

Brack Capital Properties N.V. (the “Company”)

November 26, 2019

To
Israel Securities Authority
www.magna.isa.gov.il

To
Tel Aviv Stock Exchange Ltd.
www.maya.tase.co.il

Re: **Immediate Report Concerning the Convening of an Annual and Extra-Ordinary General Meeting of the Company’s Shareholders**

Pursuant to the Israeli Companies Law, 5759-1999 (the “**Companies Law**”), the Israeli Securities Law, 5728-1968 (the “**Securities Law**”), the Israeli Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “**Reports Regulations**”), the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting in a Public Company and Addition of an Item to the Agenda), 5760-2000 and the Israeli Companies Regulations (Voting in Writing and Position Statements), 5766-2005 (the “**Voting in Writing Regulations**”) and in accordance with the relevant provisions of the Company’s Articles of Association and Dutch law, the Company hereby gives notice of the convening of an annual and extraordinary general meeting of the Company’s shareholders (the “**GM**”), which will take place on January 2, 2020, in Amsterdam, the Netherlands, at 14:00 CET at the Offices of the Company at Herengracht 456, 1017 CA Amsterdam, the Netherlands (the “**Company's Offices**”).

A. The Matter on the Agenda of the GM

1. **Discussion of the application of the remuneration policy to members of the board of directors during the year 2018.**

A description of the applied remuneration in 2018 can be found in the Dutch Statutory Financial Report (as defined below).

2. **Discussion of the Company's 2018 annual report and financial statements (drafted in accordance with the Israeli Reports Regulation).**

Considering that the Company’s shares are listed on the Tel Aviv Stock Exchange, the Company is required to prepare an annual report and financial statements in accordance with the Reports Regulations (the “**Israeli Financial Report**”) in addition to the reporting requirements under Dutch law due to its corporate seat in the Netherlands. A copy of the Israeli Financial Report for 2018 can be obtained at the offices of the Company in Amsterdam, the Netherlands and is available online through the website of the Company and the TASE and MAGNA websites (ref. no. 2019-01-021453). The Israeli Financial Report will only be discussed. This is not a voting item.

3. **Discussion and approval of the Company's 2018 annual report and financial statements (prepared in accordance with Dutch law)**

It is suggested to approve the Dutch law Company's statutory annual financial report for 2018 as it was prepared in accordance with IFRS (the "**Dutch Statutory Financial Report**"). A copy of the Dutch Statutory Financial Report for 2018 can be obtained at the offices of the Company in Amsterdam, the Netherlands and is available online through the website of the Company. A copy of the **Dutch Statutory Financial Report is attached hereto as Appendix A.**

4. **Re-appointment of the External Auditor (Israel)**

4.1 It is proposed to re-appoint PKF Amit, Halfon as the Company's external accountant, responsible for auditing the Company's annual reports for 2019, prepared in accordance with the Reports Regulations.

5. **Re-appointment of the External Auditor (the Netherlands)**

5.1 It is proposed to re-appoint IUS Statutory Audits Coöperatie U.A. as the Company's external auditor that shall be responsible for auditing the Company's annual reports for 2019, for the purpose of auditing the Company's statutory annual financial report for 2019, in accordance with Dutch law.

6. **Discharge of the Directors for their Management**

6.1 It is proposed that members of the Board be discharged from their responsibility for carrying out their operations during the financial year 2018, in accordance with Dutch law, to the extent that such operations are reflected in the Company's annual financial report for 2018. It is clarified that this resolution proposed to be approved is a customary decision at annual general meetings of shareholders in the Netherlands. As part of the process of approving the financial report, in the Netherlands it is customary to exempt the members of the Board from existing or potential liability towards the Company, to perform their functions, and only to the extent that these functions are reflected, in the Company's annual report or as brought to the attention of the General Meeting, prior to the approval of the Company's financial statements for 2018. The scope of the exemption will be subject to general Dutch law restrictions, such as a duty of care and reasonable principles and fairness, although there is no specific provision in the law in this regard. In addition, the principles of reasonableness and fairness may, in certain circumstances, prevent an exemption to the members of the Board from liability. The said exemption does not obligate any third party and does not condition the provisions of the Israeli Securities Law, which apply to the Company, including the rights vested in its power the Company's shareholders.

7. **Re-appointment of Mr. Nicolaas van Ommen as executive director to the Board**

- 7.1.1 It is proposed to re-appoint Mr. Nicolaas van Ommen as an executive director to the Board, for a one-year term, beginning the date of approval of his appointment by the GM convened hereby.
- 7.1.2 Mr. Nicolaas van Ommen currently serves as an executive director on the Board. In accordance with Section 224B of the Companies Law, Mr. van Ommen provided the Company with a declaration, attached hereto as **Appendix B**. For additional information in accordance with Section 26 of the Reports Regulations please see the chapter “additional information with respect to the Company”, attached to the Company’s annual report for 2018.
- 7.1.3 On May 24, 2018 the Remuneration Committee and the Board, in accordance with Section 1A(2) of the Israeli Companies Regulations (Reliefs in interested parties transactions) 2000 (the “**Reliefs Regulations**”) and Section 9.1.1 to the Old Remuneration Policy (as determined below), approved that Mr. van Ommen annual and participation remuneration shall be in the maximum amounts specified under the second and third addendum of the Israeli Remuneration Regulations, and in accordance with the Company’s equity level as specified under the first addendum to the Israeli Companies Regulations (rules concerning remuneration and expenses of external director) 5760-2000 (the “**Remuneration Regulations**”), subject to his re-appointment to the Board. For additional information, see GM's notice dated July 2, 2018 (reference no.: 2018-01-063220).

It should also be mentioned that the above is also in-line with the Company’s New Remuneration Policy. Mr. Van Ommen’s re-appointment is also recommended in due consideration of his performance over the previous term.

8. **Re-appointment of all Non-External Directors for an Additional Term**

8.1 **Re-appointment of Mr. Patrick Burke to the Board**

- 8.1.1 It is proposed to re-appoint Mr. Patrick Burke as non-external director to the Board, for a one-year term, beginning the date of approval of his re-appointment by the GM hereby convened.
- 8.1.2 Mr. Patrick Burke serves as a non-executive director and the chairman of the Board.
- 8.1.3 In accordance with Section 224B of the Companies Law, Mr. Burke provided the Company with a declaration, attached hereto as **Appendix B**. For additional information in accordance with Section 26 of the Israeli Reports Regulations please see the chapter “additional information with respect to the Company”, attached to the Company’s Israeli Financial Reports for 2018.

- 8.1.4 On May 24, 2018 the Board classified Mr. Burke as a director with financial and accounting expertise, as such term is defined under the Israeli Companies Regulation (terms and conditions for a director with financial and accounting expertise and a director with professional expertise) 2005 (the “**Expertise Regulations**”) in light of his education and business experience.
- 8.1.5 In addition, on May 24, 2018 the Remuneration Committee and the Board, in accordance with Section 1A(2) of the Reliefs Regulations and Section 9.1.1 to the Old Remuneration Policy (as determined below), approved that Mr. Burke annual and participation remuneration shall be in the maximum amounts specified under the second and third addendum of the Remuneration Regulations, and in accordance with the Company’s equity level as specified under the first addendum to the Remuneration Regulations, subject to his re-appointment to the Board. For additional information, see GM's notice dated July 2, 2018 (reference no.: 2018-01-063220).

It should also be mentioned that the above is also in-line with the Company’s New Remuneration Policy. Mr. Burke’s re-appointment is also recommended in due consideration of his performance over the previous term.

8.2 Re-appointment of Mr. Daniel Moser (independent director) to the Board

- 8.2.1 It is proposed to re-appoint Mr. Daniel Moser as an independent director to the Board, for a one-year term, beginning the date of approval of his re-appointment by the GM convened hereby.
- 8.2.2 Mr. Daniel Mosel currently serves as a non-executive director on the Board. In accordance with Section 224B of the Companies Law, Mr. Moser provided the Company with a declaration, attached hereto as **Appendix B**. For additional information in accordance with Section 26 of the Reports Regulations please see the chapter “additional information with respect to the Company”, attached to the Company’s annual report for 2018.
- 8.2.3 on May 24, 2018 the Remuneration Committee and the Board, in accordance with Section 1A(2) of the Reliefs Regulations and Section 9.1.1 to the Old Remuneration Policy (as determined below), approved that Mr. Moser annual and participation remuneration shall be in the maximum amounts specified under the second and third addendum of the Remuneration Regulations, and in accordance with the Company’s equity level as specified under the first addendum to the Remuneration Regulations, subject to his re-appointment to the Board. For additional information, see GM's notice dated July 2, 2018 (reference no.: 2018-01-063220).

It should also be mentioned that the above is also in-line with the Company's New Remuneration Policy. Mr. Mosel's re-appointment is also recommended in due consideration of his performance over the previous term.

8.3 Re-appointment of Mr. Jeroen Dorenbos (independent director) to the Board

8.3.1 It is proposed to re-appoint Mr. Jeroen Dorenbos as an independent director to the Board, for a one-year term, beginning the date of approval of his re-appointment by the GM convened hereby.

8.3.2 Mr. Jeroen Dorenbos currently serves as a non-executive director on the Board. In accordance with Section 224B of the Companies Law, Mr. Dorenbos provided the Company with a declaration, attached hereto as **Appendix B**. For additional information in accordance with Section 26 of the Reports Regulations please see the chapter "additional information with respect to the Company", attached to the Company's annual report for 2018.

8.3.3 On May 24, 2018 the Board classified Mr. Dorenbos as a director with financial and accounting expertise, as such term is defined under the Expertise Regulations, in light of his education and business experience.

8.3.4 In addition, on May 24, 2018 the Remuneration Committee and the Board, in accordance with Section 1A(2) of the Reliefs Regulations and Section 9.1.1 to the Old Remuneration Policy (as determined below), approved that Mr. Dorenbos annual and participation remuneration shall be in the maximum amounts specified under the second and third addendum of the Remuneration Regulations, and in accordance with the Company's equity level as specified under the first addendum to the Remuneration Regulations, subject to his re-appointment to the Board. For additional information, see GM's notice dated July 2, 2018 (reference no.: 2018-01-063220).

8.3.5 It should also be mentioned that the above is also in-line with the Company's New Remuneration Policy. Mr. Dorenbos's re-appointment is also recommended in due consideration of his performance over the previous term.

8.4 Re-appointment of Ms. Noah Shacham (independent director) to the Board

8.4.1 It is proposed to re-appoint Ms. Noah Shacham as an independent director to the Board, for a one-year term, beginning the date of approval of her re-appointment by the GM convened hereby.

8.4.2 Ms. Noah Shacham currently serves as a non-executive director on the Board. In accordance with Section 224B of the Companies Law, Ms. Shacham provided the Company with a declaration, attached hereto as **Appendix B**. For additional information in accordance with Section 26 of the Reports Regulations please see

the chapter “additional information with respect to the Company”, attached to the Company’s annual report for 2018.

- 8.4.3 On May 24, 2018 the Board classified Ms. Shacham as a director with financial and accounting expertise, as such term is defined under the Expertise Regulations, in light of her education and business experience.
- 8.4.4 In addition, on May 24, 2018 the Remuneration Committee and the Board, in accordance with Section 1A(2) of the Reliefs Regulations and Section 9.1.1 to the Old Remuneration Policy (as determined below), approved that Ms. Shacham annual and participation remuneration shall be in the maximum amounts specified under the second and third addendum of the Remuneration Regulations, and in accordance with the Company’s equity level as specified under the first addendum to the Remuneration Regulations, subject to her re-appointment to the Board. For additional information, see GM’s notice dated July 2, 2018 (reference no.: 2018-01-063220).

It should also be mentioned that the above is also in-line with the Company’s New Remuneration Policy. Ms. Shacham’s re-appointment is also recommended in due consideration of her performance over the previous term.

8.5 Re-appointment of Mr. Claus Jorgensen to the Board

- 8.5.1 It is proposed to re-appoint Mr. Claus Jorgensen a director to the Board, for a one-year term, beginning the date of approval of their appointments by the GM convened hereby.
- 8.5.2 Mr. Claus Jorgensen currently serves as a non-executive director on the Board. In accordance with Section 224B of the Companies Law, Mr. Jorgensen provided the Company with a declaration, attached hereto as **Appendix B**. For additional information in accordance with Section 26 of the Reports Regulations please see the chapter “additional information with respect to the Company”, attached to the Company’s annual report for 2018.
- 8.5.3 On May 24, 2018 the Remuneration Committee and the Board, in accordance with Section 1A(2) of the Reliefs Regulations and Section 9.1.1 to the Old Remuneration Policy (as determined below), approved that Mr. Jorgensen annual and participation remuneration shall be in the maximum amounts specified under the second and third addendum of the Remuneration Regulations, and in accordance with the Company’s equity level as specified under the first addendum to the Remuneration Regulations, subject to his re-appointment to the Board. For additional information, see GM’s notice dated July 2, 2018 (reference no.: 2018-01-063220).

It should also be mentioned that the above is also in-line with the Company's New Remuneration Policy.

9. **Approval of the Company's Remuneration Policy**

- 9.1 In accordance with the Companies Law and amendment no. 20 to the Companies Law, on March 27, 2016 the Company approved a remuneration policy for a period of three years (the "**Old Remuneration Policy**").
- 9.2 In light of the Company's experience in implementing the Old Remuneration Policy during the period that has passed since its adoption and in accordance with the provisions of section 267A(d) of the Companies Law, according to which the remuneration policy of the Company must be re-approved every three years, the Remuneration Committee and the Board reviewed the Old Remuneration Policy and found that given the nature of the Company and the changes to its business environment, the Company is in need for more appropriate remuneration policy that would, among other things, fulfill the needs that needs of the Company's, taking into account its new management structure and the changes that occurred in the Company in recent years.
- 9.3 On August 5, 2019 and August 12, 2019, the Remuneration Committee and the Board approved and recommended the GM to approve the new remuneration policy, attached hereto as **Appendix C(1)**¹ (the "**New Remuneration Policy**"), the main terms of which are described in section 9.4 below, and is brought before the GM in accordance with Section 267A of the Companies Law.

The New Remuneration Policy was unanimously approved by all the members of the Board and the Remuneration Committee (respectively). The members of the Board and the Remuneration Committee were presented with Salary Survey examining the remuneration package for similar companies.

Should the New Remuneration Policy be approved by the GM it will be valid for a period of three years period, starting the date of its approval by the GM convened herby.

9.4 **The main terms of the New Remuneration Policy**

- 9.4.1 The remuneration of the officers could consist of several components: Base salary component (Base salary/ management fees); Fringe benefits, bonuses, and social benefits; and – Variable component. In addition, the Officers may be entitled to other benefits (including compensation in connection with termination of service or employment), as provided in this Remuneration Policy.
- 9.4.2 In case where an Officer (including the CEO) provides services to both the Company and its controlling shareholder ("**Parent**"), the Remuneration Committee and the Board of the Company may decide that the compensation

¹ A non-official Hebrew translation follows and attached hereto as Appendix C(2). In any case, the English version is the applicable one.

paid to such Officer shall consist solely of the base salary component and fringe and social benefits, provided that the Remuneration Committee and Board shall be convinced that such Officer is properly incentivized through bonuses and other variable payments by the Parent to which he may be entitled by the Parent.

9.4.3 **Base Salary**

9.4.3.1 The Base Salary will be in absolute numbers and will be determined with respect to the parameters set forth in Section 3.2 to the New Remuneration Policy and in view of the salary survey.

9.4.3.2 to the extent that an Officer (including CEO) is only entitled to fixed compensation from the Company, the Base Salary to be paid to such Officer may exceed the highest amount set out in the table under Section 4.7.2.3 to the New Remuneration Policy (maximum monthly/annual salary) with respect to fixed compensation by no more than 100%.

9.4.4 **Social and fringe benefits and reimbursement**

9.4.4.1 The Officers will receive, at the very least, the conventional social benefits under the law of the country of which the Officer is employed.

9.4.4.2 The compensation package may include additional and conventional fringe benefits which could include, *inter alia*: a vehicle that level is acceptable to the Company, the grossing up of the vehicle's value, a mobile phone, newspapers and other communications devices.

9.4.4.3 Additionally, Officers may be entitled to reimbursement of expenses in connection with their role as Officer of the Company (including, but not limited to, reimbursement of expenses and meals, travel expenses, accommodation and lodging expenses).

9.4.5 **Indemnification and insurance**

9.4.5.1 The Officers will be entitled to the customary insurance arrangement in accordance with the provisions of the law and the Articles of Association.

The maximum coverage amount under the Officers' insurance policy that will be adopted by the company will not exceed USD 20 million per event per year, and the annual premium that will be paid by the Company will not exceed USD 45,000 per year, cumulatively, for all Officers.

Moreover, the Company may purchase, at its discretion, a run off insurance policy for Officers for a period that will not exceed seven years, with the scopes of coverage being those specified above, and with the premium not exceeding 300% of the aforementioned maximum annual premium.

9.4.5.2 The Officers will be entitled to letters of indemnity in the form approved by the General Meeting on July 4, 2012, or another form that will be approved by the General Meeting of the Company, as is customary and in accordance with the provisions of the applicable law and the Articles of Association. The total indemnification of all Officers will not exceed 25% of the Company's equity.

9.4.6 **Bonus and Variable component**

9.4.6.1 Signing Bonus. A compensation package may include a signing bonus, which will be given to the Officer subject to the approval of the Company's competent organ(s). A signing bonus will be deemed a part of the overall compensation package of that Officer and will not be given to an Officer that exceeds the product of the gross monthly base salary in 300%.

9.4.6.2 Annual Bonus. The compensation package may include an annual bonus that is based on the Officer performance and the attainment of his objectives, as well as a discretionary annual bonus.

Discretionary Bonuses for Officers are subject to the Maximum Annual Bonus amount and will not exceed three (3) monthly salaries

9.4.6.3 Return of amounts. The Officer will return to the Company any amounts that were paid to him as a bonus and were based on data that proved to be incorrect and that were restated in the financial statements.

9.4.7 **Termination of service terms**

9.4.7.1 Retirement Bonus. An Officer may be entitled to a retirement bonus in an amount that will not exceed the cost of the fixed component (as defined above) with respect to a period of six (6) months and subject to applicable law.

9.4.7.2 Prior Notice. Within the framework of employment agreements between the Company and its Officers, the parties may terminate their agreement by way of prior and written notice that is provided up to three (3) months in advance for the Officer and up to six (6) months for the Company.

9.4.7.3 Adjustment period. In addition to the prior notice period, the Company may approve an adjustment period of up to (6) six months after the end of the prior notice period.

9.4.8 **Remuneration of Directors**

9.4.8.1 Non-executive directors will receive compensation in accordance with Remuneration Regulations, which will not exceed the maximum compensation set forth in the Remuneration Regulations (including the maximum compensation amount of expert external directors that is set forth in the Compensation Regulations).

9.4.8.2 For the avoidance of doubt, the executive directors shall be entitled to the same remuneration paid to the non-executive directors of the Board, except that the requisite organs of the Company may approve that an executive director shall be entitled to the same remuneration applicable to Officers (who are not the non-executive directors) as described under the New Remuneration Policy.

9.5 **Reasons for approving the New Remuneration Policy**

The Board discussed the New Remuneration Policy, based on the Remuneration Committee recommendation, and is of the opinion that:

9.5.1 The New Remuneration Policy is befitting the nature, scope and uniqueness of the Company's activities, objectives, business plan, the complexity of the Company's business and the changes that have occurred in the Company, and all in accordance with the Company being a global Company, whose main activity is outside of Israel.

9.5.2 The New Remuneration Policy was designed given the Company's experience from implementing the Company's previous Remuneration Policy, and given the Company's knowledge and familiarity with the global business environment the Company operates in, the challenges in recruiting high quality officers and the common employment terms in other companies that have similar scope of activity.

9.5.3 The New Remuneration Policy will enable the company maintain essential human capital while maintaining financial strength and all in order to promote the Company's goals, its business plans and long-term strategy.

9.5.4 The New Remuneration Policy allows for the receipt of certain services from officers of the controlling shareholder of the Company, with the variable compensation being borne by the controlling shareholder of the Company, thus ensuring that officers are properly incentivized while in the same time

potentially reducing the total compensation amounts required to be paid by the Company.

- 9.5.5 In light of the Salary Survey, the New Remuneration Policy creates proper remuneration mechanism that reflects the business structure and nature of business along with the complexity of the Company's activity.
- 9.5.6 The ratio between the terms of office and the employment of Company's officers and the salaries of the other employees of the Company is reasonable and appropriate given the nature of the company and its activities, its size, value, the mix of personnel employed and it is not expected to have a negative impact on the company's labor relations.
- 9.5.7 The New Remuneration Policy adheres to the following principles: (A) promoting the Company goals, objectives and policies in long-term vision; (B) encouraging consideration of the risks associated with the Company's operations; (C) adjusting the remuneration package to the size of the Company and the nature of its operations; and (d) creating suitable incentives for company executives while taking into account the fact that office holders who are also employed by the controlling shareholder of the Company will receive variable compensation from the Controlling shareholder which is based *inter alia* on their contribution and efforts to the business development of the Company and promoting its short and long term goals.
- 9.5.8 The New Remuneration Policy is for the benefit of the Company in accordance with the provisions of the Companies Law and is fair and reasonable.

10. **Approval of the agreement between the Company and Consortium Finance Limited (“Consortium”) with respect to CEO services (the “Consultancy Agreement”)**

- 10.1 Mr. Tomas de Vargas Machuca serves as the CEO of the Company since July 6, 2018; In addition, Mr. de Vargas Machuca serves as the Co-CEO of ADLER Real Estate AG (“ADLER”).²
- 10.2 Mr. Tomas de Vargas Machuca has a rich experience and deep familiarity with the German real-estate market and reputation in the management of German real estate companies. In addition, The Board determined that Mr. de Vargas Machuca possesses proper skills and qualifications to successfully lead the Company and develop its operations, *inter alia*, by identifying new business opportunities for the Company and implementing the strategic decisions of the Board of Directors of the Company.

² ADLER holds 69.81% of the voting and holding rights of the Company. For additional information with respect to the controlling shareholders of ADLER, please see the Company's immediate report dated October 10, 2019 (reference no.: 2019-01-102739), that is included herein by reference.

- 10.3 On September 11, 2019 and September 16, 2019 the Remuneration Committee and Audit Committee³ approved and recommended to the Board to approve the Consultancy Agreement, as described in section 10.5 below. All of the members of the Remuneration Committee and Audit Committee participated in the meetings.
- 10.4 The Board approved and recommended to the shareholders of the meeting to approve the Consultancy Agreement on September 20, 2019, with the participation of all of their members, including Mr. Meir Jacobson and Mr. Friedrich Munsberg, the external directors of the Company. Mr. Claus Jorgensen who serves as a director on ADLER's board of directors and Mr. Patrick Burke who serves as Company Secretary of Consortium were excluded from the meeting, this for the sake of caution and in light of their potential conflict of interest in connection with the Consultancy Agreement.
- 10.5 Therefore, it is suggested to approve the Consultancy Agreement, that governs Mr. de Vargas's terms of service as the CEO of the Company, the main terms of which are as follows:
- 10.5.1 Term: the Consultancy Agreement shall take effect retroactively from the date on which the tenure of the CEO was approved by the Board (July 6, 2018) (the "**Commencement Date**") and shall remain in full force and effect for a period of three years from the Commencement Date, or until otherwise terminated in accordance with the provisions of the Consultancy Agreement.
- 10.5.2 Services: Consortium has and will make available to the Company Mr. Tomas de Vargas Machuca, who was appointed as Chief Executive Officer of the Company, and who will be responsible for conducting the services set out in the Consultancy Agreement, including managing the day to day business of the Company, developing and executing high quality business strategies, achieving the Company's goals, oversee all operations and business activities of the Company and more (the "**Services**").
- 10.5.3 CEO's time commitment: 40% of the CEO's working power will be dedicated to the Company with the remainder of his working power being attributed to services to ADLER and its affiliate companies excluding the Company.
- 10.5.4 Compensation: monthly payment of EURO 23,333 per month (excluding VAT) (the "**Fee**"). Consortium shall not be entitled to a variable compensation. Consortium shall not be entitled to the Fee for the time period during which no Services can be provided due to vacation, illness or other incapability of the CEO for other reasons.

³ The Consultancy Agreement was also approved by the Audit Committee due to potential personal interest that ADLER, as the Parent Company of the Company and to the fact that Mr. Tomas de Vargas Machuca serves as Co-CEO of ADLER, may have in such agreement.

- 10.5.5 Expenses: The Company will reimburse Consortium for reasonable costs incurred by Consortium in connection with the Services.
- 10.5.6 Termination: the Consultancy Agreement can be terminated by either Party, for any reason, without cause with due observance of a notice period of 3 (three) months.
- 10.5.7 Non-compete: during the term of the Consultancy Agreement and for a period of six (6) months following its termination, Consortium shall not be permitted to be involved in competitive activities, solicit clients or induce employees in any country in which the Company is active during the course of the Consultancy Agreement and on the date of termination thereof, without prior written approval of the Company.
- 10.5.8 Insurance and Indemnification: as customary with respect to other office holders in the Company.
- 10.6 Reasoning for approval the Consultancy Agreement
- 10.6.1 The Remuneration Committee, the Audit Committee and the Board reviewed Mr. de Vargas Machuca's performances since he was appointed as the CEO of the Company, and noted his significant contribution to the Company, *inter alia*, given the challenges resulting from the multiple changes in the management and control over the Company that occurred in relatively short time.
- 10.6.2 Mr. de Vargas Machuca skills and dedication have helped him to lead the process of refocusing the Company's business and improving its cash position.
- 10.6.3 The Remuneration Committee, the Audit Committee and the Board acknowledge Mr. de Vargas Machuca's commitment to the Company and the initiatives undertaken by him to adopt the Company's strategy to the changing and challenging market conditions.
- 10.6.4 As part of the Company's strategy and in order to retain its officers and incentivize them for future achievements, the Board believes that the Consultancy Agreement reflects appropriate remuneration for the CEO.
- 10.6.5 The Remuneration Committee, the Audit Committee and the Board believe that it is of great importance to retain Mr. de Vargas Machuca's as CEO of the Company and as an integral part of its management, as well as to provide proper incentive to the CEO, to continue the promotion and development of the Company's business and to deliver the best results to its shareholders and in the view of the challenges the Company is facing.
- 10.6.6 Mr. de Vargas Machuca remuneration was determined in a negotiation with Consortium and based on a salary survey that was conducted by the Company

for the purpose of approval of the remuneration policy. The suggested remuneration is in line with the New Remuneration Policy (subject to its approval by the General Meeting as described in section 9 above) and is **lower than customary** on the market for a company in the size of BCP (in accordance with the Salary Survey recently conducted by the Company).

10.6.7 The Remuneration Committee, the Audit Committee and the Board are of the opinion that the payment of Mr. de Vargas Machuca variable component by ADLER will save money for the Company while maintaining a proper incentive for the CEO, given BCP is a material asset for ADLER.

10.7 Additional information in accordance with the Securities Regulations (a transaction between the Company and its controlling shareholder), 2001 (the "**Transactions with the Controlling Shareholder Regulations**"):

10.7.1 Similar agreements – For similar agreements in which ADLER, as the controlling shareholder of the Company may has personal interest in, please see section 11 below.

10.7.2 Cost of Services for the Company prior to the ASA – since its appointment on 6 July, 2018, Mr. de Vargas Machuca was not paid for his services. For additional information with respect to the cumulative remuneration of the former Co-CEO's of the Company for FY 2017 (which reflect significant premium assuming Mr. de Vargas assuming scope of work of 100% (calculated on an annual basis), please see the Company's annual report for 2017 (ref. no. 2018-01-025570), included herein by reference.

10.7.3 Additional payments to ADLER by the Company – for additional information please see section 11 below.

10.8 Additional information as required under the six addendum of the Reports Regulations (thousand EUROS – assuming 12 months of employment)

Details on the compensation receiver				Compensation* for services							Other compensation*	Total
Name	Title	Scope of work	Holding rate in the Company	Salary	Grant	Stock based payment	Consultancy fees	Management fees	commission	other	Interest/rent/other	
Tomas de Vargas Machuca	CEO	40%	--	--	--	--	280	--	--	--	--	280

*the amounts specified below are in terms of cost.

11. **Approval of an Administrative Services Agreement (the "ASA") between RT Facility Management GmbH & Co. KG ("RTFM") and ADLER Real Estate Service GmbH ("ARES")**

- 11.1 RTFM is an (indirect) fully owned subsidiary and service company of BCP that provides intra-group services including property, facility management and accounting services to BCP and its affiliates.
- 11.2 ARES is a subsidiary of ADLER (the controlling shareholder of the Company) which is one of the leading real estate companies in Germany. Over the years, ADLER has established an expert managerial team that is employed by ARES. Currently, ARES provides services to all members of ADLER group, employs capable and qualified personnel and serve as a “one-stop-shop” service provider for ADLER group.⁴
- 11.3 In light of material changes of personnel in the BCP management that took place following the takeover by ADEL, and additional changes that are due to take place in the recent future and a simultaneous increase in the service needs of RTFM’s customers, it is suggested to approve that RTFM shall engage in an ASA with ARES according to which, **at RTFM's request**, ARES will provide certain administrative support services to RTFM’s employees, which will be able to assist with these services to BCP and other BCP group entities, as set out below:

11.3.1 Services

The support services that will be provided to RTFM by ARES, shall include the following (the "**Services**"):

- 11.3.1.1 Legal services, including assisting on purchase and sale negotiations, claim management, enforcement of legal claims and general corporate housekeeping ("**Legal Services**"),
- 11.3.1.2 Accounting services, including accompanying and supervising the preparation of the annual financial statements, accounts management and coordination and preparation of inter-company loans as well as procuring waiver letters ("**Accounting Services**"),
- 11.3.1.3 Investor relation services, including preparation of investor materials, correspondence with shareholders and organization of road shows ("**IR Services**"), and
- 11.3.1.4 Financing services, supporting with the preparation of an information overview on financing projects, support in drafting the loan agreement to negotiate optimal conditions and preparation of

⁴ ADLER holds 69.81% of the voting and holding rights of the Company. For additional information with respect to the controlling shareholders of ADLER, please see the Company's immediate report dated October 10, 2019 (reference no.: 2019-01-102739), that included herein by reference.

bank reports and monitoring of credit agreements and ensuring compliance with certain reporting obligations and deadlines ("**Financing Services**")

11.3.2 Consideration

11.3.2.1 The consideration for the Services is estimated on the basis of ARES's own direct and indirect costs incurred in connection with the performance of the Services, to be recorded in accordance with a generally accepted accounting standard which is to be agreed with BCP.

11.3.2.2 For the initial three months of the term of the ASA, BCP and ADLER have agreed on a fixed monthly consideration for each Services (see below under section 11.3.2.3) on the basis of this estimation, each party has the right, once every three months, to request an adjustment of the monthly consideration which may not, however, exceed a cap agreed between the parties of the ASA, as described below. Any adjustment to the consideration shall be informed in advance to the audit committee of BCP.

11.3.2.3 The total annual compensation to be paid to ARES is expected to be non-material (between EUR 372,000 – 486,000 p.a.), as follows:

Service	EUR per each initial three month	Max. EUR per month
LEGAL	10,000	13,000
ACCOUNTING	12,000	15,500
INVESTOR RELATIONS	6,000	8,000
FINANCING	3,000	4,000
TOTAL	31,000	40,500

11.3.3 Term and termination

11.3.3.1 The ASA shall be effective from the date of its approval by this shareholder meeting and for a period of three (3) years from such date.

11.3.3.2 Either Party may terminate the ASA with one month prior written notice with effect from the end of a month.

- 11.4 On November 12, 2019 the Audit Committee, with the participation of all of its members, including Mr. Meir Jacobson and Mr. Friedrich Munsberg, the external directors of the Company, approved and recommended unanimously to the Board to approve the ASA, as it found it for the benefit of the Company, *inter-alia*, based on the reasoning described in section 11.6 below. In such, and based on the reasoning described in section 11.6 below and the nature of the Company, its organizational structure and the suggested ASA, the Audit Committee has determined that the approval of the ASA shall not be subject to a competitive procedure but it shall be compared to third part offers and/or to the costs of interviewing, hiring and employing full or part time employee ("**FTE**").
- 11.5 On November 12, 2019 the Board of the Company, with the participation of all of its members, including Mr. Meir Jacobson and Mr. Friedrich Munsberg (the external directors) but excluding Mr. Claus Jorgensen, who serves as a director in ADLER approved and recommended unanimously to the shareholders meeting of the Company to approve the ASA, as it found it for the benefit of the Company, *inter-alia*, based on the reasoning described in section 11.6 below.
- 11.6 Reasoning for approval of the ASA:
- 11.6.1 The necessity of Services. The changes of personnel since ADLER took control over the Company on April 2018 resulted in managerial functions in the Company remaining not fully attended. The ASA shall enable the Company the additional support system required to the Company in light of the above.
- 11.6.2 One Stop Shop. ARES, which currently provides services to all members of ADLER's group, is an experienced service provider, which employs capable and qualified personnel and could serve as a "one-stop-shop" service provider for BCP, without the Company being required to employ and train new personnel.
- 11.6.3 Familiarity with the Company's needs. The Board is of the opinion that receiving the Services from ARES will ensure that the services shall be provided by experienced personal and with a **holistic view of the needs of BCP**; that may not be the case should BCP be required to rely on third party service providers or employees newly introduced to BCP.
- 11.6.4 The ASA represents an attractive offer for BCP. The Audit Committee and the Board is of the opinion that the compensation expected to be paid to ARES represents an attractive offer for BCP both from qualitative and a quantitative point of view, *inter alia*, due to the following:
- (1) it represents considerably lower offer, with respect to some of the Services, comparing to third party services or FTE;
 - (2) the ASA will allow the Company to receive required managerial services on

a cost basis, while maintaining the **decrease in the general and administrative expenses of the Company** in comparison to the Company's expenses prior to ADLER taking control over the Company

- (3) engaging with ARES prevents a situation in which an employee of the Company might further not be utilized to full capacity at its position in the Company and thus not work cost effective;
- (4) engaging with ARES will save the Company time and costs that would take to interview, hire, and hand over responsibilities to any potential new member of staff; and –
- (5) for a Company in the size and nature of BCP it may be challenging to recruit qualified and experienced personnel with multiple years of experience who provides the full scope of needed services in each of the Services mention in section 11.3.1.

11.7 Additional information in accordance with the Transactions with the Controlling Shareholder Regulations:

11.7.1 Similar agreements – For similar agreements in which ADLER, as the controlling shareholder of the Company may has personal interest in, please see section 10 above.

11.7.2 Cost of Services for the Company prior to the ASA – the Services shall be provided to RTFM upon demand and as support. RTFM was not provided with such Services prior to the engagement with ASA in this structure and therefore cannot estimate their cost; for the estimation of the Company with respect to the ASA's cost please see section 11.3.2.3 above.

12. **Discussion of the dividend policy**

For additional details with respect to the dividend policy of the Company see Section 4.1.6 of part 1 of the Israeli Financial Report.

B. **Convening an Annual and Extra Ordinary Meeting**

1. Date of the GM: The GM of the Company will convene on January 2, 2020, at 14:00, in Amsterdam, the Netherlands, at the Company's Offices.
2. The Record Date, Eligibility to Participate in the GM and Method of Voting

The record date for the determination of eligibility of a shareholder to participate in and vote at the GM, as set forth in Section 182 of the Companies Law and in Section 3 of the Written Votes Regulations and the relevant provisions of Dutch law, is December 5, 2019, at the end of the trading day on the Tel Aviv Stock Exchange Ltd. (the “**Record Date**”). Anyone who is a shareholder of the Company on the Record Date, whether the shares are registered in his name

or he holds them via a TASE member, is eligible to participate in and vote at the GM in person or by proxy.

Pursuant to the Companies Regulations (Proof of Share Ownership for Voting at a General Meeting), 5760-2000 (the “**Proof of Share Ownership Regulations**”), a shareholder of the Company, in whose favor a share of the Company is registered with a TASE member with the share being included in the Company’s shares that are registered in the Company’s register of shareholders in the name of the nominee company (“**Unregistered Shareholder**”), may participate in the GM, in person or via a proxy, provided that he provides the Company, prior to the date of the GM, with confirmation from the TASE member with whom his right to a share is registered, regarding his ownership of the share on the Record Date, in accordance with the form that is included in the addendum to the aforementioned regulations (the “**Ownership Confirmation**”). An Unregistered Shareholder is eligible to receive the Ownership Confirmation from the TASE member via whom he holds his shares at a branch of the TASE member or by mail to his address, in exchange for a delivery fee only, if requested. Such a request must be given in advance for a specific securities account.

Pursuant to the provisions of Regulation 4A of the Proof of Share Ownership Regulations, an electronic message is permitted under Section 44(K)5 of the Securities Law, which refers to the particulars of the users in the electronic voting system – the law is the same as the law for confirmation of ownership with respect to any shareholder included therein.

3. Quorum for the Meeting

The Meeting will be held with any number of participants.

4. The Majority Required to Approve the Items on the Agenda

4.1 The majority required to pass the resolutions set forth in Sections 3-8 above is a majority of votes of the shareholders present at the GM, who are eligible to vote and have voted, by themselves or by their proxy, without taking abstentions into account.

4.2 The majority required to pass the resolutions set forth in Sections 91011 above in accordance with Sections 267A(B), 272(C1) and 275 of the Companies Law, (respectively) is a simple majority of all the votes of the shareholders present at the meeting who are eligible to vote and have voted, provided that one of the following is met: (1) The count of the majority votes at the GM will include a majority of all the votes of shareholders who are neither controlling shareholders of the Company nor have a personal interest in the approval of the New Remuneration Policy, Consultancy Agreement or the ASA, that participate in the vote; in the count of all the votes of such shareholders, abstentions will not be taken into account; or (2) the total number of opposing votes of the shareholders stated in subs. (1) above does not exceed two per cent of all the voting rights in the Company.

5. Voting at the Meeting

A shareholder of the Company, on the Record Date, will be eligible to participate in the GM and vote at it in person, using a ballot card, via the electronic voting system, or by a proxy. The document appointing a voting proxy (the “**Letter of Appointment**”) will be prepared in writing and will be signed by the appointer, and if the appointer is a corporation, the Letter of Appointment will be prepared in writing and signed in a way that binds the corporation; the Board may demand that written confirmation be delivered to the offices of Herzog Fox & Neeman Law Office, Asia House, 4 Weizmann Street, Tel Aviv, Israel, prior to the commencement of the GM, to the satisfaction of the Board, regarding the authority of the signatories to bind the corporation. The Letter of Appointment or an office copy of it, to the satisfaction of the Board, as well as the power of attorney by virtue of which the Letter of Appointment was signed (if any), will be deposited at the registered office of the Company or any other place or places in Israel or abroad – as will be determined by the Board from time to time, in general or with respect to a special case at least forty-eight (48) hours prior to the commencement of the GM or the adjourned meeting, as applicable, at which the proxy intends to vote on the basis of that Letter of Appointment. Notwithstanding the aforesaid, the chairman of the GM may, at his discretion, accept a Letter of Appointment even after this date, if he sees fit to do so, at his discretion. If such Letter of Appointment as set forth above is not received, it will not be valid for that Meeting.

6. Voting Using a Ballot Card

A shareholder may vote at the GM via a ballot card. A written vote may be submitted using the second part of the ballot card, which is attached to this report as **Appendix D**.

The ballot card and position statements per their meaning in Section 88 of the Companies Law, should they be issued, can be viewed on the distribution site of the Securities Authority at: <http://www.magna.isa.gov.il> (the “**Distribution Site**”), on the website of the Tel Aviv Stock Exchange Ltd. at <http://maya.tase.co.il> (the “**TASE Site**”). Any shareholder may contact the Company directly and receive the text of the ballot card and position statements from it (should they be issued).

The TASE member will send, for no consideration, a link to the text of the ballot card and position statements (should they be issued) by e-mail, on the Distribution Site, to any shareholder of the Company that is not registered in the Company’s register of shareholders and whose shares are registered with that TASE member, unless the shareholder has given notice that he does not wish it to do so, and provided that the notice was given in respect of a specific securities account and on a date that is prior to the Record Date.

An Unregistered Shareholder who wishes to vote using a ballot card should state his vote on the second part of the ballot card, and deliver it to the Company or send it to the Company via registered mail together with Ownership Confirmation, such that the ballot card will arrive at the Company’s registered office no later than four (4) hours before the time of convening of the GM.

A shareholder who is registered in the Company's register of shareholders and who wishes to vote using a ballot card, should state his vote on the second part of the ballot card and deliver it to the Company or send it to the Company via registered mail together with a photocopy of his identity card or a photocopy of his passport or a photocopy of the certificate of incorporation, such that the ballot card will arrive at the Company's registered office by six (6) hours before the time of convening of the GM.

The deadline for the submission of position statements to the Company⁵ by the Company's shareholders is ten (10) days before the date of the GM, that is, by December 23, 2019.

7. Voting via the Electronic Voting System

An Unregistered Shareholder may also vote on all the items on the agenda above using a ballot card that is submitted to the Company via the electronic voting system, as defined in the Voting Regulations (the "**Electronic Voting System**"). Voting using an electronic ballot card will be enabled from the date of receipt of confirmation from the Electronic Voting System of the proper receipt of the list of those eligible to vote using the Electronic Voting System, and up to six (6) hours before the time set for the GM (the "**System Closing Time**"), when the Electronic Voting System will be closed.

A vote cast via the Electronic Voting System can be changed or cancelled until the System Closing Time, and may not be changed via the Electronic Voting System after that time. It is noted that pursuant to Section 83(d) of the Companies Law, if a shareholder has voted using more than one method, the later vote will be counted, and for these purposes, a vote by the shareholder in person or via a proxy will be deemed a later vote than a vote cast through the Electronic Voting System.

An Unregistered Shareholder may send Ownership Confirmation to the Company via the Electronic Voting System until the System Closing Time as set forth above. An electronic message is approved pursuant to Section 44K5 of the Securities Law, which refers to the particulars of the users in the Electronic Voting System – the law is the same as the law for confirmation of ownership of a share with respect to any shareholder included therein.

8. Details of the Company Representative for Matters Pertaining to the Immediate Report

The Company's representative for matters pertaining to this immediate report is Adv. Nir Dash and Adv. Keren Nightingale of Herzog Fox & Neeman Law Office, Asia House, 4 Weizmann Street, Tel Aviv. Tel: 03-6922020; Fax: 03-6966464.

9. Place and Times at which the Report May Be Viewed

This immediate report and the documents mentioned herein may be viewed at the office of Herzog Fox & Neeman Law Office, at Asia House, 4 Weizmann Street, Tel Aviv, by appointment at 03-6922020, Sundays through Thursdays, during ordinary business hours, until

⁵ The offices of Herzog Fox & Neeman Law Office.

the time of the GM. This report, the ballot card and the position statements, as defined in Section 88 of the Companies Law, should they be issued, can also be viewed on the distribution sites.

Yours sincerely,
Brack Capital Properties N.V.

By Nicolaas van Ommen, executive director on behalf of the Board of Directors of the Company and Guy Priel, Authorized Signatory of the Company

Appendix A – Copy of the Dutch Statutory Financial Report

Appendix B – Declarations of the Candidates to serve as Directors of the Company

Appendix C(1) – The New Remuneration Policy

Appendix C(2) – Unofficial Hebrew translation of The New Remuneration Policy

Appendix D – Ballot Card according to the Voting in Writing Regulations