



WERELDHAVE



# INTEGRATED ANNUAL REPORT 2018

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# OUR REPORTING FRAMEWORK

**This is the integrated annual report 2018 of Wereldhave N.V., published in digital form on the Company's website [www.wereldhave.com](http://www.wereldhave.com)**

This report focuses on the operational, financial and sustainability performance for the financial year 2018 of Wereldhave N.V. and its subsidiaries.

The report covers our portfolio of shopping centres in the Netherlands, Belgium and France and offices in Belgium, owned and managed by the group. The Finnish activities were ceased in 2018, with the disposal of the Itis shopping centre in December 2018.

## About Wereldhave

Wereldhave invests in dominant convenience shopping centres in larger regional cities in the Netherlands, Belgium and France.

The area surrounding our centres will include at least 100,000 inhabitants within 10 minutes' travel time from the shopping centre.

With easy accessibility, products that cover all the daily shopping needs, a successful mix of international and local retail products and strong food anchor stores, our centres provide convenience shopping to accommodate a busy urban lifestyle as well as an ageing population.

We aim for an experience that goes beyond shopping, with restaurants, kids' playgrounds and high quality amenities in order to attract families - and keep them with us for longer visits. For more information: [www.wereldhave.com](http://www.wereldhave.com)

## Feedback

We welcome any feedback from our stakeholders.

Please contact us for feedback or any questions you might have at: [investor.relations@wereldhave.com](mailto:investor.relations@wereldhave.com) and/or [sustainability@wereldhave.com](mailto:sustainability@wereldhave.com)



**WERELDHAVE**

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Wereldhave is a member of the following organisations:



# OUR REPORTING FRAMEWORK

## Five reporting topics

### 1 STRATEGY

Owner and operator of shopping centres with long- term societal and financial returns

### 2 OPERATIONS

How our convenience centres performed in 2018

### 3 SUSTAINABILITY

Our sustainability framework is fully integrated in our business strategy and operations

### 4 RESULTS

Our financial, environmental and societal results in 2018

### 5 GOVERNANCE & RISK

Our Governance & Risk framework is designed for our business strategy and operations

## BRINGING PEOPLE TOGETHER

Wereldhave believes in shopping centres that bring people together.

Shopping centres that are strongly intertwined with local society. Where people love to come, not just to shop, but also to meet people and visit events.

Shopping centres that meet different needs and provide a rich, inspiring experience, this way strengthening the economic position of the region and enriching the range of entertainment and relaxation being offered.

Bringing people together leverages shopping as a social activity, a combination of need-to-do with recreation and entertainment. This will drive footfall, rental income and ultimately the value of our shopping centres, with long- term societal and financial returns for all stakeholders.

# MESSAGE FROM THE CEO

## Focus on operations



**Dear stakeholder, the year 2018 was again a busy year, with overall robust operational results. The most important event during the year was the disposal of the Itis shopping centre. Agreement was reached in October and the deal was completed in December 2018. Wereldhave is now fully focused on convenience centres in the Netherlands, Belgium and France, with a healthy Loan-to-Value at 37.5%. The direct result was at € 3.33 per share, at mid-point of the latest guidance we provided. Operational focus and capital discipline are in our view crucial in a retail environment that is uncertain. Dividend over 2019 is our priority.**

Finnish operations went well in 2018. In spite of the opening of an adjacent new shopping centre of 40,000m<sup>2</sup>, occupancy and rental income remained stable. The construction of the Finnkino 9-screen cinema was completed within time and budget. The completion was instrumental for the disposal of Itis and I would like to thank the Finnish staff for their dedication and support during the divestment process. They remained loyal and committed to the success of Itis, facilitating Wereldhave's exit from Finland.

In the Netherlands, the new organisational structure with four business units has proven to be a strong format. Leasing activity was high and we managed to slightly increase occupancy, with rent reversions in line with the economic upturn.

Asset management in the Netherlands performed well. We were awarded the NRW marketing prize for the Black Friday shopping night and the redevelopment of the Koningshoek shopping centre was a runner-up for the shopping centre of the year award. The Dutch development organisation was made more condensed, with improved financial project control and a reduced committed development pipeline. The platform and the majority of the assets are robust and generate resilient cash flows.

In Belgium the new management team performed very well. The opening of Les Bastions in Tournai was very successful, with occupancy above 98%. We also saw a strong leasing uplift in Courtrai and a decent pick-up in Genk and we are making good progress in reletting the Carrefour units in Liege and Genk. Various asset management initiatives contributed to the strong Belgian performance in 2018. In December 2018, Wereldhave Belgium leveraged on its solid share price performance with the acquisition of two retail parks, one in Bruges and the other in Turnhout.

## MESSAGE FROM THE CEO

The acquisition was partly financed with the issuance of new shares of Wereldhave Belgium, reducing Wereldhave's stake in Wereldhave Belgium to just below 66% at year-end 2018. The Belgian platform is strong and well positioned to further enhance our retail exposure in the market.

In France, the year 2018 saw the successful opening in February of Primark in Docks Vauban, Le Havre, and the completion of the Verrerie refurbishment scheme in Saint Sever, Rouen, in December. There were some changes to the management organisation and the team is now complete. Asset management performance in 2018 was strong and leasing results were decent despite tough market conditions. With dedicated management and new solid tenants we have improved our assets Coté Seine (Action and Zeeman), Docks Vauban (Primark), Saint Sever (F&B, including Vapiano) and Mériadeck (Mango and Truffaut).

We will remain cautious in our capital allocation and continue to focus on operational excellence in 2019 and onwards.

The main project to further improve the operational excellence of our focused portfolio of convenience assets is the Customer Journey project. The design concepts were completed in 2018 and an implementation schedule has been set up to improve wayfinding, play&relax, restrooms and parking in 2019 and 2020. Multi country teams will implement action plans to continue to deliver value for our customers and deliver on our brand promises.

Sustainability remains an integrated part of our business. We are pleased that Wereldhave is recognised as a top player and we see more business partners aligned to strive for long-term sustainability objectives.

Our outlook for 2019 is a direct result per share between € 2.75 and € 2.85 per share, assuming a stable portfolio. We have a healthy balance sheet, with the Loan-to-Value at 37.5% at year-end 2018. In 2019, we will continue to invest in the customer journey and seek to optimise our portfolio by asset rotation, whilst maintaining capital discipline. Where possible, we will enhance our shopping centres with mixed-use. The dividend for 2019 is to remain unchanged at € 2.52, or € 0.63 per quarter. This is slightly above the desired pay-out bandwith of 75%-85%. However, as a result of the disposal of Itis, our maintenance capex have decreased. Also in view of Wereldhave's healthy financial position, a (temporary) higher pay-out is justified.

On behalf of the Board of Management I would like to thank all employees for their valuable contribution during 2018. All disciplines and functions make us a company to be proud of. We are convinced that although the retail environment may be challenging, our focus on operational performance, a robust portfolio and a stable dividend will pay off on the longer term. This is a natural moment for me to move on with my career. I have given notice and will leave the Company per March 31, 2019, as I have accepted a position elsewhere, outside the real estate sector. I believe that with the successful disposal of Itis, the transformation of Wereldhave into a fully focused company is complete. I am leaving Wereldhave behind as a financially stable and healthy company, with a focused portfolio of convenience shopping centres and a solid organisational platform.

Let me thank you all, shareholders and stakeholders, for the long-term support in transforming Wereldhave to the current retail property company. I wish you all the best for the future.

**Dirk Anbeek**  
CEO

# KEY PERFORMANCE INDICATORS

## OPERATIONS

|                                    | 2017  | 2018  |
|------------------------------------|-------|-------|
| Net rental income (x € 1m)*        | 167.3 | 166.4 |
| Like-for-like SC rental growth (%) | -0.7  | 0.1   |
| Occupancy SC portfolio (%)         | 95.5  | 96.3  |
| Visitors, like-for-like (x 1m)     | 133.4 | 135.3 |
| Leasing activities (# leases)      | 444   | 347   |

\*from continuing operations

## RESULTS & FINANCE

|                                         | 2017  | 2018   |
|-----------------------------------------|-------|--------|
| Total result (x € 1m)                   | 84.3  | -55.6  |
| Direct result (x € 1m)                  | 150.1 | 146.7  |
| Indirect result (x € 1m)                | -65.8 | -202.3 |
| Direct result per share (in €)          | 3.43  | 3.33   |
| NAV per share (EPRA) (in €)             | 50.00 | 43.82  |
| Dividend proposal per share (in €)      | 3.08  | 2.52   |
| Property investment portfolio* (x € 1m) | 3,651 | 3,220  |
| Shareholders' equity (x € 1m)           | 1,929 | 1,744  |
| Interest-bearing debt (in € 1m)         | 1,558 | 1,358  |
| LTV (Loan-To-Value) (as a%)             | 40.7  | 37.5   |

\* Including lease incentives.

## SUSTAINABILITY

|                              | 2017 | 2018 |
|------------------------------|------|------|
| Energy efficiency (vs. 2013) | -28% | -32% |
| Employee engagement          | 7.6  | 7.6  |
| Green lease (%)              | n.a. | 49   |
| Society investments (x € 1m) | 1.8  | 1.6  |

## OUTLOOK 2019

EPS: between € 2.75 and € 2.85

Dividend 2019: € 2.52 per share, € 0.63 per quarter

# KEY FIGURES 2014-2018

## RESULTS

(x € 1m)

|                    | 2014  | 2015  | 2016  | 2017  | 2018   |
|--------------------|-------|-------|-------|-------|--------|
| Net rental income* | 114.8 | 184.7 | 201.5 | 167.3 | 166.4  |
| Result             | 26.9  | 103.8 | 120.8 | 84.3  | -55.6  |
| Direct result      | 85.7  | 133.7 | 151.0 | 150.1 | 146.7  |
| Indirect result    | -58.8 | -29.9 | -30.2 | -65.8 | -202.3 |

\*2017 and 2018 excluding Finland

## BALANCE SHEET

(x € 1m)

|                                    | 2014    | 2015    | 2016    | 2017    | 2018    |
|------------------------------------|---------|---------|---------|---------|---------|
| Investments property in operation* | 3,238.3 | 3,659.3 | 3,701.3 | 3,651.3 | 3,220.2 |
| Development projects               | 43.9    | 66.2    | 101.2   | 122.4   | 60.0    |
| Shareholders' equity               | 1,823.4 | 2,015.1 | 1,978.8 | 1,928.6 | 1,744.5 |
| Interest bearing debt              | 1,251.0 | 1,510.0 | 1,566.0 | 1,557.7 | 1,358.3 |

\* Including lease incentives.

## KEY FIGURES 2014-2018

### NUMBER OF SHARES

|                          | 2014       | 2015       | 2016       | 2017       | 2018       |
|--------------------------|------------|------------|------------|------------|------------|
| At 31 December           | 35,020,921 | 40,270,921 | 40,270,921 | 40,270,921 | 40,270,921 |
| Average during the year* | 25,384,336 | 37,690,510 | 40,257,762 | 40,248,165 | 40,243,857 |

\*Excluding remuneration shares, number used to calculate EPS.

### SHARE DATA (IN €)

|                  | 2014   | 2015   | 2016   | 2017   | 2018   |
|------------------|--------|--------|--------|--------|--------|
| EPRA NAV         | 54.35  | 52.10  | 51.47  | 50.00  | 43.82  |
| Direct result    | 2.97   | 3.23   | 3.45   | 3.43   | 3.33   |
| Indirect result  | (2.38) | (0.88) | (0.95) | (1.75) | (5.02) |
| Dividend         | 2.87   | 3.01   | 3.08   | 3.08   | 2.52   |
| Pay-out          | 97%    | 93%    | 89%    | 90%    | 76%    |
| Result per share | 0.59   | 2.35   | 2.50   | 1.68   | (1.69) |

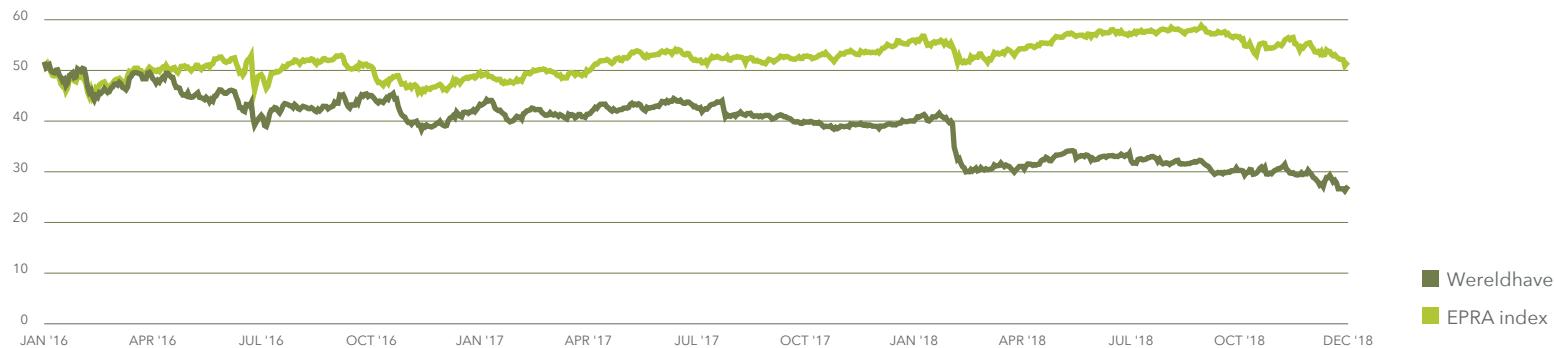
# THE SHARE

## WERELDHAVE SHARE PRICE & TRADING VOLUME 2018

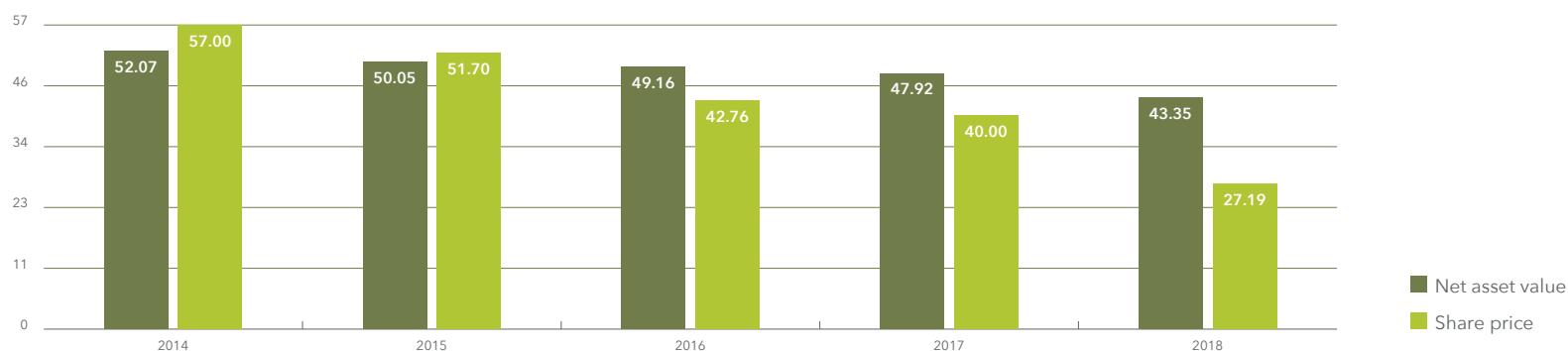


# THE SHARE

## 3 YEAR WERELDHAVE SHARE PRICE DEVELOPMENT VS EPRA INDEX



## NET ASSET VALUE AND SHARE PRICE (at December 31 in €)



# FINANCIAL CALENDAR

## January 2019

- 29 Ex-dividend interim dividend Q3 2018
- 30 Dividend record date
- 31 Dividend payment date (€ 0.63/share)

## March 2019

- 15 Convocation Annual General Meeting of Shareholders 2019
- 29 Record date Annual General Meeting of Shareholders 2019

## April 2019

- 26 Trading update Q1 2019
- 26 Annual General Meeting of Shareholders 2019
- 30 Ex-dividend final dividend 2018

## May 2019

- 02 Dividend record date
- 06 Dividend payment date (€ 0.63/share)

## July 2019

- 26 Press release H1 2019
- 30 Ex-dividend date interim dividend Q1 2019
- 31 Dividend record date

## August 2019

- 02 Dividend payment date (€ 0.63/share)

## October 2019

- 25 Trading update Q3 2019
- 29 Ex-dividend interim dividend Q2 2019
- 30 Dividend record date

## November 2019

- 01 Dividend payment date (€ 0.63/share)

## January 2020

- 28 Ex-dividend interim dividend Q3 2019
- 29 Dividend record date
- 31 Dividend payment date (€ 0.63/share)

## April 2020

- 24 Annual General Meeting of Shareholders 2020

# HIGHLIGHTS 2018



# VISION, MISSION AND PROFILE

## VISION

**Shopping behaviour has undergone rapid changes over the past ten years. Internet has increased price transparency and product lifecycles have shortened. This has put a pressure on retailer margins, resulting in a need for a higher turnover. Online retail has been growing strongly, partly at the expense of bricks and mortar. The retail offer and landscape are changing continuously and dominance and convenience of shopping locations are key issues.**

The ageing population, ongoing urbanisation and a busy lifestyle are adding to the importance of connectivity to the micro-environment. Shopping is evolving into a combination of need to do with recreation and entertainment, a social experience.

As the business environment has changed, so has the role of a shopping centre owner. From providing real estate as a traditional landlord, a shopping centre owner has to become a retail specialist, with a thorough understanding of marketing and operations of the centre and its tenants. Where it traditionally was the retailer's job to attract visitors to the centre, this responsibility is increasingly shifting to the landlord. More functions are added to physical retail, such as entertainment, healthcare, libraries and flex office space.

Operational excellence is what drives the footfall, the rental income and ultimately the value of a shopping centre. Operational excellence is not only about financial parameters, but also about societal and sustainable parameters.

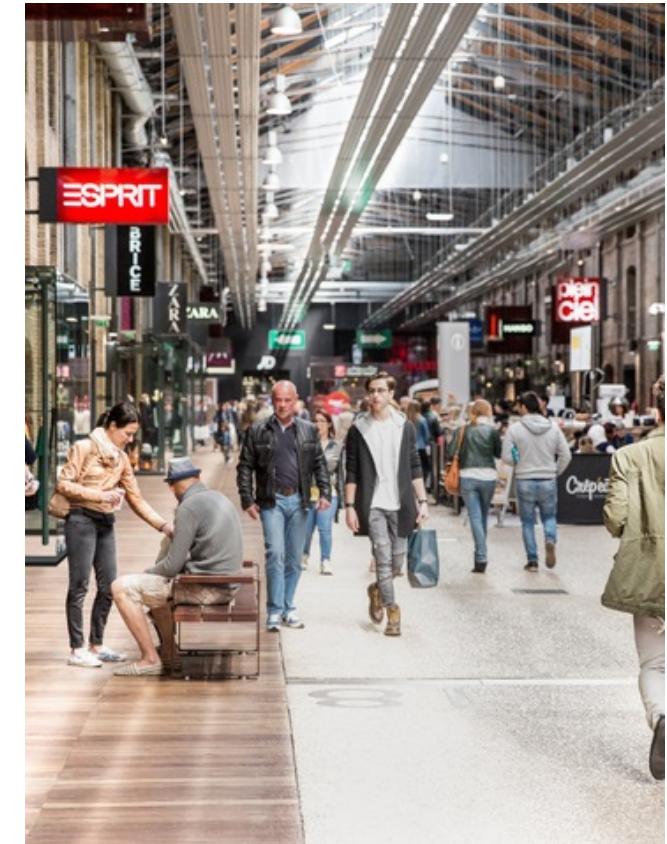
## MISSION

**Wereldhave's mission is to bring people together in a convenient, positive and energising urban retail environment.**

We invest in our centres to make them more attractive and sustainable, providing an appealing retail and leisure offer with events and retail formats that are targeted at the local community. We embrace an integrated approach, which makes it possible to improve the customer journey.

As a retail operator, we measure our success by the increasing footfall in our centres, the sales of our retailers and the net rental income, which is the fundament for the return to our shareholders. Wereldhave's mission is to own and operate shopping centres to realise solid long-term financial and societal returns for all stakeholders.

We add non-retail functions to strongly connect to the local micro-environment, where needed and economically viable.



## VISION, MISSION AND PROFILE

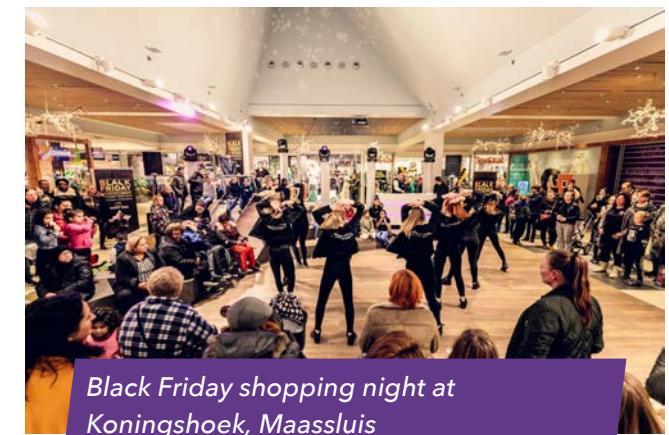
### PROFILE

**Wereldhave - established in 1930 - is a Dutch property investment company, which invests in convenience shopping centres that are dominant in their micro-environment in larger regional cities in the Netherlands, Belgium and France. We focus on shopping centres that strike a balance between convenience and shopping experience.**

Over the past seven years, Wereldhave has evolved from a diversified property investor in seven countries to a retail specialist in convenience shopping centres in the Netherlands, Belgium and France. Our focus is on the optimisation of the portfolio and the rotation of assets. We mainly focus on internal growth with limited external growth and will dispose of assets disciplined and selectively, using the proceeds to further enhance the overall quality of the portfolio.

We operate our shopping centres with the aim to maintain solid long-term financial, societal and sustainable returns for all our stakeholders. We invest time, effort and money in our assets and employees, in order to strengthen the relationship with stakeholders, including the tenants and visitors of our shopping centres. This will lead to more sustainable and profitable returns on capital in the short- and long-term. Wereldhave wants to combine sustainability and commercial business. To underpin our ambitions, we have integrated sustainability into our overall strategy and operations.

Shares in Wereldhave are listed on the Euronext Amsterdam (AMX) Stock Exchange. The company has the fiscal status of an investment institution; therefore, it pays no corporation tax in the Netherlands (other than for development activities in the Netherlands). Wereldhave's Belgian investments consist of a 65.90% interest in Wereldhave Belgium, a tax-exempt investment company listed on the Euronext Brussels Stock Exchange. The investments in France are subject to the SIIC (Sociétés d'Investissements Immobilières Cotées) regime.



*Black Friday shopping night at Koningshoeck, Maassluis*

# MARKET, ENVIRONMENTAL AND SOCIETAL TRENDS

**Our strategy responds to the market, environmental and societal trends and developments below.**

| Ageing population and ongoing urbanisation                                                                                                                                                                                       | Proximity and time efficiency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Shopping experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Online world                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Our response                                                                                                                                                                                                                     | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Our response                                                                                                                                                                                                                                                                                                                     |
| <p>Fertility rates in North Western Europe are low and the population is ageing. Urban environments are still growing, as the population is leaving the rural areas.</p>                                                         | <p>Driven by time pressure, nowadays customers value quick-and-easy shopping.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Customers want a social shopping experience with new and exciting retail formats, leisure and entertainment, with food and beverage becoming an increasingly important component.</p>                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>With mobile hi-speed internet availability, prices have become transparent. This puts pressure on retailer margins.</p>                                                                                                                                                                                                       |
| <p>Wereldhave focuses on shopping centres at prime locations in the larger regional cities, with strong underlying demographic and economic fundamentals.</p> <p>We aim to improve this focus with selective asset rotation.</p> | <p>We focus on convenience shopping, with strong food anchors to ensure a high and stable footfall. Our centres cover all the daily shopping needs. They are dominant in their catchment area and in size range between 20,000m<sup>2</sup> and 50,000m<sup>2</sup>. Being located in larger regional cities, travel time is limited. With excellent parking facilities and good public transport connections, we provide quick and easy shopping.</p> <p>We launched a Customer Journey project to improve facilities and services, organising events and work together with suppliers to provide clean and safe shopping centres.</p> | <p>We tailor the choice of tenants, events and marketing to the local environment. Our shopping centres must play a meaningful role for the community they are serving. We aim to allocate 1% of NRI annually to create local events and position our centres to really become the centre where people go to shop, meet and enjoy themselves. Committed and loyal customers and an increasing footfall will drive value for our tenants and – ultimately – our rental income.</p> <p>We aim to enhance the customer journey of our centres. Our convenience shopping criteria will be implemented in all centres.</p> | <p>Our centres are food anchored, preferably with one hypermarket (France) or two to three supermarkets (Netherlands and Belgium). This not only adds to the convenience, but food sales have also shown to be most economic robust and internet resilient. In addition, supermarkets ensure two-thirds of the visitor base.</p> |

# MARKET, ENVIRONMENTAL AND SOCIETAL TRENDS

## STRATEGY EXPLAINED

**Wereldhave's strategy is designed to respond to the market, environmental and societal trends and developments, described on page 16.**

Wereldhave wants to be the specialist owner and operator of dominant urban convenience shopping centres in larger regional cities in the Netherlands, Belgium and France.

Our centres are generally considered to be the dominant centre in their respective trade areas. Being the dominant centre creates natural footfall and competition is controllable.

We focus on shopping centres that cover all day to day shopping needs. In order to accommodate this, they generally have a size of between 20,000 m<sup>2</sup> and 50,000 m<sup>2</sup>, with a catchment area of at least 100,000 people within 10 minutes' driving time. This makes our centres conveniently close, with ease of access and limited travel time.

Our centres must be food anchored, preferably with one hypermarket or two to three supermarkets. This not only adds to the convenience, but food sales have also shown to be most economic robust and internet resilient as online impact on groceries is very limited.

Shopping is a social experience. Our tenants mix, events and marketing are tailored to the characteristics of the local environment. Our shopping centres must play a meaningful role for the community they are serving. We aim to allocate 1% of NRI annually to create meaningful local events and position our centres to really become the centre where people go to shop, enjoy and meet. Committed and loyal customers and their stable or increasing footfall will drive value for our tenants and - ultimately - our rental income.

As a rule of thumb, 0.5% of the asset value is needed as annual maintenance capex to keep a shopping centre up to date. We are convinced that by continuously investing in our shopping centres, the retailers will adapt their retail formula to the latest standard. This drives footfall, retail sales, occupancy and rental income.

For Wereldhave sustainability means investing time, effort and money in our assets and employees, in order to strengthen the relationship with all stakeholders, including the tenants, visitors of our shopping centres and local communities in the micro-environments in which we operate.

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**'Specialist owner and operator of dominant urban convenience shopping centres in larger regional cities in continental Western Europe.'**

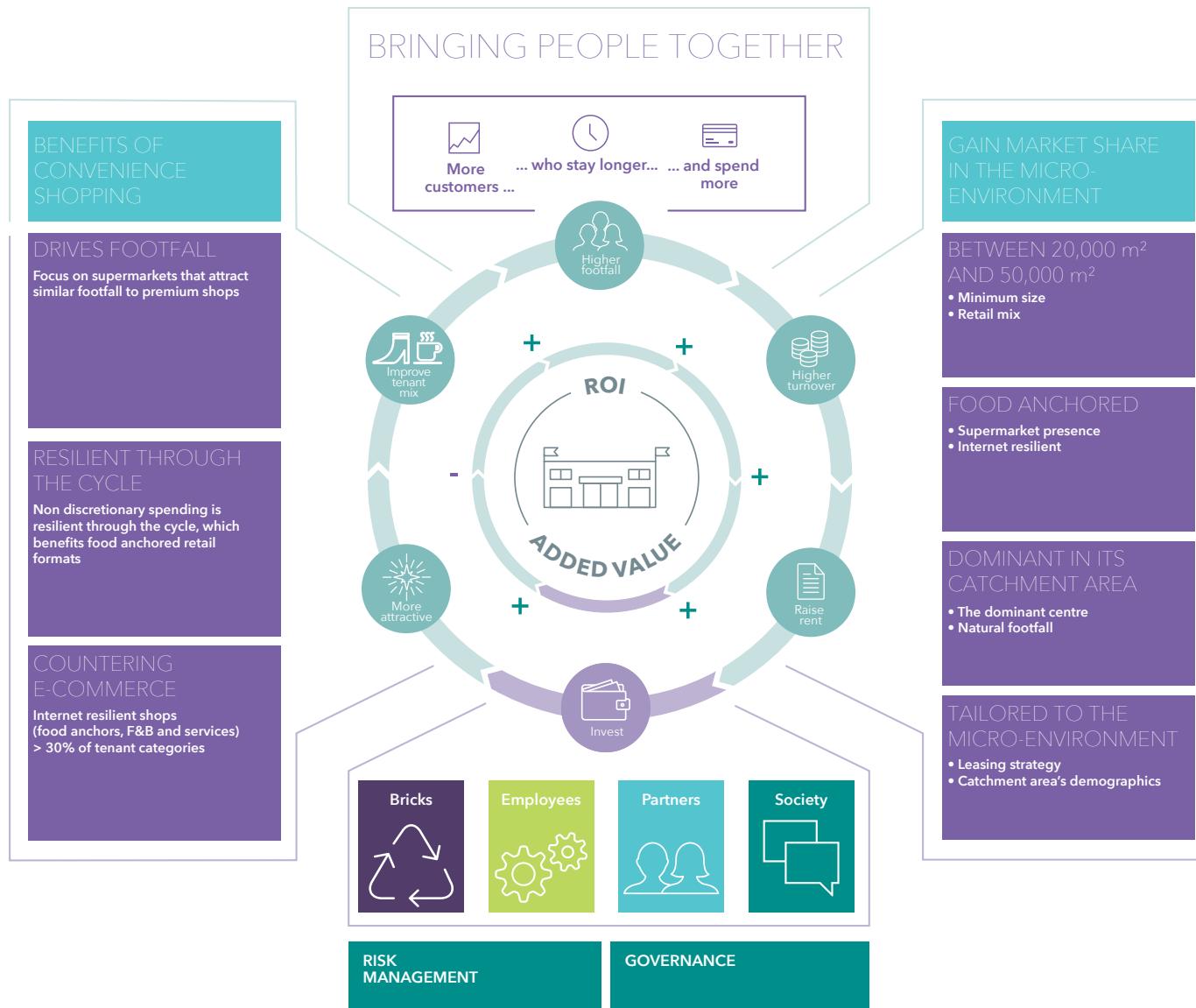
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This will lead to more sustainable and profitable returns on capital in the short- and long-term. Wereldhave wants to combine sustainability and commercial business in an integrated approach, investing in (sustainable) bricks, but at the same time in our employees, partners, and society. This means that our sustainability framework consists of four pillars: Bricks, People, Partners, and Society.

All this in the right timing and balance makes it possible for Wereldhave to bring people together!

# INTEGRATED STRATEGIC BUSINESS MODEL

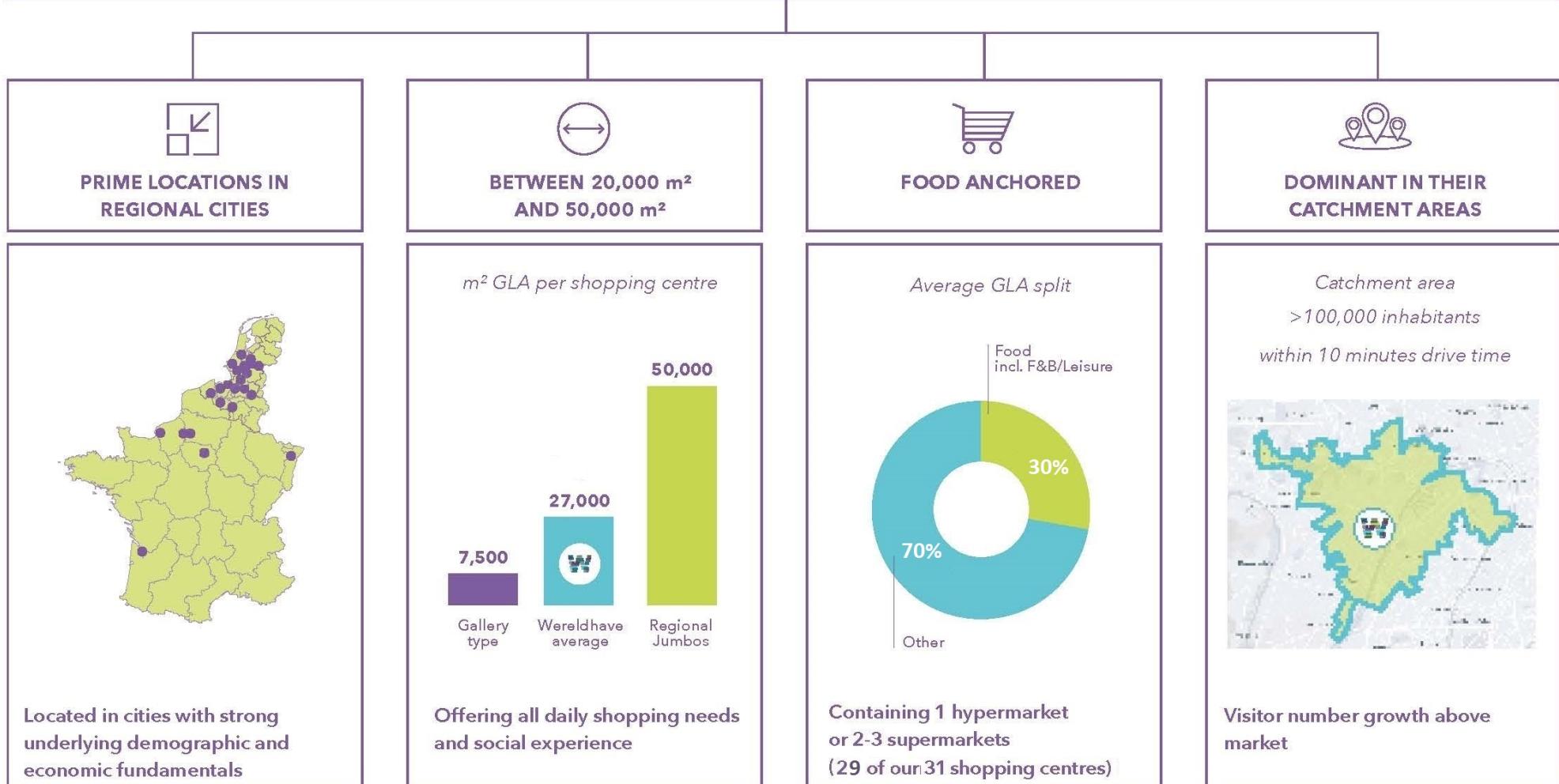
## Strategic focus



# FULLY FOCUSED ON CONVENIENCE SHOPPING CENTRES

## Strategic focus

### GAIN MARKET SHARE IN THE MICRO-ENVIRONMENT



# STRATEGIC MANAGEMENT AGENDA 2017-2019

**Our main target for the years 2018 - 2019 is to increase the market share in the micro-environment of our shopping centres.**

| Management agenda<br>2017-2019 | Targets 2017-2019                                                                                            | Achievement                              |                                            | Plans 2019                                  |
|--------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------|---------------------------------------------|
|                                |                                                                                                              | 2017                                     | 2018                                       |                                             |
| Respond to consumer trends     | • Drive footfall above market                                                                                | NL: +<br><br>BE: +<br><br>FR: +          | NL: +<br><br>BE: +<br><br>FR: +            | Invest in customer journey<br><br>Mixed use |
|                                | • >85% resilient<br>• >97% occupancy<br>• <2% at longer maturities                                           | • 82%<br>• 95.5%<br>• 1.96%              | • 83%<br>• 96.3%<br>• 2.08%                | Review refinancing                          |
|                                | • € 200m disposals<br>• Complete developments<br>• Front position sustainability<br>• Selective acquisitions | • € 78m<br>• 66%<br>• achieved<br>• none | • € 606m<br>• 90%<br>• achieved<br>• € 73m | Asset rotation                              |
| Tailor organisation            | • € 15m - € 16m overhead                                                                                     | • € 15.9m                                | • € 13.8m (continued operations)           | Keep cost control                           |

## STRATEGIC MANAGEMENT AGENDA 2017-2019

Most of the targets were achieved in 2018. The development pipeline was successfully reduced, with the completion of the Tournai Les Bastions extension, the redevelopment of Koningshoek and the Finnkino redevelopment in Itis. The latter was instrumental for the disposal of the Itis shopping centre. With this disposal, Wereldhave achieved the targets for asset rotation as well as sound balance sheet ratios. At the end of 2018, Wereldhave's Loan-to-Value stood at a healthy 37.5%. Occupancy rose in all countries and we are getting close to achieving the target of an overall occupancy rate of at least 97%. As Wereldhave improved its rankings at GRESB and DJSI, the sustainability targets were also achieved.

In 2019, Wereldhave will continue its strategy of optimising the portfolio, particularly by improving the Customer Journey. Our main target is to increase the market share in the micro environment of our shopping centres. The Customer Journey project is based on six overarching promises, which have been translated into specific focus items. Pilot projects were launched to establish design standards and evaluated using input from customer surveys. An implementation scheme has been set up to execute more than 50 initiatives over the entire portfolio in 2019 and 2020.



# OPERATIONS

**The operational performance in 2018 was solid in all countries. Occupancy improved in the Netherlands, Belgium and France. Like-for-like rental growth was positive in the Netherlands and Belgium and showed improvement in France versus 2017.**

In the Netherlands, more than 100 new leases or rotations were signed and more than 130 leases were extended. Occupancy steadily improved from 96.5% at the beginning of the year to 97.1% at year-end. Like-for-like rental growth in the Netherlands came out at 2.0% for 2018 and outperformed the index by 0.5%. Rent levels were on average 2.1% above ERV.

In Belgium, lease-up in our portfolio was strong in 2018, with a total of 59 leases signed for 23,600m<sup>2</sup> of floor space. Particularly good progress in letting was made in Courtrai and Tournai. The overall occupancy of the Belgian shopping centres portfolio showed significant improvement during the year from 94.9% to 97.2% at the end of 2018. Leasing was particularly strong in the second half of the year. The occupancy of the offices portfolio decreased from 91.7% to 90.6%, mainly due to the disposal of a fully let office building in 2018. Shopping centre like-for-like rental growth for the year 2018 came out at 0.3%, which is below indexation.

In France, a total of 49 new leases was signed in 2018. In the tough leasing market of 2018 we have been able to make strong progress by strengthening the anchor positions in four of our six centres. Occupancy improved during the year from 93.2% to 94.0% at year-end. The bankruptcy of two larger toy store chains during the second half of the year will probably mean a temporary setback in occupancy in the beginning of 2019. Our French operations improved in terms of like-for-like rent growth to -3.5% for the year (2017: -7.0%).

Our Finnish asset performed well in 2018, with occupancy increasing to 96.5% at the end of the third quarter and like-for-like rental growth of 0.8% for 2018. The opening of the REDI shopping centre, which is situated between Itis and the city centre of Helsinki, initially impacted footfall, which was mitigated by additional marketing efforts. New leases that were signed during the year were at or above ERV. The construction of a new Finnkino 9-screen IMAX theatre and an adjacent food and beverage court was completed in time and within budget. Our Finnish operations were sold in December 2018.

## Composition of the portfolio

In 2018, Wereldhave acquired two retail parks in Belgium for € 73m and disposed assets amounting to € 606m. Wereldhave Belgium sold an office building at the Olieslagerslaan in Vilvoorde for € 2m. In the Netherlands, the disposals consisted of 89 residential units in Capelle, two shops and a parking garage in Tilburg, with total proceeds of € 33m, at book value. On February 6, 2019, Wereldhave acquired a C&A shop in Tilburg for € 10.6m excluding transaction costs, in anticipation of the development of a new shopping street to connect the Heuvelstraat and the Emmapassage.

By far the largest transaction of 2018 was the agreement on the disposal of the Itis shopping centre in Helsinki, which was signed in October 2018 and completed on December 14, 2018. The net price for the shopping centre including the deferred tax liability amounts to € 450m.

This reflects a gross price of € 516 million. Wereldhave's portfolio is now almost completely focused on one asset class, with 31 convenience shopping centres in Belgium (9), France (6) and the Netherlands (16). For 2019, Wereldhave aims to continue its program of asset rotation. This means replacing less strategic properties and to invest the proceeds in the further enhancement of the portfolio.

# OPERATIONS

## Development pipeline

The committed development pipeline was strongly reduced in 2018 and currently mainly consists of two projects in the Netherlands and one in France. The total value of the committed development pipeline as at December 31, 2018, amounted to € 78m, of which € 63m was spent. The completion of these development projects will require € 15m in additional investments.

## Portfolio overview

As at December 31, 2018, the value of the total investment portfolio amounted to € 3,220m, of which 97% was shopping centres and 3% related to office properties in Belgium. The geographical distribution of the portfolio as a percentage of the total portfolio is: the Netherlands: 44%, France: 27% and Belgium: 29%. Further details on the portfolio can be found in the country chapters.



# OPERATIONS

## **Customer Journey improvement of the portfolio**

Early 2018, Wereldhave launched a capital expenditure programme to improve the customer journey. During the first half of the year, a dedicated project organisation was set-up. The project is based on six overarching promises, which have been translated into specific focus items. Pilot projects were launched to establish design standards and evaluated using input from customer surveys that were taken. An implementation scheme has been set up for the entire portfolio in 2019 and 2020.

## **"We offer easy in & easy out": Quality and hassle free parking**

Updates on routing, signing, color-coding and connection to the shopping centre wayfinding have been piloted in De Koperwiek Netherlands and Les Bastions, Belgium in 2018. The experience gained from these pilots have been taken to improve the concept and implementation is planned for two shopping centres in the Netherlands and two in Belgium. In case the parking facilities need to be refurbished or require construction activities, these updates will be combined with future development projects for the shopping centre.

## **"We make it easy for you to find your way": Wayfinding inside & out**

A wayfinding strategy has been designed, with sign locations based on visitor flows and decision making points. The pilot projects were launched in Les Bastions in Belgium, Saint Sever in France and Koningshoek in the Netherlands. Subsequently, interviews were held with shopping centre visitors. This led to a review of the design and a uniform layout for all countries. The signs can be changed at low cost, as the illuminated signs have a frame for fabric prints. These can be easily replaced, thus lowering operational costs. In 2019, new wayfinding will be installed in seven shopping centres in the Netherlands, two in Belgium and two in France.

## **"We make you feel at home": Quality restrooms**

A first pilot has been installed in Belle-Ile in Belgium. After evaluation, the restroom design was standardised and revised with all our learnings. In 2019, new toilets will be installed in four shopping centres in the Netherlands and one in Belgium.

## **"We make you (and your kids) smile": Family play & relax areas**

To unstress the shopping experience with kids, play and relax areas were designed where kids can play, whilst their caretakers can take a break and relax, charge their phone, read a magazine or get a drink. Visibility and safety with a limited number of access and exit points, a barrier surrounding the playground and easy to clean materials were design criteria for a playground for kids from 1-12 years. We created a combination of off the shelf solutions and a unique Wereldhave treehouse, from which each shopping centre may pick elements to create its own playground, depending on the available space. The first playgrounds were installed in Docks 76 in France, Shopping 1 in Belgium and De Koperwiek in the Netherlands. In 2019, play and relax areas will be installed in five shopping centres in the Netherlands, three in Belgium and four in France.

## **"We care about you and your needs": Enrich Food & Beverage**

For the enrichment of food and beverage, local teams will take the lead, as food & beverage requirements vary for each shopping centre depending on the role of the centre in its catchment area and the competing offer nearby.

# OPERATIONS

## **"We are connected to you": Digital foundation**

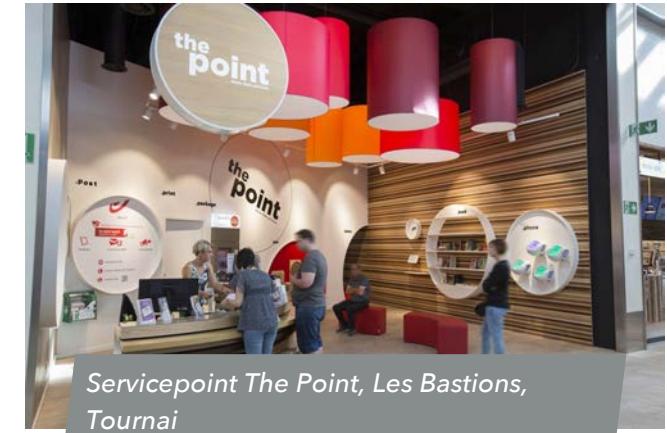
Two projects were launched to improve the digital connection with the customer. Wereldhave uses continuous customer satisfaction monitoring and analyses the customer behaviour, based on the available information that is either anonymous or obtained with the individuals consent. In 2019, the data needs will be reviewed, also streamlining the various CRM systems that are used to one platform. Shopping centre websites and other digital touchpoints will be improved to enhance the insight in customer behaviour.

The second project involves digital marketing initiatives, to create new business opportunities in the shopping centres. A digital marketeer will assist the asset managers in developing new business propositions to enhance footfall for the centre. In 2018, a wifi tracking loyalty program was launched in Nieuwegein in the Netherlands. The concept will be rolled out to other centres in 2019. The new CRM system was installed in the shopping centres in Nieuwegein, Courtrai and Strasbourg and the goal is to implement one CRM system for all centres.

## **Customer Journey Management approach**

The Group Customer Journey manager monitors the uniformity of the project approach and the consistency of the program. Implementation lead managers will be responsible for the roll-out in each country; they report directly to the development directors of their country. Consistency may be important, but it does not exclude creativity and scalability of winning ideas. Some local initiatives already see internal follow-up. In the Les Bastions shopping centre for example, "The Point" was launched, a service point for customers where internet shopping deliveries can be picked up, fitted and returned in one go. Gift cards and tickets are sold at The Point and it is also the information and service desk for the centre. This local initiative concept will most likely be repeated in other shopping centres.

The customer journey program was an integrated element of the budget cycle, which was performed bottom-up. The entire program was discussed with the Supervisory Board before the start of the budget cycle.



*Servicepoint The Point, Les Bastions, Tournai*

# OPERATIONS

## OCCUPANCY

|                          | Occupancy*   |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
|                          | Q4 2017      | Q1 2018      | Q2 2018      | Q3 2018      | Q4 2018      |
| Belgium                  | 94.9%        | 95.2%        | 96.7%        | 96.8%        | 97.2%        |
| Finland                  | 96.7%        | 96.0%        | 96.4%        | 96.5%        | -            |
| France                   | 93.2%        | 93.4%        | 93.6%        | 93.7%        | 94.0%        |
| Netherlands              | 96.5%        | 96.5%        | 96.8%        | 97.0%        | 97.1%        |
| <b>Shopping centres</b>  | <b>95.5%</b> | <b>95.5%</b> | <b>96.1%</b> | <b>96.2%</b> | <b>96.3%</b> |
| <i>Offices (Belgium)</i> | <i>91.7%</i> | <i>90.3%</i> | <i>90.6%</i> | <i>90.6%</i> | <i>90.6%</i> |
| <b>Total portfolio</b>   | <b>95.3%</b> | <b>95.3%</b> | <b>95.8%</b> | <b>95.9%</b> | <b>96.1%</b> |

\* Portfolio value: investment properties excluding investment properties under construction

# OPERATIONS

## INVESTMENT PORTFOLIO DISTRIBUTION

|              | 2014        | 2015        | 2016        | 2017        | 2018        |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Retail       | 86%         | 97%         | 97%         | 97%         | 97%         |
| Offices      | 14%         | 3%          | 3%          | 3%          | 3%          |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

## INVESTMENT PORTFOLIO GEOGRAPHICAL DISTRIBUTION

|              | 2014        | 2015        | 2016        | 2017        | 2018        |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Belgium      | 22%         | 20%         | 21%         | 23%         | 29%         |
| Finland      | 19%         | 17%         | 15%         | 15%         | -           |
| France       | 37%         | 23%         | 24%         | 23%         | 27%         |
| Netherlands  | 22%         | 40%         | 40%         | 39%         | 44%         |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

## OPERATIONS

### NET RENTAL INCOME DISTRIBUTION PER COUNTRY

|              | 2014        | 2015        | 2016        | 2017        | 2018        |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Belgium      | 32%         | 24%         | 23%         | 24%         | 25%         |
| Finland      | 24%         | 15%         | 14%         | 14%         | 14%         |
| France       | 10%         | 31%         | 23%         | 21%         | 20%         |
| Netherlands  | 34%         | 30%         | 40%         | 41%         | 41%         |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

### DISPOSAL OF INVESTMENT PROPERTIES (X € 1M)

|              | 2014       | 2015       | 2016      | 2017      | 2018       |
|--------------|------------|------------|-----------|-----------|------------|
| Belgium      | 14         | -          | -         | -         | 2          |
| Finland      | -          | -          | -         | -         | 583        |
| France       | 90         | 401        | -         | -         | -          |
| Netherlands  | -          | -          | 24        | 81        | 21         |
| Spain        | 95         | -          | -         | -         | -          |
| <b>Total</b> | <b>200</b> | <b>401</b> | <b>24</b> | <b>81</b> | <b>606</b> |

# OPERATIONS

## ACQUISITION OF INVESTMENT PROPERTIES (X € 1M)

|              | 2014         | 2015       | 2016      | 2017     | 2018      |
|--------------|--------------|------------|-----------|----------|-----------|
| Belgium      | 113          | -          | -         | -        | 73        |
| Finland      | -            | 11         | -         | -        | -         |
| France       | 859          | 2          | -         | -        | -         |
| Netherlands  | 238          | 778        | 55        | -        | -         |
| <b>Total</b> | <b>1,210</b> | <b>791</b> | <b>55</b> | <b>-</b> | <b>73</b> |

## KEY FIGURES

### Shopping Centre Operations

|                             | THE NETHERLANDS |       | BELGIUM |       | FINLAND |      | FRANCE |       | TOTAL GROUP |       |
|-----------------------------|-----------------|-------|---------|-------|---------|------|--------|-------|-------------|-------|
|                             | 2017            | 2018  | 2017    | 2018  | 2017    | 2018 | 2017   | 2018  | 2017        | 2018  |
| Like-for-like rental growth | 0.8%            | 2.0%  | -1.1%   | 0.3%  | 5.5%    | n.a. | -7.0%  | -3.5% | -0.7%       | 0.1%  |
| Occupancy                   | 96.5%           | 97.1% | 94.9%   | 97.2% | 96.7%   | n.a. | 93.2%  | 94.0% | 95.5%       | 96.3% |
| Visitors (x € 1m)           | 76.4            | 75.4  | 14.6    | 18.4  | 17.6    | n.a. | 41.0   | 41.6  | 149.6       | 135.3 |

# PROPERTY PORTFOLIO THE NETHERLANDS



## Emiclaer

Amersfoort

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 19,300 m <sup>2</sup> |
| Parking spaces owned/total       | 160/675               |
| Year of acquisition              | 2015                  |
| Year of construction/renovation  | 1993                  |
| Annual theoretical rent (x € 1m) | 4.7                   |
| Visitors                         | 4.2                   |



## Presikhaaf

Arnhem

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 32,600 m <sup>2</sup> |
| Parking spaces owned/total       | -1,244                |
| Year of acquisition              | 2015                  |
| Year of construction/renovation  | 2018/2019             |
| Annual theoretical rent (x € 1m) | 5.0                   |
| Visitors                         | 4.1                   |



## Kronenburg

Arnhem

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 39,300 m <sup>2</sup> |
| Parking spaces owned/total       | -1,300                |
| Year of acquisition              | 1988                  |
| Year of construction/renovation  | 2015                  |
| Annual theoretical rent (x € 1m) | 10.1                  |
| Visitors                         | 5.5                   |



## De Koperwiek

Capelle aan den IJssel

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 29,400 m <sup>2</sup> |
| Parking spaces owned/total       | 270/900               |
| Year of acquisition              | 2010-2014             |
| Year of construction/renovation  | 2017/2019             |
| Annual theoretical rent (x € 1m) | 7.1                   |
| Visitors                         | 5.6                   |



## Sterrenburg

Dordrecht

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 13,200 m <sup>2</sup> |
| Parking spaces owned/total       | 375/505               |
| Year of acquisition              | 2015                  |
| Year of construction/renovation  | 1993                  |
| Annual theoretical rent (x € 1m) | 2.9                   |
| Visitors                         | 3.7                   |



## WoensXL

Eindhoven

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 10,400 m <sup>2</sup> |
| Parking spaces owned/total       | -1,800                |
| Year of acquisition              | 2010                  |
| Year of construction/renovation  | 2006                  |
| Annual theoretical rent (x € 1m) | 3.0                   |
| Visitors                         | 1.9                   |

# PROPERTY PORTFOLIO THE NETHERLANDS



## Etten-Leur

Etten-Leur

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 22,800 m <sup>2</sup> |
| Parking spaces owned/total       | 22/1,916              |
| Year of acquisition              | 1991                  |
| Year of construction/renovation  | 2015                  |
| Annual theoretical rent (x € 1m) | 3.7                   |
| Visitors                         | 3.1                   |



## Middenwaard

Heerhugowaard

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 35,400 m <sup>2</sup> |
| Parking spaces owned/total       | 1,345/1,850           |
| Year of acquisition              | 2015                  |
| Year of construction/renovation  | 2011/2018             |
| Annual theoretical rent (x € 1m) | 9.6                   |
| Visitors                         | 5.9                   |



## Vier Meren

Hoofddorp

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 30,700 m <sup>2</sup> |
| Parking spaces owned/total       | 819/2,526             |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2013/2017             |
| Annual theoretical rent (x € 1m) | 7.2                   |
| Visitors                         | 7.4                   |



## Winkelhof

Leiderdorp

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 17,900 m <sup>2</sup> |
| Parking spaces owned/total       | 825/825               |
| Year of acquisition              | 1993                  |
| Year of construction/renovation  | 1999                  |
| Annual theoretical rent (x € 1m) | 4.5                   |
| Visitors                         | 3.7                   |



## Koningshoeck

Maassluis

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 19,200 m <sup>2</sup> |
| Parking spaces owned/total       | -/1,060               |
| Year of acquisition              | 2010                  |
| Year of construction/renovation  | 2015-2018             |
| Annual theoretical rent (x € 1m) | 4.0                   |
| Visitors                         | 4.3                   |



## CityPlaza

Nieuwegein

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 50,400 m <sup>2</sup> |
| Parking spaces owned/total       | 783/1994              |
| Year of acquisition              | 2015                  |
| Year of construction/renovation  | 2012                  |
| Annual theoretical rent (x € 1m) | 14.0                  |
| Visitors                         | 6.7                   |

# PROPERTY PORTFOLIO THE NETHERLANDS



## Eggert

Purmerend

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 20,200 m <sup>2</sup> |
| Parking spaces owned/total       | 390/390               |
| Year of acquisition              | 2010                  |
| Year of construction/renovation  | 2015-2017             |
| Annual theoretical rent (x € 1m) | 5.1                   |
| Visitors                         | 3.9                   |



## Roselaar

Roosendaal

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 18,000 m <sup>2</sup> |
| Parking spaces owned/total       | -/1,312               |
| Year of acquisition              | 2010-2014             |
| Year of construction/renovation  | 2015-2016             |
| Annual theoretical rent (x € 1m) | 4.4                   |
| Visitors                         | 5.5                   |



## In de Bogaard

Rijswijk

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 19,500 m <sup>2</sup> |
| Parking spaces owned/total       | -/2,680               |
| Year of acquisition              | 2015                  |
| Year of construction/renovation  | 2002                  |
| Annual theoretical rent (x € 1m) | 4.7                   |
| Visitors                         | 2.5                   |



## Emmapassage

Tilburg

|                                  |                      |
|----------------------------------|----------------------|
| Lettalbe area                    | 8,600 m <sup>2</sup> |
| Parking spaces owned/total       | -/300                |
| Year of acquisition              | 2015                 |
| Year of construction/renovation  | 1992                 |
| Annual theoretical rent (x € 1m) | 2.3                  |
| Visitors                         | 3.2                  |



## Pieter Vreedeplein

Tilburg

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 22,700 m <sup>2</sup> |
| Parking spaces owned/total       | -/780                 |
| Year of acquisition              | 2015                  |
| Year of construction/renovation  | 2008                  |
| Annual theoretical rent (x € 1m) | 3.6                   |
| Visitors                         | 4.5                   |



## Frederikstraat

Tilburg

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 13,400 m <sup>2</sup> |
| Parking spaces owned/total       | n.a.                  |
| Year of acquisition              | 2015-2017             |
| Year of construction/renovation  | 2016-2017             |
| Annual theoretical rent (x € 1m) | 2.6                   |
| Visitors                         | n.a.                  |

# PROPERTY PORTFOLIO THE NETHERLANDS

## Shopping Centre Operations

### KEY ECONOMIC PARAMETERS (European Economic Forecast, autumn 2018)

|                                          | 2017 | 2018 | 2019E | 2020E |
|------------------------------------------|------|------|-------|-------|
| GDP growth, yoy                          | 2.9% | 2.8% | 2.4%  | 1.8%  |
| Harmonised index of consumer prices, yoy | 1.3% | 1.6% | 2.5%  | 1.7%  |
| Unemployment                             | 4.9% | 3.9% | 3.6%  | 3.6%  |
| Private consumption, yoy                 | 1.9% | 2.8% | 2.2%  | 1.9%  |

### LOCATIONS

|                           |         |
|---------------------------|---------|
| m <sup>2</sup> shops      | 423,088 |
| Retail units              | 1,192   |
| Tenants                   | 1,122   |
| Average employees in 2018 | 46      |

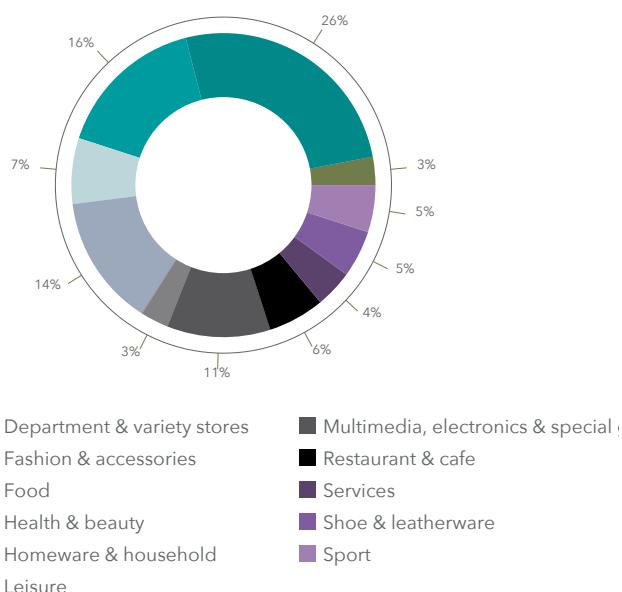


# PROPERTY PORTFOLIO THE NETHERLANDS

## KEY DATA

|                                                  | 2017    | 2018    |
|--------------------------------------------------|---------|---------|
| Net rental income (in €m)                        | 80.1    | 79.4    |
| Occupancy                                        | 96.5%   | 97.1%   |
| Investment properties market value (in €m)       | 1,415.4 | 1,399.1 |
| Investment properties under construction (in €m) | 55.5    | 45.3    |
| Acquisitions (in €m)                             | -       | -       |
| Disposals (in €m)                                | 80.9    | 21.0    |
| EPRA NIY                                         | 5.3%    | 5.6%    |

## TENANT MIX



## TOP 10 TENANTS

- 1 Ahold-Delhaize
- 2 Blokker
- 3 A.S. Watson Group
- 4 C&A
- 5 Hennes & Mauritz
- 6 Hema
- 7 Metro (Media Markt)
- 8 Excellent Retail Brands
- 9 Jumbo
- 10 Alteru Indigo

# THE NETHERLANDS

**Employment grew rapidly in the Netherlands in 2018 and the labour market is tightening. Together with higher energy consumption due to the cold weather, this led to a strong increase in national private consumption in the first half of 2018. In the second half, growth slowed down somewhat. Economic growth in the Netherlands is expected to moderate in 2019 to 2.4%, according to Eurostat. HICP inflation is expected to rise from 1.6% in 2018 to 2.5% in 2019 and 1.7% in 2020.**

The Dutch leasing market is in a phase of cautious recovery. Retailers in the fashion and shoes segment had to deal with a hot summer. They seek a physical presence to support a true omni-channel platform with a seamless product offer for the consumer. This means that retailers seek locations that generate high footfall, such as inner cities and shopping centres with a sizeable catchment area. Upscale formats and value retailers are generally doing well, the middle segment is facing a decrease in sales.

Rent levels remained stable and demand was strongest in our recently renovated shopping centres. Food remained the most solid market segment and supermarkets are still looking for expansion or new locations. The interest from mixed-use tenants, other than traditional retail, is increasing. Quoted market rents by market watchers have been going upward.

In October 2018, the Dutch government decided that the Dutch tax transparent REIT regime for FBI's will remain unchanged, and the plans to abolish the Dutch withholding tax were withdrawn. The Dutch investment market was slow, with a limited investor appetite and therefore hardly any reference transactions. There are currently mainly opportunistic buyers on the market. Some larger assets were withdrawn from the market, which has served as an indicator that market values are under downward pressure.

## Portfolio

During the first quarter of 2018, 89 residential units above the Koperwiek shopping centre in Capelle aan den IJssel were sold. The transaction was completed for € 12.8m, equal to the book-value. In December 2018, two individual shops at the Heuvelstraat in Tilburg were sold for € 16.0m, equal to book value. Also in December, the parking garage of the Emmapassage in Tilburg was sold to the Municipality for € 4.5m. The redevelopment of Koningshoek shopping centre in Maassluis was taken into operation during the first quarter of 2018. At reopening, it was nearly fully let and footfall went up by more than 9% in 2018, with a growing regional function and average ticket sales on the rise. Wereldhave is proud that the centre was nominated for the annual Dutch shopping centre council (NRW) redevelopment prize, thus belonging to the top contenders for the prize.

On February 6, 2019, Wereldhave acquired a C&A shop in Tilburg for € 10.6m excluding transaction costs, in anticipation of the development of a new shopping street to connect the Heuvelstraat and the Emmapassage.

## Development portfolio

In the Netherlands, the committed development pipeline consists of De Koperwiek (Capelle aan den IJssel) and Presikhaaf (Arnhem). The redevelopment of Koningshoek shopping centre in Maassluis was taken into operation during the first quarter of 2018. At reopening, it was nearly fully let and footfall went up by more than 9% in 2018.

Phase 2 of the redevelopment of De Koperwiek in Capelle aan den IJssel is nearing completion. The parking garage and the new food square were completed in October 2018; the remainder of phase 2 is scheduled for completion in May 2019, with only four vacant units left. Preparations are ongoing for the next phase, to expand the second supermarket and add a third supermarket to the centre. Construction of this phase will start once these leases are signed.

# THE NETHERLANDS

The redevelopment of the Presikhaaf shopping centre is also in its final stages. The covered part of the centre is already completed and nearly fully let. The open-air square and the former COOP supermarket at the back of the centre will be finalised in H1 2019.

The second phase of the Tilburg inner city redevelopment scheme is in the final stages of preparation. The Sterrenburg shopping centre in Dordrecht is to be extended to house a new Jumbo and a larger Lidl supermarket. These projects are scheduled to be launched when the current development projects have been completed.

## Organisation

The largest change to the Dutch organisation was the redesign of the development department. Wereldhave outsourced its development activities to a specialised property developer. Projects are managed by a newly appointed Development Director, who reports directly to the Group Development Director and the Managing Director Netherlands. The development Director is assisted by project controllers and project managers, to oversee the execution of works.

## Sustainability

### ***BREEAM recertification for Vier Meren in Hoofddorp***

In 2018, the BREEAM certificate for the Vier Meren shopping centre was renewed and the sustainable performance of the centre was improved with the implementation of an Environmental Management system. At present, about two-thirds of the Dutch shopping centres is BREEAM certified.

### ***Solar panels***

The Dutch portfolio now has over 5,800 solar panels on the rooftops of the shopping centres. Late in 2018, Wereldhave Netherlands committed itself to the installation of another 3,000 panels on the rooftops of the shopping centres in Amersfoort, Arnhem (Presikhaaf), Heerhugowaard and Nieuwegein. The investment not only reduces Wereldhave's carbon footprint, it also provides a reasonable financial return on investment.

## Results and valuation

In the Netherlands, leasing of our portfolio was strong and occupancy steadily improved from 96.5% at the beginning of the year to 97.1% at year-end. Like-for-like rental growth in the Netherlands came out at 2.0% for 2018 and outperformed the index by 0.5%. Rent levels were on average 2.1% above ERV.

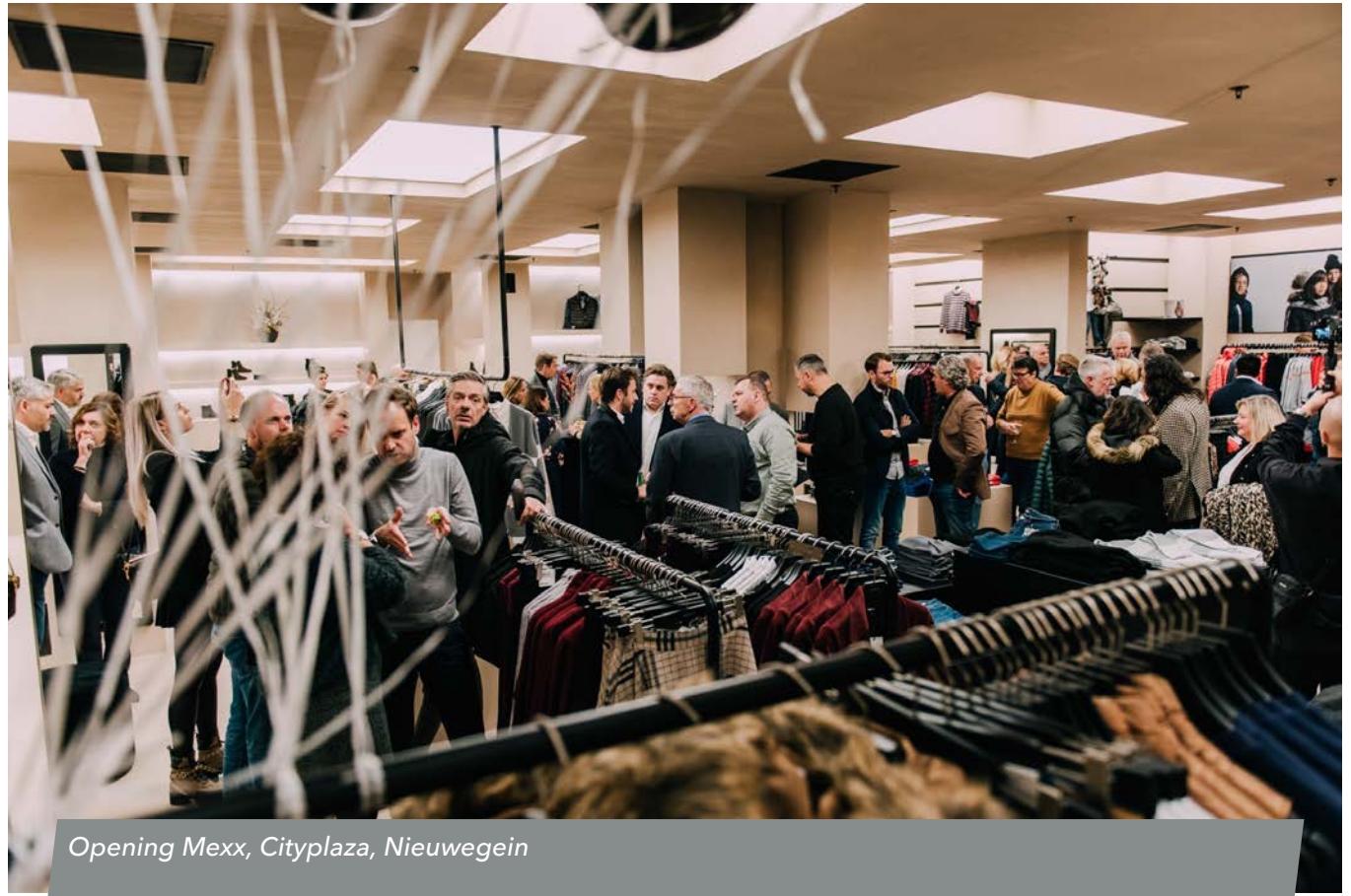
More than 100 new leases or rotations were signed and more than 130 leases were extended. The top-20 leases accounted for 50% of the leasing volume. Leasing activity was strongest in Nieuwegein, Capelle aan den IJssel and Maassluis. C&A decided to open a new store in De Koperwiek and, following the success of their new format in Arnhem, our shopping centres Vier Meren and Middenwaard also welcomed C&A's new format. Compared to 2017, footfall in the Dutch shopping centres increased by 0.1%, whilst the national shopping centre index saw a 0.9% decline. Particularly the Pieter Vredesplein in Tilburg reaped the benefits of the Frederikstraat, a new connection to the Heuvelstraat high street shopping. Tilburg, which is the 6<sup>th</sup> city of the Netherlands, has become a shopping destination and now finally ranks between the top-10 shopping locations of the Netherlands.

The portfolio was valued at € 1,399m on December 31, 2018 (2017: € 1,415m). There was a negative revaluation of € 59.4m, of which € 25.9m during the first half of the year. In the Netherlands, lower market rents, non-yielding capex and expanding yields equally contributed to the negative revaluation. The value of the development portfolio stood at € 45m at year-end 2018 (2017: € 56m).

## THE NETHERLANDS

### Outlook

For the year 2019, focus will be on the leasing of (structural) vacancy to drive occupancy levels and on the optimisation of our tenant mix, by actively monitoring tenant performance. In addition we will continue the development projects in Capelle aan den IJssel and Arnhem and implement the Customer Journey actions for the Dutch portfolio.



# PROPERTY PORTFOLIO BELGIUM



## Ring Shopping

Courtrai

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 31,800 m <sup>2</sup> |
| Parking spaces owned/total       | 2,000/2,000           |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2005                  |
| Annual theoretical rent (x € 1m) | 7.1                   |
| Visitors                         | 3.4                   |



## Shopping 1

Genk

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 22,300 m <sup>2</sup> |
| Parking spaces owned/total       | 1,250/1,250           |
| Year of acquisition              | 2010                  |
| Year of construction/renovation  | 2014                  |
| Annual theoretical rent (x € 1m) | 4.2                   |
| Visitors                         | 4.0                   |



## Stadsplein

Genk

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 15,300 m <sup>2</sup> |
| Parking spaces owned/total       | 44/44                 |
| Year of acquisition              | 2012                  |
| Year of construction/renovation  | 2008                  |
| Annual theoretical rent (x € 1m) | 2.9                   |
| Visitors                         | n.a.                  |



## Overpoort

Gent

|                                  |                      |
|----------------------------------|----------------------|
| Lettalbe area                    | 4,000 m <sup>2</sup> |
| Parking spaces owned/total       | n.a.                 |
| Year of acquisition              | 2012                 |
| Year of construction/renovation  | 2014                 |
| Annual theoretical rent (x € 1m) | 0.5                  |
| Visitors                         | n.a.                 |



## Belle-île

Liège

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 28,800 m <sup>2</sup> |
| Parking spaces owned/total       | 2,200/2,200           |
| Year of acquisition              | 1994                  |
| Year of construction/renovation  | 1994                  |
| Annual theoretical rent (x € 1m) | 11.5                  |
| Visitors                         | 3.4                   |



## Nivelles-Shopping

Nivelles

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 29,200 m <sup>2</sup> |
| Parking spaces owned/total       | 1,452/1,452           |
| Year of acquisition              | 1984                  |
| Year of construction/renovation  | 2012                  |
| Annual theoretical rent (x € 1m) | 8.9                   |
| Visitors                         | 3.5                   |

# PROPERTY PORTFOLIO BELGIUM



## Les Bastions Shopping Tournai

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 34,000 m <sup>2</sup> |
| Parking spaces owned/total       | 2,000/2,000           |
| Year of acquisition              | 1988                  |
| Year of construction/renovation  | 2018                  |
| Annual theoretical rent (x € 1m) | 8.8                   |
| Visitors                         | 4.0                   |



## Les Bastions Retailpark Tournai

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 10,300 m <sup>2</sup> |
| Parking spaces owned/total       | 360/360               |
| Year of acquisition              | 2016                  |
| Year of construction/renovation  | 2016                  |
| Annual theoretical rent (x € 1m) | 1.1                   |
| Visitors                         | n.a.                  |



## Waterloo Waterloo

|                                  |                      |
|----------------------------------|----------------------|
| Lettalbe area                    | 3,100 m <sup>2</sup> |
| Parking spaces owned/total       | -/95                 |
| Year of acquisition              | 2010                 |
| Year of construction/renovation  | 1968                 |
| Annual theoretical rent (x € 1m) | 0.8                  |
| Visitors                         | n.a.                 |



## Turnhout Retailpark Turnhout

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 19,800 m <sup>2</sup> |
| Parking spaces owned/total       | 765/765               |
| Year of acquisition              | 2018                  |
| Year of construction/renovation  | 1970                  |
| Annual theoretical rent (x € 1m) | 2.3                   |
| Visitors                         | n.a.                  |

# PROPERTY PORTFOLIO BELGIUM



## Bruges Retailpark

Bruges

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 20,300 m <sup>2</sup> |
| Parking spaces owned/total       | 650/650               |
| Year of acquisition              | 2018                  |
| Year of construction/renovation  | 1970                  |
| Annual theoretical rent (x € 1m) | 2.4                   |
| Visitors                         | n.a.                  |



## De Veldekens

Antwerp

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 38,400 m <sup>2</sup> |
| Parking spaces owned/total       | 770/770               |
| Year of acquisition              | 1999                  |
| Year of construction/renovation  | 2002                  |
| Annual theoretical rent (x € 1m) | 5.6                   |
| Visitors                         | n.a.                  |



## Mediaalan

Vilvoorde

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 22,200 m <sup>2</sup> |
| Parking spaces owned/total       | 638/638               |
| Year of acquisition              | 1998                  |
| Year of construction/renovation  | 2001                  |
| Annual theoretical rent (x € 1m) | 3.2                   |
| Visitors                         | n.a.                  |

# PROPERTY PORTFOLIO BELGIUM

## Shopping Centre Operations

### KEY ECONOMIC PARAMETERS

(European Economic Forecast, autumn 2018)

|                                          | 2017 | 2018 | 2019E | 2020E |
|------------------------------------------|------|------|-------|-------|
| GDP growth, yoy                          | 1.7% | 1.5% | 1.5%  | 1.4%  |
| Harmonised index of consumer prices, yoy | 2.2% | 2.3% | 2.1%  | 1.6%  |
| Unemployment                             | 7.1% | 6.4% | 6.1%  | 5.9%  |
| Private consumption, yoy                 | 1.1% | 0.9% | 1.4%  | 1.6%  |

### LOCATIONS

|                           |         |
|---------------------------|---------|
| m <sup>2</sup> shops      | 218,846 |
| Retail units              | 615     |
| Tenants                   | 580     |
| Average employees in 2018 | 54      |



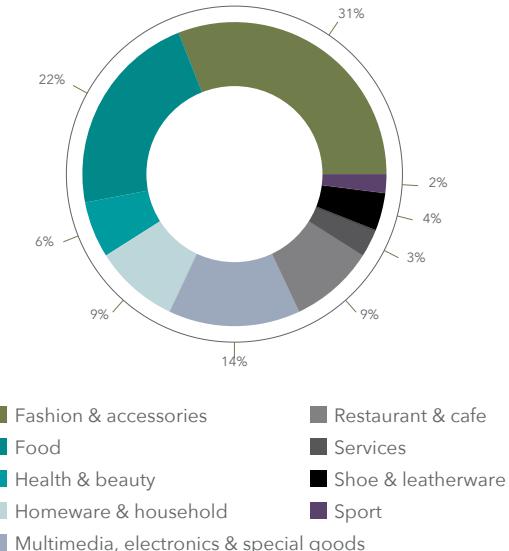
# PROPERTY PORTFOLIO BELGIUM

## Shopping Centre Operations

### KEY DATA

|                                                  | 2017  | 2018  |
|--------------------------------------------------|-------|-------|
| Net rental income (in €m)                        | 37.6  | 40.5  |
| Occupancy                                        | 95.9% | 97.2% |
| Investment properties market value (in €m)       | 683.2 | 847.4 |
| Investment properties under construction (in €m) | 66.8  | 14.7  |
| Acquisitions (in €m)                             | -     | 73.3  |
| Disposals (in €m)                                | -     | -     |
| EPRA NIY                                         | 5.3%  | 5.5%  |

### TENANT MIX



### TOP 10 TENANTS

- 1 Carrefour
- 2 Hennes & Mauritz
- 3 C&A
- 4 Ahold-Delhaize
- 5 Excellent Retail Brands
- 6 A.S. Watson Group
- 7 Brico
- 8 Lunch Garden
- 9 Cassis & Paprika
- 10 Proximus

# BELGIUM

**According to Eurostat, economic growth in Belgium has weakened in 2018 as private consumption has decreased, despite continued employment growth supported by labour tax cuts. Unemployment is expected to drop below 6%. Headline inflation is forecast to remain high at 2.1% in 2019, mainly due to sharp price rises for energy products. The year 2018 saw an exceptionally high investment volume, mainly from three large shopping centre transactions, Woluwe in Brussels, Rive Gauche in Charleroi and Docks Bruxsel. For the best shopping centres, yields are still at 4%. Out of town retail trades at yields around 5.6%.**

In Belgium, the overall leasing market for retail space was strong and take-up was at a peak level, on average more than 20% above previous years. The prime focus was on larger floors in out-of-town retail locations, such as retail parks and big boxes. High street locations and shopping centres saw a more modest take-up. Negotiations with prospective tenants are generally getting more lengthy, with tenants seeking fit-out contributions or flexible leasing conditions. There is an increasing gap between high-end retailers and value retailers; the middle segment appears to lose market share. Food and beverage are generally doing well. Local food and beverage concepts are gradually being replaced by big food chains that are entering the Belgian market and have rapid expansion plans. Other sectors that are still expanding are services and sports. Fashion and shoes saw a decline in turnover, as consumer spending is increasingly shifting from outfit to experience.

The investment market saw some large transactions in 2018, with Docks Bruxsel, Woluwé and Rive Gauche being the largest of the year. These transactions kept yields very low. As the current offer is limited, property values are stable. Retail parks still see yields compressing, as private investors are increasingly active in this segment.

## Portfolio

In 2018, Wereldhave Belgium sold an office building at the Olie slagerslaan in Vilvoorde for € 2m and two retail parks were acquired, one in Bruges and the other in Turnhout. Both fit to our strategic focus on convenience centres, being hyper-market anchored.

The Bruges Sint Kruis retail park consists of 20,727 m<sup>2</sup> GLA with 13 commercial units. It houses a broad commercial offer with Carrefour, Brico, Mediamarkt, Lunch Garden, Grand Optical, Quick and TUI Travel. The Turnhout retail park is nearly equally large. It consists of 20,557 m<sup>2</sup> GLA, divided into 12 units, with retail chains like Carrefour, Brico, Lunchgarden, Grand Optical, Auto5, Leonidas, McDonalds, Pizza Hut and Tui Travel. Both centres are fully let.

The purchase price for Bruges retail park amounts to € 40m and for Turnhout to € 33m, generating a combined € 4.1m net rental income. The Turnhout retail park was acquired in kind, against the issue of 372,708 new shares of Wereldhave Belgium at € 88.92 per share, close to NAV.

# BELGIUM



The extension project for 'Les Bastions' in Tournai was transferred to the investment portfolio in April 2018. The extension houses retail chains such as Zara, Bershka, Superdry, JBC and JD Sports and existing tenants such as Delhaize, C&A and H&M upgraded their store format. With a total floorspace of more than 40,000m<sup>2</sup>, Les Bastions is now one of the largest shopping centres in Wallonia. Footfall of the centre increased significantly to almost 4 million visitors in 2018.

## Development portfolio

The extension of the Belle-Ile shopping centre in Liege is not yet committed. Urban planning consent was obtained for a possible extension of 8,000 m<sup>2</sup>. However, prime focus is on the reletting of former Carrefour unit and construction of the extension will only start once 70% of the extension has been pre-let.

## Organisation

Frank Adriaensen was appointed as Group Development Director, a job that he combines with his development director role in Belgium. Cédric Biquet started as CFO and Ine Beeterens was appointed as Operations Director early in 2018. The staff turnover ratio was high, primarily at asset management level, to increase customer orientation and drive.

## Sustainability

### **Energy savings**

Nivelles shopping centre experimented with the shutting down of the climatisation during opening hours. The air quality, temperature and humidity were monitored on a continuous basis and as the first results were encouraging, further research will be done. The investments are relatively modest and generated energy savings of up to 12% during the first year.

### **Green energy**

Late in 2017, Wereldhave Belgium started to renew the procurement contracts for energy and since 2018, 100% of the energy consumption of Wereldhave Belgium's shopping centres and office buildings is provided by Green Energy.

## **Social impact**

During 2018, 77 social impact events were organised in Wereldhave Belgium's shopping centres. One of the finest examples is the opening of Het Idee in Ring shopping, Courtrai. It is a café annex gift shop that is totally run by people who have a distance to the labour market. It was tailor made to help staff members in their performance, using pictograms and an easy to manage cash register. Almost all of the gift items that are for sale have been produced by handicapped people.

## **Greendeal biodiversity**

Wereldhave Belgium entered into a partnership with Greendeal. This is an initiative by Belgian environmental and landscape preservation societies, in which more than 110 companies join forces to enhance biodiversity around their real estate properties.

## **Solar panels**

In 2018, more than 4,000 solar panels were installed on the rooftops of the Belle-Ile and Les Bastions shopping centres. Wereldhave Belgium now has nearly 7,000 solar panels to produce sustainable energy.

# BELGIUM

## Results and valuation

Lease-up in our portfolio was strong in 2018, with a total of 59 leases signed for 23,600m<sup>2</sup> of floor space. Particularly good progress in letting was made in Courtrai and Tournai. The overall occupancy of the Belgian shopping centres portfolio showed significant improvement during the year from 94.9% to 97.2% at the end of 2018. The occupancy of the offices portfolio decreased from 91.7% to 90.6%, mainly due to the disposal of a fully let office building in 2018. Like-for-like rental growth for the year 2018 came out at 0.3%, which is slightly below indexation. Footfall in the Belgian shopping centres increased by 7.6%, which can be fully attributed to the opening of the shopping centre extension in Tournai. The shopping centres in Liege and Genk saw a decline in footfall, mainly from the announcement by Carrefour that it would close two hypermarkets in these centres resulting in strikes. An agreement has been reached with Carrefour on a new lease for 4,500 m<sup>2</sup> in Liege. The remaining 5,500m<sup>2</sup> of their previous unit will be divided in smaller units and leasing is ongoing. Carrefour has not yet given notice of the lease in Genk for 6,000 m<sup>2</sup>, but this lease has a break-option at the end of 2019. Alternatives for the Carrefour unit are being explored and there is a lively interest from supermarket operators.

The total portfolio was valued at € 942m on December 31, 2018 (2017: € 787m). The increase in the portfolio is mainly due to the acquisition of the 2 retail parks in Bruges and Turnhout. The value of the development portfolio stood at € 15m at year-end 2018 (2017: € 67m). The decrease is due to the completion of the expansion (15,000 m<sup>2</sup>) of the shopping centre 'Les Bastions' in Tournai.

## Outlook

For the year 2019, prime focus will be on the reletting of the Carrefour units in Liège and Genk and the change in lay-out needed to accommodate new tenants.



# PROPERTY PORTFOLIO FRANCE



## Côte Seine

Argenteuil

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 18,700 m <sup>2</sup> |
| Parking spaces owned/total       | -/1,350               |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2010                  |
| Annual theoretical rent (x € 1m) | 5.8                   |
| Visitors                         | 5.8                   |



## Mériadeck

Bordeaux

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 32,300 m <sup>2</sup> |
| Parking spaces owned/total       | -/ 1,300              |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2008                  |
| Annual theoretical rent (x € 1m) | 7.9                   |
| Visitors                         | 9.8                   |



## Docks Vauban

Le Havre

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 55,000 m <sup>2</sup> |
| Parking spaces owned/total       | -/2,300               |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2009 / 2017           |
| Annual theoretical rent (x € 1m) | 7.0                   |
| Visitors                         | 7.2                   |



## Docks76

Rouen

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 37,200 m <sup>2</sup> |
| Parking spaces owned/total       | 1,000/1,000           |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2009                  |
| Annual theoretical rent (x € 1m) | 10.3                  |
| Visitors                         | 3.8                   |



## Saint-Sever

Rouen

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 34,200 m <sup>2</sup> |
| Parking spaces owned/total       | 1,800/1,800           |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2012/2018             |
| Annual theoretical rent (x € 1m) | 8.8                   |
| Visitors                         | 8.9                   |



## Rivetoile

Strasbourg

|                                  |                       |
|----------------------------------|-----------------------|
| Lettalbe area                    | 28,700 m <sup>2</sup> |
| Parking spaces owned/total       | -/1,500               |
| Year of acquisition              | 2014                  |
| Year of construction/renovation  | 2008                  |
| Annual theoretical rent (x € 1m) | 9.8                   |
| Visitors                         | 6.1                   |

# PROPERTY PORTFOLIO FRANCE

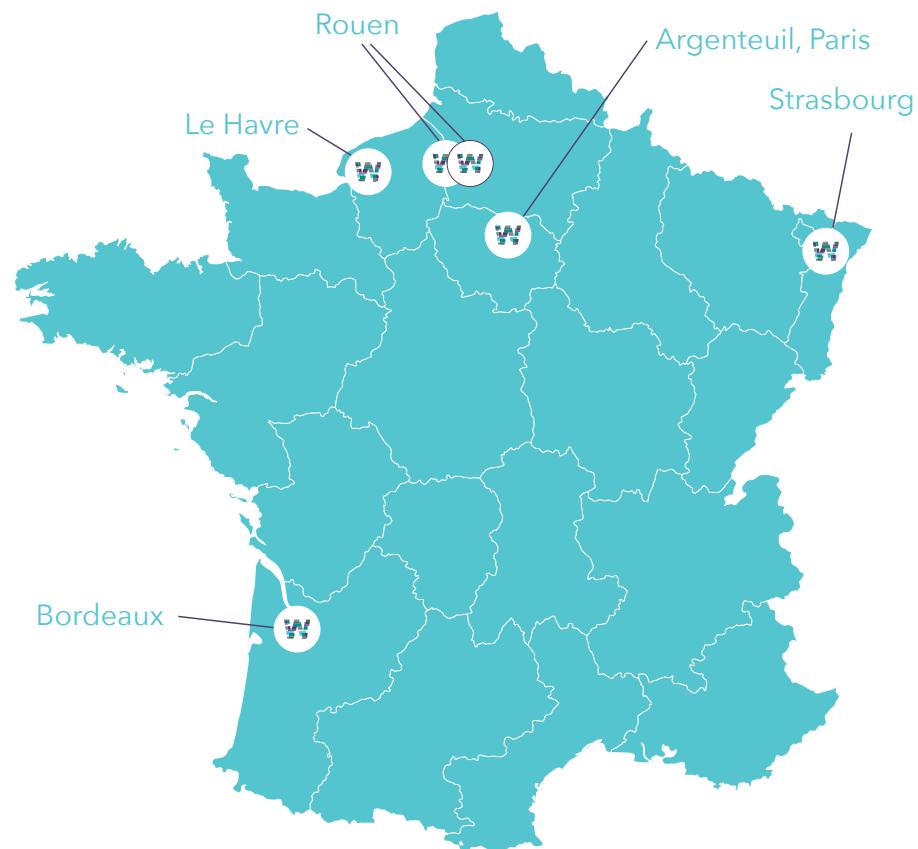
## Shopping Centre Operations

### KEY ECONOMIC PARAMETERS (European Economic Forecast, autumn 2018)

|                                          | 2017 | 2018 | 2019E | 2020E |
|------------------------------------------|------|------|-------|-------|
| GDP growth, yoy                          | 2.2% | 1.7% | 1.6%  | 1.6%  |
| Harmonised index of consumer prices, yoy | 1.2% | 2.1% | 1.7%  | 1.6%  |
| Unemployment                             | 9.4% | 9.0% | 8.8%  | 8.4%  |
| Private consumption, yoy                 | 1.0% | 1.1% | 1.6%  | 1.6%  |

### LOCATIONS

|                           |         |
|---------------------------|---------|
| m <sup>2</sup> shops      | 206,134 |
| Retail units              | 487     |
| Tenants                   | 434     |
| Average employees in 2018 | 46      |

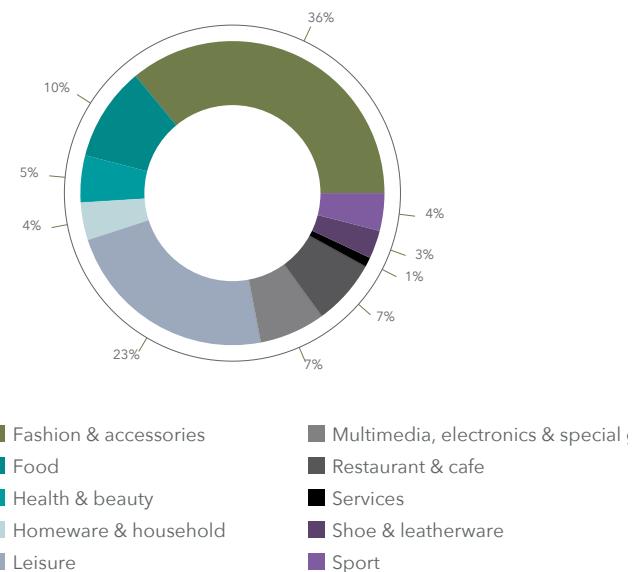


# PROPERTY PORTFOLIO FRANCE

## KEY DATA

|                                                  | 2017  | 2018  |
|--------------------------------------------------|-------|-------|
| Net rental income (in €m)                        | 40.8  | 39.2  |
| Occupancy                                        | 93.2% | 94.0% |
| Investment properties market value (in €m)       | 877.1 | 879.1 |
| Investment properties under construction (in €m) | -     | -     |
| Acquisitions (in €m)                             | -     | -     |
| Disposals (in €m)                                | -     | -     |
| EPRA NIY                                         | 4.6%  | 4.7%  |

## TENANT MIX



## TOP 10 TENANTS

- 1 Hennes & Mauritz
- 2 Inditex
- 3 E. Leclerc
- 4 Pathé
- 5 Auchan
- 6 Sephora
- 7 Mango
- 8 Camaieu
- 9 Promod
- 10 Sostrene Grene

# FRANCE

**Economic growth in France is expected to slow down to 1.6% in 2019, according to Eurostat. Lower labour taxes will help job creation and core inflation is set to pick-up, driven by the strengthening of the economy and rising wages. Rising energy prices and tax hikes on tobacco and energy have raised consumer price inflation in 2018. Inflation is set to reach 2.1% for 2018 and is forecast to moderate to 1.7% in 2019, as price rises are fading out. The investment market for retail was calm. The largest part of the transaction volume of more than 2 billion was generated by high street shops changing in ownership. Prime retail investment is expected to remain stable in occupier and investor demand in 2019, whilst lower market segments will see rents and yields come under pressure.**



Verrerie, Saint Sever, Rouen

The hot summer of 2018 was particularly felt by the fashion sector in France. Turnover was low and later during the year, yellow vests protests had a negative impact on footfall and retailer sales and an increasing effect on security and marketing costs. During the holiday seasons, we have stepped-up our efforts on marketing events to support retailer sales. Wereldhave's city centre shopping centres were less impacted in fottfall and turnover by the yellow vests protests than the average CNCC index.

The food segment is doing well, but there is a trend towards local and "terroir", offering opportunities to smaller retail formats. The larger supermarket chains are seeking to reduce their number of outlets or floorspace. Generally, new concepts in the French market such as the recently opened Action and Zeeman in Argenteuil are doing well. Demand from discount formulas and large home equipment formats is on the rise. We also see an increasing demand from less traditional shopping centre occupiers, such as healthcare and medical, co-working spaces and services.

The investment market was slow. There were no significant retail property transactions during the year. Some larger properties were taken off the market as buyer interest was low.

## Portfolio

There were no changes in the composition of the investment portfolio in 2018. The portfolio consists of six shopping centres, of which two in Rouen, and one in Le Havre, Bordeaux, Argenteuil and Strasbourg.

## Development portfolio

The committed development pipeline in France consists of the Verrerie project in Saint Sever, Rouen. It will add an extensive food court in front of the Kinepolis cinema. The project, which will be completed during in 2019, is nearly fully let. Plans for an extension to accommodate a big fashion anchor are currently being prepared.

## Organisation

The management team in France was strengthened with a new leasing director and an operations director and the team is now in good standing, with a positive energy and focus on improving the performance and net rental income. Open team discussions will be held to analyse expectation levels and targets, to make the organisation more assertive and robust.

# FRANCE

## Sustainability

### **BREEAM certification**

The French shopping centres are up for BREEAM certification renewal in 2019. To deliver on the energy reduction targets, Wereldhave implemented some energy saving measures. The first results look promising, in 2018 we saved 5.5% in energy consumption in France.

### **Social impact activities**

Well over 40 social impact activities were facilitated in 2018. An activity to be highlighted was an employment forum in Mériadeck, where job seekers could find vacant positions, meet recruiters and apply for jobs. The objective of the event was to help unemployed people in the catchment area in finding a job and reduce unemployment. The event was well visited.

## Results and valuation

A total of 49 new leases was signed in 2018. In the tough leasing market of 2018 we have been able to make a strong progress by strengthening the anchor positions in four of our six centres. In Mériadeck, we signed a lease with Truffaut (a gardening centre) for the second floor, and we also accomplished the re-entry of Mango. Next steps for this centre include an upgrade of the food and beverage offer. In Coté Seine, Action became an anchor tenant and in Docks Vauban, Primark. Finally, we improved the food and beverage offer at Le Verrerie in Saint Sever, including a Vapiano. Footfall in the French shopping centres increased by 1.4% during the year, outperforming the CNCC index which stood at -1.7%. The positive trend can be attributed to the opening of a Primark in Docks Vauban and the opening of an Action and Zeeman in Coté Seine.

Our French portfolio improved the like-for-like rent growth to -3.5% for the year (2017: -7.0%).

Occupancy improved during the year from 93.2% at the beginning of the year to 94.0% at year-end. The bankruptcy of two larger toy store chains during the second half of the year will probably mean a temporary setback in occupancy in the beginning of 2019.

The investment portfolio was valued at € 879m on December 31, 2018 (2017: € 877m).

## Outlook

In 2019, our prime focus will be on the improvement of the occupancy of our centres, particularly in Bordeaux and Rouen. In Rouen we will focus on the Verrerie project and the addition of a large fashion anchor to the Saint Sever shopping centre. Also in Rouen, we will pursue the addition of a food anchor to the Docks76 shopping centre. For Mériadeck, we are executing our plans to reposition and revitalise the centre and improve the tenant quality.

# STAFF & ORGANISATION

## Changes to the organisation

**The largest change to the organisation in 2018 was triggered by the disposal of the Itis shopping centre in Finland. Wereldhave's local management organisation was included in the transaction and at December 15, 2018, sixteen of our staff joined ranks with the buyer. To secure and reward their commitment until the finalisation of the deal, retention packages were awarded. This worked out well; the Finnish operational performance in 2018 was strong, as the team remained intact and fully committed. This certainly contributed to the success of the transaction.**

The reorganisation of the Dutch property management organisation, creating four business units with P&L responsibility, worked out well. The teams generated high leasing output and solid results. The largest change to the Dutch organisation was the redesign of the development department. Wereldhave outsourced its development activities to a specialised property developer. Projects are managed by a new Development Director, who reports directly to the Group Development Director. He is assisted by project managers and project controllers, to oversee the execution of works.

Over the past few years, the focus of Wereldhave Belgium has gradually shifted from property development to asset management and leasing. Frank Adriaensen was appointed Group Development Director, a job that he combines with his Development Director role in Belgium. A new CFO and an Operations Director were appointed early in 2018. This triggered some further changes to the organisation, aimed at increasing the drive and energy, particularly towards tenants and shopping centre visitors.

In France, the number of changes in the organisation was high, and talent attraction and retention is becoming a key topic for Wereldhave France. With the small size of the portfolio, career opportunities are modest and good people are hard to find. The management team in France was strengthened with a new leasing director and an operations director and the team is now in good standing, with a positive energy and focus on improving the organisation. Open team discussions will be held to analyse expectation levels and targets, to make the organisation more assertive and robust.

At Head office level a new Marketing and Branding department and a Customer Journey project organisation were created. The Customer Journey project is based on six overarching promises, which have been translated into specific focus items. Pilot projects were launched to establish design standards and evaluated using input from customer surveys that were taken. An implementation scheme has been set up to execute more than 50 initiatives over the entire portfolio in 2019 and 2020.

All in all, 2018 was a very busy year for our organisation and the Board of Management would like to express its gratitude towards all employees for their loyal support, dedication and commitment.

### Facts & figures per December 31, 2018

|                           |             |
|---------------------------|-------------|
| Number of employees       | 165 FTE     |
| Women                     | 100 (56.8%) |
| Men                       | 76 (43.2%)  |
| Average age               | 41.0 years  |
| Average length of service | 4.6 years   |
| Absence due to illness    | 3.0%        |

# RESULTS

## TOTAL RESULT

The total result for 2018 amounts to € -55.6m, against € 84.3m for 2017. The direct result decreased to € 146.7m, or € 3.33 per share (FY 2017: € 3.43). The indirect result for 2018 came out at € -202.3m (2017: € -65.8m).

## DIRECT RESULT

The direct result decreased by 2.3% from € 150.1m to € 146.7m, or € 3.33 per share, which is in line with the latest guidance of € 3.30 – € 3.35. (FY 2017: € 3.43). The full year indirect result stood at € -202.3m (2017: € -65.8m).

The net rental income from continued operations decreased by 0.5% from € 167.3m to € 166.4m. This can mainly be attributed to property disposals and lower rental income in France, which were partly compensated by additional rental income from developments that were taken into operation. Net rental income Finland is accounted for as discontinued operations. General costs for 2018 of € 13.8m (excluding customer journey expenses) were 13% lower than in 2017 (€ 15.9m). This decrease is mainly due to the reorganisation in 2017 and subsequent cost savings in the Netherlands.

The average interest rate at year-end 2018 increased from 1.96% to 2.08%, as low-interest rate debt was repaid with the proceeds from the disposal in Finland. Interest costs increased by 9% from € 30.2m in 2017 to € 33.0m in 2018. This is mainly the result of the increased size of the group debt during the year and temporarily undrawn facilities in 2018.

|                                     | 2017         | 2018         |
|-------------------------------------|--------------|--------------|
| Net rental income                   | 167.3        | 166.4        |
| General costs                       | -15.9        | -13.8        |
| Other income and expense            | 0.4          | 0.1          |
| Net interest                        | -30.2        | -33.0        |
| Taxes on result                     | -1.2         | -1.6         |
| Result from discontinued operations | 29.8         | 28.7         |
| <b>Total direct result</b>          | <b>150.1</b> | <b>146.7</b> |

# RESULTS

## INDIRECT RESULT

The indirect result for 2018 came out at € -202.3m. The valuation result for 2018 amounts to € -94.5m (H1 2018: € 25.9m, excluding Finland). There were negative revaluations of € -33.8m in France, € -59.4m in the Netherlands and € -1.3m in Belgium.

The indirect result from discontinued operations in Finland of € -101m consists of the valuation result of € -18m for the first half of 2018, a loss on book value on the transaction of € -48m (8.5% of book value), € -22m of invested capital expenditure and € -13m relating to transaction costs, the release of deferred tax assets and working capital settlement.

The negative revaluation in France can mainly be attributed to lower market rents. In the Netherlands, lower market rents, non-yielding capex and expanding yields more or less equally contributed to the negative revaluation. In Belgium, the success of the opening of Les Bastions contributed to a lower yield on the overall portfolio, against a lower valuation of the offices portfolio.

|                                     | 2017         | 2018          |
|-------------------------------------|--------------|---------------|
| Valuation result                    | -56.1        | -94.5         |
| Result on disposal                  | 0.2          | -1.6          |
| General costs                       | -            | -3.1          |
| Other income and expense            | 0.2          | -3.6          |
| Taxes                               | 0.8          | 1.2           |
| Result from discontinued operations | -10.9        | -100.7        |
| <b>Total indirect result</b>        | <b>-65.8</b> | <b>-202.3</b> |

# EQUITY AND DEBT

## EQUITY

On December 31, 2018, shareholders' equity including minority interest amounted to € 1,975.8m (December 31, 2017: € 2,117.0m). The number of shares in issue did not change during the year, at 40,270,921 ordinary shares. The net asset value per share (EPRA NAV) including current result stood at € 43.82 at December 31, 2018 (2017: € 50.00). EPRA NNNAV stood at € 42.41 per share (December 31, 2017: € 47.41)

## DEBT FINANCING

In 2018, Wereldhave refinanced € 80m in bank loans and credit facilities, whereas the company's revolving credit facility of € 300m was extended by one year until 2023. After the balance sheet date of 31 December 2018 this revolving credit facility was extended for another year, until February 2024. The new € 350m revolving credit facility that was signed in July 2018 was terminated in December 2018 following the completion of the sale of shopping centre Itis.

Wereldhave Belgium established a Treasury Notes programme. At year-end € 35m in short term notes was outstanding under this programme. Following these financing activities, and with proceeds of the disposal of the Finnish assets being used to repay debt, the liquidity profile of the company improved significantly.

Interest-bearing debt was € 1,358.3m at December 31, 2018, which together with a cash balance of € 125.9m gives a net debt of € 1,232.4m. Undrawn borrowing capacity amounted to € 430m and the Loan-to-value ratio amounted to 37.5% (December 31, 2017: 40.7%). This is at mid-point of the preferred range and provides ample room for refinancing all upcoming debt maturities, including the Convertible Bond expiring in May. As at year-end 2018 the average cost of debt and ICR were 2.08% and 6.2x respectively. The weighted average term to maturity of interest-bearing debt was 4.2 years.

## DIVIDEND

In respect of the year 2018 a full-year dividend will be paid of € 2.52. This means a final dividend will be proposed of € 0.63 per share. The ex-dividend date is April 30, 2019. The dividend will be payable as from May 6, 2019.

## OUTLOOK

The direct result per share for 2019 is expected to be between € 2.75 and € 2.85 per share, assuming a stable portfolio. Our forecast includes a positive like-for-like rental growth, slightly below indexation. The dividend for 2019 is to remain unchanged at € 2.52 per share, or € 0.63 per quarter.

# EPRA TABLES

## as per December 31, 2018

### INVESTMENT PROPERTY – RENTAL DATA

(x € 1,000)

|                        | Gross<br>rental<br>income | Net<br>rental<br>income | Lettable<br>space<br>(m <sup>2</sup> )** | Annualised<br>gross rent*/<br>** | Annual<br>theoretical<br>rent*/** | Estimated<br>rental<br>value*/** | EPRA<br>vacancy<br>rate** |
|------------------------|---------------------------|-------------------------|------------------------------------------|----------------------------------|-----------------------------------|----------------------------------|---------------------------|
| Belgium                | 52,359                    | 47,757                  | 279,436                                  | 56,481                           | 59,362                            | 58,018                           | 3.8%                      |
| France                 | 51,270                    | 39,183                  | 206,034                                  | 44,880                           | 49,507                            | 50,157                           | 6.0%                      |
| Netherlands            | 93,125                    | 79,414                  | 423,088                                  | 96,711                           | 98,445                            | 97,115                           | 2.9%                      |
| <b>Total portfolio</b> | <b>196,754</b>            | <b>166,354</b>          | <b>908,558</b>                           | <b>198,071</b>                   | <b>207,314</b>                    | <b>205,290</b>                   | <b>3.9%</b>               |

\* excluding parking, residential and specialty leasing

\*\* as per balance sheet date 31 December 2018

The EPRA vacancy rate is determined on a unit by unit basis. Vacancy due to redevelopment has been excluded from the vacancy rate. The total reversionary potential is currently estimated at approximately -1.0%.

### INVESTMENT PROPERTY – LEASE DATA

(x € 1,000)

|                        | Average lease length in |            | Annual rent of leases expiring in |               |               |
|------------------------|-------------------------|------------|-----------------------------------|---------------|---------------|
|                        | years*                  | to break   | Year 1                            | Year 2        | Year 3-5      |
| Belgium                |                         | 2.7        | 4,718                             | 4,456         | 18,560        |
| France                 |                         | 2.0        | 10,598                            | 5,646         | 9,028         |
| Netherlands            |                         | 3.8        | 6,557                             | 12,728        | 31,875        |
| <b>Total portfolio</b> |                         | <b>3.0</b> | <b>21,873</b>                     | <b>22,830</b> | <b>59,463</b> |

\* Excluding indefinite contracts

# INVESTMENT PROPERTY - LIKE-FOR-LIKE NET RENTAL INCOME

## NET RENTAL INCOME 2018

(x € 1,000)

|                        | Properties<br>owned<br>throughout |              | Develop-<br>ment | Other        | Total net<br>rental<br>income |
|------------------------|-----------------------------------|--------------|------------------|--------------|-------------------------------|
|                        | 2 years                           | Acquisitions |                  |              |                               |
| Belgium                | 41,347                            | 142          | 250              | 6,046        | -28                           |
| Finland                | -                                 | -            | 26,989           | -            | -                             |
| France                 | 38,963                            | -            | -                | 220          | -                             |
| Netherlands            | 71,709                            | 2,043        | 712              | 3,731        | 1,218                         |
| <b>Total portfolio</b> | <b>152,019</b>                    | <b>2,185</b> | <b>27,951</b>    | <b>9,997</b> | <b>1,190</b>                  |
|                        |                                   |              |                  |              | <b>193,343</b>                |

Like-for-like net rental growth 0.8% total portfolio.

## NET RENTAL INCOME 2017

(x € 1,000)

|                        | Properties<br>owned<br>throughout |              | Develop-<br>ment | Other        | Total net<br>rental<br>income |
|------------------------|-----------------------------------|--------------|------------------|--------------|-------------------------------|
|                        | 2 years                           | Acquisitions |                  |              |                               |
| Belgium                | 40,179                            | -            | 2,868            | 2,912        | 401                           |
| Finland                | -                                 | -            | 27,896           | -            | -                             |
| France                 | 40,358                            | -            | -                | 434          | -                             |
| Netherlands            | 70,332                            | 1,889        | 3,153            | 3,043        | 1,702                         |
| <b>Total portfolio</b> | <b>150,869</b>                    | <b>1,889</b> | <b>33,917</b>    | <b>6,389</b> | <b>2,103</b>                  |
|                        |                                   |              |                  |              | <b>195,167</b>                |

Like-for-like net rental growth is determined on a unit by unit basis. Units in redevelopment are excluded from the like-for-like analysis.

## CALCULATION EPRA 'TRIPLE NAV' PER SHARE

|                                                    | December<br>31, 2017 | December<br>31, 2018 |
|----------------------------------------------------|----------------------|----------------------|
| Shareholders' equity per share                     | 47.92                | 43.35                |
| Adjustment for fair value of derivatives           | 0.22                 | 0.30                 |
| Adjustment for deferred taxes                      | 1.86                 | 0.17                 |
| <b>EPRA net asset value per share</b>              | <b>50.00</b>         | <b>43.82</b>         |
|                                                    |                      |                      |
| Adjustment for fair value of derivatives           | -0.22                | -0.30                |
| Adjustment for fair value of interest-bearing debt | -1.25                | -1.01                |
| Adjustment for fair value of deferred tax          | -1.12                | -0.10                |
| <b>EPRA 'triple NAV' per share</b>                 | <b>47.41</b>         | <b>42.41</b>         |

## EPRA COST RATIO\*

(x € 1,000)

|                           | 2017          | 2018          |
|---------------------------|---------------|---------------|
| Net service charges       | 6,463         | 8,509         |
| Property expenses         | 21,789        | 23,118        |
| General Costs             | 16,290        | 16,995        |
| Ground rent               | (1,233)       | (1,245)       |
| <b>Total Costs (EPRA)</b> | <b>43,309</b> | <b>47,377</b> |
|                           |               |               |
| Gross rental income       | 223,419       | 224,969       |
| <b>Cost ratio (%)</b>     | <b>19.4%</b>  | <b>21.1%</b>  |

\* total of continuing and discontinued operations

## EPRA NET INITIAL YIELD AND 'TOPPED-UP' INITIAL YIELD

(x € 1,000)

|                                                                             | Income  | Investment properties |
|-----------------------------------------------------------------------------|---------|-----------------------|
| <b>Gross investment portfolio valuation excluding assets in development</b> |         | <b>3,199,843</b>      |
| Purchasers costs                                                            |         | -110,688              |
| Properties in Development                                                   |         | 191,052               |
| Properties classified as held for sale                                      |         | 6,940                 |
| Net portfolio valuation as reported in the financial statements             |         | 3,287,147             |
| <b>Income and yields</b>                                                    |         |                       |
| Net operational income used for calculation of EPRA Net Initial Yield       | 172,609 | 5.4%                  |
| Rent-free periods (including pre-lets)                                      | 4,443   | 0.1%                  |
| Rent for 'topped-up' initial yield                                          | 177,052 | 5.5%                  |

## SUMMARY OF INVESTMENT PROPERTIES

(in € millions)

|                        | Shopping Centres |                          | Offices      |                         | Total        |                         |
|------------------------|------------------|--------------------------|--------------|-------------------------|--------------|-------------------------|
|                        | Market value     | Annual theoretical rent* | Market value | Annual theoretical rent | Market value | Annual theoretical rent |
|                        |                  |                          |              |                         | Annual       | Annual                  |
| Belgium                | 862              | 50.6                     | 95           | 8.8                     | 957          | 59.4                    |
| France                 | 879              | 49.2                     | -            | -                       | 879          | 49.5                    |
| Netherlands            | 1,444            | 98.2                     | -            | -                       | 1,444        | 98.4                    |
| <b>Total portfolio</b> | <b>3,185</b>     | <b>198.0</b>             | <b>95</b>    | <b>8.8</b>              | <b>3,280</b> | <b>207.3</b>            |

\* excluding parking and residential

## SUMMARY OF THE VALUATION ADJUSTMENTS OF THE INVESTMENT PROPERTIES

(in € millions)

|                        | Market value | Revaluation in 2018 | Shopping Centres | Offices      | Total        |
|------------------------|--------------|---------------------|------------------|--------------|--------------|
| Belgium                | 957          | -1                  | 0.6%             | -6.7%        | -0.1%        |
| France                 | 879          | -34                 | -3.7%            | -            | -3.7%        |
| Netherlands            | 1,444        | -59                 | -3.9%            | -            | -3.9%        |
| <b>Total portfolio</b> | <b>3,280</b> | <b>-95</b>          | <b>-2.7%</b>     | <b>-6.7%</b> | <b>-2.8%</b> |

## EPRA PERFORMANCE MEASURES

### PERFORMANCE

#### MEASURES

#### DEFINITION

#### PURPOSE

|                         |                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                             |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EPRA NAV                | IFRS Net Asset Value (NAV) excluding certain items not expected to crystallise in a long-term investment property business model. The EPRA NAV excludes the fair value of derivatives and deferred tax liabilities.                                                                                                                                       | Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy. |
| EPRA NNNAV (triple net) | EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.                                                                                                                                                                                                                                                           | Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate entity.                                           |
| EPRA Net Initial Yield  | Annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, including estimated purchasers' cost (EPRA Net Initial Yield = ( (Annualised rent passing + other income + turnover rent -/- property expenses) / Gross Property Value )). | A comparable measure for portfolio valuations.                                                                                                                                                                              |
| EPRA Vacancy            | Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.                                                                                                                                                                                                                                                                | A measure of investment property space that is vacant, based on ERV.                                                                                                                                                        |
| EPRA Cost Ratio         | The calculation for a cost ratio is based on total operating cost and gross rental income.                                                                                                                                                                                                                                                                | Cost ratio to reflect the relevant overhead and operating costs of the business and provide a recognised and understood reference point for analysis of a company's costs.                                                  |

# DIRECT & INDIRECT RESULT

## for the year ended December 31, 2018

(x € 1,000)

|                                                            | 2018           |                 | 2017           |                 |
|------------------------------------------------------------|----------------|-----------------|----------------|-----------------|
|                                                            | direct result  | indirect result | direct result  | indirect result |
| Gross rental income                                        | 196,754        | -               | 193,801        | -               |
| Service costs charged                                      | 35,267         | -               | 33,817         | -               |
| <b>Total revenues</b>                                      | <b>232,021</b> | <b>-</b>        | <b>227,618</b> | <b>-</b>        |
| Service costs paid                                         | -43,029        | -               | -39,222        | -               |
| Property expenses                                          | -22,638        | -               | -21,125        | -               |
| <b>Total expenses</b>                                      | <b>-65,667</b> | <b>-</b>        | <b>-60,347</b> | <b>-</b>        |
| <b>Net rental income</b>                                   | <b>166,354</b> | <b>-</b>        | <b>167,271</b> | <b>-</b>        |
| Valuation results                                          | -              | -94,513         | -              | -56,091         |
| Results on disposals                                       | -              | -1,578          | -              | 220             |
| General costs                                              | -13,837        | -3,110          | -15,905        | -               |
| Other income and expense                                   | 113            | -1,572          | 394            | -2,689          |
| <b>Operational result</b>                                  | <b>152,630</b> | <b>-100,772</b> | <b>151,759</b> | <b>-58,560</b>  |
| Interest charges                                           | -33,028        | -               | -30,300        | -               |
| Interest income                                            | 71             | -               | 56             | -               |
| <b>Net interest</b>                                        | <b>-32,957</b> | <b>-</b>        | <b>-30,244</b> | <b>-</b>        |
| Other financial income and expense                         | -              | -2,062          | -              | 2,869           |
| <b>Result before tax</b>                                   | <b>119,673</b> | <b>-102,834</b> | <b>121,515</b> | <b>-55,691</b>  |
| Income tax                                                 | -1,634         | 1,240           | -1,179         | 789             |
| <b>Result from continuing operations</b>                   | <b>118,039</b> | <b>-101,594</b> | <b>120,336</b> | <b>-54,902</b>  |
| <b>Result from discontinued operations</b>                 | <b>28,660</b>  | <b>-100,739</b> | <b>29,760</b>  | <b>-10,863</b>  |
| <b>Result</b>                                              | <b>146,699</b> | <b>-202,333</b> | <b>150,096</b> | <b>-65,765</b>  |
| Profit attributable to:                                    |                |                 |                |                 |
| Shareholders                                               | 134,131        | -202,137        | 138,110        | -70,421         |
| Non-controlling interest                                   | 12,568         | -196            | 11,986         | 4,656           |
| <b>Result</b>                                              | <b>146,699</b> | <b>-202,333</b> | <b>150,096</b> | <b>-65,765</b>  |
| <i>Earnings per share from continuing operations (€)</i>   | <i>2.62</i>    | <i>-2.52</i>    | <i>2.69</i>    | <i>-1.48</i>    |
| <i>Earnings per share from discontinued operations (€)</i> | <i>0.71</i>    | <i>-2.50</i>    | <i>0.74</i>    | <i>-0.27</i>    |
| <i>Earnings per share (€)</i>                              | <i>3.33</i>    | <i>-5.02</i>    | <i>3.43</i>    | <i>-1.75</i>    |

# SUSTAINABILITY

## STRATEGY & INTEGRATED APPROACH

As a shopping centre operator, Wereldhave benefits from socioeconomically healthy catchment areas. Shopping centres play an important role in the local society, economy and everyday life of consumers. Wereldhave is very much aware that the retail trade is one of the largest employers in the region. Shopping centres are offering a wide range of services, care and education in addition to shops and catering establishments. They not only serve to trade goods and services, but they are also the local places for the exchange of ideas, cultures and values. People from all sections of society go there to shop, eat, socialise, learn, be entertained and much more. It is Wereldhave's ambition to bring people together in our centres. This means that we must devote continuous effort to creating inspiring places that facilitate the need for social and sustainable involvement in the local environment.

We choose to make the difference, with future-proof, sustainable real estate, by encouraging social integration and playing a meaningful role locally. We continuously work on making our properties sustainable with an integrated approach. In addition, we work on long-term relationships with visitors, employees, investors, entrepreneurs, suppliers and the immediate surroundings of our assets. This is the way in which we implement our social responsibility; the Environmental, Social & Governance policy of Wereldhave is based on this ambition. Since 2013 we use a four-pillar structure approach to integrate sustainability into our corporate strategy:

### Bricks, environmental impact

We are dedicated to reduce the environmental impact of our real estate assets, through the optimisation of energy efficiency, the use of sustainable materials and the promotion of sustainable transport modes.

### People, human impact

We attract and retain people, develop our human capital and grow employee talent potential. Wereldhave aims to be a good employer for people who invest in themselves, their work and our company.

### Partners, supply chain collaboration

We strengthen our sustainable partnerships with our key stakeholders to achieve our sustainability objectives.

### Society, social impact

Our social responsibility is towards the society in the catchment areas of our shopping centres. We aim to foster social inclusion and to play a meaningful role in the local community.

# SUSTAINABILITY

## Sustainable governance structure

Wereldhave aims to be effective in achieving its sustainability goals by having a dedicated governance in place throughout the organisation. This starts with the board: the CFO is responsible for the sustainability policy of the organisation and the Group CSR manager reports directly to the CFO. The Group Sustainability Committee takes the strategic decisions; this committee consists of the CEO, CFO, country directors and the Group CSR Manager, while the international Management Team regularly joins in, as well. The GSC has formulated short-term, mid-term and long-term targets; the countries report quarterly regarding the sustainability performance of the organisation and the position with regard to the KPIs. The data acquired through these quarterly reports are verified, therewith safeguarding the quality of the information.

The operational implementation of the sustainability policy is directed by the Group CSR Manager in cooperation with the individual initiators in each country. The managers of the various departments are responsible for the implementation of sustainability in their departments. The projects that contribute to the achievement of targets are integrated in Wereldhave's budget business plans.

As a result of this governance structure, Wereldhave can effectively implement its sustainability ambitions in its daily operations.



## Sustainable Development Goals

Wereldhave has been inspired by the UN Sustainable Development Goals for its sustainability ambitions. In 2015 the United Nations launched the 2030 agenda for sustainable development. This agenda contains seventeen sustainable development goals. Wereldhave has chosen to link its corporate strategy to the sustainable development goals that are the most relevant for it:

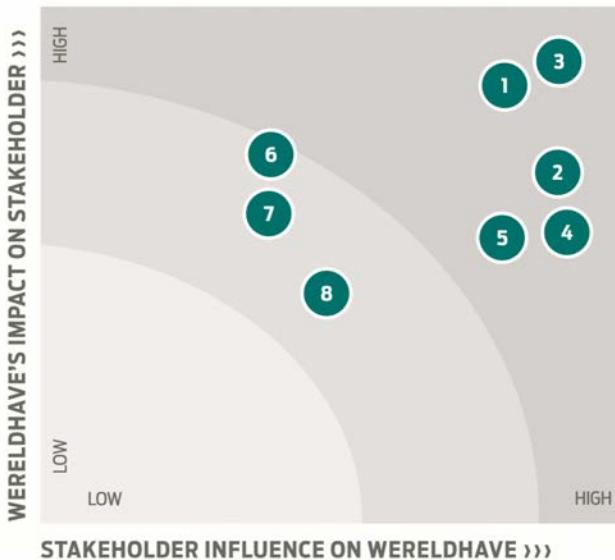
- Renewable Energy
- Good jobs and economic growth
- Sustainable cities and communities
- Climate action
- Partnerships for the goals

These development objectives have been discussed with a number of stakeholders and are linked to the sustainability ambitions (see Appendix sustainable development goals).

# STAKEHOLDER ENGAGEMENT AND MATERIALITY

## OUR STAKEHOLDERS

Cooperation with our stakeholders is essential for the success of our business operations. The figure below shows Wereldhave's stakeholders and their strategic relevance. The interested parties are identified and selected in consultation with the Group Sustainability Committee. Stakeholders who have a significant impact on Wereldhave and vice versa are regarded as the most relevant stakeholders. Wereldhave maintains an ongoing dialogue with its stakeholders; these opportunities for contact are business-as-usual for our employees.



- 1) Customers
- 2) Tenants
- 3) Employees
- 4) Investors
- 5) Community
- 6) Governments
- 7) Suppliers and contractors
- 8) NGO's

For each type of stakeholder we have designed a suitable approach, which varies from daily contact to annual evaluation discussions (See Appendix Stakeholder Dialogue). For example, our local operational management teams engage with tenants, consumers and local communities. They understand the relevance of a pro-active cooperation with the catchment area for the success of the centres. They know what inspires consumers to visit the shopping centre and they keep in close contact with the tenants, municipalities and other local stakeholders.

In addition to this pro-active local management, Wereldhave engages stakeholders at corporate level. For example, in the past year special events were organised under our Key Account Management programme for the largest tenants, including special events related to the Provada and Mapic. Wereldhave is also partner of the Dutch Retailer of The Year awards, to promote sustainability and support innovative start-ups in the Dutch retail landscape.

Stakeholders that have any questions/remarks on Wereldhave's sustainability strategy and performance are encouraged to contact us at [sustainability@wereldhave.com](mailto:sustainability@wereldhave.com).

# STAKEHOLDER ENGAGEMENT AND MATERIALITY

## MATERIALITY MATRIX

Since 2013 Wereldhave has been using the materiality assessment as the tool for focusing on the strategic sustainability agenda. We have obtained information in various ways to assess the expectations and interests of our internal and external stakeholders. Discussions have also been conducted with stakeholders about the organisation's long-term strategy and the accompanying objectives, through interviews, for example, as well as workshops, satisfaction surveys and desk research. The stakeholders were asked to classify materiality themes by relevance. General themes that are sector-specific have been added. This input was used to design a materiality matrix with the most relevant topics for our organisation and portfolio. The objective is to create long-term value for all stakeholders with a logical approach. All material topics have a relevant impact on the long-term success of Wereldhave and its stakeholders. Based on external developments such as increased attention for climate change (the Paris Agreement) and the Sustainable Development Goals of the United Nations, the materiality matrix was updated in 2018.

While energy conservation was a materiality theme of high relevance in the past, the choice has now been made for a broader topic, namely climate change. Consequently, the ambition of merely improving energy efficiency has shifted to the reduction of the organisation's CO<sub>2</sub> footprint. In addition, we emphasise that attractive shopping centres of the future also must be healthy and safe for entrepreneurs, visitors and the local surroundings. Recruiting and retaining talent has also risen in the materiality matrix, in particular as a result of the more favourable working climate in Europe and the 'war for talent'. The matrix plots the relevance and importance of topics for both stakeholders and the company.

MATERIALITY MATRIX WERELDHAVE



# BRICKS: ENVIRONMENTAL PERFORMANCE

We aim to reduce the environmental impact of our property by optimising energy efficiency, reducing the use of natural resources, applying sustainable materials and promoting public transport. We want to keep our shopping centres appealing, healthy and safe for the customers, with pro-active local management and with renovation and redevelopment projects. The Key Performance Indicators and progress data are included in an overview of all environmental indicators, which can be consulted in the appendix.

## Climate change

The climate is changing and this also impacts real estate property in Europe. Extreme weather influences are a potential risk, not only for our buildings but also for the retail turnover in our centres. The weather has a significant impact on a consumer's choice of whether or not to go shopping. In the event of extreme cold or heat, consumers prefer to stay at home. Extreme weather conditions also put higher demands on equipment, for cooling and heating for example. These risks have an impact on the operational costs and the commercial value of our buildings. The adaptability

of a building to changing climate conditions is a requirement that will become increasingly important in the future. Wereldhave therefore developed a strategy for limiting these risks at asset level and the adaptability of our buildings to climate change is monitored in accordance with the BREEAM guidelines.

Wereldhave can also create value by limiting the emission of greenhouse gases, such as CO<sub>2</sub>. Our Environmental Management Policy describes the measures being taken.

| Target                                                   | Performance                                                | Progress |
|----------------------------------------------------------|------------------------------------------------------------|----------|
| Improve energy efficiency by 30% (baseline 2013) by 2020 | Energy efficiency improved by 32% (2013-2018)              | ●        |
| Generate 2,000 MWh renewable energy on site by 2020      | 2,160 MWh renewable energy generated on site               | ●        |
| BREEAM 'Very Good' for shopping centres by 2020          | 72% of NAV (in scope) certified BREEAM Very Good or higher | ●        |

● Achieved or ongoing   ● Partially met   ○ Not met

## BRICKS: ENVIRONMENTAL PERFORMANCE

### Energy

Another part of our climate policy is the reduction of energy consumption. In 2013 Wereldhave began digitising the main meters for gas, electricity, district heating and water. All main meters are smart meters that are read remotely. These data are available on a 24/7 basis through an online portal. This provides insight and allows us to work on reducing consumption. Since 2013, Wereldhave's target for improving the energy-efficiency of its shopping centres has been a 30% reduction by 2020. We are happy to announce that by year-end 2018, this target was achieved with energy savings of 32% (energy efficiency 2013-2018 kWh per visitor).

Pro-active energy management has a significant impact on the reduction of gas consumption. As an example, our Heating Ventilation Air Conditioning (HVAC) systems are controlled more strictly by means of the building management systems. Based on the outdoor temperature, opening hours, season and the expected level of traffic in the shopping centre, for example, whether heating is needed is determined automatically.

Achieving the energy efficiency target encourages us to go further than merely reducing energy consumption. Wereldhave will henceforth also focus on reducing the emission of Green House Gases, including CO<sub>2</sub>. Wereldhave's shopping centre emissions decreased in the past year by 65% (carbon emission per visitor, like-for-like).

In addition to the use of sustainably powered electricity, as from 1 January 2018 Belgium is using green power. As yet, no green electricity is purchased in France, in part because of the organisation's relatively low CO<sub>2</sub> intensity, but in the years to come we will continue to evaluate where further sustainability improvements can be achieved.

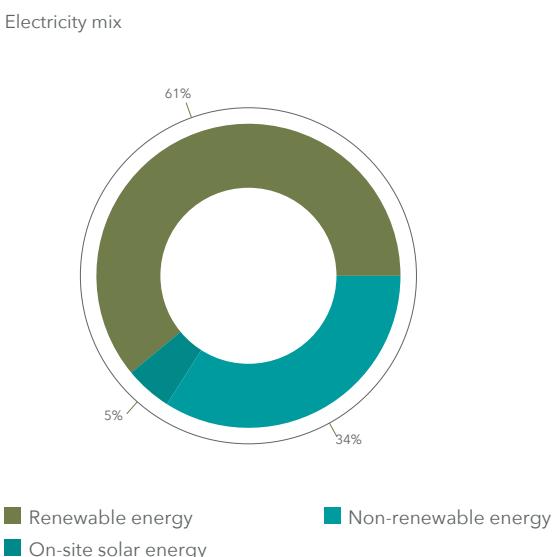
### Best practice: heating without gas

*Following suit with its environmental policy, Wereldhave aims to decrease its dependence on gas for heating its Dutch shopping centres. For this reason we are increasingly looking at other alternatives. Starting the fourth quarter of 2018, the central heating system of the Kronenburg shopping centre is taken off the natural gas grid and connected to the district heating. This saves 400 tonnes of carbon emission per year.*

## BRICKS: ENVIRONMENTAL PERFORMANCE

### Renewable energy on-site

Wereldhave invests in solar panels to provide the shopping centres with sustainably generated power. In 2018, 4,500 solar panels were commissioned in the Koningshoeck, Belle-Ile and Les Bastions shopping centres. Wereldhave has installed a total of more than 12,500 solar panels in 11 shopping centres. Wereldhave's ambition is to install another 8,000 solar panels on the rooftops of the shopping centres in Amersfoort, Arnhem (Presikhaaf), Heerhugowaard, Courtrai and Genk before the end of 2020. A few years ago, Wereldhave committed to reaching a target of generating at least 2,000 MWh with solar power in 2020. That target was already reached in 2018.



### Best practice: energy saving experiments

*Energy conservation experiments are regularly conducted in our shopping centre. One of the more drastic experimental measures was switching off air treatment during the opening hours of a shopping centre in Belgium. The air quality and temperature in the shopping centre were continuously monitored through sensors, as under no circumstances we accept concessions regarding the indoor climate and comfort of the shopping centre. The system is switched on or off based on sensor data. Naturally, many other factors must still be studied, but the initial results look promising. The investments are relatively low and in the first year, savings of approximately 12% were achieved in the pilot shopping centre. Thanks to the temperate climate and geographical location of most shopping centres in the Netherlands, France and Belgium, this energy saving measure is likely to provide opportunities for our other shopping centres. For the time being, we are assessing whether the requirements of the indoor climate will remain satisfactory when the system is completely automated.*

# BRICKS: ENVIRONMENTAL PERFORMANCE

## Water

Wereldhave is focused on limiting water consumption. Our shopping centres and offices used a total of 242,000 m<sup>3</sup> water in 2018, including tenants' water consumption. By dealing with water efficiently, we can actually reduce the operational costs of the shopping centres. Most water is used for cleaning the shopping centres and for the toilets, cooling- and fire protection systems. The water consumption is monitored 24/7 by a monitoring tool; the consumption is reported to the group quarterly.

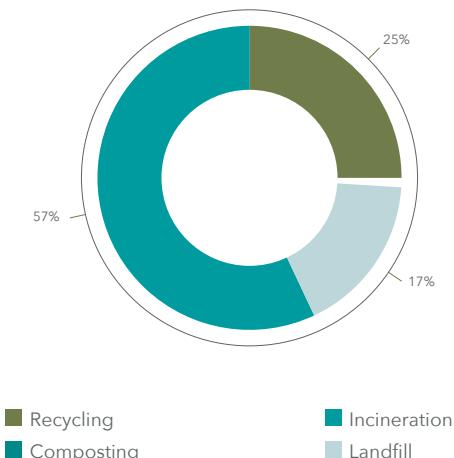
To reduce water consumption, at a number of locations the water for sprinklers and fire-protection systems used for testing the systems is reused. Rain water is also reused in three Belgian shopping centres. In addition, restrooms are being replaced as part of the Customer Journey improvement programme, and the new restroom designs are equipped with water-saving toilets and taps.

## Waste

Guidelines with regard to waste management are also included in Wereldhave's environmental policy. The objective of the waste management policy is to separate waste flows and collect these as efficiently as possible, and to reduce the carbon emissions and transport costs by means of automatic "full" warnings for waste compacting containers. At an increasing number of locations, charges for waste removal are based on the principle of "the polluter pays", in which case tenants pay per quantity of waste collected, and not per square metre.

Thanks to the automatic "full" warnings, waste transport is planned more efficiently, enabling us to reduce the number of times waste is collected. This results in savings on CO<sub>2</sub> emissions, as well as a reduction in the nuisance experienced by neighbours from delivery and collection vehicles.

Waste disposal routes



# BRICKS: ENVIRONMENTAL PERFORMANCE

## Sustainable Building Certificates

In 2013 Wereldhave decided to standardise and improve the sustainable quality of the buildings and their management using the certification tool BREEAM. Wereldhave uses the BREEAM 'In Use' and 'New Construction' frameworks. Relevant themes fall within these frameworks, such as tenant satisfaction, accessibility, health and safety, biodiversity, maintenance, waste management, energy and water efficiency. In 2018 the BREEAM certificate was renewed for the Vier Meren shopping centre: sustainability performance of the shopping centre has improved thanks to the implementation of the Environmental Management Policy. Twenty of Wereldhave's 31 shopping centres have a BREEAM certificate. Sustainability certification is less relevant for a number of small shopping centres, where BREEAM best practices and our own tools are used to improve the centres. Wereldhave also has EPC labels in all countries where this is required under local legislation and regulations.

## Biodiversity

Smart use of local ecological value enables us to improve the biodiversity around our shopping centres and to support the local flora and fauna. In accordance with the biodiversity policy, the local ecological value is assessed by an ecologist who also advises Wereldhave on its action plans. Wereldhave has its own biodiversity policy and is committed to not operating in World Heritage areas and IUCN Category I-IV protected areas. Wereldhave has chosen to devote specific attention to bees, insects and birds. Wereldhave also uses its role in society to generate attention for the biodiversity theme in cooperation with local schools or associations.

At the end of 2018, 61% of the shopping centres had implemented at least one biodiversity measure, such as a green roof, nesting boxes for birds, bee hotels, insect hotels or a project in collaboration with a local school or association. Wereldhave has more than 25,000 m<sup>2</sup> of green roofs on its shopping centres; in addition to biodiversity the green roofs ensure water retention, air purification, insulation and heat regulation.

## Best practice: Greendeal

*In Belgium, we are cooperating with Greendeal, an initiative of Belgian environmental and landscape organisations in which more than 110 companies are working together to increase the biodiversity around their buildings over the next three years. Wereldhave's commitments through Greendeal include drawing up and implementing a landscape and management plan for the shopping centres in Genk and Doornik, for a surface area of about fourteen hectares. The Green Deal companies and biodiversity also contribute to the policy objective of realising biodiverse ecosystems outside of nature conservation areas, so that nature conservation areas can be linked together.*

## BRICKS: ENVIRONMENTAL PERFORMANCE

### Health and safety

Health and safety risks are assessed for all shopping centres and office buildings. These assessments include reports of certificates achieved, training and incidents. In 2018 health and safety trainings were organised at 58% of the offices and shopping centres in order to prepare entrepreneurs and the local company emergency response teams for unexpected situations. The training often covers fire safety, evacuation and First Aid. In addition, Wereldhave is working towards making all shopping centres accessible for disabled persons in the best possible way. Currently, 82% of the buildings are easily accessible for disabled persons.



# PEOPLE: OUR HUMAN CAPITAL

Wereldhave endeavours to be a good employer for employees who wish to invest in their personal development, who are passionate about their work, and who contribute to the success of the enterprise. The pro-active management of shopping centres requires highly qualified employees with a passion for serving consumers. At the shopping centres, talented multidisciplinary teams continuously work to improve the shopping centres, with the objective of giving the consumer the best possible shopping experience. All social indicators that are relevant for our sector are compared with those for the previous year; the detailed overview can be found in the appendix.

## Training & development

Wereldhave's employees are given an opportunity for personal development. To assess their development needs, all employees participate in the training and development programme. Based on performance interviews, a personal training and development plan is drawn up. The employees may personally give input regarding the type of training they need; there are programmes for job-related training programmes, for talent and skills development, as well as Wereldhave-specific trainings. Our employees have received a total of approximately ten hours of training per person; the investment per employee was EUR 1,075.

In addition to training of our employees, Wereldhave offers work experience placements and traineeships for students and starters on the job market. Wereldhave also sponsors the largest network for academic property students in the Netherlands, called Fresh. A number of activities are organised each year together with Fresh to introduce students to Wereldhave.

| Target                                                              | Performance                                 | Progress |
|---------------------------------------------------------------------|---------------------------------------------|----------|
| Maintain employee satisfaction scores of 7.5 or higher              | Employee engagement score 7.6               | ●        |
| Maintain percentage of at least 33% female senior managers          | 29% female senior managers                  | ○        |
| Improve internal communications tool on country and corporate level | Dynamic group intranet is fully implemented | ●        |

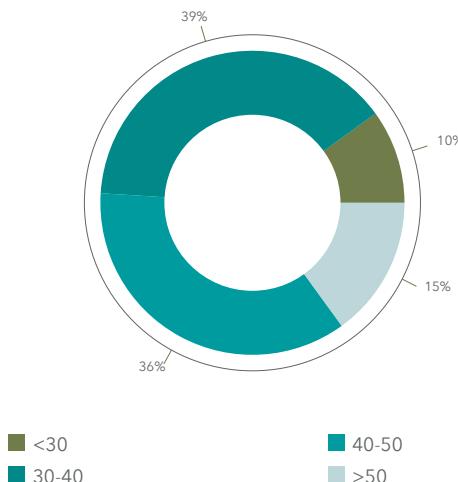
● Achieved or ongoing ○ Partially met ○ Not met

# PEOPLE: OUR HUMAN CAPITAL

## Diversity

Wereldhave endorses the added value of diversity within an organisation, which is why it endeavours to achieve a sound range of age, experience, gender and personal background. Since 2013, gender diversity in particular has become an important topic for our organisation. Of all Wereldhave employees, 57% are female, and 29% are female at senior management level. Wereldhave's target is at least 33% women in senior management; in 2018 the percentage of female senior managers was therefore slightly below target. This is due to the sale of the Finnish portfolio, causing the departure of two female senior managers in Finland. Wereldhave has a diversity policy for the Supervisory Board, with a gender diversity currently at 25% and increasing to 40% after the nomination of Mrs Dechesne on the AGM in April 2019. Wereldhave does not have a diversity policy for the Board of Management, in view of the limited size of the Board of Management with two members.

Diversity (age groups)



## Works council & collective bargaining

In every country where Wereldhave is active, it complies with the statutory requirements in the areas of freedom of association and collective bargaining. Based on the size of the organisation, no Collective Bargaining Agreement (CAO) is applicable at this time. In order to maintain constructive dialogue with all employees, Wereldhave has two works councils that represent the employees of Wereldhave NV and Wereldhave France. Seventy-two percent of all Wereldhave employees are represented.

The French works council is chaired by the director. The works council must be consulted and informed regarding all matters related to important economic activities, for example with regard to the company's organisation. Important topics within the works council are strategic changes, the company's economic and financial situation, the social policy, working conditions and job opportunities (including health and safety). The works council is also involved in the implementation of social and cultural projects in the company to ensure the well-being of the French employees.

# PEOPLE: OUR HUMAN CAPITAL

The Dutch Works Council, chaired by Jan van Straaten (Head of Accounting / Consolidation Controller), consists of five members from Wereldhave Nederland as well as the Holding Company. The works council holds quarterly meetings with the CEO and the director of WH NL. Subjects on the agenda of the Dutch Works Council include organisational issues, climate and culture and communication with employees.

## Human rights

Considering Wereldhave operates in the Netherlands, Belgium and France, the risk of non-compliance with international human rights agreements is remote. We nevertheless support the Universal Declaration of Human Rights, the ILO (International Labour Organisation) Fundamental Conventions, the European Convention for the Protection of Human Rights and Fundamental Freedoms and other international and regional human rights standards, which we must respect as a listed company. Our human rights standards, Business Integrity Policy and the Supplier Code of Conduct are accessible to the public on our corporate website.

## Employee engagement

### Employee engagement

#### Employee engagement

##### Employee engagement

###### Employee engagement

# PEOPLE: OUR HUMAN CAPITAL

## Employee health & well-being

Wereldhave wants to offer its employees a dynamic and healthy working environment. For this reason, Wereldhave devotes much attention to the lay-out of the office environment. In 2018 the office in Belgium was addressed: it now has a more logical lay-out and the dynamic atmosphere of a shopping centre. Much attention in the design was also devoted to employee health. For example, the work and meeting spaces are lighter and more spacious, the nursing area has been renovated and a nice lunch room for employees was created.

Various activities were organised in the Netherlands to promote a healthy lifestyle in cooperation with Top Sport Community. Wereldhave is eager to support charities by means of sports competitions. For example, in 2018 we once again participated in the Immorun, the Amsterdam CitySwim and the 24-hour cycling campaign for Télévie.

By paying extra attention to the health of its employees, Wereldhave succeeds in minimising absenteeism due to illness. On a regular basis, for example, employees are invited to participate in a voluntary medical examination. In addition, if necessary, stress management training and personal coaching are offered to contribute to a healthy balance between work and private life. Employees can also align their workplace to their personal needs, with adjustable desks for standing and sitting work, for example, comfortable and adjustable office chairs, and special walls that mute sound, while employees can also make use of a consultant to improve their work posture and use of screens.

# PARTNERS: TEAMING UP IN SUPPLY CHAIN RESPONSIBILITY

In order to achieve our sustainability objectives, we must maintain long-term relationships with our key stakeholders. In our continuous efforts towards making our portfolio sustainable, we are in part dependent on our partners as tenants, maintenance parties and suppliers.

## Tenant satisfaction & engagement

The Wereldhave shopping centres are sharply focused on the daily needs. We want to make consumers' daily life more comfortable and aim to adapt our shopping centres to the changing needs, to make the shopping centre even more important in their daily lives.

Tenant surveys are regularly organised to monitor the impact of our renovation projects, the satisfaction regarding our services and possible improvements from the Customer Journey programme. These surveys give insight into the expectations and priorities of the entrepreneurs in our centres. Feedback from the satisfaction surveys is discussed with the shopping centre management and the tenants, and a plan of action is drawn up on based on the results. For example, in the questionnaires we ask how satisfied tenants are in respect of services, such as cleaning, security, marketing activities, opening hours, parking facilities, the indoor climate and the diversity of shops and facilities.

All shopping centres were surveyed over the course of the past three years, with an average score of 6.7. As a new approach is being developed for monitoring tenant surveys (NPS), no surveys were held in 2018. The tenant NPS will be an important indicator in our objective of centering focus in product delivery and the provision of service on the customer. The new survey method is expected to be rolled out in 2019.

## Target

Increase % of Green Leases

## Performance

All new leases are green, 49% of all leases are green.

## Progress



● Achieved or ongoing   ● Partially met   ○ Not met

## PARTNERS: TEAMING UP IN SUPPLY CHAIN RESPONSIBILITY

### Green lease

For Wereldhave, cooperation with the tenants goes beyond targeting satisfaction. We endeavour to continuously improve cooperation with the tenants by sharing knowledge regarding trends, surveys, footfall counts and sustainable upgrades of the shopping centres. We organise meetings on a regular basis to discuss relevant topics at both the tenant and key account levels. In addition, we encourage our tenants to invest in sustainability through our sustainability standard (Green Lease). At the end of 2018, 49% of the entire tenant base was 'Green'. The Green Lease has been included as standard in all new leases since 2014. The Green Lease includes arrangements in respect of working conditions, use of materials during construction work, waste separation, and energy and water consumption. A Green Lease also determines the data to be exchanged between the parties.

### Supply Chain Management

Many services at shopping centres are outsourced to specialised external parties, for example maintenance, cleaning and security. We use a sustainability charter (Supplier Code of Conduct) to impose our conditions with regard to responsible use of materials and risk management on service providers. The Supplier Code of Conduct can be viewed on our corporate website and has been included in every service contract with a value of at least EUR 5,000 per annum since 2014.

Our supplier policy is based on UN Guiding Principles and OECD Guidelines. It contains guidelines with regard to economic, environmental and social aspects, such as human rights, child labour, working conditions, business ethics and environmental management. In total, we work together with more than 1,500 service providers for the operational management, maintenance and refurbishment of our shopping centres and offices. Some of these service providers are of key importance, as they directly contribute to the shopping centre's image.

As the business activities of Wereldhave and its suppliers are concentrated in Europe, the risk of potential wrongdoings in the area of people and/or the environment is limited. Suppliers are nevertheless inspected by third parties, either hired by Wereldhave or through external verification and certification agencies, in order to safeguard the quality of the services and to prevent potential wrongdoings. For instance, we have determined specific certification requirements for companies that provide us with technical maintenance, cleaning and security. Potential wrongdoings are usually dealt with immediately, with standard procedures at the local level. As wrongdoings rarely take place, follow-up is not monitored pro-actively.

# SOCIETY: SOCIAL PERFORMANCE

We take our social responsibility towards the society in the catchment areas of our shopping centres seriously. We aim to foster social inclusion and to play a meaningful role in the local community.

## Our local social involvement

Wereldhave wants to help its customers make their daily life as easy as possible. By offering an attractive mix of friendly restaurants, services, facilities, and local, national and international retailers, we create value for the local social structure. In addition, we create jobs that stimulate local economic prosperity and improve social stability. We also offer favourable

lease terms to local service and retail concepts with a social focus. We facilitate educational and social events and meetings in our shopping centres.

We believe that every shopping centre can make a positive contribution to local social challenges, which is why we make approximately 1% of our NRI available each year for the improvement of the local social impact. This budget is used for events with social impact, to make space available for local and/or social initiatives and to improve facilities for disabled persons, the elderly and children.

To keep our operational costs low, a large part of the contributions comprise making space available free of charge. Organising social events not only creates customer loyalty and satisfaction, but also offers valuable insight into consumers' expectations. With this approach, we create value not only for society but also for the shopping centres.

In 2018, 244 social impact events were organised over all our shopping centres. Wereldhave employees invested 748 hours in facilitating social events: an average of 4.5 hours per FTE.

## Target

Improve retail customer satisfaction to good

Invest 1% of NRI to strengthen our connection to local community

## Performance

Retail customer satisfaction score 7.8

1.6 million euro invested, representing 1% of NRI

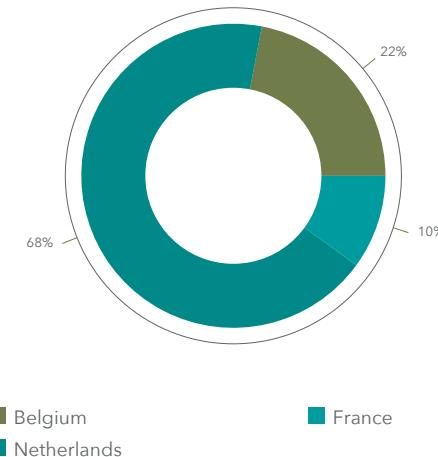
## Progress



● Achieved or ongoing   ● Partially met   ○ Not met

## SOCIETY: SOCIAL PERFORMANCE

Social impact



Popular events in our shopping centres for the local community involve meals, such as the successful "Longest Table" concept, in which the neighbourhood is invited to a free lunch in the shopping centre in connection with Dutch "Neighbours' Day". Various shopping days were also organised for the elderly and disabled persons: welcoming shopping mornings were organised for these groups in cooperation with local healthcare providers. In addition, we regularly support local art and culture initiatives by offering space for exhibitions. We have provided assistance to the Salvation Army, Terre des Hommes, Oxfam Novib and the Red Cross, including member recruitment and collecting donations. We have also opened a number of pop-up shops for the sale of second-hand items and for local social institutions.

### Best practice: "The Idea"

*A good example in 2018 was the opening of "Het Idee" ("The Idea") in Ring Shopping in Courtrai, where people with disabilities have been running a coffee corner and shop since 2018. At Het Idee, you can buy coffee, pastries and popular knickknacks. "Het Idee" is tailor-made, enabling employees to function well according to their skills: by means of pictograms and a user-friendly cash register, for example. Most of the products sold at "Het Idee" are also made by people with disabilities.*

## SOCIETY: SOCIAL PERFORMANCE

### Retail customer satisfaction

Consumer behaviour is continually changing. We operate in a market in which consumers have more options than ever before for spending their time and money. Furthermore, technological developments continuously offer alternatives for even better catering to the needs of demanding consumers. In addition to optimising the customer journey, our products & our provision of service must continue to be in line with the changing behaviour of customers: visitors as well as tenants. This year, the survey therefore focused on consumer motivation - what drives their decision to visit a shopping centre - in order to truly respond to what they need beyond the basic facilities. We also looked at current associations with our type of centres. These survey results formed the basis for the marketing strategy to be implemented in 2019.

The average customer satisfaction score in using old survey method was 7.8. No surveys were conducted under the old assessment method in 2018. The 2018 customer survey was primarily used to measure the perceived quality of the shopping centre; in 2019 this will be expanded to include the total customer experience. For example, questions will be asked regarding the quality of the retail range, catering establishments and facilities. The perception of the ambiance of the centre will also be measured. NPS will be an important indicator in our objective of placing the customer central in product delivery & provision of service. The new survey method will be rolled out in 2019.

### Philanthropy and corporate sponsorship

In addition to the social impact activities around the shopping centres, Wereldhave focuses its sponsor policy on involving employees in culture and sport. In 2018 Wereldhave spent EUR 229,328 on corporate sponsoring and philanthropy. For example, since 2016 Wereldhave has partnered with the Carré Theatre in Amsterdam, advising Carré in building design issues. In return, Carré brings culture closer to our employees and their families. Another partner is Festival Classique in The Hague, which has the objective of making classical music appealing to all. In 2018, we have entered into a partnership with Clinica Verde, a global healthcare organisation that designed and operates a health hub in Nicaragua. Wereldhave provides financial support and strategic advice.

At the end of 2017 Wereldhave signed a partnership with Top Sport Community. This gives us access to knowledge and insights from top sport, with network conventions and in-company lectures. The Top Sport Community links the worlds of top sport with business, industry and knowledge. Wereldhave has a policy not to donate money to or support political initiatives.

# ACHIEVEMENTS & COMMITMENTS

We have received positive recognition from international rating agencies, non-governmental organisations (NGOs) and socially responsible investment (SRI) analysts. These organisations have evaluated our social and environmental programmes and the strong commercial potential of pro-actively addressing environmental and social aspects through in-depth analyses.

## CDP

Since 2012, Wereldhave has participated in the Carbon Disclosure Project (CDP): an NGO initiative to reduce carbon emissions and to take action on climate change, with more than 3,000 participants.

## DJSI

The Dow Jones Sustainability Index (DJSI) is an annual assessment of RobecoSAM for investors with specific questions for the real estate industry. Over 3,000 listed companies worldwide join the assessment of RobecoSAM. Wereldhave scores in the top 15% within the sector and is included in the Europe Index for the fourth year in a row.

## GRESB

The Global Real Estate Sustainability Benchmark (GRESB) has awarded Wereldhave with 5 stars: the highest rating within GRESB, for the fifth year in a row. And with a 90/100 score, we now rank 3<sup>rd</sup> among all listed companies in the retail sector worldwide, and moved up nineteen places for all listed companies to rank 11<sup>th</sup> worldwide. This is fantastic recognition of the fact that we not only excel in sustainability management and policies but also implementation and measurement.

## ISS-Oekom

ISS-Oekom Research, a well-known sustainability rating agency, awarded Wereldhave with Prime Status in 2018. According to the Oekom Corporate Rating we are amongst the leaders in our industry regarding our commitment to environmental, social and governance issues.

## GPR IPCM

We were recently included in the GPR IPCM LFFS Sustainable GRES Index for institutional investors in real estate. Wereldhave is one of 150 companies worldwide in the index.

## Tax Transparency Benchmark VBDO

The Association of Investors for Sustainable Development (VBDO) presented the Tax Transparency Benchmark 2018. This is a report in which 76 listed Dutch companies are compared in the field of tax transparency. With a score of 16, Wereldhave managed to rank in the top 25 of all participants. Wereldhave has a sustainable tax policy which is published on the corporate website.

## Global Reporting Initiative & Integrated Reporting

Wereldhave aims to follow the reporting guidelines of the Global Reporting Initiative (GRI), the GRI Standards Core, and the guidelines for Integrated Reporting (IIRC).

## EPRA

EPRA (European Public Real Estate) has awarded Wereldhave with Sustainable Best Practices Recommendations (SBPR) for our best-in-class annual sustainability performance report. For the 3rd year in a row we have received the EPRA sBPR Gold award. Wereldhave is committed to report according to the EPRA's financial and sustainability guidelines.

# REPORT FROM THE SUPERVISORY BOARD

## Dear Shareholders

The rental markets show only modest prospect for rental growth at best, as retailers are facing increasing pressure to keep up their store performance. The real estate investment markets started to reflect this sentiment in 2018 with a low volume of property transactions.

Against this challenging background, the Supervisory Board approved the Board of Management's proposal to divest the Itis shopping centre in Finland. Agreement was reached in October 2018, at a gross price of € 516m. The transaction was successfully completed in December 2018, bringing the loan-to-value down to a healthy 37.5% at year-end. The transaction represented a major step in achieving the strategy to sharpen the focus on one asset class, with 31 convenience shopping centres in Belgium (9), France (6) and the Netherlands (16). The disposal also improved Wereldhave's risk profile, as Itis accounted for more than 15% of the portfolio, with a significant exposure to department stores.

## Role and responsibility of the Board

Wereldhave has a two-tier board structure. The members of the Board of Management are responsible for the day-to-day operations of the Company. The role of the Supervisory Board is to supervise the strategy and the business of the Company and its subsidiaries, as well as to support the Board of Management by providing advice. The Supervisory Board shall be guided by the interests of the Company, taking the interests of the Company's stakeholders into account.

The Supervisory Board maintains regular contact with the external auditor and focuses on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting. The Supervisory Board has joint responsibility and acts without a mandate and independently of any particular interests associated with the company.



*Adriaan Nühn, Chairman of the Supervisory Board*

## Composition of the Board

The Supervisory Board of Wereldhave N.V. currently consists of four members, all of whom are independent from the Company.

The composition of Wereldhave's Supervisory Board is compliant to the Corporate Governance Code: the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 inclusive have been fulfilled and all members meet the independence criteria.

The Supervisory Board consists of four members. Mr. Adriaan Nühn is the Chairman of the Board, with Mrs Leen Geirnaerdt holding the Vice-chair. The other members are Messrs Hein Brand and Gert van de Weerdhof. Mr. Herman van Everdingen stepped down from the Supervisory Board on February 1, 2019, to become interim CEO. His term as a Supervisory Board member would expire at the AGM in April 2019. Mr. Hein Brand succeeded him as member of the Audit Committee.

The Supervisory Board proposes the nomination of Mrs Francoise Dechesne. She perfectly matches the profile for members of the Board, having broad real estate experience, as managing director and supervisory board member. The proposed nomination is with effect from June 1, 2019, when she has laid down her tasks as managing director NL/BE of Multi Corporation.

# REPORT FROM THE SUPERVISORY BOARD

With this nomination, the composition of the Board will be in line with the profile for members of the Board, as it relates to experience, background, nationality as well as diversity. The gender diversity score of the Supervisory Board increases from 25% to 40%. The profile stipulates that at least 30 percent of each gender be represented in the Supervisory Board.

## Meetings

The Supervisory Board held six regular meetings with the Board of Management, to approve the annual report, discuss the quarterly results and the budget for the year 2019. Several extra meetings were held to discuss the financing of the Company, the strategic scenarios and the disposal of the Itis shopping centre. Two meetings were held outside the presence of the Board of Management, which were dedicated to the Board evaluation and the remuneration policy. During each Supervisory Board meeting the two committees provided feedback of their meetings and made recommendations for decisions by the Supervisory Board.

A total of twelve meetings was held in 2018. Mrs Leen Geinaerd and Mr. Gert van de Weerdhof were unable to attend an extraordinary meeting, bringing their individual attendance rate to 92%. The attendance of the other members stood at 100%. The average attendance rate of Supervisory Board members stood at 97% for the meetings of the Supervisory Board, whilst the attendance at committee meetings stood at 100%.

## Strategy

The Supervisory Board held several strategic discussions with the Board of Management in 2018. The Supervisory Board endorses the Company's strategy with a focus on food anchored convenience shopping centres, that are tailored to their micro-environment. The disposal of the Itis shopping centre was discussed in every meeting of the Supervisory Board in 2018. In December 2018, the transaction was completed. Asset rotation will remain an important item in the Company's strategy, to further optimise the portfolio.

Another item of strategic key importance was the Customer Journey project. The retail landscape is changing rapidly. Continuous efforts and investments to keep shopping centres up-to-date requires a structural higher need for capex. Wereldhave has therefore set a capital expenditure programme to improve the customer journey. The priorities for the Customer Journey Program were set during the year, to be implemented in phases until 2020.

## Financial statements

The Board of Management submitted the 2018 financial statements and the Board's Management Report to the Supervisory Board. The Supervisory Board recommends the adoption of the 2018 financial statements. The accounts have been audited by KPMG, who issued an unqualified auditor's report. The Supervisory Board discussed the audit report and the auditor's opinion with the auditor. The members of the Supervisory Board approved the accounts and signed the 2018 financial statements. The Supervisory Board also supports the Board of Management's proposal to shareholders of a 2018 dividend in cash of € 2.52 per share, of which € 1.89 was already paid in quarterly instalments of € 0.63 in July and October 2018 and January 2019.

# REPORT FROM THE SUPERVISORY BOARD

## Financing

The Supervisory Board monitors the financing of the Company, including the balance sheet and the available headroom against the loan covenants. The financing of the Company was a frequent topic of discussions.

In February 2018 the Supervisory Board approved the Board of Managements proposal to reset the dividend level at € 2.52 per year, or € 0.63 per quarter.

As negotiations on the disposal of Itis were lengthy and as it was uncertain whether the transaction would materialize, several funding tools were discussed during the year. In July 2018, the Board of Management decided to sign an additional € 350m Revolving Credit Facility with a syndicate of banks. This improved the liquidity profile of the Company significantly. The facility has been cancelled in December 2018, following the exit from Finland and the related proceeds becoming available.

The use of derivatives and the hedging policy is a standard item of the financial reporting by the Board of Management. Other financial items that were discussed are the budget, the outlook and guidance, the achievement of the financial objectives from the 2018 budget and the management agenda, the portfolio valuations.

## Operations

Dennis de Vreede joined Wereldhave per April 1<sup>st</sup> to replace Robert Bolier as CFO. He was appointed CFO at the AGM on April 20, 2018.

During the year, the operational performance was frequently monitored against the approved budget. During the February meeting, special attention was paid to the development portfolio and the organisation of development projects in the local management organisations. The Group Development Director presented plans to reduce the overall lead time of projects and to set-up a uniform development approach in all countries. The announcement by Carrefour to terminate two hypermarkets in Wereldhave Belgium's portfolio was also a recurring item of discussion. In the Netherlands, an important topic on the agenda was the Government plan to abolish the Dutch REIT regime. This plan has meanwhile been abandoned.

The Customer Journey project was a recurring item in the meetings of the Supervisory Board. In February 2018 the organisational set-up and the main targets for the project were discussed. In the October meeting, progress was reported and action plans for 2019 were presented. This topic was tabled in October, before the budget 2019 was discussed. This allowed for meaningful discussions with suggestions for improvement, without any budgetary restraints up-front. In the December budget meeting, capital expenditure requirements for the Customer Journey project were explained per country. Each Managing Director presented his country's budget for 2019.

# REPORT FROM THE SUPERVISORY BOARD

## Risk Management

The Supervisory Board considers Risk Management to be a full Board topic, prepared by the Audit committee. There were no changes to the risk management framework, which was revised in 2017. In consultation with the Audit Committee, the Board of Management has decided to review and update the internal control framework during the first half of 2019.

The Internal Audit function was installed in 2017. BDO was appointed and their first internal audit report was discussed in the February meeting. The 2018 internal audit report for the Netherlands and Belgium was discussed in July 2018, the Internal Audit of France in October and the Internal Audit of the Holding was tabled for the February 2019 meeting. In view of the plans to dispose of the Finnish activities, no internal audit was scheduled in Finland. The internal audit findings were discussed by the Audit Committee with the external auditor and the Supervisory Board. The Supervisory Board closely monitors the follow-up of action points from the internal audits.

## Culture

The Supervisory Board invites country managers and key employees regularly to its meetings for a presentation and discussion of the key items of their attention. These presentations are evenly spread over the year. It enables the Board to directly question and discuss value creation, performance and ambitions directly and provides a good insight in the quality of the organisation and its management potential. The Chairman of the Supervisory Board annually convenes with the Works Council and regularly discusses the progress of the DNA overhaul of the organisation with the Board of Management.

## Sustainability

Sustainability is a recurring item on the management reporting. The Supervisory Board monitors progress against KPI reporting and questions the Board of Management where needed. The Supervisory Board is pleased with the good progress, as demonstrated by the GRESB "five star" rating. Wereldhave now ranks third of all listed real-estate companies worldwide. In 2017, Wereldhave held the 11<sup>th</sup> place. The ISS-Oekom prime status also confirms Wereldhave's real estate industry leadership.

## Corporate Governance

Wereldhave is compliant to the Dutch corporate governance code, as amended in 2016, with the exception of one item.

In deviation of article 3.1.2.vi of the Code, Wereldhave does not apply a shareholding period of 5 years. As from the year 2015, the Company applies a shareholding guideline for members of the Board of Management of 2.5 x base salary, to be gradually built up with performance shares. The vesting period is three years. The shareholding guideline does not apply for the portion of the shares that have vested, to pay the taxes that are due upon vesting. A holding period does not imply a quantity of shares to be held and is therefore a less suitable alignment instrument. Applying a shareholding guideline provides a better alignment, since it is volume and impact driven. This deviation to the Dutch Corporate Governance Code was approved by shareholders in the EGM in September 2015.

# REPORT FROM THE SUPERVISORY BOARD

## Evaluation

In 2018, the Supervisory Board made an extensive evaluation of its own performance with the assistance of an independent external advisor. The advisor sent out questionnaires to all members of the Supervisory Board, the Board of Management and the Company Secretary. Their answers formed the introduction for in-depth talks with all these individuals. The outcome was presented and discussed in uncensored form in the "Supervisory Board-Only" meeting in December 2018.

Talent management and development of the organisational culture are seen as key items for the Board. The Supervisory Board decided to increase its focus on ICT in 2019. The Supervisory Board also felt a need for expanding its retail knowledge amongst its members. Retail real estate knowledge has been set as the profile for the new Supervisory Board member to be recruited. In addition, the Board decided to hold an extra meeting in 2019 with presentations from external retail experts to discuss trends and relevant retail topics for Wereldhave.

No transactions with a potential conflict of interest with Supervisory board members were reported by members of the Supervisory Board in 2018.

## Audit Committee

The Audit Committee's main role is to oversee financial accounting and reporting, internal control and risk management. In this context, the Audit Committee examines and reports to the Supervisory Board on the following matters:

- quarterly, semi-annual and annual financial statements and consolidated accounts;
- business information, asset valuations, off-balance sheet commitments and the Group's overall cash position;
- internal control and risk management;
- the Company's financial policy (accounting methods, etc.), finance and tax planning;
- the evaluation and adoption of the Statutory Auditor's recommendations;
- the relationship between the Company and its Statutory Auditor.

The Audit Committee consist of two Supervisory Board members: Mrs Leen Geirnaerdt (Chair) and Mr. Hein Brand. He joined the Audit Committee in February 2019, as the successor of Mr. Herman van Everdingen, who stepped down from the Supervisory Board per February 1, 2019 to become interim CEO.

The Audit Committee held four regular meetings in 2018 to discuss the 2017 FY results, the annual report for 2017 and the quarterly results for 2018. All meetings were attended by the Company's CEO and CFO and the Company Secretary, as well as the external auditor. The attendance rate of the meetings was 100%. The agenda, documentation and minutes of the meetings of the Audit Committee were shared with all Supervisory Board members.

The regular items on the agenda were:

- The quarterly results and financial statements;
- The annual accounts;
- The valuation of the portfolio of shopping centres and offices;
- The audit plan of the internal auditor
- The audit plan by the external auditor and the related audit fees;
- Findings of the internal and external auditor;
- Board report and auditor's report on the audit of the annual financial statements;
- The quarterly press releases;
- Management of interest rate- and currency risks and hedges;
- Capital structure;
- The annual budget and rolling forecast;
- Preparation by the Company for the Corporate Governance and In Control Statement;
- The risk- and control framework and organisation of the Group Finance Department;
- Legal and tax risk reports

# REPORT FROM THE SUPERVISORY BOARD

- Review of the tax position and compliance to the fiscal status;
- Investment- and divestment proposals.

In addition to the regular topics, special attention was paid to the following items:

- The external valuations for the standing portfolio were discussed with the auditors twice a year. The external valuator attended a committee meeting to discuss the scope of their work and recent trends and developments.
- The quarterly dividend was discussed in the July meeting of the committee and subsequently approved by the Board.
- The audit plan 2018 by KPMG was discussed and approved in the July meeting of the Audit Committee.
- The Internal auditfunction is outsourced to BDO accountants. The Audit Committee ascertained that the internal auditfunction performed well. The internal audit report for the year 2017 was discussed in the February meeting 2018 and the internal audit plan 2018-2020 was approved. The internal audit plan evenly spreads the audit topics over the period, whereby each country is visited at least once a year and topics are spread over the period based on their inherent risk. Gradually, the depth of the audit will increase over the period. It was agreed that the follow-up of audit findings is monitored and discussed in each meeting of the Audit Committee.

- The materiality threshold as applied by KPMG is set out in the Audit opinion. The Audit Committee ascertained that all audit findings in excess of the reporting threshold, adjusted and unadjusted, will be reported by the auditor.
- As the external Auditor's performance was already reviewed at mid-term in 2017, the Audit Committee ascertained that review in the February meeting 2019 and proposed the reappointment for a period of two years to the Supervisory Board, who followed the proposal.

## Remuneration and Nomination Committee

The remuneration committee and the selection and appointment committee have been combined in one committee, the Remuneration and Nomination Committee. It consists of Mr. Gert van de Weerdhof (Chair) and Mr. Adriaan Nühn.

The Committee convened twice in 2018. Recurring items on the agenda were the remuneration report and the board evaluations. The Committee discussed the remuneration levels with the Board of Management and ascertained whether the targets for the STI and LTI and vesting conditions for earlier incentive schemes were met.

The remuneration for members of the Supervisory Board was compared against the peer group by external experts. A proposal to amend the remuneration for members of the Supervisory Board will be tabled for the AGM in April 2019.

The search for the succession of Mr. Herman van Everdingen was commissioned in the second half of the year and selection talks with candidates were held in December. The Board decided to expand the retail real estate expertise within the Board. The Supervisory Board is pleased with the proposed nomination of Mrs Francoise Dechesne. She perfectly matches the profile for members of the Board, having broad real estate experience, as managing director and supervisory board member. The proposed nomination is with effect from June 1, 2019, when she has laid down her tasks as managing director NL/BE of Multi Corporation.

The committee prepared and held the evaluation meetings of the members of the Board of Management and prepared the evaluation of the (members of the) Supervisory Board.

The Committee held selection talks with candidates for the position of CFO, in view of Mr. Robert Bolier's expiring term. After due consideration, it was agreed that Mr. Bolier's term as CFO of Wereldhave would not be extended and that Mr. Dennis de Vreede was proposed as the new CFO.

# REPORT FROM THE SUPERVISORY BOARD

The group culture and the talent retention and management succession programme was discussed by the Supervisory Board in December 2018. The Supervisory Board decided to discuss local culture, talent management and retention with the Managing Directors of the countries in 2019, to get a better understanding of the culture within the organisation and the internal succession potential.

Finally, the committee attended a meeting of the Works Council in November 2018.

## Management

The Board of Management consists of Mr. Dirk Anbeek (CEO) and Mr. Dennis de Vreede (CFO). Mr. Robert Bolier (CFO) stepped down from the board at the AGM on April 20, 2018. The Board is assisted by a Management team of the three Country Directors and two Staff Directors. In January 2019, Dirk Anbeek gave notice that he accepted a position elsewhere. His contract will end on April 1, 2019. Herman van Everdingen stepped down from the Board as per February 1, 2019, to temporarily support the Management Team. He will manage the Company as acting interim CEO together with Dennis de Vreede, CFO. The search for a new CEO has meanwhile been commissioned.

The management team does not qualify as an executive committee. The members of the Board of Management are the statutory directors of the Group's real estate companies and as such, solely responsible for the decision making. The performance of the Board and its members was evaluated in talks with the Remuneration and Nomination Committee. It was assessed that there was no need for training or education of Board members. In view of the limited size of the Board, Wereldhave does not apply a separate diversity policy at this level of the organisation.

No transactions with a potential conflict of interest were reported by members of the Board of Management in 2018.

## Finally

The Supervisory Board would like to thank the Board of Management and all employees. The Board would particularly like to express its gratitude towards the Finnish employees, who maintained their high level of performance until the final date of completion of the disposal of Itis. The Supervisory Board would also like to thank Dirk Anbeek for his leadership and the achievements during his ten year's tenure at the Company. The Board wishes Dirk Anbeek lots of success in his new position.

On behalf of the Supervisory Board,

**Adriaan Nühn, Chairman of the Supervisory Board**

# COMPOSITION OF THE SUPERVISORY BOARD



A. NÜHN

(1953, M, DUTCH NATIONALITY)

Chairman Supervisory Board, member  
Remuneration and Nomination Committee  
Appointed in 2017, term expires in 2021

**Principal position:**

Independent Board Advisor

**Other Board positions:**

Chair Non-Executive Board, Takeaway.com  
Non-Executive Member of the Board, Anglovaal  
Industries Ltd. (AVI) South Africa  
Non-Executive Member of the Board, Hunter  
Douglas N.V., Willemstad, Curaçao



L. GEIRNAERTD

(1974, F, BELGIAN NATIONALITY)

Vice-chair of the Supervisory Board, Chair Audit  
Committee  
Appointed in the Supervisory Board in 2016, term  
expires in 2020  
Appointed in the Audit Committee in 2016, term  
expires in 2020

**Principal position:**

CFO Recruit Global Staffing

**Other board positions:**

CFE (Belgium) | member Supervisory Board and  
Audit committee

## COMPOSITION OF THE SUPERVISORY BOARD



G. VAN DE WEERDHOF

(1966, M, DUTCH NATIONALITY)

Member Supervisory Board, Chair Remuneration  
and Nomination Committee

Appointed in the Supervisory Board in 2016, term  
expires in 2020

**Principal position:**

Independent Board Advisor

**Other board positions:**

Sligro Food Group N.V.  
Chairman Supervisory Board at CTAC  
Accell Group N.V.



H. BRAND

(1955, M, DUTCH NATIONALITY)

Member Supervisory Board, Member of the Audit  
Committee

Appointed in the Supervisory Board in 2017, term  
expires in 2021

**Principal position:**

Independent Board Advisor

**Other board positions:**

Member Supervisory Board, Syntrus Achmea Real  
Estate & Finance  
Member Supervisory Board, Cocon Vastgoed B.V.  
Member Advisory Board PropertyNL

# REMUNERATION REPORT

## Remuneration of the Board of Management

### Policy

The remuneration policy 2015 and onwards was adopted by the Extraordinary General Meeting of Shareholders on July 23, 2015, with effect from January 1, 2015.

The goals of the remuneration policy for members of the Board of Management are to align individual and company performance, strengthen long-term commitment to the Company, and attract and retain the best executive management talent, whilst creating alignment with stakeholders. The essential qualifications comprise not only knowledge and experience in the field of real estate, but also the prerequisite management competencies. The policy aims to safeguard the Company's performance and value growth, whilst positioning Wereldhave as an attractive employer for highly qualified directors.

The remuneration levels for Board members are based on surveys and analyses by internationally recognised firms specialising in executive compensation. The Supervisory Board regards Wereldhave as an operational company, rather than a financial company, and compares market practice remuneration of European peer companies to individual benchmark remuneration.

As Sponda (FI) was taken over by Blackstone, it was removed from the peer group and replaced by Carmila (FR). The Peer group now consists of:

Altarea-Cogedim (FR), Atrium European Real Estate (AU), Citycon (FI), Cofinimmo (BE), Deutsche EuroShop (DE), EuroCommercial (NL), Gecina (FR), Hamborner (DE), Hufvudstaden (SE), IGD (IT), Klépierre (FR), Leasinvest (BE), Mercialys (FR), NSI (NL), PSP Swiss Property (CH), Retail Estates (BE), Carmila (FR), Unibail-Rodamco (FR) and VastNed Retail (NL).

This peer group serves both for assessing the remuneration levels as measuring TSR performance.

### Fixed income

As from January 1, 2018, fixed income is set at € 522,839 for the CEO and € 389.566 for the CFO. These amounts will be indexed annually.

### Variable income: STI and LTI

The maximum variable income amounts to a base variable income of 100% of the fixed annual income, with a maximum initial grant of 40% payable as short-term incentive in cash and a maximum initial grant of 60% as long-term incentive in shares. At the end of the vesting period, the initial long-term grant is subject to a TSR multiplier, ranging from 0 to 3. This implies that the minimum LTI is zero and the maximum LTI can amount to 180% of fixed income (the effect of the reinvestment of dividend not yet included).

The short-term incentive score is determined by like-for-like rental growth (LFL RG: 30% of fixed income) and sustainability (10% of fixed income).

The STI incentive is calculated as follows:

- LFL RG at or above inflation scores 15% of fixed income;
- LFL RG at or above budget scores 15% of fixed income;
- Remain rated GRESB Green Star scores 10% of fixed income.

The LTI incentive is based on the direct result per share (EPS) and is calculated as follows:

- EPS growth at inflation 20% bonus;
- at 100 bps over inflation 40% bonus and
- at 200 bps over inflation the maximum of 60% bonus;

# REMUNERATION REPORT

- EPS growth scores between 0 and 200 bps over inflation will be calculated at a sliding scale.

If the Loan-to-Value at year-end exceeds 40%, no conditional long-term incentive will be granted in respect of that year.

As from the year 2015, the Company applies a shareholding guideline for members of the Board of Management of 2.5 x base salary, to be gradually built up with performance shares. The vesting period is three years. In view of the shareholding guideline and in deviation of the Dutch Corporate Governance Code, no additional two year holding period is applicable. A holding period does not imply a quantity of shares to be held and is therefore a less suitable alignment. Applying a shareholding guideline provides a better alignment, since it is volume and impact driven.

The shareholding guideline does not apply for the portion of the shares that have vested, to pay the taxes that are due upon vesting.

## Conditions variable income

The long-term incentive is granted conditionally. When the conditional LTI bonus is awarded, the amount in cash is calculated into a conditional share balance based on the share price at the end of the first day of trading after ex-dividend listing of the Wereldhave share in the year in which the conditional LTI bonus is awarded.

If a dividend is paid on Wereldhave shares, the conditional share balance will be increased by a number of conditional shares equal to the amount of the dividend divided by the current share price. These additional conditional shares are subject to the same terms as the conditional shares that were initially awarded.

Wereldhave applies a three years' vesting period. The TSR performance against the peer group is used as a correction mechanism to set the final outcome of the long-term incentive. Depending on the ranking against the TSR performance of the peer group, the conditional share balance (including reinvestment of dividend) can be multiplied by a maximum of 3 if Wereldhave belongs to the top TSR performers or even annulled if the three years' TSR performance ranks with the bottom of the peer group.

Depending on the ranking against the TSR performance of the peer group, the conditional share balance (including reinvestment of dividend) will be multiplied, applying the following score table:

|           |       |       |
|-----------|-------|-------|
| TSR ranks | 1-3   | x 3   |
| TSR ranks | 4-5   | x 2.5 |
| TSR ranks | 6-7   | x 2   |
| TSR ranks | 8-9   | x 1.5 |
| TSR ranks | 10-11 | x 1   |
| TSR ranks | 12-14 | x 0.5 |
| TSR ranks | 15-20 | x 0   |

Vested shares are transferred to the director, if the terms are satisfied after a performance period of three years, following the year in respect of which these shares were awarded.

# REMUNERATION REPORT

If a director is dismissed without further notice in accordance with the law, the conditional share balance reverts to the Company. If the director steps down or is not reappointed at the end of the agreed appointment period, the scheme remains intact with regard to the conditional share balance. Once the conditions have been met, the vested shares will be transferred to the director. Upon vesting, the members of the Board of Management pay income tax and social charges on the long-term variable remuneration.

The share-based remuneration awarded to the members of the Board of Management will be subject to article 2:135 Section 7 of the Dutch Civil Code as applicable from time to time. This provision requires the Company to deduct from the directors' remuneration an amount equal to certain value increases realised by the director through a sale or in connection with the termination of the relationship with the director, after certain corporate events affecting the Company having been announced. Should at such time the payments owed by the Company to the director not be sufficient to cover the relevant amount, the Company will have a claim against the director for the (remaining) amount.

The Supervisory Board is authorised to adjust the amount of an incentive to an appropriate level if payment of the incentive, based on standards of reasonableness and fairness, would be unacceptable. Incentive for this purpose means the unpaid part of the variable remuneration of which the granting is entirely or partially dependent on the achievement of certain targets or the occurrence of certain circumstances. The Supervisory Board is also authorised to withdraw conditional long-term benefits in exchange for a cash payment at market value, if circumstances require. The Supervisory Board will motivate a decision to adjust an incentive or to withdraw in exchange for cash appropriately.

The Supervisory Board is authorised to claw back an incentive entirely or partially to the extent that the award paid out was based on incorrect information with respect to the achievement of targets or the occurrence of circumstances on which the incentive was based. The Supervisory Board will motivate the decision to claw back the incentive appropriately.

If one or more companies from the peer group cease to exist or their TSR performance will no longer be reported by EPRA, the Supervisory Board will replace these companies with EPRA members of comparable size and nature.

If GRESB ceases to rate companies Green Star, the Supervisory Board will replace this indicator with an equivalent as published by an independent leading sector specialist, whereby the Company must rank between the top 25% of sustainability performers in the sector.

## Pension

No provision facilitating early retirement is in place. Members of the Board of Management are subject to the same pension scheme as all other Wereldhave employees in the Netherlands. Wereldhave has a defined contribution scheme with a retirement age of 67, based on a fiscal maximum ladder of 3% up to € 100,000 per annum (pre-indexation). The Company makes an annual gross-up compensation payment of 22.4% of pensionable salaries in excess of the fiscal maximum. The calculation is based on the salaries as at December 31, 2014, indexed with CPI annually (and not taking into account any later changes in fixed remuneration in relation to the new remuneration policy 2015 and onwards).

For Mr. Dirk Anbeek, the pension compensation in 2018 amounted to € 74,153 and for Mr. Robert Bolier to € 18,258 (until April 30, 2018). Mr. Dennis de Vreede received a pension compensation of € 26.250 (€ 35,000 per annum). The pension compensation will be indexed with CPI of 2.1% for 2019.

# REMUNERATION REPORT

## Other secondary conditions

Wereldhave N.V. offers the members of its Board of Management a competitive package of secondary employment benefits in accordance with those offered to its other employees. This benefit package includes accident insurance, disability insurance, a company car and director liability insurance. The Company does not issue loans, advances or guarantees to the members of its Board of Management.

## Conditions of assignment

Directors are appointed for a four-year period with a possibility of early termination. The severance payment is capped at one year's salary with a notification period of two months for the director and four months for the Company. The contract of assignment does not contain a change-of-control clause.

The contracts contain a clause that requires the Company to compensate the directors for any loss or damage in relation to liability claims based on acts or omissions in the performance of their duties. Damage to reputation is explicitly excluded. The indemnification does not apply to claims related to personal gain, advantage or rewards to which the director was not entitled, or if the claimed loss or damage was caused by gross negligence, intent, deliberate recklessness or serious imputability. It does include the costs of defence, which are advanced by the Company under the condition that these expenses must be repaid if it is determined in a final judgment that the director was not entitled to indemnification.

## Proposed change in remuneration of the Supervisory Board

The remuneration for Supervisory Board members was last amended in 2015. The Supervisory Board has commissioned a benchmark review report, which demonstrated that the remuneration is well below comparable companies and also insufficiently reflects the increased time spent. It is proposed to change the remuneration to € 60,000 for the Chairman (currently € 48,696), for the Vice Chairman to € 44,000 (currently € 40,494) and for the other members at € 40,000 per year (currently € 32,806).

The remuneration for committee memberships is proposed to be set at € 9,500 for the Chair of the Audit Committee (currently € 7,689) and € 7,000 for the other members (currently € 5,126). The remuneration for the Remuneration- and Nomination Committee is proposed to be set at € 8,000 for the Chair (currently at € 7,689) and to remain unchanged at € 5,126 for the other members.

All amounts mentioned are to be indexed for inflation annually.

## REMUNERATION REPORT

# Execution of the remuneration policy in 2018

## Fixed income 2018

Mr. Dirk Anbeek (CEO) received a fixed salary for 2018 of € 522,839. Mr. Robert Bolier (CFO) was paid a remuneration of € 129,855, until April 30, 2018. His contract with the company expired and was not extended. Mr. Dennis de Vreede was appointed CFO at the AGM of April 20, 2019, against a fixed salary of 380,000 per annum.

The fixed salaries were indexed with the Dutch consumer price indexation (CPI) of 2.1% as per January 1, 2019 to € 533,818 and € 387,980 respectively.

## STI 2018

The STI incentive is calculated as follows:

- LFL RG at or above inflation scores 15% of fixed income
- LFL RG at or above budget scores 15% of fixed income
- Remain rated GRESB Green Star scores 10% of fixed income

As Finland remained part of the portfolio for nearly the entire year, the Supervisory Board included Finland in the STI calculations.

Like-for-like rental growth for the year

2018 amounted to 0.3% in Belgium (index 1.8%), 0.8% in Finland (index 0.6%), -3.5% in France (index 2.3%) and 2.0% in the Netherlands (index 1.5%). This results in a score of 7.5% (Finland and Netherlands above inflation).

The budget like-for-like rental growth has a sliding scale, with 1% below budget scoring zero, at budget 100% and 1% above budget 200% score. The total is capped at 15 points. As actual like-for-like rental growth for the year 2018 was above budget in Belgium, Finland and the Netherlands, the score against budget came out at the maximum of 15%.

The Company remained rated GRESB Green Star, which scores 10%.

The total STI score therefore amounts to 32.50% (15%+7.5%+10%).

This implies that in respect of the year 2018, a short-term incentive of 32.50% of fixed salary is payable in cash. For Mr. Anbeek this amounts to an STI of € 169,923 and for Mr. Bolier € 42,203. For Mr. De Vreede, the STI in respect of 2018 amounts to € 92,625. This includes the STI in respect of his term as interim CFO as from April 1, 2018.

## Wereldhave pay ratio

In light of transparency and clarity, Wereldhave applies a methodology to calculate the internal pay ratio that is IFRS-driven (i.e. linked to Wereldhave's notes to the consolidated financial statements). Furthermore, the approach is standardised, which allows for context in the external market.

Wereldhave's internal pay ratio is calculated as the total CEO compensation divided by the average employee compensation:

- Total CEO compensation as disclosed in Note 30 to the consolidated financial statements (General Costs);
- Average employee compensation based on salaries and social security contributions, pension costs, other employee costs and average FTE as disclosed in Note 30 to the consolidated financial statements (General Costs).

For 2018, Wereldhave has a pay ratio of 6, implying that the CEO pay is 6 times (2017: 6) the average pay within the organisation.

# REMUNERATION REPORT

## LTI 2018

The LTI incentive is calculated as follows:

- EPS growth at inflation 20% bonus
- at 100 bps over inflation 40% bonus and
- at 200 bps over inflation the maximum of 60% bonus.
- EPS growth scores between 0 and 200 bps over inflation will be calculated at a sliding scale.

If the Loan-to-Value at year-end exceeds 40%, no conditional long-term incentive will be granted in respect of that year. At December 31, 2018, the Loan-to-Value stood at 37.5%. Compared to the previous year, EPS for 2018 decreased. This implies that in respect of the year 2018 no long-term incentive is granted. Further details on the remuneration of the Board of Management can be found in note 30 to the Annual Accounts 2018.

## Share ownership Board of Management

Balance at 31/12/2018

|                | Performance shares |       |        | Private | Shareholding |
|----------------|--------------------|-------|--------|---------|--------------|
|                | 2015               | 2016  | Total  |         |              |
| D.J. Anbeek    | 7,907              | 8,099 | 16,006 | 12,453  | 28,459       |
| R.J. Bolier    | 5,888              | 6,033 | 11,921 | n.a.    | 11,921       |
| A.W. de Vreede | -                  | -     | -      | 3,000   | 3,000        |

In the schedule above, no private shareholdings of Mr. Robert Bolier are being reported, as he is no longer a Board Member of the Company since April 20, 2018.

# REMUNERATION REPORT

## Shares vesting in 2018

The LTI in respect of the year 2015 did not vest, as Wereldhave's TSR score against the peer group was in the lower quartile, implying that a multiplier of zero is applicable. The LTI for the year 2016 is scheduled for vesting at the end of 2019.

## Severance payment

The contract of Mr. Robert Bolier as CFO of the Company was not extended. He remained active for the Company until the AGM on April 20, 2018. The Company paid Mr. Bolier an amount of € 501.140, covering the contractual severance fee of one annual salary, the agreed notification period and remaining holiday leave.

Mr. Dirk Anbeek gave notice that he will leave the Company as per April 1, 2019. As he voluntarily left the Company, no severance payment is due.

## Other

No transactions with a potential conflict of interest were reported by members of the Supervisory Board or the Board of Management in 2018. No loans were issued to members of the Board of Management.

Further details of the terms and conditions for the members of the Boards can be found in the remuneration report from the Supervisory Board, as published on the Company's website.

## Remuneration of the Supervisory Board

The 2018 remuneration of the Supervisory Board amounted to € 48,696 for the Chairman, € 40,494 for the Vice Chairman and € 32,806 for members. Committee chairs received a fixed remuneration of € 7,689 and committee members € 5,126 per annum. These amounts are indexed annually.

The Company has not awarded any options or shares to members of the Supervisory Board. The remuneration of the Supervisory Board members is not affected by the Company's results, or by any change of control at the Company. No loans were issued to members of the Supervisory Board.

# CORPORATE GOVERNANCE

**Wereldhave is committed to a high standard of Corporate Governance. We adhere to strict principles of business ethics and the adequate provision of forward-looking information. Transparency is a key cultural value to us. The Company's business ethics are embedded in the Business Integrity Policy and the Code of Ethics for employees, which is published on our website [www.wereldhave.com](http://www.wereldhave.com).**

## Legal structure

Wereldhave N.V. is a real estate investment company, listed at Euronext Amsterdam (AMX). The Company was founded in 1930 and is listed since 1947. Wereldhave has the fiscal status of an investment institution, so it is subject to a 0% corporation tax rate in the Netherlands (other than for development activities in the Netherlands). Its Belgian investments consist of a 65.90% interest in Wereldhave Belgium, a tax-exempt investment company with variable capital listed on the Euronext Brussels Stock Exchange. The investments in France are subject to the SIIC (Sociétés d'Investissements Immobilières Cotées) regime.

## Board of Management

Wereldhave has a two-tier board structure. The Board of Management is responsible for achieving the Company's aims, the strategy and associated risk profile, the development of results and company social responsibility issues that are relevant to the Company.

## Composition and division of responsibilities

The members of the Board of Management are jointly responsible for the management and running of Wereldhave N.V. and its subsidiaries, with due respect for their roles and tasks. The CEO takes the lead in this, and is the main point of liaison for the Supervisory Board. The Board of Management is accountable to the Supervisory Board and to the General Meeting of Shareholders.

The Board of Management of Wereldhave consists of Mr.D.J. Anbeek (CEO) and Mr.A.W. de Vreede (CFO). Mr. Anbeek (CEO) was reappointed in 2017, Mr.de Vreede was appointed in 2018. Mr.Bolier (CFO) stepped down from the board in April 2018. Mr Anbeek gave notice to leave the Company per April 1, 2019. Mr Herman van Everdingen stepped down from the Supervisory Board to become a non statutory Director and interim CEO.

Additional regulation regarding the Board of Management is set out in the Governance Charter of Wereldhave which can be consulted at [www.wereldhave.com](http://www.wereldhave.com).

## Appointment and remuneration

The Board of Management is appointed and dismissed by the General Meeting of Shareholders, from a nomination to be drawn up by the Supervisory Board. The members of the Board of Management have been appointed for a period of four years. The agreements contain a break option with a four months' notice and a maximum severance payment of one year's salary.

The Board of Management's remuneration is determined by the Supervisory Board, based on advice from the Remuneration and Nomination Committee. The current remuneration policy was adopted and approved by the Extraordinary General Meeting of Shareholders in 2015, with effect from January 1, 2015. In 2019, the Supervisory Board will review the current remuneration policy, to bring it in line with the EU Shareholders Rights Directive.

More details can be found in the remuneration report 2018.

## Related party transactions

In the year under review there have been no business transactions with members of the Board of Management in which conflicts of interest may have played a role. All business transactions between the Company and members of the Board are published in the Annual Report.

## CORPORATE GOVERNANCE

### COMPOSITION BOARD OF MANAGEMENT



**D.J. ANBEEK**

(M 1963, APPOINTED IN 2009 REAPPOINTED IN 2013 AND  
2017)

**Previous experience:**

2006-2009 Albert Heijn EVP Franchise & Real Estate  
1996-2005 Ahold several international management positions  
1994-1995 PwC Senior Consultant  
1988-1994 DSM several financial positions

**Education:**

1991 University of Limburg - Controlling  
1988 Vrije Universiteit Amsterdam - Business Economics

**Other board positions:**

member Supervisory Board Ordina NV  
member Supervisory Board Detailresult Groep N.V.



**A.W. DE VREEDE**

(M 1969, APPOINTED IN 2018)

**Previous experience:**

2013 - 2017 | DeepOcean Group Holding B.V.  
2012 - 2013 | Prologis Inc.  
2007 - 2011 | Redevco B.V.  
2002 - 2007 | Rockwell Automation Inc.  
1993 - 2002 | KPN Q West N.V./ Dresdner Kleinwort Benson/ KPMG

**Education:**

2011 Harvard Business School - PLD  
1999 Nyenrode Business University/NIVRA,  
Accountancy/Information Management  
1994 The Hague School of Applied Sciences, BA  
Accountancy,

**Other board positions:**

none



**H.J. VAN EVERDINGEN**

(M 1955, INTERIM APPOINTMENT 2019)

**Previous experience:**

Supervisory Board member from 2011-2019,  
stepped down per February 1, 2019 to become non-statutory board member as of February 1, 2019 and interim CEO as of March 1, 2019

**Principal position:**

Director Catalyst Advisors

**Other positions:**

Director Berlage Winkelfonds Duitsland  
Board Member Karel Doorman foundation

# CORPORATE GOVERNANCE

## Supervisory Board

The role of the Supervisory Board is to supervise the manner in which the Board of Management implements the Company's strategy (including corporate social responsibility), as well as to assist the Board of Management by providing advice. The Supervisory Board is charged with the supervision of the policies carried out by the Board of Management and the general affairs of the company and its affiliated enterprise and will maintain regular contact with the external auditor. In doing so, the Supervisory Board should also focus on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting. In discharging its role, the Supervisory Board shall be guided by the interests of the Company, and to that end, shall weigh the relevant interests of the Company's stakeholders, also including the shareholders.

## Composition and committees

The Supervisory Board consists of at least three members. The members are appointed by the General Meeting of Shareholders. The Supervisory Board of Wereldhave N.V. currently consists of four members, who are all independent from the Company as defined in the Corporate Governance Code. The Supervisory Board has two standing Committees, an Audit Committee and a Remuneration and Nomination Committee. At least one of the members of the Audit Committee will be a financial expert. At present, both members of the Audit Committee qualify as such. The Chairman of the Supervisory Board cannot be the Chairman of the Selection and Remuneration and Nomination Committee.

The duties of the Committees are laid down in Wereldhave's Governance Charter, which can be found at the Company's website.

With the nomination of Mrs Francoise Dechesne, the Company will become compliant to Dutch Act on Management and Supervision, which - among others - aims at a representation of at least 30% of either gender in both boards. The gender diversity score of the Supervisory Board will increase from 25% to 40%.

Mr. Herman van Everdingen stepped down from the Supervisory Board as of February 1, 2019. The members of the Supervisory Board and its Committees are: Mr. Adriaan Nühn (Chair and member of the Remuneration and Nomination Committee), Mrs Leen Geirnaert (Vice Chair and Chair Audit committee), Mr. Gert van de Weerdhof (Chair Remuneration and Nomination committee) and Mr. Hein Brand (member Audit Committee). The profile for members of the Board can be found at the Company's website.

## Appointment and remuneration

The Supervisory Board members are appointed by the General Meeting of Shareholders for a maximum of four years. A Supervisory Board member can be reappointed for a second term of four years. In principle, Wereldhave applies a maximum term in office for Supervisory Board members of 8 years. The Supervisory Board member may then - in view of extraordinary circumstances - only be reappointed for a period of two years, but such reappointment proposal needs to state the reasons for the exception to the general 8-year rule.

The schedule for rotation can be found at the Company's website.

# CORPORATE GOVERNANCE

The Company has not awarded any options or shares to members of the Supervisory Board. The remuneration of the Supervisory Board members is not affected by the Company's results, or by any change of control at the Company. No loans were issued to members of the Supervisory Board.

## Meetings of the Board

The Supervisory Board convenes according to a fixed schedule, at least six times per year. During one of these meetings, without the Board of Management being present, The Supervisory Board discusses its own functioning, the relationship with the Board of Management, the composition and assessment of the Board of Management, including matters of remuneration. To fill the position that became vacant when Mr.Herman van Everdingen stepped down, the Supervisory Board proposes the nomination of Mr/Mrs Francoise Dechesne. She perfectly matches the profile for members of the Board, having broad real estate experience, as managing director and supervisory board member. The proposed nomination is with effect from June 1, 2019, when she has laid down her tasks as managing director NL/BE of Multi Corporation.

## Related party transactions

In the year under review there have been no business transactions with members of the Supervisory Board in which conflicts of interest may have played a role. All business transactions between the Company and members of the Board are published in the Annual Report.

## General Meeting of Shareholders

At least once a year, a General Meeting of Shareholders will be held. The agenda of the Annual General Meeting of Shareholders shall in each case contain the report of the Board of Management, the dividend policy, the adoption of the financial statements, the report of the Supervisory Board, and the proposal to distribute dividends or other distributions. Resolutions to release the members of the Board of Management and Supervisory Boards from liability for their respective duties shall be voted on separately.

Requests of investors who solely or jointly represent 1% of the issued capital to place items on the agenda of the General Meeting of Shareholders shall be honoured if such requests are submitted to the Board of Management or the Supervisory Board at least 60 days before the scheduled date of the Meeting, unless, in the opinion of the Supervisory Board and the Board of Management, there are vital interests of the Company opposing the inclusion of such item or items in the agenda. The resulting discussion in the General Meeting should not affect the orderly course of the Meeting.

The secretary of the Company will take minutes of the proceedings at the meeting. The minutes will be signed by the Chairman of the Meeting and the Company Secretary. In principle, the minutes will be published on the Wereldhave website within one month after the Meeting and copies of such minutes are available free of charge on request.

## Voting at shareholders meetings

Wereldhave pursues increased shareholder participation at its general meetings, by making proxy forms and voting instructions available online, by enabling voting via internet prior to the meeting and by contacting the known larger shareholders to question them to attend or vote. The attendance rate at the AGM on April 20, 2018 stood at 31.6% of the issued share capital.

# CORPORATE GOVERNANCE

## Issuance of shares

On April 20, 2018, the Annual General Meeting of Shareholders has granted the authority to the Board of Management to issue shares but rejected the proposal to limit or exclude the pre-emptive rights when issuing ordinary shares. Subsequently, the previous authorisation that was granted in 2017 remained in force until 21 October 2018. No shares were issued in 2018.

## Acquisition of own shares

The Annual General Meeting of Shareholders that was held on April 20, 2018 authorised the Board of Management to repurchase own paid-up shares, whether on the stock exchange or otherwise, to a maximum of 10% of the issued capital of Wereldhave N.V. per April 20, 2018, whereby the acquisition price must be between the nominal value per share and 10% above the average price for these shares on the Euronext Amsterdam on the five (5) trading days preceding the acquisition by Wereldhave, for a period of 18 months, starting April 20, 2018. During the year 2018, no shares were repurchased.

## Policy on communications between the Company and its shareholders

The Company adopts a passive attitude with regard to entering into dialogues with shareholders outside the framework of the shareholders' meeting. This means that, in principle, discussions will only take place following an invitation from shareholders.

Wereldhave reserves the discretionary right to decide whether Wereldhave will accept invitations from shareholders or parties representing shareholders to enter into a dialogue. Wereldhave can ask for further clarification of such a shareholder's vision, intentions and long-term objectives before accepting or rejecting an invitation to a dialogue.

Discussions with one or more shareholders or parties representing shareholders will be held by the Board of Management, together with other company representatives if necessary. Any requests from shareholders for the Chairman of the Supervisory Board to attend or participate in these discussions will be presented to the Chairman, who will decide whether or not to accept the invitation.

After prior consultation with the Supervisory Board, the Board of Management decides on requests for a meeting with the Chairman of the Supervisory Board without the Board of Management being present. Meetings with individual shareholders without the Board of Management being present will only be conducted by the Supervisory Board with shareholders representing a stake of more than 5% of the outstanding share capital and furthermore on the basis of written preliminary questions presented in advance, allowing Wereldhave to make a prior assessment as to whether answering these questions individually or jointly is desirable or even necessary.

At any given time, both before and after accepting the invitation from shareholders for face-to-face consultations outside the formal context of the shareholders' meeting, Wereldhave reserves the right to ask the shareholders in question for a statement of the stake they directly or indirectly represent, as well as details of the purchasing conditions, purchasing date and previous owner of the stake.

Further details can be found in the policy as published on the Company's website.

## Protective devices

The protective devices consist of the possibility to issue preference shares up to 50% of the issued share capital (less one share), calculated after issue.

The contract between the Company and the Foundation in relation to the preference shares Wereldhave entails the granting to the Foundation of the right to, on a continuous basis, take, if necessary in tranches, preference shares up to a maximum of, after exercise, 50% of the issued capital (less one share). Both parties have the interim right to cancel the agreement. Following the issue and subsequent repurchase or withdrawal of the preference shares, the Company intends to discuss the protective devices with the General Meeting of Shareholders.

# CORPORATE GOVERNANCE

The objective of the Foundation, in accordance with article 2 paragraph 1 of its articles of association, is to promote the interests of Wereldhave, of the companies affiliated to Wereldhave and all stakeholders, whereby the foundation also takes into account maintaining the independence, continuity and identity of the Company. The Board of the Foundation consisted of Messrs P. Bouw (Chairman), S. Perrick and R. de Jong. The Foundation is independent from the Company within the meaning of section 5:71 paragraph 1 under c of the Financial Supervision Act. The foundation does not hold any shares in Wereldhave at present.

The Foundation intends to take preference shares if, amongst others, a threatening situation occurs where a significant interest might come in the possession of legal entities or persons who possibly aim to acquire control over the Company without the involvement of the Board, without guarantees with respect to the independency and continuity of Wereldhave and its affiliates and without the possibility to safeguard the interests of employees, other shareholders and other parties related to Wereldhave or, affiliated companies, or without the real value of the Wereldhave shares being reflected in a take-over bid, or if power is, or may be exercised with the intention to amend the strategic policy which is determined by the Board and Supervisory Board.

Wereldhave and the Foundation have agreed that the Foundation can request the Company to withdraw or buy back the shares six months after issuance of the preference shares. In addition, Wereldhave is obliged to convene a general meeting of shareholders within eighteen months after the issuance date of the preference shares, where the withdrawal or buy back of the preference shares will be put on the agenda. These contractual clauses imply that the issue of any preference shares is intended as a temporary protective device.

## Audit

The Board of Management is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board shall see to it that this responsibility is fulfilled.

The Audit Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

In 2018, various internal audits were performed by BDO. The Audit plan for the years 2018-2020 was approved by the Supervisory Board.

The external audit is performed by KPMG Accountants N.V., who were appointed by Shareholders for the years 2016 up to and including 2018. The reappointment of KPMG Accountants N.V. for the years 2019 and 2020 will be tabled for the Annual General Meeting of Shareholders on April 26, 2019.

The external auditor may be questioned by the General Meeting of Shareholders in relation to his auditor's opinion on the financial statements. The external auditor shall attend and be entitled to address the General Meeting of Shareholders for this purpose.

## Compliance

Wereldhave's Code of Conduct states that Wereldhave will conduct business openly, with honesty, integrity and trust. We will obey the law and operate in accordance with high ethical standards. We will expect the same from our partners, contractors and suppliers. We will respect human rights in all our activities. Integrity is the basic principle for all our business decisions and activities. The integrity guidelines of the Code apply to all levels within the organisation and to all our activities, but they also apply to the individual behaviour of each employee. Compliance is a condition for employment.

# CORPORATE GOVERNANCE

The Code of Conduct now also addresses new topics such as data privacy and the use of social media. Other topics that are covered by the Code are the Customer Due Diligence procedure, regulations for handling with conflicts of interests, regulations for whistleblowing and general administrative principles, such as the four eyes principle for entering into commitments.

An integrity awareness training was last held in 2017. An integrity awareness training will be held in all countries in 2019, to follow-up on the introduction of the new Code. The last training was held in 2017, based on the previous Code. No integrity breaches were reported in 2018.

## Risk appetite and risk management

Wereldhave's risk management policy is designed to identify, assess and respond to the main risks that are inherent to (the execution of) our strategy. The risk management framework consists of a top down annual strategic review and risk inventory, supported by a bottom-up reporting on risk indicators. We cannot eliminate all risks, but aim to manage our risk exposure by mitigating measures, whilst pursuing our business opportunities to achieve our strategy. With the exception of the risks presented below, we have not identified any risks that could have a materially adverse effect on our business. While we have completed the risk analysis with due care, unidentified or unforeseen risks may also have a material adverse effect on our business.

The Board of Management has assessed the main risks and categorised these as external risks and internal risks. Risks are monitored on a continuous basis, with mitigating measures in place. Internal risks are monitored through key performance indicators, which form part of our reporting framework.

We also performed a bottom up risk assessment where all departments in a country defined their main risks. The top down risk management outcome was aligned with the bottom-up risks and with incidents as reported by the individual countries / processes, as well with the findings of internal and external audits. The risk level decreased in 2018 in line with the lower LTV following the exit from Finland. In France, the overall risks increased due to recent bankruptcies of two large toy stores and uncertainty with respect to the SICC regime.

The changes in risk during the year are charted on the next pages.

# CORPORATE GOVERNANCE

| Main external risks                                      | Key risk indicators                                                                                                                                                                  | Change in risk during the year |                  |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------|
| Macro-economic environment<br><i>Appetite: LOW</i>       | <ul style="list-style-type: none"> <li>• GDP growth</li> <li>• Inflation</li> <li>• Unemployment</li> <li>• Private consumption</li> </ul>                                           | NL                             | ↗                |
| Political and regulatory<br><i>Appetite: LOW</i>         | <ul style="list-style-type: none"> <li>• Political and financial stability</li> <li>• Euro/EU break-up</li> <li>• Legislation</li> <li>• Infrastructure</li> </ul>                   | NL                             | ↓<br>↗<br>↗      |
| Property investor demand<br><i>Appetite: LOW</i>         | <ul style="list-style-type: none"> <li>• Property yields</li> <li>• Borrowing costs</li> <li>• Capital growth forecasts</li> <li>• Taxation</li> </ul>                               | NL<br>BE<br>FR                 | ↑<br>↗<br>↗      |
| Occupier demand<br><i>Appetite: MEDIUM</i>               | <ul style="list-style-type: none"> <li>• Online vs offline: consumer behaviour</li> <li>• Footfall</li> <li>• Leasing activity</li> <li>• Consumer confidence</li> </ul>             | NL<br>BE<br>FR                 | ↗<br>↗<br>↗<br>↑ |
| Availability and cost of finance<br><i>Appetite: LOW</i> | <ul style="list-style-type: none"> <li>• Value of the portfolio vs debt</li> <li>• Real estate credit availability</li> <li>• Interest rates</li> <li>• Counterparty risk</li> </ul> | Group                          | ↓<br>↗<br>↗<br>↗ |
| Events and emergencies<br><i>Appetite: LOW</i>           | <ul style="list-style-type: none"> <li>• Terrorism threat level</li> <li>• Extreme weather</li> <li>• Electric power disruptions</li> <li>• Cyber attacks</li> </ul>                 | NL<br>BE<br>FR                 | ↗<br>↗<br>↗      |

# CORPORATE GOVERNANCE

| Main internal risks                                    | Key risk indicators                                                                                                                                                                            | Change in risk during the year |                  |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------|
| Asset allocation<br><i>Appetite: LOW</i>               | <ul style="list-style-type: none"> <li>• Asset selection</li> <li>• Execution hold/sell analysis</li> <li>• Capital expenditure forecast</li> <li>• Transaction and completion risk</li> </ul> | Group                          | →                |
| Development pipeline<br><i>Appetite: LOW</i>           | <ul style="list-style-type: none"> <li>• Asset selection</li> <li>• Development exposure</li> <li>• Pre-letting</li> <li>• Execution: delays and cost overruns</li> </ul>                      | NL<br>BE<br>FR                 | ↓<br>↓<br>→      |
| Operational performance<br><i>Appetite: MEDIUM</i>     | <ul style="list-style-type: none"> <li>• Leasing activity</li> <li>• Occupancy</li> <li>• Net rental income and LFL RG</li> <li>• Customer satisfaction</li> </ul>                             | NL<br>BE<br>FR                 | ↓<br>↓<br>→      |
| Human capital and organisation<br><i>Appetite: LOW</i> | <ul style="list-style-type: none"> <li>• Culture</li> <li>• Succession planning and talent management</li> <li>• Employee satisfaction</li> <li>• Fraud</li> </ul>                             | NL<br>BE<br>FR                 | →<br>→<br>→      |
| Capital structure and funding<br><i>Appetite: LOW</i>  | <ul style="list-style-type: none"> <li>• LTV and covenant headroom</li> <li>• Debt maturity</li> <li>• Fixed/floating</li> <li>• Sources of funding</li> </ul>                                 | Group                          | ↓<br>→<br>↓<br>↓ |
| Stability of income<br><i>Appetite: LOW</i>            | <ul style="list-style-type: none"> <li>• Upcoming expiries</li> <li>• WALT</li> <li>• ERV development</li> <li>• Exposure to bad debt/tenants</li> </ul>                                       | NL<br>BE<br>FR                 | →<br>→<br>↑      |
| Regulatory compliance<br><i>Appetite: LOW</i>          | <ul style="list-style-type: none"> <li>• Tax risks</li> <li>• Legal risks</li> <li>• Data privacy</li> <li>• BREEAM certification</li> </ul>                                                   | Group                          | ↑<br>→<br>→<br>→ |

# CORPORATE GOVERNANCE

## DESCRIPTION OF RISKS AND MITIGATING MEASURES

### **External risks**

#### **Macro-economic environment**

Wereldhave operates convenience shopping centres and is dependent on consumers buying from our tenants. Consumer confidence and consumer spending is affected by changes in the macro-economic environment, such as economic growth, demographics, unemployment and inflation.

We make our shopping centres attractive places to go and having one or more food anchors is very important for us, as they have been proven to ensure footfall even when the economic cycle is down.

#### **Political and regulatory**

Significant political events, such as Brexit, and changes in legislation, increase the reluctance of investors and businesses to make investments, whilst the impact of changes in policy or legislation may add to uncertainty and reluctance. Changes in infrastructure may severely impact the accessibility of our shopping centres.

We are not in a position to influence the outcome of political events and changes in legislation, but we do take these into account in our investment and divestment decisions. We closely monitor developments in legislation and infrastructure and join with other property companies to seek the debate on proposed regulatory changes.

#### **Property investor demand**

The market value of our assets is an important metric. These valuations are affected a.o. by rent levels, occupancy, the general macro-economic environment and supply and demand of investment properties. A decline in value of the portfolio could impact our borrowing capacity and the possibilities to raise equity.

We operate our shopping centres in a responsible way and keep them up-to-date in order to remain an attractive place to shop, with a high footfall. This will ensure that tenants will be interested to stay within the centre at market rents. The properties are valued by external valuers twice a year and this will ensure that the values represent the market value. We use a number of valuers and rotate them regularly to ensure independence and fresh expertise.

#### **Occupier demand**

Rental income, rental growth and property values could be seriously impacted by weakening occupier demand and tenants in default. When existing leases expire, Wereldhave may find itself in a position of being unable to let or re-let vacant units at acceptable conditions and timing. Wereldhave might be unable to attract a sufficient number of high-profile chains into its shopping centres and may not be able to maintain occupancy and rental levels. Internet shopping has increased substantially over recent years. If online shopping will continue to grow faster than brick and mortar shops, it could be a risk that retailers need less space in our shopping centres.

We have a high quality and diversified tenant base and monitor exposure to individual tenants and chains. We aim to obtain deposits or guarantees and monitor solvency of our tenants on an ongoing basis. With our key-account management approach we work together to best meet their requirements, using a pro-active approach. There is a trend in online retailing that click and collect is increasing in popularity and this ensures that shoppers rely on physical shops (omni-channel retailing). Even pure internet retailers start to rent shops for displaying their products and adding value to their brand.

# CORPORATE GOVERNANCE

## Availability and cost of finance

Reduced availability of finance may adversely impact our ability to refinance debt and/or drive up cost. These factors may also result in weaker investor demand for property. We believe it is important to maintain steady cash-flows and the ability to pay a stable or growing dividend. It is important that our capital structure allows us to pay dividend even in difficult times. There is a risk that our capital structure weakens significantly due to lower property valuations and that we will be breaching our covenants and will not be able to pay dividend or refinance our loans. Wereldhave also uses financial instruments for hedging purposes, such as managing interest and currency risks, and this could entail a counterparty risk.

We closely watch our Loan-to-Value, which we want to keep below 40%. This is also in respect to our credit rating. A closely controlled cash flow forecast is updated regularly to ensure staying within our targets. Wereldhave aims for good access to the money- and capital markets with a prudent capital structure, the use of a diversified set of funding sources, a well-spread maturity profile of debt and continuous dialogue with investors, banks and other financial institutions. We only enter into agreements on financial instruments with recognised market parties.

## Events and emergencies

A catastrophic event such as a terrorist attack, cyber-crime and extreme weather conditions may disrupt markets or the operation of one or more of our shopping centres. Climate change and extreme weather may impact the operational and maintenance costs of our assets.

We have security and emergency procedures in place in our shopping centres and a back-up recovery and business continuity plan for our ICT systems. The asset emergency procedures are tested and reviewed regularly and depending on the threat level, we increase security at our shopping centres. We have appropriate insurance in place across the portfolio. Climate change risks are assessed as part of the BREEAM certification.

## Internal risks

### Asset allocation

We aim to invest and divest in the right place with the right timing. Changes in market sentiment could result in lower values. When acquiring assets, Wereldhave could overestimate the expected yield and therefore pay too much, or be unable to acquire under satisfactory conditions. When an acquisition is financed with disposals, delay in one of these related transactions could compromise our ability to complete the transaction or lead to a temporary loss in rental income. The assets acquired could contain a hidden defect, as a result of which the acquisition does not generate the anticipated yield.

Our investment decisions are subject to a robust due diligence process, including an in-depth commercial review and a competition analysis, supported by a third-party expert second opinion. We always hire reputable and first-class local advisors to support us in the transaction. The decision-making is collegial and investment decisions are the prerogative of the Board of Management. For investments and divestments exceeding € 50m, the approval of the Supervisory Board is required.

# CORPORATE GOVERNANCE

## Development pipeline

We currently execute several refurbishment and extension programmes. The risk is that projects will be more expensive and/or have longer lead times and/or have lower quality levels and/or generate lower cash flows than planned. As a result, the business cases could give lower returns than foreseen or do not even add value to the Company. We also run the risk of selecting the wrong asset for (re)development.

Project development and realisation is organised within each country. We only develop extensions and refurbishments of assets that are already in our portfolio and we do not engage in greenfield developments. This gives us a solid view on the commercial risks entailed. Upfront several capex scenarios are made and these form part of the business case. During the realisation phase, projects are closely monitored by our project managers. Once finished, each project will be evaluated to ensure that new knowledge and experience are incorporated in future projects. The Board of Management only is authorised to enter into development commitments on behalf of the Company. For projects exceeding € 50m, the approval of the Supervisory Board is required.

## Operational performance

Shopping centres need continuous attention in order to remain attractive and relevant. Operational management of shopping centres therefore includes activities such as cleaning, security, maintenance, frequent contacts with tenants, contract management, organising events etc. We operate our own shopping centres. The related risk is that the operational performance is lower than expected by visitors or that there is a mismatch between the quality level of the operational performance and the cost level. Dilemma is that some aspects of low operational performance such as maintenance, are only felt over the longer term.

At each shopping centre, we have a local asset manager who is responsible for all aspects of the operational performance. The asset manager uses several centralised Wereldhave services, such as marketing, technical, legal and ICT to fulfil this task. Shopping centres are visited by operational and leasing staff frequently and by the Board of Management on a recurring basis to ensure compliance with operational excellence standards.

## Human capital and organisation

Our business is highly dependent on our executive management and employees. If Wereldhave loses the support of certain key employees, its success and results could be adversely impacted. We also run the risk of unauthorised transactions or fraud by employees and/or conspiring counterparties.

We are committed to applying a policy to attract and retain talented employees, with short- and long-term incentive schemes for selected employees. In addition, we have a talent development programme in place and have succession planning for key positions within the Company. We have a strict code of conduct, outlining our business integrity principles and regularly organise integrity awareness trainings and we hold internal audits to monitor compliance.

## Capital structure and funding

Our capital structure recognises the balance between performance, risk and flexibility. Leverage magnifies the capital returns, positive and negative. An increase in leverage increases the risk of a breach of covenants and may increase finance costs. Failure to manage refinancing requirements may result in a shortage of funds to sustain the operations of the business or repay facilities as they fall due.

# CORPORATE GOVERNANCE

We manage our debt and equity finance to balance the benefits of leverage against the risks. We maintain strong balance sheet metrics, with a targeted LTV below 40%, whereas the headroom in our bank covenants allows for an LTV of 60%. We do not adjust this leverage approach in view of changes in property market yields. Wereldhave is rated Baa2 by Moody's with a stable outlook. We monitor the maturity profile of our debt portfolio and regularly evaluate the covenant headroom. We have committed and uncommitted credit facilities available and use diversified set of funding sources. The Company is balance sheet financed, with no mortgages on property. This allows for maximum flexibility in financing and transacting.

## **Stability of income**

Wereldhave's ability to collect rents depends on the solvency of its tenants. The risk is that (large anchor) tenants may not pay rent on time or may default on payments, especially in more difficult economic environments, and this could materially affect Wereldhave's operational performance and/or its results. If developments or acquisitions are funded with disposals, the risk is that timing may not be optimal, leaving a gap in income. In addition, an increase in lead time of development projects, could widen the gap.

We undertake comprehensive profit and cash flow forecasting incorporating scenario analyses to model the impact of proposed transactions. We have a proactive tenant approach and already line-up alternatives if a tenant default may become likely. Our tenant base is highly diversified and we monitor our exposure to individual tenants and sectors.

## **Regulatory compliance**

Compliance risks are related to the application of existing legislation and new legislation. The most relevant risk relates to taxation laws. Wereldhave benefits from special tax regimes in the Netherlands, Belgium and France. Each of these regimes applies strict conditions, a.o. with respect to permissible activities, the level of debt financing and dividend distribution requirements. There could be a risk that Wereldhave does not meet one or more of the requirements or that the tax authorities take a different view on how the distributable result should be calculated. Wereldhave also runs the risk that changes in legislation may be less advantageous.

Wereldhave applies a continuous monitoring process to ensure that it is in line with the various tax regimes. We are a member of various international bodies involved in changes in taxation, thus having a constant entry to the most recent tax developments. We regularly monitor the safety of our ICT environment. An ICT data breach could result in damages to our reputation as well as punitive damages.

## **Risk appetite**

Our risk appetite is included in our overall strategy.

- We have a clear sector and product focus: Wereldhave invests in convenience shopping centres that are dominant in their micro environment. We focus on shopping centres that strike a balance between convenience and shopping experience.
- We have a clear geographical focus: We invest in larger regional cities in northwest continental Europe, countries with a stable political and economic outlook.
- We have a clear development strategy: we only develop to extend or refurbish properties that are already in our portfolio and do not engage in greenfield developments. The committed development pipeline must remain below 10% of our investment portfolio and for new developments at risk, we require a pre-letting of 70% before construction starts.

# CORPORATE GOVERNANCE

- We have a clear low risk financial profile: We aim to maintain our Loan-to-Value below 40%, also in respect to maintain a stable credit rating. We use a diversified set of funding sources and a well spread maturity profile of our debt portfolio. In view of the historically low interest rates, the percentage of loans at fixed interest rates is at 97%. Wereldhave only uses derivatives to hedge interest rate and currency exposure of underlying debt positions and interest payments.

## Internal control framework

The Board of Management is responsible for the organisation, implementation and functioning of the internal risk management and control systems that are geared towards Wereldhave's business activities and our risk appetite. The Board of Management is aware that there is no risk management and control system that can provide absolute guarantees in terms of achieving the business objectives and preventing significant errors, losses, fraud or the violation of laws or regulations.

Wereldhave's Internal Control Framework is to provide reasonable assurance that risks are identified and mitigated in order to achieve important objectives.

Our Internal Control Framework consists of the following elements:

- A planning & control cycle

- KPI reporting
- Key controls
- Risk management (including internal auditing)
- Internal audit
- Letter of representations signed by the Board of Management
- Manuals to ensure consistent application
- A Code of Conduct and regulations for reporting alleged irregularities

Wereldhave has strict procedures in place for the preparation of quarterly and annual figures based on approved accounting principles. The internal management reports are designed to immediately identify developments in the value of investments and the result per share. Electronic data processing is used in a computerised, integrated central information system to which all foreign and domestic business units are directly connected. Wereldhave aims to guarantee the reliability and continuity of its ICT organisation and automated data processing by employing a system of preventative and repressive measures. This system is designed to safeguard the integrity, exclusiveness, availability and verifiability of the automated data processing and data storage. Daily backups are made of the data files, a data recovery plan is in place and is tested regularly.

We have an administrative organisation in which effective internal controls are embedded (see below). The administrative organisation / internal control system is based on a division of functions. This system includes a computerised information system with role-based access. Both contracting and payment take place based on the 'four-eyes' principle. The Managing Directors of Wereldhave N.V. are also the directors of the local property holding companies. This implies that the local directors do not have a general power of attorney to represent the property owner. It ensures that no property acquisitions, disposals and developments can be concluded locally unless they have been explicitly approved by the Board of Management, ensuring a high level of control according to the COSO framework.

Wereldhave's key processes are:

Business:

Leasing, Valuations, Acquisitions & Disposals, Development projects and Operations

Support:

Sustainability, ICT & Information Security, Human Resources, Procurement and Legal

# CORPORATE GOVERNANCE

Finance:

Finance & Reporting, Internal Audit, Treasury, Insurance and Taxation

We have set key controls for each of these processes, and integrated these into the business processes. This is laid down in our business process descriptions and in-house manuals. Operating effectiveness is assessed by the internal audit function. This approach ensures that group companies are familiar with the standard business processes and manuals and the relevant key controls.

## Risk monitoring

Legal, Tax and Compliance risk reports are a recurring topic on the meetings with the Audit Committee.

Wereldhave performs an annual stress test to simulate several extreme but plausible events, to measure how these events would impact the company's income and financial position. The results of the stress testing are part of risk management monitoring and discussed with the Audit Committee and the Supervisory Board. The Supervisory Board and the Board of Management will consider whether the strategy takes appropriate account of the Groups principal risks.

## Improvements during the year 2018

The Board of Management assesses the organisation continuously and the functioning of the internal risk management and control systems that support that organisation. The outcome of these assessments and any significant appropriate actions are discussed with the Audit Committee and the Supervisory Board together with the strategy and risks.

Further improvements were made to the risk management and controls of development projects. A Group Development Director was appointed and in the Netherlands a specialised project developer was engaged. In addition, a new project controller was hired to further strengthen the monitoring and cost control of our development projects.

BDO Accountants, the internal auditor, performed a systematic assessment of the effectiveness of key controls and monitors compliance, with a focus on special topics which have been selected by the Board of Management and approved by the Audit Committee. The internal auditor tests the control framework in each country and verifies the follow-up of findings from previous year. The outcome of the tests is subsequently discussed with local management and improvements will be implemented where necessary. The internal auditor reports his findings to the Board of Management and sends a summary of his report directly to the Audit Committee and the Supervisory Board. The Audit Committee discusses the observed weaknesses, instances of misconduct and irregularities and findings from the internal and the external auditor with the Board of Management and reports to the Supervisory Board.

In the Group Control Department, a split was created between Financial and Business Control, with dedicated jobholders, each reporting directly to the CFO.

# CORPORATE GOVERNANCE

## Financial statements and statement by the Board of Management

### Financial Statements

The Board of Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. The financial statements consist of the consolidated financial statements and the Company's financial statements. The responsibility of the Board of Management includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Management is also responsible for the preparation of the Report of the Board of Management that is included in this Annual Report, which has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. The Board of Management endeavours to present a fair review of the situation of the business at balance sheet date and of the state of affairs in the year under review. Such an overview contains a selection of some of the main developments in the financial year and can never be complete.



Docks Vauban, Le Havre

# CORPORATE GOVERNANCE

## Statement by the Board of Management

The Company has identified the main risks it faces, including financial reporting risks. These risks can be found in the chapter Main Risks above. In line with the Dutch Corporate Governance Code and the Dutch Act on financial supervision (Wet op het financieel toezicht), the Company has not provided an exhaustive list of all possible risks. Furthermore, developments that are currently unknown to the Board of Management or considered to be unlikely may change the future risk profile of the Company.

The design of the Company's internal risk management and control systems has been described in the chapter Risk Management above. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives and the risk of material errors to the financial reporting. Accordingly, these systems can only provide reasonable, but not absolute, assurance against material losses or material errors.

The Board of Management reviewed and analysed the main strategic, operational, financial & reporting, and compliance risks to which Wereldhave is exposed, and assessed the design and operating effectiveness of the Wereldhave risk management & control system. The outcome of this assessment was shared with the Audit Committee and the Supervisory Board, and was discussed with our internal and external auditor.

As required by provision I.4.3 of the Dutch Corporate Governance Code and section 5:25c(2)(c) of the Dutch Act on financial supervision (Wet op het financieel toezicht) and on the basis of the foregoing and the explanations contained in Risk Management, the Board of Management confirms that to its knowledge:

- the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;

- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.
- the financial statements for 2018 provide, in accordance with IFRS as adopted by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at December 31, 2018, and of the 2018 consolidated income statement and cash flows of Wereldhave N.V.;
- the Annual Report provides a true and fair view of the situation as at December 31, 2018, and the state of affairs during the financial year 2018, together with a description of the main risks faced by the Group.

Schiphol, March 11, 2019

**D.J. Anbeek, CEO**

**A.W. de Vreede, CFO**

# ALTERNATIVE PERFORMANCE MEASURES

We judge and explain our performance using certain alternative performance measures. These alternative performance measures are not defined under IFRS, but they are consistent with how the real estate sector measures financial performance. Wereldhave considers the following metrics to constitute

Alternative Performance Measures as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures.

## **Direct result**

The direct result (or EPRA earnings) consists of net rental income, general costs, other gains and losses (other than exchange rate differences and non-recurring projectrelated costs) minus, financial income and expense (other than the interest addition to the real value of the conversion rights of convertible bonds, premiums paid on interest-bearing debt) and tax charges on the direct result. Reference is made to 'Direct & Indirect' result, page 60.

## **EPS**

Earnings Per Share is calculated by dividing:

- Direct result attributable to owners of the Group (excluding minority interest), refer to 'Direct & Indirect' result (page 60) by the
- Weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (refer to page 9)

Direct result attributable to owners of € 134.1m divided by the average number of shares of 40.24m = € 3.33 per share.

## **EPRA Cost Ratio**

The calculation of the cost ratio is based on total operating cost divided by gross rental income. Reference is made to the EPRA tables on page 57.

## **EPRA NAV**

EPRA NAV is the IFRS Net Asset Value (NAV) excluding certain items not expected to crystallise in a long-term investment property business model. The EPRA NAV excludes the fair value of derivatives and deferred tax liabilities.

IFRS NAV € 1,744.5m plus EPRA NAV adjustments of € 18.9m divided by the average number of shares 40.24m = € 43.82 per share.

## **EPRA NIY**

Annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, including estimated purchasers' cost (EPRA Net Initial Yield = (Annualised rent passing + other income + turnover rent -/- property expenses) / Gross Property Value). Reference is made the EPRA tables on page 58 and to note 5 in the financial statements.

# ALTERNATIVE PERFORMANCE MEASURES

## **EPRA NNNAV**

EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes. Reference is made to the EPRA tables on page 57.

IFRS NAV € 1,744.5m plus EPRA NAV adjustments € 18.9m minus EPRA NNNAV adjustments € 56.7m divided by the average number of shares 40.24m = € 42.41 per share.

## **Indirect result**

The indirect result consists out of the fair value movements of investment properties and conversion rights on convertible bonds, the impact of ineffectiveness on hedges, exchange rate differences that are accounted for under other financial income and expense, the interest addition to leasehold obligations, the movement in deferred tax liabilities, non-recurring project-related costs and actuarial gains and losses on employee benefit plans. Reference is made to page 60.

## **Interest Coverage Ratio**

The interest coverage ratio is the ratio of the interest charge in the direct result and the net rental income. The calculation is as follows: Net Rental Income of continued and discontinued operations (€ 193.3m) divided by external interest expenses (€ 31.0m) = 6.2x. The external interest is part of the net interest costs of € 33.0m as presented in note 32 in the financial statements.

## **LTV**

Loan to value (LTV) is the ratio of net debt to the aggregate value of properties and investments. Net debt amounts to € 1,231.5m divided by € 3,287.1 = 37.5%. Reference is made to note 5 and 18 in the financial statements.

## **Net Debt**

Net debt is the sum of the non-current and current interest-bearing liabilities (€ 1,358.3m) less cash and cash equivalents (€ 125.9m) and the effect of the hedged foreign currency movements of the debt (€ 0.9m) = € 1,231.5m.

## **(EPRA) Occupancy**

The (EPRA) Occupancy rate is the estimated rental value of let units as a percentage of the total estimated rental value of the portfolio, excluding development properties. It includes accommodation, under offer, subject to asset management (where they have been taken back for refurbishment and are not available to let as at the balance sheet date) or occupied by the Group. Reference is made to the EPRA tables on page 55 and note 5 in the financial statements.

EPRA Occupancy = 100% minus EPRA Vacancy rate (EPRA tables).

## **Solvency**

Solvency Ratio means the ratio of: "Shareholders Equity" (less "Intangible Assets" (if any)) and "Provision for Deferred Tax Liabilities"; to "Balance Sheet Total" (less "Intangible Assets"). Reference is made to note 18 in the financial statements.

Shareholders Equity (€ 1,975.8m) plus deferred tax liabilities (€ 6.6m) minus Intangible assets (€ 0.9m) divided by balance sheet total € (3,510.4m) minus Intangible assets (€ 0.9m).

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## at December 31, 2018

(x € 1,000)

| Assets                                 | Note     | December 31, 2018 | December 31, 2017 |
|----------------------------------------|----------|-------------------|-------------------|
| <b>Non-current assets</b>              |          |                   |                   |
| Investment property in operation       |          | 3,213,454         | 3,643,322         |
| Lease incentives                       |          | 6,754             | 8,014             |
| Investment property under construction |          | 59,999            | 122,361           |
| <b>Investment property</b>             | <b>5</b> | <b>3,280,207</b>  | <b>3,773,697</b>  |
| Property and equipment                 | 6        | 2,120             | 2,118             |
| Intangible assets                      | 7        | 897               | 1,162             |
| Derivative financial instruments       | 9,23     | 27,245            | 20,619            |
| Deferred tax assets                    | 8        | -                 | 2,235             |
| Other financial assets                 | 9        | 717               | 280               |
| <b>Total non-current assets</b>        |          | <b>3,311,185</b>  | <b>3,800,111</b>  |
| <b>Current assets</b>                  |          |                   |                   |
| Trade and other receivables            | 10       | 52,697            | 55,096            |
| Tax receivables                        | 11       | 13,693            | 13,650            |
| Derivative financial instruments       | 9,23     | -                 | 3,567             |
| Cash and cash equivalents              | 12       | 125,925           | 13,585            |
| <b>Total current assets</b>            |          | <b>192,314</b>    | <b>85,898</b>     |
| Investments held for sale              |          | 6,940             | 38,047            |
| <b>Total assets</b>                    |          | <b>3,510,440</b>  | <b>3,924,056</b>  |
| <b>Equity and Liabilities</b>          |          |                   |                   |
| <b>Equity</b>                          |          |                   |                   |
| Share capital                          | 14       | 40,271            | 40,271            |
| Share premium                          | 15       | 1,711,033         | 1,711,033         |
| Reserves                               | 16,17    | -6,815            | 177,331           |
| <b>Attributable to shareholders</b>    |          | <b>1,744,489</b>  | <b>1,928,635</b>  |
| Non-controlling interest               |          | 231,347           | 188,398           |
| <b>Total equity</b>                    |          | <b>1,975,836</b>  | <b>2,117,033</b>  |
| <b>Non-current liabilities</b>         |          |                   |                   |
| Interest-bearing liabilities           | 18       | 1,019,151         | 1,502,458         |
| Deferred tax liabilities               | 19       | 6,648             | 77,127            |
| Derivative financial instruments       | 23       | 36,421            | 38,250            |
| Other long-term liabilities            | 20       | 14,774            | 14,411            |
| <b>Total non-current liabilities</b>   |          | <b>1,076,994</b>  | <b>1,632,246</b>  |
| <b>Current liabilities</b>             |          |                   |                   |
| Trade payables                         |          | 8,529             | 8,893             |
| Tax payable                            | 21       | 11,651            | 13,730            |
| Interest-bearing liabilities           | 18       | 339,167           | 55,200            |
| Other short-term liabilities           | 22       | 96,031            | 96,892            |
| Derivative financial instruments       | 23       | 2,230             | 62                |
| <b>Total current liabilities</b>       |          | <b>457,610</b>    | <b>174,777</b>    |
| <b>Total equity and liabilities</b>    |          | <b>3,510,440</b>  | <b>3,924,056</b>  |

# CONSOLIDATED INCOME STATEMENT

## for the year ended December 31, 2018

(x € 1,000)

|                                                                       | Note | 2018           | 2017           |
|-----------------------------------------------------------------------|------|----------------|----------------|
| Gross rental income                                                   | 26   | 196,754        | 193,801        |
| Service costs charged                                                 |      | 35,267         | 33,817         |
| <b>Total revenue</b>                                                  |      | <b>232,021</b> | <b>227,618</b> |
| Service costs paid                                                    |      | -43,029        | -39,222        |
| Property expenses                                                     | 27   | -22,638        | -21,125        |
| <b>Net rental income</b>                                              |      | <b>166,354</b> | <b>167,271</b> |
| Valuation results                                                     | 28   | -94,513        | -56,091        |
| Results on disposals                                                  | 29   | -1,578         | 220            |
| General costs                                                         | 30   | -16,946        | -15,905        |
| Other income and expense                                              | 31   | -1,459         | -2,295         |
| <b>Operating result</b>                                               |      | <b>51,858</b>  | <b>93,200</b>  |
| Interest charges                                                      |      | -33,028        | -30,300        |
| Interest income                                                       |      | 71             | 55             |
| <b>Net interest</b>                                                   | 32   | <b>-32,957</b> | <b>-30,245</b> |
| Other financial income and expense                                    | 33   | -2,062         | 2,869          |
| <b>Result before tax</b>                                              |      | <b>16,839</b>  | <b>65,824</b>  |
| Income tax                                                            | 34   | -395           | -390           |
| <b>Result from continuing operations</b>                              |      | <b>16,444</b>  | <b>65,434</b>  |
| <b>Result from discontinued operations</b>                            | 35   | <b>-72,078</b> | <b>18,897</b>  |
| <b>Result for the year</b>                                            |      | <b>-55,634</b> | <b>84,331</b>  |
| <b>Result attributable to:</b>                                        |      |                |                |
| Shareholders                                                          |      | -68,006        | 67,690         |
| Non-controlling interest                                              |      | 12,372         | 16,641         |
| <b>Result for the year</b>                                            |      | <b>-55,634</b> | <b>84,331</b>  |
| Basic earnings per share from continuing operations (€)               | 38   | 0.10           | 1.21           |
| Diluted earnings per share from continuing operations (€)             | 38   | 0.10           | 1.16           |
| Basic and diluted earnings per share from discontinued operations (€) | 38   | -1.79          | 0.47           |
| Basic earnings per share (€)                                          | 38   | -1.69          | 1.68           |
| Diluted earnings per share (€)                                        | 38   | -1.69          | 1.63           |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended December 31, 2018

(x € 1,000)

|                                                                             | Note | 2018           | 2017          |
|-----------------------------------------------------------------------------|------|----------------|---------------|
| Result from continuing operations                                           |      | 16,444         | 65,434        |
| Result from discontinued operations                                         |      | -72,078        | 18,897        |
| <b>Result</b>                                                               |      | <b>-55,634</b> | <b>84,331</b> |
| <i>Items that may be recycled to the income statement subsequently</i>      |      |                |               |
| Effective portion of change in fair value of cash flow hedges               | 23   | -4,632         | 6,541         |
| Changes in fair value of cost of hedging                                    | 23   | 2,660          | -             |
| <i>Items that will not be recycled to the income statement subsequently</i> |      |                |               |
| Remeasurement of post-employment benefit obligations                        | 20   | 265            | 95            |
| <b>Total comprehensive income</b>                                           |      | <b>-57,340</b> | <b>90,967</b> |
| <i>Attributable to:</i>                                                     |      |                |               |
| Shareholders                                                                |      | -69,932        | 74,205        |
| Non-controlling interest                                                    |      | 12,592         | 16,762        |
| <b>Total comprehensive income attributable to shareholders arises from:</b> |      | <b>-69,932</b> | <b>74,205</b> |
| Continuing operations                                                       |      | 2,147          | 55,308        |
| Discontinued operations                                                     |      | -72,078        | 18,897        |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## for the year ended December 31, 2018

(x € 1,000)

|                                                                  | Attributable to shareholders |                  |                 |                |                         |                               |                                |                  |
|------------------------------------------------------------------|------------------------------|------------------|-----------------|----------------|-------------------------|-------------------------------|--------------------------------|------------------|
|                                                                  | Share capital                | Share premium    | General reserve | Hedge reserve  | Cost of hedging reserve | attributable to share-holders | Total Non-controlling interest | Total equity     |
| <b>Balance at January 1, 2017</b>                                | <b>40,271</b>                | <b>1,711,033</b> | <b>241,927</b>  | <b>-14,420</b> | <b>-</b>                | <b>1,978,811</b>              | <b>182,403</b>                 | <b>2,161,214</b> |
| <b>Comprehensive income</b>                                      |                              |                  |                 |                |                         |                               |                                |                  |
| Result                                                           | -                            | -                | 67,690          | -              | -                       | 67,690                        | 16,641                         | 84,331           |
| Remeasurement of post-employment obligations                     | -                            | -                | 66              | -              | -                       | 66                            | 29                             | 95               |
| Effective portion of change in fair value<br>of cash flow hedges | -                            | -                | -               | 6,449          | -                       | 6,449                         | 92                             | 6,541            |
| <b>Total comprehensive income</b>                                | <b>-</b>                     | <b>-</b>         | <b>67,756</b>   | <b>6,449</b>   | <b>-</b>                | <b>74,205</b>                 | <b>16,762</b>                  | <b>90,967</b>    |
| <b>Transactions with shareholders</b>                            |                              |                  |                 |                |                         |                               |                                |                  |
| Shares for remuneration                                          | -                            | -                | -300            | -              | -                       | -300                          | -                              | -300             |
| Share based payments                                             | -                            | -                | -32             | -              | -                       | -32                           | -                              | -32              |
| Dividend                                                         | -                            | -                | -124,030        | -              | -                       | -124,030                      | -10,767                        | -134,797         |
| Other                                                            | -                            | -                | -19             | -              | -                       | -19                           | -                              | -19              |
| <b>Balance at December 31, 2017</b>                              | <b>40,271</b>                | <b>1,711,033</b> | <b>185,302</b>  | <b>-7,971</b>  | <b>-</b>                | <b>1,928,635</b>              | <b>188,398</b>                 | <b>2,117,033</b> |
| <b>IFRS adjustments</b>                                          |                              |                  |                 |                |                         |                               |                                |                  |
| <b>Balance at January 1, 2018</b>                                | <b>40,271</b>                | <b>1,711,033</b> | <b>186,071</b>  | <b>-4,847</b>  | <b>-4,366</b>           | <b>-473</b>                   | <b>-47</b>                     | <b>-520</b>      |
| <b>Comprehensive income</b>                                      |                              |                  |                 |                |                         |                               |                                |                  |
| Result                                                           | -                            | -                | -68,006         | -              | -                       | -68,006                       | 12,372                         | -55,634          |
| Remeasurement of post-employment obligations                     | -                            | -                | 172             | -              | -                       | 172                           | 93                             | 265              |
| Effective portion of change in fair value<br>of cash flow hedges | -                            | -                | -               | -4,758         | -                       | -4,758                        | 126                            | -4,632           |
| Changes in fair value of cost of hedging                         | -                            | -                | -               | -              | 2,660                   | 2,660                         | -                              | 2,660            |
| <b>Total comprehensive income</b>                                | <b>-</b>                     | <b>-</b>         | <b>-67,834</b>  | <b>-4,758</b>  | <b>2,660</b>            | <b>-69,932</b>                | <b>12,592</b>                  | <b>-57,340</b>   |
| <b>Transactions with shareholders</b>                            |                              |                  |                 |                |                         |                               |                                |                  |
| Shares for remuneration                                          | -                            | -                | -167            | -              | -                       | -167                          | -                              | -167             |
| Dividend                                                         | -                            | -                | -112,756        | -              | -                       | -112,756                      | -4,598                         | -117,354         |
| Change non-controlling interest                                  | -                            | -                | -702            | -              | -                       | -702                          | 35,003                         | 34,301           |
| Other                                                            | -                            | -                | -116            | -              | -                       | -116                          | -                              | -116             |
| <b>Balance at December 31, 2018</b>                              | <b>40,271</b>                | <b>1,711,033</b> | <b>4,495</b>    | <b>-9,605</b>  | <b>-1,706</b>           | <b>1,744,489</b>              | <b>231,348</b>                 | <b>1,975,836</b> |

# CONSOLIDATED CASH FLOW STATEMENT

## for the year ended December 31, 2018

(x € 1,000)

|                                                      | Note      | 2018            | 2017           |
|------------------------------------------------------|-----------|-----------------|----------------|
| <b>Operating activities</b>                          |           |                 |                |
| <b>Result</b>                                        |           | -55,634         | 84,331         |
| Adjustments:                                         |           |                 |                |
| Valuation results                                    | 28, 35    | 112,776         | 64,987         |
| Net interest                                         | 32, 35    | 32,943          | 30,231         |
| Other financial income and expense                   | 33        | 2,062           | -2,869         |
| Results on disposals                                 | 29, 35    | 84,227          | -220           |
| Deferred tax                                         |           | -3,120          | -1,057         |
| Amortisation                                         |           | 752             | 983            |
| Movements in working capital                         |           | 11,903          | -6,897         |
| <b>Cash flow generated from operations</b>           |           | <b>185,909</b>  | <b>169,489</b> |
| Interest paid                                        |           | -32,682         | -30,534        |
| Interest received                                    |           | 85              | 93             |
| Income tax paid                                      |           | -1,261          | -140           |
| <b>Cash flow from operating activities</b>           |           | <b>152,051</b>  | <b>138,908</b> |
| <b>Investment activities</b>                         |           |                 |                |
| Proceeds from disposals direct investment properties | 29        | 34,544          | 81,155         |
| Proceeds from disposals indirect investment property |           | 437,257         | -              |
| Investments in investment property                   | 5         | -186,152        | -148,779       |
| Investments in equipment                             |           | -457            | -408           |
| Investments in financial assets                      |           | -437            | -29            |
| Investments in intangible assets                     |           | -141            | -94            |
| <b>Cash flow from investing activities</b>           |           | <b>284,614</b>  | <b>-68,155</b> |
| <b>Financing activities</b>                          |           |                 |                |
| Proceeds from interest-bearing debts                 | 18        | 35,996          | 111,410        |
| Repayment interest-bearing debts                     | 18        | -247,819        | -74,500        |
| Proceeds of other long-term liabilities              |           | 613             | 532            |
| Transactions non-controlling interest                |           | 4,239           | -479           |
| Dividend paid                                        |           | -117,354        | -134,797       |
| <b>Cash flow from financing activities</b>           |           | <b>-324,325</b> | <b>-97,834</b> |
| Increase/decrease in cash and cash equivalents       |           | 112,340         | -27,081        |
| Cash and cash equivalents at January 1               | 12        | 13,585          | 40,666         |
| <b>Cash and cash equivalents at December 31</b>      | <b>12</b> | <b>125,925</b>  | <b>13,585</b>  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

Wereldhave N.V. ('the Company') is an investment company which invests in real estate (shopping centres and offices). The property portfolio of Wereldhave N.V. and its subsidiaries ('the Group') is located in Belgium, France and the Netherlands. The Group is principally involved in leasing investment property under operating leases. The property management is performed by Group management companies. The Company is a limited liability company incorporated and domiciled in the Netherlands. The address of the Company's registered office is Schiphol Boulevard 233, 1118 BH Schiphol. The shares of the Company are listed on the Euronext Stock Exchange of Amsterdam. The consolidated financial statements for the year ended December 31, 2018 were authorised for issue by the Supervisory Board on March 11, 2019 and will be presented to the shareholders for approval on April 26, 2019.

## 2. TAX STATUS

Wereldhave N.V. has the tax status of an investment company (FBI status) in accordance with section 28 of the Dutch 'Wet op de Vennootschapsbelasting 1969'. This status assumes that the Group is (almost) exclusively engaged in portfolio investment activities. As a consequence, corporation tax is due at a rate of 0% in the Netherlands, provided that certain conditions are met. The main conditions concern the requirement to distribute the taxable result as dividend and restrictions with regard to the leverage. The taxable result of Wereldhave N.V. must be distributed as a dividend to its shareholders within eight months after the year during which the result was made. In general terms, the leverage restrictions imply that investments in real estate (including qualifying real estate companies) may only be financed through debt up to a maximum of 60% of their value. For investments in other assets the maximum level of debt allowed is only 20%. There is no requirement to include capital gains, arising on disposal of investments, in the result to be distributed.

The subsidiaries in Belgium (OGVV status) and France (SIIC status) have a similar status. In Belgium the net value of one single asset may not exceed 20% of the total Belgium portfolio. Due to acquisitions in 2018 the relative weight of the shopping centre Belle-Ile decreased below the threshold of 20%. Considering potential further investments, a request for a new exemption was made to the FSMA. Following the request, a concession was granted by the FSMA for a period of maximum 2 years expiring December 31, 2020.

In October 2017 the new Dutch government announced plans to abolish the Dutch REIT status for property investments that are held directly in the Netherlands. These plans relate to the proposed cancellation of dividend withholding tax in the Netherlands. In October 2018 the Dutch government decided to withdraw its plans to abolish the Dutch withholding tax. It was further announced that the Dutch tax transparent REIT regime for FBI's will remain unchanged.

## 3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 3.1 Basis of accounting

#### Statement of compliance

The consolidated financial statements of Wereldhave N.V. have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

#### Income and cash flow statement

The Group presents a separate 'statement of profit or loss' and 'other comprehensive income'.

The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities as this most appropriately reflects the Group's business activities.

### Preparation of the consolidated financial statements

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property and derivative financial instruments that have been measured at fair value.

The preparation of consolidated financial statements in conformity with EU-IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 and 24.

### Change in accounting policy and disclosures

#### New and amended standards adopted by the Group

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2017, except for the new standards mentioned below:

#### IFRS 9

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 'Financial Instruments' from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the

financial statements. In accordance with transitional provisions in IFRS comparative figures have not been restated. The impact is presented in the following table.

(x € 1,000)

|                                  | IFRS 9<br>Expected<br>credit losses | IFRS 9<br>Hedge<br>accounting | Total       |
|----------------------------------|-------------------------------------|-------------------------------|-------------|
| General reserve                  | -473                                | 1,242                         | 769         |
| Hedge reserve                    | -                                   | 3,124                         | 3,124       |
| Cost of hedging reserve          | -                                   | -4,366                        | -4,366      |
| Non-controlling interest         | -47                                 | -                             | -47         |
| <b>Impact at January 1, 2018</b> | <b>-520</b>                         | <b>-</b>                      | <b>-520</b> |

*Classification and measurement of financial assets and financial liabilities*  
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The following table presents the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities at January 1, 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

(x € 1,000)

| <b>Financial assets</b>          | <b>Original classification under IAS 39</b> | <b>New classification under IFRS 9</b> | <b>Original carrying amount under IAS 39</b> | <b>New carrying amount under IFRS 9</b> |
|----------------------------------|---------------------------------------------|----------------------------------------|----------------------------------------------|-----------------------------------------|
| Loans                            | Loans and receivables                       | Amortised cost                         | 49                                           | 49                                      |
| Deposits paid                    | Loans and receivables                       | Amortised cost                         | 231                                          | 231                                     |
| Derivative financial instruments | Fair value through P&L                      | Fair value through P&L                 | 24,186                                       | 24,186                                  |
| Trade receivables                | Loans and receivables                       | Amortised cost                         | 17,023                                       | 16,503                                  |
| Other receivables                | Loans and receivables                       | Amortised cost                         | 38,073                                       | 38,073                                  |
| Cash and cash equivalents        | Loans and receivables                       | Amortised cost                         | 13,585                                       | 13,585                                  |
| <b>Total</b>                     |                                             |                                        | <b>93,147</b>                                | <b>92,627</b>                           |

(x € 1,000)

| <b>Financial liabilities</b>     | <b>Original classification under IAS 39</b> | <b>New classification under IFRS 9</b> | <b>Original carrying amount under IAS 39</b> | <b>New carrying amount under IFRS 9</b> |
|----------------------------------|---------------------------------------------|----------------------------------------|----------------------------------------------|-----------------------------------------|
| Interest-bearing debts           | Other financial liabilities                 | Other financial liabilities            | 1,557,658                                    | 1,557,658                               |
| Tenant deposits                  | Other financial liabilities                 | Other financial liabilities            | 12,353                                       | 12,353                                  |
| Derivative financial instruments | Fair value through P&L                      | Fair value through P&L                 | 38,312                                       | 38,312                                  |
| Trade payables                   | Other financial liabilities                 | Other financial liabilities            | 8,893                                        | 8,893                                   |
| <b>Total</b>                     |                                             |                                        | <b>1,617,216</b>                             | <b>1,617,216</b>                        |

### Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, contract assets, lease receivables and debt investments at fair value through other comprehensive income but not to investments in equity instruments. Under IAS 39 a provision was recorded when there was evidence that the Company has the risk of not collecting all amounts due according to the original terms. As IFRS 9 uses a lifetime expected loss allowance for all trade receivables at each reporting date credit losses are recognised earlier than under IAS 39.

The Group applies the simplified approach under IFRS 9 on trade receivables when recording the expected credit loss in its reporting. The expected credit loss is based on the amount of trade receivables at balance sheet date, historical credit losses and expectations regarding the future development of the economic situation. The introduction of IFRS 9 increased the provision for doubtful debtors at December 31, 2017 by € 520.000. The impact is recognised directly in equity in the opening balance sheet on January 1, 2018

## Hedge accounting

IFRS 9 mainly affected the hedge accounting for cross-currency interest rate swaps (CCIRS), due to the cost of hedging approach. In addition to the hedge reserve (part of equity) under IAS 39, IFRS 9 introduced an additional line item in equity which is named "cost of hedging". Changes in the fair value of CCIRS that are caused by the cross-currency basis spreads are directly booked in this cost of hedging reserve, instead of the income statement (for fair value hedges) or hedge reserve (for cash flow hedges). The introduction of IFRS 9 – hedge accounting has led to an opening balance adjustment on January 1, 2018 of € 1.3m on the general reserve, € 3.1m on the hedge reserve and € -4.4m in the cost of hedging reserve.

## IFRS 15

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard became effective for Wereldhave on January 1, 2018.

### Classification and Measurement

Wereldhave adopted IFRS 15 using the cumulative effect method with the effect of initially applying this standard on January 1, 2018. The implementation of IFRS 15 did not affect the result mainly due to the exemption for leasing contracts, which are subject to IAS 17 or the new IFRS 16 as of 2019. The recognition of service costs recovered from tenants did not change under IFRS 15.

### New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018 and have not been applied in preparing these consolidated financial statements.

## IFRS 16

IFRS 16, 'Leases', will become effective for Wereldhave on January 1, 2019. This standard introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases–Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

### Classification and Measurement

#### The Group as a lessee

Wereldhave will recognise a right-of-use asset and a lease liability for its leasehold contracts and office leases. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expense on the leasehold liabilities. Wereldhave expects an impact on the financial statements mainly as result of the on-balance sheet presentation of the right-of-use asset and leasehold liabilities. Wereldhave estimates the total assets and liabilities will increase by € 21.7m and € -0.2m impact on the result in 2019 with no significant impact on the financial covenants. For the implementation, Wereldhave will apply the modified retrospective approach including the available recognition exemptions. The comparative information will not be restated.

#### The Group as a lessor

The Group does not expect significant impact on current and future leases as result of IFRS 16.

### Other standards

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a significant impact on the Group.

## **Change in classification**

The group determined that for two defined contributions plans additional payments may be required by the employer in case of deficits. As a result these plans are accounted for in accordance with a defined benefit plan. The comparative figures 2017 for pension plans in note 20 has been revised to reflect the change in treatment of the pension plans.

## **3.2 Consolidation**

### **Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Wereldhave recognises acquisitions if IFRS 3R "Business Combinations" or IAS 40 "Investment Property" applies. Acquisitions are considered a business combination if there is an acquisition of assets, rental activities and such, a management organisation, that the acquired entity can operate as an independent company with the aim of generating economic results. Wereldhave does not necessarily consider acquisitions of properties within a legal company as a business combination, but evaluates these acquisitions individually for the above operational characteristics.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred

includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Consolidated financial statements are prepared using uniform accounting policies for similar transactions. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

### **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined that its chief operating decision maker is the Chief Executive Officer (CEO) of the Company.

## 3.3 Foreign currency translation

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional currency and the Group's presentation currency.

### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement for the year.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within other financial income and expenses.

The following exchange rates against the euro, were used for these consolidated financial statements:

|     | average |         | year-end |         |
|-----|---------|---------|----------|---------|
|     | 2018    | 2017    | 2018     | 2017    |
| GBP | 1.13038 | 1.14147 | 1.11241  | 1.12601 |
| USD | 0.84755 | 0.88639 | 0.87207  | 0.83299 |
| CAD | 0.65386 | 0.68292 | 0.63955  | 0.66275 |

## 3.4 Comprehensive income

In the statement of comprehensive income, no separate line for tax is included as there are no taxable items. This is due to the tax status of the Group and some subsidiaries.

## 3.5 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments mainly to hedge exchange rate and interest rate risks arising from financing activities. The Group does not hold any derivatives for trading purposes. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. Changes in the fair value of derivatives that are not designated as hedging instruments are recognised in the income statement as they arise.

The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges) or hedges of the fair value of recognised assets and liabilities (fair value hedges).

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group uses hedging instruments such as interest and cross currency swaps. Transactions are entered into with a limited number of counterparties with strong credit ratings. Hedging operations are governed by internal policies and rules approved and monitored by the Board of Management.

### Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the transaction is no longer expected to occur, the cumulative gain or loss and costs of hedging that were reported in equity are immediately reclassified to profit or loss.

### Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other financial income and expense.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

### *Accounting policy applied until December 31, 2017*

The main purpose of the derivative financial instruments contracted by the Group is to hedge exchange rate and interest rate risks arising from financing activities. The Group does not hold any derivatives for trading purposes. Derivative financial instruments are carried at fair value. Transaction expenses related to derivative financial instruments are accounted for in the income statement.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement as they arise.

In general, Wereldhave is committed to use hedge accounting in order to limit the effects of changes in fair value and cash flows due to currency exchange rates and interest rate differences in the income statement.

The Group uses hedging instruments such as interest and cross currency swaps. Transactions are entered into with a limited number of counterparties with strong credit ratings. Hedging operations are governed by internal policies and rules approved and monitored by the Board of Management.

Wereldhave hedges the interest rate risk and the currency risk related to its long-term liabilities and interest payments. If possible, hedge accounting is applied to these positions.

On initial designation of the hedge, Wereldhave formally documents the relationship between the hedging instrument(s) and hedged item(s), together with the methods that will be used to assess the effectiveness of the hedging relationship. Wereldhave makes an assessment, both at inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in income statement (net finance expenses).

### Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect income statement it qualifies as a cash flow hedge.

Changes in the fair value of a derivative hedging instrument designated as a cash flow hedge are recognised in the statement of comprehensive income and recognised directly in equity in the hedge reserve to the extent the hedge is effective. To the extent the hedge is ineffective; changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued and the cumulative unrealised gains or losses (recognised directly in equity) from the statement of comprehensive income are immediately accounted for in the income statement. When a hedging instrument is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss up to that point will remain part of the statement of comprehensive income. The cumulative gains or losses are presented in accordance with the above policy when the transaction occurs.

### Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item is recognised at fair value regarding to the hedged risk and the profit or loss attributable to the change in fair value is recognised in the income statement and adjusts the carrying amount of the hedged item. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised over the period to maturity.

### 3.6 Investment property

Property that is held for long-term rental income or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs. After this initial recognition, investment property is carried at fair value.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date and adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow or capitalisation projections. Valuations are performed as of the financial position dates 30 June and 31 December by professional independent external valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

| <i>Significant unobservable input</i>                | <i>Relationship between significant unobservable inputs and the fair value measurement</i>                                                                                                                            |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| • Growth forecast for market rent level              | The estimated fair value increases (decreases) if:                                                                                                                                                                    |
| • Periods of vacancy following expiration of a lease | <ul style="list-style-type: none"> <li>• The expected growth of market rent levels is higher (lower)</li> </ul>                                                                                                       |
| • Occupancy rate                                     | <ul style="list-style-type: none"> <li>• The periods of vacancy are shorter (longer)</li> </ul>                                                                                                                       |
| • Rent-free periods and other lease incentives       | <ul style="list-style-type: none"> <li>• The occupancy rate is higher (lower)</li> </ul>                                                                                                                              |
| • Theoretical net yield                              | <ul style="list-style-type: none"> <li>• The rent-free periods are shorter (longer)</li> <li>• The estimated maintenance costs / investments are lower (higher)</li> <li>• The net-yield is lower (higher)</li> </ul> |

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Properties eligible for disposal are classified as assets held for sale. In the case of sale of properties, the difference between net proceeds and book value is recognised in the income statement under results of disposal.

### **Lease incentives, rent-free periods and other leasing expenses**

Rent-free periods and investments made, or allowances granted to tenants by Wereldhave ("lease incentives") are allocated on a linear basis over the lease term. The lease term consists of the period until the first break option for the tenants, which period can be extended by management with the expected prolongation of the leases.

In determining the property at fair value capitalised lease incentives are adjusted for the valuation results, to avoid double counting.

### **Investment property under construction**

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

It may sometimes be difficult to reliably determine the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of expected cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

Costs include the material and labour for the construction, costs of staff directly related to technical supervision, project management on the basis of time spent and finance costs. The finance cost are capitalised interest that is charged until the date of delivery and is based on the interest to be allocated to development or on the basis of the average effective rate of the Group, where no specific project financing is present. Interest charges include interest and all costs associated with Wereldhave raising funds.

The fair value of development is determined on an identical basis as investment properties, with the understanding that the capitalisation factor is adjusted to reflect development risks.

Fair value changes and impairment losses are recognised in the income statement as valuation result. Investment property under construction are transferred to investment properties on the date of delivery.

## 3.7 Leases

### Group company is the lessee

#### *Operating lease*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to income statement on a straight-line basis over the period of the lease.

#### *Finance lease*

Leases of assets, where the Group company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the

leased property and the present value of the minimum lease payments. The corresponding obligations, net of finance charges, are included in long-term liabilities. The interest element of the finance cost is charged to the income statement over the lease period. Investment properties acquired under finance leases are carried at their fair value. Fair value changes are recognised through income statement.

### Group company as the lessor in an operating lease

Properties leased out under operating leases are included in investment property in the consolidated statement of financial position. See Note 26 for the recognition of rental income.

## 3.8 Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost includes the cost of replacing part of existing plant and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

|                   |          |
|-------------------|----------|
| Office Furniture: | 10 years |
| Equipment:        | 5 years  |
| Cars:             | 5 years  |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

### 3.9 Intangible assets

#### Computer software

Acquired computer software licenses and costs relating to internally developed software are capitalised at cost incurred to acquire, develop and implement the specific software. These costs are amortised over their estimated useful lives (5 to 10 years).

### 3.10 Impairment of non-financial and financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### 3.11 Financial instruments

Wereldhave categorises its financial instruments measured at fair value in three categories. Level 1 valuations are based on quoted market prices, level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either direct or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

### 3.12 Financial assets

The Group classifies its financial assets in those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets.

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

A financial asset is initially measured at fair value plus, in case of assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial assets depends on the business model for managing the asset and the cash flows characteristics of the asset. There are three measurement categories into which the Group classifies its financial assets:

- Amortised cost is applied for financial assets held within a business model whose objective is to hold the assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income is applied for equity investments that are not held for trading or debt investments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Assets that do not meet the criteria for amortised costs or fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets at amortised costs are subsequently measured at amortised cost using the effective interest method, reduced by impairment losses. Interest income and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity and debt investments at fair value through other comprehensive income are subsequently measured at fair value. Dividends, interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition of debt investments, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses are recognised in profit or loss unless item is designated as hedging instrument.

An overview of the carrying amounts of the financial assets is set out in note 24.

### **3.13 Financial liabilities**

A financial liability is initially measured at fair value plus, in case of assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

Financial liabilities are subsequently classified as measured at amortised cost or fair value through profit or loss.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

An overview of the carrying amounts of the financial liabilities is set out in note 24.

### **3.14 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand and bank overdrafts. Cash and cash equivalents are measured at nominal value.

### **3.15 Non-current assets held for sale**

Non-current assets (or a disposal group) are held for sale in case the carrying amount will be recovered principally by means of a sale rather than by continuing use. This only applies if the asset (or disposal group) is available for immediate sale in its present condition. Furthermore, the sale must be highly probable, management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. The sale should be completed within one year from the date of classification.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the carrying amount and fair value less cost to sell except for assets such as deferred tax assets and investment property that are carried at fair value. Non-current assets held for sale or the assets from a disposal group are presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from the other liabilities. Assets and liabilities held for sale are not offset against each other.

A disposal group is a group of assets and liabilities that is sold or intended to be sold in one transaction.

## 3.16 Trade receivables

Trade receivables are amounts due from tenants under the lease agreements. Standard lease terms require upfront payment of rent and therefore trade receivables are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less expected credit losses.

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

### *Accounting policy applied until December 31, 2017*

A provision for doubtful debts of trade receivables is established when there is evidence that the Company has the risk that it will not be able to collect all amounts due according to the original terms. Indicators for such an event are among others significant financial difficulties of a debtor, non-compliance with payment conditions and bankruptcy. The movement in the provision is recognised as property expenses in the income statement. If trade receivables are uncollectible, they are written off against the provision. Subsequent recoveries of amounts previously written off are credited against property expenses in the income statement.

## 3.17 Equity

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are deducted from the proceeds. When share capital recognised as equity is repurchased, the amount of the consideration paid,

including directly attributable costs, is recognised as a change in the general reserve in equity. Repurchased shares are classified as treasury shares and deducted from total equity. When treasury shares are reissued the proceeds are credited to the treasury share reserve and any surplus is credited to the share premium reserve. Dividends are recognised as a liability in the period in which they are declared.

## 3.18 Dividend policy

As an investment company in accordance with Article 28 of the Dutch 'Wet op de Vennootschapsbelasting 1969', the Company is required to distribute at least the taxable result as dividend.

Wereldhave aims for a dividend pay-out ratio of 75 - 85% of its direct result (net rental income, general costs, other gains and losses, financial income and expense (other than the interest addition to the real value of the conversion rights of convertible bonds, premiums paid on repurchased interest-bearing debt and actuarial gains and losses on employee benefit plans) and tax charges on direct result.

## 3.19 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Any increase in the provision due to passage of time is recognised as interest charges.

## 3.20 Non-current liabilities

### Interest-bearing debt

Interest-bearing debt is initially recognised at fair value, minus transaction costs. Subsequently interest-bearing debt is measured at amortised cost. Any difference between the face value and the carrying amount is recognised in the income statement over the period of the interest-bearing liabilities on the basis of the effective interest per loan. The portion of loans outstanding to be repaid within twelve months is shown under current liabilities.

### Convertible bonds

The components of a convertible bond are stated separately in accordance with the economic content of the agreement as a financial liability and shareholders' equity. At the time of issue, the fair value of the debt component is determined on the basis of market interest rate applicable to a comparable non-convertible instrument. This amount is carried as a financial liability on the basis of amortised cost of purchase using the effective interest rate method up until the time of fulfilment, i.e. when the instrument is converted or reaches its maturity. The equity option component is calculated by subtracting the value of the debt component from the fair value of the whole instrument. The resultant value, less the income tax impact, is recognised as part of the share premium reserve in shareholders' equity.

### Other long-term liabilities

Long-term debts from employee benefit plans are accounted for in accordance with paragraph 3.21.

## 3.21 Pension plans

### Defined contribution plans

Defined contribution plans are pension schemes to which a Group company makes a fixed annual contribution and where the Company does not have a legal or constructive obligation to make further payments if the pension fund of the pension scheme does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

### Defined benefit plans

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

## 3.22 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost basis using the effective interest method.

## 3.23 Revenue

### Gross Rental income

Rental income from investment properties leased out under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognised as a reduction of the rental income and are straight-lined over the minimum term of the lease. Rent adjustments due to indexation are recognised as they arise. Rental income does not include value added tax or amounts charged to tenants in respect of service and operating costs.

Variable rental income, such as turnover related rent or income from specialty leasing is recognised in the income statement in the period to which it relates, if it can be estimated reliably. If a reliable estimate is not possible, recognition takes place at the time of realisation.

Revenue received from tenants for early termination of leases is directly recognised in the income statement in the period to which the revenues relates.

### Service costs charged

Where there are service contracts with third parties, service charges are recovered from tenants. Service charges in respect of vacant property are expensed as property expenses. They mainly relate to gas, water, electricity, cleaning and security. Service charges are shown on a gross basis when Wereldhave acts as a principal.

## 3.24 Expenses

### Service costs paid

Service costs are shown on a gross basis when Wereldhave acts as a principal. In case Wereldhave acts as an agent only the non-recoverable amount of the service and operational costs is presented. In the presentation on a gross basis, costs and charges are shown separately.

### Property expenses

Property expenses consist of operational cost for the account of Wereldhave attributable to the accounting period, such as:

- Maintenance;
- Property tax;
- Insurance premiums;
- Property management; and
- Letting expenses.

Letting expenses include the depreciation of capitalised expenditure in connection with a letting, such as fit out contributions paid by Wereldhave. The expenditure is depreciated over the term of the lease. Investment property depreciation charges are not recognised, because investment properties are valued at market value see paragraph 3.6. The market value calculation takes technical and economic obsolescence into account.

### General costs

General costs are expenses that are not directly attributable to the operation of properties (including salaries of staff not directly involved with properties, office overheads, advice, valuation and audit fees, listing costs and promotion costs). Direct staff costs relating to property management are included in property expenses. Direct staff costs relating to supervising and monitoring investment and development projects are capitalised as part of the investment property under construction on the basis of time spent.

## 3.25 Results on disposal

The results on disposal are the differences between the realised selling prices, net of selling costs, and the carrying amount, based on the last reported fair value (mostly the latest appraisal).

Results on disposal from the sale of investment property or fixed assets are processed if the following conditions are met:

- The entity has transferred the rights to all major economic benefits and any significant risks to the buyer;
- The legal entity does not keep possession of those goods and therefore cannot decide on its use;

- The amount of revenue can be reliably determined;
- It is probable that the economic benefits associated with the transaction will flow to the new legal owner; and
- Costs already incurred and the potential future costs in respect to the transaction can be measured reliably.

### 3.26 Interest charges and interest income

Interest comprises the total of interest attributable to the accounting period on loans, other debts, accounts receivable and cash and bank balances and is split between interest received and interest paid. Interest income & charges is recognised in the income statement as it accrues. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, to the fair value of the financial asset or financial liability as at the recognition of the instrument.

Interest attributable to the acquisition or construction of an asset that takes a substantial period of time to complete, is capitalised as part of the cost of the respective assets, starting from preparation of the plan until completion. Capitalised interest is calculated using the Group's weighted average cost of debt or the borrowing cost of specific project financing.

### 3.27 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to the Board of Management is generally recognised as an expense, with

a corresponding reserve in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the amount payable to the Board of Management in respect of share-based payments arrangements, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the Board of Management become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share-based payments arrangements. Any changes in the liability are recognised in profit or loss.

### 3.28 Income tax

Tax charges on the income statement for a year comprise current and deferred tax and are calculated on results before taxes, considering any tax-exempt components of result and non-deductible costs. Losses to be offset against probable future results are recognised as deferred tax asset. Current tax is the expected tax payable or receivable on the taxable income or loss for the period. Deferred tax consists of the expected tax payable or receivable on changes in the value of assets or liabilities which will be realised at the time of sale. Tax charges are calculated using tax rates prevailing at the balance sheet date.

Current tax and deferred tax is recognised in income statement except to the items recognised directly in equity or in other comprehensive income in which case, the tax is also recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income statement;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable results will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 3.29 Earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 3.30 Segment reporting

The Wereldhave Board of Management has determined the operating segments based on the information reviewed by the Board of Management for assessing performance and allocating resources. Management considers the business from a geographic perspective and management assesses performance for Belgium, Finland, Netherlands, France and Head office. A segment consists of assets and activities with specific risks and results, differing from other sectors. Finland was disposed effective December 14, 2018.

## 3.31 Rounding of amounts

All amounts as disclosed in the financial statements and notes have been rounded off to the nearest thousand euros unless otherwise stated and may not add up exactly due to rounding.

### 3.32 Significant estimates in the accounts

#### Investment property

The assets in the Company and its subsidiaries mainly consists of the property portfolio. The market value of these assets cannot be assessed using official quotations or listings.

A valuation based on fair value is a time- and location-based estimate. The estimate is based on the price level on which two well-informed parties under normal market conditions would make a transaction for that specific property on the date of valuation. The fair value of a property in the market can only be determined accurately at the moment of the actual sale of the property.

Twice a year (June 30 and December 31) the properties are valued by external valuers. The valuer appraises at fair value with his own market knowledge and information. The valuation is prepared by the valuer and verified and approved by Wereldhave.

The fair value is based on a net yield calculation, where market rents are capitalised. Elements of this calculation include current and future rent levels, expected vacancy rates, rent indexations, turnover rents, lease incentives, etc. The yields and market rents used are specific for the country, the location, the type of property, the level of maintenance and the general rent ability of every single property. The determination of applicable yields is based upon comparable

transactions, supplemented with market and building specific knowledge and remaining other assumptions, in which the professional judgment of the valuer will become more important if the available transaction information is not sufficient.

Apart from assumptions with respect to yields, costs for future maintenance investments are also considered in the valuation. Furthermore, explicit assumptions are made per lettable location and per tenant with regard to (re)letting, the start date of such (re)letting and the costs related thereto. Also, adjustments are made for expected costs of vacancy (present and future) and for differences between the market rent and contractual rent. Sales costs at the expense of the buyer, including transfer tax payable, are deducted from the market value.

General assumptions with regard to the valuation of investment property have been disclosed in paragraph 3.6 and in note 5.

#### Pensions

With regard to the measurement of defined benefit plans, assumptions have been made with regard to interest rates, expected return on assets, mortality rates and future salary increases. Deviations from the assumptions will impact on assets, liabilities and results on future periods. In order to mitigate risks Wereldhave uses external experts for the measurement of defined benefit plans. Assumptions have been disclosed in note 20.

## 4. SEGMENT INFORMATION

### Geographical segment information 2018

(x € 1,000)

| <b>Result</b>                                  | <b>Belgium</b> | <b>Finland</b> | <b>France</b>  | <b>Netherlands</b> | <b>Head office</b> | <b>Total</b>     |
|------------------------------------------------|----------------|----------------|----------------|--------------------|--------------------|------------------|
| Gross rental income                            | 52,359         | -              | 51,270         | 93,125             | -                  | 196,754          |
| Service costs charged                          | 11,576         | -              | 14,913         | 8,778              | -                  | 35,267           |
| <b>Total revenue</b>                           | <b>63,935</b>  | <b>-</b>       | <b>66,182</b>  | <b>101,903</b>     | <b>-</b>           | <b>232,021</b>   |
| Service costs paid                             | -13,566        | -              | -19,579        | -9,883             | -                  | -43,029          |
| Property expenses                              | -2,612         | -              | -7,420         | -12,606            | -                  | -22,638          |
| <b>Net rental income</b>                       | <b>47,757</b>  | <b>-</b>       | <b>39,183</b>  | <b>79,414</b>      | <b>-</b>           | <b>166,354</b>   |
| Valuation results                              | -1,327         | -              | -33,794        | -59,391            | -                  | -94,513          |
| Results on disposals                           | -35            | -              | -652           | -890               | -                  | -1,578           |
| General costs                                  | -3,344         | -              | -2,619         | -1,625             | -9,357             | -16,946          |
| Other income and expense                       | 117            | -              | -6             | -                  | -1,570             | -1,459           |
| <b>Operating result</b>                        | <b>43,167</b>  | <b>-</b>       | <b>2,111</b>   | <b>17,507</b>      | <b>-10,928</b>     | <b>51,858</b>    |
| Interest charges                               | -2,669         | -              | -15,128        | -19,909            | 4,678              | -33,028          |
| Interest income                                | 44             | -              | -              | 26                 | -                  | 71               |
| Other financial income and expense             | -              | -              | -              | -                  | -2,062             | -2,062           |
| Income tax                                     | 21             | -              | -1,007         | 592                | -                  | -395             |
| <b>Result from continuing operations</b>       | <b>40,563</b>  | <b>-</b>       | <b>-14,024</b> | <b>-1,783</b>      | <b>-8,312</b>      | <b>16,444</b>    |
| <b>Result from discontinued operations</b>     | <b>-</b>       | <b>-72,078</b> | <b>-</b>       | <b>-</b>           | <b>-</b>           | <b>-72,078</b>   |
| <b>Result</b>                                  | <b>40,563</b>  | <b>-72,078</b> | <b>-14,024</b> | <b>-1,783</b>      | <b>-8,312</b>      | <b>-55,634</b>   |
| <b>Total assets</b>                            |                |                |                |                    |                    |                  |
| Investment properties in operation             | 940,584        | -              | 877,646        | 1,395,224          | -                  | 3,213,454        |
| Investment properties under construction       | 14,692         | -              | -              | 45,307             | -                  | 59,999           |
| Assets held for sale                           | -              | -              | -              | 6,940              | -                  | 6,940            |
| Other segment assets                           | 35,712         | -              | 37,410         | 308,617            | 1,411,925          | 1,793,664        |
| minus: intercompany                            | -10,532        | -              | -              | -65,000            | -1,488,085         | -1,563,618       |
|                                                | <b>980,456</b> | <b>-</b>       | <b>915,056</b> | <b>1,691,087</b>   | <b>-76,160</b>     | <b>3,510,440</b> |
| <b>Investments</b>                             | <b>106,025</b> | <b>29,317</b>  | <b>34,995</b>  | <b>51,009</b>      | <b>-</b>           | <b>221,346</b>   |
| <b>Gross rental income by type of property</b> |                |                |                |                    |                    |                  |
| Shopping centres                               | 44,488         | -              | 51,270         | 93,125             | -                  | 188,883          |
| Offices                                        | 7,871          | -              | -              | -                  | -                  | 7,871            |
|                                                | <b>52,359</b>  | <b>-</b>       | <b>51,270</b>  | <b>93,125</b>      | <b>-</b>           | <b>196,754</b>   |

## Geographical segment information 2017

(x € 1,000)

| Result                                         | Belgium        | Finland        | France         | Netherlands      | Head office     | Total            |
|------------------------------------------------|----------------|----------------|----------------|------------------|-----------------|------------------|
| Gross rental income                            | 50,666         | -              | 49,206         | 93,929           | -               | 193,801          |
| Service costs charged                          | 9,576          | -              | 15,538         | 8,703            | -               | 33,816           |
| <b>Total revenue</b>                           | <b>60,242</b>  | -              | <b>64,744</b>  | <b>102,632</b>   | -               | <b>227,618</b>   |
| Service costs paid                             | -11,253        | -              | -18,034        | -9,935           | -               | -39,222          |
| Property expenses                              | -2,629         | -              | -5,918         | -12,578          | -               | -21,125          |
| <b>Net rental income</b>                       | <b>46,360</b>  | -              | <b>40,792</b>  | <b>80,119</b>    | -               | <b>167,271</b>   |
| Valuation results                              | 14,566         | -              | -45,457        | -25,200          | -               | -56,091          |
| Results on disposals                           | -              | -              | -              | 220              | -               | 220              |
| General costs                                  | -3,932         | -              | -3,494         | -2,787           | -5,693          | -15,906          |
| Other income and expense                       | 344            | -              | -1,913         | -143             | -583            | -2,295           |
| <b>Operating result</b>                        | <b>57,338</b>  | -              | <b>-10,072</b> | <b>52,209</b>    | <b>-6,276</b>   | <b>93,199</b>    |
| Interest charges                               | -2,433         | -              | -15,790        | -18,393          | 6,316           | -30,300          |
| Interest income                                | 10             | -              | -              | 46               | -               | 56               |
| Other financial income and expense             | -              | -              | -              | 1                | 2,868           | 2,869            |
| Income tax                                     | -232           | -              | -857           | 699              | -               | -390             |
| <b>Result from continuing operations</b>       | <b>54,683</b>  | -              | <b>-26,719</b> | <b>34,562</b>    | <b>2,908</b>    | <b>65,434</b>    |
| <b>Result from discontinued operations</b>     | -              | <b>18,897</b>  | -              | -                | -               | <b>18,897</b>    |
| <b>Result</b>                                  | <b>54,683</b>  | <b>18,897</b>  | <b>-26,719</b> | <b>34,562</b>    | <b>2,908</b>    | <b>84,331</b>    |
| <b>Total assets</b>                            |                |                |                |                  |                 |                  |
| Investment properties in operation             | 786,000        | 568,936        | 876,445        | 1,411,941        | -               | 3,643,322        |
| Investment properties under construction       | 66,817         | -              | -              | 55,544           | -               | 122,361          |
| Assets held for sale                           | 16,447         | -              | -              | 21,600           | -               | 38,047           |
| Other segment assets                           | 25,573         | 6,880          | 31,853         | 237,936          | 1,600,840       | 1,903,082        |
| minus: intercompany                            | -10,280        | -              | -              | -65,000          | -1,707,476      | -1,782,756       |
|                                                | <b>884,557</b> | <b>575,816</b> | <b>908,298</b> | <b>1,662,021</b> | <b>-106,636</b> | <b>3,924,056</b> |
| <b>Investments</b>                             | <b>34,985</b>  | <b>14,785</b>  | <b>22,228</b>  | <b>78,565</b>    | -               | <b>150,563</b>   |
| <b>Gross rental income by type of property</b> |                |                |                |                  |                 |                  |
| Shopping centres                               | 40,858         | -              | 49,206         | 93,929           | -               | 183,993          |
| Offices                                        | 9,808          | -              | -              | -                | -               | 9,808            |
|                                                | <b>50,666</b>  | -              | <b>49,206</b>  | <b>93,929</b>    | -               | <b>193,801</b>   |

## 5. INVESTMENT PROPERTY

|                                     | 2018                                |                  |                                           |                              |
|-------------------------------------|-------------------------------------|------------------|-------------------------------------------|------------------------------|
|                                     | Investment property<br>in operation | Lease incentives | Investment property<br>under construction | Total Investment<br>property |
| <b>Balance at January 1</b>         | <b>3,643,322</b>                    | <b>8,014</b>     | <b>122,361</b>                            | <b>3,773,697</b>             |
| Purchases                           | 73,303                              | -                | -                                         | 73,303                       |
| Investments                         | 81,954                              | -                | 66,089                                    | 148,043                      |
| From / to development properties    | 114,762                             | -                | -114,762                                  | -                            |
| To / from investments held for sale | -                                   | -                | -                                         | -                            |
| Disposals                           | -602,761                            | -3,339           | -                                         | -606,100                     |
| Valuations                          | -97,126                             | -                | -13,689                                   | -110,815                     |
| Other                               | -                                   | 2,079            | -                                         | 2,079                        |
| <b>Balance at December 31</b>       | <b>3,213,454</b>                    | <b>6,754</b>     | <b>59,999</b>                             | <b>3,280,207</b>             |

|                                  | 2017                                |                  |                                           |                              |
|----------------------------------|-------------------------------------|------------------|-------------------------------------------|------------------------------|
|                                  | Investment property<br>in operation | Lease incentives | Investment property<br>under construction | Total Investment<br>property |
| <b>Balance at January 1</b>      | <b>3,696,221</b>                    | <b>5,110</b>     | <b>101,233</b>                            | <b>3,802,564</b>             |
| Purchases                        | -                                   | -                | -                                         | -                            |
| Investments                      | 59,120                              | -                | 91,443                                    | 150,563                      |
| From / to development properties | 65,080                              | -                | -65,080                                   | -                            |
| To investments held for sale     | -38,954                             | -                | -                                         | -38,954                      |
| Disposals                        | -76,362                             | -73              | -4,500                                    | -80,935                      |
| Valuations                       | -61,783                             | -                | -735                                      | -62,518                      |
| Other                            | -                                   | 2,977            | -                                         | 2,977                        |
| <b>Balance at December 31</b>    | <b>3,643,322</b>                    | <b>8,014</b>     | <b>122,361</b>                            | <b>3,773,697</b>             |

### Investment property in operation

Wereldhave acquired 2 retail parks in Brugge and Turnhout for a total of € 73m of which Turnhout was acquired in exchange for shares in Wereldhave Belgium of € 33m. Disposals during the year include Itis shopping centre in Finland at a book value of € 583m, 2 high street locations in Tilburg, The Netherlands for a total of € 21m and an office in Brussels, Belgium for € 2m.

### Investment property under construction

The investments mainly relate to the extension of the shopping centre Les Bastions in Belgium and to the redevelopment projects in the shopping centres Koperwiek, Capelle aan den IJssel, Presikhaaf, Arnhem, City Center Tilburg and Koningshoeck in Maassluis. The projects Les Bastions (Tournai), Koningshoeck (Maassluis), and a part of the development in City Center Tilburg have been transferred to investment properties during the year.

99.7% (2017: 99.8%) of the total property portfolio was measured at fair value.

### Overview of measurement of total investment property:

|                                                               | (x € 1,000)      | December 31, 2018 | December 31, 2017 |
|---------------------------------------------------------------|------------------|-------------------|-------------------|
| <b>Fair value</b>                                             |                  |                   |                   |
| Investment property in operation (including lease incentives) | 3,220,208        | 3,651,336         |                   |
| Investment property under construction (IPUC)                 | 51,074           | 113,439           |                   |
|                                                               | <b>3,271,282</b> | <b>3,764,775</b>  |                   |
| At cost less impairment (IPUC)                                | 8,925            | 8,922             |                   |
| <b>Total</b>                                                  | <b>3,280,207</b> | <b>3,773,697</b>  |                   |

Fair value hierarchy disclosures for investment properties have been provided in note 25.

### Investment property in operation

The valuation adjustments can be broken down as follows:

(x € 1,000)

|              | 2018           | 2017           |
|--------------|----------------|----------------|
| Belgium      | -929           | 16,511         |
| Finland      | -18,263        | -8,896         |
| France       | -33,794        | -45,457        |
| Netherlands  | -44,139        | -23,942        |
| <b>Total</b> | <b>-97,126</b> | <b>-61,783</b> |

In 2018 (as well in 2017) no investment property is secured by mortgage.

99.7% of the investment property were valued externally at December 31, 2018. Independent external property valuers in 2018 are: Jones Lang LaSalle, Cushman & Wakefield and CBRE.

At December 31, 2018 the carrying amount is as follows:

(x € 1,000)

|                                                                                         | December 31, 2018 | December 31, 2017 |
|-----------------------------------------------------------------------------------------|-------------------|-------------------|
| Total value according to external valuation reports                                     | 3,220,208         | 3,651,336         |
| Deduct: carrying amount of rent-free periods and other leasing expenses to be amortised | -6,754            | -8,014            |
| <b>Carrying amount</b>                                                                  | <b>3,213,454</b>  | <b>3,643,322</b>  |

### Assets held for sale

Wereldhave completed the disposal of Madou, Belgium, for € 16m and disposed 89 residential units in Capelle aan den IJssel, Netherlands, for a total of € 13m.

*Key assumptions relating to valuations:*

| 2018                               | Belgium | France | Netherlands |
|------------------------------------|---------|--------|-------------|
| Total market rent per sqm (€)      | 208     | 243    | 230         |
| EPRA Net Initial Yield             | 5.8%    | 4.7%   | 5.6%        |
| EPRA vacancy rate                  | 3.8%    | 6.0%   | 2.9%        |
| Average vacancy period (in months) | 6-12    | 9      | 7           |
| Bandwidth vacancy (in months)      | 0-21    | 6-12   | 5-13        |

| 2017                               | Belgium | France | Netherlands |
|------------------------------------|---------|--------|-------------|
| Total market rent per sqm (€)      | 218     | 244    | 230         |
| EPRA Net Initial Yield             | 5.4%    | 4.6%   | 5.3%        |
| EPRA vacancy rate                  | 5.8%    | 6.8%   | 3.5%        |
| Average vacancy period (in months) | 6-12    | 8      | 8           |
| Bandwidth vacancy (in months)      | 0-21    | 6-9    | 6-12        |

#### *EPRA Net Initial Yield*

Annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, including estimated purchasers' cost (EPRA Net Initial Yield = ((Annualised rent passing + other income + turnover rent -/- property expenses) / Gross Property Value)). The total average EPRA Net Initial Yield amounts to 5.4% (2017: 5.1%).

#### *Net Initial Yield*

Calculated as the annualised contracted rent and other incomes for the next 12 months, net of property expenses, divided by the asset value (net of estimated transfer taxes and transaction costs). The total average Net Initial Yield amounts to 5.3% (2017: 5.2%).

A change in yield with 0.25% results in a change of approximately € 138m in equity and result (€ 3.44 per share). A 5% drop of the estimated market rent, assuming stable yields, has a negative impact on shareholders' equity and result of approximately € 147m (€ 3.67 per share).

## Investment property in operation - lease data

| (x € 1,000)            | Average lease length* |                      | Annual rent of lease expiring in* |               |               |
|------------------------|-----------------------|----------------------|-----------------------------------|---------------|---------------|
|                        | Until first break     | Until lease end date | < 1 year                          | 1-5 year      | > 5 year      |
|                        |                       |                      |                                   |               |               |
| <b>2018</b>            |                       |                      |                                   |               |               |
| Belgium                | 2.7                   | 6.1                  | 4,718                             | 23,016        | 29,195        |
| France                 | 2.0                   | 4.8                  | 10,598                            | 14,674        | 23,914        |
| Netherlands            | 3.8                   | 5.1                  | 6,557                             | 44,603        | 33,606        |
| <b>Total portfolio</b> | <b>3.0</b>            | <b>5.3</b>           | <b>21,873</b>                     | <b>82,293</b> | <b>86,715</b> |

\*) Excluding indefinite contracts

| (x € 1,000)            | Average lease length* |                      | Annual rent of lease expiring in* |               |               |
|------------------------|-----------------------|----------------------|-----------------------------------|---------------|---------------|
|                        | Until first break     | Until lease end date | < 1 year                          | 1-5 year      | > 5 year      |
|                        |                       |                      |                                   |               |               |
| <b>2017</b>            |                       |                      |                                   |               |               |
| Belgium                | 2.6                   | 5.5                  | 4,775                             | 22,455        | 20,921        |
| France                 | 2.0                   | 4.0                  | 8,975                             | 18,368        | 16,842        |
| Netherlands            | 3.8                   | 4.8                  | 8,278                             | 43,509        | 30,194        |
| <b>Total portfolio</b> | <b>3.0</b>            | <b>4.8</b>           | <b>22,028</b>                     | <b>84,332</b> | <b>67,957</b> |

\*) Excluding indefinite contracts

## Investment property under construction

The valuation adjustments can be broken down as follows:

| (x € 1,000)  | 2018           | 2017        |
|--------------|----------------|-------------|
| Belgium      | -396           | -           |
| France       | 0              | -           |
| Netherlands  | -13,292        | -735        |
| <b>Total</b> | <b>-13,689</b> | <b>-735</b> |

## 6. PROPERTY AND EQUIPMENT

(x € 1,000)

|                                     | Office<br>equipment | Cars      | Total        |
|-------------------------------------|---------------------|-----------|--------------|
| <b>Balance at January 1, 2018</b>   | <b>2,031</b>        | <b>87</b> | <b>2,118</b> |
| Investments/purchases               | 453                 | -         | 453          |
| Disposals                           | -59                 | -46       | -105         |
| Amortisation                        | -319                | -27       | -346         |
| <b>Balance at December 31, 2018</b> | <b>2,106</b>        | <b>14</b> | <b>2,120</b> |

|                                     | Office<br>equipment | Cars       | Total        |
|-------------------------------------|---------------------|------------|--------------|
| <b>Balance at January 1, 2017</b>   | <b>2,089</b>        | <b>414</b> | <b>2,503</b> |
| Investments/purchases               | 358                 | -          | 358          |
| Disposals                           | -                   | -214       | -214         |
| Amortisation                        | -416                | -113       | -529         |
| <b>Balance at December 31, 2017</b> | <b>2,031</b>        | <b>87</b>  | <b>2,118</b> |

|                           | Office<br>equipment | Cars      | Total        |
|---------------------------|---------------------|-----------|--------------|
| <b>December, 31 2018</b>  | <b>2,106</b>        | <b>14</b> | <b>2,120</b> |
| Total acquisition at cost | 5,963               | 110       | 6,073        |
| Total amortisation        | -3,857              | -96       | -3,953       |

|                           | Office<br>equipment | Cars      | Total        |
|---------------------------|---------------------|-----------|--------------|
| <b>December, 31 2017</b>  | <b>2,031</b>        | <b>87</b> | <b>2,118</b> |
| Total acquisition at cost | 5,705               | 444       | 6,149        |
| Total amortisation        | -3,674              | -357      | -4,031       |

## 7. INTANGIBLE ASSETS

The intangible assets consist of computer software: acquired computer software licenses and costs relating to internally developed software.

### Computer software

(x € 1,000)

|                             | December<br>31, 2018 | December<br>31, 2017 |
|-----------------------------|----------------------|----------------------|
| <b>Balance at January 1</b> | <b>1,162</b>         | <b>1,473</b>         |
| Investments                 | 141                  | 94                   |
| Amortisation                | -406                 | -405                 |
| <b>Total</b>                | <b>897</b>           | <b>1,162</b>         |

(x € 1,000)

|                           | December<br>31, 2018 | December<br>31, 2017 |
|---------------------------|----------------------|----------------------|
| Total acquisition at cost | 2,412                | 2,540                |
| Total amortisation        | -1,515               | -1,378               |
| <b>Total</b>              | <b>897</b>           | <b>1,162</b>         |

## 8. DEFERRED TAX ASSETS

(x € 1,000)

|                             | December<br>31, 2018 | December<br>31, 2017 |
|-----------------------------|----------------------|----------------------|
| <b>Balance at January 1</b> | <b>2,235</b>         | <b>-</b>             |
| Additions                   | 1,707                | 2,235                |
| Discontinued operation      | -3,942               | -                    |
| <b>Total</b>                | <b>-</b>             | <b>2,235</b>         |

As a result of the discontinued operations in Finland the deferred tax assets were released in full.

## 9. FINANCIAL ASSETS

(x € 1,000)

|                                  | IFRS Category          | December<br>31, 2018 | December<br>31, 2017 |
|----------------------------------|------------------------|----------------------|----------------------|
| Loans                            | Amortised cost         | 472                  | 49                   |
| Deposits paid                    | Amortised cost         | 244                  | 231                  |
| Derivative financial instruments | Fair value through P&L | 27,245               | 24,186               |
| <b>Total</b>                     | <b>27,961</b>          | <b>24,466</b>        |                      |

### Derivative financial instruments

Further reference is made to note 23.

## 10. TRADE AND OTHER RECEIVABLES

(x € 1,000)

|                           | December<br>31, 2018 | December<br>31, 2017 |
|---------------------------|----------------------|----------------------|
| Tenant receivables        | 11,091               | 17,023               |
| Service charge receivable | 5,779                | 2,492                |
| Prepayments               | 6,589                | 7,785                |
| Interest to be received   | 9,695                | 10,306               |
| Amounts to be invoiced    | 15,876               | 12,729               |
| Other                     | 3,667                | 4,761                |
| <b>Total</b>              | <b>52,697</b>        | <b>55,096</b>        |

The fair value of the trade and other receivables coincides with their carrying amount. Wereldhave holds tenant deposits, credit letters from banks and Group credit letters as collateral. Other receivables do not include amounts with a maturity of more than twelve months.

Interest to be received refers to interest receivable under interest rate swaps.

### Maturity of tenant receivables

(x € 1,000)

|                           | December<br>31, 2018 | December<br>31, 2017 |
|---------------------------|----------------------|----------------------|
| - up to 1 month           | 4,737                | 10,673               |
| - between 1 and 3 months  | 1,814                | 4,495                |
| - between 3 and 12 months | 3,897                | 9,637                |
| - more than 1 year        | 13,408               | 2,501                |
|                           | <b>23,856</b>        | <b>27,306</b>        |
| Deduct: provision         | -12,765              | -10,283              |
| <b>Total</b>              | <b>11,091</b>        | <b>17,023</b>        |

In 2018 an amount of € 2.7m (2017: € 2.2m) was added to the provision doubtful debtors including the effect from the adoption of IFRS 9. An amount of € 0.2m (2017: € 0.5m) was withdrawn in 2018.

## 11. TAX RECEIVABLES

(x € 1,000)

|                 | December<br>31, 2018 | December<br>31, 2017 |
|-----------------|----------------------|----------------------|
| Withholding tax | 919                  | 1,093                |
| Value added tax | 8,124                | 5,970                |
| Dividend tax    | 4,650                | 6,587                |
| <b>Total</b>    | <b>13,693</b>        | <b>13,650</b>        |

## 12. CASH AND CASH EQUIVALENTS

(x € 1,000)

|               | December<br>31, 2018 | December<br>31, 2017 |
|---------------|----------------------|----------------------|
| Bank balances | 30,925               | 13,585               |
| Deposits      | 95,000               | -                    |
| <b>Total</b>  | <b>125,925</b>       | <b>13,585</b>        |

## 13. INVESTMENTS HELD FOR SALE

Investments held for sale relates to an asset in the Netherlands.

## 14. SHARE CAPITAL

### Ordinary shares

(number of shares)

|                                     | Authorised share capital | Number of issued shares | Shares for remuneration | Outstanding number of shares |
|-------------------------------------|--------------------------|-------------------------|-------------------------|------------------------------|
| <b>Balance at January 1, 2017</b>   | <b>75,000,000</b>        | <b>40,270,921</b>       | <b>-16,425</b>          | <b>40,254,496</b>            |
| Movements in 2017                   | -                        | -                       | -9,605                  | -9,605                       |
| <b>Balance at December 31, 2017</b> | <b>75,000,000</b>        | <b>40,270,921</b>       | <b>-26,030</b>          | <b>40,244,891</b>            |
| Movements in 2018                   | -                        | -                       | -1,897                  | -1,897                       |
| <b>Balance at December 31, 2018</b> | <b>75,000,000</b>        | <b>40,270,921</b>       | <b>-27,927</b>          | <b>40,242,994</b>            |

The authorised ordinary shares have a par value of € 1 each. All issued ordinary share have been fully paid. The shares for remuneration were awarded to the Board of Management in the Annual General Meeting of April 20, 2018.

### Preference shares

The authorised preference share capital amounts to a number of preference shares equal to the number of ordinary shares up to € 75m. The preference shares have a par value of € 1 each. No preference shares have been issued.

### Capital management

The objective of Wereldhave, when managing capital (as presented in the annual accounts), is to safeguard the Group's continuity, to provide returns for its shareholders, benefits for other stakeholders and to maintain a capital structure as to optimise the cost of capital. Furthermore, Wereldhave manages its fiscal capital to ensure that it meets the requirements from fiscal laws and regulations.

Wereldhave has the possibility to adjust the amount of dividends, return capital to shareholders, issue new shares or sell assets in order to maintain or adjust the capital structure.

## 15. SHARE PREMIUM

Share premium is paid up share capital in excess of nominal value. There were no changes in share premium in 2018. The amount of share premium that is recognised for tax purposes is € 1,716m (2017: € 1,716m).

## 16. GENERAL RESERVE

In 2018, an interim dividend of € 0.77 and a final dividend of € 0.77 relating to 2017 were paid (€ 1.54 interim dividend relating to 2017 was paid in 2017) per qualifying ordinary share. An interim dividend relating to 2018 of € 0.63 was paid in July 2018 and € 0.63 was paid in October 2018.

An amount of € 299m (2017: € 359m) has been designated as legal reserves, mainly relating to the unrealised valuation adjustments of investment properties and cannot be distributed.

## 17. HEDGE RESERVE AND COST OF HEDGING RESERVE

The hedge reserve comprises the effective portion of the cumulative net change in fair value of hedging instruments designated as cash flow hedges where the hedged transaction has not yet occurred.

The cost of hedging reserve comprises changes in the fair value of cross-currency interest rate swaps that are caused by the cross-currency basic spreads.

## 18. INTEREST-BEARING LIABILITIES

### Composition

(x € 1,000)

|                                           | December<br>31, 2018 | December<br>31, 2017 |
|-------------------------------------------|----------------------|----------------------|
| <b>Long-term</b>                          |                      |                      |
| Bank loans                                | 283,835              | 474,040              |
| Private placement                         | 725,936              | 773,937              |
| Convertible bonds                         | -                    | 245,028              |
| EMTN                                      | 9,380                | 9,453                |
|                                           | <b>1,019,151</b>     | <b>1,502,458</b>     |
| <b>Short-term</b>                         |                      |                      |
| Bank loans                                | -                    | 25,960               |
| Private placement                         | 55,616               | 29,240               |
| Treasury notes                            | 35,000               | -                    |
| Convertible bonds                         | 248,551              | -                    |
|                                           | <b>339,167</b>       | <b>55,200</b>        |
| <b>Total interest-bearing liabilities</b> | <b>1,358,318</b>     | <b>1,557,658</b>     |

### Movements in interest-bearing liabilities

Including short-term portion of debt.

(x € 1,000)

|                                  | 2018             | 2017             |
|----------------------------------|------------------|------------------|
| <b>Balance at January 1</b>      | <b>1,557,658</b> | <b>1,565,987</b> |
| New funding                      | 35,996           | 111,410          |
| Repayments                       | -247,819         | -74,500          |
| Use of effective interest method | 1,474            | 2,036            |
| Effect of fair value hedges      | 531              | -1,354           |
| Exchange rate differences        | 10,478           | -45,921          |
| <b>Balance at December 31</b>    | <b>1,358,318</b> | <b>1,557,658</b> |

### Convertible bonds

At year-end Wereldhave had one convertible bond outstanding.

| Year                             | Maturity | Principal value | Interest rate | Conversion rate | Maximum number of shares |                |                |
|----------------------------------|----------|-----------------|---------------|-----------------|--------------------------|----------------|----------------|
|                                  |          |                 |               |                 | 2014                     |                |                |
| <b>(x € 1,000)</b>               |          |                 |               |                 |                          |                |                |
| 2018                             | 2017     |                 |               |                 |                          |                |                |
| <b>Balance at January 1</b>      |          |                 |               |                 |                          | <b>245,028</b> | <b>241,506</b> |
| Amortisation option premium      |          |                 |               |                 |                          | 2,820          | 2,820          |
| Use of effective interest method |          |                 |               |                 |                          | 703            | 702            |
| <b>Balance at December 31</b>    |          |                 |               |                 |                          | <b>248,551</b> | <b>245,028</b> |

The convertible bonds are treated as a compound financial instrument.

In 2018 no convertible bonds have been converted or repaid.

### 2014-2019 Convertible bond

On 15 May 2014 Wereldhave issued a 1% convertible bond due 22 May 2019 for an amount of € 250m. The conversion price at year-end 2018 was € 59.085. Effective 29 January 2019, the conversion price has been reduced from € 59.085 to € 58.411. The Company will have the right to redeem all outstanding 2014-2019 convertible bonds at par plus accrued interest:

- i. on or after the third anniversary of the Settlement Date (as defined below) plus 21 days if the aggregate value of the shares per the 2014-2019 convertible bond for a specified period of time equals or exceeds 130% of the principal amount of the 2014-2019 convertible bond;
- ii. if 20 per cent or less of the principal amount of the 2014-2019 convertible bond issued remains outstanding.

The fair value of the conversion option has been separated from the loan contract and has been accounted for as derivative. The conversion option is calculated by subtracting the value of the debt component from the fair value of the whole instrument. The change in value of the conversion option is accounted for in the income statement.

### Private Placements

In December 2017 Wereldhave issued US Private Placement Notes for a total amount of € 76m. The 2.09% notes are denominated in Euros and have a tenor of 10 years. An embedded derivative has been identified in the loan agreement and has been recorded separately in the financial statements. The embedded derivative has a negative value of € 0.3m at December 31, 2018.

### Secured interest-bearing liabilities

The company has no secured debt.

### Unsecured interest-bearing liabilities

Unsecured interest-bearing liabilities have financial covenants that include various clauses. As at December 31, 2018 Wereldhave complied with these clauses.

### Covenants

#### Loan-to-value

The Loan-to-value ratio is calculated by dividing the debt by the investment properties. This ratio may not exceed 60%.

#### Interest cover ratio

The interest cover ratio is calculated by dividing the net rental income by the net interest payable. This ratio may not be less than 2.

#### Solvency

Shareholders' equity (less intangible assets) and deferred tax liabilities should amount to at least 40% of total assets (less intangible assets).

|                         | Covenants | December 31, 2018 | December 31, 2017 |
|-------------------------|-----------|-------------------|-------------------|
| Loan-to-Value           | 60.0%     | 37.5%             | 40.7%             |
| Solvency                | 40.0%     | 56.5%             | 55.9%             |
| Interest coverage ratio | 2.0       | 6.2               | 6.6               |

Wereldhave reports a net LTV of 37.5% in its communication with investors. The LTV definition in the covenants is a gross LTV i.e. cash is not deducted from the debt. In accordance with this definition the LTV is 41.3%.

### Average effective interest rate

The effective interest is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net book value of the financial asset or financial liability. Differences to the nominal interest rate may occur because of the amortisation of interest charges and equity option components of convertible bonds over the remaining duration of the instrument.

*The average nominal interest based on nominal interest rates, without the effects of the effective interest rate method amounts to:*

|                 | 2018        | 2017        |
|-----------------|-------------|-------------|
| Euro            | 1.8%        | 1.7%        |
| US dollar       | 2.4%        | 2.2%        |
| Pound sterling  | 3.5%        | 3.5%        |
| Canadian Dollar | 2.3%        | 2.3%        |
| <b>Total</b>    | <b>2.1%</b> | <b>2.0%</b> |

The average interest rate (as a %) based on the effective interest method is as follows:

|                                         | 2018        |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                         | EUR         | GBP         | USD         | CAD         | Total       |
| <b>Short-term interest-bearing debt</b> |             |             |             |             |             |
| Convertible bonds                       | 1.0%        |             |             |             | 1.0%        |
| Bank loans and private placement        | 0.2%        | 4.5%        |             |             | 2.9%        |
| Interest rate swaps                     | 0.0%        |             |             |             | 0.0%        |
| <b>Long-term interest-bearing debt</b>  |             |             |             |             |             |
| Bank loans, private placement and EMTN  | 1.8%        | 4.1%        | 4.8%        | 4.0%        | 2.8%        |
| Interest rate swaps                     | -1.2%       |             |             |             | -1.2%       |
| <b>Average</b>                          | <b>1.8%</b> | <b>4.3%</b> | <b>4.8%</b> | <b>4.0%</b> | <b>2.1%</b> |

|                                         | 2017        |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                         | EUR         | GBP         | USD         | CAD         | Total       |
| <b>Short-term interest-bearing debt</b> |             |             |             |             |             |
| Bank loans and private placement        | 0.8%        | -           | 4.9%        | -           | 3.0%        |
| Interest rate swaps                     | -3.2%       | -           | -           | -           | -3.2%       |
| <b>Long-term interest-bearing debt</b>  |             |             |             |             |             |
| Convertible bonds                       | 1.0%        | -           | -           | -           | 1.0%        |
| Bank loans and private placement        | 1.6%        | 4.3%        | 4.8%        | 4.0%        | 2.6%        |
| Interest rate swaps                     | -0.9%       | -           | -           | -           | -0.9%       |
| <b>Average</b>                          | <b>1.7%</b> | <b>4.3%</b> | <b>4.8%</b> | <b>4.0%</b> | <b>2.0%</b> |

### Fair value of debt

The carrying amount and the fair value of interest-bearing debts may differ as a result of accounting adjustments, such as amortised costs, the equity option component of the convertible bond and the result of differences in coupon interest versus market interest.

The fair value of long-term interest-bearing debts is based on prices of these instruments available in the active open market (convertible bonds). In the absence of such market prices, the fair value (bank debt and other loans) is calculated as the present value of cash flows discounted with the relevant market interest percentages, including a company specific surcharge. The fair value of short-term interest-bearing debts is equal to the book value.

*The carrying amount and fair value of long-term interest-bearing debt is as follows:*

| (x € 1,000)                            | December 31, 2018 |                  | December 31, 2017 |                  |
|----------------------------------------|-------------------|------------------|-------------------|------------------|
|                                        | carrying amount   | fair value       | carrying amount   | fair value       |
| Bank loans, private placement and EMTN | 1,019,151         | 1,056,633        | 1,257,429         | 1,299,629        |
| Convertible bond                       | -                 | -                | 245,029           | 253,075          |
| <b>Total</b>                           | <b>1,019,151</b>  | <b>1,056,633</b> | <b>1,502,458</b>  | <b>1,552,704</b> |

The convertible bond is presented under short-term interest-bearing debt. The fair value of the convertible bond at December 31, 2018 amounts to € 251.4m.

### Currencies

*The carrying amount of interest-bearing debt of the Group (short- and long-term) are denominated in the following currencies:*

|                 | December 31, 2018 |                  | December 31, 2017 |                  |
|-----------------|-------------------|------------------|-------------------|------------------|
|                 | currency          | EUR              | currency          | EUR              |
| Euro            | 932,411           | 932,411          | 1,110,436         | 1,110,436        |
| US dollar       | 307,500           | 269,203          | 342,500           | 287,616          |
| Pound sterling  | 130,000           | 143,913          | 130,000           | 146,351          |
| Canadian dollar | 20,000            | 12,791           | 20,000            | 13,255           |
| <b>Total</b>    |                   | <b>1,358,318</b> |                   | <b>1,557,658</b> |

Interest-bearing debt in U.S. Dollars, British Pound and Canadian dollar were for an amount of USD 307.5m, GBP 130m and CAD 20m converted to EURO via multiple cross currency interest rate swaps.

## Credit facilities and bank loans

In 2018, Wereldhave refinanced € 80m in bank loans and credit facilities, whereas the company's revolving credit facility of € 300m was extended by one year until 2023. The € 350m Revolving Credit Facility entered into July 2018 has been cancelled in December 2018 following the disposal of Finland.

As at December 31, 2018, Wereldhave had € 430m (2017: € 540m) of revolving credit facilities. Nil (2017: € 30m) will expire within 1 year, € 430m (2017: 480m) in 1 to 5 years and nil (2017: € 30m) expires after 5 years. As at December 31, 2018, Wereldhave had undrawn credit facilities to the amount of € 430m (2017: € 240m). The average maturity of the committed revolving credit facilities at 31 December 2018 was 3.6 years (2017: 3.6 years).

## 19. DEFERRED TAX LIABILITIES

Deferred tax liabilities relate to the difference between the fair value of investment properties and their carrying amount for tax purposes. This item is to be considered as being of a long-term nature. Movements are shown as follows:

(x € 1,000)

|                                                           | 2018          | 2017          |
|-----------------------------------------------------------|---------------|---------------|
| <b>Balance at January 1</b>                               | <b>77,127</b> | <b>77,051</b> |
| Movements taken to the result due to positive revaluation | 18            | 10            |
| Movements taken to the result due to negative revaluation | -853          | -2,608        |
| Discontinued operations                                   | -69,223       | -             |
| Other                                                     | -421          | 2,674         |
| <b>Balance at December 31</b>                             | <b>6,648</b>  | <b>77,127</b> |

## 20. OTHER LONG-TERM LIABILITIES

(x € 1,000)

|                  | December 31, 2018 | December 31, 2017 |
|------------------|-------------------|-------------------|
| Pension plans    | 845               | 1,060             |
| Tenants deposits | 12,954            | 12,353            |
| Other            | 975               | 998               |
| <b>Total</b>     | <b>14,774</b>     | <b>14,411</b>     |

Tenant deposits consists of amounts received from tenants as a guarantee for future rental payment obligations.

### Pension plans

The net liability from the defined benefit plan in Belgium is composed as follows:

(x € 1,000)

|                           | 2018       | 2017         |
|---------------------------|------------|--------------|
| Fair value of plan assets | 3,240      | 3,083        |
| Benefit obligations       | 4,085      | 4,243        |
| <b>Net liability</b>      | <b>845</b> | <b>1,160</b> |

### Reconciliation of net liability

|                                               | 2018         | 2017         |
|-----------------------------------------------|--------------|--------------|
| <b>January 1</b>                              | <b>1,160</b> | <b>1,272</b> |
| Charge recognised in P&L                      | 376          | 374          |
| Remeasurement recognised in OCI (Income)/Loss | -347         | -116         |
| Employer contributions                        | -344         | -370         |
| <b>December 31</b>                            | <b>845</b>   | <b>1,160</b> |

The movement of the defined benefit obligation in Belgium is as follows:

(x € 1,000)

|                               | 2018         | 2017         |
|-------------------------------|--------------|--------------|
| <b>Balance at January 1</b>   | <b>4,243</b> | <b>3,931</b> |
| Net service cost              | 365          | 361          |
| Interest cost                 | 45           | 47           |
| Employee contributions        | 8            | 10           |
| Benefits paid                 | -168         | -62          |
| Experience (gains) / losses   | -301         | 63           |
| Expenses                      | -107         | -107         |
| <b>Balance at December 31</b> | <b>4,085</b> | <b>4,243</b> |

The movement of the fair value of plan asset in Belgium is as follows:

(x € 1,000)

|                                | 2018         | 2017         |
|--------------------------------|--------------|--------------|
| <b>Balance at January 1</b>    | <b>3,083</b> | <b>2,659</b> |
| Interest income on plan assets | 34           | 34           |
| Return on scheme assets        | 47           | 179          |
| Actual expenses                | -107         | -107         |
| Employer contributions         | 343          | 370          |
| Employee contributions         | 8            | 10           |
| Benefits paid                  | -168         | -62          |
| <b>Balance at December 31</b>  | <b>3,240</b> | <b>3,083</b> |

#### The assumptions used:

|                                   |               |       |
|-----------------------------------|---------------|-------|
| - discount rate obligations       | 1,00% - 1,30% | 1,15% |
| - rate of annual salary increases | 2,00%         | 2,00% |

#### Pension costs

The total cost for defined benefit plan in Belgium is as follows:

(x € 1,000)

|                                                       | 2018       | 2017       |
|-------------------------------------------------------|------------|------------|
| Current service cost                                  | 365        | 361        |
| Net interest on Net Defined Benefit Liability (Asset) | 11         | 13         |
| <b>Total</b>                                          | <b>376</b> | <b>374</b> |

The following amounts have been recognised in other comprehensive income (OCI):

|                                                 | 2018        | 2017        |
|-------------------------------------------------|-------------|-------------|
| Actuarial (gain)/loss due to liability expenses | -347        | -116        |
| <b>Remeasurement effect recognised in OCI</b>   | <b>-347</b> | <b>-116</b> |

In total the following movements have been recognised in the income statement and OCI:

(x € 1,000)

|                               | 2018         | 2017         |
|-------------------------------|--------------|--------------|
| <b>Balance at January 1</b>   | <b>4,243</b> | <b>3,931</b> |
| Net service cost              | 365          | 361          |
| Interest cost                 | 45           | 47           |
| Employee contributions        | 8            | 10           |
| Benefits paid                 | -168         | -62          |
| Experience (gains) / losses   | -301         | 63           |
| Expenses                      | -107         | -107         |
| <b>Balance at December 31</b> | <b>4,085</b> | <b>4,243</b> |

The fair value of the Belgian pension assets consists, as in 2017, for 100% of insurance contracts.

## Mortality rates

The mortality rates used for Belgium are the MR/FR series with an age correction of -5 years.

In 2018 and 2017 the plan asset in Belgium does not include shares issued by the Company. For the above-mentioned pension plan the expected employer's contribution is € 0.4m for 2019.

## 21. TAX PAYABLE

|                     | December<br>31, 2018 | December<br>31, 2017 |
|---------------------|----------------------|----------------------|
| Value added tax     | 3,788                | 5,076                |
| Social security tax | 506                  | 690                  |
| Dividend tax        | 4,650                | 6,000                |
| Company tax         | 1,441                | 1,068                |
| Other tax           | 1,266                | 896                  |
| <b>Total</b>        | <b>11,651</b>        | <b>13,730</b>        |

## 22. OTHER SHORT-TERM LIABILITIES

|                                   | December<br>31, 2018 | December<br>31, 2017 |
|-----------------------------------|----------------------|----------------------|
| Deferred rents                    | 15,127               | 12,214               |
| Property expenses                 | 27,763               | 21,000               |
| Interest                          | 18,923               | 18,864               |
| General costs                     | 17,805               | 9,560                |
| Capital commitments payable       | 12,729               | 15,028               |
| Payment Madou received in advance | -                    | 16,447               |
| Other short-term liabilities      | 3,684                | 3,779                |
| <b>Total</b>                      | <b>96,031</b>        | <b>96,892</b>        |

The duration of short-term liabilities is less than 1 year.

## 23. FINANCIAL INSTRUMENTS

Derivatives are used to hedge foreign currency and interest risks.

### Hedging instruments

Interest and cross currency swaps can be classified as hedging instruments against foreign currency risk on loans in USD, GBP and CAD and interest rate risk. The fair value of these instruments breaks down as follows:

|                            | (x € 1,000) |           |                |                   |                        |
|----------------------------|-------------|-----------|----------------|-------------------|------------------------|
|                            | 2018        | Principal | Interest range | Fair value assets | Fair value liabilities |
| <b>Cashflow hedge</b>      |             |           |                |                   |                        |
| USD currency swap          |             | USD       | 307,500        | 2.2% - 3.2%       | 9,344                  |
| GBP currency swap          |             | GBP       | 130,000        | 2.7% - 4.3%       | -22,593                |
| CAD currency swap          |             | CAD       | 20,000         | 2.3%              | -2,373                 |
| EUR interest rate swap     |             | EUR       | 125,000        | 0.4% - 1.1%       | -896                   |
| <b>Fair value hedge</b>    |             |           |                |                   |                        |
| USD currency swap          |             | USD       | 115,000        | n.a.              | 17,901                 |
| <b>No hedge accounting</b> |             |           |                |                   |                        |
| EUR Interest rate swap     |             | EUR       | 84,416         | 3.1%              | -2,991                 |
| <b>Total</b>               |             |           |                | <b>27,245</b>     | <b>-38,314</b>         |

|                            | (x € 1,000) |           |                |                   |                        |
|----------------------------|-------------|-----------|----------------|-------------------|------------------------|
|                            | 2017        | Principal | Interest range | Fair value assets | Fair value liabilities |
| <b>Cashflow hedge</b>      |             |           |                |                   |                        |
| USD currency swap          |             | USD       | 342,500        | 2.2% - 3.2%       | 5,922                  |
| GBP currency swap          |             | GBP       | 130,000        | 2.7% - 4.3%       | -18,296                |
| CAD currency swap          |             | CAD       | 20,000         | 2.3%              | -1,987                 |
| EUR Interest rate swap     |             | EUR       | 125,000        | 0.4% - 1.1%       | -1,333                 |
| <b>Fair value hedge</b>    |             |           |                |                   |                        |
| USD currency swap          |             | USD       | 150,000        | n.a.              | 18,264                 |
| <b>No hedge accounting</b> |             |           |                |                   |                        |
| EUR Interest rate swap     |             | EUR       | 110,108        | 2.3% - 3.1%       | -3,858                 |
| <b>Total</b>               |             |           |                | <b>24,186</b>     | <b>-38,312</b>         |

The fair value of a hedging derivative is classified as long-term if the remaining maturity of the hedged item is longer than 1 year and as a current asset or liability if the remaining maturity is less than 1 year.

*The remaining term of the derivatives for interest and currency conversion on a principal basis is as follows:*

| (x € 1,000)             | December 31, 2018 |                |                |               |
|-------------------------|-------------------|----------------|----------------|---------------|
|                         | EUR               | USD            | GBP            | CAD           |
| - up to 1 year          | -                 | -              | 50,000         | -             |
| - between 1 and 5 years | 209,416           | 145,000        | -              | -             |
| - more than 5 years     | -                 | 162,500        | 80,000         | 20,000        |
| <b>Total</b>            | <b>209,416</b>    | <b>307,500</b> | <b>130,000</b> | <b>20,000</b> |

| (x € 1,000)             | December 31, 2017 |                |                |               |
|-------------------------|-------------------|----------------|----------------|---------------|
|                         | EUR               | USD            | GBP            | CAD           |
| - up to 1 year          | 25,692            | 35,000         | -              | -             |
| - between 1 and 5 years | 209,416           | 115,000        | 50,000         | -             |
| - more than 5 years     | -                 | 192,500        | 80,000         | 20,000        |
| <b>Total</b>            | <b>235,108</b>    | <b>342,500</b> | <b>130,000</b> | <b>20,000</b> |

*The following amounts have been recognised in equity in relation to hedge accounting:*

| (x € 1,000)                                           | December 31, 2018 |            |               |           | Total<br>in EUR |
|-------------------------------------------------------|-------------------|------------|---------------|-----------|-----------------|
|                                                       | EUR               | USD        | GBP           | CAD       |                 |
| Effective part fair value changes in cashflow hedging | 408               | -3,139     | -1,756        | -271      | -4,758          |
| Changes in fair value of cost of hedging              | -                 | 3,083      | -773          | 350       | 2,660           |
| <b>Net effect in equity</b>                           | <b>408</b>        | <b>-56</b> | <b>-2,529</b> | <b>79</b> | <b>-2,098</b>   |

|                                                       | December 31, 2017 |               |              |             | Total<br>in EUR |
|-------------------------------------------------------|-------------------|---------------|--------------|-------------|-----------------|
|                                                       | EUR               | USD           | GBP          | CAD         |                 |
| Effective part fair value changes in cashflow hedging | 702               | -1,682        | 7,759        | -330        | 6,449           |
| Changes in fair value of cost of hedging              | -                 | -             | -            | -           | -               |
| <b>Net effect in equity</b>                           | <b>702</b>        | <b>-1,682</b> | <b>7,759</b> | <b>-330</b> | <b>6,449</b>    |

In 2018, a net profit of € 0.2m (2017: € 3.2m) was recognised in the income statement as a result of ineffectiveness of hedges.

Regarding fair value hedge derivatives, a loss of € 2.3m has been included in net interest, and a gain for the same amount has been recorded on the same line in the income statement for the hedged item. The cumulative fair value adjustment on the hedged item is € 21.8m negative.

### Derivatives

Derivatives include (cross currency) interest rate swaps whose fair value has been determined by a calculation model based on contractual and market interest rates (level 2). In the models the counter party risk has been considered via the non-current exposure method.

Changes in the fair value of derivative financial instruments for interest conversion are accounted for as financial assets at fair value through profit and loss. During 2018 a positive amount of € 0.9m was charged to the other financial income and expense (2017: € 1.8m positive) relating to these financial assets. In addition, net interest decreased by € 4.9m (2017: € 6.2m) as a result of derivative financial instruments for interest conversion.

### Credit risk

During 2018 the market value of the interest swaps changed as a result of movement in underlying interest rates. The full value of the derivative financial instruments is exposed to credit risk and is not mitigated by other instruments. The credit risk of counter parties is monitored on a continuous basis.

## 24. FINANCIAL ASSETS AND LIABILITIES

### Financial risks

Wereldhave's financial risks management focuses on the unpredictable nature of the financial markets and aims to minimise adverse effects on the Group's financial position and performance. Wereldhave is exposed to the following financial risks:

#### Market and Interest risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in foreign currencies and interest-bearing liabilities, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be accepted, which are monitored on a monthly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The Group's interest rate risk is monitored by the Group's management on a monthly basis. The interest rate risk policy has been approved by the Board of Management. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a monthly basis to verify that the maximum potential loss is within the limits set by management. Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

The Group manages its exposure to changes in interest rates and its overall cost of financing by using interest rate swap agreements. These interest rate swap agreements are used to transform the interest rate exposure on the underlying liability from a floating interest rate into a fixed interest rate. It is the Wereldhave's policy to keep at least 50% of its borrowings at fixed rates of interest. In the current low interest rate environment Wereldhave has fixed the interest rate for 97% (2017: 82%) of its debt.

### Sensitivity

A change in interest rate by 1% will impact the result and equity by € 0.4m (2017: € 2.8m) and earnings per share and asset value per share by € 0.01 (2017: € 0.07).

#### Currency risk

Wereldhave operates in euro countries only. The currency risks relate to USD, GBP and CAD denominated US Private Placement Notes and have been fully hedged to euro through cross currency swaps.

| (x € 1,000)     | December 31, 2018 |                  | December 31, 2017 |                  |
|-----------------|-------------------|------------------|-------------------|------------------|
|                 | Currency          | EUR              | Currency          | EUR              |
| Euro            | 932,411           | 932,411          | 1,110,436         | 1,110,436        |
| US dollar       | 307,500           | 269,203          | 342,500           | 287,616          |
| Pound sterling  | 130,000           | 143,913          | 130,000           | 146,351          |
| Canadian dollar | 20,000            | 12,791           | 20,000            | 13,255           |
| <b>Total</b>    |                   | <b>1,358,318</b> |                   | <b>1,557,658</b> |

#### Liquidity risk

Wereldhave manages its liquidity risk on a consolidated basis with cash provided from rental income being a primary source of liquidity. The Group manages short-term liquidity based on a rolling forecast for projected cash flows for a twelve-month period.

Besides the cash from operations, fluctuations in the liquidity requirements are accommodated by means of several committed revolving credit facilities of in total € 430m.

Facilities amounting to € 130m are available until the first half of 2021 and facilities amounting to € 300m are available until the first half of 2023.

As at year-end 2018, borrowing under the committed facilities stood at nil (2017: € 300m). The interest and repayment obligations for 2019 are covered by means of cashflow and available facilities.

Liquidity risk is furthermore managed by maintaining strong capital ratios, keeping strong relationships with various international banks and financial markets, and maintaining sufficient credit facilities (committed and uncommitted), see note 18.

Wereldhave must at all times meet its obligations under the loans it has taken out, including the interest cover ratio. The interest cover ratio is calculated by dividing the net rental income by the net interest payable. This ratio must not be less than 2. The 2018 interest cover ratio was 6.2 (2017: 6.6). Wereldhave must also meet solvency requirements: shareholders' equity (less intangible assets) and deferred tax liabilities should amount to at least 40% of total assets (less intangible assets). At year-end 2018, the solvency was 57% (2017: 56%). During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

Apart from these obligations and commitments, Wereldhave's tax status imposes financing limits.

Wereldhave is funded with a diversity of financing instruments in money markets and capital markets. Debt maturities are chosen in line with the long-term character of Wereldhave's assets. Consequently, Wereldhave has a well-spread maturity profile.

Financial transactions are only concluded with the prior approval of the Board of Management and the Supervisory Board for bonds and other tradable debt instruments.

### Credit risk

Wereldhave's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position. Reference relating to the credit risk in the derivatives is made in note 9 and 23.

Standard lease terms include that rent has to be paid upfront and every tenant's creditworthiness is verified before entering a new lease. The credit risk related to lease contracts is mitigated by bank guarantees and deposits received from tenants. The maximum credit risk is the carrying amount less bank warranties and deposits received from tenants. Wereldhave monitors this creditworthiness per tenant and determines via management reports the adequacy of the provision for doubtful debtors.

The Group uses a provision matrix to measure the expected credit losses on trade receivables. Trade receivables have been grouped based on shared credit risk characteristics and the days past due to measure the expected credit losses. The provision matrix is initially based on the Group's historical observed loss rates and adjusted to reflect current and forward-looking information on macroeconomic factors affecting tenants to settle the receivables.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables at December 31, 2018.

| (x € 1,000)             | Expected loss rate | Gross carrying amount | 2018          |
|-------------------------|--------------------|-----------------------|---------------|
| Up to 1 month           | 3%                 | 4,737                 | 138           |
| Between 1 and 3 months  | 28%                | 1,814                 | 516           |
| Between 3 and 12 months | 40%                | 3,897                 | 1,549         |
| More than 1 year        | 79%                | 13,408                | 10,562        |
| <b>Total</b>            |                    | <b>23,856</b>         | <b>12,765</b> |

The movement in the loss allowance for trade receivables during the year was as follows. The comparative amounts for 2017 represents the loss allowance recorded under IAS 39.

(x € 1,000)

|                                                   | 2018          | 2017          |
|---------------------------------------------------|---------------|---------------|
| <b>Balance at January 1 under IAS 39</b>          | <b>10,283</b> | <b>8,607</b>  |
| Amount restated through opening retained earnings | 520           | -             |
| <b>Balance at January 1 under IFRS 9</b>          | <b>10,803</b> | <b>8,607</b>  |
| Amounts written off                               | -242          | -516          |
| Net remeasurement of loss allowance               | 2,204         | 2,192         |
| <b>Balance at December 31</b>                     | <b>12,765</b> | <b>10,283</b> |

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure to make contractual payments for a period of greater than 90 days past due.

#### Sensitivity of credit risk on lease income

In case 1% of the annual rent is not paid, the effect on the gross rental income amounts to € 2.0m (2017: € 2.1m) and € 0.05 (2017: € 0.06) on the result per share. If 10% of debtors would default on payment, this would impact results by a maximum of € 1.7m (2017: € 2.0m). As a result of such default, result per share would change by € -0.04 (2017 € -0.05).

Wereldhave's maximum exposure to credit risk in the event that a counterparty fails to fulfil its obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the consolidated statement of financial position.

To limit credit or counterparty risk, only financial institutions with an investment grade credit rating are eligible as counterparties for financial transactions.

#### Concentration of credit risk

Concentration of risk occurs when a single financial risk is borne by one party or when several financial risks are concentrated within one or a few parties. Wereldhave mitigates the concentration risk with regard to interest, currency and liquidity risk by concluding interest and currency derivatives and loans with several financial parties. The credit risk further reduced by the size and diversification of the tenant portfolio as a result of which there is no concentration of risk.

#### Maturity of and interest payable on debt

The maturity and interest payable of debt (up to 12 months including trade payables and derivative financial liabilities) and future contractual interest payments is as follows:

|                         | December 31, 2018 |                |                  |
|-------------------------|-------------------|----------------|------------------|
|                         | Principal         | Interest       | Total            |
| - up to 1 year          | 351,380           | 24,441         | 375,821          |
| - between 1 and 2 years | 75,000            | 22,838         | 97,838           |
| - between 2 and 5 years | 458,450           | 49,133         | 507,583          |
| - more than 5 years     | 487,470           | 47,179         | 534,649          |
| <b>Total</b>            | <b>1,372,300</b>  | <b>143,592</b> | <b>1,515,892</b> |

|                         | December 31, 2017 |                |                  |
|-------------------------|-------------------|----------------|------------------|
|                         | Principal         | Interest       | Total            |
| - up to 1 year          | 64,009            | 30,300         | 94,309           |
| - between 1 and 2 years | 356,301           | 49,612         | 405,913          |
| - between 2 and 5 years | 592,794           | 35,181         | 627,974          |
| - more than 5 years     | 557,661           | 64,022         | 621,683          |
| <b>Total</b>            | <b>1,570,764</b>  | <b>179,114</b> | <b>1,749,879</b> |

The difference between the sum of the nominal principal values and the carrying amount of € 3.2m (2017: € 3.6m) consists of the negative option component of the convertible bond recorded as a derivative € 1.2m (2017: € 4.0m), amortised costs of € 3.7m (2017: € 4.5m) and the positive fair value adjustment on hedged items € -8.1m (2017: € -12.1m).

With regard to the interest on debt with variable interest rates, the rates prevailing at the balance sheet date have been used to determine the future outgoing cash flow. In addition to the financial liabilities mentioned above Wereldhave has a tenant deposit liability for an amount of € 13m (2017: € 12.4m). Tenants are obliged to deposit cash or give a guarantee when entering a lease contract.

### Financial assets and liabilities

The table below gives an overview of financial assets and liabilities discussed in previous notes. The first column shows the IFRS categories and subsequent columns the IFRS classes of financial instruments are shown.

|                                  | Financial assets at fair value through profit and loss |                  |                 |                  |
|----------------------------------|--------------------------------------------------------|------------------|-----------------|------------------|
|                                  | Note                                                   | Amortised cost   | profit and loss | Total            |
| <b>December 31, 2018</b>         |                                                        |                  |                 |                  |
| <b>Assets</b>                    |                                                        |                  |                 |                  |
| Financial assets                 | 9                                                      | 717              | 27,245          | 27,962           |
| Trade and other receivables      | 10                                                     | 52,697           | -               | 52,697           |
| Cash and cash equivalents        | 12                                                     | 125,925          | -               | 125,925          |
| <b>Total</b>                     |                                                        | <b>179,339</b>   | <b>27,245</b>   | <b>206,584</b>   |
|                                  |                                                        |                  |                 |                  |
| <b>December 31, 2018</b>         |                                                        |                  |                 |                  |
| <b>Liabilities</b>               |                                                        |                  |                 |                  |
| Interest-bearing debts           | 18                                                     | 1,358,318        | -               | 1,358,318        |
| Tenants deposits                 | 20                                                     | 12,954           | -               | 12,954           |
| Derivative financial instruments | 23                                                     | -                | 38,651          | 38,651           |
| Trade payables                   |                                                        | 8,529            | -               | 8,529            |
| <b>Total</b>                     |                                                        | <b>1,379,801</b> | <b>38,651</b>   | <b>1,418,452</b> |

| December 31, 2017           | Financial assets at fair value through profit and loss |                       |                 |               |
|-----------------------------|--------------------------------------------------------|-----------------------|-----------------|---------------|
|                             | Note                                                   | Loans and receivables | Profit and loss | Total         |
| <b>Assets</b>               |                                                        |                       |                 |               |
| <b>Financial assets</b>     |                                                        |                       |                 |               |
| Financial assets            | 9                                                      | 280                   | 24,186          | 24,466        |
| Trade and other receivables | 10                                                     | 55,096                | -               | 55,096        |
| Cash and cash equivalents   | 12                                                     | 13,585                | -               | 13,585        |
| <b>Total</b>                |                                                        | <b>68,961</b>         | <b>24,186</b>   | <b>93,147</b> |

| December 31, 2017                | Financial liabilities at fair value through profit and loss |                                                                 |                 |                  |
|----------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------|-----------------|------------------|
|                                  | Note                                                        | Financial liabilities at fair value measured at amortised costs | Profit and loss | Total            |
| <b>Liabilities</b>               |                                                             |                                                                 |                 |                  |
| <b>Financial liabilities</b>     |                                                             |                                                                 |                 |                  |
| Interest-bearing debts           | 18                                                          | 1,557,658                                                       | -               | 1,557,658        |
| Tenants deposits                 | 20                                                          | 12,353                                                          | -               | 12,353           |
| Derivative financial instruments | 23                                                          | -                                                               | 38,312          | 38,312           |
| Trade payables                   |                                                             | 8,893                                                           | -               | 8,893            |
| <b>Total</b>                     |                                                             | <b>1,578,904</b>                                                | <b>38,312</b>   | <b>1,617,216</b> |

Fair values of financial assets and liabilities are equal to the carrying amounts, unless mentioned otherwise in the separate notes. There are no financial assets and liabilities held for trading at fair value that are accounted for through profit and loss.

Where applicable, specific risks and further characteristics per financial assets and liabilities are discussed in the related notes.

## Off balance sheet assets and liabilities

The Group has contracted capital commitments for an amount of € 11m (2017: € 59m) with regard to investment properties under construction. The Group has leasehold liabilities for an amount of € 80m (2017: € 79m) and office rent & lease car liabilities for an amount of € 6m (2017: 7m). The Group has undrawn committed credit facilities for an amount of € 430m (2017: € 240m). The Group has issued guarantees to third parties for an amount of € 34m (2017: € 34m).

*The maturity of the Group capital commitments, operational leases and leasehold liabilities are as follows:*

(x € 1,000)

|                         | 2018          | 2017           |
|-------------------------|---------------|----------------|
| - up to 1 year          | 12,936        | 60,772         |
| - between 1 and 5 years | 7,965         | 9,015          |
| - > year 5              | 75,134        | 75,771         |
| <b>Total</b>            | <b>96,035</b> | <b>145,558</b> |

## 25. FAIR VALUE MEASUREMENT

The following table analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

### Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

### Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

### Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There were no transfers between levels during the year under review.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

| (x € 1,000)                                                    | Fair value measurement using |                  |                     |                       |
|----------------------------------------------------------------|------------------------------|------------------|---------------------|-----------------------|
|                                                                | Total                        | Quoted<br>prices | Observable<br>input | Unobservable<br>input |
|                                                                |                              | Level 1          | Level 2             | Level 3               |
| <b>2018</b>                                                    |                              |                  |                     |                       |
| <b>Assets measured at fair value</b>                           |                              |                  |                     |                       |
| Investment property in operation                               | 3,220,208                    | -                | -                   | 3,220,208             |
| Investment property under construction                         | 51,074                       | -                | -                   | 51,074                |
| Investments held for sale                                      | 6,940                        | -                | -                   | 6,940                 |
| <b>Financial assets</b>                                        |                              |                  |                     |                       |
| Derivative financial instruments                               | 27,245                       | -                | 27,245              | -                     |
| <b>Liabilities for which the fair value has been disclosed</b> |                              |                  |                     |                       |
| Interest-bearing debt                                          | 1,398,692                    | 251,443          | 1,147,249           | -                     |
| Derivative financial instruments                               | 38,651                       | -                | 38,651              | -                     |

| 2017                                                           | Fair value measurement using |                  |                     |                       |
|----------------------------------------------------------------|------------------------------|------------------|---------------------|-----------------------|
|                                                                | Total                        | Quoted<br>prices | Observable<br>input | Unobservable<br>input |
|                                                                |                              | Level 1          | Level 2             | Level 3               |
| <b>Assets measured at fair value</b>                           |                              |                  |                     |                       |
| Investment property in operation                               | 3,651,336                    | -                | -                   | 3,651,336             |
| Investment property under construction                         | 113,439                      | -                | -                   | 113,439               |
| Investments held for sale                                      | 38,047                       | -                | -                   | 38,047                |
| <b>Financial assets</b>                                        |                              |                  |                     |                       |
| Derivative financial instruments                               | 24,186                       | -                | 24,186              | -                     |
| <b>Liabilities for which the fair value has been disclosed</b> |                              |                  |                     |                       |
| Interest-bearing debt                                          | 1,607,964                    | 253,075          | 1,354,889           | -                     |
| Derivative financial instruments                               | 38,312                       | -                | 38,312              | -                     |

## 26. GROSS RENTAL INCOME

Lease contracts specify the rent, the other rights and obligations of the lessor and the lessee, including notice and renewal options as well as service and operating cost charges. Lease contracts have various expiry terms and break clauses. Rent indexation is agreed in countries where indexation is usual or legally permitted.

Service cost paid and received are not included in gross rental income. Rental losses as a result of vacancy, expressed as a percentage of theoretical rent, amounted to 6.5% in 2018 (2017: 6.1%).

Rental income based on turnover of the tenant amounts to 2.8% (2017: 1.4%) of gross rental income. Lease incentives provided to tenants amounts to 1.6% (2017: 0.9%) of gross rental income.

A change in the average occupancy rate by 0.5% results in a change of gross rental income by € 1.0m (excluding impact service costs).

The aggregate contractual rent from lease contracts as at December 31, 2018 is shown in the following table (lease contracts with turnover related clauses are accounted for assuming the base rent only):

| (x € 1,000)             | 2018    | 2017    |
|-------------------------|---------|---------|
| - up to 1 year          | 179,928 | 162,930 |
| - between 1 and 5 years | 422,165 | 434,152 |
| - more than 5 years     | 241,180 | 226,353 |

\*) Excluding indefinite contracts

## 27. PROPERTY EXPENSES

(x € 1,000)

|                       | 2018          | 2017          |
|-----------------------|---------------|---------------|
| Property maintenance  | 802           | 1,124         |
| Property taxes        | 5,585         | 5,744         |
| Insurance premiums    | 551           | 625           |
| Property management   | 7,244         | 6,898         |
| Leasing expenses      | 492           | 530           |
| Other operating costs | 7,963         | 6,204         |
| <b>Total</b>          | <b>22,638</b> | <b>21,125</b> |

Other operating costs comprise of e.g. promotion costs, marketing costs and doubtful debt.

## 28. VALUATION RESULTS

(x € 1,000)

|                                                                         | 2018           | 2017           |
|-------------------------------------------------------------------------|----------------|----------------|
| <i>Investment properties in operation and investments held for sale</i> |                |                |
| Valuation gains                                                         | 28,408         | 14,566         |
| Valuation losses                                                        | -109,232       | -69,922        |
| <b>Total</b>                                                            | <b>-80,824</b> | <b>-55,356</b> |
| <i>Investment properties under construction</i>                         |                |                |
| Valuation losses                                                        | -13,689        | -735           |
|                                                                         | <b>-13,689</b> | <b>-735</b>    |
| <b>Total</b>                                                            | <b>-94,513</b> | <b>-56,091</b> |

## 29. RESULTS ON DISPOSALS

(x € 1,000)

| Properties                       | 2018           | 2017           |
|----------------------------------|----------------|----------------|
| Gross proceeds from sales        | 35,893         | 82,415         |
| Selling costs                    | -2,000         | -1,260         |
| <b>Net proceeds from sales</b>   | <b>33,893</b>  | <b>81,155</b>  |
|                                  |                |                |
| Book value investment properties | -35,471        | -80,862        |
| Book value lease incentives      | -              | -73            |
| <b>Total</b>                     | <b>-35,471</b> | <b>-80,935</b> |
|                                  | <b>-1,578</b>  | <b>220</b>     |

The result on disposals mainly relates to the sale of 89 residential units in Capelle aan de IJssel, 2 high street locations in Tilburg, an office in Brussels and subsequent costs relating to the disposal of an office building in France. Reference is made to note 5.

## 30. GENERAL COSTS

(x € 1,000)

|                                            | 2018          | 2017          |
|--------------------------------------------|---------------|---------------|
| Salaries and social security contributions | 18,249        | 19,473        |
| Pension costs                              | 1,093         | 1,082         |
| Other employee costs                       | 3,577         | 3,329         |
| Audit and advisory fees                    | 3,758         | 4,148         |
| Office costs                               | 5,452         | 5,395         |
| Other general costs                        | 4,855         | 3,156         |
| <b>Total</b>                               | <b>36,985</b> | <b>36,582</b> |
| Allocated and recharged                    | -20,039       | -20,677       |
| <b>Total</b>                               | <b>16,946</b> | <b>15,905</b> |

The allocation and recharges relate to expenses charged to third parties and allocation of costs to property expenses and developments projects.

### Employees

During the year 2018 an average of 181 persons (2017: 189) based on full-time basis were employed by the Group, of which 68 (2017: 73) in the Netherlands and 113 (2017: 116) abroad.

### Remuneration of the members of the Supervisory Board and the Board of Management

The Supervisory Board members and the members of the Board of Management are considered to be key management personnel.

The remuneration levels were last set at the Extraordinary General Meeting of Shareholders on July 23, 2015 and are indexed annually with the consumer price index.

#### Supervisory Board:

|                                          | 2018       | 2017       |
|------------------------------------------|------------|------------|
| A. Nühn (from April 22, 2017)            | 54         | 37         |
| L. Geirnaerdt (from April 22, 2016)      | 48         | 44         |
| G. van de Weerdhof (from April 22, 2016) | 40         | 40         |
| H. Brand (from April 22, 2017)           | 33         | 22         |
| H.J. van Everdingen                      | 38         | 37         |
| J.A.P. van Oosten (until April 22, 2017) | -          | 16         |
| J.A. Bomhoff (until April 22, 2017)      | -          | 12         |
| <b>Total</b>                             | <b>213</b> | <b>208</b> |

As at December 31, 2018, Mr van Everdingen held 10,000 ordinary shares in the Company as a private investment. The other members of the Supervisory Board do not hold shares or options in Wereldhave N.V. The Company has not issued loans, advances or financial guarantees to members of the Supervisory Board. Shares or options on shares have not been and will not be awarded to members of the Supervisory Board.

## Board of Management:

(x € 1,000)

|                | Fixed<br>income | STI        | LTI | Pension and<br>pension<br>compen-<br>sation |            |           | Social<br>charges | Total        |
|----------------|-----------------|------------|-----|---------------------------------------------|------------|-----------|-------------------|--------------|
|                |                 |            |     | One off                                     |            |           |                   |              |
| <b>2018</b>    |                 |            |     |                                             |            |           |                   |              |
| D.J. Anbeek    | 523             | 170        | -   | -                                           | 95         | 11        | 799               |              |
| R.J. Bolier    | 130             | 42         | -   | 501                                         | 26         | 4         | 703               |              |
| A.W. de Vreede | 285             | 93         | -   | -                                           | 38         | 8         | 424               |              |
| <b>Total</b>   | <b>938</b>      | <b>305</b> | -   | <b>501</b>                                  | <b>159</b> | <b>23</b> |                   | <b>1,926</b> |

|              | Fixed<br>income | STI        | LTI | Pension and<br>pension<br>compen-<br>sation |            |           | Social<br>charges | Total        |
|--------------|-----------------|------------|-----|---------------------------------------------|------------|-----------|-------------------|--------------|
|              |                 |            |     | One off                                     |            |           |                   |              |
| <b>2017</b>  |                 |            |     |                                             |            |           |                   |              |
| D.J. Anbeek  | 515             | 129        | -   | -                                           | 92         | 10        | 746               |              |
| R.J. Bolier  | 384             | 96         | -   | -                                           | 76         | 10        | 566               |              |
| <b>Total</b> | <b>899</b>      | <b>225</b> | -   | -                                           | <b>168</b> | <b>20</b> |                   | <b>1,312</b> |

### STI 2018

The STI incentive is calculated as follows:

- LFL RG at or above inflation scores 15% of fixed income;
- LFL RG at or above budget scores 15% of fixed income; and
- Remain rated GRESB Green Star scores 10% of fixed income.

Like-for-like rental growth for the year 2018 amounted to 0.3% in Belgium (index 1.8%), 0.8% in Finland (index 0.6%), -3.5% in France (index 2.3%) and 2.0% in the Netherlands (index 1.5%). This results in a score of 7.5% (Finland and Netherlands above inflation).

Actual like-for-like rental growth for the year 2018 was above budget in Belgium, Finland and the Netherlands. This results in a score of 15%. The Company remained rated GRESB Green Star, which scores 10%.

The total STI score therefore amounts to 32.50% (7.5%+15%+10%). This implies that in respect of the year 2018, a short-term incentive of 32.5% of fixed salary is payable in cash.

For Mr Anbeek this amounts to an STI of € 169,923, for Mr de Vreede € 92,625 and for Mr Bolier € 41,579.

### LTI 2018

The LTI incentive is calculated as follows:

- EPS growth at inflation 20% bonus;
- at 100 bps over inflation 40% bonus; and
- at 200 bps over inflation the maximum of 60% bonus;
- EPS growth scores between 0 and 200 bps over inflation will be calculated at a sliding scale

## LTI overview

(x € 1,000)

| Financial year granted | Vesting period u/i<br>Dec 31 | Long-term<br>incentive | Accounted in fin-<br>ancial statements |      | Accounted in<br>earlier financial<br>statements | Total accounted<br>for |
|------------------------|------------------------------|------------------------|----------------------------------------|------|-------------------------------------------------|------------------------|
|                        |                              |                        | 2018                                   | 2018 |                                                 |                        |
| 2018 - D.J. Anbeek     | n.a.                         | -                      | -                                      | -    | -                                               | -                      |
| 2017 - D.J. Anbeek     | n.a.                         | -                      | -                                      | -    | -                                               | -                      |
| 2016 - D.J. Anbeek     | 2019                         | 308                    | -38                                    | 154  | 116                                             |                        |
| 2018 - A.W. de Vreede  | n.a.                         | -                      | -                                      | -    | -                                               | -                      |
| 2018 - R.J. Bolier     | n.a.                         | -                      | -                                      | -    | -                                               | -                      |
| 2017 - R.J. Bolier     | n.a.                         | -                      | -                                      | -    | -                                               | -                      |
| 2016 - R.J. Bolier     | 2019                         | 229                    | -29                                    | 114  | 85                                              |                        |

If the Loan-to-Value at year-end exceeds 40%, no conditional long-term incentive will be granted in respect of that year. At December 31, 2018, the Loan-to-Value stood at 37.5%. Compared to previous year, EPS for 2018 decreased. This implies that in respect of the year 2018 no long-term incentive is granted.

Mr Anbeek holds a total of 28,459 shares at December 31, 2018, of which 16,006 are conditional and 12,453 are unconditional or private investment. The current fair value of the shares owned by Mr Anbeek based on the stock exchange price amounts to € 27.19 per share (as per December 31, 2018) in total € 773,800.

Mr De Vreede holds a total of 3,000 shares at December 31, 2018, of which 3,000 are unconditional or private investment. The current fair value of the shares owned by Mr De Vreede based on the stock exchange price amounts to € 27.19 per share (as per December 31, 2018) in total € 81,570.

Mr Bolier holds a total of 11,921 shares at December 31, 2018, of which 11,921 are conditional. The current fair value of the shares owned by Mr Bolier based on the stock exchange price amounts to € 27.19 per share (as per December 31, 2018) in total € 324,132.

The Company has not granted loans, advances or financial guarantees to members of the Board of Management.

The model to calculate the fair value of the share awards incorporates the ranking of the total shareholder returns of the Company against the defined peer companies.

## 31. OTHER INCOME AND EXPENSES

Other income and expenses € -1.5m (2017: € -2.3m) relates to investment and divestment activities, project related and other costs that cannot be directly linked to the operational activities.

## 32. NET INTEREST

(x € 1,000)

|                               | 2018               | 2017               |
|-------------------------------|--------------------|--------------------|
| Interest paid                 | -32,742            | -30,750            |
| Capitalised interest          | 1,989              | 1,784              |
| Amortised costs loans         | -2,275             | -1,334             |
| <b>Total interest charges</b> | <b>-33,028</b>     | <b>-30,300</b>     |
| <br><i>Interest received</i>  | <br>71             | <br>55             |
| <br><b>Total</b>              | <br><b>-32,957</b> | <br><b>-30,245</b> |

Capitalised interest in connection with developments is based on the Group's weighted average cost of debt. During 2018, the range of weighted average interest rates used was 1.9 – 2.0% (2017: 1.9 – 2.0%). The average nominal interest rate at year end 2018 was 2.0% (2017: 2.0%).

The line item 'interest paid' includes costs related to fees paid for undrawn parts of committed financing facilities amounting to € 1.0m (2017: € 1.0m).

## 33. OTHER FINANCIAL INCOME AND EXPENSES

(x € 1,000)

|                                   | 2018          | 2017         |
|-----------------------------------|---------------|--------------|
| Exchange rate differences         | 11            | -14          |
| Adjustments financial instruments | -2,073        | 2,883        |
| <b>Total</b>                      | <b>-2,062</b> | <b>2,869</b> |

## 34. INCOME TAX

(x € 1,000)

|                                                | 2018          | 2017          |
|------------------------------------------------|---------------|---------------|
| <b>Result before tax continuing operations</b> | <b>16,839</b> | <b>65,824</b> |
| Tax charges according to applicable tax rates  | -5,029        | -19,330       |
| Tax-exempt income based on fiscal status       | 5,623         | 19,133        |
| Other                                          | -989          | -193          |
| <b>Income tax</b>                              | <b>-395</b>   | <b>-390</b>   |
| Weighted average tax rate                      | 2.3%          | 0.6%          |

For 2018 the current tax charge is € -1.6m (2017: € -1.2m) and the deferred tax charge was € 1.2m (2017 € 0.8m). The applicable tax rates for Group companies vary from 0% for tax-exempt entities, based on their fiscal status, up to 33%.

The weighted average tax rate varies yearly, mainly because the valuation results are taxed differently for the tax-exempt and tax-based countries.

There are no tax effects relating to other comprehensive income or amounts directly credited to equity (2017: idem).

## 35. RESULT FROM DISCONTINUED OPERATIONS

On December 14, 2018 Wereldhave completed the disposal of Finland for € 450m. The disposed entities include a cash balance of € 10m to cover the remaining capital commitments and liabilities in accordance with the sale and purchase agreement. The result from discontinued operations breaks down as follows:

(x € 1,000)

|                                    | 2018           | 2017          |
|------------------------------------|----------------|---------------|
| Net rental income                  | 26,989         | 27,896        |
| Valuation results                  | -18,263        | -8,896        |
| Results on disposals               | -82,649        | -             |
| General costs                      | -49            | -384          |
| Net interest                       | 14             | 13            |
| Other financial income and expense | -              | -             |
| Income tax                         | 1,880          | 268           |
| <b>Result</b>                      | <b>-72,078</b> | <b>18,897</b> |

In the cash flow statement the following amounts have been accounted for in relation to the discontinued operations in 2018: operating activities € 25.7m, investment activities € 407.8m and financing activities nil.

## 36. SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES

All subsidiaries are included in the consolidation. The proportion of voting rights held by the parent or by the Group companies in the subsidiaries do not differ from the proportion of ordinary shares held. The parent does not have any shareholding in preference shares of subsidiaries in the Group.

The shareholding in Itäkeskus Holding Oy, Kauppakeskus Itäkeskus Oy and Wereldhave Finland Oy were disposed effective December 14, 2018.

The total amount of non-controlling interest at year-end 2018 amounts to € 231.3m.

## List of Subsidiaries

| Name                                 | Country of incorporation | Proportion of ordinary shares Held by parent (%) | Proportion of ordinary shares Held by the group (%) | Proportion of ordinary shares Held by non-controlling interests (%) |
|--------------------------------------|--------------------------|--------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|
|                                      |                          |                                                  |                                                     |                                                                     |
| West World Holding N.V.              | Netherlands              | 100.00                                           |                                                     |                                                                     |
| N.V. Wereldhave International        | Netherlands              | 100.00                                           |                                                     |                                                                     |
| Wereldhave Nederland B.V.            | Netherlands              |                                                  | 100.00                                              |                                                                     |
| Wereldhave Development B.V.          | Netherlands              | 100.00                                           |                                                     |                                                                     |
| Relovast V B.V.                      | Netherlands              |                                                  | 100.00                                              |                                                                     |
| Relovast VI B.V.                     | Netherlands              |                                                  | 100.00                                              |                                                                     |
| Royalton Real Estate B.V.            | Netherlands              |                                                  | 100.00                                              |                                                                     |
| Royalton Square B.V.                 | Netherlands              |                                                  | 100.00                                              |                                                                     |
| Royalton Hill B.V.                   | Netherlands              |                                                  | 100.00                                              |                                                                     |
| WH Tilburg Zuid (Heuvelstraat) B.V.  | Netherlands              |                                                  | 100.00                                              |                                                                     |
| Wereldhave Management Holding B.V.   | Netherlands              | 100.00                                           |                                                     |                                                                     |
| Wereldhave Management Nederland B.V. | Netherlands              |                                                  | 100.00                                              |                                                                     |
| Îlot Kleber SAS                      | France                   | 100.00                                           |                                                     |                                                                     |
| Espace Saint Denis SAS               | France                   | 100.00                                           |                                                     |                                                                     |
| NODA SAS                             | France                   | 100.00                                           |                                                     |                                                                     |
| Wereldhave Retail France SAS         | France                   | 100.00                                           |                                                     |                                                                     |
| Urba Green SAS                       | France                   |                                                  | 100.00                                              |                                                                     |
| SCI Bordeaux Bonnac                  | France                   | 0.10                                             | 99.90                                               |                                                                     |
| SCI du CC Bordeaux Prefecture        | France                   | 0.01                                             | 99.99                                               |                                                                     |
| SNC Les Docks de Rouen               | France                   | 0.10                                             | 99.90                                               |                                                                     |
| SNS Les Passages de l'Etoile         | France                   | 0.05                                             | 99.95                                               |                                                                     |
| SNC Marceau Côté Seine               | France                   | 0.10                                             | 99.90                                               |                                                                     |
| SNC Elysees Vauban                   | France                   | 0.01                                             | 99.99                                               |                                                                     |
| SCI du CC Rouen Saint Sever          | France                   | 0.01                                             | 99.99                                               |                                                                     |
| SNC Cegep et Compagnie               | France                   | 0.03                                             | 99.97                                               |                                                                     |
| SCI des Bureaux Rouen Bretagne       | France                   | 0.01                                             | 99.99                                               |                                                                     |
| SCI Rouen Verrerie                   | France                   | 1.00                                             | 99.00                                               |                                                                     |
| SCI Fonciere Marceau Saint Sever     | France                   | 0.10                                             | 99.90                                               |                                                                     |
| Wereldhave Management France SAS     | France                   |                                                  | 100.00                                              |                                                                     |
| Wereldhave Belgium                   | Belgium                  | 34.13                                            | 31.77                                               | 34.10                                                               |
| NV J-II SA                           | Belgium                  |                                                  | 100.00                                              |                                                                     |
| NV Wereldhave Belgium SA             | Belgium                  |                                                  | 100.00                                              |                                                                     |
| Immo Guwy NV                         | Belgium                  |                                                  | 100.00                                              |                                                                     |
| Waterloo Shopping BVBA               | Belgium                  |                                                  | 100.00                                              |                                                                     |
| WBPM N.V.                            | Belgium                  |                                                  | 100.00                                              |                                                                     |
| NV Wereldhave Management Belgium SA  | Belgium                  |                                                  | 100.00                                              |                                                                     |
| NV Wereldhave Belgium Services SA    | Belgium                  |                                                  | 100.00                                              |                                                                     |
| Espamad SLU                          | Spain                    | 100.00                                           |                                                     |                                                                     |

## Summarised financial information for Wereldhave Belgium

(x € 1,000)

### Summarised balance sheet

|                                     | 2018            | 2017           |
|-------------------------------------|-----------------|----------------|
| Current assets                      | 22,246          | 30,215         |
| Current liabilities                 | -188,642        | -52,893        |
| <b>Total current net assets</b>     | <b>-166,396</b> | <b>-22,678</b> |
| Non-current assets                  | 957,848         | 854,144        |
| Non-current liabilities             | -113,024        | -212,182       |
| <b>Total non-current net assets</b> | <b>844,824</b>  | <b>641,962</b> |
| <b>Net assets</b>                   | <b>678,428</b>  | <b>619,284</b> |

### Summarised income statement

|                                                                         | 2018          | 2017          |
|-------------------------------------------------------------------------|---------------|---------------|
| Revenue                                                                 | 50,580        | 49,494        |
| Profit before income tax                                                | 40,517        | 54,911        |
| Income tax expense/income                                               | 24            | -229          |
| <b>Post tax profit from continuing operations</b>                       | <b>40,541</b> | <b>54,682</b> |
| Other Comprehensive Income                                              | 716           | 400           |
| <b>Total Comprehensive Income</b>                                       | <b>41,257</b> | <b>55,082</b> |
| <b>Total Comprehensive Income allocated to non-controlling interest</b> | <b>12,592</b> | <b>16,762</b> |
| Dividend paid to non-controlling interest                               | 4,598         | 10,767        |

### Summarised cash flows

|                                                                         | 2018          | 2017          |
|-------------------------------------------------------------------------|---------------|---------------|
| Cash flows from operating activities                                    |               |               |
| Cash generated from operations                                          | 40,389        | 41,484        |
| Interest paid                                                           | -2,565        | -2,149        |
| <b>Net cash generated from operating activities</b>                     | <b>37,824</b> | <b>39,335</b> |
| Net cash used in investment activities                                  | -69,992       | -35,093       |
| Net cash used in financing activities                                   | 36,984        | -8,628        |
| Net increase in cash and cash equivalents and bank overdrafts           | 4,816         | -4,386        |
| Cash, cash equivalents and bank overdrafts at beginning of the year     | 2,115         | 6,501         |
| <b>Cash and cash equivalents and bank overdrafts at end of the year</b> | <b>6,931</b>  | <b>2,115</b>  |

## 37. TRANSACTIONS WITH SHAREHOLDERS

In 2018 there were no transactions with shareholders that affected profit and loss.

## 38. RESULT AND DILUTED RESULT PER SHARE UPON FULL CONVERSION

### **Result per share**

The results per share are calculated based on the total result after tax, attributable to holders of ordinary shares and the average number of ordinary shares in issue during the year.

### **Diluted result per share**

The diluted result per share is calculated, based on the total result after tax, adjusted for costs relating to the convertible bonds that are charged to the result and the average number of ordinary shares during the year, including the maximum number of shares that could be converted during the year.

|                                                                                                                                   | 2018              | 2017              |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Result attributable to shareholders of the company                                                                                | -68,006           | 67,690            |
| Adjustment for effect convertible bonds                                                                                           | 6,022             | 4,600             |
| <b>Result after effect convertible bonds</b>                                                                                      | <b>-61,984</b>    | <b>72,290</b>     |
| <br><i>Number of shares as at January 1</i>                                                                                       | <i>40,270,921</i> | <i>40,270,921</i> |
| Adjustment for purchase of own shares for remuneration                                                                            | -27,064           | -22,756           |
| <br><i>Weighted average number of shares for fiscal year</i>                                                                      | <i>40,243,857</i> | <i>40,248,165</i> |
| <br>Adjustment for convertible bonds                                                                                              | 4,231,192         | 4,062,068         |
| <br><b>Diluted average number of shares after adjustment for the effects of all dilutive potential shares for the fiscal year</b> | <b>44,475,049</b> | <b>44,310,233</b> |

As the conversion of the convertible bonds has a negative effect on the result per share, this is considered in the diluted result per share.

See note 40 for the proposed dividend for 2018.

## 39. NET ASSET VALUE PER SHARE

### **Net asset value per share**

The net asset value per share is calculated based on equity as presented in the balance sheet as at December 31 and the number of shares issued as at that date.

|                                                                                      | 2018              | 2017              |
|--------------------------------------------------------------------------------------|-------------------|-------------------|
| Equity available for shareholders (x € 1,000)                                        | 1,744,489         | 1,928,635         |
| <br>Number of ordinary shares per 31 December                                        | <br>40,270,921    | <br>40,270,921    |
| Purchased shares for remuneration                                                    | -27,927           | -26,030           |
| <br><i>Number of ordinary shares per 31 December for calculation net asset value</i> | <i>40,242,994</i> | <i>40,244,891</i> |
| <br><b>Net asset value per share (x € 1)</b>                                         | <b>43.35</b>      | <b>47.92</b>      |

## 40. DIVIDEND

It is proposed to distribute to holders of ordinary shares a dividend of € 2.52 per share (interim dividend of € 0.63 was paid in July 2018, € 0.63 was paid in October 2018 and € 0.63 was paid in January 2019) in cash in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax.

## 41. RELATED PARTIES

The Board of Management, the Supervisory Board and subsidiaries of Wereldhave N.V. are considered to be related parties. The members of the Supervisory Board and of the Board of Management had no personal interest in any of the Company's investments during the year. For information about the directors' remuneration reference is made to note 30.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions if such terms can be substantiated.

## 42. CONTINGENT LIABILITIES

In France, a discussion has arisen with the tax authorities about the application of the Tax Treaty between France and the Netherlands. If Wereldhave indeed would not be eligible for the benefits of the French - Dutch tax treaty, as the French tax authorities seem to argue, the exemption granted by the SIIC regime is essentially eliminated by the imposition of an alternative tax. This might effectively render the SIIC regime meaningless. No tax assessment or formal claim has been received yet. However, the prenotification has been received for the years 2015 up to and including 2017 for a total amount of € 61.7m. Wereldhave will vigorously contest any reassessment on the basis that it is entitled to the benefits of the Tax Treaty, which has been the practice since 2003 in accordance with confirmations issued by the French Central Tax Authority. Based on the initial assessment of our position, Wereldhave believes there are solid grounds to contest this prenotification. Subsequently, no provision has been recorded.

## 43. EVENTS AFTER BALANCE SHEET DATE

On January 15, 2019, the Supervisory Board announced that Dirk Anbeek, CEO, will voluntarily leave Wereldhave as of April 1, 2019.

On January 18, 2019, Wereldhave agreed to extend the Revolving Credit Facility € 300m by another year until February 2024.

On February 6, 2019, Wereldhave acquired a C&A shop in Tilburg for € 10.6m.

# COMPANY BALANCE SHEET

## at December 31, 2018

(x € 1,000)

|                                      | Note | December 31, 2018 | December 31, 2017 |
|--------------------------------------|------|-------------------|-------------------|
| <b>Assets</b>                        |      |                   |                   |
| <b>Non-current assets</b>            |      |                   |                   |
| Investments in subsidiaries          | 2    | 1,167,598         | 1,403,053         |
| Other financial investments          | 3    | 1,561,085         | 1,780,476         |
| Derivative financial instruments     |      | 27,245            | 20,619            |
| <b>Total non-current assets</b>      |      | <b>2,755,928</b>  | <b>3,204,148</b>  |
| <b>Current assets</b>                | 4    |                   |                   |
| Tax receivables                      |      | 4,708             | 6,668             |
| Cash and cash equivalents            |      | 95,177            | 3,079             |
| Accruals                             |      | 10,824            | 10,715            |
| Group companies receivable           |      | 456,316           | 343,297           |
| Short-term derivatives               |      | -                 | 3,567             |
| Other receivables                    |      | 1,591             | 2,814             |
| <b>Total current assets</b>          |      | <b>568,617</b>    | <b>370,140</b>    |
| <b>Total assets</b>                  |      | <b>3,324,545</b>  | <b>3,574,288</b>  |
| <b>Equity and liabilities</b>        |      |                   |                   |
| <b>Equity</b>                        | 5    |                   |                   |
| Share capital                        |      | 40,271            | 40,271            |
| Share premium                        |      | 1,711,033         | 1,711,033         |
| General reserve                      |      | -237,358          | -249,030          |
| Revaluation reserve                  |      | 309,860           | 366,642           |
| Hedge reserves                       |      | -11,311           | -7,971            |
| Result current year                  |      | -68,006           | 67,690            |
| <b>Total equity</b>                  |      | <b>1,744,489</b>  | <b>1,928,635</b>  |
| <b>Non-current liabilities</b>       |      |                   |                   |
| Interest-bearing liabilities         | 6    | 909,425           | 1,316,458         |
| Derivative financial instruments     |      | 36,262            | 37,748            |
| <b>Total non-current liabilities</b> |      | <b>945,687</b>    | <b>1,354,206</b>  |
| <b>Current liabilities</b>           |      |                   |                   |
| Group companies payable              |      | 99,244            | 90,080            |
| Short-term liabilities               | 7    | 535,125           | 201,367           |
| <b>Total current liabilities</b>     |      | <b>634,369</b>    | <b>291,447</b>    |
| <b>Total equity and liabilities</b>  |      | <b>3,324,545</b>  | <b>3,574,288</b>  |

# COMPANY INCOME STATEMENT

## for the year ended December 31, 2018

(x € 1,000)

|                                        | Note      | 2018           | 2017          |
|----------------------------------------|-----------|----------------|---------------|
| General costs                          | 9         | -9,749         | -4,965        |
| Other income and expense               | 10        | -879           | 1,993         |
| <b><i>Operating result</i></b>         |           | <b>-10,628</b> | <b>-2,972</b> |
| Interest charges                       |           | -31,302        | -30,798       |
| Interest income                        |           | 49,842         | 49,839        |
| <b><i>Net interest</i></b>             | <b>11</b> | <b>18,540</b>  | <b>19,041</b> |
| Other financial income and expenses    | 12        | -2,069         | -5,462        |
| Results on disposals                   |           | -81,518        | -             |
| <b><i>Result before tax</i></b>        |           | <b>-75,675</b> | <b>10,607</b> |
| Income tax                             |           | -84            | -130          |
| <b><i>Result company after tax</i></b> |           | <b>-75,758</b> | <b>10,477</b> |
| Result from subsidiaries after tax     | 2         | 7,752          | 57,213        |
| <b><i>Result incl subsidiaries</i></b> |           | <b>-68,006</b> | <b>67,690</b> |

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 1. GENERAL

### 1.1 Principles for the presentation of the Company accounts

The Company accounts have been made up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The option provided by article 2:362 paragraph 8 of the Civil Code allows to apply the same principles for determining profit and loss and balance sheet items (including the principles of accounting for financial instruments under shareholders' equity or interest-bearing liabilities) as applied in the consolidated accounts.

The consolidated financial statements of Wereldhave N.V. have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. Reference is made to the notes to the consolidated annual accounts.

The annual accounts have been prepared before distribution of result with the exception where distribution is determined by law.

### 1.2 Investments in subsidiaries

Investments in subsidiaries and other entities in which the Group either exercises voting control or effective management responsibility are valued at net asset value. The initial processing in the accounts and valuations at balance sheet dates is made at the net asset value. The value is adjusted with the share of the Company in the results of the subsidiary, based on the principles for determining results as applied in the consolidated accounts and with the share in the other movements in equity of the subsidiary as from the date of acquisition, which are attributable to the Company. The net asset value is determined by valuing assets, provisions and liabilities and by determining results according to the principles which have been used in the consolidated accounts.

## 2. INVESTMENTS IN SUBSIDIARIES

*Movements are as follows:*

(x € 1,000)

|                                                 | 2018             | 2017             |
|-------------------------------------------------|------------------|------------------|
| <b>Balance at January 1</b>                     | <b>1,403,053</b> | <b>1,458,347</b> |
| Movements in pension schemes                    | 253              | 66               |
| Investments / divestments                       | -161,442         | -1,379           |
| effect of stockdividend and share issue Belgium | 4,372            | -                |
| Result from subsidiaries after tax              | 7,752            | 57,213           |
| Dividends                                       | -85,752          | -109,875         |
| Other                                           | -638             | -1,319           |
| <b>Balance at December 31</b>                   | <b>1,167,598</b> | <b>1,403,053</b> |

## List of subsidiaries

At December 31, 2018, the Company had direct shareholdings in the following companies:

| Country of incorporation | Indirect shareholding (%)              | Direct shareholding (%) |
|--------------------------|----------------------------------------|-------------------------|
| Netherlands              | West World Holding N.V.                | 100.00                  |
|                          | N.V. Wereldhave                        |                         |
| Netherlands              | International                          | 100.00                  |
| Belgium                  | 31.77 Wereldhave Belgium               | 34.13                   |
|                          | Wereldhave Development                 |                         |
| Netherlands              | B.V.                                   | 100.00                  |
|                          | Wereldhave Management                  |                         |
| Netherlands              | Holding B.V.                           | 100.00                  |
| France                   | Îlot Kleber S.A.S.                     | 100.00                  |
| France                   | Espace Saint Denis S.A.S.              | 100.00                  |
| France                   | NODA S.A.S.                            | 100.00                  |
|                          | Wereldhave Retail France               |                         |
| France                   | S.A.S.                                 | 100.00                  |
| France                   | 99.90 SCI Bordeaux Bonnac              | 0.10                    |
| France                   | 99.99 SCI du CC Bordeaux Prefecture    | 0.01                    |
| France                   | 99.90 SNC les Docks de Rouen           | 0.10                    |
| France                   | 99.95 SNS Les Passages de l'Etoile     | 0.05                    |
| France                   | 99.90 SNC Marceau Coté Seine           | 0.10                    |
| France                   | 99.99 SNC Elysees Vauban               | 0.01                    |
| France                   | 99.99 SCI due CC Rouen Saint Sever     | 0.01                    |
| France                   | 99.97 SNC Cegep et Compagnie           | 0.03                    |
| France                   | 99.99 SCI des Bureaux Rouen Bretagne   | 0.01                    |
| France                   | 99.00 SCI Rouen Verrerie               | 1.00                    |
| France                   | 99.90 SCI Fonciere Marceau Saint Sever | 0.10                    |
| Spain                    | Espamad SLU                            | 100.00                  |

The shareholding in Itäkeskus Holding Oy, Kauppakeskus Itäkeskus Oy and Wereldhave Finland Oy were disposed effective December 14, 2018.

## 3. OTHER FINANCIAL INVESTMENTS

(x € 1,000)

| Receivables from subsidiaries       |                  |
|-------------------------------------|------------------|
| <b>Balance at January 1, 2017</b>   | <b>1,791,864</b> |
| Investments / withdrawal            | 700              |
| Divestments / redemptions           | -12,088          |
| <b>Balance at January 1, 2018</b>   | <b>1,780,476</b> |
| Investments / withdrawal            | 119,350          |
| Divestments / redemptions           | -338,741         |
| <b>Balance at December 31, 2018</b> | <b>1,561,085</b> |

The receivables from subsidiaries which are mentioned in this note have a maturity of more than one year.

## 4. CURRENT ASSETS

The receivables not accounted for under Financial Investments are due in less than one year. The fair value of the receivables coincides with the balance sheet valuation.

## 5. EQUITY

### Share capital

The authorised share capital of the Company at December 31, 2018 amounts to € 150m divided over € 75m ordinary shares of € 1 and € 75m preference shares of € 1. The issued and paid up share capital amounts to € 40m, formed by 40,270,921 ordinary shares.

(x € 1,000)

|                                                               | Share capital | Share premium reserve | General reserve | Revaluation reserve *) | Hedge reserve *) | Cost of hedging reserve *) | Result current year | Total     |
|---------------------------------------------------------------|---------------|-----------------------|-----------------|------------------------|------------------|----------------------------|---------------------|-----------|
| <b>Balance at January 1, 2017</b>                             | 40,271        | 1,711,033             | -197,858        | 339,165                | -14,420          | -                          | 100,620             | 1,978,811 |
| Result 2016 distribution                                      | -             | -                     | 73,143          | 27,477                 | -                | -                          | -100,620            | -         |
| Effective portion of change in fair value of cash flow hedges | -             | -                     | -               | -                      | 6,449            | -                          | -                   | 6,449     |
| Shares for remuneration                                       | -             | -                     | -300            | -                      | -                | -                          | -                   | -300      |
| Remeasurement of past employment obligations                  | -             | -                     | 66              | -                      | -                | -                          | -                   | 66        |
| Share based payments                                          | -             | -                     | -32             | -                      | -                | -                          | -                   | -32       |
| Dividend over 2016                                            | -             | -                     | -62,015         | -                      | -                | -                          | -                   | -62,015   |
| Interim dividend 2017                                         | -             | -                     | -62,016         | -                      | -                | -                          | -                   | -62,016   |
| Profit for the year **)                                       | -             | -                     | -               | -                      | -                | -                          | 67,690              | 67,690    |
| Other                                                         | -             | -                     | -18             | -                      | -                | -                          | -                   | -18       |
| <b>Balance at December 31, 2017</b>                           | 40,271        | 1,711,033             | -249,030        | 366,642                | -7,971           | -                          | 67,690              | 1,928,635 |
| <b>IFRS adjustments</b>                                       |               |                       | 769             |                        | 3,124            | -4,366                     |                     | -473      |
| <b>Balance at January 1, 2018</b>                             | 40,271        | 1,711,033             | -248,261        | 366,642                | -4,847           | -4,366                     | 67,690              | 1,928,162 |
| Result 2017 distribution                                      | -             | -                     | 66,917          | 773                    | -                | -                          | -67,690             | -         |
| Effective portion of change in fair value of cash flow hedges | -             | -                     | -               | -                      | -4,758           | -                          | -                   | -4,758    |
| Changes in fair value of cost of hedging                      | -             | -                     | -               | -                      | -                | 2,660                      | -                   | 2,660     |
| Shares for remuneration                                       | -             | -                     | -167            | -                      | -                | -                          | -                   | -167      |
| Remeasurement of past employment obligations                  | -             | -                     | 172             | -                      | -                | -                          | -                   | 172       |
| Share based payments                                          | -             | -                     | -               | -                      | -                | -                          | -                   | -         |
| Dividend over 2017                                            | -             | -                     | -62,016         | -                      | -                | -                          | -                   | -62,016   |
| Interim dividend 2018                                         | -             | -                     | -50,740         | -                      | -                | -                          | -                   | -50,740   |
| Profit for the year **)                                       | -             | -                     | -               | -                      | -                | -                          | -68,006             | -68,006   |
| Change non-controlling interest                               | -             | -                     | -702            | -                      | -                | -                          | -                   | -702      |
| Other                                                         | -             | -                     | 57,439          | -57,555                | -                | -                          | -                   | -116      |
| <b>Balance at December 31, 2018</b>                           | 40,271        | 1,711,033             | -237,358        | 309,860                | -9,605           | -1,706                     | -68,006             | 1,744,489 |

\*) Legal reserves

\*\*) The annual accounts have been prepared before distribution of result. With regard to the proposed result distribution reference is made to the other information paragraph

In the year 2018 no shares were purchased for the long-term bonus of the Board of Management. In the year 2017 12,756 shares were purchased for the long-term bonus plan of the Board of Management. These shares were conditionally granted to Mr Anbeek and Mr Bolier.

*The movements in equity during 2018 and 2017 were as follows:*

## Share premium

Share premium is paid up share capital in excess of nominal value. There were no changes in the share premium in 2018. The amount of share premium that is recognised for tax purposes is € 1.716m (2017: € 1,716m).

## General reserve

Allocation of result over 2017.

*The General Meeting of Shareholders on April 20, 2018 determined the following allocation of the profit over 2017:*

| (x € 1,000)                                      |                |
|--------------------------------------------------|----------------|
| <i>Distributed to holders of ordinary shares</i> | <b>112,756</b> |
| Revaluation reserve subsidiaries                 | 773            |
| General reserve                                  | -45,839        |
| <b>Result after tax</b>                          | <b>67,690</b>  |

## 6. INTEREST-BEARING LIABILITIES

*The maturity of interest-bearing liabilities (non-current and current) shows as follows:*

| (x € 1,000)                    | December 31, 2018    |                        |                     |                     |                  | December<br>31, 2017 |
|--------------------------------|----------------------|------------------------|---------------------|---------------------|------------------|----------------------|
|                                | Maturity<br>< 1 year | Maturity<br>1 - 5 year | Maturity<br>>5 year | Total long-<br>term | Total            |                      |
| Convertible bonds              | 248,551              | -                      | -                   | -                   | 248,551          | 245,029              |
| Debt to financial institutions | 55,616               | 454,018                | 455,407             | 909,425             | 965,041          | 1,100,669            |
| <b>Total</b>                   | <b>304,167</b>       | <b>404,040</b>         | <b>505,385</b>      | <b>909,425</b>      | <b>1,213,592</b> | <b>1,345,698</b>     |

Capital repayments due within 12 months from the end of the financial year are included under short-term interest-bearing liabilities. With regard to the conversion terms of the convertible bonds reference is made to the notes of the consolidated accounts. Other long-term liabilities relate to cross currency swaps.

## Dividend 2018

The 2018 dividend proposal is explained in the 'Proposed distribution of results' paragraph.

## Revaluation reserve

In this reserve cumulative positive valuation results on property investments in subsidiaries are kept.

## Average effective interest

|                                         | 2018        |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                         | EUR         | GBP         | USD         | CAD         | Total       |
| <b>Short-term interest-bearing debt</b> |             |             |             |             |             |
| Bank loans and private placement        | -           | 0.05        | -           | -           | 4.5%        |
| Interest rate swaps                     | 0.0%        | -           | -           | -           | 0.0%        |
| Convertible bonds                       | 1.2%        | -           | -           | -           | 1.2%        |
| <b>Long-term interest-bearing debt</b>  |             |             |             |             |             |
| Bank loans, private placement and EMTN  | 2.0%        | 4.1%        | 4.8%        | 4.0%        | 3.0%        |
| Cross currency interest rate swaps      | -1.3%       | -           | -           | -           | -1.3%       |
| <b>Average</b>                          | <b>1.9%</b> | <b>4.3%</b> | <b>4.8%</b> | <b>4.0%</b> | <b>2.2%</b> |

|                                         | 2017        |             |             |             |             |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                         | EUR         | GBP         | USD         | CAD         | Total       |
| <b>Short-term interest-bearing debt</b> |             |             |             |             |             |
| Bank loans and private placement        | -           | -           | 4.9%        | -           | 4.9%        |
| Interest rate swaps                     | -3.8%       | -           | -           | -           | -3.8%       |
| <b>Long-term interest-bearing debt</b>  |             |             |             |             |             |
| Convertible bonds                       | 1.0%        | -           | -           | -           | 1.0%        |
| Bank loans, private placement and EMTN  | 1.6%        | 4.3%        | 4.8%        | 4.0%        | 2.6%        |
| Cross currency interest rate swaps      | -0.9%       | -           | -           | -           | -0.9%       |
| <b>Average</b>                          | <b>1.8%</b> | <b>4.3%</b> | <b>4.8%</b> | <b>4.0%</b> | <b>2.1%</b> |

## Fair value

The carrying amount and the fair value of long-term interest-bearing debts are as follows:

| (x € 1,000)                            | December 31, 2018 |                | December 31, 2017 |                  |
|----------------------------------------|-------------------|----------------|-------------------|------------------|
|                                        | carrying amount   | fair value     | carrying amount   | fair value       |
| Convertible bonds                      | -                 | -              | 245,029           | 253,075          |
| Bank loans, private placement and EMTN | 909,425           | 946,907        | 1,071,429         | 1,113,629        |
| <b>Total</b>                           | <b>909,425</b>    | <b>946,907</b> | <b>1,316,458</b>  | <b>1,366,704</b> |

The convertible bond is presented under short-term interest-bearing debt. The fair value of the convertible bond at December 31, 2018 amounts to € 251.4m.

## Currencies

There are loans closed in euro, pound sterling, US dollars and Canadian dollars.

## 7. SHORT-TERM LIABILITIES

(x € 1,000)

|                                      | December 31, 2018 | December 31, 2017 |
|--------------------------------------|-------------------|-------------------|
| Short-term portion of long-term debt | 304,167           | 29,240            |
| Creditors                            | 344               | 95                |
| Taxes on profit                      | 70                | 148               |
| Other debts                          | 230,543           | 171,884           |
| <b>Total</b>                         | <b>535,125</b>    | <b>201,367</b>    |

## 8. OFF BALANCE SHEET ASSETS AND LIABILITIES

The Company has issued guarantees to third parties for an amount of € 34m.

## 9. GENERAL COSTS

(x € 1,000)

|                                            | 2018          | 2017          |
|--------------------------------------------|---------------|---------------|
| Salaries and social security contributions | 2,392         | 2,091         |
| Pension costs                              | 45            | 45            |
| Other employee costs                       | 231           | 176           |
| Audit and advisory fees                    | 1,441         | 951           |
| Office costs                               | 486           | 470           |
| Other general costs                        | 9,608         | 5,403         |
|                                            | <b>14,203</b> | <b>9,135</b>  |
| Allocated and recharged                    | -4,454        | -4,170        |
|                                            | <b>-4,454</b> | <b>-4,170</b> |
| <b>Total</b>                               | <b>9,749</b>  | <b>4,965</b>  |

The allocation and recharges relate to expenses charged to third parties and allocation of costs to property expenses and development projects.

### Employees

During 2018 the legal entity employed an average of 2 persons (2017: 2). The employees worked in the Netherlands.

### Remuneration of the members of the Supervisory Board and the Board of Management

The Supervisory Board members and the members of the Board of Management are considered to be key management personnel.

The remuneration levels were last set at the Extraordinary General Meeting of Shareholders on July 23, 2015.

## 10. OTHER INCOME AND EXPENSE

Other income and expenses € -0.9m (2017: € 2.0m) relates to investment and divestment activities, project related and other costs that cannot be directly linked to the operational activities. These costs are partly compensated by other subsidiaries.

## 11. NET INTEREST

(x € 1,000)

|                               | 2018           | 2017           |
|-------------------------------|----------------|----------------|
| Interest paid                 | -29,027        | -29,464        |
| Amortised costs loans         | -2,275         | -1,334         |
| <b>Total interest charges</b> | <b>-31,302</b> | <b>-30,798</b> |
| <br><i>Interest received</i>  |                |                |
|                               | <b>49,842</b>  | <b>49,839</b>  |
| <br><b>Total</b>              | <b>18,540</b>  | <b>19,041</b>  |

During 2017, the range of weighted average interest rates used was 1.9 - 2.2% (2017: 1.9 - 2.1%). The average nominal interest rate at year end 2018 was 2.2% (2017: 2.1%).

The line item 'interest paid' includes costs related to fees paid for undrawn parts of committed financing facilities amounting to € 0.9m (2017: € 0.5m). Interest received relates to loans provided to subsidiaries.

## 12. OTHER FINANCIAL INCOME AND EXPENSES

(x € 1,000)

|                                   | 2018          | 2017          |
|-----------------------------------|---------------|---------------|
| Exchange rate differences         | -             | -9,043        |
| Adjustments financial instruments | -2,069        | 3,582         |
| <b>Total</b>                      | <b>-2,069</b> | <b>-5,462</b> |

## 13. AUDIT FEES

In 2018 Wereldhave N.V. and its subsidiaries have accounted for the following costs from the Group auditor KPMG:

(x € 1,000)

|                              | 2018       | 2017       |
|------------------------------|------------|------------|
| Audit of the Annual Accounts | 446        | 437        |
| Other assurance services     | 113        | 104        |
| Tax advisory services        | -          | -          |
| <b>Total</b>                 | <b>559</b> | <b>541</b> |

KPMG provided, in addition to the statutory audit of the financial statements, assurance services in relation to financing transactions, the completion accounts for the disposal of Finland, ground rent settlements and issuance of stock dividend. The other assurance services are in compliance with Dutch Auditor Regulations.

Of the total amount of audit fees € 292k (2017: € 317k) relates to the Netherlands. This consist of an amount of € 217k (2017: € 213k) for the audit of the Annual Accounts and € 75k (2017: € 104k) for other audit activities.

All fees are in compliance with the Dutch Auditor Regulations.

## 14. MANAGEMENT AND MEMBERS OF THE SUPERVISORY BOARD

For the remuneration of the members of the Board of Management and Supervisory Board reference is made to note 31 in the consolidated annual accounts.

## 15. RELATED PARTIES

All Group entities are treated as related parties. Reference is made to note 41 in the consolidated annual accounts.

## 16. CONTINGENCIES

General guarantees as defined in Art. 403, Book 2 of the Dutch civil code has been given by the Company for a number of subsidiaries in the Netherlands.

The Company has given guarantees to third parties for Group companies totalling € 34m (2017: € 34m). Capital investment commitments amount to € nil as per December 31, 2018 (2017: € nil).

In France, a discussion has arisen with the tax authorities about the application of the Tax Treaty between France and the Netherlands. If Wereldhave indeed would not be eligible for the benefits of the French - Dutch tax treaty, as the French tax authorities seem to argue, the exemption granted by the SIIC regime is essentially eliminated by the imposition of an alternative tax. This might effectively render the SIIC regime meaningless. No tax assessment or formal claim has been received yet. Therefore there is no obligation. However, the prenotification has been received for the years 2015 up to and including 2017 for a total amount of € 61.7m. Wereldhave will vigorously contest any reassessment on the basis that it is entitled to the benefits of the Tax Treaty, which has been the practice since 2003 in accordance with confirmations issued by the French Central Tax Authority. Based on the initial assessment of our position, Wereldhave believes there are solid grounds to contest this prenotification. Subsequently, no provision has been recorded.

The Company is the head of the corporate income tax and VAT units for which Dutch subsidiaries are also included. The Company is also jointly and severally liable for the tax units as a whole.

## 17. EVENTS AFTER BALANCE SHEET DATE

On January 15, 2019, the Supervisory Board announced that Dirk Anbeek, CEO, will voluntarily leave Wereldhave as of April 1, 2019.

On January 18, 2019, Wereldhave agreed to extend the Revolving Credit Facility € 300m by another year until February 2024.

On February 6, 2019, Wereldhave acquired a C&A shop in Tilburg for € 10.6m.

Schiphol, March 11, 2019

**Supervisory Board**

A. Nühn

**Board of Management**

D.J. Anbeek

L. Geirnaerd

A.W. de Vreede

G. van de Weerdhof

H. Brand

# OTHER INFORMATION

Rules for the distribution of results are set out in Article 25 of the Company's Articles of Association. The preference shareholders have a first call on results in the form of a dividend distribution on the paid-up nominal share value at a percentage rate equal to the twelve-month money market rate (European Interbank Offered Rates), valid for the first exchange day of the financial year concerned plus a surcharge of 1.5%, or if this amount is not available, as much is available from the distributable result. Distribution of the remaining balance available for distribution is determined by the Annual General Meeting of Shareholders.

## Proposed distribution of results

It is proposed to distribute to holders of ordinary shares a dividend of € 2.52 per share in cash in order to meet the distribution obligations under Dutch tax law, subject to dividend withholding tax. An interim dividend relating to 2018 of € 0.63 was paid in July 2018, € 0.63 was paid in October 2018 and € 0.63 was paid in January 2019.

(x € 1m)

|                                       | 2018         | 2017        |
|---------------------------------------|--------------|-------------|
| Profit                                | -68.0        | 67.7        |
| Payment to holders of ordinary shares | 101.4        | 123.9       |
| Revaluation reserve subsidiaries      | -9.5         | 1.0         |
| General reserve                       | -159.9       | -57.2       |
|                                       | <b>-68.0</b> | <b>67.7</b> |



# Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Wereldhave N.V.

## **Report on the audit of the financial statements 2018 included in the integrated annual report**

### ***Our opinion***

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Wereldhave N.V. as at 31 December 2018 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Wereldhave N.V. as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### ***What we have audited***

We have audited the financial statements 2018 of Wereldhave N.V. (the Company) based in Schiphol. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 31 December 2018;
- 2 the following consolidated statements for 2018: the income statement, the statement of comprehensive income, the statement of changes in equity and cash flow statement; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

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The company financial statements comprise:

- 1 the company balance sheet as 31 December 2018;
- 2 the company income statement for 2018; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

#### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Wereldhave N.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Audit approach***

#### ***Summary***

##### **Materiality**

- Materiality of EUR 10.6 million
- 0.5% of total equity
- Materiality for accounts in the income statement related to direct result: EUR 5.3 million

##### **Group audit**

Full scope audit in all significant countries performed by KPMG auditors and covering 100% of investment property and 100% of gross rental income

##### **Key audit matters**

- Valuation of investment property
- Tax exempt status
- Valuation of derivatives
- Discontinued operations Finland

##### **Opinion**

Unqualified



### ***Materiality***

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 10.6 million (2017: EUR 10.8 million). The materiality is determined with reference to total equity (0.5%). We consider total equity as the most appropriate benchmark because this benchmark best fits the nature of Wereldhave's operations as the Company is listed and equity is deemed most relevant for the investors and other users of the financial statements. For accounts in the income statement related to direct result (which excludes valuation results) we determined materiality at EUR 5.3 million (2017: EUR 5.4 million). This direct result is an important measure for the performance of the company's current portfolio (excluding the impact of changes in market value of investment property and derivatives) and important for the investors and other users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 480 thousand for the financial statements as a whole and EUR 240 thousand for accounts related to net direct result excluding valuation results, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### ***Scope of the group audit***

Wereldhave N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Wereldhave N.V.

Our group audit mainly focused on significant components. The group manages its investment property portfolio through its subsidiaries in France, Belgium, the Netherlands and Finland. Each of these subsidiaries are individually significant in the context of the group's financial statements and therefore we have used KPMG audit teams in each country to perform an audit of the complete financial information of the subsidiaries in these countries (full scope audit). The subsidiary in Finland was divested in 2018 but remained individually significant. Given our responsibility for the overall audit opinion, we are responsible for directing, supervising and performing the group audit. As group auditor we were involved in the full-scope audits performed by the auditors of the subsidiaries.

Our involvement included the following:

- Issuing audit instructions to subsidiary auditors describing the scope of the audit procedures to be performed, our risk assessment, materiality to be applied and reporting requirements;
- Participation in planning discussions with subsidiary auditors;

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- Attending conference calls during the audit with respect to relevant audit matters;
- Attending closing meetings at the subsidiaries to discuss relevant audit finding with the subsidiary auditor and local management;
- Follow up on reported audit findings;
- Discussions on the local reporting with country management; and
- Review of the audit files of all significant components to verify the audit work by subsidiary auditors has been carried out in accordance with our instructions.

The consolidation of the group, the disclosures in the financial statements and certain accounting topics that are performed at group level are audited by the group audit team.

The accounting matters on which audit procedures are also performed by the group audit team include, but are not limited to, equity, group financing, derivatives and hedge accounting, assessment of the tax exempt status, the divestment of the subsidiary in Finland and employee benefits.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

A full scope audit of the reporting packages will be performed for all significant components. The audit coverage as stated in the section summary can be further specified as follows:

- 100% of investment property;
- 100% of gross rental income;

#### ***Audit scope in relation to fraud and non-compliance with laws and regulations***

In accordance with the Dutch Standards on Auditing we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. In determining the audit procedures we will make use of the evaluation of management in relation to fraud risk management (prevention, detection and response), including ethical standards to create a culture of honesty.

In our process of identifying fraud risks we assessed fraud risk factors, which we discussed with the Board of Management and the Supervisory Board. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. We also assessed factors related to the risk



of non-compliance with laws and regulations which could have a direct or indirect impact on the financial statements. We identified the following areas of laws and regulation as those most likely to have such an impact being relevant tax laws and the relevant parts of the Financial Supervision law (Wft).

Based on the auditing standards we addressed the presumed fraud risk in relation to management override of controls. We have performed procedures over journal entries and post-closing adjustments including controls testing to address the management override of controls. Additionally, we have assessed the appropriateness of the methods and underlying assumptions used to prepare estimates for indicators of management bias. Finally, we have performed inquiry of management.

Furthermore, we identified and addressed the following other fraud risk which could have a material impact on the financial statements:

- fraud risk in relation to the price component of real estate acquisitions and disposals as a result of possible 'ABC-transactions' or possible illegal payments.

In relation to the risk of non-compliance with laws and regulations we refer to the key audit matter regarding the tax exempt status.

Our audit procedures included an evaluation of the internal controls relevant to mitigate these risks and supplementary substantive audit procedures, including detailed testing of (administrative) journal entries and documentation in relation to acquisitions and disposals of investment property (agreements, notary deed, memorandum of settlement and bank statements), which include the evaluation of the price component. Furthermore, we have assessed ownership of real estate based on amongst others the land register, parties involved and related service fees in relation to possible ABC-transactions.

Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our procedures to address fraud risks and risk of non-compliance to laws and regulations did not result in findings to be included in this audit report.



### ***Our key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Compared to previous year the disposal of the subsidiary in Finland was added to the key audit matters because of the significance of the transaction.

#### **Valuation of investment property**

##### **Description**

The valuation of investment property is complex and requires judgement, both from management and the external appraisal firms hired by management. The valuation is dependent on valuation techniques using a number of assumptions to determine expected future cash flows and risks. Assumptions include for example developments of market rent levels, vacancy rates, interest rates, maintenance expenses and transfer tax. Due to the significance of investment property (representing 93.6% of total assets) and the estimation uncertainties, we consider this a key audit matter.

Refer for the accounting policies to Note 3.6 on the financial statements and the disclosures about the valuation and valuation parameters of investment property in Note 5.

##### **Our response**

Our audit included an assessment of the valuation process with respect to the investment property as at year-end 2018, including testing related internal controls and tests of details at each subsidiary.

We have tested the accuracy and completeness of the rent roll data and other property related data used as input for the valuations performed by the external appraisal firms by comparing them to contracts. Additionally, we have reconciled the rent roll data as per balance sheet date to the gross rental income as accounted for in the profit and loss statement. We have assessed the objectivity and expertise of the external appraisal firms.

We tested the valuation techniques applied and specifically challenged the appropriateness of key assumptions in the valuation process, which consist of market rent levels and 'bruto-aanvangs-rendement'.

Our challenge was based on our assessment of the historical accuracy of the assumptions in previous periods, our understanding of the market and market developments and a comparison of assumptions and movements therein with publicly available data. We analysed the results of the valuation process and discussed our

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findings and observations with management and with the appraisal firms. Our property valuation experts formed an integral part of our team supporting us with our audit procedures.

We have assessed whether the disclosures relating to investment properties appropriately reflect the exposure to valuation risk, including the valuation methodologies applied and the key assumptions used.

#### **Our observation**

Overall we assess that the assumption and related estimates resulted in a balanced valuation of the investment property and we determined that the related disclosures are in accordance with the applicable financial reporting standards.

### **Tax exempt status**

#### **Description**

Wereldhave N.V. has a tax exempt status as per article 28 of the Corporate Income Tax law, 1969 in the Netherlands and a similar tax status in Belgium and France. When the conditions are met Wereldhave N.V. is exempt from corporate income tax for the operations. Specific activities such as (re)developments or specific operational activities could have an impact on the tax exempt status. From a financial statements perspective and for the users of these financial statements, compliance to the strict rules is essential to maintain the tax exempt status. The tax exempt status is important to the financial statements and our audit as non-compliance with applicable tax laws and regulations could have a material negative impact on the financial position of the group therefore we consider this a key audit matter. Management assessment of the tax exempt status is included in Note 2 of the financial statements.

Additionally, during the year, the French tax authorities have questioned the applicability of the Tax Treaty between The Netherlands and France for the Company. The Company is in discussion with the French tax authorities but has not received a formal claim yet, however a prenotification for the years 2015-2017 has been received. For further details, we refer to Note 42.

#### **Our response**

We have evaluated management's assessment whether Wereldhave N.V. meets the requirements for the tax exempt status in the Netherlands, Belgium and France. We used the expertise of our tax specialists in all our

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procedures. We obtained a letter from the company's external fiscal advisor relating to the confirmation of the tax exempt status in each of the respective countries. We discussed the requirements with the Board of Management and the tax manager of Wereldhave N.V. We took into consideration the financing structure, dividend policy and operational activities of Wereldhave N.V. In addition, we inspected correspondence with the tax authorities, to assess whether Wereldhave N.V. meets the requirements for the tax exempt status.

In addition to that, we inspected the assessment of management and supporting documentation in relation to the tax prenotification in France. We have discussed the matter with the Board of Management and the tax manager. Additionally, we have assessed if the disclosure in the financial statements is in line with IAS 37.

#### Our observation

The result of our procedures is satisfactory and we consider management's assessment as disclosed in Note 2 and Note 42 as sufficient taking into account the current available information.

### Valuation of derivatives

#### Description

Wereldhave N.V. uses derivatives (cross currency and interest rate swaps) to fix the exchange rate and interest rate risk on part of its floating aspects of its finance activities. The borrowings are used to finance investment property activities.

As at 31 December 2018, Wereldhave N.V. has recognized derivative financial instruments at fair value, with a debit amount of € 27.2 million and a credit amount of € 38.6 million.

Wereldhave N.V. has opted for cash flow hedge accounting principles regarding the currency derivatives and fair value hedge accounting regarding the cross currency interest rate swaps. IFRS 9 is applicable as of 2018, which impacted mainly the hedge accounting for cross-currency interest rate swaps due to the cost of hedging approach. We refer to Note 3.1.

As explained in Note 23 to the financial statements, the fair value of derivatives is based on fair value quotes from counterparties which are compared to the results of the internal valuation model using market data obtained from an independent recognized market data agency. As these calculations are complex and a significant amount of time is spent on this matter, we consider the valuation of derivatives to be a key audit matter.



### Our response

We used our valuation specialists to independently calculate the fair value of the derivatives and compared the outcome to the values calculated by Wereldhave N.V. We also evaluated Wereldhave N.V.'s assessment of the adjustment to the fair value for counterparty non-performance risk (or credit valuation adjustment / debit valuation adjustment – CVA/DVA).

### Our observation

Overall we assess that the assumptions used and related estimates resulted in a balanced valuation without significant variances when compared with our own valuations.

## Discontinued operations Finland

### Description

Wereldhave N.V. has divested the subsidiary in Finland on 14 December 2018 and consequently presented the Finland operations as discontinued operations. The transaction is significant due to the size and nature of the transaction. The transaction is complex in nature due to complex accounting implications based on the terms and conditions as agreed in the sales and purchase agreement. The accounting treatment is also complex due to the non-routine nature of the transaction and that it has significant impact on the presentation as discontinued operations in the financial statements. Management has further disclosed the discontinued operations in Note 35 of the financial statements.

Given the size and complex nature of this transaction, we consider the accounting treatment of the transaction and presentation as discontinued operations of Finland a key audit matter.

### Our response

We have inquired management about the sales process and accounting treatment. We have inspected documentation related to the transaction (sales and purchase agreement and completion memorandum) and performed recalculation procedures for the result realized on the disposal of Finland. Additionally, we have assessed whether the disclosures related to the disposal of the subsidiary in Finland are accurate by

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reconciliation to the supporting documentation. Finally, we have assessed the appropriateness of presentation in the financial statements by assessing if all disclosure requirements of IFRS 5 are met.

#### **Our observation**

The result of our procedures is satisfactory and we determined that the presentation and disclosure in the financial statements are in accordance with the applicable financial reporting standards.

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### Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the integrated annual report contains other information that consists of:

- the Management Report which includes the sections results, strategy, operations, sustainability and governance & risk;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; and
- the Report from the Supervisory Board.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the Management Report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

### Report on other legal and regulatory requirements

#### Engagement

We were engaged by the General Meeting of Shareholders as auditor of Wereldhave N.V. on 22 April 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

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### ***No prohibited non-audit services***

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

### ***Description of responsibilities regarding the financial statements***

#### ***Responsibilities of the Board of Management and the Supervisory Board for the financial statements***

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

#### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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A further description of our responsibilities for the audit of the financial statements is included in appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 11 March 2019

KPMG Accountants N.V.

H.D. Grönloh RA

Appendix:

Description of our responsibilities for the audit of the financial statements

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## Appendix

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group components. Decisive were the size and/or the risk profile of the group components or

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operations. On this basis, we selected group components for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

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# APPENDIX

## About this report

### QUALIFYING NOTES WEREldhave 2018 ANNUAL REPORT

Wereldhave reports its 2018 performance in accordance with the Global Reporting Initiative (GRI) guidelines (Comprehensive), includes relevant GRI Construction and Real Estate Sector Supplement (CRESS) performance indicators, and is compliant with the European Public Real Estate Association (EPRA) Best Practice Recommendations on Sustainability Reporting.

#### Scope environmental reporting

Wereldhave has made considerable steps in monitoring and improving its environmental performance. We have automatic metering systems in place for the majority of our assets, enabling us to accurately monitor and manage the energy consumption of our real estate portfolio. Wereldhave reports the environmental performance of assets that are under its operational management, where data on energy efficiency and resources use can be measured and directly managed. In 2018, the portfolio coverage of our environmental reporting is 96% in net market value. For 2018 the absolute data disclosed for all energy and greenhouse gas emissions performance indicators, for which the landlord has control, is for 34 out of 34 properties.

The data disclosed for water consumption refers to 32 out of 34 properties and waste figures refers to 33 out of 34 properties. For the like-for-like figures, 30 out of 34 properties are included for the energy, greenhouse gas data and water and 27 out of 34 properties included for waste like-for-like figures. The reported data contains the total landlord obtained energy and water consumed by the properties owned and managed by Wereldhave. Where tenant consumption is sub-metered this is reported separately. All assets which have been acquired, divested or under significant (re)development during the reporting period are excluded for like-for-like data.

Like-for-like data show the change of an indicator over a two-year period with a constant portfolio. It provides the most accurate picture of the environmental performance of our real estate portfolio for the last 24 months. Absolute data provides an overview of the environmental impact over 2018.

#### Methodology performance data

Intensity figures are calculated using 'shared services' as numerator and lettable floor area as denominator. These shared services refer to landlord-obtained consumption for common areas and services provided to tenants that do not have sub-meters. Wereldhave acknowledges that the intensity indicator may be affected due to a mismatch between numerator and denominator, as recommended in the EPRA sustainability best practice recommendations.

For the environmental performance indicators we use a different reporting period for our external reporting compared to our financial reporting. Environmental performance indicators are consolidated on a 12-month rolling period rather than on the financial year, as it was the case in our earlier annual reports. Since 2015, the reporting period covers a 12-month period, including the fourth quarter of 2014 and the first three quarters for 2015. The same methodology is applicable for 2018. This enables us to report our environmental footprint in a timely manner.

To measure the environmental performance of our real estate portfolio, we benchmark and report the same performance over a 12-month period, with a 12-month period the year before. Like-for-like data are therefore compared to two consistent periods. Like-for-like energy consumption for the shopping centres portfolio for the common areas, decreased with 6.1% over the reporting period. This results in a decrease of our energy (for the shopping centres portfolio) intensity of -4.3% per visitor (like-for-like). The GHG intensity decreased with 64.8% per visitor (like-for-like) in the period 2017-2018. Mainly due to the energy contract renewal in Belgium and the overall decrease in energy consumptions.

Additional notes on environmental impact areas: Energy consumption includes both direct and indirect energy consumption. The direct energy refers to primary source energy which is purchased and consumed on site by Wereldhave (e.g. gas and fuel oil). Indirect energy refers to the energy produced by and purchased from a third-party in the converted form of electricity or fluid (e.g. electricity, heating and cooling networks).

Emission factors are based upon the information provided by final energy suppliers for electricity, district heating and gas consumption and national emission factors. When 2018 conversion factors were not available yet, we have continued to use 2017 data. The carbon emissions relate to the energy consumptions (kWh) reported in the same table. Scope 3 GHG emissions refer to landlord-obtained consumption that is sub-metered to tenants and tenant-obtained energy.

### **Changes to reporting environmental indicators**

Specific changes in reporting concern mainly absolute and like-for-like figures that are not fully comparable with our 2017 Annual Report mainly due to the disposal of Shopping Centre Itis, Helsinki.

Wereldhave has introduced since 2016 a new group wide monitoring system developed by a third-party to monitor its environmental performance. The majority of assets have smart meters in place to monitor energy and water consumptions. Due to this system, data can be monitored on a higher frequency resulting in data with higher quality. However, in the shopping centres under development sub-meters and meters have been replaced, added or removed. Therefore some automatic meter readings in these shopping centres are not reliable, in some cases the data is corrected by our third-party data manager to obtain reliable and comparable results.

### **Social-economic performance indicators**

As recommended in the third version of the EPRA Sustainability Best Practices Recommendations, Wereldhave is communicating additional social performance indicators. These are linked to the health & safety assessments in place and the community engagement programmes that are in place during 2018 for our retail portfolio and cover 100% of our total portfolio (based on GAV). Health & safety assessments have been undertaken for 84% of the retail portfolio and includes safety checks of installations, accessibility for disabled, safety trainings and reporting regarding Health and Safety incidents of non-compliance with health and safety regulations.

Community engagement programmes have been implemented for our retail portfolio and include social inclusion events, providing in kind space for social initiatives, employee involvement and investments in social inclusion facilities. See more information the sustainability chapter in this annual report.

# STAKEHOLDER DIALOGUE

| <b>Stakeholder group</b>                                                                      | <b>Communication</b>                                                                                                                                | <b>Concerns</b>                                                                                               | <b>Follow-up</b>                                                                                                           |
|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| 1<br>Customers (visitors)<br>- All visitors<br>- Potential visitors                           | Helpdesk<br>Surveys<br>SC websites<br>Social media<br>Events                                                                                        | Complaints and tips<br>Facilities and services<br>Attractive shopping centre<br>Experience                    | Customer journey improvements<br>Optimise branch mix and shop offer<br>Investments in facilities<br>Operational excellence |
|                                                                                               | Frequency: daily                                                                                                                                    |                                                                                                               |                                                                                                                            |
| 2<br>Retailers (and tenants)<br>- All tenants<br>- Potential tenants<br>- Tenant associations | On-site management<br>(key) account management<br>Retailer seminars<br>Tenant satisfaction surveys<br>Sustainability committees<br>Regular meetings | Footfall & customer spending<br>Attractive shopping centre<br>Value for money services<br>Complaints and tips | Knowledge sharing<br>Customer journey improvements<br>Investments in facilities<br>Marketing<br>Operational excellence     |
|                                                                                               | Frequency: daily                                                                                                                                    |                                                                                                               |                                                                                                                            |
| 3<br>Employees & board<br>- All employees<br>- Supervisory Board<br>- Works Council           | News letters<br>Result presentations<br>Onboarding<br>Career development<br>Works council meetings<br>Internal communications                       | Commitment and engagement<br>Personal development<br>Recognition                                              | Market conform remuneration<br>Fun & teambuilding<br>Talent development programme                                          |
|                                                                                               | Frequency: daily                                                                                                                                    |                                                                                                               |                                                                                                                            |

| <b>Stakeholder group</b>                                                                                            | <b>Communication</b>                                                                                                                           | <b>Concerns</b>                                                                                            | <b>Follow-up</b>                       |
|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------|
| 4 Investors, banks and analysts<br>- Equity & debt providers<br>- Advisor<br>- Assurance firms                      | AGM<br>Annual report<br>Interim statements and trading updates<br>One-to-one meetings<br>EPRA<br>Real estate seminars<br><br>Frequency: weekly | Strategy<br>Share price<br>Earnings per share<br>Risk exposure<br>Image and communication                  | Follow-up required outcome of meetings |
| 5 Communities<br>- Inhabitants, local organisations and associations in the catchment areas of our shopping centres | Network meetings<br>Online and offline communication<br>Presentations of redevelopments<br><br>Contact frequency: weekly                       | Attractive sustainable environment<br>Long-term relationship<br>Collaboration in local initiatives         | Follow-up required outcome of meetings |
| 6 Governments<br>- National governments<br>- Regional governments<br>- Local governments                            | Meetings<br>Presentations<br>Dialogues<br><br>Contact frequency: weekly                                                                        | Information provision regarding local impact, redevelopment projects<br>Collaboration in local initiatives | Follow-up required outcome of meetings |
| 7 Suppliers and contractors<br>- All suppliers<br>- All contractors                                                 | Supplier dialogue<br>Partnership meetings<br>Regular supplier and contractors' meetings<br><br>Contact frequency: daily                        | Reliability<br>Transparency<br>Quality-cost control                                                        | Follow-up required outcome of meetings |
| 8 NGO's                                                                                                             | Network meetings, dialogue<br><br>Contact frequency weekly                                                                                     | Information provision                                                                                      | Follow-up required outcome of meetings |

# MATERIAL TOPICS

| Focus area                   | Material topic                 | Explanation                                                                                                                          | Most relevant to                    |
|------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Economic & governance        | Financial performance          | Annual financial results of Wereldhave                                                                                               | investors, employees                |
|                              | Occupancy                      | Occupancy in SC portfolio                                                                                                            | tenants, investors                  |
|                              | L4L rental growth              | Rental growth of like-for-like assets                                                                                                | investors                           |
|                              | Cost efficiency                | Service costs, CAPEX and general costs                                                                                               | tenants, investors                  |
|                              | Risk management                | Concerning economic, social, environmental and governance risks                                                                      | investors                           |
|                              | Corporate governance           | Being a responsible company that follows internal codes and standards                                                                | investors                           |
|                              | Business ethics                | Proper business policies and practices regarding potentially controversial issues                                                    | investors, employees                |
| Social responsibility        | Technology & digital           | Implement technology and digital best practices at the shopping centres and offices.                                                 | customers                           |
|                              | Customer satisfaction          | Further optimize the satisfaction and experience of customers                                                                        | customers                           |
|                              | Building Safety                | Provide a healthy and safe environment for customers, tenants and suppliers                                                          | customers, tenants, suppliers       |
|                              | Local social impact            | Contribute positively to the local communities                                                                                       | customers, communities              |
|                              | Talents                        | Attract and develop talents amongst employees                                                                                        | employees                           |
|                              | Leadership                     | Managers that have the quality to inspire their teams to accomplish the company goals                                                | employees                           |
|                              | Rewards & recognition          | Have an excellent remuneration program for all employees                                                                             | employees                           |
| Environmental responsibility | Tenant satisfaction            | Further optimize the satisfaction and collaboration with tenants                                                                     | tenants                             |
|                              | Accessibility                  | Increase the accessibility of the assets for all customers.                                                                          | customers, communities              |
|                              | Employee satisfaction          | Retain committed and engaged employees                                                                                               | employees                           |
|                              | Challenging & open culture     | Give employees a culture where they can be the best version of themselves                                                            | employees                           |
|                              | Health & well-being            | Provide a healthy environment for employees, tenants and customers                                                                   | employees, tenants, customers       |
|                              | Diversity                      | Provide equal opportunities and an inclusive environment for employees                                                               | employees                           |
|                              | Climate change (CO2-emissions) | Minimize the environmental impact by reducing the carbon emissions of assets                                                         | investors, governments, NGO's       |
|                              | Sustainable buildings          | Manage climate change risks by having sustainable buildings                                                                          | investors, governments, NGO's       |
|                              | Transportation                 | Optimize the accessibility of the assets and provide sustainable transportation (by foot, electric cars, bikes and public transport) | customer, communities               |
|                              | Sustainable (re-)development   | Implement sustainable best practices and technologies during renovation projects                                                     | investors, governments, NGO's       |
|                              | Energy efficiency              | Further optimize energy efficiency of assets                                                                                         | tenants, investors, NGO's           |
|                              | Certifications                 | Use sustainable certification scheme as a guidance to further improve the quality of assets and building management                  | investors, NGO's                    |
|                              | Waste                          | Further optimize efficiency of waste management                                                                                      | tenants, governments                |
|                              | Sustainable procurement        | Procure sustainable materials and select high quality business partners.                                                             | partners, tenants, investors, NGO's |
|                              | Green leases                   | Engage with tenants and become sustainable business partners                                                                         | tenants                             |
|                              | Water                          | Further optimize water efficiency of assets                                                                                          | tenants                             |
|                              | Biodiversity                   | Manage and improve the impact of assets on the local ecology                                                                         | communities, governments, NGO's     |
|                              |                                |                                                                                                                                      |                                     |
|                              |                                |                                                                                                                                      |                                     |

# CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

| Sustainable Development Goal           | Sustainability focus area | Alignment                                                                                                   |
|----------------------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------|
| 7. Renewable energy                    | Bricks                    | 2,000 MWh solar energy                                                                                      |
| 8. Good jobs and economic growth       | Partners                  | 20.000 jobs in our shopping centres                                                                         |
|                                        |                           | Target 2013-2017: Invest to create 1.000 extra jobs                                                         |
| 11. Sustainable cities and communities | Bricks & Society          | Health & Safety Assessments<br>Reduction environmental impact<br>Increase social impact                     |
| 13. Climate action                     | Bricks                    | Renewable energy<br>Sustainable sourcing<br>Energy reduction<br>Climate change policy & assessment (BREEAM) |
| 17. Partnership for the goals          | All pillars               | Partnering with suppliers, tenants & society                                                                |

# SOCIAL INDICATORS

## Workforce

### Workforce - employment (GRI 102-7; 102-8)

(in FTE)

|      |                                   | Total | Belgium | Finland | France | Netherlands |
|------|-----------------------------------|-------|---------|---------|--------|-------------|
| 2018 | Number of employees year end      | 165.0 | 46.0    | 0       | 52.8   | 66.2        |
| 2017 | Number of employees year end      | 184.0 | 43.3    | 14.0    | 55.0   | 71.6        |
| 2018 | Part-time employees               | 14.2% | 16.3%   | 0%      | 1.9%   | 21.6%       |
| 2017 | Part-time employees               | 15.1% | 29.2%   | 0%      | 0%     | 20.3%       |
| 2018 | Full-time employees               | 85.8% | 83.7%   | 0%      | 98.1%  | 78.4%       |
| 2017 | Full-time employees               | 84.9% | 70.8%   | 100%    | 100%   | 79.7%       |
| 2018 | Employees with fixed contract     | 9.1%  | 2.0%    | 0%      | 0%     | 20.3%       |
| 2017 | Employees with fixed contract     | 11.5% | 2.1%    | 0.0%    | 7.1%   | 23.0%       |
| 2018 | Employees with permanent contract | 90.9% | 98.0%   | 0.0%    | 100%   | 79.7%       |
| 2017 | Employees with permanent contract | 88.5% | 97.9%   | 100%    | 92.9%  | 77.0%       |

### Workforce - employment (GRI 405-1, EPRA Diversity-Emp)

| (number)                                                | 2018  |       |        | 2017  |       |        |
|---------------------------------------------------------|-------|-------|--------|-------|-------|--------|
|                                                         | %     | Male  | Female | %     | Male  | Female |
| Age group < 30                                          | 10.1% | 6     | 13     | 12%   | 4     | 18     |
| Age group 30-40                                         | 39.3% | 31    | 36     | 39%   | 33    | 42     |
| Age group 40-50                                         | 35.7% | 26    | 36     | 30%   | 25    | 33     |
| Age group > 50                                          | 14.9% | 13    | 15     | 19%   | 18    | 19     |
| Total numbers of employees                              | 176   | 76    | 100    | 192   | 80    | 112    |
| Employees in senior management                          | 70.8% | 29.2% |        | 65.0% | 35.0% |        |
| Annual increase in base salary excluding individual STI | 6.9%  | 12.4% | 5.7%   | 6.4%  | 4.9%  |        |

### Employee Turnover

Total number and rates of new employee hires and employee turnover by age group, gender and region (GRI 401-1, EPRA Emp-Turnover)

| (number)        | 2018      |            | 2017      |            |
|-----------------|-----------|------------|-----------|------------|
|                 | New hires | Departures | New hires | Departures |
| Male            | 23        | 21         | 19        | 31         |
| Female          | 41        | 42         | 23        | 43         |
| Age group < 30  | 14        | 13         | 11        | 13         |
| Age group 30-40 | 26        | 22         | 18        | 30         |
| Age group 40-50 | 22        | 15         | 11        | 20         |
| Age group > 50  | 2         | 12         | 2         | 11         |
| <b>Total</b>    | <b>64</b> | <b>62</b>  | <b>42</b> | <b>74</b>  |

## Reasons for departure

(number)

|                                   | 2018      | 2017      | 2016      |
|-----------------------------------|-----------|-----------|-----------|
| Resignations                      | 26        | 19        | 15        |
| Dismissals                        | 4         | 5         | 9         |
| Mutual agreements                 | 12        | 30        | 16        |
| Retirements                       | 3         | 1         | 4         |
| Departure during probation period | 3         | 2         | 3         |
| Expiry contacts                   | 14        | 15        | 9         |
| Outsourcing                       | 0         | 0         | 0         |
| Deaths                            | 0         | 0         | 0         |
| <b>Totals</b>                     | <b>62</b> | <b>72</b> | <b>56</b> |
| Employee turnover                 | 35.2%     | 37.5%     | 26.5%     |

## New employee hires (GRI 401-1)

| New employees hired in 2018 by gender | %     |
|---------------------------------------|-------|
| Male employees                        | 35.9% |
| Female employees                      | 64.1% |

| New employees hired in 2018 by age group | %     |
|------------------------------------------|-------|
| Age group < 30                           | 21.9% |
| Age group 30-40                          | 40.6% |
| Age group 40-50                          | 34.4% |
| Age group > 50                           | 3.1%  |

# SOCIAL INDICATORS

## Sickness ratio

Sickness ratio and total number of work-related fatalities

(GRI 403-2, EPRA H&S-Emp)

|                              | Units  | Total | Belgium | Finland | France | Netherlands |
|------------------------------|--------|-------|---------|---------|--------|-------------|
| 2018 Absentee rate           | %      | 3.0   | 4.1     | 0       | 4.5    | 1.1         |
| 2017 Absentee rate           |        | 2.9   | 2.2     | 3.3     | 2.6    | 3.5         |
| 2018 Injury rate             | %      | 0.0   | 0.0     | 0.0     | 0.0    | 0.0         |
| 2017 Injury rate             |        | 0.0   | 0.0     | 0.0     | 0.0    | 0.0         |
| 2018 Work-related fatalities | Number | 0     | 0       | 0       | 0      | 0           |
| 2017 Work-related fatalities |        | 0     | 0       | 0       | 0      | 0           |

## Training & Development

Average hours of training per employee, by gender

(GRI 404-1, EPRA Emp-Training)

|                                  | Units   | Total   | Belgium | Finland | France | Netherlands |
|----------------------------------|---------|---------|---------|---------|--------|-------------|
| 2018 training hours total        | Number  | 1.809   | 392     | 0       | 298    | 1.119       |
| 2018 training hours per employee |         | 10      | 8       | 0       | 6      | 15          |
| 2018 training costs total        | in Euro | 189.193 | 28.230  | 0       | 18.007 | 142.957     |
| 2018 training costs per employee |         | 1.075   | 576     | 0       | 340    | 1.932       |
| 2017 training hours total        | Number  | 3.064   | 310     | 420     | 1568   | 470         |
| 2017 training hours per employee |         | 17      | 7       | 30      | 29     | 9           |
| 2017 training costs total        | in Euro | 235.782 | 21.203  | 10.089  | 55.552 | 129.000     |
| 2017 training costs per employee |         | 1.281   | 490     | 721     | 1.010  | 2.585       |

# SOCIAL INDICATORS

Training hours split by category, by gender (GRI 404-2, EPRA Emp-training)

| Units                         | %               | 2018   |        | 2017  |        |
|-------------------------------|-----------------|--------|--------|-------|--------|
|                               |                 | Male   | Female | Male  | Female |
| Educational training          | %               | 52.7%  | 47.3%  | 40.6% | 59.4%  |
| Skills & development training |                 | 50.8%  | 49.2%  | 47.4% | 52.6%  |
| Wereldhave training           |                 | 100.0% | 0.0%   | 39.3% | 60.7%  |
| Training works council        |                 | 80.0%  | 20.0%  | 0.0%  | 100.0% |
| Training hours per employee   | Number of hours | 12.9   | 8.3    | 18.7  | 13.7   |

Number of training hours split per category (GRI 404-2)

|                               | (Number of hours) | 2018  | 2017  |
|-------------------------------|-------------------|-------|-------|
| Educational training          |                   | 502   | 630   |
| Skills & development training |                   | 1.198 | 2.052 |
| Wereldhave training           |                   | 29    | 235   |
| Training works council        |                   | 80    | 147   |

## Employee category

Breakdown of employees by employee category (GRI 102-8)

| (Number)                                                      | 2018       |
|---------------------------------------------------------------|------------|
| Board                                                         | 2          |
| Management                                                    | 18         |
| Operations (Leasing, Development, Shopping Centre Management) | 94         |
| Staff                                                         | 62         |
| <b>Total</b>                                                  | <b>176</b> |

## Breakdown of employees by gender

Senior management split by gender (GRI 102-8)

|                  | 2018  | 2017  | 2016  |
|------------------|-------|-------|-------|
| Male employees   | 70,8% | 65,0% | 70,0% |
| Female employees | 29,2% | 35,0% | 30,0% |

## Remuneration

Ratio of Base Salary and remuneration of women to men by employee category (GRI 405-2, EPRA Diversity-pay)

|                                                               | 2018 |        |
|---------------------------------------------------------------|------|--------|
|                                                               | Male | Female |
| Board                                                         | 100% | 0%     |
| Management                                                    | 56%  | 44%    |
| Operations (Leasing, Development, Shopping Centre Management) | 50%  | 50%    |
| Staff                                                         | 61%  | 39%    |

# SOCIAL INDICATORS

## Employee satisfaction

Employee satisfaction by aspect measured (GRI 102-43)

(Number)

|                 | 2018  | 2016  |
|-----------------|-------|-------|
| Commitment      | 7.4   | 7.7   |
| Engagement      | 7.6   | 7.5   |
| Role clarity    | 7.5   | 6.9   |
| Vitality        | n/a   | 7.6   |
| Work atmosphere | n/a   | 7.7   |
| Loyalty         | 7.7   | n/a   |
| Response rate   | 90.1% | 89.5% |

## Incidents of discrimination

Total numbers of incidents of discrimination and corrective actions (GRI 406-1)

(Number)

|                                                | 2018 | 2017 | 2016 |
|------------------------------------------------|------|------|------|
| Number of incidents of discrimination reported | 0    | 0    | 0    |

## Employee performance appraisals (GRI 404-3, EPRA Emp-Dev)

|                                           | 2018 | 2017 |
|-------------------------------------------|------|------|
| Percentage of employees with an appraisal | 83%  | 97%  |

## Employee health and safety (GRI 403-2, EPRA H&S-Emp)

|                                   | 2018 | 2017 |
|-----------------------------------|------|------|
| Injury rate                       | 0%   | 0%   |
| Absentee rate                     | 3.0% | 2.9% |
| Number of work-related fatalities | 0    | 0    |

## Community engagement (GRI 413-1)

### Social performance indicators retail portfolio

|                                                          | 2018      | 2017      |
|----------------------------------------------------------|-----------|-----------|
| Local engagement programme in place (% of assets)        | 100%      | 100%      |
| Local community investments - absolute (€)               | 1,618,674 | 1,813,211 |
| Local community investments - relative to NRI (% of NRI) | 1.0%      | 1.1%      |

## Health and safety assessments (EPRA H&S-Asset)

|                                                        | 2018 |
|--------------------------------------------------------|------|
| Health & Safety - assessment undertaken (in %)         | 84%  |
| Health & Safety - incidents of non-compliance occurred | 0    |

# ENVIRONMENTAL INDICATORS

## Environmental performance indicators - Retail

EPRA, GRI 302-1, 302-2, 303-1, 305-1, 305-2, 305-3, 306-2

| Impact areas                                           |                          | Absolute |         |        |        | Like for like comparison |         |        |        |             |         |
|--------------------------------------------------------|--------------------------|----------|---------|--------|--------|--------------------------|---------|--------|--------|-------------|---------|
|                                                        |                          | 2018     |         | 2017   |        | Belgium                  |         | France |        | Netherlands |         |
|                                                        |                          | MWh      |         | 2018   | 2017   | 2018                     | 2017    | 2018   | 2017   | 2018        | 2017    |
| Electricity consumption common areas                   |                          | 28,331   | 28,978  | 6,860  | 7,056  | 10,993                   | 12,209  | 7,924  | 8,193  | 25,777      | 27,457  |
| Electricity tenants                                    |                          | 11,557   | 11,830  | 31     | 23     | 2,609                    | 3,044   | 8,165  | 8,084  | 10,805      | 11,151  |
| Total landlord obtained electricity                    |                          | 39,888   | 40,808  | 6,891  | 7,079  | 13,602                   | 15,253  | 16,089 | 16,277 | 36,581      | 38,608  |
| District heating and cooling common areas              |                          | 838      | 849     | -      | -      | 251                      | 134     | 400    | 451    | 651         | 584     |
| District heating and cooling tenants                   |                          | -        | -       | -      | -      | -                        | -       | -      | -      | -           | -       |
| Total landlord obtained district heating               |                          | 838      | 849     | -      | -      | 251                      | 134     | 400    | 451    | 651         | 584     |
| Gas consumption common areas                           |                          | 10,231   | 10,766  | 3,986  | 4,483  | 2,490                    | 2,198   | 2,105  | 2,546  | 8,581       | 9,227   |
| Gas consumption tenants                                |                          | 7,685    | 8,243   | 308    | 263    | -                        | -       | 7,094  | 7,658  | 7,403       | 7,921   |
| Total gas consumption                                  |                          | 17,917   | 19,009  | 4,294  | 4,747  | 2,490                    | 2,198   | 9,199  | 10,203 | 15,984      | 17,148  |
| Renewable energy produced on-site                      |                          | 2,161    | 1,930   | 698    | 695    | -                        | -       | 1,334  | 1,164  | 2,032       | 1,859   |
| Total energy consumption from all sources common areas |                          | 39,400   | 40,592  | 10,846 | 11,539 | 13,734                   | 14,540  | 10,429 | 11,189 | 35,008      | 37,268  |
| Total energy consumption from all sources tenants      |                          | 19,242   | 20,073  | 340    | 286    | 2,609                    | 3,044   | 15,259 | 15,742 | 18,207      | 19,072  |
| Total energy consumption                               |                          | 58,643   | 60,665  | 11,185 | 11,825 | 16,343                   | 17,584  | 25,688 | 26,931 | 53,216      | 56,340  |
|                                                        | Tonnes CO <sub>2</sub> e |          |         |        |        |                          |         |        |        |             |         |
| Total direct GHG emissions Scope 1                     |                          | 1,872    | 1,981   | 729    | 825    | 456                      | 404     | 385    | 468    | 1,570       | 1,698   |
| Total indirect GHG emissions Scope 2                   |                          | 708      | 1,982   | -      | 1,298  | 569                      | 2,246   | 95     | 1,507  | 664         | 5,052   |
| Total indirect GHG emissions Scope 3                   |                          | 1,527    | 1,661   | 56     | 67     | 121                      | 560     | 1,298  | 3,310  | 1,475       | 3,937   |
| Total direct and indirect GHG emissions                |                          | 4,108    | 5,624   | 786    | 2,190  | 1,145                    | 3,211   | 1,779  | 5,286  | 3,710       | 10,687  |
|                                                        | m <sup>3</sup>           |          |         |        |        |                          |         |        |        |             |         |
| Water consumption common areas                         |                          | 199,939  | 181,638 | 40,770 | 45,135 | 83,328                   | 73,333  | 57,170 | 55,092 | 181,269     | 173,560 |
| Water consumption tenants                              |                          | 77,970   | 93,440  | 37,232 | 53,298 | 38,108                   | 37,764  | 1,178  | 1,156  | 76,518      | 92,218  |
| Rainwater recovery                                     |                          | 29,241   | 69,037  | 29,241 | 69,037 | -                        | -       | -      | -      | 29,241      | 69,037  |
| Total water consumption                                |                          | 277,908  | 275,078 | 78,002 | 98,433 | 121,436                  | 111,097 | 58,348 | 56,248 | 257,786     | 265,778 |
|                                                        | Metric tonnes            |          |         |        |        |                          |         |        |        |             |         |
| Total weight of waste                                  |                          | 5,566    | 5,643   | 1,422  | 1,339  | 2,310                    | 2,297   | 1,488  | 1,605  | 3,909       | 5,241   |
| Hazardous waste                                        |                          | n/a      | n/a     | n/a    | n/a    | n/a                      | n/a     | n/a    | n/a    | n/a         | n/a     |
|                                                        | Proportion by weight (%) |          |         |        |        |                          |         |        |        |             |         |
|                                                        | Disposal route           |          |         |        |        |                          |         |        |        |             |         |
| Reuse                                                  |                          | 0%       | 0%      | 0%     | 0%     | 0%                       | 0%      | 0%     | 0%     | 0%          | 0%      |
| Recycling                                              |                          | 25%      | 27%     | 33%    | 34%    | 24%                      | 26%     | 21%    | 23%    | 27%         | 27%     |
| Composting                                             |                          | 0%       | 0%      | 0%     | 0%     | 0%                       | 1%      | 0%     | 0%     | 0%          | 0%      |
| Recovery                                               |                          | 0%       | 0%      | 0%     | 0%     | 0%                       | 0%      | 0%     | 0%     | 0%          | 0%      |
| Incineration                                           |                          | 57%      | 55%     | 51%    | 50%    | 58%                      | 55%     | 60%    | 59%    | 56%         | 56%     |
| Landfill                                               |                          | 17%      | 17%     | 15%    | 15%    | 17%                      | 17%     | 18%    | 18%    | 17%         | 17%     |
| Other                                                  |                          | 0%       | 1%      | 0%     | 0%     | 1%                       | 2%      | 0%     | 0%     | 0%          | 1%      |

# ENVIRONMENTAL INDICATORS

## Environmental intensity indicators - Retail

| EPRA Sustainability performance measures                      |                                           | Absolute |       |         |       | Like for like comparison |        |       |       |             |       |
|---------------------------------------------------------------|-------------------------------------------|----------|-------|---------|-------|--------------------------|--------|-------|-------|-------------|-------|
|                                                               |                                           | 2018     | 2017  | Belgium | 2018  | 2017                     | France | 2018  | 2017  | Netherlands | Total |
| Impact areas                                                  |                                           |          |       |         |       |                          |        |       |       |             |       |
| Building energy intensity (CRESS CRE1)                        | kWh/m <sup>2</sup> /year                  | 70.26    | 78.68 | 87.84   | 93.79 | 79.28                    | 84.18  | 87.67 | 90.82 | 84.94       | 89.22 |
|                                                               | kWh/visitor/year                          | 0.43     | 0.45  | 0.78    | 0.82  | 0.39                     | 0.43   | 0.46  | 0.47  | 0.48        | 0.50  |
| Greenhouse gas intensity from building energy<br>(CRESS CRE3) | kg CO <sub>2</sub> e/m <sup>2</sup> /year | 4.92     | 7.29  | 6.17    | 10.48 | 5.56                     | 15.37  | 6.07  | 17.83 | 5.92        | 16.92 |
|                                                               | kg CO <sub>2</sub> e/visitor/year         | 0.03     | 0.04  | 0.05    | 0.15  | 0.03                     | 0.08   | 0.03  | 0.09  | 0.03        | 0.09  |
| Building water intensity (CRESS CRE2)                         | m <sup>3</sup> /m <sup>2</sup> /year      | 0.33     | 0.36  | 0.61    | 0.78  | 0.59                     | 0.53   | 0.20  | 0.19  | 0.41        | 0.42  |
|                                                               | liter/visitor/year                        | 2.05     | 2.04  | 5.41    | 6.79  | 2.92                     | 2.70   | 1.05  | 0.98  | 2.31        | 2.35  |

# ENVIRONMENTAL INDICATORS

## Environmental performance indicators - Office

EPRA Sustainability performance measures (GRI 302-1, 302-2, 303-1, 305-1, 305-2, 305-3, 306-2)

| Impact areas                                           |  | MWh                      | Absolute |        | Like for like comparison |        |        |        |        |
|--------------------------------------------------------|--|--------------------------|----------|--------|--------------------------|--------|--------|--------|--------|
|                                                        |  |                          | 2018     | 2017   | Belgium                  | 2018   | 2017   | Total  | 2018   |
| Electricity consumption common areas                   |  | 6,311                    | 5,790    | 6,311  | 5,790                    | 6,311  | 5,790  | 5,790  | 5,790  |
| Electricity tenants                                    |  | 2,234                    | 2,514    | 2,234  | 2,514                    | 2,234  | 2,514  | 2,234  | 2,514  |
| Total landlord obtained electricity                    |  | 8,545                    | 8,303    | 8,545  | 8,303                    | 8,545  | 8,303  | 8,303  | 8,303  |
| District heating and cooling common areas              |  | -                        | -        | -      | -                        | -      | -      | -      | -      |
| District heating and cooling tenants                   |  | -                        | -        | -      | -                        | -      | -      | -      | -      |
| Total landlord obtained district heating               |  | -                        | -        | -      | -                        | -      | -      | -      | -      |
| Gas consumption common areas                           |  | 3,704                    | 3,619    | 3,704  | 3,619                    | 3,704  | 3,619  | 3,619  | 3,619  |
| Gas consumption tenants                                |  | -                        | -        | -      | -                        | -      | -      | -      | -      |
| Total gas consumption                                  |  | 3,704                    | 3,619    | 3,704  | 3,619                    | 3,704  | 3,619  | 3,704  | 3,619  |
| Total energy consumption from all sources common areas |  | 10,016                   | 9,409    | 10,016 | 9,409                    | 10,016 | 9,409  | 10,016 | 9,409  |
| Total energy consumption from all sources tenants      |  | 2,234                    | 2,514    | 2,234  | 2,514                    | 2,234  | 2,514  | 2,234  | 2,514  |
| Total energy consumption                               |  | 12,249                   | 11,922   | 12,249 | 11,922                   | 12,249 | 11,922 | 12,249 | 11,922 |
|                                                        |  | Tonnes CO <sub>2</sub> e |          |        |                          |        |        |        |        |
| Total direct GHG emissions Scope 1                     |  | 678                      | 662      | 678    | 662                      | 678    | 662    | 678    | 662    |
| Total indirect GHG emissions Scope 2                   |  | -                        | 268      | -      | 268                      | -      | 268    | -      | 268    |
| Total indirect GHG emissions Scope 3                   |  | -                        | 116      | -      | 116                      | -      | 116    | -      | 116    |
| Total direct and indirect GHG emissions                |  | 678                      | 1,047    | 678    | 1,047                    | 678    | 1,047  | 678    | 1,047  |
|                                                        |  | m <sup>3</sup>           |          |        |                          |        |        |        |        |
| Water consumption common areas                         |  | 18,078                   | 15,526   | 18,078 | 15,526                   | 18,078 | 15,526 | 18,078 | 15,526 |
| Water consumption tenants                              |  | -                        | -        | -      | -                        | -      | -      | -      | -      |
| Rainwater recovery                                     |  | -                        | -        | -      | -                        | -      | -      | -      | -      |
| Total water consumption                                |  | 18,078                   | 15,526   | 18,078 | 15,526                   | 18,078 | 15,526 | 18,078 | 15,526 |
|                                                        |  | Metric tonnes            |          |        |                          |        |        |        |        |
| Total weight of waste                                  |  | 171                      | 190      | 171    | 190                      | 171    | 190    | 171    | 190    |
| Hazardous waste                                        |  | n/a                      | n/a      | n/a    | n/a                      | n/a    | n/a    | n/a    | n/a    |
|                                                        |  | Proportion by weight (%) |          |        |                          |        |        |        |        |
| Disposal route                                         |  |                          |          |        |                          |        |        |        |        |
| Reuse                                                  |  | 0%                       | 0%       | 0%     | 0%                       | 0%     | 0%     | 0%     | 0%     |
| Recycling                                              |  | 30%                      | 27%      | 30%    | 27%                      | 30%    | 27%    | 30%    | 27%    |
| Composting                                             |  | 0%                       | 5%       | 0%     | 5%                       | 0%     | 5%     | 0%     | 5%     |
| Recovery                                               |  | 0%                       | 0%       | 0%     | 0%                       | 0%     | 0%     | 0%     | 0%     |
| Incineration                                           |  | 54%                      | 52%      | 54%    | 52%                      | 54%    | 52%    | 54%    | 52%    |
| Landfill                                               |  | 16%                      | 16%      | 16%    | 16%                      | 16%    | 16%    | 16%    | 16%    |
| Other                                                  |  | 0%                       | 0%       | 0%     | 0%                       | 0%     | 0%     | 0%     | 0%     |

## Environmental intensity indicators - Office

| Impact areas                                  | EPRA Sustainability intensity measures | CRESS CRE1 | kWh/m <sup>2</sup> /year                 | Absolute |        | Belgium |        | Like for like comparison |        | Total  |        |
|-----------------------------------------------|----------------------------------------|------------|------------------------------------------|----------|--------|---------|--------|--------------------------|--------|--------|--------|
|                                               |                                        |            |                                          | 2018     | 2017   | 2018    | 2017   | 2018                     | 2017   | 2018   | 2017   |
| Building energy intensity                     |                                        | CRESS CRE1 | kWh/m <sup>2</sup> /year                 | 202.17   | 197.01 | 202.17  | 197.01 | 202.17                   | 197.01 | 202.17 | 197.01 |
| Greenhouse gas intensity from building energy |                                        | CRESS CRE3 | kgCO <sub>2</sub> e/m <sup>2</sup> /year | 11.19    | 17.30  | 11.19   | 17.30  | 11.19                    | 17.30  | 11.19  | 17.30  |
| Building water intensity                      |                                        | CRESS CRE2 | m <sup>3</sup> /m <sup>2</sup> /year     | 0.30     | 0.26   | 0.30    | 0.26   | 0.30                     | 0.26   | 0.30   | 0.26   |

# ENVIRONMENTAL INDICATORS

## BREEAM certificates

|                                              |                 | 2018      |
|----------------------------------------------|-----------------|-----------|
| BREEAM certifications in place               | % of retail GLA | 76%       |
| Very Good or higher                          |                 | 73%       |
| BREEAM certifications in place               | % of retail NAV | 74%       |
| Very Good or higher                          |                 | 72%       |
| <i>Total number of BREEAM certifications</i> |                 | <b>20</b> |

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| GRI 416             | Customer Health and Safety      | 416-1             | Assessment of the health and safety impacts of product and service categories            | 65 - 76, 211, 216  |
| GRI 417             | Marketing and Labeling          | 417-1             | Requirements for product and service information and labeling                            | 69, 216            |
| GRI CRESS           | Sector specific indicators      | CRE 1             | Building energy intensity                                                                | 212-216            |
| GRI CRESS           | Sector specific indicators      | CRE 2             | Building water intensity                                                                 | 212-216            |
| GRI CRESS           | Sector specific indicators      | CRE 3             | Greenhouse gas emissions intensity from buildings                                        | 212-216            |
| GRI CRESS           | Sector specific indicators      | CRE 8             | Type and number of sustainability certification, rating and labelling schemes            | 69, 216            |

# EPRA SUSTAINABILITY PERFORMANCE MEASURES

|                                           | Page                                                                      |                |
|-------------------------------------------|---------------------------------------------------------------------------|----------------|
| <b>Environmental performance measures</b> |                                                                           |                |
| Elec-abs                                  | Total electricity consumption                                             | 201, 212 - 216 |
| Elec-LfL                                  | Like-for-like total electricity consumption                               | 201, 212 - 216 |
| DH&C-Abs                                  | Total district heating & cooling consumption                              | 201, 212 - 216 |
| DH&C-LfL                                  | Like-for-like total district heating & cooling consumption                | 201, 212 - 216 |
| Fuels-Abs                                 | Total fuel consumption                                                    | 201, 212 - 216 |
| Fuels-LfL                                 | Like-for-like total fuel consumption                                      | 201, 212 - 216 |
| Energy-Int                                | Building energy intensity                                                 | 201, 212 - 216 |
| GHG-Dir-Abs                               | Total direct greenhouse gas (GHG) emissions                               | 201, 212 - 216 |
| GHG-Indir-Abs                             | Total indirect greenhouse gas (GHG) emissions                             | 201, 212 - 216 |
| GHG-Int                                   | Greenhouse gas (GHG) emissions intensity from building energy consumption | 201, 212 - 216 |
| Water-Abs                                 | Total water consumption                                                   | 201, 212 - 216 |
| Water-LfL                                 | Like-for-like total water consumption                                     | 201, 212 - 216 |
| Water-Int                                 | Building water intensity                                                  | 201, 212 - 216 |
| Waste-Abs                                 | Total weight of waste by disposal route                                   | 201, 212 - 216 |
| Waste-LfL                                 | Like-for-like total weight of waste by disposal route                     | 201, 212 - 216 |
| Cert-Tot                                  | Type and number of sustainably certified assets                           | 216            |
| <b>Social performance measures</b>        |                                                                           |                |
| Diversity-Emp                             | Employee gender diversity                                                 | 207            |
| Diversity-Pay                             | Gender pay ratio                                                          | 210            |
| Emp-Training                              | Employee training and development                                         | 209 - 210      |
| Emp-Dev                                   | Employee performance appraisals                                           | 211            |
| Emp-Turnover                              | New hires and turnover                                                    | 207            |
| H&S-Emp                                   | Employee health and safety                                                | 209, 211       |
| H&S-Asset                                 | Asset health and safety assessments                                       | 211            |
| H&S-Comp                                  | Asset health and safety compliance                                        | 211            |
| Comty-Eng                                 | Community engagement, impact assessments and development programs         | 211            |
| <b>Governance performance measures</b>    |                                                                           |                |
| Gov-Board                                 | Composition of the highest governance body                                | 88, 99         |
| Gov-Select                                | Process for nominating and selecting the highest governance body          | 99 - 100       |
| Gov-Col                                   | Process for managing conflicts of interest                                | 81 - 100       |