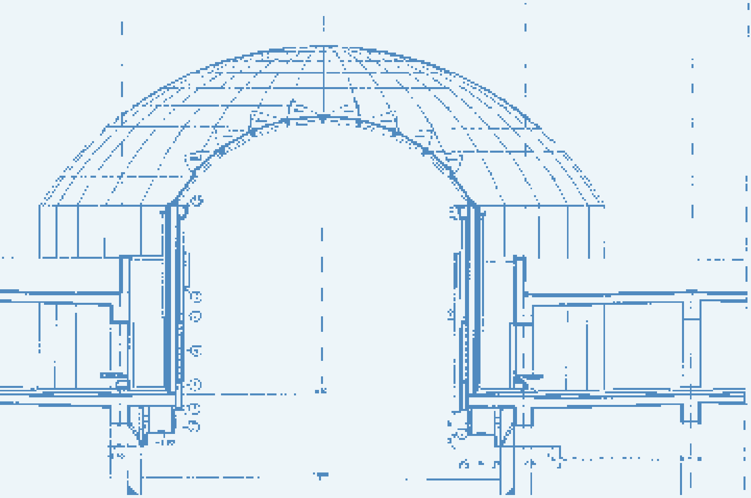

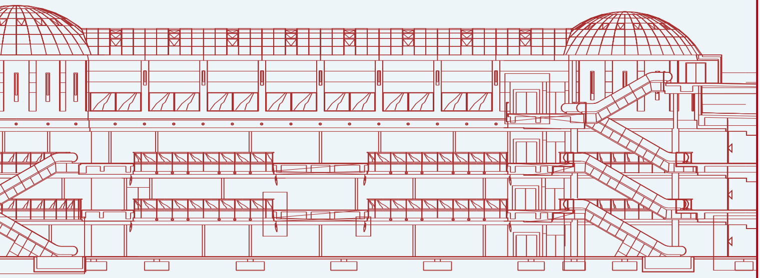

PROJECT: INTERIM REPORT

Q1-3 2006

BUILDING BUSINESS

PRODUCED BY:

Deutsche EuroShop AG

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KEY FIGURES

KEY GROUP FIGURES

€ million	1 Jan.– 30 Sep. 2006	1 Jan.– 30 Sep. 2005	Change
Revenue	68,728	53,328	29%
EBIT	57,170	42,816	34%
Net finance costs	-26,866	-20,021	-34%
EBT	35,453	21,416	66%
Share of consolidated profit attributable to Group shareholders	30,206	13,665	121%
EPS (€)	1.76	0.87	102%
	30 Sep. 2006	**31 Dec. 2005**	**Change**
Equity	787,735	787,446	0%
Liabilities	811,046	677,112	20%
Total assets	1,679,246	1,543,558	9%
Equity ratio (%)	46.9	51.0	
Gearing (%)	113	96	
Cash and cash equivalents	102,044	197,192	-48%

DES SHARES – KEY FIGURES

Sector/industry group	Financial services/Real estate
Share capital	€21,999,998.72
Number of shares (no-par value registered shares)	17,187,499
Dividend 2005 (tax-free)	€2.00
Share price on 30 December 2005	€47.45
Share price on 29 September 2006	€54.67
High/low in the period under review	€58.24/€47.78
Market capitalisation on 29 Sep. 2006	€939.6 million
Prime Standard	Frankfurt and Xetra
OTC trading	Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30, HASPAX
ISIN	DE 000748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

▸▸ News-Ticker

The Real Estate Share Initiative, co-founded by Deutsche EuroShop, drew over 250 analysts, investors and journalists to Frankfurt am Main for its 6th annual conference on 12 October 2006.

Additional information can be found at the IIA web site at www.initiative-immobilien-aktie.de.

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LETTER FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

The third quarter confirmed the trend of the first six months: our shopping center portfolio is well positioned and is fully meeting expectations. Revenue rose by 29% over the prior-year period, to €68.7 million. EBIT rose by 34% to €57.2 million and consolidated net profit for the period climbed from €15.7 million to €32.4 million. After deducting minority interests in earnings, Group shareholders accounted for €30.2 million. Earnings per share rose by 102% from €0.87 to €1.76.

We were optimistic in our H1 Interim Report regarding new acquisitions for the third quarter. We are now pleased to announce a successful investment: Deutsche EuroShop has acquired a 74% interest in Galeria Baltycka in Gdansk, Poland. Our share of the investment volume amounts to approximately €123 million; the initial yield is 6.8%. Deutsche EuroShop's portfolio thus consists of 16 shopping centers with a fair value of more than €2.3 billion.

The Galeria Baltycka has been under construction since the beginning of May 2006; its grand opening is planned for autumn 2007. The foundation stone was laid on 11 September 2006. The shopping center will offer around 200 specialist shops on three levels with 39,500 m^2 of retail space. More than 1,500 jobs will be created. The retail space is already almost completely leased to prominent retailers just under a year before the center's grand opening.

The newly opened center in Klagenfurt got off to a good start. A year and a half prior to its planned opening in spring 2008, Stadt-Galerie Hameln has an extremely good preletting rate of over 70%. We are therefore upbeat about its future prospects.

▶ Claus-Matthias Böge ▶ Olaf G. Borkers

As already communicated, we aim to divest our Italian shopping center in Viterbo this year for strategic reasons. We have kicked off the sale process in the form of an auction and have met with substantial investor interest. We expect to generate disposal income that will positively influence net profit for 2006.

We intend to propose a dividend – which will be tax-free as in the past – for financial year 2006 of €2.00 per share, enabling you to share in Deutsche EuroShop's business success. We will continue on the path we have chosen and would like to take this opportunity to thank you for your confidence in us.

Hamburg, November 2006

Claus-Matthias Böge Olaf G. Borkers

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BUSINESS DEVELOPMENTS

REVENUE PERFORMANCE

Revenue climbs 29%

Revenue rose by 29% in the first nine months of financial year 2006, from €53.3 million to €68.7 million. This increase is attributable to the inclusion of our new investments and the opening of City Arkaden Klagenfurt in March 2006. Major alterations of City-Galerie Wolfsburg will lead to reductions in rental income in this financial year. Rental income from the portfolio properties (excluding this center) rose by around 1.9%.

RESULTS OF OPERATIONS

One-time effect increases other operating income

Since other operating income includes proceeds of €0.8 million from the sale of our French shopping center, this item improved by €0.2 million to €1.5 million. Adjusted for this effect, other operating income fell short of the prior-year figure by €0.6 million.

Property operating and management costs on target

Current property expenses increased by €1.2 million to €10.4 million due to the new investments and alterations at City-Galerie Wolfsburg.

Other operating expenses up slightly

After the reclassification of unrealized currency effects as measurement gains and losses, other operating expenses amounted to €2.7 million. This does not represent a significant change on the (restated) prior-year period.

34% EBIT increase

Earnings before interest and taxes (EBIT) rose by €14.4 million, from €42.8 million to €57.2 million (+34%).

Net finance costs in line with expectations

At €26.9 million, net finance costs were €6.9 million down on the previous year. This is primarily the result of the first-time inclusion of the Main-Taunus-Zentrum and the Rathaus-Center Dessau, as well as of interest expenses for City Arkaden Klagenfurt, opened in March.

Measurement gains/losses affected by various factors

As previously reported and explained in the Notes, measurement gains/losses were positively influenced by consolidation effects in the first quarter and by the reclassification of unrealised currency effects in the second quarter (exchange rate gain in the first nine months of 2006: €1.6 million). This item was impacted in the third quarter by costs associated with the acquisition of Galeria Baltycka. In total, measurement gains and losses amounted to €5.1 million in the first nine months of 2006.

Adjusted EBT up 33%

At €35.5 million, profit from ordinary activities (EBT) substantially exceeded the prior-year figure (€21.4 million). Adjusted for measurement gains and losses, EBT rose by 33% from €22.8 million to €30.3 million.

Consolidated net profit for the period significantly improved

Consolidated net profit for the period amounted to €32.4 million, double the prior-year figure (€15.7 million, +106%). Of this, €30.2 million was attributable to Group shareholders, as against €13.7 million in the first nine months of 2005. Earnings per share rose by 102% from €0.87 to €1.76. Of this amount, €1.57 resulted from operating profit and €0.19 from measurement gains and losses.

NET ASSETS AND FINANCIAL POSITION

Liquidity situation remains comfortable

In the period under review, the total assets of the Deutsche EuroShop Group rose by €135.7 million to €1,679.2 million. Non-current assets increased overall by €217.4 million, due to the inclusion of the investments in the Main-Taunus-Zentrum and the Rathaus-Center in Dessau. In addition, the investment in Galeria Baltycka, acquired in August 2006, has been included in the consolidated financial statements for the first time. In contrast, the market value of the

Shopping Etrembières property in Annemasse is no longer included in non-current assets as a result of its sale during the second quarter of 2006. Receivables and other assets increased by €13.5 million. Cash and cash equivalents decreased by €95.1 million to €102.0 million, mainly as a result of the payment of the purchase prices for the Rathaus-Center Dessau and Galeria Baltycka, and the dividend payment.

Equity ratio at 46.9%

As a result of the changes relating to the investments that were consolidated for the first time, as well as the June 2006 dividend distribution, the equity ratio decreased by 4.1 percentage points as against the reporting date of 31 December 2005, to 46.9%.

New investments increase liabilities

Non-current deferred tax liabilities were reduced by €5.0 million to €64.8 million. Provisions for deferred tax liabilities created in previous years were partially utilised as a result of the sale of our French shopping center as well as of the tax write-up of our Italian shopping center. In addition, deferred tax liabilities that were no longer required for these properties were reversed to income.

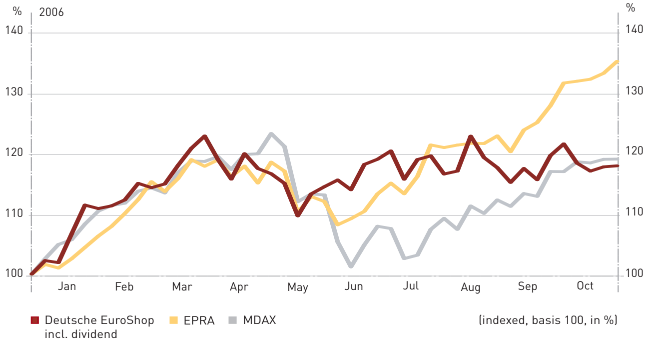
Non-current bank loans and overdrafts rose by €106.0 million to €719.8 million, primarily due to the initial inclusion of the Main-Taunus-Zentrum and Galeria Baltycka. Current bank loans and overdrafts rose by €20.7 million to €71.2 million, particularly due to additional short-term credit lines taken out by Deutsche EuroShop AG. Other non-current liabilities increased by €11.9 million to €15.6 million as a result of the inclusion of the new investments.

THE SHOPPING CENTER SHARE

After opening 2006 at €47.45, our share price was €54.67 as at 29 September 2006. Including the €2.00 tax-free dividend, which was distributed on 23 June 2006, this corresponds to a performance of 19.4%. The MDAX performance index rose by 16.9% during this period.

Deutsche EuroShop v. MDAX and EPRA

January to October 2006



Roadshows and conferences

From July to September, we held road shows in France, Austria and Switzerland, and, for the first time, visited investors in Liechtenstein and Luxembourg to brief them on the latest developments in the Company. In addition, we held many interesting conversations and presented Deutsche EuroShop at the EPRA (European Public Real Estate Association) Annual Conference in Budapest, as well as at the HVB German Investment Conference in Munich.

US bank begins coverage
The internationally renowned US investment bank Merrill Lynch initiated coverage of our share in August with a “neutral” rating. We are optimistic that additional institutions – there are currently 17 – will begin analysing our share this year, thus offering investors a broad range of opinions.

EVENTS SINCE THE END OF THE INTERIM REPORTING PERIOD

There were no particularly significant events after the end of the first nine months of 2006.

OUTLOOK

In October, the German federal government raised its 2006 GDP growth forecast from 1.6% to 2.3%, placing it on exactly the same level as the six leading economic research institutes. The federal government expects private spending to grow by 0.9%, while the institutes expect 0.8% growth.

The most recent results of the ifo Business Climate Index also point to a continuing economic upswing despite the upcoming VAT hike in the new year. The GfK Consumer Confidence Study also observed continued improvement in consumer confidence at the beginning of the fourth quarter of 2006.

We expect that there will be additional pull-forward effects in Q4 2006 for the retail segment (relevant to Deutsche EuroShop) in view of the increase in VAT from 16% to 19% as at 1 January 2007. In keeping with this, however, we expect our tenants to experience slight revenue reductions in the first two quarters of the coming financial year.

High preletting rates in Hameln and Gdansk

The shopping center portfolio properties Galeria Baltycka in Gdansk and Stadt-Galerie Hameln are currently under construction. Work is progressing swiftly and preletting rates are now at over 95% and 70% respectively. Due to the positive demand for retail space in these properties, we expect both properties – like all of our new development projects to date – to be fully occupied in time for their planned openings in autumn 2007 (Gdansk) and spring 2008 (Hameln).

Demand for shopping centers remains high

With respect to acquisitions, there are opportunities both in Germany and abroad. Competition for attractive shopping centers remains extremely fierce. We have already met our investment targets for 2006 with the purchase of Galeria Baltycka in Gdansk (approximately €123 million). However, we can imagine making a further acquisition with a volume of around €100 million by the end of 2006.

Forecast for 2006: profit increase by 15% - 25%

Based on the results of the first nine months, we are reiterating our forecast for full-year 2006: We project that revenue will increase to between €91 million and €94 million (2005: €72.1 million). We aim to increase currency-adjusted earnings before interest and taxes (EBIT) to between €72 million and €75 million (2005: €57.5 million). We anticipate profit from ordinary activities (EBT) excluding measurement gains and losses to increase from €32.1 million in 2005 to between €37 million and €40 million in 2006.

Should legal completion of the sale of our Italian shopping center have taken place by the end of the year, we will exceed our earnings forecast.

Stable dividend for 2006: €2.00 per share

As things stand today, the Executive Board and the Supervisory Board will propose a dividend of €2.00 per share for financial year 2006 to the Annual General Meeting.

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CONSOLIDATED BALANCE SHEET

as at 30 September 2006

ASSETS € thousand	30 Sep. 2006	31 Dec. 2005
ASSETS		
Non–current assets		
Intangible assets	14	18
Property, plant and equipment	157,069	71,912
Investment properties	1,366,637	1,138,271
Non-current financial assets	20,640	116,803
Non-current assets	**1,544,361**	**1,327,005**
Current assets		
Trade receivables	1,793	2,059
Other current assets	31,047	17,302
Current financial assets	4,011	22,002
Cash	98,033	175,190
Current assets	**134,885**	**216,553**
Total assets	**1,679,246**	**1,543,558**

EQUITY AND LIABILITIES € thousand	30 Sep. 2006	31 Dec. 2005
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	21,999	21,999
Capital reserves	572,918	558,588
Retained earnings	93,825	95,362
Consolidated net profit for the period	30,206	48,705
Subtotal	**718,948**	**724,654**
Minority interest	**68,787**	**62,792**
Total equity	**787,735**	**787,446**
NON-CURRENT LIABILITIES		
Bank loans and overdrafts	719,806	613,829
Deferred tax liabilities	64,802	69,826
Noncurrent trade payables	0	2,000
Other non-current liabilities	564	544
Non-current liabilities	**785,172**	**686,199**
CURRENT LIABILITIES		
Bank loans and overdrafts	71,173	50,505
Current trade payables	3,943	6,544
Tax provisions	1,523	2,076
Other provisions	14,140	7,098
Other non-current liabilities	15,560	3,690
Current liabilities	**106,339**	**69,913**
Total equity and liabilities	**1,679,246**	**1,543,558**

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CONSOLIDATED INCOME STATEMENT

for the period 1 January to 30 September 2006

€ thousand
Revenue
Other operating income
Property operating costs
Property management costs
Other operating expenses
Earnings before interest and taxes (EBIT)
Income from investments
Interest income
Interest expense
Net finance costs
Measurement gains/losses
Profit before tax (EBT)
Income tax expense
Consolidated profit
Attributable to Group shareholders
Minority interest
Earnings per share (€)

STATEMENT OF CHANGES IN EQUITY

as at 30 September 2006

€ thousand	Share capital	Capital reserves
Balance at 1 Jan. 2005	**20,000**	**496,363**
Consolidated profit		27,736
Dividend payment		-30,000
Change due to currency translation effects		
Withdrawals		228
Balance at 30 Sep. 2005	**20,000**	**494,327**
Balance at 1 Jan. 2006	**21,999**	**558,588**
Consolidated profit		48,705
Dividend payment		-34,375
Changes due to IAS 39 measurement of investments		
Change due to currency translation effects		
Changes in consolidated Group		
Changes in first-time application reserves		
Withdrawals		
Interest-Swap		
Other changes		
Balance at 30 Sep. 2006	**21,999**	**572,918**

01 Jul.– 30 Sep. 2006	01 Jul.– 30 Sep. 2005	01 Jan.– 30 Sep. 2006	01 Jan.– 30 Sep. 2005
22,852	18,149	68,728	53,328
63	385	1,540	1,286
-2,518	-1,913	-6,304	-5,870
-1,359	-1,123	-4,078	-3,301
-897	-919	-2,715	-2,627
18,140	**14,579**	**57,170**	**42,816**
0	1,235	587	3,623
470	473	1,657	1,549
-9,682	-8,610	-29,110	-25,193
-9,212	**-6,902**	**-26,866**	**-20,021**
-3,062	**-410**	**5,149**	**-1,379**
5,866	**7,267**	**35,453**	**21,416**
1,149	-1,981	-3,024	-5,718
7,015	**5,286**	**32,429**	**15,698**
6,324	4,654	30,206	13,665
690	632	2,223	2,033
0.37	0.30	1.76	0.87

Other retained earnings	Legal reserve	Net profit for the period	Total	Minority interest	Total equity
89,042	**2,000**	**27,736**	**635,141**	**49,271**	**684,412**
		-14,071	13,665	2,034	15,699
			-30,000		-30,000
523			523		523
			228	-1,257	-1,029
89,565	**2,000**	**13,665**	**619,557**	**50,048**	**669,605**
93,362	**2,000**	**48,705**	**724,654**	**62,792**	**787,446**
		-18,499	30,206	2,223	32,429
			-34,375		-34,375
-1,076			-1,076		-1,076
-2,183			-2,183		-2,183
			0	19,847	19,847
-5,497			-5,497		-5,497
			0	-2,134	-2,134
1,722			1,722		1,722
5,497			5,497	-13,941	-8,444
91,825	**2,000**	**30,206**	**718,948**	**68,787**	**787,735**

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CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 30 September 2006

€ thousand	1 Jan.– 30 Sep. 2006	1 Jan. – 30 Sep. 2005
Profit after tax	**32,429**	**15,698**
Depreciation of property, plant and equipment	14	14
Income from the application of IFRS 3	-5,051	0
Currency gains	-1,650	0
Investments during the financial year	1,552	827
Deferred taxes	-1,511	5,393
Operating cash flow	**25,783**	**21,932**
Changes in receivables	1,861	2,520
Changes in non-current tax provisions	-3,514	0
Changes in current provisions	-3,817	-16,438
Changes in liabilities	4,654	-679
Cash flow from operating activities	**24,967**	**7,336**
Proceeds from the disposal of non-current assets	40,170	0
Payments to acquire property, plant and equipment and intangible assetes	-174,296	-22,259
Payments to acquire non–current financial assets	-229	-3,320
Cash flow from investing activities	**-134,355**	**-25,579**
Changes in interest-bearing financial liabilities	50,749	27,606
Payments to owners	-36,509	-31,029
Cash flow from financing activities	**14,240**	**-3,423**
Net change in cash and cash equivalents	**-95,148**	**-21,666**
Cash and cash equivalents at beginning of period	**197,192**	**150,275**
Changes in consolidated Group	15,430	0
Other changes	-15,430	509
Cash and cash equivalents at end of period	**102,044**	**129,118**

Basis of presentation

Deutsche EuroShop's interim financial statements as at 30 September 2006 were prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated 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 results of the first nine months as at 30 September 2006.

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 policies was published in the Annual Report 2005.

Basis of consolidation

The consolidated group was expanded as a result of the inclusion of the Rathaus-Center in Dessau, acquired as at 1 January 2006, and of the increased investment in the Main-Taunus-Zentrum and its consequent proportionate inclusion in the financial statements in the period under review. In addition, Galeria Baltycka in Gdansk, Poland was acquired in August 2006 and fully consolidated for the first time in the third quarter.

As a result of the sale of our French shopping center, SCI Val Commerces was deconsolidated in the second quarter.

All consolidation principles used are 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 2005.

Segment reporting

As a 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. Revenue is generated exclusively from rental and lease income.

Information by geographical segment

€ thousand	domestic	foreign	thereof EU	Total
Revenue	**60,235**	**8,493**	**8,493**	**68,728**
(prior-year figures)	(45,865)	(7,463)	(7,463)	(53,328)

Other disclosures

In the consolidated financial statements as at 31 December 2005, the income statement was reclassified in the area of operating expenses. In addition, real property taxes were transferred to operating expenses. The operating expenses of the shopping centers are now recorded in the property operating and management costs items. The holding company's management costs and the other expenses of the shopping centers are recorded in the other operating expenses item. For this reason, the prior-year figures had to be restated accordingly. Property operating and management costs and other operating expenses as at 30 September 2005 were calculated using best estimates in the absence of detailed figures.

In addition, income taxes for our Hungarian shopping center that were previously included in the other taxes item are recorded in the income tax expense item starting in 2006.

For the first time, the market value of the Árkád Pécs property was no longer reported at the Group level in the second quarter, but rather in forints in the Hungarian annual financial statements. The translation into forints resulted in an unrealized currency gain. The currency effects on non-current liabilities for this investment as well as for Galeria Baltycka previously reported in other operating expenses and other operating income are now reported in measurement gains and losses. The income statement for the prior-year period was restated accordingly.

The inclusion of Galeria Baltycka led to a €1.7 million interest rate swap being reported as an addition in the statement of changes in equity. This is an option to hedge against rising capital market rates entered into by the property management company. This item will be reversed to income on a pro rata basis in the period up to the end of 2016.

Dividend

No dividend was distributed in Q3 2006.

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 2.7

November 2006

14.	Interim report Q1-3 2006
15.	WestLB Deutschland Conference 2006, Frankfurt am Main
16.	Roadshow Amsterdam, Berenberg
17.	Roadshow Geneva, Berenberg
21.	Roadshow Milan, HVB
27.	German Equity Forum, Frankfurt am Main
29.	UBS European Mid Cap Real Estate Conference, London
29.	Supervisory Board meeting, Hamburg

December 2006

05.	ESN European Small & Mid Cap Conference, London

January 2007

10.	Morgan Stanley German Property Day 2007, London
16.	Cheuvreux German Corporate Conference, Frankfurt

April 2007

20.	Annual earnings press conference, Hamburg

May 2007

11.	Interim report Q1 2007

June 2007

21.	Annual General Meeting, Hamburg

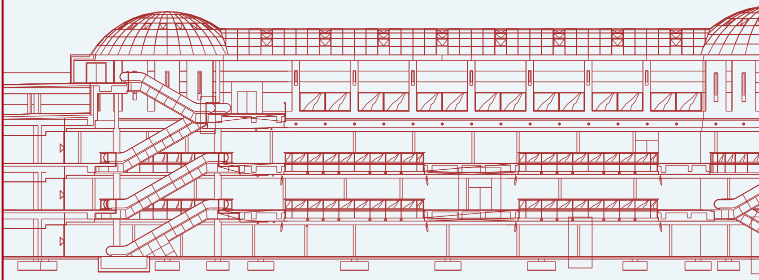
August 2007

14.	Interim report H1 2007

November 2007

09.	Interim report Q1-3 2007

Our financial calendar is updated continuously. Please check our website for the latest events: http://www.deutsche-euroshop.com/ir



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