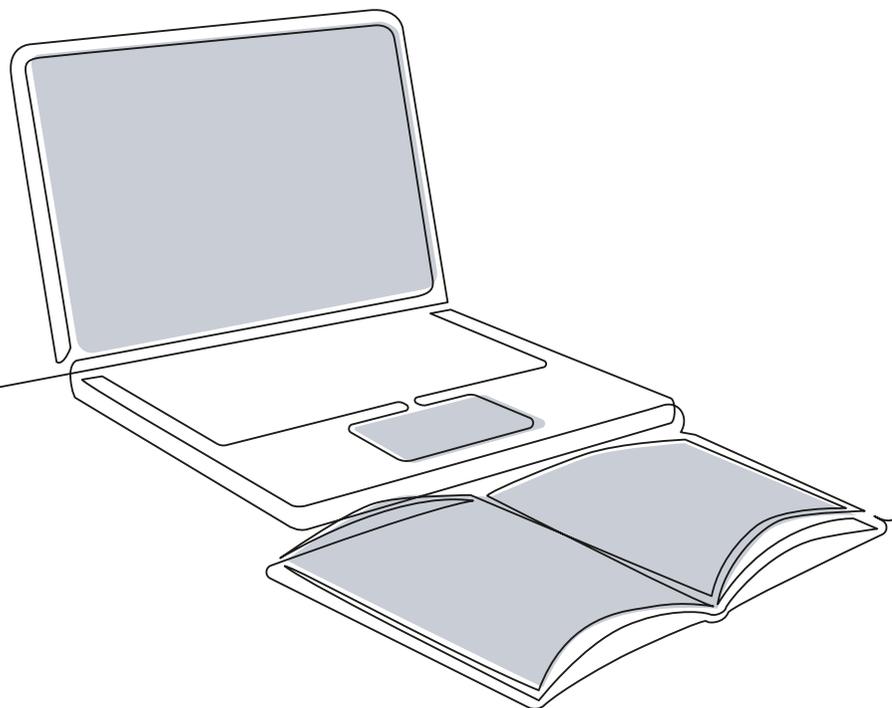


Remuneration report 2021



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Remuneration report

The following remuneration report explains the basic principles of the remuneration system for members of the Management Board and Supervisory Board of HAMBORNER REIT AG (“HAMBORNER”), and describes the remuneration level and structure granted and owed for officers for the 2021 financial year. Remuneration is considered to have been granted in the financial year in which the activity underlying the remuneration has been performed in full and the service period has ended. Remuneration is considered owed when the company has a legally existing obligation to the officer which is due but not yet fulfilled.

The report is compiled in accordance with the specifications of Section 162 Companies Act (Aktiengesetz, “AktG”) set into German Law through the implementation of the Second Shareholders’ Rights Directive (“ARUG II”).

For the Management Board and Supervisory Board of HAMBORNER, the principles of transparent corporate governance are essential for promoting and strengthening the confidence of national and international investors and customers, employees and the public at large in the management and monitoring of the company. Remuneration systems and the remuneration report take into account the basic principles, recommendations, and suggestions of the German Corporate Governance Code (GCGC).

I. Remuneration of the Supervisory Board in the 2021 financial year

1. BASIC PRINCIPLES

The remuneration system for the Management Board makes a vital contribution to implementation of the corporate strategy, which is designed to increase the company’s value in the long term and short term while also offering attractive annual dividends. The variable remuneration concept, which uses the HAMBORNER central key control parameters as performance criteria, is predominantly share-based and is structured according to a multi-year measurement principle. The Supervisory Board also uses ESG goals (environmental, social, governance) to implement the sustainability strategy in the remuneration system as part of short-term variable remuneration, and therefore ensures that the Management Board considers key aspects of the corporate strategy, namely sustainable and profitable growth in tandem with increasingly important sustainability and climate change policies.

At the same time, members of the Management Board are appropriately remunerated based on their performance and their area of activity and responsibility. On the one hand, special achievements should be appropriately rewarded, while on the other the failure to achieve targets should result in a tangible reduction in remuneration, in line with the pay-for-performance concept.

The following sets out guidelines regarding remuneration of the Management Board at HAMBORNER:

GUIDELINES FOR THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

Promotion of company strategy	— Performance criteria based on core key performance indicators that are aligned with the desired corporate development
Performance focus (“Pay for performance”)	— Variable remuneration payments are based on the achievement of appropriate, ambitious objectives — Clear failures to achieve targets will result in the withholding of variable remuneration payments
Focus on sustainable, long-term development	— Focus on achieving long-term financial objectives and consideration of ESG targets to strengthen the sustainable long-term development of HAMBORNER
Appropriateness of remuneration	— Appropriate ratio between remuneration and the duties and performance of the respective Board Member as well as the economic and financial situation and development of HAMBORNER
Alignment of interests	— Structuring of remuneration to give due consideration to the interests of shareholders and other stakeholders — The majority of the variable remuneration is tied to the performance of HAMBORNER shares — Obligation to buy and hold HAMBORNER shares
Transparent structuring	— Comprehensible, transparent structuring of remuneration system for shareholders and other stakeholders — Transparent disclosure of remuneration and objectives

1.1 Remuneration systems used in the financial year

Management Board members are remunerated in line with the applicable remuneration system. The remuneration system for Mr Karoff was defined on 30 January 2020. This remuneration system was approved by the Annual General Meeting of 29 April 2021, and will form the basis of all new service agreements to be concluded or renewed (“2020 Remuneration System”).

The remuneration system for Mr Schmitz, which was approved by a large majority (89.5%) at the Annual General Meeting of 10 May 2017 (“2017 Remuneration System”), and on which the last renewal of his Management Board agreement in 2017 was based, still applies in accordance with the GCGC and Section 26j Introductory Act to the Stock Corporation Act (Einführungsgesetz zum Aktiengesetz, “EGAktG”) until the end of his appointed term on 31 December 2022. Mr Schmitz is expected to retire at close of 31 December 2022.

1.2. Definition and review of the remuneration system, including definition of specific total remuneration targets, appropriateness of Management Board remuneration

In accordance with Section 87a para. 1 AktG and at the suggestion of the Executive Committee, the Supervisory Board shall decide on a clear, comprehensible system for the remuneration of the members of the Management Board and shall submit this to the Annual General Meeting for approval in accordance with Section 120a para. 1 AktG. The remuneration system is reviewed by the Supervisory Board on a regular basis. The Executive Committee provides support for preparation of the review.

In defining the specific total remuneration target for each member of the Management Board, the Supervisory Board seeks to create a reasonable balance between performance and duties of the relevant Management Board member, and ensures that the level of remuneration is commensurate with the company’s financial position, success, and future prospects. The remuneration of the members of the Management Board should not exceed the standard remuneration unless there is a specific reason to do so. Furthermore, the remuneration should always be oriented towards the long-term, sustainable development of the company.

In order to verify the appropriateness of the remuneration, the remuneration levels will be subject to a market comparison with comparable companies (horizontal comparison). The Supervisory Board may carry out a comparison between two suitable groups of companies while taking country, size, and sector into account. This is usually done by comparing the remuneration of the HAMBORNER Management Board with the remuneration of Management Boards of SDAX companies, as HAMBORNER is listed on the SDAX. However, the Supervisory Board can also use a national group of competitors of listed property companies for the horizontal analysis.

The Supervisory Board used SDAX companies as a comparison group when performing the last horizontal analysis.

A vertical comparison of internal remuneration relationships between the members of the Management Board and the executive management as well as the general workforce will also be performed, taking into account the development over time. The Supervisory Board currently defines the department heads as executive management. The workforce comprises all HAMBORNER employees excluding Management Board members and department managers.

2. OVERVIEW OF THE REMUNERATION SYSTEM

The HAMBORNER remuneration system consists of fixed and variable elements.

The fixed elements include fixed remuneration and benefits such as company pension benefits.

Variable elements include short-term variable remuneration (short-term incentive; STI) and long-term variable remuneration (long-term incentive; LTI).

The following provides an overview of remuneration elements for the 2021 financial year:

ELEMENTS		DESCRIPTION	
		2020 remuneration system	2017 remuneration system
Fixed remuneration elements	Fixed remuneration	— Fixed remuneration that is paid in twelve equal instalments	
	Benefits	— Essentially, provision of a company car for business and private use, insurance contributions, directors' and officers' liability insurance	
	Pension contributions or pension allowance	— Annual sum for free use	— Employer-funded defined contribution pension by way of reinsured provident fund.
Variable remuneration elements	Short-term variable remuneration (STI)	<ul style="list-style-type: none"> — Target bonus — Performance criteria: <ul style="list-style-type: none"> — 60% funds from operations (FFO) per share — 40% occupancy rate — Criteria-based modifier ranging from 0.8 to 1.2 and consisting of ESG (environmental, social and governance) targets, individual and/or collective targets — Cap: 150% of the target amount — Disbursement: after the financial year 	<ul style="list-style-type: none"> — Cap: 240% of the target amount — Disbursement: after the financial year
	Long-term variable remuneration (LTI)	<ul style="list-style-type: none"> — Performance share plan — Performance criteria: <ul style="list-style-type: none"> — 50% relative Total Shareholder Return (TSR) vs. EPRA/ NAREIT Europe ex UK Index (total return) — 50% development of the Net Asset Value (NAV) per share — Performance period: four years — Target achievement: 0–150% — Cap: 200% of the target amount — Disbursement: after the four-year performance period 	<ul style="list-style-type: none"> — Virtual share commitments — Target amount can be adjusted by +/-20% — 50% LTI 1: <ul style="list-style-type: none"> — Absolute FFO, FFO per share, "like-for-like" portfolio performance over the last three years — 50% LTI 2: <ul style="list-style-type: none"> — Relative share price performance vs. EPRA/NAREIT Europe ex UK Index — Performance period: three years — Target achievement: 0–200% in each case — Share price performance cap: 200% of the rate of the commitment date — Cap: 480% of the target amount — Disbursement: after the three-year performance period
Other central determining elements	Provisions governing the holding of shares	<ul style="list-style-type: none"> — Obligation to purchase and hold HAMBORNER shares to the value of 200% of the gross basic remuneration — Build-up phase: four years — Holding obligation up to two years after the end of Board activity 	<ul style="list-style-type: none"> — Obligation to purchase and hold HAMBORNER shares to the value of 200% of the gross basic remuneration — Build-up phase: four years
	Bonus-malus & clawback	— Possibility of a partial or full reduction or clawback of the variable remuneration (performance/compliance clawback)	—
	Maximum remuneration for 2020	<ul style="list-style-type: none"> — Chairman of the Management Board: €1,100,000 — Management Board: €1,000,000 	—
	Compensation cap	— Payments relating to the premature cessation of the appointment may not exceed the value of two full years' remuneration and may not remunerate more than the remainder of the service agreement in question	
	Change of control	—	— Severance pay amounting to no more than 300% of the total annual remuneration

3. REMUNERATION ELEMENTS IN DETAIL

3.1. Fixed remuneration elements

3.1.1. Fixed remuneration

The fixed remuneration is a set remuneration that is aligned with the area of responsibility and the experience of the respective member of the Management Board, and is paid out in twelve monthly instalments. Annual fixed remuneration for Mr Karoff is €350 thousand. Annual fixed remuneration for Mr Schmitz is €300 thousand.

3.1.2. Benefits

The members of the Management Board shall receive benefits in the form of benefits-in-kind and other benefits. This refers mainly to the provision of an appropriate company car for business and private use, accident insurance and pension, health and nursing care insurance subsidies.

In the 2021 financial year, benefits for Mr Karoff came to €15 thousand, and €23 thousand for Mr Schmitz. HAMBORNER also took out directors' and officers' liability insurance for Management Board members with reasonable excess payments.

3.1.3. Pension contributions or pension allowance

According to the 2020 remuneration system, HAMBORNER provided Management Board members with an annual cash amount (self-provision payment) for the duration of the service agreement to fund a pension. The members of the Management Board may freely decide how this amount is to be used. The amount for Mr Karoff was €40 thousand p.a. A company pension scheme is not granted.

According to the 2017 remuneration system, Management Board members receive a company pension in the form of an employer-funded defined contribution pension by way of reinsured provident fund. This commitment is valid for the duration of the service agreement with an annual contribution of €30 thousand.

3.2. Variable remuneration elements

3.2.1. Short-term variable remuneration (STI)

The short-term variable remuneration (STI) offers incentives for the operational implementation of the company strategy in a specific financial year. The STI target amount for Mr Karoff was set at €170 thousand p.a. following his appointment. The STI target amount for Mr Schmitz is €125 thousand.

The STI in the 2020 and 2017 remuneration systems only differs for the 2021 financial year with respect to the target achievement curves relating to financial performance criteria and potential maximum payment. In calculating the payment, as well as financial performance criteria the Supervisory Board also implements non-financial performance criteria by applying a criteria-based adjustment factor (modifier).

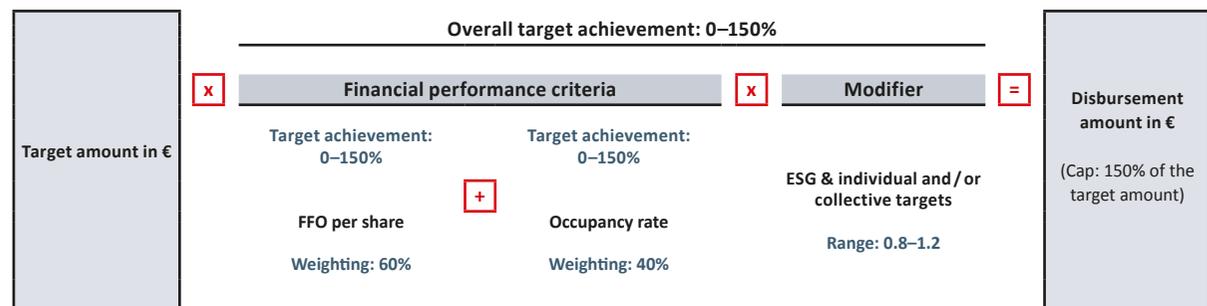
The STI payment amount is calculated by multiplying the target amount in euros by the overall target achievement. The overall target achievement is in turn calculated from the two financial criteria of funds from operations (FFO) per share (60% weighting), and occupancy rate (40% weighting). The targets achieved within these criteria are added according to the weighting, and multiplied by the defined modifier (range 0.8 to 1.2). The target achievement range for the financial performance criteria and overall target achievement in the 2020 remuneration system is 0 to 150%. It is therefore possible that the STI may be omitted entirely, while the maximum amount that can be paid out is 150% of the target amount.

In the event of exceptional circumstances or developments (for example, sale of a company, merger with another company, or material changes to accounting and measurement methods) which mean that the STI payment would be higher or lower than it would have been without this exceptional circumstance, the Supervisory Board shall be fundamentally entitled to reduce or increase the amount at its own discretion. As there were no corresponding extraordinary events

or developments in the 2021 financial year, the Supervisory Board did not make use of this option.

The STI in the 2020 remuneration system is set out as follows in the overview:

OVERVIEW OF STI WITHIN THE 2020 REMUNERATION SYSTEM



In contrast, the target achievement for financial performance criteria in the 2017 remuneration system has a range of 0 to 200%, where the maximum total payment is limited to 240%.

Funds from operations (FFO) per share

The FFO represents a key performance indicator for assessing operating performance and is used by HAMBORNER as an important control parameter; HAMBORNER strategy provides for the focusing of the corporate governance on this indicator, among others. FFO is used in value-oriented corporate management to show the generated funds that are available for investment, repayment and dividend distributions to shareholders in particular.

At the start of the 2021 financial year, the Supervisory Board set a target value of €0.56 for FFO per share. If the defined target value for the FFO per share is achieved, target achievement is 100%.

If the actual number of shares does not correspond to the budget for the financial year at the end of the year, the number of shares from the budget will still be used to calculate the target achievement for the FFO.

A lower threshold of €0.48 (–15% deviation from target) and an upper threshold of €0.64 (+15% deviation from target) was set for FFO per share in the 2020 remuneration system. If the FFO per share is under the lower limit, target achievement is 0%. If the lower threshold is reached, target achievement is 50%. If the upper threshold is reached or exceeded, target achievement is 150%. A rise in FFO per

share above the upper threshold does not mean that target achievement is increased. Target achievement between the set thresholds and the target value is determined by means of linear interpolation.

The FFO per share achieved in accordance with the above-mentioned targets set was €0.65 in the 2021 financial year, resulting in target

achievement of 150% in the 2020 remuneration system. The following figure provides an overview of the target achievement for the FFO per-share performance criteria in the 2020 remuneration system in the 2021 financial year:

Occupancy rate

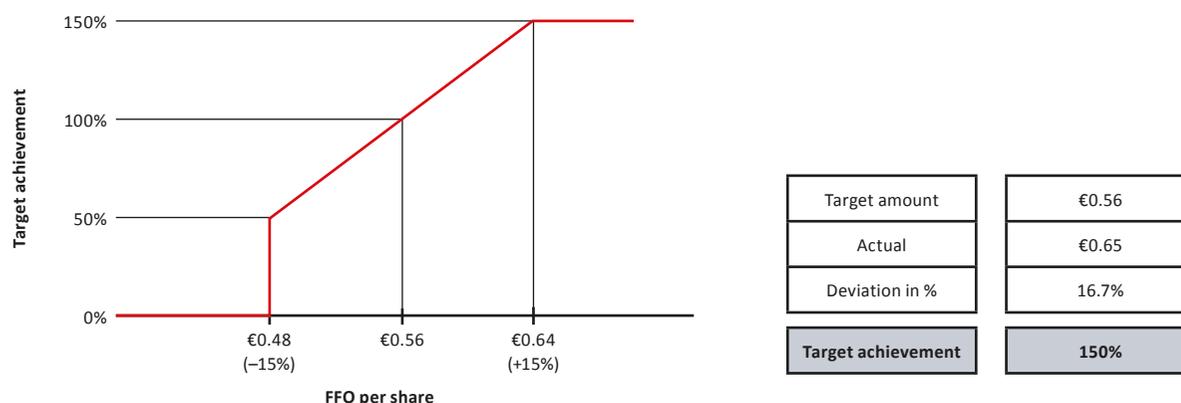
The occupancy rate specifies the share of leased units or vacant space in properties within the company portfolio. HAMBORNER calculates a period-based vacancy rate here, expressed using target rent for the vacant space as a proportion of total target rent. In an additional calculation for the economic vacancy rate, the rental losses for vacancies are adjusted for contractual rent guarantee claims.

HAMBORNER has generated stable rental income in recent years with a regionally diversified portfolio and a high occupancy rate by market standards. Implementing occupancy rate in the STI should provide an incentive to maintain the occupancy rate at a high level.

At the start of the 2021 financial year, the Supervisory Board set a target value of 97.07% occupancy rate. A lower threshold of 96.07% (-1 percentage point deviation from target) and an upper threshold of 98.07% (+1 percentage point deviation from target) were also set. Target achievement is 100% when the set target is achieved. If the achieved occupancy rate falls short of the lower threshold, target achievement is 0%. If the lower threshold is reached, target achievement in the 2020 remuneration system is 50%. If the upper threshold is reached or exceeded, target achievement in the 2020 remuneration system is 150%. A rise in occupancy rate above the upper threshold does not mean that target achievement is increased further. Target achievement between the set thresholds and the target value is determined by means of linear interpolation.

The achieved occupancy rate in the 2021 financial year is 98.12%, resulting in target achievement of 150% in the 2020 remuneration system.

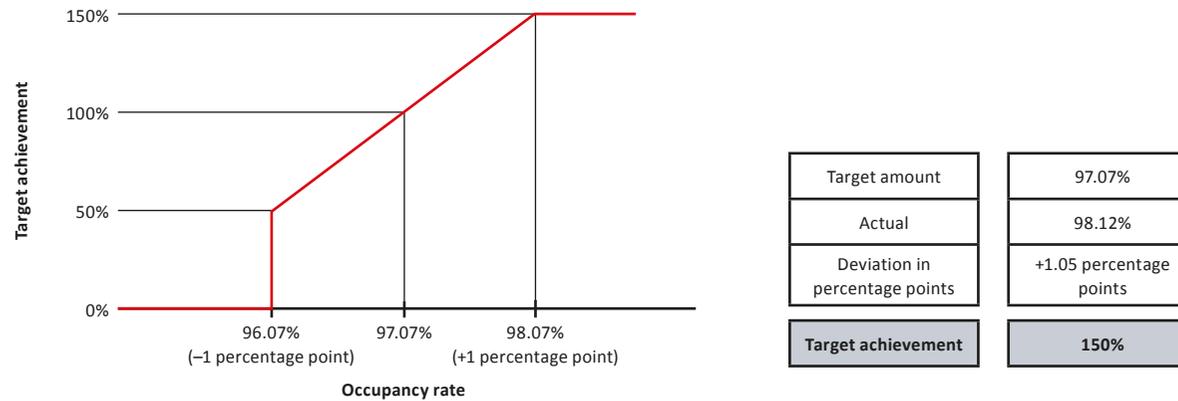
TARGET ACHIEVEMENT FOR FFO PER SHARE IN THE 2021 FINANCIAL YEAR IN THE 2020 REMUNERATION SYSTEM



By way of deviation from this, a lower threshold of €0.28 (-50% deviation from target) and an upper threshold of €0.84 (+50% deviation from target) was set in the 2017 remuneration system, resulting in target achievement of 116.7%.

The following figure provides an overview of the target achievement for the occupancy rate performance criteria in the 2020 remuneration system in the 2021 financial year:

TARGET ACHIEVEMENT FOR THE OCCUPANCY RATE PERFORMANCE CRITERIA IN THE 2020 REMUNERATION SYSTEM IN THE 2021 FINANCIAL YEAR



Based on the achieved occupancy rate of 98.12%, target achievement of 150% was also achieved in the 2017 remuneration system.

Criteria-based adjustment factor (modifier)

The criteria-based adjustment factor (modifier) enables the Supervisory Board to assess the individual and collective performance of the Management Board and achievement of ESG goals (environmental, social, governance) in addition to target achievement in the financial performance criteria of FFO per share and occupancy rate. Assessment criteria are set by the Supervisory Board at the start of each financial year. They are defined in line with the company strategy, and may include strategic projects as well as operating measures. The modifier ranges between 0.8 and 1.2.

For the 2021 financial year, the Supervisory Board set criteria for Mr Karoff concerning the development and (where applicable pro rata) implementation of the re-use concept for Real rental areas, the expansion of the HAMBORNER media presence, and the implementation of an ESG concept for property additions.

The Supervisory Board also set criteria for assessing the modifier for Mr Schmitz. These comprised the development and (where applicable pro rata) implementation of the re-use concept for Real rental areas as well as the processing and minimisation of coronavirus-related rent adjustment demands.

Following the end of the financial year, the Executive Committee and Supervisory Board addressed and discussed the previously defined criteria and their achievement in detail. A decision was taken on criteria achievement following a detailed presentation and evaluation of the Management Board members' performance based on the criteria. As a result, the Supervisory Board set the modifier for Mr Karoff at 1.19 and at 1.20 for Mr Schmitz.

Overall target achievement and payment amount for the 2021 financial year

The overall target achievement resulting from FFO per share, occupancy rate, and modifier, and the calculated payments are summarised in the following table:

MEMBERS OF THE MANAGEMENT BOARD	TARGET AMOUNT	TARGET ACHIEVEMENT FOR FFO PER SHARE	TARGET ACHIEVEMENT FOR OCCUPANCY RATE	MODIFIER	OVERALL TARGET ACHIEVEMENT	PAYMENT AMOUNT
Niclas Karoff	€170 thousand	150%	150%	1.19	150.0%	€255 thousand

Due to the cap on total target achievement at 150%, the maximum amount for the STI in the amount of €255 thousand is effective for Mr Karoff.

MEMBERS OF THE MANAGEMENT BOARD	TARGET AMOUNT	TARGET ACHIEVEMENT FOR FFO PER SHARE	TARGET ACHIEVEMENT FOR OCCUPANCY RATE	MODIFIER	PAYMENT RATE	PAYMENT AMOUNT
Hans Richard Schmitz	€125 thousand	116.7%	150%	1.20	192.1%	€240 thousand

3.2.2. Long-term variable remuneration (LTI)

The second results-based remuneration element is long-term variable remuneration (LTI). The purpose of this is to encourage sustainable and long-term growth, and it accounts for the majority of the variable remuneration. The LTI target amount for Mr Karoff was set at €200 thousand p.a. The LTI target amount for Mr Schmitz was set at €150 thousand.

3.2.2.1. Performance share plan

The LTI in the 2020 remuneration system, which was allocated for the first time in the 2020 financial year, is structured as a performance share plan with a performance period of four years, and is therefore designed to be a long-term incentive. Management Board members participate directly in the HAMBORNER share price through the use of virtual performance shares. This helps to further align the interests of the Management Board and shareholders.

The number of contingent virtual performance shares for the annual tranches is set at the beginning of each financial year. For conversion into contingent virtual performance shares, the target amount is divided by the arithmetical mean of the closing prices of HAMBORNER's shares on the last 20 trading days before the start of the performance period. The performance period begins on 1 January of the respective financial year and closes at the end of the third financial year after allocation.

Main performance criteria are net asset value (NAV) per share and the relative total shareholder return (TSR), both of which are weighted at 50%. The TSR is calculated as the share price performance plus notionally reinvested dividends during the performance period. To calculate target achievement, the TSR performance of HAMBORNER's shares is compared against the TSR performance of the EPRA/NAREIT Europe ex UK (total return) over the four-year performance period. The performance criteria permits target achievement at any figure between 0% and 150%.

The targets for NAV-per-share performance and relative TSR, including the respective corridors, are set by the Supervisory Board at the beginning of each performance period. If target achievement falls short of the lower threshold, target achievement is 0%. If the upper threshold is reached or exceeded, target achievement is 150%. The virtual performance shares, which are initially granted contingently, have a term of four years from the start of the performance period. The virtual performance shares are paid out in cash on maturity.

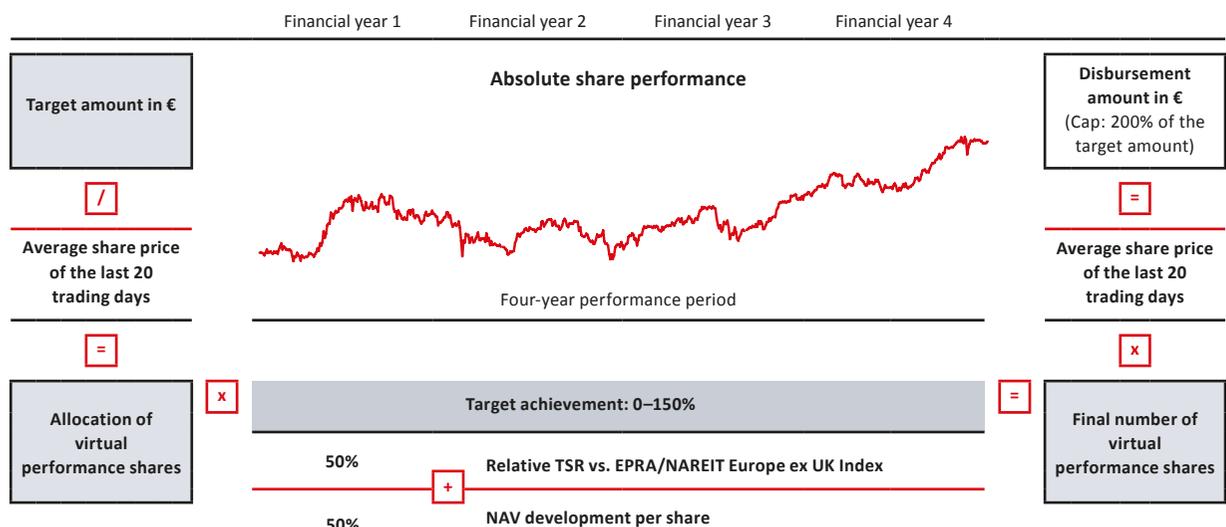
The payment amount is calculated as the final total number of virtual performance shares as determined by target achievement, multiplied by the arithmetical mean of the closing prices of HAMBORNER's shares on the last 20 trading days before the end of the performance period.

The maximum payment is capped at 200% of the target amount for each tranche.

In the event of exceptional circumstances or developments (for example, sale of a company, merger with another company, or material changes to accounting and measurement methods) which mean that the LTI payment would be higher or lower than it would have been without this exceptional circumstance, the Supervisory Board shall be fundamentally entitled to reduce or increase the amount at its own discretion. This also applies if capital measures (e.g. capital increase with subscription rights, spin-off, scrip dividends, (reverse) splits) are taken during the performance period. If such steps are taken, they are transparently reported by means of disbursement amount adjustment.

The LTI is set out as follows in the overview:

OVERVIEW OF LTI WITHIN THE 2020 REMUNERATION SYSTEM



Relative total shareholder return

Relative TSR is used as an external performance criteria aligned with the capital market, and is given a 50% weighting. This performance criterion takes account of TSR performance during the performance period measured against a comparison group defined by the Supervisory Board, and helps align the interests of Management Board and shareholders. Comparison with relevant competitors provides the Management Board with an incentive to outperform the comparison group over the long term.

The Supervisory Board selected EPRA/NAREIT Europe ex UK Index as the relevant comparison group. This index consists of various European companies in the property sector (including REITs). HAMBORNER is also part of the EPRA/NAREIT Europe ex UK Index.

Calculation of the TSR of HAMBORNER shares and of the EPRA/NAREIT Europe ex UK Index during the performance period is carried out by determining the arithmetical mean of the closing prices over the last 20 trading days prior to the start of the performance period and over the last 20 trading days before the end of the performance period (including notionally reinvested gross dividends during the performance period), and comparing them. The relative TSR reflects the difference between the calculated HAMBORNER TSR and the EPRA/NAREIT Europe ex UK Index TSR.

The target for relative TSR, and target corridor with upper and lower threshold, are set by the Supervisory Board at the beginning of each performance period and published in the remuneration report at the end of the relevant performance period.

Development of net asset value (NAV) per share

Development of NAV per share is used as an internal performance criterion in the performance share plan, and is given a 50% weighting. The basis of the performance criterion is the development of NAV per share according to the HAMBORNER financial statements. Net asset value or net assets reflects the economic equity of HAMBORNER. It is determined by the fair values of the company's assets – essentially the value of properties – net of the borrowed capital.

NAV per share is the main benchmark for the asset strength of HAMBORNER and is a key indicator for HAMBORNER in the context of value-oriented company management. HAMBORNER's goal is to increase the long-term NAV per share by means of value-adding measures.

The target for performance of NAV per share, and target corridor with upper and lower threshold, are set by the Supervisory Board at the beginning of each performance period and published in the remuneration report at the end of the relevant performance period.

3.2.2.2. Virtual share commitments

In the LTI, virtual non-vested share commitments are allocated according to the 2017 remuneration system. The Supervisory Board can adjust the LTI target amount by up to 20% in either direction based on the personal performance of the member of the Management Board. The maximum payment is capped at 480% of the target amount.

Half of the set target amount (LTI 1) is linked to performance of absolute FFO and FFO per share and to the like-for-like development in the value of the portfolio over the past three years prior to allocation. The Supervisory Board determines the level of target achievement; this may vary between 0% and 200% (cap). The target achievement

determines the actual cash value of the commitment and the resulting number of virtual share commitments.

For the other half of the set target amount (LTI 2), the Supervisory Board will initially allocate a number of virtual share commitments equivalent to the cash value of half the target amount on the commitment date. The Supervisory Board also determines a target system (target value for 100% and target corridor) for HAMBORNER share price performance relative to the EPRA/NAREIT Europe ex UK Index. After the end of the retention period, the Supervisory Board determines the relative performance of HAMBORNER shares as against the index. This results in a level of target achievement that may vary between 0% and 200% (cap). If the target achievement exceeds 100%, the number of virtual share commitments is increased in proportion to the extent by which targets are exceeded. If the target achievement is less than 100%, virtual share commitments will be forfeited at a level corresponding to the shortfall. The value in

excess of the cap will be disregarded if the closing price at the settlement date amounts to more than 200% (cap) of the closing price on the respective commitment date. The retention period ends after the second trading day following publication of the results for the third year after the commitment is entered into. The equivalent value of virtual share commitments is paid in cash after the end of the retention period.

3.2.2.3. Information regarding allocation of the LTI tranche for 2021

The LTI tranche for 2021 was allocated to Management Board members at the start of the 2021 financial year. No adjustments of the target amount due to personal performance were made for this tranche. An overview of individual targets, allocation price, and the number of allocated virtual performance shares or virtual share commitments is shown in the following table*:

MEMBERS OF THE MANAGEMENT BOARD	APPLICABLE REMUNERATION SYSTEM	TARGET AMOUNT	ALLOCATION PRICE	NUMBER OF ALLOCATED VIRTUAL PERFORMANCE SHARES / VIRTUAL SHARE COMMITMENTS
Niclas Karoff	2020 remuneration system	€200 thousand	€8.96	22,321 LTI 1: 8,260
Hans Richard Schmitz	2017 remuneration system	€150 thousand	€ 9.08	16,520 LTI 2: 8,260

* Voluntary information that is not legally required

In the 2020 remuneration system, the allocation price is calculated using the arithmetical mean of closing rates for HAMBORNER REIT AG shares on Deutsche Börse AG XETRA trading over the last 20 stock market trading days before the start of the performance period.

The reference rate in the 2017 remuneration system is the closing rate determined on the commitment date on XETRA trading on the Frankfurt stock market.

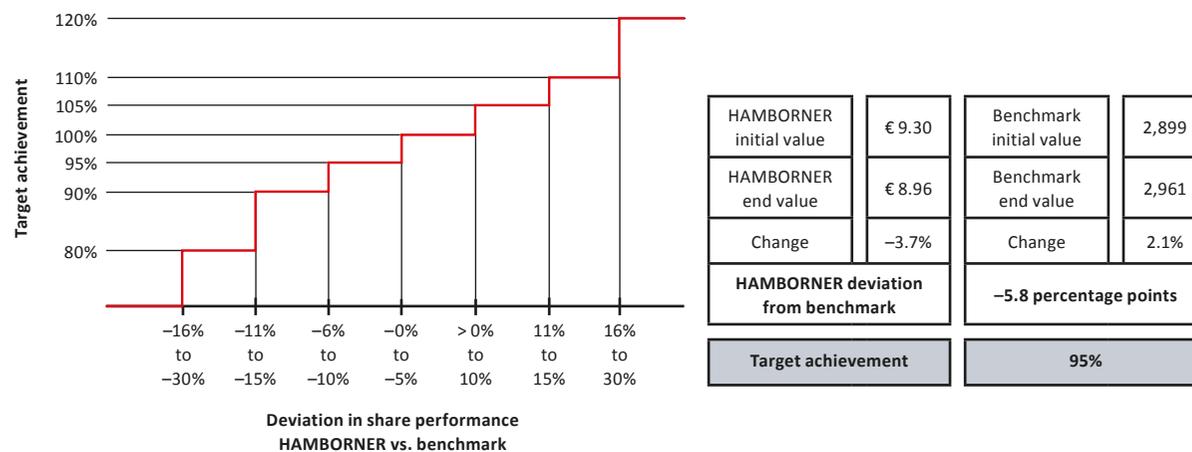
3.2.2.4. Target achievement and payment of the LTI tranche for 2018

The LTI tranche for 2018 was paid in the 2021 financial year after the end of the three-year performance period.

Half the target amount (LTI 1) was dependent on performance of absolute FFO and FFO per share as well as like-for-like growth in the portfolio's value over the three years prior to allocation. The absolute FFO increased by 53.1% and the FFO per share by 19.1%. The number of shares increased in the period by around 29%. The portfolio's like-for-like value rose by 10.7%. Based on this positive overall performance, the Supervisory Board set a target of 100% for LTI 1 in the 2018 LTI tranche, which determined the commitment's actual monetary value and the resulting number of share commitments.

The Supervisory Board allocated a number of share commitments to the other half of the target amount, with the final number calculated according to target achievement at the end of the performance period. Target achievement in LTI 2 was linked to how the HAMBORNER share price performed relative to the EPRA/NAREIT Europe ex UK Index. Prior to the start of the performance period, the Supervisory Board defined the target achievement curve shown in the overview below to measure relative share performance. Over the performance period, the rate for HAMBORNER shares decreased by 3.7%. The performance of the EPRA/NAREIT Europe ex UK Index increased by 2.1% in the same period. As such target achievement was 95%.

TARGET ACHIEVEMENT CURVE FOR RELATIVE SHARE PERFORMANCE (LTI2) – 2018 LTI TRANCHE



3.3. Shareholding requirement (share ownership guidelines)

Shareholding requirements (share ownership guidelines) for Management Board members are put in place to further reconcile the interests of the Management Board and shareholders. Shareholding requirements are another key element which helps align the remuneration system with long-term and sustainable growth at HAMBORNER.

They require each Management Board member to hold a substantial number of HAMBORNER shares for the duration of their appointment. In the 2020 remuneration system, Management Board members are also required to retain the shares held for two years after the end of their appointment.

The requirement for all Management Board members is 200% of gross fixed remuneration.

The shares held to meet the shareholding requirement must be built up within four calendar years in the 2020 remuneration system. Mr Karoff must meet the shareholding requirement by 31 December 2023. In order to do so, he needs to acquire 25% of the set minimum number of shares held. Mr Karoff met this requirement in the 2021 financial year. Mr Schmitz met the full shareholding requirement at the end of 2015.

Based on the targets set in LTI 1 and LTI 2, Mr Schmitz receives the following payment from the 2018 LTI tranche:

MEMBERS OF THE MANAGEMENT BOARD	TARGET AMOUNT	PRO RATA TARGET AMOUNT	ALLOCATION PRICE	NUMBER OF ALLOCATED VIRTUAL SHARE COMMITMENTS	TARGET ACHIEVEMENT	CLOSING PRICE	PARTIAL PAYMENT	DISBURSEMENT AMOUNT
LTI 1 Hans Richard Schmitz	€150 thousand	€75 thousand	€ 9.30	8,065	100%	€ 8.96	€72.3 thousand	€140.9 thousand
LTI 2		€75 thousand		8,065	95%		€68.6 thousand	

MEMBERS OF THE MANAGEMENT BOARD	AMOUNT TO BE HELD IN % OF GROSS FIXED REMUNERATION	NUMBER OF SHARES HELD AS AT 31 DECEMBER 2021	END OF THE BUILD-UP PHASE
Niclas Karoff	200%	40,345	31 December 2023
Hans Richard Schmitz	200%	83,053	Already met

3.4. Bonus-malus and clawback rules

The 2020 remuneration system sets out that the Supervisory Board has the option of reducing or retaining unpaid variable remuneration elements (compliance malus) or demanding the return of paid variable remuneration elements (compliance clawback) in the event of a material breach by Management Board members of statutory requirements, their service requirements, the company's internal code of conduct, or the HAMBORNER compliance guidelines.

In addition, the Supervisory Board must have the option of correcting the calculation of variable remuneration elements based on incorrect data, for example, incorrect annual or separate financial statements, when these elements are calculated or paid, or demanding the return of variable remuneration elements which have already been paid (performance clawback).

No variable remuneration elements were returned or reduced in the 2021 financial year.

3.5. Maximum remuneration

In accordance with Section 87a paragraph 1 (2) (1) AktG, the Supervisory Board defined a maximum payment for Management Board members in the 2020 remuneration system, which limits the maximum payment of all remuneration components for a financial year. As Chair of the Management Board, the maximum remuneration for Mr Karoff was €1,100 thousand in the 2021 financial year. Compliance with the set maximum remuneration can only be assessed after the end of the 2021 LTI tranche at the end of the 2024 financial year.

4. LEGAL TRANSACTIONS RELATING TO REMUNERATION

4.1. Commitments at the end of the Management Board term

Under the 2020 remuneration system, in the event of the Supervisory Board revoking the appointment of a member of the Management Board, the member of the Management Board will receive as compensation for early termination the present cash value (basis: 2%) of the gross fixed annual salary plus STI and LTI that would have arisen by the regular end of their contract, whereby severance pay may not exceed twice the gross annual fixed remuneration plus STI and LTI, assuming 100% target achievement (severance cap).

Under the 2017 remuneration system, in the event of the Supervisory Board revoking the appointment of a member of the Management Board, the member of the Management Board will receive as compensation for early termination the present cash value (basis: 2%) of the gross fixed annual salary that would have arisen by the regular end of their contract, whereby severance pay may not exceed twice the annual fixed remuneration including benefits, and 100% target achievement is assumed (compensation cap).

Severance shall not be owed if the service agreement has been terminated without notice or if the conditions for termination of the service agreement without notice existed on the date on which the appointment was revoked.

Furthermore, the member of the Management Board will receive a pro rata temporis STI to be determined at the discretion of the Supervisory Board up to the date of dismissal.

Under the 2020 remuneration system, the LTI is calculated and paid in accordance with the originally agreed measurement principles (performance criteria, performance period, etc.) and maturity dates, while under the 2017 remuneration system, if the Management Board member still has virtual share commitments subject to the retention period as at the time of the Board member's departure, they will expire at the end of the second trading day after publication

of the results for the past financial year. The company will settle the commitment in cash at this point.

The 2020 remuneration system stipulates that if a Management Board member dies during the term of their service agreement, the fixed remuneration shall be paid to surviving dependants for the month in which the member died and for the six months following this month, but not beyond the scheduled end of the agreement. The STI is paid immediately in the event of permanent incapacity for work or death of the Management Board member. The payment in this case matches the target amount. With regard to LTI, in the event of permanent incapacity for work or death of the Management Board member, all allocated virtual performance shares which have not yet completed the performance period are paid immediately. The payment matches the cumulative target amount of all outstanding tranches; for the financial year in which the service agreement ends, the target amount is reduced by 1/12 for each month in which the service agreement has not been in place in this financial year. Payment is made no later than two months after the end of the service agreement.

The 2017 remuneration system stipulates that if a Management Board member dies during the term of their service agreement, the fixed remuneration shall be paid to surviving dependants for the month in which the member died and for the six months following this month. Any share-based remuneration components promised in the past remain unaffected. Any retention periods end on the last trading day of the month in which the member dies. At this point, HAMBORNER will settle the commitment in cash based on the closing price on this date.

In the 2021 financial year, no disbursements were made based on the ending of activities on the Management Board.

4.2. Change of control

According to the 2020 remuneration system, there are no rules in place for a change of control.

However, the 2017 remuneration system states that in the event of a change of control – i.e. if one or more shareholders acting in concert acquires 30% or more voting rights in HAMBORNER, or if HAMBORNER becomes a dependent company by concluding a company agreement within the meaning of Section 291 AktG – the Management Board member has the right to terminate their service agreement if the change of control would mean a significant change to their position, such as through a change in the company's strategy or a change to the Board member's activities.

In exercising this right of termination, the member has a claim to compensation in the amount of the total annual remuneration to the end of the original service agreement, but not exceeding total remuneration for three years. Any share-based remuneration components promised in the past remain unaffected. Any retention periods end on the day of departure. The company will settle the commitment in cash at this point.

No claim to compensation exists if the Management Board member receives benefits from third parties in connection with the change of control. There is also no right to termination if the change of control occurs within twelve months of the Management Board member's retirement.

4.3. Remuneration from third parties in respect of Management Board work

No members of the Management Board received benefits or corresponding commitments from third parties in the past financial year for their work as members of the Management Board.

5. INDIVIDUAL DISCLOSURE OF MANAGEMENT BOARD REMUNERATION

5.1. Target-related remuneration

The following remuneration was promised to the Management Board for the 2021 financial year, assuming target achievement of 100%*:

	NICLAS KAROFF		HANS RICHARD SCHMITZ	
	Chair of the Management Board since 1 March 2020		Management Board member since 1 December 2008	
in € thousand	2021	2021 (in %)	2021	2021 (in %)
Fixed remuneration	350	45.2	300	47.8
Pension allowance or contribution to a reinsured provident fund	40	5.2	30	4.8
Benefits	15	1.9	23	3.7
Total	405	52.3	353	56.3
Short-term variable remuneration	170	21.9	125	19.9
Long-term variable remuneration	200	25.8	150	23.8
LTI 1 (2021) Planned end 2024	–	–	75	11.9
LTI 2 (2021) Planned end 2024	–	–	75	11.9
LTI (performance share plan) (2021) Planned end 2024	200	25.8	–	–
TOTAL REMUNERATION	775	100.0	628	100.0

* Voluntary information that is not legally required

5.2. Granted and owed remuneration in accordance with Section 162 AktG

As set out in Section 162(1) sentence 1 AktG, here follows the breakdown for the granted and owed remuneration for the Management Board in the 2021 financial year results. Remuneration is considered

granted in the financial year in which the activity underlying the remuneration has been completely performed, and the service period has ended. Remuneration is considered owed when the company has a legally existing obligation to the officer which is due but not yet fulfilled.

GRANTED AND OWED REMUNERATION	NICLAS KAROFF			HANS RICHARD SCHMITZ		
	Chair of the Management Board since 1 March 2020		2020	Management Board member since 1 December 2008		2020
in € thousand	2021	2021 (in %)		2021	2021 (in %)	
Granted remuneration						
Fixed remuneration	350	53.0	292	300	40.9	300
Pension allowance or contribution to a reinsured provident fund	40	6.1	33	30	4.1	30
Benefits	15	2.3	29	23	3.1	23
Total	405	61.4	354	353	48.1	353
Short-term variable remuneration	255	38.6	194	240	32.7	185
Long-term variable remuneration	0	0	0	141	19.2	132
LTI 1 (2018) Planned end 2021	–	–	–	72	9.8	–
LTI 2 (2018) Planned end 2021	–	–	–	69	9.4	–
LTI 1 (2017) Planned end 2020	–	–	–	–	–	73
LTI 2 (2017) Planned end 2020	–	–	–	–	–	59
TOTAL GRANTED AND OWED REMUNERATION	660	100.0	548	734	100.0	670

6. REMUNERATION OF FORMER MEMBERS OF THE MANAGEMENT BOARD

The remuneration granted and owed in the 2021 financial year to former members of the Management Board of the company in the form of pension payments came to a total of €210 thousand.

II. Remuneration of the Supervisory Board in the 2021 financial year

1. SUPERVISORY BOARD REMUNERATION SYSTEM

Remuneration of the Supervisory Board is regulated in Article 13 of the Articles of Association. To ensure that the Supervisory Board is able to exercise its control and consultancy function independently, the Supervisory Board remuneration consists solely of fixed remuneration. Remuneration does not depend on the short-term results of HAMBORNER, meaning that the Supervisory Board can focus its work on HAMBORNER's long-term development.

The additional hours worked by the Chair and Deputy Chair, as well as the chairs and members of committees, are taken into account in the Supervisory Board's remuneration.

The fixed remuneration is paid after the end of the financial year and totals €22,500 p.a. The Chair receives twice that amount (€45,000), and the Deputy Chair one-and-a-half times that amount (€33,750).

The members of the Supervisory Board also receive additional remuneration for their activities on Supervisory Board committees. Annual remuneration of €5,000 for work on the Executive Committee or Audit Committee. The committee chair receives double the additional remuneration (€ 10,000) to take full account of the extra work involved. If the Nomination Committee meets in a financial year, its members receive additional annual remuneration of € 2,500. The committee chair receives double this additional remuneration (€ 5,000).

Members of the Supervisory Board who have been on the Supervisory Board or corresponding committee for only part of the financial year shall receive their remuneration pro rata temporis.

In addition, each Supervisory Board member receives a meeting allowance of €500 each time they attend a meeting in person, over the phone, or via video conferencing or similar link.

HAMBORNER has taken out D&O insurance to the benefit of Supervisory Board members.

2. REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

Remuneration for the Supervisory Board for the 2021 financial year totalled €312.8 thousand (previous year: €326.0 thousand), and is individually broken down in the following table:

SUPERVISORY BOARD REMUNERATION								2021	2020							
in € thousand	Fixed remuneration	(in %)	Committee-related remuneration	(in %)	Meeting allowances	(in %)	Total	Fixed remuneration	(in %)	Committee-related remuneration	(in %)	Meeting allowances	(in %)	Total		
Dr Andreas Mattner	45.0	77.6	10.0	17.2	3.0	5.2	58.0	36.4	74.9	9.2	18.9	3.0	6.2	48.6		
Bärbel Schomberg	–	–	–	–	–	–	–	34.7	72.0	11.5	23.9	2.0	4.1	48.2		
Claus-Matthias Böge	33.8	65.2	15.0	29.0	3.0	5.8	51.8	25.1	58.2	15.0	34.8	3.0	7.0	43.1		
Mechthilde Dordel	22.5	88.2	–	–	3.0	11.8	25.5	22.5	88.2	–	–	3.0	11.8	25.5		
Maria Teresa Dreo-Tempsch	22.5	75.0	5.0	16.7	2.5	8.3	30.0	5.2	65.0	1.8	22.5	1.0	12.5	8.0		
Rolf Glessing	22.5	73.8	5.0	16.4	3.0	9.8	30.5	22.5	68.2	7.5	22.7	3.0	9.1	33.0		
Ulrich Graebner	22.5	73.8	5.0	16.4	3.0	9.8	30.5	22.5	68.2	7.5	22.7	3.0	9.1	33.0		
Wolfgang Heidermann	–	–	–	–	–	–	–	17.3	74.6	3.9	16.8	2.0	8.6	23.2		
Klaus Hogeweg	22.5	88.2	–	–	3.0	11.8	25.5	5.2	83.9	–	–	1.0	16.1	6.2		
Christel Kaufmann-Hocker	22.5	73.8	5.0	16.4	3.0	9.8	30.5	22.5	73.8	5.0	16.4	3.0	9.8	30.5		
Johannes Weller	22.5	73.8	5.0	16.4	3.0	9.8	30.5	5.2	70.3	1.2	16.2	1.0	13.5	7.4		
Dieter Rolke	–	–	–	–	–	–	–	17.3	89.6	–	–	2.0	10.4	19.3		
TOTAL	236.3	75.5	50.0	16.0	26.5	8.5	312.8	236.4	72.5	62.6	19.2	27.0	8.3	326.0		

In addition and in accordance with Article 13(3) of the Articles of Association, the company reimburses the members of the Supervisory Board for expenses incurred in the execution of their office, including any VAT that becomes due on remuneration and reimbursement of expenses.

As in the previous year, in the reporting year the members of the Supervisory Board received no further remuneration or benefits beyond this for services provided personally, including in particular consulting or mediation services. The members of the Supervisory Board received no loans or advances from the company.

III. Comparative remuneration of Management Board members and Supervisory Board members, including the rest of the workforce, and the company's growth in earnings

The following table compares the growth in remuneration of Management Board and Supervisory Board members, as well as the rest of the workforce with the development of HAMBORNER earnings. In future annual reports, this table will be extended year by year up to an analysis period of five years. The Management Board member remuneration shown in the table reflects the remuneration granted and owed in the respective financial year (cf. the "Granted and Owed Benefits in accordance with Section 162 AktG" table). All HAMBORNER employees on a full-time equivalent basis, except for Management Board members, are incorporated into the table showing average employee remuneration and changes to this remuneration. The HAMBORNER key indicator of funds from operations (FFO) has been selected to illustrate the growth in earnings.

IN € THOUSAND	2021	2020	CHANGE IN %	2019	CHANGE IN %
Member of the Management Board					
Niclas Karoff	660.0	548.0	20.4	–	–
Hans Richard Schmitz	734.0	670.0	9.6	635.0	5.5
Members of the Supervisory Board *					
Dr Andreas Mattner	58.0	48.6	19.3	43.8	11.0
Bärbel Schomberg	–	48.2	n/a	62.5	–22.9
Claus-Matthias Böge	51.8	43.1	20.1	40.0	7.8
Mechthilde Dordel	25.5	25.5	0.0	25.0	2.0
Maria Teresa Dreö-Tempsch	30.0	8.0	275.0	–	n/a
Rolf Glessing	30.5	33.0	–7.6	32.5	1.5
Ulrich Graebner	30.5	33.0	–7.6	21.1	56.4
Wolfgang Heidermann	–	23.2	n/a	30.0	–22.7
Klaus Hogeweg	25.5	6.2	311.3	–	n/a
Christel Kaufmann-Hocker	30.5	30.5	0.0	30.0	1.7
Dr Helmut Linssen	–	–	–	10.9	n/a
Dieter Rolke	–	19.3	n/a	25.0	–22.8
Johannes Weller	30.5	7.4	312.2	–	n/a
Average	34.8	36.2	–4.1	35.6	1.6
Employees					
Average remuneration **	83.7	85.6	–2.2	82.0	4.5
Growth in earnings					
Funds from operations (FFO)	53,120	55,609	–4.5	54,308	2.4

* including meeting allowances

** including contributions to pension and unemployment insurance

Duisburg, 21 February 2022

The Management Board

Niclas Karoff Hans Richard Schmitz
(Chairman)

Supervisory Board

Dr Andreas Mattner
(Chairman)

IV. Independent auditors' report on the audit of the remuneration report in accordance with Section 162(3) AktG

To HAMBORNER REIT AG, Duisburg

AUDIT OPINION

We have formally audited the remuneration report for HAMBORNER REIT AG, Duisburg, for the financial year from 1 January to 31 December 2021, to confirm whether the statements in accordance with Section 162(1) and (2) AktG have been made in the remuneration report. In compliance with Section 162(3) AktG, we have not reviewed the content of the remuneration report.

Based on our assessment, the statements in accordance with Section 162(1) and (2) AktG have been made in the attached remuneration report, in all key matters. Our audit opinion does not extend to the content of the remuneration report.

BASIS FOR THE AUDIT OPINION

We have conducted our audit of the remuneration report in compliance with Section 162(3) AktG taking into account the *IDW Audit Standards: Remuneration Report Review in accordance with Section 162(3) AktG, "IDW PS 870 (08.2021)"*. Our responsibility in accordance with this specification and this standard is further described in the section titled "Auditors' responsibility" in our report. As an auditing approach we have applied the requirements of the *IDW Quality Assurance Standards: Quality Assurance Requirements in Auditor Practice, "IDW QS 1"*. We have complied with the professional obligations in accordance with the auditor ordinance and the professional statutes for auditors/sworn accountants including the requirements for independence.

RESPONSIBILITY OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board and Supervisory Board are responsible for preparing a remuneration report including the associated statements which complies with the requirements of Section 162 AktG. Furthermore, they are responsible for the internal controls that they consider necessary to enable the preparation of a remuneration report including the associated statements that are free from – intentional or unintentional – material misstatement.

AUDITORS' RESPONSIBILITY

Our objective is to attain sufficient certainty as to whether the remuneration report contains statements in accordance with Section 162(1) and (2) AktG on all material matters, and to submit an audit opinion about this in a report.

We have planned and conducted our audit in such a way that, by comparing the statements made in the remuneration report with the statements required in Section 162(1) and (2) AktG, we are able to determine the formal completeness of the remuneration report. In compliance with Section 162(3) AktG, we have not audited the accuracy of the content of the statements, the completeness of the content of the individual statements, or the appropriate representation of the remuneration report.

DEALING WITH ANY MISREPRESENTATION

In connection with our audit, we have responsibility for reading the remuneration report taking into account the findings from the final audit, and in the process remaining vigilant for signs as to whether the remuneration report contains misrepresentations in terms of the accuracy of the content of the statements, the completeness of the content of the individual statements, or the appropriate representation of the remuneration report.

If on the basis of the work performed we come to the conclusion that misrepresentation of this type is present, we are obliged to report on this fact. We have nothing to report in this connection.

Düsseldorf, 22 February 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Dr Holger Reichmann)
German Public Auditor

(Thomas Neu)
German Public Auditor

