

# Remuneration Report

This remuneration report presents the main features of the remuneration policy for the Management Board and Supervisory Board of S IMMO AG in the 2022 financial year. In addition,

the remuneration granted to current and former members of the Management Board and Supervisory Board during the reporting year is disclosed individually.

## I. Introduction: Business Development 2022

S IMMO AG was able to achieve operational success in the 2022 financial year despite the difficult environment. Rental income increased significantly year-on-year to EUR 155.7 million (2021: EUR 131.3 million), gross profit from hotel management almost doubled, and EBITDA reached the highest level in the company's history. The increased interest rate level is reflected in the valuation result, which – after a record result in the pre-

vious year – is posted at EUR -78.4 million this year. The compensating positive effects on the result from the valuation of interest rate hedging derivatives must be seen in connection with the devaluations, which were ultimately driven primarily by interest rates. S IMMO's prudent financing strategy allowed the company to post a clearly positive result for the year of EUR 18.9 million in this exceptional year.

# II. Presentation of the main features of the remuneration policy

## 1 Remuneration of the Board of Directors

### 1.1 Basic Features of the Remuneration Policy

The principles for the remuneration of the members of the Management Board are drawn up by the Supervisory Board of S IMMO AG on the proposal of its Remuneration Committee and submitted to the Annual General Meeting for approval. The current remuneration policy of S IMMO AG was approved by the Annual General Meeting on 12 October 2020.

The remuneration policy for the Management Board focuses on the desire to attract and retain qualified managers at S IMMO AG. This is intended to promote the business strategy and long-term development of the company.

This is to be achieved through remuneration that is in line with the market and performance-oriented, with total remuneration being commensurate with the company's situation and the remuneration customary in the market. The remuneration policy shall set transparent and appropriate performance incentives that promote sustainable, value-creating and growth-oriented corporate development by creating a balance of interests between the company, shareholders and Management Board members and avoid taking disproportionate risks.

The remuneration of the Management Board consists of a fixed basic salary and variable remuneration. The amount of the variable remuneration is determined by the fulfilment of quantitative and qualitative performance criteria.

In addition, the company makes annual contribution payments to an inter-company pension fund for the members of the Management Board as well as contributions to the company pension fund. The members of the Management Board are included in the D&O insurance policy taken out by S IMMO AG and are entitled to a company car. These components are presented in more detail below.

S IMMO AG does not currently have a long-term incentive plan for members of the Management Board. 25% of the annual bonus is only due for payment after the end of the next financial year and only on the condition that the Management Board member is again entitled to an annual bonus in that financial year. This delayed payment serves to strengthen the sustainability of the remuneration by introducing a multi-year remuneration component. Furthermore, a clawback of variable remunera-

tion components is possible in accordance with the Corporate Governance Code.

### 1.2 Fixed remuneration components

#### 1.2.1 Basic salary

The basic salary is determined individually for each Management Board member by the Management Board Committee of the Supervisory Board. In doing so, the committee takes into account the appropriateness in a market comparison, taking into account the qualifications and experience of the respective Management Board member and his or her area of duties and responsibilities.

The basic salary consists of a contractually agreed annual salary, which also covers all additional benefits of the Management Board members beyond the normal working hours.

In the 2022 financial year, the basic salaries of the former and active Management Board members totalled EUR 1,076,961 (2021: EUR 1,249,506) plus employer's social security contributions and taxes payable by the employer:

in EUR	2022	2021
Bruno Ettenauer (resigned on 06 September 2022)	369,526	378,681
Herwig Teufelsdorfer	350,000	251,822
Friedrich Wachernig (retired on 11 October 2022)	313,359	350,000
Holger Schmidtmayr (since 12 October 2022)	44,077	
Ernst Vejdvoszky (resigned on 31 March 2021)		269,003
<b>Total</b>	<b>1,076,962</b>	<b>1,249,506</b>

#### 1.2.2 Other fixed remuneration components

In addition, S IMMO AG pays an annual contribution to an inter-company pension fund for each member of the Management Board. In 2022, the pension fund contributions totalled EUR 114,278 (2021: EUR 121,726). In addition, the company makes contributions in the statutory amount to the company pension fund in accordance with the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz).

S IMMO AG has also taken out D&O insurance with coverage of EUR 60 million for the members of the Management Board. This insures certain claims for damages that may be asserted against the members of the Management Board by the company, shareholders or third parties due to breaches of duty of care. The inclusion of Management Board members in a D&O insurance policy is customary in the market and creates a corresponding liability fund for the company in the event of a claim.

Furthermore, the members of the Management Board are provided with company cars of the upper middle class, which can also be used privately.

### 1.3 Variable remuneration for the 2022 financial year

#### 1.3.1 Principles for determining variable remuneration

The Management Board members receive a variable remuneration component as an annual bonus, which is measured according to financial (quantitative) and non-financial (qualitative) performance criteria. The target agreement for the annual bo-

nus 2022 consists of 65% quantitative and 35% predominantly qualitative performance criteria. The annual bonus is due in the amount of 100% of the basic salary if 100% of the targets are achieved.

The Management Board Committee determines the degree of target achievement for the individual performance criteria after the end of the financial year. In the process, over-achievement can also be determined and/or particularly good results and performance can be assessed in each case and taken into account by means of an award. In addition, in the event of over-achievement, the Supervisory Board may grant a further bonus of up to 50% of the basic salary in appreciation of the annual result.

#### 1.3.2 Financial performance targets of the variable remuneration for the financial year 2022

For the year 2022, the Management Board Committee has set the following target values for the financial performance criteria; the target values are compared with the actual values determined in the table in each case:

Performance criterion	Weighting	Target value	Actual values 2022
FFO 1	25%	EUR 53 million (100% target achievement) EUR 65 million (150% target achievement)	EUR 64.70 million
Book value per share as of 31 December 2022	20%	EUR 23.48 (100% target achievement) EUR 25.00 (150% target achievement)	EUR 24.07
Takeover bid on IMMOFINANZ AG successful	10%	Achievement of 20% of the share capital as of 23 December 2021 (100% target achievement) Achievement of 25% of the share capital as of 23 December 2021 (150% target achievement) or sale at least at EUR 22.50	In total, all shares in IMMOFINANZ AG (19,988,217, of which 2,144,280 were acquired through the takeover offer by S IMMO AG) were sold at a price of EUR 23.00 per share
Vacancy rate	10%	7.5% in relation to total portfolio as of 31 December 2022 (25% target achievement) 6.5% in relation to total portfolio as of 31 December 2022 (100% target achievement) 5% in relation to total portfolio as of 31 December 2022 (150% target achievement)	5.6% (taking into account master lease agreements and without including strategic vacancy)

### 1.3.3 Qualitative performance targets of the variable remuneration for the financial year 2022

For the year 2022, the Management Board Committee has set the following qualitative performance criteria:

Performance criterion	Weighting	Target value	Measured values 2022
ESG improvement of the portfolio through additional certifications (BREEAM, DGBN, LEED)	20%	Improvement of 10% points compared to 31 December 2021 due to	Increase in the level of certification from 24% to 40% (through both purchases and sales), with a sales volume of around EUR 226.5 million.
		a) Acquisition of ESG-compliant properties and recertification of existing properties b) Sale of non-ESG-compliant buildings in certain countries with a total volume of EUR 120 million.  (100% target achievement)  (150% target achievement if double the sales volume is reached)	
Development/Investment	5%	a) Creation of the prerequisites (building permit) for a start of construction in Budapest (Essence Garden property)  b) Sale of a property in the Berlin area with an IIR of at least 15% on capital commitment  (100% target achievement)  (20% sales proceeds in relation to book value as of 31 December 2021 at b) = 150% target achievement)	Planning permission for the "Essence Garden" property was obtained.  No corresponding sale of a property in the Berlin area carried out.
		Substantial extension of the property lease or, if applicable, acquisition of the land  (= 100% target achievement)  (= no valuation loss related to 31 December 2021 = 150% target achievement)	The corresponding targets could not be achieved in 2022.

### 1.4 Target achievement for the 2022 financial year

For the year 2022, the Management Board Committee determined an overall target achievement of approximately 106.5% for the members of the Management Board serving until 31 December 2022.

In view of S IMMO AG's convincing operating performance in 2022 (significant increase in rental income, gross profit and EBITDA) and the swift and successful implementation of the adapted strategy in a difficult environment, the Management Board Committee granted the members of the Management Board serving until 31 December 2022 a discretionary bonus amounting to 50% of their basic salary. This results in an annual bonus of 150% of the basic salary.

Based on this, the annual bonuses for 2022 for the entire Management Board amounted to EUR 591,114 (annual bonuses 2021: 1,577,630). No special bonuses were granted. The annual bonuses are distributed among the Management Board members as follows:

Annual bonus in EUR	2022	2021
Herwig Teufelsdorfer	525,000	377,733
Holger Schmidtmayr (since 12 October 2022)	66,114	-
Bruno Ettenauer (resigned on 06 September 2022)	-	568,022
Friedrich Wachernig (retired on 11 October 2022)	-	525,000
Ernst Vejdovszky (resigned on 31 March 2021)	-	106,875
<b>Total</b>	<b>591,114</b>	<b>1,577,630</b>

## 1.5 Acquired remuneration entitlements of the Management Board for the financial year 2022

The following table shows the entitlements to basic salary (fixed remuneration), pension fund contributions and variable remuneration acquired in the 2022 and 2021 financial years:

in EUR	Year	Fixed remuneration	Pension costs	Variable remuneration	Total
Bruno Ettenauer	2022	369,526	47,500	-	417,026
	2021	378,681	37,796	568,022	984,499
Friedrich Wachernig	2022	313,359	27,285	-	340,644
	2021	350,000	35,000	525,000	910,000
Herwig Teufelsdorfer	2022	350,000	35,000	525,000	910,000
	2021	251,822	25,181	377,733	654,736
Holger Schmidtmayr	2022	44,077	4,493	66,114	114,684

The above-mentioned contractual remuneration entitlements of the (active) members of the Management Board until 31 December 2022 thus amounted to a total of EUR 1,024,684 in the 2022 financial year, excluding fringe benefits such as company cars. The ratio of fixed to variable remuneration was approximately 42.3% to 57.7%. The corresponding contractual remuneration entitlements of all Management Board members work-

ing in the 2022 financial year totalled EUR 1,782,354 in the 2022 financial year (excluding severance payments, see point 1.6).

## 1.6 Remuneration of the Management Board in the 2022 financial year

The following table shows the remuneration paid out in the 2022 financial year or granted as severance payments in 2022:

in EUR	Year	Fixed remuneration	Pension costs	Variable remuneration	Total
Bruno Ettenauer	2022	369,526	47,500	2,285,561*	2,702,587
	2021	378,681	37,796	0	416,477
Friedrich Wachernig	2022	313,359	27,285	1,491,053*	1,831,698
	2021	350,000	35,000	341,250	726,250
Herwig Teufelsdorfer	2022	350,000	35,000	283,300	668,300
	2021	251,822	25,181	0	277,003
Holger Schmidtmayr	2022	44,077	4,493	0	48,570

\* incl. severance payments

## 2 Remuneration

The remuneration policy for the members of the Supervisory Board is drawn up by the Management Board Committee and adopted by the full Supervisory Board. The remuneration is determined in a binding manner by the Annual General Meeting for each financial year.

S IMMO AG strives to ensure that the remuneration of Supervisory Board members is in line with the market. In line with market practice, variable remuneration is not paid in order to avoid

conflicts of interest between the Supervisory Board's control function and the financial interests of its members.

The remuneration of the members of the Supervisory Board consists of an annual expense allowance. The chairperson as well as her deputies receive a higher compensation due to the time involved in the management function. In addition, the members of the Supervisory Board receive an attendance fee for attending meetings of the Supervisory Board.

The Supervisory Board remuneration for the 2022 financial year totals approximately EUR 246,399 (2021: EUR 212,556):

in EUR	Expense allowance	Attendance fees	Total 2022	Total 2021
Karin Rest (Chairwoman of the Supervisory Board)	40,000	13,000	53,000	55,000
Martin Němeček (First Deputy Chairman of the Supervisory Board)	9,538	6,000	15,538	-
Ulrich Steffen Ritter (Second Deputy Chairman of the Supervisory Board)	14,837	10,000	24,837	-
John Verpeleti	6,359	5,000	11,359	-
Ewald Aschauer (until 05 September 2022)	13,641	6,000	19,641	7,389
Florian Beckermann (until 05 September 2022)	16,042	6,000	22,042	8,389
Christian Böhm (until 05 September 2022)	13,641	7,000	20,641	8,389
Hanna Bomba (until 05 September 2022)	13,641	5,000	18,641	33,000
Christian Hager (until 01 June 2022)	12,597	3,000	15,597	47,000
John Nacos (until 05 September 2022)	13,641	4,000	17,641	6,389
Manfred Rapf (until 05 September 2022)	20,461	7,000	27,461	47,000

# III. Other information

As described at the beginning, the results of the 2022 financial year represent a record year in the operating area (EBITDA, gross profit). Despite the difficult environment, characterised by the interest rate turnaround, the war in Ukraine and inflation, which was particularly difficult for the real estate sector, a positive consolidated result was achieved despite a market-related negative valuation result of EUR -78.4 million due to the excellent operating performance and the prudent financing strategy. The vacancy rate was kept low due to the extraordinary efforts in asset management. The sale of S IMMO's financial investments

(investments in IMMOFINANZ AG and CA Immobilien Anlagen AG) and the sale of significant parts of the real estate portfolio in Germany and the reinvestments made at the beginning of 2022, i.e. before the slump on the capital markets, was and is associated with a significant capital rotation, which is intended to continuously strengthen S IMMO's long-term operational financial strength and significantly improve the company's ESG profile. The annual change in the company's economic performance, the total remuneration of the Management Board and the average employee compensation is as follows:

In (k)EUR	2022	2021	2020	2019
FFO 1	EUR 64.7 million +6.4%	EUR 60.8 million +43.51%	EUR 42.4 million -34.53%	EUR 64.7 million
Book value/share	EUR 24.07 +2.1%	EUR 23.57 +21.82%	EUR 19.34 -4.59%	EUR 20.27
Result after taxes	EUR 18.9 million -91.8%	EUR 230.6 million +305.27%	EUR 56.9 million -73.32%	EUR 213.3 million
Total remuneration of the Management Board (earned remuneration entitlement; excl. severance payments)	EUR 1,782,354 -39.55%	EUR 2,948,863 +88.13%	EUR 1,567,500 -26.92%	EUR 2,145,000
Average employee remuneration in S IMMO Group (basic salary incl. bonus payments)	EUR 82,162 + 24.00%	EUR 66,257 -0.01%	EUR 68,622 + 5.24%	EUR 65,205