



PRESS RELEASE

Periodic statement – regulated information
Ternat, 21 November 2022

ANNOUNCEMENT OF HALF-YEARLY RESULTS FOR THE 2022-2023 FINANCIAL YEAR (closed on 30.09.2022)

EPRA EARNINGS¹ FOR THE FIRST QUARTER OF FINANCIAL YEAR 2022-2023 AMOUNTS TO € 39.06 MILLION (€ 2.84 PER SHARE)

THE FAIR VALUE OF THE REAL ESTATE PORTFOLIO AMOUNTED TO € 1,817.16 MILLION ON 30 SEPTEMBER 2022, WHICH REPRESENTS AN INCREASE BY € 57.28 MILLION (3.25%) COMPARED TO THE FAIR VALUE ON 31 MARCH 2022 (€ 1,759.88 MILLION).

STABLE OCCUPANCY RATE (97.37%)

RENTAL INCOME FULLY INDEXED AND PAID

INTEREST RATE HEDGING INSTRUMENTS CONTROL INTEREST COSTS

HALF-YEAR REPORT 2022-2023 AVAILABLE

¹ 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.

A. HALF-YEAR RESULTS

1. ACTIVITY REPORT FOR THE FIRST HALF-YEAR 2022-2023 ENDING ON 30 SEPTEMBER 2022

1.1 Rental income and occupancy rate²

The net rental income amounted to € 60.62 million in the first six months of the financial year, an increase by 5.64% with respect to the comparable six months in the 2021-2022 financial year. The net rental income in that period amounted to € 57.38 million. The occupancy rate on 30 September 2022 was 97.37%, compared to 97.83% on 31 March 2022.

1.2 Fair value³ of the real estate portfolio

The fair value of the real estate portfolio (including non-current assets under construction) on 30 September 2022 amounted to € 1,817.16 million, which represents an increase by € 57.28 million (3.25%) compared to the fair value on 31 March 2022 (€ 1,759.88 million). This effect is the result of the investments and divestments during the first half year (in particular the acquisition of a 90% interest in the retail park Tref Center in Venlo (see below) for an amount of € 35.71 million) and the variations in the fair value of investment properties.

The variation in the fair value of the real estate portfolio amounts to € 22.57 million and can mainly be explained by an increase in the value of the real estate portfolio amounting to € 27.67 million.

Based on the contractually owed rent, rent return (versus investment value) on the portfolio as determined by the real estate experts amounts to 6.77%.

As of 30 September 2022, the real estate portfolio consists of 1,002 properties with a lettable surface of 1,186,521 m².

1.3 Investments⁴ – retail parks

On 4 July 2022, 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.

The retail park Tref Center has been developed around Tref Box, a hypermarket that is not included in the transaction. It is a combination of food and non-food retailers that is seldom seen in the Netherlands but is quite common in the United Kingdom. The park comprises 19 retail properties with a total surface area of 31,295 m² and a petrol station. The main tenants include Lidl, Pets Place, Basic Fit, KFC, Kwantum, Leen Bakker, Jysk, Bever Sport (AS Adventure) and Beter Bed. The retail park has been widely known in the Venlo region for some 50 years and has a customer zone extending from Venlo (100,000 inhabitants) to across the German border. Venlo is the second largest city of the province of Limburg, after Maastricht. Retail Estates already invested in this region in the past, in particular in Maastricht and in Heerlen.

² The occupancy rate is calculated as the area actually let in relation to the lettable area, expressed in m².

³ 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).

⁴ The purchase and sales values of the investments and divestments are in line with the fair value estimated by the real estate experts.

1.4 Non-current assets under construction

On 30 September 2022 the total amount of the non-current assets under construction is € 16.92 million. We distinguish five types of non-current assets under construction: speculative land positions (the so-called "land bank", i.e. residual lands of existing portfolios that are intended for possible development or will be sold at a later stage if no redevelopment is possible); prospective projects, projects under predevelopment, projects under development and projects specifically linked to sustainability.

On 30 September 2022, the speculative land positions represented € 1.57 million, the prospective projects represented € 9.21 million, the projects under predevelopment represented € 3.63 million, the projects under development represented € 2.31 million and the projects specifically linked to sustainability represented € 0.2 million.

A. Non-current assets under construction – prospection - overview of the main prospective projects

In 2014, Retail Estates acquired the retail park at Wetteren with 14 retail units and a gross retail area of 10,423 m². The retail park, which opened in 2008, is known as Frunpark Wetteren. It is very successful and attracts consumers from far and wide. In 2016, Retail Estates acquired, by way of speculation, an adjacent plot of land with two SME properties (investment of approx. € 9 million), which are currently let. According to the Spatial Implementation Plan, a permit can in principle be obtained for retail properties destined for large-scale retail as well as for SME properties.

The permit is expected in the course of 2023, the completion of the mixed-use project with retail units and SME properties is expected in the course of 2024. The costs of the procedures already completed and the preparation of the request for an environmental permit currently amount to € 0.44 million. The investment in this extension is estimated at € 3.6 million.

B. Non-current assets under construction – predevelopment – overview of the main own developments

B.1. Belgium

- In **Houthalen**, a permit was obtained and an agreement was entered into with a building promotor for the demolition and redevelopment of a site into flats with a retail property on the ground floor, enabling Retail Estates to still have the same retail area. The expected investment amounts to € 0.70 million.

B.2. The Netherlands

- For the retail park in **Heerlen** consultations with the tenants are ongoing with regard to the permit that was obtained for the modernisation of the entire façade. The additional investment is expected to amount to approximately € 5 million. Completion is expected at the latest one year after the consent of the tenants has been obtained.

C. Non-current assets under construction – development – overview of the main own developments

- In **Halle** (Belgium) a new retail area will be constructed. The investment is estimated at € 1.75 million. The permits required for this development have been obtained. This project requires the construction of a number of apartments. As this is a matter outside the scope of Retail Estates, a cooperation with a property developer was negotiated, who will develop this part of the project. Completion is expected by mid-2023.

D. Completion of non-current assets under construction

Within the context of the ESG strategy, Retail Estates invests in the installation of photovoltaic panels on the roofs of several retail parks, both in Belgium and in the Netherlands. Over the past six months, photovoltaic panels were installed in Heerlen and Rosendaal with a total capacity of 1,604 kW_p, which are expected to generate more than 1,338 MWh of green power each year. The investment value amounts to € 1.12 million. Retail Estates will charge an annual fee.

1.5 Divestments

In the past half year 3 retail properties were sold. The net sales revenue amounted to € 4 million. The fair value of these properties was € 3.72 million. The rental income of these properties on the date of the sale amounted to € 0.6 million. These sales generated € 0.29 million in net added value.

2. INVESTMENTS WITH A VIEW TO FUTURE GROWTH

2.1 New IT platform

Retail Estates invested in a new IT platform for its administrative back-office. On 1 April 2022 the migration to a SAP S/4 Hana platform was completed successfully, in cooperation with Deloitte Consulting.

2.2 Investment opportunities in another EU Member State

Market research was conducted with a view to identifying investment opportunities in retail parks in another EU Member State still to be identified. Within the scope of this research and support for a possible first investment, Mr Koen Nevens will support the management team. Koen Nevens has distinct experience in retail property investments and has built an international network in his 27-year career with Cushman & Wakefield. Since the start of this career, he has shared a distinct interest in out-of-town retail real estate with the management of Retail Estates.

2.3 ESG investments, target 10 million (2022-2023 financial year)

Over the past year, € 1.2 million was invested on photovoltaic panels in the clusters at Heerlen (NL) and Roosendaal (NL). In addition, a total of € 0.46 million was spent on sustainable maintenance and € 2.90 million on various other sustainability-related investments. The company's purpose is to invest € 10 million in ESG initiatives this year.

3. ANALYSIS OF THE RESULTS

Half-year results on 30 September 2022: EPRA earnings of the Group⁵ increase by 4.36% compared to 30 September 2021- fair value of the real estate portfolio increases to € 1,817.16 million.

On 30 September 2022 the EPRA result (i.e. the profit less the result on portfolio and the variations in the fair value of financial assets and liabilities) amounts to € 39.06 million, an increase by 4.36% compared to the same period last year.

The **net rental income** increased from € 57.38 million to € 60.62 million. This is mainly attributable to the investment in the Tref Center retail park in Venlo. Compared to 30 September 2021, the real estate portfolio grew by € 92 million. Compared to 31 March 2022, the portfolio grew by € 57.28 million.

After deduction of property costs, this results in an operating property result of € 54.02 million compared to € 51.66 million last year.

The **property costs** amount to € 5.62 million compared to € 4.69 million in the previous year, an increase by € 0.93 million which can mainly be explained by the increase in management costs and technical costs by € 0.40 million and € 0.25 million respectively. The increase in the technical costs can be explained by the expenditure within the scope of the sustainability strategy (making buildings more energy efficient). The increase in the management costs can partially be explained by the investment in a new integrated technology system (S/4HANNA), resulting in additional IT costs. The corporate operating costs amount to € 3.79 million, an increase by € 0.69 million compared to last year. After deduction of the corporate operating costs, Retail Estates achieves an operating result before the result on portfolio of € 50.23 million. The operating margin is 82.86%.

The result from the **disposals of investment properties** is € 0.29 million on total sales of € 4 million. We refer to the paragraph "Divestments" of the half year report.

The **variations in the fair value of investment properties** amount to € 22.57 million and are mainly explained by an increase in the value of the real estate portfolio by € 27.67 million and by the depreciation of the transaction costs for the determination of the fair value of the investment properties (€ -5.10 million). The "other" result on portfolio amounts to € -0.17 million.

The **financial result** (excluding variations in the fair value of financial assets and liabilities) amounts to € -9.34 million. The net interest costs amount to € -9.40 million, a decrease by € 0.06 million compared to last year. The average interest rate has remained stable at 2.02% compared to 2.02% on 30 September 2021. The increase of the financial result, including the variations in the fair value of financial assets and liabilities from € -58.8 million to € 34.91 million, is also the result of the change in the fair value of the swaps that are not defined as cash flow (variations in the fair value of financial assets and liabilities). However, this result is an unrealised and non-cash item.

On 30 September 2022 the **EPRA earnings** amount to € 39.06 million compared to € 37.43 million in the comparable period in the 2021-2022 financial year. This represents an EPRA profit of € 2.84 per share for the first half of the year (based on the weighted average number of shares), compared to € 2.95 on 30 September 2021 (based on the weighted average number of shares).

The **net result** (Group share) for the first half of the year amounts to € 106.01 million, consisting of the EPRA earnings of € 39.06 million, the result on portfolio of € 22.70 million and variations in the fair value of financial assets and liabilities of € 44.26 million.

The **fair value of the real estate portfolio**, including non-current assets under construction, amounts to € 1,817.16 million on 30 September 2022, compared to € 1,759.88 million on 31 March 2022. The EPRA net tangible asset value (NTA) per share was € 67.97 on 30 September 2022. On 31 March 2022, the EPRA NTA was € 68.46.

The **debt ratio** on 30 September 2022 was 47.54% compared to 49.15% on 31 March 2022.

4. OUTLOOK

Macroeconomic uncertainties do not allow predictions about the evolution of the fair value of real estate nor about the variations 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 high inflation leads to a general increase in the rental prices. The contractual indexation is applied in full. Upon the three-yearly (Belgium) or five-yearly (Netherlands) expiry date of the current tenancy agreements, an assessment will have to be made in consultation with the tenants concerned in order to verify whether the rental prices will still be in line with the market after the indexation and/or whether they risk to significantly affect the tenant's profitability.

The interest hedging agreements concluded make it possible to pass on the increase of the interest charges for a period of approximately 4 years for the current credit portfolio. It's not possible to predict the future evolution due to the current volatility on the financial markets.

The dividend forecast of € 4.70 gross per share (€ 3.29 net per share) is maintained. Compared to the 2021-2022 financial year, this represents a 2.17% dividend increase. This expectation was made under the hypothesis of stable consumer spending and a positive evolution of rents.

5. FORWARD-LOOKING STATEMENTS

This half-year report 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 interim statement 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.

6. SUBSEQUENT EVENTS

No material events have occurred after the end of the half year.

MISCELLANEOUS

1. FINANCIAL CALENDAR

Announcement of the results of the third quarter of the 2022-2023 financial year	20 February 2023
Announcement of the annual results of the 2022-2023 financial year	29 May 2023
General meeting	24 July 2023
Ex-coupon date dividend	28 July 2023
Dividend made available for payment	1 August 2023

2. HALF-YEAR REPORT 2022-2023 AVAILABLE

The half-year report 2022-2023 is available via the website of Retail Estates nv (www.retailstates.com).

ATTACHMENTS

1. CONDENSED CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	30.09.22	30.09.21
Rental income	60 831	57 333
Rental related expenses	-209	52
Net rental income	60 622	57 385
Recovery of property expenses	-	-
Recovery of rental charges and taxes normally payable by tenants on let properties	6 215	5 960
Rental charges and taxes normally payable by tenants on let properties	-7 194	-6 924
Other rental related income and expenses	4	-67
Property result	59 646	56 354
Technical costs	-2 381	-2 136
Commercial costs	-534	-390
Charges and taxes on unlet properties	-388	-247
Property management costs	-2 315	-1 919
Other property costs	-4	-1
Property costs	-5 622	-4 694
Operating property result	54 024	51 660
Operating corporate costs	-3 792	-3 103
Operating result before result on portfolio	50 232	48 558
Result on disposals of investment properties	294	473
Result on sales of other non-financial assets	-	-
Changes in fair value of investment properties	22 569	3 391
Other result on portfolio	-166	-699
Operating result	72 929	51 723
Financial income	83	72
Net interest charges	-9 399	-9 459
Changes in fair value of financial assets and liabilities	44 256	3 626
Other financial charges	-29	-39

INCOME STATEMENT (in € 000)

30.09.22

30.09.21

Financial result	34 911	-5 800
Share in the result of associated companies and joint ventures	-8	-
Result before taxes	107 832	45 922
Taxes	-1 819	-1 705
Net result	106 013	44 218
Attributable to:		
Shareholders of the Group	106 013	44 218
Minority interests		
Note:		
EPRA earnings (share Group)⁶	39 060	37 426
Result on portfolio	22 697	3 165
Changes in fair value of financial assets and liabilities	44 256	3 626

RESULT PER SHARE

30.09.22

30.09.21

Number of ordinary shares in circulation	14 085 827	12 665 763
Weighted average number of shares	13 733 624	12 665 763
Net profit per ordinary share (in €) ⁷	7.72	3.49
Diluted net profit per share (in €)	7.72	3.49

⁶ 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.

⁷ The net profit per ordinary share is calculated as follows: net result divided by the weighted average number of shares

2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	Notes	30.09.22	31.03.22
Non-current assets		1 897 011	1 792 078
Goodwill			
Intangible non-current assets		5 181	4 030
Investment properties ⁸	2	1 817 160	1 759 879
Other tangible non-current assets		6 233	6 440
Financial non-current assets		63 900	17 860
Financial instruments		57 169	11 120
Participations accounted for using the equity method		1 732	1 740
Receivables towards participations accounted for using the equity method		5 000	5 000
Finance lease receivables		1 030	1 030
Trade receivables and other non-current assets		3 507	2 839
Deferred taxes		3 504	1 402
Other		3	1 437
Current assets		32 378	20 151
Assets or groups of assets held for sale	2	12 351	11 807
Trade receivables		12 272	2 067
Tax receivables and other current assets		2 818	2 132
Cash and cash equivalents		2 121	1 483
Deferred charges and accrued income		2 815	2 663
TOTAL ASSETS		1 929 389	1 812 228

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	30.09.22	31.03.22
Shareholders' equity		1.022.157	920.980
Shareholders' equity attributable to the shareholders of the parent company		1.022.157	920.980
Capital		308.515	289.179
Issue premiums		374.617	339.798
Reserves		233.013	160.166
Net result of the financial year		106.013	131.837
Minority interests			

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	30.09.22	31.03.22
Liabilities		907.232	891.248
Non-current liabilities		822.948	764.789
Provisions		-	-
Non-current financial debts	3/5	822.026	763.982
Credit institutions		642.670	584.594
Long-term financial lease	3/5	4.041	4.159
Other		-	-
Bonds	3/5	175.315	175.229
Other non-current financial liabilities	5	-	-
Deferred taxes		922	807
Current liabilities		84.284	126.459
Current financial debts	3/5	43.599	101.730
Credit institutions		43.599	101.730
Short-term financial lease		-	-
Other		-	-
Bonds	3/5	-	-
Trade debts and other current debts		21.204	17.787
Exit tax		391	391
Other		20.813	17.396
Other current liabilities		1.534	1.771
Accrued charges and deferred income		17.948	5.171
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1.929.389	1.812.228
DEBT RATIO		30.09.22	31.03.22
Debt ratio ⁹	4	47,54%	49,15%

⁹ The debt ratio is calculated as follows: liabilities (excluding provisions, accrued charges and deferred income, hedging instruments and deferred taxes) divided by the total assets (excluding hedging instruments).

KEY PERFORMANCE INDICATORS

EPRA result per share (in €)	30.09.22	30.09.21
EPRA earnings (group share)	39.059.846	37.426.355
Number of ordinary shares in circulation	14.085.827	12.665.763
Weighted average number of shares	13.733.624	12.665.763
EPRA result per share (in €) ¹⁰	2,84	2,95
EPRA result per share (in €) - diluted	2,84	2,95

NET ASSET VALUE PER SHARE (in €) – GROUP SHARE	30.09.22	30.09.21
Net asset value per share IFRS ¹¹	72,57	69,63
EPRA NTA per share ¹²	67,97	68,46
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments	71,69	69,67

10 The EPRA earnings per share are calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with the first dividend entitlement date). Calculated on the basis of the number of dividend-entitled shares, the EPRA earnings per share amount to € 2.84 per share on 30.09.2022 compared to € 2.95 per share on 30.09.2021.

11 The net asset value per share IFRS (fair value) is calculated as follows: shareholders' equity (attributable to the shareholders of the parent company) divided by the number of shares.

12 ERPA NAV is calculated as follows: shareholders' equity (excluding the fair value of the authorised hedging instruments, deferred taxes and intangible non-current assets) divided by the number of shares.

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 September 2022, Retail Estates nv has 1,002 premises in its portfolio with a total retail area of 1,186,521 m², spread over Belgium and the Netherlands. The occupancy rate of the entire portfolio was 97.37% on 30 September 2022, compared to 97.64% on 30 June 2022.

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, 21 November 2022

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'IN RETAIL WE TRUST'

RETAIL ESTATES nv

Openbare GVV naar Belgisch recht

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