



# IN VITATION 2021

TO THE ANNUAL GENERAL MEETING

GROWING CASHFLOWS

**TAG**  
Immobilien AG

**Convenience Translation**

(The text decisive for the invitation to the ordinary annual general meeting of TAG Immobilien AG is the one written in the German language.)

**Minimum information pursuant to Section 125 para. 1 German Stock Corporation Act (AktG) in connection with Section 125 para. 5 AktG, Article 4 para. 1 and Table 3 of the Annex to Implementing Regulation (EU) 2018/1212**

Type of Information	Description
<b>A. Specification of the message</b>	
1. Unique identifier of the event	TEG052021oHV
2. Type of message	Meeting notice of a General Meeting [format pursuant to Implementing Regulation (EU) 2018/1212: NEWM]
<b>B. Specification of the issuer</b>	
1. ISIN	DE0008303504
2. Name of issuer	TAG Immobilien AG
<b>C. Specification of the meeting</b>	
1. Date of the General Meeting	11.05.2021 [format pursuant to Implementing Regulation (EU) 2018/1212: 20210511]
2. Time of the General Meeting	11:00 hrs. (CEST) [format pursuant to Implementing Regulation (EU) 2018/1212: 09:00 UTC]
3. Type of the General Meeting	Ordinary General Meeting [format pursuant to Implementing Regulation (EU) 2018/1212: GMET]
4. Location of the General Meeting	Virtual General Meeting: <a href="http://www.tag-ag.com/en/investor-relations/general-meeting">www.tag-ag.com/en/investor-relations/general-meeting</a>  In accordance with the German Stock Corporation Act: TAG Immobilien AG, Steckelhörn 5, 20457 Hamburg, Germany
5. Record Date	20.04.2021 (00:00 hrs. CEST) [format pursuant to Implementing Regulation (EU) 2018/1212: 20210419]
6. Uniform Resource Locator (URL)	<a href="http://www.tag-ag.com/en/investor-relations/general-meeting">www.tag-ag.com/en/investor-relations/general-meeting</a>

# INVITATION TO THE ANNUAL GENERAL MEETING

**(virtual annual general meeting)**

We hereby invite our shareholders to the **138th annual general meeting** of TAG Immobilien AG, which will be taking place

**at 11:00 am (CEST) on Tuesday, 11 May 2021**

at the offices of TAG Immobilien AG, Steckelhörn 5, 20457 Hamburg, in the form of a virtual annual general meeting **without the physical presence** of the shareholders and their representatives (with the exception of the voting representatives appointed by the Company).

The annual general meeting will be live-streamed (audio and video) to the shareholders who have duly registered and provided proof of their eligibility to participate and their representatives via the online annual general meeting service on the Company's website at

**[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)**

Voting rights may only be exercised by electronic postal vote or by granting proxies to the voting representatives appointed by the Company.

In view of the COVID 19 pandemic and the protracted regulatory contact and meeting restrictions still in force at the time at which this agenda was prepared, the Supervisory Board and Management Board of TAG Immobilien AG have decided to hold a virtual annual general meeting. The right to utilise the statutory option granted in March 2020 to refrain from holding a physical general meeting has been extended until the end of 2021. In the opinion of the Supervisory Board and the Management Board, postponing the annual general meeting to a date that cannot be determined at present is not a viable alternative in the interests of the shareholders and the Company as there is no certainty as to when meetings can be responsibly held again without endangering the participants. For the protection of all parties involved, the Supervisory Board and the Management Board consider the exceptional restrictions on the exercise of shareholder rights at the virtual annual general meeting to be reasonable again this year. We trust that you will understand this. Further information on the procedure for conducting this year's annual general meeting can be found below in Section IV.

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# I. AGENDA

## **1. Presentation of the duly adopted financial statements and the approved consolidated financial statements for 2020, the management reports for TAG Immobilien AG and the Group, the report of the Supervisory Board, the Management Board's proposal for the appropriation of the profit and the explanatory report on the disclosures made in accordance with Sections 289a and 315a of the German Commercial Code for 2020**

In accordance with the applicable statutory provisions, a resolution on this item of the agenda is not planned as the Supervisory Board approved the annual financial statements and the consolidated financial statements on 15 March 2021, meaning that they have been duly adopted. The shareholders will vote on the allocation of the Company's unappropriated surplus under Item 2 of the agenda. The relevant statutory provisions merely provide for the shareholders to be informed of the documents referred to in this item of the agenda by granting them an opportunity of examining them. They do not provide for the shareholders to pass any resolutions on them at the annual general meeting.

## **2. Proposal for the appropriation of profit**

The Management Board and the Supervisory Board propose that the unappropriated surplus as of 31 December 2020 of EUR 277,546,610.48 be allocated as follows:

Payment of a dividend of EUR 0.88 for each of the 146,379,501 shares entitled to receive a dividend for 2020,

Total:	EUR	128,813,960.88
Amount to be carried forward:	EUR	148,732,649.60
Unappropriated surplus:	EUR	277,546,610.48

In accordance with Section 58 (4) Sentence 2 of the German Stock Corporation Act, the dividend will become due for payment on the third business day following the date on which the resolution is passed at the annual general meeting, i.e. on 17 May 2021.

The profit appropriation proposal is based on the number of shares entitled to a dividend for the 2020 year outstanding on the date on which this invitation is published. The amount applicable to non-dividend-entitled shares will be duly carried forward.

## **3. Resolution to ratify the actions of the Management Board for 2020**

The Management Board and the Supervisory Board recommend that the shareholders pass a resolution to ratify the actions taken in 2020 by the persons who were members of the Management Board in 2020.

#### **4. Resolution to ratify the actions of the Supervisory Board for 2020**

The Management Board and the Supervisory Board recommend that the shareholders pass a resolution to ratify the actions taken in 2020 by the persons who were members of the Supervisory Board in 2020.

#### **5. Election of auditors for the annual financial statements and consolidated financial statements for fiscal 2021**

The Supervisory Board recommends that the shareholders pass a resolution to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, as

- a) statutory auditors of the annual financial statements and consolidated financial statements for 2021;
- b) statutory auditors to perform a review, if necessary, of the abridged financial statements and the interim management report for the first half of 2021.

#### **6. Resolution to approve the remuneration system for the Supervisory Board in accordance with Section 113 (3) of the German Stock Corporation Act**

Under Section 113 (3) Sentences 1 and 2 of the German Stock Corporation Act (AktG), the shareholders of listed companies must pass a resolution approving the remuneration of the members of the Supervisory Board at least every four years, whereby a resolution confirming the remuneration is also permissible. Under Section 26j (1) Sentence 1 of the Introductory Act to the Stock Corporation Act, the first resolution pursuant to Section 113 (3) of the German Stock Corporation Act must be adopted by the end of the first annual general meeting following 31 December 2020.

Remuneration of the members of the Supervisory Board is governed in detail in Article 15 of the Articles of Incorporation. The wording of Article 15 of the Articles of Incorporation and details of the underlying remuneration system with the disclosures required in accordance with Sections 113 (3) Sentence 3 and 87a (1) Sentence 2 of the German Stock Corporation Act are reproduced in **Section II**.

The remuneration system for the Supervisory Board can also be viewed separately on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting).

The Supervisory Board and the Management Board propose that the remuneration of the members of the Supervisory Board and the remuneration system on which it is based - as set out in **Section II** - be confirmed.

### **7. Resolution to approve the remuneration system for the Management Board in accordance with Section 120a (1) of the German Stock Corporation Act**

Under Section 120a (1) of the German Stock Corporation Act (AktG), the shareholders of a listed company must pass a resolution to approve the remuneration system presented by the Supervisory Board for the Management Board whenever there is a significant change, however no less than once every four years. Under Section 26j (1) Sentence 1 of the Introductory Act to the Stock Corporation Act, the first resolution pursuant to Section 120a (1) of the German Stock Corporation Act must be adopted by the end of the first annual general meeting following 31 December 2020.

The Supervisory Board has passed a resolution on the system for the remuneration of the members of the Management Board as set out in **Section III**, taking into account the requirements of Section 87a (1) of the German Stock Corporation Act (AktG).

The Supervisory Board proposes – on the basis of the recommendation of the Personnel Committee – that the remuneration system for the members of the Management Board as described in **Section III** be approved with effect from 1 January 2021.

Details of the remuneration system for the Management Board can also be viewed separately on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting).

### **8. Resolution to cancel Authorised Capital 2018, to create new Authorised Capital 2021 and to amend the Articles of Incorporation accordingly**

In accordance with the resolution passed at the annual general meeting of 23 May 2018 on item 8 of the agenda for that meeting, the Management Board is authorised subject to the Supervisory Board's approval to increase the Company's share capital once or repeatedly on or before 22 May 2023 on a cash and/or non-cash basis by a maximum amount of up to EUR 29,000,000.00 by issuing up to 29,000,000 no-par-value bearer shares in the Company's capital ("**Authorised Capital 2017**"). Among other things, the Management Board is authorised subject to the Supervisory Board's approval to exclude the shareholders' pre-emptive subscription rights in accordance with the conditions for the authorisation of 23 May 2018 provided that this is capped at ten percent of the share capital ("**10% cap**"). This 10% cap additionally includes shares which are sold subject to the exclusion of the shareholders' pre-emptive subscription rights during the term of the authorisation of 23 May 2018 as well as new shares which are issued to settle obligations under convertible and/or option bonds issued during the term of this authorisation subject to the exclusion of the shareholders' pre-emptive subscription rights. The Management Board has so far not made use of the authorisation of 23 May 2018 to issue new shares.

However, on 20 August 2020, the Company utilised the authorisation granted by the shareholders under item 9 of the agenda of the



annual general meeting of 23 May 2018 to issue a convertible bond for EUR 470,000,000.00 subject to the exclusion of the shareholders' pre-emptive subscription rights ("**Convertible Bond 2020/2026**"). As the shares required to satisfy the obligations under Convertible Bond 2020/2026, which also arise from the contingent capital approved under item 9 of the agenda of the annual general meeting of 23 May 2018, count towards the 10% cap for Authorised Capital 2018, the scope for issuing further shares and bonds subject to the exclusion of the shareholders' pre-emptive subscription rights has been utilised in full. Consequently, the Management Board no longer has any scope for a cash equity issue subject to the exclusion of the shareholders' pre-emptive subscription rights under Authorised Capital 2018.

For this reason, Authorised Capital 2018 is to be cancelled and replaced by new Authorised Capital 2021 of EUR 29,000,000.00. This will ensure that the Management Board is still able to make use of the Company's authorised capital sufficiently in order to strengthen its equity position. In terms of its amount, the Authorised Capital 2021 of EUR 29,000,000.00 equals Authorised Capital 2018 and is thus equivalent to just under 20% of the Company's current share capital. The scope for excluding the shareholders' pre-emptive subscription rights for equity issues using Authorised Capital 2021 is to be capped at a total of 10% of the Company's share capital including shares which have been issued or sold under other authorisation that is subject to the exclusion of the shareholders' pre-emptive subscription rights.

The Management Board and Supervisory Board therefore recommend that the shareholders pass the following resolution:

- a) the authorisation granted to the Management Board at the annual general meeting of 23 May 2018 to utilise authorised capital (Authorised Capital 2018) is cancelled to the extent that it has not been used, subject to the condition precedent of the amendment to the Company's Articles of Incorporation proposed under c) being duly entered in the commercial register.
- b) the Management Board is authorised subject to the Supervisory Board's approval to increase the Company's share capital once or repeatedly on or before 10 May 2024 on a cash and/or non-cash basis by an amount of up to EUR 29,000,000.00 by issuing up to 29,000,000 new no-par-value bearer shares in the Company's capital (**Authorised Capital 2021**).

As a matter of principle, the new shares shall be offered to the shareholders for subscription; they may also be transferred to one or more banks or one or more institutions equivalent to banks subject to the obligation that they be offered to the shareholders for subscription (indirect subscription right). However, the Management Board is authorised to exclude the shareholders' statutory subscription rights subject to the Supervisory Board's approval in the following cases:

- (a) as far as this is necessary to eliminate fractional amounts;
- (b) as far as this is necessary in the event of an offer directed at all shareholders or the issue of fresh equity subject to the shareholders' pre-emptive subscription rights in order to grant shares to the holders of option or convertible bonds issued by the Company or a group member to the extent that these holders have a right to subscribe to shares in the Company after the exercise of the option or conversion rights or the settlement of the corresponding obligations;
- (c) to acquire real estate, real estate portfolios, companies, parts of companies, equity interests in other entities or other assets (including receivables against the Company) through the issue of shares in suitable individual cases (non-cash equity issue); to acquire real estate, real estate portfolios, companies, parts of companies, equity interests in other entities or other assets (including receivables against the Company) through the issue of shares in suitable individual cases (non-cash equity issue);
- (d) to the extent to which – in the event that the new shares are issued on a cash basis – the new shares for which the shareholders' pre-emptive subscription rights are excluded do not exceed a total of ten percent of the Company's share capital and the issue price of the new shares is not significantly lower than the price of the same class of the Company's shares within the meaning of Sections 203 (1) and (2) and 186 (3) Sentence 4 of the German Stock Corporation Act both on the date on which the authorisation takes effect and on the date on which it is exercised. The cap of ten percent of the share capital also includes the prorated amount of the share capital attributable to shares which are sold subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with direct, analogous or corresponding application of Section 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation. The cap of ten percent of the share capital shall additionally include the prorated amount of the share capital required for the settlement of any obligations under convertible and/or option bonds issued subject to the exclusion of the shareholders' subscription rights in accordance with Sections 221 (4) Sentence 2 and 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation.

The proportionate value of the share capital attributable to the new shares for which pre-emptive subscription rights are excluded in accordance with Paragraphs (a) - (d) above may not exceed a total of 10% of the Company's share capital on both the date on which the authorisation takes effect and on the date on which it is exercised. The aforementioned 10% cap shall include:

- (i) treasury stock sold during the term of this authorisation subject to the exclusion of the shareholders' pre-emptive subscription

rights unless it is used to settle claims held by members of the Management Board and/or employees under staff participation programmes, and

- (ii) new shares which are issued to settle obligations under convertible and/or option bonds issued during the term of this authorisation subject to the exclusion of the shareholders' pre-emptive subscription rights.

In all other matters, the Management Board acting with the Supervisory Board's approval shall make decisions on the issue of new shares, the nature of the rights attached to such shares and the conditions of such issue.

The Supervisory Board is authorised to adjust the wording of the Articles of Incorporation to reflect the share capital issue executed using authorised capital.

- c) Article 4 (10) of the Articles of Incorporation is revised as follows:

"The Management Board is authorised subject to the Supervisory Board's approval to increase the Company's share capital once or repeatedly on or before 10 May 2024 on a cash and/or non-cash basis by a maximum amount of up to EUR 29,000,000.00 by issuing up to 29,000,000 new no-par-value bearer shares in the Company's capital (**Authorised Capital 2021**).

As a matter of principle, the new shares shall be offered to the shareholders for subscription; they may also be transferred to one or more banks or one or more institutions equivalent to banks subject to the obligation that they be offered to the shareholders for subscription (indirect subscription right). However, the Management Board is authorised to exclude the shareholders' statutory subscription rights subject to the Supervisory Board's approval in the following cases:

- (a) as far as this is necessary to eliminate fractional amounts;
- (b) as far as this is necessary in the event of an offer directed at all shareholders or the issue of fresh equity subject to the shareholders' pre-emptive subscription rights in order to grant shares to the holders of option or convertible bonds issued by the Company or a group member to the extent that these holders have a right to subscribe to shares in the Company after the exercise of the option or conversion rights or the settlement of the corresponding obligations;
- (c) to acquire real estate, real estate portfolios, companies, parts of companies, equity interests in other entities or other assets (including receivables against the Company) through the issue of shares in suitable individual cases (non-cash equity issue); to acquire real estate, real estate portfolios, companies, parts

of companies, equity interests in other entities or other assets (including receivables against the Company) through the issue of shares in suitable individual cases (non-cash equity issue);

- (d) to the extent to which – in the event that the new shares are issued on a cash basis – the new shares for which the shareholders' pre-emptive subscription rights are excluded do not exceed a total of ten percent of the Company's share capital and the issue price of the new shares is not significantly lower than the price of the same class of the Company's shares within the meaning of Sections 203 (1) and (2) and 186 (3) Sentence 4 of the German Stock Corporation Act both on the date on which the authorisation takes effect and on the date on which it is exercised. The cap of ten percent of the share capital also includes the prorated amount of the share capital attributable to shares which are sold subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with direct, analogous or corresponding application of Section 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation. The cap of ten percent of the share capital shall additionally include the prorated amount of the share capital required for the settlement of any obligations under convertible and/or option bonds issued subject to the exclusion of the shareholders' subscription rights in accordance with Sections 221 (4) Sentence 2 and 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation.

The proportionate value of the share capital attributable to the new shares for which pre-emptive subscription rights are excluded in accordance with Paragraphs (a) - (d) above may not exceed a total of 10% of the Company's share capital on both the date on which the authorisation takes effect and on the date on which it is exercised. The aforementioned 10% cap shall include:

- (i) treasury stock sold during the term of this authorisation subject to the exclusion of the shareholders' pre-emptive subscription rights unless it is used to settle claims held by members of the Management Board and/or employees under staff participation programmes, and
- (ii) new shares which are issued to settle obligations under convertible and/or option bonds issued during the term of this authorisation subject to the exclusion of the shareholders' pre-emptive subscription rights.

In all other matters, the Management Board acting with the Supervisory Board's approval shall make decisions on the issue of new shares, the nature of the rights attached to such shares and the conditions of such issue.

The Supervisory Board is authorised to adjust the wording of the Articles of Incorporation to reflect the share capital issue executed using authorised capital.”

The Management Board is required pursuant to Sections 203 (2) Sentence 2 and 186 (4) Sentence 2 of the German Stock Corporation Act to submit a written report explaining the reasons for the exclusion of the pre-emptive subscription rights. The contents of such report are disclosed in Part IV of this invitation to the annual general meeting.

**9. Resolution to cancel the existing authorisation and to grant new authorisation to issue convertible and/or option bonds to replace Contingent Capital 2018/I with Contingent Capital 2021/I and to amend the Articles of Incorporation accordingly**

Under the resolution passed at the annual general meeting of 23 May 2018 on item 9 of the agenda of that meeting, the Management Board is authorised to issue subject to the Supervisory Board’s approval bearer convertible bonds and/or option bonds (jointly referred to as the “**bonds**”) with a nominal amount of up to EUR 700,000,000.00 once or repeatedly on or before 22 May 2023. **Contingent Capital 2018/I** of EUR 29,000,000.00 was created for the settlement of the obligations arising in connection with the conversion and/or option rights. Among other things, the Management Board was authorised subject to the Supervisory Board’s approval to exclude the shareholders’ pre-emptive right to subscribe to the bonds in accordance with the conditions on which such authorisation is contingent subject to a cap of ten percent of the Company’s share capital.

On 20 August 2020, the Company utilised the authorisation granted by the shareholders under item 9 of the agenda of the annual general meeting of 23 May 2018 to issue a convertible bond for EUR 470,000,000.00 subject to the exclusion of the shareholders’ pre-emptive subscription rights (“**Convertible Bond 2020/2026**”). As the shares required to settle the obligations under Convertible Bond 2020/2026, which arise from Contingent Capital 2018/I, count towards the 10% cap, the scope for the issue of further bonds subject to the exclusion of the shareholders’ pre-emptive subscription rights has been utilised in full. The Management Board currently does not have any scope to issue convertible bonds and/or option bonds subject to the exclusion of shareholders’ pre-emptive subscription rights.

For this reason, the authorisation of 23 May 2018 is to be replaced with new authorisation for the issue of bonds with a maximum nominal amount of EUR 1,200,000,000.00 and Contingent Capital 2018/I replaced with Contingent Capital 2021/I in an amount of EUR 29,000,000.00. The authorisation of 23 May 2018 is to be cancelled under this resolution. Looking forward, the Company is to remain in a position allowing it to use convertible and/or option bonds subject to the exclusion of shareholders’ pre-emptive subscription rights to finance its business to the customary extent. With the exception of its duration and the increase in the total nominal amount to EUR 1,200,000,000.00, the authorisation will be identical to the

authorisation granted under item 9 of the agenda of the annual general meeting of 23 May 2018. Like Contingent Capital 2018/I, Contingent Capital 2021/I will thus equal an amount just under 20% of the Company's current share capital. The scope for excluding the shareholders' pre-emptive subscription rights for issues of bonds is to be capped at a total of 10% of the Company's current share capital including shares which have been issued or sold under other authorisation subject to exclusion of the shareholders' pre-emptive subscription rights.

The Management Board and Supervisory Board therefore recommend that the shareholders pass the following resolution:

**a) Cancellation of Convertible Bond Authorisation 2018**

The authorisation granted by the resolution passed at the annual general meeting of 23 May 2018 on item 9 of the agenda of that meeting ("**Convertible Bond Authorisation 2018**") will be cancelled.

The aforementioned cancellation will take effect upon the amendment to the Company's Articles of Incorporation to be approved under letter e) of item 9 of this agenda being entered in the commercial register ("**effective date**").

**b) Authorisation to issue convertible and/or option bonds ("**Convertible Bond Authorisation 2021**")**

**aa) Nominal amount, authorisation period and number of shares**

The Management Board is authorised subject to the Supervisory Board's approval to issue bearer convertible bonds and/or option bonds (collectively also known as "**bonds**") for a definite or indefinite period in a total nominal amount of up to EUR 1,200,000,000.00 once or repeatedly on or before 10 May 2024 and to grant the holders of the bonds conversion or option rights with respect to the Company's bearer shares accounting for a proportionate amount of up to EUR 29,000,000.00 of the Company's share capital in accordance with conversion and option bond conditions to be determined by the Management Board.

The bonds shall be issued in euros. They may also be issued by a directly or indirectly affiliated subsidiary of the Company; in this case, the Management Board is authorised subject to the Supervisory Board's approval to issue guarantees for the bonds on the Company's behalf and to grant the holders conversion or option rights with respect to new bearer shares to be issued by the Company.

The bonds shall be divided into partial bonds with the same rights and obligations.

**bb) Conversion right and conversion obligation**

If convertible bonds are issued, the holders of the partial bonds shall be entitled to convert their convertible bonds into the Company's bearer shares in accordance with the terms and conditions of issue. The swap ratio shall be determined by dividing the nominal amount of a partial bond by the fixed conversion price per bearer bond issued by the Company. The conversion ratio may also be determined by dividing the issue amount of the partial bond, if it is lower than the nominal amount, by the fixed conversion price per new bearer share issued by the Company. The swap ratio may be rounded up to a conversion ratio in full figures; in addition, an additional cash payment may also be determined. Otherwise, it may be determined that fractional amounts will be combined and/or settled in cash. The proportionate amount of the Company's share capital embodied by the Company's shares to be issued upon conversion may not exceed the nominal amount of the partial bond.

The terms and conditions of issue may also provide for a conversion and/or option duty.

**cc) Option right**

If option bonds are issued, one or more warrants shall be attached to each partial bond authorising the holder to subscribe to the Company's bearer shares in accordance with the applicable terms and conditions of issue. The terms and conditions of issue may stipulate that the option price may also be settled through the grant of partial bonds and, where applicable, a cash premium. The subscription ratio may be rounded up to an option ratio in full numbers. Otherwise, it may be determined that fractional amounts will be combined and/or settled in cash. The proportionate share in the Company's share capital embodied by the Company's shares to be subscribed to per partial bond may not exceed the nominal amount of the partial bond. The term of the option may not exceed the term of the option bond.

**dd) Conversion/option price**

The conversion or option price of the bearer shares issued by the Company shall be fixed in euros and equal at least 80 percent of the average of the closing price of the Company's stock as determined in XETRA trading (or a comparable replacement system) at the Frankfurt stock exchange on the five trading days prior to the day on which the Management Board passes a resolution providing for the final determination of the terms and conditions of issue of the bonds. This shall not prejudice Section 9 (1) of the German Stock Corporation Act.

Notwithstanding Section 9 (1) of the German Stock Corporation Act, the conversion or option price may be reduced through the payment of a corresponding amount in cash upon exercise of the conversion or option right or settlement of the corresponding obligations or through a reduction in the additional payment on account of a non-dilution clause after the terms and conditions for the issue of the conversion and option bonds have been specified if during the conversion or option period the Company increases its share capital and, in doing so, grants its shareholders subscription rights or issues further bonds or any other options resulting in a subscription right or obligation and the holders of the conversion and option rights are not granted any subscription rights in a ratio which they would be entitled to receive after the exercise of their conversion or option rights or settlement of the conversion or option obligations. In lieu of payment in cash or a reduction in the additional payment, the swap ratio may - as far as possible - also be adjusted by dividing the nominal amount of the partial bond by the lower conversion price. The terms and conditions of the issue of conversion and/or option bonds may also provide for adjustments to the conversion and option price to preserve their value in the event of capital reductions, splits, dividends or bonus dividends and any other measures liable to dilute the value of the conversion and option rights. In addition, the Company may grant reasonable compensation in the event of early exercise of the conversion or option right. In any case, the proportionate amount of the share capital embodied by the shares issued per partial bond may not exceed the nominal value per partial bond.

**ee) Grant and exclusion of shareholders' pre-emptive subscription rights**

As a matter of principle, subscription rights shall be granted to the shareholders. The new shares may also be transferred to one or more banks or one or more institutions equivalent to banks subject to the obligation that they be offered to the shareholders for subscription (indirect subscription right).

However, the Management Board shall be authorised subject to the Supervisory Board's approval to exclude the shareholders' pre-emptive right to subscribe to the bonds provided that the issue price is not materially less than the theoretical market value of the bonds particularly calculated in accordance with acknowledged principles of financial mathematics. In cases in which bonds are issued such that subscription rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act, this authorisation to exclude the pre-emptive right of subscription shall apply only provided that the proportion attributable to the shares issued to settle the conversion and option obligations does not exceed a total of ten percent of the share capital either on the date on which this authorisation takes effect or on the date on which it is exercised.



This cap of ten percent of the share capital shall include the sale of the Company's treasury stock if and to the extent that such sale occurs during the term of this authorisation pursuant to authorisation to sell the Company's treasury stock subject to the exclusion of subscription rights in accordance with Sections 71 (1) No. 8 Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act. In addition, this limit of ten percent of the share capital includes the shares which are issued during the term of this authorisation under the authorisation to issue new shares using the Company's authorised capital in accordance with Sections 203 (1) and (2) in connection with 186 (3) Sentence 4 of the German Stock Corporation Act subject to the exclusion of the shareholders' pre-emptive subscription rights.

The Management Board shall be additionally authorised subject to the Supervisory Board's approval to exclude the shareholders' pre-emptive subscription rights to bonds for fractional amounts and also to exclude subject to the Supervisory Board's approval these subscription rights as far as this is necessary to grant the holders of the conversion and/or option rights subscription rights to the same extent as the subscription rights to which they are entitled after the exercise of their conversion and/or option rights or the settlement of the conversion and/or option obligations.

If the bonds are issued subject to the exclusion of the shareholders' pre-emptive subscription rights, the Management Board will make use of Convertible Bond Authorisation 2021 only to the extent that the conversion and option rights or obligations tied to the bonds to be issued entail shares which do not exceed 10% of the Company's share capital as of the date on which Convertible Bond Authorisation 2021 takes effect or is exercised, whichever amount is lower. The aforementioned 10% cap shall include:

- (i) new shares which are issued during the term of Convertible Bond Authorisation 2021 under authorised capital subject to the exclusion of the shareholders' pre-emptive subscription rights;
- (ii) treasury stock sold during the term of Convertible Bond Authorisation 2021 subject to the exclusion of the shareholders' pre-emptive subscription rights unless it is used to settle claims held by members of the Management Board and/or employees under staff participation programmes, and
- (iii) new shares which are issued to settle obligations under convertible and/or option bonds issued during the term of Convertible Bond Authorisation 2021 subject to the exclusion of the shareholders' pre-emptive subscription rights.

**ff) Further scope for adjustments and authorisation to determine the conditions for the issue of bonds**

The terms and conditions for the issue of bonds may determine that the Company's treasury stock may also be granted in the event that the conversion and/or option rights are exercised. In addition, provision may be made for the Company to grant the beneficiaries of the conversion and/or option rights a cash settlement in lieu of the Company's treasury stock.

The Management Board shall be authorised subject to the Supervisory Board's approval to determine and modify the remaining details and terms and conditions of the issue of the bonds including but not limited to the coupon, the issue price and the term and, where applicable, in consultation with the management bodies of the subsidiaries issuing the bond.

**c) Condition precedent**

The aforementioned resolution b) is subject to the condition precedent of the prior occurrence of the effective date.

**d) Resolution to replace Contingent Capital 2018/I with Contingent Capital 2021/I**

Contingent Capital 2018/I, which was approved at the annual general meeting of 23 May 2018 under item 9 of the agenda of that meeting, will be replaced by Contingent Capital 2021/I as follows:

The Company's share capital will be increased by up to EUR 29,000,000.00 through the issue of up to 29,000,000 new no-par bearer shares on a contingent basis (Contingent Capital 2021/I). The contingent capital will be used to grant shares to the holders of convertible and/or option bonds which are issued by the Company or any of its directly or indirectly affiliated subsidiaries in accordance with the authorisation granted on 16 May 2018 or 11 May 2021.

The new shares will be issued at the conversion or option price determined in accordance with the above mentioned authorisation resolutions. The contingent capital may be utilised only to the extent that the conversion and option rights are exercised or corresponding obligations are to be settled and only if no other method of settlement is applied.

The new shares will be dividend-entitled from the beginning of the year in which they arise. In derogation of this, the new shares will be dividend-entitled from the beginning of the year preceding the year in which they are issued if the no resolution has been passed at the annual general meeting on the allocation of the unappropriated surplus for the year preceding the year in which the shares are issued.

The Management Board shall be authorised to determine the further details of the contingent capital issue.

**e) Amendment to the Articles of Incorporation**

Article 4 (9) of the Articles of Incorporation is revised as follows:

“The Company’s share capital shall be increased by up to EUR 29,000,000.00 through the issue of up to 29,000,000 new no-par bearer shares on a contingent basis (**Contingent Capital 2021/I**). The contingent capital will be used to grant shares to the holders of convertible and/or option bonds which are issued by the Company or any of its directly or indirectly affiliated subsidiaries in accordance with the authorisation granted on 16 May 2018 or 11 May 2021. The new shares will be issued at the conversion or option price determined in accordance with the above mentioned authorisation resolutions. The contingent capital may be utilised only to the extent that the conversion and option rights are exercised or corresponding obligations are to be settled and only if no other method of settlement is applied. The new shares will be dividend-entitled from the beginning of the year in which they arise. In derogation of this, the new shares will be dividend-entitled from the beginning of the year preceding the year in which they are issued if the no resolution has been passed at the annual general meeting on the allocation of the unappropriated surplus for the year preceding the year in which the shares are issued. The Management Board shall be authorised to determine the further details of the contingent capital issue.”

The Management Board is required pursuant to Sections 221 (4) Sentence 2 and 186 (4) Sentence 2 of the German Stock Corporation Act to submit a written report explaining the reasons for the exclusion of the pre-emptive subscription rights. The contents of such report are disclosed in Part IV of this invitation to the annual general meeting.

**10. Resolution granting authorisation for the Company to buy treasury stock in accordance with Section 71 (1) No. 8 of the German Stock Corporation Act**

In accordance with a resolution passed by the shareholders at the annual general meeting on 17 June 2016, the Company is authorised to buy treasury stock in accordance with Section 71 (1) of the German Stock Corporation Act. Under this resolution, the Company was authorised to buy on or before 16 June 2021 treasury stock in an amount of up to 10 percent of the share capital existing upon the authorisation taking effect - or if it is less - upon the authorisation being exercised. The Company has so far not made any use of this authorisation.

In the interests of sustained business growth and to ensure that the activities of the Management Board are aligned with the interests of the shareholders, the Company’s Supervisory Board passed a resolution at its meeting of 22 March 2016 providing for part of the variable remuneration tied to the Company’s business performance payable to the Management Board to be granted in the form of TAG shares. In the

new remuneration system for the Management Board, which is being submitted at today's annual general meeting for approval under item 7 of the agenda, Section III Point C. 1 stipulates that the variable remuneration components under the LTIP are granted solely in the form of the shares. This rule also applied in the previous remuneration system. The 4-year vesting period starting from the date of award ensures that the members of the Management Board will be directly exposed to any positive or negative performance in the shares over this period with respect to this part of their variable remuneration.

In order to be able to award shares to the members of the Management Board and, in addition, to the employees of TAG under the annual employee stock option programmes, TAG requires a quota of treasury shares which it can acquire on the basis of this new authorisation to be granted by the shareholders at the annual general meeting.

As the existing authorisation granted on 17 June 2016 expires at the end of the day on 16 June 2021, it is necessary to renew this authorisation providing for the acquisition of treasury stock, while simultaneously cancelling the authorisation of 17 June 2016. In addition, a further purpose of the revised authorisation governing the acquisition of treasury stock is to restore full authorisation to utilise the authorisation in such a way that the shareholders' pre-emptive rights of subscription are excluded in accordance with Sections 71 (1) No. 8 Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act.

The Management Board and Supervisory Board therefore recommend that the shareholders pass the following resolution:

- a) That the resolution passed under item 6 of the agenda of the annual general meeting held on 17 June 2016 granting authorisation to acquire and utilise treasury stock be cancelled.
- b) That the Company be authorised until 10 May 2023 to buy treasury stock in an amount of up to 10% of the share capital existing upon the authorisation taking effect - or if less - upon the authorisation being exercised. The authorisation may not be utilised by the Company to trade in treasury stock. At no time may the treasury stock acquired together with treasury stock already held by the Company or attributable to it in accordance with Sections 71d and 71e of the German Stock Corporation Act exceed 10 percent of the Company's share capital.

The treasury stock shall be acquired at the Management Board's discretion either via the stock market or in the form of a public offer made to all shareholders. The consideration rendered by the Company for the acquisition of treasury stock (net of transaction costs) may not be more than 20% lower or 10% higher than the market price of the stock. For this purpose, the market price of the stock shall be defined as the arithmetic mean of the closing prices of the stock on the Frankfurt stock exchange in XETRA

trading (or a comparable replacement system) on the three trading days preceding the closing day. If the treasury stock is acquired via the stock exchange, the closing price shall be the day on which the obligation to acquire the stock is established. In the event of a public offer addressed to all shareholders, the closing price shall be the day on which the Management Board's decision to submit an offer is announced. If, after publication of the offer, there is a not insignificant difference between the share price and the purchase price offered or the limits of a possible price range, the purchase offer may be duly adjusted. In this case, the closing price will be the day on which the Management Board's decision to adjust the offer is announced. The Management Board may at its discretion define a price range via a public offer for the acquisition of treasury stock within which the shareholders may submit bids and it may determine the final price on the basis of the amount and number of bids in such a way that most of the shares are bought back for a certain amount or a certain number of shares is bought back at the lowest price.

In the event of a public offer to acquire treasury stock, the Company will submit to all shareholders an offer commensurate with the size of their share. The volume of the public offer may be limited. If the total subscription of the offer exceeds this volume, the declarations of acceptance shall be honoured on the basis of the ratio of the number of shares tendered; accordingly, any offering rights on the part of the shareholders shall be excluded. In the event of a public offer to acquire treasury stock based on a price range, the bids submitted by shareholders requesting an overly high prices may be ignored. Similarly, provision may be made for preferential allowance of small offers of up to 100 of the Company's shares per shareholder in order to avoid fractional amounts. In this connection, any rights which the shareholders may have to offer their shares for sale to the Company will be excluded.

- c) The Management Board shall be authorised to sell the Company's treasury stock acquired on the basis of this authorisation for all purposes permitted by law. In particular, it may sell it via the stock market or in an offer to all shareholders. In addition, it may particularly use it for the following purposes subject to the Supervisory Board's approval:
  - aa) The treasury stock may be sold at a price which is not materially less than the stock market price at which the Company's shares of the same class are trading on the date of the sale in accordance with Sections 71 (1) No. 8 Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act. In this case, the portion of the share capital attributable to the shares for which the shareholders' pre-emptive subscription rights are excluded may not exceed a total of 10 percent of the share capital even in the event of more than one sales transaction either on the date on which the authorisation first takes effect or on the date on which it is exercised.

The aforementioned 10% cap shall include:

- (i) new shares issued using authorised capital during the term of this authorisation in direct or analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act subject to the exclusion of the shareholders' pre-emptive subscription rights.
  - (ii) new shares that must be issued for the settlement of any obligations under convertible or option bonds issued subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with Sections 221 (4) Sentence 2 and 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation.
- bb) The shares may be used to settle option and/or conversion rights or corresponding obligations under option and/or convertible bonds which have been or will be issued by the Company or a Group member.
- cc) If an offer is directed at all shareholders or in the event of the issue of fresh equity subject to the shareholders' pre-emptive subscription rights, the shares may be granted to the holders of option or convertible bonds issued by the Company or a group member to the extent that these holders have a right to subscribe to shares in the Company after the exercise of the option or conversion rights or the settlement of the corresponding obligations.
- dd) The shares may be sold in connection with business combinations or, in suitable individual cases, the acquisition of real estate, real estate portfolios, companies, parts of companies, shares in other entities or other assets (including receivables against the Company).
- ee) The shares may be allocated and awarded to members of the Management Board and employees of the Company by the Supervisory Board in connection with the determination of variable remuneration.
- ff) The shares may be cancelled without any further resolution of the shareholders. Such cancellation shall result in a corresponding reduction in the Company's capital. Notwithstanding this, the Management Board may determine that the share capital is not to be reduced, in which case the value of the remaining shares in the Company's share capital shall be increased accordingly and the number of shares stated in the articles of incorporation duly modified.

The shareholders' pre-emptive subscription rights shall be excluded if the treasury stock is used for any of the purposes specified in aa) to ff) above. In the event of the Company's treasury stock being sold via an offer directed at all shareholders, the Management Board shall be additionally authorised to exclude the shareholders' pre-emptive subscription rights for fractional amounts.

- d) The authorisation to buy and utilise treasury stock may be exercised by the Company in its entirety or in parts, once or on repeated occasions; it may also be exercised by Group members or by third parties acting on the Company's account or on their own account.

The Management Board is required pursuant to Sections 71 (1) No. 8 Sentence 5 and 186 (4) Sentence 2 of the German Stock Corporation Act to submit a written report explaining the reasons for the exclusion of the subscription rights. The contents of such report are disclosed in Part IV of this invitation to the annual general meeting.

## II. SYSTEM FOR THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD OF TAG IMMOBILIEN AG UNDER SECTIONS 113 (3) SENTENCE 3 AND 87A OF THE GERMAN STOCK CORPORATION ACT (ITEM 6)

### A. Wording of the Articles of Incorporation

The remuneration of the members of the Supervisory Board is governed by Article 15 of the Company's Articles of Incorporation, which reads as follows:

- “(1) Each member of the Supervisory Board shall receive fixed remuneration of EUR 20,000.00 per year. The Chairman of the Supervisory Board shall receive fixed remuneration of EUR 175,000.00 per year. His deputy shall receive one-and-a-half times the remuneration referred to in Sentence 1.*
- (2) Members of the Supervisory Board who are members of a committee shall receive further fixed remuneration of EUR 5,000.00 for their work on the committee. The chairperson of a committee shall receive one and a half times this further fixed remuneration. The chairperson of the audit committee shall receive fixed remuneration of EUR 75,000.00 for each year. Members of the nomination/personnel committee and the Chairman of the Supervisory Board shall not receive any further fixed remuneration for their committee activities but shall receive an attendance fee of EUR 500.00 for each meeting of the committee that they attend as a member of such committee.*
- (3) The Company shall take out appropriate D&O insurance for the members of the Supervisory Board and pay the premiums for such insurance.*
- (4) If the conditions for payment of the remuneration are satisfied on only a time-proportionate basis, the remuneration in question shall be duly paid on a time-proportionate basis.*
- (5) The members of the Supervisory Board shall be reimbursed for all expense which they incur in the performance of their duties as members of the Supervisory Board as well as any value added tax payable on their remuneration.”*



**B. Contribution of remuneration to furthering the Company's business strategy and long-term development**

Overall, the system complies with the requirements of the German Corporate Governance Code as amended on 16 December 2019.

In accordance with the recommendation in G.18 Sentence 1 of the German Corporate Governance Code, the remuneration of the members of the Supervisory Board consists exclusively of fixed remuneration components plus any attendance fees, reimbursement of expenses and insurance cover, but no variable remuneration elements. The fixed remuneration strengthens the independence of the members of the Supervisory Board and thus makes an indirect contribution to the Company's long-term development (see Section 87a (1) Sentence 2 No. 2 of the German Stock Corporation Act).

At the same time, the remuneration system provides an incentive for members of the Supervisory Board to proactively support the Company's business strategy (see Section 87a (1) Sentence 2 No. 2 of the German Stock Corporation Act) by appropriately taking into account, in accordance with G.17 of the German Corporate Governance Code, the greater time commitment of the Chairman of the Supervisory Board, who is involved particularly closely in discussing strategic issues (D.6 of the German Corporate Governance Code), and of the Deputy Chairman of the Supervisory Board as well as the chairperson or members of committees.

**1. Remuneration components**

The two remuneration components, the basic remuneration and the additional remuneration for committee activities, are summarised as follows (see also wording of the Articles of Incorporation, figures in EUR):

Remuneration component	Chairman	Deputy Chairman	Ordinary member
Basic remuneration	175,000.00	30,000.00	20,000.00
Remuneration component	Chairperson of a committee	Ordinary member of a committee	
Committee activity (does not apply to members of the nomination/personnel committee and the Chairman of the Supervisory Board)	7,500.00	5,000.00	
	Audit committee: 75,000.00		
Attendance fee (applies only to members of the nomination/personnel committee and the Chairman of the Supervisory Board)	500.00		

In addition, appropriate directors' and officers' liability insurance (D&O insurance) has been taken out and the premiums duly paid; the D&O insurance for members of the Supervisory Board continues to provide for a deductible of 10% of the claim. In addition, expenses incurred by the members of the Supervisory Board in the performance of their duties are reimbursed. Moreover, the Company reimburses any value added tax payable on the remuneration and the reimbursement of expenses.

**2. No variable remuneration, no remuneration-based legal transactions**

As the remuneration system does not include any variable remuneration components, disclosures pursuant to Section 87a (1) Sentence 2 Nos. 4, 6, 7 of the German Stock Corporation Act are dispensed with.

The remuneration of the members of the Supervisory Board is determined directly in the Articles of Incorporation. For this reason, there are no contractual remuneration-based legal transactions within the meaning of Section 87a (1) Sentence 2 No. 8 of the German Stock Corporation Act.

**3. Vesting periods**

Vesting periods, which may be appropriate particularly in the case of variable remuneration components, are not provided for in the remuneration system due to the lack of any variable remuneration components.

**4. Inclusion of employees' remuneration and employment conditions**

The Articles of Incorporation do not provide for any legally binding link as such a link does not reflect the specific functions of the Supervisory Board and would unreasonably curtail the shareholders' freedom to determine the remuneration of the Supervisory Board.

**5. Determination, implementation and review of the remuneration system**

The remuneration system and the specific remuneration of the members of the Supervisory Board are determined by the shareholders who pass a resolution approving the remuneration of the members of the Supervisory Board at least every four years in accordance with Section 113 (3) of the German Stock Corporation Act. A confirmatory resolution requiring a simple majority of votes is admissible. If a confirmatory resolution is not passed, a revised remuneration system must be presented for approval at the following annual general meeting at the latest. A material change to the remuneration system set out in the Articles of Incorporation and the remuneration of the members of the Supervisory Board requires a resolution to amend the Articles of Incorporation that is passed with a majority

of the votes cast. The Supervisory Board, and particularly the Personnel Committee responsible for determining remuneration, continuously review the remuneration of the members of the Supervisory Board set by the annual general meeting to determine its compatibility with any new legal requirements, the recommendations of the German Corporate Governance Code, the expectations of the capital market and its market appropriateness. If the Supervisory Board identifies any need for change in this regard, it draws up a revised remuneration system, which it submits to the shareholders for approval in accordance with Section 124 (3) 1 of the German Stock Corporation Act. Any conflicts of interest in the modification of the remuneration system are ruled out by the fact that the shareholders have the ultimate and sole powers of approval. Similarly, the shareholders have the possibility, provided that the applicable statutory conditions are met, to place the remuneration system and the remuneration of the members of the Supervisory Board, including any proposed changes, on the agenda of any meeting of the shareholders pursuant to Section 122 of the German Stock Corporation Act or to submit corresponding (counter) motions pursuant to Section 126 of the German Stock Corporation Act.

# III. SYSTEM FOR THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD OF TAG IMMOBILIEN AG IN ACCORDANCE WITH SECTION 87A OF THE GERMAN STOCK CORPORATION ACT (ITEM 7)

## A. Introduction and summary

The remuneration system for the members of the Management Board aims to support the sustainable development of the Group strategy of TAG Immobilien AG ("TAG") and contribute to its continued success.

For this reason, the members of the Management Board have for many years been receiving variable remuneration components in addition to fixed remuneration, consisting of a short term incentive plan ("STIP"), which is based on the Company's key performance indicators, and a long term incentive plan ("LTIP"), which is based on total shareholder return (TSR).

The STIP is currently based on the increase in EPRA net asset value ("NAV"), funds from operations excluding sales results ("FFO I") and earnings before taxes net of fair value remeasurement gains and losses on real estate and derivatives ("EBT") compared to the previous year - calculated in each on a per-share basis. LTIP remuneration is currently based on TSR, i.e. the increase in the share price plus dividends paid, over a three-year period. Premiums or discounts are applied to the LTIP to allow for the relative performance of TAG stock compared to its peer group. The STIP remuneration components are paid in cash, while the LTIP remuneration components take the form of awards of TAG shares.

This existing remuneration system ("previous system") was adopted by the Supervisory Board on 29 November 2017 and approved by a majority of the shareholders at the annual general meeting on 23 May 2018.

Under the "Act on the Transposition of the Second Shareholder Rights Directive" ("ARUG II"), which came into force on 1 January 2020, and in compliance with the revised recommendations of the German Corporate Governance Code as published on 20 March 2020

“2020 Code”), the Supervisory Board of TAG passed a resolution on 11 December 2020 to update the previous system by making the changes described below and determined further details of the new remuneration system on 15 March 2021.

The criteria for the STIP have been reweighted, i.e. the proportion of FFO relative to NAV (defined in the future as EPRA net tangible assets, “NTA”) has been increased and EBT replaced by a non-financial target. In addition, individually agreed targets provide for premiums or discounts on the STIP remuneration for individual members of the Management Board. The newly introduced non-financial target (“ESG target”) reflects TAG’s sustainability strategy, which takes into account aspects pertaining to the environment, social responsibility and good corporate governance. TAG considers sustainable management and action to be part of its corporate responsibility towards shareholders, employees and other interest groups (“stakeholders”).

Under the LTIP, the performance period was extended from three to four years and a vesting period of a further four years for the sale of the shares awarded under this programme introduced. Performance is determined solely in accordance with TSR in line with the previous remuneration system. The Supervisory Board reserves the right to additionally implement non-financial performance criteria within the LTIP, which, however, would not lead to any additional remuneration but reduce the proportion of TSR-based remuneration within the LTIP accordingly.

The annual target remuneration for the STIP was increased from EUR 125k to EUR 150k, and the cap on the STIP from EUR 125k to EUR 200k. The annual target remuneration for the LTIP was increased to EUR 250k (previously EUR 150k) and the cap to EUR 400k in 2021 and EUR 500k from 2022 (previously EUR 300k). These increases in the target and maximum STIP and LTIP remuneration are considered to be appropriate in view of TAG’s success, as the Supervisory Board believes that in the interests of the shareholders it is essential to continue providing the Management Board with performance-related incentives in line with market practices. On the other hand, the payment of retention bonuses to members of the Management Board is not in the interest of the shareholders as such bonuses are not directly linked to performance. Since the remuneration paid to the members of the Management Board is also low compared to the peer group, an increase in the target and maximum remuneration together with the definition of ambitious performance targets seemed appropriate. No changes were made with regard to the gross annual fixed remuneration, which was last increased uniformly for all members of the Management Board to EUR 420k p.a. in 2016, or with regard to benefits. It should be noted that even with these proposed increases the remuneration of the members of the Management Board will still be at the lower end of the peer group remuneration scale.

### III. System for the remuneration of the members of the Management Board

A minimum shareholding obligation for the members of the Management Board and negative bonus/clawback rules in the event of any breaches of duty were included in the remuneration system for the first time.

The new remuneration system will apply from 1 January 2021. The current members of the Management Board have agreed to an amendment to their service contracts prior to their expiry date and have accepted the new arrangements.

The main changes in the remuneration system are summarised below:

<b>Overview of the main changes to the remuneration system</b>		
<b>Remuneration system until 31 December 2020</b>	<b>Component</b>	<b>Remuneration system from 1 January 2021</b>
Previous remuneration system approved by the shareholders on 23 May 2018	Remuneration system	Revisions to the remuneration system in line with the Act on the Transposition of the Second Shareholder Rights Directive and the 2020 Code
Based on: <ul style="list-style-type: none"> <li>· NAV per share</li> <li>· FFO I per share</li> <li>· EBT per share</li> <li>· No individual targets</li> </ul> Target + cap: EUR 125k p.a.	STIP - cash payment -	Based on <ul style="list-style-type: none"> <li>· NTA per share</li> <li>· FFO I per share</li> <li>· ESG goal</li> <li>· Individual target remuneration leads to an increase or decrease of up to 10%</li> </ul> Target: EUR 150k p.a. Cap: EUR 200k p.a.
Based on TSR performance over 3 years: <ul style="list-style-type: none"> <li>· Target TSR of 30% leads to remuneration of EUR 150k p.a. (= target remuneration)</li> <li>· If the actual TSR is above or below the target TSR, a straightline adjustment is made</li> <li>· Performance relative to the peer group leads to an increase or decrease of 25%</li> <li>· No restriction on sale of shares awarded under the LTIP</li> </ul> Cap: EUR 300k p.a.	LTIP - share award -	Based on TSR performance over 4 years: <ul style="list-style-type: none"> <li>· Target TSR of 40% leads to remuneration of EUR 250k p.a. (= target remuneration).</li> <li>· If the actual TSR is above or below the target TSR, a straightline adjustment is made</li> <li>· Performance relative to the peer group leads to an increase or decrease of 25%</li> <li>· Vesting period of 4 years from date of award of shares</li> </ul> Cap: EUR 400k for 2021 Cap: EUR 500k p.a. as of 2022
Not contractually agreed	Share retention obligation	TAG shares worth at least one gross annual fixed salary
Not contractually agreed	Negative bonus/clawback	Negative bonus and clawback contractually agreed for STIP and LTIP

## **B. Basic elements of the remuneration system for the members of the Management Board**

### **1. Objective**

The purpose of the variable remuneration components is particularly to (i) provide incentives for TAG's sustainable and long-term development and the creation of sustainable enterprise value along the value chain, (ii) additionally align the interests of the shareholders with those of the Management Board and (iii) strengthen the long-term commitment of the members of the Management Board.

As before, the strategic and operational performance indicators derived from these goals are applied as performance criteria for determining the variable remuneration of the members of the Management Board.

The long-term components of the variable Management Board remuneration should exceed the short-term components and reflect the development of the Company's value in a short-term period aligned to the year in question and a long-term four-year period. In order to do justice to the growing importance of sustainability as an element of the corporate strategy, the achievement of non-financial targets is taken into account when determining variable remuneration.

### **2. Procedures for determining and reviewing the remuneration system**

The Personnel Committee of TAG's Supervisory Board prepares the decisions of the Supervisory Board on the remuneration system and the determination of the specific remuneration. Based on the Committee's proposal, the full Supervisory Board then adopts this system and the amount of remuneration for the Management Board, including the maximum remuneration, and decides annually on the remuneration for the individual members of the Management Board based on the performance targets set before the beginning of the year in question and the extent of target achievement. If the Supervisory Board engages external consultants to determine the remuneration system, it must first satisfy itself of the independence of such consultants. The Personnel Committee regularly reviews the Management Board remuneration system and the Supervisory Board decides on any changes that may be necessary.

The precautions provided for in the rules of procedure of the Supervisory Board to avoid any conflicts of interest also apply to the procedure for establishing, implementing and reviewing the remuneration system.

When determining the specific remuneration of individual members of the Management Board, the Supervisory Board defines the extent to which the targets set for individual members of the

### III. System for the remuneration of the members of the Management Board

Management Board or for all members together are to be applied. The following criteria are considered:

- The remuneration of the member of the Management Board should be commensurate with his or her duties and performance as well as TAG's valuation and comply with customary market standards.
- The variable remuneration should primarily be based on strategic objectives.
- The remuneration of the member of the Management Board should not exceed the usual remuneration in the absence of any special reasons to the contrary. The Supervisory Board will assess the customary nature of the remuneration on the basis of an external comparison with the remuneration of members of peer-group management boards ("horizontal comparison") and internally with the remuneration of senior management and the entire workforce of TAG, taking into account general developments over time ("vertical comparison").
- The variable remuneration resulting from the achievement of long-term targets should exceed the share resulting from short-term targets in order to particularly align the remuneration of the members of the Management Board with the Company's long-term development.
- The individual performance of a member of the Management Board should be duly taken into account. Successes should be rewarded. Any failure to meet targets should result in an appropriate reduction of the variable remuneration. However, the remuneration structure must not encourage inappropriate risk-taking. No subsequent change of the targets or the comparison parameters is possible.

The Supervisory Board submits the remuneration system which it has adopted to the shareholders for approval at the annual general meeting - with this to be done for the first time at the annual general meeting in 2021. If the shareholders do not approve the system submitted, the Supervisory Board must present a revised version of the remuneration system for approval by no later than the following ordinary annual general meeting. The remuneration system is also submitted to the shareholders for approval in the event of any significant changes, however at least once every four years.



### **C. The remuneration system in detail**

#### **1. Determination of STIP and LTIP remuneration and details of target, maximum and total remuneration**

The total remuneration for each member of the Management Board consists of the following three components:

- The fixed remuneration payable in cash, which is paid monthly as non-performance-tied basic remuneration (gross annual fixed salary). The fixed remuneration also includes benefits, such as the provision of a company car, allowances for individual private health insurance and retirement benefits, accident insurance and liability insurance premiums as well as a season rail ticket, private use of communication devices and the reimbursement of company travel expenses.
- The variable and performance-based STIP remuneration payable in cash, which is determined on the basis of the agreed financial and non-financial performance indicators as well as on the basis of the achievement of individual targets and paid out after the approval of the annual financial statements for the year in question.
- The long-term LTIP remuneration paid in the form of TAG shares, which is measured by reference to TSR over a four-year period. In accordance with recommendation G.10 of the 2020 Code, the members of the Management Board may claim a cash payment up to the amount of the tax liability arising from the share award, which, however, is then offset in full against their individual income tax liabilities (including solidarity surcharge and church tax), so that as a result no cash payment is made under the LTIP.

The Supervisory Board will determine the target total remuneration for the individual members of the Management Board for the first time for 2021. The total target remuneration per member of the Management Board equals the sum of the fixed remuneration and the expected STIP and LTIP amounts.

The targets set and achieved and the resulting remuneration for each member of the Management Board will be explained in the annual remuneration report, which is to be submitted to the shareholders for approval on a regular basis from 2022 for the first time and duly audited by the auditor.

##### **a) Short-term variable remuneration (STIP)**

The STIP is determined on the basis of the performance indicators and targets listed below:

### III. System for the remuneration of the members of the Management Board

- NTA per share during the year, determined by comparing the base value in the previous IFRS consolidated financial statements as of 31 December and the extent of any change as of 31 December of the year in question. NTA is increased for these purposes by an amount equalling the dividend paid in the previous year. The increase by 1 cent in NTA per share is multiplied by EUR 200.
- FFO I per share based on the IFRS consolidated financial statements over the course of a year, determined by comparing the FFO I of the previous year determined as of 31 December with that determined as of the end of the year in question. The increase by 1 cent in FFO I per share is multiplied by EUR 17,750.00.
- ESG targets over the course of a year, which are redefined annually by the Supervisory Board, including the remuneration criteria. For 2021, the ESG targets are defined on the basis of the risk assessment developed by external rating agency "Sustainalytics" and rated according to the categories "negligible", "low", "medium", "high" or "severe". Depending on the category, this results in remuneration of between zero and EUR 25,000.00. The Supervisory Board is free to define further or alternative targets for sustainability and to include them in the specific catalogue of criteria for a new year in the future.

Before the beginning of each year, individual targets are agreed between the Chairman of the Supervisory Board and each member of the Management Board based on TAG's current activities and its business strategy, which is aligned towards achieving sustainable corporate development. After the end of each year, the Supervisory Board then determines the amount of the individual remuneration in a comprehensible manner on the basis of specific target-achievement. Depending on the degree of target achievement, the Supervisory Board has the option of increasing the STIP remuneration for the respective member of the Management Board by up to 10%, of leaving it unchanged or of reducing it by up to 10%.

The STIP target is EUR 150,000 p.a. if 100% of the target is achieved and is capped at EUR 200k.

In accordance with the recommendation in G.11 of the 2020 Code, the Supervisory Board reserves the right to take extraordinary developments into account within reasonable limits, e.g. to take into account an industry-wide redefinition of performance indicators or to revise or shift the weighting of criteria if they do not reflect the Company's usual and actual performance and changes in all or individual criteria are due to factors that can neither be foreseen nor lie within the control of the members

of the Management Board. Details of this exception and the rationale for the change must be documented in writing and explained to the shareholders at the annual general meeting during the presentation of the remuneration report and duly submitted for approval.

The Supervisory Board determines whether and in what amount a STIP is to be paid on the basis of the Company's accounts (in the case of targets based on financial performance indicators, such as NTA per share and FFO I per share), on the basis of the risk assessment of the external rating agency "Sustainalytics" (in the case of the currently applicable ESG targets) or on the basis of information to be provided by the company for this purpose (in the case of non-financial targets of an actual (e.g. contract conclusion) or other (e.g. compliance status) nature).

**b) Long-term variable remuneration (LTIP)**

The LTIP is determined by reference to TSR performance, which is calculated over a period of four years from the increase in the share price plus dividends paid, also relative to the performance of the peer group:

The absolute performance of TAG shares is measured on the basis of the volume-weighted average price (VWAP) of the shares over a period of two months prior to the beginning and at the end of each year. For example, if a performance period commences on 1 January 2019, the relevant opening price is the volume-weighted average price in November/December 2018 and if a performance period ends on 31 December 2021, the relevant closing price is the volume-weighted average price in November/December 2021.

The target TSR for the 4-year performance periods is set at 40%.

- If the actual TSR corresponds to the target TSR, the LTIP remuneration equals EUR 250k p.a. ("target remuneration") per Management Board member.
- If the actual TSR is above or below the target TSR, the amount is calculated or adjusted accordingly on a straight-line basis. For example, an actual TSR of 20% in a 4-year performance period results in LTIP remuneration of  $20/40 \times \text{EUR } 250\text{k} = \text{EUR } 125\text{k}$ .
- No remuneration is paid if the actual TSR is negative.

The relative performance of TAG shares is determined by comparing this figure with the peer-group TSR and - if the actual TSR is at least 2% higher or lower - duly taken into account by applying premiums or discounts as the case may be. If the

actual TSR is better than the peer-group average, a premium of 25% is applied; if it is worse, a discount of 25% is applied.

The peer group, which is also used for the aforementioned “horizontal comparison” of Management Board remuneration, is composed of listed real estate companies which, as portfolio holders, own significant residential properties in Germany. The peer group currently comprises the following companies: Vonovia SE, Deutsche Wohnen SE, LEG Immobilien SE, Grand City Properties S.A. and Adler Group S.A. These companies are given an equal weighting for the purpose of comparing the TSR on TAG shares with the peer-group TSR.

The Supervisory Board will regularly review the comparability and appropriateness of the peer group and, in individual cases, alter its composition if necessary, particularly as a result of acquisitions, changes in business models or a relocation of business activities abroad. The Supervisory Board will state this in the annual remuneration report.

The Supervisory Board can supplement the LTIP remuneration with long-term non-financial performance indicators or ESG targets and share-based remuneration based on these with effect for the future. This additional remuneration must not result in the target and maximum LTIP remuneration being exceeded. The share of this remuneration in total LTIP remuneration should not exceed 20%. The duplicate use of the performance indicators for calculating STIP and LTIP remuneration should be avoided. The ability to measure the targets to be agreed upon is an essential requirement. Further details are determined by the Supervisory Board in consultation with the Management Board.

The Supervisory Board determines whether and in what amount LTIP remuneration is awarded on the basis of the actual performance of TAG shares and the peer-group companies as well as the actual dividend payments distributed by TAG and the peer-group companies. This data is gained from databases maintained by financial intelligence providers (such as Bloomberg). If the LTIP is supplemented with non-financial performance indicators, target-achievement is determined on the basis of other external sources (e.g. risk assessments by rating agencies or actual information provided by the company), depending on the relevant target.

#### **c) Target remuneration, maximum remuneration and total remuneration**

The current gross annual fixed salary for all members of the Management Board is EUR 420k p.a. Benefits, such as the provision of a company car, amount to a maximum of EUR 20k p.a. per member of the Management Board.

Target STIP remuneration per member of the Management Board equals EUR 150k and is capped at EUR 200k.

Target LTIP remuneration per member of the Management Board equals EUR 250k. In connection with the transition from the previous remuneration system to this new one, a 3-year performance period with a cap of EUR 400,000 per member of the Management Board was defined for the period from 1 January 2019 to 31 December 2021 and will be settled in 2022, plus a cap of EUR 500,000 for all subsequent 4-year performance periods that will be settled in subsequent years.

The following summary shows the total annual target remuneration per member of the Management Board, also in comparison to the remuneration payable in 2020

	Target remuneration (2020)	Target remuneration (from 2021)
	EUR k	EUR k
Gross annual fixed salary	420	420
Benefits	20	20
STIP	125	150
LTIP	150	250
<b>Total</b>	<b>715</b>	<b>840</b>

The Supervisory Board believes that the proposed total target remuneration is commensurate with the tasks and performance of the members of the Management Board as well as the Company's position and does not exceed the standard remuneration levels. The remuneration of the members of the Management Board is at the lower end of the peer group remuneration scale.

The annual maximum remuneration per member of the Management Board is as follows, also in comparison to the remuneration payable in 2020:

	Maximum remuneration (2020)	Maximum remuneration (2021)	Maximum remuneration (from 2022)
	EUR k	EUR k	EUR k
Gross annual fixed salary	420	420	420
Benefits	20	20	20
STIP	125	200	200
LTIP	300	400	500
<b>Total</b>	<b>865</b>	<b>1.040</b>	<b>1.140</b>

In order to give the Supervisory Board an opportunity to grant one or more members of the Management Board a salary increase, by increasing either the gross annual fixed salary, the benefits or the variable remuneration components, the annual

maximum remuneration per member of the Management Board may be increased to up to EUR 1,200k from 2023.

The maximum remuneration does not represent the remuneration sought by the Supervisory Board or necessarily considered appropriate. It merely sets an absolute upper limit to avoid excessive remuneration of the Management Board. It differs from the aforementioned target remuneration and is higher than the target remuneration that has been or will be agreed with the individual members of the Management Board.

## **2. Further details**

### **a) Ratio of fixed and variable remuneration components**

As the individual components of the Management Board remuneration are to be determined individually, but the basis on which they are determined may vary from year to year, the expected relative shares of the individual remuneration components can only be expressed as percentage ranges.

The points of reference for the variable remuneration components should be selected in such a way that, during the term of the respective contracts, the total target remuneration breaks down by component as follows:

- fixed remuneration (gross annual fixed salary including benefits) roughly 50%,
- STIP roughly 20% and
- LTIP roughly 30%

of the total target remuneration. In any case, the long-term variable remuneration will exceed the short-term variable remuneration.

### **b) Restriction on sale of shares**

The members of the Management Board may only sell the shares awarded under the LTIP after a period of four years. They are placed in a blocked deposit account at a bank to be selected by the members of the Management Board. Voting rights and dividend entitlement are retained during the 4-year vesting period. This vesting period does not apply if the service contract with a member of the Management Board ends on or before 31 December 2021.

**c) Share retention obligation**

During their term of office, the members of the Management Board are each required to hold TAG shares with a value of at least one gross annual fixed salary.

**d) Negative bonus and clawback**

If in a given year there are any objectively determined, grossly negligent or deliberately committed serious violations of laws or internal compliance requirements for which individual members of the Management Board or the Management Board as a whole are responsible, the members of the Management Board concerned will be under an obligation to repay or transfer back to the Company, in full or in part, the variable remuneration components already paid out for the year in which the violations occurred, whether as cash remuneration under the STIP or as shares awarded under the LTIP ("clawback").

The Supervisory Board may also withhold all or part of these remuneration components or reduce them in whole or in part ("negative bonus"). This also applies if any errors are identified in TAG's IFRS consolidated financial statements that formed the basis for determining the variable remuneration or had an impact on the underlying performance indicators, regardless of whether the members of the Management Board were at fault or not.

This also applies if the term of office or the employment relationship with the member of the Management Board has already expired when the clawback claim is asserted.

**e) Terms and termination of service contracts with members of the Management Board**

The service contracts are entered into with the members of the Management Board for a fixed term for the duration of their appointment to the Management Board and thus for a period of up to five years. The services contracts may provide for a corresponding extension in the event of a member of the Management Board being reappointed. If reappointment of a member of the Management Board is not planned by either the Company or that member of the Management Board or the Supervisory Board dismisses the member of the Management Board, the Supervisory Board may agree to release the him or her from his or her duties without terminating the contract in any other respects.

There is no provision for ordinary termination of the service contract. However, both the member of the Management Board concerned and the Company may terminate the service contract for good cause.

The service contracts with the members of the Management Board currently have terms expiring on 30 June 2022 (Claudia Hoyer), 31 March 2024 (Martin Thiel) and 31 December 2021 (Dr Harboe Vaagt).

#### **f) Departure from the Management Board and change of control**

In the event of the regular departure of a member of the Management Board, he or she is entitled to the time-proportionate settlement of his or her variable remuneration components. In the event of the early termination of the service contract, no payments may exceed the value of remuneration for two years or the value for the remaining term of the service contract.

In the event of a change of control, the members of the Management Board have the right to terminate their service contract subject to notice of up to six months (special right of termination). If this special right of termination is exercised, the Company undertakes to pay a gross settlement amount on the date on which the Company is left equalling the annual gross salary provided that the service contract still has a remaining period of at least 24 months as of the date of termination. If the term is shorter on the date on which the service contract is terminated, it contains provisions that stipulate the amount that would accrue as gross compensation for the remaining term or gross compensation that is reduced on a time-proportionate basis in relation to a full gross annual salary over the last 24 months. In the event of a change of control, each member of the Management Board is additionally entitled to an adjustment to the LTIP arrangements and the share retention obligation to take account of the change in the underlying conditions.

In all cases in which a member departs from the Management Board, the 4-year LTIP vesting period will continue to apply. However, the Supervisory Board may also enter into an agreement with the departing member of the Management Board that deviates from this if this is in the Company's interests.

#### **g) Miscellaneous**

There are currently no post-contractual non-competition agreements in force. However, they may be agreed upon in individual cases.

The service contracts with the members of the Management Board do not provide for any pension entitlement to accrue. In some cases, the members of the Management Board still hold retirement benefit entitlements arising from a period prior to their employment with the TAG Group, which have vested but do not give rise to any additional claims.



The members of the Management Board are not entitled to any further bonuses or double remuneration from the simultaneous exercise of a Management Board or Supervisory Board mandate in other Group companies. The variable remuneration is determined exclusively at the level of TAG and charged to it. All ancillary activities are subject to approval.

Please refer to the corporate governance statement at

<https://www.tag-ag.com/en/investor-relations/interim-reports/declaration-of-conformity>

for further information on D&O insurance, own contributions, etc.

#### **D. Temporary deviations from the remuneration system**

The Supervisory Board must determine the remuneration of the members of the Management Board on the basis of a remuneration system submitted to the shareholders for approval pursuant to Section 120a (1) of the German Stock Corporation Act (Section 87a (2) Sentence 1 of the German Stock Corporation Act). However, the Supervisory Board may temporarily deviate from the remuneration system in accordance with Section 87a Sentence 2 of the German Stock Corporation Act if this is necessary in the Company's long-term interests. Generally unfavourable market developments explicitly do not constitute an exceptional case entitling the Supervisory Board to deviate from the remuneration system.

In terms of procedure, such a deviation requires an express resolution of the Supervisory Board in which the duration of the deviation as well as the nature of and the rationale for the deviation (i.e. explaining why the deviation is in the Company's long-term interests) are described appropriately. The components of the remuneration system from which deviations are permissible in exceptional cases entail the procedure, the details of the remuneration structure and amount as well as the individual remuneration components and particularly the STIP and LTIP performance indicators. The Supervisory Board may alter the relative share of the individual remuneration components and the underlying requirements and may also temporarily change the fixed remuneration in individual cases if this is in the Company's long-term interests provided that this does not exceed the maximum remuneration approved by the shareholders.

## IV. REPORTS BY THE MANAGEMENT BOARD TO THE SHAREHOLDERS

### **Report by the Management Board on item 8 of the agenda in accordance with Sections 203 (2), Sentence 2 and 186 (4) Sentence 2 of the German Stock Corporation Act**

The Management Board and the Supervisory Board propose that the current Authorised Capital 2018 be cancelled and that new Authorised Capital 2021 of EUR 29,000,000.00 be created. As a convertible bond for EUR 470,000,000.00 was issued in August 2020 subject to the exclusion of the shareholders' pre-emptive subscription rights and the shares or bonds issued subject to the exclusion of the shareholders' pre-emptive subscription rights count towards the cap, there is no longer any scope under the existing Authorised Capital 2018 for issuing shares that are subject to the exclusion of the shareholders' pre-emptive subscription rights. For this reason, new Authorised Capital 2021 is to be created in the same amount as Authorised Capital 2018 with corresponding scope for excluding the shareholders' pre-emptive subscription rights.

With this proposed authorisation to create new authorised capital, which will equal just under 20% of the Company's share capital, the Management Board will obtain a flexible instrument for structuring the Company's funding. With the proposed Authorised Capital 2021, the Management Board will also be able to continue raising the capital required for the Company's ongoing development in the short term by issuing new shares and making use of favourable market conditions for covering future financial requirements without delay. In addition, the Management Board will still be able to make use of opportunities for acquisitions arising in the market for which new shares are issued on a non-cash basis and used as an "acquisition currency".

The Management Board is to be authorised to exclude the shareholders' pre-emptive subscription rights for any fractional amounts. In this way, it will be possible to set simple and practicable subscription ratios in connection with future equity issues. Fractional amounts arise when it is not possible to distribute all new shares evenly to shareholders on account of the subscription ratio or the amount of the equity issue. Fractional amounts are of subordinate importance in the light of the total value of the equity issue. Accordingly, the disadvantages for the shareholders as a result of the exclusion of pre-emptive subscription rights for fractional amounts are negligible in the light of the procedural advantages for the Company.

In addition, the Management Board is to have the possibility of excluding the shareholders' pre-emptive subscription rights subject to the

Supervisory Board's approval as far as this is necessary in the event of an offer directed at all shareholders or the issue of fresh equity subject to the shareholders' pre-emptive subscription rights in order to grant shares to the holders of option or convertible bonds issued by the Company or a group member to the extent that these holders have a right to subscribe to shares in the Company after the exercise of the option or conversion rights or the settlement of the corresponding obligations. Bonds must exhibit such protection from dilution to facilitate placement in the capital market. This protection is provided by granting the holders of bonds in connection with ensuing share capital issues a subscription right with respect to new shares equivalent to that accruing to shareholders. This ensures that holders of bonds are placed in the position which they would have if they were already shareholders. The shareholders' pre-emptive subscription rights to such shares must be excluded to ensure that the bonds receive the necessary protection from dilution. This facilitates the placement of the bonds and thus serves the shareholders' interest in ensuring an optimum financial structure for the Company. In addition, the exclusion of the shareholders' pre-emptive subscription rights in favour of the holders of bonds granting a conversion and/or option right or giving rise to a conversion and/or option obligation offers a further advantage in that, if the authorisation is utilised, the option or conversion price for the holders of existing bonds granting a conversion and/or option right or giving rise to a conversion and/or option obligation does not have to be reduced in accordance with the applicable terms and conditions for the issue of the bonds and the Company is not required to provide any other form of protection from dilution, e.g. compensation payments.

In addition, the Management Board is to be authorised to acquire real estate, real estate portfolios, companies, parts of companies, equity interests in other entities or other assets from third parties (including receivables against the Company) by issuing shares. This will substantially heighten the Management Board's flexibility in competition with others as the consideration rendered for the acquisition of business entities and interests is increasingly taking the form of shares issued by the acquiring party. Given the fact that the enterprises which are the subject of such transactions are increasingly growing in size, it is frequently not possible to provide consideration in cash form without exerting undue pressure on the Company's liquidity or raising unreasonable debt. The use of authorised capital for this purpose is contingent upon the ability to exclude subscription rights. It is only possible to issue new shares as consideration for the acquisition of real estate, real estate portfolios, companies, parts of companies, equity interests in other entities or other assets (including receivables against the Company) if the current shareholders' pre-emptive subscription rights are excluded. In such cases, the Management Board is therefore to be authorised to exclude the pre-emptive subscription rights. The price at which the new shares are utilised in this case depends on the individual circumstances. In determining the measurement ratios, the Management Board will in all cases take reasonable account of the shareholders' interests and base its decision on the Company's interests.

In measuring the value of the shares granted as consideration, the Management Board will take as a guide the listed price of the Company's shares. However, there is no provision for a firm link with the listed price at any particular point in time so as to avoid jeopardising the results of negotiations as a result of fluctuations in the trade price.

Finally, Sections 203 (1) and (2) and 186 (3) Sentence 4 of the German Stock Corporation Act permit the exclusion of pre-emptive subscription rights in connection with a cash equity issue if the new shares for which the pre-emptive subscription rights are to be excluded do not account for more than ten percent of the Company's share capital both on the date on which the authorisation takes effect and on the date on which it is exercised and the issue price of the new shares is not materially less than the price at which the Company's shares are trading in the stock market. In this way, the Company's management is able to make use of favourable conditions in the stock market at short notice and thus strengthen the Company's equity base to the greatest possible extent. Experience suggests that by excluding pre-emptive subscription rights it is possible to react substantially more swiftly, something which in turn results in a higher cash inflow than a comparable equity issue with subscription rights. This is due to the fact that the grant of subscription rights normally requires the preparation and publication of an issuing prospectus which must be approved by the German Federal Financial Supervisory Authority (BaFin). Moreover, if subscription rights are granted, a subscription period of at least two weeks must be observed. As a result, the Company would not be able to respond at short notice to favourable or unfavourable market conditions during the period required for preparing the issuing prospectus and submitting it for approval as well as during the subscription period, possibly impairing its ability to raise the capital required. Although Section 186 (2) Sentence 2 of the German Stock Corporation Act states that the subscription price does not have to be disclosed until the third last day of the subscription period, given the frequent volatility in the equities markets a market risk would arise over several days resulting in risk discounts and thus distorting market conditions. Moreover, the grant of pre-emptive subscription rights may impair the ability to successfully place an issue with third parties or give rise to additional expense due to uncertainty as to the extent to which it is exercised. In addition, access to new shareholder groups can be gained by excluding subscription rights. It should also be noted that the cap of ten percent of the Company's share capital also includes any treasury stock issued or sold by the Company in cases in which the subscription rights have also been excluded in accordance with Section 186 (3) Sentence 4 of the Stock Corporation Act. The cap of ten percent of the share capital additionally includes shares which must be issued for the settlement of any obligations under convertible or option bonds issued subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with Sections 221 (4) Sentence 2 and 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation. The cap of ten percent of the share capital will reduce the dilution effects for the shareholders whose subscription rights have been ex-

cluded to the greatest possible extent. Given the limited size of the equity issue, the shareholders concerned can restore their share quotas by buying additional shares in the stock markets and, hence, under normal market conditions. In this case, the shareholders' financial interests are protected by the fact that the shares coming within the scope of this authorisation may only be issued at a price which is not materially lower than the price at which the Company's listed stock of the same class is trading. In addition, the Management Board is obliged to determine the value of the shares solely in the light of the interests of the Company and its shareholders.

In connection with all possibilities for excluding the shareholders' pre-emptive subscription rights, the proportionate value of the share capital attributable to the new shares for which pre-emptive subscription rights are excluded may not exceed a total of ten percent of the Company's share capital on the date on which the authorisation takes effect as well as on the date on which it is exercised. Moreover, the shares which are issued or sold under other authorisation subject to the exclusion of the shareholders' pre-emptive subscription rights or new shares which are issued to settle obligations under convertible and/or option bonds issued during the term of this authorisation subject to the exclusion of the shareholders' pre-emptive subscription rights count towards this cap. This will avoid excessive dilution of the previous shareholders' holdings.

The Management Board will consider the individual circumstances carefully before deciding whether to make use of this authorisation. It may only make use of the authorisation if it takes the view that this is in the best interests of the Company and, therefore, of its shareholders and is reasonable and appropriate.

The Management Board will notify the shareholders at the next annual general meeting whenever it makes use of such authorisation.

**Report by the Management Board on item 9 of the agenda in accordance with Sections 221 (4), Sentence 2 and 186 (4) Sentence 2 of the German Stock Corporation Act**

The Management Board and Supervisory Board propose that the authorisation granted at the annual general meeting on 23 May 2018 be replaced by new authorisation to issue convertible and/or option bonds with a maximum total nominal amount of EUR 1,200,000,000.00 and with conversion and/or option rights to bearer shares in the Company accounting for a total proportion of up to EUR 29,000,000.00 of the Company's share capital so that the Company remains able to use convertible and/or option bonds subject to the exclusion of shareholders' pre-emptive subscription rights to finance its business to the customary extent in the future. With the exception of its duration and volume, the authorisation will be identical to the authorisation granted under item 9 of the agenda of the annual general meeting of 23 May 2018. The issue of convertible and/or option bonds (collectively "**the bonds**") enables capital to be raised on attractive terms. The

authorisation on which a resolution is to be passed provides the Company with the necessary flexibility to issue bonds itself or via directly or indirectly affiliated subsidiaries. Bonds may be issued for a definite or indefinite period of time. The scope of the authorisation will be limited to a total nominal amount of a maximum of EUR 1,200,000,000.00 and entitlement to subscribe to a maximum of 29,000,000 new bearer shares issued by the Company. The authorisation will take effect upon Contingent Capital 2018/1 being replaced by Contingent Capital 2021/1.

As a matter of principle, subscription rights will be granted to the holders of the bonds. However, the Management Board is also to be authorised subject to the Supervisory Board's approval to exclude the shareholders' pre-emptive subscription rights in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act provided that the shares issued to exercise the conversion and option rights and to settle the obligations arising from the conversion and option rights under the bonds do not exceed ten percent of the Company's share capital. This cap of ten percent of the share capital also includes new shares which are issued in return for cash payment during the term of this authorisation pursuant to authorisation to issue new shares using the Company's authorised capital in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act subject to the exclusion of the shareholders' pre-emptive right of subscription. Similarly, it includes the sale of the Company's treasury stock if and to the extent that such sale occurs during the term of this authorisation pursuant to authorisation to sell the Company's treasury stock subject to the exclusion of the shareholders' pre-emptive right of subscription in accordance with Sections 71 (1) No. 8 Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act. This ensures that no bonds can be issued if such issue results in the shareholders' pre-emptive subscription rights being excluded for more than ten percent of the Company's share capital for no particular objective reason in analogous or corresponding application of Section 186 (3) Sentence 4 of the German Stock Corporation Act. The shareholders' voting rights will be protected in this way in accordance with the statutory evaluation provided for in Section 186 (3) Sentence 4 of the German Stock Corporation Act. Shareholders wishing to maintain their percentage share in the Company's share capital may do so by making the necessary purchases via the market and thus at standard market conditions.

With this authorisation to exclude subscription rights, the Company has the flexibility necessary to make use of favourable conditions in the capital market at short notice. This is due to the fact that the grant of subscription rights normally necessitates the preparation and publication of an issuing prospectus which must be approved by the German Federal Financial Supervisory Authority (BaFin), something which may cause considerable expense and delays. This is not the case with a private placement in which shareholders' pre-emptive subscription rights are excluded. Moreover, in contrast to the issue of bonds with subscription rights it is possible to fix the issue price immediately be-

fore the placement, thus avoiding the heightened price risk liable to occur during a subscription period. Although Section 221 (4) Sentence 2 in connection with Section 186 (2) Sentence 2 of the German Stock Corporation Act states that the subscription price does not have to be disclosed until the third last day of the subscription period, given the volatility which can be frequently observed in the capital markets a market risk would arise over several days resulting in risk discounts and thus distorting market conditions. Accordingly, the exclusion of pre-emptive subscription rights is fundamentally in the interests of both the Company and its shareholders.

If pre-emptive subscription rights are excluded, the analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act stipulates that the issue price of the bonds must not be materially less than their theoretical market value. This aims to make suitable allowance for the shareholders' interest in avoiding dilution in the value of their shares. As the authorisation stipulates that the issue price of the bonds must not be materially less than their theoretical market value, the value of the subscription rights would be effectively zero. However, to ensure compliance with this requirement in connection with the issue of bonds, the issue price must in particular not be materially less than the theoretical market value of the bonds calculated in accordance with acknowledged principles of financial mathematics. This protects the shareholders from the risk of the value of their shareholdings being diluted. At the same time, the exclusion of subscription rights does not result in any economic disadvantage for them.

The Management Board is to be additionally authorised subject to the Supervisory Board's approval to exclude fractional amounts from the subscription rights. Such fractional amounts may arise from the amount of the issue volume and the application of a practicable subscription ratio. The exclusion of the pre-emptive subscription rights simplifies this. Fractional amounts generally have only a small value. Moreover, the dilution effect arising from the exclusion of pre-emptive subscription rights for fractional amounts is minimal. Accordingly, the exclusion of pre-emptive subscription rights for fractional amounts will not result in any material impairment of shareholders' financial interests or voting rights.

In addition, the Management Board is to be given the option of excluding the shareholders' pre-emptive subscription rights subject to the Supervisory Board's approval in order to grant the holders of the conversion and/or option rights and of conversion and/or option obligations subscription rights to the same extent as the subscription rights to which they are entitled after the exercise of their conversion and/or option rights or settlement of the conversion and/or option obligations. This aims to prevent a situation in which in the event of authorisation being utilised the option price is reduced for the holders of existing conversion and/or option rights and/or corresponding obligations under the option and conversion terms and conditions or the Company is required to provide some other protection from dilution. As this

generally permits a greater inflow of proceeds from the issue of bonds, the exclusion of subscription rights is in the interests of the Company and its shareholders. Bonds must exhibit such protection from dilution to facilitate placement in the capital market. This protection is provided by granting the holders of bonds in connection with ensuing share capital issues a subscription right with respect to new bonds equivalent to that accruing to shareholders. This ensures that holders of bonds are placed in the position which they would have if they were already shareholders. The shareholders' pre-emptive subscription rights to such bonds must be excluded to ensure that the bonds receive the necessary protection from dilution. In addition, the exclusion of the shareholders' pre-emptive subscription rights in favour of the holders of bonds granting a conversion and/or option right or giving rise to a conversion and/or option obligation offers a further advantage in that, if the authorisation is utilised, the option or conversion price for the holders of existing bonds granting a conversion and/or option right or giving rise to a conversion and/or option obligation does not have to be reduced in accordance with the applicable terms and conditions for the issue of the bonds and the Company is not required to provide any other form of protection from dilution, e.g. compensation payments.

All in all, the scope of the authorisation used to issue bonds subject to the exclusion of the shareholders' pre-emptive subscription rights, will be limited inasmuch as the conversion and option rights tied to the bonds to be issued entail only shares which do not exceed 10% of the Company's share capital as of the date on which Convertible Bond Authorisation 2021 takes effect or is exercised, whichever amount is lower. The 10% cap will include (i) new shares that are issued during the term of the Convertible Bond Authorisation 2021 using authorisation capital subject to the exclusion of the shareholders' pre-emptive subscription rights, (ii) treasury stock sold during the term of the Convertible Bond Authorisation 2021 subject to the exclusion of the shareholders' pre-emptive subscription rights unless it is used to settle claims held by members of the Management Board and/or employees under staff participation programmes, and (iii) new shares which are issued to settle obligations under convertible and/or option bonds issued during the term of the Convertible Bond Authorisation 2021 subject to the exclusion of the shareholders' pre-emptive subscription rights.

The Management Board will consider the individual circumstances carefully before deciding whether to make use of this authorisation. It may only make use of the authorisation if it takes the view that this is in the best interests of the Company and of its shareholders and is reasonable and appropriate.

The Management Board will notify the shareholders at the next annual general meeting whenever it makes use of such authorisation.



**Report by the Management Board to the annual general meeting on item 10 of the agenda in accordance with Sections 71 (1), No. 8 Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act**

Item 10 of the agenda of the annual general meeting includes the proposal that the Company be authorised until 10 May 2023 in accordance with Section 71 (1) No. 8 of the German Stock Corporation Act to buy treasury stock in an amount of up to 10% of the share capital existing upon the authorisation taking effect - or if it is less - upon the authorisation being exercised. The existing authorisation for the acquisition of treasury stock granted by the shareholders at the annual general meeting on 17 June 2016, is simultaneously to be cancelled.

Under the proposed authorisation, treasury stock may be acquired either via the stock market or in the form of a public offer made to all shareholders. In the event of a public offer to acquire treasury stock, the Company will submit to all shareholders an offer commensurate with the size of their share. The volume of the public offer may be limited. If the total subscription of the offer exceeds this volume, the declarations of acceptance will be honoured on the basis of the ratio of the number of shares tendered; accordingly, any offering rights on the part of the shareholders will be excluded (tendering quotas). Similarly, provision may be made for preferential allowance of small offers of up to 100 of the Company's shares per shareholder in order to avoid fractional amounts, thus resulting in the partial exclusion of the shareholders' rights to offer their shares. This simplifies the technical process for executing the offer. The preferential treatment of small volumes additionally helps to avoid small residual holdings. Accordingly, the Management Board considers the exclusion of shareholders' tendering rights to be objectively justified and equitable. Moreover, the Management Board may at its own discretion fix a price range within which shareholders may submit offers under a public request for bids. This will be the case, for example, in the event of a "modified Dutch auction" under which shareholders submit offers to sell their shares to the Company within a specific price range. In this case, provision may be made for the final price to be determined on the basis of the amount and number of offers depending on the defined total at which most of the shares can be bought back or the lowest price at which a certain number of shares can be bought back. In the event of such an offer to acquire treasury stock based on a price range, the bids submitted by shareholders requesting an overly high prices may be ignored. In this connection, any rights which the shareholders may have to offer their shares for sale to the Company shall be excluded.

The Management Board is to be authorised to utilise the Company's treasury stock for all purposes permitted by law. In particular, it may sell it via the stock market or in an offer to all shareholders. In addition, it may particularly use it for the following purposes subject to the Supervisory Board's approval, in which case the shareholders' pre-emptive subscription rights will be excluded:

The treasury stock is to be sold on a cash basis at a price which is not materially less than the market price at which the Company's shares of the same class are trading on the date of sale in accordance with Sections 71 (1) No. 8 Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act. In this case, the portion of the share capital attributable to the shares for which the shareholders' pre-emptive subscription rights are excluded may not exceed a total of 10 percent of the share capital even in the event of more than one sales transactions either on the date on which the authorisation first takes effect or on the date on which it is exercised. This maximum shall also include the prorated amount of the share capital attributable to shares issued during the term of this authorisation in direct or analogous application of Section 186 (3) Sentence 4 of the German Stock Corporation Act subject to the exclusion of the shareholders' pre-emptive subscription rights. The maximum of 10 percent of the share capital shall additionally include the prorated amount of the share capital required for the settlement of any obligations under bonds which are issued subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with Sections 221 (4) Sentence 2 and 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation.

This authorisation is to make use of the simplified exclusion of shareholders' pre-emptive subscription rights in accordance with Sections 71 (1), No. 8, Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act. In this way, the Management Board will be able to make optimum use of the opportunities arising from the prevailing market conditions quickly, flexibly and inexpensively. The proceeds from the sale which can be achieved by fixing a market-oriented price generally result in a substantially higher inflow per share sold than if the shares are placed with subscription rights. As it is able to dispense with the time-consuming and costly handling of subscription rights, the Company can make use of short-term opportunities for covering its equity requirements. Although Section 186 (2) Sentence 2 of the German Stock Corporation Act states that the subscription price does not have to be disclosed until the third last day of the subscription period, this results in a market risk over a period of several days due to the volatility of the equities markets, leading to a possible discount on the selling price and less favourable conditions for the Company.

When this authorisation is utilised, the shareholders' financial interests are protected in that the Company is obliged to sell the shares at a price which is not materially less than the price at which the Company's shares are trading in the stock market. The price at which the Company's treasury stock is sold is conclusively determined shortly before it is sold. In this connection, the Management Board will endeavour to minimise any discount on the stock market price in the light of the prevailing market conditions. In accordance with the statutory requirements, the shareholders' financial interests and voting interests are protected as the total number of shares which may be issued during the term of the proposed authorisation including existing authorisation in direct, analogous or corresponding application of Section 186 (3) Sentence 4

of the German Stock Corporation Act subject to the exclusion of the shareholders' pre-emptive subscription rights (e.g. through the utilisation of authorised capital) may not exceed 10 percent of the Company's share capital. The limit of 10 percent of the Company's share capital additionally includes the prorated amount of the share capital required for the settlement of any obligations under bonds which are issued subject to the exclusion of the shareholders' pre-emptive subscription rights in accordance with Sections 221 (4) Sentence 2 and 186 (3) Sentence 4 of the German Stock Corporation Act during the term of this authorisation. This minimises the dilution effect sustained by the shareholders whose subscription rights are excluded. Given the limited extent of possible dilution effects, the shareholders whose pre-emptive subscription rights are excluded can fundamentally restore their share quotas by buying additional shares in the stock markets and thus under normal market conditions.

The shares are to be used to settle option and/or conversion rights or corresponding obligations under option and/or convertible bonds which have been or will be issued by the Company or a Group member. The shares used to settle option and conversion rights or corresponding obligations under option or convertible bonds are normally taken from the Company's contingent capital. However, in individual cases, it may be appropriate and in Company's interests for the aforementioned rights and obligations to be settled partially or in full by using existing treasury stock rather than issuing new shares from contingent capital.

In the event of an offer directed at all shareholders or the issue of fresh equity subject to the shareholders' pre-emptive subscription rights, the shares are to be granted to the holders of option or convertible bonds issued by the Company or a group member to the extent that these holders have a right to subscribe to shares in the Company after the exercise of the option or conversion rights or the settlement of the corresponding obligations. Option and convertible bonds regularly have dilution protection which, in the event of an offer directed at all shareholders for the purchase of treasury stock or in the event of issues of fresh equity, place the holders of such bonds in the position which they would have if they were already shareholders of the Company and therefore already had subscription rights which may be sold in connection with the purchase offer or exercised in connection with the equity issue. In the absence of such dilution protection, the bonds can only be placed on less favourable terms or the holders must be granted some other form of compensation in the event of an offer directed at all shareholders or the issue of new equity, e.g. in the form of a discount on the option or conversion price (despite the fact that this would not be desirable for the Company in terms of its capital-raising efforts). The possibility of granting the bond holders shares from the Company's treasury stock in such cases allows the Company to achieve the desired level of protection against dilution effects without having to issue new shares, e.g. from its contingent capital.

It is to be possible for the shares to be sold in connection with business combinations or, in suitable individual cases, the acquisition of real estate, real estate portfolios, companies, parts of companies, equity interests in other entities or other assets (including receivables against the Company). The purpose is to allow the Management Board to acquire from third parties real estate, real estate portfolios, companies, parts of companies, equity interests in other entities or other assets (including receivables against the Company) by using the Company's treasury stock as valuable consideration while preserving its liquidity. This substantially heightens the Management Board's scope in competition with third parties as the opportunities for acquisitions generally arise only at short notice. For this reason, it is not normally viable for the Company to sell its treasury stock to shareholders in order to generate the necessary cash; what is more, this may have an adverse effect on the price of the Company's stock. What is more, sellers of assets particularly real estate, real estate portfolios, companies and equity interests are increasingly expecting consideration to be rendered in the form of shares in the buying party's company. The use of treasury stock - either in lieu of or in combination with the issue of new equity from contingent capital - is a flexible instrument for this purpose. However, this is possible only if shareholders' pre-emptive subscription rights are excluded. In determining the valuation ratios, the Executive Board will ensure that the shareholders' interests are duly taken into account. For the purposes of measuring the value of the shares granted as consideration, the Management Board will take as a guide the listed price of the Company's shares. However, no inherent link with a listed share price at any given time is planned particularly so as to avoid any risk to the outcome of negotiations from any fluctuation in such price.

In addition, the Supervisory Board is to be authorised to allocate and award the shares to the members of the Management Board of the Company as part of their variable remuneration components under the long term incentive plan ("LTIP"). Under the statutory requirements, the variable remuneration paid to the Management Board must be oriented to sustainable and multi-year business growth. In the interests of sustained business growth and to ensure that the activities of the Management Board are aligned with the interests of the shareholders, the Company's Supervisory Board passed a resolution at its meeting of 22 March 2016 providing for part of the variable remuneration tied to the Company's business performance which is payable to the Management Board to be granted in the form of TAG shares. Under following remuneration system dated 17 December 2017, the LTIP remuneration components were granted solely in the form of shares. This is now also part of the remuneration system that will be submitted to the shareholders for approval under item 7 of the agenda (see Section III Point C No 1). The members of the Management Board may not sell the shares awarded to them under the LTIP for a period of 4 years. On the basis of the authorisation granted by the shareholders at the annual general meeting to acquire treasury shares, the Company is to be able to acquire the TAG shares to be awarded or offered to the members of the Management Board and TAG employees under an employee

participation programme. By freezing the award of shares for a period of several years, a penalty effect can be achieved alongside a bonus effect in the event of any adverse developments in the Company's business performance. The use of the Company's treasury stock as a component of the variable remuneration payable to the Management Board is in the Company's interests. This tool creates greater economic responsibility on the part of the members of the Management Board for the interests of the Company and the shareholders. Moreover, as the shares are transferred in lieu of cash-based variable remuneration, the Company's liquidity is not unduly strained. Given the limited number of shares used for this purpose, exclusion of the shareholders' pre-emptive subscription rights does not have any material adverse effect on them.

After all, the Management Board is to be additionally authorised in accordance with Section 237 (3) No. 3 of the German Stock Corporation Act to cancel the treasury stock acquired without any further resolution of the shareholders. This does not involve the exclusion of the shareholders' pre-emptive subscriptions rights.

In the event of the Company's treasury stock being sold via an offer directed at all shareholders, the Management Board will be additionally authorised to exclude the shareholders' pre-emptive subscription rights for fractional amounts. The purpose of the possibility for excluding the shareholders' pre-emptive subscription rights for fractional amounts is to improve the technical efficiency of the transaction. The fractional amounts of shares for which the shareholders' pre-emptive subscription rights are excluded will be eliminated as efficiently as possible for the Company by selling them on the stock market or in some other manner. As the exclusion applies only to fractional amounts, the dilution effects are minimal for the shareholders.

After considering all relevant factors - including the dilution effects arising to the detriment of the shareholders - the Management Board considers the exclusion of the shareholders' pre-emptive subscription rights in the aforementioned cases to be objectively justified and equitable for the shareholders. The Management Board will in any case consider the individual circumstances carefully before deciding whether to make use of this authorisation. It may only make use of these possibilities if it takes the view that this is in the best interests of the Company and, therefore, of its shareholders and is reasonable and appropriate.

The Management Board will notify the shareholders at the next annual general meeting whenever it makes use of such authorisation.

# V. ADDITIONAL INFORMATION RELATING TO THE INVITATION TO THE ANNUAL GENERAL MEETING

## 1. Total number of shares and voting rights

As of the date of the invitation to the annual general meeting, the Company's share capital stands at EUR 146,498,765.00. The Company's issued capital comprises 146,498,765 bearer shares. Each no-par value share carries one vote. As of the date of this invitation, the Company's treasury stock comprises 119,264 shares. Consequently, there is a total of 146,379,501 voting rights as of the date of this invitation.

## 2. Execution as a virtual annual general meeting without the physical presence of the shareholders and their representatives, live-streaming of the annual general meeting

The annual general meeting will be held in virtual form without the physical presence of the shareholders and their representatives (with the exception of the voting representatives appointed by the Company) in accordance with Section 1 (1) and (2) of the Act on Measures under Corporate, Cooperative, Association, Foundation and Home Ownership Law to Combat the Effects of the COVID-19 Pandemic, which was published as Art. 2 of the Act on the Mitigation of the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law of 27 March 2020 ("**COVID-19 Act**"). The validity of the measures affecting the joint-stock companies under the COVID-19 Act has been extended until 31 December 2021.

For this purpose, the entire annual general meeting to be held at the Company's offices will be live-streamed (audio and video) on 11 May 2021 from 11:00 a.m. (CEST) in our **password-protected Internet Service for the annual general meeting**, accessible via the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

Only those shareholders who have duly registered and provided proof of their eligibility (see Section 3 "*Requirements for exercising shareholder rights in respect of the virtual annual general meeting*") or their representatives may follow the audio and video live-stream of the entire annual general meeting via the online annual general meeting service. In addition, shareholders may exercise their voting rights in person or by proxy by electronic postal vote or by authorising a voting representative appointed by the Company, submit questions via the online annual general meeting service by no later than one day prior to the annual general meeting, i.e. by no later than 24:00 hours (CEST) on 9 May 2021, and lodge an objection to resolutions passed at the annual general meeting.

Shareholders' motions and election proposals to be made available pursuant to Sections 126 and 127 of the German Stock Corporation Act shall be deemed to have been submitted to the meeting if the shareholder submitting the motion or election proposal has duly registered for the annual general meeting and has provided evidence of his or her entitlement to vote.

It is not possible to exercise any shareholder rights beyond this at the virtual annual general meeting. In particular, it is not possible for the shareholders and their representatives, with the exception of the voting representatives appointed by the Company, to physically attend the annual general meeting. Moreover, the shareholders and their representatives are not entitled to participate in the annual general meeting by means of electronic communication within the meaning of Section 118 (1) Sentence 2 of the German Stock Corporation Act by virtue of the mere fact of the availability of a live-stream (audio and video) of the annual general meeting, the granting of voting rights and the right to ask questions and to lodge objections (no electronic participation).

The online annual general meeting service is available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

from 0:00 hours (CEST) on 20 April 2021 for those shareholders who have duly registered and provided proof of their eligibility (see Section 3 "*Requirements for exercising shareholder rights in respect of the virtual annual general meeting*") or their representatives. In order to use the online annual general meeting service, shareholders must log in using their access data. The access data ("AGM ticket") for the online annual general meeting service will be sent to shareholders who have duly registered and provided proof of their eligibility.

### **3. Requirements for exercising shareholder rights in respect of the virtual annual general meeting**

Only shareholders who have registered prior to the annual general meeting and have furnished proof of eligibility may exercise their voting rights in respect of the virtual annual general meeting. For this purpose, proof of share ownership in text form (as defined in Section 126b of the German Civil Code) issued by the last intermediary in accordance with Section 67c (3) of the German Stock Corporation Act will be sufficient. Such proof is to apply as of the beginning of 20 April 2021 (0:00 hours CEST) (date of proof). The registration form and proof of eligibility must be lodged with the Company in text form by no later than 24:00 hours (CEST) on 4 May 2021 via one of the following channels:

TAG Immobilien AG  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich

or

Telefax: +49 (0)89 889 690 633

or

E-Mail: anmeldung@better-orange.de

After receipt of the registration form and proof of share ownership, the access data ("AGM ticket") required to log onto the online annual general meeting service will be sent to the shareholders. We urge shareholders to submit their registration for the annual general meeting and the proof of their share ownership to the Company in good time.

#### **4. Significance of the record date**

In relation to the Company, only those shareholders who have duly registered and provided proof of share ownership on the record date are considered shareholders for the purpose of exercising shareholder rights in respect of the virtual annual general meeting, particularly voting rights. The eligibility to exercise shareholder rights in respect of the virtual annual general meeting and the extent to which voting rights may be exercised will be determined solely on the basis of the shares held by the shareholder on the record date. The record date does not entail any block on the sale of the shares. Notwithstanding the fact that the shares may have been sold in full or in part after the record date, only those shares held by the shareholder on the record date are decisive for determining that shareholder's eligibility to exercise shareholder rights in respect of the virtual annual general meeting and the extent to which voting rights may be exercised. In other words, the sale of shares after the record date does not have any effect on eligibility to attend the annual general meeting and the extent of the voting rights. This applies equally if shares are acquired after the record date. A person who does not hold shares in the Company on the record date but subsequently becomes a shareholder of the Company may only exercise shareholder rights in respect of the virtual annual general meeting (particularly voting rights) to the extent that such person has been granted a voting proxy by the previous shareholder or has been authorised to exercise shareholder rights. The record date does not have any relevance for determining dividend eligibility.

#### **5. Electronic postal voting procedure**

Shareholders who have duly registered and provided proof of their eligibility may exercise their voting rights by means of electronic communication ("**postal vote**").

Postal voting is possible via the online annual general meeting service, which is available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting).



Votes may be cast by postal vote via the online annual general meeting service, which is available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

before and during the virtual annual general meeting until the commencement of voting at the virtual annual general meeting on 11 May 2021. Pending the commencement of voting at the virtual annual general meeting on 11 May 2021, a vote cast via the online annual general meeting service may also be changed or revoked in the online annual general meeting service.

If no explicit or unambiguous vote is otherwise cast in a postal vote on an item of the agenda, this will be considered to constitute an abstention for that item. If a separate ballot is held on an item of the agenda and no notice of this has been given before the annual general meeting, a vote cast on that item of the agenda will be considered to constitute a vote on each item of the separate ballot.

#### **6. Procedure for proxy voting**

Shareholders who have duly registered and provided proof of their eligibility can also be represented by proxy, e.g. an intermediary, a proxy advisor, a shareholders' association or another person of their choice, when exercising their shareholder rights in respect of the virtual annual general meeting, particularly their voting rights. If the shareholder authorizes more than one proxy, the Company may reject one or more of them.

Proxies, the notice of revocation of proxies and proof of eligibility must be served on the Company in text form (Section 126b of the German Civil Code) or by using the input screen in the online annual general meeting service, which is available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting).

If a voting proxy is granted to an intermediary as defined in Section 67a (4) of the German Stock Corporation Act, a shareholders' association, a proxy advisor or any other person coming within the definition contained in Section 135 (8) of the German Stock Corporation Act, alternative rules may apply, information on which can be obtained from such designated proxyholder.

Representatives may likewise not participate in the annual general meeting either physically or by means of electronic communication within the meaning of Section 118 (1) Sentence 2 of the German Stock Corporation Act. They may only exercise the voting rights of shareholders by means of postal voting or by granting (sub-)proxies to the voting representatives who are appointed by the Company and are bound by the instructions they are given. The representative may only use the online annual general meeting service if he or she receives the corresponding access data from the shareholder granting the proxy.

The Company offers its shareholders the possibility of granting a voting proxy to the voting representatives appointed by the Company, who are bound by instructions received, to exercise their voting rights on their behalf. The voting representatives appointed by the Company will exercise the voting rights solely on the basis of the instructions issued by the shareholder and may grant sub-proxies. The voting representatives appointed by the Company must be authorised and instructions issued to them in text form (Section 126b of the German Civil Code) or via the input screen in the online annual general meeting service, available via the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

In the absence of any express instructions or if the instructions granted are contradictory or unclear, the voting representative appointed by the Company will abstain from casting a vote on the item of the agenda concerned; this also applies to other motions. If a separate ballot is held on an item of the agenda and no notice of this has been given before the annual general meeting, instructions issued for voting on that item of the agenda will be considered to constitute instructions for voting on each item of the separate ballot. The voting representative appointed by the Company cannot accept instructions to address the meeting, lodge objections to resolutions passed at the annual general meeting, ask questions or submit motions either before or during the annual general meeting.

A form for granting voting proxies as well as for granting proxies and issuing instructions to the voting representatives appointed by the Company will be sent to the shareholders together with the access data. These forms are also available on the Company's web site at [www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting). However, it is also possible to grant a proxy in other ways; however, unless this is done using the input screen in the online annual general meeting service available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

this must also comply with the text form requirement (Section 126b of the German Stock Corporation Act) if the proxy is not granted to an intermediary as defined in Section 67a (4) of the German Stock Corporation Act, a shareholders' association, a proxy advisor or any other person as defined in Section 135 (8) of the German Stock Corporation Act.

For organisational reasons, notice of the grant or revocation of a proxy and proof of the grant or revocation of such proxy must be served on the Company by no later than 24:00 hours (CEST) on 10 May 2021 via one of the following channels:

TAG Immobilien AG  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich  
or

Telefax: +49 (0)89 889 690 655

or

E-Mail: [tag-ag@better-orange.de](mailto:tag-ag@better-orange.de)

For organisational reasons, authorisation to exercise voting rights together with instructions to the voting representatives appointed by the Company must also be served on the Company by no later than 24:00 hours (CEST) on 10 May 2021 via one of the above channels.

Notice of the grant or revocation of proxies including the power to exercise voting rights together with instructions to the voting representatives appointed by the Company can also be served on the Company using the input screen in the online annual general meeting service, available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

before or during the virtual annual general meeting up until the commencement of voting at the virtual annual general meeting on 11 May 2021. Pending the commencement of voting at the virtual annual general meeting on 11 May 2021, it is also possible to revoke or amend a voting proxy previously sent in text form (Section 126b of the German Civil Code) or through the online annual general meeting service.

If the Company receives conflicting declarations with respect to the grant or revocation of a voting proxy or voting instructions via different transmission channels and the Company is unable to determine which declaration is the most recent, these declarations will be treated as binding in the following order of transmission: (1) online annual general meeting service, (2) e-mail, (3) fax and (4) paper form.

The registration form and proof of eligibility to attend the annual general meeting must also be lodged in accordance with the requirements set out above within the specified period and in the specified form notwithstanding the grant of a voting proxy. Subject to the aforementioned conditions for granting a voting proxy, this does not exclude the grant of voting proxies after registration and proof of eligibility have been submitted.

**7. Right to ask questions in accordance with Section 1 (2) Sentence 1 No. 3 Sentence 2 of the COVID-19 Act**

Shareholders who have duly registered and submitted proof of their eligibility have the right to ask questions via electronic communication (Section 1 (2) Sentence 1 No. 3 of the COVID-19 Act).

For organisational reasons and in accordance with Section 1 (2) 2nd half of Sentence 2, of the COVID-19 Act, questions must be submitted no later than two days before the annual general meeting, i.e. by no later than 24:00 hours (CEST) on 9 May 2021, using the input screen provided for this purpose in the online annual general meeting service, available via the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

Questions submitted by other means or at a later date will not be considered. In accordance with Section 1 (2) 1st half of Sentence 2 of the COVID-19 Act, the Management Board may at its own free discretion decide how it answers such questions. Questions and the answers to these questions may be combined, particularly if the Management Board considers this to be appropriate. No queries on the information provided by the Management Board will be permitted.

Beyond this, the shareholders are not entitled to request information pursuant to Section 131 of the German Stock Corporation Act or to exercise a right to address the annual general meeting or ask questions in and during the virtual annual general meeting.

**8. Shareholders' rights under Sections 122 (2), 126 (1) and 127 of the German Stock Corporation Act**

Minority request for additions to the agenda in accordance with Section 122 (2) of the German Stock Corporation Act

Shareholders whose shares either alone or jointly equal one twentieth of the Company's share capital or a prorated amount of EUR 500,000.00 in the Company's share capital (equivalent to 500,000 shares) may request in accordance with Section 122 (2) of the German Stock Corporation Act that items be placed on the agenda and announced accordingly. Each new item must be accompanied by an explanation or a proposed motion.

Requests for additions to the agenda must be addressed to the Management Board in writing and served on the Company no later than 30 days before the date of the annual general meeting not including the date of service and the date of the annual general meeting. Accordingly, the final date for serving any such requests on the Company is 10 April 2021 (24:00 hours CEST). No requests received after that date will be accepted.

The applicants must prove that they hold a sufficient number of shares for the duration of the statutory minimum holding period of at least 90 days prior to receipt of the request, that they will hold the shares until the Management Board makes a decision on the request and that, if the request is denied, they will hold the shares pending a decision by the court on the request for an addition to the agenda. The provisions contained in Section 121 (7) of the German Stock Corporation Act will apply accordingly (Sections 122 (2), 122 (1) Sentence 3, 122 (3) and Section 70 of the German Stock Corporation Act).

Any additions to the agenda that are required to be announced but are not included in the invitation to the annual general meeting must be published in Bundesanzeiger immediately after receipt. In addition, they will be announced on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

and communicated to the shareholders.

Requests for additions to the agenda must be served on the Company at the following address:

TAG Immobilien AG  
- The Management Board-  
Steckelhörn 5  
20457 Hamburg

Any admissible motion for a resolution lodged with the duly submitted request for additions to the annual general meeting will be treated in the virtual annual general meeting as if it had been submitted again during the annual general meeting provided that the shareholder submitting the motion has duly registered for the virtual annual general meeting and provided proof of eligibility.

Countermotions and election proposals by shareholders in accordance with Sections 126 (1) and 127 of the German Stock Corporation Act in connection with Section 1 (2) Sentence 3 of the COVID-19 Act

Shareholders may submit to the Company countermotions for the proposals made by the Management Board and the Supervisory Board on a certain item of the agenda as well as proposals for the election of members of the Supervisory Board (where this is an item of the agenda) and for the election of the statutory auditors.

Countermotions (together with any reasons given) and election proposals for a specific item of the agenda must be served on the Company solely via one of the following channels:

TAG Immobilien AG  
Investor Relations  
Steckelhörn 5  
20457 Hamburg

or

Telefax: +49 (0)40 380 32 446

or

E-Mail: [ir@tag-ag.com](mailto:ir@tag-ag.com)

Countermotions and election proposals sent to any other address will not be accepted.

Countermotions and election proposals from shareholders received at the above address at least 14 days before the date of the annual general meeting, i.e. by no later than 24:00 hours (CEST) on 26 April 2021, will be published in accordance with Section 126 of the German Stock Corporation Act on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

Statements made by the management in response to the countermotions and election proposals can also be found there.

No countermotions or election proposals can be submitted during the virtual annual general meeting. Countermotions and election proposals submitted by shareholders to be made available pursuant to Sections 126 and 127 of the German Stock Corporation Act will be deemed to have been submitted to the virtual annual general meeting if the shareholder submitting the countermotion or election proposal has duly registered for the annual general meeting and has provided evidence of his or her entitlement to vote.

#### **9. Possibility for lodging objections in accordance with Section 1 (2) Sentence 1 No. 4 of the COVID-19 Act**

In derogation of Section 245 No. 1 of the German Stock Corporation Act, shareholders who have duly registered and provided proof of eligibility and their representatives may lodge objections to any resolutions passed at the annual general meeting for inclusion in the minutes of the annual general meeting from the beginning until the end of the virtual annual general meeting via the online annual general meeting service available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

For this purpose, the requirement that they appear in person at the annual general meeting will be waived. This will be the only permitted way for lodging objections.

**10. Documents on the annual meeting and information provided in accordance with Section 124a of the German Stock Corporation Act**

The documents to be made available to the shareholders as well as any other information stipulated by Section 124a of the German Stock Corporation Act will be available on the Company's website at

[www.tag-ag.com/en/investor-relations/general-meeting](http://www.tag-ag.com/en/investor-relations/general-meeting)

immediately after the invitation to the shareholder meeting has been served on the shareholders.

## VI. INFORMATION FOR SHAREHOLDERS AND SHAREHOLDER REPRESENTATIVES ON DATA PROTECTION

In its capacity as a data controller as defined in Article 4 (7) of the General Data Protection Regulation ("**GDPR**"), TAG Immobilien AG processes personal data (last name, first name, address, e-mail address, number of shares held, share class, manner in which shares are held, AGM ticket number, the password granted to the shareholder or his or her representative for logging onto the online annual general meeting service, the IP address used by the shareholder or his or her representative to log onto the online annual general meeting service, postal voting if the shareholder is also a member of the Management Board or the Supervisory Board, the participation of this shareholder in the live-stream of the annual general meeting as a member of the Management Board or the Supervisory Board, the content of the questions submitted and the content of the answers to these questions, the last name, first name, address and e-mail address of the shareholder's representative (if any), the voting proxy granted, the IP address and any objections lodged) on the basis of the data protection legislation applicable in Germany in order to allow shareholders to exercise their rights in respect of the virtual annual general meeting. TAG Immobilien AG is represented by its Management Board composed of Claudia Hoyer, Martin Thiel and Dr. Harboe Vaagt. The Company can be contacted via one of the following channels:

TAG Immobilien AG  
Steckelhörn 5  
20457 Hamburg

or

Telephone: +49 (0)40 38032 300

or

E-Mail: [ir@tag-ag.com](mailto:ir@tag-ag.com)

If the shareholder does not disclose this personal data upon registering for the annual general meeting, the custodian bank in question will furnish TAG Immobilien AG with it. The access password assigned to the shareholder or his or her representative and the IP address from which the shareholder or his or her representative uses the online annual general meeting service are transmitted to the Company by the service provider responsible for organising the virtual annual general meeting. The personal data of shareholders and shareholder representatives is



processed solely for the purpose of ensuring the exercise of their rights in respect of the virtual general meeting and also in this respect only to the extent absolutely necessary to achieve this purpose. The legal basis for processing the data is Article 6 (1) (c) of the GDPR. TAG Immobilien AG only stores this personal data for as long as this is necessary for the aforementioned purpose or to the extent that the Company is entitled or required to store personal data on the basis of statutory provisions. The storage period for data collected in connection with the annual general meeting is normally three years or less.

The service providers whose services TAG Immobilien AG utilises to organise the annual general meeting receive from TAG Immobilien AG only that personal data which they require to perform the designated services and process this data solely in accordance with TAG Immobilien AG's instructions.

In addition, personal data is made available to the shareholders and shareholder representatives as well as third parties in connection with the annual general meeting within the scope of the statutory requirements. In particular, if shareholders are represented at the virtual general meeting by a voting representative appointed by the Company, their names are disclosed, and the shareholders concerned entered in the register of participants in the annual general meeting prepared in accordance with Section 129 (1) Sentence 2 of the German Stock Corporation Act, indicating their name, place of residence, number of shares and type of ownership. This data can be viewed by participants of the annual general meeting during the annual general meeting and thereafter by shareholders for a period of up to two years in accordance with Section 129 (4) of the German Stock Corporation Act. With regard to the transmission of personal data to third parties in connection with the announcement of shareholder requests for additions to the agenda as well as counter motions and election proposals by shareholders, reference is made to the information set out above in Section V.8 "*Shareholders' rights under Sections 122 (2), 126 (1) and 127 of the German Stock Corporation Act*".

Shareholders and shareholder representatives may ask the Company for information on what personal data it stores under Article 15 of the GDPR, ask for this data to be corrected in accordance with Article 16 of the GDPR or deleted in accordance with Article 17 of the GDPR, restrict the processing of their personal data in accordance with Article 18 of the GDPR and request in accordance with Article 20 of the GDPR that certain personal data is transferred to them or a third party whom they nominate (right to data portability) Shareholders and shareholder representatives may exercise these rights free of charge against TAG Immobilien AG using one of the following channels:

TAG Immobilien AG  
Investor Relations  
Steckelhörn 5  
20457 Hamburg

or

Telefax: +49 (0)40 380 32 446

or

E-Mail: [ir@tag-ag.com](mailto:ir@tag-ag.com)

In addition, Article 77 of the GDPR gives shareholders and shareholder representatives the right to lodge a complaint with the competent data protection authority of the state in which they have their residence or permanent abode or the state in which TAG Immobilien AG has its registered offices.

You can reach our data protection officer at:

TAG Immobilien AG  
Mr. Holger Fischer  
Legal Counsel  
Kreuzstraße 7 c  
04103 Leipzig

or

E-Mail: [datenschutz@tag-ag.com](mailto:datenschutz@tag-ag.com)

Hamburg, March 2021

TAG Immobilien AG  
The Management Board



# **TAG**

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**Immobilien AG**

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