

Wereldhave  
BELGIUM



# Trading update

## 31 March 2020

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## Covid-19 / Update

On 5 February and 6 March 2020 respectively, the company published, on the one hand, its press release on the 2019 annual results and, on the other hand, its annual report 2019. Both took place before the outbreak of the Covid-19 crisis in Belgium and therefore the impact of this crisis was not reflected into them.

On 19 March 2020, just after the announcement of the lockdown in Belgium, the company published a press release mentioning that these measures will undoubtedly have a significant impact on the performance of the retail portfolio. Due to the uncertainty regarding the duration of this lockdown, it was impossible to calculate what impact it could have on the company's results.

On 2 April 2020, the company announced a modification of its financial calendar, postponing the general meeting originally scheduled for 8 April.

This postponement also has an impact on several other dates of the financial calendar, namely the ex-dividend date, the dividend record date and the date of payment of the 2019 dividend, which are thus also postponed.

Today, the company publishes its trading update of the results as per the 31 March 2020, which presents the status of the company's activities for the first quarter of 2020, as well as further explanations related to these prior publications.

## Results at 31 March 2020

### Strong operational results of the retail portfolio prior to the outbreak of the Covid-19 crisis

- Decrease in net result from core activities per share to **€ 1.21** (31 March 2019: € 1.53), mainly due to Covid-19 impact;
- Net asset value per share of **€88.76** at 31 March 2020 (31 December 2019: €88.27);
- Total value of the investment properties portfolio of **€ 958.9 mln** (31 December 2019: € 961.3 mln).

## Key figures

(x € 1,000)	31 March 2020	31 March 2019
<b>Results</b>		
Net rental income	12,531	14,955
<b>Net result</b>	<b>3,768</b>	<b>10,778</b>
Net result from core activities <sup>1</sup>	9,411	11,555
Net result from non-core activities <sup>2</sup>	-5,644	-778
Profit per share (x € 1)	0.48	1.43
Net result from core activities per share (x € 1)	1.21	1.53
<b>Balance sheet</b>		
Properties available for lease <sup>3</sup>	946,286	949,442
Development projects	12,654	15,729
<b>Total investment properties</b>	<b>958,939</b>	<b>965,171</b>
Shareholders' equity <sup>4</sup>	693,008	689,152
Net asset value per share (x € 1) <sup>4</sup>	88.76	91.40
Debt ratio	31.09%	28.99%
Share price	51.60	89.80
Number of shares	7,807,981	7,540,250

<sup>1</sup> The 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.

<sup>2</sup> The result from non-core activities (portfolio result) comprises (i) the result on sale of property investments, (ii) the variations in the fair value of property investments, (iii) the other portfolio result, (iv) the variations in the fair value of financial assets and liabilities and (v) taxes on capital gain latencies and the exit taxes paid.

<sup>3</sup> Fair value has been computed after deduction of the transaction costs (2.5%) (until 2015: 10%-12.5%) incurred at the sales process. The independent valuation expert has carried out the valuation in conformity with 'International Valuation Standards' and 'European Valuation Standards'.

<sup>4</sup> Before profit distribution and dividend payment.

## Operational activities

In the first two months of 2020, the overall positive trend continued in all centres, resulting in very positive visitor and turnover figures for the tenants. Over this period, we experienced an increase in the number of visitors in our portfolio of around 15%, which was almost three times higher than for the overall market. The NPS (Net Promoter Score) of the shopping centres also continued to evolve positively, and this starting from a high-level basis. This positive evolution was the result, on the one hand, of the active management of the centres, with the organisation of events and the implementation of an appropriate marketing strategy, and, on the other hand, of a professional leasing strategy, aiming to achieve the optimal tenant mix in order to strengthen their attractiveness.

The outbreak of the Covid-19 crisis in Belgium in mid-March and the required closure of a large number of stores interrupted abruptly this positive trend. Of course, from that moment on, the company cancelled all planned events and gradually put all ongoing projects 'on-hold' in order to strictly follow the measures of the National Security Council. These projects mainly concern the renovation of the Belle-Île shopping centre, which started at the end of 2019, but also a number of smaller maintenance and investment projects in the other centres. The interruption of the works at Belle-Île, initiated by the contractor, will inevitably have an impact on the delivery date of the project and will depend on the duration of the measures taken to battle against this pandemic.

Since the outbreak of this crisis, the company has taken various actions, both at the Headquarter and within the shopping centres, in order to keep costs as low as possible (savings in the management of the shopping centres, temporary unemployment of staff, etc.). These cost savings are in favour of the company, but also, to a large extent, of its tenants due to their positive impact on the common charges, which are recharged to the tenants on a contractual basis. In addition, knowing that the reopening may be gradual, the company is already preparing itself as much as possible to be able to comply with all possible obligations and/or recommendations so that visitors, tenants and employees can be welcomed in a safe environment, and this as soon as possible again for the different stores.

During this period, the health of employees and all other stakeholders remains the priority. That is why teleworking was encouraged in order to avoid unnecessary physical contact between people. In the shopping centres, the presence of staff was also reduced to the minimum, which was of course the logical consequence of the temporary unemployment that was introduced for the majority of this population. Nevertheless, a permanence is organised within the centres to ensure the continuity of operations, as supermarkets and a limited number of other stores are open, as well as to guarantee availability for tenants and visitors.

### Result of the quarter

Rental income for the first quarter of 2020 decreased from € 15.0 mln to € 14.2 mln compared to the same period in 2019. This decrease is mainly due to lower rental and specialty leasing income compared to the same quarter last year.

The net result for the first quarter of the financial year decreased from € 10.8 mln as per 31 March 2019 to € 3.8 mln as per 31 March 2020, mainly due to the negative impact of the property revaluation compared to the first quarter of 2019 (€ -5.6 mln at 31 March 2020 compared to € -0.8 mln at 31 March 2019), on the one hand, and to a provision (€ -1.3 mln) as a first estimate of the impact of potential losses on outstanding rental properties as per 31 March 2020, on the other hand.

### Properties available for lease

The fair value of the available for lease portfolio amounted to € 946.2 mln at 31 March 2020, stable compared to a value of 948.7 mln at 31 December 2019. Excluding the investments in the portfolio over this period, the valuations decreased by 0.58% (€ -5.6 mln) compared to the value at 31 December 2019.

On 31 March 2020, the EPRA occupancy rate of the retail portfolio was 96.4%, compared to 96.3% on 31 December 2019. This slight increase is due to several elements, including the occupation of the last surface in the "ex-Carrefour" area in Belle-Île. Other positive developments were observed in Nivelles and Kortrijk, while the occupancy rates in Genk and Tournai slightly decreased.

The EPRA occupancy rate of the office portfolio evolved from 89.2% on 31 December 2019 to 87.0% on 31 March 2020, fully explained by the departure of one tenant in the buildings in Vilvoorde.

### Development projects

The fair value of the development projects remained stable during the first quarter and amounted to € 12.7 mln at 31 March 2020 (31 December 2019: € 12.6 mln).

## Derogation shopping centre 'Belle-Île' in Liège

As already announced in the annual report for the financial year 2019, the value of the Belle-Île shopping centre in Liège (20.11%) rose again above the threshold of 20% of the total value of the investment properties portfolio on 31 March 2020. This increase is the logical result of the further investments in the context of the renovation of the shopping centre.

By exceeding this threshold, the derogation granted on 11 December 2018 by the FSMA for a period of 2 years becomes applicable again. This derogation, which runs until the end of this year 2020, allows the threshold to be exceeded subject to certain conditions, in particular a limitation of the debt ratio to a maximum of 33%.

The company remains in regular contact with the FSMA in order to anticipate the expiry date of this derogation. In addition, in order to structurally bring the weight of this shopping centre in the portfolio below 20%, the company is permanently looking for new investment opportunities.

## Shareholders' equity and net asset value

Shareholders' equity amounted to € 693.0 mln as per 31 March 2020 (€ 689.2 mln as per 31 December 2019). This increase is due to the result generated during the quarter.

The net asset value per share (total shareholders' equity / number of shares), before dividend distribution of the previous financial year and including profit of the current financial year, amounted to € 88.76 at 31 March 2020 (€ 88.27 at 31 December 2019).

## Financial structure and liquidity

The company has a solid balance sheet structure, with a debt ratio of 31.1% on 31 March 2020 (29.7% on 31 December 2019).

This increase is entirely due to the fact that the company has drawn down on several credit lines in order to strengthen its liquidity position in the current crisis situation. As a result, the company had a cash position of € 51.0 million at 31 March 2020. In addition, the company has unused committed credit lines, even after deduction of the back-up credit line to hedge the ongoing commercial paper program, of € 110.5 mn. There are no committed credit lines expiring over the next 12 months, which gives comfort in a period where the financial markets are facing lots of uncertainties.

The average residual duration of the financial debts was of 2.7 years at 31 March 2020 and the average financing cost was 0.80% over the first quarter of 2020.

## Modification of the corporate structure

On 6 February 2020, the shareholders were invited to hold an Extraordinary General Meeting on 6 March 2020, with the following items for decision on the agenda:

- Extension of the authorized capital, which came to maturity on 24 April 2020;
- Modification of the company's articles of association to comply with the new Companies and Associations Code;
- Conversion of the corporate structure of the company, from a limited partnership per share to a public limited company with a one-tier board of directors.

All these elements were voted by the required majorities and were therefore approved by this meeting. As a result, the company was converted into a public limited company, 'Wereldhave Belgium NV/SA'.

## General meeting and dividend payment 2019

On 6 March 2020, the General Meeting of Shareholders was invited on 8 April 2020 to express its opinion on the statutory and consolidated financial statements for the year ended 31 December 2019, including the appropriation of the result.

Due to the ongoing Covid-19 pandemic and as the health of employees, directors and shareholders are a priority for the company, it announced on 2 April 2020 the postponement of this meeting. As a consequence, several dates of the company's financial calendar are also postponed, namely the ex-dividend date, the dividend record date and the date of payment of the 2019 dividend.

This decision was taken in the context of the health measures taken by the Belgian authorities and in the light of the Royal Proxy Decree published a few days later on 9 April 2020. This proxy resolution allows the postponement of general meetings that have already been called, with the obligation to reorganise them within a period of 10 weeks after 30 June at the latest. Due to the current uncertainties regarding the further evolution of the pandemic, a new date will be set and communicated at a later stage through the traditional channels. The other dates of the financial calendar will also be announced in this future publication.

In this context, the annual report of 2019 and the invitation to the general meeting of 8 April 2020 proposed a dividend of € 5.20 per share for the financial year 2019. The proposed dividend over the financial year 2019 will be reconsidered in the preparation of the future invitation for a new general meeting later this year, taking into account that the company will of course comply with the minimum distribution requirement, which is imposed by the regulator for the Regulated Real Estate Companies (RREC).

The company would like to thank its shareholders for their understanding on these changes, which are of course due to the exceptional circumstances resulting from this health crisis.

## Forecasts

On 5 February 2020, the company announced, in the context of its press release on the annual results of the financial year 2019, a forecast for the net results from core activities per share within a range of € 5.55 to € 5.65 per share. This forecast was announced subject to the occurrence of unforeseen circumstances. Based on the current Covid-19 crisis, it was already communicated on 19 March 2020 that it is currently impossible to calculate what impact this situation could generate on the company's results. At this time, in a period where the lockdown is still fully into force, no further indication can be given regarding the forecast of the net result from core activities per share, although it is clear that the previously announced range can no longer be considered as a relevant indication. At a later stage, the company hopes to be able to provide more clarity on the impact on its result for the financial year 2020.

The Board of Directors of Wereldhave Belgium NV/SA

## Financial calendar

Ex-dividend date	Later announced
Dividend record date	Later announced
Dividend payable 2019	Later announced
Press release Q2 2020 (18:00)	Thursday 16 July 2020
Press release Q3 2020 (18:00)	Wednesday 21 October 2020

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*Wereldhave Belgium focuses on shopping centres and retail parks that are dominant in their catchment area. The shares are listed on the Euronext Brussels stock exchange. On 31 March 2020, Wereldhave Belgium's market capitalisation amounts to € 403 million.*  
 For more information: [www.wereldhavebelgium.com](http://www.wereldhavebelgium.com)

