6 REMUNERATION POLICY

6.1 Scope

This remuneration policy applies to the members of the Board of Directors (the non-executive directors and the executive directors) and the members of the Executive Management, subject to approval by the General Meeting to be held on 15 September 2022 or, if the required quorum would not be reached at such first General Meeting, on 6 October 2022.

This remuneration policy, as approved by the Board of Directors on 12 August 2022 and subject to approval by the General Meeting to be held on 15 September 2022 or, if the required quorum would not be reached at such first General Meeting, on 6 October 2022, will be applicable as of 1 January 2023 (financial year 2023), without prejudice to the terms of the remuneration policy currently in force and the remuneration of the Executive Management for the financial year 2022.

This remuneration policy will be submitted to the General Meeting for approval every four years, or upon any material change to it.

6.2 Procedure

This remuneration policy was drawn up and shall be amended and modified, on the proposal of the Company's Remuneration and Nomination Committee, by the Board of Directors, in each case subject to the approval of the General Meeting in the event of material changes, pursuant to the BCCA (art. 7:89/1 §3) and the Corporate Governance Code.

Conflicts of interest in the context of drawing up or amending the remuneration policy are avoided by the following measures:

- the fact that the Remuneration and Nomination Committee currently consists exclusively of non-executive directors, whereby the committee should invite the executive directors (and the Executive Management) if they are required to be present at the meeting. In this way, the Remuneration and Nomination Committee can meet without the executive directors being present and, in any case, they have no voting rights;
- decisions on the remuneration of non-executive directors shall, in any case, be subject to the approval of the General Meeting;
- decisions on remuneration should be taken with due regard to the rules on conflicts of interest of the BCCA and the B-REIT Law.

6.3 Benchmarking

The remuneration policy is evaluated annually, on the basis of an external benchmarking conducted on a two-yearly basis or in case of significant change to the size of the Company or the roles and responsibilities of the Executive Management. In terms of remuneration, the Company aims to be positioned at the median of the benchmarking group.

The peer group identified by the Company in this regard consists of a group of comparable listed real estate companies (including, among others, other B-REITs). More specifically, the Company selected the following companies for its benchmarking: Warehouses De Pauw, Cofinimmo, Aedifica, Montea, Retail Estates, Care Property Invest, Vonovia (adjusted for size) and Unite Group (adjusted for size).

On a four-yearly basis, it is submitted to the General Meeting for approval, on the understanding that if the annual evaluation or benchmarking leads to material changes, these changes are also subject to the approval of the General Meeting.

6.4 General

The remuneration should be sufficient to attract, retain and motivate directors and members of the Executive Management who fit the profile determined by the Board of Directors.

The remuneration of the directors is determined by the General Meeting upon proposal by the Board of Directors. Prior to such proposal, the Remuneration and Nomination Committee formulates a proposal to the Board of Directors. No one decides on his or her own remuneration.

The directors shall be reimbursed for normal and justified expenses and costs, which they may claim to have incurred in the performance of their duties.

In accordance with article 35 of the B-REIT Law, the remuneration of the directors cannot be allocated in function of a specific transaction or operation of the Company or any companies belonging to the same group.

6.5 Remuneration report

The Company shall draw up a remuneration report. This remuneration report forms a specific part of the Corporate Governance Statement.

The Company's remuneration report contains the following information regarding the directors, the other persons mandated with management and the persons mandated with daily management:

- the total amount of the remuneration, divided per component, granted by the Company or a company belonging to the same group. This information must be provided with a breakdown between:
    - base remuneration;
    - variable remuneration: all additional remuneration linked to performance criteria, indicating the form in which this variable remuneration was paid;
    - pension: the amounts paid during the financial year covered by the annual report or the cost of the services provided during the financial year covered by the annual report, depending on the type of pension plan, with an explanation of the applicable pension scheme; and
    - the other components of the remuneration, such as the cost or value of insurances and other benefits in kind, with an explanation of the details of the main components;
- the relative amount of fixed and variable remuneration;
- an explanation of how the total amount of remuneration is consistent with the adopted remuneration policy, and in particular how it contributes to the long-term performance of the Company; and
- information on how the performance criteria have been applied:

- the number of shares, share options or other rights to acquire shares offered, granted, exercised or lapsed during the financial year covered by the annual report, their main characteristics as well as the material conditions for exercise, including price and date of exercise, and any change thereof;
- in the event of departure, the justification and the decision by the Board of Directors or the supervisory committee, upon proposal of the Remuneration and Nomination Committee, as to whether the persons concerned qualify for severance pay, and the calculation basis;
- where applicable, information on the use of the possibility of clawing back variable remuneration; and
- information on any deviations from the procedure for implementing the remuneration policy and any deviations as referred to in article 7:89/1 § 5 BCCA, with an explanation of the nature of the exceptional circumstances and with an indication of the specific elements deviated from.

With regard to the directors, as well as the persons charged with the daily management, this information is provided on an individual basis.

In relation to the other persons charged with the management the information referred to in the third paragraph, 1°, 4° and 5°, is provided as a whole, while the information referred to in paragraph 3, 2° and 3°, is to be provided on an individual basis.

The remuneration report shall also describe the annual change in remuneration, the annual change in the development of the Company's performance and the annual change in average remuneration, expressed in full-time equivalents, of employees of the Company other than the directors, the persons charged with management and the persons charged with daily management over at least five financial years and presented jointly in a manner that allows for comparison.

The remuneration report shall also state the ratio between the highest remuneration of the members of management, and the lowest remuneration (in full-time equivalent) of the employees.

6.6 Remuneration of non-executive directors and the Chairperson

The remuneration of the non-executive directors and the Chairperson takes into account their regular role as directors, and their specific roles, as chairperson or (if applicable) as member of a committee, as well as the resulting responsibilities and time commitment. In order to determine their remuneration, a benchmarking exercise was also conducted. See section 6.3 for more information.

The non-executive directors only receive a fixed remuneration, which partly depends on their presence. All members of the Board of Directors (executive and non-executive) are covered by a directors' liability policy ("D&O Insurance"), the premium of which is paid by Xior. The non-executive directors do not enjoy any other benefits (company car, pension, mobile phone, etc.). They do not receive any performance-related remuneration, such as bonuses or long-term share-related incentive programmes, and no benefits in kind or benefits linked to pension schemes. The members of the Board of Directors do not receive any additional remuneration for their presence on the audit committee or Remuneration and Nomination Committee, as the tasks of these committees were carried out by the Board of Directors as a whole when determining the remuneration of the directors. The non-executive directors who are members of the investment committee do receive additional remuneration (consisting of a fixed fee and an attendance fee per investment committee meeting).

This remuneration policy for the non-executive directors was drawn up in line with the B-REIT Legislation, and ensures that the non-executive directors can fully execute their role as directors of a B-REIT, focused on the long-term interests of the shareholders (investors) in the Company. The Company believes that this method of remuneration (in line with the objectives of the B-REIT Legislation) contributes in the best way to the long-term strategy and goals of the Company.

The non-executive directors are remunerated on an independent basis (as directors) and are subject to *ad nutum* disposal by the General Meeting.

If an agreement with a non-executive director would nevertheless provide for variable remuneration, such provision on variable remuneration must be approved in advance by the next ordinary General Meeting, in accordance with article 7:92 BCCA. No variable remuneration can be granted to an independent director.

Provision 7.6 of the Corporate Governance Code recommends that non-executive directors receive part of their remuneration in the form of shares in the Company, to allow them to act with the perspective of a long-term shareholder. Xior deviates from this principle and does not grant remuneration in shares to directors. The Board of Directors is convinced that the application of this principle would not contribute to acting with the perspective of a long-term shareholder, given the nature of the Company (as a B-REIT) and the actual circumstances of the directors. The amounts of the remuneration of the non-executive directors of the Company are such that the impact of such remuneration paid in shares would be very limited, and the legal framework of the Company and its outlined strategy (as determined by the Board of Directors), in the opinion of the Board of Directors, sufficiently ensures that the perspective of the long-term shareholders of the Company is taken into account.

6.7 Remuneration of executive directors and members of the Executive Management

The Board of Directors shall endeavour to determine the level and structure of the remuneration of the Executive Management (and the relationship between such remuneration and the remuneration of the other employees of the Company) in such a way that qualified and expert professionals can be attracted, retained and motivated, taking into account the nature and scope of their individual responsibilities (for each category).

The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, approves the contracts for the appointment of the CEO and of the other members of the Executive Management (if applicable, applying the conflict-of-interest rules of the BCCA and the B-REIT Law).

The targets, minimum thresholds and maximum performance levels are determined at the beginning of the relevant performance cycle, i.e. the annual performance cycle for the short-term incentive and the three-year performance cycle for the long-term incentive (such that the targets, minimum thresholds and maximum performance levels for the long-term incentive measured over two and three years are determined at the beginning of the first year of the three-year performance cycle).

The remuneration package of the members of the Executive Management consists exclusively of the following components:

- Fixed remuneration

- Variable remuneration (part of which must be used to acquire shares)
    - Short-term incentive
    - Long-term incentive

The relationship between these components is shown schematically below, per 100 euros of fixed remuneration, in three scenarios in terms of achieving the performance criteria for the variable remuneration (performance below minimum threshold, performance at target level, performance at maximum recognized level), as further detailed below.

Below minimum			
Fixed	Variable		
	Short term	Long term	
	(1y) (inc. LTIP)	2y	3y
100 (100%)	0 (0%)	0 (0%)	0 (0%)

Target level			
Fixed	Variable		
	Short term	Long term	
	(1y) (inc. LTIP)	2y	3y
100 (50%)	50 (25%)	25 (12.5%)	25 (12.5%)

Maximum			
Fixed	Variable		
	Short term	Lang	
	(1y) (inc. LTIP)	2y	3y
100 (40%)	75 (30%)	37.5 (15%)	37.5 (15%)

Percentages express what the variable remuneration represents relative to the total remuneration.

6.7.1 Fixed remuneration

The amount of fixed remuneration for members of the Executive Management is determined taking into account their individual responsibilities, skills and performance.

The fixed remuneration constitutes a cash payment which is granted regardless of the Company's results.

The amount of annual fixed remuneration is laid down in the individual management agreements established by the Company with the relevant member of the Executive Management. This amount is paid in cash, indexed annually, and subject to local tax and social security regulations (charged to the relevant member of Executive Management).

6.7.2 Variable remuneration

In order to align the interests of the CEO and other members of the Executive Management with those of the Company and its shareholders, an appropriate part of their remuneration package is linked to the performance of the Company and individual performance.

Pursuant to article 7:90 BCCA, the criteria making the allocation of remuneration to an executive director, a person entrusted with the daily management (CEO and other members of the Executive Management) variable must be expressly included in the contractual or other provisions governing the legal relationship concerned. This variable remuneration can only be paid out if the criteria have been met over the designated period. If these rules are not observed, these variable remunerations are not taken into account in the calculation of the severance pay.

For all members of the Executive Management, the total maximum package of variable remuneration is set at 150% of their fixed remuneration, such that it can represent a maximum of 60% of their total remuneration. This variable remuneration is further divided (for the executive directors, in accordance with the provisions of article 7:91 BCCA) into remuneration linked to short-term criteria (50% of the variable remuneration) and remuneration linked to long-term criteria: over two years (25% of the variable remuneration) and three years (25% of the variable remuneration).

Short-term incentive

All members of the Executive Management are entitled to an annual variable remuneration subject to the realisation of short-term objectives determined annually (the annual performance cycle).

For all members of the Executive Management, the short-term bonus for performance at target level is equal to 50% of the fixed annual remuneration. For actual performance below the defined minimum threshold, no bonus is due. Moreover, the bonus is capped at a maximum of 75% of the annual fixed remuneration paid for actual performance at, or in excess of, the maximum recognized performance level. The aggregate short-term incentive will thus vary between 0% and 75% of the fixed annual remuneration, depending on the realisation of the performance targets.

The targets, minimum thresholds and maximum performance levels are determined each year at the beginning of the annual performance cycle by the Board of Directors. The targets are stretched but achievable, taking into account the specific strategic priorities and the economic environment of the Company in a given year. For bonus purposes, the targets typically require a meaningful improvement over the previous year’s results, and, for financial measures, the targets are typically in line with the upper end of market consensus.

The following criteria and corresponding weighing factors can be taken into account for the allocation of the annual variable remuneration (whereby the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, shall determine the content and weighting for each year at the beginning of the year (in compliance with article 7:91 § 2 BCCA, unless otherwise stipulated in the articles of association or explicitly approved by the General Meeting)):

- Collective and financial *key performance indicators* (KPIs) (80%):
    - "EPRA Earnings per Share (EPS)";
    - Occupancy rate; and
    - Annual portfolio growth (to fair value); and
- Individual and non-financial KPIs (20%):
    - Qualitative and organisational KPIs (such as operational improvements, digitalisation, ESG efforts, financial optimisation and debt ratio control).

This annual variable remuneration is paid out in cash at the beginning of the year following the annual performance cycle, subject to applicable tax and social security regulations. The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, shall determine how much of the net cash award (after deduction of withholding tax) the members of the Executive Management must use to acquire from the Company Company shares at at least 100/120th of the market share price (corresponding to the discount accepted by the Belgian tax administration when shares are subject to a two-year lock-up), provided that such Company shares will be subject to a three-year vesting scheme starting on the date of acquisition of such shares as follows:

- Year 0 (i.e. the date of acquisition of the shares): 0% vesting.
- Year 1 (i.e. one year after the date of acquisition of the shares): 20% vesting.

- Year 2 (i.e. two years after the date of acquisition of the shares): 50% vesting.
- Year 3 (i.e. three years after the date of acquisition of the shares): 100% vesting.

Such Company shares will also not be transferable during a period of two years following the date of acquisition of such shares, it being understood that shares that have not yet vested in accordance with the three-year vesting scheme above can in any event not be transferred prior to their vesting.

The three-year vesting scheme and the two-year share lock-up are subject to applicable good and bad leaver arrangements. See section 6.7.6 for more information.

Long-term incentive

All members of the Executive Management are entitled to an annual variable remuneration subject to the realisation of long-term objectives over a period of three years (the three-year performance cycle).

For all members of the Executive Management, the long-term bonus for performance at target level is equal to 50% of the annual fixed remuneration at the time of granting. For actual performance below the defined minimum threshold, no bonus is due. Moreover, the bonus is capped at a maximum 75% of the annual fixed remuneration at grant paid for actual performance at, or in excess of, the maximum recognized performance level. The aggregate long-term incentive will thus vary between 0 and 75% of the annual fixed remuneration at grant, depending on the realization of the targets.

The targets, minimum thresholds and maximum performance levels are determined at the beginning of each three-year performance cycle. The targets are stretched but achievable, taking into account the specific strategic priorities and the economic environment of the Company in a given three-year performance cycle. For bonus purposes, the performance target typically requires a meaningful improvement over the previous year's results, and, for financial measures, the targets are typically in line with the upper end of market consensus.

The following criteria and corresponding weighing factors can be taken into account for the allocation of the annual variable remuneration (whereby, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, shall determine the content and weighting at the beginning of each three-year performance cycle (in compliance with article 7:91 § 2 BCCA, unless otherwise stipulated in the articles of association or explicitly approved by the General Meeting)):

- Collective and financial KPIs (80%):
    - "EPRA Earnings per Share (EPS)";
    - Occupancy rate; and
    - Annual portfolio growth (to fair value); and
- Individual and non-financial KPIs (20%):
    - Qualitative and organisational KPIs (such as operational improvements, digitalisation, ESG efforts, financial optimisation and debt ratio control).

Subject to applicable tax and social security regulations, 50% of this annual variable remuneration is evaluated and paid out in cash at the beginning of the year following the second year of the three-year performance cycle and the remaining 50% of this annual variable remuneration is evaluated and paid out in cash at the beginning of the year following the third and last year of the three-year performance cycle. The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, shall determine how much of each net cash award (after deduction of withholding tax) the members of the Executive Management must use to acquire from the Company Company shares at at least 100/120th of the market share price (corresponding to the discount accepted by the Belgian tax administration when shares are subject to a two-year lock-up), provided that such Company shares will be subject to a three-year vesting scheme starting on the date of acquisition of such shares as follows:

- Year 0 (i.e. the date of acquisition of the shares): 0% vesting.
- Year 1 (i.e. one year after the date of acquisition of the shares): 20% vesting.
- Year 2 (i.e. two years after the date of acquisition of the shares): 50% vesting.
- Year 3 (i.e. three years after the date of acquisition of the shares): 100% vesting.

Such Company shares will also not be transferable during a period of two years following the date of acquisition of such shares, it being understood that shares that have not yet vested in accordance with the three-year vesting scheme above can in any event not be transferred prior to their vesting.

The three-year vesting scheme and the two-year share lock-up are subject to applicable good and bad leaver arrangements. See section 6.7.6 for more information.

Assessment

For the avoidance of doubt, the criteria (KPIs) and corresponding weighing factors set by the Board of Directors for a given year for the allocation of the annual variable remuneration may not necessarily be the same for the short-term and long-term incentives.

The results in terms of actual performance versus targets for both the short-term and long-term incentives are validated by the Remuneration and Nomination Committee before final approval by the Board of Directors and disclosure in the remuneration report.

The Board of Directors is convinced that the criteria of both the short-term and long-term incentives, and the flexibility offered by defining and adjusting the content and weighting of these criteria on an annual and three-year basis, respectively, provide the Company and the Board of Directors with the best possible tools for steering the remuneration policy and aligning it with the long-term strategy of the Company.

The criteria for granting variable remuneration to executive directors that depend on the results relate exclusively to the consolidated net result of the public B-REIT, to the exclusion of all fluctuations in the fair value of assets and hedging instruments. No remuneration is granted on the basis of a specific transaction or transaction of the public B-REIT or its subsidiaries. Consequently, this remuneration is in accordance with article 35 of the B-REIT Law.

6.7.3 Other remuneration elements

The CEO and the CFO each entered into a management agreement with the Company on 23 November 2015. These management agreements were last amended in 2018. No management agreement has been entered with the CGO yet. The COO has not been appointed yet. These management agreements, as amended (if any), also refer to the criteria to which variable remuneration is linked.

The contracts with the Executive Management were and are concluded at market conditions and are established for an indefinite period. In order to determine the remuneration of the Executive Management, a benchmarking exercise was also conducted. See section 6.3 for more information.

Plans under which members of Executive Management are remunerated in shares, share options or any other right to acquire shares shall be subject to prior shareholder approval by way of a resolution at the General Meeting. This approval shall relate to the plan itself but not to the individual grant of share-based remuneration under the plan.

No other additional remuneration (such as group insurance schemes, pension grants, company car, phone or other benefits) is granted to the members of the Executive Management. There are no other conditional, other variable, or deferred payments.

6.7.4 Share ownership requirements

In accordance with principle 7.9 of the Corporate Governance Code, the Board of Directors has set a minimum threshold for the number of Company shares that each member of the Executive Committee must hold at all times (without taking into account unvested shares) to make them act with the perspective of a long-term shareholder, which is set at:

- for the CEO, such number of shares whose acquisition value amounts to at least 200% of the amount of its fixed annual remuneration; and
- for the other members of the Executive Management, such number of shares whose acquisition value amounts to at least 150% of the amount of their respective fixed annual remuneration.

The shareholding of the current executive directors and other members of the Executive Management is at the required level. Any executive director or member of the Executive Management subsequently appointed is expected to build up his or her shareholding to the required level over a period of five years. Once reached, the shareholding level should be maintained for the duration of appointment.

In addition, all current executive directors and other members of the Executive Management are, indirectly (concerning the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), through their participation in the reference shareholder of the Company, Aloxe NV) or directly (concerning the Chief Growth Officer ("**CGO**")), *de facto* long-term shareholders of the Company.

The Corporate Governance Statement provides an overview of the number of shares held (indirectly or directly) by the executive directors and the other members of the Executive Management.

6.7.5 Clawback

The agreements with the members of the Executive Management will contractually provide for a clawback mechanism for both the short-term and long-term incentives whereby the Company has the right to reclaim from the beneficiary all or part of a variable remuneration up to one year after payment if it appears during that period that the payment has been made based on incorrect information concerning the achievement of the targets underlying the variable remuneration or concerning the circumstances on which the variable remuneration was dependent.

6.7.6 Good and bad leaver arrangements

The short-term and long-term incentives will provide for customary good and bad leaver arrangements in the even of resignation or termination of the mandate of CEO, CFO, CGO or COO (to the extent appointed).

6.8 Severance pay

Any new contractual arrangement negotiated with the Company or its subsidiaries regarding the remuneration of the CEO or any other member of the Executive Management shall clearly state that the severance payment to be granted upon early termination of the contract shall not exceed 12 months of base and variable remuneration.

The Board of Directors may, upon proposal of the Remuneration and Nomination Committee, grant a higher severance payment. Such higher severance payment shall be limited to a maximum of 18 months of basic and variable remuneration. The contract shall state when such higher severance payment may be granted. The Board of Directors shall justify such higher severance pay in the remuneration report.

If an agreement with an executive director, another leader, the CEO or any other member of the Executive Management should, notwithstanding the foregoing provisions, provide for a severance payment higher than respectively 12- or 18-months' salary, then such severance payment shall always be agreed upon under the suspensive condition of approval by the General Meeting, in accordance with article 7:92 BCCA.

The contract shall clearly state that, for the purpose of calculating severance payments, variable remuneration shall not be taken into account and shall not exceed 12 months of base remuneration if the departing CEO or any other Executive Management member has not fulfilled the performance criteria referred to in the contract. However, the Board of Directors may deviate from this provided that the "comply or explain" principle is applied.

6.9 Procedure for deviating from the remuneration policy

The Company may temporarily deviate from the remuneration policy in accordance with article 7:98/1 BCCA, provided that:

- the deviation is justified by exceptional circumstances in which such deviation is necessary to serve the long-term interests and sustainability of the Company as a whole or to guarantee its viability;
- the deviation is permitted by the Board of Directors on the recommendation of the Remuneration and Nomination Committee, substantiating the reasons; and
- the deviation does not lead to the remuneration of the beneficiary being excessive compared to market practice.

A deviation may only relate to the provisions of this remuneration policy regarding:

- the variable remuneration (KPI-setting, targets, tresholds, weighting and pay-out, with the exception of the cap on bonuses); and
- good and bad leaver arrangements.

6.10 Changes compared to the current policy

Persons	Remuneration element	Proposed changes	Rationale for the change
Non-executive directors	/	/	/
Executive Management	Short-term incentive	Introduction of relevant performance incentive zones, including for the different KPIs	Better alignment of the Executive Management's (variable) remuneration with actual company and personal performance
	Long-term incentive	Introduction of a new long-term incentive with successive three-year performance cycles and truly variable incentive awards, determined against explicit KPIs and relevant performance incentive zones	Better alignment of the Executive Management's (variable) remuneration with actual company and personal performance
	Variable remuneration	Introduction of a more equitable balance between short- and long-term incentives: 50% of total target variable remuneration stems from annual performance and 50% is based on long-term performance	Compliance with article 7:91 BCCA
		Introduction of requirement to use (part of) the short-term and long-term net cash award to acquire Company shares, three-year vesting scheme and two-year lock-up	Better alignment of the Executive Management's (variable) remuneration with the long-term perspective of the Company
	Share ownership requirement	Introduction of minimum share ownership requirements	Compliance with Principle 7.9 of the Corporate Governance Code
	Clawback	Introduction of clawback provision for both short-term and long-term incentives for incorrect information (up to one year after payment)	Compliance with Principle 7.12 of the Corporate Governance Code

Deviation	Introduction of procedure for deviating from the remuneration policy in exceptional circumstances	Compliance with article 7:89/1 BCCA