

Remuneration Report 2014

Wereldhave N.V.

February 26, 2015

This remuneration report was prepared by the Remuneration and Nomination Committee and adopted by the Supervisory Board in its meeting on February 26, 2015. The Committee consists of two members, Mrs F. Weijtens (chair) and Mr J. Van Oosten. The report is available on the company's website www.wereldhave.com

The report explains how the remuneration policy has been put into practice during the financial year under review. It contains condensed information about the remuneration that was paid in 2014.

The Committee engaged an outside compensation advisor to provide recommendations and information on market practices for compensation structure and levels. Subsequently, the remuneration report 2014 was discussed and the Supervisory Board has decided to propose to shareholders to change fixed and variable compensation of the members of the Board of Management for the year 2015 and subsequent years.

In view of the benchmark analysis as performed by the external advisor, the Supervisory Board also proposes changes to the remuneration of the Supervisory Board.

These proposals are outlined in the chapter "policy".

Remuneration 2014

Remuneration of members of the Board of Management

The total remuneration of the Board of Management of Wereldhave N.V. currently consists of:

1. Fixed income
2. Variable income short and long term
3. Pension and other secondary employment benefits

Fixed income

The members of the Board of Management currently receive a fixed salary that is paid in twelve equal instalments. The Board consists of two members, Mr. D.J. Anbeek (CEO) and Mr. R. Bolier (CFO). Mr. P. Roozenboom (CFO) stepped down from the Board as per April 15, 2014. Mr R. Bolier was appointed interim CFO (non statutory director) as per April 10, 2014. On September 23, 2014, an Extraordinary General Meeting of Shareholders was held and his nomination as CFO was approved.

Mr Anbeek's fixed salary for 2014 amounted to € 408,678. The salary was indexed with the Dutch consumer price indexation (CPI) of 1% as per January 1, 2015 to € 412,765.

Mr Roozenboom's fixed annual salary for 2014 amounted to € 325,120. His contract of assignment ended on September 30, 2014. He received a severance payment of € 325,120, equal to one year's salary.

Mr Bolier's fixed annual salary for 2014 amounts to € 325,120. His contract of assignment started with effect from September 23, 2014. The salary was indexed with the Dutch consumer price indexation (CPI) of 1% as per January 1, 2015 to € 328,371.

Variable income – current policy

The variable income amounts to a maximum of 85% of fixed income, with the following components:

- 40% related to like-for-like net rental growth: each % increase scores 10% of the annual fixed income, with a cap of 40% (30% of this amount as STI in cash, 70% as LTI in conditional shares).
- 20% related to the shareholder return for the year, compared to the TSR peer group. Place 1 = 20%, each lower rank -4%. Places 6 and 7 thus score 0% (30% of this amount as STI in cash, 70% as LTI in conditional shares).
- 25% related to individual targets (payable as STI in cash).

The vesting period amounts to two years as from the date the long term variable remuneration has been granted. The condition for the long term incentive related to the like-for-like rental growth is that the average like-for-like net rental growth over the next two years will be positive. The condition for the long term incentive related to the total shareholder return is that the average place over the next two years is higher than the 6th place.

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.

Variable income paid

Mr Anbeek's variable income for 2014 amounts to € 314,682, of which € 165,923 as short term incentive in cash and € 148,759 as long term incentive in conditional shares.

The conditions for vesting of the long term incentive in respect of the year 2012 have been met. Therefore, 1.459 shares will become unconditional for Mr Anbeek when the AGM has adopted the accounts for the year 2014.

During the period from April 10 until September 23, Mr. Bolier acted as interim CFO as a non statutory director. His variable income for this period amounted to € 60,010 as short term incentive in cash and € 53.802 in conditional shares. Mr Bolier's variable income as CFO for 2014 (with effect from September 23) amounts to € 67,901, of which € 35,802 as short term incentive in cash and € 32,099 as long term incentive in conditional shares.

Mr Roozenboom's variable income for the year 2014 was set at € 104,851, payable as short term incentive in cash. No long term remuneration will be payable in respect of the year 2013 and 2014.

The Supervisory Board did not see any reason during the year to use its extraordinary powers to adjust or reclaim variable or long term remuneration that had already been awarded.

Pension

Pensionable income is capped and the cap is indexed annually. For the year 2014 the cap amounted to € 408,678. This amount is indexed with 1% as per January 1, 2015 to € 412,765. 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 N.V. employees in the Netherlands.

Wereldhave has a defined contribution scheme with a retirement age of 67, based on a fiscal maximum ladder of 3%. The applicable premium for both members of the Board amounts to 22.4% of pensionable salary, without private contribution.

As from January 1, 2015, Dutch law puts restrictions on pension premiums and maximises pensionable salary at € 100,000 per annum. The applicable defined contribution premiums have been lowered. For both members of the Board, the pension premium now amounts to 19.8% of pensionable salary. In view of the contractual arrangements with respect to pensionable salary and also in view of recent changes in the pension scheme that already had an adverse effect on pensionable income, the Company decided to compensate employees for the change in the pension scheme. The compensation mechanism was submitted to the Supervisory Board for approval, to avoid any potential conflict of interest, since both Directors participate in the scheme.

The Company will make a gross payment of the difference in pension premium, payable in monthly instalments, calculated over the fixed salary as at January 1, 2015 against the percentage that was applicable in 2014. The gross pension payment will be indexed annually. Further increases in fixed salary after January 2015 will not be taken into account.

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.

It does 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.

The Directors and the Company have signed contracts of assignment for a fixed term of four years. Mr Anbeek (CEO) was reappointed in 2013 for a second term and Mr Roozenboom was appointed CFO, also in 2013. Mr. Bolier was appointed CFO in September 2014. If a director voluntarily resigns within the agreed appointment period or if the director is dismissed without further notice in accordance with the law, the conditional share balance reverts to the company. If the director 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.

A separate securities account will be established, by or on behalf of the company for the benefit of the director, to hold the blocked share balance. The director is entitled to sell the shares after the end of the agreed holding period.

The personal targets to be achieved in both the short and long term are laid down in a performance contract between the Supervisory Board and each director. This performance contract contains a claw back clause that enables the Supervisory Board to rectify in view of any unfair results based on incorrect financial data or extraordinary circumstances.

Remuneration of members of the Supervisory Board

The Supervisory Board members are appointed by shareholders for a maximum of three consecutive periods of 2, 3 or 4 years. In principle, Wereldhave applies a maximum term in office for Supervisory Board members of 8 years. The base remuneration is set at € 46,879 for the Chairman and € 31,313 for members. Committee chairs receive a fixed remuneration of € 4,291 and committee members € 3,218.

The base remuneration is indexed for 2015 with 1.0% to € 47,348 for the Chairman and € 31,626 for members. Committee chairs receive a fixed remuneration of € 4,334 and committee members € 3,250.

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.

The Company has signed an indemnity agreement with Supervisory Board members that requires the company to compensate the members 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 Supervisory Board member 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 Supervisory Board member was not entitled to indemnification.

2014	Fixed							Total
	income	STI	LTI	One off	Pension	Social	Crisis tax	
D.J. Anbeek	409	166	149	-	89	10	-	822
P. Roozenboom	244	105	-	325	39	7	-	720
R. Bolier	88	36	32	-	19	3	-	178
Total	741	307	181	325	147	20	-	1,720

2013								
D.J. Anbeek	402	154	66	50	121	10	63	866
P. Roozenboom	187	70	20	-	56	6	6	345
Total	589	224	86	50	177	16	69	1,211

For the year 2014 a long-term variable remuneration will be granted to Mr Anbeek for an amount of € 148,759 and for Mr. R. Bolier in the amount of € 32,099. The long-term variable remuneration is a share-based payment that is conditionally awarded. The conditions are that, in addition to continuance of employment, the average like-for-like net rental growth for the Group over the next two years remains positive and for the TSR performance indicator that the average place with regard to total shareholders return over the next two years remains higher than the 6th place.

The short-term bonus is payable in cash, after deduction of income tax and social charges.

The long-term bonus is payable in shares only. On determination of the conditional bonus each year, 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 bonus is awarded.

The shares qualify for dividend payments. The conditional share balance will be increased by a number of conditional shares equal to the amount of the dividend divided by the share price at the time dividend is paid. If the vesting conditions are met, the number of awarded shares that vest are released to the member of Board of Management. The Board of Management pays income tax and social charges on the long-term variable remuneration.

The vesting period for the 2012 long-term variable bonus is January 1, 2012 to December 31, 2014 and for the 2013 long-term variable bonus January 1, 2013 to December 31, 2015. For the 2014 long-term variable bonus this is January 1, 2014 to December 31, 2016.

Financial year grant	Vesting period u/i Dec 31	Long-term bonus	Accounted in financial statements 2014	Accounted in earlier financial statements	Total accounted for
2014 - D.J. Anbeek	2016	149	50	-	50
2013 - D.J. Anbeek	2015	132	44	44	88
2012 - D.J. Anbeek	2014	66	22	44	66
2014 - R. Bolier	2016	32	11	-	11

With regard to the 2014 long-term bonus of Mr. D.J. Anbeek the requirements for vesting are continued employment and the average like-for-like net rental growth over the 2015 and 2016 remaining positive. As per December 31, 2014 the long-term variable bonus 2014 would represent 2,423 shares for Mr. D.J. Anbeek and 523 shares for Mr. R. Bolier based on a share price of € 61.39 per share (based on the listed price as per February 9, 2015).

The actual number of shares will be determined at the share price of the first day after the ex-dividend. The shares will be bought after the approval of the annual accounts in the Annual General Meeting of Shareholders of April 24, 2015. The shares will be accounted for as shares for remuneration as part of the general reserve. After the Annual General Meeting of Shareholders of April 2014 2,180 shares were bought for Mr. D.J. Anbeek in relation to the 2013 long-term bonus. These shares have been conditionally awarded and are accounted for as shares for remuneration as part of the general reserve.

Mr D.J. Anbeek holds 11.844 shares, of which 3,958 are conditional and of which the remainder is unconditional or has been acquired as private investments. The current fair value of the shares owned by Mr D.J. Anbeek based on the stock exchange price amounts to € 61.39 per share (as per February 9, 2015) in total € 727,103.

Mr R.J. Bolier holds 2.063 shares, which have been acquired as private investments. The current fair value of the shares owned by Mr R.J. Bolier based on the stock exchange price amounts to € 61.39 per share (as per February 9, 2015) in total € 126,648.

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 as published by EPRA, the combined cap for the short term and long term incentive at 85% of base pay and the expected dividend payments based on the company's dividend policy.

Proposed remuneration Policy

Board of Management

The goals of 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. 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 N.V. as an attractive employer for highly qualified directors.

The remuneration of Board members is based on surveys and analyses by internationally recognized firms specializing 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 individually benchmark remuneration.

The reference market that was used in the past for setting remuneration levels, included 6 companies (including Corio). To further align with market practices and to be able to adequately benchmark remuneration levels towards the future, the reference group has been extended. A new robust peer group of European real estate companies was selected, based on a comparability study in terms of size, scope and complexity, indicators such as (sub-)industry, geography, revenues, market capitalisation, total assets and employees have been taken into consideration. The new group consists of a group of European real estate companies that position in the same bandwidth as Wereldhave, as well as some larger peers that are relevant from a labour market and strategic perspective as well. Because of the latter, Wereldhave positions on average around the median of the peer group.

The new benchmark reflects Wereldhave's ambition for Growth. The components of the benchmark are:

Alstria, Altarea, Atrium, Befimmo, Beni Stabili, Citycon, Cofinimmo, Derwent, Deutsche Euroshop, Eurocommercial Properties, Klépierre, Mercialis, NSI, Shaftesbury, Societ  Fonciere Lyonnaise, Sponda, Unibail-Rodamco and Vastned Retail.

The Supervisory Board endeavours to set a remuneration level in keeping with levels established in the benchmark group. Remuneration is reviewed and adjusted annually. The Supervisory Board takes into consideration personal performance, results over the past year, any general salary review at Wereldhave N.V. in the Netherlands, and an increase of income if the standard level has not yet been attained.

The proposed new scheme as set out below puts more emphasis on the long term variable compensation. The proposed scheme has a simplified design and ownership guidelines equal to 1.5 time base salary are intended to align interests. The strategic performance measures are also aligned with the company's strategy. Adoption of the new scheme does not imply any changes to the LTI in respect of the years 2013 and 2014, which are still conditionally granted and in their vesting period.

It is proposed to raise the fixed remuneration to the median remuneration level of the peer group. For the year 2015, this implies a fixed salary of € 510,000 for the CEO and € 380,000 for the CFO.

Proposed variable income amounts to a maximum of 100% of the fixed annual income, with a maximum of 40% payable as short term incentive in cash and of 60% as long term incentive in shares. The short term incentive score is determined by like-for-like rental growth (20% of fixed income) and personal targets (20% of fixed income). The long term incentive score is determined by the direct result per share (40% of fixed income) and sustainability (20% of fixed income).

The short term incentive is largely based on like-for-like rental growth, a key performance indicator. The STI bonus target in respect of the like-for-like rental growth is calculated as follows: LFL 1 % over inflation equals 10 % bonus and at 2 % over inflation the maximum of 20 % bonus. LFL rental growth over inflation scores between 0% and 2% will be calculated at a sliding scale. In addition, the short term incentive is based on individual specific targets that will be determined annually by the Supervisory Board, based on recommendations from its Remuneration and Nomination Committee. Payment of the incentives for each member of the Board of Management only takes place after adoption by the AGM of the Financial Statements of the Company.

Part of the long term incentive is based on the Direct Result per share (EPS), since this is the basis for dividend. Wereldhave aims for a steady and growing dividend. Because the EPS long term incentive is based on the performance over a three-year period, the remuneration policy contributes to the long term objectives of the company. The LTI bonus targets are: EPS growth at inflation 20 % bonus, at 1 % over inflation 30 % bonus and at 2 % over inflation the maximum of 40 % bonus. EPS growth scores between 0% and 2% over inflation will be calculated at a sliding scale. The other long term indicator is sustainability, remaining rated as GRESB Green Star.

GRESB is an industry-driven organization committed to rigorous and independent evaluation of the sustainability performance of real estate portfolios across the globe. The GRESB Survey is structured into seven unique sustainability Aspects. The GRESB Quadrant Model shows the sustainability performance for all Survey participants, based on their score for each of GRESB's two dimensions: Management & Policy (30 percent weight) and Implementation & Measurement (70 percent weight). A participant's position in the GRESB Quadrant Model explains how far it has progressed in integrating sustainability into its portfolio. The four quadrants represent the Green Starters, Green Talkers, Green Walkers and Green Stars. This implies that Wereldhave belongs to the top 25% of the sector, and as the sector is continuously improving its performance, remaining within this quartile is an ambitious long term objective. The 2014 GRESB data shows that sustainability reporting in the sector is evolving rapidly – this holds for both the quantity as well as the quality of reporting.

These indicators are therefore an important measure of the success of the execution of the company's strategy. As such, the remuneration is directly linked to performance and the strategy.

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The inflation measure (HCPI) used is as published by Eurostat for the Eurozone. The short term incentive is payable in cash, the long term incentive in Wereldhave shares only. The long term incentive is granted conditionally. When the conditional LTI bonus is awarded each year, 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.

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. The long term conditional share award in connection with the EPS target depends on development of EPS over the vesting period, the average of which should be equal to or above the average inflation in the Eurozone over the period, as published by Eurostat. The remainder of the long term conditional share award depends on the condition that the Company is rated GRESB Green Star during at least two years of the vesting period, including the final year.

As from the year 2015, the Company will apply a shareholding guideline for members of the Board of Management of 1.5 base salary, to be gradually built up with performance shares. In view of this 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 guideline does not apply for the portion of the shares that have vested, to pay the taxes that are due upon vesting.

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.

The share-based remuneration awarded to the members of the Management Board 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 director's 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 authorized on behalf of the company 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 authorized on behalf of the company 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.

In line with the Dutch Corporate Governance Code, the Remuneration and Nomination Committee and Supervisory Board made scenario analyses when they determined the level and structure of the Board of Management's remuneration. These analyses included all elements of remuneration, including potential LTI and STI pay-outs, under various scenarios. The Committee has also discussed to which extent the variable remuneration might expose the company to risks, taking into consideration the overall risk profile of the company. The Committee reached the conclusion that the remuneration policy provides management with good incentives to create long term value for the shareholders, without increasing the overall risk profile of the company.

Supervisory Board

Based on an external expert peer analysis, the Supervisory Board also proposes to change the remuneration for members of the Supervisory Board, in particular with respect to committee memberships. Current remuneration levels are mentioned between brackets. Committee chairs will receive a fixed remuneration of € 7,500 (€ 4,334) and committee members € 5,000 (€ 3,250). The base remuneration will be set at € 47,500 for the Chairman (€ 47,348), € 39,500 for the vice chairman (€ 31,626) and € 32,000 for members (€ 31,626). It is proposed that these amounts will be indexed annually as from January 1, 2016.