

A man and a woman are smiling and looking at a smartphone together under a large plaid umbrella. They are outdoors in the rain. The man has red hair and a beard, wearing a green jacket over a brown sweater. The woman has long red hair, wearing a blue beret and a denim jacket. The background is a blurred city street.

Wereldhave

Q3 2023

Trading update 1 November 2023

better everyday life, better business

Key items

Direct result per share (DRPS) outlook raised to € 1.70-1.75 from € 1.65-1.75

Indexation driving 10% like-for-like growth in rental income

Footfall thriving: 9% footfall growth in our core portfolio vs. 2022

Sixth Full Service Center completed: Vier Meren in Hoofddorp, 94% let

Three additional Full Service Centers on track to be delivered in Q4

USD 50m of new USPP financing signed in Q3

GRESB five-star rating maintained in 2023 and top of our retail peer group

Message from our CEO

I am proud of how the Wereldhave teams performed in the third quarter of 2023, stabilizing shopping center occupancy at 96% against a backdrop of rising interest rates and falling consumer confidence. The polarizing trend witnessed in H1 continued, with some retailers expanding as others struggled. Several bankruptcies in the Benelux region had a limited impact on our results. Meanwhile, we signed package deals with growing retailers such as New Yorker and the leisure concept Gamebox. In Belgium, stores vacated by telecom operator Base have all been re-let to Calzedonia. In The Netherlands, six Big Bazar stores are in the advanced stages of being re-let and provide mixed-use space. In Belgium, our teams have reached the 100% occupancy milestone for our largest office park in Berchem, Antwerp.

In 2023 we will deliver a further three Full Service Centers (FSCs) and in Q3 celebrated the opening of FSC Vier Meren in Hoofddorp. Occupancy there rose to 94% from 83% at the end of H1 following the signing of several new leases. We expect it to be fully let around year-end. In Q4 Shopping 1 (Genk), Eggert Center (Purmerend) and De Koperwiek (Capelle aan den IJssel) will be delivered as FSCs.

Wereldhave maintained its position as an industry leader in sustainability, underpinned by its 10th consecutive annual five-star Global Real Estate Sustainability Benchmark (GRESB) rating, ranking number one in its peer group. We also received our eighth consecutive Gold Award in the annual Sustainability Best Practices Recommendations from the European Public Real Estate Association (EPRA sBPR). Our Environmental, Social & Governance (ESG) program 'A Better Tomorrow' was developed to provide a roadmap from 2020 to 2030, with intermediate targets for 2025. It aligns with United Nations Sustainable Development Goals (SDGs) relevant for Wereldhave and includes elements from leading ESG benchmarks such as GRESB and BREEAM.

Rising interest rates and high construction prices pushed us to further optimize and balance our capex investment program for H2 2023 and 2024. As such, we are confident that toward year-end our loan-to-value (LTV) ratio will further drop from 43.6% currently and 43.9% at the end of June. From a cash flow perspective, our net debt / EBITDA ratio of 7.5 is very comfortable and among the best in our peer group.

This month we expect to secure an additional USD 50m of US private placement debt (USPP) with a seven-year term. After attracting a similar amount in the previous quarter, we believe this unsecured funding source, with its long-term maturities, is open again.

During Dutch Budget Day (Prinsjesdag) there were no new announcements related to the planned abolition of the Dutch REIT status, as we anticipated from the start. We are actively exploring new business structures and models and studying how to manage our tax costs effectively.

Our solid operating results prompted us to raise our FY 2023 DRPS guidance to € 1.70-1.75 from € 1.65-1.75.

Matthijs Storm, CEO

Amsterdam, 1 November 2023

Summary

	9M 2023	9M 2022	Change
Key financial metrics (x € 1,000)			
Gross rental income	115,958	103,783	11.7%
Net rental income	93,751	85,042	10.2%
Direct result	62,767	60,122	4.4%
Indirect result	10,330	5,897	75.2%
Total result	73,097	66,019	10.7%
Per share items (€)			
Direct result	1.30	1.24	4.9%
Indirect result	0.33	0.02	1544.9%
Total result	1.63	1.26	29.4%
Total return based on EPRA NTA	1.71	1.15	48.7%
Dividend paid	1.16	1.10	5.5%
Key financial metrics (x € 1,000)			
	30 Sep 2023	31 Dec 2022	Change
Investment property	2,071,416	2,000,070	3.6%
Assets held for sale	-	688	-100.0%
Net debt	901,137	842,449	7.0%
Equity attributable to shareholders	901,783	885,682	1.8%
EPRA performance metrics			
EPRA EPS for 9 months (€/share)	1.16	1.13	2.7%
EPRA NRV (€/share)	25.46	24.21	5.2%
EPRA NTA (€/share)	22.28	21.73	2.5%
EPRA NDV (€/share)	23.61	23.13	2.1%
EPRA LTV	49.1%	47.9%	1.2 pp
EPRA Vacancy rate	4.8%	4.2%	0.6 pp
EPRA Cost ratio (incl. direct vacancy costs) for 9 months	31.8%	28.5%	3.3 pp
EPRA Net Initial Yield	6.3%	6.4%	-0.1 pp
Other ratios			
Net LTV	43.6%	42.4%	1.2 pp
ICR	5.0x	5.9x	-0.9
IFRS NAV (€/share)	22.51	22.12	1.8%
Number of ordinary shares in issue	40,270,921	40,270,921	0.0%
Number of ordinary shares for NAV	40,056,749	40,047,140	0.0%
Weighted avg. number of ordinary shares outstanding	40,052,736	40,071,882	0.0%
Shopping Centers portfolio metrics			
Number of assets	22	22	0.0%
Surface owned (x 1,000m ²) ¹	620	612	1.3%
LFL NRI growth	9.6%	9.1%	0.5 pp
Occupancy rate	95.9%	96.8%	-0.9 pp
Theoretical rent (€/m ²)	242	237	2.1%
ERV (€/m ²)	225	216	4.2%
Footfall growth for 9 months	7.7%	19.5%	-11.8 pp
Proportion of mixed-use Benelux (in m ²)	13.6%	13.2%	0.4 pp
Customer satisfaction Benelux (NPS)	+25	+24	1

¹Excluding developments

Operations

The new organizational structure implemented from April is already providing benefits, including faster and better implementation of our LifeCentral Strategy. Our recently opened new head office in the center of Amsterdam has helped integrate the formerly separate Wereldhave Holding and Wereldhave Netherlands.

The official opening of the Full Service Center (FSC) Vier Meren in Hoofddorp in September marked our sixth completed FSC, including Presikhaaf, City-Center Tilburg and Sterrenburg in the Netherlands and Les Bastions and Ring Kortrijk in Belgium.

Netherlands

FSC Vier Meren in Hoofddorp was delivered on time and well within budget. On opening day, only a limited number of commercial units were still available. Occupancy currently stands at 94%, up from a pre-let rate at 83% in H1 2023, with negotiations for all remaining units in advanced stages. Søstrene Grene and Fat Phill's signed for new locations in Vier Meren having been encouraged by their positive experience in FSC Tilburg City Center.

The Big Bazar retail chain's bankruptcy in September had a limited impact on our results. It leased six locations from Wereldhave and represented less than half a percent of our total rental income. In line with the LifeCentral strategy for transforming shopping centers into FSCs for a better everyday life, we had already drawn up plans for possible new uses for the locations in question and expect to sign new leases for all six very soon.

During the first three quarters of 2023, 156 new contracts were signed with tenants at an average 13.1% above market rent (ERV).

Despite construction work in several centers, footfall in Q3 was 3.6% higher than in the same period in 2022.

Belgium

The redevelopment of Stadsplein Genk is now underway, with the aim of improving the visibility of the shopfront, creating a more diverse internal layout and a wider variety of shop sizes.

At Shopping Nivelles, the health & beauty store Rituals will be relocated to a bigger unit. We signed a package deal with the Bestseller group for an Only & Sons shop in Les Bastions in Tournai and for opening Vero Moda and Only & Sons locations in Ring Kortrijk, Courtrai.

We also signed a lease agreement with fresh produce retailer Bon'Ap in FSC Ring Kortrijk, which will open in Q1 2024.

During the first three quarters of 2023, 43 new contracts for shopping centers were signed with tenants that were on average 9.8% above ERV and slightly above their previous rent (MGR).

Footfall in Q3 2023, was 7.3% higher than in the same period in 2022. The footfall growth in our centers in Q3 outperformed the Belgian market compared to both Q3 in pre-Covid year 2019 and in 2022.

Shopping center occupancy rose to 97% from 96.4% at the end of H1.

The offices in Berchem, Antwerp are now fully let, attesting to the quality of the refurbishment led by our team. We expect to make The Sage Vilvoorde similarly successful.

France

Construction works for the F&B project at Mériadeck in Bordeaux have been completed and the area is open to the public. After signing leases with F&B operators Bohébon and Chef Aji (the latter opening a healthy brunch concept in addition to their existing restaurant), there are only two units left for rental of which one is already under LOI.

In Côté Seine, Argenteuil (Paris), we have agreed with successful shoe operator Chaussea to extend their lease by 450 m2.

Footfall in France in Q3 2023 was 4.7% higher than in the same period last year. Tenant sales for the first eight months of 2023 was 5% higher than in the same period in the previous year.

Shopping center occupancy in France remained virtually stable at 94.5%.

Occupancy rates

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Belgium	97.2%	97.7%	96.9%	96.4%	97.0%
France	97.2%	97.1%	96.6%	94.6%	94.5%
Netherlands	95.6%	96.1%	95.7%	95.6%	95.4%
Shopping centers	96.4%	96.8%	96.2%	95.8%	95.9%
Offices (Belgium)	82.4%	81.5%	86.1%	86.2%	85.2%
Total portfolio	95.5%	95.8%	95.6%	95.2%	95.2%

Overview operational performance

	# of contracts	Leasing volume	ERV uplift	MGR uplift	Occupancy rate	LFL NRI growth
Shopping centers						
Belgium	43	6.2%	9.8%	0.4%	97.0%	6.3%
France	7	3.2%	-7.7%	13.1%	94.5%	13.8%
Netherlands	156	17.7%	13.1%	-2.8%	95.4%	12.1%
Total	206	12.0%	11.9%	-2.1%	95.9%	9.6%

Change in visitors (yoy comparison of quarterly figures)

<i>Shopping centers</i>	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Belgium	8.0%	7.7%	11.4%	5.4%	7.3%
France	8.4%	1.0%	-0.2%	0.4%	4.7%
Netherlands	2.9%	11.9%	15.5%	6.6%	3.6%
Overall	4.9%	9.4%	12.4%	5.5%	4.5%

Strategic developments

Full Service Center Transformations

In line with our LifeCentral strategy, we continue to transform our centers into FSCs. With the official opening of the FSC Vier Meren in Hoofddorp in September, six of our commercial centers now qualify as FSCs. In Q4 2023, Wereldhave will deliver another three FSCs, with Eggert Center in Purmerend, De Koperwiek in Capelle aan den IJssel, the Netherlands and Shopping 1 in Genk, Belgium.

Meanwhile, pre-letting for our FSC transformation projects is progressing well, with a focus on food & beverage, leisure and fitness outlets.

Our first FSCs continue to perform well on their KPIs, including total return, net promoter score (NPS), leasing spread, footfall and occupancy.

By the end of Q3, 13.6% of our core portfolio was devoted to mixed-use compared with 13.3% at the end of H1, putting us on track to achieve our long-term target of 20%.

Improving customer experience

As part of our commitment to contributing to a better everyday life for our visitors, all of our colleagues in the Netherlands and Belgium will spend part of their time talking to customers and getting direct feedback to improve the customer experience at our FSCs, concepts and commercial clusters. During Q3, our teams conducted surveys evaluating the customer experience for play & relax, eat&meet, every.deli and *the point*.

A quality food & beverage offering is a key feature of our FSCs. To meet this need, we have created the eat&meet F&B-cluster that offers a vibrant and green environment for visitors to meet with friends and family. In Q3, we celebrated the opening of eat&meet in Eggert Center, Purmerend. Additionally, we have installed various new seating and green spaces in our centers to further enhance customer satisfaction.

Our latest NPS results continue to show a clear outperformance of completed FSCs compared to shopping centers and centers in transformation.

We have also created a tenant support program for those launching new stores or businesses in our centers. To drive store footfall and sales, we have helped more than 65 of our tenants with store opening activities and commercial marketing communications in the year to date.

Environmental, Social & Governance (ESG)

We are proud to receive continued recognition from benchmarks like GRESB and EPRA for our ongoing investment and commitment to sustainability. In Q3 Wereldhave received several more awards for its ESG program A Better Tomorrow. The GRESB rated it number one in its peer group of listed Western European shopping center companies for 2023. GRESB is the leading global ESG benchmark for real estate. With a score of 92/100, Wereldhave retained its top score (2022: 92/100) and received a five-star rating from GRESB for the tenth consecutive year. A solid achievement in the light of ever-increasing benchmark requirements and peer performance.

Wereldhave also received its eighth consecutive Gold Award in the annual Sustainability Best Practices Recommendations from the European Public Real Estate Association (EPRA sBPR).

A Better Tomorrow

Our ESG-program A Better Tomorrow was developed to provide a roadmap from 2020 to 2030, with intermediate targets for 2025. It aligns with the Sustainable Development Goals (SDG's) relevant for Wereldhave and includes elements from leading ESG benchmarks such as GRESB and BREEAM. The program is based on three focus areas, each with clear ambitions:

- Better Footprint - reduce carbon emissions by 30% by 2030 for all m² under Wereldhave's operational control (SBTi approved) and become Paris Proof in 2045 (DGBC approved)
- Better Nature - 100% of assets have action plans to mitigate physical effects of climate change and double the surface of vegetation roofs and green spaces
- Better Living - Contribute at least 1% of net rental income to socio-economic and social inclusion initiatives and aim for zero safety incidents at Wereldhave centers.

Within the scope of the Better Footprint pillar, we have now developed roadmaps for all our centers in the Netherlands and Belgium, that set out clear priorities to reduce our carbon footprint, in alignment with 2030 SBTi targets and our Paris Proof commitment.

Outlook

Solid operational results allow us to raise our FY 2023 direct result per share guidance to € 1.70-1.75.

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