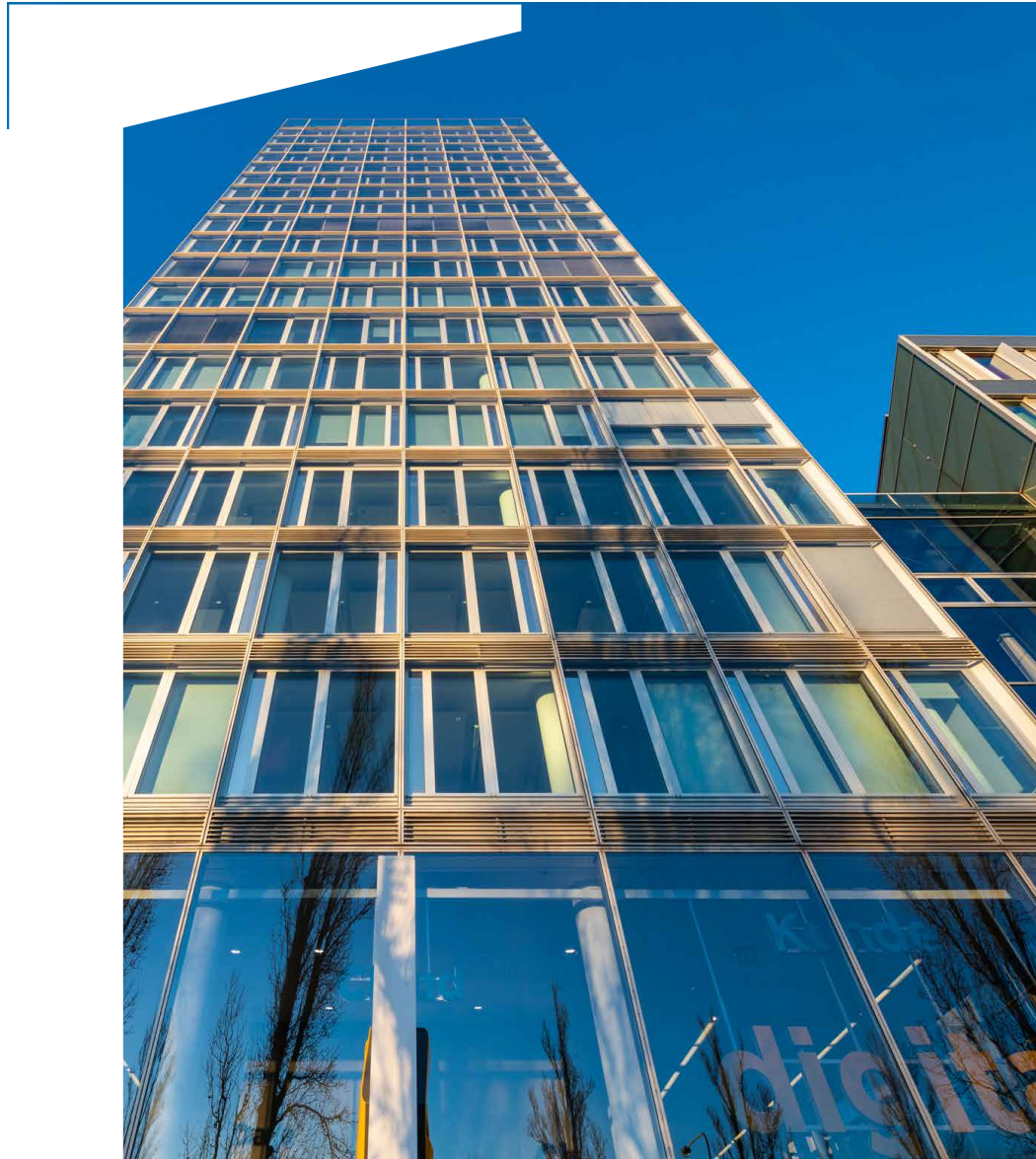




REMUNERATION REPORT
2021





REMUNERATION REPORT 2021 1

CONTACT & IMPRINT 19

Remuneration Report 2021

The Remuneration Report, pursuant to Section 162 of the German Stock Corporation Act (AktG), provides details regarding the individual remuneration of current and former Executive Board and Supervisory Board members of DEMIRE Deutsche Mittelstand Real Estate AG (“DEMIRE AG”) during the 2021 financial year.

The Remuneration Report contains detailed information on the remuneration system, which is necessary for providing clarity with regard to the disclosures, on the remuneration and benefits provided to members of the Executive Board and the remuneration paid to the members of the Supervisory Board, as well as details of how the remuneration promotes the long-term development of DEMIRE AG. Pursuant to Section 162 AktG, the Executive Board and Supervisory Board are responsible for preparing the Remuneration Report.

Overview of the 2021 financial year

REMUNERATION SYSTEM FOR THE EXECUTIVE BOARD MEMBERS IN THE 2021 FINANCIAL YEAR

At the Annual General Meeting held on 28 April 2021, approval was given for a new remuneration system (“**New remuneration system**”) for the Executive Board members of DEMIRE AG. This was passed with a majority of 99.71% of the capital represented (see: <https://www.demire.ag/en/annual-general-meeting>).

The contracts of employment for the Executive Board members Ingo Hartlief and Tim Brückner were extended until 31 December 2024 by way of extension agreements concluded on 26 May 2021.

Given that the agreed changes to the remuneration of the Executive Board in accordance with the extension agreements dated 26 May 2021, as well as the agreements themselves, do not enter into force until **1 January 2022**, the Executive Board members were granted remuneration for the 2021 financial year in accordance with the requirements of the previous remuneration system (“**Old remuneration system**”). Accordingly, the Old remuneration system is presented below.

The remuneration of the Executive Board is reviewed on a regular basis by the Supervisory Board.

There was no adjustment made to the target remuneration of the Executive Board members in the 2021 financial year in comparison to the previous year.

Furthermore, the Supervisory Board laid down the performance criteria with regard to performance-related variable remuneration elements for the 2021 financial year. Details on the Executive Board members’ bonuses which were vested in the 2021 financial year are reserved for the remuneration report for the 2022 financial year. They are therefore not presented in this remuneration report.

The Supervisory Board did not deviate from the requirements of the Old remuneration system in the 2021 financial year.

REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD MEMBERS IN THE 2021 FINANCIAL YEAR

The remuneration system for the Supervisory Board, as laid down in Section 16 of the Articles of Association, was also approved at the Annual General Meeting held on 28 April 2021. This was passed with a majority of 99.99% of the capital represented. A resolution was passed at the Annual General Meeting held on 28 April 2021 to increase the remuneration of Supervisory Board members from EUR 30,000 to EUR 40,000.00 for each regular Supervisory Board member, with effect from the start of the 2021 financial year. The Chairman of the Supervisory Board receives triple the aforementioned amount and the Vice Chairman receives double the aforementioned amount. Any VAT accruing on these amounts, where applicable, shall also be remunerated.

The remuneration system for the Supervisory Board was applied in full, as laid down in Section 16 of the Articles of Association (version dated 22 September 2020).



REMUNERATION REPORT 2021 1
CONTACT & IMPRINT 19

Detailed breakdown of Executive Board remuneration during the 2021 financial year

OVERVIEW OF OLD REMUNERATION SYSTEM

The Old remuneration system for Executive Board members is aligned with the Company's sustainable corporate performance in the long term and is therefore set up as a relevant element for implementing DEMIRE AG's corporate strategy.

With this in mind, the Old remuneration system is divided into variable and fixed remuneration elements. The remuneration for the Executive Board consists of the basic remuneration, pension expenses, fringe benefits, a one-year variable remuneration amount (short-term incentive – bonus) and a multi-year variable remuneration amount (long-term incentive [LTI] in the form of a virtual stock option programme).

The amount of variable remuneration is therefore based on the achievement of specific targets laid down in advance.

In order to provide better insight, there is a corresponding table below that summarises the key features of the Old remuneration system.

Key elements of the remuneration system applicable in 2021 financial year (“Old remuneration system”)

REMUNERATION ELEMENT

Fixed remuneration	Basis for calculation/parameter
Basic remuneration	Contractually agreed fixed remuneration paid in twelve monthly instalments.
Fringe benefits	Provision of a company car, continued cover under the existing directors' and officers' liability insurance policy (D&O insurance), taking out of accident and disability insurance within the framework of a Group accident insurance policy, and continued remuneration in the event of illness or accident and payment of death benefits. In addition, the Company shall also reimburse the Executive Board member for the costs incurred for a private pension scheme, up to the value of the maximum voluntary monthly contribution to the statutory pension insurance scheme.
Pension expenses	Pension expenses consist of payment of contributions to voluntary statutory or private health insurance and nursing care insurance schemes subject to corresponding application of Section 257 of Volume V of the German Social Code (SGB V) and Section 61 of Volume XI of the German Social Code (SGB XI).

	
REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

REMUNERATION ELEMENT

Variable remuneration	Basis for calculation/parameter
	The one-year variable remuneration consists of a target amount that is paid out depending on the achievement of specific performance criteria.
	Cap: Double the target amount
	Performance criteria: For Mr Tim Brückner:
	1. Qualitative targets
	– Development of digitalisation within the company, including in terms of reporting and the treasury management system
	– Continued stabilisation of the team, including under conditions imposed by COVID-19
	– Commencement of the EPRA Sustainability Rating Project with the aim of receiving a sustainability rating in the future
	– Optimisation of the service provider and cost structure
	– Accounting optimisation
	– Optimisation of shareholder structures
	2. Quantitative targets
	– FFO increase of at least 10% compared to 2019
Bonus (short-term incentive)	– Reduction of DEMIRE financing costs

REMUNERATION ELEMENT

Variable remuneration	Basis for calculation/parameter
	Performance criteria: For Mr Ingo Hartlief:
	1. Qualitative targets
	– Implementation of an effective COVID-19 crisis management procedure (e.g. continuous monitoring of tenancies)
	– Cost structure optimisation (real estate, financing, structure-related and administrative costs)
	– Continued development of receivables management processes
	– Risk management improvements; ICG certification
	– Successful repositioning of single-tenant properties
	2. Quantitative targets
	– FFO increase of at least 10% compared to 2019
	– Continued development of the company with the aim of being able to distribute a dividend
	– Achievement of liquidity of at least EUR 200 million
	– Leases of at least 100,000 m ² in size (new contracts and extensions of old leases)
	Payment: At the end of the month in which the Company's annual financial statements for the previous year are adopted.
Bonus (short-term incentive)	



REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

REMUNERATION ELEMENT

Variable remuneration	Basis for calculation/parameter
Virtual stock option programme (Long-term incentive)	<p>2019 tranche (LTI 2019/2023) Cap: Capped by way of an annual allotment defined in the contract.</p> <p>Furthermore, the actual payment amount depends on the long-term performance of the Company's share price and is capped at a maximum amount determined on an individual basis for the respective Executive Board member (a maximum amount of EUR 220,000 gross for Mr Ingo Hartlief and a maximum amount of EUR 75,000 gross for Mr Tim Brückner).</p> <p>Performance criteria: A threshold of 7% p.a. and a maximum value of 14% p.a. applies to the annual share price increase sub-target.</p> <p>A maximum value of 10 percentage points and a threshold of minus 10 percentage points applies to the relative total shareholder return sub-target.</p> <p>Payment: After a period of four years, depending on the achievement of performance targets defined beforehand and the share price.</p>

REMUNERATION ELEMENT

Variable remuneration	Basis for calculation/parameter
Virtual stock option programme (Long-term incentive)	<p>2020 tranches (LTI 2020/2024) (LTI 2021/2025) Cap: Capped by way of an annual allotment defined in the contract.</p> <p>There is no provision for vesting of more than 100% of the granted stock options (also referred to as "performance share units" or "PSUs").</p> <p>Regardless of the target achievement or number of vested PSUs, the maximum payment per PSU is capped at 250% of the price when granted.</p> <p>Performance criteria: — 50% annual share price increase — 50% relative total shareholder return</p> <p>A threshold of 7% p.a. and a maximum value of 14% p.a. applies to the annual share price increase sub-target.</p> <p>A maximum value of 10 percentage points and a threshold of minus 10 percentage points applies to the relative total shareholder return sub-target.</p> <p>Payment: After a period of four years, depending on the achievement of performance targets defined beforehand and the share price.</p>

	
REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

REMUNERATION ELEMENT

Variable remuneration	Basis for calculation/parameter
	<p>2020 tranches (LTI 2020/2024) (LTI 2021/2025)</p> <p>Cap: Capped by way of an annual allotment defined in the contract.</p> <p>There is no provision for vesting of more than 100% of the granted stock options (also referred to as “performance share units” or “PSUs”).</p> <p>Regardless of the target achievement or number of vested PSUs, the maximum payment per PSU is capped at 250% of the price when granted.</p> <p>Performance criteria:</p> <ul style="list-style-type: none"> – 50% annual share price increase – 50% relative total shareholder return <p>A threshold of 7% p.a. and a maximum value of 14% p.a. applies to the annual share price increase sub-target.</p> <p>A maximum value of 10 percentage points and a threshold of minus 10 percentage points applies to the relative total shareholder return sub-target.</p> <p>Payment: After a period of four years, depending on the achievement of performance targets defined beforehand and the share price.</p>
Virtual stock option programme (Long-term incentive)	

REMUNERATION ELEMENT

Other remuneration provisions	Basis for calculation/parameter
Maximum remuneration	Provision initially as part of amended agreements dated 26 May 2021.
Severance payment cap	The severance payment must not exceed an amount equating to two years’ annual salary and must not provide remuneration for more than the remaining term of the contract (“severance payment cap”). The severance payment cap is calculated based on the total remuneration for the past financial year and, where applicable, the expected total remuneration for the current financial year.
Malus and clawback provision	Possible to partially or fully reduce or claw back variable remuneration.
Remuneration for other mandates both within and external to the DEMIRE Group	Any remuneration benefits paid to undertake intra-Group Supervisory Board mandates or similar functions are accounted for against the fixed annual salary. No provision is in place for separate remuneration for assuming an Executive Board mandate at Fair Value REIT-AG.



REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

DETAILED BREAKDOWN OF FIXED REMUNERATION ELEMENTS IN THE 2021 FINANCIAL YEAR

Basic remuneration in 2021 financial year

The basic remuneration for the Executive Board members is paid in twelve equal partial amounts at the end of each calendar month, representing a fixed income for Executive Board members. The annual basic remuneration for 2021 amounted to EUR 400,000.00 gross p.a. for CEO Ingo Hartlief and EUR 240,000.00 gross p.a. for CFO Tim Brückner.

Fringe benefits in 2021 financial year

In addition to the basic remuneration, Executive Board members are also entitled to fringe benefits. These include the provision of a company car for business and personal use.

The Company also provides continued cover for Executive Board members under its directors' and officers' liability insurance policy (D&O insurance). The D&O insurance includes the minimum deductible, as stipulated by law, of 10% of the loss up to the annual amount of one-and-a-half times the fixed annual remuneration pursuant to Section 93(2)(3) AktG.

The Company also has an accident insurance policy in place as part of a Group accident insurance policy, including payment of insured benefits in the amount of EUR 500,000 in the event of death and EUR 500,000 in the event of disability. The insurance premiums are paid by the Company. In the event of death, the insured benefits under the terms and conditions of insurance shall be due to a person nominated by the Executive Board or to the heirs.

In addition, the Company shall also reimburse the Executive Board member Tim Brückner for the costs incurred for a private pension scheme, up to the value of the maximum voluntary monthly contribution to the statutory pension insurance scheme.

In the case of a temporary incapacity to work owing to illness, accident or other reason for which the Executive Board member is not responsible, the fixed annual salary shall continue to be paid for a period of up to six months from the date said incapacity to work commenced, but not beyond the termination of the Executive Board employment contract in question. The Executive Board member must offset any sickness allowance, daily sickness allowance or pensions he or she received from health insurance funds, pension funds or other insurers or pension funds against these payments, unless the benefits are based exclusively on the contributions made by the Executive Board member in question.

If the Executive Board member dies during the term of the Executive Board employment contract, his or her spouse or civil partner within the meaning of Section 1 of the German Act on Registered Life Partnerships (Lebenspartnerschaftsgesetz, LPartG), or dependent children as joint creditors, shall be entitled to receive the full fixed annual salary for the month in which the Executive Board members dies and for the following three months, though no longer than until the end of the regular term of the Executive Board employment contract.

Pension expenses in 2021 financial year

Pension expenses consist of payment of contributions to voluntary statutory or private health insurance and nursing care insurance schemes subject to corresponding application of Section 257 of Volume V of the German Social Code (SGB V) and Section 61 of Volume XI of the German Social Code (SGB XI).



REMUNERATION REPORT 2021 1

CONTACT & IMPRINT 19

DETAILED BREAKDOWN OF VARIABLE REMUNERATION ELEMENTS IN THE 2021 FINANCIAL YEAR

The variable remuneration is composed of a one-year performance-based bonus (short-term incentive) and a multi-year performance-based bonus (long-term incentive).

One-year performance-based remuneration paid out in the 2021 financial year (2020 bonus)

Basic structure

The bonus (short-term incentive) is used as a variable remuneration element with an incentivising effect in the short term. The term is therefore limited to one year. As stated above, this remuneration report focuses exclusively on the bonus vested in the 2020 financial year, which was paid out in the 2021 financial year.

The short-term incentive programme contains a provision regarding the maximum amount to be paid out, according to which the payment amount is capped at a total of 200% of the target value. If these performance criteria are not met, this variable remuneration element may also be omitted entirely.

Performance criteria

The announcement of a bonus, linked to the targets laid down for the respective financial year, aims to foster sustainable corporate performance in the long term.

These are in line with the interests of DEMIRE AG stakeholders. In order to promote sustainable, long-term corporate performance, the Company set itself targets that were both financial and non-financial in nature. The performance criteria for the variable remuneration are selected on the basis of the Company's strategic objectives.


For the Executive Board member Ingo Hartlief, the bonus for the 2020 financial year was set at a target gross remuneration amount of EUR 190,000. For the Executive Board member Tim Brückner, the bonus for the 2020 financial year was set at a target gross remuneration amount of EUR 115,000.

Beyond the financial aspects, these additional performance criteria are also intended to be meaningful for the Company's employees. The aim here is to ensure that the Company's interests are safeguarded and monitored in full from a managerial perspective.

The Supervisory Board must approve the targets for the current financial year.

The bonus vested in the 2020 financial year was paid to the Executive Board members at the end of the month in which the Company's annual financial statements for the 2020 financial year were adopted, i.e. at the end of April 2021. This payment must therefore be attributed to remuneration granted for the 2021 financial year pursuant to Section 162(1) AktG.

The 2020 bonus is based on the Old remuneration system. The following performance criteria and other criteria were used in the 2020 financial year to assess the achievement of targets:



REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

FOR MR TIM BRÜCKNER:

1. Qualitative targets

- Development of digitalisation within the company, including in terms of reporting and the treasury management system
- Continued stabilisation of the team, including under conditions imposed by COVID-19
- Commencement of the EPRA Sustainability Rating Project with the aim of receiving a sustainability rating in the future
- Optimisation of the service provider and cost structure
- Accounting optimisation
- Optimisation of shareholder structures

2. Quantitative targets

- FFO increase of at least 10% compared to 2019
- Reduction of DEMIRE financing costs

FOR MR INGO HARTLIEF:

1. Qualitative targets

- Implementation of an effective COVID-19 crisis management procedure (e.g. continuous monitoring of tenancies)
- Cost structure optimisation (real estate, financing, structure-related and administrative costs)
- Continued development of receivables management processes

- Risk management improvements; ICG certification
- Successful repositioning of single-tenant properties

2. Quantitative targets

- FFO increase of at least 10% compared to 2019
- Continued development of the company with the aim of being able to distribute a dividend
- Achievement of liquidity of at least EUR 200 million
- Leases of at least 100,000 m² in size (new contracts and extensions of old leases)

The achievement of targets was reported by the Supervisory Board in a general overview. DEMIRE AG's corporate performance during the 2020 financial year was impacted in part by the COVID-19 pandemic. Regardless of this, the agreed targets were not only met, but were in fact clearly exceeded, particularly with regard to the increase in FFO, the letting performance and the significantly reduced financing costs. The Supervisory Board believes that the Executive Board has successfully brought the Company forwards, which is a major achievement given the uncertain environment caused by the pandemic. Not only were all the set targets met, but in fact were exceeded by a long way, with a target achievement rate of 200%. As a result, in April 2021 the Executive Board members received a 200% bonus payment for the 2020 financial year.

Both the bonus and the PSUs granted are in line with the remuneration system, which provides both short-term and long-term incentives to the Executive Board. By providing these incentives, the remuneration system helps to promote the long-term development of the Company, generating growth, improving operational and financial key figures and increasing the Company's value over the long term.



REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

2021 VIRTUAL STOCK OPTION PROGRAMME (LONG-TERM INCENTIVE) IN THE 2021 FINANCIAL YEAR

Basic structure (2021/2025 tranche)

Executive Board members of DEMIRE AG are to be granted annual virtual stock options (otherwise known as “performance share units” or “PSUs”) as part of a long-term, share-based variable remuneration package in the form of a virtual stock plan (performance share plan). Provision is made here for the tranches of the virtual stock options to be granted on 1 January of a given year. The number of PSUs granted each year is calculated using an annual allotment contractually agreed in advance that is divided by the average share price of DEMIRE AG 60 trading days prior to 1 January of a given year (“**grant date**”).

The number of granted PSUs is shared by the Supervisory Board in a grant letter written to the Executive Board members within four weeks of the grant date.

The granted PSUs are also vested after a performance period of four years after the grant date (“**date of any vesting**”, also referred to as “**vesting**”), depending on the achievement of performance targets laid down in advance. As a result, the number of PSUs originally granted may fit within a range of between 0% and 100% depending on the performance level achieved. If the performance level is below a defined threshold in the respective targets as described, 0% of the granted PSUs will be vested. Upon reaching the respective threshold, 50–100% of the granted PSUs will then be vested.

The vested PSUs are paid out in cash in euro on 31 March of the year after vesting. The payment amount is calculated by multiplying the number of vested PSUs by the average share price of DEMIRE AG 60 trading days prior to vesting. This long-term variable remuneration in the form of the performance share plan aims to align the interests of the Executive Board members and the shareholders even more closely with each other so as to achieve sustainable growth in the Company’s value.

The performance share plan also ensures that the Executive Board is committed to the Company in the long term and increases its motivation level.

Performance criteria for performance share plan for the 2021/2025 tranche

The performance targets for the virtual stock option programme comprise 50% for the annual share price increase and 50% for the relative total shareholder return (relative TSR), each measured over the four-year performance period.

Once the four-year performance period has ended, the Supervisory Board shall then review the extent to which the targets have been achieved. The individual target achievement is then measured in terms of whether and indeed how many virtual shares were actually vested. The maximum possible number of PSUs (100% of granted PSUs) are vested if the maximum value of the share price increase target and the maximum value of the relative TSR target, as defined in advance by the Supervisory Board for each tranche, are achieved. At least 50% of granted PSUs are vested if the share price increase threshold and the relative TSR threshold, as defined in advance by the Supervisory Board for each tranche, are achieved.

Each plan tranche is subject to a performance period of four years. The annual share price increase is calculated as a compound annual growth rate over the four-year performance period. The relative TSR compares the development of DEMIRE’s total shareholder return with the performance of the return of the EPRA/NAREIT Developed Europe ex UK Index over the four-year period.

At the start of a given year, i.e. the grant date (see above), the maximum value and the threshold for the annual DEMIRE AG share price increase are defined by the Supervisory Board. With regard to the 2021 tranche, the maximum value is 14% per annum and the corresponding threshold is 7% per annum.



REMUNERATION REPORT 2021 1

CONTACT & IMPRINT 19

Likewise, the maximum value and the threshold for the relative TSR performance are also defined in advance by the Supervisory Board. With regard to the 2021 tranche, the maximum value for the relative TSR is 10 percentage points and the corresponding threshold is minus 10 percentage points.

Achievement of the maximum value of both the share price increase target and the TSR target will result in 100% of the granted PSUs being vested. Achievement of the threshold for both the share price increase target and the TSR target will result in 50% of the granted PSUs being vested.

Within the range between the threshold and maximum value within the respective target, 50–100% of the granted PSUs will be vested in a linear manner. If the performance level falls below the threshold in the respective targets, the respective granted PSUs will lapse.

There is no provision for vesting of more than 100% of the granted PSUs.

Regardless of the target achievement or number of vested PSUs, the maximum payment per PSU is capped at 250% of the price when granted.

If, during the LTI term, DEMIRE AG undertakes corporate actions that impact the value of its real shares, the Executive Board member shall be treated in the same way as the owner of real shares in relation to the PSUs granted to him or her. If shares are split or consolidated during the LTI term, the number of PSUs shall be increased or reduced in accordance with the respective rules for the share split or share consolidation. If, during the LTI term, shareholders are granted shares out of the Company's own funds ("bonus shares"), the number of PSUs shall be increased in accordance with the acquisition rules for the real bonus shares.

The inclusion of a remuneration element linked to the share price harmonises the goals and interests of senior management and shareholders.

The incentive given here to Executive Board members to increase the Company's value in a robust and sustainable way, including in their own interests, will therefore benefit everyone.

In addition, use of the relative total shareholder return ensures greater objectivity as this performance criterion is linked to the capital markets and also allows comparisons to be made with peers.

PSUs granted in the 2021 financial year (2021/2025 tranche)

In total, 121,027 (75,795 + 45,232) PSUs were provisionally granted to the Executive Board members in the 2021 financial year [contractually agreed annual allotment divided by the average share price 60 trading days prior to the grant date (for more information see the explanation of "grant date" above)]:

DETAILED BREAKDOWN OF PSUs GRANTED

	Contractually agreed annual allotment	Allotment price (Average DEMIRE share price 60 trading days prior to the grant date)	Number of provisionally allotted PSUs
Ingo Hartlief	EUR 310,000 gross	EUR 4.09	75,795
Tim Brückner	EUR 185,000 gross	EUR 4.09	45,232

REMNERATION REPORT 2021	1
CONTACT & IMPRINT	19

OTHER REMUNERATION PROVISIONS IN THE 2021 FINANCIAL YEAR

Details regarding the defined maximum remuneration amounts for Executive Board members and compliance with said amounts in the 2021 financial year

The remuneration for Executive Board members is capped by value. The variable remuneration elements are subject to upper limits.

A maximum limit of 200% of the target amount is therefore stipulated for the short-term incentive (bonus).

The LTI (virtual stock option programme) also stipulates various capping provisions.

With regard to the 2019/2023 tranche, a cap is in place by way of an annual allotment stipulated in the contract. Furthermore, the actual payment amount depends on the long-term performance of the Company's share price and is capped at a maximum amount determined on an individual basis for the respective Executive Board member (a maximum amount of EUR 220,000 gross for Mr Ingo Hartlief and a maximum amount of EUR 75,000 gross for Mr Tim Brückner).

With regard to the 2020/2024 and 2021/2025 tranches, it is not just the allotment that is capped by way of an annual amount stipulated in the contract. There is also no provision for vesting of more than 100% of the granted PSUs. Thirdly, the maximum payment per PSU is capped at 250% of the share price as at the grant date, regardless of the target achievement or number of vested PSUs.

The following illustration shows that these maximum limits were all complied with in relation to the variable remuneration granted and owed in the 2021 financial year:

Compliance with the stipulated maximum amounts with regard to the variable remuneration elements in the 2021 financial year

INGO HARTLIEF – CHAIRMAN OF THE EXECUTIVE BOARD SINCE 20 DECEMBER 2018

in EUR (gross)		Target remuneration	Maximum	Payment
One-year variable remuneration	Bonus for 2021 (short-term incentive)	190,000	380,000	380,000 (Bonus for FY 2020, see above)
	Virtual stock option programme (LTI) (2021/2025 tranche)			
Multi-year variable remuneration	Value of granted PSUs (2021/2025 tranche) = 310,000	310,000	775,000 (Cap of 2.5x upon payment)	-

TIM BRÜCKNER – CHIEF FINANCIAL OFFICER SINCE 1 FEBRUARY 2019

in EUR (gross)		Target remuneration	Maximum	Payment
One-year variable remuneration	Bonus for 2021 (short-term incentive)	115,000	230,000	230,000 (Bonus for FY 2020, see above)
	Virtual stock option programme (LTI) (2021/2025 tranche)			
Multi-year variable remuneration	Value of granted PSUs (2021/2025 tranche) = 185,000	185,000	462,500 (Cap of 2.5x upon payment)	-

No overall maximum remuneration amount was stipulated for the Executive Board for the 2021 financial year.



REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

Given that no overall maximum remuneration amount has been stipulated for the 2021 financial year, no such review can take place for the 2021 financial year.

REMUNERATION UPON TERMINATION OF CONTRACT IN THE 2021 FINANCIAL YEAR

Severance payment provisions

In the event that the appointment of an individual as an Executive Board member is effectively revoked pursuant to Section 84(3) AktG without there being a compelling reason for the Company to effect extraordinary termination within the meaning of Section 626(1) of the German Civil Code (BGB) or without such revocation being based on a gross dereliction of duties or inability to properly manage the Company's affairs within the meaning of Section 84(3) AktG, the employment contracts of the Executive Board member may provide for a severance payment to compensate for the residual remuneration claims for the period up to the regular end of the respective employment contract of the Executive Board member. A maximum remaining contractual term of two years shall be considered for this purpose. The severance payment must not exceed an amount equating to two years' annual salary plus fringe benefits and must not provide remuneration for more than the remaining term ("severance payment cap"). The severance payment cap is calculated based on the total remuneration for the past financial year and, where applicable, the expected total remuneration for the current financial year. Only the following elements are taken into account for the calculation here:

- The fixed annual basic salary
- 100% of the bonus (STI)
- 100% of the allotment of the virtual stock option programme (LTI)

If the respective Executive Board member has resigned for "good cause", has not received an extension of his or her Executive Board employment contract or ends his or her activity as an Executive Board member owing to disability (invalidity), retirement or death (also known as a "good leaver"), the performance share plan will differ as follows.

In the event of disability (invalidity) or death, all granted and vested PSUs shall be paid out immediately at the DEMIRE AG share price valid at that time, regardless of the extent of any target achievement. In all other instances constituting a good leaver, provision is in place for an accelerated pro-rata vesting of outstanding and/or granted PSUs. No further amounts shall be granted from other tranches. Payment shall be made at the date originally specified and regardless of the extent of any target achievement. The Supervisory Board may deviate from these provisions in justified individual circumstances.

Post-contractual non-competition clause

No post-contractual non-competition clauses have been agreed in the employment contracts. As a result, there is no provision in place in the remuneration system for payment of compensation for restrictions on competition.

Change of control

In the event of (a) the direct or indirect acquisition of control of at least 50% of the voting rights of the Company or (b) a comparable situation that would similarly restrict the Executive Board's managerial authority over the Company, the Supervisory Board may decide to continue or bring about early termination of the virtual stock plan and settle any such early termination at its own discretion. If the Supervisory Board decides in favour of paying out the PSUs early as part of a change of control, this must be completed, where possible, either immediately or, at the very latest, three months after notification of the change of control or comparable situation is received. If, within twelve months of a change of control and in the case of the continuation of the virtual stock plan, the managerial authority of an Executive Board member is restricted or the benefits contractually assured to the Executive Board member are reduced, the Executive Board member in question will be treated as a good leaver in the event of termination within twelve months of the change of control with regard to the severance payment for instruments already granted and yet to be vested (for more information see 'Severance payment provisions').



REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

There is no provision in place for additional assurances of benefits arising from the early termination of the employment contract by the Executive Board member as a result of a change of control.

Malus/clawback

In line with the Old remuneration system, the Supervisory Board has the option under Section 87(2) AktG to reduce the payments or other benefits.

Furthermore, in the event of a clear and unequivocal gross breach by the Executive Board member in his or her capacity as an Executive Board member, of one of his or her material duties to exercise skill and care within the meaning of Section 93 AktG or of one of his or her other material duties under the terms of his or her employment contract, the Supervisory Board may also exert its reasonable discretion (under Section 315 BGB) in reducing the bonus granted for the financial year in which the breach occurred and the PSUs granted for the financial year in question, either in part or in full to zero.

The decision to be made at the Supervisory Board's discretion must take into account the severity of the breach, its consequences for the Company (including in particular financial and reputation damage) and the degree of fault on the part of the Executive Board member. The Supervisory Board must also ensure it observes the principle of proportionality in making its discretionary decision. Furthermore, the Supervisory Board must also consult the Executive Board member prior to a corresponding decision being taken and give him or her the opportunity to give his or her opinion subject to granting a reasonable deadline (hearing period). The variable remuneration may only be reduced by more than 50% if the Executive Board member acts with gross intent or a substantial loss is incurred. The Supervisory Board may only make a decision on reducing remuneration within three months of the date on which the Chairman of the Supervisory Board becomes aware of the facts relevant to making the decision on reducing remuneration (the start date of the period is similarly in accordance with Section 626(2)(2) BGB). However, a decision may not be taken any later than three years after the gross breach occurs. In

the case of ongoing breaches, the start date of said breaches must be taken into account. The periods laid down in the aforementioned are suspended during the hearing period (similar to Section 209 BGB).

If the bonus or LTI had already been paid out by the date the decision on reducing remuneration was taken, the Executive Board member must return any overpayments that he or she received. This repayment obligation is limited to the net amount paid to the Executive Board member.

The Company is also entitled in such cases to offset these amounts against the Executive Board member's other remuneration claims. A plea of impoverishment within the meaning of Section 818(3) BGB is excluded in this regard.

Any compensation claims by the Company against the Executive Board member arising in particular from Section 93(2) AktG, as well as the Company's entitlement to terminate for good cause within the meaning of Section 626(1) BGB, shall remain unaffected by this.

In the event that the Executive Board member is unable to work for more than 90 calendar days in total in the respective financial year ("threshold"), the bonus and LTI for the respective financial year shall be reduced by 1/365th for each day of the respective financial year that the inability to work continues beyond the threshold or increases. If the employment contract was not in force for the entire financial year, the 90-day threshold will be reduced accordingly on a pro-rata basis.

Certain circumstances surrounding an individual's departure may result in the PSUs lapsing. In cases involving bad leavers, provision is in place for all PSUs granted to lapse without any compensation. The term "bad leaver" in this sense refers to an Executive Board member whose termination was not down to "good cause" or whose Executive Board employment contract was terminated for good cause (cf. Section 626 BGB, for example).



REMUNERATION REPORT 2021	1
CONTACT & IMPRINT	19

Third-party benefits

During the 2021 financial year, no Executive Board member was promised or granted benefits from a third party regarding his or her activity as an Executive Board member.

Remuneration for Executive Board and/or Supervisory Board mandates both within and external to the DEMIRE Group

Remuneration benefits paid to undertake any intra-Group Supervisory Board mandates or similar functions are accounted for against the fixed annual salary. No provision is in place for separate remuneration for assuming an Executive Board mandate at Fair Value REIT-AG.

Mr Tim Brückner was appointed CEO of Fair Value REIT-AG on 20 May 2019. Mr Ingo Hartlief was appointed Vice Chairman of the Supervisory Board of Fair Value REIT-AG on 20 May 2019.

As part of a reclassification agreement with Fair Value REIT-AG, it was agreed that salary expenses (fixed remuneration) for Mr Tim Brückner, including incidental personnel expenses and additional remuneration such as a company car, are to be passed on to Fair Value REIT-AG on a pro-rata basis. A reallocation was charged at a ratio of 30%.

Mr Ingo Hartlief and Mr Tim Brückner did not observe any Executive Board and/or Supervisory Board mandates external to the Group during the 2021 financial year.

Detailed breakdown of Executive Board member remuneration during the 2021 financial year

Illustration of remuneration (including respective relative proportion) granted or owed to Executive Board members Ingo Hartlief and Tim Brückner for the 2021 financial year pursuant to Section 162 AktG

The tables below show the fixed and variable remuneration elements granted and owed to the Executive Board members Ingo Hartlief and Tim Brückner for the 2021 financial year. This illustration also includes the respective relevant proportion

pursuant to Section 162 AktG. This includes the basic remuneration paid during the financial year, the fringe benefits incurred, the pension expenses paid out and the bonus paid out in the 2021 financial year, which was vested in the 2020 financial year.

The virtual stock option programme is also shown for the sake of completeness. However, given that the four-year period has yet to finish, none of the relevant amounts was granted or owed in the 2021 financial year.

REMUNERATION GRANTED AND OWED PURSUANT TO SECTION 162 AKTG FOR FY 2021

Ingo Hartlief – Chairman of the Executive Board since 20 December 2018

		in EUR (gross)	in %
Fixed remuneration components			
Fixed remuneration	Basic remuneration 2021	400,000.00	50.66
	Fringe benefits 2021	4,622.04	0.59
	Pension expenses 2021	4,976.88	0.63
Total		409,598.92	51.88
Variable remuneration components			
One-year variable remuneration	2020 bonus (payment in March 2021)	380,000.00	48.13
	LTI 2019/2023	–	–
	LTI 2020/2024	–	–
Multi-year variable remuneration	LTI 2021/2025	–	–
	Total	380,000.00	
Total		789,598.92	100.00
TOTAL REMUNERATION		789,598.92	100.00



REMUNERATION REPORT 2021 1

CONTACT & IMPRINT 19

REMUNERATION GRANTED AND OWED PURSUANT TO SECTION 162 AKTG FOR FY 2021

Tim Brückner – Chief Financial Officer since 1 February 2019

		in EUR (gross)	in %
Fixed remuneration components			
	Basic remuneration 2021	240,000.00	46.25
	Fringe benefits 2021	18,000.00	3.47
Fixed remuneration	Pension expenses 2021	30,905.28	5.96
Total		288,905.28	55.68
Variable remuneration components			
One-year variable remuneration	2020 bonus (payment in March 2021)	230,000.00	44.32
	LTI 2019/2023	-	-
	LTI 2020/2024	-	-
Multi-year variable remuneration	LTI 2021/2025	-	-
Total		230,000.00	
Total			
TOTAL REMUNERATION		518,905.28	100.00

Remuneration granted and owed to former Executive Board members during the 2021 financial year

At the present time, a long-term incentive remains in place for the former Executive Board member Andreas Steyer in the form of a stock option plan. The long-term incentive arising from the 2015 stock option plan is owed to Mr Steyer. In the 2015 financial year, share-based payments were issued for this purpose in the form of subscription rights (stock options) to the Executive Board of DEMIRE AG and to a selected group of persons within the DEMIRE Group. The stock option programme is an option plan that is settled with equity instruments (equity-settled share option plan). The option plan only provides for the possibility of settling the stock option programme in shares of DEMIRE AG. Accounting for the share-based payments issued is in accordance with IFRS 2. The exercise of subscription rights is subject to the Company's share price in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) being at least 10% higher than the basic price on the trading day preceding the exercise of the subscription rights. 400,000 stock options were issued to Mr Steyer. The fair value of each option from the first tranche was EUR 2.74. In the period under review, there were no changes in the number of shares issued in comparison to the previous period. The option term is nine years from the issue date. The first four years constitute a vesting period. In the reporting period, no further expenses arose from this stock option programme. This was also the case the previous year.

Virtual stock option programmes were set up for the Executive Board member Ralf Kind back in 2017 and 2018. A provision was formed to the amount of the potential outstanding compensation. This is because the parties are still in litigious discussions about this.

Former Executive Board members did not receive any remuneration in the 2021 financial year.



REMUNERATION REPORT 2021 1

CONTACT & IMPRINT 19

SUPERVISORY BOARD REMUNERATION FOR THE 2021 FINANCIAL YEAR

Basic structure of the Supervisory Board remuneration

The remuneration system for the Supervisory Board is laid down in Section 16 of the Articles of Association. This ensures that the remuneration for Supervisory Board members is always in line with the remuneration system approved at the Annual General Meeting. Pursuant to Section 16 of the Articles of Association, Supervisory Board members are entitled either to a fixed remuneration element or an attendance fee. An attendance fee may also be stipulated for committee members. A remuneration amount payable annually may be stipulated for Supervisory Board members. The value of said remuneration is to be decided at the Annual General Meeting. The most recently resolved remuneration will remain valid until the Annual General Meeting resolves on amended remuneration. In the case of committee members, an attendance fee may be stipulated alongside the remuneration amount payable annually. The value of said attendance fee is to be decided at the Annual General Meeting. As an alternative to the remuneration amount payable annually, an attendance fee may be stipulated for Supervisory Board members. The value of said attendance fee is also to be decided at the Annual General Meeting. The Chairman receives triple the remuneration amount payable annually to a regular Supervisory Board member, while the Vice Chairman receives double said remuneration. Supervisory Board members who were only part of the Supervisory Board for a portion of a given financial year shall receive their remuneration on a pro-rata basis.

The remuneration is payable within one month of the end of the respective financial year. Supervisory Board members also receive compensation for all expenses they incur as a result of exercising their official duties, along with compensation for any VAT to be paid on their remuneration and expenses. Where such a policy exists, Supervisory Board members are covered by a directors' and officers' liability insurance policy taken out by the Company in its own interest, and featuring appropriate cover for members of executive bodies. The premiums for this policy are paid by the Company. A resolution was passed at the Annual General Meeting held on 28 April 2021 to increase the Supervisory Board remuneration from EUR 30,000.00 to EUR 40,000.00 for each regular Supervisory Board member, with effect from the

start of the 2021 financial year, as a result of the significantly increased workload of the Supervisory Board members, due in particular to the complex regulatory requirements and the large amount of time associated with this. The Chairman of the Supervisory Board shall receive triple the aforementioned amount and the Vice Chairman shall receive double the aforementioned amount. Any VAT accruing on these amounts, where applicable, shall also be paid.

Details regarding the specific Supervisory Board remuneration for the 2021 financial year

The table below shows the remuneration granted to the current Supervisory Board members for the 2021 financial year, including the respective relative proportion pursuant to Section 162 AktG. Former Supervisory Board members are not included as they did not receive any remuneration for the 2021 financial year. Pursuant to Section 16(3) of the Company's Articles of Association, the Supervisory Board remuneration is due within one month of the end of the financial year in question. The illustration below includes the fixed annual remuneration for Supervisory Board activities during the 2020 financial year, which was paid out in the 2021 financial year. The payment of an attendance fee in line with the remuneration alternative selected herein is provided solely for committee members. No attendance fees were accrued in either the 2020 financial year or the 2021 financial year.

REMUNERATION GRANTED TO SUPERVISORY BOARD MEMBERS IN THE 2021 FINANCIAL YEAR

	Fixed remuneration		Total remuneration	
	in EUR	in %	in EUR	in %
Current Supervisory Board members				
Prof. Dr Alexander Goepfert	90,000	100	90,000	100
Frank Hölzle	60,000	100	60,000	100
Dr Kerstin Hennig	30,000	100	30,000	100
TOTAL	180,000	100	180,000	100



REMUNERATION REPORT 2021 1
CONTACT & IMPRINT 19

Comparative presentation pursuant to Section 162(1) No. 2 AktG

The following table illustrates the annual change in remuneration granted and owed to current and former Executive Board and Supervisory Board members, the Company's earnings performance and the remuneration of employees on a full-time equivalent basis, with the latter based on the average wages and salaries earned by employees of DEMIRE AG in the respective financial year, namely including any benefits in kind, bonuses, cars, statutory pension scheme contributions, maternity allowances, housing allowances and so on.

COMPARATIVE ILLUSTRATION PURSUANT TO SECTION 162(1) NO. 2 AKTG FOR EXECUTIVE BOARD MEMBERS

	Remuneration granted and owed for 2021	Remuneration granted and owed for 2020	Change in 2021 compared to 2020		Change in 2020 compared to 2019		Change in 2019 compared to 2018		Change in 2018 compared to 2017	
	in EUR	in EUR	in EUR	in %	in EUR	in %	in EUR	in %	in EUR	in %
Current Executive Board members										
Ingo Hartlief	789,598.92	1,104,221.36	-314,622.44	-28	770,027	230	323,727.17	-	-	-
Tim Brückner	518,905.28	339,143.18	179,762.10	53	111,213	49	-	-	-	-
Former Executive Board members										
Ralf Kind	-	-	-	-	-3,418.08	-100	-667,207.76	-99	146,625.84	28
Employees										
Employee average	106,702.89	95,656.46	11,046.43	12	-10,662.43	-10	5,628.61	6	-9,233.38	-8
Development of earnings										
Net income for the financial year – DEMIRE Group (in EUR thousand)	61,587	9,167	52,420	572	-70,571	-89	10,685	15	49,621	255
Net income for the financial year – DEMIRE AG (in EUR thousand)	32,843	29,168	3,675	13	26,472	982	-90,630	-97	139,095	N/A



REMUNERATION REPORT 2021 1

CONTACT & IMPRINT 19

COMPARATIVE ILLUSTRATION PURSUANT TO SECTION 162(1) NO. 2 AKTG FOR SUPERVISORY BOARD MEMBERS

	Remuneration granted and owed for 2021	Remuneration granted and owed for 2020		Change in 2021 compared to 2020		Change in 2020 compared to 2019		Change in 2019 compared to 2018		Change in 2018 compared to 2017	
		in EUR	in EUR	in EUR	in %	in EUR	in %	in EUR	in %	in EUR	in %
Current Supervisory Board members											
Alexander Goepfert	90,000	90,000	0.00	0	0.00	0	0.00	0	-	-	
Frank Hölzle	60,000	60,000	0.00	0	0.00	0	0.00	0	0.00	0	
Kerstin Hennig	30,000	30,000	0.00	0	0.00	0	-	-	-	-	
Former Supervisory Board members											
Hermann Wagner	-	-	-	-	-	-	0.00	0	0.00	0	
Thomas Wetzel	-	-	-	-	-	-	0.00	0	0.00	0	
Employees											
Employee average	106,702.89	95,656.46	11,046.43	12	-10,662.43	-10	5,628.61	6	-9,233.38	-8	
Development of earnings											
Net income for the financial year – DEMIRE Group (in EUR thousand)	61,587	9,167	52,420	572	-70,571	-89	10,685	15	49,621	255	
Net income for the financial year – DEMIRE AG (in EUR thousand)	32,843	29,168	3,675	13	26,472	982	-90,630	-97	139,095	N/A	





REMUNERATION REPORT 2021 1

CONTACT & IMPRINT 19

CONTACT & IMPRINT

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