Deutsche EuroShop

9M

NINE-MONTH REPORT 2011

LETTER FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS,
DEAR READERS,

Our business model has proven its continued stability in a turbulent environment. Even though German consumption in the third quarter of 2011 was somewhat more cautious, there is no indication that this will turn into a long-term trend. Low outstanding rents and continued low write-downs of rent receivables also attest to the stable development among retailers. As a result, we can once again report an occupancy rate of close to 100%.

In view of this, we were able to generate revenue of €138.0 million in the first nine months. This represents an increase of 29% from the same period the previous year (€106.6 million). Net operating income (NOI) improved by 30% to €123.0 million, while EBIT climbed 29% to €117.9 million.

Funds from operations (FFO) improved by 10% from €1.02 to €1.12 per share. Consolidated profit, on the other hand, rose by only 4% from €38.3 million to €40.0 million due to an increase in tax expenses. Earnings per share dropped from €0.84 to €0.78 (-7%), a development that can be attributed to the increased number of shares.

News on the portfolio: The interim report for the first half included details on an attractive investment possibility that we bid on. We were awarded the contract in September. On 1 October 2011 Deutsche EuroShop acquired a 50% share in the Allee-Center in Magdeburg. The investment volume is approximately €118 million. The initial net rate of return is about 6%. As a result of this acquisition, our portfolio has increased to 19 shopping centers, with a market value of €3.6 billion.

In August, we announced that as a result of a ruling by the German Federal Fiscal Court (BFH), there is a risk that Deutsche EuroShop AG may no longer be able to apply the “extended trade tax deduction” in the future and the company could be subject to an unprecedented trade tax burden. To reflect this risk, we had to subsequently adjust the consolidated financial statements as at 31 December 2010 because most of these taxes affect the last seven years. However, we also set aside a provision for trade taxes for the current year for the first time. We are currently working on a long-term solution to reduce the trade tax burden. This is not associated with a change in strategy.

On the basis of the development in the business so far this year, we can even slightly increase our original forecast for the entire year and assume that we will be able to once again distribute a stable dividend of €1.10 per share.

Hamburg, November 2011

Claus-Matthias Böge　　Olaf G. Borkers

KEY GROUP DATA in € million	01.01. – 30.09.2011	01.01. – 30.09.2010	+/-
Revenue	138.0	106.6	29%
EBIT	117.9	91.5	29%
Net finance costs	-58.9	-44.6	-32%
EBT before valutation	59.1	46.9	26%
Measurement gains / losses	-1.3	-0.7	
EBT	57.8	46.3	25%
Consolidated profit	40.0	38.3	4%
FFO per share in €	1.12	1.02	10%
EPS in €	0.78	0.84	-7%
	30.09.2011	31.12.2010**	
Equity*	1,399.5	1,435.9	-3%
Liabilities	1,629.7	1,527.6	7%
Total assets	3,036.1	2,963.6	2%
Equity ratio in %*	46.1	48.5	
LTV-ratio in %	47	47	
Gearing in %*	116	106	
Cash and cash equivalents	85.4	65.8	30%

* incl. minority interest
** after adjustment of the consolidated financial statements for the period ended 31 December 2010

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. As of the reporting date, it had investments in 18 shopping centers in Germany, Austria, Poland and Hungary. The Group generates its reported revenue from rental income on the space which it lets in the shopping centers.

Group's legal structure

In view of its lean personnel structure and focus on just two reportable segments (domestic and international), the Deutsche EuroShop Group is centrally organised. The parent company, Deutsche EuroShop AG, is responsible for corporate strategy, portfolio and risk management, financing and communication.

The Company's registered office is in Hamburg. Deutsche EuroShop is a public company under German law. The individual shopping centers are managed as separate companies and depending on their share of the nominal capital are included in the consolidated financial statements either fully, pro rata or according to the equity method.

The share capital amounts to €51,631,400.00 and is composed of 51,631,400 no-par value registered shares. The notional value of each share is €1.00.

Macroeconomic and sector-specific conditions

Following an energetic start to the year, the German economy has become markedly less dynamic. The job market, however, continues to be stable; only 2.8 million people were unemployed in Germany in the third quarter.

German retail saw revenue rise by a nominal 2.7% in the first nine months of 2011. This corresponds to an increase of 1.2% on a price-adjusted basis. The developments in financial policy in the euro zone, however, hurt consumer confidence and have resulted in a decline in retail sales over the last few weeks.

In 2011, the German commercial property investment market continued the dynamic run it started in 2010. Retail properties dominated with a 50% share of transactions. According to CB Richard Ellis, these had a total volume of more than €16.8 billion and were thus up 37% on the same period of the previous year. The sustained high demand is continuing to exert pressure on the achievable returns; on average the top returns for shopping centers stood at 5.10%.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Acquisition of the Billstedt-Center in Hamburg

Deutsche EuroShop acquired the Billstedt-Center in Hamburg with effect from 1 January 2011, having already paid the purchase price of €148.4 million at the end of last year. The fair value of the acquired property was €156.0 million, which resulted in an excess of identified net assets acquired over the purchase price allocation. This stood at €7.7 million and was recognised in income. It is offset by ancillary acquisition costs in connection with the purchase of the property amounting to €8.3 million, which are recognised under measurement gains / losses.

in € thousands	Carrying amount	Fair value
Purchase price	148,375	148,375
Acquired property assets	155,977	155,977
Deferred taxes	-116	-116
Excess of identified net assets acquired over cost of acquisition	**-7,718**	**-7,718**

Shareholding in Stadt-Galerie Hameln increased to 100%

With effect from 1 January 2011 Deutsche EuroShop acquired 5.1% of the limited partnership shares in Stadt-Galerie Hameln at a purchase price of €4.9 million and thereby increased its shareholding to 100%. The acquisition of the shares resulted in an excess of identified net assets acquired over cost of acquisition of €0.3 million, which was recognised in income. The purchase price was paid in cash.

Shareholding in City-Galerie Wolfsburg increased to 100%

With effect from 1 July 2011, Deutsche EuroShop AG acquired 11% of the limited partnership shares in City-Galerie Wolfsburg at a purchase price of €6.5 million, thereby increasing its shareholding to 100%. The cost of the shares exceeded the identified net assets acquired by approximately €0.9 million. This was incorporated into measurement gains / losses in the third quarter of 2011. The purchase price was also paid in cash.

Results of Operations

Revenue growth of 29%

Revenue as at 30 September 2011 totalled €138.0 million, representing a rise of just over 29% year-on-year (€106.6 million). The Billstedt-Center was incorporated into the consolidated financial statements for the first time in 2011. Due to its acquisition date of 1 February 2010, the A10 Center in Wildau had been included in revenues for only eight months in the previous year's period. The increase in the Company's shareholding in the Altmarkt-Galerie Dresden by 17% on 1 July 2010 meant that this center was also included in total revenue with higher rental income in the reporting period. Since the beginning of 2011, the Phoenix-Center Hamburg and the Main-Taunus-Zentrum have been fully included in the consolidated financial statements, rather than on a pro-rata basis as was previously the case. Rental income from the other portfolio properties increased by 1.1% compared with the same period last year.

Operating and administrative costs for property: 10.8% of revenue

Center operating costs were €15.0 million in the reporting period, compared with €11.7 million in the same period of the previous year. Costs therefore stood at 10.8% of revenue (previous year: 11.0%).

Other operating expenses up €1.3 million

Other operating expenses increased by €1.3 million to €5.3 million (previous year €4.0 million) mainly as a result of the one-off costs of the new financing and refinancing.

EBIT up 29%

EBIT increased by €26.4 million (+29%) from €91.5 million to €117.9 million.

Net finance costs down €14.3 million

At €-58.9 million, net finance costs fell by €14.3 million. This can be attributed to the fact that the interest expense (€+8.0 million) and the profit share for third-party shareholders (€+5.3 million) have risen substantially as a result of the expanded basis of consolidation and the expansion measures.

26% rise in earnings before taxes and measurement

Earnings before taxes and measurement increased from €46.9 million to €59.1 million (+26%), which is attributable in part to the positive contribution to earnings by the most recent investments.

Measurement gains / losses

The measurement loss of €1.3 million in the reporting period is the result of the first-time consolidation of the Billstedt-Center and the acquisition of the shareholdings in Stadt-Galerie Hameln KG and the City-Galerie Wolfsburg KG. It includes the excess of cost of acquisition over identified net assets under IFRS 3, as well as the ancillary acquisition costs relating to the Hamburg property.

Income tax expense

Income tax expense increased from €8.0 million by €9.8 million to €17.8 million. This can be attributed in part to the significant increase in earnings before tax. Most of the change (€8.1 million), however, was the result of the first-time application of trade tax. This pushed the Group's tax ratio up from 17.1% to 30.7%.

Consolidated profit: €40.0 million, earnings per share: €0.78

Consolidated profit amounted to €40.3 million, up €2.4 million (+6.3%) after adjustment for the measurement loss. Earnings per share decreased from €0.84 to €0.78. After adjustment for the measurement loss, earnings per share amounted to €0.80, compared with €0.85 in the same period of the previous year.

Increase in funds from operations (FFO)

FFO rose by 25%, from €46.5 million to €57.9 million, or by €1.02 to €1.22 per share (+10%).

Financial Position and Net Assets

Net assets and liquidity

During the reporting period, the Deutsche EuroShop Group's total assets increased by €72.5 million on the figure at the end of 2010 to €3,036.1 million. Non-current assets rose by €211.7 million, which can be attributed to the first-time fair value accounting of the Billstedt-Center and to the expansion measures at our centers in Wildau, Dresden and Sulzbach. Receivables and other current assets fell by €158.8 million, as the purchase price already paid for the Billstedt-Center had been recognised under other assets in the previous year. At €85.4 million, cash and cash equivalents were €19.6 million higher than on 31 December 2010.

Equity ratio of 46.1%

The equity ratio (including the shares of third-party shareholders) decreased from 51.5% to 48.5% due to an adjustment in the trade tax provisions as at 31 December 2010. The ratio fell to 46.1% on 30 September 2011 as a result of the June dividend payment.

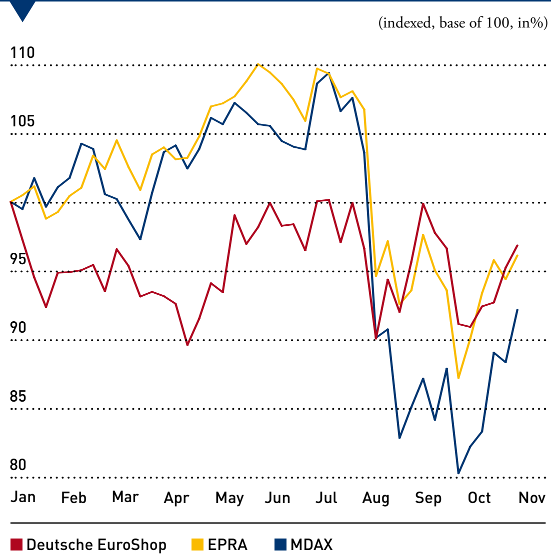
Liabilities

As at 30 September 2011 bank loans and overdrafts stood at €1,372.8 million and were thus €84.7 million higher than the level at the end of 2010. The increase was the result of the financing of the construction projects in Sulzbach and Wildau and of the acquisition of the Billstedt-Center. Non-current deferred tax liabilities increased from €87.5 to €188.5 due to the change in trade tax provisions. Additions to the current profit and items recognised directly in equity caused deferred tax provisions to rise by €14.0 million to €202.5 million as of the reporting date. Meanwhile, redemption entitlements for third-party shareholders fell by around €7.0 million as a result of the increase in the shareholding in our properties in Hameln and Wolfsburg and dividend distributions. Other liabilities and provisions increased by €10.3 million.

THE SHOPPING CENTER SHARE

Following a year-end closing price of €28.98 in 2010, our share initially fluctuated at the beginning of the year in a range between €26 and €28. The price shot up in the middle of May and reached €29.06 on 1 June 2011, a record high for the first nine months of this financial year. On 8 August 2011, our share reached its lowest level for the period at €23.70 due to turbulence on the stock markets triggered by the financial market crisis. It was able to slightly recover in the days that followed. The price at the end of the reporting period on 30 September 2011 was €25.20. If the dividend of €1.10 that was distributed on 17 June 2011 is included, this represents a performance of -9.25% in the first nine months of 2011. The MDAX fell by 17.64% over the same period. Deutsche EuroShop's market capitalisation stood at €1.3 billion as at 30 September 2011. The company therefore continues to have the highest market capitalisation of all listed German real estate companies.

DEUTSCHE EUROSHOP VS. MDAX AND EPRA
Comparison, January to October 2011



Roadshows and conferences

From July to September, we presented Deutsche EuroShop at a road show in Zurich and at a conference in Munich where we held various meetings with both individuals and groups. As part of a property tour organised by HSBC Trinkaus, we presented our two Hamburg properties to investors on 27 July 2011: the Phoenix-Center and the Billstedt-Center.

Deutsche EuroShop Real Estate Summer

Many analysts and institutional investors accepted our invitation to the 2nd German EuroShop Real Estate Summer. As part of this event, we toured the City-Galerie Wolfsburg, the Allee-Center Magdeburg and the A10 Center in Wildau on 16 September 2011. The day's activities were supplemented by presentations about the centers, the Deutsche EuroShop and current trends in retail letting. You can find documentation on the event at http://bit.ly/DESRES11.

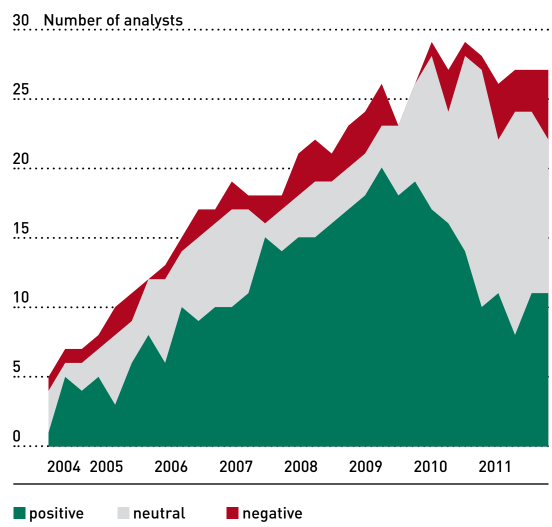
Internet / blog

Since March 2011, Deutsche EuroShop has been one of the first companies in Germany to offer what is known as an IR blog. Under the name "IR Mall", we aim to make this the central information and discussion platform for the IR segment on our website. We have already published numerous articles to always keep our investors and analysts up-to-date with current information. We would be happy if you paid us a virtual visit: you can reach the blog directly at www.ir-mall.com.

Coverage

A total of 27 financial analysts from various banks and investment institutions regularly follow Deutsche EuroShop's business performance and also publish studies including concrete investment recommendations. Currently, most of these analysts are neutral to positive (a total of 11 each), while five analysts have a negative attitude (as at 2 November 2011). Commerzbank resumed coverage of our share at the end of September: the recommendation was "accumulate" and the price target €28.00. Other domestic and international banks have announced that they will resume coverage of our share over the next few months. A list of analysts and current reports can be found at www.deutsche-euroshop.de/ir.

DEUTSCHE EUROSHOP ANALYSTS MOUNTAINS
2004 bis 2011



KEY SHARE DATA

Sector / industry group	Financial Services / Real Estate
Share capital on 30 September 2011	€51,631,400.00
Number of shares on 30 September 2011 (no-par value registered shares)	51,631,400
Dividend 2010 (17 June 2011)	€1.10
Share price on 30 December 2010	€28.98
Share price on 30 September 2011	€25.20
Low / high in the period under review	€23.70 / €29.06
Market capitalisation on 30 September 2011	€1.3 billion
Prime Standard	Frankfurt and Xetra
OTC trading	Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30, HASPAX, F.A.Z.-Index
ISIN	DE 000748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

INFOBOX: ALLEE-CENTER MAGDEBURG

The Allee-Center Magdeburg is a shopping and event center in the heart of the state capital of Sachsen-Anhalt.

The Allee-Center originally opened in 1998 with more than 110 shops and specialty stores on 25,000 m2 of retail space. Following an expansion of the mall from 2 to 3 levels, "Magdeburgs Marktplatz" has had more than 150 specialty stores on 35,000 m² since March 2006. The main attractions of the center are a consumer electronics store (Saturn), two department stores (SinnLeffers, H&M), a sporting goods store (SportScheck) and a supermarket (REWE). In addition, the center boasts around 1,800 m² of residential and 7,300 m² of office space as well as over 1,300 parking spaces.

The Allee-Center is right in the center of downtown and is very accessible either by public transportation (tram and bus stops are located right in front of the center) as well as by car. The shopping center is managed by ECE Projektmanagement, and 720,000 people live in its catchment area. Around 35,000 customers visit the Billstedt-Center daily.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

With effect from 1 October 2011, Deutsche EuroShop AG acquired 50% of the shares in the Allee-Center Magdeburg at a purchase price of €118.4 million. This amount was paid at the beginning of October 2011. The company will be included on a pro-rata basis in the consolidated financial statements starting in the fourth quarter of 2011.

No further significant events occurred between the balance sheet date of 30 September 2011 and the date of preparation of the financial statements.

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 2010 is therefore still applicable.

REPORT ON OPPORTUNITIES AND OUTLOOK

Economic conditions

The German economy is continuing its upward trend thanks to strong domestic demand and a strong export business. However, concerns about the debt crisis of the industrialised nations are continuing to have broad repercussions in the euro zone. The diminishing confidence in politicians' ability to take action has resulted in great turbulence on the financial markets around the world. It remains to be seen whether the planned bailout package will actually be able to save ailing euro countries. The leading economic research institutes anticipate a dip in growth in the German economy in the fourth quarter before it begins to pick up again slightly at the beginning of 2012.

The German Retail Federation (HDE), on the other hand, rates the business situation of the industry to be extremely positive and increased its revenue forecast for 2011 from +1.5% to +2.0%.

In September the inflation rate reached 2.6%, the highest level in three years. According to statistical analysts, the prices for household energy, primarily heating oil and gas, which have been increasing now for months, were primarily responsible for the price increase. This could have a negative impact on consumer behaviour.

According to experts, momentum on the investment market for retail property will continue to be brisk in the final quarter of 2011.

Due to our good operational position, we expect Deutsche EuroShop's business to perform positively and according to plan this year and in the coming year.

Expected Results of Operations and Financial Position

Expanded Main-Taunus-Zentrum opens fully let

The newly expanded Main-Taunus-Zentrum will open fully let on 17 November 2011. Rental income is likely to be well above expectations, while investment costs are within budget. Of this amount, €37.0 million is likely to be attributable to the current financial year. The net initial return from the expansion measure is expected to be more than 10%.

Scheduled reletting at two centers

We expect to see stable development across our portfolio properties. In City-Arkaden Wuppertal and City-Galerie Wolfsburg, many rental agreements are due to expire on schedule in 2011. Measures to find new tenants have been largely completed successfully in both centers.

Slight increase in revenue and earnings forecasts

We are raising our forecasts for financial year 2011, as published at the end of April, and expect:

- revenue of between €188 million and €190 million (previously: €184 – €188 million)
- earnings before interest and taxes (EBIT) of between €160 million and €163 million (previously: €157 – €161 million)
- earnings before taxes (EBT) without measurement gains / losses of between €79 million and €82 million (previously: €75 – €78 million)

In our publication on 23 August 2011 we lowered the guidance for the funds from operations (FFO) per share to €1.40 – €1.44 because we assumed that the back payments of trade tax for the previous financial years would be included in the reporting period. Now that it has turned out that the previous year's financial statements will have to be adjusted for the trade tax expenses for the past financial years, we can increase our forecast to €1.49 – €1.54 per share.

Dividend policy

We intend to maintain our long-term dividend policy geared towards continuity and to distribute a dividend of €1.10 per share to our shareholders again in 2011.

CONSOLIDATED BALANCE SHEET

Assets

in € thousands	30.09.2011	31.12.2010 Before adjustment	31.12.2010 Adjustment	31.12.2010 After adjustment
Assets				
Non-current assets				
Intangible assets	23	29		29
Property, plant and equipment	140	30		30
Investment properties	2,913,186	2,700,697		2,700,697
Non-current financial assets	22,904	23,885		23,885
Investments in equity-accounted associates	4,294	4,094		4,094
Other non-current assets	490	605		605
Non-current assets	**2,941,037**	**2,729,340**	**0**	**2,729,340**
Current assets				
Trade receivables	1,821	3,481		3,481
Other current assets	7,811	164,971		164,971
Cash and cash equivalents	85,422	65,784		65,784
Current assets	**95,054**	**234,236**	**0**	**234,236**
Total assets	**3,036,091**	**2,963,576**	**0**	**2,963,576**

Equity and liabilities

in € thousands	30.09.2011	31.12.2010 Before adjustment	31.12.2010 Adjustment	31.12.2010 After adjustment
Equity and liabilities				
Equity and reserves				
Issued capital	51,631	51,631		51,631
Capital reserves	890,130	890,130		890,130
Retained earnings	186,968	307,891	-91,483	216,408
Total equity	**1,128,729**	**1,249,652**	**-91,483**	**1,158,169**
Non-current liabilities				
Bank loans and overdrafts	1,338,170	1,227,096		1,227,096
Deferred tax liabilities	202,494	101,052	87,494	188,546
Right to redeem of limited partners	270,744	277,780		277,780
Other liabilities	36,146	21,839		21,839
Non-current liabilities	**1,847,554**	**1,627,767**	**87,494**	**1,715,261**
Current liabilities				
Bank loans and overdrafts	34,645	61,060		61,060
Trade payables	3,059	6,145		6,145
Tax liabilities	5,294	450	3,989	4,439
Other provisions	5,293	7,329		7,329
Other liabilities	11,517	11,173		11,173
Current liabilities	**59,808**	**86,157**	**3,989**	**90,146**
Total equity and liabilities	**3,036,091**	**2,963,576**	**0**	**2,963,576**

CONSOLIDATED INCOME STATEMENT

in € thousands	01.07. – 30.09.2011	01.07. – 30.09.2010	01.01. – 30.09.2011	01.01. – 30.09.2010
Revenue	46,891	36,201	137,984	106,609
Property operating costs	-2,337	-2,061	-6,765	-5,592
Property management costs	-3,034	-2,240	-8,187	-6,154
Net operating income (NOI)	**41,520**	**31,900**	**123,032**	**94,863**
Other operating income	97	65	242	675
Other operating expenses	-2,039	-1,312	-5,340	-4,039
Earnings before interest and taxes (EBIT)	**39,578**	**30,653**	**117,934**	**91,499**
Income from investments	1	317	1	1,096
Interest income	226	82	603	471
Interest expense	-16,609	-13,562	-48,236	-40,239
Profit / loss attributable to limited partners	-3,709	-1,750	-11,219	-5,880
Net finance costs	**-20,091**	**-14,913**	**-58,851**	**-44,552**
Earnings before taxes and measurement (EBT before measurement)	**19,487**	**15,740**	**59,083**	**46,947**
Measurement gains / losses	**-439**	**-673**	**-1,298**	**-673**
of which excess of cost of acquisition over identified net assets acquired in accordance with IFRS 3: €7,044 thousand (previous year: €8,631 thousand)				
Earnings before tax (EBT)	**19,048**	**15,067**	**57,785**	**46,274**
Income tax expense	-11,349	-2,735	-17,757	-7,969
Consolidated profit	**7,699**	**12,332**	**40,028**	**38,305**
Basic earnings per share (€)	0.15	0.27	0.78	0.84
Diluted earnings per share (€)	0.15	0.27	0.78	0.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousands	01.07. – 30.09.2011	01.07. – 30.09.2010	01.01. – 30.09.2011	01.01. – 30.09.2010
Consolidated profit	**7,699**	**12,332**	**40,028**	**38,305**
Changes due to currency translation effects	-606	-310	-578	230
Changes in cash flow hedge	-17,105	-6,868	-14,507	-14,888
Deferred taxes on changes in value offset directly against equity	2,822	1,595	2,412	2,616
Total earnings recognised directly in equity	**-14,889**	**-5,583**	**-12,673**	**-12,042**
Total profit	**-7,190**	**6,749**	**27,355**	**26,263**
Share of Group shareholders	-7,190	6,749	27,355	26,263

CONSOLIDATED CASH FLOW STATEMENT

in € thousands	01.01. – 30.09.2011	01.01. – 30.09.2010
Profit after tax	**40,028**	**38,305**
Expenses / income from the application of IFRS 3	-7,044	673
Profit / loss attributable to limited partners	11,219	5,880
Depreciation of property, plant and equipment	25	17
Expenses from investment activities to be allocated to the cash flow	8,338	8,631
Other non-cash income and expenses	-5	0
Deferred taxes	16,603	7,522
Operating cash flow	**69,164**	**61,028**
Changes in receivables	158,821	-18,159
Changes in other financial investments	0	1,600
Changes in non-current tax liabilities	1,171	-99
Changes in current provisions	-2,351	-16,138
Changes in liabilities	-3,414	7,271
Cash flow from operating activities	**223,391**	**35,503**
Payments to acquire property, plant and equipment / investment properties	-56,636	-55,918
Expenses from investment activities to be allocated to the cash flow	-8,338	-8,631
Payments to acquire shareholdings in consolidated companies and business units	-148,375	-200,615
Inflows for equity-accounted companies	1	195
Inflows / outflows to / from the financial assets	781	-50
Cash flow from investing activities	**-212,567**	**-265,019**
Changes in interest-bearing financial liabilities	84,660	128,493
Payments to Group shareholders	-56,795	-46,320
Contributions of Group shareholders	0	122,367
Incoming / outgoing payments to / from third-party shareholders	-18,268	-8,677
Cash flow from financing activities	**9,597**	**195,863**
Net change in cash and cash equivalents	**20,421**	**-33,653**
Cash and cash equivalents at beginning of period	**65,784**	**81,914**
Currency-related changes	-783	233
Other changes	0	-298
Cash and cash equivalents at end of period	**85,422**	**48,196**

STATEMENT OF CHANGES IN EQUITY

in € thousands	Number of shares outstanding	Share capital	Capital reserves	Other retained earnings	Statutory reserve	Total
01.01.2010		**37,812**	**609,364**	**272,149**	**2,000**	**921,325**
Change in cash flow hedge				-14,888		-14,888
Change due to currency translation effects				230		230
Change in deferred taxes				2,616		2,616
Total earnings recognised directly in equity		0	0	-12,042	0	-12,042
Consolidated profit				38,305		38,305
Total profit				26,263		26,263
Dividend payment				-46,320		-46,320
Capital increase		8,082	155,011	0		163,093
30.09.2010	**0**	**45,894**	**764,375**	**252,092**	**2,000**	**1,064,361**
01.01.2011 (Before adjustment)	**51,631,400**	**51,631**	**890,130**	**305,891**	**2,000**	**1,249,652**
Trade tax (IAS 8)				-91,483		-91,483
01.01.2011 (After adjustment)	**51,631,400**	**51,631**	**890,130**	**214,408**	**2,000**	**1,158,169**
Change in cash flow hedge				-14,507		-14,507
Change due to currency translation effects				-578		-578
Change in deferred taxes				2,412		2,412
Total earnings recognised directly in equity		0	0	-12,673	0	-12,673
Consolidated profit				40,028		40,028
Total profit			0	27,355		27,355
Dividend payment				-56,795		-56,795
30.09.2011	**51,631,400**	**51,631**	**890,130**	**184,968**	**2,000**	**1,128,729**

DISCLOSURES

Basis of presentation

These financial statements of the Deutsche EuroShop Group as at 30 September 2011 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 for the first nine months as at 30 September 2011 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 2010.

Deutsche EuroShop AG is an asset management holding company that has until now availed itself of "extended trade tax deduction" (section 9 para. 1 sentence 2 Gewerbesteuergesetz (GewStG – Trade Tax Act)). Because this approach was accepted by the financial authorities for many years, Deutsche EuroShop AG had no reason to doubt that these deductions would also be possible in the future.

Based on a ruling by the German Federal Fiscal Court (BFH) on 19 October 2010 published on the BFH's website on 23 February 2011, this may change. It can no longer be assumed that this trade tax deduction will be possible in the future This information was already available at the end of the previous period but it was not incorporated into the closing report on time. How taxes were handled in the previous year's financial statements was thus no longer applicable.

Deferred tax liabilities are to be created to account for temporary differences in measurements arising particularly from the measurement of market value in accordance with IAS 40 versus the respective tax accounting approach. In the consolidated financial statements as at 31 December 2010, so far deferred corporation taxes in the amount of €105.2 million were recognised for this purpose taking into account any deferred tax assets on loss carryforwards that could be offset.

The consolidated financial statements as at 31 December 2010 were adjusted in accordance with IAS 8.41 et seq. with the aim of providing applicable and current information to the financial statement recipients. The previous year's figures as at 31 December 2010 (see balance sheet) were adjusted in the reporting period based on the assumption that the expanded trade tax deduction would no longer apply.

Provisions recognised directly in equity were created for the deferred trade tax based on the differences in measurements in the previous years (2004 to 2010) of €87.5 million and trade tax to be paid in the future on the current earnings for the time period in question in the amount of €4.0 million.

Trade tax provisions on the current profit as at 30 September 2011 were also created in the amount of €8.1 million and recognised in income.

As a result of the capital increases in 2010 the weighted number of shares for 2010 increased to 45,544,976 in accordance with IAS 33. The FFO and EPS figures for the same period of the previous year have been adjusted accordingly.

Within the cash flow statement some of the previous year's figures as at 30 September 2010 have been reclassified. Adjustments were made to operating cash flow and cash flow from investing activities in connection with the presentation of the acquisition of the A10 Center in Wildau. In addition, cash flow from operating activities and the other changes item were adjusted by the changes previously presented under these positions relating to non-current provisions recognised directly in equity and the amounts of interest rate swaps.

Segment reporting

As a holding company, Deutsche EuroShop AG holds equity interests in shopping centers in the European Union. The investees are pure shelf companies without staff of their own. Operational management is contracted out to external service providers under agency agreements, meaning that the companies' activities are exclusively restricted to asset management. The companies are operated individually. Due to the Company's uniform business activities within a relatively homogeneous region (the European Union), for reasons of simplification and in accordance with IFRS 8.12, separate segment reporting is presented only in the form of a breakdown by domestic and international results.

Deutsche EuroShop AG assesses the performance of the segments primarily on the EBIT of the individual property companies. The valuation principles for the segment reporting correspond to those of the Group. Eliminations of intra-Group ties between the segments are summarised in the reconciliation.

Breakdown by geographical segment

in € thousands	Domestic	International		Total
Revenue	**120,890**	**17,094**		**137,984**
previous year's figures	89,716	16,893		106,609

in € thousands	Domestic	International	Reconciliation	Total
EBIT	**106,422**	**15,132**	**-3,621**	**117,933**
previous year's figures	79,430	14,931	-2,862	91,499

in € thousands	Domestic	International	Reconciliation	Total
Net interest income	**-40,518**	**-5,722**	**-1,393**	**-47,633**
previous year's figures	-34,081	-5,751	64	-39,768

in € thousands	Domestic	International	Reconciliation	Total
EBT (before measurement gains/losses)	**60,012**	**7,903**	**-8,833**	**59,082**
previous year's figures	44,718	7,697	-5,468	46,947

in € thousands	Domestic	International		Total
Segment assets	**2,696,084**	**340,007**		**3,036,091**
31.12.2010	2,621,311	342,265		2,963,576
of which investment properties	**2,580,468**	**332,718**		**2,913,186**
31.12.2010	2,367,696	333,001		2,700,697

Other disclosures

Dividend

A dividend of €1.10 per share for the 2010 financial year was distributed on 17 June 2011.

Responsibility statement by the Executive Board

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

Hamburg, November 2011

Claus-Matthias Böge　　Olaf G. Borkers

FINANCIAL CALENDAR

2011

10.11.	Interim report H1 2011
14.11.	Roadshow Paris, Aurel
17.11.	WestLB Deutschland Conference, Frankfurt
17.11.	Supervisory Board meeting, Sulzbach
23.11.	Roadshow Brussels, Petercam
30.11. – 01.12.	Berenberg European Conference, Pennyhill

2012

09.03.	Preliminary Results FY2011
27.04.	Publication of the Annual Report 2011
15.05.	Interim report Q1 2012
21.06.	Annual General Meeting, Hamburg
14.08.	Interim report H1 2012
13.11.	Nine-month report 2012

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

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