REPORT BY THE MANAGEMENT BOARD REGARDING AGENDA ITEM 6 PURSUANT TO SECTION 203 (2) OF THE STOCK CORPORATION ACT IN CONJUNCTION WITH SECTION 186 (4) SENTENCE 2 OF THE STOCK CORPORATION ACT

Regarding agenda item 6, the Management Board and Supervisory Board propose creating a new authorised capital. Pursuant to Section 203 (2) Sentence 2 in conjunction with Section 186 (4) Sentence 2 of the Stock Corporation Act about the reasons for the intended authorisations in the proposed new authorised capital to exclude the subscription right of the shareholders when the new shares are issued, the Management Board makes this report.

<u>Exclusion of subscription rights in case of cash capital increases</u>
The Management Board should be authorised, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in case of a capital increase against contributions in cash, if, arithmetically, the share capital attributable to the issued shares does not exceed ten per cent of the share capital either at the time that this authorisation comes into effect or at the time it is exercised (10 % threshold) and the new shares are issued at an issuing price that does not significantly fall below the stock exchange price of the msg life shares at the time the issuing price is finally determined by the Management Board; for the question of using the 10 % threshold, the exclusion of the subscription right in direct or indirect application of Section 186 (3) Sentence 4 of the Stock Corporation Act based on other authorisations is also to be taken into account. The legal basis for this simplified exclusion of subscription rights is Section 203 (1) and (2) in conjunction with Section 186 (3) Sentence 4 of the Stock Corporation Act. The 10 % threshold must in total, in other words when also being tallied up with any other authorisations leading to a direct or indirect application of Section 186 (3) Sentence 4 of the Stock Corporation Act, not be exceeded. A possible deduction from the relevant stock exchange price will be 5 % of the stock exchange price at the most. This option to exclude the subscription right provided in Section 186 (3) Sentence 4 of the Stock Corporation Act makes it possible for the company to issue the shares in a targeted manner and, by setting a price consistent with the market, to achieve the highest possible disposal amount and thus the greatest possible strengthening of the equity base. Because of the quicker ability to act, it is thereby usually possible to achieve a higher inflow of funds for the benefit of the company than with a subscription rights offering to all shareholders whilst preserving the subscription right of the shareholders. By doing without the time-consuming and costly execution of the subscription right, it is also possible to promptly cover an eventual equity capital requirement from market opportunities arising at short notice.

To comply with the threshold for simplified exclusions of subscription rights of 10 % of the share capital provided in Section 186 (3) Sentence 4 of the Stock Corporation Act, the authorisation to issue new shares under simplified exclusion of subscription rights is limited to shares with a proportional amount of 10 % of the company’s share capital. The calculation of the 10 % threshold is ultimately to be made on the basis of the amount of share capital at the time the authorisation is entered in the commercial register and at the time the shares are issued, whichever is the lowest. The proposed resolution also envisages a deduction clause, according to which the authorisation volume is reduced if other authorisations for the simplified exclusion of subscription rights are used from the day of the annual general meeting onwards. In this way it is ensured that the 10 % threshold provided in Section 186 (3) Sentence 4 of the Stock Corporation Act, taking all authorisations with the option of excluding the subscription rights into account, is complied with by applying Section 186 (3) Sentence 4 of the Stock Corporation Act directly, analogously or mutatis mutandis.

The proposed authorisation is in the interest of the company and its shareholders for the reasons mentioned. As the issuing price for the treasury shares to be granted must be based on the stock market price and the authorisation only has a limited scope, the interests of the shareholders are adequately protected.

Exclusion of subscription rights in case of non-cash capital increases

Furthermore, the Management Board should, within the framework of the authorised capital, and with the consent of the Supervisory Board, exclude the subscription right of the shareholders in case of capital increases against contributions in kind for the purposes of granting shares for the purpose of acquiring companies, parts of companies, investments in companies or outstanding debts against the company.

Faced with global competition, msg life ag must be able at any time to act quickly and flexibly in national and international markets in the interest of its shareholders. This also includes the option of acquiring companies, parts of companies or investments in companies to improve its competitive position by granting shares. For instance, it may become necessary in negotiations not to offer money as consideration, but shares instead. The option of being able to offer shares in the company as consideration in particularly necessary in international competition for interesting acquisition targets and creates the necessary leeway to make use of opportunities arising to acquire companies, parts of companies or investments in companies whilst protecting liquidity. Practice shows that the owners of attractive acquisition targets frequently ask for shares in the acquiring company as consideration for a sale, for example for tax reasons or to continue to be involved in the present business. The proposed authorisation is intended to give the company the option of being able to make use of opportunities arising to acquire companies, parts of companies or investments in companies quickly and flexibly both nationally and on international markets. In order to also be able to acquire such acquisition targets, msg life ag must have the option of granting new shares as consideration. The granting of shares can also make sense under the aspect of an optimum financing structure. Because with new shares from authorised capital, it is possible to implement a merger or planned acquisition whilst protecting liquidity.

In addition, outstanding debts against the company should also be able to be acquired by issuing new shares from the authorised capital. When acquiring debts against the company, it may be practical – be it to protect liquidity or because the seller demands it – to grant shares as consideration. By acquiring outstanding debts against the company by granting shares, the financing structure of the company can continue to be shaped advantageously.

The company does not suffer any disadvantage from this. Because the issue of shares against non-cash payment requires that the value of the non-cash payment is in proportion to the value of the shares. The Management Board shall ensure when determining the value ration that the interests of the company and those of its shareholders are adequately safeguarded and that an appropriate issue price for the new shares is achieved.

Exclusion of subscription rights in case of fractional amounts

The Management Board should, within the framework f the authorised capital, and with the consent of the Supervisory Board, be authorised to exclude the subscription right, if this is required for fractional amounts resulting from the subscription ratio. The exclusion of the subscription right for fractional amounts is necessary in order to be able to present a technically feasible subscription ratio. The fractional shares excluded from the subscription rights of the shareholders shall be realised in the best possible way for the company. The possible dilution effect is low due to the restriction of the fractional amounts. For these reasons, the Management Board and Supervisory Board believe the possible exclusion of the subscription rights is objectively justified and reasonable from the viewpoint of the shareholders.

Utilisation of the authorised capital

There are currently no plans for a utilisation of the authorised capital. The Management Board shall carefully check in each individual case whether it will make use of the authorisation to increase capital under exclusion of the shareholders' subscription rights. It will only do this if, according to the estimation of the Management Board and the Supervisory Board, it is in the interest of the company and hence its shareholders.

The Management Board shall report to the annual general meeting about any utilisation of the authorised capital.