

Paramount Group, Inc.
Form DEF 14A
April 05, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

PARAMOUNT GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Table of Contents

(4) Date Filed:

Table of Contents

Table of Contents

PARAMOUNT GROUP, INC.

1633 Broadway,

Suite 1801

New York, New York 10019

Notice of 2018 Annual Meeting of Stockholders

Date: Thursday, May 17, 2018

Time: 12:00 p.m., Eastern Time

Place: New York Hilton Midtown, 1335 Avenue of the Americas, New York, New York

Record Date: You may vote if you were a stockholder of record as of the close of business on March 19, 2018.

Items of Business:

1. To elect the nine director nominees named in the proxy statement, each to serve on our Board for a one-year term and until their respective successors are duly elected and qualified.
2. To hold an advisory vote on named executive officer compensation.
3. To ratify the Audit Committee's appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.
4. To consider and act upon any other matters that are properly brought before the annual meeting and at any adjournments or postponements thereof.

Proxy Voting:

If you do not plan to attend the meeting and vote your shares of common stock in person, we urge you to vote your shares as instructed in the proxy statement. If you received a copy of the proxy card by mail, you may sign, date and mail the proxy card in the postage-paid envelope provided.

If your shares of common stock are held by a broker, bank or other nominee, please follow the instructions you receive from your broker, bank or other nominee to have your shares of common stock voted.

Any proxy may be revoked at any time prior to its exercise at the annual meeting.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be Held on May 17, 2018. The proxy statement and our 2017 Annual Report to stockholders are available at

<http://www.proxyvote.com>.

By Order of our Board of Directors,

Gage Johnson

Senior Vice President, General Counsel and Secretary

April 5, 2018

Table of Contents

TABLE OF CONTENTS

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING</u>	2
<u>Who is entitled to vote at the annual meeting?</u>	2
<u>What is the purpose of the annual meeting?</u>	2
<u>What constitutes a quorum?</u>	2
<u>What vote is required to approve each proposal?</u>	2
<u>Can I change my vote after I submit my proxy card?</u>	3
<u>How do I vote?</u>	3
<u>How is my vote counted?</u>	4
<u>How does the Board recommend that I vote on each of the proposals?</u>	4
<u>What other information should I review before voting?</u>	4
<u>Who is soliciting my proxy?</u>	4
<u>Why didn't I automatically receive a paper copy of the proxy statement, proxy card and annual report?</u>	4
<u>How can I change how I receive proxy materials in the future?</u>	5
<u>CORPORATE GOVERNANCE MATTERS</u>	6
<u>Corporate Governance Highlights</u>	6
<u>Corporate Governance Guidelines</u>	7
<u>Board Leadership</u>	7
<u>Code of Business Conduct and Ethics</u>	11
<u>Communications with the Board</u>	11
<u>Audit Committee Complaint Procedures</u>	11
<u>Director Attendance at Annual Meetings</u>	12
<u>Identification of Director Candidates</u>	12
<u>Executive Sessions of Non-Management Directors</u>	13
<u>Annual Elections: Majority Voting</u>	13
<u>Anti-Hedging and Anti-Pledging Policy</u>	14
<u>Minimum Share Ownership Guidelines for Executive Officers and Directors</u>	14
<u>Risk Oversight</u>	14
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	16
<u>Information Regarding the Director Nominees</u>	17
<u>Biographical Information Regarding Executive Officers Who Are Not Directors</u>	20
<u>PROPOSAL 2: ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u>	22
<u>PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	23
<u>Fee Disclosure</u>	23
<u>Pre-Approval Policies and Procedures of our Audit Committee</u>	24

<u>AUDIT COMMITTEE REPORT</u>	25
<u>EXECUTIVE COMPENSATION</u>	26
<u>Compensation Discussion and Analysis</u>	26
<u>Compensation Committee Report</u>	51
<u>Summary Compensation Table</u>	52
<u>2017 Grants of Plan-Based Awards</u>	54

Table of Contents

TABLE OF CONTENTS

	Page
<u>Outstanding Equity Awards at Fiscal Year-End 2017</u>	57
<u>2017 Option Exercises and Stock Vested</u>	59
<u>Nonqualified Deferred Compensation</u>	59
<u>Potential Payments Upon Termination or Change in Control</u>	60
<u>Pay Ratio Disclosure Rule</u>	64
<u>Compensation Committee Interlocks and Insider Participation</u>	64
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	65
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	69
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	70
<u>Management Agreements</u>	70
<u>Note Payable</u>	70
<u>1633 Broadway Lease</u>	70
<u>Mannheim Trust</u>	70
<u>Hamburg Trust HTC Consulting GmbH</u>	70
<u>Review and Approval of Future Transactions with Related Persons</u>	71
<u>OTHER MATTERS</u>	72
<u>Solicitation of Proxies</u>	72
<u>Stockholder Proposals</u>	72
<u>Attendance at the Meeting</u>	72
<u>Householding of Proxy Materials</u>	73
<u>Other Matters</u>	73

Table of Contents

PROXY STATEMENT

PARAMOUNT GROUP, INC.

1633 Broadway, Suite 1801, New York, New York 10019

PROXY STATEMENT

These proxy materials are being made available in connection with the solicitation of proxies by the Board of Directors (the Board) of Paramount Group, Inc., a Maryland corporation, for use at our 2018 annual meeting of stockholders to be held on Thursday, May 17, 2018, at 12:00 p.m., local time, at the New York Hilton Midtown, 1335 Avenue of the Americas, New York, New York or at any postponement or adjournment of the annual meeting. References in this proxy statement to we, us, our, ours and the Company refer to Paramount Group, Inc., unless context otherwise requires. This proxy statement and a form of proxy have been made available to our stockholders on the internet and the Notice of Internet Availability of Proxy Materials has been mailed to stockholders on or about April 5, 2018.

PARAMOUNT GROUP, INC. | *2018 Proxy Statement* 1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Who is entitled to vote at the annual meeting?

Holders of record of our common stock, \$0.01 par value per share, at the close of business on March 19, 2018, the record date for the annual meeting, are entitled to receive notice of the annual meeting and to vote at the annual meeting. If you are a holder of record of our common stock as of the record date, you may vote the shares that you held on the record date even if you sell such shares after the record date. Each outstanding share as of the record date entitles its holder to cast one vote for each matter to be voted upon and, with respect to the election of directors, one vote for each director to be elected. Stockholders do not have the right to cumulate voting for the election of directors.

What is the purpose of the annual meeting?

At the annual meeting, you will be asked to vote on the following proposals:

Proposal 1: the election of the nine director nominees named in this proxy statement to serve on our Board until our next annual meeting of stockholders and until their successors are duly elected and qualified;

Proposal 2: the approval, on a non-binding advisory basis, of the compensation paid to our named executive officers, as described in this proxy statement;

Proposal 3: the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

You also may be asked to consider and act upon any other matters that may properly be brought before the annual meeting and at any adjournments or postponements thereof.

What constitutes a quorum?

The presence, in person or by proxy, of holders of a majority of the total number of outstanding shares of common stock entitled to vote at the annual meeting is necessary to constitute a quorum for the transaction of any business at the annual meeting. As of March 19, 2018, there were 240,506,259 shares of common stock outstanding and entitled to vote at the annual meeting.

Each share of common stock outstanding on the record date is entitled to one vote on each matter properly submitted at the annual meeting and, with respect to the election of directors, one vote for each director to be elected. Abstentions and broker non-votes (*i.e.*, shares represented at the meeting held by brokers, as to which instructions have not been received from the beneficial owners or persons entitled to vote such shares and with respect to which, on a particular matter, the broker does not have discretionary voting power to vote such shares) will be counted for purposes of determining whether a quorum is present for the transaction of business at the annual meeting.

What vote is required to approve each proposal?

In respect of Proposal 1, a nominee is elected if he or she receives more votes for his or her election than votes against his or her election. Under our Corporate Governance Guidelines, any incumbent director who fails to be elected by a majority vote in an uncontested election is required to tender his or her resignation to the Board, subject to acceptance. Our Nominating and Corporate Governance Committee is required to make a recommendation to the Board with respect to the resignation. The Board is required to take action with respect to this recommendation and to disclose its decision and, if applicable, the Board's reasons for rejecting the tendered resignation. The policy is described more fully below under the caption Corporate Governance Matters Annual Elections; Majority Voting. Abstentions and broker non-votes with respect to Proposal 1 will have no effect on the election of directors.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

A majority of all of the votes cast with respect to the proposal is required for approval of each of Proposals 2 and 3. In respect of Proposals 2 and 3, abstentions and broker non-votes will have no effect on the votes for these proposals. The vote for Proposal 2 is advisory and not binding on the Board or the Company in any way.

Can I change my vote after I submit my proxy card?

If you cast a vote by proxy, you may revoke it at any time before it is voted by:

filing a written notice revoking the proxy with our Secretary at our address;

properly submitting to us a proxy with a later date; or

appearing in person and voting by ballot at the annual meeting.

If you attend the annual meeting, you may vote in person whether or not you previously have given a proxy, but your presence (without further action) at the annual meeting will not constitute revocation of a previously given proxy. Unless you have received a legal proxy to vote the shares, if you hold your shares through a bank, broker or other nominee, that is, in street name, only that bank, broker or other nominee can revoke your proxy on your behalf.

You may revoke a proxy for shares held by a bank, broker or other nominee by submitting new voting instructions to the bank, broker or other nominee or, if you have obtained a legal proxy from the bank, broker or other nominee giving you the right to vote the shares at the annual meeting, by attending the annual meeting and voting in person.

How do I vote?

Voting in Person at the Annual Meeting. If you hold your shares in your own name as a holder of record with our transfer agent, Computershare Trust Company, N.A., and attend the annual meeting, you may vote in person at the annual meeting. If your shares are held by a bank, broker or other nominee, that is, in street name, and you wish to vote in person at the annual meeting, you will need to obtain a legal proxy from the bank, broker or other nominee that holds your shares of record.

Voting by Proxy. If your shares are registered directly in your name with our transfer agent, the Notice of Internet Availability of Proxy Materials was sent directly to you by us. In that case, you may instruct the proxy holders named in the proxy card how to vote your shares of common stock in one of the following ways:

Vote online. You can access proxy materials and vote at www.proxyvote.com. To vote online, you must have a stockholder identification number provided in the Notice of Internet Availability of Proxy Materials.

Vote by telephone. If you received printed materials, you also have the option to vote by telephone by following the Vote by Phone instructions on the proxy card.

Vote by regular mail. If you received printed materials and would like to vote by mail, then please mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided.

If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in street name, and the Notice of Internet Availability of Proxy Materials was forwarded to you by that organization. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. You should instruct your broker or nominee how to vote your shares by following the voting instructions provided by your broker or nominee. If you request printed copies of the proxy materials by mail, you will receive a vote instruction form for this purpose.

Even if you plan to attend the annual meeting, we recommend that you submit a proxy to vote your shares in advance so that your vote will be counted if you later are unable to attend the annual meeting.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

How is my vote counted?

If you authorize your proxy to vote your shares electronically via the internet or by telephone, or, if you received a proxy card by mail and you properly marked, signed, dated and returned it, the shares that the proxy represents will be voted in the manner specified on the proxy. If no specification is made, your shares will be voted for the election of the nominees for the directors named in this proxy statement, for advisory approval of the compensation of our named executive officers, and for ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018. It is not anticipated that any matters other than those set forth in this proxy statement will be presented at the annual meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

How does the Board recommend that I vote on each of the proposals?

The Board recommends that you vote:

FOR Proposal 1: the election of Albert Behler, Thomas Armbrust, Martin Bussmann, Dan Emmett, Lizanne Galbreath, Karin Klein, Peter Linneman, Katharina Otto-Bernstein and Mark Patterson as directors to serve on our Board until our next annual meeting of stockholders and until their successors are duly elected and qualified;

FOR Proposal 2: the approval, on a non-binding advisory basis, of the compensation paid to our named executive officers, as described in this proxy statement;

FOR Proposal 3: the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

What other information should I review before voting?

Our 2017 annual report, including our consolidated financial statements for the fiscal year ended December 31, 2017, is being made available to you along with this proxy statement. **You may obtain, free of charge, copies of our 2017 annual report and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which contains additional information about the Company, on our website at www.paramount-group.com or by directing your request in writing to Paramount Group, Inc., 1633 Broadway, Suite 1801, New York, New York 10019, Attention: Investor Relations.** The 2017 annual report and the Annual Report on Form 10-K, however, are not part of the proxy solicitation materials, and the information found on, or accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the Securities and Exchange Commission (the "SEC").

Who is soliciting my proxy?

This solicitation of proxies is made by and on behalf of the Board. We will pay the cost of the solicitation of proxies. In addition to the solicitation of proxies by mail, our directors, officers and employees may solicit proxies

personally or by telephone. No arrangements or contracts have been made with any solicitors as of the date of this proxy statement, although we reserve the right to engage solicitors if we deem them necessary. Such solicitations may be made by mail, telephone, facsimile, e-mail or personal interviews.

Why didn't I automatically receive a paper copy of the proxy statement, proxy card and annual report?

Pursuant to rules adopted by the SEC, we have elected to provide access to our proxy materials via the internet. Accordingly, rather than paper copies of our proxy materials, we are sending a Notice of Internet Availability of Proxy Materials to our stockholders.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

How can I change how I receive proxy materials in the future?

The Notice of Internet Availability of Proxy Materials includes instructions on how to access our proxy materials over the internet at www.proxyvote.com and how to request a printed set of the proxy materials by mail or an electronic set of materials by e-mail.

Instead of receiving a Notice of Internet Availability of Proxy Materials in the mail, stockholders may elect to receive future proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. Choosing to receive future proxy materials by e-mail will save the Company the cost of printing and mailing documents to you and will reduce the environmental impact of the annual meeting. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. You can change your election by sending a blank e-mail with the 16-digit control number on your proxy card to sendmaterial@proxyvote.com, via the internet at www.proxyvote.com or by telephone at (800) 579-1639. Your election to receive future proxy materials by e-mail will remain in effect until you terminate it.

Table of Contents

CORPORATE GOVERNANCE MATTERS

CORPORATE GOVERNANCE MATTERS

We are committed to operating our business under strong and accountable corporate governance practices. You are encouraged to visit the Investors Corporate Governance section of our website at www.paramount-group.com to view or to obtain copies of our committee charters, Code of Business Conduct and Ethics, Corporate Governance Guidelines and stockholder communication policy. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this proxy statement or any other report or document we file with or furnish to the SEC. You also may obtain, free of charge, a copy of the respective charters of our committees, Code of Business Conduct and Ethics, Corporate Governance Guidelines and stockholder communication policy by directing your request in writing to Paramount Group, Inc., 1633 Broadway, Suite 1801, New York, New York 10019, Attention: Investor Relations. Additional information relating to the corporate governance of the Company also is included in other sections of this proxy statement.

Board Independence and Diversity

Summary of Select Director Core Competencies

Corporate Governance Highlights

Annual Election of All Directors

Anti-Hedging and Anti-Pledging Policies

8 of 9 Directors are Independent

Clawback Policy

Majority Voting for Directors

Minimum Share Ownership Guidelines for Directors and Executive Officers

Lead Independent Director

No Shareholder Rights Plan

Executive Sessions without Management

Board and Committee Risk Oversight

Annual Board and Committee Self Evaluations

Code of Business Conduct and Ethics for Directors and Employees

6 PARAMOUNT GROUP, INC. | *2018 Proxy Statement*

Table of Contents

CORPORATE GOVERNANCE MATTERS

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that address significant issues of corporate governance and set forth procedures by which the Board carries out its responsibilities. Among the areas addressed by the Corporate Governance Guidelines are director qualification standards, director responsibilities, Board structure, director access to management and independent advisors, director compensation, director orientation and continuing education, management succession, annual performance evaluation of the Board and committees, related person transaction approval and disclosure policy, and stockholder rights plan. Our Nominating and Corporate Governance Committee is responsible for, among other things, assessing and periodically reviewing the adequacy of the Corporate Governance Guidelines and will recommend, as appropriate, proposed changes to the Board.

Board Leadership

Leadership Structure

Our Board currently is comprised of eight independent directors and one non-independent director. Albert Behler, our Chief Executive Officer and President, serves as Chairman of the Board. Our Board believes that the Company and our stockholders are best served by having Mr. Behler serve as Chairman and Chief Executive Officer. Mr. Behler's over 26 years of experience leading the Company and its predecessor and significant ownership interest in the Company uniquely qualify him to serve as both Chairman and Chief Executive Officer. In addition, our Board believes that Mr. Behler's combined role as an executive officer and the Chairman of our Board promotes unified leadership and direction for our Board and executive management, and it allows for a single, clear focus for the chain of command to execute our strategic initiatives and business plans.

Lead Independent Director

To facilitate the role of the independent directors, the Board has determined that it is appropriate for the independent directors to appoint one independent director to serve as Lead Independent Director. The Lead Independent Director is Dan Emmett. We believe that the number of independent, experienced directors that make up our Board, along with the independent oversight of our Lead Independent Director, benefits the Company and its stockholders.

We recognize that different board leadership structures may be appropriate for companies in different situations, and that no one structure is suitable for all companies. Our current Board leadership structure is optimal for us because it demonstrates to our employees and other stakeholders that the Company is under strong leadership. In our judgment, the Company, like many companies, has been well-served by this leadership structure.

The Lead Independent Director has the following responsibilities:

presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of independent directors;

serving as liaison between the Chairman and the independent directors;

approving information sent to our Board;

approving Board meeting agendas;

approving Board meeting schedules to assure that there is sufficient time for discussion of all agenda items; and

if requested by major stockholders, ensuring that he or she is available for consultation and direct communication. Our Lead Independent Director also has the authority to call meetings of the independent directors. We believe that the Lead Independent Director is an integral part of the Board's structure that promotes strong, independent oversight of our management and affairs.

Table of Contents

CORPORATE GOVERNANCE MATTERS

Board Committees

The Board held four meetings during fiscal year 2017, and all directors attended 75% or more of the board of directors meetings and meetings of the committees on which they served during the periods they served. The Board currently has the following four standing committees:

Audit Committee,

Compensation Committee,

Nominating and Corporate Governance Committee; and

Investment and Finance Committee.

The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are composed exclusively of independent directors, in accordance with the New York Stock Exchange (NYSE) listing standards. The principal functions of each committee are briefly described below. The current charters for each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are available on our website at www.paramount-group.com under the Investors Corporate Governance section. Further, we will provide a copy of these charters free of charge to each stockholder upon written request. Requests for copies should be addressed to Gage Johnson, Senior Vice President, General Counsel and Secretary, at Paramount Group, Inc., 1633 Broadway, Suite 1801, New York, New York 10019. From time to time, the Board also may create additional committees for such purposes as the Board may determine.

Audit Committee

The Audit Committee consists of Peter Linneman (chair), Martin Bussmann and Karin Klein, each of whom is an independent director. The Board has determined that Dr. Linneman qualifies as an audit committee financial expert as that term is defined by the applicable SEC regulations and NYSE corporate governance listing standards and that each of the Audit Committee members is financially literate as that term is defined by the NYSE corporate governance listing standards. We have adopted an Audit Committee charter, which details the principal functions of the Audit Committee, including oversight related to:

our accounting and financial reporting processes;

the integrity of our consolidated financial statements;

our systems of disclosure controls and procedures and internal control over financial reporting;

our compliance with financial, legal and regulatory requirements;

the performance of our internal audit function; and

our overall risk assessment and management.

The Audit Committee is also responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. The Audit Committee also prepares the Audit Committee Report required by SEC regulations to be included in this proxy statement. Additional information regarding the functions performed by our Audit Committee is set forth in the Audit Committee Report.

The Audit Committee held four meetings during fiscal year 2017.

Table of Contents

CORPORATE GOVERNANCE MATTERS

Compensation Committee

The Compensation Committee currently consists of Lizanne Galbreath (chair), Karin Klein and David O Connor, each of whom is an independent director. We have adopted a Compensation Committee charter, which details the principal functions of the Compensation Committee, including:

reviewing and approving the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration of our Chief Executive Officer based on such evaluation;

reviewing and approving the compensation of other senior officers;

reviewing our executive compensation policies and plans;

implementing and administering our incentive compensation and equity-based plans;

assisting management in complying with our proxy statement and annual report disclosure requirements;

producing a report on executive compensation to be included in our annual proxy statement; and

reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors. The Compensation Committee held 11 meetings during fiscal year 2017.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee currently consists of Dan Emmett (chair), David O Connor and Lizanne Galbreath, each of whom is an independent director. We have adopted a Nominating and Corporate Governance Committee charter, which details the principal functions of the Nominating and Corporate Governance Committee, including:

identifying and recommending to the Board qualified candidates for election as directors and recommending nominees for election as directors at the annual meeting of stockholders;

developing and recommending to the Board corporate governance guidelines and implementing and monitoring such guidelines;

reviewing and making recommendations on matters involving the general operation of the Board, including board size and composition, and committee composition and structure;

recommending to the Board nominees for each committee of the Board that is required by NYSE listing rules;

annually facilitating the assessment of the Board's performance, as required by applicable laws, regulations and the NYSE corporate governance listing standards; and

annually reviewing and making recommendations to the Board regarding revisions to the Corporate Governance Guidelines and the Code of Business Conduct and Ethics.

The Nominating and Corporate Governance Committee held five meetings during fiscal year 2017.

Investment and Finance Committee

The Investment and Finance Committee consists of Albert Behler (chair) and Thomas Armbrust. If Mr. Armbrust is unavailable, Dan Emmett would serve in his place. This committee is responsible for approving certain material acquisitions, dispositions and other investment and financing decisions of the Company. Our Investment and Finance Committee held three meetings during fiscal year 2017.

Table of Contents

CORPORATE GOVERNANCE MATTERS

Director Independence

Our Corporate Governance Guidelines provide that a majority of our directors serving on the Board and all directors serving on the Board committees (other than the Investment and Finance Committee) must be independent as required by the listing standards of the NYSE and the applicable rules promulgated by the SEC. The Board has determined affirmatively, based upon its review of all relevant facts and circumstances and after considering all applicable relationships of which the Board had knowledge, between or among the directors and the Company or our management (some of such relationships are described in the section of this proxy statement entitled "Certain Relationships and Related Party Transactions"), that each of the following directors and director nominees has no direct or indirect material relationship with us and is independent under the listing standards of the NYSE: Thomas Armbrust, Martin Bussmann, Dan Emmett, Lizanne Galbreath, Karin Klein, Peter Linneman, Katharina Otto-Bernstein and Mark Patterson.

Director Compensation

The Board has established a compensation program for our non-employee directors. Under this program, we pay the following fees to our nonemployee directors on a quarterly basis, in cash:

an annual retainer of \$65,000;

an additional annual retainer of \$50,000 to our lead director (Dan Emmett);

an additional annual retainer of \$15,000 to each committee chair; and

an additional annual retainer of \$5,000 to each committee member.

We will also reimburse each of our directors for his or her travel expenses incurred in connection with his or her attendance at full Board and committee meetings. No additional compensation is received by the members of our Investment and Finance Committee. Directors of the Company who are also employees receive no additional compensation for their services as directors.

In order to encourage our non-employee directors to acquire a significant equity stake in us and to align our non-employee directors and stockholders, at each annual stockholder meeting we will grant each of our non-employee directors LTIP units or shares of restricted common stock under our 2014 Equity Incentive Plan with a value of \$110,000 which will vest upon the earlier of the anniversary of the date of grant or the next annual stockholder meeting.

The following table sets forth information regarding the compensation paid to our non-employee directors during the fiscal year ended December 31, 2017:

Name	Fees Earned		Total
	Paid in Cash	Stock Awards ⁽¹⁾	
	(\$)	(\$)	(\$)
Thomas Armbrust			