DIC

Annual general meeting on 24 March 2021

System of remuneration for the members of the Management Board of DIC Asset AG (agenda item 8)

A. Introduction

The system of remuneration for the members of the Management Board is structured in a clear and comprehensible manner. It complies with the requirements of the German Stock Corporation Act as amended by the Act Implementing the Second Shareholders' Rights Directive (ARUG II) of 12 December 2019 (Federal Law Gazette Part I 2019, no. 50).

The Supervisory Board will apply the system of remuneration to all service agreements with members of the Management Board of DIC Asset AG (also the "**company**") that are newly concluded, amended or extended after the expiry of two months following the initial approval of the system of remuneration by the shareholders' meeting (Section 87a para. 2, clause 1 AktG, Section 26j para. 1 of the Act implementing the Stock Corporation Act (EGAktG)).

The service agreements currently in place with the members of the Management Board remain unaffected.

B. Details of the system of remuneration

I. Maximum remuneration (Section 87a para. 1, clause 2, no. 1 AktG)

The total remuneration to be granted to the Management Board for one fiscal year (sum total of all remuneration amounts expended by the company for all members of the Management Board in office during the fiscal year, including annual base salary, variable remuneration components and fringe benefits) is limited to an absolute maximum amount ("**maximum remuneration**"), regardless of the fiscal year in which a remuneration component is paid.

The maximum remuneration for the chairperson(s) of the Management Board is EUR 3,000,000.00 and for an individual ordinary member of the Management Board is EUR 2,500,000.00.

II. Contribution of remuneration to the promotion of the company's business strategy and long-term development (Section 87a para. 1, clause 2, no. 2 AktG)

The remuneration system supports the strategic focus of DIC Asset AG and the it manages (together "**DIC Asset Group**") on a dynamic development in its two business segments, Institutional Business and Commercial Portfolio.

Payments of the short-term variable remuneration (short-term incentive - STI) require that a threshold is reached as regards the funds from operations (FFO) generated and hence are linked to a key performance indicator of DIC Asset Group. The achievement of company-related and personal annual targets is of critical significance for the amount of possible STI payments. This allows for offering incentives with regard to specific targets of key significance for the company's operational and/or strategic development.

Moreover, options on virtual shares in the company are granted as share-based variable remuneration with a focus on the long term (long-term incentive - LTI). Taking into account a vesting period of several years, this remuneration component promotes the strategic objective of long-term value enhancement, including in the interest of the company's shareholders.

Overall, the remuneration system provides the framework for an adequate remuneration of the members of the Management Board, which makes it possible to attract qualified executives and retain them at DIC Asset AG in the long term.

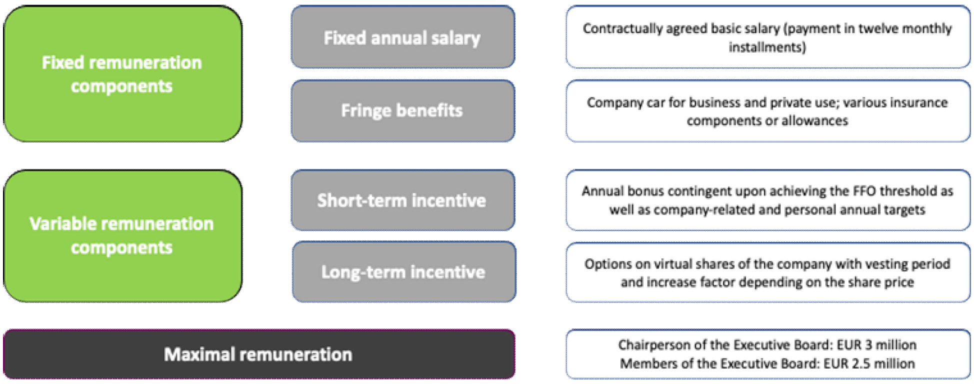
III. Remuneration components and performance criteria for variable remuneration components (Section 87a para. 1, clause 2, 2 no. 3 and 4 AktG)

1. Overview of remuneration components and their relative shares in total remuneration

The remuneration of the members of the Management Board comprises fixed and variable remuneration components. The fixed components of the remuneration of the members of the Management Board comprise a fixed annual salary and various fringe benefits.

The variable remuneration components are the short-term incentive (STI), which is based on short-term annual targets, and the long-term incentive (LTI), which is based on long-term targets.

Key elements of Management Board remuneration



The relative shares of the individual remuneration components in the expected total annual remuneration ("**total remuneration**") based on the respective expected annual expense amounts are set out below.

The share of fixed remuneration components (annual salary, fringe benefits) in the total remuneration ranges from 30% to 100%. The share of fringe benefits hence usually ranges between 1% to 5% of the total remuneration. The share of the STI in the total renumeration ranges from 0% to 35% of the total remuneration and the share of the LTI to from 0% to 55%.

The upper limit of 100% shown for the fixed remuneration components as well as the lower limit of 0% shown for the variable remuneration components take into account the fact that the variable remuneration may not be paid at all if the performance criteria for the STI are not met or depending on the performance of the company's share price, which is relevant for the LTI.

2. Fixed remuneration components

2.1 Fixed annual salary

The members of the Management Board receive a fixed annual salary in twelve monthly installments, payable at the end of each calendar month.

2.2 Fringe benefits

In addition, the members of the Management Board are granted contractually defined fringe benefits. The company provides each member of the Management Board with an appropriate company car as well as with a mobile phone, also for private use. Moreover, newly appointed members of the Management Board are granted a relocation allowance on a case-by-case basis in case of a change in location, and each member of the Management Board is granted contributions in the amount of 50% of the premiums paid by the respective member of the Management Board for health and long-term nursing care insurance as well as pension insurance, for which maximum amounts may be agreed to the level of the employer contributions to statutory health, long-term nursing care and pension insurance.

The members of the Management Board are furthermore covered by a directors' and officers' liability insurance (D&O insurance) with the deductible required by law, as well as by an accident insurance.

3. Variable remuneration components

The variable remuneration components, including the respective performance criteria and their correlation to the company's business strategy and long-term development of the company are specified and explained below. Additional information will also be provided on the methods used to assess the achievement of the performance criteria.

3.1.1 Short-term incentive (STI)

The members of the Management Board are granted the STI as a performance-related bonus with a one-year assessment period.

As a matter of principle, STI payments require that the DIC Asset Group achieves a threshold level of funds from operations (FFO) in the respective fiscal year. The specific threshold is defined in the service agreement of the respective member of the Management Board or in a separate agreement. With funds from operations, i.e. operating profit from real estate management, a link is made to a key performance indicator of essential significance for the strategic orientation of DIC Asset Group.

The amount of STI payments is contingent upon achievement of company-related and personal annual targets, which are determined by the Supervisory Board as part of the preparation of the annual budget for the respective fiscal year. The specific amount of STI payments upon achievement of the annual targets is at the discretion of the Supervisory Board and is determined ex-post in connection with the Supervisory Board's determination of target achievement. Including company-related and personal annual targets enables the Supervisory Board to set additional individual or collective incentives for achieving specific targets of key significance for the company's operational and strategic development.

Upon expiry of the fiscal year, the Supervisory Board assesses the achievement of the set annual targets based on adequate quantity or quality data and on the achievement of the threshold for the FFO based on the company's consolidated financial statements as audited and approved by the auditor, and decides no later than by 31 May of the following year on the amount of any STI payments.

3.2 Long-term incentive (LTI)

In addition, the members of the Management Board are granted options on virtual shares in the company as a share-based remuneration element with a long-term incentive effect (LTI). The options are granted once for the respective agreed term of the service agreement of the respective member of the Management Board. The number of options granted as well as the relevant settlement price for calculating the cash settlement are specified in the service agreement of the respective member of the Management Board.

The granting of the options as a share-based remuneration component contributes to an increased alignment of interests of the members of the Management Board and shareholders and promotes the strategic goal of increasing the company's value in the long term.

The options granted to the members of the Management Board are cash-settled; no shares are delivered. The options are subject to a vesting period specified in the service agreement, which is based on the term of the service agreement of the respective member of the Management Board and generally covers between three and five years. After the expiry of the vesting period, the options may be exercised within a contractually defined period (usually within six months).

As a matter of principle, the cash payout is determined as the positive difference between the average closing price of the company's shares in a reference period of ten trading days prior to the exercise of the options and the contractually agreed settlement price. In addition, an increase factor is applied depending on the average share price achieved, with a maximum threefold increase in the amount paid out.

The options generally are subject to contractual dilution protection in the event of the issue of new shares as well as bonds with conversion or option rights.

The key terms and conditions of the granted options, including number and value, are set forth in the annual remuneration report.

IV. Deferment periods for the payment of remuneration components (Section 87a para. 1, clause 2, no. 5 AktG)

Options granted as LTIs may be exercised only after the expiry of a period agreed in the service agreement, which generally is based on the term of the service agreement of the respective member of the Management Board. Reference is made to the corresponding explanations in Section 3.2.

V. Share-based remuneration (Section 87a para. 1, clause 2, no. 6 AktG)

The options on virtual shares in the company granted as LTI and described in Section 3.2 should be considered share-based remuneration components within the meaning of Section 87a para. 1, clause 2, no. 7 AktG. With regard to further details , please refer to the descriptions in Section 3.2.

VI. Remuneration-related transactions (Section 87a para. 1, clause 2, no. 8 AktG)

1. Terms and conditions of termination of remuneration-related transactions, including the respective notice periods (Section 87a para. 1, clause 2, no. 8 a) AktG)

As service agreements of members of the Management Board are concluded for a fixed term, they do not provide for the option of an ordinary termination. The service agreements of the current members of the Management Board have the following fixed terms:

The service agreements of Management Board members Christian Bock and Patrick Weiden expire at the end of the day on 30 June 2023.

The service agreements of CEO Sonja Wärntges and of Management Board member Johannes von Mutius expire at the end of the day on 31 December 2023.

2. Redundancy payments (Section 87a para. 1, clause 2, no. 8 b) AktG)

The service agreements of the members of the Management Board do not provide for any severance payments or other compensation for dismissal.

3. Pension plans (Section 87a para. 1, clause 2, no. 8 c) AktG)

No pensions are paid. As explained in Section III.2.2, only a contribution to pension insurance is granted.

VII. Consideration of employees' remuneration and employment conditions when determining the system of remuneration (Section 87a para. 1, clause 2, no. 9 AktG)

The Supervisory Board regularly reviews whether the remuneration of the members of the Management Board is adequate, including by way of comparison with the company's internal compensation structure (vertical comparison). When assessing the adequacy in vertical terms, the remuneration of the Management Board is compared with the remuneration of employees at the management level in Germany below the Management Board (F1) and also with the total workforce of DIC Asset AG and its Group companies in Germany. In the context of this vertical comparison, the ratio of remuneration of the Management Board in proportion to the compensation of the designated employees in the course of time, in particular, is taken into account.

VIII. Procedures for determining and implementing as well as for reviewing the remuneration system (Section 87a para. 1, clause 2, no. 10 AktG)

The Supervisory Board adopts a clear and comprehensible remuneration system for the members of the Management Board and submits the adopted remuneration system to the shareholders' meeting for approval.

The Supervisory Board reviews the system of remuneration and the adequacy of remuneration of the Execution Board at its due discretion in regular intervals and, where required, also on an ad hoc basis - and in any case at least every four years. To this end, a vertical comparison is made between the remuneration of the Management Board and the remuneration of the management level below the Management Board as well as of the workforce overall (cf. already under Section VII). In addition, level and structure of remuneration are compared with a peer group defined by the Supervisory Board which usually consists of listed companies in the real estate sector with, inter alia, a similar market position (so-called horizontal comparison).

The regulations applicable to avoidance and handling of conflicts of interest are also observed in the procedure for establishing and implementing the system of remuneration.

In the event of significant changes, but in any case, at least every four years, the system of remuneration shall be resubmitted to the shareholders' meeting for approval. If the shareholders' meeting does not approve the proposed system, the Supervisory Board will submit a revised system of remuneration to the shareholders' meeting for approval no later than at the following annual general meeting.

The Supervisory Board may temporarily deviate from the system of remuneration (procedures as well as rules and regulations on the remuneration structure) and the individual components thereof or may introduce new remuneration components if this is necessary in the long-term best interest of the company. Under said circumstances, the Supervisory Board also has the right to grant special payments to newly appointed members of the Management Board to compensate for salary losses from a previous service relationship. Deviations may also temporarily lead to a deviating amount of the maximum remuneration. A deviation from the system of remuneration is possible only on the basis of a relevant Supervisory Board resolution that confirms the extraordinary circumstances and the necessity of a deviation. In the event of a deviation, the remuneration report shall identify the specific affected components of the system of remuneration that were deviated from and explain the necessity of such deviation (Section 162 para. 1, clause 2, no. 5 AktG).