



**RETAIL
ESTATES**



PRESS RELEASE

Regulated information

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RESULT OF THE OPTIONAL DIVIDEND

**UNFAVOURABLE EXTERNAL FACTORS HAVE A NEGATIVE IMPACT ON
THE RESULT OF THE SUBSCRIPTIONS**

**SHAREHOLDERS OPT FOR NEW SHARES FOR 5.60% OF THE DIVIDEND
RIGHTS, GIVING RISE TO A CAPITAL INCREASE BY € 2,177,498.40**

1. RESULT OF THE OPTIONAL DIVIDEND

In the period from 27 July 2020 to 17 August 2020, the shareholders of Retail Estates had the possibility to subscribe for new shares within the context of the optional dividend. The shareholders opted for a subscription for new shares for 5.60% of their dividend rights.

On 20 July 2020, the board of directors observed a partial recovery of the stock market price after its initial sharp decline resulting from the outbreak of the first wave of the COVID-19 virus, probably thanks to the successful settlement of the consequences of this crisis between Retail Estates and its tenants. On 20 July 2020 the share was again quoted above the intrinsic value (EPRA-NAV) of 31 March 2020, less the gross dividend for the 2019-2020 financial year.

The board of directors used this intrinsic EPRA-NAV value as a basis to set the issue price for each new share at € 61.60 within the scope of the optional dividend.

However, the Retail Estates share has been quoted below the issue price of € 61.60 per new share, as determined within the scope of the optional dividend, since 22 July 2020. This is partly explained by the fact that the share has been quoted ex-coupon since 22 July 2020. In addition, the board of directors is of the opinion that the decline of the stock market price and hence the weak result of the subscription are also caused by a number of additional unfavourable developments.

The financial markets have been very volatile since the outbreak of the COVID-19 virus. The investor sentiment is strongly influenced by COVID-19. Shortly after the announcement of the modalities of the optional dividend, the number of infections started to considerably increase again. The authorities then decided to reintroduce stricter measures, which have a negative impact on shopping behaviour but do not, in the opinion of Retail Estates, really affect the out-of-town retail segment.

Furthermore, on 8 July 2020, the judicial reorganisation proceedings were started with regard to the retail activities of the FNG group. Several factors, including the outbreak of the COVID-19 virus, caused a number of Belgian companies of the FNG group to be declared bankrupt earlier than expected (on 3 August 2020). At present, the decision-making power with regard to the retail activities of FNG lies in the hands of the trustees in bankruptcy. In the month of July 2020 all rents were paid correctly by the FNG group. It's too early to make any predictions relating to the possible re-letting of the retail units that were let to these companies, as the trustees in bankruptcy are in a first phase trying to sell a large part of the retail activities to one or several parties.

It is highly likely that the price of the Retail Estates share has decreased below the issue price determined within the context of the optional dividend partly as a result of the different factors described above. It was not deemed advisable to decrease the issue price during the issue period to an issue price below the EPRA-NAV of 31 March 2020 less the gross dividend for the 2019-2020 financial year.

The board of directors and the management wish to extend their respect and gratitude to the shareholders who did subscribe for the optional dividend.

A total of 5.60% of the coupons no 28 were incorporated in exchange for new shares. This means that on 20 August 2020, 35,349 new shares will be issued for a total amount of € 2,177,498.40 (issue premium included). These new shares will be admitted to trading on the regulated markets of Euronext Brussels and Euronext Amsterdam as from 20 August 2020 and will therefore be immediately tradable from that date onward. These new shares will share in the results of the current financial year that started on 1 April 2020.

This capital increase improves the shareholders' equity of the Company and therefore reduces its (legally capped) debt ratio compared to a 100% payment of the dividend in cash. This opens up the possibility for Retail Estates to perform additional debt-financed transactions in the future in order to further realise its growth strategy. This capital increase also makes it possible to retain funds in the company, which will be used to fund its future growth.

The actual distribution of the dividend will start on 20 August 2020 and, depending on the choice of the shareholders, (i) the new shares issued in exchange for the incorporation of dividend rights will be delivered, (ii) payment of the dividend in cash will be made or (iii) a combination of both payment possibilities will take place.

2. TRANSPARENCY NOTIFICATION

In accordance with article 15 of the Act of 2 May 2007 on the disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market (the "Transparency Act"), Retail Estates nv announces that following the capital increase of 20 August for a total issue price of € 2,177,498.40 (€ 795,366.28 in capital and € 1,382,132.12 in issue premium), the total capital of Retail Estates nv will be € 284,984,601.97, represented by 12,665,763 fully paid-up ordinary shares. There are no preference shares or shares without voting rights, nor convertible bonds or warrants that give a right to shares. Each of these shares grants one voting right at the shareholders' meeting, and thus these shares represent the denominator for the purpose of notifications in the context of the transparency regulations. In addition to the legal thresholds, article 10 of the articles of association of Retail Estates NV provides for an additional statutory threshold of 3% in application of article 18, §1 of the Act of 2 May 2007. Admission of the new shares mentioned in this press release for trading on the regulated markets of Euronext Brussels and Euronext Amsterdam has been requested.

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.

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