

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 2015-2016¹ (closed on 31.12.2015)

**Net current result of the third quarter of financial year 2015-2016 up by 28.33% to EUR 26.63 million
compared to EUR 20.75 million on 31 December 2014**

**Significant increase of the net current result per share to EUR 3.11 (compared to EUR 2.83 on
31 December 2014) shows the efficient investment of the capital increase proceeds of 28 May 2015**

Occupancy rate: 98.01%

Dividend: prognosis EUR 3.20² gross confirmed

1. REAL ESTATE ACTIVITIES DURING THE THIRD QUARTER 2015-2016

1.1. Rental income and occupancy rate

The net rental income during the third quarter of the financial year amounts to EUR 45.38 million, 16.62% up on the figure for the comparable period of the financial year 2014-2015.

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

² The dividend prognosis for the financial year 2015-2016 as mentioned in the annual report 2014-2015, page 53.



The occupancy rate³ on 31 December 2015, 98.01%, remains at a high level. On 31 March 2015, the occupancy rate amounted to 98.78%.

1.2. Fair value⁴ of the real estate portfolio

The fair value of the real estate portfolio (including project developments) on 31 December 2015 amounts to EUR 983.29 million, an increase of EUR 146.16 million (17.46%) compared to the value on 31 March 2015 (EUR 837.12 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 3.80 million on 31 December 2015.

On 31 December 2015, the real estate portfolio consists of 634 properties with a lettable area of 705,785m².

1.3. Investments and divestments⁵

Investments

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 9.22 million.

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

Divestments

On 29 December 2015, two retail properties – situated in Tienen (1,080m², let to JBC) and Beyne-Heusay (1914m², let to Brantano) – were sold for a net selling price of EUR 1.97 million. Compared to the valuation of these properties on 30 September 2015, this price corresponds with the “costs-to-buyer” valuation of the real estate expert. Compared to the fair value, the price generates a loss of EUR 0.18 million. On an annual basis, such losses are absorbed by profits realised on the sale of other properties since 1 April 2015.

These sales are part of an annual reoccurring sales programme concerning individual retail properties

³ The occupancy rate is calculated as the effective leased area versus the lettable area, expressed in m².

⁴ Fair value: investment value as determined by an independent real estate expert and from which the hypothetical transaction costs have been deducted. The fair value is the book value as defined in IFRS (see also note 21 in the 2014-2015 annual report).

⁵ The purchase and sale values of the investments and divestments are in line with the investment values as appraised by the real estate experts.



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.

1.4. Merger by absorption of subsidiaries

On 30 November 2015 and 28 December 2015, the mergers by absorption of the companies Mijn Retail nv and Aalst Logistics nv were established, with effect – respectively – on 30 November 2015 and 31 December 2015.

On 4 December 2015, the merger proposal regarding the merger by absorption of the company Frun Park Wetteren nv was submitted. The board of directors established the merger by notarial deed on 19 February 2016, with effect on 29 February 2016.

On 19 February 2016, the board of directors of Retail Estates nv approved a merger proposal concerning the company PanEuropean Retail Properties nv, with regard to a merger with effect on 30 June 2016.

Mergers of 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 2015

2.1 Net current result⁶

At 31 December 2015 the net current result amounts to EUR 26.63 million versus EUR 20.75 million for the comparable period in financial year 2014-2015. For the calculation of the net current result per share, the weighted average number of outstanding shares as per 31 December 2015, or 8,553,522, are taken into account. The net current result per share (based on the weighted average number of shares) is EUR 3.11 on 31 December 2015, compared to 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 0.38 million) and the variation in the fair value of investment properties (EUR 3.83 million), amounts to EUR 30.84 million on 31 December 2015.

⁶ Net current result or operating result: net result excluding the result on the real estate portfolio (code XV, XVI, XVII of the income statement).



2.3 Information per share

	31.12.2015	31.03.2015
Number of outstanding shares ⁷	8,819,213	7,559,473
Weighted average of outstanding shares	8,553,522	7,381,081
Number of outstanding shares on 19.02.2016	8,866,320	
Net asset value per share IFRS ⁸	51.94	50.43
Net asset value per share EPRA ⁸	54.63	53.68
Net asset value per share (investment value) ex. dividend ex. IAS 39 ⁸	54.94	53.34
	31.12.2015	31.12.2014
Net current result (IFRS, taken into account the weighted average of outstanding shares)	3.11	2.83
Net current result (taken into account the number of shares entitled to dividend)	3.00	2.74

2.4 Debt ratio

On 31 December 2015, the debt ratio amounts to 51.33%, compared to 52.18% on 30 September 2015 and 51.54% on 31 March 2015. As of 31 December 2012 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 contractual obligations of Retail Estates nv.

3. PROSPECTS

The macro-economic uncertainties do not enable predictions to be made as to the evolution of the fair value of investment properties 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.

⁷ As a result of the capital increase by contribution in kind of 29 January 2016, the number of shares increased to 8,866,320.

⁸ Based on the total number of outstanding shares on 19 February 2016.



The expected dividend (EUR 3.20 gross per share) is confirmed. With respect to the financial year 2014-2015, this represents a dividend increase of 3.23%. These expectations were filled in the hypothesis of stable consumer spending and provided a positive evolution of rents. It has been identified that at the moment, contrary to the previous financial year, the inflation by rent indexation again has its role in the rental increase.

4. FINANCIAL CALENDAR

Announcement annual results financial year 2015-2016	25 May 2016
General assembly financial year 2015-2016	1 July 2016
Dividend 2015-2016 made available for payment	8 July 2016

ABOUT 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 500m² and 3,000m². A typical retail building has an average area of 1,000m².

On 31 December 2015, Retail Estates nv has 634 properties in its portfolio with a lettable surface of 705,785m². The occupancy rate of these buildings, expressed in leased m², amounts to 98.01%.

The fair value of the consolidated real estate portfolio of Retail Estates nv at 31 December 2015 is estimated by independent real estate experts at EUR 983.29 million.

Retail Estates nv is listed on Euronext Brussels and is registered as a public regulated real estate company. On 31 December 2015, the stock market capitalisation of its shares amounts to EUR 696.72 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, 19 February 2016,

Jan De Nys, managing director of Retail Estates nv.

For more information, please contact:

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

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