

## Remuneration report

The remuneration report outlines the structure and amount of the remuneration paid to the members of the Management Board and the Supervisory Board. The report is based on the provisions under the German Stock Corporation Act in accordance with section 162 AktG and the recommendations of the German Corporate Governance Code (as amended 16 December 2019).

The Management Board and Supervisory Board will submit the remuneration report to the Annual General Meeting for approval in accordance with section 120a (4) AktG for the first time on 19 May 2022.

The Annual General Meeting of LEG Immobilien SE (hereinafter referred to as LEG Immo) approved the remuneration system for members of the Management Board presented by the Supervisory Board on 19 August 2020. This remuneration system is effective for Management Board agreements concluded from 1 January 2021 onwards.

### Preliminary remarks

The 2021 financial year was a successful year for LEG Immo. FFO I rose by 10.4% year on year to EUR 423.1 million. The EBITDA margin as at 31 December 2021 was 74.9%, 0.5 percentage point higher than on the previous year's reporting date on 31 December 2020. This means that the company exceeded or reached the targets it published for 2021. In addition to financial targets, the ESG strategy is also of great importance to LEG Immo. This is also reflected in Management Board targets. Alongside financial targets, non-financial environmental, social and governance targets were set that are also incorporated in the Management Board remuneration systems and in the management of LEG Immo. Investor suggestions regarding the remuneration system are taken on board by the Supervisory Board and the Management Board. In particular, the Management Board waived the payment of the 2021 and 2022 transaction bonus, which – as a variable remuneration component – was viewed critically by investors. An adjustment to the Management Board remuneration system, which takes account of these investor suggestions and makes provisions for higher share orientation, is being planned and is to be submitted to the 2022 Annual General Meeting for approval.

### G10

#### Remuneration system

FIXED REMUNERATION COMPONENT	<b>BASIC REMUNERATION</b>	<ul style="list-style-type: none"> <li>Fixed contractually agreed remuneration payable in twelve equal instalments</li> </ul>	
	<b>FRINGE BENEFITS</b>	<ul style="list-style-type: none"> <li>Essentially company car for business and private use, for business trips the services of a driver can be used, various insurance elements</li> </ul>	
	<b>PENSION ENTITLEMENT</b>	<ul style="list-style-type: none"> <li>Receipt of a fixed amount, specified in the respective employment contract, into a reinsured support fund</li> </ul>	
VARIABLE REMUNERATION COMPONENT	<b>SHORT-TERM VARIABLE REMUNERATION COMPONENT (STI)</b>	Plan type	<ul style="list-style-type: none"> <li>Tantieme</li> </ul>
		Restriction / cap	<ul style="list-style-type: none"> <li>200% of the target amount</li> </ul>
		Performance criteria	<ul style="list-style-type: none"> <li>40%: Result from renting &amp; leasing</li> <li>40%: Funds from operations I</li> <li>20%: ESG-targets</li> <li>Criteria-based adjustment factor (0,8 – 1,2) to assess the individual and collective performance of the Management Board as well as extraordinary developments</li> </ul>
		Payout	<ul style="list-style-type: none"> <li>After the end of the respective financial year</li> </ul>
	<b>LONG-TERM VARIABLE REMUNERATION COMPONENT (LTI)</b>	Plan type	<ul style="list-style-type: none"> <li>Performance cash plan</li> </ul>
		Restriction / cap	<ul style="list-style-type: none"> <li>200% of the target amount</li> </ul>
		Performance criteria	<ul style="list-style-type: none"> <li>40%: Development of the absolute total shareholder return – TSR</li> <li>40%: Share price development compared to the EPRA Germany Index</li> <li>20%: ESG-targets</li> </ul>
		Term of a performance period	<ul style="list-style-type: none"> <li>Four years</li> </ul>
		Payout	<ul style="list-style-type: none"> <li>After the four-year performance period</li> </ul>
		<b>TRANSACTION BONUS</b>	Restriction / cap
	Performance criterion	<ul style="list-style-type: none"> <li>Acquisition of a significant property portfolio:</li> <li>Threshold value: 7,500 residential units p. a.</li> <li>Maximum value: 30,000 residential units p. a.</li> </ul>	
	Payout (with Deferral)	<ul style="list-style-type: none"> <li>33% after the end of the respective financial year</li> <li>67% after a further two financial years depending on the achievement of a business plan (50% FFO I, 50% result from renting &amp; leasing)</li> </ul>	
	<b>MALUS/CLAWBACK</b>	<ul style="list-style-type: none"> <li>Partial or complete reduction or reclaim of variable remuneration possible</li> </ul>	
	<b>SHARE RETENTION OBLIGATION</b>	<ul style="list-style-type: none"> <li>Obligation to purchase LEG shares equivalent to a gross basic salary within four years</li> <li>Obligation to hold the acquired shares for the duration of the Management Board activity</li> </ul>	
	<b>MAXIMUM REMUNERATION</b>	<ul style="list-style-type: none"> <li>Chairman of the Board: EUR 4,300,000</li> <li>Full members of the Board: EUR 2,900,000</li> </ul>	

## Remuneration system of the Management Board

The Management Board remuneration system (see also graphic previous page > G 10) supports LEG Immo's three fundamental core activities: optimising core business, expanding the value chain and portfolio growth. The following points in particular are taken into consideration when designing the remuneration system:

- Support of company strategy
- Focus on long-term and sustainable financial development at LEG Immo
- Continuous, environmentally-oriented improvement in line with climate protection goals, optimising customer and employee focus and continuously adapting governance to meet the highest standards (ESG)
- Performance-based Management Board remuneration while simultaneously ensuring ambitious targets (pay-for-performance)
- Harmonising the interests of the Board and shareholders
- Taking account of the interests of other LEG Immo stakeholders and aligning Management Board remuneration with them
- Taking into consideration investor requirements and market practice.

The Management Board remuneration system comprises fixed and variable components, the sum of which forms the total remuneration of a member of the Management Board and for which the Supervisory Board has set a maximum amount for each Management Board member (maximum remuneration).

The fixed remuneration component comprises basic remuneration, additional benefits and an occupational pension.

The variable remuneration component includes a short-term incentive (STI) and a long-term incentive (LTI).

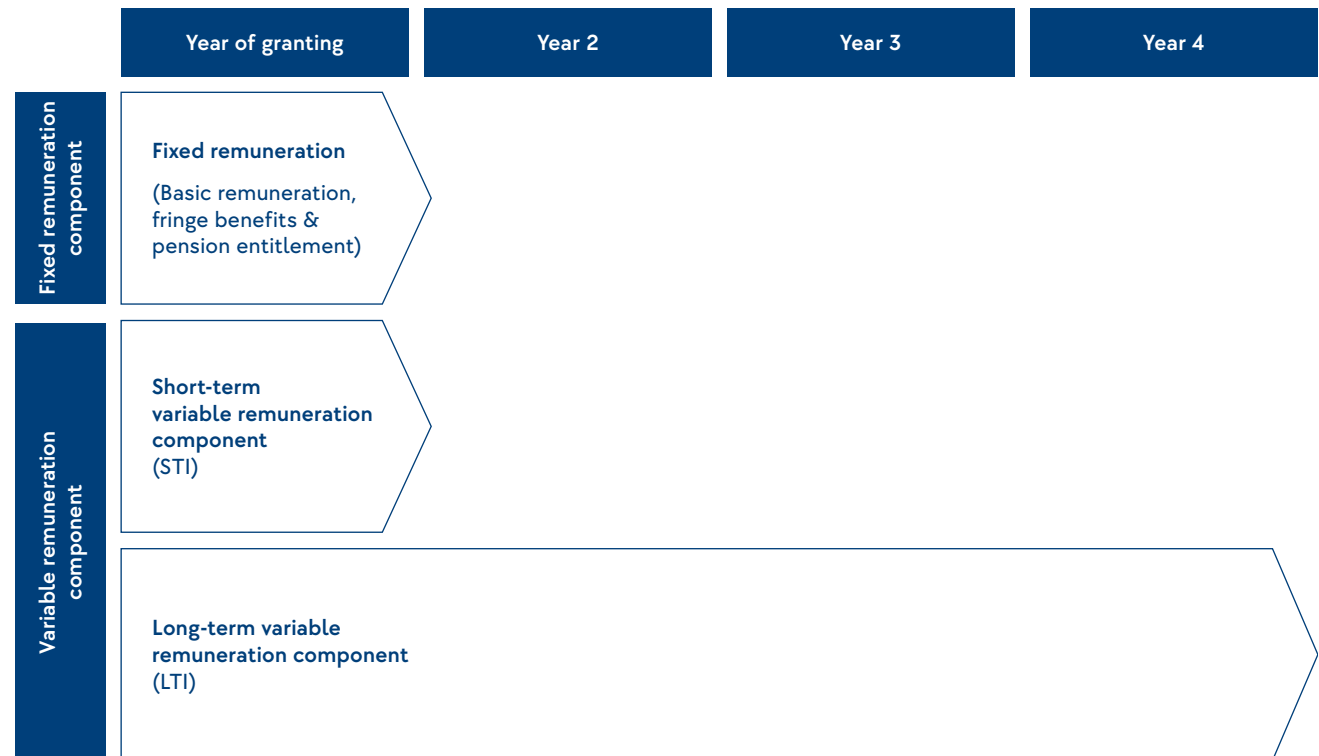
There are also provisions in place for special remuneration (a transaction bonus) as an extraordinary remuneration component in the event of exceptional success in connection with the acquisition of

property portfolios. This bonus is determined by the scope and success of the transaction. However, the Management Board volunteered to forego this in 2021 and 2022.

Overview of the individual regular components of the remuneration system over time:

### G11

#### Remuneration system over time



The respective contractually agreed annual targets for the individual remuneration components, assuming 100 % achievement, are as follows:

## T33

## Remuneration components

€ thousand	Lars von Lackum CEO	Susanne Schröter-Crossan CFO	Dr Volker Wiegel COO
Fixed remuneration	800	500	500
One-year variable remuneration (STI)	480	325	325
Multi-year variable remuneration	600	445	445
<b>Total remuneration</b>	<b>1,880</b>	<b>1,270</b>	<b>1,270</b>

## Fixed remuneration component

## Basic remuneration

The members of the Management Board receive their basic remuneration in twelve equal monthly payments (pro rata temporis).

## Benefits

The Management Board receives contractually agreed benefits in addition to basic remuneration. The members of the Management Board receive standard contributions of up to 50 % of their private health and long-term care insurance, however, this is limited to the amount that would be owed if the respective member had statutory health insurance.

If members of the Management Board are voluntarily insured under the statutory pension scheme or are members of a professional pension scheme in place of the statutory pension scheme, 50 % of the standard contributions to the statutory pension scheme

are paid. This regulation also applies to employee-financed pension commitments for which LEG Immobilien SE is the contractual partner. This is capped at an annual payment of EUR 20 thousand for Lars von Lackum and EUR 15 thousand for the other members of the Management Board.

Furthermore, LEG Immobilien SE provides its Management Board members with an appropriate company car for business and private use. All costs of its upkeep and use are paid by the company. In addition, members of the Management Board can use the services of a driver for official journeys. The monetary value arising from private use is capped at EUR 80 thousand per member of the Management Board. The wage and income taxes on these benefits are paid by the respective member of the Management Board. Members of the Management Board are also reimbursed for expenses and travel expenses.

Furthermore, LEG Immobilien SE has taken out accident insurance for the members of the Management Board which also covers accidents outside work. The pay-out to the insured party or his heirs amounts to not more than EUR 500 thousand in the event of death and EUR 1 million in the event of invalidity.

## T34

## Occupational pension scheme granted

in €	Company pension benefits via a provident fund with annually paid fixed contribution			Company pension benefits via a provident fund or professional pension scheme		
	Amount p. a.	Monetary compensation amount	Monetary compensation year	Amount p. a.	Monetary compensation amount	Monetary compensation year
Lars von Lackum	100,000	2,325,000	2042	7,924	183,555	2042
Susanne Schröter-Crossan	50,000	1,245,356	2046	7,924	204,693	2046
Dr Volker Wiegel	50,000	1,141,667	2043	7,924 <sup>1</sup>	<sup>2</sup>	<sup>2</sup>

<sup>1</sup> The company pension benefits for Dr Volker Wiegel is provided by the pension scheme for lawyers

<sup>2</sup> A monthly payout starts with the day of retirement

D&O insurance has also been taken out for the members of the Management Board. The D&O insurance policies each include a legally permitted deductible of 10 % of the loss, limited to 1.5 times the fixed annual remuneration per calendar year. The appropriateness of the deductible is reviewed annually.

## Pension entitlement

Each calendar year, the company grants members of the Management Board a fixed employer-financed occupational pension commitment, the amount of which is set out in the Management Board agreement. This is paid into a provident fund which is backed by the assets of a life insurance policy. This amount is reduced on a pro rata basis if the member leaves or joins the company during the year. In addition, the pension benefits allowance for the Management Board member provided as part of the additional benefits can also be paid into the provident fund instead of this allowance.

The occupational pensions granted to members of the Management Board in the 2021 financial year are shown in the table below.

## Variable remuneration component with a short-term incentive function (STI)

The purpose of the STI is to secure profitable, organic growth and ensure that annual operating targets are met. The STI consists of an annual payment measured on the basis of the following financial and non-financial performance targets:

- net rental and lease income,
- funds from operations I (FFO I),
- non-financial environmental, social and governance targets (ESG targets).

The financial targets each account for 40% and ESG targets for 20% of the STI target. The STI also has a criteria-based adjustment factor with a range of 0.8 to 1.2. Target attainment for the performance targets is capped at 200%.

The targets for net rental and lease income and for FFO I are based on the annual business plan. The business plan resolved by the Supervisory Board for the respective financial year applies.

The following financial performance indicators were set for the 2021 financial year:

### T35

#### STI – Financial performance indicators

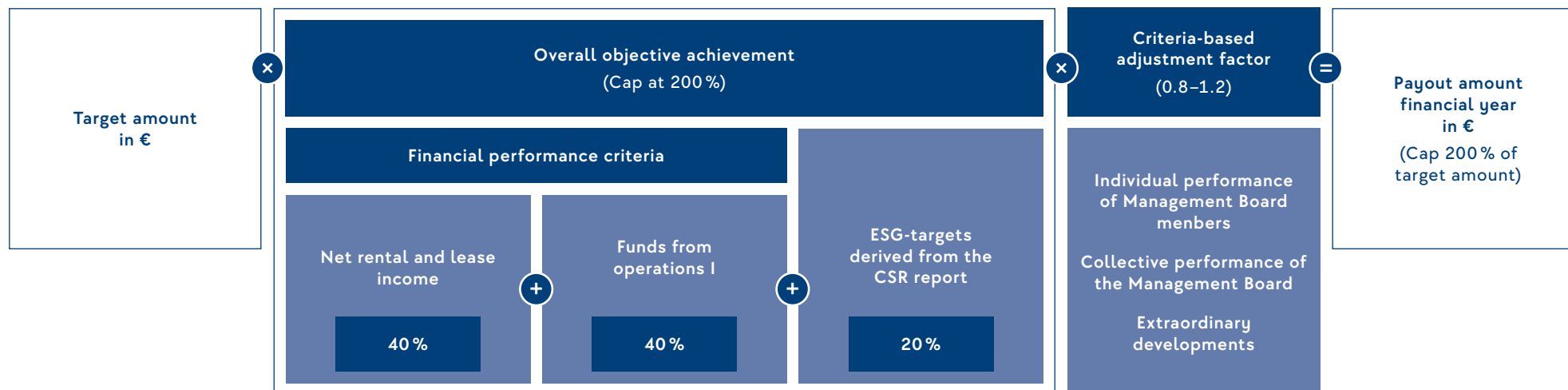
Performance criterion	Target value
Net rental and lease income	EUR 505.8 million
FFO I	EUR 417.9 million

If the target is achieved, target attainment is 100%. If the target is exceeded by 20%, the maximum target attainment of 200% is achieved. If target attainment is less than 20% of the target, the level of target attainment is set at zero. Target attainments between the defined target attainment points (0%; 100%; 200%) are calculated by linear interpolation.

When calculating the STI amounts to be paid out for the financial performance indicators, the actual figure per sub-target is to be compared with the figure in the business plan. Firstly, target attainment is calculated by taking the percentage deviation from the actual figure compared to the target using the contractually agreed weighting. The STI partial amount achieved is then calculated based on the target attainment.

### G12

#### Short-term variable remuneration scheme



The targets from the business plan, which was adopted before the start of the financial year, are to be assessed in accordance with the regulations defined in the Management Board agreements in terms of the effects of acquisitions and disposals not taken into account in the business plan and of changes in consolidated companies and adjusted where necessary. The Adler transaction is not yet taken into account in 2021 because the transaction was not closed until 29 December 2021 and so there were no earnings effects for the 2021 financial year. With regard to acquisition and sales activity in 2021, the targets as per the 2021 business plan must be amended regarding net rental and lease income and FFO I because the business plan approved by the Supervisory Board does not take acquisitions into account.

Other effects from the change in consolidated companies are insignificant at Group level in 2021 and not included in the adjusted targets.

The following targets are relevant for calculating the STI for the financial performance indicators:

## T36

## STI – Financial performance indicators

€ million	Target according to 2021 business plan	Adjusted target for 2021
Net rental and lease income	505.8	510.3
FFO I	417.9	421.6

## T37

## STI – Target attainment

€ million	Adjusted target	Actually achieved	Deviation (in %)	Degree of target attainment based on contractually agreed weighting (in %)	STI partial amount (in %)
Net rental and lease income	510.3	522.1	102.33	111.65	44.66
FFO I	421.6	423.1	100.37	101.83	40.73

ESG targets are based on LEG Immobilien SE's sustainability report and on strategic considerations and future projects. Environmental, social and governance criteria are defined for the ESG targets and are put into practice with specific targets. The targets are assigned quantitative or qualitative criteria so that a comparison of target and actual performance can be carried out at the end of

the financial year to measure target attainment. The specific ESG targets and the minimum and maximum values are set each year and finalised by the Supervisory Board before the start of the financial year.

The Supervisory Board set the following ESG targets for the 2021 financial year:

## T38

## STI – ESG-targets 2021

Environmental	Social	Governance
<b>Target:</b> Completion of energetic refurbishment of existing stock that is classified as modernisation measures in accordance with section 555b no. 1 – 3 BGB p.a. (e. g. heating, roof, basement, façade, windows, doors) in relation to the stock included in the annual report as at 31 December 2019 in number of residential units	<b>Target:</b> Customer inquiries: Reduction in the repeat call ratio compared to 2020	<b>Target:</b> Stabilisation of Sustainalytics rating
<b>Targets:</b> 0% minimum value: 2% 100% target attainment: 3% 200% maximum value: 4%	<b>Targets:</b> 0% minimum value: –7.5% 100% target attainment: –15% 200% maximum value: –22.5%	<b>Targets:</b> 0% minimum value: 12.4% 100% target attainment: 10.4% 200% maximum value: 8.4%

All sub-targets (environmental, social and governance) were weighted equally.

Target attainment for the "environmental" sub-target was 150%. Target attainment for the "social" sub-target was 77%. The "governance" sub-target was significantly exceeded.

Using the ESG partial amount as a % of the total STI, the absolute STI partial amount is to be calculated on the basis of the above sub-target attainment for the ESG sub-targets as follows:

T39

STI – ESG target attainment

in %	Actual attainment	Actual attainment	ESG-target partial amount (weighted)
Environment	3.5	150.0	50.0
Social	-13.28	77.0	25.7
Governance	7.8	200.0	66.7

The total STI amount is the sum of the partial STI amounts calculated in this way. Based on the attainment of all partial STI amounts (weighted), the Management Board’s average target attainment for the STI target was 114 %.

Criterion for assessing the criteria-based adjustment factor:

Successful mitigation of the effects of the Covid-19 pandemic and successful return to normal business operations.

At its meeting on 15 February 2022, the Executive Committee of the Supervisory Board passed a resolution recommending to the Supervisory Board of LEG Immo a criteria-based adjustment factor of 1.2 to be set in view of the company's successful performance during the Corona crisis. The Supervisory Board focused in particular on the over-achievement of the operational key figures, e.g. the higher than expected like-for-like rent increases and the low vacancy rate. The adjustment factor was taken into account when determining the Executive Board remuneration.

This results in the following amounts due:

T40

STI – Payment claims

	Lars von Lackum CEO	Susanne Schröter-Crossan CFO	Dr Volker Wiegel COO
STI 2021	655,819.00	444,044.00	444,044.00

The STI to be calculated and possibly adjusted for the respective financial year is capped at EUR 960 thousand for Lars von Lackum, EUR 650 thousand for Susanne Schröter-Crossan and EUR 650 thousand for Dr Volker Wiegel. The STI to be paid according to the above calculation shall be settled and paid out to the Executive Board member not later than 30 days after the approval of the Company's consolidated financial statements.

Variable remuneration component with a long-term incentive function (LTI)

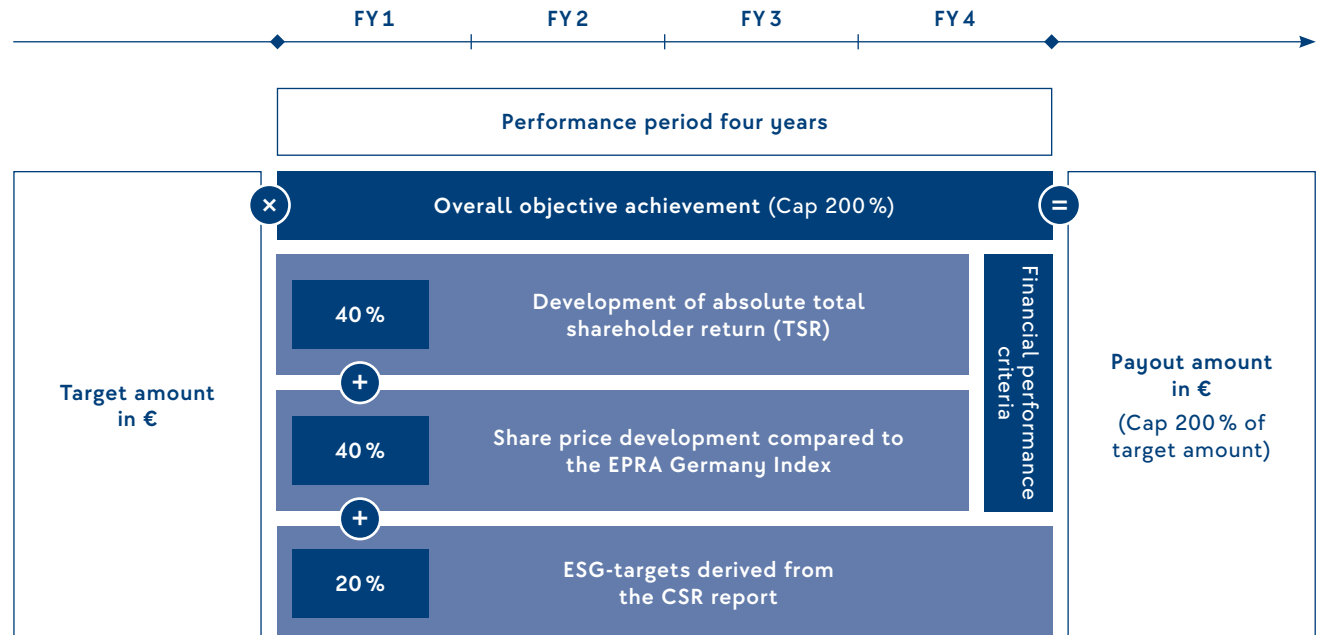
In addition to an STI, the members of the Management Board are entitled to an LTI based on the company's long-term development. This LTI is newly awarded for each financial year and is spread over a four-year performance period.

The LTI is determined on the basis of the following financial and non-financial performance targets:

- development of total shareholder return,
- development of the company's share price compared to the relevant index, EPRA Germany,
- non-financial environmental, social and governance targets (ESG targets).

G13

LTI



As for the STI, specific ESG targets are set for the respective tranche.

The first two financial targets each account for 40% and ESG targets for 20% of the LTI assuming 100% achievement in each case. The amount paid out for the LTI is capped at 200% of the target amount.

By way of Supervisory Board resolution dated 9 November 2021, the 2022 LTI programme was granted for Lars von Lackum, Susanne Schröter-Crossan and Dr Volker Wiegel (grant date). The LTI programme is based on the guidelines for the new Management Board remuneration system.

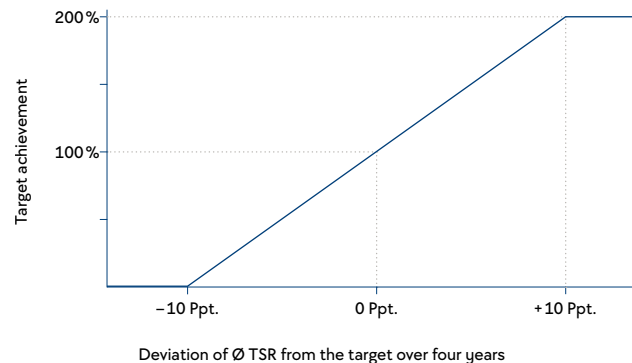
The financial performance indicators used for the LTI are the development of absolute TSR and LEG Immo's share price performance in comparison to that of the EPRA Germany Index. These performance indicators are therefore geared towards boosting value for shareholders and create incentives to generate shareholder value. This, in turn, aligns the interests of the Management Board even more closely with those of shareholders.

Absolute TSR essentially describes changes in LEG Immo's share price for the performance periods, including dividends per share paid in this period.

Target attainment is 100% if absolute TSR for the LEG share is within 0 percentage points of the target determined for the tranche in question. If absolute TSR is 10 percentage points or more below target, target attainment is 0%. Target attainment is 200% if absolute TSR is 10 percentage points above target. TSR higher than this does not increase target attainment. Target attainments between the defined target attainment points are calculated by linear interpolation.

#### G14

##### Target achievement curve absolute TSR

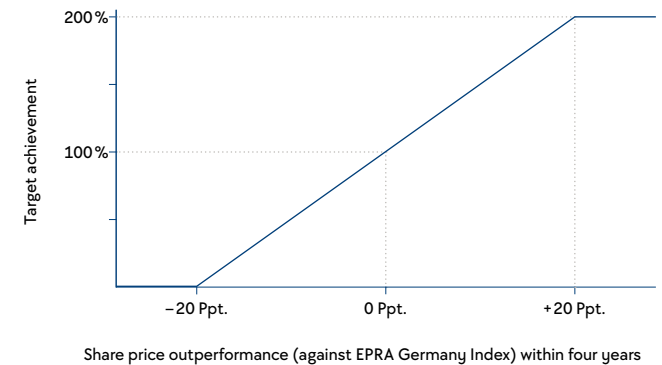


To determine target attainment for the performance target "relative share price performance", the share price performance of the LEG share in percent in the respective performance period is compared against the percentage change in the EPRA Germany Index. The EPRA Germany Index comprises LEG Immo's key national listed competitors and is thus a suitable peer group. For this, the deviation of the share price performance during the performance period is calculated. If the LEG share performance deviates from that of the EPRA Germany Index by 0, target attainment is 100%. If the performance of the LEG share is at least 20 percentage points lower than the EPRA Germany Index performance, target

attainment is 0 percentage points. Target attainment is 200% if the LEG share performance is 20 percentage points higher than that of the EPRA Germany Index. Target attainment does not increase if the LEG share performance is higher than this. Target attainments between the defined target attainment points are calculated by linear interpolation.

#### G15

##### Target achievement curve relative share price performance



Environmental, social and governance criteria are defined for the ESG targets and are put into practice with specific targets. For the LTI, targets were set for the categories environment and social. The specific targets and the minimum and maximum values are set each year and finalised by the Supervisory Board before the start of the financial year. Other targets are to be set that differ from the targets established for the STI. Target attainment for ESG targets is assessed by the Supervisory Board using suitable quantitative/qualitative surveys to measure the performance of the ESG targets in question. Target attainment for ESG targets is also capped at 200%.

The following specific targets for financial performance indicators apply to the four-year performance period from 2021 to 2024 for the 2021 LTI programme:

## T41

## LTI – Target corridors

in %	Target attainment		
	0	100	200 (Maximum)
Total Shareholder Return Ø p. a.	5,6	7,0	8,4
Performance against EPRA Germany-Index	≤80	100	120

As a threshold for 100% target achievement, a return of 7.0% p. a. is set for the total shareholder return component for the tranche 2021–2024. This can be derived from the average return of European real estate shares over the last 10 years, as well as from the dividends and the NAV growth rate of the LEG share. A total shareholder return of 7.0% p. a. is composed of an approx. 3% dividend yield and a 4% increase in the share price. These relevant targets for the LTI calculation continue to be in line with LEG's corporate strategy.

The following ESG targets apply to the LTI performance period from 2021 to 2024:

## T42

## LTI – ESG-targets 2021-2024

Environmental	Social
<b>Target:</b> In the next four years, reduce adjusted CO <sub>2</sub> emissions in kg/m <sup>2</sup> of property included in the annual report as at 31 December 2019 compared to the basis year 2019.	<b>Target:</b> "Trust Index" measurement for the LEG Group, which is calculated as part of the "Great Place to Work" employee survey conducted every two years. This is based on the change in the average of the two measurements during the four-year LTI period in comparison to the measurement calculated in the 2020 survey.
<b>Targets:</b> 0% minimum value: –6% 100% target attainment: –10% 200% maximum value: –14%	<b>Targets:</b> 0% minimum value: 60% 100% target attainment: 66% 200% maximum value: 72%

The amount paid is determined on the basis of the level of target attainment for the three performance targets by adding the respective amounts thus calculated multiplied by the contractually agreed target.

The total LTI available for a financial year calculated after the end of the performance period is capped at EUR 1,200 thousand for Lars von Lackum, EUR 890 thousand for Susanne Schröter-Crossan and EUR 890 thousand for Dr Volker Wiegel.

If an LTI is to be paid, this must be settled for the last year of the tranche's performance period and paid to the respective Management Board member no later than 30 days after the approval of the consolidated financial statements of the company.

In the event of a legal end to the engagement of a Management Board member, the amount paid is calculated and paid in accordance with the original assessment base and due dates. The amount paid is reduced on a pro rata basis for the tranche for the financial year in which the engagement ends for each month in which the member was not engaged.

The LTI programme in place until 31 December 2020 was spread over four years and newly awarded for each financial year. The key performance targets for the LTI were:

- average development of total shareholder return;
- development of the company's share price compared to the relevant index, EPRA Germany.

The target LTI was spread over the following three performance periods in three equal tranches:

- Performance period I: From the (proportionate) financial year in which the LTI is awarded (relevant financial year) up until the end of the first financial year following the relevant financial year
- Performance period II: From the relevant financial year up until the end of the second financial year following the relevant financial year
- Performance period III: From the financial year following the relevant financial year up until the end of the third financial year following the relevant financial year



The following specific targets apply to the 2019 and 2020 LTI programmes:

## T43

## LTI – Shareholder Return

in %	Target attainment		
	80	100	120 (maximum)
Total Shareholder Return Ø p. a.	5.6	7.0	8.4
Performance against EPRA Germany-Index	90	100	110

## LTI granted and owed in 2021

## LTI 2019/performance period 2:

For the LTI 2019/performance period 2 granted and owed in 2021, the following values have been achieved with regard to the performance indicator total shareholder return:

## T44

## Target attainment Total Shareholder Return

in %	2019	2020	2021
Total Shareholder Return p. a.	7.78	20.83	5.63
<b>Total Shareholder Return Performance Period 2 Ø p. a.</b>	<b>11.41</b>		

At 11.41% p. a., average total shareholder return was thus higher than the target of 7.0% p. a. needed to meet this sub-target in full.

Performance against the EPRA index in the period under review from 2019 to 2021 was as follows:

## T45

## Target attainment EPRA index

in %	2021
Performance against EPRA Germany-Index	123.96

The target of a better share price performance compared with the EPRA Germany index was therefore also met here. Overall, therefore, the target achievement for the second tranche was 100%.

## LTI 2020/performance period 1:

For the LTI 2020/performance period 1 granted and owed in 2021, the following values have been achieved with regard to the performance indicator total shareholder return:

## T46

## Target attainment Total Shareholder Return

in %	2020	2021
Total Shareholder Return p. a.	20.83	5.63
<b>Total Shareholder Return Performance Period 2 Ø p. a.</b>	<b>13.23</b>	

At 13.23% p. a., average total shareholder return was thus higher than the target of 7.0% p. a. needed to meet this sub-target in full.

Performance against the EPRA index in the period under review from 2020 to 2021 was as follows:

## T47

## Target attainment EPRA index

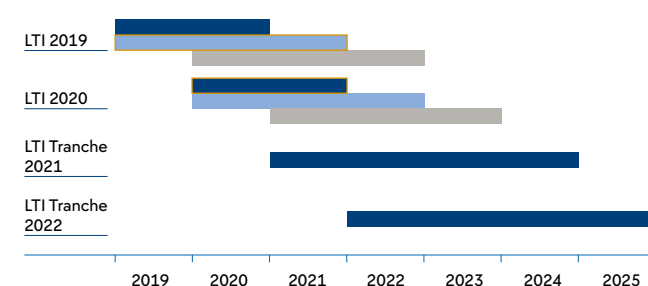
in %	2021
Performance against EPRA Germany-Index	119.16

The target of a better share price performance compared with the EPRA Germany index was therefore also met here. Overall, therefore, the target achievement for the first tranche was 100%.

In total, the following LTI programmes are still outstanding or are to be paid out in 2022:

## G16

## Performance periods LTI



■ Performance period 1 ■ Performance period 2 ■ Performance period 3  
□ LTI to be paid in 2022

## Transactions bonus

There are also provisions in place for special remuneration (a transaction bonus) as an extraordinary remuneration component in the event of exceptional success in connection with the acquisition of property portfolios. This bonus is determined by the scope and success of the transaction.

A partial amount of one third of the special remuneration payable as calculated by the Supervisory Board must be paid to the Management Board member no later than 30 days after the approval of the company's consolidated financial statements for the year in which the remuneration is granted.

To ensure that the transaction-based special remuneration continues to create long-term and sustainable incentives, the payment of two thirds of the transaction bonus is deferred and, depending on the achievement of two sub-targets set out in the business plan (50 % funds from operations I and 50 % net rental and lease income), is paid in the third financial year after the transaction closed. At present, the Management Board assumes that the sub-targets will be achieved with a high likelihood.

In the 2021 financial year, the Management Board already waived the 2022 transaction bonus in particular in view of the Adler transaction and the potential transaction in relation to BCP. In light of investor criticism of this method of remuneration, the remuneration system is being revised and submitted to the 2022 Annual General Meeting for approval.

## Malus and clawback provisions for variable remuneration

The Supervisory Board can withhold (malus) or recover (clawback) variable remuneration components. If a member of the Management Board seriously breaches legal obligations, obligations under employment contracts or internal company codes of conduct (compliance violation) as a result of gross negligence,

the Supervisory Board is entitled to reduce, in part or in full, variable remuneration that has not yet been paid at its discretion. In addition, at its discretion the Supervisory Board can recover, in part or in full, the gross amount of variable remuneration that has already been paid.

The Supervisory Board can also recover variable remuneration that has already been paid, in part or in full, if it emerges after this remuneration has been paid that the consolidated financial statements audited by the auditor and approved by the Supervisory Board and that were used to calculate the payment amount were incorrect and if the corrected consolidated financial statements would have resulted in lower payable variable remuneration or none at all. This is not dependent on the members of the Management Board being responsible for this.

Remuneration cannot be recovered on the basis of clawback provisions if payment was made more than two years prior. This does not affect statutory repayment options, such as asserting damages, which continue to apply.

There was no clawback in the 2021 financial year.

## Share ownership guidelines (SOG)

Since 1 January 2021, all members of the Management Board have been required, within a four-year establishment phase, to acquire LEG shares equal to one gross annual salary and hold these shares for the entire duration of their Management Board agreements. The SOG target is 100% of the gross annual salary. During the establishment phase, all members of the Management Board are obliged to acquire LEG shares equal to 25% of their gross annual salary in each of the four establishment years. The number of LEG shares to be acquired in the establishment year is calculated by dividing gross annual salary at the start of the establishment year by the figure – rounded to whole shares in accordance with commercial practice – that is determined by calculating the arithmetic average of the LEG share's closing price in XETRA trading on the Frankfurt Stock Exchange for the last 30 trading days prior to the first day of the establishment year in question. Shares already held by a member of the Management Board are taken into account.

The members of the Management Board achieved the SOG target for the 2021 financial year.

The table below shows the number of LEG shares held by members of the Management Board to comply with the share ownership.

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### Attainment of the Share Ownership Guidelines

	Mandatory				Proven	
	Percentage basic remuneration	Basic remuneration in € thousand	25 % of basic remuneration in € thousand	Mandatory number of shares <sup>1</sup> 31.12.2021	Amount in € thousand	Proven number of shares 31.12.2021
Lars von Lackum	100	800	200	1,667	510	4,500
Susanne Schröter-Crossan	100	500	125	1,042	130	1,090
Dr Volker Wiegel	100	500	125	1,042	147	1,239

<sup>1</sup> Based on the average Xetra closing price of the last 30 trading days in the financial year 2020 of EUR 119.98

## Total remuneration of the Management Board

Granted and payable Management Board remuneration for the 2021 and 2020 financial years in accordance with section 162 (1) sentence 1 AktG is shown in the table below. The table shows the remuneration for the work performed in the reporting period by members of the Management Board ("remuneration granted") and all remuneration that is legally due but that has not yet been paid ("payable remuneration").

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### Remuneration and benefits earned

	Lars von Lackum CEO				Susanne Schröter-Crossan <sup>1</sup> CFO				Dr Volker Wiegel COO			
	2021		2020 <sup>2</sup>		2021		2020 <sup>2</sup>		2021		2020 <sup>2</sup>	
	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	in %
Fixed remuneration	800	43	628	47	500	45	250	51	500	40	433	46
Additional benefits	26	1	33	2	27	2	13	2	34	3	33	3
<b>Total fixed remuneration components</b>	<b>826</b>	<b>44</b>	<b>661</b>	<b>49</b>	<b>527</b>	<b>47</b>	<b>263</b>	<b>53</b>	<b>534</b>	<b>43</b>	<b>466</b>	<b>49</b>
Total One-year variable remuneration (STI)	656	35	444	33	444	40	194	40	444	35	342	35
One-year variable remuneration (STI) (STI 2020)	–	–	444	33	–	–	194	40	–	–	342	35
One-year variable remuneration (STI) (STI 2021)	656	35	–	–	444	40	–	–	444	35	–	–
Transaction bonus	–	–	97	7	–	–	34	7	–	–	67	7
Total multi-year variable remuneration (LTI)	295	16	144	11	111	10	–	–	214	17	91	9
LTI 2019 Tranche 1 (2019 bis 2020)	–	–	144	11	–	–	–	–	–	–	91	9
LTI 2019 Tranche 2 (2019 bis 2021)	146	8	–	–	–	–	–	–	99	8	–	–
LTI 2020 Tranche 1 (2020 bis 2021)	150	8	–	–	111	10	–	–	115	9	–	–
Transaction bonus (deferral) 2021 – 2022	97	5	–	–	34	3	–	–	67	5	–	–
<b>Total variable remuneration components</b>	<b>1,048</b>	<b>56</b>	<b>685</b>	<b>51</b>	<b>589</b>	<b>53</b>	<b>228</b>	<b>47</b>	<b>725</b>	<b>57</b>	<b>500</b>	<b>51</b>
<b>Total remuneration granted and owed within the meaning of section 162 (1) sentence 1 AktG</b>	<b>1,874</b>	<b>100</b>	<b>1,346</b>	<b>100</b>	<b>1,116</b>	<b>100</b>	<b>491</b>	<b>100</b>	<b>1,259</b>	<b>100</b>	<b>966</b>	<b>100</b>
Pension costs	108	–	108	–	58	–	25	–	58	–	–	–
<b>Total remuneration</b>	<b>1,982</b>	<b>–</b>	<b>1,454</b>	<b>–</b>	<b>1,174</b>	<b>–</b>	<b>516</b>	<b>–</b>	<b>1,317</b>	<b>–</b>	<b>966</b>	<b>–</b>

<sup>1</sup> Start of Management Board function as at 1 July 2020.

<sup>2</sup> The disclosures for the 2020 financial year are voluntary.

Fixed remuneration components, one-year variable remuneration (STI 2021) and multi-year variable remuneration (LTI 2019 tranche 2, LTI 2020 tranche 1 and transaction bonus 2021–2022) are considered "remuneration granted", as the relevant work had been performed by the end of the reporting period on 31 December 2021.

As well as the amount of remuneration, under section 162 (1) sentence 2 no. 1 AktG the relative share of all fixed and variable remuneration components in total remuneration must also be disclosed. The relative share relates to the remuneration components granted and payable in the financial year in accordance with section 162 (1) sentence 1 AktG. To ensure transparent reporting, the pension costs for the occupational pension must also be disclosed even if these are not classified as granted and payable remuneration.

Members of the Management Board were not granted any benefits from third parties in accordance with section 162 (2) no. 1 AktG. No such benefits were owed. Remuneration is paid to LEG NRW GmbH for Supervisory Board mandates held by members of the Management Board at subsidiaries.

## Maximum Management Board remuneration

The maximum total remuneration granted in return for the work of the respective member of the Management Board for one financial year – including basic remuneration, STI, LTI (plus full utilisation of possible adjustments), special remuneration for acquisitions, an occupational pension and benefits – is EUR 4,300 thousand for Lars von Lackum, EUR 2,900 thousand for Susanne Schröter-Crosan and EUR 2,900 thousand for Dr Volker Wiegel. If the maximum remuneration for a financial year is exceeded, the pay-out of the LTI tranches for the corresponding financial year will be reduced. Maximum remuneration was not exceeded in the 2021 financial year and so did not have to be reduced.

## Remuneration for former members of the Management Board

There were no remuneration obligations to former members of the Management Board in accordance with section 162 (1) sentence 1 AktG in the 2021 financial year.

## Early termination benefits

### Severance pay

In the event of the early termination of the activity of a member of the Management Board, the payments made to the respective member, including additional benefits, may not exceed the value of two years' remuneration ("severance cap") or the value of the remuneration payable for the remaining term of this employment agreement. The settlement cap is based on the total remuneration for the past financial year and, where applicable, the anticipated total remuneration for the current financial year.

In the event of the early termination of this agreement for cause falling within the responsibility of the Management Board member, the member will not be entitled to receive any payments.

### Change of Control

In the event of a change of control of the company, the members of the Management Board have the right to resign as a member of the Management Board for cause, and to terminate their Management Board contract, within a period of six months from the date of the change of control, observing a notice period of three months to the end of a month (special right of termination).

The severance regulations that apply in the event of the special right of termination being exercised stipulate that payments in connection with the cessation of work as a member of the Management Board due to a change of control amount to two years' remuneration, albeit capped at the value of the remuneration for the remaining term of the member's contract.

### Death benefits

If a Management Board member dies during the term of the employment agreement, the remuneration plus STI and LTI will be settled up until the end of the agreement as a result of the member's death and paid out to the member's heirs in accordance with the provisions of the agreement. Furthermore, the member's widow and any children under 25, as joint beneficiaries, will be entitled to the full payment of the remuneration set out in section 2(1) of the employment agreement for the remainder of the month in which the member dies and the subsequent three months. However, this is limited to the scheduled termination of the employment agreement if the member had not died.

## Remuneration system of the Supervisory Board

In accordance with Article 9.1 of LEG Immobilien SE's Articles of Association, the Supervisory Board comprises seven members who are elected by the Annual General Meeting.

Ms Natalie Hayday resigned from the Supervisory Board with effect from the end of 6 January 2021.

The Annual General Meeting appointed Dr Sylvia Eichelberg a member of the LEG Immobilien SE Supervisory Board on 27 May 2021.

On 18 September 2015, the Supervisory Board resolved a time limit for membership of 15 years (first-time appointment plus two re-elections).

In accordance with the Articles of Association, all remuneration for Supervisory Board work is payable after the end of the financial year. Supervisory Board members who are only on the Supervisory Board or a committee of the Supervisory Board for part of the financial year receive corresponding remuneration on a pro rata basis for this financial year.

The following regulation has applied to Supervisory Board remuneration in accordance with Article 9.11 to 9.13 of the Articles of Association of LEG Immo since the Annual General Meeting on 17 May 2018:

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#### Compensation scheme for the Supervisory Board

Basic compensation	<ul style="list-style-type: none"> <li>Each supervisory board member receives a fixed compensation of EUR 72,000.</li> </ul>
Differentiation	<ul style="list-style-type: none"> <li>2.5 : 1.25 : 1 (CSB, DCSB, OMSB)<sup>1</sup></li> </ul>
Committee compensation	<ul style="list-style-type: none"> <li>Members of the Audit Committee and the Executive Committee of the Supervisory Board receive an additional annual fixed remuneration of EUR 20,000.</li> <li>The Chairmen of the Committees receive double the compensation.</li> <li>For the membership and chairmanship of the Nomination Committee no compensation is paid.</li> </ul>
Attendance fee	<ul style="list-style-type: none"> <li>For attending a meeting of the Supervisory Board or a committee in person, each member receives an attendance fee in the amount of EUR 2,000 per meeting.</li> </ul>

<sup>1</sup> CSB=Chairman of the Supervisory board, DCSB= Deputy Chairman of the Supervisory board, OMSB = Ordinary member of the Supervisory board

Members of the Supervisory Board are also reimbursed for appropriate expenses and travel expenses. VAT is reimbursed by the company to the extent that the members of the Supervisory Board are entitled to invoice VAT to the company separately and that they exercise this right.

The company had also concluded D&O insurance for the members of the Supervisory Board with an appropriate insured amount and deductible for members of the Supervisory Board. Since 1 January 2014, the D&O insurance has provided for a deductible of 10 % of the individual claim amount to be paid by the Supervisory Board members up to a maximum of 1.5 times their fixed annual remuneration for all claims within a year.

**Breakdown of Supervisory Board remuneration**

Breakdown of Supervisory Board remuneration – remuneration granted and payable to members of the Supervisory Board for the 2021 financial year under section 162 (1) sentence 1 AktG.

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**Breakdown of Supervisory Board remuneration**

Name of member	2021							2020						
	Fixed remuneration		Committee compensation		Attendance Fee		Total	Fixed remuneration		Committee compensation		Attendance Fee		Total
	€ thousand	in %	€ thousand	in %	€ thousand	in %		€ thousand	in %	€ thousand	in %	€ thousand	in %	
Michael Zimmer (chairman)	180	80	40	18	4	2	224	180	80	40	18	6	3	226
Stefan Jütte (Deputy Chairman)	90	74	27	23	4	3	121	90	56	60	37	12	7	162
Dr Johannes Ludewig	72	77	20	21	2	2	94	72	73	20	20	6	6	98
Dr Jochen Scharpe	72	75	20	21	4	4	96	72	69	20	19	12	12	104
Natalie Hayday (Member until 06.01.2021)	1	77	0	23	0	0	1	72	72	20	20	8	8	100
Dr Claus Nolting	72	62	36	31	8	7	116	72	97	0	0	2	3	74
Martin Wiesmann	72	75	16	17	8	8	96	17	100	0	0	0	0	17
Dr Sylvia Eichelberg (Member since 27.05.2021)	43	91	0	0	4	9	47	0	0	0	0	0	0	0
<b>Total</b>	<b>602</b>	<b>76</b>	<b>160</b>	<b>20</b>	<b>34</b>	<b>4</b>	<b>796</b>	<b>575</b>	<b>74</b>	<b>160</b>	<b>20</b>	<b>46</b>	<b>6</b>	<b>781</b>

## Comparison of income trend and annual change in remuneration as per section 162 (1) sentence 2 no. 2 AktG

Section 162 (1)sentence 2 no. 2 AktG requires disclosure of the company's income trend, the annual change in remuneration for members of the Management Board and the Supervisory Board and the annual change in average employee remuneration on the basis of full-time equivalents over the last five financial years (known as a vertical comparison). LEG Immobilien SE applies the transitional relief in section 26j (2) of the German Introductory Act of the Stock Corporation Act (EGAktG) and will gradually establish the vertical comparison for all three comparative figures in the first five years.

The income trend is shown using the Group's key performance indicators FFO I, FFO I per share and total comprehensive income. Net annual profit is also disclosed in accordance with section 275 (3) no. 16 HGB.

For Management Board and Supervisory Board members, remuneration granted and payable for the respective financial year within the meaning of section 162 (1) sentence 1 AktG is listed.

Average employee remuneration comprises staff costs for wages and salaries, employer social security contributions, additional benefits and short-term variable remuneration components. The average number of employees is calculated on the basis of section 267 (5) HGB.

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### Income trend

	2021	2020	Change in %
Group FFO 1 (in € m)	423.1	383.2	10.4
Group FFO 1 per share (in €)	5.84	5.44	7.4
Net loss LEG Immobilien SE (Seperate Financial Statement) (in € m)	- 33.4	- 17.6	89.6
Group net result LEG Immobilien SE (in € m)	1,750.1	1,360.3	28.7
<b>Average remuneration per employee<sup>1</sup> (in € thousand)</b>	<b>72</b>	<b>71</b>	<b>2.2</b>
<b>Management Board remuneration in € thousand</b>			
Lars von Lackum	1,874	1.346	39.2
Susanne Schröter-Crossan	1,116	491	127.2
Dr Volker Wiegel	1,259	966	30.3
<b>Supervisory Board remuneration in € thousand</b>			
Mr Michael Zimmer	224	226	-0.9
Mr Stefan Jütte	121	162	-25.0
Mr Dr Johannes Ludewig	94	98	-4.1
Mr Dr Jochen Scharpe	96	104	-7.7
Mr Dr Claus Nolting	116	74	56.5
Mr Martin Wiesmann (since 07.10.2020)	96	17	473.1
Mrs Dr Sylvia Eichelberg (since 27.05.2021)	47	-	-
<b>Members of the Supervisory Board who resigned during the financial year in € thousand</b>			
Mrs Natalie C. Hayday (until 06.01.2021)	1	100	-98.7

<sup>1</sup> Included are all employees of the LEG Group