

2021 HALF-YEAR REPORT

PORT OF ROTTERDAM REBOUNDS AFTER CORONA DIP

PORT CAN MAKE GENUINE CONTRIBUTION TO DUTCH PROSPERITY AND REDUCING CARBON EMISSIONS

In the first six months of 2021, throughput in the port of Rotterdam was 231.6 million tonnes, a rise of 5.8% compared with the same period last year. Despite this increase, throughput volume has not yet recovered from last year's corona dip. In the first half of the year, there was primarily an increase in incoming and outgoing flows of iron ore, coal and containers. The Port Authority's financial results were good.

Highlights of the first half of the year:

- Total throughput: 231.6 million tonnes (+5.8%).
- Considerable increase in the throughput of iron ore (+34.4%), coal (+35.8%), break bulk (+10.1%) and containers (+8.7% in TEUs); fall in the throughput of agricultural bulk (-8.9%) and LNG (-4.7%).
- Successful handling of post-Suez shipping blockage.
- Concrete steps ahead in the energy transition, thanks in part to financial support (SDE++) for businesses that want to capture and store CO₂ using Porthos, and extra production capacity for biodiesel.
- Increase in Port Authority revenue by 7.5% to € 387.6 million; operating result 16.4% higher at € 174.9 million.

Allard Castelein, CEO of the Port of Rotterdam Authority: "It is encouraging to see that the total throughput volume is increasing quarter on quarter. However, this does not mean that the port of Rotterdam has already made up entirely for last year's corona dip. The Port Authority's financial results were satisfactory. They allow us to continue investing in the port of the future, in the transition to cleaner energy and in good accessibility so that we can help our clients bring more cargo to Rotterdam. We believe that our investments have a significant impact on employment, sustainability and society."

DEVELOPMENTS BY CATEGORY OF CARGO THROUGHPUT

DRY BULK

The throughput of dry bulk amounted to 37.7 million tonnes, an increase of 22.5% on the first half of 2020. In particular, the upturn in German steel production led to a rise in demand for iron ore and scrap (+34.4%). Demand for cokes for blast furnaces was also higher in consequence. There was also much more demand for energy coal for power generation during this period. That was related to the bounce in the economy and disappointing electricity production from wind.

High gas prices meant that power generation with coal was competitive despite the higher prices for carbon emission rights. Total coal throughput rose by 35.8% in the first half year. It should be pointed out that the volume of coal is decreasing when viewed over a period of several years, falling by 44% between 2015 and 2020.

The throughput of agricultural bulk was down by 8.9%. Last year, the throughput of cereals, oil seeds and cattle feed was high despite the corona crisis. At the time, the uncertainty about possible disruptions to the supply of foodstuffs led traders and importers to buy large amounts of agricultural bulk. However, from October last year onwards, throughput tailed off because large stocks, including those of soya and maize, had built up during the year.

LIQUID BULK

In the largest throughput category – liquid bulk – growth was less exuberant than for dry bulk. The total throughput of liquid bulk rose by 1.1% to 100.9 million tonnes. There were slight increases in the throughput of mineral oil products (+3.7%) and crude oil (+0.4%). LNG, on the other hand, was down slightly (-4.7%).

A factor in the crude oil market was that, from the start of the second quarter onwards, refining activity in the Netherlands and Germany returned to a level higher than in 2020. Last year saw a downward trend with the onset of the COVID-19 crisis.

The throughput of oil products was higher in the first quarter than in 2020 and lower in the second quarter, leading to an increase in throughput on balance. That rise was mainly attributable to the incoming flow of fuel oil and naphtha. More fuel oil came to Rotterdam from Russia, mainly due to fewer direct exports from Russia to the US. Naphtha is a typical import product. In this case, more demand from the chemical industry led to more imports.

Imports of gas oil/diesel were lower and exports higher. For example, more has been transported to the United States, partly because of the extreme cold there. Kerosene throughput dropped sharply due to low demand. In the Other Liquid Bulk category, there was an increase in biofuels and a slight decrease in chemicals throughput.

CONTAINERS AND BREAK BULK

Container throughput in tonnes rose by 4.4% and by no less than 8.7% in TEU. There are two reasons for this difference between tonnes and TEU. Firstly, more empty containers were handled, particularly in the first quarter, than in the same period in 2020.

The second cause is that there has been a downward trend for some time now in the average weight of full containers.

The rise in demand for consumer goods, in combination with disruptions in the logistical chains (including the Suez Canal blockage, the corona outbreak and lockdown in the port of Shenzhen) caused global delays and high freight tariffs. The handling of container flows was quite smooth in Rotterdam.

RORO throughput recovered well in the second quarter after a sharp decline just after the Brexit in early 2021. The second quarter was even slightly up on 2019. Volumes are substantially (+8.8%) higher than in 2020. It should be noted here that last year's half-year volumes were hit hard by the first corona lockdown in the second quarter. The throughput of other break bulk increased by 14.7%, mainly because of the rise in non-ferrous metals and steel.

HEALTHY FINANCIAL RESULT FOR PORT OF ROTTERDAM AUTHORITY

The Port of Rotterdam Authority's financial results were good in the last half year. Revenue rose by 7.5% to € 387.6 million (2020 H1: € 360.4 million). Contract income from site rental increased, mainly because some existing contracts were brought in line with the current market price. Revenues from sea port dues rose due to the higher throughput volume. Operating expenses were 4% down on the first half of last year, mainly due to lower expenditure during the COVID-19 pandemic and high cost awareness.

The operating result on ordinary activities before taxation increased to € 153.1 million (2020 H1: € 128.4 million).

The result after taxation was € 116.7 million (2020 H1: € 98.1 million). Gross investments in the first half year amounted to €97.6 million (2020 H1: € 136.4 million). Total investments for 2021 are expected to be in line with last year's investment level (2020: € 265.7 million).

ADVANCES MADE IN THE ENERGY TRANSITION

Once again, significant advances were made in the energy transition during the past half year. For example, it was announced in May that the Dutch government has earmarked approximately € 2 billion for the four companies that want to capture and store CO₂ for the Porthos project. Starting in 2024, carbon dioxide will be stored in that project for the first time in the Netherlands on a large scale in empty gas fields under the North Sea. This represents a substantial contribution to the achievement of the Dutch climate objectives.

Another important theme in the energy transition is hydrogen. A series of projects are in progress involving large-scale local production, imports of hydrogen from overseas, and application in the transport sector and industry. Steps are being taken towards an investment decision for the construction of a hydrogen pipeline in the port area. Studies are being conducted into the construction of pipelines between Rotterdam, Chemelot and North Rhine-Westphalia for various substances, including hydrogen and CO₂. This kind of infrastructure is a precondition for many industries if they are to switch from fossil fuels to clean hydrogen.

PROGRESS IN PORT DIGITALISATION

The fact that the Brexit has not caused any major problems in logistics in Rotterdam demonstrates the quality of the Portbase systems and indicates that those systems deliver good support for both the transport sector and the government. It also makes it clear how important digitalisation is. In the past year, therefore, we have continued to work on digitalising a range of activities. For example, a range of processes for shipping have been further digitalised, including notifications for pilots, and a start has been made on digitalisation for the Maritime Declarations of Health. Every year, the Port Coordination Centre receives more than 30,000 of these declarations for ships' crews.

In the last half year, the 100th company was also connected to Routescanner, a platform that provides a worldwide picture of container transport routes on the basis of data from container operators. In that way, Routescanner enhances logistical transparency. In addition to the smart exchange and use of this type of information, the Port Authority is also fitting out more and more of its physical infrastructure with sensors. The first smart bollard has now been installed. Data from these sensors allow the Port Authority to deploy and maintain its assets optimally.

PROSPECTS

The economy is picking up, as is world trade. These are positive drivers of further recovery in the throughput volume in the port of Rotterdam. At the same time, there are challenges and uncertainties, particularly with respect to the future development of the pandemic. On balance, we expect throughput volume growth to continue in the second half of 2021. The Port of Rotterdam Authority is eager to help the Dutch government to achieve the climate objectives. In that respect, the new government will need to help facilitate major investments in infrastructure. The Port of Rotterdam also needs more latitude in the short term under the regulations applicable to nitrogen emissions in order to implement a range of projects in the field of the energy transition. If this fails to materialise, our ambitions cannot be achieved in time and the process of making industry sustainable will stagnate.

REPORT OF THE EXECUTIVE BOARD

THROUGHPUT AND DEVELOPMENTS IN THE PORT

In the first six months of 2021, throughput in the port of Rotterdam was 231.6 million tonnes, a rise of 5.8% compared with the same period last year. Despite this increase, throughput volume has not yet recovered from last year's corona dip. In the first half of the year, there was primarily an increase in incoming and outgoing flows of iron ore, coal and containers. The Port Authority's financial results were good.

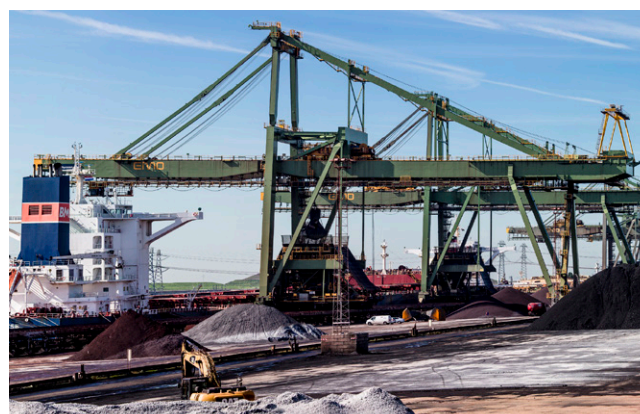
CARGO THROUGHPUT (GREATER ROTTERDAM) (X 1,000 METRIC TONNES)	JAN-JUN 2021	JAN-JUN 2020	DIFFERENCE IN %
Agricultural bulk	4,542	4,988	-8.9%
Iron ore and scrap	15,011	11,168	34.4%
Coal	11,226	8,265	35.8%
Biomass	965	812	18.9%
Other dry bulk	5,969	5,551	7.5%
SUBTOTAL DRY BULK	37,713	30,783	22.5%
Crude oil	50,373	50,151	0.4%
Mineral oil products	30,715	29,618	3.7%
LNG	3,713	3,898	-4.7%
Other liquid bulk	16,058	16,121	-0.4%
SUBTOTAL LIQUID BULK	100,859	99,788	1.1%
CONTAINERS	77,999	74,691	4.4%
Roll-on/Roll-off	11,777	10,821	8.8%
Other break bulk, lash	3,282	2,862	14.7%
TOTAL BREAK BULK	15,059	13,683	10.1%
TOTAL THROUGHPUT (X 1,000 METRIC TONNES)	231,631	218,945	5.8%
CONTAINER THROUGHPUT (IN TEU X 1,000)	7,612	7,002	8.7%

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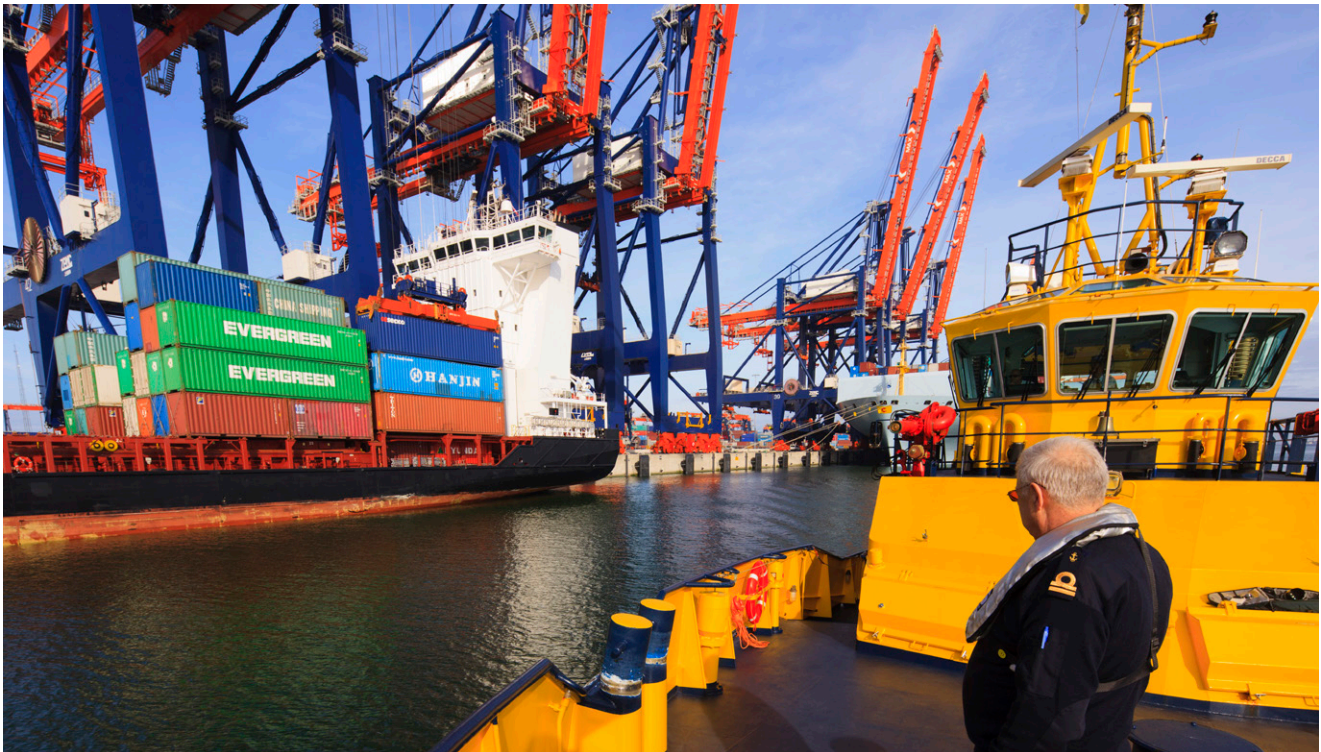


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€ 2 billion for the four companies that want to capture and store CO₂ for the Porthos project. Starting in 2024, carbon dioxide will be stored in that project for the first time in the Netherlands on a large scale in empty gas fields under the North Sea. This represents a substantial contribution to the achievement of the Dutch climate objectives. Another important theme in the energy transition is hydrogen. A series of projects are in progress involving large-scale local production, imports of hydrogen from overseas, and application in the transport sector and industry. Steps are being taken towards an investment decision for the construction of a hydrogen pipeline in the port area. Studies are being conducted into the construction of pipelines between Rotterdam, Chemelot and North Rhine-Westphalia for various substances, including hydrogen and CO₂.

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PROGRESS IN PORT DIGITALISATION

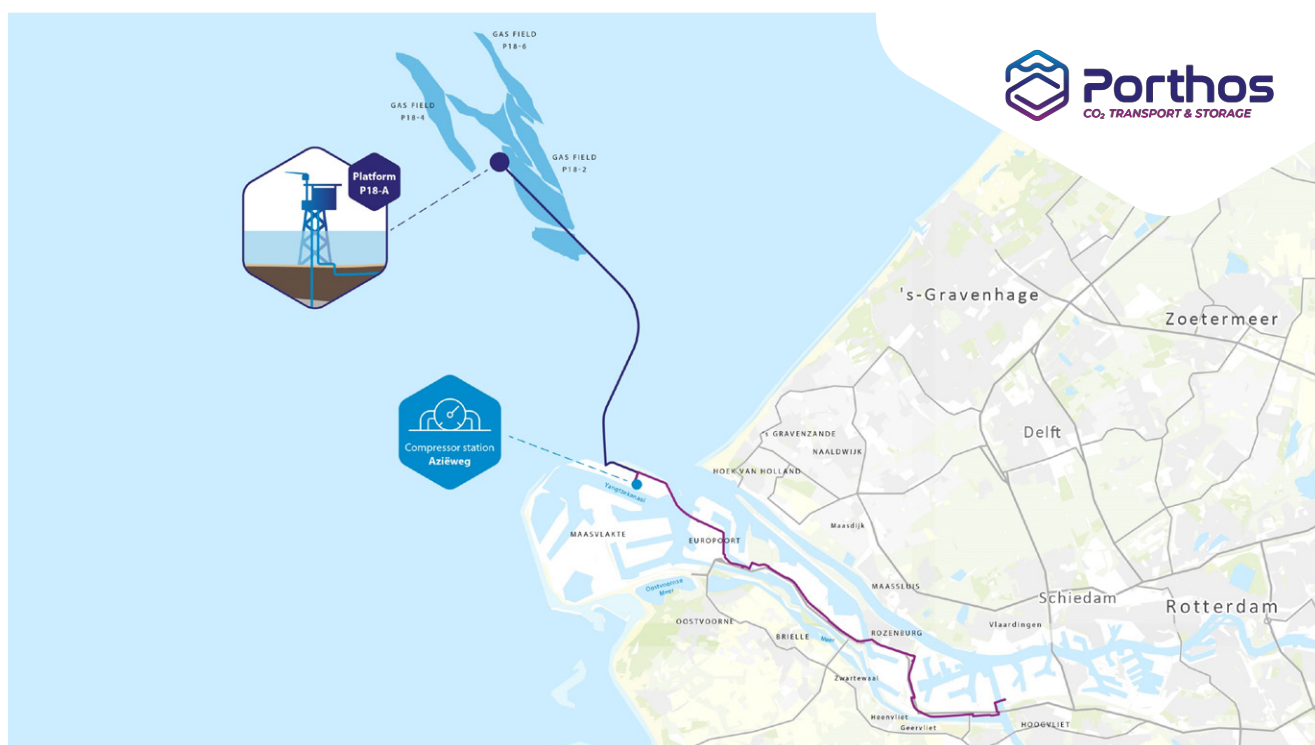
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FINANCE

A result after tax of € 116.7 million was booked in the first half of 2021. The profit on ordinary activities before taxation was € 153.1 million in the first half of 2021, an increase of 19.2% by comparison with the first half of 2020 (€ 128.4 million).

Revenue in the first half of 2021 rose by 7.5% (€ 27.2 million) by comparison with the first six months of the previous year. This is mainly due to an increase in contract income of € 19.8 million owing to new contracts, price changes and indexation. The payment arrangements agreed in 2020 as a result of COVID-19 have expired and are now being paid off. Sea port dues were up by € 4.8 million because of a rise in cargo throughput of 5.8%. Cargo throughput is recovering cautiously after the dip in throughput figures due to the COVID-19 pandemic. The increase in revenue attributable to cargo throughput is being slowed down by the negative price effect in the Containers segment because vessels were more heavily loaded.

Operating expenses in the first half of 2021 were 4.0% lower (€ 5.3 million) than in the first half of 2020. The fall is linked to lower charges during the COVID-19 pandemic, the effect of which can be seen for six months in 2021 compared with one quarter in 2020. In addition, maintenance costs were lower because of the insourcing of activities. Depreciation was 10.2% (€ 7.9 million) higher, mainly due to a € 5.8 million write-off on the Container Exchange Route (CER) project as a result of the decision not to continue with unmanned transport.

Gross investments in the first half of 2021 amounted to € 97.6 million, including capital injections to participating interests (first half of 2020: € 136.4 million). The most important investments for the first half of 2021 were the construction of the Theemsweg Route and the Container Exchange Route (CER).

On balance, total cash and cash equivalents increased by € 45.5 million over year-end 2020. For the purposes of financial risk management, the Port of Rotterdam Authority has optimised interest rate risk management. This has led a one-off decrease in the operating cash flow to € 13.1 million (2020: € 154.2 million). Investments (€ 98.7 million) constituted the largest share of the cash flow for the investment cash flow in the first half of 2021. The financing cash flow rose by € 95.3 million because € 255.0 million of loan capital was raised. The term for this loan capital is longer than 1 year. This is offset by a repayment of € 60.0 million on financing raised in 2018. In addition, the first tranche was paid of the dividend of € 55.5 million. That means that an adequate cash flow remains for the Port of Rotterdam Authority to meet commitments and continue investing in the physical infrastructure and digitalisation of the port.



HALF-YEAR FIGURES 2021

BALANCE SHEET AS AT 30 JUNE 2021

(before result appropriation)

ASSETS	30-6-2021	31-12-2020
(AMOUNTS X € 1,000)		
Fixed assets		
Intangible fixed assets	70,813	72,596
Tangible fixed assets	3,950,123	3,938,420
Financial fixed assets	1,692,048	1,377,751
	5,712,984	5,388,767
Current assets		
Inventory	629	628
Accounts receivable	215,562	181,321
Cash and cash equivalents	252,381	206,836
	468,572	388,785
TOTAL ASSETS	6,181,556	5,777,552
LIABILITIES		
(AMOUNTS X € 1,000)		
Shareholders' equity	4,183,107	4,180,696
Provisions	55,318	57,018
Long-term debts	1,676,348	1,353,694
Short-term debts	266,783	186,144
TOTAL LIABILITIES	6,181,556	5,777,552

CONDENSED STATEMENT OF INCOME FOR FIRST HALF OF 2021

STATEMENT OF INCOME	JAN-JUN 2021	JAN-JUN 2020
(AMOUNTS X € 1,000)		
Total operating income	387,629	360,430
Total operating expenses	127,513	132,843
EARNINGS BEFORE INTEREST, DEPRECIATION AND TAXES	260,116	227,587
Depreciation and impairment of tangible fixed assets	85,257	77,399
OPERATING RESULT	174,859	150,188
Financial income and expenditure	-21,776	-21,794
RESULT FROM ORDINARY ACTIVITIES BEFORE TAXATION	153,083	128,394
Taxation	-37,511	-30,137
Results from participating interests	1,145	-157
RESULT AFTER TAXATION	116,717	98,100

CONDENSED CASH FLOW STATEMENT FOR FIRST HALF OF 2021

CASH FLOW STATEMENT	JAN-JUN 2021	JAN-JUN 2020
(AMOUNTS X € 1,000)		
OPERATING RESULT	174,859	150,188
Depreciation and amortisation, and changes in provisions	85,547	82,098
Changes in working capital	16,277	-50,594
CASH FLOW FROM OPERATING ACTIVITIES	276,683	181,692
Interest received and interest paid	-221,806	-18,709
Corporation tax paid	-41,748	-8,746
CASH FLOW FROM OPERATING ACTIVITIES	13,129	154,237
Gross cash flow from investment activities	-98,704	-139,418
Subsidies and other changes	4,070	5,893
Divestments	686	331
CASH FLOW FROM INVESTMENT ACTIVITIES	-93,948	-133,194
CASH FLOW FROM FINANCING ACTIVITIES	126,364	31,082
NET CASH FLOW	45,545	52,125
Balance of cash and cash equivalents as at 1 January	206,836	136,093
Balance of cash and cash equivalents as at 30 June	252,381	188,218
CHANGE IN CASH AND CASH EQUIVALENTS	45,545	52,125

PRINCIPLES FOR VALUATION AND PROFIT/LOSS DETERMINATION

ACTIVITIES OF THE COMPANY

The Port of Rotterdam Authority is responsible for the management, operation and development of Rotterdam's port and industrial area. As a public company, the Port of Rotterdam Authority has two shareholders: the City of Rotterdam (with a holding of 70.83%) and the Dutch State (29.17%).

The Port of Rotterdam Authority's core tasks under its articles of association are:

- the development, construction, management and operation of the port and industrial area in Rotterdam;
- the promotion of the safe, effective and efficient handling of shipping in the port of Rotterdam and the offshore approaches to the port.

The Port of Rotterdam Authority creates economic and social value by achieving sustainable growth in the port in collaboration with clients and stakeholders.



The Port of Rotterdam Authority invests in the development of land and in the port infrastructure such as quay walls, jetties, roads and waterways, and cable and pipeline facilities. This infrastructure renders the site accessible and allows for the transshipment of freight. The land and infrastructure in the port are rented or issued to companies on a long lease. This is one of our main sources of revenue. Port dues represent another important source of revenue. Shipping companies (national and international) pay port dues when their vessels call on the port of Rotterdam.

ACCOUNTING PRINCIPLES APPLIED IN THE HALF-YEAR REPORT

The half-year figures have been prepared in accordance with the financial reporting requirements of Part 9 Book 2 of the Dutch Civil Code and the statements in the Dutch Guideline for Annual Reporting on Interim Reports (RJ 394) issued by the Dutch Accounting Standards Board.

As provided for in RJ 394, this half-year report does not contain all of the information required to be provided in the full financial statements and it should therefore be read in conjunction with the 2020 Annual Report/Financial Statements. The same accounting

policies used to prepare the 2020 Financial Statements were used to value the Port of Rotterdam Authority's assets and liabilities and determine the Port Authority's results for these half-year figures. Due to the separate inclusion of the intangible fixed assets, see also 'Changes in accounting policies', the accounting policy for the valuation and determination of the result for the intangible fixed assets item is included below.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are valued at the purchase or production price less cumulative amortisation and, where applicable, cumulative impairment.

Intangible fixed assets are systematically amortised on the basis of their estimated useful life, up to a maximum of ten years. The useful life and amortisation method are reassessed at the end of each financial year.

EXEMPTION FROM CONSOLIDATION OBLIGATION

The Port of Rotterdam Authority has made use of the exemption from the requirement to consolidate the details of participating interests, if the participating interests jointly have a financial significance in the consolidation which is negligible to the Port of Rotterdam Authority as a whole (RJ 217.304).

CHANGES IN ACCOUNTING POLICIES

In the first half of 2021, no changes were made in the adopted accounting policies that have an impact on the Port of Rotterdam Authority's capital position or earnings. However, in 2021, it was decided to present intangible fixed assets as a separate item in order to establish a clearer picture and because it is expected that this item will continue to become more substantial in the future.

OPINIONS AND ESTIMATES

When applying the principles and rules for the drafting of the half-year report, the management of the Port of Rotterdam Authority makes various judgements and estimates. In the first half of 2021, there were no significant changes in the approach to these judgements and estimates.

SEASONAL INFLUENCES

To a limited degree, throughput volumes are subject to seasonal factors such as an increase in coal throughput in the winter months and the impact of the Chinese New Year (in February) on container throughput. Seasonal factors have little impact on rental and lease contracts or operational costs, if any.

EXPLANATORY NOTE TO THE CONDENSED BALANCE SHEET AND STATEMENT OF INCOME

INTANGIBLE FIXED ASSETS

INTANGIBLE FIXED ASSETS	INTANGIBLE FIXED ASSETS	INTANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
(AMOUNTS X € 1,000)			
Purchase price	124,239	23,542	147,781
Cumulative amortisation	-75,185	-	-75,185
BOOK VALUE AS AT 31 DECEMBER 2020	49,054	23,542	72,596
Gross investments	-	6,208	6,208
Disinvestments (purchase value)	-	-	-
Disinvestments (cumulative depreciation)	-	-	-
Subsidies	-	-	-
(Government) contributions	-	-	-
Depreciation/impairment	-7,963	-28	-7,991
Commissioning	5,460	-5,460	-
CHANGES IN 2021	-2,503	720	-1,783
BOOK VALUE AS AT 30 JUNE 2021	46,551	24,262	70,813
Purchase price	129,699	24,290	153,989
Cumulative amortisation	-83,148	-28	-83,176
BOOK VALUE AS AT 30 JUNE 2021	46,551	24,262	70,813
Amortisation periods in years	3 to 10 years	-	-

* From the financial year 2021 onwards, intangible fixed assets will be presented separately. The comparative figures for 2020 have been restated accordingly.

In the first half of 2021, intangible fixed assets decreased by €1.8 million as a result of amortisation (€ 8.0 million) and increased due to net investments (approximately €6.2 million).

TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS *)	LAND AND INFRAPLUS	PUBLIC INFRASTRUCTURE, HARBOUR BASINS AND WATERWAYS	QUAY WALLS, STONE SLOPES, JETTIES AND OTHER DOCKING	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	PROPERTY, PLANT AND EQUIPMENT, AND OTHER ASSETS	TOTAL
(AMOUNTS X € 1,000)						
Purchase cost	1,622,865	1,259,760	1,927,789	289,996	696,514	5,796,924
Cumulative depreciation	-339,747	-524,882	-656,808	-	-337,067	-1,858,504
BOOK VALUE AS AT 31 DECEMBER 2020	1,283,118	734,878	1,270,981	289,996	359,447	3,938,420
Gross investment	-	-	-	90,072	-	90,072
Technical advice	-	-	-	2,967	-	2,967
Disinvestment (purchase cost)	-	-	-	-	-9,539	-9,539
Disinvestment (cum. depreciation)	-	-	-	-	9,539	9,539
Subsidies	-	-	-	-1,685	-	-1,685
(Government) contributions	-	-	-	-2,385	-	-2,385
Depreciation/impairment	-11,502	-19,936	-25,191	-5,930	-14,707	-77,266
Commissioning	716	2,797	7,749	-23,586	12,324	-
CHANGES IN 2021	-10,786	-17,139	-17,442	59,453	-2,383	11,703
BOOK VALUE AS AT 30 JUNE 2021	1,272,332	717,739	1,253,539	349,449	357,064	3,950,123
Purchase cost	1,623,581	1,262,557	1,935,538	349,449	699,299	5,870,424
Cumulative depreciation	-351,249	-544,818	-681,999	-	-342,235	-1,920,301
BOOK VALUE AS AT 30 JUNE 2021	1,272,332	717,739	1,253,539	349,449	357,064	3,950,123
Depreciation periods in years	0 to 30 years	25 to 50 years	25 to 75 years	n/a	5 to 50 years	

* From the financial year 2021 onwards, intangible fixed assets will be presented separately. The comparative figures for 2020 have been restated accordingly.

Tangible fixed assets increased by € 11.7 million in the first half of 2021 due to net investments (€ 86.0 million), expenditure for projects in the development phase (€ 3.0 million) and decreased as a consequence of depreciation (-/- € 71.3 million) and impairment (-/- € 5.9 million). The largest investments in the first half of 2021 were: the construction of the Theemsweg Route and the Container Exchange Route (CER). Technical advice relates to costs for projects in the development phase.

A total of € 7.2 million in internal labour costs was capitalised in the first six months of 2021 (first half 2020: € 6.7 million). This relates to the labour costs that can be directly attributed to the production of assets.

Every six months, the Port of Rotterdam Authority assesses whether there are indications of possible impairment. In May 2021, it was decided not to continue with the implementation of unmanned transport at the CER. This decision is classified as an indication of a possible depreciation, specifically for the unmanned transport component of the CER project. An assessment has been made of the project costs incurred, distinguishing between the costs for unmanned transport, the ICT systems for transport (manned or unmanned) and the physical track. With regard to the costs incurred specifically for unmanned transport, the Port of Rotterdam Authority concluded that the recoverable amount was zero and these costs were therefore written off in full (€ 5.8 million).

The remaining costs relate to the ICT systems for transport (manned or unmanned) and the physical track. With regard to the ICT systems for transport, the Port of Rotterdam Authority has, in accordance with the current agreement, entered into consultations with the terminals concerned about a joint solution. These consultations will be completed in the second half of 2021, after which the value of the investments in ICT systems for transport will be reassessed.

The decision will not affect implementation and as a consequence investments in the physical track. This event does not therefore constitute an indication of any change in value for the entire Port Industrial Complex as a cashflow-generating unit.

FINANCIAL FIXED ASSETS

The financial fixed assets increased by € 314.3 million in the first half of 2021, primarily due to the restructuring of the interest rate swap involving the activation of the negative market value of the interest rate swap. For a further explanation of the restructuring of the interest rate swap, you are referred to 'Financial instruments'.

Other changes in financial fixed assets relate to the release of the deferred tax asset for the first half of 2021 of € 16.0 million and the increase in the value of participating interests of € 7.4 million, mainly as a result of exchange rate variations as at 30 June 2021. An assessment has been made for each participating interest as to whether there is any indication of impairment. No indicators were identified.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents consist of bank and current account balances of € 252.4 million. The changes in the cash and cash equivalents have been included in the cash flow statement.

SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY	ISSUED SHARE CAPITAL	SHARE PREMIUM	STATUTORY RESERVES	EXCHANGE RATE RESERVE	OTHER RESERVES	RESULT BEFORE APPROPRIATION	TOTAL
(AMOUNTS X € 1,000)							
31 DECEMBER 2020	900,000	391,200	69,240	-19,669	2,488,207	351,718	4,180,696
Result Jan-Jun 2021	-	-	-	-	-	116,717	116,717
Dividend paid 2020	-	-	-	-	-	-120,536	-120,536
Result appropriation 2020	-	-	-	-	231,182	-231,182	-
Exchange rate reserve	-	-	-	6,230	-	-	6,230
Reserve for participating interests	-	-	7,056	-	-7,056	-	-
TOTAL CHANGES 2021	-	-	7,056	6,230	224,126	-235,001	2,411
30 JUNE 2021	900,000	391,200	76,296	-13,439	2,712,333	116,717	4,183,107

The net result is € 116.7 million (first half of 2020: € 98.1 million).

PROVISIONS

The provisions consist of the provision for future soil remediation of € 37.9 million (31-12-2020: € 38.9 million) and the provision for employee schemes amounting to € 17.4 million (31-12-2020: € 18.1 million).

LONG-TERM DEBTS

LONG-TERM DEBTS	30 JUNE 2021	31 DEC 2020
(AMOUNTS X € 1,000)		
Loans from credit institutions	1,020,392	945,641
Debts from capital market financing	232,159	125,000
LOAN PORTFOLIO	1,252,551	1,070,641
Redemption of leasehold	123,483	125,253
Other non-current items	300,314	157,800
OTHER LONG-TERM DEBTS	423,797	283,053
TOTAL	1,676,348	1,353,694

Loans from credit institutions have increased as a result of the acquisition of new financing. The Port of Rotterdam Authority has taken out € 80.0 million in loans with a fixed interest rate and a term of 4-5 years. In addition, capital market financing with a fixed interest rate has been raised for a nominal amount of € 175.0 million with a term of 30 years. This is offset by the early repayment of capital market financing of € 60.0 million raised in 2018.

Interest rates paid for loans from credit institutions are based on the 3-month Euribor reference rate plus a surcharge. This variable interest rate has been capped by means of an interest rate swap with a fixed interest percentage (underlying value of € 375 million). No collateral was issued for the facilities for long-term debts. Ratios have been agreed with financiers. As at year-end 2020, the Port of Rotterdam Authority compliance with the agreed norms was more than satisfactory.

The leasehold redemption is lower due to withdrawals as a result of revenue recognition.

The other non-current items increased, in particular due to the recognition of the €150 million negative market value of the restructured interest rate swap. For a further explanation of the restructuring of the interest rate swap, you are referred to 'Financial instruments'.

OFF-BALANCE-SHEET COMMITMENTS AND CONTINGENCIES

The Port of Rotterdam Authority has entered into a number of contingent schemes and multi-year financial entitlements and commitments with municipal authorities, external parties and participating interests. These schemes and commitments mainly relate to the development, maintenance and servicing of the Rotterdam port and industrial complex, Rotterdam's Stadshavens district and internal operational management. We refer you to the 2020 financial statements for further details. Two new conditional arrangements were entered into in the first six months of 2021: through the Port Locality Fund, the Port of Rotterdam Authority will make a maximum of € 5.0 million available over a period of 5 years for the implementation of projects in the direct vicinity of the Rotterdam port area that contribute to the quality of the living environment. In addition, a conditional arrangement has been entered into with a manure processing company for the purchase of nitrogen certificates. The expected financial impact is in the range of € 4.5 - € 8.3 million depending on the number of nitrogen certificates that become available.

FISCAL ENTITY

The Port of Rotterdam Authority (Havenbedrijf Rotterdam N.V.) is part of a fiscal entity for the purposes of corporation tax with the following participating interests:

- Mainport Holding Rotterdam N.V.
- Cruise Port Rotterdam B.V.
- Portshuttle Rotterdam B.V.
- Blockchain Fieldlab B.V.
- Nextlogic B.V.
- PortXchange Products B.V.
- Mainport Foreign Investments B.V.
- Port of Pecém Participations B.V.
- MHR Commanditaire Venoot B.V.
- MHR Silent Partner B.V.
- The Green Near Future 4 B.V.
- HbR CCS B.V.
- PXP Global Services B.V.

The Port of Rotterdam Authority is therefore jointly and severally liable for the tax liability of the tax entity as a whole. The corporation tax due is paid through the Port of Rotterdam Authority.

FINANCIAL INSTRUMENTS

The Port of Rotterdam Authority has interest rate swap contracts with a number of credit institutions. The interest rate swaps serve to cover the interest rate risk for the Port of Rotterdam Authority on the variable loans as well as the long-term financing requirement that follows from the strategic ambitions of the Port of Rotterdam Authority.

In March 2021, the Port of Rotterdam Authority restructured the existing interest rate swap, with the interest rate swap being extended in part and partly bought off. The principal was reduced from € 750 million to € 375 million and the term was extended to the end of the first quarter of 2038. The interest rate swap is fully effective and the entire market value of -/- € 361.0 million (including transaction costs) has been capitalised and amortisation will take place over the remaining term of the old swap (11 years). The current component has been included under current receivables. Up to and including 30 June 2021, € 9.6 million has been amortised. These costs have been stated as

interest expenses in the income statement.

-/- € 150 million of the negative market value of -/- € 361.0 million has been included in the new extended swap. This € 150.0 million has been credited to the balance sheet and will be released during the remaining term of the extended swap (17 years). Up to and including 30 June 2021, € 2.2 million has been amortised. The current component has been included under current liabilities.

The calculated market value of the interest rate swaps as at 30 June 2021 is –€ 145.4 million (31 December 2020: - € 388.5 million). The increase is due to the restructuring of the interest rate swap. The Port of Rotterdam Authority does not intend to prematurely terminate the entire interest rate swap position since the interest swap covers the interest rate risk.

The Port of Rotterdam Authority uses cost-price hedge accounting. We refer you to the 2020 financial statements for further details.

RISK MANAGEMENT

The Port of Rotterdam Authority has a risk management and control system for the identification, management and reporting of risks. The system is based on the internationally accepted standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and it is described in the 2020 annual report. The main risks were updated early this year as part of the strategic planning process. There has been no change with respect to 2020. The 'Brexit' risk became a reality with the termination of the transition period on 1 January 2021. COVID-19 is still relevant but, for the time being, it is not generating any new peak risks.

TOTAL OPERATING INCOME

TOTAL OPERATING INCOME	JAN-JUN 2021	JAN-JUN 2020
(AMOUNTS X € 1,000)		
Net revenue		
Sea port dues	146,696	141,888
Inland port dues	7,500	7,248
Revenue from contracts	213,230	193,441
TOTAL NET REVENUE	367,426	342,577
Other operating income	20,203	17,853
TOTAL	387,629	360,430

Revenue from sea port dues rose by comparison with the first half of 2020 because of an increase in goods throughput of 5.8%. This will be offset by a negative price effect on the gross price per tonne because vessels will be more heavily loaded in 2021.

Revenue from contracts (including rental, leasehold and quay dues) increased as a result of new contracts, indexation and price changes. These are long-term contracts.

The other operating income consists mainly of proceeds from sand sales, dredging activities for third parties, sludge storage for third parties and the contribution for the Traffic Guidance System.

The operating income is generated entirely in the Netherlands.

TOTAL OPERATING EXPENSES

TOTAL OPERATING EXPENSES	JAN-JUN 2021	JAN-JUN 2020
(AMOUNTS X € 1,000)		
Wages, salaries and social security	61,021	57,979
Operating expenses	64,306	71,882
Other operating expenses	2,186	2,982
TOTAL	127,513	132,843

Total costs decreased by € 5.3 million. The decline is explained on the one hand by lower operating costs as a consequence of the COVID-19 pandemic. On the other hand, there has been a reduction in maintenance costs.

FINANCIAL INCOME AND EXPENDITURE

FINANCIAL INCOME AND EXPENDITURE (AMOUNTS X € 1,000)	JAN-JUN 2021	JAN-JUN 2020
Interest income on long-term receivables	90	671
Other interest income	1,435	721
TOTAL FINANCIAL INCOME	1,525	1,392
Interest charges for financing	24,762	23,531
Interest charges on provisions (employee schemes and soil decontamination)	-676	323
Capitalised interest on tangible fixed assets under construction	-2,058	-1,557
Other interest charges	1,273	889
TOTAL FINANCIAL EXPENSES	23,301	23,186
TOTAL FINANCIAL EXPENSES	21,776	21,794

The lower interest income on long-term receivables is attributable to the conversion to a capital injection of the € 75.3 million loan to a holding company based in the Netherlands for the acquisition of the shares in the port of Pecém in Brazil. This restructuring took place in early 2020. Interest on tangible fixed assets under construction is capitalised during the period of the asset's production. This capitalised interest is calculated on the basis of the weighted average interest rate of loan capital attracted by the Port of Rotterdam Authority. The percentage adopted for 2021 is 1.19% (2020: 1.28%).

RESULT FROM PARTICIPATING INTERESTS

The result from participating interests for the first half of 2021 was € 1.1 million (first half of 2020: - € 0.2 million). The increase is mainly attributable to the recovery from the COVID-19 pandemic.

TAXATION

The taxes in the statement of income for the first half of 2021 consist of deferred and current taxes. The deferred taxes consist primarily of the release of the deferred tax asset for the first half year of 2021 (-€ 16,0 million). The current taxes consist of the current corporate tax for the first half of 2021 (- € 22.0 million). A corporate tax rate of 25% has been applied to the current tax burden for 2021.

TAXATION (AMOUNTS X € 1,000)	JAN-JUN 2021
Deferred taxes	
Release of deferred taxes Jan-Jun 2021	-15,969
Correction of deferred tax claim for intangible fixed assets	349
Correction of fiscal depreciation for buildings 2021	149
	-15,471
Current taxes	
Estimate of current corporation tax Jan-Jun 2021	-22,040
	-22,040
TOTAL	-37,511

On 30 June 2021, the deferred tax asset was € 1,076.9 million. The deferred tax asset will be released in the following instalments:

RELEASE OF DEFERRED TAX (AMOUNTS X € 1,000)	1 YEAR	1-5 YEARS	5-10 YEARS	> 10 YEARS	TOTAL
	30,940	125,430	159,500	761,053	1,076,923
30 JUNE 2021	30,940	125,430	159,500	761,053	1,076,923

The Port of Rotterdam Authority bears the entire tax burden for the fiscal entity. The effective tax rate is the tax (current and deferred) divided by the result before tax. This results in an effective tax rate of 25.0%.

EFFECTIVE TAX BURDEN (AMOUNTS X € 1,000)	POR	FISCAL PARTICIPATING INTERESTS	TOTAL
Result of the corporation tax for the fiscal entity before tax	153,083	-3,075	150,008
Taxation	38,280	-769	37,511
EFFECTIVE TAX BURDEN	25.0%	25.0%	25.0%

RELATED-PARTY TRANSACTIONS

All participating interests, as well as members of the executive board, the supervisory board and shareholders (the City of Rotterdam and the State) are considered to be related parties. All related-party transactions were conducted under normal market conditions.

APPROPRIATION OF THE RESULT

The result after tax for the first half of 2021 is € 116.7 million. It has been included in the 2021 half-year figures as 'Result before appropriation' under shareholders' equity. The profit on ordinary activities before taxation was € 153.1 million for the first half of 2021 (first half of 2020: € 128.4 million).

With the resolution of the General Meeting of Shareholders in March 2021, part of the dividend for 2020 (€ 120.5 million including dividend tax) was paid out in April 2021 (€ 37.5 million), as well as all of the dividend tax (€ 18.0 million). The remainder will be paid out in July and October 2021 (€ 65.0 million). The remainder of the net result from 2020 (€ 231.2 million) has been added to the other reserves.

EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance-sheet date resulting in further information about the actual situation as at the balance-sheet date or that are relevant to the judgement to be made by readers of the half-year report.

Port of Rotterdam Authority

19 July 2021

Executive Board

Drs. A.S. (Allard) Castelein	- Chief Executive Officer (CEO)
Drs. V.D.I.V. (Vivienne) de Leeuw	- Chief Financial Officer (CFO)
Ir. B. (Boudewijn) Siemons	- Chief Operating Officer (COO)