

Trading update Q3 2019 Wereldhave

25 October 2019

- Gross rental income from continuing operations +4%
- Occupancy at 95.1%
- Footfall outperforming market average in all countries
- Outlook 2019 EPRA EPS reconfirmed at € 2.75 - € 2.80
- Dividend 2019 at € 2.52 or € 0.63 per quarter

Our markets

CEO Matthijs Storm: *“As announced with our H1 results, the CoolCat bankruptcy impacted operational results during the third quarter of 2019, first and foremost in The Netherlands. Nevertheless, in a tough operating market Wereldhave managed to outperform national footfall indices in all of its markets. Strong cost controls also enable Wereldhave to maintain its 2019 direct result per share target of EUR 2.75-2.80.*

We are making very decent progress with our strategic review applying a bottom-up asset by asset approach thereby enabling the company to make a shift from shopping centres to full service centres. The process allows us to make clear decisions about future locations and assets as well as the appropriate financial structure for the group. As we announced earlier, the outcomes of this strategic review will be presented to the market on the 7th of Feb 2020, together with our FY 2019 results”.

Belgium

The Belgian retail market shows its stable character. Dominant centres still attract attention from new tenants at good rental rates. Fashion is still struggling, but other segments are stepping in. The food & beverage segment is continuing to show a healthy demand for floor space. Optical chains, medical operators and services are also expanding. New leases are still at or slightly above market rents. Overall, sales in our Belgian shopping centres increased by 1.4% YTD and footfall increased by 4.5%.

The Netherlands

The number of retail outlets in the Dutch market is gradually decreasing, with limited new entrants to the market. Retail activity is moving to the dominant shopping areas. Generally, it takes longer before vacancies are filled, particularly in fashion. There were no bankruptcies in Q3. Grocery chains are still active in seeking expansion and DIY, furniture and household segments are doing well.

France

Retail sales in France increased by 0.8% compared to previous year and footfall increased by 0.5%. Sport and Health and Beauty are performing positive in all centres, whereas fashion sales growth is negative in four centres. Docks Vauban, due to Primark, and Saint Sever, due to the La Verrerie opening in December 2018, recorded an uptick in sales. The yellow vest protests seem to be gradually slowing down. However, in Rouen and Bordeaux, protests are still being held and quite active on the weekends. There were no major bankruptcies in Q3, but PittaRosso (shoes) announced in the beginning of October it will terminate its French operations. This will impact three units in Wereldhave’s portfolio with an estimated negative impact of 1% on occupancy.



Operations

Gross rental income for the first three quarters of 2019 amounted to € 151.8m, against € 145.7m on continuing operations in Q3 2018, an increase of 4%. The increase of rental income can be mainly attributed to the acquisition of two retail parks in Belgium in December 2018.

During the third quarter, average occupancy of the shopping centre portfolio decreased to 95.1% (H1 2019: 95.6%). Occupancy increased in Belgium and France, but as announced earlier, decreased in the Netherlands, mainly due to the bankruptcy of CoolCat. On average, overall footfall increased by 0.7%. Visitor numbers increased in Belgium and France and dropped slightly in the Netherlands, but footfall performance was above market averages in all countries.

In Belgium, occupancy increased by 0.1%. New leases with Albert Heijn, Holland & Barrett and Medi-Market nearly compensated for the departure of Carrefour in Genk. Footfall increased by 4.5%, with particularly Nivelles showing a strong performance. Only Belle-Île in Liège showed decreasing visitor numbers due to the ongoing refurbishment. The break-up of the Carrefour unit will be completed during the last quarter of 2019 and the space that was vacated by Carrefour is now almost fully let, with Decathlon and Action becoming the largest new anchors.

In the Netherlands, occupancy decreased to 96.1%, against 97.2% at Q2 2019. The decrease is primarily caused by the bankruptcy of CoolCat,

with 6 units in Wereldhave's Dutch portfolio. In Roosendaal, a lease was signed with Bomont, a local fashion retailer, but the other CoolCat units are still vacant. Package deals were signed for four new Nelson shoe stores, three Douglas stores and - at the beginning of the fourth quarter - for three Lucardi jewellery stores. In Arnhem, a dentist and a fitness operator were added to the Presikhaaf shopping centre. Visitor numbers decreased slightly in 2019 compared to the previous year (-0.1%), but Wereldhave's centres continued to outperform the national shopping centre index (-1.6%) and the Dutch city centre index (-3.6%).

Hudson's Bay Company announced that it will terminate its Dutch operations by the end of 2019. However, a formal notification to terminate the lease has not been received and rents until now have been fully collected. Wereldhave is already exploring several scenarios for the Tilburg property. It is situated on an A1-location in the sixth largest city of the Netherlands in terms of population, which provides a good perspective for multiple uses in combination with retail, such as offices, leisure, residential and student housing.

In France, a decrease of 2.0% in occupancy due to expiring leases was compensated by a 0.7% increase from new leases and rotations and 1.4% from temporary leases. At the end of the third quarter, occupancy in France ended at 92.2%. Footfall in the French centres increased by 0.5%. The strongest increase of +13% was seen in Saint Sever, Rouen, which benefited from the Verrerie project.



Occupancy

	EPRA					Q3 2019
	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Δ Q3	
Belgium	96.8%	97.2%	95.8%	96.2%	+0.1%	96.3%
Finland	96.5%	n.a.	n.a.	n.a.	n.a.	n.a.
France	93.7%	94.0%	92.2%	92.0%	+0.2%	92.2%
Netherlands	97.0%	97.1%	97.0%	97.2%	(1.1%)	96.1%
Shopping centres	96.2%	96.3%	95.5%	95.6%	(0.5%)	95.1%
Offices (Belgium)	90.6%	90.6%	88.9%	92.6%	(0.9%)	91.7%
Total portfolio	95.9%	96.1%	95.2%	95.5%	(0.5%)	95.0%

Portfolio

During the third quarter, there were no major changes to the portfolio.

Developments

In the Netherlands, the deal signed with MERT Supermarket is an important milestone for the redevelopment of the West square in Presikhaaf. The centre is now nearly fully let and construction of this final stage is expected to commence early in 2020. In Capelle aan den IJssel, the extension of a Jumbo supermarket and the addition of a third supermarket to the centre are still in preparation, as negotiations with contractors are being finalised.

In Tilburg, the second phase of the inner city redevelopment is well under way. The Emmapassage has been vacated and construction has started to create a new open air shopping street. The completion is

scheduled for the first half of 2020. Agreement was reached with the Municipality on the acquisition of a shop on the Heuvelstraat to create an entrance for the new passageway, that will connect the Emmapassage to the Frederikstraat, scheduled for completion in 2021.

In Dordrecht, plans for a new Jumbo food market and the addition of a second supermarket to the centre are in their final stages. Construction is expected to commence in the first quarter of 2020.

Organisation

During the third quarter, the Extraordinary General Meeting of shareholders (EGM) of Wereldhave N.V., approved the appointment of Mr. Matthijs Storm as Statutory Managing Director and Chief Executive Officer (CEO) of Wereldhave N.V. He started on August 1, 2019.

To strengthen the digital capabilities of Wereldhave and develop data-driven services, Tim Smeets has been appointed as Head of Digital Transformation per October 1st, 2019.



Strategic Review

Wereldhave is currently reviewing its business strategy, thereby conducting an asset by asset review of its portfolio. Wereldhave will provide the outcome of this strategic review with the publication of the 2019 FY results, scheduled on February 7, 2020.

Financing

On 16 September 2019 Moody's Investor Service has reconfirmed its long-term issuer rating of Wereldhave to Baa2, but changed its outlook to Negative.

Nominal interest bearing debt was €1,354m at September 30, 2019, which together with a cash balance of € 39m results in a net debt of € 1,315m. Undrawn borrowing capacity amounted to € 212m. The Loan-to-value ratio increased to 40.3% (June 30, 2019: 40.0%). As at September 30, 2019 the average cost of debt and ICR were 1.88% and 6.5x respectively and the EPRA NAV per share stood at € 40.91.

Sustainability

In September 2019, Wereldhave received the Gold status for EPRA BPR and sBPR. Also that month, and for the sixth consecutive year, Wereldhave has been awarded with the 'Five Star' rating by GRESB. With a 91/100 score, Wereldhave is the 3rd company in the European listed retail real estate sector (out of 13).

Wereldhave has completed most of its sustainability goals by the end of this year and is therefore reviewing its CSR strategy for 2020 - 2025. This will be part of the overall strategic review.

Outlook

Wereldhave reconfirms the outlook for the 2019 direct result between € 2.75 and € 2.80 per share. Dividend for 2019 will be at a level of € 2.52 per share, payable in four equal (interim) dividend payments of € 0.63 per quarter.



About Wereldhave

Wereldhave invests in dominant full-service centres for everyday life 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:

- ✉ investor.relations@wereldhave.com and / or
- ✉ sustainability@wereldhave.com

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Wereldhave is a member of the following organisations:

