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**INVITATION FOR
THE ANNUAL
GENERAL MEETING
2011**

Deutsche EuroShop AG, Hamburg
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Convenience Translation –
the German version is the only binding version

**INVITATION AND AGENDA
FOR THE ANNUAL GENERAL MEETING
ON 16 JUNE 2011**

Dear Shareholder

By way of publication in the German electronic version of the Federal Official Gazette dated 5 May 2011 we have invited all Shareholders to the

ANNUAL GENERAL MEETING

of Deutsche EuroShop AG
on Thursday, 16 June 2011 at 10 a.m.

at the Handwerkskammer Hamburg,
Holstenwall 12, 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 2010, the consolidated financial statements as at 31 December 2010, as approved by the Supervisory Board, the Company management report and the Group management report with the Supervisory Board report for financial year 2010 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 referred to above can be viewed and downloaded on the Internet at <http://www.deutsche-euroshop.de/HV>.

- 2. Utilisation of unappropriated surplus**

The Executive Board and the Supervisory Board propose that the entire unappropriated surplus of €56,794,540.00 be distributed to shareholders; this amounts to a dividend of €1.10 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 2010.

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

The Executive Board and the Supervisory Board propose that the actions of the Company's Supervisory Board be approved for financial year 2010.

- 5. Election of the auditors for financial year 2011**

The Supervisory Board proposes that BDO AG Wirtschaftsprüfungsgesellschaft in Hamburg be appointed as the auditors for financial year 2011.

- 6. Resolution on authorisation to issue convertible bonds with the possibility of excluding subscription rights, on a conditional increase in capital and on related amendments to the Articles of Association (Conditional Capital 2011)**

The authorisation to issue convertible bonds, on which a resolution was passed at the Annual General Meeting on 22 June 2006, expires on 21 June 2011. To enable the Executive Board to continue to take advantage of attractive financing options and to allow the Company to borrow at favourable interest rates, the Annual General Meeting is again requested to authorise the Executive Board to issue convertible bonds and create new conditional capital to service the convertible bonds.

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

I. Authorisation to issue convertible bonds

1. Revocation of the current authorisation to issue convertible bonds

The authorisation to issue convertible bonds granted to the Executive Board by the Annual General Meeting on 22 June 2006 in connection with item 6 on the agenda is revoked.

2. New authorisation, authorisation period, nominal value, number of shares, term and interest

The Executive Board is authorised, with the Supervisory Board's approval, to issue, on one or more occasions until 15 June 2016, interest-bearing bearer and / or registered convertible bonds with a total nominal value of up to €200 million and a maximum term of ten years and to grant the holders of the respective, equally privileged, bonds conversion rights to new no-par value shares in the Company up to a total of 10,000,000 shares, in accordance with the detailed provisions of the terms and conditions for convertible bonds ("bond conditions"). The conversion rights will have a term not exceeding ten years. The convertible bonds may also pay a variable rate of interest, in which case, as with a participating bond, the interest may be dependent in full or in part on the level of the Company's dividend.

3. Currency, issue by companies in which a majority interest is held

The convertible bonds are to be issued in euros. They may also be issued by companies in which Deutsche EuroShop AG directly or indirectly holds a majority interest (companies in which Deutsche EuroShop AG participates directly or indirectly with a majority of the voting rights and the capital); in this case the Executive Board is authorised to assume the guarantee for the convertible bonds for Deutsche EuroShop AG and to grant the holders of such convertible bonds conversion rights to shares in Deutsche EuroShop AG.

4. Conversion right, conversion ratio

In the event of convertible bonds being issued, the holders of the bonds will be given the right to convert their bonds into shares in Deutsche EuroShop AG in accordance with the detailed provisions of the bond conditions. The conversion ratio will result from dividing the nominal value of a bond by the conversion price for a share in Deutsche EuroShop AG. Any notional fractions of shares that result will be settled in cash. The bond conditions may also stipulate that the number of shares to be subscribed for upon the exercising of conversion rights or following the fulfilment of conversion obligations, or a related conversion right, is variable. The proportion of the share capital – converted into a nominal value

– represented by the shares to be issued upon conversion may not exceed the nominal value of the convertible bond.

5. *Conversion obligation*

The bond conditions may also establish and define a conversion obligation, at the end of the term or at an earlier point in time (in either case referred to as “final maturity”) or make provision for Deutsche EuroShop AG having the right to grant the bond holders, upon final maturity, shares in Deutsche EuroShop AG, fully or partially in lieu of payment of the cash amount due. In these cases too, the proportion of the share capital, converted into a nominal value, represented by the shares to be issued upon conversion may not exceed the nominal value of the convertible bond.

6. *Granting of new or existing shares; cash payment*

The bond conditions may make provision, in the event of conversion rights being exercised or upon fulfilment of conversion obligations, for Deutsche EuroShop AG to either grant new shares from conditional capital or grant existing shares in the Company, at its discretion.

The bond conditions may also make provision for Deutsche EuroShop AG to have the right, in the event of conversion rights being exercised or upon fulfilment of conversion obligations, to pay out the equivalent value of the shares in cash instead of granting shares in Deutsche EuroShop. The equivalent value corresponds, in accordance with the detailed provisions of the bond conditions, to the average closing auction price of the Deutsche EuroShop AG share in Xetra trading on the Frankfurt Stock Exchange, or in a successor system replacing the Xetra system, over the ten trading days preceding or following the declaration of conversion, or, in the case of conversion obligations, preceding or following the final maturity date.

7. *Determination of the conversion price*

The bond conditions may provide for the conversion price to be adjusted during the term of the convertible bonds within a range stipulated by the Executive Board depending on the development of the share price or as a consequence of dilution protection provisions.

The conversion price to be set for a share in Deutsche EuroShop AG will be determined in euros and – even in the case of a variable conversion ratio or a variable conversion price – must

a) amount to at least 80% of the average closing price of the shares in Deutsche EuroShop AG in Xetra trading on the Frankfurt Stock Exchange, or in a corresponding successor system, on the last ten trading days preceding the date of the resolution by the Executive Board on the issue of the convertible bonds,

or

b) in the event that subscription rights are granted to the shareholders of Deutsche EuroShop AG, amount to at least 80% of the average closing price of the shares in Deutsche EuroShop AG in Xetra trading on the Frankfurt Stock Exchange, or in a corresponding successor system, over the period from the day on which the subscription period starts up to and including the day preceding the announcement of the definitive setting of the conditions pursuant to Article 221 (4) sentence 3 in conjunction with Article 186 (2) of the Aktiengesetz (AktG – German Stock Corporation Act).

By way of deviation from the above, in cases where a conversion obligation applies in accordance with point 5, the conversion price may correspond to the average closing price of the shares in Deutsche EuroShop AG in Xetra trading on the Frankfurt Stock Exchange, or in a corresponding successor system, over the ten trading days preceding or following the date of final maturity, even if this average price is below the minimum conversion price referred to under a) and / or b) above.

Article 9 (1) AktG and Article 199 (2) AktG remain unaffected.

8. *Value-preserving adjustment of the conversion price in the event of dilution effects*

If, during the term of bonds that grant a conversion right or stipulate a conversion obligation, the economic value of the existing conversion rights / obligations is diluted and no subscription rights to shares in Deutsche EuroShop AG are granted as compensation for this, the bond conditions may stipulate that the conversion price – without prejudice to Article 9 (1) AktG and Article 199 (2) AktG – is adjusted in order to preserve value, unless the adjustment is already legally obligatory. In no case may the proportionate amount of the share capital represented by the shares to be subscribed for per bond exceed the nominal value of the individual bond.

Dilution effects may result in particular from changes in the capital (e.g. a capital increase or decrease or a share split), but also in connection with dividend payments (e.g. a special dividend), the issue of (additional) convertible bonds or warrant-linked bonds or other

warrants, as well as in the case of extraordinary events that occur during the term of the convertible bonds (e.g. acquisition of control by a third party).

Instead of the conversion price being adjusted, in such cases the payment of a corresponding amount in cash by Deutsche EuroShop AG may be provided for in accordance with the detailed provisions of the bond conditions in the event of conversion or upon fulfilment of the conversion obligations.

9. *Subscription rights and exclusion of subscription rights*

Shareholders will, in principle, have subscription rights. The convertible bonds may also be taken over by one or more banks or a syndicate of banks, subject to the obligation that they are offered to the shareholders of Deutsche EuroShop AG. If the convertible bonds are issued by a company in which Deutsche EuroShop AG directly or indirectly holds a majority interest, Deutsche EuroShop AG must ensure that subscription rights are granted to the shareholders of Deutsche EuroShop AG in accordance with the above.

The Executive Board is, however, authorised, with the Supervisory Board's approval, to exclude the above-mentioned statutory subscription rights of shareholders to convertible bonds with conversion rights to up to 10,000,000 shares in the Company in the following cases:

- (a) Exclusion of subscription rights pursuant to Article 221 (4) sentence 2 in conjunction with Article 186 (3) sentence 4 AktG

The subscription rights may be excluded provided that the convertible bonds are so established that their issue price is not significantly lower than their theoretical market value calculated in accordance with recognised financial methods. However, this authorisation to exclude subscription rights only applies insofar as bonds carrying conversion rights or obligations relating to shares representing a proportionate amount of Deutsche EuroShop AG's share capital not exceeding 10% in total are issued or are to be issued. The amount of the share capital at the time the Annual General Meeting passes the resolution on this authorisation or – if lower – at the time this authorisation is exercised will be decisive for the calculation of this 10% limit.

This 10% limit will include the sale of treasury shares, insofar as the shares are sold (exclusive of subscription rights) after this authorisation becomes effective, on the basis of an authorisation valid at the time this authorisation enters into effect or on the basis of an authorisation replacing this one, pursuant to Article 71 (1) sentence 1 no. 8 sentence 5 in conjunction with Article 186 (3) sentence

4 AktG. Also included in this limit are shares that are issued (exclusive of subscription rights) after this authorisation becomes effective by making use of an authorisation to issue new shares from authorised capital on which a resolution has been passed at the time this authorisation becomes effective or an authorisation replacing this one, pursuant to Article 203 (1) sentence 1 in conjunction with Article 186 (3) sentence 4 AktG.

The above authorisation to issue convertible bonds that carry conversion rights or obligations exclusive of subscription rights pursuant to Article 221 (4) sentence 2 in conjunction with Article 186 (3) sentence 4 AktG is also restricted to the extent that, following the exercising of the conversion rights or fulfilment of the conversion obligations, the shares to be issued together with shares that are issued exclusive of subscription rights against non-cash contributions on the basis of the 2010 authorised capital (Article 5 of the Articles of Association) may not exceed 20% of the share capital existing at the time this authorisation becomes effective or – if lower – the share capital existing at the time use is made of the authorisation.

(b) Exclusion of subscription rights for fractional amounts and to avoid dilution effects

If the Executive Board does not make use of the above authorisation to exclude subscription rights, subscription rights may be excluded for fractional amounts that arise on the basis of the subscription ratio.

(c) Exclusion of subscription rights to avoid dilution effects

Subscription rights may also be excluded if this is necessary to be able to grant holders of previously issued warrant-linked or convertible bonds that carry warrants or conversion rights or warrant or conversion obligations relating to shares in Deutsche EuroShop AG subscription rights at the level to which they would be entitled following exercising of the conversion right or warrant or upon fulfilment of the warrant or conversion obligation.

10. Authorisation to determine additional details

The Executive Board is authorised, with the Supervisory Board's approval, to determine, within the above framework, the bond conditions as well as the additional details relating to the issue and features of the convertible bonds and the conversion rights and obligations, in particular the interest rate, issue price, term and denomination, as well as the conversion period, or to do so in consultation with the bodies of the companies issuing the convertible bonds in which Deutsche EuroShop AG holds a majority interest.

II. Creation of new 2011 Conditional Capital

The Conditional Capital previously set out in Article 6 of the Articles of Association is cancelled and new 2011 conditional capital created.

The Company's share capital will be conditionally increased by up to €10,000,000.00 through the issue of up to 10,000,000 new no-par value registered shares (2011 Conditional Capital). The conditional capital increase will be used to grant shares, upon the exercising of conversion rights or upon fulfilment of conversion obligations, to the holders of the convertible bonds issued on the basis of the authorisation given by the Annual General Meeting on 16 June 2011.

The new shares will be issued at the conversion price, as determined in accordance with the authorisation under I. and the bond conditions defined by the Executive Board with the Supervisory Board's approval on the basis of this authorisation. The conversion price is the issue price of the share.

The conditional capital increase will only be carried out if

- (a) the holders of conversion rights arising from convertible bonds issued or guaranteed up to 15 June 2016 by Deutsche EuroShop AG, or companies in which it directly or indirectly holds a majority interest, on the basis of the authorisation resolution of the Annual General Meeting on 16 June 2011 make use of their conversion rights or
- (b) the issuer fulfils its conversion obligation arising from the convertible bonds issued or guaranteed up to 15 June 2016 by Deutsche EuroShop AG, or companies in which it directly or indirectly holds a majority interest, on the basis of the authorisation resolution of the Annual General Meeting of 16 June 2011

and the 2011 Conditional Capital is required in accordance with the conditions applying to the convertible bonds (in particular, treasury shares are not used to service the bonds).

The new shares issued on the basis of the exercising of conversion rights or the fulfilment of conversion obligations will participate in profits from the beginning of the financial year in which they are created.

The Executive Board is authorised, with the Supervisory Board's approval, to determine the additional details that will apply to the conditional capital increase.

III. Amendment of the Articles of Association

The previous version of Article 6 of the Articles of Association is revoked and will be reworded as follows:

“The Company’s share capital has been conditionally increased by up to €10,000,000.00 through the issue of up to 10,000,000 new no-par value registered shares (2011 Conditional Capital). The conditional capital increase will be used to grant shares, upon the exercising of conversion rights or upon fulfilment of conversion obligations, to the holders of the convertible bonds issued on the basis of the authorisation given by the Annual General Meeting on 16 June 2011.

The new shares will be issued at the conversion price, as determined in accordance with the authorisation to issue convertible bonds of the Annual General Meeting on 16 June 2011 and the bond conditions defined by the Executive Board with the Supervisory Board’s approval on the basis of this authorisation. The conversion price is the issue price of the share.

The conditional capital increase will only be carried out if

- (a) the holders of conversion rights arising from convertible bonds issued or guaranteed up to 15 June 2016 by Deutsche EuroShop AG, or companies in which it directly or indirectly holds a majority interest, on the basis of the authorisation resolution of the Annual General Meeting on 16 June 2011 make use of their conversion rights or
- (b) the issuer fulfils its conversion obligation arising from the convertible bonds issued or guaranteed up to 15 June 2016 by Deutsche EuroShop AG, or companies in which it directly or indirectly holds a majority interest, on the basis of the authorisation resolution of the Annual General Meeting on 16 June 2011

and the 2011 Conditional Capital is required in accordance with the conditions applying to the convertible bonds (in particular, treasury shares are not used to service the bonds).

The new shares issued on the basis of the exercising of conversion rights or the fulfilment of conversion obligations will participate in profits from the beginning of the financial year in which they are created.

The Executive Board is authorised, with the Supervisory Board’s approval, to determine the additional details that will apply to the conditional capital increase.”

IV. Authorisation of the Supervisory Board

The Supervisory Board is authorised to amend the wording of Article 4 of the Articles of Association depending on the utilisation of the conditional capital and following the expiry of all conversion periods, as well as to make all other amendments to the Articles of Association in connection with the above that concern only the wording. The same will apply in the event that the authorisation under I. has not been made use of upon expiry of the authorisation period and in the event that the conditional capital has not been utilised upon expiry of the periods for the exercising of conversion rights or the fulfilment of conversion obligations.

7. Approval of the system used for the remuneration of the members of the Executive Board

The Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration) of 31 July 2009 makes provision for the Annual General Meeting of listed companies to vote on the system used for the remuneration of the members of the Executive Board (Article 120 (4) AktG). Use will be made of this possibility.

The resolution relates to the current system for remunerating the members of the Executive Board of Deutsche EuroShop AG approved in financial year 2010. Details on this are presented in the remuneration report, which is included in the documents that can be viewed on the Internet at <http://www.deutsche-euroshop.de/HV>. These documents will also be sent to shareholders on request. In addition, they will be accessible at the Annual General Meeting, where they will be explained in more detail.

The Supervisory Board and Executive Board propose that the system used for the remuneration of the members of the Executive Board be approved.

Report of the Executive Board on the exclusion of subscription rights upon the issue of convertible bonds pursuant to Article 221 (4) sentence 2 in conjunction with Article 186 (4) sentence 2 AktG, in connection with agenda item 6:

The proposed authorisation to issue convertible bonds with a total nominal value of up to €200 million and the creation of the associated Conditional Capital of up to €10,000,000.00 are intended to safeguard and enhance the possibilities, explained in more detail below, that are open to Deutsche EuroShop AG to finance its activities, and should give the Executive Board, with the Supervisory Board's approval, access to flexible and prompt financing in the interests of the Company, in particular when conditions are favourable on the capital market.

A distinction can be made here between two possible arrangements: Firstly, the Executive Board is authorised, with the Supervisory Board's approval, to issue, on one or more occasions until 15 June 2016, interest-bearing convertible bonds to the shareholders of Deutsche EuroShop AG and to attach conversion rights to the bonds that entitle the acquirers to subscribe for shares in Deutsche EuroShop AG up to a total of 10,000,000 shares, in accordance with the detailed provisions of the bond conditions. To facilitate settlement, however, full use is to be made of the possibility of issuing the convertible bonds to a bank or a syndicate of banks, subject to the obligation that the bonds are offered to shareholders in accordance with their subscription right (indirect subscription right within the meaning of Article 221 (4) sentence 2 in conjunction with Article 186 (5) AktG).

Secondly, the Executive Board is authorised to exclude the statutory right of shareholders to subscribe for the convertible bonds, albeit only within certain limits; on the one hand, this will only be possible to a very limited extent for two specific purposes and, on the other, to a greater extent only when certain strict prerequisites apply:

1. Exclusion of subscription rights for fractional amounts

In cases where subscription rights are granted in principle, it is to be possible to exclude subscription rights to the extent necessary to offset any fractional amounts arising when the subscription ratio is determined. Fractional amounts result from the amount of the issue volume and the presentation of a practicable subscription ratio. In such cases, an exclusion of subscription rights facilitates the settlement of the capital-raising measure, in particular of the subscription rights of shareholders.

2. Exclusion of subscription rights to avoid dilution effects

In addition, the possibility is to be available of excluding subscription rights so that the holders of previously issued warrant-linked or convertible bonds can be granted subscription rights. This exclusion of subscription rights for the benefit of holders of previously issued warrant-linked or convertible bonds will take place in consideration of the dilution protection to which they may be entitled in accordance with the bond conditions in the event of a further issue of warrant-linked or convertible bonds by the Company. Excluding subscription rights by making use of this authorisation is an alternative to adjusting the warrant exercise or conversion price, which would otherwise be necessary. This makes it possible to achieve a higher inflow of funds overall.

3. *Exclusion of subscription rights pursuant to Article 221 (4) sentence 2 in conjunction with Article 186 (3) sentence 4 AktG*

Furthermore, use is to be made of the possibility pursuant to Article 221 (4) sentence 2 in conjunction with Article 186 (3) sentence 4 AktG of excluding subscription rights also for the issue of convertible bonds. This authorisation to exclude subscription rights applies, with Article 186 (3) sentence 4 AktG applying *mutatis mutandis*, insofar as the shares issued or to be issued to satisfy the conversion rights or in the case of conversion obligations do not exceed ten percent of the share capital overall. The share capital at the time the resolution on this authorisation is passed by the Annual General Meeting or – if lower – at the time the authorisation is exercised shall be decisive.

This restriction to ten percent of the share capital will include the issue of new shares against cash contributions, insofar as this takes place (exclusive of subscription rights) after this authorisation becomes effective by making use of an authorisation to issue new shares from authorised capital on which a resolution has been passed at the time that this authorisation or an authorisation replacing this one becomes effective, pursuant to Article 203 (1) sentence 1 in conjunction with Article 186 (3) sentence 4 AktG. The sale of treasury shares is also to be included, insofar as the shares are sold (exclusive of subscription rights) after this authorisation becomes effective, on the basis of an authorisation that is valid at the time this authorisation becomes effective or on the basis of an authorisation replacing this one, pursuant to Article 71 (1) sentence 1 no. 8 sentence 5 in conjunction with Article 186 (3) sentence 4 AktG.

Such inclusion ensures that no convertible bonds are issued exclusive of subscription rights pursuant to Article 221 (4) sentence 2 in conjunction with Article 186 (3) sentence 4 AktG if this would lead overall to the subscription rights of shareholders being excluded for more than ten percent of the share capital in direct or indirect application of Article 186 (3) sentence 4 AktG in the absence of a particularly pertinent reason. This more extensive restriction is in the interests of shareholders who wish to retain their participation quota as far as possible in the event of capital-raising measures.

The authorisation is also restricted to the extent that, in the event of the issue of convertible bonds excluding subscription rights pursuant to Article 221 (4) sentence 2 in conjunction with Article 186 (3) sentence 4 AktG, following exercising of the conversion rights or fulfilment of the conversion obligations, the shares to be issued, together with shares that are issued exclusive of subscription rights against non-cash contributions on the basis of the 2010 authorised capital (Article 5 of the Articles of Association), may not exceed 20% of the share capital existing at the time this authorisation becomes effective or, if lower, the share capital existing at the time use is made of the authorisation.

A prerequisite for an exclusion of subscription rights with Article 186 (3) sentence 4 AktG applying *mutatis mutandis* is that the issue price for the convertible bonds is not significantly lower than their theoretical market value. The Executive Board will therefore calculate the theoretical market value of the convertible bonds in accordance with recognised actuarial methods and determine an issue price for the bonds that is not significantly lower than the theoretical market value, thereby ensuring that the prerequisites of Article 186 (3) sentence 4 AktG are also observed in this respect in the utilisation of the 2011 Conditional Capital.

This possibility of excluding subscription rights will allow the Executive Board, with the Supervisory Board's approval, to call on the capital markets swiftly and at short notice and, by setting the conditions in line with the market, to achieve optimum conditions when determining the interest rate and in particular the issue price of the convertible bond, for example. This will therefore enable the Executive Board to strengthen the Company's capital base. Placement excluding shareholders' subscription rights opens up the possibility of realising a substantially higher inflow of funds than in the case of an issue with subscription rights. A crucial aspect here is that the exclusion of subscription rights gives the Company the necessary flexibility to take advantage of favourable stock market situations at short notice. Although Article 186 (2) permits publication of the subscription price in cases where subscription rights are granted (and therefore *mutatis mutandis* via Article 221 (4) sentence 2 AktG the conditions for convertible bonds in the case of convertible bonds) up to the third to last day of the subscription period, the volatility of the capital markets means that a market risk also applies over several days in such cases and leads to safety margins when the bond conditions are set and therefore to conditions that are not in line with the market. Subscription rights also jeopardise a successful placement due to the uncertainty of these being exercised (subscription behaviour), and in any case this is associated with additional costs. Ultimately, the granting of subscription rights means that the Company is unable to respond swiftly to favourable or unfavourable market conditions due to the length of the subscription period, but may instead be exposed, in particular, to declining share prices during the subscription period that may lead to unfavourable financing conditions for the Company.

The requirement to protect shareholders is taken into account by setting the issue price of the convertible bonds at a level that is not significantly lower than their theoretical market value, as in this way there is no unreasonable dilution of the economic value of their shares:

It is possible to determine whether a dilution effect applies by calculating the theoretical market price of the convertible bonds in accordance with recognised actuarial methods and comparing it with the issue price. If an obligatory check by the Executive Board reveals that this issue price is only marginally below the theoretical market price at the time the convertible bonds are issued, the value of a subscription right falls practically to zero. Shareholders therefore do not suffer any appreciable economic disadvantage as a result of subscription rights being excluded. In this case an exclusion of subscription rights is permitted in accordance with the spirit and purpose of the provisions of Article 186 (3) sentence 4 AktG. The protection of shareholders against an unreasonable dilution of their shareholdings is therefore guaranteed by setting the issue price at a level that is not significantly lower than the theoretical market value.

The Executive Board may seek expert advice from third parties in situations where it considers it appropriate, in particular with regard to the determination of the theoretical market value of the convertible bond. For instance, a syndicate bank supporting the issue can ensure in a suitable manner that no appreciable dilution of the value of the shares is to be expected. Independently of this check by the Executive Board, it is also possible to ensure that conditions are set in line with the market and therefore that any appreciable dilution in value is prevented by carrying out a book-building process. With this process the convertible bonds are not offered at a set issue price; the issue price and interest rate in particular, as well as other individual conditions relating to the convertible bonds, are only set on the basis of the purchase applications submitted by investors and the total value of the convertible bond is determined in line with the market. This ensures that there is no appreciable dilution of the value of the shares in the Company as a consequence of the exclusion of subscription rights and that no economic disadvantage therefore arises for shareholders due to subscription rights being excluded.

The proposed conditional increase in the share capital by up to €10,000,000.00 is intended exclusively to ensure the issue of the necessary shares in Deutsche EuroShop AG upon the exercising of conversion rights and the fulfilment of conversion obligations, insofar as these shares are required and treasury shares are not employed, for example.

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 9 June 2011 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
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.

Registering for the Annual General Meeting does not block or restrict access to shares in any way 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 9 June 2011 will therefore be unable to exercise the entitlements to participate at the Annual General Meeting and the voting rights of these shares. In such 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
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>

You will need an individual PIN for the purposes of authentication, which you will receive with the registration forms. These will be sent to you automatically if you are entered in the share register.

Article 135 AktG applies where banks and persons deemed equivalent pursuant to Article 135 (8) AktG are authorised.

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.

As well as the ability to register electronically, shareholders are also allowed 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 15 June 2011. Authorisations and instructions in writing or other text forms, in particular at the Annual General Meeting itself, are 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 put forward proposals.

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 16 May 2011. Please send requests to the following address:

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

Motions to be published – unless already included in the invitation – will be published immediately upon receipt in the electronic version of the German Federal Official Gazette. In addition, they form part of the notifications pursuant to Article 125 AktG. They will also be published on the Company's website at <http://www.deutsche-euroshop.de/HV>.

2. Countermotions and election proposals pursuant to Articles 126 (1), 127 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
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 1 June 2011, at the given address will be published on the Internet at <http://www.deutsche-euroshop.de/HV> 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 sent to any other address will not be considered. The above statements on Article 126 (1) AktG (including those concerning the listed address) correspondingly apply to a shareholder's proposal on the appointment of the auditors and the Group auditors pursuant to Article 127 AktG, although in this case no reason needs to be provided for the proposed appointment.

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

At the Annual General Meeting, every shareholder can request from the Executive Board, pursuant to Article 131 (1) AktG, information on Company matters, on the Company's legal and business relations to affiliate companies and on the situation of the Group 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 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 at <http://www.deutsche-euroshop.de/HV>.

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

At the time of convening this Annual General Meeting, the Company's share capital was divided into 51,631,400 no-par value shares with a total of 51,631,400 voting rights. The Company does not hold any treasury shares at the time of convening this Annual General Meeting.

VI. Information pursuant to Article 135 (2) 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, November 2010
Commerzbank AG
DZ Bank AG

Hamburg, May 2011
Deutsche EuroShop AG
The Executive Board

WAY SISCRIPTOPN

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 Sievekingsallee 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.

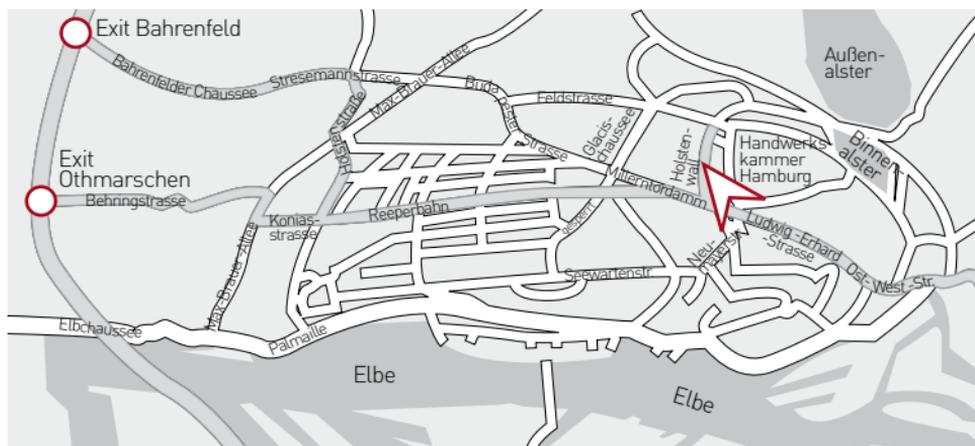
Take the Wallanlagen exit, go past the law courts and turn right into Holstenwall. Total walking distance: approx. 400 m.

U3: St. Pauli station:
Take the Millerntor exit. It takes around five minutes on foot to reach Holstenwall from the station.

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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I am

- a DES shareholder
 just interested

Something I have always wanted to tell you
(positive and negative feedback, etc.):

Name: _____

Street: _____

Postcode and city: _____

E-mail: _____

Shareholder Reference Number (SRN) (if known): 20 --- --- ---

* We will send the annual report to our shareholders or interested parties only if desired.
The quarterly reports will be available for download on our website on
www.deutsche-euroshop.com/ir.

Franking
optional

BUSINESS REPLY

Deutsche EuroShop AG
Investor & Public Relations
Oderfelder Straße 23

20149 Hamburg / Germany

KEY FIGURES

10 YEARS OF DEUTSCHE EUROSHOP AG

NUMBER OF SHOPPING CENTERS

+125 %

2001: 8 2010: 18

DIVIDEND PER SHARE

+15 %

2001: 0,96 € 2010: 1,10 €

REVENUE

+535 %

2001: 22,7 Mio. € 2010: 144,2 Mio. €

EBT BEFORE VALUATION

+264 %

2001: 17,6 Mio. € 2010: 63,9 Mio. €

FFO

+271 %

2001: 17,1 Mio. € 2010: 63,6 Mio. €

FFO PER SHARE

+155 %

2001: 0,55 € 2010: 1,40 €

TOTAL ASSETS

+218 %

2001: 932,8 Mio. € 2010: 2.963,6 Mio. €

MARKET CAP

+149 %

2001: 600 Mio. € 2010: 1.496 Mio. €

