

INSTONE REAL ESTATE GROUP SE

REMUNERATION REPORT 2022

Remuneration report ☞ GRI 2-19, 2-20, 2-21

This remuneration report explains the remuneration systems and remuneration for the Management Board and Supervisory Board of Instone Real Estate Group SE in accordance with the legal requirements and the recommendations of the German Corporate Governance Code (GCGC) in the version adopted on 27 June 2022. It also takes into account the requirements of German Accounting Standard No. 17 (Deutscher Rechnungslegungsstandard, GAS) and the German Commercial Code (HGB).

I. Remuneration system for the members of the Management Board of Instone Real Estate Group SE

The current remuneration system for the members of the Management Board of Instone Real Estate Group SE, which was approved by the Supervisory Board during this financial year, is based on the remuneration system which entered into force in connection with the successful initial public offering of the Company and the first listing on the Frankfurt Stock Exchange on 15 February 2018, and was based on the employment contracts of the members of the Management Board until 30 June 2021. On 9 June 2021, the Annual General Meeting of the Company approved the remuneration system described under Section I, which is valid from 1 July 2021, with 98.27% of votes cast in favour. The full remuneration system can be viewed at

<https://ir.de.instone.de/websites/instonereal/English/5930/remuneration.html>.

The remuneration system is geared towards sustainable and long-term corporate development. Transparency and traceability of the remuneration system and the individual remuneration of the Management Board members are key components of good corporate governance at Instone Real Estate Group SE.

The remuneration system applies for a maximum period of four years for all newly concluded employment contracts with Management Board members and for contract extensions and amendments from 1 July 2021. Accordingly, the employment contracts of the members of the Management Board were re-drafted with effect from 1 July 2021 in accordance with the provisions and regulations of the new remuneration system. Remuneration claims prior to 1 July 2021, including those from variable remuneration, shall therefore continue to be based on the respective underlying contractual provisions at that time.

The main components of the remuneration system are as follows:

TABLE 125

Remuneration component	Components	Weighting/description
Non-performance-based emoluments (approx. 40% of the target remuneration)	Basic remuneration	Payable annually in 12 equal instalments at the end of each month
	Fringe benefits	Include, for example, use of a company car, premium for accident insurance and reimbursement of other expenses for Management Board activities
Performance-based emoluments – short-term incentive (STI) (approx. 25% of the target remuneration)	Financial target: EAT (adjusted)	37.5% of the STI bonus base amount, measured by the economic success in the underlying financial year
	Financial target: Volume of sales contracts	37.5% of the STI bonus base amount, measured by the performance in the underlying financial year
	Strategic and sustainability goals (quantity: two to four)	25% of the STI bonus base amount, measured on the basis of the target achievement in the underlying financial year
	Payout	Each year following the target approval by the Supervisory Board in the month following the audited annual financial statements
Long-term performance-based emoluments – long-term incentive (LTI) (approx. 35% of the target remuneration)	Performance share plan (financial targets and non-financial ESG target)	Virtual share tranche paid out after the end of a three-year performance period on the basis of the achievement of targets specified in advance by the Supervisory Board and presented below
	Financial target: Relative TSR (Instone share price development including distributions)	20% of the LTI bonus base amount measured by comparing the total shareholder return for Instone (Instone share price performance including distributions) during the three-year performance period to the performance of the SDAX (performance index)
	Financial target: Earnings per share (EPS target)	50% of the LTI bonus base amount, measured by the performance of the adjusted earnings per share over the three-year performance period
	Non-financial ESG target	30% of the LTI bonus base amount, as measured by the target achievement during the three-year performance period
	Payout	At the end of a total of three years in euros in the month following the approval of the annual financial statements, for each tranche based on the performance of the Instone share price during the three-year performance period, including distributions (total shareholder return method)
Caps/maximum remuneration	STI cap	200% of the STI bonus base amount
	Maximum LTI payout factor	300% of the LTI target achievement
	LTI cap	300% of the LTI bonus base amount
	Maximum remuneration	€3.1 million for the CEO €2.35 million each for other members of the Management Board
Share ownership guideline	Minimum holding of Instone shares by Management Board members	Obligation to hold Instone shares to the equivalent of a non-performance-based basic salary (gross) throughout the entire term of the contract. The equivalent value is measured according to the purchase price of the shares. If the share ownership obligation has not been met at the start of the contract term, it must be fulfilled during the term of the contract through corresponding purchases.
Malus/clawback regulations		Retention and/or clawback of variable remuneration components in the event of violation of statutory obligations or obligations set out in the employment contract or internal codes of conduct



A. Contribution of remuneration to the promotion of the business strategy and the long-term performance of the Company

The calculation of the remuneration is mainly based on the size and complexity of the Instone Group, its economic situation and financial position, and its success and future prospects. The respective tasks and the personal performance of the individual members of the Management Board are further key criteria for determining the remuneration. The remuneration system sets competitive remuneration by comparison nationally and internationally which creates added value for customers, employees, shareholders and other stakeholders by setting performance criteria based on long-term and sustainable company success in particular, and combining them with challenging objectives. The key objectives set by the Supervisory Board for variable remuneration are in line with the corporate strategy and ensure that the remuneration of the Management Board and long-term corporate performance are aligned with the business planning.

B. Procedure to set and implement the remuneration of the Management Board and to review the remuneration system

Responsibility for creating the remuneration system and determining the specific total emoluments of the individual members of the Management Board and regularly reviewing the remuneration system lies with the Supervisory Board of Instone Real Estate Group SE. The Supervisory Board has set up a Remuneration Committee which is responsible, in particular, for providing advice on the employment contracts of Management Board members and preparing relevant resolutions, as well as making preparations for setting the objectives for the variable remuneration components and their assessment by the Supervisory Board. The Supervisory Board reviews the remuneration system at regular intervals on the basis of the preparations and recommendations of the Remuneration Committee. If the Supervisory Board establishes a need for action, it decides on the necessary changes and the remuneration system is again submitted to the Annual General Meeting for approval if it is of material significance.

The Supervisory Board may use external consultants to perform its tasks, which it must ensure are independent of the Management Board and Instone Real Estate Group SE, and has done so also for the preparation of the current remuneration system. With regard to dealing with potential conflicts of interest

in the Supervisory Board, the Rules of Procedure for the Supervisory Board contain corresponding regulations which provide, among other things, for the disclosure to the Chair of the Supervisory Board of potential conflicts of interest, as well as a ban on participation and voting in the case of identified conflicts of interest. These regulations also apply to remuneration matters.

The Annual General Meeting shall pass a resolution on the remuneration system in the case of any significant change to the remuneration system, but at least every four years. If the Annual General Meeting has not approved the remuneration system, a revised remuneration system must be submitted for approval no later than the next ordinary Annual General Meeting.

C. Setting and appropriateness of the remuneration

In line with the remuneration system, the Supervisory Board has set the amount of the target total remuneration and corresponding remuneration limits (caps) for each member of the Management Board. Remuneration is proportionate to the tasks and performance of the Management Board member and the position of the Instone Group, such that it does not exceed the usual remuneration without special grounds and is geared towards the long-term and sustainable performance of Instone Group. The appropriateness of the remuneration is reviewed regularly by the Supervisory Board. For this purpose, both external and internal comparative analyses are conducted.

Consideration of employee remuneration and employment conditions as well as peer group comparison

The internal analysis was carried out when the current remuneration system was being set up. This analysis was based on a vertical comparison of the employees' remuneration and employment conditions. The remuneration amounts for the members of the Management Board were set in relation to the remuneration levels of the senior management and the workforce as a whole. The delineation between these two employee groups was carried out by the Supervisory Board. Senior management comprises the managing directors of the subsidiaries; the total workforce consists of the full-time employees of the Instone Group in Germany (including senior management). The results of the vertical comparison are taken into account in determining the remuneration system and future adjustments to the remuneration level of the Management Board, including in terms of their development over time.



The Supervisory Board also carried out an external comparison analysis of the remuneration levels on the basis of two peer groups (sector and growth) to develop the remuneration system and assess the appropriateness of the remuneration conditions. The members of the sector group were selected on the basis of six criteria (company size; sector, i.e. direct competitors or companies in other industries with comparable characteristics, in particular, real estate; country; legal form; capital market orientation; and relevant labour market) under the premise of the greatest possible comparability with Instone Real Estate Group SE. Due to the significant growth of the Instone Group since the initial public offering, a second growth peer group has also been set up which is comparable with Instone Real Estate Group SE in terms of revenue growth rates, company size and region.

D. Remuneration components

The total remuneration of the individual members of the Management Board consists of various components. In terms of structure, the remuneration components are regulated in the same way for all members of the Management Board, and are estimates as the amount of the fringe benefits as part of the non-performance-based remuneration may vary in particular:

	TABLE 126
Annual target remuneration	100%
– of which, non-performance-based emoluments	approx. 40%
– of which, performance-based emoluments – short-term (STI)	approx. 25%
– of which, performance-based emoluments – long-term (LTI)	approx. 35%

The remuneration of the Management Board consists of non-performance-based salary and benefits in kind, performance-based (variable) emoluments and – for two members of the Management Board – pension commitments agreed before their appointment to the Management Board, for which the allocations by the Company up to 2020 are expected to correspond to an annual retirement benefit from the age of 65 of between 3% and 5% of the current annual non-performance-based basic salary. Variable remuneration is determined on a multi-year assessment basis in order to create incentives for sustainable and long-term corporate development. The remuneration system explicitly stipulates that any positive and negative developments are taken into

account. The Supervisory Board also sets a maximum amount (cap) for each variable remuneration component. The remuneration of the Management Board is heavily based on performance, with a particular focus on long-term variable remuneration.

For example, the STI bonus is approximately 62.5% of non-performance-based emoluments when the target is fully achieved and approximately 125% of non-performance-based emoluments for maximum target achievement. Due to its even greater weighting, the LTI bonus amounts to approximately 87.5% of non-performance-based emoluments if the target is achieved in full and approximately 262.5% of non-performance-based emoluments for maximum target achievement.

This remuneration generally applies to all activities performed for the Company and for the companies affiliated with the Company in accordance with Sections 15 et seq. of the German Stock Corporation Act (AktG). [GRI 2-21](#)

Non-performance-based emoluments

The members of Instone Real Estate Group SE's Management Board receive non-performance-related emoluments in the form of a fixed annual base salary (base remuneration) and fringe benefits. The fixed annual base salary is paid in twelve equal instalments at the end of a month, and for the last time for the full month in which the Management Board employment contract ends.

The members of the Management Board also receive non-performance-related fringe benefits. These include, for example, the use of a company car and the payment of premiums for accident insurance with standard benefits and are taken into account in the maximum remuneration of the Management Board.

Performance-based emoluments

The performance-based remuneration components consist of a variable remuneration element with a one-year short-term incentive (**STI**) and a variable remuneration element with a multi-year long-term incentive (**LTI**). Due to the structure of the components, the share of the LTI outweighs the share of the STI in the target remuneration.

In the event that the Management Board member is not entitled to remuneration for the entire financial year underlying the calculation, these variable remuneration components will be reduced accordingly on a pro rata basis.

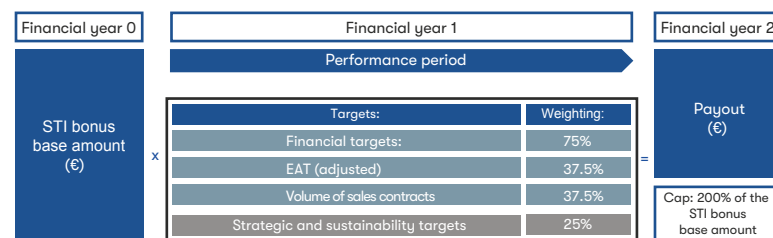
One-year variable remuneration (short term incentive, STI)

The one-year variable remuneration in the form of the STI is linked to

- the economic results or performance of the Instone Group in the underlying financial year (*financial targets*) and
- the *strategy and sustainability targets* set for the individual members of the Management Board.

Variable compensation – STI

FIGURE 028



The financial targets laid down in the STI, which account for a total of 75% of the STI bonus base amount, consist of the adjusted earnings after tax (**EAT (adjusted)**) and the **volume of sales contracts**, and are weighted identically at 37.5% each. Both the EAT (adjusted) and the volume of sales contracts are financial and corporate governance key performance indicators of the Instone Group, and are part of the company forecast. Both financial targets are therefore essential for the Management Board’s corporate strategy and the long-term performance of the Instone Group. From the Supervisory Board’s point of view, the measurement of short-term variable remuneration using these financial and corporate governance key performance indicators appears appropriate in order to ensure that the Management Board is incentivised to implement the corporate strategy. The earnings-based key performance indicator EAT (adjusted) is also a benchmark

for the dividend policy. The volume of sales contracts, which is a common key performance indicator for real estate, includes all sales-related transactions, such as notarised real estate purchase agreements, individual orders from customers and rental income. Both financial targets are derived from the business planning and forecast prepared by the Management Board and approved by the Supervisory Board and are uniformly re-set for the Management Board for each bonus year. EAT (adjusted) and volume of sales contracts are determined on the basis of the adjusted results of operations underlying the financial reporting of Instone Real Estate Group SE and explained in more detail in the annual report on [page 127](#).

Linking the one-year variable remuneration with these Instone Group financial and corporate governance key performance indicators serves to ensure profitable and sustainable growth. In addition, by selecting these targets, incentives are set for the Management Board to act in accordance with the corporate strategy and the business planning approved by the Supervisory Board, or – in the best case – to outperform the forecast communicated to the capital market.

The **strategy and sustainability targets** relevant to the respective bonus year are determined individually by the Supervisory Board for each bonus year and for each member of the Management Board. The Supervisory Board generally defines two to four targets for each member of the Management Board which serve to implement the corporate strategy and the long-term corporate performance. The strategy and sustainability targets amount for 25% of the STI bonus. This allows the Supervisory Board to set central, although not necessarily financial, targets in the interests of the Company for the Management Board and to link them with the individual performance of the members of the Management Board. These targets may include, for example, the promotion and development of the new product line nyoo (affordable housing) or the creation of subsidised housing in addition to environmental issues, such as CO2 reduction, customer and employee satisfaction, the value of investor sales or the optimisation of corporate finance. In order to ensure sufficient transparency and traceability for the achievement of the targets, the Supervisory Board shall ensure that targets are set in each case or criteria are set for the objectives, the achievement of which is set and measurable ideally using quantitative methods. The Supervisory Board may weight the strategy and sustainability



targets set annually differently. Each individual target must be weighted with a minimum of at least 25% within the strategy and sustainability targets.

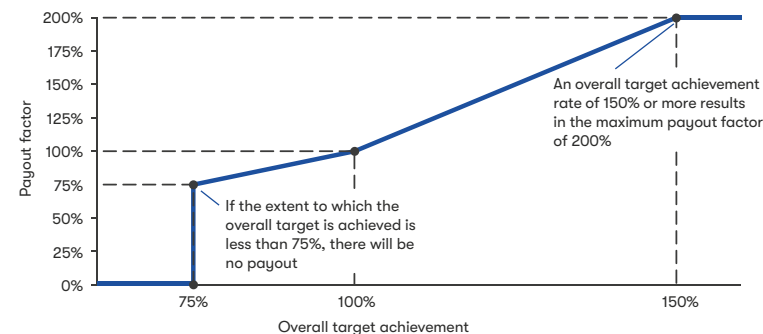
An STI bonus base amount in euros is agreed for each member of the Management Board in the relevant employment contract. The payment amount of this variable remuneration component is then determined according to the achievement of the objectives whose target and threshold achievement values for each performance period are determined by the Supervisory Board as follows:

- At the end of the respective bonus year (performance period), the Supervisory Board determines the achievement of the objectives for each individual target and transfers the achievement of the individual targets into an overall target achievement, taking into account the weighting of the respective individual targets. The maximum target achievement for each individual STI target is capped at 175%.
- The overall target achievement is allocated to an STI payout factor in accordance with a bonus curve [Figure 029](#). If the overall target achievement is less than 75% (**lower target limit**), there is no entitlement to a payment of the STI bonus. Due to the ambitious targets set, above-average performance of Management Board members is rewarded at an accordingly high rate: If the overall target achievement is 150% or more (**upper target limit**), the STI payout factor is 200%. The STI payout factor for an overall target achievement of between 100% and 150% is calculated according to this proportionality. With a total target achievement of between 75% and 100%, the STI payout factor has a linear correlation to the overall target achievement.

- The STI payout factor is multiplied by the agreed STI bonus base amount and thus results in the payout amount of the STI bonus in euros for the performance period. The payout amount may not exceed 200% of the STI bonus base amount (**cap**). Payment is made in the month following the adoption of the audited annual financial statements of the Company.

The following is an example of the overall target achievement of the STI and the resulting STI payout factor:

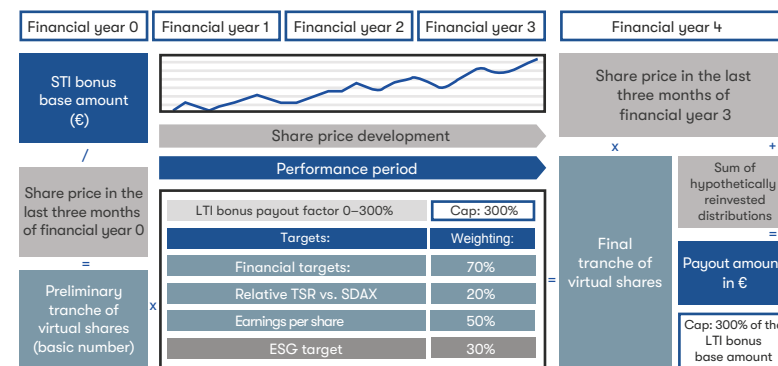
Bonus curve – overall target achievement FIGURE 029



Multi-year variable remuneration (long-term incentive, LTI)

As a further component of variable remuneration, the members of the Management Board are also promised multi-year variable compensation in the form of an LTI bonus on the basis of a share-based virtual performance share plan. Linking this to the price of Instone shares creates incentives for the Management Board to boost the long-term, sustainable performance of the Instone Group. In addition, it strengthens the balance of interests between shareholders and the Management Board.

Variable compensation – LTI FIGURE 030



The amount of any LTI bonus depends on

- the amount of the LTI bonus base amount and the underlying average share price at the time of allocation of the virtual share tranche in financial year 0 (i.e. the financial year before the start of the three-year performance period),
- the achievement of *financial targets* and a *non-financial ESG target* during a three-year performance period and
- The *share price performance* (taking into account distributions) of Instone Real Estate Group SE during the three-year performance period.

The assessment period for the multi-year variable remuneration therefore totals three years.

The financial targets set in the LTI are the performance of the adjusted earnings per share (*EPS*) (**EPS target**) and the total shareholder return (share price performance, taking into account distributions) of Instone Real Estate Group SE compared to the SDAX (**relative TSR**), which account for a total of 70% of the LTI bonus base amount and are weighted at 50% and 20% respectively. Both financial targets are derived from the business planning and forecast prepared by the Management Board and approved by the Supervisory Board and are re-defined for the Management Board uniformly for each three-year performance period.

The **EPS target** has set a target that will be used to incentivise the Management Board to increase the long-term profitability of the Company based on to the multi-year performance period. This creates an incentive to manage the Company profitably and in a profit-oriented manner and, at the same time, to generate long-term, sustainable growth in the interests of shareholders. The EPS target is set in the form of an aggregated target price over the performance period. The EPS target is determined on the basis of the adjusted results of operations underlying the financial reporting of Instone Real Estate Group SE and explained in more detail in the annual report on [page 127](#).

The **relative TSR** provides an incentive for the Management Board to achieve an above-average performance compared with other listed companies. The development of the share price also reflects the increase in value of the Company from a shareholder perspective. The Supervisory Board considers the SDAX, which consists of companies of a comparable size and on which the Instone share was listed until the end of the last financial year, to be an appropriate benchmark. Since the Instone share is no longer listed on the SDAX, in the event that the SDAX is significantly changed or other developments arise that mean that reference to the SDAX no longer seems appropriate, the Supervisory Board may select another suitable equity index as a benchmark with regard to the remuneration system.

The Supervisory Board also sets a non-financial **ESG target** (*Environmental, Social and Governance target*), which accounts for 30% of the LTI bonus base amount. The ESG target, which is set uniformly for each annually granted LTI tranche for all members of the Management Board, aims to promote the sustainable development of the Instone Group in accordance with the Company's ESG strategy. The Supervisory Board will set a target here that is in the interests of the Company's stakeholders and is geared towards meeting the long-term, three-year target. Measurement of the target achievement should ideally be quantifiable.

An LTI bonus base amount in euros is agreed for each member of the Management Board in the relevant employment contract. This is divided by the average volume-weighted Instone share price for the last three months of the financial year before the start of the performance period in order to determine a preliminary tranche of virtual shares allocated to the respective Management Board member (**base number**). The payment amount of this variable remuneration component is then determined according to the achievement of the objectives for which the Supervisory Board sets the target or the threshold values to be achieved for each performance period and the share price performance of the Instone share, as follows:

- At the end of the three-year performance period, the Supervisory Board determined the achievement of each individual target.

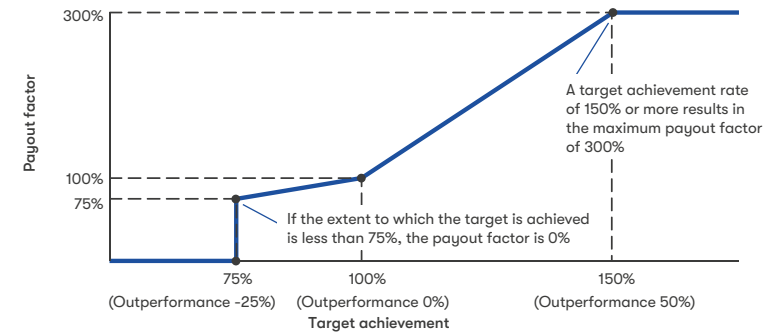
- The target achievement for each individual target is assigned to an LTI payout factor according to a bonus curve [≡ Figure 031](#). Taking into account the respective weighting of the individual target, the individual LTI payout factors determined in this way form a total payout factor. Due to the ambitious targets set, above-average performance of Management Board members is rewarded at an accordingly high rate: If the target achievement of an individual target is 150% or more (**upper target limit**), the relevant LTI payout factor for this individual target is 300%. The LTI payout factor for a target achievement of between 100% and 150% is calculated according to this proportionality. If the target achievement for an individual target is 100% or less, this corresponds (subject to and up to a **lower target limit** set by the Supervisory Board) to the LTI payout factor of the respective target achievement.

- In order to determine the relative TSR, we calculate the ratio of the final Instone share price compared to the initial price. For smoothing purposes, the initial and final prices are based on the volume-weighted average of the closing prices of the Instone share on the Frankfurt Stock Exchange in Xetra (or a comparable successor system) during the last three months. Distributions, including dividend payments, are also taken into account in the final price, assuming that the re-investment in Instone shares is made during the performance period. For calculating the performance of the SDAX (as the performance index), the initial value used is the arithmetic mean of the closing values in the SDAX during the last three months before the start of the respective performance period and the final value used is the arithmetic mean of the closing values in the SDAX during the last three months of the respective three-year performance period. The target achievement for the relative TSR and the proportional LTI payout factor is 100% if, at the end of the performance period, the performance of the share price (including distributions, which include dividend payments, and assuming that the re-investment in Instone shares was made during the performance period) of the Instone share matches the performance of the SDAX. If the target achievement for the relative TSR is less than 75%, this target is considered to have been missed and it is cancelled [≡ Figure 032](#).

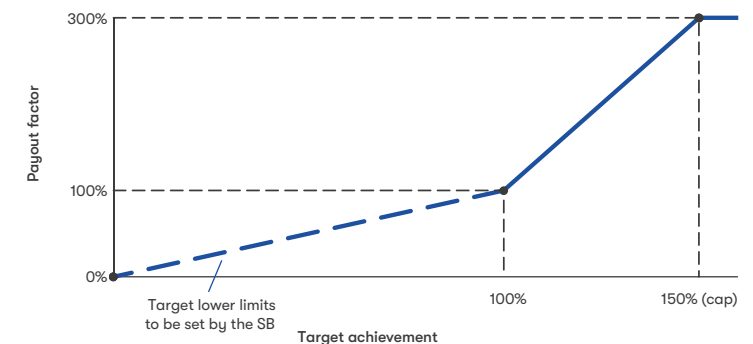
- The basic number of virtual shares is multiplied by the total payout factor and the average volume-weighted share price during the last three months before the end of the last financial year of the performance period, taking into account distributions (including dividend payments) and assuming that the re-investment in Instone shares was made during the performance period (total shareholder return approach) in order to put the Management Board member in the same position as a real shareholder. Payment is made after the end of the performance period in the month following the approval of the audited annual financial statements of the Company.

The bonus curves for the relative TSR target (first illustration) and for determining the other LTI payout factors (EPS target and ESG target) (second illustration) are shown below:

Bonus curve – relative TSR FIGURE 031



Bonus curve – LTI payout factors FIGURE 032



In the event of the extraordinary performance of the share price, the Supervisory Board is entitled to take into account a reasonable longer period before the end of the respective bonus year to determine the average closing price. If capital measures lead to a reduction or an increase in the number of Instone shares (e.g. equity splits or mergers of shares), this effect is taken into account when determining the target achievement by means of suitable calculations and the effect is neutralised.

The amount paid out of the LTI bonus is overall limited to (capped at) the amount equal to 300% of the LTI bonus base amount (LTI cap).

Share ownership guideline

In order to strengthen long-term performance and boost the Management Board's investment in Instone Real Estate Group SE, the members of the Management Board are obliged, based on the share ownership guideline, to acquire shares in Instone Real Estate Group SE in the amount of a non-performance-based gross annual salary, which is to be done within a four-year build-up phase starting from their appointment to the Management Board. They are also obliged to hold shares in Instone Real Estate Group SE for the entire term of their Management Board employment contract. The equivalent value is measured according to the purchase price of the shares. Shares already held by a member of the Management Board count towards the required ownership quota.

If the respective member of the Management Board has acquired shares in the amount of a non-performance-based gross annual salary, this threshold may be undershot by up to 50% for a maximum period of six months.

In such cases, the Management Board member is obliged to top up the number of shares held to the amount of a non-performance-based gross annual salary within six months.

E. Establishing a maximum remuneration and temporary deviations from the remuneration system

Maximum remuneration

Pursuant to Section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set a maximum limit for the total of all remuneration components, including fringe

benefits and pension commitments. This amounted to €3.1 million for the CEO and €2.35 million for the other members of the Management Board. These maximum remuneration limits set by the Supervisory Board take into account the findings from the peer group analysis and the strongly performance- and growth-oriented structure of this Management Board remuneration system. They are intended to facilitate the further development of the Management Board remuneration on a market-oriented and company-specific basis in the interests of the Company.

Temporary deviations from the remuneration system

In exceptional cases, deviations from the remuneration system are possible for the Supervisory Board in accordance with the statutory provisions of Section 87a (2) sentence 2 AktG if extraordinary circumstances make such deviations necessary in the interests of the Company's long-term prosperity. This requires a Supervisory Board resolution that establishes the need for a deviation in a transparent and justified manner. The components of the remuneration system specifically affected by the deviation and the need for the deviation in the first place must also be explained to the shareholders in the remuneration report. The conditions described may give rise to a deviation in relation to, in particular, the performance criteria for variable remuneration, the proportions of the components of the target remuneration and extraordinary fringe benefits.

F. The Company's ability to claw back variable remuneration components

The employment contracts of the members of the Management Board contain provisions that provide the Supervisory Board with the discretion to withhold (malus) or reclaim (clawback) variable remuneration components in part or in full. A prerequisite for these regulations to apply is an at least grossly negligent and serious breach of statutory or contractual service obligations or of internal codes of conduct. In these cases, the Supervisory Board may, at its due discretion, reduce variable remuneration components that have not yet been paid out and may withhold or claw back variable remuneration components already paid out.



The aforementioned claims become statute-barred at the end of two years following the end of the assessment period for the respective variable remuneration component.

G. Remuneration-related legal transactions

Terms and conditions for termination of remuneration-related legal transactions

The term of the Management Board employment contracts runs in parallel to the appointment period of the respective member of the Management Board as decided by the Supervisory Board. Each employment contract has a fixed term and therefore does not contain any ordinary right of termination. The right to extraordinary termination remains unaffected.

Severance payments

If the employment contract of a member of the Management Board is terminated extraordinarily by the Company for good cause before the end of the term of the LTI bonus (a so-called “bad leaver case”), this will result in the expiry of all rights arising from the LTI bonus attributable to a period before the expiry of the respective term of three years.

If the employment contract of a member of the Management Board is terminated before the end of the term of the LTI bonus and no other prerequisites for a “bad leaver case” exist (a so-called “good leaver case”), the entitlement to the LTI bonus from ongoing performance periods and, where applicable, for pending performance periods continues to exist on a pro rata basis.

Special termination rights were agreed with the members of the Management Board in the event of a change of control. The members of the Board of Management are entitled to a severance payment if, in addition to the change of control, the basis of the business is fundamentally impaired; in other words, if the terminating member of the Management Board is either withdrawn from his or her function, the Company is merged, all or substantial assets of the Company are transferred to third parties not belonging to the Instone Group, a control and/or profit transfer agreement is concluded with the Company as a dependent company, the legal form of the Company is changed and the member of the Management Board loses the independence granted by the German Stock

Corporation Act or the SE Regulation, or if the decision-making powers of the terminating Management Board member are substantially impaired without objective reason. In addition, there are special termination rights for members of the Management Board in the event of a dismissal due to a vote of no confidence by the Annual General Meeting or in the event of a resignation for good cause.

If a special termination right is exercised, the terminating member of the Management Board is entitled to a severance payment in the amount of 1.5 the gross annual salary. This severance payment shall be reduced on a pro rata basis if the remaining term to the end of the employment contract is less than 1.5 years. Management Board members shall not be entitled to a severance payment if their board membership ends due to dismissal for good cause within the meaning of either Section 626 of the German Civil Code (BGB) or Section 84 (3) AktG and is not based on a vote of no confidence by the Annual General Meeting.

Variable remuneration components are also paid in the event of early termination of Management Board activities in accordance with the originally agreed assessment bases (performance targets, performance periods etc.) and due dates.

Pension commitments

Two members of the Management Board still have a company pension plan in the form of individual contractual pension agreements, which are valid after reaching the minimum pensionable age of 65 years. These two pension agreements were agreed in 2008 and 1987 respectively and thus significantly before the IPO and the appointment of the eligible Management Board members and will also continue to be executed.

The two members of the Management Board entitled to the pension provision are credited with the pension component for the duration of the pension commitment as part of this company pension provision model and in accordance with the underlying old agreements. This will be credited from the time they reach the age of 65 with a specific monthly payment amount, and will cumulatively reflect the respective pension entitlement under the company pension scheme. The respective amount of the monthly pension component is calculated on the basis of the monthly non-performance-based cash remuneration of the members of the Management Board entitled to the benefit, multiplied by an age factor, which maps an appropriate interest rate, and another fixed amount to be determined annually. The necessary provisions for the pension



components and the resulting pension obligations are recalculated annually using actuarial methods. The amount of the credited pension components decreases with the progressive duration of the pension agreements with otherwise unchanged fixed non-performance-based emoluments. [GRI 201-3](#)

II. Remuneration of the Management Board members in the 2022 financial year

The following part of the remuneration report discloses the specific application of the remuneration system to the members of the Management Board and the remuneration of the individual members of the Management Board in the 2022 financial year.

Total remuneration

The total remuneration granted and owed to the members of the Management Board within the meaning of Section 162 (1) sentence 1 AktG for the 2022 financial year was €3,292 thousand. In accordance with the explanatory memorandum to Section 162 (1) AktG, the remuneration (inflows) granted and owed must be shown as amounts that became due during the period under review and have already been paid to the individual Management Board member or the due payment of which has not yet been made. The following overview shows the total remuneration according to these principles, broken down by remuneration component and presented in individualised form for the Management Board members for the 2022 financial year and the previous year. In addition, a long-term variable remuneration (LTI) granted in the financial year 2018 was paid out in the financial year 2022 to the former Management Board member Torsten Kracht who left the Management Board on 31 December 2019.

Remuneration pursuant to Section 162 (1) sentence 1 AktG

TABLE 127

In thousands of euros

	Kruno Crepulja		Dr Foruhar Madjlessi		Andreas Gräf	
	CEO		CFO		COO	
	2022	2021	2022	2021	2022	2021
Non-performance-based emoluments	525	490	437	375	406	360
Fringe benefits ¹	29	25	5	9	15	11
Short-term variable remuneration (STI)	351	201	316	242	309	209
Long-term variable remuneration (LTI) ²	446	0	0	0	268	0
Total	1,351	716	758	626	997	580
Maximum remuneration	3,100	3,100	2,350	2,350	2,350	2,350

¹Excluding pension expenses. These are shown separately below.

²The long-term variable remuneration (2018–2022 LTI) will be paid out for the first time in the 2022 financial year after the expiry of the relevant vesting period from 1 January 2019 up to and including 31 December 2021.

As the overview shows, the maximum remuneration limit set by the Supervisory Board pursuant to Section 87a (1) sentence 2 no. 1 AktG for the members of the Management Board was not exceeded in the year under review. There were no claw-backs or retentions of variable remuneration nor any deviations from the remuneration system.

In the year under review, no advances were paid to members of the Management Board and no loans were made. In the 2022 financial year, the members of the Management Board did not receive any benefits from third parties with regard to their role on the Management Board, nor were any benefits promised to them. [GRI 2-21](#)

One-year variable remuneration (short term incentive, STI)

2021 STI – paid out in 2022

Table 128 below shows the weighting, agreed target values and actual value (insofar as these can both be quantified), the target achievement derived from this, the upper target limits and the corresponding STI bonus in euros for the STI targets (i) adjusted EAT, (ii) volume of sales contracts and (iii) strategy and



sustainability targets for the short-term variable remuneration granted and owed for the 2022 financial year, i.e. the STI bonus earned for the 2021 financial year and paid out in April 2022. The short-term targets and respective target achievement rates (adjusted earnings before tax (EBT), (ii) adjusted ROCE and (iii)

personal targets) applicable until the effective date of the current remuneration system on 1 July 2021 are also shown.

The STI for the 2021 financial year was paid out in April 2022 after the Company's audited annual financial statements were approved.

STI for the 2021 financial year – payout in 2022

TABLE 128

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2021 financial year		Information on target achievement				STI bonus	
				Value	In %	Target upper limit	Target achievement	Value	In %	Payout factor (%)	In thousands of euros
		In %	In thousands of euros ¹	Value	In %	Value	In %	Value	In %		
Kruno Crepulja CEO	STI (remuneration system up to 30 June 2021)²										
	Adjusted earnings before tax (EBT)	52.8	€134.7 million		100			€136.5 million	101.3		
	Adjusted ROCE	27.2		18.3%	100			22.0%	119.8		
	Personal targets ³	20.0		n/a	100			n/a	140.0		
	Total (for the period up to 30 June based on a pro-rata reduction of the STI bonus)	100.0	125		100	€187.5 thousand	150		114.1	114.1	142.6
	STI (remuneration system from 01/07/2021)										
	EAT (adjusted)	37.5	€95.2 million		100	€166.3 million	175	€96.9 million	101.8	103.6	
	Volume of sales contracts	37.5	€1,043.9 million		100	€1,827 million	175	€1,140.1 million	109.2	118.4	
	Strategy and sustainability targets ³	25.0		n/a	100	n/a	175	n/a	140.0	180.0	
	Total (for the period from 1 July based on a pro-rata reduction of the STI bonus)	100.0	162.5		100	€325 thousand	150		114.1	128.3	208.4
	Total STI for the 2021 financial year		287.5								351.0



STI for the 2021 financial year – payout in 2022

TABLE 128

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2021 financial year		Information on target achievement				STI bonus	
				Value	In %	Value	In %	Value	In %	Payout factor (%)	In thousands of euros
Dr Foruhar Madjlessi CFO	STI (remuneration system up to 30 June 2021)²		In thousands of euros ¹			Target upper limit		Target achievement			
		In %		Value	In %	Value	In %	Value	In %		
	Adjusted earnings before tax (EBT)	52.8	€134.7 million	100		€136.5 million	101.3				
	Adjusted ROCE	27.2	18.3%	100		22.0%	119.8				
	Personal targets ³	20.0	n/a	100		n/a	140.0				
	Total (for the period up to 30 June based on a pro-rata reduction of the STI bonus)	100.0	150	100	€225 thousand	150	114.1			114.1	171.1
	STI (remuneration system from 01/07/2021)										
	EAT (adjusted)	37.5	€95.2 million	100	€166.3 million	175	€96.9 million	101.8		103.6	
	Volume of sales contracts	37.5	€1,043.9 million	100	€1,827 million	175	€1,140.1 million	109.2		118.4	
	Strategy and sustainability targets ³	25.0	n/a	100	n/a	175	n/a	140.0		180.0	
Total (for the period from 1 July based on a pro-rata reduction of the STI bonus)	100.0	120	100	€240 thousand	150	114.1			128.3	144.9	
Total STI for the 2021 financial year		270								316.0	

STI for the 2021 financial year – payout in 2022

TABLE 128

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2021 financial year		Information on target achievement				STI bonus	
				Value	In %	Value	In %	Value	In %	Payout factor (%)	In thousands of euros
		In %	In thousands of euros ¹	Value	In %	Value	In %	Value	In %		
Andreas Gräf COO	STI (remuneration system up to 30 June 2021)²										
	Adjusted earnings before tax (EBT)	52.8	€134.7 million		100			€136.5 million	101.3		
	Adjusted ROCE	27.2		18.3%	100			22.0%	119.8		
	Personal targets ³	20.0		n/a	100			n/a	140.0		
	Total (for the period up to 30 June based on a pro-rata reduction of the STI bonus)	100.0	130		100	€195 thousand	150		114.1	114.1	148.3
	STI (remuneration system from 01/07/2021)										
	EAT (adjusted)	37.5	€95.2 million		100	€166.3 million	175	€96.9 million	101.8	103.6	
	Volume of sales contracts	37.5	€1,043.9 million		100	€1,827 million	175	€1,140.1 million	109.2	118.4	
	Strategy and sustainability targets ³	25.0		n/a	100	n/a	175	n/a	140.0	180.0	
	Total (for the period from 1 July based on a pro-rata reduction of the STI bonus)	100.0	125		100	€250 thousand	150		114.1	128.3	160.3
	Total STI for the 2021 financial year		255								308.6

¹The respective STI bonus base amounts and the STI bonuses achieved in euros already take into account the corresponding pro-rata reductions (50%) resulting from the updating of the remuneration system from 1 July 2021.

²There are no lower and upper target limits for the remuneration system STI at individual target level until 30 June 2021; these only become applicable in the overall assessment of target achievement according to the cumulated target achievement based on the individual targets.

³The achievement of the objectives under the personal targets and strategy and sustainability targets defined both quantitatively and qualitatively was assessed by way of an overall assessment and is therefore not presented individually for the defined targets (n/a).



2022 STI – paid out in 2023

For the performance period of the 2022 financial year, the Supervisory Board determined the target achievement on March 13, 2023 and converted it into an overall target achievement rate, taking into account the weighting of the respective individual targets.

The table shows the weighting, the agreed target values and the actual value (insofar as these are quantifiable in each case), the resulting target achievement, the target upper limits and the payout factors (where applicable). Thereafter, the STI bonus will be cancelled due to the non-achievement of the target lower limit for the 2022 financial year.

STI for the 2022 financial year – payout in 2023

TABLE 129

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2022 financial year		Information on target achievement				STI bonus	
				Value	In %	Target upper limit	Target achievement	Payout factor (%)	In thousands of euros		
		In %	In thousands of euros	Value	In %	Value	In %	Value	In %		
Kruno Crepulja	EAT (adjusted)	37.5	€95.0 million	€166.3 million	100	€50.0 million	175	€50.0 million	52.6	52.6	
CEO	Volume of sales contracts	37.5	€1,000.0 million	€1,750.0 million	100	€292.1 million	175	€292.1 million	29.2	29.2	
	Strategic and sustainability targets ¹	25.0	n/a	n/a	100	n/a	175	n/a	100.0	100.0	
	Total	100.0	325	€650 thousand	100	€55.7 thousand	150	€55.7 thousand	55.7	55.7	0.0
Dr Foruhar Madjlessi	EAT (adjusted)	37.5	€95.0 million	€166.3 million	100	€50.0 million	175	€50.0 million	52.6	52.6	
CFO	Volume of sales contracts	37.5	€1,000.0 million	€1,750.0 million	100	€292.1 million	175	€292.1 million	29.2	29.2	
	Strategic and sustainability targets ¹	25.0	n/a	n/a	100	n/a	175	n/a	75.0	75.0	
	Total	100.0	270	€540 thousand	100	€49.4 thousand	150	€49.4 thousand	49.4	49.4	0.0
Andreas Gräf	EAT (adjusted)	37.5	€95.0 million	€166.3 million	100	€50.0 million	175	€50.0 million	52.6	52.6	
COO	Volume of sales contracts	37.5	€1,000.0 million	€1,750.0 million	100	€292.1 million	175	€292.1 million	29.2	29.2	
	Strategic and sustainability targets ¹	25.0	n/a	n/a	100	n/a	175	n/a	100.0	100.0	
	Total	100.0	250	€500 thousand	100	€55.7 thousand	150	€55.7 thousand	55.7	55.7	0.0

¹The achievement of the objectives under the personal targets and strategy and sustainability targets defined both quantitatively and qualitatively was assessed by way of an overall assessment and is therefore not presented individually for the defined targets (n/a).



Multi-year variable remuneration (long-term incentive, LTI)

LTI allocation in 2023–2025 (new)

The preliminary tranche of virtual shares (basic number) presented in the table below was allocated to the members of the Management Board at the end of the 2022 financial year based on the parameters presented below for the performance period from 1 January 2023 up to and including 31 December 2025 (LTI for 2023–2025 (new)).

The target setting for LTI 2023–2025 (new) is done according to the remuneration scheme (see page 263 of this remuneration report).

The target achievement will be set and assessed and the LTI for 2023–2025 (new) will be paid out after the performance period has ended in the 2026 financial year.

Long-term variable remuneration (LTI)

TABLE 130

	Kruno Crepulja	Dr Foruhar Madjlessi	Andreas Gräf
in thousands of euros	CEO	CFO	COO
Tranche	LTI for 2023–2025 (new)	LTI for 2023–2025 (new)	LTI for 2023–2025 (new)
LTI bonus base amount	455.0	378.0	350.0
Allocation price (€)	7.98	7.98	7.98
Base number (in units)	57,017.5	47,368.4	43,859.7
LTI cap	1,365.0	1,134.0	1,050.0

LTI tranches granted

The LTI tranches granted as of 31 December 2022 are shown in the table below, broken down by individual Management Board members.

The LTI tranches have a term of three years and will only be paid at the end of the respective term at the average closing prices of the Instone share as determined at that time.

In the case of the LTI tranches referred to with the additional label “(old)”, which were still granted under the remuneration system until 30 June 2021, the basic number of virtual shares granted is multiplied by the average closing price of the Instone share during the last 20 trading days of the respective term, plus any dividend paid. The payout amount calculated in this way is capped for each virtual portion of the “(old)” LTI tranches at an amount corresponding to 200% of the initial value determined for the respective bonus year. To determine the initial LTI value, an assessment was carried out at the point when the LTI tranches were granted based on a comparison of the planned vs. actual adjusted earnings before tax in the bonus year, as well as in the two previous years, and virtual shares were allocated at the average price during the last 20 trading days prior to the end of the bonus year. No performance criteria are applied during the term of the “(old)” LTI tranches, so the final payout amount depends exclusively on the development of the Instone share price.

For the LTI tranches identified by the additional label “(new)”, the payout is made on the basis of the parameters described in section I. D. of this remuneration report.

LTI tranches TABLE 131

in thousands of euros

		Basic number of virt. shares (in units)	Payout price (in euros)	LTI bonus (in thousands of euros)	Payout
Kruno Crepulja, CEO	LTI for 2019–2022 (old)	21,781.2	8.96	195.2	January 2023
	LTI for 2020–2023 (old)	14,861.2	n/a	n/a	January 2024
	LTI for 2021–2024 (old)	8,654.8	n/a	n/a	January 2025
	LTI for 2021–2024 (new)	8,792.3	n/a	n/a	January 2025
Dr Foruhar Madjlessi, CFO	LTI for 2019–2022 (old)	18,151.0	8.96	162.6	January 2023
	LTI for 2020–2023 (old)	12,384.3	n/a	n/a	January 2024
	LTI for 2021–2024 (old)	7,212.4	n/a	n/a	January 2025
	LTI for 2021–2024 (new)	6,135.3	n/a	n/a	January 2025
Andreas Gräf, COO	LTI for 2019–2022 (old)	13,068.7	8.96	117.1	January 2023
	LTI for 2020–2023 (old)	8,916.7	n/a	n/a	January 2024
	LTI for 2021–2024 (old)	5,192.9	n/a	n/a	January 2025
	LTI for 2021–2024 (new)	6,763.3	n/a	n/a	January 2025

Pension commitments

The following overview shows the contributions (additions) to the pension plan attributed to the individual Management Board members and the corresponding itemised cash values in accordance with the IFRS and the German Commercial Code (HGB).

Pension commitments TABLE 132

in thousands of euros

		2022	Allocations	2021
Kruno Crepulja (CEO)	German Commercial Code (HGB)	430.7	57.4	373.3
	IFRS	235.4	-168.2	403.6
Andreas Gräf (COO)	German Commercial Code (HGB)	404.0	63.5	340.5
	IFRS	239.4	-124.9	364.3
German Commercial Code (HGB)		834.7	120.9	713.8
IFRS		474.8	-293.1	767.9

The pension obligations and the corresponding cash values in individualised form according to IFRS and HGB to former members of the Management Board are shown in the following overview.

Pension commitments for former members of the Management Board TABLE 133

in thousands of euros

		2021	Allocations	2020
Pension commitments for former members of the Management Board	German Commercial Code (HGB)	1,478.7	61.1	1,417.6
	IFRS	939.1	-562.6	1,501.7

Share ownership guideline

The share ownership obligation agreed with all members of the Management Board was fulfilled by the members of the Management Board in the 2022 financial year. The following Table shows the shareholdings of the members of the Management Board reported to the Company as at 31 December 2022:

Share ownership		
	Number of shares	Investment in registered capital in %
Kruno Crepulja (CEO)	105,775	0.225
Dr Foruhar Madjlessi (CFO)	27,668	0.059
Andreas Gräf (COO)	50,319	0.107

TABLE 134

Remuneration decisions of the Supervisory Board during the 2022 financial year

In June 2022, in the course of extending the Management Board mandate of Dr Madjlessi, Chief Financial Officer/CFO of the Company, to 31 December 2022, the Supervisory board adjusted Dr Madjlessi's remuneration on the basis of the extended employment contract.

III. Supervisory Board remuneration

Remuneration system

The remuneration of the Supervisory Board is set out in Section 14 of Instone Real Estate Group SE's Articles of Association and is designed as purely fixed remuneration.

On 9 June 2021, the Annual General Meeting of Instone Real Estate Group AG approved the proposal to approve the system for the remuneration of the members of the Supervisory Board, together with a resolution on a corresponding amendment to the Articles of Association of Instone Real Estate Group AG (now Instone Real Estate Group SE), with a majority of 99.05% of the votes cast.

Under the remuneration system agreed by the Annual General Meeting, the members of the Supervisory Board receive fixed annual remuneration of €75.0 thousand. The Chairman of the Supervisory Board receives twice the remuneration and the Deputy Chairman one and a half times this amount. Members of the Audit Committee receive additional remuneration of €15.0 thousand, while members of the Remuneration and Nomination Committee each receive an additional €7.5 thousand per financial year for their work on these committees. The respective committee chair receives twice the remuneration. Reasonable out-of-pocket expenses are also reimbursed to the members of the Supervisory Board by the Company. The Company has also included the members of the Supervisory Board in the D&O group insurance for corporate bodies. No deductible for the members of the Supervisory Board has been agreed. No performance-based remuneration or attendance fee is paid to Supervisory Board members.



Supervisory Board remuneration

TABLE 135

in thousands of euros

	Remuneration in 2022 (earned)			Remuneration in 2021 (paid)		
	Remuneration	Remuneration	Remuneration	Remuneration	Remuneration	Remuneration
	Role	Role		Role	Role	
General Committee	Committees	Total	General Committee	Committees	Total	
Stephan Brendgen	150.0	30.0	180.0	130.1	22.0	152.2
Dr Jochen Scharpe	112.5	40.8	153.3	97.6	36.3	133.9
Marija Korsch ¹	0.0	0.0	0.0	26.3	1.3	27.6
Dietmar P. Binkowska	75.0	15.0	90.0	65.1	7.8	72.8
Thomas Hegel	75.0	30.0	105.0	65.1	20.6	85.6
Christiane Jansen ²	75.0	4.2	79.2	21.2	0.0	21.2
Total remuneration	487.5	120.0	607.5	405.3	88.0	493.3

¹ Member of the Supervisory Board until 9 June 2021² Member of the Supervisory Board since 20 September 2021.

If a member of the Supervisory Board does not belong to the Supervisory Board or to a committee for the entire financial year, their remuneration is reduced pro rata temporis.

Remuneration of the members of the Supervisory Board during the 2022 financial year

The total remuneration of the Supervisory Board in the 2022 financial year was €607.5 thousand (previous year: €493.3 thousand) of which €487.5 thousand (previous year: €405.3 thousand) was remuneration for work on the General Committee. Remuneration for work on committees amounted to €120.0 thousand (previous year: €88.0 thousand). [Table 132](#) below shows the emoluments to the members of the Supervisory Board on an individual basis pursuant to Section 162 (1) sentence 1 AktG, i.e. the remuneration (inflows) granted and owed for work in the 2021 financial year paid in the first quarter of 2022, and the remuneration earned for work on the Supervisory Board in the 2022 financial year paid in the first quarter of 2023.

In the 2022 financial year, the Companies of the Instone Group did not pay or grant any remuneration or other benefits to members of the Supervisory Board for services rendered in a personal capacity, in particular advisory and agency services. Nor were members of the Supervisory Board granted any advances or credits. [GRI 2-21](#)



V. Vertical comparison

The following overview provides a comparison of the annual change in remuneration, the earnings performance of the Company and the average remuneration of employees viewed over the last three financial years on a full-time equivalence basis in accordance with Section 162 (1) sentence 2 no. 1 AktG. The 2017 financial year is not shown as the Company only changed its legal form to a stock corporation in the 2018 financial year.

The remuneration of board members on which the vertical comparison is based was determined on the basis of remuneration granted/owed in accordance with Section 162 (1) AktG. The relevant employee comparison group includes all people employed in the Instone Group in Germany during the relevant period between 1 January and 31 December under the definition contained in Section 267 (5) HGB. The average remuneration of this comparison group was calculated on the basis of remuneration paid with regard to the employment rate.

Vertical comparison

TABLE 136

Changes (%)

Comparison period	2019 vs 2018 ²	2020 vs 2019	2021 vs 2020	2022 vs 2021
Management Board members				
Kruno Crepulja	35%	0%	-14%	89%
Dr Foruhar Madjlessi ¹	-	115%	-23%	21%
Andres Gräf	57%	0%	-11%	63%
Supervisory Board members				
Stephan Brendgen	-1%	0%	10%	18%
Dr Jochen Scharpe	14%	1%	10%	14%
Marija Korsch ³	9%	-8%	5%	-
Dietmar P. Binkowska ⁴	-	3%	13%	24%
Thomas Hegel ⁵	-	9%	14%	23%
Christiane Jansen ⁶	-	-	-	4%
Average employee remuneration	-	7%	0%	7%
Net income/net loss for the year of Instone Real Estate Group SE (in accordance with separate financial statements pursuant to the German Commercial Code (HGB))	-172%	-17%	369%	68%
Adjusted EAT (as per the consolidated financial statements in accordance with IFRS)	453%	-61%	136%	-48%

¹ Member of the Management Board since 1 January 2019

² Disclosures for the members of the Supervisory Board and the Management Board have been extrapolated for the entire 2018 calendar year, as the appointment as members of the Management Board occurred during the year in the course of the conversion of the company into a stock corporation under Dutch law.

³ Left the Board during the year in 2021. Value extrapolated for the entire 2021 calendar year.

⁴ Joined the Board during the year in 2019. Value extrapolated for the entire 2019 calendar year.

⁵ Joined the Board during the year in 2019. Value extrapolated for the entire 2019 calendar year.

⁶ Joined the Board during the year in 2021. Value extrapolated for the entire 2021 calendar year.



Acknowledgement of the remuneration report

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE REMUNERATION REPORT IN ACCORDANCE WITH SECTION 162 (3) AKTG

To Instone Real Estate Group SE, Essen/Germany

Audit Opinion

We conducted a formal audit of the remuneration report of Instone Real Estate Group SE, Essen/Germany, for the financial year from 1 January to 31 December 2022, to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the remuneration report. In accordance with Section 162 (3) AktG, we did not audit the content of the remuneration report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

Basis for the Audit Opinion

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (08.2021)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our auditor's report. Our audit firm has applied the requirements of the IDW Quality Assurance Standard: Quality Assurance Requirements in Audit Practices (IDW QS 1). We have fulfilled our professional responsibilities in accordance with the German Public Auditor

Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board

The executive board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made in the remuneration report, in all material respects, and to express an audit opinion thereon as part of an auditor's report.

We planned and conducted our audit so as to be able to determine whether the remuneration report is formally complete by comparing the disclosures made in the remuneration report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we did neither audit whether the contents of these disclosures are correct, nor whether the contents of individual disclosures are complete, nor whether the remuneration report has been reasonably presented.

Düsseldorf/Germany, 13 March 2023

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft



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