

NOTES OF THE BOARD
OF DIRECTORS
ON Q3 2023

REGULATED INFORMATION

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NOTES OF THE BOARD OF DIRECTORS ON Q3 2023

Highlights

- **Hybrid model pays off:** Nextensa's hybrid model, which was created 2 years ago, has shown its resilience in a difficult market in recent months. The investment properties help absorb the slowdown in the development activities.

A growth in rental income from the **investment properties** is recorded. Rental income amounts to €52.6 million compared to €51.6 million last year and this despite the sale of several buildings in 2022. This increase is mainly due to the signing of new leases in Belgium and Luxembourg, to the indexation of ongoing leases, to the 100% occupancy in Austria and to the many events taking place at the Tour & Taxis site. This results in a like-for-like rental growth of 9%.

The operating result of the **development projects** amounts to €10.9 million, being €4.8 million lower compared to the same period last year:

- Of the 346 appartements of Park Lane phase II at Tour & Taxis, 200 have already been reserved or sold, which can undoubtedly be called a success. The residential buyers at Tour & Taxis appreciate the 'unique selling proposition' this site offers through its mix of features.
 - Despite a decline in appartement sales in Luxembourg, the developments at Cloche d'Or made a positive contribution of €8.7 million.
- **Result:** The net result (group share) amounts to €21.8 M or €2.18 per share compared to €41.5 M or €4.15 per share at 30 September 2022. This difference is primarily due to non-cash effects in the profit and loss statement

at 30/09, namely the negative revaluation on 30/09 of the participation in Retail Estates based on the closing price and the positive revaluation of the financial hedging instruments in 2022.

- **Active financial management:** Limited increase in funding costs (+ €3.2 M) given the active hedging strategy (hedge ratio of 68% on 30/09/2023). The financial debt ratio of 44.85% limits the negative impact of rising interest rates on the results. Nextensa continues to work to further reduce this debt ratio, but the limited activity on the institutional real estate market complicates this ambition.
- **Sustainable redevelopments:** The portfolio was expanded in May 2023 with a building located at Avenue Monterey 18 in Luxembourg City, the neighbour of Nextensa's office building Monterey 20. A sustainable redevelopment of both buildings into a wooden office building of about 3,000 sqm - inspired by the Monteco building in Brussels - is being prepared. In addition, the office building located at Rue Montoyer 24 in Brussels was also added to the investment portfolio in August 2023. The permit application for this redevelopment was submitted at the end of September. A CO2-neutral wooden office building was chosen, again inspired by the design of the nearby smart Monteco building. In the lead-up to this redevelopment, the building is still partly let.
- **Active internal management:** Decrease in overhead costs by €0.9 M or 10% compared to the same period last year, against the background of an nevertheless inflationary environment.

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ACTIVITY REPORT
Q3 2023

BUILDING THE FUTURE AND RESHAPING CITIES

Tour & Taxis:

the textbook example of a 15-minute neighbourhood. Combining historic buildings and new developments, the site is a true “place you prefer,” a pioneering place where it is good to live, work, shop and enjoy.

- This past summer, the Tour & Taxis site was able to show its full strength as a place where it is good to live, work, shop and enjoy. It welcomed a large number of visitors to **events** such as the Brussels Design Market and Eat Brussels and at to the many exhibitions such as Tintin and the Bubble Planet Experience.
- The occupancy of the office and retail spaces on the Tour & Taxis site continues to rise.

For the retail spaces at Gare Maritime, new leases were signed with the travel agency CiC Reizen (143 sqm) and with Syntra (947.5 sqm). This brings the **retail occupancy rate** at Gare Maritime to 67%, with 11% still in advanced negotiations.

In the Royal Warehouse, a significant lease extension for a long term was also concluded with Mediafin (4,000 sqm). The **office occupancy rate** at Tour & Taxis remains stable at 92.19%.

- Nextensa submitted the permit application for the **Lake Side project**, the final phase of the urban development at the Tour & Taxis site, at the end of Q1 2023. Specifically, it involves the development of some 140,000 sqm , with a largely residential programme, good for around 800 new homes, as well as 37,000 sqm of offices, 2,800 sqm of retail and 3,800 sqm of public facilities. The completeness certificate for this permit application was obtained at the end of September. The environmental impact study is currently ongoing.
- The sales of the **second phase of the Park Lane project**, consisting of 346 appartements, continue to run smoothly. At the moment 200 appartements had already been reserved or sold. The construction site is also on track to make the first deliveries in early 2025. In addition, 2 of the 5 ground-floor retail spaces of **Park Lane phase I** have been reserved or sold.



Cloche d'Or:

the further development of an urban district in Luxembourg City in joint venture with Luxembourg developer Promobe.

Office buildings

The **Darwin II office building** was sold to the Luxembourg state at the end of October, with the Ministry of Health as the main user. Darwin II is a modern and sustainable office building with six above-ground and two underground floors, with a total area of about 5,000 sqm. It has been awarded a DGNB "GOLD" sustainability certificate.

The construction sites of the **Emerald and White House** office buildings are on schedule to be delivered by the end of this year.

Residential developments



Of the **D5-D10 subproject**, which comprises a total of 185 appartements, 117 appartements are currently under construction. Of these 117 appartements, 83 have already been reserved or sold.

During Q3 2023, works on the **B&B Hotel** also started, which will be delivered in 2025.

The pipeline of developments in Belgium and Luxembourg is as follows:

PROJECT DEVELOPMENT

	IN CONSTRUCTION		PERMITS ACQUIRED		IN STUDY	
						
 Residential	36,520 sqm	29,287 sqm	N/A	32,401 sqm	93,000 sqm	12,000 sqm
 Offices	N/A	18,479 sqm	N/A	N/A	37,500 sqm	79,566 sqm

TOTAL:  167.020 sqm  171.733 sqm





INVESTING IN THE FUTURE

- The **Moonar site**, located near Luxembourg airport, is undergoing a thorough redevelopment to make these buildings modern and future-proof, with higher rental values being targeted and realised. The office park consists of 5 buildings, of which building 'D' (3,546 sqm) has now been delivered and buildings 'A' (5096 sqm) and 'B' (3,620 sqm) are being completed. Works have started on buildings 'C' (5082 sqm) and 'E' (4147 sqm). The redevelopment of the entire site will be completed in Q1 2024.

Nextensa aims to make this site an attractive and vibrant one by providing all kinds of facilities, such as a library, a coffee corner and several meeting rooms, and by appointing a community manager.

Already 69% of the available area (about 21,500 sqm) has been leased in the meantime at a new prime rent for the Luxembourg Airport District of EUR 32/month/sqm, which represents a significant increase compared to the previous rent of EUR 24/month/sqm.

- At the end of August, Nextensa acquired the leasehold rights of the office building located at **Rue Montoyer 24 in Brussels** from Fedustria, the sectoral federation of the Belgian textile, woodworking and furniture industries.

The office building is located in the Leopold district, one of the most sought-after office locations in Brussels, just a few metres from the Monteco building and is currently leased to several European associations.

Nextensa plans to develop a carbon-neutral wooden office building, '**TreeMont**', of some 3,000 sqm on this site. The permit application was submitted at the end of September. Through the use of energy-efficient systems, preservation and reuse of part of the existing structure and a new wooden structure, the building aims to achieve a 'BREEAM excellent' certification upon completion of the works, thus contributing to the further sustainability of Nextensa's investment portfolio.



TreeMont



MonTree

- The permit application for the new building '**MonTree**', the redevelopment of the office building located at 18 Avenue Monterey and the recently acquired building located at 20 Avenue Monterey in Luxembourg City is in full preparation. The current tenant CVC will vacate the Monterey 20 building by the end of Q2 2024, after which both buildings will also be redeveloped into one new CO2-neutral office building in wood based on the example of Monteco in Brussels.





LUXEMBOURG IS KEY

The main part of Nextensa's business consists of investment, rental and development activities in Luxembourg.

- The **occupancy rate of the offices in Luxembourg** rose to 95%, partly due to new leases signed for Hygge and High 5.
- In the **Knauf Schmiede** shopping centre, the new catering concept consisting of a Grand Café and a Food Village was opened at the end of the summer.
- The visitor numbers at the **Knauf Pommerloch** shopping centre this summer exceeded those of 2019. This increase is partly driven by the full letting of the shopping centre, by new brands such as Ville Neuve, Distrikt concept store and by a Bionext medical practice.

The additional rental income resulting from the 8 new shops in the extension of about 8,500 sqm, which was completed last year, is increasingly noticeable in these results. In addition, at the end of October, the German retailer New Yorker opened its doors in a new extension of more than 1,400 sqm.



Knauf Schmiede



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TOWARDS A MORE SUSTAINABLE FUTURE

Nextensa's sustainability mission is to create "places you prefer" by (re)developing climate-adaptive buildings, creating sustainable neighbourhoods and investing in human capital.

- The **Monteco** office building of Nextensa and ION has won the audience award in the 'Building' category of the 2022-2023 Belgian edition of the Green Solutions Awards. The Green Solutions Awards are organised annually by the international organisation Construction 21 with the aim of applying innovation and sustainability on a large scale.

Monteco is a smart office building of 3,760 sqm, built in a wooden structure, equipped with heat pumps and solar panels. Intelligent technology coupled with the BMS-system to control temperature and ventilation, among others, keep energy consumption low.

The same sustainable approach in wood will be used in the development of the new office buildings 'MonTree' in Luxembourg and 'TreeMont' in Belgium.

- Several other development projects are ongoing, with a very strong focus on sustainability.

The ongoing construction of **Park Lane phase II** continues to seek sustainable optimisations, including 7,000 tonnes

of calcium silicate blocks brought in by water. This not only saves 25 tonnes of CO2 but also avoids 45,000 km (or a trip around the earth) of truck traffic on the roads, with all the secondary consequences of congestion, air pollution, noise pollution and risk of accidents.

For all the new projects, Nextensa's ambition is to align with the strict criteria of the EU taxonomy within the climate mitigation objective.

- One of Nextensa's main objectives is to develop **attractive and vibrant neighbourhoods**.

At Tour & Taxis, it was a summer full of activity for the neighbourhood with the Summer Of, a Fun Trophy was organised for the tenants. There was also a partnership with Brik to offer students a study place and an intense collaboration with YouthStart to train young people and prepare them for a job, whether at one of the partners at Tour & Taxis or not.



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AUSTRIA

The Austrian investment portfolio includes 5 retail parks, whose occupancy rate remains consistently at 100%.

- During the last quarter of 2023, the last tenants will move into the renovated Vösendorf 16 retail park, in the southwestern periphery around Vienna. This will have a positive impact on the Austrian rental income in the coming months.

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CONSOLIDATED
RESULTS Q3

KEY FIGURES INVESTMENT PORTFOLIO	30/09/2023	31/12/2022
Fair value investment portfolio* (€1,000)	1,292,367	1,278,716
Fair value investment properties, incl. participation Retail Estates* (€1,000)	1,368,987	1,362,499
Rental yield based on fair value*	5.69%	5.30%

KEY FIGURES BALANCE SHEET	30/09/2023	31/12/2022
Net asset value group share (€1,000)	835,169	838,798
Net asset value group share per share	83.50	83.86
Financial debt ratio (financial debts/total assets)	44.85%	42.56%
Net financial debt position	776,680	721,516
Average duration credit lines (years) - investment portfolio	2.25	2.85
Average funding cost - investment portfolio	2.55%	2.18%
Average duration hedges (years)	2.62	3.52
Hedge ratio (investment portfolio)	68%	74%

KEY FIGURES INCOME STATEMENT	30/09/2023	30/09/2022
Rental income (€1,000)	52,625	51,605
Result development projects (€1,000)	10,885	15,730
Net result group share (€1,000)	21,843	41,472
Net result group share per share (number of shares at closing date)	2.18	4.15

* Nextensa's investment portfolio is valued only on 31/12 and on 30/06. On 30/09, as usual, no new valuation was made. The fair values of the investment portfolio on 30/09/2023 are therefore those of 30/06/2023, increased with the Q3 2023 capex.

Operating result of investment properties

The rental income is €1.0 million higher compared to the same period last year, despite the sale of several buildings in 2022. In particular, rental income in Belgium increased significantly and primarily due to the resumption of events at the Tour & Taxis site. This brings in additional rental income directly, but there are also positive side effects, such as higher occupancy of the underground car parks.

Moreover, rent indexation has a positive effect on the rents collected, and this in Belgium, Luxembourg and Austria.

Both effects resulted in a like-for-like rental growth of 9%.

An operating result from the investment properties of €39.6 million was achieved, which is €4.9 million less than in the same period last year. This can largely be explained by the (one-off) gain on the sale of the Monnet building in Q1 of 2022 (€5.3 M) compared to a realised gain of €2.1 M on Treesquare earlier this year.

Operational result of development projects

In the developments segment, further margin was recognised on the second phase of Park Lane. The construction work is progressing well and sales also continue to be solid. Already 200 of the 346 apartments have now been reserved or sold, but for margin recognition, only the number of passed deeds is relevant. At the end of Q3 2023, 40% of deeds have already been passed.

In Luxembourg, more specifically on the "Cloche d'Or" site, there is still a slowdown in the sales of appartements. In the office segment, works are progressing steadily in order to deliver the Emerald and White House buildings by the end of 2023. Due to the necessary caution in recognising the margin, a lower contribution to the margin was also seen here compared to last year.

As a result, the operating result from the development projects is €10.9 million, being €4.9M lower compared to the same period last year.

Financial results and management of financial resources

The financial result (excluding revaluations) amounts to €-6.9 million compared to €-4.9 million last year. The average funding cost increased from 2.18% over 2022 to 2.55% after Q3 2023. The rising interest rates are largely mitigated by the hedging strategy (hedge ratio of 68% on 30/09/2023). On 30 September 2023, the financial debt ratio was 44.85%,

The revaluation results of the financial assets and liabilities amount to €-7.8 million (€+8.5 million after Q3 2022), which can be almost entirely explained by the negative revaluation on 30/09 of the participation in Retail Estates based on the closing price, while in the same period last year the positive effect of the rising interest rates was in full play.

The net result (group share) thus amounts to €21.8 million or €2.18 per share. The net asset value rises to €835 million or €83.5 per share.





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OUTLOOK

Outlook

As for the **investment properties**, Nextensa still expects at least as much rental income over 2023 as in 2022, and this despite the sale of some buildings during 2022 and 2023. Indexation, visitor numbers at the Tour & Taxis site, rising occupancy and the completion of a number of buildings under renovation in the previous period contribute to this evolution.

On the **development front**, the sales of the Park Lane phase II appartements on Tour & Taxis are running well. Almost 60% of the 346 appartements have now been reserved or sold, once again confirming the appeal of the Tour & Taxis site. It is expected that by the end of the year, 50% of the deeds will be passed.

The developments at Cloche d'Or also continue steadily, although uncertainty in the financial markets and rising interest rates are slowing the pace of the appartement sales. Caution is also being exercised in estimating exit yields on offices under development.

Nextensa expects funding costs to continue to rise. However, through an active hedging strategy, Nextensa is trying to keep this increase under control. In addition, Nextensa's goal also remains to further reduce its **financial debt ratio** by selling some of its investment properties. This sales programme is being prepared and will be carried out under the right conditions. Current market conditions make it difficult to make concrete statements on this.

Financial calendar

20/11/2023	●	Interim statement Q3 2023
21/02/2024	●	Annual results 2023
29/03/2024	●	Annual financial report 2023
21/05/2024	●	Interim statement Q1 2024
21/05/2024	●	Annual meeting of shareholders
27/05/2024	●	Dividend payment
13/08/2024	●	Half-year financial report 2024
14/11/2024	●	Interim statement Q3 2024



About Nextensa

Nextensa is a mixed-use real estate investor and developer.

The company's investment portfolio is divided between the Grand Duchy of Luxembourg (44%), Belgium (41%) and Austria (15%); its total value as of 30/09/2023 was approximately €1.29 billion.

As a developer, Nextensa is primarily active in shaping large urban developments. At Tour & Taxis (development of over 350,000 sqm) in Brussels, Nextensa is building a mixed real estate portfolio consisting of a 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 buildings.

The company is listed on Euronext Brussels and has a market capitalization of €457.1 million (value 30/09/2023).

For more information

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