Wereldhave

Q3 2022

Trading update 27 October 2022

better everyday life, better business

Key items

Direct result per share outlook lifted to € 1.60-1.65 from previous € 1.55-1.65

Strong operational results under volatile economic and capital market conditions

Positive leasing spread on top of 100% pass-through of inflation

Major step-up in pre-letting Full Service Center transformations

Solid liquidity position following refinancing of Revolving Credit Facilities

Continued recognition for ESG program ‘A Better Tomorrow’ from GRESB and EPRA

Message from our CEO

In Q3 we delivered strong operational results under volatile economic and capital market conditions thanks to our increasingly defensive profile. Footfall and sales were again comparable to pre-Covid year 2019 with the occupancy rate rising to 96.4% (H1 2022: 95.9%). Our good tenant quality kept rent collection in line with H1, despite rising rents prompted by the indexation that we apply consistently, and higher service charges due to increased energy bills. The transformation of our shopping centers into Full Service Centers means we increasingly cater to local communities, with traditional retail focused on daily life now counting for 62% of our rent roll.

Aside from our Full Service Centers and shopping centers we also own a large business park in Berchem (Antwerp). Occupancy issues there have now been resolved by our in-house team and helped by The Sage office concept. Occupancy has risen to 92% from a low of 72%. The Benelux leasing market remains strong. In Q3 we signed a large package deal in the Netherlands with fashion retailer Bestseller. The deal includes four new locations and four lease renewals.

In Q4 we will complete three more Full Service Centers on time and on budget. The Bestseller deal helped lift the Tilburg pre-let rate to 98% from 62% and the Sterrenburg and Ring Kortrijk redevelopments are almost fully pre-let. In both cases we have only one unit left to lease. All this demonstrates that our LifeCentral strategy is paying off and we are successfully future-proofing and de-risking our assets.

Wereldhave is also continuing to improve its sustainability profile. During Q3 we were awarded five GRESB stars for the ninth consecutive year. We are leading our GRESB peer group now, following a great effort from our ESG team, asset managers and technical managers and guided by our A Better Tomorrow ESG-program.

The disposal of nine assets over the past two years has significantly improved our balance sheet. Current capital market conditions show that those disposals were timely even though some were executed below book value. In October Wereldhave re-financed its corporate syndicated Revolving Credit Facility (RCF) by agreeing a new five-year sustainability-linked € 225m RCF at attractive terms. Together with two bilateral refinancings in the Netherlands and Belgium, we now have secured our liquidity until Q2 2026.

The Dutch Government's plan to abolish the Dutch REIT regime (FBI) from 2024 could have a € 3-4m per annum impact on earnings, or roughly 5%. This is a worse-case estimate and we hope to mitigate it partly through tax optimization and measures the government has promised to put in place. At the same time, not being restricted by REIT conditions may open opportunities for joint ventures (de-risked Full Service Centers), asset management for third parties and other commercial activities. Through the current quarter and into 2023 we will closely review these potential business opportunities. The new REIT regime has yet to be incorporated into legislation so, along with our peers, we will continue our discussions with the government to introduce less drastic changes to the REIT regime. Wereldhave would prefer to ensure tax neutrality for investors without having to resort to complicated tax planning.

Thanks to strong leasing results we are again able to lift our 2022 direct result per share (DRPS) outlook to € 1.60-1.65 from the previous forecast € 1.55-1.65. Moreover, we are confident of achieving 2023 earnings growth of 4-6% as promised.

Earlier in October we announced that as from 15 December 2022, Mrs. Françoise Dechesne will become the new Chair of the Supervisory Board of Wereldhave N.V. The current Chair, Mr. Adriaan Nühn, has decided to retire from the Board for personal reasons, with effect from the same date.

I would like to express my gratitude to Adriaan for guiding Wereldhave through a difficult transformation during his five-and-a-half years in the role.

Matthijs Storm, CEO

Schiphol, 27 October 2022

Summary

	9M 2022	9M 2021	Change
Key financial metrics (x € 1,000)			
Gross rental income	103,783	126,045	-17.7%
Net rental income	85,042	94,325	-9.8%
Direct result	60,122	68,385	-12.1%
Indirect result	5,897	-290,000	102.0%
Total result	66,019	-221,615	129.8%
Per share items (€)			
Direct result	1.24	1.47	-16.0%
Indirect result	0.02	-7.17	100.3%
Total result	1.26	-5.70	122.0%
Total return based on EPRA NTA	1.15	-5.77	120.0%
Dividend paid	1.10	0.50	120.0%

	30 Sep 2022	31 Dec 2021	Change
Key financial metrics (x € 1,000)			
Investment property	1,971,778	1,939,340	1.7%
Assets held for sale	5,525	6,525	-15.3%
Net debt	852,112	788,082	8.1%
Equity attributable to shareholders	872,384	866,823	0.6%
EPRA performance metrics			
EPRA EPS for 9 months (€/share)	1.13	1.44	-21.5%
EPRA NRV (€/share)	24.02	23.93	0.4%
EPRA NTA (€/share)	21.59	21.54	0.2%
EPRA NDV (€/share)	22.78	20.89	9.0%
EPRA Vacancy rate	4.5%	5.1%	-0.6 pp
EPRA Cost ratio (incl. direct vacancy costs) for 9 months	28.5%	29.4%	-0.9 pp
EPRA Net Initial Yield	6.3%	6.0%	0.3 pp
Other ratios			
Net LTV	42.4%	41.0%	1.4 pp
ICR	6.0x	5.8x	0.2x
IFRS NAV (€/share)	21.78	21.60	0.8%
Number of ordinary shares in issue	40,270,921	40,270,921	0.0%
Number of ordinary shares for NAV	40,047,140	40,124,327	-0.2%
Weighted avg. number of ordinary shares outstanding	40,080,342	40,146,461	-0.2%
Shopping Centers portfolio metrics			
Number of assets	22	22	0.0%
Surface owned (x 1,000m2) [1]	601	594	1.3%
LFL NRI growth	11.3%	6.0%	5.3 pp
Occupancy rate	96.4%	96.2%	0.2 pp
Theoretical rent (€/m2)	231	223	3.6%
ERV (€/m2)	213	211	0.9%
Footfall growth for Q3	19.5%	-8.1%	27.6 pp
Proportion of mixed-use Benelux (in m2)	12.2%	10.8%	1.4 pp
Customer satisfaction Benelux (NPS)	+24	+25	-1

[1] *Excluding developments*

Operations

Despite a politically turbulent backdrop and weakening economic indicators, Wereldhave performed strongly in Q3.
Net Rental Income benefitted from indexation that we apply consistently, occupancy improvements and a milder impact from Covid-19. New leasing contracts are closed above ERV and rent collection remained stable at a high level.

Netherlands

Wereldhave and Bestseller strengthened their partnership with an agreement to open four new stores and to extend the long-term leases of four existing stores. Bestseller will open stores from its ONLY and Only & Sons brands in Wereldhave's Vier Meren center in Hoofddorp, Eggert Center in Purmerend, Cityplaza in Nieuwegein and Emmapassage in Tilburg.

In Tilburg we signed six leases for new locations in the Emmapassage; with Fat Phill's Diner, fashion retailers Guts & Gusto and New Yorker, Skechers and Ecco shoes and Voetbalshop.nl.
The Grand Opening of the completely renovated Emmapassage is scheduled for November, completing one of the Netherlands' largest recent inner-city projects.

Toward the end of 2022, Basic-Fit will open in Sterrenburg, Dordrecht, adding another reason to visit this Full Service Center.

Occupancy in the Netherlands went up to 95.6% in Q3 from 94.9% a year earlier.

Visitor numbers are increasing and close to the pre-Covid level of 2019, with FSC Presikhaaf faring significantly better than average. It should be noted that our ongoing transformations are having a temporary negative impact on visitor numbers in assets under construction.

Belgium

Leasing activity in our Belgian portfolio remained strong, with 59 contracts concluded in the year to date.

Visitor numbers in Belgian shopping centers did well during the summer, approaching and sometimes exceeding those of 2019. This was also reflected in higher sales figures for 9 of the 13 tenant categories in the Belgian portfolio.

The occupancy rate of our retail portfolio increased to 97.2% from 96.0% a year earlier, thanks to leases with a.o. Kiabi, State of Art and Tupperware.

Our office portfolio occupancy rate increased to 82.4% from 75.5% a year earlier, confirming the positive impact of Wereldhave's decision to roll-out The Sage concept.

France

During Q3, rental activities were in line with the first semester, allowing us to sign deals at the ERV level.

Occupancy increased to 97.2%, the highest level since 2019, while the cash collection is back to normal.

Footfall has been recovering for over a year, even though Mériadeck in Bordeaux is being impacted by the construction works of a new Food & Beverage (F&B) area, to be opened late Q1 2023. Although footfall is lower than 2019, sales have fully recovered, boosting confidence in our locations.

Work has started in Côté Seine, Argenteuil (Paris) on the future Basic-Fit unit, while we are moving Bouygues and Etam units in Mériadeck, Bordeaux to create a new Normal store whose opening will coincide with that of the F&B project.

Meanwhile, Kiabi is testing a new KIDS concept for six months in Mériadeck, Bordeaux.

Occupancy rates

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Belgium	96.0%	97.2%	96.1%	97.0%	97.2%
France	94.8%	94.7%	94.0%	96.6%	97.2%
Netherlands	94.9%	95.7%	95.9%	95.0%	95.6%
Shopping centers	**95.3%**	**96.2%**	**95.8%**	**95.9%**	**96.4%**
Offices (Belgium)	75.5%	76.0%	68.8%	77.2%	82.4%
Total portfolio	**94.0%**	**94.9%**	**94.0%**	**94.7%**	**95.5%**

Overview operational performance (ytd)

	# of contracts	Leasing volume	ERV uplift	MGR uplift	Occupancy rate	LFL NRI growth
Shopping centers						
Belgium	59	9.6%	13.5%	4.7%	97.2%	13.4%
France	13	9.6%	-0.4%	0.0%	97.2%	47.4%
Netherlands	137	17.5%	5.6%	0.0%	95.6%	5.1%
Total	**209**	**13.7%**	**7.3%**	**1.6%**	**96.4%**	**11.3%**

Visitors (growth yoy)

Shopping centers	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Belgium	5.0%	43.5%	20.0%	19.5%	8.0%
France	-17.7%	1.2%	17.2%	13.7%	8.4%
Netherlands	-0.5%	4.9%	56.2%	17.2%	2.9%
Overall	**-1.9%**	**11.3%**	**40.3%**	**17.2%**	**4.9%**

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. We are on schedule to deliver the next three FSCs before the end of the year: City-Center Tilburg, Sterrenburg in Dordrecht, and Ring Kortrijk in Courtrai. Despite the current economic situation we managed to pre-let most of the new units with a good mix of traditional retail and mixed use. The mixed use tenants are mainly focused on F&B and Fitness. In the meantime the transformation of Vier Meren in Hoofddorp is progressing on schedule and within budget.

Improving customer experience

In Q3 we continued the implementation of several clusters and concepts to support our Full Service Centers. Designs were completed for our F&B cluster eat&meet in The Koperwiek, Capelle aan den IJssel, which opens in Q1 2023. Following the successful pilot of a new public seating & green concept in The Koperwiek in Q3, it will be introduced in Shopping Nivelles and Cityplaza in Nieuwegein in Q4. Meanwhile, our restrooms concept opened in Sterrenburg and, in Cityplaza, we started building our every.deli (fresh food) concept, which will open in Q4. Despite difficult market conditions we've been able to build these projects on time and within budget due to our strong partnerships and long-term contracts.

Financing

In October Wereldhave refinanced its 2017 syndicated Revolving Credit Facility (RCF) with a new five year € 225m syndicated sustainability-linked RCF, pushing out the maturity to Q4 2027. The new facility features sustainability-linked key performance indicators.

Furthermore, Wereldhave has reached agreement with ABN AMRO Bank to refinance its secured € 80m Green RCF maturing in Q3 2024 with a new unsecured € 50m RCF maturing in Q4 2027.
In July 2022, Wereldhave Belgium refinanced € 80m in credit facilities with a Belgian bank.

As a result, the loan book is fully unsecured and we have more than doubled the group's weighted average term of the undrawn revolving credit facilities, totaling € 385m, to 4.5 years.

Outlook

Mainly due to strong leasing results the outlook for the FY22 direct result per share (DRPS) was raised to € 1.60-1.65 from € 1.55-1.65.

WERELDHAVE N.V.
WTC Schiphol, Tower A, 3rd floor
Schiphol Boulevard 233
1118 BH Schiphol
P.O. Box 75837, 1118 ZZ Schiphol
The Netherlands
T +31 20 702 78 00

www.wereldhave.com

better everyday life, better business