feel estate

Q3 INTERIM REPORT Q1-3 2007

Deutsche EuroShop

KEY GROUP DATA

€ million	1 Jan.–30 Sep. 2007	1 Jan.–30 Sep. 2006	Change
Revenue	68.9	68.7	0 %
EBIT	55.6	57.2	-3 %
Net finance costs	-29.7	-29.1	-3 %
EBT	25.6	33.2	-23 %
Consolidated profit	44.5	30.2	47 %
EPS (€)[1]	1.29	0.88	47 %
	30 Sep. 2007	**31 Dec. 2006**	**Change**
Equity	812.5	796.3	2 %
Minorities	101.0	101.6	-1 %
Liabilities	858.8	797.3	8 %
Total assets	1,850.1	1,796.2	3 %
Equity ratio (%)[2]	49.4	50.0	
Gearing (%)	102	100	
Cash and cash equivalents	63.1	96.9	-35 %

[1] undiluted [2] incl. minorities

KEY SHARE DATA

status 30 June 2007

Sector/industry group	Financial Services/Real Estate
Share capital	€34,374,998.00
Number of shares	34,374,998
Dividend 2006 (tax-free)	€1.05
Share price on 29 December 2006	€28.08
Share price on 28 September 2007	€25.90
High/low in the period under review	€30.09/€23.51
Market capitalisation on 28 September 2007	€890 million
Prime Standard	Frankfurt and Xetra
OTC trading	Berlin-Bremen, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart
Indices	MDAX, EPRA, GPR 250, EPIX 30, HASPAX
ISIN	DE 000748 020 4
Ticker symbol	DEQ, Reuters: DEQGn.DE

Foreword by the Executive Board

Dear shareholders, Ladies and Gentlemen,

The third quarter was not an easy period for real estate companies. The sub-prime mortgage crisis in the USA sparked off a flurry of at times frantic share selling on the international capital markets, affecting real estate companies in particular. The Deutsche EuroShop share was unable to escape this negative force completely unscathed. However, our share has since returned to the level at which it was trading before the market distortions set in.

It is also our view that this return to normality is justified - after all, Deutsche EuroShop has no financing requirement for the period between now and 2010. Through credit agreements worth around €158 million, we took action through to the early summer to ensure that we had new very long-term refinancing arrangements in place. The average agreed rate of interest is approximately 5.1% with a term of more than 18 years.

We can therefore reiterate our statement made in the half-yearly report: Our shopping center portfolio is well positioned and meets the expectations fully and completely. We can look optimistically to the future.

Turning to the figures, revenue, at €68.9 million, was practically unchanged on the previous year. EBIT fell slightly, as a result of construction projects, down 3% to €55.6 million. Based on the business tax reform, we were able to reverse provisions for deferred income taxes in the amount of €23.8 million during the third quarter. Consequently, consolidated profit rose from €30.2 million to €44.5 million. Earnings per share rose from €0.88 to €1.29 (+47%).

In brief, we can report the following information in relation to our construction projects. The Stadt-Galerie in Hamelin, Germany, which is due to open in March 2008, has reached a very good preletting rate of in excess of 95% with six months to go. A similar story can be reported with regard to the Stadt-Galerie in Passau, Germany, which is scheduled to open its doors in autumn 2008. More than 76% of the space has already been let. Galeria Baltycka in Gdansk, Poland, was opened just before the end of the quarter on 4 October 2007, with all of the available space having been successfully let. This shopping center offers some 200 specialist shops split over three levels with 39,500 m2 of shopping space. It has created more than 1,500 jobs.

In terms of the 2007 financial year, we would like to propose to our shareholders that a dividend of €1.05 per share be distributed once more, again on a tax-free basis, enabling you to participate in Deutsche EuroShop's commercial success. We will be continuing to adhere to our tried-and-tested strategy and would like to take this opportunity to thank you for your confidence in Deutsche EuroShop.

Hamburg, November 2007

Claus-Matthias Böge   Olaf G. Borkers

Income, Financial and Net Assets Situation

Income situation

Revenue maintained at previous year's level

Revenue for the first nine months of 2007 was €68.9 million and thus on a par with the same period of the previous year. A 2.9% rise in revenue was recorded with regard to our portfolio properties, based on comparable floor space.

Other operating income excluding disposal proceeds

Other operating income fell from €1.5 million to €0.8 million. The figure for the same period of last year included the profit of €0.8 million made on the sale of the French shopping center.

Higher operating and administrative costs for property

Due to the expenses relating to our construction projects that were not eligible for capitalisation, current property expenses rose by €0.2 million to €10.6 million.

Other operating expenses up € 0.7 million

Other operating expenses rose by €0.7 million year-on-year, from €2.7 million to €3.4 million. This was primarily due to realised currency effects relating to our Polish investment in Gdansk, which are included in this item.

EBIT slightly down

Earnings before interest and taxes (EBIT) fell by €1.6 million (-3%), from €57.2 million to €55.6 million.

Net finance costs as planned

Net finance costs amounted to €29.7 million, €0.6 million more than the €29.1 million recorded during the previous year. This can be attributed to higher interest expenses in relation to the portfolio properties and lower interest income from time deposit investments. Additionally, investment income from our Polish investment in Wroclaw was included under this item last year, and this fell slightly in 2007.

Normal development of measurement gains/losses during the financial year

Measurement gains/losses fell from €5.1 million to - €0.3 million. This figure was positively influenced by consolidation and currency effects during the same period of 2006.

EBT down without one-off effects

Pre-tax profit (EBT) fell to €25.6 million. This was €7.6 million (23%) down on the same figure for the previous year (€33.2 million), which was influenced by the afore-mentioned one-off effects.

Positive impact of German business tax reform

The reform of German business taxation, which will take effect from 1 January 2008, and the resulting reduction in the rate of corporation tax from 25% to 15% meant that a portion of the provisions for deferred taxes created in previous years was written back during the third quarter. This one-off positive effect contributed €23.8 million to profit.

Consolidated profit: €44.5 million, earnings per share: €1.29

Consolidated profit was €44.5 million, up by €14.3 million (+47%) on the same period of the previous year (€30.2 million). Earnings per share increased from €0.88 to €1.29 (+47%). Of this, €0.61 related to the operating result, €0.69 to the reversal of deferred taxes and - €0.01 to measurement gains/losses.

Financial situation

The total assets of the Deutsche EuroShop Group rose by €53.9 million during the reporting period – compared with 31 December 2006 – to reach €1,850.1 million. Non-current assets rose, due to investments relating to properties under construction, by a total of €92.4 million to €1,728.8 million. Receivables and other assets fell by €4.7 million. Cash and cash equivalents fell by €33.8 million to €63.1 million.

Net assets situation

Equity ratio of 49.4%

The equity ratio including minority interests fell slightly compared with the 2006 year-end (50.0%) as a result of the dividend distributed in June. It is now 49.4%.

Slight increase in long-term liabilities

Long-term deferred tax liabilities fell by €25.1 million to €56.1 million. The amount from the reversal of provisions, resulting from the reform of business taxation and resulting reduction by 10 percentage points in the tax rate, was €29.8 million. Additionally, deferred taxes in the amount of €4.7 million were allocated to the current result.

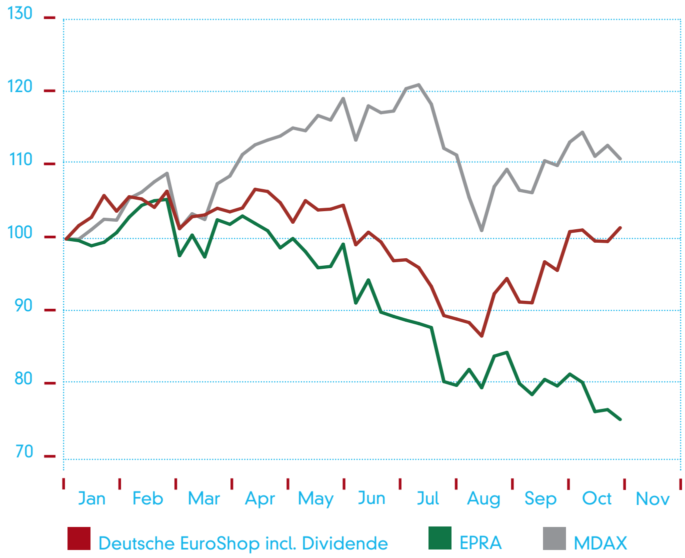
Non-current bank loans and overdrafts rose due to further loan drawdowns for our properties currently under construction. An increase of €63.6 million to €815.7 million was recorded. Meanwhile, short-term bank liabilities fell by €4.8 million to €23.7 million. Other liabilities increased by €6.1 million to €16.3 million.

The Shopping Center Share

The Deutsche EuroShop share has moved slightly downwards over the first nine months of 2007. Compared with €28.08 at the 2006 year-end, it was at a level of €25.90 at the end of the third quarter. Taking into account the tax-free dividend of €1.05 distributed on 22 June 2007, this equates to a performance of - 4.0%. The MDAX performance index rose by 10.4% over the same period. As at the end of the reporting period, Deutsche EuroShop's market capitalisation was €890 million.

DEUTSCHE EUROSHOP V. MDAX AND EPRA

January to October 2007



(indexed, basis of 100, in %)

Share split

On 6 August we implemented the 2-for-1 share split adopted at the General Meeting, together with the capital increase from own funds (an increase of €12,374,999.28 to €34,374,998 without issuing new shares). This means that the notional interest in the company represented by each share has been reduced from €1.28 to €1.00 and the number of issued shares doubled to 34,374,998 units.

Roadshows and conferences

During the period from July to September we presented Deutsche EuroShop at roadshows in Germany, Austria, Sweden, Denmark and Switzerland, holding many conversations with existing and potential investors. We also took the opportunity to present the company at conferences held in Athens, London and Munich.

Real Estate Share Initiative

For the seventh time, the Real Estate Share Initiative conference, co-founded and organised by Deutsche EuroShop, was held in Frankurt in late October. A total of 23 companies presented themselves, attracting 350 guests to the Westin Grand Hotel in Frankfurt. As in previous years, we used the conference as an opportunity to engage in intensive discussions with analysts, investors and journalists.

Award for Annual Report

Deutsche EuroShop's 2006 Annual Report has been awarded the red dot design award. This is an internationally renowned seal of quality for good design, and is a highly valued award in the sector. With almost 6,000 applications from 52 different countries, the red dot design award is one of the largest design competitions in the world.

New research study

At the beginning of August, DZ Bank resumed coverage of our share with a "buy" recommendation. This means that 19 financial institutions are currently regularly publishing studies on Deutsche EuroShop. Additional banks have also informed us of their intention to include the DES share in their analysis in the near future. This will provide our investors with an even broader range of opinions.

Events Since the End of the Interim Reporting Period

There have been no material events since the end of the first nine months of the 2007 financial year.

Risk Report

There have been no significant changes since the beginning of the financial year with regard to the risks associated with future business development. In our opinion the company does not face any risks capable of jeopardising its continued existence. The information provided in the risk report in the consolidated financial statements as at 31 December 2006 is therefore still applicable.

Outlook

In October the German Federal Government raised its growth forecast for 2007 to 2.5%. Next year, it expects German GDP to rise by around 2%. The growth trend has now become permanent and led to a sustained reduction in unemployment. However, the strong euro and the fact that the price of oil remains high continue to place a burden on the German economy. No change in buying patterns has been observed in our shopping centres to date. We continue to look optimistically to the future and assume that we can achieve our business targets both this year and next.

Two new shopping centres to open in 2008

Galeria Baltycka in Gdansk opened its doors for business on 4 October 2007. We expect this shopping center, in which we hold a 74% stake, to contribute €11.3 million per year to the Group's revenue. Our shopping center portfolio currently still comprises two construction projects. Our Hamelin property is due to be opened in March 2008. The topping-out ceremony for the Stadt-Galerie in Passau was held on 11 October, with the center scheduled to open in autumn 2008. Preletting rates for both properties are already high, at 95% for Hamelin and 76% for Passau.

Prices for retail properties remaining high

As investor interest in retail properties in German and Europe is maintained, prices for portfolio properties and planned new builds are remaining high. We are therefore continuing to adopt a reserved approach and are not expecting to make any new investments in 2007.

US sub-prime crisis may hold opportunities

Given its solid financing and liquidity situation, we believe that Deutsche EuroShop is well placed to make use of any opportunities that may present themselves, should, for example, investors with a short-term perspective or with high levels of borrowing wish (or need to) dispose of their shopping center investments. However, to date, there been no signs whatsoever of any such development.

At the same time, we are expecting the beginning of expansion measures at the Main-Taunus-Zentrum to be delayed due to a legal dispute with a neighbouring city.

Slightly higher projection of full-year results

We are able to raise our forecast for the 2007 financial year as follows, on the basis of the figures for the first nine months: Revenue of €93 to 95 million (previous forecast: €92 to 94 million / 2006: €92.9 million), earnings before interest and taxes (EBIT) of € 72 to 74 million (€71 to 73 million / €86.3 million), earnings before tax (EBT) excluding measurement gains and losses of € 31 to 33 million (€30 to 32 million / €45.4 million).

Stable dividend for 2007: €1.05 per share

The Executive Board and the Supervisory Board will, as things currently stand, propose to the Annual General Meeting on 19 June 2008 that a dividend of €1.05 per share be distributed.

(IFRS) CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

ASSETS

€ thousand	30 Sep. 2007	31 Dec. 2006
ASSETS		
Non-current assets		
Intangible assets	9	13
Property, plant and equipment	247,162	155,290
Investment property	1,452,002	1,452,002
Non-current financial assets	29,663	29,077
Total	**1,728,836**	**1,636,382**
Other non-current assets	11,804	16,508
Non-current assets	**1,740,640**	**1,652,890**
Current assets		
Trade receivables	2,250	2,337
Recievables from other investees and investors	0	2,184
Other current assets	44,144	41,900
Current financial assets	1,087	968
Cash	62,020	95,934
Current assets	**109,501**	**143,323**
Total assets	**1,850,141**	**1,796,213**

EQUITY AND LIABILITIES

€ thousand	30 Sep. 2007	31 Dec. 2006
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	34,375	22,000
Capital reserves	546,213	558,588
Retained earnings	187,448	115,381
Consolidated net profit for the period	44,501	100,307
Total equity	**812,537**	**796,276**
Non-current liabilities		
Bank loans and overdrafts	815,679	752,100
Deferred tax liabilities	56,099	81,158
Right to redeem of limited partners	100,989	101,642
Other non-current liabilities	1,476	403
Non-current liabilities	**974,243**	**935,303**
Current liabilities		
Bank loans and overdrafts	23,715	28,529
Current trade payables	3,100	6,497
Tax provisions	1,198	1,308
Other provisions	20,525	18,543
Other current liabilities	14,823	9,757
Current liabilities	**63,361**	**64,634**
Total equity and liabilities	**1,850,141**	**1,796,213**

IFRS CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007

€ thousand	1 Jul.–30 Sep. 2007	1 Jul.–30 Sep. 2006	1 Jan.–30 Sep. 2007	1 Jan–30 Sep. 2006
Revenue	23,218	22,852	68,861	68,728
Other operating income	252	63	817	1,540
Property operating costs	-2,683	-2,518	-5,888	-6,304
Property management costs	-1,519	-1,359	-4,724	-4,078
Other operating expenses	-1,430	-897	-3,442	-2,715
Earnings before interest and taxes (EBIT)	**17,838**	**18,140**	**55,624**	**57,170**
Income from investments	0	0	206	587
Interest income	477	470	1,491	1,657
Interest expense	-9,947	-9,682	-29,277	-29,110
Profit/loss attributable to limited partners	-554	-690	-2,155	-2,223
Net finance costs	**-10,024**	**-9,902**	**-29,735**	**-29,089**
Measurement gains/losses	**-424**	**-3,062**	**-270**	**5,149**
Profit before tax (EBT)	**7,390**	**5,176**	**25,619**	**33,230**
Income tax expense	23,606	1,149	18,882	-3,024
Consolidated profit	**30,996**	**6,325**	**44,501**	**30,206**
Basic earnings per share (€)	0.90	0.18	1.29	0.88

STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2007

€ thousand	Share capital	Capital reserves	Other retained earnings	Legal reserve	Net profit for the period	Total
Balance at 1 Jan.2006	**21,999**	**558,588**	**93,362**	**2,000**	**48,705**	**724,654**
Dividend payments			14,330		-48,705	-34,375
Consolidated profit			0		30,206	30,206
Change due to IAS 39 measurement of investments			-1,076			-1,076
Change in first-time application reserves IAS 40			-5,497			-5,497
Change due to currency translation effects			-2,183			-2,183
Change in Cash flow hedge			1,722			1,722
Other changes			5,497			5,497
Balance at 30 Sep. 2006	**21,999**	**558,588**	**106,155**	**2,000**	**30,206**	**718,948**
Balance at 1 Jan. 2007	**22,000**	**558,588**	**113,381**	**2,000**	**100,307**	**796,276**
Capital increase	12,375	-12,375				0
Dividend payments			64,213		-100,307	-36,094
Consolidated profit			0		44,501	44,501
Change in first-time application reserves IAS 12			6,062			6,062
Change in first-time application reserves IAS 40			-862			-862
Change cash flow hedge			1,850			1,850
Change due to currency translation effects			804			804
Balance at 30 Sep. 2007	**34,375**	**546,213**	**185,448**	**2,000**	**44,501**	**812,537**

IFRS CONSOLIDATES CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2007

€ thousand	1 Jan.–30 Sep. 2007	1 Jan.–30 Sep. 2006
Profit after tax	**44,501**	**30,206**
Income from the application of IFRS 3	0	-5,051
Profit/loss attributable to limited partners	2,155	2,223
Depreciation of property, plant and equipment	13	14
Investments during the financial year	1,436	1,552
Deferred taxes	-18,996	-1,511
Operating cash flow	**29,109**	**27,433**
Changes in receivables	4,729	1,861
Changes in non-current tax provisions	-6,062	-3,514
Changes in current provisions	1,872	-3,817
Changes in liabilities	2,740	4,654
Cash flow from operating activities	**32,388**	**26,617**
Payments to acquire property, plant and equipment and intangible assets	0	40,170
Payments to acquire non–current financial assets	-93,316	-175,946
Payments to acquire non-current financial assets	-475	-229
Cash flow from investing activities	**-93,791**	**-136,005**
Changes in interest-bearing financial liabilities	58,765	50,749
Payments to owners	-38,902	-36,509
Cash flow from financing activities	**19,863**	**14,240**
Net change in cash and cash equivalents	**-41,540**	**-95,148**
Cash and cash equivalents at beginning of period	**96,902**	**197,192**
Changes in consolidated Group	0	15,430
Other changes	7,745	-15,430
Cash and cash equivalents at end of period	**63,107**	**102,044**

Disclosures

Basis of presentation

The present financial statements of the Deutsche EuroShop Group as at 30 September 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting and valuation methods applied correspond to those used in the last consolidated financial statements as at the financial year-end. A detailed description of the methods applied was published in the consolidated notes for the year 2006.

Basis of consolidation

The consolidated group was reduced in size due to the sale in 2006 of the properties in France and Italy and resulting deconsolidation.

Other disclosures

Our Austrian real estate company, EKZ Eins Errichtungs- und Betriebs Ges.m.b.H. & Co. OEG, Vienna, acquired 100% of the shares in EKZ Vier Errichtungs und Betriebsges. m.b.H., Vienna, (EKZ Vier) for a purchase price of € 21,000 in July 2007. EKZ Vier subsequently acquired land bordering the City Arkaden in Klagenfurt, Austria, with the potential for future development as a extension to the existing shopping center. For reasons of materiality, the company is not included in the consolidated financial statements.

In terms of the changes resulting from application of IAS 32, equity no longer includes any minority interests. These are now listed as a separate item under non-current liabilities.

Dividend

No dividend was distributed during the third quarter of 2007.

Stock options

The variable components of the remuneration of the members of the Executive Board and Supervisory Board do not include any stock options or similar securities-based incentive schemes.

Forward-looking statements

This Interim Report contains forward-looking statements based on estimates of future developments made by the Executive Board. The statements and forecasts represent estimates based on all of the information available at the current time. If the assumptions on which these statements and forecasts are based do not materialise, the actual results may differ from those currently being forecast.

Financial Calendar

2007

November

09. Interim report Q1-3 2007
12. Roadshow Paris, Berenberg Bank
13. Roadshow Amsterdam, Kempen & Co,
15. WestLB Deutschland Conference, Frankfurt
15. Roadshow Helsinki, M.M. Warburg
27. Roadshow London, MainFirst
28. UBS Global Real Estate Conference, London

December

04. Roadshow Stuttgart, equinet

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

2008

January

15. Morgan Stanley German Property Day 2008, London
23. CA Cheuvreux
German Corporate Conference, Frankfurt

Februar

27.–28. HSBC Trinkaus Real Estate Conference, Frankfurt

April

18. Annual earnings press conference, Hamburg

May

14. Interim report Q1 2008

June

19. Annual General Meeting, Hamburg

August

14. Interim report H1 2008

November

14. Interim report Q1-3 2008

feel estate

INVESTOR RELATIONS CONTACT

Patrick Kiss and Nicolas Lissner
Phone: +49 (0)40 - 41 35 79 20 / -22
Fax: +49 (0)40 - 41 35 79 29
E-Mail: ir@deutsche-euroshop.com
Internet: www.deutsche-euroshop.com/ir

DES
Deutsche EuroShop