



**UBM Development AG**

Vienna, FN 100059 x

**Proposals for resolutions of the Management Board and the Supervisory Board  
for the 139th Annual General Meeting  
28 May 2020**

- 1. Presentation of the annual financial statements including the management report and the corporate governance report, the consolidated financial statements including the group management report, the proposal for the appropriation of profits and the report prepared by the Supervisory Board for the financial year 2019**

As the presentation of the aforementioned documents only serves to inform the Annual General Meeting, there will be no resolution on this item of the agenda.

The annual financial statements for 2019 have already been approved and adopted by the Supervisory Board.

- 2. Resolution on the appropriation of the net profit**

The Management Board and the Supervisory Board propose that the net profit in the amount of EUR 19,434,795.91 as shown in the adopted annual financial statements of the Company as of 31 December 2019 shall be used as follows:

- |  |                   |
|--|-------------------|
| (i) distribution of a dividend of EUR 2.20 for each share entitled to a dividend,<br>therefore an aggregate dividend amount of | EUR 16,438,796.00 |
| (ii) the remaining amount of<br>shall be carried forward   | EUR 2,995,999,01  |

Dividend payment date is 5 June 2020.

- 3. Resolution on the discharge from liability of the members of the Management Board for the financial year 2019**

The Management Board and the Supervisory Board propose that the members of the Management Board who acted in the financial year 2019 are discharged from liability for that period.

**4. Resolution on the discharge from liability of the members of the Supervisory Board for the financial year 2019**

The Management Board and the Supervisory Board propose that the members of the Supervisory Board who acted in the financial year 2019 are discharged from liability for that period.

**5. Election of the auditor for the financial statements and for the consolidated financial statements for the financial year 2020**

Following a recommendation of the audit committee, the Supervisory Board proposes that BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1040 Vienna, Am Belvedere 4, shall be elected as auditor for the financial statements and for the consolidated financial statements for the financial year 2020.

**6. Resolution on the remuneration policy über die Vergütungspolitik**

The Supervisory Board of a listed company must draw up the principles for the remuneration of the members of the Management Board and Supervisory Board in accordance with section 78a in conjunction with section 98a of the Stock Corporation Act (remuneration policy).

The remuneration policy must be presented to the Annual General Meeting for approval at least every fourth fiscal year (as well as in the event of any significant change). At UBM Development AG, this is required for the first time at the Annual General Meeting on 28 May 2020.

The vote at the general meeting on the remuneration policy is of a recommendatory nature. The resolution is not contestable (section 78b para 1 of the Stock Corporation Act).

The Supervisory Board must make a proposal for a resolution on the remuneration policy in accordance with section 108 para 1 of the Stock Corporation Act.

The Remuneration Committee has drawn up the remuneration policy and made a recommendation to the Supervisory Board for the establishment of the remuneration policy.

In the meeting of 23 April 2020, the Supervisory Board of UBM Development AG discussed the principles for the remuneration of the members of the Management Board and Supervisory Board in accordance with section 78a in conjunction with section 98a of the Stock Corporation Act on the basis of the recommendation of the remuneration committee and then drew up the remuneration policy.

The remuneration policy will be made available no later than 7 May 2020 (21st day before the AGM) on the website of UBM Development AG [www.ubm-development.com](http://www.ubm-development.com), which is registered with the companies register.

The Supervisory Board proposes that the remuneration policy, as made available on the website registered with the companies register, be adopted.

The remuneration policy is attached to this proposal for resolution as Annex ./1.

Vienna, April 2019

**The Management Board**

**The Supervisory Board**



**UBM Development AG**

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**Remuneration Policy of UBM Development AG**

**1. BACKGROUND**

With the transposition of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement ("**Shareholders' Rights Directive**") into the Austrian Stock Corporation Act, listed companies are now obliged to establish principles for the remuneration of the members of the Management Board and Supervisory Board. These principles for the remuneration of the members of the Management Board and Supervisory Board are referred to as remuneration policy.

For this reason, the Supervisory Board of UBM Development AG ("**UBM**"), after appropriate preparation by the remuneration committee of the Supervisory Board, has determined the present remuneration policy.

The Stock Corporation Act provides that there is only one single remuneration policy for each listed company, which should contain a section for the remuneration of the members of the Management Board on the one hand and a section for the remuneration of the members of the Supervisory Board on the other.

For this reason, reference is always made to the sections "Remuneration of the members of the Management Board" and "Remuneration of the members of the Supervisory Board" in this single remuneration policy.

The Supervisory Board of UBM has drawn up this remuneration policy to the best of its knowledge. However, as at the time of drawing up the remuneration policy no experience had been gained with regard to the implementation of this new statutory regulation in practice, the Supervisory Board of UBM will follow all future developments in this area very closely and will adjust the remuneration policy if necessary.

According to § 78b para 1 of the Stock Corporation Act, the remuneration policy must be submitted to the annual shareholders' meeting for voting at least every fourth financial year. It must be noted that the relevant resolution of the annual shareholders' meeting on the remuneration

policy is only of a recommendatory nature pursuant to § 78b para 1 2nd sentence of the Stock Corporation Act.

## **2. REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD**

### **2.1. Principles of the Management Board remuneration**

The remuneration of the Management Board should be appropriate and attractive in national and international comparison. The remuneration of the Management Board should be an incentive for the members of the Management Board to continuously strengthen and increase the performance of the Company and its earnings. At the same time, the Supervisory Board of UBM strives for continuity with regard to the composition of the Management Board and the members of the Management Board. Without appropriate remuneration for the Management Board, there would be a danger that members of the Management Board would no longer regard UBM as attractive and would pursue other professional activities. The remuneration of the members of the UBM Management Board should contain fixed and variable components.

UBM is active in real estate development industry. This industry is characterised, *inter alia*, by the fact that it is subject to cycles and that it is project-driven. The income of UBM comes from numerous development projects of various kinds and from various countries. If a real estate development is delayed or a project is sold later, this can lead to income being generated at different times. For this reason, UBM's income is not linearly stable, but rather fluctuates to a large extent due to the respective projects.

Due to this business model, it is necessary to grant both fixed and variable remuneration to the members of the UBM Management Board. Variable, success-oriented remuneration elements are intended to motivate the members of the Management Board to optimise the income of the UBM Group in a sustainable and risk-conscious manner. Without an appropriate fixed (basic) remuneration, however, there would be a risk that UBM would no longer be attractive in terms of exercising management board functions and would not be nationally and internationally comparable.

The members of the Management Board should receive a total package as remuneration which is customary and appropriate in national and international comparison. This also includes additional compensation components, such as inclusion in an insurance policy for their Management Board activity (so-called "D&O insurance"), the provision of a company car, or inclusion in a company pension insurance policy.

For the reasons stated above, the Supervisory Board is of the opinion that the remuneration policy contributes to the business strategy and the long-term development of the Company.

## **2.2. Fixed and variable components of the Management Board remuneration**

### **a) *Fixed Management Board remuneration***

Each member of the Management Board shall receive a fixed annual remuneration. The Supervisory Board is entitled to determine the respective amount in the respective Management Board contract at its own discretion, taking into account in particular seniority, experience, and the length of both the period of service with the Company and membership of the Management Board. In addition, the specific compensation granted should be competitive and appropriate to the market.

The fixed remuneration can be paid twelve times or fourteen times a year.

In addition to a fixed remuneration, the Supervisory Board may also grant additional benefits that are usually agreed in a Management Board contract, such as the entitlement to vacation days or continued remuneration in the event of illness, etc.

### **b) *Variable Management Board remuneration***

Each member of the Management Board shall receive a variable remuneration each year, depending on the achievement of the parameters to be determined by the Supervisory Board. The Supervisory Board is entitled to determine financial or non-financial criteria, or a combination of both.

Within the framework of such financial criteria, individual targets should in any case be set for each member of the Management Board. If the individual financial targets are achieved, each member of the Management Board receives variable remuneration amounting to a maximum of 60% of the total Management Board remuneration.

### **c) *Additional components of the Management Board remuneration***

The members of the Management Board shall receive additional benefits, i.e. inclusion in a D&O insurance policy, inclusion in a pension fund scheme, inclusion in an accident and survivors' insurance policy, and the provision of a company car as described in detail in section 2.3 below.

### **d) *Ratio of the respective components of the Management Board remuneration***

Pursuant to § 78a para 2 of the Stock Corporation Act, the remuneration policy must describe the various remuneration components, stating their respective relative proportions.

As it is not possible to determine in advance whether and in what amount variable remuneration will be paid to the respective members of the Management Board, an absolute relative share of the respective remuneration components cannot be stated.

### 2.3. Additional components of the Management Board remuneration

Each Management Board member is entitled to receive the following additional benefits:

- **Company car**, which shall be a motor vehicle from the upper or upper middle class (e.g. in the category Audi A6 or A8, etc.), including the corresponding motor vehicle insurance (comprehensive insurance, passenger, etc.).
- **Employment pension fund** to the extent required by law.
- **Pension scheme**: for each member of the Management Board, an appropriate amount (based on past and present amounts) can be paid into a company pension scheme.
- **D&O Insurance**: each member of the Management Board is included in the D&O insurance of UBM at its expense.
- **Accident insurance**: an accident insurance is to taken out for each member of the Management Board at UBM's expense.
- **Supplementary health insurance**: a supplementary health insurance is to taken out for each member of the Management Board at UBM's expense.
- **Legal expenses insurance**: a legal expenses insurance is to taken out for each member of the Management Board at UBM's expense.
- **Social security contributions**: Social security contributions are divided between the members of the Management Board and the Company in accordance with the statutory allocation formula.
- **Individual determinations**: the Supervisory Board shall be entitled to determine additional individual amounts, e.g. in the case of newly joining Management Board members whose previous place of residence is not in or near Vienna, a payment for relocation costs and double household management. In addition, the Supervisory Board is entitled to grant other customary benefits, such as recreational leave, including the possibility of financial compensation in case of non-consumption, in the respective Management Board member's contract.

## 2.4. Pay and employment conditions of UBM's employees

When determining the remuneration of the members of the Management Board, the pay and employment conditions of UBM's employees were taken into account in so far as the UBM Group is a group with a consolidated balance sheet total of approximately EUR 1,316.4 million, consolidated sales of approximately EUR 242 million and an average total of more than 300 employees (all figures as of 31 December 2019). In view of the size of the UBM Group, the remuneration components determined appear appropriate.

## 2.5. Share-based remuneration

UBM introduced a Long-Term Incentive Program ("**LTIP**") in 2017 under which the members of the Management Board and selected other officers of the Company and its direct and indirect subsidiaries participate in the long-term development of UBM.

The aim is to enable the members of the Management Board and determined officers of UBM Group to benefit from a positive economic development of UBM Group and in this way to constitute an incentive which exceeds existing, performance-oriented variable parts of remuneration. Additionally, the interests of the officers of UBM Group shall be aligned with those of the shareholders.

Under the LTIP, stock options were granted to the members of the Management Board, among others, which can be exercised by them within certain exercise windows, namely

- a) in the exercise period from 1 September 2020 to 26 October 2020 ("**Exercise Period 1**") if (i) the unweighted average of the closing prices of the share of the Company is at least EUR 40.00 in the period from 2 September 2019 (inclusive) to 31 August 2020 (inclusive) during at least fifteen (15) subsequent trading days, and (ii) the ratio of Market Capitalisation (as defined below) to Net Debt (as defined below) as of 31 December 2019 is at maximum 1 : 2.40 (one to two point forty) or below;
- b) in the exercise period from 1 September 2021 to 26 October 2021 ("**Exercise Period 2**") if (i) the unweighted average of the closing prices of the share of the Company is at least EUR 40.00 in the period from 1 September 2020 (inclusive) to 31 August 2021 (inclusive) during at least fifteen (15) subsequent trading days, and (ii) the ratio of Market Capitalisation (as defined below) to Net Debt (as defined below) as of 31 December 2020 is at maximum 1 : 2.40 (one to two point forty) or below.

"**Net Debt**" means long- and short-term bonds, plus long- and short-term financial liabilities, reduced by liquid funds, as determined respectively in the audited and approved consolidated



annual financial statements of the Company as of 31 December 2019 (with respect to Exercise Period 1) or as of 31 December 2020 (with respect to Exercise Period 2).

**"Market Capitalisation"** means the number of shares issued by the Company respectively as of 31 December 2019 (with respect to Exercise Period 1) or as of 31 December 2020 (with respect to Exercise Period 2) multiplied by the closing price of the shares of the Company respectively on the last trading day of the respective year (last trading day in the year 2019 with respect to Exercise Period 1 or last trading day of the year 2020 with respect to Exercise Period 2).

## **2.6. Terms and notice periods of Management Board members' contracts and main features of supplementary pension schemes**

The contracts for the members of the Management Board shall each have a term of up to 5 years, whereby the respective contract of a Management Board member shall stipulate that a dismissal as a member of the Management Board or resignation of the Management Board member shall lead to the automatic termination of the Management Board contract.

Early retirement programs for Management Board members in the meaning of early retirement will generally not be offered.

## **2.7. Review and implementation of the remuneration policy**

This remuneration policy was drawn up by resolution of the Supervisory Board on 23 April 2020 and will be submitted to the 139th annual general meeting of UBM for approval.

The Management Board reports annually – if necessary, with the involvement of information providers – on the subject of remuneration to the Supervisory Board (or the remuneration committee), which can initiate a revision of the remuneration policy if necessary

The Supervisory Board of UBM is responsible for monitoring compliance with and implementation of the remuneration policy, and the Supervisory Board may assign this task to the UBM remuneration committee. In this case, the remuneration committee will report to the Supervisory Board on its audit activities.

At least every fourth financial year, the Supervisory Board shall review the remuneration policy and evaluate whether a revision is necessary. The remuneration committee may make recommendations to the Supervisory Board on the remuneration policy. Subsequently, the Supervisory Board must adopt a resolution on the remuneration policy and submit a corresponding proposal for a resolution to the annual shareholders' meeting. The remuneration policy must then be submitted to the annual shareholders' meeting for a vote.

The same applies to any premature substantial change in remuneration policy. The review of compliance with and implementation of the remuneration policy shall also be carried out whenever a new contract with a member of the Management Board is to be concluded or an existing contract of a member of the Management Board is to be extended, regardless of whether the conditions remain the same or change.

Furthermore, a review shall also be carried out if parts of the remuneration of the Management Board are changed.

The members of the Supervisory Board must report any conflict of interest of their own accord and, if necessary, abstain from voting on corresponding resolutions in the Supervisory Board.

## **2.8. Deviations from the remuneration policy**

The Supervisory Board of UBM is entitled to deviate from this remuneration policy if this is necessary in exceptional circumstances

In the event of a deviation from the remuneration policy, a new remuneration policy must be presented at the next annual shareholders' meeting. At the same time, the remuneration committee of the Supervisory Board must determine that there are exceptional circumstances in which the deviation from the remuneration policy is necessary for the long-term development of the Company or to ensure its profitability. Exceptional circumstances include in particular significant changes in the legal, macroeconomic and political environment or changes in the market environment of the UBM Group.

Furthermore, a deviation from the remuneration policy is also permitted, in particular with regard to the fixed remuneration, the variable remuneration and additional components of the remuneration, if unforeseen vacancies occur on the Management Board, e.g. in case of death or serious illness, and a necessary replacement cannot be found under the conditions contained in this remuneration policy.

## **2.9. Significant changes of the remuneration policy**

As the present remuneration policy will be presented to the annual shareholders' meeting for the first time on 28 May 2020 for resolution, the information on this point is not applicable.

### **3. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD**

#### **3.1. Background**

Pursuant to § 98a of the Stock Corporation Act, the remuneration policy must also be drawn up with regard to the remuneration of the members of the Supervisory Board, whereby the statutory provisions on the remuneration of the members of the Management Board must be applied analogously.

This provision, which originates from the Shareholders' Rights Directive, is based on the legal systems of member states that provide for a one-tier board system for stock corporations. Austrian stock corporation law, on the other hand, provides for a dualistic system, i.e. a separation between the management board and supervisory board.

Variable remuneration components for members of the Supervisory Board are not only unusual in Austria, but also problematic, as they can tempt a member of the Supervisory Board to vote for a risky business.

Furthermore, the members of the Supervisory Board do not regularly conclude contracts in connection with their Supervisory Board mandate, so that the disclosure of termination periods of Supervisory Board contracts, etc. in analogous application of the statutory provisions governing the remuneration policy for members of the Management Board is meaningless in this context.

Finally, the responsibility for granting remuneration to the Supervisory Board under the Stock Corporation Act lies exclusively with the annual shareholders' meeting (unless the articles of association authorise this, which is not the case with UBM).

Although the Austrian legislator has itself recognised that this provision, namely the drawing up of a remuneration policy for the members of the Supervisory Board by the Supervisory Board, is problematic and will therefore generally be short and less detailed than the remuneration policy for the Management Board, it has at the same time left it with a blanket reference to the provisions of the Stock Corporation Act applicable to members of the Management Board.

The Supervisory Board of UBM is aware of all this, but nevertheless draws up the following remuneration policy for the Supervisory Board in order to comply with legal requirements. It should be noted that, due to the provisions of the Stock Corporation Act, the following elements of remuneration for Supervisory Board members only apply to the members of the Supervisory Board elected by the shareholders' meeting (capital representatives).

### **3.2. Remuneration policy for the Supervisory Board**

The remuneration for the Supervisory Board is intended to contribute to the business strategy and the long-term development of the Company by taking into account the responsibility and scope of activities of the individual members of the Supervisory Board as well as the economic situation of the company.

#### **a) *Fixed and variable components of the remuneration of the members of the Supervisory Board***

Each member of the Supervisory Board shall receive a fixed annual remuneration. The amount to be paid in each case to the members of the Supervisory Board shall be proposed by the Supervisory Board and the Management Board to the shareholders' meeting, where the allocation of such amount to 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 variable remuneration.

#### **b) *Additional components of the remuneration***

The members of the Supervisory Board are covered by the D&O insurance of UBM.

In addition to the annual remuneration to be determined by the annual shareholders' meeting, the members of the Supervisory Board are granted a lump-sum attendance fee of EUR 2,000 for each day on which they attend one or more meetings of the Supervisory Board or one of its committees

The members of the Supervisory Board shall not receive any additional benefits.

#### **c) *Ratio of the respective components of the remuneration***

Pursuant to § 78a para 2 of the Stock Corporation Act, the remuneration policy must describe the various remuneration components, stating their respective relative proportions.

Since the members of the Supervisory Board only receive fixed remuneration, there is no need to disclose the relative proportions of the various remuneration components.

#### **d) *Conditions of pay and employment of UBM employees***

When determining the remuneration policy for members of the Supervisory Board, the pay and employment conditions of UBM's employees were not taken into account.

**e) *Share-based remuneration***

UBM will not grant any share-based remuneration to the members of the Supervisory Board.

**f) *Terms and notice periods of contracts and main features of supplementary pension schemes and early retirement schemes***

The terms of the respective Supervisory Board mandates are determined by the respective resolutions of the annual shareholders' meeting. In the absence of separate contracts with the members of the Supervisory Board, there are also no periods of notice or terms of office.

There are no supplementary pension schemes or early retirement programs for members of the Supervisory Board.

**g) *Review and implementation of the remuneration policy***

Reference is made to the remuneration policy for the Management Board.

**h) *Deviations from the remuneration policy***

The competence to adopt provisions deviating from this remuneration policy lies with the shareholders' meeting.

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