

GENERAL MEETING OF SHAREHOLDERS OF NSI N.V.



Website: www.nsi.nl

to be held on Friday, 24 April 2020 at **2.00** pm
at HNK Hoofddorp, Antareslaan 69, 2132 JE Hoofddorp

AGENDA

1.	Chairman opens the meeting	
2.	Report of the Management Board on the 2019 financial year	
3.	Report of the Supervisory Board on the 2019 financial year	
3a.	Discussion of the remuneration report for the 2019 financial year and advisory vote	vote
4.	Adoption of the financial statements for the 2019 financial year	vote
5.	Dividend policy of NSI	
6.	Declaration of the final dividend for 2019	vote
7.	Discharge of the members of the Management Board for the policy pursued in the 2019 financial year	vote
8.	Discharge of the members of the Supervisory Board for the supervision exercised during the 2019 financial year	vote
9.	Composition of the Management Board	vote
9a.	Proposal for reappointment of Mr B.A. Stahli as Director (CEO)	vote
10.	Composition of the Supervisory Board	vote
10a.	Proposal for reappointment of Ms K.M. Koks – van der Sluijs as member of the Supervisory Board	vote
10b.	Proposal for reappointment of Mr H.M.M. Meijer as member of the Supervisory Board	vote
10c.	Proposal for appointment of Mr J.W. Dockheer as member of the Supervisory Board	vote
11.	Remuneration policies	
11a.	Revision of the Remuneration Policy for the Management Board	vote
11b.	Revision of the Remuneration Policy for the Supervisory Board	vote
12.	Authorisations	
12a.	Proposal to authorise the Management Board to issue ordinary shares up to a maximum of 10% of the outstanding number of shares, subject to the approval of the Supervisory Board	vote
12b.	Proposal to authorise the Management Board to issue up to an additional 10% of ordinary shares (i.e. 20% in aggregate for 12a and 12b), subject to the approval of the Supervisory Board	vote
12c.	Proposal to authorise the Management Board to limit or exclude pre-emptive rights upon the issuance of ordinary shares issued under 12a, subject to the approval of the Supervisory Board	vote
12d.	Proposal to authorise the Management Board to limit or exclude pre-emptive rights upon the issuance of ordinary shares issued under 12 b, subject to the approval of the Supervisory Board	vote
12e.	Proposal to authorise the Management Board to buy back ordinary shares in the company's own capital, subject to the approval of the Supervisory Board	vote
13.	Outlook for 2020	
14.	Any other business	
15.	Closing	

The language in which the General Meeting of Shareholders will be conducted is Dutch.

The agenda items above are explained in further detail in the shareholders' circular.

SHAREHOLDERS' CIRCULAR

Explanatory Notes to the agenda of the General Meeting of Shareholders of NSI N.V. on Friday, 24 April 2020

Voting procedure

Voting will take place by means of a show of hands. In order to guarantee the privacy of shareholders, on arrival at the venue and in exchange for their certificate of deposit each shareholder will be handed an envelope containing a card with a number. When voting, you will be asked to cite the number on this card. There is no need to state personal details such as your name or the number of shares you own because the company can trace your shareholding and other details using the number assigned to you. We believe this procedure safeguards your privacy.

2. Report of the Management Board on the 2019 financial year

The Management Board will give a presentation on the developments in 2019, which are also described in the 2019 annual report.

3 Report of the Supervisory Board on the 2019 financial year

The Supervisory Board will report on the main aspects of its supervisory activities during 2019, as also described in the 2019 annual report.

3a. Discussion of the remuneration report for the 2019 financial year and advisory vote

In accordance with new Dutch legislation, the remuneration report for the 2019 financial year will be discussed in the General Meeting of Shareholders to obtain an advisory vote. Reference is made to the remuneration report that is published on the company's website and the information in the 2019 financial statements on pages 112-113 of the 2019 annual report.

4. Adoption of the financial statements for the 2019 financial year

The General Meeting of Shareholders will be invited to adopt the financial statements of NSI N.V. for the 2019 financial year. Prior to the motion being put to the vote, the shareholders will be given the opportunity to put questions to the Management Board and Supervisory Board regarding the annual report, the financial statements and agenda items 2 and 3, and to the external auditor concerning its opinion on the financial statements and its audit operations.

5. Dividend policy of NSI

In accordance with best practice provision 4.1.3 iii of the Dutch Corporate Governance Code, the policy of NSI with regard to additions to the reserves and on dividends shall be dealt with and explained as a separate item on the agenda at the General Meeting of Shareholders. The current dividend policy - as adopted by the General Meeting of Shareholders of 2014 - is to pay out in cash at least 75% of the direct result (and as of 2017 of the comparable EPRA EPS).

For practical reasons, the dividend is distributed twice a year: an interim dividend after the publication of the half year interim results and a final dividend after approval of the dividend by the General Meeting of Shareholders.

NSI will offer shareholders the option of receiving the final dividend in cash, in stock or a combination of both, subject to the General Meeting of Shareholders agreeing to this by adopting the proposed final dividend for 2019.

This voluntary choice allows shareholders to decide what best fits their needs whilst offering NSI the opportunity of keeping liquidity within the company. This liquidity can subsequently be used for investment purposes, cash management or to pay off loans.

6. Declaration of the final dividend for 2019

In line with the current dividend policy (a pay out in cash of at least 75% of the EPRA EPS, see also agenda item 5 above), NSI is proposing a final dividend of €1.12 per share. This brings the total dividend for 2019 to €2.16 per share, of which €1.04 has already been distributed as interim dividend.

The distribution will be payable either wholly in cash or in new ordinary shares out of the share premium reserve, at the option of the shareholder.

Dividend in cash will be subject to a deduction of 15% Dutch dividend withholding tax. The stock dividend is paid out of the tax-exempt share premium reserve and is thus free from withholding tax in the Netherlands. Where shareholders have opted to receive their dividend in shares, the corresponding cash value of €1.12 per share will be deducted from the profit attributable to shareholders and added to the reserves.

The maximum percentage of the total dividend amount that is available for stock dividend will be determined in accordance with the requirements of the FBI-regime. If shareholders overall opt to receive an aggregate distribution in shares which exceeds this maximum percentage, those who have opted for distribution in the form of shares will be assigned the stock dividend on a pro rata basis, with the remainder being distributed in cash subject to deduction of the aforementioned 15% Dutch dividend withholding tax.

The shares will be listed ex dividend on 28 April 2020.

The dividend record date will be 29 April 2020.

The period for choosing between a stock dividend and a cash dividend will commence on 30 April and end on 14 May 2020 (3.00 p.m. CET).

Subject to adoption, the proposed final dividend will be paid on 19 May 2020.

The proposed final dividend amounts to €21,188,000. The final dividend is charged to the profit reserves.

7. Discharge of the members of the Management Board for the policy pursued in the 2019 financial year

The General Meeting of Shareholders is invited to discharge the Management Board from liability for the policy pursued during the 2019 financial year, insofar as the policy is apparent from the financial statements or from information otherwise provided to the General Meeting of Shareholders prior to the adoption of the financial statements.

8. Discharge of the members of the Supervisory Board for the supervision exercised during the 2019 financial year

The General Meeting of Shareholders is invited to discharge the members of the Supervisory Board from liability for the supervision they have exercised over the policy pursued by the Management Board during the 2019 financial year, insofar as this supervision is apparent from the financial statements or from information otherwise provided to the General Meeting of Shareholders prior to the adoption of the financial statements.

9. Composition of the Management Board

The term of office of CIO Anne de Jong expires on 30 April 2020. Anne de Jong has indicated that he will not be available for reappointment for a second term. The Supervisory Board has evaluated the existing governance model of the Management Board, taking into account the future demands.

The Supervisory Board has considered that the CIO position in the Management Board was created for the purpose to achieve certain targets that have meanwhile been largely achieved. In the existing set up, department Heads reported to individual Management Board members, without having a platform to discuss matters with the Management Board collectively. Going forward, the Supervisory Board favours a model where Development, Portfolio Management, Transactions, Finance and Capital Markets & Business Development will be equally represented in a Management Team that will collectively meet and discuss with the Management Board, consisting of a CEO and CFO. This set up is in line with the Management models used by NSI's peers.

The proposal is to reduce the number of Management Board members from three to two.

9a. Proposal for reappointment of Mr B.A. Stahli as Director (CEO)

The term of office of Bernd Stahli expires on 31 August 2020. During his first term, Mr Stahli has successfully lead NSI through an extensive transformation. All major KPI's of NSI have substantially improved. This is most visible in the below market vacancy rate per 31.12.2019 of 7.1% (from 21.4% in 2016) and the low LTV per 31.12.2019 at 27.4% (from 44.1% in 2016). Mr Stahli has proven to be a very effective and successful CEO.

The proposal is to reappoint Mr Stahli as Managing Director (CEO) for the period from 1 September 2020 to 31 August 2024. A new Board Agreement - covering the period from 1 September 2020 until 31 August 2024 - has been concluded between Mr Stahli and the Company under the condition precedent that the General Meeting of Shareholders will decide in favour of his reappointment. The main elements of this Board Agreement are summarized in the overview on page 17 of this circular.

Mr Stahli will, as CEO, be specifically responsible for:

- The company's strategy;
- The portfolio strategy;
- Acquisitions and dispositions;
- Business Development;
- Capital markets & Investor relations;
- Communication and public relations;
- Legal, Corporate Governance and Compliance;
- Personnel and Organisation.

Bernd Stahli



Curriculum Vitae

Date of birth	6 February 1971
Place of birth	Amsterdam
Education	Economics at the Vrije University Amsterdam CFA Charterholder, CFA Institute

Career

2016-present	CEO NSI NV
2015-2016	Management Team, Kempen & Co Securities
2013-2016	Managing Director, Head of European Real Estate, Kempen & Co Securities
2006-2013	Head of European Real Estate Research, Merrill Lynch London
1999-2006	Director, European Real Estate Research, Merrill Lynch London
1998-1999	Head of Global Real Estate Securities Fund, Aegon
1995-1998	Analyst US, Portfolio Manager Asia Real Estate Securities, APG

10. Composition of the Supervisory Board

Competencies

Following the yearly evaluation of its own functioning and that of its committees, the Supervisory Board has updated the profile of the Supervisory Board to include new competencies with a view to the new strategy. After determining what competencies were already represented, the Supervisory Board has decided that the Supervisory Board should reinforce knowledge and experience in the fields of services business, innovation and digitization, environment and sustainability and HRM. The Supervisory Board has successfully executed a search with the aim of finding a

candidate with knowledge and experience in the aforementioned fields and proposes to the General Meeting of Shareholders to increase the number of Supervisory Board members from four to five.

Diversity

If the General Meeting of Shareholders votes in favour of the proposals under 10a, 10b and 10c the Supervisory Board will consist for 40% of women and for 60% of men.

10a. Proposal for reappointment of Ms K.M. Koks – Van der Sluijs as member of the Supervisory Board

Ms Karin Koks - Van der Sluijs will resign according to schedule in the General Meeting of Shareholders on 24 April 2020. She has put herself forward for reappointment.

In the General Meeting of Shareholders, a proposal will be made for the reappointment of Ms Karin Koks as Supervisory Board member.

Ms Koks is vice-Chairman of the Supervisory Board and Chairman of the Selection and Appointment Committee. She is a member of the Audit committee and a member of the Real Estate Committee. In these various functions she has given important contributions to the professionalization of the Supervisory Board and the company during the past years.

Ms Koks has vast international experience in construction, project development, property and asset management and international management at a globally active asset manager. This expertise ties in well with the profile of the members of the Supervisory Board.

Karin Koks – Van der Sluijs



Curriculum Vitae

Date of birth	23 September 1968
Place of birth	Rotterdam
Education	HEAO Commercial Economics at the University of Applied Sciences in Rotterdam Master Business Economics at Erasmus University in Rotterdam CFA Charterholder, CFA Institute

Career

2019 – present	Managing Director Portfolio Management Greystar Europe
2015 – present	Founder, owner of Quintesse Real Estate Consultancy
2012 – 2014	Head Global Mandates, Property Multi-Manager Aberdeen Asset Management
2011 – 2012	Co-Head Europe, Property Multi-Manager Aberdeen Asset management

2005 – 2011 Head Property Multi-Manager Aberdeen Asset Management
2000 – 2004 Fund Manager Europe MN Asset Management

From 2010 – 2012, Ms Koks was member of the secondary markets & liquidity committee at INREV, the European Association for Investors in Non-Listed Real Estate Vehicles. Prior to that, she held various board positions at INREV, EPRA, the European Public Real Estate Association and at the Construction & Property section of the Netherlands Marketing Institute.

Ms Koks is a Non-executive board member and member of the Audit Committee and Investment Committee of Immoel (Compagnie Immobilière de Belgique SA). She has sufficient time to take up and fulfil a role as member of the Supervisory Board of NSI NV. Her current supervisory position is the equivalent of maximum one position with a large company in the meaning of article 2:142a Dutch Civil Code. As such, the requirements of the Management and Supervision Act (for Public and Private Companies) are satisfied.

As of today, Ms Koks holds 154 shares in the capital of NSI.

10b. Proposal for reappointment of Mr H.M.M. Meijer as member of the Supervisory Board

Mr Harm Meijer will resign according to schedule in the General Meeting of Shareholders on 24 April 2020. He has put himself forward for reappointment.

Mr. Meijer is one of the shareholders at ICAMAP Investments SARL, holding 10.0% of NSI shares as per 31 December 2019. As of today, Mr Meijer himself holds no shares in the capital of NSI.

Investors, among them institutional investors, are important stakeholders for NSI as a listed company. In the past four years Mr Meijer has represented the knowledge and the perspective from the capital markets in the Supervisory Board and has given valuable advice on many occasions. Mr Meijer is chairman of the Real Estate Committee and has given important contributions to the turnaround of the portfolio.

In the General Meeting of Shareholders, a proposal will be made for the reappointment of Mr Harm Meijer as Supervisory Board member.

Before co-founding the ICAMAP investment fund, Mr Meijer headed the Real Estate Research departments of JP Morgan and ABN AMRO. He has a broad international network of investors and is a frequent speaker at international Real Estate and investor events. He has vast experience in European (listed) property. This expertise ties in well with the profile of the members of the Supervisory Board.

Harm Meijer



Curriculum Vitae

Date of birth	18 January 1975
Place of birth	Leiderdorp
Education	Econometrics, Erasmus University Rotterdam

Career

2014 – present	Founding partner of ICAMAP and Board Member and Managing Director of ICAMAP Advisory
2005 – 2014	Managing Director and Head European Real Estate Equities Research at JP Morgan Cazenove London
2000 – 2005	Vice President and Head European Real Estate Equities Research at ABN AMRO

From 2008 - 2015, Mr Meijer was member of the Accountancy & Reporting Committee at EPRA, the European Public Real Estate Association.

Mr Meijer is Non-executive Chairman of easyHotel plc. He has sufficient time to take up and fulfil a role as member of the Supervisory Board of NSI NV. His current supervisory position is the equivalent of maximum one position with a large company in the meaning of article 2:142a Dutch Civil Code. As such, the requirements of the Management and Supervision Act (for Public and Private Companies) are satisfied.

10c. Proposal for appointment of Mr J.W. Dockheer as member of the Supervisory Board

The Supervisory Board has searched for a fifth Supervisory Board member to reinforce the boards knowledge and experience in the fields of services business, innovation and digitization, environment and sustainability and HRM. Mr. Jan Willem Dockheers profile fits these requirements. Mr Dockheer gained extensive experience in multiple industries and countries in launching new data analytics platforms, which predict and help customers based on best customer insights. More specifically as CEO of Fit for Free Mr Dockheer launched a new Digital platform, which is predicting real-time fitness progress for each member individually, as a base for strategic growth into health in the future. At Ahold Delhaize he introduced various technologies, e.g. TAP TO GO, that enable fast shopping experiences within the convenience retail chain AH TOGO and also build up and grew new tech teams applying innovative ways of cooperation, feedback and learning. At Royal Philips he has gained experience in multiple countries and drove teams to gain best local insights, leading to best product market fits and best customer satisfaction. Mr Dockheer has extensive HRM experience and has often implemented new ways of working in organizations and secured fast development in highly engaged teams.

Jan Willem Dockheer



Curriculum Vitae

Date of birth 4 November 1973
 Place of birth The Hague
 Education: Master Business Administration, Groningen University, The Netherlands
 Executive education at the Harvard Business School

Career

2018-2020 Fit For Free & SportCity (part of Olympus Investment B.V.): CEO
 2015-2018 Ahold Delhaize: General Manager AH To Go, Vice President Ahold Delhaize
 2013-2015 Ahold Delhaize: Vice President, Unit Manager Non & Near Food and Health Foods at Albert Heijn
 2010-2013 Royal Philips: General Manager Philips Consumer Lifestyle Nordic countries
 2007-2010 Royal Philips: Marketing Director Philips Consumer Lifestyle Russia
 2003-2007 Royal Philips: Marketing Director & Alliance Leader Philips Home Draft Beer Systems at Philips HQ
 1999-2003 Nestlé NL: Brand Manager & New Product Development Kids products:

Mr. Dockheer advises multiple start-ups and is a former board member of the Dutch Food Service Institute Netherlands (FSIN). He lectures at the University of Amsterdam and Groningen on the topic of “The reality of running a business”.

Mr. Dockheer currently holds no supervisory board positions.

Mr. Dockheer has sufficient time to take up and fulfil a role as member of the Supervisory Board of NSI NV. He holds no supervisory positions with a large company in the meaning of article 2:142a Dutch Civil Code. As such, the requirements of the Management and Supervision Act (for Public and Private Companies) are satisfied.

Mr. Dockheer does not hold any shares in the capital of NSI.

11. Remuneration policies

Directive (EU) 2017/828 of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, - hereafter referred to as SRD-2 -, sets requirements for the establishment and content of remuneration policies for directors.

11a Revision of the Remuneration Policy for the Management Board

A Remuneration Policy for the Management Board addressing the requirements of article 9a of SRD-2 was submitted to a vote by the General Meeting of Shareholders in 2019 and discussed and adopted by the General Meeting of Shareholders of 17 April 2019. Since then no further General Meetings of Shareholders and votes were held nor did the shareholders bring any viewpoints to the attention of the Company regarding the remuneration.

Article 9a of SRD-2 has meanwhile been implemented in a new article 2:135a Dutch Civil Code (DCC), which came into force on 1 December 2019.

To fully cover the requirements as set in article 2:135a DCC, it is hereby proposed to amend the 2019 Remuneration Policy. This proposal to amend the Remuneration Policy is further prompted by the proposed decrease in number of the members of the Management Board and the redistribution of responsibilities within the Management Board.

As explained under point 9 above, the term of office of NSI's CIO Anne de Jong will expire on 30 April 2020 and the responsibilities of the CIO function will be divided between the CEO and CFO function as of 26 April 2020. The CFO will become responsible for the Development activities.

The proposal is to set the Total Direct Compensation of the CFO at 90% (previous level 80%) of the median of the Reference Group of NSI, which is in line with the current level of the CEO. On this basis, the new base fee for the CFO would then amount to €310.000 gross effective as of 1 May 2020. (currently €275.000 gross). The CEO will also see an increase of his existing responsibilities at Management Board as of 26 April 2020 as he will become responsible for Asset Management.

The Supervisory Board deems the current base fee of the CEO (€415.000 gross) still in conformity with the set weight of 90% of the median of the Reference Group.

Further, the following amendments are proposed:

- A more detailed description of the procedural conditions under which a temporary derogation from the Remuneration Policy can be applied 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

The proposed full text of the Remuneration Policy for the Management Board (2020 Version) can be found at the bottom of this Circular.

If approved by the General Meeting of Shareholders, the revised Remuneration Policy would apply as from 1 May 2020.

During the General Meeting of Shareholders the Chairman of the Remuneration Committee will provide a further explanation on the proposed new Remuneration Policy.

11b. Revision of the Remuneration Policy for the Supervisory Board

The Supervisory Board has revised the Remuneration Policy and formulated an updated Remuneration Policy in accordance with the provisions of articles 2:135a, 135b and 145 DCC, which came into effect on 1 December 2019 and which aim to implement the changes to the EU Shareholders Rights Directive provided for in SRD-2.

The current Remuneration Policy for members of NSI's Supervisory Board was adopted by the General Meeting of Shareholders of 25 April 2014. Since the last vote regarding the Remuneration Policy at the General Meeting of Shareholders in 2014 the Remuneration Policy has not been put up for voting, and the shareholders have not brought up any viewpoints regarding the remuneration of the Supervisory Board.

The Remuneration Policy and structure have not been revised since 2014 and the base fee for the members has not been changed since 2009. A benchmark analysis on the remuneration paid to the Chairman and members of the Supervisory Board - using the same Reference Group of NSI that is used for the determination of the Remuneration for the Management Board - shows that the remuneration for the Supervisory Board is no longer in accordance with market rates. The proposal is made to raise the remuneration for the Chairman from €45,000 to €48,000 and the remuneration for the members of the Supervisory Board from €30,000 to €35,000.

The second purpose of this revision is that the 2020 Remuneration Policy will reflect the requirements and addresses the topics of article 2:135 a paragraph 6 & 7 DCC that via article 2:145 paragraph 2 DCC apply to the remuneration of the members of the Supervisory Board. The 2014 Remuneration Policy only contained an enumeration of the different components of the (fixed) remuneration.

The proposed full text of the Remuneration Policy for the Supervisory Board can be found at the bottom of this Circular.

If approved by the General Meeting of Shareholders, the revised Remuneration Policy would apply as from 1 January 2020.

During the General Meeting of Shareholders the Chairman of the Remuneration Committee will provide a further explanation on the proposed new Remuneration Policy.

12. Authorisations

The Extraordinary General Meeting of Shareholders of 11 December 2014 discussed the policy with regard to the agenda items set out below. In accordance with that policy and with best practice provision 4.1.4 of the Dutch Corporate Governance Code the items below are placed on the agenda and explained in the Circular every year. The scope of each of the authorisations as requested under this agenda item 12 is consistent with the market practice at the majority of Dutch listed companies.

12a. Proposal to authorise the Management Board to issue ordinary shares up to a maximum of 10% of the outstanding number of shares, subject to the approval of the Supervisory Board

The Management Board and Supervisory Board propose that the Management Board be designated as the body authorised to issue ordinary shares, including the granting of rights to acquire ordinary shares (after having obtained approval from the Supervisory Board).

This authorisation is limited to a maximum of 10% of the outstanding number of shares on the date of issue. This authorisation is limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.

12.b Proposal to authorise the Management Board to issue up to an additional 10% of ordinary shares (i.e. 20% in aggregate for 12a and 12b), subject to the approval of the Supervisory Board

The Management Board and Supervisory Board propose that the Management Board be designated as the body authorised to issue ordinary shares, including the granting of rights to acquire ordinary shares (after having obtained approval from the Supervisory Board).

This authorisation is limited to a maximum of 10% of the outstanding number of shares on the date of issue, in excess of the 10% referred to under 12a. This authorisation shall be used by the Management Board only in case of the following specific circumstances: the distribution of a stock dividend, the implementation of a merger or a takeover, and/or the acquisition of property assets or property portfolios or the refinancing thereof.

This authorisation is limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.

The Management Board currently does not have a specific intention to issue new shares but continues to see interesting acquisition opportunities and would like to be able to issue shares on short notice to finance or refinance acquisitions.

In several recent transactions the Management Board has experienced first-hand that NSI, by being able to act quickly and by working with short timelines, is identified as preferred bidder, even where NSI was not necessarily offering the highest price. This flexibility is valuable as it has helped drive returns for shareholders.

Based on NSI's market capitalization at 31 December 2019 the issuance of an additional 10% of the currently outstanding number of shares would amount to proceeds of approximately €80 million. The Management Board would prefer to have the flexibility to issue an additional 10% of the outstanding number of shares, - without having to convene a new General Meeting of Shareholders - to increase the capacity to acquire assets to a total of circa €160 million to be able to consider more and larger potential transactions that would fit the strategy, help improve returns and improve operating efficiency. This capacity would still only equate to circa 12% of the existing portfolio by value (per 31 December 2019).

Whereas in the past new acquisitions could be funded out of non-core disposals, with the restructuring of NSI now largely completed and with most non-core assets already having been disposed of, management believes equity issuance could in certain circumstances be more accretive to shareholders to acquire assets than having to sell existing core assets.

The Management Board acknowledges that pre-emptive rights are an important shareholder right that should only be waived to a limited degree. As a consequence the proposal under 12 b and 12 d to issue a further 10% of the outstanding number of shares under the exclusion of the pre-emptive rights is qualified to the specific circumstances, mostly acquisitions, as per above.

12c. Proposal to authorise the Management Board to limit or exclude pre-emptive rights upon the issuance of ordinary shares issued under 12a, subject to the approval of the Supervisory Board

The Management Board and Supervisory Board propose that the Management Board be designated as the body authorised to limit or exclude the pre-emptive rights that take effect upon the issue of ordinary shares or granting of rights to acquire ordinary shares (after having obtained approval to do so from the Supervisory Board).

This authorisation is limited to a maximum of 10% of the outstanding number of shares on the date of issue. This authorisation is limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.

12d. Proposal to authorise the Management Board to limit or exclude pre-emptive rights upon the issuance of ordinary shares issued under 12b, subject to the approval of the Supervisory Board

The Management Board and Supervisory Board propose that the Management Board be designated as the body authorised to limit or exclude the pre-emptive rights that take effect upon the issue of ordinary shares or granting of rights to acquire ordinary shares (after having obtained approval to do so from the Supervisory Board).

This authorisation to limit or exclude the pre-emptive rights is limited to a maximum of 10% of the outstanding number of shares on the date of issue, and in excess of the 10% referred to under 12a. This authorisation shall be used by the Management Board only in case of issuances of ordinary shares in the following specific circumstances: the distribution of a stock dividend, the implementation of a merger or a takeover, and/or the acquisition of property assets or property portfolios, or the refinancing thereof.

This authorisation is limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.

12e. Proposal to authorise the Management Board to buy back ordinary shares in the company's own capital, subject to the approval of the Supervisory Board

The Management Board and Supervisory Board propose that the Management Board be designated as the body authorised to buy back the company's own shares on the stock market or otherwise, up to a maximum of 10% of the outstanding number of shares, on condition that the company may not hold more than 10% of the issued capital (after having obtained approval for this from the Supervisory Board). Ordinary shares can be acquired for a price that lies between the nominal value of a share and 10% above the average closing price of the share calculated over five trading days prior to the day of purchase.

This authorisation is limited to a period of 18 months, which period can be extended at a meeting of shareholders at the request of the Management Board and Supervisory Board.

13. Outlook for 2020

The Management Board will highlight the outlook for the year 2020.

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 Ultimum 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 Ultimum 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: ...

Votes cast against: ...

Votes abstained: ...

Votes in favour: ...

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 <hr/>

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

Introduction

The Remuneration Policy for members of the Supervisory 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 by supporting long-term value creation for shareholders while creating fair pay for the Supervisory Board. The Remuneration Policy enables NSI to offer a competitive remuneration package to attract, reward and retain qualified and seasoned Supervisory Board members.

The Remuneration Policy is in accordance with the principles and best practice provisions of the Dutch Governance Code. The principles of the Code may be regarded as reflecting widely held general views on good corporate governance.

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.

In determining the Total Direct Compensation (TDC) for the members of the Supervisory Board of NSI the Remuneration Policy has taken account of:

- 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 Supervisory 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. The remuneration of the Supervisory Board members reflects the time spent and the responsibilities of their role and promotes an adequate performance of their role.

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 the Chairman and members of the Supervisory Board, a market positioning of the TDC level at 90% of the median of the reference group is deemed to properly reflect the weights of their 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 Supervisory Board, NSI takes the internal pay ratios within the company into account by looking at the ratio between the Remuneration of the Chairman of the Supervisory Board and the Base fee of the CEO.

The base fee of the CEO is determined by taking into account the internal pay ratios within the company. Reference is made to the Remuneration Policy for the Management Board where this is explained in more detail. By linking the Remuneration of the Chairman of the Supervisory Board to the Base fee of the CEO, the internal pay ratios within the company are taken into account (indirectly).

At NSI the ratio between the base fee of the CEO and the remuneration of the Chairman (including committee fees) based on this Remuneration Policy would be $\text{€}410.000/\text{€}55.500 = 7.4x$ for the year 2020, which is in line with the levels found for the remuneration ratios among the ASX listed companies, which range from 7.7x for the lower quartile to 7.0x for the upper quartile.

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 Code may be regarded as reflecting widely held general views on good corporate governance. The Remuneration Policy further considers (voting) policies on Supervisory 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 Supervisory 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 Chairman and the members of the Supervisory Board are set as the average of the results of the external benchmark and the CEO/chairman (internal) pay ratio approach.

In January 2020 an initial benchmark in the reference group was conducted for both the Chairman and the member position on the most recently disclosed data (2018 annual reports and remuneration 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 (2020).

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 Supervisory 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

TDC at NSI consists of a fixed remuneration for the Chairman and members of the Supervisory Board and a fixed remuneration for membership of the committees of the Supervisory Board. In addition (travel) expenses are reimbursed.

Fixed Remuneration

The Remuneration consists of:

- a fixed Remuneration for the chair of the Supervisory Board of €48.000;
- a fixed Remuneration for the members of the Supervisory Board of €36.000;
- a fixed Remuneration for the chair and members of the Audit Committee of €7.500;
- a fixed Remuneration for the chair and members of the Remuneration Committee of €3.750;
- a fixed Remuneration for the chair and members of the Selection & Appointment Committee of €3.750;
- a fixed Remuneration for the chair and members of the Real Estate Committee of €7.500.

Reimbursement of expenses

Travel expenses are reimbursed on the basis of €0.90 per kilometer. Other expenses that are being made in relation to the fulfilment of the duties of the Supervisory Board are being fully or partially reimbursed by the Company if they are made after previous consultation and approval of the Chairman. Other expenses made by the chairman will be treated in line with the policy applied for other members of the Supervisory Board.

No Variable pay

In accordance with Principle 3.3 of the Dutch Corporate Governance Code that stipulates that the remuneration of the Supervisory Board should not be dependent on the results of the company, NSI does not award variable compensation to the members of the Supervisory Board.

In accordance with best practice provision 3.3.2 of the Code that stipulates that Supervisory Board members may not be awarded remuneration in the form of shares and /or rights to shares in the capital of the company, NSI does not award a share based remuneration to the members of the Supervisory Board.

The members of the Supervisory Board are neither entitled to (supplementary) pension arrangements nor to arrangements for early retirement.

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

Terms and termination

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. Each member of the Supervisory Board will be appointed for a term of not more than four (4) years. A member can be reappointed once for a term of not more than four (4) years. After this a member can be reappointed for a term of not more than two (2) years, with the possibility of reappointment for a term of not more than two (2) years for each reappointment. No notice periods apply. Members of the Supervisory Board are not entitled to any severance payment in the event the appointment terminates.

Each member of the Supervisory Board can at all times be suspended or removed from office by the General Meeting of Shareholders. A resolution to suspend or remove a member of the Supervisory Board requires a majority of two thirds of the votes cast, representing more than one half of the issued capital of the company.

Remuneration over the year in which an appointment terminates will be prorated to the actual time of service during the year in which the appointment terminates.

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 Supervisory Board. The Supervisory Board presents the Remuneration Policy to the General Meeting of Shareholders for adoption. The General Meeting of Shareholders determines the remuneration of each member of the Supervisory Board.

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.

Execution

The fixed remuneration is paid in quarterly instalments. Payment of the (travel) expenses takes place upon invoice.

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 amend the remuneration of the members of the Supervisory 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 2014 Remuneration Policy

The Supervisory Board has revised the Remuneration Policy and formulated a new remuneration policy in accordance with the provisions of articles 2:135a, 135b and 145 Dutch Civil Code, which came into effect on 1 December 2019.

The proposal is made to raise the remuneration for the Chairman of the Supervisory Board from €45,000 to €48,000 and the remuneration for the members of the Supervisory Board from €30,000 to €35,000 in order to bring the remuneration for the Supervisory Board in accordance with market rates.

The second purpose of this revision is that the 2020 Remuneration Policy will reflect the requirements and address all the topics of article 2:135 a paragraph 6 & 7 Dutch Civil Code as provided by article 2:145 paragraph 2 Dutch Civil Code. The 2014 Remuneration Policy only contained an enumeration of the different components of the (fixed) remuneration and the reimbursement of expenses mentioned under the headings “Fixed Remuneration” and “Reimbursement of expenses” above. All other topics in this (2020) Remuneration Policy are new.

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: ...

Votes cast against: ...

Votes abstained: ...

Votes in favour: ...

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.

HOW TO REGISTER FOR THE MEETING

The full agenda for the General Meeting of Shareholders, with supplementary notes and a copy of the 2019 annual report and financial statements are available at the company's offices and via www.nsi.nl. Copies of these are also available free of charge via ABN AMRO Bank N.V. ("ABN AMRO"), by phoning: + 31 20 344 2000 or by sending an email to: corporate.broking@nl.abnamro.com.

Registration of meeting rights

Persons who (1) are registered in one of the registers or sub registers mentioned below as of 27 March 2020 (the "Registration date") after the processing of all new registrations and cancelled registrations as of this date and (2) have signed up in the manner described below can participate in the meeting.

For shareholders, the administrations of the intermediaries as defined in the Securities (Bank Giro Transactions) Act (the "Intermediaries"), which show who is entitled to the particular shares as of the Registration date, are designated as registers or sub registers.

Registration and sign-up

Shareholders or their authorised representatives who wish to participate in this meeting can sign up in writing from 28 March 2020 until no later than 5.30 pm CET on 17 April 2020 with the Intermediary whose administration holds their shares or via www.abnamro.com/evoting.

No later than at 11 am CET on 20 April 2020, the Intermediaries must provide ABN AMRO with an electronic statement via www.abnamro.com/intermediary stating the number of shares held by the particular holder on the Registration date and being reported for registration. ABN AMRO will send these holders an admission ticket via the Intermediary.

Voting by proxy

Shareholders who cannot or prefer not to attend the meeting in person can also grant the company a voting instruction, without prejudice to the provisions concerning sign-up stated above. A voting instruction can be granted electronically via www.abnamro.com/evoting until 17 April 2020 at the latest. If a shareholder does not have an opportunity to grant a voting instruction electronically, a voting instruction can also be granted in writing. For this, a form is available on the company's website free of charge which must be completed and returned to the company no later than 17 April 2020.

Coronavirus and Health concerns

The Management Board and Supervisory Board are looking forward to an inspiring dialogue with our shareholders during our General Meeting of Shareholders but fully understand that in light of the evolving outbreak of Coronavirus shareholders may prefer not attend the meeting in person. These shareholders are invited to exercise their voting right through an electronic or written proxy as described in the preceding paragraph. We further invite these shareholders to submit per email questions they would have otherwise raised during the meeting in person. Questions can be submitted at ir@nsi.nl until 23 April 2020. The company will also provide the opportunity to follow the meeting through a webcast. In order to further mitigate potential health risks, the company will limit social gatherings surrounding the meeting. Unfortunately, this means that no post-meeting reception will be offered.

NSI will continue to closely monitor the situation and advises you to regularly check our website for any further updates.

Number of issued shares and number of voting rights

As of 13 March 2020, the number of issued shares in the company is 18,917,764.