

IN RETAIL WE TRUST



Regulated information
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ADDITIONAL INVESTMENT OF EUR 97 MILLION IN THE PURCHASE OF 56 RETAIL PROPERTIES IN THE NETHERLANDS WITH A NET RENTAL INCOME OF EUR 6.79 MILLION

REINFORCEMENT OF INVESTMENTS IN RANDSTAD HOLLAND AND THE SOUTH OF THE NETHERLANDS FOLLOWING THE PURCHASE OF A RETAIL PARK IN BREDA AND NAALDWIJK ON THE ONE HAND AND RETAIL PROPERTIES IN ZAANDAM ON THE OTHER HAND

THE TOTAL INVESTMENT IN THE EXPANSION OF A RETAIL PORTFOLIO OVER A PERIOD OF TWO YEARS AMOUNTS TO EUR 421.84 MILLION FOR A TOTAL OF 218 RETAIL PROPERTIES AT 13 LOCATIONS

1. New investments in the Netherlands

Within the context of a transaction with an institutional investor, Retail Estates acquired 56 retail properties spread over three locations: Breda, Naaldwijk and Zaandam. The retail properties represent a retail area of 74,163 m², which is let in its entirety. The investment amounts to EUR 97 million, inclusive of real estate transfer tax, notary fees and transaction costs, and generates a net rental income¹ of EUR 6.79 million, representing an initial yield of 7% (i.e. 7.14% on the contractually determined rents). The fair value determined by the real estate expert Cushman & Wakefield amounts to EUR 91.87 million. In the Netherlands the fair value² corresponds to the cost-to-buyer valuation (i.e. the total investment excluding 6% real estate transfer tax, notary fees and other costs of transfer).

With its 31 retail properties, the investment in the retail park at Breda for an amount of EUR 63.75 million constitutes the cornerstone of this transaction. Together with the retail parks at Cruquius (Amsterdam region) and Heerlen, it is one of the top ten retail parks in the Netherlands. With a total investment of EUR 421.84 million in 218 retail properties at 13 locations in the Netherlands, Retail Estates NV has built a leading position among the institutional investors in the out-of-town segment. The crowning achievement was an additional listing on the Amsterdam stock exchange in April 2018.

The investments are spread over the following locations:

1. Breda (province of North Brabant)

This transaction relates to the purchase of 31 retail properties that are part of Woonboulevard Breda. This retail park, which focuses on home decoration articles, is situated at an excellent location at the junction of several motorways. The quality of the retail park is reinforced by the presence of a large IKEA store, guaranteeing a strong regional appeal. The IKEA store has recently undergone a major expansion. The catchment area covers 275.000 local residents. The 31 retail properties represent a retail area of 39,932 m² and have all been let to retail chains.

2. Naaldwijk (province of South Holland)

The retail park acquired at Naaldwijk is situated in the densely populated region between Rotterdam and The Hague and has a catchment area covering approximately 135,000 residents. In a retail area of 19,875 m², the retail park offers an extensive range of home decoration articles spread over 16 retail properties that are mainly let to retail chains. The retail park also features an office floor with a surface area of 1,055 m², of which 855 m² are currently not let.

¹ The net rental price is calculated by deducting the Dutch equivalent of the property tax [and the polder taxes] from the contractual rental price so as to arrive at a rental price that is comparable with Belgian rental prices.

² In the Netherlands the fair value corresponds to the cost-to-buyer valuation (i.e. the total investment excluding 6% real estate transfer tax, notary fees and other costs of transfer).

3. Zaandam (province of North Holland)

Zaandam is part of the conurbation of Amsterdam and features a business zone which has entirely evolved into a cluster location with a large number of home decoration stores. The catchment area of his retail zone covers the northwest of Amsterdam, with approximately 155,000 inhabitants. Retail Estates acquires 9 retail properties in this zone with a total surface area of 15,054 m², the majority of which is let to a number of retail chains and PMEs.

2. Financing of the transaction

The total acquisition price is EUR 91 million, to be increased by the real estate transfer tax of EUR 5.46 million. Upon execution of the notarial deed of delivery on Tuesday, 25 June 2019, a total of EUR 51.32 million remained unpaid. This part of the investment may be financed by the issue of new shares. The part of the price that is already paid was funded through bank financing.

The sellers have until Thursday, 27 June 2019 to opt to (i) incorporate their claim amounting to the unpaid part of the purchase price into the capital of Retail Estates in exchange for new shares in Retail Estates or to (ii) receive the unpaid part of the acquisition price in cash. If the sellers opt to receive the balance in cash, they will be paid entirely in cash and the entire purchase will be funded through bank financing. If the sellers opt to have the above-mentioned balance paid by means of new shares, these shares will be issued by the board of directors within the framework of an incorporation in cash into the authorised capital at a contractually determined issue price of EUR 68.425 per share (i.e. the same issue price as the price applied within the context of the recent interim optional dividend³). The new shares will be issued at the latest on 27 June 2019 and will share in the profit as from 1 April 2019, i.e. the start of the current financial year.

³ See press release of 29 May 2019

ABOUT RETAIL ESTATES NV

Retail Estates nv is a public regulated real estate company and more specifically a niche company that specialises in investing in out-of-town retail properties which are located on the periphery of residential areas or along main access roads into urban centres. 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 property has an average area of 1,000 m².

As of 31 March 2019, Retail Estates nv has 906 premises in its portfolio with a total retail area of 1,049,101 m². The occupancy rate of the portfolio was 98.28% on 31 March 2019, compared to 98.11% on 31 March 2018.

The fair value of the consolidated real estate portfolio of Retail Estates NV as at 31 March 2019 is estimated at EUR 1,529,629 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. As at 31 March 2019, the stock market capitalisation of the shares amounts to EUR 927.52 million.

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Jan De Nys, CEO of Retail Estates nv

For more information, please contact:

Retail Estates nv, Jan De Nys – CEO, tel. +32 2/568 10 20 – +32 475/27 84 12

Retail Estates nv, Kara De Smet – CFO, tel. +32 2/568 10 20 – +32 496/57 83 58



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RETAIL ESTATES NV

Openbare GVV naar Belgisch recht

Industrielaan 6 - B-1740 Ternat

RPR Brussel

BTW BE 0434.797.847

T: +32 2 568 10 20

info@retailestates.com

www.retailestates.com