Wereldhave

Q1 2022

Trading update 22 April 2022

make every day count

Key items

Outlook for FY22 direct result per share (DRPS) raised to € 1.55 – 1.65 (previously € 1.50 – 1.60)

Visitors +40% compared with Q1 2021, yet slightly below 2019 levels

Full Service Center transformations progressing as scheduled

Limited risk cost increases for running transformation projects; prudent approach for new capital expenditure commitments

Message from our CEO

With Covid-19 restrictions lifted in all markets, I am delighted to say that footfall and sales are now almost back to pre-pandemic 2019 levels. The leasing market again improved during Q1, mostly for food & beverage tenants and homeware & household. Our operating performance remained strong, with shopping center occupancy rates stable at 96% and rent collection at 98% (despite Dutch shops being closed for two weeks in early January). Though not our core business, our investments in the Antwerp office park Berchem are starting to pay off, with 3,900 m^2 new leases signed in Q1.

Even so, the aftermath of Covid-19 and the situation in Ukraine will have a long lasting effect, most of all on prices for energy and raw materials. As Wereldhave, we benefit from higher than anticipated price indexation, which – to some degree – protects us from rising energy prices. Some of our tenants, however, are facing a sharp increase in costs (in energy, transportation and materials, among others), which will inevitably affect their margins. Raw material prices have increased by more than 40% on average over the past year. Consequently, for the moment, we are taking a cautious approach before committing to new capex. It's clear that indexation over the next 1-2 years will not be enough to balance out such a significant rise in raw material prices.

Fortunately, for the three transformation projects already underway, all costs have already been locked in. Our business plans, in any case, did not include contractual commitments to new projects for the next twelve months. Daily life / convenience tenants now account for 60% of Wereldhave's rent roll (compared with 53% one year ago); this makes us more resilient to any decrease in discretionary consumer spending, resulting from a worsening economic environment (particularly in sectors such as fashion, electronics and leisure).

During Q1, footfall at our first two completed Full Service Centers (FSCs) – Presikhaaf and Tournai – again outperformed the portfolio average; the centers also saw an encouraging increase in Net Promoter Score (NPS), our main measure of customer satisfaction. Further progress was made with our three new FSCs, which are still on track in terms of timing, leasing and cost. In Tilburg and Sterrenburg, we made significant progress in leasing, signing four new tenants during the period.

As stated earlier, we will take the time we need to ensure we sell our last two French centers at the right price. Our remaining operations in France have now been successfully outsourced. During Q1, our French centers reported a high cash collection rate (99%); whilst occupancy rates remained solid. We are currently working on several asset enhancement initiatives to further increase the value of our French centers ahead of any sale.

The investment market for Dutch retail property again improved in Q1, where volumes more than quadrupled according to a recent publication of CBRE, providing further evidence that values appear to bottom out, as mentioned in our FY21 results. Both inflation and higher interest rates will affect valuations, though it's unclear, for the moment, what the net impact will be in our H1 2022 results, due for release July 22nd.

As a result of strong pre-letting at our Tilburg and Sterrenburg FSCs and higher indexation, we have decided to raise the outlook for our FY22 direct result per share (DRPS) to € 1.55 – 1.65 (previously € 1.50 – 1.60).

Summary

	Q1 2022	Q1 2021	Change
Key financial metrics (x € 1,000)			
Gross rental income	33,975	43,507	-21.9%
Net rental income	27,738	31,044	-10.7%
Direct result	19,249	21,438	-10.2%
Indirect result	11,169	-20,038	155.7%
Total result	30,419	1,400	2072.8%
Per share items (€)			
Direct result	0.39	0.45	-12.6%
Indirect result	0.24	-0.46	151.4%
Total result	0.63	-0.01	6394.9%
Total return based on EPRA NTA	0.52	-0.11	573.9%
Dividend paid	-	-	-

	31 March 2022	31 Dec 2021	Change
Key financial metrics (x € 1,000)			
Investment property	1,948,258	1,939,340	0.5%
Assets held for sale	5,525	6,525	-15.3%
Net debt	782,835	788,082	-0.7%
Equity attributable to shareholders	889,107	866,823	2.6%
EPRA performance metrics			
EPRA EPS for Q1 (€/share)	0.36	0.44	-18.2%
EPRA NRV (€/share)	24.46	23.93	2.2%
EPRA NTA (€/share)	22.06	21.54	2.4%
EPRA NDV (€/share)	22.08	20.89	5.7%
EPRA Vacancy rate	6.0%	5.1%	0.9 pp
EPRA Cost ratio (incl. direct vacancy costs) for Q1	29.1%	33.9%	-4.8 pp
EPRA Net Initial Yield	6.0%	6.0%	0.0 pp
Other ratios			
Net LTV	40.3%	41.0%	-0.7 pp
ICR	5.9x	5.8x	0.1x
IFRS NAV (€/share)	22.16	21.60	2.6%
Number of ordinary shares in issue	40,270,921	40,270,921	0.0%
Number of ordinary shares for NAV	40,124,327	40,124,327	0.0%
Weighted avg. number of ordinary shares outstanding	40,124,327	40,146,461	-0.1%
Shopping Centers portfolio metrics			
Number of assets	22	22	0.0%
Surface owned (x 1,000m2) [1]	594	594	0.0%
LFL NRI growth	17.9%	6.0%	11.9 pp
Occupancy rate	95.8%	96.2%	-0.4 pp
Theoretical rent (€/m2)	223	223	0.0%
ERV (€/m2)	211	211	0.0%
Footfall growth for Q1	40.3%	-36.9%	77.2 pp
Proportion of mixed-use Benelux (in m2)	11.1%	10.8%	0.3 pp
Customer satisfaction Benelux (NPS)	25	25	-

[1] *Excluding developments*

Operations

The gradual phasing out of Covid-19 measures significantly increased visitor numbers in the first quarter of 2022. In contrast, the world is dealing with the consequences of the terrible events taking place in Ukraine and the international geopolitical developments resulting from it. This can affect consumer purchasing behavior and, as a result, our tenants' turnover.

Rising inflation affects us in two ways. On the one hand, all our leases undergo annual indexation, which increases the rental income. On the other hand, we can be faced with higher construction and material costs. These costs are nevertheless fixed for our ongoing transformations, and all further commitments will be reviewed carefully.

Netherlands

In the Netherlands, 33 new leases were signed, which were on average above market rent levels. One such example was Basic-Fit, which signed for a new gym at Cityplaza Nieuwegein.

Our first Dutch Full Service Center, Presikhaaf in Arnhem, is attracting more visitors than in pre-Covid 19 year 2019, underlining the success of the FSC concept.

We opened two new locations for our The Point service desks: in Kronenburg and in Presikhaaf, Arnhem. These new locations perform a unique social function, as they act as a service point with a wide variety of services for the local people in their neighborhood. In Arnhem, local youth initiatives organize staffing at The Point, thereby helping young people to develop by providing them with a range of opportunities to improve their life prospects.

The 'Be Your Selfie Tour' was a big marketing success in Cityplaza Nieuwegein. We designed 13 unique rooms, each with a different theme, where visitors can take the perfect picture or video to share on social media.

Belgium

During the first quarter of 2022, rental activities within the Belgian portfolio continued in line with the 2021 market dynamic, with the signing of 23 shopping center leases and lease renewals at conditions that are on average well above market rents.

Newcomers to the portfolio include Intersport, Ken Shoe Fashion, Chick & Cheez, O'Tacos and Hairdis.
The signing of Intersport also means that the Retail Park in Tournai is again fully let. With leases of Chick & Cheez and O'Tacos in Shopping 1 in Genk, Wereldhave launched the 'Food.Break' concept.

Furthermore, during the quarter, Wereldhave Belgium promoted its 'The Sage' concept in its office parks, therefore succeeding in letting and reletting a total of 3,900 m^2 in Antwerp.

France

In France, the number of visitors to our shopping center in Bordeaux initially lagged until mid-February. This was primarily a result of working from home guidelines and ongoing developments that impacted the business district surrounding Mériadeck.

Five leasing contracts were signed, one of which is for a city-center Ikea store for Mériadeck in Bordeaux, the first Ikea store in our portfolio.

The new organizational set-up for our two remaining French centers got up to speed and achieved, among other things, a rent collection rate of 99%.

Occupancy rates

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Belgium	95.1%	96.2%	96.0%	97.2%	96.1%
France	92.3%	93.5%	94.8%	94.7%	94.0%
Netherlands	94.9%	94.9%	94.9%	95.7%	95.9%
Shopping centers	**94.3%**	**94.9%**	**95.3%**	**96.2%**	**95.8%**
Offices (Belgium)	70.8%	74.7%	75.5%	76.0%	68.8%
Total portfolio	**93.1%**	**93.8%**	**94.0%**	**94.9%**	**94.0%**

Overview operational performance

	# of contracts	Leasing volume	ERV uplift	MGR uplift	Occupancy rate	LFL NRI growth
Shopping centers						
Belgium	23	3.3%	17.8%	-0.6%	96.1%	10.2%
France	5	3.5%	-2.6%	-	94.0%	7.3%
Netherlands	33	4.4%	2.2%	-0.7%	95.9%	29.7%
Total	**61**	**3.8%**	**6.6%**	**-0.7%**	**95.8%**	**17.9%**

Change in visitors (yoy)

Shopping centers	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Belgium	-14.7%	63.6%	5.0%	43.5%	20.0%
France	-43.4%	31.5%	-17.7%	1.2%	17.2%
Netherlands	-39.6%	10.4%	-0.5%	4.9%	56.2%
Overall	**-36.9%**	**22.3%**	**-1.9%**	**11.3%**	**40.3%**

Strategic developments

Full Service Center Transformations

Under our LifeCentral strategy, we are transforming our assets into Full Service Centers. Two of our assets were transformed to FSCs during 2021: Les Bastions in Tournai and Presikhaaf in Arnhem. Our aim is to deliver the next three FSCs before the end of 2022, City-Center Tilburg in Tilburg, Sterrenburg in Dordrecht, and Ring Kortrijk in Courtrai.
In Q1 we commenced the transformation of Vier Meren in Hoofddorp with the delivery of the first unit with the new facade design. The next step will be the refurbishment of the entrance of the center.

The pre-letting for the transformation projects is progressing, with a focus on food & beverage, leisure and fitness.
The first phase of the transformation of Sterrenburg in Dordrecht was completed with the opening of a Jumbo Foodmarkt in February. The second phase has already begun, and involves the complete refurbishment of the center, including the ‘every.deli’ concept.

Outlook

As a result of strong pre-letting for our FSCs and the higher than anticipated indexation, we have raised the outlook for the FY22 direct result per share (DRPS) to € 1.55 – 1.65 (previously € 1.50 – 1.60).

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