

Report of the Executive Board to the Annual General Meeting re. agenda item 6 pursuant to Section 221 (4) sentence 2 and Section 186 (4) sentence 2 of the German Stock Corporation Act

In order to ensure that the Executive Board is authorised to issue warrant-linked and convertible bonds and to exclude the subscription rights for these warrant-linked and convertible bonds on an ongoing basis and independently of the scheduling of the Annual General Meeting in 2020, the existing authorisation to issue warrant-linked and/or convertible bonds ("Bonds") is to be replaced by a new authorisation at this Annual General Meeting.

The proposed authorisation to issue Bonds in the total nominal amount of up to EUR 800,000,000 and to create the conditional capital in the amount of up to EUR 14,378,109.00 is intended to enhance the options of VTG Aktiengesellschaft for financing its activities, as described in detail below, and to enable the Executive Board, subject to the consent of the Supervisory Board, to seize flexible and short-term financing opportunities in the interest of VTG Aktiengesellschaft, in particular if favourable capital market conditions arise.

Shareholders will generally be entitled to the statutory subscription rights in respect of Bonds with option or conversion rights or obligations attached (Section 221 (4) in conjunction with Section 186 (1) of the German Stock Corporation Act). To the extent that the shareholders are not allowed to directly subscribe for the Bonds, the Executive Board may, at its discretion, issue the Bonds to one credit institution or a consortium of credit institutions subject to the obligation to offer the Bonds to the shareholders for subscription in accordance with their subscription rights (indirect subscription right within the meaning of Section 186 (5) of the German Stock Corporation Act).

The authorisation to exclude the subscription right in respect of fractional amounts enables the use of the requested authorisation through full amounts. This facilitates the settlement of the subscription rights of the shareholders. The authorisation to exclude the subscription right in favour of the bearers or holders of already issued conversion and option rights or obligations lies in the fact that the conversion or option price for already issued conversion or option rights or obligations need not be reduced, thereby enabling an altogether higher cash inflow. Thus, both cases of exclusion of the subscription right are in the best interest of VTG Aktiengesellschaft and its shareholders.

Unless there is an option or conversion obligation or the right to delivery of shares, the respective option or conversion price for a no-par value share of VTG Aktiengesellschaft and therefore the issue price for the new shares – with or without granting a subscription right – must correspond to least 80% of the net book value per share of the Company to be calculated from the last consolidated financial statements of the Company in accordance with IFRS. In cases where there is an option or conversion obligation or the right to delivery of shares, in accordance with the more detailed provisions of the terms

and conditions of the Bonds, the option or conversion price may correspond to either the aforementioned minimum price or the net book value per share of the Company to be calculated from the last consolidated financial statements of the Company in accordance with IFRS prior to the day of maturity or the other determined point in time, even if such average price is below the aforementioned minimum price (80%). The possibility of charging a premium (which may increase after the term to maturity of the warrant-linked bond or convertible bond) will provide the basis for adjusting the terms and conditions of the convertible (*Wandelanleihen*) or warrant-linked bonds (*Optionsanleihen*) to the prevailing capital market situation at the time of their issuance.

Hamburg, April 2019

VTG Aktiengesellschaft

The Executive Board
