Our strategy

Our strategy will help us adapt to the trends we are seeing in retail – from the growth in online shopping to the restructuring taking place across the sector. It's also a response to changing consumer behavior, to the increased importance of sustainability and the rise of shopping as a social experience. Early in 2020, we launched LifeCentral – our plan to convert all our locations to Full Service Centers that will increasingly provide a mix of retail, leisure, food & beverages, health & beauty and entertainment.

LifeCentral (2020-2025)

With LifeCentral, we are entering a new phase. The strategy involves converting all our centers to Full Service Centers. These Full Service Centers go beyond traditional shopping centers, providing more services, like bars and restaurants, cinemas, healthcare and fitness clubs, even residential apartments. Retail will still play an important role – but will, in most cases, occupy proportionally less floorspace in our centers than in the past (see charts next page).

Full service centers, in effect, put all consumer needs under one roof. We've identified these needs under four basic 'headings':

1. Fixing the basics (shopping, groceries)
2. Expression ('looking good and making the right impression' – fashion, cosmetics)
3. Enjoying life (spending time with friends and loved ones – leisure, entertainment, food & drink)
4. Well-being (taking care of personal health and development – healthcare, well-being, fitness)

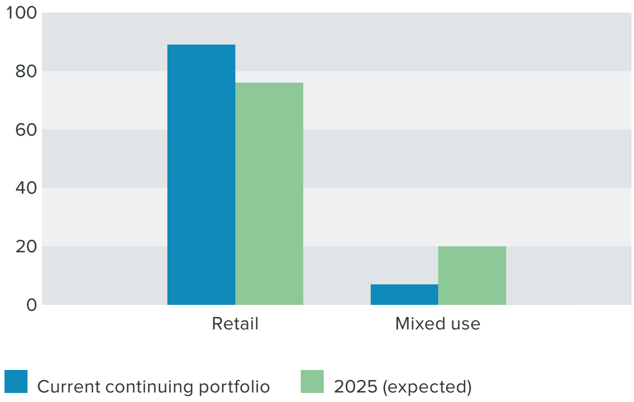
To implement this strategy, we need first to select the right centers – the 'winners' from the polarization we're seeing in retail markets. Broadly, these centers will be close to areas of population density, well connected to public transport, with free parking, and support from local government. Given the increasing importance of sustainability, we will also focus on centers that can be 'Paris-proofed' – i.e. brought into line, in terms of environmental performance, with the maximum +2°C warming scenario agreed in 2015 as part of the Paris Climate Agreement. We will also apply a hurdle – rate of 6%. For those locations with returns of between 5% and 6%, we will take steps, where possible, to improve financial performance over the coming years (with a view to meet the 6% hurdle rate). This currently applies to six locations: four retail parks in Belgium, and two centers – one in Belgium, one in the Netherlands.

Over the next few years, we will invest in our selected centers. We estimate total investment at € 300-350 million until 2025. In some cases, we will need to right-size our centers, either reducing or increasing floorspace to meet the expected demands of tenants and visitors. Where we have to reduce, we'll convert more floorspace to residential or offices – to keep vacancies to a minimum. All these measures will be contained in our Blueprints for 2025. Ultimately, with Full Service Centers, our aim is to create a virtuous circle: to bring more visitors into our centers, improve services for both tenants and customers, and increase the long-term value of our investments. By 2025, we expect the share of non-retail (or mixed use) in our Dutch and Belgian centers to approximately double. At the same time, retail will decrease to just around 75%.

As part of LifeCentral, we will phase out France and sell off some assets – those that don't meet our criteria. These disposals will help offset the cost of converting our centers and strengthen our balance sheet.

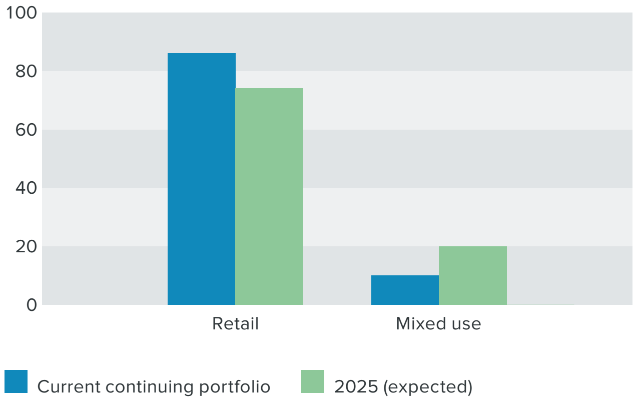
Netherlands

(average % distribution /1,000 m²)



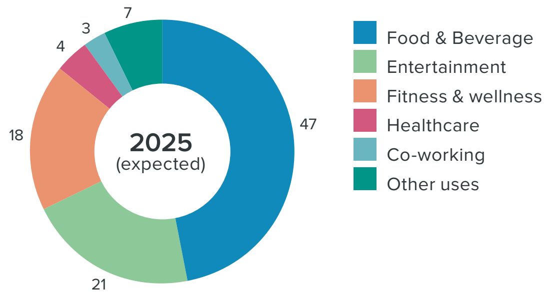
Belgium

(average % distribution /1,000 m²)



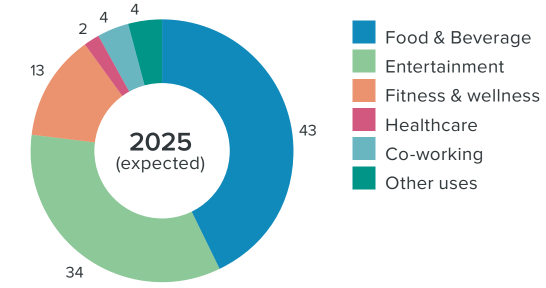
Netherlands

(average % distributed of mixed use only /1,000 m²)



Belgium

(average % distributed of mixed use only /1,000 m²)



In the Netherlands, remaining space forecast for 2025 (4%) will be 'right-sized' through conversion to residential, offices and write-offs. For Belgium, figures include increased floorspace at Belle-Île (11,000 m²), Kortrijk (3,000 m²) and Tournai (400 m²), as well as the write-off of floorspace at Genk (3,642 m²).

Implementation

We will be implementing LifeCentral over the next five years. For 2020, our focus will be on further developing the concept of full service centers, engaging with tenants and putting in place the skills and local partnerships we will need to execute our strategy successfully. We will start work initially at two centers – Belle-Île in Belgium and Vier Meren in the Netherlands. These centers will act as 'proofs of concept'. In the case of Belle-Île, our goal will be to transform the center into a mix of fashion, sports, leisure, and food & beverage. We'll be increasing floorspace there by more than a third, an additional 11,000 m². If successful, we will scale up our full service concept to other centers. Through to 2025, we aim to complete our disposal program. we'll implement our Blueprints, make acquisitions where possible and continue to increase returns.

To implement LifeCentral, we'll also invest in digital technologies and develop more local partnerships.
With technology, we're putting in place a two-year Digital Transformation Roadmap. As part of this, we'll digitize key internal processes like lease management and marketing. We'll automate, where possible to simplify and strengthen internal management. We'll also centralize data – and use

insights to offer new services to tenants and visitors, and deal with specific pain points. To support the roadmap, we'll invest in developing new data and IT skills within the Company. We're currently rolling out our *flow by Wereldhave*™ platform, which allows us to share real-time, location-specific data with our tenants. We want to encourage more innovation, in part through co-creation with tenants and other local partners – like hotels, business parks, high schools and local municipalities. Our aim is to develop new income streams – from service contracts, for example, and specialty leasing.

A Better Tomorrow

Wereldhave has also updated its approach to sustainability. We want our new Full Service Centers to be low carbon and less wasteful. We also want to support the communities in which we operate, which we see as crucial to our long-term social license to operate. Our 2030 CSR program – A Better Tomorrow – focuses on three main areas: Better Footprint, Better Nature and Better Living. For each of these areas, we've set clear ambitions, and aligned these ambitions directly with specific UN Sustainable Development Goals (SDGs). A Better Tomorrow will improve our environmental management, reduce waste and carbon – strengthen our investment in local communities, and help protect urban wildlife, living close to our centers. We regard CSR as a key part of our value proposition to both tenants and visitors.

	Priorities	*Ambitions for 2030*	*Relevant SDGs*
Better footprint	**Energy & carbon** **Materials** **Value chain impacts**	• All m^2 within direct control of our organisation to operate at net zero carbon by 2030 • Partner with tenants and visitors to reduce carbon and waste (ambition: net zero value-chain by 2050) • Increase recycling and zero waste to landfill • Reduce water consumption	SDG7: Affordable and clean energy SDG12: Responsible production and consumption SDG17: Partnerships for the Goals
Better nature	**Resilience** **Habitat**	• Increase % of Wereldhave buildings with plans in place to mitigate physical effects of climate change (extreme heat, flooding, storms etc.) • Increase m^2 of green areas in and around our centers with ecological value and climate resilience	SDG11: Sustainable cities and communities SDG13: Climate action.
Better living	**Well-being** **Employees** **Communities**	• Aim for zero safety incidents in our centers • Increase satisfaction and Net Promoter Score among tenants and visitors • Target employee engagement score of at least 7.5 for each country of operation • Reduce % of voluntary departures among 'key talents' • Contribute at least 1% of net rental income to socio-economic and social inclusion initiatives	SDG8: Decent work and economic growth SDG11: Sustainable cities and communities SDG17: Partnerships for the Goals

Long-term focus

In the short-term, LifeCentral may mean lower revenue as we bring new tenants into our centers. Longer-term, however, the switch to Full Service Centers will diversify our revenue base, reduce risk and yields – and, ultimately, increase the intrinsic value of our assets. Currently, compared with our peers, we have relatively low average rent /m². Financially, this puts us in a good position to implement our strategy – it means the switch to Full Service Centers will have (relatively) less impact on rental income. We expect our earnings per share (EPS) to bottom out at € 1.40 - € 1.50 in 2022 before increasing again as we fully implement our strategy.

Our aim is to deliver long-term value and above industry average returns for investors. To do this, we'll combine implementation with sound financial management. We're taking steps to reduce leverage – and strengthen our balance sheet. Over time, we want to decrease our loan-to-value ratio to 30% - 40% (down from 44.8% in 2019). To benchmark our centers (and assess the transition to Full Service Centers), we'll use four main performance indicators; these will help ensure we continue to deliver value to shareholders, tenants and customers:

KPI on asset level	Performance target	Stakeholder
Asset IRR (unlevered)	Minimum 6%	Shareholders
Customer Feedback (NPS)	At least +20	Customers
Tenant Feedback	Tenant Satisfaction Score >8	Tenants
Retail Balance	Mixed use >20%	Customers and tenants