HALF-YEARLY FINANCIAL REPORT

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RETAIL ESTATES

KEY FIGURES 2019-2020

REAL ESTATE PORTFOLIO	30.09.19	31.03.19
Number of properties	965	906
Total lettable area in m²	1 128 130	1 049 101
Estimated fair value (in EUR)	1 639 836 584	1 529 629 000
Estimated investment value (in EUR)	1 685 980 936	1 579 292 000
Average rent prices per m²	100,23	99,96
Occupancy rate	97.97%	98.28%

BALANCE SHEET INFORMATION	30.09.19	31.03.19
Shareholders' equity	762 205 000	707 926 000
Debt ratio (RREC legislation, max. 65%)*	51.79%	52.58%

RESULTS	30.09.19	30.09.18
Net rental income	52 842 000	46 136 000
Property result	52 119 000	45 382 000
Property costs	-4 136 000	-3 666 000
Operating corporate costs and other current operating income and expenses	-2 774 000	-2 533 000
Operating result before result on portfolio	45 208 000	39 183 000
Result on portfolio	678 000	125 000
Operating result	45 886 000	39 308 000
Financial result	-22 002 000	-11 332 000
Net result	21 999 000	27 647 000
EPRA earnings	33 770 000	29 442 000

INFORMATION PER SHARE	30.09.19	31.03.19
Number of shares	12 630 414	11 422 593
Number of dividend bearing shares	12 630 414	11 422 593
Net asset value (NAV) per share IFRS	60.35	61.98
EPRA NAV	63.20	64.07
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments	65.51	64.28
EPRA resultaat per aandeel	2.79	5.41
Share price on closing date	85.70	81.20
Over-/undervaluation compared to net asset value IFRS	42.01%	31.01%

* The Royal Decree of 13 July 2014 (the "RREC R.D."), last modified by the Royal Decree of 23 april 2018 in execution of the Law of 12 May 2014 (the "RREC Law"), last modified by the Law of 2 May 2019 on regulated real estate companies (Belgian REITs).

IN RETAIL WE TRUST

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ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are standards that Retail Estates nv uses to measure and track its financial performance. The measures are used in this annual report but are not defined in a law or generally accepted accounting principles (GAAP). The European Securities and Markets Authority (ESMA) has issued guidelines applicable from 3 July 2016 for the use and explanation of alternative performance measures. The terms considered by Retail Estates nv as an alternative performance measure are contained in chapter 8 of this report, Miscellaneous, called "Glossery - Alternative performance measures". The definition, purpose and reconciliation of the alternative performance measures are foreseen as required by the ESMA Directive.

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MANAGEMENT REPORT

1. INTRODUCTION

GENERAL

Retail Estates nv is a leading Belgian retail estate company specialised in out-of-town retail real estate. The real estate portfolio of Retail Estates nv consists of 965 properties located in Belgium and the Netherlands, accounting for a total retail area of 1,128,130 m² and a fair value of € 1,639.84 million.

Retail Estates nv is a listed company (Euronext Brussels and Amsterdam). The company's stock market capitalisation amounted to € 1,082.43 million on 30 September 2019.

RISK MANAGEMENT

While management tries to minimise the risk factors, a number of risks must be carefully taken into account. For an overview of the risks, we refer to the chapter "Risk management" of the 2018-2019 annual report.

2. ACTIVITY REPORT FOR THE FIRST HALF-YEAR 2019-2020 ENDING ON 30 SEPTEMBER 2019

RENTAL INCOME AND OCCUPANCY RATE

Rental income in the first half of the financial year amounted to € 52.88 million, an increase by 14.03% versus the comparable half year of the 2018-2019 financial year. Rental income then was € 46.38 million. This increase is almost entirely attributable to the growth of the real estate portfolio.

The occupancy rate on 30 September 2019 was 97.97%, compared to 98.28% on 31 March 2019.

FAIR VALUE[1] OF THE REAL ESTATE PORTFOLIO

The fair value of the real estate portfolio totals € 1,639.84 million. Based on the contractually owed rent, rent return (versus investment value) on the portfolio as determined by the real estate experts amounts to 6.60%.

The stability of the value of out-of-town retail property can mainly be explained by the continued interest in investments in this type of real estate by wealthy individuals and institutional investors, not only from Belgium and the Netherlands, but from abroad as well. Retail Estates nv experienced this first-hand during the realisation of its annually recurring programme for the divestment of non-strategic properties.

As of 30 September 2019, the real estate portfolio consists of 965 properties with a lettable surface of 1,128,130 m².

INVESTMENTS[2] – RETAIL PARKS

THE NETHERLANDS

Within the context of a transaction with an institutional investor, Retail Estates acquired 56 retail properties spread over three locations: Breda, Naaldwijk and Zaandam. The retail properties represent a retail area of 74,163 m², which is let in its entirety. The investment amounts to € 97 million, inclusive of real estate transfer tax, notary fees and transaction costs, and generates a net rental income[3] of € 6.79 million, representing an initial yield of 7% (i.e. 7.14% on the contractually determined rents). The fair value[4] determined by the real estate expert Cushman & Wakefield amounts to € 91.87 million.

1. Breda (province of North Brabant)

This transaction relates to the purchase of 31 retail properties that are part of Woonboulevard Breda. This retail park, which focuses on home decoration articles, is situated at an excellent location at the junction of several motorways. The quality of the retail park is reinforced by the presence of a large IKEA store, guaranteeing a strong regional appeal. For that matter, the IKEA store has recently undergone a major expansion. The catchment area covers 275,000 local residents. The 31 retail properties represent a retail area of 39,932 m² and have all been let to retail chains.

2. Naaldwijk (province of South Holland)

The retail park acquired at Naaldwijk is situated in the densely populated region between Rotterdam and The Hague and has a catchment area of approximately 135,000 residents. On a retail area of 19,875 m², the retail park offers an extensive range of home decoration articles spread over 16 retail properties that are mainly let to retail chains. The retail park also features an office floor with a surface area of 1,055 m², of which 855 m² are currently not let.

3. Zaandam (province of North Holland)

Zaandam is part of the conurbation of Amsterdam and features a business zone which has entirely evolved into a cluster location with a large number of home decoration stores. The catchment area of his retail zone covers the northwest of Amsterdam, with approximately 155,000 inhabitants. Retail Estates acquires 9 retail properties in this zone with a total surface area of 15,054 m², the majority of which is let to a number of retail chains and PMEs.

1 Fair value: investment value as determined by an independent real estate expert, with hypothetical transfer taxes deducted pursuant to IFRS13. The fair value is the carrying amount under IFRS (see also note 21 in the 2018-2019 annual report).

2 The purchase and sales terms and conditions of the investments and divestments are in line with the fair value estimated by the real estate

3 The net rental price is calculated by deducting the Dutch equivalent of the property tax [and the polder taxes] from the contractual rental price so as to arrive at a rental price that is comparable with Belgian rental prices.

4 In the Netherlands the fair value corresponds to the cost-to-buyer valuation (i.e. the total investment excluding 6% real estate transfer fax, notary fees and other costs of transfer).

With its 31 retail properties, the investment in the retail park at Breda for an amount of € 62.75 million constitutes the cornerstone of this transaction. Together with the retail parks at Cruquius (Amsterdam region) and Heerlen, which were acquired earlier, it is one of the top ten retail parks in the Netherlands. With a total investment of € 421.84 million in 215 retail properties at 13 locations in the Netherlands, Retail Estates nv has built a leading position among the institutional investors in the out-of-town segment. In April 2018 the crowning achievement was an additional listing on the Amsterdam stock exchange.

This transaction was partially financed with bank loans. The remaining part (for an amount of € 51.32 million) was financed by the issue of new shares. A total of 750,000 shares were issued at an issue price of € 68.425 per share.

BELGIUM

On 22 July 2019 the agreement of 12 June 2019 was executed, pursuant to which a private investor contributed two additional retail properties in retail park Aliénau at Libramont. It concerns the properties rented to PointCarré and to Hennes & Mauritz. These retail properties account for a global annual rental income of € 0.32 million on a yearly basis. The investment value of these retail properties is € 5.57 million. The gross initial yield on this investment amounts to 5.75%. In earlier transactions, Retail Estates had already acquired seven retail units in this retail park, out of a total of the 17 retail units that together make up the park. These past few years, this retail park has acquired a strong regional appeal. It is regarded as the most important retail park of the wider region.[5] This transaction was funded for an amount of € 3.61 million by the issue of new shares at an issue price of € 68.425 per share. A total of 52,758 new shares were issued on 22 July 2019. They represent a capital increase by € 1.19 million and an increase of the issue premium for the balance of € 2.42 million. These shares were issued with coupon 28 et seq. attached and will for the first time share in the profits of the financial year that has started on 1 April 2019. The remaining part of the investment was realised by the purchase, by notarial deed, of the land on which these retail properties are constructed, within the context of a superficies agreement. By the execution of this deed, Retail Estates acquired full ownership.

5 See press release of 13 June 2019.

NON-CURRENT ASSETS UNDER CONSTRUCTION

On 30 September 2019 the total amount of the non-current assets under construction is € 23.37 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 to be sold at a later stage if no redevelopment is possible. Furthermore, there are prospective projects, projects under predevelopment and projects under development.

On 30 September, the speculative land positions accounted for € 1.67 million, the prospective projects amounted to € 9.87 million, the projects under predevelopment represented € 6.32 million and the projects under development represented € 5.49 million.

A. Non-current assets under construction – prospection – overview of the main prospective 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. In 2016, Retail Estates nv has acquired the adjacent lot with an industrial building and site that is to be redeveloped. To date, the EIR-permit was obtained for this development, but no environmental permit yet. Consultation with various authorities is ongoing to define how to shape the expansion of the retail park within the limits of the SIP which made retail premises licensable for extensive retail. The cost to date of already completed procedures and the preparation of the application for an environmental permit sums up to € 0.41 million. The investment in this expansion will amount to € 9 million. Completion of this project is expected 12 months after the permit is obtained.

The building application to modernize the façade of the retail park in Heerlen is ongoing. The additional investment is expected to amount to approximately € 3.83 million. Completion is expected by December 2020.

Finally, the company intends to invest in the renovation of its retail park in Apeldoorn. The retail area will be redivided and the façades will be renovated. The approved building permit for this renovation has been received. The additional investment is expected to amount to approximately € 1.39 million. Completion is expected by May 2020.

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

- In Halle, the existing retail area is extended to suit Brantano. This extension is necessary due to the changes in the retail concept of Brantano. The investment is expected to amount to approximately € 1.78 million. The required permits for this development have been obtained. The realisation of this project postulates the building of a number of appartments. As this is not within the usual scope of Retail Estates, a collaboration with a building contractor is sought to be established to take on the construction of the appartments. Completion is expected by November 2020.
- Due to a concept change at Aldi, an extension of the retail unit in Sint-Niklaas is necessary. The additional investment amounts to € 1.05 million. Completion is expected by June 2020.
- A completely new retail park will be constructed next to the existing IKEA of Hognoul. The retail park will comprise four retail units, for a total retail area of 5,672 m². The total investment is expected to amount to approximately € 10.37 million. Completion is expected in April 2021.
- Furthermore, the company is investing in the embellishment of its retail park at Roosendaal. A building permit was obtained for the refreshment of the entire park. This refreshment will be executed in different stages. The first stage is expected to amount to €1.50 million. Completion is expected by December 2020.
- Other projects: this concerns various smaller projects and extensions. The expected additional investment for these projects amounts to approximately € 2.22 million.

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

- The company has started the extension of the retailcluster at Namen-Zuid. It concerns a forward-financing, which legally will take the form of a real estate leasing. The extension partially consists of erecting a new building as well as the renovation of an existing building resulting in a total retail area of 15,905 m². The building will be custom-built for Brico Planit, but will at the same time be multipurpose space that offers possibilities. The total investment value is contractually limited to € 17.95 million. The investment will be conducted according to the 'open book' principle with a predefined return of 6.50%. The execution has started in September 2019. Completion is expected by March 2021.

- In Eupen, the embellishment of the existing retail park has started, as well as the construction of one new retail unit. The additional investment amounts to € 1.73 million. Completion is expected by January 2020.

- Other projects: this concerns various smaller projects and extensions. The expected additional investment for these projects amounts to approximately € 1.27 million.

D. Completion of non-current assets under construction

- A thorough façade renovation has been executed for the entire site of the Krüger shopping centre at Eeklo. The works were completed in September 2019. Together with the façade renovation, the layout of the park was restructured. Some shop-premises were rearranged and new tenants were attracted. The total investment amounted up to € 1.36 million and has led to a positive revaluation of the retail park for an amount of € 2.57 million. The total rent collection of the retailpark sums up to € 1.42 million on 1 October 2019 in comparison to € 1.36 million on 1 October 2017 (before commencement of the works).

DIVESTMENTS

In the past half year two solidary retail properties were sold (in Bastogne and Meulebeke). The net sales revenue amounted to € 2.22 million. The fair value of these properties was € 2.15 million. The rental income of these properties amounted to € 0.19 million, the propertie in Bastogne was not rented out. These sales generated € 0.07 million in net added value.

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 4.57 years. Within the context of the financing of its activities, Retail Estates has had a commercial paper programme of (up to) € 100 million since September 2017 (and extended in October 2018). The commercial paper is 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 paper prove to be impossible or only partially possible.

As of 30 September 2019, an amount of € 94 million of this commercial paper programme has been used.

The average interest rate on 30 September 2019 is 2.14% compared to 2.31% on 31 March 2019. (see annual report 2018-2019).

Retail Estates opts for a growth model with a direct contribution to earnings per share. Since the market capitalization has been exceeded EUR 1 billion, wider markets have been available for raising funds, both on the capital side and on the debt financing side. On the capital side, this can be done through a contribution in kind, a traditional rights issue or (in the future, and on condition that the extraordinary general meeting of December 6, 2019, or, if the required quorum is not reached, the extraordinary general meeting of December 23, 2019, approves this extension of the authorized capital authorization) via the option for RRECs recently introduced in the RREC law to implement a capital increase through an accelerated bookbuilding (ABB).

On the debt financing side, this can be done through traditional bank financing on the one hand or a public and / or private bond loan on the other. Retail Estates regularly examines the opportunity of a private and / or public bond loan.

For more information with regard to financing, we refer to the chapter "non-current and current financial liabilities" of the half-yearly financial report.

CAPITAL INCREASES IN THE CONTEXT OF THE AUTHORISED CAPITAL

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 two receivables with a conventional contribution value of € 4,420,000 was established. By way of compensation for this contribution, 68,000 shares were issued at an issue price of € 65.

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.[6]

At its meeting of 29 May 2019, the board of directors of Retail Estates decided to pay an interim dividend for financial year 2018-2019 in the form of an optional dividend with a gross value of € 4.25 (€ 2.975 net). A total of 67.87% of the coupons no. 27 were incorporated in exchange for new shares. As a result, 337,063 new shares were issued on 24 June 2019, for a total amount of € 23.06 million.

On 26 June 2019, the board of directors issued 750,000 new shares and the capital was increased by € 51,318,750. This capital increase took place within the context of the contribution of a receivable with respect to the acquisition of 56 retail units in the Netherlands [7].

On 22 July 2019, the board of directors issued 52,758 new shares and the capital was increased by € 3,609,966.15. This capital increase took place within the context of the contribution of a non-monetary contribution with respect to the acquisition of two retail units in Libramont[8].

Following these capital increases, 1,207,821 shares were issued, increasing the total number of shares to 12,630,414 and the share capital to € 284,189,235.69 on 30 September 2019.

6 See press release of 1 April 2019.

7 See press release of 26 June 2019.
8 See press release of 26 July 2019.

3. ANALYSIS OF THE RESULTS

Half-year results 30 September 2019: EPRA earnings for the Group[9] increase by 14.70% compared to 30 September 2018 - fair value of the real estate portfolio increases to € 1,639.84 million.

As at 30 September 2019 the **EPRA result** (i.e. the profit less the result on portfolio and the variations in the fair value of financial assets and liabilities) amounts to € 33.77 million, an increase by 14.70% compared to the same period last year.

The **net rental income** increased from € 46.14 million to € 52.84 million. This is mainly due to the contribution of the retail properties purchased in the course of the previous financial year and are contributing 100% for the first time this financial year, as well as the new investments in the Netherlands contributing to the result as of June 2019. Compared to 30 September 2018, the real estate portfolio grew by € 248.19 million. Compared to 31 March 2019, the portfolio grew by € 110.21 million.

After deduction of property costs, this results in an operating property result of € 47.98 million compared to € 41.72 million last year.

The property costs amount to € 4.14 million compared to € 3.67 million in the previous year, which can mainly be explained by the increase in technical, commercial and personnel costs following the extension of the

9 Retail Estates nv and its subsidiaries.

portfolio. The corporate operating costs amount to € 2.77 million, an increase by € 0.24 million compared to last year, which can mainly be explained by the growth of the Group. After deduction of the corporate operating costs, Retail Estates nv achieves an operating result before the result on portfolio of € 45.21 million. The operating margin is 85.55%.

The result from the **disposals of investment properties** is € 0.04 million on total sales of € 2.22 million. We refer to the paragraph "Divestments" of the management report.

The **variations in the fair value of investment properties** amount to € 0.50 million and can be explained by the positive impact of indexations and contract renewals on the one hand (€ +6.42 million), offset by the reduction in the transaction costs for determining the fair value of the investment properties on the other hand (€ -5.91 million). The "other" result on portfolio amounts to € 0.14 million.

The **financial result** (excluding variations in the fair value of financial assets and liabilities) amounts to € 9.55 million. The net interest costs amount to € -9.53 million, an increase by € 0.12 million compared to last year. The interest charges increased due to the inclusion of additional financing. However, this impact is offset by the decrease in the average interest rate. The average interest rate decreased to 2.14% compared to 2.39% on 30 September 2018 (see annual report 2018-2019). The decrease in the financial result including the variations in the fair value of the financial assets and liabilities is also the result of the change in the fair value of the swaps that are not defined as 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** evolves to € 33.77 million on 30 September 2019 compared to € 29.44 million in the reference period of the financial year 2018-2019. This results in an EPRA profit of € 2.79 per share for the first half year (based on the weighted average number of shares) in comparison to € 2.65 on 30 September 2018 (based on the weighted average number of shares).

The **net result** (Group share) for the first half of the year amounts to € 22.00 million, consisting of the EPRA earnings of € 33.77 million, the result on portfolio of € 0.68 million and variations in the fair value of financial assets and liabilities of € -12.45 million.

The **fair value of the real estate portfolio**, including non-current assets under construction, amounts to € 1,639.84 million on 30 September 2019, compared to € 1,529.63 million on 31 March 2019. This increase is mainly due to investments in the Netherlands which took place end of June 2019. For more details, we refer to the chapter "Investments – retail parks".

The **EPRA net asset value (NAV)** per share was € 63.20 on 30 September 2019. On 31 March 2019, the EPRA NAV was € 64.07.

The **debt ratio** on 30 September 2019 was 51.79% compared to 52.58% on 31 March 2019.

4. OUTLOOK

Macroeconomic uncertainties do not allow predictions about the evolution of the fair value of real estate nor about the variations in the fair value of interest rate hedging instruments. The evolution of the intrinsic value of the shares, which is sensitive to this, is therefore uncertain.

The dividend forecast of € 4.40 gross per share (€ 3.08 net per share) is confirmed. Compared to the 2018-2019 financial year, this represents a 3.53% dividend increase. This expectation was made under the hypothesis of stable consumer spending and a positive evolution of rents.

5. FORWARD-LOOKING STATEMENTS

This half-year report 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 interim statement 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.

6. SUBSEQUENT EVENTS

In Utrecht a purchase contract was concluded for part of a retail cluster, for an amount of € 5.10 million. The properties are let to 4 retailers. Gross rental income is € 0.41 million. The final transfer of the properties is scheduled for the end of November at the latest.

One unit was obtained in Cruquius, adjacent to the retail park already owned by the Group. This unit concerns a rented storage location and offices which are rented out precariously. The total purchase price was € 0.86 million. In time this surface area can be designated as retail space and integrated into the retail park, after obtaining the necessary permits.

The termination of the purchase agreement of June 2017 concerning some retail premises in Leiderdorp has been executed due the coming into force of a resolutive condition. The full purchase price, as well as the settlement of costs and revenues, were reimbursed by the seller. The revenues of this retrocession amount to € 0.93 million.

The board of directors has decided to convene an extraordinary general meeting with regard to an amendment of the articles of association. For more information on this topic, we refer to the website of Retail Estates (https://www.retailestates.com)

HALF-YEARLY FINANCIAL REPORT

1. A. CONDENSED CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in € 000)	Notes	30.09.19	30.09.18
Rental income	1	52 883	46 377
Rental related expenses		-41	-241
Net rental income		**52 842**	**46 136**
Recovery of property expenses			
Recovery of rental charges and taxes normally payable by tenants on let properties		5 509	4 972
Rental charges and taxes normally payable by tenants on let properties		-6 206	-5 675
Other rental related income and expenses		-25	-51
Property result		**52 119**	**45 382**
Technical costs		-2 055	-1 890
Commercial costs		-399	-317
Charges and taxes on unlet properties		-270	-199
Property management costs		-1 407	-1 243
Other property costs		-5	-17
Property costs		**-4 136**	**-3 666**
Operating property result		**47 983**	**41 716**
Operating corporate costs and other current operating income and expenses		-2 774	-2 533
Operating result before result on portfolio		**45 208**	**39 183**
Result on disposals of investment properties	2	38	762
Result on sales of other non-financial assets			
Changes in fair value of investment properties	2	495	193
Other result on portfolio		144	-830
Operating result		**45 886**	**39 308**
Financial income		27	36
Net interest charges	5	-9 533	-9 417
Changes in fair value of financial assets and liabilities	5	-12 449	-1 920
Other financial charges		-47	-32

INCOME STATEMENT (in € 000)(sequal)	Notes	30.09.19	30.09.18
Financial result		**-22 003**	**-11 332**
Result before taxes		**23 883**	**27 976**
Taxes		-1 885	-329
Net result		**21 999**	**27 647**
Attributable to:			
Shareholders of the Group		21 999	27 647
Minority interests			
Note:			
EPRA earnings (share Group)[10]		**33 770**	**29 442**
Result on portfolio		678	125
Changes in fair value of financial assets and liabilities		-12 449	-1 920

RESULT PER SHARE	Notes	30.09.19	30.09.18
Number of ordinary shares in circulation		12 630 414	11 422 593
Weighted average number of shares		12 087 984	11 108 335
Net profit per ordinary share (in €)[11]		1,82	2,49
Diluted net profit per share (in €)		1,82	2,49

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

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

1. B. STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income (in € 000)	30.09.19	30.09.18
Net result	21 999	27 647
Other components of other comprehensive income, recyclable in income statements:		
Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	-308	3 216
OTHER COMPREHENSIVE INCOME	**21 691**	**30 863**

2. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	Notes	30.09.19	31.03.19
Non-current assets		**1 647 943**	**1 535 431**
Goodwill			
Intangible non-current assets		410	142
Investment properties[12]		1 639 837	1 529 629
Other tangible non-current assets		3 722	2 812
Financial non-current assets		82	186
Finance lease receivables		1 030	1 030
Trade receivables and other non-current assets		2 862	1 632
Deferred taxes		1 834	1 113
Other		1 029	519
Current assets		**30 095**	**28 461**
Non-current assets or groups of assets held for sale		16 744	17 406
Trade receivables		6 482	4 051
Tax receivables and other current assets		1 558	2 342
Cash and cash equivalents		2 941	3 163
Deferred charges and accrued income		2 370	1 500
TOTAL ASSETS		**1 678 038**	**1 563 892**

12 Including assets under construction (IAS 40).

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000)	Notes	30.09.19	31.03.19
Shareholders' equity		**762 206**	**707 926**
Shareholders' equity attributable to the shareholders of the parent company		**762 206**	**707 926**
Capital		275 777	248 939
Issue premiums		315 410	260 174
Reserves		149 021	144 335
Net result of the financial year		21 999	54 480
Minority interests			

SHAREHOLDERS' EQUITY AND LIABILITIES (in € 000) (sequal)	Notes	30.09.19	31.03.19
Liabilities		**915 833**	**855 965**
Non-current liabilities		766 308	733 220
Provisions			
Non-current financial debts	3/5	727 493	706 793
Credit institutions		639 813	622 200
Long term financial lease	3/5	3 044	
Bonds	3/5	84 637	84 593
Other non-current financial liabilities	5	38 815	26 427
Current liabilities		149 524	122 745
Current financial debts	3/5	116 768	82 260
Credit institutions		116 768	82 260
Other			
Trade debts and other current debts		21 626	25 640
Exit tax		5 381	7 975
Other		16 245	17 665
Other current liabilities		1 084	5 479
Accrued charges and deferred income		10 046	9 366
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 678 038**	**1 563 892**

DEBT RATIO	Notes	30.09.19	31.03.19
Debt ratio[13]	4	51.79%	52.58%

13 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).

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 2018	**208 205**	**177 990**	**135 442**	**46 695**	**568 332**
- Net appropriation of profits 2017-2018					
- Transfer of result on portfolio to reserves			-1 400	1 400	0
-Transfer of variation in fair value of hedging intruments					
- Transfer of EPRA earnings to reserves			7 100	-7 100	0
- Reclassification between reserves					
- Dividends of the financial year 2017-2018				-40 995	-40 995
- Capital increase	42 704	80 661			123 365
- Capital increase through contribution in kind	788	1 522			2 310
- Costs of capital increase	-2 733				-2 733
- Other			6		6
- Other comprehensive income 30/09/2018			3 216	27 647	30 863
Balance according to IFRS on 30 September 2018	**248 963**	**260 174**	**144 364**	**27 647**	**681 148**
Balance according to IFRS on 31 March 2019	**248 939**	**260 174**	**144 335**	**54 479**	**707 926**
- Net appropriation of profits 2018-2019					
- Transfer of result on portfolio to reserves			6 302	-6 302	0
-Transfer of variation in fair value of hedging intruments			-13 374	13 374	
- Transfer of EPRA earnings to reserves			13 004	-13 004	0
- Reclassification between reserves					0
- Dividends of the financial year 2018-2019				-48 546	-48 546
- Capital increase					0
- Capital increase through contribution in kind	27 176	55 235			82 411
- Costs of capital increase	-339				-339
- Other			-938		-938
- Other comprehensive income 30/09/2019			-308	21 999	21 690
Balance according to IFRS on 30 September 2019	**275 777**	**315 410**	**149 021**	**21 999**	**762 205**

* 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 2018	**55**	**113 373**	**15 064**	**-26 611**	**-2 799**	**-10 990**	**47 349**	**135 442**
- Net appropriation of profits 2017-2018								
- Transfer of result on portfolio to reserves		16 778		-18 178				-1 400
- Transfer of variation in fair value of hedging intruments						101	-101	0
- Transfer of EPRA earnings to reserves							7 100	7 100
- Reclassification between reserves		-814	814		903	-903		0
- Capital increase through contribution in kind								
- Costs of capital increase								
- Other	1						5	6
- Other comprehensive income 30/09/2018					119	3 097		3 216
Balance according to IFRS on 30 September 2018	**56**	**129 337**	**15 878**	**-44 789**	**-1 777**	**-8 695**	**54 353**	**144 364**
Balance according to IFRS on 31 March 2019	**60**	**130 357**	**15 335**	**-44 784**	**-2 672**	**-7 833**	**53 871**	**144 335**
- Net appropriation of profits 2018-2019								
- Transfer of result on portfolio to reserves		14 619		-8 317				6 302
- Transfer of variation in fair value of hedging intruments						-13 374		-13 374
- Transfer of EPRA earnings to reserves							13 004	13 004
- Reclassification between reserves		-1 048	2 156	2 074			-3 182	0
- Capital increase through contribution in kind								0
- Costs of capital increase								0
- Other*		-938						-938
- Other comprehensive income 30/09/2019					-687	379	0	-308
Balance according to IFRS on 30 September 2019	**60**	**142 990**	**17 491**	**-51 027**	**-3 359**	**-20 828**	**63 693**	**149 021**

* Concerns the first application of IFRS 16. This is caused by a different discount rate between (i) the borrowing cost and (ii) the right-of-use asset.

4. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Rounding off to the nearest thousand can bring about discrepancies between the balance sheet and the income statement and the details presented below.

CASH-FLOW STATEMENT (in € 000)	Notes	30.09.19	30.09.18
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE SEMESTER		3 163	3 389
1. Cash-flow from operating activities		27 919	29 333
Operating result		45 886	39 308
Interest paid		-8 813	-9 654
Interest received		25	25
Corporate taxes paid		-5 379	-553
Corporate taxes received		67	424
Other*		-9 788	-1 903
Non-cash elements to be added to / deducted from the result:		12 068	2 069
* Depreciations and write-downs			
- Depreciation / Write-downs (or write-backs) on tangible and intangible assets		154	65
- Depreciation / Write-downs (or write-backs) on trade receivables		16	208
* Other non-cash elements			
- Changes in the fair value of investment properties	2	-495	-193
- Result on disposal of investment properties		-38	-762
- Other result on portfolio		-146	830
- Changes in fair value of financial assets and liabilities	5	12 533	1 920
- Kosten voor uitgite obligatielening.		43	
* Other			
Change in working capital requirements:		-6 147	-380
* Movement of assets			
- Trade receivables and other receivables		-2 447	-1 955
- Tax receivables and other current assets		784	199
- Deferred charges and accrued income		-870	-744
- Long-term assets		-305	
* Movement of liabilities			
- Trade debts and other current debts		-4 014	3 702
- Other current liabilities		25	-1 587
- Accrued charges and deferred income		680	5

* This mainly concerns the variation in fair value of the financial assets and liabilities

CASH-FLOW STATEMENT (in € 000) (sequal)	Notes	30.09.19	30.09.18
2. Cash-flow from investment activities		-54 312	-27 655
Purchase of intangible assets	2	-302	-11
Purchase of investment properties	2	-54 168	-58 903
Disposal of investment properties and assets held for sale	2	2 191	42 351
Acquisition of shares of real estate companies	2	-106	-11 124
Disposal of shares of real estate companies	2	0	
Purchase of other tangible assets		-1 044	-81
Disposal of other tangible assets		15	24
Disposal of non-current financial assets		0	
Income from trade receivables and other non-current assets		-896	89
3. Cash-flow from financing activities		26 172	-2 720
* Change in financial liabilities and financial debts			
- Increase in financial debts	3	125 500	100 226
- Decrease in financial debts	3	-73 379	-184 821
		0	
* Change in other liabilities		0	
- Increase (+) / Decrease (-) in other liabilities		-128	-72
		0	
* Change in shareholders' equity		0	
- Capital increase and issue premiums		0	125 676
- Costs of capital increase		-339	-2 733
Other*		0	
		0	
* Dividend		0	
- Dividend for the previous financial year		-25 482	-40 995
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER		2 941	2 347

5. NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FIGURES

KEY PERFORMANCE INDICATORS

EPRA earnings per share (in €)	30.09.19	30.09.18
EPRA earnings (attributable to the shareholders of the parent company)	**33 769 741**	**29 441 000**
Number of ordinary shares in circulation	12 630 414	11 422 593
Weighted average number of shares	12 087 984	11 108 335
EPRA earnings per share (in €) [14]	2.79	2.65
EPRA earnings per share (in €) - diluted	2.79	2.65

14 The EPRA earnings per share is calculated from the weighted average number of shares, counted from the time of issue (which does not necessarily coincide with first dividend entitlement date). Calculated on the number of dividend-entitled shares, the EPRA earnings per share amounts to EUR 2.79 at 30.09.2019 versus EUR 2.65 at 30.09.2018.

NET ASSET VALUE PER SHARE (in €) - SHARE GROUP	30.09.19	31.03.19
Net asset value per share IFRS[15]	60.35	61.98
EPRA NAV per share[16]	63.20	64.07
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments[17]	65.51	64.28

15 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.

16 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.

17 13 For the definition and purpose of this alternative performance measure, we refer to the Lexicon

PRESENTATION PRINCIPLES

The interim financial report of the first half year ending on 30 September 2019 was prepared in accordance with accounting standards consistent with International Financial Reporting Standards as implemented by the REIT legislation and in accordance with IAS 34 "Interim Financial Reporting".

With respect to the tax timing differences between local accounting and the consolidated figures, deferred tax assets and/ or liabilities are recorded under 'other result on portfolio'.

For the rest, these consolidated interim annual statements were drawn up on the basis of the same accounting policies and calculation methods that were used for the consolidated annual statements of 31 March 2019.

APPLICATION OF IFRS 3 BUSINESS COMBINATIONS

Corporate transactions of the past half year were not processed as a business combination as defined under IFRS 3 based on the finding that this standard was not applicable given the nature and the scale of the companies of which control was acquired. The companies in question own a limited number of properties and are not intended to be held as independent businesses. The companies are fully consolidated.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN 2019

The following amendments and annual improvements to standards are mandatory for the first time for the financial year beginning on or after 1 January 2019 and have been endorsed by the European Union but have no significant effect on the presentation, the notes or the financial results of the Group:

- **IFRS 16**, 'Leases' (effective 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  In limited cases where Retail Esates is the lessee is lease agreements classified as operational leases under IAS 17, and these contracts do not belong to the exceptions as provided in IFRS 16, there must be a right of use asset and associated obligation to be recognized in the consolidated financial statements. On September 30, 2019 this has an impact on the shareholders' capital of EUR 0.94 million.

- **Amendments to IFRS 9,** 'Prepayment features with negative compensation' (effective 1 January 2019 with the EU). An amendments to allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss, because they would otherwise fail the SPPI-test. In addition, this amendment clarifies an aspect of the accounting for financial liabilities following a modification.

- **IFRIC 23,** 'Uncertainty over income tax treatments' (effective 1 January 2019). This interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

- **Amendments to IAS 28**, , 'Long term interests in associates and joint ventures' (effective 1 January 2019). Clarification regarding the accounting for long-term interests in an associate or joint venture, to which the equity method is not applied, under IFRS 9. Specifically, whether the measurement and impairment of such interests should be done using IFRS 9, IAS 28 or a combination of both.

- **Amendments to IAS 19**, 'Plan Amendment, Curtailment or Settlement' (effective 1 January 2019). The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement. In addition, an entity will have to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments will affect any entity that changes the terms or the membership of a defined benefit plan such that there is past service cost or a gain or loss on settlement.

Annual improvements to IFRS Standards 2015-2017 cycle, applicable as of 1 January 2019 and containing the following amendments to IFRSs:

o IFRS 3 Business combination, paragraph 42A: The amendments clarify that, when an entity obtains control of a business that is a joint operation (as defined in IFRS 11), it applies the requirements for a business combination achieved in stages, including re-measuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures its entire previously held interest in the joint operation.

o IFRS 11 Joint Arrangements, paragraph B33CA: A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. In such cases, previously held interests in the joint operation are not re-measured.

o IAS 12 Income Taxes, paragraph 57A: The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

o IAS 23 Borrowing Costs, paragraph 14: The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

For more details and an assessment of the impact for Retail Estates we refer to page 137 of the annual report 2018-2019.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS NOT YET APPLICABLE IN2019

The following new standards and amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2019 and have not been endorsed by the European Union:

Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Amendments to the guidance of IFRS 3 Business Combinations, that revises the definition of a business (effective 1 January 2020). The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. The changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions across all industries, particularly real estate, pharmaceutical, and oil and gas. Application of the changes would also affect the accounting for disposal transactions.

- **Amendments to the definition of material in IAS 1 and IAS 8** (effective 1 January 2020). The amendments clarify the definition of material and make IFRSs more consistent. The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendments are not expected to have a significant impact on the preparation of financial statements.

- **IFRS 17** 'Insurance contracts' (effective 1 January 2022). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS NOT YET APPLICABLE IN 2018 AND HAVE NOT BEEN ENDORSED BY THE EUROPEAN UNION SO FAR

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

- **IFRS 14**, 'Regulatory deferral accounts' (effective 1 January 2016). It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

STATEMENT BY THE PERSON IN CHARGE AT RETAIL ESTATES NV

In accordance with article 13 § 2 of the Royal Decree of 14 November 2007, Jan De Nys, managing director, states that, to his knowledge,

a) the condensed interim financial statements, prepared on the basis of financial reporting principles in accordance with IFRS and with IAS 34 "Interim Financial Reporting", as adopted by the European Union, give a true and fair view of the shareholders' equity, the financial position and the results of Retail Estates nv and the companies included in the consolidation.

b) the interim report gives a true and fair account of the main events that occurred during the first six months of the current financial year, their impact on the condensed interim financial statements, the main risk factors and uncertainties regarding the months ahead of the financial year, as well as the main transactions between the related parties and their possible impact on the condensed interim financial statements if these transactions are significant and were not concluded on the basis of the arm's length principle.

SEGMENTED INFORMATION

IFRS 8 defines an operating segment as follows: An operating segment is a component of the entity (IFRS 8.5):

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM) to take decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Since the 2017-2018 financial year, Retail Estates has distinguished between two geographical segments: Belgium and the Netherlands.

The management committee acts as CODM within Retail Estates.

Segmented information – results by segment (in € 000)	30.09.19 Belgium	30.09.19 The Netherlands	30.09.19 Unallocated amounts	30.09.19 Total	30.09.18 Belgium	30.09.18 The Netherlands	30.09.18 Unallocated amounts	30.09.18 Total
Rental income	39 685	13 198		52 883	35 473	10 904		46 377
Rental related expenses	-79	39		-41	-119	-122		-241
Net rental income	**39 606**	**13 237**		**52 842**	**35 354**	**10 782**		**46 136**
Recovery of property expenses								
Recovery of rental charges and taxes normally payable by tenants on let properties	4 228	1 280		5 509	3 737	1 235		4 972
Rental charges and taxes normally payable by tenants on let properties	-4 488	-1 718		-6 206	-4 035	-1 640		-5 675
Other rental related income and expenses	-34	8		-25	-35	-16		-51
Property result	**39 312**	**12 807**		**52 119**	**35 021**	**10 361**		**45 382**
Technical costs	-1 391	-664		-2 055	-1 356	-534		-1 890
Commercial costs	-347	-52		-399	-295	-22		-317
Charges and taxes on unlet properties	-247	-24		-270	-161	-38		-199
Property management costs	-1 048	-359		-1 407	-897	-346		-1 243
Other property costs	-5	0		-5	-17			-17
Property costs	**-3 037**	**-1 099**		**-4 136**	**-2 726**	**-940**		**-3 666**
Operating property result	**36 275**	**11 708**		**47 983**	**32 295**	**9 421**		**41 716**
Operating corporate costs and other current operating income and expenses			-2 774	-2 774			-2 533	-2 533
Operating result before result on portfolio				**45 208**				**39 183**
Result on disposals of investment properties	38			38	-202	964		762
Result on sales of other non-financial assets								
Changes in fair value of investment properties	5 603	-5 108		495	2 662	-2 469		193
Other result on portfolio	-190	334		144	-742	-88		-830
Operating result				**45 886**				**39 308**
Financial income			27	27			36	36
Net interest charges			-9 533	-9 533			-9 417	-9 417
Changes in fair value of financial assets and liabilities			-12 449	-12 449			-1 920	-1 920
Other financial charges			-47	-47			-32	-32
Financial result			**-22 003**	**-22 003**			**-11 332**	**-11 332**
Result before taxes				**23 883**				**27 976**
Taxes	-703	-1 182		-1 885	439	-768		-329
Net result				**21 997**				**27 647**

Segmented information – assets by segment (in € 000)	30.09.19 Belgium	30.09.19 The Netherlands	30.09.19 TOTAL	31.03.19 Belgium	31.03.19 The Netherlands	31.03.19 TOTAL
Investment properties[18]	1 236 163	403 673	1 639 837	1 217 504	312 125	1 529 629
Non-current assets or groups of assets held for sale	15 816	928	16 744	16 437	969	17 406

18 Including assets under construction (IAS 40).

VALUATION OF INVESTMENT PROPERTIES UNDER CONSTRUCTION

Under the IAS 40 standard, non-current assets under construction are included in the investment properties. If purchased, they are valued at the acquisition value, including incidental costs and non-deductible VAT.

If the Group believes that the fair value of the investment properties under construction cannot be determined in a reliable manner but assumes it will be possible to determine the fair value once the properties have been contracted, licensed and rented, the investment properties under construction will be registered at cost price until the fair value can be determined (once they have been contracted, licensed and rented) or until the construction is completed (whichever happens first) in accordance with IAS 40.53. This fair value is based on the valuation by the real estate expert after deduction of the work still to be performed.

An investment property under construction can relate to a plot of land, a building to be demolished or an existing building that needs to be given a new purpose, requiring considerable renovation work to realise the desired purpose.

ADDITIONAL COMMENTS ON THE DEBT RATIO DEVELOPMENT

Principle

Article 24 of the Belgian Royal Decree relating to Belgian regulated real estate companies requires public Belgian REITs to draw up a budget forecast with an implementation schedule when its consolidated debt ratio exceeds 50% of consolidated assets. The budget forecast describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of consolidated assets.

A separate report on the budget forecast is prepared by the statutory auditor, confirming that the latter has verified the method of drawing up the forecast, particularly as regards the economic principles, and that the figures contained in this forecast correspond to the accounting records of the public BE-REIT.

The general guidelines of the budget forecast are included in the annual and half-yearly financial reports. The annual and half-yearly financial reports describe the implementation of the budget forecast during the relevant period as well as its future implementation by the public BE-REIT and provide justification for this approach.

Notes regarding 2019-2020

Historical evolution of the debt ratio (in %)

Historically, the debt ratio of Retail Estates has fluctuated between 50-55%. In the course of its history, Retail Estates nv has never had a debt ratio exceeding 60%.

Long-term evolution of the debt ratio

The board of directors considers a debt ratio of +/- 55% ideal for the shareholders of the public BE-REIT in terms of return and current earnings per share. The impact of every investment on the debt ratio is reviewed and an investment is possibly not carried out if it would have a negative impact on the debt ratio.

Based on the current debt ratio of 51.79%, Retail Estates nv has an investment potential of € 344.37 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 next 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 per 31 December 2019 takes into account the following assumptions:

- **disposals during the third quarter of 2019-2020**

€3.50 million disinvestments are planned during the third quarter of the financial year 2019-2020.

- **result of the third quarter of 2019-2020**

The result of the third quarter as indicated in the 2019-2020 budget and as approved by the board of directors.

- **planned investments for the third quarter of 2019-2020**

Investments totalling € 8.90 million are planned for the third quarter of the 2019-2020 financial year.

Based on the above-mentioned assumptions, the debt ratio would amount to 50.95% as per 31 December 2019.

A projection is also made of the debt ratio as per 31 March 2020 (end of the financial year). This projection takes into account the following assumptions:

- **disposals during the second half-year 2019-2020**

€3.50 million disinvestments are planned during the second half-year of the financial year 2019-2020.

- **result of the second half-year 2019-2020**

The result of the second half-year as indicated in the 2019-2020 budget and as approved by the board of directors.

- **planned investments for the second half-year 2019-2020**

Investments totalling € 11.90 million are planned for the second half-year of the 2019-2020 financial year, € 3.00 million of which during the fourth quarter.

Taking into account the additional planned investments and the earnings expectations for the full year, the debt ratio would amount to 50.00% as per 31 March 2020.

The debt ratio projection only takes into account acquisitions and disposals for which a private agreement has been signed (without conditions precedent) as well as investments that have been planned and contracted out. Expiring credits are assumed 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 by more than € 340.99 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 1.73% in order to exceed the debt ratio) or a reduction in rents (if the yields remain unchanged, the rents would have to drop by € 22.51 million). Historically, the fair value of the real estate portfolio has always risen or has at least been stable since the company's incorporation. 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 decide to dispose of some of its properties. Retail Estates nv has a solid track record of selling properties at their estimated investment value. During the 2016-2017 financial year, 7 retail units, 3 car parks and 8 plots of land of the Westende site were sold for a net sales price of € 9.72 million. During the 2017-2018 financial year, divestments took place for a total of € 7.64 million. A capital gain of € 0.09 million was realised on these divestments In the 2018-2019 financial year, 2 retail parks and 7 solitary retail units were sold for a net sales price of € 44.85 million. On 30 September 2019 2 units were sold for a net sales price of € 2.22 million. 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 BE-REIT,
- its track record as regards sales,

no additional measures need to be taken to prevent the debt ratio from exceeding 65%. The public BE-REIT intends to maintain or to re-establish the debt ratio at a level 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 conditions or environmental factors.

6. OTHER NOTES

RENTAL INCOME

NOTE 1

Rental income (in € 000)	30.09.19	30.09.18
Within one year	109 446	92 515
Between one and five year(s)	353 323	300 746
Within more than five years	386 037	363 105

The increase in rental income is mainly the result of the acquisitions in the course of the previous financial year.

As a theoretical exercise, the table above shows how much rental income Retail Estates nv is certain to receive based on the current lease agreements. Where the Belgian commercial lease agreements are concerned, this does not alter the theoretical risk that all tenants may use their legal termination option at the end of the current three-year period. Under these circumstances, all Belgian retail units will in principle become vacant in three years and six months. Over the past three years, leases were renewed or new leases were concluded for 21.40% of the buildings. For this part of the portfolio, the average rental prices increased from € 81.09 to € 97.70 per m². The granting of rent-free periods is rather rare in the market of out-of-town retail real estate. In the past three years, and out of a portfolio of 965 properties, a total of 156 months of rent-free periods was granted, which is negligible. No other material incentives are given when entering into lease agreements.

Type of lease agreement

The Group concludes commercial lease agreements for its buildings in Belgium for a minimum period of 9 years, which, in most cases, can be terminated by the tenant after the expiry of the third and the sixth year, subject to six months' notice prior to the expiry date. Standard lease agreements in the Netherlands have a five-year term.

The rents are usually paid 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 common charges, are in principle borne by the tenant.

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

At the start of the agreement, an inventory of fixtures is drawn up between the parties by an independent expert. Upon expiry of the agreement, the tenant must return the leased premises in the condition described in the inventory of fixtures that was drawn up when the tenant moved into the property, subject to normal wear and tear. The tenant is not entitled to transfer the lease nor to sublet all or part of the leased property without prior written consent of the lessor. The tenant must register the agreement at their own expense.

INVESTMENT PROPERTIES

NOTE 2

For more information on the acquisitions and divestments, we refer to chapter 1 of the activity report.

Investment and revaluation table (in € 000)	Investment properties		Assets held for sale		Total	
	30.09.19	31.03.19	30.09.19	31.03.19	30.09.19	31.03.19
Balance at the end of the previous financial year	**1 529 629**	**1 349 367**	**17 406**	**29 201**	**1 547 035**	**1 378 568**
Acquisition through purchase real estate companies		120 881		3 375	0	124 256
Acquisition through contribution real estate companies						
Capitalised interest cost	10	66			10	66
Acquisition of investment properties	101 527	64 495			101 527	72 385
Investments that result from subsequent expenses included in the carrying amount of the asset	664	7 890	1			7 890
Contribution of investment properties	3 618					
Disposal through sale of real estate companies						0
Disposal of investment properties	-2 153	-17 363		-27 570	-2 153	-44 933
Transfers to assets held for sale	0	-14 343		14 343	0	0
Other transfers	2 106	-2 787				-2 787
Acquisiton of investment properties under construction	3 277	12 119				12 119
Completion of investment properties under construction to portfolio	1 357	16 396				16 396
Transfer of investment properties under construction to portfolio	-1 357	-16 396				-16 396
Change in fair value (+/-)	1 158	9 304	-663	-1 943	495	7 361
At the end of the semester/financial year	**1 639 837**	**1 529 629**	**16 744**	**17 406**	**1 656 581**	**1 547 035**
OTHER INFORMATIONS						
Investment value of the property	1 695 446	1 579 292	18 076	18 761	1 713 522	1 598 053

Investments resulting from subsequent expenditure included in the book value of the assets amounted to € 0.66 million for the first half-year 2019-2020. In addition, the company realised € 1.36 million from the development of property for its own account and invested € 3.28 million in the development of property for its own account.

The fair value of the investment properties is determined by real estate experts. These experts make use of different methods in this respect. For more information on these methods, we refer to the chapter "half-yearly financial report" of the annual report for the 2018-2019 financial year.

IFRS 13

IFRS 13 introduced a uniform framework for valuation at fair value and the provision of information on valuation at fair value, where this valuation principle is obligatory or permitted on the basis of other IFRS standards. In this context, fair value is specifically defined as the price that would be received upon sale of an asset or that would have to be paid upon the transfer of an obligation in an arm's length transaction between market parties on the valuation date.

Investment properties are recorded at fair value. Fair value is determined on the basis of one of the following levels of the IFRS 13 hierarchy:

- Level 1: valuation based on quoted prices in active markets
- Level 2: valuation based on directly or indirectly observable (external) inputs
- Level 3: valuation entirely or partly based on unobservable (external) inputs

Investment properties fall under level 3 according to the IFRS 13 classification.

VALUATION METHODOLOGY

Investment properties are recorded on the basis of appraisal reports drawn up by independent expert real estate appraisers. Investment properties are valued at fair value. This fair value is based on the market value (i.e. corrected for transfer tax as described in the "Accounting policies" described above).

The methods used by the independent real estate appraisers are the following:

The investment value is generally calculated on the basis of a GIY (gross initial yield) capitalisation of the passing rent, taking into account possible corrections like estimated market rental value, vacancy, step-rents, rent-free periods etc. The gross initial yield depends 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 at the moment of the valuation.

In case of buildings where the property rights are divided in bare ownership on the one hand and rights of superficies or long lease rights on the other, the value of the superficies or long lease rights is determined by discounting (Discounted Cash Flow) the net rental income, i.e. after deduction of the superficies or ground rent, until the end of the long lease or superficies agreement.

The value of the bare ownership is determined by updating (Discounted Cash Flow) the periodical superficies or leasehold rent until the expiry date of this agreement.

The unobservable inputs below relate to those that applied on 31 March 2019. Retail Estates will publish an update of this data annually at the close of the financial year and every semester in the event of significant changes. As of 30 September 2019 there are no significant changes in the non-observable inputs compared to 31 March 2019.

Country	Fair value	Method	Input	31.03.2019 Range	31.03.2019 Weighted average	31.03.2018 Range	31.03.2018 Weighted average
Belgium		Gross Initial Yield-capitalization	Annual rent (EUR/m²)	34.67-296.01	101.45	45.27-200	99.46
			Capitalisation rate (%)	5%-10%	6.42%	5.20%-10.00%	6.64%
			Remaining lease duration (expiry date) (in months)	0m-540m	107m	0m-552m	110m
			Remaining lease duration (first break option) (in months)	0m-42m	23m	0m-42m	23m
			Vacancy (in months)	0m-12m	/	0m-12m	/
		DCF	Annual rent (EUR/m²)	34.67-296.01	101.45	45.27-200	99.46
			Discount rate (%)	6.85%-8.50%	7.70%	5.8%-9%	6.30%
			Remaining lease duration (expiry date) (in months)	0m-540m	107m	0m-552m	110m
			Remaining lease duration (first break option) (in months)	0m-42m	23m	0m-42m	23m
			Vacancy (in months)	0m-12m	/	0m-12m	/
The Netherlands		Gross Initial Yield-capitalization	Annual rent (EUR/m²)	53.36-198.94	95.94	53.00-195.03	94.24
			Capitalisation rate (%)	5.86%-11.22%	6.99%	5.90-10.09%	7.09%
			Remaining lease duration (expiry date) (in months)	0m-150m	44m	0m-162m	45m
			Remaining lease duration (first break option) (in months)	0m-150m	44m	0m-162m	45m
			Vacancy (in months)	0m-12m	/	0m-12m	/

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

NOTE 3

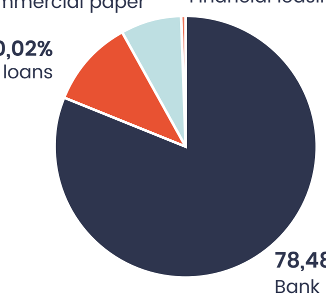
Breakdown by due date of credit lines (in € 000)	30.09.19	31.03.19
Non-current		
Bilateral loans - variable or fixed rate	639 813	622 200
Financial leasing*	3 044	0
Bond loan	84 637	84 593
Subtotal	**727 493**	**706 793**
Current		
Bilateral loans - variable or fixed rate	116 768	82 260
Other	0	0
Subtotal	**116 768**	**82 260**
Total	**844 262**	**789 053**

* It concerns the impact of the first application of IFRS 16, whereby future debts, associated with the right of use of an asset, are discounted.

Breakdown by maturity of non-current financial debts (in € 000)	30.09.19	31.03.19
Between one and two year(s)	89 967	87 743
Between two and five years	339 822	299 104
More than five years	297 703	319 946

Reconciliation between changes in financial debts and the consolidated cash flow statement	31.03.19	+ Cash flows	+ non cash wijzigingen	30.09.19
Financial debts	789 053			844 262
Bank loans	704 460	52 121		756 581
Financial leasing	-	-	3 044	3 044
Bond loans	84 593		43	84 637

Structure of the financial debt:



On 30 September 2019, total consolidated financial debt amounted to € 844.26 million. This amount is composed as follows:

Non-current liabilities:

- € 639.81 million in traditional bilateral long-term bank loans, spread over several banks
- € 84.64 million in bond loans

(in € 000)	30.09.2019	31.03.2019
Bilateral loans	639 813	622 200
Financial leasing	3 044	0
Bond loans	84 637	84 593

This is an increase by € 20.70 million comparted to the financial year closed on 31 March 2019. This can mainly be explained by (i) the negotiation of additional loans in the context of the investments (see chapter "investments - retail parks") and (ii) the conversion of a long-term investment loan to a short-term investment loan of € 16.00 million. The increase in financial leasing relates to the first application of IFRS 16, whereby the expected future debts have been discounted.

Current liabilities:

- € 22.77 million in traditional bilateral short-term bank loans, spread over several banks
- € 94.00 million in Commercial Papers

(in € 000)	30.09.2019	31.03.2019
Bilateral loans	22 768	21 760
Commercial Paper	94 000	60 500

This is an increase by € 34.51 million compared to the financial year closed on 31 March 2019. This can mainly be explained by (i) an increase of the commercial paper programme by € 33.50 million and (ii) a conversion of a long-term investment loan to a short-term investment loan of € 16.00 million.

85.22% of the loans have a fixed interest rate or are hedged using an interest rate swap contract.

The estimate of the future interest burden takes into account the debt position as of 30 September 2019 and interest covers according to the contracts currently in progress. For the unhedged part of the liabilities for a total of € 124.32 million, the Euribor expectations on the date of this report as well as banking margin were taken into account. The company has issued 3 bond loans:

- € 30 million, issued on 23 April 2014 with a maturity of 7 years and at an interest rate of 3.56%.
- € 30 million, issued on 29 April 2016 with a maturity of 10 years, of which € 4 million at a fixed interest rate of 2.84% and € 26 million at a floating interest rate (Euribor 3 months + 2.25%).
- € 25 million, issued on 10 June 2016 with a maturity of 10 years and an interest rate of 2.84%.

Within the Group, the company Textiel D'EER and the company Viafobel granted mortgages (for an amount of € 0.50 million) as well as the power to take out a mortgage (for an amount of € 14.02 million) in favour of KBC and BNP respectively. These guarantees will be cancelled at the time of the merger of these companies with Retail Estates nv.

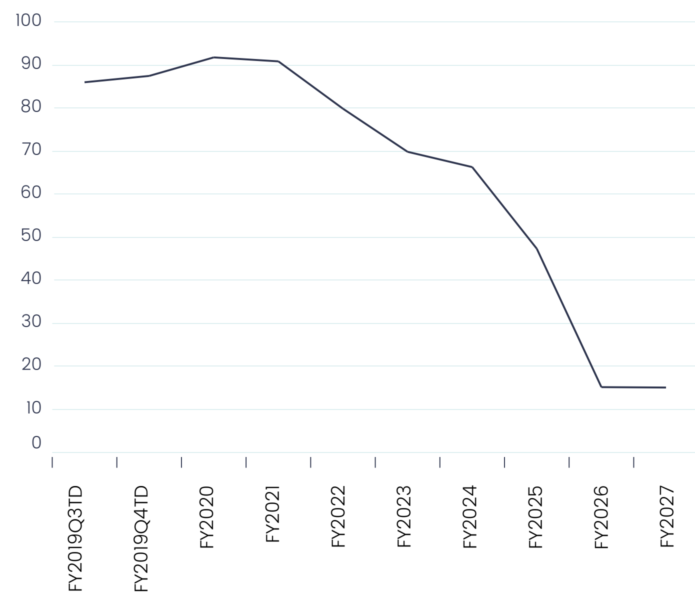
Interest charges analysis – interest sensitivity

The degree to which Retail Estates nv can finance itself significantly impacts its profitability. Property investment generally entails a relatively high level of debt financing. To optimally limit this risk, Retail Estates nv applies a relatively cautious and conservative strategy (see above). This strategy ensures that a rise in the interest rate has no substantial impact on the total result. Interest rate increases or decreases nevertheless have an impact on the market value of the concluded IRS contracts and thus on shareholders' equity and changes in the fair value of financial assets and liabilities. If the interest rate were to rise by 1%, this would have a positive impact of € 30.97 million on shareholders' equity and changes in the fair value of financial assets and liabilities. € 29.00 million of this amount would be recorded via the income statement and € 1.97 million of this amount would be recorded directly under shareholders' equity. If interest rate were to decrease by 1%, this would have a negative impact of € 27.88 million on shareholders' equity and changes in the fair value of financial assets and liabilities. € 26.90 million of this amount would be recorded via the income statement account and € -0.98 million would be recorded directly under shareholders' equity. In principle, Retail Estates nv concludes an agreement with its banks for a debt ratio covenant of 60%.

Maturity dates

The weighted average term of the outstanding financial debts of Retail Estates was 4.57 years on 30 September 2019 compared to 4.83 years for the previous year. On 30 September 2019 the total of unused and confirmed long-term credit lines amounted to € 117.62 million. This does not include the backup lines for the commercial paper program for the amount of € 100 million.

Evolution hedge ratio



The percentage of financial debts at a fixed interest rate or at a variable interest rate subsequently hedged via Interest Rate Swaps (IRS) and/or CAPs is 85.22% on 30 September 2019, with a weighted average term of the hedges of 5.16 years.

The weighted average cost of the debts of Retail Estates was 2.14% for the first half year of 2019, including credit margins and the costs of hedging instruments. During the 2018-2019 financial year, the average cost of the debts was 2.31%. The Interest Cover Ratio is 5.54 for the first half year of 2019-2020, compared to 5.12 for the entire 2018-2019 financial year.

DEBT RATIO

NOTE 4

The debt ratio is 51.79% compared to 52.58% on 31 March 2019. The decrease is mainly the result of the capital increases referred to in chapter 1.7. In principle, Retail Estates nv concludes an agreement with its banks for a debt ratio covenant of 60%.

Calculation debt ratio (in € 000)	30.09.19	31.03.19
Liabilities	915 833	855 966
To be excluded:	**46 807**	**33 739**
I. Non-current liabilities	**36 761**	**24 373**
Provisions		
Authorised hedging instruments	36 111	23 679
Deferred taxes	649	694
II. Current liabilities	**10 046**	**9 366**
Provisions		
Authorised hedging instruments		
Accrued charges and deferred income	10 046	9 366
Total debt	**869 026**	**822 227**
Total assets	**1 678 038**	**1 563 892**
Authorised hedging instruments - assets	82	187
Total Assets taken into account for the calculation of the debt ratio	**1 677 955**	**1 563 706**
DEBT RATIO	**51,79%**	**52,58%**

FINANCIAL INSTRUMENTS

NOTE 5

Summary of financial instruments as at closing date (in € 000)	30.09.19				31.03.19			
	Categories	Book value	Fair value	Level	Categories	Book value	Fair value	Level
I. Non-current assets								
Finance lease receivables	C	1 030	1 030	2	C	1 030	1 030	2
Loans and receivables	A	2 862	2 862	2	A	1 632	1 632	2
II. Current assets								
Trade receivables and other receivables	A	8 040	8 040	2	A	6 392	6 392	2
Cash and cash equivalents	B	2 941	2 941	2	B	3 163	3 163	2
Total financial instruments on the assets side of the balance sheet		**14 873**	**14 873**			**12 217**	**12 217**	
I. Non-current liabilities								
Interest-bearing liabilities	A			2	A			2
Credit institutions	A	639 813	654 960	2	A	622 200	628 107	2
Other	A	84 637	90 142	2	A	84 593	88 338	2
Other non-current liabilities	A			2	A			2
Other financial liabilities	C	38 815	38 815	2	C	26 428	26 428	2
II. Current liabilities								
Interest-bearing liabilities	A	116 768	116 768	2	A	82 260	82 260	2
Current trade debts and other debts	A/C	22 710	22 710	2/3	A/C	31 120	31 120	2/3
Total financial instruments on the liabilities side of the balance sheet		**902 743**	**923 396**			**846 600**	**856 252**	

The categories correspond to the following financial instruments:

A. Financial assets or liabilities (including receivables and loans) held to maturity at amortised cost.
B. Investments held to maturity at amortised cost.
C. Assets or liabilities held at fair value through profit and loss except for financial instruments designated as hedging instruments.

The aggregate financial instruments of the Group correspond to level 2 in the fair values hierarchy. Fair value valuation is carried out regularly.

Level 2 in the fair value hierarchy includes other financial assets and liabilities of which the fair value can be determined by reference to other inputs which are directly or indirectly observable for the relevant assets or liabilities.

The valuation techniques regarding the fair value of level 2 financial instruments are the following:

- The item "other financial liabilities" refers to interest rate swaps of which the fair value can be determined by means of interest rates applicable on active markets; these rates are generally provided by financial institutions.
- The fair value of the other level 2 financial assets and liabilities is virtually equal to their book value:
  - because they have a short-term maturity (e.g. trade receivables and debts); or
  - because they have a variable interest rate.

The fair value of debts with a fixed interest rate is estimated by discounting their future cash flows at a rate that reflects the Group's credit risk.

Financial instruments at amortised cost

Since trade receivables and trade debts are short-term instruments, the fair value approximates the nominal value of these financial assets and liabilities.

On 30 September 2019, Retail Estates nv had € 564.08 million of financial debts at a variable interest rate and € 277.13 million of financial debts at a fixed interest rate. 85.22% of the loans have a fixed interest rate or are hedged using an interest rate swap contract. The fixed interest rates at which these long-term debts were originally concluded in most cases no longer correspond to prevailing money market rates, resulting in a difference between their book value and their fair value. The table below compares the total amount of fixed-rate debts at book value and at fair value at the end of the 2018-2019 financial year. The fair value of the fixed-rate debts is estimated by discounting their future cash flows at a rate that reflects the Group's credit risk. The fair value of the fixed-rate debts is mentioned in the table below. The book value is equal to the amortised cost. The financial debts with a variable rate have a book value that approximates their fair value.

Financial debts at fixed interest rate	30.09.19		31.03.19	
	Book value	Fair value	Book value	Fair value
Financial debts at fixed interest rate	277 134	297 787	277 965	287 617

Estimate of the future interest burden	30.09.19			30.09.18		
	Related to financing instruments	Related to hedging instruments	Total	Related to financing instruments	Related to hedging instruments	Total
Within one year	11 167	6 218	**17 385**	10 913	5 561	**16 474**
Between one and five year(s)	37 318	20 591	**57 909**	45 823	9 981	**55 804**
Within more than five years	9 638	2 993	**12 631**	14 261	2 088	**16 349**
Total	**58 123**	**29 802**	**87 925**	**70 997**	**17 630**	**88 627**

Financial debts at fair value

The Group makes use of financial derivatives (interest rate swaps) 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 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 recorded directly in the income statement. An amount of € 12.45 million was recorded in the income statement with respect to the financial instruments. An amount of € 0.38 million relates to the linear depreciation of the value on 31 December 2015 of the financial instruments that do not longer qualify as cash flow hedges, and € 12.07 million relates to the variations in fair value for the period of 1 April 2019 to 30 September 2019. Swaps qualifying as cash flow hedges are recognised directly as shareholders' equity and are not recorded in the income statement. The interest rate swaps are level 2 instruments.

Fair value of financial assets and liabilities (in € 000)	30.09.19	31.03.19
Fair value of financial derivatives - Liabilities	-36 111	-23 679
Fair value of financial derivatives - Assets	82	187
Total fair value of financial assets and liabilities	**-36 029**	**-23 493**

LIST OF CONSOLIDATED COMPANIES AND CHANGES IN THE CONSOLIDATION SCOPE

NOTE 6

Subsidiary	External financial debts[19] (in € 000)	Investment properties[19] (in € 000)	Rental income[20] (in € 000)	Participation percentage
Retail Warehousing Invest nv		111 360	1 889	100%
NS Properties bvba		1 196	40	100%
Finsbury Properties nv		11 365	383	100%
Blovan nv		4 631	146	50%
Textiel D'Eer nv	1 242	20 071	625	100%
Viafobel nv	9 993	28 557	873	100%
RP Arlon nv		19 789	483	100%
RP Hasselt nv		14 453	407	100%
Mons LGP 2 nv		27 949	847	100%
Retail Estates Nederland nv		52 484	2 261	100%
Coöperatieve Leiderdorp Invest			20	100%
Cruquius Invest nv		72 964	2 449	100%
Spijkenisse Invest nv	10 250	43 737	1 525	100%
Heerlen I invest nv		56 221	2 020	100%
Heerlen II Invest nv		54 685	1 897	100%
Retail Estates Middelburg Invest nv		31 153	1 184	100%
Breda I Invest nv		37 250	706	100%
Breda II Invest nv		22 905	431	100%
Naaldwijk Invest nv		19 199	435	100%
Zaandam Invest nv		13 074	269	100%

19 Value at closing date of the consolidated figures (30.09.2019).
20 For the period the companies are part of the Group in the current financial year.

The companies Breda I Invest nv, Breda II Invest nv, Naaldwijk Invest nv and Zaandam Invest nv were incorporated in the first half of this financial year. For more information in this respect, we refer to the paragraph "Investments – retail parks" in the management report of this half-year report.

MINORITY INTERESTS

Blovan nv

On 31 January 2017, Retail Estates nv acquired a stake (50%) in a real estate company, Blovan nv, which owns a semi-logistics facility in Wetteren that is used for business-to-business trade.

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

In accordance with the valuation rules, the Group has recognised a financial liability for the remaining amount (exercise price) on the acquisition date. The impact on the non-current liabilities amounts to € 2.05 million.

The fellow-shareholder has exercised his put-option 6 November 2019, which will lead to a transfer of the remaining shares before 31 December 2019.

7. STATUTORY AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FIGURES FOR THE PERIOD OF 6 MONTHS ENDED 30 SEPTEMBER 2019

Introduction

We have reviewed the condensed consolidated interim figures of Retail Estates NV and its subsidiaries as of 30 September 2019, 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 notes to the condensed consolidated half-yearly accounts (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 and with the legal and regulatory requirements applicable in Belgium. Our responsibility is to express a conclusion on these condensed consolidated interim figures based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and in applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim figures on 30 September 2019 have not been 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.

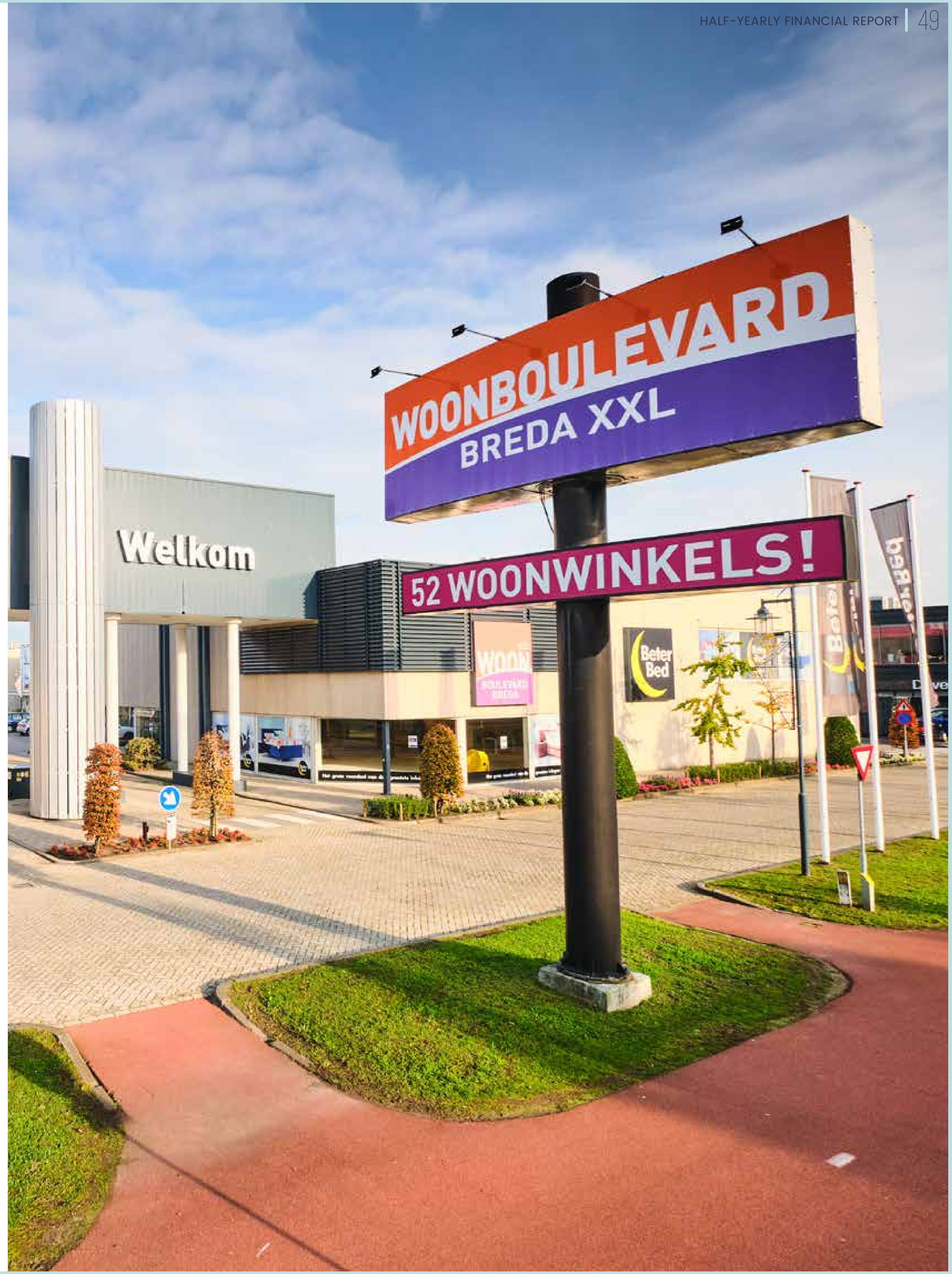
Sint-Stevens-Woluwe,
15 November 2019

The Statutory Auditor

PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren cvba

Represented by

Damien Walgrave
Partner

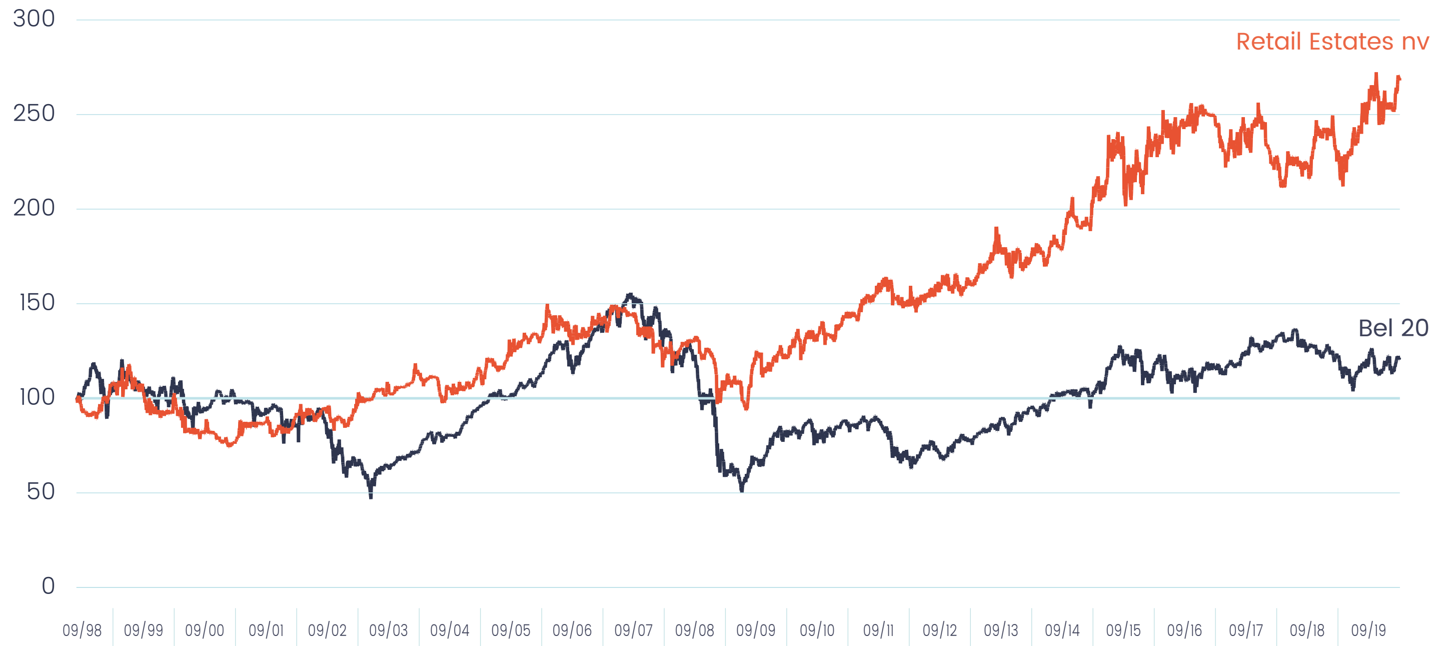


REPORT ON THE SHARE

1. OVERVIEW OF STOCK MARKET PERFORMANCE

During the first six months of the 2019-2020 financial year, the stock price fluctuated between € 76.30 and € 87.40. The above chart shows the stock market performance of the Retail Estates share relative to the BEL 20 since the share's introduction on the stock exchange. The Retail Estates share evolved by 171.80% and the BEL 20 evolved by 24.77% over this period. The average closing price for the past half year is € 82.48.

RETAIL ESTATES NV - BEL 20



2. MARKET CAPITALISATION

Retail Estates nv is listed on the Euronext continuous market. The market capitalisation amounted to € 1,082.43 million on 30 September 2019.

> The market capitalisation amounted to € 1,082.43 million on 30 September 2019.

MARKET CAPITALISATION (in million euros)

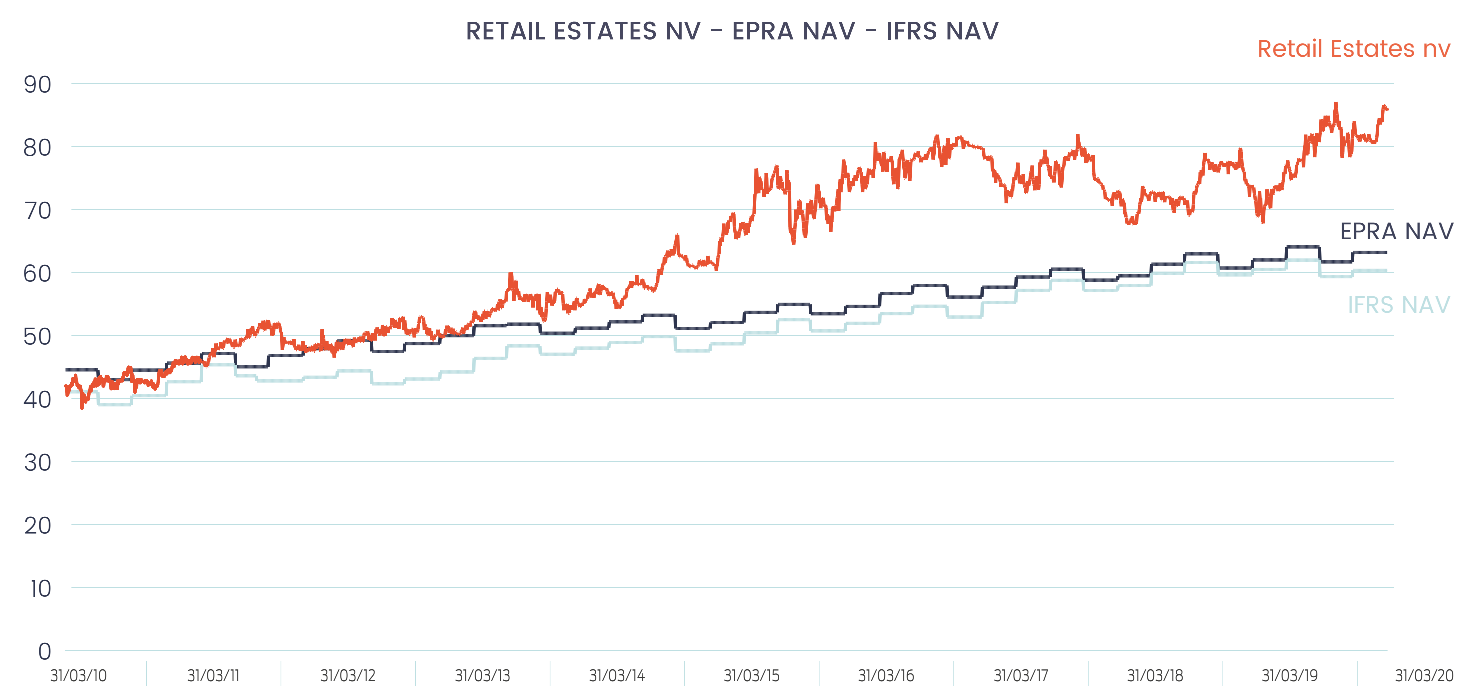
3. DIVIDEND AND YIELD

The share's net asset value (EPRA NAV) in a real estate valuation at fair value is € 63.20.

The evolution of the net asset value can be explained by the decline of the result on portfolio on the one hand and the payment of the dividend for the 2018-2019 financial year on the other hand.

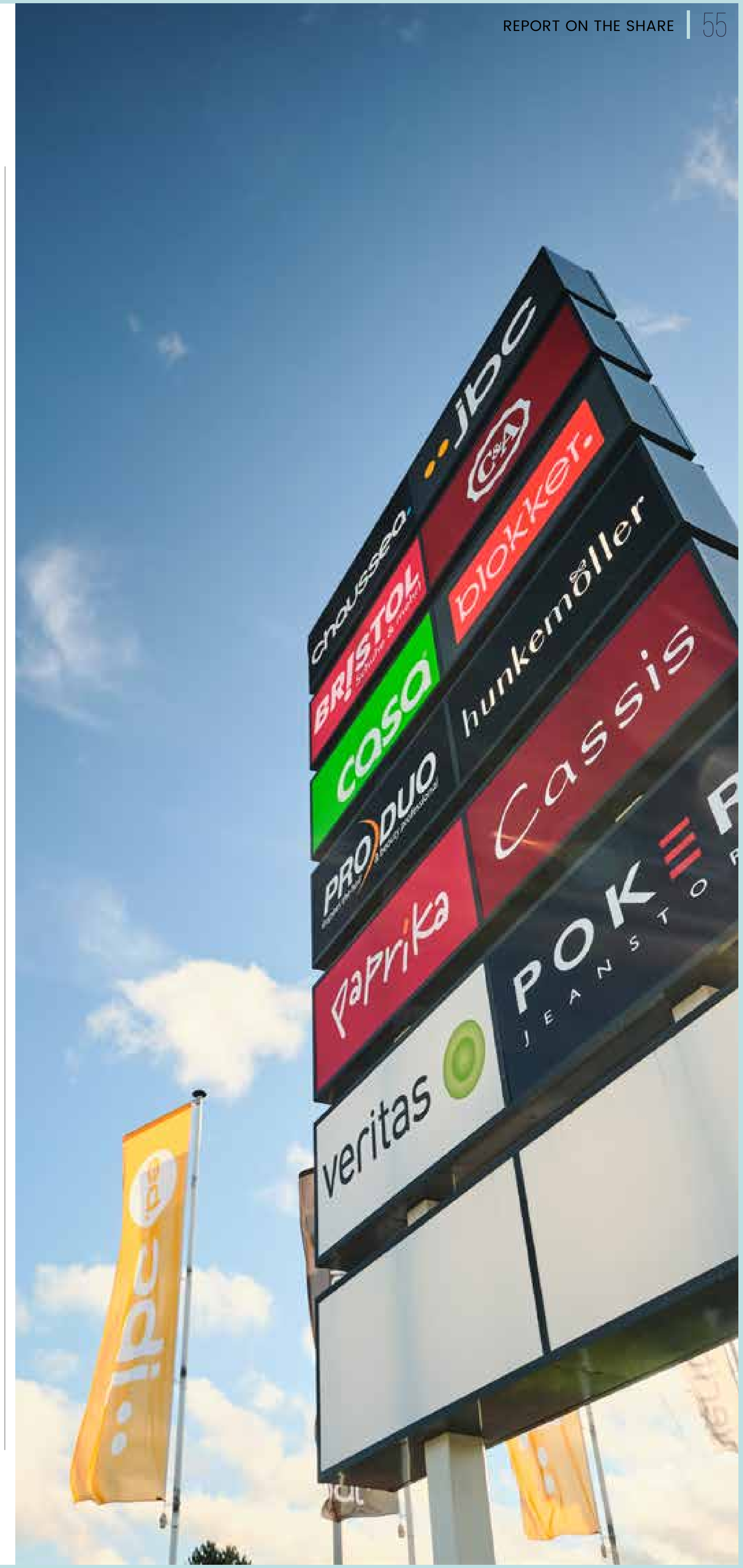
NET ASSET VALUE PER SHARE (in €)	30.09.19	31.03.19	30.09.18
Net asset value per share IFRS[21]	60,35	61,98	59,63
EPRA NAV per share[22]	63,20	64,07	60,72
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments	65,51	64,28	62,93
Gross dividend		4,25	
Witholding tax (30%)		1,28	
Net dividend		2,975	
Share price on closing date	85,70	81,20	73,90

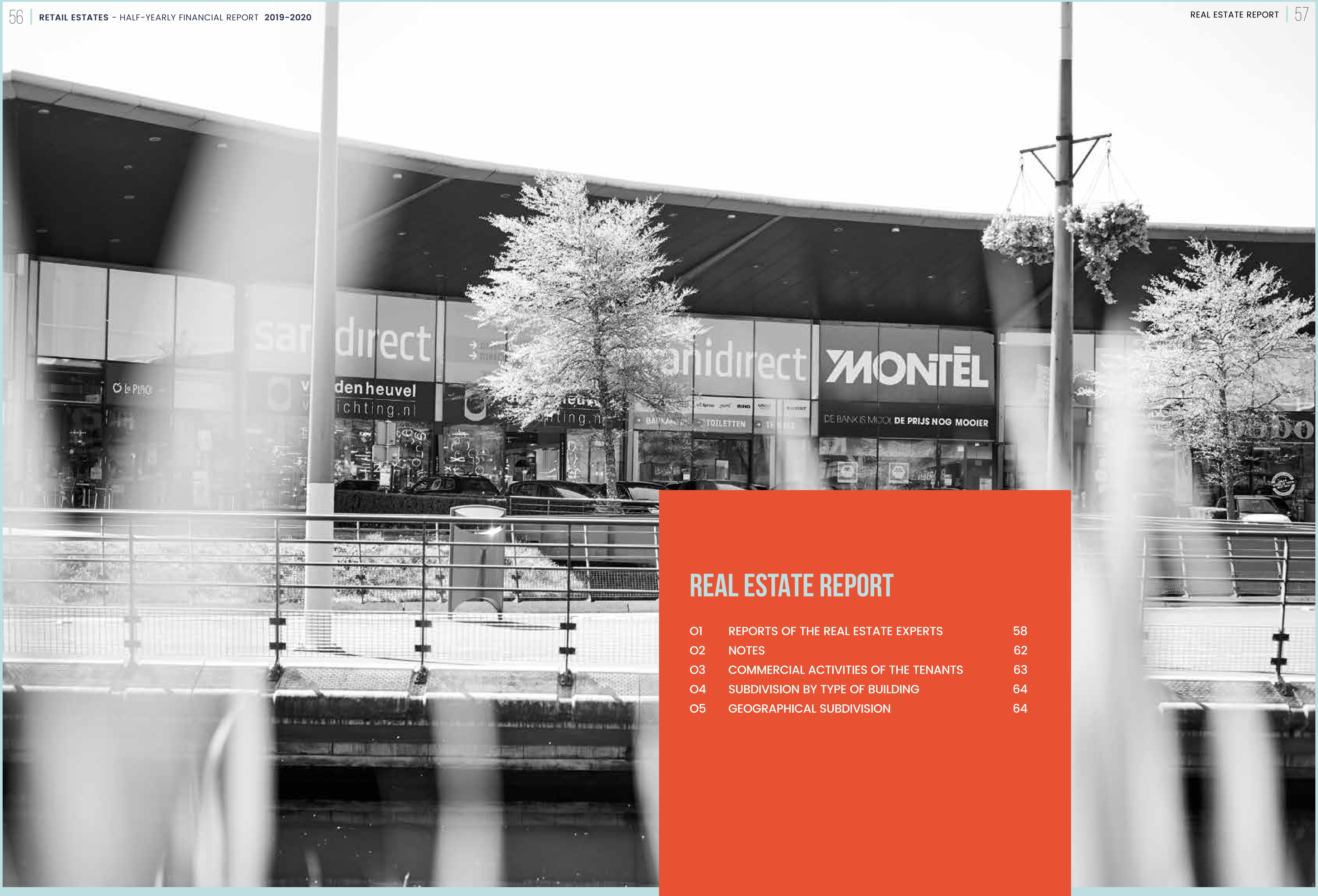
21 The net asset value per share IFRS (fair value) is calculated as follows: shareholders' equity (attributable to the shareholders of the parent company) divided by the number of shares.
22 The net asset value per share EPRA (fair value) is calculated as follows: shareholders' equity (excluding changes of the fair value of authorised hedging instruments) divided by the number of shares.



4. FINANCIAL CALENDAR

Announcement results third quarter financial year 2019-2020	14 February 2020
Announcement annual results financial year 2019-2020	20 May 2020
General meeting	20 July 2020
Ex-coupon date dividend	27 July 2020
Dividend made available for payment	29 July 2020





REAL ESTATE REPORT

Increase in value of properties at top locations

Retail Estates nv has invested in out-of-town retail properties, the so-called "retail parks" since 1998. Over a period of 21 years, the company has established a significant portfolio which consists of 965 retail properties with a total built-up retail area of 1,128,130 m² as per 30 September 2019. The fair value amounts to € 1,639.84 million.

VALUATION AS OF 30 SEPTEMBER 2019

1. REPORTS OF THE REAL ESTATE EXPERTS

BELGIUM:

For the Belgian portfolio, Retail Estates nv calls upon the real estate experts Cushman & Wakefield, CBRE and Stadim. In practice, each of them assesses part of the real estate portfolio.

REPORT BY CUSHMAN & WAKEFIELD

The Cushman & Wakefield report of 30 September 2019 covers part of the real estate owned by Retail Estates nv and its subsidiaries. This report includes the following text:

"We have the pleasure of providing you with our valuation as of 30 September 2019, which covers the portfolio of Retail Estates, Distri-Land, Finsbury Properties, RP Hasselt, RP Arlon and Mons LGP 2.

We confirm that we carried out this task as an independent expert. We also confirm that our valuation was carried out in accordance with national and international standards and their application procedures, including in the field of valuation of Belgian Real Estate Investment Trusts (BE-REITs). (According to the current conclusions. We reserve the right to review our valuation in case of modified conclusions).

Fair value is defined as the estimated amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. This definition corresponds to our definition of market value.

The sale of a building is in theory subject to transfer duties collected by the government. The amount depends on the manner of transfer, the profile of the purchaser and the geographical location of the building. On the basis of a representative sample of the properties on the Belgian market, the average transaction cost has been found to equal 2.50% for buildings with a value higher than €2,500,000 over the 2013, 2014, 2015 and Q1 2016 period.

In case of buildings with a value higher than € 2,500,000, we determine the sales value (excluding costs corresponding to the fair value as set by the international accounting standard IAS 40) by subtracting 2.50% from the investment value for transaction costs. The different properties are regarded as a portfolio in this context.

Our "investment value" is based on capitalisation with a gross initial yield of the passing rent, taking into account possible corrections like vacancy, step-rents, rent-free periods, etc. The gross initial yield depends 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 at 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 the relevant adjusted market rent. If the market rent is higher than the current rent, this adjusted market rent is determined by taking 60% of the gap between the market rent and the current rent. This amount is then added to the current rent.

If this is not the case, the adjusted market rent is equal to the market rent. In addition, adjustments are made for the difference in the current rent and the (adjusted) market rent.

The portfolio of **Retail Estates nv** (incl. Tongeren) has an investment value of € 517.90 million (incl. corrections) and a fair value of € 505.26 million as per 30.09.2019. The investment value increased by 1.9% versus the previous quarter. This gives a 6.45% yield for Retail Estates.

The portfolio of **Immobilière Distri-Land nv** has an investment value of € 19.79 million (incl. corrections) and a fair value of € 19.31 million as per 30.09.2019. The investment value has remained stable versus the previous quarter. This gives a 6.68% yield for Immobilière Distri-Land NV.

The portfolio of **Finsbury Properties nv** has an investment value of € 11.65 million (incl. corrections) and a fair value of € 11.37 million as per 30.09.2019. The investment value increased by 3.0% versus the previous quarter. This gives a 6.88% yield for Finsbury Properties."

The portfolio of **RP Hasselt** has an investment value of € 14.81 million (incl. corrections) and a fair value of € 14.45 million as per 30.09.2019. The investment value decreased by 0.1% versus the previous quarter. This gives a yield of 5.78% for RP Hasselt.

The portfolio of **RP Arlon** has an investment value of € 20.28 million (incl. corrections) and a fair value of € 19.79 million as per 30.09.2019. The investment value increased by 18.1% versus the previous quarter. This gives a yield of 6.81% for RP Arlon.

The portfolio of **Mons LGP 2** has an investment value of € 28.65 million (incl. corrections) and a fair value of € 27.95 million as per 30.09.2019. The investment value decreased by 0.1% versus the previous quarter. This gives a yield of 6.00% for Mons LGP 2.

REPORT BY CBRE
The CBRE report of 30 September 2019 covers part of the real estate owned by Retail Estates nv and its subsidiaries. This report includes the following text:

When valuing the buildings, we used the following valuation methods:

Method 1: Valuation based on the capitalisation of rental income

For each of the buildings an estimated market rental value (ERV) and a market-based cap rate were determined on the basis of benchmarks.

A correction was made for the difference between the estimated market rental value and the current rental income:

If the estimated market rental value exceeds the current rental income, the correction consists of the realisation of the difference between the market rental value and the current rental income until the end of the current lease period.

If the estimated market rental value is lower than the current rental income, the correction consists of the realisation of the difference between the market rental value and the current rental income for the period until the expiry of the tenant's 3-yearly termination option.

Method 2: Valuation based on the realisation of income

This method is used for the properties for which the ownership rights are subdivided into bare ownership on the one hand and rights of superficies or leasehold rights on the other hand.

In this method, the value of the rights of superficies or leasehold rights is determined by the realisation (Discounted Cash Flow) of the net rental income, i.e. after deduction of the superficies or leasehold rent, until the end of the leasehold or superficies agreement.

The value of the bare ownership is determined by updating (Discounted Cash Flow) the periodical superficies or leasehold rent until the expiry date of this agreement.

The **investment value** of these real estate properties is estimated at **€ 643.39 million** and the **fair value** at **€ 627.70 million**. These properties represent a **rental income** of **€ 42.29 million**, or a **gross yield** of **6.55%**.

REPORT BY STADIM

The Stadim report of 30 September 2019 covers a semi-logistics complex. The investment value of these real estate properties is estimated at € 4.75 million and the fair value at € 4.63 million. These properties account for a rental income of € 0.33 million, which represents a gross yield of 6.83%.

THE NETHERLANDS:
For the Dutch portfolio, Retail Estates nv calls upon the real estate experts Cushman & Wakefield, Colliers and CBRE. In practice, each of them assesses part of the real estate portfolio.

REPORT BY CUSHMAN & WAKEFIELD NL
The Cushman & Wakefield report of 30 September 2019 covers part of the real estate owned by Retail Estates nv and its subsidiaries. The investment value of these real estate properties is estimated at € 339.55 million and the fair value at € 320.01 million. These properties account for a rental income of € 22.64 million, which represents a gross yield of 6.67%.

REPORT BY CBRE NL
The report of CBRE Valuation & Advisory Services B.V. of 30 September 2019 covers part of the real estate owned by Retail Estates nv and its subsidiaries in the Netherlands. This report includes the valuation of the Retail Estates portfolio.

For the determination of the market value of the real estate owned by Retail Estates nv in the Netherlands, the current passing rent is capitalised with a Gross Initial Yield. This calculation takes into account possible corrections, e.g. periods of vacancy and rent-free periods. When determining the Gross Initial Yield, we took into account the location, the appearance of the building, the average remaining lease term and the creditworthiness of the tenants at the time of valuation. In case of an over- or under-rental situation, we capitalised the rental value with the Gross Initial Yield.

The market value of these properties is estimated at € 48.00 million. These properties represent a gross rental income of approximately € 4.23 million, or a Gross Initial Yield of 8.24%.

REPORT BY COLLIERS NL
The report of Colliers International Valuation B.V. of 30 September 2019 covers part of the real estate owned by Retail Estates nv and its subsidiaries in the Netherlands. This report includes the valuation of the Retail Estates portfolio.

For the determination of the market value of the real estate owned by Retail Estates nv in the Netherlands, the current passing rent is capitalised with a Gross Initial Yield. This calculation takes into account possible corrections, e.g. periods of vacancy and rent-free periods. When determining the Gross Initial Yield, we took into account the location, the appearance of the building, the average remaining lease term and the creditworthiness of the tenants at the time of valuation. In case of an over- or under-rental situation, we capitalised the rental value with the Gross Initial Yield.

The market value of these properties is estimated at € 35.68 million. These properties represent a gross rental income of approximately € 2.70 million, or a Gross Initial Yield of 7.14%.

2. NOTES

BELGIUM

The out-of-town rental market remains active, with major regional and sectoral differences. In Flanders, demand is sufficient to support the high occupancy rate characteristic of the sector. Demand is sufficient in all sectors and furthermore, the acquisition of existing retail businesses gives some players accelerated access to a large number of additional outlets. Retailers regularly invest in the redecoration and renovation of their outlets. In Wallonia, a number of national retail chains are compelled to close outlets due to disappointing sales figures. The differences in purchasing power make it more difficult than ever to find a "one size fits all" solution for all consumers within the scope of the same sales formula and with the same assortment. Their place is taken by hard-discounters who are able to offer adjusted sales formulas and assortments.

The investment market remains very active in the segment of the solitary retail shops and shops situated at cluster locations, under the influence of private investors from other real estate segments, who are satisfied with a lower initial yield. However, supply remains very limited and often takes the form of share transactions instead of the conventional sale of real estate. There is hardly any supply in retail parks, so that it is difficult to come to a decisive conclusion.

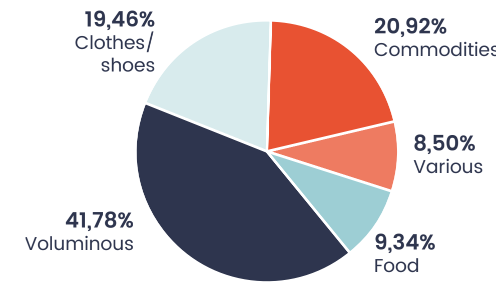
THE NETHERLANDS

Due to the high occupancy rate, the rental market in the out-of-town segment of the retail park markets in the Randstad region and the southern part of the Netherlands, which is relevant for Retail Estates, offers little room for newcomers. The strong economic and healthy budget situations still incite consumers to spend more in the non-food segment. Investments in the renovation and redecoration of retail units are increasing significantly.

The investment market for retail parks is becoming much more active compared to previous years due to the arrival of foreign investors, who are attracted by the higher yields the market historically offers. At present, it is difficult to predict the impact of the proposed abolition of the fiscally favourable FBI system. Given the extensive media coverage of this topic, this impact is assumed to be already included in the yield expectations. The transactions that will take place in the months to come will need to substantiate this assumption.

3. COMMERCIAL ACTIVITIES OF THE TENANTS[23]

COMMERCIAL ACTIVITIES OF THE TENANTS



The share of large-scale retail (41.78%) is in line with that of the previous financial year. Taken together with the commodities industry, large-scale retail accounts for 62.70% of the leased surface area. The tenants in these industries provide a stable basis as they are more resilient to unfavourable economic conditions and less susceptible to e-commerce. Food retailers only account for 9.34%. In addition, socioeconomic permits for all these activities are very difficult to obtain. This is conducive to an increase in the value of the properties on the one hand and stronger loyalty to the location on the other.

The share of shoe and clothing shops is stable (19.46% as per 30 September 2019 versus 20.93% as per 31 March 2019). This category continues to constitute a major part of the activities of the tenants of Retail Estates.

A breakdown on the basis of contractual rents shows that the share of "Various" (4.04%) decreases, mainly due to a limited number of (semi-) logistic properties occupying a relatively large surface area and paying a relatively low rent. The share of food (9.08%) and commodities (20.30%) slightly decreases. The share of the other categories (Voluminous (43.73%) and clothing and shoes (22.85%)) slightly increases.

23 The pie charts "commercial activity of the tenants" and "type of building" show percentages on the basis of the total surface area on 30 September 2019

4. SUBDIVISION BY TYPE OF BUILDING

Individual out-of-town retail properties are individual retail properties adjacent to the public road. Every outlet has its own car park and entrance and exit roads, connecting it to the public road and making it easily recognisable. No retail properties of the same type are necessarily present in the immediate vicinity.

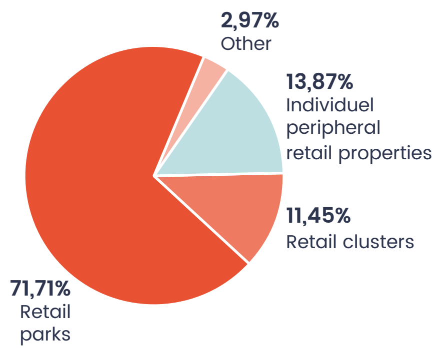
Retail clusters are a collection of peripheral retail properties located along the same traffic axis and, from the consumer's point of view, they form a self-contained whole, although they do not possess a joint infrastructure other than the traffic axis. This is the most typical concentration of out-of-town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

Retail parks consist of retail properties that, in conjunction with other retail units, form part of an integrated commercial complex. All properties use a central car park with a shared entrance and exit road. This enables the consumer to visit several shops without having to move their car. Typically, at least five retail properties are present at these sites.

Other real estate mainly consists of offices, residential dwellings, hospitality establishments and a logistics complex at Erembodegem. The complex in Erembodegem is leased in its entirety to Brantano nv pursuant to a lease agreement with a 10-year term expiring on 31 May 2024. Retail Estates nv only invests in this type of real estate if they are secondary to a retail property or are part of a real estate portfolio that could only be acquired as a whole.

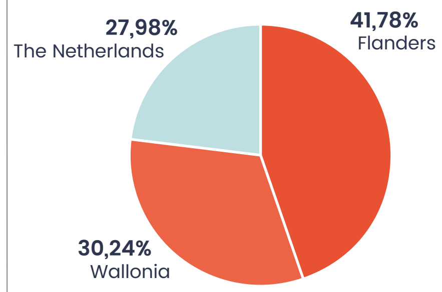
Retail properties under development are properties that form part of a newly built or renovation project.

TYPE OF BUILDING



5. GEOGRAPHICAL SUBDIVISION

GEOGRAPHICAL SUBDIVISION



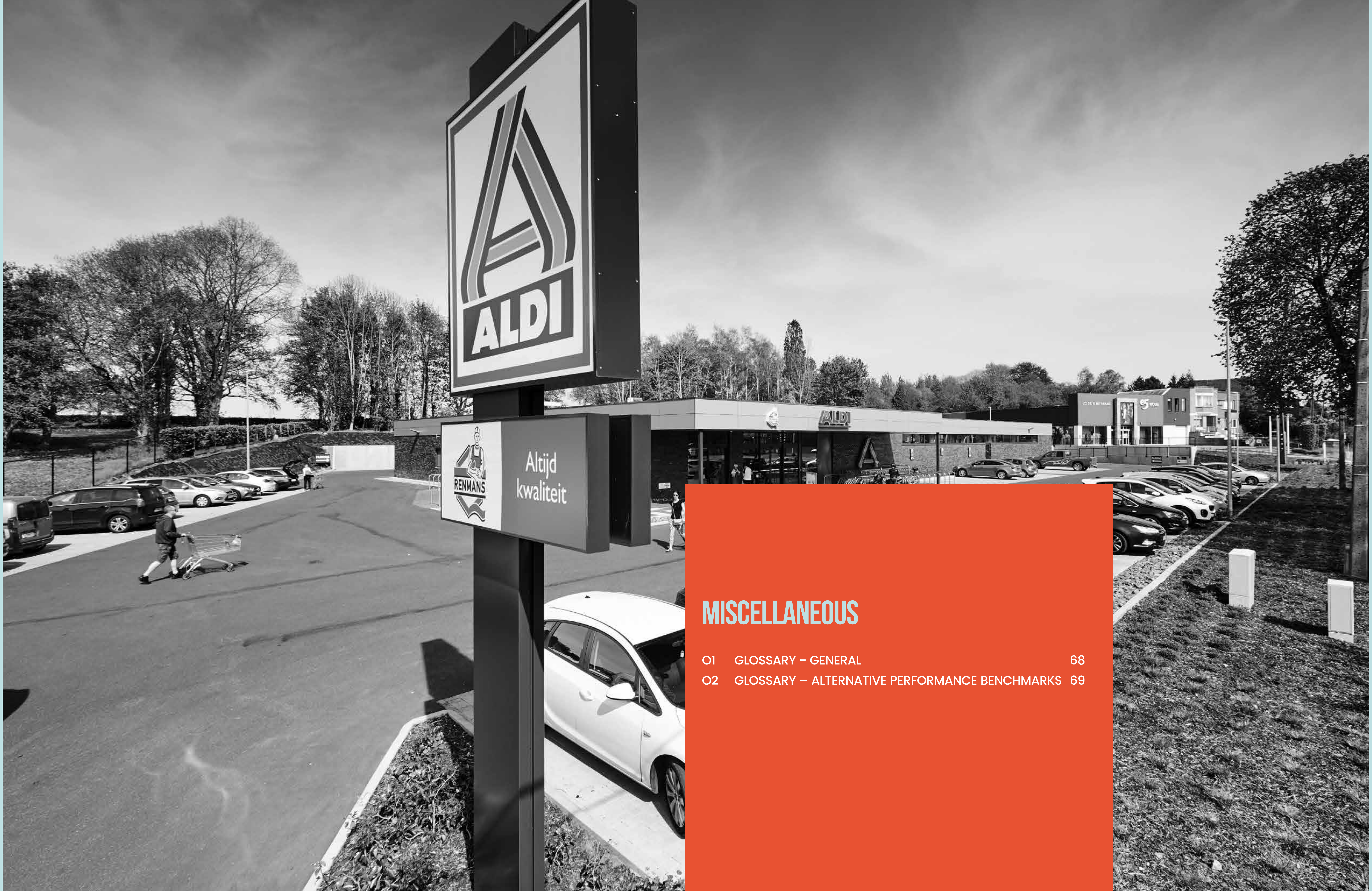
Number of properties per company	30.09.2019
Retail Estates BE	635
Retail Warehousing Invest	31
Blovan	5
Finsburry Properties	10
RP Arlon	6
RP Hasselt	4
MONS LGP 2	7
NS Properties	1
Textiel d'Eeer	11
Viafobel	30
Distriland nv	10
Cruquius Invest	25
Heerlen I Invest	21
Heerlen II Invest	27
Retail Estates Middelburg	14
Retail Estates NL	43
Spijkenisse Invest	30
Breda Invest I	16
Breda Invest II	12
Naaldwijk Invest	18
Zaandam Invest	9
Number of properties	**965**

Number of properties per countr	30.09.2019
België	750
Nederland	215

Summary of key figures for the portfolio	RETAIL ESTATES	
	30.09.19	31.03.19
Estimated fair value[24] (in EUR)	1 639 836 584	1 529 629 000
Yield (investment value)[25]	6,60%	6,55%
Contractual rents (in EUR)	111 498 345	103 502 136
Contractual rents incl. rental value of vacant buildings (in EUR)	113 077 564	104 871 501
Total lettable area in m²	1 128 130	1 049 101
Number of properties	965	906
Occupancy rate	97,97%	98,28%
Total m² under development	1 114	0

24 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 2017.

25 The current rental income (net, after deduction of canon) divided by the estimated investment value of the portfolio (without taking into account the development projects included in the cost price).



MISCELLANEOUS

1. GLOSSARY - GENERAL

ACQUISITION VALUE
This is the term to be used for the purchase of a building. Any transaction costs paid are included in the acquisition price.

BE-REIT LEGISLATION
The Royal Decree of 13 July 2014 implementing the Act of 12 May 2014 on regulated real estate companies (Belgian REITs), as recently amended by the Act of 2 May 2019.

CHAIN STORES
These are companies that have a central procurement department and operate at least five different retail outlets.

CONTRACTUAL RENTS
The index-linked basic rents as contractually determined in the lease agreements as of 30 September 2018, before deduction of gratuities or other benefits granted to the 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 prepares codes of conduct with respect to accounting, reporting and corporate governance and harmonises these rules in different countries with the purpose of offering investors high-quality and comparable information. EPRA has also created indices that serve as a benchmark for the real estate sector. All 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 income 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 Belgian real estate investment trust, or merges with a Belgian real estate investment trust.

FAIR VALUE
This value equals the amount that would be received for the sale of an asset or that would be paid for the transfer of a liability in an arm's length transaction between market players on the valuation date. From the point of view of the seller, it must be understood minus the registration fee.

GROSS DIVIDEND
The gross dividend per share is the operating profit that is 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.

INSTITUTIONAL INVESTOR
An enterprise that professionally invests funds entrusted to it by third parties for various reasons. Examples include pension funds, investment funds,...

"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.

MARKET CAPITALISATION
This is the total number of shares at the end of the financial year multiplied by the closing price at the end of the financial year.

NET ASSET VALUE
NAV (Net Asset Value): this is the shareholders' equity divided by the number of shares.

NET DIVIDEND
The net dividend equals the gross dividend after retention of 30% withholding tax.

OCCUPANCY RATE
The occupancy rate is calculated as the ratio of the surface area actually leased out to the surface area available for lease, expressed in m^2.

OUT-OF-TOWN RETAIL PROPERTIES
Retail properties grouped along roads leading into and out of cities and towns. Each outlet has its own car park and an entrance and exit road connecting it to the public road.

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.

RETAIL CLUSTER
A collection of out-of-town retail properties located along the same traffic axis that, from the consumer's point of view, form a self-contained whole although they do not share 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.

GLOSSARY – ALTERNATIVE PERFORMANCE BENCHMARKS

Terminology

OPERATING MARGIN

Definition

The 'Operating result before result of the portfolio' divided by the 'Net rental income'.

Purpose

Allows measuring the operational performance of the company.

FINANCIAL RESULT (EXCLUDING CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES).

Definition

The "Financial result" minus the "Changes in fair value of financial assets and liabilities"

Purpose

Allows to make a distinction between the realised and the unrealised financial result.

RESULT ON PORTFOLIO

Definition

The "Result on portfolio" consists of the following items:

- "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".

Purpose

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

Definition

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.

Purpose

Allows to measure the average interest charges of the company.

NET ASSET VALUE PER SHARE (INVESTMENT VALUE) EXCLUDING DIVIDEND EXCLUDING THE FAIR VALUE OF AUTHORISED HEDGING INSTRUMENTS

Definition

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.

Purpose

Reflects the net asset value per share adjusting for some material IFRS adjustments to enable comparison with its stock market value.

RECONCILIATION TABLES

OPERATING MARGIN

(in € 000)	30.09.2019	30.09.2018
Operating result before result on portfolio (A)	45 208	39 183
Net rental income (B)	52 842	46 136
		84,93%
Operating margin (A/B)	**85.55%**	**86.29%**

FINANCIAL RESULT (EXCLUDING CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES).

(in € 000)	30.09.2019	30.09.2018
Financial result (A)	-22 003	-11 332
Changes in fair value of financial assets and liabilities (B)	-12 449	-1 920
Financial result (excluding changes in fair value of financial assets and liabilities) (A-B)	**-9 554**	**-9 412**

RESULT ON PORTFOLIO

(in € 000)	30.09.2019	30.09.2018
Result on disposals of investment properties (A)	38	762
Result on sales of other non-financial assets (B)	0	0
Changes in fair value of investment properties (C)	495	203
Other result on portfolio (D)	144	-840
Result on portfolio (A+B+C+D)	**678**	**125**

WEIGHTED AVERAGE INTEREST RATE

(in € 000)	30.09.2019	30.09.2018
Net interest charges (including the credit margin and the cost of the hedging instruments) (A)	9 533	9 417
Other charges of debt (B)*	699	573
Weighted average financial debt of the period (C)**	824 622	737 075
Weighted average interest rate (A-B)/C* **	**2.14%**	**2.39%**

* Andere kosten van schulden hebben o.a. betrekking op reserveringsprovisies, up-front fees,..
** Financiële schuld per einde periode vermenigvuldigd met factor 0,9803
*** Pro rata half jaar

NET ASSET VALUE PER SHARE (INVESTMENT VALUE) EXCLUDING DIVIDEND EXCLUDING THE FAIR VALUE OF AUTHORISED HEDGING INSTRUMENTS

(in € 000)	30.09.2019	31.03.2019
Shareholders' equity attributable to the shareholders of the parent company (A)	762 206	707 926
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B) (previous years)	-51 027	-51 030
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B') (Current financial year)	-5 914	
The fair value of authorised hedging instruments qualifying for hedge accounting (C)	-36 029	-23 879
Proposed gross dividend (D)	27 787	48 546
Number of ordinary shares in circulation (E)	12 630 414	11 422 593
Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments ((A-B-B'-C-D)/E)	**65.51**	**64.28**

GROSS YIELD

(in € 000)	30.09.2019	30.09.2018
The current rental income (net, after deduction of canon) (A)	111 498	95 061
The estimated investment value of the portfolio (without taking into account the development projects included in the cost price) (B)	1 690 006	1 429 016
Gross yield (A/B)	**6.60%**	**6.65%**

* Difference between the investment value included here and the investment value as stated previously in the balance sheet is explained by the real estate portfolio of "Distri-land". The yield is determined on the basis of real estate reports, whereby the "Distri-land" portfolio is included for 100%. Retail Estates only holds 86,05% of the issued real estate certificates and values the certificates to the underlying value of the property pro rata its contractual rights (see annual report 2017-2018).

EPRA Key performance indicatoren			30.09.19	
	Definitions	Purpose	EUR/1000	EUR per share
EPRA earnings	Current result from adjusted core operational activities.	A key measure of a company's underlying operating results from its property rental business and an indicator of the extent to which current dividend payments are supported by core activity earnings.	33 770	2.79
EPRA NAV	Net Asset Value (NAV) adjusted to take the fair value of the property investments into account and excluding certain elements not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the current fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.	798 235	63.20
EPRA NNNAV	EPRA NAV adjusted to take the fair value of (i) the financial instruments, (ii) the debts and (iii) the deferred taxes into account.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of the assets and liabilities.	782 859	61.98
	Definitions	**Purpose**	**30.09.19**	**30.09.18**
EPRA Net Initial Yield (NIY)	Annualised gross rental income based on current rents ('passing rents') at balance sheet closing dates, excluding property costs, divided by the market value of the portfolio, plus estimated transfer rights and costs resulting from the hypothetical disposal of investment properties.	This measure makes it possible for investors to compare valuations of portfolios within Europe	6.70%	6.73%
EPRA topped-up Net Initial Yield (topped-up NIY)	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of the rent-free periods or other unexpired lease incentives as step up rents.	This measure, takien into account rent-free periods and tenant incentives, makes it possible for investors to compare valuations of portfolios within Europe	6.70%	6.73%
EPRA Vacancy	Estimated market Rental Value (ERV) of vacant surfaces divided by the ERV of the portfolio as a whole.	Shows the vacancy rate based on ERV in a clear way.	1.40%	1.21%
EPRA Cost Ratio (incl. vacancy costs)	EPRA costs (including vacancy costs) divided by the gross rental income less ground rent costs	A key measure to enable meaningful measurement of the changes in a company's operating costs.	13.12%	13.67%
EPRA Cost Ratio (excl. vacancy costs)	EPRA Costs (excluding vacancy costs) divided by the gross rental income less ground rent costs	A key measure to enable meaningful measurement of the changes in a company's operating costs.	12.61%	13.24%

EPRA earnings	30.09.19	30.09.18
	EUR/1000	EUR/1000
IFRS Net Result (attributable to the shareholders of the parent company)	21 999	27 646
Adjustments to calculate EPRA earnings		
Excluding:		
Variations in the fair value of investment properties (IAS 40)	495	193
Other result on portfolio	144	-830
Result on disposal of investment properties	38	762
Changes in the fair value of financial assets and liabilities	-12 449	-1 920
Adaptations to minority interests		
EPRA earnings (attributable to the shareholders of the parent company)	33 770	29 441
Diluted EPRA earnings (attributable to the shareholders of the parent company)		
EPRA earnings (EUR/share) (attributable to the shareholders of the parent company)	2.79	2.65
Diluted EPRA earnings per (EUR/share) (attributable to the shareholders of the parent company)		

EPRA Net Asset Value (NAV)	30.09.19	31.03.19
	EUR/1000	EUR/1000
Net Asset Value (attributable to the shareholders of the parent company) according to the annual accounts	762 206	707 926
Net Assets (EUR/share) (attributable to the shareholders of the parent company)	60.35	61.98
Effect of exercise of options, convertibles and other equity interests		
Diluted net asset value after effect of exercise of options, convertibles and other equity interests	762 206	707 926
Excluding:		
Fair value of the financial instruments	-36 029	-23 879
EPRA NAV (attributable to the shareholders of the parent company)	798 235	731 805
EPRA NAV (EUR/share) (attributable to the shareholders of the parent company)	63.20	64.07

EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)	30.09.19	31.03.19
	EUR/1000	EUR/1000
EPRA NAV (attributable to the shareholders of the parent company)	798 235	731 805
Including:		
Fair value of the financial instruments	-36 029	-23 879
Difference between nominal value and fair value of financial debts	20 653	
EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)	782 859	717 578
EPRA NNNAV (EUR/share) (attributable to the shareholders of the parent company)	61.98	62.82

EPRA Net Initial Yield		30.09.19 EUR/1000	30.09.18 EUR/1000
Investment properties (excluding assets held for sale) fair value		1 639 837	1 391 654
Transfer taxes		55 609	46 024
Investment value		1 695 446	1 437 678
Investment properties under construction		23 365	27 581
Investment value of the properties, available for rent	B	1 672 081	1 410 097
Annualised gross rental income		113 078	95 957
Property costs		-998	-1 016
Annualised net rental income	A	**112 079**	**94 941**
Notional rent expiration of rent free period or other lease incentives			
Topped-up net annualised rent	C	**112 079**	**94 941**
EPRA Net Initial Yield (NIY)	A/B	**6.70%**	**6.73%**
EPRA topped-up Net Initial Yield (topped-up NIY)	C/B	**6.70%**	**6.73%**

EPRA Vacancy Rate	30.09.19 EUR/1000	31.03.19 EUR/1000
Estimated rental value of vacant surfaces	1 579	1 369
Estimated rental value of total portfolio	113 078	104 872
EPRA Vacancy Rate	**1.40%**	**1.21%**

EPRA Cost Ratio	30.09.19 EUR/1000	30.09.18 EUR/1000
Operating corporate costs	2 774	2 533
Impairments on trade receivables	16	127
Ground rent costs	108	114
Property costs	4 136	3 666
Less:		
Ground rent costs	-108	-114
EPRA costs (incl. vacancy costs)	**6 926**	**6 326**
Vacancy costs	-270	-199
EPRA costs (excl. vacancy costs)	**6 656**	**6 127**
Rental income less ground rent costs	52 775	46 263
	%	**%**
EPRA Cost Ratio (incl. vacancy costs)	**13.12%**	**13.67%**
EPRA Cost Ratio (excl. vacancy costs)	**12.61%**	**13.24%**

INFORMATION SHEET

Name:	Retail Estates nv
Status:	Public Belgian Real Estate Investment Trust ("Belgian REIT") organised and existing under the laws of Belgium.
Address:	Industrielaan 6 – B-1740 Ternat
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
Company 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 Belgian real estate investment trust (BE-REIT) granted:	24 October 2014
Duration	Unlimited
Management:	Internal
Statutory auditor:	PwC Bedrijfsrevisoren bcvba – Woluwegarden-Woluwedal 18 at 1932 Brussel, represented by Mr Damien Walgrave
Financial year closing:	31 March
Capital at 30.09.2019:	€ 284,189,235.69
Number of shares at 30.09.2019:	12,630,414
Annual shareholders' meeting:	Penultimate Monday of July
Share listing:	Euronext – continuous market
Financial services:	KBC Bank
Value of real estate portfolio as of 30.09.2019:	Investment value € 1,713.52 million – fair value € 1,639.84 million (incl. value of "Immobilière Distri-Land nv" real estate certificates)
Real estate experts:	Cushman & Wakefield, CBRE, Colliers and Stadim
Number of properties as of 30.09.2019:	965
Type of properties:	Out-of-town retail real estate
Liquidity provider:	KBC Securities and De Groof Petercam

Design & realisation : **Thedesignfactory.be**

RETAIL ESTATES

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