

Remuneration Report regarding the remunerations of the members of the Management Board and Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft for the Financial Year 2020

1. Introduction

1.1. General information

This remuneration report regarding the remunerations of the members of the Management Board and Supervisory Board for the financial year 2020 was drawn up by the Management Board and Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft ("**Warimpex**" or the "**Company**") pursuant to section 78c Stock Corporation Act to provide an extensive overview, from the perspective of the Company, of the remuneration, including any and all benefits in any and all forms granted or due to the current and former members of the management board and the supervisory board in the course of the past financial year within the framework of the remuneration policy (section 78a and section 98a Austrian Stock Corporation Act/AktG).

In the preparation of this remuneration report, the requirements stipulated in section 78c AktG and section 98a AktG were fulfilled, the guidelines in the comment letter of the Austrian Financial Reporting and Auditing Committee ("**AFRAC Comment Letter**") were used for guidance and the principles of completeness, reliability, clarity and transparency, and comparability were taken into account.

The remuneration report was reviewed by the Human Resources Committee of the Company and adopted by the Supervisory Board by way of circular resolution on 17 June 2021.

The remuneration report for the past financial year shall be submitted to the Annual General Meeting for approval. The vote at the Annual General Meeting on the remuneration policy is recommendatory in nature; in the following remuneration report, information is to be provided as to how the outcome of the vote was taken into consideration.

1.2. Economic development in the past financial year – Earnings position

Sales development

Revenues from the letting of office properties (revenues from investment properties) increased from EUR 19.9 million to EUR 20.6 million, mainly due to new lettings. Rental income from Russia declined by around 8% year-on-year due to the significantly weaker rouble (31% devaluation in 2020).

Hotel revenue decreased by 64% year-on-year to EUR 3.6m. From March 2020 onwards, revenue declined sharply under the influence of the Covid 19 pandemic. While in Q2 2020 revenue decreased by 92% year-on-year to only EUR 0.2m, it recovered somewhat in the second half of the year.

Total revenue decreased to EUR 25.7 million, while expenses directly attributable to revenue fell from EUR 14.2 million to EUR 11.3 million.

This results in a gross profit from sales of EUR 14.4 million (previous year: EUR 17.5 million).

Earnings position

Result from the sale of properties

No real estate transactions took place in the Group in the reporting period. In the same period of the previous year, Warimpex sold two hotels in Paris, an office property in Budapest and the operating company of the Dvorak spa hotel in Karlovy Vary. This generated a realization result of EUR 28.9 million in the previous year.

EBITDA

Earnings before interest, taxes, depreciation and amortisation and the valuation result (investment properties) (=EBITDA) fell from EUR 29.9 million to EUR 3.0 million. The decline compared to the previous year is primarily due to the absence of property sales and book profits as well as a negative result from the hotel sector.

Depreciation and changes in value

Depreciation and changes in value fell from EUR 14.9 million to EUR -10.7 million. The valuation result of the office properties (investment properties) amounted to approximately EUR -7.8 million, while market value adjustments of EUR 15.3 million were recorded in the comparable period of the previous year. The impairment of hotels amounted to EUR -1.0 million (previous year: reversal of impairment EUR 1.2 million).

EBIT

EBIT decreased from EUR 44.7 million in the previous year to EUR -7.7 million after taking into account depreciation and changes in value.

Financial result

The financial result (including the result from joint ventures) changed from EUR 25.8 million to EUR -21.4 million. This includes exchange rate losses of EUR 8.2 million (previous year: exchange rate gains of EUR 8.3 million and a book profit of EUR 20.3 million from the purchase of loans from former minority shareholders of a Russian Group company).

The result from joint ventures changed from EUR 3.6 million to EUR -4.9 million. This decline is due to non-cash exchange rate losses from currency translation and losses from hotel operations.

Result for the period

The result for the period for the shareholders of the parent company decreased from EUR 61.5 million in the previous year to EUR -29.7 million.

2. Remuneration policy principles

Warimpex is active in real estate development. This business segment is characterised by being subject to cycles and project-driven. Warimpex's income is derived from letting properties on the one hand, and from the sale of developed properties on the other. For this reason, Warimpex's income does not develop in a stably linear manner, but rather fluctuates in line with transactions to a great extent. Warimpex always strives to find the optimal time for the sale of a property, namely the time at which - in Warimpex's opinion - the most attractive sale proceeds can be achieved. the Company's remuneration policy is seeking to include these special features of its business strategy as it considers the remuneration of Management Board and Supervisory Board members.

The following presentation of the remuneration policy principles provides an overview of the individual elements of remuneration and how they connect with the objectives and long-term development of the Company; it is intended to give the reader an extensive understanding of the framework for the overall remuneration presented in the remuneration report.

2.1. Management Board Remuneration

The goal of the remuneration policy is an overall remuneration for members of the Management Board which is adequate in view of the situation of the Company and the remuneration customary in comparable enterprises, functions as an incentive for the sustainable development of the Company and promotes the business strategy and long-term development of the Company.

Management Board remuneration should be appropriate and attractive by national and international comparison. At the same time, overall remuneration must be competitive and in line with the market so that appropriately qualified persons can be recruited and retained with the desired continuity in management in mind. In this context, remuneration corresponds to the overall responsibility of the Management Board linked with its tasks whilst taking into account the responsibility of each individual member of the Management Board as well as special requirements arising from the respective tasks.

The Members of the Management are paid remuneration which consists of the following fixed (non-performance related) and variable (performance related) components:

- Each member of the Management Board shall receive a fixed annual remuneration. The Supervisory Board is entitled to specifically set the amount in the respective Management Board contract at its own discretion, taking into account in particular seniority, experience and the length of service and membership of the Management Board.

Management Board contracts shall provide for an annual inflation-related adjustment of the fixed remuneration component whereby the respective value of the Consumer Price Index 2015 (CPI 2015) of the year when the contract was signed shall be applied as a basis.

- Each member of the Management Board shall receive variable remuneration each year, which shall lie within the range of 1.0% to 1.5% of the consolidated and audited profit for the period of the respective previous financial year of the Company (consolidated net profit attributable to shareholders of the parent company according to IFRS), with the variable remuneration being limited to three times the annual fixed Management Board Remuneration. The Supervisory Board is entitled to set the specific percentage in the respective management board contract, taking into account in particular seniority, experience and the duration of both service with the Company and membership of the Management Board. The setting of additional, non-financial criteria for the variable Management Board Remuneration is currently refrained from. There are no special options for reclaiming variable portions of the Management Board remuneration granted, beyond those provided for by law.

As it is not possible to determine in advance whether and to what extent variable remuneration will be paid to the individual members of the Management Board, it is not possible to state an absolute rate of each remuneration component.

Members of the Management Board shall receive additional benefits, namely inclusion in a D&O insurance policy, severance pay, inclusion in a company pension scheme, inclusion in an accident insurance and survivors' policy, and the provision of a company car:

- **Company car** (including private use), i.e. a mid-range car with adequate equipment, to be used for at least three years or a lifespan of 150.000 km, whichever is the earlier; in the event that a company car is not used, the Supervisory Board may, at its sole discretion, grant additional benefits, not only

in the form of cash compensation but also, for example, in the form of up to 10 additional days of holiday per year.

- **Pension scheme:** For each member of the Management Board the Company may pay an appropriate amount (oriented on amounts granted so far) into a company pension scheme or an equivalent provident model so that the respective member of the Management Board will receive a company pension of EUR 5,000.00 (14x per year) upon reaching the retirement age of 65; such pension will be raised by 2.125% annually.

Vested rights shall not be acquired if the contract of the member of the Management Board is terminated for cause or if the member of the Management Board resigns with immediate effect without cause (with section 26 of the Austrian White-Collar Workers Act applying *mutatis mutandis*). In all other cases of termination of the contract of the member of the Management Board, vested rights shall continue to exist but of the contract is terminated before the member of the Management Board turns 65, there will be no entitlement to a pension but to repayment of the surrender value or, if the Management Board member so opts, to transfer or direct takeover of a pension reinsurance by the Management Board member.

- **D&O insurance:** each member of the Management Board shall be included in the D&O insurance of Warimpex at the latter's expense.
- **Severance pay:** each Management Board member is to be granted severance pay, with section 23 of the White-Collar Workers Act/AngG applying *mutatis mutandis*. The date for the assessment and calculation of the severance pay entitlement is to be the date when the Management Board member joined the Company.
- **Accident insurance:** an accident insurance policy is to be taken out for each member of the Management Board at the expense of Warimpex. The insured sum for each Management Board member insured is limited to a maximum of EUR 200,000.00 in the event of death and a maximum of EUR 600,000.00 in the event of permanent 100% disability. Please note: There is no separate accident insurance for Management Board members. Management Board members are included in the existing collective accident insurance effected for a group of employees. The insured sum in the event of death is EUR 300,000.00 per person. The maximum insured sum of EUR 200,000.00 per Management Board member insured stated in the Remuneration Policy was already no longer current after the renegotiation of the collective accident insurance last year. The Remuneration Policy is being adjusted accordingly.
- **Survivors' pension insurance:** a survivors' pension insurance policy may be taken out for each member of the Management Board at the expense of Warimpex; the maximum payout is EUR 500,000.00, endorsed in favour of the beneficiary and/or heir stated by the Management Board member.

2.2. Supervisory Board Member Remuneration

The remuneration policy is to ensure that the members of the Supervisory Board receive remuneration that is commensurate with their tasks and responsibilities and the economic situation of the Company. The remuneration policy also takes into account the size of the company, its international orientation and the business model of Warimpex as well as the tasks and qualifications of the members of the Supervisory Board.

The remuneration policy is designed to attract suitably qualified persons to serve on the Supervisory Board of an internationally active listed company. Thus, the remuneration must be competitive and in line with the market and must be appropriate in comparison with the remuneration customary in similar companies. Moreover, it should enable a professionally and personally balanced composition of the Supervisory Board. The remuneration policy supports a balanced and qualified composition of the Supervisory Board and appropriately rewards members for the tasks and responsibility associated with their mandate. Thus, the remuneration policy promotes the implementation of the business strategy and the long-term positive development of the Company.

Each member of the Supervisory Board shall receive a fixed annual remuneration. The total amount to be paid to all members of the Supervisory Board shall be proposed to the Annual General Meeting by the Supervisory Board and the Management Board and the distribution of this amount among the individual members of the Supervisory Board shall be the responsibility of the Supervisory Board itself.

The members of the Supervisory Board do not receive any variable remuneration but an attendance fee for each meeting of the Supervisory Board they attend. The same shall hold true for attendance of the meetings of Supervisory Board committees as well as for the chairperson and deputy chairperson of the Supervisory Board for their attendance of the Annual General Meeting of the Company. The amount of the attendance fee shall in particular vary according to function and scope of duties and responsibilities (chairperson, deputy chairperson). The attendance fee shall amount to EUR 3,000.00 per meeting for each member of the Supervisory Board participating in the meeting, and half of this amount for participation in meetings of committees of the Supervisory Board. The deputy chairperson shall receive double and the chairperson three times the respective attendance fee. For participation in the Annual General Meeting, the chairperson shall receive the attendance fee foreseen for participation in a meeting of the Supervisory Board, the deputy chairperson shall likewise receive the Supervisory Board attendance fee foreseen for him/her.

3. Remuneration report regarding the remuneration of Management Board members

3.1. Presentation of the overall remuneration

3.1.1. Principles

The overall remuneration of Management Board members is shown in Table 1 (Management Board Remuneration) which is based on the form of presentation proposed in the AFRAC Comment Letter 37 (Austrian Financial Reporting and Auditing Committee) to give the shareholders of Warimpex a clear and comprehensible overview on the basis of the requirements stipulated in section 78c of the Austrian Stock Corporation Act/AktG.

In the past financial year 2020, which covered the period from 01 January 2020 to 31 December 2020 the following persons exclusively were members of the Warimpex Management Board:

- Dr. Franz Jurkowitsch, Chairman of the Management Board,
- Dr. Daniel Folian, Deputy Chairman of the Management Board,
- Dr. Alexander Jurkowitsch, member of the Management Board,

- Mag. Florian Petrowsky, member of the Management Board,

(collectively referred to as "**the Members of the Management Board**", die "**the Management Board Members**" or the "**Management Board**").

3.1.2. Fixed remuneration components

Taking into account the requirements of the Remuneration Policy, the following remunerations were granted in the financial year 2020:

Dr. Franz Jurkowitsch, Chairman of the Management Board, was paid fixed remuneration amounting to EUR 347,466.00 in 14 instalments. Moreover, the following additional benefits were granted to Dr. Franz Jurkowitsch:

- D&O insurance and accident insurance: The Company entered into contracts for such insurances, paying lump sum premiums which are not broken down by individual persons.
- No remunerations from affiliated companies were paid to Dr. Franz Jurkowitsch.
- Company car in keeping with the Remuneration Policy

Dr. Daniel Folian, Deputy Chairman of the Management Board, was paid a fixed remuneration amounting to EUR 256,897.00 in 14 instalments. Moreover, the following additional benefits were granted to Dr. Daniel Folian:

- Contributions to pension reinsurance: EUR 47,881.28
- D&O insurance and accident insurance: The Company entered into contracts for such insurances, paying lump sum premiums which are not broken down by individual persons.
- No remunerations from affiliated companies were paid to Dr. Daniel Folian.
- No company car – instead, he was granted additional holiday days in keeping with the Remuneration Policy.

Dr. Alexander Jurkowitsch, member of the Management Board, was paid a fixed remuneration amounting to EUR 256,897,00 in 14 instalments. Moreover, the following additional benefits were granted to Dr. Alexander Jurkowitsch:

- Contributions to pension reinsurance: EUR 81,034.70
- D&O insurance and accident insurance: The Company entered into contracts for such insurances, paying lump sum premiums which are not broken down by individual persons.
- No remunerations from affiliated companies were paid to Dr. Alexander Jurkowitsch.

- Company car in keeping with the Remuneration Policy

Mag. Florian Petrowsky, member of the Management Board, was paid a fixed remuneration amounting to EUR 256.897,00 in 14 instalments. Moreover, the following additional benefits were granted to Mag. Florian Petrowsky:

- Contributions to pension reinsurance: EUR 40,029.96
- D&O insurance and accident insurance: The Company entered into contracts for such insurances, paying lump sum premiums which are not broken down by individual persons.
- No remunerations from affiliated companies were paid to Mag. Florian Petrowsky.
- Company car in keeping with the Remuneration Policy

3.1.3. Variable remuneration components

Under the requirements of the Remuneration Policy, the Management Board members are not entitled to variable remuneration (annual bonus) due to the negative group result for the financial year 2020.

Note regarding the annual bonus for the financial year 2019: As the respective annual bonus relates to the group result, it will only be set in the following financial year when the annual financial statements for the past financial year are available. For this reason, the bonus is usually paid out in the following year or occasionally, payment is distributed over several years.

Half of the variable remuneration (annual bonus) to which Management Board members are entitled based on the 2019 group result was paid in several parts in the financial years 2020. The outstanding remainder of the variable remuneration for 2019 is to be paid out in 2021.

3.1.4. Long-term variable remuneration components (Long Term Incentive-Programme)

At present, there is no Long Term Incentive-Programme the Members of the Management Board.

3.1.5. Conformity of overall remuneration to the Remuneration Policy

Based on the Remuneration Policy, the overall remuneration of the Members of the Management Board is to be adequate in view of the situation of the Company and the remuneration customary in comparable enterprises.

In this respect, the overall picture is as follows:

Warimpex is listed on the Vienna and Warsaw stock exchanges and mainly active outside of Austria. A recent study¹ of the Chamber of Labour for Vienna from April 2020 shows that the average remuneration of management board members in the financial year 2019 was EUR 1.86 million. Variable remuneration is usually linked with the financial success of the enterprise. On average, variable remuneration almost half of the overall management board remuneration in ATX companies. Whilst Warimpex is not ATX-listed, no study is available for all listed companies. In comparison with this information, the remuneration of Management Board Members in Warimpex is markedly below this benchmark average

3.2. Information on share-based remuneration

In Warimpex there is no stock option programme and Management Board members were neither offered nor granted shares.

3.2.1. Departure from Remuneration Policy

In the financial year 2020 there was no departure from the Remuneration Policy (with the exception of the note in item 2.1. Accident insurance) or from the procedure described therein for its implementation.

3.2.2. Reclaiming of variable remuneration components

In the financial year 2020 no variable remuneration components were reclaimed.

¹ Management Board remuneration in ATX companies, ranking of salaries and remuneration policy under the Act amending the Stock Corporation Act/AktRÄG 2019, April 2020 (in German)
https://www.arbeiterkammer.at/interessenvertretung/wirtschaft/betriebswirtschaft/Vorstandsverguetung_in_den_ATX-Unternehmen_April_2020.pdf

Table 1: Management Board Remuneration

<i>(in TEUR)</i>	2020			
	Jurkowitsch F.	Folian	Jurkowitsch A.	Petrowsky
<i>Fixed remuneration</i>				
- Annual fixed salary	347	257	257	257
- Contributions to pension reinsurance	-	48	81	40
Subtotal	347	305	338	297
<i>Variable remuneration</i>				
- Annual bonus	-	-	-	-
<i>Payout of previous year's bonus</i>	462	308	308	308
Total	347	305	338	297
<i>Relative share of fixed components (in %)</i>	100	100	100	100
<i>Relative share of variable components (in %)</i>	0	0	0	0
Management Board total		1,287		
<i>(in TEUR)</i>	2019			
	Jurkowitsch F.	Folian	Jurkowitsch A.	Petrowsky
<i>Fixed remuneration</i>				
- Annual fixed salary	347	195	257	199
- Contributions to pension reinsurance	-	47	64	56
Subtotal	347	242	321	255
<i>Variable remuneration</i>				
- Annual bonus	925	617	617	617
<i>Payout of previous year's bonus</i>	88	59	59	59
Total	1,272	859	938	872
<i>Relative share of fixed components (in %)</i>	27	28	34	29
<i>Relative share of variable components (in %)</i>	73	72	66	71
Management Board total		3,941		

4. Remuneration Report regarding the remuneration of Supervisory Board members

4.1. Presentation of overall remuneration

4.1.1. Principles

The overall remuneration of Supervisory Board members is shown in Table 2 (Supervisory Board Remuneration) which is based on the form of presentation proposed in the AFRAC Comment Letter 37 (Austrian Financial Reporting and Auditing Committee) to give the shareholders of Warimpex a clear and comprehensible overview on the basis of the requirements stipulated in section 78c of the Austrian Stock Corporation Act/AktG.

In the past financial year 2020, which covered the period from 01 January 2020 to 31 December 2020 the following persons were appointed as representatives of capital on the Warimpex Supervisory Board

- Dipl.Kfm. Günter Korp, Chairman of the Supervisory Board,
- Dr. Thomas Aistleitner, Deputy Chairman of the Supervisory Board,
- Harald Wengust, member of the Supervisory Board,
- William Henry Marie de Gelsey, member of the Supervisory Board,
- Hubert Staszewski, member of the Supervisory Board,

(collectively referred to as the "**Members of the Supervisory Board**", the "**Supervisory Board Members**" or the "**Supervisory Board**").

4.1.2. Fixed remuneration components

Each Supervisory Board Member is to receive an annual fixed remuneration. The total amount to be paid to all members of the Supervisory Board shall be proposed to the Annual General Meeting by the Supervisory Board and the Management Board and the distribution of this amount among the individual members of the Supervisory Board shall be the responsibility of the Supervisory Board itself.

In the financial year 2020, a total fixed remuneration of EUR 170,000.00 was granted to the Members of the Supervisory Board for the financial year 2019 based on the resolution of the Annual General Meeting of 05 October 2020. Distribution among the individual Supervisory Board Members can be found in Table 2 (Supervisory Board Remuneration).

4.1.3. Variable remuneration components

The members of the Supervisory Board do not receive any variable remuneration but an attendance fee for each meeting of the Supervisory Board they attend. The same shall hold true for attendance of the meetings of Supervisory Board committees as well as for the chairperson and deputy chairperson of the Supervisory Board for their attendance of the Annual General Meeting of the Company. The amount of the attendance fee shall in particular vary according to function and scope of duties and responsibilities (chairperson, deputy chairperson). The attendance fee shall amount to EUR 3,000.00 per meeting for each member of the Supervisory Board participating in the meeting, and half of this amount for participation in meetings of committees of the Supervisory Board. The deputy chairperson shall receive double and the chairperson three times the respective attendance fee. For participation in the Annual General Meeting, the chairperson shall receive the attendance fee foreseen for participation in a meeting of the Supervisory Board, the deputy chairperson shall likewise receive the Supervisory Board attendance fee foreseen for him/her.

No employee representatives have been delegated to the Supervisory Board pursuant to section 110 of the Austrian Labour Constitution Act (ArbVG).

Based on the Remuneration Policy, no variable performance-based remuneration was paid to Supervisory Board Members in the financial year 2020.

An overview of the attendance fees which Supervisory Board Members are entitled to from the financial year 2020 but which were not yet paid out in 2020 can be found in Table 2 (Supervisory Board Remuneration).

4.1.4. Additional components of remuneration

Supervisory Board Members should not receive additional benefits except for their inclusion in the D&O insurance and the collective accident insurance taken out by the Company.

4.1.5. Rates of the respective components of the remuneration

As the members of the Supervisory Board only receive fixed remuneration and attendance fees for meetings attended, there is no need to state any relative rates of various remuneration components.

4.1.6. Long-term variable remuneration components (Long Term Incentive-Programme)

At present, there is no Long Term Incentive-Programme for the Members of the Supervisory Board.

4.1.7. Conformity of overall remuneration to the Remuneration Policy

The overall remuneration of the members of the Supervisory Board in the past financial year 2020 complied with the Remuneration Policy. The remuneration of the members of the Supervisory Board must be in line with the market and attractive enough to attract suitably qualified persons to work in an internationally active listed company with a diversified investment portfolio. In addition, it must allow for a professionally and personally balanced composition of the Supervisory Board. Special attention is paid to a balanced age structure as well as the internationality and professional background of the members. By promoting a balanced and broadly qualified composition of the Supervisory Board, the remuneration policy also supports sustainable corporate development. Gender-specific diversity shall be given greater consideration in elections to the Supervisory Board.

4.2. Information on share-based remuneration

At present, there is no stock option programme in Warimpex and Supervisory Board members were neither offered nor granted shares.

4.3. Departures from the Remuneration Policy

In the financial year 2020 there was no departure from the Remuneration Policy or from the procedure described therein for its implementation.

4.4. Reclaiming variable remuneration components

In the past financial year 2020 no variable remuneration components were reclaimed.

Table 2: Supervisory Board Remuneration

(in TEUR) 2020 *)	Korp	Aistleitner	Wengust	De Gelsey	Staszweski
Fixed remuneration for 2019	62.0	46.0	32.0	10.0	20.0
Attendance fees for 2020 (Entitlement)	76.5	49.5	24.0	-	15.0
Total paid out	62.0	46.0	32.0	10.0	20.0

(in TEUR) 2019	Korp	Aistleitner	Wengust	De Gelsey	Staszweski
Fixed remuneration for 2018	43.0	34.0	22.0	18.0	18.0
Total paid out	43.0	34.0	22.0	18.0	18.0

*) The fixed remuneration was adopted for the financial year 2019 by the Annual General Meeting on 05 October 2020. The Supervisory Board Members are entitled to the attendance fees when they attend the respective meetings. The attendance fees for 2020 were not yet paid out by the end of the financial year.