Trading update Q1 2019 Wereldhave

26 April 2019

- **Gross rental income from continued operations up 7%**
- **Leasing above market rents in Belgium and France**
- **Footfall +1.3% driven by Belgium and the Netherlands**
- **Outlook reconfirmed: direct result FY 2019 at € 2.75 - € 2.85 per share**
- **Dividend 2019 at € 2.52 per share**

Our markets

Belgium

Our shopping centre portfolio in Belgium shows growing footfall in a continued challenging retail market. With the exception of Belle-Île, all our centres saw an increased level of visitors in Q1. The number of bankruptcies in our Belgian portfolio was low, other than 4 CoolCat units. The market is still dynamic, albeit demand for larger floors is low. We are optimistic about the letting of the units in Belle- Île that became vacant by breaking up the former Carrefour hypermarket in this centre. There is good interest from different types of tenants: discounters, sporting goods and from medical tenants too. The momentum for the remaining space in Genk is also gaining traction.

The Netherlands

The first quarter of 2019 saw a relatively high number of bankruptcies. The most prominent ones were Intertoys (at 11 Wereldhave centres), CoolCat (6), Op=Op Voordeelshop (1) and Sissy Boy (1). Most of these brands are expected to restart. However, the market will have to digest an increased level of supply if their store base is to be reduced. Our Dutch centres welcomed new stores and retailers are also upgrading their store formula in our centres. We signed a package deal with H&M and C&A opened a new store in De Koperwiek (Capelle aan den IJssel). Supermarkets continue to expand their presence. We have signed a new lease with Dirk van den Broek in Leiderdorp, Albert Heijn recently extended the lease for ten years and will renew its concept in our centre in Hoofddorp, and Lidl will expand its location in Heerhugowaard. However, we also see an increasing shift in demand from pure retail towards other functions: food & beverage, childcare operators, fitness centres, healthcare, libraries and other public services. In our mixed-use market approach we seek to make our centres even more customer-centric. We aim to make the everyday life of our visitors special and reach out to the municipalities to allow this under the zoning scheme regulations.

France

The sentiment for physical retail in France remains somewhat lacklustre. The retailers' decision-making process for new locations is cautious and negotiations on lease renewals take more time than previously. Sephora signed a package deal to extend five leases for ten years against attractive conditions. Several other negotiations to extend expiring leases are in their final stages. We notice an increasing demand for new space from French brands, but also international brands continue to enter the market. The yellow vest protests mainly impact the Saturday shopping in the shopping centres in Bordeaux and Rouen. The municipality of Bordeaux has taken safety precautions for the city centre, which restrict the traffic of trams. As Mériadeck is also a major transportation hub, footfall of the centre is currently approximately 25% lower on Saturdays.

Operations

Gross rental income for the first quarter of 2019 amounted to € 51.3m, against € 48.1m on continued operations in Q1 2018, an increase of 7%. The increase of rental income can be mainly attributed to Belgium, where the Les Bastions was taken into operation in April 2018 and where two retail parks in Bruges and Turnhout were acquired in December 2018.

During the first quarter, average occupancy of the shopping centre portfolio decreased to 95.5% (FY 2018: 96.3%). As expected, occupancy decreased in France by 1.8% to 92.2%, in Belgium by 1.4% to 95.8% and in the Netherlands by 0.1% to 97.0%. In Belgium and France, lease levels were above ERV, in the Netherlands below ERV. This is mainly caused by sales based rents, with the turnover component not yet taken into account. On average, overall footfall increased by 1.3% to 32.0m visitors in the first quarter.

In Belgium, the decrease in occupancy of the shopping centre portfolio was mainly from the works on the former Carrefour unit in Belle-Île that is splitted into a smaller unit for Carrefour and 4 new units. We are making good progress in letting the remaining units.

The most important signing in Q1 2019 was the conversion of a temporary lease of SportsDirect in Kortrijk into a nine year lease. Footfall in the Belgian shopping centres went up by 7.4%, against a -3.7% market average decline. This strong performance is mainly due to the success of Les Bastions in Tournai.

In France, the decrease in occupancy was mainly caused by the expiring lease of Intersport in Mériadeck, Bordeaux and several smaller units in Saint Sever, Rouen. Occupancy stood at 92.2% at March 31, 2019 (Q4 2018: 94.0%). Footfall in the French centres decreased by -2.6%. The opening of the Verrerie positively impacted footfall in Saint Sever by 9.2%. The most important lease that was signed was a package deal against favourable conditions with Sephora, which committed itself for another ten years, with shops in five of our six French centres.

In the Netherlands, occupancy slightly decreased to 97.0%. This can be attributed to some expiring temporary leases. Footfall increased by 2.2% to 17.2m visitors during the first quarter. Particularly De Koperwiek recorded higher visitor numbers, as the second phase of the redevelopment is nearing completion. The largest leasing deal was made with H&M, with a ten year lease for 7 units against a base rent with a turnover variable rent component. The new lease agreement will start at the beginning of 2020 for four units and in 2021 for the other three units.

Wereldhave's Kid's Heroes event was awarded the 2019 NRW Marketing Award prize for the best brand activation event. This is the second consecutive year for Wereldhave to win this award.

Occupancy:

	EPRA					
	Q1 2018	**Q2 2018**	**Q3 2018**	**Q4 2018**	**Δ *Q1***	**Q1 2019**
Belgium	95.2%	96.7%	96.8%	97.2%	(1.4%)	95.8%
Finland	96.0%	96.4%	96.5%	n.a.	n.a.	n.a
France	93.4%	93.6%	93.7%	94.0%	(1.8%)	92.2%
Netherlands	96.5%	96.8%	97.0%	97.1%	(0.1%)	97.0%
Shopping centres	**95.5%**	**96.1%**	**96.2%**	**96.3%**	**(0.8%)**	**95.5%**
Offices (Belgium)	**90.3%**	**90.6%**	**90.6%**	**90.6%**	**(1.7%)**	**88.9%**
Total portfolio	**95.3%**	**95.8%**	**95.9%**	**96.1%**	**(0.9%)**	**95.2%**

Portfolio

During the first quarter, Wereldhave acquired a C&A shop in Tilburg, in anticipation of the second phase of the inner city redevelopment scheme. On April 16, 2019, agreement was reached to sell the former V&D in Hoofddorp for € 7.25m, at book value. The completion of this transaction is scheduled later this year. There were no other changes to the investment portfolio.

In Belgium, works for the split-up of the former Carrefour unit in Liège are making good progress, with the finalisation set for the second quarter of 2019.

In France, the redevelopment of Le Verrerie project in the Saint Sever shopping centre is nearly completed and only 3 units remain to be let.

In the Netherlands, the redevelopment of Presikhaaf shopping centre is also nearing its final stages, with the implementation of Wereldhave's customer journey standards for wayfinding, play and relax and amenities.

In Capelle aan den IJssel, the second phase of the redevelopment will be completed during the second quarter. Plans for the next consecutive phase include and an extension of the Jumbo supermarket and a third supermarket in the centre. These plans are still in preparation; construction has not yet been committed.

In Tilburg, the second phase of the inner city redevelopment is about to be launched. The Emmapassage has been vacated to open the mall and create a connection to the Heuvelstraat through the former C&A unit, which was acquired in January.

Financing

Nominal interest bearing debt was € 1,317m at March 31, 2019, which together with a cash balance of € 33m gives a net debt of € 1,284m. Undrawn borrowing capacity amounted to € 430m. The Loan-to-value ratio increased to 38.4% (December 31, 2018: 37.5%), mainly due to development capex. As at March 31, 2019 the average cost of debt and ICR were 1.98% and 6.3 x respectively and the EPRA NAV per share stood at € 43.83.

Outlook

The recent bankruptcies of retailers in Q1 and the beginning of Q2 show that the retail markets are still challenging. However, Wereldhave reconfirms the outlook for 2019 of a direct result between € 2.75 and € 2.85 per share. Dividend for 2019 will be at a level of € 2.52, payable in four equal (interim) dividend payments of € 0.63 per quarter.

About Wereldhave

Wereldhave invests in dominant convenience shopping centres in larger provincial cities in northwest continental Europe. The area surrounding our centres will include at least 100,000 inhabitants within 10 minutes' travel time from the centre.

We focus on shopping centres that strike a balance between convenience and shopping experience. With easy accessibility, products that cover all the daily shopping needs, a successful mix of international and local retail products and strong food anchor stores, our centres provide convenience shopping to accommodate a busy urban lifestyle as well as an ageing population.

We aim for an experience that goes beyond shopping, with restaurants, kids' playgrounds and high quality amenities in order to attract families - and keep them with us for longer visits.

For more information: www.wereldhave.com

Feedback

We welcome any feedback from our stakeholders. Please contact us for feedback or any questions you might have at:

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Wereldhave is a member of the following organisations: