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INVITATION

for the Annual General Meeting 2010

Deutsche EuroShop AG, Hamburg
WKN: 748 020 / ISIN: DE 000 748 020 4

Convenience Translation –
the German version is the only binding version.

INVITATION AND AGENDA FOR THE ANNUAL GENERAL MEETING ON 17 JUNE 2010

Dear Shareholder

By way of publication in the German electronic version of the Federal Official Gazette dated 6 May 2010 we have invited all Shareholders to the

ANNUAL GENERAL MEETING

of Deutsche EuroShop AG
on Thursday, 17 June 2010 at 10 am

at the Handwerkskammer Hamburg,
Holstenwall 12, D-20355 Hamburg

We wish to inform you that the Annual General Meeting has been convened as above and that the agenda has been published.

AGENDA

- 1. Presentation of the confirmed annual financial statements as at 31 December 2009, the consolidated financial statements as at 31 December 2009, as approved by the Supervisory Board, the Company management report and the Group management report with the Supervisory Board report for financial year 2009 and the Executive Board's explanatory report on disclosures pursuant to Article 289 (4) and (5) and Article 315 (4) of the Handelsgesetzbuch (HGB – German Commercial Code).**

The documents (German only) referred to above can be viewed and downloaded on the Internet at

<http://www.deutsche-euroshop.de>

- 2. Utilisation of unappropriated surplus**

The Executive Board and the Supervisory Board propose that the entire unappropriated surplus of €46,320,306.90 be distributed to shareholders; this amounts to a dividend of €1.05 per share.

- 3. Approval of the actions of the Executive Board**

The Executive Board and the Supervisory Board propose that the actions of the Company's Executive Board be approved for financial year 2009.

- 4. Approval of the actions of the Supervisory Board**

The Executive Board and the Supervisory Board propose that the actions of the Company's Executive Board be approved for financial year 2009.

- 5. Election of the auditors for financial year 2010**

The Supervisory Board proposes that BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft in Hamburg be appointed as the auditors for the financial year 2010.

- 6. Cancellation of existing authorised capital and creation of new 2010 authorised capital and related amendments to the Articles of Association**

As determined by the resolution of the Annual General Meeting on 21 June 2007, the Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company by up to a total of €17,187,499 on one or several occasions until

20 June 2012 by issuing up to 17,187,499 no-par value registered shares against cash or non-cash contributions. Following share capital increases in July 2009 and February 2010, this authorised capital has already been partly used. As a result, authorised capital of €7,447,919.00 is still available. The Company's share capital totals €44,114,578.00. The law permits authorised capital totalling half of the value of the share capital.

The Executive Board and the Supervisory Board consequently propose that the existing authorised capital be cancelled and that a resolution be passed for the creation of new authorised capital totalling €22,057,289.00 for the maximum time period of five years. The Executive Board and the Supervisory Board shall propose the following:

a) Cancellation of existing authorised capital

The unutilised authorised capital totalling €7,447,919.00 approved by the Annual General Meeting in 2007 pursuant to Article 5 of the Articles of Association will be cancelled as soon as this resolution becomes effective through entry in the commercial register with effect for the future.

b) Authorisation

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company by up to a total of €22,057,289.00 (in words: twenty two million fifty seven thousand two hundred and eighty nine) on one or several occasions until 16 June 2015 by issuing no-par value registered shares against cash or non-cash contributions (authorised capital 2010).

In the case of a capital increase against cash contributions, shareholders are to be granted a subscription right. The Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- » for fractional amounts;
- » if the issue price of the new shares at the time of the final setting of the issue price is not significantly lower than the listed share price of the Company offering the same conditions, and the shares issued pursuant to Articles 203 (1) and (2) and 186 (3) sentence 4 of the German Stock Companies Act (AktG) do not exceed ten per cent of the share capital even after multiple increases. This maximum limit shall include shares sold or issued on the basis of other authorisations with exclusion of subscription rights, directly or indirectly pursuant to Article 186 (3) sentence 4 of the AktG. The maximum limit of ten out of a hundred of the share capital is also to be applied to the proportion of the share capital represented by shares which holders of convertible bonds are entitled to purchase if the subscription rights of shareholders pursuant to Article 221 (4) sentence 2, and Article 186 (3) sentence 4 AktG are excluded on issue;

- » in the case of capital increases against non-cash contributions, in particular in connection with the acquisition of companies, parts of companies, shareholdings, real estate, capital assets or other assets.

The Executive Board is also authorised, with the approval of the Supervisory Board, to determine the further details of the capital increase and all other details of the shares and the terms of issue.

The Supervisory Board is authorised to revise the Articles of Association in accordance with the implementation of the increase in the share capital or to reword the Articles after expiry of the authorisation.

c) Amendment to the Articles of Association

Article 5 of the Articles of Association will be removed in full and rewritten as follows:

“§ 5

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company by up to a total of €22,057,289.00 (in words: twenty two million fifty seven thousand two hundred and eighty nine) on one or several occasions until 16 June 2015 by issuing no-par value registered shares against cash or non-cash contributions (2010 authorised capital).

If capital is increased against cash contributions, shareholders are to be granted a subscription right. The Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

- » *for fractional amounts;*
- » *if the issue price of the new shares at the time of the final setting of the issue price is not significantly lower than the listed share price of the Company offering the same conditions, and the shares issued pursuant to Articles 203 (1) and (2) and 186 (3) sentence 4 of the German Stock Companies Act (AktG) do not exceed ten per cent of the share capital even after multiple increases. This maximum limit shall include shares sold or issued on the basis of other authorisations with exclusion of subscription rights, directly or indirectly pursuant to Article 186 (3) sentence 4 of the AktG. The maximum limit of ten out of a hundred of the share capital is also to be applied to the proportion of the share capital represented by shares which holders of convertible bonds are entitled to purchase if the subscription rights of shareholders pursuant to Articles 221 (4) sentence 2, 186 (3) sentence 4 AktG are excluded on issue;*

- » *if capital is increased against non-cash contributions, in particular in connection with the acquisition of companies, parts of companies, shareholdings, real estate, capital assets or other assets.*

The Executive Board is also authorised, with the approval of the Supervisory Board, to determine the further details of the capital increase and all other details of the shares and the terms of issue.

The Supervisory Board is authorised to revise the Articles of Association in accordance with the implementation of the increase in the share capital or to reword the Articles after expiry of the authorisation.“

To ensure that the cancellation of the previously authorised capital does not become effective without the new authorised capital taking its place, the Executive Board is also instructed to enter the above resolution on the cancellation of the previously authorised capital into the commercial register only when it has been ensured that immediately after entry of the cancellation, the resolution on the creation of the new authorised capital and the corresponding amendment to the Articles of Association are also entered in the commercial registry.

The cancellation of the old authorised capital and the authorisation of the new capital will consequently take place by means of a common resolution by the Annual General Meeting, which can also only be entered as a common entry in the commercial register.

Report of the Executive Board on the exclusion of subscription rights in accordance with agenda item 6

As determined by the resolution of the Annual General Meeting on 21 June 2007, the Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the Company by up to a total of €17,187,499 on one or several occasions until 20 June 2012 by issuing up to 17,187,499 no-par value registered shares against cash or non-cash contributions. Following share capital increases in July 2009 and February 2010, this authorised capital has already been partly used. As a result, authorised capital of €7,447,919.00 is still available. The Executive Board and the Supervisory Board consequently propose that the existing authorised capital be cancelled and that a resolution be passed for the creation of new authorised capital totalling €22,057,289.00 for the maximum time period of five years.

In the case of utilisation of the 2010 authorised capital through capital increases against cash contribution, shareholders will in principle have a subscription right.

The Executive Board should, with the approval of the Supervisory Board, be able to exclude subscription rights if the shares pursuant to Article 203 (1) and (2) and Article 186 (3) sentence 4 of the AktG are issued at a price that at the time of the final setting of the issue price is not significantly below the share price. The Executive Board will attempt to keep any discount on the stock market price as low as possible. The authorisation enables the Company to cover any capital needs, including at short notice, so that it is able to flexibly take advantage of any opportunities that arise in the Company's areas of activity. The exclusion of subscription rights enables the Company to act quickly and place the shares at a price close to the market price, i.e. without the usual rights issue discount. Such a capital increase may not exceed ten per cent of the share capital. This maximum of ten per cent of the share capital, which may be excluded from subscription rights, includes shares which on the basis of an authorisation pursuant to Article 71 (1) No. 8 in connection with Article 186 (3) sentence 4 of the AktG are sold without granting a right of subscription to shareholders. Moreover, this amount includes the share capital apportionable to shares which holders of convertible bonds are entitled to purchase if the subscription rights of shareholders pursuant to Article 221 (4) sentence 2 and Article 186 (3) sentence 4 of the AktG are excluded on issue.

Through this limitation, account is taken of shareholders' need for protection against dilution of their stock. As the new shares should be placed at a price close to the market price, shareholders wishing to maintain their proportionate holding in the Company can buy the requisite number of shares at approximately the same conditions on the stock market.

Subscription rights are also to be excluded by the Executive Board, with the approval of the Supervisory Board, for fractional amounts. Subscription rights are primarily excluded for reasons of practicability and easier implementation of the respective issue. Fractional amounts can result from the respective issue volumes and the subscription ratio. The value of a fractional amount apportionable to each share is generally low, while the expense of an issue without such an exclusion is significantly higher.

Subscription rights are also to be excluded by the Executive Board, with the approval of the Supervisory Board, for capital increases against non-cash contribution. In the future, as in the past, we want to be able to purchase shopping centres, land, companies, parts of companies and shareholdings so that our enterprise value continues to increase. In many cases, very high considerations have to be paid for this, which has an adverse effect on the liquidity of our Company when we pay in cash rather than in shares. Sometimes sellers too insist on receiving shares as consideration as this can be more favourable to them, or they agree to payment in the form of shares.

The possibility of using shares as acquisition financing gives the Company the necessary scope to take quick and flexible advantage of the acquisition opportunities that arise and enables it to acquire major shareholdings itself in return for the transfer of shares. For this, the shareholders' subscription right needs to be able to be excluded. As such an acquisition has to take place at short notice, it cannot generally be agreed by the Annual General Meeting, which takes place once a year. The Executive Board requires authorised capital that it can access quickly – with the agreement of the Supervisory Board. This is the purpose of this resolution on the creation of 2010 authorised capital.

7. Resolution on the amendment of the Articles of Association to the ARUG

On 1 September 2009, the Law on the Implementation of Shareholders' Rights („Aktionärsrechterichtlinie“ or „ARUG“) came into force. It includes new rules on the calculation of deadlines for the Annual General Meeting and on the form of proxies. The Articles therefore need to be amended to reflect the new law.

The Executive Board and the Supervisory Board propose the following resolution:

Article 11 (3) and (4) of the Articles of Association will be rewritten as follows:

„ 3) The Annual General Meeting is to be called at least thirty days before the day by the end of which shareholders are required to register pursuant to Article 11 (4) of the Articles of Association. The day the meeting is convened and the day of the Annual General Meeting are not to be included in the calculation.“

„4) Only those shareholders who at least six days prior to the Annual General Meeting register for the Meeting using the address to which the invitation was sent are entitled to participate in the Annual General Meeting and to exercise the voting right. Shareholders must register in German or English either in writing (Article 126b of the German Commercial Code (BGB)) or using one of the electronic methods specified in the invitation to attend the Annual General Meeting.“

Article 13 (3) of the Articles of Association will be rewritten as follows:

„3) Voting rights can be exercised by a proxy in accordance with the relevant statutory regulations. A proxy can be appointed in writing, by fax or by means of electronic data transmission. Details shall be published together with the notice of the Annual General Meeting. If a shareholder appoints more than one person, the Company may reject one or more of these individuals. The proxy can also be a Company-nominated proxy who is bound by the instructions of the shareholder.“

ATTENDANCE

I. Registration to attend the Annual General Meeting

Those shareholders who are entered on the share register as Company shareholders and whose registration forms to attend the ANNUAL GENERAL MEETING reach the Company by 12 midnight on 10 June 2010 at the latest are authorised to attend the Annual General Meeting and to exercise their voting rights.

Shareholders who are listed on the share register can register for the Annual General Meeting by writing to the Company at:

Deutsche EuroShop AG
c/o PR IM TURM HV-Service AG
Römerstraße 72-74
D-68259 Mannheim
Fax: +49 (0) 621/ 71 77 213

Information regarding registration can be found in the registration documentation that is automatically sent to shareholders.

Shareholders can also register online at:

<http://www.hv-des.de>

For information on registering online, please refer to the registration documentation sent to you.

Shares are in no way blocked through registration for the Annual General Meeting. Access to them is not restricted after registration, and shareholders in particular retain the right to sell them. The number of votes to which a shareholder is entitled depends on the number of shares registered in the share register on the day of the Annual General Meeting. The registered number of shares will be the number registered on the date of close of registration for the Annual General Meeting, as no deletions, entries or amendments are made in the share register in the six days prior to the Annual General Meeting or on the day of the Annual General meeting itself pursuant to Article 11 (5) of the Articles of Association. Acquirers of shares whose applications for changes of registration are received by the Company after 12 midnight on 10 June 2010 will therefore be unable to exercise the entitlements to participate at the Annual General Meeting and the voting rights of these shares. In these cases, the entitlements to participate in the Annual General Meeting and the voting rights of these shares will remain with the shareholder who is registered in the share register.

II. Exercising voting rights

1.) Exercising voting rights through a proxy

Shareholders may also exercise their voting rights at the Annual General Meeting through a proxy, such as the custodian bank, a shareholders' association or a person of their choice. Pursuant to Article 13 (3) sentence 2 and 3 of the Articles of Association, the proxy authorisation may be issued in writing, by fax or by means of electronic data transmission with proof of authenticity.

Please send written proxy authorisations and fax proxy authorisations to:

Deutsche EuroShop AG
c/o PR IM TURM HV-Service AG
Römerstraße 72-74
D-68259 Mannheim
Fax: +49 (0) 621/ 71 77 213

To authorise a third party by means of electronic data transmission or to transmit a proxy authorisation electronically pursuant to Article 134 (3) AktG, please use the electronic proxy system at:

<http://www.hv-des.de>

As proof of authenticity you will need an individual PIN, which you will receive with the registration forms automatically sent to you if are entered in the share register.

If banks or representatives are authorised according to Article 135 (9) sentence 2 of the AktG, then Article 135 of the AktG applies.

2.) Exercising voting rights through the proxy appointed by the Company

Deutsche EuroShop AG also allows its shareholders to authorise a Company-nominated proxy who is bound by the instructions of the shareholder to act as their representative at the Annual General Meeting. The Company has appointed Dr Achim Biedermann, Mannheim, as the Company-nominated proxy.

Detailed information can be found in the documentation sent to shareholders.

Alongside electronic registration we also allow shareholders to authorise and issue instructions to the Company-nominated proxy online at

<http://www.hv-des.de>

For organisational reasons, online authorisation of the Company-nominated proxy and the issuing of instructions are only possible until 12 midnight on 16 June 2010. Written authorisation and instructions or in text form by other means, in particular at the Annual General Meeting itself, is unaffected. Further information on this can also be found in the registration documentation sent to you.

Proxies will only exercise voting rights and will not exercise any further rights such as the right to question or the right to propose.

III. Information on the rights of shareholders pursuant to Articles 122 (2), 126 (1), 127, and 131 (1) of the German Stock Corporation Act (AktG)

1. Agenda motions pursuant to Article 122 (2) AktG

Pursuant to Article 122 (2) AktG, shareholders whose stake together amounts to at least one twentieth of the share capital or the pro rata value of €500,000, may request the inclusion and publication of motions on the agenda. Each new motion must be accompanied by an explanation or a proposed resolution.

The request should be made in writing or by fax and include proof of shareholder status. It should be sent to the address below and must reach the Company by no later than 12 midnight on 17 May 2010. Please send requests to the following address:

Deutsche EuroShop AG
Mr Patrick Kiss
Oderfelder Straße 23
D-20149 Hamburg
Fax: +49 (0) 40 / 41 35 79 29

Motions to be published – unless already included in the invitation – will be immediately published (German only) on receipt in the electronic version of the German Federal Official Gazette and are part of the notifications pursuant to Article 125 of the AktG. They will also be published on the Company's website at

<http://www.deutsche-euroshop.de/HV>

2. Countermotions and election proposals according to Articles 126 (1), 127 of the AktG

Shareholders may file countermotions and alternative election proposals to a proposal by the Executive Board and/or Supervisory Board on a specific item on the agenda. Such requests should be made in writing or by fax, include the name of the shareholder and reason, and be sent to the following address:

Deutsche EuroShop AG
Mr Patrick Kiss
Oderfelder Straße 23
D-20149 Hamburg
Fax: +49 (0) 40 / 41 35 79 29

Countermotions by shareholders that are received at least 14 days before the date of the Annual General Meeting, i.e. no later than 12 midnight on 2 June 2010, at the stated address will be published on the Internet for the attention of all shareholders without undue delay, together with any comments by the administration, provided that the requirements for the obligation to publish pursuant to Article 126 AktG are met. Countermotions by shareholders addressed in any other way will not be considered. The above statements on Article 126 (1) AktG (including on the given address) correspondingly apply to a shareholder's proposal on the appointment of the auditors and the Group auditors pursuant to Article 127 AktG with the proviso that no reason needs to be provided for the proposed appointment.

3. Right of information pursuant to Article 131 (1) of the German Stock Corporation Law (AktG)

At the Annual General Meeting, every shareholder can pursuant to Article 131 (1) AktG request information on Company matters, on the Company's legal and business relations to affiliate companies and on the Group's situation and the companies included in the consolidated financial statements, provided the information is required for the correct assessment of the agenda item. The Executive Board can refuse to answer individual questions for the reasons stated in Article 131 (3) AktG.

4. Additional explanations

Additional explanations of the rights of shareholders pursuant to Articles 122 (2), 126 (1), 127, and 131 (1) of the German Stock Corporation Act (AktG) can be found on the Internet (German only) at

<http://www.deutsche-euroshop.de/HV>

IV. Publications on the Company's website

Information pursuant to Article 124a AktG will be published online for the attention of shareholders (German only) at

<http://www.deutsche-euroshop.de/HV>

V. Information pursuant to Article 30b (1) point 1 of the WpHG (Securities Trading Act)

At the time of convening this Annual General Meeting, the Company's share capital was divided into 44,114,578 no-par value shares with a total of 44,114,578 voting rights. At the time of convening this Annual General Meeting, the Company does not hold any treasury shares.

VI. Information pursuant to Article 135 (2) of the AktG

Banks that were members of a syndicate which has purchased the most recent issue of the Company's securities within a period of five years:

Capital increase February 2010
Commerzbank AG
DZ Bank AG

Hamburg, May 2010
Deutsche EuroShop AG

The Executive Board

WAY DESCRIPTION

By car:

A7: Exit at Othmarschen, Bahrenfeld or Schnelsen.

Head towards the city centre and the Hamburg-Mitte district.

A1: Coming from Lübeck and heading towards Hamburg: Exit at Hamburg-Horn. Continue towards the city centre along Sievekingssallee and Bürgerweide. Turn right into Wallstraße. Continue along Wallstraße and Sechslingspforte until you reach the end. Turn left onto An der Alster and continue along this street until you reach Ferdinandstor, then turn right and cross the Lombardsbrücke bridge and continue straight ahead along Esplanade and Gorch-Fock-Wall until you reach Holstenwall.

By bus:

The Handwerkskammer can be reached by taking **bus number 112** from Hamburg Central Station (Hamburg-Hauptbahnhof) or Altona Station (Bahnhof Altona). The stop is called “Handwerkskammer Hamburg” and is located directly in front of the main entrance.

By metro (U-Bahn or S-Bahn):

U2: Messehallen station.

Take the Wallanlagen exit, go past the law courts and turn right into Holstenwall. Total walking distance: approx. 400 m.

U3: St. Pauli station:

Take the Millerntor exit. It takes around five minutes on foot to reach Holstenwall from the station. There is a currently limited service on the U3 between Baumwall and Rathausmarkt (until 2 October 2010) due to construction work. For up-to-date information visit the HVV website.

S-Bahn:

Stadthausbrücke station, **S1** and **S3** stop.

Take the Michaelisstraße exit, go up the hill until you reach Großneumarkt, cross Großneumarkt, then turn left into Neuer Steinweg and right into Neanderstraße. When you reach Enckeplatz, turn left and continue along the street until you reach Holstenwall on the right.



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