

Trading update Q1 2018 Wereldhave

20 April 2018

- Occupancy shopping centres stable at 95.5%
- Occupancy increases in France and Belgium, stable in the Netherlands and a decrease in Finland
- Outlook reconfirmed: direct result FY 2018 at € 3.30 - € 3.40 per share

Our markets

The Dutch retail spending continues to benefit from the continued economic strength. The amount of bankruptcies in the retail sector continues to decrease. The strengthening of the economy results in both an increasing demand from international retailers showing confidence in the market by seeking new locations, as well as retailers rationalising their store base. A critical stance towards location quality remains key. We notice good interest for most of our Dutch centres, due to the improvements that have been implemented over the past years. Generally speaking, weaker locations are seeing continued downward pressure on rents. Market rents are broadly stable, with an upward trend for low-vacancy locations.

Following a strong year of recovery in Finland in 2017, the first quarter of this year continues to see a positive trend in terms of tenant demand for good quality retail locations. We notice good interest from food & beverage operators. International retailers express an interest to enter the Finnish market in 2019. Banks are closing their branches to reduce costs. This is impacting occupancy on the shorter term.

In Belgium the retail market can be described as cautiously optimistic. There is a divide between the strong, larger centres and smaller centres in less urbanised areas. To attract the most important anchor tenants in their shopping centres, landlords need to share the risk with retailers by accepting sales based rents or fit-out contributions. The development of

market rents is showing a stable picture for our quality centres. The confidence from investors in the Belgian shopping centre market has recently been underpinned by two major deals, shopping centre Dockx in Brussels and Rive Gauche in Charleroi.

In France private consumption is set to grow further following a recent recovery in economic activity and labour market. However, this is not yet filtering through in every segment for physical retail. We notice a cautiously increased demand from retailers for our centres. Rental values are stable for the best high street locations and prime regional out of town schemes. Rents are expected to decline in the other categories.



Operations

Wereldhave had a good start of the year. Our occupancy developed flat at 95.5%, despite the harsh retail conditions in France and a slight decrease in Finland. The 36.9m footfall was slightly above market average and a strong leasing activity was underpinned by signing of 112 leases signed on average slightly above prevailing market rent levels. Although at an early stage, the fundamentals of the French leasing portfolio improved. Occupancy moved up 20bps to 93.4% and 1.2% of the French rents were turned from temporarily contracts into permanent ones. With an approx. 50% increase in footfall in March, we can look back at a very successful opening of the Primark in Docks Vauban. This was followed by a very successful opening of the extension & refurbishment of Les Bastions in Tournai. Also we take pride in winning the NRW marketing prize for the best brand activation event in the Netherlands for the Black Friday Shopping Night.

Gross rental income for the first quarter of 2018 amounted to € 55.4m, which is 3% below Q1 2017. The decrease is largely due to disposals in the Netherlands in 2017, lower rental income in France, partially offset by positive rental growth in the Netherlands and Finland.

In Belgium, occupancy of the shopping centre portfolio went up by 30 bps to 95.2%. The lease for the Carrefour unit in Liège was not terminated and now expires in September 2021. For the Carrefour in Genk, no termination notice has been received yet. However,

Wereldhave Belgium continues to explore alternatives. Several prospective tenants have expressed their interest for both the Carrefour locations. New leases were signed with H&M, JBC, Kruidvat and Etam Lingerie in Tournai and Only in Genk Shopping1. Footfall in the Belgian shopping centres went up by 4.1%.

In France, new leases were signed with Bershka, SuperDry, Guess and Jungle Coffee. Occupancy stood at 93.4% at March 31, 2018 (Q4 2017: 93.2%). The occupancy structure also improved, as temporary leases accounting for 1.2% of the occupancy were replaced by permanent contracts. Turnover in the fashion industry has been soft. This will be reflected in our rental income through sales based rents. Footfall in the French centres went up by 3.9%. In Docks Vauban, Le Havre, the new Primark opened its doors on February 21, 2018. Since the opening, footfall in the centre increased by approx. 50%.

In the Netherlands, occupancy remained stable at 96.5%. New leases were signed with C&A (Vier Meren, Hoofddorp), Hoogvliet (Koninghoek, Maassluis) and Miss Etam (City Plaza, Nieuwegein). Footfall in the Dutch shopping centres decreased by 3.2%. Adjusted for impact of the redevelopments in Capelle aan den IJssel and Arnhem, footfall was roughly in line with the market average. Wereldhave's Black Friday Shopping Night was awarded the NRW marketing prize for the best brand activation event. Four shopping centres participated, engaging 388 retailers in the event, which was supported by a strong cross media strategy and campaign. The event boosted footfall and more than 70%



of the retailers reported sales above or far above target, with 43% of retailers even reaching record sales.

In Finland, occupancy decreased by 70 bps to 96.0%. The decrease is mainly due the departure of a bank, for which no immediate replacement has been found. New leases were signed with Stadium and Elisa. Taco Bell and Lucky Bastard signed for units in the new F&B area near the Finnkino cinema. JD Sports opened their first store in Finland and Regus opened a flex-office of approx. 1,000 m² above the shopping centre. Footfall in Itis went down by 2.0%, mainly due to the cinema construction and the impact on parking facilities.

Occupancy

	EPRA Occupancy				Δ Q1 vs	
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q4	Q1 2018
Belgium	95,6%	95,7%	96,1%	94,9%	+0,3%	95,2%
Finland	96,4%	96,3%	96,6%	96,7%	(0,7%)	96,0%
France	93,5%	93,3%	91,9%	93,2%	+0,2%	93,4%
Netherlands	95,8%	96,2%	96,1%	96,5%	-	96,5%
Shopping centres	95,3%	95,4%	95,3%	95,5%	-	95,5%
Offices (Belgium)	90,6%	92,0%	91,9%	91,7%	(1,4%)	90,3%
Total portfolio	95,1%	95,3%	95,1%	95,3%	-	95,3%

Portfolio

During the first quarter, Wereldhave sold 89 residential units above the Koperwiek shopping centre in Capelle aan den IJssel in the Netherlands. The transaction was completed for € 12.8m, which is at book-value.

In Belgium, the 15,000 m² extension of the Les Bastions shopping centre in Tournai was completed, with the grand opening on April 12, 2018. The centre doubled in size to 30,000 m² and together with the adjacent retail park, covers a total floor space of 40,000 m². The project was completed on schedule and within budget. Large and renowned international retailers have opened their stores, such as Zara, Bershka, JBC, Bel&Bo, Etam Lingerie and Armand Thiéry. The investment amounted to € 77m and the centre was 98% let before opening.

In France, the redevelopment of the Verrerie project in the Saint Sever shopping centre is progressing well. It will add an extensive food hall in front of the Kinopolis cinema. We have made further progress on pre-leasing, which currently stands at 75%. Completion of the € 22m investment project is scheduled for 2019.

In Finland, the creation of a 9-screen Finnkino with Finland's first IMAX theatre in the heart of the Itis shopping centre is well on track. Opening is scheduled at the end of 2018. The project also involves some retailer relocations and a food and beverage court in front of the cinema.



In the Netherlands, the redevelopment of Koningshoek in Maassluis was successfully concluded in the first quarter, with the opening of the Hoogvliet supermarket, the third supermarket in the centre. The total investment amounted to € 27m and the centre is 95% let.

In Arnhem, the € 19m redevelopment of Presikhaaf shopping centre is making good progress. Two supermarkets (Albert Heijn and Aldi) and a fresh court at the front of the centre were completed. The relocation of the third supermarket to the centre, Coop, will be completed by the end of 2018 / early 2019.

In Capelle aan den IJssel, the construction of a parking garage for 280 cars and the creation of a new food court with adjacent shops and a passage started in 2017. The investment amounts to approx. € 32m, with the first shops ready for fit-out by tenants from May 2018. The passage to improve the connection of both parts of the centre will be completed in the beginning of 2019.

In Tilburg, the City has adopted the zoning scheme for the second phase of the inner city redevelopment scheme. Plans for the creation of a passage between the Heuvelstraat and the redevelopment of the Emmapassage are currently being drafted, but the project is not yet committed.

Financing

Nominal interest bearing debt was € 1,586m at March 31, 2018, which together with a cash balance of € 23m gives a net debt of € 1,563m. Undrawn borrowing capacity amounted to € 181m and the Loan-to-value ratio stood at 41.1% (December 31, 2017: 40.7%). As at March 31, 2018 the average cost of debt and ICR were 1.91% and 6.3 x respectively and the EPRA NAV per share stood at € 50.08 (December 31, 2017: € 50.00).

Outlook

The operational performance is in line with our expectations. We will continue our program of asset rotation, as announced in the 2017 – 2019 management agenda. We pursue divestments of up to € 200m, of which until now € 90m has been achieved. Wereldhave reconfirms its outlook for 2018 of a direct result between € 3.30 and € 3.40 per share. Dividend for 2018 will be at a level of € 2.52, payable in four equal (interim) dividend payments of € 0.63 per quarter.



About Wereldhave

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

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

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

For more information: www.wereldhave.com

Feedback

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

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