

9

2015 REMUNERATION REPORT

REMUNERATION REPORT 2015

This 2015 remuneration report has three parts. The first part outlines the new remuneration policy as approved by the Annual General Meeting of 25 April 2015. The second part contains information on the remuneration granted to the members of the Executive Board in 2015. The third part contains information on the remuneration granted to the members of the Supervisory Board in 2015.

1 NEW REMUNERATION POLICY FOR THE EXECUTIVE BOARD

The Annual General Meeting of 25 April 2015 adopted an entirely new remuneration policy for the Executive Board of Vastned. This new policy took effect on 1 January 2015 and is based on the following principles:

- Preparation of a clear and transparent remuneration policy that complies with the most recent (also international) corporate governance insights. Vastned has the ambition also in this respect to compete with the European 'best in class' companies.
- Bringing the remuneration policy in line with Vastned's strategy aimed at obtaining more predictable and stable results.
- Further strengthening of the relationship between the Executive Board's performance and its remuneration.
- Bringing the interests of the members of the Executive Board in line with those of the shareholders by further encouraging long-term shareholding.
- Being able to attract, motivate and retain Executive Board members of the highest quality.

For the determination of the total remuneration, a new employment market reference group has been defined that matches Vastned's present strategic focus, complexity and ambition. At the start of the new policy this group of companies comprised the following fourteen European listed property companies (the 'Labour Market Reference Group').

- ANF Immobilier SA
- Atrium European Real Estate Ltd
- CapCo Properties PLC
- Citycon Oyj
- Deutsche Euroshop AG
- Eurocommercial Properties NV
- Hammerson PLC
- IGD SIIQ SpA
- Klepierre SA
- Mercialis SA
- NSI NV
- Shaftesbury PLC
- Sponda Oyj
- Wereldhave NV

The total remuneration for the Executive Board in 2014 was compared to this Labour Market Reference Group. As a double fairness test, the findings of this comparison were also compared with all the companies in the AMX index and with a group of fourteen Dutch companies of similar complexity and size. The determination of the total remuneration of the Executive Board also takes account of its impact on the remuneration ratios within the Company. Based on this comparison and the double fairness test, the remuneration levels were adjusted with effect as of 2015. The basic salary was set around the median of the Labour Market Reference Group and the total remuneration around the 25 percentile point. Given the size of Vastned in comparison with the Labour Market Reference Group, this is the relevant percentile for the Executive Board.

ELEMENTS OF TOTAL REMUNERATION

The Executive Board's total remuneration comprises the following five elements:

1. fixed remuneration
2. short-term variable remuneration
3. long-term variable remuneration
4. pension
5. other remuneration components

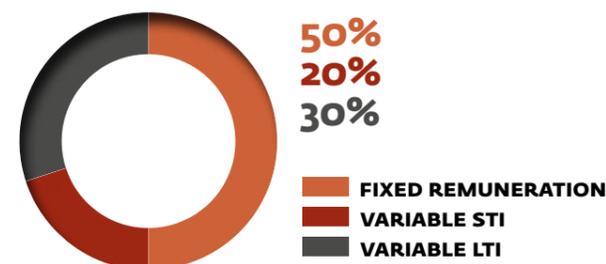
Fixed remuneration

The fixed remuneration for the Executive Board is tested annually against the previously mentioned Labour Market Reference Group, and is set in principle for twelve months. The fixed remuneration includes 8% holiday pay and is paid monthly in cash. Of the fixed salary € 100,000 is pensionable (reference date 1 January 2015): any variable remuneration is not pensionable.

Variable remuneration

The total variable remuneration is limited to 100% of the fixed remuneration. The variable remuneration will be comprised of 40% short-term variable remuneration and 60% long-term variable remuneration.

Performance related part of remuneration



Short-term variable remuneration

Every financial year, members of the Executive Board are eligible for a short-term variable remuneration (Short-term Incentive or 'STI'). The STI ranges from 0% to a maximum of 40% of the fixed remuneration.

Vastned's strategy has a clear focus on more predictable and stable results. In support of this strategy, the STI comprises four challenging targets, each of which is weighted 25%. Three of these are financial and objectively measurable, and one contains a qualitative criterion. The three financial STI targets have a 'threshold', an 'at target' and a 'maximum' award. The qualitative STI target is determined individually for each member of the Executive Board, and its achievement is evaluated by the Supervisory Board.

The STI targets are set annually in advance by the Supervisory Board based on the operational and strategic ambitions of the company as laid down in the business plan. In view of their market sensitivity, Vastned does not disclose the STI targets in advance. After the conclusion of the relevant financial year, an explanation is given in the remuneration report of the STI targets set and of the degree to which they have been realised.

The STI is paid in cash after the Annual General Meeting has adopted the annual accounts for the relevant financial year. Members of the Executive Board may use their short-term incentive to purchase Vastned shares until and to the extent that their value does not meet the share-ownership guidelines.

Long-term variable remuneration

Every year, members of the Executive Board are eligible for a long-term variable remuneration (Long-term Incentive or 'LTI'). The LTI varies from 0% up to a maximum of 60% of the fixed remuneration, and in each case refers to a three-year period. The LTI scheme has the following three elements.

1. A Relative Total Shareholder Return ('RTSR') test (50%)
2. An Absolute Total Shareholder Return ('RTSR') test (30%)
3. A Business Health test (20%)

The long-term variable remuneration aims to further align the interests of the members of the Executive Board with shareholders' interests. The Executive Board is obliged based on a procedure adopted by Vastned to use their cash incentive payment under the LTI scheme to purchase Vastned shares, until the share ownership guidelines are complied with.

Relative Total Shareholder Return test

The RTSR test sets 50% of the total LTI remuneration. The RTSR is measured by calculating the total shareholder return (share price movements plus dividends) of the Vastned share over a period of three financial years. The calculation is based on the average share price in the three months before the start of the performance period and three months at the end of the performance period. This total shareholder return is then compared to a peer group of direct competitors. The ranking on total shareholder return within this peer group determines a possible granting of the RTSR-based LTI.

The peer group for the RTSR test is largely similar to the Labour Market Reference Group, and consists of the following thirteen companies, whereby Vastned has set itself the goal to compete with 'best in class' companies in its sector:

- Atrium European Real Estate Ltd
- CapCo Properties PLC
- Citycon Oyj
- Deutsche Euroshop AG
- Eurocommercial Properties NV
- Hammerson PLC
- IGD SIIQ SpA
- Klepierre SA
- Mercialis SA
- Shaftesbury PLC
- Unibail-Rodamco SE
- Vastned Retail NV
- Wereldhave NV

The Supervisory Board has, in the event of developments within this reference group, powers to adjust this group to keep it relevant within the framework of this remuneration policy.

RTSR award

The 50% LTI incentive, based on the RTSR-test will be awarded based on Vastned's ranking within the reference group, on the basis of total shareholder return of the Vastned share at the end of the three-year performance period, in accordance with the following scale:

Ranking	RTSR Award
1	100%
2	86%
3	72%
4	58%
5	44%
6	30%
7-13	0%

The realisation of this LTI performance target will be validated by an external party and audited by the external auditor.

Absolute Total Shareholder Return test

The ATSR test sets 30% of the total LTI remuneration. The ATSR is measured by calculating the total shareholder return of the Vastned share over a period of three financial years.

ATSR Award

The 30% LTI remuneration based on the ATSR test is determined based on a range whereby at an ATSR of below 45% over the three-year period no ATSR-linked LTI is awarded. An ATSR of 60% over this period results in an 'at target' realisation of the ATSR test and a realisation of 75% ATSR results in a full LTI award. The ATSR awarded between the threshold and the maximum is determined on a pro rata basis. The realisation of this ATSR test target will be validated by an external party and audited by the external auditor.

Business Health Test

The business health test determines 20% of the total LTI incentive. The purpose of this test is to encourage that short-term incentives are not predominant in determining the policy and that the Board is encouraged to keep the long-term strategy in mind at all times.

As a starting point in the evaluation of this test, the impact of the annual STI targets over a period of three years will be measured. In addition, other, non-financial performance indicators will be considered. This could for example include strategic leadership, 'tone at the top', employee satisfaction, implementation of the strategy and corporate social responsibility.

After the conclusion of the relevant financial year, the realisation of the Business Health test will be described in the corresponding remuneration report.

SHARE OWNERSHIP GUIDELINES

One of the objectives of the remuneration policy is to align long-term shareholder interests with those of the Executive Board by promoting shareholding. Accordingly, the Executive Board must build up a position in Vastned shares that is equal in value to 300% of the most recently defined fixed remuneration in the case of the CEO and 150% in the case of the CFO. The minimum shareholding must in principle be built up over a maximum term of five calendar years. The Supervisory Board regularly checks whether this build-up period is reasonable and fair.

Members of the Executive Board may use the short-term incentive awarded to them to purchase Vastned shares until and to the extent that they do not meet the share-ownership guidelines within the term of five calendar years.

The long-term variable remuneration must be used to purchase Vastned shares based on a procedure defined by Vastned until the share ownership guidelines are complied with. This procedure can be inspected on Vastned's website. When the minimum shareholding is reached, it must be maintained for the duration of the member's employment with Vastned.

Position at year-end 2015

As at year-end 2015, at a closing price of € 42.35, Taco de Groot (CEO) with 51,051 shares and 491%, met the minimum shareholding requirement of at least 300% of his fixed remuneration. Reinier Walta (CFO) joined Vastned at the end of 2014, and must build up a position in Vastned shares from his LTI of at least 150% of his fixed remuneration within five years. At year-end 2015, Reinier Walta had not yet acquired any shares in Vastned, but he intends to use part of his STIs for 2015 to build up a position in Vastned at an accelerated rate.

POLICY IN CASE OF TAKEOVER

In the event of a takeover of Vastned, the settlement of the variable remuneration will be determined by the Supervisory Board in compliance with relevant laws and regulations, including legislation on takeover bonuses, on advice from the remuneration and nomination committee. In such a case, the normalised share price will be used in the determination of the share price-linked LTI. This means that when due to a takeover the price of a Vastned share rises for example from fifth to first place in the ranking, the Supervisory Board will use the normalised share price before the takeover offer, not the top ranking. In case of a takeover, the LTI will also be settled pro rata, unless this should yield unfair results for the Company or the Executive Board.

At the time of publication of this remuneration report CEO Taco de Groot already held 51,051 Vastned shares, which he purchased from his own means, at his own initiative and at his own risk. These shares are not subject to the 'takeover bonus legislation' in Article 2:135, paragraph 7 of the Dutch Civil Code. For the coming years, Vastned will explicitly disclose in its reporting the difference between Taco de Groot's shareholding acquired from his own means and his shareholding acquired from means received under the new remuneration policy.

POLICY FOR EARLY TERMINATION OF AN EMPLOYMENT AGREEMENT

In the event of early termination of the employment agreement with a member of the Executive Board, the Supervisory Board will resolve, taking account of the manner and the circumstances in which the termination occurred, whether, and if so to what extent, the LTI granted conditionally to the board member in question will be awarded.

MALUS AND CLAW-BACK

There may be special circumstances that prevent awarding of both the short-term and long-term variable remuneration ('malus'). In such cases, the Supervisory Board may use its power to withhold the variable remuneration. Next to circumstances specific to Vastned, external factors such as new laws and regulations or social developments may provide grounds for such a decision. The applicable law states that if an LTI is awarded wrongly when it later appears the award was based on incorrect information, it can be claimed back ('claw-back').

PENSION

The members of the Executive Board may choose to participate in Vastned's pension plan, or receive a pension compensation in cash. The pension compensation in cash and pension contributions in the context of a pension plan do not count towards the level of the short-term or long-term variable remuneration. The main elements of Vastned's pension plan as at 1 January 2015 are:

- the pension plan is a career average scheme, in which the annual pensionable salary is limited by law to € 100,000 as of 1 January 2015
- the accrual rate is 1.875% per service year
- the survivors' pension is based on 70% of the lifelong old-age pension
- the annual pension contributions up to € 100,000 as well as the pension contributions in cash are at Vastned's expense.

The remuneration and nomination committee will annually evaluate whether the pension plan for the Executive Board is in line with the total employment benefits package.

OTHER REMUNERATION COMPONENTS

Company car

A company car including fuel costs, insurance, road tax etc. is provided as part of the benefits package of the members of the Executive Board.

Other reimbursements

Members of the Executive Board are eligible for customary payments and allowances such as additional health insurance, mobile phone, tablet, compensation for internet costs, sick leave, paid leave, etcetera. Travel and accommodation expenses incurred in the performance of the employment contract are reimbursed. Reimbursement of legal costs is subject to prior approval from the Supervisory Board. The expenses of the Executive Board are evaluated and approved quarterly by the remuneration and nomination committee.

EMPLOYMENT AGREEMENTS OF THE EXECUTIVE BOARD

Duration of the agreement

The Annual General Meeting of 25 April 2015 reappointed Taco de Groot for a four-year term, taking effect on 25 November 2011. The Extraordinary General Meeting of 28 November 2014 appointed Reinier Walta for a four-year term, taking effect on 1 November 2014. Concerning members of the Executive Board, the Company must observe a notice period of six months, the members themselves three months.

Non-competition clause and non-solicitation clause

The employment agreement or agreement for services contains a non-competition/confidentiality clause, a non-solicitation clause and a clause prohibiting taking over Vastned employees, with a duration sufficient to protect Vastned's interests.

Dismissal payments

Dismissal payments are limited to twelve months of the fixed remuneration. Taco de Groot's and Reinier Walta's employment agreements comply with the Dutch Corporate Governance Code.

Loans, guarantees and similar

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

Scenario analysis

The Code requires that the Supervisory Board analyses the possible outcomes of the variable remuneration components and their impact on the Executive Board's total remuneration. This analysis is conducted at least once every three years.

Cases not covered by the remuneration policy

In cases not covered by the remuneration policy, the Supervisory Board decides. Any decision must match the principles and intent of the remuneration policy as closely as possible. Where necessary, the Supervisory Board will inform the Annual General Meeting.

2 REMUNERATION OF THE EXECUTIVE BOARD IN 2015

VOTING RESULT ON NEW REMUNERATION POLICY FOR THE EXECUTIVE BOARD

On 25 April 2015, the Annual General Meeting adopted the new remuneration policy for the Executive Board, with the following votes:

Votes	Number	Percentage
In favour	10,040,363	98.8%
Against	125,119	1.2%
Total votes	10,165,482 ¹⁾	100%
Abstentions	31,223	

¹⁾ This number is the total number of votes for and against, abstentions not included

FIXED REMUNERATION 2015

Based on the new remuneration set out above, the Annual General Meeting of Shareholders determined the fixed remuneration of the members of the Executive Board (excluding employer's social security contributions) with retroactive effect as of 1 January 2015 as follows:

Fixed remuneration	2015	2014	Change in %
Taco de Groot	440,000	375,000	17.3%
Reinier Walta	245,000	245,000	0%

It has been agreed with Reinier Walta that he will be able to rise to a fixed remuneration over a period of three calendar years starting on 1 January 2015 of € 308,000 or in case of an adjustment of the CEO's fixed remuneration, up to at least 70% of the CEO's fixed remuneration.

VARIABLE REMUNERATION IN 2015

Short-Term Incentives for 2015

Both members of the Executive Board have been set the same quantitative targets, as well as an individual qualitative target. The three common quantitative targets are outlined below, including their realisation.

STI targets 2015 and realisation	Threshold	Maximum	Realisation
End of 2015 65% premium city high street shops within total real estate portfolio (at target, 20% awarded)	63%, 15% awarded	67%, 25% awarded	25.0%
End of 2015 like-for-like rental growth for the premium city high street shops of 2% (at target, 20% awarded)	1%, 15% awarded	3%, 25% awarded	19.0%
End of 2015 at least € 100 million acquisitions in new premium city high street shops (at target, 20% awarded).	€ 80 million, 15% awarded	€ 120 million, 25% awarded	25.0%

The fourth, qualitative STI target for the CFO was to draw up and implement a risk and control framework for the entire Vastned organisation: this target was realised at 25%. The fourth, qualitative STI target for the CEO is not disclosed due to its market sensitivity: this target was achieved at 12.5%.

Buy-off of LTI scheme 2013 and 2014 of Taco de Groot (CEO)

With the adoption of the new remuneration policy in 2015, the preceding remuneration policy was cancelled. However, this remuneration policy included two three-year terms for Taco de Groot's variable long-term remuneration for the 2013 and 2014 financial years, which were to run out in 2015 and 2016 respectively. Upon adoption of the new remuneration policy, the variable long-term remuneration for 2013 and 2014 were bought off (also in order to prevent double counting under the new policy) for € 62,500, using the same system previously applied to former CFO Tom de Witte. As a result, as of 1 January 2015 both Reinier Walta and Taco de Groot are fully subject to the same remuneration policy.

Long-term Incentives for 2015

The maximum LTI Taco de Groot and Reinier Walta could achieve for 2015 were € 440,000 and € 245,000 respectively. 2015 is the first year of the three-year period over which the LTI for 2015 is determined. Based on the position at year-end 2015, no LTI linked to RTSR is payable as Vastned came ninth in the defined peer group. Based on the position at year-end 2015, no ATSR is payable, and the level of realisation of the Business Health tests cannot yet be determined. In view of the above, no LTI for 2015 has been recognised in the 2015 financial statements.

PENSION 2015

The members of the Executive Board do not pay own contributions to their pension schemes; these contributions are paid by the Company. Mr Walta's pension is based on a career average scheme and Taco de Groot's is a defined-contribution scheme. The expected retirement age of Taco de Groot and Reinier Walta is 67 years. The schemes include a partner's pension and an invalidity pension.

Pension compensation for Reinier Walta (CFO)

As of 1 January 2015, the tax relief on pension accrual has been restricted by new legislation, and is now accrued only on the fixed salary with a maximum of € 100,000, while in the past it was unlimited. Reinier Walta participates in Vastned's pension scheme. The company has agreed with Reinier Walta that he will receive a compensation for this change in legislation, equaling the amount of pension accrual that Vastned does not have to pay since this new legislation is in force. The same scheme has been agreed with other Vastned employees. The difference between the pension contribution that was payable at year-end 2014 on the full fixed salary of € 245,000 being € 41,650 the pension contribution that was payable as at 1 January 2015 on € 100,000 being € 22,650, will be paid out to him in monthly instalments. This pension compensation does not qualify as part of the fixed remuneration.

LOANS 2015

Vastned did not provide any loans or guarantees to members of the Executive Board in 2015.

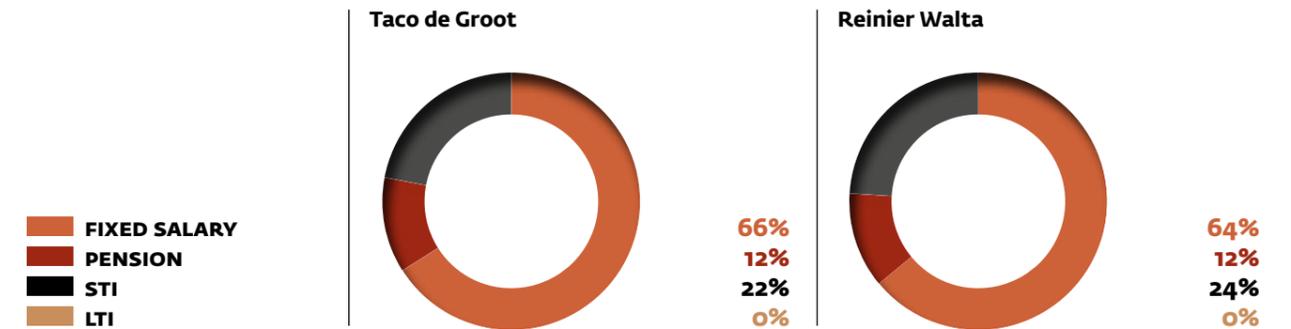
OVERVIEW OF THE REMUNERATION OF THE EXECUTIVE BOARD

The table below presents the remuneration awarded to the Executive Board in 2015 (fee in € 1).

Name	Fixed salary ¹⁾	Pension ²⁾	STI	LTI	Total
Taco de Groot (CEO)	440,000	80,820	143,440	-	664,260
Reinier Walta (CFO)	245,000	45,643	92,120	-	382,763
Total	685,000	126,463	235,560	-	1,047,023

¹⁾ excluding social charges.

²⁾ this concerns pension costs and (partner) disability insurance.



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

3 REMUNERATION OF THE SUPERVISORY BOARD

VOTING RESULT ON THE REMUNERATION OF THE SUPERVISORY BOARD

On 25 April 2015, the Annual General Meeting adopted the new remuneration policy for the Supervisory Board, with the following votes:

Votes	Number	Percentage
In favour	10,194,516	100.0%
Against	163	0%
Total votes	10,194,679 ¹⁾	100%
Abstentions	2,026	

¹⁾ This number is the total number of votes for and against, abstentions not included

REMUNERATION OF THE SUPERVISORY BOARD

The present remuneration of the members of the Supervisory Board and its committees was adopted in the Annual General Meeting of shareholders of 4 April 2012.

Chairman	€ 38,000
Vice-chairman	€ 30,000
Member	€ 30,000

- Supplementary fee for membership of remuneration committee € 3,000
- Supplementary fee for membership of audit committee € 4,000
- All members also receive a fixed expense allowance or travel and accommodation of € 1,250 per year, excluding turnover tax.

The Supervisory Board benchmarked the remuneration of its members against those of peer companies at the end of 2015. This revealed that the remuneration of the chairman and the supplement for membership of the remuneration committee are below those of similar companies. In order to bring the remuneration more in line with the market, the Annual General Meeting of 25 April 2015 adopted the following amounts:

Chairman	€ 42,000
Vice-chairman	€ 30,000
Member	€ 30,000

- Supplemental fee for membership of combined remuneration and nomination committee € 4,000
- Supplementary fee for membership of audit and compliance committee € 4,000
- All members also receive a fixed expense allowance for travel and accommodation of € 1,250 per year, excluding turnover tax.

OVERVIEW OF THE REMUNERATION GRANTED TO THE SUPERVISORY BOARD IN 2015

The table below presents the remuneration awarded to the Supervisory Board in 2015 (fee in € 1).

Name	Supervisory Board	Audit and compliance committee	Remuneration and nomination committee	Expense allowance	Total
Wouter J, Kolff	42,000	-	-	1,250	43,250
Pieter M, Verboom	9,288	1,238	1,238	387	12,151
Marc C, van Gelder	20,712	-	2,762	863	24,337
Jeroen B,J,M, Hunfeld	30,000	4,000	-	1,250	35,250
Charlotte M, Insinger	20,712	2,762	-	863	24,337
Marieke Bax	30,000	-	4,000	1,250	35,250
Total 2015	152,712	8,000	8,000	5,863	174,575