



**RETAIL  
ESTATES**



**Press release**

**Ternat, 23 December 2020**

**ARBITRAGE WITHIN THE REAL ESTATE PORTFOLIO OF  
RETAIL ESTATES IN BELGIUM AND THE NETHERLANDS**

In this turbulent corona period, Retail Estates is actively continuing to strengthen its property portfolio by actively managing its investment and divestment portfolio. In this arbitration, its accumulated experience is used to respond to offers from potential buyers from the very intensive investment market and to invest the proceeds of these sales in acquisitions, new-build projects and restructuring of existing retail parks. Both in Belgium and in the Netherlands leading transactions can be reported that bear witness to the strong investment and rental market not affected by the corona crisis to the extent that this is the case in other segments of the retail property market. They support the stability of property values and rental income in the out-of-town retail market.

## **A. Investments and divestments in the Netherlands**

The retail parks of Retail Estates fully benefit from the strong demand for home furnishings in which its 16 Dutch retail parks specialize. Driven by the great importance that consumers give to their homes in this corona period, record sales have been achieved by retailers in this sector since the start of the corona crisis. The good accessibility, parking in front of the door and the relatively corona-safe environment offered by the large-scale shops contribute to their success.

### **1. Restructuring retailpark Apeldoorn (province of Gelderland – The Netherlands) : considerable added value for the real estate portfolio**

Retail Estates has significantly restructured this retail park, which it acquired in June 2017, and given it a contemporary look. It was reopened in the beginning of December this year with five new retail spaces, all of which, in the midst of the corona crisis, were easily let to branch companies such as X<sup>2</sup>O, Swiss Sense, Huus and Beddenreus. They replaced one large retail space that had been let at extremely low prices to a local retailer. The investments amount to approximately EUR 2 million, compared to an increase in rental income of EUR 0.40 million and an increase in the fair value of EUR 15.68 million at the end of 2019 to EUR 19.34 million at the end of 2020. After the opening of a Decathlon and a Media Market, the adjoining "big-boxes shopping area" will be reinforced with a Hornbach DIY megastore. The retail park of Retail Estates will ride the wave of the increased appeal of this shopping zone.

### **2. Purchase of a shop in Duiven (province of Gelderland – The Netherlands) : entry into a new region with the purchase of an excellent location in a "big-boxes-zone"**

On 22 December 2020, Retail Estates proceeded with the purchase of a retail park located in Duiven, a suburb of Arnhem. The property has a ground floor area of approximately 3,000 m<sup>2</sup> and is leased in its entirety to Leen Bakker, a branch company specialised in home furnishings, at an annual rent of EUR 273,254. The property is located in a "big boxes - retail zone" that has a regional appeal in the Arnhem region. The zone has IKEA, Hornbach, Praxis, Makro and Mediamarkt as crowd-pullers which, together with a large number of specialty shops, provides an exceptionally attractive mix of retailers in the Netherlands.

The purchase represents an investment of EUR 4.5 million and is still subject to a price revision formula which, depending on the expiry of the current rent review procedure, may represent an additional investment of up to EUR 0.57 million for Retail Estates. The real estate expert CBRE has estimated the fair value of the purchased property at EUR 4.93 million on the basis of its estimate

of the new rent that would be due as from December 2021 in function of the expiry of the current rent review procedure.

### **3. Sale of the Alphen aan den Rijn retail park : realisation of a sale with added value - confirmation of a lively investment market**

On 18 December last, the notarial deed with regard to the sale of the shopping park in Alphen aan den Rijn has been executed. As previously announced, the property has been sold to an institutional investor at a sale price of EUR 15.60 million, resulting in a capital gain of EUR 0.87 million compared to the fair value on 30 September 2020. The retail park is located in an inner city location and was the only "edge-of-town park" in the Dutch property portfolio in which it was an outsider. The transaction is a sign of increasing interest from institutional investors in retail parks in the Netherlands, partly due to a sharp decline in interest in inner-city retail properties.

## **B. Investments in Belgium**

In Belgium too, tenants in the home furnishings sector are showing great interest in new projects in the midst of the corona crisis. The Belgian consumer is no different from its Dutch counterpart in this respect. In the investment market, private investors are particularly active with a particular interest in supermarkets and DIY shops which have not been closed in recent lockdowns. Retail Estates responds to this by selling solitary retail properties and reinvesting the proceeds in projects it carries out for its own account.

### **1. Construction of a shopping park next to the IKEA of Liège-Hognoul : creation of added value through developments for own account**

The construction of a new retail park in Hognoul is nearing completion. All retail units have been leased to retailers in the home furnishing sector who are responding to the appeal of the IKEA shop and an existing Redevco retail park. The complex will generate a rent collection of approximately EUR 0.79 mio for a built-up area of 5,672 m<sup>2</sup>. The investment is estimated at EUR 10.5 mio and the fair investment value, according to the real estate expert CBRE, amounts to EUR 13.12 mio.

### **2. Divestments : strong private investment market generates capital gains on the sale of solitary retail properties**

Retail Estates has sold two retail properties to private investors with a combined sales proceeds of EUR 6.12 million. A capital gain of EUR 0.9 million was realised on this sale compared to the fair value of these retail properties as estimated by the property experts on 30 September 2020. It concerns a retail property in Deinze that has been let to Hubo with a rent collection of EUR 0.29 million and an empty retail property in Fléron that was previously let to Orchestra at a rent of EUR 0.09 million.

**C. Miscellaneous : successful placement of a EUR 30 million bond with institutional investors**

On 9 December 2020, Retail Estates completed the successful placement of a EUR 30 million bond for institutional investors. The loan has a term of 5 years and carries an interest rate of 1.99 percent. The proceeds will be used to repay a bond loan that was issued earlier and expires in April 2021.

## 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. Retail 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.

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