Wereldhave BELGIUM

Trading update
30 September 2020

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Further strengthening of the liquidity position in the Covid-19 context

- **Successful refinancing for an amount of € 145 mln (anticipating € 130 mln maturities in 2021)**
- **High percentage of debt collection of 93% for Q2 and 95% for Q3**
- **Decrease of the net result from core activities per share from € 4.57 per 30 September 2019 to € 3.54 per 30 September 2020**
- **Increase of the EPRA occupancy rate of the shopping centres to 96.2% on 30 September 2020 (96.0% on 30 June 2020)**

Key figures

(x € 1,000)	30 September 2020	30 September 2019
Results		
Net rental income	37,174	44,221
Net result	**-18,638**	**31,844**
Net result from core activities [1]	27,619	35,102
Net result from non-core activities [2]	-46,256	-3,258
Profit per share (x € 1)	-2.39	4.15
Net result from core activities per share (x € 1)	3.54	4.57
Average number of shares	7,807,981	7,674,606

(x € 1,000)	30 September 2020	30 June 2020	31 December 2019
Balance sheet			
Properties available for lease [3]	914,531	924,364	948,671
Development projects	12,195	12,115	12,615
Total investment properties	**926,726**	**936,478**	**961,285**
Shareholders' equity	635,483[5]	670,885[4]	689,221[4]
Net asset value per share (x € 1)	81.39[5]	85.92[4]	88.27[4]
Debt ratio	31.95%	28.94%	29.33%
Share price	43.5	55.0	86.2
Number of shares	7,807,981	7,807,981	7,807,981

1 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.
2 The result from non-core activities 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.
3 Fair 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'.
4 Before profit distribution and dividend payment.
5 Before profit distribution and after deduction of the dividend amount to be paid on 13 November 2020.

Covid-19 update

The Company publishes today its 'Trading update' of the results on 30 September 2020, which is an update on the evolution of its activities since the publication of the half yearly results on 16 July 2020, including an overview of the impact of the Covid-19 pandemic on its financial results.

Operational activities

During the summer, the positive trend observed when the shops were reopened generally continued, with a gradual increase in the number of visitors in the shopping centres. However, this trend was interrupted several times by the announcement of new restrictive measures by the National Security Council at the end of July and in early September. These were aimed in particular at limiting the number of visitors present in the centres and the duration of shopping.

In summary, it is important to note that the number of visitors in the centres are gradually evolving towards last year's levels, with an average of -13.6% in the third quarter compared to the same period last year. This performance is above the market figure for shopping centres in Belgium (-15.9% in the last quarter), illustrating once again the resilience and intrinsic quality of the Company's portfolio, as well as the hands-on management of the commercial and operational teams.

With respect to the turnover figures of the tenants, it is still difficult to have a clear view already, but it can be noted that the performance of the tenants varies considerably, both on a sector and individual level.

Leasing activities

In order to position itself more than ever as a partner for its tenants in these uncertain context, the Company continued, during the past quarter, the individual commercial discussions that were initiated with the tenants since the outbreak of the pandemic in March. As a reminder, these discussions mainly concern the payment of rent during the lockdown period, as well as other support measures (in particular, concessions on rent claims and postponement of payment terms).

In this context, some 377 contracts (representing more than 85% of the ongoing discussions) had already been signed with tenants at the date of publication, which generated a total negative impact of €3.6 mln on rental income at 30 September 2020.

With respect to the remaining ongoing discussions, the Company made a number of assumptions about their possible outcome, which led to the recognition of a provision with an additional negative impact of € 1.6 mln at 30 September 2020. Taking this into account, the total impact of these Covid-19 discussions with the tenants at 30 September 2020 is estimated at € 5.2 m.

In addition to all Covid-19 related discussions, the Company has performed a strong leasing activity since the beginning of the financial year. As per 30 September the number of new lease contracts signed or lease renewals (75 since the beginning of the financial year) already exceeded the total number of 70 that had been budgeted for the full year.

Financial activities

During the summer, in view of the still uncertain economic and financial context, the Company pursued its strategy to maintain and strengthen its liquidity position by implementing the following actions:

- Actively managing the collection of its outstanding debts. On the date of this publication, the percentage of debt collection for the second quarter amounts to 92.7% (taking into account the concessions granted). The comparable percentage for the third quarter is 94.5%. This positive evolution compared to the previous quarter, illustrates the Company's ability to effectively collect its rental income.
- The strengthening of its financing structure. As indicated in its previous publications, the Company is not exposed to maturities of credit lines in the course of the current financial year, but already anticipates the refinancing of credit lines maturing in April 2021 (two bank credit lines for a total amount of € 130 mln). Building on its strong balance sheet and the resilience of its portfolio, the Company concluded three new bank financings during the past quarter for a total amount of € 145 mln. Taking these transactions into account, the next financing maturities are postponed to the second half of 2022. Although the Company's medium term financing needs are being met, it continues to analyse a number of additional financing options (possibly on the bond markets) in order to further diversify its financing sources and extend its average remaining term.
- A careful allocation of its financial resources. By reducing expenditures that are not considered essential or urgent and by prioritising investment projects within its portfolio, the Company pursues a prudent cash flow management. Nevertheless, it ensures that these decisions do not have a negative impact on the operational performance and attractiveness of its centres in the longer term.
- An extension of the derogation with respect to the diversification aspect of the Belle-Ile shopping centre within its portfolio has been obtained from the FSMA. Although the share of this shopping centre is currently below the regulatory limit of 20% (19.8% at closing date), the Company considered it prudent to anticipate a possible extension of the derogation (as the current one expires at the end of 2020). The application for a new derogation was successful and on 20 October an extension of the derogation was obtained for a further period of 2 years, which will expire at the end of December 2022.

Taking these various elements into account, the Company's financial strength, as well as its regulatory framework, is further strengthened. As per 30 September 2020, the debt ratio amounts to 31.95%, the average residual duration of its financial debts is 2.94 years (the increase compared to the previous quarter is explained by the refinancing) and the Company continues to have committed but undrawn and therefore available credit facilities for an amount of € 189.7 mln.

The average financing cost since the beginning of the financial year amounts to 0.86%, which is relatively stable compared to the situation on 30 June 2020. However, the current exceptionally low level will gradually increase in the coming months as a result of the refinancing operations described above.

Operational activities

Result of the previous period

The net result for the first nine months of the year, consisting of the net result from core and non-core activities, amounted to € -18.6 mln (€ 31.8 mln at 30 September 2019). This decrease compared to the same period in 2019 is due to a lower net result from core activities (€ -7.5 mln) and a lower net result from non-core activities (€ -43.0 mln).

The Company realised a net result from core activities for the first nine months of the year of € 27.6 mln (€ 35.1 mln at 30 September 2019). The net rental result decreased by € 7.0 mln, mainly due to the impact of debt cancellations as discussend in de ‘Covid-19 update’ section.

Taking into account the above described impact and the higher average number of shares compared to last year, the net result from core activities per share shows a decrease to € 3.54 (€ 4.57 at 30 September 2019).

The net result from non-core activities amounts to € -46.3 mln (€ -3.3 mln at 30 September 2019) and consists essentially of the valuation result on the property portfolio (€ -45.6 mln).

Investment properties

The fair value of the portfolio available for lease amounted to € 914.5 mln at 30 September 2020 (€ 924.4 mln at 30 June 2020). This decrease is mainly due to negative revaluations of € 10.9 mln (-1.2%) identified by the valuation experts.

In this still uncertain context with respect to the future development of the Covid pandemic and its consequences, the valuation experts considered it appropriate to maintain the qualification 'material uncertainty' applied to their valuations.

The EPRA occupancy rate at 30 September 2020 is 94.5% (94.6% at 30 June 2020). Per segment, this amounts to 96.2% for shopping centres (96.0% on 30 June 2020) and 85.1% for offices (87.0% on 30 June 2020).

The book value of the development portfolio amounts to € 12.2 mln at 30 September 2020, stable compared to the situation at 30 June 2020 (€ 12.1 mln).

Sustainability

For many years the Company has been implementing a sustainable development strategy for its portfolio and, by making significant investments, it is able to make it more energy efficient and environmentally friendly.

This has resulted in a high performing portfolio, with the majority of the assets being assessed as 'Very Good' at least within the framework of the BREEAM certification.

The most recent achievement in this area is the implementation of a 'Green Financing Framework', which was certified by an external body on 16 September.

Within this framework, it will be possible to issue financing instruments with the 'Green label', to strengthen the image of the Company as a responsible player and to broaden its offer to potential investors.

Shareholders’ equity and net asset value

Shareholders' equity amounted to € 635.5 mln at 30 September 2020 (€ 670.9 mln at 30 June 2020). This decrease is mainly due to the allocation to debt in the last quarter of the total amount of the dividend decided by the Annual General Meeting of Shareholders on 2 September 2020, to be distributed on 13 November 2020.

The net asset value per share (total shareholder’s equity / number of shares), including the result of the current financial year and after deduction of the dividend 2019 as explained above, amounted to € 81.39 per 30 September 2020 (€ 85.92 per 30 June 2020).

The debt ratio on 30 September 2020 amounted to 31.95% (28.94% on 30 June 2020). The increase in the debt ratio compared to the previous quarter is mainly due to the transfer to debt of the amount of the dividend for the financial year 2019 as indicated above. This transfer from equity to debt took place for the full dividend amount of € 35.1 mln. As the Company also announces today that an optional dividend will be offered, the part of the dividend amount that will be paid in new shares of the Company will be reintegrated to equity. As a result the debt ratio will decrease - ceteris paribus - in the fourth quarter.

Corporate – Dividend

The Annual General Meeting of Shareholders of 2 September 2020 approved a dividend of € 4.50 per share (€ 3.15 net per share) for the financial year 2019.

As also announced today in a separate press release, the Company offers its shareholders the possibility to receive their dividend in cash or in shares at their sole discretion. The result of this operation will be announced at the end of the subscription period and the dividend will be effectively distributed (in cash and/or in shares) on 13 November 2020.

Wereldhave NV and Wereldhave International NV, which together hold 66.53% of the Company’s shares on the date of publication, have indicated that they will opt for a dividend in shares for their entire shareholding. As a result, the success of the operation is already guaranteed and will lead to a further strengthening of the Company's balance sheet.

Prospects

With the half yearly figures the Company announced that, despite the fact that no new formal profit prospects were defined, but out of a concern to give as complete a picture as possible (taking however into account the current economic uncertainty and the many related assumptions), the Company wished to give an indication of net result from core activities per share for the full financial year 2020 of € 4.5 per share.

Since the date of this publication, the Company has made efforts to reduce this uncertainty, in particular by continuing the discussions with its tenants in order to obtain a better overview of its prospects. This process, which is still ongoing today, has generally produced positive results, as described in this press release. However, the recent resurgence of the Covid pandemic and the uncertainty about its evolution in the coming weeks and months make it difficult to define new and precise prospects. Nevertheless, the Company comfirms its indication of net result from core activities per share of € 4.50 for the current financial year.

Financial calendar

Ex-dividend date	Friday 23 October 2020
Dividend record date	Monday 26 October 2020
Dividend payable 2019	Friday 13 November 2020
Press release annual results 2020 (17:40)	Wednesday 10 February 2021
Annual financial report 2020	Wednesday 10 March 2021
General Meeting of Shareholders	Wednesday 7 April 2021
Ex-dividend date	Monday 12 April 2021
Dividend record date	Tuesday 13 April 2021
Dividend payable 2020	Wednesday 14 April 2021
Press release Q1 2021 (17:40)	Wednesday 21 April 2021
Press release Q2 2021 (17:40)	Monday 19 July 2021
Press release Q3 2021 (17:40)	Wednesday 20 October 2021

Vilvoorde, 21 October 2020

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