

# 2018

IN RETAIL WE TRUST

RETAIL ESTATES



# 1998



# 8102

**1998.** RETAIL ESTATES TAKES A MODEST START AT THE BRUSSELS STOCK EXCHANGE WITH A MARKET CAPITALIZATION OF EUR 28.4 MILLION AND A PORTFOLIO OF EUR 39 MILLION OUT-OF-TOWN RETAIL PROPERTIES

THE SEGMENT IS STILL UNPRECEDENTED AND THEREFORE UNLOVED. RETAIL ESTATES CHARMS A BROAD GROUP OF PRIVATE INVESTORS. THERE IS A BUDGET FOR 1 FULL-TIME EMPLOYEE.

**2018.** RETAIL ESTATES HAS BEEN ON THE BRUSSELS STOCK EXCHANGE FOR 20 YEARS AND HAS A SECOND LISTING ON THE AMSTERDAM STOCK EXCHANGE. AFTER THE SUCCESSFUL CAPITAL INCREASE, THE MARKET CAPITALIZATION EXCEEDS 800 MILLION EUR WITH A REAL ESTATE PORTFOLIO APPROACHING 1400 MILLION EUR.

THE HOME MARKET HAS BEEN EXTENDED TO THE BENELUX.

INSTITUTIONAL AND PRIVATE INVESTORS ARE THE BACKBONE OF SHARE OWNERSHIP.

A DYNAMIC TEAM OF 25 EMPLOYEES DIRECTS THE ACTIVITIES FROM THE HEAD OFFICES IN TERNAT (BE) AND LEIDERDORP (NL).

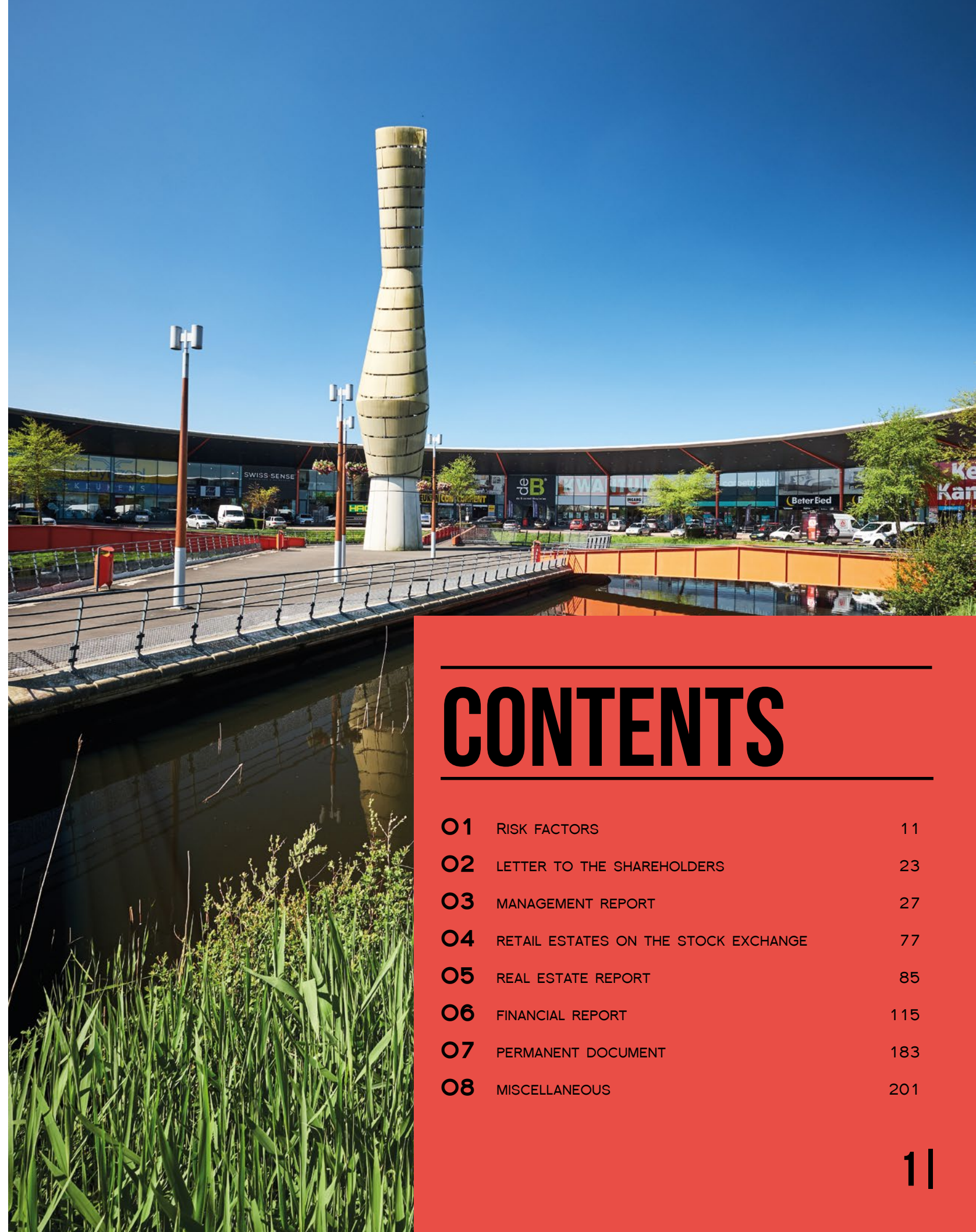


# 1998



#### 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.



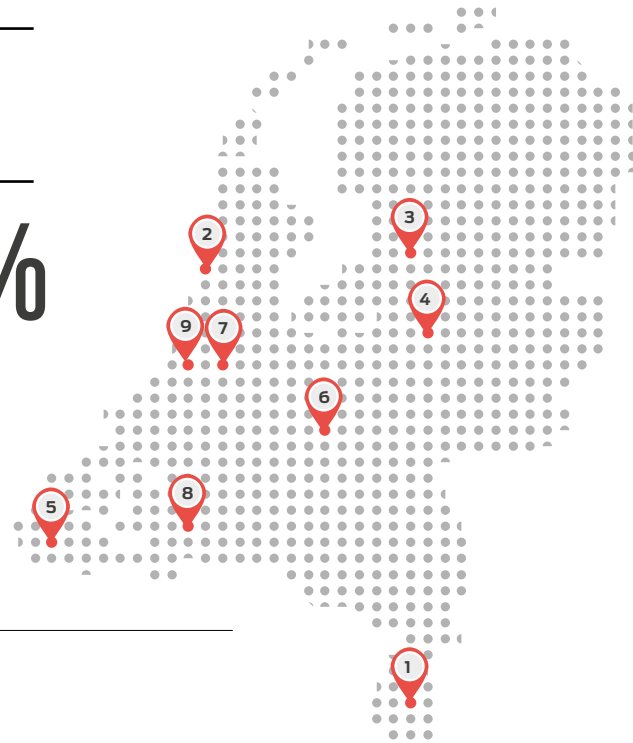
# CONTENTS

<b>01</b>	RISK FACTORS	11
<b>02</b>	LETTER TO THE SHAREHOLDERS	23
<b>03</b>	MANAGEMENT REPORT	27
<b>04</b>	RETAIL ESTATES ON THE STOCK EXCHANGE	77
<b>05</b>	REAL ESTATE REPORT	85
<b>06</b>	FINANCIAL REPORT	115
<b>07</b>	PERMANENT DOCUMENT	183
<b>08</b>	MISCELLANEOUS	201

## GEOGRAPHICAL SPREAD CLUSTERS

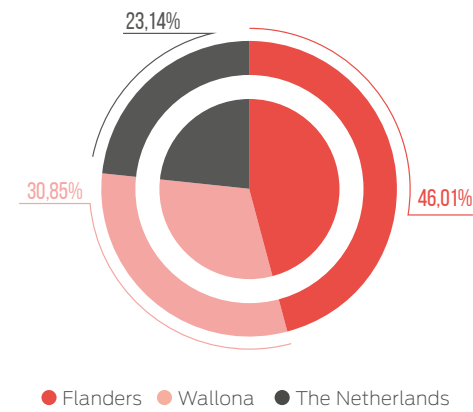
**98,11%**

**Stable occupancy rate**  
The current outlet renting market in the suburban areas shows great stability with respect to both investors and lessees.

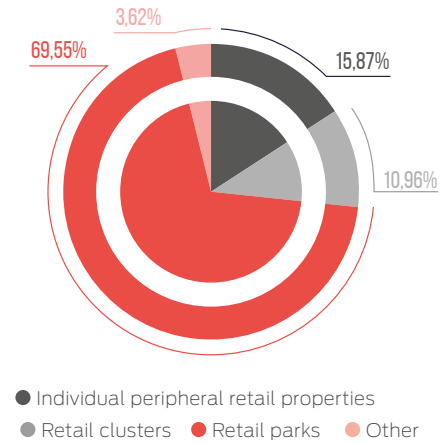


1. Heerlen
2. Cruquius
3. Zwolle
4. Apeldoorn
5. Middelburg
6. Veenendaal
7. Alphen aan den Rijn
8. Roosendaal
9. Leiderdorp

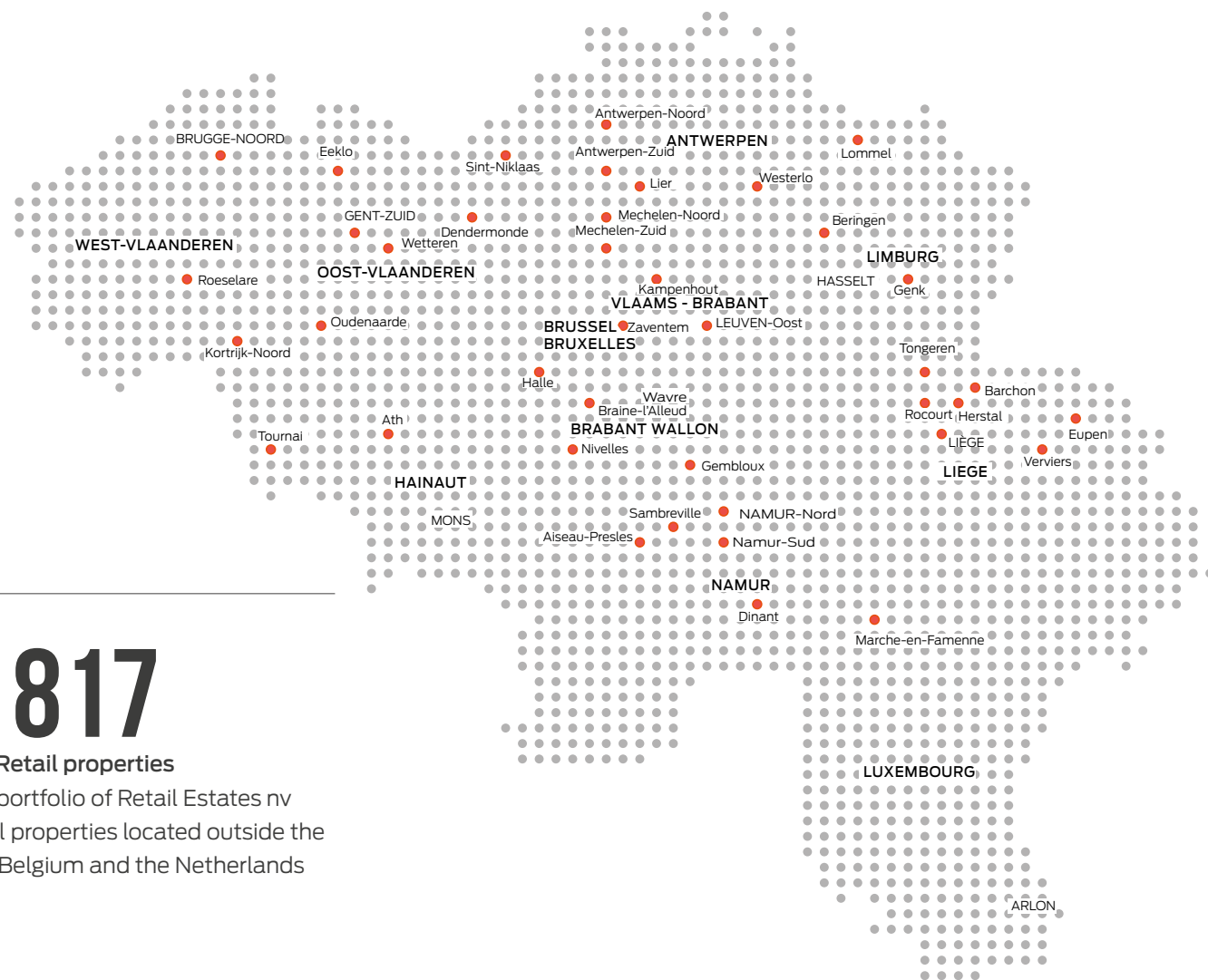
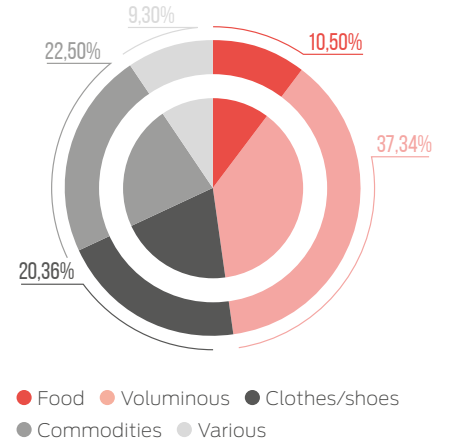
GEOGRAPHICAL DISTRIBUTION



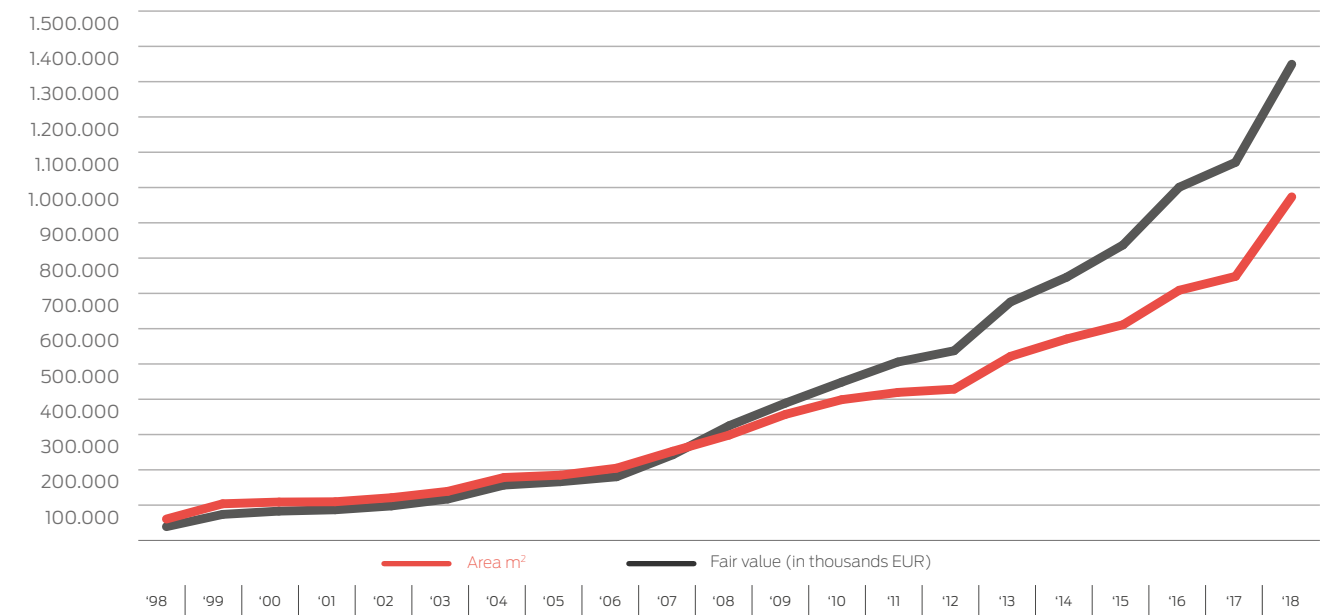
TYPE OF BUILDING



COMMERCIAL ACTIVITIES OF TENANTS



GROWTH PORTFOLIO RETAIL ESTATES NV BETWEEN 1998 AND 2018



**817**  
Retail properties

The real estate portfolio of Retail Estates nv consists of retail properties located outside the largest cities of Belgium and the Netherlands

**€1.349 MIO**



**Fair value**  
Retail Estates nv has concentrated on continuously improving the quality of its properties and the expansion of its real estate portfolio.

**973.525M<sup>2</sup>**



**Retail area**  
Retail Estates invests in acquisitions, investments in project developments and investments in the optimisation of its real estate portfolio

## KEY FIGURES 2016-2018

THE FINANCIAL YEAR OF RETAIL ESTATES NV STARTS ON 1 APRIL AND ENDS ON 31 MARCH.  
THE KEY FIGURES BELOW ARE CONSOLIDATED FIGURES.

REAL ESTATE PORTFOLIO	31/03/18	31/03/17	31/03/16
Total retail properties	817	668	634
Total lettable area in m <sup>2</sup>	973 525	748 136	708 879
Estimated fair value in EUR	1 349 367 000	1 071 361 000	1 000 799 000
Estimated investment value in EUR	1 392 427 000	1 097 917 000	1 025 536 000
Average rent prices per m <sup>2</sup>	96.08	95.45	95.86
Occupancy rate	98.11%	98.13%	98.22%

### BALANCE SHEET INFORMATION

Shareholders' equity	568 332 000	514 970 000	474 170 000
Debt ratio (RREC legislation*, max. 65%)	57.57%	50.26%	49.95%

### RESULTS

Net rental income	77 848 000	66 024 000	61 680 000
Property result	76 876 000	65 465 000	61 386 000
Property charges	-6 124 000	-4 940 000	-4 504 000
General costs and other operating costs and income	-4 518 000	-2 941 000	-2 841 000
Operating result before result on the portfolio	66 234 000	57 584 000	54 041 000
Result on portfolio	-1 307 000	13 889 000	10 557 000
Operating result	64 927 000	71 473 000	64 598 000
Financial result	-17 268 000	-19 064 000	-21 774 000
Net result	46 695 000	52 136 000	42 035 000
EPRA earnings	47 900 000	39 115 000	36 473 000

INFORMATION PER SHARE	31/03/18	31/03/17	31/03/16
Number of shares	9 489 661	9 008 208	8 866 320
Number of shares entitled to dividend	11 387 593	9 008 208	8 866 320
Net asset value IFRS	59.89	57.17	53.48
EPRA NAV	61.33	59.29	56.66
Net asset value (investment value) excl. dividend excl. the fair value of authorized hedging instruments	61.73	58.96	56.27
Gross dividend per share	3.60	3.30	3.20
Net dividend per share	2.52	2.310	2.336
Gross dividend yield on closing price (excl. dividend)	5.31%	4.48%	4.28%
Net dividend yield on closing price (excl. dividend)	3.66%	3.10%	3.09%
Closing price on closing date	71.45	76.90	78.00
Average share price	73.59	77.54	73.53
Evolution of share price during the financial year	-5.54%	-1.28%	5.65%
Over-/undervaluation compared to net asset value IFRS	19.30%	34.51%	45.85%

\* The Royal Decree of 13 July 2014 (the "RREC R.D.") in execution of the Law of 12 May 2014 (the "RREC Law") on regulated real estate companies (Belgian REITs).

\*\* 1 897 932 new shares were created as a result of the capital increase that took place on 27/04/2018. These shares share in the profit of the financial year that started on 1 April 2017.



## REMARKABLE REAL ESTATE FACTS

### BRAINE L'ALLEUD

The project Braine l'Alleud was delivered in the third quarter. A facelift was given to the entire park.



### EXPANSION TO THE NETHERLANDS

Retail Estates expands to the Netherlands and invests in retail parks in 9 locations including Cruquius and Heerlen.



1998

**Retail Estates on the stock exchange**  
IPO and first listing on Euronext Brussels

2002

**Independant**  
Retail Estates becomes an independently managed investment company with fixed capital

2008

**Value real estate portfolio**  
Real estate portfolio reaches the milestone of EUR 250 million

2012

**Retail Estates on the stock exchange**  
Market capitalisation more than EUR 250 million  
Optional stock dividend offered to the shareholders for the first time

2014

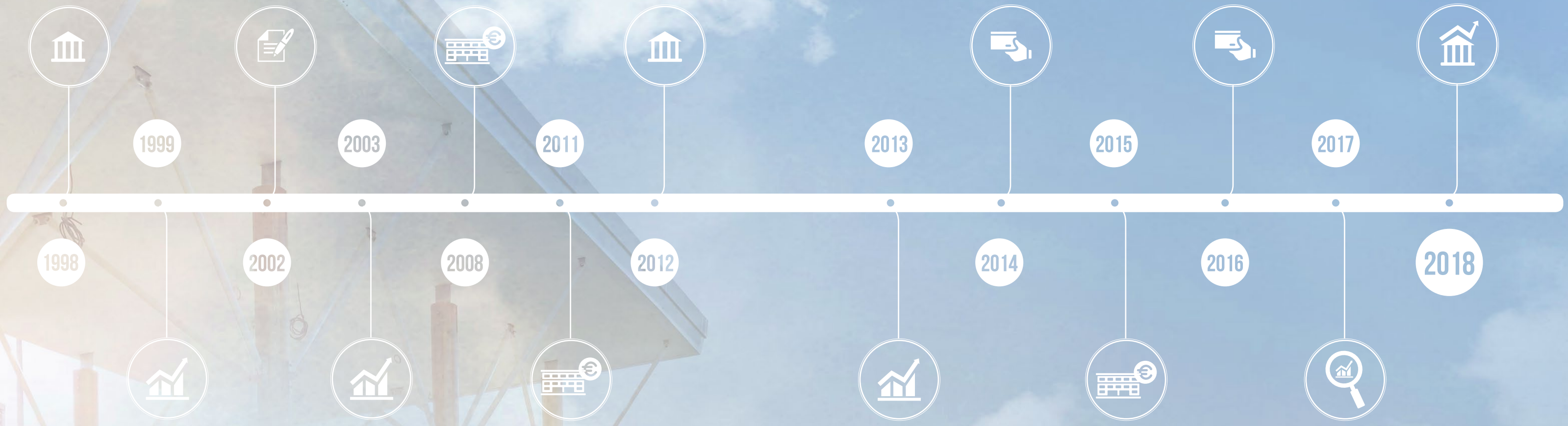
**Diversification of financing sources**  
bond issue - private placement  
**Amendment of the articles of association**  
Sicaf becomes Belgian Reit (regulated real estate company)

2016

**Value real estate portfolio**  
Real estate portfolio reaches the milestone of EUR 1 billion  
**Diversification of financing sources**  
bond issue - private placement

2018

**20 years Retail Estates on the stock exchange**  
Additional listing on Euronext Amsterdam  
**Strengthening of the capital**  
5<sup>e</sup> public capital increase  
**Expansion to the Netherlands**



1999

**Strengthening of the capital**  
1<sup>e</sup> public capital increase

2003

**Strengthening of the capital**  
2<sup>e</sup> public capital increase

2011

**Value real estate portfolio**  
Real estate portfolio reaches the milestone of EUR 500 million

2013

**Strengthening of the capital**  
3<sup>e</sup> public capital increase

2015

**Strengthening of the capital**  
4<sup>e</sup> public capital increase  
**Retail Estates on the stock exchange**  
Market capitalisation lists at a milestone of EUR 700 million

2017

**Inclusion in EPRA index**  
The inclusion in the EPRA index contributes to the share's visibility.



# RISK FACTORS

<b>O1</b>	MARKET RISKS	12
<b>O2</b>	OPERATIONAL RISKS	16
<b>O3</b>	FINANCIAL RISKS	18
<b>O4</b>	REGULATORY RISKS	20



## MARKET RISKS

### INVESTMENT MARKET FOR OUT-OF-TOWN SHOPS AND RETAIL PARKS

#### DESCRIPTION OF THE RISK

The reduced demand from investors for out-of-town retail real estate.

#### POTENTIAL IMPACT

The value of the portfolio is estimated each quarter by independent real estate experts. A decrease in valuation leads to a decrease in shareholder's equity ("NAV") and, consequently, an increase in the debt ratio of the company.

#### LIMITING FACTORS AND CONTROL

The value of out-of-town retail property is mainly determined by the commercial value of the property's location. Due to the scarcity of good locations, supply and demand tend to exert upward pressure in both the private and institutional investor markets. The values are generally inflation-proof due to indexation of the rent, but they are interest rate sensitive due to the high debt ratio of many investors. The willingness to invest on the part of institutional investors can temporarily decrease due to macroeconomic factors that affect the availability and cost of credit. Experience shows that the private investor market, which still represents more than 60% of investments, is less sensitive to this.

The debt ratio amounts to 57.57% on 31 March 2018 (the BE-REIT legislation set the maximum debt ratio at 65%).

### INFLATION RISK

#### DESCRIPTION OF THE RISK

The Group's lease agreements contain indexation clauses on the basis of the health index, so that annual rental income evolves with the (indexed) inflation rate.

#### POTENTIAL IMPACT

The Group's exposure to inflation mainly concerns costs related to the lease, including those with respect to renovation and investment works, which may be linked to an index other than the health index, which could allow these costs to increase more quickly than the increase in rents. This could have an impact on the operational margin. If real estate costs increase 1% faster than the rental prices, this will have a 0.09% impact on the Group's operational margin (based on the data of 31 March 2018). Based on the data of 31 March 2018, the rental income variation can be estimated at EUR 0.85 million on an annual basis for each percentage point variation of the health index.

#### LIMITING FACTORS AND CONTROL

The company seeks to reduce the risk of cost increases by entering into contractual agreements with its suppliers.

### DEFLATION RISK

#### DESCRIPTION OF THE RISK

Deflation leads to a reduction in economic activity, which in turn results in a general fall in prices.

#### POTENTIAL IMPACT

In the case of deflation, the health index will be negative, so rental income will fall. Based on the

data of 31 March 2018, the rental income variation can be estimated at EUR 0.85 million on an annual basis for each percentage point of variation from the health index.

#### LIMITING FACTORS AND CONTROL

The Group is partly protected against the risk of deflation (and a corresponding decrease in rental income). Virtually all of the Group's lease agreements specify that the rent cannot fall below the level of the base rent (i.e. the base rent applicable when the lease agreement is concluded). But even in the case of these lease agreements, a decrease in rent to a level that is lower than the current rent but higher than the base price cannot be ruled out.

The main risks facing the company are listed below. For each of the listed risks, measures and procedures are in place to assess, control and monitor the effects as much as possible. These measures and procedures are also discussed below.

The board of directors regularly evaluates the company's exposure to risks, the financial impact of these risks and the actions that must be taken to monitor these potential risks, to avoid the risks and/or (where relevant) to limit the impact of these risks.

This list of risks is based on the information that was known at the time of preparation of this report. Other unknown and unlikely risks or risks that are not expected to have a significant adverse effect on the company, its activities and its financial situation may exist. The list of risks included in this chapter is therefore not exhaustive.



**E-COMMERCE**

**DESCRIPTION OF THE RISK**

Impact of the increasing importance of e-commerce on existing sales channels.

**POTENTIAL IMPACT**

Reduced demand for physical shops due to increased online shopping.

Demand for smaller shops (fewer m<sup>2</sup>) due to less stock being present in the shops.

**LIMITING FACTORS AND CONTROL**

Leasing to retailers that integrate the “multichannel” concept into their business model and thus integrate e-commerce into existing shops.

Splitting existing properties into smaller areas.

The effect of the impact is also influenced by the retail segment in which the tenant is active. A large part of the activities of the Retail Estates tenants is less susceptible to e-commerce. Within this scope we refer to the real estate report, which includes an overview of the commercial activities of the tenants.

**EXTERNAL FACTORS - INCIDENTS**

**DESCRIPTION OF THE RISK**

Impact of external factors and serious incidents (such as terror threat, vandalism, fire, explosion, storm and water damage) that may occur in the buildings included in the real estate portfolio.

**POTENTIAL IMPACT**

Interrupted activity and consequentially loss of the tenant

and reduced rental income.

**LIMITING FACTORS AND CONTROL**

The company is insured against lost rental income for a period of 18 to 36 months (depending on the type of permit to be obtained) due to external factors and serious incidents. Please refer to the management report, in which the incidents are explicitly discussed. The Real Estate Report indicates the insured values for each cluster.

**CHANGING ECONOMIC CLIMATE**

**DESCRIPTION OF THE RISK**

Impact of falling consumption and a declining economy

**POTENTIAL IMPACT**

- > Decrease in demand for shops.
- > Higher vacancy rates and/or lower rents when re-letting.
- > Decrease in the fair value of the real estate and consequently also Net Asset Value (NAV).
- > Possible bankruptcies of tenants.

**LIMITING FACTORS AND CONTROL**

- > Quality of the tenants with mainly retail chains and a limited annual provision for doubtful debtors (on average about 0.50% of the annual rent). Please refer to note 23 for the evolutions in terms of dubious debtors.
- > Sectoral diversification of customers and low average contractual rent.
- > Value is determined by the commercial value of the property’s location. Retail Estates spreads its investments throughout all major shopping areas in Belgium and the Netherlands. These investments



are concentrated in the subregions with strong purchasing power.  
> Usually a bank guarantee of 3 to 6 months is required.

**MACROECONOMIC FACTORS**

**DESCRIPTION OF THE RISK**

Increased volatility and uncertainty in the international markets.

**POTENTIAL IMPACT**

May lead to greater difficulty in accessing the stock market to acquire new capital/shareholder’s equity or reduced availability of liquidity on debt capital markets with respect to the refinancing of outstanding bonds.

**LIMITING FACTORS AND CONTROL**

The company aims to build long-term relationships with financial partners and investors, and has unused credit facilities available to absorb liquidity shortages. Please refer to note 34 et seq. for an overview of the outstanding credits and unused credit facilities.

FOR EACH OF THE LISTED RISKS, MEASURES AND PROCEDURES ARE IN PLACE TO ASSESS, CONTROL AND MONITOR THE EFFECTS AS MUCH AS POSSIBLE.

## OPERATIONAL RISKS

### VACANCY AND LOSS OF RENTAL INCOME

#### DESCRIPTION OF THE RISK

Risk of increased vacancy and higher re-letting costs related to the evolution in supply and demand in the rental market.

#### POTENTIAL IMPACT

- > Rental income and cash flow affected by an increase in vacancy and the costs of re-letting.
- > Decrease in the fair value of the real estate portfolio and consequently a decrease in the NAV and an increase in debt ratio.

#### LIMITING FACTORS AND CONTROL

Diversified customer base with a good sectoral spread. Good market knowledge via in-house operational teams with strong know-how and knowledge of the retail business. Weekly follow-up and discussion of debt collection at the property meeting.

The occupancy rate has exceeded 98% for more than ten years.

### RENTABILITY

#### DESCRIPTION OF THE RISK

Risk of rentability and quality of the tenants.

#### POTENTIAL IMPACT

Decrease in the quality and solvency of tenants, resulting in an increase in doubtful debtors, thereby reducing the level of debt collection.

#### LIMITING FACTORS AND CONTROL

Permanent follow-up by means of a weekly debt collection and property meeting ensures a proper flow of information and a swift approach. Good market knowledge via in-house operational teams with strong know-how and knowledge of the retail business.

### STRUCTURAL CONDITION OF THE BUILDINGS

#### DESCRIPTION OF THE RISK

Risk of structural and technical deterioration during the life cycle of buildings.

#### POTENTIAL IMPACT

Ageing of buildings, which affects commercial attractiveness. Loss of income and a long period in which the invested capital does not perform.

#### LIMITING FACTORS AND CONTROL

Management makes every effort to anticipate these risks and, to this end, conducts a consistent policy with respect to maintenance and repairs. In practice, these interventions are limited mainly to the renovation of car parks and roofs.

### ACQUISITIONS

#### DESCRIPTION OF THE RISK

A large number of buildings in the company's real estate portfolio (and in that of its subsidiaries) were acquired in the context of the acquisition of shares in real estate companies or corporate restructuring such as mergers and (partial) demergers. Real estate companies over which control is acquired are typically absorbed by Retail Estates, which transfers all of the capital,

assets as well as liabilities, of these companies to Retail Estates.

#### POTENTIAL IMPACT

There is a risk that hidden liabilities in these transactions will be transferred to Retail Estates, which would have a significant negative impact on the activities, results, profitability, financial position and outlook of the Group.

#### LIMITING FACTORS AND CONTROL

Management takes the necessary precautions to identify possible risks prior to acquiring control (cf. due diligence with regard to technical, financial, fiscal and accounting as well as legal risks) and strives to obtain the necessary contractual guarantees from the seller/supplier.

### SOIL CONTAMINATION

#### DESCRIPTION OF THE RISK

At a number of locations where the company has shop premises, activities were carried out in the past that were potentially polluting.

#### POTENTIAL IMPACT

Retail Estates is in principle not liable for such - by definition historical - contamination. The activities of the tenants of the company usually only result in a very limited risk of contamination and moreover are the responsibility of the tenant. However, the applicable legislation provides for complex, time-consuming procedures when transferring real estate, and this can result in research and study costs. The regulations relating to soil transport result in additional costs if contaminated soil must be manipulated during construction

work at such contaminated sites.

#### LIMITING FACTORS AND CONTROL

Retail Estates attempts to integrate environmental issues into due diligence research that typically precedes the acquisition of real estate and, as far as possible, to place responsibility for any soil contamination (including a possible remediation obligation) with the transferor of the property.

### TRAFFIC INFRASTRUCTURE

#### DESCRIPTION OF THE RISK

Out-of-town commercial real estate is by definition mainly accessible via regional roads. The road network is regularly refurbished with new roundabouts, cycle paths, tunnels etc. in the context of road safety.

#### POTENTIAL IMPACT

The result of such a refurbishment usually increases the commercial value of retail properties, since the traffic flow is often slowed and the environment around the shopping areas becomes safer. However, it cannot be ruled out that in exceptional cases access to some shopping areas could become more difficult.

#### LIMITING FACTORS AND CONTROL

Dialogue with the government to develop constructive solutions in the interests of all stakeholders.

### KEY PERSONNEL

#### DESCRIPTION OF THE RISK

The loss of key figures within the organisation.

#### POTENTIAL IMPACT

The loss of core competencies by the company could lead to a number of objectives being reached later than planned.

#### LIMITING FACTORS AND CONTROL

Retail Estates pays appropriate attention to the well-being of its employees. The company's remuneration policy is in line with the market. Great importance is attached to managing the competences of the team members.

### ICT & FRAUD

#### DESCRIPTION OF THE RISK

Risk of operational losses due to the failure of internal processes and systems, human errors or external events (fraud, natural disaster, cybercrime, etc.).

#### POTENTIAL IMPACT

Financial losses due to fraud, theft of sensitive data or interruption of activities.

#### LIMITING FACTORS AND CONTROL

- > A disaster recovery plan was developed to ensure that the company's activities can be continued in the event of a disaster or crisis. All data is also backed up in various ways (on site, off site on tape, and in the cloud).
- > Appropriate measures have also been taken in terms of access and security.
- > For ICT-related services, Retail Estates is supported by an external partner with whom an SLA (Service Level Agreement) has been concluded.

RETAIL ESTATES PAYS APPROPRIATE ATTENTION TO THE WELL-BEING OF ITS EMPLOYEES. GREAT IMPORTANCE IS ATTACHED TO MANAGING THE COMPETENCES OF THE TEAM MEMBERS.



## FINANCIAL RISKS

### LIQUIDITY RISK

#### DESCRIPTION OF THE RISK

Retail Estates is exposed to a liquidity risk that could result in a lack of cash in the case of non-renewal or termination of its financing contracts.

#### POTENTIAL IMPACT

Impossibility to finance acquisitions or developments (via shareholder's equity as well as via debt) or increased costs that reduce the expected profitability.

The lack of financing to repay interest, capital or operating expenses.

Increased cost of debt due to higher bank margins, with an impact on earnings and cash flows.

#### LIMITING FACTORS AND CONTROL

A conservative and cautious financing strategy with a balanced spread of expiration dates, diversification of funding sources and an extensive group of bank partners.

Please refer to note 34 et seq. for an overview of the outstanding credits and unused credit facilities.

### INTEREST RATE VOLATILITY

#### DESCRIPTION OF THE RISK

The company risks an increase in its financial costs that may arise from the evolution of interest rates.

#### POTENTIAL IMPACT

- > Increased cost of debt, resulting in an impact on earnings and cash flows, and a decrease in profitability.
- > Strong fluctuations in the value of financial instruments with potential impact on NAV.
- > In the current context of negative interest rates, the method used by some banks of demanding a floor for the Euribor rate (which is used as a reference in the financing contracts) of 0% has a negative effect on the financial costs. Indeed, an asymmetry is present since Retail Estates must pay a negative interest rate for its hedging instrument while the banks use a 0% floor.

#### LIMITING FACTORS AND CONTROL

- > The company applies a conservative policy that minimises this interest rate risk.
- > Retail Estates nv uses interest rate swaps to hedge the interest rate risk on long-term loans concluded at a floating interest rate. The maturity of these instruments is matched to the maturity of the underlying credits. If the Euribor rate (interest rate for short-term loans) falls sharply, the market value of these instruments will undergo a negative change. However, this is an unrealised and non-cash item.
- > With an interest rate swap, the variable interest rate is exchanged for a fixed interest rate.

- > The company has limited the risk of "floors" with its 4 major banks as much as possible by allowing floors only for the portion of the credits that are not covered or by building in floors in the interest rate swaps.
- > Please refer to note 34 et seq. for more information about the hedges used by the company.

### COUNTERPARTY RISK

#### DESCRIPTION OF THE RISK

Concluding bank loans and hedging instruments with financial institutions entails a counterparty risk for the company if these financial institutions fail.

#### POTENTIAL IMPACT

Termination of existing credit lines, which must then be refinanced with another bank/financier, which involves restructuring costs and the risk of higher interest costs for the new credits.

#### LIMITING FACTORS AND CONTROL

This risk is limited by spreading the bank loans and hedging instruments across different bankers.

### COVENANT RISK

#### DESCRIPTION OF THE RISK

Risk of the requirements to meet certain financial parameters under the credit agreements not being respected.

#### POTENTIAL IMPACT

Not respecting these covenants may result in early termination of these credits.

#### LIMITING FACTORS AND CONTROL

- > The company generally has entered into the following covenants with its bankers and bondholders:
  - Retention of BE-REIT status
  - Minimum portfolio size
  - ICR (calculated on net rental results)  $\geq 2$
- > The Belgian BE-REIT Act imposes a maximum debt ratio of 65%.
- > The company complies with all the covenants required by the banks. In addition, in accordance with Art. 24 of the BE-REIT Belgian Royal Decree, Retail Estates nv submits a budget forecast with an implementation schedule as long as the consolidated debt ratio, as defined in the same Belgian Royal Decree, is greater than 50%. This forecast describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets. The evolution of the debt ratio is monitored at regular intervals and the influence of any planned investment operation on debt levels is analysed in advance. This obligation has no impact on the company's banking covenant risk.

## REGULATORY RISKS

### RISK ASSOCIATED WITH REGULATORY CHANGE

#### DESCRIPTION OF THE RISK

Changes in regulations, including fiscal, environmental, urban planning, mobility policy and sustainable development as well as new provisions related to the leasing of real estate and the extension of permits with which the company, its real estate, and/or the users to whom the real estate is made available must comply.

#### POTENTIAL IMPACT

Negative influence on business, profits, profitability, the financial situation and prospects.

#### LIMITING FACTORS AND CONTROL

Constant monitoring of existing, potentially changing or future new laws and regulations and compliance with these laws and regulations, assisted by external specialist advisers.

### RISK ASSOCIATED WITH NON-COMPLIANCE WITH THE REGULATIONS

#### DESCRIPTION OF THE RISK

There is a risk that, possibly due to the (rapid) evolution of the regulations applicable to the company (please refer in this context to "Risks associated with regulatory change"), the company itself, its executives or its employees do not adequately comply with the relevant regulations or that these persons do not act with integrity.

#### POTENTIAL IMPACT

Failure to comply with the relevant legislation can have a financial or legal impact on the company; the nature and extent of this impact depends on the legislation that is not complied with.

#### LIMITING FACTORS AND CONTROL

- > The company shall make every effort to ensure that its executives and employees have the required background and knowledge to adequately implement the relevant legislation.
- > The company has a Corporate Governance Charter and a Dealing Code. Both documents have been published on the company's website and are have been communicated to the team. The Corporate Governance Charter is based on the 2009 Code of the Corporate Governance Committee (<https://www.corporategovernancecommittee.be>).
- > The Dealing Code is an integral part of the company's Corporate Governance Charter and was drawn up in line with the applicable regulations and legislation, in particular Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation), the Act of 2 August 2002 on the supervision of the financial sector and on financial services and the 2009 Corporate Governance Code.

### PERMITS

#### DESCRIPTION OF THE RISK

The lack of proper urban planning permits and permits for specific properties.

#### POTENTIAL IMPACT

- > Impact on the value of the real estate, since this value is largely determined by the presence of all urban planning permits and permissions under the law on commercial establishments according to the desired use of the property.
- > If a new use must be allocated to the property due to external circumstances, changes to the permits granted must be requested.
- > Obtaining such changes is often time-consuming and the process lacks transparency, which causes property to be temporarily vacated, even though tenants had been found for it.

#### LIMITING FACTORS AND CONTROL

- > Management devotes due attention to reviewing the urban planning permits when acquiring and developing retail outlets.
- > In addition, management continuously tries to evaluate changes in urban planning permits and permissions and compliance with these permits and permissions, and to anticipate such changes.

### RISKS ASSOCIATED WITH THE STATUS OF PUBLIC BELGIAN REAL ESTATE INVESTMENT TRUST

#### DESCRIPTION OF THE RISK

Risk of future changes to the legislation on BE-REITs, which would make it no longer possible for the company to enjoy the favourable fiscal transparency system for BE-REITs. The company is also subject to the risk of future adverse changes to this system.

#### POTENTIAL IMPACT

Risk of loss of recognition of the status of public BE-REIT. Loss of the favourable tax system of a BE-REIT and mandatory repayment of certain credits in the case of non-compliance with the rules.

#### LIMITING FACTORS AND CONTROL

- > Constant monitoring of legal requirements and compliance with these requirements, assisted by external specialist advisers.
- > Intensive dialogue with the regulator in the context of prudential oversight of the BE-REITs.
- > Representation of the company in organisations representing the BE-REIT sector.

### TAX LAW

#### DESCRIPTION OF THE RISK

The exit tax owed by companies whose assets are taken over by a BE-REIT in the case of e.g. a merger is calculated taking into account Circular Ci.RH. 423/567.729 of the Belgian Tax Authorities of 23 December 2004, whose interpretation or practical application could always change. The "actual value for tax purposes" referred to in this circular

is calculated with a deduction of registration fees or VAT (which would apply in the event of a sale of the assets) and may differ from the fair value of the real estate as recorded in the balance sheet of the public BE-REIT in accordance with IFRS 13.

### RISKS ASSOCIATED WITH THE STATUS OF INSTITUTIONAL BE-REITS

#### DESCRIPTION OF THE RISK

The company has control over one institutional BE-REIT: Retail Warehousing Invest nv. Like Retail Estates nv, Retail Warehousing Invest nv is subject to the Belgian BE-REIT Act in its capacity as an institutional BE-REIT.

#### POTENTIAL IMPACT

Risk of loss of recognition of the status of institutional BE-REIT. Loss of the favourable tax system of a BE-REIT and mandatory repayment of certain credits in the case of non-compliance with the rules.

#### LIMITING FACTORS AND CONTROL

- > Constant monitoring of legal requirements and compliance with these requirements, assisted by external specialist advisers.
- > Intensive dialogue with the regulator in the context of prudential oversight of the BE-REITs.
- > Representation of the company in organisations representing the BE-REIT sector

CONSTANT MONITORING OF EXISTING, POTENTIALLY CHANGING OR FUTURE NEW LAWS AND REGULATIONS AND COMPLIANCE WITH THESE LAWS AND REGULATIONS, ASSISTED BY EXTERNAL SPECIALIST ADVISERS.



# LETTER TO THE SHAREHOLDERS

Dear shareholders,

The past financial year was a pivotal year for our company. On 28 March 2018, we celebrated the 20<sup>th</sup> anniversary of our first stock exchange listing in Brussels, while on 11 April 2018, we celebrated our first stock listing in Amsterdam. These events are nevertheless mere anecdotes compared to the strategic decision to expand our home market to the Netherlands, where we invested EUR 296.73 million in a portfolio of retail parks across "the Randstad" region and the central and southern part of the Netherlands in less than 12 months. Instead of leaving the out-of-town real estate niche, we decided to invest in the same niche in one of our neighbouring countries. The strong positive dynamism of the Dutch economy in general and the Dutch retail sector in particular encouraged us to make the move. The investment has provided sufficient scope to entrust the property management to a team of employees stationed in our headquarters in Leiderdorp. The investments in the Belgian market are not neglected though, due to the shortage of good investment objects, they take the form of more complex transactions, within the scope of which Retail Estates realizes customized developments for its own account, or of extensions or improvements of retail parks that are part of its existing portfolio.

We are not blind to the challenges faced by our customers, the retailers. Out-of-town shopping came into existence in the 1980s and 1990s in the context of the cash-and-carry concepts, which revolutionised the retail trade at that time. Merchants started looking for larger retail areas so as to offer a broader product range. The general idea was that a shop should offer a huge selection of products so that every consumer would inevitably find something to their liking with the assistance of a sales employee. Consequently, the knowledge of sales employees was matched to the product range composed by their procurement colleagues based on their view on customer wishes. However, not much of this philosophy remains today; the consumer currently has wide access to the entire product range via the Internet, reversing the power relations between retailers and consumers. Consumers nowadays walk into shops with a smartphone in hand, and the customer is king more than ever before. Shops are driven by demand rather than by supply, with e-commerce as an alternative channel for people who fail to find what they are looking for in regular shops. The consequences are considerable: sales employees not only have to have knowledge of the product range offered in their shop, but also of the offer available elsewhere. Shops are decreasing in size as modern customers easily buy products which are not present in the shop and which can be delivered at home if desired. More than ever, our buildings are equipped for nighttime deliveries. The shopping experience also has to become more modern. The facelift of our retail park in Braine l'Alleud is a good example of the initiatives taken by Retail Estates to assist retailers in this respect. Our annual report contains a set of photographs that give a good idea of the "new look" we try to achieve.



The company's funding was reinforced by means of several capital increases for an amount of EUR 31.29 M and the incorporation into the reserve of a major part of the EPRA earnings, for an amount of EUR 9.67 M. Various loans approaching their expiry date as well as relevant interest covers were renewed at a significantly lower cost price, resulting in a considerable increase in EPRA earnings in the past financial year.

The operational results were once again very solid. The most important indicator is the high occupancy rate, which has exceeded 98% for the 20<sup>th</sup> year in a row. The rental income also suffered a marginal loss (EUR 0.01 M or 0.02 percent of the gross rental income and the service fees charged). All this is indicative of the health of our real estate portfolio.

The strong corporate growth in general and the startup of activities in the Netherlands have translated into a further reinforcement of the different teams that constitute the very core of the company. Within this scope, special attention was paid to the recruitment of employees for the property management team in the Netherlands, which is stationed in the headquarters in Leiderdorp, and to the reinforcement of the financial and administrative services concentrated in Ternat.

The proposed dividend for financial year 2017-2018 to be presented for your approval at the next shareholders' meeting amounts to EUR 3.60 gross (EUR 2.520 net) and represents an increase of more than 9% compared to the dividend for the previous financial year, which is significantly higher than the very low inflation experienced during the same period. Retail Estates will thus distribute EUR 40.99 million of its current profit and invest the balance of the undistributed profit in the company's growth.

We trust that a reading of our annual report will reinforce your confidence in our company. Our board of directors, together with our 25 employees, is committed to achieving sustainable growth that will optimally benefit your investment. While we do not invest in a risk-free environment, we do make use of our knowledge and experience to reduce the risks. In this, we primarily focus on our customers and the consumers, who make it possible for retailers to achieve sales. It is no coincidence that we once more opt for the slogan "in retail we trust".

Ternat, 18 May 2018

  
**Paul Borghgraef**  
 Chairman  
 of the board of directors

  
**Jan De Nys**  
 Managing  
 director

# MANAGEMENT REPORT

## REPORTING ON FINANCIAL YEAR 2017-2018

<b>O1</b>	INTRODUCTION	28
<b>O2</b>	STRATEGY - INVESTMENT IN OUT-OF-TOWN RETAIL REAL ESTATE	29
<b>O3</b>	INVESTING VIA THE BELGIAN REAL ESTATE INVESTMENT TRUST RETAIL ESTATES NV	31
<b>O4</b>	SIGNIFICANT EVENTS IN THE FINANCIAL YEAR	32
<b>O5</b>	COMMENTS ON THE CONSOLIDATED ACCOUNTS FOR FINANCIAL YEAR 2017-2018	41

## CORPORATE GOVERNANCE

<b>O6</b>	CORPORATE GOVERNANCE STATEMENT	44
<b>O7</b>	MANAGEMENT OF THE COMPANY	51
<b>O8</b>	OTHER PARTIES INVOLVED	68
<b>O9</b>	ACQUISITION AND SALE OF RETAIL ESTATES NV SHARES - INSIDER TRADING	70
<b>10</b>	INFORMATION BASED ON ARTICLE 34 OF THE BELGIAN ROYAL DECREE OF 14 NOVEMBER 2007 CONCERNING THE OBLIGATIONS OF ISSUERS OF FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET	70

	DATA IN ACCORDANCE WITH THE EPRA REFERENCE SYSTEM	72
--	--	----



## REPORTING ON FINANCIAL YEAR 2017-2018



### 1. INTRODUCTION

#### LEGAL REQUIREMENTS

The annual report of Retail Estates is a report within the meaning of articles 96 and 119 of the Belgian Company Code. The elements to be included in this report on the basis of these articles are discussed in the different chapters.

#### FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements, including, but not limited to, statements using such words as “believe”, “anticipate”, “expect”, “intend”, “plan”, “pursue”, “estimate”, “can”, “will”, “continue”, and similar expressions. These forward-looking statements are made in the context of known and unknown risks, uncertainties and other factors that might cause the actual results, the financial condition, the performance or the accomplishments of Retail Estates nv and its

subsidiaries (“The Group”) or the results of the sector to differ considerably from the expected results, performance or accomplishments expressed or implied in the aforementioned forward-looking statements. Given these uncertainties, investors are advised not to place undue reliance on such forward-looking statements.

### 2. STRATEGY - INVESTMENT IN OUT-OF-TOWN RETAIL REAL ESTATE

#### GOAL - INVESTMENT IN A REPRESENTATIVE PORTFOLIO OF OUT-OF-TOWN RETAIL REAL ESTATE

The Belgian real estate investment trust Retail Estates NV is a niche player specialised in making out-of-town retail properties located on the periphery of residential areas or along main access roads to urban centres available to users. Real Estates nv acquires these real properties from third parties or builds and commercialises retail buildings for its own account. The buildings have useful areas ranging between 500m<sup>2</sup> and 3,000m<sup>2</sup>. A typical retail property has an average area of 1,000 m<sup>2</sup>.

The most important long-term goal for Retail Estates nv is to assemble, manage and extend a portfolio of out-of-town retail real estate which ensures steady, long-term growth due to its location and the quality and diversification of its tenants. The projected growth results both from the value of the assets and the income generated from leasing.

In the short term, this goal is being pursued by continuously monitoring the occupancy rate of the portfolio, the rental income and the maintenance and management costs.

The selective purchase and construction of retail buildings at particular locations (so-called ‘retail clusters and retail parks’) are aimed at simplifying the management and boosting the value of the portfolio. Retail Estates nv has currently identified 71 clusters and retail parks in which it systematically increases its investments. Taken together, these clusters and retail parks represent 80.51% of its portfolio. The real estate portfolio is spread throughout Belgium and the Netherlands.

Over the past years, Retail Estates nv has concentrated on continuously improving the quality of its properties and expanding its real estate portfolio.

In principle, Retail Estates nv rents its properties as a building shell, with the furnishings, fittings and maintenance left to the discretion of the tenants. Retail Estates nv’s own maintenance costs are essentially limited to the maintenance of car parks and roofs, and can be planned in advance in most cases.

Most of its tenants are well-known retail chains.

As of 31 March 2018, Retail Estates nv has 817 premises in its portfolio with a total retail area of 973,525 m<sup>2</sup>. The occupancy rate of these buildings measured in rented square metres is 98.11%.

A total of 12,599 m<sup>2</sup> of retail area has received planning permission and is under development. This will be reflected in the calculation

of the occupancy level upon provisional delivery of the buildings.

On 31 March 2018, the fair value of the real estate portfolio of Retail Estates nv and its subsidiaries is estimated by the independent property experts at EUR 1,349.37 million (value excluding transaction costs) and the investment value at EUR 1,392.43 million (value including transaction costs).

Retail Estates nv has invested a total of EUR 15.31 million in “Distri-Land” real estate certificates. It currently holds 86.05% of the issued “Distri-Land” real estate certificates. The issuer of these real estate certificates owns 10 retail properties with a fair value of EUR 19.21 million.

#### ACQUISITION CRITERIA

Retail Estates nv seeks to optimise its real estate portfolio in terms of profitability and potential capital gains by paying attention to a number of criteria which serve as guidelines when acquiring real estate:

#### CHOICE OF LOCATION

Based on the insight that management has acquired into the profitability of its tenants, the locations that are selected aim to offer Retail Estates nv’s tenants the best chances of success. In this respect, the company seeks to achieve a healthy balance between the supply of retail properties and the demand from retailers. The aim in this is to develop a number of cluster locations and retail parks.

**RENTAL PRICES AND INITIAL PROFITABILITY**

In order to reconcile the profitability expectation of Retail Estates nv and its tenants over the long term, special attention is paid to rental prices. Experience has shown that the excessive rents charged by certain project developers result in a high level of customer turnover when the results do not rapidly meet the retailers' expectations.

**GEOGRAPHICAL SPREAD**

Retail Estates nv spreads its investments throughout all major retail areas in Belgium and the Netherlands. In practice, however, it invests little in the Brussels Capital Region due to its extremely low supply of out-of-town locations. As a result, the public BE-REIT prefers to concentrate its investments in sub-regions with strong purchasing power (mainly the Brussels – Ghent – Antwerp triangle and the "green axis" of Brussels – Namur – Luxembourg in Belgium as well as the "Randstad" region in the Netherlands and the central and southern parts of the country).

**DEVELOPMENT AND REDEVELOPMENT OF PROPERTY FOR OUR OWN ACCOUNT**

Retail Estates nv has significant experience in developing new retail buildings for its tenants for its own account. Experience shows that such developments offer architecturally attractive retail properties which generate a higher initial income than retail buildings offered on the investment market. The redevelopment of out-of-town shopping clusters into large groups of modern, connected retail properties

also becomes more important by the year. Such redevelopments generally allow for an increase in lettable area and a better alignment of the premises with tenants' needs. Another distinct advantage of redevelopments is that parking and road infrastructure is improved and retail properties are modernised.

**DIVERSITY OF TENANTS**

Retail Estates nv seeks to have as many different retail sectors as possible represented in its list of tenants, with a preference for sectors known to have valuable retail outlets. In times of economic hardship, not all retail sectors are equally affected by a possible fall in turnover. A good distribution over diverse sectors limits the risks attached to negative economic developments.



“RETAIL ESTATES NV SPREADS ITS INVESTMENTS THROUGHOUT ALL MAJOR RETAIL AREAS IN BELGIUM AND THE NETHERLANDS.”

**3. INVESTING VIA THE BELGIAN REAL ESTATE INVESTMENT TRUST RETAIL ESTATES NV**

Since 24 October 2014, Retail Estates nv has been registered as a public Belgian real estate investment trust. In its capacity of public BE-REIT – and with a view to maintaining this status – the company is subject to the BE-REIT legislation, which includes restrictions relative to its activities, debt ratio and appropriation of results. As long as it respects the above-mentioned rules, the company benefits from an exceptional tax regime. This regime allows Retail Estates nv to pay virtually no corporate tax on its earnings in Belgium, thereby ensuring that the result available for distribution is higher than for real estate companies that do not enjoy this status. As a public BE-REIT, Retail Estates nv also has additional assets, such as its strongly diversified real estate portfolio and the fact that it has been incorporated for an indefinite period of time.

Investments in out-of-town retail real estate have, over the years, become more attractive owing to a stricter permit policy adopted by the government, a very limited supply of high-quality shop locations and a continuously high level of demand. The internationalisation of the retail property market, in conjunction with

the shift from city centre to out-of-town shopping, has had a positive influence on the out-of-town retail real estate market. This evolution, as well as the tendency to further institutionalise the investment market for out-of-town retail real estate, not only explains the rise in rents, but also the increase in the fair value of this real estate in the longer term. Moreover, several tenants of the company have incorporated the benefits of distance selling – by means of online selling – in their retail concept. This tendency even extends to the points of sale, which benefits these companies' market position.

Each Retail Estates nv shareholder owns an investment instrument that can be traded freely and cashed in at any time via Euronext. Retail Estates has furthermore also been listed on Euronext Amsterdam since 11 April 2018, one week after the 20<sup>th</sup> anniversary of its listing on Euronext Brussels. All shares of Retail Estates nv are held by the public and a number of institutional investors. On 18 May 2018, five shareholders reported that, in accordance with the transparency legislation and Retail Estates nv's articles of association, they have stakes exceeding the statutory threshold of 3% and/or 5% (further explanation in the "Shareholding structure" section of this management report).

The Euronext pricing lists, which are published in the daily press and on the Euronext website, enable shareholders to follow the evolution of their investments at all times. The company also has a website

(www.retailstates.com) with relevant shareholder information.

The net asset value (NAV) of the share is an important indication of its value. The net asset value is calculated by dividing the consolidated shareholders' equity by the number of shares. The NAV (IFRS) amounted to EUR 59.89 on 31 March 2018. This represents an increase by 4.76% (EUR 57.17 over the previous year). On 31 March 2018, the stock market price of the share was EUR 71.45, representing a premium of 19.30%.

The EPRA NAV amounts to EUR 61.33, compared to EUR 59.29 in the previous year. This increase is due to the positive change in the value of the real estate investments and the results of the financial year. Compared to the previous financial year, the number of shares of Retail Estates nv increased by 481,453. Hence, there was no dilution of the NAV per share.

On 25 April 2018, the company completed a capital increase for an amount of EUR 123.4 million by issuing 1,897,932 shares. For more information please refer to the section "Events after the date of the balance sheet" in the next chapter.

## 4. SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

### INVESTMENTS - RETAIL PARKS

During the past financial year, Retail Estates extended its investments to the Netherlands with the acquisition of 8 retail parks. These retail parks are destined for large-scale retail and are principally let to retail chains. They feature a total of 134 retail properties. The investments mentioned under A to E (below) took place at the end of June 2017, the investments mentioned under F to H (below) in the second half of December 2017. In early March 2018, two retail properties were acquired that are adjacent to the retail park at Cruquius, which was acquired in December 2017

The investment is spread over the following locations:

#### A. APELDOORN RETAIL PARK HET RIETVELD (Province of Gelderland)

A retail park consisting of 12 retail properties with a total retail area of approx. 23,250 m<sup>2</sup>. The principal tenants include retail chains such as Beter Bed, Kvik, Bruynzeel Keukens and Swiss Sense.

#### B. MIDDELBURG RETAIL PARK DE MORTIERE (Province of Zeeland)

Retail Estates acquired 12 retail properties with a total retail area of 19,730 m<sup>2</sup> in a retail park of approx. 40,000 m<sup>2</sup>, which also includes a number of "big-box" stores. The

retail properties acquired by Retail Estates exclusively house retail chains such as Kwantum, Leen Bakker, Swiss Sense, BCC, Beter Bed, Bruynzeel Keukens and Perry Sport.

#### C. VEENENDAAL

(Province of Utrecht)

A retail park with a total retail area of 18,452 m<sup>2</sup> in the form of an "home decoration and interior design mall" where about a dozen retail concepts are operated, including Trendhopper, Vtwonen, Auping, Xooon, etc.

#### D. ROOSENDAAL

(Province of North Brabant)

The retail park Oostplein features 10 retail properties with a total retail area of 10,233 m<sup>2</sup>. They are let to retail chains like Roobol, Kwantum, Jysk, Carpetright and Beter Bed. In the course of the next few years, this retail park will undergo a facelift and a partial restructuring.

#### E. ALPHEN AAN DEN RIJN

(Province of South Holland)

The retail park Euromarkt consists of 13 retail properties with a total retail area of 10,123 m<sup>2</sup>. The principal tenants are Gamma, Aldi and Roobol. Contrary to the other retail parks, it is located in the urban agglomeration ("edge-of-town" type).

#### F. HEERLEN

(Province of Limburg)

The home furnishing shopping centre at Heerlen features over 50 specialised retail units and is one of Europe's largest shopping boulevards. The park consists of two parts (Square 1 and Square 2) and is easily accessible from the A76 motorway. The A76

stretches from the Belgian to the German border, making the retail park accessible to German and Belgian visitors. The catchment area covers 1.3 million local residents. Heerlen 1 consists of 21 retail properties with a total area of 39,891 m<sup>2</sup>, while Heerlen 2 has 26 retail properties with a total area of 35,023 m<sup>2</sup>.

#### G. CRUQUIUS

(Haarlemmermeer - Province of North Holland)

Thanks to its high concentration of tenants and its attractive customer zone, Cruquius Boulevard, with a surface area of approx. 35,000 m<sup>2</sup> and 25 tenants, is regarded as the absolute top location in the Netherlands. It is part of a commercial zone with a total retail area of 88,650 m<sup>2</sup>. Large urban centres like Haarlem, Hoofddorp and Amsterdam and residential areas with the highest purchasing power in the Netherlands are situated in the immediate vicinity. The catchment area covers 1.7 million local residents.

Within the context of this transaction, two additional rental retail properties were acquired at Cruquius in early March 2018.

These two retail properties represent a retail area of 6,397 m<sup>2</sup> and are used as sales outlets for DIY products under the trade name of Praxis and Gamma respectively. The total investment amounts to EUR 9 million, representing an initial yield of 6.78% in view of the net rental income of EUR 0.61 million. According to the real estate expert, the fair value amounts to EUR 8.6 million.





#### H. ZWOLLE (Overijssel)

This local retail park, with a surface area of 24,721 m<sup>2</sup> and 11 tenants, is situated close to the exit of the motorway near the city of Zwolle, which has 125,000 inhabitants. It is the only retail park in the wider region and represents stable value.

The investment in the purchase of these retail parks (A-E) amounts to EUR 75.61 million, including real estate transfer tax and notary fees. The net rental income amounts to EUR 5.85 million. 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. The initial profitability generated by these net rental prices on the total investment amounts to 7.74 percent (gross initial profitability of 7.98 percent). The fair value of this investment amounts to EUR 70.66 million and corresponds to the estimate of the real estate expert of CBRE Nederland. In the Netherlands, the fair value corresponds to the costs-to-buyer valuation (investment minus 6% real estate transfer tax and 1% notary fees).

Furthermore, within the context of these transactions, 7 retail properties were acquired in the Meubelplein retail park at Leiderdorp, with a total retail area of 5,898 m<sup>2</sup>, including a vacant retail unit of 2,668 m<sup>2</sup> and two precarious rental prop

erties with a total retail area of 1,409 m<sup>2</sup>. The net rental income of these retail properties currently amounts to only EUR 0.17 million. These non-strategic buildings will be divested upon re-letting. The investment in this purchase amounts to EUR 2.10 million (including real estate transfer tax and notary fees). The real estate expert of CBRE Nederland has assessed the fair value at EUR 1.96 million (costs-to-buyer value excluding real estate transfer tax). The difference between this valuation and the purchase price (excluding real estate transfer tax) amounts to EUR 0.37 million and is attributable to valuation differences related to the valuation of the vacant condition.

The transaction (A-E) was structured through the procurement of a newly incorporated subsidiary Retail Estates Nederland BV for the aforementioned real estate. This transaction was funded by taking out bank loans and by issuing new shares for a total value of EUR 13 million.

The investment in the purchase of the last three retail parks (F-H) amounts to EUR 205.44 million, including real estate transfer tax and notary fees. The net rental income amounts to EUR 13.44 million. 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. The initial profitability generated by these net rental prices on the total investment

amounts to 6.54 percent (gross initial profitability of 6.74 percent). The fair value of this investment amounts to EUR 196.70 and corresponds to the costs-to-buyer valuation (investment excluding 6% real estate transfer tax and 1% notary fees).

This investment was structured through the acquisition of the real estate via various newly incorporated subsidiaries (4 in total). This transaction was financed through intra-group financing after the drawdown of bank loans by Retail Estates nv.

**LIBRAMONT & JEMEPPE-SUR-SAMBRE**  
On 31 October 2017, Retail Estates acquired exclusive control of the company Librajem BVBA (previously Prometra BVBA). This company owns two retail properties in Libramont and one retail property in Jemeppe-sur-Sambre. These properties generate an annual rental income of EUR 0.18 million. The investment in this transaction amounts to EUR 2.85 million.

**LA LOUVIÈRE**  
On 5 February, 50% of the shares of NS Properties BVBA were acquired for an amount of EUR 1.19 million.

The company has one retail unit in La Louvière that fits within the existing portfolio of Retail Estates.

The above acquisitions took place at a valuation corresponding to the fair value of the retail properties or parks in question as determined by the real estate experts of CBRE

or Cushman & Wakefield.

#### PROJECT DEVELOPMENT

On 31 March 2018, project developments accounted for a total amount of EUR 24.98 million. We distinguish three types of projects: speculative land positions (the so-called "land bank"), i.e. residual lands of existing portfolios that are intended for possible development or will be sold at a later stage if no redevelopment is possible. Furthermore, there are projects under application and projects under development.

On 31 March, the speculative land positions accounted for EUR 5.14 million, the projects under application represented EUR 13.83 million and the projects under development represented EUR 6.01 million.

#### A. PROJECTS UNDER APPLICATION - OVERVIEW OF THE MAIN PROJECTS

In 2014, Retail Estates acquired a retail park at Wetteren with 14 retail units and a gross retail area of 10,423 m<sup>2</sup>. The retail park, which opened in 2008, is known as Frunpark Wetteren. It is very successful and attracts consumers from far and wide. On 30 August 2016, Retail Estates NV acquired a controlling interest (51%) in real estate company Heerzele nv, which is the owner of an adjacent property at Wetteren. Retail Estates wishes to expand its retail park once it has obtained the necessary permits. The total operation consists of the creation of a gross retail area of approximately 9,000 m<sup>2</sup>, a considerable extension

of the car park and an expected total investment of EUR 14.40 million. This project is expected to be completed in September 2019.

Furthermore, the company intends to invest in the extension of its retail cluster at Namen-Zuid for its own account on behalf of a DIY store in Jambes. The additional expected investment is estimated at EUR 12 million and will consist of the creation of a retail property of approximately 8,000 m<sup>2</sup>. Completion is expected by June 2019.

#### B. PROJECTS UNDER DEVELOPMENT - OVERVIEW OF THE MAIN INVESTMENTS IN DEVELOPMENTS FOR ITS OWN ACCOUNT

- > Customised project for Aldi at Nijvel: construction of a customised building for Aldi (2000 m<sup>2</sup>). This retail unit is in line with the new concept that Aldi is currently rolling out and consists of a large retail area with an underground car park and rolling walkways. The total additional investment will amount to EUR 2.53 million. A total of EUR 1.97 million of this amount will be invested in the financial year that starts on 01 April 2018.
- > Customised project for Aldi in Tienen: this retail unit is in line with the new concept that Aldi is currently rolling out and consists of a large retail area with an underground car park and rolling walkways. The total additional investment will amount to EUR 0.40 million.
- > Extension of an existing retail park by 9,500 m<sup>2</sup> in Frameries. The existing retail park is a recently constructed complex, which was

developed into a strong pole of attraction in a densely populated area between Mons and the French border. The eight shops that have been opened since 2012 account for approx. 10,000 m<sup>2</sup> of retail area. Retail Estates has acquired the adjacent land and will construct the remaining 9,500 m<sup>2</sup> in the next 8 months.

- > Extension of the company's retail park in Barchon: an extra surface area of approximately 1,000 m<sup>2</sup> will be added for 1 or 2 additional retail units. This project was started in June 2017. A total of EUR 0.74 million has already been invested in this project, and additional investments for an amount of EUR 1.10 million are expected.
- > Extension and renovation of a 2,000 m<sup>2</sup> retail area in Gentbrugge for Brantano. This project started in February 2018. A total of EUR 0.36 million has already been invested in this project, and additional investments for an amount of EUR 0.86 million are expected.
- > Other projects: this concerns various smaller projects and extensions. The expected investment for these projects amounts to EUR 0.64 million.

The total expected investments for the projects described above amount to EUR 16.74 million.

#### C. COMPLETION OF PROJECTS

The project in Braine L'Alleud was completed in the third quarter of the financial year 2017/2018. The project involved a renovation of

the existing retail park at Braine L'Alleud, with a facelift of the entire park. Earlier in this financial year, the project at Ath was also completed. The total investment amounted to EUR 2.85 million. Upon completion, the fair value of the project in Braine amounted to EUR 2.41 million. The fair value of the project in Ath amounted to EUR 0.45 million.

#### OPTIMISATION OF REAL ESTATE PORTFOLIO

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

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

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

#### DIVESTMENTS

In the past financial year, a number of properties were divested for a net sales price of EUR 7.64 million.

A capital gain of EUR 0.09 million was realised on these divestments

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

#### INVESTMENTS: CONCLUSION

Acquisitions and in-house developments in the financial year 2017-2018, less divestments, resulted in an increase of the real estate portfolio by 309.39 million. The total rental income increased by EUR 8.50 million in the financial year 2017-2018 as a result of these investments, but decreased by EUR 0.25 million in the past financial year as a result of the divestments. If the acquisitions and sales had taken place on 1 April 2017, the rental income would have increased by EUR 20.08 million.

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

#### MANAGEMENT OF THE REAL ESTATE PORTFOLIO

##### OCCUPANCY RATE

The occupancy rate of the Retail Estates nv real estate portfolio is 98.11%.

Obviously, the occupancy rate must be seen as a snapshot taken of a series of mutations in the previous financial year. It

does not imply a guarantee for the future, as the legislation on commercial lease is mandatory and allows for cancellation every three years by all tenants.

#### RENTAL INCOME

Three smaller SME tenants filed for bankruptcy in the past financial year. The necessary provisions were created for the irrecoverable debts.

At the end of this financial year, outstanding trade receivables amount to EUR 1.93 million. An amount of 0.16 million relates to the operating and reserve fund. Taking into account the guarantees obtained – both rental guarantees and the requested bank guarantees – and the receivables not yet overdue, the credit risk on trade receivables is limited to approximately 9.86% (EUR 0.25 million) of the outstanding amount on 31 March 2018.

#### DAMAGE CLAIMS

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

## THE OCCUPANCY

### RATE OF THE RETAIL

### ESTATES NV REAL ESTATE

PORTFOLIO IS 98.11%.

**CAPITAL INCREASES IN THE CONTEXT OF THE AUTHORISED CAPITAL**

On 5 April 2017, a total of 174,404 new shares were issued by contribution of the remaining debt claim relating to the purchase of the shares of the real estate company Hainaut Retail Invest, which owns 25 retail properties spread throughout the province of Hainaut. The new shares have shared in the company's profit as from 1 April 2017.

As indicated in the Investments chapter, the acquisition of the Dutch real estate portfolio was in part realised by issuing new shares. These shares were issued by the board of directors on 29 June 2017 within the context of the authorised capital at an issue price of EUR 65. They have shared in the profit from the start of the financial year 2017-2018 on 1 April. As a result of this capital increase, 200,000 shares were issued.

On 29 March 2018, the board of directors issued new shares in the context of the authorised capital. In particular, the following contributions in kind took place following two separate but connected decisions:

**CONTRIBUTION OF FOUR RETAIL PROPERTIES AT LIBRAMONT**

Four retail properties located in a retail park at Libramont were contributed for a contribution value of EUR 5.46 million. These properties are let to retail chains JBC, Planet Parfum, Veritas and Pointcarré, and generate a rental income of EUR 0.31 million on an annual basis.

Retail Estates had already acquired three retail units in this retail park, out of a total of 17 retail units that together make up the park.

A total of 83,973 new registered shares were issued at an issue price of EUR 65. These new shares share in the profit of the current financial year, which started on 1 April 2017 and will close on 31 March 2018. Consequently, they are issued with coupon 26 attached, representing the dividend right for the current financial year. They represent a capital increase by EUR 1,889,425.21 and an issue premium for the balance of EUR 3,568,819.79.

**CONTRIBUTION OF A RETAIL UNIT AT HERSTAL**

A retail property located along the access road to the Carrefour site at Herstal (Liège) was contributed for a contribution value of EUR 1.5 million. This retail property is let to Kréfel and generates a rental income of EUR 0.10 million. It is adjacent to the Herstal retail cluster, where Retail Estates had already acquired six retail units. All properties are situated along the access road to the hypermarket Carrefour and are easily accessible from the Liège ring road.

A total of 23,076 new registered shares were issued at an issue price of EUR 65. These new shares share in the profit of the current financial year, which started on 1 April 2017 and will close on 31 March 2018. Consequently, they are issued with coupon 26 attached, representing the dividend right for the current financial year.

They represent a capital increase by EUR 519,218.99 and an issue premium for the balance of EUR 980,721.01.

As a result of these capital increases, the total capital of Retail Estates nv amounts to EUR 213,521,069.56 on 31 March 2018, represented by 9,489,661 fully paid ordinary shares.

**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 5.08 years. Within the context of the financing of its activities, Retail Estates has offered a commercial paper programme of (up to) EUR 50 million since September 2017. 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.

The average interest rate on 31 March 2018 is 2.62% compared to 3.42% on 31 March 2017.

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

**MERGER BY ACQUISITION OF SUBSIDIARIES**

On 21 December 2017, the merger by acquisition of the company RWI Invest nv by Retail Estates nv was adopted by the board of directors of the respective companies, effective 31 December 2017.

On 31 January 2018, the merger by acquisition of the company Hainaut Retail Invest nv by Retail Estates nv was adopted by the board of directors of the respective companies, with immediate effect.

On 31 January 2018, the merger by acquisition of the company Foncière de la station Verviétoise BVBA by Retail Warehousing Invest NV was also adopted by the managers and the board of directors of the respective companies, with immediate effect.

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



### EVENTS AFTER THE DATA OF THE BALANCE SHEET

#### CAPITAL INCREASE AND ISSUE OF NEW SHARES

On 10 April 2018, the board of directors of Retail Estates decided to proceed to a capital increase. It concerns a capital increase within the limits of the authorised capital, with an irrevocable allocation right for the shareholders of Retail Estates. During the subscription period with irrevocable allocation right, which was closed on 23 April 2018, a total of 1,669,426 new shares were subscribed for, i.e. 87.96% of the new shares offered.

All irrevocable allocation rights, represented by coupon no. 25, which were not exercised by the end of the subscription period and the exercised irrevocable allocation rights connected to registered shares for which the full subscription price was not paid in time, were sold on 25 April 2018 in the form of scrips within the framework of an exempt accelerated private placement with composition of an order book, implemented in Belgium, Switzerland and the European Economic Area, as described in point 8.1.3 of the Prospectus. The buyers of scrips have therefore subscribed for the 228,506 available new shares at the same price and in the same proportion as for the subscription through the exercise of irrevocable allocation rights, i.e. one new share at an issue price of EUR 65.00 (inclusive of coupon no. 26, representing the right to the annual dividend for the financial year 2017/2018, for which

a dividend prognosis of EUR 3.60 gross per share is made and with regard to which the annual meeting of Retail Estates, scheduled for 23 July 2018, will decide) per new share, for 5 irrevocable allocation rights in the form of scrips.

The gross proceeds of the offering amount to the targeted maximum of EUR 123,365,580 after the subscription period with irrevocable allocation rights and the exempt accelerated private placement of scrips. The net proceeds of the transaction are estimated at EUR 121,065,580.

#### ACQUISITION OF RETAIL PARK RANDSTAD HOLLAND

On 30 April, Retail Estates purchased a retail park in Spijkenisse in the region of Rotterdam. Rotterdam is one of the 4 large cities constituting "Randstad Holland". The retail park consists of 23 retail properties and one hospitality establishment, accounting for a total built area of 28,273 m<sup>2</sup>. The total investment amounts to EUR 47.20 million and generates a net rental income of EUR 3.11 million, i.e. an initial yield of 6.53%. According to the appointed real estate expert, the fair value of this investment amounts to EUR 43.30 million.



## 5. COMMENTS ON THE CONSOLIDATED ACCOUNTS FOR FINANCIAL YEAR 2017-2018

### BALANCE SHEET

The investment properties (including project developments) increased from EUR 1,071.36 million to EUR 1,349.37 million. This can mainly be explained by the expansion of the portfolio by EUR 311.04 million and the sale of investment properties for an amount of EUR 7.54 million. The fixed assets held for sale increased from EUR 5.69 million to EUR 29.20 million. At the end of each quarter, the assets for which the sales agreement has already been signed but the deed has not yet been executed are recorded in the assets held for sale. Assets worth EUR 29.14 million were added to the assets held for sale in the financial year 2017-2018, and assets worth EUR 5.89 million were sold.

Current assets amount to EUR 39.78 million and consist of EUR 29.20 million from assets held for sale, EUR 3.53 million from trade receivables, EUR 2.28 million from tax receivables and other current assets, EUR 3.39 million from cash and cash equivalents and EUR 1.37 million from accrued charges and deferred income.

The shareholders' equity of the public BE-REIT amounts to EUR 568.33 million. On 31 March 2018, the share capital amounts to EUR 213.51 million, an increase by EUR 10.83 million compared to last year, following the capital increases mentioned above. After deduction of the capital increase costs, the capital on the balance sheet amounts to EUR 208.20 million. A total of 481,453 new shares were created in the financial year 2017-2018. Issue premiums also increased from EUR 157.53 million to EUR 177.99 million for the same reasons. Reserves amount to EUR 135.44 million and consist of the reserve for the variations in the fair value of real estate properties (EUR 113.37 million), the result of previous financial years carried forward (EUR 47.35 million), available reserves (EUR 15.07 million), legal reserves (EUR 0.06 million), less the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties (EUR 26.61 million) and less the variations in the fair value of financial assets and liabilities (EUR 13.79 million). The Group uses financial derivatives (interest rate swaps) to cover interest rate risks resulting from certain operational, financial and investment activities. Financial derivatives are initially booked at cost and revalued to their fair value on the next reporting date. The derivatives currently used by Retail Estates nv qualify as accounting cash flow hedges only to a limited extent. Changes in the fair value of

the derivatives that do not qualify as cash flow hedges are immediately included in the result. Changes in the fair value of the swaps qualifying as cash flow hedges are booked directly as shareholders' equity and are not included in the income statement. The negative value of these instruments is the result of the strong decline in interest rates that has continued since the end of 2008 under the influence of the American and European central banks.

The net result of the financial year amounts to EUR 46.70 million and consists of EUR 47.90 million from EPRA earnings, - EUR 1.31 million from the result on portfolio and EUR 0.10 million from variations in the fair value of financial assets and liabilities.

The long-term liabilities amount to EUR 766.52 million and consist of EUR 746.00 million long-term financial liabilities with an average term of 5.01 years. The remaining long-term liabilities pertain to authorised cash flow hedges (interest rate swaps) and the debt to the minority shareholders of Heerzele nv and Blovan nv.

**RETAIL ESTATES NV AIMS AT A GROSS DIVIDEND OF EUR 3.80 (EUR 2.66 NET) FOR FINANCIAL YEAR 2018-2019.**

The short-term liabilities amount to EUR 59.32 million and consist of EUR 12.80 million of trade debts and other short-term liabilities. These mainly comprise the trade debts amounting to EUR 0.31 million, tax debts estimated at EUR 2.61 million, invoices receivable for EUR 8.40 million and exit taxes amounting to EUR 1.07 million. The short-term financial liabilities amount to EUR 36.38 million.

Other short-term liabilities have decreased from EUR 11.50 million to EUR 0.62 million. The decrease is mainly the result of the contribution of the remaining debt for the acquisition of the shares of Hainaut Retail Invest nv. This debt was incorporated into the capital of Retail Estates nv on 5 April 2017.

As of 31 March 2018, the weighted average interest rate is 2.62%.

**PROFIT AND LOSS ACCOUNT**

The net rental income increased by EUR 11.82 million, mainly due to the acquisition of additional properties (EUR 311.04 million) and the completion of projects in the 2017-2018 financial year (EUR 4.24 million), and the acquisition of the properties and the completion of the projects in the previous financial year that yielded a full year's rent for the first time this year (EUR 2.09 million). The sale of properties resulted in a decrease in net rental income of EUR 0.25 million. The sale of properties during the previous financial year resulted in a decrease in this year's net rental income by

EUR 0.07 million. The impact of contract renewals is EUR 0.32 million. Furthermore, there is an impact of discounts (-EUR 0.17 million), vacancy (-EUR 0.69 million) and indexation (EUR 1.11 million).

Property costs amount to EUR 6.12 million, an increase by EUR 1.18 million, mainly due to the increase in technical and commercial costs following the expansion of the portfolio, and the increase in personnel expenses following the expansion of staff. The company's overhead expenses amount to EUR 4.52 million, an increase by EUR 1.58 million (53.62%) compared to the previous year, mainly due to an increase in non-recurring fees and an increase in the manager's fee following the addition to the management committee of a Chief Investor Officer.

The result of the sale of investment properties is EUR 0.09 million. This profit is the result of the sale of EUR 7.73 million in properties (investment value). Please refer to the "Divestment" section in this chapter for more details.

The variation in the fair value of investment properties amounts to -EUR 2.51 million. There is a positive impact of indexations, increases in yield at top locations and rental renewals in retail parks, and a negative impact of the depreciation of the costs of the transaction for the determination of the fair value of investment properties. The other portfolio

result amounts to EUR 1.11 million and mainly includes deferred taxes relating to the Dutch portfolio.

The financial result (excluding variations in the fair value of financial assets and liabilities) amounts to -EUR 17.37 million compared to -EUR 18.20 million last year. The decrease in the weighted average interest rate from 3.42% to 2.62% offsets the increase in the interest charges due to additional loans taken to finance further expansion of the portfolio. The variation in the fair value of financial assets and liabilities amounts to EUR 0.10 million compared to EUR 0.87 million last year. The decrease in these costs is the result of the change in the fair values of the swaps that do not define cash flow (variations in the fair value of financial assets and liabilities). However, this result is an unrealised and non-cash item.

The EPRA result (i.e. the net result without the result on portfolio) amounts to EUR 47.90 million compared to EUR 39.12 million last year.

**PROSPECTS FOR FINANCIAL YEAR 2018-2019**

For the financial year 2018-2019, on the basis of the planned composition of the real estate portfolio and barring unforeseen events, the company expects the net rental income to amount to EUR 91.00 million. This figure only takes into account purchases and sales for which a sales contract was signed and investments that were tendered and for which

the required permits were obtained.

As was the case in the previous years, Retail Estates nv expects the dividend for the financial year 2018-2019 to grow in line with the previous years, as a result of which it is minimally inflation resistant. Retail Estates nv aims at a gross dividend of EUR 3.80 (EUR 2.66 net) for financial year 2018-2019. This would represent an increase by 5.56% compared to the dividend for the financial year 2017-2018 (EUR 3.60 gross).

**APPROPRIATION OF THE RESULTS**

The board of directors proposes to appropriate the profit of the financial year, as shown in the statutory annual accounts, as follows:

	in 000 EUR
Result of the year	45 637
Reserve for the positive/negative balance of changes in the fair value of real estate properties	2 555
Changes in fair value of financial assets and liabilities	-101
Profit to be appropriated for the financial year	48 091
Profit carried forward from the previous financial year (IFRS)	51 373
Increase in profit carried forward due to merger and other	1 472
Other	
Payment of dividend 31 March 2018	-40 995
Result to be carried forward	59 941

The board of directors of Retail Estates nv will propose to the shareholders' meeting, to be held on 23 July 2018, a gross dividend for the financial year 2017-2018 (which began on 1 April 2017 and ended on 31 March 2018) in the amount of EUR 3.60 (or EUR 2.52 net, i.e. the net dividend per share after the

deduction of 30% in withholding tax) per share which shares in the result of the financial year 2017-2018.

**MISCELLANEOUS ITEMS RESEARCH AND DEVELOPMENT**

The company has not undertaken any activities or incurred any expenditure in the area of research and development.

**BRANCH OFFICES**

The company does not have any branch offices.



# CORPORATE GOVERNANCE



## 6. CORPORATE GOVERNANCE STATEMENT

This statement adheres to the provisions of the Belgian Corporate Governance Code 2009 and the Belgian Act of 6 April 2010 amending the Belgian Company Code.

Retail Estates nv applies the Code of the Corporate Governance

Committee (<https://www.corporategovernancecommittee.be/en>) of 12 March 2009 as its reference code (hereinafter referred to as “the Code”).

On 10 April 2018, taking into account the relevant recent developments, an adjusted version of the Corporate Governance Charter and the Dealing Code was approved by the board of directors. The Charter can be found at the website: [www.retailstates.com](http://www.retailstates.com).

### CORPORATE GOVERNANCE CODE (2009 VERSION)

Retail Estates nv seeks to adhere to the provisions of the Corporate Governance Code as much as possible. There are, however, deviations in several areas. According to the Code’s “comply or explain” principle, it is allowed to take into account the relatively small size and unique characteristics of the company. The Code can be consulted on the website of the Corporate Governance Committee (<https://www.corporategovernancecommittee.be>).

### DEVIATIONS FROM PRINCIPLE 2:

Item 2.9. The board of directors has not yet appointed a company secretary. The duties linked to this position are currently performed by one of the directors. Mr Koenraad Van Nieuwenburg will be proposed as company secretary at the next board of directors meeting.

### DEVIATIONS FROM PRINCIPLE 3:

Item 3.5. In view of the company’s activities, and particularly considering the fact that negotiating and concluding specific contracts is part of the day-to-day management and falls within the CEO’s powers (without the intervention of the board of directors being required in principle), rental agreements (with retail companies with which a non-executive director is associated) between the company and one of its non-executive directors could fall under the conflict of interests regulations (‘significant commercial relationships’).

### DEVIATIONS FROM PRINCIPLE 4:

Item 4.6. The recommended four-year mandate for directors is considered too short given the complexity of the type of property in which Retail Estates nv specialises. As a result, all mandates last for six years.

### SHAREHOLDING STRUCTURE

Based on the transparency declarations received and the information which Retail Estates nv possesses, the main shareholders are:

	% at date of registration <sup>1</sup>	Pro forma % at 31.03.2018 <sup>2</sup>	Pro forma % at 18.05.2018 <sup>3</sup>
Stichting Administratiekantoor 'Het Torentje' group and Leasinvest, acting in mutual consultation	10.03%	10.47%	10.47%
FPIM nv (Belfius Insurance)	9.76%	8.87%	8.37%
KBC Group nv	7.59%	2.98%	3.01%
AXA nv	7.01%	6.71%	6.71%
Federale Verzekering/ Fédérale Assurance	7.99%	5.05%	5.05%
General public	57.62%	65.93%	66.39%

<sup>1</sup> On the basis of the denominator at the time of registration.

<sup>2</sup> On the basis of the number of voting rights, which appears from the information received from the company’s shareholders, and taking into account the denominator applicable at 31.03.2018 (9,489,661 shares), this table shows, for information only, the (supposed) shareholding structure. It should be noted that this does not necessarily correspond with reality (not for all shareholders in any case), since the company is not necessarily aware of share transactions that did not result in the triggering of a notification threshold, and thus did not result in a transparency notification.

<sup>3</sup> On the basis of the number of voting rights, which appears from the information received from the company’s shareholders, and taking into account the denominator applicable at 18.05.2018 (11,387,593 shares), this table shows, for information only, the (supposed) shareholding structure. It should be noted that this does not necessarily correspond with reality (not for all shareholders in any case), since the company is not necessarily aware of share transactions that did not result in the triggering of a notification threshold, and thus did not result in a transparency notification.

With the exception of the above-mentioned shareholders, no other shareholder has declared ownership of more than 3% of the issued shares of Retail Estates nv. According to the criteria applied by Euronext, Retail Estates nv has a free float of 100%.

The transparency declarations received are available for consultation on the company’s website [www.retailstates.com](http://www.retailstates.com) (under Investor Relations / The share / Shareholding structure).

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

In accordance with the Corporate Governance rules and the relevant legislation, Retail Estates nv has developed an internal control and risk management system taking into account the nature, size and

complexity of the company’s activities and its environment.

Internal control is a process which aims to provide reasonable guarantees to ensure that the following objectives are met:

- effectiveness and improvement of the operation of the company;
- reliability and integrity of information;
- compliance with policies, procedures, legislation and regulations.

Retail Estates nv has taken the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) as its reference for implementing its internal control system. The components of this framework and their application at Retail Estates nv are discussed below.



SOUND INTERNAL CONTROL AND BALANCED RISK MANAGEMENT ARE AN INHERENT PART OF RETAIL ESTATES NV'S CORPORATE CULTURE.

**Internal control and risk management systems in general**

Sound internal control and balanced risk management are an inherent part of Retail Estates nv's corporate culture and are disseminated throughout the organisation by means of:

- corporate governance rules and the existence of a remuneration committee and audit committee;
- the existence of a code of conduct (dealing code), dealing in particular with such matters as conflicts of interest, confidentiality, buying and selling of shares, prevention of abuse of company property, and communication;
- a human resources policy with rules for personnel recruitment, periodic performance evaluation and establishment of the annual objectives;
- procedure monitoring and process formalisation.

The board of directors regularly evaluates the company's exposure to risks, the financial impact of these risks and the actions that must be taken to monitor these potential risks, to avoid the risks and/or (where relevant) to limit the impact of these risks.

In particular, the company has developed internal control and risk management systems for the most important processes in the company, namely managing costs and expenses, repairs and maintenance, developments, and collecting rents.

**Internal control and risk management systems relating to financial reporting**

**CONTROL ENVIRONMENT**

The control environment as regards financial reporting consists of the following components:

- the accounting team is responsible for preparing and reporting financial information;
- the controller is responsible for reviewing the financial information and preparing the consolidated figures (in consultation with the CFO) as well as for the feedback of information to Retail Estates nv's operational activities;
- the CFO is responsible for the final review of the consolidated financial statements and for the correct application of the valuation rules, and reports back on these tasks to the CEO.
- as part of his responsibility for the day-to-day management of the company, the CEO shall regularly discuss the financial reporting with the CFO;
- the audit committee and the board of directors have detailed quarterly question and discussion sessions with the CEO and CFO and oversee the proper application of the valuation rules. Other actors also play a role in the company's control environment:
- as a listed company (and as a public BE-REIT), Retail Estates nv falls under the supervision of the Financial Services and Markets

Authority (FSMA), which also conducts a specific review of the financial information. All published financial information is inspected (in advance or post facto) by the FSMA;

- the real estate expert also plays an important role: the entire real estate portfolio, which constitutes 97% of the balance sheet total, is valued by three internationally recognised independent real estate experts (Cushman & Wakefield and CBRE), each valuing one part of the real estate portfolio. A limited part of the portfolio is valued by Stadim.

**RISK ANALYSIS**

Regular management and operational meetings serve to address issues that need to be followed up, thus ensuring balanced risk awareness and management:

- the main events of the past period and their impact on the accounting figures;
- recent and planned transactions;
- the development of major key performance indicators; and
- any operational, legal and fiscal risks.

As a result of these meetings, the appropriate actions can be undertaken and measures can be adopted in order to implement the company's policy. These actions aim to achieve a balanced risk policy in line with the strategic objectives and 'risk appetite' of the company put forward by the board of directors.

**CONTROL ACTIVITIES**

Control procedures are in effect with respect to the company's key activities, such as collecting rents, repairs and maintenance, project development, site supervision, etc. These procedures are evaluated on a regular basis by the management team.

An ERP system tracks all aspects of the real estate business (overview of lease agreements, rent calls, settlement of costs, payment monitoring, etc.). This software system is linked to the accounting software.

**INFORMATION AND COMMUNICATION**

A financial report containing the analyses of the figures, the key performance indicators, the impact of purchases and sales on budgets, the cash flow positions, etc. is drawn up every quarter.

In addition, a quarterly operational report is prepared which includes the key performance indicators relating to the real estate department.

In the first and third quarter of the financial year, an intermediary press release is published. Every six months, a more comprehensive half-yearly financial report is published in accordance with IFRS standards. At the end of the financial year, all relevant financial information is published in the annual financial report, which is also made available on the company's website.

The limited size of the Retail Estates team contributes significantly to

the smooth flow of information. The considerable involvement of the board of directors and its chairman promotes open communication and ensures that the management body is appropriately provided with information.

**MONITORING**

Every quarter, the financial team draws up the quarterly figures and balance sheets. These quarterly figures are always extensively analysed and checked. To limit the risk of errors in financial reporting, the figures are discussed with the management and their accuracy and completeness are verified by analysing rental income, vacancies, technical costs, rental activity, developments regarding the value of the buildings, outstanding debtors etc. in compliance with the four-eyes principle. Comparisons with forecasts and budgets are discussed. Every quarter, management provides the board of directors with a comprehensive report on the financial statements with a comparison of annual figures, budgets and explanations for any deviations.

The statutory auditor also reports to the board of directors on the main findings of their audit activities.

**Appropriate risk management policy**

The main risks the company faces relate to (i) the market value of the properties, (ii) changes in the rental market, (iii) the structural condition of the buildings, (iv) financial risks, including liquidity risk, the use of financial instruments and banking counterparty and covenant risk, (v) technical permit-related risks, (vi) changes to the traffic infrastructure, (vii) soil contamination, (viii) risks associated with merger, demerger or acquisition transactions, and (ix) regulatory risks.

Measures and procedures are in place to identify and monitor each of the listed risks, to avoid these risks and/or to minimize their impact, if any, and to assess, control and monitor their consequences as much as possible. This is the responsibility of the risk manager.

**Integrity policy**

The integrity policy, which is overseen by the person entrusted with the "compliance function", covers various aspects, including the prevention of insider trading, conflicts of interest and incompatibility of mandates, non-corruption and professional secrecy.

The effective management examines on a regular basis which other areas and activities should be included in the scope of the compliance function. The "independent compliance function" is treated as an independent function within an organisation that focuses on investigating and promoting compliance by the company with the laws, regulations

and rules of conduct applicable to the company and, in particular, the rules relating to the integrity of the company's activities. We discuss the most important of these below:

**PREVENTION OF INSIDER TRADING AND MARKET ABUSE**

In accordance with the principles and values of the company and within the framework of the implementation of the Belgian Corporate Governance Code, Retail Estates nv has included rules in its code of conduct ("Dealing Code") that must be observed by the directors, employees and appointed persons who want to trade in financial instruments issued by Retail Estates nv. The rules of the Dealing Code were drawn up in line with the applicable regulations and legislation, in particular Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation), the Act of 2 August 2002 on the supervision of the financial sector and on financial services and the 2009 Corporate Governance Code. The company's Dealing Code constitutes an integral part of the Corporate Governance Charter and can be consulted (separately) on the company's website ([www.retailstates.com](http://www.retailstates.com)).

The Dealing Code covers for example the disclosure of information relevant to such transactions and stipulates:

- restrictions on the execution of transactions in financial instruments of the company during specific periods prior to

publication of the financial results ("closed periods") or during any other period considered sensitive ("prohibited periods");

- the appointment of a compliance officer to oversee compliance with the Dealing Code by the directors and other designated persons;
- prior notification of all transactions in financial instruments of the company to the compliance officer; and
- the disclosure of each transaction.

THE CONSIDERABLE INVOLVEMENT OF THE BOARD OF DIRECTORS AND ITS CHAIRMAN PROMOTES OPEN COMMUNICATION AND ENSURES THAT THE MANAGEMENT BODY IS APPROPRIATELY PROVIDED WITH INFORMATION.



#### CONFLICTS OF INTEREST AND INCOMPATIBILITY OF MANDATES

Reference is made to the passage under 'Handling conflicts of interest' under chapter 7 of this management report.

#### NON-CORRUPTION

Retail Estates nv strongly emphasises the principles of honesty and integrity, and expects a similar attitude on the part of third parties with whom the company does business.

#### PROFESSIONAL SECRECY

It is expressly forbidden for members of the bodies of the company and for personnel to use or reveal any confidential information they acquire during the course of their duties for improper purposes.

#### POLITICAL ACTIVITIES

In pursuing legitimate commercial objectives, Retail Estates nv acts in a socially responsible manner in accordance with the laws of the country in which the company is active.

#### Independent supervisory functions

##### RISK MANAGEMENT FUNCTION

Measures and procedures are in place to identify and monitor the risks that the company faces, to avoid these risks and/or to minimize their impact, if any, and to assess, control and monitor their consequences as much as possible. This is the responsibility of the risk manager.

As a large number of risks are legal in nature, Ms Lore Leo, legal counsel (member of the M&A team; according

to the Board of Directors, the main risks relate to the acquisition activities rather than to portfolio management activities), was appointed risk manager. She consults with the compliance officer in this context.

The risk manager was appointed on 14 March 2018 for a three-year term and has the required professional reliability and appropriate expertise. The risk manager is under direct supervision of a member of the effective management, in casu Mr Jan De Nys, who bears final responsibility for the company's risk management systems.

##### INDEPENDENT COMPLIANCE FUNCTION

The board of directors has appointed Mr. Paul Borghgraef as compliance officer. He also chairs the board of directors. Based on his position, he is in particular responsible for compliance with the integrity policy as described above.

The term of Paul Borghgraef's mandate as compliance officer is the same as for his board mandate (which expires at the 2021 annual shareholders' meeting).

##### INDEPENDENT INTERNAL AUDIT FUNCTION

The person in charge of the internal audit is responsible for the independent and ongoing assessment of the activities of the company and furthermore analyses the quality and efficiency of existing procedures and methods of internal control.

The internal statutory auditor will present his findings on a yearly basis.

The internal audit function is performed by an external consultant, in this case VMB, in the person of Mr Luc Martens. The internal audit function, which is thus outsourced to an external legal entity represented by a natural person, is performed under the supervision and responsibility of Mr Giovanni Ronsse, the finance and reporting analyst of the company. He was appointed on 14 March 2018 for a three-year term and has the required professional reliability and appropriate expertise.

#### Internal audit functions within Retail Warehousing Invest nv

Pursuant to article 17, §2 of the Belgian Act on regulated real estate investment trusts, the internal audit within the company also covers its subsidiary as it qualifies as an institutional real estate investment trust (REIT).

## 7. MANAGEMENT OF THE COMPANY

#### COMPOSITION

Since 4 April 2017, the board of directors of Retail Estates nv has consisted of 12 directors: 10 non-executive directors and 2 executive directors, i.e. the managing director (CEO) and the chief financial officer (CFO).

The Board of Directors has set up three committees: a remuneration and nomination committee, an audit committee and a management committee.

The Board of Directors met nine times in 2017-2018. A number of meetings were held by conference call or in the office of notary public Tim Carnewal. The remuneration and nomination committee and the audit committee met twice. The management committee meets on a weekly basis.

In spite of the provisions of the Corporate Governance Code, which prescribes a four-year term for management mandates, all mandates of the directors of Retail Estates NV were extended for a new six-year term (until the end of the 2021 shareholders' meeting<sup>4</sup>) during the annual shareholders' meeting of 1 July 2016. The composition of the Board of Directors reflects independence at a double level:

<sup>4</sup> The extraordinary shareholders' meeting of 4 April 2017 approved the appointment of (i) Ms Ann Gaeremynck as an independent director within the meaning of article 526ter of the Belgian Company Code; and (ii) Mr Victor Ragoen as a non-executive director, in both cases until the end of the 2021 shareholders' meeting.

- the Board of Directors has at least three independent directors within the meaning of article 526ter of the Belgian Company Code and the Belgian Corporate Governance Code; these independent directors were reappointed during the annual shareholders' meeting of 1 July 2016, the extraordinary shareholders' meeting of 6 January 2016 and the extraordinary shareholders' meeting of 4 April 2017; and
- the Board of Directors has a majority of non-executive directors;

The directors are appointed for a maximum term of six years and can be re-elected.

These directors also meet the criteria of independence set out in annex A to the Code. The independent directors strictly comply with the following criteria of independence:

- they are not a salaried employee, manager, management committee member, managing director, executive director or member of the executive personnel of Retail Estates nv or an affiliated company and have not occupied a similar position during the five years preceding their appointment;
- they have not received from Retail Estates nv or any associated company any remuneration or significant financial benefits other than those associated with their mandates;
- they are not a dominant shareholder of Retail Estates nv or do not have a shareholding stake of more than 10% in Retail Estates nv, either on

their own or jointly with a company controlled by the director, they are not a director or an executive of such a shareholder and they do not represent such a shareholder. Directors with a shareholding stake of less than 10% may not subject corporate actions relating to their shares, or the exercise of any rights pertaining to them, to contractual stipulations or to unilateral commitments to which they have subscribed. Directors may under no circumstances represent such a shareholder;

- they do not have a significant commercial relationship with Retail Estates nv or with an associated company, either directly or as a partner, shareholder, director, or as member of the senior or executive management of an organisation related to it in such a way and did not have such a relationship during the past year;
- they are not a partner or salaried employee of the current or former external statutory auditor of Retail Estates nv or of an associated company and were not such a partner or salaried employee during the past three years;
- they are not an executive member of the management body of another company in which an executive director of the company holds the function of a non-executive member of the management or supervisory body;
- they do not have any significant links with the executive directors of Retail Estates nv by virtue of an involvement in other enterprises or bodies;



“RETAIL ESTATES NV STRONGLY EMPHASISES THE PRINCIPLES OF HONESTY AND INTEGRITY, AND EXPECTS A SIMILAR ATTITUDE ON THE PART OF THIRD PARTIES WITH WHOM THE COMPANY DOES BUSINESS.”

- they have not held more than three terms of office as a non-executive director at Retail Estates nv, with an overall limit of 12 years;
- they are not a close relative of an executive, a member of the management committee or a person described in one of the above-mentioned situations.

The composition of the board of directors intends to ensure that the decisions taken are in the interest of the company. The composition of the board of directors is determined on the basis of diversity in general and complementarity of skills, experience and know-how. It is of particular importance to have a strong representation of directors who are well versed in the management of retail businesses in the type of property in which Retail Estates nv invests and/or have experience in the financial aspects of the management of a listed company and of a BE-REIT in particular. Consequently, it is pivotal that members of the board of directors are complementary in terms of knowledge and experience. To enable the board of directors to operate efficiently, the intent is to limit the number of board members to 12. The current composition of the Board of Directors ensures compliance with the requirements in terms of gender diversity. The Board of Directors currently consists of four women and eight men, which is in line with article 518bis of the Belgian Company Code.

On the date of this report, the Board of Directors of Retail Estates nv is composed as follows:

Name	Function	Date of commencement of current mandate	Date of expiry of current mandate	Professional address
Paul Borghgraef	Chairman of the Board of Directors	01.07.2016	2021 shareholders' meeting	Industrielaan 6, 1740 Ternat
Jan De Nys	Managing director Chairman of the management committee	01.07.2016	2021 shareholders' meeting	Industrielaan 6, 1740 Ternat
Kara De Smet	Chief Financial Officer Member of the management committee	06.01.2016	2021 shareholders' meeting	Industrielaan 6, 1740 Ternat
René Annaert	Independent director Chairman of the remuneration and nomination committee Member of the audit committee	01.07.2016	2021 shareholders' meeting	Mercatorlaan 4 – 1780 Wemmel
Jean-Louis Appelmans	Non-executive director Member of the audit committee	01.07.2016	2021 shareholders' meeting	Schermerstraat 42, 2000 Antwerpen (Antwerp)
Rudy De Smedt	Non-executive director	01.07.2016	2021 shareholders' meeting	Stoofstraat 12 - 1000 Brussel (Brussels)
Christophe Demain	Non-executive director	01.07.2016	2021 shareholders' meeting	Galiléelaan 5 – 1210 Brussel (Brussels)
Ann Gaeremynck	Independent director Member of the remuneration and nomination committee Member of the audit committee	04.04.2017	2021 shareholders' meeting	Naamsestraat 69 - 3000 Leuven
Victor Ragoen	Non-executive director Member of the remuneration and nomination committee	01.07.2016	2021 shareholders' meeting	Schermerstraat 42, 2000 Antwerpen (Antwerp)
Jean Sterbelle	Non-executive director	01.07.2016	2021 shareholders' meeting	Vorstlaan 25, 1170 Brussel
Leen Van Den Neste	Independent director Member of the remuneration and nomination committee Chairwoman of the audit committee	06.01.2016	2021 shareholders' meeting	Sint-Michielsplein 16 – 9000 Gent (Ghent)
Herlinda Wouters	Non-executive director	06.01.2016	2021 shareholders' meeting	Watermanweg 92 – 3067 GG Rotterdam – the Netherlands



Five out of the twelve directors represent a reference shareholder: Ms Wouters (on behalf of KBC Group), Mr Appelmans (on behalf of Het Torentje (Leasinvest)), Mr Sterbelle (on behalf of AXA), Mr Demain (on behalf of Belfius Group) and Mr. De Smedt (on behalf of Federale Verzekering).

Mr De Nys, Mr Borghgraef and Mr Annaert have declared that they hold shares in the company for their personal account.

Pursuant to the Corporate Governance Code, non-executive directors need to be aware of the extent of their duties and the time commitment involved in carrying out those duties within the scope of a mandate in a listed company. They are therefore advised not to consider taking on more than five directorships in listed companies. None of the non-executive directors has more than five mandates in listed companies.

The following is an overview of the different mandates with a concise description of the professional career of the different directors:

**A. Mr Paul Borghgraef**



Mr Paul Borghgraef has been a director and chairman of the Board of Directors of Retail Estates since 2004.

He obtained a degree in Accountancy and Tax Law at Economische Hogeschool Antwerpen in 1976, followed by a postgraduate degree in Information Technology and Social Legislation.

He started his career at the policy accounting department of Kredietbank in 1976.

From 1977 to 1978, he worked for Dijker en Doorbos (currently PWC) as an auditor and tax specialist.

From 1978 onwards, he held several positions at Krefima, including managing director and chairman of the management committee, executive director and chairman of the Board of Directors until 2006.

Since 1995 he has served as a judge in commercial cases at the Court of Commerce in Antwerp.

- Current mandates:**
- Director of PG58 nv
  - Director of Impact Vastgoed nv
  - Director of Pertinea Property Partners
  - Verzekeringen nv

**Committee: /**

**B. Mr Jan De Nys**



Mr Jan De Nys has been managing director of Retail Estates nv since 1998.

He earned a master degree in Law at the Catholic University of Leuven in 1982, followed by a postgraduate degree in European Law at the College of Europe in Bruges.

He started his career with De Bandt, Van Hecke in 1982. From 1999 to 2002, he held several positions at Mitiska NV, and was a director of this company until 2009.

- Current mandates:**
- Director of Alides REM NV
  - Managing director of Snowdonia NV
  - Director of First Retail International I en II NV

**Committee: /**

**C. Ms Kara De Smet**



Ms Kara De Smet has been CFO of Retail Estates since 2006. She has been an executive director since January 2016.

She obtained a master degree in Applied Economic Sciences at the Catholic University of Leuven in 1999.

From 1999 to 2006, she worked for Deloitte as an audit manager.

- Current mandates:**
- Director of the BE-REIT Association, the professional association of BE-REITs, where she also chairs the Accounting working group.

**Committee: /**

**D. Mr René Annaert**



Mr Annaert has been an independent director of Retail Estates since 7 July 2015. Mr Annaert chairs the remuneration and nomination committee and is also a member of the audit committee of Retail Estates. He obtained a degree in Construction Engineering at Sint-Lukas Hogeschool Brussel.

Mr Annaert started his career as a draughtsman at Traction et Electricité. From 1975 to 1988, he held the positions of site manager and project coordinator with different companies. René Annaert became director and CEO of C.V.A. Wereldhave Belgium in 1988. He held this position until 2000, after which he served as general manager of Devimo N.V. until 2011. He has been CEO of Brussels International Trade Mart since 2012.

**Current mandates:**

- Independent director of Devimo Consult

**Committee:**

- Remuneration and nomination committee
- Audit committee

**E. Mr Jean-Louis Appelmans**



Mr Jean-Louis Appelmans has been a director of Retail Estates since 9 March 1998.

Mr Jean-Louis Appelmans holds a master degree in Commercial Sciences and Financial Sciences (VLEKHO Business School, Brussels). In 1977, he started working for Compagnie Maritime Belge as a financial analyst. From 1978 to 1987, he held several positions at Chase Manhattan Bank (currently JP MorganChase). From 1987 to 1989, he was responsible for large Belgian companies and SMEs at Crédit Lyonnais (currently Deutsche Bank). He has been a director of Extensa Group since 1989. He was appointed managing director of Leasinvest Real Estate Management NV and statutory manager of the public real estate investment trust Leasinvest Real Estate Comm. VA in July 1999.

**Current mandates:**

- Managing director of Leasinvest Real Estate Management NV
- Managing director of Leasinvest Immo Lux SICAV-FIS SA
- Managing director of RAB Invest NV
- Manager of Granvelle Consultants & Co BVBA
- Director of several real estate companies

**Committee:**

- Audit committee

**F. Mr Rudy De Smedt**



Mr Rudy De Smedt has been a director of Retail Estates since 7 July 2015.

Mr De Smedt obtained his master degree in Mathematics (with specialisation in statistics) at Vrije Universiteit Brussel in 1984.

Mr De Smedt has been active in the insurance industry since 1987. After brief periods of employment at Mercator and Baloise, he started working for Federale Verzekering as mortgage credit officer in 1991. Mr De Smedt also headed the individual life insurance and group insurance divisions. He has been Business Director at Federale Verzekering since 2014.

**Current mandates:**

- Business Director at Federale Verzekering

**Committee:** /

**G. Mr Christophe Demain**



Mr Demain has been a non-executive director of Retail Estates since 30 June 2013. He earned his degree in Applied Economic Sciences at the Catholic University of Leuven.

He works as Chief Investment Officer at Belfius Insurance. He started his career as a trader with Crédit Général and later with Ippa Bank. From 1999 to 2009, he held different positions within Axa. He has been Chief Investment Officer at Belfius Insurance since 2013.

**Current mandates:**

- Chief Investment Officer at Belfius Insurance NV
- Director of Auxipar NV
- Director of Recode
- Director of Elantis NV
- Director of Belfius Investment Partners
- Director of Newton Biocapital
- Director of several real estate companies that are part of the Belfius Group
- Chairman of the boards of directors of LFB NV and Coquelets NV

**Committee:** /

**H. Ms Ann Gaeremynck**



Ms Ann Gaeremynck has been an independent director of Retail Estates since 4 April 2017.

Ms Ann Gaeremynck is a doctor in Applied Economic Sciences. She obtained her degree at the Catholic University of Leuven.

Ann Gaeremynck is full professor at the Faculty of Business and Economics of the Catholic University of Leuven.

Her main research interests lie in the field of governance, audit and financial reporting (e.g. with a study on fair value disclosures under IAS 40).

**Current mandates:**

- Director of VIVES University College
- Director of ICCI (Information Centre for Company Auditors)
- External member audit committee AZ Delta

**Committee:**

- Audit committee
- Remuneration and nomination committee

**I. Mr Victor Ragoen**



Mr Victor Ragoen has been a director of Retail Estates since 5 November 2004.

He served as managing director of New Vanden Borre NV until 31 January 2015. He obtained a master degree in Commercial Sciences and Financial Sciences and a master's degree in marketing at the Vlerick School.

He started his career as junior account executive at Ogilvy & Mather in 1980 and switched to BBDO in 1981. From 1982 to 1991, he held several marketing positions within American Express. From 1991 to 2007, he served as managing partner and later as managing director of Vanden Borre. From 2007 to 2011, Mr Ragoen was vice chairman of KESA Electricals. From May 2011 to February 2015, he served as managing director of Vanden Borre once again.

**Current mandates:**

- Advisory position at FNAC Vandenborre

**Committee:**

- Remuneration and nomination committee

**J. Mr Jean Sterbelle**



Mr Jean Sterbelle has been a director of Retail Estates since 12 April 2013. He obtained a graduate degree in real estate and a real estate agent certificate at INFAC. From 1989 to 1990, he served as deputy of the safety and buildings manager of Morgan Guaranty Trust Company of New York (Euroclear Operation Centre). From 1990 to 2007, he held several real estate related positions within the Fortis group. From 2007 to 2014, he served as Head of Real Estate Commercial Management at AXA Belgium - Letting & Investment, and in July 2014, he became Head of Transactions & Letting at AXA Real Estate Investment Managers Belgium NV. On 1 July 2014, he became Head of Transactions & Letting at AXA Real Estate Investment Managers Belgium NV. In this position he is responsible for letting and for real estate transactions on behalf of all AXA REIM customers/ investors (purchase/sale).

**Current mandates:**

- Head of Transactions Belux – AXA Real Estate Investment Managers Belgium NV
- Director of several real estate companies

**Committee:** /

**K. Ms Herlinda Wouters**



Ms Herlinda Wouters has been a director of Retail Estates since 12 January 2016.

In 1990, Ms Wouters obtained a master's degree in Applied Economic Sciences and a master's degree in Educational Sciences, in both cases at the University of Antwerp. She started her career at Exxon Chemicals as a business analyst. From 1983 to 1997, she worked for IndoSuez Bank Belgium, initially as Global Relationship Manager and later as a Branch Manager.

In 1998, Ms Wouters made the switch to KBC Bank, where she started working as a senior banker and became Corporate Business Development Manager later on. She worked as Program Director for KBC Financial Products Ltd from late 2009 to early 2011. She also held this position with Antwerp Diamond Bank for six months.

Ms Wouters has been General Manager of KBC Bank Nederland since July 2011.

**Current mandates:**

- General Manager of KBC Bank Nederland

**Committee:** /

**L. Ms Leen Van den Neste**



Ms Leen Van den Neste has been an independent director of Retail Estates since 12 January 2016.

Ms Leen Van den Neste obtained her degree in Law at Ghent University in 1988. She furthermore obtained a special licence in Accountancy at the Vlerick Management School in Ghent in 1990.

Ms Van den Neste started her career at KMPG Certified auditors, followed by a position as senior internal auditor at the Internal Audit department of VF. In 1995, she started working for the Arco Group, where she held several positions. She became administration and finance manager in 2005 and served as a member of the management committee of the Arco Group from 2007 to 2011.

Ms Van den Neste joined the management committee of VDK Bank in September 2011 and became chairwoman in April 2012.

**Current mandates:**

- Managing director and president of VDK Bank NV
- Director and member of the executive committee of Febelfin
- Chairwoman of the Board of Directors of Xior NV, a public real estate investment fund

- Director of KAA Gent CVBASO
- Director of Centrale voor Huisvesting - Arrondissement Gent
- Director of CPP-Incofin
- Director of Gentco CVBA
- Director of Familiehulp VZW
- Director of Artevelde Hogeschool VZW

**Committee:**

- Remuneration and nomination committee
- Audit committee

IN ADDITION TO ITS LEGAL MANDATE, THE BOARD OF DIRECTORS, BEARING IN MIND THE COMPANY'S INTERESTS, WILL ALSO DETERMINE THE STRATEGY AND OUTLINE THE POLICY LINES.





## STATEMENTS CONCERNING DIRECTORS

The board of directors of Retail Estates nv hereby confirms that, to its knowledge, none of its directors have ever been convicted of a crime of fraud, been the subject of any official and/or public accusation, had a sanction imposed by a judicial or regulatory body, been banned by a court of law from serving as a member of a management body, or ever appeared before a court of law in the capacity of a director, in connection with bankruptcy.

## FUNCTIONING OF THE BOARD OF DIRECTORS

The board of directors of Retail Estates nv determines the company's strategy, investments, budgets, disposals and acquisitions and funding.

The board of directors prepares the annual accounts and interim financial statements and the annual report of the company for the shareholders' meeting. The board of directors also approves merger and demerger reports. It decides on the use of the authorised capital and convenes the annual and extraordinary shareholders' meeting. It supervises the accuracy and transparency of communications to shareholders, financial analysts and the general public as communicated through prospectuses, annual and interim reports and press releases. It delegates the day-to-day management to the managing director, who in turn regularly reports back on the management and the annual

budget and presents a quarterly financial and operational report.

The board of directors can only deliberate and make decisions validly if at least half of its members are present or represented. If this condition is not met, a new meeting can be convened which will deliberate and decide validly on the agenda items of the previous meeting if at least two directors are present or represented. Each decision of the board of directors is taken by a simple majority of the votes cast by the directors present or represented, and in the event of abstention by one of them, by the majority of the votes cast by the other directors. In the event of a tie, the director chairing the meeting has the casting vote. Pursuant to Article 521 of the Belgian Companies Code, resolutions of the board of directors may in exceptional cases be adopted by unanimous written agreement by the directors whenever the urgency of the matter and the interest of Retail Estates nv so require. However, this procedure may not be followed for the adoption of the financial statements or the appropriation of the authorised capital.

In addition to its legal mandate, the board of directors, bearing in mind the company's interests, will also determine the strategy and outline the policy lines. More specifically, it makes all fundamental decisions concerning investments in and disposals of properties as well as those regarding their funding.

A clear distinction is made

between the responsibilities of the managing director and those of the chairman of the board of directors. The chairman leads the board of directors and ensures that the agenda for the meetings of the board of directors is prepared and that the directors promptly receive the relevant information.

The managing director is responsible for the operational tasks relating to the management of the real estate portfolio and the functioning of the company. The board of directors will ensure that sufficient powers are given to meet these responsibilities and duties.

IN ORDER TO CONTINUALLY IMPROVE THE EFFECTIVENESS OF THE BOARD OF DIRECTORS, THE BOARD OF DIRECTORS SHALL SYSTEMATICALLY AND REGULARLY EVALUATE ITS SIZE.

## REMUNERATION REPORT

### INTRODUCTION AND CONTEXT

Retail Estates nv has prepared a report on the remuneration policy for its directors. The board of directors has ten non-executive and two executive directors, i.e. the executive chief financial officer (Ms Kara De Smet) and the managing director (Mr Jan De Nys), who together assume the effective management of Retail Estates nv and its subsidiaries.

The report was prepared by the remuneration committee in accordance with Article 96 §3 of the Belgian Company Code and was approved by the board of directors' meeting of 18 May 2018.

It will be submitted to the annual shareholders' meeting of 23 July 2018, which is to approve or disapprove the report by a separate vote.

### REMUNERATION POLICY

#### Principle

The remuneration policy of Retail Estates nv has been prepared in such a way that it takes into account market-compliant remuneration, which enables the company to attract and retain talented directors, while also considering the size of the company and its financial prospects. This remuneration furthermore also has to be proportionate to the responsibilities associated with the position of a director in a listed company. However, the expectations of the shareholders must be met as well.

The remuneration and nomination committee analyses the applied

remuneration policy on a yearly basis, assesses whether adjustments are required and makes the necessary recommendations to the board of directors, which in turn must present the recommendations to the shareholders' meeting.

### Internal procedure - financial year 2017-2018

The remuneration committee met twice during the past financial year to verify and adjust, where necessary, the remuneration budgets of the directors on an individual basis and the personnel budget in its entirety in accordance with the responsibilities of the persons in question and the medium and long-term objectives the board of directors has set for the company. In this respect, the executive directors are analysed both in terms of the overall remuneration level and the distribution of the different components.

### REMUNERATION OF THE MANAGEMENT COMMITTEE

Please refer to the management committee section of the Report on the activities and to the functioning of the committees.

### REMUNERATION OF THE DIRECTORS

#### Remuneration of Mr Paul Borghgraef, chairman of the board of directors.

The fixed remuneration of the chairman was set at EUR 60,000, given the regular presence and involvement of Mr. Paul Borghgraef and given the fact that he is the daily interlocutor and sounding board of the managing director between board meetings. Variable remuneration and other benefits or severance payment are not available.

Mr Paul Borghgraef has been a non-executive director and chairman of the board of directors since 12 January 2016. He does not receive a separate remuneration for the exercise of his directorship.

#### Executive directors

Executive directors do not receive a remuneration in their capacity as directors.

#### Non-executive directors

Non-executive directors receive a fixed annual remuneration of EUR 6,000. They also receive attendance fees amounting to EUR 1,500 per meeting for attending meetings of the board of directors and its committee(s).

Non-executive directors do not receive performance-related remuneration such as bonuses or stock-related long-term incentive schemes or fringe benefits.

Based on the above, the following fees were paid to the directors in 2017-2018 for the meetings that took place at the registered office of the company:

	Annual fixed remuneration (EUR)	Performance-related (EUR)	Attendance at board of directors' meetings <sup>4</sup>	Attendance at remuneration and nomination committee meetings	Attendance at audit committee meetings	TOTAL (EUR)
Paul Borghraef	60 000	0	7/7			60 000
René Annaert	6 000	16 500	7/7	2/2	2/2	22 500
Jean-Louis Appelmans	6 000	13 500	7/7	2/2		19 500
Christophe Demain	6 000	6 000	4/7			12 000
Rudy De Smedt	6 000	9 000	6/7			15 000
Vic Ragoen <sup>1</sup>	6 000	10 500	5/7		2/2	16 500
Jean Sterbelle	6 000	9 000	6/7			15 000
Leen Van den Neste	6 000	16 500	7/7	2/2	2/2	22 500
Herlinda Wouters	6 000	7 500	5/7			13 500
Ann Gaeremynck <sup>1</sup>	6 000	16 500	7/7	2/2	2/2	22 500
Jan De Nys <sup>2</sup>	0	0	7/7			0
Kara De Smet <sup>3</sup>	0	0	7/7			0
<b>TOTAL remuneration directors</b>	<b>114 000</b>	<b>105 000</b>				<b>219 000</b>

<sup>1</sup> Appointed as director as of 4 April 2017.

<sup>2</sup> Mr. De Nys receives no remuneration in his capacity as director of Retail Estates.

<sup>3</sup> Ms De Smet receives no remuneration in her capacity as director of Retail Estates.

<sup>4</sup> The Board of Directors of November 29, 2017 held by conference call and the Board of Directors of March 29, 2018 held by notarial deed are both unpaid and were not included in the overview above.

**Indemnification and insurance of directors**

The company has taken out an insurance policy to cover the liability of its directors.

**Future developments**

At the recommendation of the remuneration committee, the board of directors does not intend to make any significant changes to the remuneration policy. This applies to both the executive and non-executive directors and to financial years 2017-2018 and 2018-2019.

**REPORT ON THE ACTIVITIES AND FUNCTIONING OF THE COMMITTEES**

Please refer to section 4 of this chapter for the board of directors' activity report.

In order to continually improve the effectiveness of the board of directors, the board of directors shall systematically and regularly (at least every three years) evaluate its size, its composition, its performance and those of its committees as well as its interaction with the management committee.

This assessment focuses on:

- the functioning of the board of directors and its committees;
- the effective contribution of each director through their attendance at the meetings of the board of directors and the committees and their contribution to the discussions and the decision-making process.

Various committees can be established within the board of directors for specific matters.

Currently, the board of directors of Retail Estates nv has set up three committees: a remuneration and nomination committee, an audit committee and a management committee (since 1 April 2017).

**REMUNERATION AND NOMINATION COMMITTEE**

The remuneration and nomination committee consists of the following members:

- René Annaert – Independent director and chairman of the committee
- Leen Van den Neste – independent director
- Ann Gaeremynck – independent director (since 04 April 2017)
- Vic Ragoen – non-executive director

The committee met twice in 2017-2018 in the context of drawing up the 2018-2019 budget. The employee remuneration policy was discussed during these meetings and an inventory was made of the recurrent fees paid to external service providers.

The role of the remuneration and nomination committee is to assist the board of directors by:

- formulating recommendations on the composition of the board of directors and its committees;
- assisting in the selection, assessment and appointment of the members of the board of directors;

- assisting in determining the remuneration of the members of the board of directors;
- preparing the remuneration report.

**AUDIT COMMITTEE**

The audit committee consists of the following members:

- Leen Van den Neste – Independent director and chairwoman of the committee
- René Annaert – Independent director
- Ann Gaeremynck – independent director (since 4 April 2017, replacing Vic Ragoen)
- Jean-Louis Appelmans – non-executive director.

The committee met twice in 2017-2018.

The tasks of this audit committee mainly concern monitoring the financial reporting process and the effectiveness of internal control and risk management systems, monitoring internal audits, conducting statutory audits of individual and consolidated accounts and assessing and monitoring the independence of the statutory auditor.

**MANAGEMENT COMMITTEE (SINCE 1 APRIL 2017)**

The management committee consists of the following members:

- Jan De Nys – CEO, executive director and chairman of the committee
- Kara De Smet – CFO and executive director
- Koenraad Van Nieuwenburg – CIO

The duties of this management committee mainly concern the day-to-day management of Retail Estates nv and its participations, the organisation and management of support functions, the conclusion of lease agreements, the due diligence for investments and disposals, the preparation of financial statements and all operational reporting.

Where the division of powers between the management committee and the board of directors and any other aspects of the functioning of the management committee are concerned, reference is made to the charter of the management committee, which can be consulted on the company's website.

Retail Estates has entrusted the following persons with the effective management of the company within the meaning of article 14 of the RREC Act: Mr Jan De Nys, managing director and Chief Executive Officer of Retail Estates (for an indefinite period) and Ms Kara De Smet, Chief Financial Officer of Retail Estates (until the end of the 2021 annual shareholders' meeting on financial year 2020/2021).

Pursuant to the Corporate Governance Charter of Retail Estates, the effective managers participate in the management of Retail Estates.

The remuneration for the position of CEO, which has been held by Mr Jan De Nys since the initial public offering of Retail Estates nv in March 1998, takes into account his experience and track record in establishing and developing the company. It also takes into account the experience he gained in the retail environment in Belgium and abroad as well as his commercial, legal and financial knowledge which is necessary for the development of a portfolio of out-of-town retail properties and the daily management of a listed company. He carries out his mandate personally as an independent manager.

The fixed remuneration is indexed annually on 1 April. The variable remuneration of the managing director is determined annually by the board of directors based on a proposal put forward by the remuneration committee. This remuneration shall not exceed 25% of the fixed remuneration. It is linked to the achievement of a number of qualitative and quantitative criteria, and the relevant criteria for financial year 2017-2018 are:

- Financial criteria (weighting of 25%): EPRA profits per share excluding all changes in fair value of the assets and interest rate hedging instruments and the results achieved on the realisation of assets;
- Portfolio management (weighting of 25%):

Collection management and occupancy level;

- Real estate portfolio optimisation (weighting of 25%): Cluster development, improvement works and expansion of retail premises with a view to growing the rental value in the long term and updating the buildings and environmental elements;
- Implementation of strategic objectives (weighting of 10%): Asset purchases and sales, growth of the company;
- Management skills (weighting of 15%): Expansion of management team and staff, investor relations and corporate identity.

The variable remuneration is paid annually in July after approval of the annual accounts and the remuneration report by the annual shareholders' meeting. There are no special provisions for the recovery of variable remuneration awarded on the basis of inaccurate financial data. The civil law provisions governing undue payments apply in full.

The agreement with the managing director provides for a notice period of eighteen months in the event of termination by Retail Estates nv. Any termination compensation to be paid if the public BE-REIT waives performance during the notice period shall be calculated in accordance with the fixed remuneration and the annual premiums for group insurance policies. In accordance with legal provisions, the notice period was approved by the board of directors upon the recommendation of the

remuneration committee and taking into account the contributions the managing director has made to the growth of the company since its initial public offering in March 1998.

In the event of termination by the managing director, the notice period shall be six months.

If the managing director is unable to perform his duties because of incapacity for work (illness or accident), Retail Estates nv shall continue to pay him the fixed portion of his remuneration for a period of two months from the first day of incapacity for work. He shall subsequently receive an incapacity allowance (guaranteed by an insurance company) equal to 75% of the fixed remuneration.

The managing director is not entitled to any stock options or any other benefits except a computer and a mobile phone.

Besides the above-mentioned remuneration, Mr. Jan De Nys does not receive a separate remuneration for the exercise of his directorship.

The remuneration for the other members of the management committee includes the following elements: a basic remuneration (an annually indexed fixed remuneration in line with the management contracts), a variable remuneration, a pension scheme (group insurance with specific contributions and additional covers) and the other remuneration elements (premium for hospital insurance and occupational accident cover and benefits in kind related to the

use of a company car). The variable remuneration of the other members of the management committee is linked to the achievement of a number of qualitative and quantitative criteria which are determined and assessed by the board of directors.

The remuneration of the members of the management committee for financial year 2017/2018 was determined as follows:

Name	Basic remuneration in EUR	Variable remuneration in EUR	Group insurance premiums in EUR
Jan De Nys	280	39	75
Other members of the management committee	393	27	50
<b>Total remuneration<sup>5</sup></b>	<b>673</b>	<b>66</b>	<b>125</b>

<sup>5</sup> A mobile phone and a laptop were placed at the disposal of the members of the management committee to enable them to perform their duties.

### EVALUATION OF THE PERFORMANCE OF THE DIRECTORS

Under the supervision of its chairman, the board of directors shall regularly evaluate its size, composition, performance and relationships with management, shareholders and other stakeholders.

The purpose of this evaluation is to:

- appraise the functioning of the board of directors and its committees on the one hand; and
- monitor the composition of the board of directors on the other hand.

Also included is the timely provision of information prior to meetings of the board of directors.

The evaluation itself takes the form of a written questionnaire that needs to be answered individually and anonymously.

### POWER OF REPRESENTATION

In all legal and statutory transactions concerning acts of disposal relating to real estate, the company will be represented by at least two directors acting jointly. These two directors will in principle be the executive directors/effective managers, namely Mr De Nys and Ms De Smet.

The company may also be validly represented by the managing director by means of a special authorisation in case of transactions related to an item whose value is lower than either 1% of the consolidated assets of the company or EUR 2.50 million, whichever is the lowest (including the conclusion of a leasing agreement with or without purchase option or the creation of easements).

### SETTLEMENT OF CONFLICTS OF INTEREST

Pursuant to Article 523 of the Belgian Company Code, any member of the board of directors who, whether directly or indirectly, has a financial interest which conflicts with a decision or an operation that falls under the competence of the board of directors may not attend the deliberations of the board of directors.

Reference is also made to articles 36 through 38 of the RREC Act when one of the persons mentioned in this article (director, manager, promoter of the BE-REIT etc.) acts as a counterparty in an operation undertaken with the public BE-REIT or a company under its control.

No conflict of interest within the meaning of the aforementioned articles occurred during the past financial year.

**DAY-TO-DAY MANAGEMENT**

The company is managed by a staff of 25 under the leadership of Mr Jan De Nys, managing director (CEO) of the company.

THE COMPANY IS MANAGED BY A STAFF OF 25.



**OPERATIONAL REAL ESTATE MANAGEMENT**

The operational management of the buildings in the portfolio of Retail Estates is based on collaboration between the commercial real estate division and the technical division. This exchange of information between divisions is essential for preventative management, ad hoc issues and the identification of investment opportunities.

The real estate division consists of six persons, including three property managers, one quality manager and two assistants supporting this division. They are usually recruited among people who are active in the retail sector. They are supervised by the CEO.

The technical division consists of one project and building manager and two assistants under the supervision of the CIO.

The Dutch team consists of one property manager, one building manager and one assistant. They report to the CEO and the CIO.



## 8. OTHER PARTIES INVOLVED

### CERTIFICATION OF THE ACCOUNTS

A statutory auditor appointed by the shareholders' meeting has to:

- certify the financial statements and proceed to the limited review as in any limited liability company ("naamloze vennootschap"/"société anonyme");
- prepare special reports at the request of the FSMA given that Retail Estates nv is a public BE-REIT and a listed company.

The statutory auditor is PwC Bedrijfsrevisoren, represented by Mr Damien Walgrave, a company auditor certified by the FSMA, having its registered office at 1932 Brussels, Woluwegarden-Woluwedal 18. At the annual shareholders' meeting of 3 July 2015, the statutory auditor was appointed for a three-year term.

The statutory auditor's fixed remuneration for reviewing and certifying the statutory and consolidated accounts of Retail Estates nv and its subsidiaries is EUR 0.10 million (excluding VAT).

The remuneration of PwC Bedrijfsrevisoren for the tasks assigned to the statutory auditor by law (e.g. reports when mergers occur) amounts to EUR 0.04 million (excluding VAT). No fees relating to studies and assistance (for example on taxation matters and due diligence assignments) were

paid in the past financial year.

### REAL ESTATE EXPERT

In accordance with the BE-REIT legislation, Retail Estates nv calls upon experts for the regular valuations of its assets each time when it issues shares, lists securities on the stock market or purchases unlisted shares and when it purchases or sells real estate. These valuations are necessary to determine the inventory value and to prepare the annual accounts. The fees for the real estate experts depend on the surface area to be taxed and are in no way based on the results of the valuation.

### BELGIUM

The valuation assignments for the Belgian portfolio were entrusted to Cushman & Wakefield (Kunstlaan 56, 1000 Brussels), represented by Mr Ardalan Azari and Mr Arnaud De Bergeyck, to CBRE nv (Avenue Lloyd George 7, 1000 Brussels), represented by Mr Pieter Paepen, and to Stadim cvba (Uitbreidingsstraat 10-16, 2600 Antwerp), represented by Ms Natalie Van Overbeke and Mr Philippe Janssens.

During the past financial year, a fee of EUR 0.32 million (including VAT) was payable to Cushman & Wakefield for the regular valuations of a part of the properties in the real estate portfolio and the initial valuations of real estate purchases. Fees of EUR 0.35 million (including VAT) were paid to CBRE for the regular valuation of the remainder of the real estate portfolio and initial valuations of real estate purchases. The compensation payable to Stadim in respect of the regular valuations



of a part of the properties in the real estate portfolio and the initial valuations of real estate purchases amounts to EUR 0.002 million (including VAT) on an annual basis.

The real estate of Immobilière Distri-Land nv is valued by Cushman & Wakefield on the basis of a joint instruction from Retail Estatesnv and Immobilière Distri-Land nv, with the results published by the latter. The costs are shared 50/50 between Retail Estates nv and Immobilière Distri-Land nv.

### THE NETHERLANDS

The valuation assignments for the Dutch portfolio were entrusted to Cushman & Wakefield (Gustav Mahlerlaan 362-364, 1082 ME Amsterdam), represented by Mr F. Adema, and to CBRE (Gustav Mahlerlaan 405, box 7971, 1008 AD Amsterdam), represented by Mr G.J.W. Wesselink.

During the past financial year, a fee of EUR 0.12 million (including VAT) was payable to Cushman & Wakefield for the regular valuations of a part of the properties in the real estate portfolio and the initial valuations of real estate purchases. Fees of EUR 0.05 million (including VAT) were paid to CBRE for the regular valuation of the remainder of the real estate portfolio and initial valuations of real estate purchases.

Within the scope of the acquisition of a retail park in Heerlen, Jones Lang LaSalle performed a once-only ad hoc taxation due to conflicts of interest with the aforementioned real estate experts.

THE BOARD OF DIRECTORS WILL ENSURE THAT SUFFICIENT POWERS ARE GIVEN TO MEET THESE RESPONSIBILITIES AND DUTIES.

## 9. ACQUISITION AND SALE OF RETAIL ESTATES NV SHARES - INSIDER TRADING

In accordance with the principles and values of the company, Retail Estates nv has included rules in its Dealing Code that must be observed by the directors and appointed persons who want to trade in financial instruments issued by Retail Estates nv.

The Dealing Code is an integral part of the company's Corporate Governance Charter and was drawn up in line with the applicable regulations and legislation, in particular Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation), the Act of 2 August 2002 on the supervision of the financial sector and on financial services and the 2009 Corporate Governance Code.

## 10. INFORMATION BASED ON ARTICLE 34 OF THE BELGIAN ROYAL DECREE OF 14 NOVEMBER 2007 CONCERNING THE OBLIGATIONS OF ISSUERS OF FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET

### CAPITAL STRUCTURE (ON 31 MARCH 2018)

The registered capital amounts to EUR 213,521,069.56 and is divided into 9,489,661 fully paid-up shares, each representing an equal part of the capital. There is only one category of shares. There is no legal or statutory limitation on the voting rights or the transferability of the shares.

### STOCK OPTION PLAN

Retail Estates nv has no stock option plan.

### AUTHORISED CAPITAL

The extraordinary shareholders' meeting of 9 December 2013 expressly authorised the board of

directors to increase the registered capital in one or more instalments up to a maximum amount of EUR 164,037,087.74 on the dates and according to the procedures to be defined by the board of directors in accordance with Article 603 of the Belgian Company Code. This authorisation was granted for a period of 5 years from the publication of this decision (17 December 2013).

### PURCHASE OF OWN SHARES

The company does not own any of its own shares. The extraordinary shareholders' meeting of 24 October 2014 amended the articles of association to authorise the board of directors to acquire shares in Retail Estates nv under a number of special conditions listed in the articles of association.

### Decision-making bodies

The rules which govern the appointment or replacement of the members of the board of directors and the amendment procedure relating to the articles of association of Retail Estates nv are set out in the applicable legislation (especially the Belgian Company Code and the BE-REIT legislation) and in the articles of association of Retail Estates nv. The articles of association of Retail Estates nv do not deviate from the above-mentioned legal provisions.

### CONTRACTUAL PROVISIONS

The conditions under which the financial institutions have provided Retail Estates nv with financing require retention of the public Belgian real estate investment

trust status. The general terms and conditions under which this financing was granted give banks the option to demand early repayment in the event of change of control. In addition, a covenant has been written into the credit agreements with a number of financial institutions whereby Retail Estates nv commits itself to maintaining a maximum debt level of 60% (lower than the legal threshold of 65%).

### ARTICLES OF ASSOCIATION OF RETAIL ESTATES NV

The articles of association of Retail Estates nv have been included in the Permanent Document chapter of the present annual report. Their last revision dates from the board of directors' meeting of 27 April 2018.



# DATA IN ACCORDANCE WITH THE EPRA REFERENCE SYSTEM



RETAIL ESTATES WAS AGAIN INCLUDED IN THE EPRA ANNUAL REPORT SURVEY AND RECEIVED A GOLD AWARD.

### EPRA KEY PERFORMANCE INDICATORS

These data are not required by the legislation on Belgian REITs and are provided by way of information only. The statutory auditor considered whether the ratios “EPRA Earnings”, “EPRA NAV” and “EPRA NNNAV” were calculated according to the definition included in the “EPRA Best Practices Recommendations” and whether the financial data used in the calculation of these ratios correspond with

the accounting data included in the activated consolidated financial statements.



EPRA Key performance indicators			31.03.2018		31.03.2017	
	Definitions	Purpose	EUR/1000	EUR per share	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.	47 900	5.13	39 115	4.34
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.	582 020	61.33	534 123	59.29
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.	568 332	59.89	514 970	57.17
	Definitions	Purpose	%		%	
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	6.73%		6.52%	
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, taken into account rent-free periods and tenant incentives, makes it possible for investors to compare valuations of portfolios within Europe	6.73%		6.52%	
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.	1.41%		1.24%	
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.	13.66%		12.32%	
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.	13.35%		12.01%	

EPRA earnings	31.03.2018	31.03.2017
	EUR/1000	EUR/1000
IFRS Net Result (attributable to the shareholders of the parent company)	46 695	52 136
<b>Adjustments to calculate EPRA earnings</b>		
Excluding:		
Changes in fair value of investment properties	-1 399	13 754
Other result on portfolio		-144
Result on disposal of investment properties	92	279
Changes in the fair value of financial assets and liabilities	101	-869
Adaptations to minority interests		
<b>EPRA earnings (attributable to the shareholders of the parent company)</b>	<b>47 900</b>	<b>39 115</b>
<b>EPRA earnings (EUR/share) (attributable to the shareholders of the parent company)</b>	<b>5.13</b>	<b>4.34</b>

EPRA Net Asset Value (NAV)	31.03.2018	31.03.2017
	EUR/1000	EUR/1000
Net Asset Value (attributable to the shareholders of the parent company) according to the annual accounts	568 332	514 970
Net Assets (EUR/share) (attributable to the shareholders of the parent company)	59.89	57.17
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	568 332	514 970
Excluding:		
Fair value of the financial instruments	-13 688	-19 153
<b>EPRA NAV (attributable to the shareholders of the parent company)</b>	<b>582 020</b>	<b>534 123</b>
<b>EPRA NAV (EUR/share) (attributable to the shareholders of the parent company)</b>	<b>61.33</b>	<b>59.29</b>

EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)	31.03.2018	31.03.2017
	EUR/1000	EUR/1000
EPRA NAV (attributable to the shareholders of the parent company)	582 020	534 123
Including:		
Fair value of the financial instruments	-13 688	-19 153
Fair value of financial debts		0
Deferred taxes		0
<b>EPRA Triple Net Asset Value (attributable to the shareholders of the parent company)</b>	<b>568 332</b>	<b>514 970</b>
<b>EPRA NNNNAV (EUR/share) (attributable to the shareholders of the parent company)</b>	<b>59.89</b>	<b>57.17</b>

EPRA Net Initial Yield	31.03.2018	31.03.2017
	EUR/1000	EUR/1000
Investment properties (excluding assets held for sale) fair value	1 349 367	1 071 361
Transfer taxes	43 060	26 556
Investment value	1 392 427	1 097 917
Project developments	24 981	18 825
Investment value of the properties, available for rent	B 1 367 446	1 079 092
Annualised gross rental income	93 345	71 407
Property costs (EPRA)	-1 550	-1 039
Rent payable for hired assets and lease costs	-211	-249
Recovery of charges and taxes normally payable by tenants on let properties	7 567	6 400
Charges normally payable by tenants on let properties	-8 498	-6 851
Charges and taxes on unlet properties	-408	-339
<b>Annualised net rental income</b>	<b>A 91 795</b>	<b>70 368</b>
Notional rent expiration of rent free period or other lease incentives		
<b>Topped-up net annualised rent</b>	<b>C 91 795</b>	<b>70 368</b>
<b>EPRA Net Initial Yield (NIY)</b>	<b>A/B 6.71%</b>	<b>6.52%</b>
<b>EPRA topped-up Net Initial Yield (topped-up NIY)</b>	<b>C/B 6.71%</b>	<b>6.52%</b>

EPRA Vacancy Rate	31.03.2018	31.03.2017
	EUR/1000	EUR/1000
Estimated rental value of vacant surfaces	1 129	884
Estimated rental value of total portfolio	93 345	71 407
<b>EPRA Vacancy Rate</b>	<b>1.21%</b>	<b>1.24%</b>

EPRA Cost Ratio	31.03.2018	31.03.2017
	EUR/1000	EUR/1000
Operating corporate costs	4 518	2 941
Impairments on trade receivables	-13	288
Ground rent costs	211	249
Property costs	6 124	4 940
Less:		
Ground rent costs	-211	-249
<b>EPRA costs (incl. vacancy costs)</b>	<b>A 10 629</b>	<b>8 169</b>
Vacancy costs	B -239	-204
<b>EPRA costs (excl. vacancy costs)</b>	<b>C 10 390</b>	<b>7 965</b>
Rental income less ground rent costs	77 835	66 312

		%	%
<b>EPRA Cost Ratio (incl. vacancy costs)</b>	A/D	13.66%	12.32%
<b>EPRA Cost Ratio (excl. vacancy costs)</b>	C/D	13.35%	12.01%





# RETAIL ESTATES NV ON THE STOCK EXCHANGE

<b>01</b>	PERFORMANCE	79
<b>02</b>	LIQUIDITY PROVIDER	83
<b>03</b>	SHAREHOLDER AGENDA	83

	01.04.2017 31.03.2018	01.04.2016 31.03.2017	01.04.2015 31.03.2016
Highest share price	81.96	81.89	80.71
Opening price at 1 April	75.64	77.99	74.04
Closing price at 31 March	71.45	76.90	78.00
Average share price	73.59	77.54	73.53
Net asset value (NAV) (IFRS)	59.89	57.17	53.48
Premiums NAV relative to closing price	19.30%	34.51%	45.85%
Gross dividend	3.60	3.30	3.20
Net dividend	2.520	2.310	2.336
Dividend yield	5.31%	4.48%	4.28%
Return net result on shareholders' equity	8.22%	10.12%	8.86%
Pay-out ratio (consolidated)	84,56%	75,49%	77,11%
Number of shares	9 489 661	9 008 208	8 866 320
Market capitalisation (EUR million)	678,02	692,73	691,57
Free float percentage	100%	100%	100%
Average daily volume	10 810	7 207	4 664
Annual volume	2 734 885	1 873 888	1 189 395

## 1. PERFORMANCE

### MARKET CAPITALISATION

Retail Estates nv is listed on the Euronext continuous market.

In the context of Euronext's plans to reform and harmonise its list of quotations and promote the visibility and liquidity of small and medium-sized enterprises, relevant benchmarks for the mid-caps and small-caps were launched on 1 March 2005.

Retail Estates nv is part of the BelMid index, which consists of 41 companies.

The market capitalisation of Retail Estates nv amounts to EUR 678.02 million as of 31 March 2018.

After the successful placement of new shares within the scope of the capital increase on 27 April 2018 for an amount of EUR 123.37 million, market capitalisation amounted to EUR 830.16 million with 11,387,593 outstanding shares.

Based on Euronext's criteria, Retail Estates nv has a free float of 100%.

“AFTER THE SUCCESSFUL PLACEMENT OF NEW SHARES WITHIN THE SCOPE OF THE CAPITAL INCREASE ON 27 APRIL 2018 FOR AN AMOUNT OF EUR 123.37 MILLION, MARKET CAPITALISATION AMOUNTED TO EUR 830.16 MILLION WITH 11,387,593 OUTSTANDING SHARES.”

MARKET CAPITALISATION  
(In mio EUR)



**SHARE PRICE**

The share reached its highest price of the year on 16 June 2017 (EUR 81.96) and ended the financial year at EUR 71.45.

The annual average share price was EUR 73.59. 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 increased by 126.60% over this period compared with an increase by 29.56% for the BEL 20.

The price of the Retail Estates share decreased by 5.54% in the past financial year compared to the beginning of the financial year. The EPRA Belgian REIT index increased by 2.38%.

“THE SHARE REACHED ITS HIGHEST PRICE OF THE YEAR ON 16 JUNE 2017 (EUR 81.96) AND ENDED THE FINANCIAL YEAR AT EUR 71.45.”

RETAIL ESTATES NV - BEL 20



RETAIL ESTATES NV - EPRA BELGIUM REIT INDEX



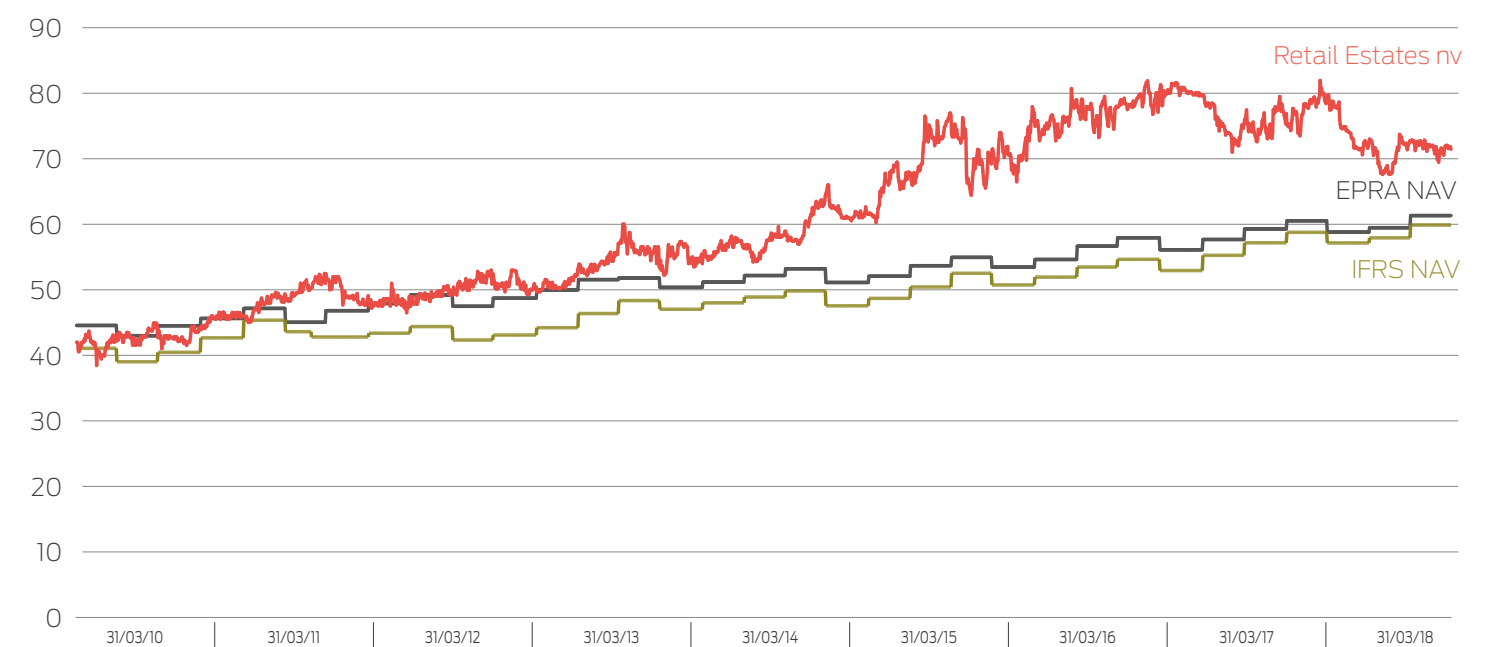
**PREMIUMS AND DISCOUNTS**

The intrinsic value of the share in case of a real estate valuation at 'fair value' increased during the past year from

EUR 57.17 as of 31 March 2017 to EUR 59.89 as of 31 March 2018 (including dividend).

The NAV EPRA amounts to EUR 61.33 compared to EUR 59.29 in the previous year. This increase is explained by the result of the financial year.

RETAIL ESTATES NV - EPRA NAV



**DIVIDEND**

Regarding the allocation of the results for the financial year ended 31 March 2018, the board of directors proposes to the shareholders' meeting an amount of EUR 40.99 million to be distributed as gross dividend payment (before tax withholding).

This amounts to a gross dividend of EUR 3.60 for the shares which are entitled to dividend from 1 April 2017 (11,387,593 shares).

This represents an increase by 9.09% per share compared to the dividend received for the financial year ended 31 March 2017.

**BELGIAN REAL ESTATE INVESTMENT TRUST**

Within a specific category of investments, the risk profiles and returns can vary considerably depending on the focus, type of activities and specific characteristics of the company that issued the shares.

The greater the risk profile, the higher the return an investor will demand.

A number of important factors that determine the performance of the BE-REITs include the type and location of the real estate, the type of tenants, the extent of possible vacancies, the interest rate and the general stock market climate.

Since its listing on the stock exchange, the performance of Retail Estates nv has always been in line with the market, in line with the expectations formulated by management at the

beginning of the financial year and in line with the performance of other Belgian BE-REITs with a comparable occupancy rate and value appreciation of the underlying real estate.

**BELGIAN GOVERNMENT BONDS**

Real estate is seen by some investors as a bridge between an investment in shares and an investment in bonds or government bonds. The dividend yield of Retail Estates nv (in the case of a gross dividend of EUR 3.60) in the past financial year was 5.31% compared to the closing price of the share (excluding dividend). The Belgian government linear bond (OLO) 10-year rate was 0.76% on 31 March 2018.

AN INCREASE BY 9.09%  
PER SHARE COMPARED TO  
THE DIVIDEND RECEIVED  
FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2017.



**2. LIQUIDITY PROVIDER**

Since 1 April 2003, KBC Securities has been acting as a market animator promoting the marketability of the shares. Since 1 October 2016, De Groef Petercam has also been acting as market animator.

Fees for the past financial year were EUR 0.025 million excl. VAT for 12 months for each market animator.

**3. SHAREHOLDER AGENDA**

The shareholders' meeting will take place at the offices of Retail Estates nv, Industrielaan 6, Ternat on Friday 23 July 2018 at 10:00 am.

Publication Annual report 2017-2018  
15 June 2018

General meeting  
23 July 2018

Dividend made available for payment  
31 July 2018

Announcement half-yearly results  
16 November 2018

Announcement annual results of the financial year 2018-2019  
17 May 2019



# REAL ESTATE REPORT

<b>O1</b>	THE MARKET OF OUT-OF-TOWN RETAIL PROPERTIES	86
<b>O2</b>	THE REAL ESTATE PORTFOLIO	88
<b>O3</b>	REPORTS OF THE REAL ESTATE EXPERTS	112

# 1. THE MARKET OF OUT-OF-TOWN RETAIL PROPERTIES

## BELGIUM

Virtually unbridled growth appeared to be possible in the 1980s and the early 1990s. Tighter legislation put an end to this proliferation midway through the 1990s. Numerous 'opportunity seekers' have since disappeared on account of the growing complexity of the market. The supply of new properties, especially in Flanders, has decreased markedly, but demand has remained stable. This has resulted in rising rents and falling returns. The market of out-of-town retail real estate has established its own position alongside city centre retail premises, offices and semi-industrial real estate.

For prime locations, tenants are currently paying annual rents of over EUR 120/m<sup>2</sup> in major conurbations, and EUR 100/m<sup>2</sup> in smaller ones, with returns on high-end prime market locations between 5% and 5.50%.

The trend of rising rents came to a halt a few years ago, with the exception of properties at high-end prime locations. At these locations tenants try to keep the rent payable by limiting the rented area.

These two factors – the increase in the average rent and the decrease in the average return – have reinforced the growth in value of properties at prime locations over the past twenty

years. Today, the Belgian market of out-of-town retail properties is characterised by considerable stability among investors and tenants.

The best barometer to measure demand is the rate of unoccupied properties, which has for several years been below 2% in the portfolio of Retail Estates nv. Tenants of out-of-town retail properties are fiercely loyal to their sales outlets. This is due to the quality of the location on the one hand and the granting of socioeconomic permits on the other. The permits are issued for buildings, not to tenants. Moreover, this kind of properties are rented out while still in shell condition and tenants invest significant amounts in furnishing the shops, which makes them even less inclined to relocate.

Most tenants of Retail Estates nv's properties are chain stores that have acquired the best sites in recent years, often at the expense of local SMEs, which used to dominate these locations in the past. In this sense, the development that has occurred is similar to what has happened in high streets. On the investment side, the attractive ratio of supply and demand has resulted in an increased presence of institutional investors. Affluent individuals also show a growing interest in this type of real estate.

Ten institutional investors are now highly active in this segment. Generally speaking, Belgium has an increasing number of integrated retail parks; it follows in the footsteps of the United Kingdom and France, where retail parks can be found

close to every conurbation. Retail parks in Belgium nevertheless tend to be rather small (15,000 to 20,000m<sup>2</sup>) and are mostly situated in the French-speaking part of the country (Wallonia). In Flanders, new parks tend to be built in small urban areas, such as retail parks T Forum in Tongeren and Be-MINE Boulevard in Beringen.

An important part of Retail Estates nv's properties are located adjacent to major peripheral motorways or near residential districts on the outskirts of larger conurbations; they often form clusters and seek proximity to each other.

The contemporary vision of urban and spatial planning embraces greater cohesion and clarity. Increasingly, certain zones are explicitly being earmarked as areas for large retail outlets and other zones as areas for shops with restricted activities. These areas have space for further establishments. We cannot exclude the possibility that many new developments will be realised as a result of the regionalisation of the place of business policy, which became effective on 1 July 2014.

During the past years, Retail Estates nv has acquired various retail parks. Several of them have been subjected to a facelift or will be in the medium term. The expansion of such sites also offers Retail Estates nv attractive prospects.

It is labour-intensive to select suitable opportunities and plan and manage these alterations. They require the

necessary expertise, but are rewarded with a higher return on rents.

## THE NETHERLANDS

Active in the Netherlands since June 2017, Retail Estates nv has invested in nine Dutch retail parks at eight locations. These retail parks are destined for large-scale retail activities and are principally let to retail chains. Consumer expenditure in the Netherlands has increased continuously over the past three years. Low unemployment and strong economic growth in the Netherlands follow years of draconic savings that helped rebalance government and social security financing but also resulted in a previously unseen decline of the retail trade in the 2008-2013 period. According to the most recent quarterly report of the Dutch government service CBS, consumer confidence is at the highest level in ten years' time; this is especially beneficial to the residential real estate market, causing home furnishing purchases to peak.

Investments in the out-of-town retail market have increased strongly as a result of the improved prospects as communicated by retailers. For a population of 17 million people, the Netherlands have approximately 200 out-of-town locations where large-scale retail activities are allowed. The stringent urban planning framework limits the number of retail parks as well as the forms of retail activities that can be performed at these locations. It is for example not allowed to sell foodstuffs, clothes and shoes in retail parks. This approach has nevertheless prevented

fragmentation of the retail offer via out-of-town retail properties and has promoted the development of easily accessible retail parks. Acquisition of this type of real estate by international institutional investors is still in an early stage.

THE BELGIAN MARKET OF OUT-OF-TOWN RETAIL PROPERTIES IS CHARACTERISED BY CONSIDERABLE STABILITY AMONG INVESTORS AND TENANTS.



## 2. THE REAL ESTATE PORTFOLIO

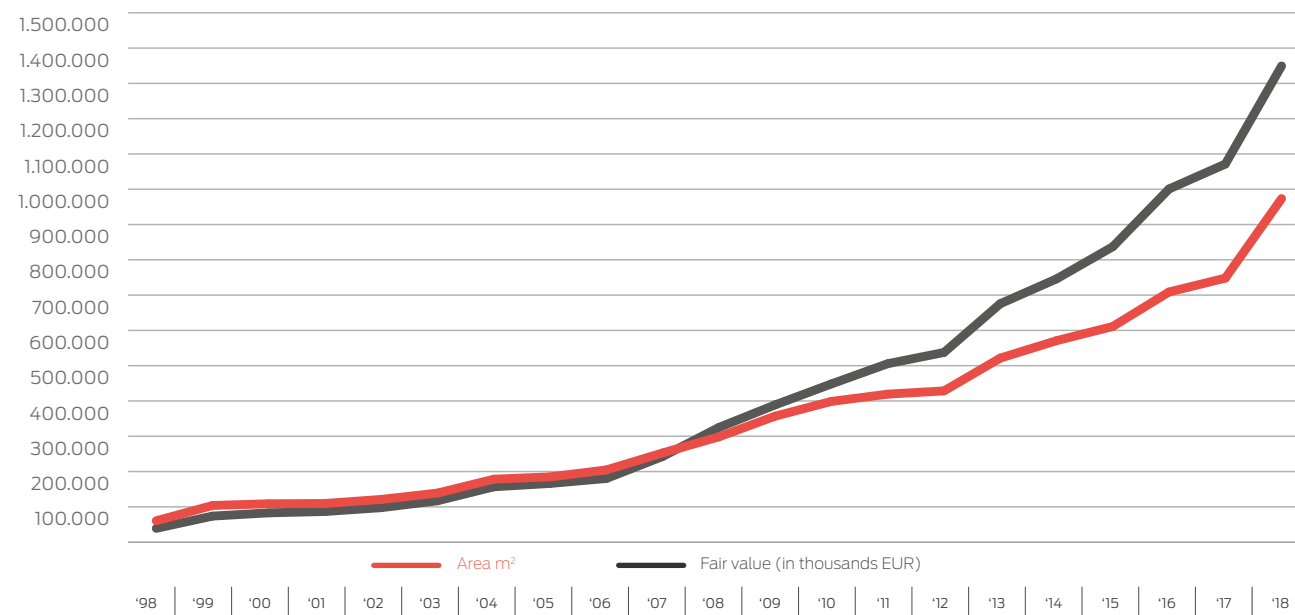
### INVESTMENT STRATEGY AND PROFILE

Retail Estates nv has invested in out-of-town retail properties since

1998. Over a period of 20 years, the company has established a significant portfolio which consists of 817 retail properties with a total built-up retail area of 973,525m<sup>2</sup> as per 31 March 2018. The fair value of the real estate portfolio totals EUR 1,349.37 million. The investment value amounts to EUR 1,392.43 million.

The value of the real estate portfolio of the public BE-REIT has increased by 25.95% compared to the value on 31 March 2017 (EUR EUR 1,071.36 million). This is the result of acquisitions as well as the delivery of several properties under its own development. The occupancy rate is 98.11%.

GROWTH PORTFOLIO RETAIL ESTATES NV BETWEEN 1998 AND 2018



Tot 31 maart 2003: investeringswaarde  
Vanaf 1 april 2004: reële waarde (waardering volgens IFRS-normen)

### TYPE OF BUILDING<sup>4</sup>

#### DEFINITIONS

**Individual out-of-town retail properties** are solitary 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 kind are in principle to be found in the immediate vicinity.

**Retail clusters** are 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 even though they do not share infrastructure other than the traffic axis. This is the most typical concentration of out-of-town retail properties in Belgium.

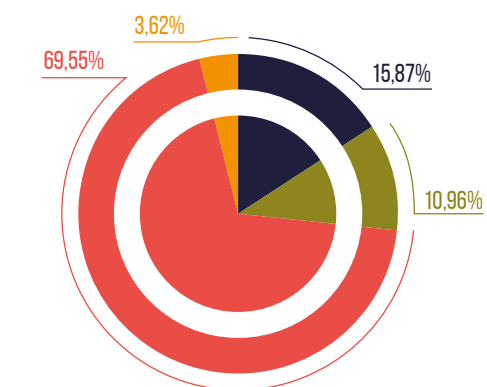
**Retail parks** are made up of retail properties that are grouped together and form part of an integrated commercial complex. All properties use a central car park with a shared entrance and exit road. This enables the consumer to go to several shops without having to move their car. Typically, at least 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 Erembodegem site has been leased in its totality to Brantano nv under a lease agreement that expires on 31 May 2024. Retail Estates nv only invests in real estate properties used for the aforementioned purposes if they are already embedded in

a retail property or are part of a real estate portfolio that can only be acquired as a whole.

**Retail premises under development** are premises that form part of a new-build project or a renovation project.

TYPE OF BUILDING

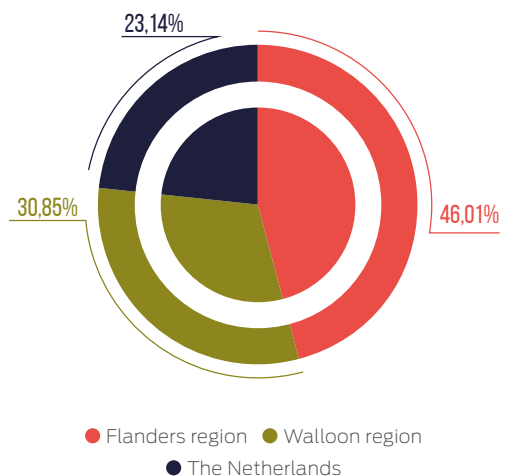


- Individual peripheral retail properties
- Retail clusters
- Retail parks
- Other

### GEOGRAPHICAL SPREAD

The Dutch portfolio accounts for 23% of the total portfolio (in m<sup>2</sup>) as per 31 March 2018. 46% of the portfolio is located in the Flemish Region, while 31% is situated in the Walloon Region. The ratio of the Belgian properties is in line with the way in which the population is distributed across the two regions. Retail Estates nv furthermore only has two retail outlets in the Brussels-Capital Region. Out-of-town real estate is scarce in this region, which is why it is not actively observed by Retail Estates nv.

GEOGRAPHICAL DISTRIBUTION



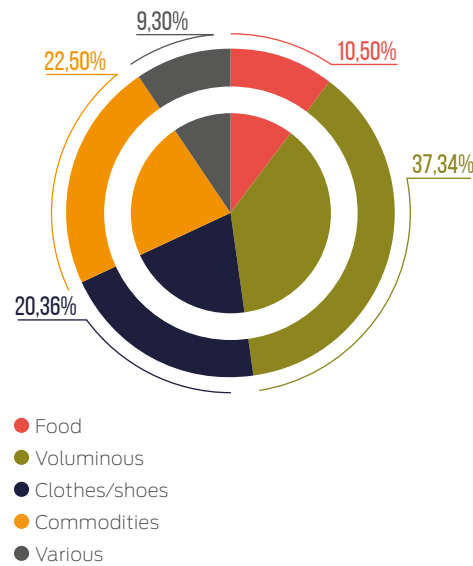
<sup>4</sup> The pie charts in this chapter show percentages based on the total retail area on 31 March 2018.

COMMERCIAL ACTIVITIES OF THE TENANTS

The share of large-scale retail (37.34%) has increased sharply versus 31 March 2017. This is largely explained by the acquisition of the Dutch retail parks, which are almost exclusively active in large-scale retail. Taken together with the commodities industry, large-scale retail accounts for almost 60% 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 10.50%. 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 decreases slightly (20.36% as per 31 March 2018 versus 24.73% as per 31 March 2017), but this category continues to constitute a major part of the activities of the tenants of Retail Estates.

COMMERCIAL ACTIVITIES OF TENANTS



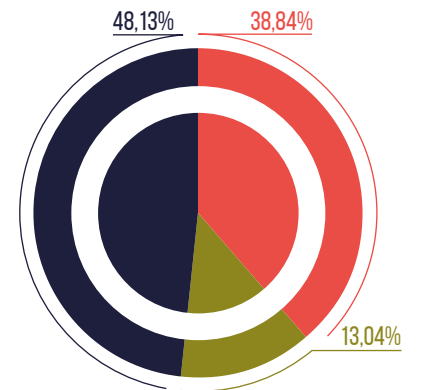
TENANTS: CHAIN STORES VERSUS SMES

Since its incorporation, Retail Estates nv has focused on mainly letting out its properties to chain stores and/or franchise issuers.

For the purposes of this analysis, 'chain store' shall mean a large retail company with at least five sales outlets and central accounting. Already in 1998, the company was letting out 82% of its properties to chain stores of this kind. On 31 March 2018, the percentage of chain stores and/or franchise issuers amounts to 84%. These tenants are less sensitive to changing conditions in the local market than local independent SMEs. For example, a temporary local fall in turnover caused by e.g. road works will not cause chain stores any liquidity problems capable of jeopardising the payment of rent. As most chain stores are organised nationally, and often internationally as well, they can rely on a strong professional organisation and a marketing unit that can promote the attractiveness of any individual outlet.

They also make significant marketing efforts which can have a positive impact on the real estate location.

RENT PER M<sup>2</sup>



- Less than 90 EUR
- between 90 and 100 EUR
- More than 100 EUR

The differences in rental prices are often not only due to the characteristics of the location, but also linked to the term of the lease agreements. On the Belgian market, such agreements can, in the best-case scenario, be reviewed only every 9 years, or otherwise not until 18 or 27 years later. On the Dutch market, standard lease agreements are concluded for a five-year period. The demand for long-term lease agreements can in part be explained by the significant amounts tenants invest in furnishing the shops. In addition, long-term lease agreements ensure that the tenant is also bound by the rental price as the tenant risks losing the retail outlet if they want to renegotiate the rental price.

The average contractual rent per m<sup>2</sup> amounts to EUR 96.08 per year. Compared to 1998 (EUR 61.15/m<sup>2</sup>), this represents an increase by 60.39%. This increase is due partly to inflation and rent increases and



partly to the increase in the number of recently established retail properties, which, due to the higher market prices, are typically rented out at higher prices than the average of the existing real estate portfolio.

**GEOGRAPHICAL SPREAD PER PROVINCE**

The charts below illustrate the geographical spread of the buildings in the different Belgian and Dutch provinces based on the number of m<sup>2</sup>.

TOTAL M<sup>2</sup> PER PROVINCE - BELGIUM

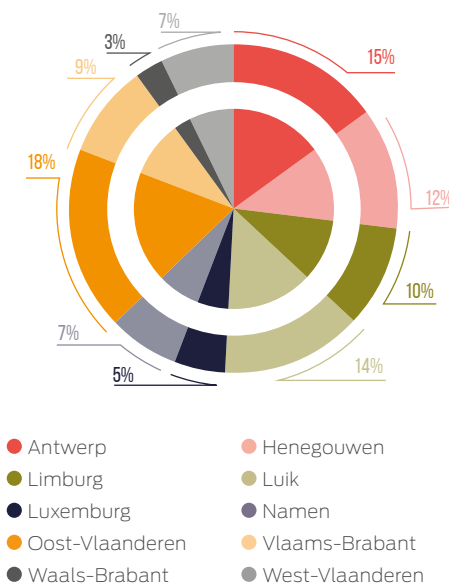


Chart: based on retail area as per 31 March 2018.

TOTAL M<sup>2</sup> PER PROVINCE - THE NETHERLANDS

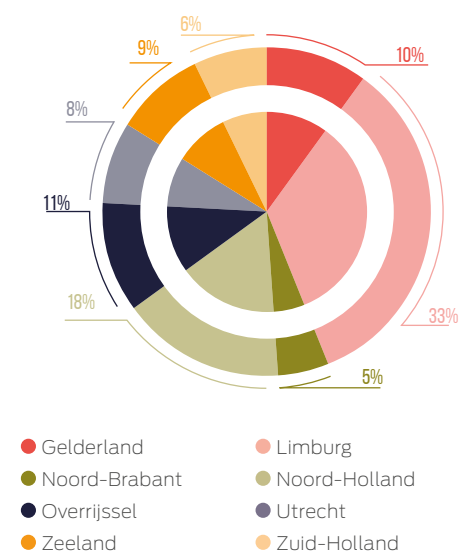
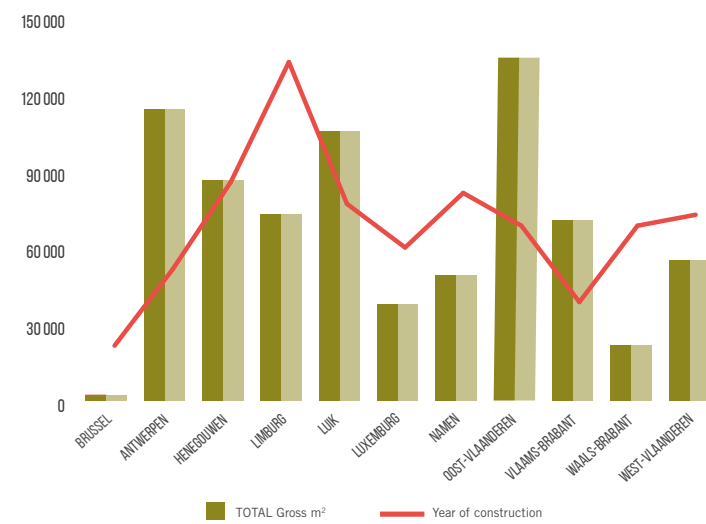


Chart: based on retail area as per 31 March 2018.

**YEAR OF CONSTRUCTION OF PORTFOLIO**

The charts below show the age of the buildings in Belgium and the Netherlands based on the weighted average number of m<sup>2</sup>.

M<sup>2</sup> AND YEAR OF CONSTRUCTION PER PROVINCE - BELGIUM



M<sup>2</sup> AND YEAR OF CONSTRUCTION PER PROVINCE - THE NETHERLANDS

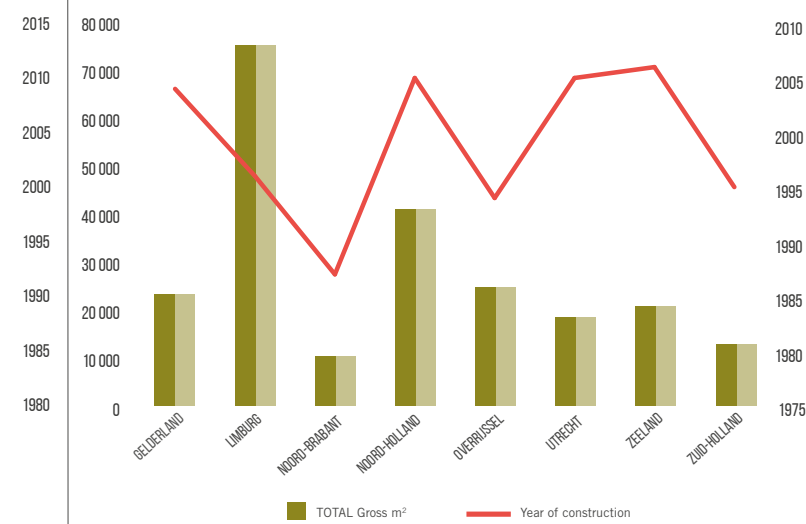


Chart: based on retail area as per 31 March 2018.

**EXPIRY DATE OF LEASE AGREEMENTS**

The weighted average term is 9.9 years for the Belgian portfolio and 4.2 years for the Dutch portfolio.

This does not alter the existing theoretical risk that all (Belgian) tenants may use their legal termination option at the end of the current three-year period, in which case all retail units will be empty within 3 years and 6 months.

When calculating the weighted average term, we assume that the tenants do not use their legal option to terminate the lease agreement at the end of the three-year period.

Standard lease agreements have a five-year term in the Netherlands and a nine-year term in Belgium.

**TENANTS: TOP 20**

The top twenty tenants of Retail Estates nv represent 44.65% of the gross rental income and 44.62% of the total surface area of the properties in the real estate portfolio. They represent 300 shops. In absolute figures, Brantano accounts for 4.34% of the rental income and tops the list of the five most important tenants. Brantano is followed by Kréfel (3.15%), Leenbakker (2.93%), FNAC-Darty (Vandeborre) (2.60%) and Aldi (2.52%).



SUMMARY OF KEY FIGURES

	RETAIL ESTATES		
	31.03.18	31.03.17	31.03.16
Estimated fair value <sup>2</sup> (in EUR )	1 349 367 320	1.071.361.000	1.000.799.000
Yield (investment value) <sup>3</sup>	6,67%	6,60%	6,64%
Contractual rents (in EUR )	92 216 148	70.522.410	66.600.791
Contractual rents incl. rental value of vacant buildings (in EUR )	93 345 252	71.406.658	67.956.128
Total m <sup>2</sup> in portfolio	973 525	748.136	708.879
Number of properties	817	668	634
Occupancy rate	98,11%	98,13%	98,22%
Total m <sup>2</sup> under development	12 599	9.742	6.552

<sup>2</sup> 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 31 March 2018 (see further in this chapter).

<sup>3</sup> 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)

IMPORTANT NOTE

On 31 March 2018, the real estate portfolio of Retail Estates nv consists of real estate properties owned by Retail Estates nv and its subsidiaries.

REAL ESTATE PORTFOLIO OF IMMOBILIÈRE DISTRI-LAND NV

On 31 March 2018, the real estate portfolio of Immobilière Distri-Land nv consists of 10 retail properties that have been rented out completely.

All of these retail properties were built before 1989 and are similar to those owned by Retail Estates nv in terms of location and rent.

OVERVIEW OF REAL ESTATE PORTFOLIO

Below is an overview of the real estate portfolio of Retail Estates nv and its subsidiaries as per 31 March 2018.

The largest cluster in our portfolio concerns two retail parks in Heerlen, the Netherlands (with 42 different tenants). The combined fair value of these retail parks represents 7.95% of the investment property of the company. However, as these retail parks concern two separate physical buildings separated by an Ikea outlet which is not part of our portfolio, they should in fact be considered separately in terms of risk assessment. For further details on these two retail parks please refer to the list below.

THE TOP TWENTY TENANTS OF RETAIL ESTATES NV REPRESENT 44.65% OF THE GROSS RENTAL INCOME AND 44.62% OF THE TOTAL SURFACE AREA OF THE PROPERTIES IN THE REAL ESTATE PORTFOLIO.

OVERVIEW REAL ESTATE PORTFOLIO

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insured value	Acquisition value
Brussels	Bru-Individual peripheral properties and other	Jerusalemstraat 48-50, 1030 Schaarbeek	1981 - 1987	ALDI Cargovil-Zemst nv	2 205	100,00%	253 410,27	3 163 361,14	1 575 558,51	2 770 216,95
		Ninoofsesteenweg 510, 1070 Anderlecht		Orchestra - Prémaman nv						
Walloon Brabant	WBr-Individual peripheral properties and other	Avenue Reine Astrid 4/6, 1300 Wavre	1958 - 2013	Chaussea BRT bvba	7 353	98,79%	780 329,66	12 215 527,12	5 171 833,34	11 462 542,34
		Rue Pont du Christ 32, 1300 Wavre		PIOCHEUR nv						
Walloon Brabant	Cluster-Nivelles	Rue des Carabiniers, 1300 Wavre	2015	Régie d'électricité de la ville de Wavre	5 783	100,00%	592 386,27	9 415 519,60	4 132 179,08	9 249 552,46
		Rue du Bosquet 10 en 10A, 1370 Jodoigne		Literie Chanet & Fils SPRL						
Walloon Brabant	Braine l'Alleud	Avenue de Centenaire 42, 1400 Nivelles	1989 - 2008	BRICO BELGIUM nv	8 525	100,00%	831 667,24	13 733 401,55	6 091 445,04	14 803 831,74
		Brusselssesteenweg 551, 1410 Waterloo		CARPETLAND nv						
Flemish-Brabant	Halle	Grand Route 49, 1435 Corbais	1964 - 2006	CHAUSSURES MANIET sa	7 456	100,00%	476 156,93	7 178 031,04	5 327 602,84	6 160 459,74
		Chaussée de Namur 55C, 1400 Nivelles		Basic Fit België						
Flemish-Brabant	Halle	Chaussée de Namur 55D, 1400 Nivelles		SND sa (Trafic)						
		Chaussée de Namur 55A, 1400 Nivelles		VOLTIS sa						
Flemish-Brabant	Halle	Chaussée de Namur 55B, 1400 Nivelles		Menatam sa (Eggo)						
		Chaussée de Namur, 1400 Nivelles		Fnac Vanden Borre nv						
Flemish-Brabant	Halle	Rue Pierre Flamand 205, 1420 Braine-l'Alleud		Orchestra-Prémaman Belgium sa						
		Avenue de la belle Province 37-39, 1420 Braine-l'Alleud		AVA PAPIERWAREN nv						
Flemish-Brabant	Halle	Avenue de la belle Province 21, 1420 Braine-l'Alleud		Proximus nv (Belgacom)						
		Avenue de la belle Province 31, 1420 Braine-l'Alleud		BRANTANO nv						
Flemish-Brabant	Halle	Avenue de la belle Province 35, 1420 Braine-l'Alleud		C&A België cv						
		Avenue de la belle Province 27, 1420 Braine-l'Alleud		ANISERCO nv						
Flemish-Brabant	Halle	Avenue de la belle Province 29, 1420 Braine-l'Alleud		LEGIO IMMO BELGIUM nv						
		Avenue de la belle Province 33, 1420 Braine-l'Alleud		MAXI TOYS Belgium sa						
Flemish-Brabant	Halle	Avenue de la belle Province 25, 1420 Braine-l'Alleud		MOBISTAR nv						
		Avenue de la belle Province 21, 1420 Braine-l'Alleud		PIOCHEUR nv						
Flemish-Brabant	Halle	Edingsesteenweg 75, 1500 Halle		KP Decor bvba						
		Edingsesteenweg 75, 1500 Halle		Orchestra-Prémaman Belgium sa						
Flemish-Brabant	Halle	Bergensesteenweg 162, 1500 Halle		AVEVE nv						
		Demaeghtlaan 216-218, 1500 Halle		BRANTANO nv						
Flemish-Brabant	Halle	Bergensesteenweg 420a, 1600 Sint-Pieters-Leeuw		Chalet Center comm. v.						
		Bergensesteenweg 460, 1600 Sint-Pieters-Leeuw								

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
Flemish- Brabant	VBr-Individual peripheral properties and other	Humaniteitslaan 10, 1601 Ruisbroek (vl.Br.)		GOBREL sa						
		Verlengde Stallestraat 200, 1620 Drogenbos		Atlantis SPRL						
		Verlengde Stallestraat 219, 1620 Drogenbos		Retail Concepts nv (AS Adventure)						
		Verlengde Stallestraat 219 b, 1620 Drogenbos		Fnac Vanden Borre nv						
		Waterloosesteenweg 39, 1640 Sint-Genesius-Rode/Rhode-Saint-Genèse		BE PRO TOOLS sa						
		Ninoofsesteenweg 386, 1700 Dilbeek		CEMEPRO sprl (chateau d'ax)						
		Assesteenweg 66, 1740 Ternat		BRANTANO nv						
		Schaarbekklei 115, 1800 Vilvoorde		JBC nv						
		Goudbloemstraat 2, 1800 Vilvoorde		DEVOTEC bvba						
		Goudbloemstraat 4, 1800 Vilvoorde		KHARBAGH- ZAIDI						
		Waardbeekdreef 6, 1850 Grimbergen		ZERRAD - CHTAOU						
Hoogstraat 7, 1930 Zaventem		ALDI Cargovil-Zemst nv								
Hoogstraat 7A, 1930 Zaventem		Perdaen Ronny								
Brusselsesteenweg 4, 3020 Herent		Walla Sobo Badébana - Abelaki Kanaza								
Brusselsesteenweg 490, 3090 Overijse		AVA PAPIERWAREN nv								
Leuvensesteenweg 168, 3290 Diest		KREFEL nv								
Leuvensesteenweg 166, 3290 Diest		LEEN BAKKER BELGIE nv								
Leuvensesteenweg 497, 3300 Tienen		Sofico bvba								
				Aldi Heusden-Zolder						
			<b>1970 - 2004</b>		<b>25 792</b>	<b>100,00%</b>	<b>3 006 596,68</b>	<b>43 023 017,05</b>	<b>18 556 907,80</b>	<b>36 311 281,71</b>
Cluster- Kampenhout		Mechelsesteenweg 44, 1910 Kampenhout		Euro Shoe Group nv						
		Mechelsesteenweg 46, 1910 Kampenhout		FABRIMODE nv (Bel & Bo)						
		Mechelsesteenweg 93, 1910 Kampenhout		NORDEX nv						
		Mechelsesteenweg 89 B, 1910 Kampenhout		Standaard Boekhandel nv						
		Mechelsesteenweg 91, 1910 Kampenhout		ZEEMAN textielSupers nv						
	Mechelsesteenweg 89, 1910 Kampenhout		PIOCHEUR nv							
			<b>1989 - 1995</b>		<b>4 536</b>	<b>100,00%</b>	<b>507 214,30</b>	<b>7 904 956,71</b>	<b>3 241 148,94</b>	<b>2 157 788,68</b>
Zaventem		Leuvensesteenweg 375, 1930 Zaventem		CARPETLAND nv						
		Leuvensesteenweg 8, 1932 Sint-Stevens-Woluwe		VONIKA bvba						
		Jozef Van Damstraat 3C, 1932 Sint-Stevens-Woluwe		E-Logistics nv						
		Leuvensesteenweg 350, + 350, 1932 Sint-Stevens-Woluwe		PROMO SAPIENS nv Bedden en Matrassen BV COOLBLUE nv ANISERCO nv Retail Partners Colruyt Group nv ZEEMAN textielSupers nv KRUIDVAT bvba HUBO BELGIE nv						
		<b>1967 - 1996</b>		<b>15 380</b>	<b>93,76%</b>	<b>1 216 924,81</b>	<b>18 489 558,19</b>	<b>10 989 609,93</b>	<b>17 838 775,66</b>	
Leuven-East		Tiensesteenweg 410, 3360 Korbeek-Lo		LOVANIX bvba (lxina)						
		Tiensesteenweg 370, 3360 Korbeek-Lo		SANTANA INTERNATIONAL nv						
		Tiensesteenweg 393, 3360 Korbeek-Lo		FUN BELGIUM nv						
		Tiensesteenweg 1B, 3360 Korbeek-Lo		Orchestra - Prémaman nv						
		Ridderstraat 2-12, 3360 Bierbeek		BRANTANO nv						
		Ridderstraat 10, 3360 Bierbeek		FABRIMODE nv (Bel & Bo)						
	Ridderstraat 12, 3360 Bierbeek		LEEN BAKKER BELGIE nv LEGIO IMMO BELGIUM nv PIOCHEUR nv L.TORFS nv							
		<b>1987 - 1993</b>		<b>11 002</b>	<b>100,00%</b>	<b>1 373 709,52</b>	<b>20 778 427,48</b>	<b>7 860 643,63</b>	<b>19 463 834,23</b>	
VBR-Sint-Joris- Winge		Aarschotsesteenweg 9, 3390 Sint-Joris-Winge		Retail Concepts nv (AS Adventure) FUN BELGIUM nv BRANTANO nv						
		<b>1984 - 2011</b>		<b>6 371</b>	<b>100,00%</b>	<b>850 658,30</b>	<b>12 486 792,74</b>	<b>4 552 328,01</b>	<b>12 498 582,95</b>	

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value	
Antwerp	Ant-Individual peripheral properties and other	Slachthuisstraat 27, 2000 Antwerpen		ALDI RIJKEVORSEL nv							
		Frans Beirenslaan 51, 2150 Borsbeek (Antw.)		CARPETLAND nv							
		Geelsebaan 64, 2460 Kasterlee		Sint-Niklaas Doe het Zelf nv							
		Antwerpsesteenweg 482-484, 2660 Hoboken		HUBO BELGIE nv							
			Nekkerspoelstraat 447, 2800 Mechelen								
			<b>1973 - 1997</b>		<b>6 826</b>	<b>100,00%</b>	<b>718 305,80</b>	<b>10 559 635,97</b>	<b>4 667 368,79</b>	<b>9 644 126,33</b>	
	Antwerpen- North		Bredabaan 968, 2170 Merksem		L&L Retail Belgium sa						
			Bredabaan 964, 2170 Merksem		FUN BELGIUM nv						
			Bredabaan 891-893, 2170 Merksem		LEGIO IMMO BELGIUM nv						
			Bredabaan 1205-1207, 2900 Schoten		ALDI RIJKEVORSEL nv						
			Bredabaan 1213, 2900 Schoten		AVEVE nv						
		Bredabaan 1207, 2900 Schoten		Bedden en Matrassen BV							
		Bredabaan 1215, 2900 Schoten		FABRIMODE nv (Bel & Bo)							
		Bredabaan 1211, 2900 Schoten		C&A België cv							
		Bredabaan 1209, 2900 Schoten		CARPETLAND nv							
				Chaussea BRT bvba Menatam sa (Eggo) Euro Shoe Group nv MAXI ZOO BELGIUM bvba Fnac Vanden Borre nv KOKIDO bvba PRO-DUO nv Schot's Vishandel bvba ZEEMAN textielSupers nv KREFEL nv LEEN BAKKER BELGIE nv MEDINA nv (Bent Schoenen) L.TORFS nv HET BROEKENPALEIS nv JBC nv Orchestra - Prémaman nv							
		<b>1976 - 2016</b>		<b>32 127</b>	<b>100,00%</b>	<b>4 643 577,85</b>	<b>75 437 613,37</b>	<b>22 997 439,10</b>	<b>69 730 663,52</b>		
Ant-Westerlo		Bell Telephonaan 2/2, 2260 Oevel		Merkkleding bvba							
		Bell-Telephonaan 1/2, 2260 Oevel		ACTION BELGIUM bvba							
		Hotelstraat 10, 2260 Oevel		Zonnepanelen							
		Hotelstraat 1, 2260 Oevel		C&A België cv							
		Hotelstraat 7, 2260 Oevel		Euro Shoe Group nv							
		Hotelstraat 10, 2260 Oevel		FABRIMODE nv (Bel & Bo)							
				KWANTUM BELGIE BV Geelen Maria KP Decor bvba Zebulah nv HEUREKA bvba (franchisé Heytens) ZEEMAN textielSupers nv Hunkemöller Belgium nv							
		<b>1988 - 2011</b>		<b>12 640</b>	<b>77,80%</b>	<b>913 776,24</b>	<b>16 111 785,37</b>	<b>9 030 345,08</b>	<b>16 041 151,20</b>		
Lier		Donk 54/1, 2500 Lier		ANISERCO nv							
		Donk 54/2, 2500 Lier		HEUREKA bvba (franchisé Heytens)							
		Donk 54/3, 2500 Lier		Fnac Vanden Borre nv							
		Donk 54/4, 2500 Lier		Manylion bvba (lxina)							
		Antwerpsesteenweg 308, 2500 Lier		Groep Bossuyt België nv KREFEL nv Slaapadvies bvba BELGACOM MOBILE nv FUN BELGIUM nv							
		<b>1993 - 2009</b>		<b>8 293</b>	<b>100,00%</b>	<b>837 330,13</b>	<b>12 759 018,62</b>	<b>5 804 914,90</b>	<b>7 599 055,66</b>		

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
Antwerp	Antwerpen- South	Koningin Astridlaan 85A bus 00.01, 2550 Kontich		C&A België cv						
		Koningin Astridlaan 83 bus 01.01, 2550 Kontich		Basic Fit België						
		Koningin Astridlaan 83 bus 00.01, 2550 Kontich		Zebulah nv						
		Koningin Astridlaan 85 bus 01.01, 2550 Kontich		LIN'S						
		Koningin Astridlaan 85 bus 00.001, 2550 Kontich		Euro Shoe Group nv						
		Boomsesteenweg 651, 2610 Wilrijk		Décor Heytens Belgique nv						
		Boomsesteenweg 649, 2610 Wilrijk		KREFEL nv						
		Boomsesteenweg 649-651, 2610 Wilrijk		ADEBO nv						
		Boomsesteenweg 945, 2610 Wilrijk		Obey nv						
		Boomsesteenweg 941, 2610 Wilrijk		RUFFIN Franky						
		Boomsesteenweg 943, 2610 Wilrijk		Keukenontwerpers nv						
		Boomsesteenweg 800, 2610 Wilrijk		PRO-DUO nv						
		Antwerpsesteenweg 65_1, 2630 Aartselaar		Schrauwen Sanitair en Verwarming nv						
		Antwerpsesteenweg 65, 2630 Aartselaar		Darkom bvba						
		Boomsesteenweg 68, 2630 Aartselaar		HILTI BELGIUM nv						
		Boomsesteenweg 90, 2630 Aartselaar		Edenwood nv						
		Boomsesteenweg 86, 2630 Aartselaar		Odysseus Bouwmarkten nv						
		Boomsesteenweg 62, 2630 Aartselaar		Bedden en Matrassen BV						
		Boomsesteenweg 66, 2630 Aartselaar		Keukenhuis nv						
				MAXI ZOO BELGIUM bvba						
				BMS nv						
				FUN BELGIUM nv						
				JUMP UNIVERZ bvba (verkoop trampolines, springkastelen)						
		PIOCHEUR nv								
		CARPETLAND nv								
			<b>1960 - 2016</b>		<b>32 596</b>	<b>100,00%</b>	<b>3 337 180,60</b>	<b>50 499 277,05</b>	<b>23 548 732,27</b>	<b>39 461 267,48</b>
Mechelen- North		Guido Gezellelaan, 2800 Mechelen		PRO-DUO nv						
		Liersesteenweg 432, 2800 Mechelen		FUN BELGIUM nv						
		Oscar Van Kesbeecklaan 3, 2800 Mechelen		Euro Shoe Group nv						
		Oscar Van Kesbeecklaan 7, 2800 Mechelen		MAXI ZOO BELGIUM bvba						
		Electriciteitsstraat 39, 2800 Mechelen		BRANTANO nv						
		Guido Gezellelaan 6, 2800 Mechelen		Actief Interim nv						
		Guido Gezellelaan 10, 2800 Mechelen		DANS- EN EXPRESSIE vzw						
		Guido Gezellelaan 8, 2800 Mechelen		LEEN BAKKER BELGIE nv						
		Guido Gezellelaan 10-18, 2800 Mechelen		Fnac Vanden Borre nv						
		Guido Gezellelaan 10/12, 2800 Mechelen		Orchestra-Prémaman Belgium sa						
Guido Gezellelaan 20, 2800 Mechelen		Babydump B.V.								
Rode Kruisplein 20, 2800 Mechelen		PIOCHEUR nv								
			<b>1960 - 2011</b>		<b>13 757</b>	<b>97,09%</b>	<b>1 306 658,22</b>	<b>18 411 259,35</b>	<b>10 281 721,63</b>	<b>17 786 543,89</b>
Mechelen- South		Brusselsesteenweg 445 en 443, 2800 Mechelen		Intres Belgium XP bvba (Sleepy)						
		Brusselsesteenweg 439, 2800 Mechelen		FABRIMODE nv (Bel & Bo)						
		Geerdegemstraat 148, 2800 Mechelen		Menatam sa (Eggo)						
		Brusselsesteenweg 441 A, 2800 Mechelen		BRANTANO nv						
		Brusselsesteenweg 441, 2800 Mechelen		LEGIO IMMO BELGIUM nv						
Brusselsesteenweg 441 B, 2800 Mechelen		Fnac Vanden Borre nv								
		REDISCO bvba								
Brusselsesteenweg 437, 2800 Mechelen		L&L Retail Belgium sa								
		Madman bvba								
			<b>1983 - 2005</b>		<b>7 536</b>	<b>100,00%</b>	<b>960 492,06</b>	<b>14 131 809,62</b>	<b>5 433 519,50</b>	<b>8 954 399,22</b>

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value			
Limburg	Lim-Individual peripheral properties and other	Vredelaan 34, 3530 Houthalen		GROUP GL International nv									
		Grote Baan 212, 3530 Houthalen		JBC nv									
		Meylandtlaan 171, 3550 Heusden- Zolder		LIDL									
				<b>1989 - 2008</b>		<b>3 079</b>	<b>100,00%</b>	<b>284 869,81</b>	<b>4 135 735,84</b>	<b>2 200 065,60</b>	<b>4 072 705,00</b>		
	Lim-Beringen		Koolmijnlaan 193, 3580 Beringen		BRICO BELGIUM nv								
					Albert Heijn België nv								
					MAXI ZOO BELGIUM bvba								
					MAGS bvba (Chaussea)								
					MEDINA nv (Bent Schoenen)								
					L&L Retail Belgium sa								
					Monashee bvba (Zeb)								
					H&M Hennes & Mauritz sa								
				FABRIMODE nv (Bel & Bo)									
				C&A België cv									
	AVA PAPIERWAREN nv												
	Fnac Vanden Borre nv												
			<b>2015</b>		<b>17 637</b>	<b>100,00%</b>	<b>1 977 064,47</b>	<b>31 031 365,99</b>	<b>12 602 324,47</b>	<b>31 120 736,79</b>			
Genk- Hasseltweg		Wiide Kastanjelaan 3, 3600 Genk Hasseltweg 111, 3600 Genk Hasseltweg 113, 3600 Genk Hasseltweg 115, 3600 Genk Hasseltweg 76 bus 1, 3600 Genk Hasseltweg 76, 3600 Genk		Budgetslager nv									
				Aldi Heusden-Zolder									
				VAN BEUREN INTERIORS bvba									
				KVIK AS									
	GOBREL sa												
	Toychamp Belgium nv												
	Seats and sofas nv												
			<b>2007 - 2015</b>		<b>9 971</b>	<b>100,00%</b>	<b>735 947,75</b>	<b>10 989 406,44</b>	<b>7 124 668,44</b>	<b>9 318 202,39</b>			
Lim-Lanaken		Maaseikersteenweg 197, 3620 Lanaken		JYSK bvba									
				ES-Mode nv									
				MAGS bvba (Chaussea)									
				Toychamp Belgium nv									
			<b>2005</b>		<b>4 150</b>	<b>100,00%</b>	<b>342 468,02</b>	<b>5 351 370,55</b>	<b>2 965 336,88</b>	<b>5 340 246,38</b>			
Limburg		Luikersteenweg 151 bus 6, 3700 Tongeren Luikersteenweg 151 bus 8, 3700 Tongeren Luikersteenweg 151 bus 10, 3700 Tongeren Luikersteenweg 151 bus 12, 3700 Tongeren Luikersteenweg 151 bus 14, 3700 Tongeren Luikersteenweg 151 bus 16, 3700 Tongeren Luikersteenweg 151 bus 18, 3700 Tongeren Luikersteenweg 151 bus 2, 3700 Tongeren Luikersteenweg 151 bus 4, 3700 Tongeren Luikersteenweg 151 bus 1, 3700 Tongeren Luikersteenweg 151 bus 3, 3700 Tongeren Luikersteenweg 151 bus 5, 3700 Tongeren Luikersteenweg 151 bus 7, 3700 Tongeren Luikersteenweg 151 bus 9, 3700 Tongeren Luikersteenweg 151 bus 11, 3700 Tongeren Luikersteenweg 151 bus 13, 3700 Tongeren Luikersteenweg 151 bus 15, 3700 Tongeren Luikersteenweg 151 bus 17, 3700 Tongeren Luikersteenweg 151 bus 19, 3700 Tongeren Luikersteenweg 151 bus 21, 3700 Tongeren Luikersteenweg 151 bus 23, 3700 Tongeren Luikersteenweg 151 bus 25, 3700 Tongeren Luikersteenweg 151 bus 27, 3700 Tongeren Luikersteenweg 151 bus 29-31, 3700 Tongeren Luikersteenweg 151 bus 33, 3700 Tongeren Luikersteenweg 151 bus 35, 3700 Tongeren Luikersteenweg 151 bus 37, 3700 Tongeren		JBC nv									
				L.TORFS nv									
				ADL Consult bvba									
				PRO-DUO nv									
				Euro Shoe Group nv									
				Kleding Vossen nv									
				Fnac Vanden Borre nv									
				Monashee bvba (Zeb)									
				Dreamland nv									
				FABRIMODE nv (Bel & Bo)									
				KRUIDVAT bvba									
				ES-Mode nv									
				Chaussea BRT bvba									
				C.C.I.T. bvba									
				GOBREL sa									
				PIOCHEUR nv									
				AVA PAPIERWAREN nv									
				Delhaize Le Lion - De Leeuw Comm.VA									
				LIDL									
				ACTION BELGIUM bvba									
				MAXI ZOO BELGIUM bvba									
				Descarto bvba									
				LEEN BAKKER BELGIE nv									
				Delievec bvba									
				Groep L.B.M. bvba									
						<b>2012</b>		<b>30 930</b>	<b>93,54%</b>	<b>2 398 948,08</b>	<b>40 900 327,20</b>	<b>22 100 691,49</b>	<b>37 888 234,27</b>
			Lim-Lommel		Binnensingel 48, 3920 Lommel Binnensingel 50, 3920 Lommel Binnensingel 54, 3920 Lommel Binnensingel 46, 3920 Lommel		Sportsdirect.com Belgium						
	LIDL												
	LEEN BAKKER BELGIE nv												
	KREFEL nv												
			<b>2006</b>		<b>6 938</b>	<b>100,00%</b>	<b>728 392,53</b>	<b>11 541 627,83</b>	<b>4 957 471,63</b>	<b>10 724 969,43</b>			

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value	
Liège	Edge of Town	Boulevard Raymond Poincaré 26, 4000 Liège		ACTION BELGIUM bvba							
		Boulevard Raymond Poincaré 20, 4000 Liège		Lambrechts nv (groothandel sanitair)							
		Boulevard Raymond Poincaré 22, 4000 Liège		ENGELS LIEGE bvba							
		Boulevard Raymond Poincaré 105, 4000 Liège		KREFEL nv							
		Boulevard Raymond Poincaré 103, 4000 Liège		Burger Brands Belgium nv							
		Boulevard Raymond Poincaré, 4000 Liège		LEEN BAKKER BELGIE nv							
		Boulevard Froidmont 21, 4000 Liège		LA GRANDE RECRE BELGIQUE sprl							
		Boulevard Froidmont 19, 4000 Liège		BURO MARKET nv							
		Boulevard Froidmont 13/15, 4000 Liège		ANISERCO nv							
		Bld Cuivre et Zinc 21, 4000 Liège		Discus SPRL (verkoop visgerei)							
		Bld Cuivre et Zinc 19, 4000 Liège		Star Mode SPRL							
		Boulevard Froidmont /Bld Cuivre et Zinc, 4000 Liège		ALDI VAUX-SUR-SURE sa							
		Bld Cuivre et Zinc 17, 4000 Liège		DISTRILED LIEGE sprl							
Boulevard de Froidmont 23, 4020 Liège											
Boulevard de Froidmont 17, 4020 Liège											
					<b>1988 - 2012</b>	<b>14 650</b>	<b>99,92%</b>	<b>1 206 444,48</b>	<b>18 465 497,89</b>	<b>10 467 996,45</b>	<b>15 730 107,14</b>
Liège	Lui-Individual peripheral properties and other	Rue Joseph Demoulin 15, 4000 Liège		ACTION BELGIUM bvba							
		rue de Chafnay 5, 4020 Jupille-sur- Meuse		PROFI sa							
		Rue Servais Malaise 29, 4030 Grivegnée		Euro Shoe Group nv							
		Rue Servais Malaise 29/31, 4030 Grivegnée		KRUIDVAT bvba							
		rue de Sewage 1, 4100 Seraing		Zanimo SPRL							
		Route du Condroz 221, 4120 Neupré		SERAING DISCOUNT							
		Avenue Laboulle 17, 4130 Tiff		POINT CARRE sprl							
		Chaussée Romaine S/N 246, 4300 Waremme		Bounce Wear bvba (sportartikelen)							
		Rue Joseph Wauters 25A, 4500 Huy		LIDL							
		Avenue du Bosquet 33, 4500 Huy		BRANTANO nv							
		rue du Bay-Bonnet 8, 4620 Fléron		Bleu Citron SPRL							
		Rue Bureau 56, 4620 Fléron		Orchestra-Prémaman Belgium sa							
		Avenue Reine Astrid 242, 4900 Spa									
Boulevard des Anglais 47, 4900 Spa											
rue du Chalet 95, 4920 Aywaille											
					<b>1986 - 2014</b>	<b>16 158</b>	<b>84,56%</b>	<b>1 209 336,18</b>	<b>16 993 986,20</b>	<b>11 545 521,28</b>	<b>16 566 916,72</b>
Liège	Lui-Rocourt			Auto 5 nv							
				CLUB sa							
				KREFEL nv							
				Medi-Market Parapharmacie Liège nv							
				BDO Distribution sa							
				MAGS bvba (Chaussea)							
				C&A België cv							
				Euro Shoe Group nv							
				HEMA BELGIE bvba							
				Nationale4 nv (ZEB)							
				JBC nv							
				Burger Brands Belgium nv							
					<b>1975 - 1992</b>	<b>10 781</b>	<b>100,00%</b>	<b>1 749 806,22</b>	<b>27 056 068,95</b>	<b>7 464 790,11</b>	<b>27 718 802,26</b>
Liège	Luik-Herstal	rue des Naiveux 44, 4040 Herstal		GOBREL sa							
		rue des Naiveux 40, 4040 Herstal		L&L Retail Belgium sa							
		rue Arnold Delsupexhe 66B, 4040 Herstal		AVA PAPIERWAREN nv							
		Rue des Naiveux 24B, 4040 Herstal		Promotex International sa en TAO Belgique sa							
		Rue des Naiveux 20, 4040 Herstal		Fnac Vanden Borre nv							
		Rue des Naiveux 16, 4040 Herstal		REDISCO bvba							
rue de Naiveux 7, 4040 Herstal		JCDECAUX BILLBOARD sa									
rue Arnold Delsupexhe 66A, 4040 Herstal		KREFEL nv									
					<b>1971 - 2001</b>	<b>6 204</b>	<b>100,00%</b>	<b>773 581,18</b>	<b>9 986 081,08</b>	<b>3 636 014,18</b>	<b>6 294 580,69</b>

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value			
Liège	Lui-Blegny- Barchon	Rue Champs de Tignée 4/2, 4671 Barchon		Wilmar Deco SPRL									
		Champs de Tignée 14, 4671 Barchon		LES PERES NOIRS sa									
		Rue Champs de Tignée 26/04, 4671 Barchon		Optic Barchon SPRL									
		Rue Champs de Tignée 22, 4671 Barchon		Chaud Diffusion SPRL									
		Rue Champs de Tignée 26/1, 4671 Barchon		Saker-Greco									
		Rue Champs de Tignée 24, 4671 Barchon		BRICOBA sa									
		Rue Champs de Tignée 24/11, 4671 Barchon		INGI COIFFURE SPRL									
		Rue Champs de Tignée 20/01, 4671 Barchon		Les Bouchers Doubles SPRL									
		Rue Champs de Tignée 26/03, 4671 Barchon		LA CHINE WOK SPRL									
		Rue Champs de Tignée 20/02, 4671 Barchon		CIRCUS BELGIUM sa									
		Rue Champs de Tignée 30, 4671 Barchon		LA GLISSE									
		Rue Champs de Tignée 32, 4671 Barchon		3D MANAGEMENT SPRL									
		Rue Champs de Tignée 20, 4671 Barchon		SEPTEMBRE 1965 sprl (Pointcarré)									
Rue Champs de Tignée 34/2, 4671 Barchon		Delhaize Le Lion - De Leeuw Comm.VA LIDL											
Rue Champs de Tignée 20-34, 4671 Barchon		T.C. Bonnelles SPRL PHILIPPE STEVENS SPRL - DIGITHOME											
					<b>1989 - 2008</b>	<b>11 271</b>	<b>100,00%</b>	<b>1 089 059,93</b>	<b>15 178 535,61</b>	<b>8 053 569,15</b>	<b>13 878 240,21</b>		
Liège	Eupen	Herbesthalerstraat 154, 4700 Eupen		Orchestra-Prémaman Belgium sa PIOCHEUR nv ANISERCO nv Chaussea BRT bvba C&A België cv CP RETAIL sa Euro Shoe Group nv JBC nv PRO-DUO nv Veritas nv									
		Rue Mitoyenne 1, 4700 Eupen											
							<b>1988 - 1990</b>	<b>9 038</b>	<b>100,00%</b>	<b>898 689,19</b>	<b>12 753 038,26</b>	<b>6 457 289,02</b>	<b>12 949 150,31</b>
		Lui-Verviers	Boulevard des Gérardchamps 118, 4800 Verviers		Delhaize Le Lion - De Leeuw Comm.VA								
			Rue de la Station 8, 4800 Verviers		Gemeenschap Delhaize- Tom&co-LeenBakker								
			Rue Fernand Houget 6A, 4800 Verviers		ANISERCO nv								
Rue Fernand Houget 2, 4800 Verviers			LEEN BAKKER BELGIE nv										
Rue Fernand Houget 3, 4800 Verviers			Decathlon Belgium nv										
Rue d' Anvers 6, 4800 Verviers		Matilde Solar Energy bvba MCDonald's Restaurants Belgium nv- Securex International Miami Sun SPRL ING Belgique sa Pharmacies Populaires de Verviers et arr. SCRL Dreamland nv PRO-DUO nv Groep Bossuyt Belgie nv ELECTRO AV nv SND sa (Trafic) Menatam sa (Eggo) Maisons du Monde Parfumerie ICI PARIS XL sa MAGS bvba (Chaussea) L&L Retail Belgium sa 3D MANAGEMENT SPRL JBC nv Delimmo sa CRESCEND HOME sa (kina) MAXI ZOO BELGIUM bvba Papeterie.be SPRL (Page 111) KRUIDVAT bvba Edcom SCRL BDO Distribution sa BRANTANO nv PIOCHEUR nv Régie des Bâtiments											
					<b>1998 - 2015</b>	<b>37 058</b>	<b>100,00%</b>	<b>3 529 244,71</b>	<b>51 718 457,37</b>	<b>25 563 347,54</b>	<b>50 083 624,78</b>		



Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
Hainaut	Hen-Mouscron	Rue de la Liesse 96, 7700 Mouscron/ Moeskroen	2014	Excel-Cash sa (cash converters)	2 713	100,00%	339 028,83	5 088 612,83	1 938 544,33	5 228 877,66
		Rue de la Liesse 92, 7700 Mouscron/ Moeskroen		LIDL						
		Rue de la Liesse 94, 7700 Mouscron/ Moeskroen		GOBREL sa						
	Hen-Frameries	Route Nationale, 7080 Frameries	2012	ACTION BELGIUM bvba FABRIMODE nv (Bel & Bo) IMMO AVAL Belgium sa (Intermarché) Natale Mario (Sander boutique) Euro Shoe Group nv ANISERCO nv Willems nv (verandas) LEGIO IMMO BELGIUM nv	7 653	100,00%	708 127,64	11 053 699,75	5 468 367,02	11 138 464,78
Hen-Leuze-en-Hainaut	Rue de l'Artisanat 3, 7900 Leuze-en-Hainaut	2014	ACTION BELGIUM bvba	3 050	100,00%	273 627,79	4 014 345,00	2 179 343,97	3 982 110,76	
Rue de l'Artisanat 5 bus A, 7900 Leuze-en-Hainaut	Le Repaire des Filous SPRL (speelzaal kinderen)									
Rue de l'Artisanat 5, 7900 Leuze-en-Hainaut	Produo SPRL (poils et plumes)									
Hainaut	Tournai	ru des Roselières 10, 7503 Froyennes	1981 - 2010	CHAUSSURES MANIET sa	7 979	93,68%	859 047,74	11 782 199,40	5 505 358,17	8 273 703,63
		ru des Roselières 14, 7503 Froyennes		LEEN BAKKER BELGIE nv						
		Rue de Maire 13a, 7503 Froyennes		ANISERCO nv						
	Hen-Ath	Chaussée de Bruxelles, 7800 Ath	2017	Euro Shoe Group nv AGIK s.p.r.l. KRUIDVAT bvba MATCH sa ZEEMAN textielSupers nv PIOCHEUR nv ELECTRO AV nv ACTION BELGIUM bvba ALKEN MAES nv MONI SPRL Lloydpharma sa	5 531	99,10%	564 808,75	8 842 338,16	3 952 115,25	7 545 482,34
Luxembourg	Lux-Individual peripheral properties and other	Rue de Marche 104, 6600 Bastogne	1990 - 2008	YEN PING SPRL	13 728	100,00%	873 388,62	11 856 139,33	9 809 191,49	15 495 834,88
		Avenue de la Gare, 6720 Habay-la-Neuve		Carrefour Belgium sa						
		ru de la Vallée 104, 6780 Messancy		Maxi Market SPRL						
	Lux-Individual peripheral properties and other	Rue de la Vallée 102, 6780 Messancy	2017	ZEEMAN textielSupers nv GOBREL sa MAKE sprl Blue Vision Messancy (à constituer) Cleblio SPRL Quality meat Renmans sa BBK Expansion bvba (Babykid) PARTY 2000 SPRL Omega nv (Databuild) bpost sa	5 531	99,10%	564 808,75	8 842 338,16	3 952 115,25	7 545 482,34

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
Luxembourg	Lux-Librumont	Rue de l'Aliénau, 6800 Libramont	2006 - 2010	Burger Brands Belgium nv	8 657	100,00%	911 182,60	14 313 794,79	4 285 804,96	14 678 143,59
		Rue de Libin 2a, 6800 Libramont		MONDIAL EXPRESS SCRL BRICO ARDENNE SPRL KREFEL nv AVA PAPIERWAREN nv Veritas nv Planet Parfum sa JBC nv POINT CARRE sprl						
		Rue de Libin 2, 6800 Libramont								
	Marche-en-Famenne	avenue de France 40, 6900 Marche-en-Famenne	2006 - 2010	MAXI TOYS Belgium sa	8 657	100,00%	911 182,60	14 313 794,79	4 285 804,96	14 678 143,59
Luxembourg	Marche-en-Famenne	avenue de France 42, 6900 Marche-en-Famenne	2006 - 2010	BE KITCHEN SPRL	8 657	100,00%	911 182,60	14 313 794,79	4 285 804,96	14 678 143,59
		avenue de France 44, 6900 Marche-en-Famenne		ZEEMAN textielSupers nv						
		avenue de France 38, 6900 Marche-en-Famenne		C&A België cv						
	Marche-en-Famenne	Chaussée de Liège 11, 6900 Marche-en-Famenne	2006 - 2010	BBK Expansion bvba (Babykid)	8 657	100,00%	911 182,60	14 313 794,79	4 285 804,96	14 678 143,59
West-Flanders	Bruges-North	Avenue de France 32, 6900 Marche-en-Famenne	2006 - 2010	BASILE FAMILY sprl	8 657	100,00%	911 182,60	14 313 794,79	4 285 804,96	14 678 143,59
		Avenue de France 34, 6900 Marche-en-Famenne		LEEN BAKKER BELGIE nv						
		Avenue de France 36, 6900 Marche-en-Famenne		JMBA SPRL (lxina)						
	West-Flanders	Rue du parc Industriel 5, 6900 Marche-en-Famenne	2006 - 2010	PIOCHEUR nv H&M Hennes & Mauritz sa HEMA BELGIE bvba EUROVENTES Sprl ELECTRO AV nv Follow Up SPRL Civadis sa HUBO BELGIE nv	8 657	100,00%	911 182,60	14 313 794,79	4 285 804,96	14 678 143,59
West-Flanders	Bruges-North	Sint-Pieterszuidstraat en Veemarktstraat, 8000 Brugge	1969 - 2013	LIDL	15 183	100,00%	1 623 259,73	23 903 539,61	10 420 122,35	17 767 896,47
		Sint-Pieterskaai 21, 8000 Brugge		Euro Shoe Group nv ADL Consult bvba IDEWE VZW Dreambaby nv LEEN BAKKER BELGIE nv ACTION BELGIUM bvba Omega (BWC)						
		Sint-Pieterskaai 20 A, 8000 Brugge		MAXI ZOO BELGIUM bvba KRUIDVAT bvba ZEEMAN textielSupers nv GOBREL sa HEMA BELGIE bvba Delix 88 bvba						
	West-Flanders	Sint-Pieterskaai 20, 8000 Brugge	1969 - 2013		15 183	100,00%	1 623 259,73	23 903 539,61	10 420 122,35	17 767 896,47
West-Flanders	WVI-Individual peripheral properties and other	Torhoutsestraat 45, 8020 Ruddervoorde	1965 - 2012	MATCH sa	14 110	100,00%	1 319 024,37	19 603 777,26	10 358 342,20	20 150 966,49
		Maalssteenweg 166, 8310 Sint-Kruis		MEUBELEN DE ABDIJ bvba C&A België cv						
		Maalssteenweg 255, 8310 Sint-Kruis		Holstra bvba (Zonnewering, luifels, rolluiken, ...)						
	WVI-Individual peripheral properties and other	Maalssteenweg 42, 8310 Sint-Kruis	1965 - 2012	IMETAM bvba ACTION BELGIUM bvba BRANTANO nv ALDI Roeselare nv Omega (BWC)	14 110	100,00%	1 319 024,37	19 603 777,26	10 358 342,20	20 150 966,49
West-Flanders	Torhoutsesteenweg 610, 8400 Oostende	1965 - 2012		14 110	100,00%	1 319 024,37	19 603 777,26	10 358 342,20	20 150 966,49	
West-Flanders	WVI-Individual peripheral properties and other	Biezenstraat 16, 8430 Middelkerke	1950 - 2007		10 138	100,00%	931 344,72	12 786 413,33	7 111 641,84	13 818 240,87
		Koninklijke Baan 228, 8670 Koksijde								
West-Flanders	Gentstraat 13, 8760 Meulebeke	1950 - 2007		10 138	100,00%	931 344,72	12 786 413,33	7 111 641,84	13 818 240,87	
West-Flanders	Frankrijklaan 2, 8970 Poperinge	1950 - 2007		10 138	100,00%	931 344,72	12 786 413,33	7 111 641,84	13 818 240,87	

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
West-Flanders	Kortrijk-North	Ringlaan 32, 8500 Kortrijk	<b>1987 - 2015</b>	I & S FASHION nv	<b>12 714</b>	<b>100,00%</b>	<b>934 538,51</b>	<b>15 648 498,73</b>	<b>9 084 648,94</b>	<b>10 743 615,98</b>
		Ringlaan 11, 8520 Kuurne		IMETAM bvba						
	Ter Ferrants 1, 8520 Kuurne	L.TORFS nv								
	Ter Ferrants 3, 8520 Kuurne	DE MAMBO bvba								
Ter Ferrants 4, 8520 Kuurne	KI VIDEO bvba (matrassen)									
	Fnac Vanden Borre nv									
	AVA PAPIERWAREN nv									
	ACTION BELGIUM bvba									
	LEEN BAKKER BELGIE nv									
Ter Ferrants 2, 8520 Kuurne										
WVL-Sint-Eloois-Vijve	Gentseweg 520, 8793 Sint-Eloois-Vijve	<b>1988</b>		AVA PAPIERWAREN nv						
Roeselare	Brugsestraat 377, 8800 Roeselare	<b>1993 - 2007</b>	BRICO BELGIUM nv	<b>12 903</b>	<b>100,00%</b>	<b>1 377 776,44</b>	<b>19 698 512,80</b>	<b>9 219 696,81</b>	<b>16 001 880,63</b>	
	Brugsesteenweg 508-510, 8800 Roeselare		ANISERCO nv							
Mercury Centrum - Brugsesteenweg 363, 8800 Roeselare	PIOCHEUR nv									
Brugsesteenweg 524, 8800 Roeselare	IMETAM bvba									
Brugsesteenweg 356 B, 8800 Roeselare	BELGIAN POSTERS									
Brugsesteenweg 356 A, 8800 Roeselare	Seats and sofas nv									
Brugsesteenweg 356 C, 8800 Roeselare	Omega nv									
Roeselare	Fnac Vanden Borre nv									
Fratersplein 11, 9000 Gent	LIDL									
Brusselssesteenweg 662, 9050 Gentbrugge	MUYS nv									
Maisstraat 3, 9060 Zelzate	JBC nv									
Antwerpsesteenweg 84, 9080 Lochristi	DAMART TSD nv									
Brusselssesteenweg 75, 9090 Melle	AUGUSTYNS bvba (verkoop keukens)									
Zelebaan 67, 9160 Lokeren	BRANTANO nv									
Zelebaan Lot B, 9160 Lokeren	KREFEL nv									
Oosterzelesteenweg 127, 9230 Wetteren	LEGIO IMMO BELGIUM nv									
Grote Baan 154, 9250 Waasmunster	CLAUS Chris									
Brusselssesteenweg 120, 9300 Aalst	TDM Products Belgium bvba									
Gentsesteenweg 442, 9300 Aalst	CARPETLAND nv									
Pieter Corneliskaai 16A, 9300 Aalst	BRICO BELGIUM nv									
Kwadelapstraat 2, 9320 Erembodegem	ALDI Erpe Mere nv									
Nachtegaalstraat 8A, 9320 Erembodegem	MODEMAKERS FASHION nv									
Brakelsesteenweg 160, 9400 Ninove	Omega (Deinze)									
Astridlaan 38, 9500 Geraardsbergen	Plaza Gent BVba									
Provincieweg 266, 9550 Herzele	MATCH sa									
Noordlaan 5, 9630 Munkzwalm										
Ronseweg 56, 9700 Oudenaarde										
Astenemolenstraat, 9800 Deinze										
Kortrijksesteenweg 18, 9830 Sint-Martens-Latem										
Stationsstraat 162, 9890 Gavere										
Puitvoetstraat 6B, 9100 Sint-Niklaas										
<b>1938 - 2015</b>					<b>56 494</b>	<b>100,00%</b>	<b>4 235 867,54</b>	<b>56 068 464,41</b>	<b>40 285 491,56</b>	<b>58 855 593,04</b>

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
East-Flanders	Ghent-South	Kortrijksesteenweg 1178, 9051 Sint-Denijs-Westrem	<b>1978 - 2005</b>	FUN BELGIUM nv	<b>14 600</b>	<b>100,00%</b>	<b>1 863 672,85</b>	<b>28 251 961,48</b>	<b>11 226 507,09</b>	<b>21 391 902,96</b>
		Wallenkensstraat 28, 9051 Sint-Denijs-Westrem		PIOCHEUR nv						
		Wallenkensstraat 24, 9051 Sint-Denijs-Westrem		L.TORFS nv						
		Wallenkensstraat 26, 9051 Sint-Denijs-Westrem		Wamo bvba (Zeb)						
		Kortrijksesteenweg 1036, 9051 Sint-Denijs-Westrem		Retail Concepts nv (AS Adventure)						
		Kortrijksesteenweg 1038, 9051 Sint-Denijs-Westrem		Décor Heytens Belgique nv						
		Kortrijksesteenweg, 9051 Sint-Denijs-Westrem		GDW-Gent BV						
		Kortrijksesteenweg 1200, 9051 Sint-Denijs-Westrem		FINSBURY PROPERTIES nv						
		Kortrijksesteenweg 1192B, 9051 Sint-Denijs-Westrem		Fnac Vanden Borre nv						
		Kortrijksesteenweg 1149, 9051 Sint-Denijs-Westrem		KREFEL nv						
	Kortrijksesteenweg 1182A, 9051 Sint-Denijs-Westrem	Deutsche bank AG								
	Kortrijksesteenweg 1206, 9051 Sint-Denijs-Westrem	Orchestra - Prémaman nv								
	CARPETLAND nv									
	Parklaan 50, 9100 Sint-Niklaas	GUNGO bvba (IXINA)								
	Parklaan 87, 9100 Sint-Niklaas	ELECTRO AV nv								
	Plezantstraat 268, 9100 Sint-Niklaas	Carlier O. en De Craeke S. Mehmed Yalmaz FUN BELGIUM nv ALDI Erpe Mere nv								
	<b>1999 - 2006</b>									
Dendermonde-Mechelsestwg	Mechelsesteenweg 138 D, 9200 Dendermonde	<b>1974 - 2000</b>	BELLOLI bvba	<b>12 731</b>	<b>100,00%</b>	<b>1 098 222,60</b>	<b>16 023 441,08</b>	<b>9 096 796,10</b>	<b>6 649 386,32</b>	
	Mechelsesteenweg 136, 9200 Dendermonde		Blokker nv							
	Mechelsesteenweg 140, 9200 Dendermonde		LEEN BAKKER BELGIE nv							
	Mechelsesteenweg 138, 9200 Dendermonde		FUN BELGIUM nv							
Mechelsesteenweg 51, 9200 Dendermonde	Basic Fit België									
Oude Vest 70, 9200 Dendermonde	KREFEL nv									
Mechelsesteenweg 35, 9200 Dendermonde	KRUIDVAT bvba GAM nv									
Ovl-Wetteren	Oude Heerbaan 7, 9230 Wetteren	<b>1996 - 2008</b>	De Rycke bvba (groothandel bloemen en planten)	<b>25 247</b>	<b>100,00%</b>	<b>1 781 092,32</b>	<b>27 779 479,42</b>	<b>18 037 108,18</b>	<b>25 746 397,02</b>	
	Oude Heerbaan 5, 9230 Wetteren		Affiora BV (verkoop bloemistenartikelen)							
	Oosterzelesteenweg 5 bus 13, 9230 Wetteren		Bb Concept bvba (opslag droge voeding)							
	Oosterzelesteenweg 5 bus 12 A en 12 B, 9230 Wetteren		AMELIM nv							
	Oosterzelesteenweg 5 bus 11, 9230 Wetteren		ATITA nv (papierwaren)							
	Oosterzelesteenweg 5 bus 10, 9230 Wetteren		JBC nv							
	Oosterzelesteenweg 5 bus 9, 9230 Wetteren		L.TORFS nv							
	Oosterzelesteenweg 5 bus 8, 9230 Wetteren		Fnac Vanden Borre nv							
	Oosterzelesteenweg 5 bus 7, 9230 Wetteren		Slaapadvies bvba							
	Oosterzelesteenweg 5 bus 6 A, 9230 Wetteren		Sportsdirect.com Belgium							
	Oosterzelesteenweg 5 bus 6 B, 9230 Wetteren		Veritas nv							
	Oosterzelesteenweg 5 bus 5, 9230 Wetteren		Retail Belgie bvba							
	Oosterzelesteenweg 5 bus 4, 9230 Wetteren		L&L Retail Belgium sa							
	Oosterzelesteenweg 5 bus 3, 9230 Wetteren		REDISCO bvba							
	Oosterzelesteenweg 5 bus 2, 9230 Wetteren		Orchestra-Prémaman Belgium sa							
	Oosterzelesteenweg 5 bus 1, 9230 Wetteren		C&A België cv							
	Hoek Brusselssesteenweg-Oosterzelesteenweg, 9230 Wetteren		Wamo bvba (Zeb) Zonnepanelen							



Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
East-Flanders	Ovl-Oudenaarde	Gentstraat 47-67, 9700 Oudenaarde		Extra Vertes bvba C&A België cv JYSK bvba ACTION BELGIUM bvba PIOCHEUR nv WIBRA België nv LIDL KRUIDVAT bvba Afbraakwoning De Buren België nv Zonnepanelen						
			2005 - 2014		7 860	92,97%	559 608,58	6 606 548,38	5 749 180,87	7 000 344,56
East-Flanders	Eeklo	Stationsstraat 76, 9900 Eeklo Gentsesteenweg 1a, 9900 Eeklo Stationstraat - Krügercenter, 9900 Eeklo Stationstraat 82N - Krügercenter, 9900 Eeklo Stationstraat 82M - Krügercenter, 9900 Eeklo Stationstraat 82L - Krügercenter, 9900 Eeklo Stationstraat 82D - Krügercenter, 9900 Eeklo Stationstraat 82J - Krügercenter, 9900 Eeklo Stationstraat 82I - Krügercenter, 9900 Eeklo Stationstraat 82H - Krügercenter, 9900 Eeklo Stationstraat 82G - Krügercenter, 9900 Eeklo Stationstraat 82F - Krügercenter, 9900 Eeklo Stationstraat 82C - Krügercenter, 9900 Eeklo Stationstraat 82A - Krügercenter, 9900 Eeklo Stationstraat 82-86 - Krügercenter, 9900 Eeklo Stationstraat 78 - Krügercenter, 9900 Eeklo		DI sa DAMART TSD nv Hunkemöller Belgium nv HANS ANDERS BELGIE bvba L&L Retail Belgium sa L.TORFS nv C&A België cv Savermo nv (ZEB) LIDL CASA INTERNATIONAL nv HEMA BELGIE bvba Fnac Vanden Borre nv JBC nv Carrefour Belgium Retail Associates nv Fitform ELECTRO AV nv BELSAY nv Tijdloos bvba						
			1991 - 2009		12 199	100,00%	1 395 746,89	18 707 654,83	8 716 661,35	18 195 316,99

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
South-Holland	Leiderdorp	Meubelplein 7 - 15, 2353 EX Leiderdorp Meubelplein 15, 2353 EX Leiderdorp Meubelplein 13, 2353 EX Leiderdorp Meubelplein 14, 2353 EX Leiderdorp		M&J Keukens t.h.o.d.n. Keukenstunter VOF V.O.F. Sleep Studio Show Pain Leiderdorp Berg en Berg Zwaanshoek B.V.						
			1984 - 2002		2 626	78,67%	163 890,53	2 174 303,74	1 846 120,39	2 099 722,70
South-Holland	Alphen aan den Rijn	Euromarkt 1-119, 2408 BD Alphen Aan Den Rijn Euromarkt 103-105, 2408 BD Alphen Aan Den Rijn Euromarkt 115-117, 2408 BD Alphen Aan Den Rijn Euromarkt 119, 2408 BD Alphen Aan Den Rijn Euromarkt 109-111, 2408 BD Alphen Aan Den Rijn Euromarkt 1, 2408 BD Alphen Aan Den Rijn Euromarkt 101, 2408 BD Alphen Aan Den Rijn Euromarkt 9, 2408 BD Alphen Aan Den Rijn Euromarkt 13-21, 2408 BD Alphen Aan Den Rijn Euromarkt 3, 2408 BD Alphen Aan Den Rijn Euromarkt 87-99, 2408 BD Alphen Aan Den Rijn Euromarkt 89-97, 2408 BD Alphen Aan Den Rijn		JRO Retail Rotterdam B.V. Huigen Tapijt B.V. Goedhart Bouwmarkt B.V. Roobol Woontextiel B.V. Vegro Verpleegartikelen B.V. V.O.F. Zonnestudio 'Gravenzande Maatschap Vivre praktijk voor verloskunde Firma Barend van Zwieten V.O.F. Houtman & De Vogel Makelaardij V.O.F. Decokay Alphen V.O.F. Aldi Vastgoed B.V. Stichting Careyn						
			1993		10 123	96,93%	1 144 928,30	14 738 368,22	11 963 770,37	15 757 534,17
Utrecht	Veenendaal	Einsteinlaan 1, 3902 HN Veenendaal Einsteinlaan 1 - 3, 3902 HN Veenendaal Einsteinlaan 1, 3902 HN Veenendaal Einsteinlaan 1, 3902 HN Veenendaal		Wooncentrum Veenendaal B.V. De Dromenmaker Veenendaal B.V. Bouman vloerservice V.O.F. T-Mobile Netherlands B.V.						
			2005		18 452	100,00%	1 264 495,05	11 710 461,68	9 464 079,15	12 572 104,25
Zeeland	Middelburg	Mortiereboulevard 10-36, 4336 RA Middelburg Mortiereboulevard 10, 4336 RA Middelburg Mortiereboulevard 12, 4336 RA Middelburg Mortiereboulevard 14, 4336 RA Middelburg Mortiereboulevard 16, 4336 RA Middelburg Mortiereboulevard 18, 4336 RA Middelburg Mortiereboulevard 20, 4336 RA Middelburg Mortiereboulevard 22, 4336 RA Middelburg Mortiereboulevard 24, 4336 RA Middelburg Mortiereboulevard 26, 4336 RA Middelburg Mortiereboulevard 28, 4336 RA Middelburg Mortiereboulevard 30, 4336 RA Middelburg Mortiereboulevard 32, 4336 RA Middelburg		Blokker B.V. Kwantum Nederland B.V. Woonsquare B.V. Leen Bakker Nederland B.V. Pronto Zeeland B.V. Swiss Sense B.V. Profijt Zeeland B.V. Sports Unlimited Retail B.V. De Badenman B.V. (Middelburg) BCC (Elektro-Specialzaken) Keukenconcurrent Nederland B.V. Bruynzeel Keukens B.V. Beter Bed B.V.						
			2006		20 775	100,00%	1 759 054,02	24 114 773,83	19 067 003,03	25 035 232,81
North-Brabant	Roosendaal	Oostplein 1, 4706 NL Roosendaal Oostplein 11, 4706 NL Roosendaal Oostplein 13, 4706 NL Roosendaal Oostplein 15, 4706 NL Roosendaal Oostplein 19, 4706 NL Roosendaal Oostplein 3, 4706 NL Roosendaal Oostplein 5, 4706 NL Roosendaal Oostplein 7, 4706 NL Roosendaal Oostplein 9, 4706 NL Roosendaal		Roobol Woontextiel B.V. CS Keukens V.O.F. Swiss Sense B.V. V.O.F. Sep-Potters Kwantum Nederland B.V. Jysk B.V.						
			1993		10 233	59,78%	558 282,86	7 030 926,17	6 514 587,15	8 773 526,02
Gelderland	Apeldoorn	Het Rietveld 10, 7321 CT Apeldoorn Het Rietveld 14, 7321 CT Apeldoorn Het Rietveld 2, 7321 CT Apeldoorn Het Rietveld 22, 7321 CT Apeldoorn Het Rietveld 26 (Gelijkvloers), 7321 CT Apeldoorn Het Rietveld 28 (Gelijkvloers), 7321 CT Apeldoorn Het Rietveld 32, 7321 CT Apeldoorn Het Rietveld 28 + 32 (1 <sup>e</sup> Verdieping), 7321 CT Apeldoorn Het Rietveld 34, 7321 CT Apeldoorn Het Rietveld 4, 7321 CT Apeldoorn Het Rietveld 40 (1 <sup>e</sup> Verdieping), 7321 CT Apeldoorn Het Rietveld 40 (Gelijkvloers), 7321 CT Apeldoorn Het Rietveld 6, 7321 CT Apeldoorn Het Rietveld 8, 7321 CT Apeldoorn		KFC Holdings B.V. Wooncentrum De Groot Apeldoorn B.V. Keuken & Bad Apeldoorn B.V. Kvik NL B.V. totaalBED B.V. Bruynzeel Keukens B.V. Keukenconcurrent Nederland B.V. Beter Bed B.V. Swiss Sense B.V. V.O.F. Wooncentrum Kluswijs B.V. HLC Wereld B.V.						
			2004 - 2005		23 245	100,00%	1 183 115,51	13 813 849,53	11 144 436,92	14 846 824,11

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
Overijssel	Zwolle	Grote Voort 50, 8041 BE Zwolle		Belfurn B.V.						
		Grote Voort 54, 8041 BE Zwolle		Kwantum Nederland B.V.						
		Grote Voort 64, 8041 BE Zwolle		Nijman International B.V.						
		Grote Voort 68, 8041 BE Zwolle		Rikels Slaapexperts B.V.						
		Grote Voort 72, 8041 BE Zwolle		Prenataal moeder en kind B.V.						
		Grote Voort 76-78, 8041 BE Zwolle		Batjes Meubelen B.V.						
		Grote Voort 80-82, 8041 BE Zwolle		Totaal Bed Apeldoorn B.V.						
		Grote Voort 84, 8041 BE Zwolle		Weber Meubelen Elburg BV						
		Grote Voort 88, 8041 BE Zwolle		Meijer Wonen Heerde B.V.						
		Grote Voort 100, 8041 BE Zwolle		Rofra Meubelen Zwolle B.V.						
			1994		24 685	100,00%	2 034 068,24	26 622 192,48	28 875 000,00	27 803 000,00
North Holland	Cruquius	Cruquiusplein 4, 2142 EV Cruquius		One-Putt Golf B.V.						
		Cruquiusplein 6, 2142 EV Cruquius		Jysk B.V.						
		Cruquiusplein 10, 2142 EV Cruquius		Media Markt Saturn Holding Nederland B.V.						
		Cruquiusplein 12, 2142 EV Cruquius		Odis B.V.						
		Cruquiusplein 16, 2142 EV Cruquius		La Place Food B.V.						
		Cruquiusplein 18-20, 2142 EV Cruquius		Van den Heuvel Verlichting/Kleinmeubel B.V.						
		Cruquiusplein 22, 2142 EV Cruquius		De Badenman B.V. (Middelburg)						
		Cruquiusplein 24, 2142 EV Cruquius		Nijman International B.V.						
		Cruquiusplein 26, 2142 EV Cruquius		Roobol Woontextiel B.V.						
		Cruquiusplein 28-30, 2142 EV Cruquius		Bruynzeel Keukens B.V.						
		Cruquiusplein 32, 2142 EV Cruquius		Y. Toka						
		Cruquiusplein 34, 2142 EV Cruquius		Swiss Sense B.V.						
		Cruquiusplein 36, 2142 EV Cruquius		HACO Cruquius BV						
		Cruquiusplein 38, 2142 EV Cruquius		De MandemakersGroep Holding B.V. (DMG)						
		Cruquiusplein 40, 2142 EV Cruquius		De Bommel Groep B.V.						
		Cruquiusplein 42, 2142 EV Cruquius		Kwantum Nederland B.V.						
		Cruquiusplein 44, 2142 EV Cruquius		Carpentry B.V.						
		Cruquiusplein 46, 2142 EV Cruquius		Beter Bed B.V.						
		Cruquiusplein 48, 2142 EV Cruquius		Keukenkampioen B.V.						
		Cruquiusplein 50, 2142 EV Cruquius		Van Bemmel en Kroon Keukens BV						
		Cruquiusplein 52, 2142 EV Cruquius		Leen Bakker Nederland B.V.						
		Cruquiusplein 54, 2142 EV Cruquius		Van 't Hoefft verlichting v.o.f.						
		Cruquiusplein 56, 2142 EV Cruquius		Mirck Verf- en behanghandel v.o.f.						
		Spaarneweg 44, 2142 EV Cruquius		Goedhart Bouwmarkt B.V.						
		Spaanderweg 46, 2142 EV Cruquius		D.H.Z. Center Cruquius B.V.						
			2002 - 2006		40 879	100,00%	4 905 305,46	71 653 341,50	41 475 000,00	73 218 912,94

Province	Cluster	Address	year of construc. - last renovation	Tenant	Gross surface m <sup>2</sup>	occupancy rate	Rentale income	Fair value	Insurred value	Acquisition value
NL Limburg	Heerlen	In de Cramer 146, 6412 PM Heerlen		Dreams B.V.						
		In de Cramer 146 A, 6412 PM Heerlen		Van den Heuvel Verlichting/Kleinmeubel B.V.						
		In de Cramer 146 B, 6412 PM Heerlen		Keukenkampioen B.V.						
		In de Cramer 146 C, 6412 PM Heerlen		Bruynzeel Keukens B.V.						
		In de Cramer 148, 6412 PM Heerlen		Tummers Keukens II B.V.						
		In de Cramer 148 A-B, 6412 PM Heerlen		Nuva Keukens B.V.						
		In de Cramer 150, 6412 PM Heerlen		Tapijtcentrum Nederland B.V.						
		In de Cramer 152, 6412 PM Heerlen		Carpentry B.V.						
		In de Cramer 154, 6412 PM Heerlen		DMG Meubelen B.V.						
		In de Cramer 156-158, 6412 PM Heerlen		Rofra Meubelen Heerlen B.V.						
		In de Cramer 160, 6412 PM Heerlen		Krisbo B.V.						
		In de Cramer 162, 6412 PM Heerlen		Prenatal moeder en kind B.V.						
		In de Cramer 164, 6412 PM Heerlen		Pronto Wonen Heerlen B.V.						
		In de Cramer 166, 6412 PM Heerlen		Brugman Keukens en Badkamers B.V.						
		In de Cramer 168-176, 6412 PM Heerlen		Goossens Meubelen B.V.						
		In de Cramer 178, 6412 PM Heerlen		Budget Home Store Heerlen B.V.						
		In de Cramer 180, 6412 PM Heerlen		Trendhopper Heerlen B.V.						
		In de Cramer 182, 6412 PM Heerlen		K&D B.V.						
		In de Cramer 184, 6412 PM Heerlen		Sijben Wooncenter B.V.						
		In de Cramer 186-188, 6412 PM Heerlen		Fast food Boer Biet Heerlen V.O.F.						
		In de Cramer 190, 6412 PM Heerlen		Leen Bakker Nederland B.V.						
		In de Cramer 64, 6412 PM Heerlen		Woonmekka B.V.						
		In de Cramer 66, 6412 PM Heerlen		Knibbeler Meubel B.V.						
		In de Cramer 68A, 6412 PM Heerlen		Kwantum Nederland B.V.						
		In de Cramer 68, 6412 PM Heerlen		Seats and Sofas B.V.						
		In de Cramer 70, 6412 PM Heerlen		Woonsquare B.V.						
		In de Cramer 74, 6412 PM Heerlen		DFS trading Limited						
		In de Cramer 76, 6412 PM Heerlen		Jysk B.V.						
		In de Cramer 78B, 6412 PM Heerlen		Pets place Retail B.V.						
		In de Cramer 80, 6412 PM Heerlen		Sanisale.com						
		In de Cramer 78, 6412 PM Heerlen		Praxis Vastgoed B.V.						
		In de Cramer 78C, 6412 PM Heerlen		Bufkes Nederland B.V.						
		In de Cramer 82, 6412 PM Heerlen		Babyark Kesteren B.V.						
		In de Cramer 84, 6412 PM Heerlen		Xenos B.V.						
		In de Cramer 86-88-90, 6412 PM Heerlen		Gorissen Keukens V.O.F.						
		In de Cramer 92, 6412 PM Heerlen		Vorstelijk Slapen B.V.						
		In de Cramer 94 - 96, 6412 PM Heerlen		De Badenman B.V. (Heerlen II)						
		In de Cramer 96A, 6412 PM Heerlen		Beter Bed B.V.						
		In de Cramer 98, 6412 PM Heerlen		Berden Meubelen						
		In de Cramer 98 A + 100 (deel), 6412 PM Heerlen		Kvik NL B.V.						
		In de Cramer 100, 6412 PM Heerlen		Swiss Sense B.V.						
		In de Cramer 102, 6412 PM Heerlen		Tempur Benelux Retail B.V.						
		In de Cramer 102A, 6412 PM Heerlen		Blokker B.V.						
		In de Cramer 104, 6412 PM Heerlen								
		In de Cramer 106, 6412 PM Heerlen								
In de Cramer 106A, 6412 PM Heerlen										
In de Cramer 108, 6412 PM Heerlen										
			1991 - 2004		75 059	99,12%	7 534 639,62	107 206 251,30	66 143 000,00	112 195 500,02

number of properties per company 31.03.2018

Retail Estates BE	616
Retail Warehousing Invest	31
Blovan	4
Finsbury Properties	9
Librajem	3
Heerzele	1
NS Properties	1
Cruquius Invest	25
Distriland nv	10
Heerlen I Invest	21
Heerlen II Invest	26
Retail Estates NL	59
Zwolle Invest	11

total number of properties 817

ON 31 MARCH 2018, THE OCCUPANCY RATE IS 98.11%

### 3. REPORTS OF THE REAL ESTATE EXPERTS

#### BELGIUM

##### REPORT BY CUSHMAN & WAKEFIELD

This report covers 343 premises which are part of the real estate portfolio of Retail Estates nv and its subsidiaries.

"We have the pleasure of providing you with our valuation update as of 31 March 2018, which covers the portfolio of Retail Estates + Distri-Land + Finsbury Properties. 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 situation of the building. On the basis of a representative sample of the properties on the Belgian market, the average transfer cost has been found to equal 2.50% (for buildings with a value higher than EUR 2,500,000 over the 2013, 2014, 2015 and Q1 2016 period).

In case of buildings with a value higher than EUR 2,500,000, we determine the sale value excluding costs corresponding with the fair value as set by the international accounting standard IAS 40 by subtracting 2.50% from the investment value for transfer costs. The different properties are considered 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 on the moment of the valuation.

In order to calculate the investment value of the retail park in Tongeren and the Distri-Land portfolio, we have capitalised 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 EUR 498.75 million (incl. corrections) and a fair value of EUR 486.59 million as per 31.03.2018. The investment value increased by 7.7% versus the previous quarter. This gives a 6.58% yield for Retail Estates.

The portfolio of Immobilière Distri-Land nv has an investment value of EUR 19.69 million (incl. corrections) and a fair value of EUR 19.21 million as per 31.03.2018. The investment value has remained stable versus the previous quarter. This gives a 6.61% yield for Immobilière Distri-Land nv.

The portfolio of Finsbury Properties nv has an investment value of EUR 10.61 million (incl. corrections) and a fair value of EUR 10.36 million as per 31.03.2018. This gives a 6.89% yield for Finsbury Properties."

#### REPORT BY CBRE

The CBRE report was published on 31 March 2018 and covers 328 real estate properties belonging to Retail Estates nv and its subsidiaries. The investment value of these real estate properties is estimated at EUR 571.47 million and the fair value at EUR 557.53 million. These properties account for a rental income of EUR 37.74 million, which represents a gross yield of 6.60%.

#### REPORT BY STADIM

The Stadim report was published on 31 March 2018 and covers a semi-logistics complex. The investment

value of these real estate properties is estimated at EUR 4.76 million and the fair value at EUR 4.64 million. These properties account for a rental income of EUR 0.33 million, which represents a gross yield of 6.82%.

#### THE NETHERLANDS REPORT BY CUSHMAN & WAKEFIELD

The Cushman & Wakefield report was published on 31 March 2018 and covers 83 real estate properties belonging to Retail Estates nv and its subsidiaries. The investment value of these real estate properties is estimated at EUR 218.00 million and the fair value at EUR 205.48 million. These properties account for a rental income of EUR 14.44 million, which represents a gross yield of 7.03%.

#### REPORT BY CBRE

The CBRE report was published on 31 March 2018 and covers 59 real estate properties belonging to Retail Estates nv and its subsidiaries. The investment value of these real estate properties is estimated at EUR 78.73 million and the fair value at EUR 73.59 million. These properties account for a rental income of EUR 6.12 million, which represents a gross yield of 8.31%.



# FINANCIAL REPORT

<b>01</b>	CONSOLIDATED INCOME STATEMENT	116
<b>02</b>	CONSOLIDATED BALANCE SHEET	118
<b>03</b>	CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	120
<b>04</b>	CONSOLIDATED CASH FLOW STATEMENT	124
<b>05</b>	KEY PERFORMANCE INDICATORS	126
<b>06</b>	NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS	127
<b>07</b>	OTHER NOTES	138
<b>08</b>	VERSLAG VAN DE COMMISSARIS	166
<b>09</b>	STATUTORY INCOME STATEMENT	170
<b>10</b>	STATUTORY BALANCE SHEET	174
<b>11</b>	STATUTORY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	176
<b>12</b>	STATUTORY APPROPRIATION OF RESULT	180
<b>13</b>	STATEMENT ON RESPONSIBILITIES	181

**1. A. CONSOLIDATED INCOME STATEMENT**

INCOME STATEMENT (in EUR 000)	Notes	31.03.18	31.03.17
Rental income	1	78 046	66 561
Rental related expenses	2	-198	-537
<b>Net rental income</b>		<b>77 848</b>	<b>66 024</b>
Recovery of property expenses			
Recovery of rental charges and taxes normally payable by tenants on let properties	3	7 567	6 400
Rental charges and taxes normally payable by tenants on let properties	4	-8 498	-6 851
Other rental related income and expenses		-41	-108
<b>Property result</b>		<b>76 876</b>	<b>65 465</b>
Technical costs	5	-2 948	-2 237
Commercial costs	6	-618	-508
Charges and taxes on unlet properties	7	-408	-339
Property management costs	8	-2 158	-1 912
Other property costs	9	8	56
<b>Property costs</b>		<b>-6 124</b>	<b>-4 940</b>
<b>Operating property result</b>		<b>70 752</b>	<b>60 525</b>
Operating corporate costs	10	-4 518	-2 941
Other current operating income and expenses			
<b>Operating result before result on portfolio</b>		<b>66 234</b>	<b>57 584</b>
Result on disposals of investment properties	11	92	279
Result on sales of other non-financial assets			
Changes in fair value of investment properties	12	-2 505	13 754
Other result on portfolio		1 106	-144
<b>Operating result</b>		<b>64 927</b>	<b>71 473</b>
Financial income	13	70	61
Net interest charges	14	-17 379	-18 274
Changes in the fair value of financial assets and liabilities	35	101	-869
Other financial charges	15	-60	18

INCOME STATEMENT (in EUR 000)	Notes	31.03.18	31.03.17
<b>Financial result</b>		<b>-17 268</b>	<b>-19 064</b>
<b>Result before taxes</b>		<b>47 659</b>	<b>52 409</b>
Taxes	16	-964	-273
<b>Net result</b>		<b>46 695</b>	<b>52 136</b>
Attributable to:			
Shareholders of the Group		46 695	52 136
Minority interests			
Note:			
<b>EPRA earnings (share Group)<sup>1</sup></b>		<b>47 901</b>	<b>39 115</b>
Result on portfolio		-1 307	13 889
Changes in fair value of financial assets and liabilities		101	-869

RESULT PER SHARE	Notes	31.03.18	31.03.17
Number of ordinary shares in circulation	17	9 489 661	9 008 208
Weighted average number of shares	17	9 331 494	8 907 915
Net profit per ordinary share (in EUR ) <sup>2</sup>		5.00	5.85
Diluted net profit per share (in EUR )		5.00	5.85

<sup>1</sup> 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.

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

**1. B. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

Statement of other comprehensive income (in EUR 000)	31.03.18	31.03.17
Net result	46 695	52 136
Other components of other comprehensive income, recyclable in income statements:		
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	0	-1 761
Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	5 365	9 870
<b>OTHER COMPREHENSIVE INCOME</b>	<b>52 060</b>	<b>60 245</b>

## 2. CONSOLIDATED BALANCE SHEET

ASSETS (in EUR 000)	31.03.18	31.03.17
<b>Non-current assets</b>	<b>1 354 397</b>	<b>1 075 389</b>
Goodwill		
Intangible non-current assets	115	346
Investment properties <sup>3</sup>	1 349 367	1 071 361
Other tangible non-current assets	2 119	2 134
Financial non-current assets		
Finance lease receivables	1 030	1 030
Trade receivables and other non-current assets	1 767	518
Deferred taxes	1 249	
Other	518	518
<b>Current assets</b>	<b>39 776</b>	<b>11 948</b>
Non-current assets or groups of assets held for sale	29 201	5 691
Trade receivables	3 533	938
Tax receivables and other current assets	2 281	3 160
Cash and cash equivalents	3 389	978
Deferred charges and accrued income	1 371	1 181
<b>TOTAL ASSETS</b>	<b>1 394 173</b>	<b>1 087 338</b>

<sup>3</sup> Including project developments (IAS 40).

SHAREHOLDERS' EQUITY AND LIABILITIES (in EUR 000)	Notes	31.03.18	31.03.17
<b>Shareholders' equity</b>		<b>568 332</b>	<b>514 970</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>		<b>568 332</b>	<b>514 970</b>
Capital	27	208 205	197 603
Issue premiums	28	177 990	157 529
Reserves		135 442	107 702
Net result of the financial year		46 695	52 136
<b>Minority interests</b>			

SHAREHOLDERS' EQUITY AND LIABILITIES (in EUR 000)	Notes	31.03.18	31.03.17
<b>Liabilities</b>		<b>825 841</b>	<b>572 369</b>
<b>Non-current liabilities</b>		<b>766 518</b>	<b>511 226</b>
Provisions			
Non-current financial debts	34/35	746 000	485 330
Credit institutions		661 494	400 910
Long term financial lease			
Bonds		84 506	84 420
Other non-current financial liabilities	30/35	20 518	25 896
<b>Current liabilities</b>		<b>59 323</b>	<b>61 143</b>
Current financial debts	34/35	36 384	30 909
Credit institutions		36 384	30 909
Short term financial lease			
Trade debts and other current debts	31	12 800	11 976
Exit tax		1 067	4 327
Other		11 733	7 649
Other current liabilities	32	620	11 504
Accrued charges and deferred income	33	9 519	6 754
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1 394 173</b>	<b>1 087 338</b>

DEBT RATIO	31.03.18	31.03.17
Debt ratio <sup>4</sup>	57,57%	50,26%

<sup>4</sup> 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 hedging instruments).

**3. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (in EUR 000)	Capital ordinary shares	Issue premiums	Reserves*	Net result of the financial year	TOTAL Shareholders' Equity
<b>Balance according to IFRS on 31 March 2016</b>	<b>194 545</b>	<b>151 499</b>	<b>86 093</b>	<b>42 035</b>	<b>474 170</b>
- Net appropriation of profits 2016-2017					
- Transfer of portfolio result to reserves			5 221	-5 221	
- Transfer of EPRA earnings to reserves			8 442	-8 442	
- Reclassification between reserves					
- Dividends of the financial year 2015-2016				-28 372	-28 372
- Capital increase					
- Capital increase through contribution in kind	3 193	6 030			9 223
- Costs of capital increase	-134				-134
- Other			-160		-160
- Other comprehensive income 31/03/2017			8 109	52 136	60 245
<b>Balance according to IFRS on 31 March 2017</b>	<b>197 603</b>	<b>157 529</b>	<b>107 705</b>	<b>52 136</b>	<b>514 970</b>
- Net appropriation of profits 2017-2018					
- Transfer of portfolio result to reserves			13 610	-13 610	
- Transfer of portfolio result to reserves			-869	869	
- Transfer of EPRA earnings to reserves			9 668	-9 668	
- Reclassification between reserves					
- Dividends of the financial year 2016-2017				-29 727	-29 727
- Capital increase					
- Capital increase through contribution in kind	10 833	20 462			31 295
- Costs of capital increase	-231				-231
- Other			-37		-37
- Other comprehensive income 31/03/2018			5 365	46 695	52 060
<b>Balance according to IFRS on 31 March 2018</b>	<b>208 205</b>	<b>177 990</b>	<b>135 442</b>	<b>46 695</b>	<b>568 332</b>

* Detail of the reserves (in EUR 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 effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Changes in the effective part of the fair value of authorised hedging instruments are not subjected to qualify for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
<b>Balance according to IFRS on 31 March 2016</b>	<b>1 074</b>	<b>91 728</b>	<b>11 972</b>	<b>-24 942</b>	<b>-5 556</b>	<b>-17 604</b>	<b>29 419</b>	<b>86 091</b>
- Net appropriation of profits 2016-2017								
- Transfer of portfolio result to reserves		10 216				-4 995		5 221
- Transfer of EPRA earnings to reserves							8 442	8 442
- Reclassification between reserves	-942	-499	1 441					
- Capital increase through contribution in kind								0
- Costs of capital increase								
- Other		-160						-160
- Other comprehensive income 31/03/2017				-1 761	1 524	8 346		8 109
<b>Balance according to IFRS on 31 March 2017</b>	<b>133</b>	<b>101 285</b>	<b>13 413</b>	<b>-26 703</b>	<b>-4 032</b>	<b>-14 253</b>	<b>37 861</b>	<b>107 705</b>
- Net appropriation of profits 2017-2018								
- Transfer of portfolio result to reserves		13 610						13 610
- Transfer of portfolio result to reserves						-869		-869
- Transfer of EPRA earnings to reserves							9 668	9 668
- Reclassification between reserves	-129	-1 522	1 651					0
- Capital increase through contribution in kind								
- Costs of capital increase								
- Other	51			92			-180	-37
- Other comprehensive income 31/03/2018					1 233	4 132		5 365
<b>Balance according to IFRS on 31 March 2018</b>	<b>55</b>	<b>113 373</b>	<b>15 064</b>	<b>-26 611</b>	<b>-2 799</b>	<b>-10 990</b>	<b>47 349</b>	<b>135 442</b>



## 4. CONSOLIDATED CASH FLOW STATEMENT

CASH-FLOW STATEMENT (in EUR 000)	Notes	31.03.18	31.03.17
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		978	1.315
<b>1. Cash-flow from operating activities</b>		<b>50 197</b>	<b>33.445</b>
Operating result		64 927	71.473
Interest paid		-16 493	-16.699
Interest received			5
Corporate taxes paid		-3 468	-15.444
Corporate taxes received		494	308
Other		1 234	12.493
<b>Non-cash elements to be added to / deducted from the result:</b>		<b>1 876</b>	<b>-12.476</b>
* Depreciations and impairments			
- Depreciations / Impairments (or write-backs) on tangible and intangible assets		683	257
- Depreciations / Impairments (or write-backs) on trade receivables		-13	288
* Other non-cash elements			
- Changes in the fair value of investment properties	11	2 505	-13.754
- Profit on disposal of investment properties	12	-92	-279
- Other result on portfolio		-1 106	144
- Changes in the fair value of financial assets and liabilities		-101	868
* Other			
<b>Change in working capital requirements:</b>		<b>1 627</b>	<b>-6.215</b>
* Movement of assets			
- Trade receivables and other receivables		-2 590	238
- Tax receivables and other current assets		861	-1.715
- Deferred charges and accrued income		-186	-424
- Long-term assets			-1.538
* Movement of liabilities			
- Trade debts and other current debts		820	-14.502
- Other current liabilities		-9	11.089
- Accrued charges and deferred income		2 731	637

CASH-FLOW STATEMENT (in EUR 000)	Notes	31.03.18	31.03.17
<b>2. Cash-flow from investment activities</b>		<b>-282 392</b>	<b>-37.274</b>
Purchase of intangible assets		-86	-288
Purchase of investment properties		-288 257	-8.218
Disposal of investment properties and assets held for sale		7 635	9.459
Acquisition of shares of real estate companies		-1 193	-37.481
Disposal of shares of real estate companies			
Purchase of other tangible assets		-361	-762
Disposal of other tangible assets		12	16
Disposal of non-current financial assets			
Income from trade receivables and other non-current assets		-142	
<b>3. Cash-flow from financing activities</b>		<b>234 605</b>	<b>3.492</b>
* Change in financial liabilities and financial debts			
- Increase in financial debts	34	316 364	236.977
- Decrease in financial debts	34	-51 886	-204.886
* Change in other liabilities			
- Increase (+) / Decrease (-) in other liabilities		86	66
* Change in shareholders' equity			
- Capital increase and issue premiums			
- Costs of capital increase	changes in shareholders' equity	-231	-133
- Other			-160
* Dividend			
- Dividend for the previous financial year	19	-29 728	-28.372
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b>3 389</b>	<b>978</b>

## 5. KEY PERFORMANCE INDICATORS

EPRA earnings per share (in EUR )	31.03.2018	31.03.2017
EPRA earnings (attributable to the shareholders of the parent company)	47 900	39 115
Number of ordinary shares in circulation	9 489 661	9 008 208
Weighted average number of shares	9 331 494	8 907 915
EPRA earnings per share (in EUR ) <sup>5</sup>	5,13	4,39
EPRA earnings per share (in EUR ) - diluted	5,13	4,39

<sup>5</sup> 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 (11,387,593 shares after the capital increase of 27 April 2018), the EPRA earnings per share amounts to EUR 4,21 EUR at 31.03.2018 versus EUR 4,34 at 31.03.2017.

NET ASSET VALUE PER SHARE (in EUR ) - SHARE GROUP	31.03.2018	31.03.2017
Net asset value per share IFRS <sup>6</sup>	59,89	57,17
EPRA NAV per share <sup>7</sup>	61,33	59,29
Net asset value per share (investment value) excl. dividend excl. the fair value of authorised hedging instruments <sup>8</sup>	61,73	58,96

<sup>6</sup> 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.  
<sup>7</sup> EPRA NAV is calculated as follows: shareholders' equity (excluding the fair value of authorised hedging instruments) divided by the number of shares.  
<sup>8</sup> For the definition and purpose of this alternative performance measure, we refer to the Lexicon (p.212 ff.)

## 6. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

### GENERAL COMPANY INFORMATION

Retail Estates nv is a public Belgian Real Estate Investment Trust (BE-REIT) governed by and construed in accordance with Belgian law. Its registered office is located in Ternat.

The consolidated annual accounts of the company for the financial year which ended on 31 March 2018 comprise Retail Estates nv and its subsidiaries (the "Group"). The annual accounts were approved by the board of directors on 18 May 2018 and will be submitted for approval to the annual shareholders' meeting on 23 July 2018.

### SIGNIFICANT ACCOUNTING POLICIES STATEMENT OF CONFORMITY

The consolidated accounts are drawn up in accordance with accounting standards which are consistent with the International Financial Reporting Standards as implemented by the BE-REIT legislation.

When determining the fair value of the investment properties in accordance with IFRS 13 Fair Value Measurement, the independent real estate expert deducts an estimated amount of transaction costs from these investment properties. Until 31 March 2017, the impact on the fair value of investment properties as a result of these estimated transaction costs resulting from the hypothetical disposal of investment properties was processed directly in the shareholders' equity on the account "Impact on

fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties", as explicitly provided by the aforementioned legislation. As from 1 April 2017, the impact on the fair value of investment properties as a result of deduction of these estimated transaction costs resulting from the hypothetical disposal of investment properties is immediately included in the result. Within this scope, an amount of -EUR 18.18 million was included in the results as per 31 March 2018. This amount is mainly linked to acquisitions in the Netherlands.

Active and/or passive latent taxes are recorded within the scope of the financial time differences between local accounting and the consolidated figures. These taxes are included in 'other result on portfolio'. For the rest, these consolidated annual accounts were drawn up on the basis of the same accounting policies and calculation methods that were used for the consolidated annual accounts of 31 March 2017.

### Application of IFRS 3 Business Combinations

Corporate transactions of the past financial year were not processed as business combinations as defined by IFRS 3 based on the finding that this standard was not applicable given the nature and the scale of the acquired companies. The companies in question owned a limited number of properties. Their employees have not been retained and their activities have been discontinued. They were not intended to be kept

on as independent businesses. The companies have been fully consolidated. Please refer to note 41 for more information on this matter.

### New or amended standards and interpretations applicable in 2017

The following standards as amended by the IASB and the following interpretations as issued by the IFRIC are applicable to the current period but have no effect on the presentation, the notes or the financial results of the Group.

The following interpretation and amendments to standards are mandatory for the first time for the financial year beginning on 1 January 2017 and have been approved by the EU:

- **Amendments to IAS 7**, Statement of cash flows. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- **Amendments to IAS 12**, 'Income taxes' on Recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The following amendments and annual improvements to standards

are mandatory for the first time for the financial year beginning 1 January 2017 (however not yet subjected to EU endorsement):

- **Annual improvements 2014-2016** applicable to three standards of which changes on IFRS 1 and IAS 28 are applicable as of 1 January 2018 and changes on IFRS 12 are applicable as of 1 January 2017. The improvements that will be applicable as of 1 January 2017 concerns:
  - IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard (these amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017).

The following standards and amendments to standards are mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement):

- **IFRS 14** 'Regulatory deferral accounts', effective for annual periods beginning on or after 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. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

- **Amendments to IFRS 10**, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', for which the effective date still has to be determined. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This amendment has been deferred indefinitely.

#### **New or amended standards and interpretations not yet in force**

The following new standards and amendments to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2017 and have been endorsed by the European Union:

- **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.

- **IFRS 9** 'Financial instruments', effective for annual periods beginning on or after 1 January 2018. The standard addresses the classification, measurement, derecognition of financial assets and financial liabilities and general hedge accounting. IFRS 9 was published by the IASB in July 2014 and is accepted by the EU in November 2016. IFRS 9 replaces for a great extent IAS 39 – Financial instrument: Recognition and measurement. Based on the analysis of Retail Estates' situation on 31 March 2018 is expected that IFRS 9 will have no material impact on the consolidated annual accounts. With regard to exceptional losses

of financial assets measured at amortised cost, trade receivables and financial leasing receivables included, the initial application of the expected credit loss model in IFRS 9 will result in an earlier recognition of credit losses compared to the actual applied loss model under IAS 39. Taken into account the relatively limited amount of outstanding receivables in financial leasing receivables, together with the associated low credit risk, Retail Estates expect the impact on the annual accounts as limited.

- **IFRS 15** 'Revenue from contracts with customers'. The standard will improve comparability of the top line in financial statements globally. Companies using IFRS will be required to apply the revenue standard for annual periods beginning on or after 1 January 2018. IFRS 15 foresees a unique and everything encompassed model of principles an entity should apply for the accounting treatment of revenues arising from a contract with a customer. This new standard, when entry into force, will replace IAS 18 with regard to revenues from sales of goods and services and also IAS 11 with regard to construction contracts. It is not expected that IFRS 15 will have a material impact on the consolidated accounts of Retail Estates given that the lease agreements, which represent the main source of revenues for Retail Estates, are not in scope of IFRS 15. The principles of IFRS 15 however apply on nonleasing components that might

be included in lease agreements or in separate agreements, as for example maintenance services invoiced to tenants. Taken into account that such non-leasing components are relatively limited in amount and mostly relates to services that are recognised over the period of the contract under IAS 18 and IFRS 15, Retail Estates expect no material impact.

- **Amendments to IFRS 15**, 'Revenue from contracts with customers' - Clarifications (effective 1 January 2018). These amendments compromise clarification guidance on identifying performance obligations, accounting for licences of intellectual property and the principle versus agent assessment. The amendment also includes more illustrative examples.
- **Amendments to IFRS 4**: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018): These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- o give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
- o give companies whose activities are predominantly connected with insurance an optional

temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

The following new standards, amendments and interpretation to standards have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2017 and have not been endorsed by the European Union:

- **IFRS 17** 'Insurance contracts' (effective 1 January 2021). 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.
- **Amendments to IFRS 2**: Share-based payments (effective 1 January 2018): The amendment clarifies the measurement basis for cash-settled payments and the accounting for modifications that change an award from cash settled to equity settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay the amount to the tax authorities.

**Amendments to IAS 40**, 'Investment property' relating to transfers of investment property (effective 1 January 2018): The amendment clarifies that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

• **IFRIC 22**, 'Foreign currency transactions and advance consideration' (effective 1 January 2018): 'This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

• **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 IFRS 9**, 'Prepayment features with negative compensation' (effective 1 January 2019). An amendment

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.

• **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.

• **Annual improvements 2014-2016** applicable to three standards of which changes on IFRS 1 and IAS 28 are applicable as of 1 January 2018 and changes on IFRS 12 are applicable as of 1 January 2017. The improvements that will be applicable as of 1 January 2018 concerns:

- o IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10;
- o IAS 28, 'Investments in associates and joint ventures' regarding

measuring an associate or joint venture at fair value.

• **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 Combinations and IFRS 11 Joint Arrangements, the amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- o IAS 12 Income Taxes, the amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- o IAS 23 Borrowing Costs, the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

#### PRESENTATION PRINCIPLES

The financial information is drawn up in euro (EUR / EUR ), and is rounded off to the nearest thousand. The

companies of the Group also do their accounting in euro (EUR / EUR ).

Below is a summary of the most important principles for financial reporting. The accounting principles were applied consistently throughout the relevant period.

#### CONSOLIDATION PRINCIPLES

The companies controlled by the Group are consolidated through the application of the full consolidation method.

Full consolidation consists in incorporating all the assets and liabilities of the consolidated companies as well as the costs and revenues, carrying out the necessary eliminations.

'Control' is defined as Retail Estates nv's ability to directly or indirectly determine the financial and operational policy of the subsidiary, to benefit from the variable cash flows and the results of this subsidiary and to influence her variable cash flows by controlling the subsidiary.

In order to apply the full consolidation method to certificates, it is not only required to control the issuing company but also to own 75% of the number of certificates issued. In this case, the company acknowledges a debt towards the holders of certificates for the real estate certificates not owned by the company.

#### FOREIGN CURRENCY CONVERSION

Foreign currency transactions are

booked by applying the exchange rate valid on the transaction date. Monetary assets and liabilities in foreign currencies are valued by applying the closing rate on the balance sheet date. Exchange rate differences ensuing from foreign currency transactions and the conversion of monetary assets and liabilities into foreign currencies are booked in the income statement in the period in which they arise. Non-monetary assets and liabilities in foreign currencies are converted at the exchange rate applicable on the transaction date.

#### FINANCIAL DERIVATIVES

**Fair value hedge accounting**  
The Group uses financial derivatives (interest rate swaps) to hedge interest rate risks arising from operational, financial and investment activities. Derivative financial products are initially valued at their fair value.

After the initial recognition, financial derivatives are valued in the annual accounts at their fair value.

Gains or losses resulting from changes in the fair value of the financial derivatives are immediately recognised in the income statement unless a derivative meets the conditions for cash flow hedge accounting.

The fair value of the financial interest rate derivatives is the amount that the company expects to receive or pay if the financial interest rate derivative is terminated as of the balance sheet date, taking into account the

prevailing interest rate and the credit risk of the counterparties involved.

#### Cash flow hedge accounting

If a financial derivative can be documented as an effective hedge against any cash flow fluctuations, attributable to a risk linked to an asset or liability, or a highly probable future transaction, the part of the result ensuing from the change in value of the financial interest rate derivative that has been recognised as an effective hedge shall be posted directly to equity under "Changes in the fair value of financial assets and liabilities". The ineffective part of the financial interest rate derivative shall be recognised in the income statement.

#### INVESTMENT PROPERTIES

**Valuation at initial recognition**  
Investment properties comprise all real estate properties that are ready to be let. Investment properties are initially valued at acquisition cost, including additional expenses and non-deductible VAT. The exit tax, owed by companies over which the public BE-REIT acquires direct or indirect control, is furthermore in principle deducted from the value of the underlying property given that it concerns a tax on the latent capital gain existing in the acquired company prior to the acquisition unless these companies do not qualify for a merger with the public BE-REIT (as decided by the board of directors). The commissions related to the acquisition of buildings are regarded as additional costs of the acquisition and are added to the acquisition cost.

If a property is acquired through contributions in kind, any third-party costs directly attributable to the issuance of new shares are deducted from equity. The contributed properties are valued at contribution value at initial recognition.

**Valuation after initial recognition**

At the end of each quarter, an independent real estate expert shall provide an exact assessment of the following elements:

- the immovable properties, the properties that are immovable by their intended use, and the rights in rem over immovable properties held by Retail Estates nv or, where appropriate, by a subsidiary it controls;
- the option rights over immovable properties held by Retail Estates nv or, where appropriate, by a subsidiary it controls, as well as the immovable properties to which these rights apply;
- the contractual rights by which one or more immovable property assets are leased to Retail Estates nv or, where appropriate, to a subsidiary it controls, including the underlying immovable property.

The experts perform their assessments in accordance with national and international standards and their application procedures, including those in the field of the valuation of Belgian regulated real estate companies (pursuant to the provisional decrees; the experts reserve the right to adapt the valuation in the event of any

amendments to the decrees). 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. An estimated transaction cost is subsequently deducted from this value. This ensures that the fair value of the asset is obtained in accordance with the provisions of IFRS 13. The estimated amount of the transaction costs is immediately deducted from the results at initial recognition.

Any gains or losses resulting from fluctuations in the fair value of an investment property are recognised in the income statement in the period in which they arise and assigned to the reserves for the balance of fluctuations in the fair value of real estate properties at the time of the appropriation of profits.

**Expenditure for works on investment properties**

The expenditure for works on investment properties is charged to the operating property result if the expenditure does not have a positive effect on the expected future economic benefits and is capitalised if it substantially increases the expected economic benefits it brings to the entity. There are two major types of expenditure:

- a) the costs of maintenance and repairs to roofs and parking areas: these costs are charged to the operating property result;
- b) the costs of major transformation and renovation works:

transformations are occasional projects that add an additional function to the building or considerably improve the existing comfort so as to increase the rental price and/or rental value. These costs relate to materials, fees, contacting works and the like. Internal management and supervisory costs are not capitalised. As soon as they have commenced, such works are included in the assessed value of the building in question (initially on a provisional basis and then definitively following a visit by the real estate expert). Any works that remain to be done are deducted from the valuation. Once these works have been completed, the costs are capitalised and hence added to the fair value of the investment properties.

**Disposal of investment properties**

The gains or losses realised from the sale of an investment property are classified as "Result from sales of investment properties" in the income statement and are allocated to the retained earnings upon the appropriation of results. The commissions paid for sales and the liabilities resulting from transactions are deducted from the selling price in order to determine the gain or loss realised.

**PROJECT DEVELOPMENTS**

Under the revised IAS 40 standard, project developments 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 development 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 development will be registered at cost price until the fair value can be determined or until they have been contracted, licensed and rented (whichever happens first) in accordance with IAS 40.53. This fair value is based on the valuation by the real estate expert after deducting the work that remains to be performed.

A project 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.

**OTHER TANGIBLE NON-CURRENT ASSETS**

Tangible non-current assets other than land and buildings the use of which is limited in time are valued at acquisition cost and then depreciated over their expected useful life using the straight-line method.

In the financial year of the investment, depreciation is recorded pro rata to the number of months that the asset was in use.

The following annual depreciation and amortisation percentages apply:

- Facilities, machinery and equipment	20%
- Furniture	10%
- Vehicles	20-33%
- IT equipment	33%
- Standard software	33%
- Tailor-made software	20-25%
- Own use properties	3%

Leased equipment is depreciated over the contractual period of the lease.

If there are indications that an asset may have suffered an impairment loss, the book value is compared with the realisable value.

If the book value is higher than the realisable value, an impairment loss is recognised.

When other tangible non-current assets are sold or retired, their acquisition value and any related depreciations cease to be recognised in the balance sheet and the realised gains or losses are recognised in the income statement.

**TRADE RECEIVABLES AND OTHER NON-CURRENT ASSETS**

Trade receivables and other non-current assets are valued at fair value at initial recognition and are subsequently valued at amortised cost on the basis of the effective interest rate method. A write-down is recorded if uncertainty exists concerning the collectability of the receivable at maturity.

**REAL ESTATE CERTIFICATES**

**Valuation**

**1. GENERAL PRINCIPLE**

If the holder of the certificates does not have a material interest (more than 75%) in a real estate certificate, the certificates shall be entered on the closing date at the weighted average quoted price during the preceding 30 days and classified as "non-current financial assets".

The aforementioned rule does not apply if, on the basis of publicly available information and the issue conditions for the real estate certificate, a net asset value is noted that is substantially below the stock market price. The value is then limited to the net asset value.

**2. OWNERSHIP OF MATERIAL INTEREST (MORE THAN 75%) IN CERTIFICATES ISSUED (AS OF 31 MARCH 2017, ONLY APPLICABLE TO THE "DISTRILAND" REAL ESTATE CERTIFICATES)**

The quoted price of these real estate certificates as listed on the Euronext – Second Market cannot be considered as a reliable reference given the limited liquidity of this real estate certificate. Retail Estates nv's policy is to revalue its real estate certificates on every closing date in view of:

- a) the fair value of the immovable properties owned by the issuer by analogy with the valuation of the company's own real properties. This is done on the basis of a periodic valuation by a real estate expert hired jointly by Retail Estates nv and Immobilière Distri-Land nv. Where one or more buildings are sold by the real estate certificate issuer, the sale

price shall be used as valuation until the distribution of the sale's proceeds;

b) the contractual rights of the holder of the real estate certificate in compliance with the prospectus that was published at the time of issue of the real estate certificate.

Retail Estates nv only invests in certificates issued for the financing of out-of-town retail real estate. The real estate owned by the issuer is the type of out-of-town retail real estate in which Retail Estates nv aims to invest. Although Retail Estates nv is not the legal owner of this real estate, it considers itself to be the economic beneficiary pro rata its contractual rights in ownership. In addition, an investment in real estate certificates is considered as an investment in real estate pursuant to Article 2, sub. 5<sup>o</sup>, x, of the Belgian RREC Act of 12 May 2014.

Taking these considerations into account, the certificates are classified as investment properties at their acquisition value, including additional expenses. Any gains or losses resulting from fluctuations in the fair value of an investment property are recognised in the income statement in the period in which they arise and assigned to the unavailable reserves at the time of the appropriation of profits. On 31 March 2018, the value of the investment properties related to the Distri-Land certificates amounts to EUR 15.31 million (EUR 14.04 million on 31 March 2017) compared to a

total portfolio of EUR 1,349.37 million.

### Processing of coupons

#### 1. PROCESSING OF CURRENT OPERATING RESULT

As a holder of real estate certificates, Retail Estates nv has a contractual right, pro rata to the number of real estate certificates in its possession, to a share of the operating result realised by the issuer. This result is calculated by deducting the operating and maintenance expenses from the total rental income collected. The entire decrease or increase in value is recognised by re-estimating the value of the real estate certificate. As a result, the coupon should not be considered as compensation for any reduction in value of the issuer's buildings. The entire coupon is therefore treated as net rental income and is classified as turnover.

#### 2. PROCESSING OF THE LIQUIDATION BALANCE IN CASE OF SALE OF REAL ESTATE

Whenever a particular property in the issuer's portfolio is sold, the following applies:

the net proceeds, after retention of any tax withholding liability, are only recognised as realised capital gains in Retail Estates nv's accounts equal to the amount of the difference between the fair value of the real estate certificate on the closing date increased by the net liquidation coupon on the one hand and the book value on the previous closing date on the other. The book value of the real estate certificate is calculated at each closing date by performing a

valuation of the certificate holder's contractual rights as these appear in the issue prospectus based on the fair value of the immovable property owned by the issuer as validated by the real estate expert of Retail Estates nv on the closing date. Any gains or losses resulting from fluctuations in the fair value of an investment property are recognised in the income statement and incorporated in the period in which they arise and are assigned to the reserves available for distribution at the time of the appropriation of profits.

#### NON-CURRENT ASSETS OR GROUPS OF ASSETS HELD FOR SALE

These assets concern immovable properties for which the book value will primarily be realised by the sale of the assets and not by further letting. Just like the investment properties (see above), these assets are recognised at fair value, which is equal to investment value less transaction fees.

#### CURRENT ASSETS

The receivables payable within one year are recognised at nominal value less write-downs for doubtful or bad debts. Bank deposits, sight or term deposits, are valued at amortised cost. Any supplementary costs are charged directly to the income statement. Listed securities are valued at their quoted price.

#### SHAREHOLDERS' EQUITY

The capital includes the funds obtained when the company was incorporated and those received

following mergers or capital increases. Any third-party costs directly attributable to the issuance of new shares shall be deducted from shareholders' equity. When share capital recognised as equity is repurchased by Retail Estates nv, the paid amount, including any directly attributable costs, shall be recognised as a change in shareholders' equity. Purchased own shares are presented as a decrease in the total shareholders' equity.

Dividends are included in the result carried forward until they are approved by the shareholders' meeting.

#### LIABILITIES

A provision is taken if:

- Retail Estates nv has an existing – legally enforceable or actual – commitment resulting from an event in the past;
- an outflow of funds will probably be required to settle the commitment; and
- the amount of the commitment can be estimated reliably.

Trade debts are presented at nominal value on the balance sheet date. Interest-bearing borrowings are initially recognised at cost price less transaction costs. The interest-bearing borrowings are subsequently valued on the basis of the effective interest rate method, recognising each difference between the initial book value and the redemption value

as an interest cost in the income statement over the term of the loan.

#### PUT OPTIONS OVER NON-CONTROLLING INTERESTS IN SUBSIDIARIES

The Group has written put options relating to certain non-controlling interests in fully consolidated subsidiaries. The exercise price of the option may be fixed or can be determined on the basis of a pre-set formula and the options can be exercised at any time or on a fixed date.

In accordance with IAS 32, the Group has recognised a financial liability for the remaining amount (exercise price) on the acquisition date. IAS 32 does not offer specific guidelines for the debit side of the entry. Consequently, the group has opted for the anticipated acquisition method in its financial reporting and has set off the non-controlling interest against the financial liability. This is consistent with the fact that any later changes in the fair value of the liability shall be recognised in the income statement instead of in shareholders' equity in accordance with IAS 39.

#### PERSONNEL BENEFITS

Retail Estates nv provides a defined contribution pension scheme for its employees and directors. This scheme was entrusted to a fund that is independent from the company (for the directors). The plan for employees is largely handled via the joint committee.

Contributions paid during the financial year are recognised as expenses.

#### PROPERTY RESULT

The net rental result includes the rent, operating lease income and other revenues related to the aforementioned sources of income less rent-related expenses, i.e. the rent payable on leased assets, impairment losses on receivables and write-backs of impairment losses on receivables.

The recovery of property expenses includes the revenue obtained from charging costs for major repairs and maintenance.

The charges and taxes payable by tenants on let properties and the recovery of these expenses refer to costs that, under law or custom, are at the tenant's expense. The owner will either charge or not charge these costs to the tenant according to the contractual arrangements made with the tenant.

Income is valued at fair value of the compensation received and is entered into the income statement in the period to which it refers using the straight-line method.

#### PROPERTY CHARGES

The property charges are valued at the fair value of the compensation that has been paid or is due and are entered into the income statement in the period to which they refer using the straight-line method.

The technical costs include, among other things, structural and occasional maintenance costs and losses resulting from incidents covered by the insurance

companies. The commercial costs include brokers' commission fees. The property management costs mainly consist of the relevant personnel costs, the operating costs of the company's registered office and fees paid to third parties.

Management fees received from tenants or third parties which partially cover the management costs of the properties are deducted.

**CORPORATE OPERATING COSTS AND OTHER CURRENT OPERATING INCOME AND EXPENSES**

The corporate operating costs include the fixed operating costs of the company, which operates as a legal entity that is listed on the stock market and benefits from the BE-REIT status. These costs are incurred in order to provide transparent financial information, to be economically comparable with other types of investments and to offer investors the opportunity to participate directly in a diversified real estate investment in a liquid manner. Part of the costs incurred in the context of Retail Estates nv's growth strategy are also included in this category.

**FINANCIAL RESULT**

The financial result consists of the borrowing costs and additional funding costs, such as the negative variations in hedging instruments where these are not effective within the meaning of IAS 39, less income from investments.

**CORPORATE INCOME TAX**

Corporate income tax comprises the current tax burden on the profit or loss

for the year. Corporate income tax is recognised in the income statement, except when related to items recognised directly in shareholders' equity, in which case it is recognised in shareholders' equity. The current tax burden includes the expected tax payable on the taxable income for the year as well as any adjustment to the tax payable for previous years.

**EXIT TAX**

Exit tax is the corporate income tax on capital gains arising from the merger of a BE-REIT with a company that is not a BE-REIT. When this company first enters the consolidation scope of the Group, a provision for exit tax liabilities is recorded.

In principle, intermediate revisions of this provision for exit tax only take place when the rise in value of this company's property calls for an increase. Any overvaluation owing to reductions in value is only established at the time of the actual merger. These adjustments to the exit tax liability are recognised in the income statement on the taxes line.

**FINANCIAL RISK MANAGEMENT EVOLUTION OF THE INTEREST RATES**

Higher interest rates result in increased financial expenses and a decrease in the EPRA earnings. In the current context of negative interest rates, the method used by some banks of demanding a floor for the Euribor rate (which is used as a reference in the financing contracts) of 0% has a negative effect on the financial costs. Retail Estates nv makes use of financial instruments of the IRS type to hedge the interest

rate risk on non-current loans with variable interest rate. In an interest rate swap, the variable interest rate is exchanged for a fixed interest rate. Due to this interest rate policy, 79.74% of the current loans are hedged with a fixed interest rate. An interest hedging has also been concluded for a large part of the still to be renewed credits. The weighted average interest rate of the public BE-REIT is 2.62%.

**FINANCING RISK**

Long-term financing is concluded in the form of "bullet loans", i.e. loans for which the principal must be paid back in full after a term of five to eight years. The diversification of financing over various banks limits the Group's liquidity risk. The Group concludes 79.74% of its loans at a fixed interest rate or at a variable interest rate which is immediately converted to a fixed interest rate. The net result is therefore only sensitive to interest rate fluctuations to a limited extent.

**CREDIT RISK**

Before a new tenant is accepted, a credit risk analysis is carried out on the basis of the available information. Rental arrears are furthermore carefully monitored by Retail Estates nv. In case of non-payment, the company generally holds a bank guarantee.

Please refer to notes 34 and 35 for more details.

**SEGMENTED INFORMATION**

See note 43

None of the customers account for at least 10% of the total rental income.

**7. OTHER NOTES**

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

**NOTE 1**

The rise in rental income is mainly due to the growth of the real estate portfolio.

As a theoretical exercise, the following table shows how much rental income Retail Estates nv is certain to receive based on the current lease agreements.

Rental income (in EUR 000)	31.03.18	31.03.17
Within one year	91 951	69 096
Between one and five year(s)	312 411	244 856
Within more than five years	382 942	374 736

This does not alter the existing theoretical risk that all (Belgian) tenants may use their legal termination option at the end of the current three-year period, in which case all retail units will be empty within 3 years and 6 months. Over the past three years, leases were renewed or new leases were concluded for 21.38% of the buildings. For this part of the portfolio, the average rental prices increased from EUR 83.19 to EUR 97.18 per m<sup>2</sup>. 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 817 properties, a total of 120 months of rent-free periods was granted, which is negligible. No other material incentives are given when closing lease agreements.

**Type of lease agreement**

The Group concludes commercial rental contracts 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 due in advance on a monthly basis (sometimes quarterly). They are indexed annually on the anniversary of the lease agreement. Taxes and levies,

including property tax, the insurance premium and common charges, are in principle borne by the tenant. To guarantee compliance with the obligations imposed on the tenant by virtue of the agreement, some tenants must provide a rental guarantee, usually in the form of a bank guarantee, 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, excluding normal wear and tear. The lessee is not entitled to transfer the present 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.

**NOTE 2**

Rental-related expenses (in EUR 000)	31.03.18	31.03.17
Rent payable for hired assets and lease costs	-211	-249
Impairments on trade receivables	13	-288
<b>Total rental-related expenses</b>	<b>-198</b>	<b>-537</b>

**NOTE 3**

Recovery of charges and taxes normally payable by tenants on let properties (in EUR 000)	31.03.18	31.03.17
Recharging of rental charges borne by the owner	2 788	1 772
Recharging of real estate taxes and taxes on let properties	4 779	4 628
<b>Total recovery of charges and taxes normally payable by tenants on let properties</b>	<b>7 567</b>	<b>6 400</b>

## NOTE 4

Charges normally payable by tenants on let properties (in EUR 000)	31.03.18	31.03.17
Rental charges borne by the owner	-3 226	-1 989
Real estate taxes and taxes on let properties	-5 272	-4 862
<b>Total charges normally payable by tenants on let properties</b>	<b>-8 498</b>	<b>-6 851</b>

The standard lease agreements usually provide for these expenses and taxes to be charged by the owner to the tenants. A number of the Group's lease agreements nevertheless state that some expenses and taxes remain payable by the owner.

These expenses and taxes principally include the costs of property tax, insurance and utilities.

The buildings (both existing buildings and those under construction) are covered by various insurance policies (providing cover for e.g. fire, storm and water damage) for a total value (new building value without land) of approximately EUR 724.25 million. This amount represents 53.51% of the fair value of the real estate on the same date (EUR 1,349.37 million). The cover is limited to an amount determined by Retail Estates on the basis of the new building value.

Insurance	31.03.18
Insurance premiums	743
Percentage of fair value covered by insurance	53,51

Grounds should not be covered by the insurance.

## NOTE 5

Technical costs (in EUR 000)	31.03.18	31.03.17
Recurrent technical costs	-2 361	-1 769
Structural maintenance	-2 361	-1 769
Non-recurrent technical costs	-587	-469
Occasional maintenance	-563	-466
Claim events covered by insurance companies	-146	-202
Compensations received from insurance companies	122	199
<b>Total technical costs</b>	<b>-2 948</b>	<b>-2 237</b>

Structural maintenance principally covers regular renovation of car parks and roofs. Occasional maintenance, on the other hand, mainly includes unforeseeable costs for the structure of the let premises that are attributable to wear and tear, uninsured accidents and acts of vandalism.

## NOTE 6

Commercial costs (in EUR 000)	31.03.18	31.03.17
Brokers' commissions	-47	-57
Publicity related to the properties	-130	-37
Lawyers' fees and legal costs	-252	-261
Other	-189	-153
<b>Total commercial costs</b>	<b>-618</b>	<b>-508</b>

Commercial costs mainly concern marketing events for the retail parks and fees for lease renewal negotiations and the preparation of socioeconomic permit applications.

## NOTE 7

Charges and taxes on unlet properties (in EUR 000)	31.03.18	31.03.17
Vacancy charges of the financial year	-239	-204
Property tax on vacant buildings	-169	-135
<b>Total charges and taxes on unlet properties</b>	<b>-408</b>	<b>-339</b>

The costs and taxes relating to unlet buildings concern buildings that are vacant for a limited period

of time in the context of a changeover between tenants, as well as properties under development (mainly property tax). On 31 March 2018, the cost for vacant property was 0.52% of the rental income received, compared to 0.51% on 31 March 2017.

## NOTE 8

Management costs are subdivided into portfolio management costs and other costs.

These costs mainly consist of the relevant personnel costs, the operating costs of Retail Estates nv's registered office and fees paid to third parties. Management fees received from tenants which partially cover the management costs of the properties are deducted.

Management costs (in EUR 000) - Internal property management costs	31.03.18	31.03.17
Office charges	-227	-143
IT	-180	-91
Other	-47	-52
Housing costs	-128	-35
Fees to third parties	-151	-126
Public relations, communication and advertising	-18	-21
Personnel expenses	-1 636	-1 466
Salaries	-925	-1 004
Social security	-208	-190
Pensions and collective insurances	-34	-50
Other	-469	-222
Management fees received from tenants	3	24
Taxes and legal costs		
Depreciation charges on office furniture, IT equipment and software		-144
<b>Total property management costs</b>	<b>-2 158</b>	<b>-1 912</b>

Personnel costs make up most of the management costs. The table below provides an overview of the employee count in FTE.

(in FTE)	31.03.18	31.03.17
Property department	14,34	10,26
Total	22,40	19,60
Average	20,48	18,10

## NOTE 9

Other property charges (in EUR 000)	31.03.18	31.03.17
Other property charges	8	56
<b>Total other property charges</b>	<b>8</b>	<b>56</b>

## NOTE 10

The corporate operating costs include the fixed operating costs of the company, which operates as a legal entity that is listed on the stock market and benefits from the BE-REIT status. These costs are incurred in order to obtain transparent financial information, to be economically comparable with other types of investments and to offer investors the opportunity to participate indirectly in a diversified real estate investment in a liquid manner. A part of the costs incurred in the context of the company's growth strategy are also included in this category.



Corporate operating costs (in EUR 000)	31.03.18	31.03.17
Office charges	-178	-122
IT	-139	-86
Other	-39	-36
Housing costs	-106	-33
Fees to third parties	-633	-284
Recurrent	-222	-159
- Lawyers		
- Auditors	-179	-148
- Other	-43	-11
Non-recurrent	-362	-68
- Lawyers	-74	-3
- Notary costs	-13	-12
- Consultants	-275	-52
Mergers and acquisitions (other than business combinations)	-50	-57
Public relations, communication and advertising	-247	-49
Personnel expenses	-1 599	-904
Management fees	-703	-204
Salaries	-451	-367
Social security	-99	-107
Pensions and collective insurances	-59	-37
Other	-287	-189
Remuneration of board of directors	-313	-334
Taxes and legal costs	-1 442	-1 215
<b>Total operating costs</b>	<b>-4 518</b>	<b>-2 941</b>

## NOTE 11

Result on disposals of investment properties (in EUR 000)	31.03.18	31.03.17
Book value of sold real estate properties	7 543	9 437
Net sales price of investment properties (sales price - transaction costs)	7 635	9 716
<b>Total benefit or loss on disposals of investment properties</b>	<b>92</b>	<b>279</b>

In the past financial year, properties were divested for a net sales price of EUR 7.64 million. A capital gain of EUR 0.09 million was realised on these divestments. Overall, sales revenues represent a sales value that is in line with the investment value of the real estate expert and thus exceeds the fair value determined by the expert. For more information please refer to chapter 3 of this report (Management Report).

## NOTE 12

Changes in fair value of investment properties (in EUR 000)	31.03.18	31.03.17
Positive change in investment properties	16 567	14 400
Negative change in investment properties	-19 072	-646
<b>Total changes in fair value of investment properties</b>	<b>-2 505</b>	<b>13 754</b>

Indexations, increases in the yield at top locations and lease renewals at retail parks have positively impacted the fair value.

The negative changes can mainly be explained by the effect of depreciation of transaction costs to determine the fair value of investment properties. As from 1 April 2017, the impact on the fair value of investment properties as a result of depreciation of these estimated transaction costs resulting from the hypothetical disposal of investment properties is immediately included in the result.

	31.03.18	31.03.17
<b>- Other result on portfolio</b>	<b>1 106</b>	<b>-144</b>

The other result on portfolio mainly relates to active tax latencies related to the financial time differences between local accounting and consolidated figures.

## NOTE 13

Financial result (in EUR 000)	31.03.18	31.03.17
Collected interests and dividends	0	1
Other	70	60
<b>Total financial result</b>	<b>70</b>	<b>61</b>

## NOTE 14

Net interest charges (in EUR 000)	31.03.18	31.03.17
Nominal interest on loans <sup>9</sup>	-17 434	-18 322
Other interest costs <sup>10</sup>	55	48
<b>Total net interest charges</b>	<b>-17 379</b>	<b>-18 274</b>

<sup>9</sup> Also includes the interests on Interest Rate Swaps (financial instruments).  
<sup>10</sup> Capitalised interest costs on project developments. The interest rate used is 3.42%.

The weighted average interest rate amounts to 2.62% on 31 March 2018 and 3.42% on 31 March 2017 (after application of the IRS). The company has concluded almost all of its loans as fixed-rate investment loans or as long-term variable-rate loans, for which a fixed interest rate was negotiated via a swap agreement. The evolution of the ratio of interest charges on loans versus rental income received, amounts to 22.39% on 31 March 2018 compared to 27.75% the year before. Please refer to note 35 for an overview of all swaps.

If the hedging instruments concluded are not taken into account, the weighted average interest rate amounts to 1.65%.

## NOTE 15

Other financial charges (in EUR 000)	31.03.18	31.03.17
Bank costs and other commissions	-60	18
<b>Total other financial charges</b>	<b>-60</b>	<b>18</b>

## NOTE 16

Corporate income tax (in EUR 000)	31.03.18	31.03.17
<b>Company</b>	<b>-43</b>	<b>-42</b>
1. Corporate income tax	-43	-42
Tax rate of 33.99%	-43	-42
Previous year tax adjustment		
2. Exit tax		
<b>Subsidiaries</b>	<b>-921</b>	<b>-231</b>
1. Corporate income tax	-1 026	260
Current year taxes	-1 026	260
Previous year tax adjustment		
2. Exit tax	105	-491
<b>Total corporate income tax</b>	<b>-964</b>	<b>-273</b>

A BE-REIT is subject to corporate income tax solely in respect of non-tax deductible expenditure and abnormal benefits. Deferred taxes are recorded for the subsidiaries on the difference between the book value after depreciation in the statutory annual accounts of these subsidiaries and the fair value. These deferred taxes are recorded at a rate of 12.75% if the respective boards of directors of Retail Estates nv and the subsidiary intend to merge the subsidiary with the public BE-REIT. This rate is expected to increase to 15% as from fiscal year 2020.

The subsidiaries in the Netherlands fall outside the scope of the BE-REIT system or a similar Dutch system. The revenues of the Dutch companies are therefore taxed based on the applicable corporate tax rate (currently 25%).

## NOTE 17

Number of shares	31.03.18	31.03.17
<b>Movements of the number of shares</b>		
Number of shares at the beginning of the financial year	9 008 208	8 866 320
Number of shares at the end of the financial year	9 489 661	9 008 208
Number of dividend bearing shares	11 387 593	9 008 208
Weighted average number of shares for diluted earnings per share	9 331 494	8 907 915

**CAPITAL INCREASE VIA BOARD OF DIRECTORS (IN THE CONTEXT OF AUTHORISED CAPITAL):****CAPITAL INCREASE BY MEANS OF CONTRIBUTION IN KIND**

On 5 April 2017, a total of 174,404 new shares were issued by contribution of the remaining debt claim relating to the purchase of the shares of the real estate company Hainaut Retail Invest, which owns 25 retail properties spread throughout the province of Hainaut. The new shares have shared in the company's profit as from 1 April 2017.

As indicated in the Investments chapter, the acquisition of the Dutch real estate portfolio was in part realised by issuing new shares. These shares were issued by the board of directors on 29 June 2017 within the context of the authorised capital at an issue price of EUR 65. They will share in the profit as from the start of financial year 2017-2018. As a result of this capital increase, 200,000 shares were issued.

On 29 March 2018, the board of directors issued new shares in the context of the authorised capital. In particular, the following contributions in kind took place following two separate but connected decisions:

**CONTRIBUTION OF FOUR RETAIL PROPERTIES AT LIBRAMONT**

Four retail properties located in a retail park at Libramont were contributed for a contribution value of EUR 5.46 million. These properties are let to retail chains JBC, Planet Parfum, Veritas and Pointcarré, and generate a rental income of EUR 0.31 million on an annual basis. Retail Estates had already acquired three retail units in this retail park, out

of a total of 17 retail units that together make up the park.

A total of 83,973 new registered shares were issued at an issue price of EUR 65. These new shares share in the profit of the current financial year, which started on 1 April 2017 and will close on 31 March 2018. They are therefore issued with coupon 25 attached, representing the dividend right for the current financial year. They represent a capital increase by EUR 1,889,425.21 and an issue premium for the balance of EUR 3,568,819.79.

**CONTRIBUTION OF A RETAIL UNIT AT HERSTAL**

A retail property located along the access road to the Carrefour site at Herstal (Liège) was contributed for a contribution value of EUR 1.5 million. This retail property is let to Kréfel and generates a rental income of EUR 0.10 million. It is adjacent to the Herstal retail cluster, where Retail Estates had already acquired six retail units. All properties are situated along the access road to the hypermarket Carrefour and are easily accessible from the Liège ring road.

A total of 23,076 new registered shares were issued at an issue price of EUR 65. These new shares share in the profit of the current financial year, which started on 1 April 2017 and will close on 31 March 2018. They are therefore issued with coupon 25 attached, representing the dividend right for the current financial year. They represent a capital increase by EUR 519,218.99 and an issue premium for the balance of EUR 980,721.01.

As a result of these capital increases, the total capital of Retail Estates nv amounted to EUR 213,521,069.56 on 31 March 2018, represented by 9,489,661 fully paid ordinary shares.

## NOTE 18

Calculation of distributable earnings (in EUR 000) - statutory	31.03.18	31.03.17
<b>Net result</b>	<b>45 637</b>	<b>44 096</b>
+ Depreciations	406	257
+ Impairments	272	426
- Reversal of impairments	-285	-145
+/- Other non-monetary components		
+/- Result on the disposal of investment properties	-366	-279
+/- Changes in fair value of investment properties and project developments	2 555	-10 258
+/- Changes in the fair value of financial assets and liabilities	-101	869
<b>ADJUSTED RESULT</b>	<b>48 118</b>	<b>34 966</b>
Net reduction debt		
<b>Distributable result</b>	<b>48 118</b>	<b>34 966</b>
<b>Calculation of distributable earnings (in EUR 000) - consolidated</b>		
<b>Net result</b>	<b>46 695</b>	<b>52 136</b>
+ Depreciations	683	257
+ Impairments	272	433
- Reversal of impairments	-285	-145
+/- Other non-monetary components		
+/- Result on the disposal of investment properties	-92	-279
+/- Changes in fair value of investment properties and project developments	1 399	-13 610
+/- Changes in the fair value of financial assets and liabilities	-101	869
<b>ADJUSTED RESULT</b>	<b>48 571</b>	<b>39 661</b>
Net reduction debt		
<b>Distributable result</b>	<b>48 571</b>	<b>39 661</b>

The adjusted result is not subject to any further change in respect of potential non-exempt capital gains regarding the sale of investment properties. 80% of the net adjusted result, less net debt reduction during the financial year, must be paid out as calculated in accordance with Article 13 of the RD RECC.

## NOTE 19

Calculation of pay-out ratio (in EUR 000) - statutory	31.03.18	31.03.17
Ordinary net earnings	45 637	44 096
Diluted net earnings	45 637	44 096
Distributable earnings	48 118	34 966
Minimum profit distribution	38 494	27 973
Proposed gross dividend	40 995	29 727
<b>Pay-out ratio</b>	<b>85,20%</b>	<b>85,02%</b>

Calculation of pay-out ratio (in EUR 000) - consolidated	31.03.18	31.03.17
Ordinary net earnings	46 695	52 136
Diluted net earnings	46 695	52 136
Distributable earnings	48 479	39 381
Minimum profit distribution	38 783	31 505
Proposed gross dividend	40 995	29 727
<b>Pay-out ratio</b>	<b>84,56%</b>	<b>75,49%</b>

## NOTE 20

Investment and amortisation table (in EUR 000)	Intangible non-current assets		Other tangible non-current assets	
	31.03.18	31.03.17	31.03.18	31.03.17
<b>Acquisition value</b>				
Balance at the end of the previous financial year	1 057	768	2 925	2 232
Acquisitions	86	289	370	760
Transfers and disposals of assets			-70	-67
Transfers to/from other accounts				
At the end of the financial year	1 143	1 057	3 225	2 925
<b>Amortisation and impairment losses</b>				
Balance at the end of the previous financial year	710	621	792	678
Balance of acquired companies			6	
Amortisation <sup>11</sup>	317	89	366	168
Transfers and disposals of assets			-58	-54
Transfers to/from other accounts				
At the end of the financial year	1 027	710	1 106	792
<b>Net book value</b>	115	346	2 119	2 134

<sup>11</sup> Amortisation of non-current intangible assets and other non-current tangible assets are recognised in the income statement under 'property management costs'. The depreciation costs on cars are included in the personnel costs.

## NOTE 21

financial year 2017-2018" in the management report.

Investment and revaluation table (in EUR 000)	Investment properties		Assets held for sale		Total	
	31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
<b>Balance at the end of the previous financial year</b>	1 071 360	1 000 799	5 691	8 222	1 077 051	1 009 021
Acquisition through purchase or contribution real estate companies	3 166	54 029			3 166	54 029
Capitalised interest cost	35	48			35	48
Acquisition and contribution of investment properties	307 874	8 785	490	2	308 364	8 787
Disposal through sale of real estate companies					0	0
Disposal of investment properties	-1 655	-5 374	-5 888	-3 806	-7 543	-9 180
Transfers to assets held for sale	-28 651	-1 261	28 651	1 261	0	0
Other transfers					0	0
Change in fair value (+/-)	-2 762	14 334	257	12	-2 505	14 346
<b>At the end of the financial year</b>	1 349 367	1 071 360	29 201	5 691	1 378 568	1 077 051
<b>OTHER INFORMATIONS</b>						
Investment value of the property	1 392 427	1 097 917	30 929	5 837	1 423 356	1 103 754

Project developments (in EUR 000)	31.03.18	31.03.17
<b>Balance at the end of the previous financial year</b>	18 825	11 328
Increase during the financial year	10 397	17 115
Reception during the financial year	-4 241	-9 618
<b>At the end of the financial year</b>	24 981	18 825

Investments resulting from subsequent expenditure included in the book value of the assets amounted to EUR 1.13 million in financial year 2017-2018. In addition, the company realised EUR 4.24 million from the development of property for its own account and invested EUR 6.9 million in the development of property for its own account.

Where the evolutions in investment properties and the assets held for sale are concerned, please refer to the "Comments on the consolidated accounts for

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.

Investment properties are accounted for on the basis of appraisal reports drawn up by independent expert real estate appraisers. These reports are based on:

- Information provided by the company, such as current rents, terms and conditions of lease agreements, possible rent reductions, investments etc. This information

originates from the financial and management system of the public BE-REIT and is governed by the company's general monitoring system.

• Assumptions and valuation models used by real estate experts. The assumptions mainly relate to the market situation and concern yields and discount rates. They are based on their professional assessment and perception of the market.

The following methods were used:

The investment value is mostly calculated on the basis of a GIY (gross initial yield) capitalisation of the passing rent, taking into account possible corrections such as 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 on 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 updating (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 ground rent until the expiry date of this agreement.

The information provided to the real estate experts and the assumptions and valuation models used are checked by the company's controller and the public BE-REIT's management. All material differences (positive as well as negative) in absolute and relative terms (versus the previous quarter and versus the previous year) are compared and analysed every quarter. On this basis, the management meets with the real estate experts with a view to accurately and fully reflecting all information regarding the various sites in the valuations.

**SENSITIVITY OF VALUATIONS**

The sensitivity of the fair value in relation to changes in the significant unobservable inputs used to determine the fair value of the properties classified in level 3 (in accordance with the IFRS fair value hierarchy) is the following: the effect of the increase of the rental income by 1% leads to an increase in the fair value of the portfolio by EUR 11.70 million. The effect of an increase in the yield by 100 bps leads to a decrease in the portfolio's fair value by EUR -173.67 million. The effect of a decrease of the yield by 100 bps leads to an increase in the portfolio's fair value by EUR 233.58 million.

**Explanation of the transaction taxes in Belgium**

The transfer of ownership of an immovable property is subject to transaction taxes in Belgium. The amount of these taxes depends on the manner of transfer, the capacity of the buyer and the geographical location of the property. The first two elements, and hence the full amount of the taxes due, are therefore only known when the transfer of ownership has been completed. The different transfer of ownership possibilities and the corresponding taxes are:

- real estate sales agreements: 12.50% for properties located in Brussels-Capital Region and in the Walloon Region, 10% for properties located in the Flemish Region;
- sale of real estate under the broker system: 5% to 8% depending on the Region;
- long-term lease agreements for real estate (up to 50 years for the right of superficies and up to 99 years for the longlease right): 2%;
- real estate sales agreements where the purchaser is a public body (e.g. an entity of the European Union, the Federal Government, a regional government or a foreign government): exemption from taxes;
- contribution in kind of real estate in return for the issuance of new shares to the benefit of the contributor: exemption from taxes;
- sales agreement for shares of a real estate company: absence of taxes;
- merger, split and other company reorganisations: absence of taxes; etc.

As a result, the effective percentage of registration taxes varies between 0% and 12.50%; it is furthermore impossible to predict which percentage is applicable to the transfer of a given Belgian property before the actual transfer takes place.

In January 2006, all experts involved in determining the value of Belgian BE-REITs were asked to determine a weighted average percentage of the effective taxes for the real estate portfolios of the BE-REITs. For transactions of properties with a value of over EUR 2.50 million, and in view of the range of methods for transferring ownership (see above), the experts calculated the weighted average taxes at 2.50% based on a representative sample of 220 market transactions with a total worth of EUR 6 billion that took place between 2003 and 2005. As regards transactions involving buildings whose total value is lower than EUR 2.50 million, transaction taxes of 10% to 12.50% are applied depending on the Region in which the premises are located. The decision was taken to revise this percentage if necessary per tranche of 0.5%. In the course of 2016, an update of this calculation was carried out according to the methodology used in 2006 based on a sample of 305 large or institutional transactions (threshold of EUR 2.5 million) that occurred between 2013 and the 1st quarter of 2016 (this is 70% or 8.18 billion of the estimated total number of investment transactions during this period). Experts concluded that the 0.5% threshold was not exceeded. Consequently, the weighted average of 2.5% was retained. This percentage will be reassessed every 5 years or in case of a change in the tax context.

Retail Estates nv considers its real estate portfolio as a whole which can be disposed of as a whole or as a limited number of larger parts. In compliance with the valuation at "fair value" by its real estate valuation appraisers Cushman & Wakefield, CBRE and Stadim, the value of this real estate was reduced by 2.50%, which reflects the expected transaction costs for the disposal of this real estate according to the real estate appraisers. For a detailed description of the valuation rules used by the real estate valuation appraisers Cushman & Wakefield, CBRE and Stadim, please refer to the real estate experts' reports under section 3 of the real estate report above.

Overview of the yields for both methods:

Method	31/03/18	31/03/17	31/03/16
BAR-capitalization <sup>12</sup>	5,20%-10,09% (6,64%)	6% - 10% (6,60%)	6%-10% (6,64%)
DCF <sup>13</sup>	5,8%-9% (6,30%)	6%-9% (6,12%)	5,90%-7% (6,17%)
Range of contractually due basic annual rent, taking into account any corrections such as estimated market rental value, vacancy, step-rents, rent-free periods, etc. (average ERV / m <sup>2</sup> BAR - capitalization) <sup>14</sup>	50,82 EUR-156,03 EUR (93,71 EUR)	65,63-153,53 EUR (96,81 EUR)	72,57 EUR-154,07 EUR (98,29 EUR)
Actualisation (Discounted Cash Flow) of the net rental income, ie after deduction of the building allowance or ground lease payments (average ERV / m <sup>2</sup> DCF method) <sup>15</sup>	45,27 EUR – 200 EUR (101,61 EUR)	50 EUR – 165 EUR (95,70 EUR)	50 EUR – 165 EUR (93,99 EUR)

<sup>12</sup> The percentage shown concerns the range within which the capitalization rate is located, the amount in brackets being the weighted average return.  
<sup>13</sup> The percentage shown concerns the range within which the capitalization rate is located, the amount in brackets being the weighted average return.  
<sup>14</sup> The amount shown concerns the range within which the ERV is located, the amount in brackets being the weighted average ERV.  
<sup>15</sup> The amount shown concerns the range within which the ERV is located, the amount in brackets being the weighted average ERV.

**Explanation of the transaction taxes in the Netherlands**

THE DUTCH TRANSACTION TAX AMOUNTS TO 6%.

**Impact of acquired companies**

During financial year 2017-2018, the company acquired control of two real estate companies for a total amount of EUR 3.17 million. The acquisition of the companies was paid in cash or financed through the issuance of shares. This resulted in an increase in investment properties by EUR 3.43 million, a change in working capital of EUR 0.52 million and an increase in financial and other liabilities by EUR 1.64 million. Disposals during the past financial year resulted in a decrease in investment properties and fixed assets held for sale by EUR 7.54 million.

During financial year 2016-2017, the company acquired control of four real estate companies for a total amount of EUR 29.80 million. The acquisition of the companies was paid in cash or financed through the issuance of shares. This resulted in an increase in investment properties by EUR 55.45 million, a change in working capital of -EUR 5.45 million and an increase in financial and other liabilities by EUR 20.20 million. Disposals during the past financial year resulted in a decrease in investment properties and fixed assets held for sale by EUR 9.18 million.

**NOTE 22**

Non-current assets or groups of assets held for sale (in EUR 000)	31.03.18	31.03.17
Assets held for sale	29 201	5 691
<b>Total assets held for sale</b>	<b>29 201</b>	<b>5 691</b>

Recorded under assets held for sale are those assets for which there is an intention to sell but the final deed of sale has not yet been executed. These assets are usually sold within a year. The sale is not expected to result in a decrease in value of these assets.

On 31 March 2018, these assets comprise 15 retail properties (fair value: EUR 29.12 million). They mainly concern the retail park in Zwolle.

**NOTE 23****Trade receivables and doubtful debts**

Trade receivables (in EUR 000)	31.03.18	31.03.17
Trade receivables	4 044	2 000
Invoices to be issued	743	142
Doubtful debtors	-1 352	-1 431
Income to be collected	-287	4
Coupon real estate certificates		
Distri-Land	223	223
Other	162	
<b>Total trade receivables</b>	<b>3 533</b>	<b>938</b>

Outstanding trade receivables amount to EUR 1.93 million. An amount of EUR 0.16 million relates to the revolving fund and the reserve fund. Taking into account the guarantees obtained – both rental guarantees and the requested bank guarantees – the credit risk concerning trade receivables is limited to approximately 9.86% of the outstanding amount on 31 March 2018, which corresponds to a risk of EUR 0.25 million (after deducting doubtful debtors).

For more details about the Distri-Land coupon we refer to the chapter 'Real estate certificates' in the valuation rules mentioned earlier in this financial report.

Impairment on doubtful debtors - roll forward (in EUR 000)	31.03.18	31.03.17
At the end of the previous financial year	-1 430	-1 192
From acquired companies		
Provisions	-230	-407
Recoveries	84	128
Write-offs	224	41
<b>At the end of the financial year</b>	<b>-1 352</b>	<b>-1 430</b>

The provision for doubtful debts is established as follows: the rental arrears list is closely monitored internally. Based on a management assessment, or if obvious and demonstrable reasons exist to suggest that the claim cannot be recovered, a provision is created.

Trade receivables are payable in cash. The table below shows an overview of the age structure of the trade receivables for which no value reduction was recorded.

	31.03.18	31.03.17
Due < 30 days	344	164
Due 30-90 days	351	166
Due > 90 days	-178	-30
Not due	2 018	116

**NOTE 24**

Tax receivables and other current assets (in EUR 000)	31.03.18	31.03.17
Taxes		
VAT receivable		
Withholding tax receivable	455	852
Property tax receivable	1 752	1 867
Salary and social security		
Other	74	441
<b>Total tax receivables and other current assets</b>	<b>2 281</b>	<b>3 160</b>

**NOTE 25**

Cash and cash equivalents (in EUR 000)	31.03.18	31.03.17
Bank balances	3 389	978
<b>Total cash and cash equivalents</b>	<b>3 389</b>	<b>978</b>

**NOTE 26**

Deferred charges and accrued income (in EUR 000)	31.03.18	31.03.17
Completed, property returns not due	41	39
Rental discounts and rental benefits to be appropriated		
Property costs paid in advance	597	631
Interest and other financial costs paid in advance	451	345
Other	282	166
<b>Total deferred charges and accrued income</b>	<b>1 371</b>	<b>1 181</b>

The deferred charges mainly concern insurances and maintenance costs for the ERP software.

## NOTE 27

## Shareholders' equity

## CAPITAL

Capital evolution		Capital	Total remaining	Number	Total
		movement	capital after the	of shares	number of
Date	Transaction	(in EUR 000)	transaction	created	shares
		(in EUR 000)	(in EUR 000)		
12/07/1988	Incorporation	-	74	3 000	3 000
27/03/1998	IPO and 1st listing on Euronext Brussels	20 563	20 637	1 173 212	1 176 212
30/04/1999	Capital decrease (incorporation of losses)	-5 131	15 505	-	1 176 212
30/04/1999	Merger by acquisition	1 385	16 891	283 582	1 459 794
30/04/1999	Capital decrease (incorporation of losses)	-2 267	14 624	-	1 459 794
30/04/1999	Incorporation of losses	-174	14 451	-	1 459 794
30/04/1999	Incorporation of issue premium and revaluation gain	4 793	19 244	-	1 459 794
30/04/1999	Cash contribution	10 854	30 098	823 348	2 283 142
01/07/2003	Cash contribution	12 039	42 137	913 256	3 196 398
31/12/2003	Public bid on real estate certificates Distri-Land	4 907	47 043	372 216	3 568 614
05/11/2004	Partial incorporation of issue premium	33 250	80 294	-	3 568 614
05/11/2004	Annulment of 20 bearer shares	-1	80 293	-20	3 568 594
10/08/2005	Merger by absorption	1	80 294	130	3 568 724
21/11/2006	Merger by absorption	10	80 303	228	3 568 952
30/11/2007	Contribution in kind in the context of a partial split	3 804	84 107	169 047	3 737 999
30/06/2008	Contribution in kind in the context of a partial split	1 882	85 989	83 632	3 821 631
5/09/2008	Contribution in kind	534	86 523	23 750	3 845 381
30/04/2009	Contribution in kind	5 625	92 148	250 000	4 095 381
24/11/2009	Contribution in kind in the context of a partial split	6 944	99 092	308 623	4 404 004
05/02/2010	Contribution in kind	4 380	103 472	194 664	4 598 668
31/03/2010	Contribution in kind in the context of a partial split	910	104 382	40 459	4 639 127
05/05/2010	Contribution in kind	3 288	107 671	146 135	4 785 262
21/06/2010	Contribution in kind	2 662	110 332	118 293	4 903 555
30/11/2010	Contribution in kind	2 212	112 544	98 301	5 001 856
30/11/2010	Contribution in kind	1 280	113 824	56 872	5 058 728
30/11/2010	Contribution in kind	66	113 890	2 935	5 061 663
16/06/2011	Contribution in kind	1 989	115 879	88 397	5 150 060
27/06/2011	Contribution in kind	5 520	121 399	245 348	5 395 408
30/03/2012	Contribution in kind in the context of a partial split	937	122 336	41 666	5 437 074
04/07/12	Contribution in kind	4 694	127 030	208 607	5 645 681
27/07/12	Contribution in kind - stock optional dividend	3 768	130 798	167 441	5 813 122
28/06/13	Contribution in kind	540	131 338	24 009	5 837 131
28/06/13	Capital increase in cash	32 699	164 037	1 453 280	7 290 411
28/11/14	Contribution in kind	6 054	170 091	269 062	7 559 473
28/05/15	Capital increase in cash	28 345	198 436	1 259 740	8 819 213
29/01/16	Contribution in kind	1 060	199 496	47 107	8 866 320
14/12/16	Contribution in kind	2 604	202 100	115 735	8 982 055
14/12/16	Contribution in kind	588	202 688	26 153	9 008 208
05/04/17	Contribution in kind	3 924	206 612	174 404	9 182 612
29/06/17	Contribution in kind	4 500	211 112	200 000	9 382 612
29/03/18	Contribution in kind	1 890	213 002	83 973	9 466 585
29/03/18	Contribution in kind	519	213 521	23 076	9 489 661

As per 31 March 2018, the registered capital amounts to EUR 213,521,069.56 and is represented by 9,489,661 shares. There are no preferred shares. Each of these shares grants one voting right at the shareholders' meeting, and these shares represent the denominator for the notification in the context of the transparency declarations.

Following a capital increase in cash and the issuance of 1,897,932 new shares on 27 April 2018, the registered capital amounts to EUR 256,225,278.98 and is represented by 11,387,593 fully paid-up shares as per 27 April 2018. Please refer to note 40 for more information about this transaction.

The difference between the registered capital as indicated above and the capital included in the consolidated balance sheet is explained by the capital increase costs, which were deducted in the consolidated balance sheet.

The capital has been paid up in full.

On 25 April 2018, the company completed a capital increase for an amount of EUR 123.4 million by issuing 1,897,932 shares.

Please refer to Article 6 of the articles of association of Retail Estates nv on page 184 of this report.

## NOTE 28

Issue premium evolution (in EUR 000)		
Date	Transaction	Issue premiums
Previous financial year		157 529
5/04/17	Contribution in kind	7 412
29/06/17	Contribution in kind	8 499
29/03/18	Contribution in kind	981
29/03/18	Contribution in kind	3 569
<b>Total issue premiums 31/03/2018</b>		<b>177 990</b>

## NOTE 29

Other non-current financial liabilities (in EUR 000)	31.03.18	31.03.17
Authorised hedging instruments (also refer to note 35)	13 688	19 153
Other	6 829	6 743
<b>Total other non-current financial liabilities</b>	<b>20 517</b>	<b>25 896</b>

The 'Other' section concerns recognition of the debt towards minority shareholders for the further acquisition of shares in Heerzele nv and Blovan nv not yet owned by Retail Estates nv (also see note 41).

## NOTE 30

Trade debts and other current debts (in EUR 000)	31.03.18	31.03.17
<b>Exit tax</b>	<b>1 067</b>	<b>4 327</b>
<b>Other</b>	<b>11 733</b>	<b>7 649</b>
Trade debts	312	360
Invoices to be received	8 404	6 212
Taxes payable	2 606	752
Other current debts	411	326
<b>Total trade debts and other current debts</b>	<b>12 800</b>	<b>11 976</b>

The 'Exit tax' refers to the taxes payable on the deferred capital gains of acquired real estate companies that will have to be paid at the time of merger of those companies with the public BE-REIT Retail Estates nv. The table below gives an overview of the evolution of the exit tax owed versus the previous financial year.

## NOTE 31

Exit tax (in EUR 000)	31.03.18
Balance at the end of the previous financial year	4 327
Increase during the financial year	-464
Advance payments	-2 845
Assessments	49
<b>At the end of the financial year</b>	<b>1 067</b>

## NOTE 32

Other current liabilities (in EUR 000)	31.03.18	31.03.17
Dividends payable	33	33
Other	586	11 471
<b>Total other current liabilities</b>	<b>619</b>	<b>11 504</b>

The decrease by EUR 10.86 is explained by the claim for the balance of the price paid (on 05/04/17) for the shares of the company Hainaut Retail Invest.

## NOTE 33

Accrued charges and deferred income (in EUR 000)	31.03.18	31.03.17
Property returns received in advance	5 358	2 707
Completed, not due interests and other financial costs	3 292	3 138
Other	869	909
<b>Total accrued charges and deferred income</b>	<b>9 519</b>	<b>6 754</b>

The deferred revenues mainly concern rents paid in advance.

## NOTE 34

Breakdown by due date of credit lines (in EUR 000)	31.03.18	31.03.17
<b>Non-current</b>		
Bilateral loans - variable or fixed rate	661 494	400 910
Financial lease		0
Bond loan	84 506	84 420
<b>Subtotal</b>	<b>746 000</b>	<b>485 330</b>
<b>Current</b>		
Bilateral loans - variable or fixed rate	36 384	30 909
Financial lease		0
<b>Subtotal</b>	<b>36 384</b>	<b>30 909</b>
<b>Total</b>	<b>782 384</b>	<b>516 239</b>

Breakdown by maturity of non-current financial debts - future interest burden not included (in EUR 000)	31.03.18	31.03.17
Between one and two year(s)	128 517	3 929
Between two and five years	211 187	247 755
More than five years	406 790	233 646

Breakdown by the variable or fixed-rate nature of the loans (in EUR 000)	31.03.18	31.03.17
Variable rate loans	539 718	343 859
Fixed rate loans	242 666	172 380

Retail Estates nv has the following unused credit facilities (in EUR 000) <sup>16</sup>	31.03.18	31.03.17
Expiring within one year	100 000	0
Expiring after one year	88 237	114 600

<sup>16</sup> 35 million of the unused credit lines is used as a backup line for the recorded amounts of the commercial paper program

Estimate of the future interest burden	Total future interest burden	
	31.03.18	31.03.17
Within one year	17 392	15 117
Between one and five year(s)	54 992	41 808
More than five years	24 760	17 882
<b>Total</b>	<b>97 144</b>	<b>74 807</b>

Over the course of the financial year, financial liabilities increased by a net amount of EUR 266.14 million. New loans were taken out and existing loans were extended for an amount of EUR 318.03 million while other loans expired and were repaid for an amount of EUR 51.88 million.

**Non-current and current financial liabilities**

79.74% 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 31 March 2018 and interest covers according to the contracts currently in progress. For the unhedged part of the liabilities for a total of EUR 158.51 million, the Euribor expectations on the date of this report + banking margin were taken into account.

The company has issued 3 bond loans:

- EUR 30 million, issued on 23 April 2014 with a maturity of 7 years and at an interest rate of 3.56%.
- EUR 30 million, issued on 29 April 2016 with a maturity of 10 years, of which EUR 4 million at a fixed interest rate of 2.84% and EUR 26 million at a floating interest rate (Euribor 3 months + 2,25%)
- EUR 25 million, issued on 10 June 2016 with a maturity of 10 years at an interest rate of 2.84%.

**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 EUR 22.70 on shareholders' equity and changes in the fair value of financial assets and liabilities. EUR 19.84 million of this amount would be recorded via the profit and loss account and 2.86 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 -EUR 24.07 million on shareholders' equity and changes in the fair value of financial assets and liabilities. -EUR 21.65 million of this amount would be recorded via the profit and loss account and -EUR 2.43 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%.

## NOTE 35

## Financial instruments on 31 March 2018

Summary of financial instruments as at closing date (in EUR 000)	Categories	Level	31.03.18		31.03.17	
			Book value	Fair value	Book value	Fair value
<b>I. Non-current assets</b>						
Finance lease receivables	C	2	1 030	1 030	1 030	1 030
Loans and receivables	A	2	1 767	1 767	518	518
<b>II. Current assets</b>						
Trade receivables and other receivables	A	2	5 814	5 814	4 098	4 098
Cash and cash equivalents	B	2	3 389	3 389	978	978
<b>Total financial instruments on the assets side of the balance sheet</b>			<b>12 000</b>	<b>12 000</b>	<b>6 624</b>	<b>6 624</b>
<b>I. Non-current liabilities</b>						
Interest-bearing liabilities	A	2				
Credit institutions	A	2	661 494	678 110	485 330	510 039
Bond loan						
Other	A	2	84 506	94 732	0	0
Other non-current liabilities	A	2				
Other financial liabilities	C	2	20 518	20 518	25 896	25 830
<b>II. Current liabilities</b>						
Interest-bearing liabilities	A	2	36 384	36 384	30 909	30 909
Current trade debts and other debts	A/C	2/3	13 419	13 419	23 480	23 480
<b>Total financial instruments on the liabilities side of the balance sheet</b>			<b>816 321</b>	<b>843 163</b>	<b>565 615</b>	<b>590 258</b>

The categories correspond with 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 with 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 where 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 'other financial liabilities' section concerns interest rate swaps (IRS) where 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 (like 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 an interest 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

Financial debts at fixed interest rate	31.03.18		31.03.17	
	Book value	Fair value	Book value	Fair value
Financial debts at fixed interest rate	242 666	269 508	172 380	197 089

**Financial instruments at fair value**

Fair value of financial assets and liabilities (in EUR 000)	31.03.18	31.03.17
Fair value of financial derivatives	-13 688	-19 153
<b>Total fair value of financial assets and liabilities</b>	<b>-13 688</b>	<b>-19 153</b>

The Group uses financial derivatives (interest rate swaps) to hedge interest rate risks arising from certain operational, financial and investment activities. Financial derivatives are initially booked 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 immediately recorded in the profit and loss account. EUR 0.10 million

of these financial assets and liabilities. On 31 March 2018, Retail Estates nv has EUR 539.71 million of financial debts at a variable interest rate and EUR 242.67 million of financial debts at a fixed interest rate. 79.74% 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 following table compares the total amount of fixed-rate debts at book value and at fair value at the end of the 2017-2018 financial year. The fair value of the fixed-rate debts is estimated by discounting their future cash flows at an interest rate that reflects the Group's credit risk. The fair value of the fixed-rate debts is mentioned by way of information in the underlying table; 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.

was recorded in the income statement regarding financial instruments. -EUR 4.04 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. EUR 4.14 million relates to the changes in fair value for the period of 1 April 2017 to 31 March 2018. Swaps qualifying as cash flow hedges are recorded directly as shareholders' equity and are not included in the income statement. The interest rate swaps are level 2 instruments.



Swap overview:

Other non-current liabilities

	Starting date	Ending date	Interest rate	Variable interest rate	Notional amount (in EUR 000)	Type of derivative	Hedge accounting
1	11/2013	11/2018	3,69%	Euribor 3 M +	30 000	IRS	NO
2	09/2014	09/2019	2,69%	Euribor 3 M +	21 000	IRS	NO
3	01/2015	01/2020	1,48%	Euribor 3 M +	20 000	IRS	NO
4	01/2016	01/2021	1,82%	Euribor 3 M +	10 000	IRS	NO
5	10/2017	01/2022	1,70%	Euribor 3 M +	15 000	IRS	NO
6	06/2016	06/2023	1,04%	Euribor 3 M +	25 000	IRS	NO
7	06/2016	06/2023	1,03%	Euribor 3 M +	10 000	IRS	NO
8	03/2009	12/2023	3,89%	Euribor 3 M +	7 310	IRS	NO
9	06/2017	06/2024	1,29%	Euribor 3 M +	35 000	IRS	NO
10	07/2016	04/2026	1,26%	Euribor 3 M +	26 000	IRS	YES
11	06/2017	06/2023	1,36%	Euribor 3 M +	14 000	IRS	NO
12	06/2016	06/2021	1,03%	Euribor 3 M +	25 000	IRS	YES
13	06/2016	06/2019	1,44%	Euribor 3 M +	50 000	IRS	YES
14	06/2019	06/2024	1,49%	Euribor 3 M +	30 000	IRS	NO
15	03/2018	03/2026	1,10%	Euribor 3 M +	20 000	IRS	NO
16	12/2018	12/2026	0,81%	Euribor 3 M +	60 000	IRS	NO
17	12/2018	12/2026	1,06%	Euribor 3 M +	25 000	IRS	NO
18	01/2018	01/2026	0,74%	Euribor 3 M +	25 000	IRS	NO
19	03/2018	03/2026	0,88%	Euribor 3 M +	25 000	IRS	NO
20	03/2018	03/2025	0,78%	Euribor 3 M +	25 000	IRS	NO
21	06/2016	06/2021	0,00%	Euribor 3 M +	25 000	FLOOR	YES
22	06/2016	06/2019	0,00%	Euribor 3 M +	50 000	FLOOR	YES
23	07/2016	04/2026	-2,25%	Euribor 3 M +	26 000	FLOOR	YES
24	03/2018	03/2026	0,00%	Euribor 3 M +	20 000	FLOOR	NO
25	12/2018	12/2026	0,00%	Euribor 3 M +	25 000	FLOOR	NO

Breakdown by maturity of liquidity obligation associated with the derivative products (in EUR 000) 31/03/18

Between one and two year(s)	3 212
Between two and five years	3 016
More than five years	7 460
<b>Total</b>	<b>13 688</b>

NOTE 36

Additional comments on the debt ratio development

Calculation debt ratio (in EUR 000)	31.03.18	31.03.17
<b>Liabilities</b>	<b>825 842</b>	<b>572 368</b>
To be excluded:	23 208	25 907
<b>I. Non-current liabilities</b>	<b>13 688</b>	<b>19 153</b>
Provisions		
Authorised hedging instruments	13 688	19 153
Deferred taxes		
<b>II. Current liabilities</b>	<b>9 520</b>	<b>6 754</b>
Provisions		
Authorised hedging instruments		
Accrued charges and deferred income	9 520	6 754
<b>Total debt</b>	<b>802 634</b>	<b>546 461</b>
Net reduction debt		
<b>Total assets</b>	<b>1 394 173</b>	<b>1 087 338</b>
<b>DEBT RATIO</b>	<b>57,57%</b>	<b>50,26%</b>

Principle

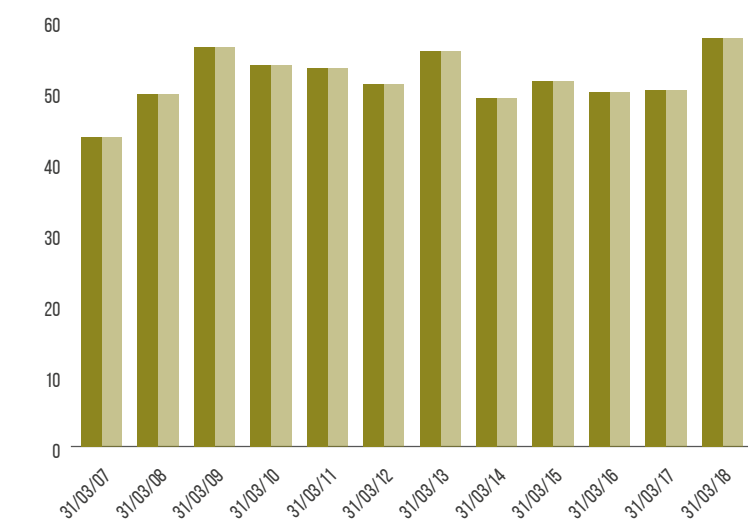
Article 24 of the Belgian Royal Decree relating to Belgian regulated real estate companies (RRECs) requires public Belgian REITs to draw up a budget forecast with an implementation schedule when its consolidated debt ratio exceeds 50% of consolidated assets. The budget forecast describes the measures 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 basis, 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 financial plan during the relevant period as well as the future implementation by the public BE-REIT and provide justification for this approach.

Notes regarding 2017-2018

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 Belgian real estate investment trust in terms of return and EPRA result per share. The impact of every investment on the debt ratio is reviewed and an investment is possibly not carried out if it may have a negative influence on the debt ratio.

Based on the current debt ratio of 57.57% and taking into account the capital increase recorded on 27 April 2018, Retail Estates nv has an investment potential of EUR 84.77 million without exceeding a debt ratio of 60% (the company has a covenant with a number of banks which provides that the debt ratio must not exceed 60%).

**Short-term evolution of the debt ratio**

Every quarter, the board of directors is presented with a prognosis of how the debt ratio will evolve during the following quarter. The board also discusses any deviations which may have occurred between the estimated and actual debt ratio during the previous quarter.

The projection of the debt ratio as per 30 June 2018 takes into account the following assumptions:

- the **capital increase** completed on 27 April 2018 for an amount of EUR 123.37 million
- **disposals in the first quarter of 2018-2019**  
Planned disposals account for EUR 10 million.
- **results of the first quarter of 2018-2019.**  
The results of the first quarter as indicated in the 2018-2019 budget and as approved by the board of directors.
- **planned investments in the first quarter of 2018-2019**  
Planned investments account for EUR 51.66 million in the first quarter of 2018-2019.

Based on the aforementioned assumptions, the debt ratio would amount to 49.50% as per 30 June 2018.

A projection is also made of the debt ratio as per 31 March 2019. This projection takes into account the following assumptions:

- the **capital increase** completed on 27 April 2018 for an amount of EUR 123.37 million
- **disposals in financial year 2018-2019**  
Planned disposals account for EUR 10 million.
- **results of financial year 2018-2019**  
The results of the financial year as indicated in the 2018-2019 budget and as approved by the board of directors.
- **Planned investments in financial year 2018-2019**  
Planned investments for the entire financial year account for EUR 63.74 million.

Taking into account the additional planned investments and the earnings expectations for the full year, the debt ratio would amount to 49.73% as per 31 March 2019.

The debt ratio projection only takes into account acquisitions and disposals where a private agreement has been signed (without conditions precedent) as well as planned investments that have been contracted out. Expiring credits are supposed to be refinanced for the same amount.

**Other elements that influence the debt ratio**

The valuation of the real estate portfolio also has an impact on the debt ratio. Considering the current capital basis, the maximum debt ratio of 65% would be exceeded in the event of a reduction in the fair value of investment properties by more than EUR 159.35 million. This reduction in value could be the result of an increase in the yield (if the rental values remain unchanged, the yield will have to increase by 0.91% in order to exceed the debt ratio) or a reduction in rents (if the yields remain unchanged, the rents would have to drop by EUR 10.63 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 sell some of its properties. Retail Estates NV has a solid track record of selling properties at their estimated investment value. For more information please refer to chapter 3 of this report (Management Report). On average, these properties were sold at their estimated investment value.

**Conclusion**

Taking into account:

- the historical evolution of the public BE-REIT;
- its track record regarding sales; and
- the capital increase completed on 27 April 2018 for an amount of EUR 123.37 million,

Retail Estates nv is of the opinion that no additional measures need to be taken to prevent the debt ratio from exceeding 65%. The public BE-REIT intends to re-establish the debt ratio between 50% and 55%. Based on the aforementioned assumptions, the debt ratio would amount to 49.50% as per 30 June 2018. This level is evaluated regularly and will be reviewed by the board of directors if deemed necessary in the light of changing market conditions and environmental factors.

**NOTE 37**

**Related parties**

The company's related parties are its subsidiaries and its directors and executive officers. Transactions with subsidiaries are eliminated in the consolidation.

**Directors and executive officers**

The remuneration for directors and executive officers is recorded under "corporate operating costs" (see note 10).

(in EUR 000)	31.03.18	31.03.17
Directors	1 016	824
<b>Total</b>	<b>1 016</b>	<b>824</b>

**NOTE 38**

Auditor's fee (VAT excl.)	31.03.18	31.03.17
Remuneration of the auditor for the audit assignment	104	99
Remuneration for exceptional duties or special assignments		
- Other audit assignments	26	17
- Tax consultancy assignments	0	4
- Other assignments outside the audit assignment	9	

In compliance with paragraph 6 of article 133/1 of the Belgian Company Code, the 70% rule needs to be assessed at the level of Retail Estates nv. It was not exceeded. No assignments were carried out in addition to the audit assignments.

**NOTE 39**

**Acquired real estate companies and investment properties As per 31.03.2018**

Acquisitions and completed in-house developments in financial year 2017-2018 resulted in an increase of the real estate portfolio by EUR 311.04 million. As a result of these investments, total rental income increased by EUR 8.55 million in financial year 2017-2018. If the acquisitions had taken place on 1 April 2017, the rental income would have increased by EUR 20.08 million. The operating result increased by EUR 10.05 million as a result of these investments.

**As per 31.03.2017**

Acquisitions and completion of in-house developments in financial year 2016-2017 resulted in an increase of the real estate portfolio by EUR 72.48 million. As a result of these investments, total rental income increased by EUR 1.99 million in financial year 2016-2017. If the acquisitions had taken place on 1 April 2016, the rental income would have increased by EUR 4.37 million. The operating result increased by EUR 1.74 million as a result of these investments.

**Sold real estate companies and investment properties****As per 31.03.2018**

Disposals were made during the 2017-2018 financial year for a net sale price of EUR 7.64 million, which resulted in a decrease in investment properties by EUR 7.54 million. Rental income declined by EUR 0.25 million as a result of these disposals. If the disposals had taken place on 1 April 2017, the rental income would have decreased by EUR 0.51 million.

**As per 31.03.2017**

Disposals were made during the 2016-2017 financial year for a net sale price of EUR 9.72 million, which resulted in a decrease in investment properties by EUR 5.37 million. Rental income declined by EUR 0.05 million as a result of these disposals. If the disposals had taken place on 1 April 2016, the rental income would have decreased by EUR 0.14 million.

**NOTE 40****Events after the data of the balance sheet****Capital increase and issue of new shares**

On 10 April 2018, the board of directors of Retail Estates decided to proceed to a capital increase. It concerns a capital increase within the limits of the authorised capital, with an irrevocable allocation right for the shareholders of Retail Estates. During the subscription period with irrevocable allocation right, which was closed on 23 April 2018, a total of 1,669,426 new shares were subscribed for, i.e. 87.96% of the new shares offered.

All irrevocable allocation rights, represented by coupon no. 25, which were not exercised by the end of the subscription period and the exercised irrevocable allocation rights connected to registered shares for which the full subscription price was not paid in time, were sold on 25 April 2018 in the form of scrips within the framework of an exempt accelerated private placement with composition of an order book, implemented in Belgium, Switzerland and the European Economic Area, as described in item 8.1.3 of the Prospectus. The buyers of scrips have therefore subscribed for the 228,506 available new shares at the same price and in the same proportion as for the subscription through the exercise of irrevocable allocation rights, i.e. one new share at an issue price of EUR 65.00

(inclusive of coupon no. 26, representing the right to the annual dividend for the financial year 2017/2018, for which a dividend prognosis of EUR 3.60 gross per share is made and with regard to which the annual meeting of Retail Estates, scheduled for 23 July 2018, will decide) per new share, for 5 irrevocable allocation rights in the form of scrips.

The gross proceeds of the offering amount to the targeted maximum of EUR 123,365,580 after the subscription period with irrevocable allocation rights and the exempt accelerated private placement of scrips.

**Acquisition of retail park Randstad Holland.**

On 30 April, Retail Estates purchased a retail park in Spijkenisse in the region of Rotterdam. Rotterdam is one of the 4 large cities constituting "Randstad Holland". The retail park consists of 23 retail properties and one hospitality establishment, accounting for a total built area of 28,273 m<sup>2</sup>. The total investment amounts to EUR 47.20 million and generates a net rental income of EUR 3.11 million, i.e. an initial yield of 6.53%. According to the appointed real estate expert, the fair value of this investment amounts to EUR 43.30 million.

**NOTE 41****List of consolidated companies and changes in the circle of consolidation**

As per 31 March 2018, the following subsidiaries are part of the consolidation perimeter of Retail Estates nv:

Subsidiary	External financial debts <sup>17</sup> (in EUR 000)	Investment properties <sup>17</sup> (in EUR 000)	Rental income <sup>18</sup> (in EUR 000)	Participation percentage
Retail Warehousing Invest nv				99,38% door Retail Estates nv, 0,62% Librajem bvba
Librajem bvba		102 559	3 705	99,97% door Retail Estates nv, 0,03% Retail Warehousing Invest nv
NS Properties bvba	673	1 143	15	50%
Finsbury Properties nv		10 351	55	100%
Heerzele nv		9 756	75	51%
Blovan nv		4 642	301	50%
Retail Estates Nederland		72 662	4 550	100%
Coöperatieve Leiderdorp			29	100%
Cruquius Invest		71 653	1 230	100%
Zwolle Invest			484	100%
Heerlen I Invest		56 171	1 110	100%
Heerlen II Invest		51 036	989	100%

<sup>17</sup> Value at closing date of the consolidated figures (31.03.2018).

<sup>18</sup> For the period the companies are part of the Group in the current financial year.

During the past financial year, the company obtained control of Librajem BVBA and NS Properties BVBA. In addition, six Dutch subsidiaries were established for the acquisition of Dutch real estate. The board of directors of Retail Estates nv acknowledged the mergers by acquisition of RWI Invest nv and Hainaut Retail Invest nv during the past financial year. The board of directors of Retail Warehousing Invest nv (institutional BE-REIT) acknowledged the merger by acquisition of Foncière de la station Verviétoise BVBA.

For more information please refer to chapter 3 of this report (Management Report).

None of these acquisitions were considered a business combination under IFRS 3 based on the conclusion that this definition is not applicable given the nature and the size of the acquired companies. The companies in question owned a limited number of properties. Their employees have not been retained and their activities have been discontinued.

**Non-controlling interests - Heerzele nv**

On 30 August 2016, Retail Estates nv acquired a controlling interest (51%) of real estate company Heerzele nv, which is the owner of a property in Wetteren, where Retail Estates wishes to expand its retail park after obtaining the required permits.

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 of Heerzele nv and is applying the full consolidation method.

**Non-controlling interest - Blovan nv**

On 31 January 2017, Retail Estates nv acquired a stake (50%) in a second 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. 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 of Blovan nv and is applying the full consolidation method.

#### Non-controlling interests - accounting treatment

As of 31 December 2012, the balance sheet has been drawn up on the assumption that all non-controlling interests are acquired (in accordance with IFRS), irrespective of the timing of such acquisition and on the

assumption that such acquisition is paid in cash. This reflects the maximum debt ratio on the basis of the available information and the stage of development of the projects. The impact on non-current liabilities amounts to EUR 6.77 million. Of this amount, EUR 4.71 million relates to Heerzele nv and EUR 2.06 million relates to Blovan nv

#### NOTE 42

##### Determination of the amount in accordance with Article 617 of the Belgian Company Code

The amount of the paid-up capital as referred to in Article 617 of the Belgian Company Code or, if higher, the amount of the called-up capital increased by all the reserves which cannot be distributed in accordance with the law or with the provisions of the articles of association, is determined in Article 13, §1, of the RD RREC.

The results of the subsidiaries held for 100% by Retail Estates nv were incorporated into the company's annual accounts as follows:

- The operational distributable results of the subsidiaries are allocated to the various items of the company's result;
- Changes in the fair value of the real estate of the subsidiaries are assigned to the result on portfolio.

As such, the operating results of the subsidiaries for the full financial year can be used for distribution as dividends.

On March 31, 2018, the result of the subsidiaries amounted to EUR -5.13 million. Of this amount, EUR 3.30 million will be added to the retained earnings (result of 100% subsidiaries) and EUR -8.43 million to the reserves, ie the balance of the change in fair value of the real estate.

#### Segmented information

IFRS 8 defines an operating segment as follows: An operating segment is a component of an entity (IFRS 8.2):

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

The Executive Committee acts as CODM within Retail Estates.

#### NOTE 43

Retail Estates has been active in the Netherlands since June 2017. This means there is no segment reporting with regard to the previous financial year. (see table on next page)

#### NOTE 44

Key sources of estimation uncertainty in accordance with IAS 1.125:

The implementation of the group's significant accounting policies includes important evaluations in the field of classification of lease contracts and acquisition of shares in regulated real estate companies. Accounting estimates are used when the group determines the fair value of its investment properties and financial instruments. The most important principles for the performance of assessments are based on the group's experience and the contribution of the real estate experts. The key sources of estimation uncertainty are discussed in notes 21 (investment properties), 35 (financial instruments) and 41 (list of consolidated companies).

This calculation is carried out on the basis of the statutory annual accounts of Retail Estates nv.

(in EUR 000)	31.03.18	31.03.17
<b>Non-distributable elements of the shareholders' equity before distribution of results</b>	<b>452 438</b>	<b>410 964</b>
Paid-up capital	208 239	197 635
Non-available issue premiums pursuant to the articles of association	177 990	157 529
Reserve for the positive balance of the variations of the fair value of real estate	103 475	96 955
Reserve for the impact on the fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	-23 477	-22 999
Reserve for the balance of the changes in fair value of authorised hedging instruments qualifying for hedge accounting	-2 799	-4 032
Reserve for the balance of the changes in fair value of authorised hedging instruments not qualifying for hedge accounting	-10 990	-14 253
Other reserves	0	129
<b>Profit and loss of the financial year that must be allocated to the non-distributable reserves in accordance with Article 13, §1, of the RREC R.D.</b>	<b>-2 454</b>	<b>6 625</b>
Result on portfolio	5 872	10 446
Revaluation participations	-8 427	-2 952
Changes in fair value of financial assets and liabilities	101	-869
<b>Total shareholders' equity, statutory, non-distributable</b>	<b>449 984</b>	<b>417 589</b>
Shareholders' equity, statutory	564 077	510 623
Planned dividend distribution	40 995	29 727
Shareholders' equity, statutory, after distribution of dividends	523 082	480 896
<b>Remaining reserve after distribution</b>	<b>73 098</b>	<b>63 307</b>

Segmented information – results by segment (in EUR 000)	31.03.18		TOTAL
	Belgium	The Netherlands	
Rental income	69 654	8 392	78 046
Rental related expenses	-198		-198
<b>Net rental income</b>	<b>69 456</b>	<b>8 392</b>	<b>77 848</b>
Recovery of property expenses			
Recovery of rental charges and taxes normally payable by tenants on let properties	6 858	709	7 567
Rental charges and taxes normally payable by tenants on let properties	-7 488	-1 010	-8 498
Other rental related income and expenses	-41		-41
<b>Property result</b>	<b>68 786</b>	<b>8 091</b>	<b>76 877</b>
Technical costs	-2 443	-505	-2 948
Commercial costs	-601	-17	-618
Charges and taxes on unlet properties	-372	-36	-408
Property management costs	-2 030	-278	-2 308
Other property costs	616	-608	8
<b>Property costs</b>	<b>-4 830</b>	<b>-1 444</b>	<b>-6 274</b>
<b>Operating property result</b>	<b>63 955</b>	<b>6 647</b>	<b>70 602</b>
Operating corporate costs	-4 217	-151	-4 368
Other current operating income and expenses			
<b>Operating result before result on portfolio</b>	<b>59 738</b>	<b>6 496</b>	<b>66 234</b>
Result on disposals of investment properties	92		92
Result on sales of other non-financial assets			
Changes in fair value of investment properties	10 733	-13 238	-2 505
Other result on portfolio	-143	1 249	1 106
<b>Operating result</b>	<b>70 420</b>	<b>-5 493</b>	<b>64 927</b>

Segmented information – assets by segment (in EUR 000)	31.03.18		TOTAL
	Belgium	The Netherlands	
Investment properties <sup>19</sup>	1 097 845	251 521	1 349 366
Non-current assets or groups of assets held for sale	1 637	27 564	29 201

<sup>19</sup> Including project developments (IAS 40).



## 8. STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

We present to you our Statutory Auditors' report in the context of our audit of the Consolidated Financial Statements of Retail Estates NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the audit of the Consolidated Financial Statements, as well as the report on other legal and regulatory requirements. These reports are an integrated ensemble and are indivisible.

We have been appointed as Statutory Auditor by the General Shareholders' Meeting of 3 July 2015, following the proposal formulated by the Board of Directors following the recommendation by the Audit Committee. Our mandate will expire on the date of the General Shareholders' Meeting which will deliberate on the consolidated accounts for the year ended 31 March 2018. We have performed the statutory audit of the consolidated accounts of the Company for 3 consecutive years.

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### UNQUALIFIED OPINION

We have performed the statutory audit of the Consolidated Financial Statements of Retail Estates NV and its subsidiaries (jointly "the Group"), which comprise the consolidated balance sheet as at 31 March 2018, the consolidated income statement, the consolidated statement of

other comprehensive income, the consolidated statement of changes in Shareholders' equity and the consolidated cash flow statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information. These Consolidated Financial Statements show a consolidated balance sheet total of EUR '000' 1.394.173 and the consolidated income statement shows a positive net result for the year of EUR '000' 46.695.

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and implemented by the royal decree of 13 July 2014 "on Regulated Real Estate Companies", and with the legal and regulatory requirements applicable to in Belgium.

#### BASIS FOR UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those standards are further described in the "Statutory Auditor's responsibilities for the audit of the Consolidated Financial Statements" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to

audits of consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the Board of Directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

#### Valuation of the investment properties

##### KEY AUDIT MATTER

The company recorded investment property on the assets side of the balance sheet at 31 March 2018 for a total sum of EUR '000' 1.349.367. IFRS-standards require investment property to be stated at fair value. The measurement of that fair value strongly depends on a number of selected parameters, the most important ones being the rental value of the property, the occupation rate, the discount rate and the estimated costs of maintenance and repair.

As required by legislation applicable

to regulated real estate companies, the investment properties are valued by an external appraiser.

In addition, during the financial year, the company has for the first time made considerable investments in the Netherlands for a book value of EUR '000' 279.085 on 31 March 2018.

The valuation of the investment property is a key audit matter in our audit of the Consolidated Financial Statements due to their material significance relative to the financial statements on the one hand and the level of judgment inherent in the valuation process on the other.

As regards investments in the Netherlands, the Board of Directors can rely on a less extended experience in the field of valuation and valuation parameters.

For additional information on the valuation of the investment property, please refer to Notes 21 and 22 of these Consolidated Financial Statements.

##### HOW OUR AUDIT ADDRESSED

##### THE KEY AUDIT MATTER

In assessing the reliability of the third-party valuation and the reasonableness of the parameters used, we performed the following procedures:

- We assessed the objectivity, independence and competence of the external appraisers.
- For a sample of buildings, we tested the reasonableness of the parameters used by comparing the external appraisers' parameters with those

used by our internal appraisers. Where these parameters differed significantly from the ones used by the external appraiser, the impact of the difference on the fair value was determined on the basis of the individual property investment but also on the basis of the aggregate property portfolio.

In addition, as regards the fair value changes compared to 31 March 2017, we analysed the reasonableness of the underlying parameters.

As regards the Dutch valuation, we asked our Dutch internal experts to assist us in carrying out the above procedures.

- We also compared the recoverable amount of the investment properties that were sold in the course of the financial year with their respective fair values as reported in the latest financial statements before the time of disposal.
- Finally we checked whether the disclosures in the notes to the Consolidated Financial Statements are in compliance with IFRS.

#### Valuation of the financial derivatives

##### KEY AUDIT MATTER

In view of hedging the interest rate risk on financial debts, Retail Estates NV entered into derivative financial instruments with a total nominal value of EUR '000' 782.384. IFRS require derivative financial instruments to be stated at fair value.

Since the fair value of the derivative financial instruments is measured using a financial model and financial

parameters that are complex in nature (see Note 35 of the Consolidated Financial Statements), we consider the valuation of the derivative financial instruments a key audit matter.

##### HOW OUR AUDIT ADDRESSED

##### THE KEY AUDIT MATTER

We received bank confirmation letters for the purposes of validating the existence and completeness of the contracts as well as their valuation as at 31 March 2018. Then, calling on our experts, we independently measured the fair value of these contracts and made a comparison with their respective values as reported in the Consolidated Financial Statements.

Finally we checked whether the disclosures in the notes to the Consolidated Financial Statements are in compliance with IFRS.

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of Consolidated Financial Statements which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014 "on Regulated Real Estate Companies" and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's, as well as the companies' forming the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or any of the companies forming the Group, or to cease operations, or has no realistic alternative but to do so.

#### STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit performed in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement in the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures to address those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls;
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's, or any of the companies forming the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the

attention, in our Statutory Auditors' report, to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Statutory Auditors' report. However, future events or conditions may cause the Company, or any of the companies forming the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, amongst other matters, materiality, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Board of Directors and the Audit Committee with a

statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors and with the Audit Committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the preparation and the content of the Director's report on the Consolidated Financial Statements and the other information included in the annual report.

#### STATUTORY AUDITORS' RESPONSIBILITIES

In the context of our mandate and in accordance with the draft of the Belgian standard which is complementary to the International Standards on

Auditing as applicable in Belgium, our responsibility is to verify the directors' report on the Consolidated Financial Statements and the other information included in the annual report and to report on these matters.

#### ASPECTS RELATED TO THE DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In our opinion, after having performed specific procedures in relation to the Directors' report on the Consolidated Financial Statements, this report is consistent with the Consolidated Financial Statements for the current period, and it is prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the Directors' report on the Consolidated Financial Statements and the other information included in the annual report is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you. We do not express any form of assurance conclusion on this annual report.

#### STATEMENT RELATED TO INDEPENDENCE

- We did not provide services which are incompatible with the statutory audit of the Consolidated Financial Statements and we remained independent of the Company in the course of our mandate;
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the Consolidated Financial Statements.

#### OTHER STATEMENTS

- This report is consistent with the additional report to the audit committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 18 May 2018

**The Statutory Auditor**  
**PwC Bedrijfsrevisoren bcvba**  
Represented by

**Damien Walgrave**  
Reviseur d'Entreprises / Bedrijfsrevisor



## 9. A. STATUTORY INCOME STATEMENT

Chapters 9 to 12 contain an abridged version of the statutory annual accounts. The integral version of the statutory annual accounts as well as the related reports can be consulted on the website of Retail Estates ([www.retailestates.com](http://www.retailestates.com)) or can be obtained free of charge upon request.

The auditor has delivered an unqualified statement for the statutory annual accounts.

INCOME STATEMENT (in EUR 000)	31.03.18	31.03.17
Rental income	63 412	59 144
Rental related expenses	-251	-758
<b>Net rental income</b>	<b>63 160</b>	<b>58 385</b>
Recovery of property expenses		
Recovery of rental charges and taxes normally payable by tenants on let properties	6 088	5 705
Rental charges and taxes normally payable by tenants on let properties	-6 662	-6 099
Other rental related income and expenses	-41	-108
<b>Property result</b>	<b>62 545</b>	<b>57 883</b>
Technical costs	-2 348	-2 023
Commercial costs	-597	-491
Charges and taxes on unlet properties	-367	-310
Property management costs	-534	-1 367
Other property costs	8	54
<b>Property costs</b>	<b>-3 839</b>	<b>-4 137</b>
<b>Operating property result</b>	<b>58 707</b>	<b>53 745</b>
Operating corporate costs	-3 752	-2 542
Other current operating income and expenses		
<b>Operating result before result on portfolio</b>	<b>54 955</b>	<b>51 203</b>
Result on disposals of investment properties	366	279
Result on sales of other non-financial assets		
Changes in fair value of investment properties	5 872	10 446
Other result on portfolio		



INCOME STATEMENT (in EUR 000)	31.03.18	31.03.17
Operating result	61 193	61 927
Financial income	6 857	1 113
Net interest charges	-17 295	-18 148
Changes in fair value of financial assets and liabilities	101	-869
Other financial charges	-5 177	114
<b>Financial result</b>	<b>-15 514</b>	<b>-17 790</b>
<b>Result before taxes</b>	<b>45 679</b>	<b>44 138</b>
Taxes	-43	-42
<b>Net result</b>	<b>45 637</b>	<b>44 096</b>
Note:		
<b>EPRA earnings</b>	<b>44 426</b>	<b>33 948</b>
Result on portfolio	6 238	10 725
Revaluation participations	-5 129	292
Changes in fair value of financial assets and liabilities	101	-869

## 9. B. STATUTORY STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income (in EUR 000)	31.03.18	31.03.17
Net result	45 637	44 096
Other components of other comprehensive income, recyclable in income statements:		
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	0	-3 112
Changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	5 363	9 850
<b>OTHER COMPREHENSIVE INCOME</b>	<b>51 000</b>	<b>50 834</b>

**10. STATUTORY BALANCE SHEET**

ASSETS (in EUR 000)	31.03.18	31.03.17
<b>Non-current assets</b>	<b>1 370 507</b>	<b>1 037 040</b>
Goodwill		
Intangible non-current assets	114	149
Investment properties	968 107	921 774
Other tangible non-current assets	2 055	2 133
Financial non-current assets	398 686	111 439
Finance lease receivables	1 030	1 030
Trade receivables and other non-current assets	515	515
<b>Current assets</b>	<b>15 267</b>	<b>36 370</b>
Non-current assets or groups of assets held for sale	1 557	5 691
Trade receivables	1 196	893
Tax receivables and other current assets	10 567	28 082
Cash and cash equivalents	1 184	470
Deferred charges and accrued income	763	1 234
<b>TOTAL ASSETS</b>	<b>1 385 774</b>	<b>1 073 410</b>

SHAREHOLDERS' EQUITY AND LIABILITIES (in EUR 000)	31.03.18	31.03.17
<b>Shareholders' equity</b>	<b>564 077</b>	<b>510 623</b>
Capital	208 239	197 635
Issue premiums	177 990	157 529
Reserves	132 212	111 363
Net result of the financial year	45 637	44 096
<b>Liabilities</b>	<b>821 697</b>	<b>562 786</b>
<b>Non-current liabilities</b>	<b>766 043</b>	<b>507 021</b>
Provisions		
Non-current financial debts	745 387	480 917
Credit institutions	660 880	396 497
Long term financial lease		0
Other	84 507	84 420
Other non-current liabilities	20 656	26 104
Deferred taxes		
<b>Current liabilities</b>	<b>55 655</b>	<b>55 765</b>
Current financial debts	36 325	30 878
Credit institutions	36 325	30 878
Short term financial lease		0
Trade debts and other current debts	12 533	7 023
Other current liabilities	171	11 496
Accrued charges and deferred income	6 626	6 368
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 385 774</b>	<b>1 073 410</b>

**11. STATUTORY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (in EUR 000)	Capital ordinary shares	Capital ordinary shares	Reserves*	Net result of the financial year	TOTAL Shareholders' Equity
<b>Balance according to IFRS on 31 March 2016</b>	<b>194 545</b>	<b>151 499</b>	<b>92 461</b>	<b>35 903</b>	<b>474 409</b>
- Net appropriation of profits 2016-2017					
- Transfer of portfolio result to reserves			3 531	-3 531	0
- Transfer of EPRA earnings to reserves			4 000	-4 000	0
- Reclassification between reserves					0
- Dividends of the financial year 2015-2016				-28 372	-28 372
- Capital increase					0
- Capital increase through contribution in kind	3 193	6 030			9 223
- Increase in shareholders' equity as a result of mergers			4 630		4 630
- Costs of capital increase	-102				-102
- Other					0
- Other comprehensive income 31/03/2017			6 740	44 096	50 836
<b>Balance according to IFRS on 31 March 2017</b>	<b>197 635</b>	<b>157 529</b>	<b>111 363</b>	<b>44 096</b>	<b>510 623</b>
- Net appropriation of profits 2017-2018					
- Transfer of portfolio result to reserves			7 493	-7 493	0
- Transfer of portfolio result to reserves			-869	869	
- Transfer of EPRA earnings to reserves			7 744	-7 744	0
- Reclassification between reserves					0
- Dividends of the financial year 2016-2017				-29 727	-29 727
- Capital increase					0
- Capital increase through contribution in kind	10 833	20 462			31 295
- Increase in shareholders' equity as a result of mergers			1 095		1 094
- Costs of capital increase	-229				-229
- Other			21		21
- Other comprehensive income 31/03/2018			5 364	45 637	51 000
<b>Balance according to IFRS on 31 March 2018</b>	<b>208 239</b>	<b>177 991</b>	<b>132 211</b>	<b>45 637</b>	<b>564 077</b>

* Detail of the reserves (in EUR 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 effective part of the fair value of authorised hedging instruments qualifying for hedge accounting as defined by IFRS	Changes in the effective part of the fair value of authorised hedging instruments are not subjected to qualify for hedge accounting as defined by IFRS	Results carried forward from previous financial years	TOTAL
<b>Balance according to IFRS on 31 March 2016</b>	<b>443</b>	<b>96 955</b>	<b>11 934</b>	<b>-19 887</b>	<b>-5 556</b>	<b>-17 573</b>	<b>26 147</b>	<b>92 461</b>
- Net appropriation of profits 2016-2017								
- Transfer of portfolio result to reserves		8 538				-5 006		3 532
- Transfer of EPRA earnings to reserves							4 000	4 000
- Reclassification between reserves	-942	-103	1 045					0
- Capital increase through contribution in kind								0
- Increase in shareholders' equity as a result of mergers	627	-8 435					12 437	4 629
- Costs of capital increase								0
- Other								0
- Other comprehensive income 31/03/2017				-3 112	1 525	8 327		6 740
<b>Balance according to IFRS on 31 March 2017</b>	<b>129</b>	<b>96 955</b>	<b>12 979</b>	<b>-22 999</b>	<b>-4 031</b>	<b>-14 252</b>	<b>42 584</b>	<b>111 363</b>
- Net appropriation of profits 2017-2018								
- Transfer of portfolio result to reserves		7 493						7 493
- Transfer of portfolio result to reserves						-869		-869
- Transfer of EPRA earnings to reserves							7 744	7 744
- Reclassification between reserves	-129	-1 522	1 651					0
- Capital increase through contribution in kind								0
- Increase in shareholders' equity as a result of mergers		549		-925			1 472	1 096
- Costs of capital increase								0
- Other				447			-426	21
- Other comprehensive income 31/03/2018					1 232	4 131		5 363
<b>Balance according to IFRS on 31 March 2018</b>	<b>0</b>	<b>109 472</b>	<b>11 586</b>	<b>-23 477</b>	<b>-2 799</b>	<b>-10 990</b>	<b>48 422</b>	<b>132 211</b>

## 12. STATUTORY APPROPRIATION OF RESULT

Statutory appropriation of result (in EUR 000)	31.03.18	31.03.17
<b>Net result</b>	<b>45 637</b>	<b>44 096</b>
<b>Allocation to / transfer from reserves</b>		
- Allocation to / transfer from the reserves for the balance of changes in fair value of investment properties <sup>20</sup>		
Financial year	2 184	-10 446
- Allocation to / transfer from the reserves of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties	369	0
- Allocation to / transfer from the reserves for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	-101	869
- Allocation to / transfer from other reserves	0	2 952
- Increase in shareholders' equity as a result of mergers	1 472	12 437
<b>Remuneration of capital</b>	<b>40 995</b>	<b>29 727</b>
<b>Remuneration of capital - other</b>		
<b>Result to be carried forward</b>	<b>8 197</b>	<b>20 181</b>

<sup>20</sup> The results of the subsidiaries held for 100% by Retail Estates nv were incorporated into the company's annual accounts as follows:

- The operational distributable results of the subsidiaries is allocated to the various items of the company's result;
  - Changes in the fair value of the real estate of the subsidiaries is assigned to the result on portfolio.
- As such, the operating results of the subsidiaries for the full financial year can be used for distribution as dividends.

## 13. STATEMENT ON RESPONSIBILITIES

The board of directors of Retail Estates nv is responsible for the contents of this annual report, subject to information provided by third parties, including reports of the statutory auditor and the real estate experts.

The board of directors, the composition of which can be found in the "Management Report" chapter, hereby declares that, to the best of its knowledge:

- this annual report accurately presents important events and, where applicable, the most important transactions conducted with related parties in the course of the financial year, and the impact of those transactions on the abbreviated financial statements;
- this report makes no omissions that significantly alter the scope of any statement made in the annual report;
- the abbreviated financial statements, which were prepared in accordance with the applicable accounting standards and were thoroughly audited by the statutory auditor, accurately present the properties, the financial situation and the results of Retail Estates nv and the subsidiaries included in the consolidation. The management report furthermore contains the expectations concerning next year's results as well as explanatory notes on the risks and the uncertainties facing the company.

This statement was added to the annual report based on article 12, §2, 3° of the RD of 14 November 2007.





# PERMANENT DOCUMENT

O1	GENERAL INFORMATION	184
O2	ARTICLES OF ASSOCIATION	186

# 1. GENERAL INFORMATION

## IDENTIFICATION

### NAME

Retail estates nv - Public Belgian Real Estate Investment Trust organised and existing under the laws of Belgium.

### REGISTERED OFFICE

Industrielaan 6, 1740 Ternat.  
Pursuant to Article 2 of the articles of association, the registered office of the company may be relocated to any place in Belgium following a decision by the board of directors without any need to amend the articles of association.

### COMPANY NUMBER

The company has been entered in the register of legal entities under company number 0434.797.847.

### LEGAL FORM, INCORPORATION, PUBLICATION

The limited liability company ("naamloze vennootschap") "Retail Estates – Vastgoedbevak naar Belgisch recht" (currently "Openbare GVV naar Belgisch recht" – "Public BE-REIT organised and existing under the laws of Belgium") was incorporated pursuant to a deed executed in the presence of notary public Urbain Drieskens at Houthalen on 12 July 1988 and subsequently published in the Annexes to the Belgian Official Gazette on 29 July 1988 under number 880729-313.

The articles of association were most recently amended by minutes drawn up by Tim Carnewal, associated

notary public in Brussels, on 27 April 2018 and published in the Annexes to the Belgian Official Gazette of 9 May 2018 under number 18074711.

The company has made a public appeal on savings in accordance with Article 439 of the Belgian Company Code

### DURATION

The company has been incorporated for an unlimited period of time.

### CORPORATE PURPOSE

Please refer to Article 3 of the articles of association as included under section "2. Articles of Association" in the Permanent Document of this annual report.

### FINANCIAL YEAR

The financial year of the company starts on 1 April and ends on 31 March of each year. The first financial year as a real estate investment company (currently "Belgian Real Estate Investment Trust") ran from 1 April 1998 to 31 March 1999.

### INSPECTION OF DOCUMENTS

The non-consolidated and consolidated annual accounts, articles of association, annual reports and other information disclosed publicly on behalf of the shareholders can be obtained free of charge at the registered office of the company. The non-consolidated and consolidated annual accounts and the supplementary reports shall be deposited with the National Bank of Belgium. The articles of association can be obtained from the Registry of the Brussels Court of Commerce or on the website [www.retailstates.com](http://www.retailstates.com).

Notices convening shareholders' meetings shall be published in the Annexes to the Belgian Official Gazette and in the newspaper De Standaard. The convening notices and all relevant documents shall simultaneously be available on the company's website at [www.retailstates.com](http://www.retailstates.com): Investor Relations > Shareholders' agenda > (Extraordinary) shareholders' meeting.

All press releases and other financial information published by Retail Estates nv can be viewed on the website.

The annual reports of the company shall be sent to holders of registered shares, to other holders of securities who have fulfilled the formalities prescribed by the Belgian Company Code and to any person who requests them. They can also be obtained at the registered office of the company.

## LEGAL REGIME

### REGULATED REAL ESTATE COMPACTY

The BE-REIT system was established by the Belgian Royal Decree of 13 July 2014 and the Belgian Act of 12 May 2014, most recently amended by the Belgian Act of 22 October 2017.

The concept of a Belgian Real Estate Investment Trust is based on Real Estate Investment Trusts (USA – "REITs").

The intention of lawmakers was for a BE-REIT to guarantee optimum transparency of real estate investments and to assure maximum disbursement of cash flow while allowing investors to enjoy numerous benefits. The REITs are regulated by the FSMA and are subject to specific regulations, the most important of which are:

- the legal status must be that of a limited liability company ("naamloze vennootschap") or a partnership limited by shares ("commanditaire vennootschap op aandelen") with a minimum capital of EUR 1,200,000;
- indebtedness must be limited to 65%;
- the portfolio must be stated at fair value without a possibility of write-downs;
- independent experts must make an annual estimate of the real estate assets, which needs to be updated by the end of the first three quarters of each financial year;
- at least 80 % of the current result must be paid out as dividends;
- the risk must be spread, i.e. no more than 20% of the assets may be invested in one and the same real estate complex;
- virtually complete exemption from corporation tax;
- an advance levy (currently 30%) must be deducted from the payable dividend. This is by way of discharge of obligations, insofar as it concerns individuals who acquired the shares as part of the management of their private property;
- there must be a stock exchange listing;
- the activity must be confined to real estate investments; additionally, the BE-REIT may place assets in securities;
- possibility to request that branches of the BE-REIT be given the status of an institutional BEREIT.

The objective of all these rules is to limit risks. Companies that merge with a BE-REIT are subject to a 16.995% tax on the unrealised gains and tax-free reserves, i.e. the 'exit tax', plus a supertax at the prevailing rate.

## 2. ARTICLES OF ASSOCIATION

### LEGAL FORM - NAME - REGISTERED OFFICE - CORPORATE PURPOSE - DURATION

#### ARTICLE 1: LEGAL FORM AND NAME

The company has the form of a limited liability company (“naamloze vennootschap”) under Belgian law with the name “Retail Estates”. This name shall be immediately followed by the words “Belgian Real Estate Investment Trust organised and existing under the laws of Belgium” or “Public BE-REIT organised and existing under the laws of Belgium” (“Société immobilière réglementée publique de droit belge” or “SIR publique de droit belge” / “Openbare gereguleerde vastgoedvennootschap naar Belgisch recht” or “Openbare GVV naar Belgisch recht”) and all documents issued by the company shall mention this.

The company solicits its financial resources in Belgium or abroad by means of a public offering of shares, and therefore makes a public appeal on savings within the meaning of Article 438(1) of the Belgian Company Code. The company's shares are admitted to trading on a regulated market.

The company is subject to the statutory framework governing public real estate investment trusts organised and existing under

the laws of Belgium, hereafter called “public BE-REITs”.

The company is subject to any applicable Belgian legislation on real estate investment trusts and in particular to the provisions of the Belgian Act of 12 May 2014 on Belgian Regulated Real Estate Companies (the “RREC Act”) and the Belgian Royal Decree of 13 July 2014 on Belgian Regulated Real Estate Companies (the “RREC Decree”) (this Act and its implementing decree are hereinafter referred to as the “BE-REIT legislation”).

#### ARTICLE 2 : REGISTERED OFFICE

The registered office is located at 6 Industrielaan, B-1740 Ternat (Belgium).

The registered office may be transferred to any other location in Belgium pursuant to a decision of the board of directors provided that the applicable legislation on the use of languages is complied with, without an amendment to these articles being required.

The board of directors is also authorised to establish administrative offices, places of business and subsidiaries both in Belgium and abroad.

#### ARTICLE 3: CORPORATE PURPOSE

The purpose of the company is limited to the following:

(a) to make real estate available to users, directly or through

a company in which it holds shares, in accordance with the provisions of the RREC Act and its implementing decrees and regulations; and  
(b) to own real estate within the limits of the BE-REIT legislation as specified in Article 2, 5°, i to x of the RREC Act

Real estate is understood to mean:

- i. real estate as defined in Articles 517 et seq. of the Belgian Civil Code and rights in rem to real estate, to the exclusion of real estate related to forestry, agriculture and mining;
- ii. voting shares issued by real estate companies over which the company exercises joint or exclusive control;
- iii. option rights to real estate;
- iv. shares of public or institutional Belgian real estate investment trusts, provided that the company exercises joint or exclusive control in the case of institutional BE-REITs;
- v. the rights resulting from contracts in which the company was given one or more properties in lease or in which other analogous user rights were granted;
- vi. shares in public fixed-capital real estate investment funds (Bevak/Sicafi);
- vii. rights to own participating interests in foreign institutions for collective investment in real estate that are registered in the list referred to in Article 260 of the Belgian Act of 19 April 2014;
- viii. rights to own participating interests in institutions for

- collective investment in real estate that are established in another Member State of the European Economic Area and that are not registered in the list referred to in Article 260 of the Belgian Act of 19 April 2014, insofar as they are subject to oversight equivalent to that exercised over the public fixed-capital real estate investment funds;
- ix. shares issued by companies (i) with a legal personality; (ii) governed by the laws of another Member State of the European Economic Area; (iii) whose shares are admitted to trading on a regulated market and/or are subject to a regime of prudential supervision; (iv) whose principal activity is the acquisition or construction of immovable property in anticipation of making it available to users or direct or indirect ownership of shares in certain types of entities with similar corporate purposes; and (v) that are exempted from the tax on income from profits originating from the activities referred to under (iv), subject to compliance with specific legal requirements, and that are at least obliged to distribute part of their income among their shareholders (called “Real Estate Investment Trusts” and abbreviated to “REITs”);
- x. real estate certificates within the meaning of Article 5, § 4 of the Belgian Act of 16 June 2006;
- xi. all other properties, shares or rights defined as real estate by the regulations applicable to

regulated real estate companies.

Within the framework of making available real estate, the company may in particular carry out all activities related to the establishment, construction (without prejudice to the prohibition to act as a property developer, except in case of occasional transactions), remodelling, renovation, development, acquisition, disposal, furnishing, letting, sub-letting, exchange, transfer, contribution, development, registration as co-ownership or joint ownership of real estate as described above, the granting or acquisition of building rights, usufruct, ground lease or other rights in rem or personal rights on properties as described above, and the management and operation of real estate.

The company may, by means of contribution in cash or in kind, merger, demerger or other corporate restructuring, registration, participation, membership, financial support or in any other way, acquire a share (or be a member) of any existing or future companies, businesses or associations in Belgium or abroad with a corporate purpose that is similar or complementary to that of the company (including participating interests in a subsidiary in respect of which there is a power of control that provides services to the tenants of the buildings of the company and/or its subsidiaries) or that supports or facilitates the realisation of its purpose and, in

general, execute all transactions connected directly or indirectly to its corporate purpose.

The company may grant mortgages or other forms of security as well as extend loans to, and serve as a guarantor for, a subsidiary within the limits of the BE-REIT legislation.

The company may, on a temporary or subsidiary basis, also invest in securities that are not real estate within the meaning of the BE-REIT legislation. Such investments shall be made in accordance with the risk management policy adopted by the company, and shall be diversified to ensure an adequate risk diversification. The company may hold non-committed liquid assets. The liquid assets can be held in all currencies, in the form of demand and term deposits, as well, as well as all easily convertible money market instruments.

In addition, the company may engage in transactions involving hedging instruments, provided the latter are carried out for the sole purpose of hedging the interest rate and exchange risk, expressly excluding any speculative transactions.

The company and its subsidiaries may let one or more properties under finance leases, with or without purchase option. Such finance leases with a purchase option may only be granted on a subsidiary basis, unless the properties in question are intended to be used in



the public interest, including social housing and education (in which case this activity may form part of the company's main business).

In general, the company is deemed to carry out all of its activities and transactions in accordance with the rules and within the limits provided for by the BE-REIT legislation and any other applicable legislation.

#### ARTICLE 4: PROHIBITIONS

The company may not act as a property developer within the meaning of the BE-REIT legislation, except for occasional transactions.

The company is prohibited from:

1. participating in a fixed price syndicate or guarantee association;
2. lending financial instruments, except for loans that are granted under the conditions and in accordance with the provisions of the Belgian Royal Decree of 7 March 2006; and
3. acquiring financial instruments issued by a company or a private association that was declared bankrupt, has concluded an amicable settlement with its creditors, is the object of judicial reorganisation proceedings, has been granted deferment of payments or in respect of which a similar measure has been taken abroad.

#### ARTICLE 5: DURATION

The company has been incorporated for an unlimited period of time.

## CAPITAL - SHARES

### ARTICLE 6: CAPITAL

#### 6.1 Registered capital

The registered capital amounts to two hundred and fifty-six million two hundred and twenty-five thousand to hundred and seventy-eight euros and ninety-eight cents (EUR 256,225,278.98)

It is represented by eleven million three hundred and eighty-seven thousand five hundred and ninety-three (11,387,593) shares without par value, each representing an equal share of the capital. The capital has been paid up in full.

#### 6.2. Authorised capital

The board of directors is authorised to increase the subscribed capital on one or more occasions, up to a maximum amount of one hundred and sixty-four million thirty-seven thousand eighty-seven euro and seventy-four cents (EUR 164,037,087.74).

This authorisation is conferred on the board of directors for a period of five years, as from the publication in the Annexes to the Belgian Official Gazette of the amendment to the articles of association, adopted by the extraordinary shareholders' meeting of 9 December 2013. This authorisation can be renewed. The board of directors shall determine the price, the issue premium, and the issue conditions for new shares, unless these decisions are taken by the shareholders' meeting.

Within the above limits and without

prejudice to the mandatory provisions of the Belgian Company Code, the board of directors can decide to increase the capital, by means of contributions in cash or in kind, the incorporation of reserves or issue premiums, with or without the issuance of new shares, on a case-by-case basis. The board of directors is also authorised by the shareholders' meeting, to issue other securities, including but not limited to (subordinated or non-subordinated) convertible bonds, warrants, non-voting shares, and preferred shares with regard to dividends and/or liquidation proceeds.

Moreover, the board of directors is allowed to limit or cancel the preferential right granted by the Belgian Company Code to the shareholders, including those in favour of one or more persons other than the employees of the company or a subsidiary, provided an irreducible allocation right is granted to the existing shareholders upon the distribution of new securities. This irreducible allocation right shall meet the requirements determined by the BE-REIT legislation and Article 6.4 of these articles of association.

This right need not be granted in the event of a contribution in cash made in the context of an optional dividend distribution, under the conditions referred to in Article 6.4 of these articles of association.

Capital increases by means of a contribution in kind shall be

carried out in accordance with the requirements determined by the BE-REIT legislation and Article 6.4 of these articles of association. Such contributions can include a right to a dividend in the context of an optional stock dividend distribution.

Without prejudice to the authorisation granted to the board of directors in accordance with the preceding paragraphs, the board of directors is authorised to proceed to one or more capital increases, in the event of a takeover bid for all of the company's shares, under the conditions set forth in Article 607 of the Belgian Company Code, provided the company has received an acknowledgement of the takeover bid from the Financial Services and Markets Authority (FSMA) within a period of three years from the extraordinary shareholders' meeting of 9 December 2013. If applicable, the board of directors must respect the irreducible allocation right provided for by the BE-REIT legislation. Capital increases carried out by the board of directors pursuant to this authorisation will be deducted from the remaining authorised capital, mentioned in the first paragraph of this Article.

When the board of directors requests payment of an issue premium following its decision to proceed to a capital increase, the amount of this premium shall be allocated to a non-distributable "issue premium" reserve which shall serve, like the capital, as a guarantee to

third parties, and which can only be reduced or abolished pursuant to a decision of the shareholders' meeting, deliberating in accordance with the conditions set forth in Article 612 of the Belgian Company Code, without prejudice to its incorporation into the company's capital.

#### 6.3. Acquisition, transfer and pledge of own shares

The company can acquire, pledge or retransfer its own shares subject to the conditions provided for by law.

The board of directors is authorised, within the limits of Articles 620 et seq. of the Belgian Company Code, to decide that the company can acquire, pledge and transfer its own shares when such acquisition or transfer is necessary to avoid serious, imminent harm to the company. This authorisation is valid for a period of three (3) years, as from the publication in the Annexes to the Belgian Official Gazette of the authority granted by the extraordinary shareholders' meeting of 24 October 2014, and can be extended by the shareholders' meeting for the same period of time.

The board of directors is authorised, for a period of five (5) years following the extraordinary shareholders' meeting of 24 October 2014, to acquire, pledge and transfer the company's own shares on the company's behalf, at a unit price which may not be less than 85% of the closing market price on the day preceding the date of the transaction (acquisition, sale or pledge) and

may not exceed 115% of the closing market price on the day preceding the date of the transaction (acquisition, sale or pledge), subject to the requirement that the company may not, at any time, hold more than 20% of the total issued shares.

These conditions and limits extend to acquisitions and transfers of the company's shares by its subsidiaries within the meaning of the first paragraph of Article 627 of the Belgian Company Code, including instances when such acquisitions are made by persons acting in the name and on behalf of a subsidiary.

#### 6.4. Capital increase

Any capital increase shall meet the requirements of Articles 581 through 609 of the Belgian Company Code and the BE-REIT legislation.

The company's capital can be increased pursuant to a decision of the shareholders' meeting, deliberating in accordance with Article 558 and, if applicable, Article 560 of the Belgian Company Code, or pursuant to a decision of the board of directors within the limits of the authorised capital. It is, however, forbidden for the company to subscribe, directly or indirectly, to its own capital.

In the event of a capital increase by means of a cash contribution, pursuant to a decision of the shareholders' meeting or within the limits of the authorised capital, the shareholders' preferential

subscription right can only be restricted or cancelled if an irreducible allocation right is granted to the existing shareholders at the time that the new shares are awarded. This irreducible allocation right shall meet the following requirements, determined by the BE-REIT legislation:

1. it applies to all new issued securities;
2. it is granted to the shareholders in proportion to the percentage of the capital represented by their shares at the time of the transaction;
3. a maximum price per share is announced at the latest on the eve of the start of the public subscription period; and
4. the public subscription period lasts, in that case, at least three stock exchange days.

This irreducible allocation right applies to the issuance of shares, (subordinated or nonsubordinated) convertible bonds and warrants, but does not have to be allocated to a cash contribution with a restriction or cancellation of the preferential subscription right, in addition to a contribution in kind in the context of the distribution of an optional stock dividend, provided the grant thereof is effectively open to all shareholders.

Capital increases by means of contributions in kind are subject to the rules set forth in Articles 601 and 602 of the Belgian Company Code.

Moreover, the following requirements must be met in the event of the

issuance of securities, following a contribution in kind, in accordance with the BE-REIT legislation:

1. the contributor's identity must be disclosed in the report prepared by the board of directors pursuant to Article 602 of the Belgian Company Code, and also, if applicable, in the notice of the shareholders' meeting called to vote on the capital increase;
2. the issue price may not be less than the lower value of the following: (a) a net value per share dated no more than four months before the date of the contribution agreement or, at the company's choosing, before the date of the document enacting the capital increase and (b) the average closing market (share) price over the thirty calendar days preceding this same date; In this respect it is permitted to deduct, from the amount indicated in point (b) above, an amount corresponding to the portion of undistributed gross dividends of which the new shares could be deprived, provided that the board of directors specifically justifies, in its special report, the amount of accrued dividends to be deducted, and sets forth the financial conditions for the transaction in the annual financial report;
3. unless the issue price or, under the circumstances provided in Article 6.6 below, the share exchange ratio as well as the associated formalities, is determined and communicated to the public at the latest on the working day following the conclusion of the contribution

agreement, with a mention of the time period within which the capital increase will effectively be carried out, the document enacting the capital increase shall be drawn up within a maximum period of four months; and

4. the report mentioned in point 1 above must also make clear the effect of the proposed contribution on the situation of the existing shareholders, in particular their share of the company's profit, the net value per share and the capital, as well as the impact on voting rights.

These additional conditions are not applicable in the event of the contribution of a right to a dividend in the context of an optional stock dividend distribution, provided the grant thereof is effectively open to all shareholders.

Should the board of directors decide to request payment of an issue premium, this premium must be credited to an unavailable reserve account which can only be decreased or cancelled by decision of the shareholders' meeting, taken in the manner required for an amendment of the articles of association, with observance of the procedure to reduce the share capital. The issue premium shall serve, like the share capital, as a guarantee for the benefit of third parties.

#### 6.5. Capital decrease.

A capital decrease may only take place if shareholders in a similar

situation are treated equally and if the applicable provisions of the Belgian Company Code are complied with.

#### 6.6. Mergers, demergers and equivalent transactions

In accordance with the BE-REIT legislation, the additional requirements set forth in Article 6.4 in the event of a contribution in kind are applicable mutatis mutandis to mergers, demergers and equivalent transactions within the meaning of Articles 671 to 677, 681 to 758 and 772/1 of the Belgian Company Code.

#### ARTICLE 7: NATURE OF THE SHARES

At the shareholders' choosing, the shares can be registered or in dematerialised form.

Any shareholder may at any time request the conversion of his or her shares.

The shares shall remain in registered form when the law so requires.

The board of directors may, within the limits laid down by law, determine the formalities for the conversion of former bearer securities into securities in dematerialised form (and/or registered securities).

Registered securities shall be recorded in the share register kept at the company's registered office. Title to the shares can only be established through the recording in this register.

Dematerialised securities are represented by an entry into

an account, in the name of the owner or the holder, with a settlement institution or authorised account holder.

All shares are fully paid up, and without par value.

#### ARTICLE 8 - EXERCISE OF THE RIGHTS ATTACHED TO THE SHARES

The shares are indivisible, and the company only recognises one owner per share. When several persons may claim rights to the same share, the exercise of the rights attached to this share shall be suspended until a single person is designated as the owner with regard to the company.

#### ARTICLE 9: OTHER SECURITIES

The company is authorised to issue the securities referred to in Article 460 of the Belgian Company Code, with the exception of profit sharing instruments and similar securities, provided that the specific rules stipulated by the BE REIT legislation and these articles of association are respected.

#### ARTICLE 10: STOCK EXCHANGE LISTING AND DISCLOSURE OF SUBSTANTIAL SHAREHOLDINGS

The company's shares must be admitted to trading on a regulated market in Belgium, in accordance with the BE-REIT legislation.

Each shareholder has the obligation to notify the Financial Services and Markets Authority (FSMA) of their possession of securities with voting effects, their voting rights, or similar

financial instruments issued by the company, in accordance with the legislation on the disclosure of substantial shareholdings.

The thresholds above which the notification obligation comes into effect, for the purposes of the legislation on the disclosure of substantial shareholdings, is fixed at three percent (3%), five percent (5%) and multiples of five percent (5%) of the total number of outstanding voting rights.

With the exception of the derogations provided for by the Belgian Company Code, no-one is allowed more votes at a shareholders' meeting of the company than the number of votes attached to the shares which the person in question had declared to own at the latest twenty (20) days before the date of the shareholders' meeting.

#### MANAGEMENT AND CONTROL

##### ARTICLE 11 : COMPOSITION OF THE BOARD OF DIRECTORS

The company is managed by a board of directors. The board shall be composed of a minimum of three and a maximum of twelve members, who need not necessarily be shareholders in the company, who are appointed by the shareholders' meeting for a maximum term of six years and who can be removed from office by the shareholders' meeting at any time. Resigning directors are eligible for reappointment.

The board of directors shall have at

least three independent directors, within the meaning of Article 526ter of the Belgian Company Code.

For the exercise of their mandates, the directors must have the necessary professional integrity and appropriate expertise as provided for in the BE-REIT legislation, and may not fall within the scope of the prohibitions laid down in the BE-REIT legislation.

In the event of a vacancy on the board of directors, the remaining directors shall have the right to temporarily appoint another director to fill the vacancy until the next shareholders' meeting, at which time the vacancy will be filled on a permanent basis.

Every director thus appointed by the general meeting completes the term of office of the director he replaces.

**ARTICLE 12. - CHAIRMANSHIP AND MEETINGS OF THE BOARD OF DIRECTORS**  
The board of directors may appoint a chairperson from among its members.

The board of directors shall meet when convened by the chairperson, by two directors or by the managing director(s), whenever the interests of the company so require.

Notices of meetings shall indicate the place, date, time and agenda of the meeting and shall be sent by regular mail, fax or email at the latest 24 hours in advance.

In exceptional circumstances, when the above-mentioned convening deadlines cannot be met, the time periods may be shortened. If necessary, notice may be given by telephone, in addition to the above-mentioned means.

The meeting is chaired by the chairperson or, if the latter is absent, by a director appointed by the directors present. The person chairing the meeting may appoint a secretary, who need not be a director.

Any director may, by letter, fax, email or any other written means, give a proxy to another member of the board to represent him or her at a given meeting. No member of the board may represent more than three other directors.

Each director who attends or is represented at a meeting is deemed to have been validly notified thereof. A director may also, before or after a board meeting which he or she did not attend, waive his or her right to claim a defect or irregularity with respect to the fulfilment of the convening formalities. In any case, the proper fulfilment of the convening formalities need not be proven when all directors are present or validly represented and express their agreement with the agenda.

Meetings of the board of directors may validly be held by videoconference or conference call. In this case, the meeting will be considered to have been

held at the company's registered office if at least one director was physically present at this location.

The directors may use the information they acquire in their capacity as directors only in the scope of their official duties.

**ARTICLE 13: DELIBERATIONS**  
Except in the case of force majeure, the board of directors may validly deliberate and take decisions only if at least half its members are present or represented. If this condition is not met, a new meeting may be called, which may validly deliberate and take decisions on the items on the agenda of the previous meeting if at least two directors are present or represented.

Barring exceptional cases, the meeting may, in principle, only deliberate and vote on the items that are on the agenda.

Pursuant to Article 521 of the Belgian Company Code, in exceptional cases duly justified by their urgency and the corporate interest, the board of directors may take decisions unanimously in writing. However, this procedure may not be used to adopt the annual accounts or determine the appropriation of the authorised capital.

Board decisions shall be approved by a simple majority of votes cast by those directors who are present or represented or, in the event of one or more of them having

abstained, by a majority of the other directors. In the event of a tie, the director chairing the meeting shall cast the deciding vote.

When a director has a conflict of interest and consequently does not take part in the board's deliberations or vote on a particular decision or transaction, the vote of this director shall not be taken into account for the purpose of calculating the quorum and majority.

Decisions of the board of directors are recorded in minutes, signed by the chairperson of the board, the secretary, and those members who so request. These minutes are kept in a special register. Proxies are attached to the minutes of the meeting for which they were given.

Copies of or extracts from these minutes, which are to be used in legal proceedings or otherwise, shall be signed by the chairperson of the board of directors, two directors or a director entrusted with the daily management. This authority may be delegated to a representative.

**ARTICLE 14: PREVENTION OF CONFLICTS OF INTERESTS**  
The directors, the person(s) in charge of the daily management and the company's attorneys-in-fact may not act as a counterparty in a transaction with the company or one of its subsidiaries nor derive any benefit from such a transaction, except when the transaction is proposed in the interest of the company

and the transaction is situated within the normal course of the company's strategy and is conducted in ordinary market conditions.

In this case, the company must first inform the Financial Services and Markets Authority (FSMA).

The transactions mentioned in the first paragraph, as well as the information contained in the aforementioned notice, shall be immediately made public and explained in the annual report and, if applicable, the half-year report.

The previous provisions do not apply to transactions that fall outside the scope of application of the conflicts of interest procedure provided for by the BE-REIT legislation.

Articles 523 and 524 of the Belgian Companies Code remain applicable in full.

**ARTICLE 15: POWERS OF THE BOARD OF DIRECTORS**  
The board of directors is vested with the powers to perform all acts necessary or useful for the realisation of the company's corporate purpose, except those which are reserved by law, or these articles, to be executed by the shareholders' meeting.

The board of directors shall draw up the half-year report and the annual report. The board shall appoint one or more experts, in accordance with the BE-REIT legislation, and if applicable, propose any modification

to the list of experts, contained in the file accompanying its application to be recognised as a BE-REIT.

The board may determine the remuneration of any attorney-in-fact to whom it grants special powers, in accordance with the BE-REIT legislation.

**ARTICLE 16: REMUNERATION OF THE DIRECTORS**  
The directors shall be reimbursed for normal, legitimate expenses and costs incurred in the performance of their duties, provided that these costs were previously discussed with and accepted by the chairperson of the board of directors.

Moreover, in accordance with the BE-REIT legislation, no remuneration may be granted to directors based on a specific transaction of the company or its subsidiaries.

**ARTICLE 17: EFFECTIVE MANAGEMENT, DAILY MANAGEMENT AND DELEGATION OF POWERS**  
The effective management of the company must be assigned to a minimum of two persons.

For the exercise of their mandates, the persons entrusted with the effective management of the company must have the necessary professional integrity and appropriate expertise in accordance with the BE-REIT legislation, and may not fall within the scope of the prohibitions laid down in the BE-REIT legislation.

The board of directors may delegate the daily management of the company to one or more persons, on the understanding that the daily management shall be organised in such a way that the board of directors has at least two directors who may jointly ensure the daily management or supervise the performance thereof.

The board and the persons entrusted with the daily management, within the limits of their powers, may delegate to a representative, who need not be a director, all or some of their powers pertaining to extraordinary or specific matters within the context of a given mandate.

The board of directors may create one or several advisory committees from amongst its members, which will fall under the responsibility of the board of directors. The board shall determine the composition and the duties of any such committees.

#### **ARTICLE 18: MANAGEMENT COMMITTEE (“DIRECTIECOMITÉ”)**

Without prejudice to Article 17 relating to the daily management and the delegation of powers, and within the limits provided for by Article 524bis of the Belgian Company Code, the board of directors may delegate all or some of its managerial powers to a management committee (“directiecomité”), composed of several members, who need not be directors, although this delegation of powers may not concern the

company’s general policy, any acts reserved by other legal provisions or the articles of association to the board of directors, or decisions or transactions to which Article 524ter of the Belgian Company Code applies, in which case the notification procedure set forth in Article 524ter § 2 will apply.

The board of directors is responsible for overseeing the management committee. The board determines the management committee’s working procedure and the conditions for the appointment and removal of its members, as well as their remuneration and the length of their term of office.

If a legal entity is appointed to the management committee, it has the obligation to designate, in accordance with the applicable provisions of the Belgian Company Code, a permanent representative to perform its duties in its name and on its behalf.

#### **ARTICLE 19: REPRESENTATION OF THE COMPANY**

The company is validly represented in all actions, including those involving a public official or a notary public, either by two directors acting jointly or, in the context of the daily management, by a person entrusted with this management. With respect to third parties, they need not produce proof of a prior decision of the board.

Moreover, the company is validly

bound by special attorneys-in-fact acting within the scope of their mandate.

The company may be represented abroad by any person expressly authorised to do so by the board of directors.

#### **ARTICLE 20: AUDIT**

The company shall appoint one or more statutory auditors to perform the duties incumbent on them pursuant to the Belgian Company Code and the BE-REIT legislation.

The statutory auditor(s) must be recognised by the Financial Services and Markets Authority (FSMA).

#### **SHAREHOLDERS’ MEETINGS**

##### **ARTICLE 21: MEETINGS**

The annual shareholders’ meeting shall be held each year, on the penultimate Monday of July, at 10:00 a.m. If this day is a public holiday, the annual shareholders’ meeting will be held on the next working day, at the same time.

An extraordinary or special shareholders’ meeting may be convened any time the interests of the company so require.

These shareholders’ meetings may be convened by the board of directors or by the statutory auditor(s) and must be called each time that the shareholders collectively representing one-fifth of the registered capital so request.

Shareholders’ meetings are held at the company’s registered office or at any other location mentioned in the notice or otherwise indicated.

One or several shareholders collectively possessing at least 3% of the registered capital may, in accordance with the provisions of the Belgian Company Code and within the limits thereof, request the inclusion of items on the agenda of any shareholders’ meeting, and submit proposals for resolutions with respect to the items included or to be included in the agenda. Additional agenda items or proposed resolutions must be submitted to the company no later than on the twenty-second (22nd) day before the date of the shareholders’ meeting. The directors shall answer the questions put to them by shareholders during the shareholders’ meeting or those which have been submitted in writing about their report or other agenda items, provided that the provision of the information or facts in question could not harm the company’s professional interests or undermine their duty of confidentiality to the company. As soon as the notice of the shareholders’ meeting is published, the shareholders may submit questions in writing, which will be answered during the meeting, provided that they were submitted to the company no later than the sixth day prior to the meeting.

The statutory auditor(s) shall answer the questions asked

by the shareholders about his/her/their audit report.

#### **ARTICLE 22: NOTICE**

Pursuant to Article 533 of the Belgian Company Code, a shareholders’ meeting must be convened by means of a notice published in the Belgian Official Gazette, a national newspaper (except in those cases expressly mentioned in the Belgian Company Code) and in the media in accordance with the requirements of the Belgian Company Code, at the latest 30 days before the meeting. If a new meeting must be convened and if the date of the second meeting is mentioned in the first notice, the notice for the second meeting must be published at the latest 17 days before the meeting.

The notice shall be sent to the holders of shares, bonds, registered warrants and registered depositary receipts for shares issued with the company’ concurrence, as well as to the directors and statutory auditors within the above-mentioned period before the meeting; the notice may be sent by regular mail, unless the recipients have individually and expressly agreed in writing to receive the notice by another means of communication. No proof need be provided of the fulfilment of this formality.

The notice shall contain the agenda for the meeting, with incitation of the matters to be discussed and the proposed resolutions, as well as the date, time, and place of the meeting

and the other information required by the Belgian Company Code.

The required documents are made available and a copy thereof shall be sent to the entitled recipients pursuant to the applicable provisions of the Belgian Company Code.

A shareholder who attends or is represented at a meeting is considered to have received valid notice thereof. A shareholder may also, before or after a shareholders’ meeting which he or she does not attend, waive his or her right to invoke any defect or irregularity committed in the fulfilment of the convening formalities.

#### **ARTICLE 23: PARTICIPATION IN THE SHAREHOLDERS’ MEETING**

The right to attend and vote at a shareholders’ meeting is subject to the recording of the shares in the shareholder’s name on the fourteenth day preceding the shareholders’ meeting, at twenty-four hours (Belgian time) (hereinafter the “record date”), in either the register of the company’s registered shares or in the books held by an authorised account holder or settlement institution, regardless of the number of shares actually held by the shareholder on the date of the shareholders’ meeting.

The holders of dematerialised shares who wish to attend a shareholders’ meeting must produce a certificate issued by their authorised account holder or settlement institution,

certifying, as the case may be, the number of dematerialised shares listed in the shareholder's name on the record date with which the shareholder has declared his or her intention to participate in the shareholders' meeting.

The certificate must be submitted to the company's registered office or to an institution identified in the notice of the meeting, no later than six days before the date of the meeting.

The holders of registered shares who wish to attend a shareholders' meeting must notify the company of their intention to do so by regular mail, fax or email addressed to the company's registered office, no later than the sixth day before the date of the meeting.

All shareholders or their proxy holders have the obligation, before attending a meeting, to sign the attendance list, indicating the last name, the first name(s), and the address of the shareholder and the number of shares represented.

#### ARTICLE 24: VOTES BY PROXY

All shareholders may be represented at a shareholders' meeting by a proxy, who need not be a shareholder.

A shareholder may only appoint one proxy holder for a given shareholders' meeting, without prejudice to the derogations provided for in the Belgian Company Code.

In order to be valid, any request

to appoint a proxy holder shall include at least the following information: (1) the agenda for the meeting, indicating the matters to be discussed and the proposed resolutions; (2) a request for instructions regarding the exercising of voting rights for the various items of the agenda; and (3) an indication of the manner in which the proxy should exercise the voting rights in the absence of instructions from the shareholder.

The proxy form must be signed by the shareholder and be submitted at the company's registered office or the location indicated in the notice, no later than the sixth day before the date of the shareholders' meeting.

Co-owners, usufructuaries and bare owners, creditors holding a pledge and debtors-pledgees must be represented, respectively, by one and the same person.

#### ARTICLE 25: VOTE BY MAIL

If the board of directors so authorises in the notice of the meeting, shareholders may vote on the items of the agenda by correspondence, using a form prepared and made available by the company.

The form for distance voting shall include at least the following information: (1) the name or corporate name of the shareholder, as well as the shareholder's address or registered office; (2) the number of votes the shareholder wishes to cast at the shareholders' meeting;

(3) the type of shares held; (4) the agenda for the meeting, including proposals for resolutions; (5) the deadline by which the form must reach the company; and (6) the shareholder's signature. The form shall expressly state that it must be signed by the shareholder and sent to the company by registered letter no later than six days before the date of the meeting.

#### ARTICLE 26: OFFICERS

Every shareholders' meeting shall be chaired by the chairperson of the board of directors or, in the chairperson's absence, by a director appointed by the directors present or by a member of the meeting appointed by the latter. The chairperson shall appoint a secretary.

If the number of persons present so allows, the meeting shall select two vote counters, acting on a proposal of the chairperson.

The minutes of shareholders' meetings are signed by the chairperson of the meeting, the secretary, the vote counters, the directors and the statutory auditor(s) present, as well as by those shareholders who so request.

The minutes shall be kept in a special register. Proxies are attached to the minutes of the meeting for which they were given.

#### ARTICLE 27: NUMBER OF VOTES AND THE EXERCISE OF VOTING RIGHTS

Each share carries one vote.

The holders of bonds and warrants may attend the shareholders' meeting, but only have an advisory vote.

#### ARTICLE 28: DELIBERATIONS AND VOTE

The shareholders' meeting may validly deliberate and vote, regardless of the percentage of the registered capital present or represented, except in those cases where the Belgian Company Code requires a quorum.

The shareholders' meeting may not deliberate on items that do not appear on the agenda, unless all shareholders are physically present or represented at the meeting and unanimously decide to extend the agenda.

Unless provided otherwise by law or by provisions of the articles of association, all resolutions are adopted by a simple majority of the votes cast. Blank and invalidly marked ballots shall not be counted when calculating the votes cast.

Resolutions relating to the approval of the company's annual accounts and the discharge to be granted to the directors and statutory auditor(s) are adopted by a majority of votes.

When the shareholders' meeting is required to deliberate, amongst other things, on:

- an amendment to the articles of association,
- an increase or decrease of

- the registered capital,
- the issuance of shares below the accounting par value,
- the issuance of convertible bonds or warrants,
- the dissolution of the company,

at least half the shares representing the capital must be represented at the meeting. If this condition is not met, a new meeting must be convened, which will validly deliberate, regardless of the number of shares represented.

Decisions on the above-mentioned subjects must be approved by a majority of three quarters of the votes cast, without prejudice to other rules of attendance and majority provided for by the Belgian Company Code, including those in relation to a change to the corporate purposes, the acquisition, the pledge and the transfer of own shares by the company, the dissolution of the company when, as a result of losses, the company's net asset value falls below a quarter of its registered capital, and the conversion of the company into a different corporate form.

Voting shall take place by a show of hands or roll call, unless the shareholders' meeting decides otherwise by a simple majority of votes cast.

#### ARTICLE 29: MINUTES

The minutes of shareholders' meetings are signed by the officers and by those shareholders who so request.

Copies of or extracts from the minutes that are to be used in court or otherwise shall be signed by the chairperson, the secretary and the vote counters or, in their absence, by two directors.

#### FINANCIAL YEAR - ANNUAL ACCOUNTS - DIVIDENDS

##### ARTICLE 30: FINANCIAL YEAR AND ANNUAL ACCOUNTS

The financial year starts on the first of April of each year and ends on the thirty-first of March of the following year.

At the end of each financial year, the board of directors shall draw up an inventory, as well as the annual accounts. The board of directors shall also draft a report, in which it explains its management of the company. The statutory auditor shall draft a detailed written report in preparation for the annual shareholders' meeting. These documents shall be prepared in accordance with the applicable statutory provisions.

##### ARTICLE 31: DISTRIBUTION OF DIVIDENDS

On an annual basis, the company must distribute a dividend to its shareholders, within the permissible limits of the Belgian Company Code and the BE-REIT legislation, the minimum amount of which is prescribed by the BE-REIT legislation.

The board of directors may, within the limits of the applicable provisions of the Belgian Company Code, distribute an interim dividend from

the profits for the financial year and determine a payment date.

#### ARTICLE 32: PAYMENT OF DIVIDENDS

The dividends that the shareholders' meeting decides to distribute shall be paid at the time and place determined by the shareholders' meeting or the board of directors.

Any dividends or interim dividends distributed in violation of the law must be reimbursed by the shareholders who received them, if the company can prove that the shareholders in question knew, or should have known, under the circumstances, that the distribution made in their favour was contrary to the statutory requirements.

#### ARTICLE 33: ANNUAL AND HALF-YEAR REPORT

The company's annual and half-year reports, containing the statutory and consolidated annual and half-year accounts, and the statutory auditor's report shall be put at the disposal of the shareholders in accordance with the statutory provisions applicable to issuers of financial instruments admitted to trading on a regulated market and in accordance with the BE-REIT legislation.

The company's annual and half-year reports shall be made available on its website.

Shareholders have the right to obtain a copy of the annual and half-year reports free of charge at the company's registered office.

#### DISSOLUTION - LIQUIDATION

##### ARTICLE 34: APPOINTMENT AND POWERS OF THE LIQUIDATORS

In the event of the dissolution of the company, for whatever reason and at any time whatsoever, the liquidation shall be carried out by one or several liquidators appointed by the shareholders' meeting. The liquidator(s) may only take office after ratification of his/her/its/their appointment by the court of commerce. If no liquidator(s) is/are appointed, the members of the board of directors shall be considered liquidators with regard to third parties.

The liquidators shall form a board ("college"). To this end, they shall have the broadest powers in accordance with the applicable provisions of the Belgian Company Code, without prejudice to any limits imposed by the shareholders' meeting.

The liquidator(s) has/have the obligation to call a shareholders' meeting each time such a meeting is requested by the shareholders collectively representing a fifth of the registered capital.

The shareholders' meeting shall determine the fees of the liquidator(s).

The liquidation of the company shall be closed in accordance with the provisions of the Belgian Company Code.

##### ARTICLE 35: ALLOCATION OF LIQUIDATION PROCEEDS

After settlement of all debts, expenses and liquidation costs, the net asset value shall first be used to pay back, in cash or in kind, the paid-up registered capital that has not yet been reimbursed.

Any remaining balance shall be divided equally among the shares.

#### GENERAL PROVISIONS

##### ARTICLE 36: ELECTION OF DOMICILE

Any director, manager and liquidator of the company who has his/her place of residence abroad is deemed, for the purpose of his or her official functions, to have elected domicile at the company's registered office, to which address all communications, notices, and writs of summons may be validly sent.

The holders of registered shares must notify the company of any change of address; in the absence thereof, all communications, notices and writs of summons will be validly sent to their last known address.

##### ARTICLE 37: APPLICABLE LAW

Any provision of these articles of association that is contrary to the mandatory provisions of the Belgian Company Code and to the BE-REIT legislation shall be deemed null and void; the invalidity of any one of these articles or any part thereof shall have no effect on the remaining articles.





# MISCELLANEOUS

<b>O1</b>	GLOSSARY - GENERAL	202
<b>O2</b>	GLOSSARY - ALTERNATIVE PERFORMANCE BENCHMARKS	204

## 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 Belgian Act of 12 May 2014 on Belgian real estate investment trusts companies (BE-REITs).

### BEL MID-INDEX

Since 1 March 2005, this has been a weighted price index of shares quoted on Euronext that makes allowance for the stock market capitalisation, with the weightings determined by the free float percentage and the velocity of circulation of the shares in the basket.

### BULLET LOAN

A loan repaid in its entirety at the end of the loan term.

### 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 31 March 2018, before deduction of gratuities or other benefits granted to the tenants.

### CORPORATE GOVERNANCE

Good governance means adherence to principles such as transparency, integrity and balance between responsibilities, based on the recommendations of the FSMA and Euronext. In a more general sense, they are part of strict business ethics and require compliance with the Belgian Act of 2 August 2002.

### 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.

### 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.

### ESTIMATED LIQUIDATION VALUE

This is the value excluding costs, registration charges, fees and recoverable VAT, based on a scenario whereby the buildings are sold on a building-by-building basis.

### 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 is equal to the amount for which a building could be swapped between properly informed parties, consenting and acting under normal competitive conditions. From the point of view of the seller, it must be construed minus the registration charges.

### FREE FLOAT

This is the percentage of shares held by the public. Euronext calculates the free float as the total number of shares in the capital, minus the shares held by companies that form part of the same group, state enterprises, founders, shareholders with a shareholder agreement, and shareholders with a controlling majority.

### 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 CASH FLOW

Operating cash flow, EPRA earnings (share of the group) plus the additions to depreciation, impairments on trade receivables, and additions to, and withdrawals from, provisions, plus the achieved higher or lower value relative to the investment value at the end of the previous financial year, minus the exit tax.

### 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<sup>2</sup>.

### OLO (BELGIAN GOVERNMENT BONDS)

Government bond usually deemed equivalent to a virtually risk-free investment, and used as such to calculate the risk premium compared with listed securities. The risk premium is the additional return expected by the investor for the company's risk profile.

### OUT-OF-TOWN RETAIL STORES

Retail premises grouped along roads leading into and out of cities and towns. Each peripheral retail store has its own car park and an entrance and exit road connecting to the public road.

### PAY-OUT RATIO

The pay-out ratio indicates the percentage of the net profit that will be paid out as a dividend to shareholders. This ratio is obtained by dividing the paid-out net profit by the total net profit.

### PRICE/EARNINGS RATIO (P/E RATIO)

This ratio is calculated by dividing the price of the share by the profit per share. The ratio indicates the number of years of earnings that would be required to pay back the purchase price.

### 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.

### RETURN

The total return achieved by the share in the past 12 months or (most recent price + gross dividend)/price in the previous year.

### SECURITISED REAL ESTATE

This is an alternative way of investing in real estate, whereby the shareholder or certificate holder, instead of investing personally in the ownership of a property, acquires (listed) shares or share certificates of a company that has purchased a property.

### VELOCITY OF CIRCULATION

Sum of the shares traded monthly, relative to the total number of shares over the past 12 months.



## 2. GLOSSARY – ALTERNATIVE PERFOR- MANCE BENCHMARKS

### ALTERNATIVE PERFORMANCE BENCHMARK

#### 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” minuse 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 THE PORTFOLIO

##### Definition

The “Result on the 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 EUR 000)	31.03.18	31.03.17
Operating result before result on portfolio (A)	66 234	57 584
Net rental income (B)	77 848	66 024
<b>Operating margin (A/B)</b>	<b>85.08%</b>	<b>87.22%</b>

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

(in EUR 000)	31.03.18	31.03.17
Financial result (A)	-17 268	-19 064
Changes in fair value of financial assets and liabilities (B)	101	-869
<b>Financial result (excluding changes in fair value of financial assets and liabilities) (A-B)</b>	<b>-17 369</b>	<b>-18 195</b>

#### RESULT ON THE PORTFOLIO

(in EUR 000)	31.03.18	31.03.17
Result on disposals of investment properties (A)	92	279
Result on sales of other non-financial assets (B)	0	0
Changes in fair value of investment properties (C)	-2 505	13 754
Other result on portfolio (D)	1 106	-144
<b>Result on portfolio (A+B+C+D)</b>	<b>-1 307</b>	<b>13 889</b>

## WEIGHTED AVERAGE INTEREST RATE

(in EUR 000)	31.03.18	31.03.17
Interest charges (including the credit margin and the cost of the hedging instruments) (A)	16 583	17 404
Weighted average financial debt of the period (B)	632 052	501 328
<b>Weighted average interest rate (A/B)</b>	<b>2.62%</b>	<b>3.42%</b>

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

(in EUR 000)	31.03.18	31.03.17
Shareholders' equity attributable to the shareholders of the parent company (A)	568 332	514 970
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (B)	-44 780	-26 703
The fair value of authorised hedging instruments qualifying for hedge accounting (C)	-13 688	-19 153
Proposed gross dividend (D)	40 995	29 727
Number of ordinary shares in circulation (E)	9 489 661	9 008 208
<b>Net asset value per share (investment value) excluding dividend excluding the fair value of authorised hedging instruments ((A-B-C-D)/E)</b>	<b>61.73</b>	<b>58.96</b>

## INFORMATION SHEET

<b>Name:</b>	Retail Estates nv Openbare gereguleerde vastgoedvennootschap ("GVV") naar Belgisch recht
<b>Status:</b>	Public Belgian Real Estate Investment Trust ("Belgian REIT") organised and existing under the laws of Belgium.
<b>Address:</b>	Industrielaan 6 – B-1740 Ternat, Belgium
<b>Tel:</b>	+32 (0)2 568 10 20
<b>Fax:</b>	+32 (0)2 581 09 42
<b>E-mail:</b>	info@retailestates.com
<b>Website:</b>	www.retailestates.com
<b>Register of legal entities:</b>	Brussels
<b>VAT:</b>	BE 0434.797.847
<b>Company number:</b>	0434.797.847
<b>Date of incorporation:</b>	12 July 1988
<b>Status as fixed-capital real estate investment fund granted:</b>	27 March 1998 (until 23 October 2014)
<b>Status as Belgian real estate investment trust (BE-REIT) granted:</b>	24 October 2014
<b>Duration:</b>	Unlimited
<b>Management:</b>	Internal
<b>Statutory auditor:</b>	PwC Bedrijfsrevisoren bcvba – Woluwegarden-Woluwedal 18 at 1932 Brussel, represented by Mr Damien Walgrave
<b>Financial year closing:</b>	31 March
<b>Capital at 27.04.2018:</b>	EUR 256,225,278.98
<b>Number of shares at 27.04.2018:</b>	11,387,593
<b>Annual shareholders' meeting:</b>	Penultimate Monday of July
<b>Share listing:</b>	Euronext – continuous market
<b>Financial services:</b>	KBC Bank
<b>Value of real estate portfolio as of 31.03.2018:</b>	Investment value EUR 1,392.43 million – fair value EUR 1,349.37 million (incl. value of "Immobilière Distri-Land nv" real estate certificates)
<b>Real estate experts:</b>	Cushman & Wakefield, CBRE and Stadim
<b>Number of properties as of 31.03.2018:</b>	817
<b>Type of properties:</b>	Out-of-town retail real estate
<b>Liquidity provider:</b>	KBC Securities and De Groef Petercam

## AVAILABILITY OF THE ANNUAL REPORT

This annual report is also available in Dutch, French and English versions.

This annual report was prepared in Dutch. Retail Estates nv checked the translation of and the correspondence between the official Dutch version and the French and English versions and is responsible for the translations. In the event of contradictions between the Dutch and the French or English version, the Dutch version shall prevail. For information purposes only, an electronic version of this annual report is available on the website of Retail Estates nv (www.retailestates.com). None of the other information published on the website of Retail Estates nv is part of this annual report.