



2016
REMUNERATION
REPORT

2016 REMUNERATION REPORT

This 2016 remuneration report has three parts. The first part outlines the 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 2016. The third part contains information on the remuneration granted to the members of the Supervisory Board in 2016.

1 EXECUTIVE BOARD REMUNERATION POLICY

This remuneration policy for the Executive Board of Vastned was adopted by the Annual General Meeting of shareholders on 25 April 2015. The 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, an labour market reference group has been defined that matches Vastned's present strategic focus, complexity and ambition. This group of companies comprises 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 test of reasonableness, 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 reasonableness 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, since Vastned positions itself within this percentile in terms of size. At year-end 2017, the present total remuneration will be evaluated in using the same methodology.

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

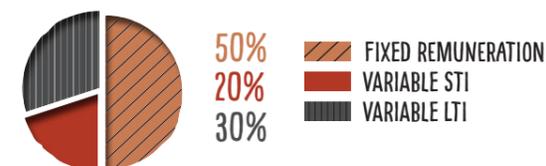
Fixed remuneration

The fixed remuneration for the Executive Board is tested annually against the previously mentioned Employment Market Peer Group, and is set in principle for twelve months. The fixed remuneration includes 8% holiday pay and is paid monthly in cash. The fixed remuneration is pensionable up to € 100,000; any variable remuneration is not.

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 the total 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 achieved.

The STI is paid in cash after the Annual General Meeting has adopted the financial statements for the related 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 covers 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 ('ATSR') 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 three months preceding 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 the ‘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 based on the RTSR test is awarded based on Vastned’s ranking in the peer group in terms of the share’s total shareholder return after each three-year period, using 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.

Realisation ATSR

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-based 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 award. The intention of this test is to promote that short-term incentives do not get the upper hand in the determination of the policy and that the Executive Board keeps sight of the long-term strategy at all times. For this reason, this test 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. 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 2016

As at year-end 2016, at a closing price of € 36.86, Mr Taco T.J.de Groot, CEO, with 54,051 shares purchased from his own means, or 453%, met the minimum Vastned shareholding requirement of at least 300% of the CEO’s fixed remuneration.

Mr 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 2016, Mr Walta had built up a Vastned shareholding of 1,000 shares from his own means at an accelerated rate. At a closing price of € 36.86, this is 14% of his fixed remuneration.

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 the recommendation of the remuneration 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 54,051 Vastned shares. These shares are not subject to the ‘takeover bonus legislation’ in Article 2:135(7) of the Dutch Civil Code. For the coming years, Vastned will explicitly disclose in its reporting the difference between Mr De Groot’s shareholding acquired from his own means and his shareholding acquired from means received under the 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. Finally, the 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 since 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; and
- 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 appointed Mr De Groot for a four-year term, taking effect on 25 November 2011. The Extraordinary General Meeting of 28 November 2014 appointed Mr 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.

Concurrentiebeding en relatiebeding

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. Mr De Groot's and Mr 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. 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.

Cases not covered by the remuneration policy

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2 REMUNERATION OF THE EXECUTIVE BOARD IN 2016

VOTING RESULTS EXECUTIVE BOARD REMUNERATION POLICY

On 25 April 2015, the Annual General Meeting adopted the 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 Onthoudingen	31,223	

¹⁾ This is the total number of votes in favour and against; abstentions are not included

FIXED REMUNERATION 2016

Based on the remuneration policy set out above, the fixed remuneration of the members of the Executive Board (including employer's social security contributions) for 2016 has been determined as follows:

FIXED REMUNERATION	2016	2015	Change
Taco de Groot	450,000	449,000	0.2%
Reinier Walta	276,000	254,000	8.5%
Total	726,000	703,000	3.2%

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 (excluding employer's social security contributions) over a period of three calendar years starting on 1 January 2015. This fixed remuneration is 70% of the CEO's fixed remuneration. At the start of 2016, one third of this agreed salary growth had been awarded.

VARIABLE REMUNERATION IN 2016

Short-Term Incentives for 2016

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

STI TARGETS 2016 AND REALISATION

	Threshold	At target	Maximum	Realisation
At year-end 2016, 75% premium city high street shops in the entire portfolio	73%, 15% rewarded	75%, 20% rewarded	77%, 25% rewarded	18.25%
At year-end 2016, 2% like-for-like gross rental growth of premium city high street shops	1%, 15% rewarded	2%, 20% rewarded	3%, 25% rewarded	0%
At year-end 2016, at least € 65 million in acquisitions of new premium city high street shops	€ 52 million, 15% rewarded	€ 65 million, 20% rewarded	€ 78 million, 25% rewarded	24.19%

The fourth, qualitative STI target for the CEO and CFO is realised for the maximum 25%.

Long-term Incentives for 2015

The maximum LTI Mr De Groot and Mr Walta could achieve for 2015 were € 440,000 and € 245,000 respectively. 2016 is the second year of the three-year period over which the LTI for 2015 is determined. Based on the position at year-end 2016, no RTSR-linked LTI is payable as Vastned came ninth in the defined peer group. Based on the position at year-end 2016, no ATSR is payable, and the level of realisation of the Business Health Test cannot yet be determined. In view of the above, no LTI for 2016 has been recognised in the 2015 financial statements. Determination of the realisation will take place after 2017.

Long-Term Incentives for 2016

The maximum LTI Mr De Groot and Mr Walta could achieve for 2016 were € 440,000 and € 266,000 respectively. 2016 is the first year of the three-year period over which the LTI for 2016 is determined. Based on the position at year-end 2016, no RTSR-linked LTI is payable as Vastned came ninth in the defined peer group. Based on the position at year-end 2016, no ATSR is payable, and the level of realisation of the Business Health Test cannot yet be determined. In view of the above, no LTI for 2016 has been recognised in the 2016 financial statements. Determination of the realisation will take place after 2018.

PENSION 2016

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. Mr Walta's and Mr De Groot's expected retirement age is 67 years. The schemes include a partner's pension and an invalidity pension.

Pension compensation Mr 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. Mr Walta participates in Vastned's pension scheme. The company has agreed with him that he will receive a compensation 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 2016

Vastned did not provide any loans or guarantees to members of the Executive Board in 2016.

OVERVIEW OF THE REMUNERATION OF THE EXECUTIVE BOARD

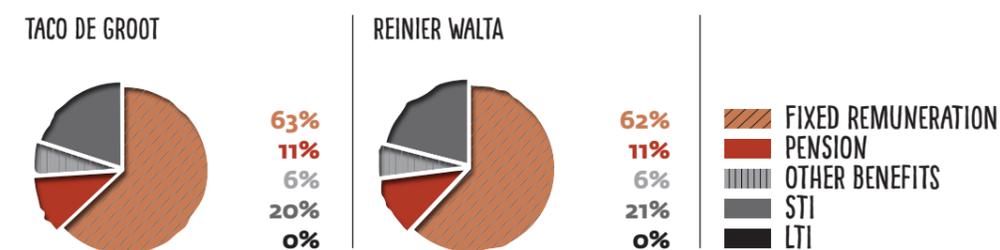
The table below presents the remuneration awarded to the Executive Board in 2016:

Name	Fixed remuneration ¹⁾	Pension	Other reimbursements ²⁾	STI	LTI	Total
Taco de Groot (CEO)	450,000	81,000	44,069	119,000	-	694,069
Reinier Walta (CFO)	276,000	49,000	24,137	72,000	-	421,137
Total 2016	726,000	130,000	68,206	191,000	-	1,115,206

¹⁾ including employer's social security contributions

²⁾ Concerns expenses for company car, telephone, Internet costs and healthcare insurance contributions.

The table below presents the remuneration awarded to the Executive Board in 2016:



The Supervisory Board has not availed itself of the right to adjust or reclaim the bonuses awarded to the Executive Board for the 2016 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 is the total number of votes in favour and against; abstentions are not included

REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board benchmarked the remuneration of its members against those of peer companies at the end of 2015. 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

- Supplementary fee for membership of combined nomination and remuneration 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 tax.

OVERVIEW OF THE REMUNERATION GRANTED TO THE SUPERVISORY BOARD IN 2016

The table below presents the remuneration awarded to the Supervisory Board in 2016 (fee € 1):

Name	Supervisory Board	A&C committee	R&N committee	Expense allowance	Total
Marc C. van Gelder ^{c)}	38,416	-	4,000	1,250	43,666
Wouter J. Kolff ¹⁾	12,542	-	-	373	12,916
Jeroen B.J.M. Hunfeld	30,000	4,000	-	1,250	35,250
Charlotte M. Insinger	30,000	4,000	-	1,250	35,250
Marieke Bax	30,000	-	4,000	1,250	35,250
Total 2016	140,959	8,000	8,000	5,373	162,332

^{c)} Chairman

¹⁾ Retired as chairman as per 20 April 2016

