INTERIM REPORT Q1 2010

Letter from the Executive Board

DEAR SHAREHOLDERS, DEAR READERS,

In a difficult (global) economic environment, we are pleased to be able to report encouraging results for Deutsche EuroShop in the first quarter of 2010 that are in line with our forecasts.

Revenue, at €34.6 million, was 9% higher than in the first three months of 2009. Net operating income (NOI) improved by 11% to €30.9 million, while EBIT also climbed 11% to €30.1 million.

A significant contribution to these increases was made by the A10 Center in Wildau near Berlin, which we bought for our portfolio in early 2010 following three years of restrained investment. The total investment, including planned modernisation and a new construction (A10 Triangle) by 2011, will amount to around €265 million. The A10 is one of the biggest and best known shopping centers in Germany. It was opened in 1996 and currently has around 120 specialist retail units, all of which are let. Once the A10 Triangle has opened in the spring of 2011, the A10 Center will offer around 200 shops with a retail space of roughly 66,000m².

To refinance the equity portion of the investment for the A10 Center, we carried out a rights issue in February 2010. Around €123 million was raised for Deutsche EuroShop. We regard the fact that the issue was oversubscribed almost five times as a clear indication of the confidence that our shareholders and the capital market have in the strategy and future of Deutsche EuroShop.

Returning to our results, consolidated profit was boosted in the first quarter of the previous year by positive exceptional and currency effects on measurement gains. This explains and puts into perspective the sharp decline in the first quarter of 2010. In numerical terms, consolidated profit was down 47% from €24.4 million to €12.8 million. Net earnings per share correspondingly fell from €0.66 to €0.31. Operationally, everything went according to plan: FFO (funds from operations) – an important ratio for us – improved by 6% from €0.35 to €0.37 per share.

As far as new investments are concerned, we believe that our prospects of acquiring another shopping center in 2010 are good. With our expansion measures for the A10 Center, the Altmarkt-Galerie and the Main-Taunus-Zentrum, we are also well-positioned to secure additional growth with our existing portfolio.

We envisage being able to pay you a dividend of at least €1.05 per share for the current financial year as well and thank you for the trust you have placed in us.

Hamburg, May 2010

Claus-Matthias Böge — Olaf G. Borkers

KEY GROUP DATA in € million	01.01.– 31.03.2010	01.01.– 31.03.2009	+/-
Revenue	34.6	31.8	9%
EBIT	30.1	27.1	11%
Net finance costs	-14.7	-14.2	-4%
EBT before valutation	15.4	12.8	20%
Consolidated profit	12.8	24.4	-47%
FFO per share (€)	0.37	0.35	6%
EPS (€)	0.31	0.66	-53%
	31.03.2010	31.12.2009	
Equity*	1,181.1	1,044.4	13%
Liabilities	1,190.9	1,067.8	12%
Total assets	2,372.0	2,112.1	12%
Equity ratio (%)*	49.8	49.5	
LTV-ratio (%)	47.2	46.0	
Gearing (%)*	101	102	
Cash and cash equivalents	124.3	81.9	52%

* incl. minority interest

Business and Economic Conditions

GROUP STRUCTURE AND OPERATING ACTIVITIES

Activities

Deutsche EuroShop is the only public company in Germany to invest solely in shopping centers in prime locations. It currently has investments in 17 shopping centers in Germany, Austria, Poland and Hungary. The Group generated the reported revenue from rental income on the space let in its shopping centers.

Group's legal structure

Due to its lean personnel structure and concentration on just two reportable segments (in Germany and abroad), the Deutsche EuroShop Group is centrally organised. The Group managing company is Deutsche EuroShop AG. It is responsible for corporate strategy, portfolio and risk management, financing and communication.

The Company's registered office is in Hamburg. Deutsche EuroShop is an Aktiengesellschaft (public company) under German law. The individual shopping centers are managed as separate companies. Depending on the share of the nominal capital, these are included in the consolidated financial statements either fully, proportionally or using the equity method.

The share capital amounts to €44,114,578.00 and is composed of 44,114,578 no-par value registered shares. The notional value of each share is €1.00.

MACROECONOMIC AND SECTOR-SPECIFIC CONDITIONS

The economic outlook for Germany has brightened noticeably in recent months. This is largely attributable to an improvement in the export situation. Private consumption too has surprised everyone with its stability. The response of the labour market to the economic downturn has been extremely restrained so far. We do not anticipate any sudden decline in employment figures for the next few years. Price trends remain favourable and it is expected that consumer prices will rise only moderately this year. The German government is anticipating a 1.6% increase in gross domestic product for the current year.

Compared to last year, we have not detected any major changes in consumer behaviour in our shopping centers. The retail sales trends of our tenants are positive by and large. In view of the fact that the economy is in recovery, we anticipate an improvement in the revenue and earnings situation for 2010 and are cautiously optimistic about this new financial year.

Results of Operations, Financial Position and Net Assets

Acquisition of the A10 Center in Wildau

On 6 January 2010, A10 Center Wildau KG, a subsidiary of Deutsche EuroShop AG, purchased the A10 Center in Wildau near Berlin for around €205 million (incl. ancillary acquisition costs). The transfer of benefits and encumbrances took place on 1 February 2010. The center will be partially restructured and modernised. We anticipate an additional investment volume of around €60 million in total.

To refinance the equity component of €115 million, Deutsche EuroShop AG increased its capital in February 2010 through a rights issue at a ratio of 6:1. The new shares were acquired in full by existing shareholders through their exercising of their subscription right and an oversubscription right granted by the Company. A total of 6.3 million new shares were issued at a subscription price of €19.50 per share. Around €123 million flowed into the Company as a result.

RESULTS OF OPERATIONS

9% revenue increase thanks to the acquisition of the A10 Center

Revenue in the first three months of 2010 totalled €34.6 million, representing a 9% rise year-on-year (from €31.8 million). This increase is largely attributable to the first-time full consolidation of the shopping center in Wildau. However, rental income was up slightly in the portfolio properties as well, resulting in a 1.1% increase in revenue compared with the same quarter of the previous year.

Operating and administrative costs for property down slightly

Center operating costs were €3.6 million in the first quarter of 2010, compared with €3.9 million in the same period of the previous year.

Other operating expenses up €0.2 million

Other operating expenses climbed €0.2 million to €1.3 million (previous year: €1.1 million).

11% increase in EBIT

EBIT increased by €3.0 million (+11%) from €27.1 million to €30.1 million. This is chiefly due to the contribution to earnings from the A10 Center.

Net finance costs slightly higher

Net finance costs totalled €14.8 million, €0.6 million more than the €14.2 million recorded the previous year. This was mainly the result of interest expense incurred for the A10 Center.

20% rise in earnings before taxes and measurement

Earnings before taxes and measurement rose from €12.8 million to €15.4 million (+20%), which was due partly to the initial consolidation of the center in Wildau and partly to the fact that the existing properties made higher contributions.

Measurement gains without currency effects

At the reporting date of 31 December 2009, the currency translation method at our property companies abroad was changed with the result that currency effects are no longer recognised in income but instead directly in equity. In the same quarter of the previous year, the measurement gains included a one-off effect from the first-time full consolidation of the property in Kassel and unrealised currency gains.

Consolidated profit: €12.8 million; earnings per share: €0.31

Consolidated profit totalled €12.8 million, up €2.2 million (+20%) following adjustment for the measurement gains (€13.7) that were still included in consolidated profit in the first three months of 2009. Earnings per share fell from €0.66 to €0.31, but adjusted for the measurement gains rose by just under 7% from €0.29 to €0.31.

Funds from operations (FFO)

FFO increased by nearly 6% from €0.35 to €0.37.

FINANCIAL POSITION AND NET ASSETS

Net assets and liquidity

During the reporting period, the Deutsche EuroShop Group's total assets increased by €259.9 million to €2,372.0 million. Non-current assets rose by €216.3 million, due in particular to the acquisition of the A10 Center in Wildau. Receivables, other assets and other financial instruments were up €1.2 million. At €124.3 million, cash and cash equivalents were €42.4 million higher than on 31 December 2009, as a result of the capital increase conducted in February.

Equity ratio of 49.8%

The equity ratio including minority interests increased from 49.5% to 49.8%.

Liabilities

As at 31 March 2010, bank loans and overdrafts stood at €1,055.1 million, €120.9 million higher than at the end of 2009. This increase is due almost entirely to a bank loan that was taken out in conjunction with the acquisition of the A10 Center. Non-current deferred tax liabilities rose by €1.6 million to €87.2 million. Other liabilities and provisions were reduced by €0.3 million.

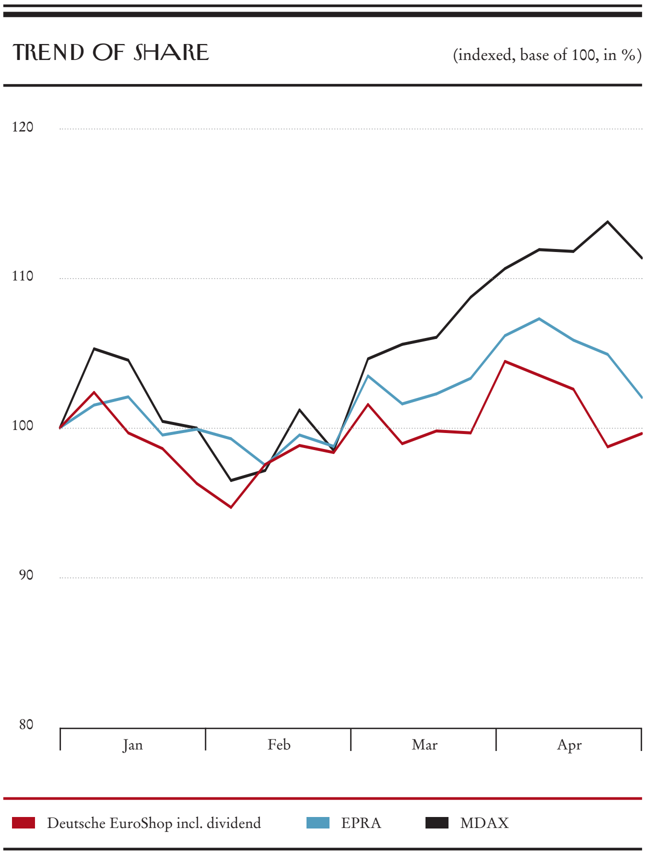
The Shopping Center Share

The Deutsche EuroShop share got off to a positive start in 2010, rising from €23.67 (2009 year-end closing price) on 14 January 2010 to €25.13, its high for the quarter. The share price then fell in line with the general trend, reaching €22.41 on 5 February 2010. It rallied somewhat in the weeks that followed. The closing price at the end of the reporting period on 31 March 2010 was €24.32. This corresponds to an increase of 2.8% in the first quarter of 2010. The MDAX rose by 8.5% over the same period. Following the successful placement of the capital increase at the start of February and the associated number of new shares (44,114,578), Deutsche EuroShop had market capitalisation of €1.1 billion on 31 March 2010.

KEY SHARE DATA	
Sector/industry group	Financial services/Real estate
Share capital on 31 March 2010	€44,114,578.00
Number of shares on 31 March 2010 (no-par value registered shares)	44,114,578
Dividend proposal 2009	€1.05
Share price on 30 December 2010	€ 23,67
Share price on 31 March 2010	€24.32
Low/high in the period under review	€22.41/€25.13
Market capitalisation on 31 March 2010	€1.1 billion
Prime Standard	Frankfurt and Xetra
OTC trading	Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30, HASPAX
ISIN	DE 000748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

Deutsche EuroShop vs. MDAX and EPRA

Comparison, January to April 2010



Roadshows and conferences

In January 2010, we presented Deutsche EuroShop at the CA Cheuvreux German Corporate Conference in Frankfurt. We also held roadshows in February and March in Dusseldorf, Frankfurt, Geneva, Cologne, Lisbon, London, Madrid, Milan, Munich, Paris, Vienna and Zurich, where we explained in particular the successful capital increase as well as the provisional results for the 2009 financial year that were published in mid-February.

Award for investor relations work

Readers of the investor magazine Börse Online voted Deutsche EuroShop third in the MDAX category of the BIRD 2009 (Beste Investor Relations Deutschlands – Best Investor Relations Germany), thereby naming it one of the companies that investors feel are the fairest in terms of open and honest communication with the capital market. Deutsche EuroShop came fourth in the overall ranking of all 160 companies from DAX, MDAX, SDAX and TecDAX.

Broad coverage

Twenty-eight analysts from renowned German and international institutes are currently observing the Deutsche EuroShop share and issuing reports on the Company on a regular basis. They are attracting new investors to Deutsche EuroShop with their resulting investment recommendations. Deutsche EuroShop is therefore one of the best-covered public property companies in Europe.

Report on Post-Balance-Sheet-Date Events

No events of particular significance took place following the end of the first three months of 2010.

Risk Report

There have been no significant changes since the beginning of the financial year with regard to the risks associated with future business development. We do not believe the Company faces any risks capable of jeopardising its continued existence. The information provided in the risk report of the consolidated financial statements as at 31 December 2009 is therefore still applicable.

Report on Opportunities and Outlook

ECONOMIC CONDITIONS

Buoyed by the resurgence in foreign trade, the German economy has been growing again since the end of last year. While the economic outlook has obviously brightened, the systemic risks are clearly increasing because of huge levels of debt in the western industrialised countries and the recent financial support for Greece associated with this. It is difficult to issue a reliable prediction concerning future economic developments given that the financial and capital markets are highly volatile and unpredictable right now. The German government is anticipating slight growth with stable employment for 2010. Provided that the inflation rate does not increase significantly, the mood among consumers should continue to be relatively robust.

We are therefore cautiously optimistic for our business this year. We are expecting a positive performance and are well-placed operationally.

EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

Despite the continuing turbulence on the international capital markets and the major reduction in economic output, there are no indications that the Deutsche EuroShop Group's economic situation will be significantly impaired in 2010. While the figures available so far do largely point to a downturn in buying patterns, the slump in consumer spending feared by many experts has yet to materialise. The extremely robust labour market has undoubtedly helped in this regard. If the economic environment continues to deteriorate over the course of the year, however, it cannot be ruled out that retailers in our shopping centers may also experience financial difficulties and may no longer be able to fulfil the obligations under their leases or may not be able to fulfil them in full. Overall, however, we assume that the Deutsche EuroShop Group would only incur comparatively moderate losses in such a case.

Construction projects coming along well

The A10 Center will feature the so-called A10 Triangle by spring 2011. The construction measures are running to schedule. Negotiations about new lease contracts are now underway with current and potential tenants.

Work on the expansion of the Altmarkt-Galerie in Dresden is progressing nicely despite the delays due to the harsh winter. 75% of the planned income from tenants has already been hedged through long-term leases. The new center extension is scheduled to open in spring 2011.

The completion date for the expansion of the Main-Taunus-Zentrum has been set for late autumn 2011, but the pre-leasing level already stands at over 50% almost one and a half years before it is due to open.

No change to revenue and earnings forecasts

We stand by our forecasts for the 2010 financial year and expect:

- revenue of between €139 million and €142 million
- earnings before interest and taxes (EBIT) of between €118 million and €121 million
- earnings before taxes (EBT) without measurement gains/losses of between €58 million and €60 million
- unds from operations (FFO) per share of between €1.33 and €1.38.

Dividend policy

We intend to maintain our long-term dividend policy geared towards continuity and to distribute a dividend of at least €1.05 per share to our shareholders again for the financial year 2010.

Consolidated Balance Sheet

ASSETS in € thousand	31.03.2010	31.12.2009
Assets		
Non-current assets		
Intangible assets	22	24
Property, plant and equipment	38	48
Investment properties	2,207,423	1,990,980
Non-current financial assets	24,755	24,755
Investments in equity-accounted associates	3,532	3,532
Other non-current assets	757	865
Non-current assets	**2,236,527**	**2,020,204**
Current assets		
Trade receivables	1,518	2,557
Other current assets	9,632	5,870
Other financial investments	0	1,600
Cash and cash equivalents	124,346	81,914
Current assets	**135,496**	**91,941**
Total assets	**2,372,023**	**2,112,145**

EQUITY AND LIABILITIES

in € thousand

	31.03.2010	31.12.2009
Equity and liabilities		
Equity and reserves		
Issued capital	44,114	37,812
Capital reserves	725,477	609,364
Retained earnings	287,910	274,149
Total equity	**1,057,501**	**921,325**
Non-current liabilities		
Bank loans and overdrafts	1,043,183	921,170
Deferred tax liabilities	87,227	85,600
Right to redeem of limited partners	123,607	123,035
Other liabilities	19,672	19,845
Non-current liabilities	**1,273,689**	**1,149,650**
Current liabilities		
Bank loans and overdrafts	11,933	13,025
Trade payables	530	1,071
Tax provisions	2,245	1,981
Other provisions	20,766	19,688
Other liabilities	5,359	5,405
Current liabilities	**40,833**	**41,170**
Total equity and liabilities	**2,372,023**	**2,112,145**

Consolidated Income Statement

in € thousand	01.01.–31.03.2010	01.01.–31.03.2009
Revenue	34,578	31,774
Property operating costs	-1,713	-1,931
Property management costs	-1,923	-1,984
Net operating income (NOI)	**30,942**	**27,859**
Other operating income	484	260
Other operating expenses (corporate costs)	-1,286	-1,055
Earnings before interest and taxes (EBIT)	**30,140**	**27,064**
Income from investments	317	327
Interest income	106	160
Interest expense	-13,100	-12,715
Profit/loss attributable to limited partners	-2,069	-1,997
Net finance costs	**-14,746**	**-14,225**
Earnings before tax and valuation (EBT before valuation)	**15,394**	**12,839**
Measurement gains/losses	**0**	**16,778**
Earnings before tax (EBT)	**15,394**	**29,617**
Income tax expense	-2,592	-5,250
Consolidated profit	**12,802**	**24,367**
Basic earnings per share (€)	0.31	0.66
Diluted earnings per share (€)	0.31	0.66

Consolidated Statement of Comprehensive Income

in € thousand	01.01.–31.03.2010	01.01.–31.03.2009
Consolidated profit	**12,802**	**24,367**
Change due to currency translation effects	-268	-12,785
Change in cash flow hedge	405	-1,615
Deferred taxes on valuation adjustments offset directly against equity	822	0
Total earnings recognised directly in equity	**959**	**-14,400**
Total profit	**13,761**	**9,967**
Profit attributable to Group shareholders	13,761	9,967

Consolidated Cash Flow Statement

in € thousand	01.01.–31.03.2010	01.01.–31.03.2009
Profit after tax	**12,802**	**24,367**
Income from the application of IFRS 3	0	-8,075
Profit/loss attributable to limited partners	2,069	5,447
Depreciation of property, plant and equipment	6	6
Other non-cash income and expenses		-12,154
Deferred taxes	2,540	5,228
Operating cash flow	**17,417**	**14,819**
Changes in receivables	-2,615	2,317
Changes in other financial investments	1,600	96
Changes in non-current tax provisions	-911	0
Changes in current provisions	1,342	5,993
Changes in liabilities	-761	-2,924
Cash flow from operating activities	**16,072**	**20,301**
Payments to acquire property, plant and equipment/investment properties	-6,761	-19,477
Payments to acquire consolidated companies	-209,510	0
Cash flow from investing activities	**-216,271**	**-19,477**
Changes in interest-bearing financial liabilities	120,921	12,421
Contributions of Group shareholders	122,415	
Payments to minority shareholders	-1,742	-1,660
Cash flow from financing activities	**241,594**	**10,761**
Net change in cash and cash equivalents	**41,395**	**11,585**
Cash and cash equivalents at beginning of period	**81,914**	**41,671**
Currency related changes	376	-1,242
Other changes	661	-1,631
Cash and cash equivalents at end of period	**124,346**	**50,384**

Consolidated Statement of Changes in Equity

in € thousand	Share capital	Capital reserves	Other retained earnings	Legal reserve	Total
01.01.2009	**34,375**	**546,213**	**277,862**	**2,000**	**860,450**
Change in cash flow hedge			-1,615		-1,615
Change due to currency translation effects			-12,785		-12,785
Total earnings recognised directly in equity	0	0	-14,400	0	-14,400
Consolidated profit			24,367		24,367
Total profit			9,967		9,967
31.03.2009	**34,375**	**546,213**	**287,829**	**2,000**	**870,417**
01.01.2009	**37,812**	**609,364**	**272,149**	**2,000**	**921,325**
Change in cash flow hedge			-268		-268
Change due to currency translation effects			405		405
Change in deferred taxes			822		822
Total earnings recognised directly in equity	0	0	959	0	959
Consolidated profit			12,802		12,802
Total profit			13,761		13,761
Capital increase from own funds	6,302	116,113			122,415
31.03.2010	**44,114**	**725,477**	**285,910**	**2,000**	**1,057,501**

Disclosures

Basis of presentation

These financial statements of the Deutsche EuroShop Group as at 31 March 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS).

The management report and the abridged financial statements were not audited in accordance with section 317 of the Handelsgesetzbuch (HGB – German Commercial Code), nor were they reviewed by a person qualified to carry out audits. In the opinion of the Executive Board, the report contains all of the necessary adjustments required to give a true and fair view of the results of operations as at the interim report date. The performance of the first three months up to 31 March 2010 is not necessarily an indication of future performance.

The accounting policies applied correspond to those used in the last consolidated financial statements as at the end of the financial year. A detailed description of the methods applied was published in the notes to the consolidated financial statements for 2009.

As a result of the change in the currency translation method as at 31 December 2009, the earnings before taxes and measurement (EBT before measurement) line was inserted into the statement of comprehensive income in the quarterly report.

The two ratios FFO and EPS for the same quarter of the previous year were amended given that the weighted number of shares increased to 36,499,702 as a result of the capital increase in July 2009.

SEGMENT REPORTING
(01.01.–31.03.2010)

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. Due to the Company's uniform business activities within a relatively homogeneous region (the European Union), separate segment reporting is presented only in the form of a breakdown by domestic and international results.

Deutsche EuroShop AG assesses the performance of the segments on the basis of factors including the revenue and profits for the period of the individual property companies.

Breakdown by geographical segment

in € thousands	Domestic	International	Total
Revenue	**28,904**	**5,674**	**34,578**
(01.01.–31.03.2009)	(26,299)	(5,475)	(31,774)

Around 10% of rental income was generated in Poland. In the quarter under review, these revenues came to €3,414 thousand (previous year: €3,262 thousand).

in € thousands	Domestic	International	Reconciliation	Total
EBIT	**26,333**	**5,037**	**-1,230**	30,140
(01.01.–31.03.2009)	(23,164)	(5,042)	-(1,142)	(27,064)

in € thousands	Domestic	International	Reconciliation	Total
EBT (before measurement gains/losses)	**14,845**	**2,601**	**-2,052**	15,394
(01.01.–31.03.2009)	(12,464)	(2,652)	-(2,277)	(12,839)

in € thousands	Domestic	International	Total
Segment assets	**2,034,983**	**337,040**	**2,372,023**
(31.03.2009)	(1,759,219)	(325,287)	(2,084,506)
of which investment properties	**1,880,228**	**327,195**	**2,207,423**
(31.03.2009)	(1,645,677)	(322,110)	(1,967,787)

OTHER DISCLOSURES

Dividend
No dividend was distributed in the first quarter of 2010.

Share options
The variable components of the remuneration of the members of the Executive Board and Supervisory Board do not include any share options or similar securities-based incentive schemes.

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

Hamburg, May 2010

Claus-Matthias Böge

Olaf G. Borkers

Financial Calendar 2010

12.05.	Interim report Q1 2010
26.05.	Kempen & Co European Property Seminar, Amsterdam
27.05.	Société Générale European Mid and Small Caps Conference, Nice
09.06.	Metzler Property Day, Frankfurt
10.06.	Morgan Stanley European Property Conference, London
17.06.	Annual General Meeting, Hamburg
17.06.	Supervisory Board meeting, Hamburg
30.06.	Roadshow Luxembourg, DZ Bank
06.07.	Roadshow Copenhagen, UniCredit
12.08.	Interim report H1 2010
16.–19.08.	Roadshow USA, Berenberg
16.08.	Roadshow London, UniCredit
17.08.	Roadshow Dublin, UniCredit
18.–19.08.	Bankhaus Lampe Conference for Retail and Consumption, Frankfurt
02.–03.09.	EPRA Annual Conferece, Amsterdam
21.09.	UniCredit German Investment Conference, Munich
23.09.	Supervisory Board meeting, Hamburg
04.–06.10.	Expo Real, Munich
12.10.	Roadshow Amsterdam, Rabo
19.10.	Initiative Immobilien-Aktie, Frankfurt
06.11.	Hamburg Exchange Convention
11.11.	Interim report 9M 2010
12.11.	Roadshow Brussels, WestLB
16.11.	Roadshow Zurich, Deutsche Bank
18.11.	Supervisory Board meeting, Hamburg
30.11.–02.12.	UBS Global Real Estate Conference, London
01.–03.12.	Berenberg Pennyhill Conference, London

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

INVESTOR RELATIONS CONTACT

Patrick Kiss and Nicolas Lissner
Tel.: +49 (0)40 - 41 35 79 20 / -22
Fax: +49 (0)40 - 41 35 79 29
E-mail: ir@deutsche-euroshop.com
Web: www.deutsche-euroshop.com/ir

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