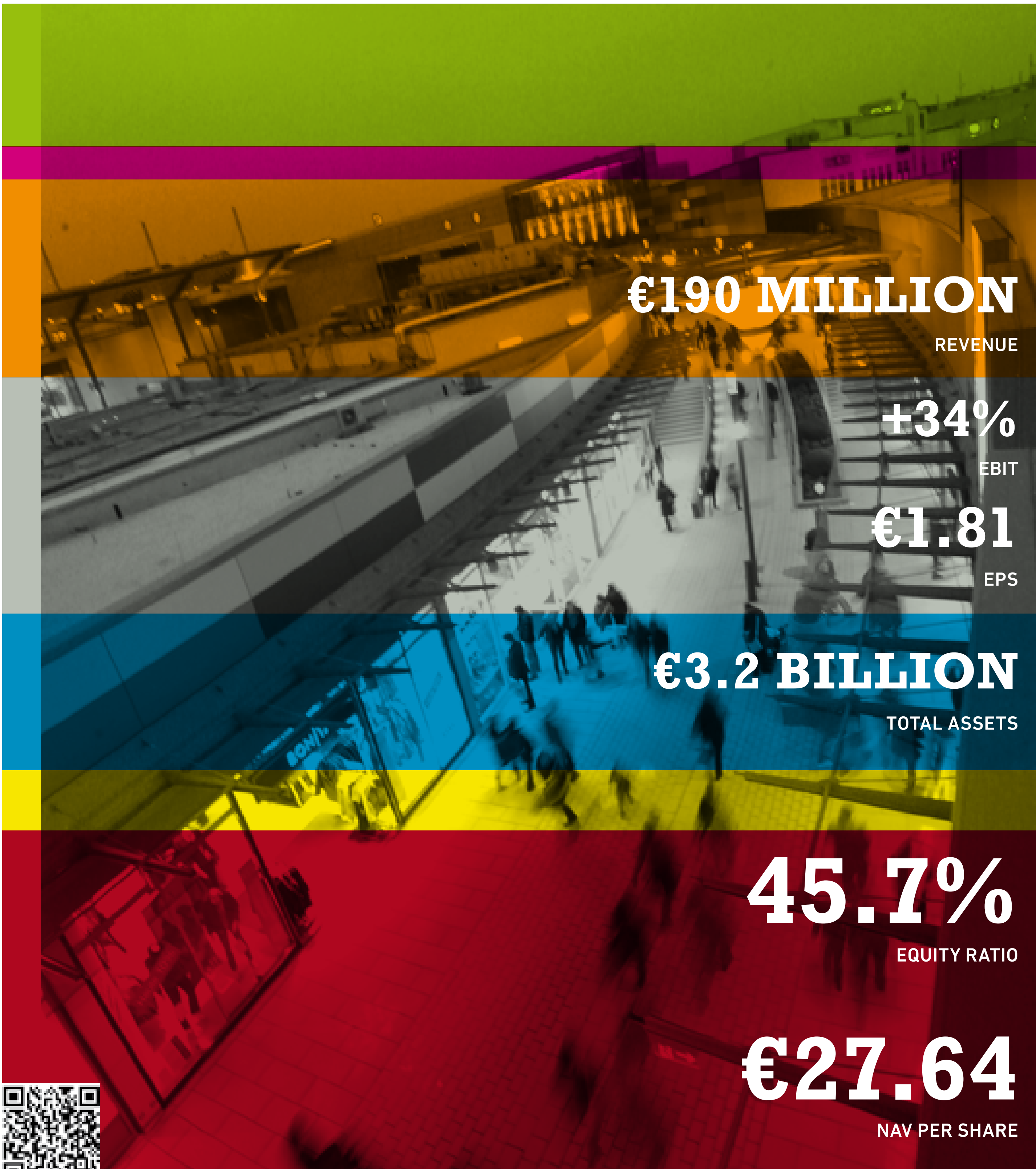
Deutsche EuroShop

DES

ANNUAL REPORT
11
FINANCIALS



€190 MILLION
REVENUE

+34%
EBIT

€1.81
EPS

€3.2 BILLION
TOTAL ASSETS

45.7%
EQUITY RATIO

€27.64
NAV PER SHARE

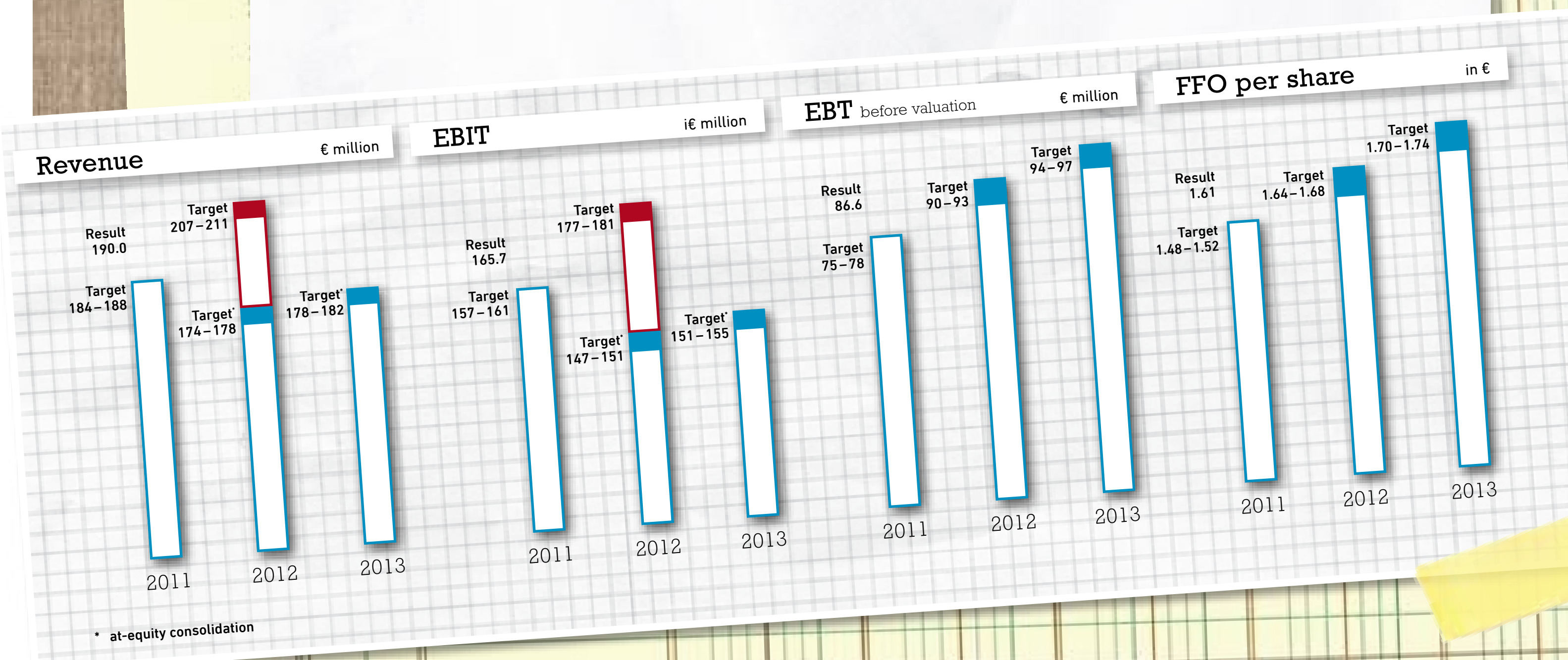
Deutsche EuroShop

OVERVIEW

Key Data

€ million	2011	2010	Difference
Revenue	190.0	144.2	32%
EBIT	165.7	124.0	34%
Net finance costs	-79.1	-60.2	-31%
Measurement gains/losses	41.9	33.1	26%
EBT	128.4	97.0	32%
Consolidated profit	93.4	-7.8	
FFO per share (€)	1.61	1.35	19%
Earnings per share (€)*	1.81	-0.17	
Equity*	1,473.1	1,441.5	2%
Liabilities	1,752.0	1,522.1	15%
Total assets	3,225.1	2,963.6	9%
Equity ratio (%)*	45.7	48.6	
LTV-ratio (%)	47	47	
Gearing (%)*	119	106	
Cash and cash equivalents	64.4	65.8	-2%
Net asset value (EPRA)	1,427.3	1,361.1	5%
Net asset value per share (€, EPRA)	27.64	26.36	5%
Dividend per share (€)	1.10**	1.10	0%

* incl. non controlling interests
** proposal



CONTENT

2011

Group MANAGEMENT REPORT

BUSINESS AND ECONOMIC CONDITIONS

OPERATING ACTIVITIES

Deutsche EuroShop AG is the only public company in Germany to invest solely in shopping centers in prime locations. On 31 December 2011 it had investments in 19 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

Due to its lean personnel structure, 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 an Aktiengesellschaft (stock corporation) under German law. The individual shopping centers are managed as separate companies and depending on the share of nominal capital owned are either fully or proportionally consolidated or accounted for using the equity method. More information on indirect or direct investments is provided in the notes to the consolidated financial statements.

Deutsche EuroShop shares are traded on the Frankfurt Stock Exchange and other exchanges. As at 31 December 2011, 10.0% were owned by Alexander Otto (2010: 11.64%).

The share capital amounted to €51,631,400 on 31 December 2011 and was composed of 51,631,400 no-par value registered shares. The notional value of each share is €1.00.

According to section 5 of the Articles of Association, the Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to a total of €14,540,467 on one or several occasions by 16 June 2015 through the issuance of up to 14,540,467 (no-par value) registered shares against cash or non-cash contributions (as of 31 December 2011).

The Executive Board is authorised, with the Supervisory Board's approval, to issue by 15 June 2016, convertible bonds with a total nominal value of up to €200 million and a maximum term of ten years and to grant the holders of the respective bonds ranking pari passu inter se conversion rights to new no-par value shares in the Company up to a total of 10,000,000 shares, as detailed in the terms and conditions for convertible bonds to be published by the Executive Board with the approval of the Supervisory Board.

GOVERNANCE AND SUPERVISION

The Executive Board of Deutsche EuroShop 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 Supervisory Board supervises and advises the Executive Board in its management activities in accordance with the provisions of German company law and its rules of procedure. It appoints members of the Executive Board, and significant business transacted by the Executive Board is subject to its approval. The Supervisory Board is composed of six members, all of whom are elected by the Annual General Meeting.

Members of the Executive Board are appointed and dismissed on the basis of sections 84 and 85 of the Aktiengesetz (AktG – German Public Companies Act). Changes to the Articles of Association are made in accordance with sections 179 and 133 of the AktG, and the Supervisory Board is also authorised, without a resolution of the Annual General Meeting, to amend the Articles of Association in line with new legal provisions that become binding on the Company, as well as to resolve changes to the Articles of Association that only relate to the wording.

More information about the Executive Board and the Supervisory Board can be found in the declaration on corporate governance.

DECLARATION ON CORPORATE GOVERNANCE

The declaration on corporate governance, in conformity with section 3.10 of the Deutscher Corporate Governance Kodex (German Corporate Governance Code), as well as section 289a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) has been published on the Deutsche EuroShop website at www.deutsche-euroshop.de / ezu.

REMUNERATION REPORT

With respect to the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration) enacted in 2009 and changes to the Corporate Governance Code, the existing remuneration rules were reviewed by the Supervisory Board in April 2010 and amended in line with legal requirements to take effect in the 2010 financial year.

REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD

Remuneration for the Executive Board is set by the Supervisory Board. The remuneration system provides for a non-performance-related basic annual remuneration component based on the individual Executive Board member's duties, a performance-related remuneration component, and non-cash benefits in the form of a company car and contributions to a pension scheme.

The bonus as a performance-related remuneration component is dependent on sustained company development. It is based on the weighted average over the financial year and the two previous financial years. The basis for calculating the bonus includes 60% of Group EBT (excluding measurement gains / losses) for the financial year just ended, 30% of that of the previous financial year and 10% of that of the financial year before that. Mr Böge receives 0.5% of the calculation basis as a bonus and Mr Borkers receives 0.2%. The bonus is limited to 150% of the basic annual remuneration.

The non-performance-related basic annual remuneration is €300,000 for Mr Böge and € 168,000 for Mr Borkers. For the 2011 financial year, there is an additional bonus entitlement of €374,000 for Mr Böge and €149,000 for Mr Borkers, which will be paid on approval of the consolidated financial statements by the Supervisory Board.

If the results of operations and net assets of the Company deteriorate during the term of the respective employment contracts to such an extent that further payment of this remuneration becomes unreasonable, the rules of section 87 (2) of the AktG shall apply. The Supervisory Board shall decide at its own discretion on the extent to which such remuneration shall be reduced.

In the event that the employment contract is terminated prematurely by the Company without any good cause, the members of the Executive Board shall be entitled to a settlement in the amount of the annual remuneration outstanding up to the end of the agreed contractual term, but limited to a maximum of two annual remuneration amounts (basic annual remuneration plus bonus). For the measurement of the annual remuneration amount, the average annual remuneration for the previous financial year and the probable annual remuneration for the current financial year shall be applicable.

A long-term incentive (LTI) remuneration component was agreed for the first time in 2010. The amount of the LTI is based on changes in the market capitalisation of Deutsche EuroShop AG between 1 July 2010 and 30 July 2015. Market capitalisation is calculated by multiplying the share price by the number of Company shares issued. On1 July 2010, according to information provided by the German stock exchange, market capitalisation stood at €983.5 million.

If there is a positive change in market capitalisation over the above five-year period of up to €500 million, Mr Böge will receive 0.2% and Mr Borkers 0.025% of the change. For any change over and above this amount, Mr Böge will receive 0.1% and Mr Borkers 0.0125%. The LTI will be paid out to Mr Borkers in December 2015, and to Mr Böge in five equal annual instalments, the first being paid on 1 January 2016. In the event that the employment contract is terminated prematurely by the Company, any entitlements arising from the LTI until that date will be paid out prematurely.

Since 1 July 2010, the market capitalisation of the Company rose to € 1,280.5 million by 31 December 2011 (31 December 2010: € 1,496.3 million) and was thus € 297 million higher than at 1 July 2010 (31 December 2010: € 512.8 million). The present value of the potential entitlement to the long-term incentive arising therefrom was €609 thousand at year-end (31 December 2010: €960 thousand). In the year under review, the sum of €96,000 was added to the provision established for this purpose (2010: €85,000).

REMUNERATION OF THE EXECUTIVE BOARD IN 2011

The remuneration of the Executive Board totalled €1,066,000, which breaks down as follows:

€ thousand	Non-performance-related remuneration	Performance-related remuneration	Ancillary benefits	Total	Total Previous year
Claus-Matthias Böge	300	374	65	739	803
Olaf Borkers	168	149	10	327	351
	468	**523**	**75**	**1,066**	**1,154**

Ancillary benefits include the provision of a car for business and private use and contributions to a pension scheme.

No advances or loans were granted to members of the Executive Board. The Company has not entered into any commitments or contingent liabilities in favour of these persons.

REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is based on section 8 (4) of the Articles of Association of Deutsche EuroShop AG. In accordance with the Articles of Association, the remuneration amounts to €50,000 for the chairman, €37,500 for the deputy chairman and €25,000 for each of the other members of the Supervisory Board. Committee membership is not additionally taken into account when determining the remuneration of the Supervisory Board. Moreover, the remuneration does not contain any performance-based elements. The remuneration is determined on the basis of the business model and size of the Company and the responsibility associated with the role. The Company's business and financial position is also taken into consideration. If a member of the Supervisory Board should leave the Supervisory Board during the financial year, the member shall receive their remuneration pro rata. Cash expenses are also reimbursed in accordance with section 8 (5) of the Articles of Association.

REMUNERATION OF THE SUPERVISORY BOARD IN 2011

The remuneration of the members of the Supervisory Board totalled €223,000 in the period under review, which breaks down as follows:

€ thousand	Total 2011	Total 2010
Manfred Zaß	59.50	59.50
Dr Michael Gellen	44.62	44.62
Thomas Armbrust	29.75	29.75
Alexander Otto	29.75	29.75
Dr Jörn Kreke	29.75	29.75
Dr Bernd Thiemann	29.75	29.75
Including 19% value added tax	**223.12**	**223.12**

No advances or loans were granted to the members of the Supervisory Board.

MISCELLANEOUS

There are no agreements with members of the Executive Board providing for a severance payment on expiry of their current employment contract.

No pensions are paid to former members of the Executive or Supervisory Boards or to their dependents.

COMPENSATION AGREEMENTS CONCLUDED BY DEUTSCHE EUROSHOP AG WITH EXECUTIVE BOARD MEMBERS OR EMPLOYEES OF THE COMPANY FOR THE EVENT OF A CHANGE OF CONTROL

A change-of-control arrangement has been agreed with two employees. Under this arrangement, if and insofar as the Company informs them that they will no longer be employed in their current positions, these employees will have a special right of termination with a notice period of one month up to the end of the quarter, which will be valid for twelve months from the date the change of control takes effect.

A change of control arises if Deutsche EuroShop AG merges with another company, if a public takeover bid has been made under the Deutsches Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) and accepted by a majority of shareholders, if the Company is integrated into a new group of companies or if the Company goes private and is delisted.

In the event of the termination of the employment relationship, these employees will receive a one-time payment amounting to three months' gross salary multiplied by the number of years that they have worked for the Company, but limited to a maximum of 24 months' gross salary.

The Deutsche EuroShop Group does not currently have any other compensation agreements with members of the Executive Board or other employees for the event of a change of control.

OVERVIEW OF THE COURSE OF BUSINESS

MACROECONOMIC CONDITIONS

The German economy got off to a very dynamic start in 2011, playing the role of Europe's economic engine for a considerable period. However, the escalation of the sovereign debt crisis in Europe and growing uncertainty meant that Germany's economy also began to falter from autumn onwards. Real (price-adjusted) gross domestic product (GDP) rose by 3.0% in 2011 (previous year +3.7%). Adjusted for the differing number of working days (calendar adjusted), real GDP grew by 3.1% (previous year 3.6%).

The German economy thus continued the previous year's recovery on a broad front in 2011. Over the course of the year, the momentum shifted from exports and equipment investments to private consumption. Investment in construction (particularly in commercial and residential developments) was also encouragingly high. The country's budgetary situation was better than anticipated in 2011, due to very low interest rates and higher tax receipts.

The German labour market continued to recover in 2011 as a result of the positive economic development, reaching a new record level of 41.582 million employed in November. According to information provided by the Federal Employment Agency, an average of 2.976 million people were registered as unemployed during the year, some 263,000 or 8% less than in the previous year. The annual average unemployment rate fell from 7.7% to 7.1%. Using the internationally comparable ILO (International Labour Organisation) methodology, the unemployment rate in German fell by 1.1% to 5.5% from December 2010 to December 2011.

According to information provided by the German Bundesbank, gross pay per employee rose by 3.4% in 2011, the biggest increase since 1993. Against a background of high employment and low interest rates, the propensity to consume continued to rise. The savings rate fell in 2011 to 10.9% of disposable income (2010: 11.3%). Private consumer spending, which accounts for half of GDP, rose by a nominal 3.6% in 2011 (real: +1.5%). Spending on transport and communications in particular rose sharply by 7.8%, which in part reflects the significant rebound in car sales over the year.

As measured by the consumer price index, the cost of living in Germany rose by 2.3%, a further increase in the rate of inflation compared with the previous years (2010: +1.1%, 2009: +0.4%) Inflation was above 2% in each month, thus lying slightly above the target set by the European Central Bank (ECB) of just under 2% p.a. The main driver of this higher rate of inflation was energy. The price of heating oil and other fuels rose by 13.9% in 2011, while that of household energy (including electricity and gas) increased by 9.5%. Stripped of the effects of higher energy costs, inflation was only 1.3%. Food prices, which rose by 2.8%, were also a driver of inflation. On the other hand, prices for clothing and footwear (+1.8%), rents (+1.2%) and personal care (0.5%) rose only moderately. The downward trend in prices for communication (-2.7%) continued in 2011.

Economies performed very differently within Europe in 2011. On the one hand, countries badly affected by the sovereign debt crisis slid into recession. On the other, along with a few smaller member states, it was the two major economies of France and especially Germany that underpinned economic development in Europe. The economic outlook has deteriorated perceptibly over the course of the year. Economic output contracted in the final quarter of the year (EU and eurozone by -0.3% each). Compared with the previous year, economic growth was nevertheless positive in 2011 with increases of 1.5% in the EU and 1.4% in the eurozone thanks to the strong start to the year, only 0.5 percentage points lower than 2010. The upward trend in prices has accelerated in Europe, with inflation rising on an annual average from 2.1% to 3.1% for the EU and from 1.6% to 2.7% for the eurozone. As a consequence of the problems in the euro crisis countries, the seasonally-adjusted number of unemployed rose by 751,000 to 16.469 million over the year to December 2011. Using the ILO method, the unemployment rate rose from 10.0% to 10.4%.

ECONOMIC CONDITIONS IN THE INDUSTRY

Retail sector

According to figures from the Federal Statistical Office, retail sales rose by a nominal 2.6% in Germany in 2011 (excluding vehicle sales). In real terms, i.e. adjusted for price differences, they rose by 0.9%. While food sales were up 0.2% on a price-adjusted basis, non-food sales rose by 1.6% in real terms. Almost all branches and sales channels recorded growth, although "textiles, clothing, footwear and leather goods" were an exception (real sales -0.3%).On the other hand, "furnishings, household appliances and building materials" achieved substantial price-adjusted growth of +2.6%, as did "other retail" (such as books and jewellery) at +3.2%. Looking at the sales channels, the trend away from "other retail involving goods of various types" (such as department stores) continued, with a real fall in revenue of 0.5%. On the other hand, sales in "Online and mail-order business" increased by 4.6% in real terms.

According to estimates from the German Trade Association (Handelsverband Deutschland, HDE), the sector continued its recovery from the previous year and is therefore on a stable growth trajectory. The positive development in the labour market, higher incomes, low interest rates and the generally stronger propensity to consume benefited the retail trade in 2011. With around 400,000 companies and 2.9 million employees in the reporting year, the retail trade in a narrow sense (excluding vehicles, petrol stations, pharmacies) saw an increase in revenues of 2.4% to €414.4 billion (previous year: €404.7 billion), representing 16.1% of GNP or 57.4% of private consumer spending, according to information provided by HDE.

Based on calculations from Jones Lang LaSalle, retail space let in Germany increased by 88% to a new record of 686,000 m². Two developments are visible here. Firstly, disproportionate growth of international concepts, which accounted for 59% (previous year: 52%). The trend towards large-scale retail premises continues unabated, with a 37% rise in the average space let to 700 m². The share of lease agreements over 1,000 m² increased from 14% to 18%. Of the leased spaces over 1,000 m², more than half are now over 2,000 m², compared with around a quarter in the previous year. Nevertheless, demand for smaller retail premises of under 250 m² remained high, accounting for 49% of all leases.

Textile retailers were the most significant demand group, accounting for 42% of floor space. This group was dominated by the categories young fashion (29.4%), textile discounters (28.8%) and clothing stores (24.8%). In second place after textile retailers was telecommunication / electronics with 12%, followed by food / gastronomy with 11%.

Real estate market

With an 18% growth in transaction volume to €22.62 billion, the commercial property investment market in Germany continued its expansion course in 2011, according to information from CBRE. The market was dominated by individual transactions, with portfolio transactions representing just under a fifth of the volume.

Retail properties, which are again the dominant usage form, accounted for just under 47% of these transactions and investments in this asset class rose disproportionately by 36% to €10.55 billion in 2011. CBRE considers this increased interest in retail properties as evidence that real estate investors are continuing to diversify their portfolios into this rather more stable counter-cyclical asset class. Foreign investors, particularly those in the US, Canada and the UK, increased their investment volume in German retail properties by more than 50% to €4.3 billion, increasing their retail investment volume from 37% to 41%. The most important investor groups in 2011 were asset and fund managers, representing 26%, and open real estate and special funds, representing 25% of investments in retail properties. Unlike investments in office property, a good two thirds or €7.1 billion of investments in retail property are not concentrated in the top five locations.

Shopping centers continued to dominate the retail property segment, with a 44.6% share of transactions, followed by retail properties in prime locations (28.5%) and specialist retailers and retail parks (24.8%). The transaction volume in shopping centers rose by 32% to €4.7 billion in 2011 compared with the previous year, which had itself seen strong growth.

Given the ongoing defensive investment strategy pursued by real estate investors, top returns again declined in 2011. Funds with strong equity bases, such as international sovereign and pension funds and various German open-ended property funds, are often prepared to accept lower returns in return for being able to invest cash inflows promptly. According to Cushman & Wakefield, top returns declined for shopping center investments in Germany to 4.8% by the end of 2011 from 5.15% in the previous year. As a result, the current level is at the lower threshold of the ten-year range of 4.8% to 5.75%.

Share price performance

The price of Deutsche EuroShop shares began 2011 at €28.98. By mid-April the price had fallen to €26.00, but by 1 June 2011, less than two weeks before the Annual General Meeting, Deutsche EuroShop shares reached their highest price of the year at €29.06 (Xetra closing price). In the summer and autumn, stock markets worldwide experienced significant falls and were extremely volatile. The majority of real estate shares were not spared. Deutsche EuroShop shares recorded their lowest price of the year on 23 November at €22.94, recovering to €24.50 by the last trading day of the year. The shares closed the year with a performance of -11.1% (including dividends) (2010: +28.1%).

Evaluation of the financial year

The Executive Board of Deutsche EuroShop is satisfied with the past financial year. The Billstedt-Center and the expansion of the Altmarkt-Galerie and the A10 Center, which were included in our results for the first time, made a significant contribution.

Revenue was planned at between €184 million and €188million and totalled €190.0 million (2010: €144.2 million) as of the reporting date, corresponding to an increase of 32%. Earnings before interest and taxes (EBIT) were projected between €157 million and €161 million; ultimately these increased by 34%, amounting to €165.7 million (2010: €124.0 million). We expected earnings before taxes (EBT) excluding measurement gains / losses of between €75 million and €78 million. They rose by 35%, totalling €86.5 million (2010: €63.9 million).

As in the previous years, we exceeded earnings forecasts. Deutsche EuroShop has proven once again that it has an outstanding shopping center portfolio and is well positioned.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

CORRECTION OF AN ERROR IN ACCORDANCE WITH IAS 8

Due to a ruling by the German Federal Fiscal Court (Bundesfinanzhof), there is a risk that we will not be able to continue applying the "extended trade tax deduction". As a result, all of our domestic income would be subject to trade tax. This would also affect past financial years and undisclosed reserves contained in non-current domestic assets. The consolidated financial statements as at 31 December 2010 were therefore adjusted in accordance with IAS 8.41 ff. The restatement of the previous year's values led to a consolidated profit of €-7.8 million (prior to restatement: €+81.8 million and to a reduction in equity of €85.9 million from €1,249.6 million to €1,163.7 million. Please also see the explanatory notes to the accounts.

Where comparisons are made to the previous year in the additional explanatory notes to the results of operations, financial position and net assets, the figures referred to are the 2010 annual results restated in accordance with IAS 8.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Deutsche EuroShop can look back on another successful financial year. Revenue and profit were significantly up on the previous year. On the investment side, our acquisition of a stake in the Allee-Center Magdeburg has enabled us to expand our portfolio. The acquisition of interests held by third parties in the Stadt-Galerie Hameln and the City-Galerie Wolfsburg allowed progress to be made with the reorganisation of the shareholding structure of two further shopping centers. On 1 January 2012, we acquired the remaining shares in three more properties in our portfolio (Rhein-Neckar-Zentrum, Allee-Center Hamm and Rathaus-Center Dessau), which means that we now have full ownership of nine of our 19 shopping centers. In doing so we were able to maintain the solid financing structure of our Group.

Revenue rose by 32% to €190.0 million and our consolidated profit was €93.4 million, compared with €-7.8 million the previous year. Earnings per share were €1.81, compared with a loss of €0.17 per share in 2010, while operating profit per share rose 21% from €0.98 to €1.19.

Measurement gains/losses improved by 26% in 2011 to €41.8 million compared with the previous year (€33.1 million). The revaluation of the equity-accounted companies also led to a measurement gain of €0.1 million. Adjusted for these effects, earnings before taxes rose by around 35% from €64.0 million in the previous year to €86.5 million.

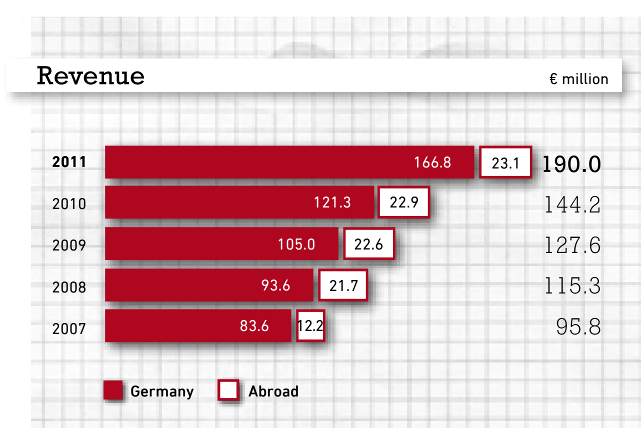
The EPRA net asset value per share rose slightly by 4.9%, from €26.36 to €27.64.

RESULTS OF OPERATIONS

Revenues in the German retail trade (excluding the vehicle trade) rose by a nominal 2.6% over the reporting year, while the revenues of the tenants in our German shopping centers rose by 4.4%. This result can be attributed to two locations in particular. The completion of the expansion of the Altmarkt-Galerie Dresden at the end of March 2011 resulted in an increase in retail sales of around 42% (on a like-for-like basis +6.1%). The growth in revenue of our tenants in the A10 Center Wildau resulting from the opening of the Triangel at the beginning of April 2011 was around 22% (like-for-like -0.9%). However, there was a slight decline in revenues of 0.7% at the other shopping centers. The reasons for this were clearly the negative sales trends in clothing and at the department stores. At our foreign properties, on the other hand, retail sales increased by 1.4%.

Consolidated revenue up 32%

Group revenue increased by 32%, from €144.2 million to €190.0 million, during financial year 2011. The first-time full consolidation of the Main-Taunus-Zentrum, the Phoenix-Center and the Billstedt-Center (latter two both in Hamburg) and the first-time consolidation of the Allee-Center Magdeburg made significant contributions to revenue growth. Rental income from the Altmarkt-Galerie and, after the expanded space was opened, from the A10 Center also rose considerably.



At ten properties, the rise in revenue was primarily due to index-related rental increases, while three properties experienced slight declines in revenue. Overall, total revenue rose by 1.2% on a like-for-like basis over the reporting year.

Revenue

€ thousand	2011	2010	Change	in %
Main-Taunus-Zentrum, Sulzbach	24,671	10,230	14,441	141.2 %
A10 Center, Wildau	18,347	12,899	5,448	42.2 %
Rhein-Neckar-Zentrum, Viernheim	17,400	17,137	263	1.5 %
Altmarkt-Galerie, Dresden*	13,781	7,827	5,954	76.1 %
Phoenix-Center, Hamburg	11,810	5,928	5,882	99.2 %
Billstedt-Center Hamburg	10,822	0	10,822	
Allee-Center, Hamm	9,925	9,763	162	1.7 %
Stadt-Galerie, Passau	9,017	8,823	194	2.2 %
City-Arkaden, Wuppertal	8,865	8,788	77	0.9 %
Forum, Wetzlar	8,727	8,583	144	1.7 %
City-Galerie, Wolfsburg	8,671	8,588	83	1.0 %
City-Point, Kassel	8,110	7,998	112	1.4 %
Rathaus-Center, Dessau	8,015	8,080	-65	-0.8 %
Stadt-Galerie, Hameln	6,679	6,687	-8	-0.1 %
Allee-Center, Magdeburg*	1,993	0	1,993	
Total Germany	**166,833**	**121,330**	**45,502**	**37.7 %**
Galeria Baltycka, Danzig	13,728	13,411	317	2.4 %
City Arkaden, Klagenfurt*	5,478	5,409	69	1.3 %
Árkád, Pécs*	3,603	3,651	-48	-1.3 %
Sonstige	333	388	-55	-14.1 %
Total abroad	**23,142**	**22,859**	**283**	**1.2 %**
Overall total	**189,975**	**144,189**	**45,786**	**31.9 %**

* proportionally consolidated

Vacancy rate remains stable at under 1%

As in previous years, the vacancy rate of retail spaces remained stable at under 1%. At €0.4 million (2010: €0.6 million) or 0.2% (2009: 0.4%), the need for write-downs for rent losses remained at a very low level.

Increase in property operating and administrative costs

Property operating costs were €1.2 million higher than the previous year at €8.5 million (2010: €7.3 million) and property administrative costs were up by €1.9 million to €9.8 million (2010: €7.9 million). The increases are mainly the result of additions to the group of consolidated companies (€+1.6 million), the acquisition of the Billstedt-Center and the Allee-Center Magdeburg (+€1.3 million) and increased costs relating to the expanded centers in Dresden and Wildau (€+0.9 million). On the other hand, we were able to reduce these costs in other centers by around €0.7 compared with the previous year. Overall, the cost ratio came in at 9.7% of revenue (2010: 10.5%).

Other operating income and expenses

Other operating income amounted to €1.0 million, slightly above the previous year's level (€0.9 million), while other operating expenses rose significantly by €1.1 million to €7.0 (2010: €5.9 million). This increase is largely the result of higher ancillary financing costs for loans taken out or extended and higher realised exchange rate losses relating to foreign properties.

Net finance costs rise in line with expectations

Net finance costs increased by €18.9 million to €79.1 million (2010: €60.2 million). This was the result of additional interest expense incurred in connection with the first-time consolidation of the Main-Taunus-Zentrum and the Phoenix-Center, the financing of the acquisition of the Billstedt-Center and the Allee-Center Magdeburg and the expansion measures in Dresden and Wildau (+€13.6 million). In the other direction we achieved interest savings of €1.9 million by refinancing and repaying existing loans, which resulted in a net increase in interest expense of €11.7 million.

In addition, the profit share of third-party shareholders rose by €7.8 million to €15.7 million as a result of the expanded group of consolidated companies. In contrast, the profit from investments accounted for using the equity method improved by €0.9 million, while income from investments and interest income were €0.3 million below the previous year's level.

Measurement gains / losses higher than in the prior year

Measurement gains rose by €8.7 million from €33.1 million in the previous year to €41.8 million. Remeasurement of the portfolio properties led to gains of €51.6 million. On average the portfolio properties increased in value by 1.9% and, with two exceptions (which showed depreciations of 2.3% and 7.4%), market values were between +0.2% and +8.4% higher than the previous year.

The initial and subsequent valuations of the Billstedt-Center and the Allee-Center Magdeburg generated measurement gains of €11.1 million, while ancillary acquisition costs for the Billstedt-Center amounted to €8.4 million.

In addition, the acquisition of additional shareholdings in the Stadt-Galerie Hameln and the City-Galerie Wolfsburg led to a measurement loss of €0.5 million. The purchase price of the shareholdings in the City-Galerie Wolfsburg exceeded the redemption entitlements of the former limited partners recognised in the accounts at the time of transfer.

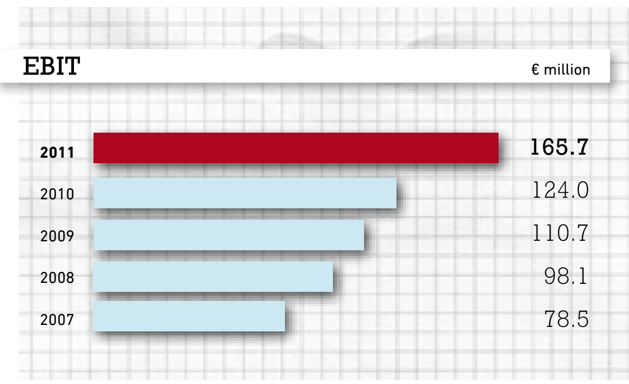
The share of measurement gains attributable to third-party shareholders rose in the reporting year to €11.9 million (2010: €3.0 million).

Significant change in tax position

The tax burden in the year under review amounted to €35.0 million, down by €69.8 million on the previous year. The correction to tax expense in the previous year amounted to €89.6 million, of which €87.5 million was for deferred trade tax and €2.1 million for back-payments of trade tax for 2010 and previous years. The reporting year's tax expense is composed of €31.6 million in deferred income tax and income tax payments on current profit of €3.4 million (domestic: €2.8 million, foreign: €0.6 million).

Significant increase in consolidated profit

Earnings before interest and taxes (EBIT) climbed 34% from €124.0 million to €165.7 million in the year under review. At €128.4 million, pre-tax profit (EBT) was 32% up on the previous year (€97.0 million). Consolidated profit amounted to €93.4 million, following a loss in the previous year of €7.8 million.

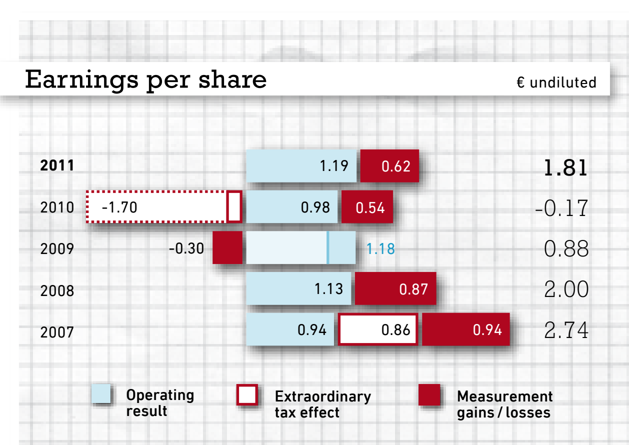


Operations and measurement gains driving earnings per share

Earnings per share (consolidated net profit per share) amounted to €1.81 in the reporting year, compared with a loss of €0.17 in the previous year. Of this amount, €1.19 was attributable to operations (2010: €0.98) and €0.62 to measurement gains/losses (2010: €0.54). Earnings per share in the 2010 financial year were also impacted by non-recurring tax expense for the financial years up to 2009 amounting to €1.70 per share.

in € per share	2011	2010
Consolidated net profit	**1.81**	**-0.17**
Valuation in accordance with IAS 40	-0.81	-0.73
Deferred taxes	0.19	0.18
Tax expense previous years	0.00	1.70
EPRA* earnings	**1.19**	**0.98**
Weighted no. of shares in thousands	51,631	45,545

* European Public Real Estate Association



Funds from operations (FFO) up by over a third

Funds from operations (FFO) are used to finance our ongoing investments in portfolio properties, scheduled repayments on our long-term bank loans and the distribution of dividends. During the year under review, FFO of €83.1 million was generated, a rise of +35% over the previous year (2010: €61.5 million). The FFO per share rose by 19% from €1.35 to €1.61.

€ thousand	2011	2010
Consolidated profit	93,396	-7,814
Measurement gains / losses on companies accounted for using		
- the equity method	-94	122
- IAS 40 / IFRS 3	-41,811	-33,129
Deferred taxes	31,606	102,358
FFO	83,097	61,538
FFO per share	**1.61 €**	**1.35 €**
Weighted no. of shares in thousands	51,631	45,545

Dividend proposal: € 1.10 per share

The successful financial year allows us to maintain our dividend policy, which is geared towards continuity. The Executive Board and Supervisory Board will therefore propose to the shareholders at the Annual General Meeting in Hamburg on 21 June 2012 that an unchanged dividend of €1.10 per share be distributed for the financial year 2011.

FINANCIAL POSITION

Principles and objectives of financial management

For the purposes of financing its investments, Deutsche EuroShop uses the stock exchange to raise equity, as well as the credit markets to borrow funds. Within the Group, both the individual property companies and Deutsche EuroShop AG borrow from banks. Deutsche EuroShop's credit standing has been shown to be advantageous when negotiating loan terms. The Group can also arrange its financing independently and flexibly.

Loans are taken out in euros for all Group companies. In general, the use of equity and loans for investments should be equally weighted and the equity ratio in the Group (including third-party interests) should not fall below 45%.

We finance our real estate projects on a long-term basis and also use derivative financial instruments to hedge against rising capital market rates. An available credit line enables Deutsche EuroShop to react quickly to investment opportunities. Until used for investment, any cash not needed is invested short-term as time deposits to finance ongoing costs or pay dividends.

Financing analysis: Improved interest rate conditions

As of 31 December 2011, the Deutsche EuroShop Group reported the following key financial data:

€ thousand	2011	2010	Change
Total assets	3,225.1	2,963.6	+261.5
Equity (incl. third-party interests)	1,473.1	1,441.5	+31.6
Equity ratio (%)	45.7	48.6	-2.9
Bank loans and overdrafts	1,472.1	1,288.2	+183.9
Loan to value ratio (%)	47	47	0

At €1,473.1 million, the Group's economic equity capital, which comprises the equity of the Group shareholders (€1,193.0 million) and the equity of the third-party shareholders (€280.1 million), was €31.6 million higher than in the previous year. The equity ratio declined by 2.9 percentage points to 45.7%, but continues to be above the target we set ourselves of at least 45%.

Bank loans and overdrafts € thousand	2011	2010
Non-current	1,335,986	1,227,096
Current	136,163	61,060
Total	**1,472,149**	**1,288,156**

Current and non-current bank loans and overdrafts rose from €1,288.2 million to €1,472.1 million in the year under review, an increase of €183.9 million. Of this amount, €80.1 million was used for the long-term financing of the Billstedt-Center, which was acquired in the previous year, and €67.3 million for the financing of the expansion measures in the Main-Taunus-Zentrum, the A10 Center and the Altmarkt-Galerie Dresden. Drawdowns on the credit line increased by €53.6 million and were used for the partial interim financing of the stake acquired in the Allee-Center Magdeburg. Meanwhile, loans amounting to €15.3 million were repaid in accordance with the schedule.

In addition, seven existing loans with a residual volume of €304.7 were prematurely extended or replaced by new loans in the year under review. While the average residual maturity of these loans was 2.4 years, with an average rate of interest of 5.42%, the new loans have an average residual maturity of 8.6 years and an average rate of interest of 4.07%. As a result, we have significantly improved the maturity and interest rate structure of these bank loans.

The bank loans and overdrafts in place at the end of the year are used exclusively to finance non-current assets. As a result, 47% of non-current assets continued to be financed by loans in the year under review.

The Group has access to a credit line in the sum of €150 million until 2014. Of this, €78.7 had been drawn down as at the balance sheet date.

Overall, the debt finance terms as of 31 December 2011 remained fixed at 4.59% (2010: 5.03%) for an average period of 6.6 years (2010: 6.5 years). Deutsche EuroShop maintains credit facilities with 24 banks which – with the exception of one in Austria – are all German banks.

Of 31 loans across the Group, credit terms were agreed with the financing banks on 11 of these. There are a total of 15 different covenants on debt service cover ratios (DSCRs), interest cover ratios (ICRs), changes in rental income and the loan-to-value ratio (LTV). All these covenants were met. Based on the budgeted figures, compliance with the covenants may also be assumed in the year under review.

At the beginning of April 2012, a loan to finance the Altmarkt-Galerie Dresden of €36.9 million is to be repaid ahead of schedule and replaced by a new loan. Scheduled repayments amounting to €22.1 million will be made from current cash flow during the 2012 financial year. Over the period from 2013 to 2016, average repayments will be around €17.4 million per year. No loans are due to expire in 2012. In 2013, loans amounting to €176.6 million will come up for renewal. For 2014 this figure is €93.6 million, for 2015 €78.6 million and for 2016 €171.5 million.

Short and long-term bank loans and overdrafts totalling €1,472.1 million were recognised in the balance sheet as of the reporting date. The difference compared with the amounts stated here of €5.1 million relates to deferred interest and repayment obligations that were settled at the beginning of 2012.

Investment analysis: Investments remain at a high level

In the 2011 financial year, investments totalled €352 million. The Billstedt-Center was acquired on 1 January 2011 and the Allee-Center Magdeburg on 1 October 2011, together amounting to investments with a fair value of €274.8 million. In addition, the expansion and modernisation measures in the Altmarkt-Galerie Dresden, the A10 Center and the Main-Taunus-Zentrum required an investment of €77.1 million. Ongoing investments in portfolio properties amounted to €6.8 million.

Overview of loan structure as at 31 December 2011

Total = 1,467.0 | € million

	€ million	% of total loans	Duration (years) in %;	Average interest rate in %
Up to 1 year	137.6	9.4	1.0	3.47
1 to 5 years	589.8	40.2	3.60	4.87
5 to 10 years	600.4	40.9	9.49	4.52
Over 10 years	139.3	9.5	15.27	4.73
Total		**100.0**	**6.58**	**4.59**

Liquidity analysis: Cash flow significantly higher

The Group's operating cash flow of €98.7 million (2010: €70.0 million) is the amount that the Group generated for shareholders following the deduction of all costs from the leasing of the shopping center floor space. It primarily serves to finance the dividends of Deutsche EuroShop AG and payments to third-party shareholders.

Cash flow from operating activities amounted to €249.4 million (2010: €-94.2 million) and, in addition to operating cash flow, contains changes in receivables and other assets as well as other liabilities and provisions. The outflow of the purchase price (€156.7 million) for the Billstedt-Center Hamburg, which was paid at the end of 2010, is recognised under other assets. This is, however, merely a reallocation from investment activities to cash flow as the Center was recognised for the first time in the reporting year, at fair value, and is contained in investment properties (as-if presentation). Meanwhile, advance payments on the purchase prices for the increase in our shareholdings in the Allee-Center Hamm and the Rhein-Neckar-Zentrum amounted to €9.1 million as of 1 January 2012.

Cash flow from financing activities declined from €363.9 million to €101.9 million. Cash inflows from non-current financial liabilities, amounting to €184.0 million, resulted primarily from the raising of a new loan in connection with the acquisition of the Billstedt-Center and the financing of the expansion measures in the A10 Center and the Main-Taunus-Zentrum. Furthermore, the purchase price paid for the Allee-Center Magdeburg was financed by utilising a short-term credit line from Deutsche EuroShop AG. Dividends paid to shareholders totalled €56.8 million. Payments to third-party shareholders comprise the purchase prices of the shareholdings in the two centers in Hameln and Wolfsburg and distributions paid out during the year under review.

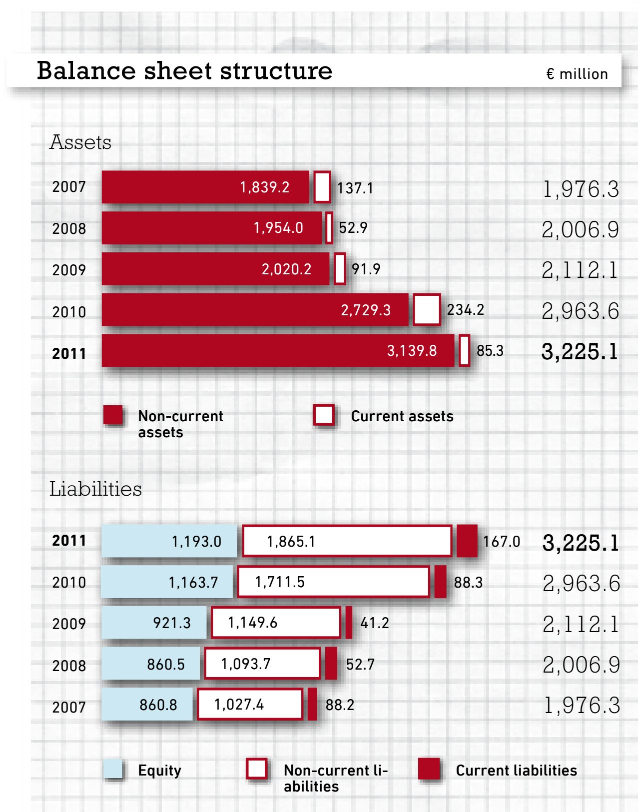
Cash and cash equivalents declined slightly in the year under review to €64.4 million (2010: €65.8 million).

NET ASSETS

Balance sheet analysis

The Group's total assets increased by €261.5 million from 2,963.6 million to €3,225.1 million.

€ thousand	2011	2010	Change
Current assets	85,348	234,236	-148,888
Non-current assets	3,139,777	2,729,340	410,437
Current liabilities	166,982	88,294	78,688
Non-current liabilities	1,865,102	1,711,545	153,557
Equity	1,193,041	1,163,737	29,304
Total assets	**3,225,125**	**2,963,576**	**261,549**



Current assets reduced due to acquisition of a center

At year end, current assets amounted to €85.3 million, a decline of €148.9 million year-on-year (2010: €234.2 million). The fall is largely due to the transfer of the Billstedt-Center to investment properties on 1 January 2011, as the purchase price including ancillary acquisition costs (€156.7 million) had already been paid in the previous year and reported under other current assets. Trade receivables increased by €2.1 million from €3.5 million to €5.6 million due to additions to the group of consolidated companies and the increased business volume.

Cash and cash equivalents amounted to €64.4 million on the reporting date, €1.4 lower than at the end of the previous year (€65.8 million). The majority was invested short-term as time deposits.

Non-current assets increased as a result of consolidation and investment

Non-current assets rose by €410.5 million from €2,729.3 million to €3,139.8 million in the year under review, while investment properties increased by €406.1 million, €274.3 million of which was attributable to the first-time full consolidation of the Billstedt-Center and the Allee-Center Magdeburg. The expansion measures at our centers in Dresden, Sulzbach and Wildau also led to investments totalling €70.2 million. Costs of investments in portfolio properties amounted to €6.8 million. The revaluation of our property portfolio also resulted in value increases amounting to €64.1 million and value decreases totalling €9.8 million.

Compared with the previous year, other non-current assets increased by a net €4.3 million as a result of remeasurements, due in particular to the higher valuation of the stake in the Galeria Dominikanska in Wroclaw.

Temporary increase in current liabilities

Current liabilities rose by €78.7 million from €88.3 million to €167.0 million, due in particular to the increase in short-term bank loans and liabilities (+ €75.1 million). This was primarily due to the higher drawdown on a credit line in connection with the interim financing of the purchase price for the stake in the Allee-Center Magdeburg.

Other current liabilities rose by €3.6 million net, primarily due to an increase in tax liabilities.

Non-current liabilities up due to financing

Non-current liabilities rose by €153.6 million from €1,711.5 million to €1,865.1 million, due in large part to an increase in non-current liabilities to banks, which rose by €108.9 million to €1,336.0 million. In addition, deferred tax liabilities rose by €25.8 million to €210.6 million and third-party interests in the equity of property companies by €2.3 million to €280 million. Other liabilities increased by €16.7 million to €38.5 million (2010: €21.8 million), largely due to the valuation of swaps.

Equity

At €1,193.0 million, Group equity was up €29.3 million on the previous year (€1,163.7 million).

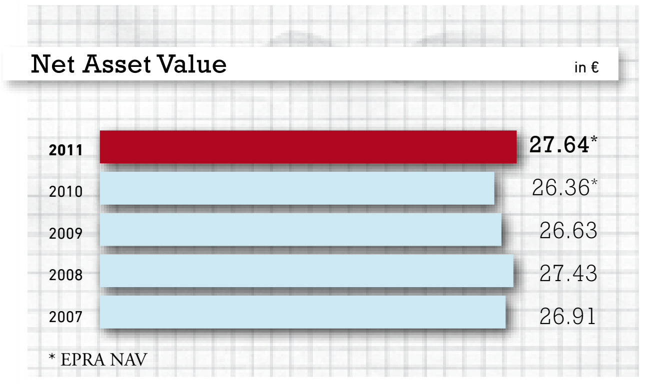
The changes in the reporting year resulted from the valuation of interest rate swaps (€-16.4 million), the deferred taxes resulting therefrom (€+5.6 million) and the valuation of the stake in Galeria Dominikanska in Wroclaw in accordance with IAS 39 (€+3.9 million). Other changes produced an increase of €36.2 million in equity which resulted in particular from the difference between the consolidated profit of €93.4 million and the dividend of €56.8 million paid out in June 2011.

Net Asset Value further increased

In the year under review, we have for the first time reported net asset value (NAV) in accordance with the best practice recommendations of the European Public Real Estate Association (EPRA). It differs from the previous presentation only in that it takes into account the present value of the swaps recognised in equity and the resulting deferred taxes.

In accordance with these recommendations, net asset value as of 31 December 2011 amounted to € 1,427.3 million or €27.64 per share, compared with €1,427.3 million or €26.36 per share in the previous year. Net asset value has thus risen by €66.2 million or 4.9% over the previous year.

€ thousand	31.12.2011	31.12.2010
Equity	1,193,041	1,163,737
Deferred taxes	210,586	184,830
Negative swap values	35,028	18,623
Resulting deferred taxes	-11,367	-6,088
EPRA NAV	1,427,289	1,361,102
EPRA NAV per share	**27.64 €**	**26.36 €**



EPRA also recommends that an EPRA NNNAV (triple NAV) be calculated, which roughly corresponds to the liquidation value of the company. This adjusts the EPRA NAV to take account of hidden liabilities or undisclosed reserves resulting from the market valuation of bank loans and overdrafts, as well as deferred taxes. As of 31 December 2011, the EPRA NNNAV amounted to €1,153.6 million, compared with €1,140.4 million in the previous year. This resulted in an EPRA NNNAV per share of €22.35, compared with €22.09 in the previous year, an increase of 1.2%. The reason for this considerably lower increase compared with that of the EPRA NAV (+4.9%) is the decline in capital market interest rates, as a result of which the hidden liabilities resulting from bank loans and overdrafts have increased significantly.

€ thousand	31.12.2011	31.12.2010
EPRA NAV	1,427,289	1,361,102
Negative swap values	-35,028	-18,623
Negative present value of bank loans and overdrafts	-55,685	-33,533
Total deferred taxes	-182,589	-168,554
EPRA NNNAV	1,153,589	1,140,391
EPRA NNNAV per share	**22.35 €**	**22.09 €**

Overall comment by the Executive Board on the economic situation

The past financial year again confirmed the Deutsche EuroShop Group's good position. We have again managed to exceed our original forecasts, despite a changed tax framework.

ENVIRONMENT

Climate protection is one of the most important issues for Deutsche EuroShop. We believe that sustainability and profitability, the shopping experience and environmental awareness are not opposing forces. Long-term thinking is part of our strategy. This includes playing our part in environmental protection.

In 2011, all our German shopping centers had contracts with suppliers that use regenerative energy sources such as hydroelectric power for their electricity needs. The "EnergieVision" organisation certified the green electricity for our centers in Germany with the renowned "ok-power" accreditation in 2011. We plan to switch the centers in other countries to green electricity as well in the next few years.

The German centers used a total of around 59.4 million kWh of green electricity in 2011. This represented 100% of the electricity requirements in these shopping centers, which also used 1.1 kWh less than in the previous year. As a result, based on conservative calculations this meant a reduction of around 23,400 tonnes in carbon dioxide emissions – this equates to the annual CO^{2} emissions of around 1,060 two-person households. We have already reduced the energy consumption of our shopping centers by using heat exchangers and energy-saving light bulbs.

Deutsche EuroShop, through its shopping centers, also supports a range of activities at local and regional level in the areas of ecology, society and economy.

REPORTS NOT INCLUDED

A **research and development** (R&D) report is not required as part of the Management Report because Deutsche EuroShop does not need or pursue any research and development in line with its original business purpose.

The Company's business purpose, which is to manage assets, does not require **procurement** in the traditional sense. For this reason, this topic is not covered by a separate section of the Management Report.

At the reporting date Deutsche EuroShop AG employed only five people and therefore did not prepare a separate **human resources report**.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

With effect from 1 January 2012, the Deutsche EuroShop AG acquired 5.1% of the Rathaus-Center Dessau KG, taking its shareholding to 100%. The purchase price of €5.9 million was paid at the beginning of 2012. In addition, with effect from 1 January 2012 around 11% of the Allee-Center Hamm KG (purchase price €8.9 million) and 0.1% of the Rhein-Neckar-Zentrum KG (purchase price €0.2 million) was acquired. Deutsche EuroShop AG now holds 100% of the shares in these companies as well. The purchase prices were paid at the end of 2011 and are recognised under other assets. In accordance with IFRS 3, the share purchases resulted in an excess of cost of acquisition over identified net assets acquired of €0.5 million.

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

RISKS AND OPPORTUNITIES MANAGEMENT, INTERNAL CONTROL SYSTEM

PRINCIPLES

Deutsche EuroShop's strategy is geared towards maintaining and sustainably increasing shareholders' assets as well as generating sustainably high surplus liquidity from leasing real estate, thereby ensuring that the shareholders can share in the success of the company over the long term through the distribution of a reasonable dividend. The focus of the risk management system is therefore on monitoring compliance with this strategy and, building on this, the identification and assessment of risks and opportunities as well as the fundamental decision on how to manage these risks. Risk management ensures that risks are identified at an early stage and can then be evaluated, communicated promptly and mitigated. Monitoring and management of the risks identified form the focal point of the internal control system, which at Group level is essentially the responsibility of the Executive Board. The internal control system is an integral part of the risk management system.

The auditor, within the framework of its legal mandate for auditing the annual financial statements, checks whether the early warning system for risks is suitable for detecting at an early stage any risks or developments that might endanger the Company.

Risk analysis involves the identification and analysis of factors that may jeopardise the achievement of objectives. The risk analysis process answers the question of how to deal with risks given ongoing changes in the environment, the legal framework and working conditions. The resulting control activities are to be embedded into processes that are essential to the realisation of business targets.

KEY FEATURES

Under existing service contracts, the Executive Board of Deutsche EuroShop AG is continuously briefed about the business performance of individual property companies. Financial statements and financial control reports are submitted on a quarterly basis for each shopping center, with medium-term corporate plans submitted annually. The Executive Board regularly reviews and analyses these reports, using the following information in particular to assess the level of risk:

1. Portfolio properties

- Trends in accounts receivable
- Trends in occupancy rates
- Retail sales trends in the shopping centers
- Variance against projected income from the properties

2. Centers under construction

- Pre-letting levels
- Construction status
- Budget status

Risks are identified by observing issues and changes that deviate from the original plans and budgets. The systematic analysis of economic data such as consumer confidence and retail sales trends is also incorporated into risk management. The activities of competitors are also monitored continually.

FINANCIAL STATEMENT PREPARATION PROCESS

Preparation of the financial statement is a further important part of the internal control system and is monitored and controlled at the level of the Group holding company. Internal regulations and guidelines ensure the conformity of the annual financial statements and the consolidated financial statements.

The decentralised preparation of Group-relevant reports by the service provider is followed by the aggregation and consolidation of the individual annual financial statements and the preparation of the information for reporting in the notes and Management Report in the accounting department of the holding company, with the aid of the consolidation software "Conmezzo". This is accompanied by manual process controls such as the principle of dual control by the employees charged with ensuring the regularity of financial reporting and by the Executive Board. In addition, within the scope of his auditing activities, the auditor of the consolidated financial statements performs process-independent auditing work, also with respect to financial reporting.

ADVICE ON LIMITATIONS

By virtue of the organisational, control and monitoring measures laid down in the Group, the internal control and risk management system enables the full recording, processing and evaluation of Company-related facts as well as their proper presentation in Group financial reporting.

Decisions based on personal judgement, flawed controls, criminal acts or other circumstances cannot be entirely ruled out, however, and may limit the effectiveness and reliability of the internal control and risk management system that is in use. Consequently, the application of the systems used cannot guarantee absolute security as to the correct, complete and timely recording of facts in Group financial reporting.

The statements made relate solely to those subsidiaries included in the consolidated financial statements of Deutsche EuroShop for which Deutsche EuroShop is in a position, directly or indirectly, to dictate their financial and operating policies.

PRESENTATION OF MATERIAL INDIVIDUAL RISKS

Cyclical and macroeconomic risks

Germany's economic growth exceeded the average for the countries of the European Union in 2011 and the country remains the economic dynamo of Europe. Gross domestic product rose by 3% compared with the previous year, on the back of a broad-based, dynamic upturn across almost all sectors of the economy.

The high level of competitiveness of German companies allowed them to continue the previous year's export success, but private consumption and a strong labour market that is already showing signs of a shortage of skilled workers also bolstered domestic growth in the past year. Germany is and remains the main beneficiary of the continuing basic momentum of the Chinese and emerging market economies. The uncertainties hanging over the global economy remain. The expectation is that global growth will begin to lose momentum this year. The German Bundesbank expects Germany's GDP to rise by around 0.6%.

The prices of all goods and services for private consumption were on average 2.3% higher in 2011 than in the previous year. Following on from moderate rates of inflation in 2009 and 2010 (2010: +1.1%, 2009: +0.4%), 2011 witnessed the highest annual price rises since 2008. Inflation was 2% or above in every single month of 2011, primarily as a result of developments in the energy and commodities markets.

In view of its business model – long-term, inflation-proof letting of retail space – and the associated risks, Deutsche EuroShop AG is not as severely affected by short-term economic developments as other sectors. Past experience has demonstrated that by locating our shopping centers in prime locations and by ensuring broad sector diversification within the centers, we can achieve commercial success even during periods of stagnation.

Market and sector risks

There has been a structural change in the retail trade in recent years, caused by shifts in demand patterns and new product formats. The greatest success has been enjoyed by large-scale retail operations that are able to offer customers a wide range of goods. Deutsche EuroShop' business model enables it to benefit from this development, especially as the experience aspect of shopping has gained in importance and a trend towards shopping as a recreational and lifestyle activity has become apparent.

We regard this development as more of an opportunity than a risk, as a decline in consumer spending at the macroeconomic level would not necessarily have a negative impact on retailers' revenue in our shopping centers.

Provisional calculations show that nominal retail revenues rose by 2.6% in 2011, thus exceeding the 2.3% increase seen in the previous year. We therefore believe that domestic demand will remain strong.

We minimise market and sector risks through in-depth market intelligence and by concluding long-term contracts with tenants with strong credit ratings in all retail segments.

Risk of rent loss

It is possible that tenants may be unable to meet their obligations under existing leases or that the previous rents may no longer be obtained in the case of new and follow-on rentals. As a result, income would turn out to be less than budgeted, and distributions to shareholders might have to be reduced. If the rental income for a property company is no longer sufficient to meet its interest and repayment obligations, this could lead to the loss of the entire property. Tenants' revenue trends and the accounts receivable trends are regularly analysed in this respect, and measures to find new tenants are initiated at an early stage if there are signs of any negative developments.

The tenants furnish corresponding security deposits against the risk of default. In addition, write-downs are recognised in the accounts in individual cases.

Cost risk

Expenditure on current maintenance or investment projects can turn out higher than budgeted on the basis of experience. We minimise risks from cost overruns in current investment projects by costing in all identifiable risks in the planning stage as a precautionary measure. In addition, construction contracts are only awarded on a fixed-price basis to general contractors with strong credit ratings. During the building phase, professional project management is assured by the companies we commission. However, it is impossible in principle to completely avoid cost overruns in ongoing construction projects in individual cases.

Valuation risk

The value of a property is essentially determined by its capitalised earnings value, which in turn depends on factors such as the level of annual rental income, the underlying location risk, the evolution of long-term capital market rates and the general condition of the property. A reduction in rental income or a deterioration of the location risk necessarily results in a lower capitalised earnings value. The appreciation of the properties is therefore also significantly influenced by a variety of macroeconomic or regional factors as well as developments specific to the property that can neither be foreseen nor influenced by the Company. The factors described are taken into account in the annual valuations of our portfolio properties by independent appraisers. Changes in value are recognised in the income statement of the consolidated financial statements in accordance with the requirements of IAS 40 and may thus increase the volatility of the consolidated profit. However, this generally has no effect on the Group's solvency.

Currency risk

Deutsche EuroShop AG's activities are limited exclusively to the European economic area. Manageable currency risks arise in the case of the Eastern European investees. These risks are not hedged because this is purely an issue of translation at the reporting date and is therefore not associated with any cash flow risks. The currency risk from operations is largely hedged by linking rents and loan liabilities to the euro. A risk could arise if the Hungarian forint or the Polish zloty were to plummet against the euro such that tenants were no longer able to pay what would then be considerably higher rents denominated in foreign currency.

Financing and interest rate risks

We minimise the interest rate risk for new property financing as far as possible by entering into long-term loans with fixed-interest periods of up to 20 years. It cannot be ruled out that refinancing may only be possible at higher interest rates than before. The interest rate level is materially determined by the underlying macroeconomic conditions and therefore cannot be predicted by us.

The possibility cannot be completely excluded that, owing for example to a deterioration in the Company's results of operations, banks may not be prepared to provide refinancing or to extend credit lines. We monitor the interest rate environment closely so as to be able to react appropriately to interest rate changes with alternative financing concepts or hedging if necessary. At an average interest rate of 4.59%, this does not currently represent a significant risk within the Group, particularly as the most recent refinancing was concluded at lower interest rates than the original financing and the present average interest rate.

Deutsche EuroShop AG uses derivatives that qualify for hedge accounting to hedge interest rate risks. These interest rate swap transactions transform variable interest rates into fixed interest rates. An interest rate swap is an effective hedge if the principal amounts, maturities, repricing or repayment dates, interest payment and principal repayment dates, and the basis of calculation used to determine the interest rates are identical for the hedge and the underlying transaction and the party to the contract fulfils the contract. Financial instruments are not subject to liquidity or other risks. The Group counters the risk of default by stringently examining its contract partners. A test of effectiveness for the hedges described is implemented regularly.

Risk of damage

The property companies bear the risk of total or partial destruction of the properties. The insurance payouts due in such a case might be insufficient to compensate fully for the damage. It is conceivable that sufficient insurance cover for all theoretically possible losses does not exist or that the insurers may refuse to provide compensation.

IT risk

Deutsche EuroShop's information system is based on a centrally-managed virtual network solution. Corrective and preventive maintenance of the system is carried out by an external service provider. A virus protection concept and permanent monitoring of data traffic with respect to hidden and dangerous content are designed to protect against external attacks. All data relevant to operations is backed up on a daily basis. In the event of a hardware or software failure in our system, all data can be reproduced at short notice.

Personnel risk

Given the small number of employees of Deutsche EuroShop AG, the Company is dependent on individual persons in key positions. The departure of these key staff would lead to a loss of expertise, and the recruitment and induction of new replacement personnel could temporarily impair ongoing day-to-day business.

Legal risk

The concept for our business model is based on the current legal situation, administrative opinion and court decisions, all of which may, however, change at any time.

EVALUATION OF THE OVERALL RISK POSITION

On the basis of the monitoring system described, Deutsche EuroShop has taken appropriate steps to identify developments jeopardising its continued existence at an early stage and to counteract them. The Executive Board is not aware of any risks that could jeopardise the continued existence of the Company.

OUTLOOK

Private consumption is a major support for the German economy

As German economic growth remained strong and exceeded the forecasts in 2011, the outlook for 2012 and 2013 is also generally positive, provided the euro debt crisis can be prevented from spinning out of control. However, economists are predicting that economic growth will become more moderate. Following a weak start, 2012 is expected to bring a slight economic pickup, with real annual GDP grow of less than 1%, following on from 3% in 2011. Germany is expected to achieve growth of between 1% and 2% in 2013. The forecasters are banking on a continuing positive trend in the domestic economy, particularly with regard to private consumption, amid expectations of a perceptible boost to salaries in real terms across Germany. The robust labour market in Germany has also been a cause of some surprise. The rise in employment in recent months and the fall in unemployment to levels which have not been seen for decades are underpinning the positive outlook.

Sound outlook for our shopping centers

We expect this positive trend to be echoed in our shopping centers. The expansion and modernisation measures at the A10 Center, the Altmarkt-Galerie Dresden and the Main-Taunus-Zentrum were completed in the year under review and retailers' revenues have developed positively. Ten years after they first opened, lease renewals were successfully concluded in the City-Arkaden Wuppertal and the City-Galerie Wolfsburg Many rental agreements are due to expire in 2012 and 2013 in City-Point Kassel, the Altmarkt-Galerie Dresden (old portfolio) and the Rhein-Neckar-Zentrum, the majority of which have already been extended At the present time, the occupancy rate across all our shopping centers continues to exceed 99%. At the end of 2011, the level was 98.5%, slightly below the previous year's level (99.3%). Retail space also witnessed a slight decline from 99.9% to 99.6%. The main effect of these declines was around 4,000 m² of vacant office space in the Altmarkt-Gallerie Dresden, built as part of the extension, and of around 2,500 m² in Árkád Pécs, which can be put down to the difficult economic environment in Hungary. However, outstanding rents and necessary valuation allowances remain stable at a low level. We see no sign of a significant change in this satisfactory situation.

Transaction market remains strong

Against a background of ongoing uncertainty on the financial markets and fears that inflation may rise sharply, the global demand for capital investments that retain value remains strong, particularly in financially well-positioned countries such as Germany. This is driving demand for properties for which there is insufficient supply. Retail property in particular is a focus of interest among many institutional investors, leading to very high transaction prices and correspondingly low anticipated returns for core properties. We will therefore continue to monitor developments on the real estate market intensively. As in the past, we will only make new investments if the return that is achievable over the long term bears a reasonable relation to the investment risks.

Agreed transactions are the foundation for revenue and earnings planning

The Deutsche EuroShop Group's revenue and earnings planning for 2012 and 2013 does not include the purchase or sale of any properties. The results of the annual valuation of our shopping centers and exchange rate factors are not included in our planning since they are not foreseeable.

Forecasts about the future revenue and earnings situation of our Group are based on

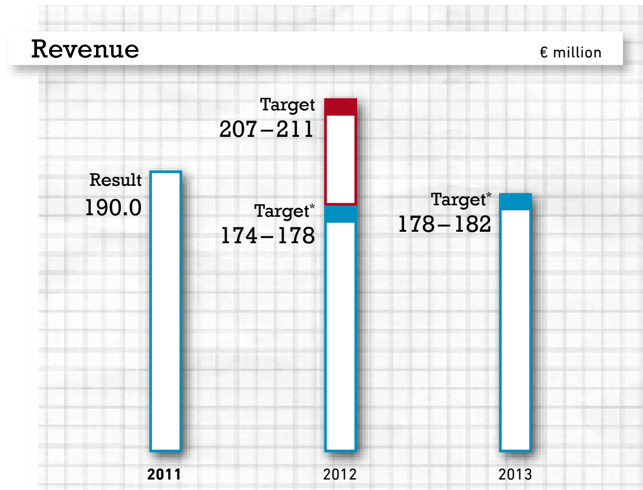
a) the development of revenue and earnings of the existing shopping centers,
b) the assumption that there will be no substantial reduction in revenue in the retail sector that would cause a large number of retailers to no longer be able to meet their obligations under existing leases and
c) the switching of proportionally consolidated companies to equity accounting from the 2013 financial year.

Switch to equity method accounting from 1 January 2013

Changes to the International Accounting Standards mean that the proportional consolidation of our joint ventures will probably no longer be permitted after 2013. The share in the revenue and costs of these companies will no longer be included in the consolidated financial statements. Instead, only the share in the results of these shopping centers will be reported under net finance costs.

Revenue to rise by 10% in 2012

We anticipate an increase in revenue of around 10% to between €207 million and €211 million in the 2012 financial year. In particular, the revenue contribution of the Allee-Center Magdeburg and the additional revenues from the expansion completed in 2011 are expected to make a positive impact. If we were to switch to equity method accounting in the 2012 financial year, the expected revenue would be between € 174 million and €178 million. Revenues are expected to increase again slightly in 2013 and, after the change to equity accounting, reach a level of between €178 million and €182 million.

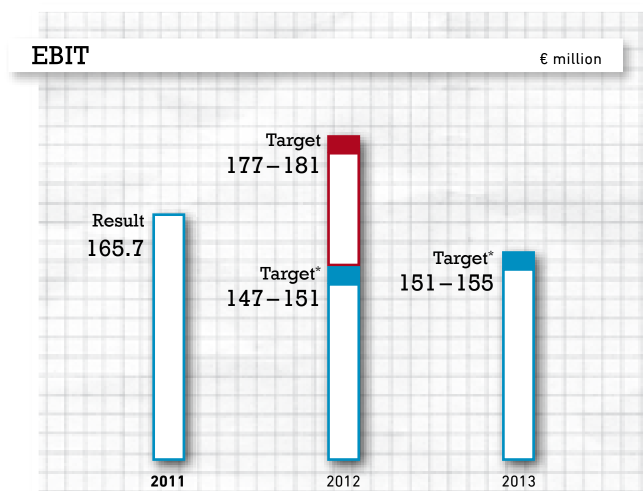


* Accounted for using the equity method

Further growth in earnings in the next two years

Earnings before interest and taxes (EBIT) amounted to €165.7 million in 2011. According to our forecast, EBIT will amount to between €177 million and €181 million in the current financial year (+8%), or if equity method accounting were to be applied in 2012, between €147 million and €151 million. Taking into account the change in accounting method, EBIT should increase to between €151 million and €155 million in 2013 (+3%).

Earnings before tax (EBT) excluding measurement gains and losses amounted to €86.6 million during the year under review. We expect the corresponding figure to be between €90 million and €93 million for the 2012 financial year (+6%) and between €94 and €97 million for the 2013 financial year (+4%). As equity accounting means that the results of the companies concerned are recognised in net finance costs, earnings before taxes excluding measurement gains or losses are not affected by the switch to equity accounting.



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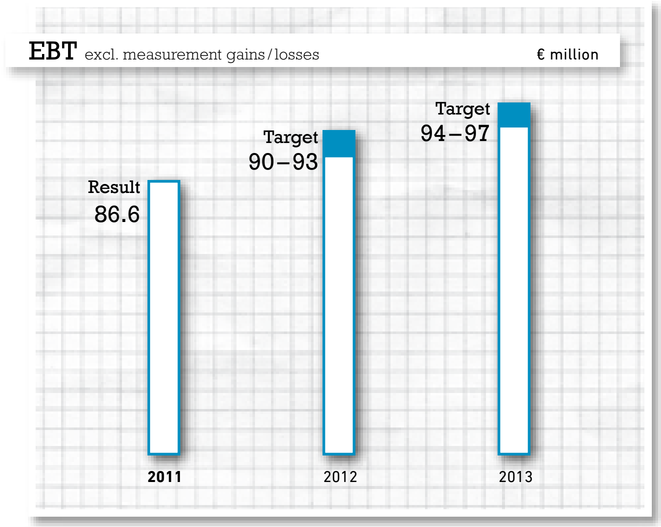
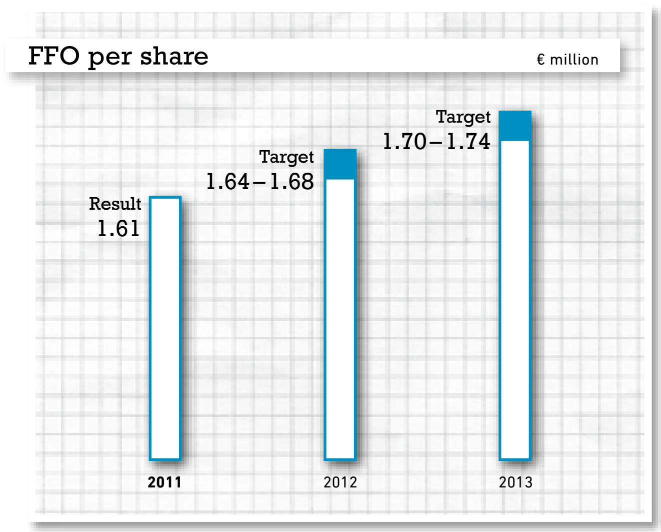




Positive FFO trend

Funds from operations (FFO) amounted to €1.61 per share in the year under review. We expect this figure to be between €1.64 and €1.68 in 2012 (+3%) and between €1.70 and €1.74 in 2013 (+4%).

Dividend policy

We intend to maintain our long-term dividend policy geared towards continuity. We therefore aim to distribute a dividend of €1.10 per share to our shareholders again in 2012 and 2013.

Forward-looking statements
This Management Report 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 being forecast.

Consolidated FINANCIAL STATEMENTS

2011

Deutsche EuroShop AG Consolidated Financial Statements for Financial Year 2011

ASSETS

in € thousand	Note	31.12.2011	31.12.2010 before adjustment	31.12.2010 adjustment	31.12.2010 after adjustment
ASSETS					
Non-current assets					
Intangible assets	1.	20	29		29
Property, plant and equipment	2.	137	30		30
Investment properties	3.	3,106,832	2,700,697		2,700,697
Non-current financial assets	4.	27,815	23,885		23,885
Investments in equity-accounted associates	5.	4,514	4,094		4,094
Other non-current assets	6.	459	605		605
Non-current assets		**3,139,777**	2,729,340	0	**2,729,340**
Current assets					
Trade receivables	7.	5,606	3,481		3,481
Other current assets	8.	15,334	164,971		164,971
Cash and cash equivalents	9.	64,408	65,784		65,784
Current assets		**85,348**	234,236	0	**234,236**
Total assets		**3,225,125**	**2,963,576**	**0**	**2,963,576**

EQUITY AND LIABILITIES

in € thousand	Note	31 Dec 2011	31 Dec 2010 before adjustment	31 Dec 2010 adjustment	31 Dec 2010 after adjustment
EQUITY AND LIABILITIES					
Equity and reserves					
Issued capital		51,631	51,631		51,631
Capital reserves		890,482	890,130	485	890,615
Retained earnings		250,928	307,891	-86,400	221,491
Total equity	10.	**1,193,041**	1,249,652	-85,915	**1,163,737**
Non-current liabilities					
Bank loans and overdrafts	11.	1,335,986	1,227,096		1,227,096
Deferred tax liabilities	12.	210,587	101,052	83,778	184,830
Right to redeem of limited partners		280,078	277,780		277,780
Other liabilities	17.	38,451	21,839		21,839
Non-current liabilities		**1,865,102**	1,627,767	83,778	**1,711,545**
Current liabilities					
Bank loans and overdrafts	11.	136,163	61,060		61,060
Trade payables	13.	2,835	6,145		6,145
Tax liabilities	14.	5,935	450	2,137	2,587
Other provisions	15.	8,859	7,329		7,329
Other liabilities	16.	13,190	11,173		11,173
Current liabilities		**166,982**	86,157	2,137	**88,294**
Total equity and liabilities		**3,225,125**	2,963,576	0	**2,963,576**

CONSOLIDATED INCOME STATEMENT

in € thousand	Note	2011	2010 before adjustment	2010 adjustment	2010 after adjustment
Revenue	18.	189,975	144,189	0	144,189
Property operating costs	19.	-8,519	-7,320	0	-7,320
Property management costs	20.	-9,814	-7,892	0	-7,892
Net operating income (NOI)		**171,642**	128,977	0	**128,977**
Other operating income	21.	1,010	946	0	946
Other operating expenses	22.	-6,991	-5,891	0	-5,891
Earnings before interest and taxes (EBIT)		**165,661**	124,032	0	**124,032**
Income from investments	23.	1,261	1,413	0	1,413
Interest income		862	1,040	0	1,040
Interest expense		-65,761	-54,075	0	-54,075
Income from equity-accounted associates	24.	270	-593	0	-593
Profit/loss attributable to limited partners	25.	-15,730	-7,948	0	-7,948
Net finance costs		**-79,098**	-60,163	0	**-60,163**
Measurement gains/losses	**26.**	**41,811**	33,129	0	**33,129**
of which excess of identified net assets acquired over cost of acquisition in accordance with IFRS 3: € 7,888 thousand (previous year: € 13,298 thousand)					
Earnings before tax (EBT)		**128,374**	96,998	0	**96,998**
Income tax expense	27.	-34,978	-15,180	-89,631	-104,811
Other taxes		0	-1	0	-1
Consolidated profit		**93,396**	**81,817**	**-89,631**	**-7,814**
Basic earnings per share (€)	31.	1.81	1.80	-1.97	-0.17
Diluted earnings per share (€)	31.	1.81	1.80	-1.97	-0.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	Note	2011	2010 before adjustment	2010 adjustment	2010 after adjustment
Consolidated profit		**93,396**	81,817	-89,631	**-7,814**
Changes due to currency translation effects		-373	246	0	246
Changes in cash flow hedge	29.	-16,405	-864	0	-864
Change due to IAS 39 measurement of investments	4.. 29.	3,930	-870	0	-870
Other changes		0	0	0	0
Deferred taxes on changes in value offset directly against equity	12.	5,684	94	3,716	3,810
Total earnings recognised directly in equity		**-7,164**	-1,394	3,716	**2,322**
Total profit		**86,232**	**80,423**	**-85,915**	**-5,492**
Share of Group shareholders		86,232	80,423	-85,915	-5,492

CONSOLIDATED CASH FLOW STATEMENT

in € thousand	Note	01.01.– 31.12.2011	01.01.– 31.12.2010
Profit after tax		**93,396**	**-7,814**
Expenses/income from the application of IFRS 3	26.	-7,888	-13,298
Profit/loss attributable to limited partners	25., 26.	27,596	10,917
Depreciation of property, plant and equipment	1., 2.	36	24
Unrealised changes in fair value of investment property	26.	-54,302	-31,431
Profit / loss for the period of equity-accounted companies	24.	-270	593
Expenses from investment activities to be allocated to the cash flow	26.	8,512	8,631
Deferred taxes	27.	31,606	102,358
Operating cash flow		**98,686**	**69,980**
Changes in receivables*	6., 7., 8., 29.	147,660	-158,096
Changes in other financial investments		0	1,600
Changes in current provisions	15.	1,482	-14,091
Changes in liabilities	13., 14., 16., 17., 29.	1,593	6,440
Cash flow from operating activities		**249,421**	**-94,167**
Payments to acquire property, plant and equipment/investment properties	2., 3.	-77,201	-77,975
Expenses from investment activities to be allocated to the cash flow		-8,512	-8,631
Payments to acquire shareholdings in consolidated companies and business units*		-266,323	-201,376
Inflows/outflows to/from the financial assets		-150	145
Cash flow from investing activities		**-352,186**	**-287,837**
Changes in interest-bearing financial liabilities	11.	183,993	166,244
Payments to Group shareholders		-56,795	-46,320
Contributions of Group shareholders		0	253,675
Contributions of third-party shareholders		0	4,225
Payments to third-party shareholders		-25,319	-13,951
Cash flow from financing activities		**101,879**	**363,873**
Net change in cash and cash equivalents		**-886**	**-18,131**
Cash and cash equivalents at beginning of period		**65,784**	**81,914**
Currency-related changes		-487	330
Other changes		-3	1,671
Cash and cash equivalents at end of period	**9.**	**64,408**	**65,784**

* The purchase price including the ancillary acquisition costs (€156.7 million) for the acquisition of the Billstedt-Center Hamburg was recognised in the cash flow from operating activities in the previous year. In order to achieve a meaningful cross-period presentation of this transaction, changes connected with the initial consolidation are recognised gross in the reporting year.

STATEMENT OF CHANGES IN EQUITY

in € thousand	Note	Number of shares outstanding	Share capital	Capital reserves	Other retained earnings	Statutory reserve	Total
01.01.10		37,812,496	37,812	609,364	272,149	2,000	921,325
Change due to IAS 39 measurement of investments	4., 29.				-870		-870
Change in cash flow hedge	29.				-864		-864
Change due to currency translation effects					246		246
Change in deferred taxes	12.				94		94
Total earnings recognised directly in equity			0	0	-1,394	0	-1,394
Consolidated profit					81,817		81,817
Total profit					80,423		80,423
Dividend payments	10.				-46,320		-46,320
Other changes					-361		-361
Capital increase	10.	13,818,904	13,819	280,766	0		294,585
Trade tax (IAS 8 - correction of an error)				485	-86,400		-85,915
31.12.10		51,631,400	51,631	890,615	219,491	2,000	1,163,737
01.01.11		51,631,400	51,631	890,615	219,491	2,000	1,163,737
Change due to IAS 39 measurement of investments	4., 29.				3,930		3,930
Change in cash flow hedge	29.				-16,405		-16,405
Change due to currency translation effects					-373		-373
Change in deferred taxes	12.				5,684		5,684
Total earnings recognised directly in equity			0		-7,164	0	-7,164
Consolidated profit					93,396		93,396
Total profit					86,232		86,232
Change in deferred taxes	12.			-133	0		-133
Dividend payments	10.				-56,795		-56,795
31.12.11		51,631,400	51,631	890,482	248,928	2,000	1,193,041

NOTES 2011 TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2010

GENERAL DISCLOSURES

The Group parent company is Deutsche EuroShop AG, Hamburg, Germany. The Company's registered office is Oderfelder Strasse 23, 20149 Hamburg, Germany, and it is entered in the Hamburg commercial register under HRB 91799.

The consolidated financial statements of Deutsche EuroShop AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the supplementary provisions of German commercial law required to be applied under section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code). They are based on the premise of a going concern. All IFRSs and IFRIC interpretations endorsed by the European Commission and required to be applied as of 31 December 2011 have been applied.

In addition to the consolidated balance sheet, consolidated income statement and the consolidated statement of comprehensive income, the consolidated financial statements comprise the consolidated statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements.

Amounts are mainly presented in thousands of €.

Deutsche EuroShop AG focuses on acquiring, managing, using and selling investments of all kinds, and in particular investments in retail properties.

The preparation of the consolidated financial statements necessitates the use of estimates and assumptions. These affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date, as well as the recognition of income and expenses during the reporting period. The actual amounts can differ from these estimates. Expected cash flows and the discount factor in particular are critical parameters for the measurement of investment properties.

The consolidated financial statements as at 31 December 2011 were approved by the Audit Committee of the Supervisory Board on 18 April 2012 and are expected to be approved at the Supervisory Board's financial statements review meeting on 26 April 2012. Until the consolidated financial statements are adopted there is still a possibility that they may be amended.

A detailed list of the companies included in the consolidated financial statements forms part of the notes.

The annual financial statements of the consolidated companies were prepared as at 31 December 2011, the reporting date of the consolidated financial statements.

BASIS OF CONSOLIDATION AND CONSOLIDATION METHODS

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include all subsidiaries in which Deutsche EuroShop AG directly or indirectly holds a majority of voting rights, plus those companies which are joint ventures.

As at 31 December 2011, the basis of consolidation comprised, in addition to the parent company, 19 (previous year: 20) fully consolidated domestic and foreign subsidiaries and five (previous year: four) proportionately consolidated domestic and foreign joint ventures.

Deutsche EuroShop AG acquired the Billstedt-Center in Hamburg through a subsidiary with effect from 1 January 2011, having already paid the purchase price of €148.4 million at the end of 2010. 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 €7.9 million and was recognised under measurement gains/losses. It is offset by ancillary acquisition costs in connection with the acquisition of the property totalling €8.4 million and was recognised under measurement gains/losses. In the period under review, the company generated revenue of €10.8 million and a profit of €9.1 million.

in € thousand	Carrying amounts	Fair value
Acquired property assets	155,977	155.977
Purchase price	-148,375	-148.375
Deferred taxes	272	272
Excess of identified net assets acquired over cost of acquisition	**7,874**	**7.874**

With effect from 1 January 2011, Deutsche EuroShop acquired 5.1% of the limited partnership shares in Stadt-Galerie Hameln KG at a purchase price of €4.9 million, thereby increasing its shareholding to 100%. The acquisition of the shares resulted in an excess of identified net assets acquired over cost of acquisition of €0.2 million and was recognised under measurement gains/losses.

With effect from 1 July 2011, Deutsche EuroShop acquired 11% of the limited partnership shares in City-Galerie Wolfsburg KG at a purchase price of €6.5 million, thereby increasing its shareholding to 100%. The acquisition of the shares resulted in an excess of cost of acquisition over identified net assets acquired of €0.8 million and was recognised under measurement gains/losses.

Joint ventures

On 30 August 2011, Deutsche EuroShop AG acquired 50% of the shares in Einkaufscenter Allee-Center Magdeburg at a purchase price of €118.7 million. The transfer of benefits and encumbrances took place on 1 October 2011. The purchase price was paid at the start of October. The first-time proportionate consolidation of the company revealed an excess of identified net assets acquired over cost of acquisition of €0.6 million, which was recognised under measurement gains/losses. In the period under review, the company generated revenue of €2.0 million and a profit of €2.8 million (according to IFRS). If the acquisition date had been 1 January 2011, revenues of €7.8 million and profit of €8.1 million would have flowed into the consolidated income statement.

in € thousand	Carrying amounts	Fair value
Property assets	118,790	118,790
Cash and cash equivalents	634	634
Receivables and other assets	164	164
Deferred taxes	-233	-233
Provisions	-47	-47
Other liabilities	-168	-168
Net assets acquired	**119,140**	**119,140**
Purchase price	-118,583	-118,583
Excess of identified net assets acquired over cost of acquisition	**557**	**557**

The fair values of the assets and liabilities of the acquisitions recognised were calculated on the basis of a property valuation and the application of a cost-model approach.

Associates

In accordance with IAS 28, where Deutsche EuroShop AG can exercise a significant influence but not control over companies these are measured using the equity method, irrespective of the interest held in these companies. Six companies fall into this category as at the balance sheet date.

Investees

Investments over which Deutsche EuroShop AG has neither significant influence nor control are measured at fair value, in line with the provisions of IAS 39. This includes the investment in Ilwro Joint Venture Sp. z o.o., Warsaw.

CONSOLIDATION METHODS

For purchase accounting, the cost is eliminated against the parent company's interest in the re-valued equity of the subsidiaries at the date of acquisition or initial consolidation. Any remaining excess of identified net assets acquired over cost of acquisition is recognised as goodwill in intangible assets. Any excess of identified net assets acquired over cost of acquisition is recognised in income following a further reassessment.

Joint ventures are included proportionately in the consolidated financial statements in accordance with IAS 31. Alternatively, the equity method is also permissible. The assets and liabilities and the income and expenses of jointly controlled companies are included in the consolidated financial statements according to the interest held in these companies. Proportionate consolidation and accounting for goodwill follows the same principles applied to the consolidation of subsidiaries.

For associates measured in the consolidated financial statements using the equity method, the cost of the investment is recognised in income at an amount increased or reduced by the changes in equity corresponding to the equity interest of Deutsche EuroShop.

Intragroup transactions are eliminated as part of the consolidation of intercompany balances and of income and expenses.

CURRENCY TRANSLATION

The Group currency is the euro (€).

The companies located outside the eurozone that are included in the consolidated financial statements are treated as legally independent, but economically dependent, integrated companies. The reporting currencies of these companies (Polish zloty and Hungarian forint) therefore deviate from the functional currency (euro). Under IAS 21, annual financial statements prepared in foreign currencies are translated using the functional currency method, with the result that the balance sheet is to be translated as if the transactions had arisen for the Group itself, as the local currency of the integrated companies is deemed to be a foreign currency for these companies themselves.

Monetary values are therefore translated at the closing rate and non-monetary items at the rate that applied at the time of initial recognition. Non-monetary items to be reported at fair value are translated at the closing rate. Items in the consolidated income statement are translated at average rates for the year or, in the event of strong fluctuations, using the rate that applied on the date of the transaction. Any translation differences that may arise if the translation rates of the balance sheet and consolidated income statement differ are recognised in profit or loss.

A closing rate of HUF 311.13 (previous year: HUF 278.75) and an average rate of HUF 279.28 (previous year: HUF 275.48) were used in the translation of the separate Hungarian financial statements for Einkaufs-Center Arkaden Pécs KG, Hamburg from forint to euros. A closing rate of PLN 4.4168 (previous year: PLN 3.9603) and an average rate of PLN 4.1189 (previous year: PLN 3.9947) were taken as a basis for translating the separate financial statements of the Polish property company.

CHANGES IN ACCOUNTING POLICIES

ADJUSTMENT OF PREVIOUS YEAR'S VALUES IN ACCORDANCE WITH IAS 8 (CORRECTION OF AN ERROR)

The parent company Deutsche EuroShop AG is an asset management holding company that has until now availed itself of the "extended trade tax deduction" (section 9 para. 1 sentence 2 Gewerbesteuergesetz (GewStG – Trade Tax Act)). Because this approach was accepted by the tax authorities for many years, Deutsche EuroShop AG had no reason until the end of February 2011 to doubt that these deductions would also be possible in the future.

However, this was changed by a ruling by the German Federal Fiscal Court (BFH) on 19 October 2010 published on the BFH's website on 23 February 2011. It could no longer be assumed that this trade tax deduction would be possible in the future. The announcement coincided with the publication of provisional annual results on 24 February 2011. In view of the complex Group structures, reliable figures on the amount of deferred tax liabilities to be created were not available by the date of presentation. Given the circumstances, it was not possible to incorporate the information into the Company's annual financial statements. Under IAS 8.41 et seq., that represents an error that must be retroactively corrected.

The previous year's figures as at 31 December 2010 have been adjusted in the annual financial statements based on the assumption that the expanded trade tax deduction will no longer apply. The impact on the published statements is explained below. It was decided not to present the balance sheet amounts as at 1 January 2010, as the changes relate solely to the reporting date of 31 December 2010.

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

Provisions recognised in profit and loss have now been created for the deferred trade tax based on the measurement differences in previous years (€87.5 million) and for trade tax to be paid in the future on the current earnings for the time period in question (€2.1 million). Provisions of €3.7 million were recognised directly in equity.

The impact on the balance sheet, consolidated profit, NAV and FFO can be taken from the table below:

BALANCE SHEET in € thousand	31 Dec 2010 before adjustment	IAS 8 adjustment	31 Dec 2010 after adjustment
Equity (retained earnings)	1,249,652	-85,915	1,163,737
Deferred taxes	101,052	83,778	184,830
Tax liabilities	450	2,137	2,587
Total assets	**2,963,576**	**0**	**2,963,576**

INCOME STATEMENT in € thousand	2010 before adjustment	IAS 8 adjustment	2010 after adjustment
Income tax expense			
Current tax expense	-316	-2,137	-2,453
Deferred tax liabilities – domestic companies	-11889	-87,494	-99,383
Deferred tax liabilities – foreign companies	-2,975	0	-2,975
Total	**-15,180**	**-89,631**	**-104,811**

CONSOLIDATED PROFIT in € thousand and per share	2010 before adjustment	Per share before adjustment	IAS 8 adjustment	2010 after adjustment	Per share after adjustment
Tax expense up to 2009	0		-77,377	-77,377	-1.70 €
Measurement gains/losses	27,691	0.61 €	-2,952	24,739	0.54 €
Current profit	54,126	1.19 €	-9,302	44,824	0.98 €
Consolidated profit	**81,817**	**1.80 €**	**-89,631**	**-7,814**	**-0.17 €**

NET ASSET VALUE (NAV) in € thousand and per share	31 Dec 2010 before adjustment	Per share before adjustment	IAS 8 adjustment	31 Dec 2010 after adjustment	Per share after adjustment
Equity	1,249,652	24.20 €	-85,915	1,163,737	22.54 €
Deferred taxes	101,052	1.96 €	83,778	184,830	3.58 €
Total	**1,350,704**	**26.16 €**	**-2,137**	**1,348,567**	**26.12 €**

FUNDS FROM OPERATIONS (FFO)

in € thousand and per share

	31 Dec 2010 before adjustment	IAS 8 adjustment	31 Dec 2010 after adjustment
Consolidated profit	81,817	-89,631	-7,814
Measurement gains/losses for equity accounted-companies	122		122
Measurement gains/losses	-33,129		-33,129
Deferred taxes	14,864	87,494	102,358
FFO	63,674	-2,137	61,537
FFO per share	**1.40 €**	**-0.05 €**	**1.35 €**

REPORTING PRINCIPLES

The following standards and interpretations or amendments to these were applicable for the first time in financial year 2011:

- IFRS 1 First-Time Adoption of International Financial Reporting Standards (amendment, since 1 July 2010)
- IFRS 1 – First-Time Adoption of International Financial Reporting Standards – Annual Improvements to IFRSs (AIP 2010, since 1 January 2011)
- IFRS 3 – Business Combinations – Improvements to IFRSs (AIP 2010, since 1 July 2010)
- IFRS 7 – Financial Instruments: Disclosures – Improvements to IFRSs (AIP 2010, since 1 January 2011)
- IAS 1 – Presentation of Financial Statements – Improvements to IFRSs (AIP 2010, since 1 January 2011)
- IAS 24 – Related Party Disclosures (revision, from 1 January 2011)

Consequential amendments to IAS 21, IAS 28 and IAS 31 arising from IAS 27 Separate Financial Statements (since 1 July 2010)

- IAS 32 –Financial Instruments: Presentation (amendment, from 1 February 2010)
- IAS 34 – Interim Financial Reporting – Improvements to IFRSs (AIP 2010, since 1 January 2011)
- IFRIC 13 – Customer Loyalty Programmes – Amendments to IFRSs (AIP 2010, since 1 January 2011)
- IFRIC 14/IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendment, since 1 January 2011)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (since 1 July 2010)

The changes or new announcements had no or no material effects on the presentation of the net assets, financial position and results of operations of the Group.

In 2011, the IASB issued standards and interpretations of and amendments to existing standards which it was not yet compulsory to apply in the consolidated financial statements for this period.

IFRS 7 Financial Instruments: Disclosures (since 1 July 2011)

The official announcements that did not yet have to be applied in 2011 will be implemented in the year in which their application becomes compulsory for the first time. The effects of these individual amendments are being examined by the Group.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE AND EXPENSE RECOGNITION

Revenue and other operating income are recognised once the relevant service has been rendered or once the risk has passed to the customer. Operating expenses are recognised once the service has been utilised or at the time when they are booked through profit and loss. Interest income and expense are accrued.

INTANGIBLE ASSETS

Intangible assets relate exclusively to software purchased by Deutsche EuroShop AG. Additions are measured at cost. These are amortised at 20% using the straight-line method over the expected useful life of five years. The method of depreciation and the depreciation period are reviewed annually at the end of each financial year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is reported at cost, less scheduled depreciation and, where applicable, unscheduled write-downs (impairment charges).

Operating and office equipment comprises company cars, office equipment, fittings and technical equipment belonging to Deutsche EuroShop AG, and is depreciated using the straight-line method over three to 13 years. The method of depreciation and the depreciation period are reviewed annually at the end of each financial year.

INVESTMENT PROPERTIES

Under IAS 40, investment property must initially be measured at cost at the date of acquisition. Since 1 January 2009, property that is under construction and that is intended to be used as investment property following its completion also falls under the scope of IAS 40. Such property can either be recognised at amortised cost (cost model) or using the fair-value model.

Subsequently, all properties must be measured at their fair value and the annual net changes recognised in income under measurement gains/ losses. Investment property is property held for the long term to earn rental income or capital gains. Under IAS 40, investment property measured using the fair value model is no longer depreciated.

As in previous years, the fair values of the properties in the period under review were determined by the Feri EuroRating Services AG and GfK GeoMarketing GmbH appraisal team using the discounted cash flow (DCF) method. In accordance with the DCF method, future cash flows from the property in question are discounted back to the measurement date. In addition, the net income from the property is determined over a detailed planning period of ten years. A resale value is forecast for the end of the ten-year detailed planning phase. The net income is then capitalised over the remaining life. In a second step, the resale value is discounted back to the measurement date.

Averaged across all properties, 11.8% (2010: 11.7%) of rental income is deducted for management and administrative costs, with the result that net income equates to 88.2% (2010: 88.3%) of rental income. The management and administrative costs amounted to 9.7% of rental income in the year under review.

The capitalisation rate applied comprises a forecast yield on a ten-year German federal government bond and a premium that takes account of the individual risk profile of the property. Around 150 individual indicators are used to determine the risk profile. These include a forecast of population trends over the long term, the rate of employment and the resulting effects on retail demand, trends in the competitive environment and construction activity.

The discount rate averaged 6.68%, compared with 6.65% in the previous year. It is composed of an average yield of 4.34% on a ten-year German federal government bond (2010: 4.44%) and an average risk premium of 2.34% (2010: 2.21%).

On the basis of the expert appraisals, the property portfolio has an net initial yield of 5.92% for financial year 2011, compared with 5.89% in the previous year.

There is no differentiation between the domestic and international operations, as the differences are not material.

Borrowing and initial rental costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset until the time at which the asset is largely ready for its intended use. Income realised from the temporary investment of specifically borrowed funds up to the point when these are used to obtain qualifying assets is deducted from the capitalisable costs of these assets.

All other borrowing costs are recognised in income in the period in which they occur. Maintenance measures relating to property, plant and equipment are recognised as an expense in the financial year in which they occur.

No appraisal report was produced for the properties owned by CASPIA Investments Sp. z.o.o., Warsaw, due to their lesser importance. The properties were also recognised at market value in accordance with IAS 40.

LEASE AGREEMENTS

In line with IAS 17, the tenancy agreements in the Deutsche EuroShop Group are classified as operating leases. The operating lease agreements relate to investment property owned by the Group with long-term leases. Rental income from operating leases is recognised in income on a straight-line basis over the term of the corresponding lease. The lessee has no opportunity to acquire the property at the end of the term.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions governing the financial instrument.

Financial instruments are generally recognised at fair value. When determining fair value, three assessment categories are differentiated between:

Level 1: At the first level of the "fair value hierarchy", fair values are determined using publicly quoted market prices, as the best-possible objective indication of the fair value of a financial asset or liability can be observed on an active market.

Level 2: If there is no active market for an instrument, a company determines the fair value using measurement models. These models include use of the most recent arm's-length transactions between knowledgeable and willing parties, comparison with the current fair value of another, essentially identical financial instrument, use of the discounted cash flow method and option pricing models. The fair value is estimated on the basis of the results of a method of measurement that uses data from the market to the greatest possible extent and is based as little as possible on company-specific data.

Level 3: The measurement models used for this level are based on parameters that are not observable on the market.

1. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives that qualify for hedge accounting in accordance with IAS 39 are used to hedge interest rate risks. These are fixed-rate swaps to limit the interest rate risk of variable interest rate loans, which have terms extending to 2026. The interest rate hedges are recognised at fair value under "Other assets" or "Other liabilities". Changes are recognised directly in equity, provided that the conditions of the underlying and hedge transaction are identical. Hedge effectiveness tests are regularly conducted. Present value is calculated based on discounted cash flows using current market interest rates. The final maturities of the interest rate hedges and loan agreements are identical.

2. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are classified as available for sale and include an investment in a Polish corporation that is a joint venture controlled by Deutsche EuroShop jointly with partner companies. As Deutsche EuroShop, under the provisions of the shareholders' agreement, exercises neither significant influence nor control over this company, the investment is measured at fair value in line with the provisions of IAS 39. Measurement gains and losses are recognised directly in equity. Fair values of financial instruments for which there are no quoted market prices are estimated on the basis of the market values of the properties determined by appraisals, less net debt. The determination of fair value assumes the existence of a going concern.

3. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

Companies with a narrow scope of business in which Deutsche EuroShop generally has an interest of between 20% and 50% and over which it exercises significant influence but not control are measured as equity-accounted associates. Here, the changes in the equity of such companies corresponding to the equity interest of Deutsche EuroShop are recognised in income.

4. RECEIVABLES AND OTHER CURRENT ASSETS

Receivables and other current assets are recognised at amortised cost less write-downs. Allowances are established for trade receivables if it is no longer certain that payment will be received. This is reviewed on a case-by-case basis at the balance sheet date. They are written off if the receivable becomes uncollectible.

5. RIGHT TO REDEEM OF LIMITED PARTNERS

The distinction between equity and liabilities is set out in IAS 32 Financial Instruments: Disclosure and Presentation. In accordance with this standard, the equity interests of third-party shareholders in commercial partnerships are reclassified as liabilities due to the shareholders' potential right of redemption. According to sections 131 et seq. HGB, shareholders in commercial partnerships have an ordinary legal right of termination of six months with effect from the end of the financial year, which the shareholders' agreement can define in greater detail, but not exclude. As a result of this stipulation, a liability rather than equity is recognised in the balance sheet. This liability must be measured at fair value.

6. BANK LOANS AND OVERDRAFTS

Liabilities to banks/bank loans and overdrafts are reported at amortised cost. Discounts are deducted, which under IAS 39 must be amortised over the term of the loan agreement and recognised annually as an expense.

7. TRADE PAYABLES

Trade payables are recognised at their repayment amount.

8. OTHER LIABILITIES

Other liabilities are recognised at amortised cost.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances (terms of up to three months) at their principal amounts.

DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognised for all differences between the tax accounts and the IFRS balance sheet, using the currently enacted tax rate. Currently, deferred taxes are primarily formed on the differences between the IFRS carrying amounts of the properties and their carrying amounts for tax purposes. A uniform corporation tax rate of 15% plus the solidarity surcharge of 5.5% was used for German companies, and a rate of 16.45% for trade tax. The respective local tax rates were applied for foreign companies. In accordance with IAS 12.74, deferred tax assets on existing loss carryforwards are offset against deferred tax liabilities.

OTHER PROVISIONS

Under IFRS, other provisions may only be recognised if a present obligation exists towards a third party and payment is more likely than not. Non-current provisions are discounted.

NOTES TO THE CONSOLIDATED BALANCE SHEET – ASSETS

1. INTANGIBLE ASSETS

Concessions, industrial and similar rights and licences in such rights and assets in € thousand	2011	2010
Costs as at 1 January	62	48
Additions	2	14
as at 31 December	64	62
Depreciation as at 1 January	-33	-24
Additions	-11	-9
as at 31 December	-44	-33
Carrying amount at 1 January	29	24
Carrying amount at 31 December	**20**	**29**

This item consists mainly of software licences.

2. PROPERTY, PLANT AND EQUIPMENT

2010 in € thousand	Property, advance payments and assets under construction	Other equipment, operating and office equipment	**Total**
Costs as at 1 January	237	84	321
Additions	0	5	5
Disposals	0	-12	-12
Reclassifications	-7	0	-7
as at 31 December	230	77	307
Depreciation as at 1 January	-230	-43	-273
Additions	0	-14	-14
Disposals	0	10	10
as at 31 December	-230	-47	-277
Carrying amount at 1 January	7	41	48
Carrying amount at 31 December	**0**	**30**	**30**

2011 in € thousand	Property, advance payments and assets under construction	Other equipment, operating and office equipment	**Total**
Costs as at 1 January	230	77	307
Additions	0	132	132
Disposals	0	-5	-5
as at 31 December	230	204	434
Depreciation as at 1 January	-230	-47	-277
Additions	0	-24	-24
Disposals	0	4	4
as at 31 December	-230	-67	-297
Carrying amount at 1 January	0	30	30
Carrying amount at 31 December	**0**	**137**	**137**

Additions in the reporting year relate primarily to two company cars, to be amortised over a period of five years.

3. INVESTMENT PROPERTIES

Investment Properties in € thousand	2011	2010
Carrying amount at 1 January	2,700,697	1,990,980
Additions	77,067	77,956
Additions to basis of consolidation	274,767	600,323
Unrealised changes in fair value	54,301	31,333
Reclassifications	–	105
Carrying amount at 31 December	**3,106,832**	**2,700,697**

The presentation of the development of investment properties was changed in regard to additions/investments.

The properties are secured by mortgages. There are land charges in the amount of €1,472,149 thousand. (previous year: €1,288,156 thousand). The rental income of the properties valued in accordance with IAS 40 was €189,975 thousand (previous year: €144,189 thousand). Directly associated operating expenses were €18,333 thousand (previous year: €15,212 thousand).

The additions include investments in expansion measures in Dresden, Wildau and Sulzbach and ongoing investments in portfolio properties. The Billstedt-Center (acquired 1 January 2011) and the Allee-Center Magdeburg (acquired 1 October 2011) were recognised for the first time in the reporting year, at fair value, and represent additions to the scope of consolidation.

Unrealised changes in market value relate to appreciation and depreciation in accordance with IAS 40 on shopping center properties.

4. NON-CURRENT FINANCIAL ASSETS

Non-current fi nancial assets in € thousand	2011	2010
Costs as at 1 January	15,381	15,381
as at 31 December	15,381	15,381
Amortisation/impairment losses and reversals as at 1 January	8,504	9,374
Reversals of impairment losses	3,930	0
Write-downs	0	-870
as at 31 December	12,434	8,504
Carrying amount at 1 January	23,885	24,755
Carrying amount at 31 December	**27,815**	**23,885**

During the reporting year, a reversal of impairment losses, recognised directly in equity, on the stake in Ilwro Joint Venture Sp. z o.o., Warsaw, was made, in the amount of €3,930 thousand, taking the carrying amount of the participation to €27,815 thousand on the reporting date.

5. INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

Investments in equity-accounted associates
in € thousand

	2011	2010
Carrying amount at 1 January 2010	4,094	3,532
Deposits/withdrawals	150	1,155
Share of profit/loss	177	-471
Value increases	93	0
Value decreases	0	-122
Carrying amount at 31 December	**4,514**	**4,094**

The presentation of changes in equity-accounted associates has changed for both the previous and the reporting year. The changes relate to deposits made and shares in the profits/losses of smaller property companies that are not of material significance from a Group perspective.

6. OTHER NON-CURRENT ASSETS

in € thousand	31.12.2011	31.12.2010
Other non-current assets	**459**	**605**

This item consists mainly of the present value of a non-current receivable of €422 thousand (previous year: €585 thousand) for our Polish property company. The company will have annual cash inflows of €207 thousand until 2016.

7. TRADE RECEIVABLES

in € thousand	31.12.2011	31.12.2010
Trade receivables	6,617	4,534
Allowances for doubtful accounts	-1,011	-1,053
	5,606	**3,481**

Receivables result primarily from rental invoices and services in relation to investments for which charges are passed on. These were predominantly paid at the time the consolidated financial statements were prepared. The amounts recognised at the reporting date are protected by means of guarantees, cash security deposits and letters of comfort.

8. OTHER CURRENT ASSETS

in € thousand	31.12.2011	31.12.2010
Prepayments of purchase prices	9,101	156,713
Value added tax receivables	3	2,312
Deductible withholding tax on dividends/solidarity surcharge	133	60
Interest rate swaps	207	207
Other current assets:	5,890	5,679
	15,334	**164,971**

With effect from 1 January 2012, the stakes in the Rhein-Neckar-Zentrum and Allee-Center Hamm were increased to 100%. The purchase prices were paid at the end of 2011. In the previous year, this position included the prepaid purchase price for the Billstedt-Center Hamburg (paid in 2010). Other current assets primarily consist of other receivables from tenants and prepaid costs to protect locations.

RECEIVABLES

in € thousand	Total	Up to 1 year	Over 1 year
Trade receivables	5,606	5,606	0
	(3,481)	(3,481)	(0)
Other assets	15,793	15,334	459
	(165,576)	(164,971)	(605)
	21,399	**20,940**	459
Previous year's figure in brackets	**(169,057)**	**(168,452)**	**(605)**

MATURITY OF TRADE RECEIVABLES AND OTHER ASSETS

in € thousand	Carrying amount	Not overdue
Trade receivables	5,606	5,606
	(3,481)	(3,481)
Other assets	15,793	15,793
	(165,576)	(165,576)
	21,399	21,399
Previous year's figure in brackets	**(169,057)**	**(169,057)**

9. CASH AND CASH EQUIVALENTS

in € thousand	31.12.2011	31.12.2010
Short-term deposits/time deposits	45,783	51,742
Current accounts	18,611	14,030
Cash	14	12
	64,408	**65,784**

NOTES TO THE CONSOLIDATED BALANCE SHEET – LIABILITIES

10. EQUITY AND RESERVES

Changes in equity are presented in the statement of changes in equity.

The share capital is €51,631,400 and is composed of 51,631,400 no-par-value registered shares.

The notional value of each share is €1.00.

According to Article 5 of the Articles of Association, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the Company's share capital by up to a total of €14,540,467 on one or multiple occasions until 16 June 2015 by issuing no-par-value registered shares against cash and/or non-cash contributions (approved capital 2010).

The Executive Board is authorised, subject to the approval of the Supervisory Board and until 15 June 2016, to issue convertible bonds with a total nominal value of up to €200,000,000 and maturities of up to ten years and to grant the holders of the respective, equally privileged, bonds conversion rights (conditional capital) to new no-par value shares in the Company up to a total of 10,000,000 shares (€10 million), in accordance with the detailed provisions of the terms and conditions for convertible bonds ("bond conditions"). The convertible bonds may also pay a variable rate of interest, in which case, as with a participating bond, the interest may be dependent in full or in part on the level of the Company's dividend.

The parent company of the Group, Deutsche EuroShop AG, is reporting an unappropriated surplus of €56,795 thousand.

The Executive Board and the Supervisory Board will propose to distribute this amount as a dividend of €1.10 per share at the Annual General Meeting on 21 June 2012. The previous year's unappropriated surplus was distributed in full to the shareholders. The dividend paid was €1.10 per share.

The capital reserves contain amounts in accordance with section 272 (2) nos. 1 and 4 of the Handelsgesetzbuch (HGB – German Commercial Code).

Retained earnings consists primarily of the remeasurement reserves and currency items recognised at the time of transition to IFRS.

Other total income is divided into the following components:

2010 in € thousand	Before taxes	Taxes	Net
Measurement of investments (AfS) IAS 39	-870	0	-870
Cash flow hedge	-864	141	-723
Currency conversion foreign companies	246	-47	199
	-1,488	**94**	**-1,394**

2011 in € thousand	Before taxes	Taxes	Net
Measurement of investments (AfS) IAS 39	3,930	0	3,930
Cash flow hedge	-16,405	5,613	-10,792
Currency conversion foreign companies	-373	71	-302
	-12,848	**5,684**	**-7,164**

11. BANK LOANS AND OVERDRAFTS

in € thousand	31.12.2011	31.12.2010
Non-current bank loans and overdrafts	1,335,986	1,227,096
Current bank loans and overdrafts	136,163	61,060
	1,472,149	**1,288,156**

Bank loans and overdrafts are recognised at amortised cost on the balance sheet date. The present value of loans is redetermined at the reporting date. To do so, the annuities due up to this date, together with any residual amount according to the redemption schedule are discounted at the reporting date at market rates of interest plus a margin. The fair value of the bank loans and overdrafts at the reporting date is €1,539,651 thousand (previous year: €1,330,746 thousand). The previous year's figure has been restated.

Bank loans and overdrafts relate to loans raised to finance property acquisitions and investment projects. Land charges on Company properties totalling €1,472,149 thousand (previous year: €1,288,156 thousand) serve as collateral.

Discounts are amortised over the term of the loan. In the year under review, €4,954 thousand (previous year: €4,592 thousand) was recognised in income.

Eleven of the 31 loan agreements currently contain arrangements regarding covenants. There are a total of 15 different conditions on different debt service cover ratios (DSCR), interest cover ratios (ICR), changes in rental income, the equity ratio and loan-to-value ratios (LTV). The credit conditions have not to date been breached, and according to the current planning will not be breached in 2012-2014 either.

12. DEFERRED TAX LIABILITIES

in € thousand	As at 1 Jan 2011	Utilisation	Reversal	Addition	As at 31 Dec 2011
Deferred tax liabilities	**184,830**	**0**	**0**	**25,757**	**210,587**

Deferred tax liabilities relate primarily to properties reported at fair value in accordance with IAS 40. At the reporting date, they totalled €238,376 thousand (previous year: €205,014 thousand) and were partially offset by deferred tax assets on tax loss carryforwards of €14,391 thousand (previous year: €16,053 thousand) and are offset against equity items recognised directly in equity in the amount of €13,399 thousand (previous year: €7,847 thousand).

Additions for companies in Germany in the reporting year were €24,878 thousand (previous year: €12,476 thousand), while additions of €879 thousand (previous year: €2,976 thousand) were made for foreign companies.

13. TRADE PAYABLES

in € thousand	31.12.2011	31.12.2010
Construction services	1,027	3,056
Other	1,808	3,089
	2,835	**6,145**

14. TAX LIABILITIES

in € thousand	As at 1 Jan 2011	Utilisation	Reversal	Addition	As at 31 Dec 2011
Income taxes	2,568	136	230	3,061	5,263
Real estate transfer tax	0	0	0	635	635
Real property tax	19	0	0	18	37
	2,587	**136**	**230**	**3,714**	**5,935**

Income taxes consist of corporation taxes and a solidarity surcharge totalling €400 thousand and trade taxes of €4,863 thousand.

15. OTHER PROVISIONS

in € thousand	As at 1 Jan 2011	Addition to basis of consolidation	Utilisation	Reversal	Addition	As at 31 Dec 2011
Maintenance and construction services	3,824	0	3,508	60	5,143	5,399
already performed but not yet invoiced	413	0	413	0	86	86
Fees	3,091	13	2,719	142	3,130	3,373
Other	**7,329**	**13**	**6,640**	**202**	**8,359**	**8,859**

Other provisions includes a present value of €244 thousand for a long-term incentive plan, which was contractually agreed between the Executive Board and employees of Deutsche EuroShop AG with effect from 1 July 2010. The term is five years, and the plan is based on the performance of the Company's market capitalisation within this period. Please also see the details in the remuneration report, which is part of the management report.

All other provisions have a term of up to one year.

16. OTHER CURRENT LIABILITIES

in € thousand	31.12.2011	31.12.2010
Rental deposits	829	837
Value added tax	3,472	2,521
Trade tax	0	1,795
Obligations to make capital contributions	0	1,300
Service contract liabilities	819	507
Debtors with credit balances	636	402
Other	7,434	3,811
	13,190	**11,173**

Other mainly comprises liabilities for heating and ancillary costs together with prepaid rent for the following year.

17. OTHER NON-CURRENT LIABILITIES

in € thousand	31.12.2011	31.12.2010
Interest rate swaps	38,075	21,168
Other	376	671
	38,451	**21,839**

In connection with borrowing, interest rate hedges were concluded to hedge against higher capital market interest rates. Their present value totalled €38,075 thousand as at the reporting date.

LIABILITIES

in € thousand	Total	Current	Non-current
Bank loans and overdrafts	1,472,149	136,163	1,335,986
	(1,288,156)	(61,060)	(1,227,096)
Trade payables	2,835	2,835	0
	(6,145)	(6,145)	(0)
Other liabilities	51,641	13,190	38,451
	(33,012)	(11,173)	(21,839)
of which taxes	3,502	3,502	0
	(4,316)	(4,316)	(0)
	1,526,625	**152,188**	**1,374,437**
Previous year's figure in brackets	**(1,327,313)**	**(78,378)**	**(1,248,935)**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

18. REVENUE

in € thousand	2011	2010
Minimum rental income	185,405	140,658
Turnover rental income	3,313	2,571
Other revenue	1,257	960
	189,975	**144,189**
of which directly attributable operating expenditure in accordance with IAS 40 Investment Properties	189,975	144,189

Other revenue relates primarily to compensation for use, residential leases and settlement payments made by former tenants.

The amounts reported here as operating leases relate to rental income from investment property with long-term rental periods. With these types of lease agreements, future minimum leasing payments from non-terminable rental agreements must be disclosed up to the end of the term.

The following maturities arise from the minimum leasing payments:

in € thousand	2011	2010
Maturity within 1 year	202,950	172,457
Maturity from 1 to 5 years	712,207	552,637
Maturity after 5 years	479,696	308,328
	1,394,853	**1,033,422**

19. PROPERTY OPERATING COSTS

in € thousand	2011	2010
Center marketing	-2,860	-2,325
Maintenance and repairs	-1,619	-944
Real property tax	-979	-838
Insurance	-406	-393
Write-downs of rent receivables	-441	-578
Other	-2,214	-2,242
	-8,519	**-7,320**
of which directly attributable operating expenditure in accordance with IAS 40 Investment Properties	-8,519	-7,320

20. PROPERTY MANAGEMENT COSTS

in € thousand	2011	2010
Center management/agency agreement costs	**-9,814**	**-7,892**
of which directly attributable operating expenditure in accordance with IAS 40 Investment Properties	-9,814	-7,892

21. OTHER OPERATING INCOME

in € thousand	2011	2010
Income from the reversal of provisions	202	349
Exchange rate gains	83	33
Other	725	564
	1,010	**946**

22. OTHER OPERATING EXPENSES

in € thousand	2011	2010
Personnel expenses	-1,733	-1,836
Legal, consulting and audit expenses	-1,521	-1,432
Ancillary financing costs	-1,285	-548
Marketing costs	-442	-486
Supervisory Board compensation	-223	-223
Appraisal costs	-287	-227
Exchange rate losses	-323	-177
Write-downs	-35	-24
Other	-1,142	-938
	-6,991	**-5,891**

Legal and consulting costs, tax consultant fees and audit expenses include €321 thousand in fees for the audit of Group companies.

23. INCOME FROM INVESTMENTS

in € thousand	2011	2010
Income from investments	**1,261**	**1,413**

In the year under review, this item included the dividends paid by Ilwro Joint Venture Sp. z.o.o. and City-Point Beteiligungs GmbH.

24. INCOME FROM EQUITY-ACCOUNTED ASSOCIATES

in € thousand	2011	2010
Profit/loss from equity-accounted associates	**270**	**-593**

This includes the share in the profits/losses of smaller property companies that are included in the consolidated financial statements in accordance with the equity method.

25. PROFIT/LOSS ATTRIBUTABLE TO LIMITED PARTNERS

in € thousand	**2011**	2010
Profit/loss attributable to limited partners	-15,730	-7,948

26. MEASUREMENT GAINS/LOSSES

in € thousand	**2011**	2010
Unrealised changes in fair value	54,302	31,431
Profit/loss attributable to limited partners	-11,866	-2,969
Ancillary acquisition costs	-8,513	-8,631
Excess of identified net assets acquired over cost of acquisition resulting from changes in the consolidated capital in accordance with IFRS 3	7,888	13,298
	41,811	**33,129**

Ancillary acquisition costs relate mainly to the acquisition of the Billstedt-Center. The excess of net assets acquired over cost of acquisition in accordance with IFRS 3 primarily results from the first-time consolidation of the Billstedt-Center Hamburg and the proportionate consolidation of the Allee-Center Magdeburg.

27. INCOME TAX EXPENSE

in € thousand	**2011**	2010
Current tax expense	-3,372	-2,453
Deferred tax liabilities – domestic companies	-30,634	-99,383
Deferred tax liabilities – foreign companies	-972	-2,975
	-34,978	**-104,811**

In measuring deferred taxes, the tax rates applicable in accordance with IAS 12 are those valid under current legislation at the date at which the temporary differences will probably reverse.

In 2011, a corporate tax rate of 15% was used for the companies in Germany. In addition, a solidarity surcharge of 5.5% on the calculated corporation tax and 16.45% in trade tax were recognised.

The respective local tax rates were applied for foreign companies.

TAX RECONCILIATION

Income taxes in the amount of €34,978 thousand in the year under review are derived as follows from an expected income tax expense that would have resulted from the application of the parent company's statutory income tax rate to the profit before tax. This was calculated using a corporation tax rate of 15% plus the 5.5% solidarity surcharge and a trade tax rate of 16.45%.

in € thousand	2011	2010
Consolidated profit before income tax	128,374	96,998
Theoretical income tax 32.275 %	-41,433	-31,306
Tax rate differences for foreign Group companies	2,161	1,759
Tax rate differences for domestic Group companies	972	-591
Tax-free income/non-deductible expenses	3,126	2,223
Aperiodic tax income	196	0
Aperiodic tax expense	0	-76,896
Current income tax	**-34,978**	**-104,811**

In financial year 2011, the effective income tax rate was 27.25%.

The previous year's figures were restated, as the figures for the 2010 tax reconciliation had to be recalculated by retroactive booking of trade tax.

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with IAS 7 and is broken down into operating cash flow and cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities. Cash and cash equivalents consists of cash bank balances and short-term deposits.

Composition of cash and cash equivalents in € thousand	31.12.2011	31.12.2010
Cash and cash equivalents	**64,408**	**65,784**

OPERATIVER CASHFLOW

After adjustment of the annual profit for non-cash income and expenses, operating cash flow was €98,686 thousand. All changes to cash flows from net finance costs are allocated to operating activities.

CASH FLOW FROM OPERATING ACTIVITIES

Changes in receivables, provisions and liabilities are allocated to cash flow from operating activities.

Cash outflows from operating activities includes, among others:
- interest income of €0.9 million (previous year: €1.0 million)
- interest expense of €60.8 million (previous year: €49.5 million)
- income taxes paid of €3.3 million (previous year: €2.4 million)
- allocations to provisions of €8.2 million (previous year: €6.8 million)

CASH FLOW FROM INVESTING ACTIVITIES

Cash additions/disposals of non-current assets during the year are recognised.

During the year under review, expansion investments and investments in portfolio properties totalling €77.2 million were made.

The purchase price for the Allee-Center Magdeburg of €118,7 million (including ancillary acquisition costs) was paid in October 2011. Cash and equivalents of €0.6 million were acquired as part of the transaction. For details of the assets acquired and liabilities assumed, see the detailed notes on the scope of consolidation. The reclassification of cash flows from operating activities in connection with the Billstedt-Center Hamburg acquisition, in the amount of €156.7 million (shown inclusive of ancillary acquisition costs) is also recognised here, as the purchase price was paid at the end of 2010 but the company was not included in the scope of consolidation until 2011.

CASH FLOW FROM FINANCING ACTIVITIES

In financial year 2011, a dividend of €56,795 thousand was paid to the shareholders.

Payments to third-party shareholders include the distributions paid of €13.9 million and the purchase price payments for the increased shareholding in Stadt-Galerie Hameln and City-Galerie Wolfsburg totalling €11.4 million.

CURRENCY-RELATED AND OTHER CHANGES

This item is the result of changes recognised directly in equity from the currency translation of foreign investments in the amount of €487 thousand and smaller changes.

CASH FLOW PER SHARE

in € thousand		2011	2010
Average outstanding shares (diluted)	no.	51,631,400	45,544,976
Average outstanding shares (basic)	no.	51,631,400	45,544,976
Operating cash flow	in € thousands	98,686	69,980
Operating cash flow per share (diluted)	€	1.91	1.54
Operating cash flow per share (basic)	€	1.91	1.54
Cash flow from operating activities	in € thousands	249,421	-94,167
Cash flow per share (diluted)	€	4.83	-2.07
Cash flow per share (basic)	€	4.83	-2.07

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), and in accordance with IFRS 8.12,
separate segment reporting is presented in the form of a breakdown by domestic and international results.

As the Group's main decision-making body, the Deutsche EuroShop AG Executive Boardlargely assesses the performance of the segments based on the EBIT of the individual property companies. The valuation principles for the segment reporting correspond to those of the Group. Intra-Group activities between the segments are eliminated in the reconciliation statement.

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

The previous year's figures have been restated in the reconciliation statement for earnings before tax (EBT) and net interest income.

BREAKDOWN BY GEOGRAPHICAL SEGMENT

in € thousand	Domestic	International	Reconciliation	**Total**
Revenue	**166,832**	**23,143**	**0**	**189,975**
(previous year's figures)	(121,330)	(22,859)	(0)	(144,189)

in € thousand	Domestic	International	Reconciliation	**Total**
EBIT	**148,652**	**20,698**	**-3,689**	**165,661**
(previous year's figures)	(107,951)	(20,431)	-(4,350)	(124,032)

in € thousand	Domestic	International	Reconciliation	**Total**
Net interest income	**-55,972**	**-7,516**	**-1,411**	**-64,899**
(previous year's figures)	-(45,644)	-(7,606)	(215)	-(53,035)

in € thousand	Domestic	International	Reconciliation	**Total**
Earnings before tax (EBT)	**119,397**	**17,754**	**-8,777**	**128,374**
(previous year's figures)	(84,759)	(14,809)	-(2,570)	(96,998)

in € thousand	Domestic	International	**Total**
Segment assets	**2,874,224**	**350,901**	**3,225,125**
(previous year's figures)	(2,621,311)	(342,265)	(2,963,576)
of which investment properties	2,763,626	343,206	3,106,832
(previous year's figures)	(2,367,696)	(333,001)	(2,700,697)

OTHER DISCLOSURES

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Carrying amounts, valuations and fair values according to measurement category

in € thousand	Measurement category pursuant to IAS 39	Balance sheet amount in line with IAS 39 Carrying amount 31 Dec 2011	Amortised cost	Costs	Fair value recognised in equity
Financial assets *					
Non-current financial assets	AfS	27,815		15,381	12,434
Trade receivables	LaR	5,606	5,606		
Other assets**	LAR	1,783	1,153		630
Cash and cash equivalents	LaR	64,408	64,408		
Financial liabilities *					
Bank loans and overdrafts	FLAC	1,472,149	1,472,149		
Right to redeem of limited partners	FLAC	280,078	280,078		
Trade payables	FLAC	2,835	2,835		
Other liabilities	FLAC	45,999	7,924		38,075
Aggregated according to measurement category pursuant to IAS 39:					
Loans and receivables (LaR)		71,797	71,167		630
Available for sale (AfS)		27,815	0	15,381	12,434
Financial liabilities measured at amortised cost (FLAC)		1,801,061	1,762,986		38,075

* Corresponds to level 2 of the IFRS 7 fair value hierarchy
** The previous year's figure has been restated.

Investments measured using the equity method are reported at fair value. Any write-ups in the year under review are recognised in net profit or loss for the period.

Trade receivables, other assets and cash and cash equivalents, with the exception of interest rate swaps - which are recognised at present value – have predominantly short residual terms. The carrying amounts thus correspond to the fair value. The change in the present value of the long-term interest rate swap recognised was €162 thousand (previous year: €161 thousand).

Bank loans and overdrafts have long-term durations and are recognised at amortised cost. The fair value for Group loans is given in the notes under item 11 "Bank loans and overdrafts". In total, interest expense of €65,761 thousand (previous year: €54,075 thousand) is included in net finance costs.

Trade payables and other liabilities, with the exception of interest rate swaps – which are recognised at present value – usually have short residual terms. The carrying amounts thus correspond to the fair value.

		Balance sheet amount in line with IAS 39					
Fair value recognised in income	**Fair value 31 Dec 2011**	Carrying amount 31 Dec 2010	Amortised cost	Costs	Fair value recognised in equity	Fair value recognised in income	Fair value 31 Dec 2010
	27,815	23,885	0	15,381	8,505		23,886
	5,606	3,481	3,481				3,481
	1,783	1,493	701		792		1,493
	64,408	65,784	65,784				65,784
	1,539,651	1,288,156	1,288,156				1,324,096
	280,078	277,780	277,780				277,780
	2,835	6,145	6,145				6,145
	45,999	27,641	6,473		21,168		27,641
	71,797	70,758	69,966		792		70,758
	27,815	23,886		15,381	8,505		23,886
	1,868,563	1,599,722	1,578,554		21,168		1,635,662

When measuring interest rate swaps, the interest and market price parameters applicable on the reporting date are applied.

Interest from financial instruments is reported in net finance costs. The profit/loss share of third-party shareholders of €15,730 thousand (previous year: €7,948 thousand) is also included in net finance costs.

Impairment charges on receivables are recognised in property operating costs.

RISK MANAGEMENT

In risk management, the emphasis is on ensuring compliance with the strategy and, building on this, on identifying and assessing risks and opportunities, as well as on the fundamental decision to manage these risks. Risk management ensures that risks are identified at an early stage and can then be evaluated, communicated promptly and mitigated. Risk analysis involves the identification and analysis of factors that may jeopardise the achievement of goals.

MARKET RISKS

Liquidity risk

The liquidity of Deutsche EuroShop Group is continuously monitored and planned. The subsidiaries regularly have sufficient cash to be able to pay for their current commitments. Furthermore, credit lines and bank overdrafts can be utilised at short notice.

The contractually agreed future interest and principle repayments of the original financial liabilities and derivative financial instruments are as follows as at 31 December 2011:

in € thousand	Carrying amount 31 Dec 2011	Cash flows 2012	Cash flows 2013 to 2016	Cash flows from 2017
Bank loans and overdrafts	**1,472,149**	**161,311**	**786,134**	**937,875**

The amounts relate to all contractual commitments existing on the balance sheet date. The majority of the trade payables and other financial liabilities reported at the end of the financial year will fall due in 2012.

Credit and default risk

There are no significant credit risks in the Group. The trade receivables reported on the reporting date were predominantly paid up to the date of preparation of the financial statements. During the reporting year, write-downs of rent receivables of €441 thousand (previous year: €578 thousand) were recognised under property operating costs.

The maximum default risk in relation to trade receivables and other assets totals €12,298 thousand (previous year: €12,344 thousand) as at the reporting date.

Currency and measurement risk

The Group companies operate exclusively in the European Economic Area and conduct the greater part of their business in euro. This does not entail currency risks.

On the basis of expert appraisals, the property portfolio has a theoretical net yield of 5.92% (previous year: 5.89%) for financial year 2011. A 25 bp change in a material parameter affecting the market value of properties would have the following impact on measurement gains/losses before taxes:

in € thousand	Basis	-0.25 %	+0.25 %
Rate of rent increases	1.70 %	-106.3	+111.7
Discount rate	6.68 %	+98.1	-93.3
Net initial yield	5.92 %	+138.0	-126.8
Cost ratio	11.80 %	+9.0	-9.0

Interest rate risk

A sensitivity analysis was implemented to determine the effect of potential interest rate changes. Based on the financial assets and liabilities subject to interest rate risk on the balance sheet date, this shows the effect of a change on the Group's equity. Interest rate risks arose on the balance sheet date only for credit borrowed and the associated interest rate hedges, which are recognised in equity as cash flow hedges at present value. An increase in the market interest rate of 100 basis points would lead to an increase in equity of €18,320 thousand (previous year: €17,628 thousand). The majority of the loan liabilities have fixed interest terms. On the reporting date, loans totalling €198,651 thousand (previous year: €201,780 thousand) were hedged using derivative financial instruments.

Capital management

The Group's capital management is designed to maintain a strong equity base with the aim of ensuring that its ability to repay its debts and financial well-being are maintained in the future. The Group's financial policies are also based on the annual payment of a dividend.

in € thousand	31.12.2011	31.12.2010
Equity	1,473,119	1,441,517
Equity ratio (%)	45.7	48.6
Net financial debt	**-1,407,741**	**-1,222,372**

Equity is reported here including the share of the third-party shareholders.

Net financial debt is determined from the financial liabilities on the balance sheet date less cash and cash equivalents and other financial investments.

30. JOINT VENTURES AND EQUITY-ACCOUNTED ASSOCIATES

Joint Ventures

Joint ventures in which Deutsche EuroShop AG together with third parties has a majority of the voting rights are proportionately included as joint ventures in the consolidated financial statements. For the purposes of proportionate consolidation, the share of the assets which are jointly controlled and the share of liabilities for which Deutsche EuroShop AG is jointly responsible are recognised in the consolidated balance sheet. The income statement includes the share of income and expenses of the jointly controlled companies.

During the financial year, assets and liability items and income of the subsidiaries defined as joint ventures in line with IAS 31.56 were recognised in the consolidated financial statements as follows:

in € thousand	31.12.2011	31.12.2010
Non-current assets	510,701	375,587
Current assets	9,065	18,357
Non-current liabilities	149,874	190,741
Current liabilities	46,479	3,615
Income	30,024	21,316
Expenses	-16,315	-9,298

Equity-accounted associates

Small property companies in which Deutsche EuroShop indirectly or directly has an interest are part of the Group. Deutsche EuroShop exercises a controlling influence over these companies together with other shareholders. Overall, these companies are not important to the Group.

The share in these companies' equity is compared to the net carrying amount and any differences are recognised in income. The share in the profits/losses of these companies is assigned to the domestic segment.

During the financial year, the equity-accounted companies posted the following asset and liability items, expenses and income:

in € thousand	31.12.2011	31.12.2010
Non-current assets	9,811	9,716
Current assets	1,167	2,115
Non-current liabilities	0	7,204
Current liabilities	6,476	449
Income	730	686
Expenses	-554	-1,157

31. EARNINGS PER SHARE

in € thousand		2011	2010
Average outstanding shares (diluted)	Stück	51,631,400	45,544,976
Average outstanding shares (basic)	Stück	51,631,400	45,544,976
Consolidated net profit attributable to Group shareholders	in € thousand	93,396	-7,814
Earnings per share (basic)	€	1.81	-0.17
Earnings per share (diluted)	€	1.81	-0.17

Basic earnings per share:

Basic earnings per share are determined by dividing the net income for the period to which shareholders of Deutsche EuroShop AG are entitled by the weighted average number of shares outstanding within the reporting period.

Diluted earnings per share:

For the calculation of diluted earnings per share, potential ordinary shares must be taken into account when determining the number of outstanding shares, and the net income for the period attributable to the shareholders of Deutsche EuroShop AG must be adjusted. As Deutsche EuroShop AG has no potential ordinary shares, the calculation of diluted earnings per share is the same as the method used to calculate basic earnings per share.

OTHER FINANCIAL OBLIGATIONS

There are other financial obligations of €87.7 million arising from service contracts.

Financial obligations of €22.6 million arise for the investment measures in the Main-Taunus-Zentrum in Sulzbach, the Altmarkt-Galerie Dresden and the A10 Center in Wildau.

Other financial obligations are the purchase price arising from the acquisition of shares in the Rathaus-Center Dessau, which amounted to €5.9 million as at the reporting date.

OTHER DISCLOSURES

An average of five (previous year: four) staff members were employed in the Group during the financial year.

EVENTS AFTER THE BALANCE SHEET DATE

Deutsche EuroShop AG acquired 5.1% of Rathaus-Center Dessau KG with effect from 1 January 2012, taking its shareholding to 100%. The purchase price of €5.9 million was paid at the start of 2012.

Also with effect from 1 January 2012, approximately 11% of Allee-Center Hamm KG (purchase price: €8.9 million) and 0.1% of the shares in Rhein-Neckar Zentrum KG (purchase price: €0.2 million) were acquired. Deutsche EuroShop now holds 100% of the shares in these companies as well. The purchase prices were paid at the end of 2011 and are included as at the reporting date under other assets.

In accordance with IFRS 3, the share purchases resulted in an excess of identified net assets acquired over cost of acquisition of €0.5 million.

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

THE SUPERVISORY BOARD AND EXECUTIVE BOARD

SUPERVISORY BOARD

a) Membership of other statutory supervisory boards
b) Membership of comparable supervisory bodies of business enterprises in Germany or other countries

Manfred Zaß, Königstein im Taunus. Chairman
Banker

Dr. Michael Gellen, Köln, Deputy Chairman
Independent lawyer

Thomas Armbrust, Reinbek
Member of Management of KG CURA Vermögensverwaltung G.m.b.H. & Co., Hamburg

a) C.J. Vogel Aktiengesellschaft für Beteiligungen, Hamburg (Chairman)
Platinum AG, Hamburg (Chairman)
TransConnect Unternehmensberatungs- und Beteiligungs AG, Munich (Chairman)
Verwaltungsgesellschaft Otto mbH, Hamburg
b) ECE Projektmanagement G.m.b.H. & Co. KG, Hamburg (Deputy Chairman)

Dr. Jörn Kreke, Hagen
Businessman

a) Capital Stage AG, Hamburg
   Douglas Holding AG, Hagen / Westphalia (Chairman)
b) Kalorimeta AG & Co, KG, Hamburg
   Urbana Gruppe, Hamburg

Alexander Otto, Hamburg
CEO of ECE Projektmanagement G.m.b.H. & Co. KG, Hamburg

a) Verwaltungsgesellschaft Otto mbH, Hamburg
b) Peek & Cloppenburg KG, Dusseldorf

Dr. Bernd Thiemann, Kronberg im Taunus
Management consultant

a) Deutsche Pfandbriefbank AG, Unterschleissheim (Chairman)
   EQC AG, Osnabrück (Deputy Chairman)
   Hypo Real Estate Holding AG, Unterschleißheim (Chairman)
   VHV Vereinigte Hannoversche Versicherung a.G., Hanover
   Wave Management AG, Hamburg (Deputy Chairman)
   IVG Immobilien AG, Bonn
   M.M. Warburg & Co. KG aA, Hamburg (Deputy Chairman)

c) Würth Gruppe, Künzelsau (Deputy Chairman)
   Würth Finance International B.V., Amsterdam

The remuneration of the members of the Supervisory Board totalled €223 thousand in the period under review (previous year: €223 thousand).

EXECUTIVE BOARD

Claus-Matthias Böge, Hamburg, Executive Board Spokesman

a) Douglas Holding AG, Hagen (since 23 March 2011)
b) Palladium Praha s.r.o. (until 30 March 2011)

Olaf Borkers, Hamburg

The remuneration of the Executive Board totalled €1,066 thousand (previous year: €1,154 thousand), which includes performance-related compensation in the amount of €523 thousand (previous year: €611 thousand).

€96 thousand (previous year: €85 thousand) was allocated to the provision for the Executive Board's long-term incentive plan (LTI). Accrued interest was €5 thousand.

For further details, please see the supplementary disclosures on remuneration in the management report.

CORPORATE GOVERNANCE

The Declaration of Conformity with the German Corporate Governance Code required by section 161 of the Aktiengesetz (AktG – German Public Companies Act) has been issued jointly by the Supervisory Board and the Executive Board, and was made available to shareholders via publication on the Internet in November 2011.

RELATED PARTIES FOR THE PURPOSES OF IAS 24

Deutsche EuroShop AG's subsidiaries and the members of its Executive Board and Supervisory Board are regarded as related parties for the purposes of IAS 24. The remuneration of the Supervisory Board and the Executive Board is described in the "Supervisory Board and Executive Board" section and in the remuneration report part of the group management report.

Fees for service contracts with the ECE Group totalled €23,454 thousand (previous year: €27,772 thousand). This amount was partially offset by income from lease agreements with the ECE Group in the amount of €5,983 thousand (previous year: €5,278 thousand). Receivables from ECE were €2,992 thousand, while liabilities were €943 thousand.

Transactions with related parties involving the provision of goods and services were at standard market rates.

Hamburg, 17 April 2012
Deutsche EuroShop AG
The Executive Board

Claus-Matthias Böge   Olaf G. Borkers

OTHER DISCLOSURES

In line with section 160 (1) no. 8 AktG, we give notice that the following investments and changes to voting rights have been registered to our Company in conformity with the duty of disclosure in accordance with section 21 of the Wertpapierhandelsgesetz (WpHG – Securities Trading Act):

Shareholder	Shareholding report as at	Event (share threshold in %)	New voting rights share in %	of which own holdings in %	of which indirectly attributable in %
Benjamin Otto, Hamburg	02.04.2002	Exceeds threshold (5)	7.74	0.00	7.74
"Bravo-Alpha" Beteiligungs G.m.b.H., Hamburg	02.04.2002	Exceeds threshold (5)	7.74	3.71	4.03
Alexander Otto, Hamburg	25.11.2005	Exceeds threshold (5, 10)	12.27	0.91	11.36
Gemeinnützige Hertie-Stifung, Frankfurt	15.08.2011	Exceeds threshold (3)	3.02	3.02	0.00
Dexia S.A., Brussels, Belgium	20.10.2011	Falls below threshold (3)	0.48	0.00	0.48
BlackRock Inc., New York, USA	20.12.2011	Exceeds threshold (3)	3.06	0.00	3.06
BlackRock Holdco 2, Inc., Wilmington, Delaware, USA	20.12.2011	Exceeds threshold (3)	3.05	0.00	3.05
BlackRock Financial Management, Inc., New York, USA	20.12.2011	Exceeds threshold (3)	3.05	0.00	3.05
BlackRock Inc., New York, USA	23.01.2012	Falls below threshold (3)	2.97	0.00	2.97
BlackRock Holdco 2, Inc., Wilmington, Delaware, USA	23.01.2012	Falls below threshold (3)	2.97	0.00	2.97
BlackRock Financial Management, Inc., New York, USA	23.01.2012	Falls below threshold (3)	2.97	0.00	2.97

The total fees for the consolidated financial statements for financial year 2011 came to €321 thousand (previous year: €328 thousand). An additional €7 thousand (previous year: €0) was spent on other advisory services. The Group auditor performed no other services.

SHAREHOLDINGS

LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313 (2) NOS. 1 TO 4 OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE) AS AT 31 DECEMBER 2011:

Company name and domicile	Interest in equity	of which indirect	of which direct	Equity as at 31 December 2011	HGB profit/loss 2011
Fully consolidated companies:				in €	in €
Deutsche EuroShop Verwaltungs GmbH, Hamburg	100.00 %	-	100.00 %	32,612,838.37	1,552,899.69
Deutsche EuroShop Management GmbH, Hamburg	100.00 %	-	100.00 %	63,419.31	38,419.31
DES Beteiligungs GmbH, Hamburg (in future: A10 Center Wildau GmbH)	100.00 %		100.00 %	90,640,130.52	-1,126,325.76
Billstedt-Center Hamburg KG, Hamburg (formerly 1. DES Grundbesitz KG, Hamburg)	100.00 %		100.00 %	73,756,424.68	3,695,930.65
Objekt City-Point Kassel GmbH & Co. KG, Pöcking	100.00 %	100.00 %	-	-20,403,382.09	710,677.70
City-Arkaden Wuppertal KG, Hamburg	100.00 %	-	100.00 %	13,069,103.01	2,155,409.99
Rhein-Neckar-Zentrum KG, Hamburg	99.90 %	-	99.90 %	13,403,104.35	4,159,544.95
Stadt-Galerie Hameln KG, Hamburg	100.00 %	-	100.00 %	64,611,445.12	3,842,775.89
Rathaus-Center Dessau KG, Hamburg	94.90 %	-	94.90 %	24,432,765.61	5,324,193.18
City-Galerie Wolfsburg KG, Hamburg	100.00 %	-	100.00 %	-7,093,628.49	2,766,365.11
Allee-Center Hamm KG, Hamburg	88.93 %	-	88.93 %	-33,913,917.12	4,631,387.07
Stadt-Galerie Passau KG, Hamburg	75.00 %	-	75.00 %	120,476,693.76	4,505,329.41
Einkaufs-Center Galeria Baltycka G.m.b.H. & Co.KG, Hamburg	74.00 %	-	74.00 %	42,059,702.09	7,438,674.17
Forum Wetzlar KG, Hamburg	65.00 %	-	65.00 %	12,428,364.83	2,345,651.32
Main-Taunus-Zentrum Wieland KG, Hamburg	52.01 %	46.27 %	5.74 %	-33,574,456.31	10,537,989.68
DB Immobilienfonds 12 Main-Taunus-Zentrum Wieland KG, Hamburg	50.47 %	-	50.47 %	90,321,854.58	6,640,850.00
Immobilien Kommanditgesellschaft FEZ Harburg, Hamburg *	50.00 %	-	50.00 %	-16,240,577.76	2,099,818.38
Proportionately consolidated companies:				in €	in €
Allee-Center Magdeburg KG, Hamburg	50.00 %	-	50.00 %	80,367,177.82	10,134,714.42
Altmarkt-Galerie Dresden KG, Hamburg **	67.00 %	-	67.00 %	53,391,527.92	671,163.06
CAK City Arkaden Klagenfurt KG, Hamburg	50.00 %	-	50.00 %	13,470,386.69	501,691.97
EKZ Eins Errichtungs- und Betriebs Ges.m.b.H. & Co OG, Vienna	50.00 %	50.00 %	-	4,023,400.79	556,065.05
Einkaufs-Center Arkaden Pécs KG, Hamburg	50.00 %	-	50.00 %	23,485,842.88	1,611,869.47
				in PLN	in PLN
Einkaufs-Center Galeria Baltycka G.m.b.H. & Co. KG, Sp. kom., Warsaw, Poland	74.00 %	74.00 %	-	575,991,262.21	143,072,087.15
CASPIA Investments Sp. z o.o., Warsaw, Poland	74.00 %	74.00 %	-	11,468,857.43	522,638.35

Company name and domicile	Interest in equity	of which indirect	of which direct	Equity as at 31 December 2011	HGB profit/loss 2011
Equity-accounted companies/associates				**in €**	**in €**
Kommanditgesellschaft Sechzehnte ALBA Grundstücksgesellschaft mbH & Co., Hamburg	50.00 %	50.00 %		1,798,415.38	17,761.16
EKZ Vier Errichtungs- und Betriebs Ges.m.b.H., Vienna	50.00 %	50.00 %		826,264.73	5,702.89
Kommanditgesellschaft PANTA Fünfundsiebzigste Grundstücksgesellschaft m.b.H. & Co., Hamburg	50.00 %	50.00 %		3,332,171.80	125,333.98
Kommanditgesellschaft PANTA Dreiunddreißigste Grundstücksgesellschaft m.b.H. & Co., Hamburg	50.00 %	50.00 %		2,173,653.67	216,811.41
Kommanditgesellschaft PANTA Achtundvierzigste Grundstücksgesellschaft m.b.H. & Co., Hamburg	50.00 %	50.00 %		857,502.20	-357,818.40
City-Point Beteiligungs GmbH, Pöcking	40.00 %	-	40.00 %	27,651.19	2,086.59
				in PLN	**in PLN**
Ilwro Joint Venture Sp. z o.o., Warsaw, Poland	33.33 %	-	33.33 %	368,560,473.85	101,227,556.26

* Parent / subsidiary relationship based on voting agreement

** No controlling relationship exists, based on the provisions of the shareholders' agreement

AUDITOR'S REPORT

We have audited the consolidated financial statements – comprising the balance sheet, statement of comprehensive income, income statement, statement of changes in equity, cash flow statement and the notes – and the group management report prepared by Deutsche EuroShop AG, Hamburg, for the financial year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code) is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting standards and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, 18 April 2012

BDO AG
Wirtschaftsprüfungsgesellschaft

Dyckerhoff	Dr Probst
Auditor	Auditor

RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

We declare that to the best of our knowledge, in line with the accounting policies to be applied, the consolidated financial statements present a true and fair view of the net assets, financial position and results of operations of the Group and the Group Management Report presents the situation of the Group and the course of business including business performance which is a fair and accurate view, and describes the essential opportunities and risks of the likely development of the Group.

Hamburg, 17 April 2012

Claus-Matthias Böge　　　　Olaf Borkers

Corporate GOVERNANCE 2011

The Government Commission on the German Corporate Governance Code published the German Corporate Governance Code on 26 February 2002 and most recently approved amendments and additions to individual recommendations and suggestions on 26 May 2010. Going forward, the Government Commission will continue to monitor the development of corporate governance in legislation and in practice, and will adapt the Code as needed.

Deutsche EuroShop welcomes the German Corporate Governance Code produced by the Government Commission. The Code not only creates a transparent legal framework for corporate management and control in Germany, but also documents generally accepted standards for good and responsible corporate leadership.

WORKING METHODS OF THE EXECUTIVE AND SUPERVISORY BOARDS

The Supervisory and Executive Boards performed their statutory duties in financial year 2011 in accordance with the applicable laws and the Articles of Association. The strategic orientation of the Company was coordinated between the Executive Board and the Supervisory Board, and the progress of strategy implementation is discussed at regular intervals. The Executive Board informed the Supervisory Board regularly, promptly and in detail of business developments and the risk situation. Detailed information on the main areas of focus of the Supervisory Board's activities in financial year 2011 can be found in its report on pages 72 to 73.

In financial year 2011, there were no advisory or other contracts for work or services in existence between members of the Supervisory Board and the Company.

COMPOSITION AND DIVERSITY

The Supervisory and Executive Boards should be composed of members who possess the requisite expertise, skills and professional experience in the areas of real estate, retail, finance and accounting and are capable of exercising this office. The Supervisory Board and Executive Board consider themselves open to every qualified candidate regardless of gender or nationality.

EXECUTIVE BOARD

The Executive Board of Deutsche EuroShop 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 chief management duties of the Executive Board are the determination of the Group's strategic orientation and management of the Group, planning, and the establishment and implementation of risk management.

The Executive Board of Deutsche EuroShop currently comprises two members.

Altmarkt-Galerie Dresden

Claus-Matthias Böge
Born 13 February 1959
First appointment: 2001
Appointment ends: 2015

Claus-Matthias Böge joined Deutsche EuroShop in 2001, as a member of the Executive Board. He assumed his current position as Executive Board spokesman in 2003. He is also a managing director and director at various different companies in the Deutsche EuroShop Group.

Olaf Borkers
Born 10 December 1964
First appointment: 2005
Appointment ends: 2016

Olaf Borkers joined Deutsche EuroShop in 2005, as a member of the Executive Board. He is also a managing director and director at various different companies in the Deutsche EuroShop Group.

SUPERVISORY BOARD

The Supervisory Board supervises and advises the Executive Board in its management activities in accordance with the provisions of German company law and its rules of procedure. It appoints members of the Executive Board, and significant business transacted by the Executive Board is subject to its approval. The Supervisory Board is composed of six members, who are elected by the Annual General Meeting.

The Supervisory Board has established the notification and reporting duties to be met by the Executive Board and has formed an **Executive Committee**, an **Audit Committee** and a **Capital Market Committee**, each with three members.

The members of the Supervisory Board are:

Manfred Zaß, Chairman
Dr Michael Gellen, Deputy Chairman
Thomas Armbrust
Dr Jörn Kreke
Alexander Otto
Dr Bernd Thiemann

The members of the **Executive Committee** are Mr Zaß, Dr Gellen and Mr Armbrust. The Executive Committee is chaired by the Chairman of the Supervisory Board. The Committee discusses urgent business matters and passes relevant resolutions. It is also responsible for preparing human resources issues concerning the Executive Board and for reviewing the Company's corporate governance principles. The Executive Committee of the Supervisory Board also fulfils the role of a nomination committee.

The members of the **Audit Committee** are also Mr Zaß, Dr Gellen and Mr Armbrust. The Audit Committee is chaired by Mr Armbrust. It is responsible for issues relating to financial reporting, auditing and the preparation of the annual and consolidated financial statements. Former members of the Company's Executive Board and the Chairman of the Supervisory Board generally do not chair the Audit Committee, to avoid conflicts of interest.

The members of the **Capital Market Committee** are once again Mr Zaß, Dr Gellen and Mr Armbrust. The Capital Market Committee is chaired by Mr Zaß. The Supervisory Board's powers relating to the utilisation of approved capital were transferred to the Committee for decision-making and processing.

SHAREHOLDINGS

Executive Board
As at 31 December 2011, the Executive Board held a total of 26,061 shares, less than 1% of Deutsche EuroShop's share capital.

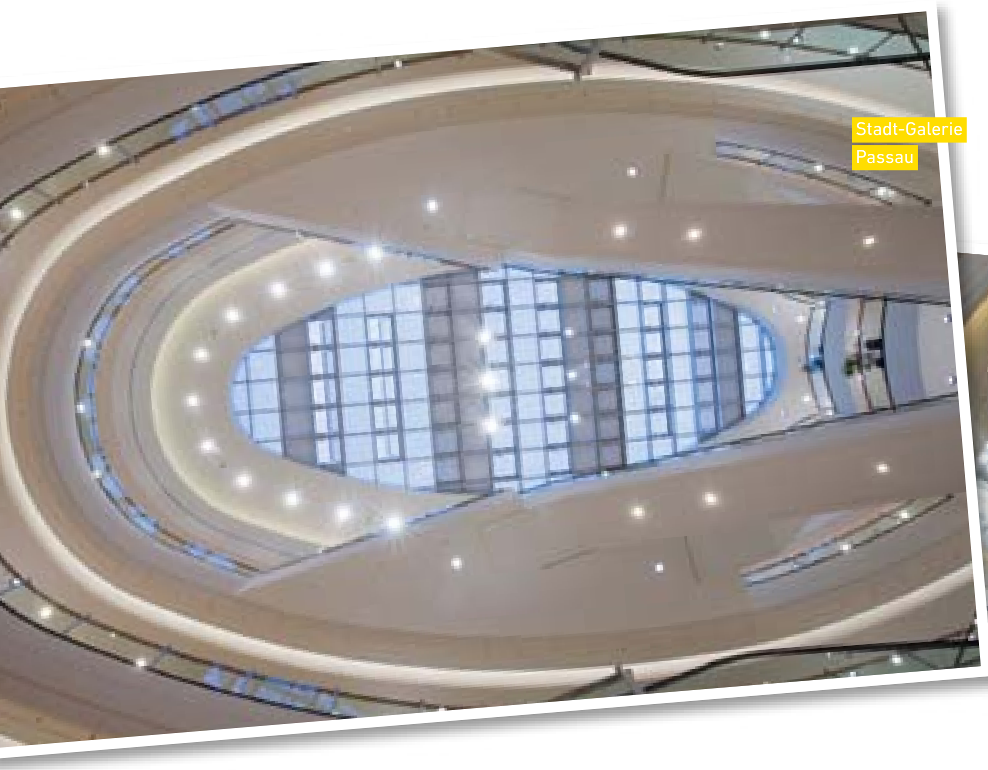
Supervisory Board
As at 31 December 2011, the Supervisory Board held a total of 5,199,687 shares, more than 1% of Deutsche EuroShop's share capital.

In addition to the general statutory provisions requiring public disclosure, the rules of procedure of the Executive Board and of the Supervisory Board govern the reporting duties of Executive and Supervisory Board members in the event of dealings involving shares in the Company or related rights of purchase or sale, as well as rights directly dependent on the Company's share price.

DIRECTORS' DEALINGS

The following securities transactions by members of the Executive Board and of the Supervisory Board or by certain persons related to members of the executive bodies were notified to Deutsche EuroShop during financial year 2011 in accordance with section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act):

Directors' Dealings 2011		Purchases (number of shares)	Share price in €	Sales (number of shares)	Share price in €
Henry Böge	Shares	288	23.00		
Carlotta Böge	Shares	588	23.00		
Thomas Armbrust	Shares	4,375	22.51		
Kreke Immobilien KG	Shares			31,250	28.57
Olaf Borkers	Shares			1,700	27.30
Manfred Zaß	Shares			1,600	28.99
AROSA Vermögens-verwaltungs m.b.H.	Shares			845,899	27.00
Total		**5,251**		**880,449**	



Stadt-Galerie Passau

RELATIONSHIPS WITH SHAREHOLDERS

Shareholders exercise their rights in matters concerning the Company at the Annual General Meeting. The Annual General Meeting elects the members of the Supervisory Board and passes resolutions approving the actions of the Executive and Supervisory Boards. It decides on the appropriation of the unappropriated surplus and amendments to the Company's Articles of Association. The Annual General Meeting, at which the Executive and Supervisory Boards give an account of the past financial year, takes place once a year. When resolutions are adopted at the Annual General Meeting, each share confers entitlement to one vote in line with the principle of "one share, one vote". All shareholders are entitled to attend the Annual General Meeting and to speak and submit questions about items on the agenda.

Deutsche EuroShop reports to its shareholders and to the public on the Company's business performance, financial position and results of operations four times a year in line with a financial calendar. Press releases also inform the public and the media of Company activities. Information that may materially influence the Company's share price is published in the form of ad hoc disclosures in accordance with the statutory requirements.

The Executive Board gives regular presentations to analysts and at investor events as part of the Company's investor relations activities. Analyst conferences on the release of the annual and quarterly financial statements are broadcast over the internet, where they are available to anyone interested in the Company. In addition, Deutsche EuroShop provides financial information and other information about the Deutsche EuroShop Group on its website.

ACCOUNTING AND AUDITS

The Deutsche EuroShop Group prepares its financial statements according to International Financial Reporting Standards (IFRSs) on the basis of section 292a of the Handelsgesetzbuch (HGB – German Commercial Code). The annual financial statements of Deutsche EuroShop AG will continue to be prepared in line with the accounting provisions of the HGB. The Executive Board is responsible for the preparation of the financial statements. The Chairman of the Audit Committee commissions the auditor of the annual financial statements, as elected by the Annual General Meeting. The stricter requirements for auditor independence are met in this process.

OUTLOOK

The German Corporate Governance Code was not amended last year. Further intensive discussions were held on the diversity of management. Deutsche EuroShop is to focus more intently on this topic and plans to expand the Supervisory Board from six members to nine, in order to broaden expertise, particularly in retail and accounting. The Supervisory Board should in future contain at least one woman. An amendment to the Articles of Association to this effect and three candidates for election to the Supervisory Board should be put before the Annual General Meeting in June 2012.

DECLARATION OF CONFORMITY

In November 2011, the Executive and Supervisory Boards of the Company jointly submitted their updated declaration of conformity with the recommendations of the Government Commission on the German Corporate Governance Code for financial year 2011 in accordance with section 161 of the Aktiengesetz (AktG – German Public Companies Act). The declaration was made permanently available to the public on the Company's website at www.deutsche-euroshop.de.

Joint declaration by the Executive and Supervisory Boards of Deutsche EuroShop AG relating to the recommendations of the Government Commission on the German

Corporate Governance Code in accordance with section 161 AktG

The Executive Board and the Supervisory Board of Deutsche EuroShop AG declare that the Company has complied with, and will continue to comply with, the recommendations of the Government Commission on the German Corporate Governance Code (as published by the German Federal Ministry of Justice in the official section of the electronic German Federal Gazette (Bundesanzeiger) on 4 July 2003, and as amended on 26 May 2010), subject to a limited number of exceptions as indicated below:

- The existing D&O insurance policy taken out for the Supervisory Board does not provide for any deductible (Section 3.8).

The Executive and Supervisory Boards of Deutsche EuroShop AG have acted in a responsible manner, managing and supervising the Company in line with the principles of creating enterprise value ever since the Company was established, preceding the official introduction of corporate governance guidelines. The Company therefore takes the view that the agreement of a deductible was not necessary, in particular as this had no effect on the level of the insurance premium.

- There is no stipulated age limit for members of the Supervisory Board (Section 5.1.2).

The Supervisory Board believes that professional qualifications and skills represent the key criteria for members of the Executive Board. An age limit could force the retirement of a suitably qualified and successful Executive Board member.

- There is no stipulated age limit for members of the Supervisory Board (Section 5.4.1).

The Supervisory Board believes that professional qualifications and skills represent the key criteria for members of the Supervisory Board. An age limit could force the retirement of a suitably qualified and successful Supervisory Board member.

- The remuneration of the Supervisory Board does not include any performance-based elements (Section 5.4.6).

The Company believes that fixed remuneration for members of the Supervisory Board best reflects the Company's business model. The selection of shopping centers to be acquired and held and the quality of long-term leases represent the key factors determining the Company's long-term success.

- The consolidated financial statements are published within 120 days of the end of the financial year (Section 7.1.2).

It is important to the Company to publish audited financial statements that have been approved by the Supervisory Board. An earlier publication date is not feasible due to the schedules for the preparation, auditing and adoption of the financial statements. Unaudited data of relevance to the capital market is published in advance.

Hamburg, 30 November 2011

The Executive Board and
the Supervisory Board
Deutsche EuroShop AG

Galeria Bałtycka,
Danzig, Poland

Report of the SUPERVISORY BOARD

Dear Shareholders,

During financial year 2011, the Supervisory Board performed the duties incumbent on it according to the law and the Articles of Association and closely followed the performance of Deutsche EuroShop AG. The strategic orientation of the Company was coordinated with the Supervisory Board, and the status of the strategy implementation was discussed at regular intervals. The Supervisory Board monitored and advised the Executive Board on its management of the business, and the Executive Board informed us regularly, promptly and in detail of business developments.

FOCUS OF ADVISORY ACTIVITIES

We examined the Company's net assets, financial position and results of operations, as well as its risk management, regularly and in detail. In this context, we checked that the formal conditions for implementing an efficient system of monitoring our Company were met and that the means of supervision at our disposal were effective. We were informed on an ongoing basis of all significant factors affecting the business. We considered the development of the portfolio properties, their turnover trends, the accounts receivable and occupancy rates, the Company's liquidity position and the progress of the expansion projects.

Intensive and repeated discussions were conducted with the Executive Board on trends on the capital, credit, real estate and retail markets and the effects of these on the Company's strategy. The Executive Board and Supervisory Board also examined various investment options. We received regular reports detailing the turnover trends and payment patterns of our tenants and the credit policies of the banks.

The Chairman of the Supervisory Board and the Executive Committee of the Supervisory Board also discussed other topical issues with the Executive Board as required. Transactions requiring the approval of the Supervisory Board were discussed and resolved upon at the scheduled meetings. In addition, for transactions of the Executive Board requiring approval, circular resolutions were passed in writing by the Supervisory Board. In the event of decisions that could potentially have led to conflicts of interest, the Supervisory Board members in question abstained from voting. All resolutions in the reporting period were passed unanimously.

MEETINGS

Four scheduled Supervisory Board meetings took place during financial year 2011. In one of those meetings only, one member of the Supervisory Board was excused from attending.

At the first scheduled meeting, on **27 April 2011**, the Supervisory Board's annual review of efficiency was completed and the agenda for the Annual General Meeting was approved. We selected the auditor, who was proposed to the shareholders for election. In relation to the audit of the annual financial statements, we once again attached great importance to the explanations of the Executive Board and those of the auditor on the real estate appraisals. In addition, the Executive Board explained the documentation relating to the internal risk control system (IRCS) and the review of transactions with related parties. In addition, the Executive Board reported to us in particular on the expansion of the Altmarkt-Galerie in Dresden, the Main-Taunus-Zentrum near Frankfurt and the A10 Center in Wildau, near Berlin, and the acquisition of the Billstedt-Center in Hamburg. The explanations on the occupancy situation focused on the City-Arkaden center in Wuppertal and the City-Galerie in Wolfsburg. In both of these centers, which are now in their tenth year, significant numbers of leases were renewed. For the first time, the Executive Board presented the possibility of acquiring a stake in the Allee-Center in Magdeburg.

At the meeting on **16 June 2011**, the Executive Board informed us of the leasing activities in the extension to the Main-Taunus-Zentrum and in the City-Galerie in Wolfsburg and City-Arkaden in Wuppertal. The Executive Board also presented the possibility of acquiring an 11% participating interest in the City-Galerie in Wolfsburg, an acquisition which we approved. It was also decided to amend the German name of the Audit Committee from "Bilanzausschuss" to "Prüfungsausschuss" in line with the Bilanzrechtsmodernisierungsgesetz (German Accounting Law Modernisation Act – BilMoG). Furthermore, the rules of procedure of the Executive Board were amended in accordance with the provisions of current regulations. As the mandate periods of several members of the Supervisory Board expire in 2013 and 2014 and given the diversity requirements of supervisory boards, we held extensive discussions on the future composition of our body.

At the third meeting on **22 September 2011**, the Executive Board reported on progress in the acquisition of a 50% stake in the Allee-Center Magdeburg, after we had unanimously approved this investment in writing by means of a circular resolution in July 2011. The Executive Board also reported on various other investment possibilities that were being examined. An extensive discussion also ensued on the effects on our company of the latest court decision on the expanded trade tax deduction, after the Executive Board drew our attention to an associated ruling, and possible courses of action open to Deutsche EuroShop AG. We also determined the desired future composition of our company's Supervisory Committee with regard to its powers and gender balance and set out how this would be achieved.

The last meeting, on **17 November 2011**, was held in the Main-Taunus-Zentrum on the same day as the official opening of the extension there, which enabled us to see for ourselves that it was fully let. The Executive Board also reported on the further acquisition possibilities and the conclusion of important refinancing agreements for our portfolio properties, including the Altmarkt-Galerie in Dresden. The Executive Board also discussed the status of investigations into the possibility of a restructuring for trade tax purposes. With this in mind, the Executive Board was keen to acquire sole ownership of further property companies and was currently seeking to achieve this shortly at three companies. We also held extensive discussions on the Company's projections and medium-term performance planning as presented by the Executive Board, and on the Company's and Group's internal control system based on the documentation presented.

COMMITTEES

The Supervisory Board has established three committees: the Executive Committee of the Supervisory Board, the Audit Committee and the Capital Market Committee. Each of these is made up of three members. The Executive Committee of the Supervisory Board functions simultaneously as a nomination committee. Given the size of the Company and the number of Supervisory Board members, we consider the number of committees and members to be appropriate. During the reporting period, the Executive Committee of the Supervisory Board and the Audit Committee met on 14 April 2011. The Audit Committee also discussed the quarterly financial reports with the Executive Board in conference calls on 10 May, 9 August and 4 November 2011.

CORPORATE GOVERNANCE

In November 2011, together with the Executive Board, we issued an updated declaration of conformity in relation to the recommendations of the government commission pursuant to section 161 of the Aktiengesetz (German Public Companies Act – AktG) and made this permanently available on the Deutsche EuroShop AG website. A separate report on the implementation of the German Corporate Governance Code is included in this Annual Report. The members of the Supervisory Board and the Executive Board declared in writing at the beginning of 2012 that no conflicts of interest had arisen.

FINANCIAL STATEMENTS OF DEUTSCHE EUROSHOP AG AND THE GROUP FOR THE PERIOD ENDING 31 DECEMBER 2011

At the Audit Committee meeting on 18 April 2012 and the Supervisory Board meeting on 26 April 2012, the Audit Committee and the Supervisory Board examined in detail the annual financial statements of Deutsche EuroShop AG in accordance with German commercial law, and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), each as at 31 December 2011, as well as the management report and group management report for financial year 2011.

The documents relating to the financial statements, the auditor's reports and the Executive Board's proposal for the appropriation of the unappropriated surplus were presented to us in good time. The auditor appointed by the Annual General Meeting on 16 June 2011 – BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg – had already audited the financial statements and issued an **unqualified audit opinion** in each case. The auditor also confirmed that the accounting policies, measurement methods and methods of consolidation in the consolidated financial statements complied with the relevant accounting provisions. In addition, the auditor determined in the course of its assessment of the risk management system that the Executive Board had undertaken all required measures pursuant to section 91 (2) AktG to promptly identify risks that could jeopardise the continued existence of the Company.

The auditor's representatives took part in the discussion of the annual financial statements and the consolidated financial statements on the occasions of the Audit Committee meeting on 18 April 2012 and the Supervisory Board meeting on 26 April 2012 and explained the main findings.

Following its own examination of the annual financial statements of Deutsche EuroShop AG, the consolidated financial statements and the corresponding management reports, the Supervisory Board did not raise any objections, agreed with the findings of the auditor's examination and approved the annual financial statements of Deutsche EuroShop AG and the consolidated financial statements. The annual financial statements have thus been adopted. The Supervisory Board endorses the Executive Board's proposal for the appropriation of the unappropriated surplus and distribution of a dividend of €1.10 per share.

The Company's success in financial year 2011 was the result of its conservative strategy and the dedication shown by the Executive Board and our employees, for which the Supervisory Board would like to express its particular gratitude.

Hamburg, 26 April 2012

Manfred Zaß, Chairman

Name	Manfred Zaß (Chairman)	Dr Michael Gellen (Deputy Chairman)	Thomas Armbrust
Born	1941	1942	1952
Place of residence	Königstein im Taunus	Köln	Reinbek
Nationality	German	German	German
End of term of office	2013 Annual General Meeting	2014 Annual General Meeting	2014 Annual General Meeting
Committee activities	Chairman of the Executive Committee, Member of the Audit Committee, Chairman of the Capital Market Committee	Member of the Executive Committee, Member of the Audit Committee, Member of the Capital Market Committee	Member of the Executive Committee, Chairman of the Audit Committee, Member of the Capital Market Committee
Membership of other statutory supervisory boards	–	–	C.J. Vogel Aktiengesellschaft für Beteiligungen, Hamburg (Chairman) Platinum AG, Hamburg (Chairman) TransConnect Unternehmensberatungs- und Beteiligungs AG, Munich (Chairman) Verwaltungsgesellschaft Otto mbH, Hamburg
Membership of comparable supervisory bodies of business enterprises in Germany or other countries	–	–	ECE Projektmanagement G.m.b.H. & Co. KG, Hamburg (Deputy Chairman)
Profession	Banker	Independent lawyer	Member of Management of KG CURA Vermögensverwaltung G.m.b.H. & Co., Hamburg
Key positions held	1965-2002: DekaBank Deutsche Girozentrale, Frankfurt of which: 1980-1999: Member of the Executive Board 1999-2002: Chairman of the Executive Board, until 2005: Deutsche Börse AG, Frankfurt, Deputy Chairman of the Supervisory Board 2008-2009: Hypo Real Estate Group AG, Unterschleissheim, Member of the Supervisory Board	1971-1983: Deutsche Bank AG, Düsseldorf, Frankfurt (various positions) 1984-1995: Deutsche Centralbodenkredit-AG, Cologne, Member of the Executive Board 1995-1997: Europäische Hypothekenbank AG, Luxembourg, Member of the Executive Board 1997-2000: Deutsche Bank AG, Frankfurt, Managing Director 2001-2003: DB Real Estate GmbH, Frankfurt, Managing Director	until 1985: Auditor and tax advisor 1985-1992: Gruner + Jahr AG & Co KG, Hamburg, Director of Finance since 1992: Member of Management of KG CURA Vermögensverwaltung G.m.b.H. & Co., Hamburg (family office of the Otto family)
Relationship to majority / major shareholders:	none	none	Shareholder representative of the Otto family
Deutsche EuroShop securities held as at 31 December 2011:	12,500	0	

Dr Jörn Kreke

Alexander Otto

Dr Bernd Thiemann

Dr Jörn Kreke	Alexander Otto	Dr Bernd Thiemann
1940	1967	1943
Hagen	Hamburg	Kronberg im Taunus
German	German	German
2013 Annual General Meeting	2013 Annual General Meeting	2014 Annual General Meeting
–	–	–
Capital Stage AG. Hamburg Douglas Holding AG, Hagen (Chairman)	Verwaltungsgesellschaft Otto mbH, Hamburg	Deutsche Pfandbriefbank AG, Unterschleissheim (Chairman) EQC AG, Osnabrück (Deputy Chairman) Hypo Real Estate Holding AG, Unterschleißheim (Chairman) IVG Immobilien AG, Bonn VHV Vereinigte Hannoversche Versicherung a.G., Hanover M.M. Warburg & Co. KGaA, Hamburg (Deputy Chairman) Wave Management AG, Hamburg (Deputy Chairman)
Kalorimeta AG & Co. KG, Hamburg Urbana Gruppe, Hamburg	Peek & Cloppenburg KG, Düsseldorf	Würth Finance International B.V., Amsterdam Würth Gruppe, Künzelsau (Deputy Chairman)
Businessman	CEO of ECE Projektmanagement G.m.b.H. & Co. KG, Hamburg	Former Chairman of the Executive Board of DG Bank Deutsche Genossenschaftsbank AG, Frankfurt am Main
Study in the USA, Doctorate from the University of Frankfurt 1963-2001: Rudolf Hussel Süßwaren AG, Hagen (later Douglas Holding AG) of which: 1963-1969: Assistant to the Management Board 1969-2001: Chairman of the Executive Board, since 2001: Chairman of the Supervisory Board	Studied at Harvard University and Harvard Business School, Cambridge, USA 1994-2000: ECE Projektmanagement G.m.b.H. & Co. KG, Hamburg since 2000: Chief Executive Officer	1976-1991: NORD/LB Norddeutsche Landesbank Girozentrale, Hanover of which 1976-1981: Member of the Executive Board 1981-1991: Chairman of the Executive Board 1991-2001: DG Bank Deutsche Genossenschaftsbank AG, Frankfurt, Chairman of the Executive Board
none	Major shareholder	none
0	5,136,390	6,597

GLOSSARY

A

ADVERTISING VALUE EQUIVALENCE IIndex 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/C

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

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 surplusses 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/H

Gearing Ratio which shows the relationship between liabilities and equity.

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/M

Loan to value Ratio that expresses the amount of a mortgage as a percentage of the market value of real property.

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. exchange. 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 in vestors.

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

FINANCIAL Calendar

2011

09.03.	Preliminary Results FY2011
15.–16.03.	Kempen & Co. Property Seminar, New York
20.03.	Roadshow Munich, Baader Bank
21.03.	Roadshow Zurich, WestLB
22.03.	Roadshow Amsterdam, Commerzbank
22.03.	Roadshow Paris, Kepler
23.03.	Roadshow London, Bank of America Merrill Lynch
27.03.	Roadshow Hamburg, equinet
03.–04.04.	Deutsche Bank's VIP Real Estate Event, Frankfurt
18.04.	Credit Suisse Global Real Estate Conference, London
19.04.	Commerzbank Corporate Day, London
26.04.	Supervisory Board meeting, Hamburg
26.–27.04.	Bankhaus Lampe Deutschland-Konferenz, Baden-Baden
27.04.	Publication of the Annual Report 2011
15.05.	Interim report Q1 2012
22.05.	Metzler Property Day, Frankfurt
30.05.	Kempen & Co. European Property Seminar, Amsterdam
11.06.	Roadshow Vienna, Berenberg
21.06.	Annual General Meeting, Hamburg
21.06.	Supervisory Board meeting, Hamburg
14.08.	Interim report H1 2012
16.08.	Roadshow Edinburgh, M.M. Warburg
04.–05.09.	Kempen & Co. German Property Seminar, Berlin
05.09.	Bank of America Merrill Lynch pre-EPRA Event, Berlin
06.–07.09.	EPRA Annual Conference, Berlin
13.09.	Roadshow Amsterdam, Rabo
18.09.	Roadshow Copenhagen, equinet
19.09.	Roadshow Helsinki / Stockholm, Berenberg
20.09.	Supervisory Board meeting, Hamburg
26.09.	UniCredit Kepler German Investment Conference, Munich
27.09.	Baader Investment Conference, Munich
09.10.	ExpoREAL, Munich
17.10.	Roadshow Brussels, ING
17.10.	Roadshow Zurich, Deutsche Bank
18.10.	Roadshow Geneva, Deutsche Bank
13.11.	Nine-month report 2012
15.11.	Roadshow Paris, Metzler
27.11.	Supervisory Board meeting, Hamburg

Check it OUT!

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

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MULTI-YEAR-Overview

in € million	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenue	57.9	61.4	72.1	92.9	95.8	115.3	127.6	144.2	190.0
EBIT	39.5	49.8	57.5	86.3	78.5	98.1	110.7	124.0	165.7
Net finance costs	-17.8	-19.2	-39.3	-41.0	-39.6	-49.4	-55.9	-60.2	-79.1
Measurement gains/losses	5.6	8.0	40.0	68.8	39.0	38.3	-14.8	33.1	41.9
EBT	27.3	38.6	68.1	117.7	77.8	87.0	40.1	97.0	128.4
Consolidated profit	19.0	27.7	48.7	100.3	94.2	68.9	34.4	-7.8	93.40
FFO per share (€)	0.82	0.86	0.97	1.08	1.12	1.38	1.40	1.35	1.61
Earnings per share (€)*	0.61	0.89	1.55	2.92	2.74	1.96	0.88	-0.17	1.81
Equity*	695.3	684.4	787.4	897.9	974.0	977.8	1,044.4	1,441.5	1,473.1
Liabilities	545.2	685.8	756.1	898.3	1,002.3	1,029.1	1,067.8	1,522.1	1,752.0
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	3,225.1
Equity ratio (%)*	56.1	49.9	51.0	50.0	49.3	48.7	49.5	48.6	45.7
Gearing (%)*	78	100	96	100	103	105	102	106	119
Cash and cash equivalents	102.0	150.3	197.2	94.2	109.0	41.7	81.9	65.8	64.4
Net asset value (EPRA)	682.5	686.8	794.5	877.4	925.1	942.8	1,006.9	1361.1**	1427.3**
Net asset value per share (€, EPRA)	21.84	21.98	23.11	25.53	26.91	27.43	26.63	26.36**	27.64**
Dividend per share (€)	0.96	0.96	1.00	1.05	1.05	1.05	1.05	1.10	1.10***

* incl. non controlling interests
** EPRA
*** proposal

in € million	Q1/2011	Q2/2011	Q3/2011	Q4/2011
Revenue	44.4	46.7	46.9	52.0
EBIT	38.6	39.7	39.6	47.8
Net finance costs	-19.1	-19.6	-20.1	-20.3
Measurement gains / losses	-0.4	-0.5	-0.4	43.2
EBT	19.1	19.6	19.0	70.7
Consolidated profit	16.0	16.4	7.7	53.3
EPS in €	0.31	0.32	0.15	1.03

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.

This annual report is also available in German. In the event of conflicts the German-language version shall prevail.


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