Q1 2021

Trading update 23 April 2021

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Key items

Benelux disposal program almost completed

EUR 32m new financing arranged; expected to secure liquidity until Q3 2023 soon

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Shopping center occupancy relatively stable at 94%

Successful delivery of FSC concepts in 2020 pushes NPS score to +9 from +4

Outlook for 2021 direct result per share at the lower end of the previous guidance of € 1.80 - 2.00

Message from our CEO

Whilst all of us are awaiting the end of lockdowns and progress with vaccinations, Q1 again proved the resilience of our business. We are confident that, once restrictions are eased, physical retail will pick up quickly. Sales numbers from Belgium during Q1 were only 5-10% below what we believe are “normal” trading levels, despite restrictions in place and closed food & beverage (F&B) stores, underpinning our capacity to rebound from the current Covid-19 crisis.

For the time being, rent collection continues to require extraordinary efforts and, in Q1, came out below Q3 and Q4 2020 levels, as our Dutch portfolio spent a full quarter in lockdown for the first time. In addition, in the Netherlands and France, government support for our tenants is improving, but has not yet been finalized or paid. We are therefore taking a cautious approach to signing new Covid-19 related deals in order to avoid unnecessary discounts, particularly with larger chains. This had an impact on Q1 rent collection, especially in France.

I am proud of our leasing teams who, despite the workload related to Covid-19 deals, have managed to both keep occupancy rates relatively stable and sign a number of new food anchor deals. In France, we have secured several food anchors by renewing leases. We are also in advanced negotiations with a new food anchor at Docks Vauban in Le Havre following the departure of Leclerc last year and also signed two new anchor locations in the Netherlands. Additionally, we signed a package deal that secures the rental contracts for all six Dutch H&M stores. Over the past quarters H&M has decided to stay at all the locations within our portfolio.

On financing we were able to raise € 32m through the private placement of an inaugural green bond in Belgium, above our original € 30m target. This shows we can leverage our strong ESG performance in recent years to tap into more favorable green financing. Additionally, we are in advanced stages to extend other debt maturities. With these steps, we will likely extend our available liquidity from Q3 2022 to Q3 2023.

From a LifeCentral strategy perspective, we made significant progress during Q1, selling shopping center Etten-Leur. We are happy we have now sold the lower-quality tail of our Dutch portfolio. Additionally, we are close to finalising the sale of shopping center Koningshoek in Maassluis. Our view is that Dutch capital values for our centers are now bottoming out as a result of an active transaction market and firm pricing.

Progress is being made on our first four FSC projects Vier Meren, Tilburg, Ring Shopping Kortrijk and Belle-Île. These projects are scheduled for completion towards the end of 2022, or most likely 2023 for Belle-île. Funding for these LifeCentral projects will come from the proceeds of our Dutch and French disposals. Our disposal process in France has just been relaunched and we aim to report the first disposals in the second half of this year.

Due to longer than previously anticipated lockdowns, we expect our 2021 direct result per share to come out at the lower end of the previous range of € 1.80 to € 2.00.

Matthijs Storm – CEO
Schiphol, 23 April 2021

Summary

	Q1 2021	Q1 2020	Change
Key financial metrics (x € 1,000)			
Gross rental income	43,507	49,004	-11.2%
Net rental income	31,044	39,411	-21.2%
Direct result	21,438	29,748	-27.9%
Indirect result	-20,038	-7,925	-152.9%
Total result	1,400	21,823	-93.6%
Per share items (€)			
Direct result	0.45	0.66	-31.4%
Indirect result	-0.46	-0.15	-206.9%
Total result	-0.01	0.51	101.4%
Total return based on EPRA NTA	-0.11	0.46	123.9%
Dividend paid	-	0.63	-100.0%

	March 31, 2021	December 31, 2020	Change
Key financial metrics (x € 1,000)			
Investment property	2,522,234	2,577,580	-2.1%
Assets held for sale	3,200	3,200	0.0%
Net debt	1,135,511	1,185,779	-4.2%
Equity attributable to shareholders	1,115,115	1,124,296	-0.8%
EPRA performance metrics			
EPRA EPS for Q1 (€/share)	0.44	0.64	-30.8%
EPRA NRV (€/share)	30.14	30.26	-0.4%
EPRA NTA (€/share)	27.63	27.74	-0.4%
EPRA NDV (€/share)	26.69	26.59	0.4%
EPRA Vacancy rate	6.9%	5.9%	1.0 pp
EPRA Cost ratio (including direct vacancy costs) for Q1	33.9%	25.8%	8.1 pp
EPRA Net Initial Yield	5.9%	6.0%	-0.1 pp
Other ratios			
Net LTV	45.7%	46.7%	-1.0 pp
ICR	5.1x	5.3x	-0.2x
IFRS NAV (€/share)	27.74	27.97	-0.8%
Number of ordinary shares in issue	40,270,921	40,270,921	0.0%
Number of ordinary shares for NAV	40,191,662	40,191,662	0.0%
Weighted avg. number of ordinary shares outstanding	40,191,662	40,212,448	-0.1%
Shopping Centers portfolio metrics			
Number of assets	27	29	-2
Surface owned (x 1,000m^2) [1]	766	809	-5.3%
LFL NRI growth	-25.2%	-21.0%	-4.2 pp
Occupancy rate	94.3%	95.0%	-0.7 pp
Theoretical rent (€/m^2)	223	221	0.9%
ERV (€/m^2)	214	211	1.4%
Footfall growth	-36.9%	-22.8%	-14.1 pp
Proportion of mixed-use Benelux (in m^2)	10.2%	10.0%	0.2 pp
Net Promotor Score (NPS) Benelux	9	4	5

1 Excluding developments

Operations

France

From February 1, larger non-food shopping centers of more than 20,000 m^2 were forced to close. This included all six of our French centers. Essential stores such as hypermarkets and pharmacies remained open. There are ongoing discussions about various government support measures for retail operators on rental payments and service charges to their landlord. Negotiations on rental payments with our tenants are extended, pending the first subsidies payment, clarity on new subsidies for larger tenants and plans for reopening. In Q1, this restricted our rent collection rate to a modest 62%. Eventually, we expect to be able to conclude lower discounts with tenants and speed up cash collection as soon as the government plans with regard to compensation for forced store closures are confirmed. Meanwhile, leasing activity remained strong in Q1 with contracts signed for close to 15,000 m^2.

Belgium

Except for F&B and hairdressers, shops in Belgium were allowed to remain open until the 27th of March under certain conditions. On this date, a new lockdown was introduced for an initial period of four weeks. This resulted in the closure of contact-related businesses, the continuation of the closure of food & beverage operators, compulsory appointments for non-essential shops, and a limit of fifty shoppers at any one time in the country's larger stores. On the 14th of April the government announced that the non-essential stores and the contact-related businesses will be allowed to open their doors under less strict conditions (the same as for the beginning of the year) as from April 26 and the food & beverage operators will be allowed to open their terraces as from May 8. Based on the evolution of the pandemic in the coming weeks, the government will announce later when the food & beverage operators will be able to open normally. Until now there has been no government support in Belgium for rental payments - either for retailers or landlords. Despite this, we have been able to collect 90% of the rents for Q1.

Despite this difficult context, 21 new leasing transactions have been secured during the first quarter and the planning of the renovation of the outside of the Ring Shopping in Kortrijk has been completed and works will start in the second quarter.

Netherlands

Non-essential stores were forced to close from December 15, 2020. Restrictions were gradually eased during Q1, allowing for click & collect at stores from February 10. Shopping by appointment for two persons at a time was introduced from March 3. From March 16, stores were permitted one visitor per 25 m^2 up to a maximum of fifty persons. Contact-related businesses such as hairdressers could reopen from March 2. On April 20 the government announced that appointments for non-essential stores will no longer be required from April 28 onwards.

Late payments of government support resulted in delays in rent collection for Q1, which stood at 79%. Many retailers were forced to close and, with turnovers declining steeply, were reliant on government support to pay rent. The government provides support for retailers through its fixed cost allowance plan, called 'Tegemoetkoming Vaste Lasten' (TVL). TVL regulations regarding this subsidy differ each quarter. For Q4 2020, compensation covered to a maximum of 50-70% of theoretical fixed costs, depending on the percentage turnover loss. Compensation was limited to a maximum of € 90,000. For Q1 2021, maximum compensation for fixed costs has been set at 85% of maximum theoretical fixed costs, increasing to 100% for Q2 2021. For both quarters, the maximum amount increased to € 550,000 - 600,000. We understand the Q1 TVL will be paid around the end of April.

For our Sterrenburg center in Dordrecht, we signed contracts with several mixed-use tenants, including three F&B parties. We have also signed a new contract with HEMA for a new location in our Eggert center in Purmerend.

Occupancy rate

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Belgium	96.4%	96.0%	96.3%	94.4%	95.1%
France	90.5%	90.6%	90.7%	92.8%	92.3%
Netherlands	94.8%	96.4%	96.4%	96.6%	94.9%
Shopping centers	**94.1%**	**94.8%**	**94.9%**	**95.0%**	**94.3%**
Offices (Belgium)	87.0%	87.0%	85.1%	77.5%	70.8%
Total portfolio	**93.8%**	**94.4%**	**94.4%**	**94.1%**	**93.1%**

Footfall growth

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Shopping Centers					
Belgium	-7.1%	-51.3%	-13.6%	-38.5%	-14.7%
France	-18.5%	-56.8%	-19.9%	-39.3%	-43.4%
Netherlands	-4.3%	-22.9%	-6.8%	-22.5%	-39.6%
Overall	**-12.1%**	**-37.3%**	**-11.8%**	**-30.4%**	**-36.9%**

From the € 4.9m rent receiveable for 2020 that we still expected to collect, already € 4.4m has been received. As a result, we have been able to improve the rent collection for 2020 rents from 94% to 95%.

Rent collection

	FY 2020	Q1 2021	FY 2020 adjusted [1]	Q1 2021 adjusted [1]
Belgium	89%	86%	97%	90%
France	85%	62%	86%	62%
Netherlands	94%	75%	98%	79%
Overall	**90%**	**75%**	**95%**	**77%**

1 Adjusted for arrangements such as discounts

Strategic developments

Wereldhave's strategy is focused on anticipating long-term trends by transforming our centers into strong, future-proof and growing 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.

Financing

On the financing side, we have been able to raise € 32m through the private placement of an inaugural green bond in Belgium, above our original € 30m target. This shows we can leverage our strong ESG performance in recent years to tap into more favorable green financing. Additionally, we are in advanced stages to extend other debt maturities. These steps result in a healthy liquidity profile. Available liquidity will then be extended from Q3 2022 to Q3 2023.

Disposal program

In short time, Wereldhave has been able to strengthen its Benelux portfolio by increasing focus on future-proof Full Service Center transformations. The remaining portfolio will continue to create value for communities, tenants and shareholders. Since the announcement of the new strategy in February 2020, we have sold assets worth € 127m in total, including the disposal of Les Passages de Mériadeck.

In addition to the sale of our In de Bogaard shopping center in Rijswijk, shopping center Etten-Leur was sold and transferred to its new owners at the end of March for a gross amount of € 18m. We are close to finalizing the sale of shopping center Koningshoek in Maassluis. Transfer of the Koningshoek property is planned for Q2 2021.

The indirect result for Q1 of € -20m contains the impact from a negative revaluation on our Stadsplein property in Genk, and the book loss on disposals of shopping centers In de Bogaard and Etten-Leur. Amongst other items, the book loss can be explained by a real estate investment market that does not favour fragmented ownership in a challenging local market, the lack of a food anchor, a relatively high level of dependence on a challenging fashion segment and paid parking. We estimated that a transformation into FSCs would result in an unfavourable risk-return for shareholders.

Full Service Center Transformations

During Q1, we stepped up plans for the refurbishment of Sterrenburg in Dordrecht, welcoming several F&B operators. Commercialization has started for the fresh food zone in Genk, while our last-mile delivery service Connect is now operational at our Kronenburg shopping center in Arnhem as well. The construction works for the renovation of Ring Shopping Kortrijk will start in Q2.

Outlook

We expect a direct result for 2021 at the lower end of the range between € 1.80 and € 2.00 per share on a constant portfolio basis and assume forced store closures as part of current lockdown measures will end in the first half of Q2 2021, which is still uncertain.

For further information:
Ruud van Maanen
+ 31 20 702 78 43
ruud.van.maanen@wereldhave.com

WERELDHAVE N.V.
WTC Schiphol, Tower A, 3rd floor
Schiphol Boulevard 233
1118 BH Schiphol
P.O. Box 75837, 1118 ZZ Schiphol
The Netherlands
T: +31 20 702 78 00
F: +31 20 702 78 01

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