FitchRatings

Corporates
Property/Real Estate
Netherlands

Wereldhave N.V.

Ratings

Long-Term IDR	BBB
Senior Unsecured Debt - Long-Term Rating	BBB

Outlook

Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

2035 Climate Vulnerability Signal: 30

Wereldhave N.V.'s ratings reflect the improvement in its portfolio's operations, including the turnaround of nine prototypical shopping centres already transformed into Full Service Centers (FSCs). Across the group's portfolio, higher footfall and tenants' brands' sales allowed indexation pass-through in 2023, contributing to higher rental income.

Wereldhave raised equity in 2023 as part of the acquisition of the Polderplein FSC, receiving support from its shareholders towards its transformational strategy. Together with the portfolio's higher rental income, Fitch Ratings believes this will contribute to net debt/EBITDA below 9.0x and a net interest coverage ratio above 2.0x.

The company's financial profile has improved alongside operational data points, and 4Q23's equity raising enables management to delay the disposal of the remaining French assets (awaiting re-leasing and improved investor market conditions).

Key Rating Drivers

Positive KPIs Linked to FSC Strategy: As the FSC transformation continued, tenants' brands' sales increased by 7% year-on-year (yoy) in 2023, supporting Wereldhave's like-for-like net rent (part-indexation) increase of 7.4%.

In 2023, excluding indexation, re-leasing representing 17% of the portfolio by annualised rent saw reduced rents in the Netherlands portfolio by -3.2% and an increase in the Belgium portfolio by 3.9%. Including contractual indexation re-leasing saw rents increase by around 4% and 9%, respectively. Recent increases in FSC valuations point to their stronger fundamentals.

FSC Development Progress: Mixed-use development continues to progress, with nine FSCs delivered so far: two in 2021, Presikhaaf (Arnhem, Netherlands) and Les Bastions (Belgium); three in 4Q22 (Tilburg City Center and Dordrecht in the Netherlands and Kortrijk in Belgium); and four in 2023 (Vier Meren, Koperwiek, Eggert and Genk). Key performance indicators of FSCs versus Wereldhave's non-FSCs were higher in 2023, such as higher footfall (12.7% vs. 1.7%), tenants' sales (8.4% year on year versus 6.4%) and increased rental income per centre.

Realised gross rental income (GRI) for the transformed centres demonstrated increases at end-2023 compared with their pre-FSC development start dates. Wereldhave reported an increase of 26% for locations that started development during 2021-2022 and 18% for those in 2023, which is partly due to subsequent higher occupancy rates. This increase contributed to an 8% like-for-like GRI year-on-year increase for the entire core portfolio in 2023. This provides sound evidence for the FSC strategy, ahead of the completion of eight more.

Future FSC Transformations Ahead: Wereldhave will continue its FSC progress this year at Kronenburg (Arnhem, Netherlands) and Cityplaza (Nieuwegein, Netherlands) and will start at Middenwaard (Heerhugowaard, Netherlands) and Nivelles Shopping (Belgium), totalling 13 transformations out of a planned 17. FSC capex totals EUR291 million, of which EUR197 million (68%) had been spent by end-2023.

Sustainable Rents Target: The operating performance of the FSC is above management's initial expectations, as the FSC strategy prioritised longer leases, sustainable/affordable rents, and a convenience-led regular-visit tenant mix compared with 2018-2019's higher, fashion sector-weighted, vulnerable rental profile.

The FSC strategy underpins higher footfall and higher tenants' sales, even against an inflationary and increased interest rate backdrop adversely affecting consumers, as well as retail ecommerce challenges. The smaller Dutch centres were vulnerable to the local catchment area and the locals' price points as retail trends changed.

Applicable Criteria

Sector Navigators – Addendum to the Corporate Rating Criteria (November 2023)

Corporate Rating Criteria (November 2023)

Corporates Recovery Ratings and Instrument Ratings Criteria (October 2023)

Related Research

EMEA Real Estate Values Undergo Great Recalibration (June 2023)

EMEA Real Estate - The Adverse Effects of Rising Interest Rates: 2023 Update (October 2023)

EMEA Real Estate Outlook 2024 (November 2023)

Real Estate and Property – Long-Term Climate Vulnerability Signals (February 2023)

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The FSC evidence to date encompasses the typical traits of the strategy, such as frequency-of-visit food and beverage and groceries driving higher footfall, translating into high tenants' sales during 2023 in these two categories for the whole portfolio (up 17% and 12% yoy, respectively). This also boosted other non-daily categories' sales such as shoes (up 12% yoy) and fashion (up 5%). FSCs include health & beauty, gyms, "the Point" customer service hub as well as fresh products (butcher, patisserie), which replaced duplicative fashion units. The latter segment's portion of overall tenants' sales is now 24% from 34% in 2019.

Tenants' Polarisation: The tenant mix demonstrates the type of retail line-up. Small retail bankruptcies in 2023 included Scotch & Soda and Big Bazar, which were replaced by daily-life tenants such as New Yorker, Prijsmepper and Basic-Fit. Other non-life but attracting families' frequency-of-visit retailers included King Jouet. The daily-life category expansion to more centres is diversifying the tenant mix, counteracting brand concentration risk during the retail polarisation trend.

Disposal of Assets: Wereldhave's strategy includes the disposal of centres not suitable for FSC transformation. These include two remaining French assets and one in Benelux. The net proceeds will enhance prospective FSC capex and investments. Excluding these amounts, we estimate that Wereldhave's remaining EUR94 million capex (end-2023 EUR17 million committed) and dividends could be funded by a combination of generated cash and minimal debt increase.

This would result in net debt/EBITDA below 9.0x by end-2026 (end-2023: 9.6x). Including disposal proceeds from these assets, net debt/EBITDA would be around 8.7x. This financial headroom will probably be used to expand the FSC strategy (subject to 6% yield-on-cost threshold) or for acquisitions.

Equity and Debt Issuance: Wereldhave received the benefit of EUR52 million equity (indirectly from shareholders) in December 2023 as part of the acquisition of the shopping centre Polderplein for EUR74 million (EUR82 million including costs), which will contribute around EUR5.6 million of additional annual rent. This occurred just after the completion of Wereldhave's adjacent Vier Meren FSC. The two centres together concentrate 70% of all retail space in Hoofddorp and with a target to attract 76% of the city's total retail footfall.

Financial Summary

(EURm)	2021	2022	2023	2024F	2025F
Gross revenue	162	141	158	169	173
EBITDA after associates and minorities	95	87	95	105	108
EBITDA net leverage (x)	8.3	9.7	9.6	9.0	8.9
EBITDA interest coverage (x)	4.1	3.8	3.3	2.7	2.8

F = Forecast
Source: Fitch Ratings, Fitch Solutions

Wereldhave's Property Portfolio at End-2023

Asset class	Shopping centres (SC)
	Some non-core Offices in Belgium
Geography	Belgium 44%, Netherlands 48%, non-core France 8% by value
Portfolio size	EUR2.1 billion
Passing rent SCs	EUR155 million
Occupancy SCs	97%
Net initial yield	6.4% (BEL: 6.4%, NL: 6.3%, FR: 4.8%)

Source: Fitch Ratings, Wereldhave N.V.

Rating Derivation Relative to Peers

Fitch-rated all-retail rated peers include a group of large SCs and retail park (RP) owners and operators, and a second category of peers with convenience-led, regional sites with grocery and essential retail offers. The first group includes Hammerson plc (IDR: BBB/Stable), Klepierre S.A. (BBB+/Stable) and Unibail-Rodamco-Westfield SE (BBB+/Stable), which have larger assets with longer dwell times, higher rents and a focus on prime city or 'destination' SCs with higher exposure to online commerce penetration.

The second category of landlords focuses on smaller convenience-led, locality-centred SCs and RPs. Wereldhave's portfolio of 21 European SCs, averaging around 30,000 square metres (sqm) in size, fits into this category, and is comparable with the positioning of the retail portfolios of Lar España Real Estate SOCIMI, S.A. (IDR: BBB/Stable, 14 centres averaging 40,000sq m), Italy's IGD SIIQ S.p.A. (IDR: BBB-/Stable, averaging 25,000sqm) and Castellana Properties Socimi, S.A. (IDR: BBB-/Stable averaging 20,000sq m). These entities' SCs combine dominant catchments with low rents, including strategic frequency-of-visit grocery tenants, food & beverage and leisure, adding to their anchored prime and other discounter brands.

Wereldhave's net debt/EBITDA threshold for the 'BBB' rating is comparable with Lar España's, Castellana's and IGD's net debt/EBITDA, at around 8.0x-9.0x, and similar to their end-2023 net initial yields at around 6.5%. Conversely, the portfolios of Hammerson, Klepierre and Unibail are substantial (and Unibail's more geographically diverse), which Fitch believes warrant higher debt capacity for the same rating (Unibail's IDR at 'BBB+' ranges between 9.5x-10.5x and Klepierre's 8.0x-9.5x, compared with Hammerson at 'BBB' ranging between 8.5x-9.5x).

The convenience-led group of peers, with a higher weighting of secondary assets within their portfolios, are proving resilient to consumer market trends' changes. Landlords' re-investment has encompassed new spaces or formats to encourage longer dwell times, increase footfall as SCs are polarised between convenience-led, discount-everyday centres versus destination-led, shopper-experiential outlets in larger SCs. This polarisation is visible in Wereldhave's occupancy cost ratio (OCR) of around 11%, which differs from the fashion-weighted prime location and higher OCRs of Unibail (15%), Klepierre (13%) and Hammerson (16%).

Wereldhave's weighted average lease length (earliest-break basis) is short at 2.8 years (3 years in Netherlands, 2 years in Belgium), similar to 2.7 years for Lar España and 2.4 years for Castellana, while IGD's and NewRiver REIT plc's (IDR: BBB/Stable) weighted averaged unexpired lease terms are longer at 4.0 and 5.2 years, respectively). These short leases re-base SCs rents to market levels so over-renting and unaffordable rents do not build up. However, the near-term lease expiries leave the group vulnerable to declining passing rent or increased vacancy rates. Wereldhave's short average lease length is mitigated by recent net rent increases (+7.5% on a like-for-like basis), affordable OCRs and its lower reliance on vulnerable fashion retailers.

With the exception of Unibail, all peers have established predominantly unencumbered investment property assets (Wereldhave's end-2023 unencumbered investment property/unsecured debt at 2.2x) and an average cost of debt in the range of 2%-3% (Wereldhave: 3.5%) albeit rising thereafter as interest rate hedging matures and debt is refinanced.

All sets of management demonstrate retail specialisation and are not passive asset managers of this asset class. This is reflected in their active refurbishments and re-leasing strategies as key factor elements during ongoing consumer changes, where physical stores keep regaining importance in this accelerated ecommerce-penetrated retail era. Fitch believes that without Wereldhave's FSC investment, the group's assets would not have successfully participated in the ever-changing retail sector's evolution.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Property Portfolio	Rental Income Risk Profile	Liability Profile	Access to Capital	Profitability	Financial Structure	Financial Flexibility
Castellana Properties Socimi, S.A.	BBB-/Stable	a+	bbb	bb+	bb+	bb+	bb	bb+	bbb	bbb
Hammerson plc	BBB/Stable	aa-	bbb+	bbb+	bbb	bbb-	bbb+	bb-	bbb-	bbb+
IGD SIIQ S.p.A.	BBB-/Stable	a-	bbb+	bbb-	bbb-	bb+	bbb	bbb-	bbb-	bbb-
Lar Espana Real Estate SOCIMI, S.A.	BBB/Stable	a+	bbb	bbb-	bbb-	bbb	bbb	bb	bbb	a-
NewRiver REIT plc	BBB/Stable	aa	a-	bbb	bbb	bbb	bbb-	bbb-	a-	a
Unibail-Rodamco-Westfield SE	BBB+/Stable	aa	a	a	bbb+	a	a	bbb+	bbb-	a
Wereldhave N.V.	BBB/Stable	aa	a	bbb-	bb+	bbb-	bbb	bbb-	bbb	bbb

Source: Fitch Ratings. Relative Importance of Factor: Higher, Moderate, Lower

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Rent increases upon re-leasing above peers' positive uplifts on equivalent passing rent
- Net debt/EBITDA below 7.5x
- Net interest coverage above 2.5x
- Average debt maturity above five years
- 12-month liquidity score above 1.25x

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Less successful FSCs leading to further declines in passing rents upon re-leasing
- Net debt/EBITDA above 9.0x
- Net interest coverage below 1.75x
- 12-month liquidity score less than 1.1x
- Raising of secured debt in segregated propcos, which segments creditor control and constraints cash circulation within the group

Liquidity and Debt Structure

Sufficient Liquidity: At end-2023, Wereldhave had a 12-month liquidity ratio of 1.3x, reflecting EUR26 million of cash, and undrawn committed facilities of EUR127 million, of which EUR110 million mature from 2027. Debt maturities in 2024 total EUR144.9 million. Fitch expects Wereldhave to address its liquidity shortfalls 12-18 months ahead of schedule (or earlier if circumstances or market conditions are adverse).

2023 Debt Activity: Wereldhave issued USD100 million unsecured debt (partly settling in January 2024, maturing 2028, 2029, 2031) to refinance short-term maturities at around 6% cost, increasing the group's average cost of debt to 3.5% from 2.5% and weighted average debt maturity to 3.3 years (end-2022: 3.5 years). In addition, Wereldhave Belgium agreed to refinance EUR65 million of 2024-maturing credit facilities and arranged a new credit facility of EUR20 million.

As 2025 debt maturities approach, we expect the average cost of debt to increase to around 4%, resulting in a comfortable 2.7x interest coverage ratio. Management reiterated its target net loan-to-value (LTV) of 35%-40% (end-2023: 43%). All debt is unencumbered.

Wereldhave Belgium N.V.: Wereldhave N.V. does not guarantee the debt of 66%-owned Wereldhave Belgium N.V. (WB) Under Fitch's Parent and Subsidiary Linkage Rating criteria guidelines, we consolidate the two entities together because of features such as (i) a default at WB would cause a cross-default at Wereldhave; (ii) the two treasury teams work closely together/are integrated; and (iii) Wereldhave is well-represented on WB's board.

WB's management has been replaced by Wereldhave appointments and Fitch expects that the Belgium structure will be collapsed into The Netherlands parent over time through a paper transaction.

ESG Considerations

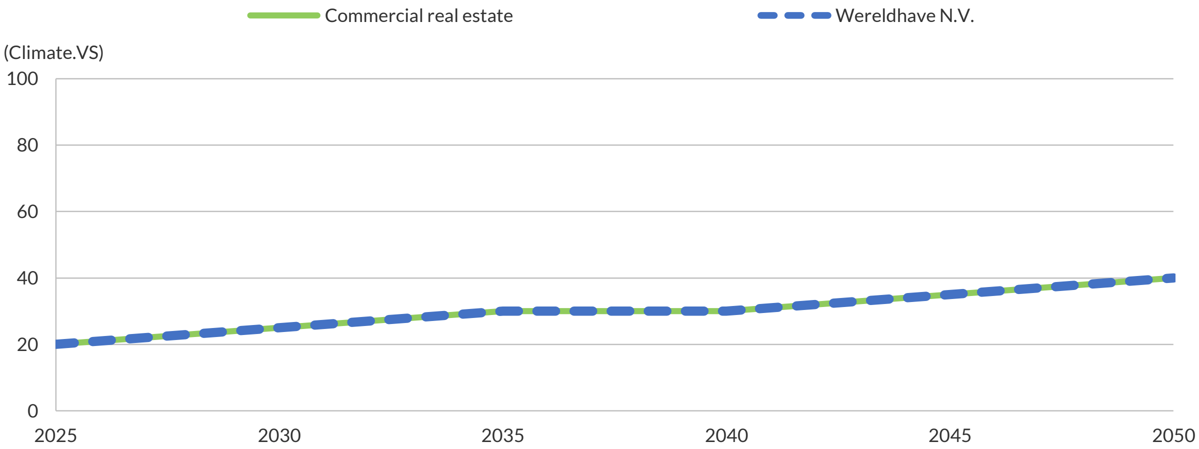
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria.

The FY23 revenue-weighted Climate.VS for Wereldhave for 2035 is 30 out of 100, suggesting low exposure to climate-related risks in that year. For further information on how Fitch perceives climate-related risks in the sector, see Real Estate and Property - Long Term Climate Vulnerability Scores.

Climate.VS Evolution



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis	
(EURm)	2024F
Available liquidity	
Beginning cash balance	26
Rating case FCF after acquisitions and divestitures	-30
e.g., Debt issued since last balance sheet	68
Total available liquidity (A)	**64**
Liquidity uses	
Debt maturities	-145
Total liquidity uses (B)	**-145**
Liquidity calculation	
Ending cash balance (A+B)	-81
Revolver availability	127
Ending liquidity	**46**
Liquidity score (x)	1.3

Scheduled debt maturities		
(EURm)	31 Dec 23	Jan. 2024 Proforma
2024	145	145
2025	160	160
2026	112	112
2027	305	305
2028	53	53
Thereafter	170	238
Total	**943**	**1,011**

Source: Fitch Ratings, Fitch Solutions, Wereldhave N.V.

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Annual growth in passing rent and releasing for the Belgium and Netherlands' portfolio using rental indexation.
- FSC capex results in a 6% net yield-on-cost
- No disposals considered during 2024-2027
- Total capex of EUR119 million (of which EUR39.3 million is maintenance) during 2024 to 2027 (EUR17 million committed) primarily for FSCs. The total capex amount is governed by Wereldhave's financial policy of maintaining LTV (net) at 40% or below
- No acquisitions
- Maturing debt to be refinanced
- 2024 group dividend at 75-85% payout of direct results (excluding revaluations). We assume a stable dividend during 2024-2026

Financial Data

(EURm)	2021	2022	2023	2024F	2025F
Summary income statement					
Gross revenue	162	141	158	169	173
Revenue growth (%)	-14.6	-12.9	12.1	6.9	2.3
EBITDA before income from associates	107	100	108	118	121
EBITDA margin (%)	65.8	70.6	68.4	69.8	70.2
EBITDA after associates and minorities	95	87	95	105	108
EBIT	105	97	107	117	120
EBIT margin (%)	64.7	68.8	67.6	69.3	69.6
Gross interest expense	-24	-20	-31	-39	-39
Pretax income including associate income/loss	-215	76	90	79	82
Summary balance sheet					
Readily available cash and equivalents	27	14	26	64	16
Debt	815	859	943	1,012	982
Net debt	788	845	918	948	966
Summary cash flow statement					
EBITDA	107	100	108	118	121
Cash interest paid	-23	-23	-29	-39	-39
Cash tax	-0	-0	-0	—	-2
Dividends received less dividends paid to minorities (inflow/outflow)	-12	-13	-13	-13	-13
Other items before FFO	-0	-3	-1	—	—
FFO	71	61	66	66	67
FFO margin (%)	44.1	43.1	41.8	39.2	38.8
Change in working capital	-3	-7	4	—	—
CFO (Fitch-defined)	69	54	70	66	67
Total non-operating/nonrecurring cash flow	—	—	—	—	—
Capex	-40	-60	-22	—	—
Capital intensity (capex/revenue) (%)	24.8	42.2	14.1	—	—
Common dividends	-16	-41	-46	—	—
FCF	12	-47	1	—	—
FCF margin (%)	7.6	-33.2	0.7	—	—
Net acquisitions and divestitures	391	3	-86	—	—
Other investing and financing cash flow items	4	-5	-44	—	—
Net debt proceeds	-447	36	88	68	-30
Net equity proceeds	—	—	52	—	—
Total change in cash	-40	-13	11	38	-48
Calculations for forecast publication					
Capex, dividends, acquisitions and other items before FCF	334	-98	-154	-96	-85
FCF after acquisitions and divestitures	403	-44	-85	-30	-18
FCF margin after net acquisitions (%)	249.1	-31.0	-53.5	-17.9	-10.2
Gross leverage ratios (x)					
EBITDA leverage	8.6	9.9	9.9	9.6	9.1
CFO-capex/debt	3.5	-0.6	5.0	2.2	3.8
Net leverage ratios (x)					
EBITDA net leverage	8.3	9.7	9.6	9.0	8.9
CFO-capex/net debt	3.6	-0.7	5.2	2.3	3.8

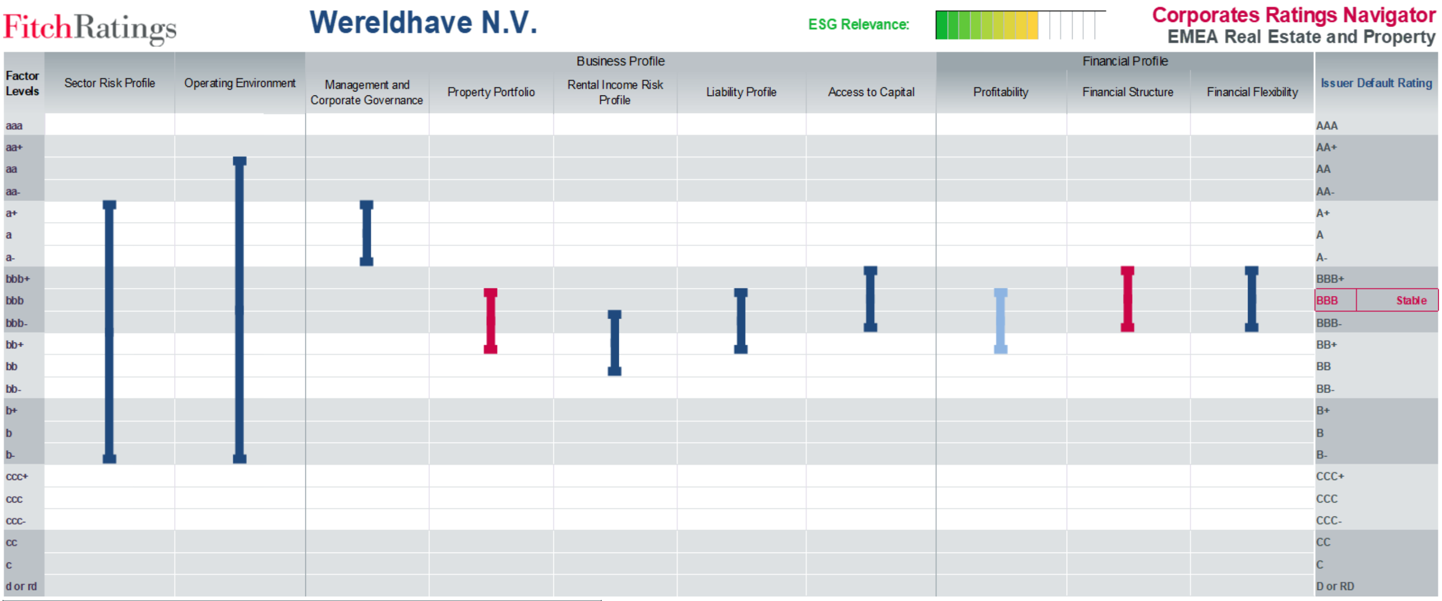
(EURm)	2021	2022	2023	2024F	2025F
Coverage ratios (x)					
EBITDA interest coverage	4.1	3.8	3.3	2.7	2.8

CFO – Cash flow from operations, F – Forecast
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	□ Stable

FitchRatings

Wereldhave N.V.

Corporates Ratings Navigator
EMEA Real Estate and Property

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific-funding characteristics and the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption, government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

aa-	Management Strategy	a	Coherent strategy and good track record in implementation.
a+	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
a-	Financial Transparency	a	High quality and timely financial reporting.
bbb+			

Property Portfolio

bbb+	Portfolio Liquidity and Ability to Leverage Assets	bbb	Average institutional appetite (buyers/sellers/lenders) in strong markets, indicating liquidity and ability to leverage assets.
bbb	Investment Granularity	bb	Limited portfolio granularity; small or concentrated portfolio. Top 10 assets comprise 40%-60% of net rental income or value.
bbb-	Geographic Strategy	bbb	A strong and focused presence in a prime market; or focus on two to three markets with appropriate scale. Markets display different economic and business cycles.
bb+	Asset Quality	bb	Secondary.
bb	Development Exposure	a	Committed development cost to complete of 5% of investment properties for average risk projects.

Rental Income Risk Profile

bbb	Occupancy	a	Limited occupancy volatility through cycles. Occupancy consistently above 95%. Track record of limited tenant defaults.
bbb-	Lease Duration, Renewal and NOI Volatility	bb	Lease duration between three to five years with some renewed, flat or negative net rental income growth and/or above-average volatility compared to industry average.
bb+	Lease Expiry Schedule	bb	Lumpy lease maturity profile.
bb	Tenant Concentration and Tenant Credit	bbb	Top 10 tenants comprise 15%-30% of annual base rent revenue; average tenant credit risk.
bb-			

Liability Profile

bbb+	Debt Maturity Profile	bb	Average debt tenor between three to five years. No year represents more than 25% of total debt.
bbb	Fixed/Floating Interest Rate Liability Profile	a	Fixed or hedged debt above 75% of total debt. Evidence of consistent policy through the cycle.
bbb-			
bb+			
bb			

Access to Capital

a-	Sources of Capital	bbb	Solid access to all common and preferred equity, unsecured bonds/bank debt, secured debt, and/or joint ventures.
bbb+	Unencumbered Asset Pool	bbb	Leveragable unencumbered pool with limited adverse selection.
bbb	Absolute Scale	bbb	Rent-yielding property assets of at least EUR1.5bn.
bbb-			
bb+			

Profitability

bbb+	FFO Dividend Cover	bbb	1.1x
bbb	Asset Class Volatility	bb	Portfolio values change less than 40% peak to trough with a track record of recovery
bbb-			
bb+			
bb			

Financial Structure

a-	Loan-To-Value	a	40%
bbb+	Unencumbered Asset Cover	bbb	2.0x
bbb	Managing Balance Sheet Through the Cycle	bbb	Maintenance of a suitable LTV taking asset volatility into account.
bbb-	Net Debt/Recurring EBITDA	bbb	9.0x
bb+			

Financial Flexibility

a-	Financial Discipline	bbb	Less conservative policy but generally applied consistently.
bbb+	Liquidity Coverage	a	1.25x
bbb	Recurring Income EBITDA Interest Cover	a	2.5x
bbb-	FX Exposure	aa	No material FX mismatch.
bb+			

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

Credit-Relevant ESG Derivation

Wereldhave N.V. has 9 ESG potential rating drivers

- Focus on low-carbon new-builds and renovations
- Buildings' energy consumption, focus on renewable sources
- Sustainable building practices including Green building certificate credentials
- Portfolio's exposure to climate change-related risk including flooding
- Shift in market preferences
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

FitchRatings

Wereldhave N.V.

Corporates Ratings Navigator
EMEA Real Estate and Property

Credit-Relevant ESG Derivation

Wereldhave N.V. has 9 ESG potential rating drivers

- Wereldhave N.V. has exposure to emissions regulatory risk but this has very low impact on the rating.
- Wereldhave N.V. has exposure to energy productivity risk but this has very low impact on the rating.
- Wereldhave N.V. has exposure to unsustainable building practices risk but this has very low impact on the rating.
- Wereldhave N.V. has exposure to extreme weather events but this has very low impact on the rating.
- Wereldhave N.V. has exposure to shifting consumer preferences but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	9	issues	3
not a rating driver	3	issues	2
	2	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Focus on low-carbon new-builds and renovations	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability	5
Energy Management	3	Buildings' energy consumption, focus on renewable sources	Property Portfolio; Rental Income Risk Profile; Access to Capital; Profitability	4
Water & Wastewater Management	2	Buildings' water consumption, recycling	Property Portfolio; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	3	Sustainable building practices including Green building certificate credentials	Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	2
Exposure to Environmental Impacts	3	Portfolio's exposure to climate change-related risk including flooding	Property Portfolio; Profitability; Financial Structure; Financial Flexibility	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Data security	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	4
Labor Relations & Practices	2	Impact of labor negotiations and employee (dis)satisfaction	Rental Income Risk Profile; Profitability; Financial Flexibility	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Shift in market preferences	Property Portfolio; Rental Income Risk Profile; Profitability; Financial Structure; Financial Flexibility	1

Governance (G) Relevance Scores

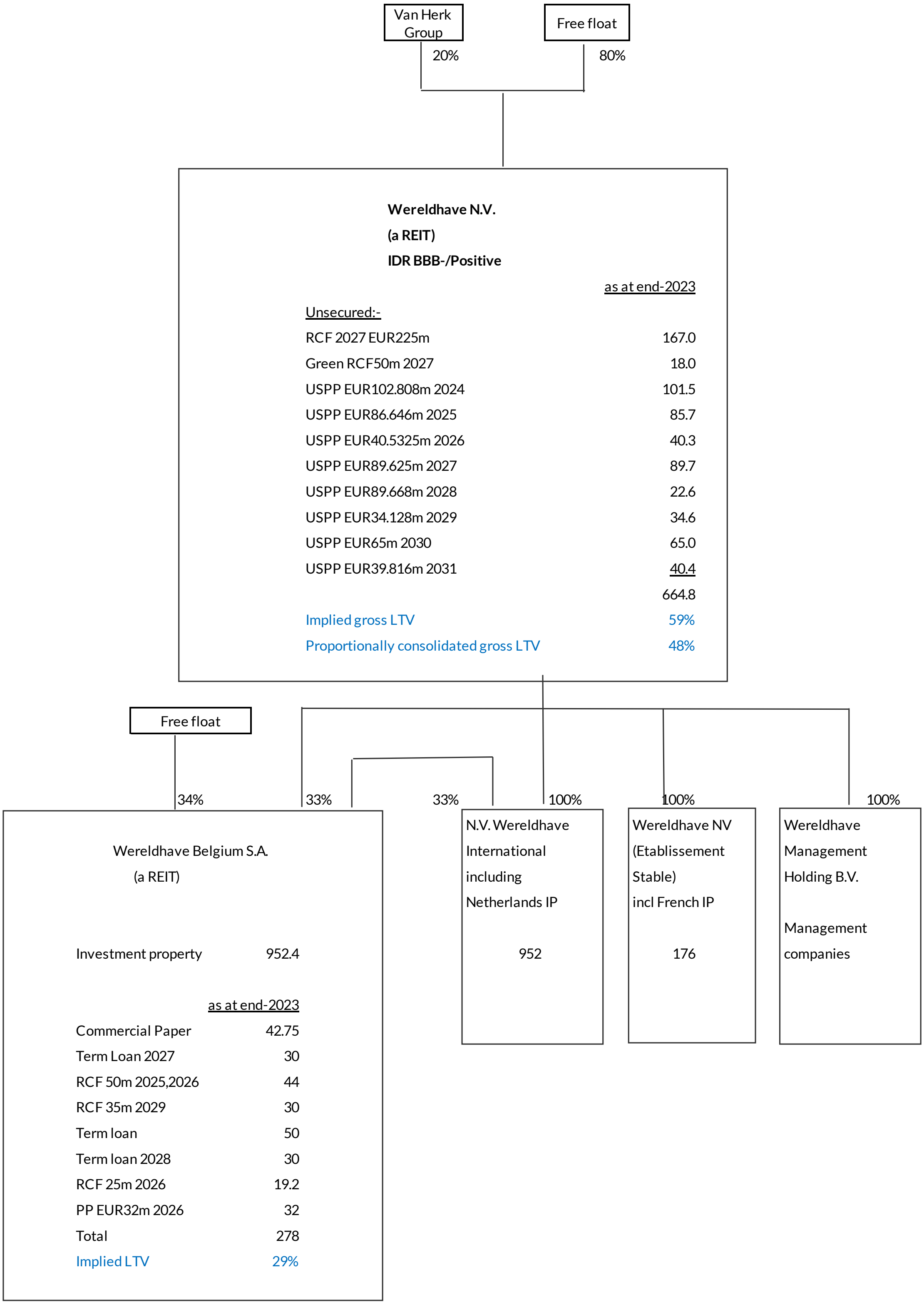
General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Wereldhave N.V., as at end-2023

Peer Financial Summary

Company	Issuer Default Rating	Financial Statement date	Gross revenue (EURm)	EBITDA after associates and minorities (EURm)	EBITDA margin (%)	EBITDA net leverage (x)	EBITDA interest coverage (x)
Wereldhave N.V.	BBB						
		2023	158	95	68.4	9.6	3.3
		2022	141	87	70.6	9.7	3.8
		2021	162	95	65.8	8.3	4.1
Castellana Properties Socimi, S.A.	BBB-						
	BBB-	2023	65	54	72.7	8.7	4.3
	BBB-	2022	57	44	76.3	10.8	4.1
		2021	41	27	65.1	17.8	2.5
Hammerson plc	BBB						
	BBB	2023	124	183	25.1	7.5	2.0
	BBB	2022	102	139	37.4	11.9	1.8
	BBB	2021	116	84	25.9	22.3	0.7
NewRiver REIT plc	BBB						
	BBB	2023	82	41	45.2	5.3	3.1
	BBB	2022	87	48	45.2	5.3	2.3
	BBB	2021	106	31	29.7	18.2	1.4
VIA Outlets B.V.	BBB+						
	BBB+	2022	118	74	63.3	7.1	6.6
	BBB+	2021	94	60	63.2	9.2	3.8
		2020	64	26	40.9	15.7	2.2
IGD SIIQ S.p.A.	BBB-						
	BBB-	2022	137	96	69.7	9.9	3.5
	BBB-	2021	145	97	66.9	9.8	3.5
Lar Espana Real Estate SOCIMI, S.A.	BBB						
	BBB	2022	80	60	74.8	9.5	3.5
	BBB	2021	76	51	66.4	11.4	2.4
		2020	93	70	74.7	9.0	4.2
Unibail-Rodamco-Westfield SE	BBB+						
	BBB+	2023	2,322	1,878	68.0	11.3	1.9
	BBB+	2022	2,231	1,851	70.7	12.0	2.7
	BBB+	2021	1,795	1,344	62.5	18.0	2.0

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm as of 31 Dec 23)	Notes and formulas	Standardised values	Fair value and other debt adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		158	—	—	—	158
EBITDA	(a)	126	—	-1	-13	111
Depreciation and amortisation		-1	—	—	—	-1
EBIT		124	—	-1	-17	106
Balance sheet summary						
Debt	(b)	941	2	—	—	943
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		941	2	—	—	943
Readily available cash and equivalents	(c)	26	—	—	—	26
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(a)	126	—	-1	-13	111
Dividends received from associates less dividends paid to minorities	(d)	-14	—	—	—	-14
Interest paid	(e)	-30	—	—	—	-30
Interest received	(f)	—	—	—	—	—
Preferred dividends paid	(g)	—	—	—	—	—
Cash tax paid		-0	—	—	—	-0
Other items before FFO		-17	—	1	13	-3
FFO	(h)	65	—	—	—	65
Change in working capital		4	—	—	—	4
CFO	(i)	69	—	—	—	69
Non-operating/nonrecurring cash flow		—	—	—	—	—
Capex	(j)	-105	—	—	82	-22
Common dividends paid		-45	—	—	—	-45
FCF		-81	—	—	82	1
Gross leverage (x)						
EBITDA leverage	b/(a+d)	8.4	—	—	—	9.7
(CFO-capex)/debt (%)	(i+j)/b	-3.8	—	—	—	4.9
Net leverage (x)						
EBITDA net leverage	(b-c)/(a+d)	8.2	—	—	—	9.4
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-3.9	—	—	—	5.1
Coverage (x)						
EBITDA interest coverage	(a+d)/(-e)	3.8	—	—	—	3.3

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region. Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardised values column excludes lease liabilities of EUR19.094 million.
Source: Fitch Ratings, Fitch Solutions, Wereldhave N.V.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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