



**IN
RETAIL
WE
TRUST**

**HALF-YEARLY
FINANCIAL REPORT
2015-2016**

RETAIL ESTATES



KEY FIGURES

REAL ESTATE PORTFOLIO	30/09/15	31/03/15
Total retail properties	632	554
Total lettable area in m²	701,801	611,076
Estimated fair value in EUR	975,749,000	837,121,000
Estimated investment value in EUR	999,780,000	857,862,000
Average rent prices per m²	94.16	92.48
Occupancy rate	98.17%	98.78%

BALANCE SHEET INFORMATION	30/09/15	31/03/15
Shareholders' equity	447,467,000	381,212,000
Debt ratio (RREC legislation*, max. 65%)	52.18%	51.54%

RESULTS	30/09/15	30/09/14
Net rental income	29,243,000	25,541,000
Property result	29,056,000	25,367,000
Property charges	-1,934,000	-1,638,000
General costs and other operating costs and income	-1,418,000	-1,545,000
Operating result before result on the portfolio	25,704,000	22,183,000
Result on the portfolio	1,319,000	1,291,000
Operating result	27,023,000	23,474,000
Financial result	-8,470,000	-8,514,000
Net result	17,989,000	14,737,000
Net current result (excl. result on the portfolio)	16,670,000	13,446,000

INFORMATION PER SHARE	30/09/15	31/03/15
Number of shares	8,819,213	7,559,473
Net asset value IFRS	50.74	50.43
Net asset value EPRA	53.46	53.68
Net asset value (investment value) excl. dividend excl. IAS 39	54.60	53.34
Closing price on closing date	77.00	76.64
Over-/undervaluation compared to net asset value IFRS	51.75%	51.97%

* The Royal Decree of 13 July 2014 (the "RREC R.D.") in execution of the Law of 12 May 2014 (the "RREC Law") on regulated real estate companies (Belgian REITs).

TABLE OF CONTENTS

KEY FIGURES	
MANAGEMENT REPORT	4
FINANCIAL REPORT	14
SHARE PERFORMANCE REPORT	38
REAL ESTATE REPORT	44
MISCELLANEOUS	50

Management report

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Retail Estates is a leading market player thanks to a portfolio that has been built up in a consistent manner, based on its market knowledge.

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Retail property Orchestra, Braine l'Alleud

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STRENGTHENING THE QUALITY

In recent years, Retail Estates has focused on continuously strengthening the quality of its properties and on expanding its real estate portfolio, thus ensuring consistent growth in the long term thanks to location, quality and diversification of tenants.

In the short term, this objective is pursued through the constant monitoring of the occupancy rate of the portfolio, the rental income and the costs of maintenance and management.

Management report

0. INTRODUCTION**GENERAL**

Retail Estates nv is one of Belgium's largest real estate companies, specialised in peripheral retail properties. Its property portfolio consists of 632 properties in Belgium, representing a total retail area of 701,801m² and a fair value of EUR 975.75 million.

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 EUR 679.08 million on 30 September 2015.

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 2014-2015.

**1. REPORT ON ACTIVITIES FOR THE FIRST
HALF OF THE 2015-2016 FINANCIAL YEAR,
CLOSED ON 30 SEPTEMBER 2015**
1.1. RENTAL INCOME AND OCCUPANCY RATE

Rental income during the first half of the financial year amounts to EUR 29.56 million, 14.58% up on the figure for the comparable half of the 2014-2015 financial year. At that time, rental income amounted to EUR 25.80 million. This increase is almost entirely attributable to the growth of the real estate portfolio.

The occupancy rate on 30 September 2015 remains at a high 98.17%, compared with 98.78% on 31 March 2015.

1.2. FAIR VALUE¹ OF THE REAL ESTATE PORTFOLIO

The fair value of the real estate portfolio (project developments included) amounts to EUR 975.75 million. The rental yield (in relation to the investment value) on this portfolio established by the real estate experts is 6.67% based on the actual rent.

The stability of the value of peripheral retail properties is explained mainly by continuing interest on the part of wealthy private individuals and – national and foreign – institutional investors 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 85.37% in the real estate certificates issued by Immobilière Distri-Land nv. The fair value of this property portfolio, consisting of 11 retail properties, as at 30 September 2015 amounts to EUR 17.71 million.

¹ 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 21 in the 2014-2015 annual report).

Retail Estates nv's share in the total fair value of the real estate properties of the real estate certificate amounts to EUR 14.00 million. The value of the Immobilière Distri-Land nv's real estate portfolio has been declining over the past three years, because of the systematic sale of several retail properties.

As at 30 September 2015, the real estate portfolio consists of 632 properties with a lettable area of 701,801m².

1.3. INVESTMENTS² – RETAIL PARKS**Completion framework agreement Orchestra**

On 20 May 2015, Retail Estates nv acquired the exclusive control of Fimitobel nv, owner of a retail property in Aalst. This acquisition is part of the execution of the framework agreement concluded with Orchestra-Prémaman Belgium nv on 14 October 2014. The investment value of this property amounts to EUR 1.91 million and it will generate an annual gross rental income of EUR 0.13 million. The framework agreement has thus been completed, except for the part regarding the acquisition of a retail property in Aartselaar, with a value of EUR 2.85 million. The transfer of this property has been postponed due to the absence of the necessary OVAM certificates.

Acquisition retail properties through four real estate companies – Rockspring portfolio

With effect on 30 June 2015, 69 retail properties were acquired with an acquisition value of EUR 129 million, through the acquisition of the control of four real estate companies. The properties represent an expected annual rental income of EUR 7.94 million. The real estate portfolio of these companies consists

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.



of 9 retail parks and 2 individual retail properties. All locations have a proven positive track record of more than 25 years, with the exception of the retail park in Westerlo, which suffered from the opening of a retail park in its immediate vicinity, in Olen.

Two retail parks situated in Antwerp (Merksem) and Liège (Rocourt) are among the top 5 of best locations in the city periphery retail market. The other seven retail parks have a strong regional customer base. They are located in Bierbeek (Korbeek-Lo, municipality bordering Leuven), Braine l'Alleud, Eupen, Overijse, Verviers, Waregem and Westerlo (Oevel). The two individual retail properties are located in Sint-Pieters-Leeuw (Ruisbroek). With the exception of three properties in Westerlo that will be rebuilt, all retail properties have been leased, almost all to chain stores.

-The retail park in **Antwerp** (Merksem) is located along Bredabaan and consists of 13 retail properties with a total surface area of 15,892m², with an expected

annual rental income of EUR 2.14 million. The park's tenants include C&A, Shoe Discount, Vanden Borre and Carpetright.

- The retail park in **Liège** (Rocourt) is part of a larger site that was created around the Cora hypermarket. 12 retail properties were acquired at this location with a total surface area of 10,992m² and an expected annual rental income of EUR 1.64 million. The main tenants are C&A, JBC, Quick, Kräfel and Chaussea.
- The retail park in **Eupen** has 10 retail properties with a total surface area of 7,532m² and an expected annual rental income of EUR 0.72 million. Its main tenants are Brantano, C&A, JBC and Veritas.
- The retail park in **Bierbeek** (Korbeek-Lo, municipality bordering Leuven) is located along Tiensesteenweg where a strongly developed peripheral shop location has developed around the Carrefour hypermarkt.

The retail park contains 6 retail properties with a total surface area of 5,936m² and an expected annual rental income of EUR 0.68 million. Tenants of the retail park include Brantano, Torfs, Blokker and Leen Bakker.

- The retail park at **Braine l'Alleud**, where Retail Estates nv has been making investments for a number of years, is among the better locations in Walloon Brabant. The retail park consists of 7 retail properties representing a total surface area of 7,264m². Expected annual rental income is EUR 0.65 million. Almost all tenants have been present continuously since the opening of the retail park in 1990. The most important are Brantano, C&A, AVA and Maxi Toys.
- In **Overijse** 3 retail properties were acquired with a total surface area of 4,381m² and an expected annual rental income of EUR 0.58 million. Its tenants are Aldi, AVA and Kräfel.
- The retail park in **Westerlo** dates from 1989 and consists of 9 retail properties with a total surface area of 7,189m² and an expected annual rental income of EUR 0.58 million. Three non-leased retail properties with a total surface area of 4,250m² will be modernised before being offered for lease. Its main tenants are C&A, Avance, Shoe Discount, ZEB and Primo.
- 4 retail properties were acquired in **Waregem** along Gentssesteenweg. The properties have a total surface area of 5,000m² and an expected annual rental income of EUR 0.39 million.

- Lastly, 3 retail properties were acquired in **Verviers** along Boulevard de Gérardchamps. Total shop area is 4,770m² and expected annual rental income is EUR 0.32 million. Its main tenants are Brantano, Maxi Toys and Blokker.

Beringen (Mijn Retail nv)

On 10 April 2014, Retail Estates nv and be-MINE nv concluded a cooperation agreement for the development of a retail park, with a total built-up area of 18,000m². On 27 May 2014, the partners established a special purpose company "Mijn Retail nv".

The retail park has been delivered on 31 August 2015 and, except one, all 12 units are let. The 11 let units have already opened to the public. The following retailers will rent a unit at the Beringen site: Brico, AVA, Albert Heijn, Chaussea, ZEB, Vanden Borre, Maxi Zoo, Bent, Lola&Liza, H&M and Bel&Bo.

On 30 September 2015, the interest of the minority shareholder in Mijn Retail nv has been acquired for an amount of EUR 11.77 million. The 11 let retail properties represent an expected annual rental income of EUR 1.67 million. The estimated rental value of the unlet retail area amounts to EUR 0.15 million.

1.4. PROJECT DEVELOPMENTS

On 1 June 2015, the project in Erpent was delivered. A retail property of 951m², let to Eclipse sprl (dealer Auping), was opened. The expected annual rental income amounts to EUR 0.12 million.

1.5. DIVESTMENTS²

Over the past six months, 1 retail property was sold for a net selling price of EUR 1.58 million. On this building, a net added value of EUR 0.014 million was realised. The retail property sold is situated in Bilzen (let to JBC). The fair value of this property at the time of sale amounted to EUR 1.56 million.

By notarial deed of 15 September 2015 the real estate certificate Distri-Land sold the property in Kuurne, let to Carpetland, for a net selling price of EUR 2.35 million. On 30 October 2015, the sale proceeds were paid to the certificate holders. On this sale, Retail Estates nv realised an added value of EUR 0.34 million.

Furthermore, 6 plots of land of the Westende site have been sold, for a net selling price of EUR 0.072 million per plot of land. On these 6 plots of land an added value of EUR 0.026 million per plot of land was realised.

These divestments 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 WITHIN THE FRAMEWORK OF THE AUTHORISED CAPITAL

During the subscription period with preferential subscription rights, closed on 21 May 2015, 1,113,317 new shares have been subscribed, being 88.38% of the new shares.

The 878,538 non-exercised preferential subscription rights have been sold on 26 May 2015 in an accelerated private placement to investors, as

described in the prospectus. Investors acquiring the scrips irrevocably undertook themselves to subscribe 146,423 new shares, at the same subscription price and in accordance with the same subscription rate, i.e. one new share at EUR 60.50 for six scrips. The realisation of the capital increase was established on 28 May 2015. The gross proceeds of the operation amounted to EUR 76,214,270 and were entirely reinvested (see 1.3).

1.7. MERGER BY ABSORPTION OF SUBSIDIARIES

On 30 June 2015, the merger by absorption of the company Gentpoort nv by the company Frun Park Wetteren nv was established.

On 6 July 2015 and 24 September 2015, the merger proposals regarding the merger by absorption of the companies, respectively, Frun Park Wetteren nv and Aalst Logistics nv, were submitted.

Mergers of subsidiaries facilitate the administrative management and lead to a decrease of the taxable income of Retail Estates nv’s subsidiaries.

2. ANALYSIS OF THE RESULTS

Half-yearly results as at 30 September 2015: net current result of the Group³ up by 23.98% compared to 30 September 2014 – fair value of the real estate portfolio up to EUR 975.75 million.

For the six months to 30 September 2015, the net current result (i.e. profit before the results on the portfolio) amounts to EUR 16.67 million, an increase of 23.98% compared to the same period in the previous year.



Net rental income rose from EUR 25.54 million to EUR 29.24 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 2014, the real estate portfolio grew by EUR 207.93 million. With respect to 31 March 2015, the portfolio grew by EUR 138.63 million.

After deduction of property charges, this gives an operating property result of EUR 27.12 million compared to EUR 23.73 million last year.

Property charges amount to EUR 1.93 million compared to EUR 1.64 million the year before. The increase is thus in line with the increase in rental income. The general costs amount to EUR 1.42 million, a decrease with EUR 0.13 million compared to the previous year. This decrease is mainly due to the single non-recurrent cost in the previous financial year

within the framework of the change of status from vastgoedbevak/sicafi to regulated real estate company, compensated by the increase in taxes on collective investment funds. After deduction of general costs, Retail Estates nv posts an operating result before result on the portfolio of EUR 25.70 million. The operating margin is 87.90%.

Net earnings from disposals of investment properties amount to EUR 0.52 million out of total sales of EUR 3.79 million. Variations in the fair value of investment properties amount to EUR 0.80 million, representing the net surplus of various positive and negative variations.

The financial result is EUR -8.47 million, a decrease in costs of EUR 0.04 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 2015 is 3.79%.

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.

3 Retail Estates nv and its subsidiaries.



The **net result** (share Group) for the first half of the year is EUR 17.99 million, consisting of the net current result of EUR 16.67 million and the result on the portfolio of EUR 1.32 million. Per share this represents a net current result available for distribution of EUR 1.98 for the first half of the year (on the basis of the weighted average number of shares).

The **fair value of the property portfolio**, including project developments, amounts to EUR 975.75 million as at 30 September 2015, compared to EUR 837.12 million on 31 March 2015.

The **net asset value** (fair value) per share amounts to EUR 49.14 (excluding 50% of the expected dividend) as at 30 September 2015. As of 31 March 2015 this was EUR 47.33 (excl. dividend).

The **debt ratio** amounts to 52.18% as at 30 September 2015 compared to 51.54% on 31 March 2015.

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.

The expected dividend (EUR 3.20 gross per share) is confirmed. This represents a 3.23% increase in the dividend compared with 2014-2015. 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. CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS

On 21 April 2015 Mr. Francis Vroman resigned as a non-executive director of Retail Estates nv. The mandate of Mr. Richard Van Besauw as an independent director, which expired on 3 July 2015, was not renewed due to the reaching of the age limit.

At the annual shareholder's meeting of 3 July 2015, Mr. Rudy De Smedt and Mr. René Annaert were appointed as a, respectively, non-executive and independent director, with immediate effect. Their mandates will expire, similar to those of the other directors, at the annual shareholders' meeting of 2016.

5. 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.

6. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

6.1. INVESTMENTS — RETAIL PARKS Nivelles (Texas Management nv)

On 29 October 2015 Retail Estates nv acquired the exclusive control of the company Texas Management nv. This company is owner of a site in Nivelles, where a new retail park was constructed.

This retail park consists of 4 retail properties with a total surface area of 5,779m² and generates an expected annual rental income of EUR 0.58 million. The investment in this transaction amounts to EUR 9.02 million.

This transaction reflects the intention of Retail Estates nv to increase its investments in Walloon Brabant.

6.2. MERGER BY ABSORPTION OF SUBSIDIARY

On 16 October 2015, the merger proposal regarding the merger by absorption of the company Mijn Retail nv was submitted.

Financial report

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The reinforcement of the company's registered capital for the fourth time allows further growth of the company.

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1. A. CONDENSED CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	30.09.15	30.09.14
Rental income	29,559	25,797
Rental related expenses	-316	-256
Net rental income	29,243	25,541
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	3,143	2,750
Rental charges and taxes normally payable by tenants on let properties	-3,313	-2,916
Other rental related income and expenses	-17	-9
Property result	29,056	25,367
Technical costs	-873	-720
Commercial costs	-171	-103
Charges and taxes on unlet properties	-103	-111
Property management costs	-785	-701
Other property costs	-2	-2
Property costs	-1,934	-1,638
Operating property result	27,122	23,728
Operating corporate costs	-1,418	-1,545
Other current operating income and expenses		
Operating result before result on portfolio	25,704	22,183
Result on disposals of investment properties	519	451
Result on sales of other non-financial assets		
Changes in fair value of investment properties	1,278	840
Other result on portfolio	-478	
Operating result	27,023	23,474
Financial income	12	76
Net interest charges	-8,456	-8,569
Other financial charges	-26	-21
Financial result	-8,470	-8,514

INCOME STATEMENT (in € 000)	30.09.15	30.09.14
Result before taxes	18,553	14,960
Taxes	-564	-223
Net result	17,989	14,737
Attributable to:		
Shareholders of the Group	17,989	14,737
Minority interests		
Note:		
Net current result (share Group)⁴	16,670	13,446
Result on portfolio	1,319	1,291
RESULT PER SHARE	30.09.15	30.09.14
Number of ordinary shares in circulation	8,819,213	7,290,411
Weighted average number of shares	8,419,951	7,290,411
Net profit per ordinary share (in €) ⁵	2.14	2.02
Diluted net profit per share (in €)	2.14	2.02
Profit available for distribution per share (in €) ⁶	1.86	1.86
Net current result per share (in €) ⁷	1.98	1.84

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

5 The net profit per ordinary share is calculated as follows: net result divided by the weighted average number of shares.

6 The profit available for distribution per share is calculated as follows: adjusted net operating result divided by the total number of shares. The adjusted net operating result is the consolidated net profit adjusted for a number of elements of a non-current nature, the result on the disposal of investment properties and the changes in fair value of investment properties and project developments.

7 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 1.89 per share at 30.09.2015 versus EUR 1.84 per share at 30.09.2014.

1. B. STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income (in € 000)	30.09.15	30.09.14
Net result	17,989	14,737
Other components of other comprehensive income, recyclable in income statements:		
Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	-3,299	-457
Changes in the effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	593	-2,134
COMPREHENSIVE INCOME	15,283	12,146

2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	30.09.15	31.03.15
Non-current assets	976,379	837,602
Goodwill		
Intangible non-current assets	130	120
Investment properties ⁸	975,749	837,121
Other tangible non-current assets	490	357
Financial non-current assets		
Trade receivables and other non-current assets	10	5
Current assets	23,997	9,837
Non-current assets or groups of assets held for sale	4,799	4,819
Trade receivables	5,249	1,168
Tax receivables and other current assets	3,962	1,399
Cash and cash equivalents	7,948	1,469
Deferred charges and accrued income	2,039	982
TOTAL ASSETS	1,000,376	847,439
SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	30.09.15	31.03.15
Shareholders' equity	447,467	381,212
Shareholders' equity attributable to the shareholders of the parent company	447,467	381,212
Capital	193,512	166,902
Issue premiums	149,709	101,839
Reserves	86,257	77,233
Net result of the financial year	17,989	35,238
Minority interests		
Liabilities	552,908	466,227
Non-current liabilities	425,473	379,217
Provisions	67	82
Non-current financial debts	401,066	340,379
Credit institutions	371,308	310,631
Other	29,758	29,748
Other non-current financial liabilities	24,340	38,756

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	30.09.15	31.03.15
Current liabilities	127,436	87,010
Current financial debts	71,682	57,209
Credit institutions	71,682	57,209
Trade debts and other current debts	34,900	10,024
Other current liabilities	14,367	15,367
Accrued charges and deferred income	6,487	4,410
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,000,376	847,439

DEBT RATIO	30.09.15	31.03.15
Debt ratio ⁹	52.18%	51.54%

NET ASSET VALUE PER SHARE (in €) – SHARE GROUP	30.09.15	31.03.15
Net asset value per share IFRS ¹⁰	50.74	50.43
Net asset value per share EPRA ¹¹	53.46	53.68
Net asset value per share (investment value) excl. dividend excl. IAS 39 ¹²	54.60	53.34

8 Including project developments (IAS 40).

9 The debt ratio is calculated as follows: liabilities (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 IFRS (fair value) is calculated as follows: shareholders' equity (attributable to the shareholders of the parent company) divided by the number of shares.

11 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 authorised hedging instruments qualifying for hedge accounting as defined by IFRS) divided by the number of shares.

12 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, excluding changes in the effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS and excluding dividend) divided by the number of shares.

3. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IN € 000)	Capital ordinary shares	Issue premiums	Reserves*	Net result of the financial year	Minority interests	TOTAL Shareholders' Equity
Balance according to IFRS on 31 March 2014	160,962	93,095	73,900	28,568	0	356,525
- Net appropriation of profits 2013-2014						
- Transfer of portfolio result to reserves			3,260	-3,260		0
- Transfer of net current result to reserves			3,437	-3,437		0
- Reclassification between reserves						0
- Dividends of the financial year 2013-2014				-21,871		-21,871
- Capital increase						0
- Capital increase through contribution in kind						0
- Minority interests						0
- Costs of capital increase						0
- Other			-102			-102
- Global result 30/09/2014			-2,591	14,737		12,146
Balance according to IFRS on 30 September 2014	160,962	93,095	77,904	14,737	0	346,698
Balance according to IFRS on 31 March 2015	166,902	101,839	77,233	35,238	0	381,212
- Net appropriation of profits 2014-2015						
- Transfer of portfolio result to reserves			6,131	-6,131		0
- Transfer of net current result to reserves			5,673	-5,673		0
- Reclassification between reserves						0
- Dividends of the financial year 2014-2015				-23,434		-23,434
- Capital increase	28,344	47,870				76,214
- Capital increase through contribution in kind						0
- Minority interests						0
- Costs of capital increase	-1,734					-1,734
- Other			-74			-74
- Global result 30/09/2015			-2,706	17,989		15,283
Balance according to IFRS on 30 September 2015	193,512	149,709	86,257	17,989	0	447,467

* Detail of the reserves (in € 000)	Legal reserve	Reserve for the positive/negative balance of changes in the fair value of real estate properties	Available reserves	Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the 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 2014	437	86,926	7,859	-18,386	-23,882	20,946	73,900
- Net appropriation of profits 2013-2014							
- Transfer of portfolio result to reserves		3,260					3,260
- Transfer of net current result to reserves						3,437	3,437
- Reclassification between reserves		-1,429	1,429	102		-102	0
- Capital increase through contribution in kind							0
- Minority interests							0
- Costs of capital increase							0
- Other	-29			-102		29	-102
- Global result 30/09/2014				-457	-2,134		-2,591
Balance according to IFRS on 30 September 2014	408	88,757	9,288	-18,843	-26,016	24,310	77,904
Balance according to IFRS on 31 March 2015	411	88,757	9,103	-20,860	-24,587	24,409	77,233
- Net appropriation of profits 2014-2015							
- Transfer of portfolio result to reserves		6,131					6,131
- Transfer of net current result to reserves						5,673	5,673
- Reclassification between reserves		-3,160	3,160	82		-82	0
- Capital increase through contribution in kind							0
- Minority interests							0
- Costs of capital increase							0
- Other				-74			-74
- Global result 30/09/2015				-3,299	593		-2,706
Balance according to IFRS on 30 September 2015	411	91,728	12,263	-24,151	-23,994	30,000	86,257

4. CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

CASH-FLOW STATEMENT (in € 000)	30.09.15	30.09.14
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE SEMESTER	1,469	2,188
1. Cash-flow from operating activities	30,355	-365
Operating result	27,023	23,474
Interest paid	-9,515	-8,297
Interest received	6	42
Corporate taxes paid	-195	-3,164
Corporate taxes received	551	
Other	119	-474
Non-cash elements to be added to / deducted from the result:	-1,089	-1,182
* Depreciations and write-downs		
- Depreciation / Write-downs (or write-backs) on tangible and intangible assets	105	66
- Depreciation / Write-downs (or write-backs) on trade receivables	140	58
* Other non-cash elements		
- Changes in the fair value of investment properties	-1,278	-840
- Profit on disposal of investment properties	-519	-451
- Other result on portfolio	478	
* Other	-15	-15
Change in working capital requirements:	13,455	-10,764
* Movement of assets		
- Trade receivables and other receivables	-2,715	-1,628
- Tax receivables and other current assets	-2,562	422
- Deferred charges and accrued income	-619	-1,699
- Long-term assets	-6	
* Movement of liabilities		
- Trade debts and other current debts	9,031	-9,152
- Other current liabilities	8,916	4
- Accrued charges and deferred income	1,410	1,289

CASH-FLOW STATEMENT (in € 000)	30.09.15	30.09.14
2. Cash-flow from investment activities	-82,299	-9,018
Purchase of intangible assets	-34	-21
Purchase of investment properties	-16,832	-4,732
Disposal of investment properties and assets held for sale	3,786	4,167
Acquisition of shares of real estate companies	-69,108	-15,081
Disposal of shares of real estate companies		6,691
Purchase of other tangible assets	-111	-42
Disposal of other tangible assets		
Disposal of non-current financial assets		
Income from trade receivables and other non-current assets		
3. Cash-flow from financing activities	58,423	9,756
* Change in financial liabilities and financial debts		
- Increase in financial debts	85,262	52,757
- Decrease in financial debts	-64,062	-22,044
* Change in other liabilities		
- Increase (+) / Decrease (-) in other liabilities	-13,823	914
- Increase (+) / Decrease (-) in minority interests		
* Change in shareholders' equity		
- Capital increase and issue premiums	76,214	
- Costs of capital increase	-1,734	
* Dividend		
- Dividend for the previous financial year	-23,434	-21,871
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER	7,948	2,561

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.



REINFORCEMENT OF THE COMPANY'S REGISTERED CAPITAL

For the fourth time since its listing on Euronext in March 1998, the company has giving all of its shareholders the opportunity to share in the growth of the company and its profitability. The proceeds are invested in the growth of the real estate portfolio.

5. NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY ACCOUNTS

5.1 BASIS FOR PREPARATION

The interim financial report for the first six-month period ending on 30 September 2015 has been drawn up in accordance with accounting standards which are consistent with the International Financial Reporting Standards as implemented by the RREC legislation and in accordance with IAS 34 'Interim financial reporting'.

Determining the fair value of the investment properties in accordance with IAS 40 'Investments properties', the independent real estate expert deducts an estimated amount of transfer rights and costs from investment properties. The impact on the fair value of investment properties as a result of these estimated transfer rights and costs in case of a hypothetical disposal of investment properties is processed directly in the shareholders' equity on the account 'Impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties', as explicitly provided by the aforementioned legislation. In the first six-month periods ending on 30 September 2015 and 30 September 2014, the respective amounts of EUR -3.30 million and EUR -0.46 million were recognised directly in the shareholders' equity in 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 2015.

5.2 APPLICATION OF IFRS 3 BUSINESS COMBINATIONS

Corporate transactions of the past semester were not processed as business combinations 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 companies. The companies in question own a limited number of properties which are not intended to be kept on as an independent businesses. The companies are 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 peripheral retail properties account for more than 90% of the Retail Estates nv's 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

Calculation debt ratio (in € 000)	30.09.15	31.03.15
Liabilities	552,908	466,227
To be excluded:	30,894	29,434
I. Non-current liabilities	24,407	25,024
Provisions	67	82
Authorised hedging instruments	23,994	24,587
Deferred taxes	346	355
II. Current liabilities	6,487	4,410
Provisions		
Authorised hedging instruments		
Accrued charges and deferred income	6,487	4,410
Total debt	522,014	436,793
Net reduction debt		
Total assets	1,000,376	847,439
DEBT RATIO	52.18%	51.54%

Principle

Article 24 of the RREC R.D. of 13 July 2014 requires public regulated real estate companies (Belgian REITs) 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 RREC.

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 RREC will implement the plan in the future.

Notes 2015-2016

Historical evolution of the debt ratio

Since 2008-2009, the debt ratio of Retail Estates nv has risen above 50%. In the aforementioned financial year, the debt ratio was 56%, subsequently remaining stable at around 53%. In 2014, the debt ratio decreased at a level under 50% as a result of the capital increase, to rise above 50% again as from 30 September 2014. Throughout its history, the Retail Estates nv's debt ratio has never exceeded 65%.

Long-term evolution of the debt ratio

The board of directors considers a debt ratio of + 55% ideal for the shareholders of the public regulated real estate company 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 52.18%, Retail Estates nv has an investment potential of EUR 366.37 million without exceeding as such a debt ratio of 65%, and an investment potential of EUR 195.53 million without exceeding a debt ratio of 60%.

Short-term evolution 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 2015 takes into account the following assumptions:

• disposals in the third quarter 2015-2016

No disposals are planned.

• results of the third quarter 2015-2016

The results of the third quarter as indicated in the budget for 2015-2016, approved by the board of directors.

• planned investments in the third quarter 2015-2016

Investments amounting to EUR 9.90 million are planned in the third quarter of the financial year 2015-2016.

Considering the aforementioned assumptions, the debt ratio as at 31 December 2015 would amount to 51.65%.

A projection is also made of the debt ratio as at 31 March 2016 (end of the financial year).

This projection takes into account the following assumptions:

• disposals in the second semester 2015-2016

No disposals are planned.

• results of the second semester 2015-2016

The results of the second semester as indicated in the budget for 2015-2016, approved by the board of directors.

• **planned investments in the second semester 2015-2016**

Investments amounting to EUR 9.90 million are planned, all of which in the third quarter of the financial year 2015-2016.

Considering the additional planned investments and the earnings expectations for the full year, the debt ratio at 31 March 2016 would amount to 50.76%.

The projection of the debt ratio only takes into account acquisitions and disposals in respect of which a private agreement has been signed (without conditions precedent), and investments that are planned and contracted out. Credits to expire are supposed to be refinanced for the same amount.

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 investment properties of more than EUR 197.27 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 1.72% 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 13.16 million). Historically, the fair value of the real estate portfolio has always risen or was at least stable since the company 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 2012-2013 financial year, 14 retail properties, 2 carcass apartments, 1 food service building, 3 plots of land, 1 small and middle-sized building and 1 villa were sold for a net selling price of EUR 19.25 million. In the 2013-2014 financial year, 4 retail properties and 2 carcass apartments were sold for a net selling price of EUR 5.07 million. In the 2014-2015 financial year, 9 retail properties were sold for a net selling price of EUR 8.08 million and the company Belgium Retail 1 Luxembourg sàrl was sold for an amount of EUR 8.22 million. Globally speaking, these properties were sold at the estimated investment value. At 30 September 2015, 1 retail property was sold for a net selling price of EUR 1.58 million and 1 retail property from the Distri-Land portfolio was sold for a net selling price of EUR 2.35 million.

Conclusion

Retail Estates nv is of the opinion that, based on

- the historical evolution of the public RREC,
- the track record of disposals, and
- the capital increase that has been completed,

no additional measures need to be taken to prevent the debt ratio exceeding 65%. It is the intention of the public RREC to maintain or to re-establish 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 this financial year, Retail Estates nv expanded its property portfolio with 82 let retail properties and 4 unlet properties. These represent a rental income of EUR 9.50 million. In the consolidated figures as of 30 September 2015 these new properties represent a rental flow of EUR 2.19 million.

In the first semester of the financial year, two properties were divested. These properties represent a rental income of EUR 0.23 million. In the consolidated figures

as of 30 September 2015, these properties represent EUR 0.059 million.

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

The following table shows by way of theoretical exercise how much rental income Retail Estates nv is certain to receive based on the current lease agreements.

(in € 000)	30.09.15	30.09.14
Within one year	63,148	53,056
Between one and five year(s)	213,484	218,752
Within more than five years	360,180	254,338

This does not alter the theoretical risk of all tenants making use of their legal right of cancellation at the end of the current three-year period. In this case, all retail properties would by definition be vacant within 3 years and 6 months.

Lease agreement type

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

Taxes and levies, including property tax, the insurance premium and the common charges, are, in principle,

borne by the tenant. To guarantee compliance with the obligations imposed on the tenant by virtue of the agreement, some tenants must provide a rental guarantee, usually in the form of a bank guarantee, worth three months' rent.

At the start of the agreement, an inventory of fixtures is drawn up between the parties, by an independent expert. On expiry of the agreement, the tenant must return the leased premises in the state described in the inventory of fixtures drawn up on taken up the occupancy, subject to normal wear and tear. The tenant cannot transfer the lease agreement or sublet the premises fully or partially, unless prior written permission is obtained from the lessor. The tenant must register the agreement at own expense.

5.8 INVESTMENT PROPERTIES

Investment and revaluation table (in € 000)	Investment properties		Assets held for sale		Total	
	30.09.15	31.03.15	30.09.15	31.03.15	30.09.15	31.03.15
Balance at the end of the previous financial year	837,121	745,916	4,819	4,385	841,940	750,301
Acquisition through purchase or contribution real estate companies	127,617	28,383			127,617	28,383
Capitalised interest cost	219	250			219	250
Acquisition and contribution of investment properties	12,579	70,777			12,579	70,777
Disposal through sale of real estate companies		-6,874			0	-6,874
Disposal of investment properties	-1,429	-2,314	-1,838	-5,474	-3,267	-7,788
Transfers to assets held for sale	-1,818	-5,908	1,818	5,908	0	0
Other transfers	-50				-50	0
Change in fair value (+/-)	1,511	6,889			1,511	6,889
At the end of the semester/ financial year	975,749	837,121	4,799	4,819	980,549	841,940
OTHER INFORMATIONS						
Investment value of the property	999,780	857,862	4,919	4,939	1,004,699	862,801

During the first half of the financial year control was acquired of five real estate companies for a total amount of EUR 69.11 million. The acquisition of the companies was paid for in cash. This resulted in a

EUR 127.72 million increase of investment properties, a EUR -4.65 million variation of working capital and a EUR 53.96 million increase of financial debts.

Project developments (in € 000)	30.09.15	31.03.15
Balance at the end of the previous financial year	34,171	8,077
Increase during the semester/financial year	11,454	28,119
Completion during the semester/financial year	-33,030	-2,026
At the end of the semester/financial year	12,595	34,171

5.9 Non-current AND CURRENT FINANCIAL DEBTS

Breakdown by due date of credit lines (in € 000)	30.09.15	31.03.15
Non-current		
Bilateral loans - variable or fixed rate	371,308	310,631
Other	29,758	29,748
Subtotal	401,066	340,379
Current		
Bilateral loans - variable or fixed rate	71,682	57,209
Subtotal	71,682	57,209
Total	472,748	397,588
Breakdown by maturity of non-current financial debts (in € 000)	30.09.15	31.03.15
Between one and two year(s)	112,705	93,705
Between two and five years	286,131	214,013
More than five years	2,230	32,661

Of all loans, EUR 384.35 million have a variable interest rate. These are all long-term loans. 74% of the outstanding loans are financed on a fixed basis. They are either loans with a variable interest rate hedged via interest rate swap contracts, or loans with a fixed interest rate. An interest rate swap converts a variable interest rate into a fixed interest rate. The average interest rate of the loans is 3.79%. 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'.

Below is an overview of the financial instruments as at 30 September 2015:

Summary of financial instruments as at closing date 30.09.15 (in € 000)	Categories	Book value	Fair value	Level
I. Non-current assets				
Financial non-current assets	C			2
Loans and receivables	A	10	10	2
II. Current assets				
Trade receivables and other receivables	A	9,211	9,211	2
Cash and cash equivalents	B	7,948	7,948	2
Total financial instruments on the assets side of the balance sheet		17,169	17,169	
I. Non-current liabilities				
Interest-bearing liabilities	A			2
Credit institutions	A	371,308	374,793	2
Other	A	29,758	35,417	2
Other non-current liabilities	A	346	346	2
Other financial liabilities	C	23,994	23,994	2
II. Current liabilities				
Interest-bearing liabilities	A	71,682	71,682	2
Current trade debts and other debts	A	49,267	49,267	2
Total financial instruments on the liabilities side of the balance sheet		546,355	555,499	

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 level 2 in the fair values hierarchy. Fair value valuation is carried out regularly.

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, 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.

The fair value of debts having a fixed interest rate is estimated by means of an actualisation of their future cash flows, taken into account the Group’s credit risk.

5.11 MINORITY INTERESTS
Retail Warehousing Invest nv

On 4 July 2012, the control was acquired over Retail Warehousing Invest nv by the acquisition of an interest of 62.50% of its shares. The agreement concluded with a view to acquiring the control provides that Retail Estates nv, at the latest on 1 July 2016, acquires all shares of this company that are not yet fully owned by Retail Estates nv, on the basis of the same valuation formula laid down in order to acquire 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 valuation of the real estate expert applicable at that time and, as the case may be, be limited to that valuation in accordance with Article 37 of the RREC Law of 12 May 2014.

Accounting principles

As of 31 December 2012, the balance sheet has been drawn up on the assumption that all minority interests are acquired (in accordance with IFRS), irrespective of the timing of such acquisition and on the assumption that such acquisition is paid for in cash. This reflects the maximum debt ratio on the basis of the available information and the development stage of the projects. The impact on the current liabilities amounts to EUR 14.29 million.

6. STATUTORY AUDITOR’S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FIGURES FOR THE PERIOD OF SIX MONTHS ENDED 30 SEPTEMBER 2015

Introduction

We have reviewed the condensed consolidated interim figures of Retail Estates nv and its subsidiaries as of 30 September 2015, consisting of the condensed consolidated income statement, the statement of other comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in shareholders’ equity and the condensed consolidated cash flow statement for the 6-month period then ended, as well as the explanatory notes (together: “condensed consolidated interim figures”). The board of directors is responsible for the preparation and presentation of these condensed consolidated interim figures in accordance with IAS 34, as adopted by the European Union and implemented by the royal decree of 13 July 2014. Our responsibility is to express a conclusion on these condensed consolidated interim figures based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and in applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently,

does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim figures on 30 September 2015 is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union and implemented by the royal decree of 13 July 2014.

Other matter

The consolidated financial statements of Retail Estates nv for the year ended 31 March 2015 have been audited by another auditor, who issued an unqualified audit opinion on these consolidated financial statements on 27 May 2015.

Sint-Stevens-Woluwe, 27 November 2015

The statutory auditor

PwC Bedrijfsrevisoren bcvba / Reviseurs d’entreprises scrl

Represented by Damien Walgrave
Bedrijfsrevisor / Réviseur d’entreprises



Share performance report

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Since its listing on Euronext Brussels, Retail Estates' results and portfolio have been growing continuously and consistently.

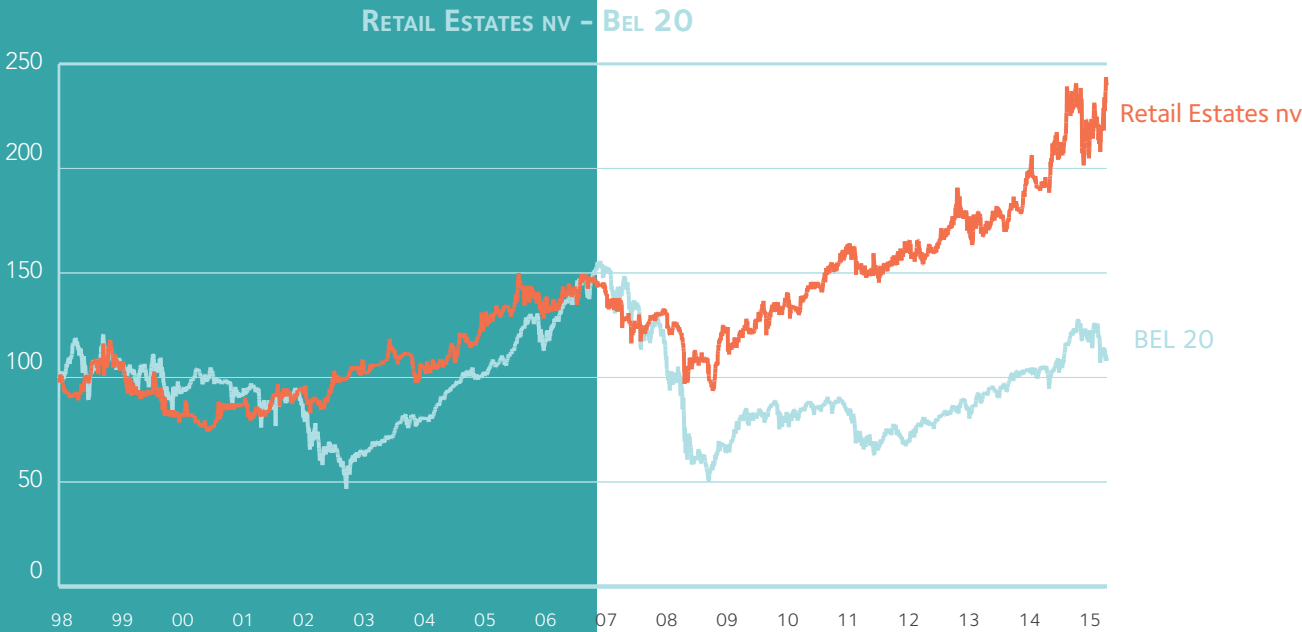
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Share performance report

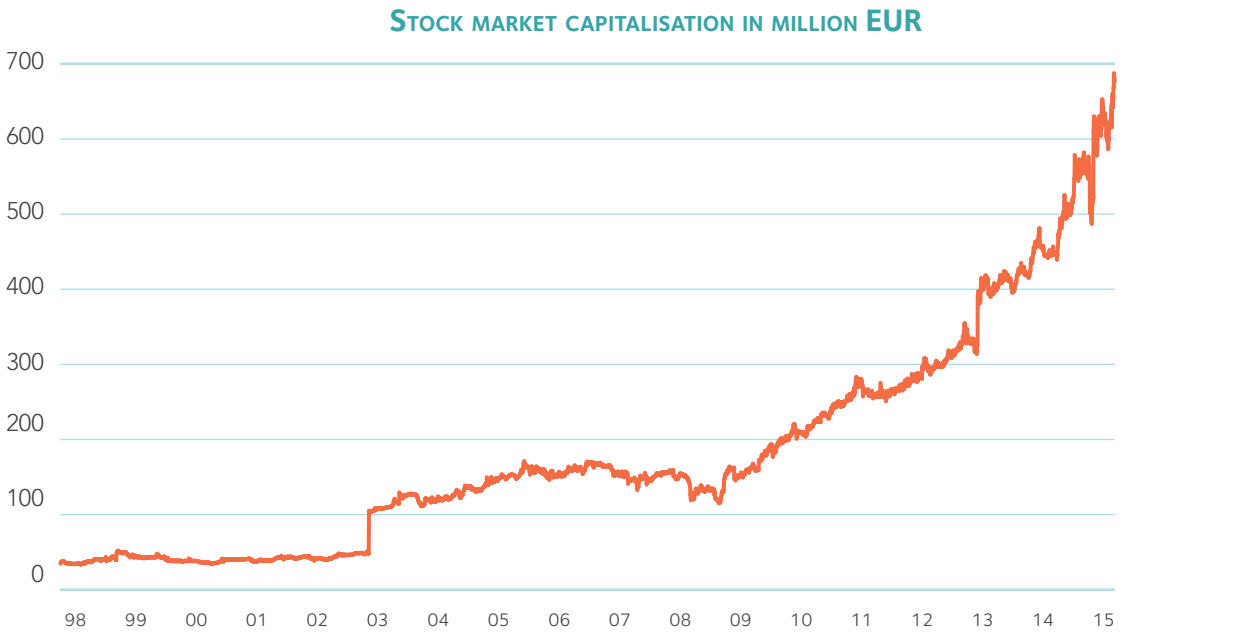
1. STOCK MARKET PERFORMANCE



During the first six months of the 2015-2016 financial year, the stock market price fluctuated between EUR 64.44 and EUR 77.94. 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 144.21% while the BEL 20 has increased by 12.34%. The average closing price during the first semester is EUR 70.84.

2. STOCK MARKET CAPITALISATION

Retail Estates nv is listed on the Euronext continuous market. As at 30 September 2015, the market capitalisation of Retail Estates nv amounts to EUR 679.08 million.



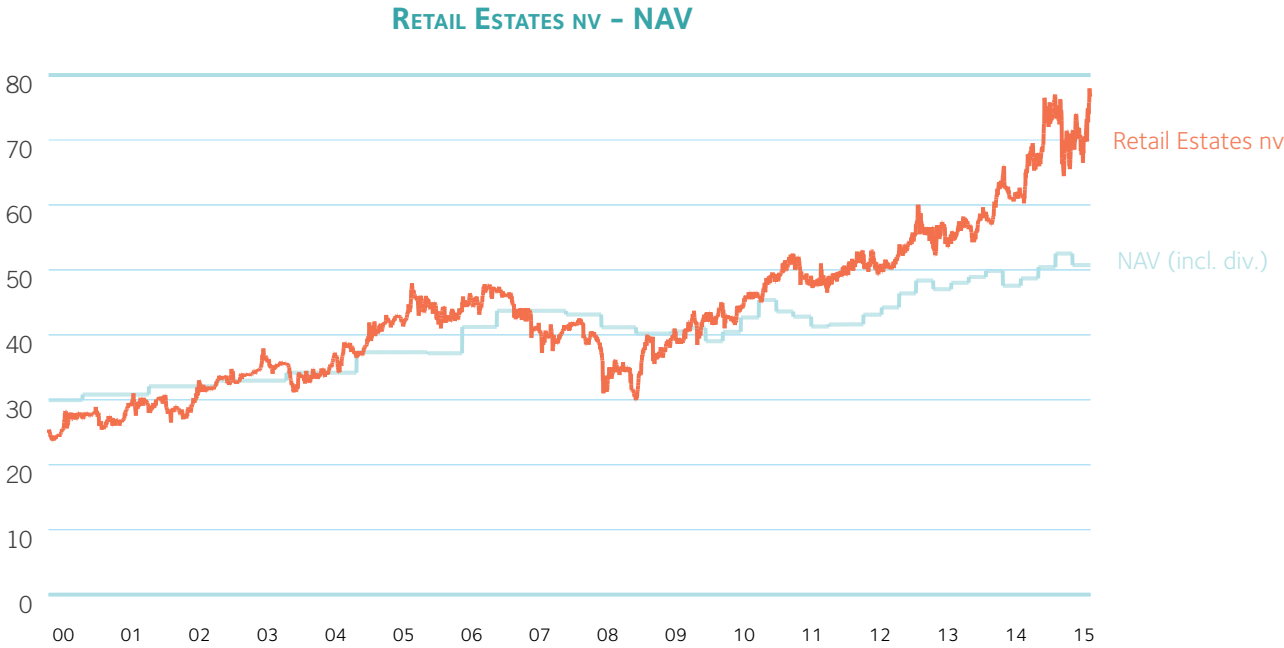
3. DIVIDEND AND YIELD

NET ASSET VALUE PER SHARE (in €)	30.09.15	31.03.15	30.09.14
Net asset value per share IFRS ¹³	50.74	50.43	47.56
Net asset value per share EPRA ¹⁴	53.46	53.68	51.12
Net asset value per share excl. dividend excl. IAS 39 ¹⁵	54.60	53.34	52.16
Gross dividend		3.10	
Net dividend		2.325	
Share price on closing date	77.00	76.64	61.50

13 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.

14 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 authorised hedging instruments qualifying for hedge accounting as defined by IFRS) divided by the number of shares.

15 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, excluding changes in the effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS and excluding dividend) divided by the number of shares.



The net asset value (NAV) of the share in the case of a property valuation at fair value is EUR 50.74.

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 2014-2015 financial year.

4. FINANCIAL CALENDAR

Announcement results third quarter financial year 2015-2016	19 February 2016
Announcement annual results financial year 2015-2016	27 May 2016
Dividend made available for payment	8 July 2016



Real estate report

“

Retail Estates' cluster strategy results in an optimisation of the management costs.

”



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GROWTH IN VALUE OF PROPERTIES AT PRIME LOCATIONS

Retail Estates has been investing since 1998 in retail property located along major roads, the so-called ‘peripheral retail properties’. A significant portfolio has been built up over 17 years that on 30 September 2015 consists of 632 buildings, representing a gross built-on retail area of 701,801m². Its fair value amounts to EUR 975.75 million.

Real estate report

Valuation as at 30 September 2015

1. REPORTS OF REAL ESTATE EXPERTS

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 2015 covers a portion of the property of Retail Estates nv and its subsidiaries. This reports mentions amongst others:

“We have the pleasure to give you our valuation update as at 30 September 2015 of both the Retail Estates and Distri-Land portfolio.

We confirm that we carried out this task as an 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 “GVV” (Regulated Real Estate Companies – Belgian REITs) – (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. On the basis of a representative sample of the market (between 2003 and 2008) the weighted average of the rights (average transfer costs) equals 2.50% (for goods with a higher value than 2,500,000 EUR).

For goods with a value higher than 2,500,000 EUR we obtain a sales value excluding costs corresponding with the real value (“fair value”) as set by the international accounting standard IAS 40, by subtracting 2.50% of the investment value.

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 and the Distri-Land portfolio, we

have capitalised its adjusted market rent. It is standard market practice to take into account that no more than 60% of the gap between the actual passing rent and the estimated rental value (ERV) can be bridged in renegotiations. This is the case when the market rent is higher than the actual rent paid. 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 **30.09.2015** an **investment value (corrections incl.)** of **EUR 18.15 million** and a **fair value** of **EUR 17.71 million**. The investment value, in absolute terms, increased with 0.67%. This gives a **yield** of **6.20%** for Immobilière Distri-Land nv.

We obtain an **investment value (corrections incl.)** as at **30.09.2015** for the portfolio¹⁶ of **EUR 450.11 million** and a **fair value** of **EUR 439.13 million**. On the basis of the investment value, the portfolio decreases in absolute terms with **0.24%** compared to 30.06.2015.”

REPORT BY CBRE

The report by CBRE dated 30 September 2015 covers a portion of the property of Retail Estates nv and its subsidiaries. The **investment value** of this real estate

¹⁶ Portfolio : Retail Estates nv + Immobilière Distri-Land nv + Tongeren + Frun Park Wetteren nv

is herewith estimated at **EUR 543.23 million** and the **fair value** at **EUR 529.98 million**. These properties account for a **rental income** of **EUR 35.50 million**, representing a **gross yield** of **6.49%**.

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 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. Commercial activities of tenants¹⁷

Retailers selling footwear and clothing (26.89% compared with 26.52% as at 31 March 2015) and retailers selling food, electrical products and toys, account for more than 51% of the leased surface area. Both categories provide a stable basis, because they are the least sensitive to economic fluctuations. Moreover, the socio-economic permits for these activities are the most difficult to obtain. This is conducive to an increase in the value of the properties on the one hand and a stronger loyalty to the location on the other.

In the home furnishing sector, which has the biggest margins, there is scope for significant rent increases in favourable economic times. However, this sector

is hit hardest when consumer confidence wanes. The share of this segment in the real estate portfolio of Retail Estates nv amounts to 20.91% (compared with 21.07% as at 31 March 2015).

4. SUBDIVISION BY TYPE OF BUILDING

Individual peripheral 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 recognisable. In the immediate vicinity, there are, in principle, no retail properties of the same kind.

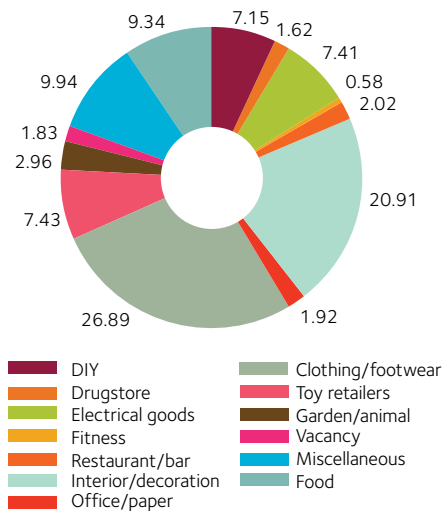
Retail clusters are a collection of peripheral retail properties, located along the same traffic axis and, from the consumer’s point of view, they form a self-contained whole, although they do not possess a joint infrastructure other than the traffic axis. This is the most typical concentration of peripheral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

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.

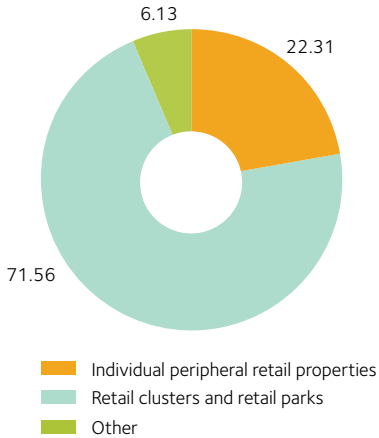
Other real estate consists mainly of offices, residential dwellings, hospitality establishments and a logistics complex at Erembodegem. The Erembodegem site was leased in its totality to Brantano nv under a 10-year lease agreement that ends on 31 May 2024. Retail Estates nv only invests in real estate 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 or a renovation project.

COMMERCIAL ACTIVITIES OF TENANTS



TYPE OF BUILDING



¹⁷ The diagrams ‘commercial activities of tenants’ and ‘type of building’ show percentages based on the total surface area on 30 September 2015.

Summary of key figures

	RETAIL ESTATES	
	30.09.15	31.03.15
Estimated fair value ¹⁸ (in €)	975,749,000	837,121,000
Yield (investment value)	6.67%	6.80%
Contractual rents (in €)	65,166,201	55,880,428
Contractual rents incl. rental value of vacant buildings (in €)	66,079,622	56,511,608
Total m² in portfolio	701,801	611,076
Number of properties	632	554
Occupancy rate	98.17%	98.78%
Total m² under development	4,310	32,496

¹⁸ This fair value also contains the project developments, which are not included in the fair value as mentioned in the real estate experts' conclusions on 30 September 2015.

Miscellaneous

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The Retail Estates
expert team
is at your service.

”

Retail park V-Mart, Bruges



“

PUBLIC REGULATED REAL ESTATE COMPANY

Retail Estates is a public regulated real estate company. The intention of the legislator is that an RREC must guarantee optimum transparency of the property investment and generate maximum cash flow, while the investor enjoys a range of advantages. The regulated real estate company is under the control of the Financial Services and Markets Authority and is subject to a specific scheme.

Miscellaneous

GLOSSARY

Acquisition value

This is the term to be 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 provided in the lease agreements as of 30 September 2015, before deduction of gratuities or other benefits granted to tenants.

Debt ratio

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

Dividend yield

The ratio of the most recently paid gross dividend to the final share price of the financial year over which the dividend is payable.

Estimated investment value

This is the value of the real estate portfolio, including costs, registration charges, fees and VAT, as estimated each quarter by an independent expert.

Exit tax

The exit tax is a special corporate tax rate applied to the difference between the fair value of the registered capital of companies and the book value of its capital at the time that a company is recognised as a regulated real estate company, or merges with a regulated real estate 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

The gross dividend per share is the operating profit distributed.

IFRS standards

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 required to prepare their consolidated accounts according to these standards starting from the first financial year beginning after 1 January 2005.

Interest Rate Swap (IRS)

An Interest Rate Swap is an agreement between parties to exchange interest rate cash flows during a predetermined period of time on an amount agreed beforehand. This concerns only the interest rate cash flows. The amount itself is not swapped. IRS is often used to hedge interest rate increases. In this case, a variable interest rate will be swapped for a fixed one.

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.

Peripheral retail properties

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

Real estate certificate

A real estate certificate is a security that entitles the holder to a proportionate part of the income obtained from a building. The holder also shares in the proceeds if the building is sold.

Result on portfolio

Achieved and unachieved higher or lower values relative to the most recent valuation by the expert.

Retail cluster

A collection of peripheral 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.

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.

RREC Legislation

The Royal Decree of 13 July 2014 in execution of the Law of 12 May 2014 on regulated real estate companies (Belgian REITs).

Stock market capitalisation

This is the total number of shares at the closing date multiplied by the closing price at the closing date.

INFORMATION SHEET

Name:	Retail Estates nv
Status:	Public regulated real estate company (“RREC” - ‘Belgian REIT’) 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:	BE 0434.797.847
Enterprise number:	0434.797.847
Date of incorporation:	12 July 1988
Status as fixed-capital real estate investment fund granted:	27 March 1998 (until 23 October 2014)
Status as regulated real estate company granted:	24 October 2014
Duration:	Unlimited
Management:	Internal
Auditor:	PwC Bedrijfsrevisoren bcvba – Woluwegarden-Woluwedal 18, at B-1932 Brussels, represented by Mr. Damien Wagrave
Financial year closing:	31 March
Capital at 30.09.2015:	198,435,728.35 EUR
Number of shares at 30.09.2015:	8,819,213
Annual shareholders’ meeting:	First Friday of July
Share listing:	Euronext – continuous market
Financial services:	KBC Bank
Value of real estate portfolio at 30.09.2015:	Investment value EUR 999.78 million – fair value EUR 975.75 million (incl. value of “Immobilière Distri-Land nv” real estate certificates)
Real estate experts:	Cushman & Wakefield and CBRE
Number of properties at 30.09.2015	632
Type of properties:	Peripheral retail real estate
Liquidity provider:	KBC Securities

RETAIL ESTATES



OPENBARE GVV - SIR PUBLIQUE

Industrielaan 6
B - 1740 Ternat
T. +32 (0)2 568 10 20
F. +32 (0)2 581 09 42

info@retailestates.com
www.retailestates.com