

RETAIL ESTATES



Naamloze vennootschap (public limited company)
public regulated real estate company organised and existing under Belgian law,
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 2014-2015¹ (closed on 31.12.2014)

**Net current result² up by 14.83% to EUR 20.75 million compared to
EUR 18.07 million on 31 December 2013**

Increase of the property portfolio to a fair value³ of EUR 801.06 million

Occupancy rate⁴: 98.61%

Dividend: prognosis EUR 3.10⁵ gross confirmed

1. REAL ESTATE ACTIVITIES

1.1 Rental income and occupancy rate

Rental income during the third quarter of the financial year amounts to EUR 39.30 million, 12.34% up on the figure for the comparable period of the 2013-2014 financial year (EUR 34.98 million). This increase is almost entirely attributable to the growth of the real estate portfolio.

The occupancy rate on 31 December 2014 remains at a high 98.61%, compared with 98.50% on 30 September 2014.

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

² Net current result or operating result: net result excluding the result on the real estate portfolio (code XV, XVI, XVII of the income statement).

³ 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 2013-2014 annual report).

⁴ The occupancy rate is calculated as the effective leased area versus the lettable area, expressed in m².

⁵ The dividend prognosis proposed for the financial year 2014-2015 as mentioned in the annual report 2013-2014, page 49.

1.2 Fair value of the real estate portfolio

The fair value of the real estate portfolio on 31 December 2014 amounts to EUR 801.06 million, an increase of EUR 55.14 million (7.39%) compared to the value on 31 March 2014 (EUR 745.92 million). This increase is primarily the result of the acquisition of new real estate portfolios minus the sale of individual properties. The variation in the fair value of investment properties amounts to EUR 0.86 million on 31 December 2014.

On 31 December 2014, the real estate portfolio consists of 553⁶ properties with a lettable area of 606,369m².

1.3 Investments – capital increase

Acquisition 14 retail properties

On **14 October 2014**, Retail Estates nv entered into a framework agreement with Orchestra-Prémaman Belgium nv with a view to acquiring the ownership of 14 retail properties⁷ for an investment value of approximately EUR 34.59 million and an expected rental income of approximately EUR 2.18 million. This transaction is two-fold: (i) the purchase of 8 retail properties and (ii) the contribution in kind of 6 retail properties.

In execution of the first part of the transaction, 7 retail properties were purchased on 29 October 2014. This acquisition represents an investment of approximately EUR 12.95 million.

On 28 November 2014, the second part of the transaction has been completed partially by transferring 5 retail properties as part of a capital increase by means of a contribution in kind. For this contribution in kind the board of directors of Retail Estates nv issued 269,062 new shares, within the framework of powers granted to it regarding the authorised capital. The total investment value for these five properties amounts to approximately EUR 14.80 million and this represents a capital increase of approximately EUR 6.05 million (the balance, approximately EUR 8.74 million, is assigned to the balance sheet item “issue premium”).

Regarding 12 of the 14 retail properties to acquire, the transaction is thus executed in accordance with the framework agreement of 14 October 2014, as announced in the press release of 15 October 2014. Two retail properties are not yet acquired due to obligations relative to the OVAM regulation, which are not yet fulfilled. In expectation of this fulfilment, the transfer of these properties has been postponed.

As regards the property in Aartselaar that will be part of a second contribution in kind in the Retail Estates nv's capital for a conventional value of EUR 3.10 million, the issue price of the new shares to be

⁶ The decrease in the number of properties, despite the positive balance of investments and disposals in the third quarter, can be explained by a correction regarding the total number of properties.

⁷ For more information we refer to the press release of 15 October 2014.

issued will be adapted to the evolution of the share's intrinsic value. As a result of this, the total number of new shares, referred to in the press release of 15 October 2014, can be amended. The property in Alost will be acquired for the price of EUR 1.91 million (costs and registration fees not included).

Wilrijk

On **27 October 2014**, Retail Estates nv acquired a retail property in Wilrijk, along the Boomsesteenweg, for a total investment of EUR 4.24 million. This property is let at a rental price of EUR 0.26 million and is used as a retail subsidiary with the brand name GAMMA (DIY).

1.4 Disposals

During the third quarter, three retail properties – situated in Maasmechelen (vacant) and Huy (two properties, respectively let to Van Marcke and Carglass) – were sold for a net selling price of EUR 2.16 million. On these buildings, a net depreciation of EUR 0.04 million was realised.

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.

1.5 Merger by absorption of subsidiaries

On **24 December 2014**, the merger proposal regarding the merger by absorption of the companies Erpent Invest nv and Poperinge Invest nv was submitted. The board of directors established the merger by notarial deed on 27 February 2015, with effect on 28 February 2015.

The mergers of these subsidiaries facilitate the administrative management and lead to a decrease of the taxable income of Retail Estates nv's subsidiaries.

2. KEY FIGURES AS AT 31 DECEMBER 2014

2.1 Net current result

At 31 December 2014 the net current result amounts to EUR 20.75 million versus EUR 18.07 million for the comparable period in 2013-2014. For the calculation of the net current result per share, the weighted average number of outstanding shares as per 31 December 2014, or 7,322,698, are taken into account. The net current result per share (based on the weighted average number of shares) is EUR 2.83 on 31 December 2014.

2.2 Net result

The net result, taken into account the results on the sale of investment properties (EUR 0.42 million) and the variation in the fair value of investment properties (EUR 0.86 million), amounts to EUR 22.02 million on 31 December 2014.

2.3 Information per share

	31.12.2014	31.03.2014
Number of outstanding shares	7,559,473	7,290,411
Weighted average of outstanding shares	7,322,698	6,930,195
Net asset value per share IFRS	48.69	48.90
Net asset value per share EPRA	52.07	52.18
Net asset value per share (investment value) ex. dividend ex. IAS 39	52.36	51.70
	31.12.2014	31.12.2013
Net current result (IFRS, taken into account the weighted average of outstanding shares)	2.83	2.65
Net current result (taken into account the number of shares entitled to dividend)	2.74	2.48

2.4 Debt ratio

At 31 December 2014, the debt ratio amounts to 51.04% compared to 51.72% on 30 September 2014 and 49.10% on 31 March 2014. 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 instruments. The evolution of the net asset value of the share, which is sensitive to such variations and uncertainties, is therefore uncertain. On 31 December 2014, the weak consumer confidence and the weak retail turnover of some retail firms have not resulted in an increase of unoccupied premises or collection issues at Retail Estates nv.

It is estimated that the net current result per share for the financial year 2014-2015 will exceed 3.50 EUR per share. The expected dividend (EUR 3.10 gross per share) is confirmed. This represents a 3.33% increase in the dividend compared with 2013-2014. These expectations were filled in the hypothesis of

stable consumer spending and provided a positive evolution of rents. However, it has been identified that at the moment, contrary to previous financial years, the inflation by rent indexation hardly has its role in the rental increase.

4. FINANCIAL CALENDAR

Announcement annual results financial year 2014-2015	22 May 2015
General assembly financial year 2014-2015	3 July 2015
Dividend made available for payment	10 July 2015

ABOUT RETAIL ESTATES NV

Retail Estates nv is a public regulated real estate company and more specifically a niche company that specialises in making out-of-town retail properties which are located on the periphery of residential areas or along main access roads into urban centres available to users. 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 500m² and 3,000m². A typical retail building has an average area of 1,000m².

On 31 December 2014, Retail Estates nv has 553 properties in its portfolio with a lettable surface of 606,369m². The occupancy rate of these buildings, expressed in leased m², amounts to 98.61%.

The fair value of the consolidated real estate portfolio (including assets held for sale) of Retail Estates nv at 31 December 2014 is estimated by independent real estate experts at EUR 801.06 million.

Retail Estates nv is listed on Euronext Brussels and is registered as a public regulated real estate company. On 31 December 2014, the stock market capitalisation of its shares amounts to EUR 512.46 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, 27 February 2015,

Jan De Nys, managing director of Retail Estates nv.

For more information, please contact:

RETAIL ESTATES NV, Jan De Nys - CEO, tel. 02/568 10 20 - 0475/27 84 12

RETAIL ESTATES NV, Paul Borghgraef - Chairman, tel. 02/568 10 20 - 0475/42 98 03

Retail Estates NV – Public regulated real estate company governed by Belgian law

Industrielaan 6, 1740 Ternat - RPR Brussels - VAT BE 434.797.847.