

## 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’*

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### ANNOUNCEMENT ANNUAL RESULTS FINANCIAL YEAR 2014 - 2015

**REAL ESTATE PORTFOLIO GROWS TO EUR 837.12 MILLION (+12.23%)**

**NET CURRENT RESULT UP TO EUR 28.63 MILLION (+14.20%)**

**OCCUPANCY RATE REMAINS HIGH (98.78%)**

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### ANNUAL REPORT 2014 - 2015 AVAILABLE

- **Net rental income** increases by 12.10% to EUR 52.71 million by expanding real estate portfolio by 12.23% to EUR 837.12 million
- **Net current result** (excluding portfolio result) increases by 14.20% to EUR 28.63 million
- **Valuation** of property portfolio: fair value of property portfolio increases in line with the evolution of the investment market: EUR 6.13 million changes in the fair value of investment properties
- The proposed **dividend** amounts to EUR 3.10 (+3.33% compared to last financial year) – pay-out ratio 81.15% - net current result amounts to EUR 3.88 per share



## FINANCIAL YEAR 2014-2015 IN A NUTSHELL

Retail Estates continues to systematically work on the company's growth. The capital base was further increased in the past financial year by EUR 14.80 million on the occasion of the contribution in kind of five retail properties by the French retailer Orchestra. These transactions, supplemented by additional bank financing, made possible additional investments in the real estate portfolio of EUR 91.20 million, bringing its total value to EUR 837.12 million. The number of retail properties in the portfolio increased over the past financial year by 33, to 554 buildings. In this, our presence was selectively strengthened at the periphery of the large Belgian central cities.

Operationally, the past financial year again ended with good results. The occupancy rate continues to be above 98% (98.78% on 31 March 2015) for the 17<sup>th</sup> year in a row, with no unpleasant surprises noted in the revenue or expenditure sides. In the revaluation of the real estate portfolio on 31 March 2015, our property experts determined gains at several of our top locations due to a decrease in the yield in the trading of such properties in real estate transactions. This increase in value is no longer supported by an increase in rent due to the elimination of rent indexation, but by increased demand for peripheral retail real estate as an investment product. The disappearance of an attractive return on financial products in the investment market is partially behind this.

The focus on major maintenance and the optimisation of our retail parks continues unabated. At places where it makes sense, shops are rebuilt, enlarged and redistributed according to the expectations of our tenants. This is first of all a "win-win" situation that aims to allow the retailer to improve its sales, and the landlord to increase its rental income and safeguard it for the long term. The strong growth of the internet as a sales and information channel is encouraging more retailers than ever to innovate. In addition to a shift in sales, the internet has brought with it a revolution in other drivers of shopping. The flood of information that is now available to consumers obliges traders to better arm themselves. Their websites have been brought to the sales points and have grown into a means of communication. Inventory management no longer only takes place inside the shop walls; stock present in the distribution centre of the company or its suppliers is now available in real-time and indeed is sold without it needing to be present in the shop.

The new financial year 2015-2016 began with concerns about the evolution of consumer confidence and the consequences for our tenants. The impact of the regionalisation of the Belgian trade establishment act was also eagerly awaited. Both the Brussels Capital and the Walloon regions replaced the former federal law (the so-called "Ikea Act") with regional laws whose terms and conditions vary. The question is how the regional governments, whose political composition varies, will deal with this new legislation.



## PROSPECTS FOR THE FINANCIAL YEAR 2015-2016

Retail Estates hopes to be able to pursue last year's strategy, which consists of enabling the company to grow both with respect to its share capital and through external financing, and accomplish a steady growth while at the same time protecting the current returns and the net asset value of the shares.

## DIVIDEND

The board of directors shall propose to the next general shareholders' meeting to approve a gross dividend per share of EUR 3.10 (EUR 2.325 net). This represents an increase of more than 3% compared to last year's dividend, which is significantly more than the very low inflation we experienced during the same period. Retail Estates will thus distribute 81.15% of its current profit, and invest the balance of the undistributed profit in the growth of the company.

For the financial year 2015-2016, Retail Estates aims at a gross dividend of EUR 3.20. This represents an increase of 3.23% compared to the dividend aimed at the previous financial year 2014-2015 and is in accordance with the policy conducted the previous years.

The dividend 2014-2015 is payable on 10 July 2015.

## CALENDAR

The annual report is available for the shareholders on the website from 29 May 2015 (after the stock exchange closing).



## KEY FIGURES

### 1. Consolidated income statement

1. A. INCOME STATEMENT (in € 000)	31.03.15	31.03.14
Rental income	53,191	47,689
Rental related expenses	-485	-666
<b>Net rental income</b>	<b>52,706</b>	<b>47,024</b>
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	5,312	5,002
Rental charges and taxes normally payable by tenants on let properties	-5,632	-5,222
Other rental related income and expenses	-51	-43
<b>Property result</b>	<b>52,334</b>	<b>46,761</b>
Technical costs	-1,466	-1,276
Commercial costs	-239	-230
Charges and taxes on unlet properties	-135	-122
Property management costs	-1,518	-1,417
Other property charges	-4	0
<b>Property charges</b>	<b>-3,362</b>	<b>-3,044</b>
<b>Operating property result</b>	<b>48,972</b>	<b>43,716</b>
Operating corporate costs	-2,888	-2,400
Other current operating income and expenses		
<b>Operating result before result on portfolio</b>	<b>46,084</b>	<b>41,316</b>
Result on disposals of investment properties	479	236
Result on sales of other non-financial assets		
Changes in fair value of investment properties	6,131	3,260



<b>Operating result</b>	<b>52,694</b>	<b>44,812</b>
Financial income	181	260
Interest charges	-17,269	-16,012
Other financial charges	-39	-36
<b>Financial result</b>	<b>-17,128</b>	<b>-15,787</b>
<b>Result before taxes</b>	<b>35,566</b>	<b>29,025</b>
Taxes	-328	-457
<b>Net result</b>	<b>35,238</b>	<b>28,568</b>
Attributable to:		
Shareholders of the Group	35,238	28,568
Minority interests		
Note:		
<b>Net current result (share Group)<sup>1</sup></b>	<b>28,628</b>	<b>25,072</b>
Result on portfolio	6,610	3,496
<b>RESULT PER SHARE</b>	<b>31.03.15</b>	<b>31.03.14</b>
Number of ordinary shares in circulation	7,559,473	7,290,411
Weighted average number of shares	7,381,081	6,930,195
Net profit per ordinary share (in EUR) <sup>2</sup>	4.77	4.12
Diluted net profit per share (in EUR)	4.77	4.12
Profit available for distribution per share (in EUR) <sup>3</sup>	3.82	3.47
Net current result per share (in EUR) <sup>4</sup>	3.88	3.62
Dividend	3.10	3.00

<sup>1</sup> 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.

<sup>2</sup> The net profit per ordinary share is calculated as follows: the net result divided by the weighted average number of shares.

<sup>3</sup> Based on the number of shares in circulation.

<sup>4</sup> 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, the net current result per share amounts to EUR 3.79 at 31.03.2015 versus EUR 3.44 at 31.03.2014.



<b>1. B. STATEMENT OF OTHER COMPREHENSIVE INCOME (in € 000)</b>	<b>31.03.15</b>	<b>31.03.14</b>
Net result	35,238	28,568
Other components of other comprehensive income, recyclable in income statements:		
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-2,474	-2,623
Changes in the fair value of cash-flow hedges	-705	6,210
<b>Comprehensive income</b>	<b>32,059</b>	<b>32,155</b>

## 2. Consolidated balance sheet

<b>ASSETS (in € 000)</b>	<b>31.03.15</b>	<b>31.03.14</b>
<b>Non-current assets</b>	<b>837,602</b>	<b>746,245</b>
Goodwill		
Intangible non-current assets	120	26
Investment properties <sup>5</sup>	837,121	745,916
Other tangible non-current assets	357	297
Financial non-current assets		
Trade receivables and other non-current assets	5	5
<b>Current assets</b>	<b>9,837</b>	<b>9,620</b>
Non-current assets or groups of assets held for sale	4,819	4,385
Trade receivables	1,168	725
Tax receivables and other current assets	1,399	1,899
Cash and cash equivalents	1,469	2,189
Deferred charges and accrued income	982	421
<b>TOTAL ASSETS</b>	<b>847,439</b>	<b>755,865</b>

<sup>5</sup> Including development projects (IAS 40).



SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	31.03.15	31.03.14
<b>Shareholders' equity</b>	<b>381,212</b>	<b>356,524</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>381,212</b>	<b>356,524</b>
Capital	166,902	160,962
Issue premiums	101,839	93,095
Reserves	77,233	73,900
Net result of the financial year	35,238	28,568
<b>Minority interests</b>		
<b>Liabilities</b>	<b>466,227</b>	<b>399,341</b>
Non-current liabilities	379,217	365,825
Provisions	82	102
Non-current financial debts	340,379	327,677
<i>Credit institutions</i>	310,631	327,677
<i>Other non-current financial debts</i>	29,748	0
Other non-current liabilities	38,756	38,046
Current liabilities	87,010	33,516
Current financial debts	57,209	22,421
<i>Credit institutions</i>	57,209	22,421
Trade debts and other current debts	10,024	7,992
Other current liabilities	15,367	86
Accrued charges and deferred income	4,410	3,017
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>847,439</b>	<b>755,865</b>
<b>DEBT RATIO</b>	<b>31.03.15</b>	<b>31.03.14</b>
Debt ratio <sup>6</sup>	51.54%	49.10%

<sup>6</sup> 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).



NET ASSET VALUE PER SHARE (in €) – SHARE GROUP	31.03.15	31.03.14
Net asset value per share IFRS <sup>7</sup>	50.43	48.90
Net asset value per share EPRA <sup>8</sup>	53.68	52.18
Net asset value per share excl. dividend excl. IAS 39 <sup>9</sup>	53.34	51.70

## OVER RETAIL ESTATES NV

Retail Estates nv is a public regulated real estate company and more specifically a niche company that specialises in investing 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 500m<sup>2</sup> and 3,000m<sup>2</sup>. A typical retail building has an average area of 1,000m<sup>2</sup>.

On 31 March 2015, Retail Estates nv has 554 properties in its portfolio with a lettable surface of 611,076m<sup>2</sup>. The occupancy rate of these buildings, expressed in leased m<sup>2</sup>, amounts to 98.78%.

The fair value of the consolidated real estate portfolio of Retail Estates nv at 31 March 2015 is estimated by independent real estate experts at EUR 837.12 million.

Retail Estates nv is listed on Euronext Brussels and is registered as a public regulated real estate company. On 31 March 2015, the stock market capitalisation of its shares amounts to EUR 579.36 million.

<sup>7</sup> The net asset value per share IFRS (fair value) is calculated as follows: shareholders' equity (attributable to shareholders of the parent company) divided by the number of shares.

<sup>8</sup> The net asset value per share EPRA (fair value) 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) divided by the number of shares.

<sup>9</sup> The net asset value per share excl. dividend excl. IAS 39 (investment value) 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.



## 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 May 2015,

Jan De Nys, managing director of Retail Estates nv.

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**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.

