



Aroundtown SA  
*Société Anonyme*  
40, Rue du Curé  
L-1368 Luxembourg  
R.C.S. Luxembourg: B217868

(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 Arountown SA (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 15 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 senior management of the Company. Such Policy was submitted to the advisory vote of the Company’s shareholders in connection with agenda item 9 of the annual general meeting that took place on 30 June 2021. It is to be noted that no majority was reached for this agenda item. Therefore the Company prepared a new remuneration policy to be submitted to AGM for non-binding advisory vote at the AGM, that shall have effect from financial year 2022.

## Key Developments

During 2021 the Group solidified its diversified portfolio further by, among others, strengthening its residential real estate portfolio through obtaining de-facto control and subsequently consolidating Grand City Properties (“GCP”) in July 2021. Furthermore, in 2021 the Group was able to use the market opportunity to dispose a large amount of properties across all asset types, above book value, and utilize the proceeds into debt repayments and buy back of shares at a significant discount, thereby reducing finance expenses and generating long-term shareholder value. The group further achieved cost optimization and efficiency, including with the continues integration of TLG Immobilien AG (“TLG”), and the continuous diligent manoeuvring around the Covid-19 pandemic.

The balance of cash and liquid assets remained very strong, amounting to €3.2 billion as of December 2021.

The Group generated adjusted EBITDA of 974.9 million euros in 2021, increasing by 3% compared to 944.1 million euros in 2021. The increase is primarily the result of the full contribution of GCP following the consolidation in the second half of the year, as opposed to the relative contribution in prior periods. The impact of the consolidation of GCP was offset to a certain extent by the impact of disposals. 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 125 million euros in 2021, the adjusted EBITDA amounts to 850 million euros with a growth of 3% since 2020. 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 amount in 2021 to 12 million euros compared to 41 million euros in 2020.

The Company generated an FFO I before extraordinary Covid adjustment of 478.2 million euros in 2021, increasing by 1% compared to 477.8 million euros recorded in 2020. The FFO I before extraordinary Covid adjustment was positively impacted by like-for-like growth, the increased stake in GCP’s and TLG’s recurring operational profits as well as lower finance expenses as a result of dept optimization activities. These positive impacts were offset by the impact from disposals. In 2021, Aroundtown included 125 million euros extraordinary expenses for uncollected rent due to the Covid-19 pandemic, as compared to 120 million euros in 2020. As a result, FFO I amounted to 353.2 million euros in 2021 as compared to 357.8 million euros in 2020. On a per share basis, the FFO I per share amounted to 0.30 euros in 2021, increasing from 0.27 euros in 2020, validating the strong positive impact of the Company’s share buybacks executed in 2021, the full impact of which will be visible in the coming periods.

## Corporate Achievements in 2021

1. Company’s management has adequately and with diligent navigated through the challenges created Covid-19 presented.
2. The Company continued to carry out its share buyback program, the total aggregate buyback volume has recently been increased by 500 million euros to a total of 2 billion euros. Including the current program and the share buybacks executed in 2020

Aroundtown has acquired its own shares in a total value of approximately 1.6 billion euros as of March 2022.

3. The Company successfully managed to dispose assets in a total value of over 2.3 billion euros (additional 0.5 billion euros is signed but yet completed as at year-end 2021) at a premium of 3% over book value and 37% over total cost.
4. New debt issuance of 1.3bn euros and disposal proceeds were utilized for debt repayments of shorter-term debt in the amount of 2.3bn euros, resulting in extending average debt maturity and reducing average cost of debt to 1.2%.
5. Company's guidance for financial year 2021 guidance was met.

### **Financial Highlights FY 2021**

- Net rental income of 1,086 million euros up by 8% from 1,003 million euros in 2020.
- Adjusted EBITDA increased to 975 million euros, higher by 3% year-over-year.
- FFO I at 353 million euros in 2021, as compared to 358 million euros in 2020, mainly due to the impact of disposals.
- FFO I per share for FY 2021 at 0.30 euros, increasing 11% year-over-year and in line with the guidance, leading to an expected dividend proposal of 0.23 euros per share based on 75% payout ratio of FFO I (subject to AGM approval) and a dividend yield of [4.9%] (based on a share price of [4.72] euros).
- Portfolio valuations remained supportive with revaluation and capital gains of 810 million euros in FY 2021, reflecting a value growth of +1.3% on a like-for-like basis.
- Net Profit for FY 2021 amounted to 1,078 million euros, reflecting an EPS (basic) of 0.55 euros.
- EPRA NTA amounting to 10.2 euros per share in 2021 up by 7% (10% dividend adjusted) compared to year-end 2020 with per share growth supported by the accretive share buyback program. EPRA NTA of 11.6 billion euros in 2021 compared to 11.2 billion euros in year-end 2020.
- Total Equity of 19.2 billion euros as of December 2021, reflecting an equity ratio of 49%.
- Investment property as of December 2021 at 29.1 billion euros, up by 38% from year-end 2020.
- Conservative capital structure maintained with a low LTV of 39%, reduced cost of debt to 1.2% at a long average debt maturity period of 5.7 years and an ICR of 4.9x. The amount of unencumbered assets increased to 23.8 billion euros (83% by rent) as of year-end 2021.

## **Main Considerations of the Remuneration**

The Company's remuneration structure for the executive board members and senior management is based on fixed and share-based/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 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 individually. 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 2021, the Company paid the following fixed remuneration:

#### **1.1. Base Remuneration, Fees and Allowances**

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

##### **1.1.1. CO-CEO and COO (Barak Bar-Hen)**

The CO-CEO and COO received a fixed compensation for his executive management role within the Company and its Group of annual 500 TEUR plus 85 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 400 TEUR 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 292 TEUR plus 44 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 420 TEUR plus 12 TEUR of allowances.

##### **1.1.5. Executive Directors:**

- **Mr. Frank Roseen** was entitled to a compensation for his executive director role within the Company and its Group of annual 360 TEUR plus and 17 TEUR of allowance related to his corporate duties as member of the Board of Directors.

- **Mrs. Jelena Afxentiou** received a fixed compensation for her executive director role within the Company and its Group of annual 240 TEUR of fees and 32 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 and Mr. Markus Leininger, each received a base remuneration of annually 100 TEUR for their mandate in the financial year 2021. Of this amount, 60 TEUR referred to their mandates as independent directors and 40 TEUR for their mandates as members of the audit committee.

The independent director, Mrs. Simone Runge-Brandner, received a base remuneration of annually 125 TEUR plus 12 TEUR of allowance for her role within the Company and its Group in the financial year 2021. Of this amount, 85 TEUR referred to her mandate as independent director and 40 TEUR for her mandate as member of the audit committee.

The non-executive director, Mr. Ran Laufer, received for his role within the Company and its Group during 2021 a base remuneration of 128 TEUR.

#### **1.2. Allowances**

The term “allowances” refers to one or more of the following: company car, accommodation, communication, health insurance and pension arrangements (other than set by law) and other benefits.

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

### **2. Share-based/ Variable Remuneration**

#### **2.1. Short-term Incentive Payments**

No variable short – term incentives were granted during the financial year 2021 to the executive management and directors.

#### **2.2. Reclaim**

The Company did not reclaim variable remuneration during the financial year 2021.

#### **2.3. Long-term share incentive plan (“LTIP”)**

As of the financial year 2021, the Company granted the following share-based remuneration to its executive management and directors based on the Company’s share incentive plans.

##### **2.3.1. Barak Bar-Hen (CO-CEO and COO)**

The Company and Mr. Barak Bar-Hen entered into following Program:

- a variable component of
  - 1) 10,000 shares once the Company reaches its target to reduce carbon emissions by 40% in 2030 or once it reached its interim target to reduce 20% of its carbon emissions by 20% in 2025;

- 2) 10,000 shares in case the Company obtains a rating of A- or above until 31 December 2022;
- 3) 10,000 shares if the funds from operations one (FFO I) per share growth of the Company are above 12% in average per year in the following four financial years (2021-2024); and
- 4) 10,000 shares if the EPRA net tangible assets (EPRA NTA) per share growth of the Company is above 15% in average per year in the following four financial years (2021-2024).

All shares vested under the Program(s) will be delivered at the end of the program. However, it was agreed that Mr. Barak Bar-Hen 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 the amount vested shall be reduced to 1/3 in order to motivate Mr. Barak Bar-Hen to complete the full vesting period.

During the financial year 2021, the value of the share-based remuneration vested in relation to the program amounted to 0 TEUR.

### **2.3.2. Eyal Ben David (CFO):**

The Company and Mr. Eyal Ben David entered into following Program(s):

- a fixed amount of in total 800,000 shares, vested for a period of three (3) years until 31 December 2023, and
- a variable component of
  - 1) 10,000 shares once the Company reaches its target to reduce carbon emissions by 40% in 2030 or once it reached its interim target to reduce 20% of its carbon emissions by 20% in 2025;
  - 2) 10,000 shares in case the Company obtains a rating of A- or above until 31 December 2022;
  - 3) 10,000 shares if the funds from operations one (FFO I) per share growth of the Company are above 12% in average per year in the following four financial years (2021-2024); and
  - 4) 10,000 shares if the EPRA net tangible assets (EPRA NTA) per share growth of the Company is above 15% in average per year in the following four financial years (2021-2024).

All shares vested under the Program(s) 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 the amount vested shall be reduced to 1/3 in order to motivate Mr. Eyal Ben David to complete the full vesting period.

During the financial year 2021, the value of the share-based remuneration vested in relation to the program amounted to 1.628 TEUR.

### **2.3.3. Oschrie Massatschi (CCMO):**

The Company and Mr. Oschrie Massatschi entered into following Program(s):

- a fixed amount of
  - 1) 60,000 shares, vested the period from 1 January 2019 until 30 September 2021;
  - 2) 60,000 shares, vested the period from 1 January 2019 until 30 September 2022;
  - 3) 65,000 shares, vested the period from 1 January 2019 until 30 September 2023; and
  - 4) 50,000 shares vested the period from 1 July 2021 until 31 December 2024.
- a variable component of
  - 1) 10,000 shares in case the Company shall receive a A- rating or above until 31 December 2021;
  - 2) 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
  - 3) 10,000 shares if the EPRA net tangible assets (EPRA NTA) per share growth of the Company is above 15% in average per year in the following four financial years (2019-2022).

All shares vested under the Program(s) 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, 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 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 2021, the value of the share-based remuneration vested in relation to Program(s) amounted to 325 TEUR.

### **2.3.4. Mr. Klaus Krägel (CDO)**

The Company and Mr. Klaus Krägel entered into following Program:

- a variable component of
  - 1) 10,000 shares once the Company reaches its target to reduce carbon emissions by 40% in 2030 or once it reached its interim target to reduce 20% of its carbon emissions by 20% in 2025;
  - 2) 10,000 shares in case the Company obtains a rating of A- or above until 31 December 2022;

- 3) 10,000 shares if the funds from operations one (FFO I) per share growth of the Company are above 12% in average per year in the following four financial years (2021-2024); and
- 4) 10,000 shares if the EPRA net tangible assets (EPRA NTA) per share growth of the Company is above 15% in average per year in the following four financial years (2021-2024).

All shares vested under the Program(s) will be delivered at the end of the program. However, it was agreed that Mr. Klaus Krägel 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 the amount vested shall be reduced to 1/3 in order to motivate Mr. Klaus Krägel to complete the full vesting period.

During the financial year 2021, the value of the share-based remuneration vested in relation to the program amounted to 0 TEUR.

#### **2.3.5. Mr. Frank Roseen (Executive Director)**

The Company and Mr. Frank Roseen entered into following Program(s):

- a fixed amount of 100,000 shares vested proportionally for the period since 1 January 2018 until 31 December 2021; and
- a variable component of
  - 1) 10,000 shares in case the Company shall receive a A- rating or above until 31 December 2021;
  - 2) 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
  - 3) 10,000 shares if the EPRA net tangible assets (EPRA NTA) per share growth of the Company is above 15% in average per year in the following four financial years (2018-2021).

All shares vested under the Program(s) 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, 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 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 2021, the value of the share-based remuneration vested in relation to Program(s) amounted to 200 TEUR.

#### **2.3.6. Mrs. Jelena Afxentiou (Executive Director)**

The Company and Mrs. Jelena Afxentiou entered entered into following Program(s):

- a fixed amount of 75,000 shares vested proportionally for the period since 1 January 2019 until 31 December 2022; and
- a variable component of
  - 1) additional 10,000 shares in case the Company shall receive a A- rating or above until 31 December 2021;
  - 2) 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
  - 3) additional 10,000 shares if the EPRA net tangible assets (EPRA NTA) per share growth of the Company is above 15% in average per year in the following four financial years (2019-2022).

All shares vested under the Program(s) 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, save for in the case of change of control in the Company, all vested amount shall be immediately accelerated and delivered. 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 2021, the value of the share-based remuneration vested in relation to Program(s) amounted to 135 TEUR.

### **3. Compliance with the Remuneration Policy**

The Company's remuneration is presented to the AGM of the Company on 29 June 2022 and therefore is subject to an advisory non-binding vote of its shareholders. As mentioned 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 new remuneration policy is applicable as of the financial year 2022. Therefore, the Company will report on its compliance with, or in case applicable, any derogations and deviations from its new remuneration policy and from the procedure for its implementation with the then applicable remuneration in its remuneration report for the financial year 2022.

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 Remuneration Committee.

### **4. 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.

A comparison report is presented below of the remuneration of the principals for financial years 2021 to 2020 and 2019 in TEUR.

Management	Barak Bar Hen CO-CEO & COO			Eyal Ben David CFO			Klaus Krägel CDO			Oschrie Massatschi CCMO		
	2021	2020 <sup>1</sup>	2019	2021	2020	2019	2021	2020 <sup>2</sup>	2019	2021	2020 <sup>3</sup>	2019
Annual Base Remuneration	500	83	N/A	400	204	262	420	72	N/A	292	100	N/A
Allowance	85	13	N/A	19	70	4	12	-	N/A	44	7	N/A
Share Incentive Plan Dated Value		-	N/A	1.628	306	401	-	-	N/A	325	-	N/A
Total	585	96	N/A	2.047	580	667	432	72	N/A	661	107	N/A

Executive Directors	Frank Roseen Director			Jelena Afxentiou Director			Oschrie Massatschi Director		
	2021	2020	2019	2021	2020	2019	2021	2020 <sup>4</sup>	2019
Annual Base Remuneration	360	308	291	240	181	188	N/A	167	250
Allowance	17	-	-	32	-	-	N/A	14	14
Share Incentive Plan Dated Value	200	200	200	135	226	135	N/A	325	325
Total	577	508	491	407	407	323	N/A	506	589

<sup>1</sup> Mr. Barak Bar-Hen began to serve as CO-CEO and COO on 1 November 2020.

<sup>2</sup> Mr. Klaus Krägel began to serve as CDO from 1 November 2020.

<sup>3</sup> This amount reflects compensation for Mr. Oschrie Massatschi' s position as CCMO – commencing on 25 August 2020.

<sup>4</sup> This amount reflects compensation for Mr. Oschrie Massatschi' s position as Executive Director until 24 August 2020.

Independent & Non-Executive Directors	Markus Kreuter Independent Director			Markus Leininger Independent Director			Ran Laufer Non-executive Director			Simone Runge-Brandner Independent Director		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Years:												
Annual Base Remuneration	60	60	60	60	60	60	128	60	N/A	85	60	N/A
Allowance	-	-	-	-	-	-	-	-	N/A	12	-	N/A
Audit Committee Fees	40	40	40	40	40	40	-	-	N/A	40	40	N/A
Total	100	100	100	100	100	100	128	60	N/A	137	100	N/A

EPRA NTA (in Millions EUR)						
Years:	2021		2020		2019	
	11,564.0		11,187.4		10,522.7	

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