

Remuneration report

This remuneration report outlines the structure and amount of the remuneration paid to the members of the Management Board and the Supervisory Board. The report is based on the provisions under the German Stock Corporation Act in accordance with section 162 AktG as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) and the recommendations of the German Corporate Governance Code (as amended 28 April 2022).

The Management Board and Supervisory Board submitted the remuneration report for the 2021 financial year to the Annual General Meeting of LEG Immobilien SE for approval in accordance with section 120a (4) AktG for the first time on 19 May 2022. The Annual General Meeting approved the remuneration report for the 2021 financial year with 52.63% of the vote. The Management Board and Supervisory Board noted comments by investors on the 2021 remuneration report. The main comments related to a more detailed presentation of the remuneration comparison to ensure that the remuneration is in line with the market, the comprehensive explanation of changes and deviations, e. g. with regard to the amount of remuneration, and the presentation of the agreed targets for the coming years. These comments have been taken into account accordingly in the remuneration report 2022.

LEG Immobilien SE's Annual General Meeting on 19 May 2022 also approved an updated remuneration system for members of the Management Board presented by the Supervisory Board with 85.83% of the vote. In this Management Board remuneration system, the Supervisory Board took on board investor suggestions as follows:

- Until the 2021 financial year, there were provisions in place for special remuneration (a transaction bonus) as an extraordinary remuneration component in the event of exceptional success in connection with the acquisition of property portfolios. This bonus is determined by the scope and success of the transaction. The Executive Board remuneration system 2022 no longer provides for a transaction bonus for transactions that have taken place since then. All Executive Board members waived the transaction bonus for real estate portfolios acquired in 2021.

- The Supervisory Board made Management Board remuneration as a whole more share-based. The performance cash plan, a long-term variable remuneration component, was replaced by a virtual performance share plan with effect from 1 January 2022. 80% of this is based on relative TSR (total shareholder return) and 20% on environmental, social and governance (ESG) targets. As well as the share ownership guidelines, a share purchase and holding obligation linked to long-term variable remuneration was also introduced for Management Board members. Under this obligation, Management Board members are obliged to invest 25% of the amount paid out for long-term variable remuneration in shares in LEG Immobilien SE and to hold them for the duration of their Management Board position.
- In short-term variable remuneration, too, the Supervisory Board took on board investors' request for better comparability of the funds from operations (FFO I) performance target with other companies. FFO I per share has thus been used instead of FFO I since 1 January 2022.
- To ensure competitive, customary remuneration even after removing the transaction bonus, target remuneration was increased, largely in long-term variable remuneration, to reflect a stronger sustainability focus in the remuneration structure. Maximum remuneration was also increased accordingly.

This remuneration system is effective for Management Board agreements with retrospective effect from 1 January 2022 onwards for all current Management Board members.

Preliminary remarks

2022 was operationally a successful year for LEG Immobilien SE. FFO I rose by 13.9% year on year to EUR 482 million. EBITDA as of 31 December 2022 was EUR 598.7 million, an increase of 16.89% compared to the previous year's reporting date of 31 December 2021. This means that LEG Immobilien SE exceeded or reached the targets it published for 2022. In addition to financial targets, the ESG strategy is also of great importance to LEG Immobilien SE. For this reason, alongside financial targets, non-financial environmental, social and governance targets were set that are also incorporated in the Management Board remuneration systems and in the management of LEG Immobilien SE.

In light of the current market situation dominated by inflation and interest rate hikes, the Management Board, with the approval of the Supervisory Board, has decided to realign the business strategy for 2023 and focus it on maximum capital efficiency, regardless of the capitalisation rate of the funds invested. As a result, in line with guidance LEG Immobilien SE no longer reports the key figure FFO I, as this is significantly affected by the capitalisation rate, and instead reports FFO I adjusted for recurring capitalised capex measures as well as consolidation effects resulting from self-produced services, known as AFFO. In order not to be limited in the use of subsidy measures, the capex measures for the years 2023 and beyond are adjusted for non-recurring investments that benefit from government subsidies. The related adjustments to the short-term variable remuneration components (STI plan conditions) for the 2023 financial year will be submitted to the Annual General Meeting on 17 May 2023 for resolution. In connection with the change to the governance of LEG Immobilien SE, given current market conditions the Supervisory Board believes it is appropriate to deviate from the previous financial performance indicators that make up 80% of the STI and use AFFO per share (40%) and the adj. EBITDA margin (40%) as new financial performance criteria for 2023.

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Overview of 2022 remuneration system:

FIXED REMUNERATION COMPONENT	BASIC REMUNERATION	· Fixed contractually agreed remuneration payable in twelve equal instalments	
	FRINGE BENEFITS	· Essentially company car for business and private use, for business trips the services of a driver can be used, various insurance elements	
	PENSION ENTITLEMENT	· Receipt of a fixed amount, specified in the respective employment contract, into a reinsured support fund	
VARIABLE REMUNERATION COMPONENT	SHORT-TERM VARIABLE REMUNERATION COMPONENT (STI)	Plan type	· Tantieme
		Restriction / cap	· 200% of the target amount
		Performance criteria	· 40%: Result from renting & leasing · 40%: Funds from operations I · 20%: ESG-targets · Criteria-based adjustment factor (0,8 – 1,2) to assess the individual and collective performance of the Management Board as well as extraordinary developments
		Payout	· After the end of the respective financial year
		Plan type	· Performance cash plan
	LONG-TERM VARIABLE REMUNERATION COMPONENT (LTI)	Restriction / cap	· 250% of the target amount
		Performance criteria	· 80%: Relevant Total Shareholder Return in comparison to the relevant index (EPRA NAREIT Germany) · 20%: ESG-targets
		Term of a performance period	· Four years
		Payout	· After the four-year performance period · Purchase obligation of LEG shares in the amount of 25% of the payout
		MALUS/CLAWBACK	· Partial or complete reduction or reclaim of variable remuneration possible
SHARE RETENTION OBLIGATION	· Obligation to purchase LEG shares equivalent to a gross basic salary within four years · Obligation to hold the acquired shares for the duration of the Management Board activity		
MAXIMUM REMUNERATION	· Chairman of the Board: EUR 4,800,000 · Full members of the Board: EUR 3,100,000		

Management Board members in the 2022 financial year

The members of the Management Board in the 2022 financial year were:

- Lars von Lackum, CEO
- Susanne Schröter-Crossan
- Dr Volker Wiegel

Secondary activities of Management Board members

At the request of LEG Immobilien SE, Management Board members also assume duties or positions on bodies at affiliated companies of LEG Immobilien SE. This also applies for performing functions at associations and similar organisations, where LEG Immobilien SE has an interest in this. Performing these duties does not constitute an additional employment contract. The number of mandates at companies and comparable entities in which LEG Immobilien SE, directly or indirectly, holds less than 51% of the respective capital or, if higher, of voting rights, must not exceed four. This limitation does not include mandates at housing industry associations, the LEG NRW Tenant Foundation and the “Your Home Helps” foundation. All secondary activities by a member of the Management Board require the prior approval of the Supervisory Board and, as the responsible committee there, of the Executive Committee, where these activities may affect the interests of LEG Immobilien SE. If the Management Board member receives separate remuneration for these positions and offices, this remuneration is taken into account in his/her existing claims for remuneration from LEG Immobilien SE in accordance with the recommendation G.15 of the German Corporate Governance Code.

Any remuneration is taken into account regardless of whether it is granted for activities at affiliated companies or at external third parties. If the Management Board member has claims for remuneration from affiliated companies, this remuneration is transferred not to the Management Board member but directly to LEG Immobilien SE.

In the case of external Supervisory Board mandates of Management Board members, in accordance with recommendation G.16 of the German Corporate Governance Code the Supervisory Board is to decide whether and to what extent the remuneration paid to the Management Board member for this mandate is to be taken into account for Management Board remuneration. The only non-Group Supervisory Board mandate held at present is by Ms Susanne Schröter-Crossan on the Supervisory Board of Hello Fresh SE. The Supervisory Board has thus decided not to take the remuneration Ms Schröter-Crossan receives for this activity into account for her remuneration as a Management Board member of LEG Immobilien SE. The Supervisory Board believes it is in LEG Immobilien SE's interests for its Management Board members to receive impetus from individual, non-Group Supervisory Board mandates that they can also apply to their Management Board work.

Management Board remuneration system in the 2022 financial year (“new remuneration system”)

The Management Board remuneration system supports LEG Immobilien SE's three fundamental core activities: optimising core business, expanding the value chain and portfolio growth.

Management Board remuneration is intended to further strengthen these fundamental elements of the LEG business model. Accordingly, the remuneration system reflects the material financial key performance indicators for Group management. As well as internal key figures, the primary focus of long-term variable remuneration is on external, capital-marked-related key figures and short-term and long-term LEG Immobilien SE targets.

LEG Immobilien SE's strategic decisions here have an impact both on the company's business interests and the interests of various stakeholders. LEG Immobilien SE is aware of this responsibility and has developed a sustainability strategy that is an integral part of the company strategy and affects essential action areas. In doing so, LEG Immobilien SE aims to manage and shape sustainability efficiently and reliably. LEG Immobilien SE believes sustainable action and business practices are a corporate obligation and it fulfils this commitment to its stakeholders. In view of this, sustainability aspects are specially taken into consideration in Management Board remuneration, both in the STI (short-term variable remuneration component) and in the LTI (long-term variable remuneration component).

To sum up, this means that alongside investor suggestions, the following aspects were also incorporated when designing the remuneration system:

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

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

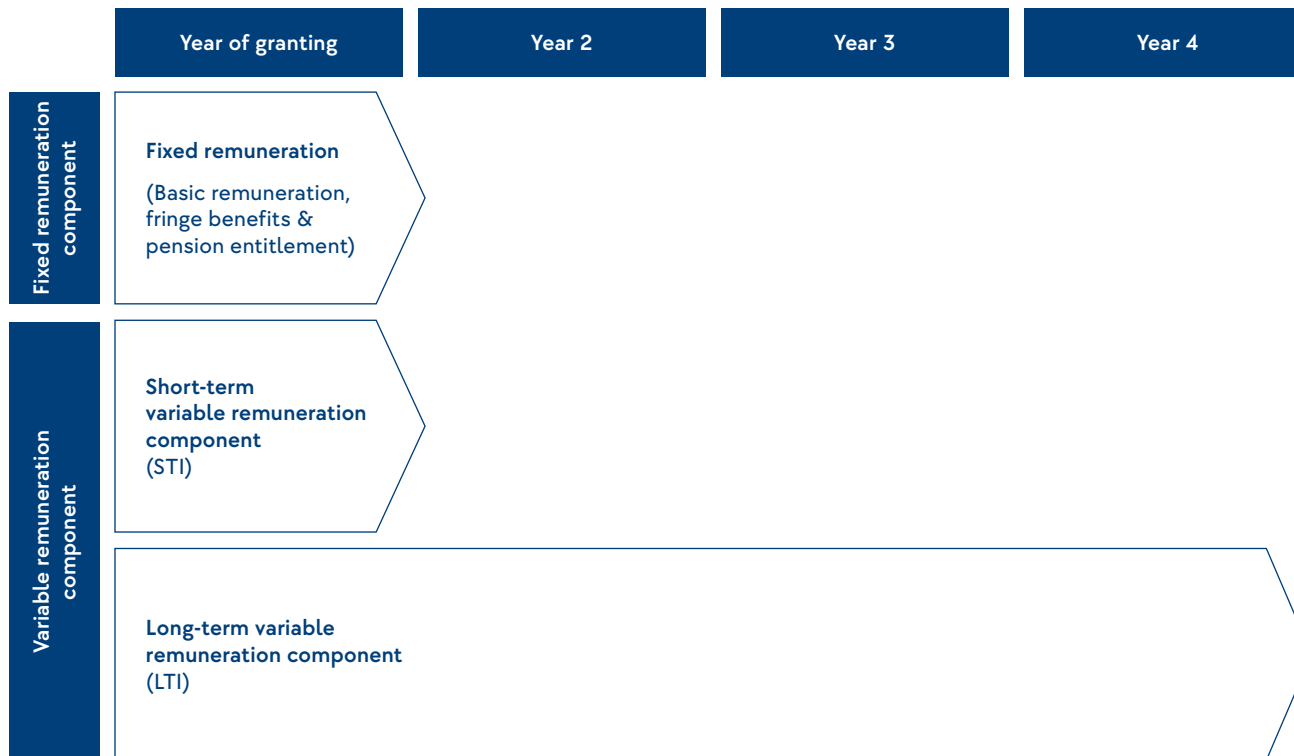
The fixed remuneration component comprises basic remuneration, additional benefits and expenses for the occupational pension.

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

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

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Remuneration system over time



The following overview shows the respective contractually agreed annual targets for the individual remuneration components, assuming 100% achievement:

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Remuneration components

€ thousand	Lars von Lackum CEO	Susanne Schröter-Crossan CFO	Dr Volker Wiegel COO
Fixed remuneration	950	550	550
One-year variable remuneration (STI)	600	375	375
Multi-year variable remuneration	1,000	650	650
Target remuneration	2,550	1,575	1,575

The target remuneration comprises the basic remuneration, the one-year variable remuneration (STI) and the multi-year variable remuneration (LTI), each based on 100% target attainment. The target remuneration was adjusted with effect from the 2022 financial year. The Supervisory Board sought advice from a renowned, independent remuneration consultant (hkp///group) when determining the remuneration. In accordance with recommendation G.3 DCGK, the Supervisory Board used suitable peer groups of other companies to assess the customary nature of the target remuneration of the members of the Management Board.

As LEG Immobilien SE is listed in the MDAX, the first peer group consists of the companies in this index. In order to emphasise the high importance of sustainability for LEG Immobilien SE, the DAX 50 ESG was also considered. The positioning in the comparison groups is based on the equally weighted key figures of sales, number of employees and market capitalisation. The target remuneration of the CEO and the members of the Management Board is still within the normal market range in both comparison markets after the adjustment in 2022.

In addition to the competitive comparison by the independent remuneration consultant (hkp///group), the adjustment as part of the revision of the remuneration system also took into account the situation of LEG Immobilien SE and its earnings performance in recent years as well as the tasks and performance of the members of the Management Board.

Target remuneration is revised based on the following considerations:

- The remuneration component transaction bonus is removed entirely in the new remuneration system, reducing the maximum target remuneration accordingly.
- The changes to remuneration also account for the good business performance in recent financial years, which is reflected both in the 8.3% average increase in FFO I per share since 2018 and the above-average performance of TSR compared to similar companies.
- Lower remuneration was initially agreed with the CEO when he joined the company. The Supervisory Board made this decision in view of the fact that he was appointed for the first time. The CEO's remuneration has now been revised to a remuneration level appropriate for a CEO's area of responsibility in a MDAX listed company.

Fixed remuneration component

Basic remuneration

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

Additional benefits

Management Board members receive contractually agreed benefits in addition to basic remuneration:

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

- If members of the Management Board are voluntarily insured under the statutory pension scheme or are members of a professional pension scheme in place of the statutory pension scheme, 50% of the standard contributions to the statutory pension scheme are paid. This regulation also applies to employee-financed pension commitments for which LEG Immobilien SE is the contractual partner. These pension commitments are capped at an annual payment of EUR 20 thousand for Lars von Lackum and EUR 15 thousand for the other members of the Management Board.

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

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

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

Pension entitlement

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

Occupational pensions granted to members of the Management Board in the 2022 financial year are shown in the table below.

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Occupational pension scheme granted

in €	Company pension benefits via a provident fund with annually paid fixed contribution			Company pension benefits via a provident fund or professional pension scheme		
	Amount p. a.	Monetary compensation amount	Monetary compensation year	Amount p. a.	Monetary compensation amount	Monetary compensation year
Lars von Lackum	100,000	2,325,000	2042	7,924	183,555	2042
Susanne Schröter-Crossan	50,000	1,245,537	2046	7,924	204,693	2046
Dr Volker Wiegel	50,000	1,141,667	2043	7,868 ¹	²	²

¹ The company pension benefits for Dr Volker Wiegel is provided by the pension scheme for lawyers

² A monthly payout starts with the day of retirement

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

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

- Net operating income,
- Funds from Operations I (FFO I) per share,
- Non-financial environmental, social and governance targets (ESG targets).

The financial performance criteria each account for 40%. The ESG targets derived from the sustainability report (CSR report) account for a total of 20% of the STI target amount, with the three ESG subtargets equally weighted. The STI also has a criteria-based adjustment factor with a range of 0.8 to 1.2. Target attainment for the performance targets is capped at 200%.

Financial performance criteria

The targets for net operating income and for FFO I per share are based on the annual business plan. The business plan resolved by the Supervisory Board for the respective financial year applies. Financial targets are each weighted at 40%.

The following financial performance indicators were set for the 2022 financial year:

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Financial performance indicators

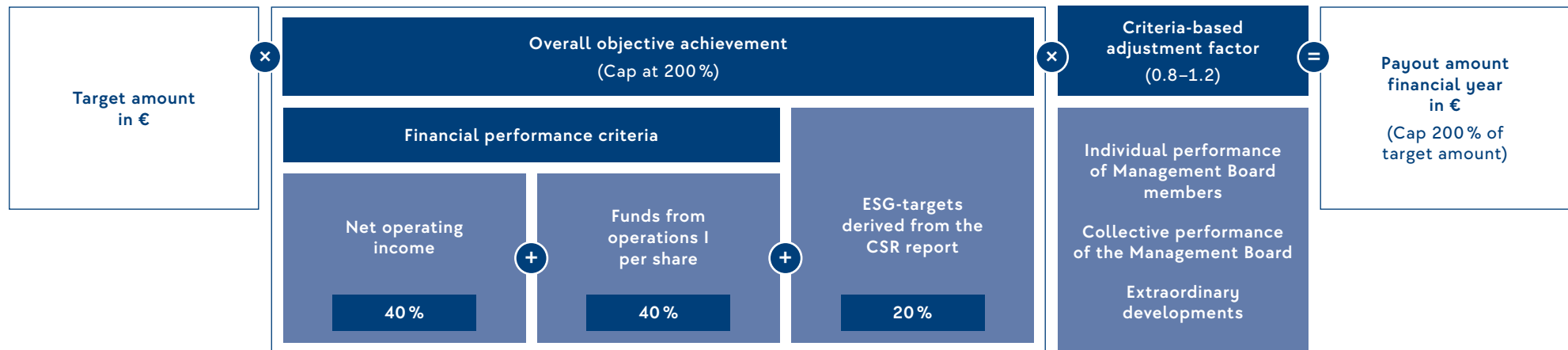
Performance criterion	Target value
Net operating income	EUR 569.9 million
FFO I per share	EUR 6.21

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

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

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Short-term variable remuneration scheme



The targets from the business plan, which was adopted before the start of the financial year, are to be assessed in accordance with the regulations defined in the Management Board agreements in terms of the effects of acquisitions and disposals not taken into account in the business plan and of changes in consolidated companies and adjusted where necessary. In summary, it should be noted that in view of the acquisition and disposal activities in 2022, an adjustment of the targets resulting from the 2022 business plan for net operating income and FFO I per share is necessary. For the 2022 financial year, 350 disposals were planned as a lump sum in the approved business plan. However, the transfer of ownership actually took place for a total of 489 units in 2022. In addition, 817 acquisitions were made in 2022 that already took effect in the current 2022 financial year but were not included in the 2022 business plan. Thus, 817 units that were not included in the 2022 business plan must be taken into account in the STI calculation.

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

T41

STI – Financial performance indicators

	Target according to 2022 business plan	Adjusted target value for 2022
Net operating income	€ 569.9 million	€ 571.9 million
FFO I per share	€ 6.21	€ 6.23

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STI target attainment

	Adjusted target	Actually achieved	Deviation	Degree of target attainment based on contractually agreed weighting	STI partial amount
Net operating income	€ 571.91 million	€ 413,51 million	72.30%	0.00%	0.00%
FFO I per share	€ 6.23	€ 6.56	105.26%	126.32%	50.53%

Non-financial targets

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

and the minimum and maximum values are set each year and finalised by the Supervisory Board in agreement with the members of the Management Board before the start of the financial year.

The Supervisory Board set the following ESG targets for the 2022 financial year:

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ESG-Ziele STI 2022

Environmental	Social	Governance
<p>Target: 4,000 ton reduction in CO₂ from completion of energetic refurbishment of existing stock that is classified as modernisation measures in accordance with section 555b no 1 – 3 BGB p. a. (e. g. heating, roof, basement, façade, windows, doors) in relation to the stock included in the annual report as at 31 December 2021 and calculated on the basis of the energy savings calculations available, taking account of the applicable CO₂ factor</p> <p>Targets: 0% minimum value: 3,600 tons CO₂ 100% target attainment: 4,000 tons CO₂ 200% maximum value: 4,400 tons CO₂</p>	<p>Target: "Trust Index" measurement for the LEG Group, which is calculated as part of the "Great Place to Work" employee survey conducted in 2022.</p> <p>Targets: 0% minimum value: 60% 100% target attainment: 66% 200% maximum value: 72%</p>	<p>Target: Stabilisation of Sustainalytics rating at <10 (negligible risk)</p> <p>Targets: 0% minimum value: 13 100% target attainment: <10 200% maximum value: 7</p>

Environmental target:

One core element of LEG Immobilien SE's sustainability strategy presented in May 2021 is its CO₂ reduction trajectory to make the company carbon neutral by 2045. Part of the plan to cut these emissions includes reducing CO₂ through energy efficiency upgrades for the housing portfolio. Energy efficiency upgrades must help reduce CO₂ by about 4,000 tons. The following fundamental parameters were set to manage and measure target attainment:

- Work must be complete, i. e. modernisation work must be finished from a technical perspective.
- The provisions of section 555b BGB form the basis for assessing when modernisation work applies.

As actual reductions cannot be reliably calculated until after several heating periods but a target that can be determined in the short term had to be determined for the STI, expected energy savings are determined on the basis of energy savings calculations prepared by experts before work begins.

Social target:

The benchmark chosen for the social target was the improvement in the "Trust Index" surveyed by an external research and consultancy institution as part of the "Great Place to Work" employee survey, as this reflects the ongoing development and engagement of the company and its staff with the corporate culture. The Trust Index was conducted in the 2022 financial year as part of a full employee survey. The Trust Index is disclosed in LEG Immobilien SE's annual report. Using the survey, LEG Immobilien SE can be compared both against external benchmarks and against presurvey figures.

Governance target:

As an indicator for good corporate governance, LEG Immobilien SE strived for a strong ESG risk rating from the experts at the independent Sustainalytics agency for the 2022 financial year. LEG Immobilien SE received an ESG risk rating of 7.8 in 2021, putting it in the lowest risk category – "negligible". LEG Immobilien SE's fundamental aim is to achieve good scores across all sustainability ratings as evidence of its transparent, sustainable corporate governance. LEG Immobilien SE selected the Sustainalytics rating for the governance sub-target within the STI's ESG targets for two reasons. Firstly, the Sustainalytics report assesses the risk of negative financial effects of ESG factors in great detail in more than 80 individual criteria, as well as assigning very high weighting to governance criteria. Secondly, LEG Immobilien SE already received a Sustainalytics ESG risk rating in the lowest risk category in 2021. Sustainalytics makes its evaluation stricter each year and so it is more and more challenging each year to achieve the lowest risk category. This underscores its ambitious targets.

Based on investor feedback, the Supervisory Board no longer uses the Sustainalytics rating as a target for 2023.

Non-financial targets are weighted at 20% overall. All sub-targets (environmental, social and governance) were weighted equally.

T44

STI – ESG target attainment

	Actual attainment	Target attainment	ESG-target partial amount (weighted)
Environmental	4,028 t CO ₂	107%	35.7%
Social	73%	200%	66.7%
Governance	Sustainalytics Rating 6.7	200%	66.7%

Target attainment for the non-financial targets in the 2022 financial year was 169.0%.

STI overall target attainment:

The total STI amount is calculated based on weighted sub-target attainment. Based on the attainment of all STI targets (weighted), the Management Board's average target attainment for the STI target was 84.33%.

Criteria-based adjustment factor:

In December 2021, the Supervisory Board determined the following criterion for the criteria-based adjustment factor for the 2022 financial year:

- Successful integration of properties acquired in the assessment period.

In addition, in line with recommendation G.11 sentence 1 of the German Corporate Governance Code the Supervisory Board also retained the right to account for extraordinary developments in the criteria-based adjustment factor.

The Supervisory Board decided by circular resolution of 23. February 2023 – following a recommendation of the Executive Committee of 22 February 2023 – to set a criteria-based adjustment factor in the amount of 1.1 with a view to the successful integration of the portfolios acquired in the assessment period 2021. In particular, the Supervisory Board took into account the fulfilment of the operational key figures, e. g. the like-for-like rent increases, the vacancy rate, and the transfer of the acquired portfolios into the LEG management platform as well as the transfer of the personnel into the LEG organisation. For the Supervisory Board, the decisive factor in determining the criteria-based adjustment factor was that the integration of the largest acquisition in the LEG Group's history has worked very well overall, even if further efforts will be required in the future to develop the portfolio positively in the interests of the company.

The criteria-based adjustment factor was applied in determining the management board remuneration.

STI – amounts paid out:

This results in the following amounts due:

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STI – Payment claims

in €	Lars von Lackum CEO	Susanne Schröter-Crossan CFO	Dr Volker Wiegel COO
STI 2022	556,553.80	347,846.40	347,846.40

The amount paid out from the STI is capped at EUR 1,200 thousand for Lars von Lackum and EUR 750 thousand for both Susanne Schröter-Crossan and Dr Volker Wiegel.

The STI to be paid according to the above calculation shall be settled and paid out to the Executive Board member not later than 30 days after the approval of the LEG Immobilien SE's consolidated financial statements.

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

In addition to an STI, the members of the Management Board are entitled to an LTI based on the company's long-term, sustainable development. This LTI is newly awarded for each financial year and is spread over a four-year performance period. There are currently three different LTI programmes in place for Management Board members that are based on different regulations: the LTI programme in place until the 2020 financial year, the LTI programme for the 2021 financial year and the LTI programme that applies from the 2022 financial year onwards.

Management Board members still have LTI entitlements under the relevant Management Board agreements prior to the 2021 financial year, under the LTI plan conditions of which payments

may still be made until 2024 for the third tranche of the 2020 LTI ending in the 2023 financial year. Remuneration granted and payable in the 2022 financial year includes only payments from these LTIs valid until the 2020 financial year.

The section below provides an overview of the LTI plan conditions in place since the 2022 financial year. The LTI for the 2022 financial year is a further development of the 2021 LTI. These LTI tranches do not lead to remuneration granted and payable until the end of the four-year performance period. Target attainment for the 2019/2020 LTI to be presented as remuneration granted and payable in the 2022 financial year is reported after the presentation of the current LTI programme.

LTI plan conditions from 2022 (2022 LTI)

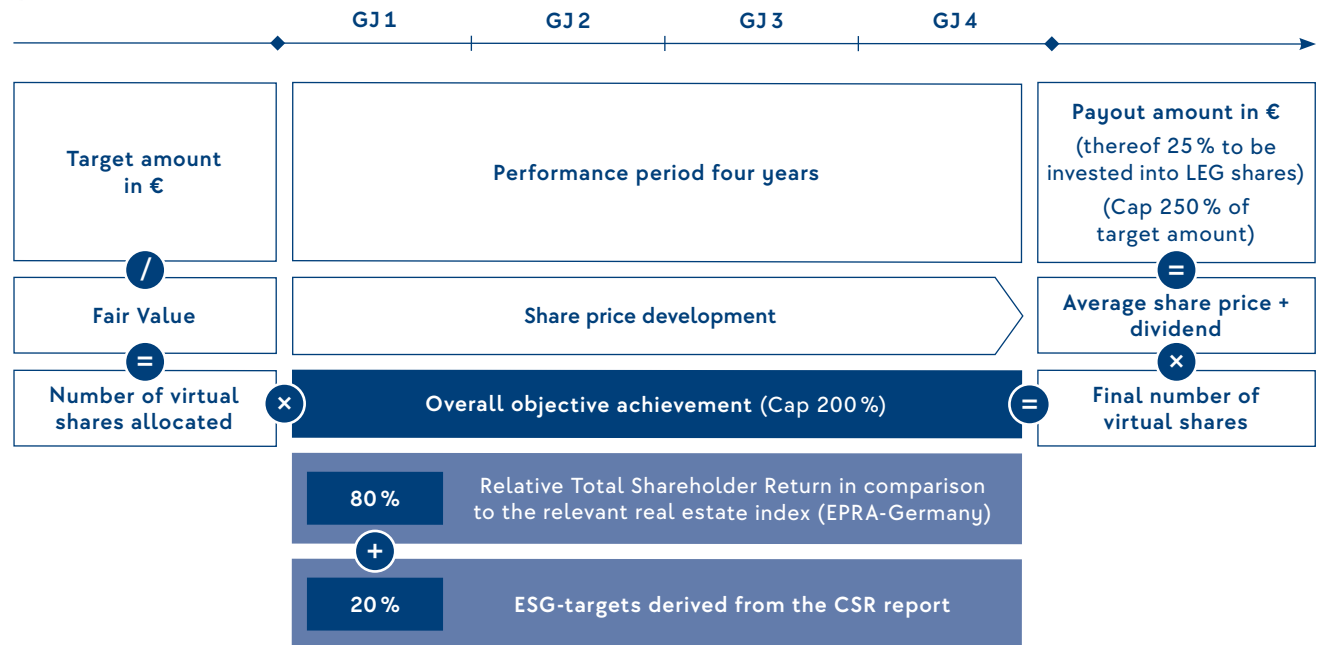
Management Board members will receive an LTI in the form of a virtual performance share plan for a four-year performance period for the first time for the 2022 financial year.

The 2022 LTI is determined on the basis of the following financial and non-financial performance targets:

- Development of relative total shareholder return compared to the relevant property index (EPRA Germany) (80%)
- Non-financial environmental, social and governance targets (ESG targets) (20%)

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LTI



The total amount of the LTI awarded for a financial year, determined after the end of the respective performance period, is limited to a maximum of 250% of the target amount (2.5 times the value of the individual target amount). The Executive Board member is obliged to invest 25% of the payment from the LTI in shares issued by the company and to hold them for the duration of the Executive Board activity. A cap of 200% is set for the total target achievement.

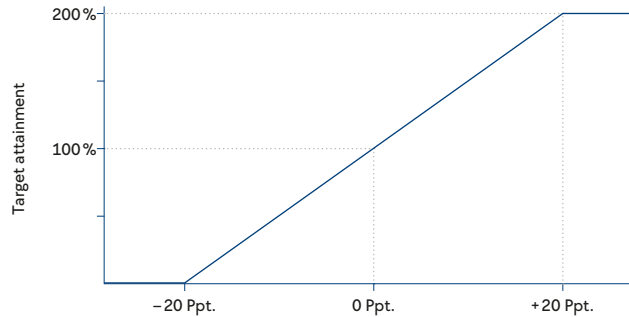
The financial performance criterion used in the 2022 LTI is relative TSR compared to a relevant property index, with a weighting of 80%. The Supervisory Board has decided using the EPRA Germany Index as the benchmark index. The EPRA Germany Index comprises LEG Immobilien SE's key national listed competitors and is thus a relevant peer group.

TSR describes changes in LEG Immobilien SE's share price for the performance periods, including notionally reinvested gross dividends per share. Relative TSR describes the percentage point difference between the price change of the LEG Immobilien SE share, including notionally reinvested gross dividends, and the change in EPRA Germany Index over the performance period.

Target attainment for relative TSR is 100% if LEG Immobilien SE's relative TSR is 0 percentage points, i.e. LEG Immobilien SE's share price performance including reinvested gross dividends is the same as the performance of the EPRA Germany Index. If relative TSR is 20 percentage points or more below TSR in the benchmark index, target attainment is 0%. Target attainment is 200% if relative TSR is 20 percentage points or more above the benchmark index's TSR. Relative TSR higher than this does not further increase target attainment. Target attainments between the defined target attainment points are calculated by linear interpolation.

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Target attainment curve relative TSR



Relative TSR (compared to EPRA Germany Index) over four years

As for the STI, specific ESG targets are set for the respective LTI tranche. Different ESG targets are used here than for the STI in order to avoid duplicate incentives. The specific ESG targets for the tranche in question are set by the Supervisory Board before the start of the performance period. These targets are precisely defined and it is ensured that they can be clearly measured.

The following equally-weighted ESG targets apply to the 2022 LTI performance period from 2022 to 2025:

T46

LTI ESG-targets 2022 – 2025

Environmental	Social
<p>Target: 10% reduction in adjusted CO₂ emissions in kg/m² in the portfolio in accordance with the annual report as at 31 December 2021 compared with the portfolio in accordance with the LEG Group's annual report as at 31 December 2025</p>	<p>Target: Customer Satisfaction Index of 70%</p>
<p>Targets: 0% minimum value: -6% 100% target attainment: -10% 200% maximum value: -14%</p>	<p>Targets: 0% minimum value: 60% 100% target attainment: 70% 200% maximum value: 80%</p>

The total 2022 LTI available for a financial year calculated after the end of the performance period is capped at EUR 2,500 thousand for Lars von Lackum and EUR 1,625 thousand for both Susanne Schröter-Crossan and Dr Volker Wiegel.

If an LTI for 2022 is to be paid, this must be settled for the last year of the tranche's performance period and paid to the respective Management Board member no later than 30 days after the approval of LEG Immobilien SE's consolidated financial statements. Management Board members are obliged to invest 25% of the payment from the LTI in shares issued by LEG Immobilien SE and to hold these for the duration of their Management Board position.

LTI plan conditions for the LTI granted in the 2021 financial year (2021 LTI)

The 2021 LTI is a performance cash plan. The 2021 LTI is determined on the basis of the following financial and non-financial performance targets:

- Development of absolute total shareholder return (TSR) (40%),
- development of LEG Immobilien SE's share price compared to the relevant index, EPRA Germany (40%),
- Non-financial environmental, social and governance targets (ESG targets) (20%).

The amount paid out for the 2021 LTI is capped at 200% of the target amount.

The financial performance indicators used for the 2021 LTI are the development of absolute TSR and LEG Immobilien SE's share price performance in comparison to that of the EPRA Germany Index. These performance indicators are therefore geared towards boosting value for shareholders and create incentives to generate shareholder value.

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

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

To determine target attainment for the performance target "relative share price performance", the share price performance of the LEG Immobilien SE share in percent in the respective performance period is compared against the percentage change in the EPRA Germany Index. The EPRA Germany Index comprises LEG Immobilien SE's key national listed competitors and is thus a suitable peer group.

Environmental, social and governance criteria are defined for the ESG targets and are put into practice with specific targets. The specific targets and minimum and maximum values were set each year by the Supervisory Board before the start of the financial year. The Supervisory Board had to set different targets than for the STI. The Supervisory Board assessed target attainment using suitable quantitative/qualitative surveys to measure the performance of the ESG targets in question. Target attainment for ESG targets is also capped at 200%.

The 2021 LTI will be paid after the end of the four-year performance period in the 2025 financial year. Target attainment and remuneration granted and payable under the 2022–2025 performance share plan will be reported in detail in the 2024 remuneration report.

LTI plan conditions for LTIs granted in the 2019 and 2020 financial years (2019 and 2020 LTI)

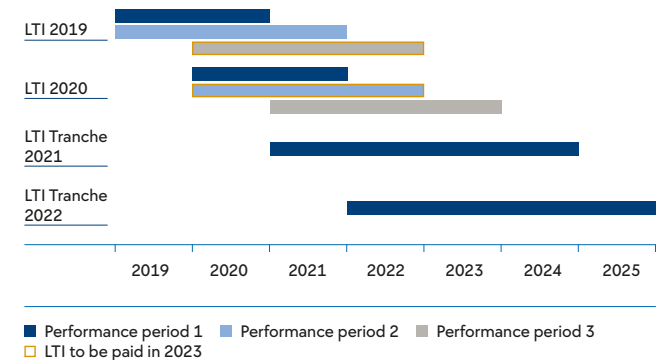
The 2019 and 2020 LTI programme in place until 31 December 2020 was spread over four years and newly awarded for each financial year.

The 2019 and 2020 LTI for a financial year was spread over the following three performance periods in three equal tranches:

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

G14

Performance periods LTI



The key performance targets for the LTI are:

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

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

T47

LTI – Shareholder Return

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

LTI granted and owed in 2022**LTI 2019/performance period 3 and LTI 2020/performance period 2:**

For the LTI 2019/performance period 3 and LTI 2020/performance period 2 granted and owed in 2022, the following values have been achieved with regard to the performance target total shareholder return:

T48

Target attainment Total Shareholder Return

in %	2020	2021	2022
Total Shareholder Return p. a.	20.83	5.63	-46.31
Total Shareholder Return Performance Period 2 Ø p. a.		-6.62	

Target attainment for the sub-target total shareholder return is 0%.

Performance against the EPRA Germany index in the relevant period under review from 2020 to 2022 was as follows:

T49

Target attainment EPRA Germany Index

in %	
Performance against EPRA Germany-Index	138.09

Target attainment for the sub-target “development of LEG Immobilien SE’s share price compared to the EPRA Germany Index” is 120%.

Target attainment is determined separately for each performance target independently of the other sub-targets. Where mathematically possible, offsetting is used within a tranche in such a way that the shortfall in one performance target can be offset by over-achievement in another performance target.

Overall, target attainment for the LTI 2019/performance period 3 and LTI 2020/performance period 2 is 60%.

Transaction bonus

Management Board agreements also included a transaction bonus for financial years 2020 and 2021. Based on investor feedback, the Management Board agreements were revised in 2022 and the transaction bonus removed. In this context, all Management Board members opted out of the 2021 transaction bonus in the 2022 financial year. Therefore, only the second tranche of the transaction bonus for the 2020 financial year will be paid out in the 2022 financial year.

Payment of the transaction bonus is linked to the acquisition of at least 7,500 residential units per year (threshold value) and increases on a linear basis up to the acquisition of 30,000 residential units per year (maximum value). For the acquisition of residential units to be eligible, the transaction must close in the financial year in question. The calculation of the 2020 transaction bonus involves 11,224 residential units, the benefits and encumbrances for which were transferred to a LEG company in the 2020 financial year. The transaction bonus for the 2020 financial year was thus EUR 291,330.84 for Lars von Lackum, EUR 100,984.14 for Susanne Schröter-Crossan and EUR 200,870.63 for Dr Volker Wiegel. One third of this amount was paid out to members of the Management Board in 2021 in accordance with a Supervisory Board resolution and after approval of the consolidated financial statements. The remaining 2/3 of the transaction bonus (“deferral”) is paid depending on performance. The amount of the payment was determined based on target attainment (maximum 100%) which was determined by the Supervisory Board in an overall business plan that applies for multiple transactions and is in place for at least two years. The key figures for achieving the overall business plan are net operating income and FFO I, each weighted at 50%. The target for the net operating income sub-target is EUR 72.3 million and the figure for FFO I is EUR 57.9 million. The actual figures achieved in the 2021–2022 assessment period were EUR 73.6 million for the net operating income sub-target is and EUR 60.9 million for FFO I.

The target attainment for the second tranche of the 2020 transaction bonus is therefore 102.35%, but is contractually limited to 100%.

This results in the following amounts paid out for the members of the Management Board: Lars von Lackum is paid EUR 194,220.56, Susanne Schröter-Crossan EUR 67,322.76 and Dr Volker Wiegel EUR 133,913.75.

Malus and clawback provisions for variable remuneration

The Supervisory Board can withhold (malus) or recover (clawback) variable remuneration components in the following circumstances. If a member of the Management Board seriously breaches legal obligations, obligations under employment contracts or internal company codes of conduct (compliance violation) as a result of gross negligence, the Supervisory Board is entitled to reduce, in part or in full, and thus to withhold variable remuneration that has not yet been paid at its discretion. In addition, at its discretion the Supervisory Board can recover, in part or in full, the gross amount of variable remuneration that has already been paid.

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

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

There was no malus or clawback in the 2022 financial year.

Share ownership obligation (Obligation according to Share Ownership Guidelines = SOG)

Regardless of the share purchase obligation under the LTI regulations, since 1 January 2021 all members of the Management Board have been required, within a four-year establishment phase, to acquire LEG Immobilien SE shares equal to one gross annual salary and hold these shares for the entire duration of their Management Board agreements. The SOG target is 100% of the gross annual base salary. During the establishment phase, all members of the Management Board are obliged to acquire LEG Immobilien SE shares equal to 25% of their gross annual salary in each of the four establishment years. The number of LEG Immobilien SE shares to be acquired in the establishment year is calculated by dividing gross annual salary at the start of the establishment year by the figure – rounded to whole shares in

accordance with commercial practice – that is determined by calculating the arithmetic average of the LEG Immobilien SE share's closing price in XETRA trading on the Frankfurt Stock Exchange for the last 30 trading days prior to the first day of the establishment year in question. Shares already held by a member of the Management Board are taken into account.

The members of the Management Board achieved the SOG target for the 2021 and 2022 financial years.

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

T50

Attainment of the Share Ownership Guidelines

	Proven number of shares 31.12.2021	Mandatory				Proven		
		Percentage basic remuneration	Amount in € thousand	25% of basic remuneration in € thousand	Mandatory number of shares ¹ 31.12.2022	Amount in € thousand	Proven number of shares 31.12.2022	Actual number of shares 31.12.2022
Lars von Lackum	4,500	100	950	238	1,932	392	3,603	8,103
Susanne Schröter-Crossan	1,090	100	550	138	1,119	108	1,155	2,245
Dr Volker Wiegel	1,239	100	550	138	1,119	145	1,667	2,906

¹ Based on the average Xetra-closing share price of the last 30 trading days in the financial year 2021 of € 122.96.

Total remuneration of the Management Board

Granted and payable Management Board remuneration for the 2022 and 2021 financial years in accordance with section 162 (1) sentence 1 AktG is shown in the table below. The table shows the remuneration components for the work performed by members of the Management Board in the reporting year or for which the assessment period ended in the reporting year ("remuneration granted"); there are no claims to remuneration that is legally due but that has not yet been paid ("payable remuneration").

T5.1

Remuneration and benefits earned

	Lars von Lackum CEO				Susanne Schröter-Crossan CFO				Dr Volker Wiegel COO			
	2022		2021		2022		2021		2022		2021	
	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	in %	€ thousand	in %
Fixed remuneration	950	50	800	43	550	52	500	45	550	45	500	40
Additional benefits	30	2	26	1	27	3	27	2	41	3	34	3
Total fixed remuneration components	980	52	826	44	577	55	527	47	591	48	534	43
Total One-year variable remuneration (STI)	557	28	656	35	348	32	444	40	348	29	444	35
One-year variable remuneration (STI) (STI 2021)	–	–	656	35	–	–	444	40	–	–	444	35
One-year variable remuneration (STI) (STI 2022)	557	28	–	–	348	32	–	–	348	29	–	–
Total multi-year variable remuneration (LTI)	180	10	295	16	74	7	111	10	138	12	214	17
LTI 2019 Tranche 2 (2019 to 2021)	–	–	146	8	–	–	–	–	–	–	99	8
LTI 2019 Tranche 3 (2020 to 2022)	90	5	–	–	–	–	–	–	69	6	–	–
LTI 2020 Tranche 1 (2020 to 2021)	–	–	150	8	–	–	111	10	–	–	115	9
LTI 2020 Tranche 2 (2020 to 2022)	90	5	–	–	74	7	–	–	69	6	–	–
Transaction bonus (Deferral 2020)	194	10	97	5	67	6	34	3	134	11	67	5
Total variable remuneration components	930	48	1,048	56	489	45	589	53	620	52	725	57
Total remuneration granted and owed within the meaning of section 162 (1) sentence 1 AktG	1,910	100	1,874	100	1,066	100	1,116	100	1,211	100	1,259	100
Pension costs	108	–	108	–	58	–	58	–	58	–	58	–
Total remuneration	2,018	–	1,982	–	1,124	–	1,174	–	1,269	–	1,317	–

Fixed remuneration components, one-year variable remuneration (STI 2022) and multi-year variable remuneration (LTI 2019 tranche 3, LTI 2020 tranche 2 and transaction bonus 2020) are considered “remuneration granted” regardless of when they are actually paid out, as the relevant work had been performed by the end of the reporting period on 31 December 2022.

As well as the amount of remuneration, under section 162 (1) sentence 2 no. 1 AktG the relative share of all fixed and variable remuneration components in total remuneration must also be disclosed. The relative share relates to the remuneration components granted and payable in the financial year in accordance with section 162 (1) sentence 1 AktG. The relative share values given in the Management Board remuneration system refer solely to target remuneration. Accordingly, the relative share stated in the remuneration report for the 2022 financial year may differ significantly from the values given in the Management Board remuneration system. To ensure transparent reporting, the pension costs for the occupational pension must also be disclosed even if these are not classified as granted and payable remuneration in the reporting year.

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

Maximum Management Board remuneration

The maximum total remuneration granted in return for the work of the respective member of the Management Board for one financial year – including basic remuneration, variable remuneration components, an occupational pension and benefits – is EUR 4,800 thousand for Lars von Lackum, EUR 3,100 thousand for Susanne Schröter-Crossan and EUR 3,100 thousand for Dr Volker Wiegel. If the maximum remuneration for a financial year is exceeded, the payout of the LTI tranches for the corresponding financial year will be reduced. Compliance with maximum remuneration for the 2022 financial year will be reported on after all remuneration components are granted for this financial year. Current maximum remuneration for Management Board members was checked against Management Board remuneration in the MDAX and DAX 50 ESG and is within the standard market range compared with the MDAX and the DAX 50 ESG.

Remuneration for former members of the Management Board

There were no remuneration obligations to former members of the Management Board in accordance with section 162 (1) AktG in the 2022 financial year.

Early termination benefits

If a member of the LEG Immobilien SE Management Board is dismissed, the employment agreement for both parties can be terminated with a notice period of six months to the end of a month. The notice period is extended if a longer notice period is stipulated in accordance with section 622 (2) BGB. This does not affect termination options in accordance with section 626 BGB.

Severance pay

Employment agreements do not entitle Management Board members to severance pay in the event of early termination, although they do provide the option for this payment.

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

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

Change of Control

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

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

Death benefits

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

Remuneration system of the Supervisory Board

With effect from the close of the Annual General Meeting on 19 May 2022, the terms of all Supervisory Board members in office at this time ended. Mr Stefan Jütte and Dr Johannes Ludewig were no longer eligible for another term in office on account of their age. Following a resolution by the Annual General Meeting on 19 May 2022, the Supervisory Board was reduced from seven to six members. In accordance with Article 9.1 of LEG Immobilien SE's Articles of Association, the Supervisory Board therefore comprises six members who are elected by the Annual General Meeting.

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

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

The Annual General Meeting on 19 May 2022 approved a new remuneration system for the members of the Supervisory Board with 97.34% of the vote. Based on the results of the market comparison and the abolition of the meeting fee, the remuneration system of the Supervisory Board has been adjusted as follows in 2022:

T52

Compensation scheme for the Supervisory Board

Basic compensation	<ul style="list-style-type: none"> Each supervisory board member receives annual compensation of EUR 90 thousand.
Differentiation	<ul style="list-style-type: none"> The CSB receives 2.5 times the fixed remuneration of an OMSB and the DCSB 1.25 times the fixed remuneration of an OMSB. The fixed remuneration of an OMSB is EUR 90 thousand.¹
Committee compensation	<ul style="list-style-type: none"> Members of a Supervisory Board committee receive additional annual fixed remuneration of EUR 25 thousand, with the Chairman of the committee receiving twice this figure. For the membership and chairmanship of the Nomination Committee no compensation is paid.
Attendance fee	<ul style="list-style-type: none"> No attendance fees are paid.

¹ CSB = Chairman of the Supervisory board; DCSB = Deputy Chairman of the Supervisory board; OMSB = Ordinary member of the Supervisory board

The function-related remuneration differentiation between the Chairman and the Deputy Chairman and the ordinary Supervisory Board members reflects the increased responsibility and variety of tasks and, in turn, the greater time commitment of the Supervisory Board Chairman and complies with Principle 25 as well with the recommendation G.17 of the German Corporate Governance Code. Differentiation at LEG Immobilien SE is in line with standard market levels. Companies in the MDAX and the DAX 50 ESG were used as comparisons to review Supervisory Board remuneration.

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

LEG Immobilien SE had also concluded D&O insurance for the members of the Supervisory Board with an appropriate insured amount and excluding a deductible.

Breakdown of Supervisory Board remuneration

Breakdown of Supervisory Board remuneration – remuneration granted and payable to members of the Supervisory Board for the 2022 and 2021 financial year under section 162 (1) sentence 1 AktG:

T53

Breakdown of Supervisory Board remuneration

Name of member	2022							2021						
	Fixes remuneration		Committee compensation		Attendance Fee		Total	Fixed remuneration		Committee compensation		Attendance Fee		Total
	€ thousand	in %	€ thousand	in %	€ thousand	in %		€ thousand	in %	€ thousand	in %	€ thousand	in %	
Michael Zimmer (chairman)	207.6	81.2	46.2	18.1	2.0	0.8	255.8	180.0	80.4	40.0	17.9	4.0	1.8	224.0
Stefan Jütte (Deputy Chairman until 19.05.2022)	34.8	78.2	7.7	17.3	2.0	4.5	44.5	90.0	74.1	27.4	22.6	4.0	3.3	121.4
Dr Johannes Ludewig (until 19.05.2022)	27.8	78.3	7.7	21.7	0.0	0.0	35.5	72.0	76.6	20.0	21.3	2.0	2.1	94.0
Dr Jochen Scharpe	83.0	75.4	23.1	21.0	4.0	3.6	110.1	72.0	75.0	20.0	20.8	4.0	4.2	96.0
Natalie Hayday (Member until 06.01.2021)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	76.9	0.3	23.1	0.0	0.0	1.3
Dr Claus Nolting (Deputy Chairman since 19.05.2022; Chairman of the Risk and Audit Committee)	96.9	59.7	61.5	37.9	4.0	2.5	162.4	72.0	62.2	35.8	30.9	8.0	6.9	115.8
Martin Wiesmann	83.0	58.9	53.8	38.2	4.0	2.8	140.8	72.0	74.8	16.3	16.9	8.0	8.3	96.3
Dr Sylvia Eichelberg (Member since 27.05.2021)	83.0	82.8	15.3	15.3	2.0	2.0	100.3	42.8	0.0	0.0	0.0	4.0	0.0	46.8
Dr Katrin Suder (Member since 19.05.2022, Chairwoman of the ESG Committee)	55.3	64.3	30.7	35.7	0.0	0.0	86.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	671.4	71.8	246.0	26.3	18.0	1.9	935.4	601.8	75.6	159.8	20.1	34.0	4.3	795.6

The remuneration system for the Supervisory Board does not include any obligation for Supervisory Board members to buy and hold shares in LEG Immobilien SE.

Management Board remuneration system in the 2023 financial year

Preliminary remarks:

Management Board remuneration for the 2023 financial year is based on the remuneration model adopted in the 2022 financial year. As described above, LEG Immobilien SE no longer reports the key figure FFO I due to the continuation of its business strategy from the 2023 financial year in line with guidance, and instead reports FFO I adjusted for recurring capitalised expenditure measures consolidation effects resulting from self-produced services, known as AFFO. In order not to be limited in the use of subsidies for investments, the capex measures for 2023 and beyond are adjusted for non-recurring investments that benefit from government subsidies.

The related adjustments to the short-term variable remuneration components (STI plan conditions) for the 2023 financial year will be submitted to the Annual General Meeting on 17 May 2023 for approval as part of the presentation of the correspondingly adjusted Executive Board remuneration system. In connection with the change to the steering of the company as a whole due to the current market conditions, the Supervisory Board decided on 19 December 2022, on the recommendation of the Executive Committee, to use 40 % of the AFFO per share and 40 % of the adjusted EBITDA margin as new financial performance criteria for 2023, in deviation from the previous financial performance criteria; both financial performance criteria together account for a total of 80 % of the STI.

The amount of remuneration paid to the Management Board members is unchanged. Looking at the two comparative markets, the MDAX and the DAX 50 ESG, the current target remunerations of the Management Board members are, in the opinion of the Supervisory Board, within the usual market range.

Assuming 100 % attainment, the contractually agreed annual targets for the individual remuneration targets for each Management Board member are as follows:

T54

Remuneration components 2023

€ thousand	Lars von Lackum CEO	Susanne Schröter-Crossan CFO	Dr Volker Wiegel COO
Fixed remuneration	950	550	550
One-year variable remuneration (STI)	600	375	375
Multi-year variable remuneration (LTI)	1,000	650	650
Target remuneration	2,550	1,575	1,575

Only the financial performance targets (STI plan conditions) are adjusted in the remuneration system.

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

The STI 2023 consists of an annual payment measured on the basis of the following financial and non-financial performance targets:

- AFFO per share,
- Adjusted EBITDA margin
- Non-financial environmental, social and governance targets (ESG targets).

The two financial targets each account for 40 % of the STI target, while ESG targets account for 20 %, with each ESG sub-target equally weighted. The STI also has a criteria-based adjustment factor with a range of 0.8 to 1.2 for assessing the individual and collective performance of the Management Board. The Supervisory Board defined the criterion for assessing Management Board performance prior to the end of the 2022 financial year.

Target attainment for the performance targets is capped at 200 %.

Financial targets (Performance criteria)

The targets for AFFO per share and the adjusted EBITDA margin are based on the annual business plan. The business plan approved by the Supervisory Board for the respective financial year applies. The two financial performance criteria are each weighted at 40 %.

The following financial performance indicators were set for the 2023 financial year:

T55

Financial performance indicators 2023

Financial performance criterion	Target value
AFFO per share	€ 1,50
Adjusted EBITDA margin	77,7%

If the target value AFFO per share is reached, the target attainment is 100 %. If the target value is exceeded by 20 %, the maximum value of 200 % target attainment is reached. If the target attainment remains 20 % below the target value, the target attainment level is set at 0 %. Target attainments between the defined target attainment points (0 %; 100 %; 200 %) are interpolated linearly.

If the adjusted EBITDA margin target value is reached, the target attainment level is 100 %. If the target value is exceeded by 5 percentage points, the maximum value of 200 % target attainment is reached. If the target attainment remains 5 percentage points below the target value, the target attainment level is set at 0 %. Target attainments between the defined target attainment points (0 %; 100 %; 200 %) are interpolated linearly.

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

Non-financial targets

ESG targets are based on LEG Immobilien SE's sustainability report and on strategic considerations and future projects. Environmental, social and governance criteria are defined for the ESG targets and are put into practice with specific targets. The targets are assigned quantitative or qualitative criteria so that a comparison of target and actual performance can be carried out at the end of the financial year to measure target attainment. The specific ESG targets and the minimum and maximum values are determined annually by the Supervisory Board in consultation with the members of the Management Board before the start of the financial year and are finally resolved. Non-financial targets are weighted at 20% overall. All sub-targets (environmental, social and governance) were weighted equally.

The Supervisory Board set the following ESG targets for the 2023 financial year:

T56

ESG targets LTI 2023

Environmental	Social	Governance
<p>Target: Reduce CO₂ by 4,000 tons through modernisation work and changing customer behaviour</p>	<p>Target: Speed at which tenant inquiries in connection with outstanding receivables are resolved</p>	<p>Target 1: 85% of active employees at LEG Nord FM, Biomasse Heizkraftwerk KG and TSP – TechnikServicePlus GmbH have completed compliance training</p> <p>Target 2: 99% of active employees at the other LEG Group companies (section 15 of the German Stock Corporation Act) have completed compliance training</p>
<p>Targets: 0% minimum value: 3,600 tons CO₂ 100% target attainment: 4,000 tons CO₂ 200% maximum value: 4,400 tons CO₂</p>	<p>Targets: 0% = 18 calendar days 100% = 13 calendar days 200% = 8 calendar days</p>	<p>Targets: 0% minimum value: 80% (target 1), 94% (target 2) 100% target attainment: 85% (target 1), 99% (target 2) 200% maximum value: 100% (target 1), 100% (target 2)</p>

Definition of environmental target attainment:

The target is to reduce carbon dioxide (CO₂) by 4,000 tons in 2023. This includes refurbishment measures to improve energy efficiency that were completed in 2023 and classified as modernisation measures in accordance with section 555b no. 1–3 of the German Civil Code (BGB) based on the portfolio included in the annual report as at 31 December 2022. The saving is evidenced on the basis of energy savings calculations and the resulting reduction in CO₂ final energy emissions. All the CO₂ emission reductions in 2023 that demonstrably result from measures to change user behaviour are also included in determining target attainment. This can be evidenced by a study or report by acknowledged experts that has been specifically prepared for individual measures taken in 2023 or through the use of a well-known, scientifically quantified and verified method of influencing user behaviour in the context of space heating that has been published in a peer review journal.

The CO₂ savings must be achieved on a climate-adjusted basis, i. e. for an average year to be expected in the long term for Germany according to the German Meteorological Service.

Definition of social target attainment:

The target is to not exceed a period of 13 calendar days when resolving tenant inquiries in connection with outstanding receivables (based on the gross processing time for 2022). This is based on the time between the receipt and the closure of the respective ticket. In 2022, this was 12.9 calendar days. However, the volume of inquiries is set to increase considerably and, at the same time, processing by the public authorities is expected to take longer while the number of employees will remain unchanged. With this in mind, the aim is for the processing time to remain stable on a volume-weighted basis (i. e. the processing time may double if the volume of inquiries doubles, but there should be no disproportionate effects).

Definition of governance target attainment:

The rate of successfully completed compliance training forms the basis for this. A distinction is made between Group 1, the active employees of LEG Nord FM, Biomasse Heizkraftwerk KG and TSP-TechnikServicePlus GmbH, and Group 2, the active employees of the other companies in the LEG Group. The differentiation between the two groups is based on the one hand on the fact that it was not possible to introduce the electronic group training tool in some companies of the group at the same time as the group as a whole, and on the other hand that comprehensive training in companies whose employees are seldom in the office on site (e. g. craftsmen, green-care workers) poses additional challenges. In addition, only those employees who are in active employment (e. g. no employees in passive partial retirement, those on long-term sick leave, employees on parental leave or employees on leave) and who have had sufficient opportunity to complete the training due to their length of service with LEG (at least three months) should be part of the total.

Criteria-based adjustment factor

As in the remuneration system 2022, the provisions for the STI also stipulate a criteria-based adjustment factor with a range of 0.8 to 1.2. The criteria applied in assessing the level of the criteria-based adjustment factor must be defined prior to the start of the respective financial year. The Supervisory Board has defined the following performance criterion for the 2023 financial year:

- Successful management of LEG in a market characterised by the Ukraine war, the challenges of the climate crisis and an uncertain financial environment with high interest rates and high inflation.

LTI plan conditions from 2023 (2023 LTI)

The LTI plan conditions described in connection with the 2022 remuneration system apply unchanged for the 2023 financial year.

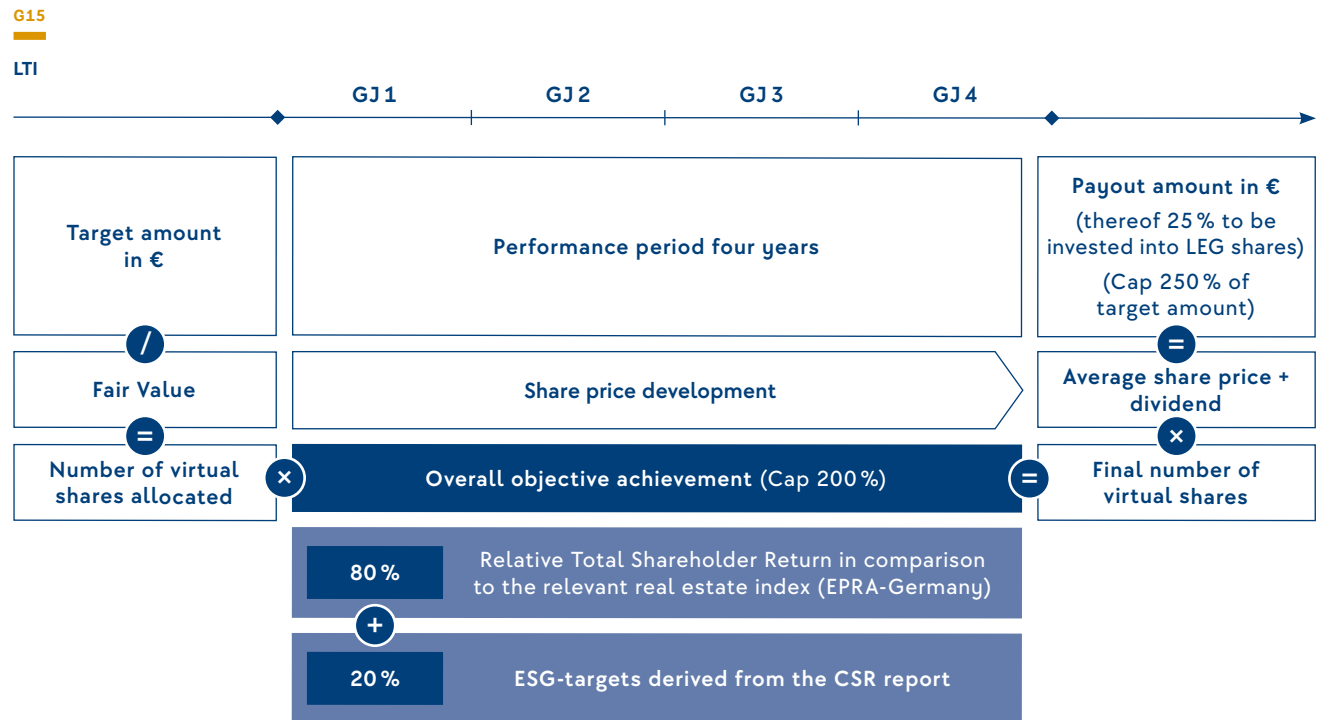
Management Board members will receive an LTI in the form of a virtual performance share plan for a four-year performance period for the 2023 financial year.

The 2023 LTI is determined on the basis of the following financial and non-financial performance targets:

- Development of relative total shareholder return compared to the relevant property index (EPRA Germany) (80%)
- Non-financial environmental, social and governance targets (ESG targets) (20%)

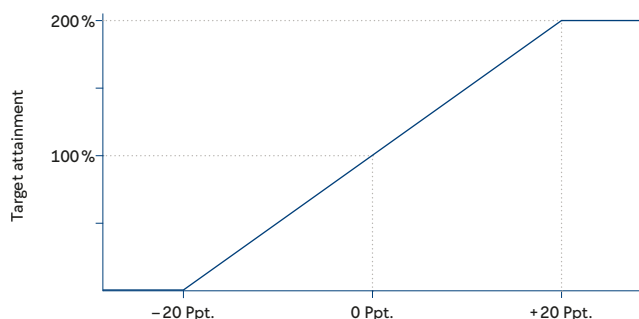
The financial performance criterion used in the 2023 LTI is relative TSR compared to a relevant property index, with a weighting of 80%. The Supervisory Board has decided using the EPRA Germany Index as the benchmark index. The EPRA Germany Index comprises LEG Immobilien SE's key national listed competitors and is thus a relevant peer group.

TSR describes changes in LEG Immobilien SE's share price for the performance periods, including notionally reinvested gross dividends per share. Relative TSR describes the percentage point difference between the price change of the LEG Immobilien SE share, including notionally reinvested gross dividends, and the change in EPRA Germany Index over the performance period.



G16

Target attainment curve relative TSR



Relative TSR (compared to EPRA Germany Index) over four years

Target attainment for relative TSR is 100% if LEG Immobilien SE's relative TSR is 0 percentage points, i. e. LEG Immobilien SE's share price performance including reinvested gross dividends is the same as the performance of the EPRA Germany Index. If relative TSR is 20 percentage points or more below TSR in the benchmark index, target attainment is 0%. Target attainment is 200% if relative TSR is 20 percentage points or more above the benchmark index's TSR. Relative TSR higher than this does not further increase target attainment. Target attainments between the defined target attainment points are calculated by linear interpolation.

T57

LTI – Shareholder Return

in %	Target attainment 2026		
	0	100	200 (maximum)
Relative total shareholder return p. a.	≤20%	0%	≥20%

In the same way as for the STI, specific ESG targets are set for the respective LTI tranche. Different ESG targets are used than for the STI in order to avoid duplicate incentives. The specific ESG targets for the tranche in question are set by the Supervisory Board before the start of the performance period. These targets are precisely defined and it is ensured that they can be clearly measured.

The following equally-weighted ESG targets apply to the 2023 LTI performance period from 2023 to 2026:

T58

ESG targets LTI 2023 (performance period 2023–2026)

Environmental	Social
Target: Permanent reduction in relative CO ₂ emission saving costs in EUR/ton of 10% due to permanent structural changes to LEG residential buildings.	Target: "Trust Index" measurement for the LEG Group of at least 70% in the "Great Place to Work" employee survey conducted in 2026.
Targets: 0% minimum value: -6% 100% target attainment: -10% 200% maximum value: -14%	Targets: 0% minimum value: 60% 100% target attainment: 70% 200% maximum value: 80%

Definition of environmental target

The target for the four-year period from 2023 to 2026 is a reduction in persistent relative CO₂ emission saving costs in EUR/ton of 10% due to permanent structural changes to and in LEG residential buildings. The calculation of annual CO₂ reduction costs includes all measures completed in the respective year whose primary objective is to reduce the CO₂ emissions of a building and which are completed in the year under review. The financial resources required for the measures as a whole (in EUR) are compared with the CO₂ emission reduction achieved (in t). The CO₂ reduction is determined on the basis of relevant calculations of final energy consumption performed by qualified persons showing

the resulting location-based CO₂ emissions before and after the measures were taken. An expected average year based on the long-term average for Germany according to the German Meteorological Service is applied. The reference year for 2026 is 2022.

Definition of social target

The target is a "Trust Index" measurement for the LEG Group of at least 70% in the "Great Place to Work" employee survey conducted in 2026. The average of the percentage of employees agreeing with each of the core statements of the Great Place to Work questionnaire is referred to as the Trust Index. This illustrates the extent to which employees agree with the individual aspects of the questionnaire as an average. It shows how employees view the culture from a relatively objective perspective; we call the evaluation "measured temperature". Developing a culture of trust is the basis for sustainable success for every company. Together with team spirit and pride, trust is the quality that turns an organisation into a truly attractive employer.

Potential total amount

The total 2023 LTI available for a financial year calculated after the end of the performance period is capped at EUR 2,500 thousand for Lars von Lackum and EUR 1,625 thousand for both Susanne Schröter-Crossan and Dr Volker Wiegel.

If a 2023 LTI is to be paid, this must be settled for the last year of the tranche's performance period and paid to the respective Management Board member no later than 30 days after the approval of LEG Immobilien SE's consolidated financial statements. Management Board members are obliged to invest 25% of the payment from the LTI in shares issued by LEG Immobilien SE and to hold these for the duration of their Management Board position.

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

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

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

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

Average employee remuneration comprises staff costs for wages and salaries, employer social security contributions, additional benefits and short-term variable remuneration component at all LEG Group companies, excluding TSP-TechnikServicePlus GmbH, Biomasse Heizkraftwerk Siegerland GmbH & Co. KG and LWS Plus GmbH. The average number of employees is calculated on the basis of section 267 (5) HGB.

T59

Comparative presentation of the development of earnings and the annual change in remuneration

	2022	2021	Change in %	2020	Change in %
Income trend					
Group AFFO in € million	108.8	92.2	18.0	92.8	-0.6
Group AFFO per share in €	1.48	1.27	16.5	1.32	-3.8
Group FFO I (group) in € million	482.0	423.1	13.9	383.2	10.4
Group FFO I per share in €	6.56	5.84	12.3	5.44	7.4
Net loss LEG Immobilien SE (Seperate Financial Statement) (in € m)	-307.6	-33.4	821.0	-17.6	89.6
Group net result LEG Immobilien SE (in € m)	315.6	1,750.1	-82.0	1,360.3	28.7
Average remuneration per employee¹ (in € thousand)	72	72	-1.0	71	2.2
Management Board remuneration in € thousand					
Lars von Lackum	1,910	1,874	1.9	1,346	39.2
Susanne Schröter-Crossan	1,066	1,116	-4.5	491	127.2
Dr Volker Wiegel	1,211	1,259	-3.8	966	30.3
Supervisory Board remuneration in € thousand					
Mr Michael Zimmer	256	224	14.2	226	-0.9
Mr Dr Jochen Scharpe	110	96	14.7	104	-7.7
Mr Dr Claus Nolting	162	116	40.2	74	56.5
Mr Martin Wiesmann (since 7.10.2020)	141	96	46.2	17	473.1
Mrs Dr Sylvia Eichelberg (since 27.05.2021)	100	47	114.3	-	-
Mrs Dr Katrin Suder (since 19.05.2022)	86	-	-	-	-
Members of the Supervisory Board who resigned during the financial year in € thousand					
Mr Stefan Jütte (until 19.05.2022)	45	121	-63.4	162	-25.0
Mr Dr Johannes Ludewig (until 19.05.2022)	36	94	-62.2	98	-4.1

¹ All LEG employees are included, with the exception of employees of the companies TSP-TechnikServicePlus GmbH, Biomasse Heizkraftwerk Siegerland GmbH & Co. KG and LWS Plus GmbH.