



GRENKE AG

Baden-Baden

Securities Identification Number A161N3

ISIN DE000A161N30

Invitation to the Annual General Meeting

We invite our shareholders to the Ordinary Annual General Meeting to be held on Tuesday, May 14, 2019, at 11:00 a.m. (CEST) at the Kongresshaus Baden-Baden, Augustaplatz 10, 76530 Baden-Baden, Germany.

Meeting Agenda

- 1. Presentation of the adopted separate financial statements of GRENKE AG and the approved consolidated financial statements as per December 31, 2018, the combined management report for GRENKE AG and the Consolidated Group, the report of the Supervisory Board and the explanatory report of the Board of Directors on the disclosures pursuant to Sections 289a (1) and 315a (1) of the German Commercial Code, each for the 2018 fiscal year**

The documents above have been published on the Internet and are available at www.grenke-group.com/investor-relations/general-meeting.

The Supervisory Board approved the separate financial statements and the consolidated financial statements prepared by the Board of Directors, thereby adopting the separate financial statements. Therefore, in accordance with the statutory provisions, no resolution of the Annual General Meeting is provided for under this agenda item.

- 2. Resolution on the appropriation of the unappropriated surplus of GRENKE AG**

The Board of Directors and the Supervisory Board propose to appropriate the Company's unappropriated surplus of EUR 43,047,901.71 for the 2018 fiscal year as follows:

Unappropriated surplus	EUR 43,047,901.71
Distribution of a dividend of EUR 0.80 per dividend-bearing no-par value share	EUR 37,083,134.40
Profit carried forward	EUR 5,964,767.31

Pursuant to Section 58 (4) sentence 2 of the German Stock Corporation Act (AktG), the claim for payment of the dividend is due on the third business day following the Annual General Meeting, which will be May 17, 2019.

At the time of convening the Annual General Meeting, the Company did not hold any of its own shares and will not hold any of its own shares at the time of the Annual General Meeting.

3. Resolution on the discharge of members of the Board of Directors for the 2018 fiscal year

The Board of Directors and Supervisory Board propose that members of the Board of Directors in office during the 2018 fiscal year be discharged for this period.

4. Resolution on the discharge of members of the Supervisory Board for the 2018 fiscal year

The Board of Directors and Supervisory Board propose that members of the Supervisory Board in office during the 2018 fiscal year be discharged for this period.

5. Resolution on the appointment of the auditor and the group auditor for the 2019 fiscal year

On the recommendation of the Audit Committee, the Supervisory Board proposes that KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main be appointed as the auditor and group auditor for the 2019 fiscal year. The auditor will also perform the audit review of the condensed financial statements and the interim management report for the first six months of fiscal year 2019, if applicable, pursuant to Sections 115 and 117 of the Securities Trading Act (WpHG).

The Audit Committee stated that its recommendation was free from undue influence from third parties and that the Committee was not subject to a clause restricting choices as defined under Article 16 (6) of the EU Audit Regulation (Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC).

6. Elections to the Supervisory Board

The terms of office of the following four Supervisory Board members will expire after the close of the Annual General Meeting on May 14, 2019, pursuant to Section 102 (1) AktG and Section 7 (2) of the Articles of Association of GRENKE AG:

- Ms Tanja Dreilich
- Dr Ljiljana Mitic
- Mr Florian Schulte and
- Mr Erwin Staudt

Four members of the Supervisory Board are therefore to be elected, whereby a re-election of Supervisory Board members is possible according to the aforementioned provision in the Articles of Association. Mr Florian Schulte and Dr Mitic shall be proposed for re-election at the Annual General Meeting.

In accordance with Sections 96 (1), 101 (1) AktG in conjunction with Section 7 (1) of the GRENKE AG Articles of Association, the Supervisory Board consists of six members to be solely elected by the shareholders.

The Annual General Meeting is not bound by election proposals.

The Supervisory Board proposes

a) Ms Claudia Krcmar, Baden-Baden, Germany

Managing Director of AMPIT GmbH, Baden-Baden,

to be elected to the Supervisory Board with effect from the end of this Annual General Meeting for a term of office until the end of the Annual General Meeting that resolves on the discharge of the Supervisory Board members for the 2021 fiscal year.

Disclosures in accordance with Section 125 (1) sentence 5 AktG:

Ms Krcmar is not a member of any statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises as defined by Section 125 (1) sentence 5 AktG.

b) Mr Heinz Panter, Baden-Baden, Germany

Independent business consultant,

to be elected to the Supervisory Board with effect from the end of this Annual General Meeting for a term of office until the end of the Annual General Meeting that resolves on the discharge of the Supervisory Board members for the 2021 fiscal year.

Disclosures in accordance with Section 125 (1) sentence 5 AktG:

Memberships of Mr Panter in other statutory supervisory boards:

- Familienheim Mittelbaden eG, Achern

Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises:

- none

c) Dr Ljiljana Mitic, Munich, Germany

Independent business consultant and partner at Impact51 AG, Küsnacht, Switzerland, and managing director of Venture Value Partners GmbH, Munich,

to be elected to the Supervisory Board with effect from the end of this Annual General Meeting for a term of office until the end of the Annual General Meeting that resolves on the discharge of the Supervisory Board members for the 2023 fiscal year.

Disclosures in accordance with Section 125 (1) sentence 5 AktG:

Dr Mitic is not a member of any statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises as defined by Section 125 (1) sentence 5 AktG.

d) Mr Florian Schulte, Baden-Baden, Germany

Business Administration Graduate, Managing Director of Fines Holding GmbH, Baden-Baden, and S.K. Management- und Beteiligungs GmbH, Baden-Baden, to be elected to the Supervisory Board with effect from the end of this Annual General Meeting for a term of office until the end of the Annual General Meeting that resolves on the discharge of the Supervisory Board members for the 2023 fiscal year.

Disclosures in accordance with Section 125 (1) sentence 5 AktG:

Memberships of Mr Schulte in other statutory supervisory boards:

- Upside Beteiligungs-AG, Grünwald

Memberships in comparable domestic and foreign supervisory bodies of commercial enterprises:

- none

The curriculum vitae with the relevant knowledge, skills, professional experience and other information about the candidates proposed for the Supervisory Board can be found at www.grenke-group.com/investor-relations/general-meeting as per the time the Annual General Meeting convenes. This information will also be available at the Annual General Meeting.

With reference to Section 5.4.1 of the German Corporate Governance Code, it is stated that the employment relationship between Ms Krcmar in the staff function for

the Board of Directors responsible for Human Resources, Cost Controlling and Development and GRENKE AG was cancelled effective April 30, 2019. It also stated that, in the opinion of the Supervisory Board, there are no personal or business relationships to be disclosed between the respective proposed candidates and GRENKE AG or its Consolidated Group companies, the governing bodies of GRENKE AG or a significant shareholder in GRENKE AG.

The elections to the Supervisory Board are intended to be held in accordance with the German Corporate Governance Code by way of individual election.

7. Resolution on the adjustment to the remuneration for the Supervisory Board and the corresponding amendment to the Articles of Association

Until now, the members of the Supervisory Board have received variable remuneration in addition to their fixed remuneration. Variable remuneration has been dependent on the respective dividend distribution. According to Section 25d (5) KWG, members of the Supervisory Board of a financial services institution may not receive any variable remuneration components. The preservation of the status quo for the current members of the Supervisory Board is set to end upon the elections to the Supervisory Board in accordance with Agenda Item 6.

The remuneration of the members of the Supervisory Board must therefore be redefined and, at the same time, the amount of remuneration paid to the members of the Supervisory Board should be increased by a reasonable amount in accordance with the importance of their mandate and their related tasks.

The Board of Directors and the Supervisory Board therefore propose to recast Section 10 of the Articles of Association that governs the remuneration of the Supervisory Board as follows:

"Section 10

Supervisory Board remuneration and D&O liability insurance

- (1) The members of the Supervisory Board receive fixed remuneration of EUR 48,000.00, the chairperson receives EUR 72,000.00, and the vice chairperson receives EUR 60,000.00 for each full fiscal year of their membership in the Supervisory Board. Members of the Supervisory Board who were not in office for a full fiscal year receive one-twelfth of the remuneration for each month of their active membership.
- (2) The members of the Supervisory Board who are also members of the Audit Committee receive additional remuneration of EUR 10,000.00 per fiscal year in addition to their fixed remuneration pursuant to paragraph 1, and the chair of the Audit Committee receives an additional EUR 15,000.00. For the members of the Supervisory Board who are members of the Personnel Committee, the fixed remuneration pursuant to paragraph 1 is increased by

EUR 2,000.00, and the chair of the Personnel Committee receives an additional EUR 3,500.00 per fiscal year. The members of the Strategy Committee receive an additional EUR 5,000.00 per fiscal year in addition to their remuneration under paragraph 1. The remuneration of the committee activities is based on the assumption that the respective committee met in the fiscal year. For temporary committee membership during a fiscal year, paragraph 1 sentence 2 shall apply mutatis mutandis.

- (3) This remuneration is payable after the end of the fiscal year.
- (4) The Company has taken out D&O liability insurance for the Board of Directors, the Supervisory Board and the executives of the Company and its subsidiaries. The insurance premium is borne by the Company, whereby each member of the Supervisory Board is required to bear a fixed deductible of 10 percent per claim, but no more than one and a half times their annual fixed remuneration for all claims per year.
- (5) The Company shall reimburse the members of the Supervisory Board for the expenses incurred in the performance of their office, including any value added tax payable on the remuneration and expenses."

8. Resolution on granting authorisation to issue bonds with warrants and/or convertible bonds and to exclude subscription rights, as well as the creation of new conditional capital (Conditional Capital 2019) and the corresponding amendment to the Articles of Association

A new authorisation to issue bonds with warrants and/or convertible bonds and to create corresponding conditional capital should enable GRENKE AG to use attractive debt instruments flexibly in the future.

It should also be possible for GRENKE AG to bonds with warrants and/or convertible bonds under certain conditions and within certain limits, excluding shareholders' subscription rights.

The Board of Directors and the Supervisory Board therefore propose to resolve:

a) Authorisation to issue bonds with warrants and/or convertible bonds and to exclude subscription rights

❖ Bonds with warrants and convertible bonds

The Board of Directors is authorised, with the consent of the Supervisory Board, to issue bearer and/or registered bonds with warrants and/or convertible bonds (together "**bonds**") with a limited or unlimited maturity with a total nominal volume of up to EUR 500,000,000 once or several times in partial amounts until May 13, 2024 and to grant or issue option rights or obligations to the holders or creditors ("**holders**") of the bonds with warrants and conversion rights or obligations to the holders of convertible bonds for no-par value registered shares of GRENKE AG ("**GRENKE shares**") with a notional interest in the share capital of up to EUR

4,500,000, subject to the terms and conditions of these bonds. The relevant terms and conditions may also provide for mandatory conversion at the end of the term or at other times, including the obligation to exercise the option or conversion right. The issue of bonds may also take place against contribution in kind.

The bonds may be issued in euros or the legal currency of an OECD member state limited to the corresponding euro equivalent. The bonds may also be issued by a Consolidated Group company of GRENKE AG within the meaning of Section 18 AktG, in which GRENKE AG has a direct or indirect 100% interest ("**subsidiary**"). In this case, with the approval of the Supervisory Board, the Board of Directors is authorised to have GRENKE AG assume the guarantee for these bonds and to grant or issue option or conversion rights or obligations to the bondholders for new for no-par value registered shares of GRENKE AG.

❖ **Subscription rights, authorisation to exclude subscription rights**

When issuing the bonds, shareholders are granted the statutory subscription right. The bonds may also be offered to shareholders by way of an indirect subscription right, under which a bank or a consortium of banks subscribe to the bonds with the obligation to offer the bonds to shareholders for subscription. If bonds are issued by a subsidiary of GRENKE AG, GRENKE AG must ensure the granting of statutory subscription rights for its shareholders in accordance with the preceding sentence.

However, with the approval of the Supervisory Board, the Board of Directors is authorised to exclude the subscription rights of shareholders in the following cases:

- i) to exclude any fractional shares resulting from the subscription ratio from shareholders' subscription rights;
- ii) to grant the holders or creditors of options and/or conversion rights or obligations from bonds previously issued or guaranteed by GRENKE AG or one of its subsidiaries a subscription right to the extent they would be entitled to after the exercise of these rights or fulfilment of these obligations as a shareholder;
- iii) if the bonds are issued for cash consideration and the Board of Directors, after due examination, concludes that the issue price of the bonds is not materially lower than their hypothetical market value as defined by Sections 221 (4) sentence 2 and 186 (3) sentence 4 AktG determined in accordance with generally accepted methods, in particular, mathematical valuation methods. However, this authorisation to exclude subscription rights only applies to bonds with an option and/or conversion right or an option or conversion obligation for shares with a notional interest in the share capital, which may not exceed 10 percent of the share capital, neither at the time this authorisation becomes effective nor – if this value is lower – at the time of exercising this authorisation. This 10 % limit of the share capital shall include (a) shares issued or sold during the term of this authorisation until its utilisation in mutatis mutandis application of Section 186 (3) sentence 4 AktG under the exclusion of subscription rights; and (b) shares issued or

granted or to be issued or to be granted based on bonds with warrants and/or convertible bonds issued during the term of this authorisation excluding subscription rights in accordance with Section 186 (3) sentence 4 AktG; or

- iv) if the bonds are issued against contribution or consideration in kind, in particular within the scope of business combinations or for the (also indirect) acquisition of companies, business operations, parts of companies, interests in companies or other assets or claims for the acquisition of assets, including claims against the company or its subsidiaries provided that the value of the contribution in kind is commensurate with the theoretical market value of the bonds to be determined in accordance with item (iii).

❖ **Option and conversion rights**

The bonds are divided into partial debentures.

In the case of the issuance of bonds with warrants, one or more warrants shall be attached to each partial debenture, which entitle or oblige the holder to subscribe to GRENKE shares in accordance with the conditions of the option to be determined by the Board of Directors. The relevant warrants may provide that the option price may also be satisfied by the transfer of partial debentures and, if applicable, an additional payment in cash. The subscription ratio may be rounded higher or lower to the next whole number, and an additional cash payment may be determined. It may further be provided for that fractions are combined and/or compensated for in cash. The notional amount of the share capital attributable to the GRENKE shares to be subscribed for each partial debenture may not exceed the nominal amount of the partial debenture.

In the case of the issuance of convertible bonds, the holders of such partial debentures receive the right or have the obligation to convert their partial debentures into new, registered no-par-value registered shares of GRENKE AG in accordance with the conditions of the convertible bond to be determined by the Board of Directors. The conversion ratio is calculated by dividing the nominal amount or the issue price of a partial debenture, if below the nominal amount, by the stipulated conversion price for a new no-par-value registered share of GRENKE AG. The conversion ratio can, in any case, be rounded up or down to an integer. Furthermore, a cash payment and the pooling and/or compensation for non-convertible fractions can be specified. The notional amount of the share capital attributable to the GRENKE shares to be issued upon conversion per partial debenture may not exceed the nominal amount of the partial debenture.

❖ **Option and conversion obligation, right to substitute**

The terms and conditions of the bonds may also provide for an option or conversion obligation at the end of the term (or at another time) or the right of GRENKE AG to grant the holders of the bonds in whole or in part GRENKE shares instead of paying the amount due at the maturity of the bonds with option or conversion rights or obligations (this also includes a maturity due to

termination). In the case of an option or conversion obligation in the option or convertible bond conditions, GRENKE AG may be entitled to settle in cash all or part of any difference between the nominal amount or any lower issue price of the partial debenture and the product of the option or conversion price and conversion ratio. The notional amount of the share capital of the GRENKE shares to be issued upon conversion or exercise of an option may not exceed the nominal amount of the bonds. Sections 9(1) and 199(2) AktG must be observed.

The terms and conditions of the bonds may also provide for the right of GRENKE AG not to grant GRENKE AG shares in the event of the exercise of options or conversion or fulfilment of the option or conversion obligations, but to pay in cash the equivalent of the number of shares to be delivered otherwise in the amount of the volume-weighted average closing price of GRENKE AG no-par value shares in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) during a period to be specified in the option or conversion terms. The option or bond conditions may also provide that, at GRENKE AG's discretion, the bonds attached to option rights or obligations or conversion rights or obligations are converted into existing shares of the Company instead of new shares from conditional capital or that the option right or option obligation can be met by delivery of such shares.

❖ **Option and conversion price**

Except in those cases where a right to substitute or an option or conversion obligation is provided for, the respective option or conversion price to be set for a GRENKE share must amount to at least 80 percent of the volume-weighted average closing price of GRENKE AG no-par value shares in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) on the last ten trading days before the date of the resolution the Board of Directors on the issuance of the bonds or on the declaration of acceptance by the Company following a public invitation to tender subscription offers. In the event of the granting of a subscription right, the respective option or conversion price for a GRENKE share must be at least 80 percent of the volume-weighted average closing price of the GRENKE AG no-par value shares in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) during (i) the days on which the bonds are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days of subscription rights trading, or (ii) the days from the beginning of the subscription period until the final determination of the subscription price. Sections 9 (1) and 199 (2) AktG must be observed.

In the cases of option or conversion obligations and the right to substitute, the option or conversion price may amount to at least either the aforementioned minimum price or the volume-weighted average closing price of the GRENKE AG no-par value shares in XETRA trading on the Frankfurt Stock Exchange (or a corresponding successor system) on the last ten trading days before or after the maturity date of the bonds according to the bonds terms and conditions, even if this average price is below the aforementioned minimum price. Sections 9 (1) AktG and 199 (2) AktG remain unaffected.

❖ **Other possible structures**

In each case, the terms and conditions of the bonds may stipulate that treasury shares of GRENKE AG, shares from GRENKE AG's authorised capital or other consideration may be granted in the event of the exercise of options or conversion or upon fulfilment of the option and conversion obligations.

The terms and conditions of the bonds may also provide for the right of GRENKE AG in whole or in part to grant the holders of the bonds GRENKE AG shares instead of paying the amount due upon maturity of the bonds.

The terms and conditions of the bonds may also provide that the number of shares to be subscribed for when exercising the option or conversion rights or fulfilling of the options or conversion obligations is variable and/or the option or conversion price can be adjusted within a range to be determined by the Board of Directors based on the development of the stock price or as a result of anti-dilution provisions during the term.

❖ **Anti-dilution protection**

The authorisation also includes the option to grant anti-dilution protection or to make adjustments in certain cases in accordance with the respective terms and conditions of the bonds. Anti-dilution protection or adjustments may be provided in particular if there are changes in the capital of the Company during the term of the bonds (such as a capital increase, capital reduction or share split), but also in connection with dividend payments, the issue of further bonds with warrants/convertible bonds, conversion measures and in the case of other events affecting the value of the option or conversion rights that occur during the term of the bonds or warrants (such as a third party gaining control). Anti-dilution protection or adjustments may be provided in particular by granting subscription rights, by adjusting the option/conversion price and by changing or granting cash components. In any case, the notional amount of share capital for the shares to be subscribed for each partial debenture may not exceed the nominal amount of the respective partial debenture. Sections 9 (1) AktG and 199 AktG remain unaffected.

❖ **Terms and conditions of the bonds**

With the consent of the Supervisory Board, the Board of Directors is authorised to specify further details of the issue and features of the bonds, in particular interest rate, issue price, term and denomination, anti-dilution protection provisions, the option or conversion period and – within the aforementioned framework – the option or conversion price and to determine the variability of the conversion ratio or determine it in agreement with the competent bodies of the subsidiary issuing the bonds.

b) Creation of Conditional Capital 2019

The share capital of GRENKE AG is conditionally increased by a nominal amount of up to EUR 4,500,000.00 by issuing up to 4,500,000 new no-par value

registered shares (Conditional Capital 2019). The conditional capital increase exclusively serves to grant no-par value registered shares in GRENKE AG to holders of bonds with warrants or convertible bonds issued by GRENKE AG or a wholly owned direct or indirect Consolidated Group company of GRENKE AG until May 13, 2024 in accordance with the above authorisation granted by the Annual General Meeting on May 14, 2019. The new shares will be issued at the respective terms and conditions of the bond in accordance with the aforementioned authorisation resolution.

The conditional capital increase shall only be carried out in the event of the issue of bonds with warrants and/or convertible bonds and only to the extent that the holders of convertible bonds or warrants from bonds to be issued or guaranteed until May 13, 2024 under the authorisation of the Board of Directors pursuant to lit. a) by GRENKE AG or a subsidiary exercise their option or conversion right, fulfil their option or conversion obligation and no other forms of fulfilment are used for servicing. The new shares will be issued at the option or conversion prices to be determined in accordance with the authorisation resolution described above in the terms and conditions of the bond. The GRENKE shares issued pursuant to this provision shall participate in the profit from the beginning of the fiscal year in which they arise, provided that no distribution has been made at the time of issue. Otherwise, they are entitled to dividends from the beginning of the fiscal year following their issue.

With the approval of the Supervisory Board, the Board of Directors is authorised to determine the further details of the capital increase and its implementation.

c) Amendment to the Articles of Association

Under Section 4 (4) of the Articles of Association, a new paragraph 5 will be added as follows:

"(5) The share capital of GRENKE AG is conditionally increased by a nominal amount of up to EUR 4,500,000.00 (in words: four million, five hundred thousand euros and zero cents) by issuing up to 4,500,000 new no-par-value registered shares (Conditional Capital 2019). The conditional capital increase will only be carried out to the extent that the holders of convertible bonds or warrants from bonds issued until May 13, 2024 by GRENKE AG or a Consolidated Group company of GRENKE AG as defined by Section 18 AktG, in which GRENKE AG directly or indirectly holds a 100 percent interest, under the authorisation of the Board of Directors by the Annual General Meeting on May 14, 2019 exercise their option or conversion right, or – insofar as they are obligated to exercise their options or convert – fulfil their option or conversion obligation and no other forms of fulfilment are used for servicing. The new shares will be issued at the option or conversion prices to be determined in accordance with the authorisation resolution described above in the terms and conditions of the bond. The shares issued pursuant to this provision shall participate in the profit from the beginning of the fiscal year in which they arise, provided that no distribution has been made at the time of issue. Otherwise, they are entitled to dividends from the beginning of the fiscal year following their issue. With the approval of the Supervisory Board, the Board of Directors is authorised

to determine the further details of the capital increase and its implementation."

d) Authorisation to amend the Articles of Association

The Supervisory Board is authorised to recast Section 4 of the Articles of Association in accordance with the respective utilisation of Conditional Capital 2019. The same applies in the case of non-utilisation of the authorisation to issue bonds with warrants and/or convertible bonds after the expiry of the authorisation period and in the event of non- or incomplete utilisation of Conditional Capital 2019 after the expiry of all option and conversion periods.

Report of the Board of Directors regarding Agenda Item 8

(Resolution on granting an authorisation to issue bonds with warrants and/or convertible bonds and on the exclusion of subscription rights, the creation of new conditional capital [Conditional Capital 2019] and the corresponding amendment to the Articles of Association)

The Board of Directors submits a written report on the reasons for the authorisation to exclude shareholders' subscription rights under Agenda Item 8 to the Annual General Meeting of the Company convened for May 14, 2019, in accordance with Sections 221 (4) sentence 2 and 186 (4) sentence 2 AktG. The report will be available for inspection by shareholders at the Company's offices starting with the day of convening the Annual General Meeting and can be viewed on the Internet at www.grenke-group.com/investor-relations/general-meeting.

Under Agenda Item 8, the Board of Directors and Supervisory Board will propose to the Annual General Meeting that, with the consent of the Supervisory Board, the Board of Directors of the Company is authorised to issue bonds with warrants and/or convertible bonds (together "**bonds**") against cash contribution and/or contribution in kind in the aggregate nominal amount of up to EUR 500,000,000 and to create conditional capital of up to EUR 4,500,000 ("**Conditional Capital 2019**") to service the options and/or conversion rights or obligations. This corresponds to less than 10 percent of the share capital at the time of the passing of the resolution. The authorisation is limited until May 13, 2024.

By issuing bonds with option or conversion rights or obligations, the Company can take advantage of attractive financing options and conditions on the capital market according to its financing needs and the market situation. To maintain flexibility, the Company shall also be able to access the German and international capital markets via its subordinated Consolidated Group companies and issue the bonds not only in euros but also in the legal currency of an OECD member state.

When issuing the bonds, shareholders are generally entitled to subscription rights (Section 221 [4] in conjunction with Section 186 [1] AktG). In order to facilitate the execution, the Board of Directors may also make use of the option to issue the bonds to a bank or to a consortium of banks with the obligation to offer the bonds to shareholders for subscription in accordance with their subscription rights (an "indirect subscription right" as defined by Section 186 [5] AktG). This is not a restriction on the subscription right of shareholders as the

shareholders are ultimately granted the same subscription rights with a direct subscription as with an indirect subscription. For administrative reasons, only one or more banks are involved in the process.

With the consent of the Supervisory Board, the Board of Directors is authorised to exclude the subscription rights of shareholders in the following cases:

- i. The exclusion of subscription rights for fractional amounts, which may result from the specific amount of the respective issue volume while ensuring a practicable subscription ratio, facilitates the exercise of the requested authorisation in amounts rounded to the nearest whole euro. This makes the execution of the capital measure significantly easier, whereas the expenses for the issue without such exclusion are significantly higher. The exclusion of subscription rights for fractional amounts is therefore reasonable and market-compliant.
- ii. The exclusion of the subscription right in favour of the holders of option and/or conversion rights already issued has the advantage that the option or conversion price for the option and/or conversion rights already issued does not need to be reduced, but instead a subscription right is granted as an anti-dilution protection, enabling the Company to realise higher proceeds overall. It is in line with the market standard to provide bonds with such anti-dilution protection. The exclusion of subscription rights is thus in the interest of the Company and its shareholders.
- iii. The Board of Directors is further authorised to exclude shareholders' subscription rights in accordance with Section 221 (4) sentence 2 in conjunction with Section 186 (3) sentence 4 AktG to the extent that the respective issue of bonds that are attached with option and/or conversion rights or obligations, is for cash consideration and at a price that is not materially lower than the bonds' market value. The exclusion of subscription rights gives the Company the opportunity to take advantage of favourable market situations at short notice and to place the bonds quickly and flexibly on the market at attractive terms. Without this – that is, if shareholders' subscription rights were maintained – it would not be easy to ensure the conditions are set close to the market or to ensure the smooth placement of bonds. Although Section 186 (2) AktG allows the subscription price to be published – and therefore the terms of the bonds that are attached with options and/or conversion rights or obligations – up to the third to last day of the subscription period. Nevertheless, the frequent volatility on stock markets means that market risk can persist for several days, which may lead to a safety margin in determining the terms of the bonds. Additionally, granting a subscription right makes the successful placement with a third party more difficult and may cause additional expenses because of the uncertainty of the exercise. Finally, when a subscription right is granted, the Company is prevented from reacting to market conditions at short notice because of the length of the subscription period and is therefore potentially exposed to declining share prices during the subscription period, which may result in less favourable conditions for raising equity. In the case of the exclusion of subscription rights, the provisions of Section 186 (3) sentence 4 AktG apply mutatis mutandis in accordance with Section 221 (4) sentence 2 AktG. The limit for the exclusion of subscription rights of a maximum of 10 percent of the share capital regulated therein is to be observed according to the present resolution, both at the time this authorisation takes effect and at the time this authorisation is exercised, should this value be lower. This limit is explicitly reduced by the notional amount of the share capital attributable to shares issued or sold with the exclusion of subscription rights during the validity of this authorisation until the time of utilisation in mutatis mutandis

application of Section 186 (3) sentence 4 AktG. A corresponding deduction is also made for those shares that are issued or are to be issued to service already issued bonds with warrants and/or convertible bonds excluding shareholders' subscription rights in mutatis mutandis application of Section 186 (3) sentence 4 AktG. This deduction takes place in the interest of the shareholders to minimise the dilution of their respective investment.

The interests of the shareholders are further safeguarded by the fact that the issue price of the bonds may not be materially lower than their theoretical market value. This is to ensure that there is no significant economic dilution of the value of the shares. Whether such a dilution effect occurs in the issue of bonds without subscription rights that have related options and/or conversion rights or obligations attached can be determined by comparing the hypothetical market value of these bonds according to generally accepted, mathematical valuation methods with the issue price. If this issue price is only marginally below the hypothetical market value at the time of issuing the bonds after due consideration, an exclusion of subscription rights due to the insignificant discount is permissible in mutatis mutandis application of the provision of Section 186 (3) sentence 4 AktG. Before issuing the bonds that are attached with option and/or conversion rights or obligations, the Board of Directors must arrive at the conclusion after due consideration that the proposed issue price will not lead to any appreciable dilution in the shares. For this purpose, the Board of Directors may use the assistance of knowledgeable experts (such as third-party experts) to appropriately ensure that the issue price is not materially lower than the market value of the bonds. As a result, the notional market value of a subscription right would fall to almost zero, so that no significant economic disadvantage arises for the shareholders as a result of the exclusion of subscription rights.

Setting conditions in line with the market and thereby avoiding a significant dilution of value can also be accomplished when the Board of Directors performs a so-called bookbuilding process. With this procedure, investors are requested to submit the indications of interest to purchase bonds on the basis of provisional terms and conditions; specifying for example, the interest rate considered to be market-compliant and/or other economic components. At the end of the bookbuilding period and on the basis of the indications of interest from investors, the still undetermined conditions, such as the interest rate, is determined in accordance with market supply and demand. This is how the total value of the bonds is determined at a level close to the market. By using this type of bookbuilding process, the Board of Directors can ensure that a significant dilution of the value of the shares through the exclusion of subscription rights does not occur.

In addition, shareholders can maintain their interest in the Company's share capital even after the exercise of option and/or conversion rights or upon fulfilment of options and/or conversion obligations through corresponding purchases of shares via the stock exchange, thereby adequately safeguarding their financial interests. The authorisation to exclude subscription rights enables the Company to set conditions close to the market and guarantees both the greatest possible security regarding the placement of the bonds with third parties along with the interest of the Company to utilise the authorisation at favourable market situations at short notice.

- iv. Shareholder subscription rights may also be excluded when the bonds are issued against contribution or consideration in kind. With the consent of the Supervisory Board, the Board of Directors shall be given the opportunity to utilise the bonds also as acquisition currency in appropriate cases, such as in the context of business combinations or the acquisition of companies, business operations, parts of companies, interests in

companies or other assets or claims to such assets. In the international competitive environment for attractive acquisitions, the option to offer bonds as consideration provides the necessary leeway to respond quickly and flexibly to such potential offers and expand the business while preserving liquidity. In each case, the Board of Directors will carefully examine whether it will make use of the authorisation to issue bonds with the exclusion of shareholders' subscription rights and will only exclude shareholders' subscription rights when this is in the best interest of the Company and the shareholders.

The proposed Conditional Capital 2019 is required to be able to service the option and/or conversion rights or obligations attached to the bonds with shares of the Company unless other forms of fulfilment are used for servicing.

In each case, the option or conversion price to be determined may not fall below a minimum issue amount per share; the calculation basis of this amount is exactly specified. The calculation is based on the stock market price of GRENKE shares at the time of the placement of the bonds or – in the case of an option or conversion obligation or the right to substitute – the stock market price of GRENKE at the time of the maturity of the bonds.

Notwithstanding the provisions of Sections 9 (1) and 199 (2) AktG, the option or conversion price may be adjusted on the basis of an anti-dilution protection or adjustment clause according to provisions of the terms and conditions underlying the respective bond if changes in the Company's capital occur during the term of the options or bonds, such as a capital increase, a capital reduction or a share split. Furthermore, anti-dilution protection or other adjustments may be provided for dividend payments, the issue of additional bonds with warrants and/or convertible bonds, conversion measures, in the case of other events affecting the value of the option or conversion rights that occur during the term of the bonds or warrants (such as a third party gaining control). Anti-dilution protection and adjustments may be provided for specifically through granting subscription rights, adjusting the option or conversion price or by changing or granting cash components.

There are currently no specific plans to make use of the authorisation to issue bonds with warrants and/or convertible bonds. In each individual case, the Board of Directors will carefully examine whether it will make use of the authorisation with the exclusion of shareholders' subscription rights. This option will be used only when, in the opinion of the Board of Directors and the Supervisory Board, this is in the best interest of the Company.

The Board of Directors will report on each use of this authorisation at the next respective Annual General Meeting.

Attendance of the Annual General Meeting

Only those shareholders who are registered as shareholders in the Company's share register on the day of the Annual General Meeting and who are registered with the Company by the deadline may participate in the Annual General Meeting and exercise voting rights as defined under GRENKE AG's Articles of Association in Section 13 (1). The Company must receive the registration by midnight (CEST) May 7, 2019 at the following designated address:

GRENKE AG
c/o Computershare Operations Center

80249 Munich
Fax: +49 89 30903-74675
Email: anmeldestelle@computershare.de

With respect to the Company, only those individuals who are registered in the share register will be considered as shareholders and will be permitted to participate in the Annual General Meeting and exercise voting rights pursuant to Section 67 (2) sentence 1 AktG. The shareholder's registration status in the share register on the day of the Annual General Meeting is authoritative for determining a shareholder's eligibility to participate and vote. For technical reasons, no changes in the share register may be made (registration stop) from after midnight (CEST), May 7, 2019 until midnight (CEST), May 14, 2019. This means the registration status of the share register on the day of the Annual General Meeting represents the status after the last change on May 7, 2019. The decisive deadline for assessing the holdings in the Company's shares from a technical perspective (the "technical record date") is, therefore, at the end of the day on May 7, 2019 by midnight (CEST).

The technical record date is not relevant for the dividend entitlement and has no effect on the transferability of shares. Shareholders may continue to freely trade their shares even after registering for the Annual General Meeting.

Proxy representation

Shareholders who do not wish to or cannot attend the Annual General Meeting in person can exercise their voting rights by a proxy with a corresponding power of attorney, for example, a bank or shareholders' association. Also, in this case, timely registration is required. A form for appointing a power of attorney will be sent with the ticket. The power of attorney and voting instruction forms can also be requested at the Company's postal address below, by fax at +49 7221 / 5007-4218, email at hauptversammlung@grenke.de or downloaded from the Internet at www.grenke-group.com/investor-relations/general-meeting. Granting a power of attorney, its revocation and proof of authorisation for the Company must be in writing. Proof of authorisation may also be submitted to the Company by email at the following email address: hauptversammlung@grenke.de.

Generally, there are special aspects to be taken into consideration when authorising banks, shareholders' associations or equivalent persons and institutions pursuant to Section 135 (8) and (10) AktG that can be obtained from the respective proxy.

We also offer our shareholders the option to appoint Company-nominated proxies prior to the Annual General Meeting. The proxies may only exercise voting rights in accordance with the express instructions given. The power of attorney is invalid without instructions. Shareholders who wish to grant a power of attorney to Company-nominated proxies require a ticket to the Annual General Meeting. Shareholders receive the necessary documents and information together with the ticket. The power of attorney with the proxy voting instructions must be received by GRENKE AG by midnight (CEST), May 13, 2019, at the following address:

GRENKE AG
c/o Computershare Operations Center
80249 Munich

Fax: +49 89 30903-74675
Email: anmeldestelle@computershare.de.

Shareholders will receive additional information on the power of attorney procedure with their ticket. Related information is also available at www.grenke-group.com/investor-relations/general-meeting.

Requests for additions to the Agenda pursuant to Section 122 (2) AktG

Shareholders whose shareholdings represent one-twentieth of the share capital or the proportionate amount of EUR 500,000 may request items to be set on the agenda and publicised. Each request must be accompanied with its substantiation or a draught resolution. Applicants shall provide evidence of their share ownership for a period of at least 90 days prior to the date the request is received and state that they will continue to hold the shares until the Board of Directors has decided on their request. The request must be submitted in writing to the Board of Directors of GRENKE AG and must be received by the Company no later than midnight (CEST), April 13, 2019. Please direct requests for additions to the following address:

GRENKE AG
Board of Directors
c/o Investor Relations
Neuer Markt 2
76532 Baden-Baden.

Any requests for additions to the agenda that are not included in the Notice of the Annual General Meeting will be publicised immediately upon receipt in the Federal Gazette and similar media where it may be assumed that the information will be disseminated throughout the European Union. These requests will also be published on the Company's website at www.grenke-group.com/investor-relations/general-meeting.

Shareholder countermotions and nomination proposals pursuant to Sections 126 (1) and 127 AktG and other shareholder inquiries

Shareholders' countermotions and their substantiation with respect to a proposal of the Board of Directors and/or Supervisory Board under a specific agenda item, as well as nomination proposals or other inquiries from shareholders with respect to the Annual General Meeting, together with the name of the shareholder, should be submitted to

GRENKE AG
Investor Relations
Neuer Markt 2
76532 Baden-Baden
Fax: +49 7221 / 5007-4218

or sent by email to

hauptversammlung@grenke.de.

Counter motions and nomination proposals addressed otherwise will not be considered.

Shareholder counter motions and nomination proposals to be publicised, including the shareholder's name and substantiation, will be published at www.grenke-group.com/investor-relations/general-meeting immediately upon their receipt, provided the Company receives these at least 14 days before the date the Annual General Meeting, i.e. no later than midnight (CEST), April 29, 2019. Any comments by the Company's management will be published at the above Internet address.

Right to information pursuant to Sections 131 (1) AktG

At the Annual General Meeting, each shareholder or proxy is entitled upon request to information from the Board of Directors concerning the Company's affairs including the legal and business relationships with affiliated companies and the situation of the Consolidated Group and the companies included in the consolidated financial statements, when the information is necessary for a proper evaluation of the subject of the agenda item.

Further information

Further information with respect to shareholder rights pursuant to Section 122 (2), Section 126 (1), Section 127, and Section 131 (1) AktG can be found on the Company's website under www.grenke-group.com/investor-relations/general-meeting.

Total number of shares and voting rights

According to Section 49 (1) no. 1 WpHG, we hereby disclose the following: On the date of calling the Annual General Meeting, the total number of shares of GRENKE AG amounted to 46,353,918 no-par value registered shares. Each share grants one vote at the Annual General Meeting. The Company held no treasury shares at the time of calling the Annual General Meeting. As a result, the total number of participating and voting shares amounts to 46,353,918 shares.

Transmission of the Annual General Meeting over the Internet

Shareholders unable to attend the Annual General Meeting in person and the interested public can follow the chairman of the Board of Director's speech and the general discussion that follows on the Internet under www.grenke-group.com/investor-relations/general-meeting. Following the Annual General Meeting, the voting results will also be available at this Internet address.

Information and documents for the Annual General Meeting pursuant to Section 124a AktG

The statutory disclosures, explanations and information under Section 124a AktG pertaining to this year's Ordinary Annual General Meeting are available on GRENKE AG's website at the following address: www.grenke-group.com/investor-relations/general-meeting

Baden-Baden, April 2019

GRENKE AG
Board of Directors

Information on data protection for shareholders and their representatives

To the extent prescribed by the Stock Corporation Act to maintain a shareholder register, communicate with you as a shareholder and conduct our Annual General Meeting, your personal data is processed in compliance with the provisions of the EU General Data Protection Regulation (GDPR) and all other applicable laws. In addition, your information will be used for purposes related to the Annual General Meeting or your shareholder position and to fulfil other legal obligations (such as the obligation to provide proof or record keeping obligations). The above explanations regarding the processing of personal data also apply to your legal or contractual representatives. If necessary, please inform them about the information on data protection referred to here.

Further information on the handling of your personal data as well as on your rights in this regard or the relevant rights of your legal or contractual representative can be found on our website at www.grenke.de/grenke-group/data-protection.