Interim Report
Q1 2004

DES
Deutsche EuroShop AG

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Key Group Figures

€ million	1 Jan.–31 Mar. 2004	1 Jan.–31 Mar. 2003
Sales	12.6	12.1
Income from investments	2.2	1.4
Net interest income/expense	-4.4	-3.1
Result from ordinary activities	2.0	2.8
Consolidated net profit per the period	0.5	0.4
EBITDA *	11.8	11.2
Earnings per share (€)	0.03	0.02

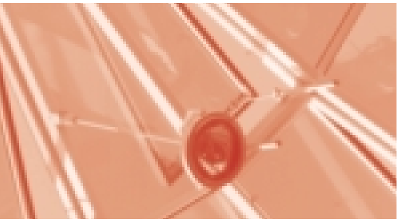
	31 Mar. 2004	31 Dec. 2003
Total assets	983.2	980.7
Fixed assets	869.7	851.8
Current assets	112.1	127.0
Equity	535.5	535.7
Liabilities	418.4	417.1
Equity ratio **	54.5 %	54.6 %

* = Including income from investments

** = Ratio of equity to total assets

DES Shares – Key Figures

Sector/industry group	Financial services/Real estate
Share capital	€ 20 million
Number of shares (No-par value registered shares)	15,625,000
Proposed dividend 2003 (tax-free)	€ 1.92
Share price on 31 December 2003	€ 34.00
Share price on 31 March 2004	€ 34.88
High/low in the period under review	€ 35.80/€33.70
Market capitalisation	€ 545 million
Prime Standard	Frankfurt und Xetra
OTC trading	Düsseldorf, Hamburg, München und Stuttgart
Indices	SDAX, EPRA, GPR 250, EPIX 30
ISIN	DE 000 748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE



Contents

News Ticker

The 2003 Annual Report is available online for the first time as an interactive annual report.

Further details can be found on our website at
www.deutsche-euroshop.de

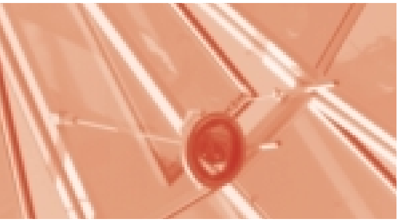
Dear Shareholders,
Ladies and Gentlemen,

The first three months of financial year 2004 have already seen a number of highlights. At the beginning of the year, we celebrated our admission to the internationally recognised EPRA Index for property shares. We saw a clear increase in demand for our shares in the following few weeks, partly due to index-tracking investors.

On 20 January, the Company celebrated the laying of the foundation stone at the Forum Wetzlar shopping center, in which it holds a 65 % equity interest. Construction is proceeding according to plan and pre-letting is making good progress. 70 % of the shop space has already been leased to well known retailers for the long term, slightly less than one year before the center is due to open in spring 2005.

Topping-out ceremony at the Phoenix-Center in Hamburg, in which Deutsche EuroShop holds a 50 % interest, took place at the beginning of February. Over the next few months, up to 800 people will be working on the construction site to ensure that the center opens in October 2004, as planned. Following its opening, the Phoenix Center will create around 1,000 full-time and part-time jobs. More than 90 % of the retail space has been pre-let.

The Árkád in Pécs, Hungary (50 % equity interest) opened on schedule on 31 March and have been fully leased. The opening was a major hit with the public. The new focus of shopping in southwest Hungary welcomed up to 100,000 visitors a day during the first few weeks.



Letter from the Executive Board

We have repeatedly emphasised our wish to provide the financial community with the greatest possible transparency. In line with this, we have appointed recognised experts for retail locations and renowned valuation specialists to rate our shopping center portfolio and to calculate the market value. In turn, this forms the basis for calculating the net asset value of our equity interests. We presented the results to journalists and analysts at the beginning of March in Frankfurt am Main. The net asset value of our Company is € 680.7 million (as at 31 December 2003), which corresponds to a net asset value per share of € 43.56. Deutsche EuroShop AG's shares are thus trading at around 20 % less than their intrinsic value (based on the Xetra closing price on 31 March 2004). We will strive to reduce this discount through intensive investor relations activities.

Our activities continue to focus on the expansion and optimisation of our shopping center portfolio. We are confident that we will be able to inform you about new developments in our next quarterly report.

Hamburg, May 2004

Claus-Matthias Böge

Dirk Hasselbring

Deutsche EuroShop AG

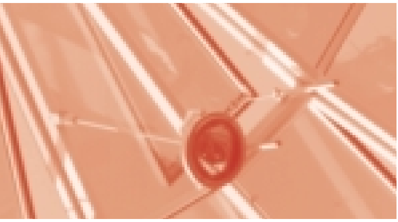
≡ Business Developments

In Q1 2004, the modernisation measures completed in 2003 at the Rhein-Neckar Zentrum and the conclusion of a large number of rental contracts for the Centro Commerciale Tuscia in Viterbo, Italy had a positive effect. As a result, sales climbed 4 % year-on-year to € 12.6 million.

Rising income from investments
Income from our investees jumped 54 % to € 2.2 million, after the shopping centers in Dresden and Kassel generated clearly higher income and our new equity interest in Wroclaw contributed to earnings for the first time.

Increased expenses due to investment
At around € 3.0 million, other operating expenses were up by just under € 1.0 million on the previous year. This was due partly to investment-related expenses of around € 260 thousand incurred in relation to the Forum Wetzlar shopping center currently under construction and partly to expenses of € 800 thousand resulting from the ongoing renovation of the roof at the Centro Commerciale Friuli in Udine, Italy which will be completed in Q2 2004.

Net interest income weaker
At € 0.7 million, interest income was down by around € 1.0 million due to the high level of investments and the investment of cash and cash equivalents in money market funds. However, the sale of shares in money market funds resulted in price gains of around € 0.4 million, which are reported under other operating income and are equivalent to interest income. At € 5.1 million, interest expenses were up by around € 350 thousand on the previous year, which is solely due to the



construction period interest for the Forum Wetzlar shopping center currently under construction.

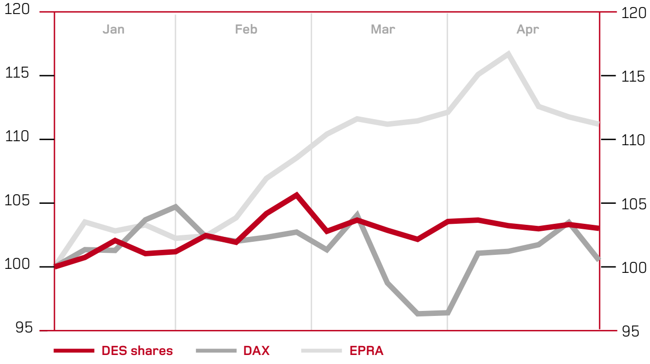
Consolidated net income up 18 %

Overall, this meant that the result from ordinary activities was down by € 755 thousand year-on-year. After the deduction of taxes and minority interests, the net income for the period amounted to € 450 thousand. This is equivalent to an 18 % rise as against the same period of the previous year.

≡ DES shares

2004 got off to a positive start for our shares, which opened the quarter on January 2 at € 34.00 and closed at € 34.88 (on Xetra). This corresponds to an increase in the share price of 2.6 %. Deutsche Euroshop's share price reached its current high for the year of € 35.80 on 18 February.

Deutsche EuroShop AG vs. DAX and EPRA
from January to April 2004
(indexed, basis 100, in %)



Intensive investor relations activities

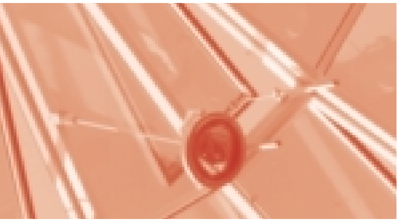
In Q1 2004, we continued our efforts to attract additional investors for Deutsche EuroShop's shares. We presented our Company at two roadshows in Germany to some of the largest German funds, among other attendees, and met with a positive response. In addition, we presented our Company to international investors at the end of March 2004 at one of the largest capital market conferences in Germany – the Deutsche Bank German Corporate Conference.

Admission to the EPRA Index

As expected, our shares were admitted to the EPRA Index (European Public Real Estate Association), a leading global index for property shares, on 1 January 2004. Along with IVG Immobilien and Deutsche Wohnen, Deutsche EuroShop is the third German company to be represented in this index.

On course for the MDAX

Our share turnover also continued to increase in Q1, rising more than sixfold year-on-year to a daily average trading volume of 13,800 shares (Q1 2003: 2,100 shares). Because of this, our shares took 67th place in terms of share turnover in Deutsche Börse's index ranking for April (previous year: no. 101). In terms of the market capitalisation of the free float, Deutsche EuroShop came 35th. The Company needs to be among the first 60 in terms of both criteria to be admitted to the MDAX.



≡ Outlook

Despite extensive media coverage of the ongoing poor consumer climate and muted consumer spending, retailers in our shopping centers increased their sales in Q1 2004 by roughly 5 %.

Further improvement in earnings

We therefore expect a further improvement in the Group's earnings situation. As of the second quarter, our shopping center in the Hungarian city of Pécs will also contribute to this trend.

Construction projects according to plan

The construction of our investment properties in Hamburg and Wetzlar is progressing as planned. From today's perspective, all construction work will be completed on time and costs will be within the projected amounts. Seven months prior to the planned opening of the Hamburg center, over 90 % of the space has been pre-let, while almost one year prior to its opening, around 70 % of the Forum Wetzlar space has been pre-let. We are therefore optimistic that these two shopping centers will also be fully let by the time they open.

Further portfolio optimisation

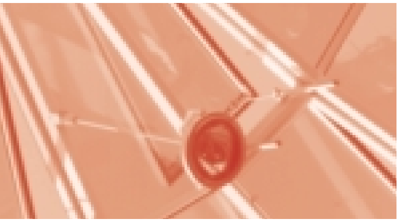
With regard to investments, we are currently considering several projects that will allow us to expand and optimise our shopping center portfolio. We are confident that we will be able to present initial results by the middle of the year.

First time adoption of IFRSs

During financial year 2004, we will transition from the German Commercial Code (HGB) to the International Financial Reporting Standards (IASs/IFRSs), which are compulsory as of 2005. This will have a clear positive result on the Group's earnings. Currently, we are converting the 2003 annual financial statements to the new accounting standards. Once this is completed, we can adjust our planning for 2004. This is why we have decided against publishing projections for the current financial year at this time.

Dividend also secure for 2004

From today's perspective we are confident that we will again be able to distribute a dividend of € 1.92 per share in financial year 2004. This is based on the fact that the distributable free cash flow of Deutsche EuroShop AG increased again by approx. 14 % to € 7.1 million in comparison to the prior-year quarter. We are expecting that, especially due to the distributions by our investees, we will once again achieve an unappropriated surplus of € 30 million.

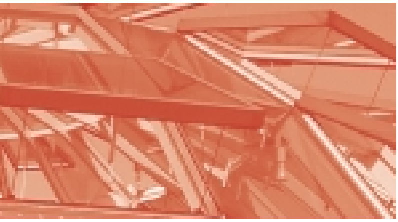


Contents

Deutsche EuroShop AG

Consolidated Balance Sheet

ASSETS k€	31 Mar. 2004	31 Dec. 2003
A. Business start-up and expansion expenses	**2**	**3**
B. Fixed assets		
I. Intangible assets Concessions, industrial and similar rights	350	363
II. Tangible assets		
1. Land, land rights and buildings	666,455	672,164
2. Other equipment, operating and office equipment	142	151
3. Payments on account and assets under construction	25,003	19,329
III. Financial assets		
Other investments	177,774	159,835
	869,724	**851,842**
C. Current assets		
I. Receivables and other assets		
1. Trade receivables	1,255	2,005
2. Receivables from other investees	22,066	20,786
3. Other assets	12,904	15,565
II. Securities		
Other securities	22,005	21,700
III. Cash and bank balances	53,901	66,907
	112,131	**126,963**
D. Prepaid expenses	**1,319**	**1,874**
Total assets	**983,176**	**980,682**



Consolidated Balance Sheet

EQUITY AND LIABILITIES k€	31 Mar. 2004	31 Dec. 2003
A. Equity		
I. Subscribed capital	20,000	20,000
II. Capital reserves	497,900	497,900
III. Revenue reserves	2,000	2,000
IV. Consolidated unappropriated surplus	9,371	8,921
V. Minority interests	6,198	6,876
	535,469	**535,697**
B. Provisions		
1. Provisions for taxes	24,230	22,317
2. Other provisions	5,099	5,224
	29,329	**27,541**
C. Liabilities		
1. Liabilities to banks	410,682	408,642
2. Trade payables	4,228	1,659
3. Liabilities to other investees	0	1
4. Other liabilities	3,454	6,832
	418,364	**417,134**
D. Deferred income	**14**	**310**
Total equity and liabilities	**983,176**	**980,682**

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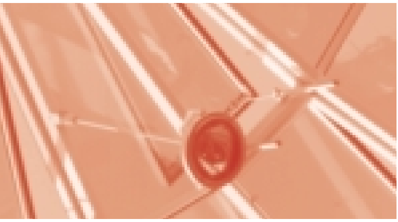
Deutsche EuroShop AG

Consolidated Profit and Loss Account

k€
1. Sales
2. Other operating income
3. Personnel expenses
4. Amortisation of intangible assets and depreciation of tangible assets, as well as amortisation of capitalised business start-up and expansion expenses
5. Other operating expenses
6. Income from investments
7. Other interest and similar income
8. Interest and similar expenses
9. Result from ordinary activities
10. Taxes on income
11. Other taxes
12. Net loss/income for the period
13. Minority interest in net loss/net income
14. Consolidated income for the period
15. Retained earnings brought forward
16. Consolidated unappropriated surplus

Statement of Changes in Equity

k€	Subscribed capital	Capital reserves	Revenue reserves
01 January 2003	20,000	528,512	1,979
Withdrawals			
Earnings			
Changes in Group structure			
31 March 2003	20,000	528,512	1,979
01 January 2004	20,000	497,900	2,000
Withdrawals			
Earnings			
31 March 2004	20,000	497,900	2,000



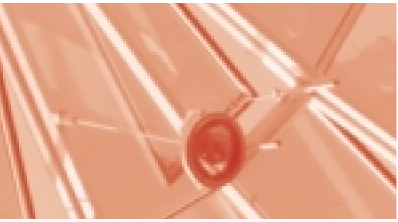
Consolidated Profit and Loss Account/ Statement of Changes in Equity

1 January to 31 March 2004	1 January to 31 March 2003
12,633	12,140
416	95
147	151
5,607	5,576
3,044	2,070
2,196	1,423
660	1,649
5,076	4,724
2,031	**2,786**
2,017	2,100
236	236
–222	**450**
672	-69
450	**381**
8,921	8,853
9,371	**9,234**

Consolidated unappropriated surplus	Equity	Minority interests		Consolidated Equity
		Capital	Interest in net income/ loss	
8,853	**559,344**	-2,404	-123	**556,817**
	0	-4		**–4**
381	**381**		69	**450**
	0	256		**256**
9,234	**559,725**	-2,152	-54	**557,519**
8,921	**528,821**	8,615	-1,739	**535,697**
	0	-5		**–5**
450	**450**		-672	**–222**
9,371	**529,271**	8,610	-2,411	**535,470**

Cash Flow Statement

k€	1 Jan.– 31 Mar. 2004	1 Jan.– 31 Mar. 2003
1. Net loss/income	-222	450
2. Depreciation and amortisation of fixed assets	5,607	5,576
3. Increase (+) / decrease (-) in provisions	1,788	-100
4. DVFA/ SG cash earnings	**7,173**	**5,926**
5. Increase (-) / decrease (+) in trade receivables and other assets not attributable to investing or financing acitivities	3,964	1,426
6. Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-1,105	878
7. Cash flows from operating activities	**10,032**	**8,230**
8. Proceeds from disposals of items of tangible asset	181	0
9. Payments to acquire tangible assets	-5,730	-2,131
10. Payments to acquire financial assets	-17,939	-500
11. Receipts from cash investments for short-term financial planning	149	2,500
12. Payments for cash investments for short-term financial planning	-1,429	-500
13. Cash flows used in investing activities	**–24,768**	**–631**
14. Minority interests	-5	-4
15. Proceeds from borrowings	2,377	0
16. Repayments of borrowings	-337	-1,612
17. Cash flows from/used in financing activities	**2,035**	**–1,616**
18. Net change in cash and cash equivalents	-12,701	5,983
19. Cash and cash equivalents at beginning of period	88,608	153,860
20. Changes in cash and cash equivalents from changes in Group structure	0	256
21. Cash and cash equivalents at end of period	**75,907**	**160,099**



≡ Notes/Disclosures

Basis of presentation

The financial statements of the Deutsche EuroShop Group as at 31 March 2004 have been prepared in accordance with the provisions of the Handelsgesetzbuch (HGB-German Commercial Code), German Accounting Standard 6 (GAS 6), the Aktiengesetz (AktG-German Public Companies Act) and the principles of proper accounting.

The financial statements have not been reviewed by an auditor. In the opinion of the Executive Board, they contain all the necessary adjustments required to give a true and fair view of the result of operations as at the interim report date. No conclusions regarding the development of future results can necessarily be drawn from the results of the first three months as at 31 March 2004.

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 these methods was published in the Annual Report 2003.

Basis of consolidation

The basis of consolidation is as at 31 December 2003; all consolidation principles have been maintained unchanged. For more information, please refer to the detailed description of the basis and methods of consolidation, and to the principles applied to the annual financial statements, which were printed in full in the Annual Report 2003.

Comparison of quarterly results

The comparative figures for Q1 2003 are cautious estimates, as we only converted our accounting in the second quarter of 2003.

Given the relatively constant flows of income and expenses in the Deutsche EuroShop Group's letting business and the cost/benefit ratio of calculating detailed comparative figures retroactively, this presentation is appropriate.

Consolidated financial statement disclosures

In the period under review, the total assets of the Deutsche EuroShop Group increased by € 2.5 million to € 983.2 million. Fixed assets increased by € 17.9 million as a result of the Group's unchanged investing activities, while cash and cash equivalents as well as receivables and other assets declined by € 14.8 million.

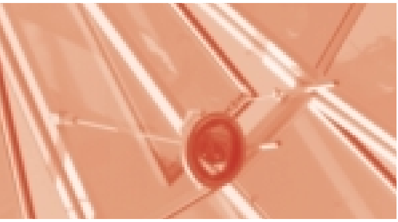
The equity declined slightly by € 0.2 million to € 535.5 million, due to a reduction in minority interests. At 54.5 %, the net balance sheet equity ratio is around 0.1 % lower than at 31 December 2003.

Provisions rose by € 1.8 million in net terms due to a transfer to the provision for deferred taxes on income, while liabilities increased by € 1.3 million.

For profit and loss account disclosures, please refer to the notes on business developments on pages 6 and 7.

Segment reporting in the Group

As the holding company, Deutsche EuroShop AG holds equity interests in German and foreign shopping centers as a single business segment, so no separate segment reporting is therefore presented. Sales are generated exclusively from rental and lease income. This is broken down as follows:



Sales (k€)	Germany	Abroad	thereof EU	Total
1 Jan.-31 Mar. 2004	9,946	2,687	2,687	12,633
1 Jan.-31 Mar. 2003	9,581	2,559	2,559	12,140

Dividend

No dividend was distributed in Q1 2004.

Employees

As at 31 March 2004, the Group employed three people.

Stock options

The variable portion of the remuneration of the Executive Board and the Supervisory Board does not include stock options or similar securities-based incentive systems.

Forward-looking statements

This interim report contains forward-looking statements based on estimates of future developments by the Executive Board. The statements and forecasts represent estimates based on all the information currently available. If the assumptions on which the statements and forecasts are based do not occur, the actual results may differ from those currently forecasted.

Financial Calendar

25 May 2004	Interim report Q1 2004
27 May 2004	Kempen & Co European Property Seminar, Amsterdam
17 June 2004	Annual General Meeting, Frankfurt am Main
17 August 2004	Report on the first half of 2004
16 November 2004	Interim report Q1-3 2004
23–24 November 2004	German Equity Forum, Frankfurt am Main

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