



RETAIL ESTATES

PRESS RELEASE

Periodic statement - regulated information
Ternat, 23 May 2022

ANNOUNCEMENT OF THE ANNUAL RESULTS OF THE 2021-2022 FINANCIAL YEAR

RETAIL ESTATES RESUMES ITS GROWTH PATH: RESULTS OF THE POST COVID-19 FINANCIAL YEAR 2021-2022 EXCEED THOSE OF THE PRE-COVID-19 FINANCIAL YEAR 2019-2020.

EPRA RESULT PER SHARE IS € 5.84, REPRESENTING AN INCREASE BY 4.27%. THE INCREASE COMPARED TO THE FINANCIAL YEAR 2019-2020, WHICH WAS AFFECTED BY COVID-19 AND WHEN THE EPRA RESULT PER SHARE WAS € 4.97, IS 17.41%.

MAJOR POSITIVE REVALUATION OF THE DUTCH REAL ESTATE PORTFOLIO AMOUNTING TO € 21.53 MIO, MAINLY DRIVEN BY YIELD COMPRESSION. VALUATIONS ARE DRIVEN BY THE INCREASED INTEREST OF INVESTORS IN RETAIL PARKS ACROSS EUROPE AS A RESULT OF THE RESILIENCE OF OUT-OF-TOWN RETAIL DURING THE COVID-19 PERIOD.

OCCUPANCY RATE BACK AT PRE-COVID-19 LEVEL (97.83%). DUTCH REAL ESTATE PORTFOLIO VIRTUALLY COMPLETELY LET (245 RETAIL PROPERTIES) : UNPRECEDENTED RECORD.

DEBT RATIO DECREASES BELOW THE TARGETED 50% ON 31 MARCH 2022.

STRONG HEDGING OF INTEREST RATE RISKS WITH HEDGING INSTRUMENTS.

INCREASE OF THE DIVIDEND FOR THE 17th CONSECUTIVE YEAR: THE PROPOSED DIVIDEND INCREASES FROM € 4.50 TO € 4.60.

EXPECTATIONS FORECAST FOR THE CURRENT FINANCIAL YEAR 2022-2023 RAISED TO € 4.70.

ANNUAL RESULTS FOR THE PERIOD 01.04.2021 THROUGH 31.03.2022

1. FINANCIAL YEAR 2021-2022 IN A NUTSHELL

The past financial year was characterised by the swift recovery of the out-of-town shops after the lockdowns of 2020-2021. Only the Dutch retail sector was affected by an unexpected new lockdown in December 2021 and January 2022, after which activities recovered quickly. Within the real estate portfolio, the home decoration sector again benefited from a so-called “corona bonus”, which was granted on account of the frequent restrictions on leisure activities such as travel and visits to pubs and restaurants, and consumers’ increased focus on their own homes.

The rental income increased significantly to € 115.58 million as a result of investments made during the financial year 2020-2021 as well as the non-monetary contribution of 27 retail properties on 14 October 2021. The rent reductions for the lockdown in the Netherlands, for a total amount of € 0.46 million, were lower than initially feared thanks to the quick recovery of trade. The rental income was restored to the long-term pre-COVID-19 average, which is higher than 99%. We were also spared from major bankruptcies.

The arbitrage operations within the context of the management of the real estate portfolio consisted of a series of sales and purchases improves the quality of the real estate portfolio. On balance, its value increased from € 1,717.25 million to € 1,759.88 million. This increase results in part from the considerable increase in value, especially in the Netherlands. In early 2021, it was still doubted whether the ongoing yield compression would compensate for the negative effects of the increase in the real estate transfer tax (from 6% to 8%), which gave rise to depreciations. Various transactions revealing that the yield expectations for retail parks in the Netherlands reach the European level gave rise to positive revaluations that largely exceed the depreciations of early 2021. The valuation of the Belgian portfolio increases slightly, with the rising inflation only playing a limited role. This positive evolution is fully in line with the increasing interest of investors in retail parks across Europe as a result of the resilience of out-of-town retail during the COVID-19 period.

In the new climate on the financial markets, Retail Estates is reaping the benefits of its long-time consistent interest hedging policy. Thanks to this policy, the average interest rate remains stable at around 2%, in spite of rising interest rates. The trust of the bankers was confirmed by the easy renewal of the credit facilities that reached their due date. Furthermore, the target of the decrease of the debt ratio to less than 50% by 31 March 2022 has been reached. Compared to 31 March 2021, the debt ratio decreased from 52.18% to 49.15%.

The occupancy rate increased from 97.07% to 97.83% compared to 31 March 2021. The Dutch retail portfolio, consisting of 245 retail units, is almost entirely let, a record that reflects the strength of this market. In Belgium, the losses caused by the COVID-19 epidemic have almost been completely eliminated.

The EPRA RESULT for the past financial year is € 75.26 million, a significant increase compared to the comparable result of the previous financial year, when it amounted to € 62.91 million. The EPRA result per share is € 5.84, which is not only an increase compared to the COVID-19 financial year (2020-2021: € 4.97 per share), but also compared to the pre-COVID-19 financial year (2019-2020 € 5.60 per share). The gross proposed dividend is € 4.60, an increase by 2.22% compared to the dividend of the previous financial year. Retail Estates pursues its policy in this respect, increasing the dividend for the 17th consecutive year.¹

The payout ratio again decreased to 80%, which is in line with the policy in the pre-COVID-19 years. In the COVID-19 year, the payout ratio was exceptionally 87%.

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.

2. OPERATIONAL ACTIVITIES

2.1. INVESTMENTS

Investments

Contribution of real estate company "De Vleterbeek"

On 5 October 2021, Retail Estates concluded a contribution agreement with NV De Vleterbeek, a 100% subsidiary of the family-owned investment group Shopinvest, which resulted in a non-monetary contribution amounting to € 35,856,125.00. 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 € 86.83 per square metre. The retail properties are mainly located in Flanders (23 out of a total of 27). Except for 1 shop, all retail properties are let to national retail chains. Real estate expert CBRE estimated the investment value at € 35,856,125.00 and the fair value at € 34,981,586.00. The rental income represents an initial yield of 6.44% on the investment value.

Acquisition of cluster locations

By deed of 4 October 2021, Retail Estates acquired six retail properties from a Dutch family-owned investment group. 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 (retail park "Gouden Kruispunt") and three retail properties in Libramont.

The total acquisition price of these properties amounted to € 9.72 million. The investment value of these retail properties was estimated at € 9.77 million by the independent real estate expert. 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.

Furthermore, an amount of € 1.2 million was invested in the acquisition of a vacant retail property in Doornik with an estimated rental value of € 0.08 million (out-of-town retail area Froyennes).

All these investments complement retail parks or retail clusters of the real estate portfolio of Retail Estates.

Kampenhout-Sas : Redevelopment of the site of the former chicory auction building: investment in a participating interest in nv Veilinghof 't Sas

Retail Estates initially purchased the building of the former chicory auction from BelOrta for a price of € 5.81 million via a new company (Veilinghof 't Sas nv). Subsequently, Retail Estates combined its participating interests with those of the neighbouring owner (TVK-BRAVA cv) by entering into a merger by which this company was absorbed by Veilinghof 't Sas nv. As a result, a site was created with a surface area of 37.708 m², including 16.341 m² of warehouses. These buildings will initially be let to logistics companies on the basis of short-term contracts. The purpose is to redevelop this site after the demolition of the existing buildings and to erect new buildings that will be let and that will serve a purpose in line with the current urbanistic purpose of the site (service sector). The investment was made by way of speculation, as no environmental permit has been applied for nor obtained to date. A joint venture agreement was entered into between the company's shareholders for the purpose of this redevelopment.

As a result of this transaction, Retail Estates owns a participating interest of 26.19% in Veilinghof 't Sas nv. Its investment in this participating interest amounts to € 1.75 million in the company's capital and a long-term loan of € 5.00 million.

Non-current assets under construction

On 31 March 2022 the total amount of the non-current assets under construction is € 15.51 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 31 March 2022, the speculative land positions represented € 1.57 million, the prospective projects represented € 10.99 million, the projects under predevelopment represented € 1.58 million, the projects under development represented € 0.52 million and the projects specifically linked to sustainability represented € 0.86 million.

A. Non-current assets under construction - prospection

In 2014, Retail Estates acquired the retail park at Wetteren (BE) 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 nv 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 € 0.45 million. The investment in this extension will amount to € 9 million.

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

For the retail park in Heerlen (NL) the permit for the modernisation of the entire façade has been received. The additional investment is expected to amount to approximately € 4.60 million. Completion is expected within the year.

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

In Halle (B) the existing retail area will be extended. The additional investment is expected to amount to approximately € 1.1 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 was negotiated, who can develop this part of the project. Completion is expected in the course of 2024.

D. Non-current assets under construction linked to sustainability

Within the context of the ESG strategy, Retail Estates has a separate category for sustainable non-current assets under construction.

Retail Estates invested in the installation of photovoltaic panels on the roof of its retail park in Hasselt (BE) adjacent to the IKEA site. Photovoltaic panels are installed with a total capacity of 407 kWp, which are expected to generate more than 340 Mhh of green power each year. This € 0.31 million investment will also have a positive impact on the tenants' operational expenses. The provisional delivery of these photovoltaic panels took place in October 2021.

Photovoltaic panels were installed in Heerlen (NL) with a total capacity of 1,157 kWp, which are expected to generate more than 8,932 Mhh of green power each year. This € 0.80 million investment will also have a positive impact on the tenants' operational expenses. Retail Estates will receive an annual compensation of € 0.07 million. The provisional delivery of these photovoltaic panels took place in May 2022.

E. Completion of non-current assets under construction

The retail cluster in Jambes (Namen-Zuid) was completed in the first quarter of this financial year. The project was already valued on 31 March 2021 and put at the disposal of the tenant in March 2021. More information is available in the annual Financial Report 2020- 2021.

Optimisation of real estate portfolio

Retail Estates nv pays close attention to the changing needs of its tenants with respect to retail area. Several tenants systematically expand their product range and regularly request an extension of their retail area. This can be done by acquiring space from adjacent tenants who sometimes have too much space or by constructing a new addition to the retail unit. Sometimes a combination of both is opted for.

Renovations sometimes include more than just an expansion of the retail area. Retail Estates nv regularly seizes the opportunity to remove an existing shop façade and replace it with a contemporary version that better fits the tenant's image.

Such investments allow us to build "win-win" relations with the tenants. In the past financial year the reorganisation-renovation of the retail properties in Apeldoorn (NL) and Roosendaal (NL) was completed. The last retail properties were subsequently let. A positive revaluation of € 7.89 million took place compared to the situation before the redevelopment (2020-2021).

Divestments

In the past financial year some 15 solitary retail properties were sold: a retail park in Lommel (BE) and the part of a non-strategic retail park in Leiderdorp (NL) that was still owned by Retail Estates. The net sales revenue amounted to € 31.84 million. The fair value of these properties was € 31.51 million. The rental income of these properties amounted to € 2.35 million. These sales generated € 0.33 million in net added value.

These divestments are part of an annual recurring sales programme of individual retail properties that are not part of the core portfolio of Retail Estates nv due to their location, size and/or commercial activity.

Investments: conclusion

Acquisitions and own developments in the financial year 2021-2022, less divestments, resulted in an increase of the real estate portfolio by € 43.83 million. The total rental income increased by € 2.79 million in the financial year 2021-2022 as a result of these investments, but decreased by € 1.36 million in the past financial year as a result of the divestments. If the acquisitions and sales had taken place on 1 April 2021, the rental income would have increased by € 2.34 million.

The investments are financed by a mix of shareholders' equity (issue of new shares by non-monetary or monetary contributions) and borrowed capital (financing of working capital by the banks, issue of a bond loan, ...).

2.2. MANAGEMENT OF THE REAL ESTATE PORTFOLIO

Occupancy rate

On 31 March 2022, the occupancy rate was 97.83% of the total retail area of the properties included in the real estate portfolio. Obviously, the occupancy rate must be seen as a snapshot taken of a series of mutations in the previous financial year. It does not imply a guarantee for the future, as the Belgian and Dutch legislation on commercial lease is mandatory – and allows for cancellation every three years in Belgium and every five years in the Netherlands.

Rental income

On 31 March 2022, the net rental income amounts to € 115.58 million, an increase by € 15.18 million compared to the same period of the last financial year. This is mainly due to the exceptional circumstances in the 2020-2021 financial year. During that year, a remission of rent was granted for the retail units that had to close their doors on account of the COVID-19 pandemic. In total, approximately 10% of all rents due were remitted during the closure period. For more information and details, we refer to the comments relating to COVID-19 in the Annual Financial Report for 2020-2021.

During the 2021-2022 financial year, a limited amount (€ 0.46 million) was remitted for the lockdown period for the Dutch shops (December 2021 - January 2022).

The outstanding trade receivables amount to € 1.01 million, of which € 0.57 million have not yet reached their maturity date. Taking into account the guarantees obtained - both rental guarantees and bank guarantees - the credit risk on trade receivables is very limited on 31 March 2022.

Damage claims

No properties were damaged by fire in the past financial year. There have been a few reports of damage due to wind or flooding. The insurance company paid a compensation.

Capital increases in the context of the authorised capital

On 14 October 2021, the board of directors issued 560,689 new shares and the capital was increased by € 12,615,720.94. This capital increase took place in the context of the non-monetary contribution of 27 retail properties by the real estate company De Vleterbeek NV. Following this capital increase, 560,689 shares were issued, increasing the total number of shares to 13,226,452 and the share capital to € 297,600,322.91 on 31 March 2022.

Implementation of the financing strategy

Retail Estates combines bilateral credits with different banking partners and private placements of bonds for institutional investors. The average maturity of the credit portfolio is 3.86 years. Within the context of the financing of its activities, Retail Estates has had a commercial paper programme of (up to) € 100 million since September 2017 (and extended in October 2018). The commercial paper is fully covered by back-up lines and unused credit lines that serve as a guarantee for refinancing should the placement or renewal of the commercial paper prove to be impossible or only partially possible.

As of 31 March 2022, an amount of € 100 million of this commercial paper programme has been used.

The average interest rate on 31 March 2022 is 1.95% compared to 2.08% on 31 March 2021. The degree to which Retail Estates nv can finance itself significantly impacts its profitability. Property investment generally entails a relatively high level of debt financing. To optimally limit this risk, Retail Estates nv applies a cautious and conservative strategy. This strategy ensures that a rise in the interest rate has no substantial impact on the total result. Interest rate increases or decreases nevertheless have an impact on the market value of the concluded IRS contracts and thus on shareholders' equity and changes in the fair value of financial assets and liabilities.

Retail Estates opts for a growth model with a direct contribution of earnings per share. This can be done both on the capital side and on the debt financing side. On the capital side, this can be done through a non-monetary

contribution, a traditional rights issue or via the option for BE-REITs recently introduced in the BE-REIT Act to implement a capital increase through an accelerated bookbuilding (ABB). At the extraordinary general meeting of 23 December 2019, the authorised capital authorisation was extended and the articles of association were adjusted to make the application of the accelerated bookbuilding procedure possible for Retail Estates nv².

On the debt financing side, this can be done through traditional bank financing on the one hand or a public and/or private bond loan on the other. Retail Estates regularly examines the possibility of a private and/or public bond loan.

Merger by acquisition of subsidiaries

Mergers of subsidiaries simplify administrative management and reduce the taxable income of the subsidiaries of Retail Estates nv.

No mergers by acquisition of subsidiaries have taken place in the past financial year. Furthermore, CV Leiderdorp (NL) was dissolved.

2.3. EVENTS AFTER THE BALANCE SHEET DATE

The board of directors co-opted Mr Dirk Vanderschrick as director to replace Mr Christophe Demain, who resigned as director with effect as of 20 May 2022. This co-optation took place under the condition precedent of approval by the FSMA. His appointment will also be submitted for approval to the next general meeting, after which it will become final, subject to the approval by the FSMA. Mr Vanderschrick has acquired ample experience in the banking and insurance sector and has held several executive positions. He also holds several mandates as a director, including in the property investment fund Intervest Offices and Warehouses.

² On 12 April 2022 Retail Estates convened an extraordinary general meeting, the agenda of which included the renewal of the authorised capital authorisation. As the legal quorum was not reached at the meeting of 12 May 2022, a new extraordinary general meeting has been convened, which will deliberate and decide on the renewal of the authorised capital authorisation.

3. FINANCIAL RESULTS

3.1. NOTES TO THE INCOME STATEMENT OF 31 MARCH 2022

The net rental income increased by € 15.18 million, mainly due to the remission of rent (€ 11.55 million) in the previous financial year, following the compulsory closure of shops within the context of the COVID-19 pandemic. The increase in the net rental income can also be explained by the acquisition of additional properties and the completion of projects in the 2021-2022 financial year (€ +2.79 million), and the acquisition of the properties and the completion of the projects in the previous financial year that yielded a full year's rent for the first time this year (€ 0.91 million). The sale of properties resulted in a decrease in net rental income of € -1.36 million. The sale of properties during the previous financial year resulted in a decrease in this year's net rental income by € 1.34 million. The impact of contract renewals is € -0.37 million. Furthermore, there is a limited impact of discounts, vacancy (€ +0.84 million), other factors (€ +0.67 million) and indexation (€ +1.56 million).

The property expenses amount to € 10.52 million and have increased by € 3.65 million, which can mainly be explained by the increase in the technical and marketing costs, for which exceptional savings were made during the previous financial year due to the COVID 19- pandemic and the compulsory shop closures. The corporate operating costs amount to € 6.05 million, which is in line with the previous financial year (€ 6.12 million).

The result of the sale of investment properties is € 0.33 million. This profit is the result of the sale of € 31.51 million in properties (fair value). Please refer to the "Divestment" section for more details.

The variation in the fair value of investment properties amounts to € 23.09 million. The main effects of this variation are a positive effect of the revaluation of the existing portfolio (€ +27.47 million), a decrease in the vacancy rate (€ +1.14 million) and a negative effect of depreciation of transaction costs to determine the fair value of the investment properties following the new acquisitions (€ -3.47 million), and the impact of investments (€ -2.05 million). The other portfolio result amounts to € -1.32 million and can be mainly explained by deferred taxes relating to the Dutch portfolio.

The financial result (excluding variations in the fair value of financial assets and liabilities) amounts to € -18.32 million compared to € -20.43 million last year. This evolution can be explained by a decrease in the weighted average interest rate from 2.08% to 1.95% on the one hand and average lower drawdown of loans on the other hand. The variation in the fair value of financial assets and liabilities amounts to € 34.48 million compared to € 2.67 million last year. The evolution of these costs is the result of the change in the fair values of the swaps that are not defined as a cash flow (variations in the fair value of financial assets and liabilities). However, this result is an unrealised and non-cash item.

The EPRA result (i.e. the net result without the result on portfolio) amounts to € 75.26 million compared to € 62.91 million last year.

3.2. NOTES TO THE BALANCE SHEET OF 31 MARCH 2022

The investment properties (including non-current assets under construction) increased from € 1,717.25 million to € 1,759.88 million. This can mainly be explained by the expansion of the portfolio by € 59.89 million and the sale of investment properties for an amount of € 31.51 million and a positive revaluation of the existing real estate portfolio for an amount of € 24.17 million. The fixed assets held for sale increased from € 7.93 million to € 11.81 million. At the end of each quarter, the assets for which the sales agreement has already been signed but the deed has not yet been executed are recorded in the assets held for sale. Assets worth € 13.71 million were added to the assets held for sale in the 2021-2022 financial year, assets worth € 8.77 million were sold or included in the investment properties and there was a variation in fair value for an amount of € 1.06 million. The financial non-current assets amounting to € 16.12 million consist of € 11.12 million from the fair value of financial instruments and € 5.00 million from a claim against the joint venture Veilinghof 't Sas nv. The participating interest of 26.19% in the joint venture Veilinghof 't Sas nv is valued at an amount of € 1.74 million on the basis of the change in equity method.

Current assets amount to € 20.15 million and consist of € 11.81 million from assets held for sale, € 2.07 million from trade receivables, € 2.13 million from tax receivables and other current assets, € 1.48 million from cash and cash equivalents and € 2.66 million from accrued charges and deferred income.

The shareholders' equity of the public BE-REIT amounts to € 920.98 million. On 31 March 2022, the share capital amounts to € 297.60 million, an increase by € 12.62 million compared to last year, following the capital increase mentioned above. After deduction of the capital increase costs, the capital on the balance sheet amounts to € 289.18 million. During the 2021-2022 financial year, 560,689 new shares were created. The issue premiums amount to € 315.41 million. Since the 2020-2021 financial year the issue premiums resulting from capital increases are included in the available reserves. Reserves amount to € 184.55 million and consist of the reserve for the variations in the fair value of real estate properties (€ 157.71 million), the result of previous financial years carried forward (€ 83.15 million), the available reserves (€ 38.13 million) and the legal reserves (€ 0.09 million). The reserves are decreased by the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (€ 70.92 million) and by the variations in the fair value of financial assets and liabilities (€ 23.60 million). The Group makes use of financial derivatives (interest rate swaps and caps) to hedge interest rate risks arising from certain operational, financial and investment activities. Financial derivatives are initially recognised at cost and revalued to their fair value on the next reporting date. The derivatives currently used by Retail Estates nv qualify as accounting cash flow hedges only to a limited extent. Changes in the fair value of the derivatives that do not qualify as cash flow hedges are recorded directly in the income statement. Changes in the fair value of the swaps qualifying as cash flow hedges are booked directly as shareholders' equity and are not included in the income statement. The revaluation of the derivatives in the result amounts to € 34.48 million on 31 March 2022 and is positive as a result of an increase of the long-term interest rate.

The net result of the financial year amounts to € 131.84 million and consists of € 75.26 million from EPRA earnings, € 22.10 million from the result on portfolio and € 34.48 million from variations in the fair value of financial assets and liabilities.

The long-term liabilities amount to € 764.79 million and consist of € 763.98 million long-term financial liabilities with an average term of 3.86 years. The remaining long-term liabilities pertain to authorised cash flow hedges (interest rate swaps), financial leasings under IFRS 16 and deferred taxes.

The short-term liabilities amount to € 126.46 million and consist of € 17.79 million of trade debts and other short-term liabilities. These mainly comprise the trade debts amounting to € 0.02 million, tax debts estimated at € 4.23 million, invoices receivable for € 12.40 million and exit taxes amounting to € 0.39 million. The short-term financial liabilities amount to € 101.73 million, of which € 100 million in commercial papers.

Other short-term liabilities have increased from € 0.70 million to € 1.77 million.

On 31 March 2022, the weighted average interest rate is 1.95%.

4. OUTLOOK

For the 2022-2023 financial year, on the basis of the planned composition of the real estate portfolio and barring unforeseen events, the company expects the net rental income to amount to € 120.88 million. This figure only takes into account purchases and sales for which a sales contract was signed and investments that were tendered and for which the required permits were obtained. The Ukraine crisis, which started on 24 February 2022 with the Russian invasion of Ukraine, and the spectacular increase in energy prices for consumers have led to an accelerated rise in inflation, which in turn may put the profitability of some of the tenants under pressure. Retail Estates concludes rental contracts with its tenants on the basis of fixed rents (not (depending on turnover) that evolve with the index (health index or consumer price index), without upper limit. Retail Estates nv aims at a gross dividend of € 4.70 (€ 3.29 net) for the 2022-2023 financial year. This would represent an increase by 2.17% compared to the dividend for the 2021-2022 financial year (€ 4.60 gross).

5. FINANCIAL CALENDAR

Shareholder agenda:

Publication of the annual report 2021-2022	10 June 2022
General meeting	18 July 2022
Ex-coupon date dividend	20 July 2022
Record date dividend	22 July 2022
Dividend made available for payment	25 July 2022
Announcement of half-yearly results	21 November 2022

KEY FIGURES

1. CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	31.03.2022	31.03.2021
Rental income	115 773	102 604
Rental related expenses	-194	-2 202
Net rental income	115 579	100 402
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	11 963	10 599
Rental charges and taxes normally payable by tenants on let properties	-13 953	-12 167
Other rental related income and expenses	-86	-95
Property result	113 504	98 738
Technical costs	-5 032	-2 280
Commercial costs	-1 027	-509
Charges and taxes on unlet properties	-427	-867
Property management costs	-3 629	-3 217
Other property costs	-410	-6
Property costs	-10 524	-6 877
Operating property result	102 980	91 861
Operating corporate costs	-6 050	-6 123
Other current operating income and expenses		
Operating result before result on portfolio	96 930	85 737
Result on disposals of investment properties	334	825
Result on sales of other non-financial assets		
Changes in fair value of investment properties	23 083	-5 963
Other result on portfolio	-1 321	992
Operating result	119 026	81 592
Financial income	248	232
Net interest charges	-18 485	-20 592
Changes in the fair value of financial assets and liabilities	34 476	2 674
Other financial charges	-81	-70

INCOME STATEMENT (in € 000)

31.03.2022

31.03.2021

Financial result	16 158	-17 757
Share in the result of associated companies and joint ventures	-10	0
Result before taxes	135 174	63 835
Taxes	-3 337	-2 399
Net result	131 837	61 436
Attributable to:		
Shareholders of the Group	131 837	61 436
Minority interests		
Note:		
EPRA earnings (share Group)³	75 265	62 908
Result on portfolio	22 096	-4 146
Changes in fair value of financial assets and liabilities	34 476	2 674

RESULT PER SHARE

31.03.2022

31.03.2021

Number of ordinary shares in circulation	13 226 452	12 665 763
Weighted average number of shares	12 893 111	12 652 011
Net profit per ordinary share (in €) ⁴	10.23	4.86
Diluted net profit per share (in €)	10.23	4.86

³ 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.

⁴ The net profit per ordinary share is calculated as follows: net result divided by the weighted average number of shares

1.B. STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of the comprehensive result (in € 000)

31.03.2022

31.03.2021

Net result	131 837	61 436
Other components of the comprehensive result, recyclable in income statements:		
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	0	0
Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	2 074	1 233
COMPREHENSIVE RESULT	133 911	62 669

2. CONSOLIDATED BALANCE SHEET:

ASSETS (in € 000)	31.03.2022	31.03.2021
Non-current assets	1 792 078	1 728 673
Goodwill		
Intangible non-current assets	4 030	1 553
Investment properties ³	1 759 879	1 717 245
Other tangible non-current assets	6 440	6 426
Financial non-current assets	16 120	
Finance lease receivables	1 030	1 030
Trade receivables and other non-current assets	2 839	2 418
Deferred taxes	1 402	2 413
Other	1 437	5
Participations in associated companies and joint ventures	1 740	
Current assets	20 151	34 335
Non-current assets or groups of assets held for sale	11 807	7 931
Trade receivables	2 067	6 837
Tax receivables and other current assets	2 132	13 328
Cash and cash equivalents	1 483	3 681
Deferred charges and accrued income	2 663	2 558
TOTAL ASSETS	1 812 228	1 763 008

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)

31.03.2022

31.03.2021

Shareholders' equity	920 980	808 223
Shareholders' equity attributable to the shareholders of the parent company	920 980	808 223
Capital	289 179	276 526
Issue premiums	339 798	316 792
Reserves	160 166	153 469
Net result of the financial year	131 837	61 436
Minority interests		
Liabilities	891 248	954 785
Provisions	764 789	790 333
Non-current financial debts		
Credit institutions	763 982	765 117
Long term financial lease	584 594	587 324
Bonds	4 159	2 706
Other non-current financial liabilities	175 229	175 087
Deferred taxes	0	25 216
Uitgestelde belastingen	807	0
Current liabilities	126 459	164 452
Current financial debts	101 730	129 680
Credit institutions	101 730	99 683
Bonds	0	29 997
Short term financial lease	0	0
Trade debts and other current debts	17 787	24 352
Exit tax	391	399
Other	17 396	23 953
Other current liabilities	1 771	705
Accrued charges and deferred income	5 171	9 715
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 812 228	1 763 008
DEBT RATIO	31.03.2022	31.03.2021
Debt ratio ⁵	49.15%	52.18%

⁵ 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).

ALTERNATIVE PERFORMANCE BENCHMARKS

Alternative performance benchmark	Definition	Purpose
Operating margin	The 'Operating result before result of the portfolio' divided by the 'Net rental income'.	Allows measuring the operational performance of the company.
Financial result (excluding changes in fair value of financial assets and liabilities).	The "Financial result" minus the "Changes in fair value of financial assets and liabilities"	Allows to make a distinction between the realised and the unrealised financial result.
Result on portfolio	The "Result on portfolio" consists of the following items: <ul style="list-style-type: none"> - "Result on disposals of investment properties"; - "Result on sales of other non-financial assets"; - "Changes in fair value of investment properties"; and - "Other result on portfolio". 	Allows to measure realised and unrealised gains and losses related to the portfolio, compared to the last valuation by independent real estate experts.
Weighted average interest rate	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.	Allows to measure the average interest charges of the company.
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments	Shareholders' equity (excluding the impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties, excluding the fair value of authorised hedging instruments and excluding dividend) divided by the number of shares.	Reflects the net asset value per share adjusting for some material IFRS adjustments to enable comparison with its stock market value.

RECONCILIATION TABLES

Operating margin

(in € 000)	31.03.2022	31.03.2021
Operating result before result on portfolio (A)	96 930	85 737
Net rental income (B)	115 579	100 402
Operating margin (A/B)	83.86%	85.39%

Financial result (excluding changes in fair value of financial assets and liabilities)

(in € 000)	31.03.2022	31.03.2021
Financial result (A)	16 158	-17 757
Changes in fair value of financial assets and liabilities (B)	34 476	2 674
Financial result (excluding changes in fair value of financial assets and liabilities) (A-B)	-18 318	-20 430

Result on portfolio

(in € 000)	31.03.2022	31.03.2021
Result on disposals of investment properties (A)	334	825
Result on sales of other non-financial assets (B)	0	0
Changes in fair value of investment properties (C)	23 083	-5 963
Other result on portfolio (D)	-1 321	992
Result on portfolio (A+B+C+D)	22 096	-4 146

Weighted average interest rate

(in € 000)	31.03.2022	31.03.2021
Net interest charges (including the credit margin and the cost of the hedging instruments) (A)	18 485	20 592
Other charges of debt (B)*	1 153	1 152
Weighted average financial debt of the period (C)**	891 013	935 024
Weighted average interest rate (A-B)/C	1.95%	2.08%

* Other debt costs relate to reservation fees, up-front fees, etc.

** **Financial debt at the end of the period multiplied by factor 1,0342

Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments

<i>(in € 000)</i>	31.03.2022	31.03.2021
Shareholders' equity attributable to the shareholders of the parent company (A)	920 980	808 223
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B)	-72 163	-63 203
The fair value of authorised hedging instruments qualifying for hedge accounting (C)	10 875	-25 678
Proposed gross dividend (D)	60 842	55 729
Number of ordinary shares in circulation (E)	13 226 452	12 665 763
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments ((A-B-C-D)/E)	69.67	66.43

RECONCILIATION TABLES ALTERNATIVE PERFORMANCE BENCHMARKS

EPRA INDICATOR TABLES

These data are not required by the legislation on Belgian REITs and are not subject to verification by public authorities. The statutory auditor considered whether the ratios "EPRA Earnings", "EPRA NAV" and "EPRA NNAV" were calculated according to the definitions included in the "EPRA Best Practices Recommendations" and whether the financial data used in the calculation of these ratios correspond with the accounting data included in the activated consolidated financial statements.

	31.03.2022	31.03.2021
EPRA earnings	EUR/1000	EUR/1000
IFRS Net Result (attributable to the shareholders of the parent company)	131 837	61 436
Adjustments to calculate EPRA earnings		
To exclude:		
Changes in fair value of investment properties	23 083	-5 963
Other result on portfolio	-1 321	992
Result on disposal of investment properties	334	825
Changes in the fair value of financial assets and liabilities	34 476	2 674
Adaptations to minority interests		
EPRA earnings (attributable to the shareholders of the parent company)	75 265	62 908
Diluted EPRA earnings (in €)		
EPRA earnings (EUR/share) (attributable to the shareholders of the parent company)	5.84	4.97
Diluted EPRA earnings per share (in €)		

	31.03.2022			31.03.2021		
EPRA Net Asset Value (NAV)	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
	EUR/1000	EUR/1000	EUR/1000	EUR/1000	EUR/1000	EUR/1000
Net Asset Value (attributable to the shareholders of the parent company) according to the annual accounts		920 980	920 980	808 223	808 223	808 223
Net Assets (EUR/share) (attributable to the shareholders of the parent company)	69.63	69.63	69.63	63.81	63.81	63.81
Diluted net asset value after effect of exercise of options, convertibles and other equity interests						
To exclude:						
Fair value of the financial instruments	10 875	10 875	-	-25 678	-25 678	-
Deferred taxes	595	595	-	2 413	2 413	-
Goodwill volgens balans	-	-	-	-	-	-
Intangible fixed assets	-	4 030	-	-	1 553	-
To include:						
Fair Value of debt at fixed interest rates	-	-	-9 621	-	-	-35 553
Revaluation of intangible fixed assets to fair value	-	-	-	-	-	-
Transfer taxes	74 162	-	-	72 349	-	-
EPRA NAV (attributable to the shareholders of the parent company)	983 672	905 480	911 358	903 837	829 935	772 670
EPRA NAV (EUR/share) (attributable to the shareholders of the parent company)	74.37	68.46	68.90	71.36	65.53	61.00

		31.03.2022	31.03.2021
EPRA Net Initial Yield		EUR/1000	EUR/1000
Investment properties (excluding assets held for sale) fair value		1 759 879	1 717 245
Transfer taxes		73 878	72 151
Investment value		1 833 757	1 789 397
Investment properties under construction		15 511	28 348
Investment value of the properties, available for rent	B	1 818 246	1 761 049
Annualised gross rental income		121 870	117 126
Property costs (EPRA)		-2 620	-2 642
Rent payable for hired assets and lease costs		-203	-207
Recovery of charges and taxes normally payable by tenants on let properties		11 963	10 599
Charges normally payable by tenants on let properties		-13 953	-12 167
Charges and taxes on unlet properties		-427	-867
Annualised net rental income	A	119 250	114 483
Notional rent expiration of rent free period or other lease incentives			
Topped-up net annualised rent	C	119 250	114 483
EPRA Net Initial Yield (NIY)	A/B	6.56%	6.50%
EPRA topped-up Net Initial Yield (topped-up NIY)	C/B	6.56%	6.50%

		31.03.2022	31.03.2021
EPRA Vacancy Rate		EUR/1000	EUR/1000
Estimated rental value of vacant surfaces		2 526	3 157
Estimated rental value of total portfolio		121 870	117 126
EPRA Vacancy Rate		2.07%	2.70%

EPRA Cost Ratio		31.03.2022	31.03.2021
		EUR/1000	EUR/1000
Operating corporate costs		6 050	6 123
Impairments on trade receivables		144	2 149
Ground rent costs		203	207
Property costs		10 524	6 877
Less:			
Ground rent costs		-203	-207
EPRA costs (incl. vacancy costs)	A	16 718	15 149
Vacancy costs	B	-104	-477
EPRA costs (excl. vacancy costs)	C	16 613	14 672
Rental income less ground rent costs	D	115 570	102 397
		%	%
EPRA Cost Ratio (incl. vacancy costs)	A/D	14.47%	14.79%
EPRA Cost Ratio (excl. vacancy costs)	C/D	14.38%	14.33%

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 31 March 2022, Retail Estates nv has 987 premises in its portfolio with a total retail area of 1,177,577 m², spread over Belgium and the Netherlands. The occupancy rate of the portfolio was 97.83% on 31 March 2022, compared to 97.07% on 31 March 2021.

The fair value of the consolidated real estate portfolio of Retail Estates NV as at 31 March 2022 is estimated at € 1,759.88 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, 23 May 2022

Jan De Nys, CEO of Retail Estates nv

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'IN RETAIL WE TRUST'

RETAIL ESTATES nv

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