



Grand City Properties S.A.
Société Anonyme
1, Avenue du Bois
L-1251 Luxembourg
R.C.S. Luxembourg: B165560

(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 Grand City Properties S.A. (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 12 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 2020. The Company’s remuneration committee established the Policy applicable to the board of directors and the executive management of the Company. The Policy was acknowledged by the board of directors of the Company and approved by advisory vote of the Company’s general meeting of shareholders in connection with agenda item 10 of the annual general meeting that took place on 24 June 2020.

The Policy is effective as of the 2020 financial year.

The Policy shall remain in place for four years, i.e. until the annual general meeting to be held in 2024.

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 26 May 2021 upon recommendation of the Remuneration Committee. This Report provides a description of the 2020 remuneration granted by the Company and its group companies 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 12 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.

The Company reached to a robust level of operational profitability reflected in the FFO I (previously defined as FFO I after perpetual notes attribution) increasing by 2% year-over-year to €182 million. The FFO I before perpetual notes attribution for 2020 increased to €215 million as compared €212 million in 2019, comfortably within the guidance range. This increase was driven by enhanced business efficiencies and a like-for-like rental growth of 1.8%, partially offsetting a decline in net rental income as a result of disposals during the year. Vacancy as of

Financial statements for FY 2020 are available on the Company's website:

<https://www.grandcityproperties.com/investor-relations/publications/financial-reports/>

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:

Chairman of the Board of Directors, Mr. Christian Windfuhr¹

The Chairman received a fixed compensation for his executive management role within the Company and its Group of annual 172 TEUR gross plus 27 TEUR of fringe benefits.

CEO/CFO, Mr. Refael Zamir²

The CEO/CFO received a fixed compensation for his executive management role within the Company and its Group of annual 400 TEUR gross plus 98 TEUR of fringe benefits.

Independent Directors

The independent directors Mrs. Simone Runge-Brandner and Mr. Daniel Malkin each received a fixed compensation of annually 60 TEUR gross for their mandate in the financial year 2020. In addition, for their mandate as members in the Company's Audit Committee Mrs. Simone Runge-Brandner and Mr. Daniel Malkin each received a fee of annually 40 TEUR gross plus 12 TEUR of fringe expenses.

3.2 Allowances

The term "allowances" refers to one or more of the following: company car, accommodation, communication 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.

^{1.} During the financial year 2020 Mr Christian Windfuhr served as CEO (Daily Manager - administrateur-délégué) until 30 September 2020. Effective as of 1 October 2020 Mr. Christian Windfuhr withdrew from his position as the CEO (Daily Manager - administrateur-délégué) in order to replace Mr. Refael Zamir as a member and chairman of the board of directors as of that date.

^{2.} During the financial year 2020 Mr. Refael Zamir served as CFO of the Company and as Chairman of the board of directors until 30 September 2020. Effective as of 1 October 2020, Mr Zamir became the Company's CEO (Daily Manager - administrateur-délégué) and continues to serve as the Company's CFO.

4. SHARE-BASED (VARIABLE) REMUNERATION

During the financial year 2020, the Company granted the following share-based remuneration to its executive management (the Chairman of the Board of Directors and the CEO/CFO) based on the Company's share incentive plans.

Chairman of the Board of Directors, Mr. Christian Windfuhr

The Company and the Chairman entered into share-based incentive programs as follows:

Program A - a fixed amount of shares of 18,000 shares vested annually

Program B - since 2020, the CEO is entitled to the following success parameters:

- (i) additional 5,000 shares in case the Company shall receive a A- rating or above until 30 June 2021,
- (ii) additional 5,000 shares if the funds from operations one (FFO I) per share growth of the Company are equal or above 6% in average per year in the following three financial years (2020-2022) and
- (iii) additional 5,000 shares if the net asset value (NAV) per share growth of the Company is equal or above 11% in average per year in the following three financial years (2020-2022).

During the financial year 2020, the value of the share-based remuneration vested in relation to Program A amounted to 341 TEUR, minus all tax deduction.

CEO/CFO, Mr. Refael Zamir

The Company and the CEO and CFO entered into share-based incentive programs as follows:

Program A - relating to a fixed amount of 35,000 shares vested proportionally for the period since 1 July 2016 until 30 June 2020.

Program B - relating to a fixed amount of 40,000 shares vested proportionally for the period since 1 July 2019 until 30 June 2022.

Program C - a variable amount of shares which linked to the following success parameters:

- (i) additional 3,500 shares in case the Company shall receive a A- rating or above until 30 June 2021,
- (ii) additional 3,500 shares if the funds from operations one (FFO I) per share growth of the Company are equal or above 6% in average per year in the following three financial years (2019-2021) and
- (iii) additional 3,500 shares if the net asset value (NAV) per share growth of the Company is equal or above 11% in average per year in the following three financial years (2019-2021).

All shares vested under Program A and Program B was /will be delivered at the end of each program. However, it was agreed that CEO/CFO 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 CEO/CFO to complete the full vesting period.

During the financial year 2020, the value of the share-based remuneration vested in relation to Program A and B and bonus payment in cash amounted to 608 TEUR.

5. COMPLIANCE WITH THE REMUNERATION POLICY

The Company's remuneration policy was presented to the AGM of the Company on 24 June 2020 and was approved by advisory non-binding vote of its shareholders. The remuneration policy is applicable as of the financial year 2020.

Therefore, the Company reports on its compliance with, or in case applicable, any derogations and deviations from its Policy and from the procedure for its implementation with the then applicable remuneration in its remuneration report for the financial year 2020.

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 as being compliant.

The remuneration received during the financial year 2020 is in compliance with the Policy.

6. 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 starts to provide its comparative information of remuneration with this remuneration report for the financial year 2020, comparing to financial year 2019. Hereinafter, year by year, the Company will fulfil the required comparison of that least five most recent financial 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.

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.

	Christian Windfuhr Chairman	Christian Windfuhr Chairman	Refael Zamir CEO/CFO	Refael Zamir CEO/CFO	Simone Runge-Brandner Independent Director	Simone Runge-Brandner Independent Director	Daniel Malkin Independent Director	Daniel Malkin Independent Director
grants allocated in TEUR (gross):	2020	2019	2020	2019	2020	2019	2020	2019
BASE REMUNERATION, FEES AND ALLOWANCE:								
annual base remuneration	172	174	400	430	60	60	60	60
annual base fee	/	/	/	/	40	40	40	40
annual fringe benefits	27	24	98	89	12	12	12	12
total	199	198	498	519	112	112	112	112
VARIABLE REMUNERATION:								
share-based and cash-bonus payment	341	340	608	236	/	/	/	/
total remuneration	540	538	1106	755	112	112	112	112

TABLE OF CONTENTS

Section	Page
1. Introduction.....	3
2. Main Considerations of the Remuneration	3
3. Fixed Remuneration	4
4. Share-based (Variable) Remuneration	5
5. Compliance with the Remuneration Policy	6
6. Comparative Information of Remuneration.....	6

DEFINITIONS

2011 Law.....	2	Directive	2
AGM	2	Policy.....	2
Company.....	2	Report.....	2