

## REMUNERATION POLICY

### ECHO POLSKA PROPERTIES N.V.

This remuneration policy (**Remuneration Policy**) as proposed by the board of directors (**Board of Directors**) of Echo Polska Properties N.V. (**Company**), is adopted by the Company's general meeting (**General Meeting**) on ●, and replaces the current remuneration policy (which was adopted by the General Meeting on 8 December 2017).

Pursuant to the articles of association of the Company, the Board of Directors has the authority to determine the remuneration of the executive members of the Board of Directors (**Executive Directors**), within the scope of the Remuneration Policy. The General Meeting has the authority to determine the remuneration of the non-executive members of the Board of Directors (**Non-Executive Directors**), within the scope of the Remuneration Policy. The Executive Directors shall not participate in the deliberations and decision-making regarding the determination of the remuneration of the Executive Directors. A proposal with respect to a remuneration scheme in the form of shares in the capital of the Company or rights to shares in the capital of the Company shall be submitted by the Board of Directors to the General Meeting for its approval. Such proposal must set out at least the maximum number of shares in the capital of the Company or rights to shares in the capital of the Company that may be granted to members of the Board of Directors and the major criteria for granting or amendment.

The Remuneration Policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Board of Directors with a competitive remuneration package that is focused on sustainable results and is aligned with the Company's long-term strategy. The Remuneration Policy also seeks to promote the achievement of strategic objectives within the Company's risk appetite, promote positive outcomes and promote an ethical culture and responsible corporate citizenship. The remuneration policy and the remuneration implementation report are to be table to shareholders every year at the Company's annual general meeting for non-binding advisory votes, allowing shareholders to express their views on the Company's remuneration policy and remuneration implementation report. In the event of 25% or more of shareholders voting against the non-binding advisory votes, the Board of Directors is committed to engage actively with dissenting shareholders in this regard, in order to address all legitimate and reasonable objections and concerns

#### **1 Remuneration framework**

Pursuant to the Remuneration Policy, the remuneration of the members of the Board of Directors will consist of the following components which are discussed in more detail below:

- fixed annual base salary;
- short-term variable pay in cash;
- long-term variable pay in the form of shares or cash;
- allowance for pension and fringe benefits;
- severance payments; and
- sign-on, retention and restraint payments.

The remuneration set out in this policy might either be granted by the Company in connection with the person being a member of the Board of Directors, or be granted by an affiliate of the Company (**Affiliated Company**) in connection with the person being employed and/or providing services for such Affiliated Company.

## **1.1 Fixed annual base salary**

### *Executive Directors*

The Executive Directors are entitled to a base salary. The base salary of the Executive Directors is set around the median of remuneration levels payable within relevant comparable markets and companies.

In this respect, the annual aggregate base salary of Hadley Dean and Jacek Bagiński in connection with them being a member of the Board of Directors and/or employed and/or providing services for Affiliated Companies can amount to a maximum of EUR 500,000 gross and EUR 300,000 gross respectively.

### *Non-Executive Directors*

The current compensation of the Non-Executive Directors is as follows:

- (a) Chairmanship of the Board of Directors: EUR 70,000;
- (b) Non-Executive Director (excluding the Chairman of the Board of Directors as mentioned under (a) above): EUR 50,000;
- (c) Chairmanship of the Audit and Risk Committee: EUR 24,000;
- (d) Membership of the Audit and Risk Committee: EUR: 20,000;
- (e) Chairmanship of the Nomination and Remuneration Committee: EUR 20,000;
- (f) Membership of the Nomination and Remuneration Committee: EUR 10,000;
- (g) Chairmanship of the Investment Committee: EUR 20,000;
- (h) Membership of the Investment Committee: EUR 10,000;
- (i) Chairmanship of the Social and Ethics Committee: EUR 20,000;
- (j) Membership of the Social and Ethics Committee: EUR 10,000.

## **1.2 Annual variable remuneration**

### *Executive Directors*

The Executive Directors might be entitled to a variable remuneration in cash (**Bonus**). The objective of the Bonus is to ensure that the Executive Directors will be focused on realising their short-term operational objectives leading to longer term value creation. The Bonus will be paid out when predefined targets are realised, while the maximum Bonus may be paid out in case of

outperformance of the predefined targets. If realised performance is below a certain threshold level, the Bonus will be reduced accordingly.

On an annual basis, performance conditions will be set by the Board of Directors (or the relevant Affiliated Company, as the case may be) at or prior to the beginning of the relevant financial year. These performance conditions include the Company's (and/or Affiliated Companies') financial performance and activity in growing and improving the business of the Company (and/or its Affiliated Companies) and may also include qualitative criteria related to the Company's, Affiliated Companies' and/or individual performance.

The annual aggregate Bonus of Hadley Dean and Jacek Bagiński in connection with them being a member of the Board of Directors and/or employed and/or providing services for Affiliated Companies can amount to a maximum of EUR 500,000 gross and EUR 300,000 gross respectively.

#### *Non-Executive Directors*

The Non-Executive Directors will not be entitled to a variable remuneration.

### **1.3 Long-term variable remuneration**

The Company has prepared a long-term incentive program for certain members of key personnel of the Company and/or its Affiliated Companies (**Members of Key Personnel**), pursuant to which these Members of Key Personnel will have an option to receive shares in the Company against no consideration (**LTI Program**). This LTI Program has been adopted by means of Resolution of the General Meeting on 8 December 2017.

The objective of the long-term variable remuneration is to encourage the long-term commitment and retention of Members of Key Personnel. It is further to drive and reward sound business decisions for the Company's long-term health, and align the interest of these Members of Key Personnel with the shareholder interests.

Pursuant to the LTI Program, each Member of Key Personnel will receive annually, on each vesting date (being the first business day of July each year, save for 2017 where the vesting date is [x]) (**Vesting Date**), certain number of shares in the capital of the Company, depending on meeting the loyalty target (depending on whether he remains engaged with the Company and/or any of its Affiliated Companies) and performance targets, in the preceding financial year (**Reference Period**). The shares will be granted against no consideration.

The maximum aggregate number of shares to be granted on each Vesting Date is 1,850,000 (one million eight hundred and fifty thousand) shares, of which 25% will be given in consideration for continuing engagement with the Company or any of its Affiliated Companies (the Loyalty Shares), and 75% will be given in consideration for accomplishment of performance targets set out for the respective reference period. The performance targets will be based on (i) % of DPS growth, (ii) % of EBTIDA growth and (iii) individual targets.

In order to strengthen the loyalty, all shares transferred under the LTI Program will remain under a 2,5 year lock-up, calculated from the end-date of the relevant Reference Period. During this lock-up the participant is not allowed to sell, or otherwise transfer or encumber the shares, unless the Board of Directors consents to it.

In case the Company fails to transfer the shares in accordance with the LTI Program, the LTIP Program provides for a specific remedy which is the right for the Member of Key Personnel to claim a monetary award equal to the value of the share plus additional tax and costs that such Member of Key Personnel would otherwise (if the Company did not commit such breach and had transferred the shares in accordance with the terms and conditions of the LTI Program) not bear.

#### *Executive Directors*

The Executive Directors will be entitled to participate in the LTI Program in their capacity as employees/persons performing personal activity in the Affiliated Companies outside the Netherlands. The Executive Directors therefore do not participate in the LTI Program in their capacity as member of the Board of Directors of the Company.

The General Meeting has approved that Hadley Dean will be entitled to receive up to a maximum of 800,000 shares on each Vesting Date and Jacek Bagiński will be entitled to receive up to a maximum of 450,000 shares on each Vesting Date.

#### *Non-Executive Directors*

The Non-Executive Directors will not be entitled to long-term variable remuneration in the form of shares in the capital of the Company.

### **1.4 Pension and fringe benefits**

#### *Executive Directors*

The Executive Directors will be entitled to customary fringe benefits from the Company or the relevant Affiliated Company, such as expense allowances (including for the use of a private or lease car) and reimbursement of costs. Furthermore, the executive directors and their families are provided with a family medical insurance packages that cover the cost of private medical treatment.

#### *Non-Executive Directors*

The Non-Executive Directors will be entitled to reimbursement of costs.

### **1.5 Severance arrangements**

#### *Executive Directors*

The service agreements of the Executive Directors provide for non-compete obligations during the term of the services agreements, as well as for 9 months following their termination in case of Hadley Dean and 12 months in case of Jacek Baginski. During the non-compete period following the termination, Hadley Dean will be entitled to EUR 39,583 EUR monthly non-competition compensation, excluding social security contributions, which if applicable will be covered by the relevant Affiliated Company and Jacek Baginski will be entitled to EUR 20.883,91 monthly non-competition compensation.

#### *Non-Executive Directors*

The Non-Executive Directors will not be entitled to severance arrangements.

## **1.6 Sign-on, retention and restraint payments**

### *Executive Directors*

Save for a sign-on bonus that was agreed with Hadley Dean as compensation for the delay by an Affiliated Company in signing his services agreement, the Executive Directors are not entitled to any sign-on, retention and restraint payments.

### *Non-Executive Directors*

The Non-Executive Directors will not be entitled to sign-on, retention and restraint payments.

## **2 Adjustments to variable remuneration**

In line with Dutch law, the variable remuneration of the members of the Board of Directors may be reduced or members of the Board of Directors may be obliged to repay (part of) their remuneration if certain circumstances apply, which are summarised below:

- (a) Test of reasonableness - pursuant to Dutch law, any variable remuneration (to the extent subject to reaching certain targets and the occurring of certain events) awarded to a member of the Board of Directors may be adjusted by the Board of Directors to an appropriate level if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness;
- (b) Claw back - in addition, the Board of Directors will have the authority under Dutch law to recover from a member of the Board of Directors any variable remuneration awarded on the basis of incorrect financial or other data, or other circumstances of which the variable remuneration is dependent;