



Interim Report
Q1-3 2003

DES

Deutsche EuroShop AG



≡ Key Figures

€ million	Group		AG	
	1.1.-30.9.2003	1.1.-30.9.2002	1.1.-30.9.2003	1.1.-30.9.2002
Sales	36.7	34.5	-	-
Income from investments	5.1	3.2	19.6	16.9
Net interest income/expense	-9.9	-8.5	2.8	3.5
Result from ordinary activities	7.7	3.9	20.9	18.6
(Consolidated) net profit/loss for the period	1.1	-2.1	15.3	13.7
EBITDA	33.5	28.1	-	-
Free cash flow per share (€)	-	-	1.33	1.19
Earnings per share (€)	0.07	-0.13	-	-
	30.9.2003	31.12.2002	30.9.2003	31.12.2002
Total assets	964	1000	616	632
Fixed assets	804	815	514	513
Current assets	161	186	102	119
Equity	528	557	595	610
Liabilities	412	420	0	7
Equity ratio	54.8%	55.7%	96.6%	96.5%

(Ratio of equity to total assets)

≡ DES Shares – Key Figures

Sector/industry group	Financial Services/Real Estate
Share capital	€ 20 million
Outstanding shares	15,625,000 shares
Share class	No-par value registered shares
Dividend 2002 (tax-free)	€ 1.92
Share price on 30 Dec. 2002	€ 31.00
Share price on 30 Sep. 2003	€ 32.05
High/low in the period under review	€ 33.95 / € 29.70
Market capitalisation	€ 501 million
Prime Standard	Frankfurt and Xetra
OTC trading	Dusseldorf, Hamburg, Munich and Stuttgart
Indices	SDAX, GPR 250, EPIX 30
ISIN	DE 000 748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE



≡ Contents

Letter from the Executive Board	2
News Ticker	3
Business Developments	4
DES Shares	5
Outlook	7
Consolidated Balance Sheet	8
Consolidated Profit and Loss Account	10
Statement of Changes in Equity	10
Cash Flow Statement	12
Notes/Disclosures	14
Profit and Loss Account of Deutsche EuroShop AG	17
Balance Sheet of Deutsche EuroShop AG	18
Executive Bodies	20
Financial Calendar	21

DES

Deutsche EuroShop AG

≡ Letter from the Executive Board

**Dear Shareholders,
Ladies and Gentlemen,**

in August and October we announced the acquisition of equity interests in two new shopping centres. The first is a 50% stake in the Phoenix-Center in Hamburg, which is due to open in autumn 2004, which we acquired with effect from 1 January 2004. The proportionate investment volume amounts to €78 million, and the equity interest to €25 million. The second is a 65% interest in the Forum Wetzlar shopping centre, which we acquired on 1 October. The proportionate investment volume in this case amounts to €73 million, and the equity interest to €29 million. This leaves a further €18 million of equity available for another investment.

Both acquisitions are recording encouraging levels of pre-letting activity. 52% of the floor space in the Forum Wetzlar shopping centre has already been leased one and a half years before its completion, as has 70% of the Phoenix-Center one year before its opening. Six months before its opening, the occupancy ratio at the Pécs Árkád, the third property still under construction in which we have held an equity interest since the end of 2002, is 95%. All our shopping centres that have already started operation have ongoing stable occupancy rates of more than 99%.

The construction projects for the three new shopping centres are going according to plan. The same is also true of the expansion of the Main-Taunus-Zentrum, in whose northern section the largest miniMAL supermarket in Germany and a Breuninger Textilhaus are being developed at a cost of around €35 million. The refurbishment of a further 4,000 m² of retail floor space in the Rhein-Neckar-Zentrum was successfully completed in August and was well received by customers, as can be seen from the clear increase in the number of visitors.

The Altmarkt-Galerie in Dresden celebrated its anniversary in September, looking back on an opening year that exceeded all expectations. The daily number of visitors has stabilised at a high level, as have sales by retailers.

In the meantime, Deutsche Bank sold its remaining 8% stake in the Company. This caused the free float in our Company to rise to 79%, for a market capitalisation of around €400 million. Coupled with our intensive investor relations activities, this has led to an encouraging increase in the awareness enjoyed by our Company. We intend to continue on our existing course and would like to take this opportunity to thank you for your confidence in us.

Hamburg, November 2003



Claus-Matthias Böge



Dirk Hasselbring

≡ News Ticker

Deutsche EuroShop at the DVFA's German Midcap Conference – the video of the presentation is now available online.

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

≡ Business Developments

The third quarter of 2003 coincided with an unusually hot summer in Europe, which affected consumer spending. However, the general consumer climate has been picking up slightly since the middle of the year, so that we are looking forward to Christmas trading with confidence.

Longer Saturday opening a real success

The opening times on Saturdays, extended to 8.00 p.m. since 1 June, have generated consistently high sales. For the centres, this basically means additional business. Customers are prepared to travel further now, as they are no longer under pressure to do all their shopping before 2.00 p.m. or 4.00 p.m.

Further improvement in operating result for

Deutsche Euroshop AG

In the first nine months of the year, Deutsche Euroshop AG generated an operating result (result from ordinary activities) of €20.9 million, up from €18.6 million in the comparable prior-year period (+12%). Income from investments contributed €19.6 million (€16.9 million), an increase of 16%. This is largely due to the fact that the Altmarkt-Galerie in Dresden contributed to earnings for the entire period under review for the first time in 2003. In addition, the completion of the renovation and restructuring work at the Rhein-Neckar-Zentrum boosted business.

Deutsche Euro Shop AG net profit for the period up 12%

As a result of lower interest rates and the net cash used in the acquisition of our equity interest in Allee-Center in Hamm in spring 2002, interest income fell to €2.8 million in the period under review, down €0.8 million on the prior-year period. After deduction of taxes on income (transfer to the provision for deferred taxes on income) and other taxes, the net profit for the period amounted to €15.3 million as against €13.7 million in 2002, an increase of around 12%.

Positive consolidated sales trend

The final completion of the refurbishment works at Rhein-Neckar-Zentrum also boosted sales by the Group. Thus, sales rose by 6% from €34.5 million to €36.7 million. Income from investments rose from €3.2 million to €5.1 million (+59%). This is mainly due to the fact that the shopping centres in Dresden and Kassel, which opened in 2002, contributed to earnings for the entire period for the first time in 2003.

Consolidated net profit for the period at €1.1 million

Other operating expenses declined by just under 18%, from €8.7 million to €7.1 million in the first nine months of 2003, as a result of a slow-down in investment activity. A consolidated net loss of €-0.3 million was recorded for the third quarter as a result of a €0.6 million provision for a roof refurbishment at Centro Commerciale Friuli in Udine, which started in September.

Interest income in the first nine months dropped to €4.2 million, down €1.4 million year-on-year. This was primarily due to lower interest rates in 2003.

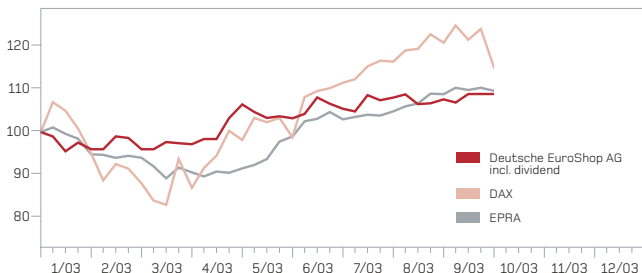
Overall, the result from ordinary activities almost doubled from €3.9 million to €7.7 million (+95%). After the deduction of taxes and minority interests, the consolidated net profit for the period amounted to €1.1 million (€-2.1 million).

≡ DES shares

Our shares rose slightly in Q3, closing at €32.05 on 30 September – up 3% on the closing date for the second quarter.

Deutsche EuroShop AG vs. DAX and EPRA

January 2003 to September 2003 (indexed, basis 100, in %)



Free float now at 79%

Since Deutsche Bank sold its last stake in the Company in mid-September, 79% of DES's shares are now in free float. Thus, the Otto family as single major shareholder holds the remaining 21%. Overall, the number of our shareholders has increased by around 1,500, due to the placement of Deutsche Bank's block of shares in three tranches. We currently have more than 5,800 shareholders.

Analyst coverage established

The analyst conference in Frankfurt am Main, organised to coincide with the publication of our half-yearly figures for 2003, was received with great interest. Six analysts from well-known institutes in Germany and other European countries now regularly monitor our shares and leverage new groups of investors as a result of their recommendations.

Further rise in share turnover

The increased free float, the improved analyst coverage and positive news from the Company led to a 17% rise in share turnover in Q3 as against Q2. Turnover has more than tripled as against Q1.

Admission to the SDAX and GPR 250 Indices

Admission to the SDAX (from 14 July 2003) and the GPR 250 (from 1 October 2003 – GPR stands for Global Property Research) has helped generate so-called technical demand from index-tracking investors and has boosted share turnover. We anticipate a further increase after January 2004 thanks to our admission on to the EPRA Index (European Public Real Estate Association), a leading global index for property shares.

≡ Outlook

As a result of the low interest rates, interest income is lower than originally expected. This effect can, however, be offset by higher than projected residual distributions by our investees for 2002 and hence higher than forecast income from investments in fiscal year 2003.

Operating result of Deutsche Euroshop AG in line with expectations

We remain confident of achieving Deutsche EuroShop AG's planned operating result for 2003 of €27.6 million and an unappropriated surplus of €30 million.

Consolidated result depressed by roof refurbishment in Udine

The consolidated result for 2003 will be impacted by the roof refurbishment at the Centro Commerciale Friuli in Udine, the costs of which total approximately €2.5 million. We therefore now expect to report a loss of around €0.5 million and not a consolidated net profit of €1.4 million originally forecasted.

Full investment soon

Following the acquisition of our equity investments in Hamburg and Wetzlar, a further €18 million is still available for another investment in a shopping centre. From today's perspective, the chances of being fully invested by the end of the year as planned are good.

Consolidated Balance Sheet

Assets (€ thousands)	30.09.2003	31.12.2002
A. Business start-up and expansion expenses	3	4
B. Fixed assets		
I. Intangible assets		
Concessions, industrial and similar rights	375	414
II. Tangible assets		
1. Land, land rights and buildings	655,095	670,676
2. Other equipment, operating and office equipment	146	168
3. Payments on account and assets under construction	4,546	8
III. Financial assets		
Other investments	143,405	143,405
	803,567	814,671
C. Current assets		
I. Receivables and other assets		
1. Trade receivables	931	2,418
2. Receivables from other investees	23,302	16,175
3. Other assets	11,220	13,129
II. Securities		
Other securities	46,517	0
III. Cash and bank balances	78,627	153,860
	160,597	185,582
D. Prepaid expenses	240	1
Total assets	964,407	1,000,258

Equity and liabilities (€ thousands)	30.09.2003	31.12.2002
A. Equity		
I. Subscribed capital	20,000	20,000
II. Capital reserves	507,365	528,512
III. Revenue reserves	1,979	1,979
IV. Consolidated unappropriated surplus	1,095	8,853
V. Minority interests	-2,421	-2,527
	528,018	556,817
B. Provisions		
1. Provisions for taxes	20,168	15,018
2. Other provisions	4,223	7,615
	24,391	22,633
C. Liabilities		
1. Liabilities to banks	408,151	409,434
2. Trade payables	758	901
3. Liabilities to other investees	1	6,962
4. Other liabilities	3,088	2,746
	411,998	420,043
D. Deferred income	0	765
Total equity and liabilities	964,407	1,000,258

Consolidated Profit and Loss Account

(€ thousands)

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

Statement of Changes in Equity

(€ thousands)	Subscribed capital	Capital reserves
01.01.2002	20,000	570,257
Dividends/withdrawals		-29,361
Consolidated result		
Withdrawals from capital reserves		-5,494
Appropriations to revenue reserves		
Other		
30.09.2002	20,000	535,402
01.01.2003	20,000	528,512
Dividends/withdrawals		-21,147
Consolidated result		
Withdrawals from capital reserves		
Appropriations to revenue reserves		
Other		
30.09.2003	20,000	507,365

	01.07.-30.09. 2003	01.07.-30.09. 2002	01.01.-30.09. 2003	01.01.-30.09. 2002
	12,373	12,032	36,653	34,460
	0	90	183	184
	223	135	578	298
	5,463	5,202	16,614	16,401
	3,042	4,218	7,132	8,685
	1,427	1,014	5,056	3,150
	1,160	1,632	4,158	5,568
	0	0	0	120
	4,606	4,706	14,053	13,921
	1,626	507	7,673	3,937
	1,645	1,645	5,845	5,353
	185	182	657	713
	-204	-1,320	1,171	-2,129
	-63	65	-76	59
	-267	-1,255	1,095	-2,070

Revenue reserves	Consolidated unapropriated surplus	Minority interests	Total
1,066	639	5,092	597,054
	-639	-2,252	-32,252
	2,924	-59	2,865
			-5,494
500			500
		-3,273	-3,273
1,566	2,924	-492	559,400
1,979	8,853	-2,527	556,817
	-8,853	-265	-30,265
	1,095	76	1,171
			0
			0
		296	296
1,979	1,095	-2,421	528,018

≡ Cash Flow Statement

(€ thousands)	01.01.-30.09. 2003	01.01.-30.09. 2002
1. Consolidated net profit/loss	1,095	-2,070
2. Minority interests	76	-59
3. Depreciation and amortisation of fixed assets	16,614	16,401
4. Increase (+) / decrease (-) in provisions	1,758	-3,369
5. DVFA/SG cash earnings	19,543	10,903
6. Gains on disposal of items of fixed assets	0	-6
7. Increase (-) / decrease (+) in trade receivables and other assets not attributable to investing or financing activities	3,156	6,497
8. Increase (+) / decrease (-) in trade liabilities and other liabilities not attributable to investing or financing activities	-566	-1,724
9. Cash flows from operating activities	22,133	15,670
10. Proceeds from disposals of items of tangible assets	0	1,055
11. Payments to acquire tangible assets	-5,509	-116,327
12. Payments to acquire intangible assets	0	-4
13. Proceeds from disposals of items of financial assets	0	500
14. Payments to acquire financial assets	-6,962	-5,243
15. Receipts from cash investments for short-term financial planning	2,500	2,813
16. Payments for cash investments for short-term financial planning	-9,627	-3,546
17. Cash flows from investing activities	-19,598	-120,752

(€ thousands)	01.01.-30.09. 2003	01.01.-30.09. 2002
18. Payments to owners (dividends)	-30,265	-32,252
19. Proceeds from borrowings	0	113,109
20. Repayments of borrowings		
21. Cash flows from financing activities	-1,283	-897
	-31,548	79,960
22. Net change in cash and cash equivalents	-29,013	-25,122
23. Cash and cash equivalents at beginning of period	153,860	196,100
24. Changes in cash and cash equivalents from changes in Group structure	296	-3,273
25. Cash and cash equivalents at end of period	125,143	167,705

≡ Notes/Disclosures

Basis of presentation

The financial statements of the Deutsche EuroShop Group as at 30 September 2003 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 2003.

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 2002.

Basis of consolidation

The basis of consolidation is as at 31 December 2002; 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 2002.

Comparison of quarterly results

The comparative figures for Q3 2002 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 declined by €35.9 million to €964.4 million. In particular, this is due to the dividend payment made in June 2003. Net balance sheet equity dropped by €28.8 million. At the same time, the balance sheet equity ratio fell slightly to just under 55% (previous year: approximately 56%).

In addition, there was a reduction in short-term liabilities to banks, and a further equity contribution was made to our investee Einkaufs-Center Arkaden Pecs KG.

For profit and loss account disclosures, please refer to the notes on business developments on pages 4 and 5.

Segment reporting in the Group

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

Sales (€ thousands)	Germany	Inter- national	thereof EU	Total
01.01.-30.09.2003	28,959	7,694	7,694	36,653
01.01.-30.09.2002	27,027	7,433	7,433	34,460

Dividend

A dividend of €1.92 per share was distributed in Q2 2003.

Employees

As at 30 September 2003, 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.

≡ Profit and Loss Account of Deutsche Euroshop AG

(€ thousands)	01.01.-30.09. 2003	01.01.-30.09. 2002
1. Other operating income	29	82
2. Personnel expenses	578	298
3. Depreciation of tangible assets	9	3
4. Other operating expenses	974	1,569
5. Income from investments	19,626	16,920
6. Other interest and similar income	2,782	3,567
7. Write-downs of investments classified as current assets	0	120
8. Interest and similar expenses	0	0
9. Result from ordinary activities	20,876	18,579
10. Taxes on income	5,506	4,900
11. Other taxes	39	0
12. Net profit for the period	15,331	13,679

≡ Balance Sheet of Deutsche Euroshop AG

Assets (€ thousands)	30.09.2003	31.12.2002
A. Fixed assets		
I. Intangible assets		
Industrial and similar rights and assets	4	5
II. Tangible assets		
Operating and office equipment	35	33
III. Financial assets		
1. Shares in subsidiaries	387,700	386,891
2. Other investments	126,356	126,356
	514,095	513,285
B. Current assets		
I. Receivables and other assets		
1. Receivables from subsidiaries	13,124	0
2. Receivables from other investees	23,302	16,175
3. Other assets	688	1,607
II. Securities	45,597	0
III. Cash and bank balances	18,890	100,897
	101,601	118,679
C. Prepaid expenses	27	0
Total assets	615,723	631,964

Equity and liabilities (€ thousands)	30.09.2003	31.12.2002
A. Equity		
I. Subscribed capital	20,000	20,000
II. Capital reserves	557,612	557,612
III. Revenue reserves	1,979	1,979
IV. Consolidated net profit/unappropriated surplus	15,331	30,000
	594,922	609,591
B. Provisions		
1. Provisions for taxes	19,689	14,183
2. Other provisions	1,110	1,216
	20,799	15,399
C. Liabilities		
1. Liabilities to banks	0	0
2. Trade liabilities	1	11
3. Liabilities to other investees	1	6,963
	2	6,974
Total equity and liabilities	615,723	631,964

≡ Executive Bodies of the Company

Executive Board

Claus-Matthias Böge
Dirk Hasselbring

Supervisory Board

Manfred Zaß (Chairman)
Dr. Michael Gellen (Deputy Chairman)
Thomas Armbrust
Dr. Tessen von Heydebreck
Dr. Jörn Kreke
Alexander Otto



≡ Financial Calendar

2003

1 December 2003

Seydler Real Estate Stock Day, Frankfurt am Main

2004

29 March 2004

Deutsche Bank German Corporate Conference,
Frankfurt am Main

20 April 2004

Year-end press conference and analyst conference,
Hamburg

25 May 2004

Interim report Q1 2004

17 June 2004

Annual General Meeting, Frankfurt am Main

17 August 2004

Interim report H1 2004

16 November 2004

Interim report Q1-3 2004





Deutsche EuroShop AG
Investor Relations

Oderfelder Strasse 23
D-20149 Hamburg
Germany

Tel.: +49 (0)40 - 41 35 79-20
Fax: +49 (0)40 - 41 35 79-29
e-mail: info@deutsche-euroshop.de
www.deutsche-euroshop.com

This interim report of Deutsche EuroShop AG is also available in German. Both the English and German versions can also be downloaded as PDF files on the Internet at www.deutsche-euroshop.com.

Layout & production

GDS GmbH, Gestaltungs-Agentur, Hamburg