



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

REMUNERATION REPORT

for the
Financial Year 2022

Remuneration Report

This Remuneration Report (the “**Report**”) provides detailed information about the remuneration received by the board of directors and the senior management of Arountown SA (the “**Company**” or “**Arountown**”) during the financial year 2022 for their service in the Company and its consolidated subsidiaries (together with the Company, the “**Group**”). 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 2022 shall be summarized.

This Report is submitted to the advisory vote of the Company’s shareholders in connection with agenda item 15 of the annual general meeting of the Company’s shareholders to be held on 28 June 2023 (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 took effect as of the financial year 2022. 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, was approved by advisory vote of the Company’s shareholders at the Company’s AGM in 2022. As such, the Company has undertaken since the financial year 2022 to align the board of directors’ and senior management’s remuneration with the rules of the Policy. The Company is in the process of amending the existing agreements and expects that this alignment will become evident in its Remuneration Report for future years.

The Company has summarized below the fixed and variable compensation components, the sum of which constitutes to total remuneration of the Company’s executive management.

Compensation Type		Performance Criteria
Fixed Compensation	Fixed base compensation	Executive individuals’ performance are not considered.
	Allowances	Executive individuals’ performance are not considered.
Variable Remuneration	Short-term Incentive Program (“ STIP ”)	Financial Performance Targets: <ul style="list-style-type: none">• FFO I per share• Adjusted EBITDA Non-Financial Performance Targets: <ul style="list-style-type: none">• Emissions Reduction (based on the reduction targets laid out in the Group’s CO² reduction pathway)• Green Building Certification

	Long-term Incentive Program (“ <i>LTIP</i> ”)	<p>Financial Performance Targets:</p> <ul style="list-style-type: none"> • FFO I per share • EPRA NTA per share • Relative Shareholder Return (RTSR) (Peer Comparison Group – FTSE EPRA/NAREIT Germany Index members) <p>Non-Financial Performance Targets:</p> <ul style="list-style-type: none"> • Corporate ESG Rating (measured against S&P Global Corporate Sustainability Assessment) • Gender Equality (improving gender balance in terms of positions within the Group and remuneration)
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For further information on the Company’s remuneration policy, please see https://www.aroundtown.de/fileadmin/user_upload/04_investor_relations/agm/2022/AGMEGM/AT_Remuneration_Policy.pdf.

During the financial year 2022, the Company faced a challenging period characterized by rising inflation and interest rates as well as significant economic uncertainty. The Company focused on maintaining financial flexibility and tapping the strength of the Company's platform while achieving successful portfolio disposal to strengthen the Company's balance sheet. The Company achieved disposals in the amount of EUR1.6 billion in 2022. Cash proceeds from disposals fortified the liquidity position which amounted to EUR 2.7 billion as of December 2022 and give the Company financial flexibility to continue to actively optimize its financial profile.

In 2022, the Company further increased its footprint in the residential asset class through increasing its stake in Grand City Properties S.A. ("GCP"). Hotels continued their post-COVID recovery momentum, albeit challenges stemming from cost inflation, staff shortages and supply chain disruptions. Company's net rental income amounted to EUR1.2 billion as a result of the consolidation of GCP and like-for-like net rental income growth but offset by disposals. The Company recorded like-for-like rental growth of 3.5%, coming mainly from rent indexation, including like for like contributed by GCP's operational growth. FFO I totalled EUR 363 million and increased by 3% year over year. FFO I per share equalled EUR0.33 which was 10% higher as compared to EUR 0.30 in 2021, in-line with the guidance and positively impacted by the share buybacks.

Throughout 2022, the Company continued to make progress on its environmental, social and governance ("ESG") targets. Aroundtown certified 55% of the Dutch portfolio with BREEAM, up from 30% in 2021 and is beginning certifying assets in the German portfolio in 2023. Furthermore, the Company continued to invest in a range of energy efficiency measures such as Photovoltaics, Combined Heat and Power, EV charging stations and efficient windows, lighting, roofs, façades and heating systems which will help the Company to attain its emissions and certification targets. On the social front, the Aroundtown foundation continued to support and engage with numerous charities across its portfolio locations, working in close contact with local partners and authorities. In terms of governance, the Company continued to improve processes, policies and sustainability reporting which was recognized through numerous awards and the inclusion in additional sustainability indices such as the Dow Jones Sustainability Index and the Bloomberg Gender-Equality Index. Aroundtown received the EPRA BPR Gold award for the 6th time and EPRA sBPR Gold award for the 5th time consecutively, reflecting the Company's high standards of financial transparency and sustainability reporting.

Corporate Achievements in 2022

- Disposals in the amount of EUR 1.6 billion in 2022 demonstrating ability to sell despite difficult market conditions with proceeds strengthening the liquidity profile.
- Conservative financial profile maintained with low LTV of 40%, strong ICR at 5.2x, and unencumbered assets of EUR 22.2 billion (82% by rent) as of December 2022. High headroom to bond covenants. EPRA LTV, treating the Group's outstanding perpetual notes as debt in their entirety, stood at 55%.
- Proactive repayments of shorter-term bonds and bank loans in the amount of approximately EUR 1.1 billion in 2022, offset by EUR 500 million in longer maturity bank debt raised in 2022.
- Full year 2022 guidance met.

Financial Highlights FY 2022

- Net rental income of EUR 1.2 billion, an increase of 13% from EUR 1.1 billion in 2021.
- FFO I amounted to EUR 363 million in 2022, up 3% from EUR 353 million in 2021.
- FFO I per share amounted to EUR 0.33, up by 10% from EUR 0.30 in 2021 as a result of the positive impacts from the accretive share buyback.
- Portfolio valuations remained stable for most of the year, with negative momentum from rate increases and lower sentiment offsetting positive momentum from indexation and increasing replacement costs, resulting in a 3% valuation loss in the fourth quarter of 2022.
- Net loss of EUR 457 million as result of property devaluations and impairment of goodwill, reflecting a loss per share of EUR0.58.
- EPRA NTA of EUR 9.3 per share, a decrease of 2% from EUR 9.5 per share in 2021. Total EPRA NTA amounted to EUR10.1 billion as of December 2022.
- EPRA NTA including RETT (previously defined as EPRA NTA) per share amounted to EUR 9.8 in 2022, compared to EUR 10.2 in 2021.
- Conservative financial profile maintained with low LTV of 40%, strong ICR at 5.2x, and unencumbered assets of EUR 22.2 billion (82% by rent) as of December 2022. High headroom to bond covenants.

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 involves 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 support 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.

1. Fixed Remuneration

During the financial year 2022, the Company paid the following fixed remuneration:

1.1. Base Remuneration, Fees and Allowances

The non-performance related fixed remuneration for the financial year 2022 was as follows:

1.1.1. CEO and COO (Barak Bar-Hen)

The CEO and COO received a fixed compensation for his executive management role within the Company and its Group of annual 516 TEUR gross plus 69 TEUR of allowances.

1.1.2. CFO (Eyal Ben David)

The CFO received a fixed compensation for his executive management role within the Company and its Group of annual 500 TEUR gross plus 19 TEUR of allowances.

1.1.3. CCMO (Oschrie Massatschi)

The CCMO received a fixed compensation for his executive management role within the Company and its Group of annual 467 TEUR gross plus 25 TEUR of allowances.

1.1.4. CDO (Klaus Krägel)

The CDO received a fixed compensation for his executive management role within the Company and its Group of annual 126 TEUR gross. Mr. Krägel stepped down from his position as the Company's CDO in July 2022.

1.1.5. Executive Directors:

- **Mr. Frank Roseen** received a fixed compensation for his executive management role within the Company and its Group of annual 440 TEUR gross of fees related to his corporate duties as member of the Board of Directors, including for his role as Chairman of TLG Immobilien AG's supervisory board.
- **Mrs. Jelena Afxentiou** received a fixed compensation for his executive management role within the Company and its Group of annual 239 TEUR gross of fees and 27 TEUR of allowances related to her corporate duties as member of the Board of Directors.

1.1.6. Independent and Non-Executive Directors:

The independent directors Mr. Markus Kreuter, Mr. Markus Leininger and Ms. Simone Runge-Brandner received a gross base remuneration of annually 100 TEUR, 100 TEUR and 50 TEUR, respectively, for their mandate in the financial year 2022. Of this amount, 60 TEUR gross referred to Mr. Kreuter's and Mr. Leininger's mandates as independent directors and 40 TEUR gross for their mandates as members of the audit committee. Ms. Simone Runge-Brandner received an additional amount of 112 TEUR gross for her position as an independent director in GCP.

The non-executive director Mr. Ran Laufer received during 2022 a base remuneration of 190 TEUR gross for his non-executive management role and other duties within the Company and its Group, including for his role as Vice-Chairman of TLG Immobilien AG's supervisory board.

1.2. Allowances

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

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

2. Variable Remuneration

2.1. Short-term Incentive Payments

No variable short – term incentives were granted during the financial year 2022 to the executive management.

2.2. Reclaim

The Company did not reclaim variable remuneration during the financial year 2022.

2.3. Long-term share incentive plan ("LTIP")

The Company granted the following share-based remuneration to its executive management based on the Company's share incentive plans.

2.3.1. Barak Bar-Hen CEO and COO:

The Company paid 1,000 TEUR to Mr. Bar-Hen as a bonus for the years 2020 and 2021 in recognition for his achievements within the Company and the Group.

2.3.2. Eyal Ben David (CFO):

Program A – The Company and Mr. Eyal Ben David entered into a share-based incentive program relating to a fixed amount of 800,000 shares vested proportionally for the period since 1 January 2021 until 31 December 2023, to be paid in shares or cash at the Company's discretion.

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, save for in the case of change of control in the Company, all vested amounts shall be immediately accelerated and delivered. In all other circumstances other than death 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 2022, the Company recorded an expense for the share-based remuneration to which the employee is entitled in the amount of 1,632 TEUR.

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

- (i) ESG carbon emission reduction 10,000 shares of the Company: Following the Company's target to reduce its carbon emission by 40% in 2030, an intermediate target is set at 20% in 2025.
- (ii) additional 10,000 shares of the Company in case of A- rating or above of the Company will be achieved within the next two years;
- (iii) additional 10,000 shares of the Company if the funds from operations one (FFO I) per share growth of the Company is above 12% on average per year in the following 4 years;
- (iv) additional 10,000 shares of the Company if the EPRA net asset value (EPRA NAV) per share growth of the Company is above 15% in average per year in the following 4 years.

No shares were granted under Program B as the parameters for Program B were not met during financial year 2022.

2.3.3. Oschrie Massatschi (CCMO):

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

Program A – relating to a fixed amount of 185,000 shares vested proportionally for the period from 1 January 2019 until 30 September 2022. All shares vested under Program A will be delivered at the end of the program. Program A settled after 30 September 2022.

During the financial year 2022, the Company recorded an expense for the share-based remuneration to which the employee is entitled in the amount of 81 TEUR.

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

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

No shares were granted under Program B as the parameters for Program B were not met during financial year 2022.

2.3.4. Mr. Frank Roseen (Executive Director)

The Company and Mr. Frank Roseen entered into share-based incentive programs for the period from 1 January 2022 until 31 December 2025 as follows:

Program A – relating to a fixed amount of 150,000 shares vested proportionally per year.

During the financial year 2022, the Company recorded an expense for the share-based remuneration to which the employee is entitled in the amount of 200 TEUR.

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

- (viii) ESG carbon emission reduction 10,000 shares of the Company: Following the Company's target to reduce its carbon emission by 40% in 2030, an intermediate target is set at 20% in 2025.
- (ix) additional 10,000 shares of the Company in case of A- rating or above of the Company will be achieved within the next two years;
- (x) additional 10,000 shares of the Company if the funds from operations one (FFO I) per share growth of the Company is above 12% on average per year in the following 4 years;
- (xi) additional 10,000 shares of the Company if the EPRA net asset value (EPRA NAV) per share growth of the Company is above 15% in average per year in the following 4 years.

No shares were granted under Program B as the parameters for Program B were not met during financial year 2022.

2.3.5. 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.

During the financial year 2022, the Company recorded an expense for the share-based remuneration to which the employee is entitled in the amount of 135 TEUR.

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

- (i) additional 10,000 shares in case the Company shall receive an 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 (EPRA NAV) per share growth of the Company is equal or above 15% in average per year in the following four financial years (2019-2022).

No shares were granted under Program B as the parameters for Program B were not met during financial year 2022.

3. Loans to members of the board of directors and the senior management

The Company granted interest-bearing loans to certain members of the board of directors and the senior management of the Company in a total amount of EUR 4,500,000 (“**Loans**”). The Loans were granted on arm’s length terms independent from their service in the Company and are payable from 2023 until 2025. The Loans do not therefore qualify as an advanced payment, remuneration or as a benefit but they are nevertheless disclosed in the present report as part of our high standards of financial transparency reporting.

4. Compliance with the Remuneration Policy

The Company's remuneration policy was presented to the AGM of the Company on 29 June 2022 and was approved by advisory non-binding vote of its shareholders. The remuneration policy is applicable as of the financial year 2022. Therefore, the Company reports 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 2022. The Company has also undertaken since the financial year 2022 to align the board of directors' and senior management's remuneration with that of the Policy. The Company is in the process of amending the existing agreements and expects that this alignment will become evident in its Remuneration Report for future years.

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. The compensation paid in financial year 2022 complies, to the extent applicable, with the Remuneration Policy, including certain provisions that permit the payment of compensation based on agreements that predate the adoption of the Company's remuneration policy.

5. Comparative Information of Remuneration

A comparison with the previous financial years will be provided in the Company's future reports concerning the following financials years. Due to the new implementation of the Directive, the Company was so far only required to report on the specific reporting parameters set out in the Directive concerning the remuneration of its directors. Therefore, the Company started to provide its comparative information of remuneration with remuneration report for the financial year 2020, comparing to financial year 2019. Hereinafter, year by year, the Company will provide the required comparison over at least the five most recent financial years. For 2022, the Company provides its comparative remuneration information for the financial year 2022, with comparisons against financial years 2021, 2020 and 2019.

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 2022, the principles of fixed remuneration and variable remuneration have been reviewed and recommended by the Company's remuneration committee.

A comparison report is presented below of the remuneration of the Company's management, executive directors and non-executive directors and employees for financial years 2022, 2021 2020 and 2019 in TEUR.

Management	Barak Bar Hen CO-CEO & COO				Eyal Ben David CFO				Klaus Krägel CDO				Oschrie Massatschi CCMO			
	2022	2021	2020 ¹	2019	2022	2021	2020	2019	2022	2021	2020 ²	2019	2022	2021	2020 ³	2019
Annual Base Remuneration	516	516	83	N/A	500	400	204	262	126	432	72	N/A	467	293	100	N/A
Allowance	69	69	13	N/A	19	19	70	4	-	-	-	N/A	25	44	7	N/A
Variable Remuneration	1,000*		-	N/A	1,632	1,628	306	401	-	-	-	N/A	81	325	-	N/A
Total	1,585	585	96	N/A	2,151	2,047	580	667	126	432	72	N/A	573	661	107	N/A

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

² Mr. Klaus Krägel began to serve as CDO from November 1, 2020 and stepped down from his position as the Company's COO in July 2022.

³ 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 for which he received compensation for year 2020.

*Paid in cash as bonus for prior period.

Executive Directors	Frank Roseen Director				Jelena Afxentiou Director				Oschrie Massatschi Director			
	2022 ⁴	2021 ⁵	2020	2019	2022	2021	2020	2019	2022 ⁶	2021 ⁷	2020	2019
Annual Base Remuneration	440	377	308	291	239	245	181	188	N/A	N/A	167	250
Allowance	-	-	-	-	27	27	-	-	N/A	N/A	14	14
Share Incentive Plan Dated Value	200	200	200	200	135	135	226	135	N/A	N/A	325	325
Total	640	577	508	491	401	407	407	323	N/A	N/A	506	589

Independent and Non-Executive Directors	Markus Kreuter Independent Director				Markus Leininger Independent Director				Simone Runge- Brandner Independent Director				Ran Laufer Non-executive Director			
	2022	2021	2020	2019	2022	2021	2020	2019	2022 ⁸	2021 ⁹	2020	2019	2022 ¹⁰	2021	2020	2019
Annual Base Remuneration For Position	60	60	60	60	60	60	60	60	110	85	60	N/A	190	128	60	N/A
Allowance	-	-	-	-	-	-	-	-	12	12	-	N/A	-	-	-	N/A
Audit Committee Fees	40	40	40	40	40	40	40	40	40	40	40	N/A	-	-	-	N/A
Total	100	100	100	100	100	100	100	100	162	137	100	N/A	190	128	60	N/A

⁴ Includes remuneration for the position as director in TLG.

⁵ Includes remuneration for the position as director in TLG.

⁶ See footnote No. 3.

⁷ See footnote No. 3.

⁸ Includes remuneration for the position as independent director in GCP.

⁹ Includes remuneration for the position as independent director in GCP.

¹⁰ Includes remuneration for the position as director in TLG.

Average FTE Compensation	2022¹¹	2021	2020	2019
Aroundtown SA Workforce	85	-	-	-

¹¹ The Company only started to report salary per average FTE as of financial year 2022.