

IN RETAIL WE TRUST



Periodic statement - regulated information
Ternat, 17 May 2019

ANNOUNCEMENT OF ANNUAL RESULTS

REAL ESTATE PORTFOLIO INCREASES TO EUR 1,529.63 MILLION
(+13.36%)

EPRA EARNINGS INCREASE TO EUR 60.90 MILLION (+27.13%)
PROPOSED DIVIDEND IS EUR 4.25 PER SHARE (+ 18.06% COMPARED TO
THE PREVIOUS FINANCIAL YEAR)

OCCUPANCY RATE REMAINS HIGH (98.28%)

ANNUAL RESULTS FOR THE PERIOD 01.04.2018 THROUGH 31.03.2019

1. SUMMARY

- Investments during the financial year of EUR 205.45 million in properties and own developments. Divestments for a net sales price of EUR 45.59 million.
- Continued decrease of the weighted average interest rate to 2.31% (2.62% as at 31 March 2018).
- EPRA earnings are EUR 60.90 million (+ 27.13%); per share EUR 5.41.
- The proposed dividend per share is maintained at EUR 4.25 (+ 18.06%),

2. OPERATIONAL ACTIVITIES

2.1 Acquisitions and divestments

Investments – retail parks

During the past financial year, Retail Estates reinforced its investments in Belgium and the Netherlands.

A. Belgium

Genk

In August 2018, six retail properties were acquired along Hasseltweg in **Genk**, with a total surface area of 4,381 m². They represent a rental income of € 0.51 million and are let to the retail chains Colora, Bel&Bo, Bent, LolaLiza, Orchestra and Santana.

They are adjacent to the retail properties already owned by Retail Estates at this location and fall within the scope of the further development of the investments in the retail cluster “Genk Hasseltweg”.

Maasmechelen

At **Maasmechelen**, along Koninginnelaan, a newly constructed retail property with a surface area of 1,794 m² and consisting of two retail units and a flat was acquired. This property is adjacent to the M2 Shopping Center, a retail park that serves as a reference for Oost-Limburg. A 630 m² retail unit in this building has already been completed and delivered to Blokker, which has established a shop entirely decorated in accordance with its latest retail concept. The other retail units and the flat were completed and delivered in late 2018.

The retail properties that were let in Genk and Maasmechelen represent a rental income of EUR 0.66 million and were purchased on the basis of an investment value of EUR 9.75 million and a fair value of EUR 9.51 million. These values correspond to the values determined by the real estate expert CBRE.

The properties in Genk and Maasmechelen are owned by a real estate company that was acquired by Retail Estates. This transaction was funded by taking out bank loans and by the non-monetary contribution in kind of a receivable for an amount of EUR 2.31 million.

Mons-Arlon-Hasselt

In December 2018, three retail parks, situated in **Mons** (Belgium, province of Hainaut), **Arlon** (Belgium, province of Luxembourg) and **Hasselt** (Belgium, province of Limburg) respectively, were acquired.

The retail park at **Mons** is part of the site “Les Grands Prés - Shopping de Wallonie”, consisting of a shopping mall, a Carrefour hypermarket and an IKEA store. The entire property represents a total of approximately 101,000 m². The retail park part of this site covers an area of 11,779 m² and consists of 7 retail units, which have all been let to retail chains such as AS Adventure, Maisons du Monde, Kréfel and Heytens.

The retail park in **Arlon** (Belgium, province of Luxembourg) is located on the Belgian side of the border between Belgium and the Grand Duchy of Luxembourg in the “Sterpenich” shopping zone. IKEA and Decathlon provide this zone with a strong regional appeal. The retail park consists of a retail area of 11,123 m² featuring six retail units. The tenants are retail chains active in the home decoration sector, such as Maisons du Monde, Light Gallery, Extra. One retail unit of 1,812 m² has not yet been let.

The retail park in **Hasselt** (province of Limburg) is on the edge of the site where IKEA recently constructed a branch near the Hasselt Zuid exit of the E311 motorway to Liège. It has a surface area of 5,761 m² and consists of four units. All tenants are active in the home decoration sector. The tenants are the retail chains Mediamarkt, X2O, Kwantum and Maisons du Monde. All retail units are let.

The acquisition of these retail parks resulted from the acquisition of exclusive control of three real estate companies. The investment in this transaction amounts to EUR 60.00 million. For the vacant retail unit, an additional investment of maximally EUR 3.00 million will be made after the unit will have been let. The retail units that have been let generate a rental income of EUR 3.67 million and represent a fair value of EUR 58.43 million. The acquisitions were funded by taking out bank loans.

Fosses-la-ville

Also in December 2018, the retail park “Shop in Stock” in **Fosses-la-Ville** (Belgium, province of Namur) was acquired: this retail park is situated to the northwest of Namur (between Namur and Charleroi). It has a strong regional appeal in a customer zone of approx. 20 km between Namur, Dinant, Charleroi and Gembloux. The retail park has

grown around the DIY shop "Stock Fosses" and currently comprises a retail area of 17,132 m² with 29 retail units. It offers an attractive mix of retail chains such as Delhaize, PointCarré, JBC and Action as well as small-scale local retailers and hospitality establishments that give this shopping destination a very enjoyable character. The investment in the acquisition of this retail park amounts to EUR 29.02 million and generates a rental income of EUR 1.71 million. The fair value of these buildings amounts to EUR 28.58 million. This purchase resulted from the acquisition of exclusive control of a real estate company. The transaction was funded by taking out bank loans and by the contribution in kind of a receivable for an amount of EUR 1.82 million. The occupancy rate is 100%.

Sale-and-rent-back

Finally, in December 2018, a total of 11 retail units were acquired spread over six locations in Flanders (Belgium) where Retail Estates had already acquired a considerable number of retail units. It concerns retail units in **Antwerp** (Merksem Bredabaan; 5 units), **Lochristi** (Antwerpsesteenweg; 2 retail units), **Sint-Joris-Winge** ("Gouden Kruispunt" retail park; one unit), **Kampenhout** (Mechelsesteenweg; one unit), **Ninove** (Aalstersesteenweg; one unit) and **Stabroek** ("Picolo" retail park; one unit). Five of these retail units have been let to retail chain Modemakers. The other units have been let to retail chains such as Torfs, Fiets and Ethias. All of the units are currently let. The investment amounts to EUR 20.87 million and generates a rental income of EUR 1.25 million. According to the real estate expert, the fair value amounts to EUR 20.02 million. The transaction resulted from the acquisition of exclusive control of a retail estate company. The transaction was funded by taking out bank loans and by the contribution in kind of a receivable for an amount of EUR 2.60 million.

B. The Netherlands

Spijkenisse

On 30 April 2018, Retail Estates purchased a retail park in **Spijkenisse** in the region of Rotterdam. Rotterdam is one of the 4 large cities constituting "Randstad Holland". The retail park consists of 23 retail properties and 1 hospitality establishment, accounting for a total built area of 28,273 m². The total investment amounts to EUR 47.20 million and generates a net rental income of EUR 3.11 million, i.e. an initial yield of 6.53%. According to the appointed real estate expert, the fair value of this investment amounts to EUR 43.85 million as of 31 March 2019.

Middelburg

Also in December 2018, an additional purchase was made of a retail property in **Middelburg** (Netherlands, province of Zeeland), situated in the retail park "De Mortiere", where Retail Estates currently owns a majority of the retail units. The retail property has a total surface area of 4,808 m². The investment value is EUR 7.71 million and the net rent generated amounts to EUR 0.55 million. According to the real estate expert, the fair value of this investment amounts to EUR 6.83 million. The purchase was funded by taking out bank loans.

Heerlen

On 31 January 2019 a garden centre situated in the retail park of **Heerlen** (In de Cramer) was acquired. This retail property is located between the IKEA branch and the retail units previously acquired by Retail Estates. With its 43 retail units and its retail area of 75,059 m², the retail park at Heerlen is the largest of its kind in the Benelux. It has strong regional appeal in the tri-border region around Maastricht-Liège-Aachen. The investment amounts to EUR 3.71 million (purchase price inclusive of real estate transfer tax) and the fair value amounts to EUR 3.51 million (purchase price exclusive of real estate transfer tax). The annual rental income amounts to EUR 0.25 million. The acquisition was funded by taking out bank loans.

Utrecht

On 4 February 2019 a retail property was acquired, situated in the “Kanaleneiland” commercial zone in **Utrecht** (province of Utrecht). This cluster of retail properties has developed around the IKEA branch at Utrecht and, given the absence of retail parks in this region, it is the reference par excellence for the home decoration sector. With its 650,000 inhabitants, the city district of Utrecht is the fourth largest conurbation in the Netherlands. The investment amounts to EUR 4.77 million (inclusive of real estate transfer tax) and the fair value amounts to EUR 4.50 million (purchase price exclusive of real estate transfer tax). The rental income amounts to EUR 0.32 million. The acquisition was funded by taking out bank loans.

Non-current assets under construction

On 31 March 2019 the total amount of the non-current assets under construction is EUR 19.85 million. We distinguish four types of non-current assets under construction: speculative land positions (the so-called “land bank”), i.e. residual lands of existing portfolios that are intended for possible development or will be sold at a later stage if no redevelopment is possible. Furthermore, there are prospective projects, projects under predevelopment and projects under development.

On 31 March, the speculative land positions accounted for EUR 2.20 million, the prospective projects amounted to EUR 9.83 million, the projects under predevelopment represented EUR 7.80 million and the projects under development represented EUR 0.03 million.

A. Non-current assets under construction – overview of the main projects

In 2014, Retail Estates acquired a retail park at Wetteren with 14 retail units and a gross retail area of 10,423 m². The retail park, which opened in 2008, is known as Frunpark Wetteren. It is very successful and attracts consumers from far and wide. On 30 August 2016, Retail Estates NV acquired a controlling interest (51%) in real estate company Heerzele nv, which is the owner of an adjacent property at Wetteren. Retail Estates wishes to expand its retail park once it has obtained the necessary permits. The total operation consists of the creation of a gross retail area of approximately 9,000 m², a considerable extension of the car park and an expected total investment of EUR 15.40 million.

Completion of this project is expected 12 months after the permit is obtained.

Furthermore, the company is investing in the renovation of its retail park at Roosendaal. The permits for this renovation were obtained and the commercialisation was started. The additional investment is expected to amount to approximately EUR 4.70 million. Completion is expected by December 2020.

B. Non-current assets under construction – predevelopment – overview of the main projects

Furthermore, the company intends to invest in the expansion of its retail cluster at Namen-Zuid for its own account on behalf of a DIY store in Jambes. The additional expected investment is estimated at EUR 12.6 million (total investment EUR 14.72 million) and will consist of the creation of a retail property of approximately 8,000 m². Completion is expected by May 2021, provided that an agreement with the prospective tenant can be reached soon.

After a successful repositioning of the retail park at Braine l'Alleud, Retail Estates started the restructuring of the Kruger retail park at Eeklo in March. The expected investment amounts to EUR 1.30 million. Completion of these works is expected by November 2019.

In Halle, a project has been started to double the sales area of Brantano. This extension was necessary due to the changes in the retail concept of Brantano. The expected investment amounts to EUR 1.88 million and completion is expected by late 2020.

Due to a concept change at Aldi, an extension of the retail unit in Sint-Niklaas is necessary. The expected investment amounts to EUR 1.05 million. Completion of this extension is expected in September 2020.

Finally, a number of smaller projects are still ongoing, for which the investment is expected to amount to EUR 0.14 million in the course of the new financial year.

C. Non-current assets under construction – development – overview of the main own developments

There are currently no major projects in this stage of development.

D. Completion of non-current assets under construction

In **Frameries** the extension of an existing retail park by 9,500 m² was completed. The existing retail park is a recently constructed complex, which was developed into a strong pole of attraction in a densely populated area between **Mons** and the French border. This retail park, comprising eight retail units and a retail area of approximately 10,000 m², was extended by six retail units with a retail area of 7,210 m² and a fair value of EUR 10.19 million. The total investment amounted to EUR 10.45 million.

At **Gentbrugge**, a 2,000 m² retail area was extended and renovated for Brantano. The total additional investment amounted to EUR 1.03 million. The fair value after completion amounts to EUR 3.8 million.

In Barchon, a significant extension of the retail infrastructure, including a major increase in the number of parking spaces and the extension of one retail unit, was completed. The total investment amounted to EUR 1,40 million. An additional rental income of EUR 0.11 million was generated.

Retail Estates completed a customised project for Aldi in Nijvel. An existing dilapidated retail property was demolished and replaced by a “state-of-the-art” supermarket with a 2,286 m² retail area. The use of this retail property is the object of a long-term commitment on the part of Aldi, on whose instructions the building was designed. The total investment amounts to EUR 3.41 million and generates a rental income of EUR 0.26 million. According to the real estate expert, the fair value amounts to EUR 4.25 million.

In cooperation with a real estate developer, three retail units were constructed in Waremmme, at a site earlier acquired by Retail Estates. The investment amounts to EUR 1.83 million for a retail area of 1,281 m² and generates a rental income of EUR 0.12 million. According to the real estate expert, the fair value amounts to EUR 1.78 million.

Optimisation of real estate portfolio

Retail Estates nv pays close attention to the changing needs of its tenants with respect to retail area. Several tenants systematically expand their product range and regularly request an extension of their retail area. This can be done by acquiring space from adjacent tenants who sometimes have too much space or by constructing a new addition to the retail unit. Sometimes a combination of both is opted for.

Renovations sometimes include more than just an expansion of the retail area; Retail Estates nv regularly seizes the opportunity to remove an existing shop façade and replace it with a contemporary version that better fits the tenant's image.

Such investments allow us to build “win-win” relations with the tenants. Available lands are made profitable in this manner and revenue growth allows the tenant to pay the rent increase.

Divestments

On 15 June 2018, Retail Estates sold its retail park in Zwolle (the Netherlands) to an institutional investor for a total sales revenue of approximately EUR 27.60 million. This means that the company recovers the entire investment (including the transaction costs) it made in December 2017 within the scope of the acquisition of the retail park portfolio of CBRE Global Investors. The sold retail park's fair value (i.e. exclusive of transaction costs) amounted to EUR 26.62 million on 31 March 2018. The sale therefore generated EUR 0.98 million in added value. The retail park accounted for an annual rental income of approximately EUR 2 million.

On 29 May 2018, a retail park in Péruwelz (Belgium) was sold to an institutional investor for a sales revenue of EUR 10 million. This retail park accounted for an annual rental income of EUR 0.69 million. Its fair value amounted to EUR 10.16 million on 31 March 2019. The sale resulted in a loss in value by EUR -0.43 million, mainly due to transaction costs.

Furthermore, seven solitary retail properties (in Spa, Edingen, Sint-Denijs-Westrem, Luik, Gavere and Soignies) were sold, as well as a plot of building land in Leuven. The net sales revenue amounted to EUR 7.78 million. The fair value of these properties was EUR 8.07 million. The rental income of these solitary properties amounted to EUR 1.41 million. These sales resulted in a net loss in value by EUR -0.29 million (an added value of EUR 0.43 million was created, and losses in value by EUR -0.72 million were incurred).

These divestments are part of an annual recurring sales programme of individual retail properties that are not part of the core portfolio of Retail Estates nv due to their location, size and/or commercial activity.

Investments: conclusion

Acquisitions and own developments in the financial year 2018-2019, less divestments, resulted in an increase of the real estate portfolio by EUR 156.84 million. The total rental income increased by EUR 5.45 million in the financial year 2018-2019 as a result of these investments, but decreased by EUR 1.41 million in the past financial year as a result of the divestments. If the acquisitions and sales had taken place on 1 April 2018, the rental income would have increased by EUR 9.55 million.

The investments are financed by a mix of shareholders' equity (issue of new shares by contribution in kind or in the capital market) and borrowed capital (financing of working capital by the banks, issue of a bond loan, ...).

2.2 Portfolio management

Occupancy rate

The occupancy rate of the Retail Estates nv real estate portfolio is 98.28%.

Obviously, the occupancy rate must be seen as a snapshot taken of a series of mutations in the previous financial year. It does not imply a guarantee for the future, as the legislation on commercial lease is mandatory and allows for cancellation every three years by all tenants.

Rental income

Eight smaller SME tenants (six in Belgium and two in the Netherlands) filed for bankruptcy in the past financial year. The necessary provisions were created for the irrecoverable debts.

At the end of this financial year, outstanding trade receivables amount to EUR 2.63 million. An amount of EUR 0.43 million relates to the revolving fund and the reserve fund. Taking into account the guarantees obtained – both rental guarantees and the requested bank guarantees – and the receivables not yet due, the credit risk on trade receivables is limited to approximately 9.86% (EUR 0.26 million) of the outstanding amount on 31 March 2019.

Damage claims

Two properties were damaged by fire in the past financial year. The insurance company paid a compensation. Unfortunately, vandalism is a recurring problem for retail units located at the outskirts of large urban agglomerations.

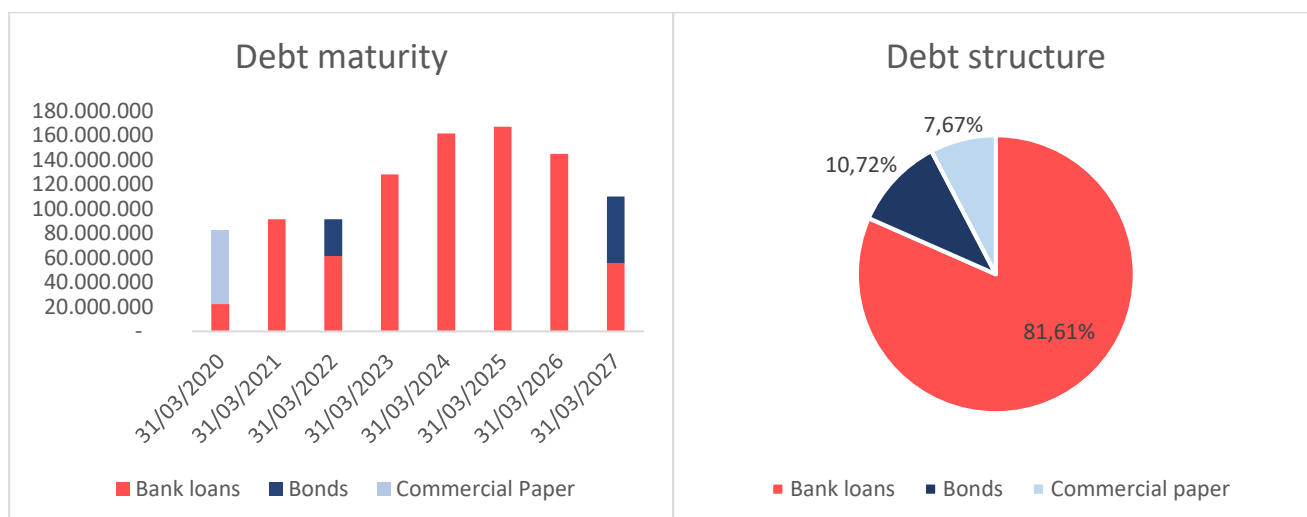
2.3 Implementation of the financing strategy

Retail Estates combines bilateral credits with different banking partners and private placements of bonds for institutional investors. The average maturity of the credit portfolio is 4.83 years. Within the context of the financing of its activities, Retail Estates has a commercial paper programme of (up to) EUR 100 million since September 2017 (and extended in October 2018). The commercial papers are fully covered by back-up lines and unused credit lines that serve as a guarantee for refinancing should the placement or renewal of the commercial papers prove to be impossible or only partially possible.

As of 31 March 2019, an amount of EUR 60.5 million of this commercial paper programme has been used.

The average interest rate on 31 March 2019 is 2.31% compared to 2.62% on 31 March 2018.

For more information with regard to the financing, please refer to note 34 et seq. to the annual report 2018-2019.



2.4 Capital increases in the context of the authorised capital

On 27 April 2018, a public capital increase of Retail Estates took place. On the occasion of this capital increase in cash, 1,897,932 new shares were issued. For more information on the modalities of this capital increase, we refer to the press release of 27 April 2018.

On 26 September 2018, a total of 35,000 new shares were issued at an issue price of EUR 66. The contribution relates to the remaining debt claim resulting from the purchase of the shares of the real estate company nv Etablissements Hayen, which owns 7 retail properties situated at Genk and Maasmechelen. The new shares have been sharing in the company's profit as from 1 April 2018.

As a result of these capital increases, the total capital of Retail Estates nv amounts to EUR 257,012,792.62 on 31 March 2019, represented by 11.422.593 fully paid ordinary shares.

2.5 Subsequent events

Capital increase and issue of new shares

On 1 April 2019, the board of directors issued new shares following two subsequent decisions relating to a capital increase within the context of the authorised capital. On the occasion of these capital increases, the contribution of a receivable with a conventional contribution value of EUR 2,600,000 and of a receivable with a conventional contribution value of EUR 1,820,000 was adopted. By way of compensation for these contributions, 40,000 and 28,000 shares respectively were issued at an issue price of EUR 65.00. These shares were issued without coupon 27 attached and will for the first time share in the profits of the financial year that starts on 1 April 2019.

These non-monetary contributions have taken place pursuant to two agreements entered into on 20 December 2018 with regard to the acquisition of all shares of nv Textiel d'Eer and all shares of nv Viafobel respectively. Within the scope of both transactions, part of the sales price was not paid at the time. The receivables relating to the unpaid part of the sales price have now been contributed. The closing price on the date on which the agreements were signed amounted to EUR 74.70. As a result of the subsequent price increase, the issue price represents a 19.95% discount on the closing price on 29 March 2019.

Payment of an interim dividend in the form of an optional stock dividend

Retail Estates intends to distribute the dividend for the 2018/2019 financial year to the shareholders by means of an interim dividend, whereby an optional dividend is offered at an issue price of EUR 68,425. This issue price is in line with the issue price applied by the company in recent public and private transactions and takes into account the fact that the new shares would be entitled to a dividend as from 1 April 2019. This interim dividend in the form of an optional dividend is still subject to the approval of the supervisory authority under the BE-REIT Act and a final decision of the company's board of directors.

.

2.6 Merger by acquisition of subsidiaries

On 16 November 2018 the merger by acquisition of the company Librajem bvba by Retail Estates nv was adopted by the boards of directors of the respective companies, effective as of 30 November 2018.

On 16 November 2018 the merger by acquisition of the company Heerzele nv by Retail Estates nv was adopted by the boards of directors of the respective companies, effective as of 31 December 2018.

Mergers of subsidiaries simplify administrative management and reduce the taxable income of the subsidiaries of Retail Estates nv.

3. FINANCIAL RESULTS

3.1 Notes to the income statement of 31 March 2019

The net rental income increased by EUR 17.13 million, mainly due to the acquisition of additional properties (EUR 5.18 million) and the completion of projects in the 2018-2019 financial year (EUR 0.28 million), and the acquisition of the properties and the completion of the projects in the previous financial year that yielded a full year's rent for the first time this year (EUR 11.92 million). The sale of properties resulted in a decrease in net rental income of EUR 1.41 million. The sale of properties during the previous financial year resulted in a decrease in this year's net rental income by EUR 0.25 million. The impact of contract renewals is EUR 0.45 million.

Furthermore, there is an impact of discounts (EUR 0.51 million), vacancy (EUR -0.69 million) and indexation (EUR 1.10 million).

Property costs amount to EUR 7.59 million, an increase by EUR 1.46 million, mainly due to the increase in technical costs, recurring fees payable to third parties and commercial costs following the expansion of the portfolio, and the increase in personnel expenses following the expansion of staff. The company's overhead expenses amount to EUR 5.15 million, an increase by EUR 0.63 million (13.91%) compared to the previous year, mainly due to an increase in personnel expenses following the expansion of staff and an increase in taxes and legal expenses.

The result of the sale of investment properties is EUR 0.65 million. This profit is the result of the sale of EUR 44.93 million in properties (fair value). Please refer to the "Divestment" section in this chapter for more details.

The variation in the fair value of investment properties amounts to EUR 7.36 million. There is a positive impact of indexations, increases in the yield at top locations and lease renewals at retail parks, and a negative impact of the depreciation of the costs of the transaction for the determination of the fair value of investment properties. The other portfolio result amounts to EUR -1.06 million and mainly includes deferred taxes relating to the Dutch portfolio.

The financial result (excluding variations in the fair value of financial assets and liabilities) amounts to EUR -18.45 million compared to EUR -17.37 million last year. The decrease in the weighted average interest rate from 2.62% to 2.31% offsets the increase in the interest charges due to additional loans taken to finance further expansion of the portfolio. The variation in the fair value of financial assets and liabilities amounts to EUR -13.37 million compared to EUR 0.10 million last year. The decrease in these costs is the result of the change in the fair values of the swaps that do not define cash flow (variations in the fair value of financial assets and liabilities). However, this result is an unrealised and non-cash item.

The EPRA result (i.e. the net result without the result on portfolio) amounts to EUR 60.90 million compared to EUR 47.90 million last year.

3.2 Notes to the balance sheet of 31 March 2019

The investment properties (including non-current assets under construction) increased from EUR 1,349.37 million to EUR 1,529.63 million. This can mainly be explained by the expansion of the portfolio by EUR 205.45 million and the sale of investment properties for an amount of EUR 17.36 million. The non-current assets held for sale decreased from EUR 29.20 million to EUR 17.41 million. At the end of each quarter, the assets for which the sales agreement has already been signed but the deed has not yet been executed are recorded in the assets held for sale. Assets worth EUR 17.72 million were added to the assets held for sale in the financial year 2018-2019, and assets worth EUR 27.57 million were sold.

Current assets amount to EUR 28.46 million and consist of EUR 17.41 million from assets held for sale, EUR 4.05 million from trade receivables, EUR 2.34 million from tax receivables and other current assets, EUR 3.16 million from cash and cash equivalents and EUR 1.50 million from accrued charges and deferred income.

The shareholders' equity of the public BE-REIT amounts to EUR 707.93 million. On 31 March 2019, the share capital amounts to EUR 257.01 million, an increase by EUR 43.49 million compared to last year, following the capital increases mentioned above. After deduction of the capital increase costs, the capital on the balance sheet amounts to EUR 248.94 million. A total of 1,932,932 new shares were created in the financial year 2018-2019. Issue premiums also increased from EUR 177.99 million to EUR 260.17 million for the same reasons. Reserves amount to EUR 144.33 million and consist of the reserve for the variations in the fair value of real estate properties (EUR 130.36 million), the result of previous financial years carried forward (EUR 53.87 million), available reserves (EUR 15.34 million), legal reserves (EUR 0.06 million), less the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (EUR -44.78 million) and less the variations in the fair value of financial assets and liabilities (EUR -10.51 million). The Group makes use of financial derivatives (interest rate swaps and caps) to hedge interest rate risks arising from certain operational, financial and investment activities. Financial derivatives are initially recognised at cost and revalued to their fair value on the next reporting date. The derivatives currently used by Retail Estates nv qualify as accounting cash flow hedges only to a limited extent. Changes in the fair value of the derivatives that do not qualify as cash flow hedges are booked immediately via the profit and loss account. Changes in the fair value of the swaps qualifying as cash flow hedges are booked directly as shareholders' equity and are not included in the income statement. The negative value of these instruments is the result of the strong decline in interest rates that has continued since late 2008 under the influence of American and European central banks.

The net result of the financial year amounts to EUR 54.48 million and consists of EUR 60.90 million from EPRA earnings, EUR 6.96 million from the result on portfolio and EUR -13.37 million from variations in the fair value of financial assets and liabilities.

The long-term liabilities amount to EUR 733.22 million and consist of EUR 706.79 million long-term financial liabilities with an average term of 4.83 years. The remaining long-term liabilities pertain to authorised cash flow hedges (interest rate swaps) and the debt to the minority shareholders of Blovan nv.

The short-term liabilities amount to EUR 122.75 million and consist of EUR 25.64 million of trade debts and other short-term liabilities. These mainly comprise the trade debts amounting to EUR 0.39 million, tax debts estimated at EUR 4.07 million, invoices receivable for EUR 12.66 million and exit taxes amounting to EUR 7.98 million. The short-term financial liabilities amount to EUR 82.26 million, of which EUR 60.50 million in commercial papers.

Other short-term liabilities have increased from EUR 0.62 million to EUR 5.48 million. The increase is mainly the result of the variable price settlements of the shares of the companies Textiel D'Eer and Viafobel.

As of 31 March 2019, the weighted average interest rate is 2.31%.

4. AUDIT ACTIVITIES OF THE STATUTORY AUDITOR

The statutory auditor confirmed that his audit activities, which have been fully completed, have revealed no material adjustments that would have to be made to the accounting information included in this press release.

5. OUTLOOK

For the financial year 2019-2020, on the basis of the planned composition of the real estate portfolio and barring unforeseen events, the company expects the net rental income to amount to EUR 100.51 million. This figure only takes into account purchases and sales for which a sales contract was signed and investments that were tendered and for which the required permits were obtained.

As was the case in the previous years, Retail Estates NV expects the dividend for the financial year 2019-2020 to grow in line with the previous years, as a result of which it is minimally inflation resistant. Retail Estates nv aims at a gross dividend of EUR 4.4 (EUR 3.08 net) for the financial year 2019-2020. This would represent an increase by 3.53% compared to the dividend for the financial year 2018-2019 (EUR 4.25 gross).

6. FINANCIAL CALENDAR

Shareholder agenda:

Publication of the annual report 2018-2019	14 June 2019
General meeting	22 July 2019
Ex-coupon date	31 May 2019
Announcement of half-yearly results	15 November 2019

ATTACHMENTS

KEY FIGURES

1. Consolidated income statement

1. A. INCOME STATEMENT (in € 000)

	31.03.19	31.03.18
Rental income	95,411	78,046
Rental-related expenses	-430	-198
Net rental income	94,981	77,848
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by the tenants on let properties	10,403	7,567
Rental charges and taxes normally payable by the tenants on let properties	-11,786	-8,498
Other rental related income and expenses	-58	-41
Property result	93,539	76,876
Technical costs	-3,829	-2,948
Commercial costs	-870	-618
Charges and taxes on unlet properties	-306	-408
Property management costs	-2,562	-2,158
Other property costs	-18	8
Property costs	-7,586	-6,124
Operating property result	85,954	70,752
Operating corporate costs	-5,147	-4,518
Other current operating income and expenses		
Operating result before result on portfolio	80,807	66,234
Result on disposals of investment properties	654	92
Result on sales of other non-financial assets		
Changes in fair value of investment properties	7,361	-2,505
Other result on portfolio	-1,058	1,106
Operating result	87,764	64,927
Financial income	93	70
Net interest charges	-18,479	-17,379
Authorised hedging instruments' costs	-13,374	101
Other financial charges	-67	-60

Financial result	-31,826	-17,268
Result before taxes	55,938	47,659
Taxes	-1,458	-964
Net result	54,479	46,695
Attributable to:		
Shareholders of the Group	54,479	46,695
Minority interests		
Note:		
EPRA result (Group share) ¹	60,896	47,901
Result on portfolio	6,958	-1,307
Variations in fair value of financial assets and liabilities	-13,374	101
RESULT PER SHARE		
Number of ordinary shares in circulation	11,422,593	9,489,661
Weighted average number of shares	11,265,034	9,331,494
Net profit per ordinary share (in €) ²	4.84	5.00
Diluted net profit per share (in €)	4.84	5.00
EPRA result per share (in €) ³	5.41	5.13

1. STATEMENT OF OTHER COMPREHENSIVE INCOME (in € 000)

	31.03.19	31.03.18
Net result	54,479	46,695
Other components of other comprehensive income, recyclable in income statements:		
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	0	0
Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	3,183	5,365
COMPREHENSIVE INCOME	57,662	52,060

¹EPRA earnings are calculated as follows: net result excluding changes in the fair value of investment properties, excluding the result on the disposal of investment properties and excluding changes in the fair value of financial assets and liabilities.

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

³ The EPRA earnings per share are calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with the first dividend entitlement date). Calculated on the number of dividend-entitled shares, the EPRA earnings per share amount to EUR 5.33 on 31.03.2019 compared to EUR 4.21 on 31.03.2018.

2. Consolidated balance sheet

ASSETS (in € 000)

	31.03.19	31.03.18
Non-current assets	1,535,431	1,354,397
Goodwill		
Intangible non-current assets	142	115
Investment properties ⁴	1,529,629	1,349,367
Other tangible non-current assets	2,812	2,119
Financial non-current assets	186	
Financial lease receivables	1,030	1,030
Trade receivables and other non-current assets	1,632	1,767
Deferred taxes	1,113	1,249
Other	519	518
Current assets	28,461	39,776
Non-current assets or groups of non-current assets held for sale	17,406	29,201
Trade receivables	4,051	3,533
Tax receivables and other current assets	2,342	2,281
Cash and cash equivalents	3,163	3,389
Deferred charges and accrued income	1,500	1,371
TOTAL ASSETS	1,563,892	1,394,173
SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	31.03.19	31.03.18
Shareholders' equity	707,926	568,332
Shareholders' equity attributable to the shareholders of the parent company	707,926	568,332
Capital	248,939	208,205
Issue premiums	260,174	177,990
Reserves	144,335	135,442
Net result of the financial year	54,479	46,695
Minority interests		
Liabilities	855,966	825,841
Non-current liabilities	733,220	766,518
Provisions		
Non-current financial debts	706,793	746,000
Credit institutions	622,200	661,494
Long-term financial lease		
Bonds	84,593	84,506
Other non-current financial liabilities	26,427	20,518

⁴ Including assets under construction developments according to the adjusted IAS 40 standard.

Current liabilities	122,745	59,323
Current financial debts	82,260	36,384
Credit institutions	82,260	36,384
Short-term financial lease		
Trade debts and other current debts	25,640	12,800
Exit tax	7,975	1,067
Other	17,665	11,733
Other current liabilities	5,479	620
Accrued charges and deferred income	9,366	9,519
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,563,892	1,394,173
 DEBT RATIO	 31.03.19	 31.03.18
 Debt ratio ⁵	 52.58%	 57.57%
 NET ASSET VALUE PER SHARE (in €) – GROUP SHARE		
Net asset value per share IFRS ⁶	61.98	59.89
EPRA NAV ⁷	64.07	61.33
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments	64.28	61.73

⁵ 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).

⁶ 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.

⁷ ERPA NAV is calculated as follows: shareholders' equity (excluding the fair value of the authorised hedging instruments) divided by the number of shares.

ALTERNATIVE PERFORMANCE BENCHMARKS

<u>Alternative performance benchmark</u>	<u>Definition</u>	<u>Purpose</u>
Operating margin	The 'Operating result before result of the portfolio' divided by the 'Net rental income'.	Allows measuring the operational performance of the company.
Financial result (excluding variations in fair value of financial assets and liabilities).	The "Financial result" minus the "Variations in fair value of financial assets and liabilities"	Allows to make a distinction between the realised and the unrealised financial result.
Result on portfolio	<p>The "Result on the portfolio" consists of the following items:</p> <ul style="list-style-type: none"> - "Result on disposals of investment properties"; - "Result on sales of other non-financial assets"; - "Changes in fair value of investment properties"; and - "Other result on portfolio". 	Allows to measure realised and unrealised gains and losses related to the portfolio, compared to the last valuation by independent real estate experts.
Weighted average interest rate	The interest charges (including the credit margin and the cost of the hedging instruments) divided by the weighted average financial debt of the current period.	Allows to measure the average interest charges of the company.

<u>Alternative performance benchmark</u>	<u>Definition</u>	<u>Purpose</u>
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments	Shareholders' equity (excluding the impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties, excluding the fair value of authorised hedging instruments and excluding dividend) divided by the number of shares.	Reflects the net asset value per share adjusting for some material IFRS adjustments to enable comparison with its stock market value.

RECONCILIATION TABLES ALTERNATIVE PERFORMANCE BENCHMARKS

Operating margin

(in € 000)	31.03.19	31.03.18
Operating result before result on portfolio (A)	80,807	66,234
Net rental income (B)	94,981	77,848
Operating margin (A/B)	85.08%	85.08%

Financial result (excluding variations in fair value of financial assets and liabilities).

(in € 000)	31.03.19	31.03.18
Financial result (A)	-31,826	-17,268
Variations in fair value of financial assets and liabilities (B)	-13,374	101
Financial result (excluding variations in fair value of financial assets and liabilities) (A-B)	-18,452	-17,369

Result on portfolio

(in € 000)	31.03.19	31.03.18
Result on disposals of investment properties (A)	654	92
Result on sales of other non-financial assets (B)		
Changes in fair value of investment properties (C)	7,361	-2,505
Other result on portfolio (D)	-1,058	1,106
Result on portfolio (A+B+C+D)	6,958	-1,307

Weighted average interest rate

(in € 000)	31.03.19	31.03.18
Interest charges (including the credit margin and the cost of hedging instruments) (A)	17,261	16,583
Weighted average financial debt of the period (B)	747,040	632,052
Weighted average interest charge (A/B)	2.31%	2.62%

Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments

(in € 000)	31.03.19	31.03.18
Shareholders' equity attributable to the shareholders of the parent company (A)		
	707,926	568,332
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B)	-51,030	-44,780
The fair value of authorised hedging instruments qualifying for hedge accounting (C)	-23,879	-13,688
Proposed gross dividend (D)	48,546	40,995
Number of ordinary shares in circulation (E)	11,422,593	9,489,661

Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments ((A-B-C-D)/E)	64.28	61.73
--	-------	-------

EPRA INDICATOR TABLES¹

These data are not required by the legislation on Belgian REITs and are not subject to verification by public authorities. The statutory auditor considered whether the ratios "EPRA Earnings", "EPRA NAV" and "EPRA NNNAV" were calculated according to the definitions included in the "EPRA Best Practices Recommendations" and whether the financial data used in the calculation of these ratios correspond with the accounting data included in the activated consolidated financial statements.

EPRA earnings	31.03.19 EUR/1000	31.03.18 EUR/1000
IFRS Net Result (group share)	54,479	46,695
Adjustments to calculate EPRA earnings		
Excluding:		
Variations in the fair value of investment properties of assets held for sale (IAS40)	7,361	-2,505
Other result on portfolio	-1,058	1,106
Result on disposal of investment properties	654	92
Variations in fair value of financial assets and liabilities	-13,374	101
Adaptations to minority interests		
EPRA earnings (group share)	60,895	47,900
EPRA earnings (EUR/share) (group share)	5.41	5.13
EPRA Net Asset Value (NAV)	EUR/1000	EUR/1000
Net Asset Value (group share) according to the financial statements	707,926	568,332
Net Assets (EUR/share) (group share)	61.98	59.89
Effect of exercise of options, convertible debts and other equity interests		
Diluted net asset value after effect of exercise of options, convertible debts and other equity interests	707,926	568,332
Excluding:		
Fair value of the financial instruments	-23,879	-13,688
EPRA NAV (group share)	731,805	582,020
EPRA NAV (EUR/share) (group share)	64.07	61.33
EPRA Triple Net Asset Value (group share)	EUR/1000	EUR/1000
EPRA NAV (group share)	731,805	582,020
Including:		
Fair value of the financial instruments	-23,879	-13,688
Difference between fair value and nominal value of the financial debts	9,652	0
EPRA Triple Net Asset Value (group share)	717,578	568,332
EPRA NNNAV (EUR/share) (group share)	61.98	59.89

¹ For the definitions of the EPRA key performance indicators, please refer to the annual report 2018-2019. Source: EPRA Best Practices www.epra.com.

		31.03.19 EUR/1000	31.03.18 EUR/1000
EPRA Net Initial Yield			
Investment properties (excluding assets held for sale) fair value		1,529,629	1,349,367
Transaction costs		49,663	43,060
Investment value		1,579,292	1,392,427
Project developments		12,119	24,981
Investment value of the properties available for rent	B	1,567,174	1,367,446
Annualised gross rental income		104,872	93,345
Property costs			
Rent payable on rented assets and lease costs		-1,917	-1,550
Recovery of rental charges and taxes payable by the tenants on let properties		-228	-211
Charges and taxes on unlet properties		10,403	7,567
		-11,786	-8,498
		-306	-408
Annualised net rental income	A	102,954	91,795
Notional amount upon expiration of rent-free period or other lease incentives			
Topped-up annualised net rental income	C	102,954	91,795
EPRA Net Initial Yield (NIY)	A/B	6.57%	6.71%
EPRA Topped-up Net Initial Yield (topped-up NIY)	C/B	6.57%	6.71%
EPRA Vacancy Rate			
		EUR/1000	EUR/1000
Estimated rental value of the vacant surfaces		1,369	1,129
Estimated rental value of total portfolio		104,872	93,345
EPRA Vacancy Rate		1.31%	1.21%
EPRA Cost Ratio			
		EUR/1000	EUR/1000
Operating corporate costs		5,147	4,518
Impairments on trade receivables		202	-13
Land rent costs		228	211
Property costs		7,586	6,124
Less:			
Land rent costs		-228	-211
EPRA costs (incl. vacancy costs)		12,934	10,629
Vacancy costs		-117	-239
EPRA costs (excl. vacancy costs)		12,817	10,390

Rental income less land rent costs	95,182	77,835
EPRA Cost Ratio (incl. vacancy costs)	13.59%	13.66%
EPRA Cost Ratio (excl. vacancy costs)	13.47%	13.35%

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. Real Estates NV acquires these real properties from third parties or builds and commercialises retail buildings for its own account. The buildings have useful areas ranging between 500m² and 3,000m². A typical retail property has an average area of 1,000 m².

As of 31 March 2019, Retail Estates nv has 906 premises in its portfolio with a total retail area of 1,049,101 m². The occupancy rate of the portfolio was 98.28% on 31 March 2019, compared to 98.11% on 31 March 2018.

The fair value of the consolidated real estate portfolio of Retail Estates NV as at 31 March 2019 is estimated at EUR 1,529,629 million by independent real estate experts.

Retail Estates NV is listed on Euronext Brussels and Euronext Amsterdam and is registered as a public regulated real estate company. As at 31 March 2019, the stock market capitalisation of the shares amounts to EUR 927.52 million.

FORWARD-LOOKING STATEMENTS

This press release contains a number of forward-looking statements. Such statements are subject to risks and uncertainties which may lead to actual results being materially different from the results which might be assumed in this press release on the basis of such forward-looking statements. Major factors that may influence these results include changes in the economic situation, commercial, tax-related and environmental factors.

Ternat, 17 May 2019

Jan De Nys, CEO of Retail Estates nv

For more information, please contact:

Retail Estates nv, Jan De Nys – CEO, tel. +32 2/568 10 20 – +32 475/27 84 12

Retail Estates nv, Kara De Smet – CFO, tel. +32 2/568 10 20 – +32 496/57 83 58



IN RETAIL WE TRUST



RETAIL ESTATES NV

Openbare GVV naar Belgisch recht

Industrielaan 6 - B-1740 Ternat

RPR Brussel

BTW BE 0434.797.847

T: +32 2 568 10 20

info@retailestates.com

www.retailestates.com