



**RETAIL  
ESTATES**



**PRESS RELEASE**

**Ternat, 25 January 2021**

**THE OUT OF TOWN RETAIL SEGMENT SHOWS RESISTANCE IN CORONA  
EPIDEMIC**

**AFTER LOCKDOWN, REVENUE AND RENTAL PAYMENTS LARGELY  
RECOVER**

**VALUATION OF PROPERTY PORTFOLIO STABLE FOR THREE QUARTERS**

## **COVID -19 (CORONA VIRUS) – UPDATE**

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### **VALUATION OF PROPERTY PORTFOLIO STABLE FOR THREE QUARTERS**

## **BELGIUM**

In the period from 2 November 2020 to 1 December 2020 the government ordered the closure of all non-essential shops. The list of exclusions was larger than that of the first mandatory closure. For the 461 retail units that had to close, a full agreement was reached with the tenants concerned with the exception of the tenants of 23 retail units. According to this agreement the rent payable during the period of the closure was essentially divided (credit notes of 40% on average) between the lessor and the tenant (the discounts currently represent € 1.85 million, but this amount may still rise depending on the agreements still to be concluded). This way, payment of the rent for the months of November and December is secured. The monthly rent for these abovementioned 23 retail units represents € 0.18 million. All rental charges and taxes remain payable in full.

Business in the out-of-town retail units has again recovered. As a result, the rental income has returned to pre-coronal level since 1 January 2021. Sales in clothing shops are lagging behind due to the extremely high pressure on the margins as a result of the unsold stocks. Home improvement stores, on the other hand, benefit from the consumers' increased attention paid to the comfort of their homes as a result of the restrictions on freedom of movement imposed during the corona period. This is a reflection of the information obtained earlier from the market, which indicates that functional shopping in out-of-town areas is recovering quickly. Easy access by car and ample parking space in the vicinity of large shops allow shoppers to combine efficient shopping with the observance of social distancing. This leads to a higher number of visitors at out-of-town locations, which in turn generates sales increases in the different segments of out-of-town retail trade.

Retail Estates is convinced that the amicable agreements are in the interest of both the company and its customers and facilitates the relaunch of the retail businesses after a period of mandatory closure. In this context the company continued to reserve their rights, as they are convinced, on the basis of legal advice, that the rents were payable in full. A limited number of disputes are still ongoing, in the context of which the defaulting parties will be summoned to appear in court and the full application of the lease agreements will be demanded.

## **THE NETHERLANDS**

In 2020 the impact of the corona crisis on the Dutch retail units was relatively limited. DIY and home improvement stores even had their highest sales figures ever. Only the horeca businesses have suffered unrecoverable losses of sales. The rents for December 2020 had already been paid before the government (completely unexpectedly) announced the closures.

In 2021, matters are different: all retail units in the real estate portfolio of Retail Estates have been closed since 15 December 2020 and will remain closed until 9 February 2021 (until further notice). Expectations are that a number of tenants will request a discount in view of the long period of closure. The Netherlands apparently have a different attitude towards payments: tenants tend to make a partial payment before starting negotiations. On the basis of consistent rulings in interlocutory injunction proceedings, our tenants have concluded that payment of 50% of the rent is usually ordered by courts by way of provisional measure. This is a big difference with Belgium, where no interim injunction procedures exist for this kind of matter. Pending the announcement by the Dutch government of the date on which all businesses can reopen, Retail Estates has not yet consulted with the Dutch tenants to reach an agreement on a possible division of the rent due for the period of closure. Taking into account the very high turnover achieved in 2020 by the tenants of home improvement stores, expectations are that the discounts for the current period of closure will not exceed € 3 million.

## **VALUATIONS**

The real estate experts delivered their reports containing the valuations on 31 December 2020. As a result of the recovery of retail trade in out-of-town locations, the investment value of the retail estate portfolio (at constant perimeter) has experienced a positive evolution compared to the value of the previous quarter (30 September 2020), due to an increase by 0.08% to € 1,691.09 million on 31 December 2020. An increase by 0.27% has also been recorded compared to 31 March 2020, at constant perimeter (and therefore independent of purchases and sales during the past three quarters). This means that in general, there are no depreciations of the real estate portfolio on 31 December 2020, for the entire period since 1 April 2020, during which the retail sector suffered greatly from the corona crisis.

## ABOUT RETAIL ESTATES NV

The Belgian public real estate investment trust Retail Estates nv is a niche player specialised in making in out-of-town retail properties located on the periphery of residential areas or along main access roads to urban centres available to users. 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 500m<sup>2</sup> and 3,000m<sup>2</sup>. A typical retail building has an average area of 1,000 m<sup>2</sup>.

As of 30 September 2020, Retail Estates nv has 1,004 premises in its portfolio with a total retail area of 1,193,401m<sup>2</sup> m<sup>2</sup>, spread over Belgium and the Netherlands. The occupancy rate of the entire portfolio was 97.10% on 30 September 2020, compared to 97.92% on 31 March 2020.

The fair value of the consolidated real estate portfolio of Retail Estates NV as at 30 September 2020 is estimated at EUR 1,722,276,672 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.

## 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.

Ternat, 25 January 2021

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