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 Eurpoean 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;

- 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.

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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.

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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 (currenly € 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.

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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.

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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				
	2015	2016	Total	Private	Shareholding
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.

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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.