Questions and Answers / Part 2 (in particular with reference to the IMMOFINANZ statement of 09 June 2021)

1. **IMMOFINANZ justifies the alleged attractiveness of the price, among other things, in it being significantly above the average price target of analysts after publication of the intention to make an offer. Recently, however, price targets for real estate companies have been raised sharply. What is the current situation?**

   In fact, 4 analyst reports have been published so far following the publication of IMMOFINANZ`s intention to make an offer, ranked by timeliness (as of 11 June 2021):

Analyst	**Target price in EUR**	**Date of the relevant Research-Analysis**
Erste Group	26.00 EUR	11 June 2021
Raiffeisen Centrobank	22.50 EUR	09 June 2021
SRC Research	26.00 EUR	20 May 2021
Hauck & Aufhäuser	22.00 EUR	09 April 2021 (without taking into account the results of the value analysis as of 30 April 2021)
Average	**24.13** EUR	

The average price target of these analyses after publication of the intention to make an offer is therefore currently (as of 11 June 2021) EUR **24.13**. In its statement of 09 June 2021, IMMOFINANZ gave a value of EUR **20.52** as the average target price after publication of the intention to take over.

The presentation chosen by IMMOFINANZ is simply out of date and misleading. It gives the impression that these are price targets, which the analysts have formed, based on current information by adjusting their models. However, this is not the case. This is due to the use offlash notes or similar (according to the specifications from Erste Group and Raiffeisen Centrobank as of 28 May 2021, Wood & Company as of 4 June 2021), which contain brief comments on news but are not complete analyses in the classical sense, which is why earlier price targets calculated on the basis of a detailed analysis are merely continued in them. Therefore, the price targets continued in such flash notes can by no means be taken as current – adapted or explicitly confirmed -price targets of the research analysts after publication of the offer intention. This is also clearly shown by the current analyses of Erste Group and Raiffeisen Centrobank dated 09 June 2021 and 11 June 2021, respectively, which now raised the price targets to EUR 26.00 and EUR 22.50, respectively.

As we have already explained with regard to question 2 in "Questions and Answers / Part 1", S IMMO believes that the exclusive use of (current or forecast) stock market prices is not a sufficient decision-making criterion for takeover bids to gain control. From S IMMO 's perspective, it is crucial that the offer price reflects the value of the company. However, this is - by far - not the case.

2. **IMMOFINANZ fears "implementation risks" (freed-up funds might be difficult to invest) and a "conserved earnings weakness" in the event of a stand-alone scenario. Do these risks exist?**

S IMMO’s stand-alone business plan is based on realistic assumptions. In particular, we have no worries about being able to invest freed-up funds sensibly and profitably. In the real estate sector in particular, it is relatively easy to quickly reinvest free funds on a large scale. S IMMO is invested in several countries and types of use and the current management team has the relevant experience and market knowledge. Incidentally, IMMOFINANZ is contradicting its own assessment. At its most recent annual press conference, IMMOFINANZ announced to make large-scale property purchases in the event that the takeover fails. At the same time, it took this opportunity to emphasise that in 2020 it had benefitted greatly from the acquisitions in 2019 with the funds from the sale of the stake in CA IMMO.

Of course, every economic decision involves risks. For example, even with an equity investment, there may be a risk of not receiving ongoing dividend income in times of crisis. However, it is not the case that S IMMO is breaking new ground with the stand-alone scenario. In fact, it is about a stronger focus on SIMMO's core business and core competencies: value-creating investments in real estate.

S IMMO is also not weak in terms of earnings; quite the opposite: S IMMO has an annual growth rate in EPRA NAV of more than 11% over the last 10 years and a total return (i.e. including dividends) of almost 13% over this period. This is a top value in the European real estate sector. Insofar as IMMOFINANZ alludes to the sharp decline in FFO 1 in 2020 with this inaccurate claim, it should be pointed out that this decline is largely due to the absence of the IMMOFINANZ dividend and to probably temporary crisis-related effects in the hotel business. In a highly diversified portfolio, there can always be short-term negative effects from an individual component - on the other hand, a pronounced diversification is one of the factors that resulted in S IMMO's portfolio having been particularly stable in terms of value, even during the crisis.

With the increasing revival of the hotel business and the rental income from the direct real estate investments currently being implemented and those planned with funds becoming available, FFO 1 will be able to dynamically continue the previous growth path. It should also be noted that, in addition to generating strong earnings, S IMMO's portfolio is also essentially geared towards increasing the value of its properties. At S IMMO, this also repeatedly leads to a very considerable FFO 2 through regular realizations of such increases through sales.

3. **ISS, an international voting advisor has recommended to vote for the removal of the voting right. What were the reasons for this, and should I go along with this recommendation?**

Unfortunately, ISS did not analyse the takeover bid in its relevant proxy report, in the context of which the removal of the maximum voting right stands (contrary to its own M&A guidelines and despite the company's invitation to a so-called "engagement"). Therefore, we do not consider this recommendation meaningful. In its proxy report, ISS referred practically exclusively to a schematic application of the "one-share one-vote" principle, because this is an important corporate governance principle. However, this principle primarily concerns multiple voting rights, which are rightly frowned upon. At S IMMO, however, the maximum voting right does not impair the level of corporate governance (on the contrary), but ensures that a de facto acquisition of control without a mandatory offer is excluded (the same purpose is served at IMMOFINANZ by the lowered takeover threshold of 15%). From S IMMO's point of view, the abolition of the maximum voting right in the specific constellation would have clear negative effects on corporate governance and, in particular, on the value of the S IMMO share.

Therefore, the abolition of the maximum voting right is currently only justified in the event of a successful takeover bid. Without such, the abolition of the maximum voting right is only in the interest of IMMOFINANZ and to the detriment of the other shareholders by giving IMMOFINANZ control without compensating the shareholders with a higher offer price. IMMOFINANZ is also aware of this in principle, as are many shareholders who form their own opinions. This was also the reason why IMMOFINANZ proposed the removal of the maximum voting rights at the 2019 AGM and the shareholders rightly prevented the removal of the maximum voting rights at that time. However, developments since 2018, in particular the merger talks between IMMOFINANZ and S IMMO as well as the current takeover offer by IMMOFINANZ have proven that this was the right decision, thereby maintaining or increasing the value of the share for S IMMO shareholders.

Since the current offer is inadequate in terms of price and the offer structure - with an inappropriate construction of an anticipatory cancellation of the maximum voting rights – it bears the risk that the maximum voting rights will disappear from the Articles of Association without a prior voluntary takeover offer to acquire control implemented, the Management Board believes that there are better reasons to vote against the proposed resolution of IMMOFINANZ. IMMOFINANZ has probably deliberately structured the takeover offer in such a way that it can still improve or change the offer, in terms of both price and other conditions, even if the maximum voting rights are not aborted by the EGM. A vote against the removal of the maximum voting right therefore does not necessarily mean the failure of the offer but may increase the probability of failure. Ultimately, however, this depends on the further conduct of IMMOFINANZ and its willingness to make substantial improvements.

Shareholders who do not wish to accept the offer in this form or who do not wish to settle the offer per se - for whatever reason - have the right to prevent the execution of the offer by voting against the cancellation of the maximum voting rights. This was done, for example, in the case of Siemens' offer to the shareholders of VA Tech, which ultimately led to a significant improvement of the offer price (by 18.2%) due to the associated price pressure. Ultimately, shareholders must and may decide for themselves how to exercise their voting rights based on their specific interests. However, due to, among other things, the existing risks and the possibilities for improvement by IMMOFINANZ, the Management Board also recommends that shareholders who are generally interested in accepting the Offer vote against IMMOFINANZ's proposed resolution.

4. **IMMOFINANZ emphasizes the exclusive relevance of the historical share prices as of 13 March 2021 (i.e. prior to the publication of the intention to launch the Offer) for the assessment of premiums, emphasizes in connection with analyses share price targets prior to the publication of the intention to launch the Offer and believes that the valuation of the SIMMO share in the books of IMMOFINANZ as of 31 March 2021 would also not be suitable for the assessment of the offer price and already contains a premium for the S IMMO shareholders. How does S IMMO assess this? Are new developments to be disregarded?**

We see this completely differently from IMMOFINANZ in decisive points. As already stated in the "Questions and Answers, Part 1" (e.g. question 2), the premium of around 40% refers to a price level that has long since ceased to exist. As well, there has been a further significant market recovery in the area of real estate shares after 14 March 14 2021 (increase of relevant indices by more than 10% after 12 March 2021, also the IMMOFINANZ share has increased by 14.9% since 12 March 2021). This fundamentally puts the premium of 23% on the closing price into perspective.

Insofar as IMMOFINANZ points out that on 21 March 2021 the ATX was already back above the level of 21 February 2020 (the day before the start of the COVID 19 pandemic), but the S IMMO share had a discount of 31.3% on that day compared to the quotation a year before, in our view this primarily shows the enormous catch-up potential of the S IMMO share and other real estate stocks. Some of this has already been realized since then.

Based on the developments observed for us and our portfolio, we do not share IMMOFINANZ's interpretation that this shows the continuing uncertainties regarding S IMMO and that the price level before COVID-19 is therefore not a benchmark. Among other things, submarkets of SIMMO have also increased in 2020 or recently gained further strong momentum (see, for example, the supreme court decision to abolish the Berlin rent brake, the value analysis as at 30 April 2021, value-creating sales in 2020).The latest analyses by Erste Group, Raiffeisen Centrobank and SCR, which take these developments into account, also show higher price targets than before the outbreak of the COVID-19 pandemic (in our view, the price targets of analysts before the announcement of offer do not have any significant independent meaning in the specific case, as the analyses available calculate the price targets in particular on the basis of a stand-alone scenario and are not driven by the takeover offer; In its latest sector report, Raiffeisen Centrobank even attributes a limiting effect on the potential of the S IMMO share to the takeover bid of IMMOFINANZ).

If IMMOFINANZ considers S IMMO less attractive today than it did in January 2020 before the COVID-19 pandemic, we do not understand why it did not want to participate in S IMMO's capital increase in January 2020 at a price of EUR 22.25. The resulting dilution of its stake in S IMMO was also strategically disadvantageous because it this enabled the second largest shareholder at the time (Pecik/Ketterer) to achieve a very strong position in S IMMO. Disclosure of the terms of the conversely recent sale of Mr. Pecik's shareholding would, particularly against this background, also constitute an important decision-making aid for S IMMO's shareholders regarding the price corridor.

The ongoing development, including the development until 16 July 2021, is of utmost relevance. In particular, the shareholders of S IMMO are well advised to wait for the publication of the valuations of the real estate portfolio as of 30 June 2021 and also to consider that the purchase price for the tendered shares will not be paid until (late) summer 2021 if the offer is successful and that the contributions to earnings from the ongoing business for the tendered shares also accrue economically to IMMOFINANZ .

Finally, IMMOFINANZ's statement that the book value of EUR 23.58 used by it in its books, which exceeds the offer price, is not relevant because of the package premium contained therein, is not at all convincing. The current takeover offer is aimed at acquiring control and should therefore include the premiums measured accordingly. Precisely because of the maximum voting rights, the package currently held by IMMOFINANZ does not convey control. This and the continued recovery of the markets suggest that the offer price should in any case be higher than the book value of the S IMMO share in IMMOFINANZ's quarterly financial statements as of 31 March 2021.

5. **IMMOFINANZ believes that the EPRA NAV has little significance from a historical perspective. However, S IMMO regularly refers to the EPRA NAV in its price assessment. What exactly is the EPRA NAV and why is it suitable as a reference value for the offer price in S IMMO's opinion?**

As stated in the Management Board's statement, the EPRA NAV is of paramount importance internationally in connection with acquisitions of listed real estate companies. The significance for acquisitions results from the fact that EPRA NAV is a measure used to gauge the value of net assets on an ongoing, long-term basis. It should be mentioned in passing that IMMOFINANZ itself uses the EPRA NAV of S IMMO to measure the value of real estate assets in the course of calculating the key figure LTV, which is important for the real estate industry. With its offer, IMMOFINANZ must receive 50% of the outstanding shares of S IMMO AG, which is why, in the opinion of the Management Board, the EPRA NAV is not only theoretically but also factually of great significance for this takeover offer. From the trading history of S IMMO AG, which can even refer to a premium to the EPRA NAV prior to COVID-19, a historically low significance cannot be derived in any case.

In particular, it should be noted that the discounts or premiums of the stock exchange prices of real estate companies compared to their EPRA NAV or comparable key figures have strongly decreased or increased lately.

6. **IMMOFINANZ confirms the secure transaction structure. Does this dispel S IMMO's concerns in this regard?**

S IMMO still considers the structure of the transaction (which remains unchanged) to be risky and one-sidedly advantageous for IMMOFINANZ AG: The procedure specified by IMMOFINANZ AG ignores the "action vs counteraction" principle that is otherwise customary in the market, in that the maximum voting rights are to be cancelled in advance. Since the recapture of the maximum voting rights in the event of the failure of the takeover bid is not reliably ensured, the result could be that a controlling influence over S IMMO AG could be acquired even without a prior successful takeover bid.

The offer structure thus unilaterally transfers significant risks to the shareholders of S IMMO AG. The Management Board and the Supervisory Board of SIMMO AG therefore recommend the shareholders of the company to vote on 24 June 2021 at the Extraordinary General Meeting of S IMMO AG against an advance payment by the shareholders of S IMMO AG and therefore against the proposed resolution of IMMOFINANZ AG as well as against the accompanying anticipatory cancellation of the maximum voting rights. Since IMMOFINANZ AG has reserved the right to waive the cancellation of the maximum voting right in the takeover offer, this does not necessarily have to result in the failure of the takeover offer.

We do not understand IMMOFINANZ's claim that the Takeover Commission has explicitly confirmed the takeover offer as "safe and balanced". The transaction structures are not specified by the Takeover Commission, but by the bidder when structuring the offer. It is also not apparent to which decision of the Takeover Commission IMMOFINANZ is referring. IMMOFINANZ also fails to provide this answer.