

Remuneration system for the management board members 2022

(Agenda item 9: Approval of the remuneration system for the management board members 2022)

1. Principles of the remuneration system for the management board members

alstria is a German office specialist which manages a portfolio of office properties located in selected German cities over their entire lifecycle. The German office real estate stock has been underinvested in years. This given, most of the existing buildings fail to meet the everchanging needs of a modern corporate tenant. A company that has both, the technical know-how to turn-around the assets and the financial means to execute these turn-arounds, will thrive for the years to come. alstria's corporate strategy is based on the following principles:

Operational excellence:

- alstria concentrates its investment on a limited number of markets. These are the most liquid and dynamic markets from a real estate investment perspective as well as from a tenant demand perspective. All of these markets have an above average population growth prospect in common. alstria deploys a local presence in each of the markets in which alstria operates and develops proprietary knowledge on the market dynamic overtime.
- alstria integrates the full value chain of real estate. Over its lifecycle all assets will move from Core, to Core-plus to Value-add. alstria strives to be in a position to manage the assets at any phase of their lifecycle and to capture the specific opportunities that are offered by each phase.
- Internal technical knowledge is a key factor to success. While alstria relies on service providers to operate its portfolio, it needs to keep pace with the necessary technical knowledge in order to make educated decisions and to implement better controls.
- Operational excellence goes hand in hand with a state-of-the-art IT infrastructure that supports alstria's operations, allows for efficiency gains, and a better risk management across the organization.

Financial discipline:

- Transparency, reliability, and first-class corporate governance are the cornerstones of alstria's capital market approach and corporate behaviour.
- alstria believes that the initial acquisition price of a property has a significant effect on the overall performance of alstria going forward. As such alstria applies strict underwriting criteria to its investments. Properties are underwritten based on unlevered scenarios on a risk-adjusted basis. This approach allows alstria to assess the potential profitability of a transaction on a long-term sustainable basis, without consideration given to short-term financial market specificities.
- alstria is a total return business, which strives to outperform the returns of the underlying property markets.

| Key points of alstria's strategy | |
|--|--|
| Operational Excellence | Financial Discipline |
| <ul style="list-style-type: none"> • Focus on a limited number of markets, with local presence in each market • Management of the assets over their entire lifecycle • Best-in-class efficient organization supported by up-to-date IT infrastructure | <ul style="list-style-type: none"> • Reliability, transparency and first-class corporate governance as cornerstones of the capital market approach • Total return business, striving for both capital and revenue growth |

The management board remuneration system as applicable as of January 1, 2022 (“**Management Board Remuneration System 2022**”), to be approved by the annual general meeting in 2022, is designed to be clear and understandable and to support the long-term and sustainable development of alstria. The system is geared towards transparent, performance-related remuneration that is strongly linked to the success of alstria and depends, in particular, on the achievement of long-term targets.

The Management Board Remuneration System 2022 has been designed to properly address the challenges and opportunities of alstria's strategy and takes into consideration the recent developments since the approval of the prior management board remuneration system 2021 by the annual general meeting 2021 (“**Management Board Remuneration System 2021**”):

In order to achieve operational excellence and reliability, alstria's operations need to be managed tightly, while keeping the flexibility to react to a changing environment. alstria uses the Funds from Operations (“**FFO**”), as an indicator for its cash generating capacity. It guides the market annually on both its expected revenue generation and its projected FFO. As such, the ability of the management board to properly manage the FFO generation capability is key to achieving alstria's strategic goal on the short-term. The Short-Term Incentive (“**STI**”) therefore measures the performance based on the achieved FFO per share.

The nature of alstria's business is long-term by default. It takes between two to three years between the start of a refurbishment and the ability to access its actual results. In that timeframe, a number of changes that are exogenous to the company might influence the performance. The management's Long-Term Incentive (“**LTI**”) is designed to measure the shareholder value that is created by alstria considering the above. If alstria is able to achieve its operating targets it is able to use its cash flow in particular for reinvestments in favor of return-accretive recycling of available cash.

At the time the Management Board Remuneration System 2021 was resolved, alstria had a very diverse shareholder structure which made the share price one of the key indicators to measure the shareholder value and, hence, the performance of the management board members by using alstria's share price performance in the calculation of the LTI as part of the Management Board Remuneration

System 2021. Since the capital market was informed of the takeover offer to alstria's shareholders in the beginning of November 2021, alstria's share price has become severely restricted by the high level of the shareholding of alstria's major shareholder and the relatively low number of other shareholders. As a consequence, the share price is unlikely to develop in the future and is no longer a suitable indicator for the performance of the management board members.

alstria has designed a long-term incentive scheme for its eligible employees which focusses the attention of the company on meeting operational hurdles over a period of two years ("**Alstria Collective Employee Scheme**" or "**ACES**").

In order to achieve a full alignment of the organization, the management board's LTI will follow the structure of the ACES program both in terms of maturity and source for the KPIs. Provisions of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**") and recommendations for the remuneration system for members of the management board in section G of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*, "**GCGC**") provide the regulatory framework for the remuneration system.

This Management Board Remuneration System 2022 applies to all members of alstria's management board as of January 1, 2022, provided that the annual general meeting grants its approval. In case of new appointments, the service contract will also be based on this system.

2. Procedure for determining and implementing the remuneration system

The supervisory board is responsible for determining, implementing and reviewing the remuneration of the management board. The nomination and remuneration committee formed from among the members of the supervisory board discusses and reviews the remuneration system for the management board at regular intervals and whenever necessary and prepares resolutions on any changes. Therefore, any changes or relevant updates for the remuneration system will be prepared by the nomination and remuneration committee. However, the whole supervisory board is responsible for the final decision.

The Management Board Remuneration System 2022 approved by the supervisory board will be submitted to the annual meeting of shareholders for approval at the annual general meeting in 2022. In the future, the remuneration system will be submitted to the general meeting for approval in the event of significant changes, but at least every four years. In the unlikely event that the annual general meeting does not approve the Management Board Remuneration System 2022, the implementation as per January 1, 2022 will not be done and the existing remuneration system as approved by the annual general meeting in 2021 would remain in force. In such case, a revised remuneration system will be put to the vote at the following general meeting.

The total remuneration of the individual management board members is determined by the supervisory board and covers all activities within the alstria Group. Criteria for the appropriateness of the remuneration include the duties of the individual management board member, the personal performance, the economic situation, the success and future prospects of alstria, as well as the customary nature of the remuneration, taking into account the competitive environment and the remuneration structure otherwise applicable in alstria.

In order to assess the customary nature of remuneration within alstria, the ratio of management board remuneration to the remuneration of senior management reporting directly to the management board and of all employees is taken into account. Thereby, alstria regularly compares the average compensation levels (fixed salary, bonus, participation rights, excluding pension and healthcare) and reviews and publishes the CEO pay ratio, which shows the CEO total compensation in relation to the median total compensation of all employees and managers.

A lack of independence and conflicts of interest of members of the supervisory board and its nomination and remuneration committee may prevent independent advice and supervision when determining the remuneration of the management board. The supervisory board's nomination and remuneration committee is composed of members independent from the Company and its management board. Furthermore, the members of the supervisory board and the nomination and remuneration committee are required by law, the GCGC and the internal rules of procedure for the supervisory board to disclose immediately any conflicts of interest they may have. In such cases, the supervisory board takes appropriate measures to take account of the conflict of interest. For example, the members concerned do not participate in discussions and resolutions.

3. Overview of the Management Board Remuneration System 2022

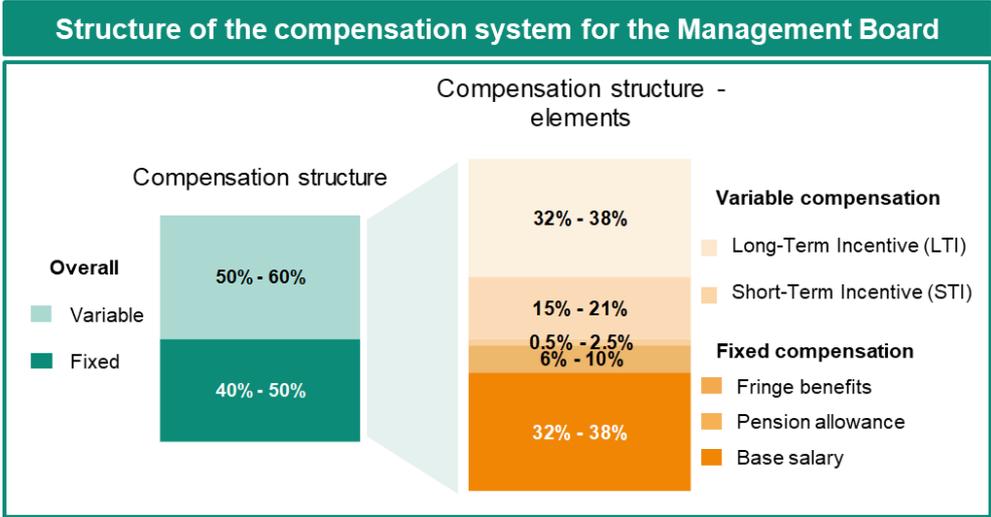
The following table summarizes the remuneration components and further contractual provisions of the remuneration system 2022 which are described in more detail below. Significant changes compared with the Management Board Remuneration System 2021 are highlighted in bold in the table and explained in more detail under no. 6 below.

| | | | | |
|--|--|--|---|------------|
| Fixed remuneration | Annual base salary | • Annual base salary paid in twelve monthly installments | | |
| | Pension allowance | • Monthly grants of cash for private pension purposes | | |
| | Fringe benefits | • Use of company cars and insurance premiums | | |
| Variable remuneration | Short-Term Incentive Plan | Type of plan | • Target bonus | |
| | | Performance period | • 1 year | |
| | | Targets | • 100% FFO per share (0% -150%) [<i>used to be: 80% plus 20% ESG targets</i>] • Individual multiplier (0.8-1.2) | new |
| | | Payout | • Payout 0% - 150% of target amount in cash | |
| | Long-Term Incentive Plan | Type of plan | • Long term target bonus [<i>used to be: Stock Awards Plan</i>] | new |
| | | Performance period | • 2 years [<i>used to be 4 years</i>] | new |
| | | Targets | • Budget based KPIs or projects of relevance for the Company (0-115%) [<i>used to be: 25% Absolute TSR (0 - 150%) and 75% Relative TSR (0 - 150%)</i>] | new |
| | | Payout | • Payout 0% - 115% of target amount in cash [<i>used to be: 0% - 250% of target amount in shares or in cash</i>] | new |
| Malus & Clawback | • Reduction of variable remuneration which has not been paid out and reclaim of variable remuneration which has been paid out in cases of compliance violations and/or incorrect consolidated financial statements | | | |
| Termination in case of change of control | • Management Board members are considered not to be responsible for a withdrawal after a change of control for up to 12 months after a change of control | | | |
| Share Ownership Guidelines | • None [<i>used to be: Management Board members were obliged to hold shares amounting to three times annual gross base salary</i>] | new | | |
| Maximum remuneration | • Maximum remuneration p.a. for the CEO is EUR 2,600,000 and for the CFO EUR 2,100,000. | | | |

3.1. Remuneration structure

The remuneration of the members of the management board comprises fixed and variable remuneration. The fixed remuneration consists of an annual base salary, a pension allowance and fringe benefits. The variable remuneration is composed of short-term and long-term variable remuneration components. Management board remuneration is geared towards the long-term and sustainable development of alstria. Therefore, the portion of the LTI outweighs the portion of the STI.

The remuneration structure of total target remuneration is similar for CEO and CFO. The ranges for the portions of the remuneration components are therefore shown consolidated in the following chart:



3.2. Maximum remuneration

Pursuant to section 87a paragraph 1 sentence 2 number 1 AktG, the supervisory board is required to set a maximum remuneration for all remuneration elements, comprising base salary, fringe benefits, pension allowance and short-term variable and long-term variable remuneration.

For the CEO, the maximum remuneration that can be paid by the company in relation to any given year is EUR 2,600,000. For the CFO and potential future ordinary management board members, maximum remuneration that can be paid in relation to any given year is set at EUR 2,100,000. Extraordinary performance is required to actually achieve these maximum amounts.

3.3. Fixed remuneration

Fixed remuneration for the management board consists of an annual base salary, a pension allowance and fringe benefits:

3.3.1. Annual base salary

Annual base salary is paid in twelve equal monthly installments at the end of each month. If the service contract begins or ends during a financial year, the annual base salary for that financial year shall be payable on a *pro rata temporis* basis.

3.3.2. Pension allowance

alstria grants the members of the management board a monthly cash amount for pension purposes. This pension allowance is defined as an absolute euro amount for each member of the management board in their respective service contract. For reasons of transparency and risk management, alstria has chosen a private pension plan for the management board members. Thus, there are no unforeseen future liabilities for alstria for pension claims.

3.3.3. Fringe Benefits

Members of the management board also receive benefits in kind; these mainly consist of insurance premiums for disability and life insurances and the private use of a company car. As a remuneration component, these fringe benefits are taxable. Income tax for the company car incurred through private use is borne by the management board member. In principle, all management board members are equally entitled to fringe benefits, while the amount varies depending on their personal situations.

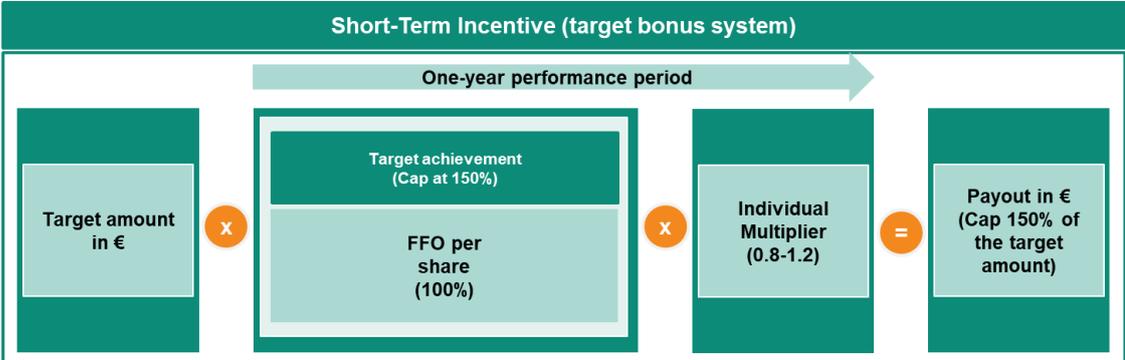
In order to attract the most suitable candidates, the supervisory board may grant newly joining management board members additional fringe benefits such as a housing allowance or relocation costs. In case a newly joining management board member foregoes long-term variable remuneration at the former employer, such amount may be compensated as a one-time payment against the provision of evidence. All fringe benefits including a one-time payment to compensate foregone long-term variable remuneration at a previous employer are included in the maximum compensation and therefore capped.

3.4. Variable remuneration

Variable remuneration consists of two components with different performance periods.

3.4.1. Short-Term Incentive (STI)

As a short-term performance-based remuneration component, the STI is linked to the development of



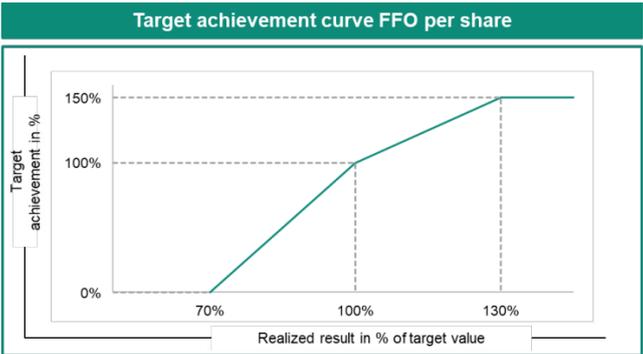
* Funds From Operations

certain quantitative performance targets. It is designed as a target bonus system. A possible STI payout amount is calculated as the overall target achievement times the individual target amount as indicated in the respective service contract; it is capped at 150% of the individual target amount (cap) and is paid out in cash. Overall target achievement is determined based on the weighted target achievement of the performance targets. The performance targets support alstria’s strategy. In addition to the performance targets, an individual multiplier ranging between 0.8 to 1.2 is applied to determine the final payout. The STI functions as follows:

The STI performance target is the FFO per share. Funds From Operations are a key metric of alstria's strategy since they define the cash flow from operations. FFO per share is a non-GAAP metric which is frequently used for real estate companies in lieu of earnings per share. alstria publishes annually its FFO and FFO per share as well as a detailed reconciliation with its IFRS accounts.

The impact that acquisitions or disposals and changes to alstria's share capital have on the FFO per share for a financial year, will be disregarded by the supervisory board to guarantee a fair and well-balanced incentive.

The payout amount of the STI depends on the degree of target achievement for the FFO per share. The ratio of the FFO per share actually achieved during the financial year is measured against the budgeted FFO per share. Target achievement for the FFO per share target can range between 0% and 150%. For a payout to occur, at least 70% of the performance target value must be achieved (threshold). If the actually achieved FFO per share is equal to the budgeted FFO per share the target achievement will be 100%. A maximum of 130% of the performance target value can be achieved (cap) and results in a target achievement of 150%. Within the range of 0% and 150%, target achievement for FFO per share is calculated by using linear interpolation and commercially rounded to two decimal places.



The preliminary payout value achieved is multiplied with an individual multiplier ranging between 0.8 and 1.2. This enables the supervisory board to take into account the personal performance of the individual management board member in addition to the achievement of financial targets. Criteria for this can include the individual performance of the management board member in the relevant financial year as well as his/her responsibilities within the alstria group. In addition, extraordinary events or developments can be considered at the supervisory board's reasonable discretion within the range of the multiplier. In any case, payouts from the STI cannot exceed 150% of the target amount.

The respective FFO per share as well as the resulting target achievement will be published *ex post* in the remuneration report. In addition, the rationale for the application of the individual multiplier will be explained.

3.4.2. Long Term Incentive (LTI)

The Long Term Incentive Plan is constructed as an incentive scheme to reward general performance and overall achievement of the Company. In each financial year, the members of the management board are granted an LTI tranche (“**LTI Tranche**”). The supervisory board decides upon the issuance of LTI Tranches. The issuance date (“**Issuance Date**”) will be January 1 of the respective financial year for which the LTI is granted. The supervisory board sets at least 4 Key Performance Indicators (“**KPI**”) which need to be achieved during the performance period (each an “**LTI KPI**”). LTI KPIs will be summarized in a numerical way and correspond to either an explicit quantifiable target in the Company’s multiyear business plan at a specified point in time or the achievement of a project of relevance for the Company. The target achievement can be defined and determined objectively and the time at which the project needs to be achieved is determined and should be within the performance period.

The target value of the LTI Tranche for a 100% payout is determined in the management board service agreement. The payout amount under the LTI is capped at 115% of the granted remuneration amount.

The 2 years performance period will end at December 31 of the financial year following the Issuance Date (e.g. January 1, 2022 to December 31, 2023) (“**Performance Period**”). The supervisory board will measure the achievement of the KPIs in the supervisory board meeting dealing with the last financial statements for the Performance Period. The LTI will be paid out no later than in the month following the adoption of the last financial statements of the Performance Period (“**Payout Date**”).

For the period 2022-2023 the LTI KPIs are defined as follows:

- Income management: value of new leases, option and lease renewal to be achieved over the period,
- Capital Structure: Value of debt to be financed over the period,
- Capital Recycling: Value of assets to be sold over the period,
- Capital Growth: Number of development projects to be delivered (at a given cost) during the period.

The LTI KPIs are equally weighted. As per the Payout Date, the performance achieved for each LTI KPI is determined by dividing the LTI KPIs calculated by the LTI KPI target.

For each LTI KPI, the supervisory board applies a multiplier factor (the “Multiplier”) depending on the achievement of the LTI KPI:

| LTI KPI achievement | Multiplier |
|---------------------|------------|
| < 90% | 0 |
| 90%-110% | 0.85-1.15 |
| > 110% | 1.15 |

The LTI KPI achievement is multiplied with the LTI KPI weight to determine each LTI KPI contribution to the final value of the respective tranche. The final value of the respective tranche is the sum of each individual LTI KPI contribution multiplied with the target value of each LTI granted.

The payment is made *pro rata*, taking into account the number of active months of the respective management board member in the Performance Period.

As described, alstria's share price performance is no longer conclusive and therefore the calculation of the LTI based on the share price performance under the Management Board Remuneration System 2021 has lost its function. Against this background, the performance periods of any outstanding LTI tranches granted to members of the management board for previous years up to and including financial year 2021 (i.e. LTI 2019/2023, LTI 2020/2024, LTI 2021/2025), shall be ended early with effect as of February 3, 2022 and paid out in cash without undue delay afterwards. The LTI 2022/2026 granted to the members of the management board in accordance with the terms and conditions of the Management Board Remuneration System 2021 shall be converted to the Management Board Remuneration System 2022.

3.5 Malus and Clawback of variable remuneration

All variable remuneration components of the management board members are only paid out after the end of the regular performance period. In the event that a management board member deliberately commits a material breach of

- a material duty of care within the meaning of section 93 AktG or
- a material duty under the service contract,

the supervisory board may at its reasonable discretion (section 315 of the German Civil Code (*Bürgerliches Gesetzbuch*, “BGB”)) reduce the unpaid variable remuneration in the performance period of which the breach occurred in part or in full (“Malus”) or reclaim parts or all of the gross amount of any variable remuneration already paid out (“Clawback”).

Notwithstanding the above, management board members must repay any variable remuneration already paid out if and to the extent that

- it turns out after the payment that the audited and approved consolidated financial statement on which the calculation of the payment amount was based was incorrect and must therefore be publicly restated according to legal requirements and the relevant accounting standards, and
- based on the restated, audited consolidated financial statement and the relevant remuneration system, a lower or no payment amount would have been owed from the variable remuneration.

4. Remuneration-related legal provisions

4.1. Terms of management board service contracts

Service contracts are in general concluded for a maximum of five years. Service contracts end automatically with the end of appointment of the management board member without any notice of termination being required.

4.2. Contract termination provisions

In the event of resignation from office by the member of the management board or a withdrawal of the appointment as member of the management board pursuant to section 84 paragraph 3 AktG, the service contract ends after the expiration of the notice period of section 622 BGB. The right of the management board member to terminate the service contract for good cause (*wichtiger Grund*) pursuant to section 626 paragraph 1 BGB remains unaffected.

In case of an early termination of the service contract by mutual agreement, the management board member will receive the remuneration for the rest of the term of the service contract, but no more than the value of two years' full remuneration in any case calculated on the basis of the total remuneration for the foregoing full financial year (severance payment). The same shall apply in case of a withdrawal of the appointment according to section 84 paragraph 3 AktG, (but not in case of resignation by the management board member), if the withdrawal of appointment occurred for reasons the management board member is not responsible for.

Any withdrawal of the appointment occurring within a period of up to twelve months following a change of control, shall be considered as a withdrawal the management board member is not responsible for, unless the withdrawal is for good cause (*wichtiger Grund*) pursuant to section 626 paragraph 1 BGB).

In case within a period of up to twelve months after a change of control the position as member of the management board is materially negatively impacted (e.g. by a material reduction of his responsibilities), the management board member has the right to resign from office and to terminate the service contract with a notice period of three months to the end of a month. In this case, the management board member will receive the severance payment.

A change of control occurs if (i) a third party acquires at least 30% of the voting rights in alstria pursuant to sections 29, 30 German Takeover Law (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) or (ii) alstria as a dependent entity, concludes a corporate agreement within the meaning of section 291 et seq. AktG or (iii) alstria is merged with a non-affiliated entity pursuant to section 2 et seq. of the German Reorganization Act (UmwG), unless the enterprise value of the other entity is, at the time the merger decision is made by the transferring company, less than 20% of alstria's enterprise value.

In the event of a contract termination, the STI shall be forfeited in case the contract is terminated by alstria for good cause or the management board member has terminated the service relationship without notice and without good cause (*wichtiger Grund*). In any other cases, the STI shall remain unaffected.

If a board member retires from service with alstria for reasons of reaching the retirement age, invalidity, occupational disability, early retirement, or death the payment is made *pro rata*, taking into account the number of active months of the respective management board member in the Performance Period. If the service contract with alstria is terminated by alstria for good cause (*wichtiger Grund*) subject to section 626 BGB, the LTI forfeits. The same applies in the event that the management board member has resigned from office without good cause.

4.3. Post-Contractual Non-Compete-Obligation

Post-Contractual Non-Compete-Obligations are agreed with the management board members. For the duration of six months after the termination of the service contract (for whatever reason), the management board member may not exercise any professional activity for an enterprise which is in direct or indirect competition to alstria. The management board member also undertakes, for the duration of six months, not to set up or to acquire or to directly or indirectly participate in such a company. alstria may waive the Post-Contractual Non-Compete-Obligation at any time, and with the expiration of a period of notice of six months.

For the duration of the Post-Contractual Non-Compete-Obligation, alstria shall pay to the management board member a remuneration amounting to 100% of his last base salary. Payment of this remuneration is due at the end of each month. Remuneration from any professional activity which is not in competition to alstria shall be set off accordingly. Furthermore, any severance payment to a management board member will be offset against any payments according to the Post-Contractual Non-Compete-Obligation as far as the severance payment is due for the duration of the Post-Contractual Non-Compete-Obligation.

4.4. Remuneration in case of illness, death, or accident

In case of illness, the payments of the base salary shall be continued during the period of disability for up to six months. The STI shall be paid on a *pro rata temporis* basis, however, for no more than six months.

In the case of death during the term of the service contract, the base salary shall be paid for the month of death and the following three months. The STI shall be paid on a *pro rata temporis* basis until the end of the month of death.

4.5. Secondary activities

Management board members of alstria shall only be permitted to take on any other occupation or secondary occupations against payment or without payment after obtaining prior written confirmation of a consenting resolution of the supervisory board. The members of the management board are not entitled to remuneration for the membership in intra-group supervisory boards. For board mandates outside the group the supervisory board decides whether and to what extent this remuneration shall be offset.

5. Temporary deviations from the remuneration system

Pursuant to section 87a paragraph 2 sentence 2 AktG, the supervisory board is entitled to temporarily deviate from the remuneration system if this is necessary in the interests of the long-term welfare of alstria. A deviation from the remuneration system requires a corresponding resolution of the supervisory board establishing the exceptional circumstances and the necessity of a deviation. Unfavorable market developments are not considered as exceptional circumstances justifying the need to deviate from the remuneration system. Pursuant to section 162 paragraph 1 sentence 2 number 5 AktG, in the event of a deviation, the affected components of the remuneration system from which the deviation was made must be stated in the remuneration report and the necessity of the deviation must be disclosed.

Even in the event of a deviation, the remuneration must be geared towards the long-term and sustainable development of alstria. A temporary deviation from the remuneration system is possible with regard to the following components:

- Modification of the performance criteria of STI and LTI;
- Adjustment of the ranges of possible target achievement for both variable remuneration components;
- Granting of extraordinary fringe benefits to compensate interim expenses; or
- Granting of additional remuneration components or replacement of existing remuneration components to ensure the incentive effect of management board remuneration.

6. Significant changes compared to previous remuneration system

The Management Board Remuneration System 2022, effective from January 1, 2022 (“**Effective Date**”) and applicable to current members of the management board, provided that the annual general meeting approves the Management Board Remuneration System 2022, differs from the previous remuneration system approved by the annual general meeting in 2021 in the following aspects:

- Cancellation of ESG performance targets from the short term incentive (now: 100% FFO per share target)
- Abolishment of alstria's share price as calculation basis and instead introducing operating KPI as performance targets for the LTI.
- Performance period under LTI reduced from four years to two years.
- Payout of the LTI now in cash, capped to 115% (used to be in shares or cash, capped at 250%)
- The performance periods of any outstanding LTI tranches granted to members of the management board for previous years up to and including financial year 2021 (i.e. LTI 2019/2023, LTI 2020/2024, LTI 2021/2025), shall be ended early with effect as of February 3, 2022 and paid out in cash without undue delay afterwards. The LTI 2022/2026 shall be transferred to the new Management Board Remuneration System 2022.
- Cancellation of Share Ownership Guidelines for management board members.