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GRENKE AG

Baden-Baden

-- German Securities Identification Number (*Wertpapier-Kenn-Nummer*) A161N3 --
-- ISIN DE000A161N30 --
-- Common Code 123383818 --

SUBSCRIPTION RIGHTS OFFER

On August 5, 2020, the Board of Directors (*Vorstand*) of GRENKE AG, Baden-Baden, (**"GRENKE AG"** or the **"Company"**), with the consent of the Supervisory Board (*Aufsichtsrat*) on August 5, 2020, adopted a resolution authorising the utilisation of the authorised capital in accordance with Section 4(4) of the Company's articles of association, which was registered on May 17, 2018 in the commercial register pertaining to GRENKE AG and amended in the commercial register on June 15, 2018 following an initial utilisation (Authorised Capital 2018), and to increase the share capital of EUR 46,353,918.00 by up to EUR 2,359,184.00 to up to EUR 48,713,102.00 through the issue of up to 2,359,184 registered shares (no par-value shares) with a proportionate interest in the Company's share capital of EUR 1.00 against contribution in kind with subscription rights (the **"Subscription Rights Capital Increase"**).

The dividend entitlements in the amount of EUR 0.80 per dividend-entitled no-par value share (the **"Dividend Entitlements"**) arising out of the Annual General Meeting's adoption of the resolution on appropriation of the unappropriated profits on August 6, 2020 will, at the shareholders' option, be paid (i) exclusively in cash (the **"Cash Dividend"**), (ii) partially in cash, in the amount required for the payment of the related tax obligation, and the remainder in the form of shares of GRENKE AG (the **"Scrip Dividend"**) or (iii) partially as a Cash Dividend and partially as a Scrip Dividend. A EUR 0.23 per share portion (the **"Base Dividend"**) of the entire dividend entitlement in the amount of EUR 0.80 per share is not subject to the shareholders' option and will be paid out in cash, after a deduction of the withheld capital gains tax (including solidarity surcharge and church tax, if applicable), regardless of whether shareholders opt for (i) an exclusive Cash Dividend, (ii) a Scrip Dividend or (iii) a combination of a Cash Dividend for a portion of their respective shares and a Scrip Dividend for the remainder of the shares.

The purpose of the Base Dividend in the amount of EUR 0.23 is to cover potential tax obligations of shareholders (capital gains tax including solidarity surcharge and church tax, if applicable) with respect to the entire dividend entitlement in the amount of EUR 0.80 per share. This ensures that shareholders who opt for Scrip Dividends also do not have to make additional payments to settle their respective tax obligations. As a result, the total dividend entitlement in the amount of EUR 0.80 per share will be paid to each shareholder either (i) exclusively in cash, after deduction of capital gains tax (including solidarity surcharge and church tax, if applicable) or (ii) in the case of a shareholder who has opted for the Scrip Dividend, and, accordingly, the receipt of new shares, in cash in the amount of EUR 0.23 per share after a deduction of the withheld capital gains tax (including solidarity surcharge and church tax, if applicable) with respect to the entire dividend entitlement in the amount of EUR 0.80 per share, whereby the remitted amount equals (i) EUR 0.01 (rounded) per no-par value share if the shareholder is subject to church tax, (ii) EUR 0.02 (rounded) per no-par value share if the shareholder is not subject to church tax (the respective amount is referred to as the **"Post Tax Adjustment Amount"**) and the remainder in the amount of the proportionate dividend entitlement of EUR 0.57 per share (the **"Proportionate Dividend Entitlement"**) will be contributed in the Subscription Rights Capital Increase as a contribution in kind. The dividend entitlements are evidenced by a global bearer profit participation certificate (the **"Global Bearer Profit Participation Certificate"**), which is deposited with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn (**"Clearstream Banking"**). After determining the number of the aggregate new shares to be issued, on or about August 31, 2020 the Board of Directors intends, with the Supervisory Board's consent, to adopt a detailed resolution setting forth the exact amount of the Subscription Rights Capital Increase and the number of new shares, which will be fully entitled to dividends as of January 1, 2020.

All shareholders of record who owned registered, no-par-value shares of GRENKE AG as of August 6, 2020, at 11:59 p.m. CEST, and had not previously sold these shares are entitled to subscription rights.

The new shares will be offered to shareholders in accordance with the Proportionate Dividend Entitlements in the amount of EUR 0.57 per share, at a yet to be determined subscription price and subscription ratio (the **"Subscription Rights Offer"**). Each outstanding share carries one subscription right and one dividend right. The exercise of the subscription rights must be declared within the subscription period from the publication of the Subscription Rights Offer on August 7, 2020 until and including August 24, 2020 (the **"Subscription Period"**) using the form provided by the shareholders' respective depositary banks for this purpose (the **"Declaration of Subscription and Transfer"**). Shareholders may only exercise their respective subscription rights by appointing and authorising COMMERZBANK Aktiengesellschaft, Frankfurt am Main (**"COMMERZBANK AG"**) as trustee, to transfer their respective Proportionate Dividend Entitlements in the amount of EUR 0.57 per each share held and their interests in the respective Global Bearer Profit Participation Certificate to COMMERZBANK AG, and to subscribe for the new shares the shareholder wishes to receive based on the shareholders' subscription rights, in COMMERZBANK AG's own name but for the account of the shareholders, and to transfer the new shares subscribed to a Clearstream securities account for the benefit of the respective securities accounts of the shareholders after subscription and registration of the implementation of the Subscription Rights Capital Increase with the commercial register. Shareholders who exercise their subscription rights must transfer their respective Proportionate Dividend Entitlements that will be utilised to subscribe for new shares and their interests in the respective Global Bearer Profit Participation Certificate to COMMERZBANK AG, free and clear of rights of third parties, within the Subscription Period. The exercise of subscription rights will take effect upon the timely delivery of a Declaration of Subscription and Transfer to the respective depositary bank of the shareholder and the posting of the timely transfer of the related Proportionate Dividend Entitlements from ISIN DE000A289A57 / WKN A289A5 to ISIN DE000A289A65 / WKN A289A6. To the extent the relevant depositary bank receives a Declaration of Subscription and Transfer from a shareholder within the Subscription Period, the related transfer will be deemed to be timely so long as the transfer is completed at Clearstream by no later than 6 p.m. CEST on August 26, 2020.

As subscription agent, COMMERZBANK AG will settle the Subscription Rights Offer in accordance with a transaction agreement entered into on June 25, 2020 (the **"Transaction Agreement"**) subject to the conditions enumerated under "Additional Important Information" in respect of shareholders who wish to exercise their respective subscription rights. In particular, under the terms of the Transaction Agreement, COMMERZBANK AG is obligated to contribute the Proportionate Dividend Entitlements transferred to it in accordance with the yet to be determined subscription price and subscription ratio as a contribution in kind to the Company, to subscribe for new shares for the account of those shareholders who exercise their subscription rights, and to deliver such new shares to the shareholders in accordance with the yet to be determined subscription price and subscription ratio. COMMERZBANK AG is expected to subscribe for the new shares on or about August 31, 2020. The registration of the implementation of the Subscription Rights Capital Increase in the commercial register is expected to take place on or about September 3, 2020.

On August 11, 2020, Clearstream Banking will automatically post Proportionate Dividend Entitlements (ISIN DE000A289A57 / WKN A289A5) and the subscription rights that are inseparably linked to the Proportionate Dividend Entitlements related to the Company's shares outstanding as of the evening of August 10, 2020 (Record Date) to depositary bank accounts. The posted Proportionate Dividend Entitlements simultaneously evidence the related subscription rights. It is the depositary banks' responsibility to post the subscription rights and Proportionate Dividend Entitlements to individual shareholders' accounts.

Our shareholders may exercise their subscription rights for new shares during the period

from August 7, 2020 upon the publication of the Subscription Rights Offer

to and including August 24, 2020

via their respective depositary banks during their regular business hours at the subscription agent named below and using the Declaration of Subscription and Transfer provided by the relevant depositary banks for this purpose and to transfer the Proportionate Dividend Entitlements to be contributed in kind, as well as the interests in the respective Global Bearer Profit Participation Certificate to COMMERZBANK AG. Subscription rights that are not exercised in a timely manner will expire without compensation. If the subscription rights are not exercised or not exercised in a timely manner, the dividend payment will be made exclusively in cash without requiring any further action.

Subscription Agent and Payment Agent

COMMERZBANK Aktiengesellschaft, Kaiserstraße 16, 60311 Frankfurt am Main is acting as subscription agent.

COMMERZBANK Aktiengesellschaft, Kaiserstraße 16, 60311 Frankfurt am Main is also acting as settlement agent for the Company's dividend for the 2019 financial year.

Deutsche Bank AG will continue acting as general payment agent under Section 48(1)(4) of the German Securities Trading Act (*WpHG*).

Important Information

The Company wishes to draw its shareholders' attention to the following: the subscription price per new share and the subscription ratio will only be announced shortly before the end of the Subscription Period, tentatively on or about Friday, August 21, 2020 at 3 p.m. CEST. On or about September 7, 2020, through their depositary banks, holders of subscription rights who do not exercise the subscription rights, or do not do so in full, will receive an exclusive Cash Dividend in the amount of EUR 0.80 per share held, with respect to which the subscription right is not exercised, after a deduction of the withheld capital gains tax (including solidarity surcharge and church tax, if applicable).

Subscription Price

The subscription price is expected to be published in the German Federal Gazette (*Bundesanzeiger*) and on the GRENKE AG website (www.grenke.com/dividend) on or about Friday, August 21, 2020 at 3 p.m. CEST, *i.e.*, three days before the end of the Subscription Period. The subscription price is the quotient in euro of dividing the reference price by the Proportionate Dividend Entitlement in the amount of EUR 0.57, less a tentative 3% adjustment, then rounded to one decimal place and multiplied by the Proportionate Dividend Entitlement (the **"Subscription Price"**). The reference price is equal to the volume-weighted average price (VWAP) of GRENKE AG shares in euro in the XETRA trading system on the Frankfurt Stock Exchange on the last trading day (expected to be Thursday, August 20, 2020) before the date on which the Subscription Price is set (**"Reference Price"**).

Subscription Ratio

The Subscription Ratio is also expected to be published in the German Federal Gazette and on the GRENKE AG website (www.grenke.com/dividend) together with the Subscription Price three days before the subscription period expires, on or about Friday, August 21, 2020 at 3 p.m. CEST. The subscription ratio is the ratio between the quotient of dividing the Reference Price by the Proportionate Dividend Entitlement in the amount of EUR 0.57, less a tentative 3% adjustment and rounded to one decimal place, and one new share (the **"Subscription Ratio"**).

The number of Proportionate Dividend Entitlements to be transferred and contributed for the subscription of one new share equals the Reference Price divided by EUR 0.57. The final number of Proportionate Dividend Entitlements that must be transferred to subscribe for one new share is expected to be announced on or about August 21, 2020.

Shareholders' respective Proportionate Dividend Entitlements or portions thereof that are insufficient for the subscription of a new share will be compensated by way of a dividend payment in cash. This means that shareholders whose number of Proportionate Dividend Entitlements or portions thereof transferred for purposes of the contribution in kind is insufficient for the receipt of an entire new share will receive their respective dividend payment exclusively in cash (the **"Residual Balance"**).

Subscription Rights Trading

Trading of subscription rights is not contemplated by the Company or COMMERZBANK AG and will not be organised by the Company or COMMERZBANK AG. It is not intended to apply for a quotation of the subscription rights on any stock exchange. As a result, neither purchases nor sales of subscription rights on the regulated market of any stock exchange are possible. Such purchases and sales will not be arranged for by the Company or COMMERZBANK AG. Subscription rights conferred to shareholders may, however, be freely transferred together with the Proportionate Dividend Entitlements to which they are inseparably linked.

Beginning on the first trading date following the annual general shareholders' meeting (August 7, 2020), the Company's outstanding shares will be quoted as **"ex-subscription right"** and **"ex-dividend"**.

Form and Certification of the New Shares

The new shares will be issued as registered shares (no par-value shares) in accordance with the Company's currently applicable articles of association. The new shares will be evidenced by one or more global certificates, each with a global bearer profit participation certificate, and deposited with Clearstream Banking. Shareholders have no right to demand certification of their participation in accordance with Section 4(3)(2) of the Company's articles of association.

Delivery of New Shares Subscribed for in the Subscription Rights Offer, and Residual Balance and Post Tax Adjustment Amount Payments

The new shares subscribed for in the Subscription Rights Offer are expected to be delivered to the depositary banks for delivery to the shareholders via collective custody credit on or about September 8, 2020.

The payments of the Residual Balances in respect of Proportionate Dividend Entitlements for which the Scrip Dividend option was not exercised, as well as the Post Tax Adjustment Amounts are expected to be made on or about September 7, 2020 via the depositary banks.

Depositary Bank Commissions

GRENKE AG will remunerate the depositary bank services in the amount of EUR 0.75 per deposit client and a further EUR 3.00 for each shareholder who has opted for a Scrip Dividend. Nevertheless, exercising the option to receive a Scrip Dividend can result in additional depositary bank fees for shareholders. Please consult your depositary bank in advance regarding the details. COMMERZBANK AG will not charge any additional fee to shareholders opting for Scrip Dividends for exercising the subscription rights and the settlement of the new shares.

Admission and Listing of the New Shares on the Stock Exchange

The admission of the new shares to trading on the regulated market of the Frankfurt Stock Exchange as well as to the regulated market subsection with additional post-admission obligations (*Prime Standard*) on the Frankfurt Stock Exchange is expected to take place on September 4, 2020, subject to the Subscription Rights Capital Increase being entered into the commercial register. The new shares are expected to be included in the existing quotation of the Company´s shares on September 8, 2020.

Additional Important Information

In accordance with Articles 1(4)(h) and 1(5)(1)(g) of Regulation (EU) 2017/1129 (Regulation (EU) 2017/1129, together with all applicable implementation measures, the **"Prospectus Regulation"**) no securities prospectus, but rather a uniform information document under Articles 1(4)(h) and 1(5)(1)(g) of the Prospectus Regulation (the **"Prospectus Exemption Document"**), has been prepared in connection with the implementation of the Subscription Rights Offer and the admission of the new shares. Before making a decision to exercise their respective subscription rights, interested shareholders should carefully read the Prospectus Exemption Document (available on www.grenke.com/dividend) and comprehensively inform themselves about the Company. With regard to risks, shareholders are also advised to read and factor into their decisions the financial statements available on the Company's website (www.grenke.com), including the Company's annual report for 2019 and the financial statements for the second quarter and the first half year of 2020 made available on or around July 30, 2020, as well as the other information on the Company's website.

The obligations of COMMERZBANK AG arising from the Transaction Agreement to conclude a contribution agreement and to subscribe for the new shares and thus ultimately to implement this Subscription Rights Offer are subject to a number of conditions precedent. These conditions include, in particular, that all of the representations and warranties made by the Company in the Transaction Agreement are accurate and complete and that the Company has fulfilled all of its obligations under the Transaction Agreement before the completion of the contribution agreement and the subscription for the new shares.

COMMERZBANK AG may terminate the Transaction Agreement if it determines that one of the conditions has not been fulfilled in a timely manner before the registration of the implementation of the Subscription Rights Capital Increase in the commercial register. Under certain conditions, the Company is also entitled to terminate the Transaction Agreement. The shareholders' subscription rights will be cancelled if the Transaction Agreement is terminated before the registration of the implementation of the Subscription Rights Capital Increase in the commercial register. Instead, the shareholders will receive their dividend in the amount of EUR 0.80 exclusively in cash, less a deduction of withheld capital gains tax (including solidarity surcharge and church tax, if applicable). Once the execution of the Subscription Rights Capital Increase has been registered in the commercial register, there will no longer be any such right of termination and the shareholders who have exercised their subscription rights in accordance with the above requirements will receive the new shares at the Subscription Price.

Sales Restrictions

The subscription rights and the new shares are only being publicly offered in the Federal Republic of Germany. The subscription rights and the new shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the **"Securities Act"**), or with any regulatory authority of any state or other jurisdiction in the United States of America. The subscription rights and the new shares may not be offered, sold, exercised, pledged, or transferred, directly or indirectly, into or in the United States of America, except in a transaction made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and so long as such transaction does not result in a breach of applicable securities laws of the several states of the United States of America.

Availability of the Prospectus Exemption Document

The Subscription Rights Offer is being made on the basis of the Prospectus Exemption Document, in accordance with which there is no obligation to publish a prospectus for the public offer (Article 1(4)(h) of the Prospectus Regulation) or the admission to trading (Article 1(5)(1)(g) of the Prospectus Regulation) of dividends paid out to shareholders in the form of shares, provided that a document is made available which contains information on the number and nature of shares and which describes the reasons for and details of the offer. The Prospectus Exemption Document has been and any amendments will be published on the Company's website (www.grenke.com/dividend).

Baden-Baden, August 7, 2020

GRENKE AG

The Board of Directors