

RETAIL ESTATES



‘the art of creating value in retail estate’

HALF-YEARLY RESULTS AT 30 SEPTEMBER 2012

Strong growth of the portfolio to 652.43 million EUR (+ 18.49%)

Successful completion of the retail parks in Tongres (T-Forum) and in Bruges (V-Mart)
Occupancy rate¹: 98.02%

Dividend: prognosis EUR 2.90² gross confirmed

HALF-YEARLY REPORT

Retail Estates NV reports to its shareholders the half-yearly financial report for the first six months of the fiscal year 2012-2013, closed on 30 September 2012, currently available on its website <http://www.retailestates.com/en/press/2012-2013>.

A. HALF-YEARLY RESULTS

1. ACTIVITY REPORT FOR THE FIRST SIX MONTHS OF 2012-2013 CLOSED ON 30 SEPTEMBER 2012

1.1. Rental income and occupancy rate

Rental income during the first half of the financial year amounted to EUR 19.88 million, 12.30 % up on the figure for the comparable half of the financial year 2011-2012 (EUR 17.70

¹ The occupancy rate is calculated as the surface area actually let out in proportion to the lettable area, expressed in m².

² The dividend prognosis proposed for the fiscal year of 2012-2013 as mentioned in the annual report 2011-2012, page 35.



million). This increase is almost entirely attributable to the growth in the real estate portfolio and the positive indexation of the rents.

The occupancy rate¹ on 30 September 2012 remained at a high 98.02 %, compared with 98.18 % on 31 March 2012.

1.2. Fair value of the real estate portfolio

The fair value of the real estate portfolio amounts to EUR 636.96 million. The rental yield on this portfolio established by the real estate experts is 6.91 % based on the actual rent.

The stability of the value of suburban retail properties is explained mainly by continuing interest on the part of wealthy private individuals in this type of investment. Retail Estates NV noticed this when carrying out its annual ongoing divestment programme.

Retail Estates NV also holds a significant stake of 84.18 % in the real estate certificates issued by Immobilière Distri-Land NV. The fair value of this property portfolio as at 30 September 2012 is EUR 17.71 million and is equal to the value on 31 March 2012. Retail Estates' share in the total fair value of the real estate plots of the real estate certificates amounts to EUR 13.77 million.

As at 30 September 2012 the real estate portfolio consisted of 506 premises with a lettable surface area of 516,543 m².

1.3. Optimisation of the real estate portfolio

Antwerp (Merksem)

Along the Bredabaan road in Merksem, an existing store with warehouse was converted into 2 retail properties which are let to Fun and X₂O respectively. The site was extended with a large car park which is located on a neighbouring plot that was purchased for this purpose. The new property now represents a rental income of EUR 0.52 million and a fair value of EUR 7.95 million.

Bruges (Sint-Pieters)

Along the Sint-Pieterskaai in Bruges, an existing store was converted to be integrated with the adjacent retail park V-Mart. The new property consists of 3 retail premises of which two



are let. The renovated premises represent a rental income of EUR 0.21 million and a fair value of EUR 3.24 million.

Luik (Grivegnée)

In a retail park along the Boulevard de Froidmont, an existing retail property which is let to Aldi was expanded to 1,464 m² lettable surface area upon the request of the tenant.

Kasterlee

On 1 September 2012, the leasing contract with Aldi for a new building started for a term of 18 years. Previously, an outdated store was demolished and adjacent plots of building land were purchased. This new store represents a fair value of EUR 1.61 million and a rental income of EUR 0.11 million (excluding VAT).

Blegny (Barchon)

On 28 September 2012, an underlying villa in Barchon was purchased for EUR 0.42 million. This purchase is part of a development to expand the existing retail park in Barchon and improve the access situation.

1.4. Investments³ – retail parks

On 26 April 2012, the exclusive control was acquired of Infradis Real Estate NV through the acquisition of all shares of this company. IT is owner of a property store in Namur, which has been let since August to New Vanden Borre, and a complex in Zaventem, which consists of 2 retail premises let to Ixina and Carpetright, and 6 SME units, mainly let to Carpetright and a logistics company of the Colruyt group. The entire property represents a rental income of EUR 0.77 million and a fair value of EUR 10.93 million as at 30 September 2012.

Bruges (Sint-Pieters) – V-Mart

On 1 May 2012, the release of the retail park V-Mart took place. This new retail park consists of 10 retail premises with a total lettable area of 11.592 m² and a net rental income of EUR 0.73 million. This property represents a fair value of EUR 10.73 million. All retail

³ The purchase and disposal values of the investments and divestments are in line with the investment values as estimated by the real estate experts.



premises are let to affiliate companies including Hubo, Lidl, Maxizoo, Pronti and others. The buildings were constructed on a terrain belonging to a third party.

Tongres (T-Forum)

On 1 July 2012, the release of 27 retail premises located in the retail park T-Forum in Tongres took place. They represent a total lettable area of 31,039 m² and a rental income of EUR 2.36 million. This shopping complex represents a fair value of EUR 38.52 million. 2 properties are not yet released.

1.5. Disposals³

Over the past six months, 10 retail premises and 1 SME property were sold to private investors for a net rental income of EUR 8.86 million.

The retail premises sold, are situated in Molenbeek (4 properties, 3,249 m²), Grivegnée (1 property, 395 m²), Maldegem (1 property, 1,000 m²), Aubange (3 properties, 1,198 m²), Bruges (1 SME property, 1,675 m²) and Korbeek-lo (1 property, 1,300 m²). The fair value of these premises as at the time of sale amounted to EUR 8.61 million.

1.6. Capital increase with application of the authorised share capital

On 4 July 2012, the control of Databuild Investments NV was acquired through the acquisition of a participation of 62.5 % of the shares, whereby a part (308 shares) of these shares was purchased and a part (317 shares) was acquired via contributions in kind. This contribution was part of the authorised capital whereby a capital increase was performed for the amount of EUR 10.01 million (EUR 4.69 million share capital and EUR 5.32 million share premiums). In this respect, 208,607 new shares were issued at an issue price of EUR 48. These new shares are participating in the profit of the fiscal year starting on 1 April 2012. The 37.5 % of shares which were not acquired, are owned by third parties who are active in project development of suburban retail stores.

This company owns 32 retail premises, of which 22 are concentrated in retail parks in the towns of Lommel (5 retail premises), Gembloux (10 retail premises) and Châtelet (7 retail premises). The remaining 10 premises are located in Soignies (2 retail premises), Anderlues (2 retail premises), Bouillon (2 retail premises), Fleurus (1 retail property), Thuin (1 retail



property) and Libramont (2 retail premises). The retail premises represent a rental income of EUR 3.27 million and a fair value of EUR 49.60 million.

On 27 July 2012, the board of directors carried out a capital increase of EUR 8.04 million as part of authorised capital (EUR 3.77 million capital and EUR 4.27 million by means of a contribution in kind in the context of an optional stock dividend). 68.27 % of the shareholders chose to subscribe to new shares, which means that 167,441 new shares were issued which are participating in the profit of the fiscal year starting on 1 April 2012. The new shares were issued at an issue price of EUR 48.

1.7. Capital increase and merger through acquisition of subsidiaries

On 9 August 2012, the merger proposal was submitted for the merger by absorption of Belgian Wood Center NV and Champion Invest NV. This merger took place on 30 November 2012 without the issuing of new shares. The merger of these subsidiaries simplifies the administration and reduces the taxable income of the subsidiaries of Retail Estates NV.

2. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF RETAIL ESTATES NV

Further to the aforementioned capital increases of 4 July and 27 July 2012, the articles of association of Retail Estates NV were modified on each occasion, however, these modifications only concerned the amount of the share capital and the number of shares.

On 3 September 2012, the new articles of association of Retail Estates NV were approved whereby several of the articles still need to be modified in accordance with the R.D. of 7 December 2010 and the interpretive announcement of the FSMA with regard to granting proxies for acts of disposal on real estate.

3. ANALYSIS OF THE RESULTS

Interim results as at 30 September 2012: net current result of the Group up by 13.42 % - fair value of the real estate portfolio up by 18.51 %.

For the six months to 30 September 2012, the **net current result** (i.e. profit before the results on the portfolio) amounted to EUR 9.84 million, an increase of 13.42 % compared to the same period in the previous year.



Net rental income rose from EUR 17.60 million to EUR 19.71 million. This is mainly due to the acquisition of 85 additional properties in the current financial year and the contribution of retail properties purchased during the previous financial year and which are contributing 100 % for the first time this financial year. Compared with 30 September 2011, the real estate portfolio grew by EUR 110.46 million. With respect to 31 March 2012, the portfolio grew by EUR 99.48 million.

After deduction of property charges, this gives a property result of EUR 19.47 million compared to EUR 17.43 million last year.

Property charges amount to EUR - 1.22 million compared to EUR - 1.02 million last year. The increase is thus in line with the increase in rental income. After deduction of general costs, the investment company posted an operating result before result on the portfolio of EUR 17.17 million. The operating margin is 87.11 %.

Net earnings from **disposals of investment properties** amount to EUR 0.24 million out of total sales of EUR 8.91 million. Variations in the fair value of investment properties amount to EUR 2.65 million, representing the net surplus of various positive and negative variations.

The **financial result** is EUR - 6.83 million, a rise in costs of EUR 0.35 million compared with the same period last year. Retail Estates NV finances its real estate portfolio with long-term bank debts at fixed interest rates. The average interest rate as at 30 September 2012 was 4.65 %.

The **net result** (share Group) for the first half of the year is EUR 12.73 million, consisting of the net current result of EUR 9.84 million and the result on the portfolio of EUR 2.90 million. Per share this represents a net current result available for distribution of EUR 1.75 for the first half of the year.

The **fair value of the property portfolio**, including assets held for sale, amounted to EUR 652.43 million as at 30 September 2012, compared to EUR 550.63 million on 31 March 2012.

The **net asset value** (fair value) per share amounted to EUR 41.65 (excluding 50 % of the expected dividend) as at 30 September 2012. As of 31 March 2012 this was EUR 41.59 (excl. dividend).



The **debt ratio** amounted to 54.37 % as at 30 September 2012 compared to 51.08 % as at 31 March 2012.

4. PROSPECTS

The macro-economic uncertainties do not enable predictions to be made as to the evolution of the fair value of property or the negative variations in the fair value of financial hedging instruments. The evolution of the net asset value of the share, which is sensitive to such variations and uncertainties, is therefore uncertain. To date, the reduced consumer confidence and the lower retail turnover of some retail firms have not resulted in an increase of unoccupied premises or collection issues at Retail Estates. This is probably the result of the discount character of the peripheral retail formulas.

At the end of last financial year (2011-2012), a net current result was projected on the assumption of a stable result. Based on the results of the first half of the year, this objective is maintained. The expected dividend⁴ (EUR 2.90 gross per share) is confirmed. This represents a 3.57 % increase in the dividend compared with 2011-2012. These expectations were filled in the hypothesis of stable consumer spending and provided a limited but positive evolution of rents.

⁴ Pursuant to article 7 of the R.D. of 7 December 2010, the dividend is determined based on the statutory (unconsolidated) financial statements of Retail Estates NV



B. VARIOUS

Information about the share

At 30 September 2012 there are 5,813,122 shares and each share has one vote. No warrants have been allocated. KBC Bank is the financial institution that provides the financial service.

Financial framework

Interim statement on results for the 3rd quarter of the 2012-2013 financial year	15 February 2013
Announcement of the annual results for the 2012-2013 financial year	31 May 2013
Dividend made available for payment	12 July 2013

ABOUT RETAIL ESTATES NV

Retail Estates NV is a retail estate investment company with fixed capital and more specifically a niche investment company that invests directly in out-of-town retail properties which are located on the periphery of residential areas or along main access roads into urban centres. Retail Estates NV buys these properties from third parties or builds and markets retail buildings for its own account. The buildings have useful areas ranging between 500 m² and 3000 m². A typical retail building has an average area of 1000 m².

At 30 September 2012, Retail Estates NV has 506 units in its portfolio with a lettable surface of 516,543 m². The occupancy rate of these buildings, expressed in leased m², amounts to 98.02 %.

The fair value of the consolidated real estate portfolio of Real Estates NV at 30 September 2012 is estimated by independent real estate experts at EUR 636.96 million.

Retail Estates NV is listed on Euronext Brussels and is registered as a real estate investment company with fixed capital. On 30 September 2012, the stock market capitalisation of its listed shares amounted to EUR 293 million.



FUTURE-ORIENTED STATEMENTS

This press release contains a number of future-oriented statements. Such statements are subject to risks and uncertainties which mean that the actual results can differ significantly from those expected on the basis of such future-oriented statements in this interim statement. Significant factors that can influence such results include changes in the economic situation, and commercial, fiscal and influencing factors.

Ternat, 30 November 2012, Jan De Nys, managing director of Retail Estates NV

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1. CONDENSED CONSOLIDATED INCOME STATEMENT

1.A. Condensed consolidated income statement	30.09.12	30.09.11
in 000 €		
Rental income	19,882	17,704
Rental related expenses	- 177	-106
NET RENTAL INCOME	19,705	17,598
Recovery of property expenses		
Recovery of charges and taxes normally payable by tenants on let properties	1,675	1,379
Charges and taxes normally payable by tenants on let properties	- 1,893	-1,510
Other rental related income and expenses	- 20	-31
PROPERTY RESULT	19,467	17,436
Technical costs	- 526	-516
Commercial costs	- 53	-25
Charges and taxes on unlet properties	- 79	-22
Property management costs	- 564	-457
Other property charges	- 2	-4
PROPERTY CHARGES	- 1,224	-1,024
OPERATING PROPERTY RESULT	18,244	16,412
Operating corporate costs	- 1,080	-1,184
Other current operating income and expenses		
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	17,165	15,228



Result on disposals of investment properties	243	92
Result on sales of other non-financial assets		
Changes in fair value of investment properties	2,654	2,944
OPERATING RESULT	20,062	18,264
Financial income	625	401
Interest charges	- 7,397	- 6,840
Other financial charges	- 61	- 40
FINANCIAL RESULT	- 6,833	- 6,479
RESULT BEFORE TAXES	13,228	11,785
Taxes	- 342	- 78
NET RESULT	12,886	11,707
Attributable to:		
Equity holders of the Group	12,732	11,707
Minority interests	154	
Note:		
<i>Net current result (share Group)</i>	9,835	8,671
Result on portfolio	2,897	3,036
RESULT PER SHARE	30.09.12	30.09.11
Number of ordinary shares in circulation	5,813,122	5,395,408
Weighted average number of shares	5,621,550	5,240,232
Net current result per ordinary share (in €)	2.26	2.23
Diluted net current result per share (in €)	2.26	2.23



Profit available for distribution per share (in €) ⁵	1.72	1.66
Net current result per share (share Group) (in €) ⁶	1.75	1.65
1.B. Statement of other comprehensive income		
	30.09.12	30.09.11
<i>in 000 €</i>		
* Net profit	12,886	11,707
* Other components of other comprehensive income		
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	- 1,386	-398
Changes in the actual part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	- 6,457	-12,611
COMPREHENSIVE INCOME OF THE FIRST HALF YEAR	5,043	-1,302

2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	30.09.12	31.03.12
<i>in 000 €</i>		
Non-current assets	637,346	537,938
Intangible assets	69	82
Investment properties ⁷	636,955	537,472
Other tangible assets	301	363
Financial assets		
Trade receivables and non-current assets	21	21
Current assets	20,485	17,006

⁵ Based on the number of ordinary shares in circulation.

⁶ Based on the weighted average number of shares.

⁷ Including development projects (IAS 40).



Non-current assets or groups of assets held for sale	15,473	13,159
Trade receivables	1,313	495
Tax receivables and other current assets	1,413	1,216
Cash and cash equivalents	1,151	1,450
Deferred charges and accrued income	1,135	686
TOTAL ASSETS	657,831	554,944
SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.12	31.03.12
<i>in 000 €</i>		
SHAREHOLDERS' EQUITY	261,848	241,336
Shareholders' equity attributable to shareholders of the parent company	250,570	241,336
Capital	129,449	121,174
Share premium	52,857	43,268
Reserves	55,532	49,533
Net result for the financial year	12,732	27,360
Minority interests	11,278	
Liabilities	395,983	313,608
Long term liabilities	327,525	285,561
Provisions	128	
Non-current financial debts	292,033	257,423
Credit institutions	292,033	257,423
Financial leasing		
Other non-current liabilities	35,364	28,139
Current liabilities	68,458	28,047
Current financial debts	40,419	16,215
Credit institutions	40,419	16,215



Financial leasing			
Trade debts and other current debts	24,993	9,687	
Other current liabilities	105	164	
Accrued charges and deferred income	2,941	1,981	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	657,831	554,944	
DEBT RATIO	30.09.12	31.03.12	
Debt ratio ⁸	54.37 %	51.08 %	
NET ASSET VALUE PER SHARE (in €)	30.09.12	31.03.12	
Net asset value per share (fair value) ⁹	43.10	44.39	
Net asset value per share (investment value) ¹⁰	45.78	46.99	
Net asset value per share (fair value) ⁹ excl. dividend	41.65	41.59	
Net asset value per share (investment value) ¹⁰ excl. dividend	44.33	44.19	
Net asset value per share (fair value) ⁹ excl. dividend excl. IAS 39	47.27	46.40	
Net asset value per share (investment value) ¹⁰ excl. dividend excl. IAS 39	49.95	49.01	

⁸ The debt ratio is calculated as follows: obligations (excluding provisions, accrued charges and deferred income, financial instruments and deferred taxes), divided by the total assets (excluding financial instruments).

⁹ The net assets per share (fair value) is calculated as follows: shareholders' equity (attributable to shareholders of the parent company) divided by the number of shares.

¹⁰ The net asset per share (investment value) is calculated as follows: shareholders' equity (attributable to shareholders of the parent company) (excluding the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of property investments) divided by the number of shares.

