

**ERWE Real Estate AG**

**Frankfurt am Main**

ISIN DE000A1X3WX6

WKN A1X3WX

**Invitation to the Annual General Meeting 2019**

Dear Shareholders,  
Dear shareholders,

We hereby invite you to the Annual General Meeting of ERWE Immobilien AG on 13 June 2019, at 10:00 a.m., at "Herriot's", Herriotstraße 1, 60528 Frankfurt am Main.

**Agenda**

- 1. Presentation of the adopted annual financial statements, the management report, the report of the Supervisory Board and the explanatory report of the Executive Board on the disclosure pursuant to Sections 289a (1), 315a (1) of the German Commercial Code (HGB), in each case for the financial year 2018**

The Supervisory Board has already approved the annual financial statements prepared by the Management Board and thus adopted the annual financial statements. There is therefore no need for adoption by the Annual General Meeting. The annual financial statements and management report, the report of the Supervisory Board and the report of the Executive Board with the explanations of the information required under takeover law to be made available to the Annual General Meeting without a resolution being required under the German Stock Corporation Act. These documents can be downloaded from the Internet at

<http://www.erwe-ag.com> in the "Investor Relations/Annual General Meeting" area

can be viewed at the Annual General Meeting. They will also be available at the Annual General Meeting, where they will be explained in more detail.

- 2. resolution on the discharge of the Management Board for the financial year 2018**

The Executive Board and the Supervisory Board propose that the following resolution be adopted:

The actions of the members of the Management Board in office during the 2018 financial year are hereby approved.

- 3. resolution on the discharge of the Supervisory Board for the financial year 2018**

The Executive Board and the Supervisory Board propose that the following resolution be adopted:

The actions of the members of the Supervisory Board who were in office in fiscal year 2018 are hereby ratified for that fiscal year.

- 4. Selection of the auditor of the annual financial statements and the auditor of the consolidated financial statements for the fiscal year 2019 as well as the auditor for a review of the half-year financial report, if any**

The Supervisory Board proposes that the following resolution be adopted:

The auditing firm Ebner Stolz GmbH & Co KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, is elected as auditor of the financial statements and auditor of the consolidated financial statements for the fiscal year 2019 as well as auditor for a possible audit review of the half-year financial report in the fiscal year 2019.

## **5. amendment to the Articles of Association to increase the remuneration of the Supervisory Board**

As a result of the newly introduced business model and the company's accelerated growth course, the demands on the Supervisory Board have increased significantly. Against this background, the current very moderate remuneration of the Supervisory Board no longer appears appropriate. It shall therefore be increased to EUR 20,000 for an ordinary member of the Supervisory Board, to EUR 40,000 for the Chairman of the Supervisory Board and to EUR 30,000 for the Deputy Chairman of the Supervisory Board.

The Executive Board and the Supervisory Board therefore propose that the following resolution be adopted:

Section 13 (1) sentence 1 of the Articles of Association shall be replaced as follows:

"The members of the Supervisory Board shall receive remuneration in the amount of EUR 20,000 for each full financial year of their membership of the Supervisory Board."

Section 13 of the Articles of Association remains unchanged in all other respects.

## **6. resolution on the authorization to acquire and use treasury shares in accordance with section 71 (1) no. 8 of the AktG with the option to exclude the subscription right and any right to offer shares and to cancel treasury shares**

In order to enable the Company to acquire and sell treasury shares (e.g. as acquisition currency), a corresponding authorization to acquire and use treasury shares is to be resolved.

The Executive Board and the Supervisory Board therefore propose that the following resolution be adopted:

- a) The Executive Board is authorized, with the consent of the Supervisory Board, to acquire treasury shares of the Company up to a total of 10% of the Company's share capital existing at the time the resolution is adopted. The authorization shall take effect at the end of the Annual General Meeting on June 13, 2019 and shall be valid up to and including June 12, 2024. The authorization may be exercised in whole or in partial amounts, on one or more occasions. It may also be exercised by Group companies or by third parties acting for the account of the Company or a Group company.

The acquired shares, together with other treasury shares that the Company has already acquired and still holds or that are attributable to it in accordance with sections 71a et seq. of the AktG, may at no time account for more than 10% of the Company's share capital. The Company may not use the authorization for the purpose of trading in treasury shares.

The acquisition of treasury shares may, at the Company's discretion, be effected on the stock exchange or by means of a public purchase offer addressed to all shareholders:

- (i) If the treasury shares are acquired on the stock exchange, the consideration per share paid by the Company (excluding incidental acquisition costs) may not be more than 10% higher or lower than the average closing price of the Company's shares in XETRA trading (or a comparable successor system) of Deutsche Börse AG on the last five stock exchange trading days prior to the date of acquisition or the date on which the obligation to acquire the shares is entered into.

- (ii) If the acquisition is effected by means of a public purchase offer of the Company addressed to all shareholders, the purchase price offered or the limits of the purchase price range offered per share (excluding incidental costs of acquisition) may not be more than 10% higher or lower than the closing price of the Company's share in XETRA trading (or a comparable successor system) of Deutsche Börse AG on the fourth trading day prior to the date of publication of the offer. The volume of the offer may be limited. If the total number of shares offered for purchase by the shareholders exceeds this volume, acceptance will be in proportion to the shares offered for purchase. Provision may be made for preferential acceptance of small numbers of up to 100 shares offered for purchase per shareholder and for rounding in accordance with commercial principles to avoid fractional shares. Any further right of shareholders to tender shares is excluded in this respect.
- b) The Executive Board is authorized, subject to the consent of the Supervisory Board, to use shares of the Company acquired by virtue of the above authorization for the following purposes in addition to their sale on the stock exchange or by way of an offer to all shareholders, while disapplying the preemptive rights of shareholders:
  - (i) for sale against contribution in kind, insofar as this is done for the purpose of acquiring companies, parts of companies, participations in companies or other assets or for the purpose of carrying out company mergers;
  - (ii) to sell them for cash, provided that this is done at a price that is not significantly lower than the stock market price of the Company's shares at the time of the sale. This authorization is limited to a total of no more than 10% of the Company's share capital at the time the resolution on this authorization is adopted by the Annual General Meeting or - if this value is lower - to 10% of the share capital at the time the shares are sold. The authorization volume shall be reduced by the pro rata amount of the Company's share capital attributable to shares or to which option or conversion rights or obligations relate from bonds that have been issued or sold since this authorization was granted with the exclusion of shareholders' subscription rights in direct or analogous application of Section 186 (3) sentence 4 AktG;
  - (iii) to issue shares to employees and members of the Executive Board of the Company, insofar as they are to be used to service subscription rights to shares in the Company granted to employees and members of the Executive Board of the Company. To the extent that treasury shares are to be transferred to members of the Company's Executive Board in this context, the Company's Supervisory Board shall decide;
  - (iv) to meet the obligations under securities loans/securities borrowed for the purpose of issuing shares to employees and members of the Management Board of the Company in accordance with clause (iii) above;
  - (v) to fulfil option and/or conversion rights or obligations arising from bonds with warrants and/or convertible bonds issued by the Company or its Group companies and/or to grant subscription rights to treasury shares to holders or creditors of bonds with warrants and/or convertible bonds issued by the Company or its Group companies to the extent to which they would be entitled as shareholders after exercising an option or conversion right granted to them or after fulfilling an option or conversion obligation and which may be offered to them for the purpose of protection against dilution in accordance with the bond or option terms and conditions;
  - (vi) for fractional amounts in the event of the sale of treasury shares as part of an offer for sale to all shareholders.
- c) The Executive Board is further authorized, with the consent of the Supervisory Board, to redeem all or a portion of the Company's treasury shares without such redemption or its implementation requiring a further resolution of the General Meeting. The Company's own

shares may also be redeemed in accordance with Section 237 (3) no. 3 AktG in a simplified procedure without a capital reduction by adjusting the proportionate amount of the share capital attributable to one share. In this case, the Executive Board is authorized to adjust the number of no-par value shares in the Articles of Association.

(d) The authorisations under points (b) and (c) may be exercised once or several times, in whole or in part, individually or jointly.

**Report of the Executive Board pursuant to section 71 (1) no. 8 sentence 5 in conjunction with. Section 186 (4) sentence 2 AktG on agenda item 6 on the reasons for the exclusion of shareholders' subscription rights when using treasury shares and for the exclusion of any tender rights:**

The Company currently no longer has any authorization to acquire treasury shares. Item 6 of the agenda accordingly proposes to the Annual General Meeting that the Executive Board be authorized pursuant to Section 71 (1) No. 8 AktG, with the consent of the Supervisory Board, to acquire treasury shares of up to 10% of the Company's share capital existing at the time the resolution is adopted by the Annual General Meeting.

On the basis of the proposed authorization, treasury shares may be acquired either on the stock exchange or by means of a public purchase offer addressed to all shareholders. If treasury shares are acquired by means of a public purchase offer addressed to all shareholders, the proposed authorization stipulates that, if the total number of shares offered for acquisition (tendered) exceeds a volume determined by the Executive Board, the shares are to be acquired in proportion to the number of shares tendered (tender ratios). Only if, in principle, an acquisition can be made according to tender quotas instead of shareholding quotas, can the acquisition procedure be technically handled within an economically reasonable framework. In addition, it should be possible to provide for preferential acceptance of small lots of up to 100 tendered shares per shareholder. This possibility serves, on the one hand, to avoid small residual holdings and a possible resulting de facto disadvantage for small shareholders. On the other hand, it also serves to simplify the technical processing of the acquisition procedure. Finally, it should be possible to provide for rounding according to commercial principles in all cases in order to avoid arithmetical fractions of shares. In this respect, the acquisition quota and/or the number of shares to be acquired by the individual tendering shareholder may be rounded in accordance with commercial principles as necessary to represent the acquisition of whole shares in terms of processing. In the aforementioned cases, the exclusion of any further tender rights is necessary and, in the opinion of the Executive Board and the Supervisory Board, justified for the aforementioned reasons and reasonable for the shareholders.

According to the proposed resolution, the Executive Board is authorized, subject to the consent of the Supervisory Board, to use, and in particular to sell, the treasury shares in part excluding the shareholders' subscription rights. The sale of treasury shares is to be able to take place in the following cases and for the following reasons with the exclusion of shareholders' subscription rights:

- It should be possible to exclude shareholders' subscription rights in the event of the sale of treasury shares in return for non-cash contributions, insofar as this is done for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, or for carrying out business combinations. International competition and the globalization of the economy increasingly require this form of acquisition financing. The authorization proposed here is therefore intended to grant the Company the necessary flexibility to be able to quickly and flexibly take advantage of opportunities that arise to carry out corresponding acquisitions of companies or interests in companies or the acquisition of other assets. There are currently no concrete plans to make use of this authorization. When determining the valuation ratios, the Executive Board will ensure that the interests of the shareholders are adequately protected. As a rule, it will base its assessment of the value of the shares given as consideration on their stock market price. However, a schematic link to a stock exchange price is not envisaged, in particular in order not to jeopardize negotiation results once they have been achieved due to fluctuations in the stock exchange price.
- The proposed resolution further provides that the Executive Board may also sell the treasury shares in a manner other than on the stock exchange or by way of an offer to all shareholders

against payment in cash, provided that this is done at a price that is not significantly lower than the stock exchange price of the Company's share at the time of the sale. This authorization makes use of the option to simplify the exclusion of subscription rights permitted by section 71 (1) no. 8 AktG in analogous application of section 186 (3) sentence 4 AktG. This authorization enables the Company to respond at short notice to offers or requests for investments from investors that serve the Company's business purpose. In the interest of expanding the Company's shareholder base, this is intended in particular to create the opportunity to offer shares in the Company to institutional investors in Germany and abroad and/or to tap into new groups of investors.

- The asset and voting right interests of the shareholders are adequately protected in this context. The authorization to exclude subscription rights by analogous application of Section 186 (3) sentence 4 AktG is limited to a maximum of 10% of the Company's share capital at the time the resolution on this authorization is adopted by the Annual General Meeting or - if this value is lower - to 10% of the share capital at the time the shares are sold. The authorization volume shall be reduced by the pro rata amount of capital stock represented by shares or to which option or conversion rights or obligations under bonds relate that have been issued or sold since the granting of this authorization under exclusion of shareholders' subscription rights in direct or analogous application of Section 186 (3) sentence 4 AktG. The offsetting ensures that acquired treasury shares are not sold under exclusion of subscription rights in accordance with section 186 (3) sentence 4 AktG if this would result in the exclusion of shareholders' subscription rights for a total of more than 10% of the share capital in direct or corresponding application of section 186 (3) sentence 4 AktG.
- The asset interests of the shareholders and the concept of protection against dilution are also taken into account by the fact that the sale may only take place at a price that is not significantly lower than the stock market price, applying section 186 (3) sentence 4 of the AktG mutatis mutandis. The final determination of the selling price for the treasury shares will be made shortly before the sale. In doing so, the Executive Board will endeavor - taking into account current market conditions - to keep any discount on the stock market price as low as possible.
- Furthermore, the Executive Board is to be authorized to use the acquired treasury shares to service subscription rights to shares in the Company granted to employees and members of the Executive Board of the Company. The proposed exclusion of shareholders' subscription rights primarily serves the purpose of being able to make use of this possibility in the future. To the extent that treasury shares are to be issued to members of the Executive Board in this context, the Supervisory Board of the Company shall decide in accordance with the allocation of responsibilities under stock corporation law.
- In order to facilitate the processing of the issue of shares to employees and members of the Executive Board of the Company to service subscription rights to shares in the Company granted to them, the Company is also to be enabled to procure the shares required for this purpose also by means of securities loans/securities borrowings and, if necessary, to use treasury shares also to satisfy the lenders'/borrowers' claims for repayment.
- In addition, the Executive Board is to be authorized to use treasury shares to satisfy option and/or conversion rights or obligations of holders or creditors under bonds with warrants and/or convertible bonds issued by the Company or its Group companies. The proposed exclusion of shareholders' subscription rights is intended to enable the Company to decide flexibly whether, when exercising these rights or obligations, it wishes to grant new shares from conditional capital, treasury shares acquired on the basis of the proposed authorization resolution, or a cash settlement. Whether and to what extent the authorization to use treasury shares is exercised or new shares from conditional capital or a cash settlement is granted will be decided by the Company in each case taking into account the current market and liquidity situation in the interest of the shareholders and the Company. In doing so, it will also take into account other possibilities for the use of any treasury shares acquired.
- In addition, the authorization creates the possibility to exclude the shareholders' subscription right in favor of the holders of option and/or convertible bonds in order to offer the shares to the holders or creditors of already existing option or conversion rights or obligations in accordance

with the respective option or bond conditions for the purpose of protection against dilution. This has the advantage that the option or conversion price for the holders of existing option or conversion rights or obligations does not have to be reduced in accordance with the option or bond terms and conditions in order to ensure the protection against dilution of the holders or creditors of these rights or obligations provided for therein.

- The Executive Board is also to be authorized to exclude shareholders' subscription rights for fractional amounts in the event of a sale of treasury shares in connection with an offer for sale to the Company's shareholders. The possibility of excluding subscription rights for fractional amounts serves to represent a technically feasible subscription ratio. The treasury shares excluded from the shareholders' subscription rights as fractional shares are either sold on the stock exchange or otherwise disposed of in the best possible way for the Company. The possible dilution effect is low due to the restriction to fractional amounts.
- Finally, the Company should be able to redeem treasury shares without a new resolution by the General Meeting. This should also be possible without the cancellation being accompanied by a capital reduction. A redemption of treasury shares without a capital reduction will increase the pro rata amount of capital stock per share attributable to the remaining no-par value shares without further ado, and the number of no-par value shares into which the capital stock is divided will change. The Executive Board is therefore to be authorized to make the necessary amendments to the Articles of Association as a result of this change. The law expressly provides for the possibility of such an authorization in Section 237 (3) no. 3 AktG.

Having considered all of the aforementioned circumstances, the Executive Board and the Supervisory Board consider the exclusion of the subscription right in the aforementioned cases to be necessary and appropriate in the interests of the Company and, for the reasons set out above, both objectively justified and reasonable vis-à-vis the shareholders.

The Executive Board will exercise the authorization with the consent of the Supervisory Board. The terms and conditions will be determined in due course in such a way that, taking into account the respective circumstances, the interests of the shareholders and the interests of the Company are adequately safeguarded. The Executive Board will report to the Annual General Meeting on the details of any use of the authorization to repurchase treasury shares or on their use.

## **7. Resolution on the creation of new authorized capital with authorization to exclude subscription rights and corresponding amendment to the Articles of Association**

In order to enable the Company to flexibly take advantage of opportunities to raise equity capital, authorized capital is to be created.

The Executive Board and the Supervisory Board therefore propose that the following resolution be adopted:

- a) The Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company on one or more occasions on or before June 12, 2024 by up to a total of EUR 8,000,000.00 against cash contributions and/or contributions in kind by issuing new no-par value bearer shares (Authorized Capital 2019). The shareholders are generally to be granted subscription rights. The statutory subscription right may also be granted in such a way that the new shares are underwritten by a syndicate of banks with the obligation to offer them indirectly to the shareholders for subscription within the meaning of Section 186 (5) AktG. However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:
  - (i) to the extent necessary to offset fractional amounts arising from the subscription ratio;
  - (ii) if the capital increase is effected against cash contributions and the pro rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not exceed a total of 10% of the share capital, either at the

time this authorization becomes effective or - if this amount is lower - at the time it is exercised. In this context, the issue price of the new shares may not be significantly lower, within the meaning of Sections 203 (1) and (2) and 186 (3) sentence 4 of the German Stock Corporation Act, than the stock market price of the shares of the same class and with the same rights that are already listed at the time the issue price is finally fixed. Shares issued or to be issued to service convertible bonds or bonds with warrants shall be counted towards the maximum limit of 10 % of the share capital, provided that these bonds were issued during the term of the authorized capital in analogous application of § 186 (3) sentence 4 AktG with the exclusion of subscription rights. Furthermore, those treasury shares of the Company are to be counted towards the maximum limit of 10 % of the share capital which are sold during the term of the authorised capital with the exclusion of shareholders' subscription rights in accordance with Sections 71 (1) No. 8 Sentence 5, 186 (3) Sentence 4 AktG;

- (iii) in the case of capital increases against contributions in kind for the purpose of granting shares for the acquisition of enterprises, parts of enterprises or interests in enterprises as well as other assets;
- (iv) to the extent necessary to grant the holders of conversion or option rights or corresponding obligations under convertible bonds or bonds with warrants issued by the Company subscription rights to new shares in the Company to compensate for dilution to the extent to which they would be entitled as shareholders after exercising the conversion or option rights or after fulfilling the conversion obligation;
- (v) to issue employee shares to employees and pensioners and, as part of the variable Executive Board remuneration determined by the Supervisory Board, to the Executive Board of the Company and its affiliated companies.

The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details of the implementation of the capital increase. The Supervisory Board is authorized to adjust § 4 (1) and (4) of the Articles of Association in accordance with the respective utilization of the authorized capital and to cancel § 4 (4) of the Articles of Association in the event that the authorized capital expires.

(b)The following new Article 4(4) of the Articles of Association shall be created:

- ("(4) The Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company on one or more occasions on or before June 12, 2024 by up to a total of EUR 8,000,000.00 against cash contributions and/or contributions in kind by issuing new no-par value bearer shares (Authorized Capital 2019). The shareholders are generally to be granted subscription rights. The statutory subscription right may also be granted in such a way that the new shares are underwritten by a syndicate of banks with the obligation to offer them indirectly to the shareholders for subscription within the meaning of Section 186 (5) AktG. However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' statutory subscription rights in the following cases:
  - (i) to the extent necessary to offset fractional amounts arising from the subscription ratio;
  - (ii) if the capital increase is effected against cash contributions and the pro rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not exceed a total of 10% of the share capital, either at the time this authorization becomes effective or - if this amount is lower - at the time it is exercised. In this context, the issue price of the new shares may not be significantly lower, within the meaning of Sections 203 (1) and (2) and 186 (3) sentence 4 of the German Stock Corporation Act, than the stock market price of the shares of the same class and with the same rights that are already listed at the time the issue price is finally fixed. Shares

issued or to be issued to service convertible bonds or bonds with warrants shall be counted towards the maximum limit of 10 % of the share capital, provided that these bonds were issued during the term of the authorized capital in analogous application of § 186 (3) sentence 4 AktG with the exclusion of subscription rights. Furthermore, those treasury shares of the Company are to be counted towards the maximum limit of 10 % of the share capital which are sold during the term of the authorised capital with the exclusion of shareholders' subscription rights in accordance with Sections 71 (1) No. 8 Sentence 5, 186 (3) Sentence 4 AktG;

- (iii) in the case of capital increases against contributions in kind for the purpose of granting shares for the acquisition of enterprises, parts of enterprises or interests in enterprises as well as other assets;
- (iv) to the extent necessary to grant the holders of conversion or option rights or corresponding obligations under convertible bonds or bonds with warrants issued by the Company subscription rights to new shares in the Company to compensate for dilution to the extent to which they would be entitled as shareholders after exercising the conversion or option rights or after fulfilling the conversion obligation;
- (v) to issue employee shares to employees and pensioners and, as part of the variable Executive Board remuneration determined by the Supervisory Board, to the Executive Board of the Company and its affiliated companies.

The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details of the implementation of the capital increase. The Supervisory Board is authorized to adjust § 4 (1) and (4) of the Articles of Association in accordance with the respective utilization of the authorized capital and to cancel § 4 (4) of the Articles of Association in the event that the authorized capital expires."

**Report of the Executive Board pursuant to section 203 (2) sentence 2 in conjunction with section 186 (4) sentence 2 AktG on agenda item 7. Section 186 (4) sentence 2 AktG on agenda item 7 on the reasons for the exclusion of subscription rights**

Pursuant to section 203 (2) AktG in conjunction with section 186 (4) sentence 2 AktG, the Executive Board has submitted a written report on agenda item 7. Section 186 (4) sentence 2 AktG, the Executive Board has submitted a written report on the reasons for the exclusion of the subscription right and the issue amount. The report is published as follows:

The Executive Board is to be authorized, with the consent of the Supervisory Board, to increase the share capital of the Company on one or more occasions on or before June 12, 2024 by up to a total of EUR 8,000,000.00 against cash contributions and/or contributions in kind by issuing new no-par value bearer shares (Authorized Capital 2019).

- a) The Executive Board shall first be authorized to exclude the shareholders' subscription rights, subject to the consent of the Supervisory Board, to the extent necessary to compensate for fractional amounts. The exclusion of subscription rights to compensate for fractional amounts in the case of Authorized Capital is necessary in order to be able to represent a technically feasible smooth subscription ratio. The shares excluded from the shareholders' subscription rights as fractional shares are utilized in the best possible manner for the Company. The possible dilution effect for the shareholders is low due to the limitation to fractional amounts.
- b) Furthermore, the Executive Board shall be authorized to exclude the subscription right with the consent of the Supervisory Board if the volume requirements and the other requirements for an exclusion of the subscription right pursuant to Section 186 (3) sentence 4 AktG are met. This authorization to exclude subscription rights in the case of cash capital increases gives the Executive Board the possibility, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in accordance with sections 203 (1) and



(2), 186 (3) sentence 4 of the AktG for an amount of up to 10% of the share capital. The proposal is thus within the scope of the statutory regulation. This authorization enables a short-term placement of shares, i.e. without the otherwise required subscription period of at least two weeks, before which a securities prospectus must also be published, while flexibly taking advantage of favorable market conditions and, due to the faster possibility of action, generally leads to a significantly higher inflow of funds than in the case of a placement of shares with subscription rights, since no price change risk for the period of the subscription period must be taken into account when determining the issue amount or price. It is therefore in the well-understood interest of the Company and the shareholders. This form of capital increase is intended to enable the Management Board to strengthen the equity base required for future business development under optimum conditions. The fact that the issue price of the new shares may not be significantly lower, within the meaning of Sections 203 (1) and (2) and 186 (3) sentence 4 of the German Stock Corporation Act, than the stock exchange price of the shares of the same class and rights already listed at the time the issue price is finally fixed takes account of the shareholders' interest in protection against dilution in terms of value. The Executive Board will set the issue price as close to the then current stock exchange price as possible, taking into account the respective situation on the capital market, and will endeavor to place the new shares in a manner that protects the market.

This option to exclude subscription rights is limited to a maximum of 10% of the share capital. Shares issued or to be issued to service convertible bonds or bonds with warrants shall be counted towards this maximum limit, provided that these bonds were issued during the term of the authorized capital in analogous application of § 186 (3) sentence 4 AktG with the exclusion of subscription rights; furthermore, those treasury shares of the Company shall be counted towards this maximum limit of 10 % of the share capital which are sold during the term of the authorized capital with the exclusion of shareholders' subscription rights pursuant to §§ 71 (1) no. 8 sentence 5, 186 (3) sentence 4 AktG. These deductions are made in the interest of the shareholders in keeping the dilution of their shareholding as low as possible.

- c) The Executive Board is also to be authorized under the Authorized Capital, subject to the consent of the Supervisory Board, to exclude the subscription right in the case of capital increases against contributions in kind for the purpose of granting shares for the acquisition of enterprises, parts of enterprises or interests in enterprises as well as other assets. This authorization to exclude subscription rights is intended to serve the purpose of enabling the acquisition of companies, parts of companies or interests in companies as well as other assets (such as equipment, rights, intellectual property) in return for the granting of shares in the Company. The Company faces global competition. It must always be in a position to act quickly and flexibly on the international markets in the interests of its shareholders. This also includes the option to acquire companies, parts of companies, interests in companies or other assets in order to improve its competitive position. The optimal implementation of this option in the interest of the shareholders and the Company consists in individual cases in the acquisition of a company, a part of a company, an interest in a company or other assets by granting shares in the acquiring company. Practice shows that the owners of attractive acquisition objects frequently demand the provision of voting shares in the acquiring company as consideration for a sale in order to be able to participate further (indirectly) in the earnings of their assets to be sold. In order to be able to make such acquisitions, the Company must be able to grant treasury shares as consideration. The proposed authorization to exclude subscription rights is intended to give the Company the necessary flexibility to quickly and flexibly take advantage of opportunities that arise to acquire companies, parts of companies, interests in companies or other assets. An exclusion of subscription rights does lead to a reduction in the relative shareholding and the relative share of voting rights of the existing shareholders (but not to a dilution in terms of value, as the value of the Company increases). However, if an unrestricted subscription right were granted, the acquisition of companies, parts of companies, interests in companies or other assets in exchange for shares would not be possible and the associated advantages for the Company and the shareholders would not be achievable.

If opportunities to acquire companies, parts of companies, equity interests in companies or other assets materialize, the Executive Board will carefully review whether it should make use of the Authorized Capital for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets in return for the issue of new shares. It will only do so if the acquisition of companies or interests in companies or the acquisition of other assets in return for the granting of shares is in the well-understood interests of the Company. Only if this condition is met will the Supervisory Board also give its necessary approval. The basis for the valuation of the shares of the Company on the one hand and the companies, parts of companies, participations in companies or other assets to be acquired on the other hand will be neutral appraisals by auditing firms and/or renowned international investment banks.

- d) Furthermore, the proposed resolution provides that the Executive Board is to be authorized to exclude shareholders' subscription rights, subject to the consent of the Supervisory Board, to the extent necessary to grant the holders of conversion or option rights or obligations under convertible bonds or bonds with warrants issued by the Company subscription rights to new shares in the Company to the extent to which they would be entitled as shareholders after exercising their conversion or option rights or after fulfilling their conversion obligations. In order to facilitate placement on the capital market, corresponding convertible bonds or bonds with warrants have anti-dilution protection which provides that the holders or creditors may be granted subscription rights to new shares in subsequent share issues to the same extent as shareholders would be entitled to. They are thus placed in the same position as if they were already shareholders. In order to be able to provide the Bonds with such protection against dilution, the shareholders' subscription rights to these shares must be excluded. This serves to facilitate the placement of the Bonds and thus the interests of the shareholders in an optimal financial structure of the Company.
- e) Finally, the Executive Board is to be authorized under the Authorized Capital, subject to the consent of the Supervisory Board, to exclude subscription rights for the purpose of issuing employee shares to employees and pensioners and, as part of the variable Executive Board remuneration determined by the Supervisory Board, to the Executive Board of the Company and of affiliated companies. In the past, the issue of employee shares has proven to be an important instrument for many listed stock corporations to strengthen the commitment and loyalty of their employees. It has independent significance in addition to the other existing possibilities of employee participation such as the issue of options or convertible bonds to employees or other performance-related remuneration components. In order to have a wide range of instruments at its disposal within the framework of employee incentives, the Company is to be enabled to issue employee shares to the exclusion of shareholders' subscription rights.

Having considered all of the aforementioned circumstances, the Executive Board and the Supervisory Board consider the exclusion of the shareholders' subscription rights in the aforementioned cases to be objectively justified and reasonable for the reasons set out above, also taking into account the dilutive effect to the detriment of the shareholders.

There are currently no plans to utilise the authorised capital.

The Management Board will report to the Annual General Meeting in each case on the utilisation of the Authorised Capital 2019.

## **8. adjustment of the existing authorization to issue convertible bonds and bonds with warrants and increase of the conditional capital**

On 12 July 2018, the Annual General Meeting of the Company authorised the Management Board under agenda item 8 to issue convertible bonds or bonds with warrants in a total nominal amount of up to EUR 100,000,000.00, which may be converted into a total of 5,081,250 new no-par value

bearer shares of the Company, and to create corresponding conditional capital of up to EUR 5,081,250.00.

In order to improve the financing possibilities for the Company, the number of shares into which conversion is possible is to be adjusted to the meanwhile increased share capital and increased from 5,081,250 to 8,000,000.

The Executive Board and the Supervisory Board therefore propose that the following resolutions be adopted:

- a) Sentence 1 of the authorization to issue convertible bonds and bonds with warrants and to exclude subscription rights resolved by the Company's Annual General Meeting on July 12, 2018 under agenda item 8 shall be reworded as follows:

" The Management Board is authorized, with the consent of the Supervisory Board, to issue bearer or registered convertible bonds or bonds with warrants, or a combination of these instruments (hereinafter also referred to collectively as "**bonds**"), on one or more occasions up to and including July 11, 2023, for a total nominal amount of up to EUR 100,000.000.00 with a term of no more than ten years and to grant the holders or creditors (hereinafter collectively referred to as "**holders**") of convertible bonds or bonds with warrants conversion or option rights to up to a total of 8,000,000 new no-par value bearer shares in the Company in accordance with the more detailed terms and conditions of the bonds."

In all other respects, the authorisation remains unchanged.

- b) § 4 para. 5 sentence 1 of the Articles of Association shall be replaced as follows:

"The share capital of the Company is conditionally increased by up to EUR 8,000,000.00 by issuing up to 8,000,000 new no-par value bearer shares (Conditional Capital 2018)."

## **Prerequisite for attending the Annual General Meeting and exercising voting rights**

### ***Registration***

Only those shareholders who have registered by **midnight (CEST) on 6 June 2019 at the** following address are entitled to attend the Annual General Meeting and to exercise their voting rights at the Annual General Meeting.

ERWE Real Estate AG  
c/o Computershare Operations Center  
80249 Munich  
Fax: +49 89 30903-74675  
Email: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

have registered and provided proof, issued by their custodian bank, that they were shareholders of the Company on **23 May 2019, 0:00 hours (CEST)** (Record Date). The registration and the proof of shareholding must be in text form (Section 126b of the German Civil Code (BGB)) and must be in German or English. The date of receipt of the registration by the Company is decisive for compliance with the registration deadline.

### ***Significance of the record date***

The record date is the decisive date for the scope and exercise of participation and voting rights at the Annual General Meeting. In relation to the Company, only those persons who have provided proof of share ownership as of the record date are deemed to be shareholders for the purpose of attending the Annual General Meeting or exercising voting rights. The entitlement to participate in the Annual General Meeting and the scope of the voting right are determined by the shareholder's shareholding on the record date. The shares are not blocked on the record date or upon registration for the Annual General Meeting; rather, shareholders may continue to freely dispose of their shares even after the record date and after registration. Even in the event of the full or partial sale of shares after the record date, only the shareholder's shareholding on the record date is relevant for participation and the scope of voting rights. Shareholders who sell all or part of their shares after the record date are therefore nevertheless entitled to attend the Annual General Meeting and exercise their voting rights - provided they register and submit proof of share ownership in good time. Accordingly, sales of shares after the record date have no effect on the entitlement to attend and on the scope of voting rights. The same applies to the acquisition of additional shares after the record date. Persons who do not own any shares as of the record date and who acquire their shares after the record date cannot participate in the Annual General Meeting and are also not entitled to vote, unless they have authorized themselves in this respect or have been authorized to exercise their rights. The record date is not a relevant date for any dividend entitlement.

### ***Procedure for voting***

#### ***Proxy voting***

Each shareholder may also have his or her voting rights exercised at the Annual General Meeting by a proxy, e.g. a bank, a shareholders' association, another person or by proxies appointed by the Company. The granting of the proxy, its revocation and the proof of the authorization vis-à-vis the Company require text form (Section 126b BGB). Shareholders will receive the relevant forms and further information upon proper registration.

Banks, shareholders' associations and persons, institutions or companies equivalent to these pursuant to section 135 (8) AktG or section 135 (10) AktG in conjunction with section 125 (5) AktG may provide for different rules for their own authorization. Section 125 (5) of the German Stock Corporation Act (AktG) may provide for different regulations for their own authorization. Therefore, if you are a bank, a shareholders' association or equivalent persons pursuant to § 135 (8) AktG or § 135 (10) AktG in conjunction with § 125 (5) AktG, please consult with your bank or shareholders' association. Section 125 (5) AktG, please coordinate the form of the proxy with the aforementioned institutions, companies or persons.

If the shareholder authorizes more than one person, the Company may reject one or more of them. In the case of proxy voting, timely registration and proof of share ownership are also required in accordance with the above provisions.

The revocation of the authorization may also be effected by the personal attendance of the grantor of the proxy at the Annual General Meeting. Shareholders may use the proxy section on the back of the admission ticket they receive after registration to issue a proxy. However, proxies may also be issued in any other form.

We offer the following address for any transmission of the authorization, proof or revocation to the Company:

ERWE Real Estate AG  
c/o Computershare Operations Center  
80249 Munich  
Fax: +49 89 30903-74675  
Email: anmeldestelle@computershare.de

### ***Proxy voting by proxies of the Company***

In addition, we offer our shareholders the opportunity to be represented by proxies of the Company who exercise the voting right in accordance with the shareholders' instructions. The proxy must be issued in text form (Section 126b of the German Civil Code (BGB)) and must contain instructions for exercising voting rights. The form sent to shareholders together with the admission ticket can be used for this purpose.

If no instructions are issued for individual agenda items, the proxies will abstain from voting on these items. Shareholders can find further information on the authorization of the Company's proxies in the documents that will be sent to them after registration.

We request that proxies with instructions be sent to the following address by **12 June 2019 (received by 18:00, CEST)**:

ERWE Real Estate AG  
c/o Computershare Operations Center  
80249 Munich  
Fax: +49 89 30903-74675  
Email: anmeldestelle@computershare.de

On the day of the Annual General Meeting, powers of attorney and instructions to the proxies can also be issued, amended or revoked in text form at the entrance and exit control to the Annual General Meeting until the end of the general debate. Shareholders entitled to attend the Annual General Meeting or their representatives will receive a corresponding form on the day of the Annual General Meeting at the entrance control to the Annual General Meeting.

The personal attendance of a shareholder or an authorized third party is automatically deemed to be a revocation of the powers of attorney and instructions previously issued to proxies.

If an individual vote is to be held on an agenda item instead of a collective vote, the instruction to the proxies on this agenda item shall apply accordingly to each item of the individual vote.

### **Shareholders' rights pursuant to sections 122 (2), 126 (1), 127 and 131 (1) of the AktG**

#### ***Supplementary applications***

Shareholders who together reach one-twentieth of the Company's share capital or the pro rata amount of EUR 500,000 may request the Company to place items on the agenda and publish

them in accordance with section 122 (2) of the AktG. request must be received by the Company in writing no later than **May 13, 2019, 24:00 hours (CEST)**. Please address such request to:

ERWE Real Estate AG  
c/o HILLERMANN CONSULTING  
Streit's Hof  
Post road 14/16  
20354 Hamburg

Applicants must prove that they have held the shares for at least 90 days prior to the date of receipt of the request and that they will hold the shares until the Management Board has decided on the request. Section 70 AktG applies to the calculation of the shareholding period.

Additions to the agenda that are to be announced will be published in the Federal Gazette immediately after receipt of the request and forwarded for publication to those media that can be expected to disseminate the information throughout the European Union. They will also be published on the Company's website (<http://www.erwe-ag.com> under "Investor Relations/Annual General Meeting").

### ***Counter motions and election proposals***

Pursuant to Sections 126, 127 of the German Stock Corporation Act (AktG), shareholders may submit counter motions to the proposals of the Executive Board and/or the Supervisory Board and make nominations for election. This also applies to proposals for the election of Supervisory Board members. Counter motions, including any statement of grounds, as well as election proposals by shareholders are to be sent exclusively to the following address:

ERWE Real Estate AG  
c/o HILLERMANN CONSULTING  
Streit's Hof  
Post road 14/16  
20354 Hamburg

Proper counter motions and election proposals received by the Company by **May 29, 2019, 24:00 hours (CEST)**, will be published on the Company's website (<http://www.erwe-ag.com> in the section "Investor Relations/Annual General Meeting"), including the name of the shareholder, any statement of grounds and any statement of the Company's management.

### ***Right to information pursuant to Section 131 (1) AktG***

Upon request, each shareholder shall be provided with information by the Executive Board at the Annual General Meeting on the Company's affairs, including its legal and business relations with affiliated companies, as well as on the situation of the Group and the companies included in the consolidated financial statements, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda.

### ***Documents for shareholders and publication on the website pursuant to section 124a AktG***

This invitation to the Annual General Meeting, the documents and motions of shareholders to be made available as well as further information, in particular on attending the Annual General Meeting and on granting proxies and issuing instructions, are also available on the Company's website at

<http://www.erwe-ag.com> in the "Investor Relations/Annual General Meeting" area

available on the website. The results of the voting will also be published there. The aforementioned documents will also be available at the Annual General Meeting.

### ***Total number of shares and voting rights***

At the time the Annual General Meeting is convened, the Company's share capital is divided into 16,562,922 no-par value shares. Each share grants one vote. At the time the Annual General Meeting is convened, the Company does not hold any treasury shares, so that the total number of shares with participation and voting rights is 16,562,922.

#### **Notes on data protection**

If you register for the Annual General Meeting or grant a proxy, we collect personal data about you and/or your proxy. This is done to enable shareholders to exercise their rights at the Annual General Meeting.

ERWE Immobilien AG processes your data as the responsible party in compliance with the provisions of the EU General Data Protection Regulation (DSGVO) and all other applicable laws. Details on the handling of your personal data and your rights in accordance with the DSGVO can be found on the Internet on the website <http://www.erwe-ag.com> in the "Investor Relations/Annual General Meeting" section.

Frankfurt am Main, May 2019

**ERWE Real Estate AG**

*The Board of Directors*