



REMUNERATION REPORT 2022

INTRODUCTION

This remuneration report provides a comprehensive overview of all remunerations, awarded or due during the previous financial year to individual directors¹ and to the supervisory board members².

The report will be submitted to the annual general meeting of 21 April 2023 to hold an advisory vote³. In the next (2023) remuneration report NSI shall explain how the vote by the general meeting of 21 April 2023 has been taken into account.

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¹ This remuneration report is a remuneration report within the meaning of Article 2:135b paragraph 1 Dutch Civil Code (DCC) which article is applicable to Dutch public companies the shares of which have been admitted to trading on a regulated market as mentioned in article 1:1 of the Dutch Financial Supervision Act (Wet Financieel Toezicht)

² Following article 2:145 Dutch Civil Code

³ Following Article 2:135b paragraph 2 Dutch Civil Code

1. 2022 MANAGEMENT BOARD REMUNERATION AT A GLANCE

- TOTAL REMUNERATION SPLIT OUT BY COMPONENT
- RELATIVE PROPORTION OF FIXED AND VARIABLE REMUNERATION

TABLE 1: REMUNERATION OF DIRECTORS FOR THE REPORTED FINANCIAL YEAR 2022⁴

	Bernd Stahl CEO	Alianne de Jong CFO	Total
Salary	435,750	341,000	776,750
Variable components paid out in 2022	202,557	175,893	378,449
Short Term Incentive 2021	95,243	106,950	202,193
Long Term Incentive 2021	107,314	68,943	176,257
Social security	13,302	13,302	26,604
Pension	17,561	14,269	31,829
Other ⁵	-4,953	807	-4,146
Total	664,217	545,270	1,209,487
Proportion fixed / variable remuneration	70% fixed 30% variable	68% fixed 32% variable	69% fixed 31% variable
Variable components awarded for 2022 to be paid out in 2023			
Short Term Incentive 2022	€ 82,052	€ 96,315	
Long Term Incentive 2022	€ 0	€ 0	

⁴ The amounts under 'Variable components' are the amounts that were paid during 2022 under the 2021 STI and 2021 LTI of the CEO and CFO. The 2022 LTI will not result in a payout. The 2022 STI for the CEO and CFO will pay out in 2023. For this pay out a provision has been made that is specified in table 4 below together with the other provisions that have been made for amounts that have to be paid in the future (2023) in the meaning of article 2:383c paragraph 1, letter b, Dutch Civil Code.

⁵ Note 2: the item "Other" consists mainly of the movement/change in accrued holiday days (compared to prior year).

2. MANAGEMENT BOARD REMUNERATION POLICY AT A GLANCE

Base fee	• Set considering NSI's market positioning within the reference market (90% of the median Total Direct Compensation (TDC) level), the internal pay differences at NSI and the intended pay mix. (2022 level CEO €435,750; 2022 level CFO €341,000) • 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	• Performance period: 1 year • Payout incentive zone (threshold – target – maximum): • 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	• Performance period: 3 years • Payout incentive zone (threshold – target – maximum): • 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	• Under exceptional circumstances to be assessed by the Supervisory Board
Shareholding requirement	• CEO: 125% of gross base fee • CFO: 75% of gross base fee
Other benefits	• 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	• 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

3. ADVISORY VOTES ON THE 2021 REMUNERATION REPORT

In accordance with article 2:135b paragraph 2 DCC we would like to explain how we have taken into account the advisory vote on the previous remuneration report adopted by the last general meeting.

In the general meeting of 15 April 2022 a total of 83,7% of the votes were in favor of adopting the 2021 report.

No questions were submitted before the meeting or raised during the meeting about the 2021 Remuneration Report and no explanations of votes were given.

A shareholder has written us recently it had voted against the adoption of the Remuneration Report in the 2022 AGM – and failing any changes will continue to do so in the 2023 AGM - based on the following concerns:

1. Remuneration committee should not allow vesting of incentive awards for below median performance.
2. Moreover, companies should consider introducing deferral element and clawback provisions to the short- and long-term incentive schemes in line with market best practice.
3. Also, companies should consider extending vesting periods for long-term incentive plans to 5 years or longer or as a minimum introduce an additional holding or deferral period.

We would like to address these concerns as follows.

1. The LTI payout scheme as set out in the Remuneration Policy of NSI starts with a payout percentage of 25% at a level of the 40% percentile of the EPRA Eurozone Index members TSR. We have seen that in practice the scheme has been perceived to be based on actual EPRA Eurozone Index TSR instead of on the ranking percentile of the TSR scores of the EPRA Eurozone Index members that were part of the Index during the relevant LTI vesting period. In this perception payout is given for underperforming the index and payout starts at a level of 40% of the EPRA Eurozone Index TSR.

This is however not the case, as is evidenced by the application of the LTI in 2022 (covering the period 2020-2022). Here NSI scored -35,55%, outperforming the EPRA Eurozone Index TSR of -38,33% but no vesting of LTI took place because the EPRA Eurozone Index percentile score was 37,84%, i.e. under the 40% percentile threshold.

When the LTI scheme was set up the Supervisory Board had chosen for a schedule that was capped at a payout percentage of 150% for top performances (90% percentile or higher) that provided for an at target payout of 100% starting at the 70% percentile and for a soft landing instead of a sharp cutoff for lower performances, namely 50% for the 50% percentile and 25% for the 40% percentile. Both extremes of the payout scale can be criticized.

Generally speaking investors seem to be in favour of moving the entire scale upwards, barring payout at lower percentile scores completely and allowing for higher payout percentages for the top percentiles scores. We are currently reviewing the Remuneration Policy. During this process we may decide to put forward a proposal to move all pay out thresholds and percentages upwards as described above. In any case we will seek to amend the Policy in such a way that we avoid confusion about the applicable measure (EPRA Eurozone Peer rank versus EPRA Eurozone Index TSR).

2. The current Remuneration Policy contains the following clawback provision: “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.”
3. Long-term incentive plans with vesting periods of 5 years or longer or with additional holding or deferral periods aim to stimulate long-term value creation and long term alignment of the interests of the members of the Management Board with the interests of the Company's shareholders.

In the NSI Remuneration Policy this long term alignment has been sought in a combination of deferred vesting and a shareholding requirement that functions as a de facto additional holding period.

The current long-term incentive plan has a vesting period of three years. The previous (2017-2019) LTI plan had an additional holding period of two years for the shares bought with two third thirds of the net proceeds of the plan. In the current plan this earmarked holding period was replaced by a general shareholding period that requires the build up and continuation of a substantial shareholding during the entire tenure of the Board member plus one additional year.

The net proceeds of the STI (one-third) and the LTI (two-thirds) have to be spent on the acquisition of shares as long as the shareholding requirement has not yet been met.

Board members are appointed for a period of four years. Given the ‘at target’ percentages for the gross payout of STI and LTI combined (CEO 20% of Base fee STI and 60% of Base fee LTI and CFO 30% of base fee STI + 30% of Base fee LTI) on the one hand and the applicable tax rates on the other hand, Board members will need a full four year term of ‘at target’ pay outs of both STI and LTI to build up the required Shareholding. 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.

4. REMUNERATION POLICY AND APPLICATION IN 2022 ^{6,7}

- CONTRIBUTION OF THE REMUNERATION TO THE LONG TERM PERFORMANCE OF NSI
- COMPLIANCE OF TOTAL REMUNERATION WITH THE REMUNERATION POLICY
- APPLICATION OF FINANCIAL AND NON-FINANCIAL TARGETS

In this chapter every section starts with a quotation of the relevant section of the Remuneration Policy, followed – where applicable - by an explanation of the application in 2022.

1. 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.

2. 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.”

3. REFERENCE GROUP AND MARKET POSITIONING

REMUNERATION POLICY

“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 ASX listed companies, excluding Financial Services organizations, and including Wereldhave (AMX listed Real Estate company). This resulted in a reference group of the nineteen companies (which group may vary from time to time, see further below).

Reference companies 2022

Accell Group	Koninklijke BAM Groep (new)
Accsys (new)	Kendrion
Amsterdam Commodities	Nedap
Avantium	Ordina
Lucas Bols (new)	Pharming Group (new)
B&S Group (new)	Sif Holding
Brunel International	Sligro Food Group(new)
CM.COM (new)	TomTom (new)
ForFarmers	VastNed Retail
Heijmans	Wereldhave

⁶ This chapter contains the information specified in Article 2:135b paragraph 1 Dutch Civil Code under letters c and d.

⁷ The current remuneration policy with respect to members of the Management Board was adopted at the General Meeting of Shareholders on 14 April 2020. The full text of the remuneration policy can be viewed on NSI’s website.

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.

APPLICATION IN 2022

In 2022 the Supervisory Board has reviewed and updated the list of reference companies as several of the companies were no longer part of the AScX and other companies had become part of the AScX, including Wereldhave, which was no longer a part of the AMX. This update has resulted in a reference group of the above twenty companies.

4. INTERNAL PAY LEVELS NSI

REMUNERATION POLICY

"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."

5. LEVEL OF SUPPORT IN SOCIETY

REMUNERATION POLICY

"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."

During the AGM of 24 april 2020 the chairman has further elaborated on the topic of public support for the Remuneration Policy among our stakeholders and in society, pointing out a number of considerations not all of which are explicitly mentioned in the remuneration policy:

"The first group of stakeholders we have identified are the Management Board and the staff. The remuneration package must be able to attract and retain good directors and the ratio between the remuneration of the board and the staff must be reasonable so that it is also perceived as fair by the staff and social coherence and the sense of belonging is not at risk.

In accordance with best practice provision 3.2.2. we have expressly asked the Management Board members for their views on the amount of the reward. The remuneration ratio is explained in more detail in the policy. The levels of base fees for CFO and CEO were partly established as a continuation of the salary scale system that applies to the staff. Also in the secondary employment conditions sphere, the conditions of the Management are in line with those of the staff or are identical to them.

In addition to the Management Board and staff, our shareholders are our second group of key stakeholders. NSI's capital providers are predominantly large foreign parties. For them, NSI competes against other European real estate funds and other investments. When compared with other European funds, we see rewards that are far above those of NSI in absolute terms and in size of bonuses and that could meet resistance within the Dutch society.

By choosing a 'reference group' of Dutch companies for the Total Direct Compensation, a conscious connection was sought with Dutch social support and not only with the international shareholders and with what they consider normal or acceptable. In order to ensure that the bonuses granted are nevertheless as recognisable and acceptable as possible in the context of the other European real estate funds and other investments against which NSI competes with its investors, the benchmark for achieving the LTI of the Management Board is not linked to the TSR of the Dutch reference group but to the TSR of the European Real Estate Funds that are part of the EPRA Eurozone index.

The third group of relevant stakeholders are our tenants. For them, the price/quality ratio of our assets and services is decisive. The directors' remuneration has never been part of the discussion with them and is therefore not, in our opinion, a relevant consideration in their decision whether or not to rent space from NSI. We see no material risk here. For parties that - unlike NSI - are not only involved in the rental of commercial real estate but are also active in housing and social housing, this can of course be different.

Finally, we follow the social discussions on executive remuneration in general and those of Executives of listed companies in particular. Part of these discussions has been reflected in the Corporate Governance Code. For example, we see best practice provisions 3.1.2 iii (on the pay ratio) and 3.2.3 (on the maximum termination fee) as standards that also guide the amount of directors' remuneration. Insofar as we base our remuneration policy on these best practices, we believe that there is public support for that policy."

6. LEVEL OF TOTAL DIRECT COMPENSATION AT TARGET

REMUNERATION POLICY

“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.”

APPLICATION IN 2022

In 2022 the Supervisory Board has conducted the triennial review and updated the list of reference companies as several of the companies were no longer part of the AScX and other companies had become part of the AScX, including Wereldhave, which was no longer a part of the AMX. For further information on this review we refer to the explanations given in the Explanatory Notes to the Agenda of the General meeting of 15 April 2022.

In 2022 the Supervisory Board has also conducted the triennial benchmark to reassess NSI's competitiveness in the market place and the fairness of the internal pay differences. Based on this benchmark the Supervisory Board has adjusted the Total Direct Compensation of the Management Board towards the policy level by increasing the Base fees per 1 January 2022. For further information on this adjustment and its rationale we refer to the explanations given in the Explanatory Notes to the Agenda of the General meeting of 15 April 2022 which can be found on the company's website.

7. COMPENSATION STRUCTURE

REMUNERATION POLICY

“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 at target short-term incentive of 20% of Base fee and a at 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 at target short-term incentive of 30% of Base fee and a at target long-term incentive of 30% of Base fee.”

7.1 BASE FEE

REMUNERATION POLICY

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

BASE FEE APPLICATION IN 2022

	Base fees per 1 January 2022	Base fees paid out in 2022
CEO Bernd Stahl	€435,750	€435,750
CFO Alianne de Jong	€341,000	€341,000

7.2 SHORT-TERM INCENTIVE

REMUNERATION POLICY

“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.”

APPLICATION IN 2022

Payout based on performed threshold/target/maximum plus linear pay out between levels

CEO: 18,83% of base fee

CFO: 28,245% of base fee

In the 2022 STI target setting a greater weight was put on Portfolio Development targets (25%, previous year 10%) and on Sustainability targets (20%, previous year 5%). Lesser weight was given to certain Operational targets such as Vacancy (10%, previous year 15%). Some Operational targets such as Rental Growth and Rent Collection (0%, previous year 20%) were no longer part of the STI to make room for new targets or give greater weight to existing ones. E.g. the 2021 rent collection level of 99,47% had left no room for a challenging target.

SUSTAINABILITY

The GRESB score gives quantitative insight into the ESG performance over time of a company among its peers in the real estate sector. As all participants make improvements NSI needs to improve continuously to keep its ranking. For this reason we maintained this measure. In 2022 NSI was able to maintain 5 star level and improve its score in points.

Our tenants are increasingly interested in the sustainability performance of the buildings they lease. Apart from (re)developing assets to the highest sustainability assets NSI also aims to improve the sustainability performance of the standing assets to the highest possible level.

The NSI portfolio fully complies with the mandatory Energy Performance Certificates (EPC). BREEAM labels offer a voluntary scheme for certifying a broader set of environmental credentials of an asset than EPC labels. The scheme is widely recognised in the property industry. For this reason we added the number of BREEAM Excellent labels as a measure to set goals and keep track of the improvements in the standing portfolio.

In 2022 Management outperformed the targets we set for this measure.

The transition from Long Term Value Creation to Sustainable Long Term Value Creation requires insight in the current energy consumption of our assets, insight in the measures and cost required to align this energy consumption with the Targets set by the Paris Agreement and a plan to implement the measures without disrupting the activities of our tenants and our business. The first step towards a full integration of our sustainability strategy into our business strategy is creating a Paris Aligned roadmap for each asset and to implement the assessment of Paris Aligned cost in all investment decisions, acquisitions and Asset Business Plans. This measure was introduced in the 2022 STI with a weight of 10%.

In 2022 Management completed a roadmap on a per asset basis to ensure NSI's portfolio is aligned with the Paris agreement. NSI has chosen to follow CRREM's definition of Paris Aligned.

In 2022 management has delivered Paris-Aligned scenarios for 34 buildings with different incremental savings measures and budget for each scenario.

PORTFOLIO DEVELOPMENT

2022 was the year to move from the planning phase of our Development projects towards the execution phase. The avoid a so called 'pay for failure' the development targets were not geared to a commencement of all cost, but to require an evaluation of the business case before a final 'Go'.

In 2022 management has worked diligently towards the execution of the projects. By late Q4 NSI was fully ready to start the Well House project, but had - for now - to choose not to start, due to higher than expected building costs in combination with increased overall market uncertainty.

Table 2 contains a full ex post disclosure of the application of the 2022 STI targets, their weights, performance measures and the achievements in 2022.

TABLE 2: SHORT TERM INCENTIVE TARGETS, WEIGHT, MEASURES AND PERFORMANCE

STI 2022 targets & performance	weight	threshold	target	max	achieved	payout
1.-3. Operational targets						
1. Recurring EPRA EPS	20%	€2.04	€2.08	€2.16	€2.15	23,40%
2. Improvement LfL EPRA Vacancy vs Budget 2022	10%	+0.5%	0%	-1%	0.4%	6%
3. Customer Satisfaction (Net Promotor Score)	10%	>=20	>=25	>=30	10,3	0%
4. Portfolio Development Targets						
a. Improve the overall quality and risk profile of the portfolio through capital recycling	10%	pass	good	very good	good	10%
b. Evaluate business case of development projects, decide on proper scope, timing and development commencement. Once commencement decision is made, execute developments on time and on budget.	15%	pass	good	very good	good	15%
5. Sustainability Targets						
a. Paris Aligned roadmap for each asset & Implement Paris Aligned cost in all investment decisions, acquisitions and Asset Business Plans	10%	pass	good	very good	very good	12%
b. Additional BREEAM excellent labels for standing assets	5%	6 assets	8 assets	10 assets	12 assets	6%
c. Sustainability: Maintain GRESB 5* ranking	5%	5* and score >=88)	5* and score >=90)	5* and score >=94)	5* and score 93	5.75%
Subtotal Company	85%					78,15%
6. Personal targets CEO						
a. Customer Excellence: Launch the new NSI and HNK Product and Brand	10%	pass	good	very good	good	10%
b. Attract and Retain personnel and Develop talent and leadership	5%	pass	good	very good	very good	6%
Subtotal CEO	15%					16%
Total CEO						94,15%
6. Personal targets CFO						
a. Advance Mid-term and long-term development potential	10%	pass	good	very good	good	10%
b. Extend Term Loan	5%	pass	good	very good	very good	6%
Subtotal CFO	15%					16%
Total CFO						94,15%

- A Payout of €82,052 (94,15% x 20% x base fee) was awarded to the CEO.
- A Payout of €96,315 (94,15% x 30% x base fee) was awarded to the CFO.
- Pay out will follow in April 2023 after the adoption of the Annual Accounts by the General meeting of Shareholders

7.3 LONG-TERM INCENTIVE

REMUNERATION POLICY

“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%

APPLICATION IN 2022

The following companies and their respective TSR scores were taken into account for the calculation of the LTI:

COMPANY NAME	BB TICKER	TR 2020	TR 2021	TR 2022	TR 2020-2022	Percentile	Rank	Group
WDP NV	WDP BB	25,87%	53,26%	-35,23%	24,96%	100,00%	1	≥90%
Ascencio SCA	ASCE BB	-7,46%	20,44%	5,01%	17,03%	97,22%	2	≥90%
Eurocommercial Properties NV	ECMPA NA	-38,48%	33,70%	28,60%	5,78%	94,44%	3	≥90%
Mercialys	MERY FP	-37,51%	23,46%	26,61%	-2,32%	91,67%	4	≥90%
Vastned Retail NV	VASTN NA	-9,44%	13,19%	-5,28%	-2,92%	88,89%	5	80%
CA Immobilien Anlagen AG	CAI AV	-13,15%	16,18%	-6,35%	-5,51%	86,11%	6	80%
Intervest Offices & Warehouses NV	INTO BB	-5,76%	34,02%	-27,67%	-8,65%	83,33%	7	80%
Kojamo plc	KOJAMO FH	14,27%	20,09%	-33,88%	-9,26%	80,56%	8	80%
Retail Estates	RET BB	-24,29%	28,69%	-7,01%	-9,40%	77,78%	9	70%
Montea NV	MONT BB	18,48%	46,26%	-48,07%	-10,02%	75,00%	10	70%
Deutsche EuroShop AG	DEQ GR	-30,17%	-20,50%	57,47%	-12,57%	72,22%	11	70%
Carmila S.A.	CARM FP	-35,79%	26,57%	2,99%	-16,31%	69,44%	12	60%
Citycon Oyj	CTY1S FH	-8,28%	-5,32%	-3,79%	-16,45%	66,67%	13	60%
Merlin Properties Socimi, S.A.	MRL SM	-37,98%	29,04%	3,56%	-17,13%	63,89%	14	60%
Klepierre SA	OF4I LI	-38,46%	16,92%	13,53%	-18,32%	61,11%	15	60%
Hamborner REIT	HABA GY	-2,71%	16,96%	-29,26%	-19,51%	58,33%	16	50%
Irish Residential Properties REIT Plc	IRES ID	-2,13%	16,36%	-30,94%	-21,35%	55,56%	17	50%
Lar Espana	LRE SM	-23,91%	16,16%	-11,57%	-21,83%	52,78%	18	50%
Aedifica	AED BB	-7,23%	19,25%	-31,62%	-24,34%	50,00%	19	40%
Cofinimmo	COFB BB	-2,81%	20,65%	-37,47%	-26,68%	47,22%	20	40%
Wereldhave NV	WHA NA	-44,52%	23,14%	4,22%	-28,81%	44,44%	21	40%
Gecina	GFC FP	-17,72%	1,65%	-18,20%	-31,58%	41,67%	22	40%
Covivio	COV FP	-19,27%	0,54%	-19,01%	-34,27%	38,89%	23	<40%
NSI N.V.	NSI NA	-19,55%	13,40%	-29,33%	-35,53%	36,11%	24	<40%
Xior Student Housing NV	XIOR BB	0,01%	5,12%	-39,04%	-35,90%	33,33%	25	<40%
LEG Immobilien SE	LEG GR	23,90%	-0,40%	-48,33%	-36,24%	30,56%	26	<40%
Immobiliare Grande Distribuzione SIIG SpA	IGD IM	-38,02%	7,22%	-11,95%	-41,48%	27,78%	27	<40%
Inmobiliaria Colonial Socimi S.A.	COL SM	-27,55%	5,30%	-24,19%	-42,17%	25,00%	28	<40%
Deutsche Wohnen SE	DWNI GY Equity	22,65%	-13,65%	-46,14%	-42,96%	22,22%	29	<40%
Vonovia SE	VNA GR	28,16%	-10,86%	-52,50%	-45,73%	19,44%	30	<40%
Nextensa	NEXTA BB Equity	-26,75%	7,00%	-30,85%	-45,80%	16,67%	31	<40%
ICADE Management	ICAD FP	-31,88%	6,80%	-30,55%	-49,48%	13,89%	32	<40%
Grand City Properties	GYC GR	1,96%	3,32%	-53,14%	-50,63%	11,11%	33	<40%
Unibail-Management	URW NA	-50,33%	-4,58%	-21,08%	-62,60%	8,33%	34	<40%
TAG Immobilien-AG	TEG GR	21,31%	-1,43%	-72,95%	-67,65%	5,56%	35	<40%
Aroundtown SA	AT1 GY	-21,59%	-10,13%	-55,85%	-68,89%	2,78%	36	<40%
Adler Group SA	ADJ GR	3,32%	-61,65%	-87,66%	-95,11%	0,00%	37	<40%
EPRA Europe Index	EPEU INDEX	-7,04%	4,42%	-36,47%	-38,33%		37	

The following companies and their respective TSR scores were not taken into account for the calculation of the LTI as they were not part of the EPRA Eurozone Index during the entire 2020-2022 period.

ENTERED AFTER START DATE

COMPANY NAME	BB TICKER	TR 2020	TR 2021	TR 2022	TR 2020-2022
Shurgard Self Storage SA	SHUR BB	7,62%	66,37%	-23,34%	37,25%
VGP NV	VGP BB	43,26%	113,69%	-66,42%	2,78%
Home Invest Belgium REIT Ord Shs	HOMI BB Equity	5,93%	10,07%	-6,45%	9,08%

LEFT SINCE START DATE

COMPANY NAME	BB TICKER	TR 2020	TR 2021	TR 2022	TR 2020-2022
Befimmo (Sicafi)	BEFB BB Equity	-28,30%	-1,81%	41,88%	-0,11%
Wereldhave Belgium	WEHB BB Equity	-48,94%	36,88%	6,29%	-25,71%
TLG Immobilien GmbH	TLG GR Equity	-15,03%	35,46%	-34,00%	-24,04%
Alstria Office	AOX GR Equity	-7,69%	36,82%	-39,23%	-23,25%
Hibernia REIT PLC	HBRN LN Equity	-13,02%	13,56%	-	-

PAY OUT TABLE AND PAYOUT CEO & CFO

EPRA Eurozone Index members TSR percentile score (2020-2022)	Payout % of target	NSI TSR score & resulting NSI EPRA Eurozone Index percentile score	Payout % of target for CEO & CFO
-3% TSR = 90%	150%		
-9% TSR = 80%	125%		
-16% TSR = 70%	100%		
-19% TSR = 60%	75%		
-24% TSR = 50%	50%		
-33% TSR = 40%	25%		
Lower than 40%	0%	-35,55% (TSR score) = 37,84% (percentile score)	0%

- EPRA Europe Index 2020-2022 TSR score was -38,33% (not annualized)
- NSI 2020-2022 TSR score was -35,55%, outperforming the EPRA Europe Index by 2,78pp but corresponding with a TSR percentile score of 37,84% and a 'Payout % of target' of 0%
- No LTI Payout was awarded to the CEO or the CFO.

We reiterate our remarks made above in the section "Taking into account the advisory votes on the 2021 Remuneration Report": The LTI payout scheme as set out in the Remuneration Policy of NSI starts with a payout percentage of 25% at a level of the 40% percentile of the EPRA Eurozone Index members TSR.

We have seen that in practice the scheme has been perceived to be based on actual EPRA Eurozone Index TSR instead of on the ranking percentile of the TSR scores of the EPRA Eurozone Index members that were part of the Index during the relevant LTI vesting period.

In this perception payout is given for underperforming the index and payout starts at a level of 40% of the EPRA Eurozone Index TSR.

As can be seen in the table above this is not the case. For the period 2020-2022 NSI scored a TSR of -35,55%, outperforming the EPRA

Eurozone Index TSR of -38,33% but no vesting of LTI took place because NSI's EPRA Eurozone Index percentile score was 37,84%. We are currently reviewing the Remuneration Policy and will seek to amend the Policy in such a way that we avoid this confusion about the applicable measure (EPRA Eurozone Peer rank versus absolute EPRA Eurozone Index TSR).

8. VARIABLE PAY CONDITIONS

REMUNERATION POLICY

"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."

8.1 SCENARIO ANALYSES

REMUNERATION POLICY

"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."

APPLICATION IN 2022

Scenario analyses of the possible outcomes of the short-term incentives 2022 have been conducted. These analyses did not reveal any uncontrollable risks for the company.

The outcomes of the LTI are fixed as per the Remuneration Policy and cannot be set discretionary. Therefore no further scenario analyses have been performed for the 2022 LTI.

8.2 RECLAIMING VARIABLE REMUNERATION (CLAW BACK)⁸

REMUNERATION POLICY

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.

APPLICATION IN 2022

No variable remuneration was reclaimed.

⁸ This chapter contains the information specified in Article 2:135b paragraph 1 Dutch Civil Code under letter h.

8.3 ULTIMUM REMEDIUM

REMUNERATION POLICY

“Grants under both the short-term and long-term incentive scheme are subject to an Ultimium 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.”

APPLICATION IN 2022

No bonus pay out was revised retrospectively during 2022.

8.4 TERMINATION

REMUNERATION POLICY

“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 Ultimium 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 Ultimium Remedium clauses will continue to be applicable after termination for cause of the participant.”

APPLICATION IN 2022

No appointments were terminated in 2022.

There were no payments upon termination of employment

9. SHAREHOLDING REQUIREMENT

REMUNERATION POLICY

“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.”

APPLICATION IN 2022

At the beginning of 2022 the CEO had met the shareholding requirement and the CFO only needed to purchase a further 7,89% of Base fee to meet the shareholding requirement.

Despite a purchase of 12,15% of annual gross Base fee by the CFO in July of 2022, both the CEO and the CFO saw the value of their NSI shareholdings drop in percentage of their Base fee below the requirement thresholds during 2022 against the backdrop of a fall of share prices for real estate shares during the year.

This negative trend was further aggravated for NSI by the Government announcement in September of the plan to abolish the Dutch REIT regime.

In terms of skin in the game: the CEO lost €208.250 and the CFO €90,769

DEVELOPMENT OF SHAREHOLDINGS DURING 2022

Shareholdings per 31.12.2021 (calculated using NSI 30 december 2021 closing price €35)

CEO: 17,000 shares = 143,37% of annual gross Base fee (€415.000)

CFO: 6,447 shares = 72,78% of annual gross Base fee (€310.000)

Shareholdings per 1.1.2022 (calculated using NSI 3 January 2022 closing price €35,50)

CEO: 17.000 shares = 138,50% of annual gross Base fee (€435.750)

CFO: 6,447 shares = 67,11% of annual gross Base fee (€341.000)

Acquisition per 18 July 2022 (calculated using acquisition price €32,50)

CFO: 1,275 shares = 12,15% of annual gross Base fee (€341.000)

Shareholding per 31.12.2022 (calculated using NSI 30.12.2022 closing price of €23.25)

CEO: 17,000 shares = 90,71% of annual gross Base fee (€435.750)

CFO: 7,722 shares = 52,65% of annual gross Base fee (€341.000)

10. OTHER BENEFITS

REMUNERATION POLICY

"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."

APPLICATION IN 2022

- Maximum fiscal pensionable salary 2022: € 114,866
Premium paid for CEO: € 17,561
Premium paid for CFO: € 14,269⁹
- Insured benefits and company cars
To contribute to NSI long term sustainability goals CEO and CFO drive fully electric cars.

11. CONTRACTUAL ARRANGEMENTS

REMUNERATION POLICY

"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."

APPLICATION IN 2022

No board agreements were terminated during 2022

No new appointments were made during 2022.

CEO Bernd Stahl was reappointed in the AGM 24 April 2020 with effect from 1 September 2020. His term of office expires on 31 August 2024.

CFO Alianne de Jong was reappointed in the AGM 21 April 2021 with effect from 15 September 2021. Her term of office expires on 14 September 2025.

During 2022 no loans or guarantees were granted to any of the members of the Management Board.

⁹ The pension premiums paid differ because the CEO is in another age group as the CFO

12. DEROGATION AND ADDITIONAL PAY PROGRAMS¹⁰

REMUNERATION POLICY

“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.”

APPLICATION IN 2022

No derogations of the remuneration policy were applied.

No additional pay programs were introduced during 2022.

No additional pay was awarded during 2022.

13. REVISION OF THE REMUNERATION POLICY

REMUNERATION POLICY

“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.”

APPLICATION IN 2022

In 2022 the Supervisory Board has reviewed and updated the list of reference companies as several of the companies were no longer part of the AScX and other companies had become part of the AScX, including Wereldhave, which was no longer a part of the AMX.

Following the announcement in the Agenda of the AGM of 15 April 2022 the Supervisory Board has started a review of the policy and has sought external advice to map out which new developments have taken place in the social discussion about rewards, and what relevant developments among the peers of NSI.

The Supervisory Board has looked into the (definition of) the Reference Group for the base fee, the peer group and the vesting level for the Long Term Incentive, the target areas and metrics set for the Short Term Incentive and Long Term Incentive, including forward-looking performance measures for the latter and the question how to give sustainability targets and performance a more prominent role in the Policy. The Supervisory Board has identified certain areas where the policy can be optimized.

The following preliminary findings and considerations will be further elaborated upon during the coming year.

Reference Group for the base fee,

NSI focuses on the Dutch office market and can be considered a local player.

¹⁰ This paragraph contains the information specified in Article 2:135b paragraph 1 Dutch Civil Code under letter j.

From a labour market perspective, the Supervisory Board considers that an NSI Executive Board member is more comparable to a director of a Dutch listed company of comparable size than to a director of an international peer. Next steps and recruitment of NSI directors will most likely not take place in the circle of international peers but rather in the Dutch real estate or investment banking market, whereby financial Directors might be recruited from the entire AScX and AMX group. For this reason, the Supervisory Board considers the (definition of) the Reference Group for the base fee still to be adequate.

The peer group and the vesting level for the Long Term Incentive,

For this topic we refer to our abovementioned remarks under 2. And 3. in the paragraph “Taking into account the advisory votes on the 2021 Remuneration Report”

Target areas and metrics set for the Short Term Incentive and Long Term Incentive, including forward-looking performance measures for the latter and the question how to give sustainability targets and performance a more prominent role in the Policy.

The type of short-term reward KPIs typically changes little over time. There are shifts in weights from year to year, but this can already be done within the existing policy.

We sometimes see that a peer rewards a target such as the GRESB score in both the STI and the LTI. The Supervisory Board is not in favour of having the same KPIs reflected in the STI and in the LTI.

Sustainability Targets are currently included in the STI. In the 2022 STI target setting a greater weight was put on Sustainability targets (20%, previous year 5%).

We see a trend in the market to make sustainability KPIs also part of the LTI. At NSI sustainability targets are currently not rewarded in the LTI although sustainability efforts may eventually trickle down into the LTI through green premiums via better earnings into a higher share price.

The current LTI target – 100% based on Relative TSR – is easy measurable and fully aligned with the interests of our shareholders. Defining Long Term sustainability targets that are equally measurable that have an added value for our shareholders and that leave room for management to adapt its strategy to the ever changing business landscape is a challenge.

- LTI targets require a goal and realization horizon of 3 years or more.
- Current sustainability developments (Nitrogen, PFAS, EU regulations, etc.) do not yet provide a stable foundation for a three-year plan.
- Many external factors play a role in the sustainability performance but we want to limit the number of situations in which we would need to make discretionary adjustments.

The Supervisory Board is looking into various initiatives that aim to answer this “million dollar question” e.g. into the report of the Embankment Project for Inclusive Capitalism (EPIC).

At this stage no proposal for an amendment of the Policy will be submitted to the 2023 General Meeting of Shareholders. The mentioned areas for improvement will be taken into account in the preparation of the policy that will be submitted for adoption to the 2024 General Meeting of Shareholders.

5. EVOLUTION OF REMUNERATION AND COMPANY PERFORMANCE

TABLE 3: COMPARATIVE TABLE OF THE REMUNERATION AND THE COMPANY PERFORMANCE¹¹

Comparative table of the remuneration and company performance over the last five reported financial years (RFY)

	2017	2018	2019	2020	2021	2022
Annual change of Directors Remuneration						
Base fee CEO Bernd Stahl (annualized)	€ 385.000	€ 385.000	€ 410.000	€ 415.000	€ 415.000	€ 435.750
Base fee CFO Alianne De Jong (annualized)	€ 240.000	€ 240.000	€ 275.000	€ 298.333	€ 310.000	€ 341.000
LTI at target as % of base fee CEO Bernd Stahl (annualized)	60,00%	60,00%	60,00%	60,00%	60,00%	60,00%
Actual payout (LTI 2021 in 2022) (2020 amount for LTAP 2017-2019)	tbd	tbd	tbd	175,70%	18,61%	25,86%
LTI at target as % of base fee CFO Alianne De Jong (annualized)	na	30,00%	30,00%	30,00%	30,00%	30,00%
Actual payout (LTI 2021 in 2022)	na	tbd	28,70%	30,10%	17,66%	22,24%
STI at target as % of base fee CEO Bernd Stahl (annualized)	na	na	na	20,00%	20,00%	20,00%
Actual payout STI CEO (STI 2021 in 2022)	na	na	na	na	15,26%	22,95%
STI at target as % of base fee CFO Alianne De Jong (annualized)	na	na	30,00%	30,00%	30,00%	30,00%
Actual payout STI CFO (STI 2021 in 2022)	na	na	na	31,02%	22,89%	34,50%
Annual change of the performance of the company						
Net Rental Income (in million Euro)	€ 74,468	€ 69,228	€ 67,227	€ 60,466	€ 63,272	€ 59,325
change vs previous reported year in percent	0,35%	-7%	-3%	-10,06%	4,64%	-6,24%
Total Investment result	€ 91,602	€ 91,525	€ 196,297	-€ 20,424	€ 120,961	-€ 31,370
change vs previous reported year in percent	-613,67%	-0,08%	114,47%	-110,40%	-692,25%	-125,93%
Earnings per share	€ 5,05	€ 4,95	€ 10,47	-€ 1,07	€ 6,20	-€ 1,58
change vs previous reported year in percent	-4308%	-1,98%	111,52%	-110,22%	-679,44%	-125,48%
Dividend per share	€ 2,16	€ 2,16	€ 2,16	€ 2,16	€ 2,16	€ 2,16
change vs previous reported year in percent	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
EPRA NAV per share (as of 2020 EPRA NTA)	€ 36,66	€ 39,75	€ 47,97	€ 44,44	€ 48,23	€ 44,17
change vs previous reported year in percent	5,9%	8,4%	20,7%	-7,36%	8,53%	-8,42%
Loan to Value (LTV)	36,9%	36,9%	27,4%	29,2%	28,2%	28,7%
change vs previous reported year in percentpoints	-7,3%	0,0%	-9,5%	1,80%	-1,0%	0,5%
Total Shareholder Return	29,55%	4,29%	34,76%	-19,55%	13,40%	-23,33%
change vs previous reported year in percentpoints	33,04%	-25,26%	30,47%	-54,31%	32,95%	-36,73%
Average remuneration on a FTE basis of Directors						
Average monthly Base fee Directors	€ 25.694	€ 26.111	€ 28.611	€ 29.398	€ 30.208	€ 32.365
change vs previous reported year in Euro's	-€ 4.640	€ 417	€ 2.500	€ 787	€ 810	€ 2.156
change vs previous reported year in percent	-15,30%	1,62%	9,57%	2,75%	2,76%	7,14%
Average remuneration on a FTE basis of Employees						
Average monthly Base Salary employees	€ 4.779	€ 5.205	€ 5.306	€ 5.646	€ 5.853	€ 6.360
change vs previous reported year in Euro's	€ 50	€ 426	€ 100	€ 340	€ 207	€ 507
change vs previous reported year in percent	1,07%	8,92%	1,93%	6,41%	3,67%	8,66%
Pay ratio Directors/Employees						
Ratio Base fee Directors/Base Salary employees	5,38	5,02	5,39	5,21	5,16	5,09
change vs previous reported year	-16,19%	-6,70%	7,50%	-3,44%	-0,88%	-1,40%

Under the Variable Income Plan NSI employees are entitled to a maximum of 33.3% per year of their fixed salary. The Variable Income Plan pays out every year.

The relative pay ratio of the (maximum possible) variable income of Directors and employees can be calculated as follows:

- CEO: 3,42 (max 90% of base fee LTI + max 24% of base fee STI)/ employees max 33,3% of base fee = 3,42 (for 2017 – 2018: 1,8; for 2019-2021 3,42)
- CFO: 2,43 (max 45% of base fee LTI + max 36% of base fee STI)/employees max 33,3% of base fee = 2,43 (2017 not applicable; for 2018: 0,9; for 2019 -2021 2,43)

¹¹ Table 3 contains the information specified in Article 2:135b paragraph 1 Dutch Civil Code under letter e

TABLE 4: PROVISIONS FOR REMUNERATION TO BE PAID IN THE FUTURE AND THEIR MOVEMENTS DURING 2022

MOVEMENT OF PROVISIONS FOR VARIABLE REMUNERATION

	CEO			CFO			TOTAL		
	LTI	STI	Total	LTI	STI	Total	LTI	STI	Total
Balance as per 1 Jan 2022	62.250	91.300	153.550	46.500	102.300	148.800	108.750	193.600	302.350
Release prior year provision	-62.250	-91.300	-153.550	-46.500	-102.300	-148.800	-108.750	-193.600	-302.350
Provision taken 2022	0	87.150	87.150	0	102.300	102.300	0	189.450	189.450
Balance as per 31 Dec 2022	0	87.150	87.150	0	102.300	102.300	0	189.450	189.450
Payments	107.314	95.243	202.557	68.943	106.950	175.893	176.257	202.193	378.449
Release prior year provision	-62.250	-91.300	-153.550	-46.500	-102.300	-148.800	-108.750	-193.600	-302.350
Provision taken 2022		87.150	87.150		102.300	102.300	0	189.450	189.450
Result 2022	45.064	91.093	136.157	22.443	106.950	129.393	67.507	198.043	265.549

6. REMUNERATION OF THE SUPERVISORY BOARD

The current remuneration policy for the members of the Supervisory Board was adopted by the General Meeting of Shareholders on 24 April 2020.

The remuneration is fixed and no shares or share options are granted.

The remuneration of the Supervisory Board members is not dependent on the company's results.

The remuneration for the chairman is	€ 48,000 per year
The remuneration for a Supervisory Board member is	€ 36,000 per year
The remuneration for the membership of the Audit Committee and for the membership of the Real Estate Committee is	€ 7,500 per year
The remuneration for membership of the Selection and Appointment Committee and for the membership of the Remuneration Committee is	€ 3,750 per year

TABLE 5: SUPERVISORY BOARD REMUNERATION FOR THE REPORTED FINANCIAL YEAR 2022

REMUNERATION OF THE SUPERVISORY BOARD

Remuneration of the Supervisory Board	2017	2018	2019	2020	2021	2022
Jan Willem de Geus	na	na	na	na	€ 5.580	€ 62.400
change vs previous reported year in Euro's					na	€ 56.820
change vs previous reported year in percent					na	1018,25%
Jan Willem Dockheer	na	na	na	€ 26.000	€ 43.500	€ 43.500
change vs previous reported year in Euro's				na	€ 17.500	€ 0
change vs previous reported year in percent				na	67,31%	0,00%
Margreet Haandrikman	€ 17.000	€ 38.000	€ 38.000	€ 41.000	€ 42.500	€ 43.250
change vs previous reported year in Euro's		€ 21.000	€ 0	€ 3.000	€ 1.500	€ 750
change vs previous reported year in percent		123,53%	0,00%	7,89%	3,66%	1,76%
Karin Koks - van der Sluis	€ 40.000	€ 49.000	€ 53.000	€ 58.000	€ 56.125	€ 53.750
change vs previous reported year in Euro's	€ 15.000	€ 9.000	€ 4.000	€ 5.000	-€ 1.875	-€ 2.375
change vs previous reported year in percent	60,00%	22,50%	8,16%	9,43%	-3,23%	-4,23%
Harm Meijer	€ 45.000	€ 38.000	€ 38.000	€ 42.000	€ 41.625	€ 44.875
change vs previous reported year in Euro's	€ 20.000	-€ 7.000	€ 0	€ 4.000	-€ 375	€ 3.250
change vs previous reported year in percent	80,00%	-15,56%	0,00%	10,53%	-0,89%	7,81%
Supervisory Board	€ 210.000	€ 189.000	€ 180.000	€ 221.000	€ 189.330	€ 247.775
change vs previous reported year in Euro's	-€ 15.000	-€ 21.000	-€ 9.000	€ 41.000	-€ 31.670	€ 58.445
change vs previous reported year in percent	-6,67%	-10,00%	-4,76%	22,78%	-14,33%	30,87%

7. FURTHER INFORMATION¹²

With regard to any Director or any Supervisory Board member:

- No remuneration was paid by any NSI subsidiary or by any company that NSI consolidates.
- No shares or share options were granted.
- No variable remuneration was reclaimed.
- There were no deviations from the decision-making process followed for the determination, review and implementation of the remuneration policy.
- No derogations of the remuneration policy were applied.
- There were no payments upon termination of employment.
- NSI has not given any loans, made advanced payments or granted guarantees.

PUBLICATION

After the general meeting of 21 April 2023 NSI NV shall keep this remuneration report publicly available on its website for a period of 10 years. If NSI NV chooses to keep the remuneration report available for a longer period it will no longer contain the personal data of directors.

AUDIT OF INFORMATION PROVIDED IN THIS REMUNERATION REPORT

PriceWaterhouseCoopers Accountants NV, the statutory auditor of NSI NV as referred to in article 2:393 paragraph 1 Dutch Civil Code, has checked that the information required by article 2:135b and article 2:145 subsection 2 Dutch Civil Code has been provided in this remuneration report. Reference for this is made to the independent auditor's report on the financial statements 2022 dated 9 March 2023 that is included in the annual report of NSI N.V.

Amsterdam, 9 March 2023

NSI NV Supervisory Board

Jan Willem de Geus, *Chairman*
 Karin Koks - van der Sluijs, *Vice chairman*
 Jan Willem Dockheer
 Margreet Haandrikman
 Harm Meijer

¹² This chapter contains the information specified in Article 2:135b paragraph 1 Dutch Civil Code under letters f, g, h, i, j and k.