REMUNERATION REPORT 2014

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Venues for Premium Shopping

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This chapter has three parts. The first part describes the current remuneration policy as approved by the Extraordinary General Meeting of 25 November 2011. The second part contains information on the remuneration of the Management Board and the changes to be expected in 2015. The third part contains information on the remuneration of the Supervisory Board.

CURRENT REMUNERATION POLICY

The remuneration policy of the Management Board of Vastned was adopted by the Extraordinary General Meeting of 25 November 2011. The remuneration policy is based on the following principles:

- the total remuneration must be adequate in terms of level and structure for Vastned to be able to attract and retain qualified and expert directors;
- the ratio between fixed and variable income must be such as to benefit Vastned's medium-term and long-term interests; and
- the variable component of the remuneration must be in keeping with the fixed component.

In the context of its remuneration policy, Vastned performs a benchmark check every three years, comparing the total remuneration of the Management Board with similar Netherlands-based property companies that Vastned competes with in the employment market. They include Corio, Eurocommercial Properties, Wereldhave and NSI (peer group). Annually, an evaluation is made based on the remuneration benchmark whether the fixed basic salary should be raised. The determination of the total remuneration of the Management Board also takes account of its impact on the remuneration ratios within the Company.

TOTAL DIRECT REMUNERATION (TDR)

The total direct remuneration of the Management Board is comprised of:
(I) a basic salary
(II) a variable income
- a performance-linked Short-term Incentive (STI)
- a performance-linked Long-term Incentive (LTI)

Next to this total remuneration, the Management Board is in principle entitled to a non-contributory pension and other fringe benefits like a company car and an allowance for telephone and internet expenses. The policy provides that the ratio between fixed and variable income elements (STI plus LTI) in the TDR of both members of the Management Board upon realisation of the targets should be 50%-50%.

Breakdown of TDR (if targets are realised):

Basic salary	50%
Variable income (STI + LTI)	50%
Total direct remuneration (TDR)	100%

BASIC SALARY

In its determination of a suitable level of remuneration, Vastned takes account of external reference data. The CEO is awarded a fixed annual salary including holiday allowance that is in line with those of the peer group mentioned above. The other members of the Management Board are awarded a fixed annual salary of 60%-80% of the fixed salary of the CEO, depending on the weight of their property portfolio, their experience and performance. The Supervisory Board has the discretionary power to change the basic salary. The fixed basic salary is pensionable, in contrast to the variable salary components listed below.

VARIABLE INCOME

Annually at the end of the financial year, after the Supervisory Board has determined the fixed salaries of the members of the Management Board for the next financial year, it sets the maximum variable income for that year for each board member based on the average of the annual salaries set.

The variable income of the remuneration is comprised of Short-term and Long-term Incentives. The STI makes up 40% of the variable income and the LTI 60%. The STI is linked to the realisation of short-term objectives with a term of one year, and the LTI is linked to the realisation of long-term objectives with a term of three years. The above strikes a balance between short-term and long-term value creation. As explained above, upon realisation of the objectives, the maximum variable income (STI plus LTI) is 100% of the basic salary.

The Supervisory Board has the discretionary power to set the parameters related to the various components of the variable part of the income and alter them as necessary, taking into account the general rules and principles of the remuneration policy. The ratio of the variable income upon realisation of the objectives is shown below and explained in more detail in the subsequent paragraphs.

Short-Term Incentive (STI)	40%
Long-Term Incentive (LTI)	60%
Total variable income as a % of average basic salary	100%

Short-Term Incentive (STI)

The members of the Management Board are entitled to participate in an STI scheme. This scheme rewards short-term operational achievements aimed at creating lasting value in the long term. The maximum STI upon realisation of all the objectives is 40% of the average annual salary.

For the STI, four performance criteria are set annually by the Supervisory Board based on factors including past performance, the short-term operational and strategic outlook of the company and the long-term expectations. The objectives contribute to the intended long-term value creation.

A score range is attached to each performance criterion in such a way that 'at target' performance on all four criteria results in a bonus of 32% of the set maximum bonus amount. The maximum STI of 40% is only awarded for above target performance on all criteria. No STI is awarded if none of the set minimum performance criteria is realised. At least three of the four performance targets will be objectively measurable, challenging targets, of which in principle two are the same for all board members and one is specific to each board member. The fourth performance criterion may contain qualitative elements, including an evaluation by the Supervisory Board of the board members' performance.

Due to the sensitive character of the performance criteria, Vastned does not disclose the actual criteria. The level of realisation of the STI is determined after the conclusion of the relevant financial year and the corresponding bonus is paid out in cash after the Annual General Meeting has adopted the financial statements for the relevant financial year. Board members will use the STI paid out to buy Vastned shares while and to the extent that the value of the Vastned shares purchased at their own cost they hold is less than 50% of their gross annual salary.

Long Term Incentive (LTI)

The members of the Management Board are entitled to participate in an LTI scheme in the form of performance-linked shares. The performance-linked share scheme concerns conditional awarding of shares to members of the Management Board. Actual acquisition of these shares is dependent on the realisation of certain predefined performance criteria over a period of three years (evaluation of the realisation over three years will occur for the first time in 2015). The nominal amount of the LTI determined at that time will be paid out in shares at the opening price of the Vastned share determined for that year, as defined below (Opening price). Such shares are immediately entitled to dividends. Two objectives are set for the acquisition of performance-linked shares:

a. Total Shareholder Return (TSR) of the Vastned share compared to a peer group;
b. The three-year return that Vastned realises on the average of the share's opening prices and net asset value per share (NAV).

The LTI performance targets are defined as follows:

a. TSR of the Vastned share compared to a peer group;

50% of the LTI is linked to the total result over a rolling three-year period, which is defined as consisting of value movements of the share price and takes account of reinvestment of dividends received in the interim (TSR) compared to an international peer group. At the start of each financial year, the opening share prices of Vastned and of a peer group of nine other listed retail property companies are determined by calculating the average of the first 10 closing prices of the year of every company. This peer group currently includes:

Reference group	
Eurocommercial Properties	Corio
Mercialys	Citycon
Wereldhave	NSI
Deutsche EuroShop	Klépierre
Unibail-Rodamco	Vastned

The peer group is reviewed annually by the Supervisory Board in view of market developments (such as mergers and takeovers) that may impact the suitability of the composition of the group. After three years, for the first time in 2015, the TSRs of Vastned and its peer group over the preceding three years are ranked. The maximum LTI to be awarded conditionally becomes definitive in accordance with the following scheme:

Ranking	LTI (in %)
Vastned in position 1-2	50%
Vastned in position 3-4	35%
Vastned in position 5-6	20%
Vastned in position 7-10	0%

The realisation of these LTI performance targets will be validated by a bank and audited by the external auditor.

b. LTI linked to three-year return

The remaining 50% of the LTI is linked to the three-year return Vastned realises on the average of the opening share price and NAV. The latter is corrected for the purchasing costs incurred on investment properties in the context of the updated strategy during the relevant period. Every year the starting value is determined by calculating Vastned's average opening share price as set out above (the average of the first ten closing prices) and the NAV at year-end of the preceding financial year, corrected for the purchase costs during the preceding three financial years. After three years, the return realised on the starting value determined thus is calculated by dividing the value movement plus the dividend paid out in the interim by the starting value.

Example

Say the average of the first ten closing prices of the Vastned share in 2012 was € 32.67 and the NAV at year-end 2011 was € 53.73. The starting value for the calculation of the LTI is set as the average of these two values, i.e. € 43.20. Now say the starting value of the share in 2015 calculated in the same way is € 46 and that € 10 dividend has been paid out in the interim, the three-year return would be 29.6% ((€ 46 - € 43.20 + € 10) / € 43.20). [1]

[1] *The amounts used are fictitious and are in no way predictive.*

The conditionally awarded maximum LTI vests in accordance with the following scheme:

Three-year yield less than 25%:	0% LTI
Three-year yield between 25% and 35%:	LTI pro rata, 5% per % rendement
Three-year yield 35% or more:	50% LTI

If the starting value of the three-year period calculated as explained above rises, the awarding ranges referred to above will be adjusted in accordance with the scheme below.

		Initial share price three-year period (amounts in €) (as %)				
	Percentage awarded	<45	45-50	50-55	55-60	>60
	0	25,0	23,8	22,6	21,4	20,4
Lower limits of	5	26,0	24,7	23,5	22,3	21,2
graduated scales	10	27,0	25,7	24,4	23,1	22,0
for three-year yield	15	28,0	26,6	25,3	24,0	22,8
	20	29,0	27,6	26,2	24,9	23,6
	25	30,0	28,5	27,1	25,7	24,4
	30	31,0	29,5	28,0	26,6	25,2
	35	32,0	30,4	28,9	27,4	26,1
	40	33,0	31,4	29,8	28,3	26,9
	45	34,0	32,3	30,7	29,2	27,7
	50	35,0	33,3	31,6	30,0	28,5

No more than 50% of the shares awarded in respect of the LTI in any financial year may be sold immediately to pay taxes due. The remaining shares paid out must be retained for at least two years or, if earlier, until the end of the relevant board member's employment.

Amounts conditionally awarded in respect of the LTI scheme will vest unconditionally in principle when a public offer for Vastned shares supported by Vastned becomes irreversible. However, before the amounts awarded in respect of the LTI vest unconditionally in the event of a public offer, the Supervisory Board will examine based on good corporate governance and applicable legislation whether the vesting of these amounts would lead to disproportional or otherwise unfair results, in which case the Supervisory Board is authorised to adjust the remuneration.

In the event of early termination of the employment of a Management Board member, the Supervisory Board will determine based on the way and the circumstances in which that termination took place whether, and if so to what extent, the shares conditionally awarded in respect of the LTI to the relevant board member will be cancelled.

Awarding date

The shares are awarded on the day of the first ex dividend listing following the Annual General Meeting in which Vastned's annual accounts are adopted.

EMPLOYMENT AGREEMENTS OF THE MANAGEMENT BOARD

Duration of the agreement

The employment agreements with Mr De Groot and Mr Walta have a four-year term.

Term of office

The Annual General Meeting of 2 May 2012 appointed Mr De Groot for a four-year term, starting on 25 November 2011. The Annual General Meeting of 28 November 2014 appointed Mr Walta for a four-year term, starting on 1 November 2014.

Notice period

A notice period of three months applies to the members of the Management Board when a board member terminates the agreement himself. If it is terminated by Vastned, a statutory notice period of six months applies.

Severance payment

Mr T.T.J. de Groot (CEO) and Mr Walta (CFO as of 1 November 2014)

If the employment agreement with Mr De Groot or Mr Walta is terminated in connection with a merger or takeover on Vastned's initiative, a maximum compensation of twelve months will be paid. Mr De Groot's and Mr Walta's employment agreements comply with the Dutch Corporate Governance Code.

Mr T.M. de Witte (CFO until 1 november 2014)

In early 2014, Vastned and Mr De Witte came to an agreement about the payment of a severance payment totalling 1.5 times his annual salary in 2014. This severance payment, which is higher than allowed by the Dutch Corporate Governance Code, is partly intended as compensation for the rights arising from the existing employment agreement and as redemption of possible rights derived from the LTI scheme.

Share ownership

The Supervisory Board will encourage the Management Board to hold shares in the company to emphasise their belief in the company and the strategy.

Loans

Vastned does not provide loans or guarantees to members of the Management Board.

Scenario analysis

According to the Code, the Supervisory Board must analyse possible outcomes of the variable remuneration components and consider the consequences for the remuneration of directors. Vastned performs such an analysis at least every three years.

REMUNERATION OF THE MANAGEMENT BOARD

REMUNERATION OF THE MANAGEMENT BOARD IN 2014

The basic salaries (excluding social charges) over a full calendar year of the Management Board for the 2014 financial year have been determined as follows:

Basic salary	2014	2013	Change as %
Taco T.J. de Groot	375,000	375,000	0%
Tom M. de Witte [1]	300,000	300,000	0%
Reinier Walta [2]	245,000	-	-

[1] *Stepped down on 1 November 2014*

[2] *Appointed as of 1 November 2014*

Variable income in 2014

The maximum variable income for the 2014 financial year for managing directors De Groot and De Witte was € 337,500, with a maximum STI of € 135,000 and a maximum LTI of € 202,500. Mr Walta has agreed with the Supervisory Board that he is not entitled to either STI or LTI in 2014 as he joined the company as per 1 November 2014.

Short-term Incentives for 2014

The STI targets are reviewed annually to ensure they are challenging but realistic. The performance targets are determined in relation to Vastned's operational and strategic direction and are directly linked to Vastned's ambitions. Performance targets were set at the start of the year for each Management Board member, which included:

1) raising the share of premium city high street shops in the property portfolio;
2) disposing of non-core property;
3) realising a predetermined occupancy rate; and
4) further diversification of financing.

The Supervisory Board has determined the extent to which the 2014 STI performance targets have been achieved. The realisation rate for Mr. De Groot was 40% of the basic salary, the realisation rate of Mr. De Witte 27.7%. A table showing the STI paid to each individual member of the Management Board in 2013 is presented on the next page.

Long-term Incentives for 2012

The maximum LTI Mr De Groot and Mr De Witte could achieve for 2012 was € 202,500. Reporting year 2014 is the third and last year in the three-year period over which the LTI for 2012 is determined. Based on the position at year-end 2014, no LTI linked to relative TSR is payable as Vastned ranked ninth in the defined peer group. Based on the position at year-end 2014, no LTI linked to the three-year return is due. In view of the above, no LTI for 2012 has been recognised in the annual accounts.

Long-term Incentives for 2013

The maximum LTI Mr De Groot and Mr De Witte could achieve for 2013 was also € 202,500. Reporting year 2014 is the second year in the three-year period over which the LTI for 2013 is determined. Based on the position at year-end 2014, Vastned owes an LTI linked to relative TSR of 50% as Vastned came second in the ranking within the peer group. Based on the position at year-end 2014, no LTI linked to the three-year return is due. In view of the above, no LTI for 2013 has been recognised in the annual accounts.

Long-term Incentives for 2014

The maximum LTI Mr De Groot and Mr De Witte could achieve for 2014 was € 202,500. Reporting year 2014 is the first year of the three-year period over which the LTI for 2014 is determined. Based on the position at year-end 2014, Vastned owes an LTI linked to relative TSR of 20% as Vastned finished sixth in the ranking. Based on the position at year-end 2014, no LTI linked to the three-year return is due. In view of the above, no LTI for 2014 has been recognised in the annual accounts.

Pensions

The pension schemes for the Management Board are non-contributory. Mr De Witte's and Mr Walta's pensions are based on a career average scheme and Mr De Groot's is a defined-contribution scheme. The expected retirement age of Mr De Groot, Mr De Witte and Mr Walta is 67 years. The schemes include among others a partner's pension and an invalidity pension.

Loans

Vastned did not provide any loans or guarantees to members of the Management Board in 2014.

Share purchase

At year-end Mr De Witte and De Groot hold respectively 4,130 and 51,051 shares in the company to emphasise their belief in the strategy and the company itself. Mr. Walta joined the company as per November 2014 and did not acquired shares yet. They have acquired these shares in private transactions with their own financial means. More information is provided in the section 'Information on the Vastned share' on page 43.

Overview of the remuneration of the Management Board

The table below presents the remuneration awarded to the Management Board.

Name	Fixed salary [4]	Severance payment	Allowances and other payments [3]	Variable income	Subtotal	Pension	Shares awarded	Total
Taco T.J. de Groot	375,000	-	25,757	135,000	535,757	70,000	0	605,757
Tom M. de Witte [1]	300,000	450,000	17,706	93,462	861,168	59,000	0	920,168
Reinier Walta [2]	40,833	-	5,367	-	46,200	10,000	0	56,200

[1] Stepped down on 1 November 2014

[2] Appointed as of 1 November 2014

[3] This concerns costs related to a company car, telephone and internet costs and allowances for health insurance.

[4] Excluding social charges

The Supervisory Board has not availed itself of the right to adjust or reclaim the bonuses awarded to the Management Board for the 2014 reporting year.

REMUNERATION OF THE MANAGEMENT BOARD IN 2015

Based on an analysis of the current remuneration policy, also within the context of the current views regarding remuneration as also described in the report from the Supervisory Board, the Supervisory Board decided begin 2014 to develop a new draft remuneration policy for the Management Board. This remuneration policy will be put to the Annual General Meeting on 24 April 2015.

REMUNERATION OF THE SUPERVISORY BOARD

REMUNERATION POLICY AND REMUNERATION IN 2014

In accordance with good corporate governance, the remuneration of the members of the Supervisory Board is independent of the results of the Company. This implies that no shares are awarded as remuneration to the members of the Supervisory Board.

The current remuneration package for the Supervisory Board comprises a fixed annual remuneration and an annual remuneration for membership in committees. The fixed annual remuneration of the Chairman of the Supervisory Board is € 38,000; the other members of the Supervisory Board each receive a fixed remuneration of € 30,000. Members receive € 4,000 for membership of the Audit Committee. Members of the Remuneration Committee each receive € 3,000. All members receive an allowance for travel and accommodation expenses of € 1,250 per year excluding VAT.

Insofar members of the Supervisory Board own Vastned shares, they must be a long-term investment in the Company. As at 31 December 2014, none of the members of the Supervisory Board held any shares in Vastned.

Vastned does not provide any loans or guarantees to the members of the Supervisory Board.

Overview of the remuneration of the Supervisory Board in 2014

The table below presents the remuneration awarded to the Management Board in 2014 (remuneration in €).

Name	Supervisory Board	Audit committee	Remuneration committee	Total
Wouter J. Kolff	38,000	-	-	38,000
Pieter M. Verboom	30,000	4,000	3,000	37,000
Jeroen B.J.M. Hunfeld	30,000	4,000	-	34,000
Marieke Bax	30,000	-	3,000	33,000
Total 2014	**128,000**	**8,000**	**6,000**	**142,000**


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