



**RETAIL
ESTATES**



Press release

Ternat, 17 July 2020

COVID-19 (CORONAVIRUS) - UPDATE

**ACCELERATED RECOVERY OF OUT-OF-TOWN RETAIL
TRADE ACTIVITIES**

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ACCELERATED RECOVERY OF OUT-OF-TOWN RETAIL TRADE ACTIVITIES

All shops in Belgium have been open to consumers again since 11 May of this year. As expected, the out-of-town retail units were the first to see their turnover return to pre-corona crisis levels. Belgian consumers seem to appreciate the advantages of these locations in the light of the latent presence of the corona virus in public places. Easy access by car and ample parking space in the vicinity of large shops allow them to combine efficient shopping with the observance of social distancing. In addition, consumers appear to spend a larger portion of their available income on home improvement in the aftermath of the lockdown, which has left many consumers with a need to invest in their homes. This “emo shopping” has generated a strong growth in e.g. DIY shops, electronics, home decoration shops and small furniture businesses offering a wide range of cash-and-carry products. This retail trade segment is heavily represented in the real estate portfolio of Retail Estates. Fashion shops located in out-of-town areas appear to experience a stronger recovery than shops in the city centres for the reasons mentioned above, but the major part of their turnover is generated by the successful sale of the summer collection rather than by catch-up sales of the spring collection.

As announced in the press release of 12 June of this year, Retail Estates has reached an agreement with almost all of its Belgian tenants with respect to the unpaid rent for the months of April and May 2020. The rent was divided on a 50/50 basis on average, resulting in a loss of turnover for Retail Estates of approximately € 5.52 million on account of the rent reductions granted. The favourable turnover developments have allowed payment of the rents in June and July. Almost all tenants complied with the agreement and paid their part of the rent for the period April-May 2020. No agreements have been made with respect to any other rent reductions after 30 June 2020 and no rents have been revised.

However, an exception needs to be made for two tenants for whom a procedure within the scope of the Act on the Continuity of Enterprises has been started due to problems that already existed before the corona crisis and who had to take emergency measures as a result of the two-month lockdown. The main victim is nv Brantano, which was dragged into the problems of its parent company, the FNG Group. On 30 June, the payment arrears of nv Brantano amounted to € 1.25 million, i.e. the rent and rental charges of the trimester April-June 2020. However, after the start of the procedure within the scope of the Act on the Continuity of Enterprises, the rental payments were resumed for the period starting on 1 July and expectations are that payments will continue to be made until the end of this procedure.

Where nv Orchestra-Prémaman Belgium is concerned, the procedure within the scope of the Act on the Continuity of Enterprises resulted in a bankruptcy, which was declared on 8 July of this year after a limited number of shops had been acquired by new investors within the scope of the resumption of activities in Wallonia and the Brussels region. On 30 June 2020 the payment arrears of Orchestra-Prémaman amounted to € 0.12 million. Eventually, Retail Estates will recover seven retail units from the trustee in bankruptcy. These retail units represent an annual rental income of € 0.92 million. After the lockdown, the rental market has experienced a new boost and there is a healthy interest in these locations from various potential tenants outside the fashion sector.

In December 2018 Retail Estates acquired a project land at the IKEA site in Liège (Hognoul). After all permits had been obtained, the commercialisation of the retail units to be let was launched during the corona crisis period. As much as 80% of the lettable surface area were let to customers from the home improvement sector. The construction works will start after the construction industry holidays with a view to completion by the end of the current financial year. After the problems in the construction sector due to the corona crisis, the realisation of the large-scale construction project in Namur (Jambes)

for the account of BricoPlanit is progressing according to schedule again. Completion is expected at the start of the financial year 2021-2022.

There are no unfavourable developments where the activities in the Netherlands are concerned. The retail units in the real estate portfolio of Retail Estates have never been closed. Payment facilities were granted to a limited number of tenants who experienced liquidity problems due to the closure of the factories of their foreign suppliers in the period March-April-May 2020.

The real estate experts delivered their reports containing the valuations on 30 June 2020. The value of the real estate portfolio at constant perimeter has experienced a slightly negative evolution compared to the value on 31 March 2020, due to a decrease by 0.19 per cent from € 1,690.92 million on 31 March 2020 to € 1,687.67 million on 30 June 2020. This loss in value is linked to a limited number of properties that are let to some tenants including those mentioned in the above comments, in respect of whom it is feared that their properties will have to be relet or that they will only be able to continue the rental agreements if some of the financial terms and conditions thereof are changed. This loss in value is therefore of a transient nature because it will in principle cease to exist if the above-mentioned risks do not materialise or if the management can offer an adequate solution for the above-mentioned problems.

We refer to the press release of 12 June of this year for the profit forecast for the current financial year 2020-2021 and for the dividend prognosis. They will be maintained without changes. The results of the first quarter of the financial year that started on 1 April 2020 will be published on 4 September 2020.

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 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, 17 July 2020

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