

CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

In this declaration, TLG IMMOBILIEN AG (also referred to as “the Company”) reports on the principles of management pursuant to § 289a of the German Commercial Code (HGB) and on corporate governance pursuant to § 161 of the German Stock Corporation Act (AktG) and recommendation 3.10 of the German Corporate Governance Code (“the Code”). Besides a declaration of compliance with the Code, the declaration contains information on management practices, the composition and methods of the Management and Supervisory Boards and Supervisory Board committees, as well as information on other significant corporate governance structures.

IMPLEMENTATION OF THE CODE

Corporate governance denotes the responsible management and control of a company with a view to generating value over the long term. The management and the corporate culture of TLG IMMOBILIEN AG comply with the statutory provisions and – with a few exceptions – the supplementary recommendations of the Code. The Management and Supervisory Boards of TLG IMMOBILIEN AG feel committed to corporate governance; all divisions of the Company adhere to it. We focus on values such as expertise, transparency and sustainability.

In the 2015 financial year, the Management and Supervisory Boards worked carefully to meet the standards of the Code. They factored in the amendments to the Code from 5 May 2015 and, in March 2016, pursuant to § 161 AktG, they issued their declaration of compliance with the recommendations of the Code for the 2015 financial year accompanied by statements regarding the few deviations. The declaration is available to shareholders and interested investors alike at <http://ir.tlg.eu/declaration-of-compliance>.



DECLARATION OF COMPLIANCE

In March 2016, the Management and Supervisory Boards of the Company issued the following joint declaration of compliance pursuant to § 161 AktG:

The Management and Supervisory Boards of TLG IMMOBILIEN AG declare that TLG IMMOBILIEN AG has fulfilled the recommendations of the amended Code dated 5 May 2015, with the exceptions of recommendation 4.2.1 (no spokesperson for the Management Board), recommendation 5.4.1 (with regard to the limit on the term of membership of the Supervisory Board) and recommendation 7.1.2 line 4 (shorter publication deadlines for financial reports in the 2015 financial year). Furthermore, the Management and Supervisory Boards of TLG IMMOBILIEN AG intend to meet all of the recommendations of the Code in the future, excluding the following exceptions described below.

Recommendation 4.2.1 of the Code: the Management Board shall have a chairperson or spokesperson

Recommendation 4.2.1 of the Code recommends that the Management Board consist of several people and have a chairperson or spokesperson.

Due to the size and composition of the Management Board, the chosen structure ensures good, close cooperation among its members.

Recommendation 5.4.1 of the Code: concrete objectives regarding the composition of the Supervisory Board

Pursuant to recommendation 5.4.1 of the Code, the Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of recommendation 5.4.1 of the Code, an age limit to be specified for the members of the Supervisory Board and diversity. In listed companies that are subject to the German Co-Determination Act (MitbG), the German Coal and Steel Industry Co-Determination Act (MontanMitbestG) or the German Co-Determination Amendment Act (MitbErgG), the Supervisory Board must consist of at least 30% women and 30% men. In other companies that are subject to the German General Equal Treatment Act (AGG), the Supervisory Board determines the minimum proportion of women. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account and the concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.

The Supervisory Board has addressed these objectives in detail. Specifically, in the **meeting held on 25 September 2015**, it presented its objectives in terms of the composition of, and the minimum proportion of women on, the Supervisory Board. In 2015, recommendation 5.4.1 of the Code was amended to the effect that, in the future, the term of membership on the Supervisory Board must be limited. Such an objective has not yet been set.

Furthermore, the Company voluntarily fulfils the recommendations of the version of the Code dated 5 May 2015, with the following exception:

Under recommendation 2.3.3 of the Code, the Company should make it possible for shareholders to follow the general meeting using modern communication media (e.g. Internet). In order to preserve the nature of the general meeting as a face-to-face meeting between our shareholders, the company has opted not to follow this recommendation.

MANAGEMENT PRACTICES

The management practices of TLG IMMOBILIEN AG are as follows:

Working methods of the Management and Supervisory Boards

As an Aktiengesellschaft incorporated under German law, TLG IMMOBILIEN AG has a dual management system consisting of the Management Board and Supervisory Board. The Management and Supervisory Boards work closely together to further the interests of the Company. In this context, the Management Board is responsible for management, and the role of the Supervisory Board involves control, monitoring and consultation. The shareholders of TLG IMMOBILIEN AG exercise their rights in the general meeting.