

Wereldhave
BELGIUM

RING Kortrijk

Trading update

30 September 2022

better everyday life, better business

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 Belgium.

Results on 30 September 2022

STRONG OPERATIONAL RESULTS AND INCREASE OF THE OUTLOOK

- Increase in net result from core activities of 10.3% to € 31.1M (30 September 2021: € 28.2M);
- Slight increase in net asset value per share to € 77.87 (31 December 2021: € 77.19);
- Stable debt ratio of 28.5% (31 December 2021: 28.2%);
- Stable EPRA occupancy rate of the retail portfolio at 97.2% (30 June 2022: 97.0%);
- Strong increase in EPRA occupancy rate of the office portfolio to 82.4% (30 June 2022: 77.2%);
- Slight increase in the fair value of the investment properties portfolio at € 939.1M (31 December 2021: € 926M); and
- Increase of the outlook for the net result from core activities per share at the high end of the range between € 4.80 and € 4.85.

Key Figures

(x € 1,000)	30 September 2022	30 September 2021
Results		
Net rental income	43,087	38,605
Net result	46,022	21,826
Net result from core activities ¹	31,068	28,183
Net result from non-core activities ²	14,954	-6,357
Profit per share (x € 1)	5.23	2.57
Net result from core activities per share (x € 1)	3.53	3.31
Average number of shares (#)	8,797,202	8,506,358

(x € 1,000)	30 September 2022	31 December 2021
Balance sheet		
Properties available for lease ³	924,941	912,491
Development projects	14,208	13,514
Total investment properties	939,149	926,005
Shareholders' equity	691,958 ⁵	670,897 ⁴
Net asset value per share (x € 1)	77.87 ⁵	77.19 ⁴
Consolidated debt ratio	28.5%	28.2%
Share price (x € 1)	46.40	49.30
Number of shares (#)	8,886,001	8,692,063

¹The net result from core activities is the operating result before the portfolio result minus the financial result and taxation, and excluding variations in the fair value of financial derivatives (that are not treated as hedge accounting in accordance with IFRS 9) and other non-distributable items on the basis of the company financial statements of Wereldhave Belgium.

²The result from non-core activities (portfolio result) comprises the result on sale of property investments, the variations in the fair value of property investments, the other portfolio result, the variations in the fair value of financial assets and liabilities and taxes on capital gain latencies and the exit taxes paid.

³Fair value has been computed after deduction of the transaction costs (2.5%) incurred at the sales process. The independent valuation expert has carried out the valuation in conformity with 'International Valuation Standards' and 'European Valuation Standards'.

⁴Before profit distribution and before dividend payment.

⁵Before profit distribution financial year 2022 and after dividend payment financial year 2021.

Confirmation of the good performance of the whole portfolio thanks to solid operational and financial results

In an uncertain macro-economic context, marked by the significant increase in energy costs, a still tense geopolitical context and an inflationary trend likely to affect the profitability of projects, the Company closed the third quarter of 2022 again and for the fifth consecutive quarter with solid operational, rental and financial results.

First of all, the Company's shopping centres and shopping complexes recorded during the last quarter again a strong growth in both footfall and average dwell time. The number of visitors at the Company's five shopping centres increased by more than 8% compared to the same period in 2021 and was also in September 2022, for the first time since the outbreak of the pandemic, higher than in 2019 (+4.1%), which is encouraging. For the whole quarter, the footfall measured still ends up at -2% compared to the same period in 2019. This good performance should be seen in the context of a higher average purchase basket per visitor, resulting in higher sales for most of the Company's tenants in the first half of 2022 compared to the same period in 2019. The good performance of the Company's assets can also be seen in comparison with the figures published by the Belgian Council of Shopping & Retail Places (BLSC), which indicate that during the past quarter, the Belgian shopping centre sector still had, on average, 3.48% fewer visitors than in 2019.

Subsequently, the Company made great efforts to reduce energy consumption in order to minimise its impact on rental charges. Thanks to the good summer period, gas consumption was close to zero, while for electricity, the Company was able to save almost 26.7% of its consumption (compared to the average consumption between 2018 and 2021), notably by reducing lighting and providing less cooling in the common areas during the summer months. The main savings measure implemented was to optimise the HVAC installations in the shopping centres by accepting an increase in temperature by 3 degrees Celsius during the summer period. Further, the Company adjusted the timings of activation of outdoor lighting and façade lighting. Despite the heat of the summer months, these efforts, representing total electricity savings of 29,881 kWh in the third quarter (equivalent to the annual consumption of 10 families of 3-4 people), did not affect the comfort and customer's experience, so the Company will certainly manage its assets differently in the future to achieve lower sustainable consumption. The Company has also undertaken various initiatives (events, communication, etc.) in several of its assets to increase awareness among its tenants and visitors about the need for energy savings. Finally, the Company has also continued its efforts to obtain BREEAM certification for all its assets.

The summer period and the circumstances described above did not reduce the dynamism of the Company's retail property leasing activities, which has been visible for several quarters. Indeed, by 30 September 2022, the targets for the entire 2022 financial year had already been achieved. In the third quarter, 17 leases and lease renewals were concluded at terms and conditions that were on average 2% above the former applicable rent and 12% above the market rent. The Company's retail portfolio has also welcomed a number of new retailers in the last three months, such as State of Art, Tupperware, Gong Cha, Game Mania, Planet Yoghurt / Planet Pasta, etc. Thanks to these good results, both Shopping Belle-Ile and Shopping Nivelles are again 100% let. Finally, it should be noted that the new food court concept at Shopping 1 Genk ("EatMeet") has been almost fully let, with an official opening planned for the first quarter of 2023, which will strengthen the attractiveness of the shopping centre with an extended catering offer. As a result of this good momentum, the occupancy rate of the retail portfolio rose slightly from 97% at 30 June 2022 to 97.2% at 30 September 2022.

Regarding its office portfolio, the Company saw growing interest in its "The Sage" concept, with the (re)letting of more than 4,500 m² in the past quarter, mainly in The Sage Antwerp, where recently opened related services such as "Meet" (shared meeting rooms), "Muscles" (fitness), showers and "Scents" (ironing service) contributed to the interest of (new) retailers in this asset. For the first time in several years, the building The Sage Antwerp 1, located Roderveldlaan 1, is fully let. As for The Sage Vilvoorde, it should be noted that a nursery of 803 m² ("Ark van Noah") was successfully opened in the last quarter.

As a result of this strong leasing activity, the occupancy rate of the total portfolio increased compared to 30 June 2022 (from 93.9% to 95%). This increase occurred mainly in the office portfolio, where the occupancy rate at 30 September 2022 was 82.4% (77.2% at 30 June 2022).

Finally, the Company had also started the renovation of its Retail Park in Brugge, which consisted of the extension of one of the buildings, the construction of two new pavilions to attract smaller retailers and the renovation of the facades of the other buildings and the car park. In this regard, the Company will also shortly release the name of the new retailers and branding of this site.

Operational activities

Result of the quarter

The net rental income for the first nine months of 2022 amounted to € 43.1M, an increase of 11.7% compared to the same period in 2021 (€ 38.6M as per 30 September 2021). This increase is mainly due to the combination of higher occupancy compared to the same period in 2021 and a higher index.

The net result from core activities for the first nine months of the year increased from € 28.2M at 30 September 2021 to € 31.1M at 30 September 2022.

Properties available for lease

The fair value of the portfolio of properties available for lease amounted to € 924.9M at 30 September 2022, which is € 12.4M higher than the € 912.5M at 31 December 2021. Taking into account the investments in the portfolio during this period, the property values increased by 0.05% (€ 0.5M) compared to the values on 31 December 2021.

It should be noted that, on 30 September 2022, the weight of the value of Shopping Belle-Île within the Company's portfolio fell slightly below the regulatory threshold of 20% (19.09%). As this ratio was close to the 20% threshold, the Company monitors closely the evolution of this issue, together with the evolution of its debt ratio, in order to comply at any time with legal requirements. In this respect, the Company remains in regular contact with the FSMA.

As of 30 September 2022, the EPRA occupancy rate for the retail portfolio was 97.2%. This rate increased slightly compared to 30 June 2022.

The EPRA occupancy rate of the office portfolio increased from 77.2% at 30 June 2022 to 82.4% on 30 September 2022 as a result of attracting new tenants mainly in the Antwerp offices.

Development projects

The fair value of the development projects increased over the first nine months of 2022 compared to 31 December 2021 and amounted to € 14.2M on 30 September 2022 (€ 13.5M on 31 December 2021), due to investments in Shopping Belle-Île in Liège.

In the third quarter of 2022, the execution of the renovation project of the facades, entrances and outdoor terraces as well as the rebranding of Ring Kortrijk (€11.7M) continued. Completion is scheduled for the fourth quarter of 2022. In addition, the Company started the first phase of its redevelopment project at Brugge Sint Kruis (€ 2.1M). A first building has already been demolished and the reconstruction phase thereof has started. Subject to postponement due to delays in deliveries, the delivery of these works is scheduled for the end of the first quarter of 2023. Finally, the Company continued its multi-year programme to modernise and rebrand its office parks in Vilvoorde and Berchem (€ 8.7M). For the past quarter, this included the completion of related services such as "Meet" (shared meeting rooms), "Muscles" (fitness), showers and "Scents" (ironing service).

Shareholders' equity and net asset value

Shareholders' equity amounted to € 692M as per 30 September 2022 (€ 670.9M as per 31 December 2021). This increase resulted purely from the results generated over the past three quarters after deduction of dividends paid in May 2022.

The net asset value per share (total shareholders' equity / number of shares), after dividend distribution of the previous financial year and including profit from the last three quarters, amounted to € 77.87 at 30 September 2022 (€ 77.19 at 31 December 2021).

Financial structure and liquidity

The Company has a solid balance sheet structure, with a debt ratio of 28.5% at 30 September 2022 (28.2% on 31 December 2021).

In the past quarter, the Company did not close any new financings. Indeed, at the end of Q2, the Company successfully refinanced € 80M of credit lines that did not mature until Q2 of 2023. These were secured well in advance out of prudence in light of the rise in interest rates. As a result, the Company has no more maturities in 2023.

The financing structure of the Company is thus very strong as per 30 September 2022, both with regard to the availability of committed credit lines (€ 144.1M taking into account 100% coverage of the outstanding commercial paper) and the diversification of its financing sources (62% bank financing, 25% commercial paper and 13% bond financing).

The average interest rate on outstanding loans for the first nine months of 2022 was 1.60% (1.38% for the year 2021).

Forecasts

Taking into account the results for the first nine months of the financial year, the Company can confirm the outlook for net result from core activities at the high end of the range already announced, i.e. a net result between € 4.80 and € 4.85 per share for the financial year 2022.

Due to the uncertainties and consequences of the war in Ukraine (increased energy and construction prices, inflation, etc.) that still apply as well as its impact on the development of economic activity in general and that of the Company's tenants in particular, the Company assumes that this range should still be viewed with caution.

The Board of Directors of Wereldhave Belgium NV

Financial calendar

Press release annual results 2022 (before opening of the stock market)	Wednesday 8 February 2023
Annual financial report 2022	Wednesday 8 March 2023
General Meeting of Shareholders	Wednesday 12 April 2023
Ex-dividend date (ex coupon)	Monday 17 April 2023
Dividend record date	Tuesday 18 April 2023
Dividend 2022 payment	Wednesday 19 April 2023
Press release Q1 2023 (before opening of the stock market)	Thursday 20 April 2023
Press release Q2 2023 (before opening of the stock market)	Thursday 20 July 2023
Press release Q3 2023 (before opening of the stock market)	Friday 27 October 2023

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