RETAIL ESTATES
Naamloze vennootschap (public limited company under Belgian law)
Public regulated real estate company under Belgian law (BE-REIT)
Registered office: Industrielaan 6, 1740 Ternat
Company number: 0434.797.847 (Register of Legal Entities of Brussels)
("**Retail Estates**" or the "**Company**")

OPTIONAL DIVIDEND FOR FINANCIAL YEAR 2019-2020

MEMORANDUM OF INFORMATION

Issue price per new share	EUR 61.60
Contribution proportion	20 No. 28 coupons for one new share. It is not possible to make additional cash payments for insufficient coupons.
Option period	27 July 2020 (9am CEST) to 17 August 2020 (3pm CEST).
Net dividend right	Net dividend right of € 3.08, represented by No. 28 coupon, which will not be traded separately at Euronext Brussels and Euronext Amsterdam.
Delivery of new shares and payment of dividend in cash	20 August 2020
Participation in the result	As from the current financial year that started on 1 April 2020

The new shares are expected to be admitted for trading on the regulated markets of Euronext Brussels and Euronext Amsterdam on 20 August 2020.

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Memorandum of Information of 20 July 2020 regarding the optional dividend of Retail Estates

Option period from 27 July 2020 (9am CEST) to 17 August 2020 (3pm CEST).

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The general meeting of the public limited company under Belgian law **"Retail Estates NV"** (hereinafter referred to as **"Retail Estates"** or the **"Company"**) decided on 20 July 2020 to pay out a gross dividend of € 4.40 per share (i.e. a net dividend of € 3.08 per share after deduction of withholding tax[1] at a rate of 30%) for financial year 2019-2020.

The board of directors of Retail Estates (**"Board of Dirctors"**) decided, also on 20 July 2020, to offer the shareholders of Retail Estates the possibility, within the context of an optional dividend, to contribute their claim arising from the appropriation of profits to the Company's capital in return for the issue of new shares (in addition to the option to receive the dividend in cash and the possibility to opt for a combination of the two preceding options).

This **Memorandum of Information** is intended for the shareholders of Retail Estates and provides information about the number and the nature of the new shares and the reasons for and modalities of this optional dividend. It has been drawn up with application of article 1.4 (h) and 1.5 (g) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/ECT (the **"Prospectus Regulation"**).

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[1] Please refer to the discussion of the fiscal treatment of the optional dividend under Title II, item 11, for a more detailed explanation of the withholding tax.

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No funds, shares or other remuneration may be requested by means of the website of the Company or the information it contains in any jurisdiction in which such an offer or request is not permitted or if such an offer or request is addressed to any person who may not legally receive such an offer or request. Any such funds, shares or remuneration sent in response to this Memorandum of Information or the website of the Company will not be accepted.

No government has expressed its position regarding this Memorandum of Information. No government has assessed the timeliness and quality of this transaction or the situation of the persons implementing it.

I. OVERVIEW OF THE MAIN CHARACTERISTICS OF THE OPTIONAL DIVIDEND

1. OPTIONS FOR THE SHAREHOLDER

In the context of the optional dividend, the shareholder can choose between:

- contribution of their net dividend claim to the capital of the Company in exchange for new Retail Estates shares;
- payment of the dividend in cash; or
- a combination of the two previous options.

2. ISSUE PRICE AND RATIO

The issue price of the new shares to be issued amounts to € 61.60.

To obtain one new share, the net dividend rights linked to 20 No. 28 coupons must be contributed.

3. OPTION PERIOD

- Start of the option period: 27 July 2020 (9am CEST)
- End of the option period: 17 August 2020 (3pm CEST)

Shareholders who do not express a choice during the option period in the appropriate manner shall in any event receive the dividend in cash.

4. NUMBER OF NEW SHARES TO BE ISSUED

A maximum of 631.520 new ordinary shares will be issued.

5. AMOUNT OF THE CAPITAL INCREASE

The total maximum capital increase amounts to EUR 14,209,446.04.The total maximum issue price of the new shares to be issued amounts to EUR 38,901,632.00.

6. WHO CAN SUBSCRIBE?

Any shareholder holding a sufficient quantity of No. 28 coupons linked to shares of the same form. Shareholders who do not hold the necessary number of net dividend rights, represented by No. 28 coupons, linked to shares of the same form in order to subscribe to at least one share will receive their dividend in cash. It is not possible to acquire additional No. 28 coupons, and it will be impossible to acquire any more shares with coupon No. 28 attached as from 22 July 2020 (i.e. the 'ex date', which refers to the date when coupon No. 28 is detached). Consequently, the No. 28 coupon will not be admitted to trading on the stock exchange either. The contribution of dividend rights cannot be supplemented by a contribution in cash. Coupons linked to shares in different forms cannot be combined[2].

[2] Shareholders who want to combine the dividend rights linked to shares of different forms can nevertheless submit a written request to convert registered shares into dematerialised shares (or vice versa) at their own expense. Such a request needs to be made to the Company prior to 22 July 2020 (i.e. the 'ex date', which refers to the date when coupon No. 28 is detached).

7. How to subscribe?

Shareholders who wish to contribute their dividend rights (in whole or in part) to the capital of the Company in exchange for new shares must contact the following during the option period:

- the Company, as far as the registered shares are concerned; and
- the financial institution where they hold their shares through a securities account, as far as the dematerialised shares are concerned.

8. Capital increase and payout

The implementation of the capital increase and the issue of the new shares will take place on 20 August 2020. The dividend will also be paid in cash as from this date.

No. 28 coupons which have not been contributed with a view to participation in the capital increase in the appropriate manner by 17 August 2020 at 3pm (CEST) will no longer carry rights to new shares after this date.

9. Admission to trading on the regulated market

The Company will submit a request to Euronext Brussels and Euronext Amsterdam for the additional admission to trading of the new shares issued further to the capital increase within the context of the optional dividend and intends for the new shares, which will participate in the profits as from financial year 2019-2020, to be traded on Euronext Brussels and Euronext Amsterdam as from the date of issue (20 August 2020).

10. Profit participation

The new shares issued within the context of this capital increase will participate in the profits as from 1 April 2020.

II. FURTHER INFORMATION

1. INTRODUCTION

The general meeting of Retail Estates of 20 July 2020 approved a gross dividend of € 4.40 per share (i.e. a net dividend of € 3.08 per share after deduction of withholding tax[3] at a rate of 30%) for financial year 2019-2020

The Board of Directors also decided on 20 July 2020 to offer the shareholders the possibility, subject to the condition precedent of a decision of the Company's general meeting to pay out this dividend, to contribute their net claim arising from the appropriation of profits to the Company's capital in return for the issue of new ordinary shares (in addition to the option to receive the dividend in cash and the possibility to opt for a combination of the two preceding options).

Within the context of the authorised capital[4], the Board will increase the share capital through a contribution in kind of the net dividend claims held by the shareholders who have opted to receive new shares in exchange for the (full or partial) contribution of their net dividend rights. The specific conditions and methods for this transaction are described in more detail below.

2. OFFER

In the context of the dividend for financial year 2019-2020, the Company is offering the shareholders the following choices:

- contribution of their net dividend claim to the capital of the Company in exchange for new Retail Estates shares; or
- payment of the dividend in cash; or
- a combination of the two previous options.

3. DESCRIPTION OF THE TRANSACTION

Shareholders who wish to opt for the (whole or partial) contribution of their net dividend rights to the capital of the Company in exchange for new shares can subscribe to the capital increase during a set option period (see below).

[3] Please refer to the discussion of the fiscal treatment of the optional dividend under Title II, item 11, for a more detailed explanation of the withholding tax.

[4] The Board of Directors is authorised to increase the Company's share capital on one or more occasions up to a maximum of: a) € 256,225,278.98 for public capital increases by means of cash contributions, providing for the possibility to exercise the legal preferential subscription right or the irreducible allocation right by the shareholders of the Company (b) € 128,112,639.49 for capital increases within the context of the distribution of an optional stock dividend, (c) at any time 10% of the amount of the capital at the moment on which the decision to increase the capital is taken for capital increases by means of cash contributions not providing for the possibility to exercise the legal preferential subscription right or the irreducible allocation right by the shareholders of the Company, on the understanding that the board of directors will only be authorised to increase the capital in accordance with this item (c) if and to the extent that the aggregate amount of the capital increases that took place in accordance with this paragraph over a period of 12 months does not exceed 10% of the amount of the capital at the moment on which the decision to increase the capital was taken (d) € 256,225,278.98 for all other types of capital increase; on the understanding that within the context of this authorisation, the share capital can never be increased to exceed the maximum amount of € 256,225,278.98 during the period for which the authorisation was granted. This authorisation is conferred on the board of directors for a period of five years as from the publication in the Annexes to the Belgian Official Gazette of the amendment to the articles of association, adopted by the extraordinary shareholders' meeting of 23 July 2018. On the date of this report, € 228,261,322.27 of the maximum amount of € 256,225,278.98 is still available, of which € 120,528,590.67 is still available under the authorisation of item (b).

The net dividend claim that is coupled to a specific number of coupons linked to existing shares of the same form will entitle shareholders to one new share at an issue price per share that is described further down in this Memorandum of Information.

The coupon granting entitlement to the dividend is coupon No. 28.

Only shareholders holding a sufficient number of No. 28 coupons linked to shares of the same form may subscribe to the capital increase. Shareholders who do not hold the required number of net dividend rights, represented by No. 28 coupons, linked to shares of the same form in order to subscribe to at least one share will receive their dividend rights in cash.

It is not possible to acquire additional No. 28 coupons, and it will be impossible to acquire any more shares with coupon No. 28 attached as from 22 July 2020 (i.e. the 'ex date', which refers to the date when coupon No. 28 is detached). Consequently, the No. 28 coupon will not be admitted to trading on the stock exchange either.

It is also not possible to supplement the contribution of net dividend rights with a contribution in cash. If a shareholder does not possess the required number of No. 28 coupons linked to shares of the same form in order to subscribe for a whole number of new shares, that shareholder does not have the option of "supplementing" their contribution in kind by means of a cash contribution in order to be able to subscribe to the next whole number of new shares of the same form. The remaining balance will be paid out in cash in such a situation.

If a shareholder holds shares of different forms (e.g. a number of registered shares and a number of shares in dematerialised form), the net dividend receivables, represented by No. 28 coupons, linked to these various forms of shares may not be combined to acquire new shares.

Shareholders who want to combine the net dividend rights, represented by No. 28 coupons, linked to shares of different forms can nevertheless submit a written request to convert registered shares into dematerialised shares (or vice versa) at their own expense. Such a request needs to be made to the Company prior to 22 July 2020 (i.e. the 'ex date', which refers to the date when coupon No. 28 is detached).

4. THE ISSUE PRICE

The issue price of the new shares to be issued has been contractually determined at € 61.60 and was calculated on the basis of the EPRA NAV[5] on 31 March 2020, decreased by the gross dividend for financial year 2019-2020. The issue price is 1.47% lower than the average closing price of the Retail Estates share of the last ten trading days (6 July 2020 – 17 July 2020). The closing price includes coupon No. 28 representing the dividend right for the financial year 2019-2020, to which the new shares

[5] As calculated in accordance with the definition contained in the "EPRA Best Practices Recommendations". The EPRA NAV is the Net Asset Value (NAV) according to IFRS, adjusted to take into account the fair value of the investment properties and with the exclusion of certain elements do not fall within the scope of a financial model of long-term investment properties. In practice, the ERPA NAV of Retail Estates is calculated as follows: shareholders' equity (excluding the fair value of the authorised hedging instruments) divided by the number of shares.

to be issued will not be entitled.[6] The new shares to be issued will participate in the profits of the financial year 2020-2021.

The general meeting of the Company decided on 20 July 2020 to pay out a gross dividend of € 4.40 per share for the financial year 2019-2020.

The Board states that article 26, § 2, 2° of the REIT Act need not be complied with as this contribution in kind involves a contribution of the right to a dividend within the context of the distribution of an optional dividend and this optional dividend is effectively open to all shareholders.

The shareholder who does not wish to proceed to a (total or partial) contribution of their net dividend rights in exchange for new shares will undergo a dilution of financial rights (including dividend rights and participation in the liquidation balance) and membership rights (including voting rights and preferential subscription rights) connected to their existing participation.

Based on the assumption that 631.520 new shares would be issued (i.e. the total number of new shares that would be issued if all net dividend claims were contributed to the capital[7]), the intrinsic value per share ex dividend would change from € 58,86 on 31 March 2020 to € 58,99 (rounded, assuming that the maximum amount of new shares (631.520) would be issued).

The impact of the issue of the new shares on the participation in the capital of an existing shareholder who held 1% of the capital of the Company prior to the issue and does not contribute its net dividend rights[8] to the capital of the Company is discussed below.

The calculation is based on the number of existing shares and an estimated 631.520 new shares taking into account the maximum amount of the capital increase of € 38,901,632.00 (inclusive of the issue premium) and the issue price per share of € 61.60.

	Participation in the shareholding
Prior to the issue of the new shares	1.00%
After the issue of the new shares	0.95%

Shareholders who do not contribute their dividend rights to the capital of the Company are also exposed to a risk of financial dilution of their participation. This risk results from the fact that the new shares are issued at an issue price that is lower than the average closing price of the last ten trading days.

5. THE OPTION PERIOD

The option period, during which shareholders may subscribe to the capital increase, starts on 27 July 2020 at 9am CEST and ends on 17 August 2020 at 3pm CEST.

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[6] By way of comparison, the closing price can be reduced (pro forma) by the gross dividend (€ 4,40) or by the net dividend (€3,08). The issue price is 7.20 % higher than the closing price on 17 July 2020 (€61.10), if the gross dividend is reduced, and 5.04% higher than the closing price on 17 July 2020, if the net dividend is reduced.

[7] i.e. the net dividend rights linked to all 12,630,414 existing shares in the Company, all of which entitle their holders to a participation in the results of the financial year 2019-2020.

[8] In this respect, abstraction is made of the fact that a shareholder will not be able to contribute all his net dividend rights represented by the No. 28 coupons at this shareholder's disposal to the Company's capital (e.g. due to the fact that the number of No 28 coupons held by a shareholder will probably not correspond exactly to a whole number of new shares to which the coupons would entitle the holder).

Shareholders who do not express a choice during the option period in the appropriate manner shall in any event receive the dividend in cash.

6. CAPITAL INCREASE AND PAYOUT OF THE DIVIDEND

The implementation of the capital increase and the issue of the new shares will take place on 20 August 2020.

Taking into account the aforementioned issue price, it will be possible to subscribe to any new share to be issued, and this new share will be paid up in full by means of a contribution of net dividend rights linked to 20 existing shares of the same form (represented by coupon No. 28). This means that the shareholder will receive one new share per contribution of net dividend rights linked to 20 shares.

For shareholders who benefit from reduced withholding tax or are exempt from withholding tax, just as for those shareholders who do not benefit from such a reduction or exemption, the contribution of the net dividend claim will amount to approximately € 3.08[9] per share (more exactly: a shareholder shall receive one new share for each contribution of net dividend rights linked to 20 existing shares of the same form (represented by coupon No. 28), and the balance resulting from the reduction in or exemption from withholding tax will also be paid in cash as from 20 August 2020). Shareholders in such a situation must submit the customary certificate, unless set out otherwise in the information they have received from their financial institution or intermediary, at the latest on 27 August 2020 at 4pm CEST by e-mail to taxoperations@kbc.be and by regular mail to Tax Operations, KBC Bank NV, GENtoren +13, Kortrijksesteenweg 1100, 9051 Gent, to be entitled to this fiscal benefit.

The total capital increase amounts to a maximum of € 14,209,446.04 within the scope of the issue of maximum 631.520 new shares (provided that every shareholder holds an exact number of No. 28 coupons linked to shares of the same form which entitles them to a whole number of new shares and decides to contribute the relevant net dividend claims to the capital of the Company). The total maximum issue price of the new shares to be issued amounts to € 38,901,632.00.

The total capital increase will equal the number of new shares to be issued multiplied by the (exact) fractional value of the existing Retail Estates shares (i.e. approx. € 22.50 per share), rounding up the result of the calculation to two decimals. All (new and currently existing) shares of the Company will then be awarded the same fractional value.

The difference between the fractional value and the issue price will, possibly after deduction of an amount maximally equalling the costs of the capital increase within the meaning of the applicable IFRS rules, be recorded as an available reserve on an separate account “Available Issue Premiums" under the item "shareholders’ equity" on the liabilities' side of the balance sheet.

As the entitled shareholders have the possibility to opt for (i) payment of the net dividend in cash, (ii) contribution of the net dividend claim in exchange for shares or (iii) a combination of both, it is not possible to estimate how many new shares exactly will be created.

[9] Please refer to the discussion of the fiscal treatment of the optional dividend under Title II, item 11, for a more detailed explanation of the withholding tax.

The capital will only be increased with the amount of the (capital value of the) actual subscriptions received. If the issue is not fully subscribed, the Company reserves the right to increase the capital with the amount of the (capital value of the) subscriptions received.

The allocated new shares will have the same form as the existing shares currently held. Shareholders may submit a written request to the Company to have registered shares converted into dematerialised shares, or vice versa, at their own expense at any time after the issue.

As from 20 August 2020, a cash dividend will furthermore be paid to shareholders who: (i) have opted to contribute their net dividend rights in exchange for new shares but did not achieve the next whole number of shares, in which case the remaining balance will be paid in cash; (ii) have chosen to receive their dividend in cash; (iii) have opted for a combination of the previous two options; or (iv) have expressed no choice.

The new shares issued within the context of this capital increase will participate in the profits as from 1 April 2020.

The Company will submit a request to Euronext Brussels and Euronext Amsterdam for the additional admission to trading of the new shares issued further to the capital increase within the context of the optional dividend and intends for the new shares, which will participate in the profits as from financial year 2020-2021, to be traded on Euronext Brussels and Euronext Amsterdam as from the date of issue (20 August 2020).

7. JUSTIFICATION OF THE TRANSACTION

The non-monetary contribution of claims against Retail Estates in the context of the optional dividend and the associated capital increase improve the shareholders' equity of the company and therefore reduce its (legally capped) debt ratio. 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. The optional dividend also makes it possible to retain funds in the Company (in line with the dividend rights contributed to the company's capital), which in turn reinforces the company's liquidity position.

In addition, it strengthens the ties with the shareholders.

8. SUSPENSIVE CONDITIONS

The Board of Directors reserves the (purely discretionary) right to withdraw the offers if, between 20 July 2020 (the date of the decision by the Board of Directors) and 17 August 2020, the share price of Retail Estates significantly rises or falls on Euronext Brussels and Euronext Amsterdam relative to the issue price of the new shares as set by the Board of Directors.

The Board of Directors also reserves the (purely discretionary) right to withdraw the offer if, between 20 July 2020 and 17 August 2020, an extraordinary event of a political, military, economic or social nature (including a terrorist attack, epidemic, pandemic or other health crisis) occurs such that the economy and/or the securities markets are significantly affected.

Any withdrawal of the offer will be immediately communicated to the public by means of a press release.

The exercise or non-exercise of this right may never give rise to any liability on the part of Retail Estates.

9. FINANCIAL SERVICE

Shareholders who wish to contribute their dividend rights (in whole or in part) to the capital of the Company in exchange for new shares must contact the following during the option period:

- the Company, as far as the registered shares are concerned (the registered shareholders will receive a letter with instructions from Retail Estates in this regard); and
- the financial institution where they hold their shares through a securities account, as far as the dematerialised shares are concerned.

This service is free of charge for the shareholder.

The paying agent of Retail Estates within the context of the optional dividend is KBC Bank NV, with registered office at Havenlaan 2, 1080 Brussel and with company number 0462.920.226 (Register of Legal Entities of Brussels).

10. COSTS

All legal and administrative costs relating to the capital increase will be borne by the Company.

Certain costs, such as for changing the form of shares, will remain payable by the shareholder. Shareholders are advised to consult their financial institution in this regard.

11. TAX CONSEQUENCES

The paragraphs below provide an overview of the Belgian fiscal treatment relating to the optional dividend and are included for information purposes only. This overview is based on the Belgian tax legislation and administrative interpretations applicable at the date of this Memorandum of Information and is provided subject to changes in applicable tax law, including changes with retroactive effect (prior to the date of this Memorandum of Information).

This summary does not take into account, and does not cover, tax laws in other countries and does not take into account the specific circumstances of individual investors. The information contained in this Memorandum of Information must therefore not be considered investment, legal or tax advice. Shareholders are advised to consult their own tax advisor regarding the tax implications in Belgium and other countries within the framework of their specific situation.

Withholding tax

The option for shareholders (i.e. the payment of the dividend in cash, the contribution of their net dividend rights in exchange for the issuance of new shares, or a combination of both) has no impact on the calculation of withholding tax. In other words, 30% withholding tax will be deducted from the gross dividend of € 1.25 (unless an exemption or reduction of withholding tax applies).

For private investors residing in Belgium, the withholding tax constitutes the final tax on dividend income in Belgium. The dividend income does not have to be declared in the personal income tax return. However, if a private investor decides to include the dividend income in their personal income tax return, they will have to pay taxes on this income at the individual rate (30%) or at the progressive personal income tax rate, whichever is the lowest, taking into account other income declared by the tax payer. It is in principle only interesting to declare this income if the combination with other income of the tax payer results in a tax rate lower than 30%. Private investors furthermore qualify for tax exemption for dividends paid or allocated via the personal income tax return during the income year 2020 (assessment year 2021) up to the first € 812 (cf article 21, first section, 14° of the Belgian Income Tax Code). If the dividend income is actually declared, (i) the income tax due will not be increased with the additional municipal tax, and (ii) the withholding tax can be set off against the eventual personal income tax due if the relevant conditions are met and any surplus amounts can be refunded.

For professional investors residing in Belgium, the withholding tax does not constitute the final tax in Belgium. The dividend income needs to be declared in the personal income tax return, and they will have to pay taxes on this income at the normal progressive personal income tax rate increased with the additional municipal tax. Subject to certain conditions, the withholding tax can be set off against the personal income tax due and any surplus amounts can be refunded.

For shareholders subject to the legal entities income tax, the withholding tax in principle constitutes the final tax due.

Belgian companies subject to corporate income tax are required to include the dividends in their corporate income tax return and are in principle taxed on the gross dividends received (withholding tax included) at the applicable corporate income tax rate. The corporate tax rate is 25%.

The dividends paid by the Company in principle do not qualify for the so-called dividends received deduction (DRD) because the Company is a public BE-REIT, which means that the Company benefits from a special tax regime and consequently does not meet the so-called taxation condition (article 203, §1, 2°bis of the 1992 Income Tax Code).

The dividends do nevertheless qualify for the DRD to the extent that the dividends paid by the Company originate from income from real estate (i) situated in another member state of the European Union or in a state with which Belgium has concluded a double taxation treaty on condition that such treaty or any other agreement provides for an exchange of information necessary for the application of the legal provisions of the contracting states; and (ii) that has been subject to corporate income tax, non-resident income tax or any foreign tax that is similar to one of these taxes and does not benefit from a special tax regime that deviates excessively from common law (article 203, §2, sixth paragraph of the 1992 Income Tax Code). Furthermore, the dividends are also eligible for DRD insofar as and to the extent that these dividends are derived from dividends which themselves meet the taxability conditions mentioned in article 203, §1, first paragraph, 1° to 4° of the 1992 Income Tax Code or from capital gains realised on shares that qualify for exemption in accordance with article 192, §1 of the 1992 Income Tax Code and provided that the articles of association of the Company provide for an annual redistribution of at least 80% of the income received after deduction of remunerations, commissions and costs (article 203, §2, second section of the 1992 Income Tax Code). Pursuant to article 203, §5 of the 1992 Income Tax Code, this 80% threshold is deemed to be met if the BE-REIT has distributed its net proceeds in accordance with Article 13, §1 of the Royal Decree of 13 July 2014 with regard to regulated real estate companies.

For the application of the dividends received deduction as set out above, the so-called quantitative conditions set forth in article 202, §2, first paragraph of the 1992 Income Tax Code do not apply (cf Article 202, §2, third paragraph, 3° of the 1992 Income Tax Code).

Provided that all legal conditions are met, a company-shareholder resident in Belgium can set off any withholding tax deducted from the dividends received against any corporate income tax due, and any surplus can be refunded.

Belgian companies that, upon payment or allocation of the dividends, hold a minimum participation of at least 10% of the Company's share capital may, under certain conditions and provided that certain formalities are met, benefit from an exemption from Belgian withholding tax.

Dividends paid by the BE-REIT to a non-resident shareholder give in principle rise to the collection of withholding tax at a rate of 30%. Pursuant to article 106, §7 of the Royal Decree implementing the 1992 Income Tax Code (the "RD/92ICT"), part of the dividends paid out by a BE-REIT to a non-resident saver may be exempt from withholding tax provided that certain conditions are met. This exemption does not apply to the part of the distributed dividends which originates from Belgian real estate and from dividends obtained by the Company itself from a Belgian resident company, unless the latter is itself a regulated real estate company (or another company referred to in the first section of article 106, §7 RD/92ICT) and the dividends it distributes to the Company do not originate from dividends received from a Belgian resident company or from income of Belgian real estate.

Organisations for financing pensions ("OFPs"), i.e. Belgian pension funds incorporated under the legal form of an organisation for financing pensions within the meaning of Article 8 of the Belgian Act of 27 October 2006 on the supervision of institutions for occupational retirement provisions, are in principle not taxed on dividend income because of the limited tax base on which these OFPs are taxable (Article 185bis of the 1992 Income Tax Code). Except for certain limitations, the Belgian withholding tax can be set off against the corporate income tax due and can be refunded to the extent that it exceeds the corporate income tax due. Foreign OFPs may, under certain conditions, benefit from an exemption from withholding tax (cf Article 106,§2 RD/92ITC).

For shareholders who benefit from an exemption or reduction of withholding tax pursuant to Belgian law or an (applicable) treaty for the avoidance of double taxation, the standard withholding tax of 30%, which is in principle withheld from the distributed gross dividend, is not (in case of exemption) or not entirely (in case of reduced withholding tax) withheld provided that the necessary documents are submitted.

Shareholders who are exempt from withholding tax or who benefit from a reduction of withholding tax will receive this tax advantage in cash as from 20 August 2020. Shareholders who are in such a position must make sure that the required certificates are sent at the latest on 27 August 2020 at 4pm CEST by e-mail to taxoperations@kbc.be and by regular mail to Tax Operations, KBC Bank NV, GENtoren +13, Kortrijksesteenweg 1100, 9051 Gent, to be entitled to this fiscal benefit, unless set out otherwise in the information they have received from their financial institution or intermediary.

Shareholders who benefit from an exemption or reduced withholding tax will therefore receive a surplus in cash (see above, II.6 "Capital increase and dividend payment").

12. REAL ESTATE VALUATION

Pursuant to article 48 of the REIT Act, the actual value of the assets of the Company (and its perimeter companies) as determined in article 47, §1 of the REIT Act needs to be determined by the valuation expert(s) when e.g. the Company issues shares or submits an application to admit shares to trading on a regulated market. The valuation cannot take place earlier than one month before the proposed transaction. A new valuation is nevertheless not required when shares are issued or admitted to trading on a regulated market within 4 months after the latest valuation or valuation update with regard to the relevant real estate and insofar the expert confirms that a new valuation is not required based on the general economic situation and the condition of this asset.

The most recent valuation (update) with regard to the actual value of these assets of the Company and its perimeter companies took place on 30 June 2020 and was carried out in part by Cushman & Wakefield Belgium, in part by Cushman & Wakefield Netherlands, in part by Stadim, in part by CBRE Belgium, in part by CBRE Netherlands and in part by Colliers Netherlands, which means that the Company will be in the possession of a valuation (update) that is at most 1 month old at the time the admission to trading of the new shares on the regulated markets of Euronext Brussels and Euronext Amsterdam will be applied for and at most 4 months old on the date of issue of the new shares, which is 20 August 2020.

Most evaluation reports contain a so-called “material uncertainty in relation to the valuation” clause and mention in that respect that they take into account the outbreak of the new corona virus (COVID-19), which was declared a “world-wide pandemic” by the World Health Organisation on 11 March 2020, as well as its global impact on the financial markets. As the current reaction on COVID-19 means that the valuation experts are confronted with an unprecedented series of circumstances as a basis of valuation, the valuations are reported on the basis of a “material uncertainty in relation to the valuation” as described in VPS3 and VPGA 10 of the RICS Red Book Global. As a result, the degree of certainty of the values mentioned in the valuation reports is lower than it would be under normal market circumstances, and the valuations should therefore be used with more caution. In view of the unknown future impact of “COVID-19” on the real estate market, the valuation experts recommend that the valuations be revised on a regular basis.

The above-mentioned valuation experts of the Company will be requested to confirm, prior to the issue of the new shares or on around 20 August 2020, that, given the general economic condition and that state of these assets, no new valuation is required within the framework of the issue of the new shares.

13. INFORMATION MADE AVAILABLE

As a general rule, a prospectus must be published under the Prospectus Regulation when a public offering of shares takes place on Belgian territory and when these shares are admitted to trading on a Belgian regulated market. However, there is an exception to this rule in case of an optional dividend. Pursuant to articles 1.4 (h) and 1.5 (g) of the Prospectus Regulation, this Memorandum of Information, which contains information on the number and nature of the shares and the reasons for and details of the offer and the admission, will be made available to the public by the Company on the first day of the option period.

Subject to certain customary restrictions, this Memorandum of Information will be available on the website of Retail Estates as from (20 July 2020). The Memorandum of Information will, under certain customary restrictions, be made available on the websites of KBC Securities (www.kbcsecurities.com/prospectus-documents-overviews/prospectusoverview), KBC Bank (www.kbc.be/retailestates) and Bolero (www.bolero.be/nl/retailestates).

The special report of the Board of Directors of 20 July 2020 concerning the non-monetary contribution, drawn up in accordance with article 7:179 and article 7:197 of the Belgian Code of Companies and Associations, as well as the special report of the statutory auditor on the non-cash contribution, drawn up in accordance with article 7:179 and article 7:197 of the Belgian Code of Companies and Associations, can also be found on the Retail Estates website as from 20 July 2020.

14. CONTACT

For more information regarding the transaction, holders of dematerialised shares can contact the financial institution where they keep their shares on their securities account.

Holders of registered shares can contact the Company for more information (by calling +32 (0)2 568 10 21 or by emailing at investorrelations@retailestates.com).

ANNEX: EXAMPLE

An example of the distribution of the optional dividend can be found below. Please note that a possible exemption from or reduction of withholding tax is not taken into consideration.

The example assumes a shareholder who owns 101 No. 28 coupons linked to shares of the same form (e.g. 101 dematerialised shares).

The issue price is € 61.60. It is possible to subscribe to any new share to be issued by means of a contribution of net dividend rights linked to 20 existing shares of the same form (represented by coupon No. 28).

This means that the shareholder will receive one new share per contribution of net dividend rights, represented by No. 28 coupons, linked to 20 shares.

The shareholder can exchange the net dividend rights linked to 101 shares, represented by coupon No. 28, for:

- **Cash**: 101 x 3.08 = EUR 311.08 (rounded off);

OR

- **Shares:**
  - 5 new shares (in exchange for 100 Nr. 28 coupons); and
  - the balance of € 3,08 (rounded down) in cash (in exchange for the only remaining No. 28 coupon, which does not suffice to subscribe to an additional share);

OR

- **Combination:**
  - (e.g.) 4 new shares (in exchange for 80 Nr. 28 coupons); and
  - € 64.68 (rounded down) in cash (in exchange for the remaining 21 No. 28 coupons).