

# REPORT OF THE SUPERVISORY BOARD

## Dear Shareholders,

TLG IMMOBILIEN AG was able to hold its ground in the 2020 financial year, which was heavily impacted by the coronavirus pandemic. In addition to intensifying the cooperation with Aroundtown SA to form a leading real estate company, TLG IMMOBILIEN AG responded to the changes in the market situation and streamlined its portfolio by successfully exploiting market opportunities as they arose.

## A TRUSTING PARTNERSHIP WITH THE MANAGEMENT BOARD

In the 2020 financial year, the Supervisory Board fulfilled the role incumbent upon it in line with the law, Articles of Association, German Corporate Governance Code and rules of procedure with the greatest of care. It regularly advised the Management Board on the management of the company and monitored its activities.

The Management Board provided the Supervisory Board with regular, prompt and comprehensive reports on policies, strategy and planning and the position of the company, including opportunities and risks, the course of business and risk management. Any deviations between actual and planned developments were also discussed, and significant transactions were coordinated between the Supervisory Board and the Management Board.

The Chairperson of the Supervisory Board and the other members of the Supervisory Board were also in frequent contact with the Management Board outside of the meetings of the Supervisory Board in order to discuss important matters. In particular, they discussed the strategic orientation and the development of the business of the company in detail. The merger with Aroundtown SA also occupied a central place in their close collaboration.

The Supervisory Board was quickly and directly involved in all decisions of fundamental importance to the company and in all transactions requiring approval.

## MEETINGS OF THE SUPERVISORY BOARD

Of the 26 meetings of the Supervisory Board in the 2020 financial year, two were meetings in person and 24 were teleconferences. The Supervisory Board discussed current business developments, important individual transactions and transactions requiring its approval. Furthermore, resolutions were passed by circulation in ten cases.

The Supervisory Board passed the necessary resolution for each proposal after carrying out thorough examinations and holding detailed discussions in its meetings. All of the members of the Supervisory Board were present at 22 meetings in the 2020 financial year, or took part in passing resolutions by circulation. Jonathan Lurie was unable to participate in four meetings.

In the 2020 financial year, the work of the Supervisory Board focused on the business planning and development of TLG IMMOBILIEN AG, the merger with Aroundtown SA, various development projects and portfolio streamlining, as well as the changes to the Management Board and Supervisory Board.

The Supervisory Board regularly held in-depth consultations on the development of the office and retail portfolio as well as on the cash flows and liquidity of the Group.

On 22 January 2020, the Supervisory Board passed a resolution by circulation to amend the share capital in the Articles of Association in accordance with Sec. 201 of the German Stock Corporation Act (AktG) due to the utilisation of the company's Authorised Capital 2017/III in 2018.

On 23 January 2020, the Supervisory Board passed a resolution by circulation to approve the purchase of a portfolio in the Prenzlauer Berg district of Berlin.

On 11 February 2020, the Supervisory Board held its first meeting in person to discuss the status of the Aroundtown SA takeover bid and the annual general meeting scheduled for the 2020 financial year.

The stock exchange listing of TLG IMMOBILIEN AG was discussed in a Supervisory Board meeting held by telephone on 4 March 2020.

At its meeting held by telephone on 18 March 2020, the Supervisory Board addressed the initial impact of the COVID-19 pandemic.

On 27 March 2020, the annual and consolidated financial statements for 2019 were presented, discussed with the members of the Audit Committee and approved in a meeting of the Supervisory Board held by telephone. The appropriation of the net retained profit and the appointment of the auditor were also approved. The report of the Supervisory Board to the general meeting and the corporate governance report were approved. Furthermore, resolutions were passed on the agenda for the annual general meeting in 2020, on an amendment to the Articles of Association regarding the number of Supervisory Board members, and on the selection of a notary to conduct a proper general meeting.

In a resolution by circulation dated 20 April 2020, the Supervisory Board passed a resolution on the remuneration of the Management Board for 2019.

On 27 April 2020, the format and agenda for the 2020 annual general meeting were again discussed in a Supervisory Board meeting held by telephone.

In its following meeting held by telephone on 15 May 2020, the Supervisory Board approved the engagement of Ernst & Young regarding the audit of two projects.

On 11 June 2020, Management Board matters were discussed in a Supervisory Board meeting held by telephone.

In the Supervisory Board meetings held by telephone on 22 and 26 June 2020, the Supervisory Board approved the sale of two retail portfolios.

In a telephone meeting held on 21 July 2020, the Supervisory Board approved the change of issuer regarding certain financing instruments of TLG IMMOBILIEN AG to Aroundtown SA.

In the telephone meeting on 30 July 2020, Mr Ronny Schneider was appointed as a member of the Management Board.

In a meeting held by telephone on 26 August 2020, the Supervisory Board again discussed the upcoming virtual annual general meeting, the appropriation of profits, and possible restructuring measures, as well as resolving to appoint a notary. In addition, the Supervisory Board approved the engagement of Ernst & Young to audit a further project.

In three further telephone meetings held on 7, 24 and 30 September 2020, the Supervisory Board discussed the restructuring measures for TLG IMMOBILIEN AG and approved the continuation of planning.

On 2 October 2020, the Supervisory Board passed a resolution by circulation to dispose of a retail portfolio.

On 13 October 2020, the Supervisory Board held a telephone meeting to debrief the annual general meeting and reconstitute itself in its new composition.

On 26 October, the Supervisory Board approved by circular resolution the appointment of Eran Amir to the Management Board, effective 1 November 2020.

On 28 October, the Supervisory Board approved a termination agreement with Management Board member Mr Bar-Hen in a telephone meeting.

On 4 November 2020, the Supervisory Board passed a resolution by circulation to dispose of an office property.

On 19 November 2020, the Supervisory Board held a telephone meeting to discuss the status of cooperation with Aroundtown SA and the restructuring projects. The sale of an office property was also approved. A resolution was also passed to implement a share buyback program and to engage a law firm for the purpose.

On 20 November 2020, the Supervisory Board approved restructuring measures in a meeting held by telephone.

On 25 November 2020, the Supervisory Board approved the sale of a retail portfolio in a circular resolution.

On 27 November 2020, the Supervisory Board held an in-person meeting to discuss the key financial figures of TLG IMMOBILIEN AG and the results for the third quarter of 2020.

On 30 November 2020, the Supervisory Board elected Mr Frank Roseen to succeed Mr Sascha Hettrich as Chairperson of the Supervisory Board in a meeting held by telephone.

In a further meeting of the Supervisory Board held by telephone on 2 December 2020, the Board resolved to have Mr David Maimon appointed by court order as a member of the Supervisory Board to succeed Mr Sascha Hettrich, in accordance with Sec. 104 AktG.

A share buyback program was discussed again on 4 December.

On 7 December 2020, the Supervisory Board resolved in a telephone meeting on Management Board matters, and in another telephone meeting on the implementation of the share buyback program.

In each of the meetings on 8 and 15 December 2020, the Supervisory Board approved the sale of one office property in circular resolutions.

On 21 December 2020, the Supervisory Board resolved to amend the rules of procedure for the Management Board and the Supervisory Board, and adopted the report on the Corporate Governance Code.

On 29 December 2020, the Supervisory Board approved the sale of a hotel portfolio in a further circular resolution.

### **EFFICIENT WORK IN FOUR SUPERVISORY BOARD COMMITTEES**

In order to efficiently fulfil its duties, the Supervisory Board initially formed four committees in the 2020 financial year and continuously evaluated their requirements and activities during the reporting year. As a result of the reduction in the size of the Supervisory Board to three members in accordance with the Articles of Association, the Supervisory Board no longer has any committees apart from an Audit Committee. The full Board of Management combines the necessary qualifications and independence required for committees to be formed.

Specifically, there were four committees in the reporting year – the Presidential and Nomination Committee, the Audit Committee, the Capital Market and Acquisitions Committee and the Project Development Committee – whose duties are described in more detail in the corporate governance report available at <https://ir.tlg.eu/corporategovernance>.

Where legally permissible, individual committees were granted decision-making powers by the rules of procedure or resolution of the Supervisory Board. At the meeting of the Supervisory Board following each committee meeting, the chairpersons of the committees reported on the work of the committees.

The **Presidential and Nomination Committee** did not meet in the 2020 reporting year; the relevant topics were discussed by the full board in each case due to their particular importance in the context of TLG IMMOBILIEN AG.

The **Audit Committee** held three telephone meetings in the reporting year and passed two circular resolutions (2 February, 19 February, 27 March, 26 May and 25 August 2020). In particular, the subjects discussed by the committee included the preliminary audit of the annual financial statements, consolidated financial statements and interim reports of TLG IMMOBILIEN AG. It provided the Supervisory Board with a recommendation on which auditor to appoint for the 2020 financial year, procured the independence declaration from the auditor and monitored the activities of the auditor. Furthermore, the Audit Committee approved the engagement of Ernst & Young Israel in connection with the audit of a project of Aroundtown SA. The members of the Audit Committee have particular knowledge and experience in the application of GAAP and internal control processes.

The **Capital Markets and Acquisitions Committee** did not meet in the 2020 reporting year; the relevant topics were discussed by the full board in each case due to their particular importance in the context of TLG IMMOBILIEN AG.

The **Project Development Committee** met once in total, on 6 April 2020. The meeting focused on the project development measures of TLG IMMOBILIEN AG.

## CORPORATE GOVERNANCE

The Supervisory Board continuously monitored and discussed the development of the corporate governance of the company. The corporate governance report available at <https://ir.tlg.eu/corporategovernance> contains detailed information on this system, including the structure and amount of remuneration paid to the Supervisory Board and Management Board.

The Management Board and Supervisory Board have discussed the requirements of the German Corporate Governance Code as applicable in the reporting year in detail, as well as their implementation. They have issued their updated joint declaration of compliance in accordance with Sec. 161 AktG and published it on the website of TLG IMMOBILIEN AG at <https://ir.tlg.eu/declaration-of-compliance>.

## AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements of TLG IMMOBILIEN AG and the consolidated financial statements as at 31 December 2020, including management reports, prepared by the Management Board were examined by the auditor appointed by the annual general meeting on 7 October 2020 and engaged by the Supervisory Board, the Berlin office of Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, (Ernst & Young) and given an unqualified opinion.

In addition, Ernst & Young audited the Management Board's report on relations with affiliated companies pursuant to Section 312 AktG (dependence report). Ernst & Young issued the following unqualified opinion on this report in accordance with Section 313 (3) AktG:

“Based on the results of our audit, the dependence report does not give rise to any reservations. We therefore issue the following auditor’s report:

Based on our audit performed in accordance with professional standards and our professional judgment, we confirm that:

1. The factual statements contained in the report are correct.
2. The consideration paid by the Company for the legal transactions stated in the report was not excessive.”

Once prepared, the annual and consolidated financial statements of TLG IMMOBILIEN AG, including management reports, the dependence report and the audit reports of the auditor, were issued to all members of the Supervisory Board without undue delay. The auditor attended the Audit Committee meeting held on 14 March 2021 and reported on the key results of the audit. After an in-depth discussion, the Audit Committee agreed with the results of the audit.

At the Supervisory Board meeting held on 15 April 2021, the Chairperson of the Audit Committee reported on the key results of the audit by the auditor. Additionally, the auditor reported on the key results of the audit, answered questions and provided more information to the members of the Supervisory Board. The Supervisory Board carefully examined the annual financial statements, the management report, the dependence report including the final declaration of the Management Board, the consolidated financial statements, the Group management report, the proposed appropriation of net retained profits and the audit reports prepared by the auditor. After reviewing the audit reports and based on the results of its own examinations, the Supervisory Board has no objections. Therefore, the Supervisory Board approved the annual and consolidated financial statements and the dependence report as at 31 December 2020 that had been prepared by the Management Board. The annual financial statements were, therefore, adopted.

The adopted annual financial statements report a net retained profit. The Supervisory Board accepts the proposal made by the Management Board as to the appropriation of the net retained profit. The proposal of the Management Board will remain subject to the further development of the market conditions relevant for TLG IMMOBILIEN until the invitation to the annual general meeting is published. Therefore, the Supervisory Board and Management Board will likely add a resolution on the payment of a dividend of Euro 1.02 per no-par value share (Euro 108 million based on the number of shares as at 31 December 2020) to the agenda of the annual general meeting in 2021.

## **CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD**

Mr Klaus Krägel stepped down from the Supervisory Board with effect from the end of the annual general meeting 2020 on 7 October 2020. Mr Jonathan Lurie and Mr Helmut Ullrich also resigned from office at their own request when the registration of the amendment to the Articles of Association of TLG IMMOBILIEN AG regarding the reduction of the Supervisory Board from six to three members became effective, i.e. on 16 November 2020.

On 7 October 2020, the annual general meeting of TLG IMMOBILIEN AG elected Mr Frank Roseen as a new member of the Supervisory Board. Mr Roseen was appointed as a member of the Supervisory Board until the end of the general meeting that resolves on the exoneration of the Supervisory Board

for the fourth financial year after the start of his term of office, not counting the financial year in which his term of office started.

Mr Sascha Hettrich also stepped down from his office as Chairperson of the Supervisory Board on 30 November 2020 and from his office as a member of the Supervisory Board of TLG IMMOBILIEN AG on 31 December 2020. As a result, the Supervisory Board elected Mr Frank Roseen as its Chairperson on 30 November 2020.

Mr David Maimon was appointed as a new member of the Supervisory Board by the local court of Berlin Charlottenburg in January 2021 until the end of the annual general meeting 2021

Mr Gerald Klinck and Mr Jürgen Overath stepped down from the Management Board with effect from 31 March 2020 and 31 July 2020 respectively. With effect from the end of 31 October 2020, Mr Bar-Hen stepped down from his position as a member of the Management Board and as CEO.

Mr Ronny Schneider was appointed as a further member of the Management Board of TLG IMMOBILIEN AG with effect from 1 August 2020. Mr Schneider stepped down with effect from the end of 9 February 2021.

Mr Eran Amir was appointed as an additional member of the Management Board with effect from 1 November 2020. Finally, Mr Roy Vishnovizki was appointed as a member of the Management Board and CEO of TLG IMMOBILIEN AG with effect from 10 February 2021.

On behalf of the Supervisory Board, I would like to thank all members of the Management Board as well as the employees of TLG IMMOBILIEN AG for their commitment and the constructive work last year.

Berlin, March 2021

For the Supervisory Board  
Frank Roseen  
Chairperson of the Supervisory Board