

## ANNEX I

### **2008/2009 REMUNERATION REPORT INCLUDING THE REMUNERATION POLICY OF THE SUPERVISORY BOARD OF EUROCOMMERCIAL PROPERTIES N.V.**

#### **Introduction**

This report has been prepared by the Supervisory Board of Eurocommercial Properties N.V. (the “Company”) and is available on the website of the Company. It addresses the remuneration policy of the Company and the remuneration for the members of the Board of Management and the Supervisory Board for the financial year 2009/2010, which will be proposed to the Annual General Meeting of Shareholders to be held on 3 November 2009 (section A and C) as well as the remuneration specifics for the financial year 2008/2009 (section B). This report will also address the way in which the policy will be pursued for the financial year 2009/2010 and beyond (section C). This report is an update of the 2007/2008 Remuneration Report of the Supervisory Board.

#### **A. Remuneration policy**

##### **Goal**

The purpose of our remuneration policy is to attract, motivate and retain qualified executives and staff who will contribute to the success of the Company. The remuneration policy aims to reward management and key staff for their contribution to the performance of the Company and its group (the “Group”).

##### **Work method**

The Supervisory Board proposes the general remuneration policy and implementation of that policy to the Annual General Meeting of Shareholders based on recommendations of the Board of Management. The Annual General Meeting of Shareholders is therefore invited to approve both the policy and its implementation.

In order to implement the policy the Supervisory Board reviews and discusses the remuneration of the members of the Board of Management at the end of each financial year. The level of remuneration for the members of the Board of Management reflects the differences in responsibilities of the Board members as well as their individual performance. The benchmark for remuneration of the Board of Management is based on an independent survey of the remuneration for Directors of international real estate companies with comparable positions, determined by size and complexity of the organisation and the responsibilities of the board members.

The Supervisory Board is informed by the Board of Management about the level of remuneration for Property Directors. This level is primarily linked to the United Kingdom market, but is also comparable with the international (property) companies in the countries where the Company is active. External independent benchmarking of the remuneration for both the Board of Management and Property Directors has taken place in the autumn of 2000, in the summer of 2004, in the spring of 2005, in the summer of 2007 and in the spring of 2008 and 2009. In the other years only indexation has been applied. The latest report dated May 2009 has been prepared by Michael Lamb Associates of London and the peer group for benchmarking purposes consisted of 20 listed property companies and property organisations. This peer group included British Land, Land Securities, Unibail-Rodamco, Hammerson and Brixton. The analysis performed included both a report on base salaries and bonuses and a report on long term incentives.

### **Remuneration package**

The Company's remuneration package for employees and members of the Board of Management comprises the following elements:

- base salary – total annual gross fixed income including holiday allowance;
- short-term variable annual performance-related gross cash bonuses;
- long-term incentives through a stock option plan;
- pension and other benefits.

### ***Base salary***

The base salary reflects the responsibilities and individual performance, in line with market standards as described above. The total annual gross fixed income is determined each year in June and takes effect as from 1 July each year.

### ***Short-term variable cash bonuses***

Variable cash bonuses may be granted each year in addition to the base salary. Variable cash bonuses for executives and members of the Board of Management are entirely and directly linked to the annual growth in the Company's net asset value and dividend per share. These bonuses are calculated on the basis of the published annual results of the Company for the financial year to which the bonuses relate. The gross variable cash bonus is equal to the sum of growth of the dividend per share and the net asset value per share multiplied by six times the base salary. Negative growth of either the dividend per share or the net asset value per share will not be taken into account when applying the aforesaid formula. There is no minimum variable cash bonus guaranteed for members of the Board of Management and the variable cash bonuses for members of the Board of Management have been capped. Any variable cash bonus awarded on the basis of incorrect financial or other data may be recovered by the Company from members of the Board of Management (claw back clause). During the last five years variable cash bonuses ranged between 10% and 120% of base

salaries. Variable cash bonuses are usually paid in the first quarter in which the annual results of the Company are published.

***Long-term incentive – stock option plan***

Starting in 2000, the Company has operated a long-term incentive for (some) Group employees and members of the Board of Management through its Stock Option Plan. The options under the Stock Option Plan each confer the right to one depositary receipt representing ten ordinary shares of € 0.50 par value in the capital of the Company. Series of options on depositary receipts in the Company were granted in 2000, 2001, 2004 and 2007. The numbers of granted options on depositary receipts were based on the exercise price of the depositary receipts at the date of grant and the total gross remuneration of the respective employee multiplied by four. The maximum number of all options to be granted under the Stock Option Plan to all eligible employees and members of the Board of Management is also limited to 3% of the issued share capital of the Company over three years. The granted options were blocked for a period of three years.

Thereafter, the options could be exercised during a period of seven years. No options were granted in 2002, 2003, 2005, 2006 and 2008 and have not been granted in 2009 to members of the Board of Management and/or any employees. The Stock Option Plan is still in force and includes performance targets for option holders. The options outstanding are conditional upon employment with the Company during the three year blocking period after the date of grant and half of the options are conditional upon the growth of the dividend per share of at least 8% over the three year blocking period and the other half of the options are conditional upon the growth of the net asset value per share of at least 8% over the three year blocking period. In case of a lower growth rate a proportionally lower percentage of the number of options granted may only be exercised with the remaining options lapsing. The exercise price is in principle equal to the market price of depositary receipts in the capital of the Company listed on NYSE Euronext Amsterdam at the date of grant.

In case any new options are granted in the future under the Stock Option Plan, such options will only be granted under conditions similar to these set out in the previous paragraph and under the condition that the number of options could be adjusted at the vesting date, if such number would be unfair due to extraordinary circumstances. Any new options granted in the future under the Stock Option Plan on the basis of incorrect financial or other data may be recovered by the Company from members of the Board of Management (claw back clause).

***Pension and other benefits***

The Company has a competitive package of benefits. Members of the Board of Management and (some) Group employees receive allowances and benefits in accordance with the general Group rules. These benefits include in some cases usage of a company car or a travel allowance, health insurance and travel and accident insurance. Pension plans differ from country to country. All offices of the

Company have their own pension plans or follow the local (state) pension practice. For The Netherlands, the pension scheme is based on a defined contribution plan. For the United Kingdom pensions are mostly based on defined benefits plans. Only one member of the Board of Management has joined a pension scheme. This scheme is a defined contribution scheme with current annual premiums being capped at an amount equal to approximately an indexed 12% of the base salary.

## B. Remuneration in 2008/2009

### Remuneration of the Board of Management

In the reporting year, the Company's remuneration policy resulted in the following variable and non-variable rewards to the Board of Management. The total fees of the Board of Management members amounted to € 975,000; (2007/2008: € 1,275,000, 2006/2007: € 1,863,000; 2005/2006: € 1,650,000, 2004/2005: € 1,383,000, 2003/2004: € 1,209,000; 2002/2003: € 1,005,000; 2001/2002: € 1,225,000; 2000/2001: € 1,290,000) and is specified as follows:

### Specification of the variable and non-variable remuneration of the Board of Management for the financial years 2007/2008, 2006/2007, 2005/2006, 2004/2005, 2003/2004, 2002/2003 and 2001/2002

(Amounts in €'000)	J.P. Lewis	E.J. van Garderen	Total
<b>Base salary</b>			
2008/2009	451	334	785
2007/2008	450	318	768
2006/2007	488	318	806
2005/2006	482	318	800
2004/2005	445	306	751
2003/2004	443	294	737
2002/2003	435	285	720
2001/2002	417	272	689
<b>Variable cash bonuses</b>			
2008/2009	46	34	80
2007/2008	215	164	379
2006/2007	526	356	882
2005/2006	433	250	683
2004/2005	293	201	494
2003/2004	201	140	341
2002/2003	109	73	182
2001/2002	250	169	419
<b>Pension premiums</b>			
2008/2009	0	37	37
2007/2008	0	38	38
2006/2007	0	41	41
2005/2006	7	41	48
2004/2005	7	40	47
2003/2004	7	37	44
2002/2003	6	34	40
2001/2002	7	29	36

<b>Total remuneration</b>			
2008/2009	497	405	902
2007/2008	665	520	1,185
2006/2007	1,014	715	1,729
2005/2006	922	609	1,531
2004/2005	745	547	1,292
2003/2004	651	471	1,122
2002/2003	550	392	942
2001/2002	674	470	1,144
<b>Social security charges</b>			
2008/2009	63	10	73
2007/2008	84	6	90
2006/2007	127	7	134
2005/2006	114	5	119
2004/2005	87	4	91
2003/2004	83	4	87
2002/2003	59	4	63
2001/2002	76	5	81
<b>Total directors fees</b>			
2008/2009	560	415	975
2007/2008	749	526	1,275
2006/2007	1,141	722	1,863
2005/2006	1,036	614	1,650
2004/2005	832	551	1,383
2003/2004	734	475	1,209
2002/2003	609	396	1,005
2001/2002	750	475	1,225

### **Base salary**

The base salaries for J.P. Lewis and E.J. van Garderen for the financial year 2008/2009 were increased by 5% compared to the financial year 2007/2008 as resolved by the annual general meeting of shareholders held on 4 November 2008.

### **Variable cash bonuses**

Variable cash bonuses are awarded over the financial year to which they relate and reflect the growth realised, as describe above. For the financial year 2008/2009 using the above described formula J.P. Lewis and E.J. van Garderen are awarded a gross cash bonus equal to approximately 10% of base salary.

### **Long-term incentive – stock option plan**

The movements in options granted under the existing Stock Option Plan are highlighted in the table below:

	J.P. Lewis	E.J. van Garderen	Total
Number of options at 30/06/08	120,000	120,000	240,000
2008/2009 movements in options			
Exercised	20,000	0	20,000
Granted	0	0	0
Number of options at 30/06/09	100,000	120,000	220,000

The 20,000 options exercised by J.P. Lewis during the year resulted in a gross option gain of € 106,300 (10,000 options sold at € 30.25 and 10,000 options sold at € 30.02, all options with an exercise price of € 24.82).

The outstanding 220,000 options (170,000: 2007 options, exercise price of € 37.28 plus 50,000: 2004 options, exercise price of € 24.82) held by the Board of Management represent 0.61% of the current issued share capital of the Company. The options granted in 2004 are unconditional due to the expiry of the three year blocking period. The options granted in 2007 are conditional as explained on page 2 and 3 of this report, and will become unconditional on 12 November 2010, provided the conditions prevailing are met. No options were granted in 2002, 2003, 2005, 2006, 2008 and have not been granted in 2009.

As at 30 June 2009 other executives and employees of the Group hold 627,462 options (546,000: 2007 options + 81,462: 2004 options) representing 1.75% of the current issued share capital of the Company.

The scenario analyses as referred to in best practice provision II.2.1 of the Code have been carried out.

### ***Pension***

All pension costs as explained above are incurred by the Company. Only E.J. van Garderen is a member of the pension scheme. This is a defined contribution scheme with retirement age of 65 and current annual premiums being capped at an amount equal to approximately an indexed 12% of the base salary.

### ***Other arrangements***

All members of the Board of Management were employed on indefinite contracts, but have accepted the amendments that (i) they are appointed for a maximum period of four years (latest appointment on 4 November 2008) and subsequently may be reappointed for a term of not more than four years at a time and that (ii) the amount of compensation which they may receive on termination of their employment may not exceed one year's base salary. The notice period to be observed by the Company for the termination of employment of J.P. Lewis is 24 months; this notice period is 6 months for E.J. van Garderen. There are no loans granted by the Company to the members of the Board of Management and there are no guarantees issued by the Company for the members of the Board of Management.

### **Shareholdings**

J.P. Lewis and entities associated with him hold 814,321 depository receipts, in total representing 2.27% of the issued share capital of the Company. E.J. van Garderen holds 20,000 depository receipts, in total representing 0.056% of the issued share capital of the Company.

### **Remuneration of the Supervisory Board**

In the reporting year, the total fees of the Supervisory Board amount to € 140,700 (2007/2008: € 118,600, 2006/2007: € 124,600, 2005/2006: € 101,300, 2004/2005: € 97,500, 2003/2004: € 85,000; 2002/2003: € 85,000; 2001/2002: € 68,000) and are specified below.

### **Specification of the remuneration of the Supervisory Board for the financial years 2008/2009, 2007/2008, 2006/2007, 2005/2006, 2004/2005, 2003/2004, 2002/2003 and 2001/2002.**

(Amounts in € '000)	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Previous board members	-	8.6	25	33.8	45	40	40	32
H.W. Bolland	28.0	25.0	25.0	22.5	22.5	20	20	16
P.W. Haasbroek	18.7	-	-	-	-	-	-	-
W.G. van Hassel	38.0	35.0	35.0	30.0	30.0	25	25	20
J.C. Pollock	28.0	25.0	25.0	15.0	-	-	-	-
A.E. Teeuw	28.0	25.0	14.6	-	-	-	-	-
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Total	140.7	118.6	124.6	101.3	97.5	85	85	68

Members of the Supervisory Board do not receive options on (or compensation in) depository receipts in the Company, nor will personal loans or guarantees be granted to them by the Company. As at 30 June 2009 only Mr W.G. van Hassel indirectly held depository receipts in the Company (2,858 depository receipts representing 0.008% of the issued share capital of the Company) and Mr A.E. Teeuw held depository receipts in the Company (7,000 depository receipts representing 0.020% of the issued share capital of the Company).

### **Other employees**

In total, employees excluding the Board of Management, hold 9,875 depository receipts and 263,130 ordinary registered shares in the Company. Three senior executives have notice periods of 24 months.

## **C. Remuneration policy in 2009/2010 and beyond**

### **General**

In 2008/2009, the remuneration policy as spelled out above was pursued. It is the intention that the current policy will be continued in the next financial year and beyond.

It is proposed that for the financial year 2009/2010 base salaries of the members of the Board of Management will not be increased but will remain the same as in the financial year 2008/2009. For the senior executives the result of the benchmark study held in the spring of 2009 will be used as guidance, resulting in no increase in some cases, or increases ranging between 5 to 9% of base salaries in other cases.

It is also proposed that for the financial year 2009/2010 the remuneration for the members of the Supervisory Board will remain unchanged.

## **ANNEX II**

With a view to the rotation scheme of the Board of Supervisory Directors (see scheme below) it is proposed to reappoint a member of the Board. In each of the subsequent years 2010 and 2012 members will be up for re-election. In order to preserve a well balanced and composed Board with preferably more than the minimum of four members as required under the Company's Articles of Association, the policy has and will be to carefully maintain the quality and expertise of the Board by not only re-appointment of existing members but also selecting new potential members for the future.

Therefore, it is proposed at the forthcoming Annual General Meeting of Shareholders to be held on 3 November 2009 to reappoint Mr J.C. Pollock as member of the Supervisory Board, who has been a member since 2005, for a period of four years. The Board has discussed this reappointment internally and has taken account of Mr Pollock's performance and functioning as a Supervisory Director. Mr Pollock (69), of British nationality, is a former partner of Ernst & Young and worked for many years as a certified public accountant in the international practice. Given Mr Pollock's background and experience and having regard to the profile of the Supervisory Board, the Board recommends to vote in favour of the proposed reappointment.

This resignation rota was prepared on 30 September 2009 on the basis of article 6.2 of the Rules of the Supervisory Board of Eurocommercial Properties N.V.

Name	Nationality	Year of Birth	Initial Appointment	Date of re-appointment	Up for Re-election in year	Ultimate date of resignation <sup>1</sup>
H.W. Bolland	British	1946	1998	2008	2012	2016
P.W. Haasbroek	Dutch	1948	2008	-	2012	2020
W.G. van Hassel	Dutch	1946	1997	2006	2010	2016
J.C. Pollock	British	1940	2005	-	2009	2015
A.E. Teeuw	Dutch	1946	2006	-	2010	2018

<sup>1</sup>The earlier of reaching the age limit of 75 years or the twelfth year following the relevant Supervisory Board member's first appointment since 2004, if applicable, unless a further extension is approved.

### **ANNEX III**

#### **Additional information on the proposal to continue the existing designation regarding the power to issue shares and/or options thereon:-**

Since the inception of the Company shareholders have granted each year the power to issue shares and/or options thereon to the meeting of holders of priority shares for a period of three years and for a number of shares being the balance between the authorised share capital and the issued share capital. The same powers have been designated in respect of the sale and transfer of bought back shares and depositary receipts. This has enabled the Company to act swiftly with regards to capital market transactions and these powers have been used in the past to strengthen the shareholders' equity by various share issues in 1996, 1997, 1999, 2000, 2002 and 2005. All Dutch peers of the Company have similar structures often with corporate bodies other than the shareholders' meeting having the ongoing power to issue shares and/or options. It is believed to be important that the Company has a flexible structure to raise capital, but equally it is important that shareholders consider every year whether they wish to continue to grant the designation.

#### **Additional information on the proposal to continue the existing authorisation of the Board of Management regarding the power to buy back shares and/or depositary receipts:-**

Again, since the inception of the Company shareholders have granted each year the authority to buy back shares to the Board of Management within the limits set out by the Netherlands Civil Code. In November and December 2006 the Company, for the first time since its inception, bought back the same number of depositary receipts which it had issued as stock dividend. In November and December 2007 and in May and June 2008 the Company bought back depositary receipts to cover (possible) exercises of options by staff of the Company. In the financial year 2008/2009 no depositary receipts were bought back. Prior to November 2006 the Company had never bought back any shares and/or depositary receipts, but it is believed that this tool should be available to the Company as it is a tool regularly used by listed companies.

Furthermore, all Dutch peers of the Company have corporate structures where this power is permanently in the hands of management in order to offer a very flexible capital structure to real estate companies. The Netherlands Civil Code offers the possibility to buy back up to maximum of 50% of the issued share capital and provides for a maximum term of such delegation of 18 months. The Articles of Association of the Company limit the number of shares/depositary receipts to be bought back to 10% of the issued capital. It is believed to be important that the Company has a flexible structure to in effect reduce capital, but equally it is important that shareholders consider every year whether they wish to continue to grant the designation.