Trading update Q3 2017 Wereldhave

20 October 2017

- Occupancy rate shopping centres at 95.3%
- Increases in occupancy in Belgium and Finland, stable in the Netherlands, decrease in France
- Footfall increases throughout the portfolio
- Outlook reconfirmed: direct result between € 3.40 - € 3.45 per share



Our markets

In the Netherlands, the retail landscape is continuing to improve. Although the number of bankruptcies was slightly higher in the third quarter compared to the first half of the year, leasing activity remains high. The refurbishment of shopping centres continues to attract new tenants. We see that where landlords improve their centre, retailers strengthen their concepts.

In Finland retail sales continued to increase by nearly 2% year-on-year, supported by improving employment and easing taxation. Demand is expected to further improve in key retail locations, with food & beverage, well-being and leisure showing the highest pick-up. Demand from international retailers is reviving with first signings of new international retailers. The market appears to have clearly bottomed out, but the recovery is still in an early stage.

In Belgium, the market is more cautious and there are no signs that this sentiment will change soon. There is a clear divide between the strong, larger centres and smaller centres in less urbanised areas. To attract the most important anchor tenants in their shopping centers, landlords need to share the risk with retailers by accepting sales based rents or fit-out contributions.

The number of new entrants to the market is limited. There is a wide variety in the development of rent levels in relation to the quality of the location. The market seems to be fairly stable on average.

In France, the election of Macron sets a moderately positive tone to the market. Particularly the fashion retailers are facing lower turnover and profit margins. Larger chains are rationalising their store base. Demand from retailers is most active in the sports and leisure segment. Footfall is increasing, but not yet reflected in rising sales. The rental market demands a pro-active stance from landlords to keep rents at current levels.



Operations

Gross rental income for the first three quarters of 2017 amounted to € 168.7m, which is 3% below the number for the same period in 2016. The decrease is largely due to net disposals in the Netherlands (disposal of a cinema in Tilburg and shopping centres in Geldrop, Zoetermeer and Zwolle, and the acquisition of a Hudson's Bay and Hema in Tilburg). The existing asset base in Belgium, Finland and the Netherlands is performing well. France is expected to record a high single digit decline in rental income in 2017.

During the third quarter, average occupancy remained fairly stable at 95.3%, with occupancy increasing in Belgium and Finland, remaining stable in the Netherlands and decreasing in France. Leasing activity continued to be high with more than 103 contracts signed during the third quarter (Q3 2016: 120).

In Belgium, leasing is now picking up. A total of 29 new leases were signed and occupancy of the shopping centre portfolio increased from 95.7% at June 30 to 96.1% at September 30, 2017. In Tournai, pre-letting of the extension of the shopping centre is making good progress and is now at 88%, with brands as Zara, Bershka, Okiadi, Medi-market, Jack & Jones, Esprit, Rituals, Exki, Planet Parfum, Brice, Devred, Manier and Flying Tiger.

Other important leases that were signed were Histoire d'or, Celio and Dampshop in Genk. Since the introduction of 1.5 hours free parking, visitor numbers have increased by 13% and retail turnover by 10%. Negotiations with a fashion anchor are making good progress. In Kortrijk, our increased leasing efforts are starting to bear fruit. Contracts have been signed with RiverWoods, Celio and Produstore in Ring Shopping. Occupancy of the centre at September 30, 2017 improved to 91.0%. In the other shopping centres, occupany remained high at nearly 99%. Footfall in the Belgian shopping centres increased by 3.0% to 10.6m visitors during the first three quarters of 2017 (excluding Tournai, as it is under redevelopment). The market average footfall increased by 2.8%.

In France, occupancy decreased during the third quarter from 93.3% to 91.9%, mainly due to bankruptcies and maturing leases that were not extended. Leasing activity was low, but negotiations with dominant retailers are making good progress. Footfall development underpins the quality of our shopping centres as the place to be. It increased by 1.5% to 29.8m visitors in the first three quarters of 2017, clearly outperforming the market, which recorded an average decline of -1.2%. Pre-leasing rate of the Verrerie redevelopment in our Saint-Sever shopping centre in Rouen has now reached 52%.

In the Netherlands, occupancy decreased by 0.1% from 96.2% at June 30 to 96.1% at the end of the third quarter of 2017. This decrease is primarily due to two bankruptcies of tenants at the end of the quarter (Adam and McGregor). Several retailers opened their latest retail formats in Wereldhave's shopping centres. C&A launched their new format in Kronenburg, whilst HEMA opened their first new large



'Worlds' formats in Maassluis and Tilburg, the latter simultaneously with Hudson's Bay. Several fashion retailers followed suit (Costes, Tumble 'n Dry, SissyBoy, Scotch & Soda). The Decathlon in Tilburg will open in November. This elevates Tilburg as a true shopping destination and encourages us to continue with the remainder of the project. In Maassluis, leasing was also strong, with new leases signed by Shoeby, Holland & Barrett, Ter Stal and De Zuivelhoeve. Footfall in the Dutch shopping centres increased by 0.7% to 56.1m visitors in the first three quarters of 2017. The market average showed a decline of -0.9%.

Finland recorded an increase in occupany of 0.3%, raising the number to 96.6%. The most important lease of the third quarter was signed with Regus, who will open their flexible workspace concept in the offices of the Itis shopping centres. Retail sales are increasing and footfall in Itis went up by 2.3% to 12.8m visitors during the first three quarters.

Occupancy:

	EPRA					
	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Δ *Q3 vs Q2*	Q3 2017
Belgium	95.3%	95.9%	95.6%	95.7%	+0.4%	96.1%
Finland	95.8%	95.7%	96.4%	96.3%	+0.3%	96.6%
France	93.6%	94.4%	93.5%	93.3%	(1.4%)	91.9%
Netherlands	95.5%	95.8%	95.8%	96.2%	(0.1%)	96.1%
Shopping centres	**95.1%**	**95.5%**	**95.3%**	**95.4%**	(0.1%)	**95.3%**
Offices (Belgium)	**89.1%**	**90.9%**	**90.6%**	**92.0%**	(0.1%)	**91.9%**
Total portfolio	**94.8%**	**95.3%**	**95.1%**	**95.3%**	(0.2%)	**95.1%**

Portfolio

There were no changes to the investment portfolio during the third quarter. The asset rotation plan for 2017-2018 consists of asset disposals up to € 200m, of which € 74m has been realised. The current LTV stands at 39.9%.

In the Netherlands, Wereldhave has a committed development pipeline of four projects, Tilburg, Capelle aan de IJssel, Maassluis and Presikhaaf in Arnhem. In Tilburg, the first phase of the inner city redevelopment is nearly completed, with six large store openings on September 21, 2017. The second phase of the redevelopment consists of a connection between the Heuvelstraat and the Emmapassage. Plans are being prepared, in close co-operation with the municipality of Tilburg.

In Maassluis, the fifth phase of the redevelopment of the centre was completed in September with the opening of a new Hema, Aldi and a fresh street that was added to the centre. The sixth and final phase consists of the addition of an Action store, to be completed in the last quarter of 2017.

In Arnhem, the redevelopment of the Presikhaaf shopping centre is making good progress. With three supermarkets, Presikhaaf will be a convenience center with three food anchors, COOP, Albert Heijn and Aldi. HEMA opened a new shop in the heart of the centre. Their previous unit was demolished, to create space for Albert Heijn and an Aldi, new to the centre. These shops will open in Q1 2018 and the

adjacent fresh street will be ready in Q2. The final phase of the refurbishment, including the square, is scheduled for completion in Q4 2018.

In Capelle aan den IJssel, the refurbishment is well underway. Construction of the parking garage, a food court and new passageways is scheduled for completion in Q4 2018.

In Belgium, the extension of the shopping centre in Tournai is well on track. We expect to be nearly fully occupied at the opening on April 12, 2018.

In Finland, demolition works of the former Anttila shop will be completed in two months time, immediately followed by the start of the construction works for the new Finnkino. The building permit was granted in October and construction works have been commissioned. Completion is scheduled for the end of 2018.

Financing

Nominal interest bearing debt was € 1,556m at September 30, 2017, which together with a cash balance of € 24m gives a net debt of € 1,532m. Undrawn borrowing capacity amounted to € 173m and the Loan-to-value ratio (based on the 30 June 2017 portfolio valuations) amounted to 39.9% (December 31, 2016: 39.0%). As at September 30, 2017 the average cost of debt and ICR were 1.91% and 6.6 respectively and the EPRA NAV per share stood at € 51.62 (H1 2016: € 51.58).

Organisation

Olivier Mourrain has been appointed Managing Director of Wereldhave France as from October 2017. Frank Adriaensen has been appointed Director Developments for the Group as from the same date.

Outlook

Wereldhave reconfirms its outlook for 2017 of a direct result between € 3.40 and € 3.45 per share and a dividend of € 3.08 on a full year basis. The interim dividend of € 0.77 in respect of the second quarter will be payable on 27 October 2017, with the share trading ex-dividend as from 24 October 2017.

About Wereldhave

Wereldhave invests in dominant convenience shopping centres in larger provincial cities in northwest continental Europe. The area surrounding our centres will include at least 100,000 inhabitants within 10 minutes travel time from the centre.

We focus on shopping centres that strike a balance between convenience and shopping experience. With easy accessibility, products that cover all the daily shopping needs, a successful mix of international and local retail products and strong food anchor stores, our centres provide convenience shopping to accommodate a busy urban lifestyle as well as an ageing population.

We aim for an experience that goes beyond shopping, with restaurants, kids' playgrounds and high quality amenities in order to attract families - and keep them with us for longer visits.

For more information: www.wereldhave.com

Feedback

We welcome any feedback from our stakeholders. Please contact us for feedback or any questions you might have at:

✉ investor.relations@wereldhave.com and / or
✉ sustainability@wereldhave.com

Information for the press:

Richard W. Beentjes
T + 31 20 702 78 39
E richard.beentjes@wereldhave.com

Information for analysts:

Ruud van Maanen
T + 31 20 702 78 43
E ruud.van.maanen@wereldhave.com

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