

# Invitation Annual General Meeting

Deutsche Annington Immobilien SE  
April 30, 2015

Deutsche Annington Immobilien SE, Düsseldorf

ISIN DE000A1ML7J1

WKN A1ML7J

## Invitation to the 2015 Annual General Meeting

The shareholders in our company  
are cordially invited to the  
**2015 Annual General Meeting**  
to be held at

Van der Valk Airporthotel  
Am Hülserhof 57  
40472 Düsseldorf  
Germany

at **10:00** (CEST)

on

**Thursday, April 30, 2015.**

*This is a convenience translation of the German invitation to the Annual General Meeting of Deutsche Annington Immobilien SE, which is provided to shareholders for informational purposes only. Only the German version of this document is legally binding on Deutsche Annington Immobilien SE. No warranty is made as to the accuracy of this translation and Deutsche Annington Immobilien SE assumes no liability with respect thereto.*

# I. Agenda

**1. Presentation of the adopted annual financial statements of Deutsche Annington Immobilien SE and the approved consolidated financial statements as at December 31, 2014, of the combined management report for Deutsche Annington Immobilien SE and the Group, including the explanatory report on disclosures pursuant to Section 289 para. 3 and 5 and Section 315 para. 4 of the German Commercial Code (HGB), and of the report of the Supervisory Board for the 2014 financial year**

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the Management Board; the annual financial statements are thus adopted. A resolution of the Annual General Meeting regarding this, item 1 of the agenda, is therefore neither envisaged nor necessary.

The documents mentioned will be available on the Deutsche Annington Immobilien SE website at <http://investoren.deutsche-annington.com/agm> from the time at which the Annual General Meeting is convened and at the Annual General Meeting itself, and will be outlined by the Management Board or, in the case of the report of the Supervisory Board, by the Chairman of the Supervisory Board during the meeting. The shareholders will have the opportunity to ask questions regarding the information presented, in accordance with their right to information.

**2. Resolution regarding appropriation of the net profit of Deutsche Annington Immobilien SE for the 2014 financial year**

The Management Board and Supervisory Board propose that the net profit of €295,824,915.32 as presented in the adopted annual financial statements as at December 31, 2014, be appropriated as follows:

Payment of a dividend of €0.78 per share entitled to dividend payment for the 2014 financial year with the securities identification code

ISIN DE000A1ML7J1/WKN A1ML7J;  
at a total of 354,106,228 shares entitled to dividend payment,

this comes to	€	276,202,857.84
Retained earnings brought forward	€	19,622,057.48

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Net profit	€	295,824,915.32
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The proposal for the appropriation of earnings is based on the number of shares entitled to dividend payment for the 2014 financial year of which the company was aware on the day on which the annual financial statements were prepared by the Management Board. Should this number of shares entitled to dividend payment change up to the Annual General Meeting, a resolution proposal that has been modified accordingly to comprise an unchanged dividend of €0.78 per share entitled to dividend payment for the 2014 financial year will be put to the vote at the Annual General Meeting. The sum relating to shares not entitled to dividend payment shall be carried forward.

The dividend shall be paid in full from the contribution account for tax purposes pursuant to Section 27 of the German Corporation Tax Act (KStG) (contributions not paid in to nominal capital). It is therefore paid without capital gains tax or solidarity surcharge deductions and does not result in taxable income from capital assets pursuant to Section 20 para. 1 sent. 1 no. 1 of the German Income Tax Act (EStG). There is no tax refund/tax credit option in relation to the dividend.

### **3. Resolution regarding formal approval of the actions of the members of the Management Board in the 2014 financial year**

The Management Board and Supervisory Board propose that the actions of the incumbent members of the Management Board in the 2014 financial year be approved.

### **4. Resolution regarding formal approval of the actions of the members of the Supervisory Board in the 2014 financial year**

The Management Board and Supervisory Board propose that the actions of the incumbent members of the Supervisory Board in the 2014 financial year be approved.

### **5. Resolution regarding approval of the Management Board members' variable long-term remuneration component**

The Annual General Meeting can resolve to approve the system of remuneration of the Management Board members without any justification of rights or obligations (Section 120 para. 4 of the German Stock Corporation Act (AktG)).

On May 9, 2014, the Annual General Meeting of Deutsche Annington Immobilien SE approved the system of remuneration of the members of the Management Board of Deutsche Annington Immobilien SE applicable at the time of the resolution on May 9, 2014 with 99.05% of the votes cast.

The system of remuneration of Management Board members applicable to date is explained in detail in the remuneration report contained in the joint management report for Deutsche Annington Immobilien SE and the Group. The joint management report is included in the documents to be made available to the Annual General Meeting subject to item 1 of the agenda. The

remuneration report will also be made available at the Annual General Meeting, where it will be explained in detail.

In accordance with number 4.2.3 para. 2 sent. 6 of the German Corporate Governance Code (DCGK), the amount of remuneration of Management Board members is to be capped, both overall and for individual remuneration components. The Supervisory Board therefore resolved on March 4, 2015 to modify the system of Management Board remuneration with regard to multi-year variable remuneration with effect from January 1, 2015, and, in agreement with the members of the Management Board, to amend their employment contracts accordingly. This new multi-year variable remuneration for members of the Management Board is to be granted for the 2015 financial year and for subsequent financial years and will be capped, both overall and for individual remuneration components.

With this system, the recommendation in number 4.2.3 para. 2 sent. 6 DCGK shall be complied with as of the 2015 financial year. Virtual shares already granted without a cap shall be paid out for the final time only once the Management Board member employment contracts in question have expired on February 28, 2018.

The Management Board and Supervisory Board propose that the capped variable long-term remuneration component of the members of the Management Board of Deutsche Annington Immobilien SE be approved.

### **6. Election of the auditors of the annual financial statements and the consolidated financial statements for the 2015 financial year and of the review of the interim financial reports for the 2015 financial year**

At the recommendation of its Audit Committee, the Supervisory Board proposes the following resolution:

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, (Essen branch) shall be appointed as the auditors of the annual financial statements and the consolidated financial statements for the 2015 financial year as well as of the review of the interim financial reports for the 2015 financial year.

**7. Resolution regarding the amendment of Article 11.1 of the Articles of Association with the increase in the number of members of the Supervisory Board from nine to twelve, the appointment of three new members to the Supervisory Board and confirmation of the four Supervisory Board members appointed by Düsseldorf District Court in the 2014 financial year**

**a) Resolution regarding the amendment of Article 11.1 of the Articles of Association with the increase in the number of members of the Supervisory Board from nine (9) to twelve (12)**

Article 11.1 of the company's Articles of Association stipulates the number of members of the Supervisory Board as follows:

“The Supervisory Board comprises nine members.”

In the context of its public takeover of GAGFAH S.A., the company reached an agreement regarding the merger with GAGFAH S.A. on December 1, 2014, comprising, among other things, an agreement to propose to the Annual General Meeting that the company's Supervisory Board be increased from nine to twelve members and that Messrs Gerhard Zeiler, Hendrik Jellema and Daniel Just be appointed to the company's Supervisory Board. The Management Board and Supervisory Board propose the following resolution:

The number of members of the Supervisory Board shall be increased to twelve. Article 11.1 of the company's Articles of Association shall be amended as follows:

“The Supervisory Board comprises twelve (12) members.”

**b) Appointment of Mr Gerhard Zeiler to the Supervisory Board**

Pursuant to Article 40 para. 22 and 3 and Article 9 para. 1 lit. c) of the SE Regulation (SE-VO) in conjunction with Section 17 of the SE Implementation Act (SEAG) and Article 11.1 of the company's Articles of Association, until such time as the resolution to item 7a) of the agenda is approved and comes into effect, the Supervisory Board shall comprise nine members, all of whom are appointed by the Annual General Meeting pursuant to Article 11.2 of the Articles of Association.

The total number of members of the company's Supervisory Board shall be increased from nine to twelve when the approved resolution to amend the Articles of Association as proposed in

item 7a) of the agenda comes into effect with its inclusion in the commercial register.

At the recommendation of its Nomination Committee, the Supervisory Board proposes that the following resolution be adopted:

Conditional to the incorporation of the amendment to the Articles of Association proposed in item 7a) of the agenda, Mr Gerhard Zeiler, President of Turner Broadcasting System International, London, UK, and domiciled in Salzburg, Austria, shall be appointed to the company's Supervisory Board for a term in office up to the end of the Annual General Meeting in which the actions of the Supervisory Board in the 2017 financial year are approved.

Mr Gerhard Zeiler is not currently a member of any other statutory supervisory board pursuant to Section 125 para. 1 sent. 5 AktG.

Mr Gerhard Zeiler is currently a member of the following additional comparable control committees of commercial enterprises both domestically and abroad pursuant to Section 125 para. 1 sent. 5 AktG.

- Member of the Board of Directors of Central European Media Enterprises Ltd. (CME), Hamilton, Bermuda

Mr Gerhard Zeiler has no significant personal or business ties with the company, its governing bodies or any shareholder with a significant stake in the company in accordance with number 5.4.1 para. 4 to 6 DCGK.

The Annual General Meeting is not obliged to accept proposals for election.

**c) Appointment of Mr Hendrik Jellema to the Supervisory Board**

Based on the circumstances already outlined with regard to the appointment of Mr Gerhard Zeiler (see item 7b)), the Supervisory Board proposes at the recommendation of its Nomination Committee that the following resolution be adopted:

Conditional to the incorporation of the amendment to the Articles of Association proposed in item 7a) of the agenda, Mr Hendrik Jellema, CEO of Stiftung Berliner Leben, Berlin, and domiciled in Essen, shall be appointed to the company's Supervisory Board for a term in office up to the end of the Annual General Meeting in which the actions of the Supervisory Board in the 2017 financial year are approved.

Mr Hendrik Jellema is not currently a member of any other statutory supervisory boards or comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sent. 5 AktG.

He additionally has no significant personal or business ties with the company, its governing bodies or any shareholder with a significant stake in the company in accordance with number 5.4.1 para. 4 to 6 DCGK.

The Annual General Meeting is not obliged to accept proposals for election.

#### **d) Appointment of Mr Daniel Just to the Supervisory Board**

Based on the circumstances already outlined with regard to the appointment of Mr Gerhard Zeiler (see item 7b)), the Supervisory Board proposes at the recommendation of its Nomination Committee that the following resolution be adopted:

Conditional to the incorporation of the amendment to the Articles of Association proposed in item 7a) of the agenda, Mr Daniel Just, CEO of Bayerische Versorgungskammer, Munich, and domiciled in Pöcking, shall be appointed to the company's Supervisory Board for a term in office up to the end of the Annual General Meeting in which the actions of the Supervisory Board in the 2017 financial year are approved.

Mr Daniel Just is currently a member of the following additional statutory supervisory boards pursuant to Section 125 para. 1 sent. 5 AktG:

- Deputy Chairman of the Supervisory Board of RREEF Investment GmbH, Frankfurt am Main

He is not currently a member of any comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sent. 5 AktG.

He additionally has no significant personal or business ties with the company, its governing bodies or any shareholder with a significant stake in the company in accordance with number 5.4.1 para. 4 to 6 DCGK.

The Annual General Meeting is not obliged to accept proposals for election.

#### **e) Confirmation of Ms Manuela Better as a member of the Supervisory Board**

The former Supervisory Board members Nicolas Barr, Arjan Breure, Fraser Duncan and Tim Pryce stepped down from the Supervisory Board as representatives of the former majority shareholder, Terra Firma, on August 20, 2014. At the company's request, Düsseldorf District Court appointed Mr Lutz Basse, Ms Manuela Better, Dr Florian Funck and Mr Christian Ulbrich to the Supervisory Board by court order on August 21, 2014. Mr Lutz Basse stepped down from his position on the Supervisory Board with immediate effect on September 15, 2014. At the company's request, Düsseldorf District Court appointed Mr Burkhard Ulrich Drescher to the Supervisory Board on December 12, 2014.

These appointments by court order expire upon the appointment of Supervisory Board members by the Annual General Meeting in accordance with the number of members stipulated in the Articles of Association.

At the recommendation of its Nomination Committee, the Supervisory Board proposes that the following resolution be adopted:

Ms Manuela Better, former CEO of Hypo Real Estate Holding AG, Munich, and domiciled in Munich, shall be appointed to the company's Supervisory Board for a term in office up to the end of the Annual General Meeting in which the actions of the Supervisory Board in the 2017 financial year are approved.

Ms Manuela Better is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sent 5 of the German Stock Corporation Act (AktG):

- Supervisory Board of AXA Konzern AG, Cologne; and
- Supervisory Board of Deutsche EuroShop AG, Hamburg

She is not currently a member of any comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sent. 5 AktG.

She additionally has no significant personal or business ties with the company, its governing bodies or any shareholder with a significant stake in the company in accordance with number 5.4.1 para. 4 to 6 DCGK.

The Annual General Meeting is not obliged to accept proposals for election.

**f) Confirmation of Mr Burkhard Ulrich Drescher as a member of the Supervisory Board**

Based on the circumstances already outlined with regard to the appointment of Ms Manuela Better (see item 7e)), the Supervisory Board proposes at the recommendation of its Nomination Committee that the following resolution be adopted:

Mr Burkhard Ulrich Drescher, Managing Director of Innovation City Management GmbH in Bottrop and domiciled in Oberhausen, shall be appointed to the company's Supervisory Board for a term in office up to the end of the Annual General Meeting in which the actions of the Supervisory Board in the 2017 financial year are approved.

Mr Burkhard Ulrich Drescher is not currently a member of any other statutory supervisory boards or comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sent. 5 AktG.

He additionally has no significant personal or business ties with the company, its governing bodies or any shareholder with a significant stake in the company in accordance with number 5.4.1 para. 4 to 6 DCGK.

The Annual General Meeting is not obliged to accept proposals for election.

**g) Confirmation of Dr Florian Funck as a member of the Supervisory Board**

Based on the circumstances already outlined with regard to the appointment of Ms Manuela Better (see item 7e)), the Supervisory Board proposes at the recommendation of its Nomination Committee that the following resolution be adopted:

Dr Florian Funck, member of the Management Board of Franz Haniel & Cie. GmbH, Duisburg, and domiciled in Essen, shall be appointed to the company's Supervisory Board for a term in office up to the end of the Annual General Meeting in which the actions of the Supervisory Board in the 2017 financial year are approved.

Dr Florian Funck is currently a member of the following additional statutory supervisory boards within the meaning of Section 125 para. 1 sent. 5 AktG:

- Supervisory Board of METRO AG, Düsseldorf
- Supervisory Board of TAKKT AG, Stuttgart

He is not currently a member of any comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sent. 5 AktG.

He additionally has no significant personal or business ties with the company, its governing bodies or any shareholder with a significant stake in the company in accordance with number 5.4.1 para. 4 to 6 DCGK.

The Annual General Meeting is not obliged to accept proposals for election.

**h) Confirmation of Mr Christian Ulbrich as a member of the Supervisory Board**

Based on the circumstances already outlined with regard to the appointment of Ms Manuela Better (see item 7e)), the Supervisory Board proposes at the recommendation of its Nomination Committee that the following resolution be adopted:

Mr Christian Ulbrich, CEO of EMEA (Europe, Middle East and Africa) and Member of the Global Executive Board of Jones Lang LaSalle, Inc., Chicago, Illinois, USA, and domiciled in Kronberg, shall be appointed to the company's Supervisory Board for a term in office up to the end of the Annual General Meeting in which the actions of the Supervisory Board in the 2017 financial year are approved.

Mr Christian Ulbrich is not currently a member of any other statutory supervisory boards or comparable control committees of commercial enterprises either domestically or abroad within the meaning of Section 125 para. 1 sent. 5 AktG.

He additionally has no significant personal or business ties with the company, its governing bodies or any shareholder with a significant stake in the company in accordance with number 5.4.1 para. 4 to 6 DCGK.

The Annual General Meeting is not obliged to accept proposals for election.

**8. Resolution regarding the amendment of Article 1.1 of the Articles of Association concerning renaming the company Vonovia SE, the amendment of Article 2 of the Articles of Association to revise and clarify the purpose of the company, the amendment of Article 8.5 a) of the Articles of Association due to the change of the company's name and the amendment of Article 19.1 of the Articles of Association to change the deadline for holding the Annual General Meeting**

**a) Amendment of Article 1.1 of the Articles of Association concerning renaming the company Vonovia SE**

Article 1.1 of the company's Articles of Association is as follows:

“The company is a European company (Societas Europaea, SE). It manages the company Deutsche Annington Immobilien SE.”

The Management Board and Supervisory Board propose the following resolution:

Article 1.1 of the company's Articles of Association shall be amended as follows:

“The company is a European company (Societas Europaea, SE). It manages the company Vonovia SE.”

Subsequent to the company's acquisition of the majority of the shares in GAGFAH S.A., the company's Management Board and Supervisory Board resolved to support the joint company's reorganisation communicatively with a new name and to propose to the Annual General Meeting that the company name be changed to Vonovia SE. Following a thorough examination, the company anticipates that a period up to at least October 31, 2015, will need to be set aside to prepare the numerous organisational and marketing-related measures necessitated by the company change (such as modifying the company's website, the stock market ticker symbol, internal and external communication media, press materials and the corporate design (logo, colours, fonts) coupled with the necessary modifications of key elements (company letterhead and office equipment, forms, building signs, orientation systems and signage, vehicle lettering, work clothes, employee and tenant magazines, intranet, social media pages and much more) before the new company to be approved pursuant to item 8a) of the agenda can become effective in law. The Management Board will therefore be required to register the resolution regarding amendment of the Articles of Association pursuant to item 8a) of the agenda in the commercial register

separately from the other resolutions of the Annual General Meeting of April 30, 2015, doing so immediately after October 31, 2015.

**b) Amendment of Article 2 of the Articles of Association to revise and clarify the purpose of the company**

Article 2.1 of the company's Articles of Association is as follows:

“The object of the company is to engage in property business and in all related forms of business, in particular the acquisition, management and selling of developed and undeveloped plots of land and land rights in Germany and abroad. The company may also acquire, hold and sell investments in German and foreign corporations and partnerships that engage in the above forms of business.”

Article 2.4 of the company's Articles of Association is as follows:

“The company may also engage in other forms of business if these are suited to realising the object of the company. The company is authorised to only partially fulfil the object of the company or to do so through companies in which it holds a stake. It may establish branches in Germany and abroad.”

The Management Board and Supervisory Board propose the following resolution:

Article 2.1 of the company's Articles of Association shall be amended as follows:

“The object of the company is to engage in property business and in all related forms of business, in particular the acquisition, management and selling of developed and undeveloped plots of land and land rights in Germany and abroad. The company may also acquire, hold and sell investments in German and foreign partnerships and (listed and unlisted) corporations that engage in the above forms of business.”

Article 2.4 of the company's Articles of Association shall be amended as follows:

“The company may also engage in other forms of business if these are suited to realising the object of the company. The company is authorised to only partially fulfil the object of the company or to pursue said object through companies



in which it holds a stake. It may establish branches in Germany and abroad.”

Article 2 of the company’s Articles of Association shall be amended to include the following Article 2.5:

“The company shall not engage in activities which would make it an investment fund within the meaning of the German Investment Code (KAGB). In particular, the company was not founded with the primary objective of generating returns for its shareholders by selling its subsidiaries or affiliated companies.”

**c) Amendment of Article 8.5 a) of the Articles of Association to adapt it to the new name of the company**

Article 8.5 a) of the company’s Articles of Association is as follows:

“Definition of the economic plan (including investment, personnel and finance planning) for the Deutsche Annington Group for the subsequent financial year (budget);”

The Management Board and Supervisory Board propose the following resolution:

Conditional to the incorporation of the amendment to the Articles of Association proposed in item 8 a) of the agenda and subject to the approval of the Annual General Meeting, Article 8.5 a) of the company’s Articles of Association shall be amended as follows:

“Definition of the economic plan (including investment, personnel and finance planning) for the Vonovia Group for the subsequent financial year (budget);”

**d) Amendment of Article 19.1 of the Articles of Association stipulating that the Annual General Meeting be held in the first six months of the financial year**

Article 19.1 of the company’s Articles of Association is as follows:

“The Annual General Meeting in particular passes resolutions regarding the formal approval of the actions of the members of the Management Board and the Supervisory Board, appropriation of the net profit and the appointment of the auditors every year in the first eight months of the financial year.”

Pursuant to Article 54 para. 1 sent. 1 SE-VO, the Annual General Meeting must be convened within the first six months of the financial year.

The Management Board and Supervisory Board propose the following resolution:

The deadline for the convening of the Annual General Meeting shall be reduced from eight to six months. Article 19.1 of the company’s Articles of Association shall be amended as follows:

“The Annual General Meeting in particular passes resolutions regarding the formal approval of the actions of the members of the Management Board and the Supervisory Board, appropriation of the net profit and the appointment of the auditors every year in the first six months of the financial year.”

**9. Resolution regarding the creation of an authorised capital 2015 with the possibility of excluding shareholders’ subscription rights and correspondingly including a new Article 5a in the Articles of Association and regarding the cancellation of the authorised capital 2014 and the existing Article 5a of the Articles of Association (with a report from the Management Board on the partial utilisation of the authorised capital 2013 and the authorised capital 2014)**

With the approval of the Supervisory Board, the Management Board made partial use of the authorisation granted by the Extraordinary General Meeting on June 30, 2013 to increase the company’s share capital by up to €111,111,111.00 in the period up to June 29, 2018 by issuing up to 111,111,111 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorised Capital 2013), increasing the share capital by a total of €104,854,531.00 by means of the capital increases carried out in March 2014, October 2014 and March 2015.

Additionally, with the approval of the Supervisory Board, the Management Board made partial use of the authorisation granted by the Extraordinary General Meeting on May 9, 2014 to increase the company’s share capital by up to €25,010,101.00 in the period up to May 8, 2019 by issuing up to 25,010,101 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorised Capital 2014), increasing the share

capital by a total of €25,009,272.00 by means of the capital increases carried out in November 2014 and March 2015.

Article 5.1 of the Articles of Association therefore now contains Authorised Capital 2013 that permits the Management Board, with the approval of the Supervisory Board, to increase the company's share capital by up to €6,256,580.00 by issuing up to 6,256,580 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions. Article 5a para. 1 of the Articles of Association now contains Authorised Capital 2014 that permits the Management Board, with the approval of the Supervisory Board, to increase the company's share capital by up to €829.00 by issuing up to 829 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions. To maintain the company's ability to comprehensively strengthen its capital resources as and when necessary, further authorised capital in addition to the remaining Authorised Capital 2013 is to be approved and the Articles of Association shall be amended accordingly. The Authorised Capital 2014 is to be cancelled.

The Management Board and Supervisory Board therefore propose that the following be approved:

**a) Creation of authorised capital 2015 with the possibility of excluding shareholders' subscription rights**

With the approval of the Supervisory Board, the Management Board is authorised to increase the company's share capital by up to €170,796,534.00 in the period up to April 29, 2020, by issuing up to 170,796,534 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorised Capital 2015).

The shareholders must in principle be granted subscription rights. Pursuant to Section 186 para. 5 AktG, the shares may also be taken on by one or more banks subject to the obligation that they be offered to the company's shareholders for subscription (indirect subscription rights). The Management Board is, however, authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights for one or more capital increases relating to the authorised capital:

aa) to exclude fractional amounts from the subscription rights;

bb) insofar as is necessary, to grant the holders/creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively "**bonds**") that come with conversion or option rights or obligations and that were or shall be issued by the company or by a directly or indirectly associated company a subscription right for new no-par-value registered shares in the company in the same volume as said holders/creditors would be entitled to upon exercising their option or conversion rights or fulfilling their conversion or option obligations as shareholders;

cc) to issue shares against cash contributions insofar as the issue price of the new shares does not significantly undercut the stock market price of the shares of the same class and with equal rights already listed on the stock exchange within the meaning of Section 203 para. 1 and 2 and Section 186 para. 3 sent. 4 AktG and the proportion of the share capital attributable to the new shares issued subject to the exclusion of subscription rights pursuant to Section 186 para. 3 sent. 4 AktG is in total no more than 10% of the share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The company's treasury shares that are sold during the term of this authorisation subject to the exclusion of shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sent. 2 in conjunction with Section 186 para. 3 sent. 4 AktG are to be included in this 10% cap on the share capital. Any shares already issued or to be issued to satisfy bonds with conversion or option rights or obligations are also to be included in this 10% cap on the share capital, insofar as these bonds were issued during the term of this authorisation subject to the exclusion of subscription rights pursuant to Section 186 para. 3 sent. 4 AktG. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in this 10% cap on the share capital;

dd) to issue shares against contributions in kind in particular – but not solely – for the purpose of the acquisition (including indirectly) of companies, parts of companies, shareholdings in companies and other assets (including receivables), properties and property portfolios relating to an intended acquisition, or to satisfy convertible bonds

and/or warrant bonds or combinations thereof issued against contributions in kind; and

- ee) insofar as is necessary and limited to the issue of 2,500,000 new no-par-value registered shares against cash contribution, to issue shares to the employees of the company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the company's Management Board and Supervisory Board and the members of the management boards, supervisory boards, management and other bodies of affiliated companies.

Insofar as is legally permissible, the employee shares may also be issued such that the corresponding contributions are covered by the portion of the net profit that the Management Board and Supervisory Board are authorised to transfer to retained earnings pursuant to Section 58 para. 2 AktG. The new shares may additionally be subscribed by a bank against cash contributions, such that the company is able to buy back the subscribed shares in order to issue them to the employees of the company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the company's Management Board and Supervisory Board and the members of the management boards, supervisory boards, management and other bodies of affiliated companies.

The above authorisations to exclude subscription rights in the event of capital increases against cash and/or in kind contributions are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The above 20% cap is also to include treasury shares sold during the term of this authorisation subject to the exclusion of subscription rights and any shares issued to satisfy bonds, insofar as the bonds were issued subject to the exclusion of shareholders' subscription rights during the term of this authorisation due to the authorisation stipulated in item 10 of the agenda of the Annual General Meeting of April 30, 2015. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in the aforementioned 20% cap on the share capital;

With the approval of the Supervisory Board, the Management Board is additionally authorised to stipulate the further details of the share rights and the conditions of share issuance. The

Supervisory Board is authorised to amend the Articles of Association accordingly once the Authorised Capital 2015 has been utilised or once the deadline for utilisation of the Authorised Capital 2015 has expired.

**b) Revised version of Article 5a of the Articles of Association**

Article 5a of the Articles of Association shall be revised as follows to incorporate the Authorised Capital 2015:

“Article 5a Authorised capital

5a.1 With the approval of the Supervisory Board, the Management Board is authorised to increase the company's share capital by up to €170,796,534.00 in the period up to April 29, 2020, by issuing up to 170,796,534 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorised Capital 2015). The shareholders must in principle be granted subscription rights.

5a.2 Pursuant to Section 186 para. 5 AktG, the shares may also be taken on by one or more banks subject to the obligation that they be offered to the company's shareholders for subscription (indirect subscription rights). The Management Board is, however, authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights for one or more capital increases relating to the authorised capital:

- (i) to exclude fractional amounts from the subscription right;
- (ii) insofar as is necessary, to grant the holders/creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively “**bonds**”) that come with conversion or option rights or obligations and that were or shall be issued by the company or by a directly or indirectly associated company a subscription right for new no-par-value registered shares in the company in the same volume as said holders/creditors would be entitled to upon exercising their option or conversion rights or fulfilling their conversion or option obligations as shareholders;
- (iii) to issue shares against cash contributions insofar as the issue price of the new shares does not

significantly undercut the stock market price of the shares of the same class and with equal rights already listed on the stock exchange within the meaning of Section 203 para. 1 and 2 and Section 186 para. 3 sent. 4 AktG and the proportion of the share capital attributable to the new shares issued subject to the exclusion of subscription rights pursuant to Section 186 para. 3 sent. 4 AktG is in total no more than 10% of the share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The company's treasury shares that are sold during the term of this authorisation subject to the exclusion of shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sent. 5 half-sent. 2 in conjunction with Section 186 para. 3 sent. 4 AktG are to be included in this 10% cap on the share capital. Any shares already issued or to be issued to satisfy bonds with conversion or option rights or obligations are also to be included in this 10% cap on the share capital, insofar as these bonds were issued during the term of this authorisation subject to the exclusion of subscription rights pursuant to Section 186 para. 3 sent. 4 AktG. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in this 10% cap on the share capital;

- (iv) to issue shares against contributions in kind in particular – but not solely – for the purpose of the acquisition (including indirectly) of companies, parts of companies, shareholdings in companies and other assets (including receivables), properties and property portfolios relating to an intended acquisition, or to satisfy convertible bonds and/or warrant bonds or combinations thereof issued against contributions in kind; and
- (v) insofar as is necessary and limited to the issue of 2,500,000 new no-par-value registered shares, to issue shares to the employees of the company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the company's Management Board and Supervisory Board and the members of the

management boards, supervisory boards, management and other bodies of affiliated companies.

Insofar as is legally permissible, the employee shares may also be issued such that the corresponding contributions are covered by the portion of the net profit which the Management Board and Supervisory Board are authorised to transfer to retained earnings pursuant to Section 58 para. 2 AktG.

The new shares may additionally be subscribed by a bank against cash contributions, such that the company is able to buy back the subscribed shares in order to issue them to the employees of the company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the company's Management Board and Supervisory Board and the members of the management boards, supervisory boards, management and other bodies of affiliated companies.

- 5a.3 The above authorisations to exclude subscription rights in the event of capital increases against cash and/or in kind contributions are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The above 20% cap is also to include treasury shares sold during the term of this authorisation subject to the exclusion of subscription rights and any shares issued to satisfy bonds, insofar as the bonds were issued subject to the exclusion of shareholders' subscription rights during the term of this authorisation due to the authorisation stipulated in item 10 of the agenda of the Annual General Meeting of April 30, 2015. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in the aforementioned 20% cap on the share capital.

- 5a.4 With the approval of the Supervisory Board, the Management Board is additionally authorised to stipulate the further details of the share rights and the conditions of share issuance.”

5a.5 The Supervisory Board is authorised to amend Articles 4.1 and 5a of the Articles of Association to reflect the utilisation of the Authorised Capital 2015 and once the authorisation period has expired.”

**c) Cancellation of the existing Authorised Capital 2014**

The current authorisation to increase the share capital pursuant to Article 5a of the Articles of Association as granted by the Annual General Meeting on May 9, 2014, and valid until May 8, 2019, shall be cancelled when the Authorised Capital 2015 comes into effect.

**d) Registration for inclusion in the commercial register**

The Management Board is instructed to register the cancellation of the authorised capital contained in Article 5a of the Articles of Association (Authorised Capital 2014) as resolved in c) and the new authorised capital (Authorised Capital 2015) resolved as per a) and b) for inclusion in the commercial register, provided that cancellation of the Authorised Capital 2014 is effected first, albeit only if the new Authorised Capital 2015 is registered immediately after.

Subject to the preceding paragraph, the Management Board is authorised to register the Authorised Capital 2015 for inclusion in the commercial register irrespective of the Annual General Meeting's other resolutions.

**10. Resolution regarding the granting of a new authorisation to issue convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) with the option of excluding subscription rights, regarding the creation of Conditional Capital 2015 and the corresponding addition of a new Article 6 to the Articles of Association and regarding cancellation of the existing authorisation to issue convertible bonds and warrant bonds and of the existing conditional capital 2013 (Article 6 of the Articles of Association)**

With the approval of the Supervisory Board, the Management Board was authorised by resolution of the Annual General Meeting of June 30, 2013, to issue option rights, warrant or convertible bonds, profit participation rights or participating bonds or combinations thereof (hereinafter collectively “**2013 bonds**”) on one or several occasions up to June 29, 2018, up to an aggregate nominal amount of €3,000,000,000.00 and to grant the holders or

creditors option or conversion rights for shares in the company with a proportionate amount of up to €100,000,000.00 of the share capital. The conditional capital 2013 of €100,000,000.00 was created to satisfy the 2013 bonds (Article 6 para. 2 of the Articles of Association); this sum has remained unchanged up to the day on which the invitations to this Annual General Meeting were published.

To maintain the company's ability to issue convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) subject to the exclusion of subscription rights as and when necessary, the existing authorisation and the existing conditional capital (Conditional Capital 2013) are to be cancelled, to be replaced by a new authorisation and new conditional capital (Conditional Capital 2015).

The Management Board and Supervisory Board therefore propose that the following be approved:

**a) Authorisation to issue convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) and to exclude subscription rights**

aa) Nominal amount, authorisation period, number of shares

With the approval of the Supervisory Board, the Management Board is authorised to issue bearer or registered convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively “**bonds**”) on one or several occasions up to April 29, 2020, with a nominal amount of up to €5,311,000,000.00 with or without a limited maturity period and to grant the bond creditors/holders conversion or option rights for shares in the company with a proportionate amount of up to €177,053,114.00 of the share capital subject to the more detailed conditions of the warrant or convertible bond or profit participation rights in question (hereinafter “**conditions**”). These conditions may also include mandatory conversions at the end of the time to maturity or at other points in time, including the obligation to exercise the conversion or option right. Bonds may also be issued against contributions in kind.

Bonds may be issued in euros or in the legal currency of an OECD country, subject to limitation to the corresponding value in euros. Bonds may also be issued by companies which are dependent on the company or

in which the company has a direct or indirect majority shareholding; in this case, the Management Board is authorised to take on the guarantee for the bonds in lieu of the dependent company or company in which the company has a majority shareholding and to grant the creditors of such bonds conversion and option rights on company shares. When bonds are issued, these can be/ generally are divided into partial bonds bearing identical rights.

bb) Granting of subscription rights, exclusion of subscription rights

The shareholders must in principle be granted subscription rights to the bonds. The bonds may also be taken on by one or more banks subject to the obligation that they be indirectly offered to the company's shareholders for subscription within the meaning of Section 186 para. 5 AktG (indirect subscription rights). The Management Board is, however, authorised to exclude shareholders' subscription rights to the bonds with the approval of the Supervisory Board:

- (1) to exclude fractional amounts from the subscription right;
- (2) insofar as is necessary, to grant the holders of bonds already issued or to be issued by the company, by a dependent company or by a company in which the company directly or indirectly has a majority shareholding a subscription right in the same volume as said holders would be entitled to upon exercising their option or conversion rights or fulfilling their conversion or option obligations as shareholders;
- (3) insofar as the bonds are issued with conversion or option rights or obligations against a cash contribution and the issue price does not significantly undercut the theoretical value of the partial bonds within the meaning of Section 221 para. 4 sent. 2 and Section 186 para. 3 sent. 4 AktG as calculated on the basis of recognised valuation techniques. However, this authorisation to exclude subscription rights only applies to bonds with rights to shares to which no more than 10% of the share capital is apportioned, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The sale of treasury shares is to

be included in this cap insofar as they are sold during the term of this authorisation subject to the exclusion of shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sent. 5 half-sent. 2 in conjunction with Section 186 para. 3 sent. 4 AktG. Those shares issued from authorised capital pursuant to Section 203 para. 2 sent. 1 in conjunction with Section 186 para. 3 sent. 4 AktG during the term of this authorisation and subject to the exclusion of shareholders' subscription rights are likewise to be included in this cap;

- (4) in the event that they are issued against contributions in kind, insofar as the value of the contribution in kind is commensurate to the fair value of the bonds to be calculated pursuant to a), bb), (3)) above.

The above authorisations to exclude subscription rights are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The above 20% cap is also to include treasury shares sold during the term of this authorisation subject to the exclusion of subscription rights and any shares issued during the term of this authorisation subject to the exclusion of shareholders' subscription rights due to the authorisation stipulated in item 9 of the agenda of the Annual General Meeting of April 30, 2015. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in this 20% cap on the share capital.

cc) Conversion rights and option rights

If bonds with conversion rights are issued, the creditors may, subject to the conditions, convert their bonds into company shares. The conversion ratio is calculated by dividing the nominal amount of a partial bond by the stipulated conversion price for a company share. The conversion ratio can also be calculated by dividing the issue price of a partial bond, which is below its nominal amount, by the stipulated conversion price for a company share. The conversion ratio may be rounded to a whole number; an additional cash payment may also be stipulated. The conditions may also provide for fractional

amounts being combined and/or settled in cash. The conditions may also allow for a variable conversion ratio. The proportion of the share capital attributable to the shares received per partial bond may not exceed the nominal amount of each partial bond.

If warrant bonds are issued, one or more warrants are attached to each partial bond, which entitle the holder to receive company shares subject to the detailed conditions to be determined by the Management Board. The option conditions also allow for the option price being paid either wholly or in part by the transfer of partial bonds. The subscription ratio is calculated by dividing the nominal amount of a partial bond by the option price for a company share. The subscription ratio may be rounded to a whole number; an additional cash payment may also be stipulated. The conditions may also provide for fractional amounts being combined and/or settled in cash. The conditions may also allow for a variable subscription ratio. The proportion of the share capital attributable to the shares received per partial bond may not exceed the nominal amount of each partial bond.

dd) Conversion and option obligations

The bond conditions may also include a conversion or option obligation at the end of the time to maturity or at some other point in time (both also “final maturity date”) or may afford the company the right to grant bond holders company shares as a full or partial replacement for the payment of the sum due upon final maturity. In such cases, the conversion or option price for a share can equal the arithmetic mean of the share’s closing prices in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the ten (10) consecutive trading days prior to or following the final maturity date, even if this is below the minimum price stipulated below in a) ee).

The proportion of the share capital attributable to the shares issued per partial bond upon final maturity may not exceed the nominal amount of each partial bond. Section 9 para. 1 in conjunction with Section 199 para. 2 AktG is to be observed.

ee) Conversion or option price

With the exception of instances involving an option or conversion obligation, the conversion or option price to be determined for a share must equate either to at least 80% of the arithmetic mean of the share’s closing prices in Xetra trading (or a comparable successor system) on the ten (10) trading days in Frankfurt am Main prior to the day on which the Management Board makes its definitive decision regarding the issuing of bonds or regarding the company’s acceptance or allocation in relation to the issuing of bonds or – in the event that subscription rights are granted – to at least 80% of the arithmetic mean of the share’s closing prices in Xetra trading (or a comparable successor system) in the course of (i) the days on which the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the final two days of subscription rights trading, or (ii) the days from the start of the subscription period up to the point in time at which the subscription price is definitively determined. Sections 9 para. 1 and 199 AktG remain unaffected.

In the case of bonds involving conversion or option rights or obligations, notwithstanding Section 9 para. 1 AktG, the conversion or option price may be reduced by virtue of an anti-dilution provision following more detailed specification of the conditions if the company increases the share capital during the conversion or option period while granting its shareholders subscription rights or if the company issues other bonds or grants or guarantees any other option rights without granting the holders of bonds with conversion or option rights or obligations subscription rights in the same volume as said holders would be entitled to upon exercising their conversion or option rights or fulfilling their conversion or option obligations. Subject to the details of the conditions of the bonds, the option or conversion price may also be reduced by virtue of a cash payment when exercising the option or conversion right or fulfilling the conversion or option obligations. The conditions may also allow for a value-preserving amendment to the conversion or option price in relation to other measures which may lead to the dilution of the value of the conversion or option rights (e.g. including the payment of a dividend). In any case, the proportion of the share capital attributable to the shares received per partial bond may not exceed the nominal amount of each partial bond.



ff) Other possible arrangements

The conditions may stipulate that, in the event of conversion or the exercising of an option or in the event that the option and conversion obligations are fulfilled, the company may choose to also grant other treasury shares, shares from the company's authorised capital or other consideration. The conditions may additionally stipulate that, in the event of conversion or the exercising of an option or in the event that the option and conversion obligations are fulfilled, instead of granting company shares, the company may pay the bond holders the equivalent sum in cash or may grant them the listed shares of another company.

On the other hand, the conditions may grant the company the right to grant the bond holders company shares or the listed shares of another company as a full or partial replacement for the payment of the sum due upon final maturity of the bonds.

The bond conditions may also stipulate that the number of shares received upon exercising the conversion or option rights or upon fulfilling the conversion or option obligations is variable and/or that the conversion or option price may be amended during the time to maturity within a range stipulated by the Management Board dependent on the share price developments or as a result of anti-dilution provisions.

gg) Authorisation to stipulate additional conditions

The Management Board is authorised to stipulate the additional details of the issuance and structure of the bonds, in particular the interest rate, issue price, time to maturity and denomination, conversion or option price and conversion or option period, or to do so in consultation with the management bodies of the dependent company or company in which the company directly or indirectly has a majority shareholding issuing the bonds.

**b) Conditional Capital 2015**

Conditional capital is created in order to satisfy the convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively "**bonds**") issuable pursuant to the

issue authorisation approved by the Annual General Meeting under item 10 on April 30, 2015.

The share capital is conditionally increased by up to €177,053,114.00 by issuing up to 177,053,114 new no-par-value registered shares with dividend rights (Conditional Capital 2015).

The conditional capital increase shall only be effected insofar as the holders/creditors of bonds issued or guaranteed by the company, by an independent company or by a company in which the company directly or indirectly has a majority shareholding by virtue of the aforementioned authorisation resolution of the Annual General Meeting exercise their conversion or option rights or fulfil the conversion or option obligations inherent to such bonds, or insofar as the company grants company shares as a replacement for the payment of the sum due and insofar as the conversion or option rights or obligations are not satisfied by treasury shares, shares from authorised capital or other consideration.

The new shares are issued at the conversion or option price to be determined subject to the aforementioned authorisation.

The new shares bear dividend rights from the beginning of the financial year in which they are created due to the exercising of conversion or option rights, the fulfilling of conversion or option obligations or their granting in replacement of the payment of the sum due and continue to do so in the financial years that follow; by way of derogation, with the approval of the Supervisory Board, the Management Board may stipulate that the new shares shall bear dividend rights from the beginning of the financial year for which no resolution of the Annual General Meeting regarding the appropriation of the net profit had been passed at the time at which the conversion or option rights were exercised, the conversion or option obligations were fulfilled or the shares were granted in replacement of the sum due.

With the approval of the Supervisory Board, the Management Board is authorised to stipulate the further details of effecting the conditional capital increase.

The Supervisory Board is authorised to amend Articles 4.1 and 6.2 of the Articles of Association to reflect the utilisation of the conditional capital after all the option and conversion periods have expired.



**c) Cancellation of the unused authorisation dated June 30, 2013 and corresponding cancellation of the Conditional Capital 2013**

When the amendment to the Articles of Association proposed below in d) of this, item 10, comes into effect, the authorization of the Management Board dated June 30, 2013 to issue option rights, warrant or convertible bonds, profit participation rights or participating bonds or combinations thereof is cancelled. When the amendment to the Articles of Association proposed below in d) of this, item 10, is incorporated, the resolution of the Extraordinary General Meeting dated June 30, 2013, regarding the creation of the Conditional Capital 2013 of €100,000,000.00 pursuant to Article 6 of the Articles of Association shall be cancelled.

**d) Amendment to the Articles of Association**

Article 6 of the Articles of Association (Conditional capital) shall be amended as follows:

“Article 6 Conditional capital

- 6.1 Conditional capital is created in order to satisfy the convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively “**bonds**”) issuable pursuant to the issue authorisation approved by the Annual General Meeting under item 10 on April 30, 2015.
- 6.2 The share capital is conditionally increased by up to €177,053,114.00 by issuing up to 177,053,114 new no-par-value registered shares with dividend rights (Conditional Capital 2015).
- 6.3 The conditional capital increase shall only be effected insofar as the holders/creditors of bonds issued or guaranteed by the company, by an independent company or by a company in which the company directly or indirectly has a majority shareholding by virtue of the aforementioned authorisation resolution of the Annual General Meeting exercise their conversion or option rights or fulfil the conversion or option obligations inherent to such bonds, or insofar as the company grants company shares as a replacement for the payment of the sum due and insofar as the conversion or option rights or obligations are not satisfied by treasury shares, shares from authorised capital or other consideration.

- 6.4 The new shares are issued at the conversion or option price to be determined subject to the aforementioned authorisation.
- 6.5 The new shares bear dividend rights from the beginning of the financial year in which they are created due to the exercising of conversion or option rights, the fulfilling of conversion or option obligations or their granting in replacement of the payment of the sum due and continue to do so in the financial years that follow; by way of derogation, with the approval of the Supervisory Board and insofar as is legally permissible, the Management Board may stipulate that the new shares shall bear dividend rights from the beginning of the financial year for which no resolution of the Annual General Meeting regarding the appropriation of the net profit had been passed at the time at which the conversion or option rights were exercised, the conversion or option obligations were fulfilled or the shares were granted in replacement of the sum due.
- 6.6 With the approval of the Supervisory Board, the Management Board is authorised to stipulate the further details of effecting the conditional capital increase.
- 6.7 The Supervisory Board is authorised to amend Articles 4.1 and 6.2 of the Articles of Association to reflect the utilisation of the conditional capital and once all the option and conversion periods have expired.”

**e) Registration in the commercial register**

The Management Board is instructed to register the cancellation of the Conditional Capital 2013 contained in Article 6 of the Articles of Association as resolved in c) and the new Conditional Capital 2015 resolved as per b) for inclusion in the commercial register, provided that cancellation of the Conditional Capital 2013 is effected first, albeit only if the new Conditional Capital 2015 is registered immediately after.

Subject to the preceding paragraph, the Management Board is authorised to register the Conditional Capital 2015 for inclusion in the commercial register irrespective of the Annual General Meeting's other resolutions.

## II. Management Board reports

### 1. Management Board report regarding item 9 (Resolution regarding the creation of Authorised Capital 2015 with the option of excluding shareholders' subscription rights and correspondingly including a new Article 5a in the Articles of Association and regarding the cancellation of the Authorised Capital 2014 and the existing Article 5a of the Articles of Association)

Regarding item 9 of the agenda of the Annual General Meeting of April 30, 2015, the Management Board and Supervisory Board propose the cancellation of the remaining Authorised Capital 2014 in the amount of €829.00 and that, in addition to the remaining Authorised Capital 2013 of €6,256,580.00, further authorised capital (Authorised Capital 2015) with the authorisation of excluding subscription rights be approved. Pursuant to Section 203 para. 2 sent. 2 in conjunction with Section 186 para. 4 sent. 2 AktG, the Management Board gives the following report regarding item 9 of the agenda of the Annual General Meeting on the reasons for authorising the exclusion of shareholders' subscription rights with the issuance of new shares:

With the approval of the Supervisory Board, the Management Board made partial use of the authorisation granted by the Extraordinary General Meeting on June 30, 2013, to increase the company's share capital by up to €111,111,111.00 in the period up to June 29, 2018, by issuing up to 111,111,111 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorised Capital 2013), increasing the share capital by a total of €104,854,531.00 by means of the capital increases carried out in March 2014, October 2014 and March 2015.

Additionally, with the approval of the Supervisory Board, the Management Board made partial use of the authorisation granted

by the Extraordinary General Meeting on May 9, 2014, to increase the company's share capital by up to €25,010,101.00 in the period up to May 8, 2019, by issuing up to 25,010,101 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions (Authorised Capital 2014), increasing the share capital by a total of €25,009,272.00 by means of the capital increases carried out in November 2014 and March 2015.

Germany's residential property market is characterised by stiff competition for attractive residential property portfolios. The company is therefore dependent on being able to flexibly increase its own funds quickly and comprehensively when necessary. As such, the existing Authorised Capital 2014 shall be cancelled and new authorised capital (Authorised Capital 2015), in addition to the existing Authorised Capital 2013 in the amount of €6,256,580.00, shall be approved and the Articles of Association amended accordingly.

The new authorised capital (Authorised Capital 2015) proposed in item 9 a) of the agenda of the Annual General Meeting of April 30, 2015, is designed to enable the Management Board, with the approval of the Supervisory Board, to increase the company's share capital by up to €170,796,534.00 in the period up to April 29, 2020, by issuing up to 170,796,534 new no-par-value registered shares against cash and/or in kind contributions on one or several occasions. The volume of the new Authorised Capital 2015 is therefore approximately 48.2% of the company's current share capital. Together with the partially unused Authorised Capital 2013 and in accordance with the equally stipulated maximum amount permissible, the authorised capital at the Management Board's disposal would therefore equate to 50% of the company's current share capital.

The purpose of the Authorised Capital 2015 is to enable the company to continue to raise the capital required for the further development of the company at short notice by issuing new shares and to give it the flexibility to benefit from a favourable market environment at short notice in order to cover its future financing requirements. As the decisions regarding covering future capital requirements generally need to be made at short notice, it is important that the company is not dependent on the rhythm of the annual general meetings or on the long notification period for convening an extraordinary general meeting. The legislator has accommodated these circumstances with the instrument of “authorised capital”.

If the Authorised Capital 2015 is used to issue new shares against cash contributions, the shareholders are afforded subscription rights (Section 203 para. 1 and 2 in conjunction with Section 186 para. 1 AktG), with an indirect subscription right within the meaning of Section 186 para. 5 AktG being sufficient. The issuance of shares coupled with the granting of such an indirect subscription right is, by law, not to be classified as the exclusion of subscription rights as the shareholders are awarded the same subscription rights as with a direct subscription. For technical reasons, just one or more banks will be involved in the handling of this.

Nonetheless, with the approval of the Supervisory Board, the Management Board shall be authorised to exclude subscription rights under certain circumstances.

(i) With the approval of the Supervisory Board, the Management Board shall be authorised to exclude subscription rights for fractional amounts. The purpose of this subscription rights exclusion is to implement an issuance principally involving shareholder subscription rights, as it results in a technically feasible subscription ratio. The value of each shareholder’s fractional amounts is generally low and as such their potential dilutive effect is also deemed to be low, whereas the cost of an issuance would be considerably higher without such an exclusion. The exclusion therefore makes the issue more practicable and easier to implement. New shares for which shareholders’ subscription rights are excluded as they are fractional amounts are put to the best possible use for the company by being sold on the stock exchange or by other means. The Management Board and Supervisory Board consider the potential exclusion of subscription rights for these reasons to be objectively justified and also appropriate when weighed against the interests of the shareholders.

(ii) Furthermore, the Management Board shall be authorised, with the approval of the Supervisory Board, to exclude subscription rights insofar as is necessary to grant the holders/creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) (hereinafter collectively “**bonds**”) subscription rights to new shares. The issue conditions of bonds with conversion or option rights or obligations regularly include an anti-dilution provision that grants the holders/creditors subscription rights to new shares issued in subsequent share issuances and on the basis of other specific measures. They are thus treated as if they were already shareholders. For bonds to feature such an anti-dilution measure, shareholders’ subscription rights for these shares have to be excluded. This serves to implement the issuance of the bonds and is therefore in the interests of the shareholders regarding an optimum financial structure for the company. Further, the exclusion of subscription rights for the holders/creditors of bonds has the advantage that, in the event that the authorisation is exercised, the option or conversion price does not have to be reduced for the holders/creditors of existing bonds in accordance with the corresponding bond conditions. This allows for a great inflow of funds and is therefore in the interests of the company and its shareholders.

(iii) Subscription rights may additionally be excluded in the case of cash capital increases provided that the shares are issued at a price that does not significantly undercut the stock market price and such a capital increase does not exceed 10% of the share capital (simplified exclusion of subscription rights pursuant to Section 186 para. 3 sent. 4 AktG).

The authorisation enables the company to react flexibly to favourable capital market situations and to issue new shares very quickly, i.e. without meeting the requirement of a two week subscription offer period. The exclusion of subscription rights enables the Company to act quickly and to place shares close to the stock market price, i.e. without the general discount required in connection with subscription right issuances. This creates the parameters for achieving the highest possible disposal amount and for the greatest possible strengthening of the company’s equity. The authorisation of the simplified exclusion of subscription rights is objectively justified not only by the fact that a greater cash inflow can often be achieved as a result.

Such a capital increase must not exceed 10% of the share capital in existence neither at the time the authorisation becomes effective nor at the time it will be exercised. The resolution proposal also provides for a deduction clause. The company's treasury shares that are sold during the term of this authorisation subject to the exclusion of shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sent. 5 half-sent. 2 in conjunction with Section 186 para. 3 sent. 4 AktG are to be included in the maximum of 10% of the share capital to which this subscription rights exclusion applies. Any shares already issued or to be issued to satisfy bonds with conversion or option rights or obligations are also to be included in this 10% cap on the share capital, insofar as these bonds were issued during the term of this authorisation subject to the exclusion of subscription rights pursuant to Section 186 para. 3 sent. 4 AktG. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in the 10% cap on the share capital.

The simplified exclusion of subscription rights is conditional to the issue price for the new shares not being significantly below the stock market price. Subject to specific circumstances in individual cases, any reduction compared with the current stock market price or a volume-weighted stock market price over an appropriate number of trading days prior to the definitive determination of the issue price may not exceed approximately 5% of the stock market price in question. This takes into account the shareholders' need for protection from a dilution of the value of their investments. Determining an issue price close to the stock market price ensures that the value of subscription rights for the new shares would, in practical terms, be very low. The shareholders have the opportunity to maintain their relative investments by effecting additional stock market purchases.

- (iv) Subscription rights may also be excluded in the event of capital increases against contributions in kind. The company should remain able to buy in particular – but not only – companies, parts of companies, shareholdings in companies and other assets (including receivables), properties and property portfolios relating to an intended acquisition or to respond to offers of acquisitions or mergers in order to strengthen its competitiveness and to boost its profitability and its enterprise value. The exclusion of

subscription rights should also serve to satisfy convertible bonds and/or warrant bonds or combinations thereof issued against contributions in kind. Practice has shown that shareholders in attractive acquisition properties are to some extent very interested in acquiring the company's (voting) shares as a consideration, for example in order to maintain a certain degree of influence over the contribution in kind. From the point of view of an optimum financing structure, another argument in favour of offering a consideration not only as cash payments, but also or exclusively in the form of shares is that, based on the degree to which new shares can be used as an acquisition currency, the company's liquidity is protected, borrowing is avoided and the buyer(s) participate in future price development opportunities. This improves the company's competitive position in the event of acquisitions.

The option of using company shares as an acquisition currency gives the company the necessary scope to exploit such acquisition opportunities quickly and flexibly and enables it to acquire even large units in exchange for the granting of shares. Under certain circumstances, it should also be possible to acquire commodities (in particular property portfolios or shares in property companies) in exchange for shares. In both instances, shareholders' subscription rights must be excluded. As such acquisitions frequently have to happen at short notice, it is important that they are not, as a rule, subject to the approval of the Annual General Meeting, which only convenes once a year. Authorised capital is needed which the Management Board can avail itself of quickly with the approval of the Supervisory Board.

The same applies to satisfying conversion and option rights or obligations relating to bonds likewise issued for the purpose of acquiring companies, parts of companies, shareholdings in companies and other assets and subject to the exclusion of shareholders' subscription rights on the basis of the authorisation granted pursuant to item 10 of the agenda of the Annual General Meeting on April 30, 2015. The shares are issued against contributions in kind, either in the form of the bond being contributed or in the form of consideration in kind relating to the bond. This leads to an increase in the company's flexibility while satisfying the conversion or option rights or obligations. Offering bonds in lieu of or in addition to granting shares or cash payments can represent an attractive alternative that increases the company's competitive chances in acquisitions due to their additional flexibility. The shareholders are protected by the

subscription rights to which they are entitled when bonds with conversion or option rights or obligations are issued.

The instances in which subscription rights for bonds with conversion rights and obligations may be excluded are outlined in the report relating to item 10 of the agenda of the Annual General Meeting on April 30, 2015. If the opportunity presents itself to merge with other companies or to acquire companies, parts of companies, shareholdings in companies or other assets, the Management Board shall, in each case, carefully consider whether it should exercise its authority to effect a capital increase by granting new shares. This includes, in particular, determining the valuation ratio of the company and the acquired company investment or other assets and determining the new shares issue price and the other share issue conditions. The Management Board shall only use the authorised capital if it believes the merger or the acquisition of a company or a share in a company or the investment acquisition in exchange for the granting of new shares is in the best interests of the company and its shareholders. The Supervisory Board shall only grant its necessary approval if it has reached the same conclusion.

- (v) Insofar as is necessary, subscription rights may also be excluded for the issue of 2,500,000 new no-par-value registered shares to issue shares to the employees of the company or of affiliated companies within the meaning of Section 15 AktG to the exclusion of the members of the company's Management Board and Supervisory Board and the members of the management boards, supervisory boards, management and other bodies of affiliated companies. This gives the company the opportunity to acknowledge the achievements of its employees and of the employees of its affiliated companies within the meaning of Section 15 AktG by issuing shares, and to thus allow the employees to participate in the company's success. This is also in the interests of the shareholders. Only if shareholders' subscription rights are excluded can the company issue shares to its employees. In contrast, the shareholders have the opportunity to maintain their share of the company's share capital at all times by effecting additional stock market purchases.

The above authorisations to exclude subscription rights in the event of capital increases against cash and/or in kind contributions are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The above 20% cap is also to include treasury shares sold during the

term of this authorisation subject to the exclusion of subscription rights and any shares issued to satisfy bonds, insofar as the bonds were issued subject to the exclusion of shareholders' subscription rights during the term of this authorisation due to the authorisation stipulated in item 10 of the agenda of the Annual General Meeting of April 30, 2015. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in the aforementioned 20% cap on the share capital.

Insofar as the Management Board fully exercises one of the aforementioned authorisations to exclude subscription rights in relation to a capital increase from the Authorised Capital 2015 within a single financial year, it shall report on this in the subsequent Annual General Meeting.

## **2. Management Board report on the partial utilisation of the Authorised Capital 2013 against contributions in kind subject to the exclusion of subscription rights in February/October 2014 in relation to the acquisition of a property portfolio from the Vitus Group**

In accordance with Management Board resolutions dated February 28, 2014, and September 12, 2014, and with the approval of the Supervisory Board dated February 28, 2014, and September 15, 2014, the company made partial use of the Authorised Capital 2013 totalling €240,242,425.00, utilising €11,780,000.00 to take it to €252,022,425.00 against contributions in kind in relation to the purchase of a portfolio of approximately 30,000 residential properties from the Vitus Group. The capital increase against contribution in kind was effected excluding shareholders' subscription rights and was included in the commercial register on October 9, 2014.

Article 5.2 d) of the company's Articles of Association stipulates that the Management Board may, with the approval of the Supervisory Board, exclude statutory shareholders' subscription rights in particular in the case of capital increases against contributions in kind in order to grant shares for the purposes of the (direct or indirect) acquisition of companies, parts of companies, shareholdings in companies and other assets (including receivables), properties and property portfolios relating to an intended acquisition.

In accordance with the contribution in kind and contribution agreement (the “**contribution agreement**”) concluded on February 27/28, 2014, between the company and Lion Residential Holdings S.à r.l. domiciled at 2, Boulevard Konrad Adenauer, 1115 Luxembourg, and registered in Luxembourg’s commercial and company register (*Registre de Commerce et des Sociétés*) under registration number B 125 266 (hereinafter “**LRH**”), in the amended version dated April 16/17, 2014, the new no-par-value registered shares bearing dividend rights as of January 1, 2014, were subscribed to by (i) LRH (11,452,436 new shares) and (ii) Lion Call Option und Beteiligungs GmbH & Co. KG domiciled in Mönchengladbach and registered in the commercial register at Mönchengladbach District Court under registration number HRA 6402 (hereinafter “**Lion KG**”) (327,564 new shares).

To effect the contribution, Lion KG and LRH contributed the Vitus Group business (“**Vitus portfolio**”) comprising the following assets and liabilities:

LRH transferred the following shares to the company as a contribution in kind:

- a) shares in Gladbau Baubetreuungs- und Verwaltungsgesellschaft mbH with a par value of €898,000.00 (*serial number 4*);
- b) shares in Beamten-Baugesellschaft Bremen Gesellschaft mit beschränkter Haftung with a par value of €449,000.00 (*serial number 4*);
- c) shares in Kieler Wohnungsbaugesellschaft mit beschränkter Haftung with a par value of €898,000.00 (*serial number 4*);
- d) shares in Bremische Gesellschaft für Stadterneuerung, Stadtentwicklung und Wohnungsbau mit beschränkter Haftung with a par value of €898,000.00 (*serial number 4*);
- e) shares in BRE/GEWG GmbH with a par value of €23,700.00 (*serial number 3*);
- f) shares in Vitus GmbH with a par value of €23,700.00 (*serial number 3*); and
- g) shares in RSTE Objektgesellschaft Wohnanlagen für Chemnitz mbH with a par value of €22,900.00 (*serial number 4*).

Lion KG transferred the following shares to the company as a contribution in kind:

- a) shares in Gladbau Baubetreuungs- und Verwaltungsgesellschaft mbH with a par value of €24,950.00 (*serial number 1*) and with a par value of €26,050.00 (*serial number 2*);
- b) shares in Beamten-Baugesellschaft Bremen Gesellschaft mit beschränkter Haftung with a par value of €12,450.00 (*serial number 2*) and with a par value of €13,050.00 (*serial number 3*);
- c) shares in Kieler Wohnungsbaugesellschaft mit beschränkter Haftung with a par value of €24,950.00 (*serial number 1*) and with a par value of €26,050.00 (*serial number 2*);
- d) shares in Bremische Gesellschaft für Stadterneuerung, Stadtentwicklung und Wohnungsbau mit beschränkter Haftung with a par value of €24,950.00 (*serial number 1*) and with a par value of €26,050.00 (*serial number 2*);
- e) shares in BRE/GEWG GmbH with a par value of €650.00 (*serial number 1*) and with a par value of €650.00 (*serial number 2*);
- f) shares in Vitus GmbH with a par value of €650.00 (*serial number 1*) and with a par value of €650.00 (*serial number 2*);
- g) shares in RSTE Objektgesellschaft Wohnanlagen für Chemnitz mbH with a par value of €650.00 (*serial number 1*) and with a par value of €700.00 (*serial number 2*);
- h) shares in GAB Grundstücksgesellschaft mbH with a par value of €25,000.00 (*serial number 1*);
- i) shares in BBG Grundstücksgesellschaft mbH with a par value of €25,000.00;
- j) shares in KWG Grundstücksgesellschaft mbH with a par value of €25,000.00; and
- k) shares in Bremische Wohnungsgesellschaft mbH with a par value of €25,000.00.

LRH additionally transferred the following assets and liabilities to the company as a contribution in kind:

- a) the claims and rights pursuant to the shareholder loans listed below (the so-called *novated loans*) in the amount of €130,520,149.78 (as at December 31, 2013):
  - (i) LRH against Kieler Wohnungsbaugesellschaft mit beschränkter Haftung at a nominal amount of €55,025,025.47, including all interest accrued and outstanding as at September 30, 2014;
  - (ii) LRH against Bremische Gesellschaft für Stadterneuerung, Stadtentwicklung und Wohnungsbau mit beschränkter Haftung at a nominal amount of €43,019,218.89, including all interest accrued and outstanding as at September 30, 2014;
  - (iii) LRH against Gladbau Baubetreuungs- und Verwaltungs-Gesellschaft mbH at a nominal amount of €32,475,905.42, including all interest accrued and outstanding as at September 30, 2014;
- b) the claims pursuant to the shareholder loans listed below (the so-called *Vitus A1 junior loans*) in the amount of €125,627,873.11 (as at December 31, 2013):
  - (i) LRH against GAB Grundbesitz GmbH & Co. KG at a nominal amount of €44,849,218.72, including all interest accrued and outstanding as at September 30, 2014;
  - (ii) LRH against BBG Grundbesitz GmbH & Co. KG at a nominal amount of €20,197,054.03, including all interest accrued and outstanding as at September 30, 2014;
  - (iii) LRH against Bremische Wohnungsgesellschaft mbH & Co. KG at a nominal amount of €20,021,775.95, including all interest accrued and outstanding as at September 30, 2014;
  - (iv) LRH against KWG Grundbesitz GmbH & Co. KG at a nominal amount of €9,350,719.23, including all interest accrued and outstanding as at September 30, 2014;
- (v) LRH against BRE/GEWG GmbH at a nominal amount of €31,209,105.18, including all interest accrued and outstanding as at September 30, 2014;
- c) all claims against LRH-affiliated companies in the amount of €63,343,896.42 (as at December 31, 2013), in particular the following shareholder loans:
  - (i) LRH against Gemeinnützige Eisenbahn-Wohnungsbau-Gesellschaft mit beschränkter Haftung Wuppertal at a nominal amount of €28,154,949.24, including all interest accrued and outstanding as at September 30, 2014;
  - (ii) LRH against Gladbau Baubetreuungs- und Verwaltungs-Gesellschaft mbH at a nominal amount of €1,549,258.28, including all interest accrued and outstanding as at September 30, 2014;
  - (iii) LRH against Kieler Wohnungsbaugesellschaft mit beschränkter Haftung at a nominal amount of €4,955,639.48, including all interest accrued and outstanding as at September 30, 2014;
  - (iv) LRH against Beamten-Baugesellschaft Bremen Gesellschaft mit beschränkter Haftung at a nominal amount of €23,668,020.62, including all interest accrued and outstanding as at September 30, 2014;
  - (v) LRH against Vitus Service GmbH at a nominal amount of €50,738.30, including all interest accrued and outstanding as at September 30, 2014;
  - (vi) LRH against Vitus Service GmbH at a nominal amount of €53,042.21, including all interest accrued and outstanding as at September 30, 2014;
  - (vii) LRH against Bremische Gesellschaft für Stadterneuerung, Stadtentwicklung und Wohnungsbau mit beschränkter Haftung at a nominal amount of €4,912,248.29, including all interest accrued and outstanding as at September 30, 2014;



- d) the shareholder loan granted to LRH by Kieler Wohnungsbaugesellschaft mit beschränkter Haftung in the amount of €83,717,759.63 (as at December 31, 2013), including all interest accrued and outstanding as at September 30, 2014;
- e) all of LRH's claims and receivables against Vitus Group companies in relation to the so-called A1 Cash Management Agreement;
- f) all of LRH's claims and receivables against Vitus Group companies in settlement accounts between LRH and Vitus Group companies; and
- g) LRH's claims against a Vitus Group company relating to the sale of other assets, liabilities and contractual relationships belonging to the Vitus Group's business activities, including contractual relationships with specific employees.

As an additional consideration for the transfer of the shares and the aforementioned assets,

- a) the company paid a cash sum of €252,594,723.71 on September 30, 2014; in accordance with the contribution agreement, the company was obliged to pay a total sum of €268,900,000.00 ("**total cash sum**"), which was increased or reduced as follows:
  - (i) by the amount by which the break costs (as defined in the following sentence) for the interest hedging agreement between Vitus Immo, Florentia Limited and Deutsche Bank AG (the "**hedging agreement**") were lower or higher than €6.231 million. The "**break costs**" were the total costs and charges which were payable on the execution date for terminating the hedging agreement.
 

As the break costs totalled €19,726,000.00 on September 30, 2014, the total cash sum was to be reduced by €13,495,000.00;
  - (ii) increased by a markup to be calculated by multiplying the unamended total cash sum by a percentage equivalent to 300 (three hundred) basis points above the basic rate of interest pursuant to Section 247 of the German Civil Code (BGB) *per annum*, for the period from

January 1, 2014, to September 30, 2014, calculated on the basis of the actual days passed and a calendar year of 360 days. No additional interest was applied to the total cash sum as the closing was effected by October 1, 2014.

As the contribution agreement was executed on September 30, 2014, the total cash sum was to be increased by €4,747,130.72.

- (iii) reduced by the amount equivalent to the cash sums that would have been paid on the nominal amounts, interest payments or other payments (with the exception of consideration in kind, e.g. accrued interest) after January 1, 2014, by (i) Vitus Immo to Prudential Assurance Company Limited, M&G Real Estate Finance 1 Co S.à r.l. and M&G Real Estate Finance 2 Co S.à r.l. in accordance with a loan agreement concluded between these companies on September 26, 2012, (so-called A2 loan agreement) and by (ii) Gladbau Baubetreuungs- und Verwaltungsgesellschaft mbH, Kieler Wohnbaugesellschaft mit beschränkter Haftung, Gemeinnützige Eisenbahn-Wohnungsbau-Gesellschaft mit beschränkter Haftung Wuppertal or Bremische Gesellschaft für Stadterneuerung, Stadtentwicklung und Wohnungsbau mbH to Brooklyn Capital S.à r.l. in accordance with mezzanine loan agreements dated July 27, 2005/August 24, 2005 (both as amended on September 15, 2005, November 11, 2005, and September 28, 2012).

As no such cash sums were paid, the total cash sum did not need to be amended accordingly on the basis of this provision.

- (iv) Additionally, a sum was to be subtracted from the total cash sum equivalent to approximately 5.1% of the value of the total consideration (as defined in the following sentence) paid by the company for the acquisition of shares. The total consideration is the sum of the value of the new shares, the adjusted cash sum as described above in the amount of €260,152,130.72 and the dividend sum of €8,246,000.00 additionally paid for all the registered new shares.



5.1% of the total consideration equates to €15,155,933.30. Pursuant to the contribution agreement, this sum was likewise to be subtracted from the total cash sum.

- b) The company is also obliged in certain cases subject to the conditions of the contribution agreement to pay LRH and Lion KG remuneration in arrears in the form of an *earnout* of a maximum of €58,000,000.00.

While negotiating the transaction and prior to a resolution being passed regarding utilisation of the authorised capital, the Management Board and Supervisory Board examined in detail the appropriateness of the countervalue for the issue of shares, the additional cash consideration and the acquisition of liabilities. To this end, the Management Board and Supervisory Board balanced the total value of the investments in property companies acquired by the company less external liabilities against the total value of the cash consideration and the shares to be issued.

Following a standard market examination of the economic, financial, fiscal and legal circumstances and viewings of the properties by the company's departments and external consultants, the Management Board evaluated the portfolios/ investments to be acquired on the basis of its extensive market knowledge and the company's experience in evaluating residential properties. The main metrics for evaluating the portfolios were the properties' state of repair, the average actual basic net rent per square metre and the average vacancy rate.

Taking into account all the portfolio-specific metrics, the Management Board then applied standard market evaluation models for residential property portfolios and examined the comparative figures based on its own market analysis and rental multipliers, the net cash flow, the prices per square metre and the anticipated *funds from operations* (FFO) and evaluated the market conditions for residential properties at the time of the conclusion of the agreement, the strategic consideration and the potential further diversification of the property portfolio. The company also saw the potential for optimisation in incorporating the inventories into the company's management.

The definitive ascertainment of the cash consideration and the values of the individual contribution items was still subject to the details outlined above at the time of the determining resolution on February 28, 2014, regarding the number of additional new shares to be issued. The Management Board and Supervisory Board therefore took various potential scenarios into account in their examination. To determine the value of the shares to be

issued in relation to the Vitus portfolio to be incorporated, the Management Board and Supervisory Board in particular compared the net asset value of the Vitus portfolio to be incorporated with that of the company, each as at December 31, 2013, as calculated on the basis of valuation reports, and considered the Xetra closing rate of the Deutsche Annington share on the last trading day prior to conclusion of the agreement and the resolution regarding the capital increase, i.e. February 27, 2014, (€20.00), and the volume-weighted average Xetra price on the last five days (€19.96) and the last 30 days (€19.94) prior to conclusion of the agreement and the resolution regarding the capital increase. This resulted in the relevant market price for the company's shares at the time at which the Management Board and Supervisory Board made their final decision on February 28, 2014 (prior to the market opening). Consideration was given to the fact that the existing shares were entitled to dividends as of January 1, 2013, and that the new shares were not entitled to dividends before January 1, 2014, and that the subsequent fungibility of these shares only came into effect once they were issued.

The assessment of the Management Board and the Supervisory Board passed on February 28, 2014, regarding the appropriateness of the countervalue received for the newly issued shares was also supported by the contribution in kind audit conducted by the court appointed auditor firm KPMG AG Wirtschaftsprüfungsgesellschaft, Essen and by the expert opinion additionally sought from Ebner Stolz GmbH & Co. KG, Stuttgart. When the share transfer agreement was concluded on October 1, 2014, the Xetra closing rate was €22.85 and €269.2 million was accordingly transferred as a share-based consideration.

Unilateral hedging by the company in terms of offsetting possible stock market price fluctuations between the date of the conclusion of the agreement and the actual date on which the new shares were issued at the time at which the implementation of the capital increase was included – a point in time which was as yet unknown at the time of the resolution – would not have been enforceable in the negotiation process on the basis of the conditions otherwise agreed.

The implemented exclusion of subscription rights was in the interests of the company and was also necessary to facilitate the acquisition of an attractive property portfolio for the company's portfolio.

By combining the cash and share components, it was possible (i) to achieve a generally more attractive purchase price in the negotiations than with a purely cash contribution for the purchase

price as the sellers of the Vitus portfolio assumed at the time at which the contract was concluded that the company's shares would appreciate and (ii) by using its shares as an acquisition currency, for the company to position itself to the seller as a reliable and preferable buyer, as it was able to raise a substantial sum of the equity needed for the transaction quickly and legally. This also made it possible to achieve an adequate financing structure.

### 3. Management Board report on the partial utilisation of the Authorised Capital 2014 against cash contributions subject to the exclusion of shareholders' subscription rights in October/ November 2014

On the basis of Management Board resolutions dated October 29, 2014, November 5, 2014, and November 6, 2014, and Supervisory Board resolutions dated October 29, 2014, and November 6, 2014, the Authorised Capital 2014 of €19,600,000.00 was partially used in November 2014. Shareholders' subscription rights were excluded in the course of the share capital increase included in the commercial register on November 10, 2014. This capital increase involved the company's share capital being increased by €19,600,000.00 from €252,022,425.00 to €271,622,425.00. The volume of the capital increase from authorised capital subject to the exclusion of subscription rights therefore equates to approximately 8.16% of the company's share capital – based on the company's share capital available at the time at which the Authorised Capital 2014 became effective on October 1, 2014 (or 7.78% of the share capital based on the share capital available at the time at which the Authorised Capital 2014 was used). The volume limit for shares issued against cash contributions subject to the exclusion of subscription rights as stipulated in the Authorised Capital 2014 was therefore complied with.

The new shares were subscribed to by J.P. Morgan AG. Barclays Bank PLC and J.P. Morgan Securities plc were obliged to issue and transfer these shares to institutional investors as part of a private placement by means of an (*accelerated bookbuild*). In accordance with the Management Board resolution dated November 6, 2014, the new shares were issued at a placement price of €23.00. The Supervisory Board approved this Management Board resolution regarding determining the placement price by resolution on November 6, 2014.

The new shares were admitted for trading without a prospectus on November 10, 2014, and were included in the existing listing

in the sub-segment of the regulated market with follow-up obligations arising from admission (*Prime Standard*) on the Frankfurt Stock Exchange on November 12, 2014. The gross issue proceeds from the capital increase came to around €450.8 million. The company used the net proceeds from the capital increase in particular to finance the acquisition of more than 5,000 apartments, as publicised at the beginning of September, and for the repayment of existing financial liabilities.

The requirements pursuant to Section 203 para. 1 and Section 186 para. 3 sent. 4 AktG were observed when determining the price, as stipulated by the Authorised Capital 2014 for the exclusion of subscription rights relating to a capital increase against cash contributions equal to up to 10% of the share capital. These stipulate that the price for new shares may not significantly undercut the stock market price of the company's shares.

The stipulated placement price per share of €23.00 equates to a reduction of approximately 2.37% compared with the volume-weighted average Xetra price of the company's shares over the last four trading days prior to the price being fixed. The reduction was therefore within the range generally recognised as being acceptable.

With its exclusion of shareholders' subscription rights, the company availed itself of the option of excluding subscription rights in the event of cash capital increases within companies listed on the stock exchange as legally stipulated in Section 203 para. 1 and Section 186 para. 3 sent. 4 AktG. Such an exclusion of subscription rights was necessary here in order to exploit at short notice what the Management Board and Supervisory Board considered to be a favourable market situation at the time of the partial utilisation of the Authorised Capital 2014 and to achieve the maximum possible issue proceeds on the basis of market-oriented pricing. The minimum two-week subscription period required if subscription rights are granted (Section 186 para. 1 and 2 AktG) would have prohibited reactions at short notice to the current market situation.

Furthermore, if subscription rights are granted, the definitive subscription price must be made public at the latest three days prior to the end of the subscription period (Section 186 para. 2 sent. 2 AktG). There is therefore a greater market risk and, in particular, a price fluctuation risk involved here than if subscription rights are excluded, due to the longer period between price determination and implementation of the capital increase and also the volatility of the stock markets. A successful placement in relation to a capital increase with subscription

rights would therefore have made a corresponding margin of safety for the current stock market price necessary and would consequently potentially have led to non-market-based conditions. Based on the above reasons, the exclusion of subscription rights was in the interests of the company. Additionally, with the price being determined close to the current stock market price and with the volume of shares issued subject to the exclusion of subscription rights being limited to approximately 8.16% of the share capital in existence at the time at which the Authorised Capital 2014 came into effect, the interests of the shareholders were likewise appropriately protected. Because in view of stock exchange trading being liquid, this gives the shareholders the opportunity to maintain their relative investments in the company by effecting additional stock market purchases on the basis of comparable conditions. In addition, issuing the new shares close to the current stock market price ensured that the capital increase did not result in any notable economic dilution of the shareholders' shareholdings.

In accordance with the authorisation granted in Article 4.5 of the company's Articles of Association, the new shares with dividend rights were already issued as of January 1, 2014. The new shares thus came with the same dividend rights when issued as carried by the existing shares. As such, there was no need to assign a separate securities identification code to the new shares for the period up to this year's Annual General Meeting. This made it possible to avoid the low trading liquidity of the new shares that would have been expected in the case of their trading under a separate securities identification code, which would otherwise have made marketing the new shares difficult and would possibly have led to price reductions. In view of this, granting dividend rights from the beginning of the 2014 financial year was in the interests of the company.

Based on the above considerations, the exclusion of subscription rights effected pursuant to the provisions of the Authorised Capital 2014 when utilised was, overall, objectively justified.

#### 4. Management Board report on the partial utilisation of the Authorised Capital 2013 and the partial utilisation of the Authorised Capital 2014, both subject to the exclusion of shareholders' subscription rights, in December 2014 and March 2015 in relation to the company's takeover offer presented to the shareholders of GAGFAH S.A.

On December 19, 2014, the company made the shareholders of GAGFAH S.A., 2-4, Rue Beck, 1222 Luxembourg, Grand

Duchy of Luxembourg, registered in Luxembourg's commercial and company register under registration number B109526 ("GAGFAH"), a takeover offer pursuant to Section 29 ff. of Germany's Securities Acquisition and Takeover Act (WpÜG) in the form of a combined cash and exchange offer ("takeover offer") to purchase all of the shares in GAGFAH S.A. held by them (each issued with a par value of €1.25; "GAGFAH shares"). Pursuant to the takeover offer, every GAGFAH shareholder to accept the offer was entitled to a combined consideration of (i) a cash sum of €122.52 (cash component) and (ii) five new no-par-value registered shares in the company, each with a notional interest in the company's share capital of €1.00 (share component), in exchange for each surrendering 14 GAGFAH shares.

For the purposes of implementing the exchange offer, pursuant to its resolutions dated December 1, 2014, December 15, 2014, and February 24, 2015, the Management Board resolved to increase the company's share capital from €271,622,425.00 on the basis of the 2013 and Authorised Capital 2014, subject to the exclusion of subscription rights, as follows:

- As part of a capital increase against mixed contributions in kind ("offer capital increase Ia") by €78,060,390.00 from €271,622,425.00 to €349,682,815.00 by issuing 77,074,531 new no-par-value registered shares in the company from the Authorised Capital 2013 and 985,859 new no-par-value registered shares in the company from the Authorised Capital 2014, accounting for a notional share of the share capital of €1.00 per share, at an issue price of €1.00 per share and with dividend entitlement as of January 1, 2014 (collectively the "new shares").
- As part of a capital increase against cash contributions ("offer capital increase Ib") by €4,423,413.00 from €349,682,815.00 to €354,106,228.00 by issuing 4,423,413 new no-par-value registered shares in the company from the Authorised Capital 2014 (the "new cash shares"; together with the new shares "all new shares"), accounting for a notional share of the share capital of €1.00 per share, at an issue price for the new cash shares likewise of €1.00 and with dividend entitlement as of January 1, 2014; the issue price for the new cash shares was set at approximately €25.90, or specifically €25.895, per share by resolution of the company's Management Board dated December 1, 2014, with the approval of the Supervisory Board dated November 30, 2014.

The company's Supervisory Board approved offer capital increases Ia and Ib by resolutions dated November 30, 2014, December 30, 2014, and February 24, 2015.

The implementation of offer capital increases Ia and Ib was included in the commercial register on March 6, 2015, and the share capital of the company was increased by a total of €82,483,803.00 from €271,622,425.00 to the current share capital sum of €354,106,228.00.

The 78,060,390 new shares and the 4,423,413 new cash shares were subscribed to against mixed contributions in kind as part of offer capital increase Ia and against cash contributions as part of offer capital increase Ib as follows:

- In its capacity as an exchange trustee for the GAGFAH shareholders accepting the takeover offer, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Platz der Republik, 60265 Frankfurt am Main, Germany, registered in the commercial register at Frankfurt am Main District Court under HRB 45651 ("**DZ Bank**") subscribed to 39,030,195 new shares at a total issue price of €39,030,195.00 (€1.00 per share) against mixed contributions in kind; represented by the notary Dr Lars. F. Freytag, DZ Bank additionally subscribed to 2,211,706 new cash shares at a total issue price of €2,211,706.00 (€1.00 per share) against a cash contribution; and
- In its capacity as an exchange trustee for the GAGFAH shareholders accepting the takeover offer, Commerzbank Aktiengesellschaft, Kaiserplatz, 60311 Frankfurt am Main, Germany, registered in the commercial register at Frankfurt am Main District Court under HRB 32000 ("**Commerzbank**" together with DZ Bank, the "**exchange trustees**") subscribed to 39,030,195 new shares at a total issue price of €39,030,195.00 (€1.00 per share) against mixed contributions in kind; represented by the notary Dr Lars. F. Freytag, Commerzbank additionally subscribed to 2,211,707 new cash shares at a total issue price of €2,211,707.00 (€1.00 per share) against a cash contribution.

The contributions in kind for the new shares were provided in relation to offer capital increase Ia as follows:

- Incorporation of 109,284,546 GAGFAH shares transferred to DZ Bank as an exchange trustee for the GAGFAH shareholders; and by

- Incorporation of 109,284,546 GAGFAH shares transferred to Commerzbank as an exchange trustee for the GAGFAH shareholders.

In accordance with a contribution agreement concluded on February 24, 2015, DZ Bank and Commerzbank transferred the shares being contributed to the company as a contribution in kind upon the transaction being entered into the commercial register.

As an additional consideration for the transfer of the GAGFAH shares, the company paid a cash sum totalling €1,912,791,796.56 to the subscribers in their capacity as the exchange trustees, to be passed on to the GAGFAH shareholders, of which €956,395,898.28 to DZ BANK and €956,395,898.28 to Commerzbank.

The cash contributions for the new cash shares in relation to offer capital increase Ia were provided by means of the payment of the issue amount totalling €4,423,413.00 for 4,423,413 new shares. DZ Bank and Commerzbank additionally provided the difference between the issue amount and the issue price. DZ Bank paid a total of €55,060,420.87, while Commerzbank paid in €55,060,445.77.

The combined consideration of €122.52 in cash and five new shares in the company as offered by the company in exchange for 14 GAGFAH shares equates to an offer consideration per GAGFAH share of approximately €8.75 for the cash component and of 0.357 (equal to 5/14 when rounded) new shares for the share component.

If the consideration partially comprises shares, as is the case here, Section 31 para. 1, 2 and 7 WpÜG in conjunction with Section 7, Section 5 para. 1 and 3 of the WpÜG Offer Ordinance (WpÜGAngebotV) stipulates that, for the purposes of calculating the minimum consideration, the value of the shares offered must likewise be determined on the basis of their three-month average. At the effective date of November 30, 2014, the three-month average price for the company's share was €24.53, according to notification given to the company by BaFin on December 9, 2014.

When multiplied by the fraction of 0.357 (equal to 5/14 when rounded) of the new shares offered as a share component, the three-month average price for the company's share of €24.53 came to approximately €8.76. As such, the value of the share component of 0.357 (equal to 5/14 when rounded) new shares to be calculated pursuant to Section 31 para. 1, 2 and 7 WpÜG in conjunction with Section 7, Section 5 para. 1 and 3 of the

WpÜGAngebV came to approximately €8.76. The number of new shares to be granted to each GAGFAH shareholder in accordance with the share component is the sum of the GAGFAH shares submitted by each GAGFAH shareholder multiplied by approximately 0.357 (equal to 5/14 when rounded).

The consideration offered per GAGFAH share comprised the cash component in the amount of approximately €8.75 and the share component of 0.357 (equal to 5/14 when rounded) new shares. Based on the three-month average price of €24.53, the value of the share component of 0.357 (equal to 5/14 when rounded) new shares to be calculated pursuant to Section 31 para. 1, 2 and 7 WpÜG in conjunction with Section 7, Section 5 para. 1 and 3 WpÜGAngebV came to approximately €8.76. On this basis, the total value of the consideration offered for one GAGFAH share comprising a cash component and a share component came to approximately €17.51. The consideration of approximately €17.51 offered for a GAGFAH share included a premium of around €2.69 or 18.2% added to the three-month average price of GAGFAH shares of €14.82.

Based on the company shares' stock market price (Xetra closing price) of approximately €25.90 on November 28, 2014, the final trading day prior to the publication of the decision to make the takeover offer and prior to the decisive point in time of the resolution of the Management Board and Supervisory Board regarding the issue amount of the company's shares, the value of the share component is approximately €9.25 and the total value of the consideration offered comprising the cash component and the share component is approximately €18.00. The offer consideration per GAGFAH share of approximately €18.00 thus contains a premium of approximately €2.49 or around 16.1% based on the GAGFAH share's Xetra closing price of around €15.51 on November 28, 2014.

In calculating the offer consideration, the company considered in particular the historic development of the stock market price of the GAGFAH share. The stock market price is a widely accepted basis for calculating the appropriateness of the consideration for listed shares. The GAGFAH shares are admitted for trading in the regulated market of the Frankfurt Stock Exchange (*Prime Standard*). The GAGFAH shares issued were included in the MDAX index where they were freely traded, had a considerable free float and demonstrated appropriate trading activity and volumes.

Ahead of the decisive resolution regarding utilisation of the authorised capital, the Management Board and Supervisory Board examined in detail the appropriateness of the countervalue

for the issue of the new shares and the additional cash consideration.

In the opinion of the Management Board and the Supervisory Board, the premium added to the statutory minimum price was appropriate in order to guarantee sufficient transaction security and will be sufficiently offset by the considerable competitive advantages and synergies anticipated by the company as a result of the transaction:

- The Group's position in the German market will be further expanded on the basis of the acquisition of the GAGFAH Group. Combined, the companies had approximately 350,000 residential units throughout Germany at the time at which the Annual General Meeting was convened. The company gains even greater access to these households and their consumer behaviour, thereby offering it additional sales potential.
- The merger of the two companies should enable uniform structures and processes to be established. The company expects this to result in cost savings with a positive effect on the FFO 1 of the combined Group in the amount of approximately €84 million per annum before taxes, of which around €47 million relate to operating synergies and approximately €37 million due to lower financing costs.
- The merger of the two companies should lead to operating synergies, in particular thanks to the continued development of the craftspersons' organisation, the establishment of a joint management organisation, a shared services centre and a purchasing cooperation between the company and GAGFAH, the expansion of the company's multimedia business to incorporate GAGFAH, synergies thanks to optimised, shared local property management, and IT synergies.
- In the opinion of Deutsche Annington, the merger of the two companies reduces interest expense thanks to refinancing, and Deutsche Annington expects its Standard & Poor's rating to be upgraded to BBB+.
- After all, the acquisition strengthens the capital market profile of the combined company. Based on joint market capitalisation following execution of the merger (on the basis of the Xetra closing price of March 6, 2015) in the amount of approximately €11.5 billion, the combined company is comfortably the largest German property company. Measured in terms of this market capitalisation

in the free float (on the basis of the Xetra closing price of March 6, 2015), the merger creates the second-largest player in the Continental European property sector. As the significance and liquidity of the Deutsche Annington shares have increased, the company anticipates a sizeable increase in its appeal to investors. Also, the partial share exchange offer means new investor circles can be tapped for the company.

- The anticipated economic effects and benefits as listed above may lead to added appreciation potential for the company shareholders and for the former GAGFAH shareholders which is difficult to quantify.

The fact that the stock market price of the company's shares increased between the last authoritative administrative decisions on November 30, 2014/December 1, 2014, and the issue of the new shares, thereby leading to an increase in the consideration for the GAGFAH shareholders, is a result of the legally stipulated deadlines for a public offer and the consideration rules, and does not affect the original appropriateness of the consideration and the justification for excluding shareholders' subscription rights.

##### **5. Management Board report on the partial utilisation of the Authorised Capital 2013 subject to the exclusion of shareholders' subscription rights in December 2014 and February 2015 in relation to the sell-out right of the GAGFAH S.A. shareholders as part of the company's takeover offer presented to the shareholders of GAGFAH S.A.**

Pursuant to Section 16 para. 1 of Luxembourg's Takeover Act, the GAGFAH shareholders are entitled to a three-month sell-out right in relation to the GAGFAH shares held by them at the end of the deadline for the acceptance of the takeover offer ("**sell-out right**"). In relation to this sell-out right, the GAGFAH shareholders wishing to avail themselves of this right must, among other things, be offered a consideration equivalent in volume to the combined consideration (cash and share component) of the takeover offer. In accordance with Luxembourg's Takeover Act, the company is also obliged to offer the GAGFAH shareholders a consideration in cash only, in addition to the combined consideration (cash and share component) of the takeover offer.

In order to make the necessary shares available to the GAGFAH shareholders who opt for the combined consideration in relation to their sell-out right as part of a non-cash capital increase

against mixed contributions in kind, the Management Board resolved on the basis of the Authorised Capital 2013 pursuant to its resolutions dated December 1, 2014, and December 15, 2014, to increase the company's share capital totalling €354,106,228.00 following implementation of offer capital increase I subject to the exclusion of subscription rights by means of a further capital increase against mixed contributions in kind (**offer capital increase IIa**) from €354,106,228.00 by up to €6,256,580.00 to up to €355,939,395.00 by issuing 6,256,580 new no-par-value registered shares in the company from the Authorised Capital 2013 with a proportionate amount of the share capital of €1.00 per share and an issue price of €1.00 per share and dividend entitlement as of January 1, 2015 (collectively the "**additional put shares**").

The Management Board also resolved on February 24, 2015, to cancel its utilisation resolution dated December 1, 2014, (and supplemented by a resolution dated December 15, 2014) in respect of a possible further increase in the company's share capital against cash contributions ("**cash capital increase IIb**"), as such an implementation was no longer necessary.

By resolution dated November 30, 2014 (and supplemented by a resolution dated December 30, 2014), the Supervisory Board approved the Management Board's utilisation resolution dated December 1, 2014, in respect of offer capital increase IIa. The Supervisory Board likewise approved the cancellation of the Management Board's utilisation resolution in respect of offer capital increase IIb.

Offer capital increase IIa will only be implemented following the expiry of the three-month sell-out right, i.e. only after the date of the company's 2015 Annual General Meeting. The Management Board will report on the form and the extent of the implementation of the planned offer capital increase IIa at the company's upcoming Annual General Meeting.

In relation to the sell-out right, the GAGFAH shareholders will be offered a consideration equivalent in volume to the consideration of the takeover offer. With regard to the appropriateness of this consideration, we refer to the corresponding explanations in the Management Board report under item II.4.



**6. Management Board report regarding item 10 of the agenda (Resolution regarding the granting of a new authorisation to issue convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) with the option of excluding subscription rights, regarding the creation of Conditional Capital 2015 and the corresponding addition of a new Article 6 to the Articles of Association and regarding cancellation of the existing authorisation to issue convertible bonds and warrant bonds and of the existing Conditional Capital 2013 (Article 6 of the Articles of Association))**

With regard to item 10 of the agenda of the Annual General Meeting held on April 30, 2015, the Management Board and Supervisory Board propose that the existing authorisation to issue option rights, warrant or convertible bonds, profit participation rights and participating bonds or combinations thereof and the corresponding Conditional Capital 2013 be cancelled and that a new authorisation be granted and new conditional capital (Conditional Capital 2015) created with the authorisation to exclude subscription rights. Pursuant to Section 221 para. 4 sent. 2 in conjunction with Section 186 para. 4 sent. 2 AktG, the Management Board gives the following report in respect of item 10 of the agenda of the Annual General Meeting on the reasons for authorising the exclusion of shareholders' subscription rights when new shares are issued:

With the approval of the Supervisory Board, the Management Board was authorised by resolution of the Annual General Meeting of June 30, 2013, to issue option rights, warrant or convertible bonds, profit participation rights or participating bonds or combinations thereof (hereinafter collectively "**2013 authorisation**") on one or several occasions up to June 29, 2018, up to an aggregate nominal amount of €3,000,000,000.00 and to grant the holders or creditors option or conversion rights for shares in the company with a proportionate amount of up to €100,000,000.00 of the share capital. Conditional Capital 2013 of €100,000,000.00 was created to satisfy the 2013 authorisation (Article 6 para. 2 of the Articles of Association); this sum has remained unchanged up to the day on which the invitation to this Annual General Meeting were published.

Among other things in order to increase flexibility, the Management Board and Supervisory Board consider it to be expedient to cancel the existing 2013 authorisation and the existing Conditional Capital 2013 and to replace them with a new authorisation and new conditional capital (Conditional Capital 2015).

To be able to make use of the array of possible market instruments to securitise the conversion and option rights, it is considered to be appropriate to set the permissible issue volume at €5,311,000,000.00 in the authorisation. The conditional capital for the purpose of fulfilling the conversion and option rights is to total €177,053,114.00. This conditional capital ensures that the issue volume authorisation scope can likewise be used. The number of shares required to satisfy conversion or option rights or obligations or to grant shares in lieu of the cash sum due on a bond with a specific issue volume generally depends on the stock market price of the company's share at the time at which the bond is issued. If sufficient conditional capital is available, the possibility of making full use of the scope of the authorisation for the issue of bonds is guaranteed.

An appropriate capital base is essential for the company's development. Depending on the market situation, by issuing convertible and warrant bonds, the company can make use of attractive financing options in order to generate low-interest capital inflows for the company. By issuing profit participation rights with conversion or option rights, the rate of return can also be based on, for example, the company's current dividend. The company benefits from the conversion and option premiums generated by the issue. Practice has shown that a number of financial instruments cannot be placed until option and conversion rights are granted.

The shareholders must in principle be granted subscription rights for the bonds when bonds are issued (Section 221 para. 4 in conjunction with Section 186 para. 1 AktG). The Management Board has the option of issuing bonds to one or more banks subject to the obligation that the bonds are offered to the shareholders in accordance with their subscription rights (indirect subscription rights pursuant to Section 186 para. 5 AktG). This does not constitute a limitation of the shareholders' subscription rights as the shareholders are awarded the same subscription rights as with a direct subscription. For technical reasons, just one or more banks will be involved in the handling of this.

- (i) However, with the approval of the Supervisory Board, the Management Board is to be authorised to exclude subscription rights for fractional amounts. The purpose of this subscription rights exclusion is to facilitate an issuance fundamentally involving shareholder subscription rights, as it results in a subscription ratio which is technically feasible. The value of each shareholder's fractional amount is generally low and as such their potential dilutive effect is also deemed to be low. In contrast, the cost of an issue without such an exclusion is considerably greater. The

exclusion therefore makes the issue more practicable and easier to implement. The Management Board and Supervisory Board consider the potential exclusion of subscription rights for these reasons to be objectively justified and, weighed against the interests of the shareholders, to also be appropriate.

- (ii) The Management Board is also authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in order to grant bond holders/creditors subscription rights in the same volume as said holders would be entitled to upon exercising their conversion or option rights or fulfilling their conversion or option obligations. This allows subscription rights to be granted to holders/creditors of bonds already issued or to be issued as an anti-dilution measure in lieu of a reduction in the option or conversion price. Incorporating such anti-dilution measures into bonds is standard market procedure.
- (iii) The Management Board is, in accordance with the application of Section 186 para. 3 sent. 4 AktG, is also authorised with the approval of the Supervisory Board to exclude subscription rights against a cash contribution when issuing bonds if the issue price of the bonds does not significantly undercut their fair value. This can be expedient to exploit favourable stock market situations at short notice and to be able to place a bond in the market quickly and flexibly with attractive conditions. As the stock markets can be volatile, achieving as advantageous an issue result as possible is often heavily dependent on whether it is possible to respond to market developments at short notice. Favourable conditions that are as market-based as possible can in principle only be set if the company is not tied to them for an overly long offer period. In the case of subscription right issues, a considerable margin of safety is generally required in order to safeguard the chances of success of the issue for the entire offer period. Section 186 para. 2 AktG does permit the subscription price (and in the case of warrant and convertible bonds, therefore also the bond conditions) to be publicised up to the third from last day of the subscription period. However, in view of the volatility of the stock markets, this still results in market risk lasting a number of days, resulting in margins of safety being applied when determining the bond conditions. Furthermore, if subscription rights are granted, placement with third parties is made more difficult/involves additional work due to the uncertainty of their exercise (subscription behaviour). After all, if subscription rights are granted, the company is unable to react at short notice to changes in

the market conditions due to the length of the subscription period, and this can lead to less favourable capital procurement for the company.

The shareholders' interests are protected by the bonds not being issued significantly below their fair value. The fair value is to be calculated on the basis of recognised valuation principles. When setting the price while taking into account the capital market situation in question, the Management Board will keep the reduction compared with the fair value as low as possible. This results in the accounting par value of the subscription rights being so low that the shareholders are not subject to any significant economic disadvantage as a result of the exclusion of subscription rights.

The market-oriented setting of the conditions and thus the avoidance of any significant value dilution can also be achieved if the Management Board effects a bookbuild. This process involves the investors being requested to submit purchase orders on the basis of preliminary bond conditions, in the process specifying what they consider to be, for example, the market-oriented interest rate and/or other economic components. At the end of the bookbuilding period, the conditions not yet fixed, such as the interest rate, are set in accordance with supply and demand as determined on the basis of the purchase orders submitted by the investors. In this way, the bonds' total value is determined in a market-based manner. A bookbuild allows the Management Board to ensure that no significant dilution of the value of the shares will be caused by the exclusion of subscription rights.

The shareholders additionally have the opportunity to maintain their share of the company's share capital by effecting stock market acquisitions at almost identical conditions. This appropriately protects their asset interests. The authorisation to exclude subscription rights pursuant to Section 221 para. 4 sent. 2 in conjunction with Section 186 para. 3 sent. 4 AktG only applies to bonds with rights to shares to which no more than 10% of the share capital is apportioned, either at the time at which this authorisation becomes effective or at the time at which it is exercised.

The sale of treasury shares is to be included in this cap insofar as they are sold during the term of this authorisation subject to the exclusion of shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sent. 5 half-sent. 2 in conjunction with Section 186 para. 3 sent. 4 AktG. Those shares issued from authorised capital pursuant to Section



203 para. 2 sent. 1 in conjunction with Section 186 para. 3 sent. 4 AktG during the term of this authorisation and subject to the exclusion of shareholders' subscription rights are likewise to be included in this cap. This inclusion is effected in line with the shareholders' interests that their investments be diluted as little as possible.

- (iv) Bonds may also be issued against contributions in kind insofar as this is in the interests of the company. In this case, the Management Board is authorised, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights insofar as the value of the contribution in kind is commensurate to the theoretical fair value of the bonds as determined on the basis of recognised valuation principles. This makes it possible to also use bonds as an acquisition currency in suitable isolated cases, e.g. in conjunction with the acquisition of companies, company investments or other commodities. Practice has shown that it is frequently necessary in negotiations to provide the consideration not only in cash, but also or exclusively in some other form. The possibility of offering bonds as a consideration results in an advantage in competition for interesting acquisition properties and offers the necessary scope for exploiting opportunities to acquire companies (even large companies), company investments and other commodities that present themselves without impacting heavily on liquidity. This can also be prudent from the point of view of an optimum financing structure. In any case, the Management Board will carefully consider whether to exercise its authorisation to issue bonds with conversion or option rights or obligations against contributions in kind subject to the exclusion of subscription rights. It will only do so if this is in the interests of the company and therefore also of the shareholders.

Insofar as profit participation rights or participating bonds are to be issued without conversion or option rights or obligations, the Management Board is, with the approval of the Supervisory Board, authorised to exclude shareholders' subscription rights if these profit participation rights or participating bonds have the characteristics of a bond, i.e. they do not warrant company membership rights, they do not grant a stake in the proceeds of liquidation and the interest is not calculated on the basis of the net income for the year, net profit or the dividend. Additionally, the interest rate and the issue amount for the profit participation rights or participating bonds must be in accordance with the current market conditions for comparable borrowings at the time of the issue. If the above-mentioned conditions are met, the

exclusion of subscription rights will not result in any disadvantages for the shareholders, as the profit participation rights or participating bonds do not warrant membership rights and do not grant the shareholders any stake in liquidation proceeds or in company profit. While it is possible for interest to be dependent on net income for the year, net profit or a dividend, it would not be permissible to have an arrangement in which a higher net income for the year, net profit or dividends would lead to higher interest. The issue of profit participation rights or participating bonds therefore does not change or dilute voting rights or the shareholders' stakes in the company and its profits. Additionally, based on the market-oriented issue conditions which are obligatorily stipulated for this case of subscription rights exclusion, there is no significant subscription right value.

The above authorisations to exclude subscription rights are limited to an amount not exceeding 20% of the share capital, either at the time at which this authorisation becomes effective or at the time at which it is exercised. The above 20% cap is also to include treasury shares sold during the term of this authorisation subject to the exclusion of subscription rights and any shares issued during the term of this authorisation subject to the exclusion of shareholders' subscription rights due to the authorisation stipulated in item 9 of the agenda of the Annual General Meeting of April 30, 2015. Shares issued against cash contributions during the term of this authorisation pursuant to Section 186 para. 3 sent. 4 AktG on the basis of other corporate action and subject to the exclusion of shareholders' subscription rights are likewise to be included in this 20% cap on the share capital. This restriction also limits the potential dilution of the voting rights of the shareholders in relation to whom subscription rights have been excluded. With all of these circumstances having been considered, the authorisation to exclude subscription rights within the limits outlined is necessary, suitable, appropriate and in the interests of the company.

The intended conditional capital serves to fulfil the conversion or option rights or obligations relating to bonds issued for company shares or to grant the creditors/holders of bonds shares in the company in lieu of payment of the cash sum due. It is also intended that conversion or option rights or obligations can instead be satisfied by means of the provision of treasury shares or shares from authorised capital or by means of other consideration.

Insofar as the Management Board fully exercises one of the aforementioned authorisations to exclude subscription rights in relation to the issue of bonds within a single financial year, it shall report on this in the subsequent Annual General Meeting.

### III. Further information on convening of the meeting

#### 1. Total number of shares and voting rights at the time at which the Annual General Meeting was convened

At the time at which the Annual General Meeting was convened, the company's share capital totalled €354,106,228.00 and was divided into 354,106,228 no-par-value shares. Each share corresponds to one vote in the Annual General Meeting. The total number of shares granting entitlement to participate in and vote in the Annual General Meeting was therefore 354,106,228 at the time at which the meeting was convened. The company did not have any treasury shares at the time at which the meeting was convened.

#### 2. Requirements for participating in the Annual General Meeting and exercising voting rights

In accordance with Article 15.1 of the company's Articles of Association, only those shareholders who have registered with the company in good time and who are listed in the share register for the registered shares may participate in the Annual General Meeting and exercise their voting rights. Registrations must therefore be submitted to the company either to

- the address

Deutsche Annington Immobilien SE  
c/o HCE Haubrok AG  
Landshuter Allee 10  
80637 Munich  
Germany

or

- the fax number  
+49 (0) 89 210 27 288

or

- to the e-mail address  
anmeldung@hce.de

in writing (Section 126 b of the German Civil Code (BGB)) in German or in English by **24:00 (CEST) on Thursday, April 23, 2015** at the latest.

With regard to the company, pursuant to Section 67 para. 2 sent. 1 AktG, only persons listed in the share register are deemed to be shareholders. As such, the status of the share register on the day of the Annual General Meeting is authoritative in terms of an individual's right to participate and the number of voting rights attributable to an individual who is entitled to participate in the Annual General Meeting. No deletions, new entries or changes may be made to the share register on the final six days prior to the Annual General Meeting, nor on the day of the Annual General Meeting itself. In other words, no amendments may be made to the share register between 00:00 (CEST) on Friday, April 24, 2015, and 24:00 (CEST) on Thursday, April 30, 2015. The status of the share register on the day of the Annual General Meeting therefore corresponds to the status subsequent to the final amendment **at 24:00 (CEST) on Thursday, April 23, 2015** (*technical record date*).

Banks and shareholder associations and all other persons, institutes, companies or associations treated as equivalent to these pursuant to Section 135 para. 8 and Section 135 para. 10 in conjunction with Section 125 para. 5 AktG may only exercise the voting rights of shares not belonging to them but for whom

they are listed as the holder in the share register on the basis of an authorisation. Details regarding this authorisation can be found in Section 135 AktG.

Further details regarding the registration process can be found in the registration documents sent to the shareholders and on the company's website at <http://investoren.deutsche-annington.com/agn>.

Trading in shares is not blocked by registering for the Annual General Meeting. Shareholders can therefore continue to freely trade their shares once they have successfully registered. However, trading in shares can affect a shareholders' entitlement to vote as, with regard to the company, shareholders are deemed to be the persons who are listed in the share register on the day of the Annual General Meeting (see above).

### 3. Process of voting by proxy

Shareholders may also allow a proxy such as a bank, a shareholder association or some other third party, subject to power of attorney, to exercise their voting rights at the Annual General Meeting. In order to have a representative at the Annual General Meeting, shareholders must also register in good time and be listed in the share register as outlined above.

If neither a bank nor a shareholder association or equivalent persons, institutes, companies or associations pursuant to Section 135 para. 8 and Section 135 para. 10 in conjunction with Section 125 para. 5 AktG are authorised to exercise a shareholder's voting rights by proxy, the granting of the power of attorney, its revocation and evidence of power of attorney must be effected in writing.

No evidence in writing is required if proxy voting rights are awarded to banks, shareholder associations or equivalent persons, institutes, companies or associations pursuant to Section 135 para. 8 and Section 135 para. 10 in conjunction with Section 125 para. 5 AktG, but the authorised representative must be in possession of a verifiable letter of authority. Said letter must also be complete and may only contain declarations relating to the exercise of voting rights. We therefore ask that shareholders wishing to grant proxy voting rights to a bank, a shareholder association or equivalent persons, institutes, companies or associations pursuant to Section 135 para. 8 and Section 135 para. 10 in conjunction with Section 125 para. 5 AktG coordinate with their

authorised representative on the form in which they grant power of attorney.

If a shareholder appoints more than one person as their authorised representative, the company may reject one or more of said persons.

Shareholders wishing to grant power of attorney to a representative are asked to send evidence in writing of the granting of power of attorney to one of the addresses listed in item 2 above (postal address, fax number or e-mail address). The form for the granting of power of attorney is also available to download from the company's website at

<http://investoren.deutsche-annington.com/agn>

This evidence may also be presented at the entry and exit point to the Annual General Meeting on the day of the Annual General Meeting. Further details regarding the proxy appointment process can be found on the company's website at

<http://investoren.deutsche-annington.com/agn>

#### **Process of voting by company proxy:**

Additionally, as a service, the company has appointed Ms Claudia Schneckenburger and Ms Sabrina Romes, both of HCE Haubrok AG, Munich, Germany, to serve the shareholders as the company proxies, to whom shareholders can likewise grant authority to exercise their voting rights.

The company proxies are obliged to vote in accordance with their instructions; they may not exercise voting rights at their own discretion. Please note that the company proxies may only exercise voting rights with regard to the items of the agenda for which the shareholders issue clear instructions and that the company proxies may neither receive instructions for motions before nor during the Annual General Meeting. The company proxies may likewise not be requested to speak, to lodge objections to Annual General Meeting resolutions or to pose questions or file motions.

Such power of attorney with instructions for the company proxies may be granted ahead of the Annual General Meeting by means of the form for granting power of attorney provided with the registration form. A form for the granting of power of attorney is also available to download from the company's website at

<http://investoren.deutsche-annington.com/agm>

Shareholders can alternatively grant power of attorney online by using the service provided at the Internet address listed above.

The company proxies' power of attorney and the issuing of instructions to them must be submitted in writing by **24:00 (CEST) on Wednesday, April 29, 2015**. The granting of power of attorney and instructions to the aforementioned proxies provided by the company must be submitted by post, fax or electronically (by e-mail) as follows:

- To the address

Deutsche Annington Immobilien SE  
c/o HCE Haubrok AG  
Landshuter Allee 10  
80637 Munich  
Germany

or

- to the fax number  
+49 (0) 89 210 27 288

or

- to the e-mail address  
vollmacht@hce.de

or

- directly online at  
<http://investoren.deutsche-annington.com/agm>

In these cases, receipt of the power of attorney and instructions, an amendment or revocation by the company is decisive.

On the day of the Annual General Meeting, powers of attorney and instructions for the company proxies can be issued, amended or revoked in writing at the entry and exit point to the Annual General Meeting.

Instructions issued to the company proxies regarding item 2 of the agenda shall still be valid in the event that the proposal regarding the appropriation of earnings is amended due to a change in the number of shares bearing dividend rights.

If an individual vote is conducted with regard to an item of the agenda without any notification of such vote before the Annual General Meeting, the instruction granted in relation to said item of the agenda shall apply accordingly to each item of the individual vote.

A shareholder or an authorised third party attending the Annual General Meeting in person constitutes the automatic revocation of the power of attorney and instructions issued to the company proxies.

#### 4. Voting by postal ballot

Shareholders may vote by postal ballot without participating in the Annual General Meeting. When exercising voting rights by postal ballot, the following conditions must be observed:

Postal votes may be submitted, amended or revoked by contacting the company in writing at one of the addresses listed above for registrations (or by doing so directly online by using the service provided at <http://investoren.deutsche-annington.com/agm>) until **24:00 (CEST) on Wednesday, April 29, 2015**. In all of these cases, receipt of the postal vote by the company is decisive.

Please note that postal voting may only be used to vote on motions in relation to which resolution proposals from the Management Board and/or Supervisory Board pursuant to Section 124 para. 3 AktG or from shareholders pursuant to Section 124 para. 1, Section 122 para. 2 sent. 2 AktG are publicised with the convocation of the Annual General Meeting or later, or which are made public in accordance with Sections 126, 127 AktG.

Authorised banks and other equivalent persons and institutions (such as shareholder associations) pursuant to Section 135 para. 8 or 10 AktG may also avail themselves to postal voting.

Votes cast by postal ballot with regard to item 2 of the agenda shall still be valid in the event that the proposal regarding the appropriation of earnings is amended due to a change in the number of shares bearing dividend rights.

If an individual vote is conducted with regard to an item of the agenda without any notification of such vote before the Annual General Meeting, the postal vote cast in relation to said item of the agenda shall apply accordingly to each item of the individual vote.

A shareholder or an authorised representative attending the Annual General Meeting in person constitutes the automatic revocation of the postal votes already cast.

## 5. Other shareholders' rights

### a) Shareholders' motions to add items to the agenda pursuant to Article 56 sent. 2 and 3 SE-VO, Section 50 para. 2 SEAG and Section 122 para. 2 AktG

Shareholders whose shares jointly equate to one-twentieth of the share capital or to the sum of €500,000.00 (this being equivalent to 500,000 shares) may demand that items be added to the agenda and made public. This quorum is required for the agenda amendment demands of the shareholders of a European company (SE) pursuant to Article 56 sent. 3 SE-VO in conjunction with Section 50 para. 2 SEAG; Section 50 para. 2 SEAG corresponds to the rules stipulated in Section 122 para. 2 AktG.

Every new item must be submitted with justification or a resolution.

Such an amendment demand must be addressed to the Management Board in writing and must be submitted to the company at least 30 days in advance of the meeting; the date of receipt and the date of the meeting are not to be included in this calculation. The deadline for the receipt of such demands is therefore **24:00 (CEST) on Monday, March 30, 2015**. Amendment demands received later than this shall not be considered.

The shareholders in question must prove that they have been holders of company shares for at least three months prior to the Annual General Meeting and that they shall continue to be the holders of the shares up to the time at which a decision is made regarding the announcement of the amendment demand (Section 122 para. 2 AktG in conjunction with Section 122 para. 1 sent. 3 and Section 142 para. 2 sent. 2 AktG).

We ask that any amendment demands be submitted to:

Deutsche Annington Immobilien SE  
- Management Board -  
Philippstrasse 3  
44803 Bochum  
Germany

Amendments to the agenda that are to be publicised shall be published in the Federal Gazette immediately after receipt and shall be forwarded to such media outlets for publication that may be expected to publish the information throughout the European Union. They shall also be published on the company website at <http://investoren.deutsche-annington.com/agm> and the shareholders shall be notified of them pursuant to Section 125 para. 1 sent. 3 AktG.

### b) Shareholders' countermotions pursuant to Section 126 AktG

Every shareholder has the right to file a countermotion in the Annual General Meeting in relation to specific items of the agenda to contest proposals made by the Management Board and/or Supervisory Board. Countermotions must be submitted with a justification.

Countermotions received by the company at the address below at least 14 days prior to the Annual General Meeting, with the day of receipt and the date of the meeting not being included in this calculation, in other words by **24:00 (CEST) on Wednesday, April 15, 2015** at the latest, shall be immediately published on the company's website at <http://investoren.deutsche-annington.com/agm> together with the shareholder's name, their justification and any statement made by the management (cf. Section 126 para. 1 sent. 3 AktG).

Section 126 para. 2 AktG stipulates reasons that might warrant a countermotion and its justification not being published on the company's website. These are outlined on the company's website at <http://investoren.deutsche-annington.com/agm>. A justification can, in particular, be excluded from publication if it is more than 5,000 characters.

Countermotions must be submitted together with their justifications to the following address only:

Deutsche Annington Immobilien SE  
- Legal -  
Philippstrasse 3  
44803 Bochum  
Germany  
Fax: +49 (0) 234 314 1508  
E-mail: [Hauptversammlung@deutsche-annington.com](mailto:Hauptversammlung@deutsche-annington.com)

Counter motions sent to any other address will not be published.

Counter motions are only filed if filed during the Annual General Meeting. The right of every shareholder to file counter motions regarding the various items of the agenda during the Annual General Meeting without submitting these to the company in advance within a stipulated deadline remains unaffected.

**c) Shareholders' appointment proposals pursuant to Section 127 AktG**

Every shareholder has the right to make proposals regarding the appointment of the auditors (item 6 of the agenda) and the appointment of members of the Supervisory Board (items 7b) to h) of the agenda) during the Annual General Meeting.

Shareholders' appointment proposals received by the company at the address below at least 14 days prior to the Annual General Meeting, with the day of receipt and the date of the meeting not being included in this calculation, in other words by **24:00 (CEST) on Wednesday, April 15, 2015** at the latest, shall be published on the company's website at <http://investoren.deutsche-annington.com/agm> immediately. Shareholders' appointment proposals need not be made public if they do not include the name, the profession and the place of residence of the individual being put forward. Appointment proposals need not be justified.

Other reasons are stipulated in Section 127 para. 1 AktG in conjunction with Section 126 para. 2 and Section 127 sent. 3 in conjunction with Section 124 para. 3 sent. 4 and Section 125 para. 1 sent. 5 AktG for why appointment proposals might not be to be published on the company's website. These are outlined on the company's website at <http://investoren.deutsche-annington.com/agm>.

Appointment proposals must be submitted to the following address:

Deutsche Annington Immobilien SE

- Legal -

Philippstrasse 3

44803 Bochum

Germany

Fax: +49 (0) 234 314 1508

E-mail: [Hauptversammlung@deutsche-annington.com](mailto:Hauptversammlung@deutsche-annington.com)

Appointment proposals sent to any other address will not be published.

**d) Shareholders' rights to information**

Pursuant to Section 131 para. 1 AktG, the Management Board must, upon request, provide the shareholders with information at the Annual General Meeting regarding the company's affairs insofar as such information is necessary for the proper assessment of an item of the agenda. This obligation to provide information on the part of the Management Board applies equally to the company's legal and business relations with an affiliated company, the Group's situation and the companies included in the consolidated financial statements.

Under certain circumstances outlined in Section 131 para. 3 AktG, the Management Board may refuse to disclose information. Details regarding the conditions pursuant to which the Management Board is entitled to refuse to disclose information can be found on the company's website at <http://investoren.deutsche-annington.com/agm>.

## 6. Publication on the website/availability at the business premises/supplementary information pursuant to Section 124a AktG

The following documents in particular will be available on the company's website at <http://investoren.deutsche-annington.com/agm> together with this invitation to the Annual General Meeting from the time at which the meeting is convened:

Regarding items 1 and 2 of the agenda:

- The adopted annual financial statements and the consolidated financial statements as approved by the Supervisory Board as at December 31, 2014, the management report for the company and the Group including the Supervisory Board report for the 2014 financial year and the Management Board's explanatory report as at December 31, 2014, regarding disclosures pursuant to Section 289 para. 44 and 5 and Section 315 para. 4 HGB.

Regarding item 9 of the agenda:

- Management Board report regarding item 9 (Resolution regarding the creation of Authorised Capital 2015 with the possibility of excluding shareholders' subscription rights and correspondingly including a new Article 5a in the Articles of Association and regarding the cancellation of the Authorised Capital 2014 and the existing Article 5a of the Articles of Association)
- Management Board report on the partial utilisation of the Authorised Capital 2013 against contributions in kind subject to the exclusion of subscription rights in February/October 2014 in relation the acquisition of a property portfolio from the Vitus Group
- Management Board report on the partial utilisation of the Authorised Capital 2014 against cash contributions subject to the exclusion of shareholders' subscription rights in October/November 2014.
- Management Board report on the partial utilisation of the Authorised Capital 2013 and the partial utilisation of the Authorised Capital 2014, both subject to the exclusion of shareholders' subscription rights, in December 2014 and March 2015 in relation to the company's takeover offer presented to the shareholders of GAGFAH S.A.

- Management Board report on the partial utilisation of the Authorised Capital 2013 subject to the exclusion of shareholders' subscription rights in December 2014 and February 2015 in relation to the sell-out right of the GAGFAH S.A. shareholders as part of the company's takeover offer presented to the shareholders of GAGFAH S.A.

Regarding item 10 of the agenda:

- Management Board report regarding item 10 of the agenda (Resolution regarding the granting of a new authorisation to issue convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations thereof) with the option of excluding subscription rights, regarding the creation of Conditional Capital 2015 and the corresponding addition of a new Article 6 to the Articles of Association and regarding cancellation of the existing authorisation to issue convertible bonds and warrant bonds and of the existing Conditional Capital 2013 (Article 6 of the Articles of Association))

This invitation to the Annual General Meeting, the legally required disclosures and explanations and the aforementioned documents will also be available during the Annual General Meeting on Thursday, April 30, 2015. The legal obligation to also make this information available on the company's website is met by the documents being made available at <http://investoren.deutsche-annington.com/agm>.

Any shareholders' counter motions, appointment proposals or amendment demands subject to mandatory publication and received by the company within the deadlines stated above shall likewise be published on the above-mentioned website.

This invitation to the Annual General Meeting together with the legally required disclosures and explanations were forwarded to such media outlets for publication that may be expected to publish the information throughout the European Union.

Düsseldorf, March 2015

Deutsche Annington Immobilien SE  
The Management Board









Van der Valk Airporthotel  
Am Hülserhof 57  
40472 Düsseldorf  
Germany

**Arrival by public transport:**

Düsseldorf central station, on Konrad-Adenauer-Platz, is in the middle of the city centre, 9 km from the hotel. Depending on the time and day, travel by public transport from the station to the hotel takes between 25 and 40 minutes. At the central station, take the S1 suburban railway in the direction of Dortmund, alighting at Düsseldorf-Derendorf, before taking bus 758 in the direction of Tiefenbroich, Friedhof. Get off the bus at “Am Hülserhof”.

**Arrival by car:**

Leave the A52 motorway at the Düsseldorf-Rath junction (21). Bear left at the exit onto Theodorstraße. After 800 m, turn left into “Am Hülserhof”. The hotel is located approximately 300 m further down on the right-hand side. There is free parking available for you there.



Van der Valk  
Airporthotel  
Am Hülserhof 57  
40472 Düsseldorf  
Germany

Deutsche Annington Immobilien SE

Philippstraße 3 · 44803 Bochum

Tel.: 0234 314-0

Fax: 0234 314-1314

[www.deutsche-annington.com](http://www.deutsche-annington.com)

