



RETAIL ESTATES



PRESS RELEASE
Regulated information
Ternat, 31 July 2023

INTERIM STATEMENT OF THE BOARD OF DIRECTORS

FIRST QUARTER 2023-2024¹ (closed on 30.06.2023).

EPRA EARNINGS² (OF THE GROUP) FOR THE FIRST QUARTER OF THE FINANCIAL YEAR 2023-2024 INCREASED TO € 22.32 MILLION COMPARED TO € 18.59 MILLION IN THE PREVIOUS FINANCIAL YEAR. THE EPRA PROFIT PER SHARE IS € 1.58.

THE FAIR VALUE OF THE REAL ESTATE PORTFOLIO TOTALS € 1,895.22 MILLION ON 30 JUNE 2023. THE VALUATIONS INCREASED SLIGHTLY, AT CONSTANT PERIMETER, COMPARED TO THE VALUATIONS ON 31 MARCH 2023.

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.

1. REAL ESTATE ACTIVITIES DURING THE FIRST QUARTER 2023-2024

1.1 Rental income and occupancy rate³

Net rental income amounted to € 33.69 million in the first quarter of the financial year, an increase by 13.95% with respect to the comparable quarter in the 2022-2023 financial year. The increase can be explained by the new acquisitions of the past financial year (€ 1.38 million) on the one hand and by indexation on the other hand.

The occupancy rate of the entire portfolio was 98.04% on 30 June 2023, compared to 98.08% on 31 March 2023.

1.2 Fair value⁴ of the real estate portfolio

The fair value of the real estate portfolio (including non-current assets under construction), amounts to € 1,895.22 million on 30 June 2023.

1.3 Investments – retail parks

Retail Estates signed an agreement that will lead to the acquisition in early October 2023 of the retail park Alexandrium II Megastores in Rotterdam, which is part of the largest out-of-town retail area in the Randstad region. The structural connection between the home decoration mall Alexandrium, the regional Shopping Center Alexandrium (Alexandrium I – owned by Klépierre) and the retail park Alexandrium II Megastores creates a very complementary mix and a retail offer that is exceptional for the Netherlands, with a total of 200 retail units over a surface area of 110,000 m². All shops are open 7 days a week, and Alexandrium attracts 15 million visitors each year.

The retail park Alexandrium II Megastores represents 26,500 m² of large-scale retail area subdivided into 18 units with a large number of first-rank tenants like Mediamarkt, Decathlon, Pets Place, Sportsworld and Coolblue. It's one of the few out-of-town retail parks where the town planning regulations allow for large retail units that can also be used for general retail trade activities, e.g. clothing, shoes and sporting goods. The retail park is let entirely.

For more information, we refer to the press release of 16 June 2023.

1.4 Divestments

No significant investments took place in the first quarter of 2023.

1.5 Events after the balance sheet date

The results of the interim optional dividend have led the shareholders of Retail Estates to opt to subscribe for new shares for about 35% of their dividend rights. The result of the subscription shows the shareholders' trust in the strategy adopted by the company within the context of a volatile stock market climate.

A total of 34.97% of the coupons no 31 were incorporated in exchange for new shares. As a result, 289,760 new shares were issued on 12 July 2023, for a total amount of € 16,895,905.60 (including the issue premium). These shares were admitted to trading on Euronext Brussels and Euronext Amsterdam on 12 July 2023 and have been immediately tradable from that date onward. They share in the results of the current financial year that started on 1 April 2023.

³ The occupancy rate is calculated as the ratio of the surface area actually leased out to the surface area available for lease, expressed in m².

⁴ 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 2022-2023 annual report).

This capital increase will be used to partially fund the above-mentioned acquisition of the retail park “Alexandrium II Megastores” in Rotterdam, which will take place in early October 2023. The balance will be financed via bank loans.

KEY FIGURES AS AT 30 JUNE 2023

1.1. EPRA Earnings and net result

On 30 June 2023 the EPRA earnings evolved to € 22.32 million compared to € 18.59 million in the comparable period in the 2022-2023 financial year. The calculation of the EPRA earnings per share takes into account the weighted average number of shares on 30 June 2023, i.e. 14,085,827 shares. The EPRA earnings per share (based on the weighted average number of shares) amounted to € 1.58 on 30 June 2023, compared to € 1.39 on 30 June 2022 (based on the then weighted average number of shares, i.e. 13,377,551).

The net result of the group year amounted to € 28.43 million on 30 June 2023 and consists of the EPRA earnings (€ 22.32 million), the result on the real estate portfolio (€ 4.62 million) and variations in the fair value of financial assets and liabilities (€ 1.50 million). In order to limit the interest risk on the financing of its investments, Retail Estates has implemented a very cautious hedging strategy (cash flow hedges), according to which floating rate debts are converted into fixed-rate debts in the long term. This is an unrealised and non-cash result.

1.2. Weighted average interest charges⁵

On 30 June 2023 the weighted average interest rate was 2.13% compared to 2.06% on 31 March 2023 and results from the changed composition of the credit portfolio, partly on account of the reallocation of appropriations in the past financial year and partly on account of new appropriations. Retail Estates combines bilateral credits at different banking partners with private placements of bonds at institutional investors and with a commercial paper programme (fully covered by back-up lines). The average maturity of the credit portfolio is 3.4 years. As 95% of the interest risk was hedged by means of cash flow hedges on 30 June 2023 (see above), the impact of the increasing short-term interest rates is not significant.

⁵ 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.

1.3. Information per share

	30.06.2023	31.03.2023
Number of shares in circulation	14,085,827	14,085,827
Weighted average number of shares	14,085,827	13,909,243
Net asset value per share IFRS ⁶	75.02	77.90
EPRA NTA ⁷	70.73	73.78
	30.06.2023	30.06.2022
EPRA earnings per share (based on weighted average number of shares)	1.58	1.39
EPRA earnings per share (based on number of shares entitled to dividends)	1.58	1.32

The decrease of the EPRA NTA is due to the effect of the entry of the interim dividend in the accounts for an amount of € 4.90 per share. Only the dividend of the first quarter of the 2023-2024 financial year is included in the EPRA NTA on 30 June 2023. The effect of the optional dividend has not yet been recognised as the distribution of the optional dividend took place only on 12 July 2023.

1.4. Debt ratio

The debt ratio was 47.35% on 30 June 2023, compared to 44.77% on 31 March 2023. The increase in the debt ratio on 30 June is due to the entry of the interim dividend for an amount of € 4.90 but does not take into account the effect of the optional dividend, in the context of which the shareholders of Retail Estates opted to subscribe for new shares for almost 35% of their dividend rights. As the actual distribution of the optional dividend took place from 12 July 2023 onwards, this has not yet been incorporated into the figures as at 30 June. The pro forma debt ratio, taking into account the effect of the optional dividend, is 46.49%.

2. OUTLOOK

Macroeconomic uncertainties do not allow predictions about the evolution of the fair value of investment properties nor about the changes 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 expected dividend is maintained at € 5 gross per share.

⁶This net asset value as at 30 June 2023 includes dividends and contains the proposed dividend for the first quarter of the 2023-2024 financial year. The dividend of the previous financial year, amounting to € 4.90, was deducted from this net asset value, the effect of the optional dividend was not yet recognised on 30 June 2023.

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

3. FINANCIAL CALENDAR

Announcement of the half-year results for the 2023-2024 financial year	20 November 2023
Announcement of the results of the third quarter of the 2023-2024 financial year	26 February 2024
Announcement of the annual results of the 2023-2024 financial year	27 May 2024

ABOUT RETAIL ESTATES NV

The Belgian public real estate investment trust Retail Estates nv is a niche player specialised in making 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 estate properties from third parties or builds and commercialises retail buildings for its own account. The buildings have useful areas ranging between 500m² and 3,000m². A typical retail building has an average area of 1,000 m².

As of 30 June 2023, Retail Estates nv has 1,012 premises in its portfolio with a total retail area of 1,209,946 m², spread over Belgium and the Netherlands. The occupancy rate of the entire portfolio was 98.04% on 30 June 2023, compared to 98.08% on 31 March 2023.

The fair value of the consolidated real estate portfolio of Retail Estates NV as at 30 June 2023 is estimated at € 1,895 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, 31 July 2023

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'IN RETAIL WE TRUST'

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