

Remuneration Policy for the Management Board of NSI N.V. (2020 Version)

Introduction

The Remuneration Policy for members of the Management Board of NSI (the “**Remuneration Policy**”) intends to align remuneration at NSI with developments in legislation, governance, the market place and the interests of both NSI and its shareholders.

The Remuneration Policy aims to contribute to the company's strategy and to support long-term value creation for shareholders while creating fair pay for the Management Board.

The Remuneration Policy enables NSI to offer a competitive remuneration package to attract, reward and retain qualified and seasoned real estate industry professionals, who can achieve the company objectives.

Total Direct Compensation (TDC)

Transparency, simplicity, compliancy and a focus on the long term are at the basis of NSI's culture and mindset and are guiding principles of the Remuneration Policy.

The Total Direct Compensation for members of the Management Board (TDC) at NSI consists of a base fee, a short-term incentive and a long-term incentive. In determining the TDC, the following aspects have been taken into consideration (see below for further details):

- the identity, mission and values of the company and its related undertaking;
- the wages and employment conditions of the employees of the company;
- the internal remuneration ratios (Dutch:“bezoldigingsverhoudingen”) within the company and its related undertaking; and
- the level of support in society.

The level of TDC for members of the Management Board of NSI is determined based on both the remuneration levels of comparable listed companies in the Dutch market place and the (internal) pay levels within the company, as further explained below.

Reference group and market positioning

The relevant remuneration levels in the Dutch market place are determined by referencing to comparable companies. These reference companies are selected based on their market capitalization and, to the extent available, comparable business operations. The reference companies for NSI have been defined in 2019 as AScX listed companies, excluding Financial Services organizations, and including Wereldhave (AMX listed Real Estate company). This resulted in a reference group of the following nineteen companies (which group may vary from time to time, see further below).

Reference companies

Accell Group	ICT Group
Amsterdam Commodities	Kendrion
Avantium	Nedap
Basic-Fit	Ordina
Beter Bed Holding	Sif Holding
Brunel International	Stern Groep
Eurocommercial Properties	JUST EAT TAKEAWAY
Fagron	VastNed Retail
ForFarmers	Wereldhave
Heijmans	

For NSI's CEO and CFO, a market positioning of the TDC level at 90% of the median of the reference group is deemed to properly reflect the weights of these functions and the complexity and diversity of NSI's business and revenue levels within the reference group.

Internal pay levels NSI

Next to considering the external positioning in determining the remuneration levels for the Management Board, NSI takes the internal pay ratios within the company into account. This refers in

particular to the step differential between the CFO and the internal level just below the Management Board and the step differential between the CEO and the CFO. NSI applies a pay ratio of one and a half as an expression of a fair pay difference on base fee/salary between the CFO and the level below the Board and also for the pay difference on base fee between the CEO to CFO. These ratios are based on the extended responsibilities in the roles and their influence on company performance. For the level below the Management Board pay levels follow function group levels that are set at an 22% interval of each other.

Level of support in society.

The Remuneration Policy is in accordance with the principles and best practice provisions of the Dutch Governance Code. The principles of the Dutch Governance Code may be regarded as reflecting widely held general views on good corporate governance. The Remuneration Policy further considers (voting) policies on Board Remuneration that are issued by NSI's major shareholders and by large proxy advisors.

Level of Total Direct Compensation at target

The remuneration levels for the members of the Management Board are determined based on the TDC level at target. To express an equal importance of external competitiveness and internal fairness, the remuneration levels of the CEO and the CFO are set as the average of the results of the external benchmark and the internal pay ratios approach.

In 2018 – during the preparation of the 2019 version of this Remuneration Policy - an initial benchmark in the reference group was conducted for both the CEO and CFO position on the most recently disclosed data (2017 annual reports). Actual TDC at target levels have been set by aging the results from the reference year of the benchmark assessment to the first year of application of the adjusted TDC levels (2019).

The Supervisory Board will conduct benchmarks every three years to reassess NSI's competitiveness in the market place and the fairness of the internal pay differences. The composition of the reference group will also be reviewed every three years to ensure an appropriate market assessment. Substantial changes applied to the composition of the reference group will be proposed to the General Meeting of Shareholders. The Supervisory Board has the authority to replace a reference company in the event that this company becomes delisted.

Pay levels for the Management Board will not be adjusted in the years between benchmarks. Only in case of extraordinary circumstances or developments the Supervisory Board can decide to reassess the pay levels on shorter notice.

Compensation structure

Due to the nature of the business of NSI, the intention to have longer term trusted Management Board members and to avoid excessive risks, NSI applies a pay mix with a solid base fee and a variable pay level that is high enough to create a drive for excellent performance and low enough to avoid excessive risk-taking. Performance measures are predominantly long-term oriented and are linked to both financial and non-financial criteria that support the realization of the company's strategy. To create a strong alignment with the shareholders, Management Board members are required to acquire NSI shares by investing one-third of the net payments resulting from the short-term incentive scheme and two thirds of the net payments resulting from the long-term incentive scheme in NSI shares until the shareholding requirement set out below has been met.

The focus of the CEO should be on NSI's long-term achievements. This is reflected by a target short-term incentive of 20% of base fee and a target long-term incentive of 60% of base fee. For the CFO the focus is both on objectives and actions that are measured at yearly intervals and on long term achievements. This results in a target short-term incentive of 30% of base fee and a target long-term incentive of 30% of base fee.

Base fee

Base fee for the members of the Management Board is derived from the intended TDC level and the chosen pay mix at target.

Short-term incentive

The short-term incentive concerns an annual performance-related cash incentive. The collective performance measures in the short-term incentive plan represent short-term results needed for sustainable value creation with respect to the most important achievement areas of the company. These could include the occupancy rate, like-for-like net rental income, EPRA cost ratio and the company's earnings over time (expressed as the EPRA Earnings per Share), organizational targets like personnel retention rate and NSI's strategic position and sustainability performance (expressed as the development of the NSI portfolio and the NSI GRESB score). To guard alignment within the Management Board these measures apply in the same way to each of the members of the Management Board.

Next to these collective measures NSI could also apply individual personal targets for each of the members of the Management Board. These personal targets are related to the individual roles of the members and specific short-term achievements needed for NSI.

The Supervisory Board determines annually which performance measures apply, including their relative weighting.

For each of the selected performance measures the Supervisory Board sets challenging, but realistic target performance levels. The target setting and performance review process occur once a year. All the performance levels for the measures are set before or at the beginning of the performance period and remain unchanged during the year.

The target payout level (20% of base fee for the CEO and 30% of base fee for the other Management Board members) will be reached by full achievement of the predetermined target performance levels. Whenever possible quantitative targets are linked to Company KPI's that are reported to the Supervisory Board, and/or published by the Company and/or audited by the statutory auditor of NSI NV as referred to in article 2:393 paragraph 1 DCC. When determining whether quantitative target performance levels have been the Supervisory Board will rely on reported, published and audited numbers in as far as the numbers are reported, published and audited. In case of qualitative targets the Management Board is invited to submit a narrative substantiated with proof. When determining whether qualitative target performance levels have been met the Supervisory Board will discretionarily assess the performance level, taking into account the narrative submitted by the Management Board.

Achievement of a threshold performance level yields a payout of 50% of the target level and excellent outperformance yields a maximum payout of 120% of the target level. Therefore, the maximum payout for the CEO is 24% of base fee and the maximum payout for the CFO is 36% of base fee. Payout is determined using a linear approach between these performance levels. No payout occurs for performance below threshold. The stated incentive zone applies to each individual performance measure. Members of the Management Board are required to invest one-third of the net payments resulting from the short-term incentive scheme to acquire NSI shares until the shareholding requirement has been met.

Long-term incentive

The long-term incentive concerns a rolling cash incentive plan covering a three-year performance period that applies to all members of the Management Board. The performance measure in the long-term incentive plan represents long-term value creation at NSI and is defined as Relative Total Shareholder Return (TSR). This performance measure applies to all members of the Management Board and will remain unchanged for the applicable term of this Remuneration Policy.

Grants under the long-term incentive plan are made every year conditional upon performance on Relative TSR. Conditional grants are based on the target level of the long-term incentive. After the performance period has ended, it will be determined how much of the grant is actually paid out. The target payout level is set at 60% of base fee at the moment of the grant for the CEO and at 30% of base fee at the moment of the grant for the CFO. Excellent performance yields a maximum payout of 150% of the target level. Achievement of a threshold performance level yields a payout of 25% of the target level. The members of the Management Board are required to invest two-thirds of the net payments resulting from the long-term incentive scheme to acquire NSI shares until the shareholding requirement has been met.

LTI Performance measure	Weight
Relative Total Shareholder Return (TSR)	100%

The total shareholder return (TSR) is the average annual return in % for shareholders calculated as the price difference between the closing share price on the last trading day preceding the relevant term and the closing share price on the last trading day of the relevant term divided by the duration of the relevant term in years.

For the purpose of calculating the TSR, dividends are deemed reinvested in shares on the date of distribution. Dividends include not only dividend payments in cash, but also stock dividends and any other distributions to shareholders (e.g. special or one-time dividends or share buybacks). In addition, the share prices will be adjusted to strip out the impact of any rights issues, stock splits or consolidations. The Supervisory Board may in reasonableness and fairness make further adjustments to calculate a fair TSR insofar as price differences of the share prices are merely the consequence of an accounting issue or otherwise do not reflect any change in underlying corporate value. A TSR calculation produced by or made using data and or calculation algorithms from a validated third party such as Bloomberg or Thomson Reuters will be deemed a valid and binding TSR calculation for the purposes of the LTI.

NSI's TSR performance is subsequently assessed compared to those of relevant peer companies. NSI has defined these peer companies as the companies within the EPRA Eurozone Index. Companies which are not part of the EPRA Eurozone Index for the full performance period will be excluded. This applies to both new participants and participants leaving the Index.

Based on each company's TSR performance, a percentile score is computed that determines the relative positioning of each company within the EPRA Eurozone Index. NSI's percentile score then determines the final payout related to the long-term incentive plan. Actual payout is determined linearly between the performance and payout levels as given in the table below.

EPRA Eurozone TSR percentile score	Payout as % of target
At least 90%	150%
80%	125%
70%	100%
60%	75%
50%	50%
40%	25%
Lower than 40%	0%

Variable pay conditions

The criteria for the award of the Short Term Incentive and Long Term Incentive have been specified above as part of the description of the STI and LTI. In addition the following conditions apply.

Scenario analyses

Scenario analyses of the possible outcomes of the short-term and long-term incentives have been conducted. These analyses did not reveal any uncontrollable risks for the company.

Reclaiming variable remuneration (Claw Back)

Grants under both the short-term and long-term incentive scheme are subject to a claw back provision. The Supervisory Board has the authority to claw back all or some part of a bonus payout insofar it has been awarded based on incorrect information about achieving the underlying targets or about the circumstances that the bonus was made subject to.

Ultimum Remedium

Grants under both the short-term and long-term incentive scheme are subject to an Ultimum Remedium clause. The Supervisory Board has the authority to discretionary revise the bonus payout retrospectively to a deemed appropriate amount in case the calculated payout would be unacceptable according to the standards of reasonableness and fairness.

Termination

Any severance payment arrangement for members of the Management Board will be limited to one year of base fee.

STI over the year in which an appointment terminates, will be based on the performance according to the plan over the full performance year and will be prorated to the actual time of service during the year in which the appointment terminates. LTI granted in the year in which termination takes place, will be based on the performance according to the plan over the full three-year performance period and will be prorated to the actual time of service during the year in which the appointment terminates. LTI granted in the years before the year in which the appointment terminates, will be based on the performance according to the plan over the full three-year performance period and will be paid in full; pay-out will take place in the year after the three-year performance period has ended.

If it is known by the end of the calendar year before the year in which the appointment period of a participant ends, that the participant will not be nominated for a new term or is not available for such a nomination, the participant will not participate in the variable pay programs in the year in which the appointment ends; for this year the participant will be entitled to a target payout set by the Supervisory Board for both STI and LTI, prorated to the actual time of service during the year of termination.

Claw Back and Ultimatum Remedium clauses continue to be applicable on all running and past variable pay programs after termination of the appointment.

In the case of termination for cause all rights on running variable pay programs are waived; Claw Back and Ultimatum Remedium clauses will continue to be applicable after termination for cause of the participant.

Shareholding requirement

To stimulate long-term value creation, NSI applies a shareholding requirement to align the interests of the members of the Management Board with the interests of the Company's shareholders. The CEO is required to hold NSI shares with a value of at least 125% of the applicable annual (gross) base fee; a requirement of at least 75% of the applicable annual (gross) base fee applies to the CFO. Board members are required to invest respectively one-third and two-thirds of the net payments resulting from the short-term and long-term incentive schemes to acquire NSI shares until the shareholding requirement has been met. Before reaching the required value in shares, members of the Management Board are not allowed to sell any of the NSI shares they have acquired by investing these net payments. This shareholding requirement continues to be applicable during one year after the end of the membership of the Management Board of NSI. The Supervisory Board will evaluate at the end of each financial year the extent to which the shareholding requirement is met.

Other benefits

The Management Board is entitled to other remuneration elements besides those covered by TDC. These are in line with the (secondary) employment conditions of the employees of the Company. NSI provides a defined contribution pension plan, capped at the fiscal maximum pensionable fee/salary in the Netherlands. Participants do not pay a contribution to this plan. Furthermore, NSI provides insured benefits that are also applicable to regular staff members and a company car.

The Company does not award any share-based remuneration to the members of the Management Board.

Contractual arrangements

Members of the Management Board are appointed for a period of four years. A notice period of four months for the members of the Management Board and four months for the company is applicable. The board agreements with members of the Management Board contain specific provisions regarding benefits upon termination of those agreements. Severance arrangements are limited to one year's base fee. No payment will be made if the agreement is terminated early on the initiative of the Management Board member or in the case of serious imputable or negligent behavior.

The board agreements of the members of the Management Board do not contain Change of Control provisions.

NSI does not grant any loans or guarantees to any of the members of the Management Board.

Determination, revision and execution of the Remuneration Policy

Determination

The Remuneration Committee submits a clear and understandable proposal to the Supervisory Board concerning the Remuneration Policy to be pursued with regard to the members of the Management Board. The Supervisory Board presents the policy to the General Meeting of Shareholders for adoption.

In addition to the aspects considered for determining the TDC as listed above the following aspects are taken into consideration when formulating the Remuneration Policy:

- i. the objectives for the strategy for the implementation of long-term value creation
- ii. the scenario analyses carried out in advance;
- iii. the pay ratios within the Company and its affiliated enterprise;
- iv. the development of the market price of the shares;
- v. an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character.

Revision

The Remuneration Policy shall be reviewed and adjusted in the event of relevant changes (e.g. to the Dutch Corporate Governance Code, or otherwise).

In the absence of such changes, the Remuneration Policy shall be reviewed and submitted to the General Meeting of Shareholders for adoption in any event within four years after its adoption by the General Meeting of Shareholders. To this end, and when changes to the Remuneration Policy are considered, the Remuneration Committee will draw up a proposal, including a description and explanation of the main changes, and submit this proposal to the Supervisory Board. The Supervisory Board will present the proposal to the General Meeting of Shareholders no later than the moment the General Meeting of Shareholders is convened. After its adoption, the Remuneration Policy will be published on the Company's website.

When reviewing and/or considering amendments to the Remuneration Policy, the Remuneration Committee and Supervisory Board will be mindful of shareholders views. In this regard, they commit to consulting with shareholder representatives prior to any significant changes to the Remuneration Policy. In addition, the Management Board members' views regarding the structure and level of their own remuneration will be taken into account.

When reviewing and/or considering amendments to the Remuneration Policy scenario analyses of the possible outcomes of the short-term and long-term incentives will be conducted to reveal any uncontrollable risks for the company.

Execution

The Remuneration Committee yearly submits a proposal to the supervisory Board concerning the remuneration of individual members of the Management Board. The proposal is drawn up in accordance with the Remuneration Policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used and the level of target achievement.

Derogation

Under exceptional circumstances, the Supervisory Board can temporarily and ultimately until the new Remuneration Policy is adopted, deviate from the Remuneration Policy. For this purpose, exceptional circumstances are limited to those circumstances that require deviation to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

E.g. special circumstances in the market place or at NSI may require a deviation in order to remain competitive or to keep up to the standards of reasonableness and fairness. In such a case the Supervisory Board has the authority to discretionarily add pay programs to the remuneration of the members of the Management Board

In the event of relevant circumstances, NSI's Remuneration Committee will assess the situation and make a proposal to the Supervisory Board, who may decide whether derogation of the Remuneration Policy is allowed in the relevant circumstances, or not. The deviation will be reported in the remuneration report.

Overview of changes compared to 2019 Remuneration Policy

The following amendments are proposed:

- The Total Direct Compensation of the CFO is set at 90% (previous level 80%) of the median of the Reference Group of NSI.
- A more detailed description of the procedural conditions under which a temporary derogation from the Remuneration Policy can be applied and the elements of the policy from which a derogation is possible as mentioned in article 2:135a paragraph 4 DCC. The paragraph on additional pay programs has been reformulated.
- A more detailed description of how the Remuneration Policy contributes to the company's strategy, the long-term goals and the sustainability of the company as mentioned in article 2:135a paragraph 6 under a DCC.
- A more detailed description of the decision-making process regarding the determination, revision and execution of the Remuneration Policy as mentioned in article 2:135a paragraph 6 under h DCC
- A removal of the texts concerning the CIO role.
- Explanations and details are added to the wording to fully cover the requirements as set in article 2:135a DCC

Publication

This Remuneration Policy was discussed and voted on in the General Meeting of Shareholders of NSI N.V. of 24 April 2020 with the following voting results:

Shares represented:	9,153,681
Votes cast against:	723,239
Votes abstained:	421,144
Votes in favour:	8,009,298

This Remuneration Policy will be published on the company's website and will be kept publicly available during the period that the Remuneration Policy applies.

Overview of the Remuneration Policy

To enhance simplicity and transparency, an overview of the remuneration elements is provided on the next page.

Overview Remuneration Policy for the Management Board of NSI NV (2020 Version)

Base fee	<ul style="list-style-type: none">▪ Set considering NSI's market positioning within the reference market (90% of the median TDC level), the internal pay differences at NSI and the intended pay mix. (2020 level CEO €415,000; 2020 level CFO €310,000 (as of 1 May))▪ TDC benchmark in the reference group and assessment of internal pay differences conducted every three years; no adjustments to pay levels in the years in between
Short-term incentive	<ul style="list-style-type: none">▪ Performance period: 1 year▪ Payout incentive zone (threshold – target – maximum):<ul style="list-style-type: none">- CEO: 10% - 20% - 24% of base fee- CFO: 15% - 30% - 36% of base fee▪ Linear payout incentive zone between threshold and target performance, and between target and maximum performance▪ Payout in cash; one-third of the net payments must be invested in NSI shares until the shareholding requirement has been met▪ Performance measures could include the occupancy rate, like-for-like net rental income, EPRA cost ratio and the company's earnings over time (expressed as the EPRA Earnings per Share), organizational targets like personnel retention rate and NSI's strategic position and sustainability performance (expressed as the development of the NSI portfolio and the NSI GRESB score) and personal targets▪ Applicable performance measures and their weights are set annually
Long-term incentive	<ul style="list-style-type: none">▪ Performance period: 3 years▪ Payout incentive zone (threshold – target – maximum):<ul style="list-style-type: none">- CEO: 15% - 60% - 90% of base fee- CFO: 7,5% - 30% - 45% of base fee▪ Actual payout according to TSR payout table▪ Payout in cash; two-thirds of the net payments must be invested in NSI shares until the shareholding requirement has been met▪ Performance measure is Relative TSR within the EPRA Eurozone Index, covering a three-year performance period
Additional pay programs	<ul style="list-style-type: none">▪ Under exceptional circumstances to be assessed by the Supervisory Board
Shareholding requirement	<ul style="list-style-type: none">▪ CEO: 125% of gross base fee▪ CFO: 75% of gross base fee
Other benefits	<ul style="list-style-type: none">▪ Pension arrangement: Defined Contribution plan, accrual rate is based on 1.875% of the pensionable fee per year of service. The pensionable fee is determined by a NSI specific offset and a cap equal to the fiscal maximum pensionable fee/salary (indexed every year); contributions are paid by the employer▪ Insured benefits and company car
Contractual arrangements	<ul style="list-style-type: none">▪ Appointment period: four years▪ Duration board Agreement: definite in alignment with appointment period▪ Notice period: four months for the members and four months for the company▪ Severance pay limited to one year's base fee▪ No Change of Control arrangement
