



Press release

Ternat, 21 February 2022

INTERIM STATEMENT OF THE BOARD OF DIRECTORS

THIRD QUARTER 2021-2022¹ (closed on 31.12.2021)

Net rental income of € 86.32 million.

EPRA earnings² for the third quarter of the financial year 2021-2022 amounts to € 56.21 million.

The EPRA profit per share³ is € 4.40. An increase of 16.09% compared with EPRA earnings per share of EUR 3.79 in the comparable period of the 2020-2021 financial year and an increase of 4.49% compared with EPRA earnings per share of EUR 4.21 in the comparable period of the 2019-2020 financial year (pre-COVID-19).

The fair value of the real estate portfolio⁴ totals € 1,755.52 million on 31 December 2021. Significant increase in value in the Netherlands.

Dividend: prognosis of € 4.60 gross dividend confirmed.

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

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

³ Taking into account the emission on 14 October 2021 of 560,689 shares within the context of a capital increase by non-monetary contribution. These shares have been sharing in the company's profit as from 1 April 2021.

⁴ Including land reserves and projects under development.

1. REAL ESTATE ACTIVITIES DURING THE THIRD QUARTER 2021-2022

1.1. Rental income and occupancy rate⁵

The net rental income amounts to € 86.32 million for the first three quarters of the financial year, an increase by € 10.46 million compared to the same period in the past financial year 2020-2021. This increase can be explained mainly by the partial remission of rent during the COVID-19 pandemic and by the additional rental income from investments in the financial year 2020-2021.

The occupancy rate of the portfolio was 97.71% on 31 December 2021, compared to 96.29% on 31 December 2020.

1.2. Fair value⁶ of the real estate portfolio: strong increase in the Netherlands

The fair value of the real estate portfolio (including non-current assets under construction) on 31 December 2021 amounted to € 1,755.52 million, which represents an increase by € 38.28 million (+2.23%) compared to the fair value on 31 March 2021 (€ 1,717.25 million). This is attributable to the investments and divestments in the first three quarters, the variations in the fair value of investment properties and a few strategic divestments.

The variation in the fair value of the real estate portfolio is € 13.24 million and can be explained mainly by an overall value increase of both the Belgian and the Dutch real estate portfolio, both driven by a strong leasing activity in the investment market. This trend never really stopped during the past two years of the Covid-19 crisis, but accelerated in late 2021 thanks to the resilience of the sector. This was noticeable in the Netherlands in particular: after yield compression, a significant added value of € 12.21 million was estimated for this part of the portfolio, which has a fair value of € 479.47 million.

As of 31 December 2021, the real estate portfolio consists of 1,003 properties with a lettable surface of 1,192,645 m².

⁵ The occupancy rate is calculated as the effective leased surface area in relation to the lettable surface area, expressed in m².

⁶ Fair value: investment value as determined by an independent real estate expert, with (hypothetical) transfer taxed deducted. The fair value is the book value under the IFRS (see also note 21 of the 2020-2021 annual report).

1.3. Arbitration within the real estate portfolio

Retail Estates takes advantage of the relatively high prices paid by private investors for solitary retail properties by selectively selling a number of them, thus simplifying the management of the real estate portfolio and optimising the quality of the real estate portfolio by reinvesting the sales revenue.

In addition to the sale of the retail park in Lommel, the proceeds of which were reinvested in new properties⁷, 9 solitary retail properties were sold. They are located in Balen (2), Veurne (2), Montignies-sur-Sambre (1), Binche (2), Zaventem (1 retail unit and 2 flats), Geraardsbergen (1) and Brugge (1). The total sales revenue amounted to € 11.72 million. This revenue was reinvested in the construction of a new retail property in Brugge (X²⁰), the speculative purchase of a warehouse in Kampenhout, the installation of solar panels in retail parks in Hasselt and Heerlen (the Netherlands) and renovation works in various retail properties.

The above-mentioned transactions yielded a profit of € 0.27 million.

2. EVENTS AFTER THE BALANCE SHEET DATE

With the exception of the evolutions linked to COVID-19, no significant events took place after 31 December 2021.

3. KEY FIGURES ON 31 DECEMBER 2021

3.1 EPRA earnings

On 31 December 2021 the EPRA earnings had evolved to € 56.21 million compared to € 47.91 million in the comparable period in the 2020-2021 financial year. The calculation of the EPRA earnings per share takes into account the weighted average number of shares on 31 December 2021, i.e. 12,784,017. The EPRA earnings per share (on the basis of the weighted average number of shares) amounted to € 4.40 on 31 December 2021, compared to € 3.79 on 31 December 2020. The dividend forecast is maintained at € 4.60 gross per share.

3.2. Net result

The net result, which also takes into account the results on disposals of investment properties (€ 0.27 million), the variations in the fair value of the investment properties (€ 13.24 million), the other result on portfolio (€ -1.19 million) and the variations in the fair value of financial instruments (€ 9.20 million) amounted to € 77.74 million on 31 December 2021.

⁷ See press release of 17 January 2022.

3.3. Information per share

	31.12.2021	31.03.2021
Number of shares in circulation	13,226,452	12,665,763
Weighted average number of shares	12,784,017	12,652,011
Net asset value per share IFRS	65.44	63.81
EPRA NTA	66.38	65.53
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments	68.58	66.43
	31.12.2021	31.12.2020
EPRA earnings per share (based on weighted average number of shares)	4.40	3.79
EPRA earnings per share (based on number of shares entitled to dividends)	4.25	3.78

3.4. Debt ratio

The debt ratio is 50.42% on 31 December 2021, compared to 52.18% on 31 March 2021. The decrease toward the 50% target by 31 March 2022 has accelerated thanks to the € 35.86 million capital increase of October 2021 and the increase in the value of the real estate portfolio⁸.

As regards the hedging of interest rate risks, Retail Estates has pursued a policy of maximum hedging for 24 years. On 31 December 2021 the average interest rate was 1.98% thanks to the interest risk hedging of 91% on 31 December 2021 and 94.65% on average in the next 3 years. The gradual interest rate increase did cause the negative value of the hedging instruments to decrease from € -25.68 million (on 31 March 2021) to € -15.56 million on 31 December 2021.

⁸ See press release of 6 October 2021.

4. FINANCIAL CALENDAR

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

ABOUT RETAIL ESTATES NV

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

As of 31 December 2021, Retail Estates nv has 1,003 properties in its portfolio with a total retail area of 1,192,645 m², spread over Belgium and the Netherlands. The occupancy rate of the portfolio was 97.71% on 31 December 2021, compared to 97.07% on 31 March 2021.

The fair value of the consolidated real estate portfolio of Retail Estates NV on 31 December 2021 is estimated at € 1,755.52 million by independent real estate experts.

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

FORWARD-LOOKING STATEMENTS

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

Ternat, 21 February 2022

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