



Grand City Properties S.A.  
*Société Anonyme*  
40, rue du Curé  
L-1368 Luxembourg  
R.C.S. Luxembourg: B165560  
  
(the “**Company**”)

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**REMUNERATION REPORT**

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for the  
  
FINANCIAL YEAR 2021

## 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 2021. 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 2021 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 29 June 2022 (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 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 2021 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 of the Company’s shareholders.

## **1. INTRODUCTION**

This Report for the financial year 2021 (the “**Reporting Period**”) has been prepared in accordance with relevant corporate governance and legal requirements. The board of directors has approved this Report on 25 May 2022 upon recommendation of the Remuneration Committee. This Report provides a description of the 2021 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 9 of the AGM.

With the presentation of the results for the financial year ending 31 December 2021, the Company provided a detailed overview of the relevant facts and developments in the performance and business environment of the Company.

Financial statements for FY 2021 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 support 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 2021, the Company paid the following fixed remuneration:

#### **3.1 Base Remuneration, Fees and Allowances**

The non-performance related fixed remuneration for the financial year 2021 was as follows:

##### CEO/CFO, Mr. Refael Zamir

The CEO/CFO received a fixed compensation for his executive management role within the Company and its Group of annual 455 TEUR gross plus 108 TEUR of allowances.

##### Chairman of the Board of Directors, Mr. Christian Windfuhr

The Chairman received a fixed compensation for his executive management role within the Company and its Group of annual 60 TEUR gross plus 25 TEUR of allowances.

##### 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 2021. 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 allowances.

#### **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.

#### 4. SHARE-BASED / VARIABLE REMUNERATION

During the financial year 2021, the Company granted the following share-based remuneration to its executive management (the CEO/CFO and the Chairman of the Board of Directors) based on the Company's share incentive plans.

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

##### CEO/CFO, Mr. Refael Zamir

The Company and the CEO and CFO entered into share-based incentive programs which are relevant for the Reporting Period:

**Program 1** – relating to a fixed amount of 40,000 shares vested proportionally for the period since 1 July 2019 until 30 June 2021<sup>1</sup>.

**Program 2** – a variable amount of shares which linked to the following success parameters:

- (i) additional 3,500 shares in case the Company shall receive an A- rating or above until 31 December 2022,
- (i) 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 four financial years (2019-2022)) and
- (ii) 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 four financial years (2019-2022).

**Program 3** –

- (i) from 2021 on annually a variable amount of up to €150,000 bonus, to be paid in cash, once the Company meets its set guidance of FFO targets for the relevant financial year, payable at the end of March of the following year, but not before the results of the year-end closing with regard to FFO have been determined;
- (ii) from 1 July 2021 on a fixed amount of in total 16,000 shares, vested for a period of three (3) years until 30 June 2024; and
- (iii) from 1 July 2021 and for a period of three years thereafter a number of incentive shares to be granted on an annual basis, whereby each grant shall equal to €700,000, divided by the average weighted share price of that year respectively (the "**Grant**"), the granted shares shall be fully vested upon the third anniversary of the three year period.

Program 1 was settled after 30 June 2021. Program 2 was extended until 31 December 2022.

All shares vested under Program 3 shall be paid at the end of the program. An immediate acceleration in full of Program 3 in the event a change of control occurs, was agreed. Further

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<sup>1</sup> By way of compensation adjustment due to the appointment as CEO, Program 1 was settled in full before the 30 June 2022 and Program 2 was extended until 31 December 2022.

the CEO/CFO shall receive the payment of the fixed amount of shares in total in all events of premature termination. Whereby, it was agreed that the CEO/CFO shall receive the Grant that vested pro rata, in case the Company releases him before the vesting period expires. In all other circumstances the vested Grant shall be reduced to 1/3 in order to motivate the CEO/CFO to complete the full vesting period.

During the financial year 2021, the value of the share-based remuneration vested in relation to Program 1 - 3 amounted to 811 TEUR.

#### Chairman of the Board of Directors, Mr. Christian Windfuhr

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

##### **Program:**

- a fixed amount of in total 6,000 shares, vested for a period of three (3) years until 30 September 2023 and;
- a variable component of
  - 1) additional in total 2,100 shares, vested for a period of three (3) years, out of which annually 700 shares shall be allocated at the end of each year, once the Company maintains its investment grade rating;
  - 2) additional in total 450 shares vested for period of three (3) years, out of which 150 shares shall be allocated at the end of each year, once the Company's financial policy is maintained;
  - 3) and in total 450 shares vested for period of three (3) years, out of which 150 shall be allocated at the end of each year, once the Company reaches during the year an EPRA net asset value growth.

The above Program shares are vested for three (3) years unless Mr Windfuhr decided to leave the Company on this own initiative or at request of the Company before the completion of the three (3) years. In such a case the shares earned until the leave shall be payable to Mr. Windfuhr.

During the financial year 2021, the value of the share-based remuneration vested in relation to the Program amounted to 63 TEUR, minus all tax deduction.

## **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 2021.

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 2021.

With regard to the remuneration paid during the financial year 2021, 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 2021 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 financial 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 fulfil the required comparison of that least five most recent financial years. This year the Company provided therefore its comparative information of remuneration report for the financial year 2021, comparing to financial year 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 2021, the principles of fixed remuneration and variable remuneration have been reviewed and recommended by the Company's remuneration committee.

	<b>Refael Zamir</b> CEO/CFO	<b>Refael Zamir</b> CEO/CFO <sup>2</sup>	<b>Refael Zamir</b> CFO/Chairman	<b>Christian Windfuhr</b> Chairman	<b>Christian Windfuhr</b> Chairman <sup>3</sup>	<b>Christian Windfuhr</b> CEO
grants allocated in TEUR (gross):	<b>2021</b>	2020	2019	<b>2021</b>	2020	2019
<b>BASE REMUNERATION, FEES AND ALLOWANCE:</b>						
annual base remuneration	455	400	430	60	172	174
allowances	108	98	89	25	27	24
<b>total</b>	<b>563</b>	<b>498</b>	<b>519</b>	<b>85</b>	<b>199</b>	<b>198</b>
<b>VARIABLE REMUNERATION:</b>						
share-based and cash-bonus payment	811	608	236	63	341	340
<b>TOTAL REMUNERATION</b>	<b>1374</b>	<b>1106</b>	<b>755</b>	<b>148</b>	<b>540</b>	<b>538</b>

	<b>Simone Runge- Brandner</b> Independent Director	<b>Simone Runge- Brandner</b> Independent Director	<b>Simone Runge- Brandner</b> Independent Director	<b>Daniel Malkin</b> Independent Director	<b>Daniel Malkin</b> Independent Director	<b>Daniel Malkin</b> Independent Director
grants allocated in TEUR (gross):	<b>2021</b>	2020	2019	<b>2021</b>	2020	2019
<b>BASE REMUNERATION, FEES AND ALLOWANCE:</b>						
annual base remuneration	60	60	60	60	60	60
annual base fee	40	40	40	40	40	40
allowances	12	12	12	12	12	12
<b>total</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>
<b>VARIABLE REMUNERATION:</b>						
share-based and cash-bonus payment	/	/	/	/	/	/
<b>TOTAL REMUNERATION</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>

Comparison to performance of the Company:			
	2021	2020	2019
<b>EPRA NTA in TEUR</b>	<b>5.020.190</b>	<b>4.566.426</b>	<b>4.357.717</b>

<sup>2</sup> 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.

<sup>3</sup> 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.



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