

Wereldhave
BELGIUM

Trading update

30 September 2023

better everyday life, better business

**Wereldhave Belgium Full Service Centers
contribute to a better everyday life for visitors
and better business for our partners.**

A one-stop location for groceries, shopping, leisure, relaxation, sports, health, work and other daily needs – all supported by smart concepts and digital services. By investing sustainably to meet the needs of customers and local areas, we enrich communities, while caring for the environment, and have a positive effect on the way people live, work and shop. Wereldhave Belgium Full Service Centers play a vital role in people's everyday lives in leading regional cities in Belgium.

Results on 30 September 2023

Strong operational performance does not fully translate into financial results

- Slight decrease of the net result from core activities per share of 0.5% to € 3.51 at 30 September 2023 (€ 3.53 at 30 September 2022);
- 6% like-for-like rental growth;
- Slight increase of the fair value of the investment property portfolio (+ 0.4% compared to 31 December 2022);
- Stable EPRA occupancy rate of total portfolio of 95.2% at 30 September 2023 (95.2% at 31 December 2022);
- Slight decrease of EPRA occupancy rate of the retail portfolio to 97.0% at 30 September 2023 (97.7% at 31 December 2022);
- Increase of the EPRA occupancy rate of the office portfolio to 85.2% as of 30 September 2023 (81.5% at 31 December 2022);
- Healthy debt ratio of 29.4% as at 30 September 2023 (28.6% as at 31 December 2022);
- Due to the impact of rising market interest rates, increase in the provision for doubtful debts (mainly in the office portfolio) as well as the effect of uncollectability of certain charges in the office portfolio, decrease of the expected net result from core activities to € 4.70 - € 4.80 per share.

Key Figures

(x € 1,000)	30 September 2023	30 September 2022
Results		
Net rental income	45,755	43,087
Net result	24,002	46,022
Net result from core activities ¹	31,230	31,068
Net result from non-core activities ²	-7,229	14,954
Profit per share (x € 1)	2.70	5.23
Net result from core activities per share (x € 1)	3.51	3.53
Average number of shares (#)	8,886,001	8,797,202
Balance sheet		
Properties available for lease ³	938,571	934,981
Development projects	14,335	14,252
Total investment properties	952,905	949,233
Shareholders' equity	688,625 ⁵	701,944 ⁴
Net asset value per share (x € 1)	77.50 ⁵	78.99 ⁴
Consolidated debt ratio	29.4%	28.6%
Share price (x € 1)	46.00	49.00
Number of shares (#)	8,886,001	8,886,001

¹The net result from core activities is the operating result before the portfolio result minus the financial result and taxation, and excluding variations in the fair value of financial derivatives (that are not treated as hedge accounting in accordance with IFRS 9) and other non-distributable items on the basis of the company financial statements of Wereldhave Belgium.

²The result from non-core activities (portfolio result) comprises the result on sale of property investments, the variations in the fair value of property investments, the other portfolio result, the variations in the fair value of financial assets and liabilities and taxes on capital gain latencies and the exit taxes paid.

³Fair value has been computed after deduction of the transaction costs (2.5%) incurred at the sales process. The independent valuation expert has carried out the valuation in conformity with 'International Valuation Standards' and 'European Valuation Standards'.

⁴Before profit distribution and before dividend payment.

⁵Before profit distribution financial year 2023 and after dividend payment financial year 2022.

Strong operational performance does not fully translate into financial results

Operationally, the third quarter of 2023 was in line with the good results of the previous quarters. Despite an ongoing tense international environment, rising interest rates in the financial markets and price increases due to high inflation, the Company still ended the third quarter with positive operating results.

First of all, the Company's shopping centres and complexes recorded again strong growth in visitors numbers (footfall) in the last quarter. The gloomy weather in July and August had a very positive effect on visitors numbers in general, and especially in July, traditionally the month of sales, with an 11.3% increase over 2022. August also saw strong growth compared to the same period in 2022, with an increase of 8.1%. Finally, despite exceptionally favourable weather and especially high temperatures, the number of visitors to shopping centres in September was still 2.2% higher than in September 2022. It should also be noted that overall visitors numbers in the third quarter exceeded not only those of the previous year, but also those of 2019, the benchmark year before Covid. On average, this increase was +5.2% compared to 2019, which is particularly encouraging in terms of the sustained level of household consumption. The good performance of the Company's assets was also recorded in comparison with the figures published by the Belgium Luxembourg Council for Retail and Shopping Centres (BLSC), which groups the 24 largest shopping centres in Belgium and Luxembourg. As has been the case every quarter since the outbreak of the Covid crisis, the number of visitors in the Company's various shopping centres was again above the BLSC's figures last quarter compared to 2019. The third quarter of 2023 also showed an increase of +7.3%, while market results were limited to +5.5% compared to 2022.

The Company then continued to work on sustainability in its various shopping centres. Thanks to the various measures taken in recent months, Shopping Les Bastions in Tournai achieved a BREEAM in-Use double Very Good certificate for both Asset Performance and Management Performance. Shopping Belle-Île in Liège has also obtained a BREEAM Very Good for Management Performance. This double certification was only possible thanks to the remarkable work of the teams on site and the constant concern to improve the performance levels of the buildings.

Finally, the Company has also undertaken a number of initiatives (i.e. events, communications, etc.) in several of its assets to support the full range of services offered to customers, further strengthening its Full Service Centre strategy. A joint marketing campaign has highlighted the services offered by the various centres, differentiating them from the competition.

With regard to the commercialisation of its assets, the Company has signed 12 leases and lease renewals over the past three months for a total area of 6,122m². Specifically, this corresponds to one signed contract per week, despite the summer period. On average, these transactions were concluded 2% above market rent.

During the third quarter of 2023, the Company's retail portfolio was characterised by the opening of quality shops offering added value to customers within the Company's portfolio. New shops of brands already present in Belgium, such as Basic Fit, C&A, Bubble Bar, Dunkin Donuts, Naf Naf and Claire's, have opened or will soon open their doors to the public in the Company's assets. The arrival of triggers such as Basic Fit on a full floor above the Kiabi shop in Shopping Les Bastions in Tournai and a 1,326 m² C&A shop in Shopping 1 in Genk are also excellent news that strengthen the retail offer of these assets. Moreover, the presence of Basic Fit in Shopping Les Bastions and the opening of Bubble Bar and Madame Croqu'o in Ring Kortrijk will enable the Company to strengthen the mix of its retail offering as part of its Full Service Centres strategy. This good performance testifies to retailers' sustained confidence in the quality of the Company's portfolio.

With regard to the Company's office portfolio, the past quarter confirmed the interest of several market players in the Company's assets following the completion of 'The Sage' project. As a result, the 'The Sage Antwerp' office complex reached 100% occupancy for the first time since its opening.

This successful commercialisation of the Company's assets has been reflected in a slight increase in the occupancy rate within its portfolio, which stood at 95.2% at 30 September 2023, compared to 94.9% at 30 June 2023.

However, it should be noted that this good operating and leasing performance, which in particular generated a 12% growth in rental income compared to the third quarter of 2022, was not fully reflected in the Company's financial results. These were affected by a confluence of circumstances, including a significant increase in interest expenses on financing, an increase in provisions for doubtful debts (mainly in the office portfolio) and the uncollectability of certain charges in the office portfolio. In view of the prudent and realistic approach adopted by the Company, these circumstances led the Board of Directors to lower the expected net result from core activities per share to € 4.70 - € 4.80 for the year 2023.

Nicolas Rosiers
Deputy CEO

Matthijs Storm
CEO

Operational activities

Result of the quarter

The net rental income for the first nine months of this year amounted to € 45.8M, i.e. an increase of 6.2% compared to the same period in 2022 (€ 43.1M as per 30 September 2022). This increase is mainly due to the combination of higher occupancy (mainly in the office portfolio) compared to the same period in 2022 and rent indexation.

The net result from core activities for the first nine months of the year increased from € 31.1M at 30 September 2022 to € 31.2M at 30 September 2023.

Properties available for lease

The fair value of the portfolio of properties available for lease amounted to € 938.6M at 30 September 2023, which is a slight increase compared to the fair value amounted to € 935M at 31 December 2022. Without taking into account the investments in the portfolio during this period, the property values have remained almost constant compared to the values on 31 December 2022.

It should be noted that, on 30 September 2023, the weight of the value of Shopping Belle-Île within the Company's total assets was still below the regulatory threshold of 20% (18.7%). On the other hand, the Company's debt ratio was 29.4% on 30 September 2023.

As of 30 September 2023, the EPRA occupancy rate for the retail portfolio was 97%, compared with 97.7% on 31 December 2022. This very slight decrease is the effect of pop-up contracts being significantly higher by year-end. This high occupancy rate is due to good performance of the leasing team in a rather dynamic market.

The EPRA occupancy rate of the office portfolio increased from 81.5% at 31 December 2022 to 85.2% on 30 September 2023 due to the conclusion of a number of leases in The Sage Vilvoorde and The Sage Antwerp. In a year time, the EPRA occupancy rate of the office portfolio increased by 2.8% (82.4% as of 30 September 2022).

Development projects

The fair value of the development projects did not change in the first nine months of 2023 compared to 31 December 2022 and amounted to € 14.3M on 30 September 2023 (€ 14.3M on 31 December 2022).

In the third quarter, facade works started on the Genk Stadsplein Zuid complex to install new shop windows, close the existing arcades and create an internal corridor to better distribute the retail spaces. Moreover, the works will improve the building's energy performance through the installation of double-walled windows and better insulation by closing the arcades, improving the visibility of the shops. The first phase of this project (investment budget € 3.1M) will be completed by the end of December 2023. The second phase is planned for 2024.

Shareholders' equity and net asset value

Shareholders' equity amounted to € 688.6M as per 30 September 2023 (€ 701.9M as per 31 December 2022).

The net asset value per share (total shareholders' equity / number of shares), after dividend distribution of the previous financial year and including profit from the last three quarters, amounted to € 77.50 on 30 September 2023 (€ 78.99 at 31 December 2022).

Financial structure and liquidity

The Company has a solid balance sheet structure, with a debt ratio of 29.4% at 30 September 2023 (28.6% on 31 December 2022).

The financing structure of the Company is thus very strong as per 30 September 2023, both with regard to the availability of committed credit lines (€ 126M taking into account 100% coverage of the outstanding commercial paper) and the diversification of its financing sources (68% bank financing, 21% commercial paper and 11% bond financing).

The average interest rate on outstanding loans was 3.27% for the first nine months of 2023 (1.68% for the same period in 2022).

Forecast

In the press release of 7 February 2023, the Company announced that for the year 2023 it expected to achieve a net result from core activities between € 4.85 and € 4.95 per share. Per press releases of 20 April 2023 and 20 July 2023, the Company maintained this indication. However, due to a confluence of circumstances, including a significant increase in interest expenses on financing, an increase in provisions for doubtful debts (mainly in the office portfolio) and the uncollectability of certain charges in the office portfolio, the Board of Directors decided to lower the forecast for the net result from core activities per share to € 4.70 - € 4.80 for the year 2023.

As the uncertainties arising from the international context (high interest rates, increased energy prices, inflation, etc.) still apply and may impact the development of the economic activity in general and that of the Company's tenants in particular, the Company assumes that this range should still be viewed with caution.

However, the Company will keep the market informed of the evolution of the situation and the impact that the evolution of the above circumstances would have on this indication of result.

The Board of Directors of Wereldhave Belgium NV

Financial calendar

Press release annual results 2023 (before opening of the stock market)	Friday 9 February 2024
Annual financial report 2023	Friday 8 March 2024
General Meeting of Shareholders	Wednesday 10 April 2024
Ex-dividend date (ex coupon)	Monday 15 April 2024
Dividend record date	Tuesday 16 April 2024
Dividend 2023 payment	Monday 22 April 2024
Press release Q1 2024 (before opening of the stock market)	Tuesday 23 April 2024
Press release Q2 2024 (before opening of the stock market)	Friday 19 July 2024
Press release Q3 2024 (before opening of the stock market)	Thursday 24 October 2024

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