



**DECLARATION OF COMPLIANCE**

**PURSUANT TO**

**SEC 161 OF THE GERMAN STOCK**

**CORPORATION ACT (AKTG)**

## **Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG)**

The Management Board and Supervisory Board of Instone Real Estate Group SE (the "**Company**") are required pursuant to Section 161 (1) of the German Stock Corporation Act (AktG) to issue an annual Declaration of Compliance stating that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice and Consumer Protection in the official Section of the Federal Gazette have been and are being complied with or which recommendations have not been or are not being complied with and why not. The Management Board and Supervisory Board issued their latest annual Declaration of Compliance in December 2020. This Declaration of Compliance was updated on 23 April 2021 due to the approval of an updated remuneration system for the members of the Management Board by the Supervisory Board.

For the period between submission of the Declaration of Compliance in December 2020 and submission of the updated Declaration of Compliance in April 2021, the Management Board and Supervisory Board declare that they have not complied with the recommendations on the remuneration of the members of the Management Board in section G.I. (G.1, G.2, G.6, G.7, G.10 and G.11) and the recommendation F.2 by the Government Commission on the German Corporate Governance Code in the version last published in the official part of the Federal Gazette on 20 March 2020 and dated 16 December 2019 ("**GCGC**").

Since the submission of the updated Declaration of Compliance in April 2021, the Management Board and Supervisory Board declare that they have complied with the recommendations of the GCGC with the following exceptions:

Pursuant to recommendation G.7 of the GCGC, the Supervisory Board shall establish by referring to the forthcoming financial year performance criteria for each Management Board member covering all variable remuneration components; besides operating targets, such performance criteria shall be geared mainly to strategic goals. The Supervisory Board derives the relevant performance criteria for the Management Board from the Company's planning and guidance that is, due to the higher amount of planning certainty, approved at the beginning of each financial year. Considering this, the Supervisory Board establishes the performance criteria for the variable remuneration components also at the beginning of each financial year. In the view of the Supervisory Board, this is appropriate in order to match the approved planning with the performance criteria for the members of the Management Board.

Pursuant to recommendation G.10 sentence 2 of the GCGC, granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years. In deviation of this, the remuneration system for the members of the Management Board provides for the granting of long-term variable compensation after a three-year performance-period. This is in line with both the requirements of stock corporation law for long-term assessment

basis for variable compensation and the recommendations of various institutional voting advisers. In contrast, in the view of the Supervisory Board, a longer deferral of payment of the variable long-term compensation has no additional benefit for incentivizing the Management Board compared with the existing contractual arrangements.

Against this background, the Management Board and Supervisory Board intend to deviate from the aforementioned recommendations G. 7 and G. 10 sentence 2 of the GCGC also in future.

In addition, the Company has further not complied with the recommendation F. 2 of the GCGC providing that mandatory interim financial information shall be made publicly accessible within 45 days from the end of the relevant reporting period since submission of the updated Declaration of Compliance in April 2021. This was because the operational requirements and resources for a publication within this period had not been established yet. The Company intends, however, to comply with this recommendation in the future by making mandatory interim financial information publicly accessible within 45 days from the end of the relevant reporting period since the operational requirements have been established in the meantime.

Essen, December 2021

**The Management Board**

**The Supervisory Board**