

Invitation to the Annual General Meeting

Dear Shareholders¹,

We hereby invite you to the Annual General Meeting
of Instone Real Estate Group SE, on

**9 June 2022,
at 10:00 a.m. CEST.**

The Annual General Meeting will be held as a

Virtual Annual General Meeting without attendance in person

of shareholders or their authorised representatives. The Annual General Meeting will be streamed live and in full on the Internet for shareholders and their authorised representatives who register on time. Our shareholders and their authorised representatives can watch the entire Annual General Meeting **from 10:00 a.m. (CEST) on 9 June 2022** using the access-protected InvestorPortal of Instone Real Estate Group SE at <https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>. The location of the Annual General Meeting, for the purposes of the Aktiengesetz (AktG – German Stock Corporation Act), is:
ATLANTIC Congress Hotel Essen, Messeplatz 3, 45131 Essen.

OVERVIEW OF DISCLOSURES PURSUANT TO SECTION 125 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN CONJUNCTION WITH TABLE 3 OF THE COMMISSION IMPLEMENTING REGULATION (EU) 2018/ 1212

A. Specification of the message

A1	Unique identifier of the event	Annual general meeting of Instone Real Estate Group SE on 09 June 2022 in the format pursuant to the Commission Implementing Regulation (EU) 2018/1212: e7463ebac3b4ec11812d005056888925
A2	Type of message	Invitation to the annual general meeting in the format pursuant to Commission Implementing Regulation (EU) 2018/1212: NEWM

B. Specification of the issuer

B1	ISIN	DE000A2NBX80
B2	Name of issuer	Instone Real Estate Group SE

C. Specification of the meeting

C1	Date of the General Meeting	09 June 2022 in the format pursuant to Commission Implementing Regulation (EU) 2018/1212: 20220609
C2	Time of the General Meeting	10:00 CEST in the format pursuant to Commission Implementing Regulation (EU) 2018/1212: 08:00 UTC (Coordinated Universal Time)
C3	Type of the General Meeting	The annual general meeting will be held in the form of a virtual annual general meeting without the physical presence of the shareholders or their proxies in the format pursuant to Commission Implementing Regulation (EU) 2018/1212: GMET
C4	Location of the General Meeting	Location of the annual general meeting, in the meaning of the German Stock Corporation Act (Aktiengesetz) (the physical presence of shareholders or their proxies is not possible): ATLANTIC Congress Hotel Essen, Messeplatz 3, 45131 Essen URL of the video and audio transmission on the Internet: https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html
C5	(Technical) Record Date	18 May 2022, 24:00 CEST in the format pursuant to Commission Implementing Regulation (EU) 2018/1212: 20220518, 22:00 UTC (Coordinated Universal Time) [Record date pursuant to Section 123(4) AktG and Section 19(4) of the Articles of Association of the Company is 19 May 2022, 00:00 CEST (18 May 22:00 UTC (Coordinated Universal Time))]
C6	Uniform Resource Locator (URL)	https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html

D. Participation in the general meeting

D2	Issuer deadline for participation	02 June 2022, 24:00 CEST in the format pursuant to Commission Implementing Regulation (EU) 2018/1212: 20220602, 22:00 UTC (Coordinated Universal Time)
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¹For the sole purpose of better readability, this invitation does not use any gender-specific notation. All personal designations and terms are to be understood as gender-neutral in the sense of equal treatment.

I. Agenda

1. PRESENTATION OF THE ADOPTED ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT OF INSTONE REAL ESTATE GROUP SE AND THE GROUP, THE EXPLANATORY REPORT ON INFORMATION IN ACCORDANCE WITH SECTION 289A(1) AND SECTION 315A(1) OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE) AND THE REPORT OF THE SUPERVISORY BOARD, ALL FOR THE 2021 FINANCIAL YEAR

The Supervisory Board approved the annual financial statements and the consolidated separate financial statements prepared by the Management Board on 14 March 2022. The annual financial statements are therefore adopted in accordance with Section 172 AktG. A resolution by the Annual General Meeting in accordance with Section 173(1) sentence 1 and sentence 2 AktG is therefore not required for the documents to be presented.

2. APPROPRIATION OF NET RETAINED PROFITS FOR THE 2021 FINANCIAL YEAR

The Management Board and the Supervisory Board propose that the net retained profits of the Company of EUR 36.824.140,12 for the 2021 financial year be appropriated as follows:

Distribution of a dividend of EUR 0.62 per entitled share = EUR 29.132.768,32

and carryforward of the remainder to new account = EUR 7.691.371,80

The total dividend is based on the eligible share capital on 14 March 2022 of EUR 46,988,336, divided among 46,988,336 no-par shares. The Company is currently purchasing treasury shares. The number of eligible shares will therefore change by the date of the resolution on the appropriation of net retained profits. Against this background, the Management Board and the Supervisory Board intend to propose an adjusted resolution for the appropriation of profits that will still allow for a distribution of EUR 0.62 per eligible share. The amount to be carried forward to new account will be increased accordingly.

In accordance with Section 58(4) sentence 2 AktG, shareholders' entitlement to the dividend becomes due on the third business day after the resolution by the Annual General Meeting. The dividend is therefore to be paid on 14 June 2022.

Please note that postal votes or votes cast by or instructions to an authorised representative with regard to this agenda item 2 will remain effective if the proposal for the appropriation of net retained profits is amended due to a change in the eligible shares.

3. OFFICIAL APPROVAL OF THE ACTIONS OF THE MANAGEMENT BOARD FOR THE 2021 FINANCIAL YEAR

The Management Board and the Supervisory Board propose that the actions of the members of the Management Board in office in the 2021 financial year be approved for this period.

4. OFFICIAL APPROVAL OF THE ACTIONS OF THE SUPERVISORY BOARD FOR THE 2021 FINANCIAL YEAR

The Management Board and the Supervisory Board propose that the actions of the members of the Supervisory Board in office in the 2021 financial year be approved for this period.

5. APPOINTMENT OF THE AUDITOR OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2022 FINANCIAL YEAR AND THE AUDITOR TO REVIEW THE INTERIM FINANCIAL REPORTS

At the recommendation of the Audit Committee, the Supervisory Board proposes appointing Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Rather Str. 49g, 40476 Düsseldorf, Germany, as the auditor of the annual and consolidated financial statements for the financial year ending 31 December 2022. This auditor will also review any interim financial reports to be prepared before the next Annual General Meeting.

In its recommendation, the Audit Committee declared that its recommendation is free from any undue influence by third parties and that no restrictions were placed on it regarding the selection of a particular auditor as referred to by Article 16(6) of Regulation (EU) 537/2014.

6. ELECTIONS TO THE SUPERVISORY BOARD

The term of office of all Supervisory Board members ends at the close of the Annual General Meeting on 9 June 2022. A new election is therefore necessary.

Pursuant to Article 40 (3) of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) (SE-VO) in conjunction with Section 12 (1) of the Articles of Association, the Supervisory Board is composed of five members, all of whom are elected by the Annual General Meeting.

The Supervisory Board proposes, based on corresponding recommendations of the Nomination Committee, to elect the following persons as members of the Supervisory Board for the period until the end of the Annual General Meeting which resolves on the ratification of the actions of the members of the Supervisory Board for the fiscal year 2025:

- 6.1 Mr. **Stefan Brendgen**, independent business consultant, resident in Mönchengladbach
- 6.2 Dr **Jochen Scharpe**, managing partner of AMCI GmbH* and Re-Turn Immobilien GmbH*, residing in Munich
- 6.3 Ms. **Christiane Jansen**, Managing Director of Westdeutsche Lotterie GmbH & Co. oHG, residing in Essen
- 6.4 Mr. **Thomas Hegel**, independent attorney and business consultant, residing in Erfstadt
- 6.5 Mr. **Dietmar P. Binkowska**, independent business consultant, resident in Ratingen

The nominations were made on the basis of the recommendations of the German Corporate Governance Code, fulfil the objectives specified by the Supervisory Board for its composition, competency profile and diversity concept and are based on the recommendation of the Nomination Committee. The Supervisory Board has assured itself that the proposed candidates are able to devote the time expected to the office.

In the opinion of the Supervisory Board, no personal or business relationships as defined in recommendation C.13 of the German Corporate Governance Code exist between the nominees and the Company or other companies of the Instone Group, the corporate bodies of the Company (with the exception of membership of the Supervisory Board of the Company already existing as a result of their appointment by court order) and shareholders with a direct or indirect interest of more than 10% in the Company. In the opinion of the Supervisory Board, all nominees are independent within the meaning of the German Corporate Governance Code.

The candidates are members of the following (a) other statutory supervisory boards and (b) comparable domestic and foreign supervisory bodies of business enterprises

- ▶ **Mr. Stefan Brendgen:**
 - (a) aam2core Holding AG** (Chairman of the Supervisory Board)
HAHN-Immobilien-Beteiligungs AG* (Chairman of the Supervisory Board)
 - (b) None
- ▶ **Dr Jochen Scharpe:**
 - (a) FFIRE Immobilienverwaltung AG* (Deputy Chairman of the Supervisory Board)
LEG Immobilien SE
 - (b) None
- ▶ **Ms. Christiane Jansen:**
 - (a) None

(b) None

▶ **Mr. Thomas Hegel:**

(a) None

(b) Wohnbau GmbH*

▶ **Mr. Dietmar P. Binkowska:**

(a) Kathrein SE*

(b) None

* = Non-listed company;

** = Non-listed company and not performing a function comparable to a supervisory board of a listed company pursuant to recommendation C. 4 of the German Corporate Governance Code

In accordance with Recommendation C.15 of the German Corporate Governance Code, it is intended to hold the elections on an individual basis.

In the event of his election, the Supervisory Board intends to elect Mr. Brendgen as Chairman of the Supervisory Board of the Company immediately after the Annual General Meeting.

The curricula vitae of the candidates, including an overview of their main activities in addition to their Supervisory Board mandate, are printed under **II.1** of this invitation as an **annex** to this agenda item 6 and are also available on the Company's website at <https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.

Management Board and Supervisory Board also intend to increase the size of the Supervisory Board to six members for the 2023 Annual General Meeting in order to implement a future target for the proportion of women on the Supervisory Board of 30%, so that the Supervisory Board can nominate another woman as a member of the Supervisory Board in 2023.

7. APPROVAL OF THE REMUNERATION REPORT

In accordance with Section 120a(1) AktG, in the version valid since 1 January 2020 under the Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie (ARUG II – German Act Implementing the Second Shareholders' Rights Directive) of 12 December 2019, the Annual General Meeting must pass a resolution on the approval of the remuneration report for the previous financial year prepared and audited in accordance with Section 162 AktG. The remuneration report for the fiscal year 2021 was prepared by the Management Board and Supervisory Board in accordance with Section 162 AktG and formally audited by the Company's auditor. It is included in the annual report for the financial year 2021, available at the Company's website at <https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html> and is also printed under item **II.2** of this invitation as an **annex** to this agenda item 7.

Management Board and Supervisory Board propose the approval of the remuneration report for the financial year 2021.

II. Additional information on items of the agenda

1. ADDITIONAL INFORMATION ON AGENDA ITEM 6 – CURRICULUM VITAE OF THE NOMINEES TO THE SUPERVISORY BOARD

Curriculum vitae



Stefan Brendgen

Place of residence: Mönchengladbach, Germany

Year of Birth: 1964

Nationality: German

Chairman of the Supervisory Board since 13 February 2018; term of office until 2022

Independence: (+)

Main occupation

Independent business consultant

Professional career

- 2015 to 2017 Chairman of the Supervisory Board of Triuva Kapitalverwaltungsgesellschaft mbH
- 2014 to 2016 Member of the Supervisory Board of IVG Immobilien AG
- 04/2009 to 08/2014 Chief Executive Officer (CEO) at Allianz Real Estate Germany GmbH, member of the global investment and executive committees
- 01/2009 to 03/2009 Chief Investment Officer (CIO) at Allianz Real Estate Germany GmbH
- 2003 to 2008 Head of Germany business of Tishman Speyer Properties Deutschland GmbH
- 1999 to 2003 Senior Director of Tishman Speyer Properties Deutschland GmbH, a subsidiary of the global developer and fund manager Tishman Speyer
- 1998 to 1999 Co-founder of the consulting firm Brendgen & Kulzer GmbH, focusing on real estate investment and asset management
- 1994 to 1998 Executive Director at DTZ Immobilienberatung GmbH
- 1990 to 1994 Consultant at Jones Lang Wootton Internationale Immobilien Consultants GmbH (today: Jones Lang LaSalle)

Education

- 1990 Degree in Business Administration
- 1986 to 1990 Studies of economics at the University of Cologne

Memberships in other statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises:

- ▶ Chairman of the Supervisory Board aam2core Holding AG
- ▶ Chairman of the Supervisory Board HAHN-Immobilien-Beteiligungs AG

Curriculum vitae



Dr. Jochen Scharpe

Place of residence: Munich, Germany

Year of Birth: 1959

Nationality: German

Vice chairman of the Supervisory Board,
member of the Supervisory Board since 13 February 2018; term of office until 2022

Independence: (+)

Main occupation

Managing Partner of AMCI GmbH

Managing partner of Re-Turn Immobilien GmbH

Professional career

Since 2004	Managing Partner of AMCI GmbH Managing partner of Re-Turn Immobilien GmbH
1999 to 2004	Managing Director of Siemens Real Estate GmbH
1996 to 1999	Managing Director of Eisenbahnimmobilienmanagement GmbH (later Vivico GmbH, today CA Immo Deutschland GmbH)
1989 to 1996	Senior Manager, KPMG Peat Marwick GmbH, Department: Corporate Finance

Education

1987 to 1991	Doctorate at the University of GH Siegen, subject: Strategic Management in SMEs
1985 to 1986	Doctoral studies at the University of Innsbruck, specialization: Strategic Management
1979 to 1984	Studied Business Administration at the University of Münster, Degree: Diplom-Kaufmann

Memberships in other statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises:

- ▶ Deputy Chairman of the Supervisory Board of FFIRE Immobilienverwaltung AG
- ▶ Member of the Supervisory Board of LEG Immobilien SE

Others:

- ▶ Member of the Advisory Board of H. H. Holding GmbH

Curriculum vitae



Christiane Jansen

Place of residence: Essen, Germany

Year of Birth: 1966

Nationality: German

Member of the Supervisory Board since 20 September 2021 due to court order; limited appointment until the Supervisory Board is increased to the statutory number of members by appointment through the Annual General Meeting 2022.

Independence: (+)

Main occupation

Managing Director of Westdeutsche Lotterie GmbH & Co OHG

Professional career

since 2016	Managing Director of Westdeutsche Lotterie GmbH & Co. OHG
2002 to 2015	Various functions at NRW.BANK, inter alia Head of Consultancy and Infrastructure Financing
2000 to 2002	Assistance of the Management Board at WestLB, GB Housing Development Agency
1998 to 1999	Consultant for the Housing Industry at the VdW Association of the Housing Industry Rhineland Westphalia
1996 to 1997	Research Assistant at Landtag Düsseldorf
since 1996	Admitted Lawyer
1996	Freelance Legal Assessor / Lawyer at law office Dr. Müser, Kogge & Partner, Essen

Education

1993 to 1996	Legal clerkship at the District Court of Essen, graduating with the second state law exam
1986 to 1992	Studies of law at University of Bochum (Ruhruniversität), graduated with the first state law exam

Membership in other statutory domestic and foreign supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises:

- ▶ None

Curriculum vitae



Thomas Hegel

Place of residence: Erftstadt, Deutschland

Year of Birth: 1956

Nationality: German

Member of the Supervisory Board since 03 April 2019; term of office until 2022

Independence: (+)

Main occupation

Independent lawyer and business consultant

Professional career

- 2013 to 2019 CEO of LEG Immobilien AG (Chief Executive Officer)
- 2009 to 2013 Spokesman of the management of LEG NRW GmbH (Chief Executive Officer)
- 2006 to 2009 Managing Director of LEG NRW GmbH
- 2002 to 2006 Managing Director Corpus Asset Wohnen GmbH
(as of 8/2004 also member of the Management Team of the Corpus Group)
- 1988 to 2002 Various functions at Deutsche Bau- und Grundstücks-AG, Bonn,
u.a. Head of Business Units Housing and Urban Planning / West
- 1987 to 1988 Confederation of German Employers' Associations, Cologne, Department of Labor Law
- 1983 to 1984 Research assistant at the Institute for Banking Law at the University of Cologne

Education

- 1984 to 1987 Legal trainee at the Higher Regional Court of Cologne, graduating with the second state law exam
- 1977 to 1983 Studied law University of Cologne, graduated with the first state law exam

Membership in other statutory domestic and foreign supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises:

- ▶ Member of the Supervisory Board of Wohnbau GmbH, Bonn

Others

- ▶ Deputy Chairman of the Board of Trustees of LEG NRW Mieter-Stiftung, Foundation for tenants

Curriculum vitae



Dietmar P. Binkowska

Place of residence: Ratingen, Deutschland

Year of Birth: 1961

Nationality: German

Member of the Supervisory Board since 03 April 2019; term of office until 2022

Independence: (+)

Main occupation

Independent business consultant

Professional career

Since 2018	Independent business consultant
2015 to 2017	IVG Immobilien AG, Chairman of the Management Board
2014 to 2015	IVG Immobilien AG, Chairman of the Supervisory Board of IVG Immobilien AG
2008 to 2014	NRW.BANK, Chairman of the Management Board
2007 to 2008	Sparkasse Köln Bonn, Chairman of the Management Board of Stadtparkasse Cologne
2003 to 2007	Sparkasse Köln Bonn, Deputy Chairman of the Management Board
2002 to 2003	Commerzbank AG, Member of the Management Board Private Clients
1996 to 2002	Bayerische Vereinsbank AG / HVB, Member of the Management Real Estate and Private Customers, (since 1999 also Management Board Member / Speaker Westfalenbank AG Bochum)
1995 to 1996	Private bank Schliep & Co. (Bayerische Vereinsbank AG), member of the Management Board and personally liable partner
1988 to 1995	Deutsche Bank AG, various positions

Education

1992 to 1994	Deutsche Bank AG, special training in credit and corporate banking
1982 to 1988	Studied economics at the Universities of Wuppertal and Cologne, graduated as Diplom-Kaufmann

Memberships in other statutory supervisory boards or comparable domestic and foreign supervisory bodies of commercial enterprises:

- ▶ Member of the Supervisory Board Kathrein SE

2. REMUNERATION REPORT (AGENDA ITEM 7)

REMUNERATION REPORT

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 16 December 2019. It also takes into account the requirements of German Accounting Standard No. 17 (DRS) and the German Commercial Code (HGB).

In the 2021 financial year, with effect from 1 July 2021, the remuneration systems for the members of the Management Board and Supervisory Board were adapted to the new stock corporation law requirements under the Law on the Implementation of the Second Shareholders' Rights Directive (ARUG II) of 12 December 2019.

Against this background, the remuneration report explains both the new regulations regarding the remuneration of the Management Board in Section I which will apply from 1 July 2021, and the old regulations regarding the remuneration of the Management Board applicable until 30 June 2021 in Section II, insofar as they deviate from the new regulations. In the context of this remuneration report, the individual remuneration of the individual members of the Management Board are also detailed in Section III, and the remuneration system and remuneration of Supervisory Board members in the 2021 financial year are disclosed in Section IV. Section V also provides the legally required information on the vertical comparison

I. Remuneration system for the members of the Management Board of Instone Real Estate Group SE from 1 July 2021

The current remuneration system for the members of the Management Board of Instone Real Estate Group SE approved by the Supervisory Board during this financial year, is based on the remuneration system which entered into force in connection with the successful IPO 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 will be in place 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>.

Once again under the new remuneration system, remuneration is geared towards sustainable and long-term corporate performance. 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 continue to be based on the respective underlying contractual provisions at that time.

The main components of the remuneration system are as follows:

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
	Strategy and sustainability targets (number: 2–4)	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
	max. 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 by Management Board members of Instone shares	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 achieved during the term of the contract through corresponding acquisitions.
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 preparing the setting of 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 the 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, and which 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

Internal analysis was carried out in the form of a vertical comparison of the remuneration and employment conditions of the employees. The remuneration amounts of 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 consists of the Managing Directors of the subsidiaries; the total workforce consists of the full-time employees of 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 review 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 IPO, 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, corporation 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:

Target remuneration p.a.	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 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 approx. 62.5% of non-performance-based emoluments when the target is fully achieved and approx. 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 (Aktiengesetz).

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 services 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, a corresponding pro-rata reduction of these variable remuneration components will be made.

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



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 122.

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 objectives 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, and customer and employee satisfaction, the value of investor sales or the optimisation of corporate financing. 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

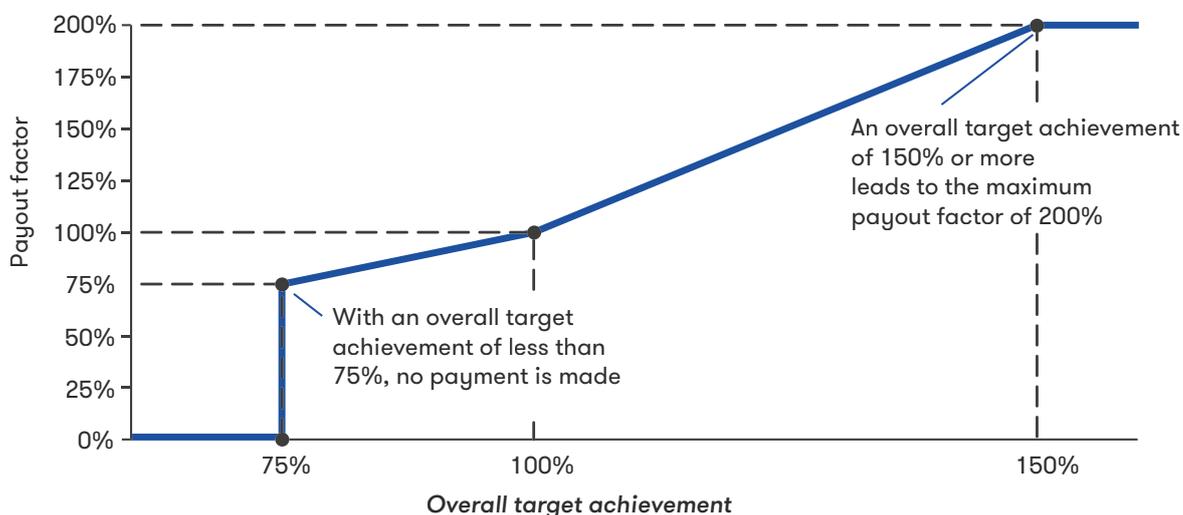
objectives, the achievement of which is set and measurable ideally using quantitative methods. The Supervisory Board may weight the strategy and sustainability targets set annually differently. Each individual target must be weighted with a minimum of at least 25% within the strategy and sustainability 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 (see below). 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

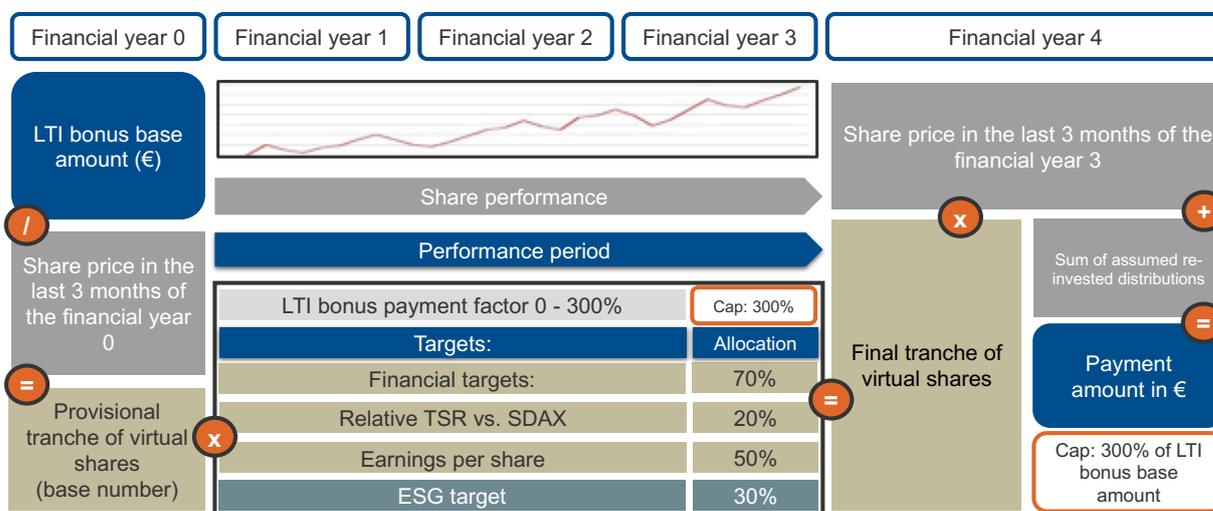


Multi-year variable remuneration (long-term incentive, LTI)

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. By linking it to the price of the Instone shares, it 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 remuneration – LTI



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,
- ▶ 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 accounts for a total of 70% of the LTI bonus base amount and is 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 122.

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 to be an appropriate benchmark parameter as the Instone share is listed on the SDAX, which is comprised of companies of a comparable size. In the event that the Instone share is no longer listed on the SDAX, the SDAX is significantly changed or other developments that no longer make a reference to the SDAX appear appropriate, the Supervisory Board may select another suitable equity index as the benchmark.

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.

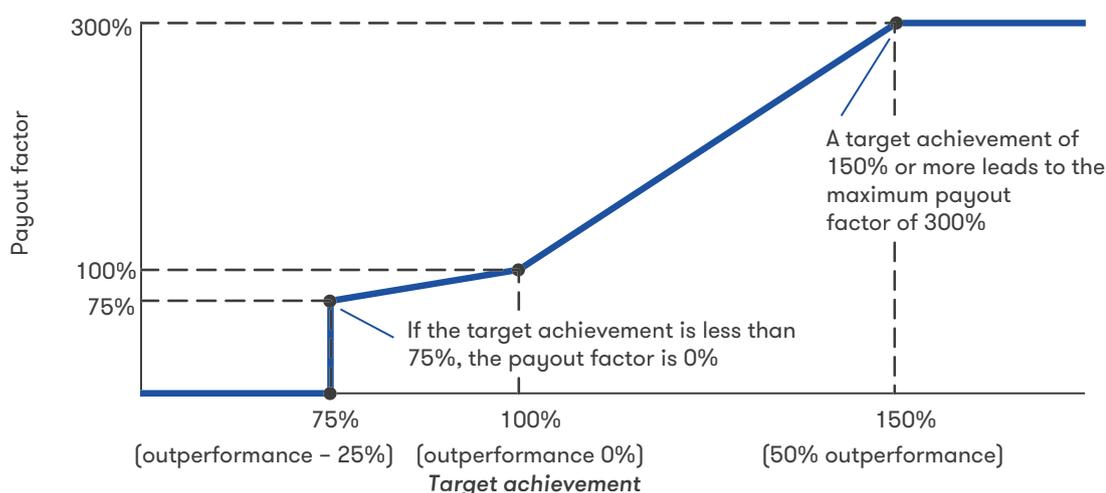
An LTI bonus base amount in euros is agreed for each member of the Management Board in the relevant employment contract. This is divided by the average volume-weighted Instone share price for the last three months of the financial year before the start of the performance period in order to determine 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 (see below). 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 in XETRA trading (or a comparable successor system) of the Frankfurt Stock Exchange for the previous three months, and distributions, including dividend payments, are also taken into account at the final price, assuming the re-investment in Instone shares is made during the performance period. For the calculation of the performance of the SDAX (as the performance index), the initial value is the arithmetic mean of the closing values in the SDAX for the last three months before the start of the respective performance period and the final value is the arithmetic mean of the closing values of the SDAX for 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, including dividend payments and assuming re-investment in Instone shares 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 (see the bonus curve below).
- ▶ The base number of virtual shares is multiplied by the total payout factor and the average volume-weighted share price of the last three months before the end of the last financial year of the performance period, taking

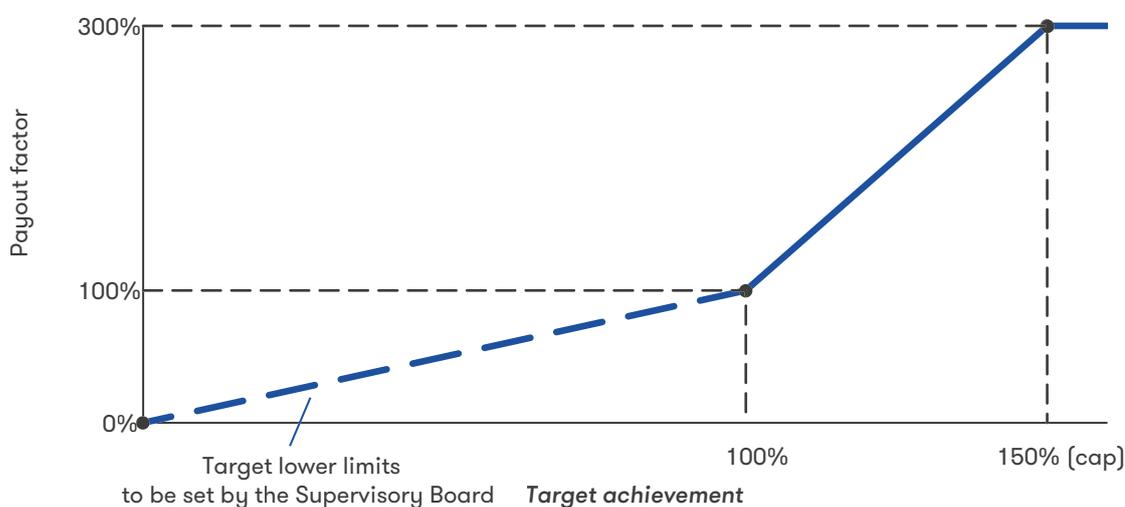
into account distributions, including dividend payments and assuming the re-investment in Instone shares during the performance period (total shareholder return approach) in order to put the Management Board member in the same position as a real shareholder. Payment is made after the end of the performance 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



Bonus curve - LTI payout factors



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 the 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 within a four-year build-up phase that starts with their appointment to the Management Board, and 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 this case, the Management Board member is obliged, within a period of six months, to top up the number of shares held to the amount of a non-performance-based gross annual salary.

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 remunerations 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, and are intended to facilitate the market-oriented and company-specific performance of the Management Board remuneration in the interests of the Company.

Temporary deviations from the remuneration system

By way of exception, a deviation from the remuneration system is possible for the Supervisory Board in accordance with the statutory provisions of Section 87a (2) sentence 2 AktG if extraordinary circumstances make such a deviation necessary in the interests of the long-term well-being of the Company. 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 a deviation must also be explained to the shareholders in the remuneration report. In the case of the conditions described, a deviation may occur, particularly from the performance criteria for variable remuneration, the proportions of the components of the target remuneration and for 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. Members of the Management Board are entitled to a severance payment if there is a fundamental impairment of the commercial basis of the Company in addition to the change of control, i.e. if the resigning member of the Management Board has been removed from his/her role, a control and/or profit transfer agreement is concluded with the Company as a dependent company, or the legal form of the Company is changed or if the decision-making powers of the resigning member of the Management Board are significantly impaired without objective grounds. 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 from the Annual General Meeting or in the event of a resignation for good cause.

If a special right of termination is exercised, the resigning member of the Management Board is entitled to a severance payment in the amount of 1.5 times the gross annual remuneration. This severance payment shall be reduced on a pro rata basis in the case of a residual term to the end of the employment contract of less than 1.5 years. No claim to a severance payment exists if the appointment ends due to dismissal for good cause within the meaning of Section 626 of the German Civil Code (BGB) or good cause within the meaning of Section 84 (3) AktG which 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, contractually agreed 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

II. Remuneration system to 30 June 2021 for the members of the Management Board of Instone Real Estate Group SE

As a result of the adjustment of the remuneration system for the members of the Management Board as at 1 July 2021, the old remuneration system regulations valid up to 30 June 2021 are described below where these old regulations deviate from the current remuneration system. The old regulations shall apply to the remuneration of the Management Board up to and including 30 June 2021.

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).

One-year variable compensation (Short-term incentive, STI)

Short-term variable remuneration in the form of an STI is based on the economic performance or productivity of the Instone Group in the underlying financial year and the personal targets set for the individual members of the Management Board. The total amount of this variable remuneration component is determined according to the achievement of the objectives for the individual components described below and the following weighting:

Adjusted earnings before tax (EBT) with a weighting of	52.8%
Adjusted ROCE ¹ with a weighting of	27.2%
Personal targets with a weighting of	20.0%

¹ Adjusted return on capital employed (ROCE) = adjusted EBIT in relation to a two-year average of equity plus net debt.

If the targets derived from the business plan prepared by the Management Board for the financial year and approved by the Supervisory Board are fully achieved, the target achievement is 100%. The achievements of the weighted targets (adjusted EBT, adjusted ROCE and personal targets) are added together to give the overall target achievement.

The target figures are derived from the annual budget and are determined by the Supervisory Board. At the end of the respective bonus year, which in the present case was most recently the 2021 financial year, the Supervisory Board determines whether the personal and company-related targets have been achieved. The amount is paid in the month following the audited annual financial statements. If the target achievement is less than 80%, the targets are considered to have been missed and there is no entitlement to the variable remuneration component (target lower limit). The one-year variable remuneration is limited in its total amount to the amount corresponding to a target achievement of 150% (target upper limit).

If the Management Board member is not entitled to remuneration for the entire financial year underlying the calculation, a corresponding pro rata reduction of this variable remuneration component will be made. In accordance with this

regulation, this variable remuneration component will be reduced on a pro rata basis, i.e. halved, due to the adjustment of the Management Board contracts to the new remuneration system from 1 July 2021.

Multi-year variable remuneration

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.

Any LTI bonus depends on the achievement of corporate goals during the bonus year. The assessment bases used are the projected and actual values specified for adjusted earnings before tax (EBT). To determine the targets achieved, the arithmetic mean of the projected EBT figure for the bonus year and the two preceding calendar years is compared with the arithmetic mean of the actual EBT of the bonus year and the two preceding calendar years.

The contractually agreed base amount – an individually determined starting amount for each member of the Board of Management which is used as the basis for the calculation – is multiplied by the target achievement that has been calculated. If the target achievement is less than 80% in the bonus year, the targets are considered to have been missed and there is no entitlement to an LTI bonus.

Any LTI bonus is limited to the amount corresponding to a target achievement of 150% in the bonus year (**cap 1**).

The multiplied base amount gives the value which is then divided by the average closing prices of Instone Real Estate shares for the preceding 20 trading days before the end of the relevant bonus year. This is then used to calculate the number of virtual shares which are relevant to the bonus year.

The virtual shares used annually to calculate the bonus year have a term of three years and are only paid out at the end of the respective term at the average closing price of Instone Real Estate shares over the last 20 trading days of the respective term, as determined at that time, plus any dividend that may have been distributed.

The payout amount at the end of the three-year term is capped per virtual share to an amount corresponding to 200% of the figure determined for the respective bonus year (**cap 2**).

III. Remuneration of the Management Board members in the 2021 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 2021 financial year.

Total remuneration

The total remuneration granted and owed for the members of the Management Board for the 2021 financial year within the meaning of Section 162 (1) sentence 1 AktG amounted to €1,922 thousand. In accordance with the explanatory memorandum in Section 162 (1) AktG, the remuneration (inflows) granted and owed must be indicated as amounts that became due in the period under review and have already been paid to the individual member of the Management Board or the payment due that has not yet been made. The following overview shows the total remuneration according to these principles, broken down by remuneration component and individualised for the members of the Management Board for the 2021 financial year and the previous year.

Remuneration pursuant to Section 162 (1) sentence 1 AktG

	Kruno Crepulja		Dr Foruhar Madjlessi		Andreas Gräf	
	CEO		CFO		COO	
In thousands of euros	2021	2020	2021	2020	2021	2020
Non-performance-based emoluments	490	450	375	360	360	300
Fringe benefits ¹	25	26	9	16	11	16
Short-term variable remuneration (STI)	201	361	242	434	209	375
Long-term variable remuneration (LTI) ²	0	0	0	0	0	0
Total	716	837	626	810	580	691
Maximum remuneration ³	3,100	n/a	2,350	n/a	2,350	n/a

¹Excluding pension expenses. These are shown separately below.

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

³An absolute maximum remuneration pursuant to Section 87a (1) sentence 2 No. 1 AktG was set in the remuneration system for the first time from 1 July 2021.

The maximum remuneration set by the Supervisory Board pursuant to Section 87a (1) sentence 2 No. 1 AktG for the members of the Management Board was therefore 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 2021 financial year, the members of the Management Board did not receive benefits from third parties with regard to their work on the Management Board, nor have benefits been promised to them.

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

2020 STI – paid out in 2021

The following table 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 (where applicable) and the corresponding STI bonus in euros for the STI targets (i) adjusted earnings before tax (EBT), (ii) adjusted ROCE and (iii) personal targets (set in accordance with the remuneration system up to and including 30 June 2021) for the short-term variable remuneration granted and owed for the 2021 financial year, i.e. the STI earned for the 2020 financial year and paid out in April 2021.

STI 2020 financial year

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2020 financial year		Information on target achievement				STI bonus
						Upper target limit ¹		Target achievement		
		%	In thousands of euros	Value	%	Value	%	Value	%	In thousands of euros
Kruno Crepulja										
STI										
CEO	Adjusted earnings before tax (EBT)	52.8	€105 million	100	-	-	€59.4 million	56.64		
	Adjusted ROCE	27.2	13.47%	100	-	-	10.26%	76.15		
	Personal targets ²	20	n/a	100	-	-	n/a	150		
	Total	100	250	0	100	€375 thousand	150	0	80.57	201.4
Dr Foruhar Madjlessi										
STI										
CFO	Adjusted earnings before tax (EBT)	52.8	€105 million	100	-	-	€59.4 million	56.64		
	Adjusted ROCE	27.2	13.47%	100	-	-	10.26%	76.15		
	Personal targets ²	20	n/a	100	-	-	n/a	150		
	Total	100	300	0	100	€450 thousand	150	0	80.57	241.7
Andreas Gräf										
STI										
COO	Adjusted earnings before tax (EBT)	52.8	€105 million	100	-	-	€59.4 million	56.64		
	Adjusted ROCE	27.2	13.47%	100	-	-	10.26%	76.15		
	Personal targets ²	20	n/a	100	-	-	n/a	150		
	Total	100	260	0	100	€390 thousand	150	0	80.57	209.4

¹ Upper and lower target limits for the STI will not exist at individual target level, but only when the overall assessment of the target achievement has been made following the accumulation of the target achievement on the basis of the individual targets.

² The achievement of the objectives under the personal 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).

2021 STI – paid out in 2022

Following the Annual General Meeting resolution to update the remuneration system, the Supervisory Board has agreed with the Management Board changes to the existing Management Board employment contracts, in particular to the variable remuneration of the Management Board in order to adapt the Management Board employment contracts with effect from 1 July 2021 to the new Management Board remuneration system rules. As a result, for this 2021 financial year, insofar as variable remuneration claims have arisen up to and including 30 June 2021, these will be based on the old provisions of the remuneration system until 30 June 2021 whereas variable compensation claims that arise from 1 July 2021 will be based on the new remuneration system regulations valid from 1 July 2021. Against this backdrop, payments of the STI bonus and the LTI bonus for the 2021 bonus year will be reduced on a pro rata basis, i.e. halved, under the remuneration systems up to and including 30 June 2021, and from 1 July 2021 respectively.

For this reason, both the STI targets based on (i) adjusted earnings before tax (EBT), (ii) adjusted ROCE and (iii) personal targets (set in accordance with the remuneration system up to and including 30 June 2021) and the STI targets based on (i) EAT (adjusted), (ii) volume of sales contracts and (iii) strategy and sustainability targets (set in accordance with the remuneration system from 1 July 2021) are relevant for assessing the STI bonus in the 2021 financial year.

All financial STI targets, including the key targets for EAT (adjusted) and volume of sales contracts from 1 July 2021 under the new remuneration system, were derived from the plan approved in February 2021. In particular, the Supervisory Board did not update the financial targets under the remuneration system from 1 July 2021 at the time the financial targets were set on 20 July 2021. For each member of the Management Board, the Supervisory Board has also set three personal targets which have been identically adopted and uniformly assessed as strategy and sustainability targets for the current performance period under the remuneration system running from 1 July 2021. For the 2021 financial year (performance period or bonus year), the Supervisory Board assessed the target achievement for each of the aforementioned individual targets on 2 February and 14 March 2022, and transferred or added to a total target achievement in accordance with the conditions of the two remuneration systems, taking into account the weighting of the respective individual targets, resulting in the overall target achievement.

The table shows the weighting, the agreed target values and the actual value (insofar as these can both be quantified), the target achievement derived from this, the upper target limits and the payout factors (where applicable) as well as the corresponding STI bonus in euros for the members of the Management Board during the 2021 financial year. The 2021 STI will be paid out in April 2022.

STI 2021 financial year – payout in 2022

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2021 financial year	Information on target achievement					STI bonus	
					Target upper limit		Target achievement			Payout factor (%)	In thousands of euros
		%	In thousands of euros ¹	Value	%	Value	%	Value	%		
Kruno Crepulja	STI (remuneration system up to 30/06/2021)										
CEO	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	€166.3million	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 2021 financial year – payout in 2022

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2021 financial year	Information on target achievement					STI bonus	
					Target upper limit		Target achievement			Payout factor (%)	In thousands of euros
		%	In thousands of euros ¹	Value	%	Value	%	Value	%		
Dr Foruhar Madjlessi	STI (remuneration system up to 30/06/2021)										
CFO	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		€100.4 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 2021 financial year – payout in 2022

Management Board member	Target	Weighting	STI bonus base amount	Targets set for the 2021 financial year		Information on target achievement				STI bonus	
				Value	%	Target upper limit	Target achievement	Payout factor (%)	In thousands of euros		
		%	In thousands of euros ¹	Value	%	Value	%	Value	%		
Andreas Gräf	STI (remuneration system up to 30/06/2021)										
COO	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.

²Lower and upper target limits for the remuneration system STI will not exist at individual target level until 30 June 2021, but only when the overall assessment of the target achievement has been made following the accumulation of the 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.

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

LTI 2022–2024 (new)

In accordance with the conditions of the Management Board employment contracts updated with effect from 1 July 2021, the preliminary tranche of virtual shares (base number) presented in the Table below was allocated at the end of the 2021 financial year to the members of the Management Board based on the parameters presented below for the performance period from 1 January 2022 up to and including 31 December 2024 (**LTI 2022–2024 (new)**).

For the 2022–2024 LTI (new), the Supervisory Board set a CAGR of 5.5% p.a. as a target value for the EPS target for a 100% target achievement. For the non-financial ESG target, target achievement is dependent on the Sustainalytics Risk Rating score for the Real Estate sector, whereby an upper target limit of 150% has been set with a Risk Rating score of 5 or less and a lower target limit (50%) has been set with a Risk Rating score of 25 or more. The upper and lower target limits of the relative TSR target met the requirements of the remuneration system from 1 July 2021 onwards (see Section I. D. of this remuneration report).

The target achievement will be set and assessed and the LTI 2022–2024 (new) paid in the 2025 financial year after the LTI 2022–2024 (new) performance period has ended.

LTI 2021–2024 (old)

In accordance with the conditions of the Management Board employment contracts valid up to and including 30 June 2021, the base number of virtual shares shown in the table below was allocated to the members of the Management Board on the basis of the parameters presented below for the 2021 bonus year with a vesting period from 1 January 2022 up to and including 31 December 2024 (**LTI 2021–2024 (old)**).

For the 2021–2024 LTI (old), targets achieved were determined by the Supervisory Board using the arithmetic mean of the EBT target from the 2021 bonus year and the two previous years on 14 March 2022.

The 2021–2024 LTI (old) will be paid in January 2025 after the expiry of the vesting period on 31 December 2024.

The relevant LTI bonus base amount, the allocation price based on the average share price for the last three months of the 2021 financial year LTI 2022–2024 (new) or the last 20 trading days before the end of the bonus year LTI 2021–2024 (old), the preliminary virtual share tranche (base number) and the respective caps 1 and 2 can be summarised as follows:

Long-term variable remuneration (LTI)

In thousands of euros	Kruno Crepulja		Dr Foruhar Madjlessi		Andreas Gräf	
	CEO		CFO		COO	
	LTI 2022–2024 (new)	LTI 2021–2024 (old)	LTI 2022–2024 (new)	LTI 2021–2024 (old)	LTI 2022–2024 (new)	LTI 2021–2024 (old)
LTI bonus base amount ¹	227.5	150.0	168.0	125.0	175.0	90.0
Allocation price (€)	20.70	17.04	20.70	17.04	20.70	17.04
Base number (in units)	10,990	8,655	7,669	7,212	8,454	5,193
Base number (total)	19,645		14,882		13,647	
Cap 1	n/a	225	n/a	187.5	n/a	135
Cap 2	n/a	589.9	n/a	491.6	n/a	353.9
LTI cap	683	n/a	504	n/a	525	n/a

¹ The respective LTI bonus base amounts already take into account the corresponding pro rata reductions (50%) resulting from the updating of the remuneration system from 1 July 2021.

LTI tranches granted

The LTI tranches granted as at 31 December 2021 (each granted under the remuneration system operating until 30 June 2021) are broken down by the respective members of the Management Board in the following Table:

LTI tranches

In thousands of euros		Base number of virtual shares (in units)	Payout price (in euros)	LTI bonus (in thousands of euros)	Payout
Kruno Crepulja, CEO	2018-2021 LTI	25,779.0	17.30	446.0	January 2022
	2019-2022 LTI	21,781.2	n/a	n/a	January 2023
	2020-2023 LTI	14,861.2	n/a	n/a	January 2024
Dr Foruhar Madjlessi, CFO¹	2019-2022 LTI	18,151.0	n/a	n/a	January 2023
	2020-2023 LTI	12,384.3	n/a	n/a	January 2024
Andreas Gräf, COO	2018-2021 LTI	15,467.4	17.30	267.6	January 2022
	2019-2022 LTI	13,068.7	n/a	n/a	January 2023
	2020-2023 LTI	8,916.7	n/a	n/a	January 2024

¹ Member of the Management Board since 1 January 2019.

Pension commitments

The following overview shows the contributions (allocations) to the pension plan attributed to the individual Management Board members and the corresponding itemised cash values under the IFRS and HGB.

Pension commitments

In thousands of euros		2021	Allocations	2020
Kruno Crepulja (CEO)	German Commercial Code (HGB)	373.3	86.4	286.9
	IFRS	403.6	23.7	379.9
Andreas Gräf (COO)	German Commercial Code (HGB)	340.5	79.0	261.5
	IFRS	364.3	31.9	332.4
	German Commercial Code (HGB)	713.8	165.4	548.4
	IFRS	767.9	55.6	712.3

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

In thousands of euros		2021	Allocations	2020
Pension commitments for former members of the Management Board	German Commercial Code (HGB)	1,417.6	198.6	1,219.0
	IFRS	1,501.7	4.9	1,496.8

Share ownership guideline

Since 1 July 2021, the members of the Management Board have been obliged to acquire shares in Instone Real Estate Group SE in the amount of a non-performance-based gross annual salary and to hold them for the entire term of their Management Board employment contract. This obligation was met by the members of the Management Board in the 2021 financial year. The following Table shows the shareholdings of the members of the Management Board reported to the Company as at 31 December 2021:

Shareholding

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

Remuneration decisions of the Supervisory Board during the 2021 financial year

As part of the extension of their Management Board employment contracts, an agreement has been concluded with the members of the Management Board Kruno Crepulja and Andreas Gräf that the fixed annual base salary, the STI bonus base amount and the LTI bonus base amount are to increase by approx. 15.4% for Mr Crepulja from 1 January 2024 and by 10% for Mr Gräf if the overall target achievement of the LTI in 2022 and 2023 reaches 200% cumulatively.

IV. 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 to be a purely fixed remuneration. Until 31 August 2021, the effective date of the conversion of Instone Real Estate Group AG into a European company (SE), the remuneration was regulated in Section 13 of Instone Real Estate Group AG's Articles of Association and is now regulated in Section 14 of Instone Real Estate Group SE's Articles of Association.

On 9 June 2021, the Annual General Meeting of Instone Real Estate Group AG approved the proposal to approve the system on 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 a fixed annual remuneration of €75.0 thousand (up to and including 30 August 2021: €60 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 an additional remuneration of €15.0 thousand and members of the Remuneration Committee and Nomination Committee each receive an additional €7,500 (up to and including 30 August 2021: €1,500) 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.

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 2021 financial year

The total remuneration of the Supervisory Board in the 2021 financial year was €493.3 thousand (previous year: €462.0 thousand). Of which, €405.3 thousand (previous year: €390.0 thousand) was remuneration for work on the General Committee. Remuneration for work in committees amounted to €88.0 thousand (previous year: €72.0 thousand). The below table 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 2020 financial year paid in the first quarter of 2021, and the remuneration earned for work on the Supervisory Board in the 2021 financial year paid in the first quarter of 2022.

Supervisory Board remuneration

In thousands of euros	Remuneration in 2021 (earned)			Remuneration in 2020 (paid)		
	Remuneration	Remuneration	Remuneration	Remuneration	Remuneration	Remuneration
	Role	Role		Role	Role	
General Committee	Committees	Total	General Committee	Committees	Total	
Stephan Brendgen	130.1	22.0	152.2	120.0	18.0	138.0
Dr Jochen Scharpe	97.6	36.3	133.9	90.0	31.5	121.5
Marija Korsch ¹	26.3	1.3	27.6	60.0	3.0	63.0
Dietmar P. Binkowska	65.1	7.8	72.8	60.0	4.5	64.5
Thomas Hegel	65.1	20.6	85.6	60.0	15.0	75.0
Christiane Jansen ²	21.2	0.0	21.2	0.0	0.0	0.0
Total remuneration	405.3	88.0	493.3	390.0	72.0	462.0

¹Member of the Supervisory Board until 9 June 2021

²Member of the Supervisory Board since 20 September 2021

In the 2021 financial year, the Instone Group Companies 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.

V. Vertical comparison

The following overview provides a comparative representation 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 2016 and 2017 financial years are not shown as the Company only changed its legal form to a stock corporation in the 2018 financial year.

The remuneration of Board Members that underlies the vertical comparison 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

Changes [%]

Comparison period	2019 vs. 2018 ²	2020 vs 2019	2021 vs 2020
Management Board members			
Kruno Crepulja	34.7%	0.2%	- 14.5%
Dr Foruhar Madjlessi ¹	-	115.2%	- 22.6%
Andres Gräf	56.7%	0.2%	- 11.5%
Supervisory Board members			
Stephan Brendgen	- 0.6%	- 0.4%	10.3%
Dr Jochen Scharpe	14.3%	1.3%	10.2%
Marija Korsch ³	9.2%	- 8.4%	5.4%
Dietmar P. Binkowska ⁴	-	2.8%	12.9%
Thomas Hegel ⁵	-	8.7%	14.1%
Christiane Jansen ⁶	-	-	-
Average employee remuneration	n/a ⁷	6.9%	- 0.5%
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))	172.3%	- 16.9%	368.6%
Adjusted EAT (as per the IFRS consolidated financial statements)	453.3%	- 61.1%	135.7%

¹Member of the Management Board since 1 January 2019

²Disclosures 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.

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

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

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

⁶Member of the Supervisory Board since 20 September 2021.

⁷Database for 2018 not available.

OPINION ON THE REMUNERATION REPORT

Report of the Independent Auditor on the Audit of the Remuneration Report in accordance with Section 162 (3) AktG

To Instone Real Estate Group SE (formerly: Instone Real Estate Group AG), Essen/Germany

Audit Opinion

We conducted a formal audit of the remuneration report of Instone Real Estate Group SE (formerly: Instone Real Estate Group AG), Essen/Germany, for the financial year from 1 January to 31 December 2021, 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, 14 March 2022

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft



(Prof. Dr. Holger Reichmann)
Wirtschaftsprüfer

[German public auditor]



(Michael Pfeiffer)
Wirtschaftsprüfer

[German public auditor]

III. Further information on the invitation

In accordance with Section 1(1),(2) and 3 of the *Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19-Pandemie* (German Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic) of 27 March 2020, last amended or extended by the *Gesetz zur Errichtung eines Sondervermögens „Aufbauhilfe 2021“ und zur vorübergehenden Aussetzung der Insolvenzantragspflicht wegen Starkregenfällen und Hochwassern im Juli 2021 sowie zur Änderung weiterer Gesetze (Aufbauhilfegesetz 2021 – AufbhG 2021)* (the Act on the Establishment of a Special Fund “Reconstruction Assistance 2021” and on the Temporary Suspension of the Obligation to File an Insolvency Application Due to Heavy Rainfall and Floods in July 2021 and on the Amendment of Other Laws - Reconstruction Assistance Act 2021) (C19-AuswBekG), the Management Board has determined, with the approval of the Supervisory Board, that the Annual General Meeting will be held as a virtual meeting without shareholders or their authorised representatives attending in person. Holding the Annual General Meeting in this way leads to modifications in the processes of the Annual General Meeting and in shareholders’ rights.

We therefore ask the shareholders to pay special attention to the following information on registering for the Annual General Meeting, exercising voting rights and other shareholder rights.

1. TOTAL NUMBER OF SHARES AND VOTING RIGHTS

At the time of convening the Annual General Meeting, the share capital of the Company amounts to EUR 46,988,336, divided into 46,988,336 no-par value bearer shares, each granting one vote at the Annual General Meeting.

2. REQUIREMENTS FOR PARTICIPATING IN THE MEETING AND EXERCISING VOTING RIGHTS

In accordance with Article 19(3) of the Articles of Association, only the shareholders who register for the Annual General Meeting and provide evidence of their shareholdings are entitled to participate in the Annual General Meeting and to exercise their voting rights. They must provide evidence of shareholdings relating to the start of the 21st day before the Annual General Meeting, i.e. to **19 May 2022 (00:00 CEST)** (the record date). Evidence of share ownership issued in text form by the depositary institution or proof issued in text form by the final depositary pursuant to Section 67c(3) AktG shall be sufficient proof of entitlement.

The Company must receive registration in written or electronic form (Section 126b of the Bürgerliches Gesetzbuch (BGB – German Civil Code)) in German or English at the following address (by post or e-mail) at least six days before the Annual General Meeting, not including the day of the Annual General Meeting or the day of receipt, therefore by no later than the end of **2 June 2022 (midnight, CEST)**:

Instone Real Estate Group SE
c/o Computershare Operations Center
80249 Munich
e-mail: anmeldestelle@computershare.de

The Company must receive evidence of shareholdings at the above address no later than the sixth day before the Annual General Meeting, i.e. by no later than the end of **2 June 2022 (midnight, CEST)**.

Only those shareholders who have provided evidence of their shareholdings on time will be authorised to participate in the Annual General Meeting and exercise their voting rights. Authorisation to participate in the Annual General Meeting and the extent of voting rights will be exclusively determined by shareholdings as at the record date. The record date is not a restriction on disposals of shares; in particular, they can be acquired or sold regardless of the record date. Disposals of shares

after the record date do not affect the right to participate or the extent of voting rights. The same applies to acquisitions of additional shares after the record date. Persons who did not hold any shares as at the record date and who only became shareholders thereafter are not entitled to participate in the Annual General Meeting on 9 June 2022 or to vote at it, unless they have been otherwise authorised to do so.

3. PROCEDURE FOR VOTING BY POSTAL VOTE

Shareholders can submit and amend their votes by way of written or electronic postal vote. In particular, votes can be sent electronically using the access-protected InvestorPortal of Instone Real Estate Group SE at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.

This option exists **until immediately before the start of voting at the Annual General Meeting on 9 June 2022**.

The form reproduced in the registration confirmation can be used to send postal votes by other means. The form for postal voting can also be downloaded on the Company's website at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.

Votes sent by post or e-mail must be received at the following address (post or e-mail) by **8 June 2022 (midnight, CEST)** to count at the Annual General Meeting:

Instone Real Estate Group SE
c/o Computershare Operations Center
80249 Munich
e-mail: anmeldestelle@computershare.de

Postal votes sent by means other than the InvestorPortal can also be amended or revoked using the InvestorPortal.

4. PROCEDURE FOR PROXY VOTING

4.1 Authorisation of a third party

Shareholders can also have their voting rights or other rights in connection with the Annual General Meeting exercised by an authorised representative, e.g. by their custodian bank or a shareholder association. In the event of proxy voting as well, shareholders must register on time as set out above under "Requirements for participating in the meeting and exercising voting rights".

Written or electronic form is required to grant or revoke power of attorney and to provide proof of authorisation (see 4.2 below for exceptions for voting representatives in accordance with Section 135 AktG). The authorisation form contained in the registration confirmation can also be used to grant power of attorney.

The authorisation form can also be downloaded on the Company's website at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.

Power of attorney can be granted or revoked either:

- (1) in written or electronic form sent to the Company exclusively at the following address (by post or e-mail)

Instone Real Estate Group SE
c/o Computershare Operations Center
80249 Munich
e-mail: anmeldestelle@computershare.de

or submitted using the InvestorPortal of Instone Real Estate Group SE at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>; or

- (2) in written or electronic form sent to the authorised representative.

If the power of attorney is issued to the authorised representative in written or electronic form, unless stipulated otherwise by Section 135 AktG (see 4.2), the Company must receive proof, in written or electronic form, of this authorisation. Proof of authorisation can be sent to the Company at the above address, including the electronic channel described there (e-mail), or submitted using the InvestorPortal of Instone Real Estate Group SE.

Such authorised representatives cannot attend the Annual General Meeting in person. They can only exercise the voting rights conveyed by the shareholders they represent by way of postal voting or by granting (sub-) power of attorney to the voting right representatives appointed by the Company.

Proxy forms that can be used to grant power of attorney will be sent to registered shareholders with the registration confirmation. The use of the InvestorPortal by an authorised representative requires that the authorised representative receives the access data sent with the registration confirmation from the grantor of the power of attorney, unless the access data has been sent directly to the authorised representative. The use of the access code by the authorised representative shall also be deemed proof of authorization.

4.2 Proxy voting through an intermediary, shareholder association or equivalent persons (Section 135 AktG)

If power of attorney is granted to an intermediary, a shareholder association or an equivalent person or institution in accordance with the provisions of stock corporation law, written or electronic form is not required to grant or revoke power of attorney in accordance with the statutory provisions. It is sufficient if the declaration of power of attorney is verifiably held by the authorised representative. Intermediaries, shareholder associations and equivalent persons or institutions in accordance with Section 135 AktG can stipulate different regulations for their own authorisation; please ask your authorised representative in this regard. The Company does not require separate proof of authorisation in such cases.

4.3 Authorisation of voting representatives of the Company

We offer all shareholders and their authorised representatives the opportunity to be represented by our voting representatives. If you authorise voting representatives appointed by the Company, they must be issued instructions for exercising voting rights. The authorisation and the instructions must be issued in written or electronic form. In particular, authorisations and instructions for the voting representatives of the Company can be issued, amended or revoked using the access-protected InvestorPortal of Instone Real Estate Group SE

at <https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html> until immediately before the start of voting at the Annual General Meeting on 9 June 2022.

In order to authorise voting representatives by other channels, the authorisation and instruction form reproduced in the registration confirmation and available for download at the Company's website

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>

can also be used. Authorisations and instructions sent by post or e-mail must be received at the following address (post e-mail) by **8 June 2022 (midnight, CEST)** to count at the Annual General Meeting:

Instone Real Estate Group SE
c/o Computershare Operations Center
80249 Munich
e-mail: anmeldestelle@computershare.de

Power of attorney can be revoked or instructions can be amended by post or e-mail provided that this is also received in written or electronic form at the above address by **8 June 2022 (midnight, CEST)**. Power of attorney can be revoked or instructions can be amended using the InvestorPortal even if the InvestorPortal was not used to issue the power of attorney.

Voting representatives cannot be authorised to exercise shareholders' right to ask questions, put forward motions or file objections.

4.4 Supplementary information on the exercise of voting rights

If voting rights are exercised in due time via several channels (letter, e-mail, electronically via the InvestorPortal) by postal vote or proxy and, if applicable, instructions are issued, these will be taken into account in the following order, irrespective of the time of receipt: 1. electronically via the InvestorPortal, 2. by e-mail and 3. by letter.

If several postal votes or proxies and instructions are received in due time via the same transmission channel, the declaration received last shall be binding. A later vote as such shall not be deemed to be a revocation of an earlier vote. The last revocation of a declaration received in due time shall be decisive.

If declarations with more than one form of voting right exercise are received in the same way, the following shall apply: postal votes shall have priority over the granting of power of attorney and, if applicable, instructions to the authorised voting representatives of the Company, and the latter shall have priority over the granting of power of attorney and instructions to an intermediary, a shareholders' association, a voting rights advisor pursuant to Section 134a AktG and a person equivalent to these pursuant to Section 135(8) AktG.

If an intermediary, a shareholders' association, a voting rights advisor pursuant to Section 134a AktG or a person equivalent to these pursuant to Section 135(8) AktG is not prepared to represent the Company, the Company's proxies will be authorized to represent the Company in accordance with the instructions.

If an individual vote is held on an agenda item instead of a collective vote, the absentee vote or instruction given on this agenda item shall apply accordingly to each item of the individual vote.

5. SUPPLEMENTARY MOTIONS FOR THE AGENDA AT THE REQUEST OF A MINORITY IN ACCORDANCE WITH ART. 56 SE-VO, SECTION 50(2) SEAG IN CONJUNCTION WITH SECTION 122(2) AKTG

Shareholders whose combined shares constitute at least a pro rata amount of the share capital of Instone Real Estate Group SE of EUR 500,000 (500,000 shares) can request that items be added to the agenda and announced. Each new item must be accompanied by a statement of grounds or proposed resolution. The request must be submitted to the Management Board of Instone Real Estate Group SE and must be received by the Company at least 30 days before the Annual General Meeting (not counting the day of receipt or the day of the Annual General Meeting), therefore by no later than **9 May 2022 (midnight, CEST)**, at the following address:

Instone Real Estate Group SE
The Management Board
Grugaplatz 2-4
45131 Essen
Germany

6. COUNTER-MOTIONS AND NOMINATIONS BY SHAREHOLDERS IN ACCORDANCE WITH SECTIONS 126(1), 127 AKTG IN CONJUNCTION WITH SECTION 1(2) C19-AUSWBKGG

Counter-motions and nominations by shareholders in accordance with Sections 126, 127 AktG must be sent exclusively to the following address (by post or e-mail):

Instone Real Estate Group SE
Investor Relations
Grugaplatz 2-4
45131 Essen
Germany
e-mail: hauptversammlung@instone.de

All counter-motions and nominations to be published in accordance with Sections 126, 127 AktG will be made available to the other shareholders on the Internet at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>,

together with the name of the shareholder, the statement of grounds required for counter-motions and any position taken by management, provided that they are received at the above address by no later than **25 May 2022 (midnight, CEST)**.

Motions or nominations from shareholders that must be made available in accordance with Section 126 or Section 127 AktG are deemed to have been declared at the meeting if the shareholder putting forward the motion or nomination has the proper authorisation and has registered for the Annual General Meeting.

7. SHAREHOLDERS' RIGHT TO ASK QUESTIONS IN ACCORDANCE WITH SECTION 131(1) AKTG IN CONJUNCTION WITH SECTION 1(2) SENTENCE 1 NO. 3 C19-AUSWBEKG

Shareholders who have properly registered have the right to ask questions by way of electronic communication. The Management Board will decide at its due discretion how it will answer questions.

Questions from shareholders must be **submitted exclusively by way of electronic communication using the access-protected InvestorPortal of Instone Real Estate Group SE** at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>

by no later than one day before the Annual General Meeting, not including the day of the Annual General Meeting or the day of receipt, therefore by no later than **7 June 2022 (midnight, CEST)**. **Questions cannot be asked during the Annual General Meeting.**

The Company reserves the right to state the name and, if applicable, the place of residence or registered office of the shareholder asking the question and/or his proxy when answering the question, unless the name is expressly objected to when the question is submitted on the InvestorPortal.

8. DOCUMENTS/PUBLICATIONS AND BROADCAST OF THE ANNUAL GENERAL MEETING ON THE WEBSITE

From the time that the Annual General Meeting is convened, all documents to be made available in accordance with Section 124a AktG will be published on the Company's website at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.

This website also contains further explanations of shareholders' rights in accordance with Art. 56 SE-VO, Section 50(2) of the SE Implementation Act (SE-Ausführungsgesetz - SEAG), Sections 122(2), 126(1), 127 and 131(1) AktG in conjunction with Section 1(2) C19-AuswBekG plus other information, in particular on participation in the Annual General Meeting and on issuing power of attorney and instructions.

Our shareholders and their authorised representatives can also watch the entire Annual General Meeting

from 10:00 a.m. (CEST) on 9 June 2022 using the access-protected InvestorPortal of Instone Real Estate Group SE at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.

9. OBJECTING TO A RESOLUTION AT THE ANNUAL GENERAL MEETING

In accordance with Section 245 no. 1 AktG in conjunction with Section 1(2) sentence 1 no. 4 C19-AuswBekG, shareholders and authorised representatives who have exercised voting rights can declare an objection to a resolution of the Annual General Meeting from the time it commences until it is closed by the Chairman on 9 June 2022 using the access-protected InvestorPortal of Instone Real Estate Group SE at

<https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.

All times stated refer to Central European Summer Time (CEST) as applicable to Germany. In relation to Coordinated Universal Time (UTC), UTC = CEST minus two hours.

Essen, April 2022

Instone Real Estate Group SE
The Management Board

INFORMATION FOR SHAREHOLDERS ON DATA PROTECTION REGARDING THE COLLECTION OF DATA FOR THE PURPOSES OF THE ANNUAL GENERAL MEETING

On the basis of the applicable data protection provisions, in connection with the Annual General Meeting on 9 June 2022, the Company processes personal data (in particular the name, date of birth, address and other contact data for the shareholder, number of shares, type of share ownership, possibly the name and address of any shareholder representative authorised by the respective shareholder) as the controller as referred to by data protection law. Information for shareholders on data protection can be found on the Company's website at <https://ir.de.instone.de/websites/instonereal/English/6000/annual-general-meeting.html>.
