

REMUNERATION REPORT

This remuneration report details the main features of the remuneration policy for the Management Board and the Supervisory Board of S IMMO AG for the 2021 financial year. Furthermore,

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

I. Introduction: Business Development 2021

Despite the effects of the COVID-19 pandemic, S IMMO AG enjoyed a highly positive business performance in the 2021 financial year, ending it with the highest consolidated net income in the company's history to date. This is thanks in particular to the record result from property valuation of EUR 198.7m (2020: EUR 39.1m).

Rental income increased significantly once again in 2021 to EUR 131.3m (2020: EUR 123.3m), and is therefore now significantly higher than before the pandemic. Owing to the effects of COVID, revenues from hotel operations are still well below the

pre-crisis level at EUR 31.2m (2019: EUR 59.1m), but are rising rapidly (2020: EUR 17.8m).

EBIT was more than two and a half times higher than in the previous year at EUR 270.3m (2020: EUR 101.0m). The financial result improved significantly to EUR 0.7m (2020: EUR -29.4m). Net income more than quadrupled year-on-year to EUR 230.6m (2020: EUR 56.9m), the highest figure in the company's history to date. Earnings per share also increased to EUR 3.24 (2020: EUR 0.79) in line with this.

II. Overview over the Main Features of the Remuneration Policy

1 Remuneration of the Management Board

1.1 Main 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 based on the proposal of its Management Board 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 focus of the remuneration policy for the Management Board is to attract and retain qualified executives at S IMMO AG to promote the company's business strategy and long-term development.

This is to be achieved by performance-based remuneration that is in line with the market, with the total remuneration being appropriate for the performance of the company and the market standard. The remuneration policy must establish transparent and suitable performance incentives that promote sustainable, value-creating and growth-oriented business development by harmonizing the interests of the company, its shareholders and the members of the Management Board and prevent the company from taking unreasonable risks.

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

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

S IMMO AG currently does not have a long-term incentive plan for members of the Management Board. Twenty-five percent (25%) of the annual bonus is not payable until the end of the next financial year and only on the condition that the Management Board member is entitled to a bonus for the current financial year. This delayed payment serves to enhance the long-term nature of remuneration by introducing a multi-year component. The Corporate Governance Code also allows a clawback of variable remuneration components.

1.2 Fixed Remuneration Components

1.2.1 Base Salary

The base salary for each member of the Management Board is determined individually by the Management Board Committee of the Supervisory Board. In doing so, the Management Board Committee considers the appropriateness in a market comparison, taking into account the qualification and experience of the respective Management Board member and his area of duties and responsibilities.

The base salary consists of a contractually agreed annual salary, which covers all additional work by the Management Board members outside the normal working hours.

In the 2021 financial year, the base salaries of the former and active members of the Management Board totalled EUR 1,249,506 (2020: EUR 825,000), in addition to the employer's contribution to social security and charges to be paid by the employer:

in EUR	2021	2020
Ernst Vejdovsky (until 31 March 2021)	269,003	475,000
Bruno Ettenauer, MRICS (since 15 March 2021)	378,681	-
Herwig Teufelsdorfer, MRICS (since 12 April 2021)	251,822	-
Friedrich Wachernig, MBA	350,000	350,000
Total	1,249,506	825,000

1.2.2 Other Fixed Remuneration Components

S IMMO AG pays additionally an annual contribution into an intercompany pension fund for each member of the Management Board. In 2021, pension fund contributions totalled EUR 121,726 (2020: EUR 82,500). Moreover, the company makes contributions in the statutory amount to the corporate pension fund in accordance with the Corporate Employee and Self-Employed Pension Act.

In addition, S IMMO AG has taken out D&O insurance with coverage of EUR 60 million. 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. Including Management Board members in a D&O insurance policy is market standard and

establishes a liability fund for the company in the event of a claim.

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

1.3 Variable Remuneration for the 2021 Financial Year

1.3.1 Principles for Determining Variable Remuneration

The members of the Management Board receive an annual bonus as variable remuneration component, which is determined using financial (quantitative) and non-financial (qualitative) performance criteria. The annual bonus is made up of 70% financial and 30% non-financial performance criteria. The annual bonus amounts to 100% of the base salary if 100% of the performance targets are achieved.

After the end of the financial year, the Management Board Committee determines the degree of target achievement for each performance criterion. The Management Board Committee may also determine over-achievement and/or consider particularly good results and performance, rewarding this with a supplement. Moreover, in the event of over-achievement, the Supervisory Board may grant a special bonus of up to 50% of the base salary taking into account the annual result.

1.3.2 Financial Performance Targets for the Variable Remuneration for the 2021 Financial Year

The Management Board Committee has set the following target values for the financial performance criteria for 2021; in the following table, the target values are compared with the actual values:

Performance criterion	Weighting	Target value	Actual value 2021
Funds from operations	20 %	EUR 55.05 million (0%)	EUR 60,82 Mio.
		EUR 61.17 million (100%)	
		EUR 67.29 million (150%)	
Book value per share as of 31 December 2021	20 %	EUR 18.12 (0%)	EUR 23.57
		EUR 20.13 (100%)	
		EUR 22.14 (150%)	
Equity ratio	10%	at least 40%	45.2%
Dividend capacity (retained earnings) of 2.75% on Group equity 2020	10%	2.75%	4.80%
Vacancy rate	10%	maximum 6.5% (adjusted for technical vacancy)	6.00%

1.4.1 Qualitative Performance Targets for the Variable Remuneration for the 2021 Financial Year

For 2021, the Management Board Committee has set the following qualitative performance criteria:

Performance criterion	Weighting	Target value	Actual value 2021
Improvement of financial structure	10%	Reduction of average cost of funding (including bonds and interest hedging costs)	Reduction of average cost of funding from 2.29% to 2.09%
Leveraging value-adding acquisitions and disposals and potential	10%	Continuation of the programme of acquisitions with potential for high cash flow and performance; opportunistic, strategic or cyclical disposals Increase in rental income through new rentals, through value-adding building investment and mobilisation of land reserves including roof expansions	Acquisition of 211,797 m ² of land around Berlin Acquisition of Budapest Gate, value-adding disposals in Germany, development of acquisition pipeline in Romania
Sustainability measures	10%	Sustainability activities, in particular in the areas of the Environment and Energy, Employees (Continuing Professional Development), Ethics, Compliance and Human Rights and Social Issues	Successful issuance of a green bond Establishment of an ESG organisation including comprehensive environmental data reporting; performance of various ecologically sustainable activities within the property portfolio; digital transformation drive, further transition to green electricity in CEE

1.5 Target Achievement for the 2021 Financial Year

For 2021, the Management Board Committee determined an overall target achievement of 130% for the Members of the Management Board serving until 31 December 2021.

Given the especially good results in the 2021 financial year, the significant outperformance of targets and the work of the Management Board that made this possible against a difficult backdrop, the Management Board Committee granted the members of the Management Board in office until 31 December 2021 a discretionary bonus of 50% of their basic salary. This results in an annual bonus of 150% of their basic salary.

As agreed, Mr Vejdovsky's performance was set at 90% on account of his departure during the year.

Based on that, the annual bonuses for the Management Board for 2021 totalled EUR 1,577,630 (annual bonuses 2020: EUR 660,000). No special bonuses were granted to the Management Board. The annual bonuses are allocated to the members of the Management Board as follows:

Annual bonus in EUR	2021	2020
Bruno Ettenauer, MRICS	568,022	
Ernst Vejdovsky	106,875	380,000
Herwig Teufelsdorfer, MRICS	377,733	
Friedrich Wachernig, MBA	525,000	280,000
Total	1,577,630	660,000

1.6 Accrued Remuneration Entitlements of the Management Board in the 2021 Financial Year

The following table shows the entitlements accrued in the 2021 and 2020 financial years related to the base salary (fixed remuneration), contributions to the intercompany pension fund and variable remuneration:

in EUR	Year	Fixed remuneration	Pension contributions	Variable remuneration	Total
	2020	475,000	47,500	380,000	902,500
Ernst Vejdovszky	2021	269,003	23,750	106,875	399,628
	2020	350,000	35,000	280,000	665,000
Friedrich Wachernig, MBA	2021	350,000	35,000	525,000	910,000
Bruno Ettenauer, MRICS	2021	378,681	37,796	568,022	984,499
Herwig Teufelsdorfer, MRICS	2021	251,822	25,181	377,733	654,736

The contractual remuneration entitlements of the Management Board described above amounted to EUR 2,948,863 for the 2021 financial year, excluding fringe benefits such as company cars. The ratio of fixed to variable remuneration was approximately 46.5% to 53.5%.

1.7 Remuneration Paid to the Management Board in the 2021 Financial Year

The following table shows the remuneration paid out in the 2021 financial year:

in EUR	Year	Fixed remuneration	Pension contributions	Variable remuneration	Total
	2020	475,000	47,500	682,813	1,205,313
Mag. Ernst Vejdovszky	2021	269,003	23,750	906,111*	1,198,864
	2020	350,000	35,000	503,125	888,125
Mag. Friedrich Wachernig, MBA	2021	350,000	35,000	341,250	726,250
Bruno Ettenauer	2021	378,681	37,796	0	416,477
Herwig Teufelsdorfer	2021	251,822	25,181	0	277,003

* Including severance payment

2 Remuneration of the Supervisory Board

The remuneration policy for the members of the Supervisory Board is prepared by the Management Board Committee and submitted to the entire Supervisory Board for approval. The Supervisory Board's remuneration is officially determined by the Annual General Meeting for each financial year.

S IMMO AG is committed to remuneration for the members of the Supervisory Board that is in line with market practice. Therefore in conformity with market practice, a variable remuneration is not paid in order to prevent 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 chairwoman and her deputies receive a higher allowance due to the additional time required for their leadership positions. In addition, the members of the Supervisory Board receive an attendance fee for attending meetings of the Supervisory Board.

The remuneration of the Supervisory Board for the 2021 financial year totals EUR 216,556 (2020: EUR 268,391):

in EUR	Expense allowance	Attendance fee	Total 2021	Total 2020
Karin Rest, EMBA (Chairwoman)	40,000	15,000	55,000	35,239
Christian Hager (1st deputy chairman)	30,000	17,000	47,000	34,120
Manfred Rapf (2nd deputy chairman)	30,000	17,000	47,000	37,120
Ewald Aschauer	4,389	3,000	7,389	–
Florian Beckermann, LL.M.	4,389	4,000	8,389	–
Hanna Bomba	20,000	13,000	33,000	31,000
Christian Böhm	4,389	4,000	8,389	–
John Nacos	4,389	2,000	6,389	–

III. Other Information

As described at the beginning, the results of the 2021 business year represent a record year. The results were achieved in a difficult environment, which was also affected by the pandemic. The vacancy rate was kept low due to extraordinary efforts in asset management, and purchases and sales of properties and

financial investments made significant positive contributions to this result. The annual change in the company's economic success, the overall remuneration of the Management Board and the average remuneration of the employees present themselves as follows:

In EUR (k)	2021	2020	2019
FFO 1	EUR 60.8m	EUR 42.3m	EUR 64.7m
	+43.51%	-34.53%	
Book value / share	EUR 23.57	EUR 19.34	EUR 20.27
	+21.82%	-4.59%	
Earnings after taxes	EUR 230.6m	EUR 56.9m	EUR 213.3m
	+305.27%	-73.32%	
Total Management Board remuneration (accrued remuneration entitlements)	EUR 2,948,863	EUR 1,567,500	EUR 2,145,000
	+88.13%	-26.92%	
Average remuneration of employees of the S IMMO Group (base salary including special bonus)	EUR 66,257	EUR 68,622	EUR 65,205
	-0,01%	+ 5.24%	