



ADLER Group S.A.

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Grand Duchy of Luxembourg

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REMUNERATION REPORT

FOR THE FINANCIAL YEAR 2021

I. INTRODUCTION

Summary of legal basis and summary of content

This remuneration report constitutes the report on the remuneration awarded or due by ADLER Group S.A. (the “**Company**”) and its group entities to the members of the board of directors (the “**Board**” and each member a “**Director**”) and senior management (“**Senior Management**”) of the Company during the financial year ending 31 December 2021 (the “**FY 2021**”) (the “**Remuneration Report**”).

Pursuant to the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended (the “**Luxembourg Shareholder Rights’ Law**”), the Company is required to submit to its general meeting of shareholders, each year, a report on the remuneration paid to Directors in the preceding financial year. This Remuneration Report has therefore been prepared in accordance with the specific requirements of the Luxembourg Shareholder Rights’ Law and, to the extent possible, the non-binding draft guidelines of the European Commission on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 (the “**Guidelines**”).

Furthermore, pursuant to the Luxembourg law of 10 August 1915 on commercial companies, as amended, (the “**Luxembourg Company Law**”) the Board is required to report to the general meeting of shareholders on the remuneration paid to any persons who hold the position of daily managers (*délegué(s) à la gestion journalière*) of the Company (each a “**Daily Manager**”). This Remuneration Report therefore also covers the remuneration paid to the Daily Managers.

In the interests of transparency, while not a legal requirement, this Remuneration Report includes the remuneration of members of Senior Management of the Company who are neither Directors nor Daily Managers.

This Remuneration Report has been approved by the Board on 16 May 2022 and shall be submitted to the general meeting of shareholders of the Company (the “**General Meeting**”) expected to be held on 29 June 2022 for an advisory vote.

The remuneration report for the financial year ending 31 December 2020 (“**FY 2020**”) was approved, on an advisory basis, by the General Meeting on 29 June 2021.

The remuneration reports for FY 2020 and the financial year ending 31 December 2019 are available on the Company’s website:-

<https://www.adler-group.com/en/investors/corporate-governance/remuneration>

Remuneration policy

The Company has established a remuneration policy (the “**Remuneration Policy**”) regarding the remuneration of Directors and the Senior Management.

The Remuneration Policy was approved, on an advisory basis, by the General Meeting on 29 June 2021 and is applicable as of the FY 2021. Regardless of whether or not there is an amendment to the Remuneration Policy, the Remuneration Policy will be presented to the General Meeting for an advisory vote, at least every four years.

The Remuneration Policy is available on the Company’s website:-

<https://www.adler-group.com/en/investors/corporate-governance/remuneration>

The Remuneration Policy has been prepared in accordance with the business strategy of the Company and ensures that the Company maintains and applies the remuneration system in compliance with the interests and sustainability of the Company and its shareholders.

Deviations in remuneration

The remuneration of the Directors and the Senior Management in respect of the FY 2021 was granted in accordance with the Remuneration Policy, without derogation or deviation.

Dr. Bernd Schade, chief development officer of the Company, does not have a service agreement with the Company but its subsidiary Consus Real Estate AG. Therefore, the supervisory board of Consus Real Estate AG (and not the nomination and compensation committee of the Company or the Board) has decision making powers with respect to the terms and conditions of service agreement of Dr. Bernd Schade as well as assessment of achievement of variable remuneration targets, including entitlement to a virtual participation in Consus Real Estate AG as explained in the next sections of this Remuneration Report. However, the service agreement between Dr. Schade and Consus Real Estate AG is broadly in line with a spirit and philosophy of the Remuneration Report without any derogation or deviation.

Key changes in the performance criteria and methodology used to determine the remuneration of Senior Management

In addition to annual base remuneration, the Senior Management is entitled to a short-term variable incentive bonus and a long-term variable incentive bonus dependent on the achievement of certain targets. The below table presents changes in target basis and weightings set for the co-chief executive officers and chief legal officer in comparison against the preceding financial year.

Basis	Weighting co-chief executive officers	Weighting chief legal officer
Short-term variable incentive bonus for the FY 2020		
Net rental income	30%	23.3%
FFO 1 per share	30%	23.3%
Vacancy rate	30%	23.3%
Discretionary bonus	10%	30%
Short-term variable incentive bonus for the FY 2021		
FFO 1 per share	50%	47.5%
EBITDA from sales activities	25%	22.5%
Soft goals	25%	30%
Long-term variable incentive bonus for the FY 2020		
Development of EPRA NAV per share	50%	35%
Development of the Company's share price in relation to the EPRA Germany index	50%	35%
Discretionary bonus	N/A	N/A
Long-term variable incentive bonus for the FY 2021		
Reduction in the share price discount to the EPRA NAV per share	50%	50%
EPRA NAV per share	20%	20%
ESG – Environmental, Social and Governance	30%	30%

The new basis and weightings for targets applied to a short-term variable incentive bonus and a long-term variable incentive bonus should facilitate the Company in reaching its short- and long-term goals.

The remuneration of the Senior Management is explained in the next sections of this Remuneration Report.

Highlights of FY 2021

The Company can look back on a successful operating business in the FY 2021. With **net rental income** amounting to EUR 346,200,000 (+18% compared to previous year) and **funds from operations from rental activities** (FFO 1) in the amount of EUR 137,100,000 (+28%), the Company achieved its guidance

for the financial year 2021. The **FFO 1 per share** was at EUR 1.17 (2020: EUR 1.34). On a comparable basis, net rental income of the yielding assets portfolio was up +2.5% compared to the previous year. Non-cash value adjustments on goodwill significantly affected the reported result for the year.

EBITDA from rental activities increased by +22% to EUR 227,700,000 in 2021, representing a margin of 65.8% (2020: 63.7%). The **average rent per square-meter** grew significantly from EUR 6.30 to EUR 7.45 over the course of the year on the back of sizable non-strategic disposals. At the same time, the operational **vacancy rate** of the core portfolio fell from 3.4% as at end of 2020 to just 1.1% as at 31 December 2021, which is an extremely low figure compared with other listed housing companies. The announced disposals of non-strategic portfolios with higher vacancies have been reflected in these improvements.

At the end of the FY 2021, on a like-for-like basis, the **fair value of the yielding portfolio** increased by +10.1% compared to the end of previous year. The fair value of the entire portfolio including developments was at EUR c. 10,000,000,000 (year-end 2020: EUR c. 11,700,000,000). As at 31 December 2021, the core-yielding portfolio consisted of 27,469 units, which was significantly lower than one year before (69,722). This decrease is mainly driven by the announced portfolio disposals to LEG Immobilien SE and KKR & Co Inc, and its portfolio company Velero Immobilien GmbH, as well as the anticipated exercising of LEG Immobilien SE's option for the remainder of the Company's 63% stake in Brack Capital Properties N.V. (which has been accounted under assets held for sale per FY 2021). The remaining portfolio will be supplemented in the coming years by the new apartments from the build-to-hold project developments. The entire build-to-hold development pipeline of the Company consists of approx. 6,000 units and is complemented by additional 10,000 units in the build-to-sell segment.

The **EPRA NTA** amounted to EUR 4,269,000,000 (EUR 36.33 per share) at year-end 2021, compared to EUR 4,419,000,000 (EUR 37.60 per share) in the previous year.

To focus on Germany's top cities and metropolitan regions stands at the core of the Company's strategy. Furthermore, the Company aims to further reduce the leverage by using the proceeds from the sale of non-strategic portfolios. In the last quarter of 2021, Adler Group announced the sale of two large residential portfolios together comprising c. 29,800 units. Both sales, one of which has been closed with effect on the balance sheet in the FY 2021, with a combined total volume of c. EUR 2,300,000,000 were signed with a premium versus latest appraised book values, thereby confirming the robustness of the asset valuations in general. As of the end of April 2022, 97% of the asset-deals signed with KKR & Co Inc, and its portfolio company Velero Immobilien GmbH had closed while the complete asset management has already been transferred. The remainder is expected to close in the coming months subject to receiving consent of municipalities with a right of first refusal.

The group also continues to dispose of non-strategic development projects in order to further reduce debt and decrease its development exposure. While six forward and condo sales projects have been completed and delivered since the beginning of 2021, the Company made progress on a number of upfront disposals with five sales and additional disposals expected to be signed in Q2 2022.

As of 31 December 2021, the **loan-to-value (LTV)** ratio of the Company was at 50.9% (2020: 54.3%), including convertibles.

The **profit / loss before tax** of EUR -1,023,000,000 (2020: EUR +383,000,000) includes the effects of an impairment on the goodwill relating to the acquisition of Consus Real Estate AG in the amount of EUR 1,083,000,000. The need for impairment was mainly due to effects from increased construction costs and a significant reduction in the expected project development volume. The impairment influences the unencumbered asset ratio of the Company, which was below 125% as of 31 December 2021. In the covenants of one bond issued by the Company's predecessor company ADO Properties S.A., it is defined that in such case no additional funds can be raised by the Company, while refinancing is still possible. In particular, falling below the threshold expressly does not constitute an event of default.

Following significant disposals made from the yielding asset portfolio, the Company expects to generate net rental income for 2022 in the range of EUR 203-212,000,000 and FFO 1 in the range of EUR 73-76,000,000.

The Company has received as a result of the audit a disclaimer of opinion for the consolidated financial statements and the annual accounts 2021 by its auditor. The auditor was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these annual accounts. The Company has published its audited consolidated financial statements and its audited annual accounts 2021 on 30 April 2022 and therewith complied with the reporting obligations under the terms of its outstanding bonds.

The annual report (including stand-alone and consolidated accounts and management report) of the Company for the FY 2021 is available on the Company's website:-

<https://www.adler-group.com/en/investor-relations/publications-1/financial-results>

II. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY

At the date of submission of this Remuneration Report to the General Meeting, the Board is composed of the following four Directors:

- Prof. Dr. Stefan Kirsten (non-executive independent Director and chairman of the Board), appointed on 16 February 2022
- Mr. Thierry Beaudemoulin (executive Director)
- Mr. Thilo Schmid (non-executive independent Director)
- Mr. Thomas Zinnöcker (non-executive independent Director).

The following Directors held office during the FY 2021:

- Dr. Peter Maser (former non-executive independent Director and deputy chairman of the Board; resigned on 30 April 2022)
- Mr. Maximilian Rienecker (former executive Director; resigned on 30 April 2022)
- Ms. Arzu Akkemik (former non-executive independent Director; resigned on 30 April 2022)
- Mr. Claus Jørgensen (former non-executive Director; resigned on 30 April 2022)
- Dr. Michael Bütter (former non-executive Director; resigned on 31 January 2022)

The remuneration of Directors is determined by the General Meeting.

On 29 September 2020 the General Meeting approved the following gross remuneration of the Directors applicable as from the start of the FY 2020:

- an annual fixed remuneration in a gross amount of EUR 150,000 for the role as the chairman of the Board;
- an annual fixed remuneration in a gross amount of EUR 100,000 for the role as the deputy chairman of the Board;
- an annual fixed remuneration in a gross amount of EUR 75,000 for the role as a Director of the Company (excluding the chairman and deputy chairman of the Board);
- an additional annual fixed remuneration in a gross amount of EUR 25,000 for any Director who also acts as the chairman of any committee of the Company;

- an additional fee in a gross amount of EUR 1,500 per attendance of a Director at any meeting of the Board or any meeting of a committee of the Company, of which the Director is a member.

Furthermore, for FY 2021, all Directors were covered by the Company's directors' & officers' liability insurance and were entitled to reimbursement of any reasonable costs incurred within the scope of their duties as Directors, upon presentation of proof of payment of such costs.

Current Directors

The total remuneration paid out or due to the executive and non-executive current Directors in respect of FY 2021 is in a gross amount of EUR 423,500, plus the value of any directors' & officers' liability insurance, expenses and VAT.

The following table displays the total remuneration (in gross figures in Euro) of **current non-executive directors** (excluding Prof. Dr. Stefan Kirsten; the Company will report on remuneration of Prof. Dr. Stefan Kirsten in the remuneration report for the financial year 2022), split out by component:-

Name and position	Fixed remuneration (aside from directors' and officers' insurance, no other benefits are awarded)		Total
	Annual fixed remuneration	Attendance fees	
Mr. Thilo Schmid* non-executive independent Director member and chairman of the audit committee member of the nomination and compensation committee member of the steering committee *position held from 29 September 2020	2021	2021	2021
	75,000	58,500	133,500
	2020	2020	2020
	19,159.84	13,500	32,659.84
Mr. Thomas Zinnöcker* non-executive independent Director member and chairman of the investment and financing committee member of the audit committee member of steering committee *position held from 29 September 2020	2021	2021	2021
	100,000	59,500	149,500
	2020	2020	2020
	25,546.45	9,000	34,546.45

The following table displays the total remuneration (in gross figures in Euro) of **executive current director**, split out by component:-

Name and position	Fixed remuneration (aside from directors' and officers' insurance, no other benefits are awarded)		Total
	Annual fixed remuneration	Attendance fees	
Mr. Thierry Beaudemoulin* executive Director and co-chief executive officer chairman and member of the ad hoc committee of the Company *position held from 10 December 2019 <i>Note: the remuneration related to this Director's mandate as co-chief executive officer and Daily Manager is explained in the next section of this Remuneration Report</i>	2021	2021	2021
	100,000	40,500	140,500
	2020	2020	2020
	100,000	31,500	131,500

Former Directors

The total remuneration paid to the former non-executive Directors in respect of FY 2021 is in a gross amount of EUR 761,000, plus the value of any directors' & officers' liability insurance, expenses and VAT.

The following table displays the total remuneration (in gross figures in Euro) of **former non-executive directors who held office in FY 2021**, split out by component:-

Name and position	Fixed remuneration (aside from directors' and officers' insurance, no other benefits are awarded)		Total
	Annual fixed remuneration	Attendance fees	
Dr. Peter Maser* Former non-executive independent Director and deputy chairman of the Board (during the FY 2021 Dr. Peter Maser acted as chairman of the Board) Former member of the audit committee Former member of the investment and financing committee Former member and chairman of the nomination and compensation committee Former member of the steering committee * resigned on 30 April 2022	2021	2021	2021
	175,000	79,500	254,500
	2020	2020	2020
	173,941.26	42,000	215,941.26

Dr. Michael Bütter* Former non-executive independent Director Former member and chairman of the audit committee Former member of the steering committee *resigned on 31 January 2022	2021	2021	2021
	100,000	58,500	158,500
	2020	2020	2020
	100,000	37,500	137,500
Ms. Arzu Akkemik* Former non-executive independent Director Former member of the nomination and compensation committee Former member of the steering committee *resigned on 30 April 2022	2021	2021	2021
	75,000	42,000	117,000
	2020	2020	2020
	75,000	27,000	102,000
Mr. Claus Jørgensen* Former non-executive independent Director Former member of the investment and financing committee *resigned on 30 April 2022	2021	2021	2021
	75,000	40,500	115,500
	2020	2020	2020
	19,159.84	7,500	26,659.84

The following table displays the total remuneration (in gross figures in Euro) of **former executive director**, split out by component:-

Name and position	Fixed remuneration (aside from directors' and officers' insurance, no other benefits are awarded)		Total
	Annual fixed remuneration	Attendance fees	
Mr. Maximilian Rienecker* Former executive Director and co-chief executive officer Former member of the ad hoc committee of the Company *resigned on 30 April 2022 <i>Note: the remuneration related to this Director's mandate as co-chief executive officer and Daily Manager is explained in the next section of this Remuneration Report.</i>	2021	2021	2021
	75,000	40,500	115,500
	2020	2020	2020
	50,480.77	22,500	72,980.77

III. REMUNERATION OF SENIOR MANAGEMENT

As at the date of submission of this Remuneration Report to the General Meeting, the Senior Management of the Company is composed of:-

- Mr. Thierry Beaudemoulin (director, chief executive officer (until 30 April 2022 – co-chief executive officer) and Daily Manager)

- Mr. Sven-Christian Frank (chief legal officer (a "CLO")) and
- Dr. Bernd Schade (chief development officer (a "CDO")).

Mr. Maximilian Rienecker (former member of the Senior Management: Director, co-chief executive officer and Daily Manager) held office during the FY 2021 and resigned on 30 April 2022.

Mr. Thierry Beaudemoulin and Mr. Maximilian Rienecker acted as co-chief executive officers ("Co-CEOs") during the FY 2021.

The remuneration of members of the Senior Management and Daily Managers is determined by the Board.

In respect of the FY 2021:

- members of Senior Management were entitled to the following:-
 - (i) an annual base remuneration,
 - (ii) a short-term variable incentive bonus (the "STI-Bonus") and
 - (iii) a long-term variable incentive bonus (the "LTI-Bonus").
- members of Senior Management received certain fringe benefits;
- members of Senior Management were covered by the Company's directors' & officers' liability insurance and were entitled to reimbursement of any reasonable costs incurred within the scope of their duties as senior executives, upon presentation of proof of payment of such costs.

Annual base remuneration

Pursuant to the service agreements with the Company or its subsidiaries, the members of Senior Management are entitled to receive the following gross fixed annual remuneration (*pro rata temporis* as applicable):

- Mr. Thierry Beaudemoulin - EUR 600,000 per annum.
- Mr. Maximilian Rienecker - EUR 600,000 per annum (part of which is paid pursuant to a service agreement with ADLER Properties GmbH). Mr. Maximilian Rienecker resigned on 30 April 2022.
- Mr. Sven-Christian Frank - EUR 420,000 per annum (part of which is paid pursuant to a service agreement with ADLER Properties GmbH); Mr. Frank also has a service agreement with another group company, ADLER Real Estate AG but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Real Estate AG.
- Dr. Bernd Schade - EUR 400,000 (which is paid pursuant to a service agreement with Consus Real Estate AG).

STI-Bonus – Mr. Thierry Beaudemoulin, Mr. Maximilian Rienecker and Mr. Sven-Christian Frank

The STI-Bonus is an annual payment dependent on the achievement of certain targets, which are agreed between the relevant member of Senior Management (Mr. Thierry Beaudemoulin, Mr. Maximilian Rienecker (resigned on 30 April 2022) and Mr. Sven-Christian Frank) and the Company at the time of (or shortly after) the approval of the budget for the relevant financial year. For the financial year 2021, the STI-Bonus targets are linked to certain quantitative and qualitative variables set by the Board, such as, (i) funds from operations (FFO1) per share (Mr Thierry Beaudemoulin and Mr Maximilian Rienecker - weighting 50%; Mr Frank – weighting 47.50%), (ii) EBITDA from sales activities (Mr. Thierry Beaudemoulin and Mr. Maximilian Rienecker – weighting 25%; Mr. Frank – weighting 22.5%), and (iii) certain soft goals (Mr.

Thierry Beaudemoulin and Mr. Maximilian Rienecker – weighting 25%; Mr. Frank – weighting 30%). The Board may also decide to attribute a discretionary bonus.

Pursuant to the respective service agreements with the Company, the maximum STI-Bonus payable to members of Senior Management *pro rata temporis* as applicable) is as follows:

- Mr. Thierry Beaudemoulin - EUR 350,000 per annum;
- Mr. Maximilian Rienecker - EUR 350,000 per annum;
- Mr. Sven-Christian Frank – EUR 150,000 per annum.

The payment of the STI-Bonus is made from a minimum target achievement of 50 % of the targets up to a maximum target achievement of 100 % of the targets. A linear calculation takes place between these values.

The STI-Bonus for the FY 2021 is payable at the latest with the next payroll run following the General Meeting in the year 2022 approving the financial statements for the FY 2021. Therefore, because the right to receive the STI Bonus for FY 2021 did not vest in FY 2021, the amount of the STI-Bonus is not included in this report but will be included in this Remuneration Report for the next financial year.

STI-Bonus – Dr. Bernd Schade

Pursuant to the service agreement with Consus Real Estate AG, Dr. Bernd Schade is entitled to STI-Bonus for each year of his contract. The amount of STI-Bonus to be paid out depends on the achievement of certain targets as of the end of each financial year, which shall be agreed between the parties in each case by the end of the third calendar month of the respective financial year. If no agreement has been reached, Consus Real Estate AG shall set the targets at its reasonable discretion. A quantitative target in the form of EBITDA and a qualitative target are to be agreed upon. For the determination of the STI-Bonus, both targets are weighted equally. The achievement of each target is evaluated separately.

Due to the fact that Dr. Schade only commenced the activities under the service agreement in November 2021, no STI-Bonus targets were set for financial year 2021.

The level of STI-Bonus is determined by the overall target achievement. The overall target achievement of each target (qualitative and quantitative) multiplied by a factor of 0.5. Payment is made from an overall target achievement level of 50 % to a maximum of 150 %. Between these values a linear calculation takes place. The STI-Bonus shall be calculated basing on the base value for the respective financial year multiplied with the respective overall target achievement level.

The base value for calculating the STI-Bonus shall be:

- for the first year of his term of office under the service agreement: EUR 200,000; and
- for each of the next two years of his term of office under the service agreement: EUR 150,000 which shall be calculated for each financial year on a *pro rata temporis* basis.

Irrespective of achievement of the targets, Dr. Schade is entitled to a minimum STI-Bonus for the FY 2022 in an amount of EUR 100,000 gross (the "**Minimum STI**"). As the appointment of Dr. Schade became effective prior to the end of the financial year 2021, the Minimum-STI shall be allocated proportionally to FY 2021 and 2022, whereby for each calendar month of 2021, for which the appointment was effective, 1/12 of the Minimum STI shall be allocated to FY 2021 and the remaining to FY 2022.

The STI-Bonus is payable to Dr. Schade at the latest with the next payroll run following the general meeting of Consus Real Estate AG for the relevant financial year. Therefore, because the right to receive the STI-Bonus for FY 2021 did not vest in FY 2021, the amounts of STI-Bonus for the FY 2021 will only be reported in the next financial year.

LTI-Bonus – Mr. Thierry Beaudemoulin, Mr. Maximilian Rienecker and Mr. Sven-Christian Frank

The following three members of Senior Management – Mr. Thierry Beaudemoulin, Mr. Maximilian Rienecker and Mr. Sven-Christian Frank - are eligible to earn an LTI-Bonus, to be settled in shares of the Company (if the Company can issue said shares) or in cash (if the Company cannot issue shares) on termination of the respective service agreement. The LTI-Bonus is dependent on the achievement of certain targets, which are agreed between the member of Senior Management and the Company at the time of (or shortly after) the approval of the budget for the relevant financial year. For the Co-CEOs and CLO, in regards of the financial year 2021, the LTI-Bonus targets are linked to certain quantitative and qualitative variables set by the Board, such as, for example, (i) reduction in the share price discount to the EPRA NAV per share, (ii) EPRA NAV per share, and (iii) ESG.

Pursuant to the respective service agreements with the Company, the maximum LTI-Bonus payable to members of Senior Management (*pro rata temporis* as applicable) is as follows:

- Mr. Thierry Beaudemoulin - EUR 350,000 per annum;
- Mr. Maximilian Rienecker - EUR 350,000 per annum;
- Mr. Sven-Christian Frank - EUR 155,000 per annum.

The payment of the LTI-Bonus is made from a minimum target achievement of 50-75 % of the targets up to a maximum target achievement of 100 % of the targets. A linear calculation takes place between these values.

The amount of the LTI-Bonus in respect of the FY 2021 was determined only after the close of FY 2021 and is only payable on or about the time of termination of the appointment of the relevant member of Senior Management. Therefore, the amount of the LTI-Bonus will not be reported therein.

LTI-Bonus – Dr. Bernd Schade

Pursuant to the service agreement with Consus Real Estate AG, a subsidiary of the Company, Dr. Bernd Schade is entitled to a LTI-Bonus – a virtual participation in Consus Real Estate AG in an amount of EUR 500,000 (the "**Virtual Participation**"). The granting of the Virtual Participation does not constitute a remuneration for any services or other merits of Dr. Schade for Consus Real Estate AG. The Virtual Participation is, furthermore, granted to Dr. Schade without any capital contribution or other remuneration. Dr. Schade is entitled to payment of a LTI-Bonus after a waiting period of three years as of the date of commencement of his service agreement (the "**Waiting Period**"), the amount of which depends on the amount of the Virtual Participation and the "long-term-target-achievement ratio", if certain conditions defined in the service agreement are fulfilled. The "long-term-target" is a fixed amount, by which the "target-EPRA-NAV" as of the end of the Waiting Period must exceed the "output-EPRA-NAV" as of the commencement of the service agreement, in order to achieve "long-term-target-achievement ratio" of 100 %. The "long-term-target-achievement ratio" is the percentage by which the "long-term-target" has been reached or, as the case may be, exceeded.

Payment is made from a "long-term-target-achievement ratio" of 50 % to a maximum of 150 %. Between these values a linear calculation takes place.

The "output-EPRA-NAV" and the method to determine the "target-EPRA-NAV" as well as the "long-term-target" shall be agreed between the parties until the expiry of three months following the commencement of service agreement. If no agreement has been reached, Consus Real Estate AG will set these targets respectively method at its reasonable discretion.

Due to the fact that Dr. Schade only commenced the activities under the service agreement in November 2021, no LTI-Bonus targets were set for financial year 2021.

The amount of LTI-Bonus shall be determined on the basis of the Virtual Participation within the three months following the end of the Waiting Period according to the following formula: LTI-Bonus = Virtual Participation x long-term-target-achievement ratio".

If the "long-term-target" is achieved in full, i.e. the "long-term-target-achievement ratio" amounts to 100 % and the Virtual Participation was not reduced, this results in the LTI-Bonus payments of EUR 500,000 gross; if the "long-term-target-achievement ratio" amounts to 150 % or more, the maximum LTI-Bonus to be paid amounts to EUR 750,000, and if the "long-term-target-achievement ratio" amounts to 50 %, the LTI-Bonus to be paid out amounts to EUR 250,000.

The payment of the LTI-Bonus shall be made at the latest of the next salary payment date after expiry of three months following the end of the Waiting Period.

The service agreement between Consus Real Estate AG and Dr. Schade provides for derogation from the above in the event of a termination event prior to the end of the service agreement.

The supervisory board of Consus Real Estate AG may grant Dr. Schade an additional discretionary bonus for special services at its dutiful discretion without prior agreement. There is no legal claim to any discretionary bonus

Total remuneration of current members of Senior Management

The total remuneration paid out or to be paid out (i.e. LTI-Bonus) to the current members of Senior Management in respect of FY 2021 is in a gross amount of EUR 2,046,199, plus insurance premium for directors' & officers' liability insurance, expenses and VAT.

The amounts of the STI-Bonus and LTI-Bonus in respect of FY 2021 bonuses are not reported in the table below.

The following table displays the total remuneration (in gross figures in Euro) of **current members of senior management**, split out by component:-

Name and position	Fixed remuneration		Variable remuneration		Extraordinary items	Total	Proportion of fixed and variable remuneration
	Base salary	Fringe benefits	STI-Bonus	LTI-Bonus			
Mr. Thierry Beaudemoulin* executive director and co-CEO chairman and member of the ad hoc committee of the Company * position held from 10 December 2019 <i>Note: the remuneration related to this person's mandate as director is explained in the previous</i>	2021	2021	2021	2021	2021	2021	2021
	600,000	34,332 *car lease; health insurance	338,908 *STI-Bonus for the FY 2020. A small portion of this amount related to the period 10 December 2019 – 31 December 2020 but the decision on granting this bonus was taken	297,466 *LTI-Bonus for the FY 2020. A small portion of this amount related to the period 10 December 2019 – 31 December 2020 but the decision on granting this bonus was taken	N/A	1,270,706	50%/50%

<i>section of this Remuneration Report</i>			for the entire period 10 December 2019 to 31 December 2020 in 2021 *maximum bonus - all predetermined targets set for the FY 2020 were achieved	for the entire period 10 December 2019 to 31 December 2020 in 2021 *maximum bonus - all predetermined targets set for the FY 2020 were achieved *payable on or about the time of termination of the appointment			
	2020	2020	2020	2020	2020	2020	2020
	572,778	20,960.06 *health insurance	N/A	N/A	N/A	593,738.06	100%/0%
Mr. Sven-Christian Frank* CLO *position held from 1 September 2020 Note: Mr. Frank has a service agreement with another group company, ADLER Real Estate AG but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Properties GmbH	2021	2021	2021	2021	2021	2021	2021
	420,000 *paid/due by the Company/ Adler Properties GmbH	17,215 *car lease; health insurance *paid/due by the Company/ Adler Properties GmbH	50,137 *STI-Bonus for the FY 2020 *maximum bonus - all predetermined targets set for the FY 2020 were achieved	51,808 *LTI-Bonus for the FY 2020 *maximum bonus - all predetermined targets set for the FY 2020 were achieved *payable on or about the time of termination of the appointment	166,667 *paid by Adler Real Estate AG and relates to the STI and LTI bonus for the activities within a group for a period from 1 January 2020 until 31 August 2020, i.e. a period during which Mr. Frank had a corporate mandate in ADLER Real Estate AG and until the appointment of Mr. Frank as the CLO of the Company	705,827	62%/38%
	2020	2020	2020	2020	2020	2020	2020
14,000 *paid/due by the Company	14,000 *car allowance; health insurance	N/A	N/A	N/A	158,047	100%/0%	

		*paid/due by the Company					
	800	N/A					
	*paid/due by Adler Properties GmbH	*paid/due by Adler Properties GmbH					
	125,000	4,247					
	*paid/due by Adler Real Estate AG	*car lease *paid/due by Adler Real Estate AG					
Dr. Bernd Schade*	2021	2021	2021	2021		2021	2021
CDO	66,667	3,000	N/A	N/A	N/A	69,667	100%/0%
*position of CDO held from 1 November 2021	*paid/due by Consus Real Estate AG	*paid/due by Consus Real Estate AG					
	2020	2020	2020	2020		2020	2020
	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Total remuneration of former member of Senior Management

The total remuneration paid out or to be paid out (i.e. LTI-Bonus) to the former member of Senior Management – Mr. Maximilian Rienecker, in respect of FY 2021 is in a gross amount of EUR 1,249,373, plus insurance premium for directors' & officers' liability insurance, expenses and VAT.

The amounts of the STI-Bonus and LTI-Bonus in respect of FY 2021 are not reported in the table below.

The following table displays the total remuneration (in gross figures in Euro) of **former member of senior management**, split out by component:

Name and position	Fixed remuneration		Variable remuneration		Extraordinary items	Total	Proportion of fixed and variable remuneration
	Base salary	Fringe benefits	STI-Bonus	LTI-Bonus			
Mr. Maximilian Rienecker*	2021	2021	2021	2021	2021	2021	2021
Former executive director and co-CEO Former member of the ad hoc committee of the Company *resigned on 30 April 2022 <i>Note: the remuneration related to this person's</i>	600,000 *paid/due by the Company/ Adler Properties GmbH	44,764 *car lease; health insurance	256,027 *STI-Bonus for the FY 2020 *maximum bonus - all predetermined targets set for the FY 2020	256,027 *LTI-Bonus for the FY 2020 *maximum bonus - all predetermined targets set for the FY 2020	92,555 * paid by Adler Properties GmbH and relates to the STI and LTI bonus for the activities within a group for a period from 1 January 2020	1,249,373	52%/48%

mandate as director is explained in the previous section of this Remuneration Report			were achieved	were achieved	until 8 April 2020, i.e. a period during which Mr. Rienecker had a corporate mandate in ADLER Real Estate AG and until the appointment of Mr. Rienecker as the co-CEO of the Company		
	2020	2020	2020	2020	2020	2020	2020
	43,667	30,566	N/A	N/A	N/A	467,233	100%/0%
	*paid/due by the Company	*car lease; health insurance * paid/due by the Company					
	393,000						
	*paid by Adler Properties GmbH						

IV. COMPLIANCE WITH THE REMUNERATION POLICY

The remuneration granted to the Directors and Senior Management for the FY 2021 complies with the adopted Remuneration Policy and contributes to the long-term interests and sustainable performance of the Company.

The Company's ambitions to be and stay a leader, both in terms of size and quality of services, in the German residential real estate market is reflected in the remuneration of the Directors and Senior Management.

Adequate compensation is granted taking in consideration the level of responsibility and position of the Directors and Senior Management, ensures the retention and attraction of people with necessary competence to facilitate the sustainable performance of the Company and as such to secure the interests of the Company and its shareholders.

Remuneration of Directors

In accordance with the Remuneration Policy, in order to ensure sound corporate governance and to avoid the arising of any potential conflicts of interest, Directors did not receive any variable remuneration for their role as Directors of the Company. They only received the fixed remuneration as set out in Section II above.

Remuneration of Senior Management

In accordance with the Remuneration Policy:-

- The Senior Management is entitled to the following:-

- (i) annual base compensation payable in 12 equal instalments at the end of each calendar month
 - (ii) STI-Bonus, and
 - (iii) LTI-Bonus.
- other fringe benefits may be provided to Senior Management, such as, *inter alia*, rental allowances, a company car, private health insurance and other insurance policies.
 - in addition the Board may, in its reasonable discretion, grant Senior Management an additional bonus for outstanding performances without a prior agreement. A legal claim to such a discretionary bonus does not exist. No such additional bonus has been granted to any member of Senior Management in FY 2021.

The Board of the Company set the following STI-Bonus targets for the co-CEOs and CLO in respect of the FY 2021 which are consistent with the Remuneration Policy and contribute to the overall Company's goal of sustainable long-term growth by attracting and retaining personnel with the high level of professionalism and skills needed for the Company:-

- i. FFO 1 per share: EUR 1.12;
- ii. EBITDA from sales activities: EUR 104,000,000;
- iii. Soft goals.

The Board of the Company set the following LTI-Bonus targets for the co-CEOs and CLO in respect of the financial year 2021 which are consistent with the Remuneration Policy and contribute to the overall Company's goal of sustainable long-term growth by attracting and retaining personnel with the high level of professionalism and skills needed for the Company:

- i. the reduction in the share price discount to the EPRA NAV per share to 40%;
- ii. The EPRA net asset value (EPRA NAV) per share such that at the end of FY 2021 is EUR 50/per share;
- iii. the achievement of Environmental, Social and Governance (ESG) goals.

For the financial year 2021, no LTI-Bonus and STI-Bonus targets have been set for CDO.

V. COMPARATIVE INFORMATION

Comparative information illustrating the changes in remuneration of individual Directors and Daily Managers between the FY 2020 and the FY 2021 is provided in Sections II and III, respectively, of this Remuneration Report.

In the future, the remuneration report of the Company will provide in respect of Directors and members of Senior Management **who performed their mandate during the relevant reported year** a comparison of their total remuneration over the preceding five financial years, but not going back beyond the financial year 2019 (because this was the first year in which reporting was legally required).

The below table presents in respect of Directors and members of Senior Management **who performed their mandate during FY 2021**, comparative information on the change of their remuneration during the FY 2021 and the FY 2020, the FY 2020 and the financial year 2019 and performance of the Company during the FY 2021, FY 2020 and financial year 2019.

Annual Change	FY 2021 vs FY 2020	FY 2020 vs FY 2019	FY 2021
Directors and Daily Managers			
Dr. Peter Maser* Former non-executive independent director and chairman of the Board *resigned on 30 April 2022	EUR 254,500 vs EUR 215,941.26 Annual change: +18%	EUR 215,941.26 vs EUR 8,823 Annual change: +2,347% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days (period of appointment in 2019): 2,980 vs 8,823; change: +47 %	EUR 254,500
Mr. Thierry Beaudemoulin* executive director and co-CEO (as of 30 April 2022 – chief executive officer) *position held from 10 December 2019	EUR 1,402,206 vs EUR 725,238.06 Annual change: +93% *the amounts of the STI-Bonus and LTI-Bonus in respect of FY 2020 are reported in this Remuneration Report; the amounts of the STI-Bonus and LTI-Bonus in respect of FY 2021 will be reported in the remuneration report for the next year	EUR 72,238.06 vs EUR 40,079.73 Annual change: +1,709% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days (period of appointment in 2019): 43,594 vs 40,079.73; change: +9 %	EUR 1,402,206
Mr. Maximilian Rienecker* Former executive director and co-CEO *resigned on 30 April 2022	EUR 1,364,873 vs EUR 540,213.77 Annual change: +153% *the amounts of the STI-Bonus and LTI-Bonus in respect of FY 2020 are reported in this Remuneration Report; the amounts of the STI-Bonus and LTI-Bonus in respect of FY 2021 will be reported in the remuneration report for the next year	N/A	EUR 1,364,873
Ms. Arzu Akkemik* Former non-executive independent director *resigned on 30 April 2022	EUR 117,000 vs EUR 102,000 Annual change: +17%	EUR 102,000 vs EUR 8,823 Annual change: +1,056% For explanatory purposes <i>pro rata temporis</i> for the period of 22 calendar days (period of appointment in	EUR 117,000

		2019): 6,131 vs 8,823; change: -31 %	
Dr. Michael Bütter* former non-executive independent director *resigned on 31 January 2022	EUR 158,500 vs EUR 137,500 Annual change: +15%	EUR 137,500 vs EUR 87,500 Annual change: +57%	EUR 158,500
Mr. Claus Jørgensen* Former non-executive director * resigned on 30 April 2022	EUR 115,500 vs EUR 26,659.84 Annual change: +233% For explanatory purposes <i>pro rata</i> <i>temporis</i> for the period of 94 calendar days (period of appointment in 2020): 29,745.21 vs 26,659.84; change: +12 %	N/A	EUR 115,500
Mr. Thilo Schmid* non-executive director *position held from 29 September 2020	EUR 133,500 vs EUR 32,659.84 Annual change: +209% For explanatory purposes <i>pro rata</i> <i>temporis</i> for the period of 94 calendar days (period of appointment in 2020): 34,380.82 vs 32,659.84; change: +5%	N/A	EUR 133,500
Mr. Thomas Zinnöcker* non-executive independent director *position held from 29 September 2020	EUR 149,500 vs EUR 34,546.45 Annual change: +233% For explanatory purposes <i>pro rata</i> <i>temporis</i> for the period of 94 calendar days (period of appointment in 2020): 38,501.37 vs 34;546.45, change: +11 %	N/A	EUR 149,500

<p>Mr. Sven-Christian Frank*</p> <p>CLO</p> <p>*position held from 1 September 2020</p>	<p>EUR 705,827 vs 158,047</p> <p>Annual change: +347%</p> <p>For explanatory purposes <i>pro rata temporis</i> for the period of 152 calendar days (period of appointment in 2020): 235,276 vs 158,047, change: +49 %</p> <p>*the amounts of the STI-Bonus and LTI bonus in respect of FY 2020 are reported in this Remuneration Report; the amounts of the STI-Bonus and LTI-Bonus in respect of FY 2021 will be reported in the remuneration report for the next year</p>	<p>N/A</p>	<p>EUR 705,827</p>
<p>Dr. Bernd Schade*</p> <p>CDO</p> <p>*position held from 1 November 2021</p>	<p>N/A</p>	<p>N/A</p>	<p>EUR 69,667</p>
<p>Company's performance</p>			
<p>Criterion/ metric A – EPRA NAV</p>	<p>EUR 3,948,718,000 vs EUR 5,190,156,000</p>	<p>EUR 5,213,874,000 vs EUR 2,923,601,000</p>	<p>EUR 3,948,718,000</p>
<p>Criterion/ metric B – FFO1</p>	<p>EUR 137,072,000 vs EUR 107,128,000</p>	<p>EUR 107,128,000 vs EUR 63,173,000</p>	<p>EUR 137,072,000</p>
<p>Criterion/ metric C - vacancy rate</p>	<p>1.1% vs 3.4%</p>	<p>3.4% vs 4.0%</p>	<p>1.1%</p>
<p>Average remuneration on a full-time equivalent basis of employees</p>			
<p>Full-time employees of the Company</p> <p>Notes:-</p> <p>- the Company had two employees during the FY 2020;</p>	<p>EUR 123,606.10 vs EUR 56,066.80</p>	<p>EUR 56,066.80 vs EUR 53,700</p>	<p>EUR 123,606.10</p>

<p>- pursuant to the agreement with the Company, an employee received EUR 321,600 (a settlement amount in connection with the termination of employment agreement) and EUR 25,000 (bonus) during the FY 2020, which is not included in the reported amounts</p> <p>- the Company had two employees during the FY 2021</p>			
<p>Company's group (on a consolidated basis)</p> <p><i>Note: the reported amounts are calculated by dividing the total amount of payroll and related expenses by average number of full-time employees during the FY 2021</i></p>	<p>EUR 49,960.33 vs EUR 33,748.47</p>	<p>EUR 33,748.47 vs EUR 46,081.92</p>	<p>EUR 49,960.33</p>