

Remuneration report 2020

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This remuneration report 2020 is comprised of two parts. The first part contains information on the remuneration awarded to the members of the Executive Board in 2020. The second part contains information on the remuneration awarded to the members of the Supervisory Board in 2020.

The advisory vote of the Annual General Meeting of 25 June 2020 on the 2019 Remuneration Report was negative. This negative advisory vote did not affect the remuneration paid to the members of the Executive Board for the 2019 financial year. In spite of this, the Executive Board and the Supervisory Board took note of this vote as a clear signal and as a result entered into a dialogue with (interest groups of) shareholders. The findings of these discussions have been included in the decision-making process. Based on these discussions, the structure of this Remuneration Report 2020 has been improved, including the addition of a schematic overview that clearly shows the system and objectives of the realised variable remuneration for 2020. Additional explanations are also provided on the proposed simplified new remuneration system for the Supervisory Board.

In view of the situation surrounding COVID-19, the members of the Executive Board and Supervisory Board decided on their own initiative in mid-2020 to waive 15% of the fixed remuneration or fee for the months of May to December 2020. The Executive Board also waived its claims under the Short-Term Incentive (STI) for 2020. In addition, due to the impact of COVID-19 on society, payment under the Business Health test for the variable long-term remuneration ('Long Term Incentive' or 'LTI') covering the period 2018-2020 was also waived.

A proposal to adopt a (new) Remuneration Policy for both the Executive Board and the Supervisory Board was also submitted to the Annual General Meeting. These proposals were made in order to comply with the implementation legislation of the Shareholders' Rights Directive, which came into force on 1 December 2019 and contains provisions regarding the remuneration of both the Executive Board and the Supervisory Board. The proposals made included a simplification of the remuneration system for the Supervisory Board, which explicitly did not involve any change in the total remuneration per member of the Supervisory Board. Some technical amendments were also proposed to the existing Remuneration Policy for the Executive Board, which did not change the remuneration for the Executive Board either. Neither proposal obtained the required majority of at least 75% of the votes cast.

At the next Annual General Meeting to be held on 15 April 2021, proposals will again be submitted for the amendment or adoption of a (new) Remuneration Policy for the Executive Board and Supervisory Board in order to comply with the Shareholders' Rights Directive, once again emphasising that the amendments only concern a simplification of the remuneration system for the Supervisory Board, and not an increase. Each member of the Supervisory Board will receive the same total remuneration in 2021 as under the current system; the proposed changes are merely a simplification of the system. In short: simpler, in line with the smaller composition of the Supervisory Board (three instead of four members).

Remuneration of the Executive Board

Executive Board Remuneration Policy

Vastned's current Executive Board Remuneration Policy was adopted by the Annual General Meeting of shareholders on 19 April 2018 and took retrospective effect as of 1 January 2018.

The full text of the Remuneration Policy is available on Vastned's website:

www.vastned.com/remuneration_policy

In formulating the Remuneration Policy and its execution the objectives of the strategy to realise long-term value creation were taken into account (see also the section Long-term value creation in the 2020 annual report).

In the Remuneration Policy furthermore account was taken of Vastned's identity, mission and values and public support, by shaping the policy and its implementation in such a way that the members of the Executive Board receive a remuneration that is in line with Vastned's identity as a European listed property company whose main focus is to create long-term value for all stakeholders in the company. In this, special attention has been given to the social context and the society that Vastned is part of, with due observance of the business' necessary competitiveness. The principle in this is that the total remuneration of the Executive Board, also in view of the weight of the position and the responsibilities associated with a listed property company, must at all times be in reasonable proportion to the salaries and employment conditions of Vastned's employees and must be in line with the pay ratios that are in effect within the company. The reasonableness of the pay ratios within Vastned is continuously monitored based on benchmarks and reports, both internal and external.

The total remuneration of Vastned's Executive Board was compared at year-end 2019 by independent consultancy Willis Towers Watson with the Employment Market Reference Group as described in the Remuneration Policy. The findings of this comparison were then compared by way of a double reasonableness test with all the companies in the AScX index. For the determination of the total remuneration of the Executive Board, the pay ratios within Vastned and the views of the members of the Executive Board on their own remuneration and the Remuneration Policy were also weighed.

Employment agreements of the Executive Board

Duration of the agreement

Reinier Walta was appointed as a statutory director of Vastned for a four-year term by the Annual General Meeting of 19 April 2018. Since 1 December 2020, Reinier Walta has also held the position of interim CEO, in addition to his duties as CFO.

Taco T.J. de Groot was appointed for a four-year term by the Annual General Meeting of 18 April 2019. In mid-2020, Mr De Groot took the initiative to inform the Supervisory Board that he was considering his position as CEO to enable Vastned to enter a new phase. On the initiative of the Supervisory Board, it was then decided on 1 September 2020 to terminate his employment contract as of 1 April 2021, with due observance of the contractually agreed six-month notice period. In accordance with the employment contract and the Remuneration Policy, the resulting dismissal payment is maximised at twelve months, which Taco de Groot will receive in full. Taco de Groot officially resigned his statutory positions within the company as of 30 November 2020 in order to make room for the new strategy update.

For members of the Executive Board, Vastned must observe a notice period of six months, the members themselves three months.

Dismissal payments

Dismissal payments are limited to twelve months' fixed remuneration.

Employment contracts for members of the Executive Board comply with the Dutch Corporate Governance Code.

Share ownership guidelines

Based on the share ownership guidelines in the Remuneration Policy the members of the Executive Board must build up a position in Vastned shares equal to 300% of the most recently adopted fixed remuneration for the CEO and 150% for the CFO, whereby the Executive Board should strive to build up the minimum shareholding within five calendar years.

Position at year-end 2020

At year-end 2020, Mr Walta had built up a Vastned shareholding of 2,000 shares at his own cost. At a closing price of € 23.15, this is 14.38% of his fixed remuneration as at 31 December 2020. Therefore, Reinier Walta does not yet meet the minimum shareholding requirement. In strict compliance with the Regulation Private Investment Transactions, Reinier Walta did not purchase or sell any Vastned shares during 2020. Following the announcement of the strategic update in February 2021, Reinier Walta will use the LTI paid out in 2019 to purchase shares in Vastned.

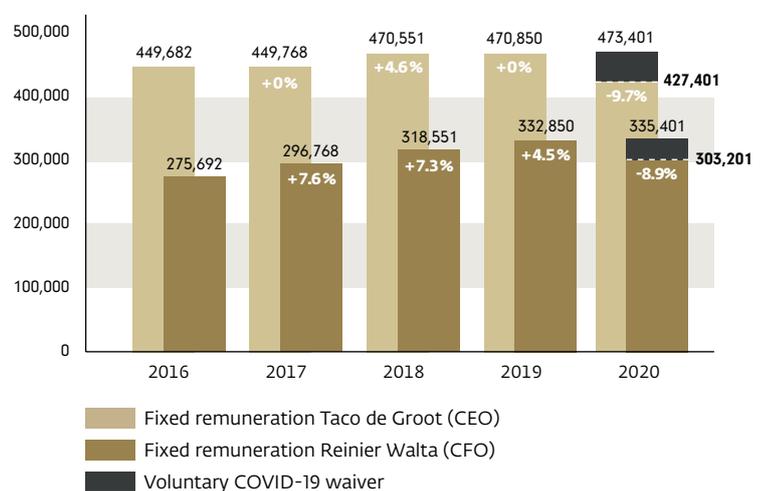
Fixed remuneration

The fixed remuneration of Taco de Groot (CEO) in 2020 was € 460,000 and the fixed remuneration of Reinier Walta (CFO) was € 322,000.

Adjustment in connection with COVID-19

Due to the exceptional circumstances regarding the COVID-19 virus, the members of the Executive Board voluntarily waived 15% of the fixed remuneration component for the months of May to December 2020. The following diagram shows the fixed remuneration ¹⁾ of the members of the Executive Board in the period 2016-2020, including the annual relative changes. For 2020, the diagram shows both the fixed remuneration without the voluntary waiver and the remuneration actually paid including the voluntary 15% waiver in connection with COVID-19.

¹⁾ Including social security contributions (€) and excluding dismissal payments to CEO.



Pay ratios within Vastned

In accordance with the best-practice provisions in the Code, Vastned reports on the pay ratios of the Executive Board compared to those of a 'representative reference group' defined by the company. Vastned has elected to compare the remuneration of the (then) CEO Taco de Groot for the whole of 2020 with that of the average employee.

The total financial remuneration (i.e. excluding non-financial remuneration elements such as travel expenses, but including pension charges) of all Vastned employees (excluding the remuneration of the CEO) for the relevant tax year was used as the reference point. To calculate the ratio, the salaries of employees who as at 31 December 2020 had not yet been employed for a full year were annualised as if the relevant employee had been employed throughout the year. Using this method, the ratio between the (then) CEO's remuneration as presented in the diagram on page 94 and that of an average employee for the 2020 tax year was 5.03:1 (2019: 6.30: 1; 2018: 7.22: 1). This decrease is due to the 15% COVID-19 reduction on the directors' fixed remuneration for the months of May to December 2020, the voluntary waiver of STI entitlements by the directors as well as the payment of a lower long-term variable remuneration to the directors of the company compared to previous years.

Variable remuneration

The Remuneration Policy states that the total variable remuneration is limited to 100% of the fixed remuneration. The variable remuneration is comprised of 40% short-term variable remuneration ('STI') and 60% long-term variable remuneration ('LTI').

Short-Term Incentives (STI)

No payout due to COVID-19

Due to the outbreak and spreading of the COVID-19 virus, the Executive Board announced on 28 July 2020 it would voluntarily waive any STI entitlement for 2020. Therefore, the STI payment for the members of the Executive Board for 2020 was nil. The targets referred to aspects such as the portfolio occupancy rate, the loan-to-value ratio, like-for-like rental growth and long-term value creation in determining the company's strategy.

Long-Term Incentives (LTI) 2018-2020

The LTI can range from 0% to a maximum of 60% of the fixed remuneration, and in each year covers a three-year period. The 2020 LTI covers the period 2018-2020. The LTI scheme has the following three elements:

- A Relative Total Shareholder Return (RTSR) test (40%)¹⁾;
- An Absolute Total Shareholder Return (ATSR) test (30%)²⁾;
- A Business Health test (30%)³⁾.

- 1) The RTSR test sets 40% 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 third based on the figures at year-end 2020, so 72% is awarded based on the RTSR test. As a result, $72\% \times 40\% = 28.8\%$ of the RTSR-based LTI is payable (equal to 28.8% (based on the RTSR test) \times 60% (weight of LTI in total calculation) = 17.28% of the annual salary).
- 2) 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. The threshold for the realisation of the ATSR is 10% ATSR and realisation above 25% ATSR results in the maximum award. On 31 December 2020, the total shareholder return for the period 1 January 2018 up to and including 31 December 2020 was -29.74%. Since at the reference date, the ATSR for the period 1 January 2018 up to and including 31 December 2020 was not above 10% at year-end 2019, 0% LTI is payable based on the ATSR test.
- 3) The Business Health test determines 30% of the total LTI. For a description of the test we refer to Paragraph 4.3.2.4 of the Remuneration Policy for the Executive Board, which can be inspected on the Vastned website. As the principle in the assessment of this test, initially the impact of the annual STI targets is measured over a three-year period, but it also takes account of other, non-financial performance indicators. The Supervisory Board evaluates the Executive Board's strategic leadership, the tone at the top (important also in the context of risk management), employee satisfaction, the implementation of the strategy and last but not least the objectives for corporate social responsibility that the Executive Board has set for itself. The remuneration and nomination committee has also taken these aspects into account in its deliberations and weighed them during an extensive 360-degree evaluation of the members of the Executive Board, for which several discussions were held with staff, members of the Management Team and various country managers. In subsequent discussions with the interim CEO the remuneration and nomination committee took note of his views on the level and structure of his own remuneration, whereby attention was given to Vastned's remuneration system and the level of the fixed and variable remuneration components, the situation with COVID-19 and its impact on society in 2020, the performance criteria used, the scenario analyses performed and the pay ratios within Vastned and the business associated with it.

The 360-degree review resulted in a positive evaluation of Reinier Walta, both for his performance as CFO during 2020 and in his role as interim CEO. The positive outcome of this evaluation, as well as the evaluations from previous years, contributed to the Supervisory Board's decision to nominate Mr Walta for appointment as Managing Director of Vastned at the upcoming Annual General Meeting of shareholders on 15 April 2021.

No Business Health test payment in connection with COVID-19

Notwithstanding the positive evaluation and high scores achieved in the Business Health test in the period 2018-2020, in connection with the situation surrounding COVID-19 and the related social consequences, it was decided to waive any payment based on the Business Health test for the last reporting year of the period 2018-2020.

Schematically, the structure of the Executive Board's LTI for the period 2018-2020 can be represented as follows:

#	Test	Realisation test	LTI award %	LTI award absolute (CEO)	LTI award absolute (CFO)	Comments
1	Relative Total Shareholder Return test ('RTSR')	3	40% van 72% = 28.8%	€ 72,864	€ 55,642	Vastned finished in 3rd position within the reference group
2	Absolute Total Shareholder Return test ('ATSR')	-29.75%	0%	€ 0	€ 0	No payment because the minimum was not achieved
3	Business Health test	-	0%	€ 0	€ 0	No payment because of COVID-19 situation
Total			28.8%	€ 72,864	€ 55,642	

Reinier Walta's maximum LTI over the performance period 2018-2020 was 60% of € 322,000 (of which € 55,642 was realised). Taco de Groot's maximum LTI over the performance period 2018-2020 for was 60% of € 421,666 (11/12th part of € 460,000), of which € 72,864 was realised.

The Supervisory Board has not availed itself of its right to adjust or claw back the incentives awarded to the Executive Board on the 2019 reporting year or earlier.

Pension

The members of the Executive Board do not pay own contributions to their pension schemes; these contributions are paid by Vastned. Reinier Walta's pension was based on a defined contribution scheme as of 1 January 2020 and Taco De Groot's was a defined benefit scheme. Based on the Pension Agreement, the expected retirement age for Reinier Walta is 68 years and three months.

Pension compensation

Reinier Walta participates in Vastned's pension scheme. As of 1 January 2015, the tax relief on pension accrual was adjusted based on new tax legislation, and now only the maximum pensionable salary in any year¹⁾ is pensionable. It has been agreed with Reinier Walta that he is compensated for this adjustment up to the level of the pension contribution which Vastned no longer has to pay in. The same arrangement has been agreed with other Vastned employees.

The pension contribution for Reinier Walta in 2020 was € 25,813 for the part up to the maximum pensionable salary in that year. For the part above the maximum pensionable salary Reinier Walta received a compensation of € 28,927 in 2020. This pension compensation does not qualify as part of the fixed remuneration. The total compensation was € 54,740 (17% * € 322,000 (fixed remuneration)). Based on tax legislation, the partner pension under the pension scheme that is in effect at Vastned is also limited. The Vastned pension scheme in which the CFO participates also includes an invalidity pension.

Loans

Vastned did not provide any loans or guarantees to members of the Executive Board in 2020.

1) As at 1 January 2020: € 110,111

Total remuneration

Overview of total remuneration paid to the Executive Board

The table below presents the remuneration awarded to the Executive Board in 2020 (€):

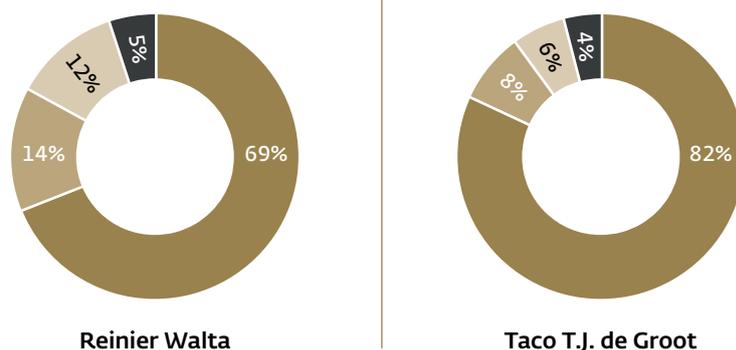
	Fixed remuneration	COVID-19 waiver ¹⁾	Social security contributions	Pension ²⁾	Other benefits ³⁾	STI ⁴⁾	LTI ⁵⁾	Total
Reinier Walta	326,000 ⁶⁾	(32,200)	13,401	60,634	24,580	-	55,642	448,057
Taco T.J. de Groot	1,073,333 ⁷⁾	(46,000)	17,201	104,267	48,817	-	72,864	1,270,483
Totals	1,399,333	(78,200)	30,602	164,901	73,398	-	128,506	1,718,540

- 1) 15% voluntary waiver over the months of May to December 2020 in connection with COVID-19.
- 2) Including WIA top-up premiums.
- 3) Concerns expenses relating to company car.
- 4) In connection with COVID-19, the Executive Board has voluntarily waived entitlements based on STI for the 2020 financial year.
- 5) The LTI relates to the performance period 2018-2020. In connection with COVID-19, payment based on the Business Health test for this period was waived.
- 6) Including € 4,000 remuneration for work as interim CEO. This temporary remuneration is not pensionable and does not count towards any variable remuneration.
- 7) The remuneration awarded to Taco de Groot included the fixed annual salary for 2020, a payment amounting to an annual salary of € 460,000 in connection with the termination of his employment contract as of 1 April 2021, an anniversary bonus and the fixed salary still to be paid for January to March 2021 of € 115,000.

The table below presents a proportional overview of the remuneration awarded to the Executive Board in 2020:

Remuneration composition (%)

- Fixed remuneration¹⁾
- Pension
- Other benefits
- STI (=0)
- LTI



- 1) After deduction of 15% voluntary waiver over the months of May to December 2020 in connection with COVID-19.

Remuneration and operating results

	2020	2019	2018	2017	2016
Operating result					
Turnover (x € 1,000)	64,916	69,288	77,060	77,480	89,469
Direct result (x € 1,000)	31,727	35,041	40,354	41,134	46,115
Average remuneration (on full-time basis)¹⁾					
Directors of the company (x € 1,000)	502 ²⁾	628	736	654	523
• CEO	585 ³⁾	734	879	789	649
• CFO	419	521	593	519	396
Employees of the company (x € 1,000)	108	106	110	129	112
Pay ratio ⁴⁾	4.6	5.9	6.7	5.1	4.7

- 1) Including social insurance contributions and pension, excluding other benefits.
- 2) In connection with the situation with the COVID-19 pandemic, the Executive Board has voluntarily waived claims based on STI in 2020. The LTI payment covers the period 2018-2020.
- 3) Calculated as if the CEO were in office throughout 2020.
- 4) The ratio of the average remuneration of the members of the Executive Board (calculated as if both members of the Executive Board had been in office throughout the 2020 financial year) to the average remuneration of the Vastned employees.

2. Remuneration of the Supervisory Board

A competitive compensation is awarded to the members of the Supervisory Board that does not include performance-based elements. Thus, the remuneration contributes to safeguarding independent expert supervision in the interests of the company and its long-term performance.

The total remuneration of Vastned's Supervisory Board was compared at year-end 2019 by independent consultancy Willis Towers Watson with the Employment Market Peer Group as described in the Remuneration Policy. The findings of this comparison were then compared by way of a double reasonableness test with all the companies in the AScX index. The benchmark survey showed that the total remuneration of the chairman and the members of the Supervisory Board were between the 25th percentile and the median of those of comparable companies.

The remuneration system for the Supervisory Board adopted by the Annual General Meeting on 20 April 2017 remained unchanged in 2020. As explained above, the proposal to adopt a Remuneration Policy for the Supervisory Board was not adopted by the Annual General Meeting in 2020. The proposed Remuneration Policy explicitly did not include an increase in the total remuneration to be received by each member, only a simplification of the remuneration system in connection with the smaller size of the Supervisory Board (three instead of four members) and to avoid double counting (e.g. in the case of a member who is both a member of the audit and compliance committee and chairman of the remuneration and nomination committee). By replacing the existing system with a simpler one in which there is only a supplement for the chairmanship of a certain committee (as a result of which the separate supplements for membership will be scrapped), account will be taken of the division of roles within the current composition (and more compact size) of the Supervisory Board.

As a result of the vote, the proposal was subsequently discussed and explained in more detail in a consultation round with some (interest groups of) shareholders. Special emphasis was again placed on the fact that the proposed amendment does not involve an increase, only a simplification of the system. The total remuneration to be received per member will remain the same in 2021 as in 2020. The system will be simpler: separate fees for committee membership will be dropped, only a committee chair will receive a supplement. The level of the total remuneration per member of the Supervisory Board will remain the same as in 2020. So only the simplicity is increased, not the total fee.

The proposal to adopt a Remuneration Policy for the Supervisory Board will be put to the vote again at the Annual General Meeting to be held on 15 April 2021. After the adoption of the Remuneration Policy for the Supervisory Board, the Remuneration Policy will then again be put to the Annual General Meeting for adoption at least every four years.

The remuneration of the Supervisory Board as at 31 December 2020 was as follows:

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

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

COVID-19 waiver

In view of the situation surrounding COVID-19, the members of the Executive Board and Supervisory Board decided on their own initiative in mid-2020 to waive 15% of their remuneration for the months of May to December 2020.

Overview of remuneration awarded to the Supervisory Board

The table below presents the remuneration awarded to the Executive Board in 2020 (€):

	Supervisory Board	A&C Committee	R&N Committee	Expense allowance	Subtotal (before deduction of COVID-19 waiver ¹⁾)	COVID-19 waiver	Total
Marc C. van Gelder ^{c)}	48,000		4,750	1,250	54,000	(5,275)	48,725
Charlotte M. Insinger	36,000	7,750 ^{v)}		1,250	45,000	(4,375)	40,625
Marieke Bax ²⁾	18,000		3,375	625	22,000	(1,069)	20,931
Jaap G. Blokhuis	36,000	2,750 ³⁾	3,375 ^{v)}	1,250	43,375	(4,244)	39,131
Total	138,000	10,500	11,500	4,375	164,375⁴⁾	(14,963)	149,412

c) Chairman.

1) In view of the situation surrounding COVID-19, the members of the Executive Board and Supervisory Board decided on their own initiative in mid-2020 to waive 15% of the fixed remuneration for the months May to December.

2) Retired in accordance with retirement roster on 25 June 2020.

3) Mr Blokhuis is a member of the audit and compliance committee and (since 25 June 2020) chairman of the remuneration and nomination committee. Under the current remuneration system, Mr Blokhuis would be entitled to supplements for both positions, which would result in a disproportionate payment compared to the other members of the Supervisory Board. In order to avoid this undesirable outcome, Mr Blokhuis voluntarily waived his entitlement to half of the supplement for his membership of the audit and compliance committee during 2020.

4) In the proposal for the adoption of a Remuneration Policy for the Supervisory Board, the supplements per member (not being the chairman) are dropped and only a supplement for the chairmanship of a committee is granted. The total remuneration per member will remain unchanged in 2021 compared to 2020.

Overview of remuneration awarded to the Supervisory Board 2016-2020

The table below presents the remuneration awarded to the Executive Board in 2016-2020 (x € 1.000)¹⁾:

	2020	2019	2018	2017	2016
M.C. van Gelder	48	53	53	53	43
C.M. Insinger	39	44	44	44	34
J.G. Blokhuis ²⁾	38	29	-	-	-
M. Bax ³⁾	20	43	43	43	34
J.B.J.M. Hunfeld ⁴⁾	-	12	41	41	34
W.J. Kolff ⁵⁾	-	-	-	-	12
Total	145	181	181	181	157

1) Excluding expense allowance.

2) Appointed as of 18 April 2019.

3) Retired in accordance with retirement roster on 25 June 2020.

4) Retired in accordance with retirement roster on 18 April 2019.

5) Retired in accordance with retirement roster on 20 April 2016.