

IN RETAIL WE TRUST

RETAIL ESTATES



Naamloze vennootschap (public limited company),
public regulated real estate company under Belgian law (BE-REIT),
with registered office at Industrielaan 6, 1740 Ternat (Belgium),
Brussels Register of Legal Entities: 0434.797.847

Interim press release – regulated information
Ternat, 16 September 2016

INTERIM STATEMENT OF THE BOARD OF DIRECTORS

FIRST QUARTER 2016-2017¹ (closed on 30.06.2016)

Net rental income increases by 17.72% to EUR 15.98 million

Net current result (excluding the portfolio result and the IAS 39 result) of the first quarter of the financial year 2016-2017 up by 22.93% to EUR 9.19 million on 30 June 2016 (EUR 1.04 per share)

Valuation of the property portfolio: fair value increases in line with the evolution in the investment market: EUR 2.48 million variation in the fair value of investment properties

The proposed dividend amounts to EUR 3.30 (+3.13% compared to last financial year)

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

1. REAL ESTATE ACTIVITIES DURING THE FIRST QUARTER 2016-2017

1.1. Rental income and occupancy rate²

The net rental income during the first quarter of the financial year amounts to EUR 15.98 million, 17.72% increase on the figure for the comparable period of the financial year 2015-2016. This increase relates to the acquisitions during the previous financial year.

The occupancy rate on 30 June 2016 amounts to 97.64%, compared to 98.22% on 31 March 2016. The occupancy rate was impacted by the unforeseeable bankruptcy of the chain Primo, which represents 5 branches in our portfolio, caused by the collapse of the Dutch mother company. In the sports stores division, only a small number of players are active with limited expansion.

1.2. Fair value³ of the real estate portfolio

The fair value of the real estate portfolio (including project developments) on 30 June 2016 amounts to EUR 1,004.93 million, an increase of EUR 4.13 million (0.41%) compared to the value on 31 March 2016 (EUR 1,000.80 million). This increase is primarily the result of the change in the fair value of investment properties (EUR 2.48 million on 30 June 2016) resulting from realised rent increases.

On 30 June 2016, the real estate portfolio consists of 634 properties with a retail area of 702,092m².

1.3. Events after the balance sheet date

Merger by absorption of PanEuropean Retail properties nv

On 1 July 2016, Retail Estates nv realized a merger by absorption of PanEuropean Retail Properties nv. This company was part of the acquisition of four real estate companies as per 30 June 2015. A significant reduction of the tax charges results from this merger.

² The occupancy rate is calculated as the effective leased area versus the lettable area, expressed in m².

³ Fair value: investment value as determined by an independent real estate expert and from which the hypothetical transaction costs have been deducted. The fair value is the book value as defined in IFRS (see also note 21 in the 2015-2016 annual report).

Investment in view of extension retail park Wetteren (cfr. Occasional press release dd 30.08.2016)

On Tuesday 30 August 2016, Retail Estates nv acquired a controlling interest of 51% in a real estate company which owns a property in Wetteren. On this property, Retail Estates will, after having received the necessary permits, realize the extension of her existing retail park in Wetteren.

Retail Estates nv acquired this retail park in 2014. The park (known as Frunpark Wetteren) was opened in 2008 and consists of 14 retail properties with a total surface area of 10,423m². It's very successful and attracts consumers from a wide region.

De total operation consists of the creation of circa 9,000m² of total surface area, a significant extension of parking space, an expected rental income of EUR 0.90 million and an expected total investment of EUR 14.40 million.

Completion of the project is expected by September 2018.

In accordance with the regulations on this matter, the retail properties are mainly intended for large scale retail.

2. KEY FIGURES AS AT 30 JUNE 2016

2.1. Net current result⁴

At 30 June 2016 the net current result amounts to EUR 9.19 million versus EUR 7.47 million for the comparable period in the financial year 2015-2016. For the calculation of the net current result per share, the weighted average number of outstanding shares as per 30 June 2016, or 8,866,320, is taken into account. The net current result per share (based on the weighted average number of shares) is EUR 1.04 on 30 June 2016, compared to EUR 0.93 on 30 June 2015.

2.2. Net result

The net result, taken into account the results on sales of investment properties (EUR -0.46 million), the change in the fair value of investment properties (EUR 2.48 million) and the IAS 39 result (authorised hedging instruments' costs, EUR -3.96 million), amounts to EUR 7.66 million

⁴ Net current result or operating result: net result excluding the result on the real estate portfolio (code XV, XVI, XVII of the income statement).

on 30 June 2016.

2.3. Information per share

	30.06.2016	31.03.2015
Number of outstanding shares	8,866,320	8,866,320
Weighted average of outstanding shares	8,866,320	8,627,562
Net asset value per share IFRS ⁵	54.65	53.48
Net asset value per share EPRA ⁵	57.95	56.66
Net asset value per share (investment value) ex. dividend ex. IAS 39	56.74	56.27
	30.06.2016	30.06.2015
Net current result (IFRS, taken into account the weighted average of outstanding shares)	1.04	0.93
Net current result (taken into account the number of shares entitled to dividend)	1.04	0.85

2.4. Debt ratio

At 30 June 2016, the debt ratio amounts to 49.17%, compared to 49.95% on 31 March 2016. 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 available information and the stage of development of the projects.

Over the past two quarters, the debt portfolio was restructured. Credit extensions have been obtained at Belgian leading banks whereby maturities and interest rates have been renegotiated. In addition, Retail Estates nv has issued two private bonds for institutional investors over the last two quarters for a total amount of EUR 55 million and a duration of ten years. This debt restructuring and the emission of the bonds contributed to the increase of the average debt maturity (up to 5.4 years), diversification of the financial resources and the decrease of the average interest rate (from 3.63% on 31 March 2016 to 2.96% on 31 March 2018).

⁵ This net asset value is dividend included. It contains the dividend of the first quarter of financial year 2016–2017 as well as the dividend of financial year 2015–2016, paid on 8 July 2016.

3. PROSPECTS

The macro-economic uncertainties do not enable predictions to be made due 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.

The expected dividend is maintained at EUR 3.30 gross per share. With respect to the financial year 2015–2016, this represents a dividend increase of 3.13%. These expectations were made in the assumption of a stable occupancy ratio and a positive evolution of the rental prices.

4. FINANCIAL CALENDAR

Announcement half-yearly results financial year 2016–2017	27 th November 2016
Announcement results 3 rd quarter financial year 2016–2017	19 th February 2017
Announcement annual results financial year 2016–2017	29 th May 2017

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 outskirts 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.

Per 30 June 2016, Retail Estates nv has 634 properties in its portfolio with a lettable surface of 702,092m². The occupancy rate of these buildings, expressed in leased m², levels to 97.64%.

The fair value of the consolidated real estate portfolio of Retail Estates nv at 30 June 2016 is estimated by independent real estate experts at EUR 1,004.93 million.

Retail Estates nv is listed on Euronext Brussels and is registered as a public regulated real estate company. On 30 June 2016, the stock market capitalisation of its shares amounts to EUR 705.76 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, 16 September 2016,

Jan De Nys, managing director of Retail Estates nv.

For more information, please contact:

Retail Estates nv, Jan De Nys – CEO, tel. 02/568 10 20 – 0475/27 84 12

Retail Estates nv, Kara De Smet – CFO, tel. 02/568 10 20 – 0496/57 83 58

Retail Estates nv, Paul Borghgraef – Chairman, tel. 02/568 10 20 – 0475/42 98 03



IN RETAIL WE TRUST

RETAIL ESTATES

Retail Estates nv

Public RREC under Belgian law (BE-REIT)

Industrielaan 6 – B-1740 Ternat

RPR Brussels: 0434.797.847

T: +32 2 568 10 20

info@retailestates.com

www.retailestates.com