



Wereldhave

# Remuneration report 2019

Wereldhave N.V.

5 March 2020

make every day count

# Proposal to amend the Board of Management remuneration policy

## Introduction

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. This remuneration policy was reviewed by the remuneration & nomination committee, amongst others, considering current market and best practices, the Dutch corporate governance code and the Dutch implementation of the European Shareholder Rights Directive ("SRD II").

Wereldhave has redefined its mission statement and strategy. This remuneration policy is amended to align with our new customer centric strategy. Successful commercial real estate goes beyond shopping and assets. It should offer a broad range of partnerships and services to support tenants in doing better business and empower people to live a more well-balanced everyday life close to home. Together with all partners within the local eco-systems we will build Full Service platforms to make every day count.

Wereldhave has also adopted a total return approach. We use forward looking IRR for hold/sell analyses, invest in assets at densely populated areas and well-connected mixed-use locations, create sector and geographic scale to allow for an efficient service platform, invest in undermanaged assets that meet our strategic criteria and dispose of assets that do not meet the IRR threshold.

We therefore measure our success by the total return of our assets (EBIT plus valuation result), customer satisfaction, as expressed in the Net Promoter Score as well as the footfall of our assets. These KPI's have been selected as the drivers for variable short term pay. The indicators will be used throughout the organization for incentive schemes, to enhance the alignment of pay with performance of the strategic goals. This uniform approach for the incentive schemes for Board and employees is the fundament for the internal support for our remuneration schemes. The Works Council was consulted prior to the stakeholder consultation rounds, to allow for a meaningful discussion. The Works Council has reviewed the proposed policy. The Works Council supports the objective to realign the Board remuneration with Wereldhave's redefined mission statement and strategy. The Works Council has noted that the STI and LTI indicators chosen in the proposed policy are in line with those that will be used for other personnel. The Works Council understands that the new policy has been properly benchmarked against a relevant peer group, and that the Wereldhave pay ratio remains modest. On this basis the Works Council has no objections against the proposed remuneration policy.

The Chairman of the Supervisory Board and the Chairman of the Remuneration Committee then consulted large shareholders to assess the external support for the scheme. The suggestions and comments from these meetings were taken into account when finalizing this proposal.

A few changes of the policy are proposed by the Supervisory Board, in particular regarding the short-term incentive and the long-term incentive, in order to simplify the design, strengthen the alignment with the company's strategic objectives and enhance the link between pay and performance. Total shareholder return remains the key element for the Long Term Incentive, to focus the Board of Management at narrowing the discount to NAV at which Wereldhave shares trade. This is a topic that has the full attention of the Supervisory Board and it reflects the feedback we have had from many shareholders who view this as a priority.

When designing this new policy, best in class remuneration schemes from international property companies were taken as a guideline. Since the proposal does not entail an increase in pay, the pay ratio is modest, the remuneration levels are confirmed by the external benchmarking, the STI and LTI indicators chosen will be used throughout the organization and consultation meetings were held with several large investors, the Supervisory Board is convinced that these proposals will have sufficient support in society.

The remuneration policy proposal was adopted by the Supervisory Board and is set out below in three parts. The first part contains an explanation to the proposal to amend the Board of Management remuneration policy including an overview of the main changes. The second part contains the proposed new remuneration policy. Item 3 contains the remuneration of the Supervisory Board. The proposal does not entail a change of the current policy.

# Explanation to the proposal to amend the Board of Management remuneration policy

It is proposed that the revised Board of Management remuneration policy, and the related individual Board of Management remuneration shall take effect from January 1, 2020 and that all grants of shares in the Company as set out in the Management Board Remuneration Policy will be

approved, up to the maximum amounts that follow from the remuneration policy. The table below outlines the proposed changes to the policy compared to the current Wereldhave N.V. remuneration policy:

Topic	Current	Proposed	Explanatory note
<b>Reference market</b>	<ul style="list-style-type: none"> <li>Remuneration benchmarked against European peer companies</li> <li><i>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), Mercialis (FR), NSI (NL), PSP Swiss Property (CH), Retail Estates (BE), Carmila (FR), WFD Unibail-Rodamco (FR) and VastNed Retail (NL)</i></li> <li>This peer group serves both for assessing the remuneration levels as measuring relative Total Shareholder Return ("TSR") performance</li> </ul>	<ul style="list-style-type: none"> <li>Keep the current group for measuring TSR performance</li> <li>For the purpose of remuneration level benchmarking, exclude the two largest companies from the Group (i.e. WFD Unibail-Rodamco and Klépierre)</li> <li>Introduce an additional reference, based on the local cross-industry, being the index in which Wereldhave is included (currently the AMX index)</li> <li>Remuneration levels to be aligned with the median of the European peer group and the 25th percentile of the AMX listed companies (average of the two) aligned with the relative size positioning</li> </ul>	<ul style="list-style-type: none"> <li>WFD Unibail-Rodamco and Klépierre will be excluded for remuneration level benchmarking purposes given size considerations and to position Wereldhave around the median of the Group, taking into account revenue, market capitalization, total assets and employees. The median remuneration level is taken as a first anchor point</li> <li>The AMX index provides a reference to the local market dynamics of Dutch headquartered companies. Wereldhave size positioning around the lower quartile in terms of revenue, market capitalization, total assets and employees. Therefore the 25th percentile remuneration level is taken as the second anchor point</li> </ul>
<b>Fixed income</b>	<ul style="list-style-type: none"> <li>Fixed income set by the AGM at the appointment for the duration of the term, with annual indexation</li> </ul>	<ul style="list-style-type: none"> <li>No changes are proposed</li> </ul>	
<b>Short-term incentive "STI"</b>  <b>Annual cash plan</b>	<ul style="list-style-type: none"> <li>Maximum amount equals 'at budget' amount of 40% of fixed income. No sliding scale performance range and no specifically defined target level. If 'at budget' is interpreted as 'at target' then maximum amount equals target amount</li> <li>Performance metrics 75% financial (like-for-like rental growth) and 25% non-financial (GRESB green star score)</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of a sliding scale performance range with target amount of 40% of fixed income and multiplier between 0 and 1.5 times target, resulting in a maximum of 60% of fixed income</li> <li>Performance metrics 90% quantitative measures (50% financial, 40 operational) and 10% individual but measurable performance, see page 8 of this policy</li> <li>Sustainability target (GRESB score) moved to the LTI and replaced by 'personal targets'</li> </ul>	<ul style="list-style-type: none"> <li>To enhance the pay for performance relationship, a performance range is introduced, which is aligned with typical market practice. The added 20%-points from 40% to 60% at maximum STI performance level is offset by a 30%-points reduction from the LTI maximum level to prevent an increase in the maximum incentive package (overall resulting in a lower maximum of 10%-points of fixed income)</li> <li>The performance metrics of the STI are aligned with the updated new Company strategy</li> <li>The targets are more challenging. Like-for-like rental income is cash based, whilst Total Property Return also accounts for the non-cash changes in value. Hence, management cannot drive rental returns while deteriorating the company balance sheet</li> <li>Sustainability is more considered a long-term performance aspect, and therefore this element is moved to the LTI</li> </ul>



Topic	Current	Proposed	Explanatory note
<b>Long-term incentive "LTI"</b>  <b>3-year performance share plan</b>	<ul style="list-style-type: none"> <li>• Multiplicative approach with no target level defined and maximum initial grant of 60% of fixed income with maximum relative TSR multiplier of 3 times the conditionally granted shares, resulting in an overall maximum of 180% of fixed income (assuming same share price)</li> <li>• Performance is based on Earnings Per Share ("EPS"), with a relative TSR multiplier and a Loan-to-Value ("LTV") circuit-breaker (i.e. 100% financial metrics)</li> <li>• Relative TSR multiplier with vesting below median performance (vesting starts at the 14th position of 20 positions). Maximum vesting (i.e. 3 times the conditionally granted shares) is the same for the top 3 positions</li> </ul>	<ul style="list-style-type: none"> <li>• Conditional grant of 60% (target) with maximum multiplier for relative TSR at 3 times the financial performance metric. No overachievement possibility on the non-financial target, therefore the overall maximum is reduced from 180% to 150% of fixed income</li> <li>• Performance metrics 75% financial (relative TSR) and 25% non-financial (GRESB score)</li> <li>• Focus on Total property return, removal of EPS, being a more shorter term incentive</li> <li>• GRESB performance with introduction of a more challenging target setting approach than in the current STI. Instead of absolute green star performance, introduction of a relative approach with vesting between a 3-star and 5-star rating</li> <li>• TSR vesting range starts at position 10 out of 20 positions, i.e. no vesting for below median performance. Maximum vesting only at a Top 3 position</li> <li>• If the absolute TSR development is negative, the LTI multiplier will be capped at 100% of the initially granted shares plus reinvested dividends.</li> </ul>	<ul style="list-style-type: none"> <li>• Relative TSR supports the focus on long-term value creation and the GRESB performance in terms of sustainability</li> <li>• EPS and LTV are removed to enhance the simplicity and to improve the level of transparency</li> <li>• The relative TSR metric is made more stringent to offset the removal of EPS performance and the LTV circuit breaker. The threshold for vesting of the conditionally granted shares is now at position 10 instead of position 14.</li> <li>• The overall maximum vesting within the LTI is reduced with 30%-points from 180% to 150% of fixed income to offset the increase in the STI max with 20%-points</li> <li>• The absolute TSR hurdle limits the LTI if the total shareholder return over the performance period is negative.</li> </ul>
<b>Holding period and shareholding guidelines</b>	<ul style="list-style-type: none"> <li>• A shareholding guideline for members of the Board of Management of 2.5 times fixed income</li> </ul>	<ul style="list-style-type: none"> <li>• A shareholding guideline for members of the Board of Management of 2.5 times fixed income</li> <li>• 3 year vesting and a 2 year holding period for performance shares ("3+2")</li> <li>• Shareholding guideline: position to be built up with performance shares, within 5 years</li> </ul>	<ul style="list-style-type: none"> <li>• A 2-year holding period is introduced in alignment with the Dutch corporate governance code ("3+2")</li> </ul>

All other policy elements and arrangements (such as pensions and other contract terms) remain unchanged.

## Remuneration levels

The total direct compensation ("TDC") for individual members of the Board of Management as of January 1, 2020 is outlined in the table below:

Position	Fixed income	STI	LTI	TDC
CEO	€ 552,012	40%	60%	€ 1,104,024
CFO	€ 398,455	40%	60%	€ 796,910

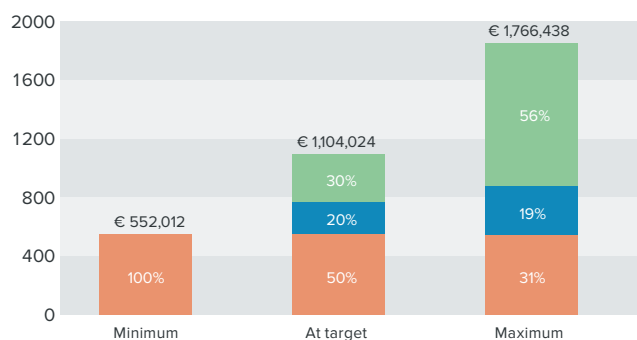
## Remuneration outcome in different performance scenarios

The Supervisory Board's remuneration & nomination committee considers the level of remuneration that may pay out in different performance scenarios as appropriate in the context of the performance to be delivered. The figures below show hypothetical values of the remuneration for individual members of the Board of Management under three assumed scenarios in the current and proposed remuneration policy:

- **Minimum:** no pay-out of the STI, no vesting of the LTI;
- **At target:** introduction of 'at target' for STI and LTI in the proposed package (assuming same share price);
- **Maximum:** maximum pay-out of the STI and maximum vesting of the LTI (assuming same share price).

### Current package - CEO

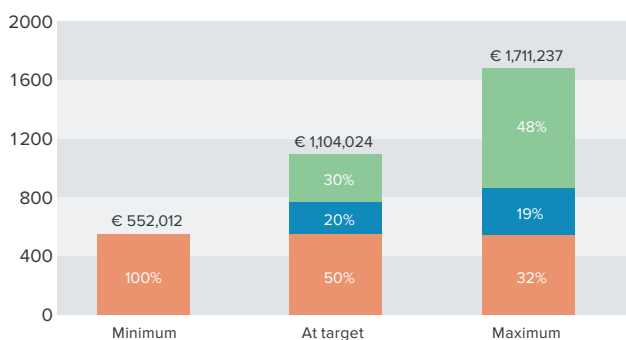
(in € x1,000)



Fixed income STI LTI

### Proposed package - CEO

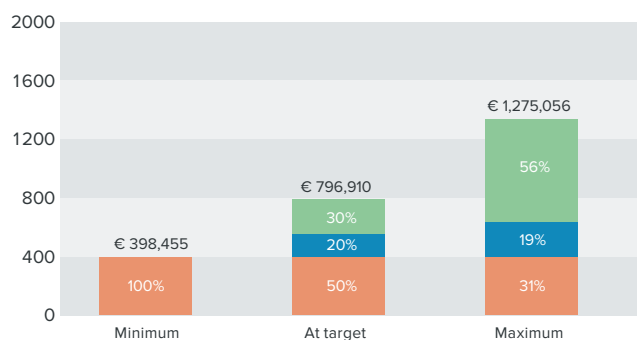
(in € x1,000)



Fixed income STI LTI

### Current package - CFO

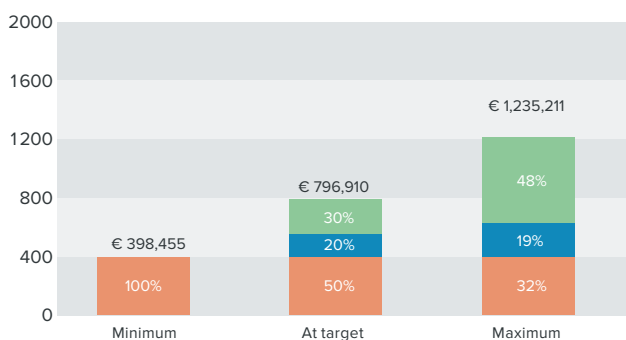
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Fixed income STI LTI

### Proposed package - CFO

(in € x1,000)



Fixed income STI LTI

## Relative TSR performance incentive zone

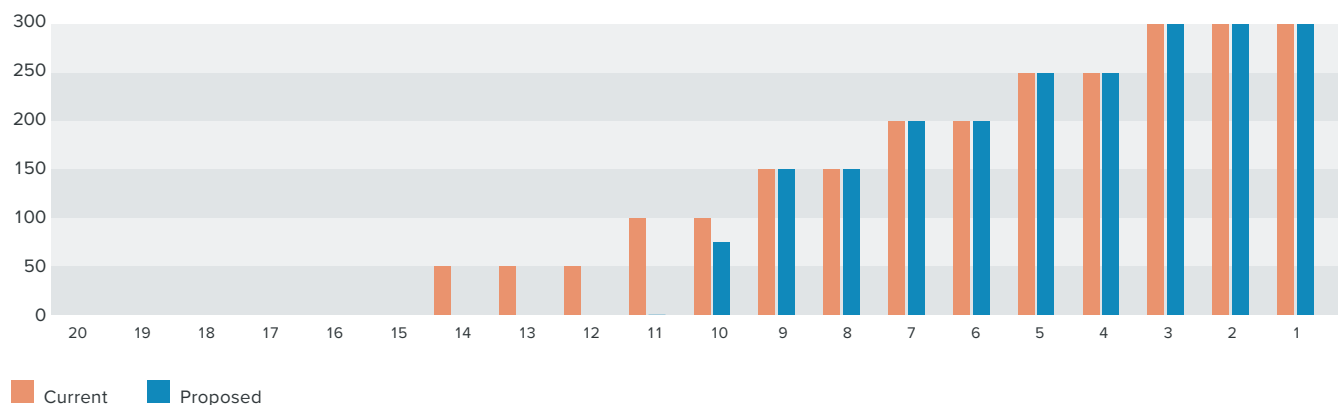
The figures below show a comparison of the relative TSR performance multipliers for members of the

Board of Management in the current and proposed remuneration policy. If the absolute TSR development is negative, the LTI multiplier will be capped at 100% of the initially granted shares plus reinvested dividends:

### Relative TSR performance incentive payout multiplier comparison (current and proposed)

Ranking	20-15	14-12	11	10	9	8	7	6	5	4	3	2	1
<b>Current</b>	0%	50%	100%	100%	150%	150%	200%	200%	250%	250%	300%	300%	300%
<b>Proposed</b>	0%	0%	0%	75%	150%	150%	200%	200%	250%	250%	300%	300%	300%

### Vesting percentage, ranking positions



# Proposal 1: Wereldhave N.V. remuneration policy 2020 onwards

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, motivate 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.

## Remuneration philosophy

The following elements are taken into consideration as part of the remuneration philosophy:

- **The remuneration policy aims to attract, motivate and retain the best executive management talent;**
  - As such, pay levels are benchmarked against relevant reference markets, taking into account the relative positioning of Wereldhave in terms of size and complexity
  - To support the pay for performance principle, 50% of the at target total direct compensation package is fixed compensation and 50% is conditional upon the achievement of performance targets; at maximum scores, 32% of total direct compensation package is fixed compensation and 68% is conditional upon the achievement of performance targets.
- **The remuneration policy supports both short- and long-term business objectives (strategy), with an emphasis on long-term value creation. Wereldhave aims to continuously improve, in a balanced way, business results and the delivery on sustainability aspirations;**
  - This is amongst others realized by alignment with market and best- practices in terms of remuneration, based on the relevant European sector and the local cross-industry, taking into account the company's identity, mission and values;
  - Taking into account the level of support in society, a balanced approach is chosen. When reviewing the remuneration policy, relevant stakeholders are consulted, including employee representatives. The measures in the incentive plans also reflect the balanced approach:
    - The short-term incentive performance indicators are based on and aligned with the financial aspects of the strategic review, complemented with assessment of individual (non-financial) performance;
    - For the long-term incentive, long-term value creation is measured by means of (relative) shareholder return, balanced by sustainability as measured by an independent and specialized institution (GRESB). To emphasize the importance of long-term value creation, the LTI comprises a relatively larger part of variable pay, compared to the STI;

- **The principles underlying the remuneration policies for the Board of Management, executives and other employees of Wereldhave are aligned. In this respect Wereldhave strives for internal consistency in remuneration;**
  - In establishing this policy, the Supervisory Board uses scenario analyses to estimate the possible outcomes and decides whether a correct risk incentive is set for the member of the Board of Management with respect to the overall level of pay;
  - Furthermore, the company's other remuneration programs have been taken into account, amongst others by ensuring consistency with the company salary structure (internal pay ratio and other pay differential approaches), the design of incentive plans and guidelines for salary increases for all employees;
- **The policy design takes into account statutory and other legal provisions, amongst others the Dutch implementation of the European Shareholder Rights Directive ("SRD II") and the Dutch corporate governance code.**

The remuneration & nomination committee regularly reviews the remuneration policy in order to ensure alignment with the philosophy as presented above. Based on the advice of the remuneration & nomination committee, the Supervisory Board draws up (amendments to) the remuneration policy, consults major shareholders and puts the proposal forward for adoption at the general meeting of shareholders.

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

- **Fixed income;**
- **Variable income;**
  - **Short-term incentive ("STI");**
  - **Long-term incentive ("LTI");**
- **Pension and other secondary employment benefits.**

## Labour market and performance peer group

The remuneration levels for Board members are based on surveys and analyses by Korn Ferry. 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.

The peer group consists of: Altarea-Cogedim (FR), Atrium European Real Estate (AU), Citycon (FI), Cofinimmo (BE), Deutsche Euroshop (DE), EuroCommercial Properties (NL), Gecina (FR), Hamborner (DE), Hufvudstaden (SE), IGD (IT), Klépierre (FR), Leasinvest (BE), Mercialis (FR), NSI (NL), PSP Swiss Property (CH), Retail Estates (BE), Carmila (FR), Unibail-Rodamco-Westfield (FR) and Vastned Retail (NL).

This peer group serves both for assessing the remuneration levels as measuring relative Total Shareholder Return ("TSR") performance. Given the size of the relatively larger Unibail-Rodamco-Westfield and Klépierre, and to position Wereldhave around the median of the Group in terms of size

(based on revenue, market capitalization, total assets and employees), these companies are excluded for assessing remuneration levels.

To accommodate potential changes in the labor market and performance peer group due to e.g. a delisting, merger or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies.

Given the company's headquarters in the Netherlands, and as a second reference market, the local cross-industry is taken into account by means of the index in which Wereldhave is included (currently the AMX index) corrected for size (based on revenue, market capitalization, total assets and employees).

### Fixed income

As from January 1, 2020, fixed income per annum is set at € 552,012 for the CEO and € 398,455 for the CFO. These amounts are fixed for the appointment period, but will be indexed annually with the Dutch Consumer Price index (Eurostat) over the period between October 31 of the current

year and the previous year, which is also applied for the Dutch employees.

### Variable income: STI and LTI

The variable income amounts to a target variable income of 100% of the fixed annual income, of which 40% comprises a short-term incentive in cash and 60% comprises a long-term incentive in shares.

### Short-term incentive

The short-term incentive score is determined by a financial target, accounting for 50% of the STI, two qualitative and measurable targets that are directly connected to the strategy, each accounting for 20% of the STI, and one non-financial (individual) target, accounting for 10% of the STI.

The targets are taken from the revised new Company strategy, which are fixed for the coming remuneration policy period (3-4 years). The targets and weights are as follows:

STI Target	Weight	Threshold	At Target	Maximum
		0% score	100% score	150% score
<b>Total return continued operating shopping centers (calculated as EBIT + valuation result*)</b>	50% of STI	Return equal to MSCI retail property return Benelux	Return 0.5% above the MSCI retail property return Benelux	Return 1% above the MSCI retail property return Benelux
<b>Net Promoter Score Visitors**)</b>	20% of STI	NPS = 0	NPS = 5	NPS = 10
<b>Average footfall increase y-o-y of continued operating shopping centers ***)</b>	20% of STI	0%	1%	2%
<b>Individual target Board members</b>	10% of STI	tbd	tbd	tbd

\*) Continued operating shopping centers exclude developments and refurbishments until the first transformation projects have been completed. As from this date, the performance will be calculated over continued operations including developments and refurbishments. The rationale is that developments and refurbishments for the transformation have a negative impact on performance, while under construction. This will on the somewhat longer term be mitigated by completed transformations, however not during the initial period.

\*\*) This is the target for the year 2020. The target NPS score for 2021 will be set by the Supervisory Board and will be published (ex-ante) in the remuneration report for the year 2020, and so on. The NPS score is calculated as the 1-year moving average NPS score, measured over the entire portfolio of continued operating shopping centers (see \*)).

\*\*\*) The Supervisory Board is allowed to replace this indicator by an even more targeted indicator of average dwell time and basket size, when the required data collection for these measures becomes available.

Total property return is a measure of the ungeared return for the portfolio and is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period concerned, excluding land.

The net promoter score (NPS) is a management tool to measure the customer experience. The NPS score measures the customer satisfaction with the customer experience, the client loyalty and the willingness to promote the services to others. It provides a quantifiable outcome and it is the most common tool used worldwide. The NPS is calculated externally by a third party.

Footfall is the measure of visitor numbers, counted by automated counters, leading to anonymized visitor information. It is an indicator of the competitiveness of a shopping center.

Based on performance against these targets, a minimum of zero and a maximum of 1.5 times (150%) the short-term incentive (of 40% of the fixed annual income) can become payable, with pro rata pay-out for performance between threshold (50% of target) and maximum (150% of target).

Individual targets will be aligned with strategic business priorities in a certain year and will always be measurable. Disclosure will be made afterwards in the remuneration report for the year.

### Long-term incentive

The number of shares conditionally granted under the LTI is determined based on the closing price of the first trading day after the share has gone ex-dividend date, immediately after the Annual General Meeting of Shareholders of the year in respect of which the LTI is to be granted. The vesting period will start on the day the conditional shares are granted.

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 ex-dividend share price. These additional conditional shares are subject to the same terms as the conditional shares that were initially awarded.



The performance shares are conditional. Vesting, three years after grant, is subject to continuous employment and is determined by financial and non-financial targets, accounting for 75% and 25% of the LTI, respectively. The targets and weights are as follows:

- Relative Total Shareholder Return - 75% of the LTI;
- GRESB score - 25% of the LTI;

After vesting, a holding period of two years applies.

#### Relative Total Shareholder Return (75% of LTI)

Total shareholder return ("TSR") is defined as the share price increase, including reinvested dividends. TSR is measured over a three-year period based on a three-month average of the last three months of the year before the start and the end of the performance period. The performance period starts on 1 January of the year in respect of which the LTI is to be granted.

Wereldhave uses the same peer group as for benchmarking individual remuneration. The ranking against the peer group determines the vesting level.

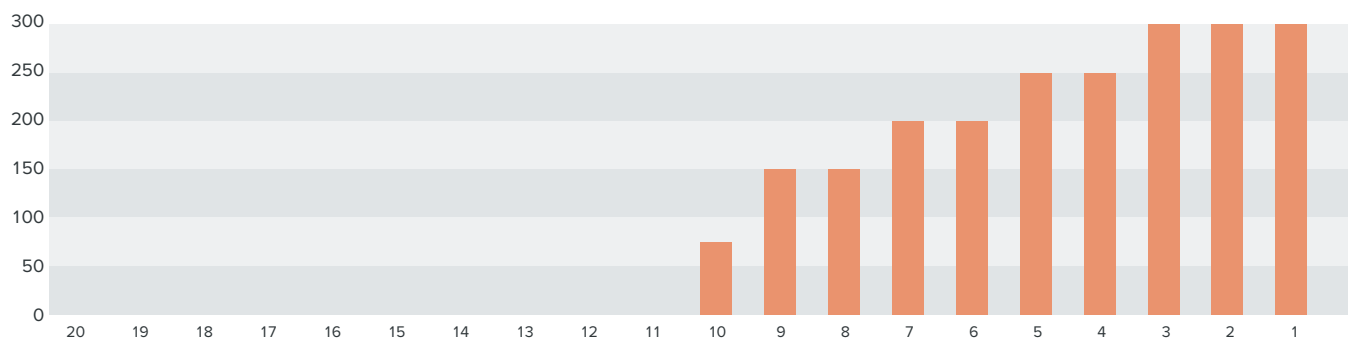
At the end of the vesting period, a minimum of zero and a maximum of 3 times (300%) the number of shares conditionally granted, under the TSR performance condition, can become unconditional based on relative performance over the performance period. The vesting range is determined by threshold vesting at ranking position 10 (no vesting for performance below the median of the Group) and maximum vesting at a Top 3 ranking position. An absolute TSR hurdle will be applied: if TSR development is negative, the LTI multiplier will be capped at 100% of the originally granted shares plus reinvested dividends.

#### Vesting per ranking position for the relative TSR performance incentive zone

Ranking	20-11	10	9	8	7	6	5	4	3	2	1
Vesting	0%	75%	150%	150%	200%	200%	250%	250%	300%	300%	300%

#### Relative TSR

Ranking performance incentive zone (Vesting percentage)



Ranking positions

We provide the example below for clarification:

#### LTI 2020:

- 60% of fixed income 2020/closing price April 28, 2020 (ex-dividend date)
- Grant LTI 2020: April 29, 2020
- Performance period January 1, 2020 up to December 31, 2022
- Vesting period April 29, 2020 up to April 28, 2023
- Holding period April 29, 2023 up to April 28, 2025

#### GRESB score (25% of LTI)

GRESB was launched in 2009 by a group of large pension funds who wanted to have access to comparable and reliable data on the ESG performance of their investments. GRESB have grown to become the leading Environmental, Social and Governance (ESG) benchmark for real estate and infrastructure investments across the world.

The GRESB Score is an overall measure of ESG performance – represented as a percentage (100 percent maximum). The GRESB Score gives quantitative insight into ESG performance in absolute terms, over time and against peer companies.

The GRESB Green Star is a rating on absolute performance. Entities with scores higher than 50 on both the "Management & Policy" and the "Implementation & Measurement" dimensions are rated a "Green Star". This is why the GRESB 5 star rating system is more challenging. It is based on the GRESB Score and its quintile position relative to the GRESB universe, with annual calibration of the model. It is calculated relative to the global performance of all reporting entities - property type and geography are not taken into account. In this way the GRESB Rating provides investors with insight into the differentiation of overall ESG performance against continuously improving peers within the global property sector. If certain regions systematically perform better, they will on average have higher-rated companies and funds. If the entity is placed in the top quintile, it will have a GRESB 5-star rating; if it is in the bottom quintile, it will have a GRESB 1-star rating, etc.

If GRESB ceases to rate companies, 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 to earn the target level.

At vesting, a minimum of zero and a maximum of 1 time (100%) the number of shares conditionally granted can become unconditional, based on performance. This implies that a 5-star rating is rewarded with at target reward level to

emphasize the standard ambition level. The below vesting range is applicable for the GRESB target (as a percentage of target, i.e. 25% of the LTI, with no overachievement possibility).

### Vesting per ranking position for the relative TSR performance incentive zone

GRESB Star	1	2	3	4	5
Vesting	0%	0%	50%	75%	100%

## Vesting

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.

After vesting of LTI shares, a two-year holding period is applicable. The holding period and the shareholding guideline do not apply for the portion of the shares that have vested, to pay the taxes that are due upon vesting.

## Malus/claw back/change of control

If a director is summarily dismissed without further notice in accordance with the law or is considered to be a bad leaver, 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. The awards will be pro-rated for the time served. Once the conditions have been met, the vested shares will be transferred to the director. The scheme will remain intact for good leavers, with due observation of the original vesting period of three years, but no additional holding period. Upon vesting, the members of the Board of Management pay income tax and social charges on the long-term variable remuneration.

The Supervisory Board is authorized to downwards adjust the amount of a short or long term 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 authorized 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 to claw back a short or long term incentive or annul a non-vested incentive entirely or partially to the extent that the award paid out was based on materially misstated information with respect to the achievement of targets or the occurrence of circumstances on which the incentive was based which was known or should reasonably have been known by the Board of Management. The Supervisory Board will motivate the decision to claw back the incentive appropriately.

In case of a change in control, the awards normally vest pro-rated for time and subject to the performance conditions. Alternatively, the award may be exchanged for awards in the acquiring company.

## 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% over the pensionable salary of up to € 107,593 per annum (pre-indexation). In 2019, the CEO and CFO received an additional gross pension contribution of € 56,022 per annum and € 35,734 respectively. These amounts are indexed annually, in line with fixed income indexation.

## Other secondary conditions, fringe benefits

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 a company car or a car allowance equal to the applicable leasing price, accident insurance, disability insurance 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 defense, 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.

# Proposal 2: adopt the current Supervisory Board remuneration policy

## Explanation

On the basis of the revised Shareholder Rights Directive II as implemented into Dutch law per November 2019, the remuneration policy for the Supervisory Board is submitted for shareholder adoption.

Wereldhave does not propose any amendments to the remuneration policy of the Supervisory Board members. The remuneration levels were last reviewed and amended in 2019.

## Wereldhave N.V. Supervisory Board remuneration policy 2020 onwards

The main objective of Wereldhave's Supervisory Board remuneration policy is to attract and retain members of the Supervisory Board, taking into account the nature of the Company's Business, the Supervisory Board's activities and the desired expertise, experience and independence of the Supervisory Board members, as set out in the Profile and skills matrix of the Supervisory Board.

The policy aims to reward Supervisory Board members to utilize their expertise and experience to the maximum extent possible, to execute the responsibilities assigned to them including but not limited to the responsibilities imposed by the Civil Code, Dutch Corporate Governance Code and the Articles of Association.

To the extent applicable, the same policy principles are applied for the Supervisory Board as for the Board of Management. This implies, among others, that the policy takes into account the Wereldhave strategy, long-term interests and sustainability, identity, mission and values of the company. More detail is provided in the Board of Management remuneration policy.

The Supervisory Board draws up the Supervisory Board remuneration policy based on advice from its Remuneration and Nomination Committee. The remuneration policy will be reviewed, as a minimum, once every four years to verify its market competitiveness, potentially leading to adjustments. In case of proposed adjustments, the proposed remuneration policy will be put forward for adoption at the General Meeting.

On this basis, the remuneration for Supervisory Board members consists of a fixed fee and a committee fee, which varies for the Chairman, Vice Chairman and members, to reflect the time spent and the responsibilities of the role.

In preparing the remuneration policy and to determine the remuneration of the members of the Supervisory Board, the Remuneration and Nomination Committee uses surveys and analyses by internationally recognized firms specializing in executive compensation. For this purpose, the same remuneration level benchmark approach is applicable as for the Board of Management, comprising a peer group of European peer companies and the local cross-industry by means of the index in which Wereldhave is included (currently the AMX index) corrected for size (based on revenue, market capitalization, total assets and employees), taking into account the two-tier board structure.

## 2020 remuneration

### Fixed fee

Chairman	EUR 61,620
Vice-Chairman	EUR 45,188
Members	EUR 41,080

### Audit Committee fee

Chair	EUR 9,757
Member	EUR 7,189

### Remuneration and Nomination Committee fee

Chair	EUR 8,216
Member	EUR 5,375

In addition, the Company reimburses reasonable actual incurred costs, other than travel expenses within the Netherlands, which are deemed to be included in the annual pay.

These amounts will be indexed annually with the Dutch Consumer Price index (Eurostat) over the period between October 31 of the current year and the previous year. The proposal does not entail a change in pay against the policy that was adopted in April 2019. The amounts were indexed with 2.7%.

The remuneration of the Supervisory Board members is not affected by the Company's results, nor by any change of control at the Company. The Company does not award any options or shares to members of the Supervisory Board. No loans are issued to members of the Supervisory Board. Wereldhave does not grant advance payments or guarantees to Supervisory Board members.

No additional remuneration is paid upon recruiting new Supervisory Board members ("sign-on bonus"). The agreements with Supervisory Board members do not contain any severance or claw-back provisions. None of the Supervisory Board members holds shares or rights to shares in Wereldhave.

Members of the Supervisory Board are appointed for a four-year term. An individual may be a member of the Supervisory Board for consecutive periods up to eight 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 Supervisory Board remuneration policy has been prepared to be well aligned with the external environment in which the company operates as well as with all applicable rules, regulations and best practices. Wereldhave is aware of the public debate surrounding the topic of remuneration, including the debate on internal pay differentials, and strives for broad stakeholder support. In this light, it has conducted a series of discussions with shareholders/ institutional investors and has invited the Works Council in the Netherlands to provide feedback.

# Remuneration report

## Execution of the remuneration policy in 2019

### Introduction

This report describes how the remuneration policy was executed in 2019. There were changes in the Board of management and the Supervisory Board. Mr. Dirk Anbeek voluntarily stepped down from the Board per April 1, 2019, having accepted a position elsewhere. Mr. Herman van Everdingen acted as interim CEO from February 1 until August 31 2019. He received a fixed remuneration for his tenure as interim CEO of € 175,000 with the use of a company car. No variable pay, pension or fringe benefits were awarded. Since he was a non-statutory director, his remuneration is included in the general expenses of the Company and not disclosed as Director Remuneration. Mr. Storm was appointed CEO at the EGM in July. He started on August 1, 2019.

The Supervisory Board also saw changes in its composition. Francoise Dechesne was appointed in April 2019 and Leen Geirnaerdt stepped down in July.

### Performance in 2019

Retail is changing rapidly and the retail landscape is scattered with retailer bankruptcies. New formats and mixed

use are not yet sufficient to cover for the decrease in rental values, lower occupancy and lower net rental income. The indirect result for the year 2019 is at € -447.5m, the direct result came out at € 2.81 per share, just above the guidance range that was provided. Our leasing efforts helped us in keeping occupancy at 94.6%, but against lower rental income, particularly in France and to some lesser extent, in the Netherlands. Like-for-like rental income on shopping centers, which is a key driver for the short term incentive, stood at an average of -0.6%. The share price decreased during the year and reflects an implied yield expansion, even before the 2019 valuations were done. As a result, total shareholder return is at the lower quartile of the peer group. The 2016 LTI share plans for Mr. Dirk Anbeek and Mr. Robert Bolier did not vest. No LTI is awarded in respect of the year 2019, since EPS decreased and the LTV was above the target level.

### Remuneration of Managing Directors for the financial year 2019

Wereldhave applies fixed income levels that are set for the entire period of the appointment, to be indexed annually for the change in consumer prices. Variable income is set as a percentage of fixed income. The calculation of the STI and LTI scores can be found in the tables below.

	Fixed income	Company car and other fringe benefits	Variable pay		Extraordinary items	Pension contribution and compensation	Total remuneration	Relative proportion fixed/variable
			STI	LTI				
Matthijs Storm, CEO — 01-08/31-12	223,958	10,000	59,349	-	-	30,931	324,238	5
Dennis de Vreede, CFO — 01-01/31-12	387,980	19,800	102,815	-	-	56,889	567,484	5
Dirk Anbeek, CEO — 01-01/31-03	133,456	6,000	35,609	n/a	-	24,271	199,336	5

Mr. Dennis de Vreede was appointed in 2018. His term will expire in 2022. The fixed annual remuneration is indexed with 2.7% as per January 1, 2020 to € 398,455 per annum, with short-term variable pay in line with the current remuneration policy and target setting. In respect of the year 2019, no LTI will be granted, as the conditions for granting were not met.

Mr. Matthijs Storm was appointed in 2019. His term will expire in 2023. The fixed annual remuneration is indexed with 2.7% as per January 1, 2020 to € 552,012 per annum, with short term variable pay pro rata temporis awarded in line with the current remuneration policy and target setting. In respect of the year 2019, no LTI will be granted, as the conditions for granting were not met.

Mr. Anbeek stepped down from the Board as per April 1, 2019. Under the terms of his contract he is entitled to a short term incentive over the first three months of 2019. The STI score against the targets has been adjusted pro rata, as shown in the table above. In respect of the year 2019, no

LTI will be granted, as the conditions for granting were not met. The 2016 share plan did not vest. In respect of 2017 and 2018, no LTI was granted.

### 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.

### Severance payment

During 2019, there were no directors who were entitled to a severance payment; no severance payments were made. The board members did not receive any additional compensation from subsidiaries for board positions they held within the group.

### Calculation STI 2019

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 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. As actual like-for-like rental growth for the year 2019 came out well above budget in Belgium and France, the maximum score of 15 was reached. Rental growth was below inflation in all countries, with only Belgium scoring 1.5. This brings the total score at 16.5% of fixed income. The

Company remained rated GRESB Green Star, which scores 10%. The total STI score therefore amounts to 26.5% (16.5% + 10%).

### Calculation LTI 2019

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. The LTI contributes to the long-term value creation as the vesting outcome is fully dependent on the TSR score over the vesting period.

The Earnings per share did not increase compared to the previous year, hence no initial long-term incentive is granted in respect of the year 2019.

### Shares vesting in 2019

The LTI in respect of the year 2016 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.

2019									
Name Position	plan	Performance period	Initial grant Date	vesting	Reinvested dividends	1-Jan	Reinvested dividends	Vested	31-Dec
Dirk Anbeek CEO	LTI 2016	2017-2019	7,310 04-26-17	12-31-19	789	8,099	783	-	0
Robert Bolier CFO	LTI 2016	2017-2019	5,446 04-26-17	12-31-19	587	6,033	583	-	0

In respect of the years 2017, 2018 and 2019, no share plans were awarded. The 2016 plan did not vest.

### Share ownership Board of Management

Balance at 31/12/2019: Mr. De Vreede holds 3,000 private shares in Wereldhave, Mr. Storm does not hold shares in the Company.

### Wereldhave pay ratio

Wereldhave's internal pay ratio is calculated as the total CEO compensation divided by the average employee compensation. This standardized approach allows for context in the external market, using the IFRS accounts.

- 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 and other employee costs and average FTE as disclosed in Note 30 to the consolidated financial statements (General Costs).

Over the past five years, the internal pay ratio development was as shown in the table below. The calculation is made retrospectively, taking into account LTI's from the past which did not vest. The remuneration levels in the years with changes in the board composition show the annualized compensation of the new jobholder.

	Fixed	STI	LTI	Vested LTI	Extraordinary items	Company car and other fringe benefits	Pension contribution and compensation	Total compensation	Direct result	Indirect result	Average employee pay	Pay ratio
<b>CEO</b>												
2015	510,000	178,500	306,000	-	-	24,000	89,648	1,108,148	133.7m	-29.9m	85,175	13.0
2016	513,060	147,505	307,836	-	-	24,000	90,303	1,082,704	151.0m	-30.2m	86,414	12.5
2017	515,112	128,778	-	-	-	24,000	91,613	759,503	150.1m	-65.8m	90,745	8.4
2018	522,839	169,923	-	-	-	24,000	95,289	812,051	146.7m	-202.3m	92,915	8.7
2019	537,500	142,438	-	-	-	24,000	74,233	778,171	128.6m	-447.5m	93,232	8.3
<b>CFO</b>												
2015	380,000	122,000	228,000	-	-	19,200	70,744	819,944	133.7m	-29.9m	85,175	9.6
2016	382,280	109,906	229,368	-	-	19,200	71,286	812,040	151.0m	-30.2m	86,414	9.4
2017	383,809	95,952	-	-	-	19,200	75,799	574,760	150.1m	-65.8m	90,745	6.3
2018	380,000	123,500	-	-	-	19,800	50,594	573,894	146.7m	-202.3m	92,915	6.2
2019	387,980	102,815	-	-	-	19,800	56,889	567,484	128.6m	-447.5m	93,232	6.1

Over the years 2015 and 2016, the pay ratios are significantly higher than from 2017 up to and including 2019. The LTI's for 2015 and 2016 were granted conditionally and as such, taken into account when calculating the pay ratio. However, due to the relatively low TSR performance, these LTI's did not vest. The pay ratio's were not adjusted retrospectively to show the difference with the years 2017 up to and including 2019, in which no LTI's were awarded as LTV was too high or EPS did not increase. If adjusted, the pay ratio would have remained stable over the entire period.

## Pension

Wereldhave's collective pension scheme in the Netherlands is a defined contribution scheme which applies a maximum pensionable income of € 107,593 per January 1, 2019, indexed annually. The CEO and CFO received an additional gross pension contribution of € 56,022 per annum and € 35,735 respectively. These amounts will be indexed annually with the Dutch Consumer Price index (Eurostat) over the period between October 31 of the current year and the previous year.

## Other

No transactions with a potential conflict of interest were reported by members of the Supervisory Board or the Board of Management in 2019. No loans were issued to members of the Board of Management.

## Remuneration of the Supervisory Board

Other than indexation, no changes were made in the remuneration of the Supervisory Board from 2015 up to

and including 2018. The remuneration for Supervisory Board members was amended by the AGM in 2019 to € 60,000 for the Chairman (from € 48,696), for the Vice Chairman to € 44,000 (from € 40,494) and for the other members at € 40,000 per year (from € 32,806). The remuneration for committee memberships was set at € 9,500 for the Chair of the Audit Committee (from € 7,689) and € 7,000 for the other members (from € 5,126). The remuneration for the Remuneration- and Nomination Committee was set at € 8,000 for the Chair (from € 7,689) and remained unchanged at € 5,126 for the other members.

In line with the 2019 remuneration policy, the remuneration of the Supervisory Board amounted to € 60,000 for the Chairman, € 44,000 for the Vice Chairman and € 40,000 for members. The committee remuneration levels are a fixed remuneration of € 9,500 for the Audit Committee chair and € 7,000 for committee members; the Chair of the Remuneration committee received a fixed compensation of € 8,000 and committee members € 5,126 per annum. These amounts will be indexed annually with the Dutch Consumer Price index (Eurostat) over the period between October 31 of the current year and the previous year.

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.

Over the past 5 years, the individual members received the following remuneration:

	2019	2018	2017	2016	2015
<b>A. Nuhn (from April 22, 2017)</b>	65	54	37		
<b>L. Geirnaerd (from April 22, 2016 until June 30, 2019)</b>	27	48	44	27	
<b>G. van de Weerdhof (from April 22, 2016)</b>	49	40	40	27	
<b>H. Brand (from April 22, 2017)</b>	48	33	22		
<b>H.J. van Everdingen (until January 31, 2019)</b>	3	38	37	37	37
<b>F. Dechesne (from July 1, 2019)</b>	27				
<b>J.A.P. van Oosten (until April 22, 2017)</b>			16	53	53
<b>J.A. Bomhoff (until April 2017)</b>			12	40	39
<b>H.L.L. Groenewegen (until September 1, 2016)</b>				26	39
<b>F.C. Weijtens (until April 22, 2016)</b>				12	39
	219	213	208	222	207

