

## **Report of the Management Board on agenda item 15 (authorisation to acquire own shares)**

The authorisation to acquire own shares, which the Annual General Meeting resolved on 17 May 2017 under agenda item 8, is limited until 16 May 2022. It will therefore have expired at the time of the Annual General Meeting in 2022.

In order to continue to be in a position to acquire treasury shares in the future, the Management Board and the Supervisory Board consider it appropriate to revoke the currently existing authorisation and to once again enable the Company, in accordance with standard corporate practice, to acquire and use treasury shares pursuant to Section 71 para. 1 no. 8 AktG. With the new authorisation to acquire and use own shares, the Company shall again be able to acquire and use shares in the amount of up to 10 % of the share capital during a period of five years and thus use the legal framework for such authorisations. In this context, the new authorisation shall essentially correspond to the currently existing authorisation pursuant to Section 71, para.1, no. 8 AktG to acquire treasury shares.

### Acquisition of own shares

With the new authorisation to acquire and use treasury shares, the Company shall be able for five years, i.e. until 18 May 2027 (inclusive), to acquire treasury shares up to a total of 10% of the share capital existing at the time of the resolution. In this context, the shares acquired on the basis of this authorisation, together with other shares of the Company which the Company has already acquired and still holds or which are attributable to it pursuant Section 71d and Section 71e AktG, may at no time account for more than 10% of the share capital. This is to enable the Company to exhaust the legal framework for such authorisations. The acquisition of treasury shares may be effected as a purchase on the stock exchange, by means of a public purchase offer addressed to all shareholders or by means of a public invitation to all shareholders of the Company to submit offers for sale or by means of granting tender rights. The authorisation may be exercised by the Company itself or by companies in which the Company holds a majority interest or by third parties acting for its or their account.

When acquiring own shares, the principle of equal treatment of shareholders of Section 53a AktG must be observed. The proposed acquisition via the stock exchange, by means of a public purchase offer addressed to all shareholders or by means of a public invitation to all shareholders to submit offers for sale, for which, subject to the possibility of excluding the right to tender described below, the principle of equal treatment of shareholders must also be observed, or by means of granting tender rights takes this principle into account. If the number of LEG shares tendered for purchase exceeds the total volume earmarked by the Company for purchase, the purchase excluding the shareholders' tender rights may be made in proportion to the number of LEG shares tendered per shareholder instead of in proportion to the percentage of shares held, in order to simplify the allocation procedure. This simplification is also served by the possibility of giving preferential consideration to small numbers of up to 50 tendered shares per shareholder and rounding according to commercial principles. Any further right of the shareholders to tender shares is excluded to this extent. The purchase offer may provide for further conditions.

The authorisation also includes the use of treasury shares, which is described in more detail below, in particular insofar as it is associated with an exclusion of shareholders' subscription rights.

## Use of own shares

The shares acquired on the basis of the proposed authorisation may be used for any legally permissible purpose, in particular also for the following purposes:

### Disposal of the shares

The treasury shares acquired by the company may be sold via the stock exchange or by means of an offer to all shareholders. In this way, the principle of equal treatment of shareholders is satisfied when selling the shares. In addition, the Management Board shall be able, with the consent of the Supervisory Board, to sell acquired treasury shares for cash, excluding shareholders' subscription rights, in a manner other than through the stock exchange or through an offer to all shareholders, for example, to one or more institutional investors or to tap into new groups of investors. The prerequisite for such a sale is that the sale price is not significantly lower than the stock market price of a LEG share. The possibility of selling repurchased treasury shares for cash while excluding shareholders' subscription rights serves the Company's interest in achieving the best possible price when selling treasury shares. The exclusion of the subscription right enables a placement close to the stock exchange price, so that the usual discount for subscription right issues does not apply. Compared to a staggered sale of the shares on the stock exchange, this procedure leads to an immediate inflow of funds and avoids the uncertainties of future stock market developments for the total purchase price received. The company is put in a position to take advantage of opportunities that arise quickly, flexibly and cost-effectively within the framework of the respective stock market situation. The arithmetical share of the share capital attributable to the shares sold under such simplified exclusion of subscription rights may not exceed a total of 10% of the share capital at the time the resolution is adopted by the Annual General Meeting or - if this value is lower - at the time the authorisation is exercised; the authorisation volume shall be reduced by the pro rata amount of the share capital attributable to shares or to which option and/or conversion rights or obligations from financing instruments relate. The authorisation volume shall be reduced by the proportionate amount of the share capital attributable to shares or to which option and/or conversion rights or obligations from financing instruments relate, which have been issued or sold since the granting of this authorisation with the exclusion of subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG. By orienting the selling price to the stock exchange price, the idea of protection against dilution is taken into account, and the asset and voting right interests of the shareholders are adequately safeguarded. When determining the final selling price, the management will endeavour - taking into account the current market conditions - to keep any discount from the stock exchange price as low as possible.

In principle, the shareholders have the option of maintaining their shareholding quota by purchasing LEG shares on the stock exchange at comparable conditions, while the Company is given further room for manoeuvre in the interests of the shareholders.

It shall also be possible for the Management Board, with the consent of the Supervisory Board, to use treasury shares to third parties in the context of business combinations or in the context of the acquisition of companies, parts of companies or interests in companies or other assets and receivables eligible for contribution against the Company or companies in which the Company holds a majority interest. The authorisation proposed for this reason is intended to strengthen LEG Immobilien SE in the competition for interesting acquisition objects and to enable it to react quickly, flexibly and in a liquidity-preserving manner to opportunities that arise to acquire such

assets using treasury shares. The proposed exclusion of shareholders' subscription rights takes this into account. The decision as to whether and to what extent treasury shares or shares from authorised capital are used as acquisition currency in individual cases shall be made by the Management Board with the consent of the Supervisory Board, whereby the Management Board and the Supervisory Board shall be guided exclusively by the interests of the shareholders and the Company. When determining the valuation ratios, the Management Board will ensure that the interests of the shareholders are adequately protected. In doing so, the Management Board will take into account the stock market price of the LEG share. However, a schematic link to a stock exchange price is not in the interest of the Company, in particular so that negotiation results once achieved cannot be called into question again by fluctuations in the stock exchange price.

#### Fulfilment of acquisition obligations or acquisition rights to LEG shares

In addition, the Company shall also be able to use treasury shares to service or secure acquisition obligations or acquisition rights to LEG shares, in particular arising from and in connection with convertible bonds/warrant bonds issued or, as the case may be, to be issued in the future by the Company or companies in which the Company holds a majority interest. The Management Board will give due consideration to the interests of the shareholders when deciding whether to issue treasury shares or new shares when servicing such purchase obligations or purchase rights. The same shall apply when deciding whether convertible bonds / bonds with warrants shall be serviced - if necessary also exclusively - with treasury shares. In all such cases, the subscription right of the shareholders is excluded. This also applies to the granting of a form of protection against dilution customary in the market, insofar as the holders or creditors of conversion / option rights to shares in the Company or corresponding conversion / option obligations in the case of subscription right issues of the Company are granted subscription rights to shares to the extent to which they would be entitled after exercising these rights or fulfilling these obligations. The arithmetical portion of the share capital attributable to the shares sold under such simplified exclusion of subscription rights may not exceed a total of 10% of the share capital at the time the resolution is adopted by the general meeting or - if this value is lower - at the time the shares are sold; the authorisation volume shall be reduced by the pro rata amount of the share capital attributable to shares or to which option and/or conversion rights or obligations from financing instruments relate. -The authorisation volume shall be reduced by the proportionate amount of the share capital attributable to shares or to which option and/or conversion rights or obligations from financing instruments relate, which have been issued or sold since the granting of this authorisation with the exclusion of subscription rights in direct or analogous application of Section 186 para. 3 sentence 4 AktG.

Furthermore, the Management Board, with the consent of the Supervisory Board, shall be able to exclude the subscription right for fractional amounts in the event of a sale of treasury shares by public offer to all shareholders in order to facilitate the settlement.

#### Redemption of shares

Finally, the Management Board shall be authorised, with the consent of the Supervisory Board, to redeem own shares acquired on the basis of the proposed authorisation without a new resolution of the Annual General Meeting. The redemption may also be effected without a capital reduction, so that the proportionate amount of the remaining no-par value shares in the share capital

increases. In this case, the Management Board shall be authorised to adjust the number of no-par value shares in the Articles of Association.

The Management Board will report to the next Annual General Meeting on each use of the authorisation.