

# Agenda

- 1 **Welcome**
- 2 **Management update**  
Matthijs Storm & Dennis de Vreede

- 3 **LifeCentral Strategy update**  
Joost van der Zee

- 4 **ESG & Sustainability**  
Mart van Kuijk

Coffee break 15 min.

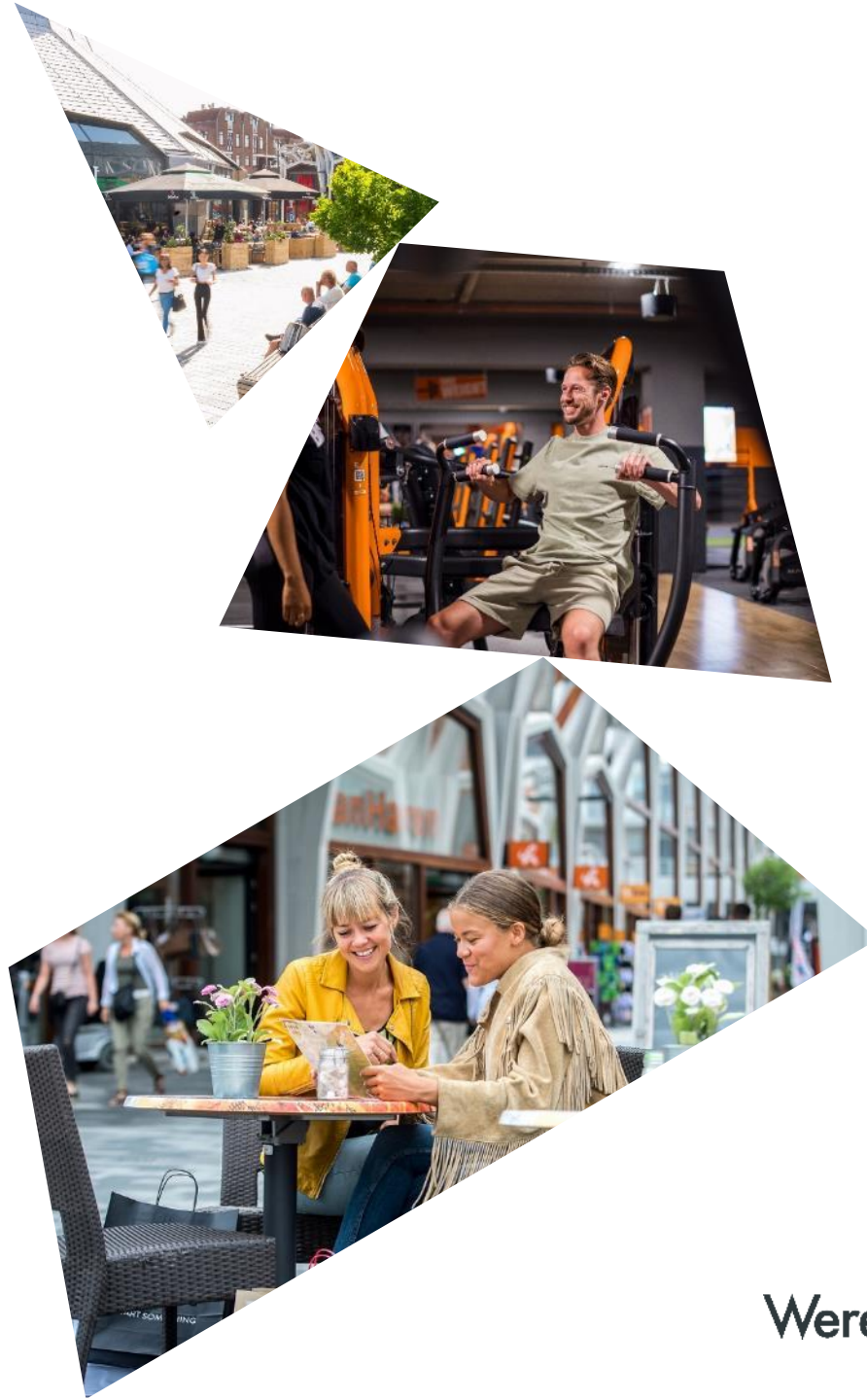
- 5 **Leasing market and commercial update**  
Pieter Polman

- 6 **Operations update**  
Jean-Philippe Pinteaux

Lunch

- 7 **Full Service Center tours**  
Capelle aan den IJssel, Dordrecht

End of program





# LifeCentral Strategy

## Capital Markets Day 2023

2 November 2023

Wereldhave

# Introduction: Joost van der Zee

## Chief Strategy Officer (CSO)

Responsible for Strategy, Transactions and Data & Analytics

Joined Wereldhave in 2020

## Team

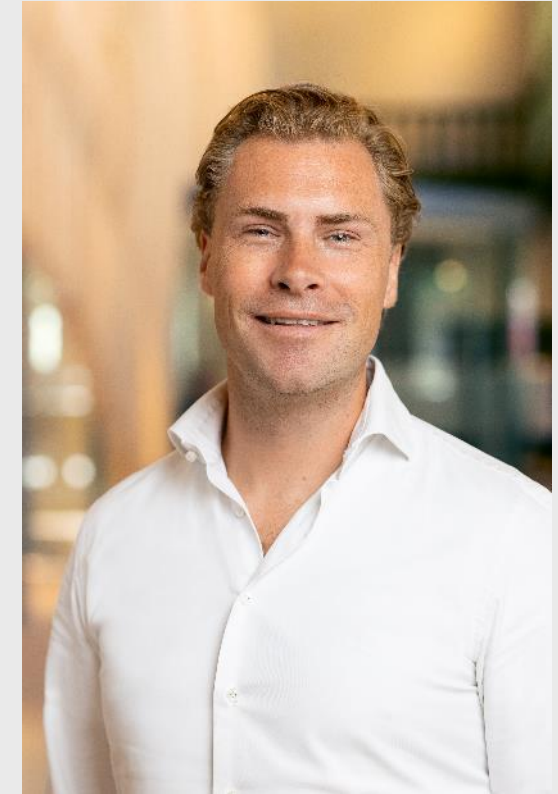
Senior Strategist, Business Analyst, Customer Insights & Data Specialist

## Experience

- 2020 – 2023 Wereldhave | Director Transformation & Business Development
- 2019 – 2020 Oliver Wyman | Strategy Consultant
- 2013 – 2019 Booz & Company/Strategy& | Strategy Consultant
- 2012 – 2012 ABN AMRO | Internship Corporate Finance & Capital Markets

## Education

- 2023 | High Impact Leadership Programme, INSEAD, Fontainebleau, France
- 2023 | Strategy for Listed Real Estate, INSEAD, Fontainebleau, France
- 2012 | MSc Corporate Finance & Banking (cum laude), Duisenberg School of Finance, Amsterdam, The Netherlands
- 2011 | BSc Econometrics & Operational Research (87/180 ECTS), VU, Amsterdam, The Netherlands
- 2010 | BSc International Business Administration, VU, Amsterdam, The Netherlands & Copenhagen Business School, Copenhagen, Denmark



**Joost van der Zee**

Chief Strategy Officer

# LifeCentral Strategy launched in 2020: Transform assets, Strengthen balance sheet and Expand

Wereldhave Strategy

## Our strategy in a nutshell

1 2 3

**Mission**  
Help consumers fulfill all everyday life needs

**Strategic steps**

**1 Transform**

- Execute LifeCentral
- Deliver track record (Belle-Ile & Vier Meren in 2020)
- Complete 2 degrees roadmaps with aim to operate at net zero carbon by 2030
- Dispose selective assets with below threshold IRRs and / or that cannot be transformed into an FSC
- Follow an operationally and financially disciplined approach

**2 Expand**

- Acquire under-managed assets
- Ensure fit with strategy and where we can add value
- Acquire only if expected IRR exceeds public market implied WACC

**3 Scale**

- Leverage synergies to optimize operational costs
- Become market leader in FSCs in Benelux and strengthen bargaining power

8 Wereldhave

Wereldhave Strategy

## Mission: help consumers fulfill everyday life needs

1 2 3

Four need areas covering the daily life needs



**Fixing the basics**

I want the basic tasks to not stop me live my life to the fullest



**Self expression**

I like to make a good impression and feel comfortable at the same time



**Enjoying life**

I love to do things that enrich my life such as spending time with people I love and who matter to me



**Well-being**

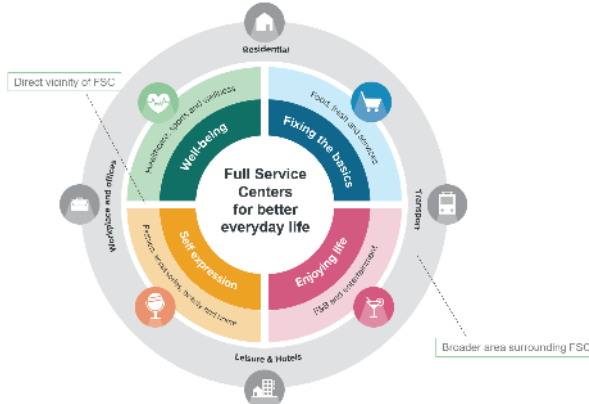
I feel a responsibility to take care of my loved ones and my own personal health and development

9 Wereldhave

Wereldhave Strategy

## LifeCentral: much broader focus than retail

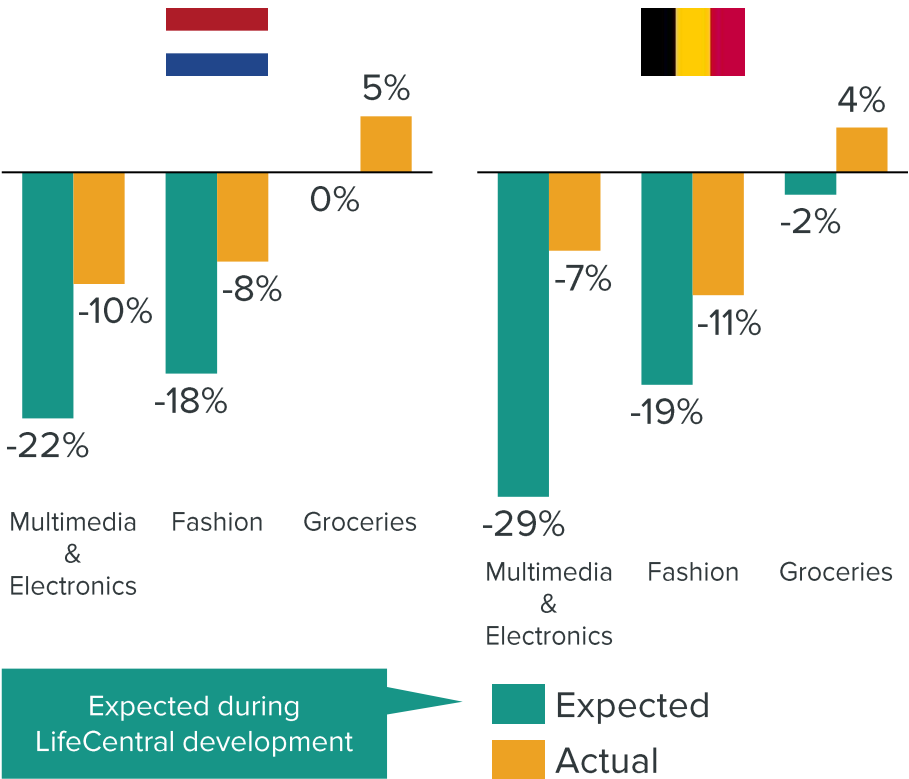
1 2 3



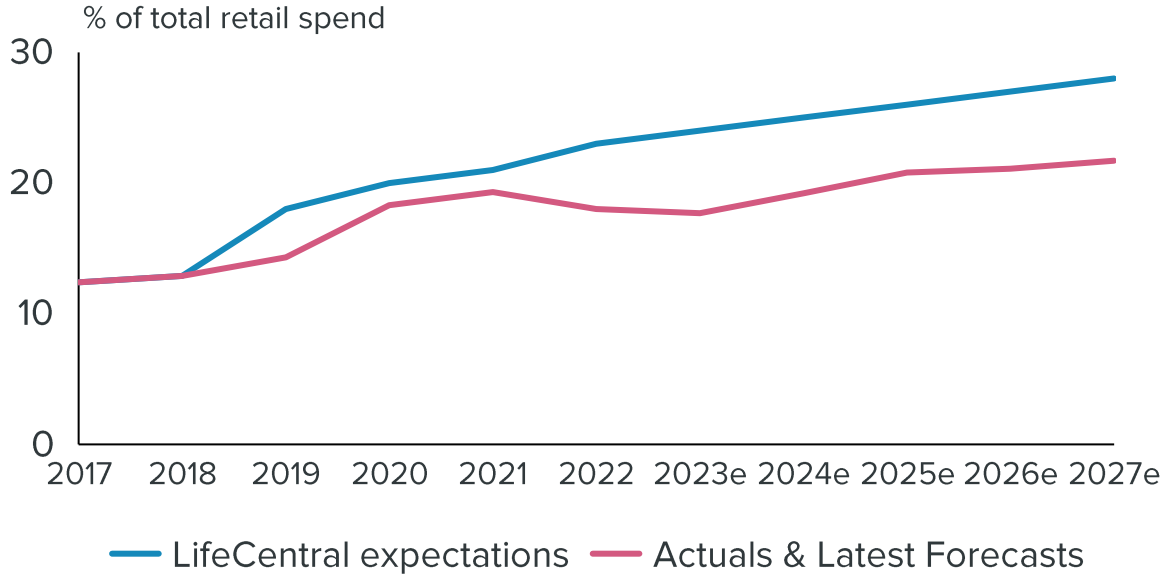
10 Wereldhave

# Physical retail has performed better than expected since launch of LifeCentral

Expected Floor Space Reductions vs. Actual Floor Space Reductions<sup>1)</sup>  
2020 vs. 2023; % of SQM



Expected E-commerce Penetration at time of LifeCentral development vs. Actual E-commerce Penetration NL<sup>2)</sup>

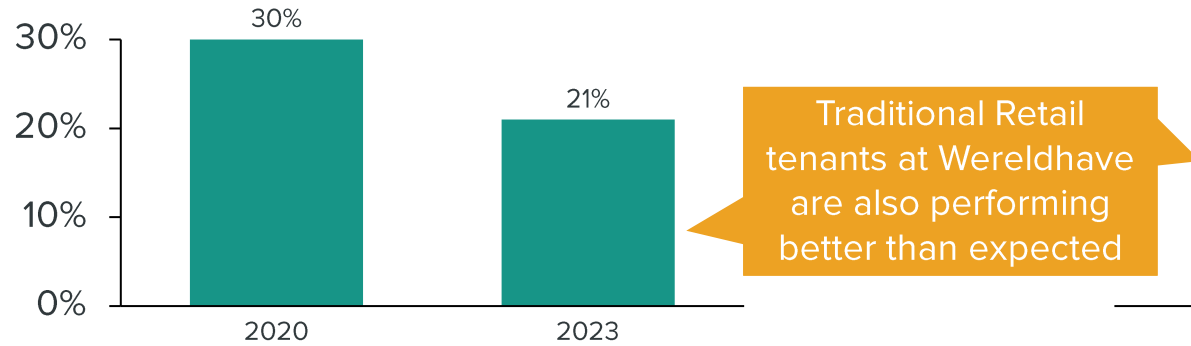


21 1) Source: Euromonitor  
2) Source: Statista Market Insights

# Wereldhave's outperformance versus our predicted trough EPS driven by strong rental performance and cost savings

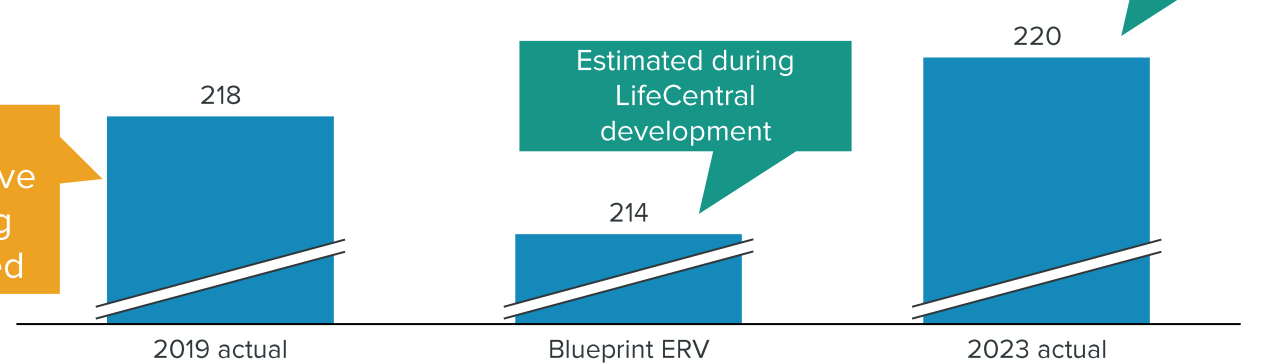
**Tenants with a Red Flag in 2020 vs. current**

2020 vs. 2023; % of SQM; not-transformed assets only



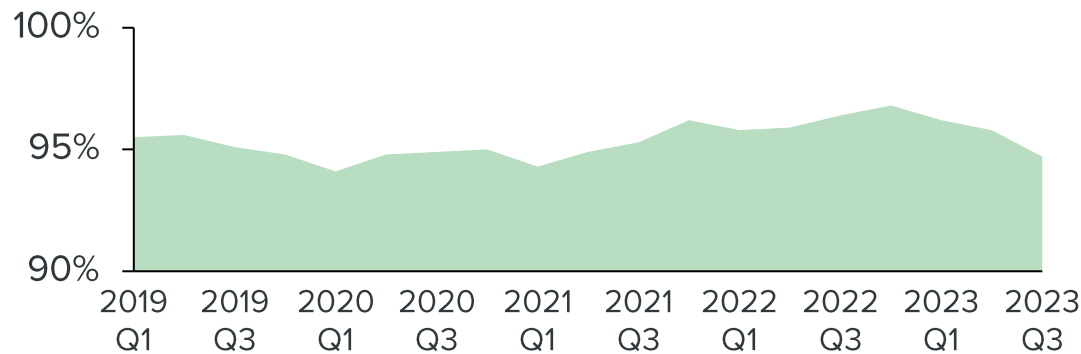
**Expected Rent Levels vs. Actual Rent Levels**

2020 vs. 2023; € per SQM; Full Service Centers only



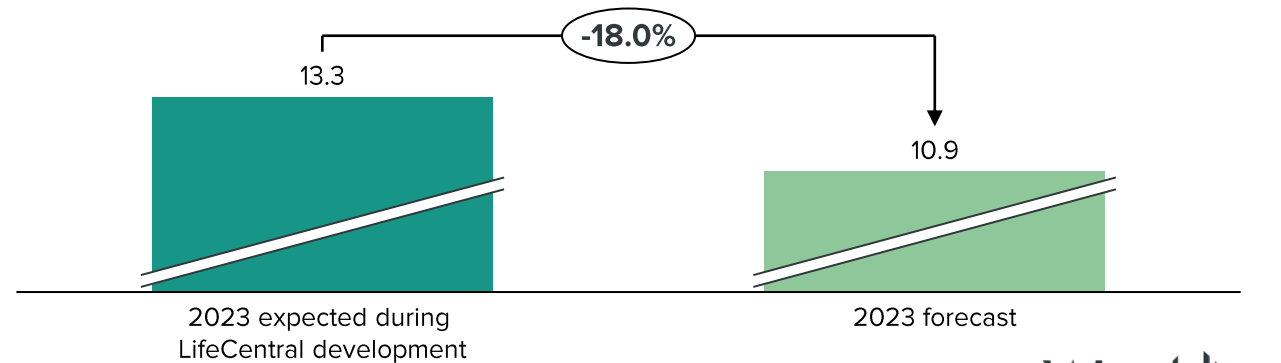
**EPRA Occupancy 2019 - 2023**

2020 - 2023; EPRA Occupancy rate



**Direct GENEX Expected vs. latest forecast**

2020 Expected vs. 2023; € m



# By year-end 2023 we will have successfully transformed 9 assets into Full Service Centers, all above our IRR threshold

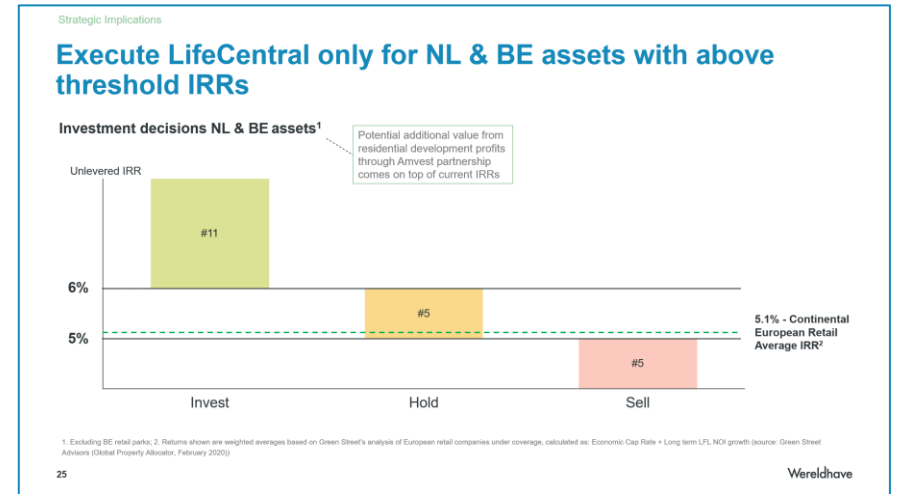
## FSC Deliveries until 2023



Presikhaaf	✓
Les Bastions	✓
Sterrenburg	✓
Tilburg	✓
Ring Kortrijk	✓
Vier Meren	✓
De Koperwiek	2023
Eggert	2023
Shopping 1	2023

Raised IRR threshold to 7% based on increased interest levels

Improved transformation plans of assets in the original “hold-bucket”

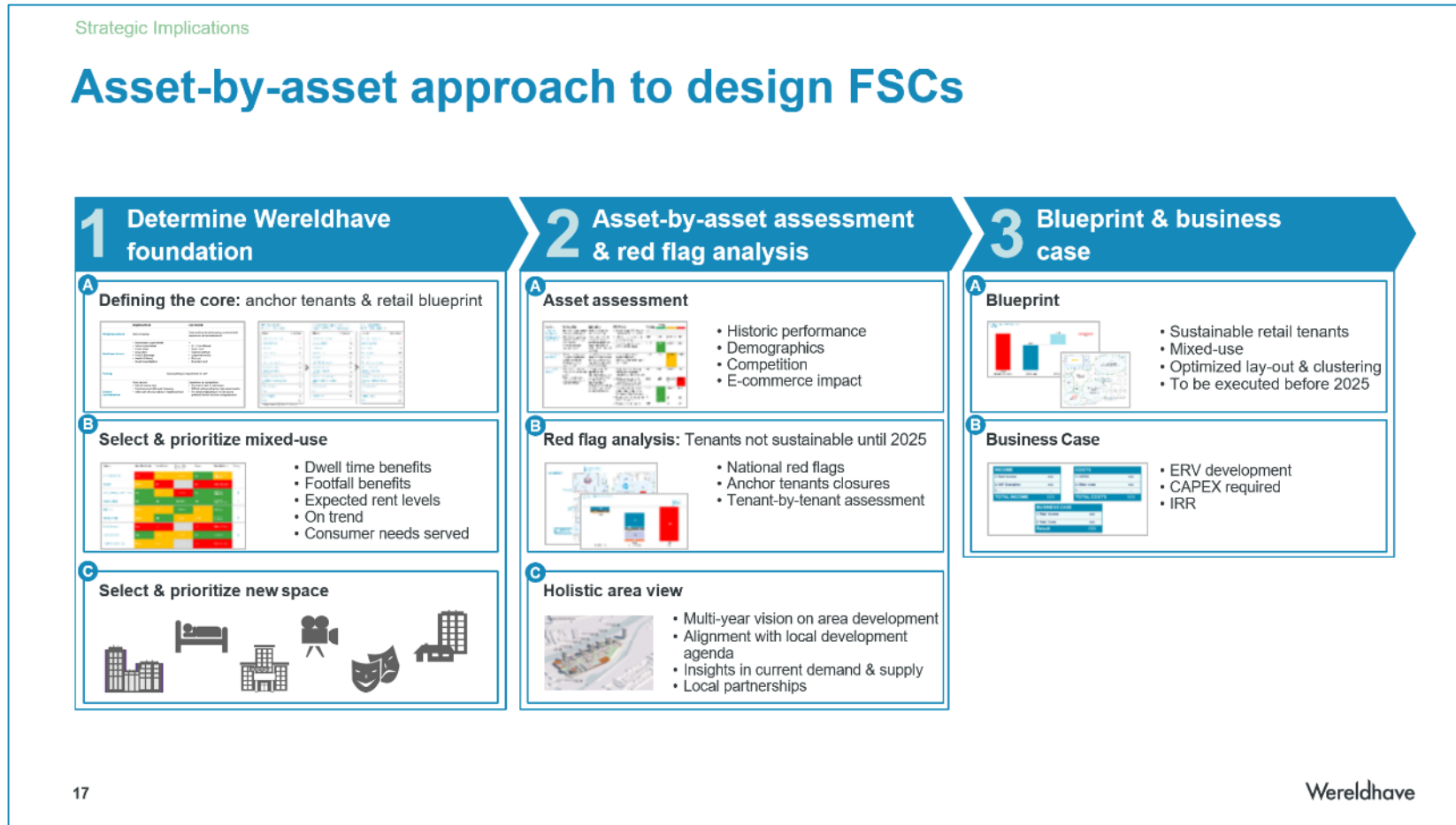


Disposed five BE & NL assets from the original “sell bucket”

Currently one asset in “hold bucket” and one in “sell bucket”

Our IRR threshold will be reviewed in February 2024

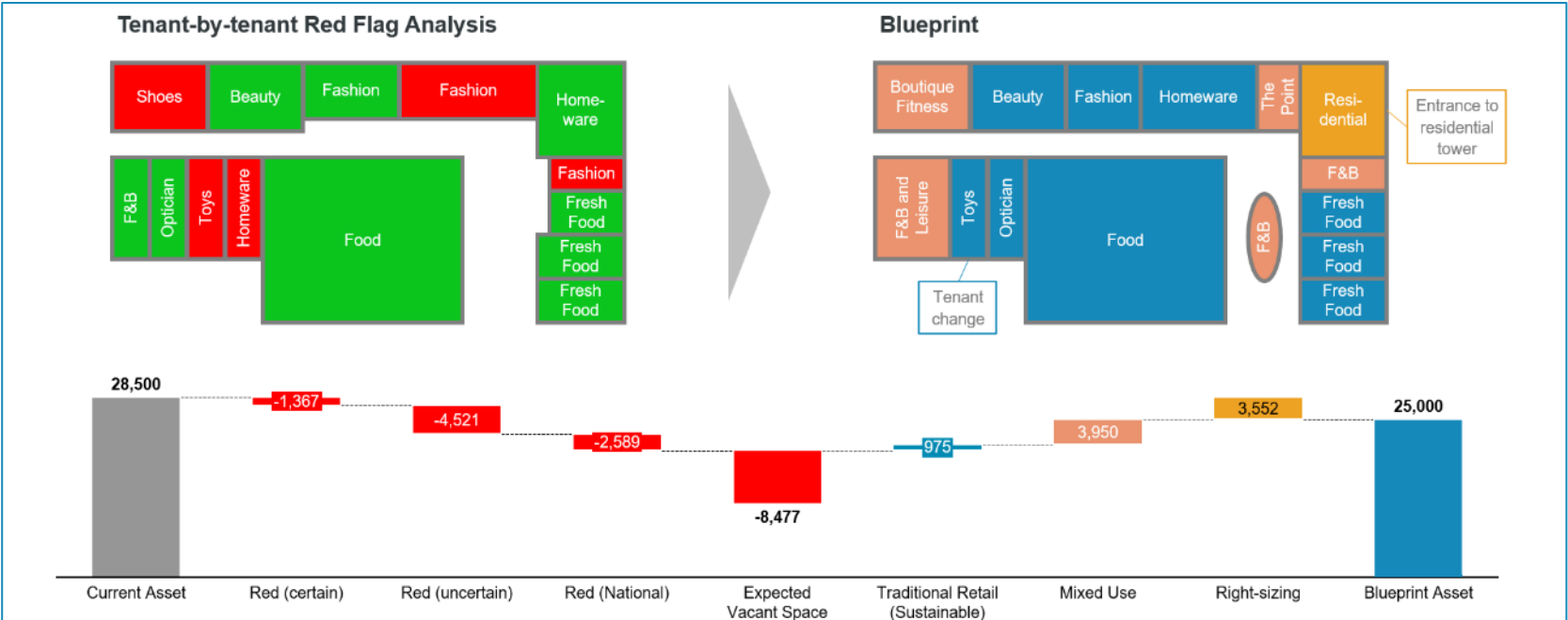
# To design these FSCs we follow an asset-by-asset approach including a Red Flag analysis, Blueprint and business case





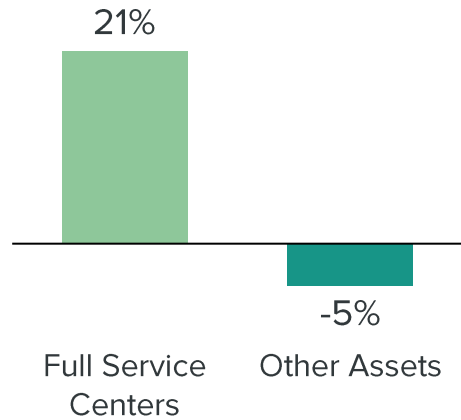
# Data driven red flag analysis and Blueprints

- An important step in the Blueprint development process is a data driven assessment of the viability of each tenant
- Tenants are assessed based on their sales data and payment behavior:
  - OCR above threshold = Flagged
  - Sales delta vs previous year smaller than -5% = Flagged
  - Payments outstanding more than 3 months = Flagged
- All flagged tenants are discussed with the leasing team to decide on the final flag: Red or Green
- Whereby Red means that we expect the tenant to leave within five years and we include an alternative in the Blueprint

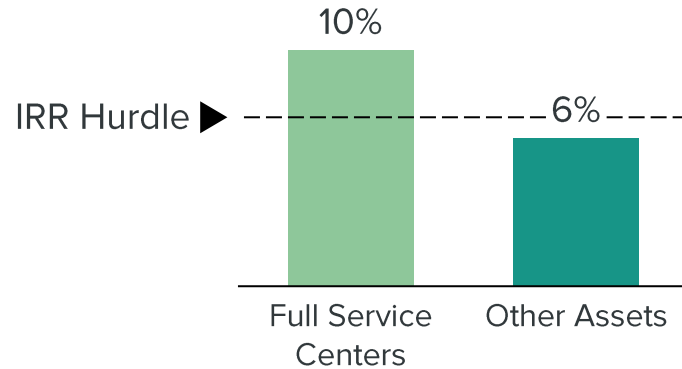


# The completed Full Service Centers are outperforming the rest of the portfolio

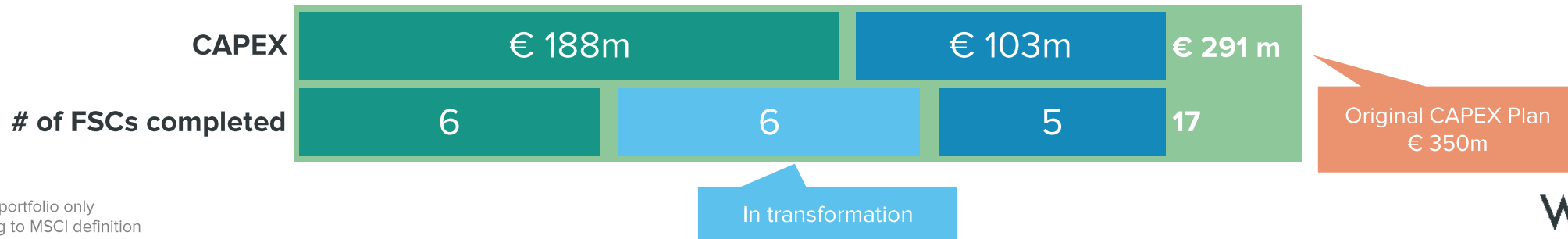
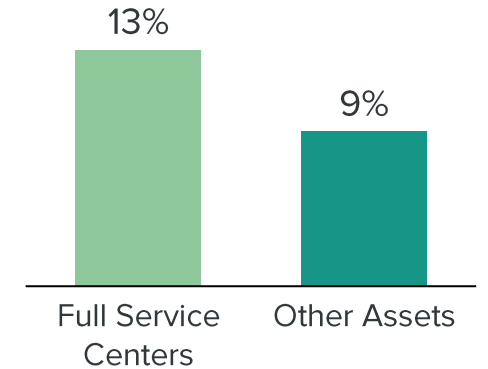
**Footfall**  
% delta 2023 YTD vs. 2019 YTD



**Total Property Return<sup>1)</sup>**  
FY 2022 + H1 2023



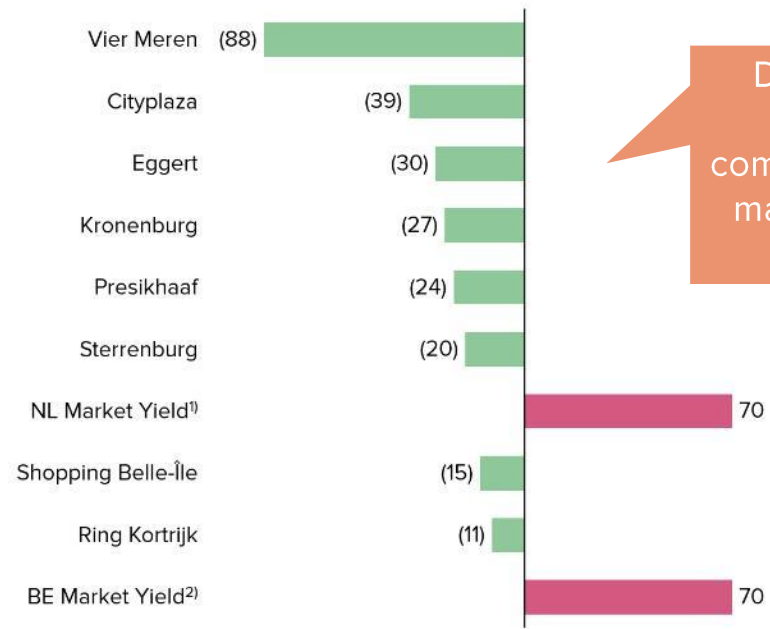
**Retail Sales**  
% delta 2023 Q3 vs. 2022 Q3



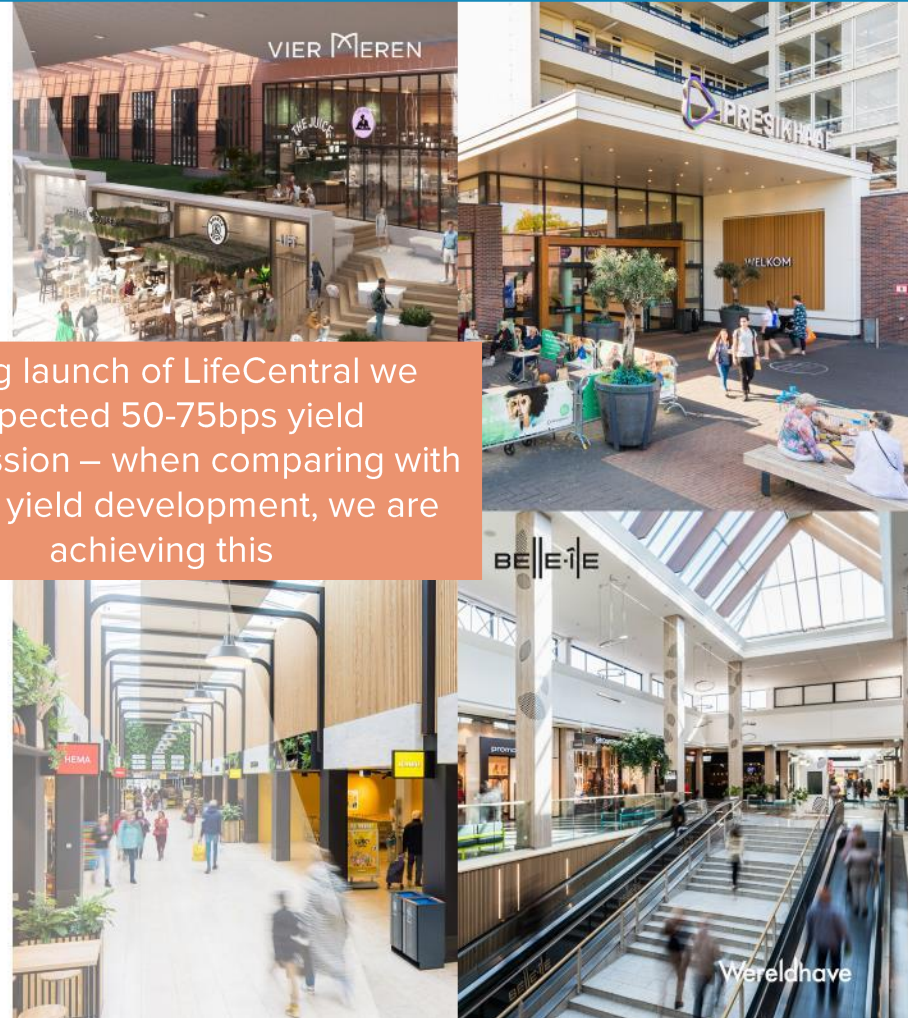
# Yield compression versus the market

## Continued evidence for FSC yield compression

Yield compression since start of FSC Transformation  
bps



During launch of LifeCentral we expected 50-75bps yield compression – when comparing with market yield development, we are achieving this



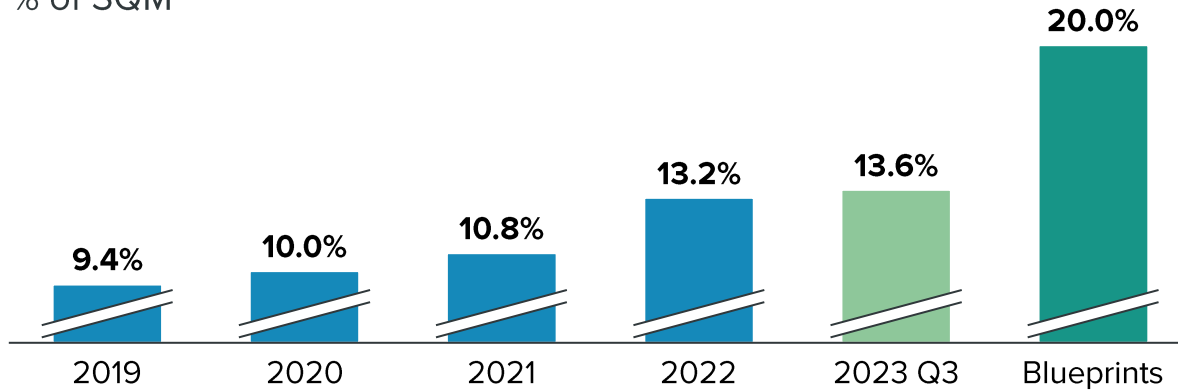
27

<sup>1)</sup> NL Market Yield: Prime net initial yield Shopping Centers Q2 2023 vs. Q4 2020; source: JLL  
<sup>2)</sup> BE Market Yield: Prime yield Shopping Centers Q2 2023 vs. Q3 2020; source: CBRE

# Increasing shares of mixed-use and daily life retail make our tenant mix more resilient

## Mixed-use development 2019 – 2023 Q3

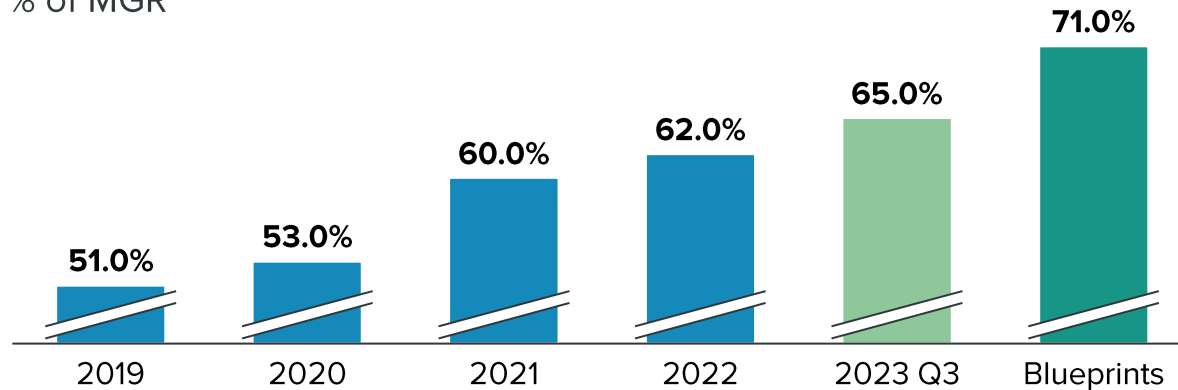
% of SQM



- Reality vs. expectations during development of LifeCentral strategy
  - Overall mixed-use share will be lower than expected due to better than expected performance of traditional retail
  - Higher share of healthcare and fitness
  - Lower share of leisure and offices
- Further increase in 2023 expected to come from four FSC deliveries

## Daily life tenants development 2019 – 2023 Q3

% of MGR



- Increase mainly driven by replacement of fashion tenants, especially multi-brand fashion, by tenants focused on daily life
- Daily life tenants were boosted during the Covid periods and continue to perform well

# Rent levels post transformation to mixed-use did not decrease as underperforming and low paying tenants were replaced...

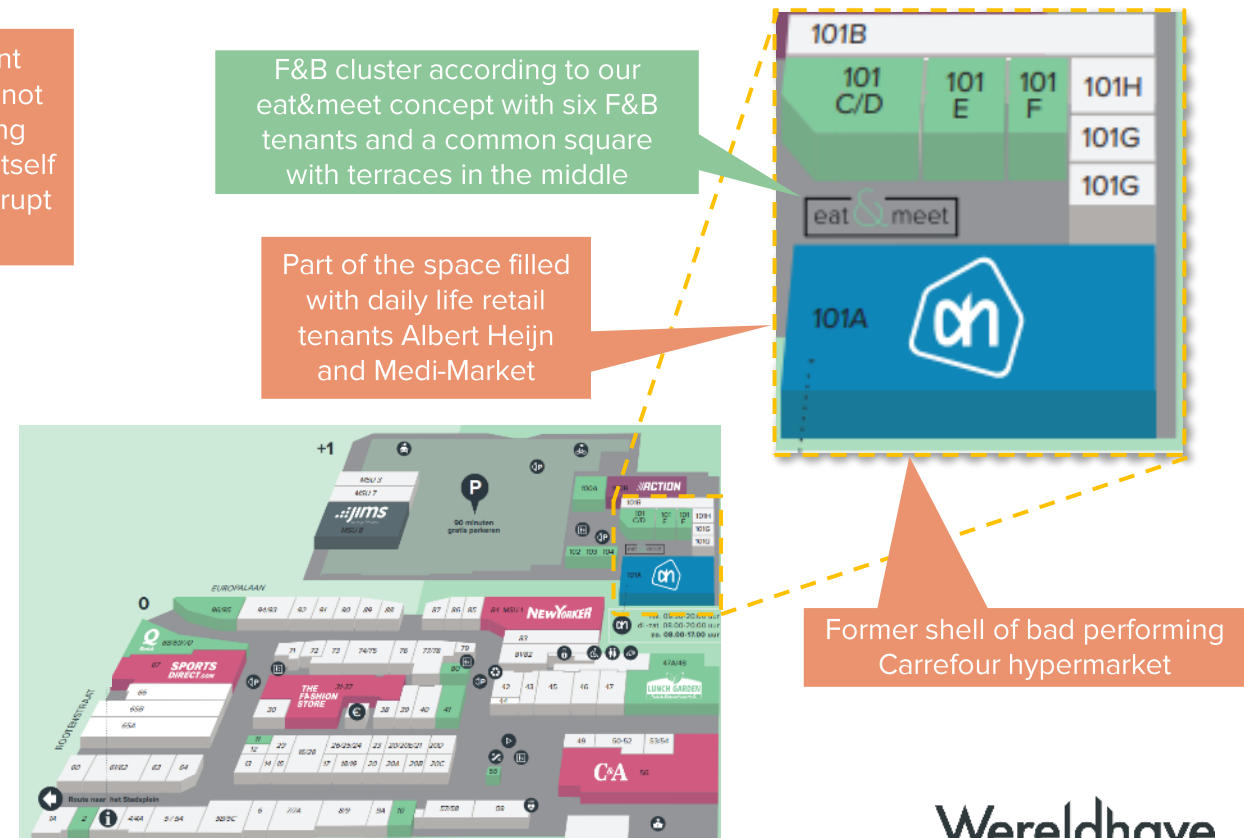
Basic-Fit replaced not paying and bankrupt tenant



Sportsworld went bankrupt and did not pay rent for a long time. Sportsworld itself replaced the bankrupt V&D

Basic-Fit, combined with Solow, replaced the Sportsworld

F&B cluster and daily life retail replaced bad performing tenant



F&B cluster according to our eat&meet concept with six F&B tenants and a common square with terraces in the middle

Part of the space filled with daily life retail tenants Albert Heijn and Medi-Market

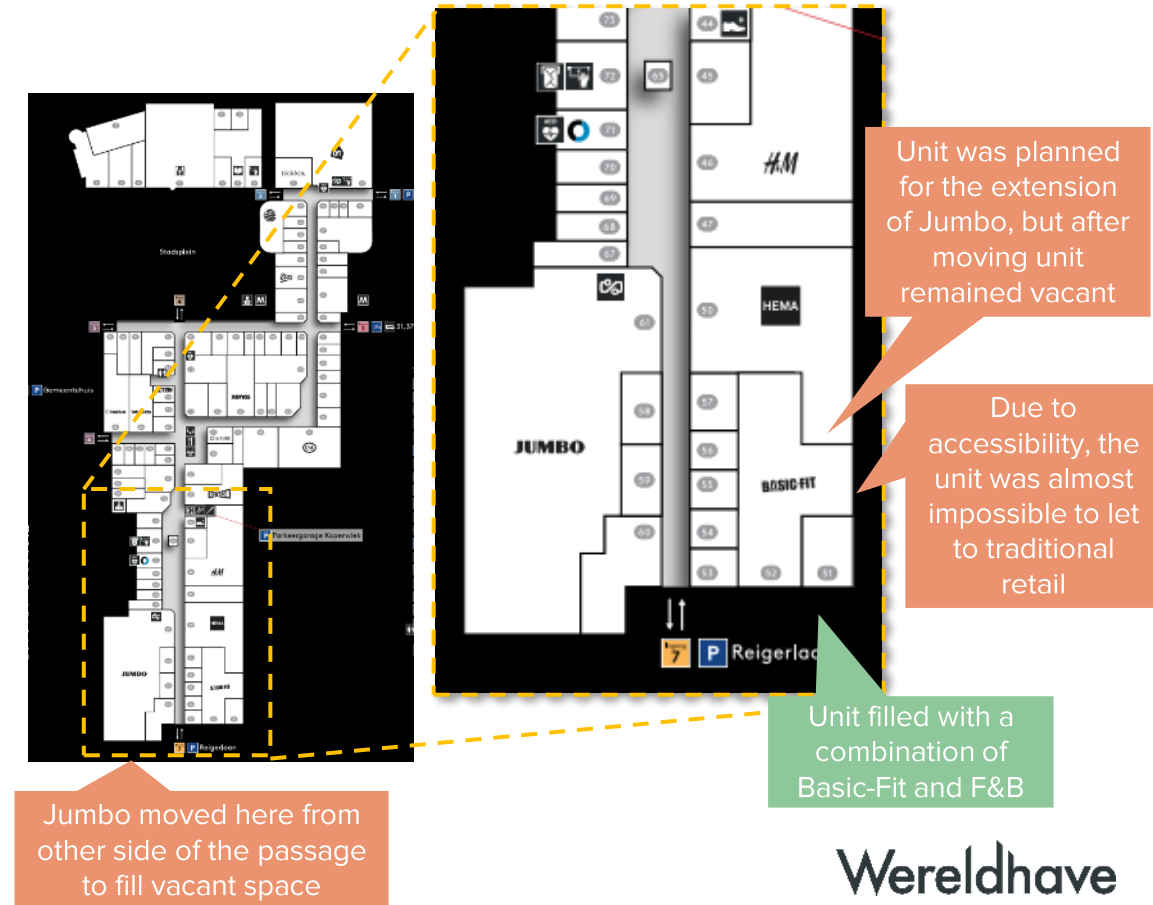
Former shell of bad performing Carrefour hypermarket

# ... the mixed-use has filled vacant and previously sub-optimally used space...

### Healthcare cluster filled vacant and hard to let units

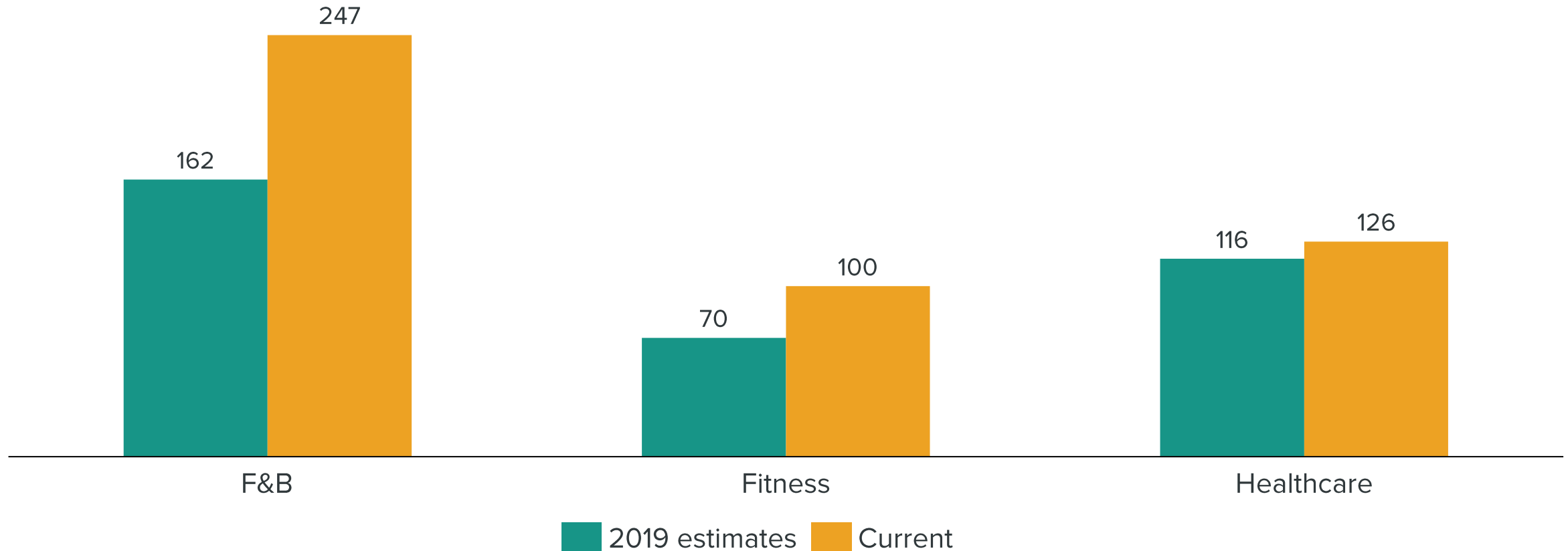


### Basic-Fit filled vacant and unlettable unit



# ... and the rent paid by the mixed-use tenants is higher than we expected

Actual rent levels vs. expected rent levels in 2019  
€ / m<sup>2</sup>



# Conclusions

- Physical retail has performed better than expected since launch of LifeCentral, both in the market and in the Wereldhave assets, which has driven Wereldhave's outperformance together with cost savings
- By year-end 2023 we will have successfully transformed 9 assets into Full Service Centers, all within our IRR threshold
- To design these FSCs we follow an asset-by-asset approach including a Red Flag analysis, Blueprint and business case
- Increasing shares of mixed-use and daily life retail make our tenant mix more resilient
- Rent levels post transformation to mixed-use did not decrease as underperforming and low paying tenants were replaced, the mixed-use has filled vacant and previously sub-optimally used space and the rent paid by the mixed-use tenants is higher than we expected
- The better-than expected mixed-use rents will drive better than expected IRRs







# Wereldhave

better everyday life, better business