Wereldhave

Q3 2024

Trading update 25 October 2024

better everyday life, better business

Key items

Further improvement in quarterly direct result per share (DRPS) to € 0.46

Wereldhave Full Service Centers (FSCs) outperforming Benelux market YTD 2024, with sales growth +5% and footfall growth +7%

New leases core portfolio signed 10% above properties' estimated rental values (ERVs)

Improvement of occupancy rates in retail portfolio to 96.2%

GRESB five-star rating maintained in 2024

Agreed refinancing of maturing € 50m credit facility in Belgium with € 80m credit facility

Ongoing FSC transformations progressing according to plan and within budget

Reconfirming guidance of FY 2024 DRPS of € 1.75

Message from our CEO

During the third quarter of 2024, our direct result continued to improve. After reporting € 0.41 and € 0.43 direct result per share (DRPS) in the first and second quarter of 2024 respectively, we realized a DRPS of € 0.46 in Q3 2024. This further improvement in earnings was driven by reduced vacancies (primarily in Belgium, where we faced bankruptcies in Q1 2024), as well as a reduction in our financial expenses as interest rates declined. Decreasing interest rates are positive for Wereldhave, as one fifth of our debt has a variable interest rate.

Operationally, our performance also continued to improve. Our Dutch portfolio produced +9% like-for-like growth in rents, coming from +5% in H1 2024. As we highlighted previously, the Dutch leasing market is improving as bankruptcies are limited (with the last significant surge of bankruptcies occurring between 2016 and 2019) and supply and vacancy in the market are reducing. Meanwhile, several brands are expanding their footprint. Our Full Service Centers enjoyed +5% growth in retail sales in the first nine months of the year and +7% in footfall, significantly outperforming the Benelux market.

Our balance sheet has continued to improve every quarter, with the loan-to-value now standing at 42.7%. Toward year-end we expect a further reduction through free cash flow and positive asset revaluations. Slight positive asset revaluations are expected as we continue to realize double-digit leasing spreads versus estimated rental values (ERVs) in our core markets, and long-term interest rates are falling (with an expected impact on yields). We are progressing with the intended two disposals in the Netherlands, which will ultimately reduce our loan-to-value below our target of 40%. During the third quarter, we agreed the refinancing of a € 50m unsecured facility with one of our Belgian core banks, which was originally due to mature in 2025, while expanding this facility by € 30m, which underscores our core banks' confidence in our LifeCentral strategy. The all-in cost is sub 4%, which is very competitive in today's market.

Although we have no new Full Service Center deliveries scheduled for this year, our teams are working hard on deliveries for 2025 (including phase 1 of our Kronenburg center transformation in Arnhem, the Netherlands, and our center in Nivelles, Belgium), while making significant progress on existing businesses (including leasing). The first phase of the Kronenburg transformation is progressing according to plan and within budget. We are also studying a new project in Liège and have commenced works in Bruges to redevelop and expand our retail park. Furthermore, we are working to integrate our Polderplein and Vier Meren centers in Hoofddorp into a single Full Service Center.

The Dutch government budget statement ('Prinsjesdag'), which includes the Tax Plan 2025, did not contain any unexpected new measures that would impact our company. For this reason, we still expect that our annual tax burden will remain in the range that we previously stated, albeit in the higher end of that range.

We maintained our position as an industry leader in sustainability, demonstrated in part by our 11th consecutive annual five-star Global Real Estate Sustainability Benchmark (GRESB) rating. We also received our ninth consecutive Gold Award in the annual sustainability Best Practices Recommendations from the European Public Real Estate Association (EPRA sBPR). Our Environmental, Social & Governance (ESG) program 'A Better Tomorrow' was developed to provide a roadmap from 2020 to 2030, with intermediate targets for 2025. It aligns with United Nations Sustainable Development Goals (SDGs) relevant to Wereldhave, and includes elements from leading ESG benchmarks such as GRESB and BREEAM.

As our direct result continues to improve, we are able to reiterate our full year 2024 guidance of a direct result per share of € 1.75.

Matthijs Storm, CEO

Amsterdam, 25 October 2024

Summary

Key IFRS financial measures (x € 1,000 unless otherwise noted)			
	9M 2024	9M 2023	Change
Gross rental income	124,447	115,958	7.3%
Net rental income	103,369	93,751	10.3%
Result	109,811	73,097	50.2%
Basic earnings per share (in €)	2.01	1.63	23.0%
Weighted average number of ordinary shares outstanding	43,637,743	40,052,736	9.0%
	30 Sep 2024	31 Dec 2023	Change
Investment property	2,235,625	2,162,411	3.4%
Cash and cash equivalents	16,063	25,544	-37.1%
Interest-bearing liabilities	948,024	941,362	0.7%
Equity attributable to shareholders	996,849	964,481	3.4%

EPRA and other performance measures (x € 1,000 unless otherwise noted)			
	9M 2024	9M 2023	Change
Direct result	67,263	62,767	7.2%
Indirect result	42,548	10,330	311.9%
Direct result per share (€)	1.30	1.30	-0.5%
Indirect result per share (€)	0.71	0.33	116.1%
Total return based on EPRA net tangible assets per share (€)	2.07	1.71	21.1%
Dividend per share (€)	1.20	1.16	3.4%
Interest coverage ratio	4.1x	5.0x	-0.9x
EPRA earnings per share (€)	1.24	1.16	6.9%
EPRA cost ratio including direct vacancy costs (%)	22.4%	31.8%	-9.4 pp
	30 Sep 2024	31 Dec 2023	Change
Net debt	931,961	915,817	1.8%
Net loan-to-value (%)	42.7%	42.7%	0.0 pp
EPRA loan-to-value (%)	47.6%	47.9%	-0.3 pp
IFRS net asset value per share (€)	22.82	22.09	3.3%
EPRA net tangible assets per share (€)	22.77	21.90	4.0%
Number of ordinary shares in issue	43,876,129	43,876,129	0.0%
Number of ordinary shares for net asset value	43,637,743	43,661,957	-0.1%
EPRA vacancy rate total portfolio (%)	4.4%	4.2%	0.2 pp
Shopping Center operations			
Occupancy rate (%)	96.2%	96.6%	-0.4 pp
Footfall growth	5.6%	12.4%	-6.8 pp
Like-for-like net rental income growth (%)	4.9%	14.3%	-9.4 pp
Proportion of mixed-use Benelux (in % of m2)	14.7%	14.1%	0.6 pp

Operations

In the third quarter of 2024, we continued to work on all elements of our LifeCentral strategy. The quarterly direct result per share improved primarily due to a higher occupancy rate and lower interest charges.

Netherlands

The Dutch leasing market is gaining momentum, with several sectors, particularly Food & Beverage (F&B), Fashion, and Discount, showing increased demand for new retail spaces. Multiple negotiations are currently underway with new tenants for various locations across the Netherlands.

In Q3 2024, several key deals were signed, reflecting this positive trend. Fashion retailer MS Mode has secured space in Winkelhof, Leiderdorp, while health & well-being tenants Evitel (medical and care supplies) and Apotheek Capelle (pharmacy) have signed for new locations in De Koperwiek in Capelle aan den IJssel. Normal signed a new agreement for Kronenburg in Arnhem, the fifth lease deal with this expanding retailer in the Netherlands. A significant package deal was also signed with discount retailer Wibra for five locations across the Netherlands, consisting of three new stores and the long-term extension of lease agreements for two existing stores. Additionally, global F&B brand KFC has committed to a new restaurant in Cityplaza, Nieuwegein, and fashion retailer Van Uffelen is set to open a second store with Wereldhave in De Koperwiek. Fashion brand Selected will open their second brand store in the Netherlands in Full Service Center Vier Meren, Hoofddorp. Overall, during the first three quarters of 2024, 126 new contracts were signed with tenants, at an average of 9.6% above market rent (ERV).

The shopping center occupancy went up by 20 basis points, reaching 95.4%.

Footfall in Q3 2024 was 6.3% higher than in the same period in 2023.

Belgium

The Belgian market continues to show strong interest in Wereldhave centers, demonstrating the strength of our Belgian portfolio. We managed to respond to retailer bankruptcies in the beginning of the year by bringing in new tenants to our centers at better conditions. In fact, we have successfully welcomed several new market entries in Q3 2024.

During the quarter, Jules fashion relocated and expanded its floorspace in Belle-Île, Liège, and now occupies the former Esprit unit. Global beauty and cosmetics brand Kiko Milano signed a new lease agreement for Full Service Center Les Bastions in Tournai, which is their first location in a Wereldhave center in Belgium. In addition, we are actively supporting Douglas with their expansion in Belgium, and they opened their first store with Wereldhave at Stadsplein, Genk. Fashion retailer CKS also secured a lease for the former Cassis unit in Full Service Center Ring Kortrijk at a significantly higher rent than before.
During the first three quarters of 2024, 39 new contracts for shopping centers were signed with tenants. On average these were 12.9% above ERV and 9.2% above the previous rent (MGR).

Footfall in Q3 2024, was 3.0% higher than in the same period in 2023.

Shopping center occupancy rose to 97.5% from 96.6% at the end of H1 2024.

Office occupancy went up by 1.8 percentage points to 85.8% at the end of Q3 2024.
In august 2024, we have signed an important lease with Rhenus Logistics in The Sage Antwerp, for 2,500 m^2, with effect in H1 2025.

France

In Côté Seine, Argenteuil (Paris), works started to restructure part of the ground floor of the center to deliver a shop to telecom provider Free, to extend the current unit of Chaussea in Q4 2024, and to deliver a shop to New Yorker in Q1 2025. We also signed pre-lets for a restructuring project on the first floor, creating six kiosks with Home Donuts, 100 Sushi, and Pixou Phone among others. Works will start in Q4 2024, with delivery in Q1 2025.

Visitor numbers in France in the third quarter of 2024 were 6.7% higher than in the same period last year, while the market recorded -2%. This, thanks to the replacement of the hypermarket in Côté Seine, Argenteuil, by a supermarket operated by Carrefour and the successful operation of the new F&B area and the opening of Normal in Mériadeck, Bordeaux

Tenant sales for the first three quarters of 2024 were 2% higher than the same period last year.

The occupancy rate of shopping centers in France increased by 70 basis points and stood at 95.3% at the end of Q3 2024.

Occupancy rates

	Q3 2023	Q4 2023	Q1 2023	Q2 2023	Q3 2024
Belgium	97.0%	98.2%	97.1%	96.6%	97.5%
France	94.5%	96.6%	94.6%	94.6%	95.3%
Netherlands	95.4%	95.5%	95.3%	95.2%	95.4%
Shopping centers	**95.9%**	**96.6%**	**95.9%**	**95.7%**	**96.2%**
Offices (Belgium)	85.2%	84.7%	85.5%	84.0%	85.8%
Total portfolio	**95.2%**	**95.8%**	**95.3%**	**94.9%**	**95.6%**

Overview operational performance 9M 2024

	# of contracts	Leasing volume	ERV uplift	MGR uplift	Occupancy rate	LFL NRI growth
Shopping centers						
Belgium	39	6.6%	12.9%	9.2%	97.5%	2.1%
France	13	8.2%	-20.2%	-41.9%	95.3%	-9.0%
Netherlands	126	12.9%	9.6%	-3.2%	95.4%	9.4%
Total	**178**	**10.2%**	**8.0%**	**-1.8%**	**96.2%**	**4.9%**

Change in visitors (yoy comparison of quarterly figures)

Shopping centers	Q3 2023	Q4 2023	Q1 2023	Q2 2023	Q3 2024
Belgium	7.3%	3.6%	4.4%	4.5%	3.0%
France	4.7%	5.5%	10.0%	5.0%	6.7%
Netherlands	3.6%	6.6%	6.6%	4.2%	6.3%
Overall	**4.5%**	**5.8%**	**6.5%**	**4.4%**	**5.6%**

Strategic developments

Full Service Center transformations

In line with our LifeCentral strategy, we continue to transform our centers into Full Service Centers. Nine of our commercial centers now qualify as Full Service Centers (FSCs). Meanwhile we have invested more than 70% of our planned LifeCentral capital expenditure.

The next Full Service Center deliveries are scheduled for 2025, comprising phase 1 of our Kronenburg center transformation in Arnhem, the Netherlands, and the FSC transformation of our center in Nivelles, Belgium. The first phase of the Kronenburg transformation is progressing according to plan and within budget. The heart of the center has been strengthened by the relocation of existing, well-performing tenants, and the former locations of these tenants are being transformed into new units for ALDI, C&A and Jumbo. A completely renewed entrance to this part of the center will be opened in November 2024.

This progress will ensure that we are on track to transform 13 of our 17 traditional shopping centers from our core portfolio into Full Service Centers by 2026.

Our delivered FSCs continue to perform well on their KPIs, including total return, leasing spread, footfall and occupancy.

Improving customer experience

Following a first round of customer interviews in 2023, our colleagues in the Netherlands and Belgium will once again spend time talking with customers and getting direct feedback to improve the customer experience at our FSCs, concepts and commercial clusters. We launched ‘Customer Talks’ interviews in Q3 2024 and will continue undertaking them in Q4 2024, focusing on gathering feedback to improve our customer offerings.

During the quarter, we also improved the physical customer experience in several centers. A further enhanced version of our service hub concept *the point* was, for instance, introduced at Shopping Nivelles in Belgium, building on its success as our first *the point* location. Meanwhile, a recycle wall was installed and opened in Winkelhof Leiderdorp, the Netherlands, following the success of the concept in our Belgian centers. In our Full Service Center Presikhaaf in Arnhem, the Netherlands, a new parking wayfinding system has been implemented in partnership with the local municipality.

Our tenant support program for those launching new stores or businesses in our centers continues to grow. To drive store footfall and sales, we have helped more than 55 of our tenants with store opening activities and commercial marketing communications in the year to date.

Environmental, Social & Governance (ESG)

In Q3 2024, we received several awards related to our ESG program ‘A Better Tomorrow’, retaining our 5-star rating in the 2024 Global Real Estate Sustainability Benchmark (GRESB, the leading global ESG benchmark for real estate). With a score of 92/100, we retained our 5-star rating from GRESB for the eleventh consecutive year, a significant achievement given the ever-increasing benchmark requirements and strong peer performance. Wereldhave also received its ninth consecutive Gold Award in the annual Sustainability Best Practices Recommendations from the European Public Real Estate Association (EPRA sBPR).

This continued recognition of benchmarks such as GRESB and EPRA reinforces our belief that we are on the right track and validates our ongoing investments in and commitment to sustainability. GRESB enables us to benchmark our sustainability performance against industry peers and provides further guidance for our strategic direction and goal-setting. 'A Better Tomorrow,' provides a clear strategic roadmap for our company and operations. Additionally, we are making significant progress toward ensuring our reporting will comply with CSRD standards by 2025.

A Better Tomorrow

Our ESG-program ‘A Better Tomorrow’ was developed to provide a roadmap from 2020 to 2030, with intermediate targets for 2025. It aligns with the Sustainable Development Goals (SDGs) relevant to Wereldhave and includes elements from leading ESG benchmarks such as GRESB and BREEAM. The program is based on three focus areas, each with clear ambitions:

- Better Footprint – reduce carbon emissions by 30% by 2030 for all m^2 under Wereldhave's operational control (SBTi approved) and become Paris Proof by 2045 (DGBC approved)
- Better Nature – 100% of assets to have action plans to mitigate the physical effects of climate change and double the surface area of vegetation roofs and green spaces
- Better Living – contribute at least 1% of net rental income to socio-economic and social inclusion initiatives, and aim for zero safety incidents at Wereldhave centers

Outlook

Our direct result continued to improve in Q3 2024. As a result, we can confirm our expectation of a direct result per share of € 1.75.

Glossary of terms

This glossary includes definitions of measures used in our reporting. We use a variety of financial and non-financial measures to assess and explain our performance. A number of the financial measures used, including net debt, direct result, direct result per share and the measures in accordance with the industry best practices as published by the European Public Real Estate Association (EPRA), are not defined under International Financial Reporting Standards (IFRS), and are therefore considered alternative performance measures (APMs). APMs are not considered superior to the relevant IFRS measures, rather management uses them alongside IFRS measures to monitor the Company's financial performance as they help illustrate the performance and position of the Company. These measures are determined on a consistent and comparable basis with our latest published annual report, unless otherwise stated.

Customer satisfaction Benelux (Net Promoter Score) is calculated as the 1-year moving average Net Promoter Score (NPS), measured over the entire portfolio of continued operating shopping centers in the Benelux. Continued operating shopping centers exclude developments and refurbishments.

Direct result is based on the EPRA earnings, which further excludes project related or other expenditures that are not considered by management to be part of the operational performance of the Company.

Direct result per share (DRPS) is calculated by dividing Direct result attributable to shareholders by the weighted average number of shares.

EPRA cost ratio including direct vacancy costs takes total property expenses, net service charges and general costs, divided by gross rental income from the IFRS income statement. The gross rental income and total costs are adjusted in case of income that is specifically intended to cover overhead expenses.

EPRA earnings is a measure of operational performance and the extent to which dividend payments to shareholders are underpinned by income generated from operational activities. The measure is based on the result from the IFRS income statement attributable to shareholders excluding valuation results, results on disposals, and the fair value of changes of financial instruments.

EPRA earnings per share is calculated by dividing EPRA earnings by the weighted average number of shares.

EPRA loan-to-value (EPRA LTV) is based on net debt divided by net assets as defined by EPRA, and based on a proportional consolidation of non-controlling interests.

EPRA net disposal value (EPRA NDV) takes IFRS NAV including the fair value of the interest-bearing liabilities attributable to shareholders.

EPRA net Initial yield (EPRA NIY) is calculated using the annualized rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, including estimated purchasers' cost on the basis of the valuation reports from appraisers at reporting date.

EPRA net reinstatement value (EPRA NRV) takes IFRS NAV, excluding the fair value of financial instruments and deferred tax liabilities, and including real estate transfer tax of the investment portfolio attributable to shareholders.

EPRA net tangible assets (EPRA NTA) takes IFRS NAV excluding intangible assets, the fair value of financial instruments, and 50% of the value of the deferred tax liabilities attributable to shareholders.

EPRA vacancy rate is the estimated rental value of vacant units as a percentage of the total estimated rental value of the portfolio, excluding development units, units under offer or occupied by the Group.

Estimated rental value (ERV) is the Company's external appraisers' opinion at valuation date of the market rent that could reasonably be expected to be obtained on new letting or renewal of the unit or property.

Footfall is the number of visitors in our shopping centers during the period.

Footfall growth is the change in footfall calculated as the footfall in current period divided by the footfall in the same period last year.

Gross loan-to-value (Gross LTV) is calculated based on the loan covenants and excludes the cash and cash equivalents compared with the Net LTV.

IFRS Net asset value per share (IFRS NAV) is equity attributable to shareholders divided by the total number of ordinary shares for net asset value.

Indirect result includes the items that are excluded from the IFRS income statement for the determination of the EPRA earnings, as well as further exclusions made as part of the determination of the Direct result.

Indirect result per share is calculated by dividing Indirect result attributable to shareholders by the weighted average number of shares.

Interest coverage ratio is the ratio of net rental income and the interest expense on interest-bearing liabilities (excluding amortized costs) as included in net interest in the income statement. The calculation is based on the loan covenants included in our financing agreements.

Like-for-like net rental income growth is the change in net rental income of the portfolio that has been consistently in operation during the two full reporting periods. This excludes acquisitions, disposals and developments.

MGR vs ERV is the percentage change calculated as the MGR on new or renewed contracts signed divided by the applicable ERV during the period.

MGR Uplift is the percentage change in MGR from renewed lease agreements signed during the reporting period compared with the MGR before the renewal.

Minimum guaranteed rent (MGR) on reporting date based on the lease agreements in place.

Net debt is the sum of the non-current and current interest-bearing liabilities, less cash and cash equivalents.

Net loan-to-value (Net LTV) is the ratio of net debt, including the value of the foreign exchange derivatives, to the aggregate value of investment properties, including assets held for sale, as well as property leased out under finance lease, less the present value of future ground rent payments.

Number of ordinary shares for net asset value is the total number of ordinary shares in issue, less the treasury shares held by the Company at the end of the period.

Occupancy rate is calculated as 100%, less the EPRA vacancy rate.

Occupancy cost ratio (OCR) is the total cost of occupation, which is calculated by taking rent, service charges and marketing contributions divided by the retail sales obtained from the tenant.

Proportion of mixed-use Benelux is the percentage of square meters devoted to tenants that operate in branches that are considered mixed-use in comparison with the total available square meters in our Benelux shopping centers.

Solvency is calculated as the total equity, less intangible assets and provisions for deferred tax assets divided by total assets per balance sheet, less intangible assets.

Retail sales are the sales figures provided by our tenants from our shopping center portfolio.

Tenant satisfaction is measured through tenant surveys, which provide a score for customer satisfaction on a defined scale.

Total property return is a measure of the unlevered return of our investment portfolio and is calculated as the change in fair value, less any investments made, plus net rental income, expressed as a percentage of fair value at beginning of period, plus the investments made during the period concerned, excluding land.

Total return based on EPRA net tangible assets per share is calculated as the total of the dividend paid per share and the change in EPRA NTA per share compared with the prior period.

Total shareholder return is a performance measure of the Company's share price over time. It is calculated as the share price movement from the beginning of a defined period to the end of the defined period plus dividends paid, divided by the average share price in the three months preceding the start of the defined period.

Weighted average number of shares includes the weighted average of the number of ordinary shares outstanding during the period (excluding treasury shares).

WERELDHAVE N.V.
Nieuwe Passeerdersstraat 1
1016 XP Amsterdam
The Netherlands
P.O. Box 14745, 1001 LE Amsterdam
T +31 20 702 78 00

www.wereldhave.com

better everyday life, better business