

REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT OF THE REMUNERATION REPORT IN ACCORDANCE WITH SECTION 162 (3) AKTG

To TAG Immobilien AG, Hamburg/Germany

Audit Opinion

We conducted a formal audit of the remuneration report of TAG Immobilien AG, Hamburg/Germany, for the financial year from 1 January to 31 December 2022 to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

Basis for the Audit Opinion

We conducted our audit of the remuneration report in accordance with Section 162 (3) AktG and in compliance with the *IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (08.2021))*. Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our report. Our audit firm has applied the *IDW Quality Assurance Standard: Requirements for Quality Management in the Audit Firm (IDW QS 1)*. We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board

The executive board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects in the remuneration report, and to express an audit opinion on this in a report.

We planned and conducted our audit in such a way to be able to determine whether the remuneration report is formally complete by comparing the disclosures made in the remuneration report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have neither audited the correctness of the content of the disclosures, nor the completeness of the content of the individual disclosures, nor the adequate presentation of the remuneration report.

Handling of Possible Misrepresentations

In connection with our audit, our responsibility is to read the remuneration report taking into account our knowledge obtained in the financial statement audit while remaining attentive to any signs of misrepresentations in the remuneration report regarding the correctness of the contents of the disclosures, the completeness of the content of the individual disclosures or the adequate presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is such a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Hamburg/Germany, 13 March 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Annika Deutsch
Wirtschaftsprüferin
(German Public Auditor)

Signed:
Maximilian Freiherr v. Perger
Wirtschaftsprüfer
(German Public Auditor)

REPORT ON THE COMPANY'S REMUNERATION SYSTEM (REMUNERATION REPORT UNDER STOCK CORPORATION LAW IN ACCORDANCE WITH SECTION 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG))

Definition of 'granted and owed' within the meaning of section 162 (1) AktG

For the following remuneration report, benefits granted are defined as having been received in the financial year. The remuneration earned by the members of the Management Board in the respective financial year is also presented on a voluntary basis.

Remuneration scheme for the Supervisory Board

For each full financial year of their membership on the Supervisory Board, members of the Supervisory Board receive fixed compensation in the amount of TEUR 20. The Company takes out directors' and officers' liability insurance (D&O insurance) for the members of the Supervisory Board and pays the premiums. The Chairman's Deputy receives 1.5 times this fixed fee (TEUR 30), while the Chairman of the Supervisory Board receives a fixed fee in the amount of TEUR 175 for each financial year.

In addition, members of the Audit Committee receive separate compensation. The Chair receives TEUR 75, and each member, except the Chair of the Supervisory Board, receives TEUR 5. Unless the fees are waived as in the past, the members of the HR Committee receive an attendance fee of EUR 500.00 per meeting.

No variable remuneration based on the Company's success or other criteria is granted.

The remuneration paid to the Supervisory Board in the year 2022 under review came to TEUR 365 (previous year TEUR 365), plus expenses and VAT. The remuneration of the Supervisory Board is distributed as follows:

Supervisory Board Member	2022 in TEUR	2021 in TEUR
Remuneration for Supervisory Board activities		
Rolf Elgeti	175	175
Lothar Lanz	30	30
Dr. Philipp K. Wagner	20	20
Prof. Dr. Kristin Wellner	20	20
Harald Kintzel	20	20
Katja Gehrmann (from 21 August 2020 until 21 December 2021)	0	20
Fatma Demirbaga-Zobel (from 22 December 2021)	20	0
Total remuneration for Supervisory Board activities	285	285
Remuneration for committee work		
Lothar Lanz	75	75
Prof. Dr. Kristin Wellner	5	5
Total remuneration for committee work	80	80
Total remuneration	365	365

Contribution of remuneration to the promotion of the business strategy and long-term development

In accordance with the suggestions in Germany's Corporate Governance Code, the remuneration of the Supervisory Board members is exclusively comprised of fixed remuneration components but not variable remuneration components.

The fixed remuneration strengthens the independence of the Supervisory Board members and thus makes an indirect contribution to the Company's long-term development.

Remuneration scheme for the Management Board

Basics of the remuneration system

The members of the TAG Management Board receive a basic remuneration that is not contingent on performance, as well as a variable remuneration, which is paid out partly in cash and partly in the form of TAG shares. Variable remuneration is determined solely at TAG Immobilien AG level and charged to TAG Immobilien AG.

The non-performance-based remuneration takes the form of a fixed annual salary paid out in twelve equal monthly instalments.

One member of the Management Board uses a company car, which is taxed accordingly as a non-cash benefit. The members of the Management Board also receive further benefits as other remuneration, some of which are classified as non-cash benefits and are taxed accordingly. In particular, these include subsidies for private health and pension insurance, accident and liability insurance, private use of communications devices, and compensation for expenses incurred during business travel.

The contracts with the members of the Management Board do not provide for any pension entitlements. Some Management Board members still have pension entitlements from a time before they began to work for the TAG Group. While these are non-forfeitable, they do not entail any new claims since then.

Members of the Management Board are not entitled to claim any further bonuses or additional remuneration if they simultaneously serve on the Management Board or Supervisory Board of other companies in the Group. All ancillary activities are subject to approval.

Upon the ordinary termination of office of any member of the Management Board, such member is entitled to payment of any part of the variable remuneration not yet paid out to them, or to any share-based compensation not yet allocated to them. In the event of any change of control, e.g. through the acquisition of the majority of voting rights in TAG by third parties, the members

of the Management Board are entitled to terminate their service contract subject to advance notice of three or six months (special right of termination). If this special right of termination is exercised, the Company undertakes to pay a gross settlement amount on the date of departure that is equal to the annual gross salary, provided that the service contract still has a remaining period of at least 24 months as of the date of termination. If the remaining term is shorter at the time of termination of the Management Board contract, the Management Board contracts contain provisions that provide either as a gross compensation the amount that is the gross salary for the remainder of the remaining term, or a gross settlement that is reduced pro rata temporis over the last 24 months based on a full gross annual salary.

In the event of a premature termination of Management Board contracts for other reasons, the contracts contain the provision that the compensation payable to them is to be capped at a value equalling two gross annual salaries and shall not exceed the amount due for the remaining period of the contract.

Details of the variable remuneration

Pursuant to section 87, paragraph 1 of the German Stock Corporation Act (AktG), the total remuneration of a member of the Management Board must be commensurate with the duties and performance of the Management Board member as well as the situation of the Company, and may not exceed the usual remuneration without special reasons. The remuneration structure shall be aligned with sustainable corporate development and the Company's long-term development.

Variable components of the remuneration shall be assessed across several years; a possibility of limitation shall be agreed for extraordinary developments.

The variable remuneration valid since it was approved by the Annual General Meeting on 11 May 2021 distinguishes between a

- 'Short Term Incentive Plan' (STIP), which is based on the development of financial KPIs and the achievement of non-financial targets and is intended as an immediately payable cash payment, and a
- 'Long Term Incentive Plan (LTIP), which is measured by the Total Shareholder Return (TSR, as the sum of the share price increase plus dividends paid in the respective financial year) over a four-year period (three-year period for remuneration received up to and including in 2022) and is remunerated in TAG shares.

The STIP is determined based on the criteria listed below:

- Development of the EPRA NTA per share in the financial year (after elimination of the dividend paid in the financial year; each increase in the NTA per share by EUR 0.01 is multiplied by EUR 200.00)
- Increase in FFO I per share in the financial year (each increase in FFO I per share by EUR 0.01 is multiplied by EUR 17,750.00)
- Achievement of non-financial targets, the achievement of which is defined as between 'negligible' and 'high' based on the risk assessment by an external ESG rating agency. Remuneration for the achievement of non-financial targets ranges from TEUR 25 ('negligible') to no remuneration ('high').
- Achievement of individual targets agreed between the Chairman of the Supervisory Board and the member of the Management Board, which are to be based on the respective activities of TAG and its business strategy, including sustainable corporate development. Depending on the degree of target achievement, the variable remuneration can be increased by up to 10%, remain unchanged, or be reduced by up to 10% based on the above criteria.

The cash remuneration under the STIP is paid out in full after the Supervisory Board has decided on the variable remuneration for the respective financial year, and is limited to TEUR 200 p.a. (cap). The target amount for the STIP is TEUR 150 p.a.

In contrast, the variable remuneration (LTIP), which is to be assessed over several years, is granted in TAG shares, the number of which is measured by the TSR in a four-year period. The TSR performance is assessed based on the one hand on the TAG share's development over four-year period that begins anew each year, and on the other hand relatively in relation to the performance of a selected group of competitors (peer group) in this period.

In each case, the basis of assessment for the share price performance is the volume-weighted average price (VWAP) of TAG shares over a period of two months prior to the reporting date of the financial year at the beginning and at the end of the performance period. The target TSR was set at 40% for the four-year performance period, and leads to the following remuneration:

- If the actual TSR corresponds to the target TSR, the LTIP share compensation amounts to TEUR 250 p.a.
- If the actual TSR is above or below the target TSR, the amount is calculated or adjusted accordingly on a straight-line basis (for example, an actual TSR of 20% in a four-year performance period results in an LTIP share compensation of $20/40 \times \text{TEUR } 250 = \text{TEUR } 125$).
- If the actual TSR is negative, the LTIP share compensation is TEUR 0.

The actual TSR is compared with the result of the peer group and, if the actual TSR is at least 2% better or 2% worse, is taken into account by means of premiums or discounts: If the actual TSR is better than the performance of the peer group, a premium of 25% is applied; in the case of a worse performance, a 25% markdown is applied. The peer group is composed of listed real estate companies that hold significant residential properties in Germany. Currently, the peer group comprises the following companies: Vonovia SE, Deutsche Wohnen SE, LEG Immobilien SE, Grand City Properties S.A., and Adler Group S.A. The companies mentioned are equally weighted.

The variable share compensation in the form of the LTIP is capped at TEUR 500 p.a. for the four-year performance periods (remuneration received up to and including 2022: TEUR 400). The TAG shares to which the Management Board is entitled under the LTIP are transferred after the Supervisory Board has passed a resolution on variable remuneration at the end of the respective four-year period. The basis of assessment for the number of TAG shares to be transferred is the VWAP of the TAG share over a period of two months prior to the end of the respective financial year. The members of the Management Board have the option of requesting a partial conversion of the share compensation into a cash payment up to a maximum of the wage tax burden (incl. solidarity surcharge and church tax) arising from the share allocation. The payment obligation of the Management Board members to TAG arising from the payment of the aforementioned tax is then offset against the cash payment claim.

Remuneration paid to the Management Board in the financial year under review

Remuneration accruing to the Management Board in the year under review came to TEUR 912 (previous year: TEUR 2,538). This relates almost exclusively to fixed remuneration and benefits.

The amounts paid to the members of the Management Board in the year under review, some of which include remuneration earned in earlier years as well, amount to TEUR 1,978 (previous year: TEUR 4,974) and include the value of shares allocated as part of the payment of long-term remuneration components in the amount of TEUR 716 (previous year: TEUR 3,306).

The remuneration is distributed as follows among the individual members of the Management Board:

in TEUR	Claudia Hoyer COO				Martin Thiel CFO			
	2021 (Actual)	2022 (Actual)	2022 (Min.)	2022 (Max.)	2021 (Actual)	2022 (Actual)	2022 (Min.)	2022 (Max.)
Granted								
Fixed remuneration	420	420	420	420	420	420	420	420
Ancillary benefits	15	15	15	15	7	7	7	7
Total	435	435	435	435	427	427	427	427
One-year variable remuneration (STIP)	200	25	0	200	200	25	0	200
Multi-year variable remuneration (LTIP)	215	0	0	500	215	0	0	500
Total	415	25	0	700	415	25	0	700
Utility expenses	0	0	0	0	0	0	0	0
Total remuneration	850	460	435	1,135	842	452	427	1,127
Share of fixed remuneration	51%	95%	100%	38%	51%	94%	100%	38%
Share of variable remuneration	49%	5%	0%	62%	49%	6%	0%	62%
Inflow								
Fixed remuneration	420	420	420	420	420	420	420	420
Ancillary benefits	15	15	15	15	7	7	7	7
Total	435	435	435	435	427	427	427	427
One-year variable remuneration (STIP)	125	200	0	200	125	200	0	200
Multi-year variable remuneration (LTIP)	1,102	358	0	400	1,102	358	0	400
Total	1,227	558	0	600	1,227	558	0	600
Utility expenses	0	0	0	0	0	0	0	0
Total remuneration	1,662	993	435	1,035	1,654	985	427	1,027
Number of shares	24,000	6,673	0	0	24,000	6,673	0	0

The fair value of the share-based remuneration of the Management Board earned in 2022 recognised in the income statement amounts to TEUR 236 per Management Board member. However, due to the negative TSR in the performance period 2019-2022, this amount will not be paid out.

Dr. Harboe Vaagt, who retired from the Management Board on 31 December 2021, received TEUR 358 or 6,530 shares from long-term remuneration components earned in previous years in the past financial year (total remuneration received in the previous year: EUR 1,658 m).

Remarks on the application of the performance criteria

STIP

To achieve the target remuneration, the STIP requires an average annual increase in EPRA NTA per share and FFO I per share of approx. 5% as well as a 'low' risk assessment in the external ESG rating.

For FY 2021 (to be paid in FY 2022), the relevant EPRA NTA per share was approximately EUR 22.30 (actually achieved: EUR 25.54) and the relevant FFO I per share was approximately EUR 1.24 (actually achieved: EUR 1.24). For FY

2022 (to be paid in FY 2023), the target remuneration was based on an EPRA NTA per share of approximately EUR 25.88 (actually achieved: EUR 20.74) and an FFO I per share of approximately EUR 1.30 (actually achieved: EUR 1.19).

The TEUR 200 cap was applied to the STIP remuneration for FY 2021 (to be paid in FY 2022). Without the cap, the STIP remuneration would have amounted to TEUR 220. No cap was applied for FY 2022 (to be paid in FY 2023).

LTIP

To achieve the target remuneration, the LTIP requires a 10% annual increase in TSR, corresponding to a 40% increase in TSR for a four-year performance period and 30% for a three-year performance period, as was last relevant for the remuneration paid in FY 2022 (2019-2021 performance period).

The actual TSR achieved for the remuneration awarded in FY 2022 was 34.3%, or 42.9% when including a 25% bonus achieved for outperforming the peer group. For any remuneration to be paid in FY 2023 (performance period 2019-2022), TSR was negative, hence no remuneration is paid.

No LTIP cap was applied for remuneration granted in 2021 (to be paid in 2022) or for remuneration to be granted in 2022 (to be paid in 2023). As a result, the relevant remuneration system was complied with in the 2022 financial year. No variable remuneration components were recalled.

Comparative presentation pursuant to section (162 para. 1 sentence 2 no. 2 AktG)

For the comparative presentation, all operational and central divisions of TAG Immobilien AG were included in the calculation of average employee remuneration. All active employees were taken into account as the basis for the average FTEs (Full Time Equivalents) (without trainees). Craftsmen and caretakers are employed exclusively in the service companies.

For calculating the remuneration of Management Board members, the amounts received in the financial year were stated. The NAV per share and the EBT per share were last calculated for fiscal 2020. In fiscal 2020, the NAV per share was replaced with the KPI NTA per share:

	2022	2021	2020	2019	2018
Earnings performance					
Net income TAG AG in TEUR	-525	104,597	34,910	66,375	27,277
relative change p.a.	-100.50%	199.62%	-47.40%	143.34%	-64.25%
FFO I per share: relative change p.a.	-3.87%	5.08%	7.27%	10.00%	14.94%
NAV per share: relative change p.a.	0.00%	0.00%	8.61%	18.07%	25.51%
NTA per share: relative change p.a.	-19.57%	17.49%	8.56%	16.54%	0.00%
EBT per share: relative change p.a.	0.00%	0.00%	24.32%	13.27%	36.11%
Average employee remuneration					
relative change p.a.	6.41%	2.38%	1.59%	1.20%	1.43%
Management Board remuneration					
Claudia Hoyer relative change p.a.	-40.25%	119.26%	9.38%	-3.88%	14.99%
Martin Thiel relative change p.a.	-40.45%	120.53%	9.49%	-1.15%	23.75%
Harboe Vaagt relative change p.a.	-76.78%	119.31%	9.25%	-3.62%	14.51%

Contribution of remuneration to the promotion of the business strategy and long-term development

The variable remuneration components are intended to provide incentives for the sustainable and long-term development of TAG and the creation of sustainable corporate values along the value chain, to further harmonise the interests of the shareholders with those of the Management Board, and to contribute to the long-term commitment of the Management Board members. The long-term portions of the variable Management Board remuneration should exceed the short-term portions and reflect the Company's development in a short-term period related to the respective financial year and a long-term four-year period. In order to do justice to the growing importance of sustainability as part of the corporate strategy, the achievement of non-financial goals is taken into account when determining the variable remuneration.

Maximum remuneration

The current gross annual fixed salary for all Management Board members is TEUR 420 p.a. Additional benefits, such as the provision of a company car, amount to a maximum of TEUR 20 p.a. per Management Board member.

In the STIP, the target remuneration per Management Board member is TEUR 150 and the maximum remuneration (cap) is TEUR 200. In the LTIP, the target remuneration per Management Board member is TEUR 250, and the maximum remuneration (cap) is TEUR 500.

The maximum annual remuneration per Management Board member is as follows, reflecting the amounts paid out in a single financial year:

in EUR m	2023	2022	2021
Gross fixed salary p.a.	420	420	420
Benefits	20	20	20
STIP	200	200	200
LTIP	500	400	400
Total	1,140	1,040	1,040

In order to allow the Supervisory Board to grant a salary increase to one or more Management Board members, whether through an increase in gross annual salary, fringe benefits or variable remuneration components, the maximum annual remuneration per Management Board member may be increased to up to TEUR 1,200 from 2023 onwards.

Rolf Elgeti

(Chair of the Supervisory Board)

Claudia Hoyer

(COO)

Martin Thiel

(CFO)

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2017

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1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.