



RETAIL ESTATES



PRESS RELEASE
Regulated information
Ternat, 29 August 2022

INTERIM STATEMENT OF THE BOARD OF DIRECTORS

FIRST QUARTER 2022-2023¹ (closed on 30.06.2022).

EPRA EARNINGS² FOR THE FIRST QUARTER OF FINANCIAL YEAR 2022-2023 AMOUNTS TO € 18.6 MILLION COMPARED TO € 18.54 MILLION IN THE PREVIOUS FINANCIAL YEAR. THE EPRA EARNINGS PER SHARE AMOUNT TO € 1.39.

FAIR VALUE OF THE REAL ESTATE PORTFOLIO TOTALS € 1,781 MILLION ON 30 JUNE 2022. THE VALUATIONS INCREASED SLIGHTLY, AT CONSTANT PERIMETER, COMPARED TO THE VALUATIONS ON 31 MARCH 2022.

¹ The figures given in this press release are the consolidated, unaudited figures and are in accordance with the IFRS.

² EPRA earnings are calculated as follows: net result excluding changes in the fair value of investment properties, excluding the result on the disposal of investment properties and excluding changes in the fair value of financial assets and liabilities.

1. REAL ESTATE ACTIVITIES DURING THE FIRST QUARTER 2022-2023

1.1 Rental income and occupancy rate³

Net rental income amounts to € 29.56 million in the first quarter of the financial year, an increase by 3.59% with respect to the comparable quarter in the 2021-2022 financial year.

The occupancy rate of the entire portfolio was 97.64% on 30 June 2022, compared to 97.83% on 31 March 2022.

1.2 Fair value⁴ of the real estate portfolio

The fair value of the real estate portfolio (including non-current assets under construction) amounts to € 1,781 million on 30 June 2022. In spite of the corona pandemic, we find that the investment value has again increased slightly at constant perimeter (€ 21.15 million). The variation compared to the fair value on 31 March 2022 (€ 1,760 million) is exclusively the consequence of the active management of the real estate portfolio, with investments and divestments in the first quarter as well as transfers to the heading for property destined for sale.

1.3 Investments – retail parks

No significant investments took place in the first quarter of the 2022-2023 financial year.

1.4 Divestments

In the course of the past quarter, a building in Sint-Niklaas (Belgium), consisting of two retail units and two flats, was sold. The net sales revenue amounted to € 2.4 million. The fair value of these properties was € 2.46 million. These sales resulted in a net loss in value of € 0.06 million.

1.5 Events after the balance sheet date: investment in retail park in Venlo

On 4 July 2022⁵, Retail Estates invested € 35.71 million in the acquisition of a 90% interest in retail park Tref Center in Venlo (the Netherlands - province of Limburg). The investment took place in cooperation with the Dutch real estate investor Westpoort Vastgoed, which acquired a 10% interest in the same transaction.

The share of Retail Estates in the transaction amounts to € 35.71 million and generates a rental income of € 2.52 million, representing an initial yield of approximately 7%. According to real estate expert Cushman & Wakefield, the investment value of Retail Estates' share is € 35.5 million and the fair value amounts to € 32.83 million. In the long term, both a continued extension of the interest of Retail Estates in retail park Tref Center and a restriction of the acquired interest are a possibility.

³ The occupancy rate is calculated as the ratio of the surface area actually leased out to the surface area available for lease, expressed in m².

⁴ Fair value: investment value as determined by an independent real estate expert, with hypothetical transfer taxed deducted. The fair value is the book value under the IFRS (see also note 21 of the 2021-2022 annual report).

⁵ See press release of 5 July 2022.

2. KEY FIGURES AS AT 30 JUNE 2022

2.1. EPRA Earnings and net result

On 30 June 2022 the EPRA earnings evolved to € 18.59 million compared to € 18.54 million in the comparable period in the 2021-2022 financial year. The calculation of the EPRA earnings per share takes into account the weighted average number of shares on 30 June 2022, i.e. 13,377,551. The EPRA earnings per share (based on the weighted average number of shares) amounted to € 1.39 on 30 June 2022, compared to € 1.46 on 30 June 2021 (based on the then weighted average number of shares, i.e. 12,665,763). This temporary decrease is the result of the € 55 million capital increase and the issue of 859,375 new shares.⁶

On 30 June 2022 the net result amounts to € 60.07 million and takes into account the EPRA earnings (€ 18.59 million), the variation in the fair value of the investment properties (€ 21.15 million), the result on divestments (€ -0.06 million, see above), the other result on portfolio (€ 0.16 million) and the variation in the fair value of financial assets and liabilities (€ 20.55 million). In order to limit the interest risk on the financing of its investments, Retail Estates has implemented a very cautious hedging strategy (cash flow hedges), according to which floating rate debts are converted into fixed-rate debts in the long term. This is an unrealised and non-cash result.

2.2. Weighted average interest charges⁷

On 30 June 2022 the weighted average interest rate was 1.96%, compared to 1.95% on 31 March 2022 and 1.99% on 30 June 2021, and results from the changed composition of the credit portfolio, partly on account of the reallocation of appropriations in the past financial year and partly on account of new appropriations. Retail Estates combines bilateral credits at different banking partners with private placements of bonds at institutional investors and with a commercial paper programme (fully covered by back-up lines). The average maturity of the credit portfolio is 3.6 years.

2.3. Information per share

	30.06.2022	31.03.2022
Number of shares in circulation	14,085,827	13,226,452
Weighted average number of shares	13,377,551	12,893,111
Net asset value per share IFRS ⁸	73.57	69.63
EPRA NAV ⁹	70.79	68.46
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments	70.74	69.67

⁶ See press release of 10 June 2022.

⁷ The interest charges (including the credit margin and the cost of the hedging instruments) divided by the weighted average financial debt of the current period.

⁸ This net asset value as at 30 June 2022 includes dividends and contains both the dividend for the 2021-2022 financial year and the proposed dividend for the first quarter of the 2022-2023 financial year.

⁹ EPRA NAV is calculated as follows: shareholders' equity (excluding the fair value of the authorised hedging instruments corrected by deduction of intangible fixed assets and deferred taxes) divided by the number of shares.

PRO FORMA EPRA NTA after deduction of dividend 31/03/2022 paid on 25/07/2022	66.19	63.96
	30.06.2022	30.06.2022
EPRA earnings per share (based on weighted average number of shares)	1.39	1.46
EPRA earnings per share (based on number of shares entitled to dividends)	1.32	1.46

2.4. Debt ratio

The debt ratio is 45.43% on 30 June 2022, compared to 49.15% on 31 March 2022.

The decrease of the debt ratio on 30 June 2022 is the result of the € 55 million capital increase on 14 June 2022, the proceeds of which will in principle be invested in the course of the financial year.

3. OUTLOOK

Macroeconomic uncertainties do not allow predictions about the evolution of the fair value of investment properties nor about the changes in the fair value of interest rate hedging instruments. The evolution of the intrinsic value of the shares, which is sensitive to this, is therefore uncertain.

The expected dividend is maintained at € 4.70 gross per share.

4. FINANCIAL CALENDAR

Announcement of the half-year results for the 2022-2023 financial year	21 November 2022
Announcement of the annual results of the 2022-2023 financial year	29 May 2023

ABOUT RETAIL ESTATES NV

The Belgian public real estate investment trust Retail Estates nv is a niche player specialised in making in out-of-town retail properties located on the periphery of residential areas or along main access roads to urban centres available to users. Real Estates NV acquires these real properties from third parties or builds and commercialises retail buildings for its own account. The buildings have useful areas ranging between 500m² and 3,000m². A typical retail building has an average area of 1,000 m².

As of 30 June 2022, Retail Estates nv has 983 premises in its portfolio with a total retail area of 1,161,282 m², spread over Belgium and the Netherlands. The occupancy rate of the entire portfolio was 97.64% on 30 June 2022, compared to 97.83% on 31 March 2022.

The fair value of the consolidated real estate portfolio of Retail Estates NV as at 30 June 2022 is estimated at € 1,781 million by independent real estate experts.

Retail Estates NV is listed on Euronext Brussels and Euronext Amsterdam and is registered as a public regulated real estate company.

FORWARD-LOOKING STATEMENTS

This press release contains a number of forward-looking statements. Such statements are subject to risks and uncertainties which may lead to actual results being materially different from the results which might be assumed in this press release on the basis of such forward-looking statements. Major factors that may influence these results include changes in the economic situation, commercial, tax-related and environmental factors.

Ternat, 29 August 2022

Jan De Nys, CEO of Retail Estates nv

For more information, please contact:

Retail Estates nv, Jan De Nys – CEO, T: +32 2/568 10 20 – F:+32 475/27 84 12

Retail Estates nv, Kara De Smet – CFO, tel. +32 2/568 10 20



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RETAIL ESTATES NV

Public BE-REIT under the laws of Belgium

Industrielaan 6 B-1740 Ternat •

RLE Brussel • VAT BE 0434 797 847 •

T: +32 2 568 10 20

info@retailestates.com • www.retailestates.com

