

# **TAG Immobilien AG**

Hamburg

ISIN DE0008303504 / DE000A1ELN33 – WKN 830350

We hereby invite our shareholders to the **127th annual general meeting** taking place at 11:00 AM on **Friday, 25 June 2010** at Handwerkskammer Hamburg, Holstenwall 12, 20355 Hamburg.

## **I.**

### **Agenda**

- 1. Presentation of the approved financial statements and the approved consolidated financial statements for 2009, the management reports for TAG Immobilien AG and the Group, the report of the Supervisory Board for 2009 and the explanatory report on the disclosures made in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code.**

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the Management Board in accordance with Sections 172 and 173 of the German Stock Corporation Act and thus confirmed the annual financial statements. Accordingly, it is not necessary for them to be approved at the annual general meeting. It is merely necessary for the annual financial statements and management report, the consolidated financial statements and the Group management report and the explanatory report on the disclosures made in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code to be made available to the shareholders; no resolution approving them is required.

- 2. Resolution to ratify the actions of the Management Board for fiscal 2009**

The Management Board and the Supervisory Board recommend that the shareholders pass a resolution to ratify the actions taken in 2009 by the persons who were members of the Management Board in 2009.

- 3. Resolution to ratify the actions of the Supervisory Board for 2009**

The Management Board and the Supervisory Board recommend that the shareholders pass a resolution to ratify the actions of the persons who were members of the Supervisory Board in 2009 taken in 2009.

**4. Election of statutory auditors for 2010 and for the review, if necessary, of the financial report for the first half of the year**

The Supervisory Board recommends that the shareholders pass a resolution to appoint Nörenberg • Schröder GmbH Wirtschaftsprüfungsgesellschaft, Hamburg,

- a) statutory auditors of the annual financial statements and consolidated financial statements for 2010,
- b) statutory auditors to perform a review, if necessary, of the abridged financial statements and the interim management report for the first half of 2010.

**5. Resolutions concerning amendments to the Articles of Incorporation - adjustments to allow for ARUG**

The Act to Implement the Shareholder Rights Directive (ARUG) took effect on 1 September 2009 and, in particular, includes new provisions governing the invitation periods for and dates of annual general meetings as well as the method used to calculate them. The Company's Articles of Incorporation are to be modified to reflect these statutory amendments.

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

- a) Article 16 (4) of the Articles of Incorporation shall be reworded as follows:

“Invitations to the annual general meeting shall be served at least thirty days before the date of the annual general meeting unless a shorter period is permitted by law. This invitation period shall be extended by the number of days equalling the registration period (Article 17 (1)). The day of the annual general meeting and the day on which the invitation is served shall not be included in this period.”

- b) Article 17 (1) of the Articles of Incorporation shall be reworded as follows:

“Shareholders wishing to attend the annual general meeting or to exercise their voting rights must register and provide proof of their eligibility to attend. Registration and proof of eligibility to attend must be served on the Company at the address stated in the invitation for this purpose at least six days before the date of the annual general meeting. The invitation may provide for a shorter period to be measured in days. The day of the annual general meeting and the day on which the registration and

proof of eligibility are served on the Company shall not be included in this period.”

**6. Resolution to create new Authorised Capital 2010/I, to exclude preemptive subscription rights and to amend the Articles of Incorporation accordingly**

In accordance with the resolution passed at the annual general meeting on 27 August 2009, the Management Board is authorised subject to the Supervisory Board's approval to increase the share capital once or repeatedly on or before 26 August 2014 on a cash and/or non-cash basis by a maximum amount of EUR 8,000,000.00 by issuing up to 8,000,000 no-par value shares.

On 18 December 2009 and 22 February 2010, the Management Board passed resolutions, which were duly approved by the Supervisory Board on 2 January 2010 and 23 February 2010, respectively, to make partial use of the aforementioned authorisation. Accordingly, the Company's share capital was increased by EUR 2,418,182.00 to EUR 34,984,546.00 on a non-cash basis through the issue of 2,418,182 new bearer shares with a notional share of EUR 1.00 each in the Company's share capital. The execution of this non-cash equity issue was entered in the commercial register on 11 March 2010. Accordingly, the Company currently has share capital of EUR 34,984,546.00. Following the partial utilisation, Authorised Capital 2009/I is valued at EUR 5,581,818.00.

On 6 May 2010, the Management Board passed a resolution, which was approved by the Supervisory Board on 7 May 2010, to increase the Company's share capital by a further EUR 5,581,818.00 to EUR 40,566,364.00 on a non-cash basis in utilisation of this authorised capital through the issue of 5,581,818 new bearer shares with a notional share of EUR 1.00 each in the Company's share capital. The execution of this non-cash equity issue has not yet been entered in the commercial register; the appropriate application is expected to be lodged in July 2010.

As the authorisation granted on 27 August 2009 (Authorised Capital 2009/I) has been utilised in full, new Authorised Capital 2010/I of EUR 18,000,000.00 is to be created so that the Management Board is still able in the future to continue using authorised capital to reinforce the Company's equity base or to make use of opportunities for acquisitions arising in the market in the future and is in a position to choose either a cash or a non-cash equity issue for this purpose. The amount of the Authorised Capital 2010/I equals roughly 44 percent of the Company's share capital including the Authorised Capital 2009/I, which has not yet been entered in the commercial register.

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

- a) The Management Board is authorised subject to the Supervisory Board's approval to increase the share capital once or repeatedly on or before 24 June 2015 on a cash and/or non-cash basis by a maximum amount of EUR 18,000,000.00 by issuing up to 18,000,000 new no-par-value bearer shares in the Company's capital.

As a matter of principle, the new shares shall be offered to the shareholders for subscription; they may also be transferred to a bank subject to the obligation that they be offered to the shareholders for subscription. However, the Management Board is authorised to exclude the shareholders' statutory subscription rights subject to the Supervisory Board's approval in the following cases:

- (1) to the extent to which this is necessary to eliminate fractional amounts;
- (2) to acquire real estate, real estate portfolios, enterprises, parts of enterprises or interests in enterprises or other assets through the provision of shares in suitable individual cases (non-cash equity issue);
- (3) to the extent to which the new shares for which 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 either on the date on which the authorisation takes effect or on the date on which it is exercised. The limit of ten percent of the share capital shall also include the prorated amount of the share capital attributable to shares which are sold outside the stock market 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 during the term of this authorisation. The limit 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 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.

Otherwise, the Management Board acting with the approval of the Supervisory Board 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 equity issue executed using authorised capital.

b) Article 4 (5) of the Articles of Incorporation will be revised to read as follows:

“The Management Board is authorised subject to the Supervisory Board’s approval to increase the share capital once or repeatedly on or before 24 June 2015 on a cash and/or non-cash basis by a maximum amount of EUR 18,000,000.00 by issuing up to 18,000,000 no-par-value bearer shares in the Company’s capital.

As a matter of principle, the new shares shall be offered to the shareholders for subscription; they may also be transferred to a bank subject to the obligation that they be offered to the shareholders for subscription. However, the Management Board is authorised to exclude the shareholders’ statutory subscription rights subject to the Supervisory Board’s approval in the following cases:

- (1) to the extent to which this is necessary to eliminate fractional amounts;
- (2) to acquire real estate, real estate portfolios, enterprises, parts of enterprises or interests in enterprises or other assets through the provision of shares in suitable individual cases (non-cash equity issue);
- (3) to the extent to which the new shares for which 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 either on the date on which the authorisation takes effect or on the date on which it is exercised. The limit of ten percent of the share capital shall also include the prorated amount of the share capital attributable to shares which are sold outside the stock market subject to the exclusion of the 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 during the term of this authorisation. The limit 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 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.

Otherwise, the Management Board acting with the approval of the Supervisory Board 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 equity issue executed using authorised capital."

- c) The Management Board is instructed to have the aforementioned resolutions a) and b) entered in the commercial register, however not before the execution of the non-cash equity issue for which a resolution was passed on 6 May 2010 is submitted for entry in the commercial register.

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 II of this invitation to the annual general meeting.

**7. Resolution to authorise the issue of convertible bonds and/or option bonds, to create new Contingent Capital 2010/I, to exclude the shareholders' pre-emptive subscription rights and to amend the Articles of Incorporation accordingly**

In accordance with the resolution passed at the annual general meeting on 27 August 2009, the Management Board is authorised subject to the Supervisory Board's approval to issue bearer or registered convertible bonds and/or option bonds for a definite or indefinite period in a total nominal amount of up to EUR 64,000,000.00 once or repeatedly on or before 26 August 2014 and to grant the holders/creditors conversion or option rights with respect to the Company's bearer shares accounting for a proportionate amount of up to EUR 8,000,000.00 of the Company's share capital in accordance with conversion and option bond conditions to be determined.

In a resolution passed by the Management Board on 17 December 2009 and approved by the Supervisory Board, partial use of this authorisation to issue bonds was made. Accordingly, it was resolved to issue a bond with a nominal value of EUR 12,500,000.00 with a term of three years and a coupon of 4.5% p.a. subject to the exclusion of the shareholders' pre-emptive subscription rights.

In a further resolution passed by the Management Board on 15 April 2010 and approved by the Supervisory Board on 27 August 2009, further use of this authorisation to issue bonds was made. Accordingly, it was resolved to issue a bond with a nominal value of EUR 30,000,000.00 with a term of five years and a coupon of 6.375% p.a. for subscription by the shareholders.

The amount covered by the authorisation granted on 27 August 2009 has thus dropped by EUR 12,500,000.00 and a further EUR 30,000,000.00 from EUR 64,000,000.00 to EUR 21,500,000.00. To date, no conversion rights under these bonds have been exercised.

In view of the increase in the Company's share capital to EUR 34,984,546.00 referred to in Item 6 of the agenda, the resolution passed on 6 May 2010 to utilize the Authorised Capital 2009/I to execute a further increase in the Company's share capital to EUR 40,566,364.00 and the partial utilisation of the existing authorisation to issue convertible and/or option bonds in accordance with the resolutions passed by the Management Board on 17 December 2009 and 15 April 2010, the shareholders will be asked to grant further authorisation to issue additional convertible and/or option bonds to ensure that the Company continues to be able in the future to use convertible and/or option bonds to the customary extent to finance its business.

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

- a) The Management Board is authorised subject to the Supervisory Board's approval to issue bearer or registered convertible bonds and/or option bonds (collectively known as the "bonds") for a definite or indefinite period in a total nominal amount of up to EUR 72,000,000.00 once or repeatedly on or before 24 June 2015 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 9,000,000.00 of the Company's share capital in accordance with conversion and option bond conditions to be determined by the Management Board.

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

If option bonds are issued, one or more warrants will 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.

If convertible bonds are issued, the holders of the partial bonds will 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 is 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 can 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 can 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.

The swap ratio and variable conversion or option price of the bearer shares issued by the Company is fixed in euros and equals either at least 80 percent of the average of the closing price of the Company's



stock as determined in the closing auction in XETRA trading (or a comparable replacement system) at the Frankfurt stock exchange on the ten trading days prior to the day on which the Management Board passes a resolution to issue the convertible or option bonds or - in the event that a subscription right is issued and traded on the Frankfurt stock exchange - at least 80 percent of the average of the closing price of the Company's stock as determined in the closing auction in XETRA trading (or a comparable replacement system) at the Frankfurt stock exchange on the days on which the right to subscribe to the bond is traded on the Frankfurt stock exchange, excluding the final two days of trading on the Frankfurt stock exchange.

Notwithstanding Section 9 (1) of the German Stock Corporation Act, the conversion or option price will 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 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 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 with the lower conversion price. The terms and conditions of the conversion and option bonds may also provide for adjustments to the conversion and option price in the case of capital reductions, splits or bonus dividends and any other measures liable to dilute the value of the conversion and option rights. 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.

The terms and conditions of the conversion and option bonds may permit the Company to pay a cash amount in lieu of granting new shares upon conversion. Such cash amount will be determined in accordance with the terms and conditions of the conversion and option bonds and equal the average of the closing price of the Company's shares in the closing auction of XETRA trading (or a comparable replacement system) on the Frankfurt Stock Exchange on no less than two consecutive days during a period of ten trading days after conversion or the exercise of the option, as the case may be. If the Company announces that it will be exercising its right to make a cash payment

upon conversion or exercise of the option, as the case may be, the period of ten trading days will not commence until two trading days after such announcement. The terms and conditions of issue may also stipulate that at the Company's discretion the bonds will be converted into the existing shares already issued by the Company or another listed entity in lieu of the issue of new shares using the Company's contingent capital.

As a matter of principle, subscription rights shall be granted to the shareholders. The bonds may also be underwritten by one or more banks subject to the obligation to offer them to the shareholders for subscription.

However, the Management Board shall be authorised subject to the Supervisory Board's approval to exclude the shareholders' right to subscribe to the bonds provided that the issue price is not materially less than the theoretical market value of the bonds 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 will 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 limit 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 pursuant to 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 option rights or the settlement of the conversion and/or option obligations.

The Management Board is authorised subject to the Supervisory Board's approval to determine the remaining details and conditions 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.

- b) The Company's share capital shall be increased by up to EUR 9,000,000.00 through the issue of up to 9,000,000 new bearer shares on a contingent basis (Contingent Capital 2010/I). The issue of this contingent capital shall 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 on or before 24 June 2015 in accordance with the authorisation granted on 25 June 2010 to the extent that they are issued in cash.

The issue shall be subject to the conversion and option price fixed in accordance with a). The contingent capital shall 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 shall be dividend-entitled from the beginning of the year in which they arise.

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

- c) The following provision to be known as Article 4 (7) shall be inserted after Article 4 (6) of the Company's Articles of Incorporation, as a result of which the existing Article 4 (7) shall be renumbered and referred to forthwith as Article 4 (8):

"The Company's share capital shall be increased by up to EUR 9,000,000.00 through the issue of up to 9,000,000 new bearer shares on a contingent basis (Contingent Capital 2010/I). The issue of contingent capital shall 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 on or before 24 June 2015 in accordance with the authorisation granted on 25 June 2010 to the extent that they are issued in cash. The contingent capital shall 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 shall be dividend-entitled from the beginning of the year in which they arise. 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) No. 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 shareholders’ pre-emptive subscription rights. The contents of such report are disclosed in Part II of this invitation to the annual general meeting.

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

The Company is currently not authorised by the shareholders to acquire any treasury stock. This authorisation is now to be granted, allowing the Company to buy treasury stock in accordance with Section 71 (1) No. 8 of the German Stock Corporation Act. At the same time, the possibility afforded by the Act to Implement the Shareholder Rights Directive (ARUG) of granting authorisation for a period of up to five years is to be utilised.

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

The Company is authorised to buy treasury stock in an amount of up to 10 percent of its share capital of EUR 34,984,546.00, i.e. up to 3,498,454 shares with a notional share of EUR 1.00 each in the share capital, on or before 24 June 2015. The authorisation may not be utilised by the Company to trade in treasury stock.

The authorisation may be utilised by the Company in its entirety or in parts, once or on repeated occasions; it may also be utilised by Group members or for third parties acting on the Company’s or on their own account. 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 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 for the acquisition of treasury stock may not be more than 10% higher or lower than the stock price. For this purpose, the stock price shall be defined as the mean of the

closing prices of the stock on the Frankfurt stock exchange in XETRA trading (or a comparable replacement system) on the five trading days preceding the day on which the treasury stock is acquired. In the case of a public offer, the stock price determined in the same way and prevailing on the date on which the offer is published shall apply; in this case, the Company shall submit an offer to all shareholders commensurate with the size of their share in the Company's share capital.

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 offered; accordingly, any offering rights on the part of the shareholders shall be excluded. Similarly, provisions may be made for preferential allowance of small offers of up to 50 of the Company's shares per shareholder, thus resulting in the partial exclusion of the shareholders' rights to offer their shares.

The Management Board shall be authorised to sell the Company's treasury stock acquired on the basis of this authorisation via the stock market or to offer it to all shareholders for sale and also

- to sell it 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 sale with the approval of the Supervisory Board and subject to the exclusion of the 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 case, the portion of the share capital attributable to the shares which are the subject of the sale and 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 amount 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. The limit 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;

- to sell the stock acquired with the approval of the Supervisory Board and subject to exclusion of the shareholders' pre-emptive subscription rights in connection with business combinations or for the acquisition of all or part of other entities or other assets;
- to cancel all or part of the shares acquired subject to the Supervisory Board's approval 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. The Supervisory Board may adjust the reference in the Articles of Incorporation to the number of shares accordingly.

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 II of this invitation to the annual general meeting.

#### **9. Resolution governing the new stipulations for the remuneration for the Supervisory Board**

In accordance with Article 15 (1) of the Company's Articles of Incorporation, the members of the Supervisory Board receive fixed remuneration of EUR 7,500.00 plus the premiums for appropriate D & O insurance cover for each full year of membership. A resolution may be passed at the annual general meeting authorising a higher amount to be paid. As this amount has not been changed since 2001, it is proposed that the remuneration paid to the members of the Supervisory Board should be adjusted. In addition, it is proposed that the Articles of Incorporation should be modified to make it clear that the premiums for D&O cover for the members of the Supervisory Board are paid only if the Company takes out this cover.

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

Article 15 (1) of the Articles of Incorporation is to be reworded as follows:

“The members of the Supervisory Board shall receive fixed remuneration of EUR 15,000.00 plus the premiums for appropriate D & O insurance cover taken out by the Company for each full year of membership.”

Otherwise, Article 15 of the Articles of Incorporation will not be modified. In addition to Article 15 (1) Sentence 2, the provisions on variable remuneration as well as the provision stating that the chairman of the Supervisory Board is to receive double the specified amount and his deputy one-and-a-half times the specified amount are to be retained without any changes.

## **II.**

### **Reports by the Management Board to the shareholders**

#### **Report by the Management Board to the shareholders on Item 6 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 new authorised capital of EUR 18,000,000.00 be created.

With this authorisation to create new authorised capital in an amount of around 44 percent of the Company's share capital in the amount arising upon the entry in the commercial register of the equity issue executed in accordance with the resolution passed on 6 May 2010, the Management Board will obtain a flexible instrument for structuring the Company's funding. With the proposed authorised capital, the Management Board will also be able to continue raising the capital required for the Company's continued development in the short term by issuing new shares and making use of favourable market conditions for covering future financial requirements without delay.

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 be authorised to acquire real estate, real estate portfolios, enterprises, parts of enterprises or interests in enterprises or other assets from third parties 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 increas-

ingly 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. If any new shares are issued as consideration for the acquisition of real estate, real estate portfolios, all or part of other enterprises or business entities or other assets, this is only possible 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 authorisation being sought here is being requested on a solely precautionary basis. There are currently no specific plans to use it.

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 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 either on the date on which the authorisation takes effect or 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. In addition, access to new shareholder groups can be gained by excluding subscription rights. It should also be noted that the limit of ten percent also includes any treasury stock sold by the Company in cases in which the subscription rights have also been excluded. The limit 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 excluded 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.



The Management Board will consider the individual circumstances carefully before deciding on whether to make use of the 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.

**Report by the Management Board to the shareholders on Item 7 of the Agenda in accordance with Sections 221 (4), Sentence 2 and 186 (4) Sentence 2 of the German Stock Corporation Act**

The issue of convertible and/or option bonds (“the bonds”) enables capital to be raised on attractive terms. The authorisation provides the Company with the necessary flexibility to issue bonds itself or via directly or indirectly affiliated subsidiaries. Bonds may be denominated in euros and issued for a definite or indefinite period of time. The scope of the authorisation - with due allowance made for the resolutions passed on 17 December 2009 and 15 April 2010 providing for partial use of the existing authorisation to issue convertible and/or option bonds - will be limited to a total nominal amount of a maximum of EUR 72,000,000.00 and entitlement to subscribe to a maximum of 9,000,000 new bearer bonds issued by the Company.

As a matter of principle, subscription rights will be granted to the shareholders. However, the Management Board is also to be authorised subject to the Supervisory Board’s approval to exclude the 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 do not exceed ten percent of the Company’s share capital. This limit 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. The reason for this is that in contrast to the issue of bonds with subscription rights it is possible to fix the issue price immediately before the placement, thus avoiding the heightened price risk liable to occur during a subscription period. 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 not be materially less than the theoretical market value of the bond 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.

The Management Board will consider the individual circumstances carefully before deciding whether to make use of the 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.

**Report by the Management Board on Item 8 of the Agenda in accordance with Sections 71 (1), No. 8 Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act**

With the authorisation granted to the Management Board in accordance with Item 7 of the agenda, the Company will be able to acquire and re-sell up to 10 percent of its share capital at a price which is no more than 10 percent higher or lower than the price at which the shares are trading in the stock market. For this purpose, the stock price is defined as the mean of the closing prices of the stock on the Frankfurt stock exchange in Xetra trading (or a comparable replacement system) on the five trading days preceding the day on which the treasury stock is acquired or on which the offer to purchase treasury stock is published. The treasury stock thus acquired together with other treasury stock previously acquired and still held by the Company or attributable to it may not exceed 10 percent of the Company's share capital. With this authorisation, the Management Board will have access to what is an internationally standard method of finance in the interests of the Company and its shareholders. The authorisation is to be exercised on or before 24 June 2015.

If the number of shares offered for sale in response to a public offer to purchase exceeds the planned number of shares to be acquired, the shares will be acquired according to the ratio of shares offered subject to the exclusion of any right to offer held by the shareholders so as to simplify the acquisition process. This is also the purpose of the preferential treatment of small volumes of up to 50 shares offered per shareholder.

The resolution granting the authorisation also includes permission for the treasury stock acquired to be sold via the stock market with the Supervisory Board's approval subject to the exclusion of the shareholders' pre-emptive subscription rights provided that this is done 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 sale. For this purpose, 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 is to apply. In this way, the Company's management is able to make optimum use of the op-

opportunities arising from the prevailing market conditions quickly, flexibly and inexpensively. As a result, the Management Board has an additional funding instrument to strengthen the Company's position in the market.

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. In addition, the Management Board is obliged to determine the value of the treasury stock solely in the light of the interests of the Company and its shareholders.

In accordance with the statutory requirements, the shareholders' financial interests and voting rights are protected as the total number of shares 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 concerned can additionally restore their share quotas by buying additional shares in the stock markets and thus under normal market conditions.

In addition, the Management Board is to be authorised to sell the treasury stock acquired with the approval of the Supervisory Board in connection with business combinations or for the acquisition of all or part of other entities or other assets. The purpose is to allow the Management Board to acquire from third parties enterprises, parts of enterprises and interests in enterprises or other assets by using the Company's treasury stock as consideration. 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. The utilisation of treasury stock provides a flexible instrument for this purpose provided that it is possible to exclude pre-emptive subscription rights. The authorisation being sought here is being requested on a solely precautionary basis. There are currently no specific plans to utilise this authorisation.

In addition, the Management Board is to be additionally authorised to cancel all or part of the treasury stock acquired subject to the Supervisory Board's approval without any further resolution of the shareholders required. This does not involve the exclusion of the shareholders' pre-emptive subscriptions 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, therefore, of its shareholders and is reasonable and appropriate.

### **III. Documents**

The following documents will be made available for inspection by the shareholders at the Company's offices in Steckelhörn 5 in 20457 Hamburg and on the Internet at [www.tag-ag.com/investor-relations/hauptversammlung](http://www.tag-ag.com/investor-relations/hauptversammlung) as of the day on which the invitation to the annual general meeting is issued. On request, each shareholder will be sent a copy of these documents free of charge. In addition, they will be available at the annual general meeting.

- The approved financial statements, the approved consolidated financial statements for 2009 and the management reports for TAG Immobilien AG and the Group, the report of the Supervisory Board, the Management Board's proposal for the allocation of the Company's unappropriated surplus and the explanatory report on the disclosures made in accordance with Sections 289 (4) and 315 (4) of the German Commercial Code for 2009;
- the Management Board's report on the reasons for the exclusion of the shareholders' pre-emptive subscription rights in accordance with Item 6 of the agenda pursuant to Sections 203 (2) Sentence 2 and 186 (4) Sentence 2 of the German Stock Corporation Act;
- the Management Board's report on the reasons for the exclusion of the shareholders' pre-emptive subscription rights in accordance with Item 7 of the agenda pursuant to Sections 221 (4) Sentence 4 and 186 (4) Sentence 2 of the German Stock Corporation Act;
- the Management Board's report on the reasons for the exclusion of the shareholders' pre-emptive subscription rights in accordance with Item 8 of the agenda pursuant to Sections 71 (1) No. 8 Sentence 5 and 186 (4) Sentence 2 of the German Stock Corporation Act.

### **IV. Further information**

#### **1. Conditions for participation and exercising voting rights**

Shareholders wishing to attend the annual general meeting or to exercise their voting rights must register and provide proof of their eligibility. The

registration form and proof of eligibility must be lodged with the Company by no later than 18 June 2010 at the following address:

Bankhaus Gebr. Martin AG  
Kirchstraße 35  
73033 Göppingen  
Telefax: 07161 - 969317  
E-Mail: info@martinbank.de

Registration and proof of eligibility must be submitted in German or English. Written confirmation by the custodian bank holding the shares issued by the Company is sufficient proof of eligibility. Proof of shares not held on a collective basis may also be provided in the form of a certificate issued by the Company, a notary or a bank within the European Union upon the shares being lodged with the Company or such bank or notary. Proof of shares must apply as 0:00 hours on 4 June 2010 (date of proof).

## **2. Significance of the date of proof**

The date of proof is the decisive date for the scope and exercise of the right to attend the annual general meeting and for exercising voting rights. For the purpose of relations with the Company, only those persons who have provided proof that they hold shares in the Company's share capital may attend the annual general meeting and exercise voting rights. The date of proof 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 date of proof, the shares held by the shareholder on the date of proof are solely decisive for determining the shareholders' eligibility to attend the annual general meeting and to exercise voting rights. In other words, the sale of shares after the date of proof does not have any effect on eligibility to attend the annual general meeting and to exercise voting rights. This applies equally if shares are acquired after the date of proof. Persons who do not own any shares on the date of proof and acquire them only at a later date are only eligible to attend the annual general meeting and exercise voting rights if they are authorised to do so. The date of proof does not have any relevance for determining dividend entitlement.

## **3. Proxy voting**

Shareholders may also vote by proxy at the annual general meeting by authorising an agent such as a bank, a shareholder association or any other person of their choice to exercise their voting rights on their behalf. If a shareholder authorises more than one person to represent him, the Company may reject one or more of these. Proxies, the revocation of

proxies and proof of authorisation must be served on the Company in text form. If a bank or equivalent entity as defined in Section 135 (8) or Section 135 (10) of the German Stock Corporation Act in connection with Section 125 (5) of the German Stock Corporation Act, e.g. a shareholder association, is to be nominated as proxy, the written authorisation should be retained by the proxy in readily verifiable form. Due allowance must be made for any special conditions, the nature of which is to be disclosed by the proxy in question.

Shareholders wishing to nominate a proxy may use the form sent to duly registered persons together with the admission ticket. Further information will be sent to the shareholders together with the admission ticket.

Proof that a proxy has been nominated can also be served on the Company via the following e-mail address:

ir@tag-ag.com

The Company offers to nominate proxies, who will exercise voting rights in accordance with shareholders' specific instructions, prior to the annual general meeting. The voting proxy holders will exercise the voting rights solely in accordance with the instructions issued by the shareholder. The authorisation granted to the voting proxy holders nominated by the Company and the voting instructions must be in text form. A form which may be used to nominate proxies and issue voting instructions will be sent to shareholders together with the admission ticket to the annual general meeting. Further information will be sent to the shareholders together with the admission ticket.

The registration form and proof of eligibility to attend the annual general meeting must also be lodged within the specified period notwithstanding the nomination of a proxy. This does not exclude the possibility of nominating a proxy after the registration form and proof of eligibility have been lodged.

**4. Shareholders' rights in accordance with Sections 122 (2), 126 (1), 127 and 131 (1) of the German Stock Corporation Act**

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

Shareholders whose shares jointly equal one twentieth of the Company's share capital (equivalent to 1,749,228 shares) or a prorated amount of EUR 500,000 in the Company's share capital (equivalent to 500,000 share) may in accordance with Section 122 (2) of the German Stock Corporation Act request that items be placed on the agenda and an-

nounced accordingly. Each new item must be accompanied by an explanation or a motion.

Requests for additions to the agenda must be served on the Company in writing 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 25 May 2010 (24:00 hours). Any requests received after that date will not be accepted.

The applicants must prove that they have held the minimum requested number of shares for at least three months prior to the date of the annual general meeting (Section 142 (2) Sentence 2 in connection with Section 122 (1) Sentence 3 (2) Sentence 1 of the German Stock Corporation Act).

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

Counter motions and proposals by shareholders in accordance with Sections 126 (1), 127 of the German Stock Corporation Act

Shareholders may submit to the Company counter motions for the proposals made by the Management Board and the Supervisory Board as well as proposals for the election of statutory auditors prior to the annual general meeting. Counter motions must be backed up by reasons. The proposals submitted by the shareholders do not have to be backed up by any reasons.

All counter motions and proposals must be must be served on the Company at the following address:

TAG Immobilien AG  
Investor Relations  
Steckelhörn 5  
20457 Hamburg  
Telefax: + 49 40 380 32-390  
E-mail: ir@tag-ag.com



Counter motions and proposals sent to any other address will not be accepted.

Provided that the conditions specified in Section 126 (2) Sentence 1 of the German Stock Corporation Act are satisfied, it is not necessary to make a counter motion and the reasons in support of it accessible. In accordance with Section 126 (2) Sentence 2 of the German Stock Corporation Act, It is not necessary to make the reasons in support of a counter motion accessible if it comprises more than 5,000 characters.

Section 126 of the German Stock Corporation Act applies accordingly to proposals submitted by a shareholder with respect to the statutory auditors. Moreover, proposals submitted by a shareholder with respect to the statutory auditors will only be made accessible if they include the name, the profession and place of residence of the proposed natural person or the name and domicile of the proposed legal entity.

Counter motions and proposals which are received no later than 14 days before the date of the annual general meeting not including the date of service and the date of the annual general meeting, i.e. those which are served on the Company at the address stated above by no later than 24:00 hours on 10 June 2010, and which are required to be made accessible will be duly disclosed to the other shareholders without delay, stating the name of the shareholder and the reasons on the Internet at [www.tag-ag.com/investor-relations/hauptversammlung](http://www.tag-ag.com/investor-relations/hauptversammlung). Any comments by the management will also be published there.

#### Shareholders' right to request information in accordance with Section 131 (1) of the German Stock Corporation Act

Each shareholder may request information at the annual general meeting from the Management Board on the Company's matters, the Company's legal and business relations with affiliated companies and the state of the Group and the companies included in the consolidated financial statements to the extent that such information is necessary for a reasonable assessment of any of the items of the agenda.

#### **5. Reference to the Company's website**

The information required to be made accessible in accordance with Section 124a of the German Stock Corporation Act can be found at [www.tag-ag.com/investor-relations/hauptversammlung](http://www.tag-ag.com/investor-relations/hauptversammlung).

**V.**  
**Total number of shares and voting rights**

In accordance with Section 30b (1) Sentence 1 No. 1 of the German Securities Trading Act, we hereby state that the Company has share capital of € 34,984,546.00 as of the date of the invitation to the annual general meeting. It is divided into 34,984,546 shares with the same number of voting rights. As of the date of this invitation, the Company does not hold any treasury stock.

Hamburg, May 2010

TAG Immobilien AG

The Management Board