15 years

RETAIL ESTATES

AS AT 30 SEPTEMBER 2013
IN ACCORDANCE
WITH INTERNATIONAL
STANDARDS FOR
FINANCIAL REPORTING

2013-2014 half-yearly financial results

Key figures

REAL ESTATE PORTFOLIO	30.09.13	31.03.13
Total lettable retail area in m²	546,485	521,452
Occupancy rate in %	98.28%	98.13%
Fair value of the real estate portfolio in EUR (incl. assets held for sale)	708,970,000	683,081,000
Debt ratio (R.D. of 7 December 2010 (max 65 %)) in %	50.71%	55.75%

RESULTS	30.09.13	30.09.12
Net rental income	22,294,000	19,705,000
Property result	22,169,000	19,467,000
Property charges	- 1,432,000	- 1,224,000
General costs and other operating costs and income	- 1,147,000	- 1,080,000
Operating result before result on the portfolio	19,589,000	17,165,000
Result on the portfolio	2,281,000	2,897,000
Operating result	21,871,000	20,062,000
Financial result	- 7,894,000	-6,833,000
Taxes	- 368,000	- 342,000
Net profit/loss	13,608,000	12,886,000
Net current profit/loss (excl. result on the portfolio)	11,327,000	9,989,000
Net current profit/loss (excl. result on the portfolio) (Group)	11,327,000	9,835,000

DATA PER SHARE – SHARE GROUP	30.09.13	31.03.13
Number of shares	7,290,411	5,813,122
Net asset value per share (fair value)	47.03	46.38
Net asset value per share (fair value) excl. dividend	45.53	43.48
Net asset value per share (fair value) excl. dividend excl. IAS 39	48.87	48.66
Net asset value per share (investment value)	49.34	49.09
Net asset value per share (investment value) excl. dividend	47.84	46.19
Net asset value per share (investment value) excl. dividend excl. IAS 39	51.18	51.37

Table of contents

98.28 %
OCCUPANCY RATE

Management report

“Retail Estates NV limits its risks thanks to its intensive specialisation and know-how of out-of-town retailing”

Know-how

Management report

0. Introduction

General

Retail Estates NV is one of Belgium's largest real estate companies, specialising in suburban retail properties. Its property portfolio consists of 527 retail premises in Belgium and the Grand Duchy of Luxembourg, representing a total lettable surface area of 546,485 m^2 and an **investment value** of EUR 719.97 million (including a participating interest of 85.07 % in Immobilière Distri-Land NV property certificates).

Retail Estates NV manages its property portfolio itself and has a proven track record in real estate development and redevelopment for its own account.

Retail Estates NV is a listed company (Euronext Brussels), with a market capitalisation of approximately EUR 393.68 million on 30 September 2013.

Risk management

Although management endeavours to limit the risk factors to a minimum, careful account still has to be taken of a certain number of risks. For an overview of these risks, reference is made to pages 4 to 9 of the annual report 2012-2013.

1. Report on activities for the first half of the 2013-2014 financial year, closed on 30 September 2013

1.1. Rental income and occupancy rate

Rental income during the first half of the financial year amounts to EUR 22.68 million, 14.06 % up on the figure for the comparable half of the 2012-2013 financial year (EUR 19.88 million). This increase is almost entirely attributable to the growth in the real estate portfolio, the positive indexation of the rents and the increase of the rents as a result of the closed renewals.

The occupancy rate[1] on 30 September 2013 remains at a high 98.28 %, compared with 98.13 % on 31 March 2013.

1 The occupancy rate is calculated as the surface area actually let in proportion to the lettable area, expressed in m^2.

1.2. Fair value of the real estate portfolio

The fair value of the real estate portfolio amounts to EUR 703.27 million. The rental yield on this portfolio established by the real estate experts is 6.96 % 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 interest of 85.07 % in the real estate certificates issued by Immobilière Distri-Land NV. The fair value of this property portfolio as at 30 September 2013 amounts to EUR 19.34 million. Retail Estates NV's share in the total fair value of the real estate properties of the real estate certificates amounts to EUR 15.22 million.

As at 30 September 2013 the real estate portfolio consists of 527 premises with a lettable surface area of 546,485 m^2.

1.3. Optimisation of the real estate portfolio

Péruwelz

On **1 June 2013**, two retail properties at Péruwelz, which were established by Retail Estates NV after the demolition of an older retail building, were delivered. The stores are leased to Action and Bel&Bo. They yield rental charges of EUR 0.15 million and represent a fair value of EUR 2.12 million.

Lochristi

On **1 October 2013**, a showroom at Lochristi, which was converted into two retail properties and an apartment, was delivered. The stores are leased to Damart and Bruynzeel Keukens. The total retail area yields rental charges of EUR 0.16 million and represents a fair value of EUR 2.42 million. The apartment is put on sale.

1.4. Investments[2] - retail parks

Verviers (VRP 1 NV)

On **1 September 2013**, the project development in Verviers was delivered to the tenants. Retail Estates NV increased its participation in the shareholdership of VRP 1 NV to 91.21 % through the investment of EUR 4.84 million. The leased retail surface area on 30 September 2013 increased to 97.84 % of the total area. All retail properties are leased. It is estimated that the total area will yield net rental charges of EUR 2.26

2 The purchase and sale values of the investments and disposals are in line with the investment values as appraised by the real estate experts.

million. The fair value as at 30 September 2013 amounts to EUR 35.88 million.

Namur (Erpent Invest NV)

On **24 May 2013**, Retail Estates NV acquired the remaining shares of the company Erpent Invest SA, for a purchase price of EUR 0.4 million. Retail Estates NV now owns 100 % of the shares. This company owns an office villa, which will be demolished and rebuilt as a store.

Ghent – Sint-Denijs-Westrem (SDW Invest bvba)

On **3 September 2013**, the exclusive control of the bvba SDW Invest was acquired. This company owns three retail properties along the Kortrijksesteenweg in Ghent – Sint-Denijs-Westrem/ Sint-Martens-Latem. These retail properties yield

rental charges of EUR 0.32 million and represent a fair value of EUR 5.19 million.

1.5. Disposals

Over the past six months, two retail premises and one apartment were sold for a net rental income of EUR 2.60 million. The retail premises sold, are situated in Wavre (Club) and Ronse (Aldi). The fair value of these premises as at the time of sale amounted to EUR 2.57 million.

These sales are part of an annual reoccurring sales programme concerning individual retail properties that, due to their location or retail size and/or the business activity practiced therein, do not fit within the core portfolio of Retail Estates NV.

1.6. Capital increase

Capital increase in cash

On **28 June 2013**, Retail Estates NV completed a capital increase by way of a public offering with preferential subscription rights within the limits of the authorised capital. The subscription price was set at EUR 49.75. On 28 June 2013, in total, all no. 18 coupons (or scrips representing them) were handed in for new shares. As a result, 1,453,280 new shares were issued today for a total amount of EUR 72,300,680 (in specific, EUR 32.70 million in capital and EUR 39.60 million in share issue premiums). The new shares participated in the result of Retail Estates NV as of 1 April 2013. After this capital increase, the capital was represented by 7,266,402 shares.

Capital increase through contributions in kind

On **28 June 2013**, the board of directors proceeded to issue 24,009 new shares within the powers granted to it with regard to the allowed capital, in compensation for the contribution in kind of two business properties located in Spa on Boulevard des Anglais. The total contribution value amounts to EUR 1,176,514 (in specific, EUR 0.54 million in capital and EUR 0.64 million in share issue premiums). Implementing the contribution agreement of 31 March 2013, the shares were issued at an issue price of EUR 49.0012 and are dividend-bearing as of 1 April 2013. After this capital increase, the capital is represented by 7,290,411 shares.

1.7. Capital increase and merger by absorption of subsidiaries

On **30 September 2013**, Retail Estates NV submitted a merger proposal with a view to completing a merger by absorption of VRP 1 NV, with the aim to become effective on 31 December 2013 at midnight.

1.8. Retail Warehousing Invest NV – Status of institutional fixed-capital real estate investment fund granted

Effective **1 July 2013**, the subsidiary Retail Warehousing Invest NV became an institutional fixed-capital real estate investment fund.

2. Amendments to articles of association of Retail Estates NV

2.1. Extraordinary shareholders' meeting 28 June 2013

Further to the aforementioned capital increases of 28 June 2013, 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 issued shares.

2.2. Planned extraordinary shareholders' meeting

The board of directors convened an extraordinary shareholders' meeting, which will be held on **9 December 2013** to deliberate on:

- new authorisation to be granted to the board of directors with a view to increasing the registered capital within the authorised capital with a maximum amount of the registered capital.

- replacing the authorisation granted to the board of directors with a view to carrying out one or more capital increases in case of a public takeover bid.

- an update of the articles of association.

The board of directors convened an extraordinary shareholders' meeting on 20 November 2013, with the same agenda, where the quorum was not attained.

For more information, please check our website www.retailestates.com, under Investor Relations.

3. Analysis of the results

Interim results as at 30 September 2013: net current result of the Group up by 15.17 % compared to 30 June 2013 - fair value of the real estate portfolio up by 4.10 % compared to 31 March 2013.

For the six months to 30 September 2013, the **net current result** (i.e. profit before the results on the portfolio) amounts to EUR 11.33 million, an increase of 15.17 % compared to the same period in the previous year.

Net rental income rose from EUR 19.70 million to EUR 22.29 million. This is mainly due to the acquisition of 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 2012, the real estate portfolio grew by EUR 66.32 million. With respect to 31 March 2013, the portfolio grew by EUR 27.68 million.

After deduction of property charges, this gives a property result of EUR 22.17 million compared to EUR 19.47 million last year.

Property charges amount to EUR – 1.43 million compared to EUR - 1.22 million the year before. The increase is thus in line with the increase in rental income. After deduction of general costs, the investment company posts an operating result before result on the portfolio of EUR 19.59 million. The operating margin is 87.87 %.

Net earnings from **disposals of investment properties** amount to EUR 0.028 million out of total sales of EUR 2.60 million. Variations in the fair value of investment properties amount to EUR 2.25 million, representing the net surplus of various positive and negative variations.

The **financial result** is EUR - 7.89 million, a rise in costs of EUR 1.06 million compared with the same period last year. Retail Estates NV finances its real estate portfolio mainly with long-term bank debts at fixed interest rates. The average interest rate as at 30 September 2013 is 4.53 %.

The **net result** (share Group) for the first half of the year is EUR 13.61 million, consisting of the net current result of EUR 11.33 million and the result on the portfolio of EUR 2.28 million. Per share this represents a net current result available for distribution of EUR 1.72 for the first half of the year (on the basis of the weighted average number of shares). Based on the number of shares entitled to dividend, the net current result available for distribution per share amounts to EUR 1.55. The dilution of the profit per share results from the capital increase of 28 June (see p. 8).

The **fair value of the property portfolio**, including assets held for sale, amounts to EUR 708.97 million as at 30 September 2013, compared to EUR 683.08 million on 31 March 2013.

The **net asset value** (fair value) per share amounts to EUR 45.53 (excluding 50 % of the expected dividend) as at 30 September 2013. As of 31 March 2013 this was EUR 43.48 (excl. dividend).

The **debt ratio** amounts to 50.71 % as at 30 September 2013 compared to 55.75 % as at 31 March 2013.

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. On 30 September 2013, the weak 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 NV. This is probably the result of the discount character of the peripheral retail formulas. The bankruptcy of the O'Cool business, declared on 28 August 2013, is an exception. As at 30 September 2013, O'Cool rent arrears amounted to EUR 0.21 million. On 30 September 2013, a reserve of EUR 0.014 million was built with respect to O'Cool rents for non-recoverable debt. The rest of the outstanding claim is secured by bank guarantees or relates to rents as of the date of the bankruptcy, i.e. at the time of the bankruptcy receiver's occupation. On 31 October 2013, the bankruptcy receiver terminated the occupation of the eight remaining O'Cool stores.

It is estimated that the net current result per share for the financial year 2013-2014 will exceed 3.00 EUR per share. The expected dividend[3] (EUR 3.00 gross per share) is confirmed. This represents a 3.45 % increase in the dividend compared with

3 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.

2012-2013. These expectations were filled in the hypothesis of stable consumer spending and provided a limited but positive evolution of rents.

5. Changes to the composition of the board of directors

At the 2012 annual shareholders' meeting, Mr Van Besauw was appointed as an independent director, effective 1 April 2013. His term expires at the 2015 shareholders' meeting.

At the extraordinary shareholders' meeting of 12 April 2013, (i) the resignation of Mr Roelandt as an independent director, effective 1 September 2012 and (ii) the appointment of Mr Raisière on 1 September 2012 by means of co-optation by the board of directors, were acknowledged. Due to the receipt of a transparency notice, Mr Raisière no longer complied with the requirements of an independent director in the sense of Art. 526 of the Belgian Companies Code. Therefore, he was only appointed as non-executive director until the 2015 annual shareholders' meeting. Also, (iii) the resignation of Mrs Lambrighs, effective 1 December 2012 and (iv) the appointment of Mr Sterbelle on 1 December 2012 by means of co-optation by the board of directors, were acknowledged. Moreover, (v) Mr Mayeur was appointed as an independent director. His term expires at the 2015 shareholders' meeting.

At the annual shareholders' meeting of 6 July 2013 (i) the resignation of Mr Raisière, effective 27 May 2013 and (ii) the appointment by means of co-optation by the board of directors of Mr Demain, effective 30 June 2013, were acknowledged. Also, (iii) the resignation of Mr Mayeur as an independent director, effective 30 June 2013 and (iv) the appointment by the shareholders' meeting of Mr Vroman as non-executive director, effective 30 June 2013, were acknowledged. His term expires at the 2015 shareholders' meeting.

6. Future-oriented statements

This half-yearly report contains a number of future-oriented statements. Such statements are subject to risks and uncertainties which means 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 environmental factors.

87.87 %
OPERATIONAL MARGIN

Financial Report

"The investment area provides a solid operating base"

1.A. Condensed consolidated income statement

INCOME STATEMENT (in 000 €)	30.09.13	30.09.12
Rental income	22,678	19,882
Rental related expenses	-384	-177
NET RENTAL INCOME	22,294	**19,705**
Recovery of property expenses		
Recovery of charges and taxes normally payable by tenants on let properties	2,363	1,675
Charges and taxes normally payable by tenants on let properties	-2,479	-1,893
Other rental related income and expenses	-9	-20
PROPERTY RESULT	22,169	**19,467**
Technical costs	-522	-526
Commercial costs	-126	-53
Charges and taxes on unlet properties	-62	-79
Property management costs	-721	-564
Other property charges		-2
PROPERTY CHARGES	-1,433	**-1,224**
OPERATING PROPERTY RESULT	20,736	**18,244**
Operating corporate costs	-1,146	-1,080
Other current operating income and expenses		
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	19,589	**17,165**
Result on disposals of investment properties	28	243
Result on sales of other non-financial assets		
Changes in fair value of investment properties	2,253	2,654
OPERATING RESULT	21,871	**20,062**
Financial income	562	625
Interest charges	-8,430	-7,397
Other financial charges	-26	-61
FINANCIAL RESULT	-7,894	**-6,833**

INCOME STATEMENT (in 000 €)	30.09.13	30.09.12
RESULT BEFORE TAXES	13,977	**13,228**
Taxes	-368	-342
NET RESULT	13,608	**12,886**
Attributable to:		
Equity holders of the Group	13,608	12,732
Minority interests		154
Note:		
Net current result (share Group)[4]	11,327	**9,835**
Result on portfolio	2,281	2,897

RESULT PER SHARE	30.09.13	30.09.12
Number of ordinary shares in circulation	7,290,411	5,813,122
Weighted average number of shares	6,571,948	5,621,550
Net current result per ordinary share (in €)	2.07	2.26
Diluted net current result per share (in €)	2.07	2.26
Profit available for distribution per share (in €)[5]	1.56	1.72
Net current result per share (in €)[6]	1.72	1.75

1.B. STATEMENT OF OTHER COMPREHENSIVE INCOME

(in 000 €)	30.09.13	30.09.12
Net profit	13,608	12,886
Other components of other comprehensive income, recyclable in income statements:		
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-1,074	-1,386
Changes in fair value of financial assets and liabilities	5,775	-6,457
COMPREHENSIVE INCOME	18,309	**5,043**

4 The net current result is calculated as follows: net result excluding changes in fair value of investment properties and exclusive the result on disposal of investment properties.

5 Based on the number of ordinary shares in circulation.

6 The net current result per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with first dividend entitlement date). Calculated on the number of dividend-entitled shares, net current result per share amounts to EUR 1.55 at 30.09.2013 versus EUR 1.69 per share at 30.09.2012.

2. Condensed consolidated balance sheet

ASSETS (in 000 €)	30.09.13	31.03.13
Non-current assets	703,901	**676,003**
Intangible assets	44	56
Investment properties[7]	703,275	675,593
Other tangible assets	336	352
Financial assets	241	
Trade receivables and other non-current assets	5	2
Current assets	53,899	**11,509**
Non-current assets or groups of assets held for sale	5,695	7,488
Trade receivables	2,975	716
Tax receivables and other current assets	978	1,084
Cash and cash equivalents	42,987	1,879
Deferred charges and accrued income	1,264	342
TOTAL ASSETS	757,799	**687,511**

SHAREHOLDERS' EQUITY AND LIABILITIES (in 000 €)	30.09.13	31.03.13
Shareholders' equity	342,890	**269,588**
Shareholders' equity attributable to shareholders of the parent company	342,890	**269,588**
Capital	160,962	129,389
Share premium	93,095	52,857
Reserves	75,225	57,760
Net result for the financial year	13,608	29,582
Minority interests		
Liabilities	414,909	**417,923**
Long-term liabilities	346,463	374,279
Provisions	110	125
Non-current financial debts	307,484	330,089
Credit institutions	307,484	330,089
Financial leasing		
Other non-current liabilities	38,869	44,065

SHAREHOLDERS' EQUITY AND LIABILITIES (in 000 €)	30.09.13	31.03.13
Current liabilities	68,447	43,644
Current financial debts	45,761	16,577
Credit institutions	45,761	16,577
Financial leasing		
Trade debts and other current debts	13,404	15,645
Other current liabilities	5,400	9,246
Accrued charges and deferred income	3,881	2,176
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	757,799	**687,511**

DEBT RATIO	30.09.13	31.03.13
Debt ratio[8]	50.71%	55.75%

NET ASSET VALUE PER SHARE (in €) – SHARE GROUP	30.09.13	31.03.13
Net asset value per share (fair value)[9]	47.03	46.38
Net asset value per share (investment value)[10]	49.34	49.09
Net asset value per share (fair value) excl. dividend[9]	45.53	43.48
Net asset value per share (investment value) excl. dividend[10]	47.84	46.19
Net asset value per share (fair value) excl. dividend excl. IAS 39[11]	48.87	48.66
Net asset value per share (investment value) excl. dividend excl. IAS 39[12]	51.18	51.37

7 Including development projects (IAS 40).
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 asset value 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 value 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 transfer rights and costs resulting from the hypothetical disposal of investment properties) divided by the number of shares.
11 The net asset value per share (fair value) excl. dividend excl. IAS 39 is calculated as follows: shareholders' equity (excluding changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS and exclusive dividend) divided by the number of shares.
12 The net asset value per share (investment value) excl. dividend excl. IAS 39 is calculated as follows: shareholders' equity (excluding the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties, exclusive changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS and exclusive dividend) divided by the number of shares.

3. Condensed consolidated statement of changes in shareholders' equity

TABLE OF CHANGES IN SHAREHOLDERS' EQUITY (in 000 €)	Capital ordinary shares	Share premium		Reserves*	Net result for the financial year	Minority interest	Total shareholders' equity
Balance according to IFRS on 31 March 2012	**121,174**	**43,268**		**49,534**	**27,360**	**0**	**241,336**
- Net appropriation of profits 2011-2012							
Transfer of portfolio result to reserves				9,396	-9,396		0
Transfer of net current result to reserves				2,857	-2,857		0
Dividend for financial year 2011-2012					-15,107		-15,107
- Capital increase through contribution in kind	8,461	9,589					18,050
- Minority interests				84	-154	11,278	11,208
- Costs of capital increase	-186						-186
- Other				1,504			1,504
- Total result 30/09/2012				-7,843	12,886		5,043
Balance according to IFRS on 30 September 2012	**129,449**	**52,857**		**55,532**	**12,732**	**11,278**	**261,848**
Balance according to IFRS on 31 March 2013	**129,389**	**52,857**		**57,760**	**29,582**	**0**	**269,588**
- Net appropriation of profits 2012-2013							
Transfer of portfolio result to reserves				8,579	-8,579		0
Transfer of net current result to reserves				4,145	-4,145		0
Dividend for financial year 2012-2013					-16,858		-16,858
- Capital increase	32,699	39,601					72,300
- Capital increase through contribution in kind	540	636					1,176
- Minority interests							0
- Costs of capital increase	-1,667						-1,667
- Other				40			40
- Total result 30/09/2013				4,701	13,608		18,309
Balance according to IFRS on 30 September 2013	160,962	93,095		75,225	13,608	0	342,890

*Detail of the reserves (in 000 €)	Legal reserves	Reserve for the positive / negative balance of changes in fair value of real estate properties	Available reserves		Impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
Balance according to IFRS on 31 March 2012	**369**	**71,052**	**4,033**		**-14,145**	**-26,187**	**14,412**	**49,534**
- Net appropriation of profits 2011-2012								
Transfer of portfolio result to reserves		9,396						9,396
Transfer of net current result to reserves							2,857	2,857
Reclassification between reserves	25	-5,398	5,398		175		-200	0
- Capital increase through contribution in kind								0
- Minority interests		84						84
- Costs of capital increase								0
- Other		1,679[13]			-175			1,504
- Total result 30/09/2012					-1,386	-6,457		-7,843
Balance according to IFRS on 30 September 2012	**394**	**76,813**	**9,431**		**-15,531**	**-32,644**	**17,069**	**55,532**
Balance according to IFRS on 31 March 2013	**420**	**76,775**	**9,431**		**-15,763**	**-30,092**	**16,989**	**57,760**
- Net appropriation of profits 2012-2013								
Transfer of portfolio result to reserves		8,579						8,579
Transfer of net current result to reserves							4,145	4,145
Reclassification between reserves		-248	248		-64		64	0
- Capital increase through contribution in kind								0
- Minority interests								0
- Costs of capital increase								0
- Other	1	1,810	-1,820		64		-15	40
- Total result 30/09/2013					-1,074	5,775		4,701
Balance according to IFRS on 30 September 2013	421	86,916	7,859		-16,837	-24,317	21,183	75,225

13 Decrease in valuation of non-built land in Westende, processed through equity last year.
This decrease is processed through a variable price adjustment in the contract.

4. Condensed consolidated cashflow statement

(in 000 €)	30.09.13	30.09.12
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1,879	**1,450**
1. Cash-flow from operating activities	4,006	**6,765**
Net result for the six-month period:	13,608	**12,886**
Operating result	21,871	20,062
Interest paid	-8,305	-7,210
Interest received	27	3
Dividends received		
Corporation tax paid	-36	-695
Other	78	726
Non-cash elements to be added to/deducted from result:	-2,262	**-2,859**
* Depreciation and write-downs		
- Depreciation / write-downs (or write-backs) on intangible and tangible assets	79	90
- Depreciation / write-downs (or write-backs) on trade receivables	-30	83
* Other non-cash elements		
- Changes in fair value of investment properties	-2,253	-2,654
- Profit on disposal of investment properties	-28	-243
- Provisions	-29	-135
Change in working capital requirements:	-7,341	**-3,262**
* Movements of assets		
- Trade receivables and other receivables	-2,043	-842
- Tax receivables and other current assets	106	-198
- Deferred charges and accrued income	-922	-440
* Movements of liabilities		
- Trade debts and other currents debts	-1,647	-2,684
- Other current liabilities	-4,541	-59
- Accrued charges and deferred income	1,705	960

(in 000 €)	30.09.13	30.09.12
2. Cash-flow from investment activities	-13,002	**-44,901**
Purchase of intangible assets	-9	-7
Acquisition of investment properties	-6,412	-28,371
Disposal of investment properties and assets held for sale	2,569	9,178
Acquisition of shares in real estate companies	-9,106	-25,693
Disposal of shares in real estate companies		
Acquisition of other tangible assets	-42	-9
Income from trade receivables and other non-current assets	-2	
Disposal of non-current financial assets		
3. Cash-flow from financing activities	50,105	**37,837**
* Change in financial liabilities and financial debts		
- Increase in financial debts	69,663	47,933
- Decrease in financial debts	-63,324	-3,229
* Change in other liabilities		
- Increase (+) / Decrease (-) in other liabilities	-10,009	235
- Increase (+) / Decrease (-) minority interests		154
* Change in shareholders' equity		
- Capital increase and issue premiums	72,300	
- Costs of capital increase	-1,667	-186
* Dividends	-16,858	-7,070
- Dividend for the previous year (-)		
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	42,987	**1,151**

Rounding up or down to the nearest thousand can lead to rounding-off differences between the balance sheet and income statement and the attached details.

5. Notes on the condensed consolidated interim figures

5.1 Basis for preparation

The interim financial report for the first six-month period ending on 30 September 2013 has been prepared using accounting standards consistent with International Financial Reporting Standards as implemented by the Belgian R.D. of 7 December 2010 on the accounting, annual accounts and consolidated annual accounts of public real estate investment companies, and amending the R.D. of 10 April 1995 on real estate investment companies, and in accordance with IAS 34 ”Interim Financial Reporting”.

In determining the fair value of investment properties in accordance with IAS 40 ”Property Investment”, an estimated amount of transfer taxes and costs is deducted by the independent property expert. The impact on the fair value of investment properties of these estimated transfer taxes and costs on the hypothetical disposal of investment properties is recorded directly in the shareholders' equity under the heading ”Impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (-)” expressly provided for in the above R.D. In the first six-month periods ending on 30 September 2013 and 30 September 2012, amounts of, EUR – 1.07 and EUR – 1.39 million, respectively, were directly recorded in the shareholders' equity under this account.

In these condensed interim financial statements the same accounting principles and calculation methods are applied as in the consolidated financial statements for the year ending on 31 March 2013, except regarding IAS 1 (Presentation of Financial Statements) and IFRS 13 (Fair Value Measurement) which became applicable in the half-yearly report as at 30 September 2013.

5.2 Application of IFRS 3 Business combinations

The corporate transaction of the past semester was not processed as a business combination such as required under IFRS 3 definition, based on the conclusion that this definition is not applicable, given the nature and the size of the acquired company. The company in question owns a limited number of properties and is not intended to be kept on as an independent business. The company will be fully consolidated.

5.3 Declaration by the person responsible within Retail Estates NV

In accordance with article 13§2 of the R.D. of 14 November 2007, Jan De Nys, managing director, declares that, to his knowledge,

a) the condensed interim financial statements prepared on the basis of financial reporting principles consistent with IFRS and with IAS 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the net equity, financial position and results of Retail Estates NV and of the companies included in the consolidation.

b) the interim report presents an accurate description of the main events occurred during the first six months of the current financial year, their influence on the condensed interim financial statements, the main risk factors and uncertainties for the remaining months of the financial year, and the main transactions between related parties and their possible impact on the condensed interim financial statements if these transactions are of significant importance and were not concluded under normal market conditions.

5.4 Segmented information

IFRS 8 defines an operating segment as follows: an operating segment is a component of the company (IFRS 8.2):

- that engages in economic activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same company);
- whose operating results are reviewed regularly by the “chief operating decision maker” with a view to taking decisions concerning allocation of available resources and assessing the segment's performance; and
- for which separate financial information is available.

Given that suburban retail properties account for more than 90 % of the Retail Estates portfolio, a breakdown of activities by operating segment is not relevant. The board of directors does not use any other segment in its decision-making process.

5.5 Valuation of projects

In accordance with the modified IAS 40 standard, project developments are included under investment properties. On purchase they are valued at purchase cost, including incidental expenses and non-deductible VAT.

After initial recognition, projects are valued at fair value once contractors have been found, the necessary licences are acquired, and the properties are let. This fair value valuation is based on the valuation by the real estate expert, after deduction of work still to be done.

A project can relate to a plot of land, a building to be demolished, or an existing building whose purpose is to be changed, requiring considerable renovation work to realise the desired purpose.

5.6 Additional comments on the debt ratio development

Principle

Article 54 of the new R.D. of 7 December 2010 on closed-end real estate investment funds (the so-called SICAFI/BEVAK) requires publicly traded real estate investment companies to establish a financial plan with an implementation schedule when its consolidated debt ratio exceeds 50 % of consolidated assets. The financial plan describes the measures to be taken to prevent the consolidated debt ratio from exceeding 65 % of consolidated assets.

A separate report on the financial plan is prepared by the auditor, confirming that the latter has verified the method of drawing up the plan, particularly as regards the economic bases, and that the figures contained in this plan concur with the accounts of the public real estate investment company.

The general guidelines of the financial plan are included in the annual and half-yearly financial reports. The annual and half-yearly financial reports will describe and justify how the financial plan has been implemented during the period under review and how the public real estate investment company will implement the plan in the future.

Notes 2013-2014

Historical development of the debt ratio

Since 2008-2009, the debt ratio of Retail Estates NV has risen above 50 %. In the aforementioned year, the debt ratio was 56 %, subsequently remaining stable at around 53 %. Throughout its history, the Retail Estates NV's debt ratio has never exceeded 65 %.

Long-term development of the debt ratio

The board of directors considers a debt ratio of ± 55 % ideal for the shareholders of the real estate investment fund (bevak) in terms of the return and the current earnings per share. The impact of every investment on the debt ratio is reviewed and if necessary the investment is not carried out if it has a negative influence on the debt ratio. Based on the current debt ratio of 50.71 %, Retail Estates NV has an investment potential of EUR 309.33 million without exceeding as such a debt ratio of 65 %, and an investment potential of EUR 175.97 million without exceeding a debt ratio of 60 %.

Short-term development of the debt ratio

Every quarter, the board of directors is presented with a prognosis of how the debt ratio will evolve during the following quarter. The board also discusses any deviations which may have occurred between the estimated and actual debt ratio during the previous quarter.

The projection of the debt ratio as at 31 December 2013 takes into account the following assumptions:

- **disposals in the third quarter 2013 - 2014**
Sales amounting to EUR 3.31 million are planned.

- **results of the third quarter 2013 - 2014**
The results of the third quarter as indicated in the budget for 2013 - 2014, approved by the board of directors.

- **planned investments in the third quarter 2013 - 2014**
Investments amounting to EUR 31.00 million are planned for the third quarter of the fiscal year 2013 - 2014.

Considering the aforementioned assumptions, the debt ratio as at 31 December 2013 will amount to 49.18 %.

A projection is also made of the debt ratio as at 31 March 2014 (end of the fiscal year). This projection takes into account the following assumptions:

- **disposals in the second semester 2013 - 2014**
No sales are planned in the fourth quarter. The total of sales in the second semester will remain the same as in the third quarter (EUR 3.31 million).

- **results of the second semester 2013 - 2014**
The results of the second semester as indicated in the budget for 2013 - 2014, approved by the board of directors.

- **planned investments in the second semester 2013 - 2014**
No investments are planned for the fourth quarter of the fiscal year 2013 - 2014. The total of investments for the second semester of the fiscal year will remain the same as for the third quarter (EUR 31.00 million).

Considering the additional planned investments and the earnings expectations for the full year, the debt ratio at 31 March 2014 would amount to 48.30 %.

Other elements that influence the debt ratio

The valuation of the real estate portfolio also has an impact on the debt ratio. Considering the current capital basis, the maximum debt ratio of 65 % would be exceeded in the event of a reduction in the fair value of real estate investments of EUR 166.56 million. This reduction in value could be the result of an increase in the yield (if the rental values remain unchanged, the yield would have to increase by 2.17 % in order to exceed the debt ratio) or a reduction in rents (if the yields remain unchanged, the rents would have to drop by EUR 11.66 million). Historically, the fair value of the real estate portfolio has always risen or was at least stable since the real estate investment fund (bevak) was set up. There are currently no indications in the market to assume an increase in the yield.

In the event that substantial value reductions occur that cause the debt ratio to exceed 65 %, Retail Estates NV can sell a number of its properties. Retail Estates NV has a solid track record with regard to selling properties at their estimated investment value. In the 2010-2011 fiscal year, 13 properties were sold with a net selling value of EUR 8.64 million; in the 2011-2012 fiscal year, 12 retail properties were sold for a net selling price of EUR 17.87 million. At 31 March 2013, 14 stores, 2 carcass apartments, 1 food service building, 3 plots of land, 1 small and middle-sized building and 1 villa were sold to private investors, with a net sales profit of EUR 19.25 million. Globally speaking, these properties were sold at the estimated investment value. At 30 September 2013, 2 retail properties and 1 apartment were sold for a net selling price of EUR 2.60 million.

Conclusion

Retail Estates NV is of the opinion that, based on

- the historical evolution of the real estate fund (bevak) and
- the track record of disposals,

no additional measures need to be taken to prevent the debt ratio exceeding 65 %. As a result of the capital increase on 28 June 2013, the debt ratio declined from 55.75 % on 31 March 2013 to 50.71 % on 30 September 2013. It is the intention of the real estate fund (bevak) to maintain the debt ratio between 50 % and 55 %. This level is evaluated regularly and will be reviewed by the board of directors if deemed necessary in the light of changing market and influencing factors.

5.7 Rental income

During the first half of the financial year, Retail Estates NV expanded its property portfolio with nine retail premises. These represent rental income of EUR 0.71 million. In the consolidated figures as of 30 September 2013 these new premises represent a rental flow of EUR 0.46 million.

A number of properties were also divested in the first six-month period. These represent rental income of EUR 0.24 million. In the consolidated figures as of 30 September 2013, these properties represent EUR 0.058 million.

Rental income (in 000 €)	30.09.13	30.09.12
Rent	22,220	19,513
Guaranteed income		
Operational leasing payments received	458	369
Rent reductions		
Rental benefits (incentives)		
Compensation for premature termination of lease contracts		
Total rental income	22,678	**19,882**

The rise in rental income is mainly due to the growth of the real estate portfolio and the indexation of the rents.

The following table uses a theoretical exercise to show the amount by which annual rental income could potentially drop on the assumption of tenants not renewing their leases on expiry of their contracts and no subsequent reletting taking place.

This does not detract from the theoretical risk of all tenants exercising their legal right of termination at the end of the current three-year period. In this case, all retail premises will by definition be vacant within 3 years and 6 months. Rents in the table below are the expected annual rentals and therefore deviate from the total rental income in the above table.

(in 000 €)	30.09.13	30.09.12
Within 1 year	2,392	2,381
Between 1 and 5 years	13,202	15,196
More than 5 years	35,558	28,628

Type of lease

The Group concludes commercial rental contracts for its buildings, for a minimum period of 9 years, which can usually be terminated upon expiry of the third and sixth year, subject to 6 months' notice prior to the expiry date. Rents are usually paid monthly in advance (sometimes quarterly). They are indexed annually on the anniversary of the lease.

Taxes and levies, including the advance levy on income derived from real estate, the insurance premium and the communal charges, are in theory borne by the lessee. To guarantee compliance with the obligations imposed on the lessee by virtue of the agreement, the lessee must provide a rental guarantee, usually in the form of a bank guarantee amounting to three months' rent.

At the start of the lease an inventory of fixtures and fittings is drawn up between the parties by an independent real estate expert. On expiry of the lease the lessee must return the rented premises in the state described in the inventory of fixtures and fittings drawn up when it took up occupancy, subject to normal wear and tear.

The lessee may not transfer the lease or sublet the premises wholly or in part, other than subject to prior written permission from the lessor. The lessee is obliged to register the lease at its own expense.

5.8 Investment properties

Investment and revaluation table (in 000 €)	Investment properties		Assets held for sale		Total	
	30.09.13	31.03.13	30.09.13	31.03.13	30.09.13	31.03.13
Balance at the end of the preceding financial year	675,593	**537,472**	7,488	**13,159**	683,081	**550,631**
Acquisition via purchase of real estate companies	19,493	88,326		7,264	19,493	95,590
Capitalised financing costs	106	689			106	689
Acquisition and contribution of investment properties	4,705	44,579		32	6,607	44,611
Net increase of project developments	1,902	3,651				3,651
Disposal via sale of real estate companies						
Disposal of investment properties	-1,331	-4,745	-1,238	-14,198	-2,569	-18,943
Transfer to assets held until sale	580	-1,445	-580	1,445		
Change in fair value (+/-)	2,228	7,067	25	-214	2,253	6,853
Balance at the end of the financial year	703,276	**675,593**[14]	5,695	**7,488**	708,971	**683,081**
OTHER INFORMATIONS						
Investment value of the property	719,970	691,170	5,837	7,675	725,807	698,845

14 This amount also includes the development projects (conform IFRS 40 included in the real estate property) for an amount of 5.76 million EUR.

During the first half of the financial year control was acquired of one real estate company and Retail Estates NV's interest in the companies VRP 1 NV and Erpent Invest NV was raised to respectively 91.21 % and 100 %, for the total amount of EUR 9.11 million. The acquisition of the company, as well as the increase of the controlling interest was paid for in cash. This resulted in a EUR 19.62 million increase of investment properties, a EUR – 0.80 million variation of working capital and a EUR 10.59 million increase of financial debts. At 30 September 2013, the movement in the minority interest is EUR 0.88 million.

5.9 Long- and short-term financial debts

Breakdown according to the due dates of credit lines (in 000 €)	30.09.2013	31.03.2013
Long-term		
Bilateral loans - variable or fixed interest rate	307,484	330,089
Financial leasing		
Subtotal	307,484	**330,089**
Short-term		
Bilateral loans – variable or fixed interest rate	45,761	16,577
Bonds – variable interest rate		
Investment credits – variable or fixed interest rate		
Advances on current account – variable interest rate		
Financial leasing		
Subtotal	45,761	**16,577**
Total	353,245	**346,666**

Breakdown according to maturity of long-term financial debts (in 000 €)	30.09.2013	31.03.2013
Between 1 and 2 years	71,077	85,106
Between 2 and 5 years	197,721	230,711
More than 5 years	38,686	14,272

Of all loans, EUR 285.26 million have a variable interest rate. These are all long-term loans. 90.74 % of the loans are hedged via interest rate swap contracts that swap variable interest rates for fixed interest rates or have a fixed interest rate. The average interest rate of the loans is 4.53 %. Retail Estates NV has agreed in principle on a debt ratio of 60 % with its banks.

5.10 Financial instruments

The most important financial instruments of the Group are financial and trade receivables and debts, investments, cash and cash equivalents and financial instruments such as 'Interest Rate Swaps' (IRS).

Below is an overview of the financial instruments as at 30 September 2013:

Summary of financial instruments as at closing date 30.09.13 (in 000 €)	Categories	Book value	Fair value	Level
I. Fixed assets				
Financial fixed assets	C	241	241	2
Loans and receivables	A	5	5	2
II. Current Assets				
Trade and other receivables	A	3,953	3,953	2
Cash and cash equivalents	B	42,987	42,987	2
Total financial instruments on the assets side of the balance sheet				
I. Non-current liabilities				
Interest-bearing liabilities	A	307,594	305,701	2
Other non-current liabilities	A	14,310	14,310	2
Other financial liabilities	C	24,559	24,559	2
II. Current liabilities				
Interest-bearing liabilities	A	45,761	45,761	2
Current trade and other debts	A	19,805	19,805	2
Total financial instruments on the liabilities side of the balance sheet				

The categories correspond with the following financial instruments:

A. Financial assets or liabilities (including receivables and loans) held until maturity, at the amortised cost.

B. Investments held until maturity, at the amortised cost.

C. Assets or liabilities, held at the fair value through the profit and loss account, except for financial instruments determined as hedging instruments.

The aggregate financial instruments of the Group correspond with levels 1 and 2 in the fair values hierarchy. Fair value valuation is carried out regularly.

Level 1 in the fair values hierarchy comprises investments, cash and cash equivalents, in respect of which the fair value is based on the price on the stock exchange.

Level 2 in the fair values hierarchy includes the other financial assets and liabilities, in respect of which the fair value is based on other information, which can, directly or indirectly, be determined for the relevant assets or liabilities.

The valuation techniques regarding the fair value of the level 2 financial instruments are the following:

- The categories ‘other financial liabilities’ and ‘financial fixed assets’ concern Interest Rate Swaps (IRS), in respect of which the fair value is determined by means of interest rates applicable in active markets, and generally provided by financial institutions.
- The fair value of the other level 2 financial assets and liabilities is almost equal to their book value:
  - either because they have a short-term maturity (like trade receivables and debts),
  - or because they have a variable interest rate.

5.11 Minority interests

On 30 September 2013, Retail Estates NV holds a 62.50 % interest in Retail Warehousing Invest NV and a 91.21 % interest in VRP 1 NV. According to the agreement entered into with a view to acquiring the controlling interest in Retail Warehousing Invest NV, Retail Estates NV shall, at the latest effective 1 July 2016, acquire all shares of this company that are not yet held by it, on the basis of the same valuation formula used to gain control on 4 July 2012. Upon acquisition of the minority interest, the underlying real estate value used in this formula will be checked against the value applicable at that time as determined by the real estate expert and, as the case may be, be limited to such value in accordance with Article 18 of the Belgian Royal Decree on fixed-capital real estate investment funds. The agreement regarding the acquisition of a controlling interest in VRP 1 NV also includes provisions regarding the further acquisition of shares that are not yet held by Retail Estates NV.

As of 31 December 2012, the balance sheet was drawn up based on the assumption that all minority interests would be acquired (in accordance with IFRS), irrespective of the timing of the acquisition and assuming that these would be paid for in cash. This reflects the maximum debt ratio on the basis of available information and the development stage of the projects.

The impact on the current liabilities amounts to EUR 0.88 million and EUR 12.10 million on the non-current liabilities.

5.12 Events occurring after the close of the interim reporting period

5.12.1 Investments

Extension retail cluster Marche-en-Famenne

On **8 October 2013**, Retail Estates NV signed an agreement with a view to acquire six retail properties in retail park 'Espace de la Famenne' in Marche-en-Famenne, with a total retail area of 4,033 m². As at today, three stores were completed for resp. Eldi, Literie Prestige and Cash Converters. The completion of the last three stores for, inter alia, H&M and Hema is expected to take place around the end of February 2014. After full completion and letting, it is expected to collect a rent of EUR 0.42 million and a fair value of EUR 6.58 million. These stores are an extension of the cluster that Retail Estates NV had already developed systematically at that location since 1998.

Acquisition 20 retail properties

On **31 October 2013**, Retail Estates NV acquired the exclusive control of a real estate company that owns 20 retail properties. These properties represent a total retail area of 17,055 m² and yield rental charges of EUR 1.52 million. The fair value amounts to EUR 23.18 million. The portfolio consists of:

- 11 stores in retail parks: Tournai – Froyennes (Di perfumery and Mobistar), Liège – Grivegnée (JBC and Shoe Discount), Lanaken (AVA, Toychamp, E5 mode and Scapino), Andenne (Vanden Borre), Libramont (AVA) and Huy (Pointcarré).

- 4 peripheral retail stores located in clusters: Lokeren (JBC), Oudenaarde (Brantano), Bruges (Picard) and Zelzate (JBC).

- 2 individual peripheral retail stores: Tillf (Lidl) and Heusden-Zolder (Lidl).

- 3 stores on one centre location: three stores located in the shopping centre De Klokke in Bilzen (JBC, Zeeman and Kruidvat).

Additional acquisition shares VRP 1 NV

On **5 November 2013**, a provisional amount of EUR 4.50 million was paid for the remaining shares of VRP 1 NV. Final settlement will occur in the course of November.

5.12.2 Disposals

Immobilière Distri-Land NV – sale retail property in Bruges

On **24 October 2013**, the real estate certificate Distri-Land sold a retail property in Bruges, let to AS Adventure, for a net selling value of EUR 3.13 million. The sales proceeds should be distributed to the holders of certificates in December 2013.

5.12.3 Merger by absorption of subsidiary

On 28 June 2013, Retail Estates NV submitted a merger proposal with a view to completing a merger by absorption of Infradis Real Estate NV. The merger became effective on **31 October 2013** at midnight, without issuing any new shares. The merger of the subsidiary simplifies the administration and decreases the taxable income of Retail Estates' subsidiaries.

6. Limited review report on the consolidated interim financial information for the six-month period ended 30 September 2013

To the board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed income statement, condensed statement of comprehensive income, condensed cash flow statement, condensed statement of changes in equity and selective notes 5.1 to 5.12 (jointly the "interim financial information") of Retail Estates NV/SA ("the company") and its subsidiaries (jointly "the Group") for the six-month period ended 30 September 2013. The board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the EU and implemented by the Royal Decree of 7 December 2010 with respect to public real estate investment trusts.

Our limited review of the interim financial information was conducted in accordance with international standard ISRE 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on the interim financial information.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 September 2013 is not prepared, in all material respects, in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the EU and implemented by the Royal Decree of 7 December 2010 with respect to public real estate investment trusts.

Diegem, 29 November 2013

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Kathleen De Brabander

3.45 %

GROWTH OF THE PROPOSED DIVIDEND

Stability

Share Performance Report

“ Retail Estates NV offers its investors a stable dividend policy with an annually growing dividend ”

Share Performance Report

1. Stock market performance

During the first six months of the 2013-2014 financial year, the stock market price fluctuated between EUR 49.69 and EUR 60.02. The graph above shows the share performance of the Retail Estates share in comparison with the BEL 20 since the stock exchange listing. The Retail Estates share has increased in value over the period by + 71.27 % while the BEL 20 has fallen by 5.87 %. The average closing price during this period was EUR 54.08.

2. Dividend and yield

NET ASSET VALUE PER SHARE (in €)	30.09.13	31.03.13	30.09.12
Net asset value per share (fair value)[15]	47.03	46.38	43.10
Net asset value per share (investment value)[16]	49.34	49.09	45.78
Net asset value per share (fair value) excl. dividend[15]	45.53	43.48	41.65
Net asset value per share (investment value) excl. dividend[16]	47.84	46.19	44.33
Net asset value per share (fair value) excl. dividend excl. IAS 39[17]	48.87	48.66	47.27
Net asset value per share (investment value) excl. dividend excl. IAS 39[18]	51.18	51.37	49.95
Gross dividend		2.90	
Net dividend		2.175	
Share price on closing date	54	57.98	50.41

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

16 The net asset value 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 transfer rights and costs resulting from the hypothetical disposal of investment properties) divided by the number of shares.

17 The net asset value per share (fair value) excl. dividend excl. IAS 39 is calculated as follows: shareholders' equity (excluding changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS and exclusive dividend) divided by the number of shares.

18 The net asset value per share (investment value) excl. dividend excl. IAS 39 is calculated as follows: shareholders' equity (excluding the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties, exclusive changes in the effective part of the fair value of the permitted hedging instruments in a cash flow hedge as defined in IFRS and exclusive dividend) divided by the number of shares.

The net asset value of the share in the case of a property valuation at fair value is EUR 47.03.

The change in net asset value is explained by the further decline in market value of interest rate hedging instruments and the payment of a dividend for the 2012-2013 financial year.

3. Financial calendar

Interim statement on results for the 3rd quarter of the 2013-2014 financial year	14 February 2014
Announcement of the annual results for the 2013-2014 financial year	23 May 2014
Dividend made available for payment	11 July 2014

527

RETAIL PROPERTIES

Real Estate Report

"The real estate portfolio of Retail Estates NV consists of 527 retail properties located outside the largest cities of Belgium and the Grand Duchy of Luxembourg"

Diversity

Real estate report

Valuation as at 30 September 2013

1. Real estate expert's report

Retail Estates NV enlists the services of Cushman & Wakefield and CBRE as its real estate experts. In practice, each real estate expert values a part of the real estate portfolio.

Report by Cushman & Wakefield

Cushman & Wakefield's report dated 30 September 2013 covers a portion of the property of Retail Estates NV and its subsidiaries.

"We have the pleasure to give you our valuation update as at 30 September 2013 of the Retail Estates Portfolio and Immobilière Distri-Land NV.

We confirm that we carried out this task as independent expert. We also confirm that our valuation was carried out in accordance with the national and international standards and their application procedures, amongst other in the valuation of "sicafi" (Belgian Reit) – (According to the present decisions. We preserve ourselves the right to review our valuation in case of modified decisions).

The fair value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. This definition corresponds to our definition of the market value.

The sale of a building is in theory subject to transfer rights collected by the government. This amount depends amongst other on the transfer manner, the profile of the purchaser and the geographical situation of the building. The first two conditions and the amount to pay for the rights is only known when the sale has been concluded. As independent experts, we confirm that on the basis of a representative sample of the market (between 2002 and 2005) the weighted average of the rights (average transfer costs) is 2.50 % (for goods with a higher value than EUR 2.50 million).

The properties are here considered as a portfolio.

Our "investment value" is based on the capitalisation with a Gross Yield of the passing rent, taking into account possible corrections like vacancy, step-rents, rent-free periods, etc. The Gross Yield is depending on current output on the investment market, taking into account the location, the suitability of the site, the quality of the tenant and the building on the moment of the valuation. In order to calculate the investment value of the retail park in Tongeren, we have capitalized its adjusted market rent. After we have determined per unit an individual market rent (= estimated rental value (ERV)) we calculate the adjusted market rent (AMR). Two cases can occur.

In those cases where the current passing rent (PR) is under this ERV, it is unlikely that in contract renewals with sitting tenants, the full ERV will be attained. It is standard market practice to take into account that no more than 60 % of the gap between the actual passing rent and the ERV can be bridged in renegotiations. This is mainly due to the high legal protection for sitting tenants under Belgian commerce law. When now the market rent (ERV) is under the passing rent however, the highest rent a landlord should hope to achieve is the market rent. Since, being prudent, one should assume that the sitting tenant will use the break to negotiate his rent downward and bring it in line with the market.

The portfolio of **Immobilière Distri-Land NV** has as at **30.09.2013** an **investment value (corrections incl.)** of **EUR 19.829 million** and a **fair value** of **EUR 19.346 million**. The investment value, in absolute terms, increased with **0.02 %**. This gives a **yield** of **7.24 %** for Immobilière Distri-Land NV.

We obtain an **investment value (corrections incl.)** as at **30.09.2013** for the portfolio[19] of **EUR 408.381 million** and a **fair value** of **EUR 398.587 million**. On the basis of the investment value, the portfolio increases in absolute terms with **0.38 %** compared to 30.06.2013, due to the indexations, some refurbishments and renewals. This gives a **yield** of **6.93 %** to the portfolio."

Report by CBRE

The report by CBRE dated 30 September 2013 covers a portion of the property of Retail Estates NV and its subsidiaries. The **investment value** of this real estate is herewith estimated at **EUR 311.59 million** and the **fair value** at **EUR 304.00 million**. These properties account for a **rent collection** of **EUR 21.79 million**, representing a **gross yield** of **7,00 %**.

2. Note

The investment market is evolving in different directions under the influence of the world-wide economic uncertainties. On the one hand a number of foreign institutional investors have realised their investments faster than originally intended, in order to secure their capital gains and reinvest in their home markets where the credit crunch

19 Portfolio : Retail Estates NV + Belgium Retail 1 Luxemburg + Distri-Land + Tongeren

is offering new purchase opportunities. On the other hand the private market remains active, with wealthy private investors showing continuing interest in transactions of between EUR 1 and 5 million. The rental market remains active, but is more sensitive than in the past to quality of location, with a preference for retail properties on multi-shop sites (retail parks) or along major city access roads with strong concentrations of similar properties (retail clusters). Isolated buildings in well-populated residential areas are popular with food supermarkets.

3. Sectoral spread

Clothing and footwear shops (29.11 % compared with 28.80 % as at 31 March 2013) together with food, electrical goods and toy retailers account for 57 % of the leased space. The socio-economic permits for these activities are the most difficult to obtain, and this makes these buildings more likely to appreciate in value, and tends to promote strong lessee loyalty to the location.

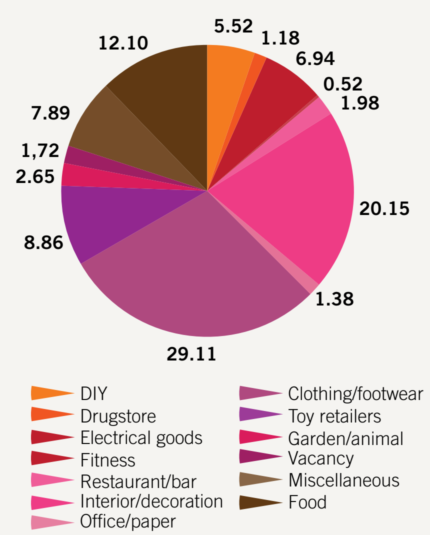
The larger margins in the interior decoration and home furnishings sector make it possible to obtain sizeable rent increases in favourable economic climates, but it is this sector that is hardest hit by any downturn in consumer confidence. This segment represents 20.15 % of Retail Estates NV's property portfolio (compared with 19.37 % as at 31 March 2013).

4. Breakdown by type of building

Individual suburban retail properties are individual retail properties adjacent to the public highway. Every outlet has its own car park and entrance and exit roads, connecting it to the public highway, and making it easily recognisible. In the immediate vicinity, there are, in principle, no retail properties of the same kind.

Retail clusters are a collection of suburban retail properties, located along the same traffic axis and, from the consumer's point of view, they form a self-contained whole, although they do not possess a joint infrastructure other than the traffic axis. This is the most typical concentration of suburban retail properties in Belgium.

SECTORAL SPREAD

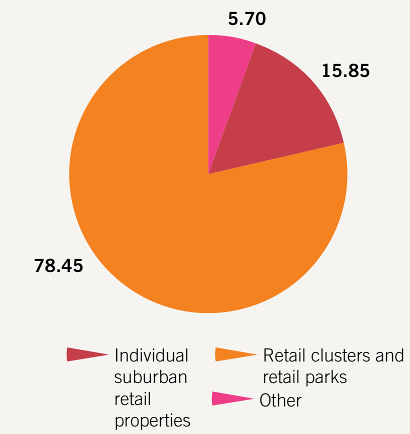


Retail parks are made up of retail properties that, in conjunction with other shops, form part of an integrated commercial complex. All properties use a central car park with a shared entrance and exit road. This enables consumers to go to several shops without having to move their cars. A location of this kind will typically have at least five properties.

Other real estate consists mainly of offices, residential dwellings, hospitality establishments and a logistics complex at Erembodegem. The Erembodegem site was leased in its totality to Brantano NV under a 27-year lease agreement that cannot be terminated before 31 December 2018. Retail Estates NV only invests in real estate properties used for the aforementioned purposes if they are already embedded in a retail property or are part of a real estate portfolio that can only be acquired as a whole.

Retail premises under development are premises that form part of a new-build project.

TYPE OF BUILDING



Key figures

	RETAIL ESTATES	
	30.09.13	31.03.13
Estimated fair value (incl. assets held for sale)	708,970,000	683,081,000
Contractual rents	49,737,299,96	44,183,500,07
Contractual rents incl. rental value of vacant buildings (fair value)	50,236,087,96	45,144,885,15
Yield in % (fair value)	6.96%[20]	6.99%
Total m² premises in portfolio	546,485	521,452
Number of premises	527	499
Occupancy rate in %	98.28%	98.13%

20 Based on the actual rent.

708.97 €

MILLION IN THE FAIR VALUE OF THE REAL ESTATE PORTFOLIO

Growth

General information

“ By means of acquisitions, investments in project developments and investments in the optimisation of its real estate portfolio, Retail Estates NV aims to offer its shareholders a growing dividend policy ”

General information

Lexicon

Acquisition value
This is the term used for the purchase of a building. Any conveyance fees payable are included in the acquisition price.

Book value of a share
NAV (Net Asset Value) means equity divided by the number of shares.

Chain stores
These are companies that have a central purchasing department and operate at least five different retail outlets.

Contractual rents
The index-linked basic rents as set commercially in the lease agreements as of 30 September 2013, before deduction of gratuities or other benefits granted to tenants.

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

Dividend yield
The dividend yield is the gross dividend divided by the average stock market price of the share over the financial year.

Exit tax
The exit tax is a special corporation tax rate applied to the difference between the real value of the authorised capital of companies and the book value of its assets at the time that a company is recognised as a real estate investment company, or merges with a real estate investment company.

Fair value
This value is equal to the amount for which a building could be swapped between properly informed parties, consenting and acting under normal competitive conditions. From the point of view of the seller, it must be construed minus the registration charges.

Gross dividend
Gross dividend per share is the operating profit distributed.

IAS
The International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) were drawn up by the International Accounting Standards Board (IASB), defining international standards for the preparation of annual accounts. European listed companies are required to apply the rules in their consolidated accounts for financial years starting from 1 January 2005.

IFRS
The International Financial Reporting Standards are a set of accounting principles and valuation rules prepared by the International Accounting Standards Board. The aim is to simplify international comparison between European listed companies. Listed companies are under obligation to prepare their consolidated accounts according to these standards starting from the first financial year beginning after 1 January 2005.

Intrinsic value
The intrinsic value of a share is the actual estimated value of the share, assuming that the company were to cash in all of its assets.

Investment value of a property
This is the value of a building as estimated by the independent real estate expert, including transfer costs and without deduction of the registration fee. This value corresponds to the formerly used term ”value when sold with purchasing costs payable by the vendor” or “value deed in hand”.

Net asset value per share (fair value)
Total shareholders’ equity divided by the number of shares.

Net asset value per share (investment value)
Total shareholders’ equity adjusted for the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares.

Net dividend
The net dividend is equal to the gross dividend after retention of 25 % withholding tax.

Occupancy rate
The occupancy rate is calculated as the ratio of the surface area actually leased out to the surface area available for leasing, expressed in m².

Out-of-town retail property
Retail premises grouped along roads leading into and out of cities and towns. Each out-of-town retail property has its own car park and an entrance and exit road connecting to the public highway.

Result on portfolio
Achieved and unachieved higher or lower values relative to the most recent valuation by the expert,

including the exit tax owed on account of inclusion of the property of the acquired companies in the system of real estate investment companies.

Retail park

Retail properties that form part of an integrated commercial complex and are grouped together with other retail properties. All properties use a central car park with a shared entrance and exit road.

Stock market capitalisation

This is the total number of shares at the end of the fiscal year multiplied by the closing price at the end of the fiscal year.

Information sheet

Name:	Retail Estates NV
Status:	Real estate investment company with fixed capital established according to Belgian law
Address:	Industrielaan 6, 1740 Ternat, Belgium
Tel:	+32 (0)2 568 10 20
Fax:	+32 (0)2 581 09 42
E-mail:	info@retailestates.com
Website:	www.retailestates.com
Register of legal entities:	Brussels
VAT number:	BE 434 797 847
Enterprise number:	0434 797 847
Incorporated on:	12 July 1988
Status as real estate investment company with fixed capital granted on:	27 March 1998
Statutory period of establishment:	Unlimited
Management:	Internal
Auditors:	Deloitte auditors – Berkenlaan 8B, 1831 Diegem, represented by Mrs Kathleen De Brabander
Financial year closing:	31 March
Capital:	164,037,087.74 EUR
Number of shares:	7,290,411
General meeting:	First Friday of July
Listing:	Euronext - continuous market
Financial services:	KBC Bank
Value real estate portfolio:	Investment value EUR 719,97 million – fair value EUR 703.27 million (incl. value of “Immobilière Distri-Land NV” real estate certificates)
Real estate experts:	Cushman & Wakefield and CBRE
Number of properties:	527
Type of properties:	Suburban retail
Liquidity provider:	KBC Securities

RETAIL ESTATES

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