

# FULLY ON TRACK

2016 Annual General Meeting



## **TLG IMMOBILIEN AG**

Berlin

ISIN DE000A12B8Z4

WKN A12B8Z

### **Invitation to the 2016 ordinary Annual General Meeting**

Our shareholders are herewith  
invited to attend on

**Tuesday, 31 May 2016**

at 10 AM (CEST)

in the RAMADA Hotel Berlin-Alexanderplatz,  
hotel lobby entrance,  
Karl-Liebknecht-Straße 32, 10178 Berlin

the

**2016 ordinary Annual General Meeting.**

This is a convenience translation  
of the original German document.

## I. Agenda

- 1. Presentation of the adopted annual financial statements and the consolidated financial statements approved by the Supervisory Board on 31 December 2015, the management reports for the Company and the Group, including the report of the Supervisory Board for the 2015 financial year, as well as the explanatory report of the Management Board on disclosures pursuant to Art. 289, para. 4, Art. 315, para. 4 HGB of 31 December 2015**

The Supervisory Board has approved the annual financial statements drafted by the Management Board, the annual financial statements are thus adopted. Therefore, a resolution by the Annual General Meeting regarding Agenda Point 1 is not included and also not necessary. However, the listed documents must be made available to the Annual General Meeting and must be explained by the Management Board and – in the case of the Supervisory Board Report – by the Supervisory Board's chairperson. As part of their right to information, shareholders have the opportunity to ask questions regarding the documents presented.

## 2. Resolution regarding the use of the net profit for the 2015 financial year of TLG IMMOBILIEN AG

The Management Board and the Supervisory Board propose using the net profit of EUR 50,574,244.50 listed in the adopted annual financial statements of 31 December 2015 as follows:

Distribution to shareholders:

Payment of a dividend of EUR 0.72 per bearer share with the securities identification number ISIN DE000A12B8Z4 which is entitled to dividends for the 2015 financial year; for 67,432,326 bearer shares, this represents	EUR 448,551,274.72
Accumulated profit	<u>EUR 2,022,969.78</u>
Net profit	EUR 50,574,244.50

At the time of convening, the Company does not own any of its own shares. If the Company holds own shares at the time of the Annual General Meeting, they are not entitled to dividends pursuant to Art. 71b AktG. In this case, the Annual General Meeting will receive a suitably adjusted proposal for the distribution of profit, maintaining the payment of EUR 0.72 per value share entitled to dividends.

The dividend shall be paid in full from the tax reserve account within the meaning of Art. 27 KStG (deposits not paid into the nominal capital). Therefore, it shall be paid without deduction of capital gains tax and solidarity surcharge, and does not result in taxable income from capital assets pursuant to Art. 20, para. 1, line 1 no. 1 EStG. A tax reimbursement or tax credit option is not linked to the dividend.

**3. Resolution regarding the discharge of the members of the Management Board for the 2015 financial year**

The Management Board and the Supervisory Board propose discharging the members of the Management Board for the 2015 financial year.

**4. Resolution regarding the discharge of the members of the Supervisory Board for the 2015 financial year**

The Management Board and the Supervisory Board propose discharging the members of the Supervisory Board for the 2015 financial year.

**5. Resolution regarding the appointment of the auditor and of the Group auditor, as well as of the auditor for the potential audit review of the condensed financial statements and of the interim management report, as well as for the potential audit review of additional infra-annual financial information**

Following the recommendation of its audit committee, the Supervisory Board nominates the auditing firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin branch,

- a) as auditor and Group auditor for the 2016 financial year;
- b) in case of an audit review of the condensed financial statements and of the interim management report (Art. 37w, para. 5 and 37y, no. 2 WpHF) for the first half of the 2016 financial year, as auditor for such audit review; as well as
- c) in case of an audit review of additional infra-annual financial information (Art. 37w para. 7 WpHG) for the first and/or third quarter of the 2016 financial year and/or for the first quarter of the 2017 financial year as auditor for such audit review

## 6. Elections for the Supervisory Board

Pursuant to Art. 95, 96, para. 1, 101, para. 1 AktG and Art. 11.1 of the Articles of Association, the Supervisory Board consists of six members that must be elected by the shareholders. The Annual General Meeting is not bound by nominations.

Following the resignation of the Supervisory Board member Mr. Axel Salzmann on 25 June 2015, the District Court of Berlin, upon the Company's request, has appointed Mr. Helmut Ullrich as member of the Supervisory Board effective as of 23 July 2015 until the following Annual General Meeting.

In this context, the Supervisory Board, following the recommendation of the Supervisory Board's Nomination Committee, proposes to decide:

Mr. Helmut Ullrich, residing in Berlin, Assessor jur., is appointed member of the Supervisory Board of TLG IMMOBILIEN AG for a mandate lasting until the end of the Annual General Meeting, which decides with regard to the discharge for the fourth financial year following the start of the mandate, where the financial year in which the mandate commences is not included.

Mr. Helmut Ullrich is currently a member of the following legally required Supervisory Boards within the meaning of Art. 125, para. 1, line 5, phrase 1 AktG:

- Member of the Supervisory Board of GSW Immobilien AG and chairman of the Audit Committee

and is currently not a member of comparable domestic or foreign supervisory bodies of business enterprises within the meaning of Art. 125, para. 1, line 5, phrase 2 AktG.

The Supervisory Board has confirmed with Mr. Ullrich that he is able to make the necessary time investment.

In the Supervisory Board's opinion, there are no personal or business relations between Mr. Helmut Ullrich on the one hand and the companies of the TLG IMMOBILIEN Group, the bodies of the TLG IMMOBILIEN AG, or a shareholder directly or indirectly holding more than 10% of voting shares of the TLG IMMOBILIEN AG on the other hand, which may be relevant for the voting decision made by the Annual General Meeting.

Helmut Ullrich completed his higher education in 1977 by passing the first State Exam in Law at the Friedrich Wilhelm University Bonn, and his clerkship at the Cologne Higher Regional Court in 1980 by passing the second State Exam in Law. In 1996 he completed his training as Chartered Surveyor (FRICS). Starting in 1989, Helmut Ullrich held various real estate business management positions within the Deutsche Bank Group. These included since 1997 business manager (CFO and COO) of DB Real Estate Management GmbH, Eschborn, and DB Real Estate Investment GmbH (later

RREEF Management GmbH and RREEF Investment GmbH), Eschborn. From 2002 to 2007, he was chairman of the Supervisory Board, and from 2007 to 2012 member of the Management Board (CFO) of Deutsche Wohnen AG, Frankfurt am Main.

## **7. Resolution regarding the creation of an additional 2016 Authorised Capital with the option of excluding subscription rights, as well as the corresponding supplement to the Articles of Association**

By Resolution of the Annual General Meeting of 22 October 2014, with the agreement of the Supervisory Board, the Management Board was authorised to increase the Company's Registered Capital for the period until 21 October 2019 by up to EUR 30,651,163.00 once or several times by issuing up to 30,651,163 bearer shares against cash payment and/or contributions in kind (2014/II Authorised Capital).

Making partial use of this authorisation, the Company increased in November 2015 the Company's Registered Capital against cash payment and excluding the subscription rights of shareholders from EUR 61,302,326.00 by EUR 6,130,000.00, i.e. by approx. 10 %, to EUR 67,432,326.00. Therefore, the 2014/II Authorised Capital currently remains at EUR 24,521,163.00.

The issue of shares against cash payment may only take place excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG if the pro rata amount of the registered capital due to the new shares issued excluding subscription rights does not exceed 10% of the Registered Capital, neither on the effective date nor at the time of exercising the authorisation. The ability to issue shares under exclusion of subscription rights pursuant to Art. 186, para. 3, line 4 AktG is thus exhausted almost in full.

In order to make sure the company remains flexible in the future, so as to strengthen its own resources if needed (including the issue of shares for cash payment excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG), in addition to the existing 2014/II Authorised Capital, an additional authorised capital shall be approved and the Articles of Association shall be amended accordingly, making possible the issue of shares for cash excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG, if the pro rata amount of the registered capital due to the new shares issued excluding subscription rights does not exceed 10% of the Registered Capital, neither on the effective date nor at the time of exercising the authorisation. Thus, the company maintains the same flexibility with regard to the use of the authorised capital that it already had immediately after the initial public offering.

Therefore, the Management Board and the Supervisory Board propose adopting the following Resolution:

**a) Creation of a 2016 Authorised Capital with the option of excluding subscription rights**

The Management Board is authorised, with the approval of the Supervisory Board, to increase the Company's Registered Capital for the period until 30 May 2021 by up to EUR 9,195,000.00 once or several times by issuing up to 9,195,000 bearer shares against cash (2016 Authorised Capital).

As a rule, shareholders must be granted subscription rights. Pursuant to Art. 186, para. 5 AktG, the shares may also be taken over by one or more credit institutes, with the obligation to offer them for subscription to the company shareholders (so-called indirect subscription right).

However, the Management Board is authorised to exclude the subscription rights of shareholders with the approval of the Supervisory Board for one or more capital increases within the framework of the 2016 Authorised Capital,

- a) in order to exclude residual amounts from the subscription right of shareholders;
- b) to issue shares for cash, if the issue price of the new shares is not significantly below the market price of shares already listed within the meaning of Art. 203, para. 1 and para. 2, 186, para. 3, line 4 AktG and the pro rata amount of the Registered Capital attributable

to the new shares issued under exclusion of the subscription rights pursuant to Art. 186, para. 3, line 4 AktG does not exceed 10% of the Registered Capital, neither on the effective date nor at the time of exercising the authorisation. The threshold of 10% of Registered Capital includes shares issued to service bonds with conversion or option rights and those with conversion or option obligations, or that must be issued on the basis of the valid conversion price at the time of the decision of the Management Board on the use of the 2016 Authorised Capital, in as far as these service bonds were issued pursuant to Art. 186, para. 3, line 4 AktG during the validity period of this authorisation excluding subscription rights. The maximum threshold of 10% of Registered Capital must also include those company shares that were disposed of during the validity period of this authorisation excluding subscription rights of the shareholders, pursuant to Art. 71, para. 1, no. 8, line 5, phrase 2 in conjunction with Art. 186, para. 3, line 4 AktG.

The Management Board is also authorised, with the approval of the Supervisory Board, to establish the remaining content of the share rights and the conditions of the share issue.

## **b) Supplement to Art. 6 of the Articles of Association**

Concerning the 2016 Authorised Capital, Art. 6 of the Company's Articles of Association is amended with the following paragraphs 4 to 6:

"6.4 The Management Board is authorised, with the agreement of the Supervisory Board, to increase the Company's Registered Capital for the period until 30 May 2021 by up to EUR 9,195,000.00 once or several times by issuing up to 9,195,000 bearer shares against cash (2016 Authorised Capital).

6.5 As a rule, shareholders must be granted subscription rights. Pursuant to Art. 186, para. 5 Company Law (AktG), the shares may also be taken over by one or more credit institutes, with the obligation to offer them for subscription to the Company shareholders (so-called indirect subscription right). However, the Management Board is authorised to exclude the subscription right of shareholders with the approval of the Supervisory Board for one or more capital increases as part of the 2016 Authorised Capital

- (a) in order to exclude residual amounts from the subscription right of shareholders;
  
- (b) to issue shares for cash, if the issue price of the new shares is not significantly below the market price of shares already listed within the meaning of Art. 203, para. 1 and para. 2, 186, para. 3, line 4 Company Law (AktG) and the pro rata amount of the registered capital attributable to the new shares issued under exclusion of the subscription rights pursuant to Art. 186, para. 3, line 4 Company Law (AktG) does not exceed 10% of the Registered Capital, neither on the effective date nor at the time of exercising the authorisation. The threshold of 10% of Registered Capital includes shares issued to service bonds with conversion or option rights and those with conversion or option obligations, or must be issued on the basis of the valid conversion price at the time of the decision of the Management Board on the use of the 2016 Authorised Capital, in as far as

these service bonds were issued pursuant to Art. 186, para. 3, line 4 Company Law (AktG) during the validity period of this authorisation excluding subscription rights. The maximum threshold of 10% of Registered Capital must also include those company shares that were disposed of during the validity period of this authorisation excluding the subscription rights of the shareholders, pursuant to Art. 71, para. 1, no. 8, line 5, phrase 2 in conjunction with Art. 186, para. 3, line 4 Company Law (AktG).

6.6 The Management Board is also authorised, with the approval of the Supervisory Board, to establish the remaining content of the share rights and the conditions of the share issue.

**c) Application for registration in the Commercial Register**

The Management Board is authorised to register the 2016 Authorised Capital in the Commercial Register, irrespective of the remaining resolutions of the Annual General Meeting.

**8. Decision to grant a new authorisation to issue convertible bonds, option bonds, participation rights, and / or profit participation bonds (and combinations of these instruments) with the option of excluding subscription rights, creation of a new 2016 Contingent Capital, withdrawal of the existing authorisation for the issue of convertible and option bonds and of the existing 2014/I Contingent Capital and corresponding amendment of the Articles of Association**

With the Resolution of the Annual General Meeting of 25 September 2014, the Board Management was authorised, with the approval of the Supervisory Board, to issue until 24 September 2019, on one or more occasions, convertible bonds, option bonds, participation rights, and / or profit participation bonds (and a combination of these instruments) (hereinafter also generally called "**2014 bonds**") for a total sum of up to EUR 500,000,000.00, with or without fixed terms. A 2014 Contingent Capital of EUR 26,000,000.00 was created to service the 2014 bonds (Art. 7 of the Articles of Association).

Making partial use of the 2014/II Authorised Capital, the Company increased in November 2015 the Company's Registered Capital against cash payment and excluding the subscription rights of shareholders from EUR 61,302,326.00 by EUR 6,130,000.00, i.e. by approx. 10 %, to EUR 67,432,326.00. The authorisation to issue the 2014 bonds enables the issue of bonds with rights to shares which do not exceed a pro rata

amount of the Registered Capital of more than 10% of the registered capital, neither on the effective date nor at the time of exercising this authorisation, excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG. In line with the authorisation to issue the 2014 bonds, shares issued from the Authorised Capital during the validity period of the authorisation excluding subscription rights must be included, pursuant to Art. 186, para. 3, line 4 AktG. The authorisation to issue the 2014 bonds under exclusion of subscription rights is thus exhausted almost in full.

In order to make sure the Company remains flexible in the future to issue, if needed, convertible and/or option bonds and/or participation rights with option or conversion rights (and a combination of these instruments) (including issue under exclusion of subscription rights) and to be able to back them with shares servicing the resulting option or conversion rights, the authorisation of 25 September 2014, as well as the 2014/I Contingent Capital shall be withdrawn and replaced with a new authorisation and a new Contingent Capital (2016 Contingent Capital).

Therefore, the Management Board and the Supervisory Board propose adopting the following Resolution:

- a) Authorisation to issue convertible bonds, option bonds, participation rights, and / or profit participation bonds (and combinations of these instruments) and to exclude subscription rights**

- aa) Nominal amount, authorisation period, number of shares

The Management Board is authorised, with the approval of the Supervisory Board, to issue by 30 May 2021, on one or more occasions, denominated out to the bearer or registered, convertible bonds, option bonds, participation rights and / or profit participation bonds (or combinations thereof) (hereinafter also generally called "**bonds**") for a nominal amount of up to EUR 600,000,000.00, with or without fixed terms, and to grant creditors or owners of bonds conversion or option rights to company shares with a pro rata amount of the Registered Capital of up to EUR 33,716,163.00 as detailed in the respective option and convertible bond conditions and participation rights conditions (hereinafter called "**conditions**"). The respective conditions may also provide for mandatory conversion on maturity or at other times, including the obligation to exercise the conversion or option rights. The bonds may also be issued against a contribution in kind.

The bonds may be issued, in addition to Euro, also – limited to the equivalent Euro value – in the legal currency of an OECD country. The bonds may also be issued by

companies dependent on the Company or directly or indirectly majority-owned by the Company; in this case, the Management Board is authorised to take over the guarantee for the bonds on behalf of the dependent or majority-owned company, and to grant the creditors of such bonds conversion or option rights to Company shares. Issued bonds may and will generally be divided into partial debentures that are equivalent among themselves.

bb) Granting subscription rights, excluding subscription rights

As a rule, shareholders must be granted subscription rights in relation to the bonds. The bonds may also be taken over by one or more credit institutes, with the obligation to offer them for subscription to the company shareholders (so-called indirect subscription right), within the meaning of Art. 186, para. 5 AktG. However, the Management Board is authorised to exclude the subscription rights of shareholders in relation to the bonds, with the approval of the Supervisory Board,

- (1) in order to exclude residual amounts from the subscription rights;

- (2) in as far as it is necessary, in order to grant the owners of bonds, that were already or will be issued by the Company or one of the companies dependent or directly or indirectly majority-owned by it, subscription rights to the extent they would be granted after exercising their option or conversion rights or after fulfilling conversion or option duties as shareholders;
  
- (3) in as far as the bonds are issued with conversion or option rights or conversion or option duties against cash payment and the issue price is not significantly below the theoretical value of the partial debentures determined via recognised actuarial methods, within the meaning of Art. 221, para. 4, line 2, 186, para. 3, line 4 AktG. However, this authorisation to exclude subscription rights only applies to bonds with rights to shares with a pro rata amount of the Registered Capital that does not exceed 10% of the Registered Capital, neither on the effective date nor at the time of exercising this authorisation. This threshold must also include own shares that

were disposed of during the validity period of this authorisation excluding subscription rights, pursuant to Art. 71, para. 1, no. 8, line 5, phrase 2 in conjunction with Art. 186, para. 3, line 4 AktG. Furthermore, this threshold must include those shares that were issued during the validity period of this authorisation from the Authorised Capital under exclusion of subscription rights, pursuant to Art. 203, para. 2, line 2 AktG in conjunction with Art. 186, para. 3, line 4 AktG;

- (4) in as far as the bonds are issued against contributions in kind, in as far as the value of the contribution in kind is in proportion to the market value of the bonds, determined according to lit a) bb) (3) above.

The authorisations to exclude subscription rights outlined in the above paragraphs are limited to a total amount that does not exceed 20% of the Registered Capital, neither on the effective date nor at the time of exercising this authorisation. The abovementioned 20% threshold must also include own shares that were disposed of during the validity period of

this authorisation under exclusion of subscription rights, as well as those shares that were issued during the validity period of this authorisation from the Authorised Capital under exclusion of the subscription rights of shareholders. Furthermore, the abovementioned 20% threshold must include those shares that were issued or are to be issued from the Contingent Capital to service share option rights, in as far as the share option rights were granted during the validity period of this authorisation.

In as far as participation rights or profit participation bonds were issued without conversion or option rights or conversion or option duties, the Management Board is also authorised to exclude the subscription rights of shareholders, with the approval of the Supervisory Board, if the participation rights or profit bonds have the characteristics of a debenture, i.e., do not establish any membership rights within the Company, do not grant any participation in liquidation proceeds, and the amount of interest is not calculated based on the amount of the annual surplus, the net profit, or the dividends. In addition, the interest and the issue price of the participation rights or profit bonds must correspond in this case to the market

conditions in place at the time of issue for a comparable borrowing.

cc) Conversion and option rights

When bonds with conversion right are issued, creditors may convert their bonds into company shares according to stipulated conditions. The conversion ratio is calculated by dividing the nominal amount of a partial debenture by the fixed conversion price for one company share. The conversion ratio may also be calculated by dividing the issue price of a partial debenture situated below the nominal amount by the fixed conversion price for one company share. The conversion ratio may be rounded up or down to a whole number; an additional payment in cash may then be established. It may also be stipulated that peaks may be merged and/or settled in cash. The conditions may also stipulate a variable conversion ratio. The pro rata amount of registered capital of the shares to be subscribed per partial debenture may not exceed the nominal amount of individual partial debentures.

In case bonds with options are issued, one or more options are added to each partial debenture, which grant the owner the right to subscribe to company shares in close

accordance with the conditions to be established by the Board Management. The option conditions may stipulate that the option price may also be paid in its entirety or partially by transferring partial debentures. The subscription ratio is calculated by dividing the nominal amount of a partial debenture by the option price for one company share. The subscription ratio may be rounded up or down to a whole number; an additional payment in cash may then be established. It may also be stipulated that peaks may be merged and/or settled in cash. The conditions may also stipulate a variable subscription ratio. The pro rata amount of registered capital of the shares to be subscribed per partial debenture may not exceed the nominal amount of individual partial debentures.

dd) Conversion and option duties

The bond conditions may also grant a conversion or option duty at maturity or at another time (also "**final maturity**") or stipulate the right of the Company to entirely or partially grant bond owners at maturity Company shares instead of the due cash payment. In such cases, the conversion and option price for one share may correspond to the volume-weighted

average closing price of the Company's shares in Xetra trading (or a corresponding successor system) at the Frankfurt Stock Exchange during the ten (10) consecutive trading days prior to or after the date of maturity, even if it is below the minimum price listed under lit. a) ee).

The pro rata amount of registered capital of the shares to be issued per partial debenture at maturity may not exceed the nominal amount of individual partial debentures. Art. 9, para. 1 in conjunction with Art. 199, para. 2 AktG must be observed.

ee) Conversion and option price

The conversion or option price to be established for one share must, except in cases in which an option or conversion duty is stipulated, either correspond to at least 80% of the volume-weighted average closing price of the Company's shares in Xetra trading (or a corresponding successor system) at the Frankfurt Stock Exchange during the ten (10) consecutive trading days prior to the day of the Management Board's final decision regarding the placement of bonds or the acceptance or allocation by the Company as part of a placement of bonds, or, when subscription

rights are granted, at least 80% of the volume-weighted average closing price of the Company's shares in Xetra trading (or a corresponding successor system) during (i) of the days on which the subscription rights are traded at the Frankfurt Stock Exchange, except the last two subscription right trading days, or (ii) of the days since the start of the subscription period until the time when the final subscription price is fixed. Art. 9, para. 1 and 199 AktG remain unaffected.

In the case of bonds linked to conversion or option rights or conversion or option duties, the conversion or option price may be reduced, without prejudice to Art. 9, para. 1 AktG, on the basis of a dilution protection cause and in close accordance with the conditions, if the Company increases the registered capital during the conversion or option period while granting shareholders subscription rights, or if the Company issues further bonds or grants or guarantees further option rights, and bond owners with conversion or option rights or conversion or option duties are excluded from subscription rights to the extent they would be entitled to after exercising the conversion or option rights or after fulfilling conversion or option duties. The reduction of the option or conversion

price may also be performed in line with bond conditions via a cash payment when exercising the option or conversion rights or when fulfilling the conversion or option duties. The conditions may also stipulate a value-preserving adjustment of the conversion or option price for other measures that may lead to a dilution of the value of conversion or option rights (e.g., also when paying dividends). In any case, the pro rata amount of Registered Capital of the shares to be subscribed per partial debenture may not exceed the nominal amount of the respective partial debentures.

ff) Other possible configurations

The conditions may also stipulate that, if the conversion or option are exercised or the option and conversion duties are fulfilled, own shares, shares from the Company's Authorised Capital, or other payments may be made. It may then also be stipulated that the Company shall not grant Company shares to bond owners in the case conversion or option is exercised or in case of fulfilment of option and conversion duties, but rather pays them the equivalent in cash or grants the listed shares of a different company.

The conditions may also stipulate the Company's right, upon the bonds' maturity, to grant bond owners, fully or partially, Company shares or listed shares of a different company, instead of paying the cash amount due.

The bond conditions may also stipulate that the number of shares to be purchased in the case conversion or option is exercised or in case of compliance with the option and conversion duties is variable and/or the conversion or option price may be modified during the validity period within a range to be established by the Management Board, depending on the development of the share price or as a consequence of anti-dilution measures.

gg) Authorisation to establish further bond conditions

The Management Board is authorised to establish additional details concerning the issue and structure of the bonds, in particular interest rate, issue price, term and denomination, conversion or option price and the conversion or option period, or to do so in agreement with the company issuing the bonds, dependent or directly or indirectly majority-owned.

## b) 2016 Contingent Capital

The registered capital is conditionally increased by up to EUR 33,716,163.00 by issuing up to 33,716,163 new, par value bearer shares with dividend rights (2016 Contingent Capital). The conditional capital increase is used to grant shares in the case conversion or option rights are exercised, or in case of fulfilment of conversion or option duties to bond owners or creditors of convertible bonds, option bonds, participation rights and / or profit participation bonds (or combinations of these instruments) (hereinafter also generally called "**bonds**"), which were issued on the basis of the Authorising Resolution above.

The new shares are issued in line with the conversion or option prices established on the basis of the authorisation above. The conditional capital increase only takes place if the owners of conversion and option rights following from or linked to bonds, participation rights and profit participation bonds and the creditors of bonds including conversion duties (or a combination of these instruments), issued or guaranteed by the Company or by companies that are dependent or majority-owned by the Company, exercise their conversion and option rights or fulfil their conversion duties, or if the Company exercises an option to grant shares, fully or partially, instead of the payment of the cash amount due.

The new shares participate in the profit from the start of the financial year in which they are created; notwithstanding the above, the Management Board may, in the case of bonds that are issued or guaranteed on the basis of the Authorising Resolution of the Annual General Meeting of 31 May 2016, if permitted by law, with the approval of the Supervisory Board, establish that the new shares participate in the profit from the start of the financial year for which the Annual General Meeting has not yet adopted a resolution regarding the use of the net profit at the time of exercising the conversion and option rights or fulfilment of the conversion duties. The Management Board is authorised to establish additional details regarding the execution of the conditional capital increase.

**c) Cancellation of the authorisation of 25 September 2014 and of the 2014/I Contingent Capital**

The authorisation granted to the Management Board to issue convertible and/or option bonds and/or participation rights with option or conversion rights (or a combination of these instruments) of 25 September 2014 is cancelled with the amendment to the Articles of Association proposed under Agenda Point 8 d). The 2014/I Contingent Capital created through the Resolution of the Annual General Meeting of 25 September 2014 of EUR 26,000,000.00 pursuant to Art. 7 of

the Articles of Association is also cancelled with the amendment to the Articles of Association proposed under Agenda Point 8 d).

**d) Amendment to Art. 7 of the Articles of Association**

Art. 7 of the Articles of Association is reformulated as follows:

"Art. 7  
Contingent Capital

- 7.1. The Registered Capital is conditionally increased by up to EUR 33,716,163.00 by issuing up to 33,716,163 new, par value bearer shares with dividend rights (2016 Contingent Capital).
  
- 7.2. The conditional capital increase only takes place if the owners of conversion and option rights following from or linked to bonds, participation rights and profit bonds and the creditors of bonds including conversion duties (or a combination of these instruments), issued or guaranteed by the Company or by companies that are dependent or majority-owned by the Company on the basis of the Authorising Resolution of the Annual General Meeting of 31 May 2016, exercise their conversion and option rights or fulfil their conversion

duties, or if the Company exercises an option to grant shares, fully or partially, instead of the payment of the cash amount due.

- 7.3. The new shares participate in the profit from the start of the financial year in which they are created; notwithstanding the above, the Management Board may, in the case of bonds that are issued or guaranteed on the basis of the Authorising Resolution of the Annual General Meeting of 31 May 2016, if permitted by law, with the approval of the Supervisory Board, establish that the new shares participate in the profit from the start of the financial year for which the Annual General Meeting has not yet adopted a resolution regarding the use of the net profit at the time of exercising the conversion and option rights or fulfilment of the conversion duties.
- 7.4. The Management Board is authorised, with the approval of the Supervisory Board, to establish additional details regarding the execution of the conditional capital increase."

**e) Application for registration in the Commercial Register, authorisation to adapt the Articles of Association**

The Management Board is instructed to register in the Commercial Register the cancellation and update of the 2014/I Contingent Capital stipulated in Art. 7 of the Articles of Association as outlined in the above lit. c) and lit. d) of this Agenda Point 8, as well as the new 2016 Contingent Capital as outlined in the above lit. b) and lit. d) of this Agenda Point 8, specifying that the cancellation of the 2014/I Contingent Capital must first be registered, but only if the registration of the 2016 Contingent Capital occurs immediately after.

Subject to the preceding paragraph, the Management Board is authorised to register the 2016 Contingent Capital in the Commercial Register, irrespective of the remaining resolutions of the Annual General Meeting.

## II. Reports of the Management Board

### 1. Report of the Management Board regarding Agenda Point 7 (Resolution regarding the creation of a 2016 Authorised Capital with the option of excluding subscription rights, as well as the corresponding supplement to the Articles of Association)

Concerning Agenda Point 7 of the Annual General Meeting of 31 May 2016, the Management Board and the Supervisory Board propose to create a new authorised capital (2016 Authorised Capital) in addition to the 2014/II Authorised Capital that is partially still unused. Pursuant to Art. 203, para. 2, line 2 in conjunction with Art. 186, para. 4, line 2 AktG, the Management Board, in view of Agenda Point 7 regarding the reasons for authorising the exclusion of the subscription rights of shareholders when new shares are issued, reports to the Annual General Meeting as follows:

By Resolution of the Annual General Meeting of 22 October 2014, with the agreement of the Supervisory Board, the Management Board was authorised to increase the Company's Registered Capital for the period until 21 October 2019 by up to EUR 30,651,163.00 once or several times by issuing up to 30,651,163 bearer shares against cash payment and/or contributions in kind (2014/II Authorised Capital).

Making partial use of this authorisation, the Company increased in November 2015 the Company's Registered Capital against cash payment and excluding the subscription rights of shareholders from EUR 61,302,326.00 by EUR 6,130,000.00, i.e. by approx. 10 %, to EUR 67,432,326.00. Therefore, the 2014/II Authorised Capital currently remains at EUR 24,521,163.00.

The issue of shares against cash payment may only take place excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG if the pro rata amount of the registered capital due to the new shares issued excluding subscription rights does not exceed 10% of the Registered Capital, neither on the effective date nor at the time of exercising the authorisation. The ability to issue shares under exclusion of subscription rights pursuant to Art. 186, para. 3, line 4 AktG is thus exhausted almost in full.

In order to make sure the company remains flexible in the future, so as to strengthen its own resources if needed (including the issue of shares for cash excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG), in addition to the existing 2014/II Authorised Capital, an additional authorised capital shall be approved and the Articles of Association shall be amended accordingly, making possible the issue of shares for cash excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG, if the pro rata amount of the Registered Capital due to the new shares issued excluding subscription rights does not exceed 10% of

the Registered Capital, neither on the effective date nor at the time of exercising the authorisation.

The additional authorised capital proposed under Agenda Point 7 lit. a) of the agenda of the Annual General Meeting of 31 May 2016 is intended to authorise the Management Board, with the agreement of the Supervisory Board, to increase the company's registered capital for the period until 30 May 2021 by up to EUR 9,195,000.00 once or several times by issuing up to 9,195,000 bearer shares against cash payment (2016 Authorised Capital). Thus, the company maintains the same flexibility with regard to the use of the authorised capital that it already had immediately after the initial public offering.

The 2016 Authorised Capital is intended to allow the Company to continue to be able to quickly obtain on capital markets through the issue of new shares the capital needed for the further development of the Company, and quickly and flexibly be able to use a favourable market environment to cover future financing needs. Given that decisions on covering future capital needs generally need to be taken quickly, it is important for the Company to not be dependent in this regard on the rhythm of annual General Meetings or the long convocation period for an extra Annual General Meeting. Legislation has taken into account these conditions with the instrument of "authorised capital."

When using the 2016 Authorised Capital to issue shares for cash payments, shareholders generally have

subscription rights (Art. 203, para. 1, line 1 in conjunction with Art. 186, para. 1 AktG), where an indirect subscription right within the meaning of Art. 186, para. 5 AktG is sufficient. The issue of shares granting such an indirect subscription right is not to be viewed as an exclusion of subscription rights according to law, because shareholders are ultimately granted the same subscriptions rights as in the case of direct subscription. For procedural reasons, one or more credit institutes are involved in the process.

However, the Management Board is to be authorised to exclude subscription rights in certain cases with the approval of the Supervisory Board.

- (i) With the approval of the Supervisory Board, the Management Board will be able to exclude subscription rights for residual amounts. This exclusion of subscription rights aims to simplify the procedure for an issue with shareholders' basic subscription rights, as this would permit a technically feasible subscription ratio. The value of the residual amounts is generally low per shareholder, and therefore the possible dilution effect should also be considered low. In contrast, the cost of an issue without such exclusion is significantly higher. Therefore, the exclusion improves the practicality and the ease of implementation of an issue. The shares excluded from the shareholders' subscription right as residuals will be either sold on the stock exchange or otherwise used in the Company's best interest.

For these reasons, the Management Board and the Supervisory Board consider the possible exclusion of the subscription rights as objectively justified, and, weighed against the interests of the shareholders, also appropriate.

- (ii) Subscription rights can then be excluded in the case of cash capital increases if the shares are issued for an amount that is not significantly below the stock market price, and such capital increase does not exceed 10% of the Registered Capital (facilitated exclusion of subscription rights pursuant to Art. 186, para. 3, line 4 AktG).

The authorisation allows the Company to flexibly react to favourable capital market situations and also be able to very quickly place the new shares, i.e., without the need for a subscription offer lasting at least two weeks. The exclusion of subscription rights makes it possible to act very quickly and perform placements close to the stock market price, i.e., without the reduction that is usual in the case of a subscription issue. This creates the basis for reaching the highest possible sale amount and the greatest possible strengthening of own resources. Authorising the facilitated exclusion of subscription rights is objectively justified not lastly by the fact that a higher cash inflow can often be generated.

Such capital increase may not exceed 10% of the Registered Capital in place at the effective date

of the authorisation and also at the time of exercising it. The proposed resolution also provides for a deduction clause. The maximum threshold of 10% of registered capital to which the subscription rights exclusion refers includes shares issued to service bonds with conversion or option rights and those with conversion or option obligations pursuant to Art. 221, para. 4, line 2 in conjunction with Art. 186, para. 3, line 4 AktG during the term of this authorisation excluding subscription rights, or must be issued on the basis of the valid conversion price at the time of the decision of the Management Board on the use of the 2016 Authorised Capital, in as far as these service bonds were issued pursuant to Art. 186, para. 3, line 4 AktG during the validity period of this authorisation excluding subscription rights. Furthermore, own shares that were disposed of during the validity period of this authorisation excluding subscription rights must also be included, on the basis of an authorisation pursuant to Art. 71, para. 1, no. 8, line 5, phrase 2 in conjunction with Art. 186, para. 3, line 4 AktG.

The facilitated exclusion of subscription rights requires that the issue price of the new shares is not significantly below the stock market price. Any deduction from the current stock market price or a volume-weighted stock market price during a reasonable number of trading days prior to establishing the final issue price will likely not exceed by more than approx. 5% the

corresponding stock market price, subject to special circumstances in individual cases. This also meets the protection needs of shareholders regarding a value-based dilution of their participation. By establishing the issue price close to the stock market price, we make sure that the value a subscription right would have for the new shares remains practically very low. Shareholders have the option of maintaining their relative participation via an additional purchase through the stock exchange.

If during a financial year the Management Board uses one of the above authorisations to exclude subscription rights as part of a capital increase from the 2016 Authorised Capital, it shall report on it during the subsequent Annual General Meeting.

**2. Report of the Management Board concerning Agenda Point 8 (Decision to grant a new authorisation to issue convertible bonds, option bonds, participation rights, and / or profit participation bonds (and combinations of these instruments) with the option of excluding subscription rights, creation of a new 2016 Contingent Capital, withdrawal of the existing authorisation for the issue of convertible and option bonds and of the existing 2014/I Contingent Capital and corresponding amendment of the Articles of Association)**

Under Agenda Point 8 of the Annual General Meeting of 31 May 2016, the Management Board and the Supervisory Board propose the cancellation of the existing authorisations for the issue of convertible and/or option bonds and/or participation rights with option or conversion rights (or a combination of these instruments) (hereinafter called "**bonds**") as well as the corresponding 2014/I Contingent Capital, and to create a new authorisation and a new 2016 Contingent Capital. Pursuant to Art. 221, para. 4, line 2 in conjunction with Art. 186, para. 4, line 2 AktG, the Management Board, in view of Agenda Point 8 regarding the reasons for authorising the exclusion of the subscription rights of shareholders when new bonds are issued, reports to the Annual General Meeting as follows:

With the resolution of the Annual General Meeting of 25 September 2014, the Management Board is authorised, with the approval of the Supervisory Board, to issue by 24 September 2019, denominated out to the bearer or registered, convertible bonds, option bonds, participation rights and / or profit participation bonds (or combinations of these instruments) for a nominal amount of up to EUR 500,000,000.00 with or without fixed terms ("2014 Authorisation"). A 2014/I Contingent Capital of EUR 26,000,000.00 was created to service the bonds (Art. 7 of the Articles of Association).

Making partial use of the 2014/II Authorised Capital, the Company increased in November 2015 the Company's Registered Capital against cash payment and excluding the subscription rights of shareholders from EUR 61,302,326.00 by EUR 6,130,000.00, i.e. by approx. 10%, to EUR 67,432,326.00. The 2014 authorisation enables the issue of bonds with rights to shares which do not exceed a pro rata amount of the Registered Capital of more than 10% of the Registered Capital, neither on the effective date nor at the time of exercising the 2014 authorisation, excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG. In line with the 2014 authorisation, shares issued from the authorised capital during the validity period of the 2014 authorisation excluding subscription rights pursuant to Art. 186, para. 3, line 4 AktG must be included. The 2014 Authorisation to issue the 2014 bonds under exclusion of subscription rights is thus exhausted almost in full.

Therefore, the Management Board and the Supervisory Board consider it appropriate to cancel the existing 2014 authorisation as well as the existing 2014/I Contingent Capital to that extent, and to replace them with a new authorisation and a new contingent capital.

So as to be able to properly use the range of possible capital market instruments which securitise conversion or option rights, it appears adequate to establish the permissible issue volume in the authorisation at EUR 600,000,000.00. The Contingent Capital, which serves to comply with conversion or option rights or conversion or option duties, shall be of EUR 33,716,163.00. This ensures that the authorisation scope can be utilised fully. The number of shares necessary to service conversion or option rights, conversion or option duties, or for the granting of shares instead of the cash amount due on a bond with a certain issue volume generally depends on the stock market price of the Company's share at the time of issuing the bond. If sufficient contingent capital is available, the possibility of fully utilising the scope of the authorisation for the issue of bonds is ensured.

Capital adequacy is essential for the development of the Company. By issuing convertible and option bonds, the Company is able to use attractive financing opportunities, depending on the market situation, in order to allow the influx of capital at a low regular interest rate. By issuing participation rights with conversion or option rights, the interest may, for

example, be based on the Company's regular dividend. The conversion and option premiums achieved benefit the Company upon issue. Practice shows that certain financing instruments only become placeable when option or conversion rights are granted.

Shareholders must be granted subscription rights for the bond when issuing option and conversion bonds, as well as participation rights and/or profit participation bonds with conversion or option rights (Art. 221, para. 4 in conjunction with Art. 186, para. 1 AktG). The Management Board may use the option of issuing bonds to one or more credit institute(s) with the obligation of offering shareholders the bonds in line with their subscription rights (so-called indirect subscription right pursuant to Art. 186, para. 5 AktG). This is not a limitation of the shareholders' subscription rights, because shareholders are ultimately granted the same subscriptions rights as in the case of direct subscription. For procedural reasons, one or more credit institutes are involved in the process.

- (i) With the approval of the Supervisory Board, the Management Board will however be able to exclude subscription rights for residual amounts. This exclusion of subscription rights aims to simplify the procedure for an issue with shareholders' basic subscription rights, as this would permit a technically feasible subscription ratio. The value of the residual amounts is generally low per shareholder, and therefore the possible dilution effect should also be considered

low. In contrast, the cost of an issue without such exclusion is significantly higher. Therefore, the exclusion improves the practicality and the ease of implementation of an issue. For these reasons, the Management Board and the Supervisory Board consider the possible exclusion of the subscription rights as objectively justified, and, weighed against the interests of the shareholders, also appropriate.

- (ii) Furthermore, the Management Board shall be authorised, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights in order to grant owners and creditors of bonds a subscription right to the extent they would be entitled to after exercising their conversion or option rights or after fulfilling their conversion or option duties. This provides the opportunity, instead of a reduction of the option or conversion price, to grant a subscription right as dilution protection to owners or creditors of bonds already issued by this time or still to be issued. Equipping bonds with such dilution protection corresponds to the market standard.
- (iii) Pursuant to Art. 186, para. 3, line 4 AktG, the Management Board shall continue to be authorised to exclude the subscription right with the approval of the Supervisory Board when issuing bonds against cash payments, if the issue price of the bonds is not significantly below their market value. This may help in quickly perceiving

favourable market conditions and being able to quickly and flexibly place a bond on the market under attractive conditions. Given that stock markets can be volatile, achieving an advantageous issue result often greatly depends on whether quick reactions to market developments are possible. Favourable conditions that are as close to the market as possible can generally only be established if the Company is not bound to them for a lengthy offering period. In the case of subscription right issues, a not insubstantial haircut is generally needed in order to ensure the issue's chances of success for the entire offering period. Art. 186, para. 2 AktG allows for making the subscription price public (and thus, in the case of option and conversion bonds, the conditions of these bonds) until the antepenultimate day of the subscription period. However, given the volatility of stock markets, there is also a market risk covering several days, which leads to haircuts when establishing the bond conditions. Also, when granting a subscription right, alternative placement with third parties is made more difficult or linked to additional costs due to the uncertainty of the exercise (subscription behaviour). Finally, when granting a subscription right, the Company cannot quickly react to a change in market conditions due to the length of the subscription period, which may lead to a less favourable capital procurement for the Company.

The interests of shareholders are protected by the fact that the bonds are not issued at a price that is significantly below market value. The market value shall be determined according to recognised actuarial principles. When establishing the price, and taking into account the current situation on the capital market, the Management Board shall keep the reduction from the market value as low as possible. This means the notional value of a subscription right is so low that shareholders will not incur any significant economic loss due to the exclusion of the subscription rights.

Establishing conditions that are in line with the market and the avoidance of a significant dilution of value may also be achieved by executing a so-called book building process. As part of this process, investors are asked to submit purchase orders on the basis of provisional bond conditions, and, for example, specify at the same time the interest rate considered in line with the market and/or other economic components. After completing the book building period, the conditions that had hitherto remained open, e.g., the interest rate, can be established in line with the market according to offer and demand, based on the purchase orders submitted by investors. In this way, the total value of the bonds is established close to the market. Via such a book building process, the Management Board can make sure that a significant dilution of the

value of shares does not occur to the exclusion of subscription rights.

In addition, shareholders also have the opportunity to maintain their share of the Company's Registered Capital under approximately the same conditions through purchase via the stock market. Thus, their pecuniary interests are properly protected. The authorisation to exclude subscription rights pursuant to Art. 221, para. 4, line 2 in conjunction with Art. 186, para. 3, line 4 AktG only applies to bonds with rights to shares with a pro rata amount of the Registered Capital that does not exceed 10% of the Registered Capital, neither on the effective date nor at the time of exercising this authorisation.

This threshold must also include own shares that were disposed of during the validity period of this authorisation excluding subscription rights, pursuant to Art. 71, para. 1, no. 8, line 5, phrase 2 in conjunction with Art. 186, para. 3, line 4 AktG. Furthermore, this threshold must include those shares that were issued during the validity period of this authorisation from the Authorised Capital under exclusion of subscription rights, pursuant to Art. 203, para. 2, line 1 in conjunction with Art. 186, para. 3, line 4 AktG. This apportionment takes place in the shareholders' interest with a dilution of their participation that is as low as possible.

(iv) Bonds may also be issued against contributions in kind, in as far as this is in the Company's interest. In this case, the Management Board has the right to exclude the subscription right of shareholders, with the approval of the Supervisory Board, if the value of the contribution in kind is proportional to the nominal value of the bonds to be determined by applying recognised actuarial principles. This provides the opportunity of using bonds in suitable individual cases also as acquisition currency, e.g., together with the acquisition of companies, interests in companies or other assets. Practice has determined that negotiations often require payment be made not in cash, but also, or exclusively, in a different form. The option of offering bonds in exchange creates a competitive advantage allowing us to benefit from interesting acquisition objects as well as the needed leeway to take advantage of emerging opportunities to acquire companies – even larger ones –, company shares, or other economic goods without putting a strain on liquidity. It may also make sense from the point of view of an optimal financing structure. The Management Board shall carefully verify in every individual case whether it shall make use of the authorisation to issue bonds with conversion or option rights and conversion or option duties against contributions in kind with exclusion of subscription rights. It shall only do so if it is in the interest of the Company and thus of its shareholders.

The authorisations to exclude subscription rights explained in the above paragraphs are limited to a total amount that does not exceed 20% of Registered Capital, neither on the effective date nor at the time of exercising this authorisation. The abovementioned 20% threshold must also include own shares that were disposed of during the validity period of this authorisation under exclusion of subscription rights, as well as those shares that were issued during the validity period of this authorisation from other authorised capitals under exclusion of the subscription rights of shareholders. Furthermore, the abovementioned 20% threshold must include those shares that were issued or are to be issued from the Contingent Capital to service share option rights, in as far as the share option rights were granted during the validity period of this authorisation. This limitation also decreases the possibility of a dilution of the voting rights of shareholders excluded from subscription rights. When taking into account all of these circumstances, the authorisation to exclude subscription rights within the given boundaries is necessary, expedient and appropriate, as well as in the Company's interest.

In as far as participation rights or profit participation bonds are to be issued without conversion or option rights or conversion or option duties, the Management Board is authorised to exclude the subscription rights of shareholders, with the approval of the Supervisory Board, if the participation rights or profit bonds have the characteristics of a debenture, i.e., do not establish

any membership rights within the Company, do not grant any participation in liquidation proceeds, and the amount of interest is not calculated based on the amount of the annual surplus, the net profit, or the dividends. In addition, the interest and the issue price of the participation rights or profit bonds must correspond in this case to the market conditions in place at the time of issue for comparable borrowings. If the stipulated conditions are fulfilled, the exclusion of subscription rights does not cause any disadvantages for the shareholder, given that participation rights or profit participation bonds do not establish membership rights and also do not grant a share of liquidation proceeds or of Company profits. It may be provided that the interest rate depends on the existence of an annual surplus, net profit, or dividend. However, any type of structure leading to a higher interest rate based on a higher annual surplus, higher net profit, or higher dividend would not be admissible. Therefore, the granting of participation rights or profit participation bonds neither modifies nor dilutes the voting rights or the participation of shareholders in the Company and its profit. In addition, there is no significant value of subscription rights as a consequence of issue conditions that are in line with the market, which are binding in this case of exclusion of subscription rights.

The planned contingent capital is used to fulfil conversion and option rights or conversion or option duties on Company shares from issued bonds, or to grant Company shares to creditors or owners of bonds instead of paying the cash amount due. In addition, it

is stipulated that the conversion or option rights and conversion or option duties may also be serviced via the delivery of own shares or of shares from contingent capital, or via other means.

If during a financial year the Management Board uses one of the above authorisations to exclude subscription rights as part of a bond issue, it shall report on it during the subsequent Annual General Meeting.

### **3. Report of the Management Board concerning the partial utilisation of the 2014/II Authorised Capital against cash deposits with the exclusion of subscription rights of shareholders in November 2015**

Based on the Resolutions of the Management Board of 17 November 2015 and 18 November 2015 and of the Presidential and Nomination Committee of the Supervisory Board of 17 November 2015 and 18 November 2015, which was authorised by Resolution of the Supervisory Board of 12 November 2015, the 2014/II Authorised Capital of EUR 30,651,163.00 was partially utilised in November 2015. The subscription rights of shareholders in the context of the Registered Capital increase entered in the Company's Commercial Register on 19 November 2015 were excluded. Through this capital increase, the share capital of the company was increased by EUR 6,130,000.00 from EUR 61,302,326.00 to EUR 67,432,326.00. The volume of the capital

increase from the Authorised Capital with the exclusion of the subscription rights corresponds to a pro rata amount of the Registered Capital of the Company of about 10% of the Registered Capital – based on the Registered Capital existing on the effective date of the 2014/II Authorised Capital on 23 October 2014, as well as the existing Registered Capital at the time of the utilisation of the 2014/II Authorised Capital. The volume limitation stipulated in the 2014/II Authorised Capital for shares issued under exclusion of subscription rights against cash payment was thus observed.

The new shares were subscribed by Commerzbank Aktiengesellschaft. Commerzbank Aktiengesellschaft and UBS Limited were obliged to place and transfer these shares as part of a private placement with institutional investors, including existing investors, via an accelerated placement procedure (*Accelerated Book Building*). The new shares were issued according to the Resolution of the Management Board of 18 November 2015 at the placement price of EUR 16.60. The Presidential and Nomination Committee of the Supervisory Board approved the Resolution of the Management Board regarding the establishment of the placement price with its Resolution of 18 November 2015.

The new shares were approved for trading without a prospectus on 23 November 2015; they were added on 24 November 2015 to the current listing in the section of the regulated market with additional admission follow-up duties (*Prime Standard*) at the Frankfurt

Stock Exchange. The gross issue proceeds of the capital increase were of about EUR 101.8 million. The Company has collected the net proceeds from the capital increase primarily to finance acquisitions. It has used these proceeds to finance further acquisitions to increase the real estate portfolio.

When setting the price, the stipulations of the Art. 203, para. 1, 186, para. 3, line 4 AktG were observed, as compliance is required by the 2014/II Authorised Capital for the exclusion of subscription rights in case of a capital increase against cash payments of up to 10% of the Registered Capital. Moreover, the price of the new shares may not be significantly below the stock market price of the Company's share.

The set placement price per share of EUR 16.60 corresponds to a deduction of about 2.87% off the XETRA closing price of the Company shares on the last trading day prior to the day of the price setting. Accordingly, the deduction varied within the scope generally considered as admissible so as to remain not significantly below the stock market price.

By excluding the subscription rights of shareholders, the Company has used the legal option stipulated in Art. 203, para. 1, 186, para. 3, line 4 AktG concerning the exclusion of subscription rights in the case of cash capital increases in publicly traded companies. Such an exclusion of the subscription rights was mainly necessary in order to be able to quickly profit from the market situation favourable for a capital measure

at the moment of the partial utilisation of the 2014/II Authorised Capital as viewed by the Management Board and the Supervisory Board, and to achieve as high an issue profit as possible by setting a price that is close to the market situation. In contrast, the minimum two-week subscription period that must be ensured when granting subscription rights (Art. 186, para. 1, line 2 AktG) would not have allowed a quick reaction to current market conditions.

Moreover, when granting subscription rights, the final subscription price must be announced at the latest three days prior to the end of the subscription period (Art. 186, para. 2, line 2 AktG). Due to the longer interval between the setting of the price and the execution of the capital increase as well as the volatility of stock markets, this creates a higher market and in particular exchange rate risk than in the case of an allocation free of subscription rights. A successful placement as part of a capital increase with subscription rights would therefore had required a corresponding haircut off the current stock market price when setting the price, and would have thus led to conditions that are not in line with the market. For the reasons above, the exclusion of subscription rights was in the Company's interest. The interests of shareholders were also protected thanks to the setting of the price close to the current stock market price and to limiting the scope of the shares issued with the exclusion of subscription rights to about 10% of the Registered Capital existing on the effective date of the 2014/II Authorised Capital. Because, in the context of

cash trading, this gives shareholders the opportunity to maintain their relative participation in the Company via an additional purchase through the stock market under comparable conditions. The issue of the new shares close to the current stock market price also made sure that the capital increase did not lead to a significant dilution of shareholders' participation.

In line with the Resolution in Art. 5.4 of the Company's Articles of Association, the new shares were issued with profit participation rights already starting on 1 January 2015. Correspondingly, the new shares were already equipped upon issue with the same profit participation rights as existing shares. It was therefore no longer necessary to assign to the new shares a separate securities number for the interval until this year's regular Annual General Meeting. Consequently, it was possible to avoid a low trading liquidity of the new share that is to be expected if traded under a separate securities number, which would have otherwise made the marketing of the new share more difficult and may have led to price reductions. For this reason, it was in the Company's interest to set the profit participation right at the beginning of the 2015 business year.

Given the above considerations, the exclusion of subscription rights undertaken in compliance with the stipulations of the 2014/II Authorised Capital was generally objectively justified.

### **III. Additional information on convening the Annual General Meeting**

#### **1. Total number of shares and voting rights at the time of convening the Annual General Meeting**

At the time of convening the Annual General Meeting the company's share capital amounts to EUR 67,432,326.00 and is divided into 67,432,326 no-par value shares. Each no-par value share carries one vote at the Annual General Meeting. The total number of shares bearing participation and voting rights at the time of convening is 67,432,326. As of the date of the convening, the company does not hold any treasury shares.

#### **2. Requirements for attending the Annual General Meeting and for exercising voting rights**

Only those holders of bearer shares who have registered to attend on time shall be entitled to attend the Annual General Meeting and to exercise their voting rights. Registration forms must therefore have been received by the company by no later than Tuesday, May 24, 2016 at 24:00 (midnight) CEST at the following address

TLG IMMOBILIEN AG  
c/o Commerzbank AG  
GS-MO 3.1.1 General Meetings  
60261 Frankfurt am Main  
Germany

Telefax: +49 (0) 69 136-26351

E-mail: hv-eintrittskarten@commerzbank.com

and the holders of bearer shares must have verify to the company by Tuesday, May 10, 2016 at midnight (00:00) CEST (record date) that they are shareholders of the company. A special shareholding certificate issued by the custodian bank shall suffice as proof of share ownership.

As with the registration form, the shareholding certificate must also have been received by the company at the above address no later than on Tuesday, May 24, 2016 at midnight (24:00) CEST. Registration and proof of share ownership must be provided in textual form (pursuant to Art. 126 b BGB) and must be in either German or English.

Additional information on the registration procedure can be found on the Company's website at

<http://ir.tlg.eu>

(under "AGM" >

"Annual General Meeting 2016").

Importance of the record date:

Only those who have provided the special shareholding certificate as proof of their shareholdings shall be considered shareholders of the company and be allowed to attend the Annual General Meeting and exercise their voting rights. The authorization to attend and the scope of the voting rights shall be based only on the shareholding as of the record date. The record date for furnishing proof of shareholdings does not restrict the disposability of shareholdings. Even in case of a complete or partial disposal of the shareholding after the record date, participation in the Annual General Meeting and the scope of voting rights shall be determined only based on the shareholder's shareholdings as of the record date. (i.e., disposals of shares after the record date shall not influence the shareholder's right to attend or the scope of the shareholder's voting rights). The same applies for purchases of shares and increases in share ownership after the record date. Individuals who do not hold any shares on the record date and only become shareholders thereafter shall not be eligible to attend or exercise voting rights, unless they obtain a power of attorney or are authorized to exercise such rights.

### **3. Procedure for voting by proxy**

Shareholders can also exercise their voting right at the Annual General Meeting via a proxy (e.g., a bank, a shareholders' association or another third party). Even

if a shareholder is being represented by a proxy, such shareholder must register on time and provide proof of their shareholdings on time, as described above.

The granting of proxy, the revocation of proxy and the proof of proxy authorization vis-à-vis the company shall be submitted in textual form, unless either a bank, a shareholders' association or persons, institutes, companies or associations equivalent to these pursuant to Art. 135 para. 8 AktG or Art. 135 para. 10 AktG, in conjunction with Art. 125 para. 5 AktG are granted proxy voting rights.

Where proxy voting powers are granted to banks, shareholders' associations or persons, institutes, companies or associations equivalent to these pursuant to Art. 135 para. 8 or Art. 135 para. 10, in conjunction with Art. 125 para. 5 AktG, there is no textual form requirement; however, the proxy must retain the letter of authority in a verifiable way. In addition, it must be complete and may only contain declarations relating to the exercise of the voting rights. We therefore ask shareholders who wish to grant proxy voting powers to a bank, a shareholders' association or persons, institutes, companies or associations equivalent to these pursuant to Art. 135 para. 8 AktG and Art. 135 para. 10 AktG in conjunction with Art. 125 para. 5 AktG, to agree the form of proxy with the intended proxy.

If the shareholder grants power of proxy to more than one person, the company may reject one or more of these proxies.

Shareholders who wish to authorize a proxy are requested to issue the authorization using the form provided for this purpose by the company. The company will provide the proxy form after registration, along with the ticket to the Annual General Meeting. A proxy form can also be downloaded from the company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016")

Proof of the appointment of a proxy can also be sent to the company electronically to the following e-mail address:

[vollmacht@hce.de](mailto:vollmacht@hce.de)

#### **4. Procedure for voting through proxies appointed by the Company:**

In addition, the company once again offers its shareholders the option to grant power of proxy to employees appointed by the company, who shall vote according to the respective shareholder's instructions. The proxies must vote according to the instructions they are given; they cannot exercise the voting rights at their own discretion. Please note that the company-appointed proxies can only exercise voting rights on agenda items for which shareholders have given them clear instructions, and that proxies cannot accept

instructions pertaining to procedural motions either prior to or during the Annual General Meeting. Similarly, proxies appointed by the company cannot accept requests to address the general meeting, raise objections to resolutions passed at the Annual General Meeting or to ask questions or propose motions.

Prior to the Annual General Meeting, such proxy, accompanied by instructions for the company-appointed proxies, can be granted only by way of the proxy and instruction form, which shareholders shall receive together with their ticket to the Annual General Meeting. The relevant form can also be downloaded from the company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016")

Authorization of proxies appointed by the company and detailed instructions for such proxies must be received by Monday, May 30, 2016, 24:00 (midnight) CEST; the textual form requirement applies. Proxy authorization and instructions to the company-appointed proxies via mail, fax or e-mail must be sent to the following address:

TLG IMMOBILIEN AG  
c/o HCE Haubrok AG  
Landshuter Allee 10  
80637 München  
Germany

Telefax: +49 (0) 89 210 27 289  
E-mail: vollmacht@hce.de

## **5. Other shareholder rights**

### **a) Motions by shareholders to add items to the agenda pursuant to Art. 122 para. 2 AktG**

Shareholders whose collective holdings equate one twentieth of the share capital or the proportionate amount of EUR 500,000.00 (equal to 500,000 shares) may request that items be placed on the agenda and announced. Each new agenda item must be accompanied by a statement of reasoning or a draft resolution.

Such request to add an item to the agenda shall be addressed to the Management Board in writing and must be received by the company at least 30 days prior to the Annual General Meeting, not including the date of receipt and the date of the Annual General Meeting. The last possible date for submissions is therefore 24:00 (midnight) CEST on Saturday, April 30, 2016. Requests that do not arrive by this deadline will not be considered.

The respective shareholders shall prove that they have been holders of the shares for at least three months prior to the date of the Annual General Meeting and that they continue to hold the shares until a decision has been made about the request for the addition to the agenda.

Please send any requests to add agenda items to the following address:

TLG IMMOBILIEN AG  
Vorstand  
Büro Hauptversammlung 2016  
Hausvogteiplatz 12  
10117 Berlin  
Germany

**b) Countermotions by shareholders pursuant to Art. 126 AktG**

Every shareholder has the right to file a countermotion against the proposals of the Management Board and/or the Supervisory Board at the Annual General Meeting, on certain items of the agenda. Such countermotions must be accompanied by a statement of reasoning.

Countermotions received by the company at the address below at least 14 days prior to the Annual General Meeting, not including the date of receipt and the date of the Annual General Meeting (i.e., by 24:00 (midnight) CEST on Monday,

May 16, 2016) shall be made available (see Art. 126 para. 1 sentence 3 AktG), including the shareholder's name, the statement of reasoning for the countermotion and the position of management on the company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016")

Art. 126 para. 2 AktG cites circumstances in which a countermotion and the reasons for it do not have to be published on the website. These are described on the company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016")

In particular, the statement of reasoning for a countermotion does not need to be published if its length exceeds 5,000 characters.

Countermotions and the statement of reasoning for them should be sent only to the following address:

TLG IMMOBILIEN AG  
Investor Relations  
Hausvogteiplatz 12  
10117 Berlin  
Germany

Telefax: + 49 (0) 30 2470 7446  
E-mail: [ir@tlg.de](mailto:ir@tlg.de)

Counter motions sent to a different address will not be published.

Counter motions shall be deemed to have been submitted only if they are proposed during the Annual General Meeting. This does not affect the right of any shareholder to propose counter motions to the various agenda items during the Annual General Meeting, even without prior and timely submission of such counter motions to the company.

**c) Candidate nominations by shareholders pursuant to Art. 127 AktG**

Every shareholder has the right to nominate candidates for election as auditor (Agenda Item 5) and members of the Supervisory Board (Agenda Item 6) at the Annual General Meeting.

Nominations by shareholders that are received by the company at the address below at least 14 days prior to the Annual General Meeting, not including

the date of receipt and the date of the Annual General Meeting, (i.e., by Monday, May 16, 2016 24:00 (midnight) CEST) will be published immediately on the company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016")

Nominations by shareholders do not need to be published if they do not include the name, profession and place of residence of the proposed candidate. Nominations do not require a justification.

Art. 127 para. 1 AktG in conjunction with Art. 126 para. 2 AktG and Art. 127 para. 3 AktG in conjunction with Art. 124 para. 3 sentence 4 AktG, Art. 125 para. 1 sentence 5 AktG state additional reasons why nominations by shareholders do not need to be published on the website. These are described on the company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016").

Nominations should be sent to the following address:

TLG IMMOBILIEN AG  
Investor Relations  
Hausvogteiplatz 12  
10117 Berlin  
Germany

Telefax: + 49 (0) 30 2470 7446  
E-mail: [ir@tlg.de](mailto:ir@tlg.de)

Nominations sent to a different address will not be published.

The right of each shareholder to make candidate nominations during the Annual General Meeting remains unaffected. Nominations are only deemed submitted if they are made during the Annual General Meeting.

#### **d) Information rights of shareholders**

Pursuant to Art. 131 para. 1 AktG, the Management Board shall, upon request during the Annual General Meeting, provide each shareholder with information concerning the company's affairs, insofar as such information is necessary to make a proper assessment of the agenda item in question. This disclosure obligation of the Management Board also extends to the company's legal and business relations

with affiliates and to the position of the group and companies included in its consolidated financial statements.

The Management Board may refuse to provide information in certain circumstances described in more detail in Art. 131 para. 3 AktG. Detailed information on the circumstances in which the Management Board may refuse to provide information can be found on the Company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016").

**6. Publications on the website/Display of documents at the company's premises/Additional information pursuant to Art. 124a AktG**

From the date of the convening of the Annual General Meeting, the following documents, among others, in addition to this convening of the Annual General Meeting shall be available on the company's website at

<http://ir.tlg.eu>  
(under "AGM" >  
"Annual General Meeting 2016").

and shall be available for inspection by the shareholders at the business premises of TLG IMMOBILIEN AG in Berlin (Hausvogteiplatz 12, 10117 Berlin, Germany):

Re. Agenda Items 1 and 2:

- The audited annual financial statements and the consolidated financial statements as of December 31, 2015 adopted by the Supervisory Board, the management reports for the company and the group, including the Supervisory Board report for the fiscal year 2015, as well as the explanatory Management Board report to the notes pursuant to Art. 289 para. 4 HGB and Art. 315 para. 4 HGB as of December 31, 2015.

Re. Agenda Item 7:

- The report of the Management Board pursuant to Art. 203, para. 2 sentence 2 AktG in conjunction with Art. 186, para. 4 sentence 2 AktG.

Re. Agenda Item 8:

- The report of the Management Board pursuant to Art. 221, para. 4 sentence 2 AktG in conjunction with Art. 186, para. 4 sentence 2 AktG.

In addition:

- The report of the Management Board on the partial use of authorized capital 2014/II against cash contributions with the exclusion of shareholders' subscription rights in November 2015.

The above documents shall also be available for inspection during the Annual General Meeting on Tuesday, May 31, 2016. The legal requirements have been satisfied with publication on the company's website. In addition, the documents will be provided promptly and free of charge one time only by mail to each shareholder, at the respective shareholder's request.

Any countermotions, nominations and requests for additions to the agenda made by shareholders shall also be published via the aforementioned company website, provided they are received the company by the specified deadlines and there is a legal requirement to publish them.

This invitation has been forwarded to such media that can be expected to disseminate this information throughout the European Union.

Berlin, April 2016

TLG IMMOBILIEN AG  
The Management Board

## IV. LOCATION PLAN

RAMADA Hotel Berlin-Alexanderplatz

hotel lobby entrance

Karl-Liebknecht-Straße 32

10178 Berlin

Germany

### **Arrival by plane**

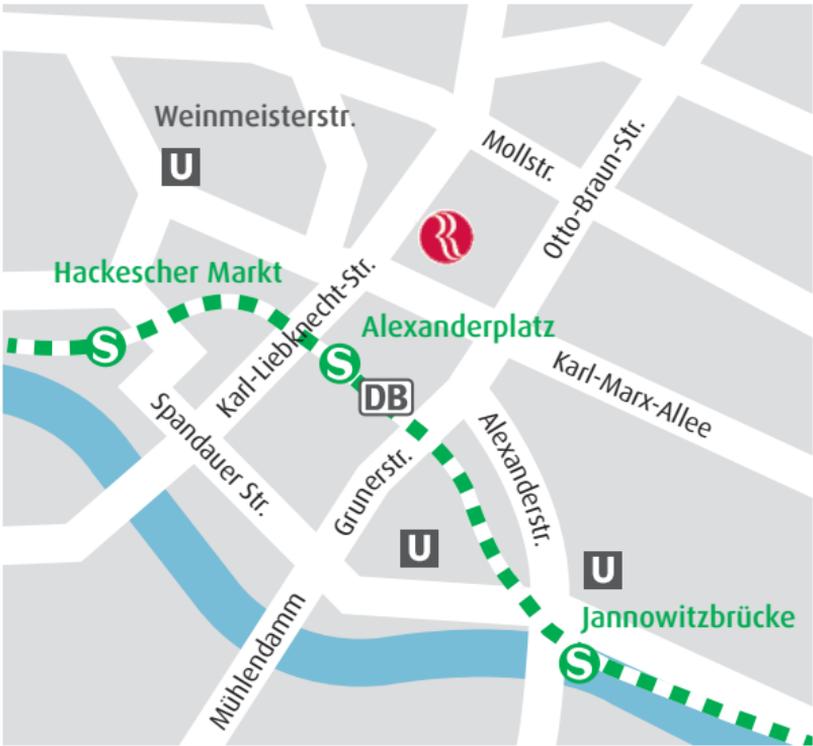
- From Berlin-Schönefeld Airport (SXF): Airport-Express (Train RB14, RE7) to “Berlin-Alexanderplatz”, ride time approx. 25 minutes
- S-Bahn (Train S9, direction Pankow) to “Berlin-Ostkreuz”, ride time approx. 25 minutes, from “Berlin-Ostkreuz” all westward lines (S5 Spandau / S7 Potsdam Hbf / S75 Westkreuz) to “Berlin-Alexanderplatz”, ride time approx. 10 minutes
- From Berlin-Tegel Airport (TXL): Bus Service (TXL) to “Alexanderplatz”, ride time approx. 40 minutes

## Arrival by train

- From "Berlin-Hauptbahnhof" or "Berlin-Zoologischer Garten": all eastward lines (Train S5 Strausberg Nord / S7 Ahrensfelde / S75 Wartenberg) to "Berlin-Alexanderplatz", ride time approx. 5-10 minutes
- From "Berlin-Ostbahnhof": all westward lines (S5 Spandau / S7 Potsdam Hbf / S75 Westkreuz) to "Berlin-Alexanderplatz", ride time approx. 5 minutes

## Arrival by car

- Motorway (Autobahn): direction "Zentrum/Mitte", Exit "Kaiserdamm", straight ahead direction Kaiserdamm, Bismarckstraße. At Ernst-Reuter-Platz (roundabout) straight ahead Straße des 17. Juni, at "Siegessäule" (roundabout) straight ahead, direction "Brandenburger Tor", direction Unter den Linden, straight ahead Karl-Liebknecht-Straße, on the right hand side you will see the RAMADA Berlin-Alexanderplatz Hotel, underground parking is located behind the hotel





TLG IMMOBILIEN AG  
Hausvogteiplatz 12  
10117 Berlin  
Germany  
[www.tlg.eu](http://www.tlg.eu)