Interim Report
Q1–3 2004

DES

Deutsche EuroShop AG

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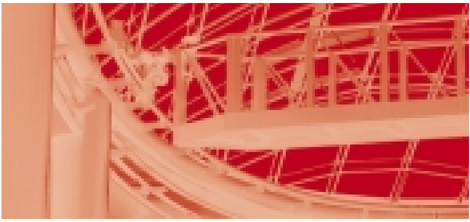


Key Group Figures

€ million	1 Jan – 30 Sept. 2004	1 Jan – 30 Sept. 2003
Sales	36.8	36.7
Income from investments	7.5	5.1
Net interest income/expense	-13.7	-9.9
Result from ordinary activities	8.8	7.7
Consolidated net income for the period	4.1	1.1
EBITDA*	38.3	33.5
Earnings per share (€)	0.26	0.07

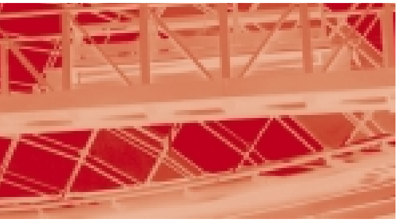
	30 Sept. 2004	31 Dec. 2003
Total assets	999	981
Fixed assets	867	852
Current assets	132	127
Equity	503	536
Liabilities	464	417
Equity ratio**	50.4 %	54.6 %

* = 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
Dividend 2003 (tax-free)	€1.92
Share price on 31 December 2003	€34.00
Share price on 30 September 2004	€35.00
High/low in the period under review	€36.70 / €32.80
Market capitalisation on 30 September 2004	€547 million
Prime Standard	Frankfurt and Xetra
OTC trading	Berlin-Bremen, Dusseldorf, Hamburg, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30
ISIN	DE 000 748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

All share price information relates to the Frankfurt Stock Exchange



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News Ticker

The 4th professional conference of the Property Share Initiative generated substantial interest among real estate and capital market experts.

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

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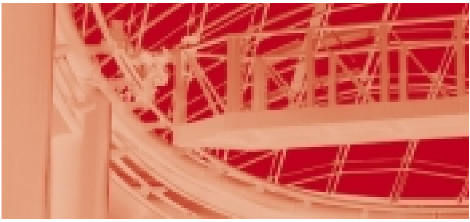


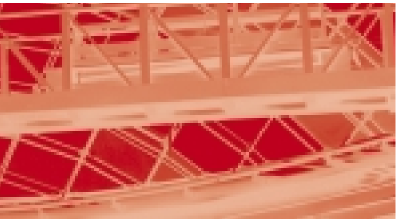
Dear Shareholders,
Ladies and Gentlemen,

The third quarter proved very eventful for Deutsche EuroShop. The first major event was the successful sale, in the middle of July, of Centro Commerciale Friuli in Udine in Italy to SEB Immobilien-Investment GmbH for €62 million, a measure implemented as part of our portfolio optimisation program. This generated a book profit, which had a positive influence on results for the period.

We were able to reinvest approximately half of the sales proceeds from Udine at the beginning of August, when Deutsche EuroShop entered the Austrian market for the first time, by acquiring a 50% share in the City-Arkaden shopping center in Klagenfurt, which is set to open in early 2006. The proportionate investment volume amounts to just under €75 million.

The shopping center will provide around 120 specialist shops with retail space of approximately 27,000 m^2 split over three levels. A further 3,000 m^2 will be available for catering facilities and retail-related services. Construction began in the middle of September. Over 50% of shop space has already been leased to prominent retail companies on a long-term basis.

At the end of the third quarter, Hamburg-Harburg celebrated the premiere of a new shopping attraction – the Phoenix-Center, Hamburg was opened. Approximately 110 specialist shops, cafés and restaurants



will provide new attractions on three brightly lit levels with a total retail floor space of approximately 26,500 m^2. All shop space has been leased on a long-term basis.

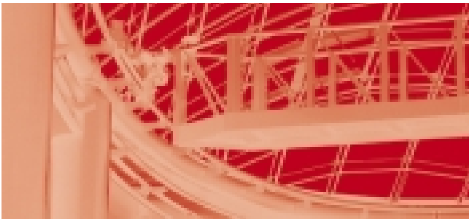
In terms of the capital market, the quarter just ended also saw a highlight – the achievement of our long-term goal of admission to the MDAX. Deutsche Börse AG's Equity Indices Working Group gave the go-ahead for admission after our shares fulfilled both criteria (market capitalisation and market turnover) required for admission to the index for the first time in August. Deutsche EuroShop has been a MDAX member since September 20, making it one of the 100 largest listed companies in Germany.

However, we do not intend to rest on our laurels, but will continue to work each day to earn your trust as investors. Thank you for opting to continue with us along our way.

Hamburg, November 2004

Claus-Matthias Böge

Dirk Hasselbring



Business Developments

In July 2004 we sold the Centro Commerciale Friuli shopping center in Udine (Italy). The disposal reduced sales by €950 thousand in the third quarter. Conversion work at the City-Arkaden in Wuppertal, where the space leased by a major insolvent tenant had to be split in to three new shop units also depressed sales. Fortunately, we succeeded in re-letting these units to the Spanish clothing retailer, Zara, the sports article supplier Voswinkel and a branch dm-Drogeriemarkt, the German chemists' chain. As a result, all the shop units in the City-Arkaden in Wuppertal have now been re-let.

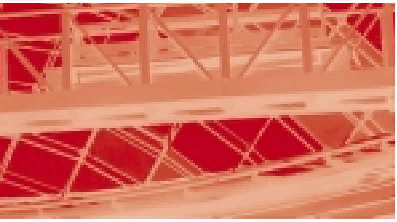
Sales

Sales up 3%

Sales in the first nine months totalled €36.8 million, an increase of just 0.4% on the prior-year period (€36.7 million). After adjustment for the rental income from the shopping center in Udine, sales in the reporting period increased by 3% year-on-year. The reduction as against the 5.1% increase (after adjustment for Udine) recorded in H1 is primarily the result of rebasing. The modernisation measures in the Rhein-Neckar Zentrum had been finished by the beginning of the third quarter of 2003 and have since contributed to a growth in sales.

48% increase in income from investments

With the shopping centers in Dresden and Kassel clearly generating higher income, and our new equity interests in Wroclaw and Pécs contributing to earnings for the first time, income from investments jumped 48% from €5.1 million to €7.5 million.



Earnings

€3.5 million book profit from sale of center in Udine

Other operating income of €4.6 million is primarily due to the book profit of approximately €3.5 million from the sale of the shopping center in Udine and approximately €0.8 million in price gains from the sale of shares in money market funds.

Investment in Wetzlar results in increased costs

At approximately €9.4 million, other operating expenses were up almost €2.2 million year-on-year. Of this figure, €1.4 million is accounted for by the Forum Wetzlar shopping center that is currently under construction. The remaining additional expenditure is due among other things to roof renovation work completed in the middle of July on the shopping center in Udine, which has since been sold.

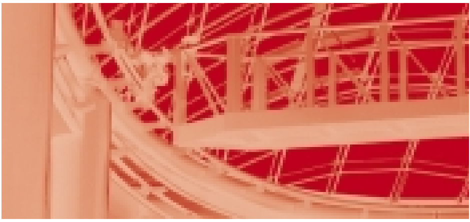
Net interest income/expense down in line with expectations

At €1.7 million, interest income was down by around € 2.5 million due to the high level of investments and the investment of cash and cash equivalents in money market funds. Interest expenses rose by €1.4 million to €15.4 million. The increase is exclusively due to construction period interest for Forum Wetzlar, which is currently under construction. The total overall net interest/income expense thus amounted to €-13.7 million (prior-year period: €-9.9 million).

Consolidated net income for the period totals €4.1 million

The result from ordinary activities rose by €1.1 million year-on-year to €8.8 million (prior-year period:€7.7 million). After adjustment for the investment-related negative results recorded by Forum Wetzlar, the rise would have been €3.9 million. After the deduction of taxes and minority interests, the consolidated net income for the period amounted to €4.1 million, compared with €1.1 million in the prior-year period.

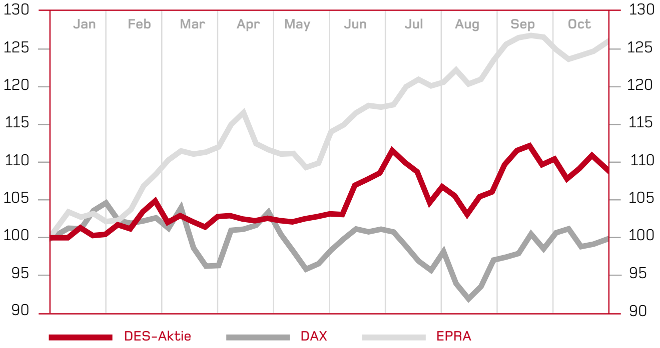
Deutsche EuroShop AG



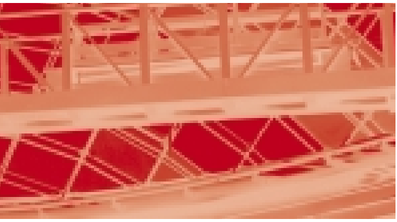
≡ The Shopping Center Share

With a performance of 8.6% (including the dividend paid on 18 June 2004) our shares have outperformed the DAX (-1.8%) in the year to date. Our share price has increased from €34.00 at the beginning of the year to €35.00 on 30 September 2004.

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



MDAX admission achieved
On 3 September 2004, Deutsche Börse AG announced that Deutsche EuroShop, which had been listed on SDAX since July 2003, would be admitted to the German mid-cap-index, MDAX, with effect from 20 September 2004. This means that we have achieved one of our most important medium-term goals after only 14 months. We hope that the increased profile that comes with belonging to the index will convince even more investors of the benefits of our shopping center shares.



Numerous investor discussions

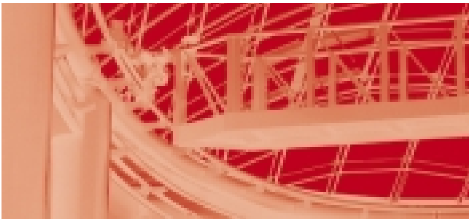
We further intensified our investor relations activities in the past quarter, presenting Deutsche EuroShop to analysts and investors in roadshows in Frankfurt, Geneva, Munich, Paris and Zurich, and at international conferences including the HVB German Investment Conference in Munich and the EPRA annual conference in Berlin.

New analyst coverage

In September Berenberg Bank took up coverage of our shares. Seven analysts from well-known institutions in Germany and other European countries now regularly monitor our shares and open up new groups of investors as a result of their recommendations. In addition, other banks intend to start coverage of Deutsche EuroShop in the near future.

≡ Events Since the End of the Interim Period

No significant events have occurred since the end of the first nine months of financial year 2004



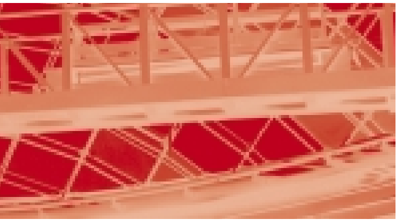
≡ Outlook

The Group's earnings situation is expected to further improve in the current fourth quarter. The Phoenix-Center in Hamburg, which was opened on 29 September 2004 and has since been inundated with visitors, will also contribute to this increase for the first time.

High pre-letting for shopping center under construction
Construction work at Forum Wetzlar continues to progress according to plan, which means the opening, scheduled for the middle of February 2003, looks certain to be on time. With the exception of a few retail units, the center is already totally let. In the middle of October 2004 the occupancy rate was 93% of the total space. Building work has also started on our most recent acquisition, the City-Arkaden in Klagenfurt in Austria. The opening is planned for early 2006. More than 50% of the retail space has already been leased on a long-term basis.

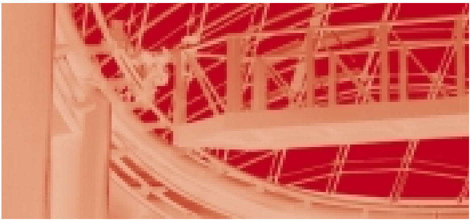
No new investments until 2005
After investing almost half of our sales proceeds from Udine in the City-Arkaden in Klagenfurt, our remaining liquidity reserve is approximately €30 million. Due to the lead time required for acquisitions, we do not envisage investing in any new shopping centers until 2005.

Free cash flow will be slightly exceeded
From today's perspective, we will slightly exceed our target of generating a distributable free cash flow of €30 million in financial year 2004. In the first nine months of the current financial year, we improved our free cash flow by 8% to €22.5 million. On this basis we again expect to be able to pay a dividend of €1.92 per share in 2004.



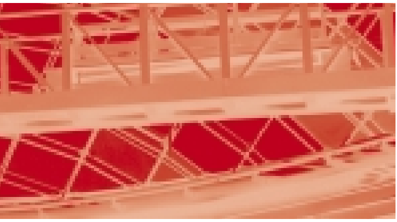
Outlook

≡ Contents



Consolidated Balance Sheet

ASSETS € thousand	30 September 2004	31 December 2003
A. Business start-up and expansion expenses	**2**	**3**
B. Fixed assets		
I. Intangible assets		
Concessions, industrial and similar rights	332	363
II. Fixed assets		
1. Land, land rights and buildings	599,433	672,164
2. Other equipment, operating and office equipment	150	151
3. Payments on account and assets under construction	53,727	19,329
III. Financial assets		
Shares in other investees	212,830	159,835
	866,472	**851,842**
C. Current assets		
I. Receivables and other assets		
1. Trade receivables	889	2,005
2. Receivables from other investees	4,017	20,786
3. Other assets	10,476	15,565
II. Securities		
Other securities	42,797	21,700
III. Cash and bank balances	73,900	66,907
	132,079	**126,963**
D. Prepaid expenses	**441**	**1,874**
Total assets	**998,994**	**980,682**



Consolidated Balance Sheet

LIABILITIES € thousand	30 September 2004	31 December 2003
A. Equity		
I. Subscribed capital	20,000	20,000
II. Capital reserves	476,821	497,900
III. Revenue reserves	2,000	2,000
IV. Consolidated unappropriated surplus	4,065	8,921
V. Minority interests	203	6,876
	503,089	**535,697**
B. Provisions		
1. Provisions for taxes	28,823	22,317
2. Other provisions	3,043	5,224
	31,866	**27,541**
C. Liabilities		
1. Liabilities to banks	449,569	408,642
2. Trade payables	1,008	1,659
3. Liabilities to other investees	10,071	1
4. Other liabilities	3.351	6.832
	463,999	**417,134**
D. Deferred income	**40**	**310**
Total liabilities	**998,994**	**980,682**

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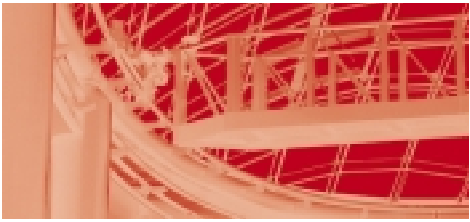
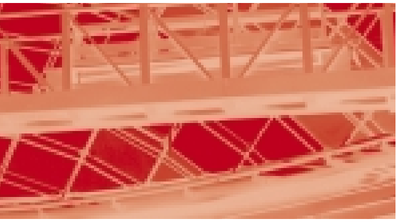


Consolidated Profit and Loss Account

€ thousand
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. Write-downs of investments classified as current assets
9. Interest and similar expenses
10. Result from ordinary activities
11. Taxes on income
12. Other taxes
13. Net income/net loss for the period
14. Minority interests in net loss/net income
15. Consolidated net income/net loss for the period

Statement of Changes in Equity

€ thousand	Subscribed capital	Capital reserves	Revenue reserves
1 January 2003	20,000	528,512	1,979
Dividend		-21,147	
Withdrawals			
Earnings			
Withdrawals from capital reserves			
Appropriations to revenues reserves			
Changes in Group structure			
30 September 2003	20,000	507,365	1,979
1 January 2004	20,000	497,900	2,000
Dividend		-21,079	
Withdrawals			
Earnings			
30 September 2004	20,000	476,821	2,000



Consolidated Profit and Loss Account/ Statement of Changes in Equity

	1 Jul– 30 Sept 2004	1 Jul– 30 Sept 2003	1 Jan– 30 Sept 2004	1 Jan– 30 Sept 2003
	11,326	12,373	36,800	36,653
	4,023	0	4,616	183
	247	223	607	578
	5,182	5,463	16,425	16,614
	3,262	3,042	9,355	7,132
	2,384	1,427	7,466	5,056
	441	1,160	1,704	4,158
	0	0	0	0
	5,164	4,606	15,448	14,053
	4,319	**1,626**	**8,751**	**7,673**
	2,147	1,645	6,727	5,845
	138	185	639	657
	2,034	**–204**	**1,385**	**1,171**
	1,282	-63	2,680	-76
	3,316	**–267**	**4,065**	**1,095**

	Consolidated unappropriated surplus	Equity	Minority interests		Consolidated equity
			Capital	Interests in net income/loss	
	8,853	**559,344**	-2,404	-123	**556,817**
	-8,853	**–30,000**			**–30,000**
		0	-266		**–266**
	1,095	**1,095**		76	**1,171**
		0			0
		0			0
		0	296		**296**
	1,095	**530,439**	-2,374	-47	**528,018**
	8,921	**528,821**	8,615	-1,739	**535,697**
	-8,921	**–30,000**			**–30,000**
		0	-3,993		**–3,993**
	4,065	**4,065**		-2,680	**1,385**
	4,065	**502,886**	4,622	-4,419	**503,089**

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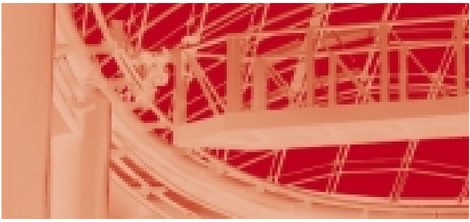
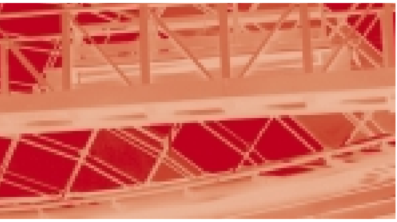


Cash flow statement

€ thousand	1 January – 30 September 2004	1 January – 30 September 2004
1. Net income	1,385	1,171
2. Depreciation and amortisation of fixed assets	16,425	16,614
3. Increase (+) / decrease (-) in provisions	4,326	1,758
4. DVFA/SG cash earnings	**22,136**	**19,543**
5. Gains on disposal of items of fixed assets	-3,556	0
6. Increase (-) / decrease (+) in trade receivables and other assets not attributable to investing or financing activities	7,637	3,156
7. Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-4,404	-566
8. Cash flows from operating activities	**21,813**	**22,133**
9. Proceeds from disposals of items of tangible assets	62,061	0
10. Payments to acquire tangible assets	-36,565	-5,509
11. Proceeds from disposals of items of financial assets	760	0
12. Payments to acquire financial assets	-43,683	-6,962
13. Receipts from cash investments for short-term financial planning	20,786	2,500
14. Payments for cash investments for short-term financial planning	-4,017	-9,627
15. Cash flows used in investing activities	**–658**	**–19,598**
16. Dividend	-30,000	-30,000
17. Minority interests	-3,993	-265
18. Proceeds from borrowings	42,619	0
19. Repayments of borrowings	-1,692	-1,283
20. Cash flows used in financing activities	**6,934**	**–31,548**
21. Net change in cash and cash equivalents	28,089	-29,013
22. Cash and cash equivalents at beginning of period	88,608	153,860
23. Changes in cash and cash equivalents from changes in Group structure	0	296
24. Cash and cash equivalents at end of period	**116,697**	**125,143**



The cash flow statement is broken down into cash flows from operating, investing and financing activities. Effects of changes to the basis of consolidation are eliminated; their influence on cash and cash equivalents is disclosed separately.

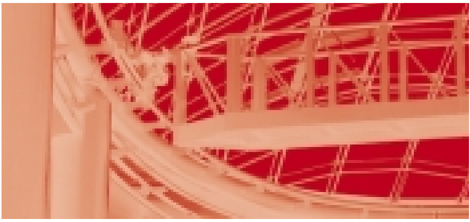
The cash and cash equivalents at the end of the period comprise securities and bank balances.

≡ Notes/Disclosures

Basis of presentation
The financial statements of the Deutsche EuroShop Group as at 30 September 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 nine months as at 30 September 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.

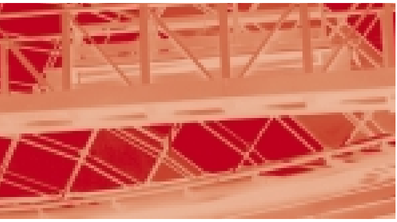
Consolidated financial statement disclosures

In the period under review, the total assets of the Deutsche EuroShop Group increased by €18.3 million to €998.8 million. The sale of the property in Udine was recognised at its book value of €58.5 million. This was more than offset by the investments made in properties currently under construction in Wetzlar, Hamburg-Harburg and Klagenfurt, with the result that the net book value of the Group's fixed assets increased by €14.7 million to €866.5 million. Receivables and other assets including prepaid expenses decreased by €24.4 million, while cash and cash equivalents including money market funds classified as securities increased by €28.1 million.

The main reasons for the fall in equity of €32.6 million included the dividend payment in June 2004 and a significant decrease in minority interests. As a result, the equity ratio is now 50.4%, compared to 54.6% as at 31 December 2003.

At €449.6 million, liabilities to banks were up by around €40.9 million compared to 31 December 2003. The increase is solely due to construction period interest relating to the Forum Wetzlar shopping center currently under construction. Other liabilities increased by approximately €6 million, particularly as a result of the recognition as liabilities of outstanding contribution obligations to investees.

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. No separate segment reporting is therefore presented. Sales are generated exclusively from rental and lease income. These are broken down as follows:

Sales (€ thousand)	Germany	Abroad	thereof EU	Total
1 Jan. - 30 Sept. 2004	29,659	7,141	7,141	36,800
1 Jan. - 30 Sept. 2003	28,959	7,694	7,694	36,653

Dividend

No dividend was distributed in Q3 2004.

Employees

As at 30 September 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 materialise, actual results may differ from those currently forecast.

≡ Financial Calendar

16 November 2004	Interim Report Q1-3 2004
22 November 2004	German Equity Forum, Frankfurt am Main
18 April 2005	Annual earnings report press conference and analyst conference, Hamburg
10 May 2005	Interim report Q1 2005
23 June 2005	Annual General Meeting, Hamburg
10 August 2005	Interim Report H1 2005
10 November 2005	Interim Report Q1-3 2005

Deutsche EuroShop AG
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