

IN RETAIL WE TRUST



Regulatory information – inside information
Ternat, 21 December 2018

RETAIL ESTATES REALISES € 122.86 MIO IN INVESTMENTS IN RETAIL PARKS AND CLUSTERS.

Spread over several transactions, Retail Estates has invested € 115.15 million in the expansion of its Belgian real estate portfolio, which generates a total rental income of € 7.02 million. Two different transactions resulted in the acquisition of four retail parks that cover a total surface area of 45,796 m² and 46 retail units. A sale and rent back operation with a Belgian retail company resulted in the acquisition of 11 retail units with a total retail area of 11,158 m² at 6 locations that fit in with the clusters where Retail Estates already owns a considerable number of units. In addition, two newly built properties were delivered to customers. According to the real estate experts, the fair value of these investments amounts to € 113.06 million. The gross initial yield generated by the additional Belgian investments is 6.10%.

In the Netherlands, the company invested € 7.71 million in the purchase of an additional retail unit at a successful retail park where Retail Estates systematically buys out co-owners when a suitable opportunity presents itself. The investment amounts to € 7.71 million and generates a net rental income¹ of € 0.55 million. According to the real estate expert, the fair value of this investment amounts to € 6.83 million.² The gross initial yield on the additional Dutch investment is 7.11%.

The investments are composed as follows:

1. Three retail parks located in **Mons** (Belgium, province of Hainaut), **Arlon** (Belgium, province of Luxembourg) and **Hasselt** (Belgium, province of Limburg) respectively.
 - 1.1. The retail park in **Mons** is part of the site “Les Grands Prés - Shopping de Wallonie“, which consists of a shopping mall, a Carrefour hypermarket and an IKEA store. The entire site has a surface area of approx. 101,000 m². The site's retail park part covers 11,779 m² and consists of 7 retail units let to retail chains such as AS Adventure, Maisons du Monde, Kräfel and Heytens.
 - 1.2. The retail park in **Arlon** (Belgium, province of Luxembourg) is located on the Belgian side of the border between Belgium and the Grand Duchy of Luxembourg in the 'Sterpenich' shopping zone. The presence of IKEA and Decathlon guarantees a strong regional appeal for the zone. The retail park has a retail area of 11,123 m² with six retail units. The tenants are retail chains in the home interior industry such as Maisons du Monde, Light Gallery and Extra. One retail unit of 1,812 m² has not yet been let.
 - 1.3. The retail park in **Hasselt** (province of Limburg) is located at the edge of the site where IKEA recently built a store at the Hasselt Zuid exit on the E311 motorway to Liège. The park measures 5,761 m² and consists of 4 units. All tenants are active in the home interior industry. It concerns retail chains Mediamarkt, X²O, Kwantum and Maisons du Monde. All retail units have been let.

¹ The net rental price is calculated by deducting the Dutch equivalent of the property tax and the polder taxes from the contractual rental price so as to arrive at a rental price that is comparable with Belgian rental prices.

² In the Netherlands, the fair value corresponds to the costs-to-buyer valuation (total investment minus 6% real estate transfer tax as well as notary fees and other acquisition costs).

1.4. These retail parks were obtained through the acquisition of the exclusive control over three real estate companies. The investment in this transaction amounts to € 60.00 million. An additional investment of maximum € 3.00 million will be made in the vacant retail unit after it has been let. The let retail units generate a rental income of € 3.67 million and represent a fair value of € 58.43 million.



Mons retail park: picture of IKEA

2. Retail park "Shop in Stock" in **Fosses-la-Ville**³ (Belgium, province of Namur): this retail park is located to the northwest of Namur (between Namur and Charleroi). It has a strong regional appeal in a customer zone of approx. 20 km between Namur, Dinant, Charleroi and Gembloux. The retail park has grown around the DIY shop "Stock Fosses" and currently comprises a retail area of 17,132 m² with 29 retail units. It offers an attractive mix of retail chains such as Delhaize, PointCarré, JBC and Action as well as small-scale local retailers and catering establishments that give this shopping destination a very unique character. The investment in the acquisition of this retail park amounts to € 29.02 million and generates a rental income of € 1.71 million. The fair value of these buildings amounts to € 28.58 million. This purchase resulted from the acquisition of exclusive control over a real estate company. The occupancy rate is 100%.

³ Please refer to the first press release of 21 December 2018.

3. **Sale and rent back transaction⁴:** retail units at cluster locations. Spread over six locations in Flanders (Belgium), a total of 11 retail units have been acquired at locations where Retail Estates had already acquired a considerable number of retail units. It concerns retail units in Antwerp (Merksem Bredabaan; 5 units), Lochristi (Antwerpsesteenweg; 2 units), Sint-Joris-Winge ('Gouden Kruispunt' retail park; one unit), Kampenhout (Mechelsesteenweg; one unit), Ninove (Aalstersesteenweg; one unit) and Stabroek ('Picolo' retail park, one unit). Five of these retail units have been let to retail chain Modemakers. The other units have been let to retail chains such as Torfs, Fiets and Ethias. All of the units are currently let. The investment amounts to € 20.87 million and generates a rental income of € 1.25 million. According to the real estate expert, the fair value amounts to € 20.02 million. The transaction results from the acquisition of exclusive control over a retail estate company.
4. **Delivery of projects in Nivelles** (Belgium, province of Walloon Brabant) and **Waremmé** (Belgium province of Liège).
- 4.1. In **Nivelles**, Retail Estates has realised a customised project for Aldi. An existing dilapidated retail property was demolished and replaced by a state-of-the-art supermarket with a retail area of 2,286 m². The use of this store is part of a long-term commitment of Aldi, who ordered the design of the property. The investment amounts to € 3.41 million and generates a rental income of € 0.26 million. According to the real estate expert, the fair value amounts to € 4.25 million.
- 4.2. In cooperation with a real estate promoter, three retail units were built in **Waremmé** on a site previously acquired by Retail Estates. The investment amounts to € 1.83 million for a retail area of 1,281 m² and generates a rental income of € 0.12 million. According to the real estate expert, the fair value amounts to € 1.78 million.
5. Purchase of an additional retail property in **Middelburg** (the Netherlands, province of Zeeland) at the "De Mortiere" retail park, where Retail Estates now owns a majority of the retail units. The retail property has a total surface area of 4,808 m². The investment value amounts to € 7.71 million and generates a net rental income of € 0.55 million. According to the real estate expert, the fair value of this investment amounts to € 6.83 million.

⁴ Please refer to the first press release of 21 December 2018.

FINANCING - DEBT RATIO - CAPITAL INCREASE

The investment is financed for an amount of € 4.42 million by the issue of 68,000 new shares. The balance is paid through bank financing.

The new shares will be issued by the board of directors within the context of the authorised capital on 1 April 2019 after the approval of the FSMA will have been obtained.

The new shares will be issued at a contractually determined issue price of € 65 per share. They will participate in the profits as of the financial year that commences on 1 April 2019. They will represent a capital increase by € 1,530,026.49 and an issue premium for the balance of € 2,889,973.51. These shares will be listed on Euronext Brussels and Amsterdam on the date of detachment of the coupon for financial year 2018-2019, more in particular 29 July 2019.

The pro-forma effect of these transactions on the debt ratio is an increase to approx. 53.73% on 31 December 2018.

ABOUT RETAIL ESTATES NV

Retail Estates nv is a public regulated real estate company and more specifically a niche company that specialises in investing in out-of-town retail properties which are located on the periphery of residential areas or along main access roads into urban centres. Real 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 property has an average area of 1,000 m².

As of 30 September 2018, Retail Estates nv has 834 premises in its portfolio with a total retail area of 977,170 m², spread over Belgium and the Netherlands. The occupancy rate of the entire portfolio was 98.00% on 30 September 2018, compared to 98.11% on 31 March 2018.

The fair value of the consolidated real estate portfolio of Retail Estates NV as of 30 September 2018 is estimated at € 1,391.65 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. As of 30 September 2018, the stock market capitalisation of the shares amounts to € 844.13 mio.

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.

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