

RETAIL ESTATES



Naamloze Vennootschap (public limited company)
public fixed-capital real estate investment fund organised and existing under the Belgian laws,
with registered office at Industrielaan 6, 1740 Ternat (Belgium),
Brussels Register of Legal Entities: 0434.797.847

‘the art of creating value in retail estate’

HALF-YEARLY RESULTS AT 30 SEPTEMBER 2013

Net current result up by 15.17 % to EUR 11.33 million

Successful completion of retail park Crescend'Eau in Verviers after full letting

Purchase of 26 new retail properties, with a fair value of EUR 29.76 million

Occupancy rate¹: 98.28 %

Dividend: prognosis EUR 3.00² 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 2013-2014, closed on 30 September 2013, currently available on its website <http://www.retailstates.com/en/investor/half-year-reports>.

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

² The dividend prognosis proposed for the fiscal year of 2013-2014 as mentioned in the annual report 2012-2013, page 47.



A. HALF-YEARLY RESULTS

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 rate¹ on 30 September 2013 remains at a high 98.28 %, compared with 98.13 % on 31 March 2013.

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 m².



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. Investments³ - 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 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.

³ The purchase and sale values of the investments and disposals are in line with the investment values as appraised by the real estate experts.



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. Disposals³

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.retailstates.com, under Investor Relations.



3. EVENTS OCCURRING AFTER THE CLOSE OF THE INTERIM REPORTING PERIOD

3.1. 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.



3.2. 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.

3.3. 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.

4. 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.

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.



5. 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 dividend⁴ (EUR 3.00 gross per share) is confirmed. This represents a 3.45 % increase in the dividend compared with 2012-2013. 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 2013 there are 7,290,411 shares and each share has one vote. No warrants have been allocated. KBC Bank is the financial institution that provides the financial service.

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

ABOUT RETAIL ESTATES NV

Retail Estates NV is a real 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 3,000 m². A typical retail building has an average area of 1,000 m².

At 30 September 2013, Retail Estates NV has 527 units in its portfolio with a lettable surface of 546,485 m². The occupancy rate of these buildings, expressed in leased m², amounts to 98.28 %.

The fair value of the consolidated real estate portfolio of Real Estates NV at 30 September 2013 is estimated by independent real estate experts at EUR 703.27 million.

Retail Estates NV is listed on Euronext Brussels and is registered as a real estate investment company with fixed capital. On 30 September 2013, the stock market capitalisation of its shares amounts to EUR 393.68 million.



FUTURE-ORIENTED STATEMENTS

This press release 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, commercial and fiscal factors.

Ternat, 29 November 2013, Jan De Nys, managing director of Retail Estates NV.

For more information, please contact:

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Retail Estates NV – Public fixed-capital real estate investment fund as governed by Belgian law - Industrielaan 6, 1740 Ternat - RPR Brussels - VAT BE 0434.797.847.



1. CONDENSED CONSOLIDATED INCOME STATEMENT

1.A. Income statement		
	30.09.13	30.09.12
<i>in 000 €</i>		
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
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)⁵	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

⁵ 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.



Net current result per ordinary share (in €) ⁶	2,07	2,26
Diluted net current result per share (in €) ⁶	2,07	2,26
Profit available for distribution per share (in €) ⁷	1,56	1,72
Net current result per share (in €) ⁶	1,72	1,75
1.B. Statement of other comprehensive income		
	30.09.13	30.09.12
<i>in 000 €</i>		
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

2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	30.09.13	31.03.13
<i>in 000 €</i>		
Non-current assets	703.901	676.003
Intangible assets	44	56
Investment properties ⁸	703.275	675.593
Other tangible assets	336	352

⁶ Based on the weighted average number of shares.

⁷ Based on the number of ordinary shares in circulation.

⁸ Including development projects (IAS 40).



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	30.09.13	31.03.13
<i>in 000 €</i>		
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
<i>Provisions</i>	<i>110</i>	<i>125</i>
<i>Non-current financial debts</i>	<i>307.484</i>	<i>330.089</i>
<i>Credit institutions</i>	<i>307.484</i>	<i>330.089</i>
<i>Financial leasing</i>		



<i>Other non-current liabilities</i>	38.869	44.065
Current liabilities	68.447	43.644
<i>Current financial debts</i>	45.761	16.577
<i>Credit institutions</i>	45.761	16.577
<i>Financial leasing</i>		
<i>Trade debts and other current debts</i>	13.404	15.645
<i>Other current liabilities</i>	5.400	9.246
<i>Accrued charges and deferred income</i>	3.881	2.176
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	757.799	687.511
DEBT RATIO	30.09.13	31.03.13
Debt ratio ⁹	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) ¹⁰	47,03	46,38
Net asset value per share (investments value) ¹¹	49,34	49,09
Net asset value per share (fair value) excl. dividend ¹⁰	45,53	43,48
Net asset value per share (investment value) excl. dividend ¹¹	47,84	46,19

⁹ 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).

¹⁰ 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.

¹¹ 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.



Net asset value per share (fair value) excl. dividend excl. IAS 39 ¹²	48,87		48,66
Net asset value per share (investment value) excl. dividend excl. IAS 39 ¹³	51,18		51,37

*

¹² 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.

¹³ 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.

