

# NOTES OF THE BOARD OF DIRECTORS ON Q3 2022

## REGULATED INFORMATION

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# Notes of the Board of Directors on Q3 2022

## HIGHLIGHTS

For Q3 2022 we note the following key data:

- The net result amounts to €41.5 million on 30 September 2022 or €4.15 per share
- The rental income has increased by €3.9 million in comparison to Q3 last year and now amounts to €51.6 million
- The occupancy rate of the total investment portfolio increases to 91.20% compared to 89.09% at the end of 2021
- The financial debt ratio fell from 48.56% at the end of 2021 to 45.70% on 30 September 2022
- More than 100 apartments have already been reserved from the Park Lane phase II project at the Tour & Taxis site
- In October 2022, the Darwin I building - "Bronze Gate" - at Cloche d'Or was sold for €65 million
- A lease was signed with CD&V for 1,500 sqm of offices at Gare Maritime in Brussels and with B&B HOTELS for the development of a 150-room hotel at Cloche d'Or in Luxembourg



*“Higher inflation and interest rates have put serious pressure on the real estate sector, resulting in a wave of sales on the stock market. Strengthened by the success of the first phase, Nextensa nevertheless started the construction of phase II of the Park Lane project on the Tour & Taxis site (346 apartments). Initial results show smooth reservations of already more than 100 apartments. Furthermore, a number of important lettings were realized during the past quarter. Our focus on quality and sustainable assets and developments continues to enable us to deliver solid results, which makes us cautiously look ahead positively.”*

Michel Van Geyte,  
CEO Nextensa



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# ACTIVITY REPORT

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## INVESTMENT PORTFOLIO

### GRAND DUCHY OF LUXEMBOURG

#### Titanium

The sale of the shares of the Luxembourg company GK5 Sàrl, which owns the "Titanium" site (Cloche d'Or, Luxembourg), to Codic will be able to be completed by the end of 2022. This sale will provide a significant realised capital gain for Nextensa in the last quarter of 2022.

#### Shopping center Knauf Schmiede

The extension of the Knauf Schmiede shopping centre, consisting of eight new shops, was officially opened to the public in September. Work is currently ongoing on the new catering concept with a +600 sqm terrace, which will open in the first quarter of 2023.

#### Moonar

The renovation of the new Moonar office park is progressing on schedule. Moonar is an office campus close to the airport with a full range of services for tenants and an emphasis on outdoor meetings and landscaping. The office park consists of 5 buildings, of which the first building - "Building D" -, will be fully renovated (windows and glazing, false ceilings, HVAC, plumbing, etc.) by the first quarter of 2023. The remaining four buildings will be completed in the course of 2023.

Negotiations are ongoing with several current tenants of the park who have expressed their interest in returning to their new offices resulting in an increase in rent.

#### Leases

The occupancy rate of the investment portfolio in Luxembourg is 89.50% at the end of September 2022.

In October, a new Rituals shop was opened in the Knauf Pommerloch shopping centre and a 1,200 sqm Colruyt in the Boomerang Strassen shopping centre, underlining once again that retail is back on track.

## BELGIUM

### Brussels – Tour & Taxis

The Tour & Taxis site is buzzing. It has welcomed a large number of visitors in recent months at events such as the real estate fair Realty, the gastronomic festival Eat! Brussels, the Brussels Design Market or at conferences at Maison de la Poste.

CD&V will soon move its headquarters into the Gare Maritime (1,500 sqm), which will increase the office occupancy rate. Furthermore, concrete discussions are ongoing for the lease of a number of retail units in the Gare Maritime.

For the Royal Depot, a number of significant lease renewals (e.g. with Federgon for 1,170 sqm) and new leases could again be signed, keeping this building fully let.

In addition, on the site the Hôtel des Douanes is being prepared for lease. This multi- or single-tenant building will soon accommodate 6,500 sqm of offices and meeting rooms and will once again become a showcase of sustainability. The individuality of this historic building will be fully preserved and will be combined with the most sustainable techniques, an approach that has become Nextensa's trademark.



@ Hôtel Des Douanes, Belgium

The accessibility of the site is also improving. In late September, the Suzan Daniel Bridge opened for buses, trams, pedestrians and cyclists, connecting the site to the North District. Works on the new tram line that will pass over the bridge in the future will normally start in late 2023. This tram will connect the Tour & Taxis site with the North Station and Central Station.

## **Leases**

The occupancy rate of the total investment portfolio in Belgium is 89.20% at the end of September 2022.

The letting of the remaining buildings in Belgium is on track. The Hangar 26/27 building is 93% let. Railtraxx expanded its offices with 560 sqm at the beginning of September. The Motstraat office building in Mechelen is 96% let. Earlier this year, a lease was signed with Omnivision for 479 sqm.

## **AUSTRIA**

The occupancy rate of the retail parks in Austria remains consistently at 100%.

The electronics retailer Conrad will cease its operations in Austria at the beginning of 2023 and thus also leave its retail unit at the Vösendorf Nordring 2-10 site. However, a letter of intent has already been signed with Gifi to take over this retail unit.

At the Vösendorf Nordring 16 retail park, works are ongoing to split a retail unit into two at the request of the existing tenant Pitarello. This creates an opportunity to welcome an additional tenant to the site. Negotiations with an interested discounter are at an advanced stage.

## Development

### GRAND DUCHY OF LUXEMBOURG

The development activities in Luxembourg mainly consist of the activities on “La Cloche d’Or”, the new urban district on the southern borders of Luxembourg City, and are carried out in joint venture with the Luxembourg developer Promobe.

#### La Cloche d’Or - Offices

At the end of September 2022, the Darwin I building - “Bronze Gate” - was delivered. At the beginning of October, this Bronze Gate building was sold for €65 million to Luxembourg-based real estate investor REInvest Asset Management S.A. This building of approx. 5,040 sqm is fully leased to atHome Group, which specialises in online platforms for the sale of real estate and vehicles, and to the international law firm CMS DeBacker Luxembourg.

On Îlot E, the construction work on the first office building “The Emerald” is progressing on schedule, with a delivery in Q3 2023. This building of approx. 7,000 sqm is already pre-let for 43% to a law firm. For the remaining surface, strong interest is shown by several potential tenants.

Also on Îlot E, right next to the Emerald building, preparations are ongoing for the construction of the “White House” building, also comprising of 7,000 sqm of offices, with the objective of obtaining a BREEAM Excellent sustainability label. The construction work itself will only start after a first pre-letting of this building. Since the preparatory work has already started, it will be possible to move quickly and deliver within 15 months.

#### La Cloche d’Or - Residential

The sale of the residential part at La Cloche d’Or has suffered a delay due to the economic situation. Nevertheless, it was decided to start with the construction work on the D5-D10 project this year. As a result, the first notarial deed can also be passed this year. Meanwhile, the last 13 apartments out of a total of 194 are being commercialized.

The Îlot D-Nord project is on track for gradual delivery during 2023. Meanwhile, the last apartments are being sold, 13 of the 194 are still for sale.



A fixed lease of 20-year was signed mid-September with B&B HOTELS for the development of a 150-room hotel. The permit process is currently ongoing and works are expected to start in the first half of 2023 with a presumed completion date in early 2025. The arrival of a hotel on the Cloche d'Or site will contribute to a further diversification of its functions, in addition to the office, retail, and residential buildings already present.

## **BELGIUM**

The development activities in Belgium mainly consist of the Tour & Taxis site.

In mid-October, the delivery of the 77 apartments in the last building of Park Lane phase I, the Dayton building, started.

The Park Lane phase II project, consisting of 11 compact buildings and 346 apartments, is now in full commercialisation. The commercialisation of a final 'courtyard' of buildings started in September. Currently, more than 100 apartments of this project have already been reserved. During Q4 2022, the first notarial deeds will also be passed, meaning that in the last quarter of 2022 the margin can already be partly recognised in the results.

In addition, the Lake Side project is also beginning to take shape. Lake Side forms the final phase of the large-scale urban development at Tour & Taxis. The project has a potential of about 136,000 sqm of apartments, coliving, offices, public facilities and retail spread over 15 buildings. The permit for this project will be submitted in spring 2023.

## SUSTAINABILITY

During the third quarter, further efforts were made to achieve our previously set sustainability ambitions.

At Tour & Taxis, the new pond created in front of the Gare Maritime was filled last summer with the groundwater pumped up for the construction works on the Park Lane phase II project's parking lot. In addition, the soil coming from this project, some 12,800 tonnes, was completely transported by water. This is an equivalent of +/- 550 trucks that have been replaced by ships.

Further steps were also taken in terms of charging infrastructure for electric vehicles. A partnership has been established with Tesla to provide Superchargers at retail sites. These Superchargers will be operational at the Brixton Business Park in Zaventem before the end of the year. Additional charging infrastructure will also be installed in the Hangar 26/27, Motstraat and Royal Depot buildings.

In addition, work continues on the EU taxonomy suitability assessment, determining which activities of the current investment and development portfolio qualify as 'green' activities according to the taxonomy's environmental objectives. The results will be presented in the 2023 sustainability report.

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## CONSOLIDATED RESULTS

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Key consolidated figures	30/09/2022	31/12/2021	30/09/2021
Fair value investment portfolio (€ 1.000)	1.354.419	1.407.919	1.413.974
Fair value investment properties incl. participation in Retail Estates (€ 1.000)	1.431.444	1.504.404	1.506.539
Investment value investment properties (€ 1.000)	1.375.506	1.439.107	1.445.443
Rental yield based on fair value	5,34%	5,20%	5,19%
Rental yield based on investment value	5,25%	5,08%	5,08%
Occupation ratio	91,20%	89,09%	88,83%
Net asset value group share (€ 1.000)	801.603	779.970	771.874
Net asset value group share per share (number of shares at closing date)	80,1	78,0	77,2
Total assets (€ 1.000)	1.840.779	1.895.961	1.867.227
Consolidated financial debts (excl. IFRS 16)	835.905	913.555	920.185
Financial debt ratio (financial debts / total assets)	45,70%	48,56%	49,75%
Loan-to-value (investment portfolio)	53,10%	54,27%	55,64%
Average debts duration (years) - investment portfolio	2,87	2,98	3,00
Average financial cost investment portfolio	2,25%	2,07%	2,05%
Average duration derivative instruments (years)	3,51	3,98	4,24
Rental income (€ 1.000)	51.605	65.174	47.700
Operational result of development projects	15.730	15.373	5.632
Net result group share (€ 1.000)	41.472	53.244	35.651
Net result group share per share (number of shares at closing date)	4,15	5,32	3,57
Global result group share (€ 1.000)	50.614	65.642	46.176
Global result group share per share (number of shares at closing date)	5,06	6,55	4,62

### Results regarding real estate investments

The rental income is significantly higher than in the same period last year : an increase of €3.9 million to €51.6 million. On the one hand, this is due to the addition of the heritage buildings at Tour & Taxis, but on the other hand we also see a like-for-like rental growth of 1.03%, due to the steadily increasing indexation of leases. The occupancy rate rises to 91.2%.

The realized result on sales remained unchanged at €5.3 million compared to the half-year figures, but here a strong positive effect is still expected in Q4 2022 following the closing of the sale of the Titanium building in Luxembourg scheduled for the second half of December 2022.

Consequently, the operating result of real estate investments amounts to €44.5 million.

### Results regarding development projects

The development projects contributed €15.7 million in the first nine months of 2022. On the Tour & Taxis site, phase I has almost been fully delivered, with only five flats and six commercial units remaining for sale. As for phase II, both commercialisation and construction works are in full swing and the first notarial deeds are being passed since early October 2022. This means that for the time being, no margin has been recognised on this phase II, but this will start from Q4 2022.

On the Cloche d'Or site in Luxembourg, the Darwin I "Bronze Gate" building was completed at the end of September and sold during October 2022. In addition, the works on The Emerald are progressing on schedule, with a delivery in Q3 2023. On the residential front, construction works continue on the D-North project, with a view to deliver during 2023.

Meanwhile, preparatory works for the D5-D10 subproject have also been completed, allowing the construction of the first phase to start in November 2022. In a first phase, 76 apartments of a total of 185 will be built. The first notarial deeds will be passed in November 2022, which means this subproject will still contribute to the Q4 2022 result.

## Financial results and management of financial resources

Due to the rise in the interest curve, the average funding cost has increased from 2.07% at the end of 2021 to 2.25% at the end of September 2022. Most of the recent rise in short-term interest rates is offset by the hedging instruments purchased in the past. The average duration of the hedging instruments is still 3.5 years, so we are armed against higher interest rates for quite some time.

Moreover, efforts are continuing to reduce the debt ratio, which is evolving from 48.6% at the end of 2021 to 45.7% at the end of September 2022. The sale of the Titanium building will facilitate a further decrease in this debt ratio, and at the same time result in a higher coverage ratio due to lower debt take-up.

The rising interest curve also led to a positive revaluation of the derivatives portfolio on 30 September 2022. This positive effect is partly offset by the decrease in the value of the stake in Retail Estates, which according to IFRS standards must be valued at the price on the balance sheet date.

The net asset value (group share) rises to €801.6 million or €80.1 per share.

## Outlook

The investment properties are performing particularly well in all segments in which Nextensa operates. High inflation rates are reflected into rental indexations, while rising occupancy rates are also boosting the rental income. The absence of Covid restrictions also ensures that plenty of events can again take place on the Tour & Taxis site, which is also positive for the turnover figures of the Food Market at the Gare Maritime. Moreover, the date of the sale of the Titanium building has been set for the second half of December 2022, so the capital gain on this will be recognised in Q4 2022.

In terms of developments, the phase I of Park Lane will reach finalisation in Q4 2022. Meanwhile sales of Phase II are running like clockwork (more than 100 units reserved since the start of commercialisation in April this year), which means that the margin on this project will also be gradually recognised from Q4 2022. In Luxembourg, the sale of Darwin I "Bronze Gate" took place in October 2022 and construction work continues on the following office project in order to be delivered in summer 2023. On the residential front, the D-Nord project is scheduled to be delivered in 2023 and the next residential project, D5-D10, will start in November 2022.

Given the net result of €41.5 million on 30 September, the net result for the full 2022 financial year will, except for exceptional circumstances, largely exceed the published net result of the 2021 financial year.





## Financial calendar

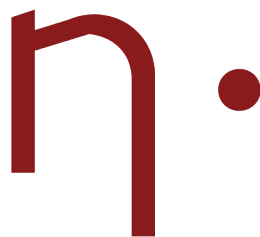
Annual results 2022	15/02/2023
Annual financial report 2022	31/03/2023
Interim statement Q1 2023	15/05/2023
Annual meeting of shareholders	15/05/2023
Dividend payment	22/05/2023
Half-year financial report 2023	17/08/2023

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## ABOUT NEXTENSA

Nextensa NV/SA is a mixed real estate investor and developer. The company's investment portfolio, which is spread over the Grand Duchy of Luxembourg (46%), Belgium (41%) and Austria (13%), had a total value on 30/09/2022 of approximately €1.35 billion. As a developer, Nextensa is mainly active in shaping large urban developments. At Tour & Taxis (development of more than 350,000 sqm) in Brussels, Nextensa is building a mixed real estate patrimony consisting of the revaluation of iconic buildings and new constructions. In Luxembourg (Cloche d'Or), it is working in partnership on a major urban extension of more than 400,000 sqm consisting of offices, retail and residential units.

The company is listed on Euronext Brussels and has a market capitalisation of € 541.1 million (at 30/09/2022).



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**Registered office :**

Gare Maritime  
Picardstraat 11 bus 505  
BE-1000 Brussel

+32 2 882 10 00  
info@nextensa.eu  
www.nextensa.eu

Register of legal entities : 0436.323.915 (Brussels)  
ISIN code BE0003770840  
LEI 549300BPHBCHEODTG670