used in the last consolidated financial statements as at the end of the financial year. A detailed description of the methods applied was published in the notes to the consolidated financial statements for 2008.

OTHER INFORMATION

Dividends

No dividend was distributed in the first quarter of 2009.

Share options

The variable components of the remuneration of members of the Executive Board and the Supervisory Board include no share options or similar securities-based incentive systems.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Hamburg, May 2009

Claus-Matthias Böge   Olaf G. Borkers

FINANCIAL CALENDAR

14.05.	Interim report Q1 2009
20.05.	Roadshow Copenhagen, M.M. Warburg
26.05.	Roadshow Geneva, Bankhaus Lampe
28.05.	Kempen & Co. European Property Seminar, Amsterdam
23.06.	Roadshow Dublin, UniCredit
24.06.	Deutsche Bank German & Austrian Corporate Conference, Frankfurt
30.06.	Annual General Meeting, Hamburg
30.06.	Supervisory Board meeting, Hamburg
13.08.	Interim report H1 2009
26.08.	Roadshow London, WestLB
27.08.	Roadshow Edinburgh, CA Cheuvreux
01.09.	Roadshow Cologne, Dusseldorf, WestLB
02.09.	Roadshow Brussels, Petercam
03.–04.09.	EPRA Annual Conference, Brussels
16.09.	Sal. Oppenheim Real Estate Forum, Amsterdam
17.09.	Supervisory Board meeting, Hamburg
23.09.	UniCredit German Investment Conference, Munich
01.10.	Société Générale Pan European Real Estate Conference, London
05.–07.10.	Expo Real, Munich
20.10.	Real Estate Share Initiative, Frankfurt
07.11.	Hamburg Exchange Convention
12.11.	Interim report Q1 – 3 2009
16.11.	Roadshow Paris, Berenberg
16.11.	Roadshow London, M.M. Warburg
17.11.	Roadshow Zurich, Berenberg
17.11.	Roadshow Amsterdam, Rabobank
19.11.	WestLB Deutschland Conference, Frankfurt
26.11.	Supervisory Board meeting, Hamburg

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

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Deutsche EuroShop