

REMUNERATION REPORT 2023

The Remuneration Report for 2023 (the **Report**) of CORESTATE Capital Holding S.A. (the **Company**) explains the structure and amount of the remuneration of the Management Board and Supervisory Board. The Report has been prepared in accordance with the requirements of Directive EU 2017/828 of 17 May 2017, as implemented under Luxembourg law by the law of 1 August 2019.

The remuneration awarded to the Management Board and Supervisory Board for the year 2023 is in line with the principles provided for under the Company's remuneration policy (the **Remuneration Policy**).

- **Preliminary remarks**

The following overview provides a composition and changes that took place within the Management Board in the financial year.

Dr Nedim Cen

On 4 May 2023, Dr Nedim Cen resigned from his position as Chairman of the Supervisory Board and instead was appointed as new member of the Management Board in his role as Chief Executive Officer (CEO) and since 1 June 2023 as Chief Financial Officer (CFO) with an initial term of appointment until 31 December 2025.

Izabela Danner

The Management Board position of Chief Operating Officer (COO) was taken over by Izabela Danner, who was appointed in her new role by the Supervisory Board with effect from 7 March 2022. From 1 January 2023, she also held the position as Chief Investment Officer (CIO).

Udo Giegerich

The Management Board position of Chief Operating Officer (CFO) was carried out by Udo Giegerich, whose service contract was prematurely terminated as of 31 May 2023.

- **Remuneration System of the Management Board**

Main elements

In general, Corestate's remuneration system takes into account the financial performance and success of the Company as well as the personal performance of the Management Board member in order to ensure the sustainable success of the Company.

The remuneration system is performance and success-oriented, with the criteria of long-term orientation, appropriateness and sustainability being of decisive importance.

The remuneration of the Management Board for the entire financial year 2023 consists of a fixed remuneration component (basic remuneration), a variable remuneration component with a short-term incentive function (Short-Term Incentive, STI) and a variable

remuneration component with a medium to long-term incentive function (Long-Term Incentive, LTI).

The respective contractually regulated annual target values of the individual remuneration components are as follows:

€	Dr. Nedim Cen CEO since 4.5.2023 and CEO/CFO since 1.6.2023	Izabela Danner	Udo Giegerich until 31.5.2023
Basic Salary	600,000	500,000	600,000
STI	1,400,000	600,000	360,000
LTI	-	-	490,000
Entire Remuneration	2,000,000	1,100,000	1,450,000
Entire Remuneration Cap	2,000,000	1,500,000	1,500,000

The remuneration system requires that the total remuneration corresponds with market conditions on the basis of a vertical and horizontal comparison. The horizontal comparison is based on the market environment of the Company, taking into account such criteria as industry, size and country. The Supervisory Board used the available remuneration data of comparable listed companies in the real estate sector taking into account Corestate's market position, structure and size. In addition, the Supervisory Board considered the development of the Management Board remuneration in relation to the compensation of Corestate's workforce in a vertical comparison.

Basic remuneration components

The basic remuneration is paid to the Management Board members monthly in twelve equal instalments.

The members of the Management Board are reimbursed for the cost of their private health insurance and their private long-term care insurance, limited to the amount of the employer's contributions that would notionally be payable in the event of a statutory social security obligation.

In the event of illness or incapacity to work during the service agreement through no fault of the Management Board member, the Management Board member is entitled to continued payment of the pro rata fixed salary and the pro rata average annual variable remuneration for six months, but no longer than until the end of the service agreement.

Fringe Benefits

In addition to the basic remuneration, the members of the Management Board are contractually granted fringe benefits that are individually defined in some cases.

Bahncard 100

The Company bears the annual costs for a Deutsche Bahn Bahncard Business 100 valid for 1st class.

Group accident insurance

Furthermore, the members of the Management Board participate in a Group accident insurance policy of the Company that covers both professional and private accidents. The benefits granted by the insurance to the insured person or his or her legal heirs, amount to a maximum of € 1,000,000 in the event of death or a maximum of € 3,750,000 in the event of full disability.

D&O insurance

A D&O (Directors & Officers) liability insurance policy without a deduction has also been set up for the members of the Management Board.

Short-term variable remuneration component (Short-Term Incentive, STI)

The short-term incentive is an annual, pro rata temporis payment. For the calendar years 2023 to 2026 Corestate provides a bonus pool of € 7,900,000 in total. The distribution of that bonus pool based on a specific formula and on the percentage of Corestate's reduction of its financial liabilities during the years 2024 and 2026.

For the year 2023 the STI is calculated according to the following formula:

- 2.4% of free cash flow from sales of assets or investments in the case of Dr. Nedim Cen.
- 1.2% of free cash flow from sales of assets or investments in the case of Izabela Danner

For each year there is a cap in the bonus amount that is paid to the respective member of the Management Board. The annual STI for Dr. Nedim Cen may not exceed € 1,400,000 and the annual STI for Izabela Danner may not exceed € 600,000.

If the Board Member overachieved its targets in one calendar year, the STI amount not paid out in that calendar year due to the Cap will be paid out in the next, possible second or subsequent calendar year, taken into account the annual maximum amount for the STI.

In the case that the targets set for 2023 are not or only partially met, the annual maximum amount for the STI 2024 and onwards will be increased by equal shares according to the difference between the paid out STI for 2023 and the annual maximum amount for the STI 2023.

For the financial year 2023 no regular STI was paid. Instead, Mrs. Danner received a variable payment in the amount of € 417,000 for her achievements during the restructuring of the Company and as a retention bonus. In addition, she was granted shares in the Company with a value of € 167,000. In addition, she received an amount of

€ 79,200 from a retention agreement that still related to her employment as managing director of Corestate Advisors Group GmbH.

Mr. Cen received a sign-in bonus of € 200,000 when he joined the Company.

Long-Term variable remuneration component (Long-Term Incentive, LTI)

Due to the restructuring program, the Long-Term-Incentive remuneration component was discontinued and has therefore no longer been executed in 2023.

Clawback provision

The Supervisory Board is entitled to recover from the Management Board member all or part of the variable compensation that has already been paid out as well as to withhold any variable compensation that has not yet been paid out. The precondition for this is the occurrence of one of the following three events:

- Serious violations by the Management member against his statutory obligations
- Serious violations by the Management member against corporate guidelines on conduct
- other negative performance-related factors

For the financial year 2023, no variable remuneration was reclaimed.

- **Compensation-related provisions on the termination of service agreements**

Provisions in the event of premature termination of the service agreement

The following conditions applied only to Izabela Danner.

In the event of termination by the Company with good cause, the Management Board member is not entitled to variable compensation of any kind for the current financial year.

In the event of premature termination of the service agreement without good cause, the following principles will apply:

- Any outstanding variable remuneration components attributable to the period up to the termination of the agreement will be paid out in accordance with the originally agreed targets and comparison parameters and in accordance with the due dates or holding periods specified in the service agreement or in the intended agreement on a LTI with a multi-year assessment basis.

In general, the respective Management Board member is not entitled to a guaranteed payment of a 'golden parachute'. Notwithstanding this principle, the Management Board member may be entitled to a severance payment in accordance with market practice and Remuneration policy.

However, any severance payments may not exceed the lower of two years' compensation (fixed salary, STI and LTI) or the annual compensation for the remaining term of the service contract (severance payment cap).

Provisions in the event of premature termination of the service agreement due to death

In the event of premature termination due to death, the Management Board member is entitled to continued payment of the pro rata fixed salary and the pro rata average annual variable remuneration for the month of death and the three subsequent months, but no longer than until the end of the service agreement.

- **Total remuneration of Management Board**

The following remuneration amounts were granted in the financial year 2023:

€	Dr. Nedim Cen CEO since 4.5.2023 and CEO/CFO since 1.6.2023	Izabela Danner	Udo Giegerich until 31.5.2023	Stavros Efremidis until 31.12.2022	Sebastian Ernst until 7.2.2022	Johannes Märklin until 7.2.2022
Fixed Amount	400,000	500,000	275,000	-	-	-
Additions	2,811	4,261	2,325	-	-	-
Total Fixed Payments	402,811	504,261	277,325	-	-	-
STI	-	-	-	-	-	-
Total Variable Payments	-	-	-	-	-	-
Total Fix & Variable Payments	402,811	504,261	277,325	-	-	-
<i>One-off Payments</i>						
Compensation Payments	-	-	1,531,500	427,550	1,620,000	1,620,000
Contractual one- off Payments	200,000	663,200	-	-	-	-
Total one-off Payments	200,000	663,200	1,531,500	427,550	1,620,000	1,620,000
Total Remuneration	602,811	1,167,461	1,808,825	427,550	1,620,000	1,620,000

- **Benefits on the occasion of the termination of Management Board activities**

Udo Giegerich

As part of his termination agreement, Mr. Giegerich received a compensation for any claims to variable remuneration in the form of the annual target bonus in the amount of € 465,000 as well as a compensation payment in the amount of € 750,000. Moreover, shares in the amount of € 316,500 were granted as a result of the successful closing of the restructuring.

Sebastian Ernst and Johannes Märklin

Sebastian Ernst and Johannes Märklin were removed from the Management Board of the Company on 7 February 2022. According to the settlement agreement of 2023, both individuals received a severance payment of € 1,620,000 each.

Stavros Efremidis

Continued salary payment in the total amount of € 427,550 was granted in 2023 for Stavros Efremidis for the period until 30 June 2023.

- **Composition of the Supervisory Board**

Statutes

From 1 January 2023 to 31 December 2023, the Supervisory Board of the Company had three members at each point in time.

Since 3 December 2022 until 4 May 2023, the chairmanship of the Supervisory Board was held by Dr. Nedim Cen, who then left the Supervisory Board. From this date onwards, Dr Sven-Marian Berneburg assumed the position of Chairman of the Supervisory Board. Dr Bertrand Malmendier, who served as a regular member of the Supervisory Board then became its Deputy Chairman. At the same time, Dr Carlos E. Mack was appointed as a new member of the Supervisory Board by way of co-optation.

- **Remuneration system for the Supervisory Board**

The Articles of Association provide for the following remuneration for the members of the Supervisory Board. The Chairman of the Supervisory Board is entitled to annual remuneration of € 150,000 and the Deputy Chairman of the Supervisory Board to annual remuneration of € 100,000. The third member of the Supervisory Board is entitled to a remuneration of € 75,000. This means that the Supervisory Board members are getting no remuneration based on success of the Company but solely a fixed sum.

In addition to the annual remuneration, each member of the Supervisory Board is entitled to a meeting allowance of € 750 for each meeting the member attends in person, per telephone or videoconference. The Supervisory Board Members shall further be reimbursed for all reasonable and properly documented costs incurred as part of their mandate. Further, every Supervisory Board Member shall benefit from a market-standard D&O insurance.

The Chairman of the Company's Audit Committee and the Chairman of the Company's Nomination and Remuneration Committee are entitled to an additional annual remuneration of € 10,000. The Chairman of any other Company committee (i.e. in case of the Company, the Corporate Governance Committee), should there be one, shall be entitled to additional annual remuneration of € 10,000. Each other member of the Company's Audit Committee, Nomination and Remuneration Committee and any other company committees, should there be one, shall be entitled to an additional annual remuneration of € 5,000.

According to the Articles of Association, the annual remuneration (after deduction of all taxes due) is payable in a single lump sum within ten days after the end of each financial year. Supervisory Board members who have been members of the Supervisory Board or a committee of the Supervisory Board for only part of the financial year receive corresponding pro rata (act/365) remuneration for that financial year.

In line with the Remuneration Policy, the members of the Supervisory Board do not receive remuneration related to their individual performance.

Total remuneration of Supervisory Board

The remuneration amounts for the Supervisory Board have been granted as stated hereinafter. Deviations to the foreseen annual amounts are related to individual agreements on premature contract assignment terminations.

Remuneration of Supervisory Board members for the financial year 2023 (in EUR)									
Name of Director	1 Fixed Remuneration			2 Variable Remuneration		3 Extraordinary items	4 Pension expense	5 Total Remuneration	6 Proportion of fixed and variable remuneration
	Base Salary	Attendance Fees	Fringe Benefits	One-year variable	Multi-year variable				
Dr. Nedim Cen	0	0	0	N/A	N/A	N/A	N/A	0	N/A
Dr. Sven-Marian Berneburg	149,726.02	27,000.00	0					176.726,02	
Dr. Bertrand Malmendier	120,000.00	29,250.00	0					149.250,00	
Dr. Carlos E. Mack	66,000.00	14,750.00	0					80.750,00	

- Information on how the remuneration for 2023 complied with the Remuneration Policy and how performance criteria were applied**

The remuneration granted to the members of the Management Board and of the Supervisory Board are in line with the Remuneration Policy. It is also aligned with market practice and consistent with the business strategy, objectives, values and interests of all stakeholders.

First, the fixed remuneration is determined based on the value of the position, the individual’s qualifications and skills and remains in accordance with market conditions.

Second, the variable remuneration is based on individual and Company performance and is only awarded and paid out provided that the financial situation of the Company is sound.

The total amount of the variable remuneration is always reviewed with regard to the following criteria prior to payment:

- adequacy to the economic situation and liquidity of the Company;
- achievement of the financial objectives defined in the budget;
- achievement of the set personal goals;
- adherence to compliance requirements.

The amount of variable remuneration is determined by the achievement of the Company's targets as well as the performance and achievement of the Management Board members' targets within the fiscal year.

In 2023, the Management Board and Supervisory Board members' remuneration is aligned with the achievements of the Company also taking into account the challenges the Company faced.

- **Derogations and deviations from the remuneration policy and from the procedure for its implementation**

For the financial year 2023, there were no derogations from or exceptions to the Remuneration Policy.