



Occasional press release – regulated information  
Ternat, 22 December 2017

## Strategic purchase of three retail parks in the Netherlands Investments in the Dutch portfolio increase to EUR 268.64 million

Retail Estates has expanded its investments in the Netherlands by purchasing three retail parks with 83 retail units and a total retail area of 134,580 m<sup>2</sup>. This additional investment of EUR 205.44 million, including real estate transfer tax and notarial fees, provides an additional net rent <sup>(1)</sup> on an annual basis of EUR 13.44 million. The initial yield on these rents compared to the total investment is 6.54% (gross initial yield 6.74%). The fair value of this investment amounts to EUR 196.70 million according to the valuation drawn up by real estate experts of Retail Estates. In the Netherlands, fair value corresponds to the costs-to-buyer valuation (investment excluding real estate transfer tax of 6% and notarial and other acquisition fees). The occupancy rate of these 3 retail parks has been greater than 99% for over 15 years.

The retail parks at Cruquius (Haarlemmermeer) and Heerlen are among the top ten retail parks in the Netherlands. They significantly strengthen the quality of the Dutch real estate portfolio, which now represents a total fair value of EUR 268.64 million. As a result, Retail Estates can count itself among the select club of leading institutional investors in the out-of-town segment. The tenants are almost without exception chain stores of which 49% are internationally active and the rest are national players.

<sup>(1)</sup> Net rent is calculated by deducting the Dutch equivalent of property tax and polder taxes from the contractual agreed rent, to obtain a figure comparable to Belgian rents.

The investments are spread over the following locations:

1. Heerlen (Province of Limburg)

Woonboulevard in Heerlen has more than 50 specialised shops and is one of the largest shopping boulevards in Europe. The park consists of two parts, Square 1 and Square 2, and has excellent accessibility from the A76 motorway. The A76 stretches from the Belgian to the German border, making the retail park accessible to German and Belgian visitors. The area serviced covers 1.3 million inhabitants. Heerlen 1 consists of 21 retail buildings covering 39,891 m<sup>2</sup>, Heerlen 2 consists of 26 retail buildings covering 35,023 m<sup>2</sup>.

2. Cruquius (Haarlemmermeer – Province of North Holland)

Thanks to its large concentration of tenants, Cruquius Boulevard – with a surface area of approximately 35,000 m<sup>2</sup>, 25 tenants and an attractive customer zone – is an absolute top location in the Netherlands. It is part of a shopping zone with a total retail area of 88,650 m<sup>2</sup>. In the immediate vicinity there are large urban centres such as Haarlem, Hoofddorp and Amsterdam, as well as residential zones with the highest purchasing power in the Netherlands. The area serviced is home to 1.7 million inhabitants.

3. Zwolle (Province of Gelderland)

This local retail park of 24,721 m<sup>2</sup> with 11 tenants is located at the exit of the motorway near the city of Zwolle with its 125,000 inhabitants. It is the only retail park in the extensive region and represents stable value.

## RETAIL TRADE GROWING STRONGLY WITH THE HOME FURNISHING SECTOR LEADING THE WAY

Recent reports from the Central Office of Statistics confirm the previously observed rise in retail sales over the first three quarters. In the home furnishing sector, there are increases of 6.5% for the DIY and the kitchen sector, and 7.9% for the furniture sector. This is in line with the increase in revenue in the residential housing market, which has averaged 8.2% since the beginning of 2017. The budgetary measures of the new Rutte 3 government have increased the purchasing power of the middle class as well as consumer confidence, which has been on the rise since 2013. Consumer confidence has now reached its highest level in 16 years.

## FINANCING - DEBT RATIO

The transaction is being fully funded with bank financing. The debt ratio is expected to rise to around 59% on 31 December 2017.

## EVOLUTION OF PORTFOLIO COMPOSITION - RISK DIVERSIFICATION

By expanding its home market to the Netherlands, Retail Estates is further spreading the risk across two markets with different dynamics, without losing its specialisation in the out-of-town sector. After this new investment, its real estate portfolio is invested for 76% in Belgium and 24% in the Netherlands. The home furnishing sector currently represents 39% of the portfolio, clothing and shoes 20%, convenience 30% and food 11%. Retail parks, which represent 69% of the total, is the most important segment of Retail Estates' investments.



## 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. Retail Estates nv buys these properties from third parties or builds and markets retail buildings for its own account. The buildings have useful areas ranging between 500m<sup>2</sup> and 3,000m<sup>2</sup>. A typical retail building has an average area of 1,000m<sup>2</sup>.

On 30 September 2017, Retail Estates nv has 724 properties in its portfolio with a retail area of 837,763m<sup>2</sup>. The occupancy rate of these buildings, expressed in leased m<sup>2</sup>, amounts to 98.21% on 30 September 2017, compared to 98.13% on 31 March 2017.

The fair value of the consolidated real estate portfolio of Retail Estates nv at 30 September 2017 is estimated by independent real estate experts at EUR 1,152.55 million.

Retail Estates nv is listed on Euronext Brussels and is registered as a public regulated real estate company. On 30 September 2017, the stock market capitalisation of its shares amounts to EUR 690.65 million.

## FUTURE-ORIENTED STATEMENTS

This press release contains a number of future-oriented statements. Such statements are subject to risks and uncertainties which means that the actual results can differ significantly from those expected on the basis of such future-oriented statements in this interim statement. Significant factors that can influence such results include changes in the economic situation, commercial and fiscal factors.

Ternat, 22 December 2017

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