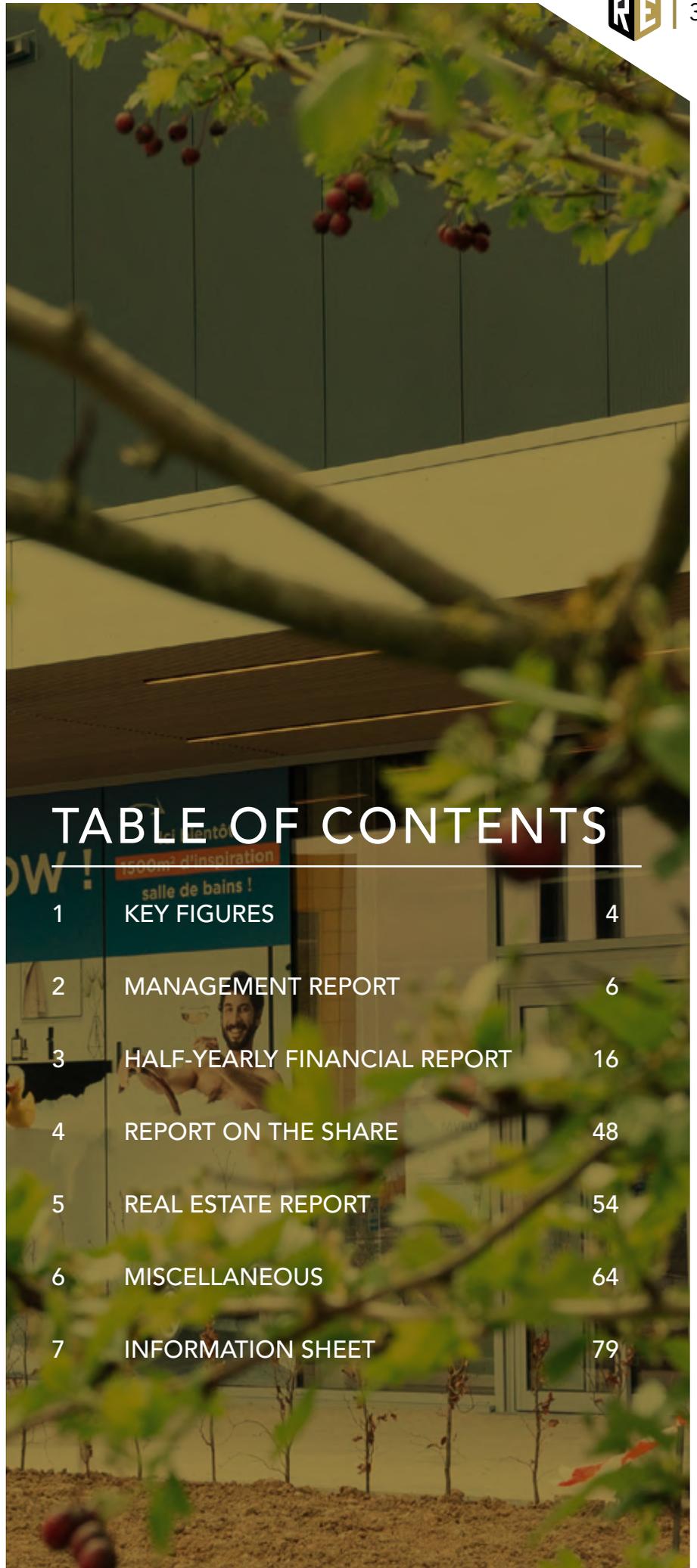


# HALF-YEARLY FINANCIAL REPORT

# 2021 2022







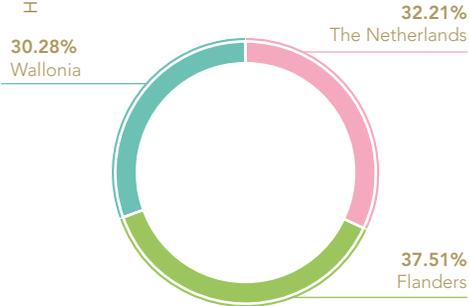
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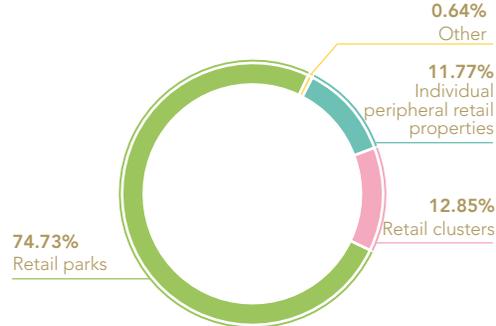
# '21 - '22

FIRST SEMESTER

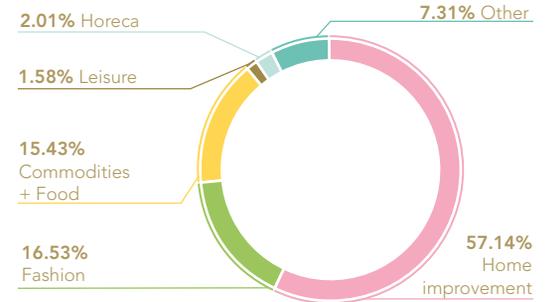
## GEOGRAPHICAL DISTRIBUTION



## TYPE OF BUILDING



## COMMERCIAL ACTIVITIES OF TENANTS



## RETAIL PROPERTIES

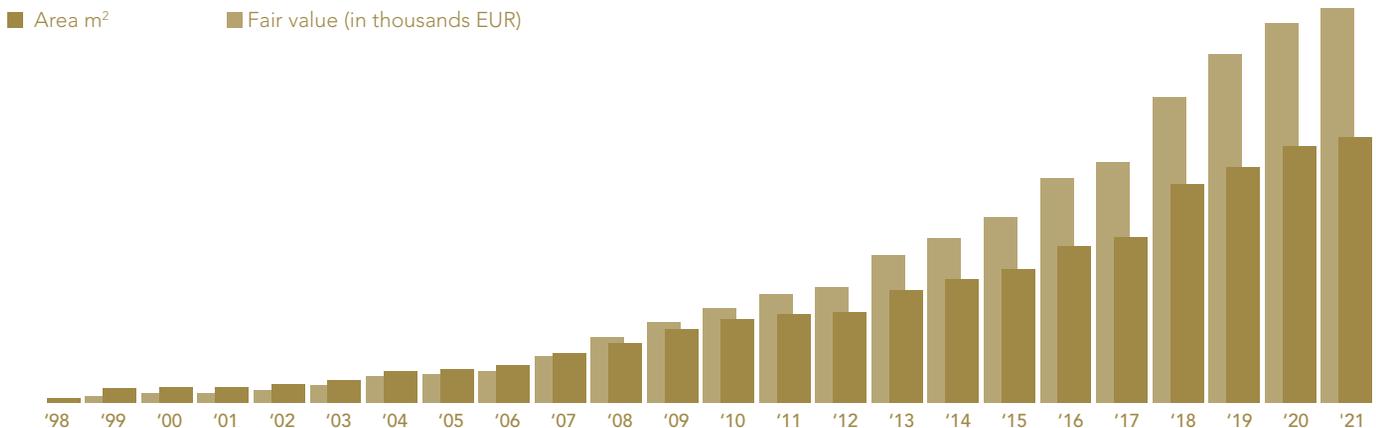


**988 RETAIL PROPERTIES**  
The real estate portfolio of Retail Estates nv consists of retail properties located outside the largest cities of Belgium and the Netherlands.

## NUMBER OF EMPLOYEES



## GROWTH PORTFOLIO RETAIL ESTATES NV BETWEEN 1998 AND 2021



**1 176 886 m<sup>2</sup>**

### RETAIL AREA

Retail Estates invests in acquisitions, investments in project developments and investments in the optimisation of its real estate portfolio.

**1 725 159 K€**

### FAIR VALUE

Retail Estates nv has concentrated on continuously improving the quality of its properties and the expansion of its real estate portfolio.

## KEY FIGURES 2021

Since the 2020-2021 financial year was characterized by exceptional circumstances, comparative key figures are also shown below for the periods September 30, 2020 and September 30, 2019 (pre-corona).

REAL ESTATE PORTFOLIO	30.09.21	30.09.20	30.09.19
Number of properties	988	1 004	965
Total lettable area in m <sup>2</sup>	1 176 886	1 193 401	1 128 130
Estimated fair value (in EUR)	1 725 159 000	1 722 277 000	1 639 836 584
Estimated investment value (in EUR)	1 796 172 000	1 783 046 000	1 685 980 936
Average rent prices per m <sup>2</sup>	100.85	101,02	100.23
Occupancy rate	97.61%	97.10%	97.97%

BALANCE SHEET INFORMATION	30.09.21	30.09.20	30.09.19
Shareholders' equity	795 938 000	770 429 000	762 205 000
Debt ratio (RREC legislation, max. 65%)*	52.93%	53.87%	51.79%

RESULTS	30.09.21	30.09.20	30.09.19
Net rental income	57 385 000	49 823 000	52 842 000
Property result	56 354 000	48 782 000	52 119 000
Property costs	-4 694 000	-2 587 000	-4 136 000
Operating corporate costs	-3 103 000	-2 865 000	-2 774 000
Other current operating income and expenses	0	0	0
Operating result before result on portfolio	48 558 000	43 330 000	45 208 000
Result on portfolio	3 165 000	-2 994 000	678 000
Operating result	51 723 000	40 335 000	45 886 000
Financial result	-5 800 000	-14 093 000	-22 002 000
Net result	44 218 000	24 641 000	21 998 000
EPRA earnings	37 426 000	31 509 000	33 770 000

INFORMATION PER SHARE	30.09.21	30.09.20	30.09.19
Number of shares	12 665 763	12 665 763	12 630 414
Number of dividend bearing shares	12 665 763	12 665 763	12 630 414
Net asset value (NAV) per share IFRS	62.84	60.83	60.35
EPRA NTA	64.19	63.19	63.02
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments	67.87	66.13	65.51
EPRA result per share	2.95	2.49	2.79
Share price on closing date	63.20	55.60	85.70
Over-/undervaluation compared to net asset value IFRS	0.57%	-8.59%	42.01%

\* The Royal Decree of 13 July 2014 (the "RREC R.D."), last modified by the Royal Decree of 23 April 2018 in execution of the Law of 12 May 2014 on regulated real estate companies (Belgian REITs) (the "RREC Law"), last modified by the Law of 2 June 2021.

# MANAGEMENT REPORT



# MANAGEMENT REPORT

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O4 SUBSEQUENT EVENTS	14





”

In order to reconcile the profitability expectation of Retail Estates nv and its tenants over the long term, special attention is paid to rental prices. ”

## INTRODUCTION

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### GENERAL

Retail Estates nv is a leading Belgian retail estate company specialised in out-of-town retail real estate. The real estate portfolio of Retail Estates nv consists of 988 properties located in Belgium and the Netherlands, accounting for a total retail area of 1,176,886 m<sup>2</sup> and a fair value of € 1,725.16 million.

Retail Estates nv is a listed company (Euronext Brussels and Amsterdam). The company's stock

market capitalisation amounted to € 800.48 million on 30 September 2021.

### RISK MANAGEMENT

While management tries to minimise the risk factors, a number of risks must be carefully taken into account. For an overview of the risks, we refer to the chapter "Risk management" of the 2020-2021 annual report.

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

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### RENTAL INCOME AND OCCUPANCY RATE

The net rental income amounted to € 57.38 million in the first six months of the 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 the creation of a provision for doubtful receivables for € 2.48 million, especially for the Brantano properties. In addition, there is an increase of the rent compared to last year (+ €0.58 million) as a result of the new indexations and a decrease by € -1.19 million due to vacancies.

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

### FAIR VALUE<sup>1</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 by € 7.91 million (+0.46%) compared to the fair value on 31 March 2021 (€ 1,717.25 million). This is attributable to the investments and divestments in the first six months and the variations in the fair value of investment properties.

The variation 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, 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>.

<sup>1</sup> Fair value: investment value as determined by an independent real estate expert, with hypothetical transfer taxes deducted pursuant to IFRS13. The fair value is the carrying amount under IFRS (see also note 21 in the 2020-2021 annual report).

## INVESTMENTS<sup>2</sup> - 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 (inclusive of registration duties and costs of the notary public).

## 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 lands 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.

On 30 September 2021, the speculative land positions accounted for € 2.20 million, the prospective projects amounted to € 18.34 million, the projects under predevelopment represented € 1.20 million and the projects under development represented € 0.24 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 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.

A warehouse in Kampenhout was purchased by way of speculation. We refer to paragraph "Investments – retail parks" in the management report of this half-year report.

In Houthalen, an agreement is being worked on with the local authorities (co-owner) and a developer with respect to the demolition and redevelopment into apartments with retail premises on the ground floor, where Retail Estates will regain its current retail surface area.



<sup>2</sup> The purchase and sales values of the investments and divestments are in line with the fair value estimated by the real estate experts.

## 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 apartments. 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 end 2022.
- The permit for the modernisation of the entire façade for the retail park in Heerlen (the Netherlands) has been received. The consent of the tenants is still to be obtained. The additional investment is expected to amount to approximately € 3.83 million. Completion is expected at the latest one year after the consent of the tenants has been obtained.
- Other projects: this concerns various smaller projects and extensions. The expected additional investment for these projects amounts to approximately € 0.39 million.

## 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.
- Other projects: this concerns various smaller projects and extensions. The expected additional investment for these projects amounts to approximately € 0.33 million.

## D. 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 tenants in March 2021. More information is available in the 2020-2021 annual report.

## DIVESTMENTS

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. A gain of € 0.52 million was realised on these sales transactions.

## 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 3.82 years. Within the context of the financing of its activities, Retail Estates has 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 30 September 2021, an amount of € 100 million of this commercial paper programme has been used.

The average interest rate on 30 September 2021 is 2.02% compared to 2.08% on 31 March 2021 (see annual report of 2020-2021).

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 nv.

On the debt financing side, this can be done through tradition 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.

For more information with regard to financing, we refer to the chapter "non-current and current financial liabilities" of the half-yearly financial report.

### CAPITAL INCREASES IN THE CONTEXT OF THE AUTHORISED CAPITAL

No capital increases took place in the first six months of the 2021-2022 financial year.

## 2. ANALYSIS OF THE RESULTS

Half-year results 30 September 2021: EPRA earnings for the Group<sup>3</sup> increase 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 semester, 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 com-

pared 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 was 52.93% compared to 52.18% on 31 March 2021.

### 3. OUTLOOK

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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 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.

#### 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.

## 4. SUBSEQUENT EVENTS

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### 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 total purchase price of these properties amounted to EUR 9.72 million. The investment value of these retail properties was estimated by the independent real estate expert at € 9.77 million. The properties account for a global annual rental income of € 0.55. 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. Two commercial leases are still subject to conditions precedent of obtaining the necessary environmental permit.

### CONTRIBUTION IN KIND – CAPITAL INCREASE

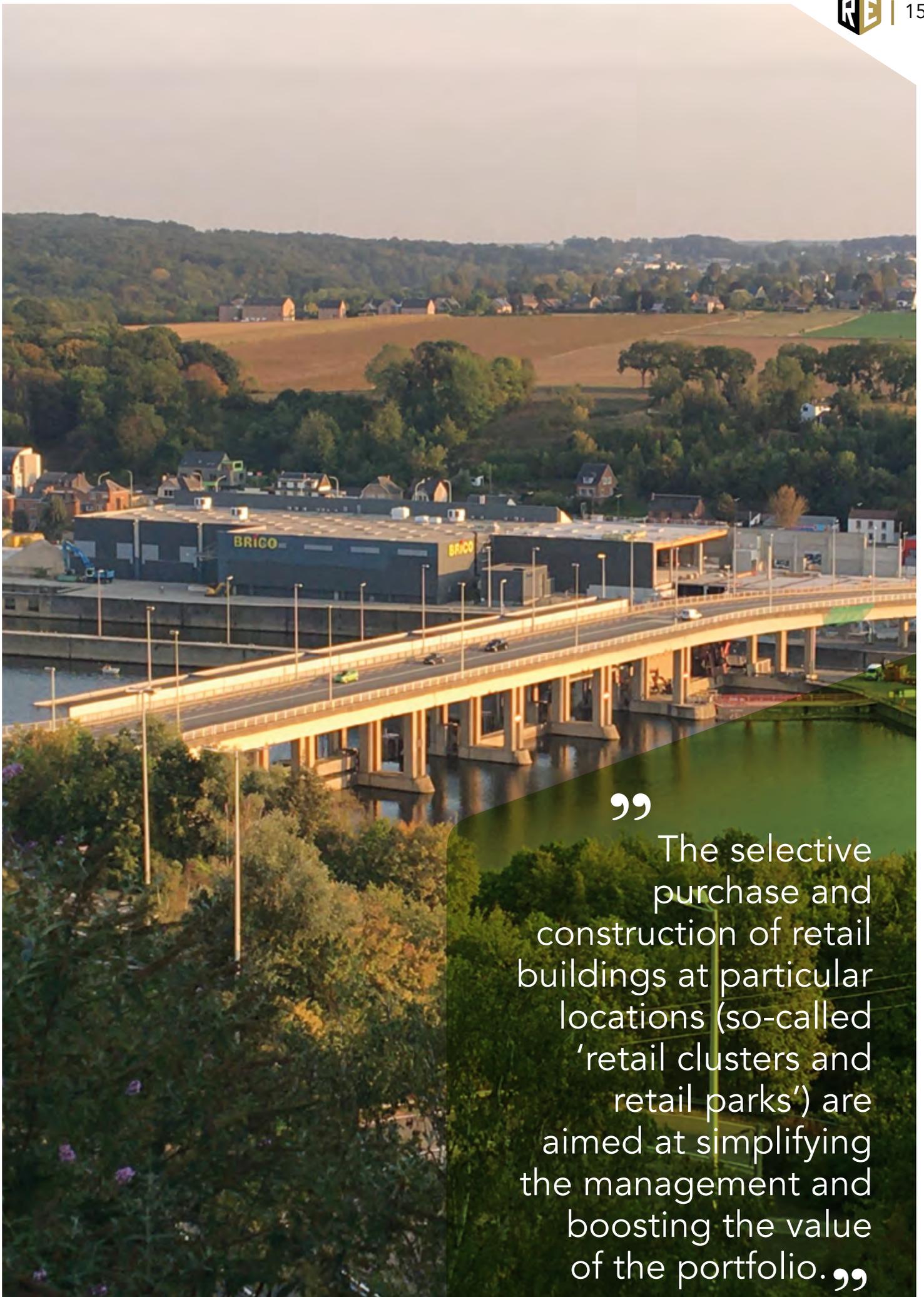
On 5 October 2021, Retail Estates concluded a contribution agreement with NV De Vleterbeek, a 100% subsidiary of the family-owned investment group Shopinvest, which resulted in a non-monetary contribution amounting to € 35,856,125.00. Within the scope of the authorised capital, the board of directors 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 was 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 extended 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.

”

Retail Estates nv seeks to have as many different retail sectors as possible represented in its list of tenants, with a preference for sectors known to have valuable retail outlets. ”



”

The selective purchase and construction of retail buildings at particular locations (so-called ‘retail clusters and retail parks’) are aimed at simplifying the management and boosting the value of the portfolio.”

# HALF-YEARLY FINANCIAL REPORT



# HALF-YEARLY FINANCIAL REPORT

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## 1. A. CONDENSED CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	Notes	30.09.21	30.09.20
Rental income	1	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	2	473	91
Result on sales of other non-financial assets			
Changes in fair value of investment properties	2	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	5	-9 459	-10 244
Changes in fair value of financial assets and liabilities	5	3 626	-3 874
Other financial charges		-39	-35

INCOME STATEMENT (in € 000)	Notes	30.09.21	30.09.20
<b>Financial result</b>		-5 800	-14 093
<b>Result before taxes</b>		45 922	26 243
Taxes		-1 705	-1 603
<b>Net result</b>		44 218	24 641
Attributable to:			
Shareholders of the Group		44 218	24 641
Minority interests			
Note:			
<b>EPRA earnings (share Group)<sup>1</sup></b>		37 426	31 509
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>		30.09.21	30.09.20
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>2</sup>		3.49	1.95
Diluted net profit per share (in €)		3.49	1.95

1 The EPRA earnings are 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.

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

## 1. B. STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income (in € 000)	30.09.21	30.09.20
Net result	44 218	24 641
Other components of other comprehensive income, recyclable in income statements:		
Impact on the fair value of estimated transfer 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	496	237
<b>OTHER COMPREHENSIVE INCOME</b>	44 714	24 878

## 2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	Notes	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>1</sup>	2	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	2	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>

1 Including assets under construction (IAS 40).

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	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>			

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000) (sequal)	Notes	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	3/5	779 801	765 117
Credit institutions		601 664	587 324
Long term financial lease	3/5	2 993	2 706
Other			0
Bonds	3/5	175 144	175 087
Other non-current financial liabilities	5	21 224	25 216
Current liabilities		161 404	164 452
Current financial debts	3/5	131 711	129 680
Credit institutions		131 711	99 683
Short term financial lease			0
Bonds	3/5	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>
<b>DEBT RATIO</b>	<b>Notes</b>	<b>30.09.21</b>	<b>31.03.21</b>
Debt ratio <sup>2</sup>	4	52.93%	52.18%

<sup>2</sup> 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).

## 3. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (in € 000)	Capital ordinary shares	Unavailable Share premium
<b>Balance according to IFRS on 31 March 2020</b>	<b>275 767</b>	<b>315 409</b>
- Net appropriation of profits 2019-2020		
- Transfer of result on portfolio to reserves		
- Transfer of variation in fair value of hedging instruments		
- Transfer of EPRA earnings to reserves		
- Reclassification between reserves		
- Dividends of the financial year 2019-2020		
- Capital increase		
- Capital increase through contribution in kind	795	1 382
- Costs of capital increase	-39	
- Other		
- Other comprehensive income 30/09/2020		
<b>Balance according to IFRS on 30 September 2020</b>	<b>276 524</b>	<b>316 792</b>
<b>Balance according to IFRS on 31 March 2021</b>	<b>276 526</b>	<b>316 792</b>
- Net appropriation of profits 2020-2021		
- Transfer of result on portfolio to reserves		
- Transfer of variation in fair value of hedging instruments		
- Transfer of EPRA earnings to reserves		
- Reclassification between reserves	37	-1 382
- Dividends of the financial year 2020-2021		
- Capital increase		
- Capital increase through contribution in kind		
- Costs of capital increase		
- Other		
- Other comprehensive income 30/09/2021		
<b>Balance according to IFRS on 30 September 2021</b>	<b>276 563</b>	<b>315 410</b>

## LDERS' EQUITY

Available Share premium	Reserves*	Net result of the financial year	TOTAL Shareholders' Equity
	<b>149 713</b>	<b>58 098</b>	<b>798 987</b>
	-5 481	5 481	0
	-6 216	6 216	0
	14 221	-14 221	0
			0
		-55 574	-55 574
			0
			2 177
			-39
			0
	237	24 641	24 878
	<b>152 473</b>	<b>24 641</b>	<b>770 429</b>
	<b>153 469</b>	<b>61 436</b>	<b>808 223</b>
	-4 971	4 971	0
	2 677	-2 677	0
	6 734	-6 734	0
1 345			0
		-56 996	-56 996
			0
			0
			0
			0
	496	44 217	44 713
<b>1 345</b>	<b>158 404</b>	<b>44 217</b>	<b>795 938</b>

* Detail of the reserves (in € 000)	Legal reserve	Reserve for the positive/negative balance of changes in the fair value of real estate properties	Available reserves
<b>Balance according to IFRS on 31 March 2020</b>	<b>62</b>	<b>143 037</b>	<b>17 491</b>
- Net appropriation of profits 2019-2020			
- Transfer of portfolio result to reserves		730	
- Transfer changes in fair value of authorised hedging instruments			
- Transfer of EPRA earnings to reserves			
- Reclassification between reserves	10	547	-547
- Capital increase through contribution in kind			
- Costs of capital increase			
- Other			
- Other comprehensive income 30/09/2020			
<b>Balance according to IFRS on 30 September 2020</b>	<b>72</b>	<b>144 314</b>	<b>16 944</b>
<b>Balance according to IFRS on 31 March 2021</b>	<b>80</b>	<b>144 358</b>	<b>16 899</b>
- Net appropriation of profits 2020-2021			
- Transfer of result on portfolio to reserves		10 190	
- Transfer of variation in fair value of hedging instruments			
- Transfer of EPRA earnings to reserves			
- Reclassification between reserves		3 161	-3 161
- Capital increase through contribution in kind			
- Costs of capital increase			
- Other			
- Other comprehensive income 30/09/2021			
<b>Balance according to IFRS on 30 September 2021</b>	<b>80</b>	<b>157 709</b>	<b>13 738</b>

Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
-51 172	-2 739	-20 629	63 662	149 712
-6 211				-5 481
		-6 216		-6 216
			14 221	14 221
195			-205	0
				0
				0
				0
	38	199		237
-57 188	-2 701	-26 646	77 678	152 473
-57 188	-2 226	-26 126	77 670	153 469
-15 161				-4 971
		2 677		2 677
			6 734	6 734
1 431			-1 431	0
				0
				0
				0
	369	127		496
-70 918	-1 857	-23 322	82 973	158 404

## 4. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Rounding off to the nearest thousand can bring about discrepancies between the balance sheet and the income statement and the details presented below.

CASH-FLOW STATEMENT (in € 000)	Notes	30.09.21	30.09.20
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE SEMESTER</b>		<b>3 681</b>	<b>98 082</b>
<b>1. Cash-flow from operating activities</b>		<b>46 188</b>	<b>38 542</b>
Operating result		51 723	40 335
Interest paid		-8 520	-9 515
Interest received		25	25
Corporate taxes paid		-3 976	-2 161
Corporate taxes received		0	49
Other*		4 966	-4 093
<b>Non-cash elements to be added to / deducted from the result:</b>		<b>-6 328</b>	<b>9 378</b>
* Depreciations and write-downs			
- Depreciation / Write-downs (or write-backs) on tangible and intangible assets		358	256
- Depreciation / Write-downs (or write-backs) on trade receivables		-84	2 121
* Other non-cash elements			
- Changes in the fair value of investment properties	2	-3 391	3 210
- Result on disposal of investment properties		-473	-91
- Other result on portfolio		699	-124
- Changes in fair value of financial assets and liabilities	5	-3 496	3 929
- Costs of issuing bond loans		59	78
* Other			
<b>Change in working capital requirements:</b>		<b>8 299</b>	<b>4 524</b>
* Movement of assets			
- Trade receivables and other receivables		1 996	-3 664
- Tax receivables and other current assets		11 382	3 270
- Deferred charges and accrued income		0	-731
- Long-term assets		0	0
* Movement of liabilities			
- Trade debts and other current debts		-5 944	3 895
- Other current liabilities		50	-119
- Accrued charges and deferred income		816	1 874

\* This mainly concerns the variation in fair value of the financial assets and liabilities.

CASH-FLOW STATEMENT (in € 000) (sequal)	Notes	30.09.21	30.09.20
<b>2. Cash-flow from investment activities</b>		<b>-7 107</b>	<b>-78 696</b>
Purchase of intangible assets	2	-151	-261
Purchase of investment properties	2	-9 057	-83 200
Disposal of investment properties and assets held for sale	2	3 307	5 005
Acquisition of shares of real estate companies	2	0	0
Disposal of shares of real estate companies	2	0	0
Purchase of other tangible assets		-191	-260
Disposal of other tangible assets		1	21
Disposal of non-current financial assets		0	0
Income from trade receivables and other non-current assets		-1 016	0
<b>3. Cash-flow from financing activities</b>		<b>-40 527</b>	<b>-54 650</b>
* Change in financial liabilities and financial debts			
- Increase in financial debts	3	124 700	128 600
- Decrease in financial debts	3	-108 332	-129 637
* Change in other liabilities			
- Increase (+) / Decrease (-) in other liabilities		101	-177
* Change in shareholders' equity			
- Capital increase and issue premiums		0	0
- Costs of capital increase		0	-39
- Change in reserves		0	0
Other		0	0
* Dividend			
- Dividend for the previous financial year		-56 996	-53 396
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER</b>		<b>2 234</b>	<b>3 280</b>

## 5. NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FIGURES

### KEY PERFORMANCE INDICATORS

EPRAs earnings per share (in €)	30.09.21	30.09.20
EPRAs earnings (attributable to the shareholders of the parent company)	<b>37 426 355</b>	<b>31 508 983</b>
Number of ordinary shares in circulation	12 665 763	12 665 763
Weighted average number of shares	12 665 763	12 638 377
EPRAs earnings per share (in €) <sup>5</sup>	2.95	2.49
EPRAs earnings per share (in €) - diluted	2.95	2.49

5 The EPRAs earnings per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with first dividend entitlement date). Calculated on the number of dividend-entitled shares, the EPRAs earnings per share amounts to EUR 2.95 at 30.09.2021 versus EUR 2.49 at 30.09.2020.

NET ASSET VALUE PER SHARE (in €) - SHARE GROUP	30.09.21	31.03.21
Net asset value per share IFRS <sup>6</sup>	62.84	63.81
EPRAs NTA per share <sup>7</sup>	64.19	65.53
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments <sup>8</sup>	67.87	66.43

6 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.

7 EPRAs NTA is calculated as follows: shareholders' equity (excluding the fair value of authorised hedging instruments, deferred taxes and intangible fixed assets) divided by the number of shares.

8 For the definition and purpose of this alternative performance measure, we refer to the Lexicon (p 67 ff.)

### PRESENTATION PRINCIPLES

The interim financial report of the first half year ending on 30 September 2021 was prepared in accordance with accounting standards consistent with International Financial Reporting Standards as implemented by the REIT legislation and in accordance with IAS 34 "Interim Financial Reporting".

With respect to the tax timing differences between local accounting and the consolidated figures, deferred tax assets and/or liabilities are recorded under 'other result on portfolio'.

Other topics included in these consolidated interim annual statements are presented in accordance with the same accounting policies and calculation methods as applied in the consolidated annual statements of 31 March 2021.

### APPLICATION OF IFRS 3 BUSINESS COMBINATIONS

Corporate transactions occurred in the past six months were not processed as business combinations as defined by IFRS 3 considering this standard was not applicable given the nature and the scale of the acquired companies. The respective companies own a limited number of properties and are not intended to be held as independent businesses. The companies are consolidated using the integral consolidation method.

## NEW OR AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN 2021

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning on or after 1 January 2021 and have been endorsed by the European Union but have no significant effect on the presentation, the notes or the financial results of the Group:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 01/01/2021). This amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 01/01/2021). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
- Amendment to IFRS 16 Leases COVID-19 Related rent concessions (effective 01/06/2020, with early application permitted). If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular COVID-19 related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

These new standards or changes have no material impact for Retail Estates.

## NEW OR AMENDED STANDARDS AND INTERPRETATIONS NOT YET APPLICABLE IN 2021

The following new standards and amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2020 and have not been endorsed by the European Union:

- Amendments to IAS 1 ‘Presentation of Financial Statements: Classification of Liabilities as current or non-current’ (effective 01/01/2023), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. They:
  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- IFRS 17, Insurance contracts’ (effective 1/01/2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The endorsement includes the amendments issued by the Board in June 2020, which are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1/01/2022). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.
- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements make minor amendments to IFRS 1 'First time adoption of International Financial Reporting Standards', IFRS 9 'Financial instruments', IAS 41 'Agriculture' and illustrative examples accompanying IFRS 16 'Leases'.
- Amendments to IAS 1 Presentation of financial statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1/01/2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information does not need to be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1/01/2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
- Amendments to IFRS 16 Leases: COVID-19 Related rent concessions (effective 1/04/2021). The amendments extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. In particular, the amendment permits a lessee to apply the practical expedient regarding COVID-19 related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021). The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued).
- Amendments to IAS 12 'Income taxes': deferred tax related to assets and liabilities arising from a single transaction (effective 1/01/2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the

initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

### NEW OR AMENDED STANDARDS AND INTERPRETATIONS NOT YET APPLICABLE IN 2021 AND HAVE NOT BEEN ENDORSED BY THE EUROPEAN UNION SO FAR

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

- IFRS 14, 'Regulatory deferral accounts' (effective 1/01/2016). It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

### STATEMENT BY THE PERSON IN CHARGE AT RETAIL ESTATES NV

In accordance with article 13 § 2 of the Royal Decree of 14 November 2007, Jan De Nys, managing director, states that, to his knowledge,

- a) the condensed interim financial statements, prepared on the basis of financial reporting principles in accordance with IFRS and with IAS 34 "Interim Financial Reporting", as adopted by the European Union, give a true and fair view of the shareholders' equity, the financial position and the results of Retail Estates nv and the companies included in the consolidation.
- b) the interim report gives a true and fair account of the main events that occurred during the first six months of the current financial year, their impact on the condensed interim financial statements, the main risk factors and uncertainties regarding the months ahead of the financial year, as well as the main transactions between the related parties and their possible impact on the condensed interim financial statements if these transactions are significant and were not concluded on the basis of the arm's length principle.

### SEGMENTED INFORMATION

IFRS 8 defines an operating segment as follows: An operating segment is a component of the entity (IFRS 8.5):

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM) to take decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Since the 2017-2018 financial year, Retail Estates has distinguished between two geographical segments: Belgium and the Netherlands.

The management committee acts as CODM within Retail Estates.

## Segmented information – Profit &amp; Loss

Segmented information – results by segment <i>(in € 000)</i>	30.09.21				30.09.20			
	Belgium	The Netherlands	Unallo- cated amounts	TOTAL	Belgium	The Netherlands	Unallo- cated amounts	TOTAL
Rental income	38 229	19 103		57 333	34 498	17 471		51 968
Rental related expenses	6	46		52	-1 765	-380		-2 146
<b>Net rental income</b>	<b>38 235</b>	<b>19 149</b>		<b>57 385</b>	<b>32 732</b>	<b>17 090</b>		<b>49 823</b>
Recovery of property expenses								
Recovery of rental charges and taxes normally payable by tenants on let properties	4 280	1 680		5 960	3 889	1 631		5 520
Rental charges and taxes normally payable by tenants on let properties	-4 485	-2 439		-6 924	-4 146	-2 296		-6 442
Other rental related income and expenses	-57	-9		-66	-119			-119
<b>Property result</b>	<b>37 973</b>	<b>18 381</b>		<b>56 354</b>	<b>32 357</b>	<b>16 425</b>		<b>48 782</b>
Technical costs	-1 389	-747		-2 136	-285	-149		-435
Commercial costs	-361	-29		-390	-221	-77		-298
Charges and taxes on unlet properties	-114	-133		-247	-274	-58		-332
Property management costs	-1 418	-501		-1 919	-1 052	-465		-1 517
Other property costs	-1	0		-1	0	-5		-5
<b>Property costs</b>	<b>-3 283</b>	<b>-1 410</b>		<b>-4 694</b>	<b>-1 833</b>	<b>-754</b>		<b>-2 587</b>
<b>Operating property result</b>	<b>34 690</b>	<b>16 971</b>		<b>51 660</b>	<b>30 524</b>	<b>15 671</b>		<b>46 195</b>

Segmented information – results by segment (in € 000)	30.09.21				30.09.20			
	Belgium	The Netherlands	Unallocated amounts	TOTAL	Belgium	The Netherlands	Unallocated amounts	TOTAL
Operating corporate costs			-3 103	-3 103			-2 865	-2 865
Other operating income and expenses			0	0			0	0
<b>Operating result before result on portfolio</b>				<b>48 558</b>				<b>43 330</b>
Result on disposals of investment properties	451	22		473	124	-33		91
Result on sales of other non-financial assets								
Changes in fair value of investment properties	2 950	441		3 391	379	-3 589		-3 210
Other result on portfolio	-186	-512		-699	-104	228		124
<b>Operating result</b>				<b>51 723</b>				<b>40 335</b>
Financial income			72	72			60	60
Net interest charges			-9 459	-9 459			-10 244	-10 244
Changes in fair value of financial assets and liabilities			3 626	3 626			-3 874	-3 874
Other financial charges			-39	-39			-35	-35
<b>Financial result</b>			<b>-5 800</b>	<b>-5 800</b>			<b>-14 093</b>	<b>-14 093</b>
<b>Result before taxes</b>				<b>45 922</b>				<b>26 243</b>
Taxes	-59	-1 646		-1 705	-183	-1 420		-1 603
<b>Net result</b>				<b>44 218</b>				<b>24 641</b>

### Segmented balance sheet

Segmented information – assets by segment (in € 000)	30.09.21			31.03.21		
	Belgium	The Netherlands	TOTAL	Belgium	The Netherlands	TOTAL
Investment properties <sup>9</sup>	1 251 835	473 323	1 725 159	1 244 081	473 164	1 717 245
Non-current assets or groups of assets held for sale	9 632	0	9 632	7 931	0	7 931

<sup>9</sup> Including assets under construction (IAS 40).

## VALUATION OF INVESTMENT PROPERTIES UNDER CONSTRUCTION

Under the IAS 40 standard, non-current assets under construction are included in the investment properties. They are valued at the acquisition value, including incidental costs and non-deductible VAT at the moment of acquiring the respective asset.

If the Group believes that the fair value of the investment properties under construction cannot be determined in a reliable manner but assumes it will be possible to determine the fair value once the properties have been contracted, licensed and rented, the investment properties under construction will be registered at cost price until the fair value can be determined (once they have been contracted, licensed and rented) or until the construction is completed (whichever happens first) in accordance with IAS 40.53. This fair value is based on the valuation by the real estate expert after deduction of the work still to be performed.

An investment property under construction can relate to a plot of land, a building to be demolished or an existing building that needs to be given a new purpose, requiring considerable renovation work to realise the desired purpose.

## ADDITIONAL COMMENTS ON THE DEBT RATIO DEVELOPMENT

### PRINCIPLE

Article 24 of the Belgian Royal Decree relating to Belgian regulated real estate companies requires public Belgian REITs to draw up a budget forecast with an implementation schedule when its consolidated debt ratio exceeds 50% of consolidated assets. The budget forecast describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of consolidated assets.

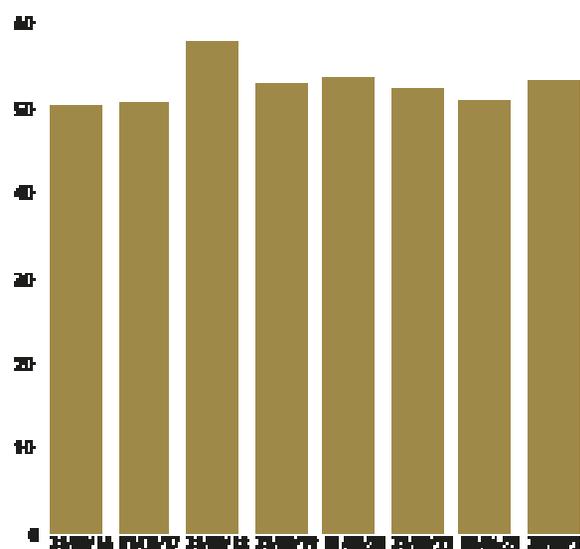
A separate report on the budget forecast is prepared by the statutory auditor, confirming that the latter has verified the method of drawing up the forecast, particularly as regards the economic principles, and that the figures contained in this forecast correspond to the accounting records of the public BE-REIT.

The general guidelines of the budget forecast are

included in the annual and half-yearly financial reports. The annual and half-yearly financial reports describe the implementation of the budget forecast during the relevant period as well as its future implementation by the public BE-REIT and provide justification for this approach.

## NOTES REGARDING 2021-2022

### Historical evolution of the debt ratio (in %)



Historically, the debt ratio of Retail Estates has fluctuated between 50-55%. In the course of its history, Retail Estates nv has never had a debt ratio exceeding 60%.

### Long-term evolution of the debt ratio

The board of directors considers a debt ratio of +/- 50% ideal for the shareholders of the public BE-REIT in terms of return and current earnings per share. The impact of every investment on the debt ratio is reviewed and an investment is possibly not carried out if it would have a negative impact on the debt ratio.

Based on the current debt ratio of 52.93%, Retail Estates nv has an investment potential of € 360.89 million without exceeding a debt ratio of 60%.

### Short-term evolution of the debt ratio

Every quarter, the board of directors is presented with a prognosis of how the debt ratio will evolve during the next quarter. The board also discusses any deviations which may have occurred between the estimated and actual debt ratio during the previous quarter.

The projection of the debt ratio as per 31 December 2021 takes into account the following assumptions:

- **disposals during the third quarter of 2021-2022**

Divestments totalling € 23,10 million are planned for the third quarter of the 2021-2022 financial year.

- **result of the third quarter of 2021-2022**

The result of the third quarter as indicated in the 2021-2022 budget and as approved by the board of directors.

- **planned investments for the third quarter of 2021-2022**

Investments totalling € 45 million are planned for the third quarter of the 2021-2022 financial year (of which €35,86 million contribution in kind).

Based on the above-mentioned assumptions, the debt ratio would amount to 50,52% as per 31 December 2021.

A projection is also made of the debt ratio as per 31 March 2022 (end of the financial year). This projection takes into account the following assumptions:

- **disposals during the second half-year 2021-2022**

Divestments totalling € 26,80 million are planned for the second half year of the 2021-2022 financial year.

- **result of the second half-year 2021-2022**

The result of the second half-year as indicated in the 2021-2022 budget and as approved by the board of directors.

- **planned investments for the second half-year 2021-2022**

Investments totalling € 45 million are planned for the second half-year of the 2021-2022 financial year, of which € 35,86 contribution in kind.

Taking into account the additional planned investments and the earnings expectations for the full year, the debt ratio would amount to 49.39% as per 31 March 2022.

The debt ratio projection only takes into account acquisitions and disposals for which a private agreement has been signed (without conditions precedent) as well as investments that have been planned and contracted out. Expiring credits are assumed to be refinanced for the same amount.

#### *Other elements that influence the debt ratio*

The valuation of the real estate portfolio also has an impact on the debt ratio. Considering the current capital basis, the debt ratio of 60% would be exceeded in the event of a reduction in the fair value of investment properties by more than € 207.24 million. This reduction in value could be the result of an increase in the yield (if the rental values remain unchanged, the yield would have to increase by 0.90% in order to exceed the debt ratio) or a reduction in rents (if the yields remain unchanged, the rents would have to drop by € 13.55 million). Historically, the fair value of the real estate portfolio has always risen or has at least been stable since the company's incorporation. There are currently no indications in the market to assume an increase in the yield.

If substantial value drops do take place that raise the debt ratio above 65%, Retail Estates nv can decide to dispose some of its properties. Retail Estates nv has a solid track record of selling properties at their estimated investment value. During the 2018-2019 financial year, 2 retail parks and 7 solitary retail units were sold for a net sales price of € 44.85 million. In the 2019-2020 financial year, properties were divested for a net sales price of € 8.28 million. In the 2020-2021 financial year, properties were divested for a net sales price of € 43.79 million. As of 30 September 2021, two solitary retail properties (in Binche and in Geraardsbergen) and the part of a non-strategic retail park in Leiderdorp that was still owned by Retail Estates were sold for a net sales price of € 3.47 million. On average, these properties were sold at their estimated investment value.

### Conclusion

Retail Estates nv is of the opinion that, based on

- the historical evolution of the public BE-REIT,
- its track record with respect to selling properties,

no additional measures need to be taken to prevent

the debt ratio from exceeding 65%. The public BE-REIT intends to maintain or to re-establish the debt ratio at a level between 50% and 55%. This level is evaluated regularly and will be reviewed by the board of directors if deemed necessary in the light of changing market conditions or environmental factors.

## 6. OTHER NOTES

### RENTAL INCOME

#### NOTE 1

Rental income (in € 000)	30.09.21	30.09.20
Within one year	113 670	113 632
Between one and five year(s)	350 880	356 367
Within more than five years	432 448	429 411

The increase in rental income is mainly the result of the acquisitions in the course of the previous financial year.

As a theoretical exercise, the table above shows how much rental income Retail Estates nv is certain to receive based on the current lease agreements. Where the Belgian commercial lease agreements are concerned, this does not alter the theoretical risk that all tenants may use their legal termination option at the end of the current three-year period. Under these circumstances, all Belgian retail units will in principle become vacant in three years and six months. The granting of rent-free periods is rather rare in the market of out-of-town retail real estate. In the past six months, a total discount of € 0.38 million (exclusive of remissions or discounts in the context of COVID-19) was granted on a portfolio of 988 properties. No other material incentives are given when entering into lease agreements.

#### Type of lease agreement

The Group concludes commercial lease agreements for its buildings in Belgium for a minimum period of nine years, which, in most cases, can be terminated by the tenant after the expiry of the third and the sixth year, subject to six months' notice prior to the expiry date. Standard lease agreements in the Netherlands have a five-year term.

The rents are usually paid in advance on a monthly basis (sometimes quarterly). They are indexed annually on the anniversary of the lease agreement. In Belgium, taxes and levies (including property tax), insurance premium and common charges are, in the normal course of business, borne by the tenant.

To guarantee compliance with the obligations imposed on the tenant by virtue of the agreement, tenants must provide a rental guarantee, usually in the form of a bank guarantee, corresponding to three months' rent.

At the start of the agreement, an inventory of fixtures is drawn up between the parties by an independent expert. Upon expiry of the agreement, the tenant must return the leased premises in the condition described in the inventory of fixtures that was drawn up when the tenant moved into the property, subject to normal wear and tear. The tenant is not entitled to transfer the lease nor to sublet all or part of the leased property without prior written consent of the lessor. The tenant must register the agreement at their own expense.

## INVESTMENT PROPERTIES

### NOTE 2

For more information on the acquisitions and divestments, we refer to chapter 1 of the activity report.

Investment and revaluation table <i>(in € 000)</i>	Investment properties <sup>4</sup>		Assets held for sale		Total	
	30.09.21	31.03.21	30.09.21	31.03.21	30.09.21	31.03.21
<b>Balance at the end of the previous financial year</b>	<b>1 717 246</b>	<b>1 661 753</b>	<b>7 931</b>	<b>1 791</b>	<b>1 725 177</b>	<b>1 663 544</b>
Acquisition through purchase real estate companies		3 308			0	3 308
Acquisition through contribution real estate companies						
Capitalised interest cost	1	140			1	140
Acquisition of investment properties		86 585			0	86 585
Investments that result from subsequent expenses included in the carrying amount of the asset	1 967	4 295			1 967	4 295
Contribution of investment properties						
Disposal through sale of real estate companies						
Disposal of investment properties	-2 629	-24 206	-339	-18 752	-2 968	-42 958
Transfers to assets held for sale	-2 048	-25 582	2 048	25 582	0	0
Other transfers	135	505	-1	-690	134	-185
Acquisition of investment properties under construction	7 089	16 411			7 089	16 411
Completion of investment properties under construction to portfolio	26 667	13 019			26 667	13 019
Transfer of investment properties under construction to portfolio	-26 667	-13 019			-26 667	-13 019
Change in fair value (+/-)	3 399	-5 964	-7	1	3 392	-5 963
<b>At the end of the semester/financial year</b>	<b>1 725 159</b>	<b>1 717 246</b>	<b>9 632</b>	<b>7 931</b>	<b>1 734 791</b>	<b>1 725 177</b>
<b>OTHER INFORMATIONS</b>						
Investment value of the property	1 796 172	1 789 397	9 872	8 129	1 806 044	1 797 526

Investments resulting from subsequent expenditure included in the carrying amount of the assets amounted to € 1.97 million for the first half-year 2021-2022. In addition, the company realised € 26.67 million from the development of property for its own account and invested € 7.09 million in the development of property for its own account.

The fair value of the investment properties is determined by real estate experts. These experts make use of different methods in this respect. For more information on these methods, we refer to the chapter "half-yearly financial report" of the annual report for the 2020-2021 financial year.

### IFRS 13

IFRS 13 introduced a uniform framework for valuation at fair value and the provision of information on valuation at fair value, where this valuation principle is obligatory or permitted on the basis of other IFRS standards. In this context, fair value is specifically defined as the price that would be received upon sale of an asset or that would have to be paid upon the transfer of an obligation in an arm's length transaction between market parties on the valuation date.

Investment properties are recorded at fair value. Fair value is determined on the basis of one of the following levels of the IFRS 13 hierarchy:

- Level 1: valuation based on quoted prices in active markets
- Level 2: valuation based on directly or indirectly observable (external) inputs
- Level 3: valuation entirely or partly based on unobservable (external) inputs

Investment properties are categorized level 3 according to the IFRS 13 classification.

### VALUATION METHODOLOGY

Investment properties are accounted for based on the appraisal reports drawn by independent expert real estate appraisers. Investment properties are valued

at fair value. This fair value is based on the market value (i.e. corrected for transfer tax as described in the "Accounting policies" described above).

The methods used by the independent real estate appraisers are the following:

The investment value is generally calculated on the basis of a GIY (gross initial yield) capitalisation of the passing rent, taking into account possible corrections like estimated market rental value, vacancy, step-rents, rent-free periods etc. The gross initial yield depends on current output on the investment market, taking into account the location, the suitability of the site, the quality of the tenant and the building at the moment of the valuation.

In case of buildings where the property rights are divided in bare ownership on the one hand and rights of superficies or long lease rights on the other, the value of the superficies or long lease rights is determined by discounting (Discounted Cash Flow) the net rental income, i.e. after deduction of the superficies or ground rent, until the end of the long lease or superficies agreement.

The value of the bare ownership is determined by updating (Discounted Cash Flow) the periodical superficies or leasehold rent until the expiry date of this agreement.

Situation on 31.03.2021			31.03.2021		31.03.2020	
Country	Method	Input	Range	Weighted average	Range	Weighted average
Belgium	Gross Initial Yield-capitalization	Capitalisation rate (%)	5.00%-10%	6.34%	5.00%-9.25%	6.42%
		Annual rent (EUR/m <sup>2</sup> )	33.86-247.62	105.16	33.86-249.68	103.87
		Remaining lease duration (expiry date) (in months)	0m-603m	103m	0m-528m	105m
		Remaining lease duration (first break option) (in months)	0m-43m	26m	0m-50m	24m
		Vacancy (in months)	0m-12m	/	0m-12m	/
	DCF	Capitalisation rate (%)	6%-8.50%	7.58%	5.87%-8.6%	6.27%
		Annual rent (EUR/m <sup>2</sup> )	33.86-247.62	105.16	33.86-249.68	103.87
		Remaining lease duration (expiry date) (in months)	0m-603m	103m	0m-528m	105m
		Remaining lease duration (first break option) (in months)	0m-43m	26m	0m-50m	24m
		Vacancy (in months)	0m-12m	/	0m-12m	/
The Netherlands	Gross Initial Yield-capitalization	Capitalisation rate (%)	5.85%-12.53%	6.90%	5.85%-11.33%	6.91%
		Annual rent (EUR/m <sup>2</sup> )	34.59-213.19	96.42	34.35-225.44	98.1
		Remaining lease duration (expiry date) (in months)	0m-120m	47m	0m-120m	44m
		Remaining lease duration (first break option) (in months)	0m-120m	47m	0m-120m	44m
		Vacancy (in months)	0m-12m	/	0m-12m	/

The unobservable inputs mentioned above are those applicable on 31 March 2021. Retail Estates will publish an update of these data each year upon closing the financial year and every six months in case of significant changes. On 30 September 2021 there are no significant changes in the unobservable inputs compared to 31 March 2021.

#### SENSITIVITY OF VALUATIONS

The sensitivity of the fair value in relation to changes in the significant unobservable inputs used to determine the fair value of the properties classified in level 3 (in accordance with the IFRS fair value hierarchy) is the following (ceteris paribus): the effect of the increase (decrease) of the rental income by 1% leads to an increase (decrease) in the portfolio's fair value by € 17.17 million. The effect of an increase (decrease) of the rental income by 2% or 5% is linear. The effect of an increase in the yield by 100 bps leads to a decrease in the portfolio's fair value by € 227.75 million. A decrease in the yield by 100 bps leads to an increase in the portfolio's fair value by € 309.97 million.

## NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

### NOTE 3

#### Breakdown by due date

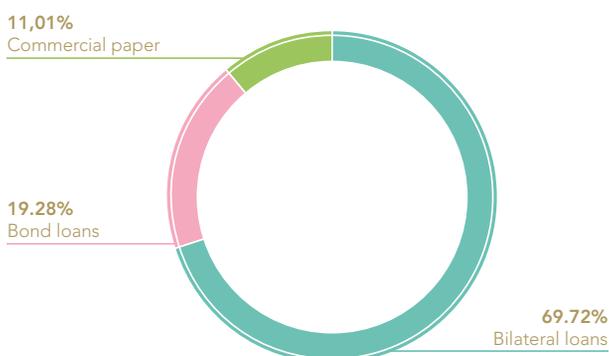
of credit lines (in € 000)	30.09.21	31.03.21
<b>Non-current</b>		
Bilateral loans - variable or fixed rate	601 664	587 324
Bond loan	175 144	175 087
<b>Subtotal</b>	<b>776 808</b>	<b>762 411</b>

#### Breakdown by due date

of credit lines (in € 000)	30.09.21	31.03.21
<b>Current</b>		
Bilateral loans - variable or fixed rate	31 711	17 683
Bond loan	0	29 997
Treasury certificates	100 000	82 000
<b>Subtotal</b>	<b>131 711</b>	<b>129 680</b>
<b>Total</b>	<b>908 518</b>	<b>892 091</b>

#### Structure of the financial debt:

### STRUCTURE OF THE FINANCIAL DEBT



On 30 September 2021, total consolidated financial debt amounted to € 911.51 million.

This amount is composed as follows:

#### Non-current liabilities:

- € 601.66 million in traditional bilateral long-term bank loans, spread over several banks
- € 2.99 million in financial leases
- € 175.15 million in bond loans

(in € 000)	30.09.2021	31.03.2021
Bilateral loans	601 664	587 324
Financial leases	2 993	2 706
Bond loans	175 144	175 087

This is an increase by € 14.68 million compared to the financial year closed on 31 March 2021. This can mainly be explained by (i) the drawdown of additional long-term loans for an amount of approximately € 47 million for the funding of the dividend payment, (ii) the transfer of long-term loans to short-term loans for a net amount of € 14 million and (iii) the replacement of long-term loans by short-term commercial papers by long-term credits for an amount of € 18 million.

#### Current liabilities:

- € 31.71 million in traditional bilateral short-term bank loans, spread over several banks
- € 100 million in Commercial Papers

(in € 000)	30.09.2021	31.03.2021
Bilateral loans	31 711	17 683
Commercial Paper	100 000	82 000
Bond loans	0	29 997

This is an increase by € 2.03 million compared to the financial year closed on 31 March 2021. This can mainly be explained by (i) an increase of the commercial paper programme by € 18 million, (ii) a transfer of long-term loans to short-term loans for a net amount of € 14 million and (iii) the reimbursement of a bond at maturity for an amount of €30.00 million.

95.07% of the loans have a fixed interest rate or are hedged using an interest rate swap contract.

The estimate of the future interest burden takes into account the debt position as of 30 September 2021 and interest covers according to the contracts currently in progress. For the unhedged part of the liabilities for a total of € 44.83 million, the Euribor expectations on the date of this report were taken into account, as well as the banking margin. The company has issued five bond loans:

- € 30 million, issued on 29 April 2016 with a maturity of 10 years, of which € 4 million at a fixed interest rate of 2.84% and € 26 million at a floating interest rate (Euribor 3 months + 2.25%).
- € 25 million, issued on 10 June 2016 with a maturity of 10 years and an interest rate of 2.84%.
- € 75 million, issued on 18 December 2019 with a maturity of 7 years and an interest rate of 2.15%.
- € 30 million, issued on 9 December 2020 with a maturity of 5 years and an interest rate of 1.991%.
- € 16 million, issued on 26 March 2021 with a maturity of 8 years and an interest rate of 2.897%.

#### Interest charges analysis – interest sensitivity

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 limit this risk, Retail Estates nv applies a relatively cautious and conservative strategy (see above). This strategy ensures that an increase 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. If the interest rate were to rise by 1%, this would have a positive impact of € 28.88 million on shareholders' equity and changes in the fair value of financial assets and liabilities. € 27.68 million of this amount would be recorded via the income statement and € 1.20 million of this amount would be recorded directly under shareholders' equity. If interest rate were to decrease by 1%, this would have a negative impact of € 27.15 million on shareholders' equity and changes in the fair value of financial assets and liabilities. € 26.92 million of this amount would

be recorded via the income statement account and € 1.22 million would be recorded directly under shareholders' equity. In principle, Retail Estates nv concludes an agreement with its banks for a debt ratio covenant of 60%.

#### Maturity dates

The weighted average term of the outstanding financial debts of Retail Estates was 3.82 years on 30 September 2021 compared to 4.13 years for the previous year. On 30 September 2021 the total of unused and confirmed long-term credit lines amounted to € 232.36 million. This is exclusive of the backup lines for the Commercial Paper programme amounting to € 100 million. The available credit lines thus amount to € 132.36 million.

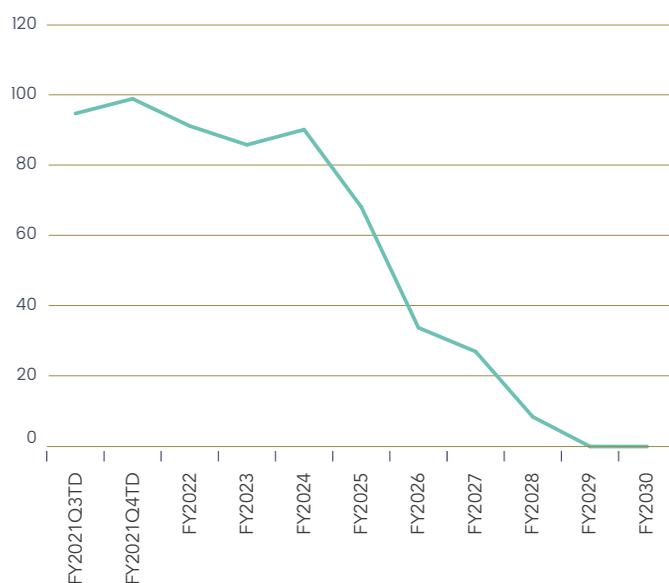
#### Breakdown by maturity of non-current financial debts - future interest burden not included

(in € 000)	30.09.21	31.03.21
Between one and two year(s)	104 706	103 530
Between two and five years	460 324	404 028
More than five years	211 779	254 853

Breakdown by maturity of future interest charges (in € 000)	30.09.21			30.09.20		
	Associated with financial instruments	Associated with hedging instruments	Total	Associated with financial instruments	Associated with hedging instruments	Total
Within one year	12 639	5 123	17 762	12 902	6 357	19 259
Between one and five year(s)	41 135	16 697	57 831	40 164	22 285	62 449
Within more than five years	2 937	854	3 791	5 990	5 195	11 185
<b>Total</b>	<b>56 710</b>	<b>22 674</b>	<b>79 384</b>	<b>59 056</b>	<b>33 837</b>	<b>92 893</b>

## Reconciliation between changes in financial debts and the consolidated cash flow statement

	31.03.21	+ Cash flows	+ non cash movements	30.09.21
<b>Financial debts</b>	<b>892 091</b>			<b>911 512</b>
Bank loans	687 007	46 368		733 375
Financial leasing	2 706		287	2 993
Bond loans	205 084	-30 000	59	175 144



The weighted average cost of the debts of Retail Estates was 2.02% for the first half year of 2021, including credit margins and the costs of hedging instruments. During the 2020-2021 financial year, the average cost of the debts was 2.08% (see 2020-2021 annual report). The Interest Cover Ratio (= net rental income/net interest charges) is 6.07 for the first half year of 2021-2022, compared to 4.84 for the entire 2020-2021 financial year. Retail Estates has a covenant with its banks that this interest cover ratio must be at least 2.

The hedge ratio, i.e. the percentage of financial debts at a fixed interest rate or at a variable interest rate subsequently hedged via Interest Rate Swaps (IRSs) and/or CAPs is 95.07% on 30 September 2021, with a weighted average term of the hedges of 5.63 years.

## DEBT RATIO

### NOTE 4

The debt ratio is 52.93% compared to 52.18% on 31 March 2021. This increase is mainly the result of the additional drawdown of credits for the payment of the dividend. In principle, Retail Estates nv concludes an agreement with its banks for a debt ratio covenant of 60%.

Calculation debt ratio (in € 000)	30.09.21	31.03.21
<b>Liabilities</b>	<b>962 429</b>	<b>954 785</b>
<b>To be excluded:</b>	<b>31 755</b>	<b>34 931</b>
<b>I. Non-current liabilities</b>	<b>21 224</b>	<b>25 216</b>
Provisions		
Authorised hedging instruments	21 224	25 216
Deferred taxes		
<b>II. Current liabilities</b>	<b>10 531</b>	<b>9 715</b>
Provisions		
Authorised hedging instruments		
Accrued charges and deferred income	10 531	9 715
<b>Total debt</b>	<b>930 674</b>	<b>919 854</b>
<b>Total assets</b>	<b>1 758 367</b>	<b>1 763 008</b>
Authorised hedging instruments - assets		-
<b>Total Assets taken into account for the calculation of the debt ratio</b>	<b>1 758 367</b>	<b>1 763 008</b>
<b>DEBT RATIO</b>	<b>52.93%</b>	<b>52.18%</b>

## FINANCIAL INSTRUMENTS

## NOTE 5

Summary of financial instruments as at closing date (in € 000)	Categories	Book value	30.09.21		31.03.21	
			Fair value	Level	Book value	Fair value
<b>I. Non-current assets</b>						
Finance lease receivables	C	2	1 030	1 030	1 030	1 030
Loans and receivables	A	2	2 921	2 921	2 418	2 418
<b>II. Current assets</b>						
Trade receivables and other receivables	A	2	6 871	6 871	20 165	20 165
Cash and cash equivalents	B	2	2 234	2 234	3 681	3 681
<b>Total financial instruments on the assets side of the balance sheet</b>			<b>13 056</b>	<b>13 056</b>	<b>27 295</b>	<b>27 295</b>
<b>I. Non-current liabilities</b>						
Interest-bearing liabilities	A	2	776 808	811 431	762 411	797 964
Other non-current liabilities	A	2				
Other financial liabilities	C	2	21 224	21 224	28 957	28 957
<b>II. Current liabilities</b>						
Interest-bearing liabilities	A	2	131 711	131 711	129 680	129 680
Current trade debts and other debts	A/C	2/3	19 162	19 162	25 057	25 057
<b>Total financial instruments on the liabilities side of the balance sheet</b>			<b>948 905</b>	<b>983 528</b>	<b>946 105</b>	<b>981 658</b>

The categories correspond to the following financial instruments:

- A. Financial assets or liabilities (including receivables and loans) held to maturity at amortised cost.
- B. Investments held to maturity at amortised cost.
- C. Assets or liabilities held at fair value through profit and loss except for financial instruments designated as hedging instruments.

The aggregate financial instruments of the Group correspond to level 2 in the fair values hierarchy. Fair value valuation is carried out regularly.

Level 2 in the fair value hierarchy includes other financial assets and liabilities of which the fair value can be determined by reference to other inputs which are directly or indirectly observable for the relevant assets or liabilities.

The valuation techniques regarding the fair value of level 2 financial instruments are the following:

- The item “other financial liabilities” refers to interest rate swaps of which the fair value can be determined by means of interest rates applicable on active markets; these rates are generally provided by financial institutions.

- The fair value of the other level 2 financial assets and liabilities is virtually equal to their book value:
  - because they have a short-term maturity (e.g. trade receivables and debts); or
  - because they have a variable interest rate.

The fair value of debts with a fixed interest rate is estimated by discounting their future cash flows at a rate that reflects the Group's credit risk.

#### Financial instruments at amortised cost

Since trade receivables and trade debts are short-term instruments, the fair value approximates the nominal value of these financial assets and liabilities.

On 30 September 2021, Retail Estates nv had € 488.68 million of financial debts at a variable interest rate and € 419.84 million of financial debts at a fixed interest rate. 95.07% of the loans have a fixed interest rate or are hedged using an interest rate swap contract. The fixed interest rates at which these long-term debts were originally concluded in most cases no longer correspond to prevailing money market rates, resulting in a difference between their book value and their fair value. The table below compares the total amount of fixed-rate debts at book value and at fair value. The fair value of the fixed-rate debts is estimated by discounting their future cash flows at a rate that reflects the Group's credit risk. The fair value of the fixed-rate debts is mentioned in the table below. The book value is equal to the amortised cost. The financial debts with a variable rate have a book value that approximates their fair value.

Financial debts at fixed interest rate (in € 000)	30.09.21		31.03.21	
	Book value	Fair value	Book value	Fair value
Financial debts at fixed interest rate	419 837	454 460	425 477	461 030

#### Financial debts at fair value

The Group makes use of financial derivatives (interest rate swaps) 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 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. An amount of € 3.63 million was recorded in the income statement with respect to the financial instruments. An amount of € 0.13 million relates to the linear depreciation of the value on 31 December 2015 of the financial instruments that do not longer qualify as cash flow hedges, and € 3.50 million relates to the variations in fair value for the period of 1 April 2021 to 30 September 2021. Swaps qualifying as cash flow hedges are recognised directly as shareholders' equity and are not recorded in the income statement. The interest rate swaps are level 2 instruments.

Fair value of financial assets and liabilities (in € 000)	30.09.21	31.03.21
Fair value of financial derivatives - Liabilities	-21 224	-25 216
Fair value of financial derivatives - Assets		
<b>Total fair value of financial assets and liabilities</b>	<b>-21 224</b>	<b>-25 216</b>

## LIST OF CONSOLIDATED COMPANIES AND CHANGES IN THE CONSOLIDATION SCOPE

## NOTE 6

Subsidiary	External financial debts <sup>1</sup> (in € 000)	Investment properties <sup>1</sup> (in € 000)	Rental income <sup>2</sup> (in € 000)	Participation percentage
Retail Warehousing Invest nv		118 766	1 790	100%
Finsbury Properties nv		3 615	312	100%
Inducom Invest nv		3 457		100%
Regreen nv		682	13	100%
Chicon d'Or nv		5 807		100%
Retail Estates Nederland nv		52 255	2 849	100%
Coöperatieve Leiderdorp Invest				100%
Cruquius Invest nv		72 178	2 714	100%
Spijkenisse Invest nv	10 250	42 639	1 614	100%
Heerlen I invest nv		58 324	2 111	100%
Heerlen II Invest nv		53 188	2 114	100%
Retail Estates Middelburg Invest nv		29 952	1 139	100%
Breda I Invest nv		36 811	1 423	100%
Breda II Invest nv		22 349	861	100%
Naaldwijk Invest nv		18 568	860	100%
Zaandam Invest nv		22 570	886	100%
Osbroek Invest nv		64 489	2 534	100%

1 Value at closing date of the consolidated figures (30.09.2021).

2 For the period the companies are part of the Group in the current financial year.

The company Chicon d'Or nv was incorporated in the first six months of this financial year. For more information in this respect, we refer to the paragraph "Investments – retail parks" in the management report of this half-year report.

## 7. STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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### INTRODUCTION

We have reviewed the accompanying consolidated condensed interim figures of Retail Estates NV and its subsidiaries as of 30 September 2021, and the related condensed consolidated income statement, the statement of other comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in shareholders' equity and the condensed consolidated cash flow statement for the 6-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Sint-Stevens-Woluwe, 19 November 2021

The Statutory Auditor  
PwC Reviseurs d'Entreprises SRL /  
Bedrijfsrevisoren BV  
Represented by

Jeroen Bockaert  
Réviseur d'Entreprises / Bedrijfsrevisor

# REPORT ON THE SHARE



# REPORT ON THE SHARE

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“  
During the first six months of the 2021-2022 financial year, the stock price fluctuated between € 58.20 and € 75.8.”

# 1. OVERVIEW OF STOCK MARKET PERFORMANCE

During the first six months of the 2021-2022 financial year, the stock price fluctuated between € 58.20 and € 75.8. The chart below shows the stock market performance of the Retail Estates share relative to the BEL 20 since the share's introduction on the

stock exchange. The Retail Estates share evolved by 100.44% and the BEL 20 evolved by 39.70% over this period. The average closing price for the past half year is € 67.34.

RETAIL ESTATES NV - BEL 20



## 2. MARKET CAPITALISATION

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Retail Estates nv is listed on the Euronext continuous market. The market capitalisation amounted to € 800.48 million on 30 September 2021.



### 3. DIVIDEND AND YIELD

The share's net tangible asset value (EPRA NTA) in a real estate valuation at fair value is € 64.19.

The evolution of the net asset value can mainly be explained by the payment of the dividend for the 2020-2021 financial year.

NET ASSET VALUE PER SHARE (in €)	30.09.21	31.03.21	30.09.20
Net asset value per share IFRS <sup>1</sup>	62.84	63.81	60.83
EPRA NTA	64.19	65.53	63.19
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments <sup>2</sup>	67.87	66.43	66.13
Gross dividend		4.50	
Withholding tax (30%)		1.35	
Net dividend		3.15	
Share price on closing date	63.20	58.40	55.60

1 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.

2 For the definition and purpose of this alternative performance measure, we refer to the Lexicon (p.67 ff.)

RETAIL ESTATES NV - EPRA NTA - IFRS NAW



## 4. FINANCIAL CALENDAR

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Announcement results third quarter financial year 2021-2022	21 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



# RETAIL ESTATES



# REAL ESTATE REPORT

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” Retail Estates nv has invested in out-of-town retail properties, the so-called “retail parks” since 1998. Over a period of 23 years, the company has established a significant portfolio which consists of 988 retail properties.”



” The selective purchase and construction of retail buildings at particular locations (so-called ‘retail clusters and retail parks’) are aimed at simplifying the management and boosting the value of the portfolio. ”

## INTRODUCTION

Retail Estates nv has invested in out-of-town retail properties, the so-called “retail parks” since 1998. Over a period of 23 years, the company has established a significant portfolio which consists of

988 retail properties with a total built-up retail area of 1.176.886m<sup>2</sup> as per 30 September 2021. The fair value amounts to € 1,725.16 million.

# 1. REPORTS OF THE REAL ESTATE EXPERTS

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## VALUATION AS OF 30 SEPTEMBER 2021

### BELGIUM

For the Belgian portfolio, Retail Estates nv calls upon the real estate experts Cushman & Wakefield, CBRE and Stadim. In practice, each of them assesses part of the real estate portfolio.

### REPORT BY CUSHMAN & WAKEFIELD

The Cushman & Wakefield report of 30 September 2021 covers part of the real estate owned by Retail Estates nv and its subsidiaries. This report includes the following text:

“We have the pleasure of providing you with our valuation as of 30 September 2021, which covers the portfolio of Retail Estates, Distri-Land and Finsbury Properties.

We confirm that we carried out this task as an independent expert. We also confirm that our valuation was carried out in accordance with national and international standards and their application procedures, including in the field of valuation of Belgian Real Estate Investment Trusts (BE-REITs). (According to the current conclusions. We reserve the right to review our valuation in case of modified conclusions).

Fair value is defined as the estimated amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction. This definition corresponds to our definition of market value.

The sale of a building is in theory subject to transfer duties collected by the government. The amount

depends on the manner of transfer, the profile of the purchaser and the geographical location of the building. On the basis of a representative sample of the properties on the Belgian market, the average transaction cost has been found to equal 2.50% (for buildings with a value higher than € 2,500,000 over the 2013, 2014, 2015 and Q1 2016 period).

In case of buildings with a value higher than € 2,500,000, we determine the sales value (excluding costs corresponding to the fair value as set by the international accounting standard IAS 40) by subtracting 2.50% from the investment value for transaction costs. The different properties are regarded as a portfolio in this context.

Our “investment value” is based on a capitalisation of the adjusted market rental value, taking into account possible corrections like vacancy, step-rents, rent-free periods, etc. If the market rent is higher than the current rent, this adjusted market rent is determined by taking 60% of the gap between the market rent and the current rent. This amount is then added to the current rent. If the current rent is higher than the market rent, the adjusted market rent equals the market rent.

The cap rate depends on current output on the investment market, taking into account the location, the suitability of the site, the quality of the tenant and the building at the moment of the valuation.

The portfolio of Retail Estates nv and Retail Warehousing invest NV has an investment value of € 586.05 million (incl. corrections) and a fair value of € 571.76 million as per 30.09.2021. The investment value increased by 0.70% versus the previous quarter. This gives a 6.21% yield for Retail Estates.

The portfolio of Immobilière Distri-Land NV has an investment value of € 19.76 million (incl. corrections) and a fair value of € 19.27 million as per 30.09.2021. The investment value decreased by 0.08% versus the previous quarter. This gives a 6.91% yield for Immobilière Distri-Land NV.

The portfolio of Finsbury Properties NV has an investment value of € 3.71 million (incl. corrections) and a fair value of € 3.62 million as per 30.09.2021. The investment value decreased by 0.02% versus the previous quarter. This gives a 6.82% yield for Finsbury Properties.”

#### REPORT BY CBRE

The CBRE report of 30 September 2021 covers part of the real estate owned by Retail Estates nv and its subsidiaries. This report includes the following text:

For the valuation of the buildings, we used the following valuation methods:

##### Method 1: Valuation based on the capitalisation of rental income

For each of the buildings an estimated market rental value (ERV) and a market-based cap rate were determined on the basis of benchmarks.

A correction was made for the difference between the estimated market rental value and the current rental income:

If the estimated market rental value exceeds the current rental income, the correction consists of the realisation of the difference between the market rental value and the current rental income until the end of the current lease period.

If the estimated market rental value is lower than the current rental income, the correction consists of the realisation of the difference between the market rental

value and the current rental income for the period until the expiry of the tenant's 3-yearly termination option.

##### Method 2: Valuation based on the realisation of income

This method is used for the properties for which the ownership rights are subdivided into bare ownership on the one hand and rights of superficies or leasehold rights on the other hand.

In this method, the value of the rights of superficies or leasehold rights is determined by the realisation (Discounted Cash Flow) of the net rental income, i.e. after deduction of the superficies or leasehold rent, until the end of the leasehold or superficies agreement.

The value of the bare ownership is determined by updating (Discounted Cash Flow) the periodical superficies or leasehold rent until the expiry date of this agreement.

The investment value of these real estate properties is estimated at € 649.82 million and the fair value at € 633.97 million. These properties represent a rental income of € 41.78 million, or a gross yield of 6.40%.

#### REPORT BY STADIM

The Stadim report of 30 September 2021 covers a semi-logistics complex. The investment value of these real estate properties is estimated at € 5.23 million and the fair value at € 5.10 million. These properties represent a market rental value of € 0.32 million, or a gross yield of 6.13%.

## THE NETHERLANDS

For the Dutch portfolio, Retail Estates nv calls upon the real estate experts Cushman & Wakefield, Colliers and CBRE. In practice, each of them assesses part of the real estate portfolio.

### REPORT BY CUSHMAN & WAKEFIELD NL

The Cushman & Wakefield report of 30 September 2021 covers part of the real estate owned by Retail Estates nv and its subsidiaries. The investment value of these real estate properties is estimated at € 422.63 million and the fair value at € 390.98 million. These properties account for a rental income of € 29.29 million, which represents a gross yield of 6.93%.

### REPORT BY CBRE NL

The report of CBRE Valuation & Advisory Services B.V. of 30 September 2021 covers part of the real estate owned by Retail Estates nv and its subsidiaries in the Netherlands. This report includes the valuation of the Retail Estates portfolio.

For the determination of the market value of the real estate owned by Retail Estates nv in the Netherlands, the current passing rent is capitalised with a Gross Initial Yield. This calculation takes into account possible corrections, e.g. periods of vacancy and rent-free periods. When determining the Gross Initial Yield, we took into account the location, the appearance of the building, the average remaining lease term and the creditworthiness of the tenants at the time of valuation. In case of an over- or under-rental situation, we capitalised the rental value with the Gross Initial Yield.

The market value of these properties is estimated at € 42.45 million. These properties represent a gross rental income of € 3.68 million, or a Gross Initial Yield of 7.95%.

### REPORT BY COLLIERS NL

The report of Colliers International Valuation B.V. of 30 September 2021 covers part of the real estate owned by Retail Estates nv and its subsidiaries in the Netherlands. This report includes the valuation of the Retail Estates portfolio.

For the determination of the market value of the real estate owned by Retail Estates nv in the Netherlands, the current passing rent is capitalised with a Gross Initial Yield. This calculation takes into account possible corrections, e.g. periods of vacancy and rent-free periods. When determining the Gross Initial Yield, we took into account the location, the appearance of the building, the average remaining lease term and the creditworthiness of the tenants at the time of valuation. In case of an over- or under-rental situation, we capitalised the rental value with the Gross Initial Yield.

The investment value of these properties is estimated at € 43.00 million. These properties represent a gross rental income of approximately € 3.27 million, or a Gross Initial Yield of 7.60%.



## 2. NOTES

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### BELGIUM

The out-of-town rental market remains active, with major regional and sectoral differences. In Flanders, demand is sufficient to support the high occupancy rate characteristic of the sector. Demand is sufficient in all sectors and furthermore, the acquisition of existing retail businesses gives some players accelerated access to a large number of additional outlets. Retailers regularly invest in the redecoration and renovation of their outlets. In Wallonia, a number of national retail chains are compelled to close outlets due to disappointing sales figures. The differences in purchasing power make it more difficult than ever to find a "one size fits all" solution for all consumers within the scope of the same sales formula and with the same assortment. Their place is taken by hard-discounters who are able to offer adjusted sales formulas and assortments.

The investment market remains very active in the segment of the solitary retail shops and shops situated at cluster locations, under the influence of private investors from other real estate segments, who are satisfied with a lower initial yield. However, supply remains very limited and often takes the form of share transactions instead of the conventional sale of real estate. There is hardly any supply in retail parks, so that it is difficult to come to a decisive conclusion.

### THE NETHERLANDS

Due to the high occupancy rate, the rental market in the out-of-town retail park markets in the Randstad region and the southern part of the Netherlands, which is relevant for Retail Estates, offers little room for newcomers. The strong economic and healthy budget situations still incite consumers to spend more in the non-food segment. Investments in the renovation and redecoration of retail units are increasing significantly.

The investment market for retail parks is becoming much more active compared to previous years due to the arrival of foreign investors, who are attracted by the higher yields the market historically offers. For a population of 17 million people, the Netherlands have approximately 200 out-of-town locations where large-scale retail activities are allowed. The stringent urban planning framework limits the number of retail parks as well as the forms of retail activities that can be performed at those locations. Unlike in Belgium, it is for example not allowed to sell foodstuffs, clothes and shoes in retail parks. This approach has nevertheless prevented fragmentation of the retail offer via out-of-town retail properties and has promoted the development of easily accessible retail parks.

### 3. COMMERCIAL ACTIVITIES OF THE TENANTS<sup>1</sup>

#### DISTRIBUTION BASED ON SQUARE METERS

The share of tenants in the home improvement category (57.14%) has remained stable compared to the previous financial year (57.11%). Taken together with the “Commodities and food” industry, these retail units account for almost 72.57% of the leased surface area. The tenants in these industries provide a stable basis as they are more resilient to unfavourable economic conditions and less susceptible to e-commerce. In addition, socioeconomic permits for all these activities are very difficult to obtain. This is conducive to an increase in the value of the properties on the one hand and stronger loyalty to the location on the other.

The share of fashion (shoe and clothes) shops (16.53% on 30 September 2021 compared to 17.59% on 31 March 2021) has decreased slightly.

#### DISTRIBUTION BASED ON CONTRACTUAL RENT

A breakdown on the basis of contractual rents shows that the share of “Various” (1.86%) decreases, mainly due to a limited number of (semi-)logistic properties occupying a relatively large surface area and paying a relatively low rent and due to the fact that the vacant units are included in the category “various” on the basis of the number of square metres. The share of the other categories (Home improvement (59.13%), Commodities and food (16.03%) and clothing and shoes (19.68%)) increases slightly.

#### COMMERCIAL ACTIVITIES OF THE TENANTS



<sup>1</sup> The pie charts “commercial activity of the tenants” and “type of building” show percentages on the basis of the total surface area on 30 September 2021.

## 4. SUBDIVISION BY TYPE OF BUILDING

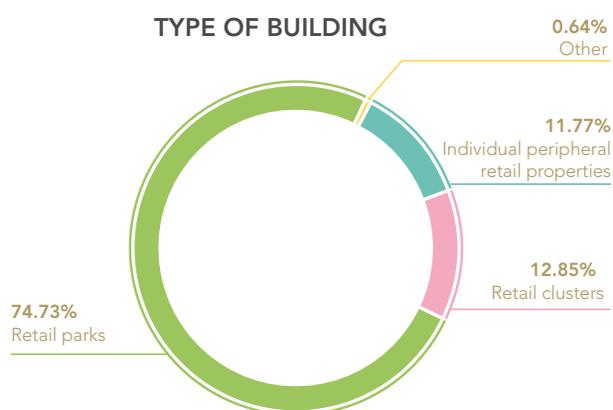
**Individual out-of-town retail properties** are individual retail properties adjacent to the public road. Every outlet has its own car park and entrance and exit roads, connecting it to the public road and making it easily recognisable. The retail properties situated in the immediate vicinity are not necessarily of the same type.

**Retail clusters** are a collection of peripheral retail properties located along the same traffic axis and, from the consumer's point of view, they form a self-contained whole, although they do not possess a joint infrastructure other than the traffic axis. This is the most typical concentration of out-of-town retail properties in Belgium.

**Retail parks** are made up of retail properties that are grouped together and form part of an integrated commercial complex. All properties use a central car park with a shared entrance and exit road. This enables consumers to visit several shops without having to move their car. Typically, at least five retail properties are present at these sites.

**Other real estate** mainly consists of offices, residential dwellings, hospitality establishments and a logistics complex at Erembodegem. Retail Estates nv only invests in real estate properties used for the aforementioned purposes if they are already embedded in a retail property or are part of a real estate portfolio that can only be acquired as a whole.

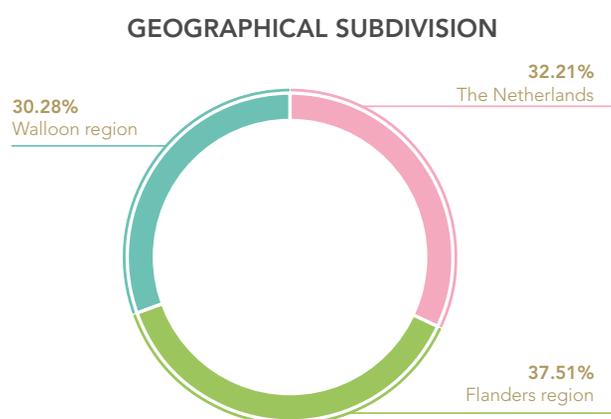
**Retail properties under development** are properties that form part of a newly built or renovation project.



” On 31 September 2021, the occupancy rate is 97,61%. ”



## 5. GEOGRAPHICAL SUBDIVISION



Number of properties per company 30.09.21

Retail Estates	686
Retail Warehousing Invest	30
Finsbury Properties	10
Chicon D'Or	1
Distriland NV	10
Breda I Invest	16
Breda II Invest	12
Cruquius Invest	28
Heerlen I Invest	22
Heerlen II Invest	27
Naaldwijk Invest	20
Osbroek Invest	28
Retail Estates Middelburg Invest	14
Retail Estates Nederland	41
Spijkensisse Invest	28
Zaandam Invest	15
<b>total number of properties</b>	<b>988</b>

### SUMMARY OF KEY FIGURES FOR THE PORTFOLIO

RETAIL ESTATES	30.09.21	31.03.21
Estimated fair value <sup>1</sup> (in EUR)	1 725 158 874	1 661 753 000
Yield (investment value) <sup>2</sup>	6.54%	6.53%
Contractual rents (in EUR)	116 150 119	112 317 786
Contractual rents incl. rental value of vacant buildings (in EUR)	118 693 644	114 371 781
Total lettable area in m <sup>2</sup>	1 176 886	1 136 492
Number of properties	988	969
Occupancy rate	97.61%	97.92%
Total m <sup>2</sup> under development	1 067	9 278

1 This fair value also contains the project developments, which are not included in the fair value as mentioned in the real estate experts' conclusions on 30 September 2021.

2 The current rental income (net, after deduction of canon) divided by the estimated investment value of the portfolio (without taking into account the development projects included in the cost price).

MISCELLANEOUS

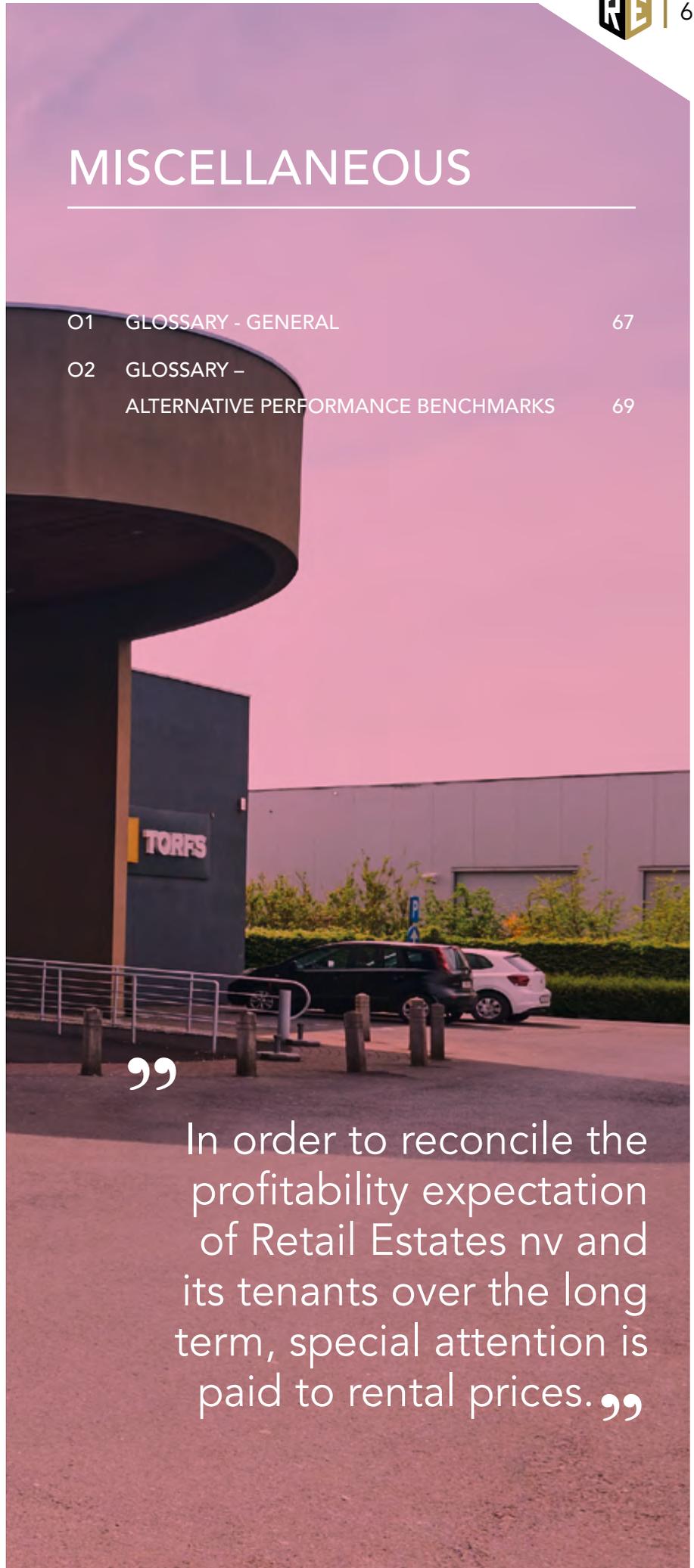
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merken en meer



# MISCELLANEOUS

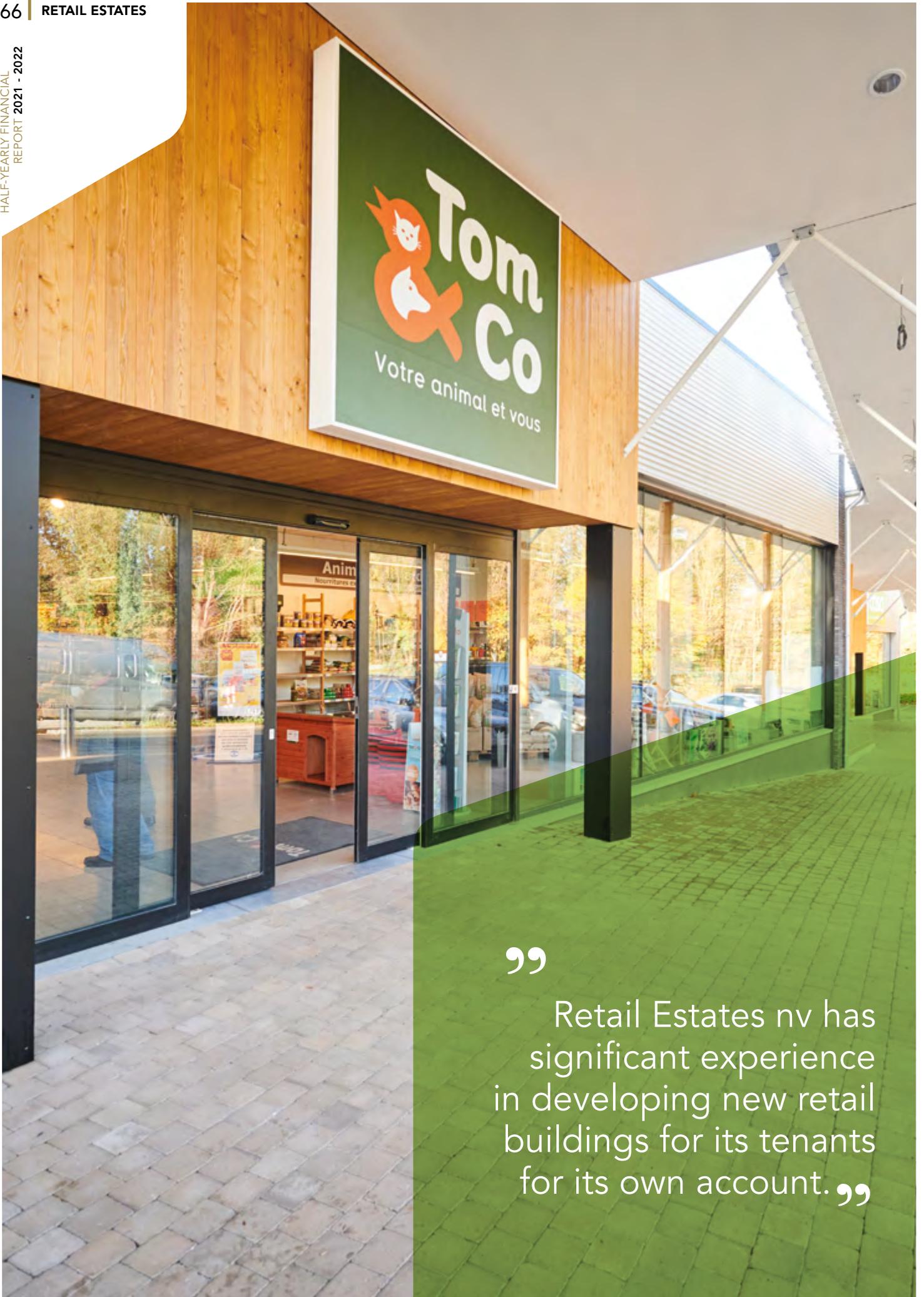
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O2	GLOSSARY – ALTERNATIVE PERFORMANCE BENCHMARKS	69



”

In order to reconcile the profitability expectation of Retail Estates nv and its tenants over the long term, special attention is paid to rental prices.”



”

Retail Estates nv has significant experience in developing new retail buildings for its tenants for its own account.”

## 1. GLOSSARY - GENERAL

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### A

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#### ACQUISITION VALUE

This is the term to be used for the purchase of a building. Any transaction costs paid are included in the acquisition price.

### B

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#### BE-REIT LEGISLATION

The Royal Decree of 13 July 2014 implementing the Act of 12 May 2014 on regulated real estate companies (Belgian REITs), as recently amended by the Act of 2 June 2021.

### C

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#### CHAIN STORES

These are companies that have a central procurement department and operate at least five different retail outlets.

#### CONTRACTUAL RENTS

The index-linked basic rents as contractually determined in the lease agreements as of 30 September 2021, before deduction of gratuities or other benefits granted to the tenants.

### D

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#### DEBT RATIO

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).

#### DIVIDEND YIELD

The ratio of the most recently paid gross dividend to the final share price of the financial year over which the dividend is payable.

### E

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#### EPRA

The European Public Real Estate Association was founded in 1999 to promote, develop and group European listed real estate companies. EPRA prepares codes of conduct with respect to accounting, reporting and corporate governance and harmonises these rules in different countries with the purpose of offering investors high-quality and comparable information. EPRA has also created indices that serve as a benchmark for the real estate sector. All this information is available at [www.epra.com](http://www.epra.com).

#### ESTIMATED INVESTMENT VALUE

This is the value of the real estate portfolio, including costs, registration charges, fees and VAT, as estimated each quarter by an independent expert.

#### EXIT TAX

The exit tax is a special corporate income tax rate applied to the difference between the fair value of the registered capital of companies and the book value of its capital at the time that a company is recognised as a Belgian real estate investment trust, or merges with a Belgian real estate investment trust.

### F

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#### FAIR VALUE

This value equals the amount that would be received for the sale of an asset or that would be paid for the transfer of a liability in an arm's length transaction between market players on the valuation date. From the point of view of the seller, it must be construed minus the registration charges.

### G

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#### GROSS DIVIDEND

The gross dividend per share is the operating profit that is distributed.



### IFRS STANDARDS

The International Financial Reporting Standards are a set of accounting principles and valuation rules prepared by the International Accounting Standards Board. The aim is to simplify international comparison between European listed companies.

Listed companies are required to prepare their consolidated accounts according to these standards starting from the first financial year beginning after 1 January 2005.

### INSTITUTIONAL INVESTOR

An enterprise that professionally invests funds entrusted to it by third parties for various reasons. Examples include pension funds, investment funds,...

### "INTEREST RATE SWAP" (IRS)

An "Interest Rate Swap" is an agreement between parties to exchange interest rate cash flows during a predetermined period of time on an amount agreed beforehand. This concerns only the interest rate cash flows. The amount itself is not swapped. IRS is often used to hedge interest rate increases. In this case a variable interest rate will be swapped for a fixed one.



### MARKET CAPITALISATION

This is the total number of shares at the end of the financial year multiplied by the closing price at the end of the financial year.



### NET ASSET VALUE

NAV (Net Asset Value): this is the shareholders' equity divided by the number of shares.

### NET DIVIDEND

The net dividend equals the gross dividend after retention of 30% withholding tax.



### OCCUPANCY RATE

The occupancy rate is calculated as the ratio of the surface area actually leased out to the surface area available for lease, expressed in m<sup>2</sup>.

### OUT-OF-TOWN RETAIL PROPERTIES

Retail properties grouped along roads leading into and out of cities and towns. Each outlet has its own car park and an entrance and exit road connecting it to the public road.



### REAL ESTATE CERTIFICATE

A real estate certificate is a security that entitles the holder to a proportionate part of the income obtained from a building. The holder also shares in the proceeds if the building is sold.

### RETAIL CLUSTER

A collection of out-of-town retail properties located along the same traffic axis that, from the consumer's point of view, form a self-contained whole although they do not share infrastructure other than the traffic axis.

### RETAIL PARK

Retail properties that form part of an integrated commercial complex and are grouped together with other retail properties. All properties use a central car park with a shared entrance and exit road.

## 2. GLOSSARY – ALTERNATIVE PERFORMANCE BENCHMARKS

### TERMINOLOGY

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"> <li>- "Result on disposals of investment properties";</li> <li>- "Result on sales of other non-financial assets";</li> <li>- "Changes in fair value of investment properties"; and</li> <li>- "Other result on portfolio".</li> </ul>	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)	30.09.21	30.09.20
Operating result before result on portfolio (A)	48 558	43 330
Net rental income (B)	57 385	49 823
<b>Operating margin (A/B)</b>	<b>84.62%</b>	<b>86.97%</b>

FINANCIAL RESULT (EXCLUDING CHANGES IN FAIR VALUE  
OF FINANCIAL ASSETS AND LIABILITIES)

(in € 000)	30.09.21	30.09.20
Financial result (A)	-5 800	-14 093
Changes in fair value of financial assets and liabilities (B)	3 626	-3 874
<b>Financial result (excluding changes in fair value of financial assets and liabilities) (A-B)</b>	<b>-9 426</b>	<b>-10 219</b>

## RESULT ON PORTFOLIO

(in € 000)	30.09.21	30.09.20
Result on disposals of investment properties (A)	473	91
Result on sales of other non-financial assets (B)	0	0
Changes in fair value of investment properties (C)	3 391	-3 210
Other result on portfolio (D)	-699	124
<b>Result on portfolio (A+B+C+D)</b>	<b>3 165</b>	<b>-2 993</b>

## WEIGHTED AVERAGE INTEREST RATE

(in € 000)	30.09.21	30.09.20
Net interest charges (including the credit margin and the cost of the hedging instruments) (A)	9 459	10 244
Other charges of debt (B)*	408	524
Weighted average financial debt of the period (C)**	892 225	940 265
<b>Weighted average interest rate (A-B)/C***</b>	<b>2.02%</b>	<b>2.06%</b>

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

\*\* Financial debt at the end of the period multiplied by factor 0,9821.

\*\*\* Pro rata half year

## NET ASSET VALUE PER SHARE (INVESTMENT VALUE) EXCLUDING DIVIDEND EXCLUDING THE FAIR VALUE OF AUTHORISED HEDGING INSTRUMENTS

(in € 000)	30.09.21	31.03.21
Shareholders' equity attributable to the shareholders of the parent company (A)	795 938	808 223
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B)	-70 918	-63 203
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B)' (Current financial year)	-336	
The fair value of authorised hedging instruments qualifying for hedge accounting (C)	-21 553	-25 678
Proposed gross dividend (D)	29 131	55 729
Number of ordinary shares in circulation (E)	12 665 763	12 665 763
<b>Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments ((A-B-B'-C-D)/E)</b>	<b>67.87</b>	<b>66.43</b>

## GROSS YIELD

(in € 000)	30.09.21	30.09.20
The current rental income (net, after deduction of canon) (A)	116 150	117 050
the estimated investment value of the portfolio (without taking into account the development projects included in the cost price) (A)	1 776 461	1 769 875
<b>Gross yield (A/B)</b>	<b>6.54%</b>	<b>6.61%</b>

\* Difference between the investment value included here and the investment value as stated previously in the balance sheet is explained by the real estate portfolio of "Distri-land". The yield is determined on the basis of real estate reports, whereby the "Distri-land" portfolio is included for 100%. Retail Estates only holds 87% of the issued real estate certificates and values the certificates to the underlying value of the property pro rata its contractual rights (see annual report 2019-2020)

## EPRA KEY PERFORMANCE INDICATORS

	Definitions	Purpose	30.09.21		31.03.21	
			EUR/1000	EUR per share	EUR/1000	EUR per share
EPRA NRV	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.	885 829	69.94	903 837	71.36
EPRA NTA	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.		813 018	64.19	829 935	65.53
EPRA NDV	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.		761 315	60.11	772 670	61.00

	Definitions	Purpose	30.09.21		30.09.20	
			EUR/1000	EUR per share	EUR/1000	EUR per share
EPRA earnings	Current result from adjusted core operational activities.	A key measure of a company's underlying operating results from its property rental business and an indicator of the extent to which current dividend payments are supported by core activity earnings.	37 426	2.95	31 509	2.49

	Definitions	Purpose	30.09.21 %	30.09.20 %
EPRA Net Initial Yield (NIY)	Annualised gross rental income based on current rents ('passing rents') at balance sheet closing dates, excluding property costs, divided by the market value of the portfolio, plus estimated transfer rights and costs resulting from the hypothetical disposal of investment properties.	This measure makes it possible for investors to compare valuations of portfolios within Europe.	6.62%	6.75%
EPRA topped-up Net Initial Yield (topped-up NIY)	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of the rent-free periods or other unexpired lease incentives as step up rents.	This measure, taken into account rent-free periods and tenant incentives, makes it possible for investors to compare valuations of portfolios within Europe.	6.62%	6.75%
EPRA Vacancy	Estimated market Rental Value (ERV) of vacant surfaces divided by the ERV of the portfolio as a whole.	Shows the vacancy rate based on ERV in a clear way.	2.14%	2.70%
EPRA Cost Ratio (incl. vacancy costs)	EPRA costs (including vacancy costs) divided by the gross rental income less ground rent costs.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	13.51%	14.60%
EPRA Cost Ratio (excl. vacancy costs)	EPRA Costs (excluding vacancy costs) divided by the gross rental income less ground rent costs.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	13.08%	13.96%

	30.09.21	30.09.20
EPRA earnings	EUR/1000	EUR/1000
<b>IFRS Net Result (attributable to the shareholders of the parent company)</b>	<b>44 218</b>	<b>24 641</b>
<b>Adjustments to calculate EPRA earnings</b>		
Excluding:		
Variations in the fair value of investment properties (IAS 40)	3 391	-3 210
Other result on portfolio	-699	124
Result on disposal of investment properties	473	91
Changes in the fair value of financial assets and liabilities	3 626	-3 874
Adaptations to minority interests		
<b>EPRA earnings (attributable to the shareholders of the parent company)</b>	<b>37 426</b>	<b>31 509</b>
<b>Diluted EPRA earnings (attributable to the shareholders of the parent company)</b>		
<b>EPRA earnings (EUR/share) (attributable to the shareholders of the parent company)</b>	<b>2.95</b>	<b>2.49</b>
<b>Diluted EPRA earnings per (EUR/share) (attributable to the shareholders of the parent company)</b>		

	30.09.21				31.03.21			
EPRA Net Asset Value (NAV)	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NRV	EPRA NTA	EPRA NDV
	EUR/1000							
<b>Net Asset Value (attributable to the shareholders of the parent company) according to the annual accounts</b>	<b>795 938</b>	<b>795 938</b>	<b>795 938</b>	<b>795 938</b>	<b>808 223</b>	<b>808 223</b>	<b>808 223</b>	<b>808 223</b>
<b>Net Assets (EUR/share) (attributable to the shareholders of the parent company)</b>	<b>62.84</b>	<b>62.84</b>	<b>62.84</b>	<b>62.84</b>	<b>63.81</b>	<b>63.81</b>	<b>63.81</b>	<b>63.81</b>
Diluted net asset value after effect of exercise of options, convertibles and other equity interests	795 938				808 223			
To exclude:								
Fair value of the financial instruments	-21 553	-21 553	-21 553	/	-25 678	-25 678	-25 678	/
Deferred taxes		2 916	2 916	/		2 413	2 413	/
Goodwill as per balance sheet		0	0	0		/		
Intangible fixed assets	/	/	1 598	/	/	/	1 553	/
To include:								
Fair Value of debt at fixed interest rates	/	/	/	-34 623	/	/	/	-35 553
Revaluation of intangible fixed assets to fair value	/	0		/	/	0	0	/
Transfer taxes	/	71 254		/	/	72 349		/
<b>EPRA metric (attributable to the shareholders of the parent company)</b>	<b>817 491</b>	<b>885 829</b>	<b>812 977</b>	<b>761 315</b>	<b>833 901</b>	<b>903 837</b>	<b>829 935</b>	<b>772 670</b>
<b>EPRA metric (EUR/share) (attributable to the shareholders of the parent company)</b>	<b>64.54</b>	<b>69.94</b>	<b>64.19</b>	<b>60.11</b>	<b>65.84</b>	<b>71.36</b>	<b>65.53</b>	<b>61.00</b>

EPRA Net Initial Yield		30.09.21	30.09.20
		EUR/1000	EUR/1000
Investment properties (excluding assets held for sale) fair value		1 725 159	1 722 277
Transfer taxes		71 013	60 770
Investment value		1 796 172	1 783 046
Investment properties under construction		21 971	31 267
Investment value of the properties, available for rent	B	1 774 201	1 751 779
Annualised gross rental income		118 694	119 473
Property costs		-1 243	-1 279
<b>Annualised net rental income</b>	A	<b>117 450</b>	<b>118 195</b>
Notional rent expiration of rent free period or other lease incentives			
<b>Topped-up net annualised rent</b>	C	<b>117 450</b>	<b>118 195</b>
<b>EPRA Net Initial Yield (NIY)</b>	A/B	<b>6.62%</b>	<b>6.75%</b>
<b>EPRA topped-up Net Initial Yield (topped-up NIY)</b>	C/B	<b>6.62%</b>	<b>6.75%</b>

EPRA Vacancy Rate		30.09.21	31.03.21
		EUR/1000	EUR/1000
Estimated rental value of vacant surfaces		2 544	3 157
Estimated rental value of total portfolio		118 694	117 126
<b>EPRA Vacancy Rate</b>		<b>2.14%</b>	<b>2.70%</b>

EPRA Cost Ratio	30.09.21	30.09.20
	EUR/1000	EUR/1000
Operating corporate costs	3 103	2 865
Impairments on trade receivables	-84	2 121
Ground rent costs	243	103
Property costs	4 694	2 587
Less:		
Ground rent costs	-243	-103
<b>EPRA costs (incl. vacancy costs)</b>	<b>7 712</b>	<b>7 573</b>
Vacancy costs	-247	-332
<b>EPRA costs (excl. vacancy costs)</b>	<b>7 465</b>	<b>7 241</b>
Rental income less ground rent costs	57 089	51 866
	%	%
<b>EPRA Cost Ratio (incl. vacancy costs)</b>	<b>13.51%</b>	<b>14.60%</b>
<b>EPRA Cost Ratio (excl. vacancy costs)</b>	<b>13.08%</b>	<b>13.96%</b>



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## AWARDS

Retail Estates was again included in the EPRA annual report Survey and received a gold award. For the 2020-2021 annual report, Retail Estates was also awarded the “most improved trophy” by EPRA for its sustainability report and it also received the sBPR label “SILVER” ”



Investments in out-of-town retail real estate have, over the years, become more attractive owing to a stricter permit policy adopted by the government, a very limited supply of high-quality shop locations and a continuously high level of demand.”

## INFORMATION SHEET

<b>Name:</b>	Retail Estates nv
<b>Status:</b>	Public Belgian Real Estate Investment Trust ("Belgian REIT") organised and existing under the laws of Belgium.
<b>Address:</b>	Industrielaan 6, B-1740 Ternat
<b>Tel:</b>	+32 (0)2 568 10 20
<b>Fax:</b>	+32 (0)2 581 09 42
<b>E-mail:</b>	info@retailestates.com
<b>Website:</b>	www.retailestates.com
<b>RLE:</b>	Brussels
<b>VAT:</b>	BE 0434.797.847
<b>Company number:</b>	0434.797.847
<b>Date of incorporation:</b>	12 July 1988
<b>Status as fixed-capital real estate investment fund granted:</b>	27 March 1998 (until 23 October 2014)
<b>Status as Belgian real estate investment trust (BE-REIT) granted:</b>	24 October 2014
<b>Duration:</b>	Unlimited
<b>Management:</b>	Internal
<b>Statutory auditor:</b>	PwC Bedrijfsrevisoren bv – Woluwegarden-Woluwedal 18 at 1932 Brussel, represented by Mr Damien Walgrave
<b>Financial year closing:</b>	31 March
<b>Capital at 30.09.2021:</b>	€ 284 984 601.97
<b>Number of shares at 30.09.2021:</b>	12 665 763
<b>Annual shareholders' meeting:</b>	Penultimate Monday of July
<b>Share listing:</b>	Euronext – continuous market
<b>Financial services:</b>	KBC Bank
<b>Value of real estate portfolio as of 30.09.2021:</b>	Investment value € 1 796.17 million – fair value € 1 725.16 million (incl. value of "Immobilière Distri-Land nv" real estate certificates)
<b>Real estate experts:</b>	Cushman & Wakefield, CBRE, Colliers and Stadim
<b>Number of properties as of 30.09.2021</b>	988
<b>Type of properties:</b>	Out-of-town retail real estate
<b>Liquidity provider:</b>	KBC Securities and De Groef Petercam

### AVAILABILITY OF THE HALF-YEAR FINANCIAL REPORT

This half-year financial report is available in Dutch, French and English versions.

This half-year financial report was prepared in Dutch. Retail Estates nv checked the translation of and the correspondence between the official Dutch version and the French and English versions and is responsible for the translations. In the event of contradictions between the Dutch and the French or English version, the Dutch version shall prevail. For information purposes only, an electronic version of this half-year financial report is available on the website of Retail Estates nv ([www.retailestates.com](http://www.retailestates.com)). None of the other information published on the website of Retail Estates nv is part of this half-year financial report.





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