

HALF-YEARLY FINANCIAL REPORT

LO
P



01

KEY FIGURES

REAL ESTATE PORTFOLIO	30/09/16	31/03/16
Total retail properties	639	634
Total lettable area in m ²	710,083	708,879
Estimated fair value in EUR	1,016,314,000	1,000,799,000
Estimated investment value in EUR	1,041,524,000	1,025,536,000
Average rent prices per m ²	95.96	95.86
Occupancy rate	98.13%	98.22%
BALANCE SHEET INFORMATION	30/09/16	31/03/16
Shareholders' equity	469,360,000	474,170,000
Debt ratio (RREC legislation*, max. 65%)	51.36%	49.95%
RESULTS	30/09/16	30/09/15
Net rental income	32,211,000	29,243,000
Property result	31,919,000	29,056,000
Property charges	-2,390,000	-1,934,000
General costs and other operating costs and income	-1,453,000	-1,418,000
Operating result before result on the portfolio	28,076,000	25,704,000
Result on the portfolio	5,531,000	1,319,000
Operating result	33,607,000	27,023,000
Financial result	-13,827,000	-8,470,000
Net result	19,368,000	17,989,000
Net current result (excl. result on the portfolio)	18,533,000	16,670,000
INFORMATION PER SHARE	30/09/16	31/03/16
Number of shares	8,866,320	8,866,320
Net asset value IFRS	52.94	53.48
Net asset value EPRA	56.11	56.66
Net asset value (investment value) excl. dividend excl. IAS 39	57.31	56.27
Closing price on closing date	79.59	78.00
Over-/undervaluation compared to net asset value IFRS	50.34%	45.85%

* 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).

CONTENTS

01

MANAGEMENT REPORT

6

02

FINANCIAL REPORT

16

03

SHARE PERFORMANCE REPORT

40

04

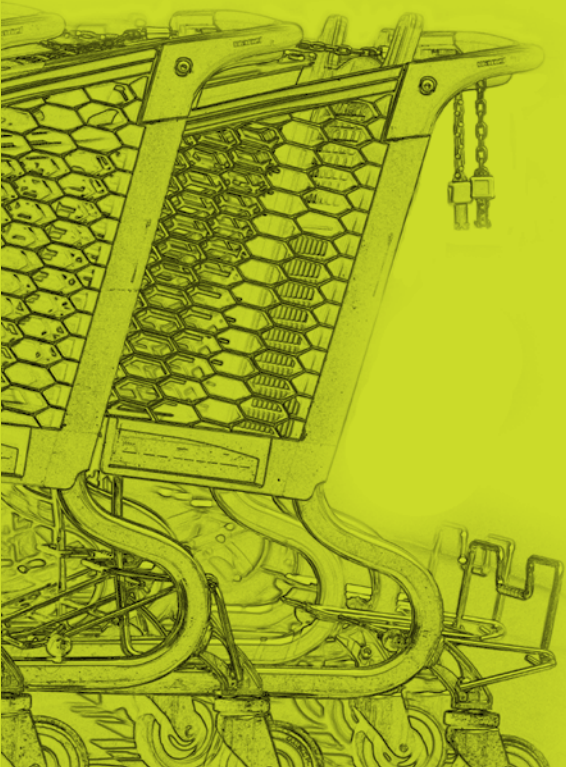
REAL ESTATE REPORT

46

05

MISCELLANEOUS

54



REMARKABLE FACTS



01

RETAIL PARKS

Be-Mine Boulevard achieves the BLSC Shopping Award in the category Retail Park



Winner in the category of
Retail Parks



02

FINANCIAL REPORT

Retail Estates' yearly financial rapport was crowned with the **EPRA Gold Award** regarding financial reporting.



MANAGEMENT REPORT

50

00	INTRODUCTION	9
01	REPORT ON ACTIVITIES FOR THE FIRST HALF OF THE 2016-2017 FINANCIAL YEAR, CLOSED ON 30 SEPTEMBER 2016	9
02	ANALYSIS OF THE RESULTS	12
03	PROSPECTS	13
04	REAPPOINTEMENT OF DIRECTORS	14
05	FUTURE-ORIENTED STATEMENTS	14
06	EVENTS OCCURRING AFTER THE BALANCE SHEET DATE	15

MANAGEMENT REPORT



PROJECT DEVELOPMENT IN GENK (WINTERSLAG) →

00

INTRODUCTION

GENERAL

Retail Estates nv is one of Belgium's largest real estate companies, specialised in peripheral retail properties. Its property portfolio consists of 639 properties in Belgium, representing a total retail area of 710,083 m² and a fair value of EUR 1,016.31 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 705.67 million on 30 September 2016.

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 8 to 15 of the annual report 2015-2016.

01

REPORT ON ACTIVITIES FOR THE FIRST HALF OF THE 2016-2017 FINANCIAL YEAR, CLOSED ON 30 SEPTEMBER 2016

RENTAL INCOME AND OCCUPANCY RATE

Rental income during the first half of the financial year amounts to EUR 32.51 million, 10% up on the figure for the comparable half of the 2015-2016 financial year. At that time, rental income amounted to EUR 29.56 million. This increase is almost entirely attributable to the growth of the real estate portfolio.

The occupancy rate on 30 September 2016 was 98.13%, compared to 98.22% on 31 March 2016.

"ON 30 SEPTEMBER
2016 ITS PROPERTY
PORTFOLIO CONSISTS
OF 639 PROPERTIES IN
BELGIUM, REPRESENTING
A TOTAL RETAIL AREA OF
710,083 M²."

FAIR VALUE¹ OF THE REAL ESTATE PORTFOLIO

The fair value of the real estate portfolio (project developments included) amounts to EUR 1,016.31 million. The rental yield (in relation to the investment value) on this portfolio established by the real estate experts is 6.64% based on the actual rent.

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 2015-2016 annual report).



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 86.05% in the real estate certificates issued by Immobilière Distri-Land nv. The fair value of this property portfolio, consisting of 10 retail properties, as at 30 September 2016 amounts to EUR 16.45 million. Retail Estates nv's share in the total fair value of the real estate properties of the real estate certificate amounts to EUR 13.10 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 of 30 September 2016, the real

estate portfolio consists of 639 properties with a lettable area of 710,083 m².

INVESTMENTS² - RETAIL PARKS

INVESTMENTS WITH A VIEW TO EXPANDING THE WETTEREN RETAIL PARK

Retail Estates nv acquired controlling interest (51%) of real estate company Heerzele nv on Tuesday 30 August 2016. Heerzele nv owns property in Wetteren on which, after obtaining the necessary permits, expansion of its retail park in Wetteren can take place.

Retail Estates nv acquired the retail park in 2014 with 14 stores and a gross shop area of 10,423 m². The retail park, which opened in 2008, known as Frunpark Wetteren, is very successful and attracts consumers from far and wide range.

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.

The total proposed operation consists of the creation of approximately 9,000 m² of gross retail space, a significant expansion of the parking lot, estimated rental income of 0.90 million euro and an expected total investment of 14.40 million euro.

Ideally, the expected completion time is 24 months, which means an expected delivery during September 2018.

In accordance with the provisions of the relevant spatial implementation plan, the shops are mainly for large-scale retail.

PROJECT DEVELOPMENTS

In addition, an existing shop in Sint Stevens Woluwe was renovated into 2 separate shops of respectively 1,027 and 1,042 m². This project was also completed on 30 September. One unit is leased to Beter Bed; the other unit is leased to Cool Blue, an online platform that sells mostly electronics, household and sporting goods,

and is now also opening physical shops. The total rent for both units is 0.22 million euro.

Finally the building in Verviers, a custom project of approximately 2,000 m² for Darcis chocolatey, was delivered on 1 July. This project is the object of a finance lease. The total investment amounts to 1.03 million euro.

DIVESTMENTS

In the past six months, properties were divested for a net sale price of 4.84 million euro. A limited decrease in value of 0.02 million euro was realised on these sales.

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.

IMPLEMENTATION OF THE FINANCING STRATEGY

The loan portfolio was restructured during the last two quarters. Credit extensions were obtained with all the major Belgian banks in which maturities and interest rates were renegotiated. In addition, in the past quarter, Retail Estates nv realised two private placements of bonds to institutional investors for a total of 55 million euro and a term of ten years. The combination of these credit rearrangements and bond issues resulted in an extension of the average maturity of the portfolio (to 5.4 years), diversification of financing sources and a decrease in the average interest rate (from 3.63% on 31 March 2016 to 2.96% on 31 March 2018).

MERGER BY ABSORPTION OF SUBSIDIARIES

Retail Estates nv completed a merger on 1 July 2016 by absorption nv PanEuropean Retail Properties. This company was part of the acquisition of 4 real estate companies effective 30 June 2015. This merger results in a significant reduction in the tax burden.

" RETAIL ESTATES NV
COMPLETED A MERGER ON 1
JULY 2016 BY ABSORPTION
NV PANEUROPEAN RETAIL
PROPERTIES. "

02

ANALYSIS OF THE RESULTS

Half-yearly results as at 30 September 2016: net current result of the Group³ up by 11.17% compared to 30 September 2015 - fair value of the real estate portfolio up to EUR 1,016.31 million.

³ Retail Estates nv and its subsidiaries.

On 30 September 2016, the **net current result** (this being the profit before the portfolio results and without the changes in fair value of financial assets and liabilities) amounted to 18.53 million euro, an increase of 11.17% compared to the same period last year.

Net rental income rose from EUR 29.24 million to EUR 32.21 million. This is mainly due to 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 2015, the real estate portfolio grew by EUR 40.56 million. With respect to 31 March 2016, the portfolio grew by EUR 15.51 million.

After deduction of property charges, this gives an operating property result of EUR 29.53 million compared to EUR 27.12 million last year.

Property charges amounted to 2.39 million euro compared to 1.93 million

euro in the previous year, mainly due to the increase in technical costs and an increase in staff costs (+2 FTE). General expenses amounted to 1.45 million euro, an increase of 0.04 million euro compared to last year. After deduction of the general expenses, Retail Estates nv achieved an operating result before the portfolio result of 28.08 million euro. The operating margin was 87.16%.

The result from the **sales of real estate investments** was -0.02 million euro on total sales of 4.84 million euro. The changes in the fair value of real estate investments amounted to 5.54 million euro and are explained by the tightening of yields at a number of top locations and by the impact of indexation.

The **financial result** amounted to -13.83 million euro. Net interest costs were 9.12 million euro, representing an increase of 0.66 million euro compared to last year. Interest charges increased due to obtaining additional financing and the decrease

" NET RENTAL INCOME ROSE FROM EUR 29.24 MILLION TO EUR 32.21 MILLION. THIS IS MAINLY DUE TO THE CONTRIBUTION OF RETAIL PROPERTIES PURCHASED DURING THE PREVIOUS FINANCIAL YEAR AND WHICH ARE CONTRIBUTING 100% FOR THE FIRST TIME THIS FINANCIAL YEAR. "

in capitalised interest. This impact was partially offset by the decrease in the average interest rate. The average interest rate decreased to 3.48% compared to 3.79% on 30 September 2015. The increase in total expenses is the result of the change in the fair value of the swaps that are not defined as cash flow (IAS 39 result). However, this result is an unrealised and non-cash item.

The **net result** (Group share) for the first half of the year amounted to 19.37 million euro, consisting of the net current result of 18.53 million

euro, the portfolio result of 5.53 million euro, and the IAS 39 result of -4.70 million euro. Per share, this represents a net operating profit for the first half of the year of 2.09 euro (based on the weighted average number of shares).

The **fair value of the property portfolio**, including project developments, amounts to EUR 1,016.31 million as at 30 September 2016, compared to EUR 1,000.80 million on 31 March 2016.

The **net asset value** (EPRA) per

share amounts to EUR 56.11 as at 30 September 2016. As of 31 March 2016 the EPRA NAV amounted EUR 56.66.

The **debt ratio** amounts to 51.36% as at 30 September 2015 compared to 49.95% on 31 March 2016.

03

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 3.30 gross per share) is confirmed. This represents a 3.13% increase in the dividend compared with 2015-2016. These expectations were filled in the hypothesis of stable consumer spending and provided a positive evolution of rents.



04

REAPPOINTEMENT OF DIRECTORS

At the annual meeting of 1 July 2016, Jan de Nys was reappointed as executive director with immediate effect. His term of office will expire immediately after the annual shareholders' meeting of 2021. Furthermore, reappointed as non-executive directors with immediate effect were: Paul Borghgraef, Jean-Louis Appelmans, Jean Sterbelle, Christophe Demain, Rudy De Smedt and René Annaert. Their term of office will expire immediately after the annual shareholders' meeting of 2021.

Mr. Vic Ragoen was nominated by a resolution of the Board of Directors of 16 September as director (but no longer as an independent director). His appointment will be presented to the shareholders for approval at the next extraordinary shareholders' meeting.

05

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.

06

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

ACQUISITION OF FULL PARTICIPATION IN THE INSTITUTIONAL REAL ESTATE COMPANY RETAIL WAREHOUSING INVEST

On 29 May 2012, controlling interest was acquired of Retail Warehousing Invest nv through the acquisition of 62.50% of the shares. On 5 October 2016, an agreement was concluded with a view to the acquisition of the remaining minority interest. This was done through the acquisition of all shares of Databuild Retail nv, the holder of this minority stake.

Retail Warehousing Invest owns 30 retail properties throughout Belgium. Databuild Retail has no assets other than 375 shares of Retail Warehousing Invest, representing 37.5% of the registered capital of that company.

Since the acquisition of this majority interest, Retail Estates nv

has systematically recognised its obligation to purchase this minority interest as a debt in its consolidated annual accounts. The amount of this debt was adjusted to the quarterly price review clauses contained in the agreement of 29 May 2012.

The result of Retail Warehousing Invest has always been fully consolidated. Consequently, this transaction has only a limited impact on the consolidated results.

The transaction consists of two parts. The first part concerns the transfer and payment by 5 October 2016 of approximately half of the shares for an amount of 7.68 million euro. The second part concerns, subject to the condition precedent of approval by the FSMA, the issue of 115,735 new shares in the context of a capital increase through a contribution in kind with a contribution value of 7.52 million euro, which will be adopted by the Retail Estates nv board of directors in the framework of the authorised capital. The new

shares will share in the profits of the current financial year that started on 1 April 2016. The new shares will be issued with coupon No. 24 and following attached. The issue price was contractually fixed at 65 euro per share. It is expected that the issue will take place before the end of December 2016

ACQUISITION OF 2 PROPERTIES IN WESTERLO

On 13 October 2016, subject to the condition precedent of approval by the FSMA, the contribution agreement was signed regarding the acquisition of a building with solar panels in Westerlo, leased to Action. The issue will also take place at a contractually fixed price of 65 euro per share. 26,153 new shares will be created. These will participate in the profit of the actual financial year, which started 1 April 2016.

On 25 October 2016, the deed was executed for the purchase of a second property in Westerlo leased to bvba Merkkleding.

SALE IN SPA

By notary deed of 3 October 2016, the property in Spa, rented by Tom & Co was sold for an amount equal to 0.65mio EUR.

MERGER BY ABSORPTION OF SUBSIDIARY

On 3 October 2016, the merger by absorption of the company Vlaamse Leasing Maatschappij nv was adopted by the board of directors with immediate effect.

On 14 October 2016, the merger proposal was filed seeking a merger by absorption of the companies Texas Management nv and Fimitobel nv.

On 8 November 2016, the merger proposal regarding the merger by absorption by Retail Warehousing Invest nv (institutional RREC company) of the companies Localiege nv and PPI nv was submitted.



FINANCIAL REPORT





01	A. CONDENSED CONSOLIDATED INCOME STATEMENT	19
01	B. STATEMENT OF OTHER COMPREHENSIVE INCOME	21
02	CONDENSED CONSOLIDATED BALANCE SHEET	22
03	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	24
04	CONDENSED CONSOLIDATED CASH-FLOW STATEMENT	26
05	NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY ACCOUNTS	28
06	STATUTORY AUDITOR'S REVIEW REPORT	39

FINANCIAL REPORT



RETAILPARK, LOMMEL →

1. A. CONDENSED CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	30.09.16	30.09.15
Rental income	32,511	29,559
Rental related expenses	-301	-316
Net rental income	32,211	29,243
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	3,176	3,143
Rental charges and taxes normally payable by tenants on let properties	-3,400	-3,313
Other rental related income and expenses	-68	-17
Property result	31,919	29,056
Technical costs	-1,099	-873
Commercial costs	-188	-171
Charges and taxes on unlet properties	-140	-103
Property management costs	-967	-785
Other property costs	5	-2
Property costs	-2,390	-1,934
Operating property result	29,529	27,122
Operating corporate costs	-1,453	-1,418
Other current operating income and expenses		

INCOME STATEMENT (in € 000)	30.09.16	30.09.15
Operating result before result on portfolio	28,076	25,704
Result on disposals of investment properties	-16	519
Result on sales of other non-financial assets		
Changes in fair value of investment properties	5,537	1,278
Other result on portfolio	10	-478
Operating result	33,607	27,023
Financial income	19	12
Net interest charges	-9,120	-8,456
Authorised hedging instruments' costs	-4,695	
Other financial charges	-31	-26
Financial result	-13,827	-8,470
Result before taxes	19,780	18,553
Taxes	-412	-564
Net result	19,368	17,989
Attributable to:		
Shareholders of the Group	19,368	17,989
Minority interests		
Note:		
Net current result (share Group)⁴	18,533	16,670
Result on portfolio	5,531	1,319
IAS 39 result	-4,695	

RESULT PER SHARE	30.09.16	30.09.15
Number of ordinary shares in circulation	8,866,320	8,819,213
Weighted average number of shares	8,866,320	8,419,951
Net profit per ordinary share (in €) ⁵	2.18	2.14
Diluted net profit per share (in €)	2.18	2.14
Profit available for distribution per share (in €) ⁶	2.12	1.86
Net current result per share (in €) ⁷	2.09	1.98

4 The net current result is calculated as follows: net result excluding changes in fair value of investment properties, exclusive the result on disposal of investment properties and exclusive authorised hedging instruments costs.

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). Per 30.09.2016 there is no difference between the weighted average number of shares and the dividend entitled shares as there were no issue of shares.

1. B. STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income (in € 000)	30.09.16	30.09.15
Net result	19,368	17,989
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	-343	-3,299
Changes in the effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	4,692	593
COMPREHENSIVE INCOME	23,717	15,283

2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	30.09.16	31.03.16
Non-current assets	1,019,627	1,002,510
Goodwill		
Intangible non-current assets	146	147
Investment properties ⁸	1,016,314	1,000,799
Other tangible non-current assets	2,132	1,554
Financial non-current assets		
Finance lease receivables	1,030	
Trade receivables and other non-current assets	5	10
Current assets	15,970	13,105
Non-current assets or groups of assets held for sale	5,828	8,222
Trade receivables	2,137	1,373
Tax receivables and other current assets	3,917	1,466
Cash and cash equivalents	2,870	1,315
Deferred charges and accrued income	1,219	729
TOTAL ASSETS	1,035,596	1,015,615
SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	30.09.16	31.03.16
Shareholders' equity	469,360	474,170
Shareholders' equity attributable to the shareholders of the parent company	469,360	474,170
Capital	194,545	194,545
Issue premiums	151,499	151,499
Reserves	103,948	86,091
Net result of the financial year	19,368	42,035
Minority interests		

⁸ Including project developments (IAS 40).

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	30.09.16	31.03.16
Liabilities	566,237	541,446
Non-current liabilities	524,595	456,178
Provisions		
Non-current financial debts	491,769	428,023
Credit institutions	392,383	398,225
Long term financial lease	9	10
Other	99,376	29,788
Other non-current financial liabilities	32,825	28,155
Current liabilities	41,643	85,267
Current financial debts	7,239	42,601
Credit institutions	7,237	42,597
Short term financial lease	2	4
Trade debts and other current debts	12,367	21,071
Exit takss	4,302	13,219
Other	8,065	7,852
Other current liabilities	15,845	15,633
Accrued charges and deferred income	6,192	5,963
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,035,596	1,015,615
DEBT RATIO	30.09.16	31.03.16
Debt ratio ⁹	51.36%	49.95%
NET ASSET VALUE PER SHARE (in €) - SHARE GROUP	30.09.16	31.03.16
Net asset value per share IFRS ¹⁰	52.94	53.48
Net asset value per share EPRA ¹¹	56.11	56.66
Net asset value per share (investment value) excl. dividend excl. IAS 39 ¹²	57.31	56.27

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 of the fair value of authorised hedging instruments) 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 of the fair value of authorised hedging instruments 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	TOTAL Shareholders' Equity
Balance according to IFRS on 31 March 2015	166,902	101,839	77,233	35,238	381,212
- 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					
- Dividends of the financial year 2014-2015				-23,434	-23,434
- Capital increase					
- Capital increase through contribution in kind	28,344	47,870			76,214
- Minority interests					
- 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	447,467
Balance according to IFRS on 31 March 2016	194,545	151,499	86,091	42,035	474,170
- Net appropriation of profits 2015-2016					
- Transfer of portfolio result to reserves			10,216	-10,216	
- Transfer of net current result to reserves			3,447	-3,447	
- Reclassification between reserves					
- Dividends of the financial year 2015-2016				-28,372	-28,372
- Capital increase					
- Capital increase through contribution in kind					
- Minority interests					
- Costs of capital increase					
- Other			-155		-155
- Global result 30/09/2016			4,349	19,368	23,717
Balance according to IFRS on 30 September 2016	194,545	151,499	103,948	19,368	469,360

* 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	Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
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	3,078	82				
- Capital increase through contribution in kind								
- Minority interests								
- Costs of capital increase								
- Other				-74				-74
- Global result 30/09/2015				-3,299	593			-2,706
Balance according to IFRS on 30 September 2015	411	91,728	12,181	-24,151	-23,994		30,082	86,257
Balance according to IFRS on 31 March 2016	1,074	91,728	11,972	-24,940	-5,556	-17,604	29,419	86,091
- Net appropriation of profits 2015-2016								
- Transfer of portfolio result to reserves		10,216						10,216
- Transfer of net current result to reserves							3,447	3,447
- Reclassification between reserves	-941	-498	1,439					
- Capital increase through contribution in kind								
- Minority interests								
- Costs of capital increase								
- Other				-155		-4,995	4,995	-155
- Global result 30/09/2016				-343	-553	5,245		4,349
Balance according to IFRS on 30 September 2016	133	101,291	13,411	-25,283	-6,109	-17,354	37,861	103,948

4. CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

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.

CASH-FLOW STATEMENT (in € 000)	30.09.16	30.09.15
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE SEMESTER	1,315	1,469
1. Cash-flow from operating activities	5,246	30,355
Operating result	33,606	27,023
Interest paid	-9,154	-9,515
Interest received	3	6
Corporate taxes paid	-2,016	-195
Corporate taxes received	340	551
Other	-3,411	119
Non-cash elements to be added to / deducted from the result:	-304	-1,089
* Depreciations and write-downs		
- Depreciation / Write-downs (or write-backs) on tangible and intangible assets	121	105
- Depreciation / Write-downs (or write-backs) on trade receivables	169	140
* Other non-cash elements		
- Changes in the fair value of investment properties	-5,305	-1,278
- Result on disposal of investment properties	16	-519
- Other result on portfolio		478
-Changes in the fair value of authorised hedging instruments ¹³	4,695	
* Other		-15
Change in working capital requirements:	-13,818	13,455
* Movement of assets		
- Trade receivables and other receivables	-931	-2,715
- Tax receivables and other current assets	-2,451	-2,562
- Deferred charges and accrued income	-488	-619
- Long-term assets	-1,024	-6

¹³ we refer to page 35: covers

CASH-FLOW STATEMENT (in € 000)	30.09.16	30.09.15
* Movement of liabilities		
- Trade debts and other current debts	-9,345	9,031
- Other current liabilities	212	8,916
- Accrued charges and deferred income	209	1,410
2. Cash-flow from investment activities	-3,707	-82,299
Purchase of intangible assets	-41	-34
Purchase of investment properties	-3,419	-16,832
Disposal of investment properties and assets held for sale	4,701	3,786
Acquisition of shares of real estate companies	-4,834	-69,108
Disposal of shares of real estate companies		
Purchase of other tangible assets	-114	-111
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	14	58,423
* Change in financial liabilities and financial debts		
- Increase in financial debts	224,088	85,262
- Decrease in financial debts	-195,702	-64,062
* Change in other liabilities		
- Increase (+) / Decrease (-) in other liabilities		-13,823
- 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	-28,372	-23,434
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER	2,869	7,948

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 2016 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 equity capital 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 2016 and 30 September 2015, the respective amounts of EUR -0.34 million and EUR -3.30 million were recognised directly in the equity capital 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 2016.

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)	30.09.16	31.03.16
Liabilities	566,237	541,445
To be excluded:	34,349	34,118
I. Non-current liabilities	28,157	28,155
Provisions		
Authorised hedging instruments	28,157	28,155
Deferred taxes		
II. Current liabilities	6,192	5,963
Provisions		
Authorised hedging instruments		
Accrued charges and deferred income	6,192	5,963
Total debt	531,888	507,327
Net reduction debt		
Total assets	1,035,596	1,015,615
DEBT RATIO	51.36%	49.95%

PRINCIPLE

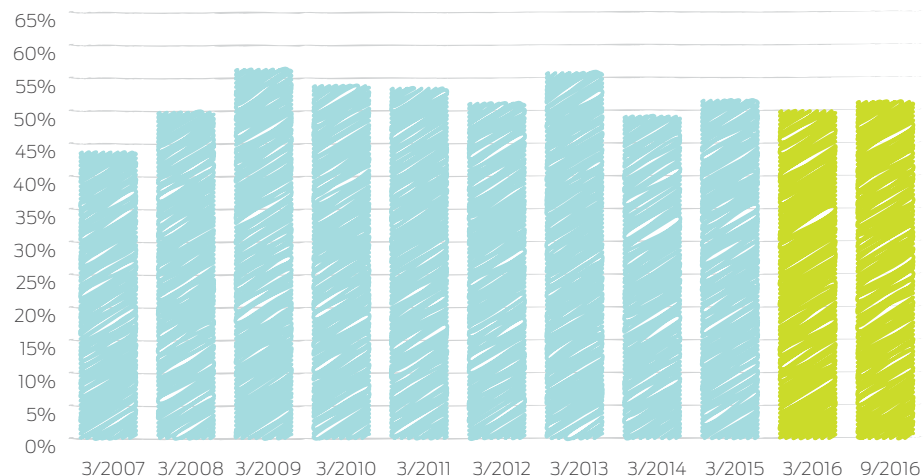
Article 24 of the RREC R.D. of 13 July 2014 requires public regulated real estate companies (Belgian REITs) to establish a financial plan with an implementation schedule when its consolidated debt ratio exceeds 50% of consolidated assets. The financial plan describes the measures to be taken to prevent 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 2016-2017

Historical evolution of the debt ratio



Historically, the debt ratio of Retail Estates fluctuates between 50-55%. In the course of its history, the debt ratio of Retail Estates nv has never exceeded 60%.

Long-term evolution of the debt ratio

The board of directors considers a debt ratio of $\pm 55\%$ 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 51.36%, Retail Estates nv has an investment potential of EUR 223.67 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 2016 takes into account the following assumptions:

- **disposals in the third quarter 2016-2017**

The planned divestments amount to 0.6 million EUR.

- **results of the third quarter 2016-2017**

The results of the third quarter as indicated in the budget for 2016-2017, approved by the board of directors.

- **planned investments in the third quarter 2016-2017**

Investments amounting to EUR 3.9 million are planned in the third quarter of the financial year 2016-2017.

Considering the aforementioned assumptions, the debt ratio as at 31 December 2016 would amount to 49.64%.

A projection is also made of the debt ratio as at 31 March 2017 (end of the financial year). This projection takes into account the following assumptions:

- **disposals in the second semester 2016-2017**

Planned divestments amount to 2 million EUR.

- **results of the second semester 2016-2017**

The results of the second semester as indicated in the budget for 2016-2017, approved by the board of directors.

- **planned investments in the second semester 2016-2017**

Investments amounting to EUR 3.90 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 2017 would amount to 48.61%.

The projection of the debt ratio only takes into account acquisitions and disposals for which an agreement has been signed (without conditions precedent), and investments that are planned and committed debts to maturity 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 217.31 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 1.86% 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 14.42 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.

If substantial value drops do take place that raise the debt ratio above 65%, Retail Estates nv can begin to sell some of its properties. Retail Estates nv has a solid track record of selling properties at their estimated investment value. In financial year 2013-2014, 4 retail properties and 2 apartments in shell condition were sold for a net sale price of 5.07 million euro. In financial year 2014-2015, 9 retail properties were sold for a net sale price of 8.08 million euro, and the company Belgium Retail 1 Luxembourg SÀRL was sold for 8.22 million euro. In financial year 2015-2016, 11 retail properties, 2 apartments, office space and 9 plots of the Westende site were sold at a net sale price of 11.80 million euro. As of 30 September 2016, properties were divested for a net sale price of 4.84 million euro. On average,

these properties were sold at their estimated investment value.

CONCLUSION

Retail Estates nv is of the opinion that, based on

- the historical evolution of the public RREC,
- the track record regarding sales,

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

(in € 000)	30.09.16	31.03.16
Within one year	65,177	63,148
Between one and five year(s)	228,507	213,484
Within more than five years	360,812	360,180

The increase in rental income is mainly due to the acquisitions made during the previous financial year.

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.

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

In the first half of the financial year, controlling interest (51%) was acquired of a real estate company that owns a property in Wetteren on

which, after obtaining the necessary permits, expansion of its retail park in Wetteren can take place. In addition, 2 projects were completed (in Froyennes and Sint-Stevens-Woluwe).

The total investment cost related to these acquisitions and completions amounted to 12.53 million euro.

In the past six months, properties were

divested for a net sale price of 4.84 million euro. A limited decrease in value of 0.02 million euro was realised on these sales.

Investment and revaluation table (in € 000)	Investment properties		Assets held for sale		Total	
	30.09.16	31.03.16	30.09.16	31.03.16	30.09.16	31.03.16
Balance at the end of the previous financial year	1,000,799	837,121	8,222	4,819	1,009,022	841,940
Acquisition through purchase or contribution real estate companies	9,756	142,929		697	9,756	143,626
Capitalised interest cost	32	300			32	300
Acquisition and contribution of investment properties	2,745	19,918		2,677	2,745	22,595
Disposal through sale of real estate companies						
Disposal of investment properties	-1,755	-3,970	-2,962	-7,489	-4,717	-11,459
Transfers to assets held for sale	-569	-7,499	569	7,499		
Other transfers						
Change in fair value (+/-)	5,305	11,999		19	5,305	12,018
At the end of the semester/financial year	1,016,313	1,000,799	5,829	8,222	1,022,142	1,009,022
OTHER INFORMATIONS						
Investment value of the property	1,041,450	1,025,536	5,975	8,427	1,047,425	1,033,963

Project developments (in € 000)	30.09.16	31.03.16
Balance at the end of the previous financial year	11,328	34,171
Increase during the semester/financial year	12,860	1,264
Completion during the semester/financial year	-3,650	-24,107
At the end of the semester/financial year	20,538	11,328

5.9 Non-current and current financial debts

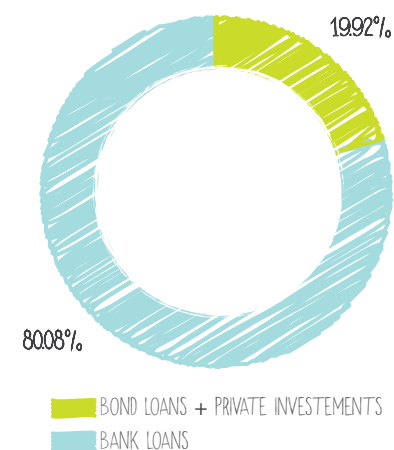
Breakdown by due date of credit lines (in € 000)	30.09.16	31.03.16
Non-current		
Bilateral loans - variable or fixed rate	392,383	398,225
Financial leasing	9	9
Bond loan	99,377	29,788
Subtotal	491,769	428,023
Current		
Bilateral loans - variable or fixed rate	7,237	42,593
Financial leasing	2	4
Subtotal	7,239	42,597
Total	499,008	470,620

Breakdown by maturity of non-current financial debts (in € 000)	30.09.16	31.03.16
Between one and two year(s)	33,974	100,378
Between two and five years	212,836	257,080
More than five years	244,949	70,555

On 30 September 2016, total consolidated debt amounted to 499.01 million euro. This amount is composed of the following:

- 399.62 million in traditional bilateral medium and long-term bank loans, spread over 7 banks
- 99.38 million euro in bond loans

TOTAL OF APPLIED DEBTS



Maturity dates

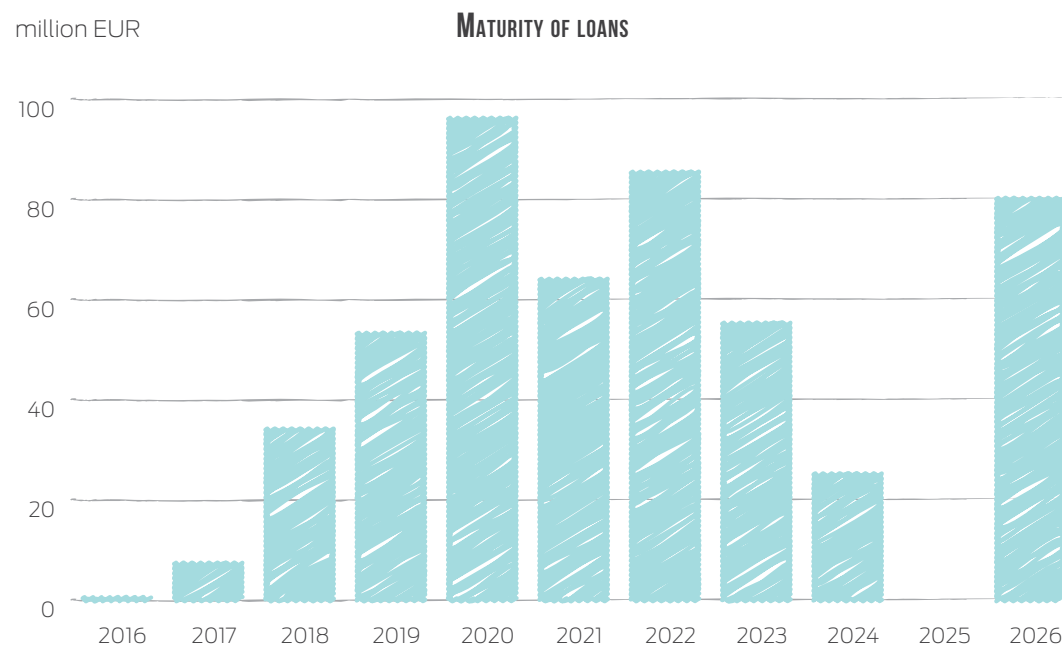
The weighted average maturity of the outstanding financial debt of Retail Estates nv on 30 September 2016 was 5.4 years compared 3.3 the previous year. On 30 September 2016, the total of unused confirmed long-term credit lines was 113.10 million euro.

Hedging

All outstanding loans have a fixed rate or an hedge by an Interest Rate Swap contract. In case of an Interest Rate Swap, the floating rate is “swapped” by a fix rate. Interest Rate Swaps are financial derivatives and are initially booked at cost price and revalued to

fair value on the subsequent reporting date. The derivatives currently used by Retail Estates nv qualify as cash flow hedges only to a limited degree. Changes in the fair value of derivatives that do not qualify as cash flow hedges are booked immediately to the profit and loss account. EUR

4.70 million was recorded in the income statement regarding financial instruments. EUR 5.23 million relates to the linear depreciation of the value on 31 December 2015 of the derivatives that do not longer qualify as cash flow hedges and EUR -0.53 million relates to the changes in the fair value of the derivatives for the period 1 April 2016 to 30 September 2016.



The weighted average cost of the debt of Retail Estates nv was 3.48% for the first half of 2016, including credit margins and the cost of hedging instruments. During financial year 2015-2016, the average cost of the debt was 3.64%.

Debt ratio

The debt ratio is 51.36 %. In principle, Retail Estates nv concludes an agreement with its banks for 60% with respect to the debt ratio.

5.10 FINANCIAL INSTRUMENTS

Summary of financial instruments as at closing date 30.09.16 (in € 000)		Categories	Book value	Fair value	Level
I. Non-current assets					
Financial non-current assets	C		1030	1030	2
Loans and receivables	A		5	5	2
II. Current assets					
Trade receivables and other receivables	A		6,054	6,054	2
Cash and cash equivalents	B		2,870	2,870	2
Total financial instruments on the assets side of the balance sheet			9,959	9,959	
I. Non-current liabilities					
Interest-bearing liabilities	A				2
Credit institutions	A		392,383	399,816	2
Other	A		99,377	119,221	2
Other non-current liabilities	A				2
Other financial liabilities	C		32,826	32,826	2
II. Current liabilities					
Interest-bearing liabilities	A		7,239	7,239	2
Current trade debts and other debts	A/C		28,211	28,211	2/3
Total financial instruments on the liabilities side of the balance sheet			560,036	587,313	

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.

LIST OF CONSOLIDATED COMPANIES AND CHANGES IN THE SCOPE OF CONSOLIDATION

Subsidiary	External financial debts ¹⁴ (in € 000)	Investment properties ¹⁴ (in € 000)	Rental income ¹⁵ (in € 000)	Participation percentage
Finsbury Properties nv		5,989	0	100%
Fimitobel nv		2,101	61	100%
Heerzele nv		9,756	11	51%
Localiège nv		3,309	79	100%
Paneuropean Property Investments nv		30,815	0	100%
Retail Warehousing Invest nv	4,278	55,566	1,734	63%
TBK bvba		10,466	234	100%
Texas Management nv		5,244	12	100%
Vlaamse Leasing Maatschappij nv		11,650	377	100%

¹⁴ Value at closing date of the consolidated figures (30.09.2016).

¹⁵ For the period the companies are part of the Group in the current financial year.

5.12 MINORITY INTERESTS

RETAIL WAREHOUSING INVEST NV

We refer to page 15 of this annual board report regarding the minority interest in RWI.

HEERZELE NV

On Tuesday 30 August 2016, Retail Estates nv acquired controlling interest (51%) of a real estate company that owns property in Wetteren on which, after obtaining the necessary permits, expansion of its retail park in Wetteren can take place.

In the case of a possible exit of its partner, the company can acquire all shares, no sooner than 12 months after acquisition of controlling interest. Due to the combination of the cooperation agreement and the put options (which Retail Estates nv intends to exercise) relating to the minority interest, Retail Estates nv has controlling interest of Heerzele nv and is applying the full consolidation method.

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 current liabilities amounts to 15.77 mio EUR and on non-current financial debts to 4.67 mio EUR



6. STATUTORY AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FIGURES FOR THE PERIOD OF SIX MONTHS ENDED 30 SEPTEMBER 2016

INTRODUCTION

We have reviewed the condensed consolidated interim figures of Retail Estates nv and its subsidiaries as of 30 September 2016, 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, regarding review assignments, "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 2016 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.

Sint-Stevens-Woluwe,
25 november 2016

The statutory auditor
PwC Reviseurs d'Entreprises scrl /
Bedrijfsrevisoren bcvba

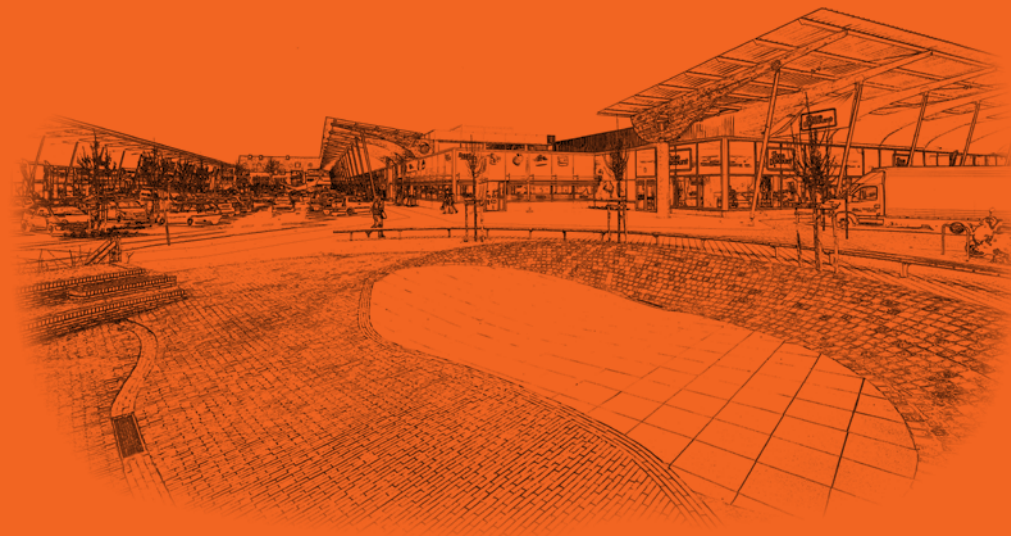
Represented by
Damien Walgrave
Reviser d'Entreprises / Bedrijfsrevisor

SHARE PERFORMANCE REPORT

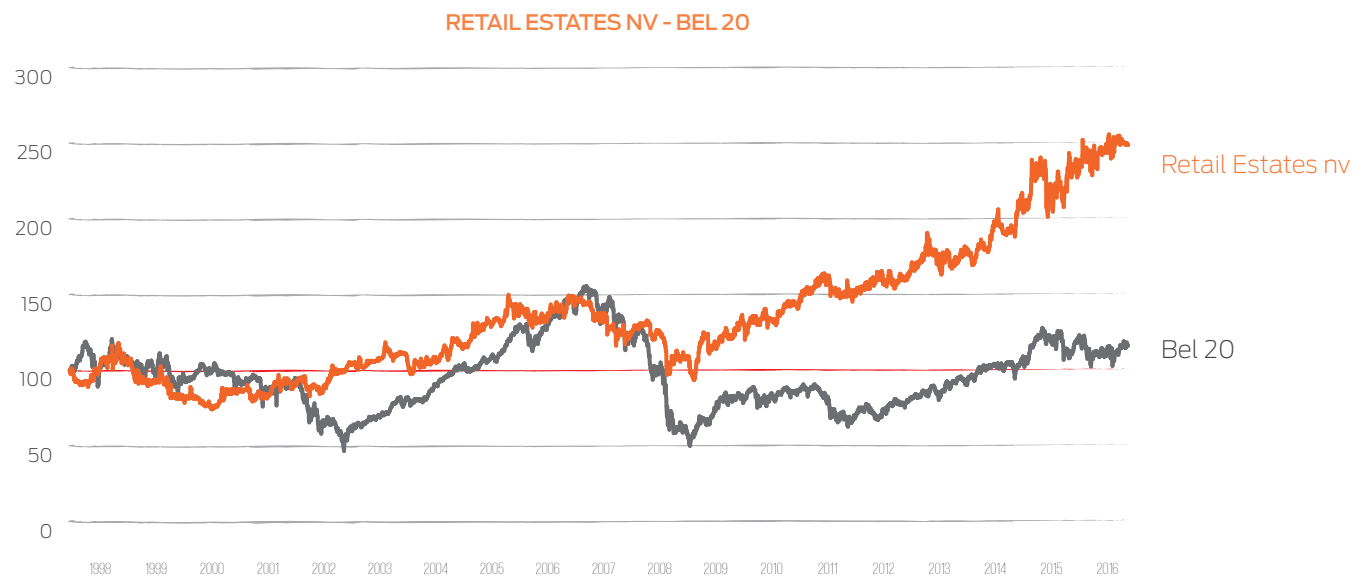


01	STOCK MARKET PERFORMANCE	43
02	STOCK MARKET CAPITALISATION	44
03	DIVIDEND AND YIELD	44
04	FINANCIAL CALENDAR	45

RETAILPARK V-MART,
BRUGGE



SHARE PERFORMANCE REPORT



O1

STOCK MARKET PERFORMANCE

During the first six months of the 2016-2017 financial year, the stock market price fluctuated between EUR 76.77 and EUR 81.89. 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 this period by 152.43% while the BEL 20 has increased by 19.43%. The average closing price during the first semester is EUR 79.62.

" THE RETAIL ESTATES SHARE HAS INCREASED IN VALUE OVER THE PERIOD BY 152.43% WHILE THE BEL 20 HAS INCREASED BY 19.43%."

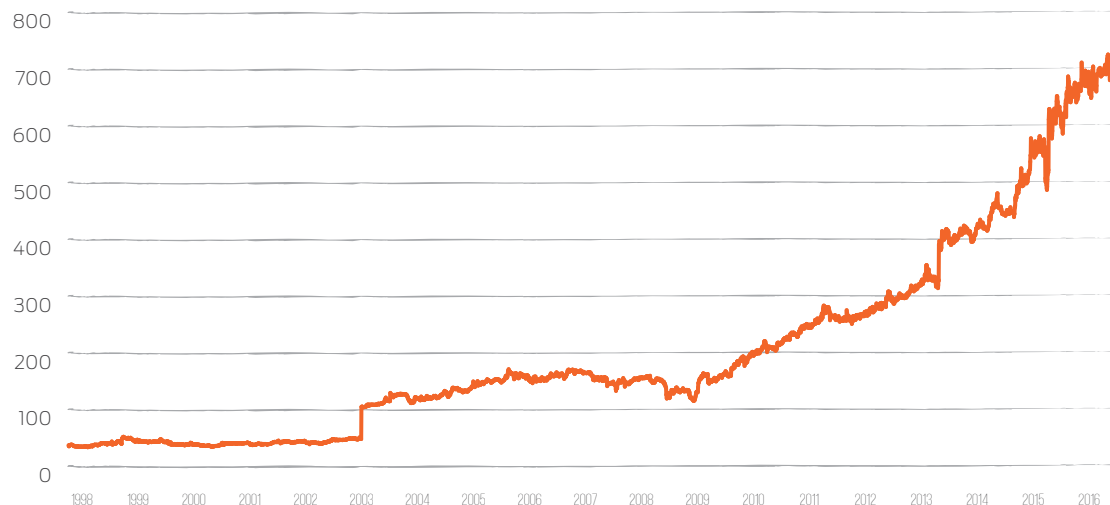
02

STOCK MARKET CAPITALISATION

Retail Estates nv is listed on the Euronext continuous market. As at 30 September 2016, the market capitalisation of Retail Estates nv amounts to EUR 705.67 million.

STOCK MARKET CAPITALISATION

(in million EUR)



03

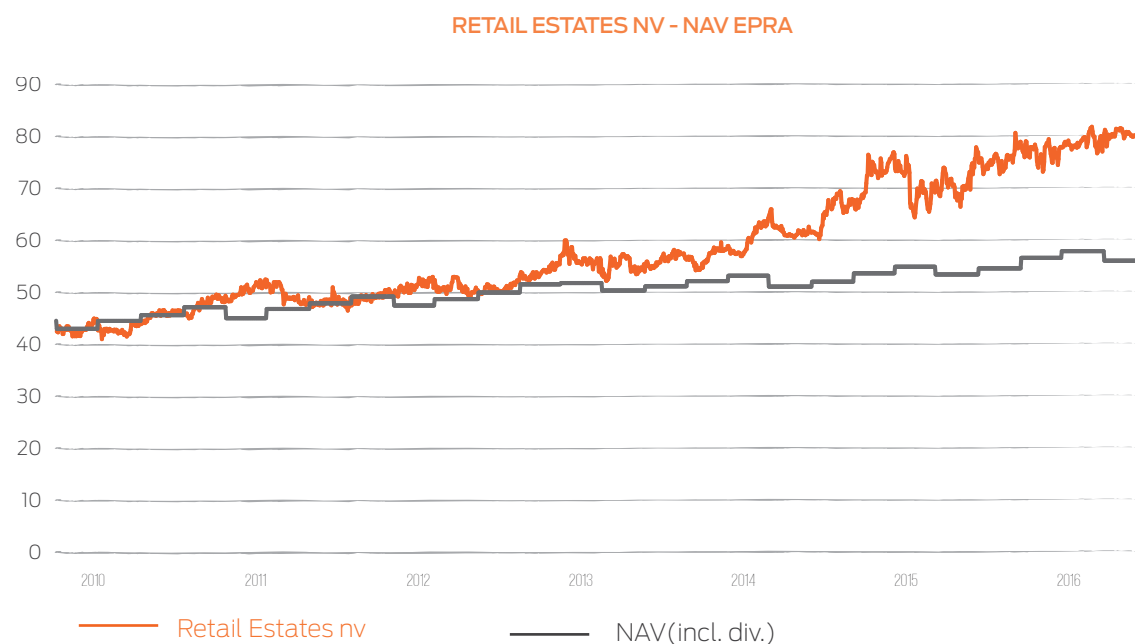
DIVIDEND AND YIELD

NET ASSET VALUE PER SHARE (in €)	30.09.16	31.03.16	30.09.15
Net asset value per share IFRS ¹⁶	52.94	53.48	50.74
Net asset value per share EPRA ¹⁷	56.11	56.66	53.46
Net asset value per share excl. dividend excl. IAS 39 ¹⁸	57.31	56.27	54.60
Gross dividend		3.20	
Net dividend		1.60	
Share price on closing date	79.59	78	77

¹⁶ 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.

¹⁷ 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.

¹⁸ 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 EPRA) of the share in the case of a property valuation at fair value is EUR 56.11.

The evolution of the net asset value is explained by the rise of the portfolio result on one hand and by the allocation of the dividend over the financial year 2015-2016 on the other hand.

04

FINANCIAL CALENDAR

Announcement results third quarter financial year 2016-2017	17 February 2017
Announcement annual results financial year 2016-2017	29 May 2017
Dividend made available for payment	1 August 2017



REAL ESTATE REPORT

LO

01	REPORTS OF REAL ESTATE EXPERTS	49
02	NOTE	51
03	COMMERCIAL ACTIVITIES OF TENANTS	51
04	SUBDIVISION BY TYPE OF BUILDING	52

REAL ESTATE REPORT

RETAILPARK T-FORUM, TONGEREN →



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 2016 consists of 639 buildings, representing a gross built-on retail area of 710,083 m². Its fair value amounts to EUR 1,016.31 million.

VALUATION AS AT 30 SEPTEMBER 2016

01

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 2016 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 + Distri-Land + Texas Management 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 "RREC" (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).

"A SIGNIFICANT PORTFOLIO HAS BEEN BUILT UP OVER 17 YEARS THAT ON 30 SEPTEMBER 2016 CONSISTS OF 639 BUILDINGS, REPRESENTING A GROSS BUILT-ON RETAIL AREA OF 710,083 M²."

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 **Retail Estates nv (incl. Tongeren)** has as at **30.09.2016** an **investment value (corrections incl.)** of **EUR 448.60 million** and a **fair value** of **EUR 437.66 million**. The investment value, in absolute terms, increased with **0.69%**. This gives a **yield** of **6.82%** for **Retail Estates nv**.

The portfolio of **Texas Management nv** has as at **30.09.2016** an **investment value (corrections incl.)** of **EUR 5.38 million** and a **fair value** of **EUR 5.24 million**. The investment value, in absolute terms, decreased with **3.49%**. This gives a **yield** of **6.23%** for **Texas Management nv**.

The portfolio of **Immobilière Distri-Land nv** has as at **30.09.2016** an **investment value (corrections incl.)** of **EUR 16.86 million** and a **fair value** of **EUR 16.45 million**. The investment value, in absolute terms, decreased with **11.81%**. This gives a **yield** of **7.41%** for **Immobilière Distri-Land nv**.

REPORT BY CBRE

The report by CBRE dated 30 September 2016 covers a portion of the property of Retail Estates nv and its subsidiaries. The **investment value** of this real estate is herewith estimated at **EUR 554.70 million** and the **fair value** at **EUR 541.17 million**. These properties account for a **rental income** of **EUR 36.10 million**, representing a **gross yield** of **6.47%**.



02

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.

03

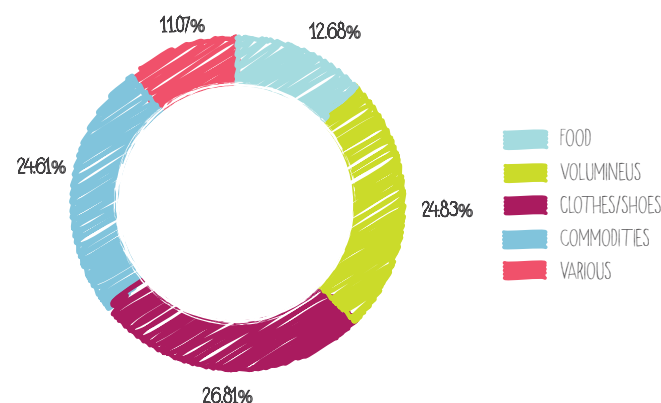
COMMERCIAL ACTIVITIES OF TENANTS¹⁹

Retailers selling footwear and clothing (26.81% compared with 27.77% as at 31 March 2016) and commodity retailers, account for more than 50% 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.

¹⁹ The diagrams 'commercial activities of tenants' and 'type of building' show percentages based on the total surface area on 30 September 2016.

The large-scale retail sector, which works with larger margins, makes it possible to achieve significant rent increases in a favourable economic climate, but declining consumer confidence hits them hardest. This segment represents 24.83% (23.99% on 31 March 2016) of the real estate portfolio of Retail Estates nv.

COMMERCIAL ACTIVITIES OF TENANTS



04

SUBDIVISION BY TYPE OF BUILDING

Individual peripheral retail properties are individual retail properties adjacent to the public highway. Every outlet has its own parking lot 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.

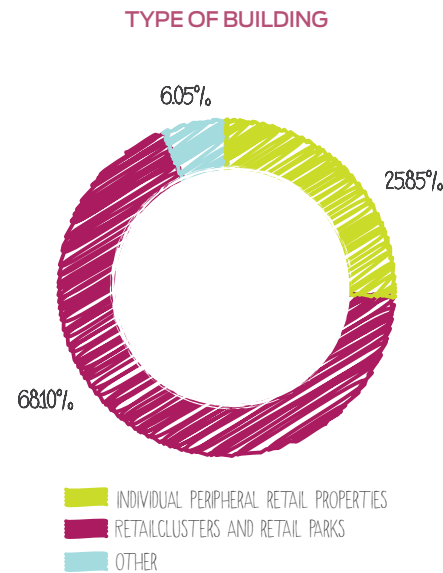
Retail clusters are a collection of peripheral retail properties, located along the same traffic axis and, from the consumer's point of view, they form a self-contained whole, although they do not possess a joint infrastructure other than the traffic axis. This is the most typical concentration of peripheral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



"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)"

SUMMARY OF KEY FIGURES

	RETAIL ESTATES	
	30.09.16	31.03.16
Estimated fair value ²⁰ (in €)	1,016,314	1,000,799
Yield (investment value)	6.64%	6.64%
Contractual rents (in €)	67,170,859	66,600,791
Contractual rents incl. rental value of vacant buildings (in €)	68,140,893	67,956,128
Total m ² in portfolio	710,083	708,879
Number of properties	639	634
Occupancy rate	98.13%	98.22%
Total m ² under development	3,377	6,552

²⁰ 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 2016.



MISCELLA- NEOUS





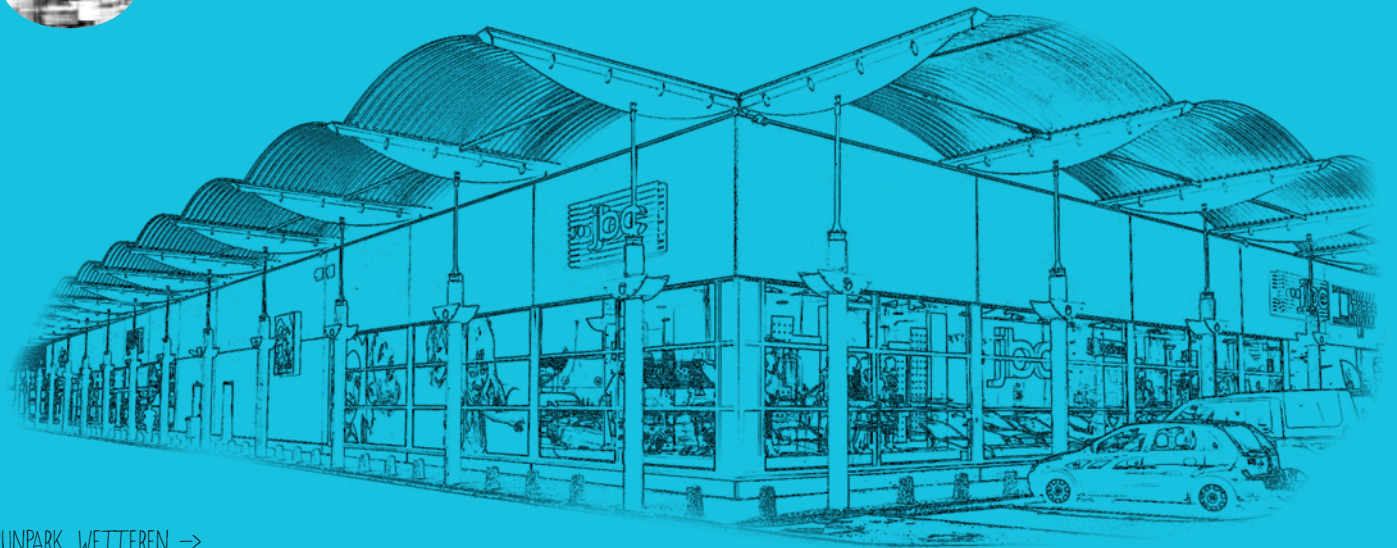
01 GLOSSARY

57

55

Bel&Bo

MISCELLA- NEOUS



RETAILPARK FRUNPARK, WETTEREN ->

01

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.

EPRA

The European Public Real Estate Association was founded in 1999 to promote, develop and group European listed real estate companies. EPRA proposes codes of conduct with respect to accounting, reporting and corporate governance, and harmonises these rules in different countries, to provide quality and comparable information to investors. EPRA has also created indices that serve as a benchmark for the real estate industry. All of this information is available at www.epra.com.

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 CURRENT RESULT

The net current result is calculated as follows: net result excluding changes

in fair value of investment properties, excluding the result on sales of investment properties, and excluding costs of permitted hedging instruments.

NET DIVIDEND

The net dividend is equal to the gross dividend after retention of 27% withholding tax (30% from 1 January 2017).

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-Woluwedael 18 at B-1932 Brussels, represented by Mr. Damien Walgrave
Financial year closing:	31 March
Capital at 30.09.2016:	EUR 199,495,654.21
Number of shares at 30.09.2016:	8,866,320
Annual shareholders' meeting:	First Friday of July
Share listing:	Euronext – continuous market
Financial services:	KBC Bank
Value of real estate portfolio per 30.09.2016:	Investment value EUR 1,041.16 million – fair value EUR 1,016.31 million (incl. value of "Immobilière Distri-Land nv" real estate certificates)
Real estate experts:	Cushman & Wakefield and CBRE
Number of properties per 30.09.2016:	639
Type of properties:	Peripheral retail real estate
Liquidity provider:	KBC Securities and Degroof Petercam

RETAIL ESTATES



PUBLIC RREC

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