

General Meeting of TLG IMMOBILIEN AG on December 28, 2021

Report of the Management Board pursuant Section 71 para. 1 no. 8 sentence 5 of the German Stock Corporation Act in conjunction with Section 186 para. 4 sentence 2 of the German Stock Corporation Act (AktG)

In accordance with Section 71 para. 1 no. 8 sentence 5 AktG in conjunction with Section 186 para. 4 sentence 2 AktG, for agenda items 7 and 8, the Management Board submits to the General Meeting this report on the reasons for the authorization to exclude the subscription rights of shareholders when disposing of the acquired treasury shares:

Under agenda item 7, the Management Board and Supervisory Board propose that the company be authorized to acquire treasury shares of up to 10% of the share capital existing at the time the resolution is adopted by the General Meeting or - if this value is lower - at the time the authorization is exercised, until December 27, 2026. The treasury shares may be acquired both by the company itself and by controlled companies or companies in which the company holds a majority interest (group companies) or by third parties acting for the account of the company or for the account of group companies. The purpose of this authorization is to maintain the possibility of share repurchases and the use of the shares acquired which was last resolved by the Annual General Meeting on May 21, 2019 under agenda item 8. The scope of the authorization is limited to a total of up to 10% of the company's share capital existing at the time the resolution is adopted or - if lower - at the time the authorization is exercised. The existing authorization to purchase and use treasury shares resolved by the Annual General Meeting on May 21, 2019 was exercised for a total of 6,433,546, corresponding to approximately 6.2% of the share capital existing at the time the resolution on the authorization was adopted. In order to allow the flexible acquisition and use of treasury shares in the future, it is to be proposed to the General Meeting that the company be granted a new authorization to acquire and use treasury shares, cancelling the existing authorization.

Under agenda item 8, the Management Board and Supervisory Board propose that, in addition to the options provided for under agenda item 7, the company should also be allowed to use equity derivatives to acquire its own shares up to December 27, 2026.

The acquisition of treasury shares may be exercised on the stock exchange or by means of a Public Tender Offer or a Public Exchange Offer. With regard to the acquisition, the principle of equal treatment of shareholders pursuant to Section 53a AktG must be taken into consideration. A proposed acquisition on the stock exchange or by means of a Public Tender Offer or a Public Exchange Offer takes this into account. If, as part of a Public Tender Offer or a Public Exchange Offer, the number of tendered shares exceeds the acquisition volume provided for by the company, the acquisition or exchange shall take place proportionally based on the ratio of tendered shares per shareholder. However, a preferred acquisition or exchange of lower numbers of up to 100 shares per share can be provided for, regardless of the shares tendered by the shareholder. The acquisition shall not take into account shares with a tender price at which the shareholder is prepared to sell the shares to the company that has been set by the shareholder and that is higher than the purchase price set by the company. This applies analogously to an exchange ratio set by a shareholder where the company would have to deliver and transfer more shares for shares of the company than it would using the exchange ratio set by the company.

- a) The proposed authorization shall enable acquired treasury shares to be redeemed without a further resolution by the General Meeting or re-sold on the stock exchange or as part of a public offer to all shareholders. The redemption of treasury shares will generally cause a reduction in the share capital of the company. However, the Management Board is also authorized to redeem the treasury shares without reducing the share capital pursuant to Section 237 para. 3 no. 3 AktG. This would proportionately increase the stake that the remaining shares have in the share capital pursuant to Section 8 para. 3 AktG (the nominal amount). The principle of equal treatment of shareholders shall be upheld as part of both of the aforementioned means of disposal.
- b) Furthermore, with the approval of the Supervisory Board, the Management Board should be able to offer and transfer treasury shares as consideration as part of mergers or as consideration when acquiring companies, plants, parts of companies or interests. The authorization proposed for this reason should strengthen the company when it competes to acquire interesting properties and enable it to respond to arising opportunities to make acquisitions with speed and flexibility and without compromising its liquidity. The proposed exclusion of the subscription rights of shareholders takes this into account. The economic rationale behind this kind of using treasury shares does not necessarily cease to apply after the TLG Immobilien AG shares are delisted from trading in the regulated market of a German stock exchange. The decision on whether or not to use treasury shares shall be made by the Management Board on a case-by-case basis and it shall be guided exclusively by the interests of the company and its shareholders. When valuing the treasury shares and the consideration for them, the Management Board shall ensure that the interests of the shareholders are taken into reasonable account. If a stock exchange price is available for TLG Immobilien AG shares, the Management Board shall take such price into consideration; however, a schematic link to such stock exchange price is not intended in particular to allow the Management Board to evaluate the reliability of the stock exchange price after the TLG Immobilien AG shares are delisted from trading in the regulated market of a German stock exchange (e.g., in case of the shares being included in trading at an over-the-counter market) and to prevent negotiated agreements from being thrown back into question again by to fluctuations of the stock exchange price.
- c) c) With the approval of the Supervisory Board, the Management Board should also be able to sell acquired treasury shares to third parties in exchange for cash contributions, excluding the subscription rights of shareholders, provided that the selling price per share is not significantly lower than the stock market price (as defined in Section 24 para. 1 BörsG) of the company's shares at the time of the sale. This authorization makes use of the option to simplify the exclusion of subscription rights permitted by Section 71 para. 1 no. 8 sentence 5 AktG in application of Section 186 para. 3 sentence 4 AktG. This enables the Management Board to make use of opportunities arising from favorable stock market situations with speed and flexibility and generate the highest possible re-sale price through near-market pricing. In turn, this makes it possible to strengthen the equity and access new groups of investors. The authorization is subject to the condition that the shares issued to the exclusion of subscription rights may not exceed 10% of the share capital, neither when the resolution is passed nor when the authority is exercised. Shares that have been issued during the term of the resale authorization in direct or analogous application of Section 186 para. 3 sentence 4 AktG must be counted towards this limit. The same applies to shares issued or that are to be issued to serve convertible or warrant bonds, or participation rights with conversion or option rights, if those bonds were issued or sold during the term of this authorization up to that point to the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG. The asset and voting interests of the shareholders will be sufficiently

protected by this manner of selling treasury shares. In principle, the shareholders have the option to maintain their relative shareholding at similar rates by acquiring shares on the stock exchange.

- d) Treasury shares may only be acquired using derivative financial instruments in the form of put and call options or a combination of both instruments by means of option transactions with a financial institution or at near-market rates on the stock exchange. In order to prevent a dilution effect, the acquisition of treasury shares using derivative financial instruments in the form of put and call options or a combination of both instruments is also limited to 5% of the share capital as a maximum for treasury shares, in which regard the treasury shares acquired using derivative financial instruments shall be counted towards the maximum limit of 10% of the company's share capital when treasury shares are acquired and held.
- e) In addition, it is also intended that the company be able to utilize its treasury shares to fulfill
- e) Furthermore, the company should be able to use treasury shares to satisfy acquisition obligations or exercise acquisition rights to shares of the company arising from and in connection with convertible or warrant bonds or participation rights with conversion or option rights that have been issued by the company or one of its group companies. The subscription rights of the shareholders must be excluded for this purpose. This applies even if treasury shares are sold by means of a public offer to all shareholders for the opportunity to grant the holders of such instruments the same subscription rights to the shares as they would have had if the conversion or option rights in question had already been exercised (dilution protection). This authorization is subject to the condition that the shares issued to the exclusion of subscription rights may not exceed 10% of the share capital, neither when the resolution is passed nor when the authority is exercised. Shares that have been issued or sold during the term of the resale authorization in direct or analogous application of Section 186 para. 3 sentence 4 AktG must be counted towards this limit. The same applies to shares issued or that are to be issued to serve convertible or warrant bonds, or participation rights with conversion or option rights, if those bonds were issued during the term of this authorization up to that point to the exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG.

In the subsequent General Meetings, the Management Board shall report on any case in which it has exercised this authority in accordance with Section 71 para. 3 sentence 1 AktG.

Berlin, November 2021

TLG IMMOBILIEN AG
– The Management Board –