

CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

In this declaration, TLG IMMOBILIEN AG (also referred to as ‘the Company’) reports on the principles of management pursuant to § 289a of the German Commercial Code (HGB) and on corporate governance pursuant to § 161 of the German Stock Corporation Act (AktG) and recommendation 3.10 of the German Corporate Governance Code (‘the Code’). Besides a declaration of compliance with the Code, the declaration contains information on management practices, the composition and methods of the Management and Supervisory Boards and Supervisory Board committees, as well as information on other significant corporate governance structures.

IMPLEMENTATION OF THE CODE

Corporate governance denotes the responsible management and control of a company with a view to generating value over the long term. The management and corporate culture of TLG IMMOBILIEN AG comply with the statutory provisions and – with a few exceptions – the supplementary recommendations of the Code. The Management and Supervisory Boards of TLG IMMOBILIEN AG feel committed to corporate governance; all divisions of the Company adhere to it. We focus on values such as expertise, transparency and sustainability.

In the 2014 financial year, the Management and Supervisory Boards worked carefully to meet the standards of the Code. They factored in the amendments to the Code of 24 June 2014, which were published in the Federal Gazette on 30 September 2014, and in April 2015 they issued their declaration of compliance with the recommendations of the Code for the 2014 financial year in line with § 161 AktG and explained the few deviations. The declaration is available to shareholders and interested investors alike at <http://ir.tlg.eu/websites/tlg/English/7200/declaration-of-compliance.html>.

DECLARATION OF COMPLIANCE

In April, the Management and Supervisory Boards of the Company issued the following joint declaration of compliance pursuant to § 161 AktG:

“The Management and Supervisory Boards of TLG IMMOBILIEN AG declare that TLG IMMOBILIEN AG has fulfilled the recommendations of the amended Code dated 24 June 2014 since 10 September 2014 (the date on which the Company’s reorganisation as an Aktiengesellschaft was entered into the commercial register), with the exception of recommendation 4.2.1 (no spokesman for the Management Board), recommendation 5.4.1 (concrete objectives regarding the composition of the Supervisory Board), recommendation 5.6 (examination of efficiency) and recommendation 7.1.2 line 4 (shorter publication deadlines for financial reports). Furthermore, the Management and Supervisory Boards of TLG IMMOBILIEN AG intend to meet all of the recommendations of the Code in the future, excluding the following temporary exceptions described below.

RECOMMENDATION 4.2.1 OF THE CODE: THE MANAGEMENT BOARD SHALL HAVE A CHAIRMAN OR SPOKESMAN

Recommendation 4.2.1 of the Code recommends that the Management Board consist of several people and has a chairman or spokesman.

Due to the size and composition of the Management Board, the chosen structure ensures good, close cooperation between its members.

RECOMMENDATION 5.4.1 OF THE CODE: CONCRETE OBJECTIVES REGARDING THE COMPOSITION OF THE SUPERVISORY BOARD

Pursuant to recommendation 5.4.1 of the Code, the Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of recommendation 5.4.2, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.

Due to the fact that the Supervisory Board was only active for four months in the 2014 financial year, and the fact that the 2014 financial year was greatly characterised by the IPO, such objectives have not yet been set; as a result, recommendations to election bodies could not take these into account and there is no such information in the Corporate Governance Report. In the future, objectives are to be set on a regular basis. In light of the German law on equal opportunities for men and women in managerial positions in public and private companies, the Supervisory Board will address the issue of having a fair proportion of women as it will be responsible for defining goals designed to increase the number of women on the Supervisory and Management Boards and for setting deadlines for these goals. The Company plans to fulfil these recommendations in the future.

RECOMMENDATION 5.6 OF THE CODE: EXAMINATION OF EFFICIENCY

Pursuant to recommendation 5.6 of the Code, the Supervisory Board shall examine the efficiency of its activities on a regular basis.

Due to the fact that the Supervisory Board was only active for four months in the 2014 financial year, this examination of efficiency has not yet been carried out. It will be carried out regularly in the future.

RECOMMENDATION 7.1.2 LINE 4 OF THE CODE: SHORTER PUBLICATION DEADLINES FOR FINANCIAL REPORTS

Pursuant to recommendation 7.1.2 line 4 of the Code, the consolidated financial statements of the Company shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period.

TLG IMMOBILIEN AG published the interim report within two months of the end of each reporting period. Due to internal optimisations, the processes are to be adapted and streamlined – with consideration for the level of care necessary for the preparation of financial reports – in order that the goal of publishing consolidated financial statements and interim reports, which are to be prepared after this declaration of conformity is issued, within the deadlines prescribed by recommendation 7.1.2 line 4 of the Code is achieved.”

Furthermore, the Company voluntarily fulfils the recommendations of the version of the Code dated 24 June 2014, with the following exceptions:

- ▼ Recommendation 2.3.2 of the Code: availability of the representative during the general meeting;
- ▼ Recommendation 2.3.3 of the Code: following the general meeting using modern communication media.

MANAGEMENT PRACTICES

At the moment, no special management practices exceeding the statutory requirements or the recommendations of the Code are in place.

WORKING METHODS OF THE MANAGEMENT AND SUPERVISORY BOARDS

As an Aktiengesellschaft incorporated under German law, TLG IMMOBILIEN AG has a dual management system consisting of the Management Board and Supervisory Board. The Management and Supervisory Boards work closely together to further the interests of the Company. In this context, the Management Board is responsible for management, and the role of the Supervisory Board involves control, monitoring and consultation. The shareholders of TLG IMMOBILIEN AG exercise their rights in the general meeting.

MANAGEMENT BOARD

The Management Board is responsible for the management of TLG IMMOBILIEN AG in line with the statutory provisions, the Articles of Association and the rules of procedure for the Management Board. Obligated to generate long-term value, it serves the interests of the Company. The Management Board develops the strategy of the Company, coordinates it with the Supervisory Board and ensures that it is implemented. It is also responsible for reasonable risk management and control within the Company and for submitting regular, prompt and comprehensive reports to the Supervisory Board.

The Management Board performs its management duties as a collegial body. The Board's overall responsibility for general management notwithstanding, the members of the Management Board manage the divisions to which each has been assigned by the Management Board on their own authority. The divisions are divided between the members of the Management Board as set out in the business distribution plan. Under this plan, Mr Peter Finkbeiner is responsible for finance,