

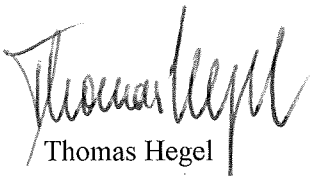
Report of the Management Board on the issue of convertible bonds with shareholders' pre-emption rights disappplied in September 2017

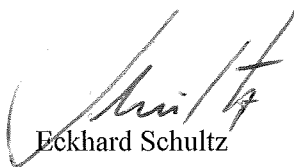
In September 2017, the company issued unsubordinated, unsecured convertible bonds maturing by 2025 with a total nominal value of EUR 400,000,000.00 ("**2017 convertible bonds**"). Subject to possible changes in line with the bond conditions, the 2017 convertible bonds can be converted into up to 3,376,406 new registered shares of LEG Immobilien AG each with a pro rata amount of share capital of EUR 1.00.

The 2017 convertible bonds have a term of eight years. They are issued at 100% of their nominal amount and will be repaid at 100% of their nominal amount. Interest on the convertible bonds was fixed at 0.875% p.a. payable semi-annually in arrears. The initial conversion premium was set at 45% above the reference price of EUR 81.7029. The initial conversion price is thus EUR 118.4692. The reference price corresponded to the volume-weighted average price of LEG Immobilien AG shares in Xetra trading during the period from when trading started on 29 August 2017 to the final pricing of the 2017 convertible bonds on the same day. The issue of the 2017 convertible bonds was thus in line with current market conditions.

With the approval of the Supervisory Board, the right of LEG Immobilien AG shareholders to subscribe the 2017 convertible bonds was excluded. In the opinion of the Management Board and Supervisory Board, conditions for the disapplication of pre-emption rights were in place as the 2017 convertible bonds were issued at conditions which were not materially under their theoretical value. Financial instruments such as the 2017 convertible bonds are typically subscribed to by institutional investors and the private placement exclusively to institutional investments outside the United States of America, Canada, Australia, South Africa and Japan or other countries in which the offer of the sale of securities subject to legal restrictions, ensuing the necessary transaction security and rapid processing. With the issue of the 2017 convertible bonds, LEG Immobilien AG was able to take advantage of the good market conditions for financing future company growth, further diversifying its sources of finance and investor basis, thus strengthening its financial profile. The net proceeds from the issue of the 2017 convertible bonds of approximately EUR 396.2 million in particular serve the long-term financing of the recently implemented and signed acquisitions and the financing of the acquisition of further properties and property portfolios and is thus in the interest of shareholders.

Düsseldorf, April 2018


Thomas Hegel


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