

2017

**Remuneration
report**

Remuneration report 2017

This remuneration report 2017 has two parts. The first part contains information on the remuneration awarded to the members of the Executive Board in 2017. The second part contains information on the remuneration awarded to the members of the Supervisory Board in 2017.

1. Executive Board remuneration in 2017

EXECUTIVE BOARD REMUNERATION POLICY

The Remuneration Policy for the Executive Board can be found on the Vastned website.

www.vastned.com/Upload/Remuneratiebeleid-2015_ENd.pdf

EMPLOYMENT AGREEMENTS OF THE EXECUTIVE BOARD

Dismissal payments

The Annual General Meeting of 25 April 2015 appointed CEO Mr De Groot for a four-year term. The Extraordinary General Meeting of 28 November 2014 appointed CFO Mr Walta for a four-year term, taking effect on 1 November 2014. For members of the Executive Board, the Company must observe a notice period of six months, the members themselves three months.

Ontslagvergoedingen

Dismissal payments are limited to twelve months' fixed remuneration. Mr De Groot's and Mr Walta's employment agreements comply with the Code.

SHARE OWNERSHIP GUIDELINES

Position at year-end 2017

As at year-end 2017, at a closing price of € 41.30, the CEO met the minimum Vastned shareholding requirement of at least 300% of the CEO's fixed remuneration, with 66,851 shares purchased from his own means, or 627%.

CFO Mr Walta 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 2017, Mr Walta had built up a Vastned shareholding of 1,000 shares from his own means. At a closing price of € 41.30, this is 14% of his fixed remuneration.

FIXED REMUNERATION 2017

Based on the Remuneration Policy, the fixed remuneration of the members of the Executive Board (including employer's social security contributions) for 2017 has been determined as follows:

	FIXED REMUNERATION		
	2017	2016	change
Taco de Groot (CEO)	450,000	450,000	-
Reinier Walta (CFO)	297,000	276,000	7.6%
Total	747,000	726,000	3%

Mr De Groot's fixed remuneration remained unchanged in 2017. In view of the desirability of a good balance between the remuneration of the CEO and the CFO, it has been agreed with Mr Walta that he will be able based on clear targets to rise to a fixed remuneration of € 308,000 over a period of three calendar years starting on 1 January 2015. This fixed remuneration of € 308,000 is 70% of the CEO's fixed remuneration. At the start of 2017, two thirds of this agreed salary growth had been awarded.

VARIABLE REMUNERATION IN 2017

Overview of the remuneration awarded to the executive board for 2017

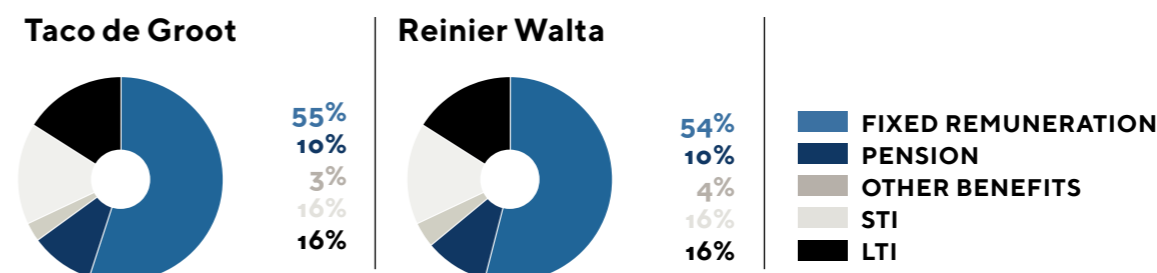
The table below presents the remuneration awarded to the Executive Board in 2017:

Name	Fixed remuneration ¹⁾	Pension	Other benefits ²⁾	STI	LTI	Total
Taco de Groot (CEO)	450,000	81,000	30,788	129,008	129,360	820,156
Reinier Walta (CFO)	297,000	54,000	23,212	84,148	84,378	542,738
Totals	747,000	135,000	54,000	213,156	213,738	1,362,894

¹⁾ Including social security premiums.

²⁾ Concerns expenses relating to company car.

The table below presents the different components of the remuneration awarded to the Executive Board in 2017:



Short-Term Incentives (STI) for 2017

Both members of the Executive Board were set three shared quantitative targets, as well as an individual qualitative target.

One of the three shared quantitative targets was that at year-end 2017 (after the sale of the Turkish portfolio) 77.50% of Vastned's entire property portfolio would comprise core city assets. At year-end 2017, 79.15% of the entire portfolio consisted of core city assets; on this basis 23.3% of the STI was awarded.

The second shared quantitative target was realising 2% like-for-like rental growth for the core city assets at year-end 2017. At year-end 2017 the like-for-like rental growth was 3.1%; the realisation of this shared quantitative target resulted in an award of 25% of the STI.

The third shared quantitative target related to the acquisition of new core city assets. The target set was that at year-end at least € 65 million in new core city assets had to be acquired. At year-end 2017, new core city assets had been acquired for € 37.6 million, so the target was not realised.

The CFO's qualitative target was the selection and start of the implementation of a new property management system and the development and implementation of an alternative financing plan (both for equity and for loan capital) in order to maintain flexibility both in 2017 and in the long term, but also allow for growth in the portfolio.

The qualitative target for the CEO was the successful implementation in 2017 of the new organisational structure in the commercial property team in the Netherlands and adjustment of the organisation in such a way as to allow the business plan for 2017-2019 to be reviewed and scaled up to a strong growth scenario for Vastned.

The qualitative STI targets for the CEO and the CFO were realised in full at year-end 2017 (25% of the STI).

This brings the total STI to 73.3% (23.3% + 25% + 0% + 25% realisation of STI targets) * 40% (weight of STI in total calculation) * annual salary (€ 440,000 for the CEO and € 287,000 for the CFO) = € 129,008 for the CEO and € 84,148 for the CFO.

Long-Term Incentives (LTI) for 2017

The LTI may range from 0% up to a maximum of 60% of the fixed remuneration, and in each case covers a three-year period. The LTI scheme has the following three elements:

- A Relative Total Shareholder Return ('RTSR') test (50%);
- An Absolute Total Shareholder Return ('ATSR') test (30%);
- A Business Health Test (20%).

The maximum LTIs Mr De Groot and Mr Walta could achieve for 2017 were 60% of € 440,000 and € 287,000 respectively.

RTSR test

The RTSR test sets 50% of the total LTI. For a description of the test and the peer group we refer to paragraph 4.3.2.2 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. In the defined peer group Vastned came fourth based on the figures at year-end 2017, so 58% is awarded based on the RTSR test. As a result, 58% * 50% = 29% of the RTSR-based LTI is payable (equal to 29% (based on the RTSR test) * 60% (weight of LTI in total calculation) = 17.4 % of the annual salary).

ATSR test

The ATSR test sets 30% of the total LTI. For a description of the test we refer to paragraph 4.3.2.3 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. As the ATSR for the period 1 January 2015 up to and including 31 December 2017 was 29.75%, 0% LTI is payable based on the ATSR test.

Business Health Test

The Business Health test determines 20% of the total LTI. The purpose of this test is to promote a long-term vision in the determination of the strategy and the policy conducted. As the principle in the assessment of this test, it initially measures the impact of the annual STI targets over a three-year period. But it also takes account of other, non-financial performance indicators. These may include strategic leadership, the 'tone at the top', employee satisfaction, implementation of the strategy and corporate social responsibility.

The Business Health Test was realised in 2017. The calculation of the Business Health Test-based LTI is as follows: 20% (weight of Business Health Test in LTI) * 60% (weight of LTI in total calculation) * annual salary = 10% * annual salary.

2017 is the first year in the three-year period over which the LTI is determined.

The total LTI for the period 2015-2017 came to: 49% (being 29% (based on the RTSR) + 20% (based on the Business Health Test) * 60% (weight of LTI in total calculation) * annual salary (€ 440,000 for the CEO and € 287,000 for the CFO) = € 129,360 for the CEO and € 84,378 for the CFO.

The Supervisory Board has not availed itself of the right to adjust or claw back the bonuses awarded to the Executive Board for the 2017 reporting year.

PENSION 2017

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 Mr De Groot's is a defined-contribution scheme. The expected retirement age of the members of the Executive Board is 67. The schemes include a partner's pension and an invalidity pension.

Pension compensation CFO

Mr Walta participates in Vastned's pension scheme. On 1 January 2015, the tax relief on pension accrual was adjusted based on tax legislation, and only the fixed salary with a maximum of € 100,000 is pensionable. It has been agreed with Mr Walta that he will be compensated for this adjustment up to the level of the pension contribution which Vastned no longer has to withhold. The same scheme has been agreed with other Vastned employees. This pension compensation does not qualify as part of the fixed remuneration.

LOANS 2017

Vastned did not provide any loans or guarantees to members of the Executive Board in 2017.

ADJUSTMENT OF REMUNERATION OF THE EXECUTIVE BOARD IN 2018

The Code states that at least every three years an analysis must be made of the possible outcomes of the variable remuneration components and the effect thereof on the Executive Board's total remuneration.

The total remuneration of the Executive Board of Vastned was compared at year-end 2017 by independent consultancy Korn Ferry with the Employment Market Peer Group as described in the Remuneration Policy. As a double fairness test, the findings of this comparison were also compared with all the companies in the ASX index and with a group of fourteen Dutch companies of similar complexity and size. In the determination of the total remuneration of the Executive Board account is also taken of its impact on the remuneration ratios within the Company.

As at year-end 2017 the remuneration levels of the Executive Board were evaluated based on the abovementioned criteria and redefined as of 1 January 2018. Subject to approval of the financial statements from auditor EY and adoption of the financial statements by the Annual General Meeting, the Executive Board's base salaries were set around the median of the Employment Market Peer Group and around the 20th percentile for the total remuneration, since Vastned is positioned near this percentile in terms of size.

2. Remuneration of the Supervisory Board

ADJUSTMENT OF REMUNERATION OF THE SUPERVISORY BOARD IN 2017

While the level of the remuneration of the members of the Supervisory Board has remained unchanged since 2012, the demands placed on the members since that time, both in terms of the time a supervisory directorship demands and the complexity of the work, have increased significantly.

At the time when the new remuneration policy for the Executive Board was adopted in 2015, the remuneration of the chairman of the Supervisory Board was reviewed based on a 'quick scan', but the remuneration system for the entire Supervisory Board was not reviewed in accordance with the remuneration system of the Executive Board. In view of the above, the Supervisory Board instructed consultancy Korn Ferry to carry out an independent benchmark survey into the remuneration of the Supervisory Board. In accordance with the remuneration policy for the Executive Board, this survey initially looked at the 'Employment Market Peer Group' which

consists of companies which are comparable to Vastned in terms of strategic focus, complexity and ambition. In this, any differences in governance structures were taken into account. Secondly, a comparison was made to all the Supervisory Board remuneration among all companies in the AMX index. Also in accordance with the remuneration policy for the Executive Board, as a principle in the outcomes the bottom quartile of the results is used as an anchor point for competitive remuneration. Finally, the top of the small cap (ASX index) companies is included in the evaluation of the remuneration of the Supervisory Board. The benchmark survey showed that the remuneration of the chairman and the members of the Supervisory Board as well as the supplements for the chairman and the members of the various committees were below those of comparable companies. In order to bring the remuneration in line with the market, the following remuneration system was adopted by the Annual General Meeting of 20 April 2017:

Chairman	€ 48,000
Member (not chairman)	€ 36,000
• Supplement for chairman of audit and compliance committee	€ 7,750
• Supplement for membership (not chairmanship) of audit and compliance committee	€ 5,500
• Supplement for chairman of remuneration and nomination committee	€ 6,750
• Supplement for membership (not chairmanship) of remuneration and nomination committee	€ 4,750

All members also receive a fixed expense allowance for travel and accommodation of € 1,250 per year, excluding turnover tax.

OVERVIEW OF THE REMUNERATION AWARDED TO THE SUPERVISORY BOARD IN 2017

The table below presents the remuneration awarded to the Supervisory Board in 2017 (x € 1):

Name	Supervisory Board	A&C committee	R&N committee	Expense allowance	Total
Marc C. van Gelder ^{c)}	48,000	-	4,750	1,250	54,000
Jeroen B.J.M. Hunfeld	36,000	5,500	-	1,250	42,750
Charlotte M. Insinger	36,000	7,750	-	1,250	45,000
Marieke Bax	36,000	-	6,750	1,250	44,000
Total 2017	156,000	13,250	11,500	5,000	185,750

^{c)} Chairman