General Meeting of TLG IMMOBILIEN AG on 21 May 2019

Report of the Management Board pursuant to Section 203 para. 2 sentence 2 of the German Stock Corporation Act in conjunction with Section 186 para. 4 sentence 2 of the German Stock Corporation Act

Regarding Agenda Item 7 of the general meeting on May 21, 2019, the management board and supervisory board propose the creation of a new authorized capital (Authorized Capital 2019) to enable Share Dividends. Pursuant to Section 203 para. 2, sentence 2 of the German Stock Corporation Act in conjunction with Section 186 para. 4 sentence 2 of the German Stock Corporation Act, the management board presents the following report on the reasons for the authorization to exclude shareholders' subscriptions rights when issuing new shares to the general meeting regarding Agenda Item 7:

When utilizing the Authorized Capital 2019, shareholders must generally be granted subscription rights. Pursuant to Section 186 para. 5 of the German Stock Corporation Act, shares may also be acquired by one or more financial institutions with the obligation to offer such shares to the shareholders of the company for subscription (so-called indirect subscription right). The issuance of shares while granting such an indirect subscription right is not considered an exclusion of subscription rights according to the law. Shareholders ultimately receive the same subscription rights as in the case of a direct subscription. Merely for reasons of technical processing, one or more financial institutions are involved in the transaction.

However, it is proposed that the management board will be authorized, with the consent of the supervisory board, to exclude shareholders' subscription rights to exclude share fractions from subscription rights.

Excluding share fractions from subscription rights facilitates the execution of an issuance where subscription rights are granted in general, because it allows for a technically feasible exchange ratio. The value of share fractions to individual shareholders is generally low, while the expenses for issuing shares with excluding subscription rights for share fractions is much higher by comparison. Therefore, the exclusion helps with practicability and facilities the execution of the issuance. For these reasons, the management board and the supervisory board believe that the potential exclusion of subscription rights is justified and appropriate when taking into account the interests of shareholders.

Berlin, April 2019

TLG IMMOBILIEN AG
– The management board –