



Aroundtown SA
Société Anonyme
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(the “**Company**”)

REMUNERATION REPORT

for the
FINANCIAL YEAR 2020

Remuneration Report

This Remuneration Report (the “**Report**”) provides detailed information about the remuneration received by the board of directors and the senior management of Aroundtown SA (the “**Company**”) during the financial year 2020. In accordance with article 7ter of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended (the “**2011 Law**”), implementing the Shareholder Rights Directive II (EU) 2017/828 (the “**Directive**”) hereinafter the system of fixed and variable remuneration for the financial year 2020 shall be summarized.

This Report is submitted to the advisory vote of the Company’s shareholders in connection with agenda item 9 of the annual general meeting of the Company’s shareholders to be held on 30 June 2021 (the “**AGM**”).

Remuneration Policy

In accordance with article 7ter of the 2011 Law, the Company established a remuneration policy (the “**Policy**”) with respect to the remuneration paid by the Company to its directors which shall have effect as of the financial year 2021. The Company’s remuneration committee established the Policy applicable to the board of directors and the senior management of the Company. The Policy which was acknowledged by the board of directors is submitted to the advisory vote of the Company’s shareholders in connection with agenda item 10 of the AGM. It is to be noted that the remuneration policy of last year was rejected by the Company’s shareholders. Thus, the Company took this into consideration in prepared the Policy to be voted at the AGM, accordingly.

The Policy shall have effect as of the 2021 financial year.

The Policy is intended to remain in place for four years, i.e. until the annual general meeting to be held in 2025. In the event of material changes and in any case, every four years, the remuneration policy shall be submitted to the advisory vote the Company’s shareholders.

1. INTRODUCTION

This Report for the financial year 2020 has been prepared in accordance with relevant corporate governance and legal requirements. The board of directors has approved this Report on May 28, 2021 upon recommendation of the Remuneration Committee. This Report provides a description of the 2020 remuneration granted by the Company and its group companies (together “**Aroundtown**”) to the board of directors and senior management.

This Report is submitted to the advisory vote of the Company’s shareholders in connection with agenda item 9 of the AGM.

With the presentation of the results for the financial year ending 31 December 2020, the Company provided a detailed overview of the relevant facts and developments in the performance and business environment of the Company.

Key Developments

2020 started strong with the takeover of TLG Immobilien AG (“**TLG**”) and the continuous diligent manoeuvre around the Covid-19 pandemic.

The cash balance remains to be very strong and further increased to €2.7 billion as of December 2020.

The Group generated in 2020 an adjusted EBITDA of 944 million euros, increasing by 22% compared to 773 million euros. This stems from the top-line growth and larger contribution from GCP and other investees. The top-line growth is driven mainly by the takeover of TLG, as well as other real estate acquisitions and acquisitions during 2019 which had a full year impact starting in 2020. The Group’s adjusted EBITDA benefitted from a larger contribution from GCP and other investees. As the defensive business model of GCP with the focus on affordable German housing proved to be very resilient during the pandemic, GCP delivered a year-over-year growth in its adjusted EBITDA despite its disposals thanks to its organic growth and operational efficiencies. As the Company considers the extraordinary expenses for uncollected rent as non-recurring, it excludes this item from the adjusted EBITDA. Including the extraordinary expenses for uncollected rent due to the Covid-19 pandemic of 120 million euros in 2020, the adjusted EBITDA amounts to 824 million euros with a growth of 7% since 2019. The Company conservatively does not include the contributions from properties marked for disposal since they are intended to be disposed or already signed for disposal and therefore their contributions are non-recurring. This adjustment grew from 5 million euros in 2019 to 41 million euros in 2020 due to the enhanced disposal activity in 2020.

Aroundtown generated an FFO I before Covid-19 of 478 million euros in 2020, increasing by 7% compared to 446 million euros recorded in 2019. In 2020, Aroundtown included 120 million euros extraordinary expenses for uncollected rent due to the Covid-19 pandemic, which reduced the FFO to 357.8 million euros in 2020, down from 445.6 million euros in 2019. The FFO I was also impacted by the addition of TLG’s 600 million euros perpetual notes and the full year impact of 1 billion euros perpetual notes issued in 2019. On a per share basis, the

FFO I per share amounted to 0.27 euros in 2020, down from 0.38 euros in 2019. During 2020 Aroundtown has carried 1 billion euros of share buybacks. Since the majority of the share buyback program occurred during the fourth quarter of 2020, it will have a stronger impact on the per share KPIs in the following quarters.

Corporate Achievements in 2020

1. Aroundtown successfully fully finalized the merger with TLG Immobilien AG by mid-February 2020 with a takeover of 78% of TLG. TLG has been fully consolidated on the Q1 2020 financial reporting. Furthermore, Aroundtown was added to the newly launched DAX 50 ESG Index and ranked as the highest ESG ranked real estate constituent of the index and 10th highest among all constituents.
2. Management has adequately and with diligent navigated through the challenges created Covid-19 presented.
3. For the first time, Aroundtown has carried out a share buyback purchase of its own shares in a total value of approximately 1 billion euros.
4. Aroundtown has successfully managed to dispose assets in a total value of over 2.3 billion euros at a premium of 3% over book value and 33% over total cost.
5. Full year 2020 guidance met.

Financial Highlights FY 2020

- Net rental income of 1,003 million euros up by 31% from 766 million euros in 2019.
- Adjusted EBITDA increased to 944 million euros, higher by 22% year-over-year.
- FFO I per share before perpetual for FY 2020 at 0.34 euros, leading to a proposed dividend of 0.22 euros per share (subject to AGM approval) and a dividend yield of 3.5% (based on a share price of 6.22 euros).
- FFO I at 358 million euros in 2020, as compared to 446 million euros in 2019.
- FFO I per share for FY 2020 at 0.27 euros in line with our guidance.
- With effect from FY 2021, dividend payout policy will be 75% of FFO I per share.
- Portfolio valuations remained supportive with revaluation and capital gains of 769 million euros in FY 2020, increasing by +3.9% on a like-for-like basis.
- Net Profit for FY 2020 amounted to 906 million euros, reflecting an EPS (basic) of 0.50 euros.
- New EPRA BPR guidelines implemented with EPRA NTA at 11.2 billion euros as at year-end 2020. On a per share basis, the NTA resulted in 9.5 euros as of year-end 2020, an increase of 10% compared to 8.6 euros per share in 2019.

- Total Equity of 15.6 billion euros as of December 2020, reflecting an equity ratio of 50%.
- Investment property as of December 2020 at 21.2 billion euros, up by 17% from year-end 2019.
- Conservative capital structure maintained with a low LTV of 34%, reduced cost of debt to 1.4% at a long average debt maturity period of 6.1 years and an ICR of 4.3x. The amount of unencumbered assets increased to 15.6 billion euros (76% by rent) as of year-end 2020.

2. MAIN CONSIDERATIONS OF THE REMUNERATION

The Company's remuneration structure for the executive board members and senior management is based on fixed and variable compensation and involving long-term and/or short-term incentives. The independent directors' remuneration is based on a fixed amount only.

The overall aim of the Company's remuneration structure is to provide a total compensation to motivate executive management and directors towards the achievement of long-term goals and short-term milestones which promote long-term goals in order to promote the Company's business strategy, long-term value creation and sustainability. It shall provide adequate compensation in consideration of the responsibilities, competency, commitment, workload, time spent and performance of each individual. The Company aims to ensure that the Company continues to attract and retain those individuals who consistently perform at or above expected levels and contribute to the success of the Company. The remuneration structure shall further ensure a close link between the interests of the executive management and the interests of the Company's stakeholders.

3. FIXED REMUNERATION

During the financial year 2020, the Company paid the following fixed remuneration:

3.1 Base Remuneration, Fees and Allowances

The non-performance related fixed remuneration for the financial year 2020 was as follows:

3.1.1. FORMER CEO (Shmuel Mayo¹)

The FORMER CEO received an annual fixed compensation for his executive management role within the Company and its Group of in total 467 TEUR plus 91 TEUR of allowances.

¹ Mr. Shmuel Mayo stepped down from his position as CEO on November 25, 2020.

3.1.2. CO-CEO and COO (Barak Bar-Hen^{2,3})

The CO-CEO and COO received a fixed compensation for his executive management role within the Company and its Group of annual 83 TEUR gross plus 13 TEUR of allowances.

3.1.3. CFO (Eyal Ben David)

The CFO received a fixed compensation for his executive management role within the Company and its Group of annual 204 TEUR gross plus 70 TEUR of allowances.

3.1.4. CCMO (Oschrie Massatschi⁴)

The CCMO received a fixed compensation for his executive management role within the Company and its Group of annual 100 TEUR gross plus 7 TEUR of allowances.

3.1.5. CDO (Klaus Krägel^{5,6})

The CDO received a fixed compensation for his executive management role within the Company and its Group of annual 72 TEUR gross.

3.1.6. Executive Directors

- **Mr. Oschrie Massatschi** received a fixed compensation for his executive management role within the Company and its Group of annual 107 TEUR gross plus 14 TEUR of allowances and 60 TEUR gross of fees related to his corporate duties as member of the Board of Directors. It is noted that this compensation is towards the period of which Mr. Oschrie Massatschi served as an Executive Director. As of 25 August 2020 and from this date on he was solely compensated for his CCMO role.
- **Mr. Frank Roseen** received a fixed compensation for his executive management role within the Company and its Group of annual 210 TEUR gross and 107 TEUR gross of fees related to his corporate duties as member of the Board of Directors.
- **Mrs. Jelena Afxentiou** received a fixed compensation for his executive management role within the Company and its Group of annual 91 TEUR gross and 90 TEUR gross of fees related to her corporate duties as member of the Board of Directors.

3.1.7. Independent and Non-Executive Directors

The independent directors Mr. Markus Kreuter, Mr. Markus Leininger and Ms. Simone Runge Brandner⁷ each received a base remuneration of annually 100 TEUR gross for their mandate in the financial year 2020. Of this amount, 60 TEUR gross referred to Mr. Kreuter's, Mr.

² Mr. Barak Bar-Hen began to serve as CO-CEO and COO on November 1, 2020.

³ Note: to newly appointed principals, the remuneration shown in this Report reflects remuneration paid to them as of the commencement of their service period. The relevant principals who were paid by TLG during the financial year 2020 is included in the separate remuneration report of TLG.

⁴ Mr. Oschrie Massatschi ceased to serve as Executive Director on August 25, 2020 and began on such date to serve as Company's CCMO.

⁵ Mr. Klaus Krägel began to serve as CDO from November 1, 2020.

⁶ Note: to newly appointed principals, the remuneration shown in this Report reflects remuneration paid to them as of the commencement of their service period. The relevant principals who were paid by TLG during the financial year 2020 is included in the separate remuneration report of TLG.

⁷ Ms. Simone Runge - Brandner was appointed on December 2019

Leininger's and Ms. Runge Brandner mandates as independent directors and 40 TEUR gross for their mandates as members of the audit committee.

The non-executive director Mr. Ran Laufer received during 2020 a base remuneration of 60 TEUR gross, following his appointment in December 2019.

3.2 Allowances

The term "allowances" refers to one or more of the following: company car, accommodation, communication, health insurance and other benefits.

Travel expenses have been reimbursed according to the Company's travel expense policy.

Pension arrangements or other extraordinary items have not been granted.

4. VARIABLE REMUNERATION

4.1 Short-term Incentive Payments

No variable short – term incentives were granted during the financial year 2020 to the executive management.

4.2 Long-term share incentive plan ("LTIP")

As of the financial year 2020, the Company granted the following share-based remuneration to its executive management based on the Company's share incentive plans.

4.2.1 Eyal Ben David (CFO):

The Company and Mr. Eyal Ben David entered into a share-based incentive program relating to a fixed amount of 222,000 shares vested proportionally for the period since 1 January 2017 until 31 December 2020.

Program A – All shares vested under the program will be delivered at the end of the program. However, it was agreed that Mr. Eyal Ben David shall receive the total vested amount pro rata, in case the Company releases him before the vesting period expires. In all other circumstances the amount vested shall be reduced to 1/3 in order to motivate the CFO to complete the full vesting period.

During the financial year 2020, the value of the share-based remuneration vested in relation to the program amounted to 306 TEUR.

4.2.2 Oschrie Massatschi (CCMO):

The Company and Mr. Oschrie Massatschi entered into share-based and direct operational incentive programs as follows:

Program A – relating to a fixed amount of 185,000 shares vested proportionally for the period since 1 January 2019 until 30 September 2022.

All shares vested under Program A will be delivered at the end of the program. However, it was agreed that Mr. Oschrie Massatschi shall receive the total vested amount pro rata, in case the Company releases him before the vesting period expires. In all other circumstances the amount vested shall be reduced to 1/3 in order to motivate Mr. Oschrie Massatschi to complete the full vesting period.

During the financial year 2020, the value of the share-based remuneration vested in relation to Program A amounted to 325 TEUR.

Program B⁸ – relating to a variable amount of shares linked to the following success parameters:

- (i) additional 10,000 shares in case the Company shall receive a A- rating or above until 31 December 2021;
- (ii) additional 10,000 shares if the funds from operations one (FFO I) per share growth of the Company are equal or above 12% in average per year in the following four financial years (2019-2022); and
- (iii) additional 10,000 shares if the net EPRA asset value (EPRANAV) per share growth of the Company is equal or above 15% in average per year in the following four financial years (2019-2022).

4.2.3 Mr. Frank Roseen (Executive Director)

The Company and Mr. Frank Roseen entered into share-based and direct operational incentive programs as follows:

Program A – relating to a fixed amount of 100,000 shares vested proportionally for the period since 1 January 2018 until 31 December 2021.

All shares vested under Program A will be delivered at the end of the program. However, it was agreed that Mr. Frank Roseen shall receive the total vested amount pro rata, in case the Company releases him before the vesting period expires. In all other circumstances the amount vested shall be reduced to 1/3 in order to motivate Mr. Frank Roseen to complete the full vesting period.

During the financial year 2020, the value of the share-based remuneration vested in relation to Program A amounted to 200 TEUR.

Program B⁹ – relating to a variable amount of shares linked to the following success parameters:

⁸ As of date, no shares were granted under Program B to Mr. Oschrie Massatschi.

⁹ As of date, no shares were granted under Program B to Mr. Frank Roseen.

- (i) additional 10,000 shares in case the Company shall receive a A- rating or above until 31 December 2021;
- (ii) additional 10,000 shares if the funds from operations one (FFO I) per share growth of the Company are equal or above 12% in average per year in the following four financial years (2018-2021); and
- (iii) additional 10,000 shares if the EPRA net asset value (EPRANAV) per share growth of the Company is equal or above 15% in average per year in the following four financial years (2018-2021).

4.2.4 Mrs. Jelena Afxentiou (Executive Director)

The Company and Mrs. Jelena Afxentiou entered into share-based and direct operational incentive programs as follows:

Program A – relating to a fixed amount of 75,000 shares vested proportionally for the period since 1 January 2019 until 31 December 2022.

All shares vested under Program A will be delivered at the end of the program. However, it was agreed that Mrs. Elena Afxentiou shall receive the total vested amount pro rata, in case the Company releases her before the vesting period expires. In all other circumstances the amount vested shall be reduced to 1/3 in order to motivate Mrs. Jelena Afxentiou to complete the full vesting period.

During the financial year 2020, the value of the share-based remuneration vested in relation to Program A amounted to 226 TEUR.

Program B¹⁰ – relating to a variable amount of shares linked to the following success parameters:

- (i) additional 10,000 shares in case the Company shall receive a A- rating or above until 31 December 2021,
- (ii) additional 10,000 shares if the funds from operations one (FFO I) per share growth of the Company are equal or above 12% in average per year in the following four financial years (2019-2022) and
- (iii) additional 10,000 shares if the EPRA net asset value (EPRANAV) per share growth of the Company is equal or above 15% in average per year in the following four financial years (2019-2022).

5. COMPLIANCE WITH THE REMUNERATION POLICY

The Company's remuneration policy is presented to the AGM of the Company on 30 June 2021 and therefore is subject to an advisory non-binding vote of its shareholders. As mentioned

¹⁰ As of date, no shares were granted under Program B to Mrs. Jelena Afxentiou.

in the Report earlier on, the Company has revised the Policy presented for vote by the AGM in light of, and following last year's vote. Such remuneration policy is intended to be applicable as of the financial year 2021. Therefore, the Company will report on its compliance with, or in case applicable, any derogations and deviations from its remuneration policy and from the procedure for its implementation with the then applicable remuneration in its remuneration report for the financial year 2021.

In this context, the Company makes reference to the transitional regime as set out in the draft guidelines on the standardised presentation of the remuneration report under the Directive, as communicated by the Commission of the EU.

With regard to the remuneration paid during the financial year 2020, the principles of fixed remuneration and variable remuneration have been reviewed and recommended by the Company's remuneration committee.

6. COMPARATIVE INFORMATION OF REMUNERATION

A comparison report is presented below of the remuneration of the principals for financial years 2019 and 2020.

Management	Shmuel Mayo Former CEO ¹¹		Barak Bar Hen CO-CEO & COO ¹²		Eyal Ben David CFO		Klaus Krägel CDO ¹³		Oschrie Massatschi CCMO ¹⁴	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Years:	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Annual Base Remuneration	467	503	83	-	204	262	72	-	100	-
Allowance	91	92	13	-	70	4	-	-	7	-
Share Incentive Plan Dated Value	-	-	-	-	306	401	-	-	-	-
Total	558	595	96	-	580	667	72	-	107	-

Executive Directors	Frank Roseen Director		Oschrie Massatschi Director		Jelena Afxentiou Director	
	2020	2019	2020	2019	2020	2019
Years:	2020	2019	2020	2019	2020	2019
Annual Base Remuneration	201	201	107	160	91	98
Allowance	-	-	14	14	-	-
Gross Fees	107	90	60	90	90	90

¹¹Mr. Shmuel Mayo stepped down from his position as CEO on November 25, 2020.

¹² Mr. Barak Bar-Hen began to serve as CO-CEO and COO on November 1, 2020.

¹³ Mr. Klaus Krägel began to serve as CDO from November 1, 2020.

¹⁴ This amount reflects compensation for Mr. Oschrie Massatschi's position as CCMO – commencing on August 25, 2020 in which he then ceased to serve as Executive Director.

Share Incentive Plan Dated Value	200	200	325	325	226	135
Total	508	491	506	589	407	323

Independent & Non-Executive Directors	Markus Kreuter Independent Director		Markus Leininger Independent Director		Ran Laufer Non-executive Director ¹⁵		Simone Runge-Brandner Independent Director ¹⁶	
	2020	2019	2020	2019	2020	2019	2020	2019
Years:	2020	2019	2020	2019	2020	2019	2020	2019
Annual Base Remuneration For Position	60	60	60	60	60	-	60	-
Allowance	-	-	-	-	-	-	-	-
Audit Committee Fees	40	40	40	40	-	-	40	-
Total	100	100	100	100	60	-	100	-

In this context, the Company makes reference to the transitional regime as set out in the draft guidelines on the standardised presentation of the remuneration report under the Directive, as communicated by the Commission of the EU.

¹⁵ Mr. Ran Laufer was appointed on December 2019.

¹⁶ Ms. Simone Runge - Brandner was appointed on December 2019.

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