

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’

INTERIM STATEMENT OF THE BOARD OF DIRECTORS THIRD QUARTER 2013 - 2014¹ (closed on 31.12.2013)

Net current result² up by 19.66 % to EUR 18.07 million compared to EUR 15.10 million on 31 December 2012

Growth of the real estate portfolio³ fair value⁴ to EUR 743.67 million - increase of 10.07 % compared with 31 March 2013 (EUR 675.59 million)

Result capital increase of 28 June 2013 is entirely invested (about EUR 72 million)

Retail Estates confirms its dividend forecast of EUR 3.00 per share

1. REAL ESTATE ACTIVITIES

1.1. Rental income and occupancy rate

The rental income during the first three quarters amounts to EUR 34.98 million, 13.16 % up on the figure for the comparable period of the previous financial year (EUR 30.91 million). This increase is almost entirely attributable to the growth of the real estate portfolio and to the positive indexation of the rents.

¹ The figures in this press release are the consolidated, non-audited figures in accordance with IFRS.

² Net current result or operational result: net result excluding the result on the real estate portfolio (code XV, XVI, XVII of the profit and loss account).

³ Including project developments.

⁴ Fair value: investment value as determined by an independent real estate expert and from which the hypothetical transaction costs have been deducted. The fair value is the book value as defined in IFRS (see also note 22 in the 2012-2013 annual report).



The occupancy rate⁵ on 31 December 2013 amounts to 97.53 %. The decrease of the occupancy rate under 98 % is caused by the temporary vacancy of a number of properties as a result of the O'Cool failure. For a certain number of the vacant properties, the reletting is currently realised. It is expected that the occupancy rate will increase above 98.34 % when these lease agreements become effective (by 31 March 2014).

1.2. Fair value of the real estate portfolio

The fair value of the real estate portfolio on 31 December 2013 amounts to EUR 743.67 million, which is an increase of EUR 68.08 million (10.07 %) compared to the value as at 31 March 2013 (EUR 675.59 million). The increase is primarily the result of the acquisition of new acquisitions minus the sale of individual properties. The variation in the fair value of investment properties amounts to EUR 2.25 million on 31 December 2013; a stagnation compared to the previous quarter as a result of the limited evolution of the index figure and the small number of contracts subject to indexation in the third quarter.

At 31 December 2013, the real estate portfolio consists of 551 properties with a lettable surface of 571,104 m².

1.3. Investments and disposals

Investments

1. Acquisition investment properties

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. The gross yield amounts to 6.38 %. These stores are an extension of the cluster that Retail Estates NV had already developed systematically at that location since 1998.

⁵ The occupancy rate is calculated as the effective leased area versus the lettable area, expressed in m².



On **16 December 2013**, three Hubo stores – situated in Marche-en-Famenne, Mechelen and Deinze – were acquired. They represent a total retail area of 8,244 m², a total rental income of EUR 695,000 and a fair value of EUR 10.58 million. The gross yield amounts to 6.40 %.

2. Acquisition 20 retail properties (Ducova bvba)

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).

3. Additional acquisition shares VRP 1 NV

On **1 September 2013**, the project development in Verviers was delivered to the tenants. All premises are leased. The retail park represents a net rental income of EUR 2.35 million and a fair value of EUR 36.03 million. In the third quarter, an amount of EUR 5.60 million was paid for the acquisition of the remaining VRP 1 NV shares.

Disposals

During the third quarter, two retail properties – situated in Soumagne (let to JBC) and Gerpinnes (vacant) – were sold for a net sales price of EUR 1.39 million. On those disposals a net capital gain of EUR 0.10 million was realised.



On **24 October 2013**, the real estate certificate Distri-Land sold a retail property in Bruges, let to AS Adventure, for a net sales price of EUR 3.13 million. The sales proceeds were distributed to the holders of certificates in December 2013. On this sale a net capital gain of EUR 0.08 million was realised.

1.4. Merger by absorption of subsidiaries

On 29 October 2013, the board of directors of Retail Estates NV approved the merger by absorption of Infradis Real Estate NV, to become effective on **31 October 2013**. On 18 December 2013, the merger by absorption of VRP 1 NV was approved, to become effective on **31 December 2013**.

The merger of these subsidiaries simplifies the administration and reduces the taxable income of the subsidiaries of Retail Estates NV.

2. KEY FIGURES AS AT 31 DECEMBER 2013

2.1. Net current result

At 31 December 2013 the net current result amounts to EUR 18.07 million. The net current result per share for the first three quarters is EUR 2.65 (taking into account the weighted average of outstanding shares). Taken into account the number of shares entitled to dividend, the net current result per share for the first three quarters is EUR 2.48. The expected dividend for the three quarters is EUR 2.25. The net current result for the third quarter amounts to EUR 0.92 compared to EUR 1.56 for the first two quarters (taken into account the shares entitled to dividend).

2.2. Net result

At 31 December 2013 the net result, which also takes into account the results of the disposal of property investments (EUR 0.22 million) and the change in the fair value of property investments (EUR 2.25 million), amounts to EUR 20.54 million on 31 December 2013.



2.3. Information per share

	31.12.2013	31.03.2013
Number of outstanding shares	7.290.411	5.813.122
Weighted average of outstanding shares	6.812.306	5.717.073
Net assets per share (fair value) incl. dividend (IFRS)	48,01	46,38
Net assets per share (fair value) ex. dividend	45,76	43,48
Net assets per share (fair value) ex. dividend ex. IAS 39	48,93	48,66
Net assets per share (investment value) ex. dividend ex. IAS 39	51,35	51,37
	31.12.2013	31.12.2012
Net current result (IFRS, taken into account the weighted average of outstanding shares)	2,65	2,65
Net current result (taken into account the number of shares entitled to dividend)	2,48	2,59

2.4. Debt ratio

At 31 December 2013, the debt ratio is 50.06 %⁶ compared to 50.71 % on 30 September 2013 and to 55.75 % on 31 March 2013. As of 31 December 2013 the balance was prepared on the basis of the entire acquisition of all minority interests (as required by IFRS), regardless of the timing at which the acquisition takes place and assuming that it is paid in cash. This shows the maximum debt ratio based on the available information and the stage of development of the projects.

3. 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 instruments⁷. The evolution of the net asset value of the share, which is sensitive to such variations and uncertainties, is therefore uncertain.

⁶ The debt ratio was calculated according to the R.D. of 7 December 2010.

⁷ All financial hedging instruments that are concluded to date, are effective cash flow hedging instruments and consequently their value variations were recorded to equity without passing through the income statement.



It is estimated that the net current result per share for the financial year 2013-2014 will exceed 3.25 EUR per share. The expected dividend⁸ (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. FINANCIAL CALENDAR

Announcement of the annual results for the 2013-2014 financial year	23 May 2014
Ordinary general meeting for financial year 2013-2014	4 July 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 31 December 2013, Retail Estates NV has 551 properties in its portfolio with a lettable surface of 571,104 m². The occupancy rate of these buildings, expressed in leased m², amounts to 97.53 %.

The fair value of the consolidated real estate portfolio of Real Estates NV at 31 December 2013 is estimated by independent real estate experts at EUR 743.67 million.

Retail Estates NV is listed on Euronext Brussels and is registered as a real estate investment company with fixed capital. On 31 December 2013, the stock market capitalisation of its shares amounts to EUR 410.52 million.

⁸ 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.



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, 14 February 2014,

Jan De Nys, managing director of Retail Estates NV.

For more information, please contact:

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