

**Report of the Executive Board pursuant to Section 71 (1) No. 8 sentence 5 AktG in conjunction with Section 186 (4) sentence 2 AktG regarding the disapplication of pre-emptive rights in agenda item 9**

Section 71 (1) No. 8 AktG offers stock corporations the opportunity to acquire treasury shares totalling up to 10% of their share capital based on an authorisation by the annual general meeting.

Agenda item 9 includes the proposal to issue such an authorisation, which is limited to a period of five years. This would permit the Company to acquire treasury shares from the stock exchange equivalent to a total of up to 10% of the share capital of the Company. Section 71 (1) No. 8 AktG provides for other forms of acquisition and sale beyond the typical acquisition and sale by way of the stock exchange of which the Company intends to take advantage.

In addition to acquisition via the stock exchange, the Company will also have the opportunity to acquire treasury shares by issuing a public purchase offer directed to the shareholders of the Company. The principle of equal treatment under stock corporation law must be followed. The purchase price offered per share (excluding ancillary acquisition costs) is not permitted to exceed or fall below by more than 10% the average closing price on the Frankfurt Stock Exchange during the last ten trading days prior to the date of publication of a public offer.

The resolution stipulates that the Executive Board, with the approval of the Supervisory Board, can decide how to use of the shares acquired. The authorisation will put the Executive Board in the position to react as necessary to business requirements in the interests of the Company while protecting the interests of shareholders. For instance, the Executive Board can resell the treasury shares on the stock exchange or by making an offer to all shareholders. However, the Executive Board will also be able to offer the shares acquired for purchase to individual third parties or shareholders over the counter. This will, for example, give rise to an opportunity to use the treasury shares as consideration for company mergers; for the acquisition of companies, equity interests in companies and parts of companies; or for the purpose of acquiring claims against the Company as acquisition currency without having to issue shares for this purpose from authorised capital, which would result in dilution of shareholder interests. International competition and the globalisation of business increasingly require this type of consideration. The authorisation proposed here will therefore give the Company the necessary room to quickly and flexibly take advantage of such opportunities as they arise without adversely affecting the Company's liquidity.

In the event that the Company sells treasury shares it has acquired in such cases to individual shareholders or third parties, the shares are only permitted to be sold at a price that does not significantly fall below the market price of the shares at the time of sale in accordance with the provisions of Section 186 (3) sentence 4 AktG. This protects shareholders from having the value of their equity interests diluted. The authorisation enables the Company to react quickly to offers or requests for stakes in the Company by investors that serve the business purpose of the Company. In the interest of expanding the Company's shareholder base, this is intended in particular to unlock the opportunity to offer institutional investors in Germany or abroad shares of the Company and/or to attract new groups of investors. The financial and voting interests of the shareholders are appropriately safeguarded. Disapplying shareholders' pre-emptive rights under other authorisations pursuant to Section 186 (3) sentence 4 AktG shall be taken into account when using the present authorisation. This reduces the authorisation volume by the proportional amount of the share capital attributable to shares or which relates to option and/or conversion rights or obligations arising from bonds issued or sold while

disapplying shareholders' pre-emptive rights in direct or analogous application of Section 186 (3) sentence 4 AktG. The set-offs ensure that the treasury shares acquired are not sold while disapplying shareholders' pre-emptive rights pursuant to Section 186 (3) sentence 4 AktG if this would result in the disapplication of shareholders' pre-emptive rights for a total of more than 10% of the share capital in direct or analogous application of Section 186 (3) sentence 4 AktG. The shareholders' interest in preserving their assets and the principle of protection against dilution are additionally addressed in that the price at which a sale is made in analogous application of Section 186 (3) sentence 4 AktG is not permitted to fall significantly below the market price. The final selling price for treasury shares will be determined shortly before the sale. Taking into account current market conditions, the Executive Board will attempt to keep any discount from the market price as low as possible.

Using treasury shares to fulfil option and/or conversion rights or obligations under bonds with warrants and/or convertible bonds issued by the Company or its Group companies prevents the dilution of the interests of shareholders that would occur if the option or conversion rights were satisfied or corresponding obligations were fulfilled from contingent capital. The proposed disapplication of shareholders' pre-emptive rights will therefore allow the Company to have more choice in deciding whether it wishes to grant new shares from contingent capital, treasury shares it has acquired, or a cash settlement when these rights or obligations are exercised. Whether and the extent to which the authorisation is exercised to use treasury shares or rather to grant new shares from contingent capital or a cash settlement will be decided by the Company, taking into consideration the present market and liquidity situation in the interests of shareholders and the Company. In taking this decision, the Company will consider other opportunities to use any treasury shares acquired.

The treasury shares acquired based on this or a previous authorisation resolution can be retired by the Company without requiring a new resolution by the annual general meeting. The retirement leads to a reduction in share capital. In accordance with Section 237 (3) no. 3 AktG, the annual general meeting of a company may adopt a resolution to retire its fully paid-up no-par value shares without this requiring a reduction in the company's share capital. The proposed authorisation expressly provides for this alternative in addition to retirement with capital reduction. The retirement of treasury shares without capital reduction automatically increases the notional interest of the remaining no-par value shares in the Company's share capital.

The Executive Board shall inform the subsequent annual general meeting of any utilisation of the above authorisation.

Haselünne, May 2020

**Berentzen-Gruppe Aktiengesellschaft**

The Executive Board