



Interim statement – regulated information  
Ternat, 28 July 2017

## INTERIM STATEMENT OF THE BOARD OF DIRECTORS

FIRST QUARTER 2017-2018<sup>1</sup> (closed on 30.06.2017)

Net rental income rose by 8.06% to EUR 17.26 million

EPRA Earnings<sup>2</sup> for the first quarter of financial year 2017-2018 increased by 13.35% to EUR 10.41 million.

The fair value of the real estate portfolio (including project developments) amounted to EUR 1,150.92 million on 30 June 2017 as a result of expansion into the Netherlands<sup>3</sup>.

<sup>1</sup> The figures given in this press release are the consolidated, unaudited figures and are in accordance with IFRS.

<sup>2</sup> EPRA earnings are calculated as follows: net result excluding changes in the fair value of investment properties, excluding the result on the disposal of investment properties and excluding changes in the fair value of financial assets and liabilities.

<sup>3</sup> See also the press release of 3 July 2017 for more information.

## 1. REAL ESTATE ACTIVITIES DURING THE FIRST QUARTER 2017-2018

### 1.1 Rental income and occupancy rate<sup>4</sup>

Net rental income amounted to EUR 17.26 million in the first quarter of the year, an increase of 8.06% with respect to the comparable quarter in the 2016-2017 financial year. This increase is mainly due to acquisitions during the previous financial year. The investment in the Netherlands will contribute to the results from 1 July 2017.

The occupancy rate of the Belgian portfolio was 98.29% on 30 June 2017, compared to 98.13% on 31 March 2017. The occupancy rate of the 5 Dutch retail parks is 98.18%.

### 1.2 Fair value<sup>5</sup> of the real estate portfolio

The fair value of the real estate portfolio (including project developments) on 30 June 2017 amounted to EUR 1,150.93 million, which represents an increase of EUR 79.56 million (+7,43%) compared to the fair value on 31 March 2017 (EUR 1,071.36 million). The increase was mainly attributable to the acquisition of 5 retail parks in the Netherlands with a total fair value of 72.62 million euros. These retail parks are intended for high-volume retail trade and are mainly leased to retail chains active in home furnishing. We refer to the press release of 3 July 2017 for more information.

### 1.3 Events after the balance sheet date

On 24 July the shareholders' meeting approved the dividend of EUR 3.30 gross per share for financial year 2016-2017. The ex-date of the dividend is 28 July 2017, the dividend will be paid on 1 August 2017.

## 2. KEY FIGURES AS AT 30 JUNE 2017

### 2.1 EPRA Earnings

On 30 June 2017, EPRA earnings had evolved to EUR 10.41 million, compared to EUR 9.19 million for the comparable period in the 2016-2017 financial year. Calculation of EPRA earnings per share takes into account the weighted average number of shares on 30 June 2017, being 9,175,227 shares. EPRA earnings per share (based on the weighted average number of shares) amounted to EUR 1.13 on 30 June 2017, compared to EUR 1.04 on 30 June 2016.

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<sup>4</sup> The occupancy rate is calculated as the effective leased surface area in relation to the lettable surface area, expressed in m<sup>2</sup>.

<sup>5</sup> Fair value: investment value as determined by an independent real estate expert, with hypothetical transaction costs deducted. The fair value is the carrying amount under IFRS (see also note 21 in the 2016-2017 Annual Report).

## 2.2 Weighted average interest cost<sup>6</sup>

The weighted average interest rate on 30 June 2017 was 3.02%, compared to 3.42% on 31 March 2017 and 3.38 on 30 June 2016, and is due to the credit restructuring and private placements of the past financial year.

## 2.3 Information per share

	30.06.2017	31.03.2017
Number of shares in circulation	9,382,612	9,008,208
Weighted average number of shares	9,175,227	8,907,915
Net asset value per share IFRS <sup>7</sup>	58.77	57.17
EPRA NAV <sup>8</sup>	60.54	59.29
Net asset value per share (investment value) excluding dividend, excluding the fair value of the authorised hedging instruments	59.71	58.96
	30.06.2017	30.06.2016
EPRA earnings per share (based on weighted average number of shares)	1.13	1.04
EPRA earnings per share (based on number of shares entitled to dividends)	1.11	1.04

## 2.4 Debt ratio

On 30 June 2017, the debt ratio was 51.03%, compared to 50.26% on 31 March 2017. The increase is due to the acquisition in the Netherlands. Financing of the transaction was handled via the drawdown of bank loans and EUR 13 million through the issue of new shares.

Since 31 December 2012, the balance sheet has been prepared on the basis of the full acquisition of all minority interests (in accordance with IFRS), regardless of the timing at which the acquisition takes place and assuming that they are paid out in cash. This gives an indication of the maximum debt ratio based on the available information and the stage of development of the projects.

<sup>6</sup> Interest costs (including the credit margin and the cost of hedging instruments) divided by the weighted average financial debt over the period in question.

<sup>7</sup> This net asset value includes dividends and contains both the dividend for the first quarter of financial year 2017-2018 and the dividend for financial year 2016-2017 and will be paid on 1 August 2017.

<sup>8</sup> EPRA NAV is calculated as follows: shareholder's equity (excluding the fair value of the authorised hedging instruments) divided by the number of shares.

### 3. PROSPECTS

Macroeconomic uncertainties do not allow predictions about the evolution of the fair value of investment properties or the changes in the fair value of interest rate hedging instruments. The evolution of the intrinsic value of the share, which is sensitive to this, is therefore uncertain.

The expected dividend remains EUR 3.40 gross per share. Compared to the 2016-2017 financial year, this represents a 3.03% dividend increase. This expectation was made under the hypothesis of a stable occupancy rate and a positive evolution in rents.

### 4. FINANCIAL CALENDAR

Announcement of half-yearly results for financial year 2017-2018	20 November 2017
Announcement of annual results for financial year 2017-2018	18 May 2018

## ABOUT RETAIL ESTATES NV

Retail Estates nv is a real estate investment trust and more specifically a niche company that specialises in investing in out-of-town retail properties which are located on the periphery of residential areas or along main access roads into urban centres. Retail Estates nv buys these properties from third parties or builds and markets retail buildings for its own account. The buildings have useful areas ranging between 500 m<sup>2</sup> and 3,000 m<sup>2</sup>. A typical retail building has an average area of 1,000 m<sup>2</sup>.

On 30 June 2017, Retail Estates nv had 726 properties in its portfolio with a lettable surface area of 834.386 m<sup>2</sup>. The occupancy rate of the Belgian portfolio, expressed in leased m<sup>2</sup>, amounts to 98.13%. The occupancy rate of the 5 Dutch retail parks is 98.18%.

The fair value of the consolidated real estate portfolio of Retail Estates nv on 30 June 2017 is estimated by independent real estate experts at EUR 1,150.92 million.

Retail Estates NV is listed on Euronext Brussels and has the status of a real estate investment trust. On 30 June 2017, the stock market capitalisation of its shares amounted to EUR 748.54 million.

## FUTURE-ORIENTED STATEMENTS

This press release contains a number of future-oriented statements. Such statements are subject to risks and uncertainties, which means that the actual results can differ significantly from those expected on the basis of such future-oriented statements in this interim statement. Significant factors that can influence such results include changes in the economic situation, commercial, fiscal and environmental factors.

Ternat, 28 July 2017

Jan De Nys, managing director of Retail Estates nv


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For additional information;

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