Wereldhave

Press release Wereldhave

Results 2020

12 February 2021

make every day count

Wereldhave Full Service Centers contribute to a more joyful and comfortable everyday life.

A one-stop location for groceries, shopping, leisure, relaxation, sports, health, work and other daily needs, all supported by smart concepts and digital services. By investing sustainably to meet the needs of customers and local areas, we enrich communities, while caring for the environment, and have a positive effect on the way people live, work and shop. Wereldhave Full Service Centers play a vital role in people's everyday lives in leading regional cities in the Netherlands, Belgium and France.

Delivering on our strategy in unprecedented markets

Direct result per share (DRPS) € 2.01, in line with guidance despite new lockdowns; € 0.50 dividend per share

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Outlook trough DRPS 2022 reiterated at € 1.40-1.50

LifeCentral strategy realigned with new reality

Shopping center occupancy rate improved to 95.0%

€ 270m refinancing deals and LTV almost stable at 46.3%*

Upgrade of Moody's outlook to 'Stable' expected

Success with Dutch disposals in 2021: In de Bogaard sold; last two properties in exclusivity phase

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* Post-disposal shopping center In de Bogaard

Summary

Key metrics

	2020	2019	Change
Key financial metrics (x € 1,000)			
Gross rental income	189,372	206,589	-8.3%
Net rental income	133,029	171,474	-22.4%
Direct result	92,899	128,592	-27.8%
Indirect result	-287,120	-448,050	35.9%
Total result	-194,221	-319,457	39.2%
Per share items (€)			
Direct result	2.01	2.81	-28.6%
Indirect result	-6.66	-10.99	39.4%
Total result	-4.65	-8.18	43.1%
Total return based on EPRA NTA	-4.60	-8.22	44.0%
Dividend paid	0.63	2.52	-75.0%

	31 Dec 2020	31 Dec 2019	Change
Key financial metrics (x € 1,000)			
Investment property	2,577,580	2,906,686	-11.3%
Assets held for sale	3,200	9,880	-67.6%
Net debt	1,185,779	1,314,824	-9.8%
Equity attributable to shareholders	1,124,296	1,319,598	-14.8%
EPRA performance metrics			
EPRA EPS (€/share)	1.98	2.74	-27.7%
EPRA NRV (€/share)	30.26	35.87	-15.6%
EPRA NTA (€/share)	27.74	32.97	-15.9%
EPRA NDV (€/share)	26.59	31.80	-16.4%
EPRA Vacancy rate	5.9%	5.4%	0.5 pp
EPRA Cost ratio (including direct vacancy costs)	35.2%	22.3%	12.9 pp
EPRA Net Initial Yield	6.0%	5.8%	0.2 pp
Other ratios			
Net LTV	46.7%	44.8%	1.9 pp
ICR	5.3x	6.6x	-1.3x
IFRS NAV (€/share)	27.97	32.78	-14.7%
Number of ordinary shares in issue	40,270,921	40,270,921	0.0%
Number of ordinary shares for NAV	40,191,662	40,255,423	-0.2%
Weighted avg. number of ordinary shares outstanding	40,212,448	40,251,654	-0.1%
Shopping Centers portfolio metrics			
Number of assets	29	31	-6.5%
Surface owned (x 1,000m^2) [1]	809	851	-5.0%
LFL NRI growth	-21.0%	-0.6%	-20.4 pp
Occupancy rate	95.0%	94.8%	0.2 pp
Theoretical rent (€/m^2)	221	227	-2.6%
ERV (€/m^2)	211	215	-1.9%
Footfall growth	-22.8%	1.1%	-23.9 pp
Proportion of mixed-use Benelux (in m^2)	10.0%	9.4%	0.6 pp
Customer satisfaction Benelux (NPS)	4	-	4

1 Excluding developments

Message from our CEO

"The pandemic has shown that our strategy is the right one to confront the very real challenges in physical retail."
We announced our new LifeCentral strategy in February 2020. Just a month later, the pandemic hit. Covid-19 has confirmed that our strategy is the right one. If anything, in the wake of the pandemic, the need for transformation is even greater.

Covid-19 has blighted our economies, and changed our way of life, perhaps forever. I am proud of my teams who, despite the initial shock, showed incredible resilience. They made our centers safe for visitors, and continued to make progress with our strategy. We had hoped to sell our French business, but unfortunately Covid-19 presented obstacles – we did, however, sell three Dutch properties and a retail area in Bordeaux despite a difficult investment market. Thanks to these efforts – and a successful re-financing – we are able to reconfirm our trough direct result per share outlook for 2022.

Resilient operating performance

This year, we are reporting solid operating results – thanks to strong rent collection, stable occupancy rates and significant cost cutting. Despite the pandemic, the number of new leases signed was close to our original budget – and at rents that are above market levels. We also maintained our leadership position in sustainability – a crucial part of our overall strategy. For the seventh successive year, we secured a five-star rating from GRESB – the Global Real Estate Sustainability Benchmark – and attained an A- CDP score, in line with our long-term target.

In March, as the pandemic began to bite, we immediately started to cut costs. In 2020, we managed to reduce direct general expenses by 20%. We will maintain this heightened "cost awareness" into 2021. In my view, this reflects a strong and effective management of our portfolio and tenants – and shows, moreover, the attractiveness and resilience of our centers, even in most adverse circumstances.

With Covid-19, the first half of the year was not easy – we had to reduce our full-year outlook. By the third quarter, however, we were once more in a position to increase our direct result per share guidance – and, despite further lockdowns in the fourth quarter, our direct result per share for the year was in line with our target set at Q3.

Seize the opportunity in residential

During the summer – as part of LifeCentral – we also stepped up our residential strategy – we launched our first two projects in the Netherlands. During the second half of the year, three residential projects in Belgium have been identified. The residential market offers us a clear opportunity – in some cases, to unlock existing profits; in others, to reconfirm book values or bring in residential to replace traditional retail. Currently, we are working on plans for further residential projects in both the Netherlands and Belgium.

Working towards the right deals to phase out France

We had hoped to sell our French business in the second half of 2020. Unfortunately, our plans were thwarted by new lockdown measures. We decided not to pursue discussions – particularly as the medium-term outlook had improved in the meantime, with the approval of new Covid-19 vaccines and an increased traction witnessed for our Dutch disposals. The financial headroom we now have provides us with the flexibility to free up this capital more gradually. To maximize shareholder value, we will focus primarily on an asset-by-asset sale during 2021 and 2022.

We can be exceptionally proud of our teams in France, who successfully steered the business through the Covid-19 crisis, even increasing occupancy rates. Thanks to them, we now have time to phase out our French operations in what we expect to be a better investment market, going into 2021. We continue to aim for a full disposal by the end of 2022.

LifeCentral strategy realigned with the new reality

In late 2020, we reviewed all our operating plans under LifeCentral, and tightened up the blueprints for our centers. Our conclusion was that our strategy is the right one to confront the very real challenges in physical retail – Covid-19 did not create these challenges, but it has accelerated the pace of change in our sector. After our refinancing in the summer, we were able to restart the first of our LifeCentral transformation projects.

As we have already made clear, we want to reduce risk by lowering leverage – but we also want to deliver long-term value for our investors. This gives us the flexibility to withstand the current headwinds and continue to make step-by-step progress with LifeCentral, while maintaining our efforts to preserve liquidity. To achieve this, we have decided to spread out the capex required to convert our centers into Full Service Centers. That way, we can press ahead with our strategy as planned, while still reducing our financial leverage. At the same time, we are confident that in 2021 we will be able to speed up our planned divestments, particularly in France – which will release further funding and, in 2022, help bring down our all-important loan-to-value (LTV) ratio to below 40%, in line with our targets.

Re-instating the dividend payment

Considering a roughly stable LTV and the fact that we are finalizing the last Dutch disposals, we feel confident to re-instate the dividend payment. With € 0.50 per share, we are complying with the fiscal regime, whilst at the same time acknowledging that we need to balance this with our capex requirements and a targeted reduction of financial leverage.

Looking forward with confidence

We expect our business environment to improve in 2021, but we also need to be realistic. It will take time to vaccinate entire populations effectively – it is unclear, therefore, how long current restrictions and social-distancing measures will remain in force. Inevitably, government financial support for our tenants will decline, increasing the risk of bankruptcies. We are prepared – we have updated our plans, and we are working closely with our tenants. It is clear our strategy is the right one for the new, post-Covid reality. In some places, bankruptcies may even open up opportunities for us to accelerate strategy implementation. In 2021, cost control and efficiency will remain critical – at the same time, lower financing costs will help maintain our profits.

This has been one of the toughest – if not the toughest – year in our careers, and I would like to thank our employees for their continued hard work and resilience. It is times like these that show the value of true teamwork. I would also like to thank our other stakeholders – our tenants, shareholders and creditors who have shown trust in our approach and strategy, and – last but not least – our Supervisory Board for their support and encouragement during the year. After such a difficult 2020, I am confident that 2021 will be better for all of us.

Matthijs Storm - CEO
Schiphol, 12 February 2021

Our markets

Covid-19

Locations dependent on international tourism were the most affected by the pandemic, as well as activities that were no longer possible, or were severely limited by, social distancing. Despite the forced closure of non-essential stores, the positioning of our local centers as catering for everyday life helped mitigate the impact of lockdown restrictions. By implementing a range of safety measures, our centers saw a solid recovery in visitor numbers once non-essential stores were allowed to reopen.

As a result of lockdown restrictions, a large performance gap emerged between essential retailers (whose business prospered) and retailers who saw their turnover dry up almost completely. We introduced a “Fair Support Policy” to handle requests from tenants for delays in rent payments; requests were dealt with on a case-by-case basis. Most of those still under discussion relate to later lockdown measures introduced towards the end of 2020. On average, the effect of one month lockdown and forced store closures had a negative impact in 2020 of roughly € 0.15 on our direct result per share.

The outlook for 2021 depends on a number of factors, including the effectiveness of government vaccine strategies; how government measures and support will be adapted during the year; to what extent consumers will spend savings, given the expected rise in unemployment; and the ability and agility of retailers to adapt to a rapidly changing environment.

Belgium

Take-up of space in the Belgian retail market declined by 5% in 2020, with shopping centers and high streets declining slightly more. The fashion sector saw almost no expansion, compared with sports & leisure, food and F&B, which all experienced growth. Fashion rents in shopping centers and high streets came under pressure, while rents for out-of-town retail remained stable. We are making progress with negotiations on rent payments due from non-essential stores for the second lockdown period; these rent payments still dominate discussions between retailers and landlords.

France

The first and second lockdowns both had a significant effect on shopping center activities in France. Following reopening, customers returned to centers for both shopping and leisure, attracted by marketing events and local retailers. Rental activity overall has however been modest. In the current circumstances, some brands have decided to put their expansion and development plans on hold. Exceptions to this have been retailers such as Normal and Bricorama. Also several brands new to shopping centers took the opportunity to roll out a pop-up strategy.

The increase in activity in the investment market was essentially due to a single deal. Volumes were also supported by a number of transactions, negotiated prior to the pandemic. As uncertainties over rent levels rose, the investment market slowed and focused more on convenience assets and neighborhood locations.

The Netherlands

Despite two lockdowns during the year, government support and the leniency of both banks and landlords led to the lowest level of bankruptcies among retailers for decades. There was a clear divergence in visitor numbers between retail locations catering for everyday needs (these held up relatively well) and those catering for non-daily goods (which saw a significant decrease in footfall). During 2020, activity was focused primarily on arranging solutions for rental payments due during lockdowns. Following a relatively quiet first half, liquidity in the investment market increased towards the end of the year. The number of transactions rose, supported by a 2% increase in the transfer tax, starting in 2021. Prices remained steady for smaller convenience centers.

Direct & indirect result

(x € 1,000)	2020 direct result	2020 indirect result	2019 direct result	2019 indirect result
Gross rental income	189,372	-	206,589	-
Service costs charged	31,030	-	34,274	-
Total revenues	**220,402**	**-**	**240,863**	**-**
Service costs paid	-40,130	-	-40,575	-
Property expenses	-47,243	-	-28,814	-
Total expenses	**-87,373**	**-**	**-69,389**	**-**
Net rental income	**133,029**	**-**	**171,474**	**-**
Valuation results	-	-293,064	-	-448,343
Results on disposals	-	202	-	49
General costs	-11,378	-2,810	-14,160	-2,938
Other income and expense	-	-178	-	-156
Operational result	**121,651**	**-295,850**	**157,314**	**-451,388**
Interest charges	-28,900	-	-28,382	-
Interest income	16	-	70	-
Net interest	**-28,884**	**-**	**-28,312**	**-**
Other financial income and expense	-	7,384	-	-1,516
Result before tax	**92,767**	**-288,466**	**129,002**	**-452,904**
Income tax	133	1,346	-410	4,854
Result from continuing operations	**92,899**	**-287,120**	**128,592**	**-448,050**
Result from discontinued operations	-	-	-	506
Result	**92,899**	**-287,120**	**128,592**	**-447,543**
Profit attributable to:				
Shareholders	80,643	-267,575	113,232	-441,973
Non-controlling interest	12,256	-19,545	15,360	-5,571
Result	**92,899**	**-287,120**	**128,592**	**-447,543**
Earnings per share from continuing operations (€)	2.01	- 6.66	2.81	- 10.99
Earnings per share from discontinued operations (€)	-	-	-	0.01
Earnings per share (€)	2.01	- 6.66	2.81	- 10.98

Direct result

Direct result per share for full-year (FY) 2020 was € 2.01, in line with our latest guidance (€ 1.90-2.10), despite additional lockdown measures and forced store closures in all of our markets during the last quarter of the year. Our guidance assumed no further lockdown measures. The direct result per share in 2020 represents a 28.6% decline compared with 2019. Without the Covid-19 pandemic, we estimate that the decline would have been 12%. Our 2020 direct result per share contained some one-off benefits in the last quarter of the year of € 0.04 – which is mainly the result of a rebate in Belgium relating to historical listing expenses. EPRA EPS for 2020 was € 1.98, which in comparison with the direct result per share reflects the indirect general expenses, offset by some one-off refunds.

Following the outbreak of Covid-19, arrangements were made to provide tenants with necessary support. On top of that Covid-19 had a negative NRI effect on sales-based-rents, parking income and specialty retail. Measures ranged from flexible payment plans to waiving part of the rent. These arrangements alone, in effect, reduced our direct result per share by € 0.47. Without this impact, direct result per share would have come out at € 2.48 – above our original outlook for the year (€ 2.35 - € 2.45).

Direct result for FY 2020 was € 92.9m. Net rental income amounted to € 133.0m. The result was significantly affected by arrangements with tenants and provisions for Covid-19. These provisions reflect current negotiations, as well as assumptions related to weakened payment behavior and increased risk of future bankruptcies. As of 8 February 2021, we had collected 94% of the full-year 2020 rent, adjusted for arrangements. Arrangements for rent discounts have been signed for in total € 11.9m. Negotiations are underway on the remaining € 17.0m. Of this amount, € 12.1m is covered through a provision on outstanding receivables.

Net interest expense came out at € 28.9m for the year with a stable average interest rate at 1.9%.

Cost control

To maximize total returns, we will continue to prioritize cost control. Ultimately, our aim is to achieve above-average cost efficiency – to be reached once our current disposal program is complete. We have implemented a number of cost-saving measures, reducing our direct general costs in 2020 by 20% (€ 2.8m) to € 11.4m. This includes € 1.6m one-off benefits, including a large rebate received from historical listing expenses in Belgium. For 2021 we expect to maintain a cost base comparable to 2020. On top of this, we are looking into further cost saving measures, including the possibility of subleasing and relocating from our Schiphol WTC headquarters. A relocation is expected to lead to additional annual cost savings of approximately € 0.4m. Additionally, once the phase-out of France is completed, shutting down the French operations should result in additional cost savings. Direct general expenses for France in 2020 amounted to € 2.6m. When we would enter the second phase of LifeCentral, the growth phase, our cost ratio should improve further by realising operational synergies.

Indirect result

Our indirect result came to a negative € 287.1m for FY 2020. This was mostly related to negative property revaluations amounting to € 293.1m or 10.2% of our total portfolio value.

Uncertainty over potentially rising vacancies and a decline in market rents has led to a wait-and-see approach among real estate investors and financial institutions providing debt financing. This resulted in an absence of market transactions in the first half of 2020, with most deals already in process prior to the pandemic. In the second half of the year, a few transactions occurred in the French market. In the Netherlands, the investment market was focused largely on smaller convenience shopping centers. Despite this, we managed to sell two assets in 2020 and one in February 2021.

Values were adjusted downward to reflect higher expected vacancies, longer void periods, lower estimated market rents and higher yield assumptions (+0.1% to 5.9% for shopping centers) – a result of increased uncertainty in the investment market. Appraisers also included a notion of “material uncertainty” in their appraisals for the Belgian shopping centers, lacking comparable market transactions on which to base their valuations.

Compared with year-end 2019, property valuations in the Netherlands declined by € 112.9m (-10.5%), in France by € 122.0m (-15.0%), and in Belgium by € 58.8m (-6.0%) – of which € 3.4m relates to our Belgian office portfolio. The average EPRA Net Initial Yield (NIY) on the Dutch portfolio was 7.0% (+20bps compared to 2019), in France 4.9% (+30bps), and 5.6% (unchanged) for our Belgian shopping centers. Appraisers brought down their Estimated Market Rental Value (ERV) estimates across the board – despite the fact new leases in two out of three countries were agreed above December 2019 ERVs (+4.5% on average).

EPRA Net Tangible Assets (NTA) declined by 15.9% to € 27.74 per share, mainly due to negative portfolio revaluations. Total return for FY 2020 was € - 4.60 per share, following the decline in EPRA NTA and the pay-out to shareholders of a € 0.63 per share dividend for the third quarter of 2019, which was paid in January 2020.

Operations

Despite challenges this year, occupancy rates in our shopping centers increased by 20bps to 95.0% at rents that were 4.5% above market levels. Like-for-like (LFL) net rental income (NRI) declined by 21.0% mainly as result of provisions and arrangements for Covid-19. Lockdowns not only increased doubtful debts, but also lowered turnover-based rents and parking income. Lockdowns and forced store closures led to a year-on-year 22.8% decline in footfall. The number of leases signed remained strong and roughly equals the level of 2019.

Overview operational performance

	# of contracts	Leasing volume	ERV uplift	MGR uplift	Occupancy rate	LFL NRI growth
Shopping Centers						
Belgium	92	14.1%	7.0%	0.5%	94.4%	-19.1%
France	52	14.5%	-2.5%	-6.5%	92.8%	-39.7%
Netherlands	242	22.0%	6.4%	-4.7%	96.6%	-12.0%
Total Shopping Centers	**386**	**17.7%**	**4.5%**	**-3.8%**	**95.0%**	**-21.0%**

The effect of Covid-19 on our shopping center business was felt mainly in the second and fourth quarters. In the first lockdown, non-essential stores were closed only in Belgium and France (those in the Netherlands could remain open). During the third quarter, once lockdown measures in France and Belgium had been eased, visitor numbers recovered to around 85% of their 2019 levels. This resulted in improving business for our tenants as well as higher rent payments. During the second lockdown, in the early part of the fourth quarter, non-essential stores were again closed in Belgium and in France. Stores in these countries re-opened in early December; those in the Netherlands, however, were forced to close mid-December. Lockdown measures in the Netherlands remain in force at least until the 2nd of March 2021. In France, in all of our centers, the non-essential stores were forced to close again starting on the 31st of January 2021.

Belgium

Occupancy rates in our Belgian shopping centers declined to 94.4% - a result of increased bankruptcies (e.g. Camaïeu). During the year, 92 leasing deals were signed, on average at 7.0% above market rents. LFL NRI declined by 19.1%, including the impact on doubtful debts and turnover-based rents due to Covid-19. Visitor numbers at our centers decreased by 28.0% because of the pandemic, though the overall market fell even more with 29.3%.

Occupancy rates at our Belgian offices declined by 11.7pp to 77.5%. The decrease was the result of the departure of Monster and Amadeus at Medialaan, and Argenta and Proximus in Veldekens. As a result of increased vacancies during the year, LFL NRI growth was 1.5% lower (both including and excluding doubtful debts). Office space represents 4% of the Company's overall portfolio value and 4.0% of our gross rental income.

France

Following a decline in the first quarter, occupancy rates in our French portfolio improved by 2.3% by year-end 2020 and, for the year as a whole, were stable at 92.8%. During 2020, 52 leasing deals were agreed for our current portfolio – on average, at 2.5% below market levels**.** LFL NRI declined by 39.7%, including the impact on doubtful debts, turnover-based rents and parking income due to Covid-19. This included -4% due to temporary vacancies for renovation work at Saint Sever and Mériadeck. In France, both the first and second lockdowns significantly affected our activities. Customers, however, returned to our centers with enthusiasm once lockdown measures were lifted. Footfall declined by 33.5% for the year versus the national market index of -26.1% and city-center index of -35.1%. Lower footfall was mainly visible in the cinema-anchored centers Docks 76 and Docks Vauban. The latter center also had a larger impact from being more exposed to tourism.

At present, non-essential stores in France are still closed, including fitness, F&B and cinemas. Activities like sports, services, household goods and DIY have proved resilient despite continued restrictions. Close relations with our tenants enabled us to efficiently manage negotiations for lockdown periods. During the year, three stores previously occupied by Pittarosso were quickly replaced by Chaussea. As leisure anchors to our centers, two cinema contracts were renewed: the first with Pathé at Docks 76 in Rouen, and the second with Gaumont at Docks Vauban in Le Havre, both at market rent levels. Quality food hall operator Biltoki, meanwhile, will open a store in 2021 at Docks 76, where local food retail will be further strengthened by the addition of a Carrefour City.

The Netherlands

Occupancy rates in our Dutch portfolio improved by 1.5% to 96.6%. During the year, 242 deals were signed at, on average, 6.4% above market rent levels. LFL NRI declined by 12.0%, including the impact on doubtful debts and turnover-based rents due to Covid-19. Footfall declined by 14.7% versus the national index of 16.4%. The Tilburg location formerly occupied by Hudson's Bay (HBC) was leased out to De Koopman on a temporary turnover-based rental contract. In November, the Amsterdam District Court confirmed Wereldhave's claim relating to the rental guarantee agreed by HBC. During the year, Wereldhave signed a package deal for four locations with TerStal.

On 13 October, the Dutch government announced a partial lockdown (affecting mainly the food & beverage sector), followed by a full lockdown with forced store closures from 15 December.

Occupancy rates

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Belgium	96.3%	96.4%	96.0%	96.3%	94.4%
France	92.8%	90.5%	90.6%	90.7%	92.8%
Netherlands	95.1%	94.8%	96.4%	96.4%	96.6%
Shopping centres	**94.8%**	**94.1%**	**94.8%**	**94.9%**	**95.0%**
Offices (Belgium)	89.2%	87.0%	87.0%	85.1%	77.5%
Total portfolio	**94.6%**	**93.8%**	**94.4%**	**94.4%**	**94.1%**

Footfall

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Shopping Centers					
Belgium	5.9%	-7.1%	-51.3%	-13.6%	-38.5%
France	2.2%	-18.5%	-56.8%	-19.9%	-39.3%
Netherlands	1.8%	-4.3%	-22.9%	-6.8%	-22.5%
Overall	**-0.8%**	**-12.1%**	**-37.3%**	**-11.8%**	**-30.4%**

Due to forced closures during the second and fourth quarters, we are unable to provide meaningful figures for tenant sales and occupancy cost ratios for 2020.

Portfolio, disposals & investments

Wereldhave's strategy is focused on anticipating long-term trends by transforming our centers into strong, future-proof Full Service Centers. To maximize long-term value growth for shareholders, we focus only on those centers that will deliver above market total returns. We call this our LifeCentral strategy. Transformation does not need to happen overnight. Our LifeCentral strategy will be implemented at a controlled pace; there is no immediate need to free up cash to finance implementation. With regard to the phase-out of our operations in France, we are working towards securing the right deal at the right price. We will focus primarily on an asset-by-asset sale during 2021 and 2022. Our initial guidance remains unchanged – we expect to finalize this process by year-end 2022.

Covid-19 has underlined the need for change; it has also opened up opportunities. We have created more financial headroom, and this has allowed us to delay part of our disposal program to after the pandemic. Effective vaccine campaigns should result in governments easing or lifting measures currently impacting our business. We expect disposal prices to improve at the same time, and thus returns for our shareholders.

Standing portfolio

	2020	2019	Change
Net Rental Income			
Belgium	36,927	46,374	-20.4%
France	22,740	38,501	-40.9%
Netherlands	66,826	79,984	-16.5%
Total Shopping Centers	**126,493**	**164,860**	**-23.3%**
Offices	6,536	6,614	-1.2%
Total	**133,029**	**171,474**	**-22.4%**

	2021	2022	2023	2024	2025	2026	2027	≥ 2028	Indefinite
Lease expiries [1]									
Belgium	11.8%	8.3%	6.2%	6.4%	7.4%	5.1%	14.2%	39.9%	0.7%
France	6.8%	3.5%	6.0%	6.3%	5.0%	5.6%	8.7%	42.3%	15.6%
Netherlands	8.1%	13.6%	11.3%	12.7%	12.8%	7.4%	5.3%	20.4%	8.5%
Total Shopping Centers	**8.9%**	**9.7%**	**8.6%**	**9.4%**	**9.4%**	**6.3%**	**8.7%**	**31.2%**	**7.9%**
Offices	11.0%	2.0%	8.3%	12.1%	1.7%	26.3%	7.7%	30.9%	0.0%
Total	**9.0%**	**9.4%**	**8.6%**	**9.5%**	**9.1%**	**7.1%**	**8.6%**	**31.2%**	**7.6%**

1 Lease end date

	Number of assets	Surface owned[1]	Annualised gross rent [1,2]	Net value	Revaluation	EPRA NIY
Portfolio overview						
Belgium	9	220.0	48.6	830	-6.3%	5.6%
France	6	196.6	40.9	691	-15.0%	4.9%
Netherlands	14	392.2	79.6	966	-10.5%	7.0%
Total Shopping Centers	**29**	**808.8**	**169.1**	**2,487**	**-10.5%**	**5.9%**
Offices	2	62.4	6.7	91	-3.6%	6.8%
Total	**31**	**871.2**	**175.8**	**2,578**	**-10.2%**	**6.0%**

1 Excluding developments
2 As per 31 December 2020, excluding parking income

Disposal program

We aim to reduce our financial leverage as a company, focus on Full Service Centers in the Benelux and improve future returns produced by our portfolio. Consequently, we still intend to phase out our French operations before year-end 2022, and sell assets with below-threshold Internal Rates of Return (IRRs) and /or assets, which we cannot successfully transform into Full Service Centers.

The phase-out of our French operations was initiated in February 2020, with a view to finalizing the process by year-end 2022. During the first half of the year we ran an extensive process in order to receive a decent number of NDA's and LOI's for a full portfolio sale. Despite delays related to lockdowns, we entered into exclusive due diligence negotiations with a prospective buyer during the second half of the year. In the meantime, the investment market in France had started to focus on local and small-scale convenience centers. Our centers did not correspond to this specific profile, being located mainly in large, regional cities. Conditions for negotiations deteriorated as France went into a second national lockdown. We decided not to pursue discussions – particularly as the medium-term outlook had improved in the meantime, with the approval of new Covid-19 vaccines and an increased traction witnessed for our Dutch disposals. To maximize shareholder value, we will focus primarily on an asset-by-asset sale during 2021 and 2022.

At the end of the year, we disposed our Emiclaer shopping center in Amersfoort, as well as Les Passages Mériadeck in Bordeaux. The total gross proceeds for both transactions amounted to € 57m. Combined, the two transactions were executed at a disposal price close to book value at end-December 2020.

On February 11, 2021, we have sold our part of shopping center In de Bogaard in Rijswijk to SB Real Estate B.V., a subsidiary of HAL Investments B.V. The gross proceeds of this transaction amounted to € 26m. The last two Dutch non-core assets are currently in exclusive negotiations with prospective buyers.

Full Service Center transformations

Full Service Center transformations will be done step-by-step. This agile approach keeps risks low during development. Transformations that we have currently planned are Vier Meren in Hoofddorp, Tilburg city-center, Belle-Île in Liège and Ring Shopping in Kortrijk.

Our Presikhaaf shopping center provides a good example of what comes closest to a Full Service Center transformation. At the moment of acquisition in 2014, Wereldhave saw an opportunity to transform the center. Presikhaaf is located in the middle of a residential area in Arnhem close to a wide range of amenities, including Presikhaaf Park, a library, a pharmacy, a healthcare center, elderly care, child care, cultural activities, as well as several schools and sports facilities.

Over the past five years, the center has been upgraded to cater for the daily needs of the local community. Refurbishing the entrances, storefronts, furnishings and floors created a new, modern look & feel. The latest amenities were added to make the visitor journey easy and pleasant: high-quality restrooms, new sign-posting as well as an upgraded children's play area. Presikhaaf boasts the largest ethnic supermarket in the Netherlands. We also expanded our food & beverage offer, brought in specialty fresh food zones, a fitness center, an automated pharmacy and a new healthcare plaza – all good reasons for visitors to come to the center. To support local retailers, we also introduced the last-mile delivery platform "Presikhaaf Connect".

In 2020, Presikhaaf was nominated for the National Council of Shopping Centers' (NRW) annual prize. The NPS core for Presikhaaf stands at a relatively high level of +12 in 2020, in line with 2019. The upgrade of the center also had a material impact on customer satisfaction: visitor ratings on Google improved from 3.5 in 2017 to 4.0 in 2020.

Development portfolio

The redevelopment of Presikhaaf in Arhem was completed within the original budget of € 23m and with occupancy rate above 95%. At our Koperwiek center in Capelle aan den IJssel the second phase of redevelopment was completed successfully within budget. With 96% of space pre-let, the redevelopment project delivered a 5.4% net yield-on-cost. In this phase a Jumbo supermarket and a fresh food area were created. We have prepared the next transformational phase, which involves the extension with food & beverage. To convert Koperwiek into a Full Service Center, we are currently considering adding leisure & entertainment, as well as housing. In Tilburg, the C&A unit has been delivered at the former Emmapassage. Following demolition of the Emmapassage, the Frederikstraat South has been under construction during the year. Completion for this area is still on schedule for 2022. We have committed to the extension and refurbishment of Sterrenburg in Dordrecht, which mainly involves the creation of a new Jumbo food market. Completion for this is due in the first quarter of 2022. The preparations for the transformation of Vier Meren in Hoofddorp into a Full Service Center are underway. In Belgium, we have committed to the first phase of the Full Service Center transformation of Ring Shopping in Kortrijk, which involves a refurbishment of the facades, refurbishment of the F&B area and an extension. The refurbishment of BelleÎle has been completed and we are awaiting building permission for the extension.

Key development projects

(In €m)	Total investment	Actual costs	Estimated capex 2021	Estimated capex after 2021	Unlevered IRR	Pre-let rate	Completion
Committed							
Tilburg	12	1	9	2	7%	23%	2022
Sterrenburg	14	5	5	4	7%	97%	2022
Ring Shopping Kortrijk	12	1	6	5	7%	n.a.	2022
Other	35	2	24	9			
Committed total	**73**	**9**	**44**	**20**			

Creating outstanding service levels

During 2020, Wereldhave began developing two new last-mile delivery services. We signed a partnership with Parcls for our centers in the Netherlands. Under the partnership, Parcls will provide a delivery, pick-up and return service covering all parcel delivery companies. Our second new service is "Connect," developed in partnership with Shopforce. Connect allows customers to pre-order local groceries using a single online platform and choose either to pick up their order at our centers at a time that suits them, or have the order delivered to their homes.

Wereldhave recently launched UpNext: a new full-service label, specifically aimed at temporary leases in 13 Dutch centers. The retail world is rapidly changing and requires more flexibility. With UpNext, Wereldhave aims to attract and help aspiring entrepreneurs, retailers and brands reach thousands of consumers per day by quickly and flexibly opening a pop-up. For 2021 we plan to roll-out UpNext in Belgium.

Environmental, Social & Governance

We regard ESG as a key part of our value proposition to tenants, visitors and investors. Our sustainability program – “A Better Tomorrow” – has been developed to improve our environmental management, reduce waste and carbon, strengthen our investment in local communities, and help protect urban wildlife living close to our centers. Our ESG strategy is aligned with six of the UN’s Sustainable Development Goals.

In 2020, Wereldhave received widespread recognition for “A Better Tomorrow,” as well as approval for its future commitments. This included a GRESB 5 Star rating for the seventh consecutive year; all eligible Wereldhave centers have now been certified BREEAM Very Good and EPRA sBPR Gold was awarded for the fifth year in a row. We also improved our CDP (formerly Carbon Disclosure Project) climate score to A- from C in 2019. Wereldhave was again included in the Dow Jones Sustainability Indices (DJSI). Additionally, our strategy to reduce our climate impact was approved by the Science Based Targets initiative (SBTi). Our next step is to develop net zero carbon roadmaps for every Full Service Center transformation. These will help us meet our 2030 and Paris-proof / net zero targets and support further initiatives, such as the further installation of solar panels at our centers.

Remuneration & management alignment

Our 2020 AGM adopted a new remuneration policy aligned with our new strategy. Under the policy, base remuneration levels for members of our Board of Management will not change. The Total Shareholder Return (TSR) threshold for share vesting will become more ambitious with increased performance targets and the introduction of an absolute TSR hurdle. Additionally, during the first half of the year, management increased purchases of Wereldhave shares; Board members now own a total of 97,320 shares. These purchases – and the Company’s Long-Term Incentive (LTI) program – will help further align management interests with those of shareholders.

Following the departure of Kasper Deforche, Nicolas Beaussillon was appointed Chief Executive Officer and Executive Manager of Wereldhave Belgium NV/SA, effective January 1, 2021. Ine Beeterens was appointed Chief Operating Officer of Wereldhave Belgium NV/SA from the same date, which is in line with our philosophy to promote our up and coming talents.

Equity & NAV

On December 31, 2020, shareholders' equity including minority interest amounted to € 1,334.7m (December 31, 2019: € 1,550.3m). The number of shares in issue did not change during the year, at 40,270,921 ordinary shares.

€ per share	2020	2019	Change
IFRS NAV	27.97	32.78	-14.7%
EPRA NRV	30.26	35.87	-15.6%
EPRA NTA	27.74	32.97	-15.9%
EPRA NDV	26.59	31.80	-16.4%

Financing & capital allocation

Interest-bearing debt was € 1,252.8m at December 31, 2020, which together with a cash balance of € 67.0m resulted in a net debt for the year of € 1,185.8m. Undrawn borrowing capacity amounted to € 306m. Our net LTV ratio stood at 46.7% (year-end 2019: 44.8%). Assuming our new Green Revolving Credit Facility is fully drawn, Wereldhave’s gross LTV stood at 50.9% at year-end 2020, well below our bank covenant limit of 60%. At year-end 2020, our average cost of debt and Interest Coverage Ratio (ICR) were 1.92% and 5.3x (our bank covenant requires at least 2.0x) respectively. The weighted average term to maturity of the Company’s interest-bearing debt was 3.4 years.

During the year, new financing agreements were arranged with a total value of € 270m, partially refinancing maturing debt. In 2020, we introduced secured financing, using our quality portfolio of assets to raise liquidity in a cost-effective way during what were very challenging market conditions. Wereldhave also put in place two Green Financing Frameworks covering both Wereldhave N.V. and Wereldhave Belgium, integrating sustainability into our financing. Under this framework, we agreed a new € 125m Green Revolving Credit Facility with ABN AMRO Bank N.V. as sole lender. In September, Wereldhave also reached agreement on new and amended debt facilities worth over € 130m, to which € 70m was added in November, increasing our financial headroom; all debt obligations are now covered until the third quarter of 2022. As it requires only a modest volume, we are confident that in the first half of this year we will be able to further improve liquidity.

During the second half of 2020 and early 2021, Moody's has made several steps by improving the outlook for Wereldhave. After a downgrade in July from Ba2 to B1, Moody’s kept Wereldhave “under review for further downgrade.” This was upgraded to “negative outlook” in September following an improvement in the Company’s liquidity profile. We expect Moody's to upgrade the outlook for Wereldhave to 'Stable'. Wereldhave has completed its engagement with Moody’s regarding the credit rating, as the issuance of public debt is currently not part of our funding strategy. Furthermore, Wereldhave’s outstanding European Medium Term Note of € 10m has been repurchased and delisted.

Wereldhave’s disciplined capital allocation framework is focused towards a strong balance sheet, delivering outperforming long-term value growth for shareholders through its investments, and returning appropriate dividends to shareholders. Wereldhave’s current LTV ratio – at 46.7% – is still above our target range of 30-40%. To ensure acceptable leverage and long-term growth, management has decided to allocate the Company’s recurring income partly to finance investments needed under its LifeCentral strategy, and partly to dividends.

Dividend

We will propose to distribute € 20m to shareholders as dividend. With this, we are slightly above the minimal cash dividend that we are required to distribute within our fiscal regime this year. Given our expected direct result and remaining disposals, this should have no impact on our LTV. This translates into a full-year 2020 dividend of € 0.50 per share. The ex-dividend date is April 28, 2021. The dividend will be payable from May 3, 2021.

Outlook

Wereldhave's ambition is to become the market leader in Full Service Centers in the Benelux, broaden customer experience and improve our digital capabilities. Through LifeCentral, we aim to transform our assets, rightsizing them to the new reality, capturing long-term trends, restoring the retail balance and adding new functions and uses. We expect to strengthen our balance sheet by divesting selected assets and phasing out our presence in France.

We are well positioned to transform our assets to Full Service Centers. The assets are at densely populated and well-connected locations, and the gap between our current retail rent levels and mixed-use is modest. Therefore there is a limited negative effect on cash flows as a result of the transformations. Capital allocation will be based on total property returns, with a disciplined, data-driven, fact-based approach. Assets with below target IRRs will be sold.

We have set ourselves several priorities: reducing leverage through our disposal program in the Netherlands and the planned phase-out of our French operations, executing on four Full Service Center transformation projects (Belle-Île, Tilburg City-center, Vier Meren, Ring Shopping), extending debt maturities, increasing cost-efficiency and maintaining our leading position in ESG.

We expect a direct result for 2021 of between € 1.80 and € 2.00 per share, which takes into account the disposal of In de Bogaard, and two additional disposals in the Netherlands to be executed during the first half of the year, and assuming no impact from further lockdown measures (in particular forced store closures), other than those we are already aware of. On average in 2020, the direct impact on our direct result per share for one month lockdown and forced store closures amounted approximately to € 0.15 per share.

Wereldhave maintains its long-term dividend policy with a pay-out ratio of 75-85% of direct result per share. Due to planned disposals and our LifeCentral strategy, direct result per share will gradually decrease to reach a low in 2022 of € 1.40-1.50. From there, we expect to deliver growth again of 4-6% a year. At the next AGM, we will propose a dividend for 2020 of € 0.50 per share.

Conference call / webcast

Wereldhave will hold a webcast at 10.00 CET today to present its results for 2020. Access to this (live) webcast is via www.wereldhave.com. Questions may be forwarded by email ahead of time to ruud.van.maanen@wereldhave.com

Consolidated statement of financial position

at December 31, 2020

(x € 1,000)	Note	December 31, 2020	December 31, 2019
Assets			
Non-current assets			
Investment property in operation		2,513,429	2,833,690
Lease incentives		5,482	5,639
Investment property under construction		58,669	67,357
Investment property	5	**2,577,580**	**2,906,686**
Property and equipment		5,419	6,026
Intangible assets		273	517
Derivative financial instruments		13,965	34,024
Other financial assets		2,790	826
Total non-current assets		**2,600,028**	**2,948,080**
Current assets			
Trade and other receivables		51,167	49,391
Tax receivables		11,027	15,008
Derivative financial instruments		10,324	-
Cash and cash equivalents		67,000	20,834
Total current assets		**139,518**	**85,232**
Investments held for sale		3,200	9,880
Total assets		**2,742,746**	**3,043,192**

(x € 1,000)	Note	December 31, 2020	December 31, 2019
Equity and Liabilities			
Equity			
Share capital		40,271	40,271
Share premium		1,711,033	1,711,033
Reserves		-627,008	-431,705
Attributable to shareholders		**1,124,296**	**1,319,598**
Non-controlling interest		210,387	230,682
Total equity		**1,334,683**	**1,550,281**
Non-current liabilities			
Interest-bearing liabilities	7	971,017	1,167,684
Deferred tax liabilities		711	1,227
Derivative financial instruments		27,354	25,414
Other long-term liabilities		33,172	34,615
Total non-current liabilities		**1,032,255**	**1,228,941**
Current liabilities			
Trade payables		14,864	8,436
Tax payable		9,514	14,751
Interest-bearing liabilities	7	281,762	167,973
Other short-term liabilities		69,313	72,430
Derivative financial instruments		355	381
Total current liabilities		**375,808**	**263,971**
Total equity and liabilities		**2,742,746**	**3,043,192**

Consolidated income statement

for the year ended December 31, 2020

(x € 1,000)	Note	2020	2019
Gross rental income		189,372	206,589
Service costs charged		31,030	34,274
Total revenue		**220,402**	**240,863**
Service costs paid		-40,130	-40,575
Property expenses		-47,243	-28,814
Net rental income	9	**133,029**	**171,474**
Valuation results		-293,064	-448,343
Results on disposals		202	49
General costs		-14,188	-17,098
Other income and expense		-178	-156
Operating result		**-174,200**	**-294,073**
Interest charges		-28,900	-28,382
Interest income		16	70
Net interest		**-28,884**	**-28,312**
Other financial income and expense		7,384	-1,516
Result before tax		**-195,699**	**-323,902**
Income tax		1,479	4,444
Result from continuing operations		**-194,221**	**-319,457**
Result from discontinued operations		-	506
Result for the year		**-194,221**	**-318,951**
Result attributable to:			
Shareholders		-186,932	-328,741
Non-controlling interest		-7,289	9,790
Result for the year		**-194,221**	**-318,951**
Basic earnings per share from continuing operations (€)		-4.65	-8.18
Diluted earnings per share from continuing operations (€)		-4.65	-8.18
Basic and diluted earnings per share from discontinued operations (€)		-	0.01
Basic earnings per share (€)		-4.65	-8.17
Diluted earnings per share (€)		-4.65	-8.17

Consolidated statement of comprehensive income

for the year ended December 31, 2020

(x € 1,000)	Note	2020	2019
Result from continuing operations		-194,221	-319,457
Result from discontinued operations		-	506
Result		**-194,221**	**-318,951**
Items that may be recycled to the income statement subsequently			
Effective portion of change in fair value of cash flow hedges		12,349	2,989
Changes in fair value of cost of hedging		735	2,056
Items that will not be recycled to the income statement subsequently			
Remeasurement of post-employment benefit obligations		84	-200
Total comprehensive income		**-181,054**	**-314,106**
Attributable to:			
Shareholders		-173,807	-323,782
Non-controlling interest		-7,246	9,676
		-181,053	**-314,106**

Consolidated statement of changes in equity

for the year ended December 31, 2020

	Attributable to shareholders							
(x € 1,000)	Share capital	Share premium	General reserve	Hedge reserve	Cost of hedging reserve	Total attributable to share-holders	Non- con-trolling interest	Total equity
Balance at January 1, 2019	**40,271**	**1,711,033**	**4,495**	**-9,605**	**-1,706**	**1,744,489**	**231,348**	**1,975,836**
Comprehensive income								
Result	-	-	-328,741	-	-	-328,741	9,790	-318,951
Remeasurement of post-employment obligations	-	-	-133	-	-	-133	-67	-200
Effective portion of change in fair value of cash flow hedges	-	-	-	3,036	-	3,036	-47	2,989
Changes in fair value of cost of hedging	-	-	-	-	2,056	2,056	-	2,056
Total comprehensive income	**-**	**-**	**-328,874**	**3,036**	**2,056**	**-323,782**	**9,676**	**-314,106**
Transactions with shareholders								
Shares for remuneration	-	-	318	-	-	318	-	318
Share based payments	-	-	-201	-	-	-201	-	-201
Dividend	-	-	-101,480	-	-	-101,480	-5,947	-107,427
Change non-controlling interest	-	-	276	-	-	276	-4,386	-4,110
Other	-	-	-22	-	-	-22	-9	-31
Balance at December 31, 2019	**40,271**	**1,711,033**	**-425,488**	**-6,569**	**350**	**1,319,598**	**230,682**	**1,550,281**
Balance at January 1, 2020	**40,271**	**1,711,033**	**-425,488**	**-6,569**	**350**	**1,319,598**	**230,682**	**1,550,281**
Comprehensive income								
Result	-	-	-186,932			-186,932	-7,289	-194,221
Remeasurement of post employment obligations	-	-	57			57	27	84
Effective portion of change in fair value of cash flow hedges	-	-		12,333		12,333	16	12,349
Changes in fair value of cost of hedging	-	-			735	735	-	735
Total comprehensive income	**-**	**-**	**-186,875**	**12,333**	**735**	**-173,807**	**-7,246**	**-181,053**
Transactions with shareholders								
Shares for remuneration	-	-	-1,031			-1,031	-	-1,031
Share based payments	-	-	725			725	-	725
Dividend	-	-	-25,370			-25,370	-5,770	-31,140
Change non-controlling interest	-	-	4,210			4,210	-7,265	-3,055
Other	-	-	-29			-29	-14	-43
Balance at December 31, 2020	**40,271**	**1,711,033**	**-633,858**	**5,764**	**1,085**	**1,124,296**	**210,387**	**1,334,683**

Consolidated cash flow statement

for the year ended December 31, 2020

(x € 1,000)	Note	2020	2019
Operating activities			
Result		**-194,221**	**-318,951**
Adjustments:			
Valuation results		293,064	448,343
Net interest		28,884	28,312
Other financial income and expense		-6,179	1,504
Results on disposals		-202	-555
Taxes		-1,346	-4,854
Amortisation		2,123	1,928
Movements in working capital		2,089	-11,219
Cash flow generated from operations		**124,212**	**144,507**
Interest paid		-27,542	-29,060
Interest received		16	70
Income tax		755	-687
Cash flow from operating activities		**97,441**	**114,831**
Investment activities			
Proceeds from disposals direct investment properties		103,834	13,518
Proceeds from disposals indirect investment property		-	-2,696
Investments in investment property		-62,327	-80,345
Investments in equipment		-108	-500
Investments in financial assets		-1,964	-109
Investments in intangible assets		-110	-78
Cash flow from investing activities		**39,325**	**-70,210**
Financing activities			
Proceeds from interest-bearing debts		358,708	272,760
Repayment interest-bearing debts		-411,568	-313,317
Movements in other long-term liabilities		-3,971	-2,046
Other movements in reserve		-496	319
Transactions non-controlling interest		772	-
Dividend paid		-34,046	-107,427
Cash flow from financing activities		**-90,600**	**-149,711**
Increase/decrease in cash and cash equivalents		46,166	-105,091
Cash and cash equivalents at January 1		20,834	125,925
Cash and cash equivalents at December 31		**67,000**	**20,834**

Notes to the consolidated financial information

1 Reporting Entity

Wereldhave N.V. ('the Company') is an investment company which invests in real estate (shopping centers and offices). The property portfolio of Wereldhave N.V. and its subsidiaries ('the Group') is located in Belgium, France and the Netherlands. The Group is principally involved in leasing investment property under operating leases. The property management is performed by Group management companies. The Company is a limited liability company incorporated and domiciled in the Netherlands. The address of the Company's registered office is Schiphol Boulevard 233, 1118 BH Schiphol. The shares of the Company are listed on the Euronext Stock Exchange of Amsterdam.

2 Tax status

Wereldhave N.V. has the tax status of an investment company (FBI status) in accordance with section 28 of the Dutch 'Wet op de Vennootschapsbelasting 1969'. This status assumes that the Group is (almost) exclusively engaged in portfolio investment activities. As a consequence, corporation tax is due at a rate of 0% in the Netherlands, provided that certain conditions are met. The main conditions concern the requirement to distribute the taxable result as dividend and restrictions with regard to the leverage. The taxable result of Wereldhave N.V. must be distributed as a dividend to its shareholders within eight months after the year during which the result was made. In general terms, the leverage restrictions imply that investments in real estate (including qualifying real estate companies) may only be financed through debt up to a maximum of 60% of their value. For investments in other assets the maximum level of debt allowed is only 20%. There is no requirement to include capital gains, arising on disposal of investments, in the result to be distributed.

The subsidiaries in Belgium (OGVV status) and France (SIIC status) have a similar status. In Belgium the net value of one single asset may not exceed 20% of the total Belgium portfolio. Our largest asset in Belgium, Belle-Ile, exceeds the threshold of 20% at December 31, 2020. The FSMA provided a concession for a maximum period of 2 years expiring December 31, 2022.

3 Basis of preparation results 2020

The accounting principles applied for preparation of this press release are based on International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code. The accounting policies are consistent with those of the annual financial statements for the year ended December 31, 2019, except as described below. The figures of this press release are unaudited.

The consolidated financial information for the period ended December 31, 2020 has been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property and derivative financial instruments that have been measured at fair value.

Valuations are performed as of the financial position dates 30 June and 31 December by professional independent external valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial information. The valuation reports of our Belgian shopping centers include a material valuation uncertainty statement due to Covid-19 and lack of relevant market information. For these properties there is a lower level of certainty and more caution should be applied to the values than would be the case under normal market conditions. For the avoidance of doubt, the appraisers state the inclusion of the material valuation uncertainty paragraph does not mean that the estimated valuations for these shopping centers cannot be relied upon.

The preparation of this consolidated financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial information in the period the assumptions changed. Management believes that the underlying assumptions used for the preparation of the financial information are appropriate.

The Covid-19 pandemic developed rapidly in 2020 and negatively affected the results for the year 2020. The lockdowns and resulting uncertainty on the developments of Covid-19 impacted our operations. The resulting market circumstances impacted our valuations, investment markets as well as the discussions with financing institutions to secure our liquidity profile. We have taken a number of measures to preserve liquidity, amongst others the deferral of large development projects. During the year we have been able to secure our liquidity until Q3 2022 in a worst-case scenario and continue negotiations to extend our liquidity further. However, there still is uncertainty resulting from Covid-19 that may cause the company to be unable to realize its disposal program, refinance expiring debt facilities and discharge its liabilities as it would in the normal course of business. Based on the facts and circumstances known at this moment, our liquidity forecasts as well as various stress tests of our liquidity and covenants, management determined that the use of the going concern assumption is warranted.

In cases where concessions for Covid-19 are granted to lessees relating to past and due rents these concessions are accounted for under IFRS 9. Under IFRS 9 the concessions are recorded as an impairment on tenant receivables and directly charged to the profit and loss account as part of property expenses. In cases where the concession qualifies as a lease modification, for instance due to extension of the lease term or changes to future payments, IFRS 16 applies. Under IFRS 16, the concession is treated as a lease incentive which is straight-lined over the minimum term of the lease as a reduction of rental income. The accounting treatment of concessions granted as well as the expected credit losses on our tenant receivables had a negative impact of € 24 million on the result for the period ended December 31, 2020.

New and amended standards adopted by the Group
As of January 1, 2020 the following standards became effective but did not have an impact on the Company's consolidated financial information.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

On May 28, 2020, the standard relating to Covid-19-Related Rent Concessions (Amendment to IFRS 16) was issued. The standard provides a practical expedient that allows lessees to account for Covid-19 rent concessions as if they were not a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020 with earlier application permitted. This amendment had no impact on the consolidated financial information of the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4 Segment information

Geographical segment information 2020

(x € 1,000)	Belgium	France	Netherlands	Headoffice	Total
Result					
Gross rental income	59,429	42,812	87,132	-	189,372
Service costs charged	7,779	13,387	9,864	-	31,030
Total revenue	**67,208**	**56,198**	**96,996**	**-**	**220,402**
Service costs paid	-10,003	-18,794	-11,333	-	-40,130
Property expenses	-13,742	-14,665	-18,837	-	-47,243
Net rental income	**43,463**	**22,740**	**66,826**	**-**	**133,029**
Valuation results	-58,876	-122,040	-112,148	-	-293,064
Results on disposals	308	6,876	-6,982	-	202
General costs	-3,205	-2,576	-2,201	-6,207	-14,188
Other income and expense	-102	-13	-	-64	-178
Operating result	**-18,411**	**-95,012**	**-54,506**	**-6,270**	**-174,200**
Interest charges	-2,685	-16,811	-18,189	8,786	-28,900
Interest income	3	-	12	-	16
Other financial income and expense	-1,091	-	-	8,475	7,384
Income tax	6	-581	593	1,460	1,479
Result from continuing operations	**-22,178**	**-112,404**	**-72,089**	**12,450**	**-194,221**
Result from discontinued operations	-	-	-	-	-
Result	**-22,178**	**-112,404**	**-72,089**	**12,450**	**-194,221**
Total assets					
Investment properties in operation	906,878	689,477	917,074	-	2,513,429
Investment properties under construction	12,635	-	46,035	-	58,669
Assets held for sale	-	-	3,200	-	3,200
Other segment assets	22,259	44,417	292,629	1,274,321	1,633,626
minus: intercompany	-206	-	-65,000	-1,400,972	-1,466,178
	941,565	**733,894**	**1,193,938**	**-126,651**	**2,742,746**
Investments	**18,705**	**18,163**	**24,163**	**-**	**61,031**
Gross rental income by type of property					
Shopping centres	51,813	42,812	87,132	-	181,756
Offices	7,616	-	-	-	7,616
	59,429	**42,812**	**87,132**	**-**	**189,372**

Geographical segment information 2019

(x € 1,000)	Belgium	France	Netherlands	Headoffice	Finland (discontinued)	Total
Result						
Gross rental income	63,914	50,368	92,308	-	-	206,589
Service costs charged	7,880	17,222	9,172	-	-	34,274
Total revenue	**71,794**	**67,589**	**101,480**	**-**	**-**	**240,863**
Service costs paid	-10,407	-19,716	-10,452	-	-	-40,575
Property expenses	-8,397	-9,373	-11,044	-	-	-28,814
Net rental income	**52,989**	**38,501**	**79,984**	**-**	**-**	**171,474**
Valuation results	-17,498	-87,710	-343,135	-	-	-448,343
Results on disposals	6	-6	49	-	-	49
General costs	-3,931	-2,185	-2,467	-8,515	-	-17,098
Other income and expense	4	-2	-	-158	-	-156
Operating result	**31,569**	**-51,401**	**-265,569**	**-8,672**	**-**	**-294,073**
Interest charges	-2,660	-15,702	-20,675	10,654	-	-28,382
Interest income	53	-	13	3	-	70
Other financial income and expense	-686	-	-	-830	-	-1,516
Income tax	649	-396	3,915	276	-	4,444
Result from continuing operations	**28,925**	**-67,500**	**-282,315**	**1,432**	**-**	**-319,457**
Result from discontinued operations	-	-	-	-	506	506
Result	**28,925**	**-67,500**	**-282,315**	**1,432**	**506**	**-318,951**
Total assets						
Investment properties in operation	947,069	804,476	1,082,145	-	-	2,833,690
Investment properties under construction	12,615	-	54,742	-	-	67,357
Assets held for sale	7,480	-	2,400	-	-	9,880
Other segment assets	23,180	34,715	178,481	1,365,919	-	1,602,296
minus: intercompany	-201	-	-65,000	-1,404,830	-	-1,470,031
	990,143	**839,191**	**1,252,769**	**-38,911**	**-**	**3,043,192**
Investments	**22,164**	**14,539**	**39,593**	**-**		**76,296**
Gross rental income by type of property						
Shopping centres	56,315	50,368	92,308	-	-	198,990
Offices	7,599	-	-	-	-	7,599
	63,914	**50,368**	**92,308**	**-**	**-**	**206,589**

5 Investment property

(x € 1,000)	Investment property in operation	Lease incentives	Investment property under construction	Total Investment property
2020				
Balance at January 1	**2,833,690**	**5,639**	**67,357**	**2,906,686**
Purchases	422	-	-	422
Investments	41,128	-	19,481	60,609
From / to development properties	25,106	-	-25,106	-
To / from investments held for sale	-	-	-	-
Disposals	-96,116	-	-	-96,116
Valuations	-290,802	-	-3,062	-293,864
Other	-	-157	-	-157
Balance at December 31	**2,513,429**	**5,482**	**58,669**	**2,577,580**
2019				
Balance at January 1	**3,213,454**	**6,754**	**59,999**	**3,280,207**
Recognition of right-of-use asset on initial application IFRS 16	16,050	-	-	16,050
Adjusted balance at January 1	**3,229,504**	**6,754**	**59,999**	**3,296,257**
Purchases	18,188	-	-	18,188
Investments	33,009	-	25,099	58,108
From / to development properties	15,453	-	-15,453	-
To investments held for sale	-9,880	-	-	-9,880
Disposals	-6,529	-	-	-6,529
Valuations	-446,055	-	-2,288	-448,343
Other	-	-1,115	-	-1,115
Balance at December 31	**2,833,690**	**5,639**	**67,357**	**2,906,686**

Key assumptions relating to valuations:

	Belgium	France	Netherlands
2020			
Total market rent per sqm (€)	203	231	197
EPRA Net Initial Yield	5.7%	4.9%	7.0%
EPRA vacancy rate	8.1%	7.2%	3.4%
Average vacancy period (in months)	12	11	10
Bandwith vacancy (in months)	0-18	9-12	5-20
2019			
Total market rent per sqm (€)	204	231	203
EPRA Net Initial Yield	5.8%	4.6%	6.8%
EPRA vacancy rate	4.8%	7.2%	4.9%
Average vacancy period (in months)	8	11	10
Bandwith vacancy (in months)	0-18	6-15	5-15

6 Net asset value per share

The authorised capital comprises 75,000,000 million shares each with a nominal value of € 1. As at December 31, 2020, 40,270,921 ordinary shares were issued.

	2020	2019
Equity available for shareholders (x € 1,000)	**1,124,296**	**1,319,598**
Number of ordinary shares per 31 December	40,270,921	40,270,921
Purchased shares for remuneration	-79,259	-15,498
Number of ordinary shares per 31 December for calculation net asset value	**40,191,662**	**40,255,423**
Net asset value per share (x € 1)	**27.97**	**32.78**

7 Interest bearing liabilities

(x € 1,000)	December 31, 2020	December 31, 2019
Long term		
Bank loans	383,382	419,075
Private placement	587,635	739,137
EMTN	-	9,472
	971,017	**1,167,684**
Short term		
Bank loans	74,987	74,973
Private placement	121,825	-
Treasury notes	84,950	93,000
	281,762	**167,973**
Total interest bearing liabilities	**1,252,779**	**1,335,657**

(x € 1,000)	2020	2019
Balance at January 1	**1,335,657**	**1,358,318**
New funding	358,708	272,760
Repayments	-412,540	-313,317
Use of effective interest method	956	1,170
Effect of fair value hedges	-1,584	1,446
Exchange rate differences	-28,419	15,280
Balance at December 31	**1,252,779**	**1,335,657**

The carrying amount and fair value of long term interest bearing debt is as follows:

	December 31, 2020		December 31, 2019	
(x € 1,000)	carrying amount	fair value	carrying amount	fair value
Bank loans, private placement and EMTN	971,017	1,026,504	1,167,684	1,207,517
Total	**971,017**	**1,026,504**	**1,167,684**	**1,207,517**

8 Fair value measurement

(x € 1,000)	Total	Fair value measurement using: Quoted prices (Level 1)	Observable input (Level 2)	Unobservable input (Level 3)
2020				
Assets measured at fair value				
Investment property in operation	2,518,911	-	-	2,518,911
Investment property under construction	46,035	-	-	46,035
Investments held for sale	3,200	-	-	3,200
Financial assets				
Derivative financial instruments	24,289	-	24,289	-
Liabilities for which the fair value has been disclosed				
Interest bearing debt	1,308,266	-	1,308,266	-
Derivative financial instruments	27,709	-	27,709	-
2019				
Assets measured at fair value				
Investment property in operation	2,839,329	-	-	2,839,329
Investment property under construction	54,742	-	-	54,742
Investments held for sale	9,880	-	-	9,880
Financial assets				
Derivative financial instruments	34,024	-	34,024	-
Liabilities for which the fair value has been disclosed				
Interest bearing debt	1,375,490	-	1,375,490	-
Derivative financial instruments	25,795	-	25,795	-

9 Rental income by country

	Gross rental income		Property expenses, service costs and operating costs		Net rental income	
(x € 1,000)	2020	2019	2020	2019	2020	2019
Belgium	59,429	63,914	15,966	10,925	43,463	52,989
France	42,812	50,368	20,072	11,866	22,740	38,501
The Netherlands	87,132	92,308	20,306	12,324	66,826	79,984
Total	**189,372**	**206,589**	**56,344**	**35,115**	**133,029**	**171,474**

10 Related parties

The Board of Management, the Supervisory Board and subsidiaries of Wereldhave N.V. are considered to be related parties. The members of the Supervisory Board and of the Board of Management had no personal interest in any of the Company's investments during the year.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions if such terms can be substantiated.

11 Events after balance sheet date

On February 11, 2021, we have sold our part of the shopping center In de Bogaard in Rijswijk to SB Real Estate B.V., as subsidiary of HAL Investments B.V. The gross proceeds of this transaction amounted to € 26m.

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