RETAIL ESTATES

PRESS RELEASE

Ternat, 12 June 2020

ANNOUNCEMENT OF THE ANNUAL RESULTS OF THE 2019-2020 FINANCIAL YEAR

NET RENTAL INCOME INCREASES BY 13.30% TO € 107.61 MILLION DUE TO EXPANSION OF THE REAL ESTATE PORTFOLIO BY 8.64% TO € 1,661.75 MILLION

EPRA RESULT (EXCLUSIVE OF PORTFOLIO RESULT) INCREASES BY 13.63% TO € 69.20 MILLION

PROPOSED DIVIDEND IS € 4.40 (3.53% INCREASE COMPARED TO THE PAST FINANCIAL YEAR) – EPRA RESULT IS € 5.60 PER SHARE

OCCUPANCY RATE REMAINS HIGH (97.92%)

REPORT 2019-2020 AVAILABLE

UPDATE ON THE IMPACT OF THE COVID-19 EPIDEMIC ON THE RENTAL INCOME FOR APRIL-JUNE 2020

2019-2020 FINANCIAL YEAR IN A NUTSHELL

The past financial year 2019-2020, closed on 31 March 2020, yielded the strongest operational results of all 22 financial years since the IPO in 1998. The EPRA earnings per share rose to the highest level ever, € 5.60 (an uninterrupted increase by 44.33% over the past five financial years). The proposed gross dividend for the past financial year that is submitted for approval to the general meeting is € 4.40 (an uninterrupted increase by 41.94% over the past five financial years). This dividend represents a payout ratio of 80.07%. The balance will remain at the disposal of the company and will be used to finance its investment programme. Retail Estates remind the shareholders of the fact that they have been able to combine a significant growth of the dividend with a low payout ratio. This is a defensive strategy that has proven its worth, especially during the difficult times since the outbreak of the Covid-19 epidemic. As a result of this strategy, a buffer has been created so as to guarantee that disappointing operational results do not necessarily lead to a dividend decrease.

We have also been working on the basis for the growth of Retail Estates: the capital basis was strengthened by capital increases at the start of the financial year, totalling € 82.41 million.

The substantial success of our optional dividend, that was among the highest of the BE-REIT sector with a conversion rate of 67.87 %, certainly contributed to these results. The share price followed this favourable evolution, causing Retail Estates to exceed a market capitalisation of € 1 billion for the first time on 16 May 2019.

The investments were mainly made in the Netherlands, as that is where the best opportunities arose. A total of € 102.55 million was invested in Breda, Naaldwijk, Utrecht and Zaandam. A further € 78.70 million were invested in the purchase of two retail parks in Den Bosch and Maastricht. The deeds of purchase were executed in April and June 2020 respectively. These investments were mainly financed by the issue of new shares (€ 51.32 million), the issue of a bond loan for institutional investors (€ 75 million) and bank financing (€ 54.93 million).

On 31 March 2020 the occupancy rate is 97.92%, which brings us once again close to the target of 98% that Retail Estates has been striving for during the past 22 years. At present, the sector of out-of-town retail properties has a low vacancy rate at high-quality locations. The increasing differences in purchasing power between and within the Belgian regions had led to a shift from soft discounters (often fashion industry players) to hard discounters (usually from the commodities industry). Due to the higher average purchasing power in the Netherlands, this trend is not visible in our Dutch retail parks.

More information is available in our annual report on the website.

COVID-19 (CORONAVIRUS) - UPDATE

On Monday 11 May 2020 the period of compulsory closure affecting 624 retail units in the Belgian retail portfolio ended. The retail units in the Dutch retail portfolio remained open. However, both the Belgian and Dutch catering establishments were only able to reopen in early June after the period of compulsory closure that had started in mid-March 2020. Since the reopening of all retail units in Belgium on 11 May, Retail Estates has started negotiations with almost all of the affected tenants with a view to reaching an agreement on the unpaid rents for the months of April and May 2020.

A full agreement was reached with the tenants of 493 retail units. In essence, the agreements stipulate that the cost of the rent owed for the period of the closure will be divided between the lessor and the tenant on a 50/50 basis. The 22 catering establishments have been excused from payment of the rent for the entire period of compulsory closure. In practice this means that Retail Estates excuses the tenants from payment of a month's rent on average (the agreements currently represent a total of € 5.48 million, this amount may still increase depending on the agreements still to be concluded) and secures payment of the rent for the months of May and June. For the Belgian catering establishments, this represents an amount of € 0.20 million for which payment was waived. No agreement was reached with the tenants of 43 retail units (including the 28 Brantano properties). The quarterly rent for these shops represents € 1.59 million. All rental charges and other amounts payable in addition to the rent remain due in full. During the same period Retail Estates did succeed in making considerable savings. The net result of the rent reductions, decreased by the savings made, will be visible in the publication on 4 September of this year of the results for the quarter April-June 2020.

No rent reductions nor revisions of rental agreements have been granted for the period starting on 1 July 2020.

Retail Estates is convinced that the amicable agreements are in the interest of both the company and its customers and will facilitate the relaunch of the retail businesses after two months of compulsory closure. In this context, the company has at all times reserved its rights as we are convinced, on the basis of legal advice, that the rents were due in full. There are still a few disputes, mainly with large multinationals who tried to take advantage of the constructive approach of Retail Estates to try to obtain concessions that go beyond the period of compulsory closure. Writs of summons to appear in court will be served in these cases and the full application of the rental agreements will be requested.

For the record, it should be recalled that the real estate experts took into account the current situation for the valuation of the real estate portfolio on 31 March 2020 and recorded a loss of value equalling 1 month's rent, i.e. €-6.61 million, for the Belgian non-food retail portfolio to cover a partial compensation for the expected losses incurred during the period of compulsory closure. This correction for the period of compulsory closure will not be applied for the revaluation on 30 June 2020.

In the Netherlands, rent reductions have so far only been granted to individual catering establishments for the period of the compulsory closure. Other tenants mainly request payment facilities (e.g. conversion of quarterly rent into monthly rent). The retail parks have never been closed and the number of visitors remained high. As many other leisure activities had become impossible and the city centres were avoided, the easy accessibility and spacious car parks of the retail parks were a major asset.

In these uncertain times, with a latent Covid-19 virus that may cause a new outbreak anywhere following the cancellation of the lockdown and the imminent reopening of the borders, it's difficult to predict the evolution of the retail trade, the performance of our customers and our own profitability. It is a fact, however, that out-of-town locations will probably remain the privileged locations for "runshopping" for a long time to come. Their large scale, their location and their accessibility give them a strategic advantage over shops located in the city centre and shopping malls. Being the market leader in the out-of-town segment of the non-food retail sector, our company is in an excellent position to take on this challenge.

DIVIDEND

The proposed gross dividend for the 2019-2020 financial year that will be submitted for approval to the next general meeting is € 4.40 (€ 3.08 net) and represents a 3.53% increase compared to the dividend of the past financial year, which is considerably larger than the low inflation experienced during the same period. Retail Estates will thus distribute € 55.57 million of its EPRA profit and invest the balance (€ 13.63 million) of the undistributed profit in the company's growth.

Retail Estates aims at a gross dividend of € 4.40 for the 2020-2021 financial year. The low payout ratio of the past few years has resulted in the fact that the net rents had to considerably decrease (by more than 15%) due to the Covid-19 crisis before the dividend amount would have to be reduced. This seems to be improbable at present, but the risk can never be excluded.

REPORT OF THE STATUTORY AUDITOR

The statutory auditor confirmed that the audit of the consolidated financial statements, as prepared by the board of directors, has been completed and that no material inaccuracies have been found.

CALENDAR

The annual report will be available for the shareholders on the website as from 12 June 2020 (close of business).

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	31.03.2020	31.03.2019
Rental income	107 910	95 411
Rental related expenses	-296	-430
Net rental income	107 614	94 981
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	12 124	10 403
Rental charges and taxes normally payable by tenants on let properties	-13 505	-11 786
Other rental related income and expenses	-29	-58
Property result	106 204	93 539
Technical costs	-4 486	-3 829
Commercial costs	-874	-870
Charges and taxes on unlet properties	-748	-306
Property management costs	-2 939	-2 562
Other property costs	-3	-18
Property costs	-9 052	-7 586
Operating property result	97 152	85 953
Operating corporate costs	-5 593	-5 147
Other current operating income and expenses		
Operating result before result on portfolio	91 559	80 807
Result on disposals of investment properties	597	654
Result on sales of other non-financial assets		
Changes in fair value of investment properties	-5 183	7 361
Other result on portfolio	-298	-1 058
Operating result	86 675	87 765
Financial income	55	93
Net interest charges	-19 275	-18 479
Changes in the fair value of financial assets and liabilities	-6 216	-13 374
Other financial charges	-96	-67

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	31.03.2020	31.03.2019
Financial result	-25 533	-31 826
Result before taxes	61 142	55 938
Taxes	-3 044	-1 458
Net result	58 098	54 479
Attributable to:		
Shareholders of the Group	58 098	54 479
Minority interests		
Note:		
EPRA earnings (share Group)[1]	69 199	60 896
Result on portfolio	-4 884	6 957
Changes in fair value of financial assets and liabilities	-6 216	-13 374

RESULT PER SHARE	31.03.2020	31.03.2019
Number of ordinary shares in circulation	12 630 414	11 422 593
Weighted average number of shares	12 359 942	11 265 034
EPRA earnings per share (in €)[2]	5,60	5,41
EPRA earnings per share (in €) - diluted	5,60	5,41

1 The EPRA earnings is calculated as follows: net result excluding changes in fair value of investment properties, exclusive the result on disposal of investment properties and exclusive changes in fair value of financial assets and liabilities. 1 The EPRA earnings per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with
first dividend entitlement date). Calculated on the number of dividend-entitled shares (12.630.414 shares), the EPRA earnings per share amounts to EUR 5.48 EUR at 31.03.2020 versus EUR 5.33 at 31.03.2019.

2 The EPRA earnings per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with first dividend entitlement date). Calculated on the number of dividend-entitled shares (12.630.414 shares), the EPRA earnings per share amounts to EUR 5.48 EUR at 31.03.2020 versus EUR 5.33 at 31.03.2019.

CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	31.03.2020	31.03.2019
Non-current assets	1 672 128	1 535 431
Goodwill		
Intangible non-current assets	1 142	142
Investment properties[1]	1 661 753	1 529 629
Other tangible non-current assets	6 545	2 812
Financial non-current assets		186
Finance lease receivables	1 030	1 030
Trade receivables and other non-current assets	1 658	1 632
Deferred taxes	1 653	1 113
Other	5	519
Current assets	113 008	28 461
Non-current assets or groups of assets held for sale	1 791	17 406
Trade receivables	5 686	4 051
Tax receivables and other current assets	5 690	2 342
Cash and cash equivalents	98 082	3 163
Deferred charges and accrued income	1 759	1 500
TOTAL ASSETS	1 785 136	1 563 892

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SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	31.03.2020	31.03.2019
Shareholders' equity	798 987	707 926
Shareholders' equity attributable to the shareholders of the parent company	798 987	707 926
Capital	275 768	248 939
Issue premiums	315 410	260 174
Reserves	149 711	144 335
Net result of the financial year	58 098	54 480

1 Including project developments (IAS 40).

CONSOLIDATED BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	31.03.2020	31.03.2019
Liabilities	986 149	855 965
Non-current liabilities	833 751	733 220
Provisions		
Non-current financial debts	804 793	706 793
Credit institutions	642 707	622 200
Long term financial lease	2 870	
Bonds	159 217	84 593
Other non-current financial liabilities	28 957	26 427
Current liabilities	152 399	122 745
Current financial debts	126 993	82 260
Credit institutions	126 993	82 260
Short term financial lease		
Trade debts and other current debts	15 385	25 640
Exit tax	959	7 975
Other	14 426	17 665
Other current liabilities	815	5 479
Accrued charges and deferred income	9 206	9 366
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 785 136	1 563 892

DEBT RATIO	31.03.2020	31.03.2019
Debt ratio[1]	53.10%	52.58%

1 The debt ratio is calculated as follows: liabilities (excluding provisions, accrued charges and deferred income, financial instruments and deferred taxes), divided by the total assets (excluding hedging instruments).

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 500m² and 3,000m². A typical retail building has an average area of 1,000 m².

As of 31 March 2020, Retail Estates nv has 969 premises in its portfolio with a total retail area of 1,136,492 m², spread over Belgium and the Netherlands. The occupancy rate of the portfolio was 97.92% on 31 March 2020, compared to 98.28% on 31 March 2019.
The fair value of the consolidated real estate portfolio of Retail Estates NV as at 31 March 2020 is estimated at EUR 1,661.75 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, 12 June 2020

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