

DEUTSCHE EUROSHOP AG GROUP MANAGEMENT REPORT 2009



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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 2009 it had investments in 16 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 reporting segments (domestic and foreign), 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. More information on indirect or direct investment is detailed in the notes to the consolidated financial statements.

Deutsche EuroShop shares are traded on the Frankfurt Stock Exchange and other exchanges. As of 31 December 2009, 12.06% were owned by Alexander Otto (2008: 12.45%).

The share capital amounted to €37,812,496 on 31 December 2009 and was composed of 37,812,496 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 €13,750,001 on one or several occasions until 20 June 2012 by issuing up to 13,750,001 (no-par value) registered shares against cash or non-cash contributions (as of 31 December 2009).

The Executive Board is authorised, with the approval of the Supervisory Board, until 21 June 2011 to issue convertible bonds with a nominal value of up to a total of €150,000,000 and maturities of up to 7 years and to grant bond holders or creditors conversion rights to up to 7,500,000 new no-par value registered shares in the Company with a proportionate amount of share capital of up to €7,500,000 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 adapt the Articles of Association to 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 (German only).

REMUNERATION

Remuneration system for the Executive Board

Remuneration for the Executive Board is set by the Executive Committee of the Supervisory Board. The remuneration system provides for a fixed basic annual remuneration component based on the individual Executive Board member's duties and a variable remuneration component. This remuneration component is paid annually and is based on personal performance and the performance of the Executive Board as a whole, as well as the Company's economic situation, success and future prospects, and takes account of the comparative environment. The variable remuneration is paid after the Supervisory Board approves the consolidated financial statements. There are no share option plans or similar securities-based incentive systems.

In the event that the Company does not wish to renew the existing contracts of the members of the Executive Board upon their expiration, Claus-Matthias Böge would receive a one-time severance payment of €150,000 and Olaf Borkers would receive three months' salary.

The remuneration rules have been reviewed with respect to the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration) enacted in 2009 and current changes to the Corporate Governance Code. Adjustments to the current rules will be implemented during financial year 2010. For further details, please refer to the supplementary disclosures on remuneration in the notes.

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 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.

Miscellaneous

Members of the Executive and Supervisory Boards do not receive loans from the Company.

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 experienced negative growth last year for the first time since 2003. Real (price-adjusted) gross domestic product (GDP) fell by 5.0% in Germany (previous year: +1.3%). Given that 2009 had almost the same number of working days as the preceding year, there was no visible change in the growth rate (-5.0%) after adjustment for the calendar effect.

This decline in price-adjusted gross domestic product (GDP), the largest since the Second World War, was triggered mainly by a slump in both exports and investments in capital goods. As in the previous year, net exports, the difference between exports and imports, made a negative contribution to GDP growth; the fall of 3.4% represented a sharper drop than in 2008 (-0.3%). After adjustment for prices, exports declined by 14.7%, while the reduction in imports amounted to just 8.9%. Investments in capital goods were down 20.0%.

Private consumption, the most substantial component of GDP, rose by 0.4% (2008: -0.1%) last year. The main driver behind this was the scrapping premium, which led to a marked rise in vehicle

sales. By contrast, almost all spending on other purposes was lower. Government consumption expenditure even rose by 2.7% last year compared to the previous year. At 11.2%, the savings rate once again reached the high level of the previous year.

At 0.4%, the rate of inflation was at its lowest level since reunification. Last year it stood at 2.6%. The main reason for this was a fall in prices of mineral oil products and food. The average annual rate of increase since 1999 has been 1.5%.

On an annual average, the unemployment rate rose to 8.2% in 2009, a further consequence of the deep recession. This represents a year-on-year increase of 0.4 percentage points. 3.42 million people (2008: 3.27 million) were out of work.

In 2009, the European Monetary Union (EMU) experienced a reversal after all the boom years: according to the Statistical Office of the European Communities (Eurostat), real GDP fell by 4.2% for 2009 in the EU-27 (previous year: +0.8%).

The euro zone inflation rate also fell significantly (+1.0%; previous year: +3.7%), while unemployment rose to 9.4% (2008: 7.5%).

GROSS DOMESTIC PRODUCT IN GERMANY (AFTER ADJUSTMENT FOR PRICES)

Change against the previous year in %



ECONOMIC CONDITIONS IN THE INDUSTRY

Retail sector

According to provisional figures from the Federal Statistical Office, German retail sales fell by 2.4% in nominal terms in 2009 while declining by 1.8% in real terms (after adjustment for prices). At €392.1 billion, sales in the retail sector in the narrower sense (excluding vehicle sales, service stations, fuels and pharmacies) were slightly down (-1.6%) on the previous year (€398.6 billion). In terms of revenue growth, therefore, the retail sector was unable to completely avoid the crisis sentiment in 2009 but was not affected as heavily as other industries.

Breaking the retail sector down into individual segments, it is evident that, compared to the previous year, food retailers (-1.6% in real terms) fared better than the non-food segment (-1.9% in real terms). One reason for this is undoubtedly the sharp fall in prices for food and luxury foodstuffs. On the non-food side, only “cosmetic, pharmaceutical and medical products” posted positive growth (+1.2% in real terms), while “textiles, clothing, footwear and leather goods” (-2.1% in real terms), “furnishings, household appliances and building materials” (-0.7% in real terms), “other retail (such as books and jewellery)” (-2.0% in real terms) and “other retail involving goods of various types (such as department stores)” (-6.7% in real terms) all recorded a fall in revenue. The sharpest drop in revenue was experienced in online and mail order business, which were down 5.6% in real terms.

According to the EHI Retail Institute, shopping centers continued to be one of the most popular shopping outlets among the German public. 14 new centers, mostly in inner cities, were opened in Germany in 2009. This resulted in an increase of 474,000 m² in retail space, meaning that as of the reporting date of 1 January 2010 there were a total of 428 centers (10,000 m² of rental space and above) in Germany spanning a total area of over 13.5 million m².

According to a survey by Kemper’s Jones Lang LaSalle, a consultancy firm specialising in retail property, the highest proportion of floor space in leases in 2009 was attributable to textile retail (over 50%), catering/food (10%, incl. fast-food chains, coffee houses,

bakeries, food stores and confectionery shops), footwear/leather goods (7%) and the increasingly important sports/outdoor segment (6%). Other important sectors in prime locations were opticians, hairdressers, chemists and perfumeries in the health/beauty segment (5%).

Retail spaces in the 100 m² to 250 m² size category were the most sought after (approx. 40%), as in previous years. The 250 m² to 500 m² size category came in second at almost 20%. Larger spaces were also in demand: every tenth lease was for over 1,000 m².

Real estate market

According to a survey by Jones Lang LaSalle, the transaction volume for investments in retail property on the European continent (shopping centers, retail parks and factory outlets; excluding the UK and Ireland) fell again to €7.3 billion in 2009, a decline of 40% compared with the previous year (€12.4 billion, which was already 56% down on the year before). One significant reason for this development is certainly the ongoing wait-and-see attitude of investors, who are having to accept less favourable financing terms owing to the global financial crisis.

With a 66% (2008: 55%) share of the transaction volume, shopping centers remained the focus of investors in mainland Europe in 2009 as they continued to seek defensive investment opportunities. They prefer stable market segments and favour prime locations, secure, long-term leases and high-quality tenants.

The German market maintained its leading position with respect to retail property investments in continental Europe. At €1.5 billion, the volume in Germany represented a share of 21% (2008: 20%).

The yields from retail property increased further over the course of the year. Nevertheless, the lower number of transactions made pricing in line with market rates more difficult. In addition, in individual cases investors were prepared to continue to pay high prices and thus to accept lower yields. At the end of 2009, the yield for German shopping centers in prime locations, according to the real estate services company CB Richard Ellis, was stable in comparison to the previous year at 5.75%, albeit on a downward trend.

Share price performance

Deutsche EuroShop shares began 2009 with a price of €24.30. Just a few days later, on 6 January, they reached their high for the year of €26.00 on the basis of the Xetra closing price. After that the share price fell in line with the international capital markets until 6 March 2009, when it posted its lowest price of €18.66, precisely two months after the year's high. A continuous recovery process then began, which was only interrupted temporarily by the dividend distribution. The shares recovered by 27% from the low, but still closed the year on a slightly negative note at a price of €23.67 (-2.6%, not taking the dividend into account).

Evaluation of the financial year

The Executive Board of Deutsche EuroShop is satisfied with the past financial year. Thanks to the good development of the business, we again lived up to our forecasts. The centers in Hameln and Passau, which opened in 2008, played a significant role and contributed to earnings over the entire year for the first time, as did City-Point Kassel, which was fully consolidated for the first time following the increase in our stake.

Revenue was planned at between €125 million and €128 million and totalled €127.6 million (2008: €115.3 million) as of the reporting date, corresponding to an increase of just under 11%. Earnings before interest and taxes (EBIT) of between €105 million and €108 million were planned; ultimately these increased by almost 13%, amounting to €110.7 million (2008: €98.1 million). We expected earnings before taxes (EBT) excluding measurement gains/losses of between €50 million and €52 million. They rose by 13%, totalling €54.9 million (2008: €48.7 million).

Just as in the previous year, we exceeded our earnings forecast. Deutsche EuroShop has proven once again that it has an outstanding shopping center portfolio and is well positioned, even in these difficult times for the economy and the real estate markets.

Results of operations, financial position and net assets

Despite the tough economic environment, Deutsche EuroShop managed to increase revenue and operating profit. The only major investment measure implemented in the year under review was the increase in our stake in City-Point Kassel from 40% to 90%. This resulted in the full consolidation of the property company – with corresponding effects on the balance sheet and income statement. The shopping centers opened in Passau and Hameln in 2008 were also responsible for positive contributions to earnings.

Revenue rose by €115.3 million to €127.6 million, corresponding to an increase of €12.3 million or 11%. At €34.4 million, consolidated profit was down €34.5 million compared with the previous year (€68.9 million). This fall can be attributed exclusively to measurement losses, which at €-14.8 million in the year under review were €53.0 million lower than the measurement gains of €38.2 million recorded in the previous year. Adjusted for this effect, consolidated profit grew by 18%.

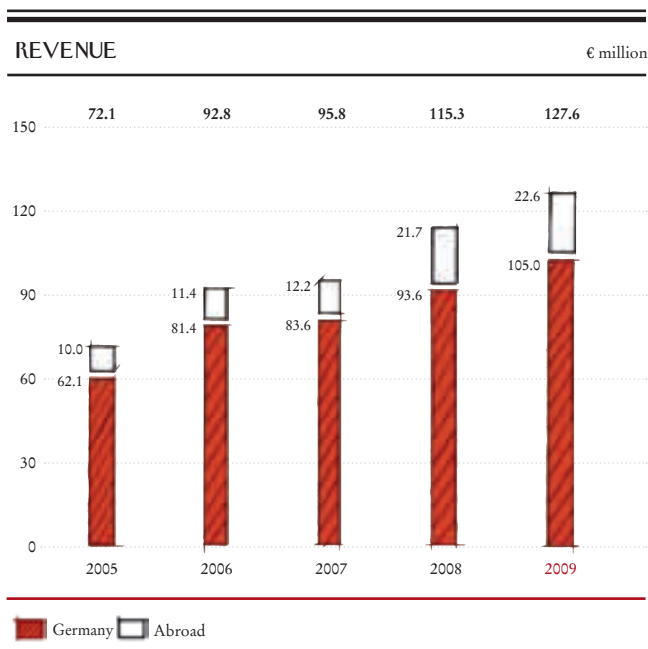
The net asset value per share, taking into account the capital increase conducted in July 2009, fell by around 2.9% from €27.43 to €26.63. Undiluted earnings per share amounted to €0.93 (previous year: €1.96).

RESULTS OF OPERATIONS

Retail sales in Germany declined by 2.4% in nominal terms in the year under review. This effect was also felt by the tenants of our shopping centers, whose revenue fell by 2.5% on a like-for-like basis. If our international properties are included in this comparison, then our tenants generated a like-for-like drop in revenue of 2.0%.

Consolidated revenue up 11%

Consolidated revenue was up 11.0% from €115.3 million to €127.6 million in the financial year. The Stadt-Galerie in Hameln, the Stadt-Galerie in Passau (first full year for both) and the full consolidation of the property company in Kassel contributed to this growth in revenue.



Higher rental income for almost all portfolio properties

For the most part, rental income for the portfolio properties developed positively. Total revenue rose by 2.0% on a like-for-like basis.

REVENUE	2009	2008	2007
€ thousand			
Rhein-Neckar-Zentrum, Viernheim	16,988	16,686	16,307
Main-Taunus-Zentrum, Sulzbach*	10,285	10,378	10,011
Allee-Center, Hamm	9,010	9,591	9,398
City-Arkaden, Wuppertal	8,655	8,559	8,233
City-Galerie, Wolfsburg	8,522	8,323	8,326
Forum, Wetzlar	8,498	8,265	8,137
Rathaus-Center, Dessau	8,195	8,149	8,207
Altmarkt-Galerie, Dresden*	6,673	6,548	6,386
Phoenix-Center, Hamburg*	5,758	5,634	5,538
Stadt-Galerie, Hameln	6,546	5,484	0
City-Point, Kassel**	7,285	3,057	3,031
Stadt-Galerie, Passau	8,588	2,925	0
Total Germany	105,003	93,599	83,574
Galeria Baltycka, Gdansk	13,150	12,794	3,439
City Arkaden, Klagenfurt*	5,329	5,256	5,159
Árkád, Pécs*	3,736	3,694	3,590
Other revenue	345	0	0
Total abroad	22,215	21,744	12,188
Total	127,563	115,343	95,762

* = proportionally consolidated

** = fully consolidated in 2009 for the first time

Vacancy rate stable at under 1%

As in the previous year, the vacancy rate was under 1%. At €0.6 million (2008: €0.2 million) or 0.4% (2008: 0.2%), the need for write-downs for rent losses remained at a very low level.

Operating and administrative costs for property unchanged

On balance, there was no change in the operating and administrative costs for our shopping centers compared to the previous year. Property operating costs were €5.8 million (2008: €5.8 million), while property management costs amounted to €7.2 million (2008: €7.2 million). Various higher costs arising due to the new properties were offset, in particular, by the absence of the center opening costs incurred in the previous year.

Net finance costs rise

Net finance costs were up €6.5 million to €-55.9 million (2008: €-49.4 million). This rise is attributable firstly to a higher interest expense (€+3.6 million compared with the previous year) and secondly to a decline of €1.7 million in interest income, which fell from €2.4 million to €0.7 million. In addition, the share of operating profit attributable to minority shareholders was €2.0 million above the level of the previous year (€6.2 million) at €8.2 million.

The higher interest expense and the higher profit share for minority interests were due almost exclusively to the first-time inclusion of City-Point Kassel and the properties opened in Hameln and Passau during the previous year.

The results from the property companies measured at equity, which in the previous year had been incorporated in the measurement gains/losses at €-1.3 million, were also reported in the net finance costs for the first time at €-0.1 million. Income from investments fell from €1.7 million to €1.5 million.

Measurement gains lower

Measurement gains fell by €53.0 million year-on-year from €38.2 million to €-14.8 million. Measurement of the portfolio properties led to net measurement losses for the first time; these amounted to €-20.5 million. This corresponds to average depreciation of around 1.1% in the market values of the shopping centers compared with the previous year. Market values increased for six of the properties in a range from +0% to +4.7%. Depreciation affected nine properties, with market values falling short of the previous year's level by between 0.7% and 5.1%.

At the same time, gains of €5.7 million were realised in connection with the first-time full consolidation of our property company City-Point-Kassel GmbH & Co. KG, as the shares acquired in the company were purchased at less than their corresponding market value.

The share of measurement gains attributable to minority shareholders was €+0.8 million. Unrealised exchange gains and other measurements produced gains of €0.5 million.

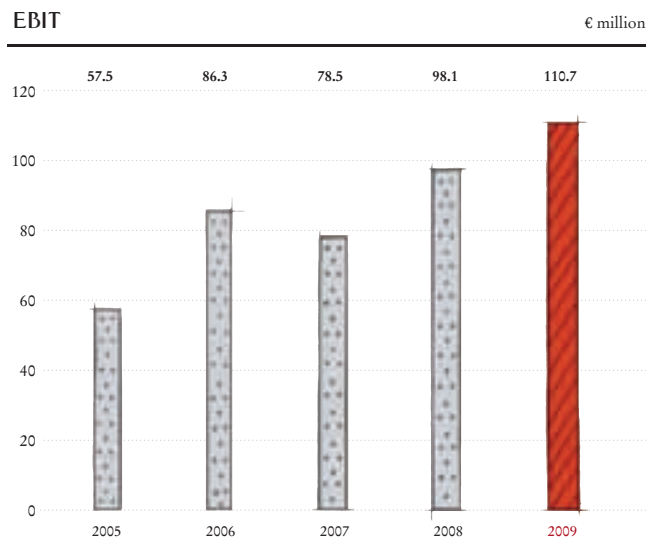
Tax item almost exclusively comprises deferred income taxes

The tax burden in the year under review amounted to €5.7 million and was attributable almost exclusively to deferred income taxes.

Consolidated profit totals €34.4 million

Earnings before interest and taxes (EBIT) climbed 12.8% from €98.1 million to €110.7 million in the year under review. At €40.1 million, pre-tax profit (EBT) was 53.9% lower than in the previous year (€87.0 million). Consolidated profit fell by 50% from €68.9 million to €34.4 million.

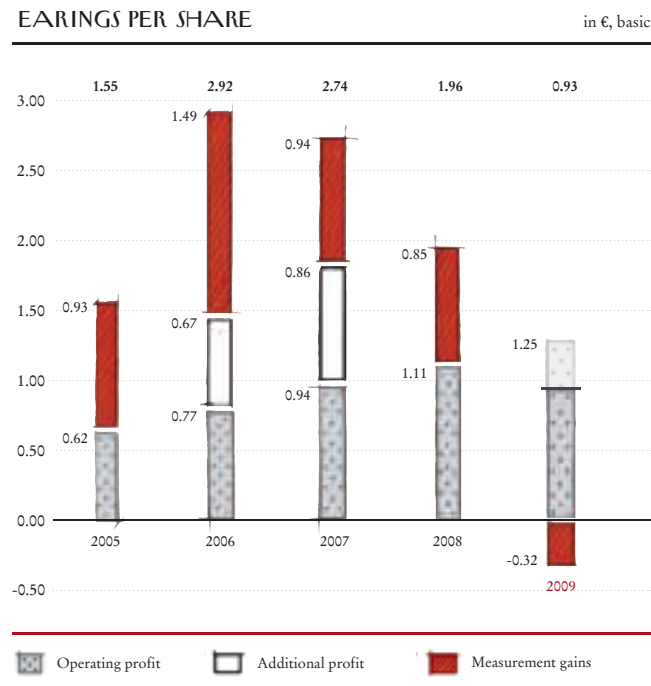
EBIT



Earnings per share

Undiluted earnings per share amounted to €0.93 compared with €1.96 in the previous year. Of this amount, €1.25 (+13%) was attributable to operations (2008: €1.11) and €-0.32 (-138%) to measurement gains/losses (2008: €0.85).

EARNINGS PER SHARE



Funds from operations (FFO)

FFO is used to finance ongoing investments in portfolio properties, scheduled payments on our long-term bank loans and the distribution of dividends. An FFO of €54.8 million or €1.49 per share was generated in the year under review, up from €49.8 million or €1.38 per share in the previous year.

€ thousand	2009	2008
Net income for the period	34,367	68,872
plus deferred taxes	5,664	18,010
plus/less measurement gains/losses	14,772	-38,326
FFO	54,803	48,556
FFO per share (€)	1.49	1.38

Dividend proposal: €1.05 per share

In view of the successful financial year, the Executive Board and Supervisory Board will propose to the shareholders at the Annual General Meeting on 17 June 2010 in Hamburg that an unchanged dividend of €1.05 per share be distributed for the 2009 financial year.

FINANCIAL POSITION

Principles and objectives of financial management

For the purposes of financing its investments, Deutsche EuroShop uses the stock exchange for procuring equity and loans, as well as the credit markets for procuring loans. Within the Group, both individual property companies and Deutsche EuroShop borrow from banks. Deutsche EuroShop's credit standing has been shown to be advantageous when negotiating loan conditions. 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 within the Group (including minority interests) should not fall below 45%.

Financing of our real estate projects is done on a long-term basis. For this purpose, derivative financial instruments are also used which serve to hedge against rising capital market interest rates. Available credit lines enable Deutsche EuroShop to react quickly to investment opportunities. Until used for investment, cash not needed is invested in the short term as term deposits to finance ongoing costs or pay dividends.

Financing analysis

As of 31 December 2009, the Deutsche EuroShop Group reported the following key financial data:

€ million	2009	2008	Change
Total assets	2,112.1	2,006.9	+105.2
Equity (incl. minority interests)	1,044.4	977.8	+66.6
Equity ratio (%)	49.4	48.7	+0.7
Bank loans and overdrafts	934.2	899.8	+34.4
Loan to value ratio (%)	46.0	46.0	0

At €1,044.4 million, the Group's economic equity capital, which comprises the equity of the Group shareholders (€921.3 million) and the equity of the minority shareholders (€123.1 million), was €66.6 million higher than in the previous year. The equity ratio improved slightly by 0.7% to 49.4%.

Current and non-current bank loans and overdrafts rose from €899.8 million to €934.2 million in the year under review, an increase of €34.4 million. Of this amount, €8.3 million was used to finance the expansion of Altmarkt-Galerie Dresden and €41.4 million resulted from the first-time full consolidation of City-Point Kassel. Meanwhile, a net amount of €15.3 million in loans was repaid.

In addition, non-current loans totalling €77.0 million were raised in the year under review; these were used to replace expiring loans for the Rhein-Neckar-Zentrum and the Allee-Center Hamm.

The bank loans and overdrafts in place at the end of the year are used exclusively to finance non-current assets. 46% of non-current assets were therefore financed by loans.

As in previous years, in the 2009 financial year Deutsche EuroShop had €100 million available in credit lines which were not taken up after July 2009. The average utilisation of credit lines in the first half of the financial year amounted to €30.1 million.

Overall, the debt finance terms as of 31 December 2009 remained fixed at 5.27% p.a. (previous year: 5.33% p.a.) for an average period of 7.1 years (previous year: 7.0 years). Deutsche EuroShop maintains credit facilities with 17 banks which – with the exception of one in Austria – are all German banks.

OVERVIEW OF THE LOAN STRUCTURE as of 31 December 2009

Interest lockin	Duration (years)	Principal amounts (€ thousand)	% of total loans	Average interest rate
Up to 1 year:	1	13,399	1.4	5.27%
1 to 5 years:	4.3	424,071	45.7	5.48%
5 to 10 years:	7.8	382,151	41.1	5.10%
Over 10 years:	16.8	109,400	11.8	5.06%
Total	7.1	929,022	100.0	5.27%

Nine of the 33 loan agreements currently contain arrangements regarding covenants. These involve conditions relating to the capacity to repay, the level of debt and, in one case, a condition concerning the loan-to-market value ratio. All conditions were met.

The interest lock-in for a loan of €82 million used to finance the Rhein-Neckar-Zentrum will expire in 2010. A new loan to replace it, with a ten-year interest lock-in, was agreed in 2009. The credit line is also up for renewal in 2010. In addition, scheduled repayments amounting to €13.4 million will be made from operating cash flow during the 2010 financial year. From 2011 to 2014, loans will be repaid at an average rate of €15.1 million per year. Interest lock-ins for loans in the amount of €26.9 million will expire in 2012, while those for loans amounting to €179.5 million will expire in 2013, and those for loans of €155.7 million will expire in 2014.

Bank loans and overdrafts totalling €934.2 million were recognised in the balance sheet as of the reporting date. The difference compared with the amounts given here of €929.0 million relates to deferred interest and repayment obligations that were settled at the beginning of 2010.

Investment analysis

The investment budget for the expansion of the Altmarkt-Galerie in Dresden was increased from €150 million to €165 million after the concept was amended so that a hotel, for which there is already a long-term lease in place, could also be sited there as part of the expansion. The share attributable to the Group amounts to €82.5 million. Following investment of €21.2 million in 2008, a further investment of €14.0 million was made in the 2009 financial year. Completion is scheduled for spring 2011.

Deutsche EuroShop increased its stake in City-Point Kassel from 40% to 90% in January 2009. The purchase price for the shares was €16.4 million. A further €2.5 million was invested in subsequent alteration work during the year under review.

An investment of €72 million is budgeted for the expansion of the Main-Taunus-Zentrum. Building work began in October 2009. The share of the investment budget attributable to the Group amounts to €31 million, of which €2.4 million was invested in the year under review. Completion is scheduled for late autumn 2011.

Spending on investments for the other portfolio properties amounted to €2.2 million.

Liquidity analysis

The Group's operating cash flow of €63.2 million (2008: €55.1 million) is the amount that has been generated for the shareholders following the deduction of all costs from the leasing of the shopping center floor space. It serves to finance the dividends of Deutsche EuroShop AG and payments to minority shareholders. The rise of €8.1 million compared with the previous year is chiefly due to the shopping centers in Hameln and Passau, which were opened during the previous year.

In addition to operating cash flow, cash flow from operating activities contains changes in receivables and other assets as well as other liabilities and provisions. At €62.1 million, cash flow from operating activities was down €17.7 million on the previous year (€79.8 million).

Investments in the year under review amounted to €35.9 million and were thus considerably lower than in the previous year, in which €91.2 million was invested.

The inflow of funds from financing activities totalled €15.5 million. A €7.2 million repayment of bank loans and overdrafts, and payments to Group shareholders and minority shareholders of our property companies amounting to around €43.8 million, were offset by receipts of €66.5 million from the capital increase conducted in July 2009.

Cash and cash equivalents therefore increased by €40.2 million in the year under review and amounted to €81.9 million on the reporting date.

NET ASSETS

Balance sheet analysis

The Group's total assets increased by around €105.3 million in the 2009 financial year.

Current assets

At end-2009 current assets amounted to €91.9 million, an increase of €39.1 million year-on-year. This is largely attributable to a rise in cash and cash equivalents.

As at the reporting date, cash and cash equivalents amounted to €81.9 million, compared with €41.7 million in the previous year. The cash is invested as short-term deposits and time deposits.

Non-current assets

Non-current assets rose by €66.2 million from €1,954.0 million to €2,020.2 million in the year under review.

Property, plant and equipment of €21.2 million from the previous year was almost entirely reclassified to Investment properties in the year under review, as the reporting requirements for properties under construction have been amended from the 2009 financial year. This related to the costs incurred up to the end of 2008 for the expansion of the Altmarkt-Galerie Dresden.

Investment properties grew by €93.2 million compared with the previous year. Of this amount, €68.5 million was attributable to the first-time full consolidation of City-Point Kassel and €21.2 million to the reclassification from property, plant and equipment. The first-time consolidation of our Polish subsidiary CASPIA Investment sp.z.o.o, which was still reported under investments in the previous year, increased investment properties by €2.7 million. In addition, €16.5 million was invested during the year under review in the expansion of the Altmarkt-Galerie Dresden and the Main-Taunus-Zentrum. Investment costs for the portfolio properties, including the restructuring in Kassel, amounted to €4.7 million. At the same time, the real estate portfolio experienced depreciation of €20.5 million.

Other non-current assets declined by €5.8 million, due in particular to the first-time consolidation of CASPIA Investments Sp. z o.o and depreciation on our shareholding in Polish company Ilwro Joint Venture Sp. z o.o (Galeria Dominikanska Wroclaw).

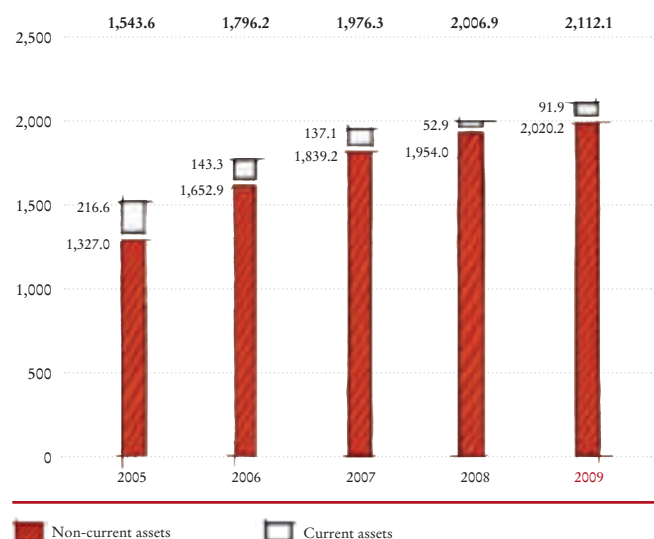
Current liabilities

Current liabilities fell by €11.5 million from €52.7 million to €41.2 million, due in particular to the reduction in current bank loans and overdrafts (€- 7.7 million).

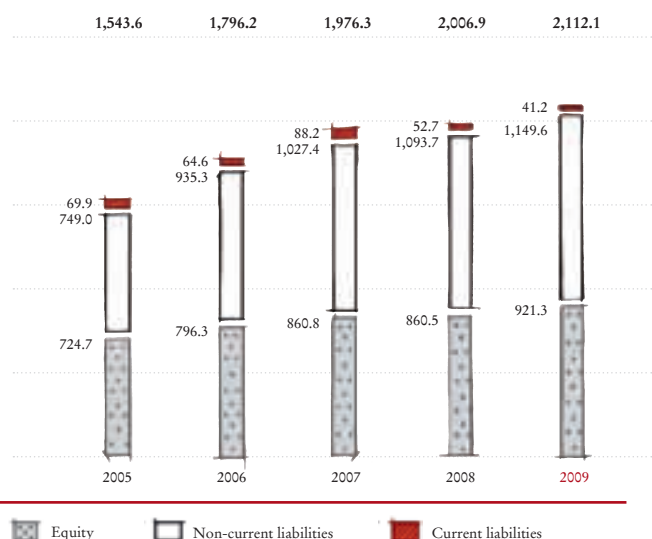
BALANCE SHEET STRUCTURE

€ million

Assets



Liabilities



Non-current liabilities

Non-current liabilities rose by €55.9 million from €1,093.7 million to €1,149.6 million. This is in part attributable to a rise in non-current bank loans and overdrafts (€+42.1 million) and the recognition of further deferred tax provisions (€+3.3 million). The redemption entitlements of the minority shareholders in our property companies have also increased (€+5.7 million), due primarily to the first-time full consolidation of the property City-Point Kassel GmbH & Co. KG, Pöcking (share attributable to minority shareholders: 10%) and other non-current liabilities (€+4.9 million).

Equity

At €921.3 million, Group equity was up €60.9 million on the previous year (€860.4 million) in 2009. Significant changes resulted from the capital increase of €66.6 million conducted in July 2009. Measurement of interest swaps and of interests attributable to Group shareholders measured in accordance with IAS 39 reduced equity by €3.6 million. Of the other changes, the reduction of €2.3 million in equity resulted in particular from the difference between the consolidated profit at €34.4 million and the dividend of €36.1 million paid out in June 2009.

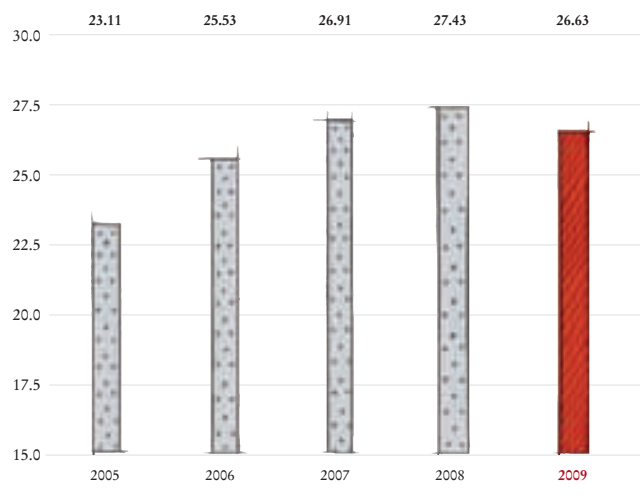
Net asset value

Net asset value as at 31 December 2009 was €1,006.9 million or €26.63 per share, compared with €942.8 million or €27.43 per share in the previous year. This equates to a fall of 2.9% year-on-year.

NET ASSET VALUE € thousand	2009	2008
Equity	921,325	860,450
plus deferred taxes	85,600	82,313
Net asset value of Deutsche EuroShop AG = net asset value	1,006,925	942,763
Number of shares	37,812,496	34,374,998
Net asset value per share (€)	26.63	27.43

NET ASSET VALUE

per share (€)



OVERALL COMMENT ON THE ECONOMIC SITUATION

The past financial year confirmed the Deutsche EuroShop Group's good position. Despite the global financial crisis, we met our own expectations once again without any notable events.

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 do not have to be opposites. Long-term thinking is part of our strategy. This includes playing our part in environmental protection.

In 2009, 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 eleven of our German centers with the renowned “ok-power” accreditation in 2009. We plan to switch the centers in other countries to green electricity as well in the next few years.

The twelve participating centers used a total of around 49 million kWh of green electricity. This represented 100% of the electricity requirements in our German shopping centers. As a result, based on conservative calculations this meant a reduction of around 19,300 tonnes in carbon dioxide emissions – this equates to the annual CO₂ emissions of just under 900 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 4 people and therefore did not prepare a separate human resources report.

Report on events

after the balance sheet date

On 6 January 2010, PANTA Neunundneunzigste Grundstücksgesellschaft m.b.H. & Co KG, a subsidiary of Deutsche EuroShop, purchased the A10 shopping 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, opened in 1996, currently has around 120 rental areas and by spring 2011 will have been expanded to include another 60, giving 180 rental areas with 120,000 m² of leasable space. The existing center will be partially restructured and modernised. We anticipate an additional investment volume of around €60 million in total.

The total investment volume of €265 million will be financed via a long-term bank loan (€150 million) and equity capital (€115 million). Of the loan, €125 million has already been taken up in connection with the acquisition at an interest rate of 4.65% p.a. with a fixed-rate period of 10 years. The remaining €25 million will be used to part-finance the modernisation and expansion investments.

We expect the leasing of the A10 center (from 1 February 2010) to contribute around €12.9 million to revenue in 2010.

To refinance the equity component of €115 million, Deutsche EuroShop AG increased its capital in February 2010 through a subscription rights offering at a ratio of 6:1. All the new shares were taken up by existing shareholders via the rights offering and an over-subscription right granted by the Company. A total of 6,302,082 new shares were issued at a subscription price of €19.50 per share. Around €123 million flowed into the Company as a result.

No further significant events occurred between the balance sheet date and the date of preparation of the 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, on identifying and assessing risks and opportunities as well as making fundamental decisions on how to deal with these risks. Risk management ensures that risks are identified early, evaluated, communicated promptly and limited. 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 constant 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
- » 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.

GROUP FINANCIAL REPORTING

Further important parts of the internal control system are the Group financial reporting processes, monitoring and controlling of which take place at the level of the Group's holding company. Group-wide regulations and guidelines ensure the conformity of the consolidated financial statements. Risk management guarantees that any risks that might be contrary to the objective of regulatory compliance are identified early, evaluated, communicated promptly and limited.

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 Conmezzo consolidation tool. This is accompanied by manual process controls such as the principle of dual control for the employees charged with ensuring the regularity of financial reporting and for the Executive Board. The auditor of the consolidated financial statements is included in the Group's control environment with process-independent auditing activities. In particular, the audit of the consolidated financial statements and focused audits within the framework of the preliminary audit of the annual financial statements constitute material process-independent monitoring measures with respect to the Group financial reporting process.

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 by their very nature be ruled out, however, and may subsequently limit the effectiveness and reliability of the internal control and risk management system that is in use, such that even the application of the systems used cannot guarantee absolute security in respect of 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

The Federal Republic of Germany experienced its severest recession since the Second World War in the year under review. According to initial calculations by the Federal Statistical Office, economic output contracted by 5% in real terms. Almost every sector of the economy was affected by the downturn in equal measure. Foreign trade slumped heavily due to a significant fall in foreign demand. The only positive stimuli in 2009 came from consumer spending, which rose by 0.4% year-on-year after adjustment for prices. Thanks to government support measures, employment remained at the same level as in the previous year. For the current year, the German government is expecting growth of 1.4%.

Almost every major industrialised nation ended 2009 with reduced economic output. According to estimates by the International Monetary Fund, the global economy contracted by 1.1% in the year under review. Attention focused primarily on the USA, where around 7.2 million jobs have been lost since the middle of 2008. The total collapse of the financial system was only prevented by substantial government programmes to boost the economy and the low interest rate policy of the US Federal Reserve.

The reorganisation and reform of the international financial system continue to be the focal point of the shake-out. The efforts of the monetary, fiscal and supervisory policymakers have been geared in this direction for almost two years now. Public funds have been used on a vast scale for economic packages and bailouts in the financial sector. The resulting levels of national debt in the western industrialised countries are worrying, and massive systemic risks continue to exist within the economic and financial markets.

Despite continuing signs of recovery, the structural risks in the financial system have not been eliminated. As things stand, it seems questionable whether there will be any self-sustaining growth momentum once the government support measures come to an end. The high levels of debt in the western industrialised countries may lead to fresh tensions, particularly if the monetary watchdogs abandon their restrictive attitude in respect of monetary policy.

Deutsche EuroShop AG is not as strongly affected by economic developments as other sectors are in terms of its business model – long-term, inflation-proofed letting of retail space – and the associated risks. 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

Structural changes have taken place in the retail sector in recent years and these must therefore also be included in a differentiated approach to risk management issues. Deutsche EuroShop's business model enables it to benefit from a general shift of market share away from traditional specialist retailers in favour of larger retail parks and well-managed shopping centers.

This development is more of an opportunity for us right now, as a decline in consumer behaviour in macroeconomic terms would not necessarily have a negative impact on retailers' revenue in our shopping centers. The circumstances described are leading to a divergence of the various retail segments in terms of their success.

Retail revenue fell by 2.4% in nominal terms in 2009, compared with an increase of 2.1% in the previous year. We anticipate that retail revenue will stagnate in 2010.

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

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 involves 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 market 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 is only 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 5.27%, 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. An interest rate swap is an effective hedge if the principal amounts, maturities, repricing or repayment dates, dates for interest payments and principal repayments, and basis of calculation used to determine the interest rates for the hedge are identical to those of the underlying transaction and the party to the contract fulfils the contract. Consequently, the ongoing changes in the value of these items in the consolidated financial statements are recognised directly in equity. 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 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 loss 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

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 all the figures available so far do 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.

Centers still almost fully let

Our shopping centers are almost fully let. At the end of the year, the occupancy rate stood at 99.9% for retail space and 99.3% for all space types. Some of the leases due to expire in 2010 (around 3% of rental income) have already been extended or new tenants have been found. Outstanding rents and necessary valuation allowances remain at a low level. We see no sign of a significant change in this satisfactory situation.

Transaction market picks up again

The transaction market for shopping centers contracted sharply last year. However, it has been evident since the end of the year that there will be an increasing number of shopping centers offered for sale in 2010, meaning that a much greater transaction volume can be expected this year. On the demand side we are in competition with open-ended property funds, which have high equity, and with insurance companies. But even foreign investors with a background in private equity are already looking at the market again. It remains to be seen, however, whether investors with high external financing needs are yet capable of once again surviving in competition, since an acquirer's financial strength and credit standing are now hugely important. With the acquisition and financing of the A10 center we have shown that we are a reliable partner with the ability to realise even larger transactions quickly and expertly. We are therefore confident that we will be able to invest in at least one other shopping center during the current financial year.

A10 center

The acquisition of the A10 center at the start of January 2010 marked our first purchase of a new shopping center for three years. The A10 center has 120 rental areas and by spring 2011 will have been expanded to include another 60, giving 120,000 m² of leasable space. The existing center will also be partially restructured and modernised. We will invest around €265 million in the acquisition and the expansion and modernisation measures. Of this amount, €150 million will come from a long-term bank loan. The equity of €115 million was raised through a capital increase conducted via a subscription rights offering in February 2010.

Altmarkt-Galerie Dresden

Expansion of the Altmarkt-Galerie in Dresden began in summer 2009. By spring 2011, the Altmarkt-Galerie will have some 32,500 m² of additional rental space. Of this, approximately 24,300 m² will be allocated to retailers, service providers and service areas, around 2,900 m² to office space and some 5,300 m² to a hotel. At present, around 70% of the planned income from tenants has already been hedged through long-term leases. The total investment volume amounts to some €165 million, of which €82.5 million is attributable to Deutsche EuroShop. Around 46% of the investment is being financed via a long-term bank loan that has already been secured, with 54% financed through equity. Deutsche EuroShop plans to invest a total of €47.3 million for this measure in this financial year and the next. We expect this investment to deliver an initial net yield, after completion, of 5.6% p.a.

Main-Taunus-Zentrum

Work on expanding the Main-Taunus-Zentrum finally began in October 2010 following a lengthy legal dispute with the neighbouring municipality. The center is to be expanded by late autumn next year to include some 14,000 m² of additional space for retailers, service providers and service areas. There are already long-term leases in place for over 30% of the planned income from tenants. At the present time, the investment volume amounts to around €72 million, of which 43.1% is attributable to Deutsche EuroShop. €61 million of this investment is being financed via a long-term bank loan that has already been secured, and €11 million through equity. Further investment of €28.6 million is planned by Deutsche EuroShop in 2010 and 2011 for the ongoing expansion of the Main-Taunus-Zentrum. Following completion in late autumn 2011, we expect the expansion to generate an initial net yield of 8.9% p.a.

Agreed transactions are the foundation for revenue and earnings planning

The Deutsche EuroShop Group's revenue and earnings planning for 2010 and 2011 does not include the purchase or sale of any properties with the exception of the A10 center acquired in January 2010. The results of the annual valuation of our shopping centers and exchange rate factors are similarly 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.

Revenue climbs by 10% in 2010; increase of 7% expected in 2011

We are anticipating revenue of between €139 million and €142 million for the 2010 financial year. The revenue contribution of the A10 center (from 1 February 2010) will have a particularly positive effect in this regard, given that only a small increase in earnings is anticipated from the other portfolio properties. Revenue should increase to between €149 million and €152 million in the 2011 financial year.

Growth in earnings over the next two financial years

Earnings before interest and taxes (EBIT) amounted to €110.7 million in 2009. According to our forecast, EBIT will amount to between €118 million and €121 million in the current financial year. This is expected to increase to between €127 million and €130 million in 2011.

Earnings before tax (EBT) excluding measurement gains and losses amounted to €54.9 million during the year under review. We expect the corresponding figure to be between €58 million and €60 million for the 2010 financial year and between €64 and €66 million for the 2011 financial year.

FFO trend influenced by capital increases

Funds from operations (FFO, undiluted) amounted to €1.49 per share in the year under review. We expect this figure to be between €1.33 and €1.38 in 2010 and between €1.45 and €1.50 in 2011.

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 in 2010 and 2011.

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.