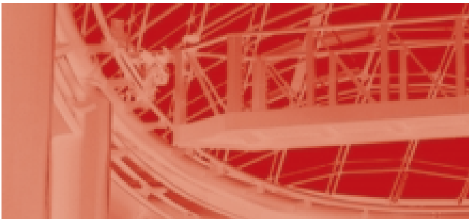
Interim Report
H1 2004

Deutsche EuroShop AG

DES
Deutsche EuroShop AG



Key Group Figures

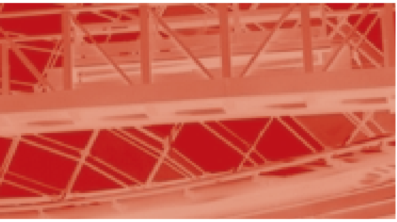
€ million	1 Jan.– 30 June 2004	1 Jan.– 30 June 2003
Sales	25.5	24.3
Income from investments	5.1	3.6
Net interest income/expense	-9.0	-6.4
Result from ordinary activities	4.4	6.0
Consolidated net income for the period	0.7	1.2
EBITDA *	24.2	23.2
Earnings per share (€)	0.05	0.08

	30 June 2004	31 Dec. 2003
Total assets	978	981
Fixed assets	890	852
Current assets	87	127
Equity	505	536
Liabilities	443	417
Equity ratio**	51.6 %	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 June 2004	€ 36.00
High/low in the period under review	€ 37.80/€ 34.40
Market capitalisation 30 June 2004	€ 563 million
Prime Standard	Frankfurt and Xetra
OTC trading	Berlin-Bremen, Dusseldorf, Hamburg, Munich and Stuttgart
Indices	SDAX, EPRA, GPR 250, EPIX 30
ISIN	DE 000 748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE



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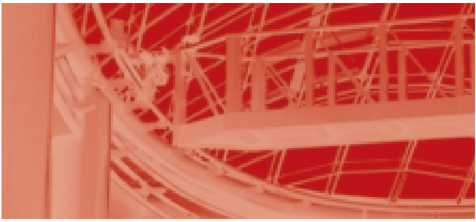
News Ticker

Deutsche EuroShop acquires a 50% stake in the City-Arkaden shopping center in Klagenfurt, Austria.

Deutsche EuroShop wins the 2004 Capital Investor Relations Prize for particularly credible communication with retail and institutional investors.

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

Deutsche EuroShop AG



Dear Shareholders,
Ladies and Gentlemen,

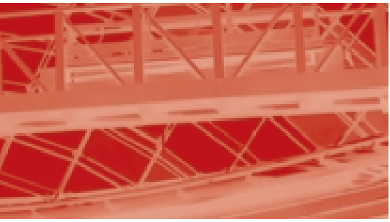
Our results for the first six months of 2004 were influenced by effects relating to our 65% investment in Forum Wetzlar and the roof renovation work at the Centro Commerciale Friuli in Udine (Italy), which we sold to SEB Immobilien-Investment GmbH in mid-July.

The sale resulted in a book profit before taxes of around €3.5 million that will help improve our earnings in the second half of the year. We remain committed to our target of generating distributable free cash flow of €30 million in financial year 2004.

In June, a large majority of shareholders at the Annual General Meeting approved our plans to use capital increases as another way of facilitating the continued growth of our Company.

We will set strict requirements relating to the returns generated by new investments, because we have one key focus: we will only enter into a future investment for which we ask our shareholders for new capital if this capital generates at least the same dividend yield as our existing portfolio.

We welcome the decision by DB Real Estate Management GmbH, formerly Deutsche Grundbesitz Management GmbH, to waive its right under the Articles of Association to appoint two Supervisory Board members. This means that we are now completely independent of the Deutsche Bank Group. The Annual General Meeting expressed its confidence in the achievements of Mr. Thomas Armbrust and Dr. Michael Gellen by re-electing them to the Supervisory Board. Dr. Bernd Thiemann was appointed as a new member of the Supervisory Board, succeeding Dr. Tessen von Heydebreck who has resigned his position



and whom we would like to thank warmly for our constructive working relationship.

Finally, the Annual General Meeting approved the relocation of the Company's registered office to Hamburg as well as further amendments to the Articles of Association. These mainly resulted from amendments to the Aktiengesetz (German Public Companies Act), the introduction of the Gesetz zur Namensaktie und zur Erleichterung der Stimmrechtsausübung (NaStraG – German Act on Promoting Registered Shares and Facilitating the Exercise of Voting Rights) and the Transparenz- und Publizitätsgesetz (TransPuG – German Transparency and Disclosure Act), or they are aimed at improving the Company's capacity to act at any given time.

A number of celebrations have been held or are scheduled at our shopping centers: the crown was placed on the shell of Forum Wetzlar at the topping-out ceremony on 16 June, and we will celebrate the opening of the Phoenix-Center in Hamburg on 29 September, plus the 40th anniversary of the Main-Taunus-Zentrum in Sulzbach on 30 September.

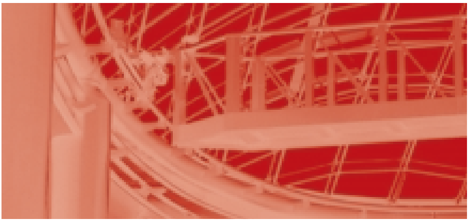
We remain confident, as already announced in our Interim Report for Q1, that the Company will be able to pay a tax-free dividend of €1.92 per share for the current financial year.

Hamburg, August 2004

Claus-Matthias Böge

Dirk Hasselbring

Deutsche EuroShop AG



Business Developments

In the first half of 2004, sales rose by 4.9% year-on-year to €25.5 million, as against sales growth of 4% in the first quarter of the current financial year. In particular, the modernisation of the Rhein-Neckar Zentrum in 2003 as well as the conclusion of a large number of new rental contracts and the increase in percentage rents at the Centro Commerciale Tuscia in Viterbo, Italy had a positive effect.

Income from investments up 40%

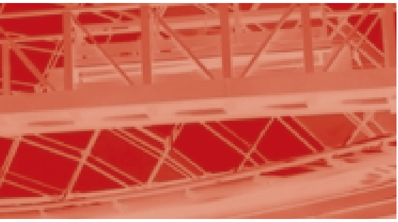
Our shopping centers in Dresden and Kassel generated appreciably higher income and our investments in Wroclaw and Pécs contributed to earnings for the first time. As a result, income from investees increased by 40% to €5.1 million.

Expenses up €2 million

Other operating expenses rose by almost €2 million year-on-year to around €6.1 million due to investment expenses of around €550 thousand relating to the Forum Wetzlar shopping center currently under construction, and expenses of €1.6 million from the roof renovation work at the Centro Commerciale Friuli that was completed in mid-July.

Net interest income/expense impacted by construction period interest

At €1.3 million, interest income fell by around €1.7 million year-on-year. This was caused by substantial capital expenditure 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 €0.5 million, which are reported under other operating income and are equivalent to interest income. Interest expenses increased by €0.9 million to €10.3 million due to construction period interest for Forum Wetzlar, which is currently under construction.

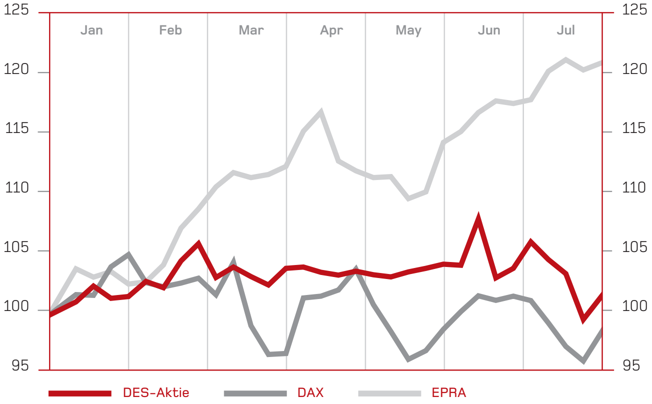


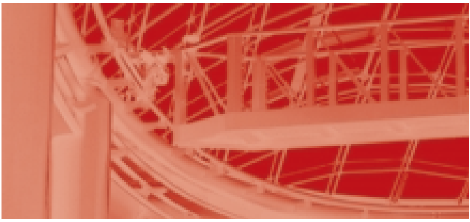
Net income for the period totals €0.75 million
The result from ordinary activities fell by €1.6 million year-on-year to €4.4 million. €1.4 million of this alone is accounted for by the Forum Wetzlar shopping center that is currently under construction. After the deduction of taxes and minority interests, the net income for the period amounted to €0.75 million, compared with €1.2 million in the prior-year period.

≡ DES Shares

Our share price has increased from €34.00 at the beginning of the year to €36.00 on 30 June 2004. This corresponds to a rise of 5.9%. Adding the dividend of €1.92 per share paid on 18 June 2004 results in a performance of 11.5% for Deutsche EuroShop's shareholders. Our benchmark index, the DAX, improved by 2.2% in the same period.

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





Annual earnings press conference and analyst conference held in Hamburg for the first time

In the second quarter, we presented Deutsche EuroShop's 2003 annual financial statements at our annual earnings press conference and an analyst conference, which were held in Hamburg for the first time. Both events were well attended and met with a positive response from participating journalists and analysts.

Roadshow in The Netherlands

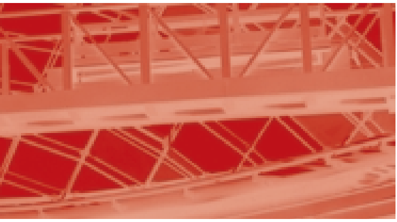
We held a roadshow in Amsterdam to present our results for financial year 2003 and the first quarter of 2004 to institutional investors. We also took part in the internationally acclaimed European Property Seminar organised by the Dutch investment bank Kempen & Co. Overall, the interest shown by investors in our Company was extremely encouraging.

Approval by Annual General Meeting

The highlight of our investor relations activities in the first half of the year was the Annual General Meeting on 17 June 2004 in Frankfurt am Main. The around 120 shareholders in attendance represented 67.6% of the capital and approved all agenda items with over 99.6% of the votes.

Record market turnover

The increase in share turnover continued to accelerate. An average of 17,600 DES shares were traded in Frankfurt and on Xetra every day in the first six months of 2004, compared with 4,100 per day in the comparable prior-year period. This helped Deutsche EuroShop climb to 66th place in terms of share turnover in Deutsche Börse's index ranking for June (34th place in terms of the market capitalisation of the Company's free float shares). This means that we are only six places away from fulfilling the criteria for admission to the MDAX.



≡ Outlook

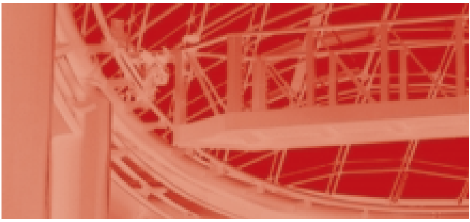
The Group's earnings position will improve substantially in the second half of the year, due in particular to the sale of Centro Commerciale Friuli in mid-July 2004, which generated a book profit before taxes of around €3.5 million.

Restructuring in Wuppertal

Unfortunately, we were hit by the insolvency of a major tenant in City-Arkaden in Wuppertal, who accounted for around 4,700 m^2 of space on three storeys. ECE – our partner responsible for center management – has developed a restructuring concept that is currently being implemented. The property management company has invested around €1.8 million from its available cash reserves. The previous leasable space will be divided into three new shop units, resulting in the loss of around 500 m^2. From the autumn of this year, the successful Spanish clothing retailer Zara and the sport shop Voswinkel will be added to our offering in Wuppertal. We are currently negotiating with potential tenants for the remaining 700 m^2.

Construction projects and pre-letting on schedule

The Phoenix-Center currently under construction in Hamburg will be opened at the end of September 2004. All the retail space has been let; including the office space, a total of 96% has been pre-let. Our letting activities are continuing apace at Forum Wetzlar, which is scheduled to open in spring 2005. 83% of the space had been taken up by the end of July.

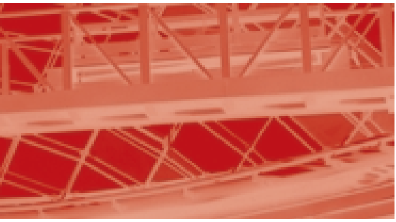


Two more investments planned for 2004

With regard to investments, we are currently pursuing several projects that will allow us to expand our shopping center portfolio following the sale of the Italian center. We are confident that we will be able to make two further investments by the end of 2004.

Ambitious free cash flow target

Overall, we are confident that we will again be able to distribute a dividend of €1.92 per share in financial year 2004. In the first half of 2004, our distributable free cash flow increased by around 8% year-on-year to €16.2 million. Our target of generating distributable free cash flow of €30 million in financial year 2004 remains ambitious but achievable from today's perspective.



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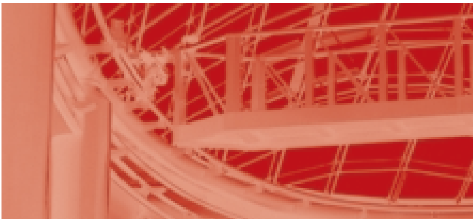
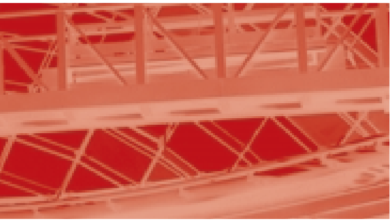


Consolidated Balance Sheet

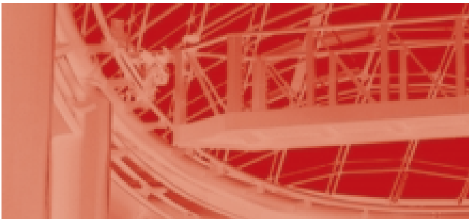
ASSETS k€	30 June 2004	31 December 2003
A. Business start-up and expansion expenses	**2**	**3**
B. Fixed assets		
I. Intangible assets		
Concessions, industrial and similar rights	336	363
II. Tangible assets		
1. Land, land rights and buildings	662,817	672,164
2. Other equipment, operating and office equipment	131	151
3. Payments on account and assets under construction	44,113	19,329
III. Financial assets		
Shares in other investees	182,679	159,835
	890,076	**851,842**
C. Current assets		
I. Receivables and other assets		
1. Trade receivables	1.170	2.005
2. Receivables from other investees	2.820	20.786
3. Other assets	14,449	15,565
II. Securities		
Other securities	19,152	21,700
III. Cash and bank balances	49,559	66,907
	87,150	**126,963**
D. Prepaid expenses	**867**	**1.874**
Total assets	**978,095**	**980,682**



Consolidated Balance Sheet

EQUITY AND LIABILITIES k€	30 June 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	749	8.921
V. Minority interests	5,203	6,876
	504,773	**535,697**
B. Provisions		
1. Provisions for taxes	26,642	22,317
2. Other provisions	3,796	5,224
	30,438	**27,541**
C. Liabilities		
1. Liabilities to banks	434,765	408,642
2. Trade payables	1,113	1,659
3. Liabilities to other investees	4,720	1
4. Other liabilities	2,184	6,832
	442,782	**417,134**
D. Deferred income	**102**	**310**
Total equity and liabilities	**978.095**	**980.682**

Deutsche EuroShop AG

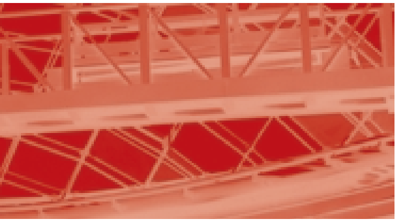


Consolidated Profit and Loss Account

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. 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 loss/net income for the period
14. Minority interests in net loss/net income
15. Consolidated net income for the period

Statement of Changes in Equity

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



Consolidated Profit and Loss Account/ Statement of Changes in Equity

1 Apr. – 30 June 2004	1 Apr. – 30 June 2003	1 Jan. – 30 June 2004	1 Jan. – 30 June 2003
12,841	12,140	25,474	24,280
177	94	593	189
213	204	360	355
5,636	5,575	11,243	11,151
3,049	2,026	6,093	4,096
2,886	2,207	5,082	3,630
603	1,349	1,263	2,998
0	0	0	0
5,208	4,723	10,284	9,447
2,401	**3,262**	**4,432**	**6,048**
2,563	2,100	4,580	4,200
265	236	501	472
–427	**926**	**–649**	**1,376**
726	-69	1,398	-138
299	**857**	**749**	**1,238**

Consolidated unappropriated surplus	Equity	Minority interests: Capital	Minority interests: Interests in net income/loss	Consolidated equity
8,853	**559,344**	-2,404	-123	**556,817**
-8,853	**–30,000**			**–30,000**
	0	-260		**–260**
1,238	**1,238**		138	**1,376**
	0	256		**256**
1,238	**530,582**	-2,408	15	**528,189**
8,921	**528,821**	8,615	-1,739	**535,697**
-8,921	**–30,000**			**–30,000**
	0	-274		**–274**
749	**749**		-1,398	**–649**
749	**499,570**	8,341	-3,137	**504,774**

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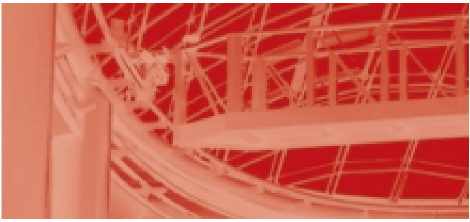
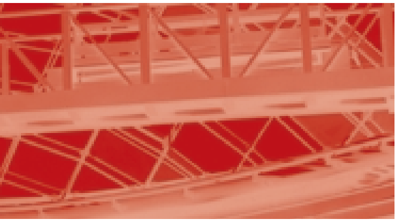


Cash flow statement

k€	1 January – 30 June 2004	1 January – 30 June 2003
1. Net loss/net income	-649	1,376
2. Depreciation and amortisation of fixed assets	11,243	11,151
3. Increase (+) / decrease (-) in provisions	2,897	-175
4. DVFA/SG cash earnings	**13,491**	**12,352**
5. Increase (-) / decrease (+) in trade receivables and other assets not attributable to investing or financing activities	2,958	2,851
6. Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	-5,402	1,756
7. Cash flows from operating activities	**11,047**	**16,959**
8. Proceeds from disposals of items of tangible assets	62	0
9. Payments to acquire tangible assets	-26,696	-4,162
10. Payments to acquire financial assets	-18,124	-6,962
11. Receipts from cash investments for short-term financial planning	20,786	2,500
12. Payments for cash investments for short-term financial planning	-2,820	-8,843
13. Cash flows used in investing activities	**–26,792**	**–17,467**
14. Dividend	-30,000	-30,000
15. Minority interests	-274	-260
16. Proceeds from borrowings	26,796	0
17. Repayments of borrowings	-674	-3,224
18. Cash flows used in financing activities	**–4,152**	**–33,484**
19. Net change in cash and cash equivalents	-19,897	-33,992
20. Cash and cash equivalents at beginning of period	88,608	153,860
21. Changes in cash and cash equivalents from changes in Group structure	0	256
22. Cash and cash equivalents at end of period	**68,711**	**120,124**



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.

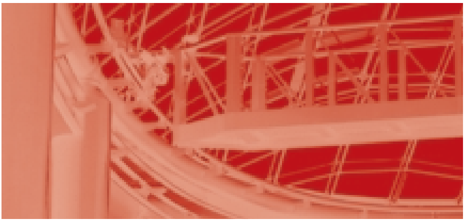
The cash and cash equivalents at the end of the period comprise securities and bank balances.

≡ Notes/Disclosures

Basis of presentation
The financial statements of the Deutsche EuroShop Group as at 30 June 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 results of operations as at the Interim Report date. No conclusions regarding the development of future results can necessarily be drawn from the H1 results as at 30 June 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

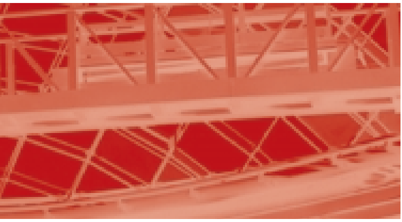
In the period under review, the total assets of the Deutsche EuroShop Group declined by €2.6 million to €978.1 million. Fixed assets increased by €38.2 million as a result of the Group's unchanged investing activities, while cash and cash equivalents as well as receivables and other assets decreased by €39.8 million, due to distributions.

Equity fell by €30.9 million to €504.8 million, mainly as a result of the dividend paid on 18 June 2004. At 51.6%, the net balance sheet equity ratio is around three percentage points lower than at 31 December 2003. Liabilities to banks rose by €26.1 million due to the drawdown of additional loan tranches for the property under construction in Wetzlar.

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. These are broken down as follows:



Sales (k€)	Germany	Abroad	thereof EU	Total
1 Jan. – 30 June 2004	20.009	5,465	5,465	25,474
1 Jan. – 30 June 2003	19.161	5,119	5,119	24,280

Dividend

A dividend for financial year 2003 of €1.92 per share was paid on 18 June 2004.

Employees

As at 30 June 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

17 August 2004	Interim Report H1 2004
29 September 2004	HypoVereinsbank German Investment Conference, Munich
21 October 2004	Initiative Immobilien-Aktie (Real Estate Shares Initiative), Frankfurt am Main
16 November 2004	Interim Report Q1-3 2004
22 November 2004	German Equity Forum, Frankfurt am Main

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Both the English and German versions of Deutsche EuroShop AG's Interim Report can also be downloaded as PDF files on the Internet at www.deutsche-euroshop.com.

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