

## **PRESS RELEASE**

Periodic statement – regulated information  
Ternat, 22 November 2021

### **ANNOUNCEMENT OF HALF-YEAR RESULTS FINANCIAL YEAR 2021-2022**

**FIRST SEMESTER 2021-2022(closed on 30.09.2021)**

**FULL RECOVERY TO PRE-CORONA LEVEL CONFIRMED**

**OCCUPANCY RATE INCREASES TO 97,61%**

**EPRA RESULT<sup>1</sup> OF THE FIRST SEMESTER OF THE FINANCIAL YEAR 2021-2022 AMOUNTS TO 37.43 MIO EUR**

**THE EPRA PROFIT PER SHARE AMOUNTS TO EUR 2.95. AN INCREASE OF 5.77%  
COMPARED TO THE EPRA PROFIT PER SHARE OF 2.79 EUR IN THE COMPARABLE  
HALF-YEAR OF THE FINANCIAL YEAR 2019-2020 (PRE-CORONA)**

**FAIR VALUE OF THE REAL ESTATE PORTFOLIO ON 30 SEPTEMBER 2021 AMOUNTS TO 1,725.16 MIO  
EUR. INCREASE OF THE FAIR VALUE OF INVESTMENT PROPERTIES AMOUNTS TO 3.39 MIO EUR**

**HALF-YEAR REPORT 2021-2022 AVAILABLE**

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<sup>1</sup> The EPRA result is calculated as follows: net result excluding changes in fair value of investment properties, excluding result on sales of investment properties and excluding changes in fair value of financial assets and liabilities.

## A. HALF-YEAR RESULTS

### 1. ACTIVITY REPORT FOR THE FIRST HALF-YEAR 2021-2022, ENDING ON 30 SEPTEMBER 2021

#### 1.1 Rental income and occupancy rate<sup>2</sup>

The net rental income amounted to € 57.38 million in the first six months of the current financial year, an increase by 15.18% with respect to the comparable six months in the 2020-2021 financial year. The net rental income in that period amounted to € 49.82 million. The increase can mainly be explained by the discounts granted within the context of COVID-19 (€ -5.86 million) granted in the comparable six months of the previous year and by a provision for doubtful receivables of € 2.48 million, especially for the Brantano properties which was accounted for in the comparable semester of last year.

The occupancy rate on 30 September 2021 was 97.61%, compared to 97.07% on 31 March 2021.

#### 1.2 Fair value<sup>3</sup> of the real estate portfolio

The fair value of the real estate portfolio (including non-current assets under construction) on 30 September 2021 amounted to € 1,725.16 million, which represents an increase of € 7.91 million (+0.46%) compared to the fair value on 31 March 2021 (€ 1,717.25 million). This increase is attributable to the investments and divestments in the first six months and the variations in the fair value of investment properties.

The increase in the fair value of the real estate portfolio amounts to € 3.39 million and can mainly be explained by an increase in the value of the real estate portfolio amounting to € 3,73 million.

Based on the contractually owed rent, the rent return (versus investment value) on the portfolio as determined by the real estate experts amounts to 6.54%.

As of 30 September 2021, the real estate portfolio consists of 988 properties with a lettable surface of 1,176,886 m<sup>2</sup>.

#### 1.3 Investments – Retail parks

No significant investments took place in the first six months of the financial year.

A warehouse in Kampenhout was acquired, by way of speculation, which will be let to a company in the logistics sector in the near future. The building is currently used as a test and vaccination centre for the municipality of Kampenhout and surrounding municipalities. The purchase price amounted to € 5.81 million (including of registration duties and costs of the notary public).

#### 1.4 Non-current assets under construction

On 30 September 2021 the total amount of the non-current assets under construction is € 21.97 million. We distinguish four types of non-current assets under construction: speculative land positions (the so-called "land bank"), i.e. residual land of existing portfolios that are intended for possible development or will be sold at a later stage if no redevelopment is possible. Furthermore, there are prospective projects, projects under predevelopment and projects under development.

<sup>2</sup> The occupancy rate is calculated as the area actually let in relation to the lettable area, expressed in m<sup>2</sup>.

<sup>3</sup> Fair value: investment value as determined by an independent real estate expert of which hypothetical transfer taxes are deducted. The fair value is the carrying amount under IFRS (see also note 21 in the 2020-2021 annual report).

#### **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 m<sup>2</sup>. 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 NV acquired, in speculative title, an adjacent plot of land with an industrial building with two SME properties, currently let. The Spatial Implementation Plan, has permitted retail properties destined for large-scale retail and SME units. The permit is expected in the course of 2022, the delivery of the mixed project with retail units and SME is expected in the course of 2023.

In Houthalen, an agreement is being worked on with the municipality (co-owner) and a promoter for the demolition and redevelopment into flats with a retail unit at the bottom, where Retail Estates will recover its current retail floor space.

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

- In Halle, the existing retail area will be extended. The investment is expected to amount to approximately € 1.92 million. The permits required for this development have been obtained. This project requires the construction of a number of apartment buildings. As this is a matter outside the scope of Retail Estates, a cooperation with a property developer is negotiated, who can develop this part of the project. Completion is expected by the end of 2022.

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

- Within the context of the CSR strategy, Retail Estates invests in the installation of photovoltaic panels on the roof of its retail park in Hasselt close to the IKEA site. Solar panels are installed with a total capacity of 407 kWp, which are expected to generate more than 370 Mhh of green power. This € 0.31 million investment will also have a positive impact on the tenants' operational expenses. They will be able to cover their entire energy consumption with the green power generated from this installation. Retail Estates will charge an annual fee. The provisional delivery of these solar panels took place in October 2021.

### **1.5 Desinvestments**

In the past six months 2 solitary retail properties (in Binche and in Geraardsbergen) and the part of a non-strategic retail park in Leiderdorp were sold. The net sales revenue amounted to € 3.47 million. The fair value of these properties was € 2.95 million. The rental income of these properties amounted to € 0.32 million. These sales generated € 0.52 million in net added value.

## 2. ANALYSIS OF THE RESULTS

**Half-year results 30 September 2021: EPRA earnings for the Group<sup>4</sup> increased by 18.78% compared to 30 September 2020 - fair value of the real estate portfolio increases to € 1,725.16 million**

As at 30 September 2021 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 € 37.43 million, an increase by 18.78% compared to the same period last year.

The **net rental income increased** from € 49.82 million to € 57.38 million. This is mainly due to the exceptional circumstances in the comparable semester of the 2020-2021 financial year. During that quarter, a remission of on average one month's rent was granted for the retail units that had to close their doors on account of the COVID-19 pandemic. A total of € 5.86 million in rent was remitted. For more information and details, we refer to the comments relating to COVID-19 in the half-yearly report for 2020-2021. Compared to 30 September 2020, the real estate portfolio grew by € 2.88 million. Compared to 31 March 2021, the portfolio grew by € 7.91 million. After deduction of property costs, this results in an operating property result of € 51.66 million compared to € 46.20 million last year.

The **property expenses** amount to € 4.69 million compared to € 2.59 million in the previous year, mainly due to the decrease in the technical and commercial expenses after a conscious cost reduction implemented as a result of the decrease in rental income due to the COVID-19 pandemic in the comparable semester of the 2020-2021 financial year. The corporate operating costs amount to € 3.10 million, a limited increase by € 0.24 million compared to last year. After deduction of the corporate operating costs, Retail Estates nv achieves an operating result before the result on portfolio of € 48.56 million. The operating margin is 84.62%.

The result from the **disposals of investment properties** is € 0.47 million on total sales of € 3.47 million. We refer to the paragraph "Divestments" of the management report.

The variations in the fair value of investment properties amount to € 3.39 million and are mainly explained by an increase in the value of the real estate portfolio by € 3.73 million and by the depreciation of the transaction costs for the determination of the fair value of the investment properties (€ -0.34 million). The "other" result on portfolio amounts to € -0.70 million.

The **financial result** (excluding variations in the fair value of financial assets and liabilities) amounts to € -9.43 million. The net interest costs amount to € -9.46 million, a decrease by € 0.79 million compared to last year. The interest charges have decreased following a shift in financing from bank loans to short-term commercial papers and a lower average amount of credit drawn down. This impact is enhanced by the decrease in the average interest rate. The average interest rate decreased to 2.02% compared to 2.06% on 30 September 2020. The decrease of the financial result, including the variations in the fair value of financial assets and liabilities, 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 2021 the **EPRA earnings** amount to € 37.43 million compared to € 31.51 million in the comparable period in the 2020-2021 financial year. This represents an EPRA profit of € 2.95 per share for the first half of the year (based on the weighted average number of shares), compared to € 2.49 on 30 September 2020 (based on the weighted average number of shares).

The **net result** (Group share) for the first half of the year amounts to € 44.22 million, consisting of the EPRA earnings of € 37.43 million, the result on portfolio of € 3.17 million and variations in the fair value of financial assets and liabilities of € 3.63 million.

The **fair value of the real estate portfolio**, including non-current assets under construction, amounts to € 1,725.16 million on 30 September 2021, compared to € 1,717.25 million on 31 March 2021.

The **EPRA net tangible asset value** (NTA) per share was € 64.19 on 30 September 2021. On 31 March 2021, the EPRA NTA was € 65.53.

The **debt ratio** on 30 September 2021 equals to 52.93% compared to 52.18% on 31 March 2021.

### 3. OUTLOOK

Macro-economic 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 dividend forecast of € 4.60 gross per share (€ 3.22 net per share) is maintained. Compared to the 2020-2021 financial year, this represents a 2.22% dividend increase. This expectation was made under the hypothesis of stable consumer spending and a positive evolution of rents.

### 4. 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.

## 5. SUBSEQUENT EVENTS

### 5.1 ACQUISITION OF RETAIL PROPERTIES

By deed of 4 October 2021, Retail Estates acquired six retail properties from a Dutch family-owned investment group active in the retail sector. It concerns two retail properties in Lokeren, in a retail park where Retail Estates already has retail properties in its portfolio, one retail property in Tielt-Winge and three retail properties in Libramont.

The investment value of these retail properties is € 9,72 million. The properties account for a global annual rental income of € 0.55 million. With the exception of one vacant unit in Libramont, the properties have all been let to well-known retail companies, most of which are active in the home improvement sector.

### 5.2 CONTRIBUTION IN KIND – CAPITAL INCREASE

On 5 October 2021, Retail Estates concluded a contribution agreement with De Vleterbeek NV, a 100% subsidiary of the family-owned investment group Shopinvest, which resulted in a contribution in kind amounting to € 35,856,125.00. Within the scope of the authorised capital, the board of directors proceeded to the issue of 560,689 new shares by way of compensation for this contribution, at an issue price of € 63.95 per new share. The new shares were issued with coupon number 30 attached and will share in the profits of the current financial year that commenced on 1 April 2021. Their listing on Euronext Brussels and Euronext Amsterdam is obtained.

The contributed real estate portfolio consists of 27 retail properties located on 17 sites, the vast majority of which are connected to sites where Retail Estates has already developed a cluster. The annual rental income amounts to € 2.42 million, which comes down to an average rent of € 91.32 per square metre. The retail properties are mainly located in Flanders (23 out of a total of 27). Except for 2 vacant shops, all retail properties are let to national retail chains. Real estate expert CBRE estimated the investment value at € 35,856,125 and the fair value at € 34,981,586. The rental income represents an initial yield of 6.44 % on the investment value.

For more information, we refer to the press release of 6 October 2021.

# MISCELLANEOUS

## 1. FINANCIAL CALENDAR

Announcement results third quarter financial year 2021-2022	22 February 2022
Announcement annual results financial year 2021-2022	23 May 2022
General meeting	18 July 2022
Ex-coupon date dividend	25 July 2022
Dividend made available for payment	27 July 2022

## 2. HALF-YEAR RESULTS 2021-2022 AVAILABLE

The half-year results 2021-2022 are available via the website of Retail Estates nv ([www.retailstates.com](http://www.retailstates.com)).

# ATTACHMENTS

## 1. CONDENSED CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	30.09.21	30.09.20
Rental income	57 333	51 968
Rental related expenses	52	-2 146
<b>Net rental income</b>	<b>57 385</b>	<b>49 823</b>
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	5 960	5 520
Rental charges and taxes normally payable by tenants on let properties	-6 924	-6 442
Other rental related income and expenses	-67	-119
<b>Property result</b>	<b>56 354</b>	<b>48 782</b>
Technical costs	-2 136	-435
Commercial costs	-390	-298
Charges and taxes on unlet properties	-247	-332
Property management costs	-1 919	-1 517
Other property costs	-1	-5
<b>Property costs</b>	<b>-4 694</b>	<b>-2 587</b>
<b>Operating property result</b>	<b>51 660</b>	<b>46 195</b>
Operating corporate costs	-3 103	-2 865
Other current operating income and expenses	0	0
<b>Operating result before result on portfolio</b>	<b>48 558</b>	<b>43 330</b>
Result on disposals of investment properties	473	91
Result on sales of other non-financial assets		
Changes in fair value of investment properties	3 391	-3 210
Other result on portfolio	-699	124
<b>Operating result</b>	<b>51 723</b>	<b>40 335</b>
Financial income	72	60
Net interest charges	-9 459	-10 244
Changes in fair value of financial assets and liabilities	3 626	-3 874
Other financial charges	-39	-35



## INCOME STATEMENT (in € 000)

30.09.21

30.09.20

<b>Financial result</b>	<b>-5 800</b>	<b>-14 093</b>
<b>Result before taxes</b>	<b>45 922</b>	<b>26 243</b>
Taxes	-1 705	-1 603
<b>Net result</b>	<b>44 218</b>	<b>24 641</b>
Attributable to:		
Shareholders of the Group	44 218	24 641
Minority interests		
Note:		
<b>EPRA earnings (share Group)<sup>5</sup></b>	<b>37 426</b>	<b>31 509</b>
Result on portfolio	3 165	-2 994
Changes in fair value of financial assets and liabilities	3 626	-3 874
<b>RESULT PER SHARE</b>	<b>30.09.21</b>	<b>30.09.20</b>
Number of ordinary shares in circulation	12 665 763	12 665 763
Weighted average number of shares	12 665 763	12 638 377
Net profit per ordinary share (in €) <sup>5</sup>	3.49	1.95
Diluted net profit per share (in €)	3.49	1.95

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

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

## 2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	30.09.21	31.03.21
<b>Non-current assets</b>	<b>1 737 073</b>	<b>1 728 673</b>
Goodwill		
Intangible non-current assets	1 598	1 553
Investment properties <sup>7</sup>	1 725 159	1 717 245
Other tangible non-current assets	6 365	6 426
Financial non-current assets		
Finance lease receivables	1 030	1 030
Trade receivables and other non-current assets	2 921	2 418
Deferred taxes	2 916	2 413
Other	5	5
<b>Current assets</b>	<b>21 295</b>	<b>34 335</b>
Non-current assets or groups of assets held for sale	9 632	7 931
Trade receivables	4 925	6 837
Tax receivables and other current assets	1 946	13 328
Cash and cash equivalents	2 234	3 681
Deferred charges and accrued income	2 558	2 558
<b>TOTAL ASSETS</b>	<b>1 758 367</b>	<b>1 763 008</b>

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	30.09.21	31.03.21
<b>Shareholders' equity</b>	<b>795 938</b>	<b>808 223</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>795 938</b>	<b>808 223</b>
Capital	276 563	276 526
Issue premiums	316 755	316 792
Reserves	158 404	153 469
Net result of the financial year	44 217	61 436
<b>Minority interests</b>		

7 Including assets under construction (IAS 40).

**SHAREHOLDERS' EQUITY AND LIABILITIES** (in € 000) (sequal)

**30.09.21**
**31.03.21**

<b>Liabilities</b>	<b>962 429</b>	<b>954 785</b>
Non-current liabilities	801 025	790 333
Provisions		
Non-current financial debts	779 801	765 117
Credit institutions	601 664	587 324
Long term financial lease	2 993	2 706
Other		0
Bonds	175 144	175 087
Other non-current financial liabilities	21 224	25 216
Current liabilities	161 404	164 452
Current financial debts	131 711	129 680
Credit institutions	131 711	99 683
Short term financial lease		0
Bonds	0	29 997
Trade debts and other current debts	18 408	24 352
Exit tax	399	399
Other	18 009	23 953
Other current liabilities	754	705
Accrued charges and deferred income	10 531	9 715
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 758 367</b>	<b>1 763 008</b>

**DEBT RATIO**
**Notes**
**30.09.21**
**31.03.21**

Debt ratio <sup>8</sup>	4	52.93%	52.18%
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8 The debt ratio is calculated as follows: liabilities (excluding provisions, accrued charges and deferred income, financial instruments and deferred taxes) divided by the total assets (excluding financial instruments)

## 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 500 m<sup>2</sup> and 3,000 m<sup>2</sup>. A typical retail building has an average area of 1,000 m<sup>2</sup>.

As of 30 September 2021, Retail Estates nv has 988 premises in its portfolio with a total retail area of 1,176,886 m<sup>2</sup>, spread over Belgium and the Netherlands. The occupancy rate of the entire portfolio was 97.61% on 30 September 2021, compared to 97.22% on 30 June 2021.

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, 22 November 2021

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# 'IN RETAIL WE TRUST'

### RETAIL ESTATES nv

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