

Wereldhave

Results

H1 2020

21 juli 2020

make every day count

At Wereldhave, we believe that everyone deserves to have a comfortable, well-balanced everyday life.

No ifs. No buts. End of story.

And we play our part by creating best-in-class Full Service Centers. Centers for a better everyday life. How do we do this? By creating a new category in retail real estate; one that helps customers run their daily lives more easily and makes everyday life comfortable and joyful. With our LifeCentral transformation program, we focus on creating the right balance on the four customer need areas that make every day count.

First transformation strategy in European Retail Real Estate

Outlook 2020 EPRA EPS re-installed at €1.70 to € 1.90

Strong footfall recovery points to relative resilience

Rent collection at 59%(BE: 60%, FR 34%, NL 72%) for Q2 & negotiations on crisis agreements still ongoing

Transformation of Dutch retail started. Mixed-use in portfolio increases from 9.4% to 10.1% (2025 target >25%)

Unlocking potential of €1.50 to € 1.75 in NAV per share through the launch of the residential strategy – Underpinned by active development of two projects

Summary

Key metrics

	H1 2020	H1 2019	Change
Key financial metrics (x € 1,000)			
Gross rental income	96,050	105,029	-8.5%
Net rental income	63,576	87,363	-27.2%
Direct result	44,753	65,807	-32.0%
Indirect result ¹⁾	-161,857	-125,561	-28.9%
Total result ¹⁾	-117,103	-59,754	-96.0%
Per share items (€)			
Direct result	0.97	1.44	-0.47
Indirect result	-3.73	-3.10	-0.63
Total result	-2.76	-1.66	-1.10
EPRA EPS	0.97	1.44	-0.47
Total return based on EPRA NRV	-2.95	-1.76	-1.19
Dividend paid	0.63	1.26	-0.63

¹ Continuing operations

	June 30, 2020	December 31, 2019	Change
Key financial metrics (x € 1,000)			
Investment property	2,742,173	2,906,686	-5.7%
Assets held for sale	3,200	9,880	-67.6%
Net debt	1,282,843	1,314,824	-2.4%
Equity attributable to shareholders	1,201,817	1,319,598	-8.9%
EPRA performance metrics (€)			
EPRA NRV	32.49	36.07	-9.9%
EPRA NDV	28.40	31.80	-10.7%
EPRA Vacancy rate	5.6%	5.4%	0.2 pp
EPRA Cost ratio ¹⁾	22.7%	23.4%	-0.7 pp
EPRA Net Initial Yield	6.0%	5.8%	0.2 pp
Other ratios			
Net LTV	46.7%	44.8%	1.9 pp
ICR	5.9x	6.6x	-0.7x
IFRS NAV	29.90	32.78	-8.8%
Number of ordinary shares in issue	40,270,921	40,270,921	0.0%
Number of ordinary shares for NAV	40,191,662	40,255,423	-0.2%
Weighted avg. number of ordinary shares outstanding	40,233,463	40,251,654	-0.0%
Shopping Centers portfolio metrics			
Number of assets	30	31	-1
Surface owned (x 1,000) ²⁾	840	851	-1.3%
LFL NRI growth	-28.7%	-0.6%	-28.1 pp
Occupancy rate	94.8%	94.8%	- pp
Theoretical rent per sqm	225	227	-0.9%
ERV per sqm	214	215	-0.5%
Footfall growth	-21.9%	1.1%	-23.0 pp
Proportion of mixed-use (in m ²)	10.1%	9.4%	0.7 pp
Customer satisfaction Benelux (NPS)	-10	-	-10

¹ Excluding COVID-19 impact

² Excluding Emmapassage Tilburg

CEO comments

“Since our first quarter of 2020 report, I am cautiously optimistic on how the Covid-19 situation has worked out for our portfolio. In these challenging times, our portfolio demonstrates resilience by providing a safe and healthy environment to fulfil the everyday needs of local communities. Our Dutch centers have consistently led the pack during the recovery and in more and more centers the footfall is above the pre-Covid-19 period. The assets in Belgium and France show a similar strong recovery path, albeit with some delay.

We successfully re-opened our centers and signed over 200 individual Covid-19 leasing agreements in one quarter. This was a huge challenge while the business continued as usual. With that in mind, it is a remarkable performance that our teams were able to lease all 2H19 vacated units left by Pittarosso in France to Chaussea and Bricorama and the vacated Sportsworld unit in Purmerend to Basic-Fit. For the extension of Belle-Île, we have submitted a new building permit for the transformation into a Full Service Center. In Tilburg we have made significant leasing steps with several new tenants including De KOOPman in the former Hudson’s Bay store and added F&B and leisure to the scheme. In France we have signed Primark as new anchor to Saint-Sever.

We have an actionable plan to transform shopping centers into Full Service Centers and believe this LifeCentral strategy is even more validated by the Covid-19 crisis. We need to be realistic on the potential impact of the economic recession on an already fragile retail environment. Although we experience limited bankruptcies in our portfolio, we are cautious towards the second half of the year and the first half of 2021. Many retailers that face difficulties today were already earmarked as risky during our strategic review. As we predicted in our strategic update in February, the traditional retail landscape is oversupplied and will change and polarize further. That view is unchanged. The difference lies in the pace of change.

In our Dutch portfolio we have reached a level where transformation clearly makes sense. The two residential development projects that are in progress are a testimony of that view. We are unlocking our residential potential whilst rightsizing the retail surface, a double win for Wereldhave and fully in line with our LifeCentral strategy. In Purmerend and Tilburg, we have made strategically important leasing deals to replace traditional retail tenants with leisure and entertainment. And equally important, we have the teams and partners in place to successfully transform. Projects such as the delivery of the first part of a Healthcare Plaza in Presikhaaf (Arnhem) and the redevelopment of De Koperwiek (Capelle aan den IJssel) show that we can make complex redevelopments a success. During this quarter multiple analysts stated that based on current valuations, Wereldhave is probably the only European retail REIT that is able to act on real transformation.

We realize that we will need capital for larger transformation plans. It remains key to execute on our disposal program this year. Our finance teams have worked hard to finish all necessary preparations for the phase-out of France, and many site visits have taken place. In the coming months management will evaluate all the options to see which scenario provides the best value for shareholders and lowers our net LTV ratio which increased to 46.7% on 30 June 2020. Once we have taken the first serious steps to de-lever, the first transformation projects will be restarted. With the € 100m green financing facility arranged in April, we cover our liquidity position until March 2021. Additionally, we are in constructive discussions with our banks in order to secure coverage until the end of 2022 and beyond.

We feel it is our duty to provide an adjusted 2020 earnings guidance, though in a wider range than usual. Of course, this guidance is based on gradual recovery and does not consider a second wave of lockdowns and forced shop closures.”

Matthijs Storm, CEO

Schiphol, 21 July 2020

Our markets

Covid-19

The Covid-19 pandemic had a significant negative impact on the retail property markets during the second quarter of the year. The forced closure of the majority of the stores in Belgium and France impacted the rental market as well as the investment market, which came close to a standstill. Lease negotiations were notably slower as the focus from the leasing market turned towards negotiating crisis lease agreements. These negotiations are still ongoing today. Although most stores in the Netherlands were allowed to stay open, there was a wide difference between the trade in daily and non-daily goods.

Belgium

The first two months of 2020 we saw a positive trend in footfall, retailer turnover and leasing results in the operations of our Belgian centers. This positive trend abruptly ended when the Covid-19 pandemic began mid-March. The Belgian retail rental market came to a standstill. The lockdown and forced closure of non-essential stores in Belgium have shifted the retailers' attention away from expansion. Due to substantially diminished turnover, they faced immediate risk on keeping sufficient liquidity. This sharply deteriorated rental payment behavior amongst retailers and still is the main discussion topic. So far, the number of retailers in financial distress is relatively limited.

France

The French retail property market is showing steady progress in footfall since the end of the lockdown. Footfall is recovering since June 22 and the reopening of cinemas. It remains somewhat subdued compared to 2019, because the summer sales have been postponed towards mid-July and working from home is still in place for many people. The number of retailers in restructuring as a result of financial distress has increased towards the end of the second quarter. This is particularly visible in the fashion sector with brands like André, Camaïeu, La Halle, Celio and Naf Naf facing financial difficulties. However, potential buyers already offered to restart these brands.

Netherlands

With the introduction of the intelligent lockdown on March 15, footfall numbers almost halved by the end of March. Since then, a gradual recovery was visible in visitor numbers. There is a wide dispersion in performance between retail property catering for daily and non-daily goods. Our portfolio demonstrated resilience as most shopping centers are anchored by one or more supermarkets and have a strong focus on everyday needs. We expect this development to continue in the second half of the year. With a recession looming, consumer confidence since April dropped to levels last seen in 2013.

Direct & Indirect Result

(x € 1,000)	H1 2020		H1 2019	
	direct result	indirect result	direct result	indirect result
Gross rental income	96,050	-	105,029	-
Service costs charged	14,793	-	15,162	-
Total revenues	110,843	-	120,191	-
Service costs paid	-18,934	-	-19,088	-
Property expenses	-28,333	-	-13,740	-
Total expenses	-47,267	-	-32,827	-
Net rental income	63,576	-	87,363	-
Valuation results	-	-161,545	-	-122,951
Results on disposals	-	-2,147	-	-156
General costs	-5,080	-1,642	-6,921	-1,313
Other income and expense	-	-12	-	-27
Operational result	58,496	-165,346	80,442	-124,447
Interest charges	-14,166	-	-14,465	-
Interest income	4	-	18	-
Net interest	-14,161	-	-14,447	-
Other financial income and expense	-	3,146	-	-2,089
Result before tax	44,334	-162,200	65,995	-126,535
Income tax	419	344	-188	974
Result from continuing operations	44,753	-161,857	65,807	-125,561
Result from discontinued operations	-	-	-	413
Result	44,753	-161,857	65,807	-125,148
Profit attributable to:				
Shareholders	39,061	-150,019	57,857	-124,351
Non-controlling interest	5,692	-11,837	7,950	-797
Result	44,753	-161,857	65,807	-125,148
Earnings per share from continuing operations (€)	0.97	- 3.73	1.44	- 3.10
Earnings per share from discontinued operations (€)	-	-	-	0.01
Earnings per share (€)	0.97	- 3.73	1.44	- 3.09

EPRA EPS for H1 2020 was € 0.97. It represents a 33% decline compared to the same period last year and is heavily impacted by the Covid-19 pandemic. Following the outbreak of Covid-19, several arrangements have been made with tenants to provide them with the necessary support ranging from flexible payment schemes to waiving a part of the rent. These arrangements and ongoing negotiations had an impact of € 0.37 per share in EPRA EPS for H1. On 7 February we provided an outlook for 2020 EPRA EPS of € 2.35-2.45. Due to the uncertainties arising from the Covid-19 pandemic, we removed this outlook. Without the Covid-19 impact, we would have been ahead of our original outlook.

EPRA NRV declined by 10% to € 32.49 per share. This is mainly caused by negative portfolio revaluations.

Total return for H1 2020 was € -2.95 per share, following the decline in EPRA NRV and the pay-out to shareholders of € 0.63 dividend per share for the period Q3 2019, which was paid in January 2020.

Direct result

Direct result to shareholders for H1 2020 was € 39.1m. Net rental income amounted to € 63.6m for H1 2020. The result is significantly affected by provisions made for Covid-19 agreements and negotiations. We reviewed the ongoing Covid-19 negotiations and made several assumptions to estimate the potential outcome of the weakened payment behaviour and increased risk of future bankruptcies. Our assessment led to the recognition of an additional provision on outstanding debtors of € 16m.

The rent collection rate per 17 July 2020 for the Q2 rents stood at 59%. Out of the Q2 rents, arrangements were signed for rent deferral of € 3.4m and discounts of € 3.3m. On the remaining outstanding balance of € 20.3m the negotiations are progressing.

We have implemented several cost saving measures and realised a 27% cost reduction (€ 1.8m) in our direct general costs, which is now at € 5.1m. We are looking into further cost saving measures including the relocation of our current headquarters from Schiphol WTC. We are investigating the possibility of subleasing this location and multiple office locations. A possible move into one of our own properties could lead to additional annual cost savings of about € 0.4m.

Net interest expense declined to € 14.2m as a result of a lower net debt and relatively stable interest rate at 1.9%.

Due to the forced closures during Q2 we are currently unable to provide you with a meaningful number on tenant sales and occupancy cost ratios for H1 2020.

Indirect result

Our indirect result came to negative € 161.9m for H1 2020. This was mostly related to the negative property revaluation of € 161.5m or 5.6% of our total portfolio value.

The uncertainty about potentially rising vacancies and the decline in market rents has resulted in a wait-and-see approach amongst real estate investors and financial institutions that provide debt financing. This led to an absence of market transactions in the first half of the year. Both request higher margins and returns to compensate the increased risk of the sector. Appraisers have reflected the increased uncertainties in lower property values through a combination of lower estimated market rents and higher required yields and provided a notion of 'material uncertainty' in their appraisals. In all countries they lacked comparable market transactions to rely on. The values were adjusted downwards on the back of higher expected vacancies, longer void periods, lower estimated market rents and higher yield assumptions (+0.1% to 5.9% for shopping centers) to reflect the higher uncertainty in the investment market.

Compared with year-end 2019, the property valuation in the Netherlands went down by € 62.6m (-5.5%), in France by € 63.6m (-7.9%) and in Belgium by € 35.3m (-3.7%) of which € 1.4m related to our Belgian office portfolio. The average EPRA Net Initial Yield on the Dutch portfolio is now at 6.8% (unchanged), France 4.7% (+10bps) and in Belgium for the shopping centers 5.7% (+10bps). Though our leasing efforts having been executed well above December 2019 ERVs in all countries (+10.3% on average), appraisers have taken down their ERV estimates across the board.

Operations

The health and safety of our visitors, tenants, employees and business partners are our highest priority. Several initiatives have been taken to create the optimal shopping environment, while considering the required safety measures. We have set the following priorities for centralized and local measures:

- To create a safe and healthy environment that ensures that there is a minimal risk of spreading the Covid-19 coronavirus
- To provide visitors with clear information before and during a visit of our centers
- To stimulate spreading of the flow of visitors by using crowd-management tooling, strict center guidelines, communication and signaling

Our measures include additional security, cleaning and disinfection points, customer communication campaigns, real-time visitor counting systems and several types of 'social-distancing' measures.

During lockdown periods, we took several measures to keep costs low (such as temporary unemployment for employees and electricity cost reduction). Several non-essential investments have been put on hold. Such projects are under review until the situation has normalized and there is more clarity about the economic impact of this crisis.

During the lockdown periods, many of the retailers experienced a strong decline or even a total drop in turnover. In this context, many individual conversations with a large part of our tenants were initiated about the rent payment conditions. This involved deferred payments, monthly payments, partial or whole forgiving of the rent, as well as supportive measures for the period following reopening of their stores to resume activities.

On 30 June about 300 agreements have been signed with tenants.

	# of contracts	Leasing volume	ERV uplift	MGR uplift	Occupancy rate	LFL NRI growth
Shopping Centers						
Belgium	40	5.7%	15.8%	8.6%	96.0%	-23.8%
France	16	3.6%	12.2%	-13.8%	90.6%	-50.7%
Netherlands	70	4.9%	5.6%	-9.0%	96.4%	-19.4%
Total Shopping Centers	126	4.8%	10.3%	-3.6%	94.8%	-28.7%

Belgium

In the first two months of 2020, footfall growth of the Belgian centers grew by 15%, which was well above the market growth of 6%. The main factors were the introduction of several successful brands in our dynamic tenant mix and effective online and offline marketing campaigns of 'Make every day count'.

The Covid-19 pandemic abruptly ended the positive trends with the forced closure of non-essential stores. The centers remained accessible for a very limited number of stores. This had a strong negative impact on the business and footfall numbers (-29.6% versus the same period last year). When looking at the development of visitors during and after lockdown, we are confident of a solid recovery in H2. Following April's visitor numbers of -86% versus the same period last year, we saw a strong recovery following the reopening of the centers on May 11 (-37%). The visitor numbers are close to last year's levels after the F&B reopened on June 8 (-11%). An additional 2,000 m² floor space has been created specifically for the reopening of the cafés and restaurants. This space can be used for free to support the F&B operators, while maintaining the social distancing measures. With -13.6% in visitors year-on-year, our Belgian portfolio outperformed the national index (-24.0%).

The EPRA occupancy rate for shopping centers in Belgium has been kept at 96.0% during the second quarter. The minimal decline of 0.4% was the result of the notice of a few temporary pop-up stores. The occupancy in the office portfolio was stable at 87.0%. As a result, the occupancy of the Belgian portfolio was 94.6%. Over the past half year, 40 leases have been closed (15.8% above ERV). Of those, 14 were closed in the second quarter (15% above ERV).

The net rental income on a like-for-like basis was -23.8% for the shopping center portfolio and -0.2% for the office portfolio, versus an indexation impact of +1.1%. The majority of the decline (-20.1%) in the shopping center portfolio was the result of Covid-19 concessions and lower specialty leasing demand. The remainder of the decline in rental income is mainly due to a decline in occupancy in Genk.

Customer satisfaction in the Belgian portfolio increased with an NPS score of +17 compared to +15 for Q1.

France

With 99% of the stores reopened by the end of June, the number of visitors has significantly improved since the reopening on the 11th of May. In week 29, visitor levels were back at 85% versus last year, despite postponement of summer sales. This compared to a 65% level year-to-date. For June, our French portfolio saw a 30.1% year-on-year decline in visitor numbers,

versus the national index of -20.9%. At the end of June, EPRA occupancy was 90.6%, with +0.1% relatively stable versus Q1. Most centers saw stable to increasing occupancy.

Shopping center Saint-Sever in Rouen will be significantly improved with the signing of the new fashion anchor. A 6,790 m² lease with Primark was signed. This store is expected to open in the second half of 2022. The large space that Pittarosso vacated in three of our centers has been fully leased to Chaussea and Bricorama. The latter taking 1,600m² strengthens the destination offer of Meriadeck following the opening of Truffaut in 2019.

Wereldhave has signed a lease with a Carrefour City for its Docks 76 center in Rouen. Since the acquisition of the asset in 2014, Wereldhave has been focusing on strengthening the food offer in this center. Now, it is strongly positioned in fashion, leisure and food & beverage. The Carrefour City will strengthen the center's profile by becoming a destination for both exclusive and convenience brands. By adding this convenience element, Docks 76 caters even better to the needs of the upcoming residential area of its catchment area. Opening of the store is expected in March 2021.

The net rental income on a like-for-like basis was -50.7% in France for H1. Most of the decline in the shopping center portfolio was the impact of Covid-19 concessions and doubtful debts. The remainder of the decline related to the departure of Leclerc at Docks Vauban, postponements of openings due to Covid-19, and the postponement of major works resulting in lower re-invoicing.

Customer satisfaction increased has increased with an NPS score of -38 versus -43 recorded for Q1.

Netherlands

The intelligent lockdown that started on March 15 caused a visitor number decline of 13.7% year-to date versus the national footfall index of -17.3%. It was particularly strong at the end of March (-48.6%), but the visitor numbers showed a steady increase afterwards. In June, the year-on-year visitor number decline was 10.3%. At the end of June, EPRA occupancy was 96.4%. This is a 1.6% improvement versus Q1, mainly thanks to the lease-up of the former Hudson's Bay by De KOOPman. At Winkelhof (Leiderdorp) the new Dirk van den Broek supermarket opened on June 16.

The like-for-like decline in net rental income was 19.4%. The majority of this decline was due to the increase in doubtful debt provisions as a result of COVID-19 impacted payment behavior.

We signed a lease for 1,515 m² with Basic-Fit for the first floor at our Eggert center (Purmerend) and with Atalmedial for a medical diagnostic center in Winkelhof (Leiderdorp). At Presikhaaf (Arnhem) the first part of a healthcare plaza opened.

Over the past six months we made significant steps to strengthen the vibrance of the inner-city of Tilburg. The area will see alternative uses as well as new concepts and repositioning of traditional retail. The lease with C&A for the former Emmapassage is a good example. ANWB has been signed and will open in the second half-year. Leisure and entertainment at the Pieter Vreedeplein will be strengthened by the pop-up VR Room and the Scandinavian Prison Island concept. We provide space for a new store of food & beverage operator Dutch Homemade Macarons at the Frederikstraat Noord and for @Lulu's. On June 25, De KOOPman opened its doors in the former Hudson's Bay unit. Leasing out to a new retailer enables us to keep the inner-city lively while we continue to redevelop the upper floors.

Covid-19 had a major impact on the NPS for the Dutch portfolio in Q1 and caused a drop from -5 to -20.

	Footfall growth	NPS
Shopping Centers		
Belgium	-18.6%	17
France	-37.4%	-38
Netherlands	-13.7%	-20
Total Shopping Centers	-21.9%	-17

Portfolio, disposals & investments

Standing portfolio

Wereldhave executed the disposal of WoensXL for € 25.7m in March. Additionally, we have sold land in Tilburg for € 8m. No acquisitions during the period have been made.

	H1 2020	H1 2019	Change
Net Rental Income			
Belgium	17,680	24,019	-26.4%
France	10,132	20,222	-49.9%
Netherlands	32,519	39,876	-18.5%
Total Shopping Centers	60,331	84,117	-28.3%
Offices	3,246	3,247	-0.0%
Total	63,576	87,363	-27.2%

	2020	2021	2022	2023	2024	2025	2026	≥ 2027	Indefinite
Lease expiries ¹									
Belgium	3.5%	15.0%	7.9%	6.4%	6.5%	7.0%	6.6%	46.3%	0.7%
France	13.7%	7.0%	3.6%	5.5%	9.6%	5.9%	4.7%	43.3%	6.6%
Netherlands	3.6%	12.9%	10.2%	12.6%	13.4%	11.3%	5.6%	21.9%	8.5%
Total Shopping Centers	6.0%	12.1%	8.0%	9.2%	10.6%	8.8%	5.7%	33.8%	5.8%
Offices									
Total	6.3%	12.1%	7.7%	9.1%	10.6%	8.5%	6.5%	33.5%	5.6%

¹ Lease end date

	Number of assets	Surface owned ¹	Annualised gross rent ²	Net value	Revaluation	EPRA NIY
Portfolio overview						
Belgium	9	220.1	49.3	845	-3.9%	5.7%
France	6	204.9	41.2	753	-7.8%	4.7%
Netherlands	15	415.2	84.2	1,053	-5.6%	6.8%
Total Shopping Centers	30	840.2	174.7	2,651	-5.7%	5.9%
Offices	2	62.5	7.7	92	-1.5%	7.9%
Total	33	902.7	182.4	2,742	-5.6%	6.0%

¹ Excluding Emmassage Tilburg

² As per June 30, 2020 excluding parking income

In our strategy update on February 7, we mentioned the phase-out of France in the coming 2.5 years. This process slowed down during the Covid-19 lockdowns and has been jumpstarted since the end of the lockdowns. Several parties have shown interest for one or more properties, the whole portfolio or other structures.

We continue to seek to dispose several assets in the Netherlands that don't meet our strict Full Service Center criteria, including the targeted IRRs. The Covid-19 crisis has resulted in a slightly longer than expected disposal trajectory.

Development pipeline

The Covid-19 pandemic has led to a near-term impact on Wereldhave's investment decisions. Wereldhave has delayed EUR 75m of capex investments within its committed development pipeline. This had led to a committed funding obligation for our development pipeline of EUR 24m.

The redevelopment of Presikhaaf in Arnhem has been completed within the original budget of € 23m and an occupancy above 95%. We have signed a lease with ethnic supermarket MERT. This unit is currently being finalized and scheduled to open at the end of July.

Building permits have become irrevocable for phase 4 of the Koperwiek redevelopment in Capelle aan den IJssel. Pre-leasing is already above 90% and commercialization of the remaining units is being done with several specialty food and grocery retailers. Delivery of the units is expected to occur gradually in the second half of 2020.

In Tilburg, the reconstruction of the new Emmassage is fully underway. The completion is expected in the first half of 2022.

The local specialty book store Gianotten Mutsaers entered its new location in February. We have signed the lease with C&A to become the second anchor to this center and signed ANWB for a new unit as well. Additionally, we have been pushing for additional income by leasing out a large LED advertising screen.

The extension plans for Belle-Île have been put hold because of the Covid-19 related liquidity preservation program. The renovation of this center is expected to be finalized in the last quarter of the year.

(In €m)	Total investment	Capex (net) so far	Capex spent 2020	YoC	Prelet	Completion
Koperwiek	37	31	2	4.75% - 5.25%	92%	2020
Presikhaaf	23	21	2	5.5% - 6.0%	95%	2020
Tilburg	10	3	1	5.0% - 5.5%	19%	2022
Defensive capex	30	21	9			
Committed	100	76	14			
Uncommitted	139	12	2			
Total	239	88	16			

Equity & net asset value

On June 30, shareholders' equity including non-controlling interest amounted to € 1,426.4m (December 31, 2019: € 1,550.3m) The number of shares in issue remained unchanged at 40,270,921 ordinary shares.

€ per share	30-Jun-20	31-Dec-19	Change
IFRS NAV	29.90	32.78	-8.8%
EPRA NAV	29.60	32.99	-10.3%
EPRA NRV	32.49	36.07	-9.9%
EPRA NTA	29.58	32.97	-10.3%
EPRA NDV	28.40	31.80	-10.7%

Financing

Interest-bearing debt was € 1,311.7m at June 30, 2020, which together with a cash balance of € 28.8m results in a net debt of € 1,282.9m. Undrawn borrowing capacity amounted to € 295m, the net loan-to-value ratio stood at 46.7% (YE 2019: 44.8%) and solvency ratio at 49%. Adjusted for a full utilization of secured debt, the gross loan-to-value is 48.9%. On June 30, the average cost of debt was 1.9% and ICR 5.9x. The weighted average term to maturity of interest-bearing debt was 3.6 years.

We closely monitor our short-term and long-term liquidity position. The € 100m Green financing facility we secured in April covers our liquidity position until April 2021. We have constructive discussions with our banks in order to secure coverage for the 2021-2023 period. The planned phase-out of France and additional disposals of non-core assets in the Netherlands will further improve our liquidity profile.

Launch of a Green Financing Framework

Sustainability is a key part of our value proposition to both tenants and visitors and to achieve long-term value creation in our business model. In order to anchor sustainability into our financing activities, Wereldhave developed a Green Financing Framework. It aims to attract funding that will be allocated to sustainable and energy efficient real estate assets which contribute to social and sustainable engagement in local communities. The Wereldhave Green Finance Framework is aligned with Wereldhave's new CSR strategy. Under this framework, Wereldhave can issue a variety of green finance instruments such as green bonds, green private placements, green (syndicated) loan facilities and other green debt instruments.

Dividend

In the light of the uncertainties regarding Covid-19 and in order to strengthen liquidity, Wereldhave has cancelled the final dividend payment of €0.63 per share for the year 2019. Wereldhave therefore distributed € 1.89 per share by way of interim dividends which covers the dividend distribution obligation. Additionally, Wereldhave will not pay quarterly interim dividends

regarding the fiscal year 2020. We will comply with the payout obligations under the Dutch fiscal regime. Conditional to normalized circumstances, we will return to our dividend policy. This remains with a pay-out between 75% and 85% of EPRA EPS.

A Better Tomorrow: a new Corporate Social Responsibility strategy

During the first half of the year, Wereldhave launched a renewed CSR Strategy. 'A Better Tomorrow'. Where we fulfill our everyday life needs should be a healthy place. A place that is good for a better everyday life for our customers and the environment. That is why we have created a new Corporate Social Responsibility (CSR) program for 2030 that supports LifeCentral. We want our future Full Service Centers to be low-carbon and less wasteful. We also want to bring positive socio-economic benefits to local communities. We truly believe that sustainability becomes more and more crucial to attracting the right tenants and customers to our centers.

'A Better Tomorrow' is based on three main areas – each with clear ambitions:

Better Footprint

- Operate all common areas at net zero carbon by 2030
- Reduce waste by recycling and sending zero waste to landfill, and use more circular solutions
- Partner with tenants and visitors to reduce carbon and waste

Better Nature

- Strengthen our buildings' resilience to extreme heat, flashflooding and storms
- Increase green areas on or around our centers with ecological value and climate resilience

Better Living

- Make our centers safe and pleasant places to be and work
- Help employees thrive both personally and professionally
- Make a positive social impact in local communities.

In each of these areas, we have set clear targets for the next ten years. We have also aligned our CSR strategy with six of the UN's 2030 Sustainable Development Goals.

We see sustainability as part of our value proposition to retailers. Many of our tenants are already introducing more sustainable working practices – reducing waste going to landfill, for example, or phasing out single-use plastics.

Wereldhave has committed itself to reduce carbon emissions to a level in line with what climate science says is necessary. Wereldhave will set verifiable science-based targets through the Science Based Targets initiative (SBTi), which independently assesses corporate emissions reduction targets against scientific best practice. Targets include that all common areas operate at net zero carbon by 2030. Additionally, we will help tenants and visitors to reduce their own waste and carbon leading to a net zero value chain by 2050. To implement our target, we will create a net zero roadmap for each Full Service Center.

De Ruilfabriek: a social project focused on retail and mixed-use innovation

Stichting De Ruilfabriek is not a place where products can just be exchanged, although the name in Dutch (exchange factory) suggests so. De Ruilfabriek is on the edge between retail innovation, experience, multi-functionality and a social concept. Opened in March 2020 in Cityplaza (Nieuwegein), De Ruilfabriek is an operator for multi-functional flexible lifestyle-space. Starting entrepreneurs can join forces in this retail laboratory that is focused on sustainable and Fairtrade products. This 500 m² location combines concept-store for flexible shop-in-shop concepts, co-working, flexible work-spaces and meeting facilities. By supporting such initiatives, our aim is to be the breeding grounds for retail innovation and have a more distinctive and inspiring retail offer for our guests.

Remuneration & management alignment

The AGM of 2020 adopted a new remuneration policy with the main objective to align it to our new strategy. Overall, base remuneration levels did not change. The Total Shareholder Return (TSR) threshold for vesting will become more ambitious, with higher scores required for vesting and the introduction of an absolute TSR hurdle. Additionally, during the first half of the year management increased its alignment with shareholders through several purchases of Wereldhave's shares and the LTI scheme for management. The total exposure in shares of the Board of Management is 97,320 shares. Lastly, management decided to take a pay-cut of 15% of their base salaries for three months as part of the cost-saving Covid-19 measures.

Full Service Centers transformations

During the first half of the year, we have made progress on the transformation to Full Service Centers in the Netherlands by increasing the amount of mixed use space by 0.7% of total space to 10.1%. We opened a dentist center as the first part of our healthcare plaza in Presikhaaf (Arnhem) and a pop-up VR Room in Tilburg. Additionally, we signed the leases for a fitness center in Eggert (Purmerend), a leisure, entertainment and F&B concept Prison Island and a F&B concept in Tilburg as well as a diagnostic center in Winkelhof (Leiderdorp).

Increased focus on residential

Wereldhave's residential strategy is focused on creating development opportunities in, on top of and near our existing locations. Key focus points are right-sizing our Full Service Centers by repositioning obsolete retail space, strengthening the multi-purpose factor of our locations and maximizing the value potential of our assets by unlocking the residential profit opportunity.

Partnerships are the preferred route for Wereldhave's residential development. The partnership with Amvest illustrates this. Not all locations will be developed with Amvest though, as some schemes are better suited for development with partners that deploy another business model (i.e. focused on residential for sale or smaller schemes).

We focus on eight locations in the Netherlands with an estimated potential of 1,500 to 2,000 units. Following successful execution, we expect these locations have an additional potential of € 1.5 to € 1.75 in EPRA NAV per share, which is currently not reflected in our current EPRA NAV.

Developments are in progress at Kronenburg (Arnhem) for ca. 500 to 700 units and at Winkelhof (Leiderdorp) for ca. 100 units. For Kronenburg we are planning development with Amvest, for which we have signed a LOI. With this partnership Wereldhave receives an up-front payment for the building rights from Amvest. At Leiderdorp, we cooperate with a private developer. Here, Wereldhave will sell the plots of land.

Introducing UpNext

UpNext is a flexible full-service pop-up concept. It provides an easy way for retailers and brands to sell products to new and existing customers and build name-recognition through a powerful real-life experience. Our guests are going to recognise these spots for surprising quality, a great experience or an excellent value proposition. Whether it is to introduce new products and services or to sell over-stock, UpNext provides a solution for what a retailer and brands wants to be taken care of. This ranges from interior design and fit-out, payment systems to staff recruitment to stock management and much more. All with flexible lease conditions.

The new service is available in two service levels: UpNext Shop and UpNext Premium. The Shop version is focused on low-cost and flexibility. In the Premium version, retailers can choose a customised fit-out and service level to create the optimal fit for their needs. UpNext works in partnership with external companies in order to facilitate payment systems, inventory and staff.

The high-traffic locations of Wereldhave enables brands and retailers to empower their marketing campaigns through physical interaction with their customers. 13 UpNext Shop contracts were signed in the second quarter and we are now preparing the launch of the UpNext Premium concept.

Services

We launched two new services that will improve the customer experience in our centers and support customers in managing their daily to do's. Owning and adding service to the last mile from our centers creates distinctive value to both our customers and tenants.

We are developing a delivery, pick-up and return service for all parcel delivery courier services in one place. It combines the service of the many operators in the continuously growing parcels market and creates a solution for our customers to handle package pick-ups and returns. Customers can have their orders from all e-commerce platforms delivered at home at the same time or pick them up in one location. This will be added to Wereldhave's 'The Point' service concept. This is a proven service concept in the Wereldhave centers in Belgium. The first The Point in the Netherlands will open in November 2020 in Cityplaza, Nieuwegein.

The second new service is called Connect and allows customers to pre-order at the local grocers of their center and pick up the parcel at a convenient time or have the order delivered in a sustainable manner. Connect is introduced in partnership with Shopforce and adds a sales channel to our tenants' businesses. At the same time it supports our visitors who want to support their local heroes and also want to create fresh and healthy meals without spending too much time on grocery shopping. The online platform will be launched at Presikhaaf (Arnhem) and Koningshoek (Maasluis) at the end of July. In line with our CSR strategy 'A Better Tomorrow' all deliveries are made with Groene Rijders, a local zero-emission delivery service.

Outlook

Wereldhave aims to become market leader in Full Service Centers in the Benelux, broaden the customer experience and improve our digital capabilities. Through our LifeCentral program, we will actively transform our assets, rightsizing them to the new reality, restoring the retail balance and adding new functions and uses. We will strengthen our balance sheet by divesting selective assets and phasing out our presence in France.

We are well-positioned to transform our assets to Full Service Centers. The assets are on densely populated and well-connected locations and the gap between current retail rent levels and mixed-use is modest. Capital allocation will be based on the total property return, with a disciplined data driven, fact-based approach. Assets with below target IRRs will be sold. The transformation of our portfolio will be executed simultaneously with our disposal program. This will lower our debt and strengthen our balance sheet, but we also expect our earnings per share will decrease over the next three years. Through our active asset transformation strategy, we will be able to achieve rental, value and dividend growth once the disposals have been executed.

For the year 2020, we expect an EPRA EPS between € 1.70 and € 1.90 per share on a constant portfolio basis. This outlook is based on several assumptions around a gradual recovery from the pandemic in Western Europe. We believe it is prudent to note that this scenario contains material uncertainties in the current context. This includes the risk in our markets for a second wave of the pandemic, additional or re-instated lockdown measures, or a materially different development in the economic context.

We expect to further execute on disposals in the second half of 2020, after which capex investments in our LifeCentral program will gradually be re-started.

Conference call / webcast

Wereldhave will present the first half-year results via a webcast and conference call at 10.00 CET, today. This (live) webcast will be available at www.wereldhave.com. Questions can be put forward by e-mail to ruud.van.maanen@wereldhave.com.

Consolidated statement of financial position

at June 30, 2020

<i>(x € 1,000)</i>	Note	June 30, 2020	December 31, 2019
Assets			
Non-current assets			
Investment property in operation		2,666,491	2,833,690
Lease incentives		5,762	5,639
Investment property under construction		69,920	67,357
Investment property	5	2,742,173	2,906,686
Property and equipment		5,571	6,026
Intangible assets		367	517
Derivative financial instruments		20,111	34,024
Other financial assets		2,904	826
Total non-current assets		2,771,126	2,948,080
Current assets			
Trade and other receivables		61,070	49,391
Tax receivables		12,148	15,008
Derivative financial instruments		20,599	-
Cash and cash equivalents		28,833	20,834
Total current assets		122,651	85,232
Investments held for sale		3,200	9,880
Total assets		2,896,977	3,043,192
Equity and Liabilities			
Equity			
Share capital		40,271	40,271
Share premium		1,711,033	1,711,033
Reserves		-549,486	-431,705
Attributable to shareholders		1,201,817	1,319,598
Non-controlling interest		224,545	230,682
Total equity		1,426,362	1,550,281
Non-current liabilities			
Interest-bearing liabilities	7	881,175	1,167,684
Deferred tax liabilities		883	1,227
Derivative financial instruments		18,401	25,414
Other long-term liabilities		33,385	34,615
Total non-current liabilities		933,843	1,228,941
Current liabilities			
Trade payables		8,234	8,436
Tax payable		18,954	14,751
Interest-bearing liabilities	7	430,501	167,973
Other short-term liabilities		77,871	72,430
Derivative financial instruments		1,210	381
Total current liabilities		536,771	263,971
Total equity and liabilities		2,896,977	3,043,192

Consolidated income statement

for the period ended June 30, 2020

(x € 1,000)	Note	H1 2020	H1 2019
Gross rental income		96,050	105,029
Service costs charged		14,793	15,162
Total revenue		110,843	120,191
Service costs paid		-18,934	-19,088
Property expenses		-28,333	-13,740
Net rental income	9	63,576	87,363
Valuation results		-161,545	-122,951
Results on disposals		-2,147	-156
General costs		-6,722	-8,234
Other income and expense		-12	-27
Operating result		-106,850	-44,004
Interest charges		-14,166	-14,465
Interest income		4	18
Net interest		-14,161	-14,447
Other financial income and expense		3,146	-2,089
Result before tax		-117,866	-60,540
Income tax		763	786
Result from continuing operations		-117,103	-59,754
Result from discontinued operations		-	413
Result for the year		-117,103	-59,341
Result attributable to:			
Shareholders		-110,958	-66,495
Non-controlling interest		-6,145	7,154
Result for the year		-117,103	-59,341
Earnings per share from continuing operations (€)		-2.76	-1.66
Earnings per share from discontinued operations (€)		-	0.01
Earnings per share (€)		-2.76	-1.65

Consolidated statement of comprehensive income

for the period ended June 30, 2020

<i>(x € 1,000)</i>	H1 2020	H1 2019
Result from continuing operations	-117,103	-59,754
Result from discontinued operations	-	413
Result	-117,103	-59,341
Items that may be recycled to the income statement subsequently		
Effective portion of change in fair value of cash flow hedges	18,746	-636
Changes in fair value of cost of hedging	-642	693
Total comprehensive income	-98,999	-59,284
Attributable to:		
Shareholders	-92,862	-66,384
Non-controlling interest	-6,137	7,100
	-98,999	-59,284

Consolidated statement of changes in equity

for the period ended June 30, 2020

(x € 1,000)	Attributable to shareholders						Non-controlling interest	Total equity
	Share capital	Share premium	General reserve	Hedge reserve	Cost of hedging reserve	Total attributable to shareholders		
Balance at January 1, 2019	40,271	1,711,033	4,495	-9,605	-1,706	1,744,489	231,347	1,975,835
Comprehensive income								
Result	-	-	-66,495	-	-	-66,495	7,154	-59,341
Effective portion of change in fair value of cash flow hedges	-	-	-	-582	-	-582	-54	-636
Changes in fair value of cost of hedging	-	-	-	-	693	693	-	693
Total comprehensive income	-	-	-66,495	-582	693	-66,384	7,100	-59,284
Transactions with shareholders								
Share based payments	-	-	318	-	-	318	-	318
Dividend	-	-	-50,740	-	-	-50,740	-5,947	-56,687
Change non-controlling interest	-	-	276	-	-	276	-4,386	-4,110
Other	-	-	-18	-	-	-18	-	-18
Balance at June 30, 2019	40,271	1,711,033	-112,164	-10,187	-1,013	1,627,941	228,114	1,856,055
Balance at January 1, 2020	40,271	1,711,033	-425,488	-6,569	350	1,319,598	230,682	1,550,281
Comprehensive income								
Result	-	-	-110,958	-	-	-110,958	-6,145	-117,103
Effective portion of change in fair value of cash flow hedges	-	-	-	18,738	-	18,738	8	18,746
Changes in fair value of cost of hedging	-	-	-	-	-642	-642	-	-642
Total comprehensive income	-	-	-110,958	18,738	-642	-92,862	-6,137	-98,999
Transactions with shareholders								
Shares for remuneration	-	-	-495	-	-	-495	-	-495
Share based payments	-	-	95	-	-	95	-	95
Dividend	-	-	-25,370	-	-	-25,370	-	-25,370
Change non-controlling interest	-	-	-	-	-	-	-	-
Other	-	-	852	-	-	852	-	852
Balance at June 30, 2020	40,271	1,711,033	-561,364	12,169	-292	1,201,817	224,545	1,426,362

Consolidated cash flow statement

for the period ended June 30, 2020

(x € 1,000)	H1 2020	H1 2019
Operating activities		
Result	-117,103	-59,341
Adjustments:		
Valuation results	161,545	122,951
Net interest	14,161	14,447
Other financial income and expense	-1,944	2,089
Results on disposals	2,147	-257
Deferred tax	-344	-974
Amortisation	732	773
Movements in working capital	313	-14,692
Cash flow generated from operations	59,508	64,996
Interest paid	-11,193	-12,894
Interest received	4	18
Income tax	374	-904
Cash flow from operating activities	48,694	51,216
Investment activities		
Proceeds from disposals direct investment properties	37,411	-156
Proceeds from disposals indirect investment property	-	-2,318
Investments in investment property	-32,805	-41,569
Investments in equipment	-20	-142
Investments in financial assets	-78	-68
Investments in intangible assets	-63	-37
Cash flow from investing activities	4,445	-44,290
Financing activities		
Proceeds from interest bearing debts	82,250	261,760
Repayment interest bearing debts	-99,471	-312,317
Movements in other long-term liabilities	-2,053	500
Other movements in reserve	-496	319
Transactions non-controlling interest	-	-
Dividend paid	-25,370	-56,687
Cash flow from financing activities	-45,140	-106,425
Increase/decrease in cash and cash equivalents	7,999	-99,499
Cash and cash equivalents at January 1	20,834	125,925
Cash and cash equivalents at December 31	28,833	26,426

Notes to the consolidated financial statements

1 Reporting entity

Wereldhave N.V. ('the Company') is an investment company which invests in real estate (shopping centres and offices). The property portfolio of Wereldhave N.V. and its subsidiaries ('the Group') is located in Belgium, France and the Netherlands. The Group is principally involved in leasing investment property under operating leases. The property management is performed by Group management companies. The Company is a limited liability company incorporated and domiciled in the Netherlands. The address of the Company's registered office is Schiphol Boulevard 233, 1118 BH Schiphol. The shares of the Company are listed on the Euronext Stock Exchange of Amsterdam. These condensed consolidated interim financial statements for the period ended June 30, 2020 were approved for issue on July 20, 2020. The figures of this press release are unaudited.

2 Tax status

Wereldhave N.V. has the tax status of an investment company (FBI status) in accordance with section 28 of the Dutch 'Wet op de Vennootschapsbelasting 1969'. This status assumes that the Group is (almost) exclusively engaged in portfolio investment activities. As a consequence, corporation tax is due at a rate of 0% in the Netherlands, provided that certain conditions are met. The main conditions concern the requirement to distribute the taxable result as dividend and restrictions with regard to the leverage. The taxable result of Wereldhave N.V. must be distributed as a dividend to its shareholders within eight months after the year during which the result was made. In general terms, the leverage restrictions imply that investments in real estate (including qualifying real estate companies) may only be financed through debt up to a maximum of 60% of their value. For investments in other assets the maximum level of debt allowed is only 20%. There is no requirement to include capital gains, arising on disposal of investments, in the result to be distributed.

The subsidiaries in Belgium (OGVV status) and France (SIIC status) have a similar status. In Belgium the net value of one single asset may not exceed 20% of the total Belgium portfolio. A concession was granted by the FSMA for a maximum period of 2 years expiring December 31, 2020. At June 30, 2020, the net value of Belle-Ile was below the threshold of 20%.

3 Accounting policies

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements for the period ended June 30, 2020 are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Statement of compliance

This condensed consolidated interim financial information for the six months ended June 30, 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the financial statements for the year ended December 31, 2019, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

Income and cash flow statement

The Group presents a separate 'statement of profit or loss' and 'other comprehensive income'.

The Group reports cash flows from operating activities using the indirect method. Interest received and interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities as this most appropriately reflects the Group's business activities.

Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements for the period ended June 30, 2020 have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of investment property and derivative financial instruments that have been measured at fair value.

The preparation of these condensed consolidated interim financial statements in conformity with EU-IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the condensed consolidated interim financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate.

The Covid-19 pandemic developed rapidly in 2020 and negatively affected the results for the period ended June 30, 2020. The lockdowns and resulting uncertainty on the developments of Covid-19 impacted our operations. The resulting market circumstances delayed our disposal program and our discussions with banks to secure our liquidity profile. We have taken a number of measures to preserve liquidity, amongst others the deferral of large capex projects included in the pipeline. We are progressing well in the negotiations with banks for new and extended financing arrangements that will secure our liquidity until the end of 2022. Based on the facts and circumstances known at this moment and the possible scenarios, management has determined that the use of the going concern assumption is warranted. However, there still is a material uncertainty resulting from Covid-19 that may cause the company to be unable to realize its disposal program and discharge its liabilities as it would in the normal course of business. Based on the circumstances described above, the interim financial statements are prepared on the assumption that the entity is a going concern.

Concession granted to lessees in relation to the Covid-19 pandemic are accounted for under IFRS 9, except in cases where the concession qualifies as a lease modification for which IFRS 16 applies.

Under IFRS 9 the concessions are recorded as an impairment on tenant receivables and directly charged to the profit and loss account as part of property expenses. In case the concession granted qualifies as a lease modification under IFRS 16, the concession is treated as a lease incentive which is straight-lined over the minimum term of the lease as a reduction of rental income.

The accounting treatment of concessions granted as well as the expected impact of ongoing negotiations on our tenant receivables had an impact of € 16 million on the result for the period ended June 30, 2020.

Change in accounting policy and disclosures

New and amended standards adopted by the Group

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2019.

As of January 1, 2020 the following standards became effective but did not have an impact on the Company's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020 and have not been applied in preparing these condensed consolidated financial statements. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current

The standard issued on January 23, 2020 clarifies the criteria in IAS 1 for classifying a liability as non-current in case of a right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity's right to defer settlement must exist at the end of the reporting period, clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, clarify how lending conditions affect classification and clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The amendments are effective for annual periods beginning on or after January 1, 2022. However the IASB has issued an exposure draft to defer the effective date to January 1, 2023 as a result of the Covid-19 pandemic. These amendments have not yet been endorsed by the EU.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements

The standard issued on May 14, 2020 includes several narrow-scope amendments that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. Amendments to IFRS 3 Business Combinations updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16 Property, Plant and Equipment prohibits a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, the amounts received are recorded a sales proceeds and related cost in the statement of profit or loss. Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making. Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments are effective for annual periods beginning on or after January 1, 2022. These amendments have not yet been endorsed by the EU.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The standard issued on May 28, 2020 provides a practical expedient that allows lessees to account for Covid-19 rent concessions as if they were not a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020 with earlier application permitted. The amendment has not yet been endorsed by the EU and has not been applied in preparing these condensed financial statements.

Change in classification

The group reclassified in the comparative figures an amount of € 2.2m from 'gross rental income' to 'property expenses'. This change has no impact on equity and results.

4 Segment information

Geographical segment information H1 2020

(x € 1,000)	Belgium	Finland	France	Netherlands	Headoffice	Total
Result						
Gross rental income	29,700	-	22,090	44,261	-	96,050
Service costs charged	4,928	-	4,834	5,032	-	14,793
Total revenue	34,628	-	26,924	49,292	-	110,843
Service costs paid	-5,881	-	-7,448	-5,605	-	-18,934
Property expenses	-7,822	-	-9,343	-11,168	-	-28,333
Net rental income	20,926	-	10,132	32,519	-	63,576
Valuation results	-35,274	-	-63,623	-62,649	-	-161,545
Results on disposals	326	-	-	-2,473	-	-2,147
General costs	-2,102	-	-889	-990	-2,741	-6,722
Other income and expense	-	-	-5	-	-7	-12
Operating result	-16,124	-	-54,385	-33,593	-2,748	-106,850
Interest charges	-1,291	-	-8,294	-9,060	4,479	-14,166
Interest income	3	-	-	2	-	4
Other financial income and expense	-899	-	-	-	4,045	3,146
Income tax	-66	-	-61	282	607	763
Result from continuing operations	-18,377	-	-62,739	-42,369	6,383	-117,103
Result from discontinued operations	-	-	-	-	-	-
Result	-18,377	-	-62,739	-42,369	6,383	-117,103
Total assets						
Investment properties in operation	922,436	-	751,294	992,761	-	2,666,491
Investment properties under construction	12,115	-	-	57,805	-	69,920
Assets held for sale	-	-	-	3,200	-	3,200
Other segment assets	24,951	-	35,052	231,037	1,340,503	1,631,543
minus: intercompany	-204	-	-	-65,000	-1,408,973	-1,474,177
	959,298	-	786,346	1,219,803	-68,470	2,896,977
Investments	9,514		10,441	11,392	-	31,347
Gross rental income by type of property						
Shopping centres	25,933	-	22,090	44,261	-	92,283
Offices	3,767	-	-	-	-	3,767
	29,700	-	22,090	44,261	-	96,050

Geographical segment information H1 2019

(x € 1,000)	Belgium	Finland	France	Netherlands	Headoffice	Total
Result						
Gross rental income	32,222	-	26,216	46,591	-	105,029
Service costs charged	4,806	-	6,184	4,171	-	15,162
Total revenue	37,029	-	32,400	50,762	-	120,191
Service costs paid	-6,057	-	-8,223	-4,808	-	-19,088
Property expenses	-3,706	-	-3,956	-6,079	-	-13,740
Net rental income	27,266	-	20,222	39,876	-	87,363
Valuation results	-2,473	-	-36,058	-84,420	-	-122,951
Results on disposals	-19	-	-6	-131	-	-156
General costs	-1,813	-	-2,060	-1,319	-3,043	-8,234
Other income and expense	-	-	-2	-	-25	-27
Operating result	22,962	-	-17,904	-45,994	-3,068	-44,004
Interest charges	-1,438	-	-7,915	-10,244	5,132	-14,465
Interest income	9	-	-	5	3	18
Other financial income and expense	-664	-	-	-	-1,425	-2,089
Income tax	214	-	30	543	-	786
Result from continuing operations	21,083	-	-25,789	-55,690	642	-59,754
Result from discontinued operations	-	413	-	-	-	413
Result	21,083	413	-25,789	-55,690	642	-59,341
Total assets						
Investment properties in operation	957,341	-	849,049	1,335,318	-	3,141,708
Investment properties under construction	12,165	-	-	53,907	-	66,072
Assets held for sale	-	-	-	6,940	-	6,940
Other segment assets	32,478	-	55,438	324,002	1,148,241	1,560,159
minus: intercompany	-10,033	-	-	-65,000	-1,347,085	-1,422,118
	991,950	-	904,487	1,655,167	-198,844	3,352,760
Investments	6,546	-	7,461	13,024	-	27,031
Gross rental income by type of property						
Shopping centres	28,450	-	26,216	46,591	-	101,257
Offices	3,772	-	-	-	-	3,772
	32,222	-	26,216	46,591	-	105,029

5 Investment property

(x € 1,000)	Investment property in operation	Lease incentives	Investment property under construction	Total Investment property
2020				
Balance at January 1	2,833,690	5,639	67,357	2,906,686
Purchases	286	-	-	286
Investments	21,978	-	9,710	31,688
From / to development properties	4,084	-	-4,084	-
To / from investments held for sale	-800	-	-	-800
Disposals	-34,264	-	-	-34,264
Valuations	-158,481	-	-3,063	-161,544
Other	-2	123	-	121
Balance at June 30	2,666,491	5,762	69,920	2,742,173
2019				
Balance at January 1	3,213,454	6,754	59,999	3,280,207
Recognition of right-of-use asset on initial application IFRS 16	16,050	-	-	16,050
Adjusted balance at January 1	3,229,504	6,754	59,999	3,296,257
Purchases	14,195	-	-	14,195
Investments	11,350	-	15,681	27,031
From / to development properties	9,805	-	-9,805	-
To investments held for sale	-	-	-	-
Valuations	-123,146	-	197	-122,949
Other	-	100	-	100
Balance at June 30	3,141,708	6,854	66,072	3,214,633

Key assumptions relating to valuations:

	Belgium	France	Netherlands
June 30, 2020			
Total market rent per sqm (€)	204	231	201
EPRA Net Initial Yield	6.0%	4.7%	6.9%
EPRA vacancy rate	5.1%	13.1%	7.0%
Average vacancy period (in months)	12	11	10
Bandwith vacancy (in months)	0-18	6-20	6-21
December 31, 2019			
Total market rent per sqm (€)	204	231	203
EPRA Net Initial Yield	5.8%	4.6%	6.8%
EPRA vacancy rate	4.8%	7.2%	4.9%
Average vacancy period (in months)	8	11	10
Bandwith vacancy (in months)	0-18	6-15	5-15

6 Net asset value per share

The authorised capital comprises 75,000,000 million shares each with a nominal value of € 1. As at June 30, 2020, 40,270,921 ordinary shares were issued.

	June 30, 2020	December 31, 2019
Equity available for shareholders (x € 1,000)	1,201,817	1,319,598
Number of ordinary shares per 31 December	40,270,921	40,270,921
Purchased shares for remuneration	-79,259	-15,498
Number of ordinary shares per 30 June for calculation net asset value	40,191,662	40,255,423
Net asset value per share (x € 1)	29.90	32.78

7 Interest bearing liabilities

(x € 1,000)	June 30, 2020	December 31, 2019
Bank loans	244,387	419,075
Private placement	627,270	739,137
Convertible bonds	-	-
EMTN	9,518	9,472
Long-term interest bearing liabilities	881,175	1,167,684
Bank loans	174,942	74,973
Private placement	104,835	-
Treasury notes	150,724	93,000
Convertible bonds	-	-
Short-term interest bearing liabilities	430,501	167,973
Total interest bearing liabilities	1,311,676	1,335,657

(x € 1,000)	June 30, 2020	December 31, 2019
Balance at January 1	1,335,657	1,358,318
New funding	82,250	272,760
Repayments	-99,471	-313,317
Use of effective interest method	445	1,170
Effect of fair value hedges	179	1,446
Exchange rate differences	-7,384	15,280
Balance at December 31	1,311,676	1,335,657

The carrying amount and fair value of long term interest bearing debt is as follows:

(x € 1,000)	June 30, 2020		December 31, 2019	
	carrying amount	fair value	carrying amount	fair value
Bank loans, private placement and EMTN	881,175	941,561	1,167,684	1,207,517
Total	881,175	941,561	1,167,684	1,207,517

8 Fair value measurement

(x € 1,000)	Fair value measurement using			
	Total	Quoted prices (Level 1)	Observable input (Level 2)	Unobservable input (Level 3)
June 30, 2020				
Assets measured at fair value				
Investment property in operation	2,672,254	-	-	2,672,254
Investment property under construction	57,808	-	-	57,808
Investments held for sale	3,200	-	-	3,200
Financial assets				
Derivative financial instruments	40,710	-	40,710	-
Liabilities for which the fair value has been disclosed				
Interest bearing debt	1,372,062	-	1,372,062	-
Derivative financial instruments	19,610	-	19,610	-
December 31, 2019				
Assets measured at fair value				
Investment property in operation	2,839,329	-	-	2,839,329
Investment property under construction	54,742	-	-	54,742
Investments held for sale	9,880	-	-	9,880
Financial assets				
Derivative financial instruments	34,024	-	34,024	-
Liabilities for which the fair value has been disclosed				
Interest bearing debt	1,375,490	-	1,375,490	-
Derivative financial instruments	25,795	-	25,795	-

9 Rental income by country

(x € 1,000)	Gross rental income		Property expenses, service costs and operating costs		Net rental income	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Belgium	29,700	32,222	8,775	4,956	20,926	27,266
France	22,090	26,216	11,957	5,994	10,132	20,222
The Netherlands	44,261	46,591	11,742	6,715	32,519	39,876
Total	96,050	105,029	32,474	17,666	63,576	87,363

10 Related parties

The Board of Management, the Supervisory Board and subsidiaries of Wereldhave N.V. are considered to be related parties. The members of the Supervisory Board and of the Board of Management had no personal interest in any of the Company's investments during the year. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions if such terms can be substantiated.

11 Contingent liabilities

In France, the discussion with the tax authorities about the application of the French branch profits tax with respect to the years 2015-2017 has been resolved. The French tax authorities have withdrawn their € 61.7m claim notifications in full.

12 Events after balance sheet date

There are no events after balance sheet date.

13 Declaration of the Board of Management

The Board of management of Wereldhave N.V., consisting of Matthijs Storm and Dennis de Vreede, hereby declares that, to the best of their knowledge:

1. the interim financial statement over the first half year of 2020 gives a true and fair view of the assets, liabilities, financial position and result of Wereldhave N.V. and the companies included in the consolidation as a whole;
2. the interim financial statement over the first half year of 2020 provides a true and fair view on the condition as at the balance sheet date and the course of business during the half year under review of Wereldhave N.V. and the related companies of which the data have been included in the interim statement, and the expected course of business, where, in as far as important interest do not oppose, particular attention is paid to the investments and the conditions of which the development of turnover and profitability depend; and
3. the interim financial statement over the first half year of 2020 includes a true and fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht). Wereldhave considers the market risk, liquidity risk and credit risk as financial risks. The market risk can be divided into interest risk and currency risk. Rapidly changing economic environments and uncertainty about the solidity of the Euro(zone) may affect the market circumstances, and thus both the letting prospects as well as the market value of the properties. The continuation of the Euro(zone) is assumed.

For further comments we refer to the annual report 2019. Our risks are being monitored on a continuous basis.

Schiphol, 21 July 2020

Board of Management

Matthijs Storm, CEO

Dennis de Vreede, CFO

