

## 5. Compensation, shareholdings and loans

### 5.1 Content and method of determining the compensation and the share option programs

#### 5.1.1 Method of determining the compensation

The Board of Directors sets the annual compensation for the members of the Board of Directors and Group Management on the basis of a proposal submitted by the Nomination and Compensation Committee. For the Board of Directors, compensation consists of a fixed remuneration amount. For Group Management, compensation is comprised of a base salary, together with additional compensation linked to personal performance and the achievement of business targets. The members of Group Management have a pension entitlement linked to their base salary; apart from this they have no further entitlement to benefits from the pension fund. For more information, in particular the detailed breakdown of total compensation by compensation category, please refer to note 25 "Compensation of the members of the Board of Directors and Group Management" on pages 145 and 146 in the notes to the consolidated financial statements of the Züblin Group.

The compensation of the Board of Directors and Group Management for the financial year 2011/2012 will again be put to an advisory vote at the Annual General Meeting on 29 June 2012.

#### 5.1.2 Additional compensation

By paying Group Management additional performance-related compensation Züblin Immobilien Holding AG intends to create a financial incentive for management to act in accordance with the Company's values and principles and achieve the Company's targets. This in turn aligns the interests of Group Management with those of the shareholders.

Additional compensation is capped at 50% of base salary and comprises two equal components.

#### Operating Performance Bonus

The Operating Performance Bonus amounts to a maximum of 25% of base salary and is paid out if the officer has met its individual performance targets approved by the Board of Directors. However, the bonus is not paid if the operating cash flow before taxes, excluding gains/losses on sales of investment properties, is below the amount budgeted for the year. The budget is adjusted if there are changes as a result of acquisitions or sales of investment properties. The Board of Directors may not authorize the payment of a bonus if the Company makes an overall loss. The Operating Performance Bonus is paid in cash. In financial year 2011/2012, the operating cash flow was in line with the budget. Some of the individual performance targets were met and the members of Group Management received a proportionate Operating Performance Bonus based on the targets that were achieved.

#### Return on Equity Bonus

The Return on Equity (ROE) Bonus amounts to a maximum of 25% of base salary and is paid if the Group's ROE, including all changes in market value of investment properties, as well as gains/losses on sales of investment properties, is equal to or greater than the ROE target set by the Board of Directors. If the minimum ROE threshold is met, one sixth of the ROE bonus of 25%, or 4.2% of base salary, will be paid out. The maximum ROE bonus of 25% of base salary is paid out if the minimum ROE threshold is exceeded by five percentage points. The ROE Bonus is paid in shares which are blocked for three years. In financial year 2011/2012 the budgeted ROE was not achieved and consequently no ROE Bonus was paid out.

### 5.1.3 Notice periods and severance payments for Group Management

The employment contracts of the members of Group Management include the following periods of notice and severance payments:

Bruno Schefer (CEO): The notice period is one year. The severance payment in the event of termination of the contract by the employer without fault on the part of the employee is one year's pay including additional compensation, based on the average of the last two full financial years prior to termination of the contract.

Thomas Wapp (CFO): The notice period is six months. The employment contract does not provide for any severance payment.

Pierre Essig (CEO France): As a managing director in France Pierre Essig is subject to the status "Mandataire social". This status is excluded from the normal employment regulations in France and in particular does not envisage a notice period. As a result the position can be terminated at any time. The Company has therefore taken out an insurance policy which covers 80% of the annual base salary of Pierre Essig in the event the position is terminated by the Company; this is in effect equivalent to a notice period of ten months.