

TAG Immobilien AG
Hamburg

ISIN DE0008303504 / WKN 830350
ISIN DE000A2AAAT4 / WKN A2AAAT

We hereby invite our shareholders to the **133rd annual general meeting** taking place at **11:00 am (CEST) on Friday, 17 June 2016** at Handelskammer Hamburg, Adolphsplatz 1, 20457 Hamburg.

I.
Agenda

- 1. Presentation of the duly adopted financial statements and the approved consolidated financial statements for 2015, 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 289 (4) and 315 (4) of the German Commercial Code for 2015.**

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 22 March 2016, 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 2015 of EUR 113,673,177.82 be allocated as follows:

Payment of a dividend of EUR 0.55 for each of the 132,501,206 shares entitled to receive a dividend for 2015:

Total:	EUR 72,875,663.30
Amount to be carried forward:	EUR 40,797,514.52
Unappropriated surplus:	EUR 113,673,177.82

The dividend will be distributed on 20 June 2016. The profit appropriation proposal is based on the number of shares entitled to a dividend for the 2015 financial year outstanding on the date on which this invitation is published. In the event of any change in the number of these dividend-

entitled shares before the date of the annual general meeting, a duly modified proposal will be submitted for voting but will continue to provide for a dividend of EUR 0.55 for each share which is entitled to a dividend for the 2015 financial year. The amount applicable to non-dividend-entitled shares will be duly carried forward.

3. Resolution to ratify the actions of the Management Board for 2015

The Management Board and the Supervisory Board recommend that the shareholders pass a resolution to ratify the actions taken in 2015 by the persons who were members of the Management Board in 2015.

4. Resolution to ratify the actions of the Supervisory Board for 2015

The Management Board and the Supervisory Board recommend that the shareholders pass a resolution to ratify the actions taken in 2015 by the persons who were members of the Supervisory Board in 2015.

5. Election of auditors for the annual financial statements and consolidated financial statements for fiscal 2016

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 2016;
- b) statutory auditors to perform a review, if necessary, of the abridged financial statements and the interim management report for the first half of 2016.

6. Resolution granting authorisation for the Company to buy and utilise treasury stock and to exclude the shareholders' pre-emptive subscription rights

In accordance with a resolution passed by the shareholders at the extraordinary shareholder meeting on 28 November 2014, the Company is authorised to buy and utilise 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 27 November 2019 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 more closely 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. Starting in the current financial year 2016, the members of the Management Board are to receive 50% of their variable remuneration in the form of TAG shares, which the Company will purchase under the authorisation to

be granted by the shareholders under this new resolution. As the TAG shares allocated to the members of the Management Board will not be transferred to them until the expiry of a period of three years after the determination of the variable remuneration payable to them, this part of their variable remuneration will be directly exposed to any positive or negative performance in the shares over a period of three years.

As the existing authorisation granted on 28 November 2014 governing the use of the Company's treasury stock does not provide for the grant of treasury stock to members of the Management Board, it is necessary to revise and broaden this authorisation providing for the acquisition of treasury stock in order to permit this additional use, while simultaneously cancelling the authorisation of 28 November 2014. 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 1 of the agenda of the extraordinary shareholder meeting held on 28 November 2014 granting authorisation to acquire and utilise treasury stock be cancelled.
- b) That the Company be authorised until 16 June 2021 to buy 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 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 the announcement of the offer there is a not inconsiderable difference in the market price of the stock and a single acquisition price or the outer limits of a price range offered, the offer may be adjusted. In this case, the closing price shall

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 for the acquisition of treasury stock based on a price range, the bids submitted by shareholders requesting an overly high price 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, thus resulting in the partial exclusion of the shareholders' rights to offer their shares.

- 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 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.
 - bb) The treasury stock may be used to settle option and/or conversion rights or corresponding obligations under option and/or con-

vertible 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 transferred to members of the Management Board 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 II of this invitation to the annual general meeting.

7. Resolution to create new Authorised Capital 2016, 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 of 14 June 2012, the Management Board is authorised subject to the Supervisory Board's approval to increase the share capital once or repeatedly on or before 13 June 2017 on a cash and/or non-cash basis by a maximum amount of up to EUR 40,000,000.00 by issuing up to 40,000,000 no-par-value shares in the Company's capital (Authorised Capital 2012/I).

The aforementioned authorisation was utilised for a non-cash equity issue of EUR 1,809,693.00 subject to the Supervisory Board's approval in accordance with a resolution passed by the Management Board on 19 September 2012 and for a cash equity issue of EUR 30,000,000.00 subject to the Supervisory Board's approval in accordance with resolutions passed by the Management Board on 19 November 2012, 3 December 2012 and 10 December 2012. Consequently, the Company's share capital was increased by a total of EUR 31,809,693.00 on the basis of these resolutions. Accordingly, Authorised Capital 2012/I currently still stands at EUR 8,190,307.00.

In accordance with the resolution passed at the annual general meeting of 14 June 2013, 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 13 June 2018 on a cash and/or non-cash basis by a maximum amount of up to EUR 20,000,000.00 by issuing up to 20,000,000 no-par-value shares in the Company's capital (Authorised Capital 2013/I). This authorisation has not been utilised to date.

As the Company placed a total of 5,000,000 TAG treasury stock shares in March 2016 and, in doing so, excluded the shareholders' pre-emptive subscription rights in accordance with Sections 77 (1) No. 8, Sentence 5 and 186 (3) Sentence 4 of the German Stock Corporation Act and these shares count towards the equity issues provided for under the authorisation of 13 June 2013 under which the shareholders' pre-emptive subscription rights may be excluded in accordance with Sections 203 (1) and (2) and 186 (3) Sentence 4 of the German Stock Corporation Act, the Management Board currently only has a limited amount available for further cash equity issues subject to the exclusion of the shareholders' pre-emptive subscription rights. Against this backdrop and in view of the variation in the expiry dates of the authorisation resolutions passed in different years, new uniform authorised capital of EUR 27,000,000.00 (Authorised Capital 2016) is to be created so that the Management Board is still able to continue utilising authorised capital to the necessary extent 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. At EUR 27,000,000.00, the volume of the Authorised Capital 2016 being sought is to equal around 20% of the Company's current share capital.

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

- a) That the Management Board be authorised subject to the Supervisory Board's approval to increase the Company's share capital once or repeatedly on or before 16 June 2021 on a cash and/or non-cash basis by a maximum amount of up to EUR 27,000,000.00 by issuing up to 27,000,000 new no-par-value bearer shares in the Company's capital (Authorised Capital 2016).

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 provision 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 as well as on the date on which it is exercised. The limit 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 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 and/or option bonds issued subject to the exclusion of the shareholders' sub-

scription 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 twenty percent 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.

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.

- b) Article 4 (10) and (11) of the Company's Articles of Incorporation shall be cancelled and Article 4 (10) of the Articles of Incorporation reworded as follows:

"The Management Board shall be authorised subject to the Supervisory Board's approval to increase the Company's share capital once or repeatedly on or before 16 June 2021 on a cash and/or non-cash basis by a maximum amount of up to EUR 27,000,000.00 by issuing up to 27,000,000 new no-par-value bearer shares in the Company's capital (Authorised Capital 2016).

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 (in-

cluding receivables against the Company) through the provision 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 as well as on the date on which it is exercised. The limit 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 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 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 twenty percent 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.

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 II of this invitation to the annual general meeting.

8. Resolution to authorise the issue of convertible bonds and/or option bonds, to create new Contingent Capital 2016/I, to exclude the shareholders' pre-emptive subscription rights and to amend the Articles of Incorporation accordingly

At the annual general meeting of 19 June 2015, the Management Board was authorised under item 6 of the agenda to issue subject to the Supervisory Board's approval bearer convertible bonds and/or option bonds with a nominal amount of up to EUR 300,000,000.00 once or repeatedly on or before 18 June 2020. Contingent Capital 2015/I of EUR 20,000,000.00 was created for the settlement of the obligations arising in connection with the conversion and/or option rights. As the Company placed a total of 5,000,000 of treasury stock shares in March 2016 and, in doing so, excluded 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 and these shares count towards the equity issues provided for under the authorisation of 19 June 2015 in which the shareholders' pre-emptive subscription rights may be excluded under Sections 186 (3) Sentence 4 of the German Stock Corporation Act, the Management Board currently only has a limit amount available for the future issue of convertible bonds and/or option options subject to the exclusion of the shareholders' pre-emptive subscription rights. Accordingly, the shareholders are being asked to grant new authorisation in lieu of the authorisation of 19 June 2015 to issue additional convertible and/or option bonds in the future and in addition to the authorisation granted under item 7 of the agenda to ensure that the Company continues to be able to utilise convertible and/or option bonds subject to the exclusion of shareholders' pre-emptive subscription rights to the customary extent in order to finance its business. With the exception of its duration, the authorisation will be identical to the authorisation granted under item 6 of the agenda of the annual general meeting of 19 June 2015.

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

a) Authorisation to issue convertible and/or option bonds

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 the "bonds") for a definite or indefinite period in a total nominal amount of up to EUR 300,000,000.00 once or repeatedly on or before 16 June 2021 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 20,000,000.00 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 (XETRA I 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 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' 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 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 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 pursu-

ant 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 shall include 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.

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.

b) Resolution creating new Contingent Capital 2016/I

The Company's share capital is to be increased by up to EUR 20,000,000 through the issue of up to 20,000,000 new no-par-value bearer shares on a contingent basis (Contingent Capital 2016/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 16 June 2021 in accordance with the authorisation granted on 17 June 2016 to the extent that they are issued in cash.

The issue of the new shares shall be subject to the conversion and/or option price fixed in accordance with b) dd). 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) Amendment to the Articles of Incorporation

Article 4 (9) of the Articles of Incorporation shall be reworded as follows:

“The Company’s share capital shall be increased by up to EUR 20,000,000 through the issue of up to 20,000,000 new no-par bearer shares on a contingent basis (Contingent Capital 2016/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 16 June 2021 in accordance with the authorisation granted on 17 June 2016 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.

II.

Reports by the Management Board to the shareholders

Report by the Management Board to the annual general meeting on Item 6 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 6 of the agenda of the annual general meeting includes the proposal that the Company be authorised until 16 June 2021 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 percent 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 28 November 2014, which the Company has not utilised, 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 transfer the shares to the members of the Management Board of the Company as part of their variable remuneration. 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 more closely 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. Starting in the current financial year 2016, the members of the Management Board are to receive 50% of their variable remuneration in the form of TAG shares, which the Company will purchase under the authorisation to be granted by the shareholders under this new resolution. The TAG shares allocated to the members of the Management Board will not be transferred to them until the expiry of a period of three years after the determination of the variable remuneration payable to them ("restricted share model"). Pending release and transfer to the members of the Management Board, the TAG shares will be held in a custody account on which they may only draw with the consent of the Chairman of the Supervisory Board. This arrangement is consistent with the goal of reasonable Management Board remuneration in accordance with Section 87 (1) of the German Stock Corporation Act and the recommendation in Article 4.2.3 of the German Corporate Governance Code, which require the inclusion not only of positive but also of negative factors in the calculation of the Management Board's remuneration. With the grant of shares which are frozen 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 subscription 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.

Report by the Management Board on Item 7 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 2016 of EUR 27,000,000.00 be created. The current authorisations (i.e. Authorised Capital 2012/I and 2013/I), which have differing terms and a combined total value of around EUR 28.2 million, are to be replaced by the new Authorised Capital 2016 to simplify and streamline these structures. In addition, it should be noted that the Company utilised 5,000,000 shares from its treasury stock on 16 March 2016 subject to the exclusion of the shareholders' pre-emptive subscription rights to finance the acquisition of residential real estate. As these shares count towards the total equity issues for which the shareholders' pre-emptive subscription rights are excluded under the authorisation of 13 June 2013, the Management Board has only a limited supply of shares still available for the issue of fresh equity subject to the exclusion of the shareholders' pre-emptive subscription rights.

With this proposed authorisation to create new authorised capital, which will equal roughly 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, 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 a non-cash share capital issue.

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 limit 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 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 limit 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.

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 twenty 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. 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 8 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 19 June 2015 be replaced by new authorisation to issue convertible and/or option bonds 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, the authorisation will be identical to the authorisation granted under item 6 of the agenda of the annual general meeting of 19 June 2015.

The issue of convertible and/or option bonds ("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 300,000,000.00 and entitlement to subscribe to a maximum of 20,000,000 new bearer shares issued by the Company.

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 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. 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 before 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 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. 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.

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. Further information

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 136,596,330.00. It is divided into 136,596,330.00 shares with the same number of voting rights. As of the date of this invitation, the Company holds treasury stock comprising 4,095,124 shares.

2. Conditions for participation and exercising voting rights

Only shareholders who have registered prior to the annual general meeting and have furnished proof of eligibility may take part in the annual general meeting and exercise their voting rights. Proof of eligibility shall be furnished in the form of confirmation issued by the bank at which the securities account is held. 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. Such proof is to apply as of the beginning of 27 May 2016 (0:00 hours CEST) (date of proof). The registration form and proof of eligibility must be lodged with the

Company in text form in the German or English language by no later than 10 June 2016 (24:00 hours CEST) at the following address:

Bankhaus Gebr. Martin AG
Schlossplatz 7
73033 Göppingen
Telefax: +49 (0)7161 - 969317
E-Mail: bgross@martinbank.de

3. Significance of the date of proof

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 shareholder meeting and exercise voting rights. Entitlement to attend the shareholder meeting and the extent to which voting rights may be exercised shall be determined solely on the basis of the shares held by the shareholder on the date of proof. 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 his eligibility to attend the annual general meeting and the scope of the voting rights accruing to him. 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 the scope of the 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 duly authorised to do so. The date of proof does not have any relevance for determining dividend entitlement.

4. Procedure for 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 Section 135 (10) of the German Stock Corporation Act in connection with Section 125 (5) of the German Stock Corporation Act, a shareholder association or a person coming within the definition contained in Section 135 (8) of the German Stock Corporation Act are designated as a voting proxy, alternative rules may apply, information on which can be obtained from such designated proxy.

The Company offers to designate a proxy, who will exercise voting rights in accordance with shareholders' specific instructions, prior to the annual general meeting. The voting proxy will exercise the voting rights solely in accordance with the instructions issued by the shareholder and is authorised to issue sub-proxies. The authorisation granted to the voting proxy

designated by the Company and the voting instructions must be in text form. In the absence of any express instructions or if the instructions granted are contradictory or unclear, the voting proxy designated by the Company shall abstain from casting a vote on the item of the agenda concerned. The voting proxy designated by the Company cannot accept instructions to address the meeting, submit objections to resolutions passed at the annual general meeting, ask questions or submit motions either before or during the annual general meeting.

Shareholders wishing to designate a proxy may use the form sent to duly registered persons together with the admission ticket. The form authorising and instructing the voting proxy designated by the Company will also be sent to shareholders together with the admission ticket to the annual general meeting. Corresponding forms are also available on the Company's web site at www.tag-ag.com/investor-relations/hauptversammlung.

The grant or revocation of rights of proxy and proof that a proxy has been designated and the authorisation to exercise voting rights together with instructions for the voting proxy designated by the Company can also be served on the Company in any of the following ways:

TAG Immobilien AG
Investor Relations
Steckelhörn 5
20457 Hamburg
Telefax: +49 (0)40 380 32-446
E-Mail: ir@tag-ag.com

Proxies, the revocation of proxies and proof of authorisation can also be presented on the day of the annual general meeting at the admission point. The authorisation to exercise voting rights together with instructions for the voting proxy designated by the Company must reach the Company by 16 June 2016 (12:00 hours CEST). This date applies solely to authorisation to exercise voting rights together with instructions.

The registration form and proof of eligibility to attend the annual general meeting must also be lodged within the specified period and in the specified form notwithstanding the nomination of a proxy. Subject to the aforementioned restrictions to the period in which authorisation may be granted to the voting proxy designated by the Company, this does not exclude the possibility of designating a proxy after the registration form and proof of eligibility have been lodged.

5. 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 German Stock Corporation Act

Shareholders whose shares jointly equal one twentieth of the Company's share capital or a prorated amount of EUR 500,000 in the Company's share capital (equivalent to 500,000 shares) may in accordance with Section 122 (2) of the German Stock Corporation Act request 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 17 May 2016 (24:00 hours CEST). No requests received after that date will be accepted.

The applicants must prove that they have held the minimum required number of shares for at least three months prior to the date of the shareholder meeting (Section 142 (2) Sentence 2 in connection with Section 122 (1) Sentence 3 (2) Sentence 1 of the German Stock Corporation Act) in the version applicable until 30 December 2015 (Section 26h (4) of the Introductory Act to 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 voting proposals by shareholders in accordance with Sections 126 (1), 127 of the German Stock Corporation Act

The shareholders may submit to the Company counter motions for the proposals made by the Management Board and the Supervisory Board for a certain item of the agenda and submit proposals of their own for the election of the statutory auditors and members of the Supervisory Board (provided that they are included in the agenda).

Counter motions and voting proposals which are received no later than 14 days before the date of the shareholder meeting not including the date of service and the date of the shareholder meeting, i.e. those which are served on the Company by no later than 2 June 2016 (24:00 hours CEST), and which are required to be published will be duly disclosed without delay to the other shareholders on the Internet at www.tag-ag.com/investor-relations/hauptversammlung, stating the name of the shareholder and the reasons. Any comments by the management will also be published there.

In contrast to voting proposals, counter motions will only be disclosed provided that the reasons for such proposals are included.

Unlike voting proposals, counter motions must be served on the Company at the following address:

TAG Immobilien AG
Investor Relations

Steckelhörn 5
20457 Hamburg
Telefax: +49 (0)40 380 32-446
E-Mail: ir@tag-ag.com

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

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

In accordance with Section 131 (1) of the German Stock Corporation Act, each shareholder is entitled to request from the Management Board information on the Company's affairs at the shareholder meeting to the extent that such information is required for a reasonable assessment of the subject matter of the agenda. This duty to provide information also includes details of the Company's legal and business relations with affiliated companies as well as the condition of the Group and the consolidated companies. As a matter of principle, requests for information made during the annual general meeting shall be oral.

Further information on the rights conferred on the shareholders under Section 121 (3) Sentence 3 No. 3 of the German Stock Corporation Act can be found on the Company's website at www.tag-ag.com/investor-relations/hauptversammlung.

6. Documents on shareholder 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/investor-relations/hauptversammlung immediately after the invitation to the shareholder meeting has been served on the shareholders.

The documents to be made available are also available at the offices of TAG Immobilien AG, Steckelhörn 5, 20457 Hamburg, and during the shareholder meeting for inspection by the shareholders. On request, copies of the documents will be sent to each shareholder free of charge and without delay.

Hamburg, May 2016

TAG Immobilien AG
The Management Board