

Wereldhave

Q1 2023

Trading update 21 April 2023

better everyday life, better business



# Key items

**Like-for-like GRI growth core portfolio +12%**

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**Wereldhave organization aligned with current asset base and LifeCentral strategy**

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**Wereldhave's fifth Full Service Center, Sterrenburg in Dordrecht, officially opened**

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**Full Service Center Tilburg awarded with the 2023 Kern annual development award**

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**New ERP system – backbone of our digital strategy – implemented, running stable and within budget**

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**Outlook for 2023 direct result per share (DRPS) for 2023 of € 1.65-1.75 reconfirmed**

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# Message from our CEO

Despite difficult economic conditions, we can look back on a successful 2022, in which we posted strong operating results, delivered three more Full Service Centers and continued to strengthen our position as an industry leader in sustainability. We hope to continue this positivity throughout 2023.

The first quarter of a new year is when we typically focus on financial reporting for the previous year and the preparation of the Annual General Meeting. However, our teams pushed on, resulting in a direct result per share (DRPS) of € 0.46 for Q1 2023, 18% higher than previous year. Furthermore, the Wereldhave team achieved several other important milestones in Q1 2023. We announced a new organizational structure with improved integration between countries allowing for a smoother and more efficient implementation of our LifeCentral strategy. These measures will help us meet most of the cost reduction targets that we communicated early February. We target a 5-10% reduction in our direct general expenses this year, despite significant wage and cost inflation. Of course, there are one-off costs associated with this organizational restructuring which affect the indirect and total result in Q1 2023.

We celebrated the implementation of a new enterprise resource planning (ERP) system, which will be the new backbone of our digital strategy. Our finance teams in all countries have worked extremely hard over the past two years, next to their day-to-day jobs, to deliver this new ERP system within budget.

After delivering three new Full Service Centers (FSC) in 2022, all four deliveries for 2023 are on track and within budget, with pre-letting progressing nicely. Our two Dutch FSCs, Presikhaaf and Sterrenburg, have recorded all-time footfall records in Q1 2023, with both >20% above 2019 levels and well above 2022 levels. Adding these FSCs strengthened the resilient core of our convenience-driven retail portfolio and proves the LifeCentral strategy is delivering.

Also in Q1 2023, we achieved 12% like-for-like GRI growth, which underlines the improving leasing market, as we elaborated in our FY22 results presentation. With high indexation and an OCR of approximately 9.5%, we are confident retailer turnovers will allow for further rental growth going forward.

In Belgium, we further increased the occupancy of our office park in Berchem near Antwerp. At Shopping 1 in Genk we recently delivered a fully let eat&meat concept, renewed the *the point* service desk and we attracted a new C&A, improving the occupancy rate to 91% – the highest since we acquired the asset in 2014. Shopping 1 will be delivered as Full Service Center later this year.

We significantly strengthened our balance sheet with the disposal of nine non-core assets in the past three years. Current capital market conditions underpin the decisions to proceed with these disposals, even though some of them were executed below book value. These deals allow us today to take a conservative stance toward current capital market conditions as we have ample headroom in our credit facilities.

With rent indexation and cost cutting measures on track, we are happy to reconfirm our DRPS outlook of € 1.65-1.75 for the full year 2023.

Matthijs Storm, CEO

Schiphol, 21 April 2023

# Summary

	Q1 2023	Q1 2022	Change
<b>Key financial metrics (x € 1,000)</b>			
Gross rental income	38,264	33,975	12.6%
Net rental income	31,729	27,738	14.4%
Direct result	22,339	19,249	16.1%
Indirect result	-5,372	11,169	-148.1%
Total result	16,967	30,419	-44.2%
<b>Per share items (€)</b>			
Direct result	0.46	0.39	17.8%
Indirect result	-0.11	0.24	-147.2%
Total result	0.35	0.63	-44.1%
Total return based on EPRA NTA	0.38	0.52	-27.1%
Dividend paid	-	-	-

	31 March 2023	31 Dec 2022	Change
<b>Key financial metrics (x € 1,000)</b>			
Investment property	2,023,641	2,000,070	1.2%
Assets held for sale	-	688	-100.0%
Net debt	850,195	842,449	0.9%
Equity attributable to shareholders	899,348	885,682	1.5%
<b>EPRA performance metrics</b>			
EPRA EPS for Q1 (€/share)	0.39	0.36	8.3%
EPRA NRV (€/share)	24.63	24.21	1.7%
EPRA NTA (€/share)	22.11	21.73	1.7%
EPRA NDV (€/share)	23.31	23.13	0.8%
EPRA LTV	47.7%	47.9%	-0.2 pp
EPRA Vacancy rate	4.4%	4.2%	0.2 pp
EPRA Cost ratio (incl. direct vacancy costs) for Q1	29.6%	29.1%	0.5 pp
EPRA Net Initial Yield	6.4%	6.4%	0.0 pp
<b>Other ratios</b>			
Net LTV	42.3%	42.4%	-0.1 pp
ICR	5.9x	5.9x	0.0x
IFRS NAV (€/share)	22.46	22.12	1.5%
Number of ordinary shares in issue	40,270,921	40,270,921	0.0%
Number of ordinary shares for NAV	40,047,140	40,047,140	0.0%
Weighted avg. number of ordinary shares outstanding for Q1	40,047,140	40,146,461	-0.2%
<b>Shopping Centers portfolio metrics</b>			
Number of assets	22	22	0.0%
Surface owned (x 1,000m <sup>2</sup> ) <sup>1</sup>	612	612	0.0%
LFL NRI growth	14.3%	9.1%	5.2 pp
Occupancy rate	96.2%	96.8%	-0.6 pp
Theoretical rent (€/m <sup>2</sup> )	237	237	0.0%
ERV (€/m <sup>2</sup> )	216	216	0.0%
Footfall growth for Q1	12.4%	40.3%	-27.9 pp
Proportion of mixed-use Benelux (in m <sup>2</sup> )	13.5%	13.2%	0.3 pp
Customer satisfaction Benelux (NPS)	+24	+24	-

<sup>1</sup>Excluding developments

# Operations

Effective as of 1 April 2023, Wereldhave optimized the organizational structure to more effectively achieve the objectives of the LifeCentral strategy, while delivering on cost cutting commitments. In our new organizational structure, Wereldhave integrated the management for Wereldhave Holding and Wereldhave Netherlands, creating a new Executive Team and Management Team. As a result, the separate Management Team for the Dutch market was dissolved, and overhead costs will be aligned with the size of our portfolio. This, together with management changes at Wereldhave Belgium and despite the high inflationary environment, contributes to the targeted 5-10% reduction of direct general expenses in 2023.

Also on 1 April 2023, Wereldhave went live with a new state-of-the-art ERP system, that will support our commercial, operational and financial processes as well as project management, while optimally facilitating our digital strategy.

The official opening of Full Service Center Sterrenburg in Dordrecht on 31 March 2023 marked the fifth completed Full Service Center by Wereldhave, after Presikhaaf and City-Center Tilburg in the Netherlands and Les Bastions and Ring Kortrijk in Belgium.

## Netherlands

The Sterrenburg Full Service Center in Dordrecht opened almost fully let, with a mixed-use percentage of around 20% and new tenants including Basic-Fit, Jumbo Foodmarkt, RegioBank and an every.deli fresh cluster with a variety of artisanal fresh food shops. From a sustainability perspective, the center is connected to district heating and no longer uses gas.

Our Full Service Center in Tilburg, delivered late 2022, was awarded with the Kern 2023 annual development award, an acknowledgment of the joint effort between Wereldhave and the Municipality of Tilburg to create a vibrant, accessible and competitive city center, which marked one of the largest recent inner-city redevelopment projects in the Netherlands.

Overall in the Netherlands, we signed 16 new leases which were, on average, above market rent levels. Among these were a New Yorker store for City-Center Tilburg and a brand new 1,050m<sup>2</sup> Action store in De Koperwiek, Capelle aan den IJssel. Nelson in Middenwaard doubled its floorspace and relocated to a prime location in the center.

Occupancy in the Netherlands went down slightly, mainly as result of the departure of a supermarket in Tilburg. For this unit, a new potential tenant has been identified.

The Closet Sale – a concept allowing individuals to rent space for a day to sell clothes, accessories and home decorations – was rolled-out to six other centers, following its introduction in Cityplaza Nieuwegein in 2022. The Closet Sale has been very successful: available slots are fully booked, and the concept creates a lot of footfall and positive publicity, supported by its sustainable and charitable nature.

## Belgium

The good performances and trends of 2022 for leasing, operational and financial activities continued in Q1 2023.

Visitor numbers to the various shopping centers of our portfolio started well (+11.4% compared to 2022 and +2.8% compared to the pre-Covid year 2019, the latter being better than the market).

Leasing also continued to show the same vitality, with contracts at terms above market value on average. We have signed leases with, among others, Basic-Fit, Rituals, Sports Direct, Loxam and Press Shop. The leasing pipeline remains strong, although some tenants remain cautious given the impact of the international geopolitical situation – resulting in high inflation and indexation – on their profit margins.

The commercial activity has led to the continued increase in the occupancy rate of the Belgian office portfolio compared to 31 December 2022.

The value of the Belgian property portfolio remained virtually stable compared to the value on 31 December 2022.

## France

The outsourced organizational set-up for our two remaining French centers continues to be successful and effective, achieving, among others, a rent collection rate of 99%.

Footfall in France was stable in the first quarter compared to 2022, despite political protests and strikes throughout France and the construction works in Bordeaux.

Leasing activity was strong with new contracts signed significantly above previous rents and above market rents.

The construction works at the food & beverage project in Bordeaux are progressing well, with the first part set to open in the second quarter of 2023 while we sign the last leases at the targeted rent levels.

## Occupancy rates

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Belgium	96.1%	97.0%	97.2%	97.7%	96.9%
France	94.0%	96.6%	97.2%	97.1%	96.6%
Netherlands	95.9%	95.0%	95.6%	96.1%	95.7%
<b>Shopping centers</b>	<b>95.8%</b>	<b>95.9%</b>	<b>96.4%</b>	<b>96.8%</b>	<b>96.2%</b>
Offices (Belgium)	68.8%	77.2%	82.4%	81.5%	86.1%
<b>Total portfolio</b>	<b>94.0%</b>	<b>94.7%</b>	<b>95.5%</b>	<b>95.8%</b>	<b>95.6%</b>

## Overview operational performance

	# of contracts	Leasing volume	ERV uplift	MGR uplift	Occupancy rate	LFL NRI growth
<b>Shopping centers</b>						
Belgium	17	2.9%	1.2%	-2.1%	96.9%	9.9%
France	3	1.0%	6.3%	13.1%	96.6%	0.6%
Netherlands	16	2.2%	13.6%	-4.9%	95.7%	21.0%
<b>Total</b>	<b>36</b>	<b>2.4%</b>	<b>7.0%</b>	<b>-3.3%</b>	<b>96.2%</b>	<b>14.3%</b>

Note that the like-for-like NRI growth for the Netherlands in Q1 2023 was positively impacted by a number of one-off items, including a refund of property taxes relating to prior years as well as better than expected sales based rent settlements.

In the Netherlands the -4.9% leasing spread versus MGR was impacted by one large package deal with a fashion retailer that we believe plays a vital role in our FSC concept. Excluding this package deal, the leasing spread would have been flattish.

## Change in visitors (yoy)

<i>Shopping centers</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Belgium	20.0%	19.5%	8.0%	7.7%	11.4%
France	17.2%	13.7%	8.4%	1.0%	-0.2%
Netherlands	56.2%	17.2%	2.9%	11.9%	15.5%
<b>Overall</b>	<b>40.3%</b>	<b>17.2%</b>	<b>4.9%</b>	<b>9.4%</b>	<b>12.4%</b>

# Strategic developments

## Full Service Center Transformations

In line with our LifeCentral strategy, we continue to transform our centers into Full Service Centers. With the official opening of the Full Service Center Sterrenburg in Dordrecht in March 2023, five of our commercial centers already qualify as Full Service Centers. Six more are currently undergoing transformation work, among others our Vier Meren center in Hoofddorp, De Koperwiek in Capelle aan den IJssel and Eggert Center in Purmerend – all projects that are well on track. Meanwhile the pre-letting for the transformation projects is progressing, with a focus on food & beverage, leisure and fitness.

Our first Full Service Centers continued to perform well on their KPIs, including total return, NPS, leasing spread, footfall and occupancy.

By the end of Q1 2023, 13.5% of our core portfolio was devoted to mixed-use (versus 13.2% at year-end 2022), which means we are on track to achieve our long-term target of 20%.

## Improving customer experience

We developed a unique Wereldhave fragrance concept and measured the positive impact of using dispensers in a number of our centers. The fragrance experience, measured on a scale from 0 - 10, went up from 6.7 to 7.3, while enhancing the customer experience aspects 'clean' and 'safe' in particular. Based on the data from the research we further optimized the fragrance concept and we will now roll it out to other centers.

In Q1 2023 we measured that the NPS score of the centers we transformed to Full Service Centers grew significantly more than the centers not yet transformed, indicating that the customer experience in a Full Service Center is more positive and people more often recommend a Full Service Center to their family and friends.

Next to the improvement of our visitors' customer experience we work on the customer experience of our tenants. In Q1 2023 we organized tenant meetings to inform them about our energy savings program and supported them in lowering the energy consumption of their stores. Our tenants were offered a free session with an external specialized advisor to obtain customized advise.

# Environmental, Social & Governance (ESG)

In January 2023 we welcomed our new Group ESG & Sustainability manager. His main responsibility is to keep us on track with our Better Tomorrow strategy, which consists of the three pillars: Better Footprint, Better Nature and Better Living.

Within the scope of the Better Footprint pillar, we are developing roadmaps that set out clear priorities to reduce our carbon footprint, in alignment with 2030 SBTi targets and our Paris proof commitment. After developing roadmaps in 2022 for all our Dutch centers, we finalized the roadmaps of our Belgian shopping centers in the first quarter of 2023.

Currently, several centers are undergoing transformation, offering opportunities to implement additional energy-saving measures and energy production projects. In the first half of 2023, our newly developed smart energy system, which is now operational in all our centers, started communicating with our technical managers. This system alerts our managers to abnormal peaks in energy or water use, creating a short feedback loop to research and mitigate high usage or potential leaks.

Our centers play a key role in local communities by providing access to services, creating a welcoming environment and offering spaces to host events. In March 2023 we hosted a fair at our Presikhaaf center, organized by children from a neighboring school, to collect funds for the earthquake victims in Turkey.

# Outlook

With rent indexation and cost-cutting measures on track, we reconfirm our 2023 direct result per share (DRPS) outlook of € 1.65-1.75.



